

Big Bend Community College

FINANCIAL REPORT



**For Fiscal Year Ended
June 30, 2016**

2016 Financial Report

TABLE OF CONTENTS

Trustees and Administrative Officers	2
Independent Auditor’s Report on Financial Statements	3
Management’s Discussion and Analysis	13
College Statement of Net Position.....	21
College Statement of Revenues, Expenses and Changes in Net Position.....	22
College Statement of Cash Flows	23
Notes to the Financial Statements.....	24
Required Supplementary Information.....	44

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

Vice President for Finance and Administration
Big Bend Community College
7662 Chanute Street NE
Moses Lake, WA 98837
509.793.2002

For information about enrollment, degrees awarded, or academic programs, contact:

Vice President for Learning and Student Success
Big Bend Community College
7662 Chanute Street NE
Moses Lake, WA 98837
509.793.2055

or

Visit the Facts and Stats of Big Bend Community College – Home page at
<http://www.bigbend.edu/category/information-center/big-bend-factoids/>

TRUSTEES AND ADMINISTRATIVE OFFICERS

BOARD OF TRUSTEES

Anna Franz, Board Chair

Jon Lane

Stephen McFadden

Juanita Richards

Mike Villareal

EXECUTIVE OFFICERS

Terrence Leas, President

Linda Schoonmaker, Vice President for Finance and Administration

Bryce Humpherys, Vice President for Learning and Student Success

Kim Garza, Vice President of Human Resources and Labor

Officer list effective as of Aug 1, 2016



Office of the Washington State Auditor

Pat McCarthy

Financial Statements Audit Report
Big Bend Community College

For the period July 1, 2015 through June 30, 2016

Published July 24, 2017

Report No. 1019504





Office of the Washington State Auditor Pat McCarthy

July 24, 2017

Board of Trustees
Big Bend Community College
Moses Lake, Washington

Report on Financial Statements

Please find attached our report on the Big Bend Community College's financial statements.

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

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

TABLE OF CONTENTS

Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards.....	4
Independent Auditor's Report On Financial Statements	7
About The State Auditor's Office.....	10

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN**

**Big Bend Community College July 1, 2015 through June 30,
2016**

Board of Trustees
Big Bend Community College Moses
Lake, 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 Big Bend Community College, Grant County, Washington, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated July 6, 2017.

The financial statements of the Big Bend Community 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. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2016, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

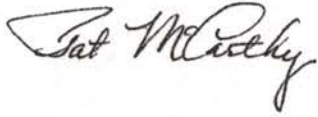
As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of the College's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy
State Auditor
Olympia, WA

July 6, 2017

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

**Big Bend Community College July 1, 2015 through June 30,
2016**

Board of Trustees
Big Bend Community College Moses
Lake, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Big Bend Community College, Grant County, Washington, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal

control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Big Bend Community College, as of June 30, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1, the financial statements of the Big Bend Community 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. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2016, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

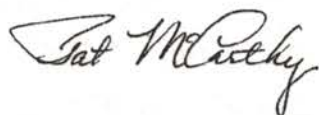
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of proportionate share of the net pension liability and schedules of contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2017 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Pat McCarthy
State Auditor
Olympia, WA

July 6, 2017

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov

Management's Discussion and Analysis

Big Bend Community College

The following discussion and analysis provides an overview of the financial position and activities of Big Bend Community College (the College) for the fiscal year ended June 30, 2016 (FY 2016). This overview provides readers with an objective and easily readable analysis of the College's financial performance for the year, based on currently known facts and conditions. This discussion has been prepared by management and should be read in conjunction with the College's financial statements and accompanying note disclosures.

Reporting Entity

Big Bend Community College is one of thirty public community and technical college districts in the state of Washington, providing comprehensive, open-door academic programs, workforce education, basic skills and community service educational programs to approximately 3,632 students. The College confers associates degrees, certificates and high school diplomas. The College was established in 1962 and its primary purpose is to deliver lifelong learning through a commitment to student success, excellence in teaching and learning, and community engagement.

The College's main campus is located in Moses Lake, Washington, a community of about 22,000 residents. The College is governed by a five member Board of Trustees appointed by the governor of the state with the consent of the state Senate. By statute, the Board of Trustees has full control of the College, except as otherwise provided by law.

Using the Financial Statements

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, 2016. The Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash Flows provide information about operations and activities over the entire fiscal year. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess the college's financial health.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are reported under the accrual basis of accounting where all of the current year's revenues and expenses are taken into account regardless of when cash is received or payments are made. Full accrual statements are intended to provide a view of the College's financial position similar to that presented by most private-sector companies. These financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The full scope of the College's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

Statement of Net Position

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

Condensed Statement of Net Position As of June 30th	FY 2016	FY 2015
Assets		
Current Assets	9,493,777	7,838,796
Capital Assets, net	22,688,083	22,365,800
Other Assets, non-current	17,656,837	17,672,064
Total Assets	\$ 49,838,697	\$ 47,876,660
Deferred Outflows	\$ 529,988	\$ 322,984
Liabilities		
Current Liabilities	2,444,118	2,223,954
Other Liabilities, non-current	6,402,727	6,332,253
Total Liabilities	\$ 8,846,845	\$ 8,556,207
Deferred Inflows	\$ 497,171	\$ 1,057,045
Net Position	\$ 41,024,669	\$ 38,586,392

Current assets consist primarily of cash, investments, various accounts receivables and inventories. The increase of current assets in FY 2016 can be attributed to an increase in cash and cash equivalents.

Net capital assets increased by only \$322,283 from FY 2015 to FY 2016. After taking into consideration current depreciation expense of \$1,085,687, the increase is primarily the result of the ongoing acquisitions of capitalizable equipment along with the renovation and upgrading of buildings around campus.

Non-current assets consist primarily of the long-term portion of certain investments and student loans receivable. The college distributes Student Loans as part of the Perkins program, but a minimal decrease has occurred from the result of sending Perkins excess cash back to the Department of Education.

Deferred outflows of resources totaling \$529,988 are related to the net pension liability that was recorded on the College's financials this year.

Current liabilities include amounts payable to suppliers for goods and services, accrued payroll and related liabilities, the current portion of Certificate of Participation (COP) debt, deposits held for others and unearned revenue. Current liabilities can fluctuate from year to year depending on the timeliness of vendor invoices and resulting vendor payments, especially in the area of capital assets and improvements, which is the reason for the increase in FY 2016.

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, and the College's share of the net pension liability. The College's non-current liabilities increased due to an increase in the College's proportionate share of the net pension liability.

Deferred inflows of resources related to the College's net pension liability totaled \$497,171. Deferred inflows or resources include the calculated difference between actual and projected investment earnings on the state's pension plans.

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 expenditures but for investment purposes only.

Expendable – resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties who have placed time or purpose restrictions on the use of the asset.

Unrestricted – Includes all other assets not subject to externally imposed restrictions, but which may be designated or obligated for specific purposes by the Board of Trustees or management. Prudent balances are maintained for use as working capital, as a reserve against emergencies and for other purposes, in accordance with policies established by the Board of Trustees.

Net Position As of June 30th	FY 2016	FY 2015
Net investment in capital assets	\$20,108,083	\$19,525,800
Restricted		
Expendable (Student Loans)		\$17,670
Unrestricted	\$20,916,586	\$19,042,923
Total Net Position	\$41,024,669	\$38,586,392

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 2016. 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, 2016 and 2015 is presented below.

As of June 30th	FY 2016	FY 2015
Operating Revenues		
Student Tuition and Fees	\$ 5,107,385	\$ 5,330,124
Auxiliary Enterprise Sales	1,309,953	1,480,775
Grants and Contracts	10,101,348	9,153,843
Other Operating Revenue	657,584	231,850
Non-Operating Revenues		
State Appropriations	10,080,707	9,281,284
Federal Pell Grant	4,101,745	4,279,907
Investment Income	231,323	254,714
Interest on loans to students	3,750	
Operating Expenses		
Salaries and Wages	12,550,052	12,288,222
Benefits	3,857,285	3,153,005
Other Expenses	3,405,208	4,089,163
Scholarships and Fellowships	4,226,355	4,021,040
Supplies and Material	1,974,649	1,534,298
Depreciation	1,085,687	1,070,873
Purchased Services	1,166,590	1,791,782
Utilities	604,567	550,963
Non-Operating Expenses		
Interest on Indebtedness	122,700	132,750
Building Fee Remittance	588,177	586,635
Innovation Fund Remittance	138,582	140,571
Net Revenue and Expenses	\$ 1,873,943	\$ 653,196
Capital Appropriations	564,334	2,038,272
Change in Net Position	2,438,277	2,691,468
Net Position, Beginning of the Year	38,586,392	35,894,924
Net Position, End of the Year	\$ 41,024,669	\$ 38,586,392

Revenues

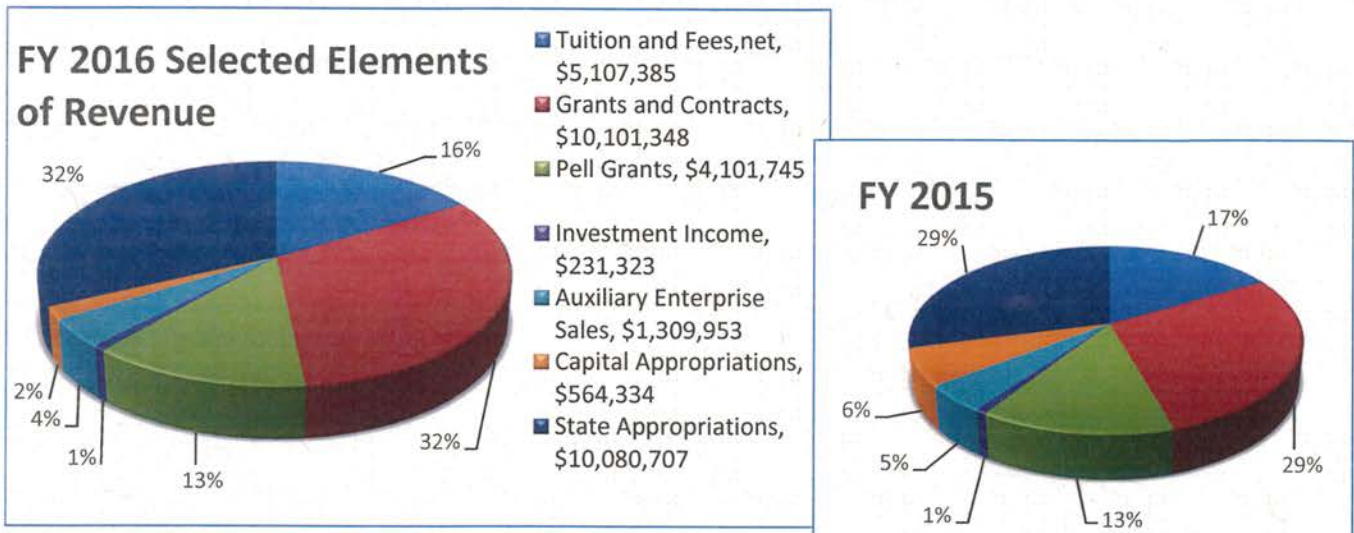
The state of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college. System-level appropriations hit their height in FY 2009 and as of FY 2013 have been reduced by almost 24%. In FY 2014, the Legislature reinstated a fraction of the previous cuts. Over this same period, the Legislature and SBCTC instituted increases in tuition rates to partially offset the reduction in state appropriations, however the College as yet to recover from the reduction in state appropriations.

In FY 2016, the Legislature enacted the Affordable Education Act, which reduced tuition by 5% at the College. This reduced the amount of tuition revenue collected by the College. The Legislature did however backfill a portion of this loss.

Even with enrollment increasing in FY 2016, the College showed a decrease in tuition and fee revenue primarily attributable to an increase in tuition waivers granted. Pell grant revenues generally follow enrollment trends. As the College’s enrollment softened during FY 2016, so did the College’s Pell Grant revenue. For FY 2016, the College attempted to keep other fees as stable as possible, resulting in only small changes in these revenues.

In FY 2016, grant and contract revenues increased by \$947,505 when compared with FY 2015. The overall increase is primarily due to the addition of a federal grant along with an increase in contract revenue for the Running Start program. 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 receives capital spending authority on a biennial basis and may carry unexpended amounts forward into one or two future biennia, depending on the original purpose of the funding. In accordance with accounting standards, the amount shown as capital appropriation revenue on the financial statement is the amount expended in the current year. Expenditures from capital project funds that do not meet accounting standards for capitalization are reported as operating expenses. Those expenditures that meet the capitalization standard are not shown as expense in the current period and are instead recognized as depreciation expense over the expected useful lifetime of the asset.



Expenses

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

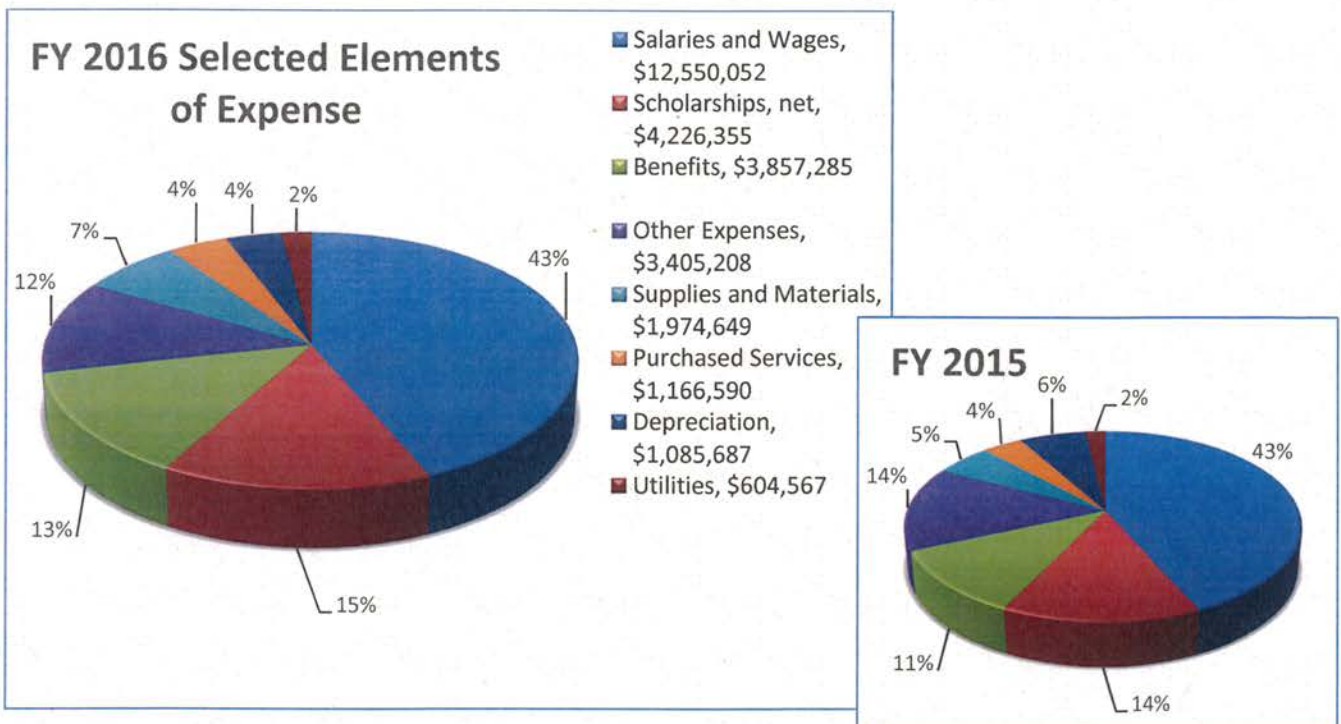
More recently, in FY 2016, salary costs increased by \$261,830 as a direct result of the 3% salary increase appropriately by the Legislature. In addition, benefits increased by over \$704,280 as a result of the increased healthcare and retirement costs, as well as the accrual of pension adjustments related to GASB 68 reporting.

Utility costs have increased slightly as a result of rate increases for electricity. Scholarships and fellowships also saw a slight increase due to increased external donors. Supplies and materials showed a marginal increase while purchased services showed a marginal decrease netting relatively only a very small decrease. This is a result of reduced 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.

All other costs are reported as operating expenses. Examples include software maintenance, contracts, employee training, and non-capitalized equipment purchases, as well as the accrued expenditure associated with the *Moore vs. HCA* liability (the settlement of a lawsuit brought on behalf of part-time and seasonal state employees who sued the State because the denial of healthcare benefits, for which the College’s portion of the settlement was about \$350,000).

Comparison of Selected Operating Expenses by Function

The chart below shows the amount, in dollars, for selected functional areas of operating expenses for FY 2016 and FY 2015.



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, 2016, the College had invested \$22,688,083 in capital assets, net of accumulated depreciation. This represents an increase of \$322,283 from last year, as shown in the table below.

Asset Type	June 30, 2016	June 30, 2015	Change
Land	\$ 51,700	\$ 51,700	\$ -
Construction in Progress	303,830	534,321	(230,491)
Buildings, net	20,778,041	20,572,501	205,540
Other Improvements and Infrastructure, net	174,668	203,558	(28,890)
Equipment, net	1,350,541	985,323	365,218
Library Resources, net	29,303	18,397	10,906
Total Capital Assets, Net	\$ 22,688,083	\$ 22,365,800	\$ 322,283

The increase in net capital assets can be attributed to the completion of a renovation for the 1400 building upstairs, a few minor works projects and the acquisition of equipment. Additional information on capital assets can be found in Note 7 of the Notes to the Financial Statements.

At June 30, 2016, the College had \$2,580,000 in outstanding debt. The College has two Certificate of Participation (COP), one for the Grant County Advanced Technologies Education Center (GCATEC) building and the other for an energy efficiency project for outside lighting.

	June 30, 2016
Certificates of Participation	\$2,580,000
Total	\$2,580,000

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

Economic Factors That May Affect the Future

From FY 2009 through FY 2015, the College's state operating appropriations decreased by approximately 15 percent. Compounding that decrease was the enactment of the Affordable Education Act in FY 2016, which reduced tuition rates by 5% at the College. The Legislature did, however, backfill a portion of this loss. In FY 2017, the State Board for Community and Technical College's moved to a new allocation model, changing how the funds appropriated by the Legislature are distributed to each college. The new model is based on performance in several key indicators, from general enrollments to enrollments in high cost programs, as well as

student completion and achievement points. This model is based on a three-year rolling average of enrollments and completions, comparative to other institutions in the state. Due to declining enrollment, it is estimated that the College will likely see a decline in state operating appropriations in future years, until the three-year average is increased above our target enrollment allocation.

While the College continues to exercise fiscal caution in its overall spending and budgeting, with the help of federal grants, the College has introduced two new programs, Medical Simulation and Unmanned Aerial Systems which will strengthen our retention and completion within our current programs. Fall of 2016, the College began the design work on its Professional-Technical Education Center. In July 2017, the College is expecting to receive \$35 million in state capital funding to begin the next phase of the building with construction starting spring of 2018.

It's unclear how much opportunity there may be for additional investments in community and technical colleges in the next few years, as state budget writers continue to grapple with court-mandated basic education obligations such as the McCleary Act.

Big Bend Community College

Statement of Net Position

June 30, 2016

Assets

Current assets

Cash and cash equivalents	\$	6,724,652
Short-term investments		1,000,000
Accounts Receivable, net		1,321,897
Student Loans Receivable, net		78,175
Interest Receivable		91,047
Inventories		259,070
Prepaid Expenses		18,936

Total current assets	\$	9,493,777
-----------------------------	-----------	------------------

Non-Current Assets

Long-term investments	\$	17,479,032
Student Loans Receivable		177,805
Capital assets, net of depreciation		22,688,083

Total non-current assets	\$	40,344,920
---------------------------------	-----------	-------------------

Total assets	\$	49,838,697
---------------------	-----------	-------------------

Deferred Outflows of Resources Related to Pensions	\$	529,988
---	-----------	----------------

Total assets and deferred outflow of resources	\$	50,368,685
---	-----------	-------------------

Liabilities

Current Liabilities

Accounts Payable	\$	250,520
Accrued Liabilities		1,433,034
Compensated Absences		96,659
Deposits Payable		64,043
Unearned Revenue		319,862
Certificates of Participation Payable		280,000

Total current liabilities	\$	2,444,118
----------------------------------	-----------	------------------

Noncurrent Liabilities

Compensated Absences	\$	1,000,651
Pension Liability		3,102,076
Long-term liabilities		2,300,000

Total non-current liabilities	\$	6,402,727
--------------------------------------	-----------	------------------

Total liabilities	\$	8,846,845
--------------------------	-----------	------------------

Deferred Inflows of Resources Related to Pensions	\$	497,171
--	-----------	----------------

Total liabilities and deferred inflow of resources	\$	9,344,016
---	-----------	------------------

Net Position

Net Investment in Capital Assets	\$	20,108,083
Unrestricted		20,916,586
Total Net Position	\$	41,024,669

Big Bend Community College

Statement of Revenues, Expenses and Changes in Net Position For the Year Ended June 30, 2016

Operating Revenues

Student tuition and fees, net	5,107,385
Auxiliary enterprise sales	1,309,953
State and local grants and contracts	6,547,474
Federal grants and contracts	3,553,874
Other operating revenues	657,584
Total operating revenue	<u>17,176,270</u>

Operating Expenses

Salaries and wages	12,550,052
Benefits	3,857,285
Other Expenses	3,405,208
Scholarships and fellowships	4,226,355
Supplies and materials	1,974,649
Depreciation	1,085,687
Purchased services	1,166,590
Utilities	604,567
Total operating expenses	<u>28,870,393</u>

Operating income (loss) (11,694,123)

Non-Operating Revenues (Expenses)

State appropriations	10,080,707
Federal Pell grant revenue	4,101,745
Investment income, gains and losses	231,323
Interest on loans to students	3,750
Building fee remittance	(588,177)
Innovation fund remittance	(138,582)
Interest on indebtedness	(122,700)
Net non-operating revenues	<u>13,568,066</u>

Income or (loss) before capital appropriations 1,873,943

Capital appropriations 564,334

Increase (Decrease) in net position 2,438,277

Net Position

Net position, beginning of year	<u>38,586,392</u>
Net position, end of year	<u><u>41,024,669</u></u>

Big Bend Community College

Statement of Cash Flows
For the Year Ended June 30, 2016

Cash flow from operating activities	
Student tuition and fees	5,172,981
Grants and contracts	9,753,167
Payments to vendors	(6,607,571)
Payments for utilities	(563,350)
Payments to employees	(12,634,472)
Payments for benefits	(4,117,743)
Auxiliary enterprise sales	1,320,203
Payments for scholarships and fellowships	(4,226,355)
Loans issued to students and employees	37,574
Collection of loans to students and employees	32,075
Other receipts	657,584
Other payments	(18,233)
Net cash used by operating activities	<u>(11,194,139)</u>
Cash flow from noncapital financing activities	
State appropriations	10,173,976
Pell grants	4,101,745
Building fee remittance	(587,210)
Innovation fund remittance	(138,250)
Net cash provided by noncapital financing activities	<u>13,550,261</u>
Cash flow from capital and related financing activities	
Capital appropriations	1,223,688
Purchases of capital assets	(1,523,266)
Principal paid on capital debt	(260,000)
Interest paid	(122,700)
Net cash used by capital and related financing activities	<u>(682,278)</u>
Cash flow from investing activities	
Purchase of investments	(33,521)
Interest on loans to students	3,750
Income of investments	231,323
Net cash provided by investing activities	<u>201,552</u>
Increase in cash and cash equivalents	1,875,398
Cash and cash equivalents at the beginning of the year	<u>4,849,254</u>
Cash and cash equivalents at the end of the year	<u>6,724,652</u>
Reconciliation of Operating Loss to Net Cash used by Operating Activities	
Operating Loss	<u>(11,694,123)</u>
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation expense	1,085,687
Changes in assets and liabilities	
Receivables, net	(340,417)
Inventories	18,464
Other assets	(1,749)
Accounts payable	(425,875)
Accrued liabilities	474,526
Unearned revenue	55,297
Compensated absences	(66,328)
Pension liability adjustment expense	(253,415)
Capital asset adjustment	(115,410)
Deposits payable	(444)
Loans to students and employees	69,649
Net cash used by operating activities	<u>(11,194,138)</u>

Notes to the Financial Statements

June 30, 2016

These notes form an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

Big Bend Community College (the College) is a comprehensive community college offering open-door academic programs, workforce education, basic skills, and community services. The College confers 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 Comprehensive Annual Financial Report.

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 inflows, liabilities, deferred outflows, 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash, 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, cash equivalents, and investments at date of purchase.

The College combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is allocated for general operating needs of the College. The internal investment pool is comprised of cash, cash equivalent, U.S. Treasuries and U.S. Agency securities.

Accounts Receivable

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

Inventories

Inventories, consisting primarily of merchandise for resale in the college bookstore and course-related supplies, are valued at cost using first-in, first-out inventory method, also known as FIFO.

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 fair market value at the date of the gift. GASB 34 guidance concerning preparing initial estimates for historical cost and accumulated depreciation related to infrastructure was followed. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy, all land, intangible assets and software with a unit cost of \$1,000,000 or more, buildings and improvements with a unit cost of \$100,000 or more, library collections with a total cost of \$5,000 or more and all other assets with a unit cost of \$5,000 or more are capitalized. Depreciation is computed using the straight line method over the estimated useful lives of the assets as defined by the State of Washington's Office of Financial Management. Useful lives are generally 3 to 7 years for equipment; 15 to 50 years for buildings and 20 to 50 years for infrastructure and land improvements.

In accordance with GASB Statement No. 42, 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, 2016, 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, as unearned revenues.

Tax Exemption

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

Net Pension Liability

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

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. Changes in net position liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

Net Position

The College's net position is classified as follows.

- *Net Investment in Capital Assets.* This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
- *Restricted for Nonexpendable.* This consists of endowment and similar type funds for which donors or other outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to the principle.
- *Restricted for Loans.* The loan funds are established for the explicit purpose of providing student support as prescribed by statute or granting authority.
- *Restricted for Expendable.* These include resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.

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

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 have the characteristics of exchange transactions such as (1) student tuition and fees, net of waivers and scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) most federal, state and local grants and contracts that primarily support the operational/educational activities of the colleges. Examples include a contract with Office of Superintendent of Public Instruction (OSPI) to offer Running Start and/or Technical High School. The college also receives Adult Basic Education grants that support the primary educational mission of the college.

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

Non-operating Revenues. This includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, investment income and Pell Grants received from the federal government.

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, 2016 are \$3,207,903.

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.

2. Accounting and Reporting Changes

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is intended to improve financial reporting of governments whose employees are provided with pensions that are not within the scope of Statement No. 68, improve the usefulness of information associated with governments that hold assets accumulated for purposes of providing defined benefit pensions not within the scope of Statement No. 68, and to clarify the application of certain provisions of Statements No. 67 and 68. The College is currently working with SBCTC to determine the financial impact.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which identifies the hierarchy of generally accepted accounting principles (GAAP). The Statement reduced the GAAP hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The College adheres to this hierarchy of GAAP.

In March 2016, the GASB issued Statement No. 82, *Pension Issues-an Amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding the presentation of payroll-related measures in the required supplementary information. The College has implemented this standard early in relation to the RSI presented with its financial statements.

3. Cash and Investments

Cash and cash equivalents include bank demand deposits, petty cash held at the College and unit shares in the Local Government Investment Pool (LGIP). The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission (17 CFR 270.2a-7). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both the market and credit risk. The LGIP is an unrated investment pool.

As of June 30, 2016, the carrying amount of the College's cash and equivalents was \$6,724,652 as represented in the table below.

Cash and Cash Equivalents	June 30, 2016
Petty Cash and Change Funds	\$3,111
Bank Demand and Time Deposits	\$3,749,670
Local Government Investment Pool	\$2,971,870
Total Cash and Cash Equivalents	\$6,724,652

Investments consist of U.S. Agency Obligations.

Investment Maturities	Fair Value	One Year or Less	1 - 5 Years	6 - 10 Years	10 or More Years
U.S. Agency Obligations	\$ 18,479,032	\$ 1,000,000	\$ 17,479,032		

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).

Interest Rate Risk—Investments

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

Concentration of Credit Risk—Investments

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

Custodial Credit Risk—Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At June 30, 2016, the College did not have any investments subject to custodial credit risk. All investments held are in the name of the College.

Investment Expenses

Under implementation of GASB 35, investment income for the College is shown net of investment expenses. The investment expenses incurred for the fiscal year ended June 30, 2016 were \$299.

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 expenditures made according to sponsored agreements. At June 30, 2016, accounts receivable were as follows.

Accounts Receivable	Amount
Student Tuition and Fees	\$ 23,855
Due from the Federal Government	\$ 164,518
Due from Other State Agencies	\$ 421,921
Auxiliary Enterprises	\$ 16,159
Interest Receivable	\$ 58,546
Other	\$ 640,490
Subtotal	\$ 1,325,488
Less Allowance for Uncollectible Accounts	\$ (3,590)
Accounts Receivable, net	\$ 1,321,897

5. Loans Receivable

Loans receivable as of June 30, 2016 consisted primarily of student loans, as follows.

Loans Receivable	Amount
Student Loans Receivable	\$ 81,729
Long-Term Student Loans Receivable	\$ 183,052
Subtotal	\$ 264,781
Less Allowance for Uncollectible Accounts	\$ (8,801)
Loans Receivable, net	\$ 255,980

6. Inventories

Inventories, stated at cost using FIFO, consisted of the following as of June 30, 2016.

Inventories	Amount
Consumable Inventories	\$ 3,762
Merchandise Inventories	\$ 255,309
Inventories	\$ 259,070

7. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2016 is presented as follows. The current year depreciation expense was \$1,085,687.

Capital Assets	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Nondepreciable capital assets				
Land	\$ 51,700	\$ -	\$ -	\$ 51,700
Construction in progress	534,321	303,830	(534,321)	303,830
Total nondepreciable capital assets	586,021	303,830	(534,321)	355,530
Depreciable capital assets				
Buildings	32,536,806	878,557	0	33,415,363
Other improvements and infrastructure	995,871	0	0	995,871
Equipment	8,163,925	775,526	0	8,939,451
Library resources	1,718,410	15,830	(32,850)	1,701,390
Subtotal depreciable capital assets	43,415,012	1,669,913	(32,850)	45,052,075
Less accumulated depreciation				
Buildings	11,964,304	673,018		12,637,322
Other improvements and infrastructure	792,314	28,888		821,202
Equipment	7,178,601	410,309		7,588,910
Library resources	1,700,014	(26,529)	(1,398)	1,672,087
Total accumulated depreciation	21,635,233	1,085,687	(1,398)	22,719,522
Total depreciable capital assets	21,779,779	584,226	(31,452)	22,332,553
Capital assets, net of accumulated depreciation	\$ 22,365,800	\$ 888,056	\$ (565,773)	\$ 22,688,083

8. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of equity that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The category of deferred outflow of resources reported in statement of net position relates to pensions.

Deferred outflows on 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 five-year period. Deferred outflows 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 state's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. State contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an

acquisition of equity that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources reported by the College relate to pensions.

Deferred inflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred 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 state's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

9. Accrued Liabilities

At June 30, 2016, accrued liabilities are the following.

Accrued Liabilities	Amount
Amounts Owed to Employees	\$ 474,630
Amounts Held for Others and Retainage	\$ 608,372
Estimated Settlement Liability	\$ 350,032
Total	\$ 1,433,034

10. 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	\$ 319,862
Total Unearned Revenue	\$ 319,862

11. Risk Management

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

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. The college does not have a liability for unpaid claims, the claims are paid by the Employment Security Department and then the college reimburses them quarterly. Payments made for claims from July 1, 2015 through June 30, 2016, were \$6,262. Cash reserves for unemployment compensation for all employees at June 30, 2016, were \$97,757.

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 four 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 four years.

12. Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses and insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The accrued vacation leave totaled \$524,842, and accrued sick leave totaled \$475,809 at June 30, 2016. The College calculated accrued vacation and sick leave balances for staff retirements for the upcoming fiscal year at \$96,659 as a short-term current liability.

Accrued annual and sick leave are categorized as non-current liabilities.

13. Notes Payable

In April 2004, the College obtained financing in order to build the Grant County Advanced Technologies Education Center (GCATEC) Building through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of \$5,290,000. In March 2013, the College refinanced this COP with OST for the remaining balance of \$3,105,000; saving the College about \$335,837. Outside sources along with payments from our Bookstore and other auxiliary services assist with the payment of this payable. The interest rate charged is 1.97%.

In September 2013, the College obtained financing in order to install energy efficient upgrades to our outside lighting through a COP. The vendor guaranteed saving from the energy improvements are used as the repayment mechanism. The interest rate charged is 3.05%.

The College's debt service requirements for these note agreements for the next five years and thereafter are as follows:

14. Annual Debt Service Requirements

Future debt service requirements at June 30, 2016 are as follows.

Annual Debt Service Requirements			
Certificates of Participation			
Fiscal year	Principal	Interest	Total
2017	\$ 280,000	\$ 110,000	\$ 390,000
2018	290,000	96,150	\$ 386,150
2019	300,000	81,650	\$ 381,650
2020	315,000	69,500	\$ 384,500
2021	320,000	56,750	\$ 376,750
2022-2025	1,075,000	90,600	\$ 1,165,600
Total	2,580,000	504,650	3,084,650

15. Schedule of Long Term Debt

	Balance outstanding 6/30/15	Additions	Reductions	Balance outstanding 6/30/16	Current portion
Certificates of Participation	\$ 2,840,000	0	(260,000)	2,580,000	280,000
Compensated Absences	\$ 1,163,638	486,711	(553,039)	1,097,310	96,659
Net Pension Liability	\$ 2,588,615	513,461	0	3,102,076	0
Total	\$ 6,592,253	\$1,000,172	\$ (813,039)	\$ 6,779,386	\$ 376,659

16. Pension Liability

Pension liabilities reported as of June 30, 2016 consists of the following:

Pension Liability by Plan		
PERS 1	\$	1,592,400
PERS 2/3		1,145,129
TRS 1		309,337
TRS 2/3		55,210
Total	\$	3,102,076

17. Pension Plans

The College offers three contributory pension plans. The Washington State Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) plans are cost sharing multiple employer defined benefit pension plans administered by the State of Washington Department of Retirement Services. The State Board Retirement Plan (SBRP) is a multiple employer defined contribution plan for the faculty and exempt administrative and professional staff of the state's public community and technical colleges. The plan includes supplemental payment, when required. The plan is administered by the State Board for Community and Technical Colleges (SBCTC).

For FY2016, the payroll for the College's employees was \$3,275,409 for PERS, \$278,635 for TRS, and \$37,361 for SBRP. Total covered payroll was \$3,591,405.

Big Bend Community College implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* for the fiscal year 2015 financial reporting. The College's defined benefit pension plans were created by statutes rather than through trust documents. With the exception of the supplemental defined benefit component of the higher education retirement plan, they are administered in a way equivalent to pension trust arrangements as defined by the GASB.

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 to align with the State CAFR.

Basis of Accounting

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

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68 for Big Bend Community College, for fiscal year 2016:

Aggregate Pension Amounts - All Plans

Pension liabilities	\$ 3,102,076
Deferred outflows of resources related to pensions	\$ 529,988
Deferred inflows of resources related to pensions	\$ 497,171
Pension expense/expenditures	\$ 144,212

PERS and TRS

Plan Descriptions. PERS Plan 1 provides retirement and disability benefits and minimum benefit increases to eligible nonacademic plan members hired prior to October 1, 1977. PERS Plans 2 and 3 provide retirement and disability benefits and a cost-of-living adjustment to eligible nonacademic plan members hired on or after October 1, 1977. Retirement benefits are vested after five years of eligible service. PERS Plan 3 has a defined contribution component that members may elect to self-direct as established by the Employee Retirement Benefits Board. PERS 3 defined benefit plan benefits are vested after an employee completes five years of eligible service.

TRS Plan 3 provides retirement benefits to certain eligible faculty hired on or after October 1, 1977. The plan includes both a defined benefit portion and a defined contribution portion. The defined benefit portion is funded by employer contributions only. Benefits are vested after an

employee completes five or ten years of eligible service, depending on the employee's age and service credit, and include an annual cost-of living adjustment. The defined contribution component is fully funded by employee contributions and investment performance.

The college also has 2 part-time faculty members with pre-existing eligibility who continue to participate in TRS 1 or 2.

The authority to establish and amend benefit provisions resides with the legislature. PERS and TRS issue publicly available financial reports that include financial statements and required supplementary information. The report may be obtained by writing to the Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380 or online at <http://www.drs.wa.gov/administration>.

Funding Policy. Each biennium, the state Pension Funding Council adopts PERS and TRS Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for PERS and TRS Plans 1 are established by statute. By statute, PERS 3 employees may select among six contribution rate options, ranging from 5 to 15 percent.

The required contribution rates expressed as a percentage of current year covered payroll are shown in the table below. The College and the employees made 100% of required contributions.

Contribution Rates and Required Contributions. The College's contribution rates and required contributions for the above retirement plans for the years ending June 30, 2016, 2015, and 2014 are as follows.

Contribution Rates at June 30

	FY 2014		FY 2015		FY 2016	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	6.00%	9.19 - 9.21%	6.00%	9.21%	6.00%	11.18%
Plan 2	4.92%	9.19 - 9.21%	4.92%	9.21%	6.12%	11.18%
Plan 3	5 - 15%	9.19 - 9.21%	5 - 15%	9.21%	5 - 15%	11.18%
TRS						
Plan 1	6.00%	8.05 - 10.39%	6.00%	10.39%	6.00%	10.39 - 13.13%
Plan 2	4.69 - 4.96%	8.05 - 10.39%	4.96%	10.39%	4.96 - 5.95%	10.39 - 13.13%
Plan 3	5 - 15%	8.05 - 10.39%	5 - 15%	10.39%	5-15%	10.39 - 13.13%

Required Contributions						
	FY2014		FY2015		FY2016	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	\$ 17,466	\$ 26,802	\$ 17,227	\$ 27,212	\$ 14,477	\$ 26,975
Plan 2	\$ 137,328	\$ 182,128	\$ 102,648	\$ 200,971	\$ 129,624	\$ 236,798
Plan 3	\$ 57,149	\$ 73,633	\$ 53,108	\$ 73,342	\$ 59,484	\$ 103,493
TRS						
Plan 1	\$ 4,856	\$ 8,108	\$ 4,708	\$ 8,152	\$ 2,199	\$ 4,467
Plan 2	\$ 3,474	\$ 7,275	\$ 2,486	\$ 5,207	\$ 1,627	\$ 3,552
Plan 3	\$ 20,304	\$ 28,164	\$ 19,400	\$ 26,896	\$ 15,801	\$ 25,643

Investments

The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB adopted investment policies for the various asset classes in which the WSIB invests.

For the year ended June 30, 2015, the annual money-weighted rate of return on the pension investments, net of pension plan expenses are as follows:

<u>Pension Plan</u>	<u>Rate of Return</u>
PERS Plan 1	4.45%
PERS Plan 2/3	4.63%
TRS Plan 1	4.41%
TRS Plan 2/3	4.65%

These money-weighted rates of return express investment performance, net of pension plan investment expense, and reflects both the size and timing of cash flows.

The PERS and TRS target asset allocation and long-term expected real rate of return as of June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
Total	100%	

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

Pension Expense

Pension expense is included as part of "Employee Benefits" expense in the statement of revenues, expenses and changes in net position. The table below shows the components of each pension plans expense as it affected employee benefits:

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	Total
Actuarially determined pension expense	94,904	135,703	15,610	15,685	261,902
Amortization of change in proportionate liability	(37,575)	(16,253)	(60,216)	(3,645)	(117,690)
Total Pension Expense	57,329	119,450	(44,606)	12,040	144,212

Changes in Proportionate Shares of Pension Liabilities

The changes to the College's proportionate share of pension liabilities from 2014 to 2015 for each retirement plan are listed below:

	2014	2015
PERS 1	0.031105%	0.030442%
PER 2/3	0.032470%	0.032049%
TRS 1	0.011501%	0.009764%
TRS 2/3	0.008091%	0.006543%

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014 with the results rolled forward to the June 30, 2015 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 3.00%
- Salary Increases 3.75%
- Investment rate of return 7.50%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning each member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements.

Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including TRS Plan 2/3, whose rates include a component for the TRS 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 7.5 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the College calculated using the discount rate of 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

Pension Plan	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
PERS Plan 1	1,938,751	1,592,400	1,294,569
PERS Plan 2/3	3,348,417	1,145,129	(541,846)
TRS Plan 1	388,858	309,337	240,956
TRS Plan 2/3	233,600	55,210	(77,408)

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

The following represent the components of the College's deferred outflows and inflows of resources as reflected on the Statement of Net Position, for the year ended June 30, 2016:

	PERS 1		PERS 2/3	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ -	\$ 121,728	\$ -
Difference between expected and actual earnings of pension plan investments	\$ -	\$ 87,122	\$ -	\$ 305,695
Changes of Assumptions	\$ -	\$ -	\$ 1,845	\$ -
Changes in College's proportionate share of pension liabilities	\$ -	\$ -	\$ -	\$ 44,219
Contributions to pension plans after measurement date	\$ 179,135	\$ -	\$ 183,313	\$ -
	\$ 179,135	\$ 87,122	\$ 306,885	\$ 349,914

	TRS 1		TRS 2/3	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ -	\$ 8,739	\$ -
Difference between expected and actual earnings of pension plan investments	\$ -	\$ 22,896	\$ -	\$ 21,420
Changes of Assumptions	\$ -	\$ -	\$ 48	\$ -
Changes in College's proportionate share of pension liabilities	\$ -	\$ -	\$ -	\$ 15,819
Contributions to pension plans after measurement date	\$ 19,648	\$ -	\$ 15,532	\$ -
	\$ 19,648	\$ 22,896	\$ 24,320	\$ 37,239

Of the \$529,988 reported as deferred outflows of resources, \$397,628 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, 2017.

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
2017	(33,765)	(107,511)	(8,880)	(10,434)
2018	(33,765)	(107,511)	(8,880)	(10,434)
2019	(33,765)	(101,377)	(8,880)	(10,434)
2020	14,174	78,824	3,745	1,951
2021	-	11,234	-	100
2022	-	-	-	799
Total	\$ (87,121)	\$ (226,341)	\$ (22,895)	\$ (28,452)

State Board Retirement Plan

Plan Description. Faculty and exempt administrative and professional staff are eligible to participate in SBRP. The Teacher's Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF) are the companion organizations through which individual retirement annuities are purchased. Employees have at all times a 100% vested interest in their accumulations.

TIAA-CREF benefits are payable upon termination at the member's option unless the participant is re-employed in another institution which participates in TIAA-CREF.

The Plan has a supplemental payment component that guarantees a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. The SBCTC makes direct payments on behalf of the College to qualifying retirees when the retirement benefit provided by TIAA-CREF does not meet the benefit goal. Employees are eligible for a non-reduced supplemental payment after the age of 65 with ten years of full-time service.

The minimum retirement benefit goal is 2% of the average annual salary for each year of full-time service up to a maximum of 25 years. However, if the participant does not elect to make the 10% TIAA-CREF contribution after age 49, the benefit goal is 1.5% for each year of full-time service for those years the lower contribution rate is selected.

The SBCTC is authorized to amend benefit provisions including contribution rates under RCW 28B.10.400. In 2011, the plan was amended to eliminate the supplemental benefit provisions for all employees hired after June 30, 2011.

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, 2016 were each \$623,200.

The SBRP supplemental pension benefits are unfunded. For the year ended June 30, 2016, supplemental benefits were paid by the SBCTC on behalf of the system as a total in the amount of \$766,692. In 2012, legislation (RCW 28B.10.423) was passed requiring colleges to pay into a Supplemental Benefit Fund managed by the State Investment Board, for the purpose of funding future benefit obligations. During FY 2016, the College paid into this fund at a rate of 0.5% of covered salaries, totaling \$37,361. As of June 30, 2016, the SBCTC system accounted for \$10,439,441 of the fund balance.

Washington State Deferred Compensation Program

The College, through the state of Washington, offers its employees a deferred compensation plan created under Internal Revenue Code Section 457. The plan, available to all State employees, permits individuals to defer a portion of their salary until future years. The state of Washington administers the plan on behalf of the College's employees. The deferred compensation is not available to employees until termination, retirement or unforeseeable financial emergency. The College does not have access to the funds.

18. Other Post-Employment Benefits

Health care and life insurance programs for employees of the state of Washington are administered by the Washington State Health Care Authority (HCA). The HCA calculates the premium amounts each year that are sufficient to fund the statewide health and life insurance programs on a pay-as-you-go basis. These costs are passed through to individual state agencies based upon active employee headcount; the agencies pay the premiums for active employees to the HCA. The agencies may also charge employees for certain higher cost options elected by the employee.

State of Washington retirees may elect coverage through state health and life insurance plans, for which they pay less than the full cost of the benefits, based on their age and other demographic factors. The health care premiums for active employees, which are paid by the agency during the employees' working careers, subsidize the "underpayments" of retirees. An additional factor in the Other Post-Employment Benefits (OPEB) obligation is a payment that is required by the State Legislature to reduce the premiums for retirees covered by Medicare (an "explicit" subsidy). This explicit subsidy is also passed through to state agencies via active employee rates charged to the agency. There is no formal state or College plan that underlies the subsidy of retiree health and life insurance.

The actuary allocated the statewide disclosure information to the community and technical college system level. The SBCTC further allocated these amounts among the colleges. The College's share of the GASB 45 actuarially accrued liability (AAL) is \$7,755,665, with an annual required contribution (ARC) of \$771,782. The ARC represents the amortization of the liability for FY 2016 plus the current expense for active employees, which is reduced by the current contributions of approximately \$112,242. The College's net OPEB obligation at June 30, 2016 was approximately \$1,788,625. This amount is not included in the College's financial statements.

The College paid \$2,068,131 for healthcare expenses in 2016, which included its pay-as-you-go portion of the OPEB liability.

19. 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, institutional, and academic support. The following table lists operating expenses by program for the year ending June 30, 2016.

Expenses by Functional Classification	
Instruction	\$ 9,058,462
Academic Support Services	891,497
Student Services	2,770,221
Institutional Support	3,166,240
Operations and Maintenance of Plant	2,653,571
Scholarships and Other Student Financial Aid	4,207,073
Auxiliary Enterprises	2,867,716
Library	482,894
Ancillary Support Services	1,687,032
Depreciation	1,085,687
Total Operating Expenses	\$ 28,870,393

20. Commitments and Contingencies

There is a class action lawsuit, *Moore v. HCA*, filed against the State of Washington on behalf of former part-time and non-permanent employees alleging improper denial of healthcare benefits. As of the end of fiscal year 2016, the parties had reached a settlement agreement with the plaintiffs to settle all matters relating to this and related lawsuits.

On March 29th 2016, the legislature passed the supplemental budget which included an appropriation to fund the settlement for the *Moore v. HCA* lawsuit. SBCTC's portion of this obligation is \$32 million of which \$19 million is funded by the legislature and the remaining \$13 million allocated among 34 colleges in the system. In July 2016, the College was assessed and accrued a total liability in the amount of \$350,032.

Additionally, 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.

21. Subsequent Events

The College has a commitment of \$6,000,000 for the completion of the second floor for the construction of our capital project that was approved by the SBCTC in September 2016. Construction for the Professional-Technical Education Center will begin Spring 2018.

Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Big Bend Community College College's Proportionate Share of the Net Pension Liability

Schedule of Big Bend Community College's Share of the Net Public Employees' Retirement System (PERS) Plan 1		
Measurement Date of June 30		
	2014	2015
College's proportion of the net pension liability	0.031105%	0.030442%
College proportionate share of the net pension liability	\$ 1,566,929	\$ 1,592,400
College covered payroll	\$ 3,070,117	\$ 3,129,290
College's proportionate share of the net pension liability as a percentage of its covered payroll	51.04%	50.87%
Plan's fiduciary net position as a percentage of the total pension liability	61.19%	59.10%

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

Cost Sharing Employer Plans

Schedules of Big Bend Community College's Proportionate Share of the Net Pension Liability

Schedule of Big Bend Community College's Share of the Net Pension Public Employees' Retirement System (PERS) Plan 2/3		
Measurement Date of June 30		
	2014	2015
College's proportion of the net pension liability	0.032470%	0.032049%
College proportionate share of the net pension liability	\$ 656,336	\$1,145,129
College covered payroll	\$ 2,779,497	\$2,845,181
College's proportionate share of the net pension liability as a percentage of its covered payroll	23.61%	40.25%
Plan's fiduciary net position as a percentage of the total pension liability	93.29%	89.20%

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

Cost Sharing Employer Plans

Schedules of Big Bend Community College's Proportionate Share of the Net Pension Liability

Schedule of Big Bend Community College's Share of the Net Pension Teachers' Retirement System (TRS) Plan 1		
Measurement Date of June 30		
	2014	2015
College's proportion of the net pension liability	0.011501%	0.00976%
College proportionate share of the net pension liability	\$ 339,217	\$ 309,337
College covered payroll	\$ 427,282	\$ 384,287
College's proportionate share of the net pension liability as a percentage of its covered payroll	79.39%	80.50%
Plan's fiduciary net position as a percentage of the total pension liability	68.77%	65.70%

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

Cost Sharing Employer Plans

Schedules of Big Bend Community College's Proportionate Share of the Net Pension Liability

Schedule of Big Bend Community College's Share of the Net Pension Teachers' Retirement System (TRS) Plan 2/3		
Measurement Date of June 30		
	2014	2015
College's proportion of the net pension liability	0.008091%	0.006543%
College proportionate share of the net pension liability	\$ 26,133	\$ 55,210
College covered payroll	\$ 346,410	\$ 305,941
College's proportionate share of the net pension liability as a percentage of its covered payroll	7.54%	18.05%
Plan's fiduciary net position as a percentage of the total pension liability	96.81%	92.48%

*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						
Public Employees' Retirement System (PERS) Plan 1						
Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2014	\$ 137,683	\$ 137,683	\$ -	\$ 3,070,117	4.48%	
2015	\$ 139,914	\$ 139,914	\$ -	\$ 3,129,290	4.47%	
2016	\$ 170,448	\$ 170,448	\$ -	\$ 3,275,409	5.20%	
2017						
2018						
2019						
2020						
2021						
2022						
2023						

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2014	\$ 137,166	\$ 137,166	\$ -	\$ 2,779,497	4.93%	
2015	\$ 142,763	\$ 142,763	\$ -	\$ 2,845,181	5.02%	
2016	\$ 187,859	\$ 187,859	\$ -	\$ 3,032,959	6.19%	
2017						
2018						
2019						
2020						
2021						
2022						
2023						

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions						
Teachers' Retirement System (TRS) Plan 1						
Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2014	\$ 22,743	\$ 22,743	\$ -	\$ 427,282	5.32%	
2015	\$ 21,848	\$ 21,848	\$ -	\$ 384,287	5.69%	
2016	\$ 15,232	\$ 15,232	\$ -	\$ 278,635	5.47%	
2017						
2018						
2019						
2020						
2021						
2022						
2023						

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 2/3 Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2014	\$ 19,854	\$ 19,854	\$ -	\$ 346,410	5.73%	
2015	\$ 17,387	\$ 17,387	\$ -	\$ 305,941	5.68%	
2016	\$ 19,711	\$ 19,711	\$ -	\$ 239,543	8.23%	
2017						
2018						
2019						
2020						
2021						
2022						
2023						

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