Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Big Bend Community College

For the period July 1, 2019 through June 30, 2020

Published March 8, 2021

Report No. 1027784

Office of the Washington State Auditor
Pat McCarthy

March 8, 2021

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

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Big Bend Community College
July 1, 2019 through June 30, 2020

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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 27, 2021.

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, 2020, 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.

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.

Pat McCarthy

State Auditor

Olympia, WA

January 27, 2021

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Big Bend Community College
July 1, 2019 through June 30, 2020

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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed on page 10.

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, 2020, 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, 2020, 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.

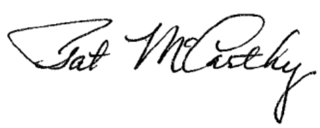
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 10 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 January 27, 2021 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

January 27, 2021

FINANCIAL SECTION

Big Bend Community College
July 1, 2019 through June 30, 2020

REQUIRED SUPPLEMENTARY INFORMATION

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

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, 2020 (FY 2020). 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.

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 4,054 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 23,000 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, 2020. 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
For the Year Ended June 30, 2020 and 2019

	2020	2019
Assets		
Current Assets	$ 10,914,359	$ 17,017,179
Capital Assets, net	$ 71,976,277	$ 54,396,895
Other Assets, non-current	$ 7,117,386	$ 9,816,561
Total Assets	$ 90,008,022	$ 81,230,634
Deferred Outflows of Resources	$ 2,557,285	$ 1,519,562
Liabilities		
Current Liabilities	$ 2,873,357	$ 5,186,785
Other Liabilities, non-current	$ 16,008,031	$ 14,457,141
Total Liabilities	$ 18,881,389	$ 19,643,926
Deferred Inflows of Resources	$ 4,087,059	$ 4,509,959
Net Position		
Net Investment in Capital Assets	$ 70,581,277	$ 52,686,895
Restricted	$ -	$ -
Unrestricted	$ (984,418)	$ 5,909,416
Total Net Position	$ 69,596,859	$ 58,596,311

Current assets consist primarily of cash, short-term investments, various accounts receivables and inventories. The significant decrease of current assets in FY 2020 can be attributed to the combination of a decrease in cash and cash equivalents and short-term investments necessary for the expenditures related to the local spending for the construction of two new buildings.

Net capital assets increased by $17,579,382 from FY 2019 to FY 2020. After taking into consideration current depreciation expense of $1,623,810, the increase is primarily the result of our construction in progress of the Workforce Education Center (WEC) and Aviation Maintenance Technology (AMT) project and the ongoing acquisitions of capitalizable equipment which is expected to be completed this next year.

Non-current assets consist primarily of the long-term portion of certain investments. A decrease was reported between FY 2019 and FY 2020 as a result of moving long-term investments to short-term investments to fulfill our construction obligation.

Deferred outflows of resources and deferred inflows of resources represent deferrals in pension and postemployment benefits associated with the implementation of GASB Statement No. 68 in FY 2015, Statement No. 73 in FY 2017, and Statement No. 75 in FY 2018. The increase in deferred outflows reflect the College's proportionate share of an increase in the state-wide amounts reported by the Department of Retirement System (DRS) and Health Care Authority (HCA) due to differences between expected and actual experience related to the actuarial assumptions. The College recorded $1,519,562 in FY 2019 and $2,557,285 in FY 2020 of pension and postemployment-related deferred outflows. The increase reflects the change in proportionate share. Similarly, the decrease in deferred inflows in 2020 reflects the decrease in differences between actual and projected investment earnings on the state's pension plans and other post-employment benefits.

Current liabilities include amounts payable to suppliers for goods and services, accrued payroll and related liabilities, the current portion of Certificate of Participation (COP) debt, deposits held for others and unearned revenue. Current liabilities can fluctuate from year to year depending on the timeliness of vendor invoices and resulting vendor payments, especially in the area of capital assets and improvements, which is the main reason for the decrease in FY 2020. When compared to FY 2019, FY 2020 payables decreased largely due to the stage that our construction project was at on June 30th. There was also an increase in unearned revenue, due to more students paying for summer and fall quarter tuition prior the start of the respective quarters.

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 (COP) debt. The changes in non-current liabilities are primarily due to an increase to employee vacation and sick leave balances.

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

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

Restricted:

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

Expendable – resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties who have placed time or purpose restrictions on the use of the asset. The College is not reporting any balance in this category.

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	**FY2020**	**FY2019**
Net investment in capital assets	$ 70,581,277	$ 52,686,895
Unrestricted	$ (984,418)	$ 5,909,416
Total Net Position	**$ 69,596,859**	**$ 58,596,311**

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position accounts for the College's change in total net position during FY 2020. 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, CARES funding 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, CARES funding and Pell Grants, are measured against operating expenses, the College shows an operating loss. The operating loss is reflective of the external funding necessary to keep tuition lower than the cost of the services provided.

A condensed comparison of the College's revenues, expenses and changes in net position for the years ended June 30, 2020 and 2019 is presented below.

Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020 and 2019

	2020	2019
Operating Revenues		
Student tuition and fees, net	5,074,266	5,678,803
Auxiliary enterprise sales	1,304,770	1,522,845
Grants and contracts	13,741,623	10,478,608
Other operating revenues	239,961	374,532
Total operating revenues	**20,360,620**	**18,054,788**
Non-Operating Revenues		
State appropriations	12,033,753	11,116,667
Federal Pell grant revenue	3,354,406	3,257,737
Other non-operating revenues	710,275	659,287
Total non-operating revenues	16,098,434	15,033,691
Total revenues	**36,459,054**	**33,088,479**
Operating Expenses		
Salaries and Benefits	20,595,800	18,357,893
Scholarships	4,627,301	4,305,917
Depreciation	1,623,810	1,583,383
Other operating expenses	8,363,086	8,361,909
Total operating expenses	**35,209,998**	**32,609,101**
Non-Operating Expenses		
Building fee remittance	578,067	567,949
Other non-operating expenses	199,364	257,582
Total non-operating expenses	**777,430**	**825,531**
Total expenses	35,987,428	33,434,633
Excess (deficiency) before capital contributions	**471,626**	**(346,152)**
Capital appropriations and contributions	**10,806,127**	**26,287,761**
Change in Net position	**11,277,753**	**25,941,609**
Net Position		
Net position, beginning of year	58,596,311	32,654,702
Prior period adjustments	(277,205)	-
Net position, beginning of year, as restated	58,319,107	-
Net position, end of year	**69,596,859**	**58,596,311**

Revenues

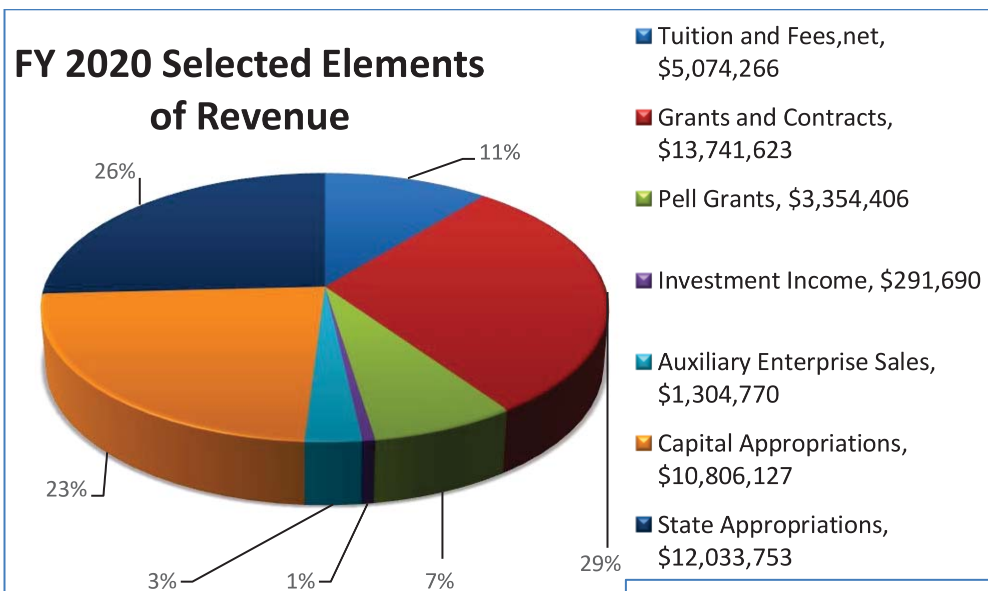
The state of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college. In FY 2018, the SBCTC allocated funds to each of the 34 college's based on 3 year average FTE actuals. Additionally, the Supplemental Budget also reduces the general fund by the amount set aside specifically for Pension Stabilization. This method of allocation was continued in FY 2020.

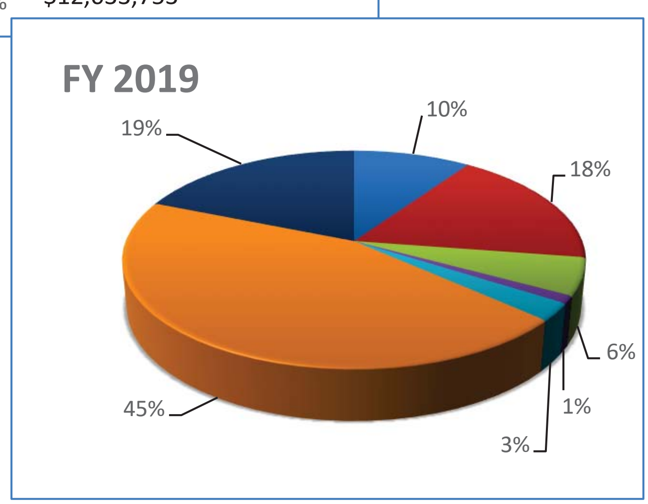
With the reduction to enrollments in FY 2020, the College's tuition and fee revenue also decreased. Pell grant revenues generally follow enrollment trends, however, with a slight increase in tuition rates for FY 2020 along with an increase of eligible Pell recipients, Pell Grant revenue shows an increase from FY 2019.

In FY 2020, grant and contract revenues increased by $3,263,015 when compared with FY 2019. The College continued to serve students under the terms of contracted programs. The College contracts with high schools to enroll Running Start students who earn both high school and college credit for these courses. The overall increase is due to the increased reimbursement rate from OSPI for our Running Start students and our Open Door Re-engagement Program on campus.

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

Comparison of Selected Elements of Revenue by Function
The chart below shows the amount, in dollars, for selected functional areas of revenues for FY 2020 and FY 2019.



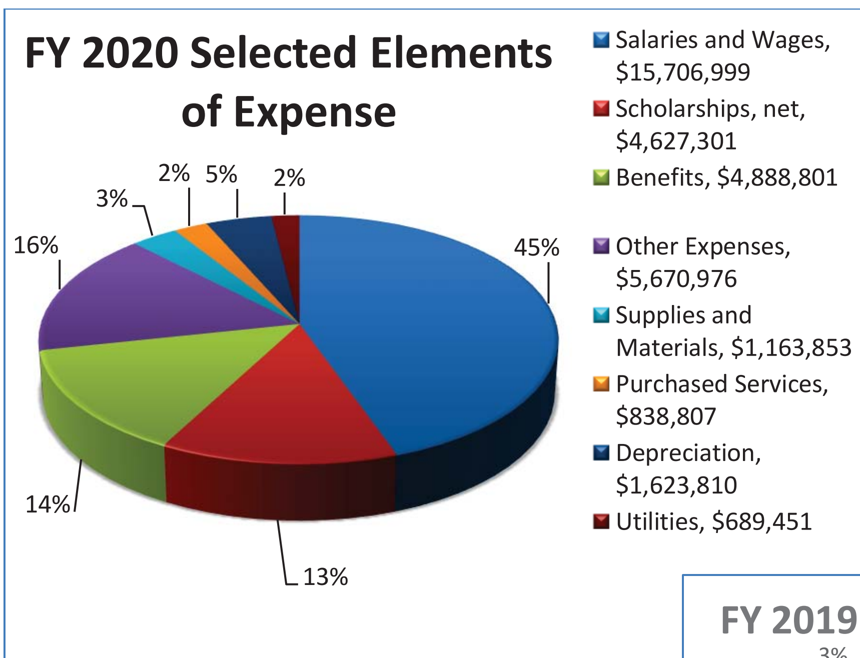


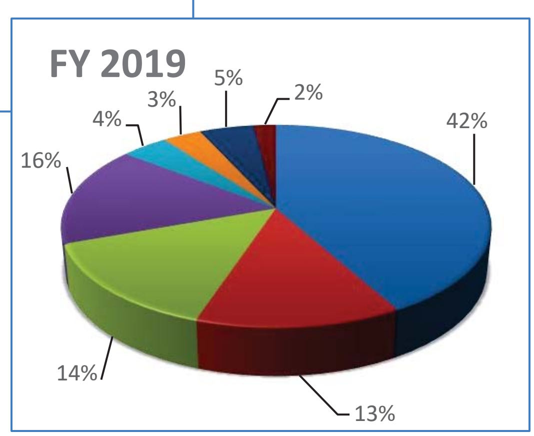
Expenses
Faced with severe budget cuts over the past ten years, the College has continuously sought opportunities to identify savings and efficiencies. Over time, the College decreased spending and services and was subject to various state spending freezes and employee salary reductions.

More recently, in FY 2020, salary costs increased by $2,039,193 as a result of minimal usage of compensated absences while increasing the College's vacation and sick long term obligation and overall cost of living increase (COLA). Benefits, as well, increased by $198,714. This increase can also be attributed to the state COLA increases.

Utility costs showed a slight increase as a result of the addition of our new building. Scholarships and fellowships saw an increase due to the additional scholarships received by students. Supplies and materials and purchased services are lower in FY 2020, along with other expenses primarily as a result of purchasing less small and attractive equipment with the upgrading of program space and instructional activities as well as a decrease to travel expenditures related to no travel during spring quarter related to COVID-19. These expenditures have anticipated fluctuations from year to year. An increase in equipment has resulted in a slight increase in depreciation.

Comparison of Selected Elements of Expenses by Function
The chart below shows the amount, in dollars, for selected functional areas of expenses for FY 2020 and FY 2019.





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, 2020, the College had invested $71,976,277 in capital assets, net of accumulated depreciation. This represents an increase of $17,579,382 from last year, as shown in the table below.

Asset Type	June 30, 2020	June 30, 2019	Change
Land	$ 51,700	$ 51,700	$ -
Construction in Progress	49,050,742	31,240,948	17,809,794
Buildings, net	18,883,904	19,628,583	(744,679)
Other Improvements and Infrastructure, net	565,602	602,115	(36,513)
Equipment, net	3,372,886	2,823,875	549,011
Library Resources, net	51,443	49,674	1,769
Total Capital Assets, Net	**$ 71,976,277**	**$ 54,396,895**	**$ 17,579,382**

The increase in net capital assets can be attributed to the continuation of the construction phase of our WEC building project and the acquisition of equipment in preparation for the buildings. Additional information on capital assets can be found in Note 6 of the Notes to the Financial Statements.

At June 30, 2020, the College had $1,075,000 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, 2020	June 30, 2019	Change
Certificates of Participation	$1,075,000	$1,395,000	(320,000)
Total	**$1,075,000**	**$1,395,000**	**(320,000)**

Additional information of notes payable, long-term debt and debt service schedules can be found in Notes 11 and 12 of the Notes to the Financial Statements.

Economic Factors That May Affect the Future

In FY 2017, the State Board for Community and Technical College's elected to move to a new allocation model, changing how the state allocated funds are distributed to each college. The new model is based on performance in several key indicators, from general enrollments to enrollments in high cost programs, as well as student completion and achievement points. The model is based on a three-year rolling average of enrollments and completions, comparative to other institutions in the state. Due to decreases in enrollments system-wide for the community and technical colleges, there have not been any reductions to the funding levels based on this new allocation method yet. However, if other schools see their numbers grow, Big Bend's operating appropriation is at risk of declining proportionately in the future.

In FY 2020, we received a significant increase in funding as a result of the Workforce Education Investment Act (E2SHB 2158). The bill created a new fund, the Workforce Education Investment Account. Appropriations from the account are supported by an increase in the Business and Occupation tax. These funds were allocated to the colleges as directed in the legislation. Most of these appropriations are budgeted to continue in FY 2021. There were no other significant changes to the method of allocating funds to college districts.

In fiscal year ended June 30, 2018, reimbursement rates for Running Start students increased as a result of the legislature meeting court-mandated education obligations related to the McCleary Decision, in which the state supreme court ruled that Washington was not properly funding public education. The increased reimbursement rate provided financial resources needed by Big Bend, and other colleges with Running Start programs, to help balance out the decreased general state enrollments and corresponding tuition revenue.

The College is completing construction for its Workforce Education Center (WEC) and Aviation Maintenance Technology (AMT) buildings this fiscal year. These new facilities have received substantial financial support from both public and private entities in our service district. With the new instructional spaces designed to meet the needs of Workforce training, the college is anticipating enrollment growth in the future.

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

Big Bend Community College

Statement of Net Position

June 30, 2020

Assets		
Current assets		
Cash and cash equivalents	$	5,130,130
Short-term investments		3,129,000
Accounts Receivable, net		2,260,699
Interest Receivable		126,206
Inventories		249,369
Prepaid Expenses		18,955
Total current assets	$	10,914,359
Non-Current Assets		
Long-term investments	$	7,117,386
Non-depreciable capital assets		49,102,442
Capital assets, net of depreciation		22,873,835
Total non-current assets	**$**	**79,093,663**
Total assets	**$**	**90,008,022**
Deferred Outflows of Resources		
Deferred outflows related to pensions	$	1,306,862
Deferred outflows related to OPEB		1,250,423
Total deferred outflow of resources	$	2,557,285
Liabilities		
Current Liabilities		
Accounts Payable	$	486,952
Accrued Liabilities		1,312,361
Compensated Absences		145,007
Deposits Payable		57,313
Unearned Revenue		345,724
Certificates of participation payable, current portion		320,000
Total pension liability, current portion		31,120
OPEB liability, current portion		174,882
Total current liabilities	**$**	**2,873,357**
Non-Current Liabilities		
Compensated Absences	$	1,400,800
Long-term liabilites		1,075,000
Net pension liability		1,449,391
Total pension liability		2,115,567
OPEB liability		9,967,273
Total non-current liabilities	$	16,008,031
Total liabilities	**$**	**18,881,389**
Deferred Inflows of Resources		
Deferred inflows related to pensions	$	1,146,412
Deferred inflows related to OPEB		2,940,647
Total deferred inflow of resources	**$**	**4,087,059**
Net Position		
Net Investment in Capital Assets	$	70,581,277
Unrestricted		(984,418)
Total Net Position	**$**	**69,596,859**

The accompanying notes are an integral part of the financial statements

Big Bend Community College

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

Operating Revenues	
Student tuition and fees, net	5,074,266
Auxiliary enterprise sales	1,304,770
State and local grants and contracts	10,476,690
Federal grants and contracts	3,264,933
Other operating revenues	239,961
Total operating revenue	20,360,620
Operating Expenses	
Salaries and wages	15,706,999
Benefits	4,888,801
Scholarships and fellowships	4,627,301
Repairs, Alterations, and Maintenance	1,345,335
Depreciation	1,623,810
Other Expenses	1,904,992
Supplies and materials	1,163,853
Noncapitalized assets	2,093,556
Purchased services	838,807
Utilities	689,451
Travel	327,093
Total operating expenses	35,209,998
Operating income (loss)	(14,849,378)
Non-Operating Revenues (Expenses)	
State appropriations	12,033,753
Federal non-operating revenue	418,585
Federal Pell grant revenue	3,354,406
Investment income, gains and losses	291,690
Capital Asset Adjustment	(2,922)
Building fee remittance	(578,067)
Innovation fund remittance	(126,941)
Interest on indebtedness	(69,500)
Net non-operating revenues	**15,321,004**
Income or (loss) before capital appropriations	471,626
Capital appropriations	10,806,127
Increase (Decrease) in net position	11,277,753
Net Position	
Net position, beginning of year	58,596,311
Prior period adjustment	(277,205)
Net position, beginning of year restated	58,319,107
Net position, end of year	69,596,859

The accompanying notes are an integral part of the financial statements

Big Bend Community College

Statement of Cash Flows

For the Year Ended June 30, 2020

Cash flow from operating activities	
Student tuition and fees	5,174,189
Grants and contracts	13,467,511
Payments to vendors	(10,428,301)
Payments for utilities	(645,174)
Payments to employees	(15,126,180)
Payments for benefits	(5,000,294)
Auxiliary enterprise sales	1,323,194
Payments for scholarships and fellowships	(4,627,301)
Other receipts	239,961
Other payments	(221,737)
Net cash used by operating activities	(15,844,132)
Cash flow from noncapital financing activities	
State appropriations	11,983,638
Pell grants	3,354,406
Amounts for other than capital purposes	418,585
Building fee remittance	(577,826)
Innovation fund remittance	(126,799)
Net cash provided by noncapital financing activities	15,052,004
Cash flow from capital and related financing activities	
Capital appropriations	10,787,504
Purchases of capital assets	(19,050,865)
Principal paid on capital debt	(315,000)
Interest paid	(69,500)
Net cash used by capital and related financing activities	(8,647,862)
Cash flow from investing activities	
Purchase of investments	(9,630,050)
Proceeds from sales and maturities of investments	12,611,593
Income of investments	291,690
Net cash provided by investing activities	3,273,233
Increase in cash and cash equivalents	(6,166,757)
Cash and cash equivalents at the beginning of the year	11,296,886
Cash and cash equivalents at the end of the year	5,130,130

Reconciliation of Operating Loss to Net Cash used by Operating Activities

Operating Loss	(14,849,378)
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation expense	1,623,810
Changes in assets and liabilities	
Receivables , net	(400,020)
Inventories	(19,289)
Other assets	(13,889)
Accounts payable	(2,801,036)
Accrued liabilities	213,189
Deferred revenue	54,541
Compensated absences	521,372
Pension/OPEB liability adjustment	(154,308)
Deposits payable	(19,123)
Net cash used by operating activities	(15,844,132)

The accompanying notes are an integral part of the financial statements

Notes to the Financial Statements

June 30, 2020

These notes form an integral part of the financial statements.

Note 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 (CAFR). These notes form an integral part of the financial statements.

Basis of Presentation

The financial statements have been prepared in accordance with GASB Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments as amended by GASB Statement No. 35, Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities. For financial reporting purposes, the College is considered a special-purpose government engaged only in Business Type Activities (BTA). In accordance with BTA reporting, the College presents a Management's Discussion and Analysis; a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and Notes to the Financial Statements. The format provides a comprehensive, entity-wide perspective of the college's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

Basis of Accounting

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

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

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

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

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

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, 2020, 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.

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

The College also reports its share of the pension liability for the State Board Retirement Plan in accordance with GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68 (Accounting and Financial Reporting for Pensions). The reporting requirements are similar to GASB Statement No. 68 but use current fiscal year end as the measurement date for reporting the pension liabilities.

OPEB Liability
In fiscal year 2018, the College implemented GASB Statement No. 75, Accounting and Financial Reporting for postemployment Benefits Other than Pensions (OPEB). This Statement requires the College to recognize its proportionate share of the state's actuarially determined OPEB liability with a one year lag measurement date similar to GASB Statement No. 68.

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

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

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

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

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

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

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

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

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

Operating Revenues. This includes activities that are directly related to the principal operations of the College, such as (1) student tuition and fees, net of waivers and scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) federal, state and local grants and contracts that primarily support the operational/educational activities of the colleges. Examples include a contract with 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 and wages, benefits, scholarships and fellowships, repairs, alterations, and maintenance, depreciation, supplies and materials, noncapitalized assets, purchases services, utilities, travel and other expenses.

Non-operating Revenues. This includes activities that are not directly related to the ongoing operations of the College, such as gifts and contributions, state appropriations, investment income and Pell Grants received from the federal government. In FY 2020, non-operating revenues also included funds received through the federals CARES act.

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

Scholarship Discounts and Allowances
Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. Discounts and allowances for the year ending June 30, 2020 are $2,939,514.

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

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

Note 2 - Accounting and Reporting Changes

Accounting Standard Impacting the Future
In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which postponed the effective dates of Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The College is following the State's Office of Financial Management directives on these postponements.

In June 2017, the GASB issued Statement No. 87, Leases, which was to be in effect beginning fiscal year 2021. GASB Statement No. 95 has postponed the effective date to FY 2022. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The College is following the State's Office of Financial Management directives to prepare for the implementation of this Statement.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, which will be effective for the fiscal year ending June 30, 2021. GASB 95 Statement No. 95 has postponed the effective date to FY 2022. This Statement require that interest cost incurred before the end of a construction period be recognized as expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, these costs will no longer be included in the capitalized cost of capital assets reported by the College. The Statement will be applied on a prospective basis and the interest costs capitalized prior to implementation will continue to be recognized as those assets are depreciated.

Prior Period Adjustment

Beginning net position was restated by $277,205 in FY 2020 as a result of our investment valuation being reported incorrectly in the previous fiscal year.

Note 3 - Deposits and Investments

Deposits

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

Investments in Local Government Investment Pool (LGIP)

The College is a participant in the Local Government Investment Pool as authorized by Chapter 297, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASB Statement No. 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemptions gates on participant withdrawals.

The Office of the State Treasurer (OST) prepares a stand-alone LGIP financial report. A copy of the report is available from the OST, PO Box 40200, Olympia, Washington 98504-0200, or online at: https://www.tre.wa.gov. As of June 30, 2020, the carrying amount of the College's cash and equivalents was $5,130,130 as represented in the table below.

Cash and Cash Equivalents		**June 30, 2020**
Petty Cash and Change Funds	$	1,810
Bank Demand and Time Deposits		1,887,839
Local Government Investment Pool		3,240,481
Total Cash and Cash Equivalents	**$**	**5,130,130**

Custodial Credit Risks—Deposits

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

Investments

Fair Value Hierarchy

Fair value measurement determination is based on the assumptions that market participants would use in pricing the asset. Fair value is described as an exit price. As such, the fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) the College's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs) as a basis for considering market participant assumptions in fair value measurement. The fair value hierarchy prioritizes the inputs discussed above as follows:

> *Level 1 inputs (quoted market prices)* – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the College has the ability to access at the measurement date (for example prices derived from NYSE, NASDAQ, and the Chicago Board of Trade). Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment. If a level 1 input is available for a particular investment, it must be used to value that investment.
>
> *Level 2 inputs (observable inputs)* – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Observable inputs are those that reflect the assumptions market participants would use in

pricing the asset developed on market data obtained from sources independent of the College (e.g. matrix pricing, yield curves, and indices).

Level 3 inputs (unobservable inputs) – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Unobservable inputs are those that reflect the College's own assumptions about the assumptions that market participants would use in pricing the asset developed, based on the best information available in the circumstance (e.g. investment manager pricing for private placements, private equities, and hedge funds).

The College categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. All of the College's investments fall within the hierarchy of Level 1 and Level 2.

College Investment by Type

Investments are classified as cash equivalents and short-term or long-term investments. The carrying amount of College invested assets includes cash equivalents and long-term investments as represented below.

Investment Maturities	Fair Value	0 - 90 days	One Year or Less	1 - 5 Years
Cash Equivalents				
Local Government Investment Pool	3,240,481	3,240,481	-	-
Long-term Investments				
U.S. Agency Securities	10,246,386	-	3,129,000	7,117,386
Total Investments	**13,486,867**	**3,240,481**	**3,129,000**	**7,117,386**

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, 2020, the College did not have any investments subject to custodial credit risk. All investments held by US Bank Safekeeping are in the name of the College.

Investment Expenses
Under implementation of GASB Statement No. 35, investment income for the College is shown net of investment expenses. The investment expenses incurred for the fiscal year ended June 30, 2020 were $354.

Note 4 - Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. It also includes amounts due from federal, state and local governments or private sources in connection with reimbursements of allowable expenses made according to sponsored agreements. At June 30, 2020, accounts receivable were as follows:

Accounts Receivable	Amount	
Student Tuition and Fees	$	1,476,232
Due from the Federal Government		468,465
Due from the Office of the State Treasurer		71,114
Due from Other State Agencies		244,699
Interest Receivable		126,206
Other		189
Subtotal		2,386,905
Less Allowance for Uncollectible Accounts		-
Accounts Receivable, net	$	2,386,905

Note 5 – Inventories

Inventories, stated at cost using FIFO, consisted of the following as of June 30, 2020.

Inventories	Amount	
Consumable Inventories	$	6,003
Merchandise Inventories		243,366
Inventories	**$**	**249,369**

Note 6 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2020 is presented as follows. The total depreciation expense was recorded at $1,623,810.

Capital Assets	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Capital assets, non-depreciable				
Land	$ 51,700	$ -	$ -	$ 51,700
Construction in progress	31,240,948	17,809,794	-	49,050,742
Total capital assets, non-depreciable	31,292,648	17,809,794	-	49,102,442
Capital assets, depreciable				
Buildings	34,470,677	-	-	34,470,677
Other improvements and infrastructure	1,541,461	-	-	1,541,461
Equipment	11,806,817	1,382,995	(51,205)	13,138,607
Library resources	1,632,163	12,089	(1,025)	1,643,227
Total capital assets, depreciable	49,451,118	1,395,084	(52,230)	50,793,972
Less accumulated depreciation				
Buildings	14,842,094	744,679	-	15,586,773
Other improvements and infrastructure	939,346	36,513	-	975,859
Equipment	8,982,942	833,323	(50,544)	9,765,721
Library resources	1,582,489	9,295		1,591,784
Total accumulated depreciation	26,346,871	1,623,810	(50,544)	27,920,137
Total capital assets, depreciable, net	23,104,247	(228,726)	(1,686)	22,873,835
Capital assets, net	**$ 54,396,895**	**$ 17,581,068**	**$ (1,686)**	**$ 71,976,277**

Note 7 - Accounts Payable and Accrued Liabilities

Accrued liabilities as of June 30, 2020, were as follows:

Accounts Payable and Accrued Liabilities	Amount
Amounts Owed to Employees	$ 591,675
Accounts Payable	486,952
Amounts Held for Others and Retainage	720,686
Total	**$ 1,799,313**

Note 8 - Unearned Revenue

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

Unearned Revenue	Amount
Summer and Fall Tuition & Fees	$ 345,724
Housing and Other Deposits	57,313
Total Unearned Revenue	$ 403,037

Note 9 - Risk Management

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

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

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, 2019 through June 30, 2020, were $69,649.

Note 10 - Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Employees who retire get 25 percent 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 $662,146, and accrued sick leave totaled $738,654 at June 30, 2020. The College calculated accrued vacation and sick leave balances for staff retirements for the upcoming fiscal year at $145,007 as a short-term current liability. Accrued annual and sick leave are categorized as non-current liabilities.

Note 11 - 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 percent.

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 original amount of the debt is for $195,000 and the interest rate charged is 3.05 percent.

The College's debt service requirements for these note agreements for the next five years and thereafter are as follows in Note 12.

Note 12 - Annual Debt Service Requirements

Future debt service requirements at June 30, 2020 are as follows.

	Certificates of Participation		
Fiscal year	**Principal**	**Interest**	**Total**
2021	320,000	56,750	376,750
2022	340,000	43,800	383,800
2023	350,000	30,000	380,000
2024	365,000	15,800	380,800
2025	20,000	1,000	21,000
Total	**$ 1,395,000**	**$ 147,350**	**$ 1,542,350**

Note 13 - Schedule of Long Term Liabilities

	Balance outstanding 6/30/19	Additions	Reductions	Balance outstanding 6/30/20	Current portion
Certificates of Participation	$ 1,710,000	$ -	$ 315,000	$ 1,395,000	$ 320,000
Compensation absences	1,024,435	1,234,263	712,892	1,545,807	145,007
Net pension liability	2,041,930	920,089	1,512,628	1,449,391	-
Total pension liability	1,545,048	2,177,807	1,576,168	2,146,687	31,120
OPEB liability	8,844,939	4,883,621	3,586,406	10,142,154	174,882
Total	**$ 15,166,352**	**$ 9,215,780**	**$ 7,703,093**	**$ 16,679,039**	**$ 671,009**

Note 14 - Retirement Plans

A. General

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

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

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

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68 and No. 73 for Big Bend Community College, for FY 2020:

Aggregate Pension Amounts - All Plans

Pension Liabilities	$	3,596,078
Deferred outflows of resources related to pensions	$	1,306,862
Deferred inflows of resources related to pensions	$	1,146,412
Pension Expense	$	202,737

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

The DRS administered systems are comprised of twelve defined benefits pension plans and three defined benefit/defined contribution plans. Below are the DRS plans that the College participants in:

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

Plan 1 – defined benefit
Plan 2 – defined benefit
Plan 3 – defined benefit/defined contribution

Although some assets of the plan are commingled for investment purposed, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan. Administration of the PERS and TRS plans is funded by an employer rate of 0.18 percent of employee salaries.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TRS

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

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

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

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

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

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

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

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

Contributions

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

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

The employer contribution rates (expressed as a percentage of covered payroll) and actual contributions for the year ended June 30, 2020 were as follows:

	PERS 1	PERS 2/3*	TRS 1	TRS 2/3*
Contribution Rate	4.89%	7.91%	7.59%	8.13%
Actual Contributions	$ 176,267	$ 280,673	$ 31,799	$ 32,391

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, with the results rolled forward to the June 30, 2019, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary (OSA) 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 members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of the 2007-2012 Experience Study Report and the 2017 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report.

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

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the following table:

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

The inflation component used to create the above table is 2.20 percent, and represents the WSIB's most recent long-term estimate of broad economic inflation. There were no material changes in assumptions, benefit terms, or methods for the reporting period.

Discount rate

The discount rate used to measure the total pension liability was 7.40 percent, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.50 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 7.40 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 PERS Plan 2/3 and TRS Plan 2/3 employers whose rates include a component for the PERS Plan 1 liability). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40 percent on pension plan investments was applied to determine the total pension liability.

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

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	$ 1,264,194	$ 1,009,483	$ 788,487
PERS 2/3	2,267,925	295,703	(1,322,636)
TRS 1	152,332	119,185	90,432
TRS 2/3	136,341	25,017	(65,497)

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

Pension Liabilities. At June 30, 2020, the College reported a total pension liability of $1,449,391 for its proportionate share of the net pension liabilities as follows:

	Liability
PERS 1	$ 1,009,482
PERS 2/3	295,703
TRS 1	119,187
TRS 2/3	25,019

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

	2019	2020	Change
PERS 1	0.02625%	0.02432%	-0.00193%
PERS 2/3	0.03044%	0.03047%	0.00002%
TRS 1	0.00481%	0.00606%	0.00124%
TRS 2/3	0.00415%	0.00557%	0.00142%

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

Pension Expense. For the year ended June 30, 2020 the College recognized pension expense as follows:

	Pension Expense
PERS 1	$ (65,528)
PERS 2/3	54,334
TRS 1	(57,116)
TRS 2/3	7,753
Total	**$ (60,557)**

Deferred Outflows of Resources and Deferred Inflows of Resources. The following represent the components of the College's deferred outflows and inflows of resources as reflected on the Statement of Net Position, for the year ended June 30, 2020:

	PERS 1	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	67,442
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	167,264	-
Totals	**$ 167,264**	**$ 67,442**

	PERS 2/3	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	84,720	63,575
Difference between expected and actual earnings of pension plan investments	-	430,423
Changes of assumptions	7,572	124,067
Changes in College's proportionate share of pension liabilities	970	59,021
Contributions subsequent to the measurement date	270,160	-
Totals	**$ 363,423**	**$ 677,086**

TRS 1	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	9,141
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	31,799	-
Totals	**$ 31,799**	**$ 9,141**

TRS 2/3	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	17,395	805
Difference between expected and actual earnings of pension plan investments	-	21,599
Changes of assumptions	9,431	6,647
Changes in College's proportionate share of pension liabilities	7,919	19,253
Contributions subsequent to the measurement date	32,391	-
Totals	**$ 67,136**	**$ 48,304**

The total amount reported of $629,622 as deferred outflows of resources represent contributions the College mage, but only $501,614 in the contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2020.

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
2020	(14,888)	(142,215)	(1,876)	(8,199)
2021	(35,266)	(232,081)	(4,907)	(9,539)
2022	(12,585)	(109,143)	(1,726)	(2,108)
2023	(4,703)	(63,605)	(632)	117
2024	-	(33,473)	-	1,938
Thereafter	-	(3,308)	-	4,234
Total	**$ (67,442)**	**$ (583,824)**	**$ (9,141)**	**$ (13,558)**

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

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

Plan Description

The State Board Retirement Plan is a privately administered single-employer defined contribution plan with a supplemental defined benefit plan component, which guarantees a minimum retirement benefit based upon a one-time calculation at each employee's retirement date. The supplemental component is financed on a pay-as-you-go basis. The College participates in this plan as authorized by chapter 28B.10 RCW and reports its proportionate share of the total pension liability. State Board makes direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals, no assets are accumulated in trusts or equivalent arrangements.

Contributions

Contribution rates for the SBRP (TIAA-CREF), which are based upon age, are 5, 7.5, or 10 percent of salary and are matched by the College. Employee and employer contributions for the year ended June 30, 2020 were $776,271 for both employer and employee.

Benefits Provided

The State Board Supplemental Retirement Plans (SRP) provide retirement, disability, and death benefits to eligible members. As of July 1, 2011, all the Supplemental Retirement Plans were closed to new entrants.

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

The SRP pension benefits are unfunded. For the year, ended June 30, 2020, supplemental benefits were paid by the SBCTC on behalf of the College in the amount of $1,785,000. The College's share of this amount was $26,125. In 2012, legislation (RCW 28B.10.423) was passed requiring colleges to pay into a Higher Education Retirement Plan (HERP) Supplemental Benefit Fund managed by the State Investment Board, for the purpose of funding future benefit obligations. During FY 2020, the College paid into this fund at a rate of 0.5 percent of covered salaries, totaling $44,867. This amount was not used as a part of the GASB Statement No. 73 calculations its status as an asset has not been determined by the Legislature. As of June 30, 2020, the Community and Technical College system accounted for $23,208,875 of the fund balance.

Actuarial Assumptions
The total pension liability was determined by an actuarial valuation as of June 30, 2018, with the results rolled forward to the June 30, 2020, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increases	3.5% - 4.25%
Fixed Income and Variable Income Investment Returns*	4.25% - 6.50%

*Measurement reflects actual investment returns through June 30,2018

Mortality rates were based on the RP-2000 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 members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most actuarial assumptions used in the June 30, 2018, valuation were based on the results of the April 2016 Supplemental Plan Experience Study. Additional assumptions related to the fixed income and variable income investments were based on feedback from financial administrators of the State Board Supplemental Retirement Plans.

Material assumption changes bring the measurement period include the discount rate decrease from 3.5 percent to 2.21 percent.

Discount Rate
For purposes of determining the discount rate, the Bond Buyer 20-Bond general obligation index was used. Also reflected was the FY 2020 returns for the Teachers Insurance and Annuity Association of America (TIAA) and CREF investments which are used to determine a member's assumed income.

Pension Expense
Pension expense for the fiscal year ended June 30, 2020 was $142,179.

Proportionate Share (%)		1.46356%
Service Cost	$	51,465
Interest		57,892
Amortization of Differences Between Expected and Actual Experience		(37,022)
Amortization of Changes of Assumptions		54,160
Changes of Benefit Terms		-
Administrative Expenses		-
Other Changes in Fiduciary Net Position		-
Proportionate Share of Collective Pension Expense		**126,495**
Amortization of the Change in Proportionate Share of TPL		15,684
Total Pension Expense	**$**	**142,179**

Proportionate Shares of Pension Liabilities

The College's proportionate share of pension liabilities for fiscal year ending June 30, 2020 was 1.30 percent. The College's proportion of the total 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 College's. The College's change in proportionate share of the total pension liability and deferred inflows and deferred outflows of resources are represented in the following table:

Proportionate Share (%) 2019		**1.39969%**
Proportionate Share (%) 2020		**1.46356%**
Total Pension Liability - Ending 2019	$	1,545,048
Total Pension Liability - Beginning 2020		1,615,552
Total Pension Liability - Change in Proportion		70,504
Total Deferred Inflow/Outflows - 2019		184,707
Total Deferred Inflow/Outflows - 2020		193,136
Total Deferred Inflows/Outflows - Change in Proportion		8,428
Total Change in Proportion	**$**	**78,932**

Plan Membership

Membership of the State Board Supplemental Retirement Plans consisted of the following at June 30, 2020, the most recent actuarial valuating date:

Number of Participating Members				
Plan	Inactive Members or Beneficiaries Currently Receiving Benefits	Inactive Members Entitled to But Not Yet Receiving Benefits	Active Members	Total Members
SRP	0	7	64	71

Change in Total Pension Liability
The following table presents the change in total pension liability of the State Board Supplemental Retirement Plans at June 30, 2020, the latest measurement date for all plans (expressed in thousands):

Schedule of Change in Total Pension Liability

Total Pension Liability	**Amount**
Service cost	$ 51,465
Interest	57,892
Changes of benefit terms	-
Differences between expected and actual experience	121,980
Changes of assumptions	325,927
Benefit payments	(26,130)
Change in Proportionate Share of TPL	70,503
Other	-
Net Change in Total Pension Liability	601,637
Total Pension Liability - Beginning	1,545,048
Total Pension Liability - Ending	**$ 2,146,686**

Sensitivity of the Total Pension Liability to Changes in the Discount Rate
The following table presents the total pension liability, calculated using the discount rate of 3.50 percent, as well as what the employers' total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.50 percent) or one percentage point higher (4.50 percent) than the current rate (expressed in thousands):

1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
$ 2,468,503	$ 2,146,687	$ 1,881,541

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions
At June 30, 2020, the State Board Supplemental Retirement Plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Difference between expected and actual experience	$	173,492	$	270,797
Changes of assumptions		408,582		73,643
Changes in College's proportionate share of pension liability		95,167		
Transactions subsequent to the measurement date		-		-
Total	**$**	**677,241**	**$**	**344,440**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30:

State Board Supplemental Retirement Plan	
2021	32,822
2022	32,822
2023	32,822
2024	56,942
2025	93,136
Thereafter	84,261

Note 15 - Other Post-Employment Benefits

Plan Description

In addition to pension benefits as described in Note 14, the College, through the Health Care Authority (HCA), administers a single employer defined benefit other postemployement benefit (OPEB) plan. Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life, and long-term disability.

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs.

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

Employees Covered by Benefit Terms
Employers participating in the PEBB plan for the state include general government agencies, higher education institutions, and component units. Additionally, there are 76 of the state's K-12 schools and educational service districts (ESDs), and 249 political subdivisions and tribal governments not included in the state's financial reporting who participate in the PEBB plan. The plan is also available to the retirees of the remaining 227 K-12 schools, charter schools, and ESDs. Membership in the PEBB plan for the state consisted of the following:

Summary of Plan Participants
As of June 30, 2019

Active Employees*	219
Retirees Receiving Benefits**	77
Retirees Not Receiving Benefits***	10
Total Active Employees and Retirees	306

*Reflects active employees eligible for PEBB program participation as of June 30, 2019.

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

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

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

Benefits Provided
Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium. In calendar year 2018, the average weighted implicit subsidy was valued at $347 per member per month, and in calendar year 2019, the average weighted implicit subsidy was valued at $367 per adult unit per month. In calendar year 2020, the average weighted implicit subsidy is projected to be $373 per adult unit per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2019, the explicit subsidy was $168 per member per month. Calendar year 2020, it increased to $183 per member per month.

Contribution Information

Administrative costs as well as implicit and explicit subsidies are funded by required contributions (RCW 41.05.050) from participating employers. The subsidies provide monetary assistance for medical benefits. Contributions are set each biennium as part of the budget process. The benefits are funded on a pay-as-you-go basis.

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

Required Premium*		
Medical	$	1,100
Dental		81
Life		4
Long-term Disability		2
Total		1,187
Employer contribution		1,024
Employee contribution		162
Total	$	1,186

*Per 2020 PEBB Financial Projection Model 7.0. Per capita cost based on subscribers; includes non-Medicare risk pool only. Figures based on CY2020 which includes projected claims cost at the time of this reporting.

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

Total OPEB Liability

As of June 30, 2019, the state reported a total OPEB liability of $5.80 billion. The College's proportionate share of the total OPEB liability is $10,142,154. This liability was determined based on a measurement date of June 30, 2019.

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the terms of the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members (active employees and retirees) to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.75%
Projected Salary Changes	3.50% Plus Service-Based Salary Increases
Health Care Trend Rates*	Trend rate assumptions vary slightly by medical plan. Initial rate is approximately 8%, reaching an ultimate rate of approximately 4.5% in 2080
Post-Retirement Participation Percen	65%
Percentage with Spouse Coverage	45%

In projecting the growth of the explicit subsidy, after 2020 when the cap is $183, it is assumed to grow at the health care trend rate. The Legislature determines the value of cap and no future increases are guaranteed; however, based on historical growth patterns, future increases to the cap are assumed.

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary (OSA) 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 members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the 2007-2012 Experience Study Report. The post-retirement participation percentage and percentage with spouse coverage were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the 2017 Economic Experience Study.

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

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

Discount Rate
Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 3.87 percent for the June 30, 2018 measurement date and 3.50 percent for the

June 30, 2019 measurement date. Additional detail on assumptions and methods can be found on OSA's website: http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx

Changes in Total OPEB Liability

As of June 30, 2020, components of the calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for the College are represented in the following table:

Big Bend Community College		
Proportionate Share (%)		**0.1747484500%**
Service Cost	$	410,662
Interest Cost		356,225
Differences Between Expected and Actual Experience		-
Changes in Assumptions*		663,386
Changes of Benefit Terms		-
Benefit Payments		(162,952)
Changes in Proportionate Share		29,893
Other		-
Net Change in Total OPEB Liability		1,297,214
Total OPEB Liability - Beginning		8,844,940
Total OPEB Liability - Ending	**$**	**10,142,154**

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

Sensitivity of the Total Liability to Changes in the Discount Rate

The following represents the total OPEB liability of the College, calculated using the discount rate of 3.50 percent as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current rate:

Discount Rate Sensitivity

1% Decrease	Current Discount Rate	1% Increase
$ 12,281,809	$ 10,142,154	$ 8,480,276

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following represents the total OPEB liability of the College, calculated using the health care trend rates of 8.00 percent decreasing to 4.50 percent, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (7.00 percent decreasing to 3.50 percent) or 1 percentage point higher (9.0 percent decreasing to 5.50 percent) than the current rate:

Health Care Cost Trend Rate Sensitivity		
1% Decrease	Current Discount Rate	1% Increase
$ 8,208,534	$ 10,142,154	$ 12,744,513

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

For the year ending June 30, 2020, the College will recognize OPEB expense of $466,690. OPEB expense consists of the following elements:

Big Bend Community College		
Proportionate Share (%)		**0.1747484500%**
Service Cost	$	410,662
Interest Cost		356,225
Amortization of Differences Between Expected and Actual Experience		38,690
Amortization of Changes in Assumptions		(371,415)
Changes of Benefit Terms		-
Amortization of Changes in Proportion		32,528
Administrative Expenses		-
Total OPEB Expense	**$**	**466,690**

As of June 30, 2020, the deferred inflows and deferred outflows of resources for the College are as follows:

Big Bend Community College				
Proportionate Share (%)		**0.1747484500%**		
Deferred Inflows/Outflows of Resources		**Deferred Inflows**		**Deferred Outflows**
Difference between expected and actual experience	$	270,828	$	-
Changes in assumptions		589,676		2,940,647
Transactions subsequent to the measurement date		174,882		-
Changes in proportion		215,036		-
Total Deferred Inflows/Outflows	**$**	**1,250,422**	**$**	**2,940,647**

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

Proportionate Share (%)		0.1747484500%
2020	$	(300,197)
2021	$	(300,197)
2022	$	(300,197)
2023	$	(300,197)
2024	$	(300,197)
Thereafter	$	(364,122)

The change in the College's proportionate share of OPEB liability and deferred inflows and deferred outflows of resources based on measurement date are represented in the following table:

Proportionate Share (%) 2018		0.1741598400%
Proportionate Share (%) 2019		**0.1747484500%**
Total OPEB Liability - Ending 2018	$	8,844,940
Total OPEB Liability - Beg 2019 (chg in prop)		8,874,833
Total OPEB Liability Change in Proportion		29,893
Total Deferred Inflows/Outflows - 2018		(2,903,489)
Total Deferred Inflows/Outflows - 2019		(2,913,302)
Total Deferred Inflows/Outflows Change in Proportion		(9,813)
Total Change in Proportion	**$**	**39,706**

Note 16 - Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, institutional, and academic support. The following table lists operating expenses by program for the year ending June 30, 2020.

Expenses by Functional Classification		
Instruction	$	10,500,385
Academic Support Services		1,837,889
Student Services		1,767,654
Institutional Support		4,183,985
Operations and Maintenance of Plant		4,536,057
Scholarships and Other Student Financial Aid		4,627,301
Auxiliary Enterprises		2,037,497
Library		607,472
Ancillary Support Services		3,487,948
Depreciation		1,623,810
Total operating expenses	**$**	**35,209,998**

Note 17 - Commitments and Contingencies

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. Therefore, an estimated liability has not been recorded.

In September 2016, the SBCTC gave the College approval of $6,000,000 of local capital expenditure for the completion of the second floor of our WEC and AMT capital building project in resolution 16-09-40. In June 2018, resolution 18-06-23 was also approved by the SBCTC in the amount of $3,616,000 for the same project. Then again in June 2020, resolution 20-06-25 was also approved by the SBCTC in the amount of $5,000,000 for the same project. As of June 30, 2020, the outstanding commitment toward the construction of our capital project is $1,783,369.

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 Pension Liability Public Employees' Retirement System (PERS) Plan 1 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.031105%	$ 1,566,929	$ 3,070,117	51.04%	61.19%
2015	0.030442%	$ 1,592,400	$ 3,129,290	50.89%	59.10%
2016	0.030057%	$ 1,614,202	$ 3,275,409	49.28%	57.03%
2017	0.029057%	$ 1,378,777	$ 3,368,297	40.93%	61.24%
2018	0.028657%	$ 1,279,832	$ 3,460,787	36.98%	63.22%
2019	0.026252%	$ 1,009,483	$ 3,603,949	28.01%	67.12%
2020					
2021					
2022					
2023					

*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 Liability Public Employees' Retirement System (PERS) Plan 2/3 Measurement Date of June 30								
Fiscal Year	College's proportion of the net pension liability		College proportionate share of the net pension liability		College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.032470%	$	656,336	$	2,779,497	23.61%	93.29%
2015	0.032049%	$	1,145,129	$	2,845,181	40.25%	89.20%
2016	0.032541%	$	1,638,414	$	3,032,959	54.02%	85.82%
2017	0.032044%	$	1,113,376	$	3,141,670	35.44%	90.97%
2018	0.031313%	$	534,641	$	3,308,959	16.16%	95.77%
2019	0.030443%	$	295,703	$	3,550,147	8.33%	97.77%
2020							
2021							
2022							
2023							

*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 Liability Teachers’ Retirement System (TRS) Plan 1 Measurement Date of June 30					
Fiscal Year	College’s proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College’s proportionate share of the net pension liability as a percentage of its covered payroll	Plan’s fiduciary net position as a percentage of the total pension liability
2014	0.011501%	$ 339,217	$ 427,282	79.39%	68.77%
2015	0.009760%	$ 309,337	$ 384,287	80.50%	65.70%
2016	0.006219%	$ 212,331	$ 278,635	76.20%	62.07%
2017	0.006630%	$ 200,443	$ 348,631	57.49%	65.58%
2018	0.006874%	$ 200,762	$ 299,778	66.97%	66.52%
2019	0.004814%	$ 119,185	$ 418,886	28.45%	70.37%
2020					
2021					
2022					
2023					

*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 Liability Teachers' Retirement System (TRS) Plan 2/3 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.008091%	$ 26,133	$ 346,410	7.54%	96.81%
2015	0.006543%	$ 55,210	$ 305,941	18.05%	92.48%
2016	0.004915%	$ 67,498	$ 239,543	28.18%	88.72%
2017	0.005957%	$ 54,980	$ 326,592	16.83%	93.14%
2018	0.005931%	$ 26,696	$ 277,147	9.63%	96.88%
2019	0.004152%	$ 25,017	$ 398,432	6.28%	96.36%
2020					
2021					
2022					
2023					

*These schedules are to 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 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	$ 174,788	$ 174,788	$ -	$ 3,368,297	5.19%
2018	$ 191,546	$ 191,546	$ -	$ 3,477,461	5.51%
2019	$ 188,239	$ 188,239	$ -	$ 3,460,787	5.44%
2020	$ 176,267	$ 176,267	$ -	$ 3,603,949	4.89%
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	$ 195,723	$ 195,723	$ -	$ 3,141,670	6.23%
2018	$ 241,614	$ 241,614	$ -	$ 3,248,801	7.44%
2019	$ 248,636	$ 248,636	$ -	$ 3,308,959	7.51%
2020	$ 280,673	$ 280,673	$ -	$ 3,550,147	7.91%
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	$ 23,201	$ 23,201	$ -	$ 348,631	6.65%
2018	$ 28,588	$ 28,588	$ -	$ 371,521	7.69%
2019	$ 23,905	$ 23,905	$ -	$ 299,778	7.97%
2020	$ 31,799	$ 31,799	$ -	$ 418,886	7.59%
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	$ 21,947	$ 21,947	$ -	$ 326,592	6.72%
2018	$ 26,368	$ 26,368	$ -	$ 342,555	7.70%
2019	$ 21,701	$ 21,701	$ -	$ 277,147	7.83%
2020	$ 32,391	$ 32,391	$ -	$ 398,432	8.13%
2021					
2022					
2023					

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

State Board Supplemental Defined Benefit Plans

Schedule of Changes in the Total Pension Liability and Related Ratios **Big Bend Community College** Fiscal Year Ended June 30 *(expressed in thousands)*				
	2017	**2018**	**2019**	**2020**
Total Pension Liability				
Service Cost	$ 74	$ 53	$ 40	$ 51
Interest	48	48	48	58
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(347)	(143)	91	122
Changes of assumptions	(82)	(48)	171	326
Benefit Payments	(12)	(18)	(25)	(26)
Change in proportionate share of TPL	-	3	24	71
Other	-	-	-	-
Net Change in Total Pension Liability	**(319)**	**(105)**	**349**	**602**
Total Pension Liability - Beginning	**1,620**	**1,301**	**1,196**	**1,545**
Total Pension Liability - Ending	**$ 1,301**	**$ 1,196**	**$ 1,545**	**$ 2,147**
College's proportion of the Pension Liability	1.3691%	1.3723%	1.3997%	1.4636%
Covered-employee payroll	$7,836,697	$8,121,098	$8,512,379	$9,461,146
Total Pension Liability as a percentage of covered-employee payroll	16.6014%	14.7271%	18.1500%	22.6890%

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

State Board Supplemental Defined Benefit Plans

Notes to Required Supplementary Information

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

Required Supplementary Information
Other Postemployment Benefits Information

Schedule of Changes in Total OPEB Liability and Related Ratios Measurement Date of June 30*			
Total OPEB Liability	**2018**	**2019**	**2020**
Service cost	$ 681,846	$ 552,999	$ 410,662
Interest cost	319,381	380,184	356,225
Difference between expected and actual experience	-	347,035	-
Changes in assumptions	(1,557,945)	(2,420,950)	663,386
Changes in benefit terms	-	-	-
Benefit payments	(162,762)	(160,571)	(162,952)
Changes in proportionate share	155,988	88,614	29,893
Other	-	-	-
Net Changes in Total OPEB Liability	$ (563,492)	$ (1,212,689)	$ 1,297,214
Total OPEB Liability - Beginning	$ 10,621,121	$ 10,057,629	$ 8,844,940
Total OPEB Liability - Ending	$ 10,057,629	$ 8,844,940	$ 10,142,154
College's proportion of the Total OPEB Liability (%)	0.1726%	0.1742%	0.1748%
Covered-employee payroll	$ 11,601,309	$ 12,347,097	$ 13,483,288
Total OPEB Liability as a percentage of covered-employee payroll	86.6939%	71.6358%	75.2202%

Notes: These schedules will be built prospectively until it contains 10 years of data.

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

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the 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
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Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov