Community Colleges of Spokane

Washington State Community College District #17
(a component unit of the State of Washington)
Financial Statements

For the fiscal year ended June 30, 2022

Community Colleges of Spokane
501 N. Riverpoint Blvd.
Spokane, Washington 99202

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Trustees and Officer list effective as of June 30, 2022:

Davis Farr LLP
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Independent Auditor's Report

Board of Trustees
Community Colleges of Spokane
Spokane, Washington

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, and the aggregate discretely presented component unit of the Community Colleges of Spokane (CCS), Spokane County, Washington, a component unit of the State of Washington, as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise CCS's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component unit of CCS, as of June 30, 2022, and the respective 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.

We did not audit the financial statements of the District 17 Community Colleges Foundation (the Foundation) which represent 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. The Foundation's financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As described further in note 1 to the financial statements, during the year ended June 30, 2022, CCS implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

The financial statements for the year ended June 30, 2022 reflect certain prior period adjustments as described further in note 20 to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CCS's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCS's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CCS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, *Schedule of Proportionate Share of Net Pension Liability*, *Schedule of Employer Contributions*, *Schedule of Changes in Total Pension Liability and Related Ratios*, *Schedule of Employer Contributions – State Board Supplemental Defined Benefit Plans*, and the *Schedule of Changes in Total OPEB Liability and Related Ratios* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by GASB 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CCS's basic financial statements. The *Segmented Statement of Net Position* and the *Segmented Statement of Revenues, Expenses, and Changes in Net Position* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the *Segmented Statement of Net Position* and the *Segmented Statement of Revenues, Expenses, and Changes in Net Position* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the report. The other information consists of the *Trustees and Administrative Officers* but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2023 on our consideration of CCS'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 CCS's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
February 21, 2023

Community Colleges of Spokane

The following discussion and analysis provides an overview of the financial position and activities of Community Colleges of Spokane (CCS or the District) for the fiscal year (FY) ended June 30, 2022 (FY 2022).

This overview provides readers with an objective and easily readable analysis of the CCS'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 CCS's financial statements and accompanying note disclosures.

Reporting Entity

Community Colleges of Spokane is one of thirty public community and technical college Districts in the state of Washington. CCS serves six counties and approximately 30,000 students in Eastern Washington at two main campuses, as well as at six centers located throughout the District. CCS confers associates degrees, limited bachelor's degrees, certificates, and high school diplomas. CCS was established in 1963 and its mission is “To provide all students an excellent education that transforms their lives and expands their opportunities”.

CCS's main campuses are located in Spokane, Washington, a community of about 233,000 residents and part of a metropolitan area of over 587,000. Spokane Community College (SCC) and its five rural centers focuses on career-technical programs, adult basic education and work force training, as well as college transfer opportunities. Spokane Falls Community College (SFCC) and its one center in Pullman offers an extensive array of college transfer associates degrees as well as professional technical programs. A bachelor's degree program launched in the fall of 2016. CCS 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 District, except as otherwise provided by law.

Using the Financial Statements

The financial statements presented in this report encompass CCS and its component unit, the Community Colleges of Spokane Foundation. CCS'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 CCS at a moment in time, at year-end. The statement of revenue, expenses, and changes in net position and the statement of cash flows provide information about operations and activities over a period of time. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess CCS's financial health as a whole.

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 CCS'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 CCS'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 CCS's financial position, and presents the District's assets, liabilities, and net assets at year-end and includes all assets and liabilities of CCS. A condensed comparison of the statement of net position is as follows:

Condensed Statement of Net Position	2022	2021 - Restated*	Change
As of June 30th			
Assets			
Current assets	$ 164,463,263	$ 154,355,977	$ 10,107,286
Capital assets, net	212,544,854	200,012,293	12,532,561
Other assets, noncurrent	39,092,081	14,871,692	24,220,389
Total Assets	416,100,198	369,239,962	46,860,236
Deferred Outflows	14,954,971	15,473,663	(518,692)
Liabilities			
Current liabilities	36,786,946	40,122,578	(3,335,632)
Other liabilities, noncurrent	88,941,771	94,622,251	(5,680,480)
Total Liabilities	125,728,717	134,744,829	(9,016,112)
Deferred Inflows	54,432,764	32,342,594	22,090,170
Net Position	$ 250,893,688	$ 217,626,202	$ 33,267,486

**Restated for GASB 87, Leases, implementation in 2022*

Current assets consist primarily of cash, short term investments, various accounts receivable, and inventories. The increase of current assets of $10,107,286 in 2022 is attributable to Grant and Contract Revenue increases along with an increase in Accounts Receivable turnover compared to 2021.

Net capital assets increased by $12,532,561 from fiscal year 2021 to 2022 due to capitalization of expenses related various construction projects. The Fine and Applied Arts Building at SFCC and the Maintenance, Operations, and Security Building at SCC account for much of the increase.

Other noncurrent assets consist of the long-term portion of certain investments, Payments received for Leased Property, and Pension Plan Assets. CCS has investments in CD's and government securities and fluctuate between long-term and short-term to secure higher rate of return when purchased. CCS is also a lessor in noncancelable leases for land used for two communication towers. The lessees are required to make fixed monthly payments over the lease term. A net pension liability was reported for fiscal year 2021 and due to differences between projected and actual investment earnings on pension plan investments a Net Pension Asset is reported for fiscal year 2022.

Deferred outflows (and the related deferred inflow) as of June 30, 2022, represent changes in deferred contributions and changes of assumptions related to the District's pension, OPEB, State Board Retirement Plan, and Leasing activities. See footnotes 1, 4, 13, and 14 for discussion of these items.

Current liabilities include amounts payable to others for goods, services and leases, accrued payroll and related liabilities, the current portion of the Certificate of Participation (COP) debt, deposits held for others, unearned revenue, and liabilities for Pension and other post-employment benefits. 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. The decrease is a result of changes to liabilities related to other post-employment benefits and unearned revenue for 2022.

Noncurrent liabilities primarily consist of the value of sick leave earned but not yet used by employees and the long-term portion of Certificates of Participation debt and Leases. This category also includes the required long-term OPEB liability, and pension liability. The decrease in noncurrent liabilities was primarily due to the pension liability, net of current portion, which decreased $10.2M over the prior year. See additional details related to required disclosures within Note 13 and 14.

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

Net Investments in Capital Assets – CCS'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 – The corpus of nonexpendable restricted resources is available only for investment purposes. These assets are held in perpetuity. CCS did not have any of these funds in FY 2022 or 2021.

Restricted Expendable – Subject to external donor or grantor stipulations regarding their use. CCS may expend these assets for purposes as determined by donors and/or external entities. CCS holds restricted balances related to Pension Plan Assets for 2022.

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.

Statement of Revenues, Expenses and Changes in Net Position
The statement of revenues, expenses, and changes in net position accounts for CCS's changes in total net position during 2022. The objective of the statement is to present the revenues received, both operating and non-operating, and the expenses paid by CCS, along with any other revenue, expenses, gains, and losses of CCS.

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

Operating expenses are expenses incurred in the normal operation of CCS, including depreciation on property and equipment. When operating revenues, excluding state appropriations and Pell Grants, are measured against operating expenses, CCS 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 CCS's revenues, expenses, and changes in net position for the years ended June 30, 2022 and 2021, is presented below.

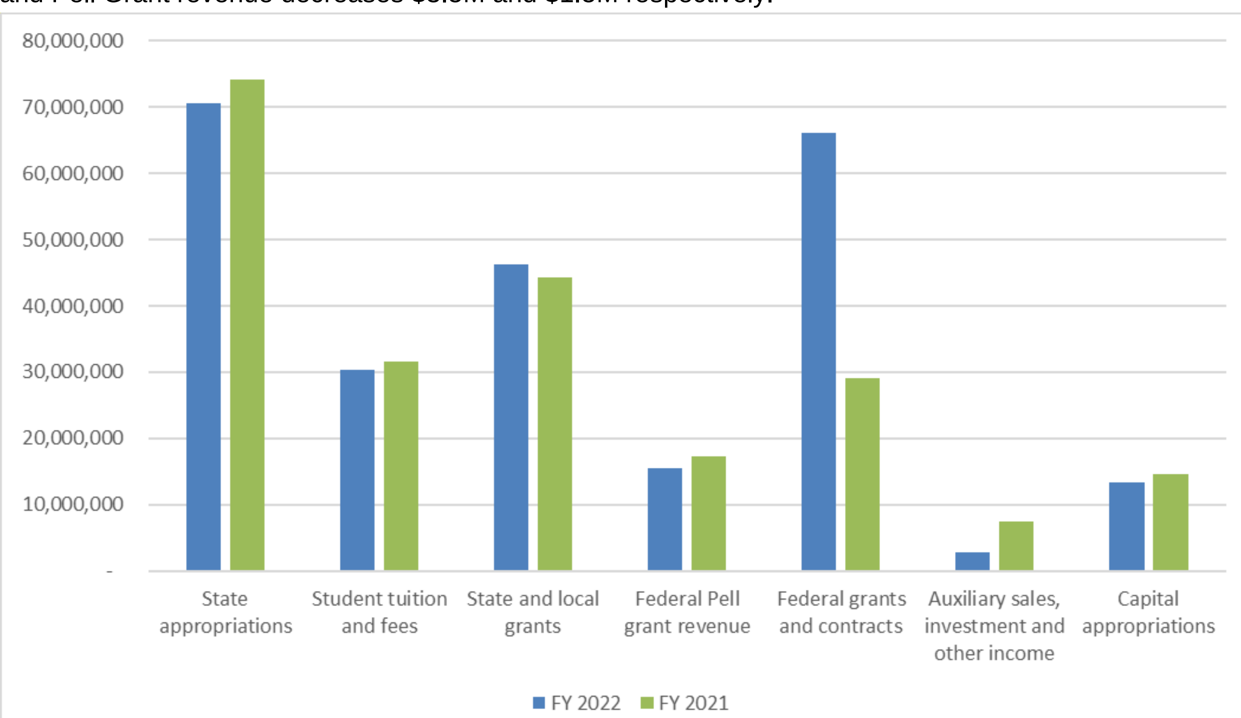
Condensed Statement of Revenue, Expenses, and Changes in Net Position	2022	2021 - Restated*	Change
For the year ended June 30th			
Operating revenues	$ 145,989,153	$ 112,248,394	$ 33,740,759
Operating expenses	207,586,110	172,862,868	34,723,242
Net Operating Income/Loss	(61,596,957)	(60,614,474)	(982,483)
Nonoperating revenues	85,601,216	91,387,406	(5,786,190)
Nonoperating expenses	4,158,679	4,546,891	(388,212)
Income/loss before other revenues and expenses	19,845,580	26,226,041	(6,380,461)
Capital appropriations	13,421,906	14,573,568	(1,151,662)
Change from revenues and expenses	33,267,486	40,799,609	(7,532,123)
Cumulative effect of a change in accounting principal	-	(28,038)	28,038
Restatements	-	(1,643,356)	1,643,356
Increase in Net Position	$ 33,267,486	$ 39,128,215	$ (5,860,729)

**Restatement for GASB 87, Leases, implementation in 2022*

Revenues

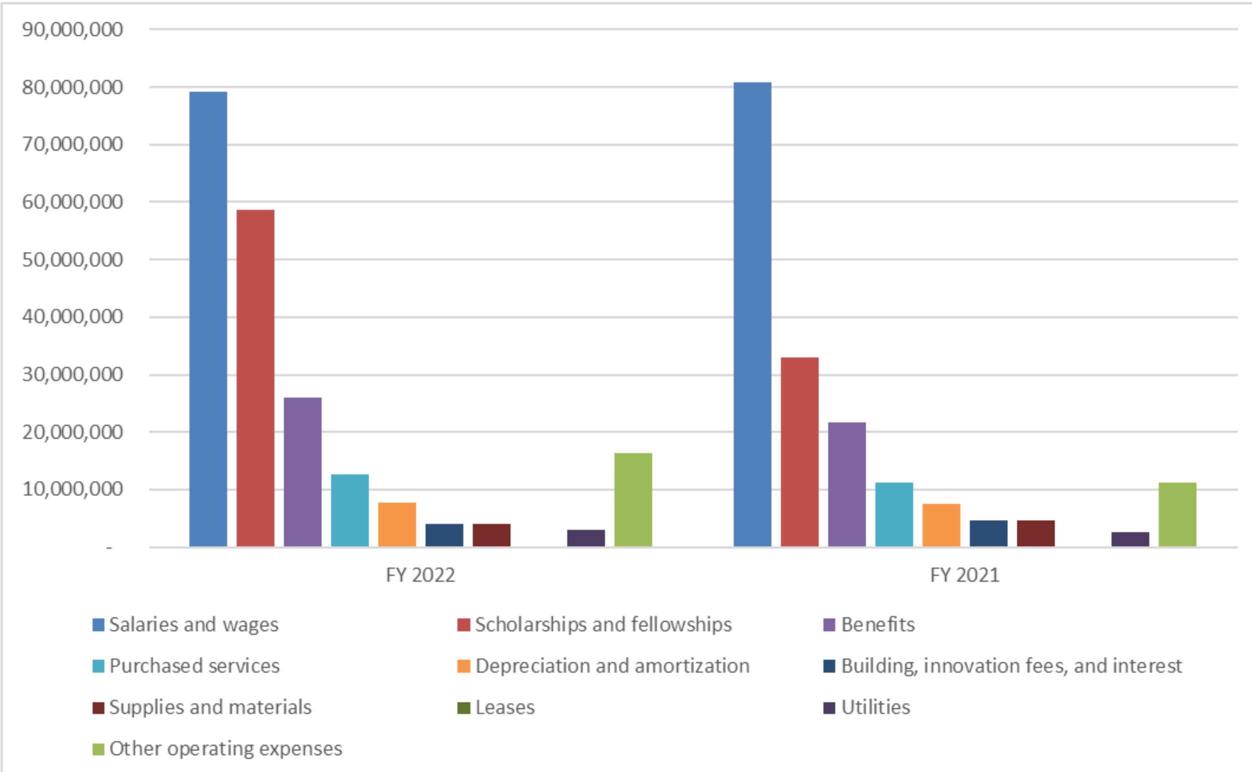
Operating revenues increased $33,740,759 in 2022, primarily due to an increase of $37 million in federal grants and contracts. Additionally, there was an increase of $2 million in state and local grants and contracts. Student Tuition and Fees and Auxiliary Enterprise sales decreased slightly in 2022.

Nonoperating revenues decreased by $5,786,190 in 2022, which was primarily due to State Appropriation and Pell Grant revenue decreases $3.5M and $1.5M respectively.



Expenses

Operating expenses increased $34,723,242 in 2022, led by a $22 million increase in scholarships and fellowships, $1.5M increase in purchased services, and $7M increase in other operating expenses.



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 addition, a component of student tuition revenue called the building fee, is remitted back to the State for use in project funding. In recent years, declining student tuition revenue, including the building fee component, have significantly reduced the dollars available from this funding source.

At June 30, 2022, CCS had $212,544,854 in capital assets, net of accumulated depreciation. This represents an increase of $12,532,561 from FY 2021, as shown in the table below. The increase in capital assets is primarily the result of an increase in construction in progress associated with the Fine and Applied Arts Building on the Spokane Falls Community College campus. See Note 5 in the accompanying Notes to the Financial Statements.

	2022	2021 - Restated*	Change
Asset Type as of June 30th			
Land	$ 3,664,474	$ 3,664,474	$ -
Construction in progress	21,686,571	8,948,126	12,738,445
Buildings, net	168,844,664	169,108,916	(264,252)
Leased Assets, Buildings, net	5,712,833	7,334,001	(1,621,168)
Other improvements and infrastructure, net	5,131,651	5,157,484	(25,833)
Equipment, net	7,434,889	5,792,587	1,642,302
Library resources, net	69,772	6,705	63,067
Total Capital Assets, Net	$ 212,544,854	$ 200,012,293	$ 12,532,561

**Restated for GASB 87, Leases, implementation in 2022*

At June 30, 2022, CCS had $15,791,562 in outstanding debt, which includes a balance $1,811,562 in unamortized premium. CCS entered into a Certificate of Participation (COP) for the renovation of the Spokane Falls Gymnasium during 2017 and has an outstanding COP for the Spokane Community College Student Services Building remodel during 2014. Also see Notes 11 and 12.

Debt as of June 30th	2022	2021	Change
Certificates of Participation	$ 13,980,000	$ 14,625,000	$ (645,000)
Unamortized premium	1,811,562	1,927,812	(116,250)
Total Long Term Debt	$ 15,791,562	$ 16,552,812	$ (761,250)

Economic Factors That Will Affect the Future

The Coronavirus pandemic that emerged in March of 2020 adversely affected enrollment at the Community Colleges of Spokane. The downturn in enrollment was quick and significant, and continued into fiscal years 2021, and 2022. It is expected to continue to have an effect on enrollment well into fiscal year 2023.

Community Colleges of Spokane
Statement of Net Position

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		June 30, 2022		Discrete Component Unit District 17 Foundation
CURRENT ASSETS				
Cash and cash equivalents	$	131,477,118	$	904,534
Short term investments		16,914,361		-
Accounts receivable, net of allowance for doubtful accounts		15,923,120		388,973
Interest receivable		9,762		-
Lease receivable, current portion		138,902		-
Other assets		-		16,783
Total current assets		164,463,263		1,310,290
NONCURRENT ASSETS				
Long-term investments		10,722,773		23,695,922
Lease receivable, net of current portion		3,618,215		-
Pension asset		24,751,093		-
Non-depreciable capital assets		25,351,045		-
Depreciable capital assets, net of depreciation		187,193,809		8,191,912
Total noncurrent assets		251,636,935		31,887,834
Total assets		416,100,198		33,198,124
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to OPEB		5,995,713		-
Deferred outflows of resources related to pensions		8,959,258		-
Total deferred outflows of resources		14,954,971		-
Total assets and deferred outflows	$	431,055,169	$	33,198,124

LIABILITIES, DEFERRED INFLOWS AND NET POSITION	June 30, 2022	Discrete Component Unit District 17 Foundation
CURRENT LIABILITIES		
Accounts payable	$ 9,477,132	$ 195,665
Accrued liabilities	8,750,808	-
Compensated absences, current portion	3,318,929	-
Unearned revenue	12,069,725	-
Pension liability, current portion	128,428	-
OPEB liability, current portion	975,442	-
Right-to-use lease liability, current portion	1,270,233	-
Notes payable, current portion	796,249	308,565
Total current liabilities	36,786,946	504,230
NONCURRENT LIABILITIES		
Deposits payable	-	2,179,056
Compensated absences, net of current portion	4,199,183	40,413
Pension liability, net of current portion	7,028,467	-
OPEB liability, net of current portion	58,114,346	-
Right-to-use lease liability, net of current portion	4,604,462	-
Notes payable, net of current portion	14,995,313	3,969,404
Total noncurrent liabilities	88,941,771	6,188,873
Total liabilities	125,728,717	6,693,103
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to OPEB	18,672,156	-
Deferred inflows of resources related to pensions	32,113,277	-
Deferred inflows of resources related to leases	3,647,331	-
Total deferred inflows of resources	54,432,764	-
NET POSITION		
Net investment in capital assets	190,878,597	4,948,764
Restricted for District 17 Foundation	-	21,556,257
Restricted for pension plan assets	5,200,174	-
Unrestricted	54,814,917	-
Total net position	250,893,688	26,505,021
Total liabilities, deferred inflows, and net position	$ 431,055,169	$ 33,198,124

Community Colleges of Spokane
Statement of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30, 2022	Discrete Component Unit District 17 Foundation
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances and discounts	$ 30,259,285	$ 149,227
Auxiliary enterprise sales	2,977,363	-
State and local grants and contracts	46,329,094	63,500
Federal grants and contracts	66,113,138	-
Rental income	-	1,702,509
Other operating revenues	166,776	1,721,162
Leased property interest	34,118	-
Interest on loans to students	109,379	-
Total operating revenues	145,989,153	3,636,398
OPERATING EXPENSES		
Operating expenses	16,427,066	2,115,185
Salaries and wages	79,244,137	819,105
Benefits	26,063,106	-
Scholarships and fellowships	58,616,630	-
Supplies and materials	3,917,712	-
Depreciation and amortization	7,674,001	-
Purchased services	12,613,317	-
Utilities	3,030,141	-
Total operating expenses	207,586,110	2,934,290
INCOME (LOSS) FROM OPERATIONS	(61,596,957)	702,108
NONOPERATING REVENUES		
State appropriations	70,597,329	-
Federal Pell grant revenue	15,476,817	-
Gain (Loss), sale of capital assets	-	256,763
Investment income, gain (loss)	(472,930)	(3,380,119)
Total nonoperating revenues	85,601,216	(3,123,356)
NONOPERATING EXPENSES		
Building and innovation fees	3,453,114	-
Lease interest	96,660	
Interest on indebtedness	608,905	-
Total nonoperating expenses	4,158,679	-
INCOME (LOSS) BEFORE CAPITAL APPROPRIATIONS	19,845,580	(2,421,248)
Capital appropriations	13,421,906	-
Increase (decrease) in net position	$ 33,267,486	$ (2,421,248)
NET POSITION		
Net position, beginning of year	$ 219,297,596	$ 28,926,269
Cumulative effect of change in accounting principle (Note 20)	(28,038)	-
Restatements (Note 20)	(1,643,356)	-
Net position, beginning of year, as restated	217,626,202	28,926,269
Net position, end of year	$ 250,893,688	$ 26,505,021

See accompanying notes.

Community Colleges of Spokane
Statements of Cash Flows

	Year Ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 28,890,697
Grants and contracts	120,360,301
Payments to vendors	(31,151,493)
Payments for utilities	(3,030,141)
Payments to employees	(78,130,917)
Payments for benefits	(35,533,217)
Auxiliary enterprise sales	2,977,363
Leased property principal	137,671
Leased property interest	34,118
Payments for scholarships and fellowships	(58,616,630)
Interest on loans to students and employees	109,379
Other receipts (payments)	166,776
Net cash from operating activities	(53,786,093)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	70,597,329
Pell grants	15,476,817
Building and innovation fees	(3,453,114)
Net cash from noncapital financing activities	82,621,032
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	13,421,906
Purchases of capital assets	(20,590,468)
Principal paid on long-term debt	(2,226,768)
Interest paid	(793,203)
Net cash from capital and related financing activities	(10,188,533)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(8,163,462)
Proceeds from sales and maturities of investments	6,200,000
Income from investments	439,779
Net cash from investing activities	(1,523,683)
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,122,723
CASH AND CASH EQUIVALENTS, beginning of year	114,354,395
CASH AND CASH EQUIVALENTS, end of year	$ 131,477,118

Community Colleges of Spokane
Statements of Cash Flows (continued)

		Year Ended June 30, 2022
OPERATING LOSS	$	(61,596,957)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation expense		6,052,833
Amortization expense		1,621,168
Changes in assets and liabilities		
Receivables, net		8,814,452
Lease receivable		137,671
Accounts payable		4,465,516
Accrued liabilities		(1,100,103)
Unearned revenue		(2,264,970)
Compensated absences		(445,591)
Deferred inflows		22,090,236
Deferred outflows		518,692
OPEB liability		(773,808)
Pension liability		(31,305,232)
Net cash used by operating activities	$	(53,786,093)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Net unrealized gains	$	574,165

Note 1 – Summary of Significant Accounting Policies

Financial reporting entity – Washington State Community College District #17, also known as the Community Colleges of Spokane (CCS or District), is a comprehensive, two campus community college District offering open-door academic programs, workforce education, basic skills, and community services. CCS confers associate degrees, limited bachelor's 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.

CCS is an agency of the state of Washington, as part of the community and technical college system, which is directed by the State Board for Community and Technical Colleges. The financial activity of CCS is included in the State's Annual Comprehensive Financial Report.

The Community Colleges of Spokane Foundation (the Foundation) is a separate but affiliated non-profit entity, incorporated under Washington law in 1972 and recognized as a tax exempt 501(c)(3) charity. The Foundation's primary charitable purpose is to solicit and receive contributions to provide enhancements at the Community Colleges of Spokane and scholarship assistance to its students. Because the majority of the Foundation's income and resources are restricted by donors and may only be used for the benefit of CCS or its students, the Foundation is considered a component unit based on the criteria contained in Governmental Accounting Standards Board (GASB) Statement Nos. 61, 39, and 14. A component unit is an entity, which is legally separate from CCS, but has the potential to provide significant financial benefits to CCS or whose relationship with CCS is such that excluding it would cause CCS's financial statements to be misleading or incomplete.

The Foundation's financial statements are discretely presented in this report. The Foundation's statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Intra-entity transactions and balances between CCS and the Foundation are not eliminated for financial statement presentation. During the fiscal year ended June 30, 2022, the Foundation distributed $730,865 to CCS for restricted and unrestricted purposes, such as program support and student scholarships.

Basis of presentation – For financial reporting purposes, CCS is considered a special-purpose government engaged only in Business Type Activities (BTA). In accordance with BTA reporting, CCS 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 CCS'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 CCS 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Revenue recognition – Nonexchange transactions, in which CCS 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, if probable of collection.

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

Intercompany transactions – During the course of operations, numerous transactions occur between funds for goods provided and services rendered. For the financial statements, interfund receivables and payables have generally been eliminated. However, revenues and expenses from CCS's auxiliary enterprises are treated as though CCS were dealing with private vendors. For all other funds, transactions that are reimbursements of expenses are recorded as reductions of expense.

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. CCS records all cash, cash equivalents, and investments at amortized cost, which approximates fair value or at fair value.

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

Investments – Investments are recorded at fair value. Unrealized gains or losses on the carrying value of investments are reported as a component of net investment income in the statement of revenues, expenses, and changes in net position.

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 CCS. As a result, the assets are included in the financial statements because excluding them would have been misleading.

Note 1 – Summary of Significant Accounting Policies (continued)

Land, buildings, and equipment are recorded at cost, or if acquired by gift, at estimated acquisition value at the date of the gift. 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 range from 15 to 50 years for buildings and improvements, 3 to 50 years for improvements other than buildings, 7 years for library resources, 2 to 10 years for most equipment, and 11 to 40 years for heavy duty equipment. Useful lives of leased assets follow the ranges above depending on asset type (building, equipment etc.).

CCS 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. For the year ended June 30, 2022, 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, including tuition and fees paid with financial aid funds. CCS has recorded 2022 summer and fall quarter tuition and fees and advanced grant proceeds as unearned revenues.

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

Net pension liability (asset) – For purposes of measuring the net pension liability (asset) , deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of 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.

CCS also reports its share of the pension liability for the State Board Retirement Plan in accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions and Related Assets*. This is a change in assumptions from prior years.

Deferred inflows of resources (Leases) – Deferred inflow related to future lease revenue which is recorded at present value at the point of inception and is recognized over the life of each lease term.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred outflows of resources and deferred inflows of resources (Pensions) – Deferred outflows of resources represent consumption of net position that is applicable to a future period. Deferred inflows of resources represent acquisition of net position that is applicable to a future period. Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

Post-Employment Benefits Other Than Pensions (OPEB) – For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of CCS' OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, CCS' OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments that have a maturity at the time of purchase of one year or less, which are reported at cost.

Deferred outflows of resources and deferred inflows of resources (OPEB) – Deferred outflows of resources represent consumption of net position that is applicable to a future period. Deferred inflows of resources represent acquisition of net position that is applicable to a future period. Changes in net pension liability and net OPEB liability not included in pension expense and OPEB expense are reported as deferred outflows of resources or deferred inflows of resources. Additionally, changes in Employer contributions subsequent to the measurement date of the net pension liability and net OPEB liability are reported as deferred outflows of resources.

Net position – CCS's net position is classified as follows:

Net Investment in capital assets – This represents CCS's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Restricted – This represents balances held for net pension assets

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

Classification of revenues and expenses – CCS has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues – This includes activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of waivers and scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) most federal, state, and local grants and contracts that primarily support the operational/educational activities of CCS.

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

Nonoperating revenues – This includes activities that have the characteristics of nonexchange transactions, such as gifts and contributions, state appropriations, investment income, and grants received from the federal government.

Note 1 – Summary of Significant Accounting Policies (continued)

Nonoperating 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 CCS, 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 CCS's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, CCS has recorded a scholarship discount and allowance.

State appropriations – The state of Washington appropriates funds to CCS 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.

Capital appropriations – The state of Washington appropriates funds to CCS for capital projects on an annual and biennial basis which is accounted for in the same manor as state appropriations.

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 (SBCTC) Strategic Technology Plan. The use of the fund is to implement new Enterprise Resource Planning (ERP) software across the entire system. On a monthly basis, CCS's remits the portion of tuition collected for the Innovation Fee to the State Board 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.

Recent adoptions of accounting standards and changes in accounting principle – GASB Statement No. 87, *Leases*, was implemented in fiscal year 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. CCS is following the State's Office of Financial Management directives to prepare for the implementation of this Statement.

Note 1 – Summary of Significant Accounting Policies (continued)

GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which was effective for the fiscal year ending June 30, 2021 but postponed by GASB 95 was implemented in fiscal year 2022. This Statement requires that interest costs incurred before the end of a construction period be recognized as an 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 CCS. 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.

Accounting Standards Impacting the Future – In May of 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. CCS is following the State's Office of Financial Management directives on these postponements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The provisions of this statement are effective for fiscal year 2023. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates the diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of conduit obligations, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures. The impact of this Statement has not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for FY23. This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended, if certain conditions apply. The impact of this Statement has not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effect for FY23. This Statement provides guidance on the accounting and financial reporting for Subscription-based information technology arrangements (SBITAs) for government end users (governments). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. CCS is following the State's Office of Financial Management directives to prepare for the implementation of this Statement.

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

Note 1 – Summary of Significant Accounting Policies (continued)

Financial Management directives to prepare for the implementation of this Statement.

Note 2 – Cash and Investments

Cash and cash equivalents include bank demand deposits, petty cash held at CCS, and unit shares in the Local Government Investment Pool (LGIP). The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission (17 CFR 270.2a-7). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both the market and credit risk. The LGIP is an unrated investment pool.
As of June 30, 2022, the carrying amount of CCS's cash and equivalents was as follows:

Cash and cash equivalents	
Petty cash and change funds	$ 11,400
Bank demand and time deposits	95,433,768
Local government investment pool	36,031,950
Total cash and cash equivalents	$ 131,477,118

Investments consist of time certificates of deposit, U.S. Treasury and Agency securities, and bond funds. Time certificates of deposit have re-purchase agreements with the respective financial institutions balance at June 30, 2022:

	June 30, 2022		
	Fair Value	One Year or Less	One to Five Years
Investment maturities			
Time certificate of deposits	$ 9,042,294	$ 9,042,294	$ -
U.S. agency obligations	12,612,038	5,896,129	6,715,909
U.S. treasury note	6,005,882	1,975,938	4,029,944
Subtotal	27,660,214	16,914,361	10,745,853
Premium (Discount)	(23,081)	-	(23,081)
Total investments	$ 27,637,134	$ 16,914,361	$ 10,722,773

Fair value measurement – CCS categorizes its fair value measurements within the fair value hierarchy established by GASB Statement 72. CCS does not hold any securities that would be classified as Level 1, quoted in active markets, for fair value. CCS's time certificate of deposits, U.S. government treasuries, and U.S. agency obligations are classified in Level 2 of the fair value hierarchy. These securities, as shown above, are valued using a variety of pricing techniques, including but not limited to fundamental analytical data related to the securities, values of baskets of securities, market interest rates, matrix calculated prices, and purchase price. CCS does not hold any securities that would be classified as Level 3, significant unobservable inputs, for fair value measurement.

Note 2 – Cash and Investments

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

Interest rate risk, investments – CCS 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, CCS 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 CCS's 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. CCS's policy does not limit the amount CCS may invest in any one issuer. At June 30, 2022 CCS held the following reportable investments in the amounts listed.

Investment Type	Issuer	Reported Amount
US agency securities	Federal farm credit bank	$ 7,759,587
US agency securities	Federal home loan bank	4,852,451

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, CCS 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, 2022, none of CCS's operating fund investments, held by US Bank, were held in the bank's name as agent for CCS, therefore none of the investments are exposed to custodial credit risk.

		Rating	
	Amount	Not Rated	Aaa
Investments			
Time certificate of deposits	$ 9,042,294	$ 9,042,294	$ -
US agency obligations	12,612,038	-	12,612,038
US treasury note	6,005,882	-	6,005,882
Total investments	$ 27,660,214	$ 9,042,294	$ 18,617,920

Note 3 – Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. It also includes amounts due from federal, state, and local governments or private sources in connection with reimbursements of allowable expenditures made according to sponsored agreements.

At June 30, 2022, accounts receivable were as follows:

Accounts receivable	
Student tuition, and fees	$ 6,540,898
Due from the federal government	2,997,602
Due from other Governments	8,917
Due from other state agencies	6,396,591
Subtotal	15,944,007
Less allowance for uncollectible accounts	(20,887)
Accounts receivable, net	$ 15,923,120

Note 4 – Lease Receivable

CCS implemented GASB 87, *Leases*, in fiscal year 2022 which establishes a single model for lease accounting. Under this standard lessors recognize a lease receivable equal to the present value of future payments offset with a deferred inflow of resources.

CCS is a lessor in noncancellable leases for land used for two communication towers. The lessees are required to make fixed monthly payments to CCS of $14,316 over the lease term. CCS recognized $153,035 in lease revenue and $34,118 in interest revenue during the current fiscal year related to these agreements. As of June 30, 2022, the lease receivable is $3,757,117 and deferred inflow of resources is $3,647,331.

Note 5 – Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2022, is presented as follows:

Capital assets	Beginning Balance - Restated*	Additions	Transfers	Retirements	Ending Balance
Non-depreciable capital assets					
Land	$ 3,664,474	$ -	$ -	$ -	$ 3,664,474
Construction in progress	8,948,126	16,201,654	(3,463,209)	-	21,686,571
Total non-depreciable capital assets	12,612,600	16,201,654	(3,463,209)	-	25,351,045
Depreciable capital assets					
Buildings	297,785,034	1,578,134	3,463,209	-	302,826,377
Leased Asset, Buildings	10,195,561	-	-	-	10,195,561
Other improvements and infrastructure	7,181,470	-	-	-	7,181,470
Equipment	22,805,215	2,747,622	-	(784,682)	24,768,155
Library resources	2,925,763	63,058	-		2,988,821
Subtotal depreciable capital assets	340,893,043	4,388,814	3,463,209	(784,682)	347,960,384
Less accumulated depreciation					
Buildings	128,676,118	5,305,596	-	-	133,981,714
Allow for Amort - Leased Bldg	2,861,559	1,621,168	-	-	4,482,727
Other improvements and infrastructure	2,023,986	25,833	-	-	2,049,819
Equipment	17,012,628	721,404	-	(400,775)	17,333,256
Library resources	2,919,058	-	-	-	2,919,058
Total accumulated depreciation	153,493,349	7,674,001	-	(400,775)	160,766,575
Total depreciable capital assets	187,399,694	(3,285,187)	3,463,209	(383,907)	187,193,809
Capital assets, net of accumulated depreciation	$ 200,012,294	$ 12,916,467	$ -	$ (383,907)	$ 212,544,854

*FY22 Beginning Balance Restated for implementation of GASB 87, Leases, in Fiscal Year 2022

Depreciation expense was $7,674,001 for the year ending June 30, 2022

Note 6 – Accrued Liabilities

At June 30, 2022, accrued liabilities are the following:

Amounts owed to employees	$ 5,196,410
Amounts held for others and retainage	3,554,398
Total accrued liabilities	$ 8,750,808

Note 7 – Unearned Revenue

At June 30, 2022, unearned revenue consists of receipts that have not yet met revenue recognition criteria, as follows:

Summer & Fall quarter tuition and fees	$ 9,431,260
Grants and contracts	2,625,132
Other/Auxiliary sales	13,334
Total unearned revenue	$ 12,069,725

Note 8 – Risk Management

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

CCS, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. CCS finances these costs by assessing all funds a monthly payroll expense for unemployment compensation for all employees. Payments made for claims during the fiscal year ending June 30, 2022, were $230,232. Cash reserves for unemployment compensation for all employees at June 30, 2022, were $126,293.

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

CCS 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. CCS has had no claims in excess of the coverage amount within the past three years.

Note 9 – Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses and insurance purposes. The amounts of unpaid vacation time accumulated by CCS employees are accrued when earned. The sick leave liability is recorded as an actuarial estimate of one-fourth of the total balance on the payroll records. The accrued vacation leave totaled $3,318,929 and accrued sick leave totaled $4,199,183 at June 30, 2022.

Accrued sick leave is categorized as a noncurrent liability. Annual Vacation leave is categorized as a current liability.

Note 10 – Leases Payable

CCS implemented GASB 87, *Leases*, for fiscal year 2022 which establishes a single model for lease accounting. Under this standard lessee's recognize a lease liability equal to the present value of future payments offset with an intangible right-to-use lease asset.

CCS has leases for facilities and office equipment with various vendors. The lease liability at June 30, 2022, was $5,874,694. Interest rates range from 0.89% - 2.13%. The future principal and interest payments related to these agreements at June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 1,270,233	$ 96,884	$ 1,367,117
2024	861,450	81,195	942,645
2025	561,000	72,087	633,087
2026	257,245	65,225	322,470
2027	258,063	59,788	317,850
2028–2032	1,387,599	212,986	1,600,586
2033-2037	829,448	84,914	914,361
2038-2042	449,657	17,447	467,104
Total	$ 5,874,694	$ 690,526	$ 6,565,221

Note 11 – Notes Payable

In December 2012, CCS obtained financing in order to build the Student Services Building (#15) on the Spokane Community College campus through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $2,040,000. The interest rate charged is 4.18%. The principal and interest obligations related to this payable are being paid out of Community Colleges of Spokane local funds over a term of 20 years.

Note 11 – Notes Payable (continued)

In February 2017, CCS obtained financing in order to renovate the SFCC Gymnasium on the Spokane Falls Community College campus through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $14,930,000. The interest rate charged is 3.41%. The principal and interest obligations related to this payable are being paid out of Community Colleges of Spokane local funds over a term of 20 years.

CCS's debt service requirements for notes payable for the next five years and thereafter are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 680,000	$ 692,331	$ 1,372,331
2024	715,000	658,331	1,373,331
2025	750,000	622,581	1,372,581
2026	790,000	585,081	1,375,081
2027	830,000	545,581	1,375,581
2028-2032	4,795,000	2,081,638	6,876,638
2033-2037	5,420,000	823,188	6,243,188
Subtotal	13,980,000	6,008,731	19,988,731
Add unamortized premium	1,811,561	-	1,811,561
Totals	$ 15,791,561	$ 6,008,731	$ 21,800,292

Note 12 – Schedule of Long-Term Liabilities

Long term liabilities are as follows for the year ending June 30, 2022:

Description	Beginning Balance *	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 7,963,703	$ 3,794,743	$ (4,240,334)	$ 7,518,112	$ 3,318,929
Certificates of participation	14,625,000	-	(645,000)	13,980,000	680,000
Unamortized premium	1,927,810	-	(116,249)	1,811,561	116,249
Leases	7,456,462	-	(1,581,768)	5,874,694	1,270,233
Total pension obligation (asset)	13,711,033	14,730,449	(46,035,681)	(17,594,199)	128,428
OPEB Liability	59,863,596	22,808,182	(23,581,990)	59,089,788	975,442
Total	$ 105,547,604	$ 41,333,374	$ (76,201,022)	$ 70,679,956	$ 6,489,281

* Beginning balance revised for implementation of GASB-87 Leases for FY22

Note 13 – Pension and Benefit Plans

The following table represents the aggregate pension amounts for all plans for the fiscal year ended June 30, 2022:

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	Supplemental Plan	Total
Pension liabilities (assets)	$ (2,284,036)	$ 23,853,471	$ (219,341)	$ 897,623	$ (4,653,518)	$ 17,594,199
Deferred outflows of resources	1,023,009	3,366,120	185,645	630,887	3,753,598	8,959,258
Deferred inflows of resources	(2,534,517)	(22,421,489)	(328,834)	(1,126,437)	(5,702,001)	(32,113,277)
Pension expense (revenues)	(1,722,090)	(7,117,648)	(213,090)	(343,333)	(566,512)	(9,962,673)

Substantially all of CCS's full-time and qualifying part-time faculty participate in either the Washington State Public Employees Retirement System (PERS) or the Teachers Retirement System (TRS). These cost-sharing, multiple-employer defined benefit pension plans are statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS). The State Legislature establishes and amends laws pertaining to the creation and administration of all public retirement systems.

The DRS, a department within the primary government of the state of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov.

PERS and TRS

Plan Descriptions

PERS members include elected officials, state employees, employees of the Supreme, Appeals, and Superior Courts, employees of the legislature, employees of District and municipal courts, employees of local governments, and higher education employees not participating in higher education retirement programs. TRS members include those employed at a certified public school in an instructional, administrative, or supervisory capacity. PERS and TRS is comprised of three separate pension plans for membership purposes. PERS and TRS Plans 1 and 2 are defined benefit plans, and PERS and TRS Plan 3 is a defined benefit plan with a defined contribution component.

Note 13 – Pension and Benefit Plans (continued)

Pension Benefits

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average financial compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Washington State Department of Labor and Industries (L&I). PERS 1 members were vested after the completion of five years of eligible service. The Plan was closed to new entrants on September 30, 1977.

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's AFC times the member's years of service for PERS Plan 2, and 1 percent of AFC times the member's years of service for PERS Plan 3. The AFC is the average of the member's 60 highest-paid consecutive months. There is no cap on years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65.

PERS Plan 2/3 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a COLA based on the Consumer Price Index (CPI), capped at three percent annually, and a one-time duty-related death benefit, if found eligible by the Washington State L&I. PERS 2 members are vested after completing five years of eligible service. 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 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, the required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

TRS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are calculated using two percent of the member's AFC times the member's years of service – up to a maximum of 60 percent. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Other benefits include temporary and permanent disability payments, an optional COLA, and a one-time duty-related death benefit, if found eligible by the Washington State L&I. TRS 1 members are vested after completion of five years of eligible service.

Note 13 – Pension and Benefit Plans (continued)

TRS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's AFC times the member's years of service for TRS Plan 2, and one percent of AFC times the member's years of service for TRS Plan 3. The AFC is the average of the member's 60 highest-paid consecutive months. There is no cap on years of service credit. Retirement before age 65 is considered an early retirement. TRS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65.

TRS Plan 2/3 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a COLA based on the CPI, capped at three percent annually, and a one-time duty related death benefit, if found eligible by the Washington State L&I. TRS Plan 2 members are vested after completing five years of eligible service. 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 12 months of that service are earned after age 44.

TRS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. TRS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

CCS's required contribution rates (expressed as a percentage of covered payroll) for the fiscal year ended June 30, 2022, are as follows:

	CCS	Employee
PERS		
Plan 1	12.97%	6.00%
Plan 2/3	12.97%	7.90%
TRS		
Plan 1	15.74%	6.00%
Plan 2/3	15.74%	7.77%

PERS Plan 1 and TRS Plan 1-member contribution rates are developed by the Office of the State Actuary (OSA) and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts the PERS Plan 1 and TRS Plan 1 contribution rates.

PERS Plan 2/3 and TRS Plan 2/3-member and employer contribution rates are developed by the OSA to fully fund Plan 2 and the defined benefit portion of Plan 3. The PERS Plan 2/3 and TRS Plan 2/3 employer rates include components to address the PERS Plan 1 and TRS Plan 1 unfunded actuarial accrued liability, respectively, and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 and Plan 3 employer and employee contribution rates.

Note 13 – Pension and Benefit Plans (continued)

Actual contributions to the plans for the FY ended June 30, 2022, are as follows:

	Contributions
PERS	
Plan 1	$ 1,023,009
Plan 2	1,258,872
Plan 3	494,867
TRS	
Plan 1	$ 185,645
Plan 2	34,812
Plan 3	200,812

Deferred Outflows and Deferred Inflows of Resources

Deferred outflows on pensions are recorded when projected earnings on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the state's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. State contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

Deferred inflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the state's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

At June 30, 2022, CCS reported deferred outflows of resources and deferred inflows of resources related to pensions for its PERS plans from the following sources:

	PERS 1		PERS 2/3	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -	$ 1,158,529	$ 292,420
Net difference between projected and actual investment earnings on pension plan investments	-	2,534,517	-	19,935,907
Changes of assumptions	-	-	34,858	1,693,991
Changes in proportion and difference between contributions and proportionate share of contributions	-	-	418,993	499,171
Contributions subsequent to the measurement date	1,023,009	-	1,753,740	-
Total	$ 1,023,009	$ 2,534,517	$ 3,366,120	$ 22,421,489

The average of the expected remaining service lives of all faculty in PERS 1 and PERS 2/3 that are provided with pensions through CCS (active and inactive) is 1.00 year and 4.40 years, respectively.

At June 30, 2022, CCS reported deferred outflows of resources and deferred inflows of resources related to pensions for its TRS plans from the following sources:

	TRS 1		TRS 2/3	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -	$ 278,866	$ 7,265
Net difference between projected and actual investment earnings on pension plan investments	-	328,834	-	1,046,517
Changes of assumptions	-	-	55,835	47,171
Changes in proportion and difference between contributions and proportionate share of contributions	-	-	60,563	25,484
Contributions subsequent to the measurement date	185,645	-	235,624	-
Total	$ 185,645	$ 328,834	$ 630,888	$ 1,126,437

Note 13 – Pension and Benefit Plans (continued)

The average of the expected remaining service lives of all faculty in TRS 1 and TRS 2/3 that are provided with pensions through the System (active and inactive) is 1.00 year and 5.50 years, respectively.

Deferred outflows of resources related to pensions resulting from CCS's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

FY	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
2023	$ (671,394)	$ (5,405,840)	$ (87,141)	$ (229,172)
2024	(615,241)	(5,047,657)	(79,738)	(211,676)
2025	(581,735)	(4,926,088)	(75,464)	(197,353)
2026	(666,147)	(5,404,402)	(86,492)	(227,426)
2027	-	(106,060)	-	42,279
Thereafter	-	(10,445)	-	92,175
Totals	$ (2,534,517)	$ (20,900,492)	$ (328,835)	$ (731,173)

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined by an actuarial valuation as of June 30, 2020, with results rolled forward to June 30, 2021. The actuarial assumptions used in the valuation were based on the results of the OSAs 2007 – 2012 Experience Study Report. Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest, and actual benefit payments.

- Inflation: 2.75% total economic inflation; 3.50% salary inflation
- Salary Increases: In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity
- Investment Rate of Return: 7.40%

Mortality rates were based on the *RP-2000* report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The 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 each member is assumed to receive additional mortality improvements in each future year throughout their lifetime. A supplemental plan experience study was performed in April 2016, which reviewed all economic and demographic assumptions other than mortality.

Note 13 – Pension and Benefit Plans (continued)

Discount Rate

The discount rate used to measure the TPL for all DRS plans provided by CCS was 7.40 percent. To determine that 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 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 being made at contractually required rates (including PERS 2/3, whose rates include a component for the PERS 1 plan liabilities). Based on these assumptions, the pension plans' 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 was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.40 percent was determined using a building-block method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expenses, including inflation) to develop each major asset class. Those expected returns make up one component of WSIBs capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to stimulate future investment returns at various future times. The long-term expected rate of return of 7.40 percent approximately equals the median of the stimulated investment returns over a 50-year time horizon, adjusted to remove or dampen any short-term changes to WSIBs capital market assumptions (CMAs) that aren't expected over the entire 50-year measurement period.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the table below. The inflation component used to create the table is 2.20 percent and represents the WSIBs most recent long-term estimate of board economic inflation.

Asset Class	Target Allocation	Percent Long-Term Expected Real Rate of Return
Fixed income	20.00%	2.20%
Tangible assets	7.00%	5.10%
Real estate	18.00%	5.80%
Global equity	32.00%	6.30%
Private equity	23.00%	9.30%
Inflation component		2.20%
Investment rate of return		7.40%

Note 13 – Pension and Benefit Plans (continued)

Sensitivity of the Net Pension Liability (Asset)

The table below presents CCS's proportionate share of the net pension liability (NPL) calculated using the discount rate of 7.40 percent, as well as what CCS's proportionate share of the NPL 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.

	Employer's Proportionate Share of the Net Pension Liability / (Assets)		
	1.00% Decrease (6.40%)	Current Discount Rate (7.40%)	1.00% Increase (8.40%)
PERS Plan 1	$ 3,890,986	$ 2,284,037	$ 882,612
PERS Plan 2/3	(6,795,391)	(23,853,471)	(37,900,808)
TRS Plan 1	420,420	219,340	43,864
TRS Plan 2/3	156,526	(897,623)	(1,757,541)
Totals	$ (2,327,459)	$ (22,247,717)	$ (38,731,873)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

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

At June 30, 2022, CCS reported a total pension liability (asset) for its proportionate share of the net pension liabilities/(assets) as follows:

	Net Pension Liability (Asset)
PERS Plan 1	$ 2,284,037
PERS Plan 2/3	(23,853,471)
TRS Plan 1	219,340
TRS Plan 2/3	(897,623)
Total	$ (22,247,717)

There were no College or faculty contribution payables to the DRS at June 30, 2022.

Note 13 – Pension and Benefit Plans (continued)

At June 30, 2022, CCS's proportionate share of the collective net pension liabilities (assets) were as follows:

PERS Plan 1	0.187027%
PERS Plan 2/3	0.239454%
TRS Plan 1	0.032577%
TRS Plan 2/3	0.032655%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans.

Pension Expense (Revenue)

The table below shows the components of each plan's pension expense (revenue) as it is affected by faculty benefits:

	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3	Total Plans
Actuarily determined pension expense	$ (419,603)	$ (5,404,884)	$ (62,196)	$ (115,101)	$ (6,001,784)
Contributions subsequent to measurement date	(1,023,009)	(1,753,740)	(185,645)	(235,624)	(3,198,018)
Amortization of prior year change in proportion previously recorded as deferred outflows	-	159,810	-	11,102	170,912
Amortization of prior year change in proportion previously recorded as deferred inflows	-	(113,130)	-	(5,279)	(118,409)
Amortization of change in proportionate pension expense	(279,479)	(5,704)	34,752	1,570	(248,861)
Pension expense (revenue)	$ (1,722,091)	$ (7,117,648)	$ (213,089)	$ (343,332)	$ (9,396,160)

Note 13 – Pension and Benefit Plans (continued)

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. CCS participates in this plan as authorized by Chapter 28B.10 RCW and reports its proportionate share of the net pension liability. House Bill 1661, effective fiscal year 2021, created separate Supplemental Retirement Plan (SRP) funds by institution that met the definition of a trust or equivalent arrangement. As a result, this is the first year these plans will be reported under GASB Statement No. 67/68. Prior to this, the SRP was reported under GASB Statement No. 73.

Benefits Provided

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

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

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

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021. Update procedures were used to roll forward the total pension liability to the June 30, 2022, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

• Salary Increases	3.50%–4.25%
• Fixed Income and Variable Income Investment Returns	2.2% - 9.30%

Note 13 – Pension and Benefit Plans (continued)

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

Most actuarial assumptions used in the June 30, 2021, valuation were based on the results of the August 2021 Higher Education SRP Experience Study. Additional assumptions related to the salary growth were based on feedback from financial administrators of the Higher Education Supplemental Retirement Plans.

Material Assumption Changes

Some significant changes in plan provisions and actuarial assumptions from the prior fiscal year impacted the TPL. House Bill 1661 (Chapter 103 Laws of 2020) created dedicated funds to pay SRP benefits that mimic a trust arrangement for the rest of the state retirement system. The change results in the SRP reporting under GASB 67/68 instead of GASB 73. As a result of this change:

- The discount rate is based on the long-term expected rate of return on the pension plan investments. This resulted in an increase in the discount rate used to measure the TPL from 2.21 percent as of June 30, 2020 to 7.4 percent.
- The total pension liability is now compared against the plan's fiduciary net position to determine the NPL.

Additionally, OSA recently completed an experience study which modified multiple assumptions to estimate future plan experience.

Discount Rate

The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 7.4 percent for the June 30, 2022, measurement date.

Contributions

Contribution rates for the SBRP Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF), which are based upon age, are 5%, 7.5%, or 10% of salary and are matched by the District. Employee and employer contributions for the year ended June 30, 2022, were each $3,728,668.

Note 13 – Pension and Benefit Plans (continued)

Pension Expense (revenue)

For the year ended June 30, 2022, CCS reported $(566,512) for pension expense (revenue) in the State Board Supplemental Retirement Plans.

Service Cost	$	102,092
Interest Cost		343,782
Amortization of Differences Between Expected and Actual Experience		(237,832)
Amortization of Changes of Assumptions		(200,257)
Expected Earnings on Plan Investments		(163,699)
Amortization of Difference Between Projected and Actual Earnings on Plan Investments		(55,379)
Proportionate Share of Collective Pension Expense		(211,293)
Amortization of the Changes in Proportionate Share of Total Pension Liability		(94,708)
Benefit Payments and Employer Contributions		(260,511)
Current Year Pension Expense (Revenue)		(566,512)
Beginning Balance Net Position		2,123,904
Total Pension Expense	$	1,557,393

Plan Membership

Membership of the State Board Supplemental Retirement Plans consisted of the following at June 30, 2021, the most recent actuarial valuation date:

Number of Participating Members within the State Board for Community and Technical Colleges	
Inactive Members (Or Beneficiaries) Currently Receiving Benefits	9
Inactive Member Entitled To But Not Yet Receiving benefits	28
Active Members	351
Total Members	388

Note 13 – Pension and Benefit Plans (continued)

Net Pension Liability/(Asset)

The following table presents the change in net pension liability/(asset) of the State Board Supplemental Retirement Plans at June 30, 2022, the latest measurement date for the plan:

Schedule of Changes in Total Pension Liability	Amount
Service cost	$ 102,024
Interest	343,714
Difference between expected and actual experience	1,518,924
Changes of assumptions	493,400
Benefit payments	(204,116)
Changes in proportional share of total pension liability	67,615
Net change in total pension liability	2,321,561
Total pension liability - beginning	4,515,775
Total pension liability - ending (a)	$ 6,837,336
Contributions - Employer	$ 56,394
Contributions - Member	-
Net Investment Income	3,520
Benefit Payments	-
Administrative Expense	-
Net change in plan fiduciary net position	59,914
Plan Fiduciary Net Position-Beginning	2,123,904
Plan Fiducairy Net Position-Ending (b)	$ 2,183,818
Net Pension Liability (a) - (b)	$ 4,653,518

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

The following table presents the total pension liability/(asset), calculated using the discount rate of 7.40 percent, as well as what the employers' total pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current rate:

Discount Rate Sensitivity		
1% Decrease (6.40)%	Current Discount Rate (7.40)%	1% Increase (8.40)%
$ 5,409,728	$ 4,653,518	$ 4,004,947

Note 13 – Pension and Benefit Plans (continued)

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

At June 30, 2022, the State Board Supplemental Retirement Plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,813,150	$ 2,075,014
Changes of assumptions	1,643,645	2,791,149
Changes in College's proportionate share of pension liability	168,714	573,635
Net difference between projected and actual investment earnings on pension plan investments	128,089	262,203
	$ 3,753,598	$ 5,702,001

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:

Fiscal Year Ending June 30,	Amount
2023	$ (588,176)
2024	(476,606)
2025	(309,183)
2026	(247,342)
2027	(585,363)
Thereafter	258,249
Total	$ (1,948,421)

Note 14 – Other Post-Employment Benefits

CCS's employees are eligible to participate in the employer defined benefit other postemployment benefit (OPEB) plan administered by the State Health Care Authority (HCA). The plan, as authorized through RCW 41.05.065, is designed by the Public Employee Benefits Board (PEBB), created within HCA, and determined the terms and conditions of employee and retired employee participation and coverage, including eligibility criteria. The PEBB OPEB plan benefits are provided in accordance with a substantive plan, rather than a formalized contract or plan document and, as such, rely on communication of the plan terms by HCA with employers and plan members as well as the historical practice of plan cost sharing employers. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumptions used in valuations presented in this footnote assume that this substantive plan will be carried forward into the future.

Note 14 – Other Post-Employment Benefits (continued)

The PEBB OPEB plan is funded by monthly contributions with amounts established by the Legislature as part of the biennium budget process. For the FY 2022, the monthly contribution amount was $183 per employee. There are no plan assets. Rather, the monthly contributions are used to pay for current benefits provided. The plan does not issue a publicly available financial report.

The PEBB retiree OPEB plan is available to employees eligible for retirement electing to continue coverage and pay the administratively established health insurance premiums at the time they retire under the provisions of the retirement plan to which they belong.

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 this risk pool receive an implicit subsidy because the retired members pay a premium based on the claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims cost and the premium.

Retirees who are reenrolled 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 from the reduced premiums. The explicit subsidy is established through an annual recommendation by the HCA administrator, which is included in the Governor's budget with the final amount approved by the state Legislature. In calendar year 2021, the explicit subsidy was up to $183 per enrollee member per month.

OPEB implicit and explicit subsidies as well as administrative costs are funded by the required contributions participating employers make. The Commission is required to make monthly contributions on behalf of all active, health care eligible employees (headcount), regardless of enrollment status. The allocation method used by the state to determine the proportionate share of the OPEB related liabilities, deferred inflows, deferred outflows, and expense is the percentage of headcount as a percentage of the state's total headcount.

This same method is used to determine the transactions subsequent to the measurement date, specifically the retiree portion of premium payments made by agencies on behalf of active, health care eligible employees between the measurement date of June 30, 2021, and the reporting date of June 30, 2022. The portion of health care premiums attributed to retirees for both explicit and implicit subsidies is taken from the FY 2021 Third Quarter Update in the PEBB Financial Projection Model (PFPM) from the State Health Care Authority.

Additional information will be included in the Washington State 2022 Annual Comprehensive Financial Report on the OFMs website (www.ofm.wa.gov/accouning/financial-audit-reports/comprehensive-annual-financial-report). Additional information on health care trends rates and other actuarial data is available on the Office of the State Actuary's website (leg.wa.gov/osa).

For the year ending June 30, 2022, HCA reports total OPEB liability of $6.472 billion. At June 30, 2022, CCS recognized its proportionate share of the OPEB liability of $59,089,788. The OPEB liability was measured as of June 30, 2021, and the total liability used to calculate the OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Note 14 – Other Post-Employment Benefits (continued)

For the year ended June 30, 2022, CCS recognized deferred outflows and inflows of resources related to the net OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 3,763,132	$ 10,713,241
Changes in agency proportion	246,381	7,730,174
Difference between expected and actual experience	1,010,758	228,741
Transactions subsequent to measurement date	975,442	-
Totals	$ 5,995,713	$ 18,672,156

The $975,442 reported as deferred outflows resulting from transactions subsequent to the measurement date will be recognized as a reduction in the OPEB liability in the measurement period ended June 30, 2022.

Other amounts reported as deferred inflows of resources will be recognized as OPEB expense in subsequent years as follows:

Fiscal Year Ending June 30,	Amount
2023	$ (2,700,264)
2024	(2,700,264)
2025	(2,700,264)
2026	(2,700,261)
2027	(1,514,558)
Thereafter	(1,336,273)
Total	$ (13,651,884)

The total OPEB liability in the June 30, 2021, actuarial valuation, which was rolled forward to June 30, 2022, was determined using the following actuarial assumptions:

Inflation	
Economic	2.75%
Salary	3.50%
(Salaries are also expected to grow by promotions and longevity)	
Health care trend rates	
Initial rate	2-11%
Expected by 2080	4.30%

Note 14 – Other Post-Employment Benefits (continued)

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

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

Because the OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, which was 2.16% for the June 30, 2021, measurement date.

The following represents CCS's proportionate share of the OPEB liability calculated using the discount rate of 2.16% as well as what the proportionate share of the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) and one percentage point higher (3.16%) than the current rate:

Discount Rate Sensitivity		
1% Decrease (1.16)%	Current Discount Rate (2.16)%	1% Increase (3.16)%
$ 71,591,469	$ 59,089,788	$ 49,369,823

The following represents the total OPEB liability of CCS, calculated using the health care trend rates of 2-11% percent reaching an ultimate range of 4.3%, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (1-10%) or 1 percentage point higher (3-12%) than the current rate:

Health Care Cost Trend Rate Sensitivity		
1% Decrease	Current Discount Rate	1% Increase
$ 47,672,227	$ 59,089,788	$ 74,518,763

Note 15 – Washington State Deferred Compensation Program

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

Note 16 – Functional Operating and Nonoperating Expenses by Program

In the Statement of Revenues, Expenses, and Changes in Net Position, operating and nonoperating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating and nonoperating expenses by program or function such as instruction, research, and academic support. The following table lists operating and nonoperating expenses by program for the year ending June 30, 2022.

Instruction	$	62,681,707
Academic support services		12,108,117
Student services		33,786,807
Institutional support		20,076,403
Operations and maintenance of plant		10,086,360
Scholarships and other student financial aid		62,611,874
Auxiliary enterprises		2,719,520
Depreciation		7,674,001
Total	$	211,744,789

Note 17 – Commitments and Contingencies

CCS 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 statements.

Note 18 – Discretely Presented Component Unit

District 17 Community Colleges Foundation (the Foundation) is a Washington nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is organized to provide benefits to Washington State Community College District 17 (Community Colleges of Spokane) and to the students of Spokane Community College and Spokane Falls Community College. The Foundation is operated to receive, hold, invest, and properly administer the assets and to make expenditures to or for the benefit of the institutions.

Note 18 – Discretely Presented Component Unit (continued)

As discussed in Note 1, the Foundation has been included in the reporting entity as a component unit. Although the Foundation is not deemed to be a governmental entity and uses a different reporting model, its balances and transactions have been converted to follow governmental accounting for reporting in the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position.

During the year ended June 30, 2022, CCS received $730,865 from the Foundation.

The Foundation leases building space to tenants under non-cancelable operating leases with terms of one to ten years. The Foundation leases all properties to CCS, with the exception of Riverpoint One, a portion of which is leased to other tenants. The Foundation has entered into an option agreement with CCS, which grants CCS an option to purchase the Riverpoint One property. The following is a schedule by years of future minimum rentals receivable under the leases at June 30, 2022.

Years Ending June 30,	Amount
2023	$ 1,990,561
2024	1,655,126
2025	1,004,382
2026	169,624

The Foundation's audited financial statements may be obtained by sending a written request to District 17 Community Colleges Foundation, 501 N Riverpoint Blvd, Suite 203, PO Box 6000, MS 1005, Spokane, WA 99217.

Note 19 – Subsequent Events

In January 2022, the Chancellor of the Community Colleges of Spokane announced her retirement effective December 31, 2022.

Note 20 – Restatements

CCS made the following restatements to correct beginning Net Position as of June 30, 2021:

NET POSITION	
Net position, beginning of year	$ 219,297,596
Adjustment for GASB - 87 Change in Accounting Principal	(28,038)
Adjustment to correct PY Error in Health Life and Disability Insurance Expense	1,963,443
Adjustment to correct PY Error in Retirement and Pension Expense	(3,606,799)
Net position, beginning of year, as restated	$ 217,626,202

Required Supplementary Information

Community Colleges of Spokane
Schedule of Proportionate Share of Net Pension Liability
Year Ended June 30, 2022

Schedule of Proportionate Share of the Total Pension Liability(Asset)*

As of June 30, 2022	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the Total pension liability	0.187027%	0.239454%	0.032577%	0.032655%
Employer's proportionate share of the Total pension liability(asset)	$ 2,284,036	$ (23,853,471)	$ 219,341	$ (897,623)
Employer's covered employee payroll	$ -	$ 27,574,445	$ -	$ 2,992,138
Employer's proportionate share of the Total pension liability as a percentage of the covered employee payroll	0.00%	-86.51%	0.00%	-30.00%
Plan fiduciary Total position as a percentage of the total pension liability	88.74%	120.29%	91.42%	113.72%

As of June 30, 2021	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the Total pension liability	0.194680%	0.252503%	0.031203%	0.030269%
Employer's proportionate share of the Total pension liability	$ 6,873,255	$ 3,229,369	$ 751,613	$ 464,926
Employer's covered employee payroll	$ 31,433	$ 28,633,304	$ 2,446,336	$ 2,446,336
Employer's proportionate share of the Total pension liability as a percentage of the covered employee payroll	21866.10%	11.28%	30.72%	19.00%
Plan fiduciary Total position as a percentage of the total pension liability	68.64%	97.22%	70.55%	91.72%

As of June 30, 2020	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the Total pension liability	0.194680%	0.252503%	0.031203%	0.030269%
Employer's proportionate share of the Total pension liability	$ 7,446,876	$ 2,406,690	$ 837,843	$ 179,065
Employer's covered employee payroll	$ 49,743	$ 29,531,982	$ 50,743	$ 2,225,242
Employer's proportionate share of the Total pension liability as a percentage of the covered employee payroll	14970.70%	8.15%	1651.15%	8.05%
Plan fiduciary Total position as a percentage of the total pension liability	67.12%	97.77%	70.37%	96.36%

(continued)

Community Colleges of Spokane
Schedule of Proportionate Share of Net Pension Liability
Year Ended June 30, 2022

	As of June 30, 2019			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the Total pension liability	0.194680%	0.252503%	0.031203%	0.030269%
Employer's proportionate share of the Total pension liability	$ 8,723,906	$ 4,211,595	$ 1,144,494	$ 153,976
Employer's covered employee payroll	$ 91,440	$ 27,162,064	$ 142,493	$ 1,962,300
Employer's proportionate share of the Total pension liability as a percentage of the covered employee payroll	9540.58%	15.51%	803.19%	7.85%
Plan fiduciary Total position as a percentage of the total pension liability	63.22%	95.77%	66.52%	96.88%

	As of June 30, 2018			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the Total pension liability	0.212966%	0.263021%	0.039707%	0.033748%
Employer's proportionate share of the Total pension liability	$ 8,723,906	$ 4,211,595	$ 1,144,494	$ 153,976
Employer's covered employee payroll	$ 168,915	$ 25,750,072	$ 154,396	$ 1,900,639
Employer's proportionate share of the Total pension liability as a percentage of the covered employee payroll	5164.67%	16.36%	741.27%	8.10%
Plan fiduciary Total position as a percentage of the total pension liability	61.24%	90.97%	65.60%	93.10%

	As of June 30, 2017			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the Total pension liability	19.533900%	0.238702%	0.032119%	0.025763%
Employer's proportionate share of the Total pension liability	$ 10,583,641	$ 12,018,457	$ 1,096,616	$ 353,803
Employer's covered employee payroll	$ 504,739	$ 26,793,741	$ 177,892	$ 1,801,727
Employer's proportionate share of the Total pension liability as a percentage of the covered employee payroll	2096.85%	44.86%	616.45%	19.64%
Plan fiduciary Total position as a percentage of the total pension liability	57.03%	85.82%	62.07%	88.72%

(continued)

Community Colleges of Spokane
Schedule of Proportionate Share of Net Pension Liability
Year Ended June 30, 2022

	As of June 30, 2016			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the Total pension liability	0.209895%	0.252172%	0.034158%	0.027609%
Employer's proportionate share of the Total pension liability	$ 10,979,462	$ 9,010,249	$ 1,082,174	$ 232,965
Employer's covered employee payroll	$ 660,423	$ 26,185,869	$ 185,627	$ 1,673,142
Employer's proportionate share of the Total pension liability as a percentage of the covered employee payroll	1662.49%	34.41%	582.98%	13.92%
Plan fiduciary Total position as a percentage of the total pension liability	59.10%	89.20%	65.70%	92.48%

	As of June 30, 2015			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the Total pension liability	0.208513%	0.250814%	0.014472%	0.023189%
Employer's proportionate share of the Total pension liability	$ 10,503,940	$ 5,069,856	$ 426,845	$ 74,898
Employer's covered employee payroll	$ 748,091	$ 22,388,873	$ 177,265	$ 1,300,524
Employer's proportionate share of the Total pension liability as a percentage of the covered employee payroll	1404.10%	22.64%	240.79%	5.76%
Plan fiduciary Total position as a percentage of the total pension liability	61.19%	93.29%	68.77%	96.81%

	As of June 30, 2014			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the Total pension liability	0.214253%	0.253390%	0.030685%	0.023530%
Employer's proportionate share of the Total pension liability	$ 10,793,095	$ 5,121,928	$ 905,040	$ 75,999
Employer's covered employee payroll	$ 861,308	$ 21,937,205	$ 174,366	$ 809,132
Employer's proportionate share of the Total pension liability as a percentage of the covered employee payroll	1253.11%	23.35%	519.05%	9.39%
Plan fiduciary Total position as a percentage of the total pension liability	61.19%	93.29%	68.77%	69.81%

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

Community Colleges of Spokane
Schedule of Proportionate Share of Net Pension Liability
Year Ended June 30, 2022

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

Community Colleges of Spokane
Schedule of Employer Contributions
Year Ended June 30, 2022

Schedule of Employer Contributions*

As of June 30, 2022

	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ -	$ 1,755,221	$ -	$ 228,774
Contributions in relation to the statutorily or contractually required contributions	-	1,755,221	-	228,774
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ -	$ 27,574,445	$ -	$ 2,992,138
Contributions as a percentage of covered employee payroll	0.00%	6.37%	0.00%	7.65%

As of June 30, 2021

	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 1,886	$ 2,135,500	$ 29,952	$ 155,899
Contributions in relation to the statutorily or contractually required contributions	1,886	2,135,500	29,952	155,899
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 31,433	$ 28,633,304	$ 2,446,336	$ 2,446,336
Contributions as a percentage of covered employee payroll	6.00%	7.46%	1.22%	6.37%

As of June 30, 2020

	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 11,523	$ 2,027,196	$ 21,691	$ 153,788
Contributions in relation to the statutorily or contractually required contributions	11,523	2,027,196	21,691	153,788
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 49,743	$ 29,531,982	$ 50,743	$ 2,225,242
Contributions as a percentage of covered employee payroll	23.17%	6.86%	42.75%	6.91%

(continued)

Community Colleges of Spokane
Schedule of Employer Contributions
Year Ended June 30, 2022

	As of June 30, 2019			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 8,572	$ 2,686,571	$ 15,249	$ 223,929
Contributions in relation to the statutorily or contractually required contributions	8,572	2,686,571	15,249	223,929
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 91,111	$ 26,973,266	$ 142,493	$ 1,964,095
Contributions as a percentage of covered employee payroll	9.41%	9.96%	10.70%	11.40%

	As of June 30, 2018			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 14,908	$ 2,534,128	$ 16,314	$ 213,013
Contributions in relation to the statutorily or contractually required contributions	14,908	2,534,128	16,314	213,013
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 168,915	$ 25,750,072	$ 154,396	$ 1,900,639
Contributions as a percentage of covered employee payroll	8.83%	9.84%	10.57%	11.21%

	As of June 30, 2017			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 36,704	$ 2,157,744	$ 16,291	$ 168,004
Contributions in relation to the statutorily or contractually required contributions	36,704	2,157,744	16,291	168,004
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 504,739	$ 26,185,869	$ 177,892	$ 1,801,727
Contributions as a percentage of covered employee payroll	7.27%	8.24%	9.16%	9.32%

(continued)

Community Colleges of Spokane
Schedule of Employer Contributions
Year Ended June 30, 2022

	As of June 30, 2016			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 50,719	$ 2,043,731	$ 17,072	$ 152,996
Contributions in relation to the statutorily or contractually required contributions	50,719	2,043,731	17,072	152,996
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 660,423	$ 26,185,869	$ 185,627	$ 1,673,142
Contributions as a percentage of covered employee payroll	7.68%	7.80%	9.20%	9.14%

	As of June 30, 2015			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 79,295	$ 2,019,361	$ 18,012	$ 81,816
Contributions in relation to the statutorily or contractually required contributions	79,295	2,019,361	18,012	81,816
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 861,308	$ 21,937,205	$ 174,366	$ 809,132
Contributions as a percentage of covered employee payroll	9.21%	9.21%	10.33%	10.11%

	As of June 30, 2014			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 68,899	$ 2,062,015	$ 18,418	$ 135,125
Contributions in relation to the statutorily or contractually required contributions	68,899	2,062,015	18,418	135,125
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 748,091	$ 22,388,873	$ 177,265	$ 1,300,524
Contributions as a percentage of covered employee payroll	9.21%	9.21%	10.39%	10.39%

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

(continued)

Community Colleges of Spokane
Schedule of Employer Contributions
Year Ended June 30, 2022

Methods and Assumptions used to Determine Contribution Rates:

	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Actuarial cost method	Entry Age Normal	Aggregate	Entry Age Normal	Aggregate
Amortization method	Level %	N/A	Level %	N/A
Remaining amortization period	10-year rolling			
Asset valuation method	8-year graded smoothed fair value			
Inflation	2.75%	2.75%	2.75%	2.75%
Salary increases	3.50%	3.50%	3.50%	3.50%
Investment rate of return	7.40%	7.40%	7.40%	7.40%
Mortality	Society of Actuaries' Pub. H-2010 mortality rates			

Community Colleges of Spokane
Schedule of Changes in Total Pension Liability and Related Ratios
State Board Supplemental Defined Benefit Plans
Year Ended June 30, 2022

	2022	2021	2020
Total Pension Liability			
Service cost	$ 102,024	$ 307,600	$ 248,484
Interest	343,714	218,783	279,516
Difference between expected and actual experience	1,518,924	(1,973,923)	588,945
Changes of assumptions	493,400	(3,562,555)	1,573,649
Benefit payments	(204,116)	(131,152)	(126,159)
Changes in proportional share of TPL	67,615	(707,633)	(84,675)
Net change in total pension liability	2,321,561	(5,848,880)	2,479,760
Total pension liability - beginning	4,515,775	10,364,651	7,884,891
Total pension liability - ending (a)	$ 6,837,336	$ 4,515,771	$ 10,364,651
Total Pension Liability**			
Contributions - Employer	56,394	43,190	n/a
Contributions - Member	-	-	n/a
Net Investment Income	3,520	540,605	n/a
Benefit Payments	-	-	n/a
Administrative Expense	-	-	n/a
Other	-	-	n/a
Net Change in Plan Fiduciary Net Position	59,914	583,795	n/a
Plan Fiduciary Net Position - Beginning	2,123,904	1,540,174	n/a
Plan Fiduciary Net Position - Ending (b)	2,183,818	2,123,969	n/a
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)	$ 4,653,518	$ 2,391,802	n/a
Covered-employee payroll	42,797,226	40,850,468	42,845,419
Total pension liability/(asset) as a percentage of covered payroll	15.98%	11.05%	24.19%

(continued)

Community Colleges of Spokane
Schedule of Changes in Total Pension Liability and Related Ratios
State Board Supplemental Defined Benefit Plans
Year Ended June 30, 2022

	2019	2018	2017
Total Pension Liability			
Service cost	$ 203,680	$ 272,525	$ 393,759
Interest	246,372	250,450	255,430
Difference between expected and actual experience	464,500	(740,739)	(1,841,655)
Changes of assumptions	873,390	(250,592)	(434,682)
Benefit payments	(129,887)	(92,575)	(65,566)
Changes in proportional share of TPL	19,145	(140,491)	-
Net change in total pension liability	1,677,200	(701,422)	(1,692,714)
Total pension liability - beginning	6,207,691	6,909,113	8,601,827
Total pension liability - ending (a)	$ 7,884,891	$ 6,207,691	$ 6,909,113
Total Pension Liability**			
Contributions - Employer	n/a	n/a	n/a
Contributions - Member	n/a	n/a	n/a
Net Investment Income	n/a	n/a	n/a
Benefit Payments	n/a	n/a	n/a
Administrative Expense	n/a	n/a	n/a
Other	n/a	n/a	n/a
Net Change in Plan Fiduciary Net Position	n/a	n/a	n/a
Plan Fiduciary Net Position - Beginning	n/a	n/a	n/a
Plan Fiduciary Net Position - Ending (b)	n/a	n/a	n/a
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)	n/a	n/a	n/a
Covered-employee payroll	40,857,984	40,051,499	39,786,674
Total pension liability/(asset) as a percentage of covered payroll	19.30%	15.50%	17.37%

Note to Schedule:

*These schedules are to be built prospectively until they contain 10 years of data
n/a indicates data not available
**Due to changes in legislation, assets from this higher education institution plan that was previously not administered through a trust, was placed into a trust was placed into a trust or similar arrangement. As a result, this plan previously reported under GASB Statement No. 73, is now reported under GASB Statement No. 68. This change is effective for fiscal year 2021.

Changes to benefit terms: There were no changes to benefit terms.

Changes in assumptions: The discount rate increased from 2.21% to 7.4%. Given the creation of dedicated funds to pay SRP benefits under HB1661, the discount rate is now based on the long term expected rate of return on the pension plan investments rather than the bond index rate.

Community Colleges of Spokane
Schedule of Employer Contributions
State Board Supplemental Defined Benefit Plans
Year Ended June 30, 2022

Schedule of Contributions
State Board Supplemental Defined Benefit Plans
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
2017	3,479,824	3,479,824	-	39,786,674	8.75%
2018	3,471,225	3,471,225	-	40,051,499	8.67%
2019	3,581,767	3,581,767	-	40,857,984	8.77%
2020	3,780,233	3,780,233	-	42,845,419	8.82%
2021	3,602,968	3,602,968	-	40,850,468	8.82%
2022	3,728,668	3,728,668	-	42,797,226	8.71%

Note: These schedules will be built prospecively until they contain 10 years of data.

Note to Schedule:

Changes of benefit terms: There were no changes in benefit terms since only the current year is disclosed.

Changes in assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

- June 30, 2021, 7.40% (Municipal Bond Rate)

The total pension liability is now compared against the plan's fiduciary net position to determine the net pension liability (NPL).

Community Colleges of Spokane
Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended June 30, 2022

	2022	2021	2020
District's portion of OPEB liability	0.9130525005%	0.9886322641%	1.0165731749%
District's proportionate share of the OPEB liability	$ 59,089,788	$ 59,863,596	$ 51,628,025
District's covered-employee payroll	42,797,226	40,850,468	42,845,419
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.380691995	1.465432318	1.204983548

	2022	2021	2020
Statutorily-required contributions	$ 54,951	$ 53,107	$ 214,154
Contributions related to the statutorily-required contributions	(54,951)	(53,107)	(214,154)
Contribution (deficiency) excess	$ -	$ -	$ -
District's covered-employee payroll	$ 42,797,226	$ 40,850,468	$ 42,845,519
Contribution as a percentage of covered-employee payroll	0.128398507%	0.130003407%	0.499828232%

	2019	2018
District's portion of OPEB liability	1.0110946268%	1.0261065497%
District's proportionate share of the OPEB liability	$ 58,904,578	$ 59,779,146
District's covered-employee payroll	40,857,984	40,051,499
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.44169076	1.49255702

	2019	2018
Statutorily-required contributions	$ 203,223	$ 197,773
Contributions related to the statutorily-required contributions	(203,223)	(197,773)
Contribution (deficiency) excess	$ -	$ -
District's covered-employee payroll	$ 40,857,984	$ 40,051,499
Contribution as a percentage of covered-employee payroll	0.497388711%	0.493796749%

Notes to Schedule:

Changes of benefit terms: There were no changes in benefit terms since only the current year is disclosed.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

- June 30, 2021, 2.21% (Municipal Bond Rate)

GASB Statement No. 75 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, CCS will present information for those years for which information is available.

Supplementary Information

Community Colleges of Spokane
Segmented Statement of Net Position
June 30, 2022

	Spokane Community College	Spokane Falls Community College	Total
CURRENT ASSETS			
Cash and cash equivalents	$ 77,373,032	$ 54,104,086	$ 131,477,118
Short term investments	10,095,077	6,819,284	16,914,361
Accounts receivable, net of allow ance for doubtful accounts	10,509,260	5,413,860	15,923,120
Interest receivable	6,443	3,319	9,762
Lease Receivable ST	91,682	47,220	138,902
Total current assets	98,075,495	66,387,768	164,463,263
NONCURRENT ASSETS			
Long-term investments	6,695,641	4,027,132	10,722,773
Lease receivable LT	2,388,206	1,230,009	3,618,215
Pension Asset	17,078,335	7,672,758	24,751,093
Non-depreciable capital assets	9,129,379	16,221,666	25,351,045
Capital assets, net of depreciation	106,453,350	80,740,459	187,193,809
Leased asset, Buildings, net of amortization	-	-	-
Total noncurrent assets	141,744,910	109,892,025	251,636,935
Total assets	239,820,405	176,279,794	416,100,198
Deferred outflow s of resources related to OPEB	3,957,171	2,038,542	5,995,713
Deferred outflow s of resources related to pensions	6,181,917	2,777,341	8,959,258
Total deferred outflow s of resources	10,139,089	4,815,882	14,954,971
Total assets and deferred outflow s	$ 249,959,493	$ 181,095,676	$ 431,055,169
CURRENT LIABILITIES			
Accounts payable	$ 7,483,010	$ 1,994,122	$ 9,477,132
Accrued liabilities	6,210,786	2,540,022	8,750,808
Compensated absences, current portion	2,090,925	1,228,004	3,318,929
Unearned revenue	6,278,256	5,791,469	12,069,725
Net pension liability	88,616	39,812	128,428
OPEB liability, current portion	643,792	331,650	975,442
Right-to-use Lease Laibility ST	722,356	547,877	1,270,233
Notes payable, current portion	111,475	684,774	796,249
Total current liabilities	23,629,215	13,157,731	36,786,946
NONCURRENT LIABILITIES			
Compensated absences, net of current portion	2,835,764	1,363,419	4,199,183
Net pension liability, net of current portion	4,849,642	2,178,825	7,028,467
OPEB liability, net of current portion	38,355,468	19,758,878	58,114,346
Right-to-use Lease Liability LT	2,618,465	1,985,997	4,604,462
Notes payable, net of current portion	2,099,344	12,895,969	14,995,313
Total noncurrent liabilities	50,758,683	38,183,088	88,941,771
Total liabilities	74,387,898	51,340,819	125,728,717
Deferred inflow s of resources related to OPEB	12,323,623	6,348,533	18,672,156
Deferred inflow s of resources related to pensions	22,158,266	9,955,011	32,113,277
Deferred inflow s of resources related to Leases	2,074,164	1,573,167	3,647,331
Total deferred inflow s of resources	36,556,053	17,876,711	54,432,764
NET POSITION			
Net investment in capital assets	110,031,090	80,847,507	190,878,597
Restricted for Pension Plan Assets	3,588,120	1,612,054	5,200,174
Unrestricted	25,396,332	29,418,584	54,814,917
Total net position	139,015,542	111,878,146	250,893,688
Total liabilities, deferred inflow s, and net position	$ 249,959,493	$ 181,095,676	$ 431,055,169

Community Colleges of Spokane
Segmented Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2022

	Spokane Community College	Spokane Falls Community College	Total
OPERATING REVENUES			
Student tuition and fees, net	$ 19,971,129	$ 10,288,156	$ 30,259,285
Auxiliary enterprise sales	1,950,210	1,027,153	2,977,363
State and local grants and contracts	30,577,201	15,751,892	46,329,094
Federal grants and contracts	46,289,217	19,823,921	66,113,138
Other operating revenues	110,458	56,317	166,776
Leased Property Interest	19,402	14,716	34,118
Interest on loans to students	72,190	37,189	109,379
Total operating revenues	98,989,809	46,999,345	145,989,153
OPERATING EXPENSES			
Operating expenses	10,603,838	5,823,228	16,427,066
Salaries and w ages	52,301,131	26,943,006	79,244,137
Benefits	18,417,035	7,646,071	26,063,106
Scholarships and fellow ships	38,686,974	19,929,656	58,616,630
Supplies and materials	2,703,753	1,213,959	3,917,712
Depreciation	4,750,689	2,923,312	7,674,001
Amortization, Leases	-	-	-
Purchased services	8,324,789	4,288,528	12,613,317
Leases	-	-	-
Utilities	1,999,893	1,030,248	3,030,141
Total operating expenses	137,788,102	69,798,008	207,586,110
INCOME(LOSS) FROM OPERATIONS	(38,798,294)	(22,798,663)	(61,596,957)
NONOPERATING REVENUES			
State appropriations	46,594,237	24,003,092	70,597,329
Federal Pell grant revenue	9,938,943	5,537,874	15,476,817
Investment income, gains and losses	(271,381)	(201,549)	(472,930)
Total nonoperating revenues	56,261,798	29,339,418	85,601,216
NONOPERATING EXPENSES			
Building and innovation fees	2,279,056	1,174,058	3,453,114
Lease Interest	54,903	41,757	96,660
Interest on indebtedness	85,247	523,658	608,905
Gain on sale of capital asset	-	-	-
Total nonoperating expenses	2,419,205	1,739,474	4,158,679
Capital appropriations	4,697,667	8,724,239	13,421,906
Increase in net position	19,741,967	13,525,520	33,267,486
NET POSITION			
Net position, beginning of year, as restated	119,273,576	98,352,626	217,626,202
Net position, end of year	$ 139,015,542	$ 111,878,146	$ 250,893,688