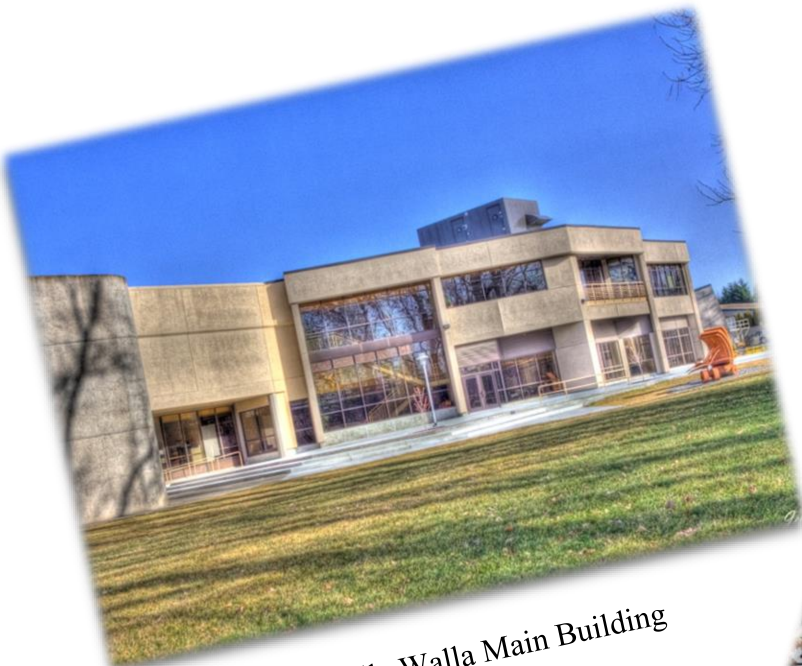
Walla Walla Community College

2015 Annual Financial Report

Fiscal Year Ended June 30, 2015



Walla Walla Main Building

Clarkston Health Science

2015 Financial Report

Table of Contents

For information about the financial data included in this report, contact:
Vice President of Financial and Administrative Services
Walla Walla Community College
500 Tausick Way
Walla Walla, WA 99362
(509) 527-4201

You may view the financial report at http://www.wwcc.edu/annual-financial-reports/

For information about enrollment, degrees awarded, or academic programs, contact:
Research & Planning
Walla Walla Community College
500 Tausick Way
Walla Walla, WA 99362
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Trustees and Executive Officer list effective as of June 30, 2015

Independent Auditor's Report on Financial Statements

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Walla Walla Community College
July 1, 2014 through June 30, 2015

Board of Trustees
Walla Walla Community College
Walla Walla, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Walla Walla Community College, Walla Walla County, Washington, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Walla Walla Community College Foundation, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it related to the amount included for the Walla Walla Community College Foundation, is based solely on the report of the other auditors.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Walla Walla Community College, as of June 30, 2015, 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.

Matters of Emphasis

As discussed in Note 16 to the financial statements, in 2015, the College adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statements of the Walla Walla Community College, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2015, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the **management's discussion and** analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing **the information for consistency with management's responses to our** inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8**, 2016 on our consideration of the College's internal control** over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the **College's** internal control over financial reporting and compliance.

Troy X. Kelley

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

November 8, 2016

Management's Discussion and Analysis

Walla Walla Community College

The following discussion and analysis provides an overview of the financial position and activities of Walla Walla Community College (the College) for the fiscal year ended June 30, 2015 (FY 2015).

This overview provides readers with an objective and easily readable analysis of the College's financial performance for the year, based on currently known facts and conditions. This discussion has been prepared by management and should be read in conjunction with the College's financial statements and accompanying note disclosures.

Reporting Entity

Walla Walla Community College is one of thirty public community and technical college districts in the State of Washington, providing comprehensive, open-door academic programs, workforce education, basic skills and community service educational programs to approximately 10,700 students. The College confers associates degrees, certificates and high school diplomas. The College was established in 1967 and its primary purpose is to inspire students to discover their potential and achieve their goals by providing relevant, equitable, and innovative learning opportunities and services.

The College's main campus is located in Walla Walla, Washington, a community of about 32,000 residents. The College also has a campus in Clarkston, Washington. The College provides contracted educational services for the Department of Corrections at the Washington State Penitentiary in Walla Walla and at the Coyote Ridge Corrections Center in Connell. The College is governed by a five-member Board of Trustees appointed by the governor of the state with the consent of the state Senate. By statute, the Board of Trustees has full control of the College, except as otherwise provided by law.

Using the Financial Statements

The financial statements presented in this report encompass the College and its discretely presented component unit – Walla Walla Community College Foundation. The College's financial statements include the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the College as of June 30, 2015. The Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash Flows provide information about operations and activities over the entire fiscal year. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess the college's financial health.

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

During 2015, the College adopted GASB Statement No. 68, as amended by GASB Statement No. 71. These statements require the College to record its proportionate share of net pension liabilities, deferred outflows and inflows by restating its 2014 net position, pension liabilities and deferral of resources as a change in accounting principle. For the purposes of this analysis, the restatement of the 2014 net position was made to conform to 2015 presentation. The change in accounting principle resulted in a reduction to unrestricted net position in the amount of $5,092,240. This decrease resulted in the restatement of net position to a balance of $56,222,815 for the year ending June 30, 2014.

Statement of Net Position

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

Condensed Statement of Net Position			
	As of June 30, 2015	As of June 30, 2014 as restated	Change
Assets			
Current Assets	$ 16,902,615	$ 15,731,432	$ 1,171,183
Capital Assets, net	53,516,030	51,868,723	1,647,307
Other Assets, non-current	869,042	870,647	(1,605)
Total Assets	**$ 71,287,687**	**$ 68,470,802**	**$ 2,816,885**
Deferred Outflows	**$ 582,849**	**$ 494,474**	**$ 88,375**
Total Assets and Deferred Outflows	**$ 71,870,536**	**$ 68,965,276**	**$ 2,905,260**
Liabilities			
Current Liabilities	3,908,075	2,987,532	920,543
Other Liabilities, non-current	7,620,623	9,754,929	(2,134,306)
Total Liabilities	**$ 11,528,698**	**$ 12,742,461**	**$ (1,213,763)**
Deferred Inflows	**$ 1,631,175**		**$ 1,631,175**
Net Position	**$ 58,710,663**	**$ 56,222,815**	**$ 2,487,848**
Toal Liabilities, Deferred Inflows, and Net Position	**$ 71,870,536**	**$ 68,965,276**	**$ 2,905,260**

Current assets consist primarily of cash, investments, accounts receivable, inventories, and the short-term portion of student loans receivable, net of allowances. Accounts receivable that is due from other state agencies increased by around $1.35 million with almost $820,000 of that due from the Washington State Treasurer as direct reimbursement for capital and operating expenses from state funds. That increase is netted with a decrease in instructional-related work in progress inventory of over $240,000 which is due to the completion and sale of a large number of projects during the current year.

Net capital assets increased by $1,647,306 from FY 2014 to FY 2015. Most of this increase is due to the purchase of equipment in the amount of $1,590,326 and construction in progress at year-end of $2,256,668 for wind turbines and a solar blanket project. These increases are offset by depreciation of $2,227,083.

Other non-current assets reflect the long-term portion of student loans receivable, net of allowances. The college makes student loans as part of the Perkins Federal loan program. The loans receivable balance decreased slightly due to students paying down loan balances.

Deferred outflows of resources totaling $582,849 are related to the net pension liability that was recorded on the College's financial statements this year as a result of implementation of GASB 68 & 71. This is an increase of around $88,000 over the amount recorded for FY 2014.

Current liabilities include amounts payable to suppliers for goods and services, accrued payroll and related liabilities, the current portion of Certificate of Participation (COP) debt, unearned revenue, and the current portion of compensated absences. 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 increase in current liabilities from FY 2014 to FY 2015 is due to a number of changes during the fiscal year. Normal fluctuations in accounts payable due to vendors at year-end resulted in an increase of $365,000. Accrued liabilities increased by around $237,000 primarily due to the accrual of a liability of $252,415 for the College's portion of the *Moore v. HCA* class action lawsuit. Recognizing a current portion of compensated absences resulted in an increase of $214,000. Summer and fall quarter tuition and fees collected before June 30th each year are treated as unearned revenue and for FY 2015 that amount increased by approximately $76,000 when compared to FY 2014. Unearned revenue from grants and contracts increased by $29,000 due to grant revenues received but not yet earned as of June 30, 2015.

Non-current liabilities primarily consist of the value of vacation and sick leave earned but not yet used by employees (compensated absences), pension liabilities and the long-term portion of Certificates of Participation debt. The College's overall decrease of around $2,134,000 in non-current liabilities is due primarily to the decrease in pension liability of $1,753,000 and a decrease of around $231,000 for the long term portion of compensated absences combined with a decrease in the principal amount owed on four COPs. The principal amount outstanding declined by $150,000 during FY 2014 due to normally scheduled annual debt service payments.

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

> ***Net Investment in Capital Assets –*** The College's total investment in property, plant, equipment, and infrastructure net of accumulated depreciation and outstanding debt obligations related to those capital assets. Changes in these balances are discussed above.
>
> ***Restricted:***
>
> > ***Non Expendable –*** consists of funds in which a donor or external party has imposed the restriction that the corpus or principal is not available for expenditures but for investment purposes only. Historically, donors interested in establishing

such funds to benefit the College or its students have chosen to do so through the Foundation. As a result, the college is not reporting any balance in this category.

Expendable – resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties who have placed time or purpose restrictions on the use of the asset. Student loans make up the majority of the College's expendable restricted funds, but there is also a small amount of student financial aid that falls under this classification. The changes in student loan balances were discussed in this section.

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

As stated earlier in this section, the College's net position was adjusted by $5,092,240 to reflect the implementation of GASB Statement No. 68 to report the net pension liability and the offsetting adjustment to net position.

Condensed Net Position As of June 30th	**FY 2015**	**FY 2014** **as restated**	**Change**
Net investment in capital assets	$ 51,556,030	$ 49,758,723	$ 1,797,307
Restricted			
Expendable for financial aid	162,569	70,096	92,473
Expendable for student loans	1,180,959	1,190,928	(9,969)
Unrestricted	5,811,104	5,203,067	608,037
Total Net Position	**$ 58,710,663**	**$ 56,222,815**	**$ 2,487,848**

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position accounts for the College's changes in total net position during FY 2015. The objective of the statement is to present the revenues received, both operating and non-operating, and the expenses paid by the College, along with any other revenues, expenses, gains and losses of the College.

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

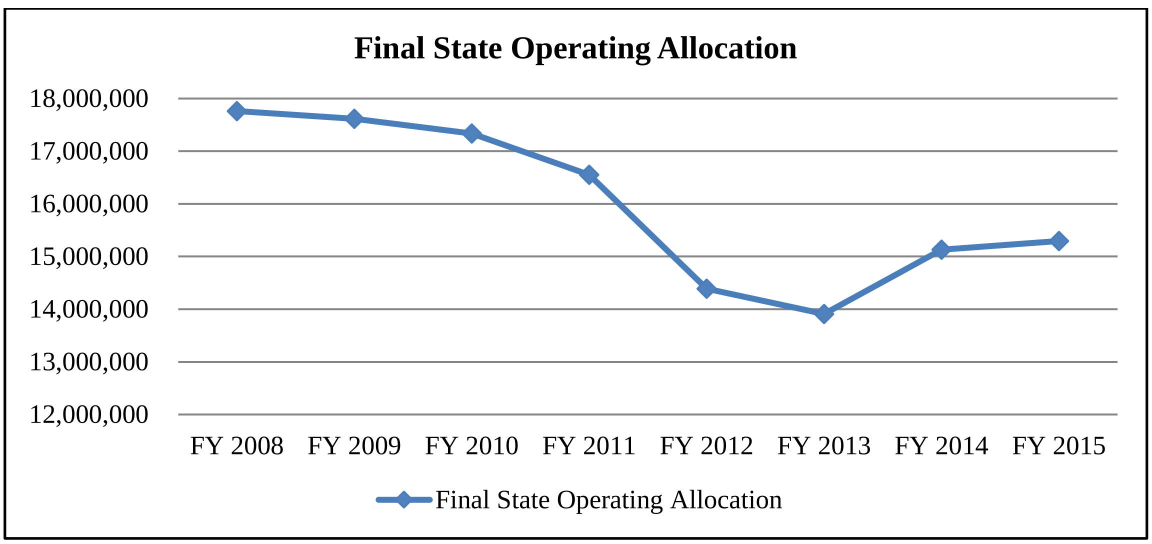
Operating expenses are expenses incurred in the normal operation of the College, including depreciation on property and equipment assets. When operating revenues, excluding state appropriations and Pell grants, are measured against operating expenses, the College shows an operating loss. The operating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

A comparison of the condensed statement of revenues, expenses and changes in net position is presented below.

Condensed Statement of Revenue, Expenses and Changes in Net Position						
For year ended June 30		2015		2014 as restated		Change
Operating Revenues	$	28,560,684	$	29,635,751	$	(1,075,067)
Operating Expenses		52,549,683		52,768,313		(218,630)
Net Operating Loss	$	(23,988,999)	$	(23,132,562)	$	(856,437)
Non-Operating Revenues (Expenses)	$	21,207,336	$	21,720,699	$	(513,363)
Gain (Loss) Before Capital Contributions	$	(2,781,663)	$	(1,411,864)	$	(1,369,799)
Capital Appropriations and gifts		5,269,511		1,060,513		4,208,998
Increase (Decrease) in Net Position	$	2,487,848	$	(351,351)	$	2,839,199
Net Position, Beginning of the Year	$	56,222,815	$	56,574,166	$	(351,351)
Net Position, End of the Year	$	58,710,663	$	56,222,815	$	2,487,848

Revenues

The State of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college. System-level appropriations hit their height in FY 2009 and as a result of the great recession were reduced by almost 24% by FY 2013. In FY 2014, the Legislature reinstated a small portion of the previous cuts. For FY 2015, the College's state appropriation increased by approximately $168,000 or 1%.



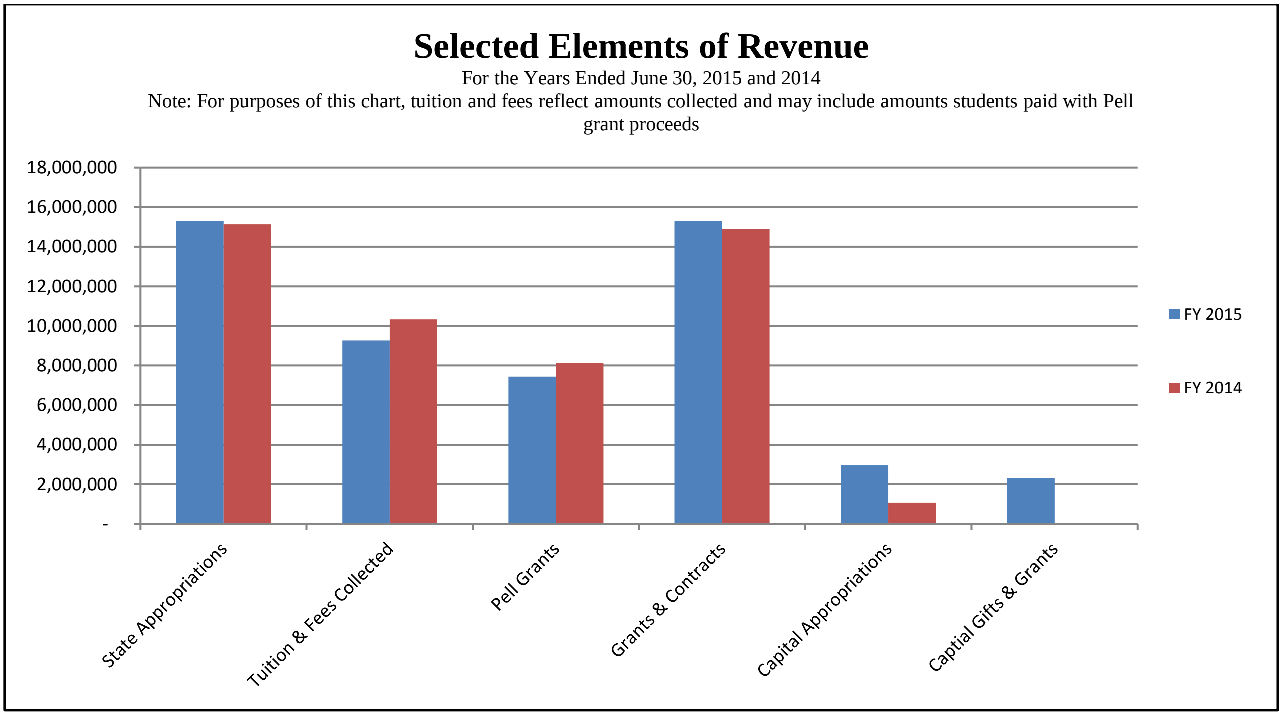
The Legislature did not allow tuition increases for the two-year colleges in FY 2014 or FY 2015. A decrease of 215 full-time equivalent students resulted in a 10.3% decrease in the College's tuition and fee revenue for FY 2014. Pell grant revenues generally follow enrollment trends so as the College's enrollment decreased so did the College's Pell grant revenue which declined 8.3%. For FY 2015, the College held other fees as stable as possible, resulting in very little change in fee revenues other than due to the decreased enrollments. In addition, the College serves some students by offering some programs on a fee-only basis, as allowed by law.

In FY 2015, grant and contract revenues increased by approximately $170,000, when compared with FY 2014. The College continued to serve students under the terms of contracted programs.

The College contracts with local high schools to enroll Running Start and Alternative Education Program students who earn either high school credits, college credits or both for courses taken as a part of these programs.

The College receives capital spending authority on a biennial basis and is generally required to expend all funding during the biennium it is appropriated. In accordance with accounting standards, the amount shown as capital appropriation revenue on the financial statement is the amount expended in the current year. Compared to FY 2014, the College received around $1.9 million more in capital appropriations during FY 2015. A total of almost $3 million was received during the fiscal year with the majority of those funds being accounted for as operating expenses instead of being capitalized as assets on the Statement of Net Position.

During FY 2015, approximately $2.3 million was received as capital gifts and grants with the majority of that revenue coming from a State Department of Commerce capital grant awarded through the Innovation Partnership Zone (IPZ).



Expenses

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

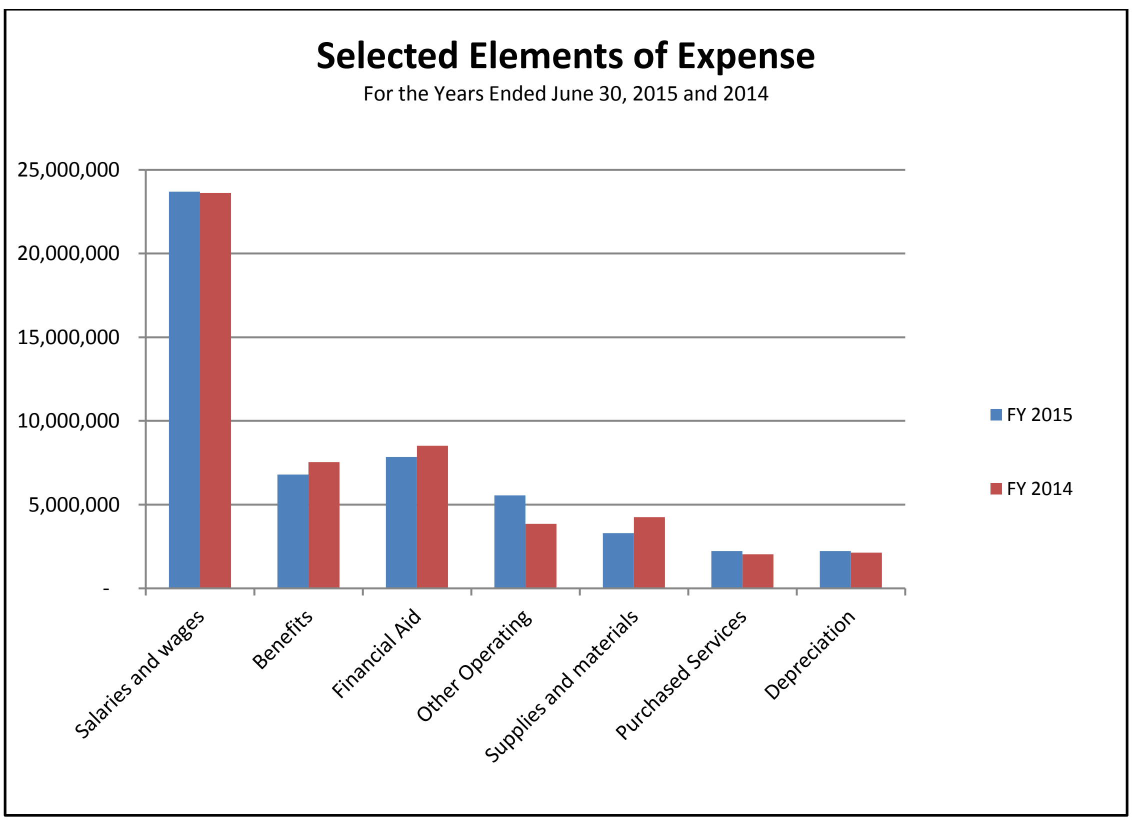
More recently, in FY 2015, salary expenditures remained relatively constant while employee benefit costs decreased by over $700,000. The College's share of health care benefit costs decreased by around $500,000 due to the state negotiating better rates. The other decrease in benefit costs is due to a $210,111 adjustment for pension expenses in accordance with GASB 68.

Expenditures for student financial aid declined by $660,338 in FY 2015. This is directly related to the decline in enrollment of around 215 full-time equivalent students that occurred during the fiscal year.

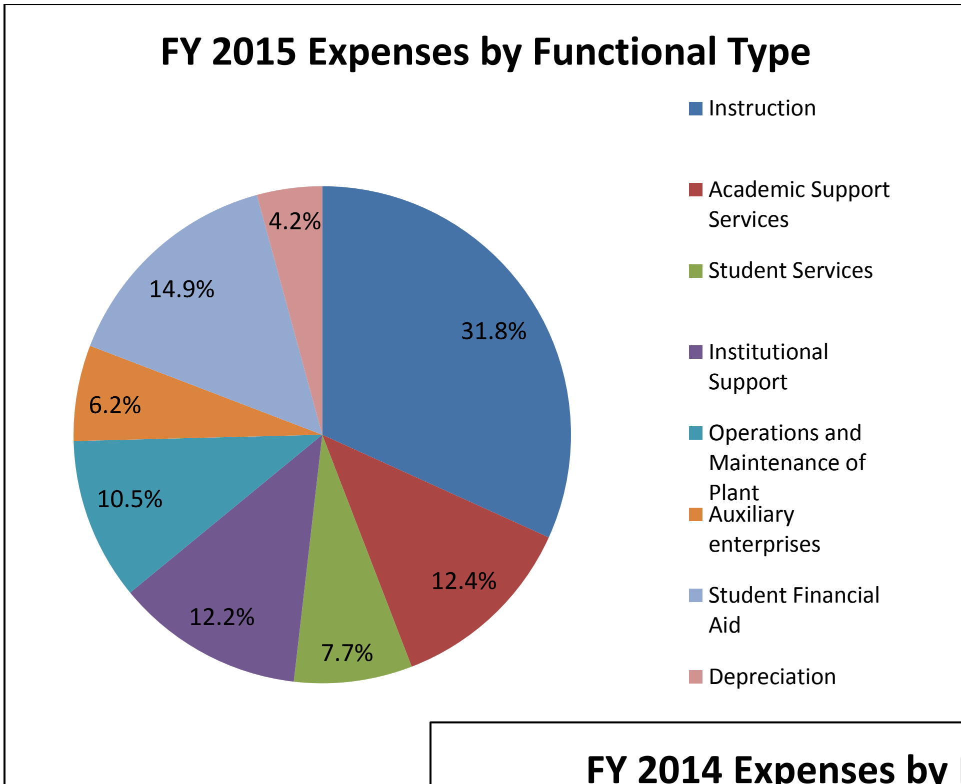
Overall, combined expenses for supplies and materials, purchased services and other operating expenses increased by around $925,000 with most of that increase showing up as other operating expenses. This is a direct result of increased spending related to an increase in capital appropriations received from the state that are used for services related to planning or designing facility projects and for other non-capitalized equipment purchases. Expenditures from capital project funds that do not meet accounting standards for capitalization are reported as other operating expenses. Those expenditures that meet the capitalization standard are not shown as expense in the current period and are instead recognized as depreciation expense over the expected useful lifetime of the asset. Other costs reported as operating expenses include items such as travel, employee training, non-capitalized equipment, software, printing and other supplies.

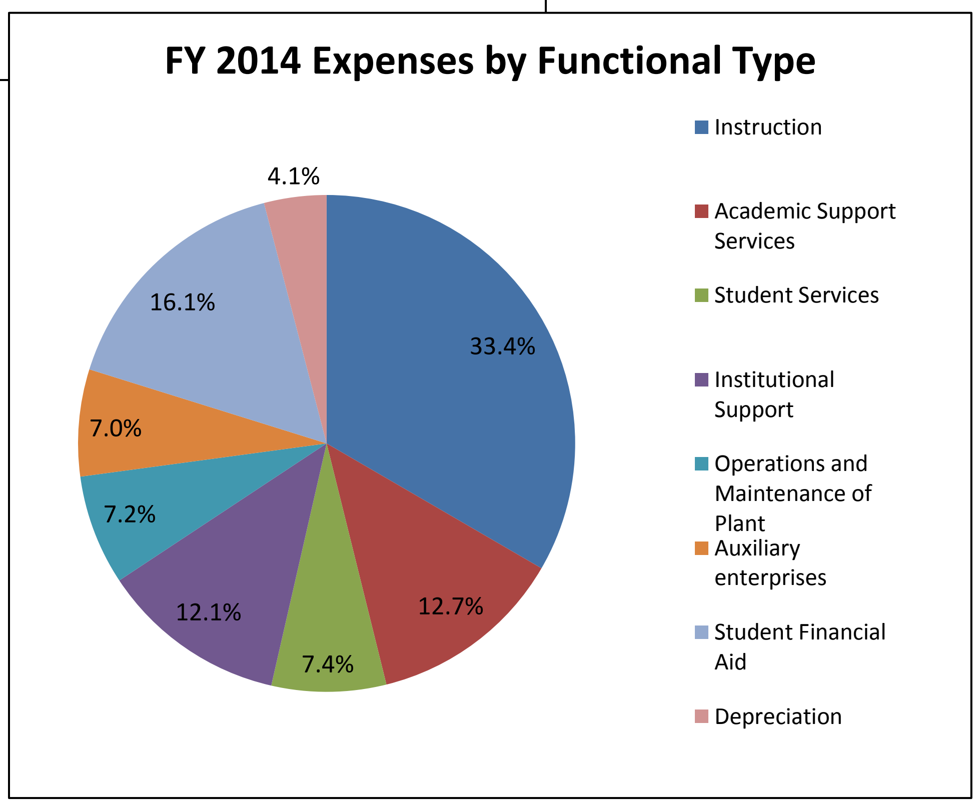
Utility costs were also around 9.6% higher, or $79,000, when compared to FY 2014 primarily due to rate increases which were partially offset by reducing usage. Depreciation expense is driven by capital activity, with the annual depreciation expense showing a large increase in any year when a new building is placed in service. Fluctuations of this nature are to be expected.

Comparison of Selected Elements of Operating Expenses
The following chart shows the amount, in dollars, for selected elements of operating expenses for FY 2015 and FY 2014.



Operating Expenses by Function
The following chart shows the amount, by percentage, of operating expenses for each functional area for FY 2015.





Capital Assets and Long-Term Debt Activities

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

At June 30, 2015, the College had invested $53,516,030 in capital assets, net of accumulated depreciation. This represents an increase of $1,647,307 from last year, as shown in the table below.

Asset Type	June 30, 2015	June 30, 2014	Change
Land	$ 2,553,379	$ 2,553,379	$ -
Construction in Progress	2,359,340	102,672	2,256,669
Buildings, net	45,077,484	46,417,826	(1,340,342)
Other Improvements and Infrastructure, net	400,336	359,427	40,909
Equipment, net	2,986,177	2,281,492	704,686
Library Resources, net	139,313	153,928	(14,615)
Total Capital Assets, Net	**$ 53,516,030**	**$ 51,868,723**	**$ 1,647,307**

An increase in net capital assets is normally attributed to routine replacement and acquisition of equipment and library resources. During FY 2015, a capital grant from the State Department of Commerce's IPZ program resulted in a significant increase in construction in progress. The construction costs related to the acquisition and placement of wind turbines along with expenses related to a large solar energy installation project increased construction in progress by $2,256,669. Two pieces of equipment were donated during the fiscal year at a value of $66,250. Increases of this nature are normally offset somewhat by the annual depreciation expense. Additional information on capital assets can be found in Note 6 of the Notes to the Financial Statements.

At June 30, 2015, the College had $1,960,000 in outstanding debt on four Certificates of Participation (COP).

Debt	June 30, 2015	June 30, 2014	Change
Certificates of Participation	$ 1,960,000	$ 2,110,000	$ (150,000)
Total	**$ 1,960,000**	**$ 2,110,000**	**$ (150,000)**

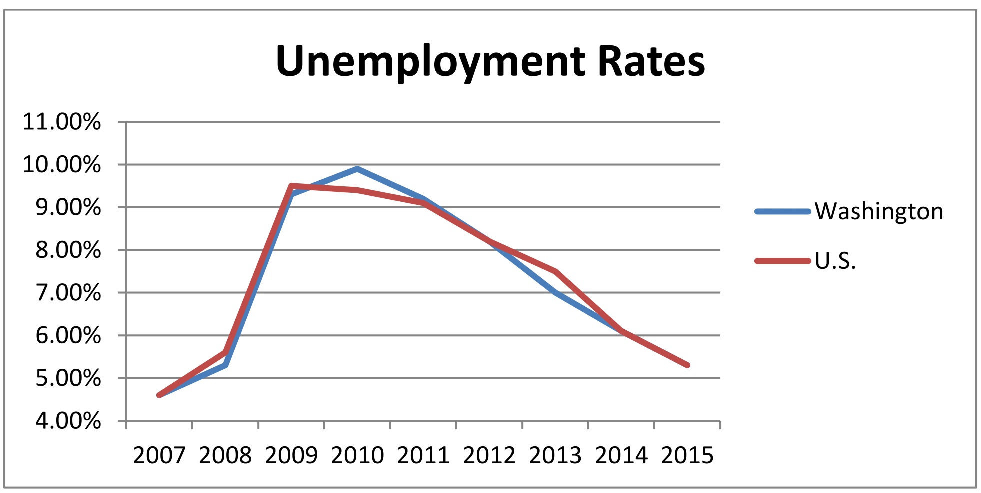
Additional information on long term debt and debt service schedules can be found in Notes 13, 14 and 15 of the Notes to the Financial Statements.

Economic Factors That May Affect the Future

Following a trend that began in FY 2009, the College's state operating appropriations continued to decrease through FY 2013. More recently, when creating the 2013-2015 biennial budget, the state Legislature made some modest reinvestments in community and technical colleges. They continued this trend with a supplemental budget that included community colleges as a key partner in an investment in aerospace training. Despite these reinvestments by the Legislature, the net reduction for the community college system between FY 2009 and the expected funding level by the end of FY 2015 will still be a little over 15 percent. These investments in community colleges allowed the Legislature to keep FY 2015 tuition levels flat for students.

Moving forward into the FY 2016 year, the Legislature enacted the Affordable Education Act, which reduced tuition by 5% at the College. This will further reduce the amount of tuition collected by the College. The Legislature did however partially backfill this loss with state funds. It's unclear how much opportunity, if any, there may be for additional investments in community and technical colleges in the next few years, as state budget writers continue to grapple with court-mandated basic education obligations. Effective starting FY 2017, the State Board for Community and Technical Colleges has elected to move to a new allocation model which is changing how the state allocated funds are distributed to each college. In theory, the new model attempts to allocate state funds based on performance related to several key indicators from general enrollments to enrollments in high cost programs, as well as student completion and achievement points as defined under the State Board's Student Achievement Initiative (SAI).

A hallmark of community colleges is the flexibility to quickly respond to the needs of the community, resulting in a pattern of high enrollment during economic downturns, punctuated by lower enrollment when the job market is strong and unemployment rates are low. While the Great Recession of 2008 had a lingering effect on the job market in Washington for a few years, there has now been a significant improvement in more recent years. Enrollment fluctuations are a more significant concern for higher education finances in the current environment where state support has been reduced and tuition revenues make up a larger and larger share of college budgets. The College has experienced enrollment declines as the state economy improves, repeating the College's historic enrollment patterns related to unemployment rates.



College Statement of Net Position

Walla Walla Community College
Statement of Net Position
June 30, 2015

Assets	
Current Assets	
Cash and cash equivalents	$ 8,255,090
Accounts receivable, net of allowances	7,660,250
Student loans receivable, net of allowances	175,325
Inventories	732,551
Prepaid expenses	79,400
Total current assets	**$ 16,902,615**
Non-Current Assets	
Student loans receivable, net of allowances	$ 869,042
Capital assets, not being depreciated	4,912,719
Capital assets, net of accumulated depreciation	48,603,310
Total non-current assets	**$ 54,385,072**
Total assets	**$ 71,287,687**
Deferred Outflows of Resources Related to Pensions	**$ 582,849**
Total Assets and Deferred Outflows	**$ 71,870,536**
Liabilities	
Current Liabilities	
Accounts payable	$ 980,730
Accrued liabilities	1,368,660
Compensated absences	213,884
Unearned revenue	1,194,801
Certificates of participation payable	150,000
Total Current Liabilities	**$ 3,908,075**
Non-Current Liabilities	
Compensated absences	$ 1,976,820
Pension liability	3,833,803
Long-term liabilities	1,810,000
Total non-current liabilities	**$ 7,620,623**
Total liabilities	**$ 11,528,699**
Deferred Inflows of Resources Related to Pensions	**$ 1,631,175**
Net Position	
Net investment in capital assets	$ 51,556,030
Restricted for:	
Expendable for financial aid	162,569
Expendable for student loans	1,180,959
Unrestricted	5,811,104
Total net position	**$ 58,710,663**
Total Liabilities, Deferred Inflows, and Net Position	**$ 71,870,536**

The accompanying notes are an integral part of the financial statements

Foundation Statement of Financial Position

Walla Walla Community College Foundation and Subsidiary
Consolidated Statements of Financial Position
December 31, 2014

Assets		
Current assets		
Cash and cash equivalents	$	594,569
Investments		6,028,458
Prepaid tuition		494,950
Inventory		102,477
Assets held for resale		53,147
Prepaid expenses and other assets		4,795
Total current assets	**$**	**7,278,396**
Property and equipment, net of depreciation		**1,724,339**
Total assets	**$**	**9,002,735**
Liabilities and net assets		
Current liabilities		
Accounts payable	$	103,763
Accrued expenses		14,126
Total liabilities	**$**	**117,889**
Net assets		
Unrestricted net assets	$	2,479,120
Temporarily restricted net assets		6,405,726
Total net assets	**$**	**8,884,846**
Total liabilities and net assets	**$**	**9,002,735**

College Statement of Revenues, Expenditures and Changes in Net Position

Walla Walla Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

Operating Revenues		
Student tuition and fees, net of discounts	$	9,263,104
Auxiliary enterprise sales		2,159,601
State and local grants and contracts		14,083,722
Federal grants and contracts		1,211,593
Other operating revenues		1,821,925
Interest on loans to students		20,738
Total operating revenue	**$**	**28,560,684**
Operating Expenses		
Operating expenses	$	5,546,266
Salaries and wages		23,697,818
Benefits		6,803,297
Scholarships and fellowships		7,848,946
Supplies and materials		3,303,981
Depreciation		2,227,083
Purchased services		2,218,295
Utilities		903,996
Total operating expenses	**$**	**52,549,682**
Operating income (loss)	**$**	**(23,988,999)**
Non-Operating Revenues (Expenses)		
State appropriations	$	15,297,122
Federal Pell grant revenue		7,444,671
Investment income, gains and losses		21,270
Building fee remittance		(1,191,103)
Innovation fee remittance		(273,746)
Interest on indebtedness		(90,878)
Net non-operating revenues (expenses)	**$**	**21,207,336**
Income (Loss) before capital contributions	**$**	**(2,781,662)**
Capital appropriations	$	2,965,108
Capital gifts and grants		2,304,403
Increase (Decrease) in net position	**$**	**2,487,848**
Net Position		
Net position, beginning of year	$	61,315,055
Cumulative effect of a change in accounting principle (GASB 68)		(5,092,240)
Net position, beginning of year, as restated	**$**	**56,222,815**
Net position, end of year	**$**	**58,710,663**

Foundation Statement of Activities and Changes in Net Position

Walla Walla Community College Foundation and Subsidiary
Consolidated Statement of Activities and Changes in Net Assets
Year ended Dec. 31, 2014

	Unrestricted	Temporarily Restricted	Totals
Revenue			
Contributions and grants	$ 41,736	$ 531,063	$ 572,799
Unrealized gain on investments	(151,689)	(301,290)	(452,979)
Lease income	193,423	-	193,423
Interest and dividends	471	235,484	235,955
Donated service and materials	207,687	-	207,687
Warrior Club	30,047	-	30,047
Realized gain on investments	-	536,821	536,821
Gain on sale of asset	13,939	-	13,939
Other income	16,069	-	16,069
Program revenue	121,078	-	121,078
Wine operations			
Retail sales	221,041	-	221,041
Less: Cost of goods sold	(68,918)	-	(68,918)
Gross Profit	**$ 152,123**	**$ -**	**$ 152,123**
Net assets released from restrictions	**1,020,645**	**(1,020,645)**	**-**
Total public support, revenue and reclassifications	**$ 1,645,529**	**$ (18,567)**	**$ 1,626,962**

(continued on next page)

Walla Walla Community College Foundation and Subsidiary
Consolidated Statement of Activities and Changes in Net Assets (cont.)
Year ended Dec. 31, 2014

	Unrestricted	Temporarily Restricted	Totals
Expenses			
Scholarships and awards:			
Scholarships and awards	$ 654,668	$ -	$ 654,668
Grant expenditures	75,218	-	75,218
Program expenses	221,334	-	221,334
Administration:			
Selling expense	176	-	176
Advertising	29,689	-	29,689
Bank fees	3,339	-	3,339
Administrative fee	196,790	-	196,790
Professional services	10,877	-	10,877
Investment expense	29,643	-	29,643
Depreciation	79,995	-	79,995
Insurance	21,265	-	21,265
Supplies	16,577	-	16,577
Taxes and licenses	14,371	-	14,371
Travel	8,402	-	8,402
Dues and subscriptions	11,744	-	11,744
Repair and maintenance	3,941	-	3,941
Donated services and materials	103,168	-	103,168
Miscellaneous	154,995	-	154,995
Fundraising event expenses:			
Warrior Club	30,241	-	30,241
Total Expenses	**$ 1,666,433**	**$ -**	**$ 1,666,433**
Change in net assets	**$ (20,904)**	**$ (18,567)**	**$ (39,471)**
Net assets - beginning of year	2,500,024	6,424,293	8,924,317
Net assets - end of year	**$ 2,479,120**	**$ 6,405,726**	**$ 8,884,846**

College Statement of Cash Flows

Walla Walla Community College
Statement of Cash Flows
For the Year Ended June 30, 2015

Cash flow from operating activities		
Student tuition and fees, net of discounts	$	9,250,720
Grants and contracts		15,157,832
Payments to vendors		(10,053,586)
Payments for utilities		(901,665)
Payments to employees		(23,799,286)
Payments for benefits		(7,049,948)
Auxiliary enterprise sales		2,156,684
Payments for scholarships		(7,848,946)
Loans issued to students		(192,990)
Collection of loans to students		170,094
Other receipts		1,512,932
Net cash used by operating activities	**$**	**(21,598,158)**
Cash flow from noncapital financing activities		
State appropriations	$	14,904,141
Federal Pell grant revenue		7,444,671
Building fee remittance		(1,193,935)
Innovation fee remittance		(273,912)
Net cash provided by noncapital financing activities	**$**	**20,880,965**
Cash flow from capital and related financing activities		
Capital appropriations	$	2,538,472
Purchases of capital assets		(3,874,390)
Capital gifts and grants		2,304,403
Principal paid on capital debt		(150,000)
Interest paid on indebtedness		(90,878)
Net cash used by capital and related financing activities	**$**	**727,608**
Cash flow from investing activities		
Income from investments	$	21,270
Net cash provided by investing activities	**$**	**21,270**
Increase (Decrease) in cash and cash equivalents	**$**	**31,686**
Cash and cash equivalents at the beginning of the year	**$**	**8,223,404**
Cash and cash equivalents at the end of the year	**$**	**8,255,090**

The accompanying notes are an integral part of the financial statements

(Cash Flow Statement - cont.)

Reconciliation of Operating Loss to Net Cash used by Operating Activities

Operating loss		**$ (23,988,999)**
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation expense	$	2,227,083
Changes in assets and liabilities		
Receivables , net of allowances	$	(527,814)
Inventories		242,284
Other assets		(38,832)
Accounts payable		376,051
Accrued liabilities		228,736
Unearned revenue		104,870
Compensated absences		(17,511)
Pension liability		(210,111)
Loans to students		6,084
Net cash used by operating activities		**$ (21,598,158)**
Non-cash transactions		
Donated assets	$	66,250

The accompanying notes are an integral part of the financial statements

Notes to the Financial Statements

June 30, 2015
These notes form an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Financial Reporting Entity
Walla Walla Community College (the College) is a comprehensive community college offering open-door academic programs, workforce education, basic skills, and community education services. The College confers associates degrees, certificates and high school diplomas. It is governed by a five-member Board of Trustees appointed by the Governor and confirmed by the State Senate.

The College is an agency of the State of Washington. The financial activity of the college is included in the State's Comprehensive Annual Financial Report.

The Walla Walla Community College Foundation (the Foundation) is a separate but affiliated non-profit entity, incorporated under Washington law in 1982 and recognized as a tax exempt 501(c)(3) charity. The Foundation's charitable purpose is to support the educational and cultural programs of the College through an annual fund drive and other fund raising events. Because the majority of the Foundation's income and resources are restricted by donors and may only be used for the benefit of the College or its students, the Foundation is considered a discrete component unit based on the criteria contained in Governmental Accounting Standards Board (GASB) Statement Nos. 61, 39 and 14. A discrete component unit is an entity which is legally separate from the College, but has the potential to provide significant financial benefits to the College or whose relationship with the College is such that excluding it would cause the College's financial statements to be misleading or incomplete.

The Foundation's financial statements are discretely presented in this report. The Foundation's statements have been prepared and audited in accordance with accounting principles generally accepted in the United States of America. Intra-entity transactions and balances between the College and the Foundation are not eliminated for financial statement presentation. During the fiscal year ended June 30, 2015, the Foundation distributed approximately $646,570 to the College for restricted and unrestricted purposes which includes both student scholarships and program support. A copy of the Foundation's complete financial statements may be obtained from the Vice-President of Financial and Administrative Services, Walla Walla Community College, 500 Tausick Way, Walla Walla, WA 99362 or by calling (509)527-4201.

Basis of Presentation
The financial statements have been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments* as amended by GASB Statement No. 35, *Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities.* For financial reporting purposes, the College is considered a special-purpose government engaged only in Business Type Activities (BTA). In accordance with BTA reporting, the College presents a Management's Discussion and Analysis; a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and Notes to the Financial Statements. The format provides a

comprehensive, entity-wide perspective of the college's assets, deferred inflows, liabilities, deferred outflows, net position, revenues, expenses, changes in net position and cash flows.

New Accounting Pronouncements
In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68), which improves accounting and financial reporting by state and local governments for pensions. This statement also supersedes GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as GASB Statement No. 50, Pension Disclosures. GASB 68 is effective for fiscal years beginning after June 15, 2014. The College has implemented this pronouncement during the 2015 fiscal year. Implementation of this pronouncement has required a restatement of the prior year net position to reflect the net pension liability and the impact to net position.

The Governmental Accounting Standards Board (GASB) issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, effective for the year ended June 30, 2015. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The effect of Statement No. 71 to the College is to require the deferral (Deferred Outflows) of pension contributions made subsequent to the measurement date and is addressed in Note 7 to the financial statements.

The effects of these implementations are discussed in Notes 16 & 18.

Basis of Accounting
The financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Non-exchange transactions, in which the College receives (or gives) value without directly giving (or receiving) equal value in exchange, include 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.

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

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 the College's auxiliary enterprises are treated as though the College were dealing with private vendors. For all other funds, transactions that are reimbursements of expenses are recorded as reductions of expense.

Cash, Cash Equivalents and Investments
Cash and cash equivalents include cash on hand and bank demand deposits. Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets.

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

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.

Student loans receivable consist of amounts due from the Federal Perkins Loan Program.

Inventories
Merchandise inventory consists solely of merchandise held for resale in the bookstore and is valued using the FIFO method. Consumable inventories consist solely of inventories of food supplies held for use by the campus café and are valued using the FIFO method. The College's vocational programs purchase student project vehicles and valuation of these work-in-process projects are valued at actual costs incurred.

Prepaid Items
Prepaid items are generally outstanding credit memos for items returned by the College's on-campus bookstore. Prepaid items also exist due to deposits on equipment on order.

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

Land, buildings and equipment are recorded at cost, or if acquired by gift, at fair market 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.

In accordance with GASB Statement 42, the college reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At June 30, 2014, 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. The College has recorded summer quarter tuition and fees and advanced grant proceeds as unearned revenues.

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

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

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

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

- *Net Investment in Capital Assets*. This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
- *Restricted.* Resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by statute, granting authorities, or third parties.
    - *Expendable for Financial Aid*. These include resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.
    - *Expendable for Student Loans*. The loan funds are established for the explicit purpose of providing student support as prescribed by statute or granting authority.
- *Unrestricted*. These represent resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises.

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

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

Non-operating Revenues. This includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, investment income, and Pell grants received from the federal government. Pell grants are reported as non-operating revenue based on guidance from the Office of the Financial Management in collaboration with the State Auditor's Office.

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

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

Non-operating Expenses. This includes all other expenses of the College such as interest expense and the portion of tuition collected and remitted to the State Board for building fund and innovation fund.

Scholarship Discounts and Allowances
Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. Discounts and allowances for the year ending June 30, 2015 are $4,325,843.

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

Building and Innovation Fee Remittance
Tuition collected includes amounts remitted to the Washington State Treasurer's office to be held and appropriated in future years. The Building Fee portion of tuition charged to students is an amount established by the Legislature and is subject to change annually. The fee provides funding for capital construction and projects on a system wide basis using a competitive biennial allocation

process. The Building Fee is remitted on the 35th day of each quarter. The Innovation Fee was established in order to fund the State Board of Community and Technical College's Strategic Technology Plan. The use of the fund is to implement new ERP software across the entire system. On a monthly basis, the College's remits the portion of tuition collected for the Innovation Fee to the State Treasurer for allocation to SBCTC. These remittances are non-exchange transactions reported as an expense in the non-operating revenues and expenses section of the statement of revenues, expenses and changes in net position.

2. Cash and Investments

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

As of June 30, 2015, the carrying amount of the College's cash and equivalents was $8,255,090 as represented in the table below.

Cash and Cash Equivalents	June 30, 2015
Petty Cash and Change Funds	$ 9,275
Undeposited Cash	1,028,249
Bank Demand and Time Deposits	7,217,566
Total Cash and Cash Equivalents	**$ 8,255,090**

Custodial Credit Risks—Deposits

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

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, 2015, accounts receivable were as follows.

Accounts Receivable	Amount
Student Tuition and Fees	$ 975,092
Due from the Federal Government	413,189
Due from Other State Agencies	5,193,279
Auxiliary Enterprises	143,835
Other	984,555
Subtotal	$ 7,709,950
Less Allowance for Uncollectible Accounts	(49,700)
Total Accounts Receivable, net of allowances	**$ 7,660,250**

4. Loans Receivable

Loans receivable as of June 30, 2015 consisted of student loans issued under the Federal Perkins Loan Program, CFDA 84.038, as follows.

Loans Receivable	Amount
Student Loans Receivable	$ 1,116,967
Less Allowance for Uncollectible Accounts	(72,600)
Total Loans Receivable, net of allowances	**$ 1,044,367**

5. Inventories

Inventories, stated at cost using FIFO or actual project costs incurred, consisted of the following as of June 30, 2015.

Inventories	Amount	Valuation Method
Consumable Inventories	$ 17,742	FIFO
Merchandise Inventories	400,158	FIFO
Work in Progress Inventories	314,651	Actual Cost
Total Inventories	**$ 732,551**	

6. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2015 is presented as follows. The current year depreciation expense was $2,227,083. The college received 2 donated assets totaling $66,250 during this fiscal year. These donated assets were recorded at fair market value. Interest expense during the year was $90,878, none of which was capitalized.

Capital Assets	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Nondepreciable capital assets				
Land	$ 2,553,379	$ -	$ -	$ 2,553,379
Construction in progress	102,672	2,256,668		2,359,340
Total nondepreciable capital assets	$ 2,656,051	$ 2,256,668		$ 4,912,719
Depreciable capital assets				
Buildings	$ 65,167,826	$ -	$ -	$ 65,167,826
Other improvements and infrastructure	431,312	130,433		561,745
Equipment	6,138,711	1,459,893	(14,296)	7,584,308
Library resources	2,843,052	27,395		2,870,447
Subtotal depreciable capital assets	$ 74,580,901	$ 1,617,721	$ (14,296)	$ 76,184,326
Less accumulated depreciation				
Buildings	$ 18,750,000	$ 1,340,342	$ -	$ 20,090,342
Other improvements and infrastructure	71,885	89,524		161,409
Equipment	3,857,219	755,207	(14,296)	4,598,130
Library resources	2,689,124	42,010		2,731,134
Total accumulated depreciation	$ 25,368,228	$ 2,227,083	$ (14,296)	$ 27,581,015
Total depreciable capital assets	$ 49,212,673	$ (609,362)	$ -	$ 48,603,311
Capital assets, net of accumulated depreciation	$ 51,868,724	$ 1,647,306	$ -	$ 53,516,030

7. Deferred Outflows and Deferred Inflows of Resources

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

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of equity that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources reported by the College relate to pensions.

Deferred inflows on pensions are recorded when 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 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.

The following represent the components of the College's deferred outflows and inflows of resources as reflected on the Statement of Net Position:

Washington State Public Employees Retirement System (PERS Plan 1)	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected and actual earnings of pension plan investments		$ 296,357
Changes in College's proportionate share of pension liabilities		
Contributions to pension plans after measurement date	$ 221,383	
	$ 221,383	**$ 296,357**

Washington State Public Employees Retirement System (PERS Plans 2 & 3)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual earnings of pension plan investments		$ 1,240,987
Changes in College's proportionate share of pension liabilities	$ 36,731	
Contributions to pension plans after measurement date	$ 266,637	
	$ 303,368	**$ 1,240,987**

Washington State Teachers Retirement System (TRS 1)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual earnings of pension plan investments		$ 47,877
Changes in College's proportionate share of pension liabilities		
Contributions to pension plans after measurement date	$ 21,735	
	$ 21,735	**$ 47,877**

Washington State Teachers Retirement System (TRS 2 & 3)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual earnings of pension plan investments		$ 45,954
Changes in College's proportionate share of pension liabilities	$ 18,314	
Contributions to pension plans after measurement date	$ 18,049	
	$ 36,363	**$ 45,954**

The $527,804 reported as deferred outflows of resources represent contributions the College made subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2016.

Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	PERS 1	PERS 2/3	TRS 1	TRS 2/3	Total
2016	$ 74,089	$ 299,752	$ 11,969	$ 7,507	**$ 393,317**
2017	74,089	299,752	11,969	7,507	**393,317**
2018	74,089	299,752	11,969	7,507	**393,317**
2019	74,090	305,000	11,970	7,508	**398,568**
2020				(2,389)	**(2,389)**
	$ 296,357	**$ 1,204,256**	**$ 47,877**	**$ 27,640**	**$ 1,576,130**

8. Accounts Payable and Accrued Liabilities

At June 30, 2015, accounts payable and accrued liabilities are the following.

Accounts Payable and Accrued Liabilities	Amount	
Amounts Owed to Employees	$	710,939
Accounts Payable		1,398,590
Amounts Held for Others		239,861
Total Payables and Liabilities	**$**	**2,349,390**

9. Unearned Revenue

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

Unearned Revenue	Amount	
Summer and Fall Quarter Tuition & Fees	$	1,110,479
Grants and Contracts		84,323
Total Unearned Revenue	**$**	**1,194,801**

10. Risk Management

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. Payments made for claims from July 1, 2014 through June 30, 2015, were $26,602.

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

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

11. Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses and insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The accrued vacation leave totaled $933,780, and accrued sick leave totaled $1,256,925 at June 30, 2015.

Accrued annual vacation and sick leave are generally categorized as non-current liabilities, however, an estimated amount, based on a three-year average payout, has been re-classed as a current liability. Compensatory time is categorized as a current liability since it must be used before other leave. As of June 30, 2015 there was no compensatory time liability.

12. Leases Payable

The College has leases for property and office equipment with various vendors. These leases are classified as operating leases. As of June 30, 2015, the minimum lease payments under operating leases consist of the following.

Leases Payable **Fiscal year**	**Equipment Leases**	**Property Leases**
2016	$ 48,681	$ 137,684
2017	42,440	59,776
2018	6,168	2,489
2019	360	2,539
2020		2,589
2021-25		
Total minimum lease payments	**$ 97,649**	**$ 205,077**

13. Notes Payable

In June, 2004, the College obtained financing to purchase property and buildings adjacent to the Clarkston Campus through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $530,000. This COP was refinanced in March 2013 through the OST with a principal balance of $300,000. The interest rate charged is approximately 1.94084% with all other terms and conditions remaining the same as the original COP.

In June, 2004, the College obtained financing in order to purchase property adjacent to the Walla Walla Campus through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $1,110,000. This COP was refinanced through the OST in March of 2013 with a principal balance of $630,000. The interest rate charged is approximately 1.96203% with all other terms and conditions remaining the same as the original COP.

In June, 2006, the College obtained financing in order to purchase land and construct the Walla Walla Health Science building through a certificate of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $1,095,000. The interest rate charged is approximately 4.727%.

In June, 2007, the College obtained financing in order to build the Clarkston Health Science Building through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $650,000. The interest rate charged is approximately 4.409%.

The College's debt service requirements for these note agreements for the next five years and thereafter are shown in Note #14.

14. Annual Debt Service Requirements

Future debt service requirements at June 30, 2015 are as follows:

Annual Debt Service Requirements Certificates of Participation			
Fiscal year	**Principal**	**Interest**	**Total**
2016	$ 150,000	$ 84,788	$ 234,788
2017	170,000	77,963	247,963
2018	170,000	70,148	240,148
2019	185,000	62,191	247,191
2020	185,000	54,516	239,516
2021-25	930,000	149,003	1,079,003
2026-2030	170,000	7,750	177,750
Total	**$ 1,960,000**	**$ 506,358**	**$ 2,466,358**

15. Schedule of Long Term Debt

	Balance outstanding 6/30/14	Additions	Reductions	Balance outstanding 6/30/15	Current portion
Certificates of Participation	$ 2,110,000		$ (150,000)	$ 1,960,000	$ 150,000
Compensated Absences	2,208,215	1,153,706	(1,171,216)	2,190,705	213,884
Net pension liability				3,833,803	
Total	**$ 4,318,215**	**$1,153,706**	**$ (1,321,216)**	**$ 7,984,508**	**$ 363,884**

16. Pension Plans

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

For FY 2014-2015, the payroll for the College's employees was $5,388,706 for PERS, $385,023 for TRS, and $15,061,162 for SBRP. Total covered payroll was $20,834,891.

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

In accordance with Statement No. 68, the College has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities to align with the State CAFR.

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

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68 for the College, for fiscal year 2015:

Aggregate Pension Amounts - All Plans	
Pension liabilities	$ 3,833,803
Deferred outflows of resources related to pensions	$ 582,849
Deferred inflows of resources related to pensions	$ 1,631,175
Pension expense/expenditures	$ 317,693

PERS and TRS

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

TRS Plan 3 provides retirement benefits to certain eligible faculty hired on or after October 1, 1977. The plan includes both a defined benefit portion and a defined contribution portion. The defined benefit portion is funded by employer contributions only. Benefits are vested after an employee completes five or ten years of eligible service, depending on the employee's age and service credit, and include an annual cost-of living adjustment. The defined contribution component is fully funded by employee contributions and investment performance.

The college also has 4 faculty members with pre-existing eligibility who continue to participate in TRS 1 or 2.

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

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

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

Contribution Rates and Required Contributions. The College's contribution rates and required contributions for the above retirement plans for the years ending June 30, 2013, 2014, and 2015 are as follows.

PERS and TRS Contribution Rates at June 30						
	FY 2013		FY 2014		FY 2015	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	6.00%	7.21%	6.00%	9.21%	6.00%	9.21%
Plan 2	4.64%	7.21%	4.92%	9.21%	4.92%	9.21%
Plan 3	5 - 15%	7.21%	5 - 15%	9.21%	5 - 15%	9.21%
TRS						
Plan 1	6.00%	8.05%	6.00%	10.39%	6.00%	10.39%
Plan 2	4.69%	8.05%	4.69%	10.39%	4.96%	10.39%
Plan 3	5-15%	8.05%	5-15%	10.39%	5-15%	10.39%

PERS and TRS Required Contributions						
	FY 2013		FY 2014		FY 2015	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	$ 12,030	$ 14,481	$ 6,105	$ 9,369	$ 4,902	$ 7,524
Plan 2	163,981	254,938	185,821	347,668	199,078	372,646
Plan 3	83,087	83,894	40,267	54,427	90,971	116,349
TRS						
Plan 1	$ 4,134	$ 5,677	$ 4,284	$ 7,140	$ 4,325	$ 7,489
Plan 2	3,463	5,943	7,540	15,575	6,451	13,513
Plan 3	9,116	8,617	10,555	11,697	12,963	19,001

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

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a

Strategic Asset Allocation Policy and a series of written WSIB adopted investment policies for the various asset classes in which the WSIB invests.

For the year ended June 30, 2014, the annual money-weighted rate of return on the pension investments, net of pension plan expenses are as follows:

Pension Plan	**Rate of Return**
PERS Plan 1	16.98%
PERS Plan 2/3	17.06%
TRS Plan 1	16.97%
TRS Plan 2/3	17.07%

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

The PERS and TRS target asset allocation and long-term expected real rate of return as of June 30, 2014, are summarized in the following table:

Asset Class	**Target Allocation**	**Long-term Expected Real Rate of Return**
Fixed Income	20%	0.80%
Tangible Assets	5%	4.10%
Real Estate	15%	5.30%
Global Equity	37%	6.05%
Private Equity	23%	9.05%
Total	**100%**	

The inflation component used to create the above table is 2.70% and represents WSIB's most recent long-term estimate of broad economic inflation.

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

	PERS 1	**PERS 2/3**	**TRS 1**	**TRS 2/3**	**Total**
Actuarially determined pension expense	$ 128,488	$ 187,859	$ 12,505	$ 13,447	$ 342,299
Amortization of change in proportionate liability	(68,717)	10,495	29,635	3,981	(24,606)
Total Pension Expense	**$ 59,771**	**$ 198,354**	**$ 42,140**	**$ 17,428**	**$ 317,693**

Changes in Proportionate Shares of Pension Liabilities: The changes to the College's proportionate share of pension liabilities from 2013 to 2014 for each retirement plan are listed below:

	2013	2014
PERS 1	.048223%	.047047%
PER 2/3	.056812%	.057918%
TRS 1	.008418%	.009257%
TRS 2/3	.004167%	.006200%

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

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2013 with the results rolled forward to the June 30, 2014 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2013, valuation were based on the results of the 2007-2012 Experience Studies. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

Discount Rate

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

Consistent with the long-term expected rate of return, a 7.5% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including TRS Plan 2/3, whose rates include a component for the TRS Plan 1 liability).

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5% on pension plan investments was applied to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate
The following presents the net pension liability of the College calculated using the discount rate of 7.5%, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate.

Pension Plan	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
PERS Plan 1	$ 2,921,275	$ 2,370,015	$ 1,896,812
PERS Plan 2/3	4,883,374	1,170,732	(1,665,035)
TRS Plan 1	351,354	273,031	205,801
TRS Plan 2/3	174,061	20,025	(94,469)

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

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

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

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

The State Board for Community and Technical Colleges is authorized to amend benefit provisions under RCW 28B.10.400. In 2011, the plan was amended to eliminate the supplemental benefit provisions for all employees hired after June 30, 2011.

Contributions. Contribution rates for the SBRP (TIAA-CREF), which are based upon age, are 5%, 7.5% or 10% of salary and are matched by the College. Employee and employer contributions for the year ended June 30, 2015 were each $1,287,226.

The SBRP supplemental pension benefits are unfunded. For the year ended June 30, 2015, supplemental benefits were paid by the SBCTC on behalf of the College in the amount of $30,383. In 2012, legislation (RCW 28B.10.423) was passed requiring colleges to pay into a

Supplemental Benefit Fund managed by the State Investment Board, for the purpose of funding future benefit obligations. During FY 2015, the College paid into this fund at a rate of 0.5% of covered salaries, totaling $75,332. As of June 30, 2015, the Community and Technical College system accounted for $7,729,471 of the fund balance.

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

Other Post-Employment Benefits

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

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

The actuary allocated the statewide disclosure information to the community and technical college system level. The SBCTC further allocated these amounts among the colleges. The College's share of the GASB 45 actuarially accrued liability (AAL) is $13,874,813, with an annual required contribution (ARC) of $1,355,752. The ARC represents the amortization of the liability for FY 2015 plus the current expense for active employees, which is reduced by the current contributions of approximately $170,449. The College's net OPEB obligation at June 30, 2015 was approximately $2,008,860. This amount is not included in the College's financial statements.

The College paid $3,222,787 for healthcare expenses in 2015, which included its pay-as-you-go portion of the OPEB liability.

17. Operating Expenses by Functional Program

In the Statement of Revenues, Expenses and Changes in Net Assets, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, academic support, and student services. The following table lists operating expenses by functional program for the year ending June 30, 2015.

Expenses by Functional Program		
Instruction	$	16,699,235
Academic Support Services		6,498,080
Student Services		4,039,471
Institutional Support		6,419,886
Operations and Maintenance of Plant		5,543,461
Scholarships and Other Student Financial Aid		7,848,946
Auxiliary enterprises		3,273,520
Depreciation		2,227,083
Total operating expenses	**$**	**52,549,682**

18. Beginning Net Position Restatement

The college recorded a reduction to the beginning net position balance as a result of implementing GASB Statement No. 68. The net position has been restated as follows:

Net Position as previously reported at June 30, 2014	$	61,315,055
Prior period adjustment:		
Net Pension Liability		(5,586,714)
Deferred Outflows		494,474
Total prior period adjustment	$	(5,092,240)
Net Position, as restated	$	56,222,815

19. Commitments and Contingencies

There is a class action lawsuit, *Moore v. HCA*, filed against the State of Washington on behalf of former part-time and non-permanent employees alleging improper denial of healthcare benefits. Although the College has not been named as a defendant in the lawsuit, some of the class members are current or former employees of the College. Potentially, the state could assess the College with a material share of any amount paid in the event of a settlement or judgment. As of the end of fiscal year 2015, the parties have reached a settlement agreement with the plaintiffs to settle all matters relating to this and related lawsuits. Final settlement is contingent on a) funding of the settlement by the legislature and b) final approval by the trial court if funding is provided.

The College is constructing a Workforce and Business Development facility on the Clarkston campus with a total project budget of $6,185,000.

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

20. Subsequent Events

On March 29, 2016, the legislature passed the supplemental budget which included an appropriation to fund the settlement for the *Moore v. HCA* lawsuit. SBCTC's portion of this obligation is $32 million of which $19 million is funded by the legislature and the remaining $13 million will be allocated among 34 colleges in the system. The College's share of this liability is $252,415 and is recorded in the financial statements under accrued liabilities.

Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans

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

Schedule of Walla Walla Community College's Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 1 Measurement Date of June 30		
		2014
College's proportion of the net pension liability		0.047047%
College proportionate share of the net pension liability	$	2,370,015
College covered-employee payroll	$	101,756
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll		2329.12%
Plan's fiduciary net position as a percentage of the total pension liability		61.19%

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

Cost Sharing Employer Plans

Schedules of Walla Walla Community College’s Proportionate Share of the Net Pension Liability

Schedule of Walla Walla Community College's Share of the Net Pension Liability **Public Employees’ Retirement System (PERS) Plan 2/3** Measurement Date of June 30	
	2014
College’s proportion of the net pension liability	0.057918%
College proportionate share of the net pension liability	$ 1,170,732
College covered-employee payroll	$ 4,368,241
College’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	26.80%
Plan’s fiduciary net position as a percentage of the total pension liability	93.29%

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

Cost Sharing Employer Plans

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

Schedule of Walla Walla Community College's Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 1 Measurement Date of June 30		
		2014
College's proportion of the net pension liability		0.009257%
College proportionate share of the net pension liability	$	273,031
College covered-employee payroll	$	71,400
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll		382.40%
Plan's fiduciary net position as a percentage of the total pension liability		68.77%

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

Cost Sharing Employer Plans

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

Schedule of Walla Walla Community College's Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 2/3 Measurement Date of June 30		
		2014
College's proportion of the net pension liability		0.006200%
College proportionate share of the net pension liability	$	20,025
College covered-employee payroll	$	268,066
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll		7.47%
Plan's fiduciary net position as a percentage of the total pension liability		96.81%

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

Pension Plan Information

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered–employee payroll
2014	$ 9,372	$ 9,369	$ 3	$ 101,756	9.21%
2015	$ 7,524	$ 7,524	$ -	$ 81,699	9.21%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions

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

Fiscal Year Ended June 30

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered–employee payroll
2014	$ 402,315	$ 402,095	$ 220	$ 4,368,241	9.20%
2015	$ 488,775	$ 488,995	$ (220)	$ 5,307,007	9.21%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 1 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered–employee payroll
2014	$ 7,140	$ 7,140	$ -	$ 71,400	10.00%
2015	$ 7,490	$ 7,489	$ 1	$ 72,084	10.39%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered–employee payroll
2014	$ 26,807	$ 27,272	$ (465)	$ 268,066	10.17%
2015	$ 32,514	$ 32,514	$ -	$ 312,939	10.39%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

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