2021 Annual Financial Report

Fiscal Year Ended June 30, 2021

WALLA WALLA COMMUNITY COLLEGE · ESTABLISHED 1967

WALLA WALLA
COMMUNITY COLLEGE

2021 Financial Report

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Trustees and Administrative Officers

Management's Discussion and Analysis

Walla Walla Community College

The following discussion and analysis provide an overview of the financial position and activities of Walla Walla Community College (the College) for the fiscal year ended June 30, 2021 (FY 2021). 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.

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 5,942 students. The College confers applied baccalaureate degrees, associate's 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 33,000 residents. The College also has a campus in Clarkston, Washington. Additionally, 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. In accordance with Washington State law governing technical colleges, the College's board includes one member from business and one member from labor. In addition, the College has a Governor-appointed student trustee who is prohibited from voting on personnel or collective bargaining matters. 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, 2021. 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 considered regardless of when cash is received or payments are made. Full accrual statements are intended to provide a view of the College's financial position similar to that presented by most private-sector companies. These financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The full scope of the College's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

Statement of Net Position

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

Condensed Statement of Net Position						
		As of June 30, 2021		As of June 30, 2020		Change
Assets						
Current Assets	$	22,508,789	$	17,119,637	$	5,389,153
Capital Assets, net		55,773,108		56,338,959		(565,851)
Other Assets, non-current		179,297		269,246		(89,950)
Total Assets	**$**	**78,461,194**	**$**	**73,727,842**	**$**	**4,733,352**
Deferred Outflows of Resources	**$**	**3,807,601**	**$**	**4,003,814**	**$**	**(196,212)**
Liabilities						
Current Liabilities	$	3,644,499	$	5,344,731	$	(1,700,232)
Other Liabilities, non-current		29,374,775		33,999,820		(4,625,045)
Total Liabilities	**$**	**33,019,274**	**$**	**39,344,551**	**$**	**(6,325,278)**
Deferred Inflows of Resources	**$**	**10,989,206**	**$**	**9,057,981**	**$**	**1,931,225**
Net Position						
Net Investment in Capital Assets	$	47,918,108	$	48,053,959	$	(135,851)
Restricted	$	698,248		806,830		(108,581)
Unrestricted		(10,356,040)		(19,531,664)		9,175,624
Total Net Position	**$**	**38,260,316**	**$**	**29,329,125**	**$**	**8,931,192**

Current assets consist primarily of cash, investments in the Washington State Local Government Investment Pool (LGIP), various accounts receivable, and inventories. Current assets increased by $5.4 million over FY 2020. Accounts receivable increased $2.6 million, largely attributed to a new receivable for Higher Education Emergency Relief Funds (HEERF). Cash and cash equivalents were up $2.9 million over FY 2020 due to an anticipated reduction in the state allocation which did not materialize.

Net capital assets decreased by $565,851 from FY 2020 to FY 2021. Net depreciable assets increased $6.4 million, while non-depreciable assets decreased $6.9 million. This is a result of the completion of the Walla Walla Student Activity Center.

Other non-current assets reflect the long-term portion of student loans receivable, net of allowances. The College continues to service its student loan portfolio held as part of the Perkins federal loan program. The long-term portion of loans receivable decreased by $89,950 due to students paying down loan balances and taking advantage of the service cancellations available through the program.

Deferred outflows of resources and deferred inflows of resources represent deferrals in pension and postemployment benefits associated with the implementation of GASB Statements No. 68 and Statement No.75.The College recorded $4 million in FY 2020 and $3.8 million in FY 2021 of pension and postemployment-related deferred outflows. This decrease in deferred outflows reflects the College's proportionate share of a decrease in the state-wide amounts reported by the Department of Retirement Systems (DRS) and Health Care Authority (HCA) due to differences between expected and actual experiences related to the actuarial assumptions.

Similarly, the increase in deferred inflows in 2021 reflects the increase in difference between actual and projected investment earnings on the state's pension plans and other post-employment benefits.

Current liabilities include amounts payable to suppliers for goods and services, accrued payroll and related liabilities, the current portion of Certificate of Participation (COP) debt, 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 the resulting vendor payments, especially in the area of capital assets and improvements.

Current liabilities decreased $1.7 million from FY 2020 to FY 2021. The most marked decrease was in Accounts Payable ($1.3 million) – the result of the completion of capital projects on the Walla Walla and Clarkston campuses.

Non-current liabilities primarily consist of the value of vacation and sick leave earned but not yet used by employees and the long-term portion of Certificates of Participation debt, net pension liability, pension liability and OPEB liability.

Non-current liabilities decreased $4.6 million due to a change in how the State Board Retirement Plan is reported. Previously, this had fallen under GASB 73 guidance and total pension liability was reported. Due to the adoption of Washington House Bill 1661, this retirement plan is now being reported under GASB 68; pension liability is now netted with pension assets. Net pension liability under GASB 68 decreased $3 million, while OPEB liability under GASB 75 decreased by $1.3 million. Other changes to non-current liabilities include a reduction to the principal amount outstanding on Certificates of Participation, which declined by $445,000 during FY 2021 due to normally scheduled annual debt service payments, and an increase to long-term compensated absences of $45,008.

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

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

Restricted:

Nonexpendable **–** consists of funds in which a donor or external party has imposed the restriction that the corpus or principal is not available for spending but for investment purposes only. Historically, donors interested in establishing such funds to benefit the College or its students have chosen to do so through the Foundation. The College's nonexpendable fund balance is related to the Perkins Loan program, which has been discontinued. The College continues to service the loans; funds collected must be held until released to the federal government.

Expendable **–** resources the College is legally or contractually obligated to spend in accordance with restrictions placed by a 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 into 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. The College is reporting a deficit in unrestricted net position due to the implementation of GASB 75.

Condensed Net Position As of June 30th	**FY 2021**	**FY 2020**	**Change**
Net investment in capital assets	$47,918,108	$48,053,959	$ (135,851)
Restricted			
Non expendable	385,978	517,656	(131,678)
Expendable for financial aid	312,270	289,174	23,096
Unrestricted	(10,356,040)	(19,531,664)	9,175,625
Total Net Position	**$ 38,260,316**	**$ 29,329,125**	**$ 8,931,192**

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 2021. The objective of the statement is to present the revenues earned, both operating and non-operating and the expenses paid or incurred by the College, along with any other revenue, expenses, gains, and losses of the College.

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

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

A condensed comparison of the College's revenues, expenses, and changes in net position for the years ended June 30, 2021 and 2020 is presented below.

Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2021 and 2020

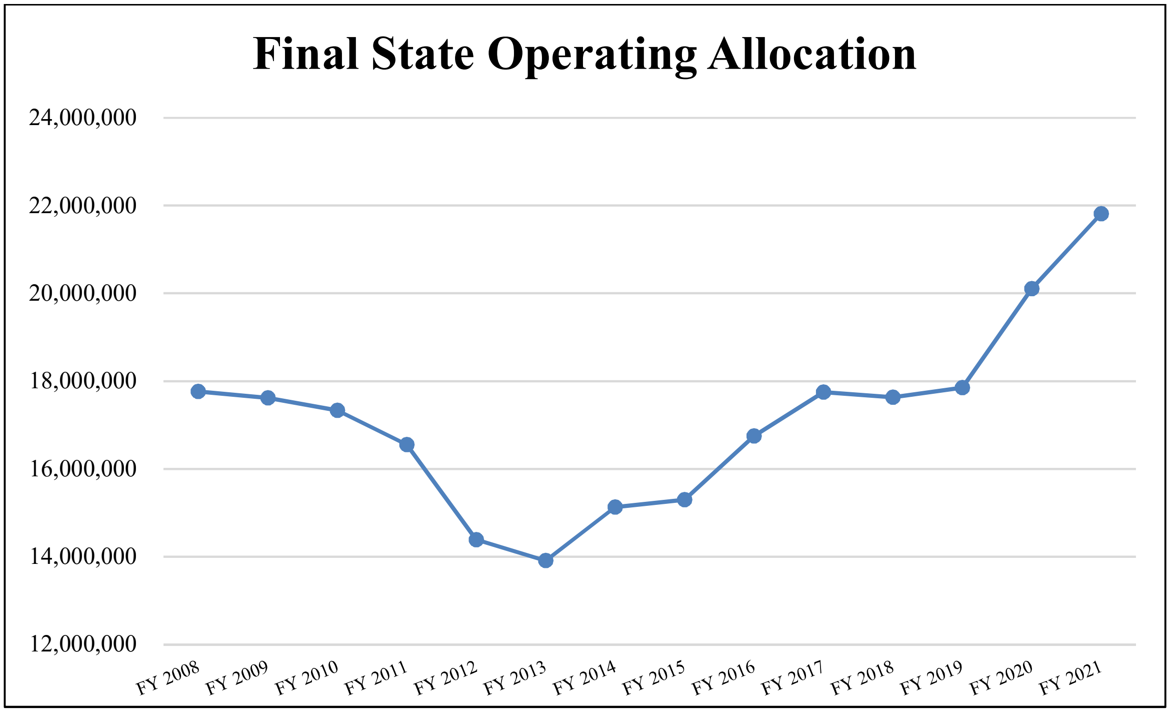
Operating Revenues	**2021**	**2020**	**Change**
Student tuition and fees, net	6,680,266	9,109,383	(2,429,117)
Auxiliary enterprise sales	881,208	1,482,436	(601,229)
State and local grants and contracts	14,654,320	13,888,144	766,177
Federal grants and contracts	1,386,030	1,012,330	373,700
Other operating revenues	624,712	712,392	(87,680)
Total operating revenues	**24,226,537**	**26,204,685**	**(1,978,149)**
Non-Operating Revenues			-
State appropriations	21,815,166	20,102,808	1,712,358
Federal Pell grant revenue	4,297,581	6,045,305	(1,747,724)
Other non-operating revenues	6,396,481	625,184	5,771,296
Total non-operating revenues	**32,509,227**	**26,773,297**	**5,735,930**
Total revenues	**56,735,764**	**52,977,983**	**3,757,781**
Operating Expenses			-
Salaries and wages	23,487,330	25,783,226	(2,295,896)
Benefits	6,110,143	8,504,995	(2,394,851)
Scholarships	7,685,666	6,639,884	1,045,782
Depreciation	2,285,084	2,600,242	(315,157)
Other operating expenses	10,061,969	9,602,188	459,781
Total operating expenses	**49,630,192**	**53,130,534**	**(3,500,342)**
Non-Operating Expenses			-
Building fee remittance	896,921	1,099,431	(202,511)
Other non-operating expenses	570,209	563,023	7,186
Total non-operating expenses	**1,467,130**	**1,662,455**	**(195,325)**
Total expenses	**51,097,322**	**54,792,989**	**(3,695,667)**
Excess (deficiency) before capital contributions	**5,638,442**	**(1,815,006)**	**7,453,448**
Capital appropriations and contributions	**3,281,421**	**1,861,588**	**1,419,834**
Change in Net position	**8,919,863**	**46,582**	**8,873,282**
			-
Net Position			-
Net position, beginning of year	29,329,125	29,282,543	46,582
Prior period adjustments or Cumulative effect of a chan	11,329	-	11,329
Net position, beginning of year, as restated	29,340,453	29,282,543	57,910
			-
Net position, end of year	**38,260,316**	**29,329,125**	**8,931,192**

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 of the 34 colleges in the system. In FY 2018, the SBCTC allocated funds to each college based on

3-year average FTE actuals. Additionally, the Supplemental Budget also reduces the general fund by the amount set aside specifically for Pension Stabilization. This method of allocation has continued in FY 2021.

In FY 2021, the state community and technical college system was awarded $44 million from the Governor's Emergency Education Relief (GEER) funds. A portion of these funds were allocated to the 34 colleges in the system. Walla Walla Community College received $773,439 to support ongoing functionality through the COVID-19 pandemic.

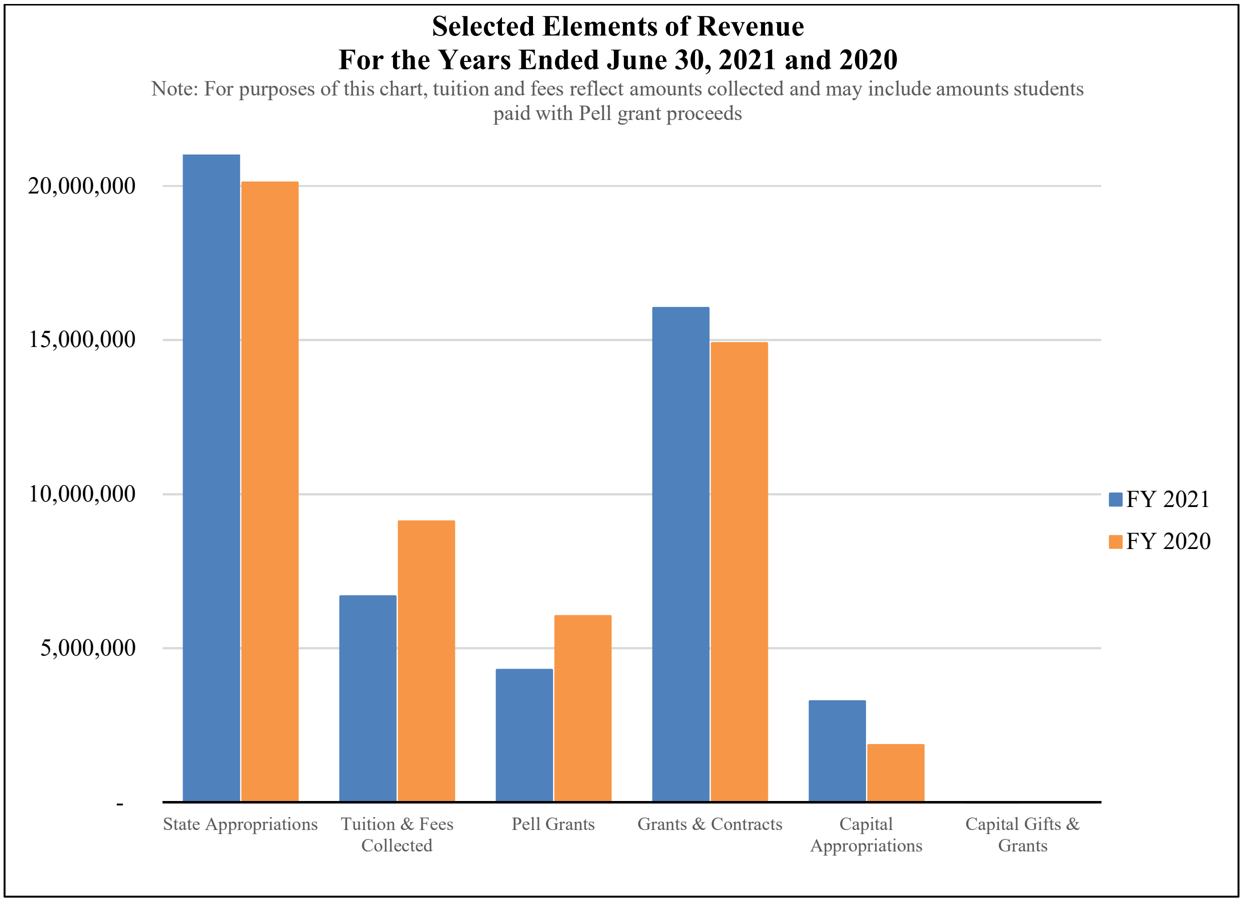


Enrollments continued to decline in FY 2021, as the College faced the challenges presented by the Covid-19 pandemic by shifting to an almost fully online learning model. Students uncomfortable with this mode of instruction opted to stay home, leading to a $2.4 million decline in tuition and fees.

Pell grant revenues generally follow enrollment trends. As the College's allocation-eligible enrollment softened during FY 2021, so did the College's Pell Grant revenue. For FY 2021, the College attempted to hold other fees as stable as possible, resulting in only small changes in these revenues. In addition, the College serves some students and offers some programs on a fee-only basis, as allowed by law.

In FY 2021, grant and contract revenues increased by $1.1 million compared with FY 2020. The College continued to serve students under the terms of contracted programs. The College contracts with local high schools to enroll Running Start students who earn both high school and college credit for these courses.

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



Expenses

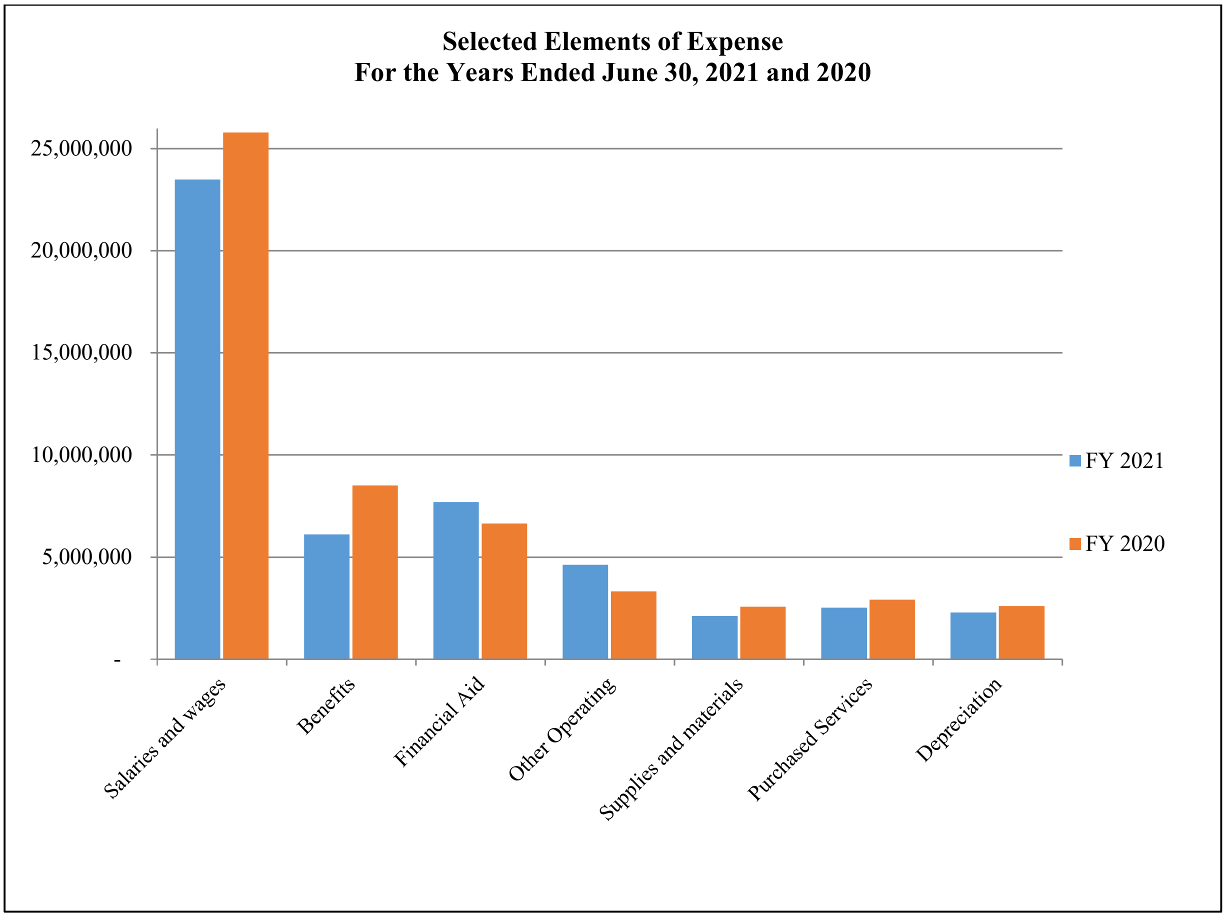
Faced with severe budget constraints over the past several years, the College has continuously sought opportunities to identify savings and efficiencies. In the past year, the College has decreased spending and was subject to various state spending freezes and employee salary reductions.

In FY 2021, the College implemented furloughs for all full-time employees in the face of announced budget cuts at the State level. These furloughs, along with other targeted reductions, resulted in a $4.7 million decrease in salary and benefit spending.

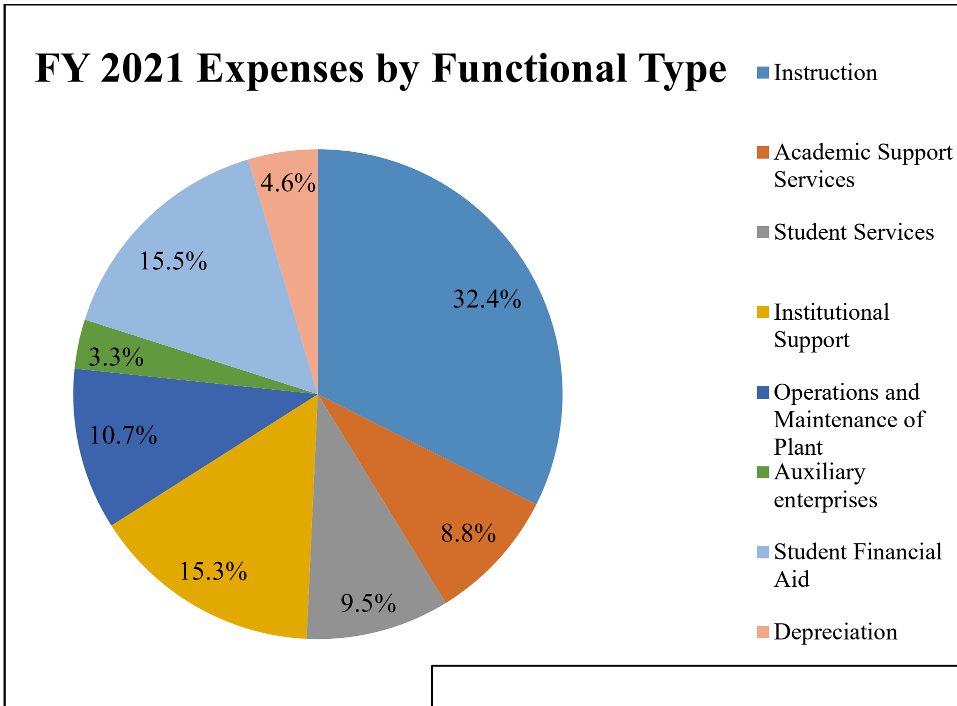
Supplies and materials and purchased services decreased $855,558 from FY 2020, primarily as a result of decreased spending related to capital projects. Certain capital project costs do not meet accounting criteria for capitalization as part of the cost of the building and are instead recognized as supplies and materials or purchased services costs. These fluctuations are to be expected.

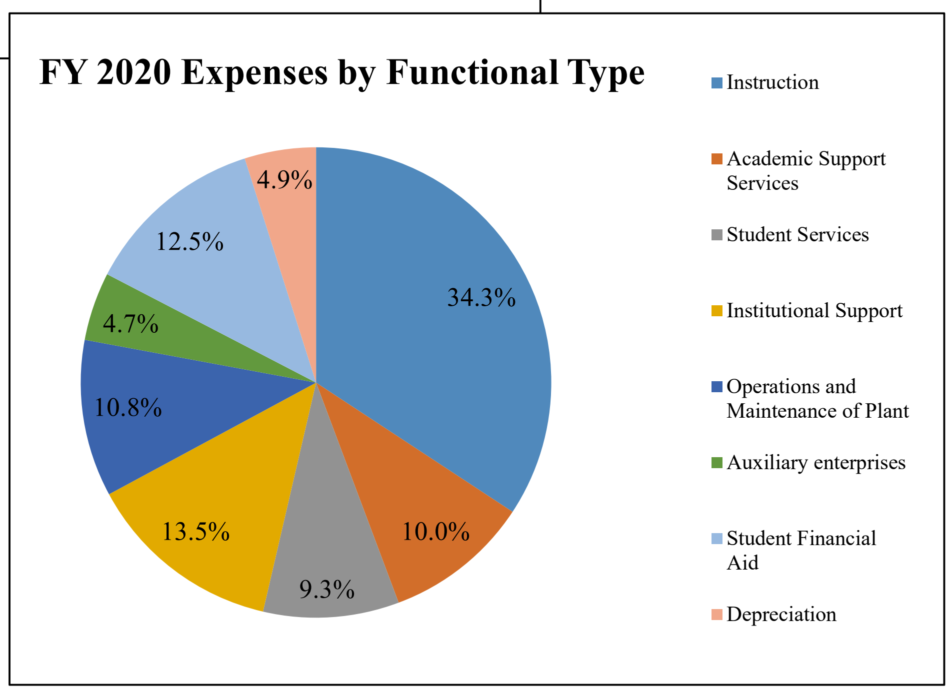
Comparison of Selected Elements of Operating Expenses

The following chart shows the amount, in dollars, for selected elements of operating expenses for FY 2021 and FY 2020.



Operating Expenses by Function
The charts below show the percentage of each functional area of operating expenses for FY 2021 and 2020.





Capital Assets and Long-Term Debt Activities
The State Board of Community and Technical Colleges 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, 2021, the College had invested $55.8 million in capital assets, net of accumulated depreciation. This represents a decrease of $565,851 from last year, as shown in the table below.

Asset Type		June 30, 2021		June 30, 2020		Change
Land	$	2,553,379	$	2,553,379	$	-
Construction in Progress		1,004,539		7,948,327	$	(6,943,788)
Buildings, net		49,746,000		43,400,034	$	6,345,966
Other Improvements and Infrastructure, net		166,986		320,961	$	(153,975)
Equipment, net		2,243,514		2,036,693	$	206,821
Library Resources, net		58,690		79,565	$	(20,875)
Total Capital Assets, Net	**$**	**55,773,108**	**$**	**56,338,959**	**$**	**(565,851)**

Additional information on capital assets can be found in Note 7 of the Notes to the Financial Statements.

At June 30, 2021, the College had $7.86 million in outstanding debt. This represents a decrease of $430,000 from last year, as shown in the table below.

		June 30, 2021		June 30, 2020		Change
Certificates of Participation		7,855,000		8,285,000		(430,000)
Total	**$**	**7,855,000**	**$**	**8,285,000**	**$**	**(430,000)**

Additional information regarding notes payable, 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

In FY2021, the State Board for Community and Technical Colleges forecast a 15% decline in state funding as a result of the COVID-19 pandemic and the subsequent economic recession. Spending freezes and employee furloughs were implemented to mitigate the anticipated loss for the 2020-21 budget. Based on subsequent economic forecasts, the state advised that the allocation cuts may be delayed until FY 2022; the state was able to fulfill its pre-pandemic allocation in FY 2021. The College's swift action to plan for potential 2020-21 cuts resulted in unspent funds at year end.

As the College continues to be affected by the results of the COVID-19 pandemic, a significant decrease in enrollment has been experienced. This decline in enrollment revenue will be offset with the surplus funds from FY2021, as well as with funding granted through the American Rescue Plan Act (ARPA), and remaining Coronavirus Aid, Relief, and Economic Security

(CARES) Act funding. The College will continue to look closely at budgets and ways to innovate instruction to attract more students.

In April 2022, the College will convert to a new ERP system, replacing the outdated legacy system. The complex conversion process, which ramped up in Spring of FY 2021, has placed additional strain on processes and efficiency. Expected efficiency gains from this conversion may be one to two years in the future.

In FY 2017, the State Board for Community and Technical Colleges elected to move to a new allocation model, changing how state allocated funds are distributed to each college. The new model is based on performance in several key indicators, from general enrollments to enrollments in high cost programs, as well as student completion and achievement points. The model is based on a three-year rolling average of enrollments and completions, comparative to other institutions in the state. Due to decrease in enrollment, it is estimated that the College will likely see a decrease in state operating appropriations in future years.

Walla Walla Community College
Statement of Net Position
June 30, 2021

Assets	
Current assets	
Cash and cash equivalents	$ 11,502,314
Restricted cash	$ 488,669
Accounts receivable, net of allowance	10,071,653
Student loans receivable, net of allowance	135,465
Inventories	295,729
Prepaid expenses	14,959
Total current assets	22,508,789
Non-Current Assets	
Student loans receivable, net of allowance	179,297
Non-depreciable capital assets	3,557,918
Capital assets, net of depreciation	52,215,190
Total non-current assets	55,952,405
Total assets	**78,461,194**
Deferred Outflows of Resources	
Deferred outflows related to pensions	2,030,901
Deferred outflows related to OPEB	1,776,700
Total deferred outflows of resources	3,807,601
Liabilities	
Current Liabilities	
Accounts payable	775,953
Accrued liabilities	1,099,628
Compensated absences, current portion	216,778
Unearned revenue	769,005
Certificates of participation payable, current portion	445,000
Net pension liability, current portion	49,554
Total OPEB liability, current portion	288,582
Total current liabilities	3,644,499
Non-Current Liabilities	
Compensated absences, non-current portion	2,570,536
Certificates of participation payable, non-current portion	7,410,000
Net pension liability, non-current portion	3,276,105
Total OPEB liability, non-current portion	16,118,134
Total non-current liabilities	29,374,775
Total liabilities	**33,019,274**
Deferred Inflows of Resources	
Deferred inflows related to pensions	3,475,941
Deferred inflows related to OPEB	7,513,265
Total deferred inflows of resources	10,989,206
Net Position	
Net Investment in Capital Assets	47,918,108
Restricted for:	
Nonexpendable	385,978
Expendable	312,270
Unrestricted (deficit)	(10,356,040)
Total Net Position	**$ 38,260,316**

The footnote disclosures are an integral part of these financial statements.

Walla Walla Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

Operating Revenues	
Student tuition and fees, net of scholarship discounts and allowances	$ 6,680,266
Auxiliary enterprise sales	881,208
State and local grants and contracts	14,654,320
Federal grants and contracts	1,386,030
Other operating revenues	616,230
Interest on loans to students	8,483
Total operating revenue	24,226,537
Operating Expenses	
Salaries and wages	23,487,330
Benefits	6,110,143
Scholarships and fellowships	7,685,666
Supplies and materials	2,110,662
Depreciation	2,285,084
Purchased services	2,512,783
Utilities	815,160
Other operating expenses	4,623,363
Total operating expenses	49,630,192
Operating income (loss)	(25,403,655)
Non-Operating Revenues (Expenses)	
State appropriations	21,815,166
Federal non-operating revenue	6,374,272
Federal Pell grant revenue	4,297,581
Investment income, gains and losses	22,209
Building fee remittance	(896,921)
Innovation fund remittance	(185,504)
Interest on indebtedness	(384,705)
Net non-operating revenue (expenses)	**31,042,098**
Income or (loss) before other revenues, expenses, gains, or losses	5,638,442
Capital Contributions	
Capital appropriations	3,276,421
Capital Gifts	5,000
Increase (Decrease) in net position	8,919,863
Net Position	
Net position, beginning of year	29,329,125
Cumulative effect of a change in accounting principle	11,329
Net position, beginning of year, as restated	29,340,453
Net position, end of year	$ 38,260,316

The footnote disclosures are an integral part of these financial statements.

Walla Walla Community College
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash flows from operating activities		
Student tuition and fees	$	6,456,583
Grants and contracts		14,337,539
Payments to vendors		(6,137,560)
Payments for utilities		(811,127)
Payments to employees		(23,473,336)
Payments for benefits		(8,188,648)
Auxiliary enterprise sales		881,458
Payments for scholarships and fellowships		(7,685,666)
Collection of loans to students and employees		110,306
Other receipts		637,002
Other payments		(4,187,455)
Net cash used by operating activities		**(28,060,903)**
Cash flows from noncapital financing activities		
State appropriations		20,052,085
Pell grants		4,297,581
Amounts for other than capital purposes		6,374,272
Building fee remittance		(894,619)
Innovation fund remittance		(185,504)
Net cash provided by noncapital financing activities		**29,643,815**
Cash flows from capital and related financing activities		
Capital appropriations		3,560,494
Purchases of capital assets		(1,464,543)
Principal paid on capital debt		(430,000)
Interest paid		(384,705)
Net cash used by capital and related financing activitie		**1,281,246**
Cash flows from investing activities		
Income of investments		22,209
Net cash provided by investing activities		**22,209**
Increase(decrease) in cash and cash equivalents		2,886,366
Cash and cash equivalents at the beginning of the year		**9,104,618**
Cash and cash equivalents at the end of the year		**11,990,983**

The footnote disclosures are an integral part of the financial statements.

Walla Walla Community College
Statement of Cash Flows *(continued)*
For the Year Ended June 30, 2021

Reconciliation of Operating Loss to Net Cash used by Operating Activities

Operating Loss	**$ (25,403,655)**
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation expense	2,285,084
Changes in assets and liabilities	
Receivables, net of allowance	(1,329,883)
Inventories	36,671
Other assets	20,773
Accounts payable	(1,256,468)
Accrued liabilities	(281,864)
Unearned revenue	(160,454)
Compensated absences	52,943
Pension liability adjustment	(2,125,874)
Loans to students and employees	101,824
Net cash used by operating activities	**$ (28,060,903)**
Significant Noncash Transactions	
Capital assets acquired through gifts	5,000

The footnote disclosures are an integral part of the financial statements.

(1,049)

Walla Walla Community College Foundation and Subsidiary
Consolidated Statements of Financial Position
December 31, 2020

Assets		
Current assets		
Cash and cash equivalents		$ 16,016,561
Investments		6,785,284
Inventory		194,776
Assets held for resale		57,375
Prepaid expenses and other assets		21,188
Accounts Receivable		5,188
	Total current assets	**$ 23,080,372**
Property and equipment, net of accumulated depreciation		**1,325,289**
Other assets		
Pledge receivable, noncurrent		$ -
	Total assets	**$ 24,405,661**
Liabilities and net assets		
Current liabilities		
Accounts payable		$ 419,901
Accrued liabilities		21,710
	Total liabilities	**$ 441,611**
Net assets		
Unrestricted net assets		$ 18,203,452
Temporarily restricted net assets		5,760,598
	Total net assets	**$ 23,964,050**
	Total liabilities and net assets	**$ 24,405,661**

Walla Walla Community College Foundation and Subsidiary
Consolidated Statement of Activities and Changes in Net Assets
Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue			
Contributions and grants	$ 15,492,681	$ 569,195	$ 16,061,876
Net investment income	146,671	282,252	428,923
Donated service and materials	175,431		175,431
Lease income	152,397		152,397
Loss on Sale of Capital Asset	(1,049)		(1,049)
Warrior Club	11,134		11,134
Program revenue	-		-
Interest income	462		462
Other income	7,123		7,123
Wine Operations			
Retail Sales	343,192	-	343,192
Net assets released from restrictions	367,746	(367,746)	-
Total public support, revenue and reclassifications	**$ 16,695,788**	**$ 483,701**	**$ 17,179,489**
Expenses			
Program Expenses	$ 1,296,176	$ -	$ 1,296,176
Management and General	276,725	-	$ 276,725
Fundraising	78,573	-	$ 78,573
Total Expenses	**$ 1,651,474**	**$ -**	**$ 1,651,474**
Change in net assets	**$ 15,044,314**	**$ 483,701**	**$ 15,528,015**
Net assets - beginning of year	3,159,138	5,276,897	8,436,035
Net assets - end of year	**$ 18,203,452**	**$ 5,760,598**	**$ 23,964,050**

Notes to the Financial Statements

June 30, 2021
These notes form an integral part of the financial statements.

Note 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 services. The College confers applied baccalaureate degrees, associate's degrees, certificates, and high school diplomas. It is governed by a five-member Board of Trustees appointed by the Governor and confirmed by the state Senate. The College is an agency of the State of Washington. The financial activity of the College is included in the State's Annual Comprehensive Financial Report. These notes form an integral part of the financial statements.

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 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 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, 2021, the Foundation distributed approximately $937,137 to the College for restricted and unrestricted purposes. A copy of the Foundation's complete financial statements may be obtained from the Walla Walla Community College Foundation, 500 Tausick Way, Walla Walla WA 99362 or by calling (509) 527-4275.

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

Statements. The format provides a comprehensive, entity-wide perspective of the College's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

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

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

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

Cash, Cash Equivalents, and Investments
Cash and cash equivalents include cash on hand, bank demand deposits, and deposits with the Washington State Local Government Investment Pool (LGIP). Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets along with operating funds invested in the LGIP. The College records all cash and cash equivalents at fair value. Investments in the state's LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value.

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

Inventories
Merchandise inventory consists solely of merchandise held for resale in the bookstore and is valued at cost using the FIFO method. Consumable inventories consist of inventories of food

supplies held for use by the campus culinary program and are valued at cost 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 received by the College's on-campus bookstore for items returned. Prepaid items also exist due to deposits on equipment.

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

Land, buildings and equipment are recorded at cost, or if acquired by gift, at acquisition value at the date of the gift. GASB 34 guidance concerning preparing initial estimates for historical cost and accumulated depreciation related to infrastructure was followed. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Any interest costs incurred are capitalized during the period of construction. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy, all land, intangible assets and software with a unit cost of $1,000,000 or more, buildings and improvements with a unit cost of $100,000 or more, library collections with a total cost of $5,000 or more and all other assets with a unit cost of $5,000 or more are capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as defined by the State of Washington's Office of Financial Management. Useful lives are generally 3 to 7 years for equipment; 15 to 50 years for buildings and 20 to 50 years for infrastructure and land improvements.

The College reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At June 30, 2021, no assets had been written down.

Unearned Revenues
Unearned revenues occur when funds have been collected prior to the end of the fiscal year that are related to the subsequent fiscal year. Unearned revenues also include tuition and fees paid with financial aid funds. The College has recorded summer and fall quarter (FY 2022) tuition and fees received as well as any 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.

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

The College also reports its share of the net pension liability for the State Board Retirement Plan in accordance with GASB 68 Accounting and Financial Reporting for Pensions and Related Assets. This is a change in assumptions from prior years.

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

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

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

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

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

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

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

- *Restricted*. Resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by statue, granting authorities, or third parties.
    - *Non-Expendable*. This includes resources from Federal Perkins Loan funds held in accordance with federal regulations.
    - *Expendable*. These include resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.

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

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

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

Operating Revenues. This includes activities that are directly related to the principal operations of the College, such as (1) student tuition and fees, net of waivers and scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) federal, state and local grants and contracts that primarily support the operational/educational activities of the College. Examples include a contract with OSPI to offer Running Start and/or Technical High School. The College also receives Adult Basic Education grants that support the primary educational mission of the College.

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

Non-operating Revenues. This includes activities that are not directly related to the ongoing operations of the College, such as gifts and contributions, state appropriations, investment income, and Pell Grants received from the federal government. In FY 21, non-operating revenues also included funds received through the federal CARES act.

Non-operating Expenses. Non-operating expenses include state remittances related to the building and innovation fees, as well as interest incurred on Certificate of Participation Loans.

Scholarship Discounts and Allowances
Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. Discounts and allowances for the year ending June 30, 2021 are $3,607,740.

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

Note 2 - Accounting and Reporting Changes

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities,* effective fiscal year ended June 30, 2020. GASB 95 delayed implementation for one year. This statement sets requirements for reporting four fiduciary funds if applicable: pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The assets and liabilities for fiduciary funds are now presented on the Statement of Fiduciary Net Position and additions and deductions on the Statement of Changes in Fiduciary Net Position (if applicable). The College did not identify any funds that met the criteria to be reported separately as fiduciary for FY 2021. This implementation resulted in a prior period adjustment of $11,329.

The Washington State Legislature adopted House Bill 1661 on March 11, 2020 which established individual dedicated funds for each institution of higher education's supplemental retirement benefit contributions as of July 1, 2020. With the establishment of these individual funds, the State Board Retirement Plan (SBRP) mimics a trust arrangement similar to the rest of the state retirement system. This change results in the SBRP plan being reported under GASB 68 rather than GASB 73 as was previously reported.

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

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

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

Note 3 - Deposits and Investments

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

Investments in Local Government Investment Pool (LGIP)
The College is a participant in the Local Government Investment Pool as authorized by Chapter 294, Laws of 1986, and managed and operated by the Washington State Treasurer. The State

Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually; proposed changes are reviewed by the LGIP advisory Committee. Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at http://www.tre.wa.gov.

As of June 30, 2021, the carrying amount of the College's cash and equivalents was $11,990,983, as represented in the table below.

Cash and Cash Equivalents		**June 30, 2021**
Petty Cash and Change Funds	$	9,375
Bank Demand and Time Deposits		8,461,357
Local Government Investment Pool		3,031,582
Restricted Cash		488,669
Total Cash and Cash Equivalents	**$**	**11,990,983**

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 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).

Note 4 - Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. It also includes amounts due from federal, state and local governments or private sources in connection with reimbursements of allowable expenses made according to sponsored agreements. The accounts receivable balance of $10,071,653 held at June 30, 2021 breaks down as follows:

Accounts Receivable	Amount
Student Tuition and Fees	$ 1,209,983
Due from the Federal Government	402,511
Due from Other State Agencies	5,697,501
Auxiliary Enterprises	160,515
Interest Receivable	-
Other	3,738,535
Subtotal	11,209,045
Less Allowance for Uncollectible Accounts	(1,137,392)
Accounts Receivable, net	**$ 10,071,653**

Note 5 - Loans Receivable

Loans receivable as of June 30, 2021 consisted primarily of student loans, as follows:

Loans Receivable		Amount
Student Loans Receivable	$	653,242
Less Allowance for Uncollectible Accounts		(338,480)
Loans Receivable, net	**$**	**314,762**

Note 6 – Inventories

Inventories as of June 30, 2021, were as follows:

Inventories	Method		Amount
Merchandise Inventories	FIFO		235,082
Work in Progress Inventories	Actual Cost		60,647
Inventories		**$**	**295,729**

Note 7 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2021 is presented as follows. The current year depreciation expense was $2,285,084. The College received a donation of one piece of equipment with a replacement value of $5,000 during FY 2021.

Capital Assets	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Capital assets, non-depreciable				
Land	$ 2,553,379	$ -	$ -	$ 2,553,379
Construction in progress	7,948,327	(6,943,787)	-	1,004,539
Total capital assets, non-depreciable	10,501,706	(6,943,787)	-	3,557,918
Capital assets, depreciable				
Buildings	70,441,875	7,867,088	-	78,308,963
Other improvements and infrastructure	2,801,091	-	-	2,801,091
Equipment	10,012,173	792,917	-	10,805,090
Library resources	2,974,030	3,015	-	2,977,045
Total capital assets, depreciable	86,229,169	8,663,021	-	94,892,189
Less accumulated depreciation				
Buildings	27,041,841	1,521,123	-	28,562,963
Other improvements and infrastructure	2,480,130	153,975	-	2,634,105
Equipment	7,975,479	586,096	-	8,561,576
Library resources	2,894,465	23,890	-	2,918,355
Total accumulated depreciation	40,391,915	2,285,084	-	42,676,999
Total capital assets, depreciable, net	45,837,254	6,377,936	-	52,215,190
Capital assets, net	**$ 56,338,959**	**$ (565,851)**	**$ -**	**$ 55,773,108**

Note 8 - Accounts Payable and Accrued Liabilities

Accrued liabilities as of June 30, 2021, were as follows:

Accounts Payable and Accrued Liabilities	Amount
Amounts Owed to Employees	$ 720,152
Accounts Payable and other accrued liabilities	1,049,225
Amounts Held for Others and Retainage	106,204
Total	**$ 1,875,581**

Note 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	$ 753,704
Auxiliary Enterprises	1,942
Grants and Contracts	13,359
Total Unearned Revenue	$ 769,005

Note 10 - Risk Management

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

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

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. Payments made for claims from July 1, 2020 through June 30, 2021, were $146,158.

Note 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. Accrued vacation leave totaled $1,368,134 and accrued sick leave totaled $1,419,180 at June 30, 2021.

An estimated amount, based on a three-year average payout, is accrued as a current liability. The remaining amount of accrued annual and sick leave are categorized as non-current liabilities.

Note 12 - Leases Payable

Operating Leases
The College also has leases for office equipment and buildings with various vendors. These leases are classified as operating leases.

As of June 30, 2021, the minimum lease payments under operating leases consist of the following:

Fiscal year		Equipment Leases		Property Leases
2022	$	27,436	$	24,960
2023		6,305		-
2024		801		-
2025		430		-
2026		430		-
2027-2030		36		-
Total minimum lease payments	**$**	**35,438**	**$**	**24,960**

Note 13 - Notes Payable

In October, 2019, the College obtained financing in order to create a student activity center on the Clarkston, WA campus through a certificate of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $1,015,000. In June of 2016 the students assessed themselves, on a quarterly basis, a mandatory fee to service the debt. The interest rate charged is approximately 2.66233%.

In October, 2019, the College obtained financing in order to build the Walla Walla Student Recreation Center building through a certificate of participation (COP), issued by the

Washington Office of State Treasurer (OST) in the amount of $5,060,000. In June of 2016 the students assessed themselves, on a quarterly basis, a mandatory fee to service the debt. The interest rate charged is approximately 2.65923%.

Student fees related to these COP(s) are accounted for in a dedicated fund, which is used to pay principal and interest, not coming out of the general operating budget.

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. The interest rate charged is approximately 1.94084%.

In June, 2004, the College obtained financing 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. The interest rate charged is approximately 1.96203%.

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 2.12571%.

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 2.11868%.

In February, 2017, the College obtained financing to build a Workforce and Business Education building on the Clarkston Campus through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $1,300,000. The interest rate charged is approximately 3.40725%.

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

Note 14 - Annual Debt Service Requirements

Future debt service requirements at June 30, 2021 are as follows:

	Certificates of Participation		
Fiscal year	**Principal**	**Interest**	**Total**
2022	445,000	389,850	834,850
2023	465,000	368,550	833,550
2024	480,000	346,300	826,300
2025	400,000	323,250	723,250
2026	420,000	303,250	723,250
2027-2031	1,850,000	1,231,250	3,081,250
2032-2036	2,325,000	727,250	3,052,250
2037-2041	1,470,000	144,250	1,614,250
Total	**$ 7,855,000**	**$ 3,833,950**	**$ 11,688,950**

Note 15 - Schedule of Long-Term Liabilities

	Balance outstanding 6/30/20	Additions	Reductions	Balance outstanding 6/30/21	Current portion
Certificates of Participation	$ 8,285,000	$ -	$ 430,000	$ 7,855,000	$ 445,000
Compensation absences	2,734,370	1,441,966	1,389,023	2,787,313	216,778
Net pension liability	6,290,928	3,271,211	6,236,480	3,325,659	49,554
Total OPEB liability	17,690,880	7,091,724	8,375,888	16,406,716	288,582
Total	**$ 35,001,178**	**$11,804,901**	**$16,431,391**	**$ 30,374,688**	**$ 999,913**

Note 16 - Retirement Plans

A. General

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

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

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

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68 for the College, for fiscal year 2021:

Aggregate Pension Amounts - All Plans		
Pension Liabilities	$	3,325,659
Deferred outflows of resources related to pensions	$	2,030,901
Deferred inflows of resources related to pensions	$	3,475,941
Pension Expense	$	(700,072)

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

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

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

Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS and TRS plans is funded by an employer rate of 0.18 percent of employee salaries.

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

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

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

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

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

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

PERS members who joined the system by September 30, 1977 are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to PERS Plan 3.

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

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

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

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

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

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

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

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

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

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

TRS

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

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

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

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

TRS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) for each year of service credit, up to a maximum of 60 percent. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

TRS Plan 1 members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

TRS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. TRS Plan 2 members have the option to retire early with reduced benefits.

The defined benefit portion of TRS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months. TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service, or after five years of service if 12 months of that service are earned after age 44. TRS Plan 3 members have the option to retire early with reduced benefits.

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

Contributions

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

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

The employer contribution rates (expressed as a percentage of covered payroll) and actual contributions for the year ended June 30, 2021 were as follows:

		PERS 1	PERS 2/3*	TRS 1	TRS 2/3*
Contribution Rate	7/1/20 to 8/31/20	12.86%	12.86%	15.51%	15.51%
	9/1/20 to 6/30/21	12.97%	12.97%	15.74%	15.74%
Actual Contributions		$ 274,341	$ 447,418	$ 46,277	$ 50,954

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, with the results rolled forward to the June 30, 2020, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the Society of Actuaries' Pub. H-2010 Mortality Rates, which vary by member status (that is…active, retiree, or survivor). The Office of the State Actuary (OSA) applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. 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, 2019 valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report.

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

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

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

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

There were no material changes in assumptions, benefit terms, or methods for the reporting period.

Discount rate

The discount rate used to measure the total pension liability was 7.40 percent, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members.

Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 and TRS Plan 2/3 employers whose rates include a component for the PERS Plan 1 liability). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.4%	Current Discount Rate 7.4%	1% Increase 8.4%
PERS 1	$ 1,775,514	$ 1,417,512	$ 1,105,297
PERS 2/3	4,138,758	665,153	(2,195,363)
TRS 1	265,120	209,251	160,497
TRS 2/3	401,332	136,180	(80,117)

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

Pension Liabilities. At June 30, 2021, the College reported a total net pension liability of $2,428,096 for its proportionate share of the net pension liabilities as follows:

	Liability
PERS 1	$ 1,417,512
PERS 2/3	665,153
TRS 1	209,251
TRS 2/3	136,180

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

	2019	2020	Change
PERS 1	0.04148%	0.04015%	-0.00133%
PERS 2/3	0.05329%	0.05201%	-0.00128%
TRS 1	0.00706%	0.00869%	0.00163%
TRS 2/3	0.00712%	0.00887%	0.00175%

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

Pension Expense. For the year ended June 30, 2021 the College recognized pension expense as follows:

		Pension Expense
PERS 1	$	12,888
PERS 2/3		25,066
TRS 1		67,835
TRS 2/3		45,573
Total		**151,361**

Deferred Outflows of Resources and Deferred Inflows of Resources. The following represent the components of the College's deferred outflows and inflows of resources, as reflected on the Statement of Net Position, for the year ended June 30, 2021:

	PERS 1	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	7,892
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	274,341	-
Totals	**$ 274,341**	**$ 7,892**

	PERS 2/3	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	238,115	83,360
Difference between expected and actual earnings of pension plan investments	-	33,780
Changes of assumptions	9,474	454,357
Changes in College's proportionate share of pension liabilities	23,211	167,898
Contributions subsequent to the measurement date	447,418	-
Totals	**$ 718,218**	**$ 739,395**

	TRS 1	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	1,346
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	46,277	-
Totals	**$ 46,277**	**$ 1,346**

	TRS 2/3	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	86,065	491
Difference between expected and actual earnings of pension plan investments	-	1,322
Changes of assumptions	17,565	14,924
Changes in College's proportionate share of pension liabilities	28,589	19,652
Contributions subsequent to the measurement date	50,954	-
Totals	**$ 183,172**	**$ 36,390**

The $818,991 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, 2021.

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
2022	$	(35,815)	$	(312,344)	$	(5,914)	$	(1,927)
2023		(1,126)		(102,319)		(173)		10,494
2024		10,928		(24,524)		1,801		15,244
2025		18,121		34,184		2,941		19,132
2026		-		(28,458)				10,968
Thereafter		-		(35,134)				41,919
Total	**$**	**(7,892)**	**$**	**(468,596)**	**$**	**(1,346)**	**$**	**95,828**

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

State Board Retirement Plan (SBRP) – Supplemental Defined Benefits Plans
Plan Description. The State Board Retirement Plan is a privately administered, single-employer defined contribution plan with a supplemental defined benefit plan component which guarantees a minimum retirement benefit based upon a one-time calculation at each employee's retirement date. The supplemental component is financed on a pay-as-you-go basis. The College participates in this plan as authorized by chapter 28B.10 RCW and reports its proportionate share of the net pension liability. House Bill 1661, effective fiscal year 2021, created separate Supplemental Retirement Plan (SRP) funds by institution that meet the definition of a trust or equivalent arrangement. As a result, these plans are now reported under GASB Statement No. 67/68. Prior to this year, the SRP was reported under GASB Statement No. 73.

Benefits Provided. The State Board Supplemental Retirement Plans (SRP) provide retirement, disability, and death benefits to eligible members.

As of July 1, 2011, all the Supplemental Retirement Plans were closed to new entrants. Members are eligible to receive benefits under this plan at age 62 with 10 years of credited service. The supplemental benefit is a lifetime benefit equal to the amount a member's goal income exceeds their assumed income. The monthly goal income is one-twelfth of 2 percent of the member's average annual salary multiplied by the number of years of service (such product not to exceed one-twelfth of fifty percent of the member's average annual salary). The member's assumed income is an annuity benefit the retired member would receive from their defined contribution Retirement Plan benefit in the first month of retirement had they invested all employer and member contributions equally between a fixed income and variable income annuity investment.

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

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2020, with the results rolled forward to the June 30, 2021 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

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

**Measurement reflects actual investment returns through June 30, 2020*

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

Most actuarial assumptions used in the June 30, 2020 valuation were based on the results of the August 2021 Supplemental Plan Experience Study. Additional assumptions related to salary growth were based on feedback from financial administrators of the Higher Education Supplemental Retirement Plans.

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligations 20-Bond Municipal Bond Index, or 7.4 percent for the June 30, 2021, measurement date.

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, 2021 were each $1,352,034.

Pension Expense. Pension Expense is the summation of a number of components, including benefits earned during the fiscal year and interest on the TPL. These numbers are sensitive to assumption changes and plan experience and can be volatile from year to year.

Pension expense for the fiscal year ending June 30, 2021 was -$851,433.

Proportionate Share (%)	**2.47065%**
Dollars in thousands	
Service Cost	$ 115,429
Interest Cost	82,100
Amortization of Difference Between Expected and Actual Experience	(168,325)
Amortization of Changes of Assumptions	(99,542)
Changes of Benefit Terms	-
Employee Contributions	-
Expected Earnings on Plan Investments	(43,360)
Amortization of Difference Between Projected and Actual Earnings	(31,896)
Administrative Expenses	-
Other Changes in Fiduciary Net Position	-
Proportionate Share of Collective Pension Expense	**$ (145,595)**
Amortization of the Change in Proportionate Share of TPL	(62,456)
Benefit Payments and Employer Contributions	(65,423)
Beginning Balance Net Position	(577,959)
Total Pension Expense	**$ (851,433)**

Plan Membership. Membership in the State Board Supplemental Retirement Plan consisted of the following as of June 30, 2020, the most recent actuarial valuation date:

	Number of Participating Members			
Plan	**Inactive Members or Beneficiaries Currently Receiving Benefits**	**Inactive Members Entitled to But Not Yet Receiving Benefits**	**Active Members**	**Total Members**
SRP	21	6	135	162

Net Pension Liability/(Asset). The following table presents the change in net pension liability/(asset) of the State Board Supplemental Retirement Plan as of June 30, 2021:

Schedule of Changes in Net Pension Liability	
Walla Walla Community College	
Total Pension Liability	
Service Cost	115,429
Interest	82,100
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(740,725)
Changes in Assumptions	(1,336,868)
Benefit Payments	(49,215)
Change in Proportionate Share of TPL	(340,626)
Other	-
Net Change in Total Pension Liability	(2,269,905)
Total Pension Liability - Beginning	3,964,469
Total Pension Liability - Ending	**1,694,564**
Plan Fiduciary Net Position	
Contributions - Employer	16,207
Contributions - Member	-
Net Investment Income	202,865
Benefit Payments	-
Administrative Expense	-
Other	-
Net Change in Plan Fiduciary Net Position	219,072
Plan Fiduciary Net Position-Beginning	577,959
Plan Fiducairy Net Position-Ending (b)	797,031
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)	**897,533**

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

1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
$1,075,399	$897,562	$744,456

Deferred Outflows and Inflows of Resources Related to Pensions. At June 30, 2021, the State Board Supplemental Retirement Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 240,888	$ 977,562
Changes of Assumptions	568,002	1,239,895
Changes in College's proportionate share of pension liability	-	345,878
Difference Between Projected and Actual Earnings on Plan Investments	-	127,584.32
Total	**$ 808,891**	**$ 2,690,919**

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

State Board Supplemental Retirement Plan	
2022	(362,220)
2023	(362,220)
2024	(321,504)
2025	(260,405)
2026	(234,498)
Thereafter	(341,182)

Note 17 - Other Post-Employment Benefits

Plan Description. Per RCW 41.05.065, the Public Employees’ Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life, and long-term disability.

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers, and plan members, as well as on the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumptions used in valuations presented in this footnote assume that his substantive plan will be carried forward into the future.

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

Employees Covered by Benefit Terms. Employers participating in the PEBB plan for the state include general government agencies, higher education institutions, and component units. Additionally, there are 13 of the state's K-12 schools and educational service districts (ESDs), and 261 political subdivisions and tribal governments not included in the state's financial reporting who participate in the PEBB plan. The plan is also available to the retirees of the remaining 227 K-12 schools, charter schools, and ESDs. Membership in the PEBB plan for the College consisted of the following:

Summary of Plan Participants
As of June 30, 2020

Active Employees*	353
Retirees Receiving Benefits**	159
Retirees Not Receiving Benefits***	16
Total Active Employees and Retirees	528

*Reflects active employees eligible for PEBB program participation as of June 30, 2020.
**Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.
***This is an estimate of the number of retirees that may be eligible to join a post-retirement PEBB program in the future. No benefits are allowed to them unless they choose to join in the future. In order to do so, they must show proof of continuous medical coverage since their separation of employment with the State of Washington that meets the requirements set forth in Washington Administrative Code 182-12-205.

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

Benefits Provided. Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium.

In calendar year 2020, the average weighted implicit subsidy was valued at $372 per adult unit per month. In calendar year 2021, the average weighted implicit subsidy is projected to be $384 per adult unit per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2021 the explicit subsidy was $183 per member per month, and it will remain $183 per member per month in calendar year 2022.

Contribution Information. Administrative costs as well as implicit and explicit subsidies are funded by required contributions (RCW 41.05.050) from participating employers. The subsidies provide monetary assistance for medical benefits.

Contributions are set each biennium as part of the budget process. The benefits are funded on a pay-as-you-go basis.

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

Required Premium*		
Medical	$	1,120
Dental		81
Life		4
Long-term Disability		2
Total		1,207
Employer contribution		1,041
Employee contribution		166
Total	$	1,207

*Per 2020 PEBB Financial Projection Model 3.3. Per capita cost based on subscribers; includes non-Medicare risk pool only. Figures based on CY2020 which includes projected claims cost at the time of this reporting.

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

Total OPEB Liability

As of June 30, 2020, the state reported a total OPEB liability of $6.055 billion. The College's proportionate share of the total OPEB liability is $16,406,716. This liability was determined based on a measurement date of June 30, 2020.

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

Inflation Rate	2.75%
Projected Salary Changes	3.50% Plus Service-Based Salary Increases
Health Care Trend Rates*	Initial trend rate ranges from 2-11%, reaching an ultimate rate of approximately 4.3% in 2075.
Post-Retirement Participation Percentage	65%
Percentage with Spouse Coverage	45%

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

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

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

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

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

Discount Rate. Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 3.50 percent for the June 30, 2019 measurement date and 2.21 percent for the June 30, 2020 measurement date.

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

Changes in Total OPEB Liability
As of June 30, 2021, components of the calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for the College are represented in the following table:

Walla Walla Community College		
Proportionate Share (%)		**0.2709527867%**
Service Cost	$	680,830
Interest Cost		569,525
Differences Between Expected and Actual Experience		(87,274)
Changes in Assumptions*		369,178
Changes of Benefit Terms		-
Benefit Payments		(271,159)
Changes in Proportionate Share		(1,965,163)
Other		(580,103)
Net Change in Total OPEB Liability		(1,284,166)
Total OPEB Liability - Beginning		17,690,881
Total OPEB Liability - Ending	**$**	**16,406,715**

Sensitivity of the Total Liability to Changes in the Discount Rate. The following represents the total OPEB liability of the College, calculated using the discount rate of 2.21 percent as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

Discount Rate Sensitivity		
1% Decrease	**Current Discount Rate**	**1% Increase**
$ 19,864,486	$ 16,406,715	$ 13,714,348

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates. The following represents the total OPEB liability of the College, calculated using the health care trend rates range of 2-11 percent reaching an ultimate range of 4.3 percent, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (1-10 percent) or 1 percentage point higher (3-12 percent) than the current rate:

Health Care Cost Trend Rate Sensitivity

1% Decrease	Current Discount Rate	1% Increase
$ 13,369,730	$ 16,406,715	$ 20,478,349

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

For the year ending June 30, 2021, the College will recognize OPEB expense of -$318,229. OPEB expense consists of the following elements:

Walla Walla Community College

Proportionate Share (%)	**0.2709527867%**
Service Cost	$ 680,830
Interest Cost	569,525
Amortization of Differences Between Expected and Actual Experience	50,292
Amortization of Changes in Assumptions	(534,869)
Changes of Benefit Terms	-
Amortization of Changes in Proportion	(503,904)
Administrative Expenses	(580,103)
Total OPEB Expense	**$ (318,229)**

As of June 30, 2021, the deferred inflows and deferred outflows of resources for the College are as follows:

Walla Walla Community College

Proportionate Share (%)	**0.2709527867%**	
Deferred Inflows/Outflows of Resources	**Deferred Outflows**	**Deferred Inflows**
Difference between expected and actual experience	$ 359,937	$ 77,577
Changes in assumptions	1,128,181	3,869,385
Transactions subsequent to the measurement date	288,582	-
Changes in proportion	-	3,566,303
Total Deferred Outflows/Inflows	**$ 1,776,700**	**$ 7,513,265**

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

Proportionate Share (%)		**0.2709527867%**
2022	$	(988,481)
2023	$	(988,481)
2024	$	(988,481)
2025	$	(988,481)
2026	$	(988,481)
Thereafter	$	(1,082,739)

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

Proportionate Share (%) 2019		**0.3048123648%**
Proportionate Share (%) 2020		**0.2709527867%**
Total OPEB Liability - Ending 2019	$	17,690,881
Total OPEB Liability - Beginning 2020		15,725,718
Total OPEB Liability Change in Proportion		(1,965,163)
Total Deferred Inflows/Outflows - 2019		(3,323,333)
Total Deferred Inflows/Outflows - 2020		(2,954,167)
Total Deferred Inflows/Outflows Change in Proportion		369,166
Total Change in Proportion	**$**	**(2,334,329)**

Note 18 - Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2021.

Expenses by Functional Classification

Instruction	$	16,099,861
Academic Support Services		4,368,852
Student Services		4,710,319
Institutional Support		7,570,333
Operations and Maintenance of Plant		5,293,893
Scholarships and Other Student Financial Aid		7,685,666
Auxiliary enterprises		1,616,185
Depreciation		2,285,084
Total operating expenses	**$**	**49,630,192**

Note 19 - Commitments and Contingencies

In September 2021, the College began the construction phase of its new Science and Technology wing, with a total project budget (including design) of $9.6 million. The project is expected to be completed in August 2022.

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.

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					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.047047%	$ 2,370,015	$ 5,057,376	46.86%	61.19%
2015	0.047908%	$ 2,506,034	$ 5,386,887	46.52%	59.10%
2016	0.046740%	$ 2,510,158	$ 5,522,193	45.46%	57.03%
2017	0.043956%	$ 2,085,746	$ 5,510,818	37.85%	61.24%
2018	0.041244%	$ 1,841,972	$ 5,453,619	33.78%	63.22%
2019	0.041475%	$ 1,594,861	$ 5,836,472	27.33%	67.12%
2020	0.040150%	$ 1,417,512	$ 6,049,528	23.43%	68.64%
2021					
2022					
2023					

Notes: 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					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.057918%	$ 1,170,732	$ 4,955,365	23.63%	93.29%
2015	0.059767%	$ 2,135,509	$ 5,303,083	40.27%	89.20%
2016	0.058573%	$ 2,949,105	$ 5,468,697	53.93%	85.82%
2017	0.055956%	$ 1,944,204	$ 5,484,177	35.45%	90.97%
2018	0.052318%	$ 893,282	$ 5,427,571	16.46%	95.77%
2019	0.053294%	$ 517,666	$ 5,826,059	8.89%	97.77%
2020	0.052008%	$ 665,153	$ 6,037,970	11.02%	97.22%
2021					
2022					
2023					

Notes: 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					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.009257%	$ 273,031	$ 338,142	80.74%	68.77%
2015	0.009708%	$ 307,563	$ 387,476	79.38%	65.70%
2016	0.010622%	$ 362,660	$ 459,740	78.88%	62.07%
2017	0.008157%	$ 246,608	$ 366,150	67.35%	65.58%
2018	0.007560%	$ 220,797	$ 443,419	49.79%	66.52%
2019	0.007064%	$ 174,891	$ 471,490	37.09%	70.37%
2020	0.008687%	$ 209,251	$ 633,424	33.03%	70.55%
2021					
2022					
2023					

Notes: 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					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.006200%	$ 20,025	$ 266,847	7.50%	96.81%
2015	0.006759%	$ 57,033	$ 315,420	18.08%	92.48%
2016	0.007771%	$ 106,719	$ 385,341	27.69%	88.72%
2017	0.005180%	$ 47,808	$ 284,032	16.83%	93.14%
2018	0.007560%	$ 34,029	$ 439,273	7.75%	96.88%
2019	0.007123%	$ 42,918	$ 471,490	9.10%	96.36%
2020	0.008866%	$ 136,180	$ 633,424	21.50%	91.72%
2021					
2022					
2023					

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

Pension Plan Information

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions
Public Employees' Retirement System (PERS) Plan 1
Fiscal Year Ended June 30

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	$ 208,243	$ 208,243	$ -	$ 5,057,376	4.12%
2015	$ 220,184	$ 220,184	$ -	$ 5,386,887	4.09%
2016	$ 265,060	$ 265,060	$ -	$ 5,522,193	4.80%
2017	$ 264,406	$ 264,406	$ -	$ 5,510,818	4.80%
2018	$ 275,682	$ 275,682	$ -	$ 5,453,619	5.06%
2019	$ 299,308	$ 299,308	$ -	$ 5,836,472	5.13%
2020	$ 288,895	$ 288,895	$ -	$ 6,049,528	4.78%
2021	$ 274,341	$ 274,341	$ -	$ 5,650,272	4.86%
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 payroll	Contributions as a percentage of covered payroll
2014	$ 244,668	$ 244,668	$ -	$ 4,955,365	4.94%
2015	$ 266,232	$ 266,232	$ -	$ 5,303,083	5.02%
2016	$ 338,137	$ 338,137	$ -	$ 5,468,697	6.18%
2017	$ 341,774	$ 341,774	$ -	$ 5,484,177	6.23%
2018	$ 403,689	$ 403,689	$ -	$ 5,427,571	7.44%
2019	$ 437,818	$ 437,818	$ -	$ 5,826,059	7.51%
2020	$ 478,163	$ 478,163	$ -	$ 6,037,970	7.92%
2021	$ 447,418	$ 447,418	$ -	$ 5,649,538	7.92%
2022					
2023					

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions

Teachers' Retirement System (TRS) Plan 1

Fiscal Year Ended June 30

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	$ 18,306	$ 18,306	$ -	$ 338,142	5.41%
2015	$ 21,724	$ 21,724	$ -	$ 387,476	5.61%
2016	$ 26,475	$ 26,475	$ -	$ 459,740	5.76%
2017	$ 28,545	$ 28,545	$ -	$ 366,150	7.80%
2018	$ 31,442	$ 31,442	$ -	$ 443,419	7.09%
2019	$ 34,810	$ 34,810	$ -	$ 471,490	7.38%
2020	$ 45,541	$ 45,541	$ -	$ 633,424	7.19%
2021	$ 46,277	$ 46,277	$ -	$ 625,198	7.40%
2022					
2023					

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	$ 15,214	$ 15,214	$ -	$ 266,847	5.70%
2015	$ 17,962	$ 17,962	$ -	$ 315,420	5.69%
2016	$ 31,172	$ 31,172	$ -	$ 385,341	8.09%
2017	$ 19,087	$ 19,087	$ -	$ 284,032	6.72%
2018	$ 33,610	$ 33,610	$ -	$ 439,273	7.65%
2019	$ 36,918	$ 36,918	$ -	$ 471,490	7.83%
2020	$ 51,535	$ 51,535	$ -	$ 633,424	8.14%
2021	$ 50,954	$ 50,954	$ -	$ 625,198	8.15%
2022					
2023					

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

State Board Supplemental Defined Benefit Plans

Schedule of Changes in the Net Pension Liability and Related Ratios Walla Walla Community College Fiscal Year Ended June 30, 2021	2017	2018	2019	2020	2021
Total Pension Liability					
Service Cost	$ 152,751	$ 107,327	$ 77,544	$ 95,045	$ 115,429
Interest	99,089	98,633	93,798	106,915	82,100
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(714,434)	(291,692)	(102,123)	225,271	(740,725)
Changes of assumptions	(168,626)	(98,689)	11,576	601,917	(1,336,868)
Benefit Payments	(25,435)	(36,458)	-	(48,256)	(49,215)
Change in Proportionate Share	-	(14,000)	(16,410)	(18,324)	(340,626)
Other	-	-		-	-
Net Change in Total Pension Liability	**(656,655)**	**(234,879)**	**64,385**	**962,568**	**$ (2,269,905)**
Total Pension Liability - Beginning	3,337,000	2,680,000	2,445,000	3,001,899	3,964,469
Total Pension Liability - Ending (a)	**$ 2,680,345**	**$ 2,445,121**	**$ 2,509,385**	**$ 3,964,467**	**$ 1,694,564**
Plan Fiduciary Net Position**					
Contributions-Employer	n/a	n/a	n/a	n/a	$ 16,207
Contributions - Member	n/a	n/a	n/a	n/a	
Net Investment Income	n/a	n/a	n/a	n/a	202,865
Benefit Payments	n/a	n/a	n/a	n/a	
Administrative Expense	n/a	n/a	n/a	n/a	
Other	n/a	n/a	n/a	n/a	
Net Change in Plan Fiduciarey Net Position					**$ 219,072**
Plan Fiduciary Net Position-Beginning					577,959
Plan Fiducairy Net Position-Ending (b)					**$ 797,031**
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)					**$ 897,533**
College's Proportion of the Pension Liability	2.819837%	2.804457%	2.719480%	2.702880%	2.470649%
Covered-employee payroll	$ 15,894,000	$ 16,104,000	$ 16,128,549	$ 16,823,345	$ 15,683,194
Total Pension Liability as a percentage of covered-employee payroll	0.168638768	0.151833146	0.155586531	0.235652719	0.108049672

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

Notes to Required Supplementary Information

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

Effective fiscal year 2021, House Bill 1661 created dedicated funds to pay SRP benefits that mimic the trust arrangement for the rest of the state retirement systems. As a result, the plan (previously reported under GASB Statement No. 73) is now being reported under GASB Statement No. 68.

State Board Supplemental Defined Benefit Plans

Schedule of Employer Contributions State Board Supplemental Retirement Plan Walla Walla Community College Fiscal Year Ended June 30, 2021	
	2021
Statutorily determined contributions	$ 1,352,034
Actual contributions in relation to the above	$ 1,352,034
Contribution deficiency (excess)	$ -
Covered Payroll	$ 15,683,194
Contribution as a % of covered payroll	8.62%

Notes: This schedule is to be built prospectively until it contains ten years of data.
This schedule contains actual amounts, while the notes report contributions as a proportionate share of plan total contributions.

Other Postemployment Benefits Information

Schedule of Changes in Total OPEB Liability and Related Ratios Measurement Date of June 30*				
Total OPEB Liability	**2018**	**2019**	**2020**	**2021**
Service cost	$ 1,306,071	$ 1,001,031	$ 716,314	$ 680,830
Interest cost	611,772	688,203	621,361	569,525
Difference between expected and actual experience	-	628,196	-	(87,274)
Changes in assumptions	(2,984,233)	(4,382,367)	1,157,138	369,178
Changes in benefit terms	-	-	-	-
Benefit payments	(311,769)	(290,663)	(284,235)	(271,159)
Changes in proportionate share	(495,146)	(898,738)	(530,676)	(1,965,163)
Other	-	-	-	(580,103)
Net Changes in Total OPEB Liability	$ (1,873,305)	$ (3,254,338)	$ 1,679,902	$ (1,284,166)
Total OPEB Liability - Beginning	$ 21,138,622	$ 19,265,317	$ 16,010,979	$ 17,690,881
Total OPEB Liability - Ending	$ 19,265,317	$ 16,010,979	$ 17,690,881	$ 16,406,715
College's proportion of the Total OPEB Liability (%)	0.33068837%	0.31526156%	0.30481236%	0.27095279%
Covered-employee payroll	$ 22,019,108	$ 24,940,128	$ 23,568,145	$ 22,064,312
Total OPEB Liability as a percentage of covered-employee payroll	87.493630%	64.197661%	75.062678%	74.358606%

Notes: This schedule is to be built prospectively until it contains ten years of data.

Notes to Required Supplementary Information

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