Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Clark College

For the period July 1, 2023 through June 30, 2024

Published March 31, 2025

Report No. 1036859

Office of the Washington State Auditor
Pat McCarthy

March 31, 2025

Board of Trustees
Clark College
Vancouver, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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Clark College
July 1, 2023 through June 30, 2024

Board of Trustees
Clark College
Vancouver, 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, the aggregate remaining fund information and the aggregate discretely presented component units of the Clark College, as of and for the year ended June 30, 2024, 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 24, 2025.

Our report includes a reference to other auditors who audited the financial statements of the Clark 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 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 24, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Clark College
July 1, 2023 through June 30, 2024

Board of Trustees
Clark College
Vancouver, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the business-type activities, the aggregate remaining fund information and the aggregate discretely presented component units of the Clark College, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the financial section of our report.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate remaining fund information and the aggregate discretely presented component units of the Clark College, as of June 30, 2024, 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 Clark College Foundation (the Foundation), which represent 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the reports of 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 2 to the financial statements, the College changed the measurement date used for reporting their participation in the State Board Retirement Plan. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statements of the Clark 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, 2024, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Prior-Year Comparative Information

The financial statements include summarized prior-year comparative information for the Foundation. 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, 2023, from which summarized information was derived. Other auditors have previously audited the Foundation's 2023 basic financial statements and they expressed an unmodified opinion in their report dated November 9, 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 listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2025 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 24, 2025

FINANCIAL SECTION

Clark College
July 1, 2023 through June 30, 2024

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Management's Discussion and Analysis

Clark College

The following discussion and analysis provide an overview of the financial position and activities of Clark College (the College) for the fiscal year ended June 30, 2024 (FY 2024). This overview provides readers with an objective and easily readable analysis of the College's financial performance for the year, based on currently known facts and conditions. This discussion has been prepared by management and should be read in conjunction with the College's financial statements and accompanying note disclosures.

Reporting Entity

Clark 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 13,700 students. The College confers associate degrees, bachelor's degrees, certificates and high school diplomas. The College was established in 1933. Its primary purpose is to provide opportunities for diverse learners to achieve their educational and professional goals, thereby enriching the social, cultural, and economic environment of our region and the global community.

The College's main campus is located in Vancouver, Washington, a community of about 198,000 residents. The College also offers classes at our satellite locations in east Vancouver at the Columbia Tech Center, and in north Vancouver on the campus of Washington State University Vancouver. Economic and Community Development classes are offered at the Columbia Tech Center location. The College is currently constructing an additional location in north Clark County. The College is governed by a five-member Board of Trustees appointed by the governor with the consent of the state Senate. By statute, the Board of Trustees has full control of the College, except as otherwise provided by law.

Using the Financial Statements

The financial statements presented in this report encompass the College and its component unit, the Clark 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, 2024. 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, liabilities, and net position at year-end and includes all assets and liabilities of the College. A condensed Statement of Net Position is as follows:

Condensed Statement of Net Position As of June 30th		**FY 2024**		**FY 2023**
Assets				
Current Assets		37,045,472		37,021,419
Non-Current Assets		6,889,580		5,397,380
Capital Assets, net		165,643,458		131,063,624
Total Assets	**$**	**209,578,510**	**$**	**173,482,423**
Deferred Outflows				
Deferred Outflows Related to AROs		62,463		68,141
Deferred Outflows Related to Pensions		8,708,995		8,940,840
Deferred Outflows Related to OPEB		2,256,982		2,753,099
Total Deferred Outflows	**$**	**11,028,440**	**$**	**11,762,080**
Liabilities				
Current Liabilities		8,034,130		6,834,350
Other Liabilities, non-current		35,621,968		36,718,589
Total Liabilities	**$**	**43,656,098**	**$**	**43,552,939**
Deferred Inflows				
Deferred Inflows Related to Pensions		6,631,430		8,832,382
Deferred Inflows Related to OPEB		19,033,301		21,865,192
Deferred Inflows Related to Right to Use Lease		1,689,338		624,792
Total Deferred Inflows	**$**	**27,354,069**	**$**	**31,322,366**
Net Position				
Net Investment in Capital Assets		161,758,169		126,464,236
Restricted		8,508,463		6,498,119
Unrestricted		(20,669,849)		(22,593,157)
Total Net Position, as restated	**$**	**149,596,783**	**$**	**110,369,198**

Current assets include those that may be used to support current operations including cash and cash equivalents, various accounts receivable and inventories. An increase in accounts receivable was offset by a decrease in cash to leave current assets relatively unchanged in FY 2024. Non-current assets increased by $1.5 million due to a new lease receivable and an increase the net pension asset.

Net capital assets increased by $34.5 million during FY 2024 primarily due to the continued construction of its new campus in Ridgefield, WA. The College also had ordinary purchases of equipment and a new subscription-based information technology asset that were offset by the current year depreciation and amortization expense of $4,751,445.

Deferred outflows of resources and deferred inflows of resources primarily represent pension and post-employment benefits (OPEB) related deferrals, lease-related deferrals and an asset retirement obligation for wells located on the main campus. The decrease in deferred outflows is mainly related to pensions and OPEB driven by changes in assumptions and the decrease in the College's proportionate share of OPEB. These decreases were partially offset by an increase related to a change in reporting of the State Board Retirement Plan (SBRP) to a one-year lag between measurement and reporting as allowed by GASB 68. The College recorded $11,693,939 in FY 2023 and $10,965,977 in FY 2024 of pension and OPEB deferred outflows. The College also recorded deferred outflows related to asset retirement obligations of $68,141 in FY 2023 and $62,463 in FY 2024.

Similarly, the decrease in deferred inflows in 2024 reflects the difference between actual and projected investment earnings on the state's pension plans and other post-employment benefits. Additionally, the deferred inflows related to OPEB decreased due to changes in assumptions. The College recorded $30,697,574 in FY 2023 and $25,664,731 in FY 2024 of pension and post-employment related deferred inflows. The College also recorded $624,792 in FY 2023 and $1,689,338 in FY 2024 in deferred inflows related to right-to-use leases with the increase due to a new lease receivable.

Current liabilities include amounts payable to suppliers for goods and services, accrued payroll and related liabilities, deposits held for others, the short-term portion of Certificates of Participation debt, unearned revenue, current portion of right-to-use leases and subscription-based IT arrangements, as well as the short-term portion of pension and OPEB liabilities. Current liabilities can fluctuate from year to year depending on the timeliness of vendor invoices and resulting vendor payments, especially as they relate to capital assets and improvements.

The increase in current liabilities from FY 2023 to FY 2024 is primarily due to an increase in accrued payroll costs related to the timing of certain payments to faculty. Additionally, there was an increase due to a new subscription-based IT arrangement.

Non-current liabilities primarily consist of the amount of vacation and sick leave earned but not yet used by employees, the long-term portion of leases and subscription-based liabilities, Certificates of Participation debt and the College's long-term portion net pension and OPEB liabilities.

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

Expendable **–** resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties who have placed time or purpose restrictions on the use of the asset. The expendable balance for the College is funds held for student loans and institutional financial aid funds per RCW 28B.15.820.

Pension Assets – consists of funds restricted related to Net Pension Assets.

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 Executive Cabinet. 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 was restated by $38,174 to correct an error in the initial of a lease during the implementation of GASB 87.

Net Position As of June 30th	**FY 2024**	**FY 2023**
Net investment in capital assets	$161,758,169	$126,464,236
Restricted		
Expendable - Grants in Aid	661,343	641,184
Expendable - Student Loans	20,616	34,658
Pension Assets	7,826,504	5,822,277
Unrestricted	(20,669,849)	(22,593,157)
Total Net Position	**$149,596,783**	**$110,369,198**

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 2024. The objective of the statement is to present the revenues earned, both operating and non-operating, and the expenses incurred by the College, along with any other revenue, expenses, and gains and losses.

Generally, operating revenues are earned by the College in exchange for providing services. Tuition, grants and contracts are included in this category. In contrast, non-operating revenues include monies the College receives from other government agencies without directly giving equal value to that agency in return. Accounting standards require that the College categorize state 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. 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, 2024 and 2023 is presented as follows:

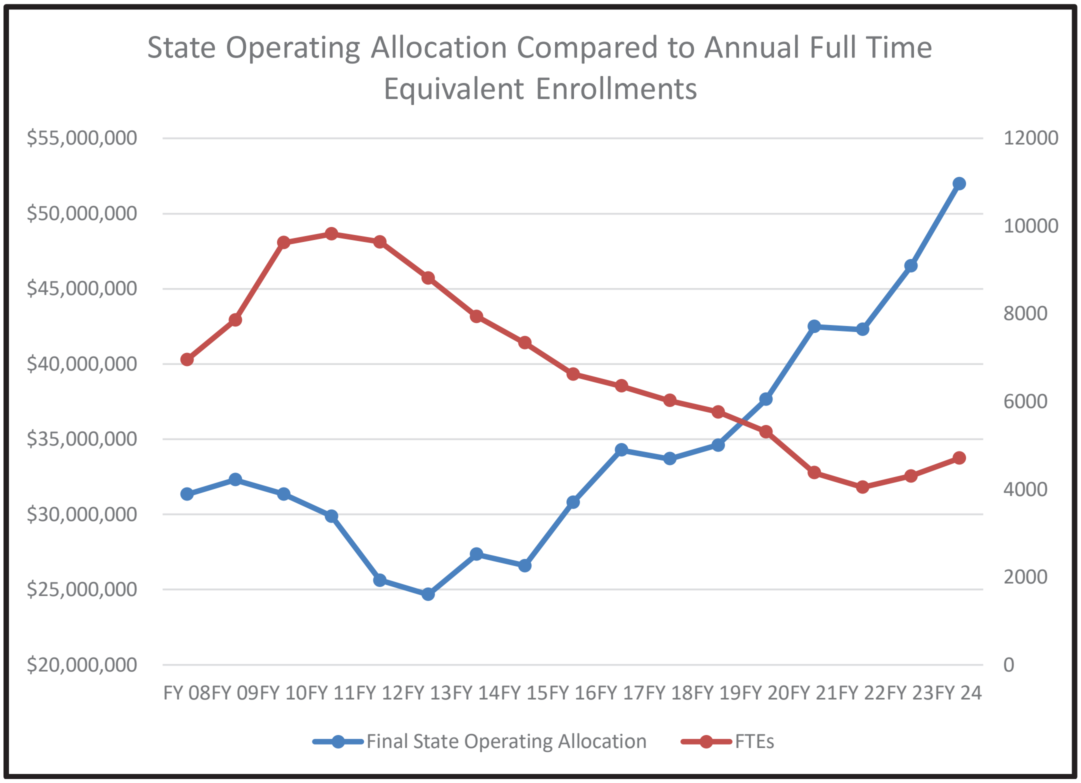
Condensed Statement of Revenues, Expenses, and Changes in Net Position

For the years ending June 30	FY 2024	FY 2023	Change
Operating Revenues			
Student tuition and fees, net	$ 17,554,702	$ 15,863,024	$ 1,691,678
Auxiliary enterprise sales	4,165,329	3,317,215	848,114
State and local grants and contracts	29,081,163	26,386,084	2,695,079
Federal grants and contracts	937,397	913,730	23,667
Other operating revenues	294,714	279,167	15,547
Total operating revenues	**52,033,305**	**46,759,220**	**5,274,085**
Operating Expenses	**(111,941,396)**	**(105,001,390)**	**(6,940,006)**
Operating Loss	**(59,908,091)**	**(58,242,170)**	**(1,665,921)**
Non-operating revenues			
State appropriations	51,192,855	46,199,366	4,993,489
Federal Pell grant revenue	9,094,291	7,133,684	1,960,607
Federal non-operating	0	2,666,616	(2,666,616)
Investment income, net	1,248,941	976,829	272,112
Gain(loss) on disposal	10,499	(46,609)	57,108
Non-operating expenses	(2,918,964)	(2,437,580)	(481,384)
Net non-operating revenues (expense)	**58,627,622**	**54,492,306**	**4,135,316**
Income (loss) before capital contributions	**(1,280,469)**	**(3,749,864)**	**2,469,395**
Capital Appropriations and Contributions	40,546,228	9,946,598	30,599,630
Change in Net Position	**39,265,759**	**6,196,734**	**33,069,025**
Net Position, Beginning of the Year	**110,369,198**	**104,194,519**	**6,174,679**
Change in Accounting Principle	**(38,174)**	**(22,055)**	**(16,119)**
Net Position, End of the Year	**$ 149,596,783**	**$ 110,369,198**	**$ 39,227,585**

Revenues

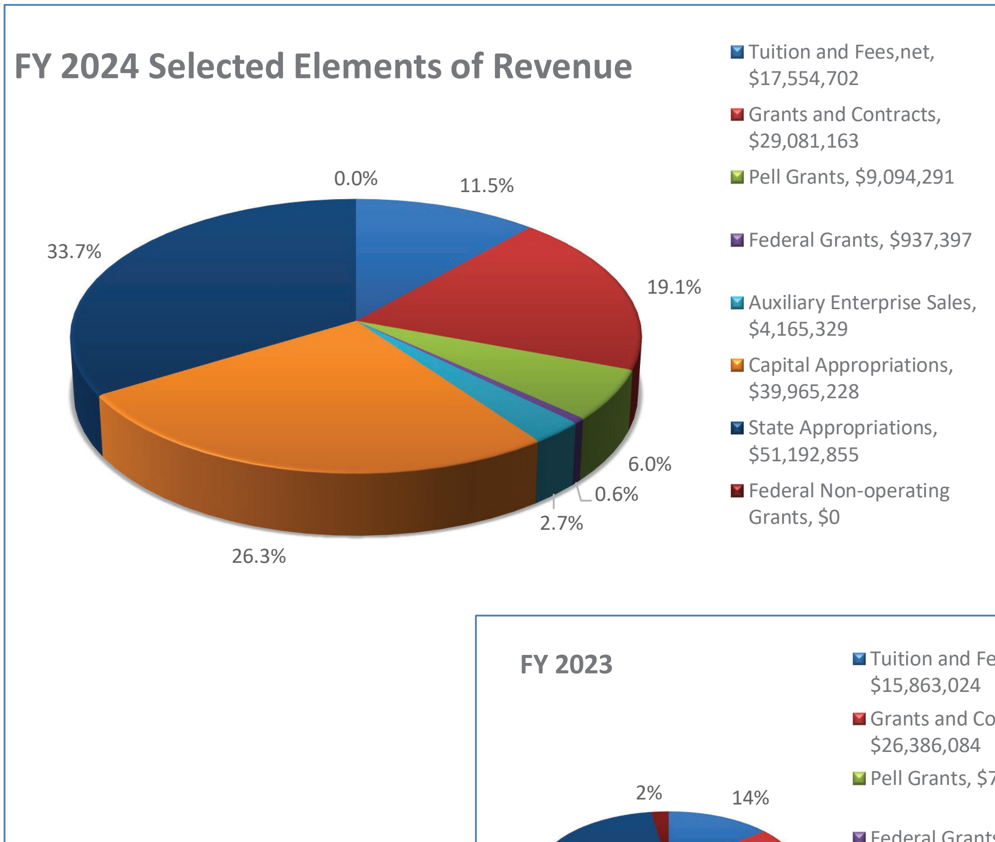
The state of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college. The SBCTC allocated funds to each of the 34 College's based on a 3-year average FTE actuals. In FY 2024, the College's allocation reflected an increase in funding related to salary and benefit cost increases and several specific proviso allocations.

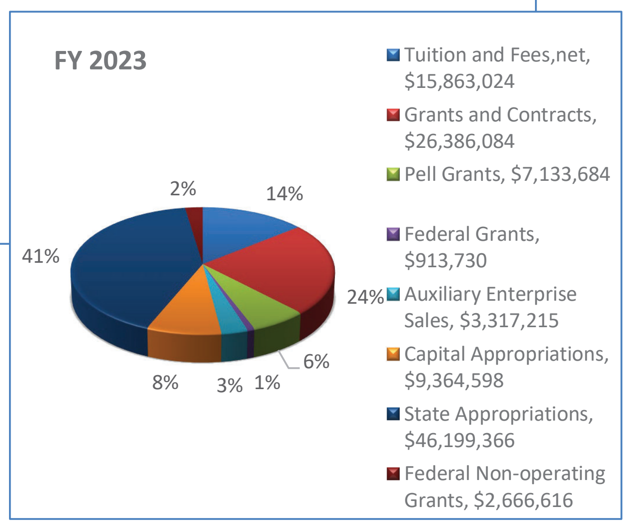
In addition to the state allocation, the SBCTC allocates capital appropriations to the colleges. In FY 2024, the College's capital appropriation increased by over $30 million as a direct result of the design and construction of the Advanced Manufacturing Center at Boschma Farms.



In FY 2024, the College's tuition and fee revenue increased approximately $3 million, before the scholarship discount and allowance. The increase is attributable to growing enrollments as well as a small increase in tuition rates. Pell Grant revenues increased by $1.9 million, due to higher enrollment and funding levels. Auxiliary enterprise sales were also up primarily due to more traffic on campus generating additional business in the Bookstore and event rentals. The increased revenues were offset by a $2.6 million decrease in federal non-operating grants due to the final CARES funding being spent in FY 2023.

In FY 2024, state and local grants and contracts revenues increased by approximately $2.7 million when compared with FY 2023. This is attributable to increases in student aid grant programs through the State of Washington, as well as an increase in local contracts. 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. Running Start increases accounted for over $1.6 million of the total increase.





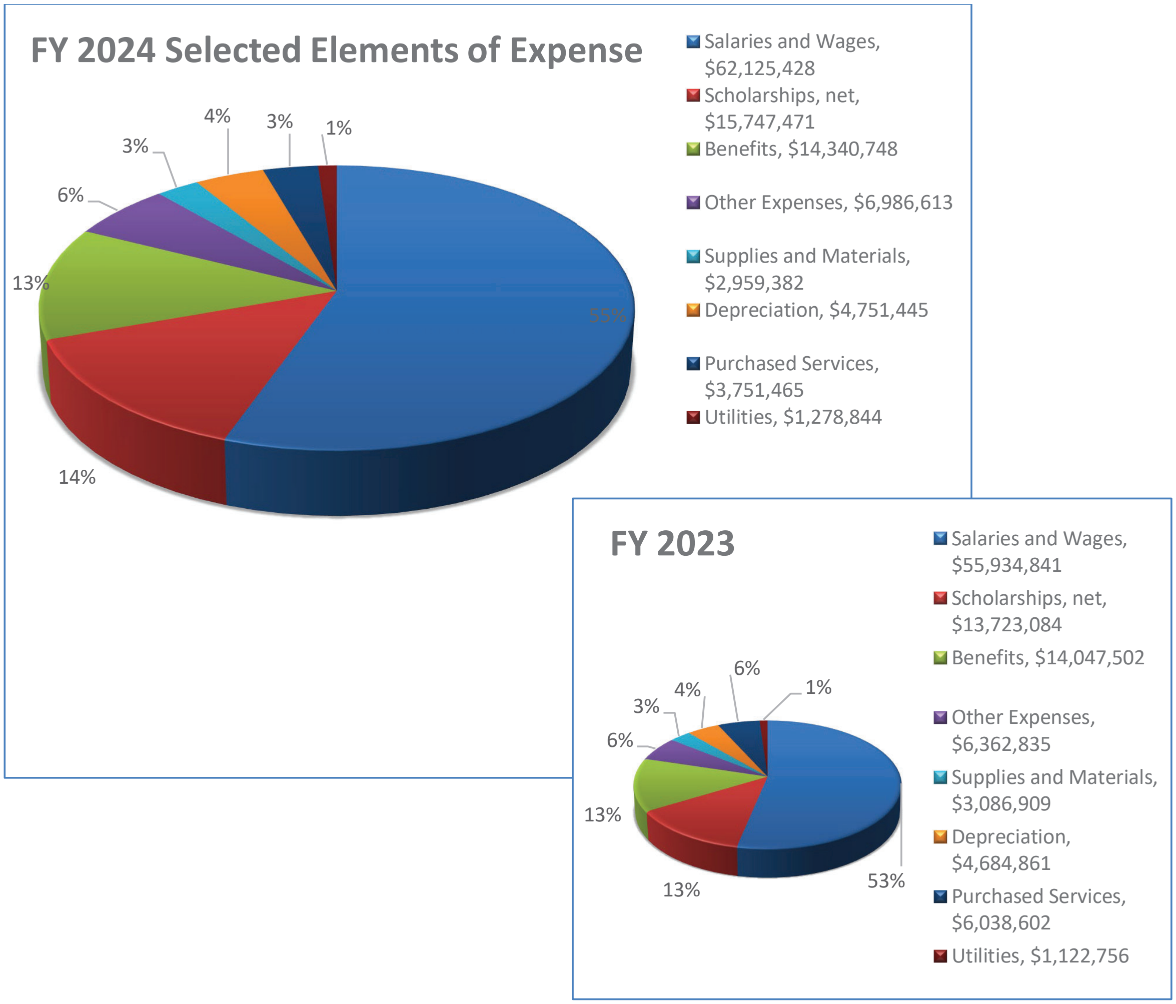
The College receives capital spending authority on a biennial basis. In accordance with accounting standards, the amount shown as capital appropriation revenue on the financial statements is the amount expended in the current year. Expenses from capital project funds that do not meet accounting standards 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 life of the asset.

Expenses

Faced with severe budget cuts over the past eight years, the College has continuously sought opportunities to identify savings and efficiencies, while also looking at opportunities for innovation.

The College's most significant expense continues to be employment-related costs, accounting for 68% of total operating expenses. In FY 2024, salary and wage costs increased by over $6.1 million due to cost-of-living increases for all employee classes and higher costs for additional faculty needed to run more class sections to accommodate the higher enrollment. Associated benefits also increased but were offset by reductions to GASB 68 pension expense costs.

Scholarships including financial aid increased by approximately $2 million in FY 2024 due to increased enrollments and scholarships offered by the Clark College Foundation and other private donors. The College has continued to educate students on financial literacy, encouraging a reduction in loans taken out by our students. Other expenses, supplies, purchased services, and utilities have held constant in FY 2024 as the College focuses on controlling its spending.



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. This trend is expected to continue to impact the number of new projects that can be financed. In FY 2017, the College elected to finance the renovation of the Culinary Arts facility with Certificate of Participation debt. Additional information regarding the Certificate of Participation debt can be found in Note 15.

At June 30, 2024, the College had invested $165,643,458 in capital assets, net of accumulated depreciation. This represents an increase of $34,579,834 from last year, as shown in the following table.

Asset Type	June 30, 2024	June 30, 2023	Change
Land	$ 14,966,429	$ 14,966,429	$ -
Construction in Progress	44,147,439	6,252,831	37,894,608
Buildings, net	100,893,616	104,321,361	(3,427,745)
Other Improvements and Infrastructure, net	1,443,465	1,676,072	(232,607)
Equipment, net	2,832,597	2,898,200	(65,603)
Library Resources, net	206,365	220,096	(13,731)
Subscription based asset, net	974,312	467,624	506,688
Right to use asset, net	179,235	261,011	(81,776)
Total Capital Assets, Net	**$ 165,643,458**	**$ 131,063,624**	**$ 34,579,834**

The increase in net capital assets can be primarily attributed construction in progress of the Advanced Manufacturing Center at Boschma Farms, normal replacement and acquisition of equipment and library resources and a new subscription-based IT asset. Additional information on capital assets can be found in Note 8.

At June 30, 2024, the College had $2,805,000 in outstanding debt. This represents a decrease of $835,000 from last year. In FY 2017, the College entered into two Certificate of Participation loans, one for the renovation of the Culinary Arts facility and another for energy efficiency improvements.

Additional information on certificates of participation, debt service requirements and long-term liabilities can be found in Notes 15, 16, and 18.

Economic Factors That May Affect the Future

The community college system, led by a task force with membership of presidents and key administrators, is in the process of examining the current allocation method by which the legislative appropriation is allotted to each individual college district. The work is slated to complete in calendar year 2025, with any new actions or changes not being implemented until the 2027-29 biennium. There are a number of proposals on how to modify the existing allocation model, but no firm decisions have been made.

The State Board for Community and Technical Colleges currently allocates funds received from the state's budget to each college/district. 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. Due to decreased enrollment from pre-pandemic levels that is not rebounding as quickly as other colleges, it is estimated that the College will likely see a decrease in state operating appropriations in future years.

The State Legislature allocated construction funding for the College's new, 70,000 square foot Advanced Manufacturing Center at Boschma Farms as part of its budget for the 2022 biennial budget. The College broke ground in the summer of 2023 and substantially completed construction at the end of 2024 with plans to offer classes starting in the spring of 2025. The campus is located in the quickly growing community of Ridgefield which should enable the College to serve new enrollments in the high-demand advanced manufacturing field.

For the 2023-25 fiscal biennium, the legislature increased the overall appropriation for the community college system by a significant amount. The total appropriation for the new biennium went up by over $400 million dollars. However, much of this funding was earmarked for mandatory cost increases and for non-discretionary program expansions. Funding from the previously passed Workforce Education Investment Act (E2SHB 2158) continued and expanded into fiscal years 2024 and 2025. The September 2024 tax revenue forecasts for the 2025-27 biennium predict less growth of tax revenue than previously anticipated, and this may have negative impact on legislative appropriations to all state agencies including higher education institutions.

Washington's personal income growth, which is the main factor in calculating future tuition increases, is slightly lower than the national average in the first quarter of 2024, but is forecasted to have growth from 2025 – 2029. 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.

College Statement of Net Position

Clark College
Statement of Net Position
As of June 30, 2024

	2024
Assets	
Current Assets	
Cash and cash equivalents (Note 3)	21,681,516
Restricted cash and cash equivalents (Note 3)	711,715
Accounts receivable, net (Note 4 and 6)	14,228,018
Student loans receivable, net (Note 5)	5,668
Inventories (Note 7)	387,182
Prepaid expenses	31,373
Total current assets	**37,045,472**
Non-Current Assets	
Lease receivables, net of current portion (Note 6)	1,677,692
Net pension asset (Note 19)	5,211,888
Non-depreciable capital assets (Note 8)	59,113,868
Depreciable capital assets, net (Note 8)	106,529,590
Total non-current assets	**172,533,038**
Total assets	**209,578,510**
Deferred Outflows of Resources	
Deferred outflows related to assets retirement obligations (Note 17)	62,463
Deferred ouflows related to pensions (Note 19)	8,708,995
Deferred ouflows related to OPEB (Note 20)	2,256,982
Total deferred ouflows of resources	**11,028,440**
Liabilities	
Current Liabilities	
Accounts payable (Note 10)	714,958
Accrued liabilities (Note 10)	3,280,348
Compensated absences (Note 13)	635,926
Deposits payable	128,577
Unearned revenue (Note 11)	1,329,380
Leases, SBITAs, and certificates of participation, current portion (Notes 14, 15 and 16)	1,251,359
Net pension liability, current portion (Note 19)	153,801
OPEB liability, current portion (Note 20)	539,781
Total current liabilities	**8,034,130**
Non-Current Liabilities	
Compensated absences (Note 13)	6,623,714
Net pension liability (Note 19)	4,962,192
OPEB liability, long term portion (Note 20)	20,881,065
Unamortized premium (Notes 15 and 18)	333,669
Asset retirement obligation (Note 17)	283,922
Leases, SBITAs and certificates of participation, long term portion (Notes 14, 15 and 16)	2,537,406
Total non-current liabilities	**35,621,968**
Total liabilities	**43,656,098**
Deferred Inflows of Resources	
Deferred inflows related to pensions (Note 19)	6,631,430
Deferred inflows related to OPEB (Note 20)	19,033,301
Deferred inflows related to right to use leases	1,689,338
Total deferred inflows of resources	**27,354,069**
Net Position	
Net Investment in Capital Assets	161,758,169
Restricted for:	
Expendable	661,343
Student loans	20,616
Net Pensions	7,826,504
Unrestricted	(20,669,849)
Total Net Position	**149,596,783**

The notes to the financial statements are an integral part of this statement.

Foundation Statement of Financial Position

Clark College Foundation
Statements of Financial Position
June 30, 2024
(With Summarized Financial Information for June 30, 2023)

	June 30, 2024			June 30, 2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
ASSETS				
Cash	$ 10,809	$ -	$ 10,809	$ 322,468
Investments	22,718,200	80,117,750	102,835,950	99,604,378
Pledges and other receivables, net	3,527	1,262,400	1,265,927	1,892,818
Other assets	299,348	-	299,348	216,314
Split-interest agreements	174,884	5,647,980	5,822,864	5,012,406
Property and equipment, net	721,081	-	721,081	740,129
Land held for contribution and development	9,652,348	-	9,652,348	9,652,348
Total assets	$ 33,580,197	$ 87,028,130	$ 120,608,327	$ 117,440,861
LIABILITIES AND NET ASSETS				
Accounts payable and accrued liabilities	$ 1,312,003	$ 87,768	$ 1,399,771	$ 1,118,376
Due to/from	50,663	(50,663)	-	-
Split-interest agreement liabilities	5,177	1,661,757	1,666,934	1,512,299
Total liabilities	1,367,843	1,698,862	3,066,705	2,630,675
Net assets				
Without donor restrictions	32,212,354	-	32,212,354	31,012,690
With donor restrictions				
Time or purpose restricted	-	15,436,109	15,436,109	15,592,092
Perpetual in nature	-	69,893,159	69,893,159	68,205,404
Total net assets	32,212,354	85,329,268	117,541,622	114,810,186
Total liabilities and net assets	$ 33,580,197	$ 87,028,130	$ 120,608,327	$ 117,440,861

The notes to the financial statements are an integral part of this statement

College Statement of Revenues, Expenses and Changes in Net Position

Clark College

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2024

	2024
Operating Revenues	
Student tuition and fees	24,465,941
Less scholarship discounts and allowances	(6,911,239)
Auxiliary enterprise sales	4,165,329
State and local grants and contracts	29,081,163
Federal grants and contracts	937,397
Other operating revenues	294,714
Total operating revenue	**52,033,305**
Operating Expenses	
Salaries and wages	62,125,428
Benefits	14,340,748
Scholarships, net of discounts	15,747,471
Supplies and materials	2,959,382
Depreciation and amortization	4,751,445
Purchased services	3,751,465
Utilities	1,278,844
Other operating expenses	6,986,613
Total operating expenses	**111,941,396**
Operating income (loss)	**(59,908,091)**
Non-Operating Revenues (Expenses)	
State appropriations	51,192,855
Federal Pell grant revenue	9,094,291
Investment income, gains and losses	1,248,941
Gain on disposal	10,499
Building fee remittance	(2,161,502)
Innovation fund remittance	(558,047)
Interest on indebtedness	(199,415)
Net non-operating revenues (expenses)	**58,627,622**
Income or (loss) before capital contributions	(1,280,469)
Capital appropriations	39,965,228
Capital contribution-Foundation	581,000
Increase (decrease) in net position	**39,265,759**
Net Position	
Net position, beginning of year	110,369,198
Correction of an Error (Note 2)	(38,174)
Net position, beginning of year, as restated	110,331,024
Net position, end of year	**149,596,783**

The notes to the financial statements are an integral part of this statement

Foundation Statement of Activities and Changes in Net Position

Clark College Foundation
Statements of Activities
Year Ended June 30, 2024
(With Summarized Financial Information for June 30, 2023)

	June 30, 2024 Without Donor Restrictions	June 30, 2024 With Donor Restrictions	June 30, 2024 Total	June 30, 2023 Total
SUPPORT, REVENUE, AND GAINS				
Support				
Contributions	$ 626,806	$ 1,864,180	$ 2,490,986	$ 2,056,887
Noncash contributions	77,618	208,051	285,669	318,515
Total support	704,424	2,072,231	2,776,655	2,375,402
Revenue and gains				
Special events and other	45,218	150,599	195,817	161,754
Investment return, net	3,970,804	2,738,914	6,709,718	8,104,877
Change in value of split-interest agreements	(36,651)	347,780	311,129	109,523
Total revenue and gains	3,979,371	3,237,293	7,216,664	8,376,154
Net assets released from restrictions and other redesignations	3,777,752	(3,777,752)	-	-
Total support, revenue, and gains	8,461,547	1,531,772	9,993,319	10,751,556
EXPENSES				
Program services				
College program and capital support	3,145,522	-	3,145,522	2,928,565
Scholarships	1,665,955	-	1,665,955	1,255,884
Total program services	4,811,477	-	4,811,477	4,184,449
Supporting services				
Fundraising	1,552,704	-	1,552,704	1,356,280
Management and general	897,702	-	897,702	869,324
Total supporting services	2,450,406	-	2,450,406	2,225,604
Total expenses	7,261,883	-	7,261,883	6,410,053
CHANGE IN NET ASSETS	1,199,664	1,531,772	2,731,436	4,341,503
NET ASSETS, beginning of year	31,012,690	83,797,496	114,810,186	110,468,683
NET ASSETS, end of year	$ 32,212,354	$ 85,329,268	$ 117,541,622	$ 114,810,186

The notes to the financial statements are an integral part of this statement

College Statement of Cash Flow

Clark College

Statement of Cash Flow

For the Years Ended June 30, 2024

	2024
Cash flow from operating activities	
Student tuition and fees, net	17,808,265
Grants and contracts	29,927,227
Payments to vendors	(6,703,856)
Payments for utilities	(1,278,844)
Payments to employees	(61,163,963)
Payments for benefits	(19,402,022)
Auxiliary enterprise sales	4,051,064
Payments for scholarships	(15,747,471)
Loans issued to students	14,055
Other receipts	(7,426,170)
Net cash used by operating activities	**(59,921,715)**
Cash flow from noncapital financing activities	
State appropriations	51,413,545
Pell grants	9,094,291
Building fee remittance	(2,165,299)
Innovation fund remittance	(565,542)
Principal paid on noncapital debt	(40,000)
Interest paid on noncapital debt	(8,050)
Net cash provided by noncapital financing activities	**57,728,945**
Cash flow from capital and related financing activities	
Capital appropriations	38,561,973
Capital contribution-Foundation	581,000
Purchases of capital assets	(38,652,642)
Proceeds from the sale of capital assets	14,859
Principal paid on capital debt	(1,196,911)
Interest paid on capital debt	(183,405)
Net cash used by capital and related financing activities	**(875,126)**
Cash flow from investing activities	
Income of investments	1,248,941
Net cash provided by investing activities	**1,248,941**
Increase (decrease) in cash and cash equivalents	**(1,818,955)**
Cash and cash equivalents at the beginning of the year	**24,212,186**
Cash and cash equivalents at the end of the year	**22,393,231**

The notes to the financial statements are an integral part of this statement

Statement of Cash Flow, continued

Reconciliation of Operating Loss to Net Cash used by Operating Activities

Operating Loss	$ (59,908,091)

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

Depreciation and amortization expense	$ 4,751,445

Changes in assets and liabilities

Receivables, net	$ (770,047)
Inventories	50,658
Other assets	(6,409)
Accounts payable	(119,748)
Accrued liabilities	853,228
Unearned revenue	189,167
Compensated absences	435,558
Pension and OPEB liability adjustments	(5,429,310)
Deposits payable	17,779
Loans to students	14,055
Net cash used by operating activities	**$ (59,921,715)**

The notes to the financial statements are an intengral part of this statement

Foundation Statement of Cash Flows

Clark College Foundation
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,731,436	$ 4,341,503
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	32,054	32,215
Donation of land	-	(255,226)
Unrealized gain on investments	(3,681,899)	(4,458,765)
Realized gain on investments	(2,920,392)	(3,646,112)
Change in value of split-interest agreements	(311,129)	(109,523)
Contributions restricted to long-term investment	(400,138)	(484,338)
Change in pledges receivable discount	(47,619)	(69,161)
Change in cash due to changes in		
Pledges and other receivables	674,510	754,559
Other assets	(83,034)	24,992
Accounts payable and accrued liabilities	281,395	71,699
Split-interest agreement liabilities	154,635	45,525
Net cash flows used in operating activities	(3,570,181)	(3,752,632)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, equipment and land held	(13,006)	(59,888)
Proceeds from sale of donated land	-	255,226
Purchase of investments	(4,465,802)	(20,783,295)
Purchase of securities with split-interest contributions	(443,827)	-
Proceeds from sale of investments	7,836,521	23,777,240
Net cash flows from investing activities	2,913,886	3,189,283
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments to split-interest beneficiaries	(55,502)	(148,987)
Proceeds from terminated split-interest agreements	-	380,788
Contributions restricted to long-term investment	400,138	484,338
Net cash flows (used in) from financing activities	344,636	716,139
NET CHANGE IN CASH	(311,659)	152,790
CASH, beginning of year	322,468	169,678
CASH, end of year	$ 10,809	$ 322,468
SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING ACTIVITIES		
Noncash contributions	$ 285,669	$ 318,515
Cash paid for estimated taxes on investment income	$ 500	$ 1,250

The notes to the financial statements are an integral part of this statement

Statement of Fiduciary Net Position

Clark College

Statement of Fiduciary Net Position
June 30, 2024

			2024 Custodial Funds Northwest Athletic Conference
Assets			
	Cash		207,780
		Total assets	**207,780**
Liabilities			
	Accounts payable		41,058
	Accrued liabilities		33,860
		Total liabilities	**74,918**
Net Position			
	Restricted for Northwest Athletic Conference		132,862
		Total Net Position	**132,862**

The notes to the financial statements are an integral part of this statement

Statement of Changes in Fiduciary Net Position

Clark College

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024

		2024
		Custodial Funds
		Northwest Athletic Conference
Additions		
Northwest Athletic Conference Revenue		839,548
Interest Revenue		3,384
	Total operating revenue	842,932
Deductions		
Salaries and wages		302,654
Benefits		90,168
Supplies and materials		147,194
Purchased services		225,531
Other operating expenses		82,964
	Total operating expenses	848,511
Net increase in fiduciary net position		(5,579)
Net position, beginning of year		138,441
Net position, end of year		132,862

The notes to the financial statements are an integral part of this statement

Notes to the Financial Statements

These notes form an integral part of the financial statements.

1. Summary of Significant Accounting Policies

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

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

The Clark College Foundation (the Foundation) is a separate but affiliated non-profit entity, incorporated under Washington law in 1973 and recognized as a tax exempt 501(c)(3) charity. The Foundation's charitable purpose is to help individuals, families and organizations blend their personal priorities with the charitable priorities of Clark College to create a growing base of diverse endowments as well as increasing range of current, planned, and periodically, strategic capital gifts that advance Clark College as an extraordinary community college. Because the majority of the Foundation's income and resources are restricted by donors and may only be used for the benefit of the College or its students, the Foundation is considered a component unit based on the criteria contained in Governmental Accounting Standards Board (GASB) Statement Nos. 61, 39 and 14. A 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, 2024, the Foundation distributed $3,107,476 to the College for restricted and unrestricted purposes, which includes student scholarships, program support, and capital improvements. A copy of the Foundation's complete financial statements may be obtained from the Foundation's Administrative Offices at 360-992-2301.

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. All significant intra-agency transactions have been eliminated. However, revenues and expenses from the College's auxiliary enterprises are treated as though the College were dealing with private vendors.

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

Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, bank demand deposits and deposits with the Washington State Local Government Investment Pool (LGIP). Cash equivalents are defined as highly liquid investments with an original maturity of 90 days or less. Funds invested through the Washington State Treasurer's LGIP are reported as cash equivalents. 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, cash equivalents, and investments at amortized cost.

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.

Leases Receivable
Leases receivable are recorded at the present value of future lease payments expected to be received from the lessee during the term of the lease, reduced by a provision for estimated uncollectible amounts. Leases receivable are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments are discounted using the State of Washington's incremental borrowing rate unless otherwise noted in the contract term.

Inventories
Inventories, consisting primarily of merchandise for resale in the College bookstore and course-related supplies, are valued at cost using the first in, first out (FIFO) method.

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

Land, buildings and equipment are recorded at cost, or if acquired by gift, at acquisition value at the date of the gift. GASB Statement No. 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. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, excluding intangible right-to-use lease assets and subscription-based IT agreement assets. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

In accordance with the College capitalization policy:

- Land, including land use rights with indefinite lives acquired with the purchase of the underlying land, and ancillary costs are capitalized
- Infrastructure with a cost of $100,000 or more is capitalized and depreciated over 20-50 years
- Building, building improvements, improvements other than building and leasehold improvements with a cost of $100,000 or more are capitalized and depreciated over 5-50 years
- Intangible assets (excluding intangible right-to-use lease assets and subscription-based IT arrangements), either purchased or internally developed, with a cost of $1 million or more that are identifiable by meeting one of the following conditions:
    - The asset is capable of being separated or divided and sold, transferred, licensed, rented, or exchanged.
    - The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable.
- Lease assets with total annual payments over $25,000 and total payments over the lease term exceeding $100,000 are capitalized and amortized over the life of the lease
- Subscription-based IT arrangements with total payments over the term of the arrangement of $100,000 or more and annual payments exceeding $25,000 are capitalized and amortized over the term of the agreement
- All capital assets acquired with Certificates of Participation, are capitalized and depreciated based on the category of asset
- All other capital assets with a unit cost (including ancillary costs) of $5,000 or greater, or collections with a total cost of $5,000 or greater are capitalized and depreciated over 3-50 years depending on specific category of asset.

Leases (Lessee) and Similar Subscription-Based Information Technology Arrangements
The College is a lessee for various noncancelable leases of equipment. The College also has noncancelable subscription IT arrangements (similar to a lease) for the right-to-use information technology hardware and software (SBITA). For leases and subscription IT arrangements, the College recognizes a lease or SBITA liability, respectively, and a right-to-use asset or SBITA asset, respectively.

Right-to-use lease assets are recorded at the initial measurement of the lease liability, plus lease payment made at/or before the commencement of the lease term, less any incentives received from the lessor at/or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying 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, 2024, no assets had been written down.

Unearned Revenues
Unearned revenues occur when funds have been received prior to the end of the fiscal year but are related to the subsequent fiscal year. Unearned revenues also include tuition and fees paid with financial aid funds. The College has recorded summer and fall quarter tuition and fees paid 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. The College does remit unrelated business income tax for qualifying activities.

Pension Liability
For purposes of measuring the net pension liability in accordance with GASB Statement No. 68 *Accounting and Financial Reporting for Pensions and Related Assets*, 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 Statement No. 68.

Other Postemployment Benefits 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.

Deferred outflows related to the asset retirement obligation is for potential costs to decommission four wells located on the College's main campus. These will be amortized over the remaining 12-year useful life.

Deferred inflows are recorded for right-to-use leases reflecting the future payments associated with leases receivable.

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 principal.

Restricted for Loans. The loan funds are established for the explicit purpose of providing student support as prescribed by statute or granting authority.

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

Restricted for Pension Assets. These includes resources for the explicit purpose of pension assets. The restricted net position is equal to the net pension asset, minus the deferred inflows, plus the deferred outflows.

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

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

Operating Revenues. This includes activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of waivers and scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) most federal, state and local grants and contracts which includes Running Start revenue and various grants for funding student tuition and operations.

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

Non-operating Revenues. This includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, Federal Pell grant revenue, state appropriations, investment income, and gain on disposal.

Non-operating Expenses. Non-operating expenses include state remittance related to the building fee and the innovation fee, interest on COP, and loss on disposal.

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 Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for 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, 2024 are $6,911,239.

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 and 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 which includes the management of the system-wide ERP system. On a monthly basis, the College's remits the portion of tuition collected for the Innovation Fee to the State Treasurer for allocation to SBCTC. These remittances are non-exchange transactions reported as an expense in the non-operating revenues and expenses section of the Statement of Revenues, Expenses and Changes in Net Position.

2. Accounting and Reporting Changes

The College implemented GASB Statement No. 100, *Accounting Changes and Error Corrections* during FY 2024. This Statement is intended to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

Error Correction

The College recorded a decrease to net position of $38,174 as the result of an error correction for the initial valuation of a lease and to adjust the measurement date to June 30, 2021. During the implementation of GASB Statement No. 87, leases were valued at total cost of agreement date rather than as of implementation date. This change increased the associated deferred inflow of the right-to-use leases by $38,174.

Change in Accounting Estimate

In FY 2024 the College changed the way the State Board Retirement Plan (SBRP) is reported in the financial statements. Previously the measurement date and reporting date were the same but there is now a one-year lag between measurement and reporting date which caused an increase in deferred outflows of $453,873 for the contributions made subsequent to the measurement date. Both methods are allowed under GASB Statement No. 68. This change is necessary to allow sufficient time for the actuaries to gather information for the net pension liability calculations. This change does not alter the methodology for the calculations, it only alters the reporting timeline. The previous reporting timeline required periodic estimates for returns on investments whereas this new timeline will allow final investment activity to be utilized. Net pension liabilities, deferred inflows, and pension expense will be reported for FY 2024 as the same values reported in FY 2023. Deferred outflows will now include contributions and payments made subsequent to the measurement date.

3. Deposits and Investments

Deposits

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

Investments in Local Government Investment Pool (LGIP)

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

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASB Statement No. 79 for external investment 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, 2024, the carrying amount of the College's cash and cash equivalents was $22,601,011. The restricted cash included in total cash consists of amounts restricted for loans and institutional financial aid funds per RCW 28B.15.820. The classification is represented in the table below.

Cash and Cash Equivalents	**2024**
Local Government Investment Pool	$ 22,190,811
Bank Demand	(522,295)
Restricted Cash - Held for Financial Aid	711,715
Fiduciary Cash - Held for Northwest Athletic Conference	207,780
Petty Cash and Change Funds	13,000
Total Cash and Cash Equivalents	**$ 22,601,011**

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

Interest Rate Risk—Investments
While the College does not currently have any investments other than the LGIP, when investing historically, the College manages its exposure to interest rate changes by limiting the duration of investments to mature at various points in the year. The College administrative procedures 450.033 identifies investment parameters as ranging from overnight and up to one year in duration, depending on the stability of the cash balance and the annual cycle of cash liquidity needs.

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, 2024, the college did not have any investments other than the LGIP.

Investment Expenses
Investment income for the College is shown net of investment expenses. The investment expenses incurred for the fiscal year ended June 30, 2024 were $1,347.

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, 2024, accounts receivable were as follows:

Accounts Receivable		2024
Due from State Appropriation	$	10,433,822
Student Tuition and Fees		2,184,586
Due from Other State Agencies		551,112
Due from Federal Government		90,276
Leases Receivable, current portion		63,476
Auxiliary Enterprises		2,636
Other		1,516,814
Subtotal	$	14,842,722
Less Allowance for Uncollectible Accounts		(614,704)
Accounts Receivable, net	**$**	**14,228,018**

5. Loans Receivable

Loans receivable as of June 30, 2024 consisted of student loans, as follows:

Loans Receivable		2024
Student Loans Receivable	$	8,443
Less Allowance for Uncollectible Accounts	$	(2,775)
Loans Receivable, net	**$**	**5,668**

6. Leases Receivable

The College leases portions of the roofs on two buildings to third parties. 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, 2024 was as follows:

Leased Property	Term (through)		Lease revenue		Interest Revenue
Stem Building Roof Space	Feb. 2038	$	35,237	$	6,371
PUB Building Roof Space	Jun. 2048		26,398		9,611
		$	61,635	$	15,982

7. Inventories

Merchandise inventories, stated at cost using the FIFO method, consisted of the following as of June 30, 2024:

Inventories		2024
Consumable Inventories	$	29,799
Merchandise Inventories	$	357,383
Inventories	**$**	**387,182**

8. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2024, is presented as follows. The current year depreciation and amortization expense was $4,751,445.

Capital Assets	Balance at June 30, 2023	Additions/ Transfers	Retirements	Balance at June 30, 2024
Non-depreciable capital assets				
Land	$ 14,966,429	$ -	$ -	$ 14,966,429
Construction in progress	6,252,831	37,894,608	-	44,147,439
Subtotal	**21,219,260**	**37,894,609**	**-**	**59,113,868**
Depreciable capital assets				
Buildings	171,324,792	-	-	171,324,792
Improvements and infrastructure	7,260,924	-	-	7,260,924
Equipment	12,293,215	713,328	(155,563)	12,850,981
Library resources	4,264,750	44,706	-	4,309,456
Subtotal	**195,143,681**	**758,034**	**(155,563)**	**195,746,153**
Less accumulated depreciation				
Buildings	67,003,431	3,427,745		70,431,176
Improvements and infrastructure	5,584,852	232,607		5,817,459
Equipment	9,395,014	774,570	(151,200)	10,018,384
Library resources	4,044,654	58,437		4,103,091
Total accumulated depreciation	**86,027,951**	**4,493,359**	**(151,200)**	**90,370,110**
Total depreciable capital assets	**109,115,730**	**(3,735,325)**	**(4,363)**	**105,376,043**
Capital assets, net of accumulated depreciation	**$ 130,334,990**	**$ 34,159,284**	**$ (4,363)**	**$ 164,489,911**

Lease and subscription assets as of June 30, 2024, and corresponding asset activity for the year ended June 30, 2024 are summarized below:

Leased Assets	Balance at June 30, 2023	Additions/ Transfers	Retirements	Balance at June 30, 2024
Leased Equipment	$ 408,877	$ -	$ (175,092)	$ 233,785
Subscription Agreements	587,018	682,998	-	1,270,016
Subtotal	**995,895**	**682,998**	**(175,092)**	**1,503,801**
Less accumulated amortization				
Leased Equipment	147,866	81,776	(175,092)	54,550
Subscription Agreements	119,394	176,310		295,704
Total accumulated depreciation	**267,260**	**258,086**	**(175,092)**	**350,254**
Total lease & subscription assets, net of accumulated amortization	**$ 728,635**	**$ 424,912**	**$ -**	**$ 1,153,547**

9. Deferred Outflows and Deferred Inflows of Resources

At June 30, 2024, deferred outflows and inflows of resources are the following:

	Pensions	OPEB	Right-to-use asset	Asset Retirement Obligation	Total
Deferred Outflows of Resources	$ 8,708,995	2,256,982	-	62,463	**$11,028,440**
Deferred Inflows of Resources	$ 6,631,430	19,033,301	1,689,338	-	**$27,354,069**

10. Accounts Payable and Accrued Liabilities

At June 30, 2024, accrued liabilities are the following:

Accounts Payable and Accrued Liabilities	2024
Amounts Owed to Employees	$ 1,410,860
Accounts Payable	790,157
Amounts Held for Others and Retainage	1,794,289
Total	**$ 3,995,306**

11. Unearned Revenue

At June 30, 2024, unearned revenue is comprised of receipts that have not yet met revenue recognition criteria, as follows:

Unearned Revenue		2024
Summer and Fall Quarter Tuition and Fees	$	1,320,173
Other Deposits		9,207
Total Unearned Revenue	**$**	**1,329,380**

12. 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. The policy has a deductible of $250,000 per occurrence and the policy limit is $500,000,000 per occurrence. The College has had no claims in excess of the coverage amount within the past three years. The College currently has elected to have coverage for three buildings and the contents of eight buildings. The College made these selections by carefully evaluating building age, condition, contents, and use. The College assumes its potential property losses for all other buildings and contents on campus.

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 $5,000,000 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, 2023 through June 30, 2024, were $241,563. Cash reserves for unemployment compensation for all employees at June 30, 2024, were fully utilized, however will be replenished through the monthly payroll expense assessment.

13. 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. 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 is categorized as non-current liabilities. The accrued leave liability is shown as follows, as of June 30:

Leave Type	2024	2023	Change
Vacation	$ 2,141,948	$ 2,004,041	$ 137,907
Sick	5,115,919	4,818,617	297,302
Compensatory	1,773	1,425	348
Total	**$ 7,259,640**	**$ 6,824,082**	**$ 435,558**
Current Portion	$ 635,926	$ 699,586	$ (63,660)
Long Term Portion	$ 6,623,714	$ 6,124,496	$ 499,218

14. Leases and SBITA Payable

Right-to-Use Lease Liabilities

The College leases equipment from various external entities. The lease liabilities are reported at net present value using the State of Washington's incremental borrowing rate unless otherwise noted in the contract term. The first lease is for copy machines located across all campus buildings and expires in October 2028. The second lease for computers was paid off in April 2024.

As of June 30, 2024, the minimum lease payments under this right-to-use lease consists of the following:

As of June 30	Principal	Interest	Total
2025	$ 45,067	$ 6,257	$ 51,324
2026	46,838	4,486	51,324
2027	48,678	2,646	51,324
2028	42,023	747	42,770
Total minimum lease payments	**$ 182,606**	**$ 14,136**	**$ 196,742**

Subscription-Based IT Arrangements

As of June 30, 2024 the College had two subscription-based IT arrangements for its phone system and firewall software. 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, 2024 the minimum payments under these subscription-based arrangements are as follows:

As of June 30	Principal	Interest	Total
2025	$ 331,292	$ 27,789	$ 359,081
2026	344,769	14,312	359,081
2027	125,098	2,692	127,790
Total minimum SBITA payments	**$ 801,159**	**$ 44,793**	**$ 845,952**

15. Certificates of Participation Payable

In August 2016, the College obtained financing for a lighting, plumbing, and HVAC control upgrade through certificates of participation (COP), issued by the Washington Office of State Treasurer

(OST) in the amount of $496,205. The amount financed was $440,000, as the bond sold for a premium of $66,437, which the College will amortize over the life of the COP. The interest rate charged is 1.8536% and is for a 12-year term.

In February 2017, the College obtained financing to renovate the Gaiser Hall Culinary Arts Facility through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $8,500,000. The amount financed was $7,350,000, as the bond sold for a premium of $1,168,215, which the College will amortize over the life of the COP. The interest rate charged is 2.27373% and is for a 10-year term.

The College's debt service requirements for these note agreements are as follows in Note 16.

16. Annual Debt Service Requirements

Future debt service requirements for certificates of participation at June 30, 2024 are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 875,000	$ 137,550	$ 1,012,550
2026	920,000	93,800	1,013,800
2027	965,000	47,800	1,012,800
2028	45,000	900	45,900
Total	$ 2,805,000	$ 280,050	$ 3,085,050

17. Asset Retirement Obligations

The College owns, operates, and maintains four wells with an average useful life remaining of 14 years. The College does not plan to decommission these wells in the foreseeable future. However, in the unlikely event that the College were to decommission these wells there are specific decommissioning requirements within the Washington Administrative code (WAC) 173-160-381. The College estimated these potential decommissioning costs and presents a liability at June 30, 2024, of $283,922 and a deferred outflow of $62,463. The obligation will be paid from operating income; no assets have been set aside to fund this obligation.

18. Schedule of Long-Term Liabilities

	Balance outstanding 6/30/23	Additions	Reductions	Balance outstanding 6/30/24	Current portion
Certificates of Participation	$ 3,640,000	$ -	$ 835,000	$ 2,805,000	$ 875,000
Compensated Absences	6,824,082	3,051,857	2,616,299	7,259,640	635,926
Right-to-use Leases	261,228	-	78,622	182,606	45,067
Subscription-Based Agreement	484,813	682,999	366,653	801,159	331,291
Net Pension Obligation	5,694,537	1,262,804	1,841,348	5,115,993	153,801
OPEB Obligation	21,500,880	17,820,257	17,900,291	21,420,846	539,781
Asset Retirement Obligation	283,922	-	-	283,922	
Unamortized Premium	456,145	-	122,476	333,669	
Total	**$ 39,145,607**	**$ 22,817,917**	**$ 23,760,689**	**$ 38,202,835**	**$ 2,580,866**

19. 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, and 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 GASB Statement No. 68, the College has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities for all DRS administered plans. In FY 24 the College has elected to change from current fiscal year end as the measurement date for reporting pension liabilities to a one-year lag between measurement and reporting date for the Higher Education Supplemental Retirement Plan. Net pension liabilities, plan expenses and deferred inflows will be reported as the same amounts in FY 23. Deferred outflows are increased by the amount of FY 24 contributions subsequent to measurement date.

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68 for Clark College, for reported year ending June 30, 2024:

Aggregate Pension Amounts - All Plans

Pension assets	$	5,211,888
Pension liabilities	$	5,115,993
Deferred outflows of resources related to pensions	$	8,708,995
Deferred inflows of resources related to pensions	$	6,631,430
Pension expense	$	600,588

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 that Clark College offers its employees are comprised of four defined benefit pension plans and two defined benefit/defined contribution plans. Below are the DRS plans that the College offers its employees:

- 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 systems and plans was funded by an employer rate of 0.18% 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 Statement 67 of the Governmental Accounting Standards Board. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380 or online at https://www.drs.wa.gov/wp-content/uploads/2023/10/2023-ACFR-Document.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.

<u>Benefits Provided.</u> PERS plans provide retirement, disability, and death benefits to eligible members.

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

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

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

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

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

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

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

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

TRS

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

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

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

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

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

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

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

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

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

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

The College's contribution rates (expressed as a percentage of covered payroll) and actual contributions for the above retirement plans for the year ending June 30, 2024 were as follows:

	PERS 1	**PERS 2/3***	**TRS 1**	**TRS 2/3***
Contribution Rates at close of FY 24	9.53%	9.53%	9.70%	9.70%
Actual Contributions	$0	$1,754,238	$0	$340,036

* 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, 2022 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:

- Inflation 2.75%
- Salary Increases 3.25%
- Investment rate of return 7.00%

Mortality rates were developed using the 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 table. Under "generation" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2021 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 Washington State Investment Board.

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, 2023, are summarized in the following table:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Fixed Income	20%	1.5 %
Tangible Assets	7%	4.7%
Real Estate	18%	5.4%
Global Equity	32%	5.9%
Private Equity	23%	8.9%
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 presents the net pension liability (asset) 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.

Pension Plan	(6.00%)	(7.0%)	(8.00%)
PERS Plan 1	$ 3,113,917	$ 2,228,883	$ 1,456,455
PERS Plan 2/3	$ 5,618,266	$ (5,165,652)	$ (14,025,322)
TRS Plan 1	$ 726,897	$ 477,541	$ 259,570
TRS Plan 2/3	$ 1,492,895	$ (46,236)	$ (1,297,527)

Net Pension Liabilities/(Assets)
At June 30, 2024, the College reported a net pension liability and a net pension asset for its proportionate share of the net pension liabilities/(assets) as follows:

Net Pension Liability by Plan	
PERS 1	$ 2,228,883
TRS 1	477,541
Total	**$ 2,706,424**

Net Pension Asset by Plan	
PERS 2/3	5,165,652
TRS 2/3	46,236
Total	**$ 5,211,888**

The College's proportionate share of net pension liabilities (assets) for fiscal years ending June 30, 2022 and June 30, 2023 for each retirement plan are listed below:

Plan	2022	2023	Change
PERS 1	0.096841%	0.097641%	0.000800%
PERS 2/3	0.126289%	0.126032%	-0.000257%
TRS 1	0.030947%	0.037705%	0.006758%
TRS 2/3	0.031636%	0.037647%	0.006011%

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
Pension expense is included in benefits expense on the Statement of Revenues, Expenses and Changes in Net Position. For the year ended June 30, 2024 the College recognized pension expense as follows:

Pension Expense		
PERS Plan 1	$	5,974
PERS Plan 2/3		(646,726)
TRS Plan 1		56,055
TRS Plan 2/3		119,337
Total	**$**	**(465,360)**

Deferred Outflows and Inflows of Resources Related to Pensions
The following represent the components of the College's deferred outflows and inflows of resources as reflected on the Statement of Net Position, for the year ended June 30, 2024:

	PERS 1			
		Deferred Outflows		Deferred Inflows
Difference between expected and actual experience		-		-
Difference between expected and actual earnings of pension plan investments		-		251,428
Changes of assumptions		-		-
Changes in College's proportionate share of pension liabilities		-		-
Contributions subsequent to the measurement date		566,031		-
Totals	**$**	**566,031**	**$**	**251,428**

	PERS 2/3			
		Deferred Outflows		Deferred Inflows
Difference between expected and actual experience		1,052,237		57,716
Difference between expected and actual earnings of pension plan investments		-		1,946,730
Changes of assumptions		2,168,719		472,695
Changes in College's proportionate share of pension liabilities		108,984		203,643
Contributions subsequent to the measurement date		1,198,207		-
Totals	**$**	**4,528,147**	**$**	**2,680,784**

	TRS 1	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	69,132
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	61,404	-
Totals	**$ 61,404**	**$ 69,132**

	TRS 2/3	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	402,629	6,514
Difference between expected and actual earnings of pension plan investments	-	221,766
Changes of assumptions	367,301	36,402
Changes in College's proportionate share of pension liabilities	52,054	68,681
Contributions subsequent to the measurement date	278,632	-
Totals	**$ 1,100,616**	**$ 333,363**

The $2,104,274 reported as deferred outflows of resources above represent the College's contributions 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**
2025	(171,061)	(961,608)	(48,310)	(50,896)
2026	(215,129)	(1,141,837)	(61,074)	(85,567)
2027	132,645	1,575,396	39,032	227,197
2028	2,117	569,195	1,221	97,615
2029	-	583,760	-	93,288
thereafter	-	24,249	-	206,983
	$ (251,428)	**$ 649,155**	**$ (69,131)**	**$ 488,620**

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 No. 68 since FY21. Prior to that, the SRP was reported under GASB Statement No. 73. As of June 30, 2024, this plan is being reported with a one-year lag between measurement and reporting date. For FY24 this means the measurement date was June 30, 2023 and the reporting date was June 30, 2024.

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

As of July 1, 2011, the State Board Supplemental Retirement Plan was 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.

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, 2024 were each $2,806,475.

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 June 30, 2023 valuation were based on the results of the August 2021 Higher Education SRP Experience Study. Additional assumptions related to 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 *2021 Economic 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.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following table presents the net pension liability/(asset), calculated using the discount rate of 7.0 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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

1% Decrease (6.0%)	**Current Discount Rate (7.0%)**	**1% Increase (8.0%)**
$ 2,855,357	$ 2,409,569	$ 2,027,127

Pension Liabilities. At June 30, 2024 the College reported a net pension liability of $2,409,569 for its proportionate share of the net pension liabilities.

The College's proportionate share of pension liabilities for fiscal years ending June 30,2022 and June 30, 2023 for the SBRP plan were as follows:

	2022	**2023**	**Change**
SBRP	4.34820%	4.42198%	0.07378%

The College's proportion of the net pension liability as based on the College's contributions to the contributions of all community and technical colleges in Washington State.

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, 2024 was $135,228.

Plan Membership. Membership of the State Board Supplemental Retirement Plan (SBRP) consisted of the following at January 1, 2023, the most recent full actuarial valuation date.

Plan	Inactive Members (or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled to But Not Yet Receiving Benefits	Active Members	Total Members
SBRP-Clark College	37	21	202	260

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 Development of Net Pension Liability	**2023**
Total Pension Liability	
Service Cost	$ 87,781
Interest	316,932
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(254,724)
Changes in Assumptions[1]	(504,421)
Benefit Payments	(133,029)
Change in Proprotionate Share of NPL	75,169
Other	-
Net Change in Total Pension Liability	(412,292)
Total Pension Liability - Beginning	4,430,038
Total Pension Liability - Ending (a)	**$ 4,017,746**
Plan Fiduciary Net Position	
Contributions - Employer	$ 38,130
Contributions - Member	-
Net Investment Income	104,397
Benefit Payments	-
Administrative Expense	-
Change in Proportionate Share of Plan Assets	24,453
Other	(7)
Net Change in Plan Fiduciary Net Position	**166,973**
Plan Fiduciary Net Position-Beginning	1,441,204
Plan Fiducairy Net Position-Ending (b)	**$ 1,608,177**
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)	**$ 2,409,569**

Deferred Outflows of Resources and Deferred 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	$ 945,328	$ 1,176,544
Changes of Assumptions	808,319	1,853,870
Changes in College's proportionate share of pension liability	255,278	214,479
Differences Between Projected and Actual Earnings on Plan Investments	-	51,830
Contributions Subsequent to Measurement Date	453,873	
Total	**$ 2,462,798**	**$ 3,296,723**

$453,873 reported as deferred outflows of resources represent contributions the College made subsequent to the measurement date and will be recognized as a deferred outflow for the year ended June 30, 2024.

Other 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:

SBRP	
2025	(363,149)
2026	(253,838)
2027	(206,112)
2028	(459,030)
2029	47,563
Thereafter	(53,232)
	$ (1,287,798)

20. 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 administered by the state and 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, 2023

Active Employees*	661
Retirees Receiving Benefits**	185
Retirees Not Receiving Benefits***	NA
Total Active Employees and Retirees	846

*Reflects active employees eligible for PEBB program participation as of June 30, 2023.
**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 2024, 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 2024, the explicit subsidy was up to $183 per member per month, and it will remain at $183 per member per month in calendar year 2025.

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 8.0. Per capita cost based on subscribers; includes non-Medicare risk pool only. Figures based on 2023 which includes projected claims cost at the time of

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/studies-audits-and-reports/actuarial-reporting/other-postemployment-benefits-opeb/

Total OPEB Liability

As of June 30, 2024, the state reported a total OPEB liability of $4.374 billion. The College's proportionate share of the total OPEB liability is $21,420,846. This liability was determined based on a measurement date of June 30, 2023.

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 rate ranges from about 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 2023 Public Employees' Benefit Board Other Postemployment Benefics 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. The Office of the State Actuary (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. Under "generational" mortality, a member is assumed to receive additional morality 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 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 Assumptions. The total OPEB liability was determined using the following methodologies:

Actuarial Valuation Date	6/30/2022
Actuarial Measurement Date	6/30/2023
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 $66.16 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 3.54 percent for the June 30, 2022 measurement date and 3.56 percent for the June 30, 2023 measurement date.

Additional detail on assumptions and methods can be found on OSA's website: https://leg.wa.gov/studies-audits-and-reports/actuarial-reporting/other-postemployment-benefits-opeb/

Changes in Total OPEB Liability
As of June 30, 2024, 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:

Clark College	
Proportionate Share (%)	**0.4897094341%**
Service Cost	$ 750,438
Interest Cost	753,819
Differences Between Expected and Actual Experience	-
Changes in Assumptions*	(362,490)
Changes of Benefit Terms	-
Benefit Payments	(525,063)
Changes in Proportionate Share	(696,738)
Other	-
Net Change in Total OPEB Liability	(80,034)
Total OPEB Liability - Beginning	21,500,880
Total OPEB Liability - Ending	**$ 21,420,846**

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

Sensitivity of the Total Liability to Changes in the Discount Rate. The following represents the total OPEB liability of the College, calculated using the discount rate of 3.65 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 (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

Discount Rate Sensitivity		
1% Decrease	**Current Discount Rate**	**1% Increase**
$ 25,063,838	$ 21,420,846	$ 18,490,456

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% reaching an ultimate range of 3.8%, as well as what the total OPEB liability would be if it were calculated used health care trend rates that are 1 percentage lower (1-10%) or 1 percentage higher (3-12%) than the current rate:

Health Care Cost Trend Rate Sensitivity		
1% Decrease	**Current Discount Rate**	**1% Increase**
$ 18,000,023	$ 21,420,846	$ 25,823,767

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

For the year ending June 30, 2024, the College will recognize OPEB expense of ($1,876,027). OPEB expense consists of the following elements:

Clark College		
Proportionate Share (%)		**0.4897094341%**
Service Cost	$	750,438
Interest Cost		753,819
Amortization of Differences Between Expected and Actual Experience		12,541
Amortization of Changes in Assumptions		(2,297,444)
Changes of Benefit Terms		-
Amortization of Changes in Proportion		(1,095,381)
Other Changes to Fiduciary Net Position		-
Total OPEB Expense	**$**	**(1,876,027)**

As of June 30, 2024, the deferred inflows and deferred outflows of resources for the College are as follows:

Clark College				
Proportionate Share (%)		**0.4897094341%**		
Deferred Inflows/Outflows of Resources		**Deferred Inflows**		**Deferred Outflows**
Difference between expected and actual experience	$	636,117	$	325,268
Changes in assumptions		12,834,142		1,391,933
Transactions subsequent to the measurement date		-		539,782
Changes in proportion		5,563,043		-
Total Deferred Inflows/Outflows	**$**	**19,033,302**	**$**	**2,256,983**

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, 2024. 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 (%)		**0.4897094341%**
2024	$	(3,380,284)
2025	$	(3,380,286)
2026	$	(2,776,451)
2027	$	(2,029,001)
2028	$	(2,098,803)
Thereafter	$	(3,651,276)
		(17,316,101)

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 (%) 2022		**0.5061099717%**
Proportionate Share (%) 2023		**0.4897094341%**
Total OPEB Liability - Ending 2022	$	21,500,880
Total OPEB Liability - Beg 2023 (chg in prop)		20,804,143
Total OPEB Liability Change in Proportion		(696,737)
Total Deferred (Inflows)/Outflows - 2022 (chg in prop)		(13,590,820)
Total Deferred (Inflows)/Outflows - 2023 (chg in prop)		(13,150,406)
Total Deferred (Inflows)/Outflows Change in Proportion		440,414
Total Change in Proportion	**$**	**(1,137,151)**

21. 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, student financial aid, and academic support. The College included compensated absence accrual expense and pension expense with institutional support for the purpose of this table. The following table lists operating expenses by program for the year ending June 30, 2024.

Expenses by Functional Classification		
Instruction	$	46,469,914
Academic Support Services		9,505,248
Student Services		10,190,091
Institutional Support		10,341,022
Operations and Maintenance of Plant		8,118,722
Scholarships and Other Student Financial Aid		14,101,276
Auxiliary enterprises		8,463,678
Depreciation and Amortization		4,751,445
Total Operating Expenses	**$**	**111,941,396**

22. Commitments and Contingencies

In November 2024, the College received notice of a lawsuit filed by the Washington Public Employees Association. The College is one of eleven colleges listed in the suit, along with the State of Washington Office of Financial Management, and the Governor. The suit relates to the classified employee contract bargaining process. The College is also a respondent to tort claim filed by a former employee regarding termination. The College continues to work with the Attorney General's office on these matters.

The college is engaged in various legal actions in the ordinary course of business. Management does not believe that the ultimate outcome of these actions will have a material adverse effect on the financial statement. As discussed in Note 12, the College participates in the State of Washington risk management self-insurance program, and coverage is adequate to protect the College from a negative impact to its financial position.

The college has commitments of approximately $15 million to complete the design-build of the Boschma Farms Campus located in Ridgefield, Washington. The building is currently in the construction phase, with substantial completion in December 2024.

23. Subsequent Events

In July 2024, the Board of Trustees approved a permanent right of way road easement and a stormwater covenant, impacting the College's property at Boschma Farms in Ridgefield, Washington. These property transactions were recorded in Fall of 2024.

Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans

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

Schedule of Clark 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	0.126007%	$ 6,347,662	$ 13,737,461	46.21%	61.19%
2015	0.119202%	$ 6,235,373	$ 13,482,980	46.25%	59.10%
2016	0.116781%	$ 6,271,681	$ 13,828,741	45.35%	57.03%
2017	0.115396%	$ 5,475,631	$ 14,419,186	37.97%	61.24%
2018	0.112013%	$ 5,002,529	$ 14,764,631	33.88%	63.22%
2019	0.115289%	$ 4,433,271	$ 16,043,142	27.63%	67.12%
2020	0.108153%	$ 3,818,385	$ 16,379,295	23.31%	68.64%
2021	0.102351%	$ 1,249,945	$ 15,730,792	7.95%	88.74%
2022	0.096841%	$ 2,696,409	$ 15,786,828	17.08%	76.56%
2023	0.097641%	$ 2,228,883	$ 18,836,587	11.83%	80.16%

Cost Sharing Employer Plans

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

Schedule of Clark College's Share of the Net Pension Liability

Public Employees' Retirement System (PERS) Plan 2/3

Measurement Date of June 30

Fiscal Year	College's proportion of the net pension (asset) 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	0.158501%	$ 3,203,878	$ 13,594,117	23.57%	93.29%
2015	0.150332%	$ 5,371,449	$ 13,339,404	40.27%	89.20%
2016	0.146773%	$ 7,389,896	$ 13,712,161	53.89%	85.82%
2017	0.146025%	$ 5,073,661	$ 14,316,617	35.44%	90.97%
2018	0.141271%	$ 2,412,078	$ 14,660,814	16.45%	95.77%
2019	0.146672%	$ 1,424,684	$ 15,948,424	8.93%	97.77%
2020	0.140340%	$ 1,794,869	$ 16,359,305	10.97%	97.22%
2021	0.131523%	$ (13,101,807)	$ 15,730,791	-83.29%	120.29%
2022	0.126289%	$ (4,683,782)	$ 15,786,828	-29.67%	106.73%
2023	0.126032%	$ (5,165,652)	$ 18,836,587	-27.42%	107.02%

Cost Sharing Employer Plans

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

Schedule of Clark 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	0.026433%	$ 779,629	$ 1,189,441	65.55%	68.77%
2015	0.026463%	$ 838,385	$ 1,267,135	66.16%	65.70%
2016	0.028512%	$ 973,463	$ 1,400,943	69.49%	62.07%
2017	0.028094%	$ 849,358	$ 1,590,618	53.40%	65.60%
2018	0.030547%	$ 892,160	$ 1,790,360	49.83%	66.52%
2019	0.028567%	$ 707,263	$ 1,927,767	36.69%	70.37%
2020	0.029890%	$ 719,986	$ 2,179,925	33.03%	70.55%
2021	0.035541%	$ 239,297	$ 2,649,906	9.03%	91.42%
2022	0.030947%	$ 588,559	$ 2,510,125	23.45%	78.24%
2023	0.037705%	$ 477,547	$ 3,457,250	13.81%	85.09%

Cost Sharing Employer Plans

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

Teachers' Retirement System (TRS) Plan 2/3 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension (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	0.026905%	$ 86,900	$ 1,159,481	7.49%	96.81%
2015	0.026383%	$ 222,620	$ 1,232,234	18.07%	92.48%
2016	0.027884%	$ 382,925	$ 1,374,104	27.87%	88.72%
2017	0.028910%	$ 266,823	$ 1,589,505	16.79%	93.10%
2018	0.031094%	$ 139,959	$ 1,790,360	7.82%	96.88%
2019	0.028824%	$ 173,674	$ 1,927,767	9.01%	96.36%
2020	0.030423%	$ 467,291	$ 2,179,925	21.44%	91.72%
2021	0.035688%	$ (980,994)	$ 2,649,906	-37.02%	113.72%
2022	0.031636%	$ (62,255)	$ 2,510,125	-2.48%	100.86%
2023	0.037647%	$ (62,255)	$ 3,457,250	-1.80%	100.49%

Cost Sharing Employer Plans
Schedules of Employer Contributions

Schedule of Employer Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 547,849	$ 547,849	$ -	$ 13,482,980	4.06%
2016	$ 662,258	$ 662,258	$ -	$ 13,828,741	4.79%
2017	$ 694,134	$ 694,134	$ -	$ 14,419,186	4.81%
2018	$ 748,720	$ 748,720	$ -	$ 14,764,631	5.07%
2019	$ 826,669	$ 826,669	$ -	$ 16,043,142	5.15%
2020	$ 783,829	$ 783,829	$ -	$ 16,379,295	4.79%
2021	$ 762,399	$ 762,399	$ -	$ 15,730,792	4.85%
2022	$ 593,499	$ 593,499	$ -	$ 15,786,828	3.76%
2023	$ 668,947	$ 668,947	$ -	$ 17,491,964	3.82%
2024	$ 556,031	$ 556,031	$ -	$ 18,836,587	2.95%

Cost Sharing Employer Plans
Schedules of Employer Contributions

Schedule of Employer Contributions Public Emplyees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 669,660	$ 669,660	$ -	$13,339,404	5.02%
2016	$ 847,306	$ 847,306	$ -	$13,712,161	6.18%
2017	$ 891,903	$ 891,903	$ -	$14,316,617	6.23%
2018	$ 1,090,065	$ 1,090,065	$ -	$14,660,814	7.44%
2019	$ 1,197,926	$ 1,197,926	$ -	$15,948,424	7.51%
2020	$ 1,292,856	$ 1,292,856	$ -	$16,359,305	7.90%
2021	$ 1,245,879	$ 1,245,879	$ -	$15,730,792	7.92%
2022	$ 1,014,567	$ 1,014,567	$ -	$15,786,828	6.43%
2023	$ 1,112,561	$ 1,112,561	$ -	$17,491,964	6.36%
2024	$ 1,198,207	$ 1,198,207	$ -	$18,836,587	6.36%

Cost Sharing Employer Plans
Schedules of Employer Contributions

Teachers' Retirement System (TRS) Plan 1

Fiscal Year Ended June 30

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 59,219	$ 59,219	$ -	$ 1,267,135	4.67%
2016	$ 64,952	$ 64,952	$ -	$ 1,400,943	4.64%
2017	$ 98,312	$ 98,312	$ -	$ 1,590,618	6.18%
2018	$ 127,044	$ 127,044	$ -	$ 1,790,360	7.10%
2019	$ 141,871	$ 141,871	$ -	$ 1,927,767	7.36%
2020	$ 156,966	$ 156,966	$ -	$ 2,179,925	7.20%
2021	$ 195,339	$ 195,339	$ -	$ 2,649,906	7.37%
2022	$ 158,803	$ 158,803	$ -	$ 2,510,125	6.33%
2023	$ 203,408	$ 203,408	$ -	$ 3,161,130	6.43%
2024	$ 61,404	$ 61,404	$ -	$ 3,457,250	1.78%

Cost Sharing Employer Plans
Schedules of Employer Contributions

Schedule of Employer Contributions

Teachers' Retirement System (TRS) Plan 2/3

Fiscal Year Ended June 30

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 59,219	$ 59,219	$ -	$ 1,232,234	4.81%
2016	$ 112,714	$ 112,714	$ -	$ 1,374,104	8.20%
2017	$ 106,519	$ 106,519	$ -	$ 1,589,505	6.70%
2018	$ 138,239	$ 138,239	$ -	$ 1,790,360	7.72%
2019	$ 150,660	$ 150,660	$ -	$ 1,927,767	7.82%
2020	$ 177,010	$ 177,010	$ -	$ 2,179,925	8.12%
2021	$ 215,968	$ 215,968	$ -	$ 2,649,906	8.15%
2022	$ 202,347	$ 202,347	$ -	$ 2,510,125	8.06%
2023	$ 254,471	$ 254,471	$ -	$ 3,161,130	8.05%
2024	$ 278,632	$ 278,632	$ -	$ 3,457,250	8.06%

State Board Supplemental Defined Benefit Plan

Schedule of Changes in the Net Pension Liability and Related Ratios

For the Fiscal Year Ended June 30

	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability								
Service Cost	$ 237,039	$ 164,899	$ 119,877	$ 160,105	$ 203,422	$ 65,527	$ 87,781	$ 87,781
Interest	153,768	$ 151,539	145,004	180,099	144,685	220,758	316,932	316,932
Changes of benefit terms	-	$ -	-	-	-	-	-	-
Differences between expected and actual experience	(1,108,661)	$ (448,208)	273,384	379,476	(1,305,390)	975,562	(254,724)	(254,724)
Changes of assumptions	(261,675)	$ (151,634)	514,039	1,013,940	(2,355,920)	316,897	(504,421)	(504,421)
Benefit payments	(39,470)	$ (56,024)	(76,446)	(81,288)	(86,733)	(131,098)	(133,029)	(133,029)
Change in proportionate share	-	$ (63,428)	(91,530)	385,182	(291,874)	(2,128)	50,714	75,169
Net Change in Total Pension Liability	**(1,018,999)**	**$ (402,856)**	**$ 884,328**	**$ 2,037,514**	**$ (3,691,810)**	**$ 1,445,518**	**$ (436,747)**	**$ (412,292)**
Total Pension Liability - Beginning	**5,178,227**	**$ 4,159,228**	**$ 3,756,372**	**$ 4,640,700**	**$ 6,678,214**	**$ 2,986,404**	**$ 4,431,922**	**$ 4,430,038**
Total Pension Liability - Ending (a)	**$ 4,159,228**	**$ 3,756,372**	**$ 4,640,700**	**$ 6,678,214**	**$ 2,986,404**	**$ 4,431,922**	**$ 3,995,175**	**$ 4,017,746**
Plan Fiduciary Net Position**								
Contibutions-Employer	n/a	n/a	n/a	n/a	28,563	36,220	38,130	38,130
Contributions -Member	n/a	n/a	n/a	n/a	-	-	-	-
Net Investment Income	n/a	n/a	n/a	n/a	357,512	2,261	104,383	104,397
Benefit Payments	n/a	n/a	n/a	n/a	-	-	-	-
Administrative Expense	n/a	n/a	n/a	n/a	-	-	-	-
Change in Proportionate Share of Plan Assets	n/a	n/a	n/a	n/a	-	-	-	24,453
Other	n/a	n/a	n/a	n/a	-	-	(7)	(7)
Net Change in Plan Fiduciary Net Position					**386,075**	**38,481**	**142,506**	**166,973**
Plan Fiduciary Net Position-Beginning					1,018,544	1,404,619	1,443,100	1,441,204
Plan Fiduciary Net Position-Ending (b)					**1,404,619**	**1,443,100**	**1,585,606**	**1,608,177**
Plan's Net Pension Plan Liability (Asset) - Ending (a)-(b)					**$ 1,581,785**	**$ 2,988,822**	**$ 2,409,569**	**$ 2,409,569**
College's Proportion of the Pension Liability	4.375831%	4.309100%	4.204100%	4.553047%	4.354056%	4.348200%	4.421980%	4.421980%
Covered-employee payroll	$ 24,531,125	$ 24,536,498	$ 24,613,116	$ 27,403,660	$ 27,430,325	$ 27,247,807	$ 28,811,663	$ 31,984,470
Total Pension Liability as a percentage of covered-employee payroll	16.954901%	15.309324%	18.854582%	24.369789%	10.887235%	16.265243%	13.866520%	12.561553%

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

**Due to changes in legislation, assets from this higher education institution plan that was previously not administered through a trust, was placed into a trust or similar arrangement. As a result, this plan previously reported under GASB Statement No. 73, is now reported under GASB Statement No. 68. This change is effective for fiscal year 2021. In FY 2024, reporting for the SBRP plan changed to a one-year lag between measurement and reporting.

State Board Supplemental Defined Benefit Plans

Schedule of Employer Contributions
State Board Supplemental Retirement Plan
Clark College
Fiscal Year Ended June 30

	2021	2022	2023	2024
Statutorily determined contributions	$ 35,659	$ 35,422	$ 37,455	$ 41,580
Actual contributions in relation to the above	36,324	36,091	36,960	41,659
Contribution deficiency (excess)	$ 665	$ 669	$ (495)	$ 79
Covered Payroll	$ 27,430,325	$ 27,247,807	$ 28,811,663	$ 31,984,470
Contribution as a % of covered payroll	0.13%	0.13%	0.13%	0.13%

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

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. In FY 2024, reporting for the SBRP plan changed to a one-year lag between measurement and reporting.

Other Post-Employment Benefits

Schedule of Changes in the Total OPEB Liability and Related Ratios

For the Fiscal Year Ended June 30

	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability							
Service Cost	$ 2,445,682	$ 1,922,697	$ 1,380,123	$ 1,394,447	$ 1,640,760	$ 1,586,109	$ 750,438
Interest	1,145,572	1,321,843	1,197,178	1,166,477	709,126	735,934	753,819
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	1,206,586	-	(178,752)	-	(728,814)	-
Changes of assumptions	(5,588,122)	(8,417,284)	2,229,460	756,138	302,977	(12,305,447)	(362,490)
Benefit payments	(583,802)	(558,281)	(547,637)	(555,377)	(540,256)	(540,693)	(525,063)
Change in proportionate share	(1,030,806)	(798,267)	(926,622)	(1,876,281)	(2,888,503)	(73,869)	(696,738)
Other	-	-	-	(1,188,143)	-	-	-
Net Change in Total OPEB Liability	**(3,611,476)**	**(5,322,706)**	**3,332,502**	**(481,491)**	**(775,896)**	**(11,326,780)**	**(80,034)**
Total OPEB Liability - Beginning	**39,686,727**	**36,075,251**	**30,752,545**	**34,085,047**	**33,603,556**	**32,827,660**	**21,500,880**
Total OPEB Liability - Ending	**$ 36,075,251**	**$ 30,752,545**	**$ 34,085,047**	**$ 33,603,556**	**$ 32,827,660**	**$ 21,500,880**	**$ 21,420,846**
College's Proportion of the OPEB Liability	0.61923000%	0.60552796%	0.58728246%	0.55495429%	0.50725139%	0.50610997%	0.48970943%
Covered-employee payroll	$ 40,817,244	$ 41,174,981	$ 42,620,733	$ 45,471,891	$ 45,643,606	$ 49,377,748	$ 54,251,487
Total OPEB Liability as a percentage of covered-	88.382378%	74.687454%	79.972926%	73.899623%	71.921706%	43.543663%	39.484348%

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

Notes to Required Supplementary Information

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

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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