Everett Community College

2021 Financial Report

Fiscal Year Ended June 30, 2021

2021
Financial Report

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

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Trustees and Administrative Officers

BOARD OF TRUSTEES

EXECUTIVE OFFICERS

INDEPENDENT AUDITOR'S REPORT

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, 2020 through June 30, 2021

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 business-type activities and the aggregate discretely presented component units of the Everett Community College, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated July 31, 2023.

Our report includes a reference to other auditors who audited the financial statements of Everett Community College Foundation, as described in our report on the College's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the Everett Community College Foundation were not audited in accordance with Government Auditing Standards and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Everett Community College Foundation.

REPORT ON 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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

July 31, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Everett Community College
July 1, 2020 through June 30, 2021

Board of Trustees
Everett Community College
Everett, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Everett Community College as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the financial section of our report.

In our opinion, based on our audit and the reports of the other auditors, the accompanying 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, 2021, 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.

We did not audit the financial statements of the Everett Community College Foundation (the Foundation), which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the reports of other auditors. The financial statements of the Foundation were not audited in accordance with Government Auditing Standards.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2021, 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, legislation created a trust arrangement for assets dedicated to paying the Higher Education Supplemental Retirement Plan benefits to plan members. As a result, the College transitioned to accounting for the plan in accordance with Governmental Accounting standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

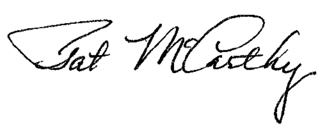
- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 July 31, 2023 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 the effectiveness of the College's 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, State Auditor

Olympia, WA

July 31, 2023

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, 2021 (FY 2021). 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.

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 18,000 students. The College confers associate's 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 located in Everett, Washington, a community of about 111,000 residents. The College also has operations in Monroe, Marysville, Tulalip, and Arlington. 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. In accordance with Washington State law governing technical colleges, the College's board includes one member from business and one member from labor. In addition, the college has a Governor-appointed student trustee who is prohibited from voting on personnel or collective bargaining matters. 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, 2021. 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.

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 considered 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, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College as of the end of the fiscal year. A condensed comparison of the Statement of Net Position is as follows:

Everett Community College Condensed Statement of Net Position As of June 30, 2021 and 2020			
		2021	2020
Assets			
	Current Assets	$ 24,516,891	$ 16,976,817
	Capital Assets, net	$ 135,338,772	134,431,323
	Other Assets, non-current	$ 11,047,810	11,026,241
Total Assets		$ 170,903,473	162,434,381
Deferred Outflows of Resources		8,835,518	8,806,564
Liabilities			
	Current Liabilities	$ 11,251,856	11,705,485
	Other Liabilities, non-current	$ 54,525,828	57,724,435
Total Liabilities		$ 65,777,684	69,429,920
Deferred Inflows of Resources		$ 13,976,419	12,723,754
Net Position			
	Net Investment in Capital Assets	$ 120,477,223	120,393,392
	Restricted	$ 407,963	327,321
	Unrestricted	$ (20,900,298)	(31,633,441)
Total Net Position, as restated		$ 99,984,888	$ 89,087,271

Current assets consist primarily of cash, investments, various accounts receivables and inventories. The significant increase of current assets of approximately $7.5 million in FY 2021 can be attributed to a $5.4 million increase in cash and approximately a $2 million increase in accounts receivable. In early FY 2021, the college leadership decided to make the difficult decision to go through a series of layoffs, furloughs, and other cost saving measures. For years, we had been spending more than our means as far as cash reserves, and overall cash and equivalents were getting low. With the pandemic and a decrease to most of our revenue sources before we were able to obtain federal pandemic relief funds (CARES/ARPA) we were very concerned about our ability to cover our obligations and the long-term effects of the pandemic. Due to a reduction in expenses and the aid from the federal funds to help cover our lost revenue, we were able to rebuild and restructure the institution financially by bringing in a $5 million increase in cash and equivalents. Our cash reserves were still low for our institutional size and our ongoing liabilities, but this boost in cash got us into a more comfortable situation in our cash and equivalents to cover ourselves for future emergencies.

For the $2 million increase in accounts receivable, this can mostly be attributed to the $1.7 million that was owed to us at year end from the state treasurer. We ended up having a net receivable with the state treasurer instead of the net payable at year end that occurred in FY 20. With the construction of our new Cascade Learning Resource Center (CLRC), more funds were owed to us for reimbursement from the State Treasurer in FY 21 than FY 20. The cash flow for a new construction project is millions of dollars each month.

Net capital assets increased by $1 million from FY 2020 to FY 2021. The increase is primarily the result of current depreciation expense of $4.6 million and a $5.5 million addition to assets. The addition to assets includes a $4.3 million increase in construction in progress due to the construction of the CLRC which is expected to be completed in June 2023, and a $1.2 million increase to equipment which includes investments in IT infrastructure equipment.

Other non-current assets consist primarily of the long-term portions of the college's investments in bonds (maturity beyond one year) and cash restricted for the 3.5% of tuition revenue that is held for financial aid students. In FY 2021 there was a $59 thousand decrease in long-term investments due to lower interest rates year over year and a $81 thousand increase in the amount of 3.5% funds held for students.

Deferred outflows of resources and deferred inflows of resources represent deferrals in pension and postemployment benefits associated related to GASB Statement No. 68 and Statement No. 75. The $29 thousand increase in deferred outflows reflect the College's proportionate share of an increase in the state-wide amounts reported by the Department of Retirement System (DRS) and Health Care Authority (HCA) due to differences between expected and actual experience related to the actuarial assumptions. The College recorded $8,806,564 in FY 2020 and $8,835,518 in FY2021 of pension and postemployment-related deferred outflows. The increase reflects the change in proportionate share.

Similarly, the $1.25 million increase in deferred inflows in 2021 reflects the increase in difference between actual and projected investment earnings on the state's pension plans and other post-employment benefits.

Current liabilities include amounts payable to suppliers for goods and services, accrued payroll and related liabilities, the current portion of Certificate 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. In FY 2021, current liabilities decreased by $454 thousand compared to FY 20. FY 2021, payables decreased by $594 thousand and this was largely due to timeliness of vendor invoices and the timing of payments. This was due to the disruption in operations due to the COVID-19 pandemic in FY 20 compared to FY 21. We also experienced a $829 thousand decrease in unearned revenue and a $1 million increase in accrued liabilities with most sources of revenue declining with the COVID-19 pandemic.

Non-current liabilities primarily consist of the value of vacation and sick leave earned but not yet used by employees, the long-term portion of Certificates of Participation debt, and pension and OPEB non-current liabilities. The $3.2 million decrease in non-current liabilities is comprised of decreases in pension liabilities of $4.1 million (net of plans) due to changes in proportionate share, and increases in compensated absences. We also had a $479 thousand increase to Certificates of Participation (COP) payable and a $241 thousand increase to unamortized premiums of certificates of participation with our newly issued COP for the Broadway property, which is discussed in more detail in the "Capital Assets and Long-Term Debt Activities" section.

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 spending but for investment purposes only. Historically, donors interested in establishing such funds to benefit the college or its students have chosen to do so through the Foundation. As a result, the college is not reporting any balance in this category.

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 the discretionary financial aid reserves (3 .5% funds). For the past three years, there has been an intentional effort to ensure that the funds were being maximized to award more needy students. For FY 21, we have a $81 thousand dollar increase in these funds with less students needing these funds due to more federal aid programs related to the COVID-19 pandemic funding.

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 2021**		**FY 2020**	
Net investment in capital assets	$	120,477,223	$	120,393,392
Restricted				
Expendable (description)	$	407,963	$	327,321
Nonexpendable (description)			$	-
Unrestricted	$	(20,900,298)	$	(31,633,441)
Total Net Position	**$**	**99,984,888**	**$**	**89,087,272**

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 2021. 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, 2021 and 2020 is presented below.

Everett Community College
Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2021 and 2020

Operating Revenues	**2021**	**2020**
Student tuition and fees, net	19,554,211	19,903,831
Auxiliary enterprise sales	1,140,420	3,742,120
Grants and contracts	27,647,096	25,661,004
Other operating revenues	707,207	1,011,936
Total operating revenues	**49,048,934**	**50,318,891**
Non-Operating Revenues		
State appropriations	35,316,813	30,991,884
Federal Pell grant revenue	7,095,285	7,290,260
Other non-operating revenues	9,492,479	1,275,318
Total non-operating revenues	51,904,577	39,557,462
Total revenues	**100,953,511**	**89,876,353**
Operating Expenses		
Salaries and Benefits	60,125,432	63,944,597
Scholarships	12,786,432	9,671,110
Depreciation	4,641,820	4,729,213
Other operating expenses	14,861,655	16,375,310
Total operating expenses	**92,415,339**	**94,720,230**
Non-Operating Expenses		
Building fee remittance	1,938,157	1,914,587
Other non-operating expenses	919,642	904,489
Total non-operating expenses	**2,857,799**	**2,819,076**
Total expenses	95,273,138	97,539,306
Excess (deficiency) before capital contributions	**5,680,373**	**(7,662,954)**
Capital appropriations and contributions	**5,217,243**	**3,689,304**
Change in Net position	**10,897,616**	**(3,973,650)**
Net Position		
Net position, beginning of year	89,087,271	93,060,921
Net position, end of year	**99,984,887**	**89,087,272**

Revenues

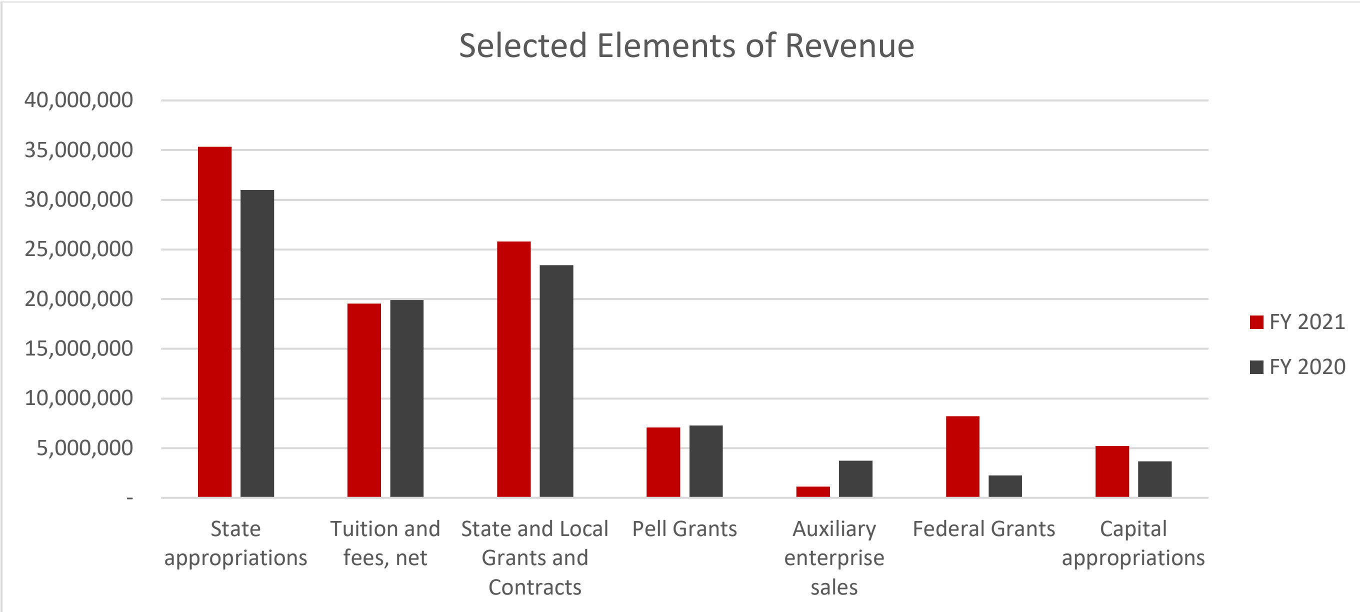
The state of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college. The SBCTC allocates funds to each of the 34 college's based on 3-year average FTE actuals. Additionally, the Supplemental Budget also reduces the general fund by the amount set aside specifically for Pension Stabilization. This method of allocation continued in FY 2021.

In FY 2021, tuition rates were increased by 2.5% as approved by the state legislature. Enrollments decreased by about 5% once COVID-19 caused the college to have to change the method of our instruction from mostly in person to mostly online. The net result of this caused student tuition and fees to decrease in FY 2021 by $350 thousand.

Due to COVID-19 and a disruption in the services we provided to students and the college community, we have experienced significant decreases in our auxiliary operations/revenue in programs such as housing, parking services, conference services, and printing. In auxiliary enterprise sales revenue, which these programs mentioned previously contribute to, we experienced a decrease of almost $2.6 million.

In FY 2021, grants and contracts increased significantly in a few areas. State and local grants increased approximately $2.4 million due to an increase in WA College Grant ($1.9 million), a new state grant for undocumented student relief, an increase in Corporate and Continuing Education local contracts and Early Achievers grants. Federal grants decreased by $408 thousand due to the ending of the DOL TechHire grant ending. This grant was in an extension year and a reduction of revenue was expected. The TRiO grants also saw a reduction in revenue as one grant cycle ended in FY20 and a new round of grants started up in FY 2021. The new round included new/different positions that were not immediately filled causing another reduction in federal revenue for the fiscal year. Pell grant revenues generally follow enrollment trends, and as the College's enrollment softened during the year so did the College's Pell Grant revenue. For FY 2021, Pell Grant revenue decreased by $195 thousand. Federal non-operating revenue which is CARES act, emergency pandemic relief funding, increased by $8.8 million in the eligible portions going directly to students and the institution.

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. Expenses from capital project funds that do not meet accounting standards for capitalization are reported as operating expenses. Those expenses 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.



Expenses

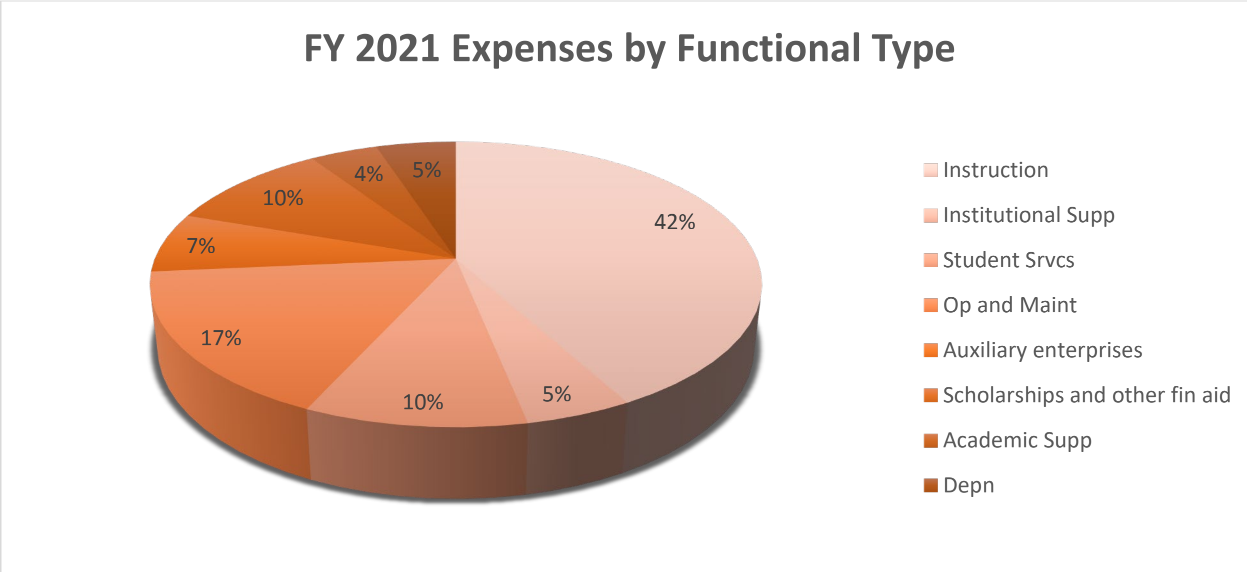
Faced with severe budget cuts and current year expenses exceeding current year revenue over the past six years, the College has continuously sought opportunities to identify savings and efficiencies. The College also decreased spending and services and was subject to various state spending freezes and employee salary reductions related to the COVID-19 pandemic. In early FY 2021, the college leadership decided to make the difficult decision to go through a series of layoffs, furloughs, and other cost saving measures.

In FY 2021, salary and benefit costs decreased by over $3.8 million as result of the position reductions, furloughs, and other employee salary reductions. Utility costs have also decreased even though we experienced rate increases for electricity, natural gas, and waste management. The College has reduced utility expenses in FY 2021 by $196 thousand. This was achieved by many employees and students working from home and reducing building and energy usage as a result of the pandemic. Supplies and materials and other operating expenses also reduced in FY 2021 by almost $369 thousand. This was primarily as a result of intentional efforts to reduce spending and effects from the pandemic with a decrease in college revenue generating activity.

The amount that we paid out in scholarship this last fiscal year also increased by over $3.1 million due to the increase in scholarships provided to students from CARES Act funding and other state scholarships like WA College Grant (SNG) and College Bound Scholarships (CBS). Due to having more funding in these areas for students, we were able to award more funding to our students in the form of scholarships.

Operating Expenses by Function

The chart below shows the percentage of each functional area of operating expenses for FY 2021.



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, 2021, the College had invested $135,338,772 in capital assets, net of accumulated depreciation. This represents an increase of $907,450 from last year, as shown in the table below.

Asset Type	June 30, 2021	June 30, 2020	Change
Land	$ 8,558,859	$ 8,558,859	$ -
Construction in Progress	$ 6,277,530	$ 1,972,465	$ 4,305,065
Buildings, net	$ 117,339,802	$ 121,225,292	$ (3,885,490)
Other Improvements and Infrastructure, net	$ 555,807	$ 578,113	$ (22,306)
Equipment, net	$ 2,396,760	$ 1,877,657	$ 519,103
Library Resources, net	$ 210,016	$ 218,937	$ (8,921)
Total Capital Assets, Net	$ 135,338,772	$ 134,431,323	$ 907,450

There has currently been an increase to construction in progress with the construction of our new building, the Cascade Learning Resource center, and a continuing decrease in net Building assets. The decrease in net buildings is primarily the result of a high existing depreciation expense without a commensurate offset of new assets. The college constructed five new buildings in the last 15 years, which created new annual depreciation costs. Due to these capital projects and construction, current depreciation expense is at $4.6 million. There was also a $5.5 million in additions to assets in construction in progress for FY 2021 which netted against the depreciation causing an overall increase of $907 thousand in capital assets. Additional information on capital assets can be found in Note #6 of the Notes to the Financial Statements.

At June 30, 2021, the College had $12,878,017 in outstanding debt. This represents an increase of $582,645 from last year, as shown in the table below. The College entered into a new Certificate of Participation (COP) for the 1210 Broadway property during FY 2021. The new COP added $1,665,000 in new debt. The short-term debt service payment of $1,082,355 was remitted in FY 2021 adding to the new COP and making the overall change in debt for FY 2021 $582,645. The College has no capital leases currently.

	June 30, 2021	June 20, 2020	Change
Certificates of Participation	12,878,017	12,295,372	582,645
Total	**$ 12,878,017**	**$ 12,295,372**	**$ 582,645**

Additional information of notes payable, long term debt and debt service schedules can be found in Notes 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 College's (SBCTC) elected to move to a new allocation model, changing how the state allocated funds are distributed to each college. The new model is based on performance in several key indicators, from general enrollments to enrollments in high-cost programs, as well as student completion and achievement points. The model is based on a three-year rolling average of enrollments and completions, comparative to other institutions in the state. Due to variable enrollment and not meeting our state target for enrollment, it is estimated that the College will likely see a decrease in state operating appropriations based on enrollment in the future years. It is unclear how much opportunity there may be for additional 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 decision and deal with a decrease in state revenues due to the COVID-19 pandemic and its effect on the state's tax revenue. In fiscal year 2020 we received a significant increase in funding as a result of the Workforce Education Investment Act (E2SHB 2158). The bill created a new fund, the Workforce Education Investment Account. Appropriations from the account are supported by an increase in the Business and Occupation tax. These funds were allocated to the colleges as directed in the legislation. Most of these appropriations are budgeted to continue in fiscal year 2022. One significant portion of these appropriations of the WEIA is for continued increases in funding for Guided Pathways activities. We have funded for the past few years multiple positions that have supported Guided Pathways. The College anticipates continuing to use the Guide Pathways allocation to fund these positions going forward and other ongoing Guided Pathways related expenses.

The COVID-19 pandemic has brought the college into unprecedented times where we are unsure about the affect it will have on enrollment, a change to the delivery of our instruction to mostly online classes, a change to our business processes by working most remotely, and an increase in expenses for certain supplies such a Personal Protective Equipment (PPE) and special cleaning supplies. As the College continues to be affected by the results of the COVID-19 pandemic, a slight decrease in enrollments has been experienced. While historically colleges have seen an increase in enrollments in times of higher unemployment, that has not been the trend the College has experienced at this time. The College will be looking closely at budgets and ways to innovate instruction to attract more students.

The ctcLink technology system replacement is a SBCTC system expense that will cost the college for years to come. On-going expenses, and the delay of implementation have increased the costs to each college, and this will increase College expenditures to fund its share of ctcLink costs for the next few years. As other community and technical colleges proceed with going live with ctcLink, community and technical colleges are being encouraged to hire on additional staff to assist with the business analyst duties as well as backfilling for those who are working on the preparation and implementation. We have started our implementation as of FY 2021 and "went live" in ctcLink on November 8th 2021.

The State Legislators approved use of local funds to finance bargained faculty salary increases beginning in July 2017. Everett Community College and AFT Faculty Local 1873 ratified and approved a new collective bargaining agreement in June 2019. The cost of the contract for FY 2020 was over $900,000 and over $1.1 million for FY 2021. We are unsure what other increases will be negotiated in the future but with having this local bargaining option it is putting a strain on college finances since these increases cannot be covered by any state funding.

In FY 2017 the college decided to better accommodate our students (including non-resident and international) by offering on-campus student housing. Having housing available also helps us to compete with other colleges who are offering these services. The college decided to lease the housing facilities rather than building on existing campus property to allow for future educational expansion. EvCC is challenged by having a small footprint, parking issues, and scarce property purchasing options in the area. The college entered into two lease agreements for student housing with two private developers (one in FY 2017 and one in FY 2018). The initial lease term is 20 years and may be extended for an additional two successive renewal terms of 10 years each.

To date, rent per month is $86,000 per month for one building and $103,000 thousand per month for the other building and the rents will be adjusted by a consumer price index (CPI-U) factor each year. FY 2018 was the first full year of both buildings being up and running and the buildings were not fully occupied. For FY 2020 the buildings were about 80% or more occupied Fall through Winter of the academic year and then less than 50% occupancy in Spring 2020 due to the COVID-19 pandemic. Throughout FY 2021 we experienced low occupancy rates until we found alternative ways to grow our occupancy with students that received CARES/ARPA emergency pandemic funding for housing. We also received other grants and third-party payors that helped students cover their housing costs during the pandemic.

In March 2021, the EvCC Board of Trustees unanimously approved the college leadership to request from the WA State Treasurer's Office a Certificate of Participation (COP) to acquire additional IT equipment to replace our aging IT infrastructure. Having a COP allows the college to make yearly payments while keeping cash reserves available. The equipment was purchased and received by the college from June 2021 through October of 2021 totaling over $1.05 million. The college utilized institutional reserves to complete the actual purchase and was reimbursed through a Certificate of Participation approved by the State Board for Community and Technical Colleges (SBCTC) and the Legislature in February of 2022.

EvCC is making a concerted effort to improve the enrollment process, provide a more student-centered advising and enrollment approach, and explore evening and weekend program ideas for adult students. These ideas are intended to meet the needs of all our students which will in turn increase enrollments and revenue. As always, EvCC will continue to find ways to increase efficiency while providing quality education and continue to grow and innovate.

Everett Community College
Statement of Net Position
June 30, 2021

Assets		
Current assets		
Cash and cash equivalents	$	15,496,234
Restricted cash		140,088
Accounts receivable		8,715,089
Inventories		165,480
Total current assets		**24,516,891**
Non-Current Assets		
Long-term investments		10,639,847
Restricted for cash reporting		407,963
Non-depreciable capital assets		14,836,389
Capital assets, net of depreciation		120,502,384
Total non-current assets		146,386,582
Total assets		**170,903,473**
Deferred Outflows of Resources		
Deferred outflows related to pensions		4,507,512
Deferred outflows related to OPEB		4,328,006
Total deferred outflows of resources		**8,835,518**
Liabilities		
Current Liabilities		
Accounts payable		822,139
Accrued liabilities		4,428,402
Compensated absences, current portion		1,742,974
Deposits payable		82,919
Unearned revenue		2,392,009
Certificates of participation payable, current portion		1,151,473
Net pension liability, current portion		89,111
Total OPEB liability, current portion		542,829
Total current liabilities		**11,251,856**
Non-Current Liabilities		
Compensated absences		3,344,169
Certificates of participation payable		11,726,544
Unamoritized premium, certificates of participation		1,983,533
Net pension liability		7,153,055
Total OPEB liability		30,318,528
Total non-current liabilities		54,525,828
Total liabilities		**65,777,684**
Deferred Inflows of Resources		
Deferred inflows related to pensions		5,658,759
Deferred inflows related to OPEB		8,317,660
Total deferred inflows of resources		**13,976,419**
Net Position		
Net Investment in Capital Assets		120,477,223
Restricted for:		
Expendable		407,963
Unrestricted (deficit)		(20,900,298)
Total Net Position	**$**	**99,984,888**

The footnote disclosures are an integral part of the financial statements.
(See accompanying note to the financial statements)

Everett Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

Operating Revenues		
Student tuition and fees, net of scholarship discounts and allowances	$	19,554,211
Auxiliary enterprise sales		1,140,420
State and local grants and contracts		25,807,220
Federal grants and contracts		1,839,876
Other operating revenues		707,207
Total operating revenue		**49,048,934**
Operating Expenses		
Salaries and wages		46,917,470
Benefits		13,207,963
Scholarships and fellowships		12,786,432
Supplies and materials		946,000
Depreciation		4,641,820
Purchased services		5,193,200
Utilities		848,987
Other operating expenses		7,873,467
Total operating expenses		**92,415,339**
Operating income (loss)		**(43,366,405)**
Non-Operating Revenues (Expenses)		
State appropriations		35,316,813
Federal non-operating revenue		9,635,847
Federal Pell grant revenue		7,095,285
Investment income, gains and losses		(143,367)
Building fee remittance		(1,938,157)
Innovation fund remittance		(463,833)
Interest on indebtedness		(455,809)
Net non-operating revenue (expenses)		**49,046,779**
Income or (loss) before other revenues, expenses, gains, or losses		5,680,373
Capital Contributions		
Capital appropriations		5,217,243
Total capital contributions		**5,217,243**
Increase (Decrease) in net position		**10,897,617**
Net Position		
Net position, beginning of year		**89,087,271**
Net position, end of year	**$**	**99,984,888**

The footnote disclosures are an integral part of the financial statements.
(See accompanying note to the financial statements)

Everett Community College
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash flows from operating activities		
Student tuition and fees	$	18,802,139
Grants and contracts		27,456,396
Payments to vendors		(5,659,468)
Payments for utilities		(887,527)
Payments to employees		(46,769,726)
Payments for benefits		(16,123,686)
Auxiliary enterprise sales		1,060,747
Payments for scholarships and fellowships		(12,786,432)
Other receipts		707,207
Other payments		(9,733,406)
Net cash used by operating activities		**(43,933,756)**
Cash flows from noncapital financing activities		
State appropriations		33,007,965
Pell grants		7,095,285
Amounts for other than capital purposes		9,635,847
Building fee remittance		(1,954,530)
Innovation fund remittance		(467,746)
Net cash provided by noncapital financing activities		**47,316,821**
Cash flows from capital and related financing activities		
Proceeds of capital debt		(18,253)
Capital appropriations		5,937,807
Purchases of capital assets		(5,533,536)
Principal paid on capital debt		1,379,705
Interest paid		(455,809)
Net cash used by capital and related financing activities		**1,309,914**
Cash flows from investing activities		
Purchase of investments		59,073
Income of investments		(143,367)
Net cash provided by investing activities		**(84,295)**
Increase in cash and cash equivalents		**5,117,928**
Cash and cash equivalents at the beginning of the year		**10,518,395**
Cash and cash equivalents at the end of the year		**15,636,322**
Reconciliation of Operating Loss to Net Cash used by Operating Activities		
Operating Loss		**(43,366,405)**
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation expense		4,641,820
Changes in assets and liabilities		
Receivables, net		(2,046,971)
Inventories		(47,854)
Accounts payable		(538,524)
Accrued liabilities		1,054,548
Unearned revenue		(829,308)
Compensated absences		92,170
Pension liability adjustment		(2,887,128)
Deposits payable		(6,104)
Net cash used by operating activities	**$**	**(43,933,756)**
Significant Noncash Transactions		

The footnote disclosures are an integral part of the financial statements.
(See accompanying note to the financial statements)

EVERETT COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

ASSETS

	2022	2021
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,503,051	$ 1,627,513
Short-term certificates of deposit	378,227	147,223
Grant receivable	15,829	0
Due from the College	20,027	0
Current portion of promises to give	5,848	7,191
Prepaid expenses	2,925	2,925
TOTAL CURRENT ASSETS	1,925,907	1,784,852
NONCURRENT ASSETS:		
Promises to give, net of current portion	10,000	15,000
Investments	5,019,401	5,544,584
Other assets	18,747	25,485
Property and equipment, net	85,251	87,698
Collection items	37,051	160,601
TOTAL NONCURRENT ASSETS	5,170,450	5,833,368
TOTAL ASSETS	$ 7,096,357	$ 7,618,220

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES:		
Accounts payable	$ 18,622	$ 14,542
NET ASSETS:		
Without donor restrictions	790,669	940,654
With donor restrictions	6,287,066	6,663,024
TOTAL NET ASSETS	7,077,735	7,603,678
TOTAL LIABILITIES AND NET ASSETS	$ 7,096,357	$ 7,618,220

See accompanying notes to financial statements.

EVERETT COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Contributions	$ 36,664	$ 1,219,634	$ 1,256,298
In-kind contributions	140,056	6,162	146,218
Special events	79,032	0	79,032
Contract revenues	32,388	0	32,388
Net investment return (loss)	(38,343)	(512,747)	(551,090)
Other income	2,258	0	2,258
Net assets released from restrictions	1,089,007	(1,089,007)	0
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	1,341,062	(375,958)	965,104
EXPENSES:			
Scholarships	707,689	0	707,689
College program support	515,999	0	515,999
Other program expenses	70,618	0	70,618
Total program services	1,294,306	0	1,294,306
Administration	132,102	0	132,102
Fundraising	64,639	0	64,639
Total supporting services	196,741	0	196,741
TOTAL EXPENSES	1,491,047	0	1,491,047
CHANGE IN NET ASSETS	(149,985)	(375,958)	(525,943)
BEGINNING NET ASSETS	940,654	6,663,024	7,603,678
ENDING NET ASSETS	$ 790,669	$ 6,287,066	$ 7,077,735

See accompanying notes to **financial** statements.

EVERETT COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Contributions	$ 53,050	$ 573,561	$ 626,611
In-kind contributions	122,789	17,690	140,479
Special events	100,703	1,200	101,903
Contract revenues	27,115	0	27,115
Net investment return	88,117	1,056,294	1,144,411
Loss on disposal of other assets	(16,000)	0	(16,000)
Other income	5,062	0	5,062
Net assets released from restrictions	720,713	(720,713)	0
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	1,101,549	928,032	2,029,581
EXPENSES:			
Scholarships	362,512	0	362,512
College program support	415,082	0	415,082
Other program expenses	53,586	0	53,586
Total program services	831,180	0	831,180
Administration	116,558	0	116,558
Fundraising	74,208	0	74,208
Total supporting services	190,766	0	190,766
TOTAL EXPENSES	1,021,946	0	1,021,946
CHANGE IN NET ASSETS	79,603	928,032	1,007,635
BEGINNING NET ASSETS	861,051	5,734,992	6,596,043
ENDING NET ASSETS	$ 940,654	$ 6,663,024	$ 7,603,678

See accompanying notes to **financial** statements.

EVERETT COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2022 and 2021

	2022			
	Program Services	Administration	Fundraising	Total
Scholarships	$ 707,689	$ 0	$ 0	$ 707,689
College program support	515,999	0	0	515,999
In-kind services from the College	48,319	65,228	26,510	140,057
Depreciation	0	2,447	0	2,447
Donor development	0	0	17,344	17,344
Office expenses	0	18,510	8,551	27,061
Professional fees	22,299	45,917	12,234	80,450
TOTAL EXPENSES	$ 1,294,306	$ 132,102	$ 64,639	$ 1,491,047

	2021			
	Program Services	Administration	Fundraising	Total
Scholarships	$ 362,512	$ 0	$ 0	$ 362,512
College program support	415,082	0	0	415,082
In-kind services from the College	35,196	53,558	34,035	122,789
Depreciation	0	6,548	0	6,548
Donor development	0	0	9,548	9,548
Office expenses	0	12,325	6,824	19,149
Professional fees	18,390	44,127	23,801	86,318
TOTAL EXPENSES	$ 831,180	$ 116,558	$ 74,208	$ 1,021,946

See accompanying notes to financial statements.

EVERETT COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net assets	$ (525,943)	$ 1,007,635
Adjustments to reconcile change in net assets to net cash:		
Contributions restricted for endowments	(305,257)	(132,845)
Depreciation	2,447	6,548
Net realized and unrealized (gain) loss on investments	795,749	(1,082,988)
Loss on disposal of other asset	0	16,000
Reinvested interest on short-term certificates of deposit	(234)	(822)
In-kind contribution of other assets	0	(13,785)
Donation of collection items and other assets to the College	129,550	0
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Grant receivable	(15,829)	0
Due from the College	(20,027)	0
Promises to give	6,343	18,630
Prepaid expenses	0	(2,925)
Other assets	738	0
Increase (decrease) in liabilities:		
Accounts payable	4,080	(11,527)
Total adjustments and changes	597,560	(1,203,714)
	71,617	(196,079)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:		
Purchases of investments	(3,953,261)	(3,677,624)
Proceeds from sale of investments	3,682,695	3,923,813
Purchase of certificate of deposits	(230,770)	0
	(501,336)	246,189
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:		
Contributions restricted for endowments	305,257	132,845
NET CHANGE IN CASH AND CASH EQUIVALENTS	(124,462)	182,955
BEGINNING CASH AND CASH EQUIVALENTS	1,627,513	1,444,558
ENDING CASH AND CASH EQUIVALENTS	$ 1,503,051	$ 1,627,513

See accompanying notes to financial statements.

Notes to the Financial Statements

June 30, 2021

These notes form an integral part of the financial statements.

Note 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 Annual Comprehensive Financial Report. These notes form an integral part of the financial statements.

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.

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 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. During the fiscal year ended June 30, 2021, the Foundation distributed approximately $831,180 to the College for restricted and unrestricted purposes. A copy of the Foundation's complete financial statements may be obtained from the Foundation's Administrative Offices at 425-388-9555 and 2000 Tower Street Everett, WA 98201-1390.

Basis of Presentation

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.

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. For the financial statements, intra-agency 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.

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.

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP) 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.

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. The College records all cash and cash equivalents at fair value and in a single fund. Investments in the state's Local Government Investment Pool (LGIP), a qualified external investment pool, are reported at amortized cost which approximates fair value. All other investments are reported at 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 merchandise for resale in the college bookstore and course-related supplies, are valued at cost using the 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.

Land, buildings and equipment are recorded at cost, or if acquired by gift, at acquisition value at the date of the gift. GASB 34 guidance concerning preparing initial estimates for historical cost and accumulated depreciation related to infrastructure was followed. 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.

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. Unearned revenues also include tuition and fees paid with financial aid funds. The College has recorded summer and fall quarter tuition and fees, and housing deposits as unearned revenues.

Pension Liability

For purposes of measuring the net pension liability in accordance with GASB Statement No 68, 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 reported at fair value.

The College also reports its share of the net pension liability for the State Board Retirement Plan in accordance with GASB 68 Accounting and Financial Reporting for Pensions and Related Assets. This is a change in assumptions from prior years.

OPEB Liability

The college reports its share of OPEB liability in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB). This Statement requires the College to recognize its proportionate share of the state's actuarially determined OPEB liability with a one-year lag measurement date similar to GASB Statement No. 68.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent consumption of net assets that is applicable to a future period. Deferred inflows of resources represent acquisition of net assets that is applicable to a future period.

Deferred outflows related to 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 period of time. Deferred inflows related to pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized in the same manner as deferred outflows.

Deferred outflows and 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 college's proportionate share of pension liabilities. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. Employer transactions to pension plans made subsequent to the measurement date are also deferred and reduce pension liabilities in the subsequent year.

The portion of differences between expected and actual experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, and changes in the college's proportionate share of OPEB liability that are not recognized in OPEB expense should be reported as deferred outflows of resources or deferred inflows of resources related to OPEB. Differences between projected and actual earning on OPEB plan investments that are not recognized in OPEB expense should be reported as deferred outflows of resources or deferred inflows of resources related to OPEB. Employer contributions to the OPEB plan subsequent to the measurement date of the collective OPEB liability should be recorded as deferred outflows of resources related to OPEB.

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 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.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

Classification of Revenues and Expenses

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

Operating Revenues. This includes activities that are directly related to the principal operations of the College, such as (1) student tuition and fees, net of waivers and scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) 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 are not directly related to the ongoing operations of the College, such as gifts and contributions, state appropriations, investment income and Pell Grants received from the federal government. In FY 2021, non-operating revenues also included funds received through the federal CARES Act.

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, 2021 are $7,987,600.

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.

Note 2 - Accounting and Reporting Changes

The Washington State Legislature adopted House Bill 1661 on March 11, 2020 which established individual dedicated funds for each institution of higher education's supplemental retirement benefit contributions as of July 1, 2020. With the establishment of these individual funds, the State Board Retirement Plan (SBRP) mimics a trust arrangement similar to the rest of the state retirement system. This change results in the SBRP plan being reported under GASB 68 rather than GASB 73 as was previously reported.

Accounting Standards Impacting the Future

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* which postponed the effective dates of Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The college is following the State's Office of Financial Management directives on these postponements.

In June 2017, the GASB issued Statement No. 87, *Leases*, which was to be in effect beginning fiscal year 2021. GASB 95 postponed the effective date to fiscal year 2022. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The College is following the State's Office of Financial Management directives to prepare for the implementation of this Statement.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, which will be effective for the fiscal year ending June 30, 2021. GASB 95 has postponed the effective date to fiscal year 2022. This Statement requires that interest cost incurred before the end of a construction period be recognized as expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, these costs will no longer be included in the capitalized cost of capital assets reported by the College. The Statement will be applied on a prospective basis and the interest costs capitalized prior to implementation will continue to be recognized as those assets are depreciated.

Note 3 - Deposits and Investments

Deposits

Cash and cash equivalents include bank demand deposits, petty cash held at the College and unit shares in the Washington State Treasurer's Local Government Investment Pool (LGIP). The Office of the State Treasurer invests state treasury cash surpluses where funds can be disbursed at any time without prior notice or penalty. For reporting purposes, pooled investments are stated at amortized cost, which approximates fair value. For purposes of reporting cash flows, the state considers cash and pooled investments to be cash equivalents. Pooled investments include short-term, highly-liquid investments that are both readily convertible to cash and are so near their maturity dates that they present insignificant risk of changes in value because of changes in interest rates. For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

Investments in Local Government Investment Pool (LGIP)

The College is a participant in the Local Government Investment Pool as authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at http://www.tre.wa.gov.

As of June 30, 2021, the carrying amount of the College's cash and equivalents was $16,044,285 as represented in the table below.

Cash and Cash Equivalents		**June 30, 2021**
Petty Cash and Change Funds	$	1,800
Bank Demand and Time Deposits		14,637,129
Local Government Investment Pool		779,519
Deposits in Transit		77,785
Total Cash and Cash Equivalents	**$**	**15,496,234**
Cash restricted for retainage held		140,088
Cash restricted for supplemental financial aid		407,963
Total Restricted Cash	**$**	**548,051**

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 U.S. 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).

Investments

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, 2021, the fair value of investments was $10,639,847 with maturities ranging from 1 -5 years.

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. On June 30, 2021 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.

Investment Expenses

Investment income for the College is shown net of investment expenses. The investment expenses incurred for the fiscal year ended June 30, 2021 were $524.

Note 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 expenses made according to sponsored agreements. At June 30, 2021, accounts receivables were as follows:

Accounts Receivable		**Amount**
Student Tuition and Fees	$	1,449,826
Due from the Federal Government		1,082,848
Due from Other State Agencies		6,176,390
Auxiliary Enterprises		479,157
Subtotal		9,188,221
Less Allowance for Uncollectible Accounts		(473,131)
Accounts Receivable, net	**$**	**8,715,089**

Note 5 – Inventories

Inventories, stated at cost using first in, first out method, consisted of consumable inventories in the amount of $165,480 as of June 30, 2021.

Note 6 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2021 is presented as follows. The current year depreciation expense was *$4,641,820*

Capital Assets	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Capital assets, non-depreciable				
Land	$ 8,558,859	$ -	$ -	$ 8,558,859
Construction in progress	1,972,466	4,305,064	-	6,277,530
Total capital assets, non-depreciable	10,531,325	4,305,064	-	14,836,389
Capital assets, depreciable				
Buildings	177,912,569	-	-	177,912,569
Other improvements and infrastructure	669,199	-	-	669,199
Equipment	10,816,006	1,189,742	1,975,407	10,030,341
Library resources	495,502	54,463	67,627	482,338
Total capital assets, depreciable	189,893,276	1,244,205	2,043,034	189,094,447
Less accumulated depreciation				
Buildings	56,687,277	3,885,490	-	60,572,767
Other improvements and infrastructure	91,087	22,307	-	113,394
Equipment	8,938,349	670,640	1,975,407	7,633,582
Library resources	276,565	63,383	67,627	272,321
Total accumulated depreciation	65,993,278	4,641,820	2,043,034	68,592,064
Total capital assets, depreciable, net	123,899,998	(3,397,615)	-	120,502,383
Capital assets, net	**$ 134,431,323**	**$ 907,449**	**$ -**	**$ 135,338,772**

Note 7 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2021, were as follows:

Accounts Payable and Accrued Liabilities	Amount
Accounts Payable	822,139
Amounts Owed to Employees	$ 1,809,482
Amounts Held for Others and Retainage	2,618,921
Total Accrued Liabilities	4,428,403
Total Accounts Payable and Accrued Liabilities	**$ 5,250,542**

Note 8 - Unearned Revenue

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

Unearned Revenue		Amount
Summer and Fall Quarter Tuition & Fees	$	2,365,268
Housing and Other Deposits		26,741
Total Unearned Revenue	$	2,392,009

Note 9 - Risk Management

The College is exposed to various risk of loss related to tort liability, injuries to employees, errors and omissions, theft of, damage to, and destruction of assets, and natural disasters. The College purchases insurance to mitigate these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks.

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.

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. The college finances these costs by assessing all funds a monthly payroll expense for unemployment compensation for all employees. Payments made for claims from July 1, 2020 through June 30, 2021, were $205,224. Cash reserves for unemployment compensation for all employees at June 30, 2021, were $424,137.

Note 10 - 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 of one-fourth the total balance on the payroll records. The accrued vacation leave totaled *$2,113,125* and accrued sick leave totaled *$2,974,018* at June 30, 2021.

An estimated amount, based on a three-year average payout, is accrued as a current liability. The remaining amount of accrued annual and sick leave are categorized as non-current liabilities.

Note 11 - Leases Payable

Operating Leases

The College has entered leases for office/program space, residence halls, and office equipment with various vendors. These leases are classified as operating leases.

The College also has leases for office equipment with various vendors. These leases are classified as operating leases.

As of June 30, 2021, the minimum lease payments under operating leases consist of the following:

Fiscal year		Operating Leases
2022	$	3,125,705
2023		2,918,290
2024		2,730,527
2025		2,471,211
2026		2,405,938
2027-2031		11,804,577
2032-2036		11,692,495
2037-2041		2,463,904
Total minimum lease payments	**$**	**39,612,646**

Note 12 - Notes Payable

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 was approximately 4.463%. In June 2019, the college refinanced this COP through the Washington Office of State Treasurer for a lower interest rate of 1.682%. The COP has ten years remaining and the college saved almost $2 million dollars on this refinance that will be amortized through the life of the COP.

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.

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 2021, the College obtained financing in order to purchase additional property located in close proximity to campus through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $1,665,000. The interest rate charged is 2.34%.

The College's debt service requirements for these note agreements for the next five years and thereafter are as follows:

Annual Debt Service Requirements

Future debt service requirements at June 30, 2021 are as follows:

	Certificates of Participation		
Fiscal year	**Principal**	**Interest**	**Total**
2022	$ 1,151,473	$ 631,801	$ 1,783,273
2023	1,204,656	574,227	1,778,883
2024	1,273,411	513,994	1,787,406
2025	1,336,738	450,324	1,787,062
2026	1,400,330	383,487	1,783,817
2027-2031	5,296,410	876,210	6,172,620
2032-2036	735,000	204,150	939,150
2037-2041	480,000	61,750	541,750
Total	**$ 12,878,017**	**$ 3,695,944**	**$ 16,573,960**

Note 13 - Schedule of Long-Term Liabilities

	Balance outstanding 6/30/20	Additions	Reductions	Balance outstanding 6/30/21	Current portion
Certificates of Participation	$ 12,295,371	$ 1,665,000	$ 1,082,355	$ 12,878,016	$ 1,151,473
Unamortized premium on refunding	1,742,560	462,048	221,075	1,983,533	-
Compensation absences	4,994,973	1,568,814	1,476,644	5,087,143	1,742,974
Net pension liability	11,776,991	6,722,937	11,257,767	7,242,161	89,111
Total OPEB liability	30,426,462	11,970,379	11,535,484	30,861,357	542,829
Total	**$61,236,357**	**$22,389,177**	**$25,573,325**	**$58,052,210**	**$3,526,387**

Note 14 - Retirement Plans

A. General

The College offers three contributory pension plans: the Washington State Public Employees' Retirement System (PERS), the Washington State Teachers' Retirement System (TRS), and the State Board Retirement Plan (SBRP). PERS and TRS are cost sharing multiple-employer defined-benefit pension plans administered by the Washington State Department of Retirement Systems (DRS). The State Board Retirement Plan (SBRP) is a defined contribution single employer pension plan with a supplemental payment when required. The SBRP is administered by the State Board for Community and Technical Colleges (SBCTC) and available to faculty, exempt administrative and professional staff of the state's public community and technical colleges. The College reports its proportionate share of the net pension liability as it is a part of the community and technical college system.

Basis of Accounting

Pension plans administered by the state are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed; investment gains and losses are recognized as incurred; and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of all plans, and additions to/deductions from all plan fiduciary net position have been determined in all material respects on the same basis as they are reported by the plans.

In accordance with Statement No. 68, the College has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities. The College has elected to use the current fiscal year end as the measurement date for reporting pension liabilities for the Higher Education Supplemental Retirement Plan.

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68 for the College, for fiscal year 2021:

Aggregate Pension Amounts - All Plans

Pension Liabilities	$	(7,242,164)
Deferred outflows of resources related to pensions	$	4,507,512
Deferred inflows of resources related to pensions	$	(5,658,759)
Pension Expense	$	823,656

Department of Retirement Systems

As established in chapter 41.50 of the Revised Code of Washington (RCW), the Department of Retirement Systems (DRS) administers eight retirement systems covering eligible employees of the state and local governments. The Governor appoints the director of the DRS.

The DRS administered systems are comprised of 12 defined benefit pension plans and 3 defined benefit/ defined contribution plans. Below are the DRS plans that the College participates in:

- Public Employees' Retirement System (PERS)
    - Plan 1 - defined benefit
    - Plan 2 - defined benefit
    - Plan 3 - defined benefit/defined contribution
- Teachers' Retirement System (TRS)
    - Plan 1 - defined benefit
    - Plan 2 - defined benefit
    - Plan 3 - defined benefit/defined contribution

Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS and TRS plans is funded by an employer rate of 0.18 percent of employee salaries.

Pursuant to RCW 41.50.770, the College offers its employees that elect to participate a deferred compensation program in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable financial emergency. This deferred compensation plan is administered by the DRS.

The DRS prepares a stand-alone financial report that is compliant with the requirements of GASB Statement No. 67. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, WA 98504-8380 or online at http://www.drs.wa.gov/administration/annual-report.

Higher Education

As established in chapter 28B.10 RCW, eligible higher education state employees may participate in higher education retirement plans. These plans include a defined contribution plan administered by a third party with a supplemental defined benefit component (funded on a pay-as-you-go basis) which is administered by the state.

B. College Participation in Plans Administered by the Department of Retirement Systems

PERS

Plan Description. The Legislature established the Public Employees' Retirement System (PERS) in 1947. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the Legislature. Membership in the system includes: elected officials; state employees; employees of the Supreme Court, Court of Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. PERS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by February 28, 2002, for state and higher education employees, or August 31, 2002, for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to PERS Plan 3.

PERS participants joining the system on or after March 1, 2002 have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to PERS Plan 3.

Benefits Provided. PERS plans provide retirement, disability, and death benefits to eligible members.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, capped at 60 percent. The AFC is the average of the member's 24 highest consecutive service months.

PERS Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. Plan 1 members may elect to receive an optional cost of living allowance (COLA) that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. There is no cap on years of service credit and a COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. PERS Plan 2 members have the option to retire early with reduced benefits.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. There is no cap on years of service credit. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months.

PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. PERS Plan 3 members have the option to retire early with reduced benefits. PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

Contributions. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. The methods used to determine contribution requirements are established under state statute.

Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS covered employment.

TRS

Plan Description. The Legislature established the Teachers' Retirement System (TRS) in 1938. TRS retirement benefit provisions are established in chapters 41.32 and 41.34 RCW and may be amended only by the Legislature. Eligibility for membership requires service as a certificated public-school employee working in an instructional, administrative, or supervisory capacity. TRS is comprised principally of non-state agency employees.

TRS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

TRS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by June 30, 1996, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. TRS members joining the system on or after July 1, 1996, are members of TRS Plan 3. Legislation passed in 2007 gives TRS members hired on or after July 1, 2007, 90 days to make an irrevocable choice to become a member of TRS Plan 2 or Plan 3. At the end of 90 days, any member who has not made a choice becomes a member of Plan 3.

Benefits Provided. TRS plans provide retirement, disability, and death benefits to eligible members.

TRS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) for each year of service credit, up to a maximum of 60 percent. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

TRS Plan 1 members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

TRS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. TRS Plan 2 members have the option to retire early with reduced benefits.

The defined benefit portion of TRS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months. TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. TRS Plan 3 members have the option to retire early with reduced benefits.

TRS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

Contributions

PERS and TRS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. The methods used to determine contribution requirements are established under state statute.

Members in PERS or TRS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS or TRS-covered employment.

The employer contribution rates (expressed as a percentage of covered payroll) and actual contributions for the year ended June 30, 2021 were as follows:

		PERS 1	PERS 2/3*	TRS 1	TRS 2/3*
Contribution Rates	7/1/20 to 8/31/20	12.86%	12.86%	15.51%	15.51%
	9/1/20 to 6/30/21	12.97%	12.97%	15.74%	15.74%
Actual Contributions		$686,669	$1,083,095	$82,190	$83,600

* Plan 2/3 employer rate includes a component to address the Plan 1 unfunded actuarial accrued liability

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, with the results rolled forward to the June 30, 2020, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50%
Investment rate of return	7.40%

Mortality rates were based on Society of Actuaries' Pub. H-2010 Mortality rates, which vary by member status (that is…active, retiree, or survivor), as our base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2019 valuation, were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report.

The Office of the State Actuary (OSA) selected a 7.40 percent long-term expected rate of return on pension plan investments using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the WSIB.

The CMAs contain the following three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	20%	2.2%
Tangible Assets	7%	5.1%
Real Estate	18%	5.8%
Global Equity	32%	6.3%
Private Equity	23%	9.3%
Total	**100%**	

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

There were no material changes in assumptions, benefit terms, or methods for the reporting period.

Discount rate

The discount rate used to measure the total pension liability was 7.40 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.

Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 and TRS Plan 2/3 employers whose rates include a component for the PERS 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 7.40 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 table presents the net pension liability of the College calculated using the discount rate of 7.40 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 (6.40 percent) or 1-percentage-point higher (8.40 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	$ 4,433,523	$ 3,539,578	$ 2,759,966
PERS 2/3	9,944,065	1,598,142	(5,274,731)
TRS 1	390,614	308,301	236,468
TRS 2/3	536,588	182,075	(107,118)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities. At June 30, 2021, the College reported a total pension liability of $ 5,628,098 for its proportionate share of the net pension liabilities as follows:

	Liability
PERS 1	$(3,539,579)
PERS 2/3	(1,598,144)
TRS 1	(308,301)
TRS 2/3	(182,074)

The College's proportionate share of pension liabilities for fiscal years ending June 30, 2020 and June 30, 2021 for each retirement plan are listed below:

	2020	2021	Change
PERS 1	0.09905%	0.10026%	0.00121%
PERS 2/3	0.12260%	0.12496%	0.00236%
TRS 1	0.01096%	0.01280%	0.00184%
TRS 2/3	0.00991%	0.01185%	0.00195%

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.

Pension Expense. For the year ended June 30, 2021 the College recognized pension expense as follows:

	Pension Expense
PERS 1	$ 223,151
PERS 2/3	189,731
TRS 1	85,238
TRS 2/3	63,716
TOTAL	561,836

Deferred Outflows of Resources and Deferred Inflows of Resources. 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, 2021:

	PERS 1	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	19,707
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	686,669	-
Totals	**$ 686,669**	**$ 19,707**

	PERS 2/3	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	572,112	200,285
Difference between expected and actual earnings of pension plan investments	-	81,163
Changes of assumptions	22,762	1,091,669
Changes in College's proportionate share of pension liabilities	157,328	23,656
Contributions subsequent to the measurement date	1,083,095	-
Totals	**$ 1,835,296**	**$ 1,396,773**

	TRS 1	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	1,983
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	82,190	-
Totals	**$ 82,190**	**$ 1,983**

	TRS 2/3	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	115,070	657
Difference between expected and actual earnings of pension plan investments	-	1,768
Changes of assumptions	23,484	19,954
Changes in College's proportionate share of pension liabilities	36,860	879
Contributions subsequent to the measurement date	83,600	-
Totals	**$ 259,014**	**$ 23,257**

The $1,935,553 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, 2021.

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
2022	(89,431)	(638,481)	(8,714)	60
2023	(2,813)	(133,860)	(255)	18,585
2024	27,288	53,056	2,653	24,936
2025	45,249	173,413	4,333	30,135
2026	-	(38,438)	-	19,219
Thereafter	-	(60,262)	-	59,221
Total	**$ (19,707)**	**$ (644,571)**	**$ (1,983)**	**$ 152,157**

C. College Participation in Plan Administered by the State Board for Community and Technical Colleges

State Board Retirement Plan (SBRP) – Supplemental Defined Benefits Plans

Plan Description. The State Board Retirement Plan is a privately administered single-employer defined contribution plans with a supplemental defined benefit plan component which guarantees a minimum retirement benefit based upon a one-time calculation at each employee's retirement date. The supplemental component is financed on a pay-as-you-go basis. The College participates in this plan as authorized by chapter 28B.10 RCW and reports its proportionate share of the net pension liability. House Bill 1661, effective fiscal year 2021, created separate Supplemental Retirement Plan (SRP) funds by institution that met the definition of a trust or equivalent arrangement. As a result, this is the first year these plans will be reported under GASB Statement No. 67/68. Prior to this, the SRP was reported under GASB Statement No. 73.

Benefits Provided. The State Board Supplemental Retirement Plans (SRP) provide retirement, disability, and death benefits to eligible members.

As of July 1, 2011, all the Supplemental Retirement Plans were closed to new entrants.

Members are eligible to receive benefits under this plan at age 62 with 10 years of credited service. The supplemental benefit is a lifetime benefit equal to the amount a member's goal income exceeds their assumed income. The monthly goal income is the one-twelfth of 2 percent of the member's average annual salary multiplied by the number of years of service (such product not to exceed one-twelfth of fifty percent of the member's average annual salary). The member's assumed income is an annuity benefit the retired member would receive from their defined contribution Retirement Plan benefit in the first month of retirement had they invested all employer and member contributions equally between a fixed income and variable income annuity investment.

Plan members have the option to retire early with reduced benefits.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2020, with the results rolled forward to the June 30, 2021, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	3.50%-4.00%
Fixed Income and Variable Income Investment Returns*	N/A

**Measurement reflects actual investment returns through June 30, 2020*

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates which vary by member status (e.g. active, retiree, or survivor), as the base table. The Office of the State Actuary applied age offsets as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Most actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the August 2021 Supplemental Plan Experience Study. Additional assumptions related to the salary growth were based on feedback from financial administrators of the Higher Education Supplemental Retirement Plans.

Material assumption changes. Some significant changes in plan provisions and actuarial assumptions from prior fiscal year impacted the total pension liability (TPL). House Bill 1661 (Chapter 103 Laws of 2020) created dedicated funds to pay SRP benefits that mimic trust arrangement for the rest of the state retirement system. The change results in the SRP reporting under GASB 67/68 instead of GASB 73. As a result of this change:

- The discount rate is based on the long-term expected rate of return on the pension plan investments. This resulted in an increase in the discount rate used to measure the TPL from 2.21 percent as of June 30, 2020 to 7.4 percent.

The total pension liability is now compared against the plan's fiduciary net position to determine the net pension liability (NPL). Additionally, OSA recently completed an experience study which modified multiple assumption to estimate future plan experience.

Discount Rate. The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligations 20-Bond Municipal Bond Index, or 7.4 percent for the June 30, 2021, measurement date.

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, 2021 were each *$2,431,334*

Pension Expense. The Pension Expense is the summation of a number of components, including benefits earned during the fiscal year and interest on the TPL. These numbers are sensitive to assumption changes and plan experience and can be volatile from year to year.

Pension expense for the fiscal year ending June 30, 2021 was $1,378,005.

Plan Membership. Membership in the State Board Supplemental Retirement Plan consisted of the following as of June 30, 2020, the most recent actuarial valuation date:

	Number of Participating Members			
Plan	Inactive Members or Beneficiaries Currently Receiving Benefits	Inactive Members Entitled to But Not Yet Receiving Benefits	Active Members	Total Members
SRP	4	8	192	204

Net Pension Liability/(Asset). The following table presents the change in net pension liability/(asset) of the State Board Supplemental Retirement Plan as of June 30, 2021:

Schedule of Development of Net Pension Liability Community and Technical Colleges	
(Dollars in Thousands)	**2020**
Total Pension Liability	
Service Cost	4,672,000
Interest	3,323,000
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience[1]	(29,981,000)
Changes in Assumptions[1]	(54,110,000)
Benefit Payments	(1,992,000)
Other	-
Net Change in Total Pension Liability	(78,088,000)
Total Pension Liability - Beginning	146,676,000
Total Pension Liability - Ending (a)	**68,588,000**
Plan Fiduciary Net Position	
Contributions - Employer	656,000
Contributions - Member	-
Net Investment Income	8,211,000
Benefit Payments	-
Administrative Expense	-
Other	-
Net Change in Plan Fiduciarey Net Position	8,867,000
Plan Fiduciary Net Position-Beginning	23,393,000
Plan Fiducairy Net Position-Ending (b)	32,260,000
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)	**36,328,000**
Covered-Employee Payroll	
Total Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following table presents the net pension liability/(asset), calculated using the discount rate of 7.40 percent, as well as what the employers' total pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.40 percent) or 1 percentage point higher (8.40 percent) than the current rate:

1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
$ 1,933,868	$ 1,614,067	$ 1,338,740

Deferred Outflows and Inflows of Resources Related to Pensions.

At June 30, 2021, the State Board Supplemental Retirement Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 433,184	$ 1,757,929
Changes of Assumptions	1,021,427	2,229,678
Changes in College's proportionate share of pension liability	189,728	-
Differences Between Projected and Actual Earnings on Plan Investments	-	229,432
Total	**$ 1,644,339**	**$ 4,217,039**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30:

2022	(498,262.92)
2023	(498,262.92)
2024	(425,043.65)
2025	(315,170.31)
2026	(312,453.17)
Thereafter	(523,507.22)

Note 15 - Other Post-Employment Benefits

Plan Description. Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life, and long-term disability.

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumptions used in valuations presented in this footnote assume that his substantive plan will be carried forward into the future.

The PEBB OPEB plan is funded on a pay-as-you-go basis. In the state ACFR the plan is reported in governmental funds using the modified accrual basis and the current financial resources measurement focus. For all proprietary and fiduciary funds, the OPEB plan is reported using the economic resources measurement focus and the accrual basis of accounting. The PEBB OPEB plan has no assets and does not issue a publicly available financial report.

Employees Covered by Benefit Terms. Employers participating in the PEBB plan for the state include general government agencies, higher education institutions, and component units. Additionally, there are 13 of the state’s K-12 schools and educational service districts (ESDs), and 261 political subdivisions and tribal governments not included in the state's financial reporting who participate in the PEBB plan. The plan is also available to the retirees of the remaining 227 K-12 schools, charter schools, and ESDs. Membership in the PEBB plan for the College consisted of the following:

Summary of Plan Participants
As of June 30, 2020

Active Employees*	664
Retirees Receiving Benefits**	159
Retirees Not Receiving Benefits***	31
Total Active Employees and Retirees	854

*Reflects active employees eligible for PEBB program participation as of June 30, 2020.
**Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.
***This is an estimate of the number of retirees that may be eligible to join a post-retirement PEBB program in the future. No benefits are allowed to them unless they choose to join in the future. In order to do so, they must show proof of continuous medical coverage since their separation of employment with the State of Washington that meets the requirements set forth in Washington Administrative Code 182-12-205.

The PEBB retiree OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement system. PEBB members are covered in the following retirement systems: PERS, PSERS, TRS, SERS, WSPRS, Higher Education, Judicial, and LEOFF 2. However, not all employers who participate in these plans offer PEBB to retirees.

Benefits Provided. Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium.

In calendar year 2020, the average weighted implicit subsidy was valued at $372 per adult unit per month. In calendar year 2021, the average weighted implicit subsidy is projected to be $384 per adult unit per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2021 the explicit subsidy was $183 per member per month and it will remain $183 per member per month in calendar year 2022

Contribution Information. Administrative costs as well as implicit and explicit subsidies are funded by required contributions (RCW 41.05.050) from participating employers. The subsidies provide monetary assistance for medical benefits.

Contributions are set each biennium as part of the budget process. The benefits are funded on a pay-as-you-go basis.

The estimated monthly cost for PEBB benefits for the reporting period for each active employee (average across all plans and tiers) is as follows (expressed in dollars):

Required Premium*		
Medical	$	1,120
Dental		81
Life		4
Long-term Disability		2
Total		1,207
Employer contribution		1,041
Employee contribution		166
Total	$	1,207

*Per 2020 PEBB Financial Projection Model 3.3. Per capita cost based on subscribers; includes non-Medicare risk pool only. Figures based on CY2020 which includes projected claims cost at the time of this reporting.

For information on the results of an actuarial valuation of the employer provided subsidies associated with the PEBB plan, refer to:
http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx

Total OPEB Liability

As of June 30, 2020, the state reported a total OPEB liability of $6.055 billion. The College's proportionate share of the total OPEB liability is $30,861,357 This liability was determined based on a measurement date of June 30, 2020.

Actuarial Assumptions. Projections of benefits for financial reporting purposes are based on the terms of the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members (active employees and retirees) to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.75%
Projected Salary Changes	3.50% Plus Service-Based Salary Increases
Health Care Trend Rates*	Initial trend rate ranges from 2-11%, reaching an ultimate rate of approximately 4.3% in 2075.
Post-Retirement Participation Percentag	65%
Percentage with Spouse Coverage	45%

In projecting the growth of the explicit subsidy, after 2022 when the cap is $183, it is assumed to grow at the health care trend rates. The Legislature determines the value of the cap and no future increases are guaranteed; however, based on historical growth patterns, future increases to the cap are assumed.

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates which vary by member status (e.g. active, retiree, or survivor) as the base table. The Office of the State Actuary applied for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the2013-2018 Demographic Experience Study Report. The post-retirement participation percentage and percentage with spouse coverage, were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the 2019 Economic Experience Study.

Actuarial Methodology. The total OPEB liability was determined using the following methodologies:

Actuarial Valuation Date	6/30/2018
Actuarial Measurement Date	6/30/2019
Actuarial Cost Method	Entry Age
Amortization Method	The recognition period for the experience and assumption changes is 9 years. This is equal to the average expected remaining service lives of all active and inactive members.
Asset Valuation Method	N/A - No Assets

Discount Rate. Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 3.50 percent for the June 30, 2019 measurement date and 2.21 percent for the June 30, 2020 measurement date.

Additional detail on assumptions and methods can be found on OSA's website:
http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx

Changes in Total OPEB Liability

As of June 30, 2021, components of the calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for the College are represented in the following table:

Everett Community College		
Proportionate Share (%)		**0.5096675647%**
Service Cost	$	1,280,654
Interest Cost		1,071,287
Differences Between Expected and Actual Experience		(164,165)
Changes in Assumptions		694,434
Changes of Benefit Terms		-
Benefit Payments		(510,056)
Changes in Proportionate Share		(846,074)
Other		(1,091,185)
Net Change in Total OPEB Liability		434,895
Total OPEB Liability - Beginning		30,426,462
Total OPEB Liability - Ending	**$**	**30,861,357**

Sensitivity of the Total Liability to Changes in the Discount Rate. The following represents the total OPEB liability of the College, calculated using the discount rate of 2.21 percent as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

Discount Rate Sensitivity

1% Decrease	Current Discount Rate	1% Increase
$ 37,365,493	$ 30,861,357	$ 25,796,960

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates. The following represents the total OPEB liability of the College, calculated using the health care trend rates of 2-11 percent reaching an ultimate range of 4.3 percent, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (1-10 percent decreasing to 3.50 percent) or 1 percentage point higher (3-12 percent) than the current rate:

Health Care Cost Trend Rate Sensitivity		
1% Decrease	Current health care cost trend rate	1% Increase
$ 25,148,728	$ 30,861,357	$ 38,520,180

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ending June 30, 2021, the College will recognize OPEB expense of $407,424 OPEB expense consists of the following elements:

Everett Community College	
Proportionate Share (%)	**0.5096675647%**
Service Cost	$ 1,280,654
Interest Cost	1,071,287
Amortization of Differences Between Expected and Actual Experience	94,601
Amortization of Changes in Assumptions	(1,006,100)
Changes of Benefit Terms	-
Amortization of Changes in Proportion	58,167
Other Changes to Net Position	(1,091,185)
Total OPEB Expense	**$ 407,424**

As of June 30, 2021, the deferred inflows and deferred outflows of resources for the College are as follows:

Everett Community College		
Proportionate Share (%)	**0.5096675647%**	
Deferred Inflows/Outflows of Resources	**Deferred Outflows**	**Deferred Inflows**
Difference between expected and actual experience	$ 677,049	$ 145,924
Changes in assumptions	2,122,130	7,278,390
Transactions subsequent to the measurement date	542,829	-
Changes in proportion	985,998	893,346
Total Deferred Inflows/Outflows	**$ 4,328,006**	**$ 8,317,660**

Amounts reported as deferred outflow of resources related to OPEB resulting from transactions subsequent to the measurement date will be recognized as a reduction of total OPEB liability in the year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense in subsequent years for the College as follows:

Proportionate Share (%)		0.5096675647%
2022	$	(853,332)
2023	$	(853,332)
2024	$	(853,332)
2025	$	(853,332)
2026	$	(853,330)
Thereafter	$	(265,825)

The change in the College's proportionate share of OPEB liability and deferred inflows and deferred outflows of resources based on measurement date are representing in the following table:

Everett Community College		
Proportionate Share (%) 2019		**0.5242453500%**
Proportionate Share (%) 2020		**0.5096675647%**
Total OPEB Liability - Ending 2019	$	30,426,462
Total OPEB Liability - Beginning 2020		29,580,388
Total OPEB Liability Change in Proportion		(846,074)
Total Deferred Inflows/Outflows - 2019		(5,715,786)
Total Deferred Inflows/Outflows - 2020		(5,556,846)
Total Deferred Inflows/Outflows Change in Proportion		158,940
Total Change in Proportion	**$**	**(1,005,014)**

Note 16 - 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, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2021.

Expenses by Functional Classification		
Instruction	$	38,838,939
Academic Support Services		4,445,563
Student Services		9,203,270
Institutional Support		15,475,415
Operations and Maintenance of Plant		6,277,847
Scholarships and Other Student Financial Aid		9,599,260
Auxiliary enterprises		3,933,224
Depreciation		4,641,820
Total operating expenses	**$**	**92,415,339**

Note 17 - Commitments and Contingencies

The College has commitments of $1,103,538 for various capital improvement projects that include construction and completion of new buildings and renovations of existing buildings. This includes the design and construction of two new buildings, one that is expected to be completed in 2023, and one in 2025.

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.

Note 18 - Subsequent Events

In March 2021, the EvCC Board of Trustees unanimously approved the college leadership to request from the WA State Treasurer's Office a Certificate of Participation (COP) to acquire additional IT equipment to replace our aging IT infrastructure. Having a COP allows the college to make yearly payments while keeping cash reserves available. The equipment was purchased and received by the college from June 2021 through October of 2021 totaling over $1.05 million. The college utilized institutional reserves to complete the actual purchase and was reimbursed through a Certificate of Participation approved by the State Board for Community and Technical Colleges (SBCTC) and the Legislature in February of 2022.

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 Pension Liability Public Employees' Retirement System (PERS) Plan 1 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.099618%	$ 4,867,177	$ 10,406,371	46.77%	61.19%
2015	0.095772%	$ 5,009,766	$ 10,696,455	46.84%	59.10%
2016	0.097963%	$ 5,261,075	$ 11,403,906	46.13%	57.03%
2017	0.096372%	$ 4,572,927	$ 11,840,026	38.62%	61.24%
2018	0.098320%	$ 4,391,005	$ 12,767,148	34.39%	63.22%
2019	0.099051%	$ 3,808,863	$ 13,614,923	27.98%	67.12%
2020	0.100256%	$ 3,539,579	$ 14,865,280	23.81%	68.64%
2021					
2022					
2023					

*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 Public Employees' Retirement System (PERS) Plan 2/3 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.119316%	$ 2,411,808	$ 10,221,300	23.60%	93.29%
2015	0.118000%	$ 4,216,886	$ 10,472,588	40.27%	89.20%
2016	0.119548%	$ 6,019,147	$ 11,161,338	53.93%	85.82%
2017	0.118321%	$ 4,111,089	$ 11,600,265	35.44%	90.97%
2018	0.121026%	$ 2,066,410	$ 12,548,428	16.47%	95.77%
2019	0.122597%	$ 1,190,834	$ 13,382,709	8.90%	97.77%
2020	0.124958%	$ 1,598,144	$ 14,618,314	10.93%	97.22%
2021					
2022					
2023					

*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					
Fiscal Year	College’s proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College’s proportionate share of the net pension liability as a percentage of its covered payroll	Plan’s fiduciary net position as a percentage of the total pension liability
2014	0.013539%	$ 399,327	$ 363,729	109.79%	68.77%
2015	0.012530%	$ 396,968	$ 466,279	85.14%	65.70%
2016	0.010694%	$ 365,118	$ 418,509	87.24%	62.07%
2017	0.010340%	$ 312,606	$ 496,426	62.97%	65.58%
2018	0.010347%	$ 302,194	$ 565,610	53.43%	66.52%
2019	0.010964%	$ 271,447	$ 694,954	39.06%	70.37%
2020	0.012799%	$ 308,301	$ 889,596	34.66%	70.55%
2021					
2022					
2023					

*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 2/3 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.003654%	$ 11,802	$ 159,958	7.38%	96.81%
2015	0.007400%	$ 62,129	$ 346,416	17.93%	92.48%
2016	0.006219%	$ 85,405	$ 306,450	27.87%	88.72%
2017	0.007627%	$ 70,393	$ 418,194	16.83%	93.14%
2018	0.009220%	$ 41,501	$ 529,353	7.84%	96.88%
2019	0.009905%	$ 59,681	$ 657,782	9.07%	96.36%
2020	0.011854%	$ 182,074	$ 851,015	21.39%	91.72%
2021					
2022					
2023					

*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 payroll	Contributions as a percentage of covered 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	$ 579,708	$ 579,708	$ -	$11,840,026	4.90%
2018	$ 657,189	$ 657,189	$ -	$12,767,148	5.15%
2019	$ 713,765	$ 713,765	$ -	$13,614,923	5.24%
2020	$ 727,193	$ 727,193	$ -	$14,865,280	4.89%
2021	$ 686,669	$ 686,669	$ -	$13,858,297	4.95%
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 payroll	Contributions as a percentage of covered 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	$ 722,693	$ 722,693	$ -	$11,600,265	6.23%
2018	$ 933,850	$ 933,850	$ -	$12,548,428	7.44%
2019	$ 1,005,767	$ 1,005,767	$ -	$13,382,709	7.52%
2020	$ 1,157,722	$ 1,157,722	$ -	$14,618,314	7.92%
2021	$ 1,835,298	$ 1,835,298	$ -	$13,675,426	13.42%
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 payroll	Contributions as a percentage of covered payroll
2014	$ 26,773	$ 26,773	$ -	$ 363,729	7.36%
2015	$ 28,039	$ 28,039	$ -	$ 466,279	6.01%
2016	$ 27,657	$ 27,657	$ -	$ 418,509	6.61%
2017	$ 36,185	$ 36,185	$ -	$ 496,426	7.29%
2018	$ 43,036	$ 43,036	$ -	$ 565,610	7.61%
2019	$ 54,199	$ 54,199	$ -	$ 694,954	7.80%
2020	$ 67,219	$ 67,219	$ -	$ 889,596	7.56%
2021	$ 82,192	$ 82,192	$ -	$ 1,067,237	7.70%
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 payroll	Contributions as a percentage of covered payroll
2014	$ 8,966	$ 8,966	$ -	$ 159,958	5.61%
2015	$ 19,568	$ 19,568	$ -	$ 346,416	5.65%
2016	$ 25,141	$ 25,141	$ -	$ 306,450	8.20%
2017	$ 28,103	$ 28,103	$ -	$ 418,194	6.72%
2018	$ 40,991	$ 40,991	$ -	$ 529,353	7.74%
2019	$ 51,504	$ 51,504	$ -	$ 657,782	7.83%
2020	$ 69,062	$ 69,062	$ -	$ 851,015	8.12%
2021	$ 259,015	$ 259,015	$ -	$ 1,025,764	25.25%
2022					
2023					

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

State Board Supplemental Defined Benefit Plans

Schedule of Changes in the Total Pension Liability and Related Ratios Everett Community College Fiscal Year Ended June 30, 2021 *(expressed in thousands)*					
	2017	2018	2019	2020	2021
Total Pension Liability					
Service Cost	$ 227	$ 165	$ 125	$ 155	$ 208
Interest	147	152	151	174	148
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(1,062)	(449)	285	366	(1,332)
Changes of assumptions	(251)	(152)	535	979	(2,404)
Benefit Payments	(38)	(56)	(80)	(78)	(89)
Change in Proportionate Share			55	20	71
Other	-	-	-	-	-
Net Change in Total Pension Liability	**(977)**	**(340)**	**1,071**	**1,616**	**$ (3,399)**
Total Pension Liability - Beginning	4,962	3,985	3,759	4,830	6,446
Total Pension Liability - Ending (a)	**$ 3,985**	**$ 3,759**	**$ 4,830**	**$ 6,446**	**$ 3,047**
Plan Fiduciary Net Position**					
Contributions-Employer	n/a	n/a	n/a	n/a	$ 29
Contributions - Member	n/a	n/a	n/a	n/a	
Net Investment Income	n/a	n/a	n/a	n/a	365
Benefit Payments	n/a	n/a	n/a	n/a	
Administrative Expense	n/a	n/a	n/a	n/a	
Other	n/a	n/a	n/a	n/a	
Net Change in Plan Fiduciarey Net Position					**$ 394**
Plan Fiduciary Net Position-Beginning					1,039
Plan Fiducairy Net Position-Ending (b)					**$ 1,433**
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)					**$ 1,614**
College's Proportion of the Pension Liability	4.190000%	4.310000%	4.380000%	4.390000%	4.442920%
Covered-employee payroll	$ 23,390	$ 24,469	$ 25,525	$ 54,657	$ 28,336
Total Pension Liability as a percentage of covered-	0.170371954	0.153622951	0.189233379	0.117938818	0.10754707

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

n/a indicates data not available

**Due to changes in legislation, assets from this higher education institution plan that was previously not administered through a trust, was placed into a trust or similar arrangement. As a result, this plan previously reported under GASB Statement No. 73, is now reported under GASB Statement No. 68. This change is effective for fiscal year 2021.

State Board Supplemental Defined Benefit Plans

Notes to Required Supplementary Information

The State Board Supplemental Retirement Plans are financed on a pay-as-you-go basis. State Board makes direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals, no assets are accumulated in trusts or equivalent arrangements.

Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, salary growth and the variable income investment return.

Effective fiscal year 2021, House Bill 1661 created dedicated funds to pay SRP benefits that mimic the trust arrangement for the rest of the state retirement systems. As a result, the plan, previously reported under GASB Statement No. 73 is now being reported under GASB Statement No. 68.

Required Supplementary Information

Other Postemployment Benefits Information

Schedule of Changes in Total OPEB Liability and Related Ratios Measurement Date of June 30*				
Total OPEB Liability	**2020**	**2019**	**2018**	**2017**
Service cost	$ 1,280,654	$ 1,231,985	$ 1,653,878	$ 2,010,325
Interest cost	1,071,287	1,068,676	1,137,032	941,649
Difference between expected and actual experience	(164,165)		1,037,889	-
Changes in assumptions	694,434	1,990,157	(7,240,435)	(4,593,379)
Changes in benefit terms			-	-
Benefit payments	(510,056)	(488,855)	(480,225)	(479,879)
Changes in proportionate share	(846,074)	171,577	691,305	533,122
Other	(1,091,185)		-	-
Net Changes in Total OPEB Liability	$ 434,895	$ 3,973,540	$ (3,200,556)	$ (1,588,162)
Total OPEB Liability - Beginning	$ 30,426,462	$ 26,452,922	$ 29,653,478	$ 31,241,640
Total OPEB Liability - Ending	$ 30,861,357	$ 30,426,462	$ 26,452,922	$ 29,653,478
College's proportion of the Total OPEB Liability (%	0.50966756%	0.52424535%	0.52086693%	0.50900072%
Covered-employee payroll	$ 43,260,995	$ 47,672,803	$ 44,335,349	$ 42,615,420
Total OPEB Liability as a percentage of covered-	71.337603%	63.823522%	59.665532%	69.583916%

*This schedule is to be built prospectively until it contains ten years of data.

Notes to Required Supplementary Information

The Public Employee's Benefits Board (PEBB) OPEB plan does not have assets in trusts or equivalent arrangements and is funded on a pay-as-you-go basis. Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, health care trend rates, salary projections, and participation percentages.