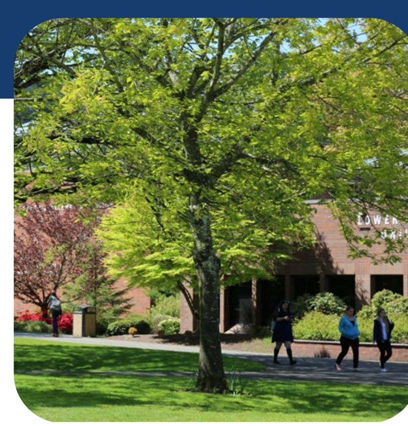
LOWER COLUMBIA COLLEGE

2021 FINANCIAL REPORT



Lower Columbia College
June 30, 2021
Financial Report

Table of Contents

For information about the financial data included in this report, contact:

Nolan K. Wheeler, Vice President of Administration
Lower Columbia College
1600 Maple St.
Longview, WA 98632
360.442.2201

You may view the financial report at
lowercolumbia.edu/disclosure/finance-office/financial-statement.php

Visit the home page at lowercolumbia.edu

Trustees and Administrative Officers

Office of the Washington State Auditor
Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Trustees
Lower Columbia College
Longview, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Lower Columbia 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 table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lower Columbia 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 report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Governmental Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Lower Columbia 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.

Matters of Emphasis

As discussed in Note 1, the financial statements of the Lower Columbia 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.

Other Matters

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements as a whole. The list of Trustees and Administrative Officers is presented for purposes of additional analysis and is not a required part of the basic financial statements of the College. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated April 28, 2022, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Sincerely,

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

April 28, 2022

Management's Discussion and Analysis

Lower Columbia College

The following discussion and analysis provides an overview of the financial position and activities of Lower Columbia 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.

Reporting Entity
Lower Columbia 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 4,302 students. The College confers bachelor of applied science and associates degrees, certificates and high school diplomas. The College was established in 1934 and its primary purpose is to ensure each learner's personal and professional success, and influence lives in ways that are local, global, traditional, and innovative. The College's vision is to be a powerful force for improving the quality of life in our community. Our campus community promotes and fosters an environment of integrity, respect, collaboration, cooperation, inclusion, and innovation that fosters personal growth, academic excellence, and accountability.

The College campus is located in Longview, Washington; however, as the lone institution of higher education in the immediate area, it services a regional population of approximately 119,000 residents. 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 Lower Columbia College Foundation. The College's financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund 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 Fund 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 Fund Net position are reported under the accrual basis of accounting where all of the current year's revenues and expenses are taken into account regardless of when cash is received or payments are made. Full accrual statements are intended to provide a view of the College's financial position similar to that presented by most private-sector companies. These financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The full scope of the College's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

Statement of Net Position

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

Condensed Net Position
As of June 30

	2021	2020
Assets		
Current assets	$ 12,619,577	$ 10,335,531
Capital assets, net	85,328,672	87,305,524
Other noncurrent assets	5,040,020	5,244,895
Total assets	102,988,269	102,885,950
Deferred Outflows	4,963,957	4,897,025
Liabilities		
Current liabilities	5,821,648	4,997,451
Noncurrent liabilities	48,952,642	51,750,359
Total liabilities	54,774,290	56,747,810
Deferred Inflows	7,603,261	7,831,796
Net position		
Net investment in capital assets	58,793,453	59,125,838
Restricted		
Expendable	117,862	117,864
Nonexpendable	340,445	340,445
Unrestricted	(13,677,085)	(16,380,778)
Total net position	$ 45,574,675	$ 43,203,369

Current assets consist primarily of cash and cash equivalents, various accounts receivables and inventories. Current assets increased approximately $2.3 million, resulting from an increase in cash and investments of $2.5 million related primarily to a receipt of the CARES Act grant, offset by a reduction of receivables resulting from timing of receipts.

Net capital assets decreased by $2.0 million from FY 2020 to FY 2021. Additions of $0.8 million related to building and equipment were offset by $2.8 million depreciation expense.

Non-current assets consist primarily of the long-term portion of certain investments *and student loans receivable*. Changes to long term investments in FY 2021 are due to fair value adjustments.

Deferred Outflows of Resources and deferred inflows of resources represent deferrals in pension and postemployment benefits related to GASB Statement No. 68 and Statement No. 75. The 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. Similarly, the decrease in deferred inflows in 2021 reflects the decrease in difference between actual and projected investment earnings on the state's pension plans and other post-employment benefits. The change in these balances in FY2021 was not significant.

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, current portion of pension and OPEB liabilities, 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. Current liabilities increased $0.8 million due primarily to increased payables (timing of payments) and an increase in the amount of accrued vacation and sick leave expected to be utilized in FY2022.

Non-current liabilities primarily consist of the value of vacation and sick leave earned but not yet used by employees, pension liabilities, OPEB, and the long-term portion of Certificates of Participation (COP) debt. Non-current liabilities decreased $2.8 million due to a reduction in pension liability of $2.1 million and payments on the COP of $1.7 million, offset by an increase in the OPEB liability of $0.7 million and an increase in vacation and sick leave accrued of $0.4 million.

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:

***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 student loans and the expendable portion of endowments.

***Nonexpendable* –** consists of funds in which a donor or external party has imposed the restriction that the corpus or principal is not available for expenditures but for investment purposes only. Historically, donors interested in establishing such funds to benefit the College or its students have chosen to do so through the Foundation; however, this corpus balance was established directly with the College at the direction of the donors.

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. Prudent balances are maintained for use as working capital, as a reserve against emergencies and for other purposes, in accordance with policies established by the Board of Trustees.

Net investment in capital assets decreased by $0.3 million in FY 2021 as payments on debt and additions were offset by depreciation. Unrestricted net position increased $2.7 million in FY 2021 due to increased state appropriations and the CARES Act grant. Restricted net position was unchanged.

Statement of Revenues, Expenses and Changes in Fund Net Position

The Statement of Revenues, Expenses and Changes in Fund 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 received, both operating and non-operating, and the expenses paid 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. In FY 2021, federal CARES Act grants are also included in nonoperating revenue.

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 comparative statement of revenues, expense and changes in fund net position for the year ended June 30, 2021 and 2020 is presented below.

Condensed Statement of Revenue, Expenses and Changes in Fund Net Position
For the Year Ended June 30

	2021	2020
Operating revenues	$ 26,452,083	$ 28,407,882
Operating expenses	(49,321,587)	(50,012,819)
Net operating income (loss)	(22,869,504)	(21,604,937)
Non operating revenues and expenses	22,583,540	20,918,864
Loss before capital contributions	(285,964)	(686,073)
Capital appropriations and contributions	4,689,092	2,770,061
Increase (decrease) in net position	4,403,128	2,083,988
Net position, beginning of year	43,203,369	41,119,381
Prior period adjustment	(2,031,822)	-
Net position, end of year	$ 45,574,675	$ 43,203,369

Revenues:

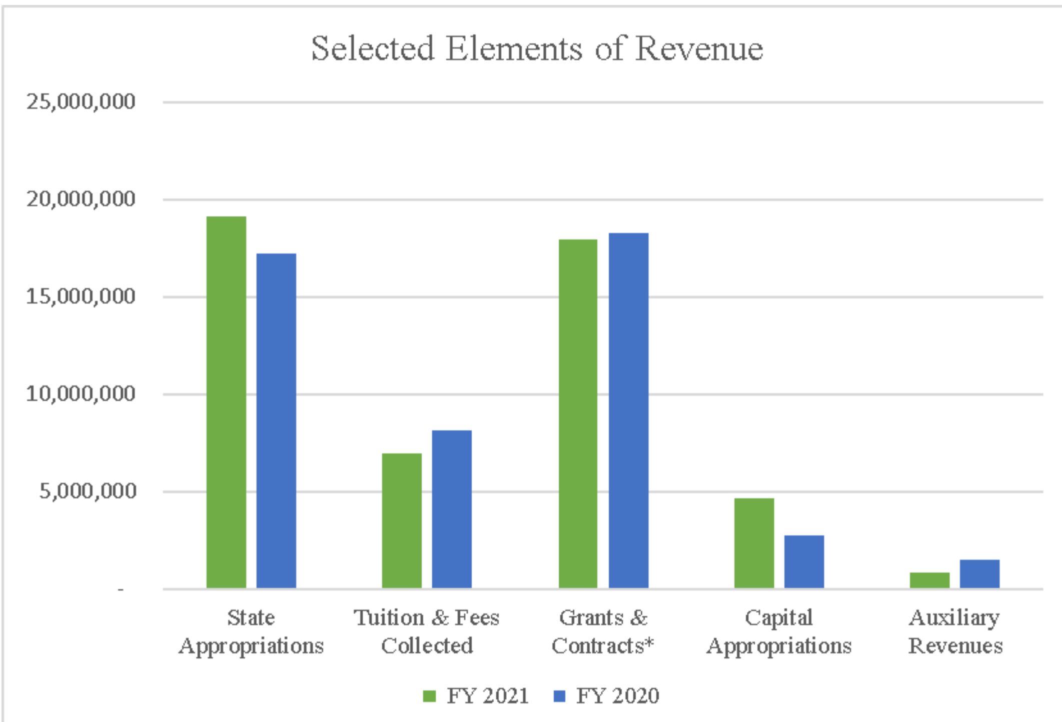
The State of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college. In FY 2018, the SBCTC allocated funds to each of the 34 college's based on 3 year average FTE actuals. Additionally, the Supplemental Budget also reduces the general fund by the amount set aside specifically for Pension Stabilization. This method of allocation continued in FY21. The increase in state appropriations in FY 2021 of $1.9 million over FY 2020 is mainly attributable to salary COLA and benefit increases, as well as additional funding for work on Guided Pathways, appropriated by the Legislature.

The FY 2021 $1.2 million decrease in tuition and fee revenue is primarily attributable to the uncertainty due to COVID-19 and decline in enrollment. The College has attempted to keep student fees as stable as possible. Auxiliary enterprise sales and other operating revenues likewise decreased $0.9 million due to COVID protective measures.

Non-operating Pell Grant revenues generally follow enrollment trends. The College's enrollment decreased during FY 2021, and the College's Pell Grant revenue decreased by $1.6 million. In FY2021, the College received approximately $2.3 million in CARES Act funding, also reported as non-operating revenue, to mitigate additional costs to the College for ongoing COVID protection measures and lost revenue.

In FY 2021, intergovernmental operating grant and contract revenues decreased slightly, by approximately $168,000 when compared with FY 2020, due to a decrease in Running Start enrollments, offset by an increase in the Running Start reimbursement rates. The College continued to serve students under the terms of contracted programs. The College contracts with local high schools to enroll Running Start students who earn both high school and college credit for these courses. The College also contracts with these same high schools to enroll Career Education Options (CEO) and Open Doors students, which allows students to take courses from the College to complete their high school diploma.

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



* Grants and Contracts exclude any Federal Pell Grants and student loans, and any federal grants classified as nonoperating.

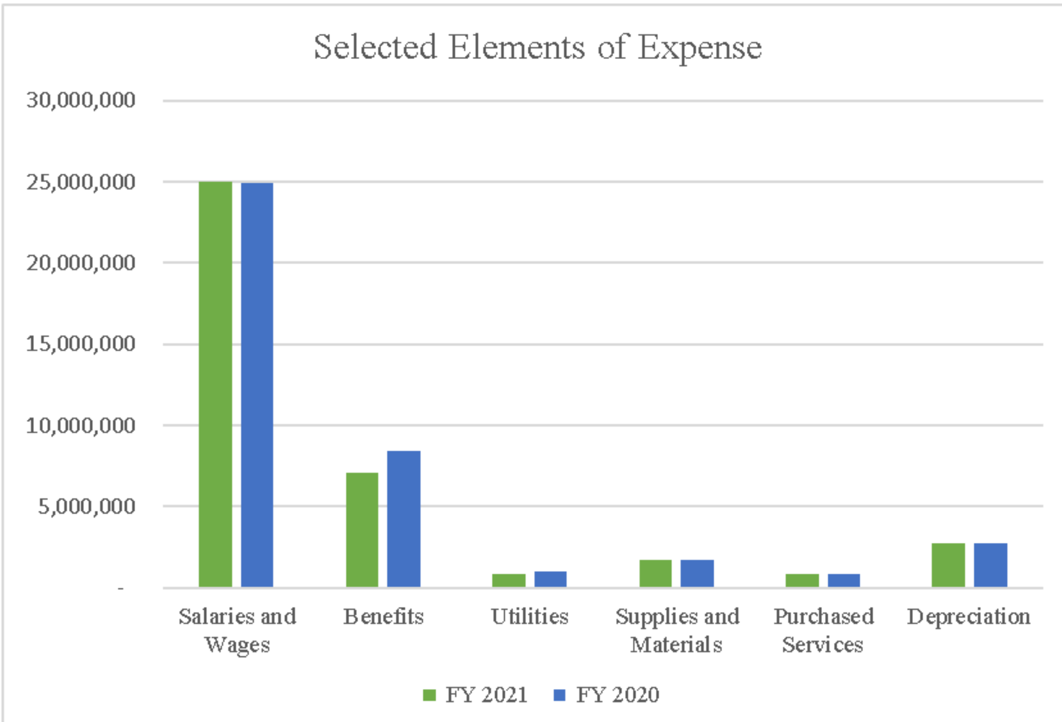
<u>Expenses:</u>

Faced with budget reductions over the past six years, the College has continuously sought opportunities to identify savings and efficiencies. The College decreased spending and services and was subject to various state spending freezes and employee salary reductions.

In FY 2021, salary costs increased as result of the 2.0% salary increase given by the Legislature, increases were negotiated for classified staff, and the PEBB health rate increased. The College converted to a new accounting system as well. Despite these increases, operating expenses decreased $0.7 million. A decrease of $1.3 million is due to the pension liabilities adjustment reducing benefits expense; this is offset by the increases in salaries and wages and the cost of software conversion.

Comparison of Selected Operating Expenses by Function

The chart below shows the amount, in dollars, for selected functional areas of operating expenses.



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. In addition, the College has one of four community college projects that were funded through a Certificate of Participation (COP) against which system–wide building fee monies were pledged.

At June 30, 2021, the College had invested $85,328,672 in capital assets, net of accumulated depreciation. This represents a decrease of $2 million from last year, as shown in the table below.

Asset Type		June 30, 2021		June 30, 2020		Change
Land	$	6,074,767	$	6,074,767	$	-
Construction in Progress		585,041		50,443		534,598
Buildings, net		73,974,500		75,958,208		(1,983,708)
Other Improvements and Infrastructure, net		2,510,291		2,666,127		(155,836)
Equipment, net		2,112,026		2,480,133		(368,107)
Library Resources, net		72,047		75,846		(3,799)
Total Capital Assets, Net	**$**	**85,328,672**	**$**	**87,305,524**	**$**	**(1,976,852)**

Additional information on capital assets can be found in Note 5 of the Notes to the Financial Statements.

At June 30, 2021, the College had $26,105,000 in outstanding debt, all of this in the form of three Certificates of Participation issued by the State Treasurer's Office. The first COP was issued in December, 2012 in lieu of a Capital Appropriation for the construction of the Health & Science building. The second COP was issued September, 2015 for the remodel of the College Fitness Center building, and the third COP was issued February 2019 for the Main Building Renovation project.

Debt, Short and Long-Term		June 30, 2021		June 30, 2020	Change
Certificates of Participation	$	26,105,000	$	27,725,000	$ (1,620,000)
Total	**$**	**26,105,000**	**$**	**27,725,000**	**$ (1,620,000)**

Additional information of notes payable, long term debt, and debt service schedules can be found in Notes 10 through 12 of the Notes to the Financial Statements.

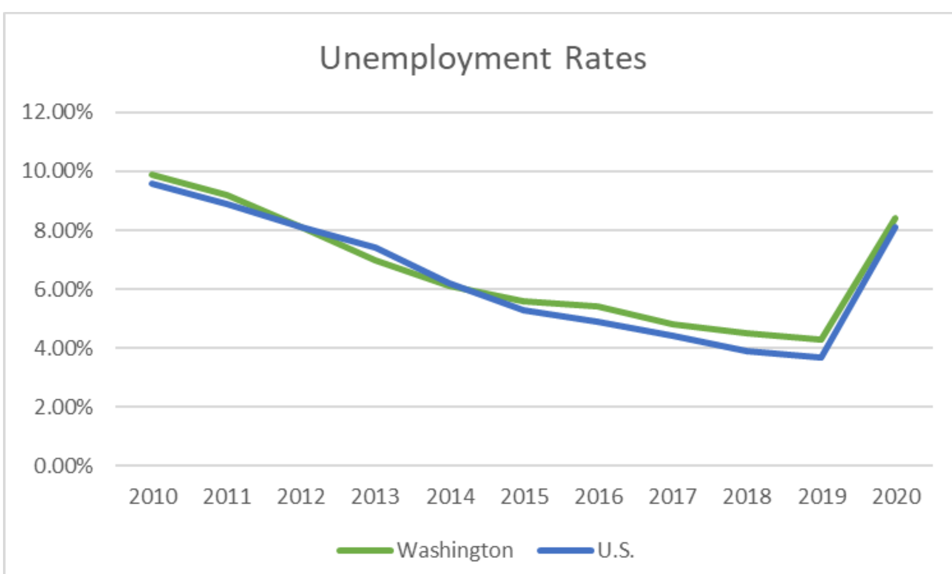
Economic Factors That Will Affect the Future

In FY 2017, the State Board for Community and Technical College 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. Although the College continues to see a decrease in enrollment, when comparing enrollment to the other Colleges in the system, the College anticipates its share in state operating appropriations in the next few fiscal years to remain consistent. In fiscal year 2021 the College 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. There were no other significant changes to the method of allocating funds to college districts.

The Higher Education Emergency Relief Fund (HEEF) grant funding established by the CARES Act related to the COVID-19 Pandemic has created a revenue source for the College to offset some additional costs and lost revenue due to the pandemic.

Washington's Economic and Revenue Forecast Council prepares independent forecasts quarterly throughout the year. In its June 2021 forecast, the Council observed that due to the impact of the COVID pandemic on business activity, employment and retail sales through stay-at-home orders, closure of nonessential businesses, and declining consumer confidence, especially in March, April and May 2020, over-the-year growth rates for March, April and May 2021 data are abnormally large in many cases. The Washington State forecast noted that unemployment improved to 5.3% in May from a 5.4% in April. The unemployment rate is down significantly from the 16.3% rate reached in April 2020 which was an all-time high in the series that dates back to 1976. Additionally, tax revenue was considerably up due to economic activity being much higher than forecasted, especially in terms of retail sales; however, the negative impact of COVID-19 on the national and state economies and supply chains issues are not fully resolved.

A hallmark of community colleges is the flexibility to quickly respond to the needs of the community, resulting in a pattern of high enrollment during economic downturns, punctuated by lower enrollment when the job market is strong. This pattern is particularly notable in Washington's rural counties, including Cowlitz and Wahkiakum (which comprise the service district for Lower Columbia College). For LCC specifically, the unemployment rate has been the strongest single statistical predictor of enrollment change. However, this has not been the case during the COVID-19 pandemic. While, economic recovery from the 2008 recession lagged the state in both Cowlitz and Wahkiakum Counties, enrollment at LCC stayed higher relatively than the rest of the system in 2017. Moderate declines in enrollment, related to falling unemployment rates, were expected in 2018 and possibly 2019 as well before eventual stabilization. Enrollment in 2020 saw a slight increase prior to the impacts of COVID-19 in Spring Quarter, which caused an approximately 15% reduction in enrollment despite the significant increase in the local unemployment rate. As the College continues to be affected by the results of the COVID-19 pandemic in FY 2021, another 18% 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.



Statement of Net Position

Lower Columbia College

As of June 30, 2021

		2021
ASSETS		
Current assets		
Cash and cash equivalents	$	4,760,036
Restricted cash and cash equivalents		458,307
Accounts receivable, net		7,078,113
Interest receivable		3,839
Inventories		291,473
Prepaid Expenses		27,809
Total current assets		12,619,577
Non-current assets		
Long-term investments		5,040,020
Non-depreciable assets		6,659,808
Depreciable Capital assets, net		78,668,864
Total non-current assets		90,368,692
Total assets		102,988,269
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		2,654,995
Deferred outflows related to OPEB		2,308,962
Total deferred outflows of resources		4,963,957
LIABILITIES		
Current liabilities		
Accounts payable		1,289,687
Accrued liabilities		1,752,822
Compensated absences		226,267
Interest payable		97,226
Deposits payable		7,814
Unearned revenue		376,945
Current portion pension liability		39,130
Current portion total OPEB liability		312,290
Current portion certificates of participation payable, net		1,719,467
Total current liabilities		5,821,648
Noncurrent liabilities		
Compensated absences		2,491,647
Net pension liability		4,202,958
Total OPEB liability		17,442,285
Certificates of participation payable, net		24,815,752
Total noncurrent liabilities		48,952,642
Total liabilities		54,774,290
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		2,845,230
Deferred inflows related to OPEB		4,758,031
Total deferred inflows of resources		7,603,261
NET POSITION		
Net investment in capital assets		58,793,453
Restricted for:		
Expendable		117,862
Nonexpendable		340,445
Unrestricted		(13,677,085)
Total net position	$	45,574,675

The accompanying notes are an integral part of these financial statements

Statement of Revenues, Expenses and Changes in Net Position

Lower Columbia College

For the Year Ended June 30, 2021

		2021
Operating revenues		
Student tuition and fees, net	$	6,928,529
Auxiliary enterprise sales		858,380
State and local grants and contracts		12,885,678
Federal grants and contracts		5,539,399
Other operating revenues		240,097
Total operating revenue		26,452,083
Operating expenses		
Salaries and wages		24,997,518
Benefits		7,068,389
Scholarships and fellowships, net		6,496,346
Supplies and materials		1,740,824
Depreciation		2,778,404
Purchased services		827,861
Utilities		829,025
Other operating expenses		4,583,220
Total operating expenses		49,321,587
Operating income (loss)		(22,869,504)
Non-operating revenues		
State appropriations		19,159,985
Federal Pell grant revenue		3,190,675
Other federal grants		2,247,764
Investment income, gains and losses		84,629
Building fee remittance		(723,583)
Innovation fund remittance		(164,691)
Interest expense		(1,211,239)
Total non-operating revenues (expenses)		22,583,540
Loss before capital contributions		(285,964)
Capital Revenues		
Capital appropriations		4,689,092
Increase (decrease) in net position		4,403,128
Net position		
Net position, beginning of year		43,203,369
Prior period adjustment		(2,031,822)
Net position, end of year	$	45,574,675

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows

Lower Columbia College

For the Year Ended June 30, 2021

		2021
Cash flow from operating activities		
Tuition and fees	$	4,942,647
Grants and contracts		19,017,304
Payments to vendors		(2,494,996)
Payments for utilities		(829,025)
Payments to employees		(23,843,768)
Payments for benefits		(8,026,180)
Auxiliary enterprise sales		1,103,748
Payments for scholarships and fellowships		(6,584,255)
Other payments		(5,356,641)
Net cash used by operating activities		(22,071,166)
Cash flow from noncapital financing activities		
State appropriations		19,194,675
Pell grants		3,190,675
Amounts for other than capital purposes		1,648,012
Building fee remittance		(718,236)
Innovation fund remittance		(164,417)
Net cash provided by noncapital financing activities		23,150,709
Cash flow from capital and related financing activities		
Capital appropriations		4,689,092
Purchases of capital assets		(801,552)
Certificate of participation proceeds		-
Principal paid on capital debt		(1,620,000)
Interest paid		(1,242,456)
Net cash provided by capital financing activities		1,025,084
Cash flow from investing activities		
Proceeds from sales and maturities of investments		1,420,000
Income from investments		133,596
Purchases of investments		(1,264,090)
Net cash provided by investing activities		289,506
Increase (Decrease) in cash and cash equivalents		2,394,133
Cash and cash equivalents at the beginning of the year		2,824,210
Cash and cash equivalents at the end of the year	$	5,218,343

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows, continued

Lower Columbia College

For the Year Ended June 30, 2021

		2021
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	$	(22,869,504)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation/amortization		2,778,404
(Increase) decrease in accounts receivable		(686,817)
(Increase) decrease in prepaid items		-
Increase (decrease) in warrants payables		762,612
Increase (decrease) in customer deposits		-
Increase (decrease) in inventory		73,689
Increase (decrease) in unearned revenue		348,546
Increase (decrease) in compensated absences		616,040
Increase (decrease) in pensions		(1,750,839)
Other nonoperating revenue (expense)		688,525
Prior period adjustment		(2,031,822)
Net cash used by operating activities	$	(22,071,166)

Noncash investing, financing and capital activities		
Change in fair value of investments	$	48,965

The accompanying notes are an integral part of these financial statements

Foundation Statement of Financial Position
Lower Columbia College Foundation
As of June 30, 2021

		Without Donor Restrictions	With Donor Restrictions	Total
ASSETS				
Cash and cash equivalents	$	973,625	$ -	$ 973,625
Marketable securities		2,866,278	19,459,469	22,325,747
Pledges receivable		16,675	1,414,975	1,431,650
Prepaid Expenses		841	-	841
Fixtures and Equipment		39,659	-	39,659
Equipment held for sale		17,744	-	17,744
Total Assets		3,914,822	20,874,444	24,789,266
LIABILITIES				
Accrued Expenses		84,425	-	84,425
Annuity payment liability		2,084	-	2,084
Total Liabilities		86,509	-	86,509
NET ASSETS				
Unrestricted		3,828,313	-	3,828,313
Temporarily restricted		-	3,147,252	3,147,252
Permanently restricted		-	17,727,192	17,727,192
Total Net Assets		3,828,313	20,874,444	24,702,757
TOTAL LIABILITIES AND NET ASSETS	$	3,914,822	$ 20,874,444	$ 24,789,266

The accompanying notes are an integral part of these financial statements

Foundation Statement of Activities and Changes in Net Assets
Lower Columbia College Foundation
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	$ 190,467	$ 1,239,067	$ 1,429,534
Investment earnings (losses)	754,789	3,631,208	4,385,997
Other revenues and gains	4,517	-	4,517
In-kind contributions	198,373	-	198,373
Special event revenue (gross)	15,216	105,290	120,506
Reclassifications of net assets	922,059	(922,059)	-
Total revenues, gains and other support	2,085,421	4,053,506	6,138,927
EXPENSES			
Program services	936,044	-	936,044
General and administrative expenses	186,486	-	186,486
Fundraising expenses	84,772	-	84,772
Total expenses	1,207,302	-	1,207,302
Change in net assets	878,119	4,053,506	4,931,625
Net Assets, beginning of Year	2,950,194	16,820,938	19,771,132
Net Assets, end of year	$ 3,828,313	$ 20,874,444	$ 24,702,757

The accompanying notes are an integral part of these 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

The financial statements of the Lower Columbia College (the College) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the significant accounting policies for the College.

Financial Reporting Entity

The College is a comprehensive community college offering open-door academic programs, workforce education, basic skills, and community services. The College confers bachelor of applied science and 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 (ACFR). These notes form an integral part of the financial statements.

The Lower Columbia College Foundation (the Foundation) is a separate but affiliated non-profit entity, incorporated under Washington law in 1976 and recognized as a tax exempt 501(c)(3) charity. The Foundation's charitable purpose is to provide a conduit for private support of the College through scholarship endowments, program grants, and similar types of support. 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 $936,044 to the College for restricted and unrestricted purposes, which includes student scholarships in the amount of $416,961, program support in the amount of $234,321, grants in the amount of $98,888 and other purposes in the amount of $185,874. The College provides 1,140 square feet of rent-free office space to the Foundation valued at $14,518. A copy of the Foundation's complete financial statements may be obtained from the Foundation's Administrative Offices at 1600 Maple St., Longview, WA.

Basis of Presentation

The financial statements have been prepared in accordance with GASB Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments as amended by GASB Statement No. 35, Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities. For financial reporting purposes, the College is considered a special-purpose government engaged only in Business Type Activities (BTA). In accordance with BTA reporting, the College presents a Management's Discussion and Analysis; a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and Notes to the Financial Statements. The format provides a comprehensive, entity-wide perspective of the College's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

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, and bank demand deposits. Cash resources are invested directly into government securities with interest accruing for the benefit of the College. Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets on the statement of net position.

Cash in the investment portfolio is not included in cash and cash equivalents as it is held for investing purposes with US Bank Safekeeping.

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.

Certain investments are reported at fair value in accordance with GASB statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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. The College considers all accounts aging twelve months or more as uncollectible. 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 first in first out (FIFO) 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 generally range from 3 to 7 years for equipment, 7 years for library resources, 15 to 50 years for buildings and improvements, and 20 to 50 years for infrastructure and land improvements.

The College reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At June 30, 2021, no assets had been written down.

Unearned Revenues

Unearned revenues occur when funds have been collected prior to the end of the fiscal year but are 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 advanced grant proceeds as unearned revenues.

Tax Exemption

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

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of Washington Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/deductions from PERS's and TRS's fiduciary net position have been determined on the same basis as they are reported by PERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The College also reports its share of the pension liability for the State Board Retirement Plan (SBRP) in accordance with GASB 68 *(Accounting and Financial Reporting for Pensions)*. The SBRP uses the current fiscal year end as the measurement date for reporting the pension liabilities.

Other Post-Employment Benefits

For purposes of measuring the other post-employment benefits (OPEB), deferred outflows of resources and deferred inflows or resources related to OPEB, and OPEB expense, information about the liability reported for the Public Employees Benefit Board (PEBB) has been determined on the same basis as it is reported by the Washington State reported OPEB liability.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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 Nonexpendable. This consists of endowment and similar type funds for which donors or other outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to the principle.

Restricted for Expendable. These include resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by third parties. The expendable balance for the College is funds held for student loans and institutional financial aid funds per RCW 28B.15.820.

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 unrestricted resources and then towards restricted resources.

Classification of Revenues and Expenses

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

> *Operating Revenues*. This includes activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of waivers and scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) federal, state and local grants and contracts that primarily support the operational/educational activities of the colleges. Examples include a contract with OSPI to offer Running Start and/or Technical High School. The College also receives Adult Basic Education grants that support the primary educational mission of the College.
>
> *Operating Expenses.* Operating expenses include salaries, wages, fringe benefits, utilities, supplies and materials, purchased services, and depreciation.
>
> *Non-operating Revenues*. This includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, investment income and Pell Grants received from the federal government. In FY 21, 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 Fund 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 $2,636,086.

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 Fund 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 each month. 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 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 Fund 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

As of June 30, 2021, the College cash, cash equivalents, and investments, as reported on the Statement of Net Position, are as follows:

	June 30, 2021
Cash and cash equivalents	$ 5,218,343
Local government bonds	5,040,020
Total Cash and Investments	$ 10,258,363

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 Bank of America. 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 in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). In the event of a bank failure, claims for the College's deposits would be satisfied by the FDIC or from the sale of collateral held in the PDPC pool.

Investments

Lower Columbia College's Investments Policy 532 states that the College shall invest funds in a manner which provides maximum security with the highest investment return, while meeting the daily cash flow demands of the College and conforming to all state laws governing the investment of public funds. The Chief Financial Officer shall invest district funds and is responsible for the investment program. The Chief Financial Officer will take necessary actions to ensure the prudent investment of district funds and shall provide consistent periodic reporting to the President.

Statutes authorize the College to invest in obligations of the U.S. Treasury, U.S. Agencies and instrumentalities, banker's acceptances, repurchase agreements, and the state treasurer's investment pool.

Investments Measured at Fair Value

The investment portfolio consists of individual issues of US government-sponsored enterprises and municipal bonds, diversified by type, locale, and maturity date which are held by custodian U.S. Bank N.A. Treasury Division. The College measures and records its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted market prices: Unadjusted quoted prices available in active markets for identical assets or liabilities

- Level 2: Observable inputs: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

- Level 3: Unobservable inputs that are significant to the fair value measurement.

As of June 30, 2021, the College had the following recurring fair value measurements.

			Fair Value Measurements Using	
Investments by fair value level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Local government issues	$ 5,040,020	$ -	$ 5,040,020	$ -
Total Investments by Fair Value Level	$ 5,040,020	$ -	$ 5,040,020	$ -

Interest rate risk. College policy limits investment maturities as a means to manage its exposure to fair value losses arising from increasing interest rates. The College's intent is to purchase investments that may be held until maturity. Unless matched to a specific cash flow, the College generally will not directly invest in securities maturing more than fifteen years from the date of purchase. The College manages its exposure to interest rate risk by limiting the duration of investment and structuring the maturity of investments to mature at various points in the year. The goal of the overall portfolio is to balance cash flow requirements, safety, liquidity, and yield. Interest rate risk is measured using the specific identification method. Investment maturities at June 30, 2021 is as follows:

	Fair Value	One Year or Less	One to Five Years
Municipal Bonds	$ 5,040,020	$ 761,475	4,278,545
Total Investments	$ 5,040,020	$ 761,475	4,278,545

Credit risk. Credit risk is the risk that an issuer or related party will not fulfill its obligations. As required by state law, all investments of the College's funds are obligations of the U.S. government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, bankers' acceptances, or certificates of deposit with Washington State banks and savings and loan institutions. College investments are in US government bonds and municipal bonds, which have zero to low risk of default because of the capability of local and state governments to increase taxes to cover their debts. All municipal bonds held are rated on the Moody's and/or S&P ratings scale of A1 and/or A or higher.

Concentration of credit risk. Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. 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 risk is the risk that, in the event of a failure of the counterparty, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The College uses U.S. Bank N.A., Treasury Division as the custodial agent for safekeeping of the College's investments. U.S.

Bank N.A., Treasury Division provides monthly reports on the College's securities, all of which are held in the College's name. The investments held by the College at year-end are all book-entry, registered securities.

	Maturity Date		Market Value
Longview, WA Limited G.O. Taxable	12/01/21	$	116,122
Avon Lake School District, CABS-B-REF	12/01/21		244,753
Oakland, CA Unified School District	08/01/21		400,600
Houston, TX Taxable	03/01/25		1,145,485
Grant County,WA Electric Revenue	01/01/26		1,027,720
Oregon State Taxable F-REF	04/01/27		330,216
Federal Way, WA	12/01/28		542,493
Matanuska-Susitna Taxable	03/01/24		519,525
Washington State Higher Education	10/01/22		506,845
Cowlitz 911 Public Authority Taxable	12/01/29		206,261
Total Investments Exposed to Custodial Risk		$	5,040,020

Total cash and investments are stated at $10,258,363. This includes cash held in a fiduciary capacity. There is additional cash held in College accounts due to "float" of outstanding checks, which have not cleared the bank as of June 30, 2021. The total cash and investments held by the College per the bank account, including the uncleared checks, total $10,259,324. The College invests all temporarily idle funds.

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 are $921.

NOTE 4. Receivables

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 receivable were as follows:

		FY21
Student Tuition and Fees	$	756,195
Due from Other State Agencies		2,295,171
Auxilary Enterprises		22,617
Other		5,418,787
Subtotal		8,492,770
Less Allowance for Uncollectible Accounts*		(1,414,657)
Accounts Receivable, net	$	7,078,113

*The majority of the allowance for uncollectible accounts is associated with Title IV Repayments.

NOTE 5. 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 $2,778,404.

	Beginning Balance	Additions/ Transfers	Retirements / Adjustments	Ending Balance
Nondepreciable capital assets				
Land	$ 6,074,767	$ -	$ -	$ 6,074,767
Construction in progress	50,443	534,598	-	585,041
Total nondepreciable capital assets	6,125,210	534,598	-	6,659,808
Depreciable capital assets				
Buildings	107,437,927	-	-	107,437,927
Other improvements and infrastructure	5,479,095	-	-	5,479,095
Equipment	7,681,716	242,173	51,893	7,871,996
Library resources	1,697,506	24,781	-	1,722,287
Subtotal depreciable capital assets	122,296,244	266,954	51,893	122,511,305
Less accumulated depreciation				
Buildings	31,479,719	1,983,708	-	33,463,427
Other improvements and infrastructure	2,812,968	155,836	-	2,968,804
Equipment	5,201,583	610,280	51,893	5,759,970
Library resources	1,621,660	28,580	-	1,650,240
Total accumulated depreciation	41,115,930	2,778,404	51,893	43,842,441
Total depreciable capital assets	81,180,314	(2,511,450)	-	78,668,864
Capital assets, net of accumulated depreciation	$ 87,305,524	$ (1,976,852)	$ -	$ 85,328,672

NOTE 6. Accounts Payable and Accrued Liabilities

At June 30, 2021, accounts payable and accrued liabilities are the following:

		Amount
Amounts Owed to Employees	$	1,103,072
Amounts Held for Others		1,939,437
Total accounts payable and accrued liabilities	$	3,042,509

NOTE 7. Unearned Revenue

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

		Amount
Summer Quarter Tuition & Fees	$	373,399
Auxilary Enterprises		3,382
Grants & Contracts		164
Total Unearned Revenue	$	376,945

NOTE 8. 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, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. Payments made for claims from July 1, 2020 through June 30, 2021, were $76,679. Cash Reserves for unemployment compensation for all employees as June 30, 2021, were $80,000.

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. These policies cover such areas as property, buildings, athletics and medical malpractice liabilities. 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.

NOTE 9. Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Upon retirement, employees receive 25% of the value of their accumulated sick leave credited to a Voluntary Employee's 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 23.145% of the total balance on the payroll records. The accrued vacation leave totaled $1,413,052, accrued sick leave totaled $1,304,386, and the accrued compensatory leave totaled $476 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. Compensatory time is categorized as a current liability since it must be used before other leave.

NOTE 10. Notes Payable

The College's certificates of participation are all considered direct borrowings. The Washington Office of State Treasurer (OST) issues these certificates of participation (COPs). The College's COPs are not secured by the financed properties; rather, the OST is directed by RCW to withdraw from the College's share of state revenues the amount of any deficiency of payments.

In December 2012, the College obtained financing to fund the construction of the Health & Science Building through a COP in the amount of $31,550,000. The interest rate charged is 3.10% for a term of twenty years. The College makes payments on the COP and is then reimbursed through state appropriations.

In December 2015, the College obtained financing to fund the renovation of the College's Fitness Center through a COP in the amount of $ 2,910,000. The interest rate charged is 3.42129% for a term of twenty years. The Fitness Center COP will be paid for by student fees as approved by the ASLCC. Student fees related to the COP are accounted for in a dedicated fund, which is used to pay principal and interest, rather than the general operating budget.

In February 2019, the College obtained financing to fund the renovation of the Main Building through a COP in the amount of $2,945,000. The interest rate charged is 3.357% for a term of twenty years. The College makes payments on the COP and is then reimbursed from program charges.

NOTE 11. Annual Debt Services Requirements

Future debt service requirements on the direct borrowings at June 30, 2021 are as follows.

Certificates of Participation			
Fiscal year	Principal	Interest	Total
2022	1,695,000	1,161,331	2,856,331
2023	1,790,000	1,076,206	2,866,206
2024	1,885,000	988,228	2,873,228
2025	1,975,000	895,500	2,870,500
2026	2,075,000	796,375	2,871,375
2027-2031	11,870,000	2,479,594	14,349,594
2032-2036	4,170,000	459,706	4,629,706
2037-2039	645,000	49,375	694,375
Total	$ 26,105,000	$ 7,906,316	$ 34,011,316

NOTE 12. Schedule of Long Term Liabilities

	Balance outstanding 6/30/20	Additions	Reductions	Balance outstanding 6/30/21	Current portion
Certificates of participation	$ 27,725,000	$ -	$ 1,620,000	$ 26,105,000	$ 1,695,000
Add: Premium	454,686	-	24,467	430,219	24,467
Certificates of participation, net	28,179,686	-	1,644,467	26,535,219	1,719,467
Compensated absences	2,101,874	1,493,957	877,917	2,717,914	226,267
Total OPEB liability	17,042,524	712,051	-	17,754,575	312,290
*Total pension liability	2,963,614	-	2,963,614	-	-
Net pension liability	3,445,897	796,191	-	4,242,088	39,130
Total long-term debt	$ 53,733,595	$ 3,002,199	$ 5,485,998	$ 51,249,796	$ 2,297,154

*Due to a change in the SBRP plan part of the reduction in Total Pension Liability and increase in Net Pension Liability is due to the change in reporting from GASB 73 to GASB 68.

NOTE 13. Pension Plans

Summary

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:

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	SBRP	Total
Pension liabilities	$ 2,136,259	$ 1,006,017	$ 237,554	$ 153,491	$ 708,767	$ 4,242,088
Deferred outflows of resources related to pensions	431,449	1,157,277	56,601	198,908	810,759	2,654,994
Deferred inflows of resources related to pensions	11,894	874,984	1,528	27,278	1,929,545	2,845,229
Pension expense/expenditures	50,292	116,250	29,606	51,649	(601,134)	(353,337)

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.

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.

<u>Benefits Provided.</u> 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		$ 431,449	$ 701,788	$ 56,601	$ 62,551

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 (which 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%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
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	Current Discount Rate	1% Increase
Pension Plan	6.40%	7.40%	8.40%
PERS Plan 1	2,675,786	2,136,259	1,665,736
PERS Plan 2/3	6,259,705	1,006,017	(3,320,398)
TRS Plan 1	300,979	237,554	182,205
TRS Plan 2/3	452,348	153,491	(90,301)

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 net pension liability of $3,533,321 for its proportionate share of the net pension liabilities as follows:

PERS 1	$	2,136,259
PERS 2/3		1,006,017
TRS 1		237,554
TRS 2/3		153,491
Total	$	3,533,321

The College's proportionate share of net pension liabilities for measurement dates June 30, 2019 and June 30, 2020 for each retirement plan are listed below:

Plan Name	2020	2019	Change
PERS 1	0.060508%	0.061774%	-0.001266%
PER 2/3	0.078660%	0.079117%	-0.000457%
TRS 1	0.009862%	0.009790%	0.000072%
TRS 2/3	0.009993%	0.009890%	0.000103%

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	50,292
PERS 2/3	116,250
TRS 1	29,606
TRS 2/3	51,649
Total	**247,798**

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		PERS 2/3	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ -	$ -	$ 360,139	126,078
Difference between expected and actual earnings of pension plan investments	-	11,894	-	51,091
Changes of Assumptions	-	-	14,329	687,196
Changes in College's proportionate share of pension liabilities	-	-	81,021	10,619
Contributions to pension plans after measurement date	431,449	-	701,788	-
	$ 431,449	$ 11,894	$ 1,157,277	$ 874,984

	TRS 1		TRS 2/3	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ -	$ -	$ 97,005	$ 554
Difference between expected and actual earnings of pension plan investments	-	1,528	-	1,490
Changes of Assumptions	-	-	19,797	16,821
Changes in College's proportionate share of pension liabilities	-	-	19,555	8,413
Contributions to pension plans after measurement date	56,601	-	62,551	-
	$ 56,601	$ 1,528	$ 198,908	$ 27,278

	TOTAL ALL PLANS	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 457,144	$ 126,632
Difference between expected and actual earnings of pension plan investments	-	66,003
Changes of Assumptions	34,126	704,017
Changes in College's proportionate share of pension liabilities	100,576	19,032
Contributions to pension plans after measurement date	1,252,389	-
	$ 1,844,235	$ 915,684

The $1,252,389 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, 2022.

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

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	Total
2022	$ (53,975)	$ (400,435)	$ (6,714)	$ (859)	$ (461,983)
2023	(1,698)	(82,780)	(196)	13,355	(71,319)
2024	16,469	34,882	2,045	18,709	72,105
2025	27,309	104,261	3,338	23,092	158,000
2026	-	(29,062)	-	13,889	(15,173)
Thereafter	-	(46,363)	-	40,895	(5,468)
Total	$ (11,894)	$ (419,495)	$ (1,528)	$ 109,079	$ (323,838)

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 $1,067,644.

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 $(601,134).

Proportionate Share (%)		**1.95097%**
Service Cost	$	91,149
Interest		64,831
Amortization of Differences Between Expected and Actual Experience		(132,919)
Amortization of Changes of Assumptions		(78,605)
Expected Earnings on Plan Investments		(34,239)
Amortization of Difference between Projected and Actual Earnings on Plan Investments		(25,187)
Proportionate Share of Collective Pension Expense		**(114,971)**
Amortization of the Change in Proportionate Share of TPL		21,888
Benefit payments and Employer Contributions		(51,662)
Beginning Balance Net Position		(456,390)
Total Pension Expense	**$**	**(601,134)**

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**
SBRP	18	5	86	109

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:

Development of Net Pension Liability		
		Amount
Service Cost	$	91,149
Interest		64,855
Differences Between Expected and Actual Experience		(584,920)
Changes in Assumptions		(1,055,669)
Benefit Payments		(38,863)
Change in Proportionate Share of TPL		(102,018)
Net Change in Total Pension Liability		(1,625,466)
Total Pension Liability - Beginning		2,963,615
Total Pension Liability - Ending	**$**	**1,338,149**
Plan Fiduciary Net Position		
Contributions - Employer	$	12,798
Net Investment Income		160,194
Net Change in Plan Fiduciary Net Position		**172,992**
Plan Fiduciary Net Position-Beginning		456,390
Plan Fiducairy Net Position-Ending		**629,382**
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)	**$**	**708,767**

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%)
$ 849,198	$ 708,767	$ 587,866

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:

	SBRP	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 190,220	$ 771,941
Changes of Assumptions	448,528	979,093
Changes in College's proportionate share of pension liabilities	172,012	77,764
Differences beteween Projected and Actual Earnings on Plan Investments		100,748
	$ 810,760	$ 1,929,546

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:

State Board Supplemental Retirement Plan	
2022	(214,823)
2023	(214,823)
2024	(182,671)
2025	(134,424)
2026	(133,156)
Thereafter	(238,890)

NOTE 14 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*	382
Retirees Receiving Benefits**	111
Retirees Not Receiving Benefits***	18
Total Active Employees and Retirees	511

*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		1
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

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 $17,754,575. 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*	Trend rate assumptions vary slightly by medical plan. Initial rate is approximately 2-11%, reaching an ultimate rate of approximately 4.3% in 2075
Post-Retirement Participation Percen	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 the 2013-2018 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	6/30/2020
Actuarial Measurement Dat	6/30/2020
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:

Proportionate Share %		0.29321%
Service cost	$	736,761
Interest Cost		616,313
Differences between expected and actual experience *		(94,444)
Changes in assumptions *		399,508
Benefit payments		(293,436)
Changes in Proportionate Share *		(24,891)
Other		(627,760)
Net change in total OPEB liability		712,051
Total OPEB liability - beginning		17,042,524
Total OPEB liability - ending	$	17,754,575

*The recognition period for these changes is nine years. This is equal to the average expected remaining service lives of all active and inactive members.

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
$ 21,496,413	$ 17,754,575	$ 14,841,022

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 Trend Rate Sensitivity

1% Decrease	Current Discount Rate	1% Increase
14,468,093	17,754,575	22,160,706

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 $166,711. OPEB expense consists of the following elements:

Proportionate Share %		0.29321%
Service cost	$	736,761
Interest Cost		616,313
Amortization of Differences between expected and actual experience		54,424
Amortization of Changes in assumptions		(578,811)
Amortization Changes in Proportionate Share		(34,216)
Other Changes to Fidfuciary Net Position		(627,760)
Total OPEB Expense	$	166,711

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

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ 389,507	$ 83,950
Changes of Assumptions	1,220,864	4,187,267
Transactions subsequent to the measurement date	312,290	-
Changes in proportionate share	386,301	486,814
Total	$ 2,308,962	$ 4,758,031

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, 2022. 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:

Ended June 30,	**OPEB**
2022	(558,603)
2023	(558,603)
2024	(558,603)
2025	(558,603)
2026	(558,605)
Thereafter	31,658

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:

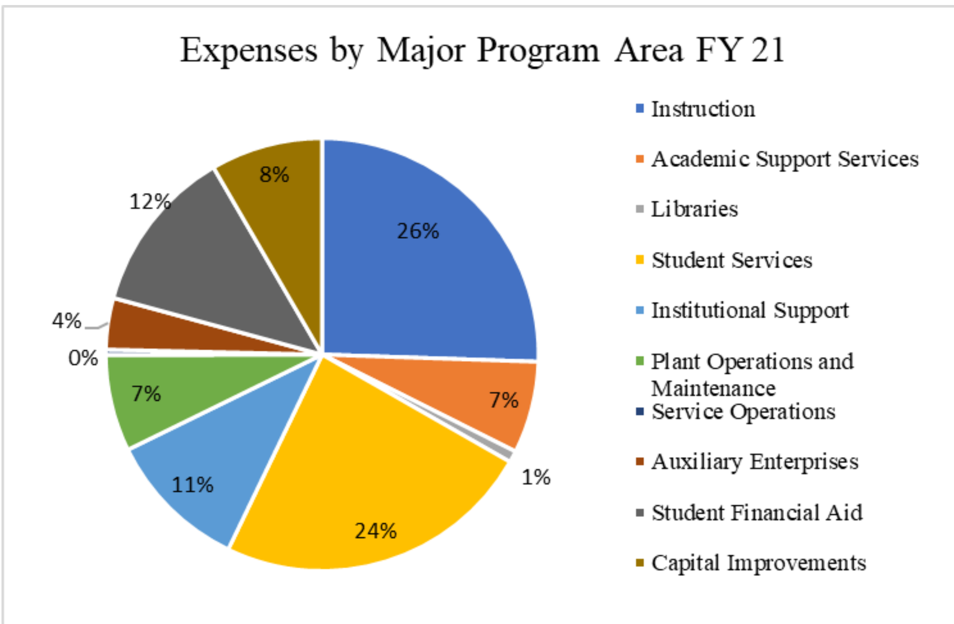
Proportionate Share (%) 2019		**0.2936412311%**
Proportionate Share (%) 2020		**0.2932123640%**
Total OPEB Liability - Ending 2020	$	17,042,524
Total OPEB Liability - Beginning 2021		17,017,633
Total OPEB Liability Change in Proportion		(24,891)
Total Deferred Inflows (Outflows) - 2020		(3,201,536)
Total Deferred Inflows (Outflows) - 2021		(3,196,860)
Total Deferred Inflows/Outflows Change in Proportion		4,676
Total Change in Proportion	**$**	**(29,567)**

NOTE 15. 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.

Instruction	$	12,614,115	26%
Academic Support Services		3,392,731	7%
Libraries		425,778	1%
Student Services		11,808,000	24%
Institutional Support		5,234,743	11%
Plant Operations and Maintenance		3,570,558	7%
Service Operations		192,920	0%
Auxiliary Enterprises		1,904,238	4%
Student Financial Aid		6,041,946	12%
Capital Improvements		4,136,558	8%
Total	$	49,321,587	

The following chart shows operating expenses by program for the year ending June 30, 2021.



NOTE 16. Commitments and Contingencies

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 17. Prior period adjustments

The College recorded prior period adjustments totaling $2,031,822 for errors relating to timing of tuition and grant related revenues.

Required Supplementary Information

State Board Supplemental Defined Benefit Plans
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios

SBRP
As of June 30
Last Five Fiscal Years

Change in Total Pension Liability (Asset)	2021	2020	2019	2018	2017
Service cost	$ 91,149	$ 71,050	$ 54,011	$ 70,712	$ 97,942
Interest	64,831	79,924	65,331	64,984	63,535
Differences between expected and actual experience	(584,920)	168,400	123,173	(192,199)	(458,086)
Changes of assumptions	(1,055,669)	449,960	231,600	(65,021)	(108,121)
Benefit payments	(38,863)	(36,073)	(34,443)	(24,020)	(16,309)
Change in proportionate share of TPL	(102,018)	139,484	40,495	37,698	-
Net change in total pension liability	(1,625,490)	872,745	480,167	(107,846)	(421,040)
Total pension liability - beginning	2,963,615	2,090,869	1,610,702	1,718,547	2,139,587
Total pension liability - ending (a)	$ 1,338,125	$ 2,963,614	$ 2,090,869	$ 1,610,702	$ 1,718,547
Plan Fiduciary Net Position**					
Contributions - Employer	$ 12,798	n/a	n/a	n/a	n/a
Net Investment Income	160,170	n/a	n/a	n/a	n/a
Net Change in Plan Fiduciary Net Position	172,968				
Plan Fiduciary Net Position - Beginning	456,390				
Plan Fiduciary Net Position - Ending (b)	$ 629,358	$	$	$	$
Plan's Net Pension Liability (Asset) - Ending (a) - (b)	$ 708,767	$	$	$	$
College's proportion of pension liability	2.0200%	2.0205%	1.8942%	1.8477%	1.8080%
Covered-employee payroll	$ 13,082,061	$ 12,174,844	$ 11,349,712	$ 10,830,863	$10,493,138
Total pension liability as a percent of covered payroll	10.23%	24.34%	18.42%	14.87%	16.38%

**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
Schedule of Employer Contributions

SBRP
As of June 30
Last Fiscal Year

Year Ended June 30,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	$ 1,067,644	$ (1,067,644)	$ -	$ 13,082,061	8.16%

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 were considered accumulated in trusts or equivalent arrangements prior to fiscal year 2021. 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.

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

Cost Sharing Employer Plans
Schedule of Proportionate Share of the Net Pension Liability (Asset)

PERS 1
As of June 30
Last Seven Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.060508%	$ 2,136,259	$ 9,153,461	23.34%	68.64%
2019	0.061774%	2,375,430	8,651,604	27.46%	67.12%
2018	0.061034%	2,725,798	8,076,087	33.75%	63.22%
2017	0.060039%	2,848,897	7,534,020	37.81%	61.24%
2016	0.059615%	3,201,606	7,088,864	45.16%	57.03%
2015	0.058480%	3,059,048	6,659,738	45.93%	59.10%
2014	0.056804%	2,861,528	6,141,255	46.60%	61.19%

PERS 2/3
As of June 30
Last Seven Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.078660%	$ 1,006,017	$ 9,146,989	11.00%	97.22%
2019	0.079117%	768,495	8,626,788	8.91%	97.77%
2018	0.077461%	1,322,577	8,037,846	16.45%	95.77%
2017	0.076363%	2,653,248	7,497,276	35.39%	90.97%
2016	0.075574%	3,805,091	7,052,812	53.95%	85.82%
2015	0.074665%	2,667,824	6,624,698	40.27%	89.20%
2014	0.070723%	1,429,567	6,048,603	23.63%	93.29%

TRS 1
As of June 30
Last Seven Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.009862%	$ 237,554	$ 714,691	33.24%	70.55%
2019	0.009790%	242,381	662,895	36.56%	70.37%
2018	0.010987%	320,885	655,876	48.92%	70.37%
2017	0.010386%	313,997	573,979	54.71%	65.58%
2016	0.008230%	280,992	418,067	67.21%	62.07%
2015	0.007150%	226,522	353,651	64.05%	65.70%
2014	0.006548%	193,131	311,323	62.04%	68.77%

TRS 2/3
As of June 30
Last Seven Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.009993%	$ 153,491	$ 714,691	21.48%	91.72%
2019	0.009890%	59,591	662,895	8.99%	96.36%
2018	0.011177%	50,309	655,876	7.67%	96.36%
2017	0.010640%	98,201	573,979	17.11%	93.14%
2016	0.008428%	115,741	418,067	27.68%	88.72%
2015	0.007566%	63,842	353,651	18.05%	92.48%
2014	0.007061%	22,806	311,323	7.33%	96.81%

Cost Sharing Employer Plans
Schedule of Employer Contributions

PERS 1
As of June 30
Last Eight Fiscal Years

Year Ended June 30,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contributio n deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	$ 431,449	$ (431,449)	$	$ 8,873,004	4.86%
2020	436,237	(436,237)		$ 9,153,462	4.77%
2019	444,492	(444,492)	-	8,651,603	5.14%
2018	411,848	(411,848)	-	8,070,279	5.10%
2017	365,811	(365,811)	-	7,534,020	4.86%
2016	338,077	(338,077)	-	7,088,864	4.77%
2015	268,776	(268,776)	-	6,659,738	4.04%
2014	251,435	(251,435)	-	6,141,255	4.09%

PERS 2/3
As of June 30
Last Eight Fiscal Years

Year Ended June 30,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	$ 701,788	$ (701,788)	$ -	$ 8,860,962	7.92%
2020	724,214	(724,214)	-	9,146,989	7.92%
2019	648,378	(648,378)	-	8,626,787	7.52%
2018	603,053	(603,053)	-	8,032,145	7.51%
2017	474,922	(474,922)	-	7,497,276	6.33%
2016	436,283	(436,283)	-	7,052,812	6.19%
2015	332,598	(332,598)	-	6,624,698	5.02%
2014	298,762	(298,762)	-	6,048,603	4.94%

TRS 1
As of June 30
Last Eight Fiscal Years

Year Ended June 30,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	$ 56,601	$ (56,601)	$ -	$ 767,494	7.37%
2020	51,494	(51,494)	-	714,691	7.21%
2019	48,882	(48,882)	-	662,895	7.37%
2018	46,205	(46,205)	-	650,223	7.11%
2017	36,244	(36,244)	-	573,979	6.31%
2016	18,729	(18,729)	-	418,067	4.48%
2015	16,001	(16,001)	-	353,651	4.52%
2014	12,948	(12,948)	-	311,323	4.16%

TRS 2/3
As of June 30
Last Eight Fiscal Years

Year Ended June 30,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	$ 62,551	$ (62,551)	$ -	$ 767,494	8.15%
2020	57,987	(57,987)	-	714,691	8.11%
2019	51,905	(51,905)	-	662,895	7.83%
2018	49,880	(49,880)	-	650,223	7.67%
2017	38,741	(38,741)	-	573,979	6.75%
2016	33,794	(33,794)	-	418,067	8.08%
2015	20,107	(20,107)	-	353,651	5.69%
2014	17,326	(17,326)	-	311,323	5.57%

Cost Sharing Employer Plans
Notes to Required Supplemental Information

As of June 30
Last Eight Fiscal Years

Note 1: Information Provided

GASB 68 was implemented for the year ended June 30, 2014 for retirement plans administered by Department of Retirement Systems (DRS); therefore, there is no data available for years prior to 2014 for these plans.

Note 2: Significant Factors

There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions for DRS administered plans.

Other Postemployment Benefits (OPEB) Information

Schedule of Changes in Total OPEB Liability and Related Ratios
Fiscal Year Ended June 30*

Total OPEB Liability	**2021**	**2020**	**2019**	**2018**
Service cost	$ 736,761	$ 690,062	$ 924,226	$ 1,126,806
Interest cost	616,313	598,589	635,400	527,803
Difference between expected and actual experience	(94,444)	-	579,997	-
Changes in assumptions	399,508	1,114,729	(4,046,125)	(2,574,632)
Benefit payments	(293,436)	(273,818)	(268,361)	(268,976)
Changes in proportionate share	(24,891)	130,447	336,320	(841,668)
Other	(627,760)	-	-	-
Net Changes in Total OPEB Liability	712,051	2,260,009	(1,838,543)	(2,030,667)
Total OPEB Liability - Beginning	17,042,524	14,782,515	16,621,058	18,651,725
Total OPEB Liability - Ending	$ 17,754,575	$ 17,042,524	$ 14,782,515	$ 16,621,058
College's proportion of the Total OPEB Liability (%)	0.293212%	0.293641%	0.291073%	0.285300%
Covered-employee payroll	$ 21,830,172	$ 21,316,787	$ 19,985,746	$ 18,838,019
Total OPEB Liability as a percentage of covered-employee payroll	81.330440%	79.948840%	73.965290%	88.231454%

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

Notes to Required Supplementary Information - OPEB

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.