



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, 2023

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

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Community Colleges of Spokane

Trustees and Administrative Officers

Trustees and Officer list effective as of June 30, 2023:

BOARD OF TRUSTEES

Mike Wilson, Chair
Todd Woodard, Vice Chair
Glenn Johnson
Beth Thew
Steven Yoshihara

EXECUTIVE OFFICERS

Kevin Brockbank, Chancellor
Jenni Martin, Acting President, Spokane Community College
Kimberlee Messina, President, Spokane Falls Community College
Lisa Hjaltalin, Chief Financial and Risk Officer
Greg Stevens, Chief Strategy Officer
Grace Leaf, Chief Information Officer
Carolyn Casey, Chief Institutional Advancement and External Affairs Officer
Lori Hunt, Provost/Chief Learning Officer
Amy McCoy, Chief Compliance Officer
Connan Campbell, Interim Vice President of Student Services, Spokane Community College
Patrick McEachern, Vice President of Student Services, Spokane Falls Community College
James Brady, Vice President of Learning, Spokane Falls Community College
Jaclyn Jacot, Interim Vice President of Instruction, Spokane Community College
James Fitzgerald, Athletics Director
Heather Beebe-Stevens, District Development Officer

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, Washington, a component unit of the State of Washington, as of and for the year June 30, 2023, and the related notes to the financial statements, which collectively comprise CCS' basic financial statements as listed in the table of contents.

In our opinion, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the 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, 2023, CCS implemented Governmental Accounting Standards Board (GASB) Statement No.96, *Subscription-Based Information Technology*. Our opinion is not modified with respect to this matter.

The financial statements for the year ended June 30, 2023 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

CCS' 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' 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' 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.

Board of Trustees
Community Colleges of Spokane
Spokane, Washington

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CCS' 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, 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 the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CCS' 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.

Board of Trustees
Community Colleges of Spokane
Spokane, Washington

Other Information

Management is responsible for the other information included in the Financial Statements. The other information consists of the *Board of 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 March 31, 2024 on our consideration of CCS' 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' internal control over financial reporting and compliance.

Davis Ferra LLP

Irvine, California
March 31, 2024

Community Colleges of Spokane Management's Discussion and Analysis

Community Colleges of Spokane

The following discussion and analysis provide 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, 2023 (FY 2023).

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, bachelor of applied science degrees, certificates, and high school diplomas through its two accredited colleges – Spokane Community (SCC) and Spokane Falls Community College (SFCC). Founded in 1963, the mission of CCS is “To provide all students an excellent education that transforms their lives and expands their opportunities.”

The main campuses of SCC and SFCC and the CCS District offices are located in Spokane, Washington, a community of about 230,000 residents and part of a metropolitan area of over 550,000. SCC and their centers in Colville, Newport, Republic and Inchelium, focuses on career-technical programs, adult basic education and work force training, as well as college transfer opportunities. SFCC and its one center in Pullman offers an extensive array of college transfer associate degrees, professional technical degrees and programs, and several Bachelor of Applied Science degrees. 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' 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 the current year's revenues and expenses are considered 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' activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

Community Colleges of Spokane Management's Discussion and Analysis

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	<u>2023</u>	<u>2022</u>	<u>Change</u>
As of June 30th			
Assets			
Current assets	\$ 168,389,193	\$ 170,152,365	\$ (1,763,172)
Capital assets, net	221,276,663	212,725,924	8,550,739
Other assets, noncurrent	<u>18,927,818</u>	<u>39,092,081</u>	<u>(20,164,263)</u>
Total Assets	<u>408,593,674</u>	<u>421,970,371</u>	<u>(13,376,697)</u>
Deferred Outflows	<u>19,535,152</u>	<u>14,954,971</u>	<u>4,580,181</u>
Liabilities			
Current liabilities	30,750,247	36,942,368	(6,192,121)
Other liabilities, noncurrent	<u>67,750,933</u>	<u>89,216,890</u>	<u>(21,465,957)</u>
Total Liabilities	<u>98,501,180</u>	<u>126,159,258</u>	<u>(27,658,078)</u>
Deferred Inflows	<u>54,332,168</u>	<u>54,432,764</u>	<u>(100,596)</u>
Net Position	<u>\$ 275,295,477</u>	<u>\$ 256,333,320</u>	<u>\$ 18,962,157</u>

Current assets consist primarily of cash, short term investments, various accounts receivable, and inventories. The decrease in current assets of \$1,463,172 in 2023 is attributable to Grant and Contract Revenue decreases compared to 2022.

Net capital assets increased by \$8,550,739 from fiscal year 2022 to 2023 due to capitalization of expenses related to various construction projects. The Fine and Applied Arts Building at SFCC and the Apprenticeship Center design 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 invests in Certificates of Deposits (CDs) and government securities to secure the highest rate of return. The investments fluctuate between current and non-current assets depending on their term and maturity dates. 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 asset was reported for fiscal year 2023.

Deferred outflows (and the related deferred inflow) as of June 30, 2023, represent changes in deferred contributions and changes of assumptions related to the District's pension, OPEB, State Board retirement plan, and leasing activities. See notes 1, 4, 13, and 14 for discussion of these items.

Community Colleges of Spokane Management's Discussion and Analysis

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 2023.

Noncurrent liabilities primarily consist of the value of sick leave earned but not yet used by employees and the long-term portion of COP 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 OPEB liability, net of current portion, which decreased \$20.7 million over the prior year. See additional details related to required disclosures within Notes 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:

Capital Assets, net – 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 2023 or 2022.

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 2023.

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 2023. 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.

Community Colleges of Spokane Management's Discussion and Analysis

A condensed comparison of the CCS's revenues, expenses, and changes in net position for the years ended June 30, 2023 and 2022, is presented below.

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

For the year ended June 30th

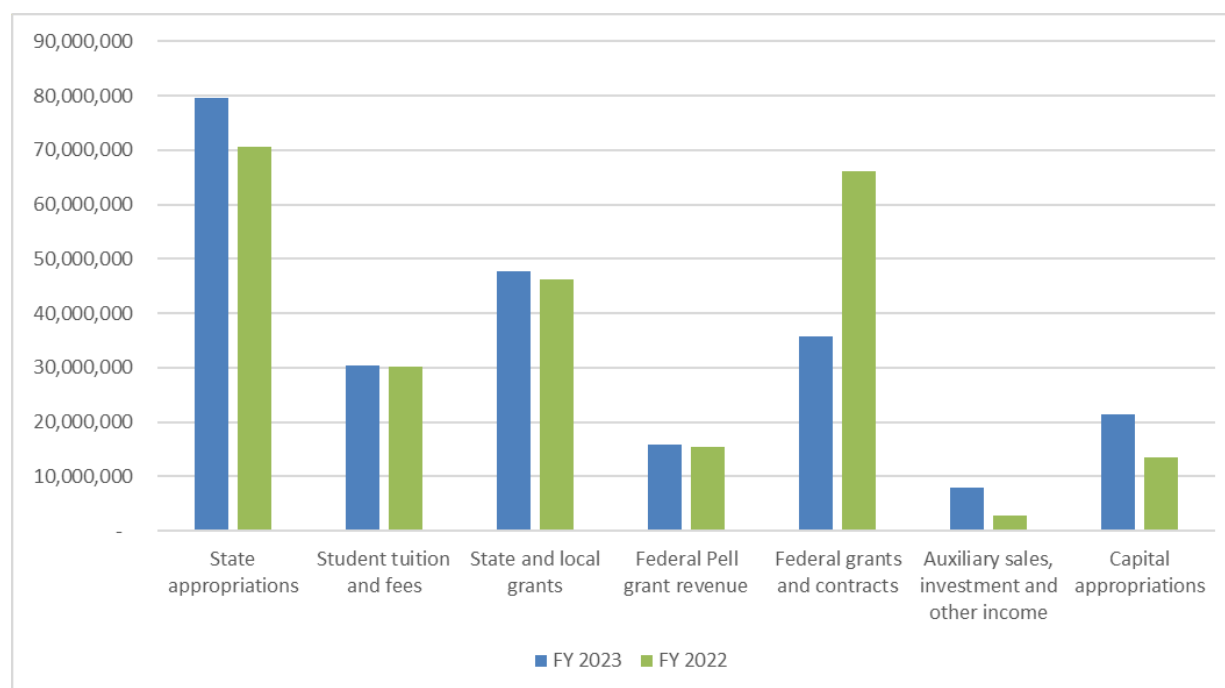
	2023	2022 - Restated*	Change
Operating revenues	\$ 118,958,957	\$ 145,989,153	\$ (27,030,196)
Operating expenses	215,839,756	207,586,110	8,253,646
Net Operating Income/Loss	(96,880,799)	(61,596,957)	(35,283,842)
Nonoperating revenues	98,335,847	85,601,216	12,734,631
Nonoperating expenses	4,002,729	4,158,679	(155,950)
Income/loss before other revenues and expenses	(2,547,681)	19,845,580	(22,393,261)
Capital appropriations	21,509,837	13,421,906	8,087,931
Change from revenues and expenses	18,962,156	33,267,486	(14,305,330)
Cumulative effect of a change in accounting principal Restatements	-	356	(356)
Increase (Decrease) in Net Position	\$ 18,962,156	\$ 5,439,275	\$ (5,439,275)
	\$ 18,962,156	\$ 38,707,117	\$ (19,744,961)

*See Note 20

Revenues

Operating revenues decreased \$27,303,196 in 2023, primarily due to a decrease of \$30 million in federal grants and contracts. Student tuition and fees and state and local grants increased slightly in 2023.

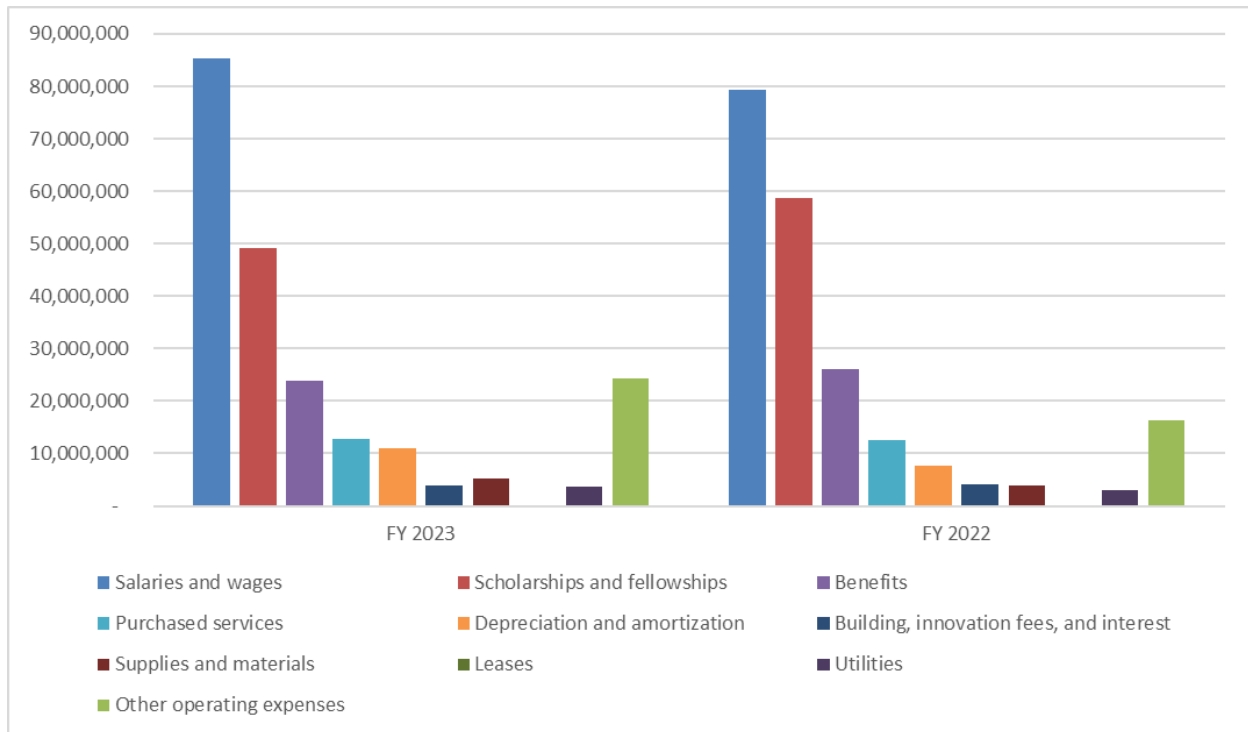
Nonoperating revenues increased by \$12,734,631 in 2023, which was primarily due to state appropriation increases of \$8 million.



Community Colleges of Spokane Management's Discussion and Analysis

Expenses

Operating expenses increased \$10,571,346 in 2023, led by a \$6 million increase in salaries and wages.



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, has significantly reduced the dollars available from this funding source.

Community Colleges of Spokane Management's Discussion and Analysis

At June 30, 2023, CCS had \$21,221,276,664 in capital assets, net of accumulated depreciation. This represents an increase of \$8,550,739 from fiscal year (FY) 2022, 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 for further discussion.

Asset Type as of June 30th	<u>2023</u>	<u>2022 - Restated*</u>	<u>Change</u>
Land	\$ 3,664,474	\$ 3,664,474	\$ -
Construction in progress	29,530,711	21,686,571	7,844,141
Buildings, net	173,083,375	172,328,148	755,227
Leased Assets, Buildings, net	4,957,032	5,712,833	(755,801)
SBITA Assets, net	274,454	430,895	(156,441)
Other improvements and infrastructure, net	4,826,636	5,128,249	(301,613)
Equipment, net	4,901,377	3,774,755	1,126,622
Library resources, net	38,604	-	38,604
Total Capital Assets, Net	<u>\$ 221,276,663</u>	<u>\$ 212,725,925</u>	<u>\$ 8,550,739</u>

*Restated for GASB 96, Subscription Based IT Arrangements (SBITA), implementation in 2023 see Note 10

At June 30, 2023, CCS had \$13,683,922 in outstanding debt, which includes a balance \$1,633,922 in unamortized premium. CCS entered into a COP for the renovation of the Spokane Falls Gymnasium during 2017 and had an outstanding COP for the Spokane Community College Student Services Building remodel the balance of which was paid off in FY23. Also see Notes 11 and 12.

Debt as of June 30th	<u>2023</u>	<u>2022</u>	<u>Change</u>
Certificates of Participation (COP)	\$ 12,050,000	\$ 13,980,000	\$ (1,930,000)
Unamortized premium	1,633,922	1,811,562	(177,640)
Total Long Term Debt	<u>\$ 13,683,922</u>	<u>\$ 15,791,562</u>	<u>\$ (2,107,640)</u>

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 2022 and 2023. Lower enrollment is expected to continue well into fiscal year 2024, when compared to pre-pandemic levels.

Community Colleges of Spokane

Statement of Net Position

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	June 30, 2023	Discrete Component Unit District 17 Foundation
CURRENT ASSETS		
Cash and cash equivalents	\$ 126,688,254	\$ 1,115,537
Short term investments	22,070,829	-
Accounts receivable, net of allowance for doubtful accounts	19,468,428	278,487
Interest receivable	21,538	-
Lease receivable, current portion	140,144	249,819
Other assets	-	45,318
Total current assets	168,389,193	1,689,161
NONCURRENT ASSETS		
Long-term investments	7,203,460	27,159,510
Lease receivable, net of current portion	3,478,072	33,228
Pension asset	8,246,286	-
Non-depreciable capital assets	33,195,185	-
Depreciable capital assets, net of depreciation	188,081,478	7,566,284
Total noncurrent assets	240,204,481	34,759,022
Total assets	408,593,674	36,448,183
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to OPEB	5,113,386	-
Deferred outflows of resources related to pensions	14,421,766	-
Total deferred outflows of resources	19,535,152	-
Total assets and deferred outflows	\$ 428,128,826	\$ 36,448,183

Community Colleges of Spokane

Statement of Net Position (continued)

	LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
	June 30, 2023	Discrete Component Unit District 17 Foundation
CURRENT LIABILITIES		
Accounts payable	\$ 11,678,539	\$ 552,669
Accrued liabilities	8,433,910	-
Compensated absences, current portion	3,473,876	-
Unearned revenue	3,756,836	-
Pension liability, current portion	236,987	-
OPEB liability, current portion	967,401	-
Right-to-use lease liability, current portion	1,322,521	-
SBITA Liability, current portion	156,249	-
Notes payable, current portion	723,928	319,272
Total current liabilities	<u>30,750,247</u>	<u>871,941</u>
NONCURRENT LIABILITIES		
Deposits payable	-	2,242,841
Compensated absences, net of current portion	4,628,006	50,701
Pension liability, net of current portion	8,860,975	-
OPEB liability, net of current portion	37,363,137	-
Right-to-use lease liability, net of current portion	3,819,951	-
SBITA Liability, net of current portion	118,870	-
Notes payable, net of current portion	12,959,994	3,650,567
Total noncurrent liabilities	<u>67,750,933</u>	<u>5,944,109</u>
Total liabilities	<u>98,501,180</u>	<u>6,816,050</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to OPEB	36,373,339	-
Deferred inflows of resources related to pensions	14,464,534	-
Deferred inflows of resources related to leases	3,494,296	-
Total deferred inflows of resources	<u>54,332,168</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	202,175,150	5,320,623
Restricted for District 17 Foundation	-	24,311,510
Restricted for pension plan assets	10,048,685	-
Unrestricted	63,071,642	-
Total net position	<u>275,295,477</u>	<u>29,632,133</u>
Total liabilities, deferred inflows, and net position	<u>\$ 428,128,826</u>	<u>\$ 36,448,183</u>

Community Colleges of Spokane

Statement of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30, 2023	Discrete Component Unit District 17 Foundation
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances and discounts	\$ 30,393,730	\$ 202,804
Auxiliary enterprise sales	4,706,271	-
State and local grants and contracts	47,763,224	34,700
Federal grants and contracts	35,713,659	-
Rental income	-	1,662,002
Other operating revenues	57,833	823,004
Leased property interest	32,887	-
Interest on loans to students	291,354	-
Total operating revenues	118,958,957	2,722,510
OPERATING EXPENSES		
Operating expenses	24,641,633	1,846,223
Salaries and wages	85,333,196	870,440
Benefits	23,936,807	-
Scholarships and fellowships	49,196,237	-
Supplies and materials	5,217,389	-
Depreciation and amortization	10,961,099	-
Purchased services	12,807,729	-
Utilities	3,745,666	-
Total operating expenses	215,839,756	2,716,663
INCOME (LOSS) FROM OPERATIONS	(96,880,799)	5,847
NONOPERATING REVENUES		
State appropriations	79,579,123	-
Federal Pell grant revenue	15,967,594	-
Gain (Loss), sale of capital assets	-	415,339
Investment income, gain (loss)	2,789,130	2,705,926
Total nonoperating revenues	98,335,847	3,121,265
NONOPERATING EXPENSES		
Building and innovation fees	3,321,089	-
Lease interest	98,165	-
Interest on indebtedness	583,475	-
Total nonoperating expenses	4,002,729	-
INCOME (LOSS) BEFORE CAPITAL APPROPRIATIONS	(2,547,681)	3,127,112
Capital appropriations	21,509,837	-
Increase (decrease) in net position	\$ 18,962,156	\$ 3,127,112
NET POSITION		
Net position, beginning of year	\$ 250,893,688	\$ 26,505,021
Restatements (Note 20)	5,439,632	-
Net position, beginning of year, as restated	256,333,320	26,505,021
Net position, end of year	\$ 275,295,476	\$ 29,632,133

See accompanying notes.

Community Colleges of Spokane

Statements of Cash Flows

	Year Ended June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	\$ 29,775,960
Grants and contracts	77,925,557
Payments to vendors	(41,126,437)
Payments for utilities	(3,745,666)
Payments to employees	(84,405,232)
Payments for benefits	(30,930,957)
Auxiliary enterprise sales	4,706,271
Leased property principal	138,902
Leased property interest	32,887
Payments for scholarships and fellowships	(49,196,237)
Interest on loans to students and employees	291,354
Other receipts (payments)	57,833
	<hr/>
Net cash from operating activities	(96,475,765)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	79,579,123
Pell grants	15,967,594
Building and innovation fees	(3,321,089)
	<hr/>
Net cash from noncapital financing activities	92,225,628
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	21,509,837
Purchases of capital assets	(19,511,838)
Principal paid on long-term debt	(2,995,282)
Interest paid	(677,400)
	<hr/>
Net cash from capital and related financing activities	(1,674,683)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(6,603,496)
Proceeds from sales and maturities of investments	8,000,000
Income from investments	(260,547)
	<hr/>
Net cash from investing activities	1,135,957
NET CHANGE IN CASH AND CASH EQUIVALENTS	<hr/> (4,788,863)
CASH AND CASH EQUIVALENTS, beginning of year	<hr/> 131,477,118
CASH AND CASH EQUIVALENTS, end of year	<hr/> \$ 126,688,255

Community Colleges of Spokane Statements of Cash Flows (continued)

	Year Ended June 30, 2023
	<u> </u>
OPERATING LOSS	\$ (96,880,799)
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation expense	9,127,199
Amortization expense	1,833,900
Changes in assets and liabilities	
Receivables, net	2,143,794
Lease receivable	138,902
Accounts payable	2,201,407
Accrued liabilities	(316,898)
Unearned revenue	(8,312,889)
Compensated absences	583,769
Deferred inflows	(100,596)
Deferred outflows	(4,580,181)
OPEB liability	(20,759,248)
Pension liability	18,445,875
	<u> </u>
Net cash used by operating activities	<u>\$ (96,475,765)</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Net unrealized gains	2,789,130

Community Colleges of Spokane

Notes to Financial Statements

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, 2023, the Foundation distributed \$898,058 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.

Community Colleges of Spokane

Notes to Financial Statements

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.

Community Colleges of Spokane

Notes to Financial Statements

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 indicate 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, 2023, 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 2023 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 inflows related to future lease revenue is recorded at present value at the point of inception and is recognized over the life of each lease term.

Community Colleges of Spokane

Notes to Financial Statements

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:

Capital Assets, net – 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.

Community Colleges of Spokane

Notes to Financial Statements

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 COP debt.

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. 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. 94, Public Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements, effective 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. CCS is following the State's Office of Financial Management directives and had no reportable lease agreements for 2023.

Community Colleges of Spokane

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, effective 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. As a result of implementation, CCS recorded \$430,895 of subscription-based IT arrangement assets and liabilities for 2023.

Accounting Standards Impacting the Future –

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

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections, which prescribes the accounting and reporting for each type of accounting change and error correction to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. CCS will adopt this standard in fiscal year 2024 and has not fully determined the impact of implementing GASB Statement No. 100.

In April 2022, GASB issued statement No. 99, Omnibus 2022, which was issued to enhance comparability in accounting and financial reporting in various areas including derivatives, leases, public-private and public-public partnerships, subscription-based information technology arrangements, as well as others. CCS will adopt this statement in line with the dates as outlined in the standard, which varies depending on the applicable paragraph beginning in fiscal year 2022 through fiscal year 2024. CCS has not fully determined the impact of implementing GASB Statement No. 99.

Community Colleges of Spokane

Notes to Financial Statements

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, 2023, the carrying amount of CCS's cash and equivalents was as follows:

Cash and cash equivalents	
Petty cash and change funds	\$ 13,019
Bank demand and time deposits	89,229,569
Local government investment pool	<u>37,445,665</u>
 Total cash and cash equivalents	 <u>\$ 126,688,254</u>

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 balances at June 30, 2023 were:

	June 30, 2023		
	Fair Value	One Year or Less	One to Five Years
Investment maturities			
Time certificates of deposit	\$ 9,061,086	\$ 9,061,086	-
U.S. agency obligations	16,228,580	8,921,214	7,307,366
U.S. treasury notes	<u>4,088,530</u>	<u>4,088,530</u>	<u>-</u>
 Subtotal	 29,378,195	 22,070,829	 7,307,366
Premium (Discount)	<u>(103,906)</u>	<u>-</u>	<u>(103,906)</u>
Total investments	<u>\$ 29,274,289</u>	<u>\$ 22,070,829</u>	<u>\$ 7,203,460</u>

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 certificates of deposit, 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.

Community Colleges of Spokane

Notes to Financial Statements

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, 2023 CCS held the following reportable investments in the amounts listed.

Investment Type	Issuer	Reported Amount
US agency securities	Federal farm credit bank	\$ 6,821,332
US agency securities	Federal home loan bank	8,312,749

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, 2023, 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 certificates of deposit	\$ 9,061,086	\$ 9,061,086	\$ -
US agency obligations	16,228,580	-	16,228,580
US treasury notes	4,088,530	-	4,088,530
Total investments	<u>\$ 29,378,195</u>	<u>\$ 9,061,086</u>	<u>\$ 20,317,109</u>

Community Colleges of Spokane

Notes to Financial Statements

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, 2023, accounts receivable were as follows:

Accounts receivable	
Student tuition, and fees	\$ 4,534,880
Due from the federal government	2,349,760
Due from other governments	6,547,283
Due from other state agencies	<u>6,488,916</u>
Subtotal	19,920,839
Less allowance for uncollectible accounts	<u>(452,411)</u>
Accounts receivable, net	<u><u>\$ 19,468,428</u></u>

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 of \$14,316 over the lease term. CCS recognized \$153,035 in lease revenue and \$32,887 in interest revenue during the current fiscal year related to these agreements. As of June 30, 2023 the lease receivable is \$3,618,216 and deferred inflow of resources is \$3,494,296.

Community Colleges of Spokane

Notes to Financial Statements

Note 5 – Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2023, is presented as follows:

Capital assets	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Non-depreciable capital assets					
Land	\$ 3,664,474	\$ -	\$ -	\$ -	\$ 3,664,474
Construction in progress	21,686,571	15,794,898	(7,950,758)	-	29,530,711
Total non-depreciable capital assets	25,351,045	15,794,898	(7,950,758)	-	33,195,185
Depreciable capital assets					
Buildings	302,826,377	-	7,950,758	-	310,777,135
Leased Asset, Buildings	10,195,561	921,658	-	(842,186)	10,275,033
SBITA Assets	663,861	-	-	-	663,861
Other improvements and infrastructure	7,181,470	540,784	-	-	7,722,254
Equipment	22,096,322	2,213,623	-	(784,756)	23,525,189
Library resources	2,466,667	40,875	-	-	2,507,542
Subtotal depreciable capital assets	345,430,258	3,716,940	7,950,758	(1,626,942)	355,471,014
Less accumulated depreciation					
Buildings	130,498,230	7,195,530	-	-	137,693,760
Allow for Amort - Leased Bldg	4,482,727	1,677,459	-	(842,186)	5,318,000
Allow for Amort - SBITA	232,966	156,441	-	-	389,407
Other improvements and infrastructure	2,053,221	842,397	-	-	2,895,618
Equipment	18,321,566	1,087,001	-	(784,756)	18,623,811
Library resources	2,466,667	2,271	-	-	2,468,938
Total accumulated depreciation	158,055,378	10,961,099	-	(1,626,942)	167,389,534
Total depreciable capital assets	187,374,881	(7,244,159)	7,950,758	-	188,081,480
Capital assets, net of accumulated depreciation	\$ 212,725,926	\$ 8,550,739	\$ -	\$ -	\$ 221,276,664

*FY23 Beginning Balance Restated for implementation of GASB 96, SBITA, in Fiscal Year 2023

Depreciation expense was \$10,961,099 for the year ending June 30, 2023

Community Colleges of Spokane

Notes to Financial Statements

Note 6 – Accrued Liabilities

At June 30, 2023, accrued liabilities are the following:

Amounts owed to employees	\$ 5,540,605
Amounts held for others and retainage	<u>2,893,305</u>
Total accrued liabilities	<u>\$ 8,433,910</u>

Note 7 – Unearned Revenue

At June 30, 2023, unearned revenue consists of receipts that have not yet met revenue recognition criteria, as follows:

Summer & Fall quarter tuition and fees	\$ 672,227
Grants and contracts	3,090,855
Other/Auxiliary sales	<u>9,754</u>
Total unearned revenue	<u>\$ 3,772,836</u>

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 a monthly payroll expense to all funds for unemployment compensation coverage for all employees. Payments made for claims during the fiscal year ending June 30, 2023, were \$131,079. Cash reserves for unemployment compensation for all employees at June 30, 2023, were \$215,032.

CCS purchases commercial property insurance through the master property program administered by the Department of Enterprise Services for buildings that were acquired with COP proceeds. The policy has a deductible of \$250,000 per occurrence and the policy limit is \$100,000,000 per occurrence. 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.

Community Colleges of Spokane

Notes to Financial Statements

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 college 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.

Total combined compensated absences of accrued vacation and sick leave liability is \$8,101,882. The current portion is \$3,473,876 and the non-current portion is \$4,628,006 (Note 12).

Note 10 – Leases and SBITA 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, 2023, was \$1,369,117. Interest rates range from 0.89% - 2.13%. The future principal and interest payments related to these agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,322,521	\$ 81,881	\$ 1,404,402
2025	637,939	72,107	710,046
2026	257,245	65,225	322,470
2027	258,063	59,788	317,850
2028	263,613	54,237	317,850
2029-2033	1,423,991	183,077	1,607,067
2034-2038	664,746	68,848	733,594
2039-2042	<u>314,354</u>	<u>37,686</u>	<u>352,040</u>
Total	<u>\$ 5,142,471</u>	<u>\$ 622,849</u>	<u>\$ 5,765,321</u>

Community Colleges of Spokane

Notes to Financial Statements

Note 10 – Leases and SBITA Payable (continued)

As of June 30, 2023 CCS had various subscription-based IT arrangements conveying the right to use technology resources based on contractual terms and conditions. The SBITA liabilities are reported at net present value using the State of Washington’s incremental borrowing rate unless otherwise noted in the contract terms. Payments for FY23 were \$155,420 and the minimum payments under these subscription-based agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 156,249	\$ 2,449	\$ 158,698
2025	118,870	1,058	119,928
Thereafter	-	-	-
Total	<u>\$ 275,119</u>	<u>\$ 3,507</u>	<u>\$ 278,626</u>

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 with a 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. In June 2023 CCS paid \$1,250,000 of principal which represented the remaining amount due for this financing. At June 30, 2023 the remaining balance due for this COP was \$0.

In February 2017, CCS obtained financing to renovate the Gymnasium on the Spokane Falls Community College campus through a COP, issued by the 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:

Community Colleges of Spokane

Notes to Financial Statements

Note 11 – Notes Payable (continued)

Year Ending June 30,	Principal	Interest	Total
2024	\$ 615,000	\$ 602,500	\$ 1,217,500
2025	645,000	571,750	1,216,750
2026	680,000	539,500	1,219,500
2027	710,000	505,500	1,215,500
2028	745,000	470,000	1,215,000
2029-2033	4,340,000	1,751,000	6,091,000
2034-2037	4,315,000	552,750	4,867,750
Subtotal	12,050,000	4,993,000	17,043,000
Add unamortized premium	1,633,921	-	1,633,921
Totals	<u>\$ 13,683,921</u>	<u>\$ 4,993,000</u>	<u>\$ 18,676,921</u>

Note 12 – Schedule of Long-Term Liabilities

Long term liabilities are as follows for the year ending June 30, 2023:

Description	Beginning Balance*	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 7,518,111	\$ 8,117,779	\$ (7,534,008)	\$ 8,101,882	\$ 3,473,876
Certificates of participation	13,980,000	-	(1,930,000)	12,050,000	615,000
Unamortized premium	1,811,561	-	(177,640)	1,633,921	108,928
Leases	5,874,694	-	(732,223)	5,142,471	1,322,521
SBITA	430,539	-	(155,420)	275,119	156,249
Total pension obligation (asset)	(17,594,199)	44,376,114	(25,930,239)	851,676	236,987
OPEB Liability	59,089,789	15,854,048	(36,613,296)	38,330,538	967,401
Total	<u>\$ 71,110,494</u>	<u>\$ 68,347,941</u>	<u>\$ (73,072,825)</u>	<u>\$ 66,385,607</u>	<u>\$ 6,880,962</u>

*Beginning balance restated for implementation of GASB-96 SBITA for FY23

Community Colleges of Spokane

Notes to Financial Statements

Note 13 – Pension and Benefit Plans

The following table represents the aggregate pension amounts for all plans for the fiscal year ended June 30, 2023:

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	Supplemental Plan	Total
Pension assets (liabilities)	\$ (4,706,580)	\$ 8,175,266	\$ (678,573)	\$ 71,020	\$ (3,712,809)	\$ (851,676)
Deferred outflows of resources	1,182,452	9,019,792	197,564	1,051,166	2,970,794	14,421,767
Deferred inflows of resources	(780,019)	(7,808,218)	(121,592)	(460,341)	(5,294,364)	(14,464,534)
Pension expense (revenues)	508,603	(4,588,739)	240,072	(259,771)	(565,541)	(4,665,376)

Substantially all of CCS' 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.

Community Colleges of Spokane

Notes to Financial Statements

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.

Community Colleges of Spokane

Notes to Financial Statements

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, 2023, are as follows:

	<u>CCS</u>	<u>Employee</u>
PERS		
Plan 1	10.25%	6.00%
Plan 2/3	10.25%	6.36%
TRS		
Plan 1	14.42%	6.00%
Plan 2/3	14.42%	8.05%

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.

Community Colleges of Spokane

Notes to Financial Statements

Note 13 – Pension and Benefit Plans (continued)

Actual contributions to the plans for the FY ended June 30, 2023, are as follows:

	<u>Contributions</u>
PERS	
Plan 1	\$ 1,182,452
Plan 2	1,396,882
Plan 3	568,731
TRS	
Plan 1	\$ 197,564
Plan 2	33,234
Plan 3	214,507

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.

Community Colleges of Spokane

Notes to Financial Statements

At June 30, 2023, 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	\$ -	\$ -	\$ 2,025,640	\$ 185,067
Net difference between projected and actual investment earnings on pension plan investments	-	780,019	-	6,044,034
Changes of assumptions	-	-	4,556,582	1,193,076
Changes in proportion and difference between contributions and proportionate share of contributions	-	-	471,957	386,041
Contributions subsequent to the measurement date	1,182,452	-	1,965,613	-
Total	<u>\$ 1,182,452</u>	<u>\$ 780,019</u>	<u>\$ 9,019,792</u>	<u>\$ 7,808,218</u>

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 7.00 years, respectively.

At June 30, 2023, 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	\$ -	\$ -	\$ 353,865	\$ 7,137
Net difference between projected and actual investment earnings on pension plan investments	-	121,592	-	375,629
Changes of assumptions	-	-	400,099	43,514
Changes in proportion and difference between contributions and proportionate share of contributions	-	-	49,461	34,060
Contributions subsequent to the measurement date	197,564	-	247,741	-
Total	<u>\$ 197,564</u>	<u>\$ 121,592</u>	<u>\$ 1,051,166</u>	<u>\$ 460,340</u>

Community Colleges of Spokane

Notes to Financial Statements

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 year and 10 years, respectively.

Deferred outflows of resources related to pensions resulting from CCS' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2023. 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
2024	\$ (330,088)	\$ (1,780,171)	\$ (51,552)	\$ (68,264)
2025	(299,805)	(1,676,161)	(46,871)	(52,435)
2026	(376,096)	(2,050,678)	(58,949)	(85,671)
2027	225,970	2,780,082	35,781	212,593
2028	-	980,618	-	82,647
Thereafter	-	992,271	-	254,213
Totals	\$ (780,019)	\$ (754,039)	\$ (121,591)	\$ 343,085

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined by an actuarial valuation as of June 30, 2021. The actuarial assumptions used in the valuation were based on the results of the OSAs 2013 - 2018 Experience Study Report and the 2021 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan's normal cost (using the entry-age cost method), assumed interest, and actual benefit payments.

- Inflation: 2.75% total economic inflation; 3.25% salary inflation
- Salary Increases: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity
- Investment Rate of Return: 7.00%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status (e.g., active, retiree, or survivor), as our base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, as 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.

Community Colleges of Spokane

Notes to Financial Statements

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 7.00 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 7.00 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 7.00 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 7.00 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 7.00 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, 2023, 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%	1.50%
Tangible assets	7.00%	4.70%
Real estate	18.00%	5.40%
Global equity	32.00%	5.90%
Private equity	23.00%	8.90%
Inflation component		2.20%
Investment rate of return		7.00%

Community Colleges of Spokane

Notes to Financial Statements

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 7.00 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 (6.00 percent) or 1-percentage point higher (8.00 percent) than the current rate.

	Employer's Proportionate Share of the Net Pension Liability / (Assets)		
		Current	
	1.00% Decrease (6.00%)	Discount Rate (7.00%)	1.00% Increase (8.00%)
PERS Plan 1	\$ 6,287,930	\$ 4,706,580	\$ 3,326,437
PERS Plan 2/3	9,627,446	(8,175,266)	(22,801,319)
TRS Plan 1	921,417	678,573	466,296
TRS Plan 2/3	1,286,655	(71,020)	(1,174,790)
Totals	\$ 18,123,448	\$ (2,861,133)	\$ (20,183,376)

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, 2023, 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	\$ 4,706,580
PERS Plan 2/3	(8,175,266)
TRS Plan 1	678,573
TRS Plan 2/3	(71,020)
Total	\$ (2,861,133)

There were no College or faculty contribution payables to the DRS at June 30, 2023.

Community Colleges of Spokane

Notes to Financial Statements

Note 13 – Pension and Benefit Plans (continued)

At June 30, 2023, CCS's proportionate share of the collective net pension liabilities (assets) were as follows:

PERS Plan 1	0.169036%
PERS Plan 2/3	0.220430%
TRS Plan 1	0.035680%
TRS Plan 2/3	0.036090%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2022, 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
Actuarially determined pension expense	\$ 2,159,900	\$ (2,686,572)	\$ 381,552	\$ (21,179)	\$ (166,299)
Contributions subsequent to measurement date	(1,182,452)	(1,965,613)	(197,564)	(247,741)	(3,593,369)
Amortization of prior year change in proportion previously recorded as deferred outflows	-	195,272	-	11,102	206,374
Amortization of prior year change in proportion previously recorded as deferred inflows	-	(113,130)	-	(5,243)	(118,373)
Amortization of change in proportionate pension expense	(468,845)	(18,696)	56,084	3,289	(428,168)
Pension expense (revenue)	<u>\$ 508,603</u>	<u>\$ (4,588,739)</u>	<u>\$ 240,072</u>	<u>\$ (259,771)</u>	<u>\$ (4,099,835)</u>

Community Colleges of Spokane

Notes to Financial Statements

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, 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 January 1, 2023. Update procedures were used to roll forward the total pension liability to the June 30, 2023, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

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

*Measurement reflects actual investment returns

Community Colleges of Spokane

Notes to Financial Statements

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

Material Assumption Changes

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

- The valuation date was changed from June 30 to January 1. This corresponds with the new data file being provided with participant information as of January 1, 2023.
- OSA updated the annuity conversion assumptions for the TIAA investments based on input from TIAA and professional judgement. TIAA contributions and investment earnings annuity conversion changed from contribution made pre-2022/post-2021 converted at 6.00 percent/3.25 percent to contributions pre-2006/post-2005 converted at 7.00/4.00 percent

Discount Rate

The discount rate used to measure the total pension liability was based on the 2021 Economic experience study for the Washington State retirement plans and based on the results of the GASB 67/68 required crossover test, or 7.00 percent for the June 30, 2023, 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, 2023, were each \$3,868,028.

Community Colleges of Spokane

Notes to Financial Statements

Note 13 – Pension and Benefit Plans (continued)

Pension Expense (revenue)

For the year ended June 30, 2023, CCS reported \$(565,541) for pension expense (revenue) in the State Board Supplemental Retirement Plans.

Service Cost	\$ 135,259
Interest Cost	488,351
Amortization of Differences Between Expected and Actual Experience	(299,761)
Amortization of Changes of Assumptions	(321,106)
Expected Earnings on Plan Investments	(160,108)
Amortization of Difference Between Projected and Actual Earnings on Plan Investments	(55,895)
Other Changes in Fiduciary Net Position	<u>11</u>
Proportionate Share of Collective Pension Expense	(213,249)
Amortization of the Changes in Proportionate Share of Total Pension Liability	(88,559)
Benefit Payments and Employer Contributions	<u>(263,733)</u>
Current Year Pension Expense (Revenue)	(565,541)
Beginning Balance	<u>2,183,818</u>
Total Pension Expense	<u><u>\$ 1,618,277</u></u>

Plan Membership

Membership of the State Board Supplemental Retirement Plans consisted of the following at June 30, 2023:

<u>Number of Participating Members within the State Board for Community and Technical Colleges</u>	
Inactive Members (Or Beneficiaries) Currently Receiving Benefits	12
Inactive Member Entitled To But Not Yet Receiving benefits	7
Active Members	<u>345</u>
Total Members	<u><u>364</u></u>

Community Colleges of Spokane

Notes to Financial Statements

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, 2023, the latest measurement date for the plan:

Schedule of Changes in Total Pension Liability	Amount
Service cost	\$ 135,259
Interest	488,351
Difference between expected and actual experience	(392,497)
Changes of assumptions	(777,247)
Benefit payments	(204,980)
Changes in proportional share of total pension liability	30,017
Net change in total pension liability	(721,097)
Total pension liability - beginning	6,837,334
Total pension liability - ending (a)	\$ 6,116,237
Contributions - Employer	\$ 58,753
Contributions - Member	-
Net Investment Income	160,862
Benefit Payments	-
Administrative Expense	-
Other	(32)
Net change in plan fiduciary net position	219,583
Plan Fiduciary Net Position-Beginning	2,183,845
Plan Fiduciary Net Position-Ending (b)	\$ 2,403,428
Net Pension Liability (a) - (b)	\$ 3,712,809

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 7.00 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

Discount Rate Sensitivity		
1% Decrease (6.00)%	Current Discount Rate (7.00)%	1% Increase (8.00)%
\$ 4,399,738	\$ 3,712,809	\$ 3,123,542

Community Colleges of Spokane

Notes to Financial Statements

Note 13 – Pension and Benefit Plans (continued)

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

At June 30, 2023, 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	\$ 1,456,629	\$ 1,812,904
Changes of assumptions	1,245,515	2,856,576
Changes in College's proportionate share of pension liability	171,970	448,337
Net difference between projected and actual investment earnings on pension plan investments	<u>96,686</u>	<u>176,549</u>
	<u>\$ 2,970,800</u>	<u>\$ 5,294,366</u>

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
2024	\$ (653,006)
2025	(484,571)
2026	(422,394)
2027	(762,706)
2028	86,044
Thereafter	<u>(86,934)</u>
Total	<u>\$ (2,323,567)</u>

Note 14 – Other Post-Employment Benefits

CCS' 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 by 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.

Community Colleges of Spokane

Notes to Financial Statements

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 2023, 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 2023, 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, 2022, and the reporting date of June 30, 2023. 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 2023 Annual Comprehensive Financial Report on the OFMs website (www.ofm.wa.gov/accounting/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, 2023, HCA reports total OPEB liability of \$4.248 billion. At June 30, 2023, CCS recognized its proportionate share of the OPEB liability of \$38,330,538. The OPEB liability was measured as of June 30, 2022, and the total liability used to calculate the OPEB liability was determined using the actuarial assumptions below.

Community Colleges of Spokane

Notes to Financial Statements

Note 14 – Other Post-Employment Benefits (continued)

For the year ended June 30, 2023, 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	\$ 3,141,615	\$ 27,788,331
Changes in agency proportion	205,318	7,236,339
Difference between expected and actual experience	799,052	1,348,669
Transactions subsequent to measurement date	<u>967,401</u>	<u>-</u>
Totals	<u>\$ 5,113,386</u>	<u>\$ 36,373,339</u>

The \$967,401 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, 2023.

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (5,347,940)
2025	(5,347,940)
2026	(5,347,937)
2027	(4,173,052)
2028	(2,870,224)
Thereafter	<u>(9,140,261)</u>
Total	<u>\$ (32,227,354)</u>

The total OPEB liability in the June 30, 2022, actuarial valuation, which was rolled forward to June 30, 2023, was determined using the following actuarial assumptions:

Inflation	
Economic	2.35%
Salary	3.25%
(Salaries are also expected to grow by promotions and longevity)	
Health care trend rates	
Initial rate	2-11%
Expected by 2080	3.80%

Community Colleges of Spokane

Notes to Financial Statements

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 age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the 2013-2018 Demographic Experience Study Report. The post-retirement participation 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.

The following represents CCS's proportionate share of the OPEB liability calculated using the discount rate of 3.54% 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 (2.54%) and one percentage point higher (4.54%) than the current rate:

Discount Rate Sensitivity		
1% Decrease (2.54)%	Current Discount Rate (3.54)%	1% Increase (4.54)%
\$ 44,914,030	\$ 38,330,541	\$ 33,032,977

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
\$ 32,453,853	\$ 38,330,541	\$ 45,484,763

Community Colleges of Spokane

Notes to Financial Statements

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 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, 2023.

Instruction	\$	59,578,671
Academic support services		12,285,186
Student services		40,747,993
Institutional support		21,451,874
Operations and maintenance of plant		23,448,989
Scholarships and other student financial aid		49,514,435
Auxiliary enterprises		1,854,239
Depreciation		10,961,099
		<hr/>
Total	\$	<u>219,842,485</u>

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.

Community Colleges of Spokane

Notes to Financial Statements

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, 2023, CCS received \$898,058 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, 2023.

<u>Years Ending June 30,</u>	<u>Amount</u>
2024	\$ 1,716,444
2025	955,227
2026	557,409
2027	550,623
2028	567,142
Thereafter	435,594

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 August 2023 CCS was the victim of sophisticated computer fraud which resulted in a material loss. Notification to the State of Washington Auditors Office was made and an IT Audit investigation occurred. In addition, law enforcement was notified, investigations were still open at the time of this report. CCS also engaged with an independent third party to conduct forensic analysis and investigation related to the fraud.

Community Colleges of Spokane

Notes to Financial Statements

Note 20 – Restatements

CCS made the following restatements to correct beginning Net Position as of June 30, 2022:

NET POSITION

Net position, beginning of year	\$	250,893,688
Adjustment for Prior Year AR Write-Offs		5,689,101
Cumulative effect of change in accounting principal - GASB 96		356
Adjustment for changes to Capital Assets		<u>(249,826)</u>
Net position, beginning of year, as restated	\$	<u>256,333,320</u>

Required Supplementary Information

Community Colleges of Spokane
Schedule of Proportionate Share of Net Pension Liability
Year Ended June 30, 2023

Schedule of Proportionate Share of the Total Pension Liability(Asset)*				
As of June 30, 2023				
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the Total pension liability	0.169036%	0.220430%	0.035680%	0.036090%
Employer's proportionate share of the Total pension liability(asset)	\$ 4,706,580	\$ (8,175,266)	\$ 678,573	\$ (71,020)
Employer's covered employee payroll	\$ -	\$ 30,905,755	\$ -	\$ 3,077,521
Employer's proportionate share of the Total pension liability as a percentage of the covered employee payroll	0.00%	-26.45%	0.00%	-2.31%
Plan fiduciary Total position as a percentage of the total pension liability	76.56%	106.73%	103.17%	105.96%
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%

(continued)

Community Colleges of Spokane
Schedule of Proportionate Share of Net Pension Liability
Year Ended June 30, 2023

	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%
	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%

(continued)

Community Colleges of Spokane
Schedule of Proportionate Share of Net Pension Liability
Year Ended June 30, 2023

	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%
	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%

(continued)

Community Colleges of Spokane
Schedule of Proportionate Share of Net Pension Liability
Year Ended June 30, 2023

	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

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, 2023

Schedule of Employer Contributions*				
As of June 30, 2023				
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	\$ -	\$ 1,965,613	\$ -	\$ 247,740
Contributions in relation to the statutorily or contractually required contributions	-	1,965,613	-	247,740
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ -	\$ 30,905,755	\$ -	\$ 3,077,521
Contributions as a percentage of covered employee payroll	0.00%	6.36%	0.00%	8.05%
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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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%

(continued)

Community Colleges of Spokane
Schedule of Employer Contributions
Year Ended June 30, 2023

	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%
	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%

(continued)

Community Colleges of Spokane
Schedule of Employer Contributions
Year Ended June 30, 2023

	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%
	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%

(continued)

**Community Colleges of Spokane
Schedule of Employer Contributions
Year Ended June 30, 2023**

	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

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	3.25%	3.25%	3.25%	3.25%
Investment rate of return	7.00%	7.00%	7.00%	7.00%
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, 2023

	2023	2022	2021
Total Pension Liability			
Service cost	\$ 135,259	\$ 102,024	\$ 307,600
Interest	488,351	343,714	218,783
Difference between expected and actual experience	(392,497)	1,518,924	(1,973,923)
Changes of assumptions	(777,247)	493,400	(3,562,555)
Benefit payments	(204,980)	(204,116)	(131,152)
Changes in proportional share of TPL	30,017	67,615	(707,633)
Net change in total pension liability	(721,097)	2,321,561	(5,848,880)
Total pension liability - beginning	6,837,334	4,515,775	10,364,651
Total pension liability - ending (a)	<u>\$ 6,116,237</u>	<u>\$ 6,837,336</u>	<u>\$ 4,515,771</u>
Total Pension Liability**			
Contributions - Employer	58,753	56,394	43,190
Contributions - Member	-	-	-
Net Investment Income	160,862	3,520	540,605
Benefit Payments	-	-	-
Administrative Expense	-	-	-
Other	(11)	-	-
Net Change in Plan Fiduciary Net Position	219,604	59,914	583,795
Plan Fiduciary Net Position - Beginning	2,183,818	2,123,904	1,540,174
Plan Fiduciary Net Position - Ending (b)	<u>2,403,422</u>	<u>2,183,818</u>	<u>2,123,969</u>
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)	<u>\$ 3,712,815</u>	<u>\$ 4,653,518</u>	<u>\$ 2,391,802</u>
Covered-employee payroll	41,988,626	42,797,226	40,850,468
Total pension liability/(asset) as a percentage of covered payroll	14.57%	15.98%	11.05%

(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, 2023

	2020	2019	2018
Total Pension Liability			
Service cost	\$ 248,484	\$ 203,680	\$ 272,525
Interest	279,516	246,372	250,450
Difference between expected and actual experience	588,945	464,500	(740,739)
Changes of assumptions	1,573,649	873,390	(250,592)
Benefit payments	(126,159)	(129,887)	(92,575)
Changes in proportional share of TPL	(84,675)	19,145	(140,491)
Net change in total pension liability	2,479,760	1,677,200	(701,422)
Total pension liability - beginning	7,884,891	6,207,691	6,909,113
Total pension liability - ending (a)	\$ 10,364,651	\$ 7,884,891	\$ 6,207,691
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	42,845,419	40,857,984	40,051,499
Total pension liability/(asset) as a percentage of covered payroll	24.19%	19.30%	15.50%

(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, 2023

	<u>2017</u>
Total Pension Liability	
Service cost	\$ 393,759
Interest	255,430
Difference between expected and actual experience	(1,841,655)
Changes of assumptions	(434,682)
Benefit payments	(65,566)
Changes in proportional share of TPL	<u>-</u>
Net change in total pension liability	(1,692,714)
Total pension liability - beginning	<u>8,601,827</u>
Total pension liability - ending (a)	<u><u>\$ 6,909,113</u></u>
Total Pension Liability**	
Contributions - Employer	n/a
Contributions - Member	n/a
Net Investment Income	n/a
Benefit Payments	n/a
Administrative Expense	n/a
Other	<u>n/a</u>
Net Change in Plan Fiduciary Net Position	n/a
Plan Fiduciary Net Position - Beginning	n/a
Plan Fiduciary Net Position - Ending (b)	n/a
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)	n/a
Covered-employee payroll	39,786,674
Total pension liability/(asset) as a percentage of covered payroll	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 were previously not administered through a trust, were 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 was 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 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, 2023**

Schedule of Contributions State Board Supplemental Defined Benefit Plans Fiscal Year Ended June 30
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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%
2023	3,868,647	3,868,647	-	41,988,626	9.21%

Note: These schedules will be built prospectively 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, 2022, 7.00% (Municipal Bond Rate)

The total pension liability is 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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
District's portion of OPEB liability	0.9022638478%	0.9130525005%	0.9886322641%
District's proportionate share of the OPEB liability	\$ 38,330,538	\$ 59,089,788	\$ 59,863,596
District's covered-employee payroll	41,988,626	42,797,226	40,850,468
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	91.29%	138.07%	146.54%
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily-required contributions	\$ 54,585	\$ 54,951	\$ 53,107
Contributions related to the statutorily-required contributions	<u>(54,585)</u>	<u>(54,951)</u>	<u>(53,107)</u>
Contribution (deficiency) excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 41,988,626	\$ 42,797,226	\$ 40,850,468
Contribution as a percentage of covered-employee payroll	0.130000014%	0.128398507%	0.130003407%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's portion of OPEB liability	1.0165731749%	1.0110946268%	1.0261065497%
District's proportionate share of the OPEB liability	\$ 51,628,025	\$ 58,904,578	\$ 59,779,146
District's covered-employee payroll	42,845,419	40,857,984	40,051,499
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	120.50%	144.17%	149.26%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily-required contributions	\$ 214,154	\$ 203,223	\$ 197,773
Contributions related to the statutorily-required contributions	<u>(214,154)</u>	<u>(203,223)</u>	<u>(197,773)</u>
Contribution (deficiency) excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 42,845,519	\$ 40,857,984	\$ 40,051,499
Contribution as a percentage of covered-employee payroll	0.499828232%	0.497388711%	0.493796749%

Community Colleges of Spokane

Schedule of Changes in Total OPEB Liability and Related Ratios

Year Ended June 30, 2023

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, 2023

	Spokane Community College	Spokane Falls Community College	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 67,438,422	\$ 59,249,832	\$ 126,688,254
Short term investments	13,172,636	8,898,193	22,070,829
Accounts receivable, net of allowance for doubtful accounts	12,849,163	6,619,265	19,468,428
Interest receivable	14,216	7,322	21,538
Lease Receivable ST	92,502	47,642	140,144
Total current assets	93,566,939	74,822,254	168,389,193
NONCURRENT ASSETS			
Long-term investments	4,498,070	2,705,390	7,203,460
Lease receivable LT	2,295,704	1,182,368	3,478,072
Pension Asset	5,689,964	2,556,322	8,246,286
Non-depreciable capital assets	11,874,828	21,320,357	33,195,185
Capital assets, net of depreciation	106,958,151	81,123,329	188,081,480
Leased asset, Buildings, net of amortization	-	-	-
Total noncurrent assets	131,316,716	108,887,766	240,204,483
Total assets	224,883,655	183,710,020	408,593,676
Deferred outflow s of resources related to OPEB	3,374,835	1,738,551	5,113,386
Deferred outflow s of resources related to pensions	9,951,066	4,470,700	14,421,766
Total deferred outflow s of resources	13,325,901	6,209,251	19,535,152
Total assets and deferred outflow s	\$ 238,209,556	\$ 189,919,271	\$ 428,128,828
CURRENT LIABILITIES			
Accounts payable	\$ 9,221,210	\$ 2,457,329	\$ 11,678,539
Accrued liabilities	5,985,871	2,448,039	8,433,910
Compensated absences, current portion	2,188,542	1,285,334	3,473,876
Unearned revenue	1,540,223	2,216,613	3,756,836
Net pension liability	163,522	73,465	236,987
OPEB liability, current portion	638,485	328,916	967,401
SBITA Liability, current portion	103,124	53,125	156,249
Right-to-use Lease Liability ST	752,091	570,430	1,322,521
Notes payable, current portion	-	723,928	723,928
Total current liabilities	20,593,067	10,157,180	30,750,247
NONCURRENT LIABILITIES			
Compensated absences, net of current portion	3,125,354	1,502,652	4,628,006
Net pension liability, net of current portion	6,114,073	2,746,902	8,860,975
OPEB liability, net of current portion	24,659,670	12,703,467	37,363,137
SBITA Liability, net of current portion	78,454	40,416	118,870
Right-to-use Lease Liability LT	2,172,329	1,647,622	3,819,951
Notes payable, net of current portion	-	12,959,994	12,959,994
Total noncurrent liabilities	36,149,880	31,601,053	67,750,933
Total liabilities	56,742,947	41,758,233	98,501,180
Deferred inflow s of resources related to OPEB	24,006,404	12,366,935	36,373,339
Deferred inflow s of resources related to pensions	9,980,576	4,483,958	14,464,534
Deferred inflow s of resources related to Leases	1,987,136	1,507,160	3,494,296
Total deferred inflow s of resources	35,974,115	18,358,053	54,332,168
NET POSITION			
Net investment in capital assets	124,640,890	77,534,260	202,175,150
Restricted for Pension Plan Assets	6,933,592	3,115,092	10,048,684
Unrestricted	15,172,489	47,899,154	63,071,643
Total net position	146,746,972	128,548,505	275,295,477
Total liabilities, deferred inflow s, and net position	\$ 239,464,034	\$ 188,664,792	\$ 428,128,826

Community Colleges of Spokane
Segmented Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2023

	Spokane Community College	Spokane Falls Community College	Total
OPERATING REVENUES			
Student tuition and fees, net	\$ 20,059,862	\$ 10,333,868	\$ 30,393,730
Auxiliary enterprise sales	3,082,667	1,623,604	4,706,271
State and local grants and contracts	31,523,727	16,239,497	47,763,224
Federal grants and contracts	25,004,974	10,708,685	35,713,659
Other operating revenues	38,304	19,529	57,833
Leased Property Interest	18,702	14,185	32,887
Interest on loans to students	192,293	99,061	291,354
	<u>79,920,529</u>	<u>39,038,428</u>	<u>118,958,957</u>
OPERATING EXPENSES			
Operating expenses	15,906,424	8,735,209	24,641,633
Salaries and wages	56,319,910	29,013,286	85,333,196
Benefits	16,914,523	7,022,284	23,936,807
Scholarships and fellow ships	32,469,515	16,726,722	49,196,237
Supplies and materials	3,600,706	1,616,683	5,217,389
Depreciation	6,785,610	4,175,489	10,961,099
Amortization, Leases	-	-	-
Purchased services	8,453,101	4,354,628	12,807,729
Leases	-	-	-
Utilities	2,472,140	1,273,526	3,745,666
	<u>142,921,929</u>	<u>72,917,827</u>	<u>215,839,756</u>
INCOME(LOSS) FROM OPERATIONS	(63,001,400)	(33,879,399)	(96,880,799)
NONOPERATING REVENUES			
State appropriations	52,522,221	27,056,902	79,579,123
Federal Pell grant revenue	9,938,943	6,028,651	15,967,594
Investment income, gains and losses	1,600,487	1,188,643	2,789,130
	<u>64,061,651</u>	<u>34,274,196</u>	<u>98,335,847</u>
NONOPERATING EXPENSES			
Building and innovation fees	2,191,919	1,129,170	3,321,089
Lease Interest	55,758	42,407	98,165
Interest on indebtedness	81,687	501,789	583,475
Gain on sale of capital asset	-	-	-
	<u>2,329,363</u>	<u>1,673,366</u>	<u>4,002,729</u>
Capital appropriations	7,528,443	13,981,394	21,509,837
Increase in net position	6,259,331	12,702,826	18,962,157
NET POSITION			
Net position, beginning of year, as restated	140,487,641	115,845,679	256,333,320
Net position, end of year	<u>\$ 146,746,972</u>	<u>\$ 128,548,505</u>	<u>\$ 275,295,477</u>