Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Bellevue College

For the period July 1, 2022 through June 30, 2023

Published April 4, 2024

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Office of the Washington State Auditor
Pat McCarthy

April 4, 2024

Board of Trustees
Bellevue College
Bellevue, Washington

Report on Financial Statements

Please find attached our report on the Bellevue 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

Pat McCarthy, State Auditor

Olympia, WA

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Bellevue College
July 1, 2022 through June 30, 2023

Board of Trustees
Bellevue College
Bellevue, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units and remaining fund information of the Bellevue College, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 29, 2024.

Our report includes a reference to other auditors who audited the financial statements of the Bellevue College Foundation (the Foundation), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Bellevue College Foundation or that are reported on separately by those auditors who audited the financial statements.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

Pat McCarthy, State Auditor

Olympia, WA

March 29, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Bellevue College
July 1, 2022 through June 30, 2023

Board of Trustees
Bellevue College
Bellevue, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units and remaining fund information of the Bellevue College, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units and remaining fund information of the Bellevue College, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

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

Matters of Emphasis

As discussed in Note 1, the financial statements of Bellevue 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, 2023, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, in 2023, the College adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Other Matters

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year ended June 30, 2022, from which such partial information was derived. Other auditors have previously audited the Bellevue College Foundation’s 2022 basic financial statements and they expressed an unmodified opinion in their report dated February 13, 2023.

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 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 March 29, 2024 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

Pat McCarthy, State Auditor

Olympia, WA

March 29, 2024

FINANCIAL SECTION

Bellevue College
July 1, 2022 through June 30, 2023

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Management's Discussion and Analysis

Bellevue College

The following discussion and analysis provides an overview of the financial position and activities of Bellevue College (the College) for the fiscal year ended June 30, 2023 (FY 2023). 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.

Bellevue College is one of thirty public community and technical college districts in the state of Washington, providing comprehensive, open-door academic programs, workforce education, basic skills, and community service educational programs to approximately 18,517 students. The College confers applied baccalaureate degrees, associates degrees, certificates and high school diplomas. The College was established in 1967 and its primary purpose is to be a student-centered, comprehensive and innovative college, committed to teaching excellence that advances the life-long educational development of its students while strengthening the economic, social and cultural life of its diverse community. The college promotes student success by providing high-quality, flexible, accessible educational programs and services; advancing pluralism, inclusion and global awareness; and acting as a catalyst and collaborator for a vibrant region.

The College's main campuses are located in Bellevue, Washington, a community of about 153,900 residents. The College is governed by a six member Board of Trustees appointed by the governor of the state with the consent of the state Senate. In accordance with Washington State law governing technical colleges, the College's board includes one member from business and one member from labor. In addition, the college has a Governor-appointed student trustee who is prohibited from voting on personnel or collective bargaining matters. By statute, the Board of Trustees has full control of the College, except as otherwise provided by law.

Using the Financial Statements

The financial statements presented in this report encompass the College and its discretely presented component unit, the Bellevue College Foundation. The College's financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the College as of June 30, 2023. 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, 2023

	2023	2022
Assets		
Current Assets	$ 73,862,660	$ 117,621,776
Capital Assets, net	$ 234,543,695	$ 237,868,306
Other Assets, non-current	$ 60,728,752	$ 15,140,861
Total Assets	$ 369,135,107	$ 370,630,942
Deferred Outflows of Resources	$ 15,180,188	$ 12,380,804
Liabilities		
Current Liabilities	$ 18,274,505	$ 16,361,916
Other Liabilities, non-current	$ 87,626,570	$ 105,106,512
Total Liabilities	$ 105,901,075	$ 121,468,428
Deferred Inflows of Resources	$ 50,035,360	$ 33,488,796
Net Position		
Net Investment in Capital Assets	$ 187,809,079	$ 187,161,366
Restricted	$ 6,080,242	$ 4,470,361
Unrestricted	$ 34,489,540	$ 36,422,795
Total Net Position, as restated	$ 228,378,861	$ 228,054,522

Current assets consist primarily of cash, investments, various accounts receivables and inventories. The significant decrease of current assets in FY 2023 can largely be attributed to invested funds transferred from cash to long-term investments.

Net capital assets decreased by $3,324,611 from FY 2022 to FY 2023. The decrease is primarily the result of current depreciation expense of $8,079,806. This decrease was offset in part by ongoing acquisitions of capitalizable equipment and improvement projects such as the Gym remodel and house purchase projects, both of which were completed in 2023. Implementation of GASB 96 Subscription-based IT arrangements created an increase in assets of $798,815 from FY 2022 to FY 2023

Non-current assets consist primarily of the long-term portion of certain investments the College increased or its long-term investments as other investments matured. Non-current assets also include actuarial valuations of pension plans that ended in Net Pension assets of which decreased from FY 2022 to FY 2023 by $9,185,901.

Deferred outflows of resources and deferred inflows of resources represent deferrals in pension and postemployment benefits related to GASB Statement No. 68 and Statement No. 75. The increase in deferred outflows reflect the College's proportionate share of an increase in the state-wide amounts reported by the Department of Retirement System (DRS) and Health Care Authority (HCA) due to differences between expected and actual experience related to the actuarial assumptions. The College recorded $12,380,804 in FY 2022 and $15,180,188 in FY 2023 of pension and postemployment-related deferred outflows. The increase reflects the change in proportionate share.

Similarly, the increase in deferred inflows in 2023 reflects the increase in difference between actual and projected investment earnings on the state's pension plans and other post-employment benefits. The College recorded $33,488,796 in FY 2022 and $38,937,455 in FY 2023 of pension and postemployment-related deferred inflows. The increase reflects the change in proportionate share. Bellevue College also entered into a lease agreement in FY 2023 with Bellevue Children's Academy for the use of a building. Bellevue College recognized a deferred inflow of resources of $11,097,906 at the start of the lease term.

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. When compared to FY 2022, FY 2023 payables increased largely due to increased capital project payables. Current liabilities also increased from FY 2022 due to implementation of GASB 96 Accounting for Subscription-based IT arrangements.

The increase in current liabilities from FY 2022 to FY 2023 is largely due to an increase in unearned revenue, offset with an increase in accrued liabilities.

There was an increase in unearned revenue, due in large part to the adjustment of unearned revenues by the associated receivables.

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, net pension liability and OPEB liability.

The College's decrease in non-current liabilities is primarily the result of a decrease in OPEB liability. The College's non-current liabilities continue to decrease as the College pays down the principal owed on Certificates of Participation for the Parking Garage, the Student Housing buildings, and the Student Success Center. The Parking Garage Certificate of Participation debt was retired in FY 2023. The changes in non-current liabilities include decreases to employee vacation and sick leave balances. The College continues to amortize COP premiums and gains on refinancing, thereby reducing the Unamortized Premiums non-current liability. Non-current liabilities also increased by $512,563 due to the implementation of GASB 96 Accounting for Subscription-based IT arrangements long-term portion.

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. 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.

***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 2023**	**FY 2022**
Net investment in capital assets	$187,809,079	$187,161,366
Restricted		
Expendable	$6,080,242	$4,470,361
Unrestricted	$34,489,540	$36,422,795
Total Net Position	**$228,378,861**	**$228,054,522**

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 2023. 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, expenses and changes in net position for the years ended June 30, 2023 and 2022 is presented below.

Bellevue College Condensed Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, 2023 and 2022		
Operating Revenues	**2023**	**2022**
Student tuition and fees, net	33,226,546	38,271,270
Auxiliary enterprise sales	11,303,458	8,684,162
Grants and contracts	40,861,986	36,590,039
Other operating revenues	668,782	732,058
Total operating revenues	**86,060,771**	**84,277,528**
Non-Operating Revenues		
State appropriations	55,689,273	50,223,434
Federal Pell grant revenue	5,111,131	11,844,968
Other non-operating revenues	1,211,934	171,943
Total non-operating revenues	62,012,338	62,240,346
Total revenues	**148,073,110**	**146,517,874**
Operating Expenses		
Salaries and Benefits	98,957,631	89,549,381
Scholarships	11,561,933	20,070,075
Depreciation	8,079,806	7,538,791
Other operating expenses	29,577,746	20,987,012
Total operating expenses	**148,177,116**	**138,145,259**
Non-Operating Expenses		
Building fee remittance	3,554,092	2,451,305
Other non-operating expenses	1,671,089	1,761,088
Total non-operating expenses	**5,225,181**	**4,212,393**
Total expenses	153,402,298	142,357,653
Excess before capital contributions	**(5,329,188)**	**4,160,221**
Capital appropriations and contributions	**5,653,527**	**791,208**
Change in Net position	**324,339**	**4,951,430**
Net Position		
Net position, beginning of year	228,054,522	223,103,092
Net position, beginning of year, as restated	228,054,522	223,103,092
Net position, end of year	**228,378,861**	**228,054,522**

Revenues

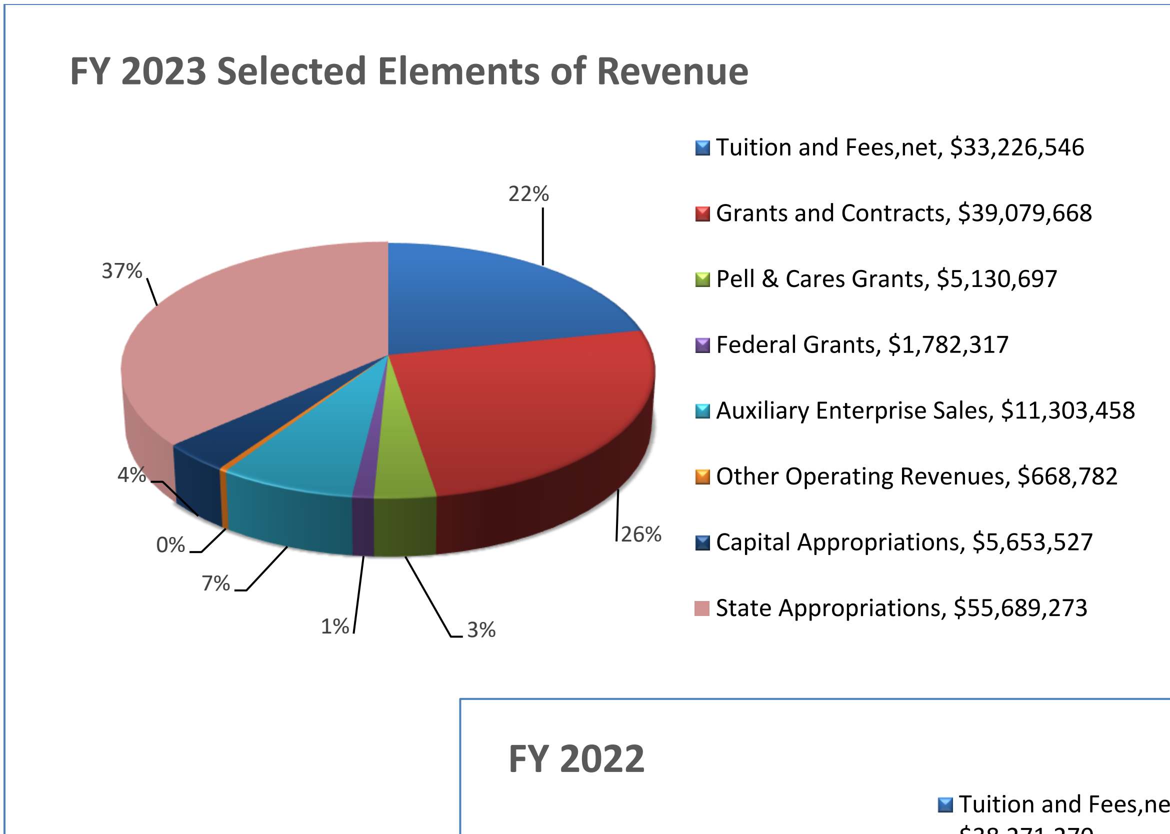
The state of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college.

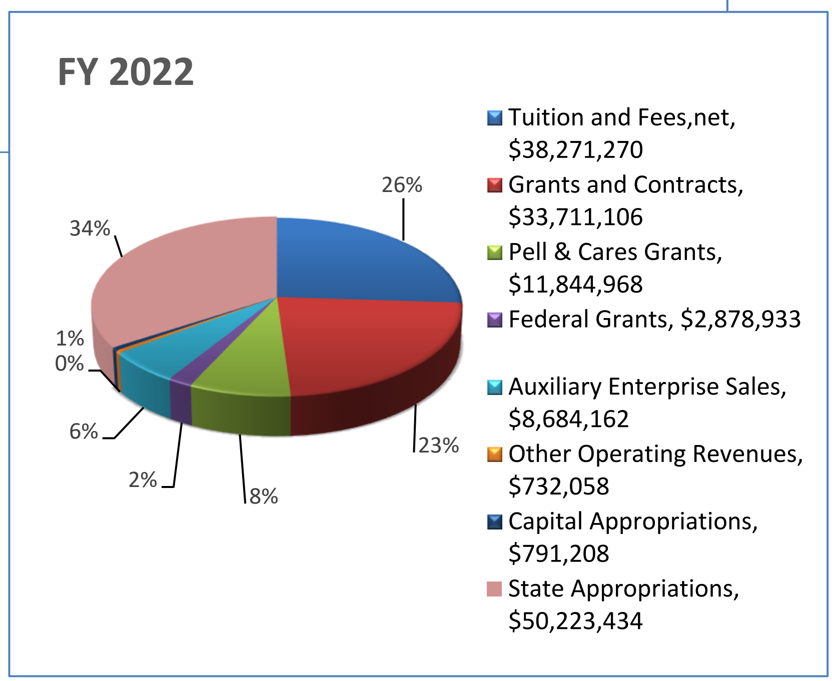
In FY 2023, the College’s decrease in tuition and fee revenue is primarily attributed a decline in student fees. This decrease was partially offset by a combination of a legislative approved increase in the tuition rate and an increase in non-resident tuition.

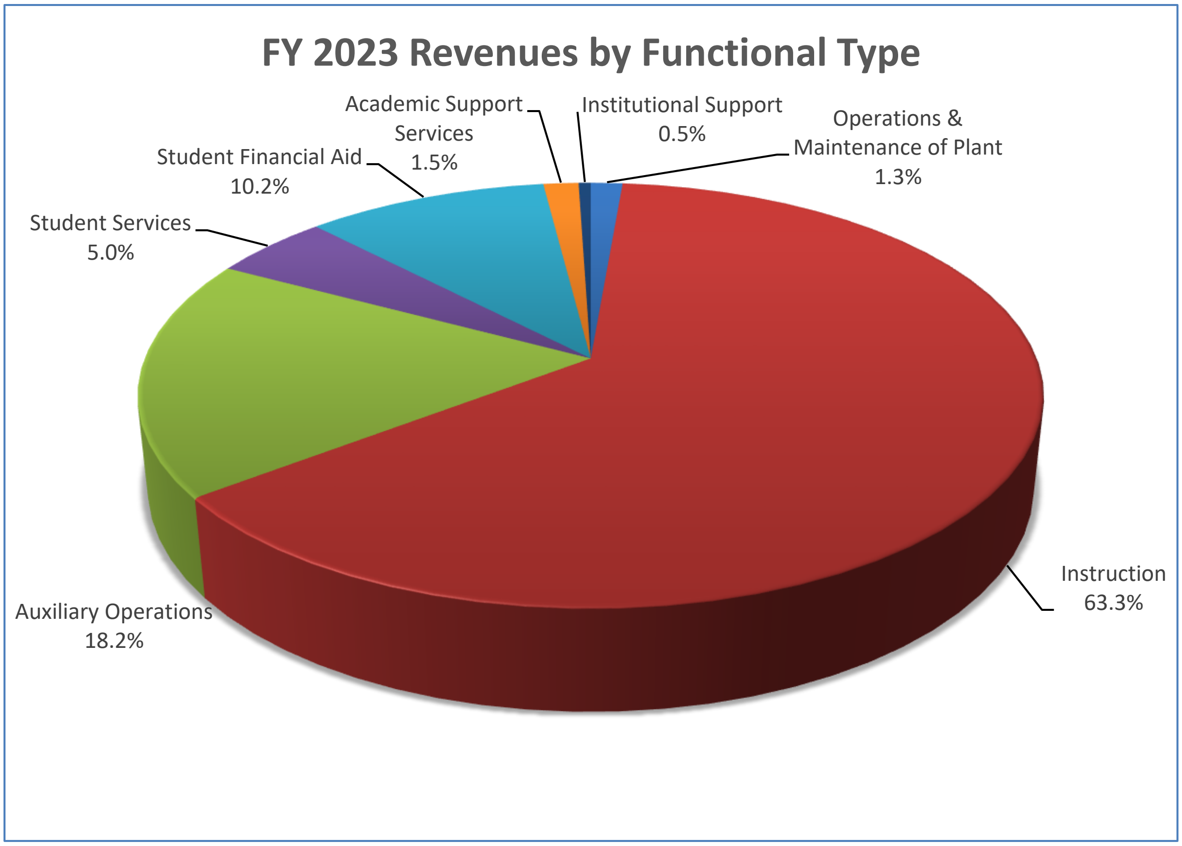
Pell grant revenues generally follow enrollment trends. However, in FY 2023, the College's allocation-eligible enrollment softened during FY 2023, while the College's Pell Grant revenue increased slightly. The pandemic-related aid program, Cares Act (HEERF), ended for the college in FY 2022, causing a significant decrease in federal non-operating revenue. For FY 2023, the College attempted to keep 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. An example is the Intensive English program.

In FY 2023, grant and contract revenues increased by $4,271,947 when compared with FY 2022. 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. In FY 2023, state and local grants and contracts increased by $5,368,285 mainly due to a classification change for contracted international student tuition.

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.


FY 2023 Selected Elements of Revenue
22%
37%
4%
0%
7%
1%
3%
26%
Tuition and Fees,net, $33,226,546
Grants and Contracts, $39,079,668
Pell & Cares Grants, $5,130,697
Federal Grants, $1,782,317
Auxiliary Enterprise Sales, $11,303,458
Other Operating Revenues, $668,782
Capital Appropriations, $5,653,527
State Appropriations, $55,689,273


FY 2022
26%
34%
1%
0%
6%
2%
8%
23%
Tuition and Fees,net, $38,271,270
Grants and Contracts, $33,711,106
Pell & Cares Grants, $11,844,968
Federal Grants, $2,878,933
Auxiliary Enterprise Sales, $8,684,162
Other Operating Revenues, $732,058
Capital Appropriations, $791,208
State Appropriations, $50,223,434



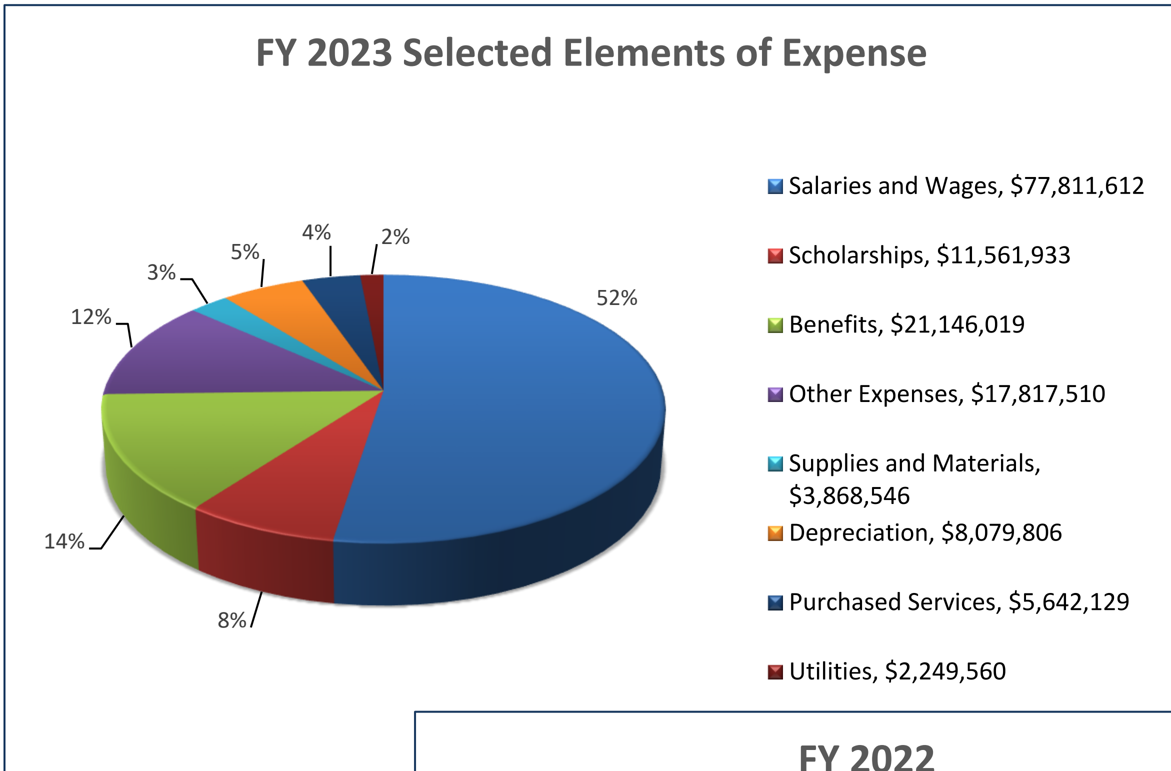
Expenses
The College has continuously sought opportunities to identify savings and efficiencies. Over time, the College decreased spending and services and was subject to various state spending freezes and employee salary reductions.

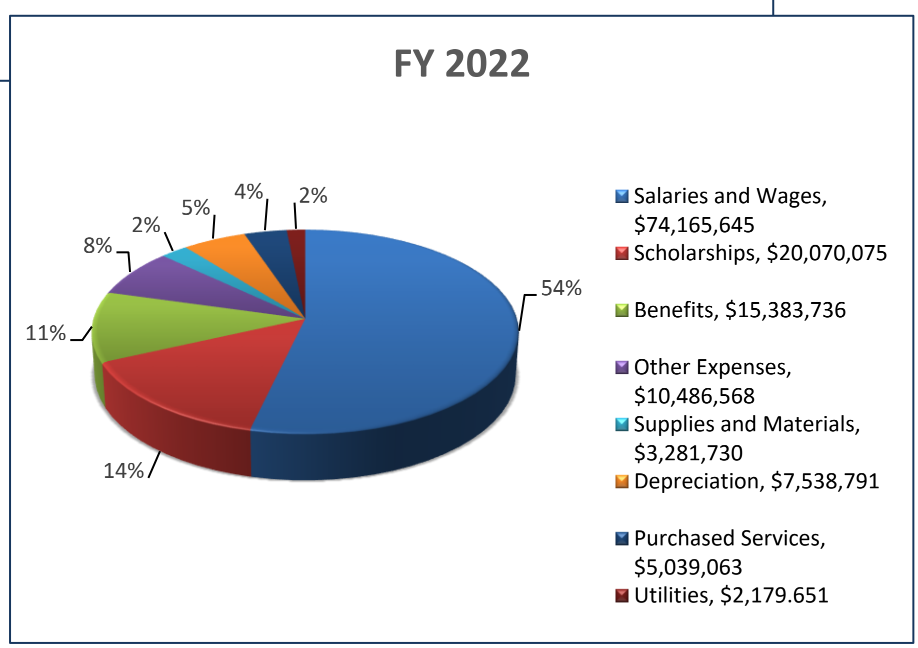
In FY 2022-23, salary and benefit increased compared to the previous year, due in part to increased leave liability expense adjustment and increased pension expense.

Total utility costs continued to increase in FY 2023 as a result of increased campus occupancy. In this fiscal year, more staff and faculty worked on campus and more students took classes in-person compared to other years since 2020. This resulted in higher consumption of all utilities. In addition all utility rates increased from previous years, adding to costs. Due to impacts from the ctcLink transition, utilities that had previously been under the General Utilities account were redistributed to the other three account categories and therefore resulted in General Utilities being $0 for FY 2023. Supplies and materials and purchased services are slightly higher in FY 2023, primarily as a result of an increase in spending related to increased campus occupancy as compared to the previous year. 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.

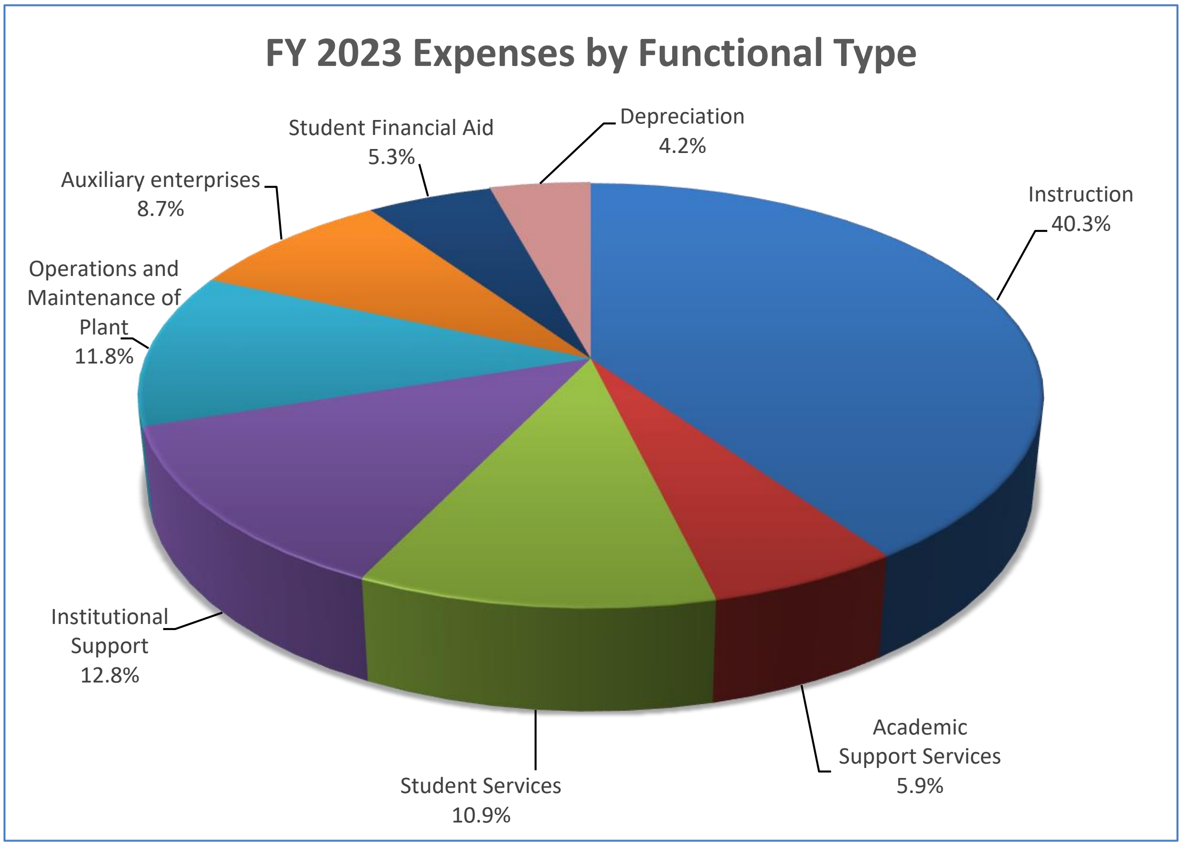
Travel expenses increased significantly, as a result of lifting mandatory travel restrictions due to the COVID-19 pandemic imposed during the previous few years.

Comparison of Selected Operating Expenses by Function
The chart below shows the amount, in dollars, for selected functional areas of operating expenses for FY 2023 and FY 2022.





Operating Expenses by Function
The chart below shows the percentage of each functional area of operating expenses for FY 2023.



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

At June 30, 2023, the College had invested $234,543,695 in capital assets, net of accumulated depreciation. This represents a decrease of $3,324,611 from last year, as shown in the table below.

Asset Type	June 30, 2023	June 30, 2022	Change
Land	17,776,018	16,878,494	897,525
Construction in Progress	1,575,177	1,193,539	381,638
Buildings, net	206,218,927	210,298,710	(4,079,783)
Other Improvements and Infrastructure, net	5,826,039	6,459,475	(633,436)
Equipment, net	3,038,521	2,902,257	136,264
Library Resources, net	109,012	135,831	(26,819)
Total Capital Assets, Net	234,543,695	237,868,306	(3,324,611)

The decrease in net capital assets can be attributed to the current depreciation expense offset in part by the renovation of the Gym as well as normal replacement and acquisition of equipment and library resources. No significant capital projects were in process on June 30, 2023. Additional information on capital assets can be found in Note 7 of the Notes to the Financial Statements.

At June 30, 2023, the College had $41,350,000 in outstanding debt. This represents a decrease of $3,370,000 from last year, as shown in the table below.

	June 30, 2023	June 20, 2022	Change
Certificates of Participation	41,350,000	44,720,000	(3,370,000)
Total	**$ 41,350,000**	**$ 44,720,000**	**$ (3,370,000)**

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

Economic Factors That May Affect the Future

The State Board for Community and Technical Colleges allocates out to each college/district funds received in the state's budget. The 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.

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 2024. 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/slight) decrease in enrollments has been experienced. While historically colleges have seen a 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 overall economic outlook for the State of Washington is positive, however national trends in the economy continue to weigh down specific sectors. The overall effect on the State of Washington's General Fund revenue collection still continues to be strong. The main sources of revenue for Legislative distributions to community colleges are higher than the assumptions that the legislature used when setting the 2023-25 biennial budget.

Washington's personal income growth, which is the main factor in calculating future tuition increases, has grown faster than the country as a whole, and faster than the assumptions made by the legislature when creating the 2023-25 biennial budget. While the formula for tuition increases tends to downplay any individual year's personal income growth due to the large number of years factored into the calculation, overall the tuition collection environment statewide looks strong.

Bellevue College
Statement of Net Position
As of June 30, 2023

Assets	
Current assets	
Cash and cash equivalents (Note 3)	$ 44,876,571
Restricted cash (Note 3)	125,283
Short-term investments (Note 3)	10,000,000
Accounts receivable, net of allowances (Note 4)	18,418,592
Lease receivable, net of allowances (Note 5)	395,955
Interest receivable	9,480
Inventories (Note 6)	36,780
Total current assets	73,862,660
Non-Current Assets	
Long-term investments (Note 3)	42,572,681
Long-term lease receivable, net of allowances (Note 5)	11,402,297
Non-depreciable capital assets (Note 7)	19,351,196
Capital assets, net of depreciation (Note 7)	215,192,500
Suscription-based IT arrangement assets, net of amort (Note 12)	798,815
Net pension asset (Note 16)	5,954,959
Total non-current assets	295,272,447
Total assets	**369,135,107**
Deferred Outflows of Resources	
Deferred outflows related to pensions (Note 16)	11,324,152
Deferred outflows related to OPEB (Note 17)	3,856,036
Total deferred outflows of resources	15,180,188
Liabilities	
Current Liabilities	
Accounts payable (Note 8)	2,189,082
Accrued liabilities (Note 8)	4,480,464
Compensated absences, current portion (Note 11, 15)	1,427,171
Deposits payable	5,638
Unearned revenue (Note 9)	6,384,430
Leases and certificates of participation payable, current portion (Note 13, 14, 15)	2,771,191
Net pension liability, current portion (Note 15, 16)	256,489
Total OPEB liability, current portion (Note 15, 17)	760,041
Total current liabilities	18,274,505
Non-Current Liabilities	
Compensated absences (Note 11, 15)	5,649,337
Leases and Certificates of Participation (Note 13, 14, 15)	44,762,240
Other non-current liabilities	103,900
Net pension liability, non-current (Note 15, 16)	7,756,648
Total OPEB liability (Note 15, 17)	29,354,444
Total non-current liabilities	87,626,570
Total liabilities	**105,901,075**
Deferred Inflows of Resources	
Deferred inflows on leases receivable	11,097,905
Deferred inflows related to pensions (Note 16)	12,090,929
Deferred inflows related to OPEB (Note 17)	26,846,526
Total deferred inflows of resources	50,035,360
Net Position	
Net Investment in Capital Assets, net of related debt	187,809,079
Restricted for:	
Expendable	6,080,242
Unrestricted	34,489,540
Total Net Position	**$ 228,378,861**

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

BELLEVUE COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION

	June 30, 2023	June 30, 2022
ASSETS		
Cash and cash equivalents	$929,464	$424,913
Marketable securities - Notes 3 and 5	18,782,294	15,360,291
Contributions held in trust by others - Note 4	2,988,946	2,832,354
Collected donations in transit	9,438	14,628
Pledges receivable, net - Notes 1 and 2	63,164	60,306
Prepaid expenses	20,829	22,955
Total assets	$22,794,135	$18,715,447
LIABILITIES		
Accounts payable	$472,339	$12,089
Grants payable - Note 1	262,654	201,687
Total liabilities	734,993	213,776
NET ASSETS		
Without donor restrictions	2,737,462	2,256,198
With donor restrictions	19,321,680	16,245,473
Total net assets	22,059,142	18,501,671
Total liabilities and net assets	$22,794,135	$18,715,447

The accompanying notes are an integral part of these financial statements

Bellevue College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

Operating Revenues		
Student tuition and fees, net of scholarship discounts and allowances		$ 33,226,546
Auxiliary enterprise sales		11,303,458
State and local grants and contracts		39,079,668
Federal grants and contracts		1,782,317
Other operating revenues		668,782
	Total operating revenue	86,060,771
Operating Expenses		
Salaries and wages		77,811,612
Benefits		21,146,019
Scholarships and fellowships		11,561,933
Supplies and materials		3,868,546
Depreciation and amortization		8,079,806
Purchased services		5,642,129
Utilities		2,249,560
Repairs & Maintenance		9,145,397
Printing & Graphics		390,273
Software Licensing		456,323
Travel		931,473
Equipment		4,373,256
Other operating expenses		2,520,788
	Total operating expenses	148,177,116
	Operating income (loss)	(62,116,345)
Non-Operating Revenues (Expenses)		
State appropriations		55,689,273
Federal Pell grant revenue		5,130,697
Federal non-operating revenue		(19,565)
Investment income, gains and losses		1,211,934
Building fee remittance		(2,823,087)
Innovation fund remittance		(731,005)
Interest on indebtedness		(1,671,089)
	Net non-operating revenue (expenses)	**56,787,157**
Income or (loss) before other revenues, expenses, gains, or losses		(5,329,188)
Capital Contributions		
Capital appropriations		5,653,527
	Increase (Decrease) in net position	324,339
Net Position		
Net position, beginning of year		228,054,522
Net position, end of year		$ 228,378,861

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

BELLEVUE COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Contributions:				
Current gifts	$297,339	$3,056,965	$3,354,304	$1,791,152
Endowments	-	254,825	254,825	325,834
In-kind contributions - Note 6	116,786	90,487	207,273	216,194
Earned income:				
Investment earnings (loss), net - Note 3	763,297	1,038,875	1,802,172	(1,874,230)
Joint College activities	-	60,360	60,360	51,020
Custodial management fee	109,252	-	109,252	99,272
External trust earnings (loss) - Notes 4 and 5	-	266,540	266,540	(470,689)
Earned event revenue	-	49,838	49,838	28,115
Total support and revenue	1,286,674	4,817,890	6,104,564	166,668
Net assets released from restrictions - Note 7	1,741,683	(1,741,683)	-	-
Total	3,028,357	3,076,207	6,104,564	166,668
Expenses:				
Program:	1,261,391	-	1,261,391	1,275,905
General and administrative:	656,301	-	656,301	588,769
Fundraising:	629,401	-	629,401	497,326
Total expenses	2,547,093	-	2,547,093	2,362,000
Increase (decrease) in net assets	481,264	3,076,207	3,557,471	(2,195,332)
Net assets at beginning of year	2,256,198	16,245,473	18,501,671	20,697,003
Net assets at end of year	$2,737,462	$19,321,680	$22,059,142	$18,501,671

The accompanying notes are an integral part of these financial statements

Bellevue College
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash flows from operating activities	
Student tuition and fees	$ 36,893,484
Grants and contracts	47,842,514
Payments to vendors	(11,230,194)
Payments for utilities	(2,115,995)
Payments to employees	(77,428,127)
Payments for benefits	(25,565,352)
Auxiliary enterprise sales	12,016,200
Payments for scholarships and fellowships	(11,561,933)
Other receipts	(2,618,100)
Other payments	(2,581,175)
Net cash used by operating activities	(36,348,680)
Cash flows from noncapital financing activities	
State appropriations	54,638,523
Pell grants	5,130,697
Other Federal non-operating reveue	(19,565)
Building fee remittance	(2,962,917)
Innovation fund remittance	(782,653)
Net cash provided by noncapital financing activities	56,004,085
Cash flows from capital and related financing activities	
Capital appropriations	6,815,398
Purchases of capital assets	(6,619,098)
Principal paid on capital debt	(3,401,333)
Interest paid	(2,268,351)
Net cash used by capital and related financing activities	(5,473,384)
Cash flows from investing activities	
Purchase of investments	(52,572,681)
Income of investments	1,211,934
Net cash provided by investing activities	(51,360,747)
Increase in cash and cash equivalents	(35,829,225)
Cash and cash equivalents at the beginning of the year	96,127,801
Cash and cash equivalents at the end of the year	60,298,576
Reconciliation of Operating Loss to Net Cash used by Operating Activities	
Operating Loss	(62,116,345)
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation expense	8,079,806
Changes in assets and liabilities	
Receivables, net	2,912,529
Inventories	14,951
Accounts payable	986,741
Accrued liabilities	(2,563,238)
Unearned revenue	5,160,796
Compensated absences	131,245
Pension and OPEB liability adjustment	(4,256,775)
Deposits payable	4,888
Net cash used by operating activities	$ (51,645,402)
Significant Noncash Transactions	
Decrease in fair value of investments	1,349,501

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

BELLEVUE COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	$3,557,471	($2,195,332)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Decrease in allowance on pledges receivable	(1,261)	(1,060)
Increase (decrease) in discount on pledges receivable	(607)	798
Realized (gain) loss on sale of marketable securities, net	227,122	(70,377)
Unrealized loss (gain) on marketable securities	(1,362,702)	2,599,552
Changes in operating assets and liabilities		
Contributions held in trust by others	(156,592)	562,394
Collected donations in transit	5,190	(8,518)
Pledges receivable	(990)	11,882
Prepaid expenses	2,126	(4,325)
Accounts and grants payable	521,217	79,810
Net cash provided by operating activities	2,790,974	974,824
Cash flows from investing activities:		
Proceeds from sale or maturity of marketable securities	1,798,380	644,771
Purchases of marketable securities	(4,084,803)	(1,630,967)
Net cash used in investing activities	(2,286,423)	(986,196)
Net increase (decrease) in cash and cash equivalents	504,551	(11,372)
Cash and cash equivalents		
Beginning of year	424,913	436,285
End of year	$929,464	$424,913

The accompanying notes are an integral part of these financial statements

Bellevue College
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 104,022
Total Assets	104,022
LIABILITIES	
Accounts payable and other liabilities	10,000
Total Liabilities	10,000
NET POSITION	
Held for Individuals, organizations and other governm	94,022
Total Net Position	$ 94,022

The accompanying notes are an integral part of these financial statements

Bellevue College
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2023

		Custodial Funds
ADDITIONS		
	Contributions - gifts and bequests	$ 57,340
	Total operating revenue	57,340
DEDUCTIONS		
	Supplies and Materials	26,126
	Total Deductions	26,126
	Net Increase (Decrease) in Fiduciary Net Position	31,214
NET POSITION	**Restricted Net position - beginning**	62,808
	Restricted Net position - ending	$ 94,022

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

June 30, 2023

These notes form an integral part of the financial statements.

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

Bellevue College (the College) is a comprehensive community college offering open-door academic programs, workforce education, basic skills, and community services. The College confers applied baccalaureate and associates degrees, certificates and high school diplomas. It is governed by a six-member Board of Trustees appointed by the Governor and confirmed by the state Senate. The College is an agency of the State of Washington. The financial activity of the college is included in the State's Annual Comprehensive Financial Report. These notes form an integral part of the financial statements. The college also holds the custodial fund for the WCCCSA (Washington Community College Consortium for Study Abroad) and the Administrators of Color Institute, which are reported in our Fiduciary Statements.

The Bellevue College Foundation (the Foundation) is a separate but affiliated non-profit entity, incorporated under Washington law in 1978 and recognized as a tax exempt 501(c)(3) charity. The Foundation's charitable purpose is to aid and assist in the development, maintenance, promotion, growth and preservation of Community College District VIII, and to provide or grant scholarships and assistance to men and women of promise. KBCS 91.3 is an operating unit of Bellevue College and is supported by memberships and gifts. 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, 2022, the Foundation distributed approximately 1,261,391 to the College for restricted and unrestricted purposes. A copy of the Foundation's complete financial statements may be obtained from the Foundation's Administrative Offices at 425-564-2386.

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, bank demand deposits, and deposits with the Washington State Local Government Investment Pool (LGIP). Cash in the investment portfolio is not included in cash and cash equivalents as it is held for investing purposes. Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets along with operating funds invested in the LGIP. The College records all cash and cash equivalents at fair value. Investments in the state's LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. All other investments are reported at fair value.

The College combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is allocated on a proportional basis. The internal investment pool is comprised of cash, cash equivalents, certificates of deposit, 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 food service, printing service and warehouse 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. 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.

Subscription-Based Information Technology Arrangements
The College has noncancelable subscription IT arrangements (similar to a lease) for the right-to-use information technology hardware and software (SBITA). For subscription IT arrangements, the College recognizes a SBITA liability and a SBITA asset.

Subscription-based IT arrangement assets are recorded as the sum of the initial subscription liability amount plus payments made to the SBITA vendor before commencement of the subscription term, plus capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. SBITA assets are amortized on a straight-line basis over the subscription term.

The college reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At June 30, 2023, no assets had been written down.

Unearned Revenues
Unearned revenues occur when funds have been collected prior to the end of the fiscal year but related to the subsequent fiscal year. 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.

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 Nonexpendable. This consists of endowment and similar type funds for which donors or other outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to the principle. The college is not reporting any balance in this category.

- Restricted for Expendable. These include resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by third parties. Restricted for expendable includes resources for the explicit purpose of pension assets and is equal to the net pension asset amount.

- Unrestricted. These represent resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises.

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

Classification of Revenues and Expenses

The College has classified its revenues 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 2023, non-operating revenues also included funds returned to the federal CARES act from previous years' receipts.

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, 2023 are $5,783,589.

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

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for FY23. This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases,* as amended, if certain conditions apply. In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements,* effective for FY23. This Statement provides guidance on the accounting and financial reporting for Subscription-based information technology arrangements (SBITAs) for government end users (governments). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The College is following the State's Office of Financial Management directives to prepare for the implementation of this Statement. As a result of implementation of this statement, the College recorded $1,065,087 of subscription-based IT agreement assets and liabilities.

Note 3 - Deposits and Investments

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

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

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with RCW 43.250. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

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

As of June 30, 2023, the carrying amount of the College's cash and equivalents was $45,001,854 as represented in the table below.

Cash and Cash Equivalents		**June 30, 2023**
Petty Cash and Change Funds	$	10,636
Bank Demand and Time Deposits		23,738,594
Fiduciary Cash - Held for WCCCSA and AoC Inst.		104,022
Local Government Investment Pool		21,148,601
Total Cash and Cash Equivalents	**$**	**45,001,854**

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 US Bank. All cash and equivalents, except for change funds and petty cash held by the College, are insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the Washington Public Deposit Protection Commission (PDPC).

Investments

Investments consist of time certificates of deposit, U.S. Treasury and Agency securities, investments in equities and bond funds. Time certificates of deposit have re-purchase agreements with the respective financial institutions; investments in equities are subject to loss of all 100% of the balance of investments.

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	6 to 10	More than 10
U.S. Government Treasury	31,676,697	21,001,062	10,675,635	-	-
U.S. Agency Obligations	32,145,984	-	32,145,984	-	-
Total Investments	**63,822,681**	**21,001,062**	**42,821,619**	**-**	**-**

Interest Rate Risk—Investments

The College manages its exposure to interest rate changes by limiting the duration of investments to mature at various points in the year. To minimize the risk that historically high rates would decrease, the college generally keeps the average maturity of investments to 3-5 years. The College will periodically review the level of interest rates to determine whether shorter maturities become less risky. The College has not invested in maturities longer than 5 years in recent years, to minimize interest rate risk.

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, 2023 $63,822,681 of the College's operating fund investments, held by US Bank in the bank's name as agent for the College, are exposed to custodial credit risk as follows.

Investments Exposed to Custodial Risk	Fair Value
US Bank	63,822,681
Total Investments Exposed to Custodial Risk	**$ 63,822,681**

Investment Expenses

Investment income for the College is shown net of investment expenses. The investment expenses incurred for the fiscal year ended June 30, 2023 were $580.

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, 2023, accounts receivable were as follows:

Accounts Receivable		Amount
Student Tuition and Fees	$	1,198,374
Due from the Federal Government		4,562,619
Due from Other State Agencies		1,302,702
Auxiliary Enterprises		1,062,250
Other		10,270,631
Subtotal		18,396,576
Less Allowance for Uncollectible Accounts		22,016
Accounts Receivable, net	**$**	**18,418,592**

Note 5 – Leases (Lessors) Receivable

The College leases a portion of its property/equipment/buildings to various third parties, the terms of which expire at various dates through 2032. Payments are constant based on the individual contract terms and conditions. Leases receivable are reported net of amortization on the Statement of Net Position. Revenue recognized under these lease agreements during the year ended June 30, 2023 was as follows:

Leases Receivable		Revenue received during FY2023		
	Term	Lease	Interest	Variable
Basis	(through)	revenue	Revenue	payments
Building	Aug. 2032	$ 620,542.26	$ 88,554.27	$ -

Note 6 - Inventories

Inventories as of June 30, 2023, were as follows:

Inventories	Method		Amount
Consumable Inventories	FIFO	$	24,088
Merchandise Inventories	FIFO		12,692
Inventories		**$**	**36,780**

Note 7 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2023 is presented as follows. The current year depreciation expense was $8,079,806.

Capital Assets	**Beginning Balance**	**Additions/ Transfers**	**Retirements**	**Ending Balance**
Capital assets, non-depreciable				
Land	$ 16,878,494	$ 897,525	$ -	$ 17,776,018
Construction in progress	1,193,539	381,638	-	1,575,177
Total capital assets, non-depreciable	18,072,033	1,279,163	-	19,351,196
Capital assets, depreciable				
Buildings	294,543,553	2,343,302	-	296,886,856
Other improvements and infrastructure	15,499,891	-	-	15,499,891
Equipment	16,411,430	849,691	(6,804)	17,254,317
Library resources	955,810	16,768	(561,800)	410,778
Total capital assets, depreciable	327,410,684	3,209,761	(568,604)	330,051,841
Less accumulated depreciation				
Buildings	84,244,843	6,423,085	-	90,667,928
Other improvements and infrastructure	9,040,416	633,436	-	9,673,852
Equipment	13,509,174	713,427	(6,804)	14,215,796
Library resources	819,979	43,587	(561,800)	301,765
Total accumulated depreciation	107,614,411	7,813,534	(568,604)	114,859,342
Total capital assets, depreciable, net	219,796,273	(4,603,773)	-	215,192,500
Capital assets, net	**$ 237,868,306**	**$ (3,324,611)**	**$ -**	**$ 234,543,695**

Lease and subscription assets as of June 30, 2023 and corresponding asset activity for the year ended June 30, 2023 are summarized below:

Lease Assets	**Beginning Balance**	**Additions/ Transfers**	**Retirements**	**Ending Balance**
Subscription Agreements	-	1,065,087	-	1,065,087
Total Lease & Subscription assets	-	1,065,087	-	1,065,087
Less accumulated amortization				
Accum. Amort. Subscription Agreements	-	266,272	-	266,272
Total accumulated amortization	-	266,272	-	266,272
Lease & Subscription assets, net	$ -	$ 798,815	$ -	$ 798,815

Note 8 - Accounts Payable and Accrued Liabilities

Accrued liabilities as of June 30, 2023, were as follows:

Accounts Payable and Accrued Liabilities		Amount
Amounts Owed to Employees	$	3,464,712
Accounts Payable		2,189,082
Amounts Held for Others and Retainage		1,015,752
Total	**$**	**6,669,546**

Note 9 - Unearned Revenue

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

Unearned Revenue		Amount
Summer and Fall Quarter Tuition & Fees	$	5,882,669
Housing and Other Deposits		501,761
Total Unearned Revenue	$	6,384,430

Note 10 - 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, 2022 through June 30, 2023, were $404,800. Cash reserves for unemployment compensation for all employees at June 30, 2023, were $(55,091).

Note 11 - Compensated Absences

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

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. The current portion of accrued vacation leave totaled $782,191 and the non-current portion of accrued vacation leave totaled $2,795,927 at June 30, 2023. The current portion of accrued sick leave totaled $644,979 and the non-current portion of accrued sick leave totaled $2,853,411 at June 30, 2023.

Note 12 - SBITA Payable

Subscription-Based IT Arrangements
As of June 30, 2023 the College had one subscription-based IT arrangement for Microsoft Corp. During the FY2022 fiscal year, the College entered into a five-year subscription-based information technology arrangement with Microsoft Corp for the use of their software suite. The subscription agreement requires annual payments of approximately $275,000 at the beginning of each fiscal year and includes an option to extend the subscription for an additional three years. The SBITA liabilities are reported at net present value using the State of Washington's incremental borrowing rate unless otherwise noted in the contract term.

As of June 30, 2023 the minimum payments under these subscription-based agreements are as follows:

As of June 30	Principal	Interest	Total
2024	$281,191	$3,096	$284,287
2025	$255,783	$1,999	$257,782
2026	$256,780	$1,001	$257,782
Total minimum lease payments	$793,754	$6,096	$799,850

Note 13 - Notes Payable

In December 2003, the College obtained financing in order to construct the Parking Garage through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $16,120,000. Students assessed themselves, on a quarterly basis, a mandatory fee to service the debt starting in 2003. The college refinanced the Parking Garage COP in 2013 in the amount of $8,255,000 with an 11 year term and 1.83% interest rate. Student fees related to the COP(s) are accounted for in a dedicated fund, which is used to pay principal and interest, not coming out of the general operating budget.

In February of 2017, the College obtained financing in order to construct a Student Housing Building through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $42,755,000 with a 20 year term. Students who choose to live in the student housing building will be charged a quarterly fee. The interest rate charged is approximately 3.48%.

In February of 2019, the College obtained financing in order to construct a Student Success Center Building through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $8,715,000 with a 10 year term. College operating funds will be used to repay the COP. The interest rate charged is approximately 2.23%.

The College's debt service requirements for this (these) note agreement(s) for the next five years and thereafter are as follows in Note 14.

Note 14 - Annual Debt Service Requirements

Future debt service requirements at June 30, 2023 are as follows:

	Certificates of Participation		
Fiscal year	**Principal**	**Interest**	**Total**
2024	$ 2,490,000	$ 2,046,500	$ 4,536,500
2025	2,620,000	1,920,875	4,540,875
2026	2,750,000	1,788,750	4,538,750
2027	2,885,000	1,650,125	4,535,125
2028	3,035,000	1,504,500	4,539,500
2029-2033	12,715,000	5,543,000	18,258,000
2034-2038	14,855,000	2,300,000	17,155,000
2039-2043	-	-	-
2044-2048	-	-	-
Total	**$ 41,350,000**	**$ 16,753,750**	**$ 58,103,750**

Note 15 - Schedule of Long-Term Liabilities

	Balance outstanding 6/30/22	Additions	Reductions	Balance outstanding 6/30/23	Current portion
Certificates of Participation-PAR	$ 44,720,000	$ -	$ 3,370,000	$ 41,350,000	$ 2,490,000
Certificates of Participation-Unamort Disc/Prem	$ 5,986,940	$ -	$ 597,261	$ 5,389,678	$ -
Compensation absences	$ 6,945,263	$ 3,766,172	$ 3,634,927	$ 7,076,508	$ 1,427,171
Subscription-based IT Arrang.	$ -	$ 793,754	$ -	$ 793,754	$ 281,191
Net pension liability	$ 6,619,468	$ 12,766,316	$ 11,372,647	$ 8,013,137	$ 256,489
Total OPEB liability	$ 47,600,105	$ 12,673,553	$ 30,159,175	$ 30,114,483	$ 760,041
Total	$ 111,871,775	$ 29,999,795	$ 49,134,011	$ 92,737,560	$ 5,214,892

Note 16 - 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/(asset), 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 2023:

Aggregate Pension Amounts - All Plans		
Total Pension Assets	$	(5,954,959)
Net Pension Liabilities	$	8,013,137
Deferred outflows of resources related to pensions	$	11,324,152
Deferred inflows of resources related to pensions	$	12,090,929
Pension Expense	$	(84,705)

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 https://www.drs.wa.gov/wp-content/uploads/2021/06/2022-ACFR.pdf .

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.

<u>Benefits Provided.</u> 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, 2023were as follows:

	PERS 1	PERS 2/3*	TRS 1	TRS 2/3*
Contribution Rates at close of FY23	10.39%	10.39%	14.69%	14.69%
Actual Contributions	853,730	1,349,010	142,672	178,333

* 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, 2021, with the results rolled forward to the June 30, 2022, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25%
Investment rate of return	7.00%

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, 2021, 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 2021 actuarial valuation report.

The Office of the State Actuary (OSA) selected a 7.00 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, 2022, are summarized in the following table:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Fixed Income	20.00%	1.50%
Tangible Assets	7.00%	4.70%
Real Estate	18.00%	5.40%
Global Equity	32.00%	5.90%
Private Equity	23.00%	8.90%
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 7.00 percent. 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 7.00 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following table presents the net pension liability of the College calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	**Current Discount Rate (7.00%)**	**1% Increase (8.00%)**
PERS 1	$4,715,873	$3,529,881	$2,494,789
PERS 2/3	6,955,451	(5,906,308)	(16,473,056)
TRS 1	631,254	464,883	319,454
TRS 2/3	881,407	(48,651)	(804,775)

Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities/(Assets). At June 30, 2023, the College reported a net pension liability of $3,994,764 and a net pension asset of ($5,954,959) for its proportionate share of the net pension liabilities/(assets) as follows:

	Liability/(Asset)
PERS 1	$3,529,881
PERS 2/3	(5,906,308)
TRS 1	464,883
TRS 2/3	(48,651)

The College's proportionate share of pension liabilities/(assets) for fiscal years ending June 30, 2021 and June 30, 2022 for each retirement plan are listed below:

	2022	**2021**	**Change**
PERS 1	0.12678%	0.11769%	0.00908%
PERS 2/3	0.15925%	0.14531%	0.01394%
TRS 1	0.02444%	0.02558%	-0.00113%
TRS 2/3	0.02472%	0.02395%	0.00078%

The College's proportion of the net pension liability/(asset) 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, 2023 the College recognized pension expense as follows:

	Pension Expense
PERS 1	$1,852,832
PERS 2/3	(1,958,760)
TRS 1	242,445
TRS 2/3	(13,748)
TOTAL	122,770

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, 2023:

	PERS 1	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience		
Difference between expected and actual earnings of pension plan investments		585,005
Changes of assumptions		
Changes in College's proportionate share of pension liabilities		
Contributions subsequent to the measurement date	853,730	
Totals	**$ 853,730**	**$ 585,005**

	PERS 2/3	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	1,463,445	133,704
Difference between expected and actual earnings of pension plan investments		4,366,577
Changes of assumptions	3,291,951	861,951
Changes in College's proportionate share of pension liabilities	195,102	310,691
Contributions subsequent to the measurement date	1,349,010	
Totals	**$ 6,299,508**	**$ 5,672,923**

	TRS 1	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience		
Difference between expected and actual earnings of pension plan investments		83,301
Changes of assumptions		
Changes in College's proportionate share of pension liabilities		
Contributions subsequent to the measurement date	142,672	
Totals	**$ 142,672**	**$ 83,301**

	TRS 2/3	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	242,411	4,889
Difference between expected and actual earnings of pension plan investments		257,320
Changes of assumptions	274,083	29,809
Changes in College's proportionate share of pension liabilities	19,960	10,153
Contributions subsequent to the measurement date	178,333	
Totals	**$ 714,787**	**$ 302,171**

The $2,523,745 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, 2024.

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
2024	(247,562)	(1,354,359)	(35,318)	(48,778)
2025	(224,850)	(1,184,786)	(32,111)	(37,934)
2026	(282,068)	(1,472,075)	(40,386)	(60,702)
2027	169,475	1,964,340	24,513	144,538
2028	-	659,181	-	59,098
Thereafter	-	665,275	-	178,061
Total	**$ (585,005)**	**$ (722,424)**	**$ (83,301)**	**$ 234,282**

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 plan has been reported under GASB 67/68 since FY21. Prior to that, 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 January 1, 2023, with the results rolled forward to the June 30, 2023, 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 January 1, 2023 valuation were based on the results of the August 2021 Higher Education SRP 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. Changes in methods and assumptions that occurred between the measurement of the June 30,2022 NPL and the June 30, 2023 NPL are as follows:

- The valuation date was changed from June 30 to January 1. This corresponds with the new data file being provided with participant information as of January 1, 2023.
- OSA updated annuity conversion assumptions for the TIAA investments based on input from TIAA and professional judgment. TIAA contributions and investment earnings annuity conversion changed from contributions made pre-2002/post-2001 converted at

6.00 percent/3.25 percent to contributions pre-2006/post-2005 converted at 7.00/4.00 percent

Discount Rate. The discount rate used to measure the total pension liability was based on the *2021Economic experience study* for the Washington State retirement plans and based on the results of the GASB 67/68 required crossover test, or 7.0 percent for the June 30, 2023, measurement date.

Contributions. Contribution rates for the SBRP (TIAA-CREF), which are based upon age, are 5%, 7.5% or 10% of salary and are matched by the College. Employee and employer contributions for the year ended June 30, 2023 were each $4,218,991.

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, 2023 was ($207,475).

Plan Membership. Membership in the State Board Supplemental Retirement Plan consisted of the following as of June 30, 2023, the most recent full actuarial valuation date.

	Number of Participating Members			
Plan	**Inactive Members or Beneficiaries Currently Receiving Benefits**	**Inactive Members Entitled to But Not Yet Receiving Benefits**	**Active Members**	**Total Members**
SRP	6	31	274	311

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, 2023:

Schedule of Changes of Development of Net Pension Liability Bellevue College	
(Dollars in Thousands)	**2023**
Total Pension Liability	
Service Cost	146,390
Interest	528,538
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience[1]	(424,796)
Changes in Assumptions[1]	(841,208)
Benefit Payments	(221,848)
Change in Proportionate Share of NPL	52,644
Other	-
Net Change in Total Pension Liability	(760,280)
Total Pension Liability - Beginning	7,497,568
Total Pension Liability - Ending (a)	**6,737,288**
Plan Fiduciary Net Position	
Contributions - Employer	63,588
Contributions - Member	-
Net Investment Income	174,100
Benefit Payments	-
Administrative Expense	-
Other	(36)
Net Change in Plan Fiduciary Net Position	237,652
Plan Fiduciary Net Position-Beginning	2,481,266
Plan Fiducairy Net Position-Ending (b)	**2,718,918**
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)	**4,018,370**
Covered-Employee Payroll	**48,822,889**
Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	8.23%

<u>Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate</u>. The following table presents the net pension liability/(asset), calculated using the discount rate of 7.00 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 (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

1% Decrease (6.00%)		Current Discount Rate (7.00%)		1% Increase (8.00%)	
$	4,761,799	$	4,018,370	$	3,380,582

Deferred Outflows and Inflows of Resources Related to Pensions.

At June 30, 2023, 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	$	1,576,497	$	1,962,090
Changes of Assumptions		1,348,010	$	3,091,647
Changes in College's proportionate share of pension liability		284,305	$	202,713
Differences Between Projected and Actual Earnings on Plan Investments		104,642		191,077
Total	**$**	**3,313,454**	**$**	**5,447,527**

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
2024	(587,573)
2025	(405,277)
2026	(353,057)
2027	(747,584)
2028	51,466
Thereafter	(92,023)

Note 17 - 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. The PEBB 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 systems. Membership in the PEBB plan for the College consisted of the following:

Summary of Plan Participants
As of June 30, 2022

Active Employees*	909
Retirees Receiving Benefits**	319
Retirees Not Receiving Benefits***	N/A
Total Active Employees and Retirees	1,228

*Reflects active employees eligible for PEBB program participation as of June 30, 2022.
**Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.
***HCA doesn't have data on this group and OSA doesn't have the methodology to reasonably estimate it. For fiscal year 2023, we have no options, but to report this amount as not available.

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.

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 2023 the explicit subsidy was $183 per member per month and it will remain $183 per member per month in calendar year 2024.

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	$	1,251
Dental		81
Life		4
Long-term Disability		2
Total		1,338
Employer contribution		1,156
Employee contribution		182
Total	$	1,338

*Per 2022 PEBB Financial Projection Model version 7.0. Per capita cost based on subscribers; includes non-Medicare risk pool only. Figures based on CY2023 which includes projected claims cost at the time of this

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

Total OPEB Liability

As of June 30, 2023, the state reported a total OPEB liability of $4.248 billion. The College's proportionate share of the total OPEB liability is $30,114,485. This liability was determined based on a measurement date of June 30, 2022

Actuarial Assumptions. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, 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	2.35%
Projected Salary Changes	3.25% Plus Service-Based Salary Increases
Health Care Trend Rates*	Initial trend rate ranges from 2-11%, reaching an ultimate rate of approximately 3.8 in 2080.
Post-Retirement Participation Percentage	60%
Percentage with Spouse Coverage	45%

*For additional detail on the health care trend rates, please see the Office of the State Actuary's 2022 Public Employees' Benefits Board Other Postemployment Benefits Actuarial Valuations Report.

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 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. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the *2013-2018 Demographic Experience Study Report*. The post-retirement participation percentage and percentage with spouse coverage, were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the *2019 Report on Financial Condition and Economic Experience Study*.

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

Actuarial Valuation Date	6/30/2022
Actuarial Measurement Date	6/30/2022
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

The actuarial methodology used to determine the transactions subsequent to the measurement date were as follows:

Explicit Medicare Subsidy	Subsidy amounts are calculated at subscriber level, based on benefit plan and enrollment tier selected, then summed over entire population to include Medicare retirees from the State, Higher Education, K-12 and Political Subdivision groups.
Implicit Medicare Subsidy	Subsidy amounts are calculated using the implicit subsidy rate* (difference between theoretical early retiree rates and composite rates** for non-Medicare risk pool) and the enrollment counts for early retirees

*early retirees assumed to be 58% more expensive the non-Medicare risk pool as a whole on a per adult unit basis.

**calculated across non-Medicare risk pool for both self-insured and fully-insured plans using the PEBB Financial Projection Model (PFPM).

A retiree subsidy rate of $67.99 per member per month, used to calculate the transactions subsequent to the measurement date, is equal to the total subsidies received by current retirees (both explicit and implicit), divided by the number of current active subscribers. This amount is then allocated to the agency level based on the active, health care eligible employee headcount of each agency as of the measurement date.

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 2.16percent for the June 30, 2021 measurement date and 3.54 percent for the June 30, 2022 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, 2023, 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:

Bellevue College

Proportionate Share (%)		**0.7088658926%**
Service Cost	$	2,221,530
Interest Cost		1,030,761
Differences Between Expected and Actual Experience		(1,020,789)
Changes in Assumptions		(17,235,208)
Changes of Benefit Terms		-
Benefit Payments		(757,303)
Changes in Proportionate Share		(1,724,612)
Other		-
Net Change in Total OPEB Liability		(17,485,621)
Total OPEB Liability - Beginning		47,600,106
Total OPEB Liability - Ending	**$**	**30,114,485**

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 3.54 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 (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

Discount Rate Sensitivity

1% Decrease	**Current Discount Rate**	**1% Increase**
$ 35,286,822	$ 30,114,485	$ 25,952,442

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 3.8 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) or 1 percentage point higher (3-12 percent) than the current rate:

Health Care Cost Trend Rate Sensitivity

1% Decrease	**Current health care cost trend rate**	**1% Increase**
$ 25,497,452	$ 30,114,485	$ 36,021,197

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

For the year ending June 30, 2023, the College will recognize OPEB expense of ($616,247). OPEB expense consists of the following elements:

Bellevue College

Proportionate Share (%)	**0.7088658926%**
Service Cost	$ 2,221,530
Interest Cost	1,030,761
Amortization of Differences Between Expected and Actual Experience	18,154
Amortization of Changes in Assumptions	(3,267,304)
Changes of Benefit Terms	-
Amortization of Changes in Proportion	(619,388)
Other Changes to Net Position	-
Total OPEB Expense	**$ (616,247)**

As of June 30, 2023, the deferred inflows and deferred outflows of resources for the College are as follows:

Bellevue College

Proportionate Share (%)		**0.7088658926%**		
Deferred Inflows/Outflows of Resources	**Deferred Outflows**		**Deferred Inflows**	
Difference between expected and actual experience	$	627,777	$	1,059,586
Changes in assumptions		2,468,218		21,831,973
Transactions subsequent to the measurement date		760,041		-
Changes in proportion		-		3,954,967
Total Deferred Inflows/Outflows	**$**	**3,856,036**	**$**	**26,846,526**

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, 2023. 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 (%)		**0.7088658926%**
2024	$	(3,868,537)
2025	$	(3,868,537)
2026	$	(3,868,537)
2027	$	(3,125,451)
2028	$	(2,169,581)
Thereafter	$	(6,849,888)

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 (%) 2021		**0.7355145143%**
Proportionate Share (%) 2022		**0.7088658926%**
Total OPEB Liability - Ending 2021	$	47,600,106
Total OPEB Liability - Beginning 2022		45,875,494
Total OPEB Liability Change in Proportion		(1,724,612)
Total Deferred Inflows/Outflows - 2021		(4,182,967)
Total Deferred Inflows/Outflows - 2022		(4,031,413)
Total Deferred Inflows/Outflows Change in Proportion		151,554
Total Change in Proportion	**$**	**(1,876,166)**

Note 18 - Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2023.

Expenses by Functional Classification

Instruction	$	59,769,791
Academic Support Services		8,737,768
Student Services		16,177,420
Institutional Support		18,944,358
Operations and Maintenance of Plant		17,447,391
Scholarships and Other Student Financial Aid		7,864,113
Auxiliary enterprises		12,942,913
Depreciation		6,293,363
Total operating expenses	**$**	**148,177,116**

Note 19 - Commitments and Contingencies

The College has commitments of $7,741,236 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.

Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Bellevue College's Proportionate Share of the Net Pension Liability

Schedule of Bellevue College's Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 1 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.118325%	$ 5,960,677	$ 12,971,801	45.95%	61.19%
2015	0.120550%	$ 6,305,886	$ 13,873,237	45.45%	59.10%
2016	0.113159%	$ 6,077,171	$ 13,445,510	45.20%	57.03%
2017	0.108986%	$ 5,171,463	$ 13,532,772	38.21%	61.24%
2018	0.115580%	$ 5,161,842	$ 15,389,151	33.54%	63.22%
2019	0.116766%	$ 4,486,178	$ 16,413,847	27.33%	67.12%
2020	0.118332%	$ 4,173,870	$ 17,917,126	23.30%	68.64%
2021	0.117691%	$ 1,433,393	$ 17,738,504	8.08%	88.74%
2022	0.126775%	$ 3,529,881	$ 20,276,945	17.41%	76.56%
2023					

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

Cost Sharing Employer Plans

Schedules of Bellevue College's Proportionate Share of the Net Pension Liability

Schedule of Bellevue College's Share of the Net Pension Liability (Assets) 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 (asset) liability	College covered payroll	College's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.150600%	$ 3,044,474	$ 12,905,136	23.59%	93.29%
2015	0.155700%	$ 5,562,929	$ 13,873,237	40.10%	89.20%
2016	0.144939%	$ 7,297,581	$ 13,445,510	54.28%	85.82%
2017	0.139418%	$ 4,844,109	$ 13,532,772	35.80%	90.97%
2018	0.148151%	$ 2,529,546	$ 15,380,516	16.45%	95.77%
2019	0.150244%	$ 1,454,673	$ 16,390,762	8.87%	97.77%
2020	0.153722%	$ 1,961,311	$ 17,901,551	10.96%	97.22%
2021	0.145314%	$ (14,480,319)	$ 17,461,690	-82.93%	120.29%
2022	0.159252%	$ (5,906,308)	$ 19,995,151	-29.54%	106.73%
2023					

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

Cost Sharing Employer Plans

Schedules of Bellevue College's Proportionate Share of the Net Pension Liability

Schedule of Bellevue College's Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 1 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.019440%	$ 573,374	$ 711,902	80.54%	68.77%
2015	0.023140%	$ 732,981	$ 963,352	76.09%	65.70%
2016	0.027345%	$ 933,634	$ 1,200,864	77.75%	62.07%
2017	0.026001%	$ 786,080	$ 1,340,742	58.63%	65.58%
2018	0.026630%	$ 777,754	$ 1,392,931	55.84%	66.52%
2019	0.024980%	$ 616,024	$ 1,586,012	38.84%	70.37%
2020	0.026011%	$ 624,118	$ 1,761,464	35.43%	70.55%
2021	0.025576%	$ 169,772	$ 1,846,864	9.19%	91.42%
2022	0.024444%	$ 464,885	$ 1,970,413	23.59%	78.24%
2023					

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

Cost Sharing Employer Plans

Schedules of Bellevue College's Proportionate Share of the Net Pension Liability

Schedule of Bellevue College's Share of the Net Pension Liability (Assets) 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 (asset) liability	College covered payroll	College's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.013797%	$ 44,563	$ 583,151	7.64%	96.81%
2015	0.017530%	$ 147,918	$ 818,639	18.07%	92.48%
2016	0.021070%	$ 289,361	$ 1,040,358	27.81%	88.72%
2017	0.022429%	$ 207,007	$ 1,229,760	16.83%	93.14%
2018	0.023044%	$ 103,724	$ 1,283,434	8.08%	96.88%
2019	0.021521%	$ 127,331	$ 1,466,547	8.68%	96.36%
2020	0.022606%	$ 344,883	$ 1,631,413	21.14%	91.72%
2021	0.023945%	$ (660,542)	$ 1,787,184	-36.96%	113.72%
2022	0.024723%	$ (48,651)	$ 1,959,885	-2.48%	100.86%
2023					

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

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions for Bellevue College

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	$ 523,746	$ 523,746	$ -	$ 12,971,801	4.04%
2015	$ 554,045	$ 554,045	$ -	$ 13,873,237	3.99%
2016	$ 641,719	$ 641,719	$ -	$ 13,445,510	4.77%
2017	$ 655,578	$ 655,578	$ -	$ 13,532,772	4.84%
2018	$ 774,706	$ 774,706	$ -	$ 15,389,151	5.03%
2019	$ 841,149	$ 841,149	$ -	$ 16,413,847	5.12%
2020	$ 854,101	$ 854,101	$ -	$ 17,917,126	4.77%
2021	$ 882,857	$ 882,857	$ -	$ 17,738,504	4.98%
2022	$ 770,131	$ 770,131	$ -	$ 20,276,945	3.80%
2023	$ 853,730	$ 853,730	$ -	$ 21,627,715	3.95%

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

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions for Bellevue College 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	$ 636,258	$ 636,258	$ -	$ 12,905,136	4.93%
2015	$ 693,530	$ 693,530	$ -	$ 13,873,237	5.00%
2016	$ 836,722	$ 836,722	$ -	$ 13,445,510	6.22%
2017	$ 851,548	$ 851,548	$ -	$ 13,532,772	6.29%
2018	$ 1,151,914	$ 1,151,914	$ -	$ 15,380,516	7.49%
2019	$ 1,231,803	$ 1,231,803	$ -	$ 16,390,762	7.52%
2020	$ 1,417,788	$ 1,417,788	$ -	$ 17,901,551	7.92%
2021	$ 1,382,931	$ 1,382,931	$ -	$ 17,461,690	7.92%
2022	$ 1,271,609	$ 1,271,609	$ -	$ 19,995,151	6.36%
2023	$ 1,349,010	$ 1,349,010	$ -	$ 21,208,868	6.36%

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

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions for Bellevue College 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	$ 38,444	$ 38,444	$ -	$ 711,902	5.40%
2015	$ 51,773	$ 51,773	$ -	$ 963,352	5.37%
2016	$ 66,911	$ 66,911	$ -	$ 1,200,864	5.57%
2017	$ 90,987	$ 90,987	$ -	$ 1,340,742	6.79%
2018	$ 110,754	$ 110,754	$ -	$ 1,437,740	7.70%
2019	$ 126,488	$ 126,488	$ -	$ 1,586,012	7.98%
2020	$ 137,315	$ 137,315	$ -	$ 1,761,464	7.80%
2021	$ 141,394	$ 141,394	$ -	$ 1,846,864	7.66%
2022	$ 124,626	$ 124,626	$ -	$ 1,970,413	6.32%
2023	$ 142,672	$ 142,672	$ -	$ 2,215,307	6.44%

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions for Bellevue College
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	$ 33,853	$ 33,853	$ -	$ 583,151	5.81%
2015	$ 46,585	$ 46,585	$ -	$ 818,639	5.69%
2016	$ 84,971	$ 84,971	$ -	$ 1,040,358	8.17%
2017	$ 82,640	$ 82,640	$ -	$ 1,229,760	6.72%
2018	$ 102,448	$ 102,448	$ -	$ 1,327,038	7.72%
2019	$ 114,828	$ 114,828	$ -	$ 1,466,547	7.83%
2020	$ 132,608	$ 132,608	$ -	$ 1,631,413	8.13%
2021	$ 145,653	$ 145,653	$ -	$ 1,787,184	8.15%
2022	$ 157,920	$ 157,920	$ -	$ 1,959,885	8.06%
2023	$ 178,333	$ 178,333	$ -	$ 2,215,307	8.05%

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

Bellevue College

Fiscal Year Ended June 30, 2023

(expressed in thousands)

	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability							
Service Cost	$ 394,449	$ 270,149	$ 209,042	$ 258,306	$ 350,002	$ 109,978	$ 146,390
Interest	255,879	248,266	252,857	290,564	248,942	370,510	528,538
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(1,844,890)	(734,210)	476,727	612,224	(2,246,024)	1,637,339	(424,796)
Changes of assumptions	(435,445)	(248,407)	896,381	1,635,844	(4,053,645)	531,865	(841,208)
Benefit Payments	(65,681)	(91,767)	(133,306)	(131,146)	(149,230)	(220,029)	(221,848)
Change in Proportionate Share	-	-	237,185	16,074	213,868	(70,358)	52,644
Other	-	-	-	-	27	-	-
Net Change in Total Pension Liability	**(1,695,688)**	**(555,969)**	**1,938,886**	**2,681,866**	**$ (5,636,060)**	**$ 2,359,305**	**$ (760,280)**
Total Pension Liability - Beginning	8,616,940	6,709,540	6,153,571	8,092,457	10,774,323	5,138,263	7,497,568
Total Pension Liability - Ending (a)	**$ 6,921,252**	**$ 6,153,571**	**$ 8,092,457**	**$ 10,774,323**	**$ 5,138,263**	**$ 7,497,568**	**$ 6,737,287**
Plan Fiduciary Net Position**							
Contributions-Employer	n/a	n/a	n/a	n/a	$ 49,144	$ 60,791	$ 63,588
Contributions - Member	n/a	n/a	n/a	n/a	-	-	-
Net Investment Income	n/a	n/a	n/a	n/a	615,126	3,795	174,100
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	(74)	-	(36)
Net Change in Plan Fiduciary Net Position					**$ 664,196**	**$ 64,586**	**$ 237,652**
Plan Fiduciary Net Position-Beginning					1,752,484	2,416,680	2,481,266
Plan Fiducairy Net Position-Ending (b)					**$ 2,416,680**	**$ 2,481,266**	**$ 2,718,918**
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)					**$ 2,721,583**	**$ 5,016,302**	**$ 4,018,370**
Fiduciary net position as a % of total pension liability (b)/(a)	**7.28%**	**7.06%**	**7.33%**	**7.35%**	**7.49%**	**7.30%**	**7.37%**
Covered Payroll	**39,650,714**	**40,131,029**	**42,683,458**	**45,474,306**	**47,620,296**	**47,019,751**	**48,822,889**
Net pension Liability as a % of covered payroll	**17.46%**	**15.33%**	**18.96%**	**23.69%**	**10.79%**	**10.67%**	**8.23%**

Schedule of Employer Contributions
State Board Supplemental Retirement Plan
Bellevue College
Fiscal Year Ended June 30, 2023

	2021	2022	2023
Statutorily determined contributions	$ 61,906	$ 61,126	$ 63,470
Actual contributions in relation to the above	54,569	$ 60,211	$ 62,943
Contribution deficiency (excess)	$ (7,337)	$ (915)	$ (527)
Covered Payroll	$ 47,620,296	47,019,751	48,822,889
Contribution as a % of covered payroll	0.11%	0.13%	0.13%

Note: These schedules will be built prospectively until they contain 10 years of data.
n/a indicates data not available

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.

The Schedule of Employer Contributions 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 for Bellevue College
Measurement Date of June 30*

Total OPEB Liability	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Service cost	$ 2,221,530	$ 2,379,102	$ 1,865,049	$ 1,809,536	$ 2,485,937	$ 3,101,919
Interest cost	1,030,761	1,028,233	1,560,143	1,569,669	1,709,068	1,452,958
Difference between expected and actual experience	(1,020,789)	-	(239,077)	-	1,560,047	-
Changes in assumptions	(17,235,208)	439,316	1,011,320	2,923,138	(10,883,067)	(7,087,553)
Changes in benefit terms	-	-	-	-	-	-
Benefit payments	(757,303)	(783,371)	(742,808)	(718,029)	(721,825)	(740,450)
Changes in proportionate share	(1,724,612)	(407,348)	(1,611,647)	(655,281)	(144,008)	(295,195)
Other	(1)	-	(1,589,120)	-	-	-
Net Changes in Total OPEB Liability	$ (17,485,622)	$ 2,655,932	$ 253,860	$ 4,929,033	$ (5,993,848)	$ (3,568,321)
Total OPEB Liability - Beginning	$ 47,600,107	$ 44,944,175	$ 44,690,315	$ 39,761,282	$ 45,755,130	$ 49,323,451
Total OPEB Liability - Ending	$ 30,114,485	$ 47,600,107	$ 44,944,175	$ 44,690,315	$ 39,761,282	$ 45,755,130
College's proportion of the Total OPEB Liability (%)	0.70886589%	0.73551451%	0.74224177%	0.77001029%	0.78291298%	0.78538487%
Covered-employee payroll	$ 72,633,997	$ 69,208,463	$ 67,395,947	$ 65,836,590	$ 61,391,689	$ 51,727,510
payroll	41.460592%	68.777870%	66.686762%	67.880665%	64.766555%	88.454151%

*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.

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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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