Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Bellevue College

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

Published June 9, 2025

Report No. 1037456

Office of the Washington State Auditor
Pat McCarthy

June 9, 2025

Board of Trustees
Bellevue College
Bellevue, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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Bellevue College
July 1, 2023 through June 30, 2024

Board of Trustees
Bellevue College
Bellevue, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component units and remaining fund information of the Bellevue 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 May 27, 2025.

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

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

May 27, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Bellevue College
July 1, 2023 through June 30, 2024

Board of Trustees
Bellevue College
Bellevue, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units and remaining fund information of the Bellevue College, as of and for the year ended June 30, 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, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units and remaining fund information of the Bellevue College, as of June 30, 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 the Bellevue College Foundation (the Foundation), which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the reports of the other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

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

Matters of Emphasis

As discussed in Note 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 sufficient and appropriate to provide a basis for our audit opinions.

As discussed in Note 1, the financial statements of Bellevue College, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the State of Washington as of June 30, 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 partial 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 such partial information was derived. Other auditors have previously audited the Bellevue College Foundation's 2023 basic financial statements and they expressed an unmodified opinion in their report dated March 19, 2024.

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 opinion. 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 May 27, 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

May 27, 2025

FINANCIAL SECTION

Bellevue College
July 1, 2023 through June 30, 2024

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Management’s Discussion and Analysis

Bellevue College

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

Bellevue College is one of thirty-four 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 19,134 students. The College confers applied baccalaureate degrees, associates degrees, certificates and high school diplomas. The College was established in 1967 and its primary purpose is to be a student centered, comprehensive and innovative college, committed to teaching excellence that advances the life-long educational development of its students while strengthening the economic, social and cultural life of its diverse community. The college promotes student success by providing high-quality, flexible, accessible educational programs and services; advancing pluralism, inclusion and global awareness; and acting as a catalyst and collaborator for a vibrant region.

The College’s main campuses are located in Bellevue, Washington, a community of about 155,000 residents. The College is governed by a six member Board of Trustees appointed by the governor of the state with the consent of the state Senate. In accordance with Washington State law governing technical colleges, the College’s board includes one member from business and one member from labor. In addition, the college has a Governor-appointed student trustee who is prohibited from voting on personnel or collective bargaining matters. By statute, the Board of Trustees has full control of the College, except as otherwise provided by law.

Using the Financial Statements

The financial statements presented in this report encompass the College and its discretely presented component unit, the Bellevue College Foundation. The College’s financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the College as of June 30, 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, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College as of the end of the fiscal year. A condensed comparison of the Statement of Net Position is as follows:

Condensed Statement of Net Position
As of June 30, 2024

	2024	2023
Assets		
Capital Assets, net, as restated	230,895,391	234,608,068
Other Assets, as restated	145,505,625	134,591,412
Total Assets	376,401,016	369,199,480
Deferred Outflows of Resources	13,715,869	15,180,188
Liabilities		
Other Liabilities	24,507,242	18,274,170
Long-term Liabilities	79,606,719	87,712,735
Total Liabilities	104,113,961	105,986,905
Deferred Inflows of Resources	43,601,355	$ 50,072,393
Net Position		
Net Investment in Capital Assets, as restated	186,522,292	$ 187,787,621
Restricted	7,255,978	$ 6,080,242
Unrestricted, as restated	48,623,299	$ 34,452,506
Total Net Position, as restated	242,401,569	$ 228,320,370

FY 2023 Statement of Net Position was restated for the changes pertaining to the conversion from FPMT to DebtBook. For the Lease Receivable, Other Assets and Unrestricted Net Position were restated by a change of $37,034. For the SBITA, Capital Assets and Net Investment in Capital Assets were restated by a change of $21,458.

Current assets consist primarily of cash, investments, various accounts receivables and inventories. The significant decrease of other assets in FY 2024 can be attributed to a shift from short term investments to long term investments.

Net capital assets decreased by $4,223,763 from FY 2023 to FY 2024. The decrease is primarily the result of current depreciation expense of $8,217,380. This decrease was offset in part by ongoing acquisitions of capitalizable equipment, construction of the Transdisciplinary Building, as well as the renovation of the C building and Greenhouse which is expected to be completed in FY 2025. Capital assets were restated by $85,831 at the beginning of FY 2023 to account for an error in valuation of leases and SBITAs during implementation of GASBs 87 and 96.

Non-current assets consist primarily of the long-term portion of certain investments. The college increased its long-term investments in response to favorable rates. Non-current assets also include actuarial valuations of pension plans that ended in Net Pension assets of which increased from FY 2023 to FY 2024 by $347,640.

Deferred outflows of resources and deferred inflows of resources represent deferrals in pension and postemployment benefits related to GASB Statement No. 68 and Statement No. 75. The decrease in deferred outflows reflect the College's proportionate share of an decrease in the state-wide amounts reported by the Department of Retirement System (DRS) and Health Care Authority (HCA) due to differences between expected and actual experience related to the actuarial assumptions. The College recorded $15,180,188 in FY 2023 and $13,715,869 in FY 2024 of pension and postemployment-related deferred outflows. The decrease reflects the change in proportionate share. The decrease in Deferred Outflows was offset in part due to the change in reporting of the SBRP plan to a one year lag between measurement and reporting as allowed by GASB 68. For FY 2024, $13,715,869 was recorded in deferred outflows.

Similarly, the decrease in deferred inflows in 2024 reflects the decrease in the difference between actual and projected investment earnings on the state's pension plans and other post-employment benefits. The College recorded $38,937,455 in FY 2023 and $33,681,137 in FY 2024 of pension and postemployment-related deferred inflows. The decrease reflects the change in proportionate share. In FY 2024 the state changed systems for recording and reporting leases and subscription-based IT arrangements. Deferred Inflows increased due to this change in GASB 87 Leases which caused a restatement of FY 2023 Deferred Inflows of $37,034. The College recorded $11,134,939 in FY 2023 as restated and $9,920,218 in FY 2024 for leases receivable. For FY 2024, $43,601,355 was recorded in deferred inflows.

Current liabilities include amounts payable to suppliers for goods and services, accrued payroll and related liabilities, the current portion of Certificate of Participation (COP) debt, deposits held for others and unearned revenue, as well as current portion of subscription-based IT arrangements. Current liabilities can fluctuate from year to year depending on the timeliness of vendor invoices and resulting vendor payments, especially in the area of capital assets and improvements. When compared to FY 2023, FY 2024 payables increased largely due to construction projects in process.

The increase in current liabilities from FY 2023 to FY 2024 is due to an increase in unearned revenue, utilities payable and a change in the calculation methodology for the current portion of accrued comp time payable.

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

Non-current liabilities primarily consist of the value of vacation and sick leave earned but not yet used by employees and the long-term portion of Certificates of Participation debt, net pension liability and OPEB liability.

The College's decrease in non-current liabilities is primarily the result of a decrease in OPEB Liability and a change in the calculation methodology for the current portion of accrued comp time payable. The College's non-current liabilities continue to decrease as the College pays down the principal owed on Certificates of Participation for the Student Housing building and the Student Success Center. The changes in non-current liabilities include decreases to employee vacation and sick leave balances. The College continues to amortize COP premiums, thereby reducing the Unamortized Premiums non-current liability.

FY 2023 liability beginning balance for Subscription based IT arrangements was restated by $85,831 for correction of an error in valuation during implementation of GASB 96.

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

> ***Net Investment in Capital Assets –*** The College's total investment in property, plant, equipment, and infrastructure net of accumulated depreciation and outstanding debt obligations related to those capital assets. Changes in these balances are discussed above.
>
> ***Restricted:***
>
> > ***Nonexpendable –*** consists of funds in which a donor or external party has imposed the restriction that the corpus or principal is not available for spending but for investment purposes only. Historically, donors interested in establishing such funds to benefit the College or its students have chosen to do so through the Foundation. The college is not reporting any balance in this category.
> >
> > ***Expendable –*** resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties who have placed time or purpose restrictions on the use of the asset.
>
> ***Unrestricted –*** Includes all other assets not subject to externally imposed restrictions, but which may be designated or obligated for specific purposes by the Board of Trustees or management. Prudent balances are maintained for use as working capital, as a reserve against emergencies and for other purposes, in accordance with policies established by the Board of Trustees. Net position was restated by $58,491 to correct errors in valuation

of lease and subscription-based IT arrangement beginning valuations during implementation of GASBs 87 and 96.

Net Position As of June 30th	**FY 2024**	**FY 2023**
Net investment in capital assets, as restated	$186,522,292	$187,851,995
Restricted		
Expendable (description)	$7,255,978	$6,080,242
Unrestricted, as restated	$48,623,299	$34,388,133
Total Net Position	**$242,401,569**	**$228,320,370**

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 paid or incurred by the College, along with any other revenue, expenses, gains and losses of the College.

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

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

A condensed comparison of the College's revenues, expense and changes in net position for the years ended June 30, 2024 and 2023 is presented below.

Bellevue College
Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024 and 2023

Operating Revenues	**2024**	**2023**
Student tuition and fees, net	32,275,850	33,226,546
Auxiliary enterprise sales	13,006,280	11,303,458
Grants and contracts	48,218,839	40,861,986
Other operating revenues	1,026,358	668,782
Total operating revenues	**94,527,327**	**86,060,771**
Non-Operating Revenues		
State appropriations	62,301,075	55,689,273
Federal Pell grant revenue	6,184,124	5,111,131
Other non-operating revenues	3,821,329	1,211,934
Total non-operating revenues	72,306,528	62,012,338
Total revenues	**166,833,856**	**148,073,110**
Operating Expenses		
Salaries and Benefits	105,513,054	98,957,631
Scholarships	9,707,136	11,561,933
Depreciation	8,217,380	8,079,806
Other operating expenses	28,390,193	29,577,746
Total operating expenses	**151,827,763**	**148,177,116**
Non-Operating Expenses		
Building fee remittance	3,557,895	3,554,092
Other non-operating expenses	1,584,827	1,671,089
Total non-operating expenses	**5,142,722**	**5,225,181**
Total expenses	156,970,486	153,402,298
Excess (deficiency) before capital contributions	**9,863,370**	**(5,329,188)**
Capital appropriations and contributions	**4,217,829**	**5,653,527**
Change in Net position	**14,081,199**	**324,339**
Net Position		
Net position, beginning of year	228,378,861	228,054,522
Prior period adjustments due to error	(58,491)	-
Net position, beginning of year, as restated	228,320,370	228,054,522
Net position, end of year	**242,401,569**	**228,378,861**

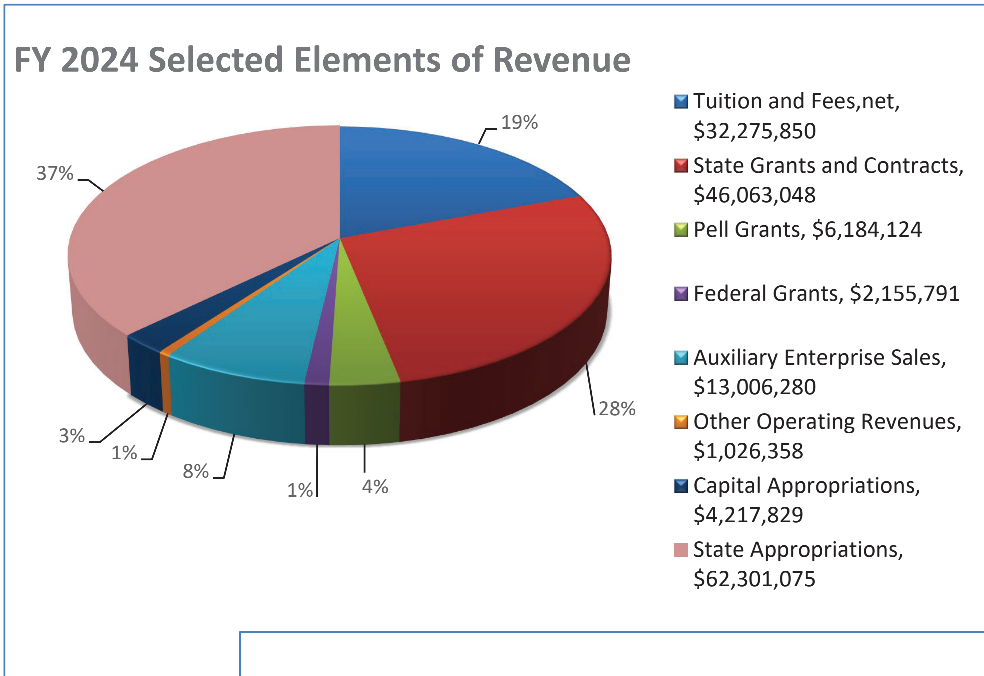
Revenues
The state of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college.

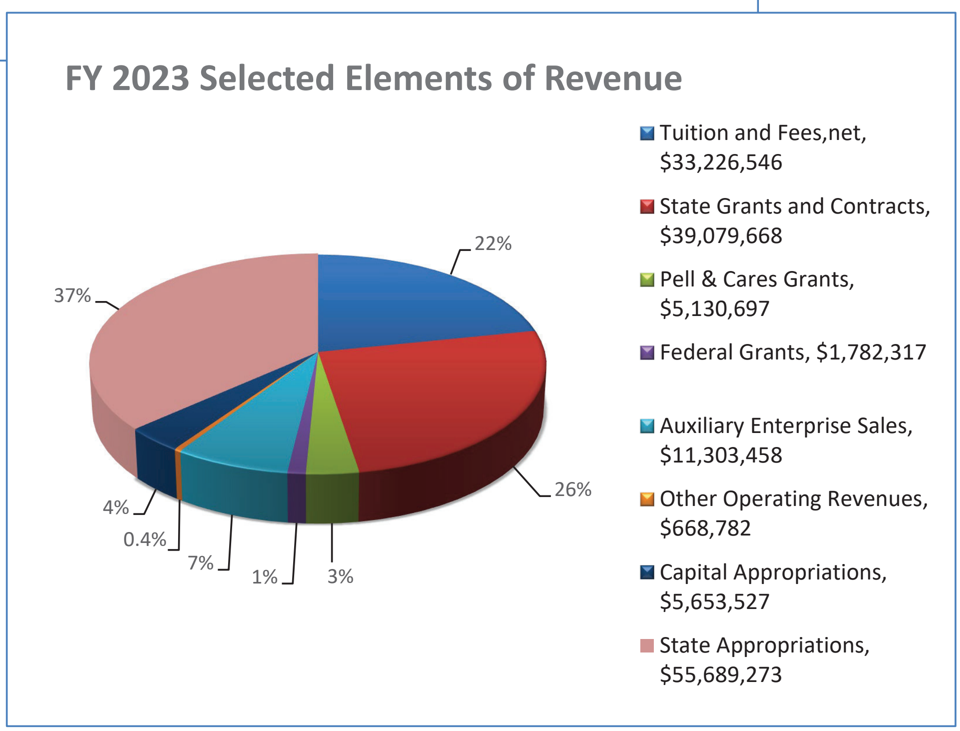
Though enrollments increased in FY 2024, the College's slight decrease in tuition and fee revenue is primarily attributable to an increase in the scholarships discounts and allowances. While resident and non-resident tuition increased in FY 2024, this was largely offset by a decrease in miscellaneous fees due to a coding change in the remittance of international insurance pass-through revenue. The increase in tuition revenue was partially due to a legislative approved increase in the tuition rate.

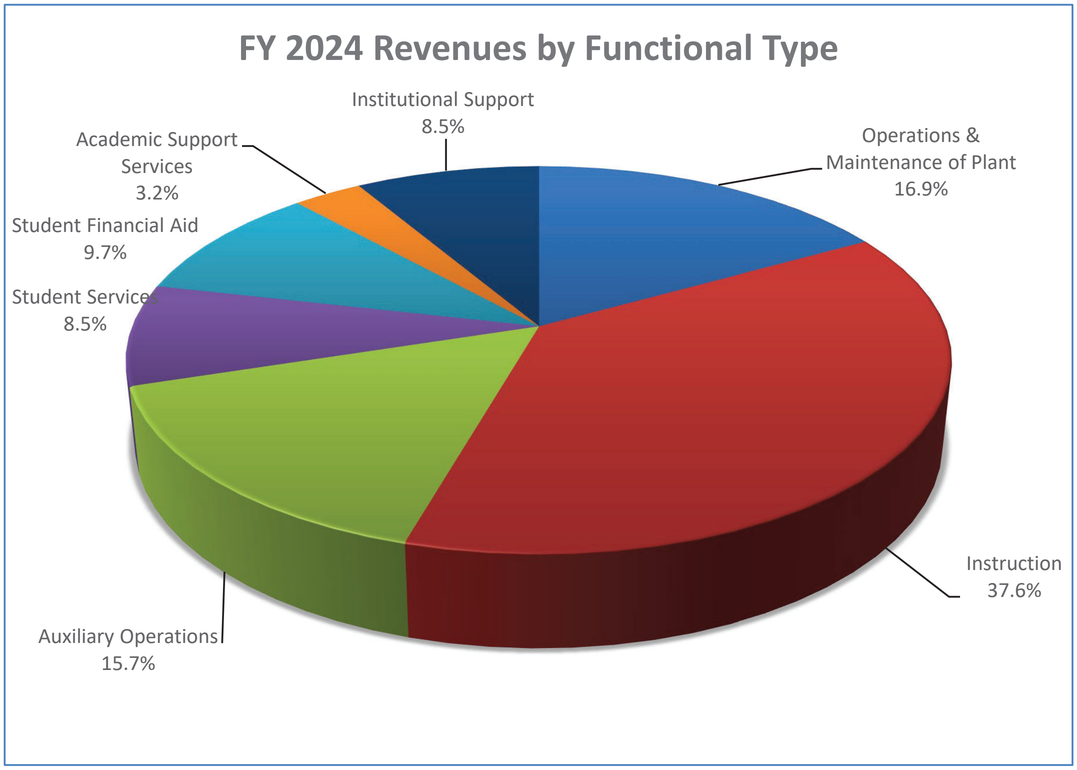
Pell grant revenues generally follow enrollment trends. As the College's enrollment increased during FY 2024, so did the College's Pell Grant revenue. For FY 2024, the College attempted to keep hold other fees as stable as possible, resulting in only small changes in these revenues. In addition, the College serves some students and offers some programs on a fee-only basis, as allowed by law. An example is the Intensive English program.

In FY 2024, grant and contract revenues increased by $7,356,853 when compared with FY 2023. The College continued to serve students under the terms of contracted programs. The College contracts with local high schools to enroll Running Start students who earn both high school and college credit for these courses. The College also serves contracted international students who are not supported by state dollars.

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


FY 2024 Selected Elements of Revenue
19%
37%
28%
3%
1%
8%
1%
4%
Tuition and Fees,net, $32,275,850
State Grants and Contracts, $46,063,048
Pell Grants, $6,184,124
Federal Grants, $2,155,791
Auxiliary Enterprise Sales, $13,006,280
Other Operating Revenues, $1,026,358
Capital Appropriations, $4,217,829
State Appropriations, $62,301,075


FY 2023 Selected Elements of Revenue
22%
37%
26%
4%
0.4%
7%
1%
3%
Tuition and Fees,net, $33,226,546
State Grants and Contracts, $39,079,668
Pell & Cares Grants, $5,130,697
Federal Grants, $1,782,317
Auxiliary Enterprise Sales, $11,303,458
Other Operating Revenues, $668,782
Capital Appropriations, $5,653,527
State Appropriations, $55,689,273

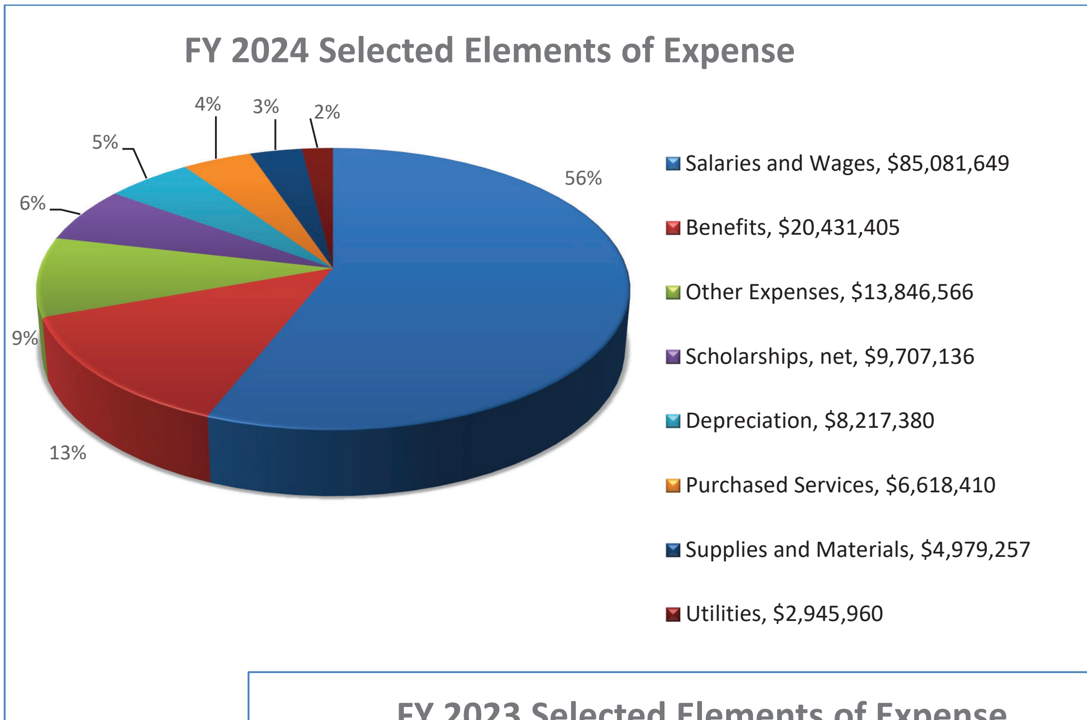


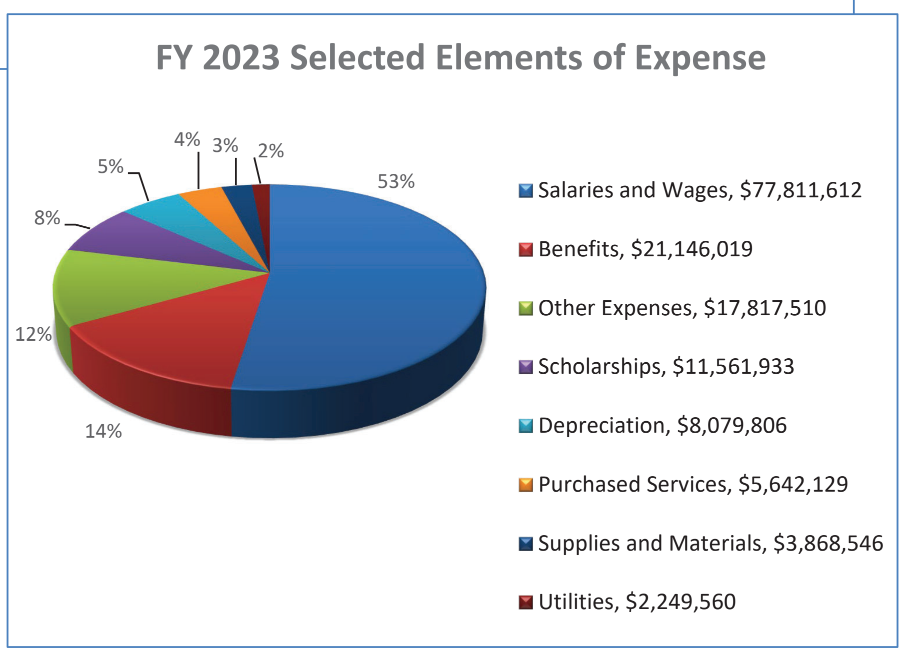
Expenses
The College has continuously sought opportunities to identify savings and efficiencies. Over time, the College decreased spending and services primarily through reduced programmatic offerings/reduction of staff and faculty.

In FY 2024, salary and benefit costs rose due to a roughly 4.0% salary increase mandated by the Legislature for classified and exempt staff. Additionally, the need to compete in a competitive job market to replace retiring exempt employees and faculty contributed to these costs. A negotiated 8.92% pay increase for faculty, along with increased enrollment necessitating additional class offerings, also played a role in the rise in wages.

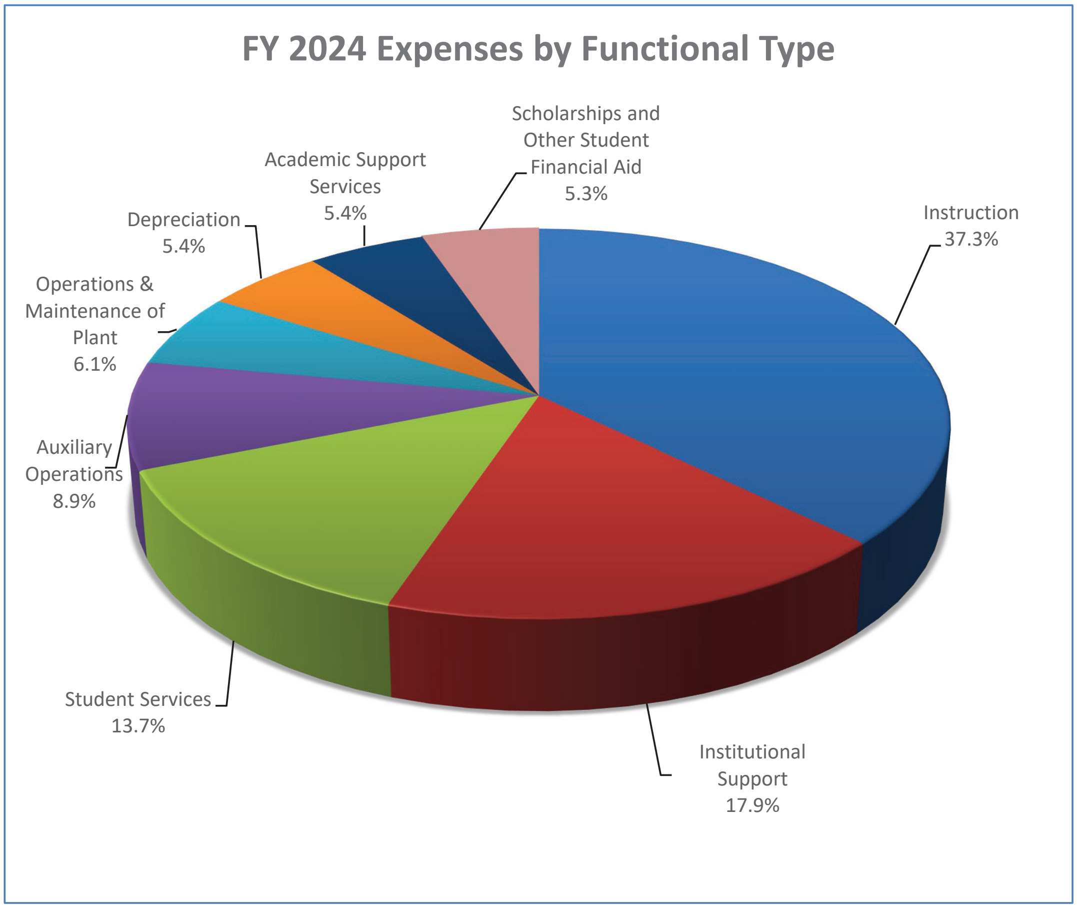
Total utility costs significantly increased in FY 2024 as a result of increased occupancy and increased utility rates. Since FY 2023, gas, electricity, water, and waste consumption increased on campus due to increased demand with more students, faculty, and staff utilizing campus. The increased occupancy and utility demand paired with the rising costs of utility rates resulted in all utility costs to increase from FY 2023 to FY 2024. Supplies and materials and purchased services are higher in FY 2024, primarily as a result of an increase in spending related to increased campus occupancy as compared to the previous year as well as an increase in spending related to capital projects. Certain capital project costs do not meet accounting criteria for capitalization as part of the cost of the building and are instead recognized as supplies and materials or purchased services costs. These fluctuations are to be expected. Depreciation expense is also primarily driven by capital activity, with the annual depreciation expense showing a significant increase in any year when a new building is placed in service.

Comparison of Selected Operating Expenses by Function
The chart below shows the amount, in dollars, for selected functional areas of operating expenses for FY 2024 and FY 2023.





Operating Expenses by Function
The chart below shows the percentage of each functional area of operating expenses for FY 2024.



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

At June 30, 2024, the College had invested $230,319,932 in capital assets, net of accumulated depreciation. This represents an decrease of $4,223,763 from last year, as shown in the table below.

Asset Type	June 30, 2024	June 30, 2023	Change
Land	17,776,018	17,776,018	(0)
Construction in Progress	3,948,674	1,575,177	2,373,497
Buildings, net	199,952,186	206,218,927	(6,266,741)
Other Improvements and Infrastructure, net	5,198,651	5,826,039	(627,388)
Equipment, net	3,352,804	3,038,521	314,283
Library Resources, net	91,599	109,012	(17,413)
Total Capital Assets, Net	**230,319,932**	**234,543,695**	**(4,223,763)**

The decrease in net capital assets can be attributed to the current depreciation expense offset in part by the ongoing renovations of Building C and the Greenhouse. Significant capital projects that were in process on June 30, 2024 include the Transdisciplinary building. Additional information on capital assets can be found in Note #7 of the Notes to the Financial Statements.

Right to use assets increased due to implementation of GASB 96 Subscription-based IT arrangements in FY 2023. The amounts in the table below are reported net of accumulated amortization. Right to use leased assets were restated as of FY 2023 to correctly state asset and amortization balances per GASB 96. This created a restatement of Subscription-based IT arrangements of $64,373.

Asset Type	June 30, 2024	June 30, 2023	Change
SBITA Asset, net	575,459	798,815	(223,356)
Total Right to Use Assets, net of amort.	**$ 575,459**	**$ 798,815**	**$ (223,356)**

At June 30, 2024, the College had $38,860,000 in outstanding debt. This represents a decrease of $2,490,000 from last year, as shown in the table below. SBITAs were restated by $85,831 to correctly account them under GASB 96.

	June 30, 2024	June 20, 2023	Change
Certificates of Participation	38,860,000	41,350,000	(2,490,000)
Subscription-based IT Arrangements	598,728	879,585	(280,856)
Total	**$ 39,458,728**	**$ 42,229,585**	**$ (2,770,856)**

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

Economic Factors That May Affect the Future

The college system, led by a system 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 separated out 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. While there are a number of proposals on ways to modify the allocation model, so far no firm decisions have been made.

The State Board for Community and Technical Colleges currently allocates to each college/district funds received in the state's budget. The model is based on performance in several key indicators, from general enrollments to enrollments in high cost programs, as well as student completion and achievement points. The model is based on a three-year rolling average of enrollments and completions, comparative to other institutions in the state. Due to an increase in enrollment, it is estimated that the College will likely see an increase in state operating appropriations in future years.

Enrollment increases were seen in Running Start and College in the High School program along with International students. Small gains were seen in the non-bachelors programs and high division bachelors programs. Enrollments in FY 2025 continued to grow, expectations for further growth in the following year, especially in the Running Start and College in the High School programs. One additional 4-year degree program was added in FY 2024, Business Management and Technology. With unemployment rates low within the bounds of the College district, worker retraining and skills growth programs remain at lower enrollment levels.

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

Assets	
Current assets	
Cash and cash equivalents (Note 3)	48,369,197
Restricted cash (Note 3)	953,378
Accounts receivable, net of allowances (Note 4)	15,023,240
Lease receivable, net of allowances (Note 5)	1,088,602
Interest receivable	29,898
Inventories (Note 6)	72,885
Total current assets	**65,537,199**
Non-Current Assets	
Long-term investments (Note 3)	63,352,131
Long-term lease receivable, net of allowances (Note 5)	10,313,695
Non-depreciable capital assets (Note 7)	21,724,693
Capital assets, net of depreciation (Note 7)	208,595,239
Suscription-based IT arrangement assets, net of amort (Note 12)	575,459
Net pension asset (Note 16)	6,302,600
Total non-current assets	310,863,816
Total assets	**376,401,016**
Deferred Outflows of Resources	
Deferred outflows related to pensions (Note 16)	10,663,309
Deferred outflows related to OPEB (Note 17)	3,052,560
Total deferred outflows of resources	**13,715,869**
Liabilities	
Current Liabilities	
Accounts payable (Note 8)	3,600,454
Accrued liabilities (Note 8)	4,940,364
Compensated absences, current portion (Note 11, 15)	4,799,273
Deposits payable	10,494
Unearned revenue (Note 9)	7,251,335
Leases and certificates of participation payable, current portion (Note 13, 14, 15)	2,918,782
Net pension liability, current portion (Note 15, 16)	256,489
Total OPEB liability, current portion (Note 15, 17)	730,053
Total current liabilities	**24,507,242**
Non-Current Liabilities	
Compensated absences (Note 11, 15)	2,876,699
Leases and Certificates of Participation (Note 12, 13, 14, 15)	41,454,317
Other non-current liabilities	103,900
Net pension liability, non-current (Note 15, 16)	6,930,242
Total OPEB liability (Note 15, 17)	28,241,560
Total non-current liabilities	79,606,719
Total liabilities	**104,113,961**
Deferred Inflows of Resources	
Deferred inflows on leases receivable	9,920,218
Deferred inflows related to pensions (Note 16)	9,258,987
Deferred inflows related to OPEB (Note 17)	24,422,149
Total deferred inflows of resources	**43,601,355**
Net Position	
Net Investment in Capital Assets	186,522,292
Restricted for:	
Expendable - Cash	953,378
Expendable - Net Pension Asset	6,302,600
Unrestricted	48,623,299
Total Net Position	**242,401,569**

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

BELLEVUE COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION

	June 30, 2024	June 30, 2023
ASSETS		
Cash and cash equivalents	$701,317	$929,464
Marketable securities - Notes 3 and 5	21,059,740	18,782,294
Contributions held in trust by others - Note 4	3,097,605	2,988,946
Collected donations in transit	1,581	9,438
Pledges receivable, net - Notes 1 and 2	2,360,730	63,164
Prepaid expenses	24,036	20,829
Total assets	$27,245,009	$22,794,135
LIABILITIES		
Accounts payable	$53,832	$472,339
Grants payable - Note 1	399,910	262,654
Total liabilities	453,742	734,993
NET ASSETS		
Without donor restrictions	3,921,762	2,737,462
With donor restrictions	22,869,505	19,321,680
Total net assets	26,791,267	22,059,142
Total liabilities and net assets	$27,245,009	$22,794,135

The accompanying notes are an integral part of these financial statements

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

Operating Revenues		
Student tuition and fees, net of scholarship discounts and allowances	$	32,275,850
Auxiliary enterprise sales		13,006,280
State and local grants and contracts		46,063,048
Federal grants and contracts		2,155,791
Other operating revenues		1,026,358
Total operating revenue		94,527,327
Operating Expenses		
Salaries and wages		85,081,649
Benefits		20,431,405
Scholarships and fellowships		9,707,136
Supplies and materials		4,979,257
Depreciation and amortization		8,217,380
Purchased services		6,618,410
Utilities		2,945,960
Repairs & Maintenance		4,525,585
Printing & Graphics		353,735
Software Licensing		423,481
Travel		1,183,692
Equipment		4,389,796
Other operating expenses		2,970,277
Total operating expenses		151,827,763
Operating income (loss)		(57,300,436)
Non-Operating Revenues (Expenses)		
State appropriations		62,301,075
Federal Pell grant revenue		6,184,124
Investment income, gains and losses		3,821,329
Building fee remittance		(3,085,989)
Innovation fund remittance		(471,906)
Gain (loss) on asset disposal		(10,204)
Interest on indebtedness		(1,574,623)
Net non-operating revenue (expenses)		**67,163,806**
Income or (loss) before other revenues, expenses, gains, or losses		9,863,370
Capital Contributions		
Capital appropriations		4,217,829
Increase (Decrease) in net position		14,081,199
Net Position		
Net position, beginning of year		228,378,861
Prior period adjustment due to error correction		(58,491)
Net position, beginning of year, as restated		228,320,370
Net position, end of year		242,401,569

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

BELLEVUE COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024
(With comparative totals for the year ended June 30, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Contributions:				
Current gifts	$586,641	$1,796,465	$2,383,106	$3,354,304
Endowments	-	2,649,647	2,649,647	254,825
In-kind contributions - Note 6	156,078	81,434	237,512	207,273
Earned income:				
Investment earnings - Note 3	1,194,389	1,520,500	2,714,889	1,802,172
Joint College activities	-	63,945	63,945	60,360
Custodial management fee	282,551	-	282,551	109,252
External trust earnings - Notes 4 and 5	-	215,224	215,224	266,540
Earned event revenue	-	77,875	77,875	49,838
Total support and revenue	2,219,659	6,405,090	8,624,749	6,104,564
Net assets released from restrictions - Note 7	2,857,265	(2,857,265)	-	-
Total	5,076,924	3,547,825	8,624,749	6,104,564
Expenses:				
Program:	2,208,209	-	2,208,209	1,261,391
General and administrative:	991,678	-	991,678	656,301
Fundraising:	692,737	-	692,737	629,401
Total expenses	3,892,624	-	3,892,624	2,547,093
Increase in net assets	1,184,300	3,547,825	4,732,125	3,557,471
Net assets at beginning of year	2,737,462	19,321,680	22,059,142	18,501,671
Net assets at end of year	$3,921,762	$22,869,505	$26,791,267	$22,059,142

The accompanying notes are an integral part of these financial statements

Bellevue College
Statement of Cash Flows
For the Year Ended June 30, 2024

Cash flows from operating activities	
Student tuition and fees	$ 32,491,909
Grants and contracts	46,690,704
Payments to vendors	(10,583,617)
Payments for utilities	(2,665,205)
Payments to employees	(84,289,584)
Payments for benefits	(26,192,561)
Auxiliary enterprise sales	13,453,396
Payments for scholarships and fellowships	(9,707,136)
Other receipts	1,422,313
Other payments	(13,772,308)
Net cash used by operating activities	(53,152,089)
Cash flows from noncapital financing activities	
State appropriations	67,334,789
Pell grants	6,184,124
Building fee remittance	(3,085,989)
Innovation fund remittance	(471,906)
Net cash provided by noncapital financing activities	69,961,018
Cash flows from capital and related financing activities	
Capital appropriations	4,217,829
Purchases of capital assets	(3,361,941)
Certificate of participations proceeds	(10,204)
Principal paid on capital debt	(2,770,856)
Interest paid	(2,049,930)
Net cash used by capital and related financing activities	(3,975,102)
Cash flows from investing activities	
Purchase of investments	(10,779,450)
Income of investments	2,266,344
Net cash provided by investing activities	(8,513,106)
Increase in cash and cash equivalents	4,320,721
Cash and cash equivalents at the beginning of the year	45,001,854
Cash and cash equivalents at the end of the year	49,322,574

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

Statement of Cash Flows, continued

Reconciliation of Operating Loss to Net Cash used by Operating Activities

Operating Loss		(57,300,436)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation expense		8,217,380
Changes in assets and liabilities		
Receivables, net		(1,272,306)
Inventories		(36,105)
Accounts payable		1,417,170
Accrued liabilities		459,899
Unearned revenue		866,905
Compensated absences		599,464
Pension liability adjustment		(6,108,917)
Deposits payable		4,856
Net cash used by operating activities	$	(53,152,089)
Significant Noncash Transactions		
Increase in fair value of investments		562,651

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

BELLEVUE COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Increase in net assets	$4,732,125	$3,557,471
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Increase (decrease) in allowance on pledges receivable	129,506	(1,261)
Increase (decrease) in discount on pledges receivable	120,856	(607)
Realized (gain) loss on sale of marketable securities, net	(607,160)	227,122
Unrealized gain on marketable securities	(1,522,637)	(1,362,702)
Changes in operating assets and liabilities		
Contributions held in trust by others	(108,659)	(156,592)
Collected donations in transit	7,857	5,190
Pledges receivable	(2,547,928)	(990)
Prepaid expenses	(3,207)	2,126
Accounts and grants payable	(281,251)	521,217
Net cash provided by (used in) operating activities	(80,498)	2,790,974
Cash flows from investing activities:		
Proceeds from sale or maturity of marketable securities	1,470,173	1,798,380
Purchases of marketable securities	(1,617,822)	(4,084,803)
Net cash used in investing activities	(147,649)	(2,286,423)
Net increase (decrease) in cash and cash equivalents	(228,147)	504,551
Cash and cash equivalents		
Beginning of year	929,464	424,913
End of year	$701,317	$929,464

The accompanying notes are an integral part of these financial statements

Bellevue College
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2024

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 122,024.07
Total Assets	$ 122,024.07
LIABILITIES	
Accounts payable and other liabilities	$ -
Total Liabilities	$ -
NET POSITION	
Restricted for Individuals, organizations and other governments	$ 122,024.07
Total Net Position	$ 122,024.07

Bellevue College
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2024

		Custodial Funds
ADDITIONS		
	Contributions - gifts and bequests	$ 46,908.00
	Total operating revenue	$ 46,908.00
DEDUCTIONS		
	Supplies and Materials	18,906
	Total Deductions	$ 18,906.36
	Net Increase in Fiduciary Net Position	$ 28,001.64
NET POSITION	Restricted Net position - beginning	$ 94,022.43
	Restricted Net position - ending	$ 122,024.07

Notes to the Financial Statements

June 30, 2024

These notes form an integral part of the financial statements.

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

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

The *Bellevue College* Foundation (the Foundation) is a separate but affiliated non-profit entity, incorporated under Washington law in 1978 and recognized as a tax exempt 501(c)(3) charity. The Foundation's charitable purpose is to aid and assist in the development, maintenance, promotion, growth and preservation of Community College District VIII, and to provide or grant scholarships and assistance to men and women of promise. KBCS 91.3 is an operating unit of Bellevue College and is supported by memberships and gifts. Because the majority of the Foundation's income and resources are restricted by donors and may only be used for the benefit of the college or its students, the Foundation is considered a component unit based on the criteria contained in Governmental Accounting Standards Board (GASB) Statement Nos. 61, 39 and 14. A discrete component unit is an entity which is legally separate from the College, but has the potential to provide significant financial benefits to the College or whose relationship with the College is such that excluding it would cause the College's financial statements to be misleading or incomplete.

The Foundation's financial statements are discretely presented in this report. The Foundation's statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Intra-entity transactions and balances between the College and the Foundation are not eliminated for financial statement presentation. During the fiscal year ended June 30, 2024, the Foundation distributed approximately $2,208,209 to the College for restricted and unrestricted purposes. A copy of the Foundation's complete financial statements may be obtained from the Foundation's Administrative Offices at 425-564-2386.

Basis of Presentation

The financial statements have been prepared in accordance with GASB Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local

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

Basis of Accounting

The financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows. For the financial statements, intra-agency receivables and payables have generally been eliminated. However, revenues and expenses from the College's auxiliary enterprises are treated as though the College were dealing with private vendors. For all other funds, transactions that are reimbursements of expenses are recorded as reductions of expense.

Non-exchange transactions, in which the College receives (or gives) value without directly giving (or receiving) equal value in exchange, includes state and federal appropriations, and certain grants and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met.

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents and Investments

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

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

Accounts Receivable
Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. This also includes amounts due from federal, state and local governments or private sources as allowed under the terms of grants and contracts. Accounts receivable are shown net of estimated uncollectible amounts.

Leases Receivable
Lease receivables 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. Lease receivables 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 to be received 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 food service, printing service and warehouse supplies, are valued at cost using the FIFO method.

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

Land, buildings and equipment are recorded at cost, or if acquired by gift, at acquisition value at the date of the gift. GASB 34 guidance concerning preparing initial estimates for historical cost and accumulated depreciation related to infrastructure was followed. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. 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 state 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 payments over the lease term of $500,000 or more are capitalized and amortized over the life of the lease
- Subscription-based IT arrangements with total payments over the term of the arrangement with total payments of $1 million or more 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

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

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 collected prior to the end of the fiscal year but related to the subsequent fiscal year. Unearned revenues also include tuition and fees paid with financial aid funds. The College has recorded summer and fall quarter tuition and fees, housing deposits and advanced grant proceeds as unearned revenues.

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

Pension Liability
For purposes of measuring the net pension liability in accordance with GASB Statement No 68, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of Washington Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/deductions from PERS's and TRS's fiduciary net position have been determined on

the same basis as they are reported by PERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The College also reports its share of the net pension liability for the State Board Retirement Plan in accordance with GASB 68 Accounting and Financial Reporting for Pensions and Related Assets.

OPEB Liability

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Deferred outflows related to pensions are recorded when projected earnings on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed period of time. Deferred inflows related to pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized in the same manner as deferred outflows.

Deferred outflows and inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the college's proportionate share of pension liabilities. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. Employer transactions to pension plans made subsequent to the measurement date are also deferred and reduce pension liabilities in the subsequent year.

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

Net Position
The College's net position is classified as follows:

- Net Investment in Capital Assets. This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

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

- Restricted for Expendable – Cash. These include resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.

- Restricted for Expendable – Net Pension Asset. These include resources for the explicit purpose of pension assets. The restricted net position is equal to the net pension asset. Both deferred inflows and deferred outflows are excluded from the calculation.

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

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

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

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

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

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

Non-operating Expenses. Non-operating expenses include state remittance related to the building fee and the innovation fee, along with interest incurred on the Certificate of Participation Loans.

Scholarship Discounts and Allowances
Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. Discounts and allowances for the year ending June 30, 2024 are $6,912,920.

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

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

Note 2 - Accounting and Reporting Changes

In June 2022, GASB issued GASB Statement No. 100, Accounting Changes and Error Corrections, which prescribes the accounting and reporting for each type of accounting change and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability

In FY 2024 the college changed the way the 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 causes an increase in deferred outflows of $156,420 for the contributions made subsequent to measurement date. Both methods are allowed under GASB 68. This change is necessary to allow the actuaries sufficient time 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 that periodically estimates had to be made for returns on investments and 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.

The College recorded a decrease to net position/fund balance of $37,034 as result of an error correction for initial valuation of leases to adjust the measurement date of leases to June 30, 2021 and implementation of new software mandated by the State of Washington Office of Financial Management for leases. This new software allows for development of more accurate amortization schedules and corrected beginning amount valuations. During implementation leases were valued at total cost of agreement rather than as of implementation date. The College is lessor for the Bellevue Children's Academy and revaluation of this lease increased deferred inflows $37,034 as a result of this error correction.

The College also recorded a decrease to net position/fund balance of $21,458 as result of revaluations due to implementation of new software mandated by the State of Washington Office of Financial Management for subscription-based IT arrangements (SBITA). This new software allows for development of more accurate amortization schedules and corrected beginning amount valuations. During implementation SBITAs were valued at total cost of agreement rather than as of GASB implementation date. This change impacted the SBITA assets, accumulated amortization, and subscription liabilities. Subscription assets increased by $85,831 while accumulated amortization increased by $21,458. Liabilities were increased by $85,831 as a result of this error correction.

In April 2022, GASB issued GASB Statement No. 99, Omnibus 2022, which was issued to enhance comparability in accounting and financial reporting in various areas including derivatives, leases, public-private and public-public partnerships, subscription-based information technology arrangements, as well as others. The College will adopt this statement in line with the dates as outlined in the standard, which varies depending on the applicable paragraph beginning in fiscal year 2022 through fiscal year 2024.

Accounting Standards Impacting the Future

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective FY25. It provides guidance for measuring liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. The college is following the State's Office of Financial management directives to prepare for the implementation of this Statement.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, effective FY25. This statement requires disclosure of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. The statement defines concentration and constraints and whether an event that could cause the substantial impact has begun or is more likely than not to begin within 12 months of financial statement issuance. The college will be implementing this statement as required.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements,* effective FY26. It changes and clarifies requirements of information presented in the MD&A, clarifies operating vs. non-operating revenues and expenses, presentation of major component unit information, and budgetary comparison presentation as RSI. The college has not determined the full impact of this statement.

Note 3 - Deposits and Investments

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

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

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

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

As of June 30, 2024, the carrying amount of the College's cash and equivalents was $49,322,575 as represented in the table below.

Cash and Cash Equivalents		June 30, 2024
Petty Cash and Change Funds	$	10,336
Bank Demand and Time Deposits		26,992,180
Local Government Investment Pool		22,320,059
Total Cash and Cash Equivalents	**$**	**49,322,575**

Custodial Credit Risks—Deposits
Custodial credit risk for bank demand deposits is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The majority of the College's demand deposits are with the US Bank. All cash and equivalents, except for change funds and petty cash held by the College, are insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the Washington Public Deposit Protection Commission (PDPC).

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

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

> Level 1 – Quoted market prices: Unadjusted quoted prices available in active markets for identical assets or liabilities
>
> Level 2 – Observable inputs: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or
>
> Level 3 – Unobservable inputs that are significant to the fair value measurement.

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

	Investment Maturities (in Years)				
Investment Type	**Fair Value**	**Less than 1**	**1 to 5**	**6 to 10**	**More than 10**
U.S. Government Treasury	22,130,281	11,223,933	10,906,348	-	-
U.S. Agency Obligations	52,471,850		52,471,850	-	-
Total Investments	**74,602,131**	**11,223,933**	**63,378,198**	**-**	**-**

Interest Rate Risk—Investments

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

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

Custodial Credit Risk—Investments
Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At June 30, 2024 $74,602,131 of the College's operating fund investments, held by US Bank in the bank's name as agent for the College, are exposed to custodial credit risk as follows.

Investments Exposed to Custodial Risk	Fair Value
US Bank	74,602,131
Total Investments Exposed to Custodial Risk	**$ 74,602,131**

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 $547.

Note 4 - Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. It also includes amounts due from federal, state and local governments or private sources in connection with reimbursements of allowable expenses made according to sponsored agreements. At June 30, 2024, accounts receivable were as follows:

Accounts Receivable	Amount
Student Tuition and Fees	$1,365,864
Due from the Federal Government	5,380,795
Due from Other State Agencies	2,300,123
Auxiliary Enterprises	1,112,238
Other	5,961,959
Subtotal	16,120,979
Less Allowance for Uncollectible Accounts	(1,097,738)
Accounts Receivable, net	**$ 15,023,241**

Note 5 – Leases (Lessors) Receivable

On 9/12/2022, Bellevue College entered into a 119-month lease as Lessor for the use of the North Campus building. An initial lease receivable was recorded in the amount of $12,110,089. The lessee is required to make monthly fixed payments, increasing each year by 3%. The lease has an interest rate of 0.8900%. The term of the lease expires 2032. Leases receivable are reported net of amortization on the Statement of Net Position. Leases receivable were restated by $37,034 to correct an error in beginning valuation during implementation of GASB 87. As of June 30, 2024, future lease receivable principal and interest payments are as follows:

Year ended June 30	Principal	Interest	Total
2025	1,088,602	97,554	10,313,695
2026	1,269,817	86,645	9,043,878
2027	1,321,613	75,133	7,722,265
2028	1,375,397	63,153	6,346,868
2029	1,431,012	50,686	4,915,856
2030-2033	4,915,856	72,454	5,577,984
Total	12,117,659	548,735	43,920,546

Note 6 – Inventories

Inventories as of June 30, 2024, were as follows:

Inventories	Method	Amount
Consumable Inventories		$ 52,863
Merchandise Inventories		20,022
Inventories		**$ 72,885**

Note 7 - 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 expense was $8,217,380.

Capital Assets	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Capital assets, non-depreciable				
Land	$17,776,018	$	$	$ 17,776,018
Construction in progress	1,575,177	2,373,497		3,948,674
Total capital assets, non-depreciable	19,351,195	2,373,497	-	21,724,692
Capital assets, depreciable				
Buildings	296,886,856	257,694		297,144,550
Other improvements and infrastructure	15,499,891			15,499,891
Equipment	17,254,317	1,094,148	(1,172,217)	17,176,248
Library resources	410,778	17,462		428,240
Total capital assets, depreciable	330,051,842	1,369,304	(1,172,217)	330,248,929
Less accumulated depreciation				
Buildings	90,667,928	6,524,436		97,192,364
Other improvements and infrastructure	9,673,852	627,388		10,301,240
Equipment	14,215,796	769,661	(1,162,013)	13,823,444
Library resources	301,765	34,876		336,641
Total accumulated depreciation	114,859,341	7,956,361	(1,162,013)	121,653,689
Total capital assets, depreciable, net	215,192,501	(6,587,057)	(10,204)	208,595,240
Capital assets, net	**$ 234,543,696**	**$ (4,213,560)**	**$ (10,204)**	**$ 230,319,932**

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

Lease Assets	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Subscription Agreements	1,065,087	85,831	-	1,150,918
Total Lease & Subscription assets	1,065,087	85,831	-	1,150,918
Less accumulated amortization				
Accum. Amort. Subscription Agreements	266,272	309,187	-	575,459
Total accumulated amortization	266,272	309,187	-	575,459
Lease & Subscription assets, net	$ 798,815	$ (223,356)	$ -	$ 575,459

Note 8 - Accounts Payable and Accrued Liabilities

Accrued liabilities as of June 30, 2024, were as follows:

Accounts Payable and Accrued Liabilities	Amount
Amounts Owed to Employees	$ 3,897,799
Accounts Payable	3,600,454
Amounts Held for Others and Retainage	1,042,565
Total	**$ 8,540,818**

Note 9 - Unearned Revenue

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

Unearned Revenue	Amount
Summer and Fall Quarter Tuition & Fees	$ 6,489,925
Housing and Other Deposits	761,409
Total Unearned Revenue	$ 7,251,335

Note 10 - Risk Management

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

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

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

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. The college finances these costs by assessing all funds a monthly payroll expense for unemployment compensation for all employees. Payments made for claims from July 1, 2023 through June 30, 2024, were $250,580. Cash reserves for unemployment compensation for all employees at June 30, 2023, were $65,251.

Note 11 - Compensated Absences

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

An estimated amount, based on a three-year average payout, is accrued as a current liability. The remaining amount of accrued annual and sick leave are categorized as non-current liabilities. The current portion of accrued vacation leave totaled $3,598,892 and the non-current portion of accrued vacation leave totaled $175,144 at June 30, 2024. The current portion of accrued sick leave totaled $1,200,381 and the non-current portion of accrued sick leave totaled $2,701,555 at June 30, 2024.

Note 12 - SBITA Payable

Subscription-Based IT Arrangements
As of June 30, 2024 the College had one subscription-based IT arrangements for Microsoft Corp. During the FY2022 fiscal year, the College entered into a five-year subscription-based information technology arrangement with Microsoft Corp for the use of their software suite. The subscription agreement requires annual fixed payments of approximately $301,117 at the beginning of each fiscal year and includes an option to extend the subscription for an additional three years. An initial subscription liability was recorded in the amount of $1,150,918. As of 6/30/2024, the value of the subscriptions liability is $598,728, and the value of the short-term subscriptions liability is $298,782. 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. There were no project costs, termination penalties, incentives, prepayments, refundable or non-refundable deposits, or other reasonably certain payments. Additionally, the agreement has no organization or vendor extension option period, or organization or vendor termination option period. SBITA liabilities were restated at the beginning of FY24 to correct an error in the beginning valuation during implementation of GASB 96.

As of June 30, 2024 the minimum payments under these subscription-based agreements are as follows:

As of June 30	Principal	Interest	Total
2025	$ 298,782	$ 2,335	$ 301,117
2026	$ 299,947	$ 1,170	$ 301,117
Total minimum lease payments	$ 598,728	$ 3,505	$ 602,233

Note 13 - Notes Payable

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

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

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

Note 14 - Annual Debt Service Requirements

Future debt service requirements at June 30, 2024 are as follows:

	Certificates of Participation		
Fiscal year	**Principal**	**Interest**	**Total**
2025	$ 2,620,000	$ 1,920,875	$ 4,540,875
2026	2,750,000	1,788,750	4,538,750
2027	2,885,000	1,650,125	4,535,125
2028	3,035,000	1,504,500	4,539,500
2029	3,185,000	1,351,500	4,536,500
2030-2034	12,220,000	4,934,250	17,154,250
2035-2039	12,165,000	1,557,250	13,722,250
Total	**$ 38,860,000**	**$ 14,707,250**	**$ 53,567,250**

Note 15 - Schedule of Long-Term Liabilities

	Balance outstanding 6/30/23	Additions	Reductions	Balance outstanding 6/30/24	Current portion
Certificates of Participation-PAR	$ 41,350,000	$ -	$ 2,490,000	$ 38,860,000	2,620,000
Certificates of Participation-Unamort Disc/Prem	5,389,678	-	475,307	4,914,371	475,307
Compensation absences	7,076,508	3,888,321	3,288,857	7,675,972	4,799,273
Subscription-based IT Arrang.	879,585	(0)	280,856	598,728	298,782
Net pension liability	9,011,069	9,411,091	11,235,465	7,186,731	256,489
Total OPEB liability	30,114,483	24,888,299	26,031,171	28,971,611	730,053
Total	$ 93,821,323	$ 38,187,711	$ 43,801,656	$ 88,207,413	$ 9,179,903

Note 16 - Retirement Plans

A. General

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

Basis of Accounting

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

In accordance with Statement No. 68, the College has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities for all DRS administered plans. In FY24 the College has elected to change from current fiscal year as the measurement date for reporting pension liabilities to an 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 FY23. Deferred Outflows are increased by the amount of FY24 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 the College, for fiscal year 2024:

Aggregate Pension Amounts - All Plans		
Net Pension Assets	$	(6,302,600)
Net Pension Liabilities	$	7,186,699
Deferred outflows of resources related to pensions	$	10,663,309
Deferred inflows of resources related to pensions	$	9,258,987
Pension Expense	$	(965,516)

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

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

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

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

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

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

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

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

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

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

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

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

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

<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

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

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

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

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

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

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

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

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

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

Contributions

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

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

The employer contribution rates (expressed as a percentage of covered payroll) and actual contributions for the year ended June 30, 2024 were as follows:

	PERS 1	PERS 2/3*	TRS 1	TRS 2/3*
Contribution Rates at close of FY24	9.53%	9.53%	9.70%	9.70%
Actual Contributions	691,379	1,490,704	45,235	203,400

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

The actuarial assumptions used in the June 30, 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 the WSIB.

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	20.00%	1.50%
Tangible Assets	7.00%	4.70%
Real Estate	18.00%	5.40%
Global Equity	32.00%	5.90%
Private Equity	23.00%	8.90%
Total	**100%**	

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

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

Discount rate
The discount rate used to measure the total pension liability was 7.00 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members.

Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 and TRS Plan 2/3 employers whose rates include a component for the PERS Plan 1 liability). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.00 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate
The following table presents the net pension liability of the College calculated using the discount rate of 7.00 percent, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS 1	$ 3,961,051	$ 2,835,244	$ 1,852,680
PERS 2/3	6,819,824	(6,270,411)	(17,024,866)
TRS 1	507,006	333,081	181,049
TRS 2/3	1,039,320	(32,189)	(903,309)

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

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

	Liability/(Asset)
PERS 1	$ 2,835,244
PERS 2/3	(6,270,411)
TRS 1	333,081
TRS 2/3	32,189

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

	2023	2022	Change
PERS 1	0.12420%	0.12678%	-0.00257%
PERS 2/3	0.15299%	0.15925%	-0.00627%
TRS 1	0.02630%	0.02444%	0.00186%
TRS 2/3	0.02621%	0.02472%	0.00149%

The College's proportion of the net pension liability/(asset) was based on a projection of the College's long-term share of contributions to the pension plan to the projected contributions of all participating state agencies, actuarially determined.

Pension Expense. For the year ended June 30, 2024 the College recognized pension expense as follows:

	Pension Expense
PERS 1	$ (106,084)
PERS 2/3	(712,028)
TRS 1	(24,215)
TRS 2/3	84,285
TOTAL	(758,041)

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

	PERS 1	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	319,828
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	691,379	-
Totals	**$ 691,379**	**$ 319,828**

	PERS 2/3	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	1,277,276	70,060
Difference between expected and actual earnings of pension plan investments	-	2,363,070
Changes of assumptions	2,632,536	573,789
Changes in College's proportionate share of pension liabilities	300,558	228,940
Contributions subsequent to the measurement date	1,490,704	-
Totals	**$ 5,701,074**	**$ 3,235,859**

	TRS 1	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	48,219
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	45,235	-
Totals	**$ 45,235**	**$ 48,219**

	TRS 2/3	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	280,301	4,535
Difference between expected and actual earnings of pension plan investments	-	154,388
Changes of assumptions	255,707	25,342
Changes in College's proportionate share of pension liabilities	16,338	23,288
Contributions subsequent to the measurement date	203,400	-
Totals	**$ 755,746**	**$ 207,553**

The $2,430,717 reported as deferred outflows of resources represent contributions the College made subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2025.

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	(217,597)	(1,073,897)	(33,696)	(35,403)
2026	(273,655)	(1,351,077)	(42,599)	(59,540)
2027	168,731	1,949,389	27,225	158,056
2028	2,693	695,319	852	67,565
2029	-	699,497	-	65,227
Thereafter	-	55,279	-	148,887
Total	**$ (319,828)**	**$ 974,510**	**$ (48,218)**	**$ 344,792**

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

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

Plan Description. The State Board Retirement Plan is a privately administered single-employer defined contribution plans with a supplemental defined benefit plan component which guarantees a minimum retirement benefit based upon a one-time calculation at each employee’s retirement date. The supplemental component is financed on a pay-as-you-go basis. The College participates in this plan as authorized by chapter 28B.10 RCW and reports its proportionate share of the net pension liability. House Bill 1661, effective fiscal year 2021, created separate Supplemental Retirement Plan (SRP) funds by institution that met the definition of a trust or equivalent arrangement. As a result, this plan has been reported under GASB 67/68 since FY21. Prior to that, the SRP was reported under GASB Statement No. 73. 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 (SRP) provide retirement, disability, and death benefits to eligible members.

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

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

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

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 $4,600,542.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2023, with the results rolled forward to the June 30, 2023, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

Most actuarial assumptions used in the January 1, 2023 valuation were based on the results of the August 2021 Higher Education SRP Experience Study. Additional assumptions related to the salary growth were based on feedback from financial administrators of the Higher Education Supplemental Retirement Plans.

Material assumption changes. Changes in methods and assumptions that occurred between the measurement of the June 30, 2022 NPL and the June 30, 2023 NPL are as follows:

- The valuation date was changed from June 30 to January 1. This corresponds with the new data file being provided with participant information as of January 1, 2023.
- OSA updated annuity conversion assumptions for the TIAA investments based on input from TIAA and professional judgment. TIAA contributions and investment earnings annuity conversion changed from contributions made pre-2002/post-2001 converted at 6.00 percent/3.25 percent to contributions pre-2006/post-2005 converted at 7.00/4.00 percent

Discount Rate. The discount rate used to measure the total pension liability was based on the *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 7.00 percent, as well as what the employers' total pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

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

Pension Liabilities. At June 30, 2024 the College reported a net pension liability of $4,018,370 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:

	2023	2022	Change
SBRP	7.37441%	7.29782%	0.07659%

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 $(207,475).

Plan Membership. Membership in the State Board Supplemental Retirement Plan consisted of the following as of January 1, 2023, the most recent full actuarial valuation date.

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

Net Pension Liability/(Asset). The following table presents the change in net pension liability/(asset) of the State Board Supplemental Retirement Plan as of June 30, 2023:

Schedule of Changes of Development of Net Pension Liability	
Bellevue College	
(Dollars in Thousands)	**2023**
Total Pension Liability	
Service Cost	146,390
Interest	528,538
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience[1]	(424,796)
Changes in Assumptions[1]	(841,208)
Benefit Payments	(221,848)
Change in Proprotionate Share of Liability	78,028
Other	-
Net Change in Total Pension Liability	(734,896)
Total Pension Liability - Beginning	7,435,178
Total Pension Liability - Ending (a)	**6,700,282**
Plan Fiduciary Net Position	
Contributions - Employer	63,588
Contributions - Member	-
Net Investment Income	174,100
Benefit Payments	-
Administrative Expense	-
Other	(12)
Change in Proportionate Share of Plan Assets	25,385
Net Change in Plan Fiduciary Net Position	263,061
Plan Fiduciary Net Position-Beginning	2,418,852
Plan Fiducairy Net Position-Ending (b)	**2,681,912**
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)	**4,018,370**
Covered-Employee Payroll	**48,822,889**
Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	8.23%

Deferred Outflows and Inflows of Resources Related to Pensions.

At June 30, 2023, the State Board Supplemental Retirement Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ -	$ 385,593
Changes of Assumptions	-	1,743,637
Changes in College's proportionate share of pension liability	81,592	-
Differences Between Projected and Actual Earnings on Plan Investments	-	86,435
Contributions Subsequent to Measurement Date	156,420	-
Total	**$ 238,012**	**$ 2,215,666**

The $156,420 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, 2025.

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:

State Board Supplemental Retirement Plan	
2025	(587,572.80)
2026	(405,277.45)
2027	(353,056.79)
2028	(747,584.27)
2029	51,466.26
Thereafter	(92,023.26)

Note 17 - Other Post-Employment Benefits

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

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

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

Employees Covered by Benefit Terms. The PEBB OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement systems. Membership in the PEBB plan for the College consisted of the following:

Summary of Plan Participants
As of June 30, 2022

Active Employees*	894
Retirees Receiving Benefits**	325
Retirees Not Receiving Benefits***	NA
Total Active Employees and Retirees	1,219

*Reflects active employees eligible for PEBB program participation as of June 30, 2022.
**Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.
***HCA doesn't have data on this group and OSA doesn't have the methodology to reasonably estimate it. For fiscal year 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 $183 per member per month and it will remain $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 version 7.0. Per capita cost based on subscribers; includes non-Medicare risk pool only. Figures based on CY2023 which includes projected claims cost at the time of this

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

Total OPEB Liability

As of June 30, 2024, the state reported a total OPEB liability of $4.374 billion. The College's proportionate share of the total OPEB liability is $28,971,613. 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 trend rate ranges from 2-11%, reaching an ultimate rate of approximately 3.8 in 2080.
Post-Retirement Participation Percentag	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' Benefits Board Other Postemployment Benefits Actuarial Valuations Report.

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

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

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

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

Actuarial Valuation Date	6/30/2022
Actuarial Measurement Date	6/30/2023
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 3.65 percent for the June 30, 2023 measurement date.

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

Changes in Total OPEB Liability

As of June 30, 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:

Bellevue College		
Proportionate Share (%)		**0.6623301575%**
Service Cost	$	1,014,965
Interest Cost		1,019,538
Differences Between Expected and Actual Experienc		-
Changes in Assumptions		(490,269)
Changes of Benefit Terms		-
Benefit Payments		(710,146)
Changes in Proportionate Share		(1,976,960)
Other		-
Net Change in Total OPEB Liability		(1,142,872)
Total OPEB Liability - Beginning		30,114,485
Total OPEB Liability - Ending	**$**	**28,971,613**

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
$ 33,898,746	$ 28,971,613	$ 25,008,272

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates. The following represents the total OPEB liability of the College, calculated using the health care trend rates of 2-11 percent reaching an ultimate range of 3.8 percent, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (1-10 percent) or 1 percentage point higher (3-12 percent) than the current rate:

Health Care Cost Trend Rate Sensitivity		
1% Decrease	Current health care cost trend rate	1% Increase
$ 24,344,963	$ 28,971,613	$ 34,926,547

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 ($2,033,720). OPEB expense consists of the following elements:

Bellevue College	
Proportionate Share (%)	**0.6623301575%**
Service Cost	$ 1,014,965
Interest Cost	1,019,538
Amortization of Differences Between Expected and Actual Experience	16,962
Amortization of Changes in Assumptions	(3,107,285)
Changes of Benefit Terms	-
Amortization of Changes in Proportion	(977,900)
Other Changes to Net Position	-
Total OPEB Expense	**$ (2,033,720)**

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

Bellevue College		
Proportionate Share (%)	**0.6623301575%**	
Deferred Inflows/Outflows of Resources	**Deferred Outflows**	**Deferred Inflows**
Difference between expected and actual experience	$ 439,924	$ 860,347
Changes in assumptions	1,882,584	17,358,129
Transactions subsequent to the measurement date	730,053	-
Changes in proportion	-	6,203,674
Total Deferred Inflows/Outflows	**$ 3,052,561**	**$ 24,422,150**

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, 2025. 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 (%)	**0.6623301575%**
2025	$ (4,068,223)
2026	$ (4,068,223)
2027	$ (3,371,798)
2028	$ (2,477,501)
2029	$ (2,660,163)
Thereafter	$ (5,453,734)

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		**0.7088658926%**
Proportionate Share (%) 2023		**0.6623301575%**
Total OPEB Liability - Ending 2022	$	30,114,485
Total OPEB Liability - Beginning 2023		28,137,525
Total OPEB Liability Change in Proportion		(1,976,960)
Total Deferred Inflows/Outflows - 2022		(19,035,523)
Total Deferred Inflows/Outflows - 2023		(17,785,876)
Total Deferred Inflows/Outflows Change in Proportion		1,249,647
Total Change in Proportion	**$**	**(3,226,607)**

Note 18 - Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2024.

Expenses by Functional Classification		
Instruction	$	56,299,029
Academic Support Services		10,616,309
Student Services		16,717,886
Institutional Support		22,474,487
Operations and Maintenance of Plant		12,747,697
Scholarships and Other Student Financial Aid		10,143,041
Auxiliary enterprises		14,611,934
Depreciation		8,217,380
Total operating expenses	**$**	**151,827,763**

Note 19 - Commitments and Contingencies

The College has commitments of $3,662,829 for various capital improvement projects that include construction and completion of new buildings and renovations of existing buildings.

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

Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans

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

Schedule of Bellevue College's Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 1
Measurement Date of June 30

Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.118325%	$ 5,960,677	$ 12,971,801	45.95%	61.19%
2015	0.120550%	$ 6,305,886	$ 13,873,237	45.45%	59.10%
2016	0.113159%	$ 6,077,171	$ 13,445,510	45.20%	57.03%
2017	0.108986%	$ 5,171,463	$ 13,532,772	38.21%	61.24%
2018	0.115580%	$ 5,161,842	$ 15,389,151	33.54%	63.22%
2019	0.116766%	$ 4,486,178	$ 16,413,847	27.33%	67.12%
2020	0.118332%	$ 4,173,870	$ 17,917,126	23.30%	68.64%
2021	0.117691%	$ 1,433,393	$ 17,738,504	8.08%	88.74%
2022	0.126775%	$ 3,529,881	$ 20,276,945	17.41%	76.56%
2023	0.124204%	$ 2,835,244	$ 23,441,991	12.09%	80.16%

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

Cost Sharing Employer Plans

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

Schedule of Bellevue College's Share of the Net Pension Liability (Assets)

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

Measurement Date of June 30

Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension (asset) liability	College covered payroll	College's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.150600%	$ 3,044,474	$ 12,905,136	23.59%	93.29%
2015	0.155700%	$ 5,562,929	$ 13,873,237	40.10%	89.20%
2016	0.144939%	$ 7,297,581	$ 13,445,510	54.28%	85.82%
2017	0.139418%	$ 4,844,109	$ 13,532,772	35.80%	90.97%
2018	0.148151%	$ 2,529,546	$ 15,380,516	16.45%	95.77%
2019	0.150244%	$ 1,454,673	$ 16,390,762	8.87%	97.77%
2020	0.153722%	$ 1,961,311	$ 17,901,551	10.96%	97.22%
2021	0.145314%	$ (14,480,319)	$ 17,461,690	-82.93%	120.29%
2022	0.159252%	$ (5,906,308)	$ 19,995,151	-29.54%	106.73%
2023	0.152986%	$ (6,270,411)	$ 23,441,991	-26.75%	107.02%

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

Cost Sharing Employer Plans
Schedules of Bellevue College's Proportionate Share of the Net Pension Liability

Schedule of Bellevue College's Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 1 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.019440%	$ 573,374	$ 711,902	80.54%	68.77%
2015	0.023140%	$ 732,981	$ 963,352	76.09%	65.70%
2016	0.027345%	$ 933,634	$ 1,200,864	77.75%	62.07%
2017	0.026001%	$ 786,080	$ 1,340,742	58.63%	65.58%
2018	0.026630%	$ 777,754	$ 1,392,931	55.84%	66.52%
2019	0.024980%	$ 616,024	$ 1,586,012	38.84%	70.37%
2020	0.026011%	$ 624,118	$ 1,761,464	35.43%	70.55%
2021	0.025576%	$ 169,772	$ 1,846,864	9.19%	91.42%
2022	0.024444%	$ 464,885	$ 1,970,413	23.59%	78.24%
2023	0.026299%	$ 333,081	$ 2,523,787	13.20%	85.09%

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

Cost Sharing Employer Plans

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

Schedule of Bellevue College's Share of the Net Pension Liability (Assets)

Teachers' Retirement System (TRS) Plan 2/3

Measurement Date of June 30

Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension (asset) liability	College covered payroll	College's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.013797%	$ 44,563	$ 583,151	7.64%	96.81%
2015	0.017530%	$ 147,918	$ 818,639	18.07%	92.48%
2016	0.021070%	$ 289,361	$ 1,040,358	27.81%	88.72%
2017	0.022429%	$ 207,007	$ 1,229,760	16.83%	93.14%
2018	0.023044%	$ 103,724	$ 1,283,434	8.08%	96.88%
2019	0.021521%	$ 127,331	$ 1,466,547	8.68%	96.36%
2020	0.022606%	$ 344,883	$ 1,631,413	21.14%	91.72%
2021	0.023945%	$ (660,542)	$ 1,787,184	-36.96%	113.72%
2022	0.024723%	$ (48,651)	$ 1,959,885	-2.48%	100.86%
2023	0.026209%	$ (32,189)	$ 2,523,787	-1.28%	100.49%

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

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions for Bellevue College Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 554,045	$ 554,045	$ -	$13,873,237	3.99%
2016	$ 641,719	$ 641,719	$ -	$13,445,510	4.77%
2017	$ 655,578	$ 655,578	$ -	$13,532,772	4.84%
2018	$ 774,706	$ 774,706	$ -	$15,389,151	5.03%
2019	$ 841,149	$ 841,149	$ -	$16,413,847	5.12%
2020	$ 854,101	$ 854,101	$ -	$17,917,126	4.77%
2021	$ 882,857	$ 882,857	$ -	$17,738,504	4.98%
2022	$ 770,131	$ 770,131	$ -	$20,276,945	3.80%
2023	$ 853,730	$ 853,730	$ -	$21,627,715	3.95%
2024	$ 691,379	$ 691,379	$ -	$23,441,991	2.95%

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

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions for Bellevue College

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

Fiscal Year Ended June 30

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 693,530	$ 693,530	$ -	$13,873,237	5.00%
2016	$ 836,722	$ 836,722	$ -	$13,445,510	6.22%
2017	$ 851,548	$ 851,548	$ -	$13,532,772	6.29%
2018	$ 1,151,914	$ 1,151,914	$ -	$15,380,516	7.49%
2019	$ 1,231,803	$ 1,231,803	$ -	$16,390,762	7.52%
2020	$ 1,417,788	$ 1,417,788	$ -	$17,901,551	7.92%
2021	$ 1,382,931	$ 1,382,931	$ -	$17,461,690	7.92%
2022	$ 1,271,609	$ 1,271,609	$ -	$19,995,151	6.36%
2023	$ 1,349,010	$ 1,349,010	$ -	$21,208,868	6.36%
2024	$ 1,490,704	$ 1,490,704	$ -	$23,441,991	6.36%

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions for Bellevue College Teachers' Retirement System (TRS) Plan 1 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 51,773	$ 51,773	$ -	$ 963,352	5.37%
2016	$ 66,911	$ 66,911	$ -	$ 1,200,864	5.57%
2017	$ 90,987	$ 90,987	$ -	$ 1,340,742	6.79%
2018	$ 110,754	$ 110,754	$ -	$ 1,437,740	7.70%
2019	$ 126,488	$ 126,488	$ -	$ 1,586,012	7.98%
2020	$ 137,315	$ 137,315	$ -	$ 1,761,464	7.80%
2021	$ 141,394	$ 141,394	$ -	$ 1,846,864	7.66%
2022	$ 124,626	$ 124,626	$ -	$ 1,970,413	6.32%
2023	$ 142,672	$ 142,672	$ -	$ 2,215,307	6.44%
2024	$ 45,235	$ 45,235	$ -	$ 2,523,787	1.79%

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions for Bellevue College
Teachers' Retirement System (TRS) Plan 2/3
Fiscal Year Ended June 30

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 46,585	$ 46,585	$ -	$ 818,639	5.69%
2016	$ 84,971	$ 84,971	$ -	$ 1,040,358	8.17%
2017	$ 82,640	$ 82,640	$ -	$ 1,229,760	6.72%
2018	$ 102,448	$ 102,448	$ -	$ 1,327,038	7.72%
2019	$ 114,828	$ 114,828	$ -	$ 1,466,547	7.83%
2020	$ 132,608	$ 132,608	$ -	$ 1,631,413	8.13%
2021	$ 145,653	$ 145,653	$ -	$ 1,787,184	8.15%
2022	$ 157,920	$ 157,920	$ -	$ 1,959,885	8.06%
2023	$ 178,333	$ 178,333	$ -	$ 2,215,307	8.05%
2024	$ 203,400	$ 203,400	$ -	$ 2,523,787	8.06%

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

State Board Supplemental Defined Benefit Plans

Schedule of Changes in the Net Pension Liability and Related Ratios

Bellevue College

Measurement Date as of June 30

(expressed in thousands)

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

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

	2021	2022	2023	2024
Statutorily determined contributions	$ 61,906	$ 61,126	$ 63,470	$ 63,470
Actual contributions in relation to the above	54,569	$ 60,211	$ 62,943	$ 68,395
Contribution deficiency (excess)	$ (7,337)	$ (915)	$ (527)	$ 4,925
Covered Payroll	$ 47,620,296	47,019,751	48,822,889	48,822,889
Contribution as a % of covered payroll	0.11%	0.13%	0.13%	0.14%

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

State Board Supplemental Defined Benefit Plans
Notes to Required Supplementary Information

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

Effective fiscal year 2021, House Bill 1661 created dedicated funds to pay SRP benefits that mimic the trust arrangement for the rest of the state retirement systems. As a result, the plan, previously reported under GASB Statement No. 73 is now being reported under GASB Statement No. 68. In FY24 reporting for the SBRP plan changed to a one-year lag between measurement and reporting.

The Schedule of Employer Contributions contains actual amounts, while the notes report contributions as a proportionate share of plan total contributions.

Required Supplementary Information

Other Postemployment Benefits Information

Schedule of Changes in Total OPEB Liability and Related Ratios Measurement Date of June 30*								
Total OPEB Liability	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Service cost	$ 1,014,965	$ 2,221,530	$ 2,379,102	$ 1,865,049	$ 1,809,536	$ 2,485,937	$ 3,101,919	$ 2,445,682
Interest cost	1,019,538	1,030,761	1,028,233	1,560,143	1,569,669	1,709,068	1,452,958	1,145,572
Difference between expected and actual experience	-	(1,020,789)	-	(239,077)	-	1,560,047	-	-
Changes in assumptions	(490,269)	(17,235,208)	439,316	1,011,320	2,923,138	(10,883,067)	(7,087,553)	(5,588,122)
Changes in benefit terms	-	-	-	-	-	-	-	-
Benefit payments	(710,146)	(757,303)	(783,371)	(742,808)	(718,029)	(721,825)	(740,450)	(583,802)
Changes in proportionate share	(1,976,960)	(1,724,612)	(407,348)	(1,611,647)	(655,281)	(144,008)	(295,195)	(1,030,806)
Other	-	(1)	-	(1,589,120)	-	-	-	-
Net Changes in Total OPEB Liability	$ (1,142,872)	$ (17,485,622)	$ 2,655,932	$ 253,860	$ 4,929,033	$ (5,993,848)	$ (3,568,321)	$ (3,611,476)
Total OPEB Liability - Beginning	$ 30,114,485	$ 47,600,107	$ 44,944,175	$ 44,690,315	$ 39,761,282	$ 45,755,130	$ 49,323,451	$ 39,686,727
Total OPEB Liability - Ending	$ 28,971,613	$ 30,114,485	$ 47,600,107	$ 44,944,175	$ 44,690,315	$ 39,761,282	$ 45,755,130	$ 36,075,251
College's proportion of the Total OPEB Liability (%)	0.66233016%	0.70886589%	0.73551451%	0.74224177%	0.77001029%	0.78291298%	0.78538487%	0.61923018%
Covered-employee payroll	$ 78,956,259	$ 72,633,997	$ 69,208,463	$ 67,395,947	$ 65,836,590	$ 61,391,689	$ 51,727,510	$ 40,817,244
Total OPEB Liability as a percentage of covered-employee payroll	36.693244%	41.460592%	68.777870%	66.686762%	67.880665%	64.766555%	88.454151%	88.382378%

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

Notes to Required Supplementary Information

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

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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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