Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Grays Harbor College

For the period July 1, 2023 through June 30, 2024

Published (Inserted by OS)

Report No. 1038136

Office of the Washington State Auditor
Pat McCarthy

Issue Date – (Inserted by OS)

Board of Trustees
Grays Harbor College
Aberdeen, Washington

Report on Financial Statements

Please find attached our report on the Grays Harbor College's financial statements.

We are issuing this report in order to provide information on the College's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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Grays Harbor College
July 1, 2023 through June 30, 2024

Board of Trustees
Grays Harbor College
Aberdeen, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Grays Harbor College, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 30, 2025.

Our report includes a reference to other auditors who audited the financial statements of the Grays Harbor College Foundation (the Foundation) as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards,* and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Foundation or that are reported on separately by those auditors who audited the financial statements.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy, State Auditor

Olympia, WA

September 30, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Grays Harbor College
July 1, 2023 through June 30, 2024

Board of Trustees
Grays Harbor College
Aberdeen, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Grays Harbor College, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Grays Harbor College, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Foundation, which represent 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the reports of other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

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

Matters of Emphasis

As discussed in Note 1, the financial statements of the Grays Harbor College, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College and its aggregate discretely presented component unit. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2024, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, in 2024, the College changed the measurement date used for reporting their participation in the State Board Retirement Plan. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Pat McCarthy, State Auditor

Olympia, WA

September 30, 2025

FINANCIAL SECTION

Grays Harbor College
July 1, 2023 through June 30, 2024

REQUIRED SUPPLEMENTARY INFORMATION

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

Management’s Discussion and Analysis

Grays Harbor College

The following discussion and analysis provide an overview of the financial position and activities of Grays Harbor College (the College) for the fiscal year ended June 30, 2024 (FY2024). 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.

Overview of the College

Grays Harbor 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. The College also serves Running Start high school students (dual enrollments) through contracts with local school districts and provides basic skills, vocational training, and associate degree programs to the Stafford Creek Correctional Center through a contract with the State of Washington Department of Corrections. The College confers applied baccalaureate degrees, associate degrees, certificates, and high school diplomas. For the fiscal year ending June 30, 2024, the College served 989 state-funded annual full-time equivalent (FTE) students and 573 annual contract FTEs. Actual unduplicated state-funded headcount totaled 1,838 students.

The College was established in 1930 and is one of the oldest community colleges in the state. The College’s main campus is located in Aberdeen, Washington, and the College service district includes both Grays Harbor and Pacific counties with a total population of approximately 96,500 as of the 2020 census. The College also has educational centers in Pacific County, with facilities in Raymond and Ilwaco. 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, the Grays Harbor 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, 2024. The Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash flows provide information about operations and activities over the entire fiscal year. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess the college’s financial health.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are reported under the accrual basis of accounting where all of the current year's revenues and expenses are taken into account regardless of when cash is received or payments are made. Full accrual statements are intended to provide a view of the College's financial position similar to that presented by most private-sector companies. These financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) 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.

GAAP requires a college to report an organization that raises and holds economic resources for the direct benefit of a government unit. Under this requirement, the Grays Harbor College Foundation is a component unit of the College and their financial statements are discretely presented into this financial report.

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 on the following page.

Condensed Statement of Net Position
As of June 30, 2024 and 2023

	2024	2023
Assets		
Capital Assets, net	110,492,784	97,663,947
Other Assets	22,247,670	23,801,234
Total Assets	132,740,454	121,465,181
Deferred Outflows of Resources	3,635,650	3,949,835
Liabilities		
Current Liabilities	4,085,237	6,400,786
Other Liabilities, non-current	12,403,481	12,372,108
Total Liabilities	16,488,718	18,772,894
Deferred Inflows of Resources	6,745,539	8,181,782
Net Position		
Net Investment in Capital Assets	107,425,508	93,590,836
Restricted		
Expendable		
Net Pension Asset	1,346,318	1,255,523
Student Fees	4,123,160	4,094,764
Unrestricted	246,861	(480,782)
Total Net Position, as restated	113,141,847	98,460,341

Current Assets: consist primarily of cash, investments, various accounts receivables, and inventories. The increase in current assets in FY2024 can be attributed to increases in cash and cash equivalents and accounts receivable.

Non-Current Assets: Non-current assets, other than net capital assets and non-depreciable capital assets, have in the past usually consisted of the long-term portion of investments. In FY2024, a net pension asset was added to non-current assets. Further information can be found in Note 14 – Retirement Plans.

Deferred Outflows of Resources: Deferred outflows of resources represent consumption of net position that is applicable to a future period. The increase in deferred outflows in FY2024 reflects the College's proportionate share of an increase in the state-wide amounts reported by the Department of Retirement System (DRS) and Health Care Authority (HCA) due to differences between expected and actual experience related to the actuarial assumptions.

Deferred Inflows of Resources: Deferred inflows of resources represent acquisition of net position that is applicable to a future period. The decrease in deferred inflows in FY2024 reflects the decrease in difference between actual and projected investment earnings on the state's pension plans and other post-employment benefits.

Current Liabilities: 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, the current portion of pension and OPEB liabilities, and unearned revenue. The increase in current liabilities from FY2023 to FY2024 is primarily due to accruals related to the SSIB construction.

Non-Current Liabilities: Non-current liabilities primarily consist of the value of vacation and sick leave earned but not yet used by employees, pension and OPEB liabilities, and the long-term portion of Certificate of Participation (COP) debt. Non-current liabilities decreased from FY2023 to FY2024 primarily due to a decrease in the proportionate share of pension liability.

Net Position: 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. Additional information on capital assets can be found in Note 6 to the financial statements.

- **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. Expendable – resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties who have placed time or purpose restrictions on the use of the asset.

- **Unrestricted:** Includes all other assets not subject to externally imposed restrictions, but which may be designated or obligated for specific purposes by the Board of Trustees or management.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position accounts for the College's changes in total net position during FY2024. The objective of the statement is to present the revenues earned, both operating and non-operating, and the expenses paid or incurred by the College, along with any other revenue, expenses, gains, and losses of the College.

Generally, operating revenues are earned by the College in exchange for providing goods and services. Tuition, grants, and contracts are included in this category. In contrast, non-operating revenues include monies the college receives from another government without directly giving equal value to that government in return. Accounting standards require that the College categorize state operating appropriations 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, 2024, and 2023 is presented on the following page.

Grays Harbor College
Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024 and 2023

	2024	2023
Operating Revenues		
Student tuition and fees, net	2,396,800	1,785,292
Auxiliary enterprise sales	436,306	492,676
Grants and contracts	11,598,934	10,100,626
Other operating revenues	293,251	88,428
Total operating revenues	**14,725,291**	**12,467,022**
Non-Operating Revenues		
State appropriations	16,664,338	15,463,817
Federal grant revenue	2,635,330	6,272,760
Other non-operating revenues	402,180	120,325
Total non-operating revenues	**19,701,848**	**21,856,902**
Total revenues	**34,427,138**	**34,323,924**
Operating Expenses		
Salaries and Benefits	20,502,870	18,756,696
Scholarships	4,751,925	5,844,145
Depreciation	3,060,169	2,392,907
Other operating expenses	7,212,776	7,650,890
Total operating expenses	**35,532,739**	**34,644,638**
Non-Operating Expenses		
Building & Innovation fee remittance	621,054	486,790
Other non-operating expenses	125,936	524,159
Total non-operating expenses	**746,990**	**1,010,949**
Total expenses	**36,279,729**	**35,655,587**
Excess (deficiency) before capital contributions	(1,852,590)	(1,331,663)
Capital appropriations and contributions	16,534,096	29,244,073
Change in Net position	**14,681,506**	**27,912,410**
Net Position		
Net position, beginning of year	98,460,341	70,547,931
Prior period adjustments	-	-
Net position, beginning of year, as restated	98,460,341	70,547,931
Net position, end of year	**113,141,847**	**98,460,341**

Revenues

The State of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college.

In FY2024, compared to FY2023, enrollment at the College improved slightly after the COVID shutdown, resulting in an increase of student tuition and fees revenue.

Pell grant revenues generally follow enrollment trends; therefore, a slight increase in Pell Grant revenue was recorded in FY2024.

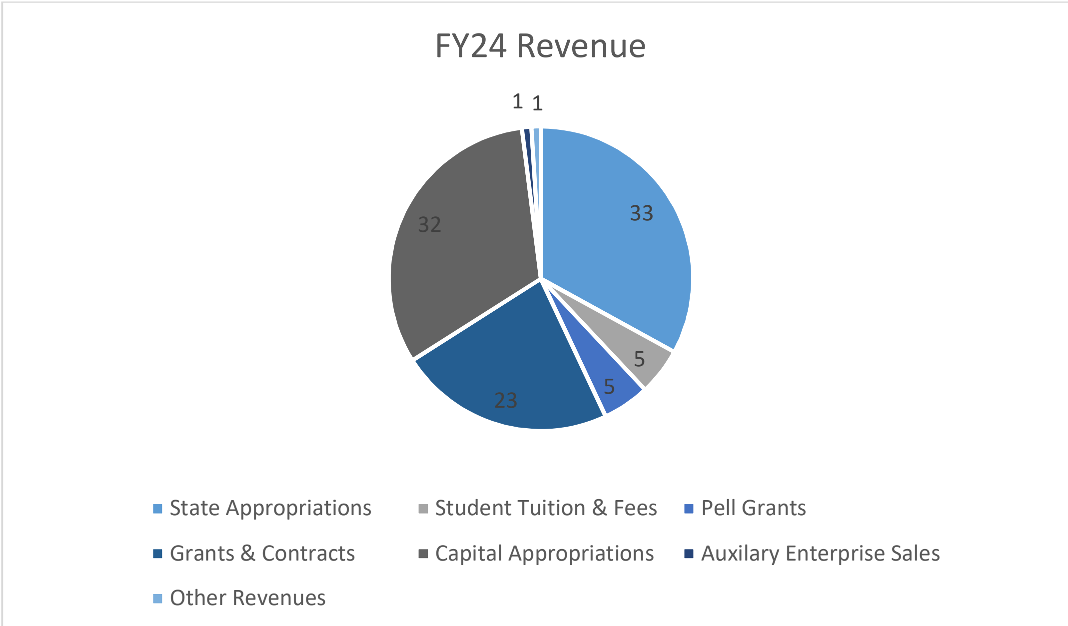
In FY2024, grant and contract revenues increased compared with FY2023. The College continued to serve students under the terms of contracted programs. The College contracts with local high schools to enroll Running Start students who earn both high school and college credit for these courses. The College also continues to contract with the Department of Corrections to provide educational programming to offenders housed in the Stafford Creek Correctional Institution.

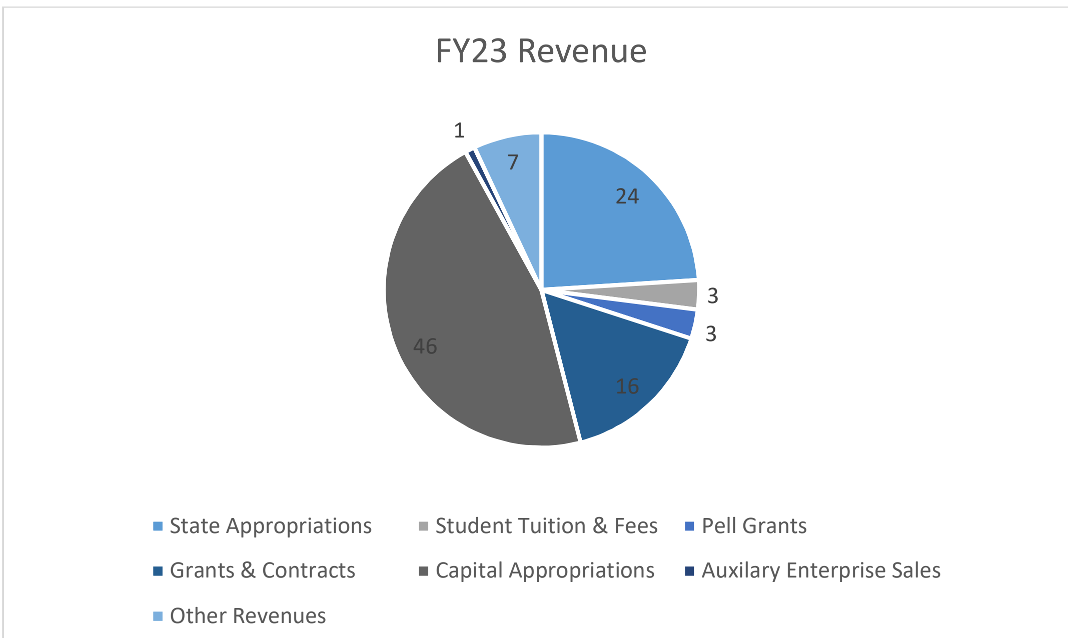
The College receives capital spending authority on a biennial basis and may carry unexpended amounts forward into one or two future biennia, depending on the original purpose of the funding. In accordance with accounting standards, the amount shown as capital appropriation revenue on the financial statement 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 expenses in the current period and are instead recognized as depreciation expense over the expected useful lifetime of the asset.

Comparison of Selected Elements of Revenue by Function

The illustration below shows the amount in dollars and percentages for selected functional areas of revenues for FY2024 and FY2023:

Revenues	**FY2024**	**Percent of Total**	**FY2023**	**Percent of Total**
State Appropriations	16,664,338	33%	15,463,817	24%
Student Tuition and Fees	2,396,800	5%	1,785,292	3%
Pell Grants	2,635,330	5%	2,186,356	3%
Grants & Contracts	11,598,934	23%	10,100,626	16%
Capital Appropriations	16,534,096	32%	29,244,073	46%
Auxiliary Enterprise Sales	436,306	1%	492,676	1%
Other Revenues	695,430	1%	4,295,157	7%
Total	**50,961,234**	**100%**	**63,567,997**	**100%**


FY24 Revenue
1
1
33
32
5
5
23
State Appropriations
Student Tuition & Fees
Pell Grants
Grants & Contracts
Capital Appropriations
Auxilary Enterprise Sales
Other Revenues


FY23 Revenue
1
7
24
3
3
46
16
State Appropriations
Student Tuition & Fees
Pell Grants
Grants & Contracts
Capital Appropriations
Auxilary Enterprise Sales
Other Revenues

Expenses

The College has been impacted by inflation increases on trend with the overall economy. The FY2024 expense increases reflect this. Specifically, in FY2024:

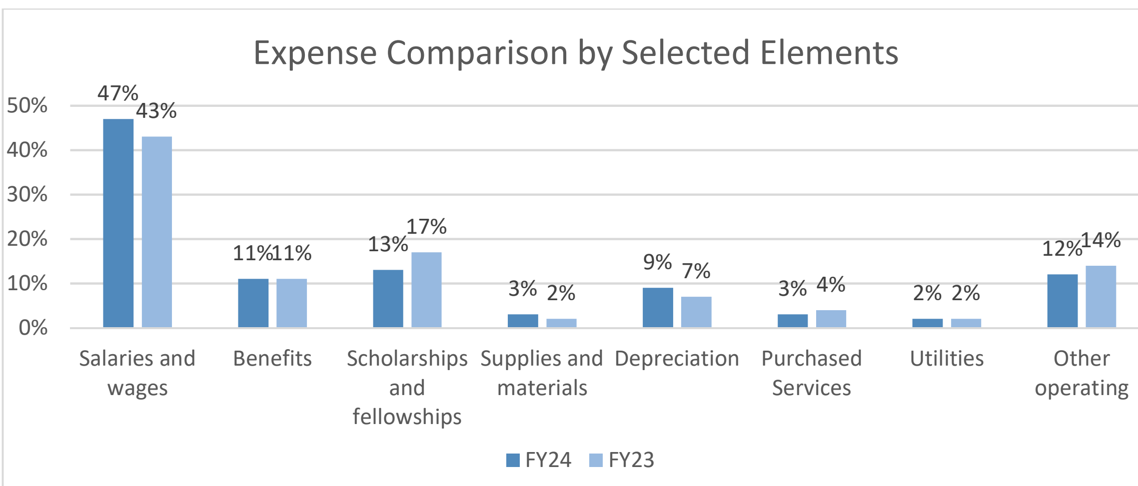
- **Salaries and Benefits:** Increased due to cost of living adjustments, health insurance cost adjustments, and new grant-funded positions.

- **Depreciation:** Increased due to completion of tulalW Student Center.

Comparison of Selected Operating Expenses

Operating expenses, for FY2024 and FY2023 are noted below, by natural classification, with comparative percentages for both years.

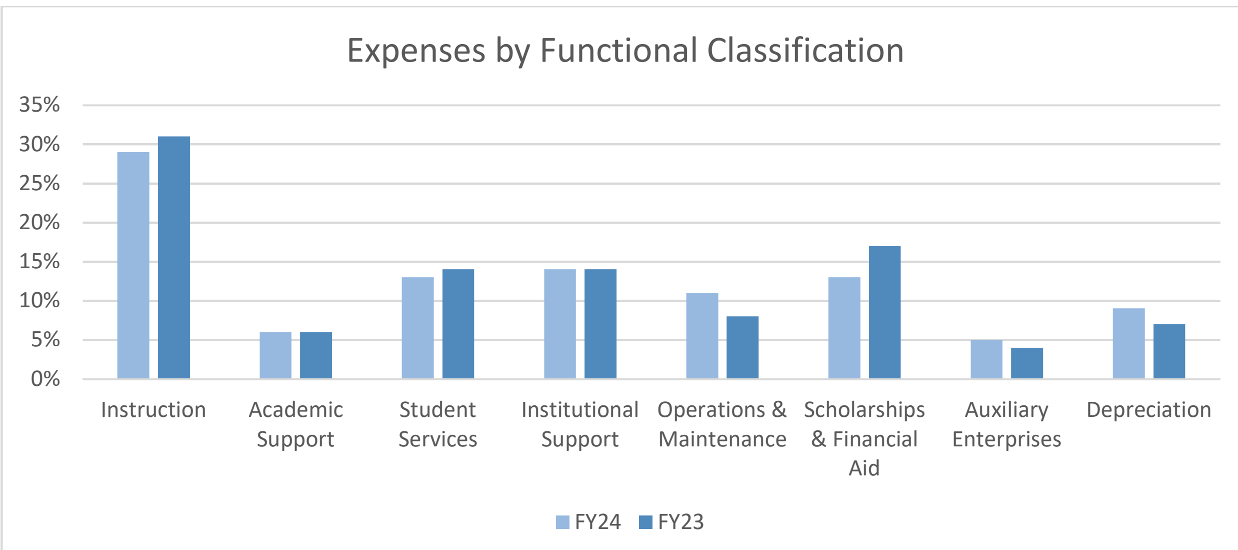
Operating Expenses	FY24	Percent of Total	FY23	Percent of Total
Salaries and wages	16,544,843	47%	14,803,982	43%
Benefits	3,958,027	11%	3,952,714	11%
Scholarships and fellowships	4,751,925	13%	5,844,145	17%
Supplies and materials	962,433	3%	798,664	2%
Depreciation	3,060,169	9%	2,392,907	7%
Purchased Services	1,041,273	3%	1,220,947	4%
Utilities	844,285	2%	717,207	2%
Other operating	4,369,784	12%	4,914,072	14%
Total	**35,532,739**	**100%**	**34,644,638**	**100%**



Comparison of Selected Operating Expenses by Functional Area

Operating expenses for FY2024 and FY2023 are noted below by functional classification, with comparative percentages for each year.

Expenses by Functional Classification	**FY24**	**Percent of Total**	**FY23**	**Percent of Total**
Instruction	10,380,665	29%	10,606,442	31%
Academic Support Services	2,194,042	6%	2,066,595	6%
Student Services	4,488,058	13%	5,013,378	14%
Institutional Support	5,031,730	14%	4,711,148	14%
Operations and Maintenance of Plant	3,949,348	11%	2,658,855	8%
Scholarships and Other Student Financial Aid	4,751,925	13%	5,844,145	17%
Auxiliary Enterprises	1,676,802	5%	1,351,167	4%
Depreciation	3,060,169	9%	2,392,907	7%
Total	**35,532,739**	**100%**	**34,644,637**	**100%**



Long-Term Debt Activities

The community and technical college system submits a single prioritized request to the Office of Financial Management and the Legislature for appropriated capital funds, which includes major projects, minor projects, repairs, emergency funds, alternative financing, and major leases. The primary funding source for college capital projects is state general obligation bonds. In recent years, declining state revenues significantly reduced the state's debt capacity and are expected to continue to impact the number of new projects that can be financed. The College entered into its first Certificate of Participation (COP) of $955,000 in FY19 that funded significant improvements to the upper parking lot on the main campus in Aberdeen. Revenue from a student fee increase in FY2018 has been accumulating to service the debt payments which started in FY19.

In February 2022, the College entered into a second COP of $2,615,000 par value to fund certain portions of the SSIB building that will house Student Services functions. The COP debt payments are also serviced by a separate student-approved fee that was enacted several years ago, with debt payments that began in June 2022.
At June 30, 2024, the College had $3,245,000 in outstanding debt. This represents a decrease of $120,000 from last year.

	June 30, 2024		June 20, 2023		Change
Certificates of Participation		3,245,000		3,365,000	(120,000)
Total	**$**	**3,245,000**	**$**	**3,365,000**	**$ (120,000)**

Capital Assets

At June 30, 2024, the College had an investment in capital assets of $107,425,508. This represents an increase of $10 million from last year which was due to the completion of the tulalW Student Buiilding, which was put into service in February 2024.

Economic Factors That May Affect the Future

The State Board for Community and Technical Colleges allocates funds to each college/district 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.

In fiscal year 2021, the colleges received a significant increase in funding as a result of the Workforce Education Investment Act (E2SHB 2158). The bill created a new fund, the Workforce Education Investment Account. Appropriations from the account are supported by an increase in the Business and Occupation tax. These funds were allocated to the colleges as directed in the legislation. Most of these appropriations are budgeted to continue in fiscal year 2024. There were no other significant changes to the method of allocating funds to college districts.

Currently, Grays Harbor College is in a financially stable position. The overall solvency and liquidity position of the College has improved with sufficient cash flow and reserves to support its programs and services. The capital debt of the College is low with enough dedicated fee revenue stream and adequate reserve balance to service the debt obligation.

Overall reserves are sufficient to carry the College through at least 120 days of operations. Financial planning reflects available funds, realistic development of financial resources, and appropriate risk management to ensure the short and long-term solvency of the College, including anticipation of meeting all debt obligations. While the current financial position of the College is healthy, there is recognition of potential risks that the College is actively monitoring and addressing. Specifically, the College acknowledges the significant reliance on state funding that is in jeopardy due to the State of Washington budget outlook. Due to the projected decline in revenue for the State of Washington for the 2025-2027 biennium, the allocations to the College are likely to decline. Ongoing efforts to mitigate this risk include revenue diversification, such as implementing a new enrollment management plan and expanding grant funding. The College remains fiscally conservative operating under this assumption.

Grays Harbor College
Statement of Net Position
June 30, 2024

Assets	
Current assets	
Cash and cash equivalents (Note 3)	$ 8,097,468
Restricted cash (Note 3)	4,123,160
Short-term investments (Note 3)	3,327,996
Accounts receivable, net of allowances (Note 4)	5,081,250
Inventories (Note 5)	93,755
Total current assets	**20,723,628**
Non-Current Assets	
Non-depreciable capital assets	177,724
Capital assets, net of depreciation	110,492,784
Net pension asset	1,346,318
Total non-current assets	112,016,826
Total assets	**132,740,454**
Deferred Outflows of Resources	
Deferred outflows related to pensions (Note 14)	2,657,658
Deferred outflows related to OPEB (Note 15)	977,992
Total deferred outflows of resources	3,635,650
Liabilities	
Current Liabilities	
Accounts payable	1,046,601
Accrued liabilities	2,658,233
Compensated absences, current portion	163
Unearned revenue	77,422
Certificates of participation payable, current portion	120,000
Net pension liability, current portion	35,828
Total OPEB liability, current portion	146,990
Total current liabilities	4,085,237
Non-Current Liabilities	
Compensated absences	1,538,878
Certificates of Participation	3,125,000
COP Premium	668,798
Net pension liability, non-current	1,384,584
Total OPEB liability	5,686,221
Total non-current liabilities	12,403,481
Total liabilities	**16,488,718**
Deferred Inflows of Resources	
Deferred inflows related to pensions	1,876,522
Deferred inflows related to OPEB	4,869,017
Total deferred inflows of resources	6,745,539
Net Position	
Net Investment in Capital Assets	107,425,508
Restricted for:	
Expendable	
Net Pension Asset	1,346,318
Student Fees	4,123,160
Unrestricted (deficit)	246,861
Total Net Position	**$ 113,141,847**

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

Grays Harbor College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2024

Operating Revenues	
Student tuition and fees, net of scholarship discounts and allowances	$ 2,396,800
Auxiliary enterprise sales	436,306
State and local grants and contracts	8,861,676
Federal grants and contracts	2,737,257
Other operating revenues	293,251
Total operating revenue	14,725,291
Operating Expenses	
Salaries and wages	16,544,843
Benefits	3,958,027
Scholarships and fellowships	4,751,925
Supplies and materials	962,433
Depreciation and amortization	3,060,169
Purchased services	1,041,273
Utilities	844,285
Non-Capitalized Equipment	1,531,768
Travel	388,478
Repairs & Maintenance	295,985
Training	222,295
Other Operating Expenses	1,931,258
Total operating expenses	35,532,739
Operating income (loss)	(20,807,448)
Non-Operating Revenues (Expenses)	
State appropriations	16,664,338
Federal Pell grant revenue	2,635,330
Investment income, gains and losses	402,180
Building fee remittance	(429,574)
Innovation fund remittance	(191,480)
Interest on indebtedness	(125,936)
Net non-operating revenue (expenses)	**18,954,858**
Income or (loss) before other revenues, expenses, gains, or losses	(1,852,590)
Capital Contributions	
Capital appropriations	16,534,096
Increase (Decrease) in net position	14,681,506
Net Position	
Net position, beginning of year	98,460,341
Prior period adjustments or Cumulative effect of a change in accounting principle	
Net position, beginning of year, as restated	98,460,341
Net position, end of year	$ 113,141,847

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

Grays Harbor College
Statement of Cash Flows
For the Year Ended June 30, 2024

Cash flows from operating activities	
Student tuition and fees	$ 2,111,675
Grants and contracts	12,581,258
Payments to vendors	(4,545,565)
Payments for utilities	(844,285)
Payments to employees	(15,968,389)
Payments for benefits	(5,598,407)
Auxiliary enterprise sales	436,306
Payments for scholarships and fellowships	(4,751,925)
Other receipts	(33,274)
Other payments	(4,325,633)
Net cash used by operating activities	(20,938,238)
Cash flows from noncapital financing activities	
State appropriations	18,194,764
Pell grants	2,635,330
Building fee remittance	(505,555)
Innovation fund remittance	(186,081)
Net cash provided by noncapital financing activities	20,138,459
Cash flows from capital and related financing activities	
Capital appropriations	16,250,861
Purchases of capital assets	(15,869,118)
Principal paid on capital debt	(120,000)
Interest paid	(125,936)
Net cash used by capital and related financing activities	135,807
Cash flows from investing activities	
Purchase of investments	(474,845)
Income of investments	402,180
Net cash provided by investing activities	(72,665)
Increase in cash and cash equivalents	(736,639)
Cash and cash equivalents at the beginning of the year	12,957,266
Cash and cash equivalents at the end of the year	12,220,628
Reconciliation of Operating Loss to Net Cash used by Operating Activities	
Operating Loss	(20,807,448)
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation expense	3,060,169
Changes in assets and liabilities	
Receivables, net	285,085
Inventories	14,093
Other assets	13,921
Accounts payable	738,457
Accrued liabilities	(2,919,552)
Unearned revenue	5,164
Compensated absences	52,220
Pension liability adjustment	(1,380,348)
Net cash used by operating activities	**$ (20,938,239)**

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

Grays Harbor College Foundation
A Washington Non-Profit Corporation

Statement of Financial Position

As of June 30,	2024	2023
Assets		
Current Assets:		
Cash & cash equivalents	$ 1,616,205	$ 1,470,144
Promises to give-current	76,961	122,184
Total Current Assets	1,693,166	1,592,328
Other Assets:		
Pledges to give-net of current portion	31,000	58,000
Investments	15,382,784	13,736,722
Assets held for investment	45,410	45,410
Other long-term assets	40,261	37,420
Total Other Assets	15,499,455	13,877,552
Total Assets	**$ 17,192,621**	**$ 15,469,880**
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	$ 1,433	$ 2,658
Total Liabilities	**1,433**	**2,658**
Net Assets:		
Without donor restrictions:		
Board designated	538,969	463,533
Undesignated	1,210,232	1,178,944
Total Net Assets Without Donor Restrictions	**1,749,201**	**1,642,477**
With donor restrictions		
Restricted for specified purpose	8,510,654	7,037,085
Restricted in perpetuity	6,931,333	6,787,660
Total Net Assets With Donor Restrictions	**15,441,987**	**13,824,745**
Total Net Assets	**17,191,188**	**15,467,222**
Total Liabilities and Net Assets	**$ 17,192,621**	**$ 15,469,880**

The accompanying notes are an integral part of these financial statements.

Grays Harbor College Foundation
A Washington Non-Profit Corporation

Statement of Activities and Changes in Net Assets

For the Years Ended June 30,				2024	2023
	Without Donor Restrictions	With Donor Restrictions			
		Specified Purpose	In Perpetuity	Total	Total
Support and Revenue:					
Gifts and contributions	$ 24,515	$ 1,295,077	$ 115,525	$ 1,435,117	$ 813,157
Investment income (Loss)	125,985	1,324,439	-	1,450,424	1,373,156
Special event revenue-net	134,890	9,500	-	144,390	532,576
In-kind contributions	-	42,185	-	42,185	18,062
Other income (Loss)	2,841	-	-	2,841	4,563
Loss on prior year promises to give	-	(1,750)	-	(1,750)	-
Net assets released from restrictions-satisfied by expenditures for specified purpose	1,157,775	(1,157,775)	-	-	-
Total Support and Revenue	**1,446,006**	**1,511,676**	**115,525**	**3,073,207**	**2,741,514**
Expenses:					
Program Services-					
Awards, grants and scholarships	779,917	-	-	779,917	959,129
Other college support	441,853	-	-	441,853	389,037
Total Program Services	1,221,770	-	-	1,221,770	1,348,166
Management and General	85,750	-	-	85,750	81,108
Fundraising	41,721	-	-	41,721	39,107
Total Expenses	**1,349,241**	**-**	**-**	**1,349,241**	**1,468,381**
Increase (Decrease) in Net Assets	**96,765**	**1,511,676**	**115,525**	**1,723,966**	**1,273,133**
Net Assets, Beginning of Year	1,642,477	7,037,085	6,787,660	15,467,222	14,194,089
Reclassifications	9,959	(38,107)	28,148	-	-
Net Assets, End of Year	**$ 1,749,201**	**$ 8,510,654**	**$ 6,931,333**	**$ 17,191,188**	**$ 15,467,222**

The accompanying notes are an integral part of these financial statements.

Grays Harbor College Foundation
A Washington Non-Profit Corporation

Statement of Functional Expenses

For the Years Ended June 30,						2024	2023
	Program Services						
Expenses:	**Awards, Grants and Scholarships**	**Other College Support**	**Total Program Services**	**Management & General**	**Fundraising**	**Total**	**Total**
Grants and allocations	$ 751,040	$ 378,807	$ 1,129,847	$ -	$ -	$ 1,129,847	$ 1,301,853
Salaries, wages and benefits	28,877	20,861	49,738	33,826	41,721	125,285	116,916
Insurance	-	-	-	2,459	-	2,459	2,377
Office supplies	-	-	-	40,282	-	40,282	18,612
In-kind expense	-	42,185	42,185	-	-	42,185	18,062
Miscellaneous	-	-	-	2,283	-	2,283	3,761
Professional fees	-	-	-	6,900	-	6,900	6,800
Total expenses	**$ 779,917**	**$ 441,853**	**$ 1,221,770**	**$ 85,750**	**$ 41,721**	**$ 1,349,241**	**$ 1,468,381**

The accompanying notes are an integral part of these financial statements.

GRAYS HARBOR COLLEGE FOUNDATION
A Washington Non-Profit Corporation

Statement of Cash Flows

For the Years Ended June 30,	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 1,723,966	$ 1,273,133
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Gain) loss on investments	(1,171,468)	(1,074,778)
Dividends and interest reinvested in investments	(360,560)	(377,360)
Contributions and earning restricted for investment in endowments	(115,525)	(281,441)
Noncash income-limited partnership	(2,841)	(1,624)
(Increase) Decrease in promises to give	72,223	(151,614)
Increase (Decrease) in accounts payable	(1,225)	2,658
Net Cash Provided (Used) by Operating Activities	**144,570**	**(611,026)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	4,246,862	3,698,501
Purchase of investments	(4,360,896)	(2,977,571)
Net Cash Provided (Used) By Investing Activities	**(114,034)**	**720,930**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions and earnings restricted for investment in endowments	115,525	281,441
Net Cash Provided (Used) By Financing Activities	**115,525**	**281,441**
Net Increase (Decrease) in Cash	146,061	391,345
Cash, Beginning of Year	1,470,144	1,078,799
Cash, End of Year	**$ 1,616,205**	**$ 1,470,144**
Interest paid during the year	$ -	$ -

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

June 30, 2024

These notes form an integral part of the financial statements.

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

Grays Harbor 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 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 Grays Harbor College Foundation (the Foundation) is a separate but affiliated non-profit entity, incorporated under Washington law in 1963 and recognized as a tax exempt 501(c)(3) charity. The Foundation's charitable purpose is to support the students and mission of Grays Harbor College. 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, 2024, the Foundation distributed approximately $779,917 to the College for restricted and unrestricted purposes. A copy of the Foundation's complete financial statements may be obtained from the Foundation's Administrative Offices at Grays Harbor College, 1620 Edward P. Smith Drive, Aberdeen WA, 98520; 360-538-4243.

Basis of Presentation

The financial statements have been prepared in accordance with GAAP. For financial reporting purposes, the College is considered a special-purpose government engaged only in Business Type Activities (BTA). In accordance with BTA reporting, the College presents a Management's Discussion and Analysis; a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and Notes to the Financial Statements. The format provides a comprehensive, entity-wide perspective of the College's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

Basis of Accounting

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

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

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand and bank demand deposits. Cash in the investment portfolio is not included in cash and cash equivalents as it is held for investing purposes. Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets. The College records all cash, cash equivalents and investments at fair value.

Accounts Receivable

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

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. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, excluding intangible right-to-use lease assets and subscription-based IT agreement assets. 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:

- Land, including land use rights with indefinite lives acquired with the purchase of the underlying land, and ancillary costs are capitalized

- Infrastructure with a cost of $100,000 or more is capitalized and depreciated over 20-50 years

- Building, building improvements, improvements other than building and leasehold improvements with a cost of $100,000 or more are capitalized and depreciated over 5-50 years

- Intangible assets (excluding intangible right-to-use lease assets and subscription-based IT arrangements), either purchased or internally developed, with a cost of $1 million or more that are identifiable by meeting one of the following conditions:

    - The asset is capable of being separated or divided and sold, transferred, licensed, rented, or exchanged.
    - The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable.

- All capital assets acquired with Certificates of Participation, are capitalized and depreciated based on the category of asset

- All other capital assets with a unit cost (including ancillary costs) of $5,000 or greater, or collections with a total cost of $5,000 or greater are capitalized and depreciated over 3-50 years depending on specific category of asset

Unearned Revenues

Unearned revenues occur when funds have been collected prior to the end of the fiscal year but related to the subsequent fiscal year. Unearned revenues also include tuition and fees paid with financial aid funds. The College has recorded summer and fall tuition and fees as unearned revenues.

Tax Exemption

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

Pension Liability

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

The College also reports its share of the net pension liability for the State Board Retirement Plan in accordance with GASB 68 Accounting and Financial Reporting for Pensions and Related Assets.

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 for Expendable.** These include resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by third parties. Restricted for expendable includes resources for the explicit purpose of pension assets and is equal to the net pension asset amount.

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

Classification of Revenues and Expenses

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 FY24, non-operating revenues also included funds received through the federal CARES act.

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

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. Discounts and allowances for the year ending June 30, 2024 are $2,687,829.

State Appropriations

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

Building and Innovation Fee Remittance

Tuition collected includes amounts remitted to the Washington State Treasurer's office to be held and appropriated in future years. The Building Fee portion of tuition charged to students is an amount established by the Legislature and is subject to change annually. The fee provides funding for capital construction and projects on a system wide basis using a competitive biennial allocation process. The Building Fee is remitted on the 35th day of each quarter. The Innovation Fee was established in order to fund the State Board of Community and Technical College's Strategic Technology Plan. The use of the fund is to implement new ERP software across the entire system. On a monthly basis, the College 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 June 2022, GASB issued GASB Statement No. 100, Accounting Changes and Error Corrections, which prescribes the accounting and reporting for each type of accounting change and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

In FY2024 the College changed the way the SBRP is reported in the financial statements. Previously the measurement date and reporting date were the same but there is now a one-year lag between measurement and reporting date due to the availability of the actuary report at the time financial statements are created. This causes an increase in deferred outflows of $52,275 for the contributions made subsequent to measurement date. Both methods are allowed under GASB 68.

Accounting Standards Impacting the Future

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

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, effective FY25. This statement requires disclosure of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. The statement defines concentration and constraints and whether an event that could cause the substantial impact has begun or is more likely than not to begin within 12 months of financial statement issuance. The College will be implementing this statement as required.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements,* effective FY26. It changes and clarifies requirements of information presented in the MD&A, clarifies operating vs. non-operating revenues and expenses, presentation of major component unit information, and budgetary comparison presentation as RSI. The college has not determined the full impact of this statement.

Note 3 - Deposits and Investments

Deposits

Cash and cash equivalents include bank demand deposits, certificates of deposit and petty cash held at the College.

As of June 30, 2024, the carrying amount of the College's cash and equivalents was $12,220,628 as represented in the table below.

Cash and Cash Equivalents		**June 30, 2024**
Petty Cash and Change Funds	$	6,779
Bank Demand and Time Deposits		12,213,849
Total Cash and Cash Equivalents	**$**	**12,220,628**

Custodial Credit Risks—Deposits

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

Investments

Investments consist of time certificates of deposit. Time certificates of deposit have re-purchase agreements with the respective financial institutions.

Fair value measurement is based on the assumptions that market participants would use in pricing the asset. The three levels of the fair value hierarchy are described as:

Level 1 – Quoted market prices: Unadjusted quoted prices available in active markets for identical assets or liabilities

Level 2 – Observable inputs: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 – Unobservable inputs that are significant to the fair value measurement.

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

	Investment Maturities (in Years)				
Investment Type	**Fair Value**	**Less than 1**	**1 to 5**	**6 to 10**	**More than 10**
Time Certificate of Deposits	3,327,996	3,327,996	-	-	-
Total Investments	**3,327,996**	**3,327,996**	**-**	**-**	**-**

Interest Rate Risk—Investments

The College manages its exposure to interest rate changes by limiting the duration of investments to mature at various points in the year.

Concentration of Credit Risk—Investments

State law limits College operating investments to the highest quality sectors of the domestic fixed income market and specifically excludes corporate stocks, corporate and foreign bonds, futures contracts, commodities, real estate, limited partnerships and negotiable certificates of deposit. College policy does not limit the amount the College may invest in any one issuer.

Custodial Credit Risk—Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At June 30, 2024 , $3,327,996 of the College's operating fund investments, held by Bank of the Pacific was exposed to custodial credit risk as follows.

Investments Exposed to Custodial Risk	**Fair Value**
Bank of the Pacific	3,327,996
Total Investments Exposed to Custodial Risk	**$ 3,327,996**

Note 4 - Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. It also includes amounts due from federal, state and local governments or private sources in connection with reimbursements of allowable expenses made according to sponsored agreements. At June 30, 2024, accounts receivable was as follows:

Accounts Receivable		Amount
Student Tuition and Fees	$	722,295
Due from the Federal Government		130,573
Due from Other State Agencies		2,833,648
Other		1,394,734
Subtotal		5,081,250
Less Allowance for Uncollectible Accounts		-
Accounts Receivable	**$**	**5,081,250**

Note 5 – Inventories

Inventories as of June 30, 2024, were as follows:

Inventories	Method		Amount
Merchandise Inventories	FIFO		93,755
Inventories		**$**	**93,755**

Note 6 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2024 is presented as follows. The current year depreciation expense was $3,060,169.

Capital Assets	**Beginning Balance**	**Additions/ Transfers**	**Retirements**	**Ending Balance**
Capital assets, non-depreciable				
Land	$ 177,724	$ -	$ -	$ 177,724
Construction in progress	34,866,090	-	(34,866,090)	-
Total capital assets, non-depreciable	35,043,814	-	(34,866,090)	177,724
Capital assets, depreciable				
Buildings	89,852,179	49,869,189	-	139,721,368
Other improvements and infrastructure	2,115,236	-	(122,270)	1,992,966
Equipment	3,675,939	1,040,898	(282,082)	4,434,755
Library resources	281,321	23,180	(37,271)	267,230
Total capital assets, depreciable	95,924,675	50,933,267	(441,623)	146,416,319
Less accumulated depreciation				
Buildings	29,718,809	2,462,282	-	32,181,091
Other improvements and infrastructure	923,779	211,333	(32,198)	1,102,914
Equipment	2,533,296	256,909	(282,082)	2,508,123
Library resources	128,657	40,021	(37,271)	131,407
Total accumulated depreciation	33,304,541	2,970,545	(351,551)	35,923,535
Total capital assets, depreciable, net	62,620,134	47,962,722	(90,072)	110,492,784
Capital assets, net	**$ 97,663,948**	**$ 47,962,722**	**$ (34,956,162)**	**$110,670,508**

Note 7 - Accounts Payable and Accrued Liabilities

Accrued liabilities as of June 30, 2024, were as follows:

Accounts Payable and Accrued Liabilities	**Amount**
Amounts Owed to Employees	$ 468,912
Accounts Payable	1,046,601
Payroll Liabilities	1,842,120
Due to Other Agencies	86,122
Other Payables	261,079
Total	**$ 3,704,834**

Note 8 - Unearned Revenue

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

Unearned Revenue	Amount	
Summer & Fall Quarter Tuition & Fees	$	77,422
Total Unearned Revenue	$	77,422

Note 9 - Risk Management

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

The College purchases commercial property insurance through the master property program administered by the Department of Enterprise Services for buildings that were acquired with COP proceeds. The policy has a deductible of $250,000 per occurrence and the policy limit is $100,000,000 per occurrence. The College has had no claims in excess of the coverage amount within the past 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. The College finances these costs by assessing all funds a monthly payroll expense for unemployment compensation for all employees. Payments made for claims from July 1, 2023 through June 30, 2024, were $32,256.

Note 10 - Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses and insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The accrued vacation leave totaled $909,912 and accrued sick leave totaled $629,129 at June 30,2024.

Accrued annual and sick leave are categorized as non-current liabilities, with the current portion listed separately on the financial statements.

Note 11 - Notes Payable

In February 2022, the College obtained financing to partially fund student spaces of the new tulalW Student Center through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount $2,615,000. The students assessed themselves, on a quarterly basis, a mandatory fee to service the debt starting in FY2022. The interest rate charged on the COP is 2.71%.

In 2018, the College obtained financing in order to renovate the upper campus parking lot, through a COP, issued by the OST in the amount of $955,000. The students assessed themselves, on a quarterly basis, a mandatory fee to service the debt starting in 2019. The interest rate charged is 3.35725%.

Student fees related to the COPs are accounted for in a dedicated fund, which is used to pay principal and interest, not coming out of the general operating budget.
The College's debt service requirements for these note agreements for the next five years and thereafter are as follows in Note 12.

Note 12 - Annual Debt Service Requirements

Future debt service requirements at June 30, 2024 are as follows:

	Certificates of Participation		
Fiscal year	**Principal**	**Interest**	**Total**
2025	$ 120,000	$ 156,250	$ 276,250
2026	$ 130,000	149,750	279,750
2027	135,000	143,000	278,000
2028	145,000	135,750	280,750
2029	150,000	128,250	278,250
2030-2034	870,000	515,250	1,385,250
2035-2039	1,120,000	261,750	1,381,750
2040-2042	575,000	29,500	604,500
Total	**$ 3,245,000**	**$ 1,519,500**	**$ 4,764,500**

Note 13 - Schedule of Long-Term Liabilities

	Balance outstanding 6/30/23	Additions	Reductions	Balance outstanding 6/30/24	Current portion
Certificates of Participation	$ 3,365,000	$ -	$ 120,000	$ 3,245,000	$ 120,000
Compensation absences	$ 1,388,259	$ 679,729	$ 529,110	$ 1,538,878	$ 163
COP Premium	$ 708,111	$ -	$ 39,314	$ 668,797	$ 39,314
Net pension liability	$ 1,656,631	$ 1,511,554	$ 1,747,772	$ 1,420,413	$ 35,828
Total OPEB liability	$ 5,764,489	$ 4,783,911	$ 4,715,189	$ 5,833,211	$ 146,990
Total	$ 12,882,490	$ 6,975,194	$ 7,151,385	$ 12,706,299	$ 342,295

Note 14 - Retirement Plans

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/(asset), 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 for all DRS administered plans. In FY24 the College has elected to change from current fiscal year as the measurement date for reporting pension liabilities to a one-year lag between measurement and reporting date for the Higher Education Supplemental Retirement Plan. Net pension liabilities, plan expenses and Deferred inflows will be reported as the same amounts in FY23. Deferred Outflows are increased by the amount of FY24 contributions subsequent to measurement date.

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 2024:

Aggregate Pension Amounts - All Plans

Net Pension Assets	$	1,346,318
Net Pension Liabilities	$	(1,420,413)
Deferred outflows of resources related to pensions	$	2,657,658
Deferred inflows of resources related to pensions	$	(1,876,523)
Pension Expense	$	(151,777)

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 12 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 GAAP. 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 https://www.drs.wa.gov/wp-content/uploads/2023/10/2023-ACFR-Document.pdf.

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.

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

PERS

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

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

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

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

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

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

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

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

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

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

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

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

TRS

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

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

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

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

TRS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 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, 2023, were as follows:

	PERS 1	**PERS 2/3***	**TRS 1**	**TRS 2/3***
Contribution Rates at close of FY24	9.53%	9.53%	9.70%	9.70%
Actual Contributions	$ 153,852	$ 332,307	$ 47,600	$ 179,531

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

Actuarial Assumptions

The net pension liability was determined by an actuarial valuation as of June 30, 2022, with the results rolled forward to the June 30, 2023, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25%
Investment rate of return	7.00%

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), as our base table. 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, 2022, valuation were based on the results of the *2013-2018 Demographic Experience Study Report and the 2021 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report.

The Office of the State Actuary (OSA) selected a 7.00 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, 2022, are summarized in the following table:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Fixed Income	20.00%	1.50%
Tangible Assets	7.00%	4.70%
Real Estate	18.00%	5.40%
Global Equity	32.00%	5.90%
Private Equity	23.00%	8.90%
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 net pension liability was 7.00 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 7.00 percent on pension plan investments was applied to determine the net 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

Pension Plan	1% Decrease (6.0%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS 1	794,767.82	568,879.64	371,732
PERS 2/3	1,433,631	(1,318,136)	(3,578,888)
TRS 1	441,768	290,222	157,752
TRS 2/3	909,926	(28,181)	(790,848)

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

Net Pension Liabilities/Assets. At June 30, 2024, the College reported a net pension liability(asset) for its proportionate shares of net pension liabilities/(assets) as follows:

	Liability (Asset)
PERS 1	(568,879)
PERS 2/3	1,318,137
TRS 1	(290,223)
TRS 2/3	28,181

The College's proportionate share of net pension liabilities (assets) for fiscal years ending June 30, 2022 and June 30, 2023 for each retirement plan are listed below:

Pension Plan	2022	2023	Change
PERS 1	0.025116%	0.024921%	-0.000195%
PERS 2/3	0.032740%	0.032160%	-0.000580%
TRS 1	0.020822%	0.022915%	0.002093%
TRS 2/3	0.020971%	0.022946%	0.001975%

The College's proportion of the net pension liability (asset) 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, 2024, the College recognized pension expense as follows:

	Pension Expense
PERS 1	$ (8,953)
PERS 2/3	(155,235)
TRS 1	(9,921)
TRS 2/3	82,990
Total	**(91,119)**

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, 2024:

	PERS 1	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	64,172
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	153,853	-
Totals	**$ 153,853**	**$ 64,172**

	PERS 2/3	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	268,503	14,728
Difference between expected and actual earnings of pension plan investments	-	496,753
Changes of assumptions	553,399	120,619
Changes in College's proportionate share of pension liabilities	30,911	58,513
Contributions subsequent to the measurement date	332,307	-
Totals	**$ 1,185,120**	**$ 690,614**

	TRS 1	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	42,014
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	47,600	-
Totals	**$ 47,600**	**$ 42,014**

	TRS 2/3	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	245,404	3,970
Difference between expected and actual earnings of pension plan investments	-	135,167
Changes of assumptions	223,871	22,187
Changes in College's proportionate share of pension liabilities	57,507	20,837
Contributions subsequent to the measurement date	179,531	-
Totals	**$ 706,313**	**$ 182,161**

The $713,290 reported as deferred outflows of resources represent contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2024.

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
2025	(43,660)	(246,268)	(29,360)	(22,034)
2026	(54,908)	(293,990)	(37,118)	(43,166)
2027	33,855	400,329	23,722	147,526
2028	540	145,163	742	68,477
2029	-	148,545	-	62,456
Thereafter	-	8,421	-	131,363
Total Net Deferred (Inflows)/Outflows	**$ (64,172)**	**$ 162,199**	**$ (42,014)**	**$ 344,621**

B. 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 plans 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 met the definition of a trust or equivalent arrangement. As a result, this plan has been reported under GASB Statement No. 67/68 since FY21. Prior to that, the SRP was reported under GASB Statement No. 73. As of June 30, 2024, this plan is being reported with a one year lag between measurement and reporting date. For FY24 this means the measurement date was June 30, 2023 and the reporting date was June 30, 2024.

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

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

Members are eligible to receive benefits under this plan at age 62 with 10 years of credited service. The supplemental benefit is a lifetime benefit equal to the amount a member's goal income exceeds their assumed income. The monthly goal income is the one-twelfth of 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.

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, 2024 were each *$580,813 and $580,813.*

Actuarial Assumptions. The net pension liability was determined by an actuarial valuation as of January 1, 2023, with the results rolled forward to the June 30, 2023, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases 3.50%-4.00%
Fixed Income and Variable Income Investment Returns* N/A
**Measurement reflects actual investment returns 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 January 1, 2023, valuation were based on the results of the August 2021 Supplemental Plan Experience Study. Additional assumptions related to the salary growth were based on feedback from financial administrators of the Higher Education Supplemental Retirement Plans.

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

- The valuation date was changed from June 30 to January 1. This corresponds with the new data file being provided with participant information as of January 1, 2023.

- OSA updated annuity conversion assumptions for the TIAA investments based on input from TIAA and professional judgment. TIAA contributions and investment earnings annuity conversion changed from contributions made pre-2002/post-2001 converted at 6.00 percent/3.25 percent to contributions pre-2006/post-2005 converted at 7.00/4.00 percent

Discount Rate. The discount rate used to measure the net pension liability was based on the *2021Economic experience study* for the Washington State retirement plans and based on the results of the GASB 67/68 required crossover test, or 7.0 percent for the June 30, 2023, measurement date.

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

1% Decrease -6%	Current Discount Rate -7%	1% Increase -8%
$ 665,162	$ 561,315	$ 472,224

Pension Liabilities. At June 30, 2024 the College reported a net pension liability of $561,315 for its proportionate share of the net pension liabilities.

The College's proportionate share of pension liabilities for fiscal years ending June 30, 2022 and June 30, 2023 for the SBRP plan were as follows:

	2022	2023	Change
SBRP	0.99648%	1.03011%	0.03363%

The College's proportion of the net pension liability was based on the College's contributions to the contributions of all community and technical colleges in Washington State.

Pension Expense. The 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, 2024 was $60,658.

Plan Membership. Membership in the State Board Supplemental Retirement Plan consisted of the following as of January 1, 2023, the most recent full 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	8	5	45	58

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, 2023:

Schedule of Development of Net Pension Liability and Related Ratios	
Grays Harbor College	
	2023
Net Pension Liability	
Service Cost	20,449
Interest	73,830
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience[1]	(59,339)
Changes in Assumptions[1]	(117,506)
Benefit Payments	(30,989)
Change in Proportionate Share of NPL	34,261
Other	-
Net Change in Net Pension Liability	(79,294)
Net Pension Liability - Beginning	1,015,237
Net Pension Liability - Ending (a)	**935,943**
Plan Fiduciary Net Position	
Contributions - Employer	8,882
Contributions - Member	-
Net Investment Income	24,319
Benefit Payments	-
Administrative Expense	-
Change in Proportionate Share of Plan Assets	11,146
Other	(2)
Net Change in Plan Fiduciary Net Position	44,345
Plan Fiduciary Net Position-Beginning	330,282
Plan Fiduciary Net Position-Ending (b)	**374,627**
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)	**561,316**

Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2023, 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	$	220,216	$	274,079
Changes of Assumptions		188,300	$	431,863
Changes in College's proportionate share of pension net liability		88,873	$	179,545
Differences beteween Projected and Actual Earnings on Plan Investments		-		12,074
Contributions Subsequent Measurement date		67,432		
Total	**$**	**564,821**	**$**	**897,561**

The *$67,432* reported as deferred outflows of resources represent contributions the College made subsequent to the measurement date and will be recognized as a deferred outflow for the year ended June 30, 2025.

Other 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	
2025	(113,753)
2026	(88,289)
2027	(86,377)
2028	(120,740)
2029	20,230
Thereafter	(11,240)

Note 15 - 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, and 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. The PEBB 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 systems. Membership in the PEBB plan for the College consisted of the following:

Summary of Plan Participants
As of June 30, 2023

Active Employees*	180
Retirees Receiving Benefits**	76
Retirees Not Receiving Benefits***	N/A
Total Active Employees and Retirees	256

*Reflects active employees eligible for PEBB program participation as of June 30, 2022.
**Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.
***HCA doesn't have data on this group and OSA doesn't have the methodology to reasonably estimate it. For fiscal year 2024, but to report this amount as not available.

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.

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 2024 the explicit subsidy was $183 per member per month and it will remain $183 per member per month in calendar year 2025.

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	$	1,305
Dental		81
Life		4
Long-term Disability		2
Total		1,392
Employer contribution		1,204
Employee contribution		188
Total	$	1,392

*Per FY2025 PEBB Financial Projection Model version 3.1. Per capita cost based on subscribers, includes non-Medicare risk pool only. Figures based on calendar year 2024 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

Total OPEB Liability

As of June 30, 2024, the state reported a total OPEB liability of $4.374 billion. The College's proportionate share of the total OPEB liability is $5,833,211. This liability was determined based on a measurement date of June 30, 2023.

Actuarial Assumptions. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, 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:

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Inflation Rate	2.35%
Projected Salary Changes	3.25% Plus Service-Based Salary Increases
Health Care Trend Rates*	Initial trend rate ranges from 2-11%, reaching an ultimate rate of approximately 3.8% in 2080.
Post-Retirement Participation Percentage	60%
Percentage with Spouse Coverage	45%

*For additional detail on the health care trend rates, please see the Office of the State Actuary's 2023 Public Employees' Benefits Board Other Postemployment Benefits Actuarial Valuations Report.

In projecting the growth of the explicit subsidy, after 2022 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 for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

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

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

Actuarial Valuation Date	6/30/2022
Actuarial Measurement Date	6/30/2023
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

The actuarial methodology used to determine the transactions subsequent to the measurement date were as follows:

Explicit Medicare Subsidy	Subsidy amounts are calculated at subscriber level, based on benefit plan and enrollment tier selected, then summed over entire population to include Medicare retirees from the State, Higher Education, K-12 and Political Subdivision groups.
Implicit Medicare Subsidy	Subsidy amounts are calculated using the implicit subsidy rate* (difference between theoretical early retiree rates and composite rates** for non-Medicare risk pool) and the enrollment counts for early retirees

*early retirees assumed to be 58% more expensive the non-Medicare risk pool as a whole on a per adult unit basis.

**calculated across non-Medicare risk pool for both self-insured and fully-insured plans using the PEBB Financial Projection Model (PFPM).

A retiree subsidy rate of $66.16 per member per month, used to calculate the transactions subsequent to the measurement date, is equal to the total subsidies received by current retirees (both explicit and implicit), divided by the number of current active subscribers. This amount is then allocated to the agency level based on the active, health care eligible employee headcount of each agency as of the measurement date.

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 3.54 percent for the June 30, 2022 measurement date and 3.65 percent for the June 30, 2023 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, 2024, components of the calculation of total OPEB liability determined in accordance with GAAP for the College are represented in the following table:

Grays Harbor College		
Proportionate Share (%)		**0.1333550653%**
Service Cost	$	204,355
Interest Cost		205,276
Differences Between Expected and Actual Experience		-
Changes in Assumptions*		(98,712)
Changes of Benefit Terms		-
Benefit Payments		(142,982)
Changes in Proportionate Share		(99,216)
Other		-
Net Change in Total OPEB Liability		68,721
Total OPEB Liability - Beginning		5,764,489
Total OPEB Liability - Ending	**$**	**5,833,210**

Sensitivity of the Total Liability to Changes in the Discount Rate. The following represents the total OPEB liability of the College, calculated using the discount rate of 3.65 percent as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

Discount Rate Sensitivity

1% Decrease	Current Discount Rate	1% Increase
$ 6,825,251	$ 5,833,210	$ 5,035,222

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates. The following represents the total OPEB liability of the College, calculated using the health care trend rates of 2-11 percent reaching an ultimate range of 3.8 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
$ 4,901,670	$ 5,833,210	$ 7,032,191

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

For the year ending June 30, 2024, the College will recognize OPEB expense of $361,518. OPEB expense consists of the following elements:

Grays Harbor College		
Proportionate Share (%)		**0.1333550653%**
Service Cost	$	204,355
Interest Cost		205,276
Amortization of Differences Between Expected and Actual Experience		3,415
Amortization of Changes in Assumptions		(625,627)
Changes of Benefit Terms		-
Amortization of Changes in Proportion		(148,937)
Total OPEB Expense	**$**	**(361,518)**

As of June 30, 2024, the deferred inflows and deferred outflows of resources for the College are as follows:

Grays Harbor College				
Proportionate Share (%)		**0.1333550653%**		
Deferred Inflows/Outflows of Resources		**Deferred Outflows**		**Deferred Inflows**
Difference between expected and actual experience	$	88,575	$	173,224
Changes in assumptions		379,044		3,494,925
Transactions subsequent to the measurement date		146,990		-
Changes in proportion		363,383		1,200,867
Total Deferred Inflows/Outflows	**$**	**977,992**	**$**	**4,869,016**

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, 2024. 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 (%)		**0.1333550653%**
2025	$	(771,150)
2026	$	(771,147)
2027	$	(629,604)
2028	$	(476,714)
2029	$	(568,785)
Thereafter	$	(820,614)

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 (%) 2022		**0.1356905009%**
Proportionate Share (%) 2023		**0.1333550653%**
Total OPEB Liability - Ending 2022	$	5,764,489
Total OPEB Liability - Beginning 2023		5,665,273
Total OPEB Liability Change in Proportion		(99,216)
Total Deferred Inflows/Outflows - 2022		(3,643,764)
Total Deferred Inflows/Outflows - 2023		(3,581,050)
Total Deferred Inflows/Outflows Change in Proportion		62,714
Total Change in Proportion	**$**	**(161,930)**

Note 16 - Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2024.

Expenses by Functional Classification		
Instruction	$	10,380,665
Academic Support Services		2,194,042
Student Services		4,488,058
Institutional Support		5,031,730
Operations and Maintenance of Plant		3,949,348
Scholarships and Other Student Financial Aid		4,687,995
Auxiliary enterprises		1,676,802
Depreciation		3,060,169
Total operating expenses	**$**	**35,468,809**

Note 17 - Commitments and Contingencies

On May 15, 2024 the College was notified of a claim of $950,000 submitted to the Department of Enterprise Services (DES) by a subcontractor due to delays early in the construction of the Student Services and Instructional (SSIB) Building. Although this claim is in its early stages, after a review of the alleged costs and supporting documentation, the College believes support for the claimed cost is not adequate, in addition to other problems with the claim. While the College does not believe the subcontractor is entitled to the full amount claimed, the dispute remains active and the outcome is uncertain. The College has initiated conversations with the insurers for the architects and engineers on the SSIB project, as their omissions resulted in the delay, and will seek to cover as much of any potential costs as possible using such insurance. The College anticipates that the total impact of this claim could range from $70,000 to $950,000.

Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Grays Harbor College's Proportionate 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	0.033954%	$ 1,710,449	$ 3,295,503	51.90%	61.19%
2015	0.032129%	$ 1,636,601	$ 3,240,796	50.50%	59.10%
2016	0.032664%	$ 1,754,211	$ 3,630,757	48.32%	57.03%
2017	0.030860%	$ 1,464,312	$ 3,674,522	39.85%	61.24%
2018	0.028781%	$ 1,285,369	$ 3,736,712	34.40%	63.22%
2019	0.022876%	$ 1,106,001	$ 4,009,234	27.59%	67.12%
2020	0.026505%	$ 935,770	$ 3,899,349	24.00%	68.64%
2021	0.022532%	$ 309,229	$ 4,082,942	7.57%	88.74%
2022	0.025116%	$ 699,321	$ 4,527,855	15.44%	76.56%
2023	0.024921%	$ 568,879	$ 5,224,931	10.89%	80.16%

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

Cost Sharing Employer Plans

Schedules of Grays Harbor College's Proportionate Share of the Net Pension Liability

Schedule of Grays Harbor College's Share of the Net Pension Liability (Assets) 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 (asset) liability	College covered payroll	College's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.033589%	$ 678,955	$ 2,897,653	23.43%	93.29%
2015	0.033630%	$ 1,202,012	$ 2,988,284	40.22%	89.20%
2016	0.035428%	$ 1,783,772	$ 3,327,880	53.60%	85.82%
2017	0.036853%	$ 1,280,448	$ 3,603,585	35.53%	90.97%
2018	0.035400%	$ 604,423	$ 3,671,729	16.46%	95.77%
2019	0.036616%	$ 355,666	$ 3,988,166	8.92%	97.77%
2020	0.034432%	$ 440,366	$ 3,899,349	11.29%	97.22%
2021	0.032522%	$ (3,239,715)	$ 4,082,942	-79.35%	120.29%
2022	0.032740%	$ (1,214,255)	$ 4,527,855	-26.82%	106.73%
2023	0.032160%	$ (1,318,137)	$ 5,224,931	-25.23%	107.02%

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

Cost Sharing Employer Plans

Schedules of Grays Harbor College's Proportionate Share of the Net Pension Liability

Schedule of Grays Harbor 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	0.013976%	$ 385,671	$ 485,076	79.51%	68.77%
2015	0.016342%	$ 517,738	$ 698,846	74.08%	65.70%
2016	0.013798%	$ 471,096	$ 596,576	78.97%	62.07%
2017	0.013847%	$ 418,626	$ 644,073	65.00%	65.58%
2018	0.013576%	$ 396,500	$ 764,761	51.85%	66.52%
2019	0.018471%	$ 457,306	$ 1,283,734	35.62%	70.37%
2020	0.022630%	$ 545,108	$ 1,652,913	32.98%	70.55%
2021	0.022429%	$ 151,014	$ 1,669,598	9.04%	91.42%
2022	0.020822%	$ 395,999	$ 1,942,456	20.39%	78.24%
2023	0.022915%	$ 290,223	$ 2,227,808	13.03%	85.09%

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

Cost Sharing Employer Plans

Schedules of Grays Harbor College's Proportionate Share of the Net Pension Liability

Schedule of Grays Harbor College's Share of the Net Pension Liability (Assets)

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 (asset) liability	College covered payroll	College's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.853200%	$ 27,557	$ 380,076	7.25%	96.81%
2015	0.012215%	$ 103,070	$ 593,846	17.36%	92.48%
2016	0.009661%	$ 132,674	$ 488,426	27.16%	88.72%
2017	0.010015%	$ 94,430	$ 533,976	17.68%	93.14%
2018	0.012291%	$ 55,324	$ 716,830	7.72%	96.88%
2019	0.018636%	$ 112,288	$ 1,283,734	8.75%	96.36%
2020	0.022852%	$ 351,002	$ 1,652,913	21.24%	91.72%
2021	0.022538%	$ (619,526)	$ 1,669,598	-37.11%	113.72%
2022	0.020971%	$ (41,268)	$ 1,942,456	-2.12%	100.86%
2023	0.022946%	$ (28,181)	$ 2,227,808	-1.26%	100.49%

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

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions

Public Employees' Retirement System (PERS) Plan 1

Fiscal Year Ended June 30

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 142,600	$ 142,600	$ -	$ 3,240,796	4.40%
2016	$ 191,843	$ 191,843	$ -	$ 3,630,757	5.28%
2017	$ 179,694	$ 179,694	$ -	$ 3,674,522	4.89%
2018	$ 194,209	$ 194,209	$ -	$ 3,736,612	5.20%
2019	$ 208,923	$ 208,923	$ -	$ 4,009,234	5.21%
2020	$ 192,091	$ 192,091	$ -	$ 4,008,083	4.79%
2021	$ 189,253	$ 189,253	$ -	$ 3,899,349	4.85%
2022	$ 151,784	$ 151,784	$ -	$ 4,082,942	3.72%
2023	$ 173,215	$ 173,215	$ -	$ 4,527,855	3.83%
2024	$ 153,853	$ 153,853	$ -	$ 5,224,931	2.94%

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
2015	$ 150,044	$ 150,044	$ -	$ 2,988,284	5.02%
2016	$ 207,075	$ 207,075	$ -	$ 3,327,880	6.22%
2017	$ 224,503	$ 224,503	$ -	$ 3,603,855	6.23%
2018	$ 279,758	$ 279,758	$ -	$ 3,671,729	7.62%
2019	$ 300,320	$ 300,320	$ -	$ 3,988,166	7.53%
2020	$ 317,202	$ 317,202	$ -	$ 4,008,033	7.91%
2021	$ 308,829	$ 308,829	$ -	$ 3,899,349	7.92%
2022	$ 260,090	$ 260,090	$ -	$ 4,082,942	6.37%
2023	$ 287,973	$ 287,973	$ -	$ 4,527,855	6.36%
2024	$ 332,307	$ 332,307	$ -	$ 5,224,931	6.36%

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
2015	$ 37,553	$ 37,553	$ -	$ 698,846	5.37%
2016	$ 43,517	$ 43,517	$ -	$ 596,576	7.29%
2017	$ 47,524	$ 47,524	$ -	$ 644,073	7.38%
2018	$ 56,459	$ 56,459	$ -	$ 764,761	7.38%
2019	$ 92,507	$ 92,507	$ -	$ 1,283,734	7.21%
2020	$ 118,843	$ 118,843	$ -	$ 1,663,467	7.14%
2021	$ 121,942	$ 121,942	$ -	$ 1,652,913	7.38%
2022	$ 106,320	$ 106,320	$ -	$ 1,669,598	6.37%
2023	$ 124,801	$ 124,801	$ -	$ 1,942,456	6.42%
2024	$ 47,600	$ 47,600	$ -	$ 2,227,808	2.14%

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
2015	$ 33,798	$ 33,798	$ -	$ 593,846	5.69%
2016	$ 32,582	$ 32,582	$ -	$ 488,426	6.67%
2017	$ 35,883	$ 35,883	$ -	$ 533,976	6.72%
2018	$ 55,930	$ 55,930	$ -	$ 716,830	7.80%
2019	$ 97,602	$ 97,602	$ -	$ 1,283,734	7.60%
2020	$ 132,960	$ 132,960	$ -	$ 1,663,467	7.99%
2021	$ 134,713	$ 134,713	$ -	$ 1,652,913	8.15%
2022	$ 134,646	$ 134,646	$ -	$ 1,669,598	8.06%
2023	$ 156,368	$ 156,368	$ -	$ 1,942,456	8.05%
2024	$ 179,531	$ 179,531	$ -	$ 2,227,808	8.06%

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 Grays Harbor College Measurement Date as of June 30 *(expressed in thousands)*	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability							
Service Cost	$ 63,379	$ 47,624	$ 33,478	$ 36,592	$ 43,864	$ 15,017	$ 20,449
Interest	41,114	43,766	40,495	41,162	31,199	50,591	73,830
Changes of benefit terms	-	-	-	-		-	-
Differences between expected and actual experience	(296,431)	(129,443)	76,348	86,730	(281,482)	223,571	(59,339)
Changes of assumptions	(70,006)	(43,791)	143,556	231,739	(508,022)	72,624	(117,506)
Benefit Payments	(10,595)	(16,177)	(21,349)	(18,579)	(18,702)	(30,044)	(30,989)
Change in Proportionate Share		70,808	(61,309)	(147,332)	(149,231)	20,930	34,261
Other	-	-	-	-	-	-	-
Net Change in Total Pension Liability	**(272,539)**	**(27,213)**	**211,219**	**230,312**	**$ (882,374)**	**$ 352,689**	**$ (79,294)**
Total Pension Liability - Beginning	1,384,543	1,112,003	1,084,790	1,296,009	1,526,321	643,947	1,015,237
Total Pension Liability - Ending (a)	**$ 1,112,004**	**$ 1,084,790**	**$ 1,296,009**	**$ 1,526,321**	**$ 643,947**	**$ 996,636**	**$ 935,943**
Plan Fiduciary Net Position**							
Contributions-Employer	n/a	n/a	n/a	n/a	$ 6,159	$ 8,301	$ 8,882
Contributions - Member	n/a	n/a	n/a	n/a			
Net Investment Income	n/a	n/a	n/a	n/a	77,091	518	24,319
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			(2)
Change in Proportionate Share of Plan Assets	n/a	n/a	n/a	n/a			11,146
Net Change in Plan Fiduciary Net Position					**$ 83,250**	**$ 8,819**	**$ 44,345**
Plan Fiduciary Net Position-Beginning					219,630	302,880	330,282
Plan Fiducairy Net Position-Ending (b)					**$ 302,880**	**$ 311,699**	**$ 374,627**
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)					**$ 341,067**	**$ 684,937**	**$ 561,316**
Fiduciary net position as a % of total pension liability (b)/(a)					**47.03%**	**31.28%**	**40.03%**
Covered Payroll					**$ 5,844,922.00**	**$ 6,235,330.00**	**$ 6,525,013.00**

Schedule of Employer Contributions State Board Supplemental Retirement Plan Grays Harbor College Fiscal Year Ended June 30				
	2021	2022	2023	2024
Statutorily determined contributions	$ 7,598	$ 8,301	$ 8,882	
Actual contributions in relation to the above	6,275	$ 8,016	$ 9,024	
Contribution deficiency (excess)	$ (1,323)	$ (285)	$ 142	
Covered Payroll	$ 5,844,922	6,235,330	6,525,013	
Contribution as a % of covered payroll	0.11%	0.13%	0.14%	0.00%

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

n/a indicates data not available

State Board Supplemental Defined Benefit Plans

Notes to Required Supplementary Information

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

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.

The Schedule of Employer Contributions 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	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Service cost	$ 204,355	$ 430,078	$ 341,379	$ 375,033	$ 491,555	$ 598,616
Interest cost	205,276	185,877	285,569	325,320	337,941	280,395
Difference between expected and actual experience	-	-	(43,761)	-	308,475	-
Changes in assumptions	(98,712)	79,417	185,113	605,832	(2,151,955)	(1,367,773)
Changes in benefit terms	-	-	-	-	-	-
Benefit payments	(142,982)	(141,613)	(135,964)	(148,814)	(142,730)	(142,894)
Changes in proportionate share	(99,216)	(175,530)	(1,377,107)	242,701	188,946	(71,511)
Other			(290,873)	-	-	-
Net Changes in Total OPEB Liability	$ 68,721	$ 378,229	$ (1,035,644)	$ 1,400,072	$ (967,768)	$ (703,167)
Total OPEB Liability - Beginning	$ 5,764,489	$ 8,226,597	$ 9,262,241	$ 7,862,169	$ 8,829,937	$ 9,533,104
Total OPEB Liability - Ending	$ 5,833,210	$ 8,604,826	$ 8,226,597	$ 9,262,241	$ 7,862,169	$ 8,829,937
College's proportion of the Total OPEB Liability (%)	0.13335507%	0.13296135%	0.13586018%	0.15958723%	0.15480875%	0.15156600%
Covered-employee payroll	$ 13,977,752	$ 12,620,712	$ 12,822,605	$ 12,149,594	$ 12,081,256	$ 11,825,467
Total OPEB Liability as a percentage of covered-employee payroll	41.732104%	68.180195%	64.156987%	76.234984%	65.077414%	74.668823%

*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.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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