Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Columbia Basin College

For the period July 1, 2020 through June 30, 2021

Published August 15, 2022

Report No. 1030925

Office of the Washington State Auditor
Pat McCarthy

August 15, 2022

Board of Trustees
Columbia Basin College
Pasco, Washington

Report on Financial Statements

Please find attached our report on the Columbia Basin College's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Columbia Basin College
July 1, 2020 through June 30, 2021

Board of Trustees
Columbia Basin College
Pasco, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the Columbia Basin College, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated August 3, 2022.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

August 3, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Columbia Basin College
July 1, 2020 through June 30, 2021

Board of Trustees
Columbia Basin College
Pasco, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the Columbia Basin 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Columbia Basin College, as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Matters of Emphasis

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 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 the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Pat McCarthy, State Auditor

Olympia, WA

August 3, 2022

FINANCIAL SECTION

Columbia Basin College
July 1, 2020 through June 30, 2021

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2021
Statement of Revenues, Expenses and Changes in Net Position – 2021
Statement of Cash Flows – 2021
Columbia Basin College Foundation Statement of Financial Position – 2021
Columbia Basin College Foundation Statement of Activities and Changes in Net Assets – 2020
Columbia Basin College Foundation Statement of Cash Flows – 2021
Notes to Financial Statements – 2021

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3, TRS 1, TRS 2/3 – 2021
Schedule of Employer Contributions – PERS 1, PERS 2/3, TRS 1, TRS 2/3 – 2021
Schedule of Changes in the Net Pension Liability and Related Ratios – PERS 1, PERS 2/3, TRS 1, TRS 2/3 – 2021
Schedule of Changes in the Net Pension Liability and Related Ratios – State Board Supplemental Defines Benefit Plans and Notes – 2021
Schedule of Employer Contributions – State Board Supplemental Defined Benefit Plans – 2021
Schedule of Changes in Total OPEB Liability and Related Ratios – 2021

Management's Discussion and Analysis

Columbia Basin College

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

Columbia Basin 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 10,157 students. The College confers applied baccalaureate degrees, associate degrees, certificates and high school diplomas. The College was established in 1955 and its primary purpose is to be an engine for social mobility through higher education, the foundation for which is an open access policy that seeks to eliminate barriers to matriculation, retention, and graduation of residents.

The College's main campus is located in Pasco, Washington, a community of about 77,000 residents. The College also has operations in Richland, Washington. 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 units. The College's financial statements include the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the College as of June 30, 2021. The Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash flows provide information about operations and activities over the entire fiscal year. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess the college's financial health.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net position are reported under the accrual basis of accounting where all of the current year's revenues and expenses are 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, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College as of the end of the fiscal year. A condensed comparison of the Statement of Net Position is as follows:

Condensed Statement of Net Position As of June 30, 2021	2021	2020
Assets		
Current Assets	$ 46,249,847	$ 24,397,345
Capital Assets, net	$ 129,517,905	$ 118,537,589
Other Assets, non-current	$ 16,462,442	$ 15,964,051
Total Assets	$ 192,230,194	$ 158,898,985
Deferred Outflows of Resources	$ 5,783,558	$ 5,307,976
Liabilities		
Current Liabilities	$ 10,957,171	$ 11,823,918
Other Liabilities, non-current	$ 54,887,631	$ 36,882,479
Total Liabilities	$ 65,844,802	$ 48,706,398
Deferred Inflows of Resources	$ 9,939,408	$ 8,825,555
Net Position		
Net Investment in Capital Assets	$ 101,632,002	$ 110,907,418
Restricted	$ 341,518	$ 523,326
Unrestricted	$ 20,256,022	$ (4,755,736)
Total Net Position	$ 122,229,542	$ 106,675,008

Current assets consist primarily of cash, investments, various accounts receivables and inventories. The significant increase of current assets in FY 2021 can be attributed to a new receivable related to the Certificate of Participation (COP) for construction of the Student Recreation Center Building.

Net capital assets increased by $10.9 million from FY 2020 to FY 2021. After taking into consideration current depreciation expense of $3,796,041, the majority of the increase is the result of the construction of the Student Recreation Center which is expected to be completed April 2022.

Non-current assets consist primarily of the long-term portion of certain investments. The $498 thousand increase is due to reinvestment of interest.

Deferred outflows of resources and deferred inflows of resources represent deferrals in pension and postemployment benefits associated related to GASB Statement No. 68 and Statement No.

75. The increase in deferred outflows reflect the College's proportionate share of an increase in the state-wide amounts reported by the Department of Retirement System (DRS) and Health Care Authority (HCA) due to differences between expected and actual experience related to the actuarial assumptions. The College recorded $5,307,976 in FY 2020 and $5,335,207 in FY2021 of pension and postemployment-related deferred outflows.

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

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

The decrease in current liabilities from FY 2020 to FY 2021 is due to the result of increased timely invoices from vendors and a reduction of accrued payables.

There was a slight decrease in unearned revenue, due to an enrollment decline related to the COVID-19 Pandemic.

Non-current liabilities primarily consist of the value of vacation and sick leave earned but not yet used by employees and the long-term portion of Certificates of Participation debt. The College's significant increase in non-current liabilities is the result of a new Certificate of Participation to fund the Student Recreation Center building.

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

Net Investment in Capital Assets – The College's total investment in property, plant, equipment, and infrastructure net of accumulated depreciation and outstanding debt obligations related to those capital assets. Changes in these balances are discussed above.

Restricted:

Nonexpendable – consists of funds in which a donor or external party has imposed the restriction that the corpus or principal is not available for spending but for investment purposes only. Historically, donors interested in establishing such funds to benefit the College or its students have chosen to do so through the Foundation. As a result, the college is not reporting any balance in this category.

Expendable – resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties who have placed time or purpose restrictions on the use of the asset. The primary expendable funds for the College are dedicated student financial aid.

Unrestricted – Includes all other assets not subject to externally imposed restrictions, but which may be designated or obligated for specific purposes by the Board of Trustees or management. 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 Position As of June 30th	**FY 2021**	**FY 2020**
Net investment in capital assets	$101,632,002	$110,907,418
Restricted		
Expendable (description)	$341,518	$523,326
Unrestricted	$20,256,022	-$4,755,736
Total Net Position	**$122,229,542**	**$106,675,008**

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position accounts for the College's changes in total net position during FY 2021. The objective of the statement is to present the revenues earned, both operating and non-operating, and the expenses paid or incurred by the College, along with any other revenue, expenses, gains and losses of the College.

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

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

A condensed comparison of the College's revenues, expense and changes in net position for the years ended June 30, 2021 and 2020 is presented below.

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

	2021	2020
Operating Revenues		
Student tuition and fees, net	12,772,620	12,328,041
Auxiliary enterprise sales	2,798,231	2,924,134
Grants and contracts	23,189,705	20,276,248
Other operating revenues	968,515	1,534,408
Total operating revenues	**39,729,071**	**37,062,831**
Non-Operating Revenues		
State appropriations	30,206,086	26,514,369
Federal Pell grant revenue	8,361,991	9,317,484
Federal non-operating revenues	9,691,916	2,162,993
Other non-operating revenues	346,364	549,321
Total non-operating revenues	48,606,357	38,544,167
Total revenues	**88,335,428**	**75,606,998**
Operating Expenses		
Salaries and Benefits	43,366,226	40,998,814
Scholarships	10,422,642	8,946,575
Depreciation	3,796,041	4,048,515
Other operating expenses	14,952,848	12,176,869
Total operating expenses	**72,537,757**	**66,170,773**
Non-Operating Expenses		
Building fee remittance	1,764,047	1,769,570
Other non-operating expenses	1,649,700	885,103
Total non-operating expenses	**3,413,748**	**2,654,673**
Total expenses	75,951,505	68,825,446
Excess before capital contributions	**12,383,923**	**6,781,552**
Capital appropriations and contributions	**3,170,611**	**656,843**
Change in Net position	**15,554,534**	**7,438,395**
Net Position		
Net position, beginning of year	106,675,008	99,236,613
Net position, end of year	**122,229,542**	**106,675,008**

Revenues

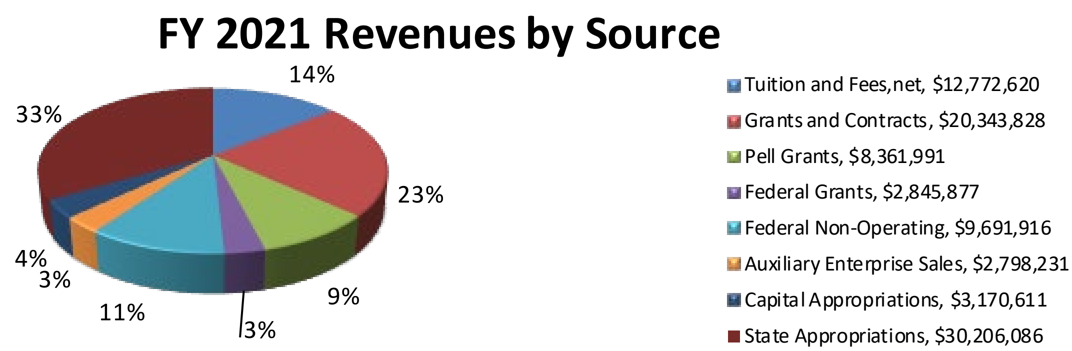
The state of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college. In FY 2018, the SBCTC allocated funds to each of the 34 college's based on 3 year average FTE actuals. Additionally, the Supplemental Budget also reduces the general fund by the amount set aside specifically for Pension Stabilization. This method of allocation will continue in FY21.

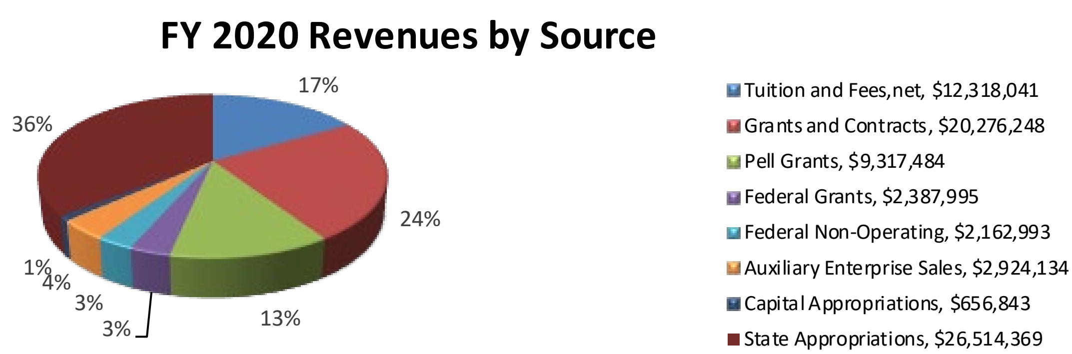
In FY 2021, the College's minimal increase in tuition and fee revenue is primarily attributable to the decline in enrollment balanced by the HEERF funding allowance to pay off student debt.

Pell grant revenues generally follow enrollment trends. As the College's enrollment softened during FY 2021, so did the College's Pell Grant revenue. For FY 2021, the College attempted to keep hold other fees as stable as possible, resulting in only small changes in these revenues. In addition, the College serves some students and offers some programs on a fee-only basis, as allowed by law.

In FY 21, grant and contract revenues increased by $2.9 million when compared with FY 20. 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 serves contracted international students who are not supported by state dollars. The College also received GEERs grant funding through the state.

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





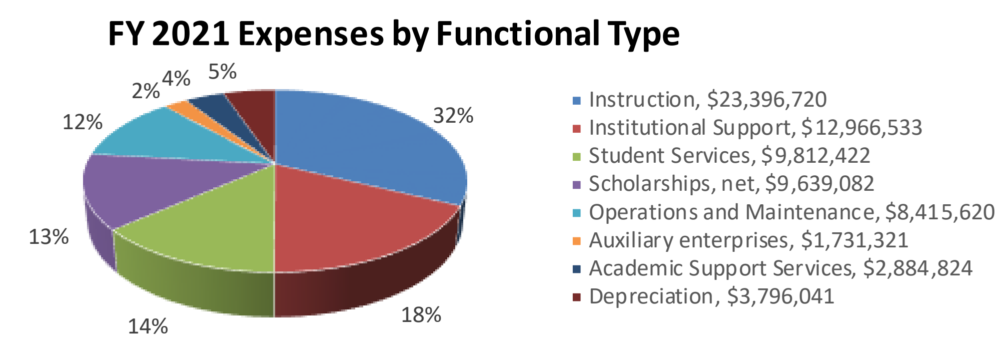
Expenses

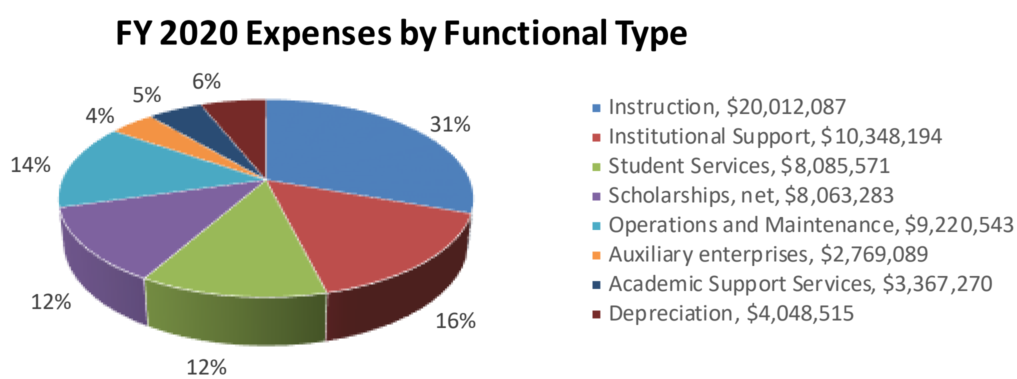
Faced with enrollment declines, the College has continuously sought opportunities to identify savings and efficiencies.

More recently, in FY 2021, salary and benefit costs increased as result of the 2.2% faculty salary increase by the Legislature, the decline in enrollment, adding positions for implementation of ctcLink, and having to compete in the job market in order to replace retiring exempt employees.

Supplies and materials and purchased services are significantly higher in FY 2021, primarily as a result of a increased spending related to materials for returning to campus, software for hybrid modalities, and capital projects. Certain capital project costs do not meet accounting criteria for capitalization as part of the cost of the building and are instead recognized as supplies and materials or purchased services costs. These fluctuations are to be expected. Depreciation expense is also primarily driven by capital activity, with the annual depreciation expense showing a significant increase in any year when a new building is placed in service.

Comparison of Selected Operating Expenses by Function
The chart below shows the amount, in dollars, for selected functional areas of operating expenses for FY 2021 and FY 2020.





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 several 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 $129,517,904 in capital assets, net of accumulated depreciation. This represents an increase of $10,980,317 from last year, as shown in the table below.

Asset Type		**June 30, 2021**		**June 30, 2020**		**Change**
Land		1,885,831		1,885,831	$	-
Construction in Progress		15,792,650		1,991,323		13,801,327
Buildings, net		108,104,357		111,130,785		(3,026,428)
Other Improvements and Infrastructure, net		359,577		427,697		(68,120)
Equipment, net		3,278,578		3,011,790		266,788
Library Resources, net		96,911		90,161		6,750
Total Capital Assets, Net	$	129,517,904	$	118,537,587	$	10,980,317

The increase in net capital assets can be attributed to the significant capital projects that were in process on June 30, 2021 including the Student Recreation Center. Additional information on capital assets can be found in Note 6 of the Notes to the Financial Statements.

At June 30, 2021, the College had $21,975,000 in outstanding debt including the unamortized premium of the Certificates of Participation. This represents an increase $14,344,830 from last year, as shown in the table below. The College entered into a Certificate of Participation (COP) for the Student Recreation Center building during FY 2021.

		June 30, 2021		**June 20, 2020**		**Change**
Certificates of Participation		21,975,000		1,316,257		20,658,743
Capital Leases		-		6,313,913		(6,313,913)
Total	**$**	**21,975,000**	**$**	**7,630,170**	**$**	**14,344,830**

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

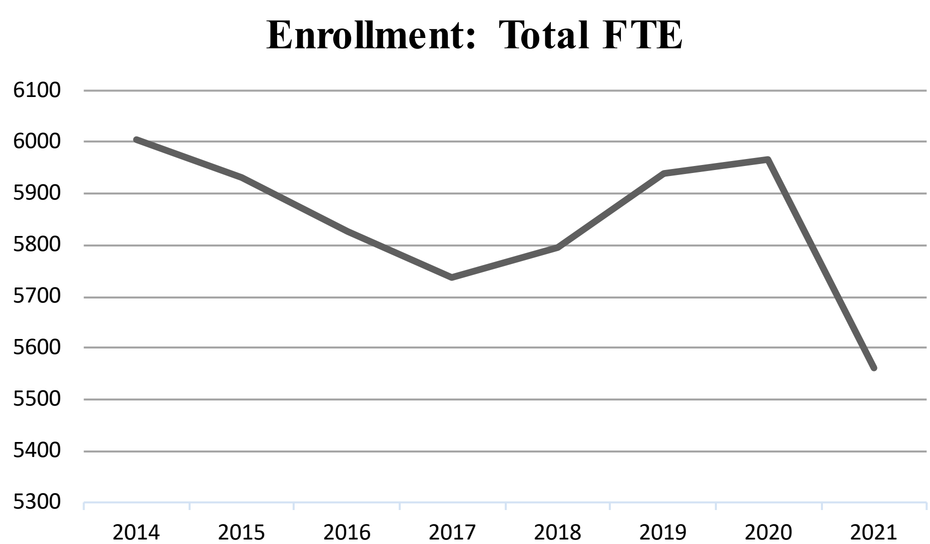
Economic Factors That May Affect the Future

In FY 2017, the State Board for Community and Technical College elected to move to a new allocation model, changing how the state allocated funds are distributed to each college. The new model is based on performance in several key indicators, from general enrollments to enrollments in high cost programs, as well as student completion and achievement points. The model is based on a three-year rolling average of enrollments and completions, comparative to other institutions in the state. Due to decrease in enrollment, it is estimated that the College will likely see a decrease in state operating appropriations in the future.

In fiscal year 2021 we received a significant increase in funding as a result of the Workforce Education Investment Act (E2SHB 2158). The bill created a new fund, the Workforce Education Investment Account. Appropriations from the account are supported by an increase in the Business and Occupation tax. These funds were allocated to the colleges as directed in the legislation. Most of these appropriations are budgeted to continue in fiscal year 2021. There were no other significant changes to the method of allocating funds to college districts.

As the College continues to be affected by the results of the COVID-19 pandemic, a significant decrease in enrollments has been experienced. While historically colleges have seen an increase in enrollments in times of higher unemployment, that has not been the trend the College has experienced at this time. The College will be looking closely at budgets and ways to innovate instruction to attract more students.

The below chart shows the declining enrollment trend since the start of the COVID 19 pandemic.



Columbia Basin College

Statement of Net Position

June 30, 2021

Assets	
Current assets	
Cash and cash equivalents	$ 10,926,339
Restricted cash	291,090
Short-term investments	5,904,449
Accounts receivable	28,803,193
Interest receivable	5,913
Inventories	306,674
Prepaid expenses	12,190
Total current assets	46,249,847
Non-Current Assets	
Long-term investments	16,462,442
Non-depreciable capital assets	17,678,481
Capital assets, net of depreciation	111,839,424
Total non-current assets	145,980,347
Total assets	**192,230,194**
Deferred Outflows of Resources	
Deferred outflows related to pensions	3,227,117
Deferred outflows related to OPEB	2,556,441
Total deferred outflows of resources	5,783,558
Liabilities	
Current Liabilities	
Accounts payable	2,157,781
Accrued liabilities	3,472,271
Compensated absences, current portion	1,523,870
Deposits payable	275,318
Unearned revenue	2,477,258
Certificates of participation payable, current portion	610,000
Net Pension liability, current portion	64,617
Total OPEB liability, current portion	376,056
Total current liabilities	10,957,171
Non-Current Liabilities	
Compensated absences	2,473,863
Certificates of participation payable	27,275,903
Net pension liability	4,134,065
Total OPEB liability	21,003,799
Total non-current liabilities	54,887,631
Total liabilities	**65,844,802**
Deferred Inflows of Resources	
Deferred inflows related to pensions	3,883,898
Deferred inflows related to OPEB	6,055,510
Total deferred inflows of resources	9,939,408

Net Position

Net Investment in Capital Assets		101,632,002
Restricted for:		
Expendable		341,518
Unrestricted		20,256,022
Total Net Position	**$**	**122,229,542**

The footnote disclosures are an integral part of the financial statements.

Columbia Basin College

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2021

Operating Revenues		
Student tuition and fees, net of scholarship discounts and allowances	$	12,772,620
Auxiliary enterprise sales		2,798,231
State and local grants and contracts		20,343,828
Federal grants and contracts		2,845,877
Other operating revenues		968,515
Total operating revenue		39,729,071
Operating Expenses		
Salaries and wages		34,147,588
Benefits		9,218,637
Scholarships and fellowships		10,422,642
Supplies and materials		2,332,682
Depreciation		3,796,041
Purchased services		1,967,131
Utilities		1,219,255
Other operating expenses		9,433,780
Total operating expenses		72,537,757
Operating income (loss)		(32,808,686)
Non-Operating Revenues (Expenses)		
State appropriations		30,206,086
Federal non-operating revenue		9,691,916
Federal Pell grant revenue		8,361,991
Investment income, gains and losses		346,364
Building fee remittance		(1,764,047)
Innovation fund remittance		(455,713)
Interest on indebtedness		(1,193,987)
Net non-operating revenue (expenses)		**45,192,609**
Income or (loss) before other revenues, expenses, gains, or losses		12,383,923
Capital Contributions		
Capital appropriations		3,170,611
Increase (Decrease) in net position		15,554,534
Net Position		
Net position, beginning of year		106,675,008
Net position, end of year	$	122,229,542

The footnote disclosures are an integral part of the financial statements.

Columbia Basin College

Statement of Cash Flows

For the Year Ended June 30, 2021

Cash flows from operating activities	
Student tuition and fees	$ 12,615,470
Grants and contracts	20,563,909
Payments to vendors	(5,924,826)
Payments for utilities	(590,805)
Payments to employees	(33,485,064)
Payments for benefits	(11,238,431)
Auxiliary enterprise sales	(15,139,053)
Payments for scholarships and fellowships	(10,422,642)
Other receipts	3,630,125
Other payments	(12,732,382)
Net cash used by operating activities	(52,723,699)
Cash flows from noncapital financing activities	
State appropriations	28,351,598
Pell grants	8,361,991
Amounts for other than capital purposes	9,691,916
Building fee remittance	(1,764,141)
Innovation fund remittance	(459,341)
Net cash provided by noncapital financing activities	44,182,022
Cash flows from capital and related financing activities	
Expense of COP	(296,434)
Capital appropriations	2,903,985
Purchases of capital assets	(14,944,708)
Principal on capital debt	20,183,743
Interest paid	(1,193,987)
Net cash used by capital and related financing activities	6,652,599
Cash flows from investing activities	
Purchase of investments	(139,009)
Income of investments	346,364
Net cash provided by investing activities	207,355
Increase in cash and cash equivalents	(1,681,723)
Cash and cash equivalents at the beginning of the year	12,899,152
Cash and cash equivalents at the end of the year	11,217,429
Operating Loss	(32,808,686)

Adjustments to reconcile net loss to net cash used by operating activities

Depreciation expense		3,796,041
Changes in assets and liabilities		
Receivables, net		(21,245,838)
Inventories		17,504
Other assets		(3,663)
Accounts payable		(841,387)
Accrued liabilities		141,689
Unearned revenue		(78,071)
Compensated absences		437,068
Pension liability adjustment		(2,108,707)
Deposits payable		(29,650)
Net cash used by operating activities	$	(52,723,699)

The footnote disclosures are an integral part of the financial statements.

Columbia Basin College Foundation
Statements of Financial Position
June 30, 2021 and 2020

ASSETS	2021	2020
Cash and cash equivalents	**$ 689,162**	$ 928,702
Investments	**1,201,041**	344,605
Restricted cash and cash equivalents	**496,527**	1,893,563
Restricted investments	**625,364**	235,582
Investments and cash equivalents restricted for endowments	**21,955,172**	16,492,237
Cash held in charitable remainder trust	**-**	220,100
Real estate held in charitable remainder trust	**-**	485,465
Residence held subject to life interest	**-**	352,944
Advances to Columbia Basin College	**-**	7,722,956
Promises to give	**33,000**	38,500
Promise to give from Kadlec Medical Center	**-**	1,000,000
Total assets	**$ 25,000,266**	$ 29,714,654
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	**$ 52,098**	$ 47,877
Notes payable	**-**	7,692,847
Annuity payable from charitable remainder trust	**-**	13,500
Total liabilities	**52,098**	7,754,224
Net assets		
Without donor restrictions	**2,781,703**	1,840,043
With donor restrictions	**22,166,465**	20,120,387
Total net assets	**24,948,168**	21,960,430
Total liabilities and net assets	**$ 25,000,266**	$ 29,714,654

See accompanying notes to financial statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions	$ 777,545	$ 653,309	**$ 1,430,854**
Investment return, net	336,865	3,456,260	**3,793,125**
Support from Columbia Basin College	504,389	-	**504,389**
Special events	-	123,555	**123,555**
Other	12,195	-	**12,195**
Actuarial adjustment of split interest agreements	-	34,110	**34,110**
Total revenue and support	1,630,994	4,267,234	**5,898,228**
Net assets released from restrictions	2,221,156	(2,221,156)	**-**
Expenses			
Program services	2,080,793	-	**2,080,793**
Management and general	444,103	-	**444,103**
Fundraising	385,594	-	**385,594**
Total expenses	2,910,490	-	**2,910,490**
Change in net assets	941,660	2,046,078	**2,987,738**
Net assets, beginning of year	1,840,043	20,120,387	**21,960,430**
Net assets, end of year	**$ 2,781,703**	**$ 22,166,465**	**$ 24,948,168**

See accompanying notes to financial statements.

Columbia Basin College Foundation
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions	$ 330,264	$ 823,485	**$ 1,153,749**
Investment return, net	188,187	79,782	**267,969**
Support from Columbia Basin College	462,286	-	**462,286**
Special events	-	15,077	**15,077**
Other	23,280	-	**23,280**
Actuarial adjustment of split interest agreements	-	199,275	**199,275**
Total revenue and support	1,004,017	1,117,619	**2,121,636**
Net assets released from restrictions	2,650,871	(2,650,871)	-
Expenses			
Program services	2,949,147	-	**2,949,147**
Management and general	422,063	-	**422,063**
Fundraising	457,887	-	**457,887**
Total expenses	3,829,097	-	**3,829,097**
Change in net assets	(174,209)	(1,533,252)	**(1,707,461)**
Net assets, beginning of year	2,014,252	21,653,639	**23,667,891**
Net assets, end of year	**$ 1,840,043**	**$ 20,120,387**	**$ 21,960,430**

See accompanying notes to financial statements.

Columbia Basin College Foundation
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities		
Cash received from contributions	**$ 3,485,316**	$ 989,935
Cash received from investment income	**350,896**	628,766
Cash received from other sources	**46,305**	23,280
Cash paid for salaries and benefits	**(51,660)**	(75,689)
Cash paid for interest	**(122,037)**	(319,802)
Cash paid for other expenses	**(2,228,183)**	(3,053,975)
Net cash provided by (used in) operating activities	**1,480,637**	(1,807,485)
Cash flows from investing activities		
Purchases of investments	**(9,592,885)**	(4,543,682)
Sales or maturity of investments	**6,325,961**	5,651,794
Collections on advances to Columbia Basin College	**7,722,956**	345,449
Net cash provided by investing activities	**4,456,032**	1,453,561
Cash flows from financing activities		
Cash received from contributions restricted for investments in endowments	**119,602**	247,645
Principal payments on notes payable	**(7,692,847)**	(364,520)
Net cash used in financing activities	**(7,573,245)**	(116,875)
Net decrease in cash and cash equivalents	**(1,636,576)**	(470,799)
Cash and cash equivalents, beginning of year	**2,822,265**	3,293,064
Cash and cash equivalents, end of year	**$ 1,185,689**	$ 2,822,265
Reconciliation of Cash and Cash Equivalents to the Statements of Financial Position		
Cash and cash equivalents	**$ 689,162**	$ 928,702
Restricted cash and cash equivalents	**496,527**	1,893,563
Total cash and cash equivalents	**$ 1,185,689**	$ 2,822,265

See accompanying notes to financial statements.

Columbia Basin College Foundation
Statements of Cash Flows (Continued)
Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Change in net assets	**$ 2,987,738**	$ (1,707,461)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
(Gain) loss on investments	**(3,442,229)**	360,797
Contributions restricted for:		
Investments in endowments	**(119,602)**	(247,645)
Actuarial adjustments of split interest agreements	**(34,110)**	(199,275)
Distributions from trusts	**1,079,119**	-
(Increase) decrease in assets:		
Promises to give	**5,500**	78,910
Promise to give from Kadlec Medical Center	**1,000,000**	(9,892)
Residence held subject to life interest	**-**	30,986
Prepaid expenses	**-**	1,313
Increase (decrease) in liabilities:		
Accounts payable	**4,221**	(115,218)
Net cash provided by (used in) operating activities	**$ 1,480,637**	$ (1,807,485)

See accompanying notes to financial statements.

Notes to the Financial Statements

June 30, 2021

These notes form an integral part of the financial statements.

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

Columbia Basin College (the College) is a comprehensive community college offering open-door academic programs, workforce education, basic skills, and community services. The College confers 114 applied baccalaureate degrees, associates degrees, certificates and high school diplomas. It is governed by a five-member Board of Trustees appointed by the Governor and confirmed by the state Senate. The College is an agency of the State of Washington. The financial activity of the college is included in the State's Annual Comprehensive Financial Report. These notes form an integral part of the financial statements.

The Columbia Basin College Foundation (the Foundation) is a separate but affiliated non-profit entity, incorporated under Washington law in 1984 and recognized as a tax exempt 501(c)(3) charity. The Foundation's charitable purpose is to establish and cultivate a variety of productive and mutually beneficial relationships with individuals, corporations and other foundations for the benefit of Columbia Basin College. 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 $2,080,793 to the College for restricted and unrestricted purposes. A copy of the Foundation's complete financial statements may be obtained from the Foundation's Administrative Offices, Erin Fishburn, Executive Director at 509-542-5519 or efishburn@columbiabasin.edu.

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 in the investment portfolio is not included in cash and cash equivalents as it is held for investing purposes. Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets. The College records all cash and cash equivalents at fair value. All other investments are reported at fair value.

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

Accounts Receivable
Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. This also includes amounts due from federal,

state and local governments or private sources as allowed under the terms of grants and contracts. 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 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 are generally 3 to 7 years for equipment; 15 to 50 years for buildings and 20 to 50 years for infrastructure and land improvements.

Unearned Revenues

Unearned revenues occur when funds have been collected prior to the end of the fiscal year but related to the subsequent fiscal year. Unearned revenues also include tuition and fees paid with financial aid funds. The College has recorded summer and fall quarter tuition and fees, housing deposits 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.

Pension Liability

For purposes of measuring the net pension liability in accordance with GASB Statement No 68, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of Washington Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/deductions from PERS's and TRS's fiduciary net position have been determined on the same basis as they are reported by PERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources
Deferred outflows of resources represent consumption of net 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 Loans. The loan funds are established for the explicit purpose of providing student support as prescribed by statute or granting authority.
- Restricted for Expendable. These include resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.
- Unrestricted. These represent resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises.

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

Classification of Revenues and Expenses

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

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

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

Non-operating Revenues. This includes activities that are not directly related to the ongoing operations of the College, such as gifts and contributions, state appropriations, investment income and Pell Grants received from the federal government. In FY 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 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 $11,332,051.

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

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

Note 2 - Accounting and Reporting Changes

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.

"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."

Note 3 - Deposits and Investments

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

As of June 30, 2021, the carrying amount of the College's cash and equivalents was $11,217,429 as represented in the table below.

Cash and Cash Equivalents		**June 30, 2021**
Petty Cash and Change Funds	$	5,504
Bank Demand and Time Deposits		11,211,925
Total Cash and Cash Equivalents	**$**	**11,217,429**

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 U.S. Bank. All cash and equivalents, except for change funds and petty cash held by the

College, are insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the Washington Public Deposit Protection Commission (PDPC).

Investments
Investments consist of U.S. Treasury and Agency securities.

Fair value measurement is based on the assumptions that market participants would use in pricing the asset. The three levels of the fair value hierarchy are described as:

> 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.

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. All of the College's investments fall within the hierarchy of Level 1.

	Investment Maturities (in Years)		
Investment Type	**Fair Value**	**Less than 1**	**1 to 5**
U.S. Government Agency Securities	22,366,891	5,904,449	16,462,442
Total Investments	**22,366,891**	**5,904,449**	**16,462,442**

Interest Rate Risk—Investments
The College manages its exposure to fair value losses resulting from changes in interest rates by structuring the entire portfolio time horizon. Unless matched to a specific cash flow, the college generally will not directly invest in securities maturing more than five years form the state of purchase.

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

Custodial Credit Risk—Investments
Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At June 30, 2021, $22,366,891 of the College's operating fund investments, held by Time Value Investments and Charles Schwab as agents for the College, are exposed to custodial credit risk as follows.

Investments Exposed to Custodial Risk	**Fair Value**
Charles Schwab	17,336,277
Time Value Investments	5,030,614
Total Investments Exposed to Custodial Risk	**$ 22,366,891**

Investment Expenses
Investment income for the College is shown net of investment expenses. The investment expenses incurred for the fiscal year ended June 30, 2021 were $43,122.

Note 4 - Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. It also includes amounts due from federal, state and local governments or private sources in connection with reimbursements of allowable expenses made according to sponsored agreements. At June 30, 2021, accounts receivable were as follows:

Accounts Receivable	**Amount**
Student Tuition and Fees	$ 671,732
Due from the Federal Government	5,259,024
Due from Other State Agencies	22,166,619
Interest Receivable	5,913
Other	741,321
Subtotal	28,844,610
Less Allowance for Uncollectible Accounts	(35,504)
Accounts Receivable, net	**$ 28,809,106**

Note 5 – Inventories

Inventories, stated at cost FIFO method, as of June 30, 2021, were as follows:

Inventories	**Amount**
Merchandise Inventories	306,674
Inventories	**$ 306,674**

Note 6 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2021 is presented as follows. The current year depreciation expense was *$3,796,041.*

Capital Assets	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Capital assets, non-depreciable				
Land	$ 1,885,831	$ -	$ -	$ 1,885,831
Construction in progress	1,991,323	13,801,327	-	15,792,650
Total capital assets, non-depreciable	3,877,154	13,801,327	-	17,678,481
Capital assets, depreciable				
Buildings	151,855,820	-	-	151,855,820
Other improvements and infrastructure	1,610,233	-	-	1,610,233
Equipment	10,437,178	946,059	(163,744)	11,219,493
Library resources	698,087	31,890	-	729,977
Total capital assets, depreciable	164,601,318	977,950	(163,744)	165,415,524
Less accumulated depreciation				
Buildings	40,725,035	3,026,427	-	43,751,462
Other improvements and infrastructure	1,182,536	68,120	-	1,250,656
Equipment	7,425,388	676,353	(160,825)	7,940,915
Library resources	607,925	25,141	-	633,066
Total accumulated depreciation	49,940,884	3,796,041	(160,825)	53,576,100
Total capital assets, depreciable, net	114,660,434	(2,818,091)	(2,919)	111,839,424
Capital assets, net	**$ 118,537,588**	**$ 10,983,235**	**$ (2,919)**	**$ 129,517,905**

Note 7 - Accounts Payable and Accrued Liabilities

Accrued liabilities as of June 30, 2021, were as follows:

Accounts Payable and Accrued Liabilities	Amount
Amounts Owed to Employees	$ 2,676,074
Accounts Payable	2,157,781
Amounts Held for Others and Retainage	796,198
Total	**$ 5,630,052**

Note 8 - Unearned Revenue

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

Unearned Revenue	Amount
Summer Quarter Tuition & Fees	$ 2,477,258
Total Unearned Revenue	$ 2,477,258

Note 9 - Risk Management

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

The College purchases commercial property insurance through the master property program administered by the Department of Enterprise Services for buildings that were acquired with COP proceeds. The policy has a deductible of $250,000 per occurrence and the policy limit is $100,000,000 per occurrence. The college has had no claims in excess of the coverage amount within the past three years. The College assumes its potential property losses for most other buildings and contents.

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

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. The college finances these costs by assessing all funds a monthly payroll expense for unemployment compensation for all employees. Payments made for claims from July 1, 2020 through June 30, 2021, were $56,274. Cash reserves for unemployment compensation for all employees at June 30, 2021, were $40,000.

Note 10 - Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses and insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The accrued vacation leave totaled $2,082,011 and accrued sick leave totaled $1,915,723 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 11 - Notes Payable

In October 2021, the College financed for the Student Recreation Center through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $27 million. Students assessed themselves, on a quarterly basis, a mandatory fee to service the debt starting in 2018. The interest rate charged is approximately 2.79%. Student fees related to the COP are accounted for in a dedicated fund, which is used to pay principal and interest, not coming out of the general operating budget.

In November 2011, the College financed for energy improvement project (ESPC 1) through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $1.89 million. The interest rate charged is approximately 3.24%.

In March 2013, the College refinanced to remodel the WISE Technology Building through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $4.15 million. The interest rate charged is approximately 1.37%.

In August 2015, the College financed for energy improvement project (ESPC 2) through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $1.76 million. The interest rate charged is approximately 1.54%.

The College's debt service requirements for this (these) note agreement(s) for the next five years and thereafter are as follows in Note 13.

Note 12 - Annual Debt Service Requirements

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

	Certificates of Participation		
Fiscal year	**Principal**	**Interest**	**Total**
2022	$ 610,000	$ 1,092,150	$ 1,702,150
2023	635,000	1,061,525	1,696,525
2024	665,000	1,029,650	1,694,650
2025	705,000	996,538	1,701,538
2026	735,000	961,950	1,696,950
2027-2031	3,505,000	4,300,550	7,805,550
2032-2036	4,265,000	3,374,750	7,639,750
2037-2041	5,440,000	2,196,000	7,636,000
2042-2046	5,415,000	693,500	6,108,500
Total	**$ 21,975,000**	**$ 15,706,613**	**$ 37,681,613**

Note 13 - Schedule of Long Term Liabilities

The college holds long term liabilities as shown below. The Certificate of Participate balance outstanding at 6/30/2021 includes the unamortized premium of $5,910,903.

	Balance outstanding 6/30/20	Additions	Reductions	Balance outstanding 6/30/21	Current portion
Certificates of Participation	$ 1,316,257	$ 21,385,000	$ 726,257	$ 21,975,000	$ 610,000
Compensation absences	3,560,666	437,067	-	3,997,733	1,523,870
Capital leases	6,313,913	-	6,313,913	-	-
Net pension liability	7,300,230	-	3,166,165	4,134,065	64,617
Total OPEB liability	21,025,287	354,568		21,379,855	376,056
Total	**$ 39,516,353**	**$ 22,176,635**	**$ 10,206,335**	**$ 51,486,653**	**$ 2,574,543**

Note 14 - Retirement Plans

A. General

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

Basis of Accounting

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

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

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

Aggregate Pension Amounts - All Plans

Pension Liabilities	$	4,198,682
Deferred outflows of resources related to pensions	$	3,227,117
Deferred inflows of resources related to pensions	$	3,883,898
Pension Expense	$	1,086,464

Department of Retirement Systems

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TRS

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

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

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

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

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

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

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

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

Contributions

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

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

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

		PERS 1	PERS 2/3*	TRS 1	TRS 2/3*
Contribution Rates	7/1/20 to 8/31/20	12.86%	12.86%	15.51%	15.51%
	9/1/20 to 6/30/21	12.97%	12.97%	15.74%	15.74%
Actual Contributions		$ 408,932	$ 632,666	$ 67,261	$ 74,323

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

Actuarial Assumptions

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

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

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

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

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

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

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

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

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

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

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

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

Discount rate

The discount rate used to measure the total pension liability was 7.40 percent, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members.

Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 and TRS Plan 2/3 employers whose rates include a component for the PERS Plan 1 liability). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability of the College calculated using the discount rate of 7.40 percent, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.40 percent) or 1-percentage-point higher (8.40 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	$2,260,674	$1,804,847	$1,407,320
PERS 2/3	4,964,870	797,920	(2,633,566)
TRS 1	327,501	258,487	198,261
TRS 2/3	492,227	167,023	(98,262)

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

<u>Pension Liabilities</u>. At June 30, 2021, the College reported a total pension liability of $3,028,273 for its proportionate share of the net pension liabilities as follows:

	Liability
PERS 1	$1,804,847
PERS 2/3	797,919
TRS 1	258,485
TRS 2/3	167,022

The College's proportionate share of pension liabilities for fiscal years ending June 30, 2019 and June 30, 2020 for each retirement plan are listed below:

	2019	2020	Change
PERS 1	0.05232%	0.05112%	-0.00120%
PERS 2/3	0.06180%	0.06239%	0.00058%
TRS 1	0.00872%	0.01073%	0.00201%
TRS 2/3	0.00880%	0.01087%	0.00207%

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	$39,873
PERS 2/3	118,131
TRS 1	84,275
TRS 2/3	61,209
TOTAL	303,488

Deferred Outflows of Resources and Deferred Inflows of Resources. The following represent the components of the College's deferred outflows and inflows of resources as reflected on the Statement of Net Position, for the year ended June 30, 2021:

	PERS 1	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	10,049
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	412,003	-
Totals	**$ 412,003**	**$ 10,049**

	PERS 2/3	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	285,644	99,998
Difference between expected and actual earnings of pension plan investments	-	40,523
Changes of assumptions	11,365	545,048
Changes in College's proportionate share of pension liabilities	137,003	12,160
Contributions subsequent to the measurement date	635,649	-
Totals	**$ 1,069,661**	**$ 697,729**

	TRS 1	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	1,662
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	69,409	-
Totals	**$ 69,409**	**$ 1,662**

	TRS 2/3	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	105,557	602
Difference between expected and actual earnings of pension plan investments	-	1,621
Changes of assumptions	21,543	18,304
Changes in College's proportionate share of pension liabilities	41,625	-
Contributions subsequent to the measurement date	76,616	-
Totals	**$ 245,341**	**$ 20,527**

The $1,796,414 reported as deferred outflows of resources represent contributions the College made subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2021.

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

Year ended June 30:	PERS 1	PERS 2/3	TRS 1	TRS 2/3
2022	(45,601)	(301,020)	(7,306)	2,445
2023	(1,434)	(49,072)	(214)	18,201
2024	13,914	44,251	2,225	24,027
2025	23,073	88,942	3,633	28,796
2026		(14,923)		18,782
Thereafter		(31,896)		55,946
Total	**$ (10,048)**	**$ (263,718)**	**$ (1,662)**	**$ 148,197**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contributions. Contribution rates for the SBRP (TIAA-CREF), which are based upon age, are 5%, 7.5% or 10% of salary and are matched by the College. Employer contributions for the year ended June 30, 2021 were $1,763,032.

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 $782,976.

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:

Plan	Inactive Members or Beneficiaries Currently Receiving Benefits	Inactive Members Entitled to But Not Yet Receiving Benefits	Active Members	Total Members
	Number of Participating Members			
SRP	13	11	130	154

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	
Columbia Basin College	
(Dollars in Thousands)	**2020**
Total Pension Liability	
Service Cost	150,517
Interest	107,057
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience[1]	(965,895)
Changes in Assumptions[1]	(1,743,257)
Benefit Payments	(64,176)
Change in Proportionate Share of TPL	306,498
Other	-
Net Change in Total Pension Liability	(2,209,256)
Total Pension Liability - Beginning	4,418,939
Total Pension Liability - Ending (a)	**2,209,683**
Plan Fiduciary Net Position	
Contributions - Employer	21,134
Contributions - Member	-
Net Investment Income	264,533
Benefit Payments	-
Administrative Expense	-
Other	(42)
Net Change in Plan Fiduciarey Net Position	285,625
Plan Fiduciary Net Position-Beginning	753,650
Plan Fiducairy Net Position-Ending (b)	1,039,275
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)	**1,170,408**

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

1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
$ 1,402,305	$ 1,170,408	$ 970,760

Deferred Outflows and Inflows of Resources Related to Pensions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 314,115	$ 1,274,726
Changes of Assumptions	740,667	$ 1,616,805
Changes in College's proportionate share of pension liability	375,921	$ 96,030
Differences Between Projected and Actual Earnings on Plan Investments	-	166,368
Total	**$ 1,430,703**	**$ 3,153,929**

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	(342,129)
2023	(342,129)
2024	(289,036)
2025	(209,363)
2026	(190,784)
Thereafter	(349,785)

Note 15 - Other Post-Employment Benefits

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

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

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

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

Summary of Plan Participants
As of June 30, 2020

Active Employees*	460
Retirees Receiving Benefits**	132
Retirees Not Receiving Benefits***	21
Total Active Employees and Retirees	613

*Reflects active employees eligible for PEBB program participation as of June 30, 2020.

**Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.

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

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

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

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

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

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

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

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

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

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

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

Total OPEB Liability

As of June 30, 2020, the state reported a total OPEB liability of $6.055 billion. The College's proportionate share of the total OPEB liability is $21,379,855. This liability was determined based on a measurement date of June 30, 2020.

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

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

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

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

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

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

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

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

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

Changes in Total OPEB Liability

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

Columbia Basin College		
Proportionate Share (%)		**0.3530829515%**
Service Cost	$	887,200
Interest Cost		742,157
Differences Between Expected and Actual Experience		(113,729)
Changes in Assumptions		481,083
Changes of Benefit Terms		-
Benefit Payments		(353,352)
Changes in Proportionate Share		(532,850)
Other		(755,941)
Net Change in Total OPEB Liability		354,568
Total OPEB Liability - Beginning		21,025,287
Total OPEB Liability - Ending	**$**	**21,379,855**

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
$ 25,885,733	$ 21,379,855	$ 17,871,388

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

Health Care Cost Trend Rate Sensitivity

1% Decrease	Current health care cost trend rate	1% Increase
$ 17,422,311	$ 21,379,855	$ 26,685,667

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 $137,594. OPEB expense consists of the following elements:

Columbia Basin College		
Proportionate Share (%)		**0.3530829515%**
Service Cost	$	887,200
Interest Cost		742,157
Amortization of Differences Between Expected and Actual Experience		65,537
Amortization of Changes in Assumptions		(696,998)
Changes of Benefit Terms		-
Amortization of Changes in Proportion		(104,361)
Other Changes to Net Position		(755,941)
Total OPEB Expense	**$**	**137,594**

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

Columbia Basin College				
Proportionate Share (%)		**0.3530829515%**		
Deferred Inflows/Outflows of Resources		**Deferred Inflows**		**Deferred Outflows**
Difference between expected and actual experience	$	469,040	$	101,092
Changes in assumptions		1,470,151		5,042,258
Transactions subsequent to the measurement date		376,056		-
Changes in proportion		241,194		912,160
Total Deferred Inflows/Outflows	**$**	**2,556,441**	**$**	**6,055,510**

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

Proportionate Share (%)		0.3530829515%
2022	$	(735,821)
2023	$	(735,821)
2024	$	(735,821)
2025	$	(735,821)
2026	$	(735,825)
Thereafter	$	(196,016)

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		**0.3622639101%**
Proportionate Share (%) 2020		**0.3530829515%**
Total OPEB Liability - Ending 2019	$	21,025,287
Total OPEB Liability - Beginning 2020		20,492,437
Total OPEB Liability Change in Proportion		(532,850)
Total Deferred Inflows/Outflows - 2019		(3,949,721)
Total Deferred Inflows/Outflows - 2020		(3,849,622)
Total Deferred Inflows/Outflows Change in Proportion		100,099
Total Change in Proportion	**$**	**(632,949)**

Note 16 - Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2021.

Expenses by Functional Classification		
Instruction	$	23,396,720
Institutional Support		12,966,533
Student Services		9,812,442
Scholarships, net		9,639,082
Operations and Maintenance		8,264,112
Auxiliary enterprises		1,731,321
Academic Support Services		2,884,824
Depreciation		3,796,041
Total operating expenses	**$**	**72,491,076**

Note 17 - Commitments and Contingencies

The College has commitments of $15,000,000 for various capital improvement projects that include construction and completion of new buildings and renovations of existing buildings.

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

Note 18 - Segment Information

Segment reporting vs separate stand-alone statements is currently being discussed with NWCCU. Multi-college districts should watch for further, official guidance from NWCCU. Stand-alone statements should follow the NWCCU's guidance below:

1) Eligibility Requirement 19. FINANCIAL ACCOUNTABILITY: For each year of operation, the institution undergoes an annual external financial audit by professionally qualified personnel in accordance with generally accepted auditing standards. The audit is to be completed no later than nine months after the end of the fiscal year. Results from the audit, including findings and management letter recommendations, are considered annually in an appropriate and comprehensive manner by the administration and the governing board.

2) Financial Resources 2.F.7: For each year of operation, the institution undergoes an annual external financial audit by professionally qualified personnel in accordance with generally accepted auditing standards. The audit is to be completed no later than nine months after the end of the fiscal year. Results from the audit, including findings and management letter recommendations, are considered annually in an appropriate and comprehensive manner by the administration and the governing board.

3) Financial Resources 2.F.1: "The institution demonstrates financial stability with sufficient cash flow and reserves to support its programs and services. Financial planning reflects available funds, realistic development of financial resources, and appropriate risk management to ensure short-term solvency and anticipate long-term obligations, including payment of future liabilities."

4) Financial Resources 2.F.4: The institution ensures timely and accurate financial information through its use of an appropriate accounting system that follows generally accepted accounting principles and through its reliance on an effective system of internal controls.

Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Columbia Basin College's Proportionate Share of the Net Pension Liability

Schedule of Proportional Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 1 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.048122%	$ 2,424,168	$ 4,943,673	49.04%	61.19%
2015	0.047067%	$ 2,462,042	$ 5,050,633	48.75%	59.10%
2016	0.049926%	$ 2,681,261	$ 5,578,942	48.06%	57.03%
2017	0.051444%	$ 2,441,058	$ 6,157,218	39.65%	61.24%
2018	0.051315%	$ 2,291,746	$ 6,417,926	35.71%	63.22%
2019	0.052322%	$ 2,011,976	$ 6,985,836	28.80%	67.12%
2020	0.051121%	$ 1,804,847	$ 7,498,513	24.07%	68.64%
2021					
2022					
2023					

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

Cost Sharing Employer Plans

Schedules of Columbia Basin College's Proportionate Share of the Net Pension Liability

Schedule of Proportional Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 2/3 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.054078%	$ 1,093,112	$ 4,640,749	23.55%	93.29%
2015	0.053622%	$ 1,915,945	$ 4,766,644	40.19%	89.20%
2016	0.056523%	$ 2,845,888	$ 5,276,901	53.93%	85.82%
2017	0.059676%	$ 2,073,463	$ 5,881,117	35.26%	90.97%
2018	0.059171%	$ 1,010,292	$ 6,137,479	16.46%	95.77%
2019	0.061804%	$ 600,327	$ 6,735,892	8.91%	97.77%
2020	0.062389%	$ 797,920	$ 7,316,380	10.91%	97.22%
2021					
2022					
2023					

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

Cost Sharing Employer Plans

Schedules of Columbia Basin College's Proportionate Share of the Net Pension Liability

Schedule of Proportional Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 1 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.009419%	$ 277,809	$ 239,976	115.77%	68.77%
2015	0.010300%	$ 327,554	$ 330,538	99.10%	65.70%
2016	0.010639%	$ 363,241	$ 375,119	96.83%	62.07%
2017	0.012580%	$ 380,327	$ 542,702	70.08%	65.58%
2018	0.008154%	$ 238,145	$ 450,633	52.85%	66.52%
2019	0.008723%	$ 215,964	$ 599,750	36.01%	70.37%
2020	0.010731%	$ 258,487	$ 785,973	32.89%	70.55%
2021					
2022					
2023					

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

Cost Sharing Employer Plans

Schedules of Columbia Basin College's Proportionate Share of the Net Pension Liability

Schedule of Proportional Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 2/3 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.002337%	$ 7,548	$ 92,719	8.14%	96.81%
2015	0.003807%	$ 32,124	$ 182,782	17.58%	92.48%
2016	0.004369%	$ 59,999	$ 218,388	27.47%	88.72%
2017	0.007171%	$ 66,184	$ 388,097	17.05%	93.14%
2018	0.007271%	$ 32,728	$ 418,145	7.83%	96.88%
2019	0.008802%	$ 53,035	$ 599,750	8.84%	96.36%
2020	0.010874%	$ 167,023	$ 785,973	21.25%	91.72%
2021					
2022					
2023					

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

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Employer Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	$ 27,889	$ 27,889	$ -	$ 4,943,674	9.21%
2015	$ 26,155	$ 25,990	$ 165	$ 5,050,633	9.15%
2016	$ 33,806	$ 33,806	$ -	$ 5,578,942	11.19%
2017	$ 30,788	$ 30,788	$ -	$ 6,157,218	11.18%
2018	$ 343,003	$ 343,003	$ -	$ 6,417,926	5.34%
2019	$ 376,002	$ 376,002	$ -	$ 6,985,836	5.38%
2020	$ 371,360	$ 371,360	$ -	$ 7,498,513	4.95%
2021	$ 412,003	$ 412,003	$ -	$ 8,202,842	5.02%
2022					
2023					

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Employer Contributions Public Emplyees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	$ 427,321	$ 427,321	$ -	$ 4,640,749	9.21%
2015	$ 439,008	$ 438,987	$ 21	$ 4,766,644	9.21%
2016	$ 593,546	$ 593,546	$ -	$ 5,276,901	11.25%
2017	$ 655,607	$ 655,607	$ -	$ 5,881,117	11.18%
2018	$ 456,571	$ 456,571	$ -	$ 6,137,479	7.44%
2019	$ 506,210	$ 506,210	$ -	$ 6,735,892	7.52%
2020	$ 579,453	$ 579,453	$ -	$ 7,316,380	7.92%
2021	$ 635,649	$ 635,649	$ -	$ 8,025,885	7.92%
2022					
2023					

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

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Employer Contributions Teachers' Retirement System (TRS) Plan 1 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	$ 14,774	$ 14,774	$ -	$ 239,185	6.18%
2015	$ 15,352	$ 15,352	$ -	$ 330,538	4.64%
2016	$ 20,059	$ 20,059	$ -	$ 375,119	5.35%
2017	$ 20,182	$ 20,182	$ -	$ 542,702	3.72%
2018	$ 29,705	$ 29,705	$ -	$ 450,633	6.59%
2019	$ 44,248	$ 44,248	$ -	$ 599,750	7.38%
2020	$ 56,653	$ 56,653	$ -	$ 785,973	7.21%
2021	$ 69,409	$ 69,409	$ -	$ 940,072	7.38%
2022					
2023					

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

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Employer Contributions Teachers' Retirement System (TRS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	$ 9,472	$ 10,472	$ (1,000)	$ 91,928	10.30%
2015	$ 18,991	$ 19,193	$ (202)	$ 182,782	10.50%
2016	$ 27,208	$ 27,208	$ -	$ 218,388	13.13%
2017	$ 52,222	$ 52,222	$ -	$ 388,097	13.46%
2018	$ 32,325	$ 32,325	$ -	$ 418,145	7.73%
2019	$ 46,960	$ 46,960	$ -	$ 599,750	7.83%
2020	$ 63,737	$ 63,737	$ -	$ 785,973	8.11%
2021	$ 76,616	$ 76,616	$ -	$ 940,072	8.15%
2022					
2023					

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

State Board Supplemental Defined Benefit Plans

Schedule of Changes in the Net Pension Liability and Related Ratios
Columbia Basin College
Fiscal Year Ended June 30, 2021
(expressed in thousands)

	2017	2018	2019	2020	2021
Total Pension Liability					
Service Cost	$ 160,466	$ 108,791	$ 86,632	$ 105,940	$ 150,517
Interest		99,979	104,790	119,171	107,057
Changes of benefit terms	-		-		-
Differences between expected and actual experience	(750,519)	(295,701)	197,568	251,095	(965,895)
Changes of assumptions	(177,143)	(100,036)	371,482	670,919	(1,743,257)
Benefit Payments	(26,720)	(36,955)	(55,245)	(53,788)	(64,176)
Change in Proportionate Share		(113,616)	170,394	(28,114)	306,498
Other	-		-		-
Net Change in Total Pension Liability	**(689,822)**	**(337,538)**	**875,621**	**1,065,223**	**$ (2,209,256)**
Total Pension Liability - Beginning	3,505,497	2,815,631	2,478,093	3,353,714	4,418,937
Total Pension Liability - Ending (a)	**$ 2,815,675**	**$ 2,478,093**	**$ 3,353,714**	**$ 4,418,937**	**$ 2,209,681**
Plan Fiduciary Net Position**					
Contributions-Employer	n/a	n/a	n/a	n/a	$ 21,134
Contributions - Member	n/a	n/a	n/a	n/a	
Net Investment Income	n/a	n/a	n/a	n/a	264,533
Benefit Payments	n/a	n/a	n/a	n/a	
Administrative Expense	n/a	n/a	n/a	n/a	
Other	n/a	n/a	n/a	n/a	(42)
Net Change in Plan Fiduciarey Net Position					**$ 285,625**
Plan Fiduciary Net Position-Beginning					753,650
Plan Fiducairy Net Position-Ending (b)					**$ 1,039,275**
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)					**$ 1,170,406**
College's Proportion of the Pension Liability	2.962263%	2.842730%	3.038196%	3.012727%	2.540564%
Covered-employee payroll	$ 17,286,577	$ 17,147,574	$ 18,855,103	$ 20,171,758	$ 22,264,209
Total Pension Liability as a percentage of covered-	16.288216%	14.451566%	17.786771%	21.906553%	9.924813%

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

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

State Board Supplemental Defined Benefit Plans
Notes to Required Supplementary Information

The State Board Supplemental Retirement Plans are financed on a pay-as-you-go basis. State Board makes direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals, no assets are accumulated in trusts or equivalent arrangements. Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, salary growth and the variable income investment return.

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

Schedule of Employer Contributions
State Board Supplemental Retirement Plan
Columbia Basin College
Fiscal Year Ended June 30, 2021

	2021
Statutorily determined contributions	$
Actual contributions in relation to the above	
Contribution deficiency (excess)	$
Covered Payroll	$
Contribution as a % of covered payroll	7.92%

Notes: This schedule will be built prospectively until they contain 10 years of data.
This schedule contains actual amounts, while the notes report contributions as a proportionate share of plan total contributions.

Required Supplementary Information

Other Postemployment Benefits Information

Schedule of Changes in Total OPEB Liability and Related Ratios
Measurement Date of June 30*

Total OPEB Liability	2020	2019	2018	2017
Service cost	$ 887,200	$ 851,326	$ 1,139,281	$ 1,411,709
Interest cost	742,157	738,477	783,249	661,253
Difference between expected and actual experience	(113,729)	-	714,954	-
Changes in assumptions	481,083	1,375,237	(4,987,605)	(3,225,605)
Changes in benefit terms		-	-	-
Benefit payments	(353,352)	(337,809)	(330,805)	(336,985)
Changes in proportionate share	(532,850)	175,842	79,599	(638,815)
Other	(755,941)	-	-	-
Net Changes in Total OPEB Liability	$ 354,568	$ 2,803,073	$ (2,601,327)	$ (2,128,443)
Total OPEB Liability - Beginning	$ 21,025,287	$ 18,222,214	$ 20,823,541	$ 22,951,984
Total OPEB Liability - Ending	$ 21,379,855	$ 21,025,287	$ 18,222,214	$ 20,823,541
College's proportion of the Total OPEB Liability (%)	0.35308295%	0.36226391%	0.35880152%	0.35743522%
Covered-employee payroll	$ 33,818,798	$ 31,483,429	$ 27,198,323	$ 24,510,124
employee payroll	63.218850%	66.782075%	66.997565%	84.958936%

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

Notes to Required Supplementary Information

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

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

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

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