Everett Community College

2016 Financial Report
Fiscal Year Ended June 30, 2016

2016
Financial Report

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You may view the financial report at www.everettcc.edu.

For information about the financial data included in this report, contact:
Shelby Burke, Executive Director of Finance
Everett Community College
2000 Tower Street
Everett, WA 98201
425.388.9254

For information about enrollment, degrees awarded, or academic programs, contact:
Laurie Franklin, Dean of Enrollment and Student Financial Services
Everett Community College
2000 Tower Street
Everett, WA 98201

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John Bonner, Vice President of Corporate and Continuing Education

Heather Bennett, Executive Director of Institutional Effectiveness and Resource Development

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Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Everett Community College

For the period July 1, 2015 through June 30, 2016

Republished June 15, 2017
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Report No. 1018733

Office of the Washington State Auditor
Pat McCarthy

June 15, 2017

Board of Trustees
Everett Community College
Everett, Washington

Report on Financial Statements

Please find attached our report on the Everett Community College's financial statements.

We are issuing this report in order to provide information on the College's financial condition.

Sincerely,

Pat McCarthy

State Auditor

Olympia, WA

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Everett Community College
July 1, 2015 through June 30, 2016

Board of Trustees
Everett Community College
Everett, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Everett Community College, Snohomish County, Washington, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 28, 2017. Our report includes a reference to other auditors who audited the financial statements of the Everett Community College Foundation as described in our report on the College's financial statements. This report does not include the results of the other auditor's testing of internal controls over financial reporting or compliance and other matters that are reported separately by those other auditors. The financial statements of the Everett Community College Foundation were not audited in accordance with *Governmental Auditing Standards*.

As discussed in Note 1 to the financial statements, during the year ended June 30, 2016, the College implemented Governmental Accounting Standards Board *Statement No. 72, Fair Value Measurement and Application*.

The financial statements of the Everett Community College, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2016, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of the College's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy

State Auditor

Olympia, WA

February 28, 2017

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Everett Community College
July 1, 2015 through June 30, 2016

Board of Trustees
Everett Community College
Everett, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Everett Community College, Snohomish County, Washington, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Everett Community College Foundation, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to amounts included for the Everett Community College Foundation, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Everett

Community College Foundation were not audited in accordance with *Governmental Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Everett Community College, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1, the financial statements of the Everett Community College, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2016, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, in 2016, the College adopted new accounting guidance, Governmental Accounting Standards Board *Statement No. 72, Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension plan information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2017 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Pat McCarthy

Pat McCarthy

State Auditor

Olympia, WA

February 28, 2017

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as fraud, state whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic subscription service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov

Management's Discussion and Analysis

Everett Community College

The following discussion and analysis provides an overview of the financial position and activities of Everett Community College (the College) for the fiscal year ended June 30, 2016 (FY 2016) with comparative 2015 (FY 2015) financial information. This overview provides readers with an objective and easily readable analysis of the College's financial performance for the year, based on currently known facts and conditions. This discussion has been prepared by management and should be read in conjunction with the College's financial statements and accompanying note disclosures.

Reporting Entity

Everett Community College is one of thirty public community and technical college districts in the state of Washington, providing comprehensive, open-door academic programs, workforce education, basic skills and community service educational programs to approximately 19,610 students. The College confers associates degrees, certificates and high school diplomas. The College was established in 1941 and its primary purpose is to educate, equip and inspire each student to achieve personal and professional goals, contribute to our diverse communities, and thrive in a global society.

The College's main campus is located in Everett, Washington, a community of about 108,010 residents[1]. Classes are offered at other locations in Snohomish County. General education classes are offered in Monroe, Washington, at the Lake Tye building. The cosmetology program is located in Marysville, Washington. The Corporate and Continuing Education Center is located in Everett, across from the Boeing facility. The aviation program is offered at Paine Field. Other courses are provided through partnerships with Sno Isle Skills Center and Snohomish High School.

The College is governed by a five member Board of Trustees appointed by the governor of the state with the consent of the state senate. By statute, the Board of Trustees has full control of the College, except as otherwise provided by law.

Using the Financial Statements

The financial statements presented in this report encompass the College and its discretely presented component unit, the Everett Community College Foundation. The College's financial statements include the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the College as of June 30, 2016. The Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash Flows provide information about operations and activities over the entire fiscal year. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess the College's financial health.

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[1] http://quickfacts.census.gov/qfd/states/53/5322640.html

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are reported under the accrual basis of accounting where all of the current year's revenues and expenses are taken into account regardless of when cash is received or payments are made. Full accrual statements are intended to provide a view of the College's financial position similar to that presented by most private-sector companies. These financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The full scope of the College's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

Statement of Net Position

The Statement of Net Position provides information about the College's financial position, and presents the College's assets, liabilities, and net position at year-end and includes all assets and liabilities of the College. A condensed comparison of the Statement of Net Position is as follows:

Condensed Statement of Net Position As of June 30th		**FY 2016**		**FY 2015**
Assets				
Current Assets	$	21,590,175	$	21,102,243
Capital Assets, net		148,602,751		151,056,778
Other Assets, non-current		15,436,541		15,271,587
Total Assets	**$**	**185,629,467**	**$**	**187,430,608**
Deferred Outflows	**$**	**2,037,685**	**$**	**1,337,904**
Liabilities				
Current Liabilities	$	10,765,811	$	9,304,859
Other Liabilities, non-current		29,539,405		29,079,554
Total Liabilities	**$**	**40,305,216**	**$**	**38,384,413**
Deferred Inflows	**$**	**1,495,017**	**$**	**3,262,258**
Net Position	**$**	**145,866,919**	**$**	**147,121,841**

Current assets consist primarily of cash, investments, various accounts receivables and inventories. The increase of current assets in FY 2016 can be attributed to a $673,905 increase in accounts receivable offset by a $155,003 reduction in amounts retained for construction in progress.

Net capital assets decreased by 2.5 million from FY 2015 to FY 2016. Everett Community College had $2.5 million in current depreciation expense, combined with disposal of certain assets. This decrease was offset in part by ongoing acquisitions of capitalizable equipment. See Note 6 for more information.

Deferred outflows of resources totaling $2,037,685 relates to contributions that were made after the measurement date for the net pension liability. See Note 7 for more information.

Current liabilities include amounts payable to suppliers for goods and services, accrued payroll and related liabilities, the current portion of Certificates of Participation (COP) debt, deposits held for others and unearned revenue. Current liabilities can fluctuate from year to year depending on the timeliness of vendor invoices and resulting vendor payments, especially in the area of capital assets and improvements.

Non-current liabilities primarily consist of the value of pension liability attributable to the college, vacation and sick leave earned but not yet used by employees and the long-term portion of Certificates of Participation debt. See Notes 15 and 16 for more details.

The College's non-current liability for compensated absences increased due to conversion of a certain portion of non-compensated sick leave to compensated sick leave. Pension liability increased reflecting the College's proportionate share of the net pension liability. See Note 17 for more details.

The College's non-current liability related to long-term debt continues to decrease as the college pays down principal owed on Certificates of participation for the Health Education & Fitness Center and the remodel of the Corporate and Continuing Education Building.

Deferred inflows of resources related to the College's net pension liability totaled $1,495,017. Deferred inflows of resources include the calculated difference between actual and projected investment earnings on the state's pension plans. See Note 7 for more information.

Net position represents the value of the College's assets and deferred outflows after liabilities and deferred inflows are deducted. The College is required by accounting standards to report its net position in four categories:

> ***Net Investment in Capital Assets*** – The College's total investment in property, plant, equipment, and infrastructure net of accumulated depreciation and outstanding debt obligations related to those capital assets. Changes in these balances are discussed above.
>
> ***Restricted:***
>
> > ***Nonexpendable*** – consists of funds in which a donor or external party has imposed the restriction that the corpus or principal is not available for expenditures but for investment purposes only.
> >
> > ***Expendable*** – resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties who have placed time or purpose restrictions on the use of the asset. The primary expendable funds for the College are restricted for supplemental financial aid.

Unrestricted – Includes all other assets not subject to externally imposed restrictions, but which may be designated or obligated for specific purposes by the Board of Trustees or management.

Net Position As of June 30th	**FY 2016**	**FY 2015**
Net investment in capital assets	$ 129,951,782	$ 131,359,508
Restricted		
Expendable -Supplemental financial aid	1,310,896	1,236,061
Nonexpendable - Principal for investment only	78,557	78,557
Unrestricted	14,525,684	14,447,715
Total Net Position	$ 145,866,919	$ 147,121,841

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position accounts for the College's changes in total net position during FY 2016. The objective of the statement is to present the revenues earned, both operating and non-operating, and the expenses paid or incurred by the College, along with any other revenue, expenses, gains and losses of the College.

Generally, operating revenues are earned by the College in exchange for providing goods and services. Tuition, grants and contracts are included in this category. In contrast, non-operating revenues include monies the college receives from another government without directly giving equal value to that government in return. Accounting standards require that the College categorize state operating appropriations and Pell Grants as non-operating revenues.

Operating expenses are expenses incurred in the normal operation of the College, including depreciation on property and equipment assets. When operating revenues, excluding state appropriations and Pell Grants, are measured against operating expenses, the College shows an operating loss. The operating loss is reflective of the external funding necessary to keep tuition lower than the cost of the services provided.

A condensed comparison of the College's revenues, expense and changes in net position for the years ended June 30, 2016 and 2015 is presented below.

As of June 30th	FY 2016		FY 2015	
Operating Revenues	$	45,257,931	$	44,516,781
Operating Expenses		76,535,544		76,332,153
Net Operating Loss		**(31,277,613)**		**(31,815,372)**
Non-Operating Revenues and Expenses		28,042,521		27,203,003
Gain (Loss) Before Other		**(3,235,092)**		**(4,612,369)**
Capital Appropriations and Contributions		1,980,170		3,669,645
Increase (Decrease) in Net Position		**(1,254,922)**		**(942,724)**
Net Position, Beginning of the Year		**147,121,841**		**148,064,565**
Net Position, End of the Year	**$**	**145,866,919**	**$**	**147,121,841**

Revenues

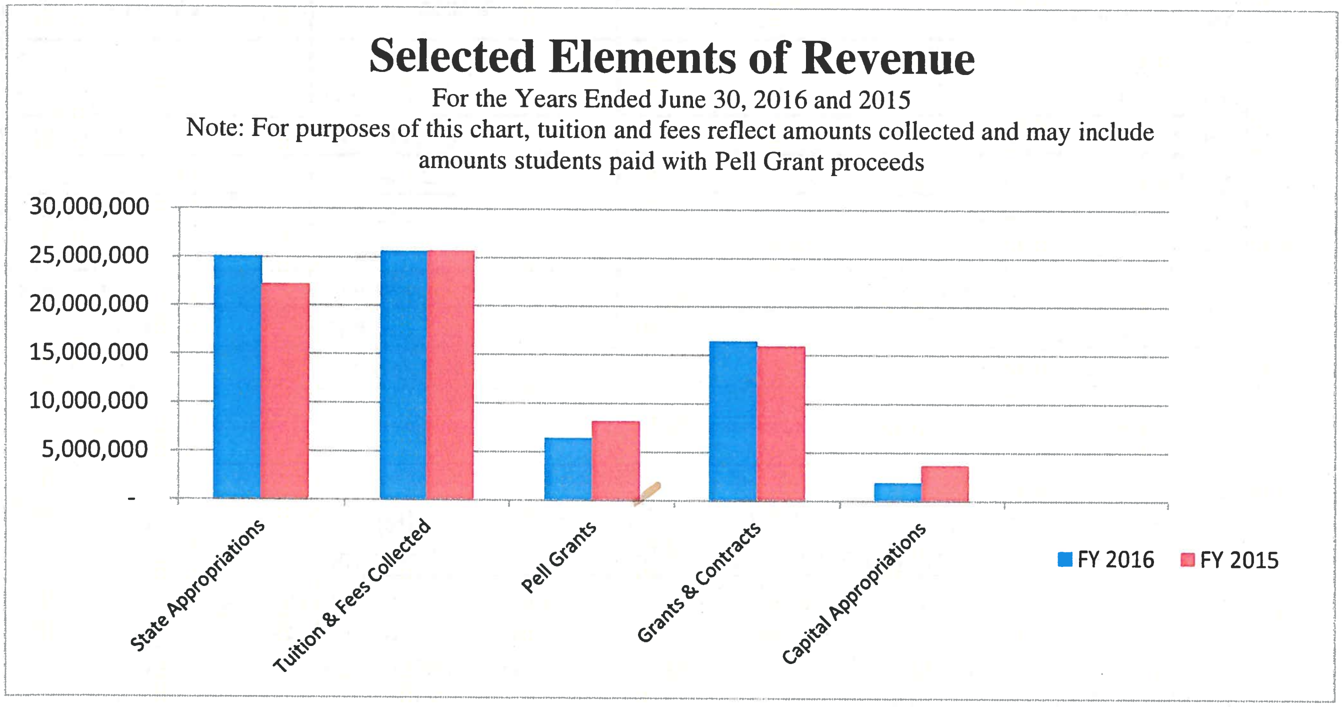
The State of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college. System-level appropriations hit their height in FY 2009. Enrollments leveled off in FY 2016 and the College's tuition and fee revenue was also level. Even though the college's enrollments did not decrease, the number of students seeking and receiving Pell grants decreased. This may be due to improvements in the local economy.

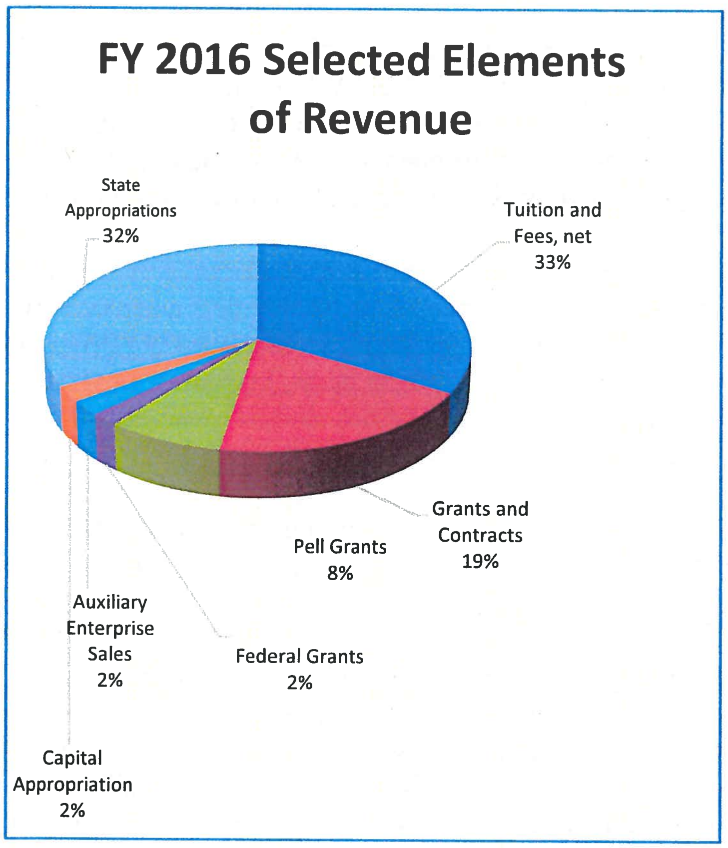
In FY 2016, the Legislature enacted the Affordable Education Act, which reduced tuition by 5%. This reduced the amount of tuition each student paid to the College. While the legislators 'backfilled' the estimated lost tuition for each institution, the calculation used the enrollment target, rather than the actual enrollment. The College's enrollments were significantly higher than the state target, so this resulted in a loss of revenue equal to 5% of the difference between state target and actual FTE.

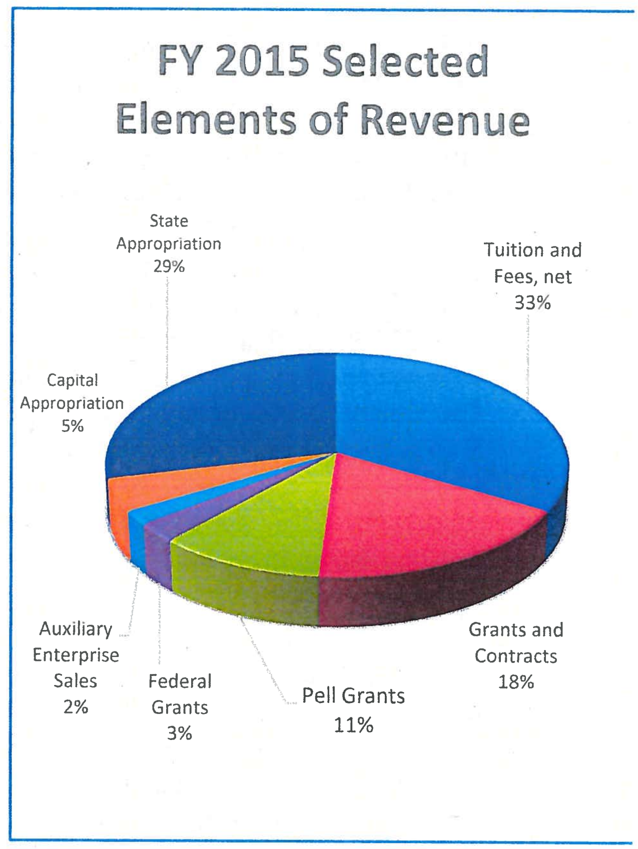
In FY 2016, state and local grant and contract revenues increased by $1,089,659 when compared with FY 2015. The College continued to serve students under the terms of contracted programs with increases in Youth Re-Engagement and Early Childhood Education Assistance Program. The College contracts with local high schools to enroll Running Start students who earn both high school and college credit for these courses.

Also in FY 2016, federal grants and federal contracts revenues, including direct loans, decreased by $644,995 million due generally to a stronger economy that allowed students to take out fewer loans.

The College receives capital spending authority on a biennial basis and may carry unexpended amounts forward into one or two future biennia depending on the original purpose of the funding. In accordance with accounting standards, the amount shown as capital appropriation revenue on the financial statement is the amount expended in the current year. Expenditures from capital project funds that do not meet accounting standards for capitalization are reported as operating expenses. Those expenditures that meet the capitalization standard are not shown as expense in the current period and are instead recognized as depreciation expense over the expected useful lifetime of the asset.


Selected Elements of Revenue
For the Years Ended June 30, 2016 and 2015
Note: For purposes of this chart, tuition and fees reflect amounts collected and may include amounts students paid with Pell Grant proceeds
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-
State Appropriations
Tuition & Fees Collected
Pell Grants
Grants & Contracts
Capital Appropriations
FY 2016
FY 2015


FY 2016 Selected Elements of Revenue
State Appropriations 32%
Tuition and Fees, net 33%
Grants and Contracts 19%
Pell Grants 8%
Auxiliary Enterprise Sales 2%
Federal Grants 2%
Capital Appropriation 2%


FY 2015 Selected Elements of Revenue
State Appropriation 29%
Tuition and Fees, net 33%
Capital Appropriation 5%
Auxiliary Enterprise Sales 2%
Federal Grants 3%
Pell Grants 11%
Grants and Contracts 18%

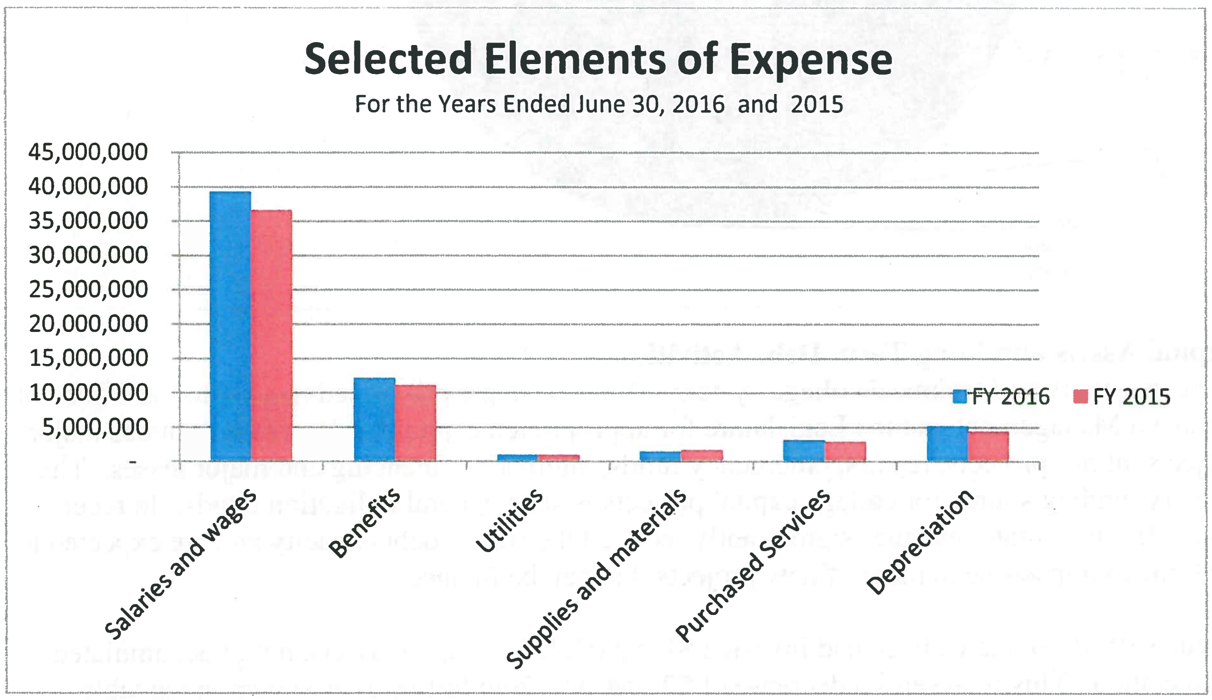
Expenses

In FY 2016, salary and benefit costs increased due to state actions with respect to negotiated salary increases and benefit increases that were passed on to the colleges. Additionally, filling vacant positions resulted in increases in salary, as recruiting has become more challenging given the strong local economy. The College must provide higher salaries to recruit and retain talented individuals.

Scholarships and fellowships expenses decreased in FY 2016 by $1.2 million. There were fewer students receiving aid for this year. This may be due to a stronger local economy.

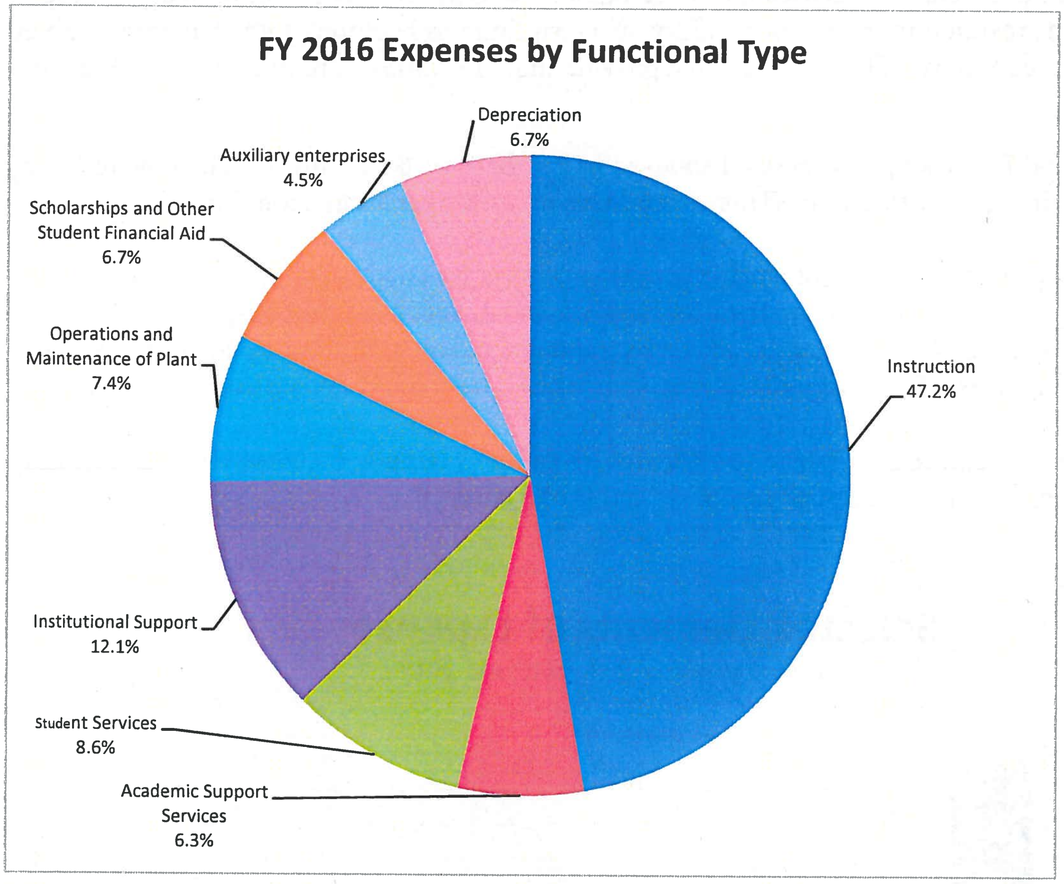
Certain capital project costs do not meet accounting criteria for capitalization as part of the cost of the building and are instead recognized as supplies and materials or purchased services costs. Depreciation expense is also primarily driven by capital activity, with the annual depreciation expense showing a significant increase in any year when a new building is placed in service.

All other costs are reported as operating expenses. Examples include consumable supplies, non-capitalizable remodeling and equipment costs and travel costs.



Operating Expenses by Function

The chart below shows the percentage of each functional area of operating expenses for FY 2016.



Capital Assets and Long-Term Debt Activities

The community and technical college system submits a single prioritized request to the Office of Financial Management and the Legislature for appropriated capital funds, which includes major projects, minor projects, repairs, emergency funds, alternative financing and major leases. The primary funding source for college capital projects is state general obligation bonds. In recent years, declining state revenues significantly reduced the state's debt capacity and are expected to continue to impact the number of new projects that can be financed.

At June 30, 2016, the College had invested $148,602,751 in capital assets, net of accumulated depreciation. This represents a decrease of $2,454,027 from last year, as shown in the table below.

Asset Type	June 30, 2016	June 30, 2015	Change
Land	$ 8,558,859	$ 8,558,859	$ -
Construction in Progress	1,388,313	-	1,388,313
Buildings, net	134,122,658	138,345,248	(4,222,590)
Other Improvements and Infrastructure, net	847,262	195,511	651,751
Equipment, net	3,453,645	3,732,174	(278,529)
Library Resources, net	232,014	224,986	7,028
Total Capital Assets, Net	**$ 148,602,751**	**$ 151,056,778**	**$ (2,454,027)**

Additional information on capital assets can be found in Note 6 of the Notes to the Financial Statements.

For FY 2016, the College had just under $19 million in outstanding debt related to capital assets. A significant portion of this debt is related to the Student Fitness Center. The Fitness Center was financed with a 20 year Certificate of Participation (COP). In 2007, the student body approved a dedicated student fee as their contribution to payment of the Fitness Center COP. Additional debt includes the remodel of CCEC, on-going capital leases for equipment in Whitehorse Hall along with a fiber optic infrastructure project.

	June 30, 2016
Certificates of Participation	$ 18,515,000
Capital Leases	135,968
Total	**$ 18,650,968**

Additional information on notes payable, long term debt and debt service schedules can be found in Notes 13, 14 and 15 of the Notes to the Financial Statements.

Economic Factors That May Affect the Future

In FY 2017, the State Board for Community and Technical Colleges (SBCTC) has elected to move to a new allocation model, changing how the state allocated funds are distributed to each college. The new model will be based on student completion, student achievement and enrollments. This new allocation model will significantly change the College's state funding levels. In its first year, the allocation model impacted the college with a reduction of $122,000, and after four years, will impact the College's allocation by $490,000.

Additionally, the SBCTC requirement that international students be counted as 'contract' as opposed to 'state' FTE may impact the College's ability to meet its state enrollment targets, which in turn may negatively impact the College's state allocation. The College is working with the State Board of Community and Technical Colleges to mitigate these projected financial challenges.

It's unclear how much opportunity there may be for additional legislative investments in community and technical colleges in the next few years, as state budget writers continue to grapple with court-mandated basic education obligations such as the McCleary Act.
As state funding becomes less and less reliable, the College will continue to pursue other sources of funding. The College will seek opportunities to increase local fund revenues. With creativity and innovation, the College will develop and expand its high demand programs that are responsive to the needs of the community and industry.

Everett Community College
Statement of Net Position
June 30,2016

Assets	
Current assets	
Cash and cash equivalents	14,684,964
Restricted cash	67,153
Accounts Receivable	6,625,341
Interest Receivable	108,114
Inventories	104,603
Total current assets	21,590,175
Non-Current Assets	
Long-term investments	14,135,709
Restricted cash	1,300,832
Non-depreciable Capital Assets	9,947,172
Depreciable Captial Assets, Net	138,655,579
Total non-current assets	164,039,292
Total assets	**185,629,467**
Deferred Outflows of Resources	2,037,685
Deferred Outflows of Resources related to pensions	2,037,685
Total Assets and Deferred Outflows	**187,667,152**
Liabilities	
Current Liabilities	
Accounts Payable	1,901,565
Accrued Liabilities	2,815,992
Compensated Absences	1,331,512
Deposits Payable	14,538
Unearned Revenue	3,516,236
Leases and Certificates of Participation Payable	1,185,968
Total current liabilities	10,765,811
Noncurrent Liabilities	
Compensated Absences	2,388,655
Pension liabilty	9,685,750
Long-term liabilities	17,465,000
Total non-current liabilities	29,539,405
Total liabilities	**40,305,216**
Deferred Inflows of Resources	1,495,017
Deferred Inflows of Resources related to pensions	1,495,017
Net Position	
Net Investment in Capital Assets	129,951,782
Restricted for:	
Nonexpendable	78,557
Expendable	1,310,896
Unrestricted	14,525,684
Total Net Position	**145,866,919**
Total Liabilities, Deferred Inflows and Net Position	**187,667,152**
Total assets & outflows	187,667,152

EVERETT COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

ASSETS

	2016	2015
CURRENT ASSETS:		
Cash and cash equivalents	$ 740,658	$ 786,747
Short-term investments	372,829	371,770
Current portion of pledges receivable, net	79,198	26,000
TOTAL CURRENT ASSETS	1,192,685	1,184,517
OTHER ASSETS:		
Pledges receivable, net of current portion	116,000	74,000
Assets held for sale	32,400	0
Property and equipment, net	94,935	97,383
Long-term investments	2,373,632	2,477,184
Cash restricted for endowments	309,160	340,231
Collection items	176,601	176,601
TOTAL OTHER ASSETS	3,102,728	3,165,399
	$ 4,295,413	$ 4,349,916

LIABILITIES AND NET ASSETS

	2016	2015
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 14,233	$ 20,396
NET ASSETS:		
Unrestricted	787,863	840,510
Temporarily restricted	1,346,229	1,378,463
Permanently restricted	2,147,088	2,110,547
TOTAL NET ASSETS	4,281,180	4,329,520
	$ 4,295,413	$ 4,349,916

Everett Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

Operating Revenues	
Student tuition and fees, net	25,619,311
Auxiliary enterprise sales	1,796,842
State and local grants and contracts	14,957,431
Federal grants and contracts	1,473,485
Other operating revenues	1,410,862
Total operating revenue	45,257,931
Operating Expenses	
Operating Expenses	6,978,204
Salaries and wages	39,256,662
Benefits	12,112,099
Scholarships and fellowships	7,542,061
Supplies and materials	1,447,117
Depreciation	5,151,566
Purchased services	3,110,325
Utilities	937,510
Total operating expenses	76,535,544
Operating income (loss)	(31,277,613)
Non-Operating Revenues (Expenses)	
State appropriations	25,040,863
Federal Pell grant revenue	6,406,631
Investment income, gains and losses	177,755
Building fee remittance	(1,914,912)
Innovation fund remittance	(534,320)
Other non-operating expense	(263,828)
Interest on indebtedness	(869,668)
Net non-operating revenue (expenses)	**28,042,521**
Income before capital contributions	(3,235,092)
Capital Revenues	
Capital appropriations	1,899,885
Non cash capital contribution	80,285
	1,980,170
Increase (Decrease) in net position	(1,254,922)
Net Position	
Net position, beginning of year	147,121,841
Net position, end of year	145,866,919
	145,866,919

EVERETT COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT:				
Contributions	$ 31,070	$ 415,878	$ 36,541	$ 483,489
In-kind contributions	180,936	217,711	0	398,647
Special events revenue	79,761	0	0	79,761
Contract revenue	56,276	0	0	56,276
Investment income	10,131	56,518	0	66,649
Net realized and unrealized loss on investments	(6,873)	(44,322)	0	(51,195)
Net assets released from restrictions	678,019	(678,019)	0	0
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	1,029,320	(32,234)	36,541	1,033,627
EXPENSES:				
College program support	480,745	0	0	480,745
Scholarships	243,675	0	0	243,675
Total program support	724,420	0	0	724,420
Administration	182,747	0	0	182,747
Fundraising	174,800	0	0	174,800
Total support services	357,547	0	0	357,547
TOTAL EXPENSES	1,081,967	0	0	1,081,967
CHANGE IN NET ASSETS	(52,647)	(32,234)	36,541	(48,340)
NET ASSETS AT BEGINNING OF YEAR	840,510	1,378,463	2,110,547	4,329,520
NET ASSETS AT END OF YEAR	$ 787,863	$ 1,346,229	$ 2,147,088	$ 4,281,180

Everett Community College
Statement of Cash Flows
For the Year Ended June 30, 2016

Cash flow from operating activities	
Student tuition and fees	24,000,756
Grants and contracts	16,500,391
Payments to vendors	(3,747,498)
Payments for utilities	(1,504,993)
Payments to employees	(38,221,216)
Payments for benefits	(12,539,189)
Auxiliary enterprise sales	2,057,184
Payments for scholarships and fellowships	(7,542,061)
Other payments	(6,982,641)
Other receipts	1,767,643
Net cash used by operating activities	(26,211,624)
Cash flow from noncapital financing activities	
State appropriations	24,653,358
Pell grants	6,406,631
Building fee remittance	(1,915,218)
Innovation fund remittance	(535,680)
Net cash provided by noncapital financing activities	28,609,091
Cash flow from capital and related financing activities	
Capital appropriations	2,063,472
Purchases of capital assets	(2,663,847)
Principal paid on capital debt	(1,149,584)
Interest paid	(869,668)
Net cash used by capital and related financing activities	(2,619,627)
Cash flow from investing activities	
Purchase of investments	(7,023,047)
Proceeds from sales and maturities of investments	7,020,000
Income of investments	67,249
Net cash provided by investing activities	64,202
Increase in cash and cash equivalents	(157,958)
Cash and cash equivalents at the beginning of the year	16,210,907
Cash and cash equivalents at the end of the year	16,052,949

Reconciliation of Operating Loss to Net Cash used by Operating Activities

Operating Loss	(31,277,613)
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation expense	5,151,566
Changes in assets and liabilities	
Receivables , net	(535,863)
Inventories	3,990
Accounts payable	445,308
Accrued liabilities	(108,790)
Unearned revenue	(396,096)
Compensated absences	981,694
Pension liability adjustment expense	(471,385)
Deposits payable	(4,437)
Net cash used by operating activities	(26,211,626)

Noncash Transactions

Non cash accrued interest on investments	110,505
Non cash amortization of premium/discount	50,766
Equipment	80,285

EVERETT COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net assets	$ (48,340)	$ (12,755)
Adjustments to reconcile net loss to net cash:		
Contributions restricted for endowment	(12,541)	(61,996)
Depreciation expense	2,448	2,447
Net realized and unrealized loss on investments	51,195	14,087
In-kind contribution of land	0	(57,000)
In-kind contribution of assets held for sale	(32,400)	0
Reinvested interest on certificates of deposit	(1,059)	(1,347)
Loss on uncollectible pledge	0	73,999
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Pledges receivable	(95,198)	(38,648)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(6,163)	396
Total adjustments and changes	(93,718)	(68,062)
	(142,058)	(80,817)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:		
Investment of assets restricted for endowment	(12,541)	(61,996)
Payments for purchases of investments	(703,516)	(89,211)
Proceeds from sale of investments	799,485	208,502
	83,428	57,295
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:		
Contributions restricted for endowment	12,541	61,996
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(46,089)	38,474
BEGINNING CASH AND CASH EQUIVALENTS	786,747	748,273
ENDING CASH AND CASH EQUIVALENTS	$ 740,658	$ 786,747

Notes to the Financial Statements

June 30, 2016
These notes form an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Financial Reporting Entity
Everett Community College (the College) is a comprehensive community college offering open-door academic programs, workforce education, basic skills, and community services. The College confers associates degrees, certificates and high school diplomas. It is governed by a five-member Board of Trustees appointed by the Governor and confirmed by the state Senate.

The College is an agency of the State of Washington. The financial activity of the college is included in the State's Comprehensive Annual Financial Report.

The Everett Community College Foundation (the Foundation) is a separate but affiliated non-profit entity, incorporated under Washington law in 1984 and recognized as a tax exempt 501(c)(3) charity. The Foundation's charitable purpose is to provide scholarships to students, professional development opportunities to faculty and staff, equipment to aid in the teaching process, and financial assistance to the College to meet its greatest needs as may be determined by the Foundation Board of Directors. Because the majority of the Foundation's income and resources are restricted by donors and may only be used for the benefit of the college or its students, the Foundation is considered a discrete component unit based on the criteria contained in Governmental Accounting Standards Board (GASB) Statement Nos. 61, 39 and 14. A discrete component unit is an entity which is legally separate from the College, but has the potential to provide significant financial benefits to the College or whose relationship with the College is such that excluding it would cause the College's financial statements to be misleading or incomplete.

The Foundation's financial statements are discretely presented in this report. The Foundation's statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Intra-entity transactions and balances between the College and the Foundation are not eliminated for financial statement presentation. For the fiscal year ended June 30, 2016, the distribution from the Foundation to the College for restricted and/or unrestricted purposes which includes both student and scholarships and program support was approximately $724,420. A copy of the Foundation's complete financial statements may be obtained from the Foundation's Administrative Offices at 2000 Tower Street, Everett, WA 98201.

Basis of Presentation
The financial statements have been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments* as amended by GASB Statement No. 35, *Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities.* For financial reporting purposes, the College is considered a special-purpose government engaged only in

Business Type Activities (BTA). In accordance with BTA reporting, the College presents a Management's Discussion and Analysis; a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and Notes to the Financial Statements. The format provides a comprehensive, entity-wide perspective of the college's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, Fair Value Measurement and Application, which provides guidance for applying fair value to certain investments, and disclosures related to all fair value measurements. This Statement establishes a three-level hierarchy of inputs to valuation techniques used to measure fair value, and requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The College currently invests in the Local Government Investment Pool (LGIP) which is managed by the Office of the State Treasurer and prepares its own financial report that meets GASB standards. The college also invests in U.S. Agency bonds that are reported at fair value. Any necessary adjustments to note disclosures have been made.

In June 2015, the GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is intended to improve financial reporting of governments whose employees are provided with pensions that are not within the scope of Statement No. 68, improve the usefulness of information associated with governments that hold assets accumulated for purposes of providing defined benefit pensions not within the scope of Statement No. 68, and to clarify the application of certain provisions of Statements No. 67 and 68. The College is currently working with SBCTC to determine the financial impact.

In June 2015, the GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which identifies the hierarchy of generally accepted accounting principles (GAAP). The Statement reduced the GAAP hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The College adheres to this hierarchy of GAAP.

In March 2016, the GASB issued Statement No. 82, Pension Issues-an Amendment of GASB Statements No. 67, No. 68, and No.73. This Statement essentially addresses issues regarding the presentation of payroll-related measures in the required supplementary information. The College has reviewed this Statement in relation to the RSI presented with its financial statements.

Basis of Accounting

The financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Non-exchange transactions, in which the College receives (or gives) value without directly giving (or receiving) equal value in exchange includes state and federal appropriations, and certain grants and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

During the course of operations, numerous transactions occur between funds for goods provided and services rendered. For the financial statements, interfund receivables and payables have generally been eliminated. However, revenues and expenses from the College's auxiliary enterprises are treated as though the College were dealing with private vendors. For all other funds, transactions that are reimbursements of expenses are recorded as reductions of expense.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, bank demand deposits, and deposits with the Washington State Local Government Investment Pool (LGIP). Cash in the investment portfolio is not included in cash and cash equivalents as it is held for investing purposes. Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets along with operating funds invested in the LGIP. Endowment investments are classified as noncurrent assets. The College records all cash, cash equivalents, and investments at amortized cost, which approximates fair value.

The College combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is allocated on a proportional basis. The internal investment pool is comprised of cash, cash equivalents and U.S. Agency securities.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. This also includes amounts due from federal, state and local governments or private sources as allowed under the terms of grants and contracts. Where applicable, accounts receivable includes proceeds from Certificates of Participation that have not yet been received from the State Treasurer. Accounts receivable are shown net of estimated uncollectible amounts.

Inventories
Inventories, consisting primarily of supplies used by aviation and cosmetology programs, are valued at cost using the first in, first out method.

Capital Assets
In accordance with state law, capital assets constructed with state funds are owned by the State of Washington. Property titles are shown accordingly. However, responsibility for managing the assets rests with the College. As a result, the assets are included in the financial statements because excluding them would have been misleading to the reader.

Land, buildings and equipment are recorded at cost, or if acquired by gift, at fair market value at the date of the gift. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Any interest costs incurred are capitalized during the period of construction. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy, all land, intangible assets and software with a unit cost of $1,000,000 or more, buildings and improvements with a unit cost of $100,000 or more, library collections with a total cost of $5,000 or more and all other assets with a unit cost of $5,000 or more are capitalized. Depreciation is computed using the straight line method over the estimated useful lives of the assets as defined by the State of Washington's Office of Financial Management. Useful lives are generally 3 to 7 years for equipment; 15 to 50 years for buildings and 20 to 50 years for infrastructure and land improvements.

In accordance with GASB Statement 42, the college reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At June 30, 2015, no assets had been written down.

Unearned Revenues
Unearned revenues occur when funds have been collected prior to the end of the fiscal year but related to the subsequent fiscal year. The College has recorded summer quarter tuition and fees and housing deposits as unearned revenues.

Tax Exemption
The College is a tax-exempt organization under the provisions of Section 115 (1) of the Internal Revenue Code and is exempt from federal income taxes on related income.

Net Pension Liability
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of Washington Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/deductions from PERS's and TRS's fiduciary net position have been determined on the same basis as they are reported by PERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are

recognized when due and payable in accordance with the benefit terms. Investments are reports at fair value.

Deferred Outflows of Resources and Deferred Inflows of Resources
Deferred outflows of resources represent consumption of net position that is applicable to a future period. Deferred inflows of resources represent acquisition of net position that is applicable to a future period. Changes in net position liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

Net Position
The College's net position is classified as follows.

- *Net Investment in Capital Assets.* This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
- *Restricted for Nonexpendable.* This consists of endowment and similar type funds for which donors or other outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to the principle.
- *Restricted for Expendable.* These include resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.
- *Unrestricted.* These represent resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises.

Classification of Revenues
The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating Revenues. This includes activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of waivers and scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) most federal, state and local grants and contracts that primarily support the operational/educational activities of the colleges. Examples include a contract with OSPI to offer Running Start and/or Technical High School. The college also receives Adult Basic Education grants that support the primary educational mission of the college.

Operating Expenses. Operating expenses include salaries, wages, fringe benefits, utilities, supplies and materials, purchased services, and depreciation.

Non-operating Revenues. This includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, investment income and Pell Grants received from the federal government. Pell grants are reported as non-operating revenue based on guidance from the Office of Financial Management in collaboration with the State Auditor's Office.

Non-operating Expenses. Non-operating expenses include state remittance related to the building fee and the innovation fee, along with interest incurred on the Certificate of Participation Loans.

Scholarship Discounts and Allowances
Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. Discounts and allowances for the year ending June 30, 2016 are $6,525,849.

State Appropriations
The state of Washington appropriates funds to the College on both an annual and biennial basis. These revenues are reported as non-operating revenues on the Statements of Revenues, Expenses, and Changes in Net Position, and recognized as such when the related expenses are incurred.

Building and Innovation Fee Remittance
Tuition collected includes amounts remitted to the Washington State Treasurer's office to be held and appropriated in future years. The Building Fee portion of tuition charged to students is an amount established by the Legislature is subject to change annually. The fee provides funding for capital construction and projects on a system wide basis using a competitive biennial allocation process. The Building Fee is remitted on the 35th day of each quarter. The Innovation Fee was established in order to fund the State Board of Community and Technical College's Strategic Technology Plan. The use of the fund is to implement new ERP software across the entire system. On a monthly basis, the College's remits the portion of tuition collected for the Innovation Fee to the State Treasurer for allocation to SBCTC. These remittances are non-exchange transactions reported as an expense in the non-operating revenues and expenses section of the statement of revenues, expenses and changes in net position.

2. Cash and Investments
Cash and cash equivalents include bank demand deposits, petty cash held at the College and unit shares in the Local Government Investment Pool (LGIP). The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission (17 CFR 270.2a-7). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both the market and credit risk. The LGIP is an unrated investment pool.

As of June 30, 2016, the carrying amount of the College's cash, restricted cash and equivalents was $16,052,949 as represented in the table below.

Petty Cash and Change Funds	$	5,250
Bank Demand and Time Deposits		9,638,192
Local Government Investment Pool		5,017,783
Deposits in Transit		23,739
Total Cash and cash equivalents	**$**	**14,684,964**
Cash restricted for retainage held	$	67,153
Cash restricted for supplemental financial aid		1,300,832
Total Restricted Cash	**$**	**1,367,985**

Outside of investment in the LGIP, investments by the college consist of U.S. Agency bonds. The college measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

All bonds held by the College are obligations of the United States or its agencies and are classified as Level 2 in the fair value hierarchy. As of June 30, 2016, the fair value of investments was $14,135,709 with maturities ranging from 1 -5 years.

Custodial Credit Risks—Deposits
Custodial credit risk for bank demand deposits is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The majority of the College's demand deposits are with the US Bank. All cash and equivalents, except for change funds and petty cash held by the College, are insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the Washington Public Deposit Protection Commission (PDPC).

Interest Rate Risk—Investments
The College manages its exposure to interest rate changes by limiting the duration of investments to mature at various points in the year. The portfolio average maturity is three years or less.

Concentration of Credit Risk—Investments
State law limits College operating investments to the highest quality sectors of the domestic fixed income market and specifically excludes corporate stocks, corporate and foreign bonds, futures contracts, commodities, real estate, limited partnerships and negotiable certificates of deposit. College policy does not limit the amount the College may invest in any one issuer.

Custodial Credit Risk—Investments
Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At June 30, 2016, none of the College's investments are exposed to custodial credit risk because the investments are held by US Bank Safekeeping of Washington in the College's name.

3. Interest Receivable

Interest receivable represents investment bond interest earned but not yet received by the college. At June 30, 2016, interest receivable was $108,114.

4. Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. It also includes amounts due from federal, state and local governments or private sources in connection with reimbursements of allowable expenditures made according to sponsored agreements. At June 30, 2016, accounts receivable were as follows:

Accounts Receivable		Amount
Student Tuition and Fees	$	4,012,133
Due from the Federal Government		128,506
Due from Other State Agencies		2,909,427
Auxiliary Enterprises		144,311
Subtotal		7,194,377
Less Allowance for Uncollectible Accounts		(569,036)
Accounts Receivable, net	**$**	**6,625,341**

5. Inventories

Inventories, stated at cost using first in, first out method, consisted of consumable inventories in the amount of $104,603 of June 30, 2016.

6. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2016 is presented as follows. The current year depreciation expense was $5,151,566.

Capital Assets	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Nondepreciable capital assets				
Land	$ 8,558,859	$ -	$ -	$ 8,558,859
Construction in progress	0	1,388,313	0	1,388,313
Total nondepreciable capital assets	8,558,859	1,388,313	0	9,947,172
Depreciable capital assets				
Buildings	175,739,904	0	0	175,739,904
Other improvements and infrastruc	467,641	669,198	0	1,136,839
Equipment	9,582,443	626,561	303,883	9,905,121
Library resources	491,061	77,525	74,627	493,959
Subtotal depreciable capital assets	186,281,049	1,373,284	378,510	187,275,823
Less accumulated depreciation				
Buildings	37,394,656	4,222,590	0	41,617,246
Other improvements and infrastruc	272,130	17,447	0	289,577
Equipment	5,850,269	841,032	239,825	6,451,476
Library resources	266,075	70,542	74,672	261,945
Total accumulated depreciation	43,783,130	5,151,611	314,497	48,620,244
Total depreciable capital assets	$ 142,497,919	$ (3,778,327)	$ 64,013	$ 146,212,233
Capital assets, net of accumulated depreciation	**$ 151,056,778**	**$ (2,390,014)**	**$ 64,013**	**$ 148,602,751**

7. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of equity that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in statement of net position relates to pensions.

Deferred outflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the state's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. State contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of equity that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources reported by the College relate to pensions.

Deferred inflows on pensions are recorded when projected earnings on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the state's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

8. Accounts Payable, Accrued Liabilities and Deposits Payable
At June 30, 2016, accrued liabilities are the following.

Accounts Payable and Accrued Liabilities	Amount	
Amounts Owed to Employees	$	1,524,837
Accounts Payable	$	1,901,565
Compensated Absences	$	1,331,512
Amounts Held for Others and Retainage	$	1,305,693
Total	**$**	**6,063,607**

9. Unearned Revenue
Unearned revenue is comprised of receipts which have not yet met revenue recognition criteria, as follows:

Unearned Revenue	Amount	
Summer Quarter Tuition & Fees	$	3,359,341
Housing and Other Deposits		156,895
Total Unearned Revenue	$	3,516,236

10. Risk Management
The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. Payments made for claims from July 1, 2015 through June 30, 2016, were $165,616. The College purchases commercial property insurance through the master property program administered by the Department of Enterprise Services for buildings that were acquired with COP proceeds. The policy has a deductible of $250,000 per occurrence and the policy limit is $100,000,000 per occurrence. The college has had no claims in excess of the coverage amount within the past three years. The College assumes its potential property losses for most other buildings and contents.

The College participates in a State of Washington risk management self-insurance program, which covers its exposure to tort, general damage and vehicle claims. Premiums paid to the State are based on actuarially determined projections and include allowances for payments of both outstanding and current liabilities. Coverage is provided up to $10,000,000 for each claim with no deductible. The college has had no claims in excess of the coverage amount within the past three years.

11. Compensated Absences
At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses and insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate equal to one-fourth of the total balance on the payroll records. The accrued vacation leave totaled $1,492,383 and accrued sick leave totaled $2,227,784 at June 30, 2016.

Accrued annual and sick leave are categorized as non-current liabilities. Compensatory time is categorized as a current liability since it must be used before other leave.

12. Leases Payable
The College finances some capital asset purchases through the Washington State Treasurer's leasing program and through a private finance company. These are classified as capital leases. The College also has leases for student residences, classroom space and other assets with various vendors. These leases are classified as operating leases. As of June 30, 2016, the minimum lease payments under capital leases and operating leases consist of the following.

Leases Payable **Fiscal year**	**Capital Leases**	**Operating Leases**
2017	$ 142,439	$ 581,686
2018		527,616
2019		263,387
2020		61,778
2021		33,611
2022-26		168,056
2027-31		168,056
2032-36		168,056
2037-41		159,653
Total minimum lease payments	142,439	2,131,899
Less amount representing interest	6,471	
Net present value	**$ 135,968**	**$ 2,131,899**

13. Notes Payable

In August, 2012, the College obtained financing to remodel the Corporate and Continuing Education Building through a certificate of participation (COP), issued by the Washington State Treasurer (OST) in the amount of $3,545,000. The interest rate charged is approximately 3.103%.

In August, 2009, the College obtained financing to build the Health Education & Fitness Center through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $20,440,000. Students assessed themselves, on a quarterly basis, a mandatory fee to service the debt starting in 2011. The interest rate charged is approximately 4.463%.

Student fees related to the Health Education & Fitness Center COP which are used to pay a portion of the principal and interest are accounted for in a dedicated fund, apart from the general operating budget. The College's debt service requirements for these note agreements for the next five years and thereafter are listed below.

14. Annual Debt Service Requirements

Future debt service requirements at June 30, 2016 are as follows:

Annual Debt Service Requirements						
	Certificates of Participation			Capital Leases		
Fiscal year	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2017	$ 1,050,000	$ 829,676	$ 1,879,676	$ 135,968	$ 6,471	$ 142,439
2018	1,090,000	783,382	1,873,382			
2019	1,140,000	739,107	1,879,107			
2020	1,185,000	692,058	1,877,058			
2021	1,235,000	643,158	1,878,158			
2022-26	7,020,000	2,364,169	9,384,169			
2027-2031	5,535,000	1,711,060	7,246,060			
2032-2036	260,000	10,400	270,400			
2037-2041	-	-	-			
2042-2046	-	-	-			
Total	**18,515,000**	**7,773,010**	**26,288,010**	**135,968**	**6,471**	**142,439**

service credit, and include an annual cost-of living adjustment. The defined contribution component is fully funded by employee contributions and investment performance.

The college also has 2 plan members with pre-existing eligibility who continue to participate in TRS 1 or 2.

The authority to establish and amend benefit provisions resides with the legislature. PERS and TRS issue publicly available financial reports that include financial statements and required supplementary information. The report may be obtained by writing to the Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380 or online at http://www.drs.wa.gov/administration.

Funding Policy. Each biennium, the state Pension Funding Council adopts PERS and TRS Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for PERS and TRS Plans 1 are established by statute. By statute, PERS 3 employees may select among six contribution rate options, ranging from 5 to 15 percent.

The required contribution rates expressed as a percentage of current year covered payroll are shown in the table below. The College and the employees made 100% of required contributions.

Contribution Rates and Required Contributions. The College's contribution rates and required contributions for the above retirement plans for the years ending June 30, 2016, 2015, and 2014 are as follows:

	FY 2014		FY 2015		FY 2016	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	6.00%	9.21%	6.00%	9.21%	6.00%	11.18%
Plan 2	4.92%	9.21%	4.92%	9.21%	6.12%	11.18%
Plan 3	5 - 15%	9.21%	5 - 15%	9.21%	5 - 15%	11.18%
TRS						
Plan 1	6.00%	10.39%	6.00%	10.39%	6.00%	13.13%
Plan 2	4.69%	10.39%	4.96%	10.39%	5.95%	13.13%
Plan 3	5-15%	10.39%	5-15%	10.39%	5-15%	13.13%

Required Contributions at June 30

	FY 2014		FY 2015		FY 2016	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	$ 11,732	$ 18,003	$ 13,536	$ 20,778	$ 14,571	$ 27,150
Plan 2	$ 413,465	$ 773,899	$ 404,510	$ 757,299	$ 535,722	$ 978,756
Plan 3	$ 117,836	$ 167,846	$ 146,006	$ 209,454	$ 164,071	$ 272,277
TRS						
Plan 1	$ 12,177	$ 20,644	$ 7,052	$ 12,212	$ 6,519	$ 13,944
Plan 2	$ 626	$ 1,074	$ -	$ -	$ -	$ -
Plan 3	$ 9,694	$ 15,116	$ 26,085	$ 37,129	$ 28,418	$ 39,514

Investments

The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB adopted investment policies for the various asset classes in which the WSIB invests.

For the year ended June 30, 2015, the annual money-weighted rate of return on the pension investments, net of pension plan expenses are as follows:

Pension Plan	Rate of Return
PERS Plan 1	4.45%
PERS Plan 2/3	4.63%
TRS Plan 1	4.41%
TRS Plan 2/3	4.65%

These money-weighted rates of return express investment performance, net of pension plan investment expense, and reflect both the size and timing of cash flows.

The PERS and TRS target asset allocation and long-term expected real rate of return as of June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
Total	**100%**	

The inflation component used to create the above table is 2.20 percent and represents WSIB's most recent long-term estimate of broad economic inflation.

Pension Expense

Pension expense is included as part of "Employee Benefits" expense in the statement of revenues, expenses and changes in net position. The table below shows the components of each pension plans' expense as it affected employee benefits:

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	Total
Actuarially determined pension expense	298,573	499,721	20,032	17,651	835,977
Amortization of change in proportionate liability	(47,947)	77,984	(34,979)	8,308	3,367
Total Pension Expense	250,626	577,705	(14,947)	25,959	839,344

Changes in Proportionate Shares of Pension Liabilities

The changes to the College's proportionate share of pension liabilities from 2014 to 2015 for each retirement plan are listed below:

	2014	2015
PERS 1	.096618%	.095772%
PER 2/3	.119316%	.118019%
TRS 1	.013539%	.012530%
TRS 2/3	.003654%	.007363%

The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan to the projected contributions of all participating state agencies, actuarially determined.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 3.00%
- Salary Increases 3.75%
- Investment rate of return 7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements.

Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including TRS Plan 2/3, whose rates include a component for the TRS Plan 1 liability).

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the College calculated using the discount rate of 7.50 percent, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

Pension Plan	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
PERS Plan 1	6,099,404	5,009,766	4,072,778
PERS Plan 2/3	12,330,394	4,216,886	(1,995,322)
TRS Plan 1	499,016	396,968	309,215
TRS Plan 2/3	262,876	62,129	(87,109)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions
The following represent the components of the College's deferred outflows and inflows of resources as reflected on the Statement of Net Position, for the year ended June 30, 2016:

	PERS 1		PERS 2/3	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	-	-	448,256	-
Difference between expected and actual earnings of pension plan investments	-	274,089	-	1,125,709
Changes of Assumptions	-	-	6,794	-
Changes in College's proportionate share of pension liabilities	-	-	225,647	41,733
Contributions to pension plans after measurement date	583,843	-	673,447	-
	$ 583,843	$ 274,089	$ 1,354,145	$ 1,167,442

	TRS 1		TRS 2/3	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	-	-	9,835	-
Difference between expected and actual earnings of pension plan investments	-	29,382	-	24,104
Changes of Assumptions	-	-	54	-
Changes in College's proportionate share of pension liabilities	-	-	36,369	-
Contributions to pension plans after measurement date	33,786	-	19,653	-
	$ 33,786	$ 29,382	$ 65,911	$ 24,104

The $1,310,729 reported as deferred outflows of resources represent contributions the College made subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2017.

Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year ended June 30	PERS 1	PERS 2/3	TRS 1	TRS 2/3
2017	(106,227)	(258,068)	(11,396)	669
2018	(106,227)	(258,068)	(11,396)	669
2019	(106,227)	(303,199)	(11,396)	669
2020	44,593	291,223	4,806	13,860
2021	-	41,368	-	5,386
2022	-	-	-	899
Total	(274,089)	(486,744)	(29,382)	22,153

State Board Retirement Plan

Plan Description. Faculty and exempt administrative and professional staff are eligible to participate in SBRP. The Teacher's Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF) are the companion organizations through which individual retirement annuities are purchased. Employees have at all times a 100% vested interest in their accumulations.

TIAA-CREF benefits are payable upon termination at the member's option unless the participant is re-employed in another institution which participates in TIAA-CREF.

The Plan has a supplemental payment component that guarantees a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. The SBCTC makes direct payments on behalf of the College to qualifying retirees when the retirement benefit provided by TIAA-CREF does not meet the benefit goal. Employees are eligible for a non-reduced supplemental payment after the age of 65 with ten years of full-time service.

The minimum retirement benefit goal is 2% of the average annual salary for each year of full-time service up to a maximum of 25 years. However, if the participant does not elect to make the 10% TIAA-CREF contribution after age 49, the benefit goal is 1.5% for each year of full-time service for those years the lower contribution rate is selected.

The State Board for Community and Technical Colleges is authorized to amend benefit provisions under RCW 28B.10.400. In 2011, the plan was amended to eliminate the supplemental benefit provisions for all employees hired after June 30, 2011.

Contributions. Contribution rates for the SBRP (TIAA-CREF), which are based upon age, are 5%, 7.5% or 10% of salary and are matched by the College. Employee and employer contributions for the year ended June 30, 2016 were each $1,926,406.

The SBRP supplemental pension benefits are unfunded. For the year ended June 30, 2016, supplemental benefits were paid by the SBCTC on behalf of the college system in the amount of $766,692. In 2012, legislation (RCW 28B.10.423) was passed requiring colleges to pay into a Supplemental Benefit Fund managed by the State Investment Board, for the purpose of funding future benefit obligations. During FY 2016, the College paid into this fund at a rate of 0.5% of covered salaries, totaling $132,188. As of June 30, 2016, the Community and Technical College system accounted for $10,439,441 of the fund balance.

Washington State Deferred Compensation Program
The College, through the state of Washington, offers its employees a deferred compensation plan created under Internal Revenue Code Section 457. The plan, available to all State employees, permits individuals to defer a portion of their salary untll future years. The state of Washington administers the plan on behalf of the College's employees. The deferred compensation is not available to employees until termination, retirement or unforeseeable financial emergency. The College does not have access to the funds.

Other Post-Employment Benefits
Health care and life insurance programs for employees of the state of Washington are administered by the Washington State Health Care Authority (HCA). The HCA calculates the premium amounts each year that are sufficient to fund the statewide health and life insurance programs on a pay-as-you-go basis. These costs are passed through to individual state agencies based upon active employee headcount; the agencies pay the premiums for active employees to the HCA. The agencies may also charge employees for certain higher cost options elected by the employee.

State of Washington retirees may elect coverage through state health and life insurance plans, for which they pay less than the full cost of the benefits, based on their age and other demographic factors. The health care premiums for active employees, which are paid by the agency during the employees' working careers, subsidize the "underpayments" of retirees. An additional factor in the Other Post-Employment Benefits (OPEB) obligation is a payment that is required by the State Legislature to reduce the premiums for retirees covered by Medicare (an "explicit" subsidy). This explicit subsidy is also passed through to state agencies via active employee rates charged to the agency. There is no formal state or College plan that underlies the subsidy of retiree health and life insurance.

The actuary allocated the statewide disclosure information to the community and technical college system level. The SBCTC further allocated these amounts among the colleges. The College's share of the GASB 45 actuarially accrued liability (AAL) is $20,278,573 with an annual required contribution (ARC) of $2,017,963. The ARC represents the amortization of the liability for fiscal year 2016 plus the current expense for active employees, which is reduced by the current contributions of approximately $293,476. The College's net OPEB obligation (NOO) at June 30, 2016 was approximately $4,676,681. This amount is not included in the College's financial statements.

The College paid $5,970,275 for healthcare expenses in 2016, which included its pay-as-you-go portion of the OPEB liability.

18. Operating Expenses by Program
In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below

summarizes operating expenses by program or function such as instruction and academic support. The following table lists operating expenses by program for the year ending June 30, 2016.

Expenses by Functional Classification		
Instruction	$	36,142,086
Academic Support Services		4,852,029
Student Services		6,871,602
Institutional Support		9,234,341
Operations and Maintenance of Plant		5,694,583
Scholarships and Other Student Financial Aid		5,139,291
Auxiliary enterprises		3,476,649
Depreciation		5,124,963
Total operating expenses	**$**	**76,535,544**

19. Commitments and Contingencies

There is a class action lawsuit, Moore v. HCA, filed against the State of Washington on behalf of former part-time and non-permanent employees alleging improper denial of healthcare benefits. As of the end of fiscal year 2016, the parties had reached a settlement agreement with the plaintiffs to settle all matters relating to this and related lawsuits.

On March 29th 2016, the legislature passed the supplemental budget which included an appropriation to fund the settlement for the Moore v. HCA lawsuit. SBCTC's portion of this obligation is $32 million of which $19 million is funded by the legislature and the remaining $13 million allocated among 34 colleges in the system. In July 2016, the College was assessed a total liability in the amount of $268,010 which was accrued for as of June 30, 2016.

Additionally, the College is engaged in various legal actions in the ordinary course of business. Management does not believe the ultimate outcome of these actions will have a material adverse effect on the financial statement.

The College has commitments of $1,388,313 for various capital improvement projects that include renovations of existing buildings.

20. Subsequent Events

The college entered into a lease agreement for student housing to be constructed on September 29, 2015. Construction was completed and the lease term began in September 2016. The initial lease term is 20 years and may be extended for an additional two successive renewal terms of 10 years each. Rent is $78,600 per month for the first two years and will be adjusted by a CPI-U factor each year thereafter.

Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Everett Community College's Proportionate Share of the Net Pension Liability

Schedule of Everett Community College's Share of the Net Public Employees' Retirement System (PERS) Plan 1

Measurement Date of June 30

	2014	2015
College's proportion of the net pension liability	0.096618%	0.095772%
College proportionate share of the net pension liability	$ 4,867,177	$ 5,009,766
College covered-employee payroll	$ 10,406,371	$ 10,696,455
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	46.77%	46.84%
Plan's fiduciary net position as a percentage of the total pension liability	61.19%	59.10%

*These schedules are to be built prospectively until they contain 10 years of data.

Cost Sharing Employer Plans

Schedules of Everett Community College's Proportionate Share of the Net Pension Liability

Schedule of Everett Community College's Share of the Net Pension Public Employees' Retirement System (PERS) Plan 2/3 Measurement Date of June 30		
	2014	**2015**
College's proportion of the net pension liability	0.119316%	0.1180%
College proportionate share of the net pension liability	$ 2,411,808	$ 4,216,886
College covered-employee payroll	$ 10,221,300	$ 10,472,588
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	23.60%	40.27%
Plan's fiduciary net position as a percentage of the total pension liability	93.29%	89.20%

*These schedules are to be built prospectively until they contain 10 years of data.

Cost Sharing Employer Plans

Schedules of Everett Community College's Proportionate Share of the Net Pension Liability

Schedule of Everett Community College's Share of the Net Pension Liability

Teachers' Retirement System (TRS) Plan 1

Measurement Date of June 30

	2014	2015
College's proportion of the net pension liability	0.013539%	0.0125%
College proportionate share of the net pension liability	$ 399,327	$ 396,968
College covered-employee payroll	$ 20,044,844	$ 21,627,257
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.99%	1.84%
Plan's fiduciary net position as a percentage of the total pension liability	68.77%	65.70%

*These schedules are to be built prospectively until they contain 10 years of data.

Cost Sharing Employer Plans
Schedules of Everett Community College's Proportionate Share of the Net Pension Liability

Schedule of Everett Community College's Share of the Net Pension Teachers' Retirement System (TRS) Plan 2/3 Measurement Date of June 30				
		2014		**2015**
College's proportion of the net pension liability		0.003654%		0.0074%
College proportionate share of the net pension liability	$	11,802	$	62,129
College covered-employee payroll	$	19,841,074	$	21,507,394
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll		0.06%		0.29%
Plan's fiduciary net position as a percentage of the total pension liability		96.81%		92.48%

*These schedules are to be built prospectively until they contain 10 years of data.

Pension Plan Information

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered–employee payroll
2014	$ 427,661	$ 427,661	$ -	$ 10,406,371	4.11%
2015	$ 440,170	$ 440,170	$ -	$ 10,696,455	4.12%
2016	$ 555,544	$ 555,544	$ -	$ 11,403,906	4.87%
2017					
2018					
2019					
2020					
2021					
2022					
2023					

Notes: These schedules will be built prospectively until they contain 10 years of data.

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Public Emplyees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered–employee payroll
2014	$ 504,038	$ 504,038	$ -	$ 10,221,300	4.93%
2015	$ 525,719	$ 525,719	$ -	$ 10,472,588	5.02%
2016	$ 690,137	$ 690,137	$ -	$ 11,161,338	6.18%
2017					
2018					
2019					
2020					
2021					
2022					
2023					

Notes: These schedules will be built prospectively until they contain 10 years of data.

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 1 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered–employee payroll
2014	$ 26,773	$ 26,773	$ -	$ 20,044,844	0.13%
2015	$ 28,039	$ 28,039	$ -	$ 21,627,257	0.13%
2016	$ 27,657	$ 27,657	$ -	$ 22,382,375	0.12%
2017					
2018					
2019					
2020					
2021					
2022					
2023					

Notes: These schedules will be built prospectively until they contain 10 years of data.

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions
Teachers' Retirement System (TRS) Plan 2/3
Fiscal Year Ended June 30

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered–employee payroll
2014	$ 107,373	$ 107,373	$ -	$ 19,841,074	0.54%
2015	$ 125,374	$ 125,374	$ -	$ 21,507,394	0.58%
2016	$ 134,961	$ 134,961	$ -	$ 22,270,317	0.61%
2017					
2018					
2019					
2020					
2021					
2022					
2023					

Notes: These schedules will be built prospectively until they contain 10 years of data.