EDMONDS COLLEGE

Teaching | Learning | Community

Financial Statements and Required Supplementary Information

June 30, 2023

Edmonds College
20000 68th Avenue West
Lynnwood, WA 98036

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Davis Farr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
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Independent Auditor's Report

Board of Trustees
Edmonds College
Lynnwood, Washington

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, and the aggregate discretely presented component unit of Edmonds College (the College), a component unit of the State of Washington, as of and for the year June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component unit of the College, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Emphasis of Matter

As discussed in Note 1, the financial statements of the College, a component unit of the State of Washington, are intended to present the financial position, and the changes in the 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, 2023, the changes in its financial position, and 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, pension and other post-employment benefit schedules* 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 Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
June 6, 2025

Edmonds College
Trustees and Administrative Officers

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

For information about the data included in this report, contact:

Jim Mulik, Vice President for Finance, Grants, and Institutional Effectiveness
Edmonds College
20000 68th Ave West
Lynwood, WA 98036
425-640-1610

Management's Discussion and Analysis

Edmonds College

The following discussion and analysis provides an overview of the financial position and activities of Edmonds College (the College) for the fiscal year (FY) ended June 30, 2023 (FY 2023).

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

Reporting Entity

Edmonds College is one of thirty public community and technical college districts in the state of Washington, providing a wide range of comprehensive offerings, including college credit in high school, basic education skills to receive a high school diploma/GED® or to prepare for college, short-term non-credit training, continuing education, online degrees and certificates to approximately 13,000 students annually, including approximately 800 international students from about 60 countries. Edmonds' program offerings include five bachelor of applied science degrees, 65 associate degrees, and 111 professional certificates in 30 programs of study. The College was established in 1967 and its mission is: "Teaching | Learning | Community." Guided by innovation, equity, inclusion, and a global perspective, the College is committed to academic excellence, student success, and community engagement.

The College's main campus is located in Lynnwood, Washington, serving the growing community's residents in Edmonds, Lynnwood, Mountlake Terrace, Brier, Mill Creek, Mukilteo, and Woodway. The College also has operations at the Monroe Correctional Complex in Monroe, Washington, the Advanced Manufacturing Skills Center and Washington Aerospace Training & Research Center in Everett, Washington, and eight Head Start facilities throughout Snohomish County.

The College is governed by a six-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 Edmonds 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. A copy of the Foundation's separately issued financial statements may be obtained from the Foundation's Administrative Offices at 425-640-1274 and/or emailing foundation@edmonds.edu.

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

Statement of Net Position

The statement of net position provides information about the College's financial position, and presents the College's assets, liabilities, and net position at year-end. A condensed comparison of the statement of net position is as follows:

Condensed Statement of Net Position	2023	2022	Change
As of June 30th			
Assets			
Current assets	$ 29,225,766	$ 31,646,839	$ (2,421,073)
Capital assets, net	137,381,013	141,249,408	(3,868,395)
Other assets, noncurrent	17,826,113	21,768,007	(3,941,894)
Total Assets	184,432,892	194,664,254	(10,231,362)
Deferred Outflows	10,389,181	8,254,615	2,134,566
Liabilities			
Current liabilities	14,260,385	14,345,112	(84,727)
Other liabilities, noncurrent	44,314,181	53,783,082	(9,468,901)
Total Liabilities	58,574,566	68,128,194	(9,553,628)
Deferred Inflows	30,930,038	29,905,186	1,024,852
Net Position			
Net investment in capital assets	115,999,645	116,986,977	(987,332)
Restricted for institutional financial aid fund	202,178	172,343	29,835
Restricted for pension plan assets	5,108,178	2,520,818	2,587,360
Unrestricted	(15,992,532)	(14,794,649)	(1,197,883)
	$ 105,317,469	$ 104,885,489	$ 431,980

Current assets consist primarily of cash, short term investments, and various accounts receivables. The decrease of current assets of $2,421,073 in FY 2023 is primarily attributable to increased outlay of cash for expenditures resulting in a reduction of cash.

Net capital assets decreased by $3,868,395 from FY 2022 to FY 2023, mostly due to depreciation of long-lived assets.

Noncurrent assets consist of the long-term portion of certain investments and the long-term portion of lease receivables. This category also includes the pension benefit for certain plans. Edmonds has investments in municipal bonds and government securities and fluctuate between long-term and short-term to secure a higher rate of return when purchased.

Deferred outflows (and the related deferred inflows of resources) as of June 30, 2023, represent changes in deferred contributions and changes of assumptions related to the College's pension, Post-Employment Benefits Other Than Pensions (OPEB), and State Board Retirement Plan. See footnotes 1, 12, and 13 for discussion of these items and the pension and OPEB liability referred to below.

Current liabilities include amounts payable to suppliers for goods and services, accrued payroll and related liabilities, the current portion of the Certificate of Participation (COP) debt, and unearned revenue. Current liabilities can fluctuate from year to year depending on the timeliness of vendor invoices and resulting vendor payments, especially in the area of capital assets and improvements.

Noncurrent liabilities primarily consist of the value of vacation and sick leave earned but not yet used by employees, the long-term portion of Certificates of Participation debt, and the long-term portion of lease liabilities. This category also includes the long-term OPEB liability, and pension liability. The decrease in noncurrent liabilities was primarily due to the OPEB liability, net of current portion, which decreased $12.5 million over the prior year. This decrease was driven by a $10.4 million increase in deferred inflows for changes in assumptions. See additional details related to required disclosures within Note 13.

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

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

Restricted Nonexpendable – The corpus of nonexpendable restricted resources is available only for investment purposes. These assets are held in perpetuity. Edmonds did not have any of these funds in 2023.

Restricted Expendable – Subject to external donor or grantor stipulations regarding their use. Edmonds may expend these assets for purposes as determined by donors and/or external entities. The primary restricted expendable funds for the College are for Institutional Financial Aid and Pension Plan assets.

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

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses, and changes in net position accounts for the College's changes in total net position during FY 2023. The objective of the statement is to present the revenues received, both operating and non-operating, and the expenses paid by Edmonds, along with any other revenue, expenses, gains, and losses of Edmonds.

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

Operating expenses are expenses incurred in the normal operation of Edmonds, including depreciation on property and equipment. When operating revenues, excluding state appropriations and Pell Grants, are measured against operating expenses, Edmonds 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.

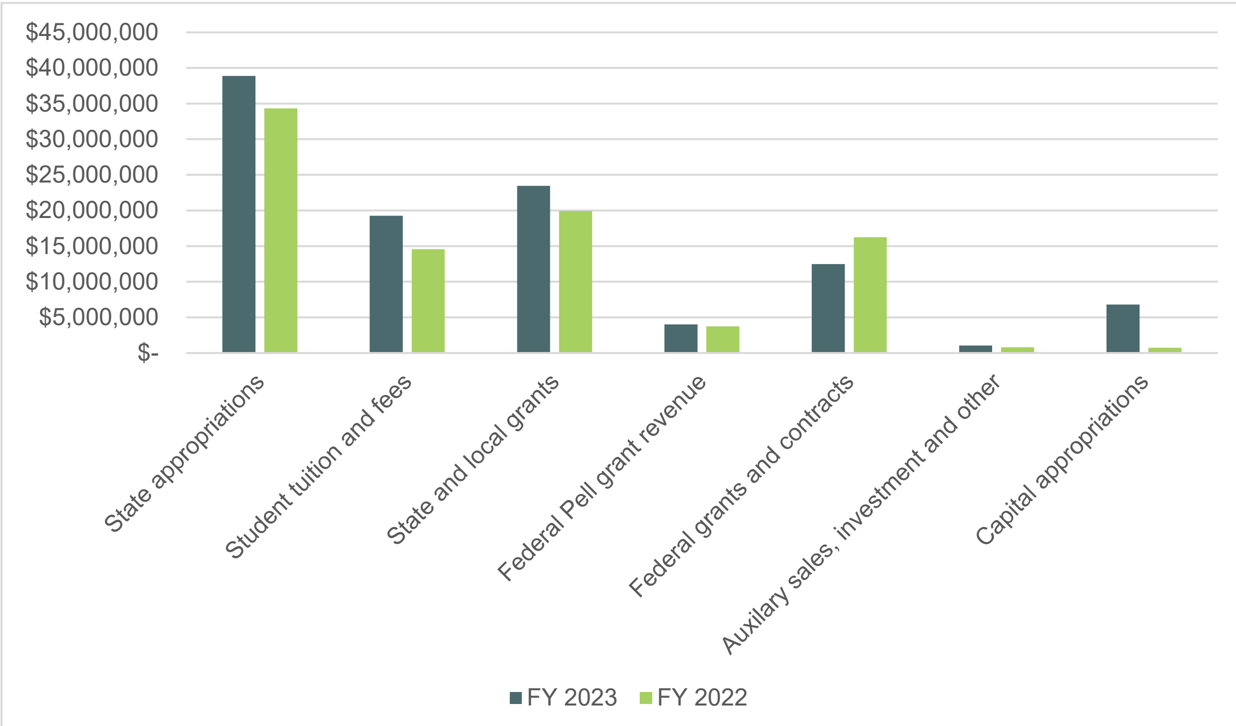
A condensed comparison of the College's revenues, expenses, and changes in net position for the years ended June 30, 2023 and 2022, is presented below.

Condensed Statement of Revenue, Expenses, and Changes in Net Position	2023	2022	Change
For the year ended June 30th			
Operating revenues	$ 56,468,583	$ 52,589,224	$ 3,879,359
Operating expenses	103,703,651	88,356,051	15,347,600
Net Operating Income (Loss)	(47,235,068)	(35,766,827)	(11,468,241)
Nonoperating revenues	42,691,210	37,290,099	5,401,111
Nonoperating expenses	1,821,851	1,897,853	(76,002)
Income (loss) before other revenues and expenses	(6,365,709)	(374,581)	(5,991,128)
Capital appropriations	6,797,689	734,992	6,062,697
Change from revenues and expenses	431,980	360,411	71,569
Increase in Net Position	$ 431,980	$ 360,411	$ 71,569

Revenues

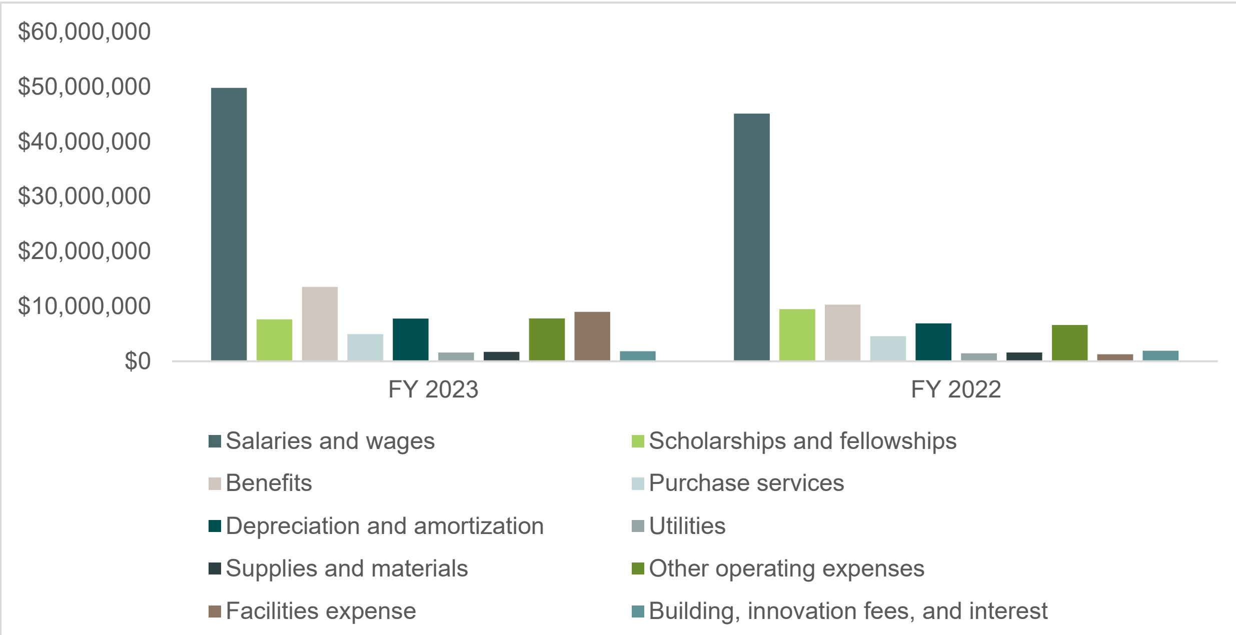
Operating revenues increased $3,879,359 in FY 2023, primarily due to an increase of approximately $4.5 million in student tuition and fees and an increase of approximately $3.5 million in state and local grants and contracts offset by a decrease of approximately $3.8 million in federal grants and contracts.

Nonoperating revenues increased by $5,401,111 in FY 2023, which was primarily due to an increase of approximately $4.6 million in state appropriations.



Expenses

Operating expenses increased $15,347,600 in FY 2023, led by a significant increase of $7.7 million in facilities expenses primarily attributable to an increase in repairs and maintenance expenditures. Additionally, there was also an increase of $3.5 million in salaries and wages mostly due to significant new hires and promotions during FY 2023. There was also an increase of $3.2 million in benefits related to the pension, SBRP, and OPEB plans.



Capital Assets and Long-Term Debt Activities

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

At June 30, 2023, Edmonds had $137,381,013 in capital assets, net of accumulated depreciation. This represents a decrease of $3,868,395 from FY 2022, as shown in the table below. The decrease in capital assets is primarily the result of depreciation and amortization. See Note 4 in the accompanying Notes to the Financial Statements.

	2023	2022	Change
Asset Type as of June 30th			
Land	$ 6,326,372	$ 6,326,372	$ -
Construction in progress	1,916,442	280,803	1,635,639
Buildings, net	106,008,007	110,065,890	(4,057,883)
Leased asset - buildings, net	17,577,295	19,931,753	(2,354,458)
Other improvements and infrastructure, net	3,144,697	3,459,799	(315,102)
Equipment, net	2,378,088	1,166,687	1,211,401
Library resources, net	30,112	18,104	12,008
Total Capital Assets, Net	$ 137,381,013	$ 141,249,408	$ (3,868,395)

At June 30, 2023, Edmonds had $21,381,368 in outstanding notes payable, and lease liabilities. Also see Notes 10 and 11.

	2023	2022	Change
Debt as of June 30th			
Certificates of Participation	$ 3,024,889	$ 3,699,475	$ (674,586)
Leases	18,356,479	20,562,956	(2,206,477)
Total Long Term Notes Payable and Leases	$ 21,381,368	$ 24,262,431	$ (2,881,063)

Economic Factors That Will Affect the Future

Coming out of the COVID-19 pandemic, during FY23 the College experienced an increase in enrollments compared to the previous two years. The College continued to closely examine budgets and operations to improve efficiency. The College also increased outreach and marketing efforts to recapture enrollment lost during the pandemic.

The College continued to make significant progress in creating additional opportunities for students. During FY23 the College added a new program in data analytics and expanded its allied health programs to include both dental and medical assisting certificates. These changes demonstrate the College's focus on proactively adding new programs to align its program offerings with the industry needs.

The College is also positioned to benefit from the Lynnwood Link Extension project being constructed by Sound Transit. As part of a massive expansion of the transit system that will eventually comprise a light rail network spanning 116 miles across Snohomish, King, and Pierce counties, the Lynnwood Link Extension is scheduled to open in 2024 and is projected to serve 50,000 or more riders by 2026. This increase in accessibility could mean additional opportunities for students to live, work, and learn in Lynnwood and beyond. Additionally, the Orange Bus Line, operated by Community Transit, is scheduled to start operating in early 2024 and will connect the college with its service area in the east, especially Mill Creek, which will also help our existing and new students in terms of their transportation needs.

Financial Statements

Edmonds College
Statement of Net Position
June 30, 2023

	Edmonds College	Discrete Component Unit Edmonds College Foundation
CURRENT ASSETS		
Cash and cash equivalents	$ 12,967,372	$ 1,760,626
Restricted cash	202,178	-
Short term investments	4,414,116	-
Accounts receivable, net of allowance for doubtful accounts	11,499,740	112,167
Due from College	-	38,854
Other assets	-	3,662
Lease receivable, current portion	142,360	-
Total current assets	29,225,766	1,915,309
NONCURRENT ASSETS		
Long-term investments	13,206,143	6,415,974
Split-interest agreements	-	946,406
Pension asset	4,319,031	-
Lease receivable, noncurrent portion	300,939	-
Non-depreciable capital assets	8,242,814	-
Capital assets, net of depreciation	129,138,199	-
Other noncurrent assets	-	48,947
Total noncurrent assets	155,207,126	7,411,327
Total assets	184,432,892	9,326,636
Deferred outflows of resources related to OPEB	2,659,774	-
Deferred outflows of resources related to pensions	7,729,407	-
Total deferred outflows of resources	10,389,181	-
Total assets and deferred outflows	$ 194,822,073	$ 9,326,636

See accompanying notes.

Edmonds College
Statement of Net Position
June 30, 2023

	Edmonds College	Discrete Component Unit Edmonds College Foundation
CURRENT LIABILITIES		
Accounts payable	$ 1,227,363	$ 93,470
Accrued liabilities	3,218,455	-
Compensated absences, current portion	1,666,219	-
Unearned revenue	2,500,353	51,621
Lease liability, current portion	2,545,467	-
Pension liability, current portion	154,378	-
OPEB liability, current portion	2,243,329	-
Notes payable, current portion	704,821	-
Total current liabilities	14,260,385	145,091
NONCURRENT LIABILITIES		
Compensated absences, net of current portion	2,585,996	-
Lease liability, net of current portion	15,811,012	-
Pension liability, net of current portion	5,068,396	-
OPEB liability, net of current portion	18,528,709	-
Notes payable, net of current portion	2,320,068	-
Total noncurrent liabilities	44,314,181	-
Total liabilities	58,574,566	145,091
Deferred inflows of resources related to OPEB	22,120,782	-
Deferred inflows of resources related to pensions	8,373,194	-
Deferred inflows of resources related to leases	436,062	-
Total deferred inflows of resources	30,930,038	-
NET POSITION (DEFICIT)		
Net investment in capital assets	115,999,645	-
Restricted by donors within Edmonds College Foundation	-	7,207,706
Restricted for institutional financial aid fund	202,178	-
Restricted for pension plan assets	5,108,178	-
Unrestricted	(15,992,532)	1,973,839
Total net position	$ 105,317,469	$ 9,181,545

See accompanying notes.

Edmonds College
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2023

	Edmonds College	Discrete Component Unit Edmonds College Foundation
OPERATING REVENUES		
State and local grants and contracts	$ 23,453,444	$ -
Student tuition and fees, net of scholarship allowances and discounts	19,265,341	-
Federal grants and contracts	12,489,348	-
Other operating revenues	699,840	1,724,406
Auxiliary enterprise sales	560,610	-
Total operating revenues	56,468,583	1,724,406
OPERATING EXPENSES		
Salaries and wages	49,780,149	1,068,134
Benefits	13,520,357	477,992
Facilities expense	8,973,176	-
Other operating expenses	7,802,861	-
Depreciation and amortization	7,774,989	-
Scholarships and fellowships	7,613,351	-
Purchased services	4,936,580	-
Supplies and materials	1,713,086	-
Utilities	1,589,102	-
Total operating expenses	103,703,651	1,546,126
(LOSS) FROM OPERATIONS	(47,235,068)	178,280
NONOPERATING REVENUES AND OTHER GAINS (LOSSES)		
State appropriations	38,883,775	-
Federal Pell grant revenue	4,023,825	-
Other non-operating revenue	8,850	-
Investment return	(225,240)	579,939
Total nonoperating revenues	42,691,210	579,939
NONOPERATING EXPENSES		
Building fee remittance	1,176,383	-
Innovation fund remittance	278,667	-
Interest on indebtedness	366,801	-
Total nonoperating expenses	1,821,851	-
INCOME (LOSS) BEFORE CAPITAL APPROPRIATIONS	(6,365,709)	758,219
Capital appropriations	6,797,689	-
Change in net position	431,980	758,219
NET POSITION		
Net position, beginning of year	104,885,489	8,423,326
Net position, end of year	$ 105,317,469	$ 9,181,545

See accompanying notes.

Edmonds College
Statement of Cash Flows
Year Ended June 30, 2023

	Edmonds College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 20,337,422
Grants and contracts	35,293,700
Payments to vendors	(24,187,036)
Payments for utilities	(1,589,102)
Payments to employees	(49,124,814)
Payments for benefits	(18,087,053)
Auxiliary enterprise sales	560,610
Payments for scholarships and fellowships	(7,613,351)
Payments on leased property	(2,730,608)
Other receipts	883,716
Net cash from operating activities	(46,256,516)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	38,883,775
Pell grants	4,023,825
Building and innovation fees	(1,446,200)
Net cash from noncapital financing activities	41,461,400
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	6,797,689
Purchases of capital assets	(3,382,463)
Principal paid on notes payable	(674,586)
Interest paid	(366,801)
Net cash from capital and related financing activities	2,373,839
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(5,535,785)
Proceeds from sales and maturities of investments	3,000,000
Income from investments	(225,240)
Net cash from investing activities	(2,761,025)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,182,302)
CASH AND CASH EQUIVALENTS, beginning of year	18,351,852
CASH AND CASH EQUIVALENTS, end of year	$ 13,169,550

See accompanying notes.

Edmonds College
Statement of Cash Flows
Year Ended June 30, 2023

	Edmonds College
OPERATING LOSS	$ (47,235,068)
Adjustments to reconcile net loss from operations to net cash used in operating activities	
Depreciation and amortization expense	7,774,989
Changes in assets and liabilities	
Receivables, net	(491,601)
Accounts payable	(581,203)
Accrued liabilities	1,105,205
Deferred revenue	468,466
Compensated absences	(201,438)
Deferred inflows	1,024,852
Deferred outflows	(2,134,566)
Lease liability	(2,730,608)
OPEB liability adjustment expense	(12,602,749)
Pension liability adjustment expense	9,347,205
Net cash used in operating activities	$ (46,256,516)
SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL, FINANCING, AND INVESTING ACTIVITIES	
Net unrealized losses on investments	$ (225,240)
Acquisition of capital assets through leases	$ 524,131

See accompanying notes.

Note 1 – Summary of Significant Accounting Policies

Financial reporting entity – Edmonds College (Edmonds or 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 six-member Board of Trustees (including one student Trustee), all appointed by the Governor and confirmed by the state Senate. The College is an agency of the State of Washington. The financial activity of the College is included in the state's Comprehensive Annual Financial Report. These notes form an integral part of the financial statements.

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

The Edmonds College Foundation (the Foundation) is a separate but affiliated non-profit entity, incorporated under Washington law in 1982 and recognized as a tax exempt 501(c)(3) charity. The Foundation's mission is to support access, success, and excellence for students, faculty, and staff at the College. Visit the Foundation's home page at https://www.edmonds.edu/about-edmonds/foundation/ for more information. 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. 14, 39, and 61. 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 Edmonds and the Foundation are not eliminated for financial statement presentation. During the fiscal year ended June 30, 2023, the Foundation distributed approximately $1.1 million to the College for restricted and unrestricted purposes, such as program support and student scholarships. The Foundation statements used in this report have been audited by an independent accounting firm. A copy of the Foundation's complete financial statements may be obtained from the Foundation's Administrative Offices at 425-640-1274 and/or emailing foundation@edmonds.edu.

Basis of presentation – 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 and its discretely presented component unit'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 in accordance with accounting principles generally accepted in the United States of American (GAAP) as promulgated by GASB. 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.

Revenue recognition – Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection. Nonexchange 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.

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

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

Cash, cash equivalents, and investments – Cash and cash equivalents include cash on hand, bank demand deposits, and liquid asset investments. 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. For the purposes of the Statement of Cash Flows, the College considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

The College combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is distributed annually to contributing funds with the remainder allocated for general operating needs of the College. The internal investment pool is comprised of cash, cash equivalents, Washington State municipal bonds, and U.S. Treasuries, and U.S. Agency securities.

Restricted cash – Restricted cash is restricted to specific purposes by state statute or otherwise. The College's restricted cash is restricted for an institutional financial aid fund as prescribed in the Revised Code of Washington (RCWs) Section 28B.15.820.

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

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

Capital assets, leases, and subscription-based information technology arrangements – 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 cost at the date of the gift. Capital additions, replacements, and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Any interest costs incurred are capitalized during the period of construction. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy all land, intangible assets, and software with a unit cost of $1,000,000 or more, buildings and improvements with a unit cost of $100,000 or more, and all other assets with a unit cost of $5,000 or more are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as defined by the State of Washington's Office of Financial Management. Useful lives range from 15 to 50 years for buildings and improvements, 3 to 50 years for improvements other than buildings, 7 years for library resources, 3 to 7 years for most equipment, and 10 to 40 years for heavy duty equipment.

Edmonds reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. For the year ended June 30, 2023, no assets had been written down.

The College recognizes lease liabilities equal to the present value of future payments using the College's weighted average cost of capital, which approximates the College's incremental borrowing rate, offset with an intangible right-to-use asset unless the lease is considered a short-term lease or transfers ownership of the underlying assets. Right-to-use lease assets are recognized at the lease commencement date and represent the College's right to use an underlying asset for the lease term. Remeasurement of lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. Right-to-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from one to eight years.

The College recognizes lease receivables at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received.

The College recognizes subscription liabilities equal to the present value of future payments using the College's weighted average cost of capital, which approximates the College's incremental borrowing rate, offset with an intangible right-to-use asset unless the subscription is considered a short-term subscription or transfers ownership of the underlying assets. Right-to-use subscription assets are recognized at the subscription commencement date and represent the College's right to use an underlying asset for the subscription term. Remeasurement of subscription liability occurs when there is a change in the subscription term and/or other changes that are likely to have a significant impact on the subscription liability. Right-to-use subscription assets are measured at the initial value of the subscription liability plus any payments made to the lessor before commencement of the subscription term, less any subscription incentives received from the lessor at or before the commencement of the subscription term, plus any initial direct costs necessary to place the subscription asset into service. Right-to-use subscription assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from one to eight years.

Unearned revenues – Unearned revenues occur when funds have been collected prior to the end of the fiscal year but related to the subsequent fiscal year, including tuition and fees paid with financial aid funds. The College has recorded summer and fall quarter tuition and fees and advanced grant proceeds as unearned revenues.

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

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

The College also reports its share of the pension liability for the State Board Retirement Plan.

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

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

Deferred inflows of resources for leases is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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 and lease liabilities related to those capital assets.

Restricted – These represent balances that can be spent for the specific purposes stipulated through legislation and net pension assets.

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

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

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

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

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

Nonoperating expenses – Nonoperating 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 ended June 30, 2023 were $4,614,571.

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 SBCTC's Strategic Technology Plan. The use of the fund is to implement new Enterprise Resource Planning software across the entire system. On a monthly basis, the College remits the portion of tuition collected for the Innovation Fee to the State Board for allocation to SBCTC. These remittances are non-exchange transactions reported as an expense in the non-operating revenues and expenses section of the statement of revenues, expenses, and changes in net position.

Recent adoptions of accounting standards and future changes in accounting principles – In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* effective for fiscal year 2023. This Statement requires that public-private and public-public partnerships that meet the definition of a lease apply the guidance in Statement No. 87, *Leases*, as amended, if certain conditions apply. The College had no reportable public-private or public-public partnerships for 2023.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal year 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The College had no reportable subscription-based information technology arrangements for 2023.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences,* effective for fiscal year 2025. 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 or 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 for fiscal year 2025. This statement provides guidance and clarification for disclosure requirements surrounding concentrations or constraints and related events that could cause a substantial impact to the financial statements. The College is following the State's Office of Financial Management directives to prepare for the implementation of this Statement.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements,* effective for fiscal year 2026. This statement provides guidance on reporting requirements for key components of the financial statements to enhance comparability in financial reporting in various areas including management's discussion and analysis, disclosure of unusual or infrequent items, and budgetary comparison information. The College is following the State's Office of Financial Management directives to prepare for the implementation of this Statement.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets,* effective for fiscal year 2026. This statement provides guidance on the disclosure of lease and subscription assets to be disclosed separately by major class of underlying asset in the capital asset note disclosures. The College is following the State's Office of Financial Management directives to prepare for the implementation of this Statement.

Note 2 – Cash and Investments

Cash and cash equivalents include bank demand deposits, petty cash held at the College, inter-agency deposits-in-transit, and liquid asset investments.

As of June 30, 2023, the carrying amount of the College's cash and equivalents was as follows:

Cash and cash equivalents and restricted cash	
Petty cash and change funds	$ 10,074
Bank demand	13,159,476
Total cash and cash equivalents and restricted cash	$ 13,169,550

Investments consist of U.S. Treasury and Agency securities, and Washington State municipal bond funds. The College had the following investments and maturities at fair value at June 30, 2023:

	Fair Value	One Year or Less	One to Five Years
Investment maturities			
U.S. Treasury obligations	$ 8,640,885	$ 4,414,116	$ 4,226,769
U.S. Agency obligations	7,664,328	-	7,664,328
Washington State municipal bonds	1,315,046	-	1,315,046
Total investments	$ 17,620,259	$ 4,414,116	$ 13,206,143

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

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 US Bank. All cash and equivalents, except for change funds and petty cash held by the College, are insured by the Federal Deposit Insurance Corporation or by collateral held by the Washington Public Deposit Protection Commission.

Interest rate risk, investments – The College manages its exposure to fair value losses resulting from changes in interest rates by structuring the entire portfolio time horizon. Unless matched to a specific cash flow, the College generally will not directly invest in securities maturing more than five years from the date of purchase.

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

At June 30, 2023 the College held the following reportable investments in the amounts listed:

Investment Type	Issuer	Reported Amount
US Treasury obligations	U.S. Treasury	$ 8,640,885
US Agency obligations	Federal Farm Credit Bank	4,458,451
US Agency obligations	Federal Home Loan MTG Corp	1,872,463
US Agency obligations	Federal Home Loan Bank	1,333,414

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, Edmonds will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At June 30, 2023, none of the College's operating fund investments, held by US Bank, were held in the bank's name as agent for the College, therefore none of the investments are exposed to custodial credit risk.

At June 30, 2023 the College had the following investment credit risk:

	Rating				
	Amount	Not Rated	A	AA	AAA
Investment maturities					
U.S. Treasury obligations	$ 8,640,885	$ -	$ -	$ -	$ 8,640,885
U.S. Agency obligations	7,664,328	-	1,413,421	-	6,250,907
Washington State municipal bonds	1,315,046	744,544	-	570,502	-
Total investments	$ 17,620,259	$ 744,544	$ 1,413,421	$ 570,502	$ 14,891,792

Note 3 – Accounts Receivable

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

At June 30, 2023, accounts receivable were as follows:

Accounts receivable	
Student tuition and fees	$ 282,224
Due from Federal Government	540,500
Due from State Agencies	9,012,999
Other	1,669,400
Subtotal	11,505,123
Less allowance for uncollectible accounts	(5,383)
Accounts receivable, net	$ 11,499,740

Note 4 – Capital Assets

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

Capital assets	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Non-depreciable capital assets					
Land	$ 6,326,372	$ -	$ -	$ -	$ 6,326,372
Construction in progress	280,803	1,635,639	-	-	1,916,442
Total non-depreciable capital assets	6,607,175	1,635,639	-	-	8,242,814
Depreciable capital assets					
Buildings	173,359,912	-	-	-	173,359,912
Leased asset - buildings	25,096,545	524,131	-	(507,848)	25,112,828
Other improvements and infrastructure	20,068,340	-	-	-	20,068,340
Equipment	9,666,645	1,727,664	-	(61,723)	11,332,586
Library resources	225,526	19,160	-	-	244,686
Subtotal depreciable capital assets	228,416,968	2,270,955	-	(569,571)	230,118,352
Less accumulated depreciation and amortization					
Buildings	63,294,022	4,057,883	-	-	67,351,905
Leased asset - buildings	5,164,792	2,878,589	-	(507,848)	7,535,533
Other improvements and infrastructure	16,608,541	315,102	-	-	16,923,643
Equipment	8,499,958	516,263	-	(61,723)	8,954,498
Library resources	207,422	7,152	-	-	214,574
Total accumulated depreciation and amortization	93,774,735	7,774,989	-	(569,571)	100,980,153
Total depreciable capital assets	134,642,233	(5,504,034)	-	-	129,138,199
Capital assets, net of accumulated depreciation and amortization	$ 141,249,408	$ (3,868,395)	$ -	$ -	$ 137,381,013

Depreciation and amortization expense was $7,774,989 for the year ended June 30, 2023.

Note 5 – Accounts Payable and Accrued Liabilities

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

Amounts owed to employees	$ 2,069,564
Accounts payable	1,227,363
Amounts owed to others	1,148,891
Total	$ 4,445,818

Note 6 – Unearned Revenue

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

Summer quarter tuition and fees	$ 1,729,349
Fall quarter tuition and fees	134,502
Unearned Education Stabilization Fund grant revenue	636,502
Total	$ 2,500,353

Note 7 – Risk Management

The College is exposed to various risks of loss related to tort liability, injuries to employees, errors and omissions, theft of, damage to, and destruction of assets, and natural disasters. 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, 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 during the fiscal year ended June 30, 2023, were $311,983. Cash reserves for unemployment compensation for all employees at June 30, 2023, were $291,523.

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

Note 8 – 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 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 earned. The sick leave liability is recorded as an estimate of one-fourth of the total balance on the payroll records. The accrued vacation leave totaled $2,585,996 and accrued sick leave totaled $1,666,219 at June 30, 2023. Compensatory time is categorized as a current liability since it must be used before other leave.

Note 9 – Leases

The College has leases for facilities with various vendors for office space and student housing. During 2023, the College recognized total outflows relating to leases of $2,739,181. The asset carrying value of these leases was $25,112,828 and the lease liability was $18,356,479 as of June 30, 2023. Interest rates range from 0.89% to 4.07%. The future principal and interest payments related to these agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 2,545,467	$ 169,429	$ 2,714,896
2025	2,472,080	145,403	2,617,483
2026	2,530,831	121,705	2,652,536
2027	2,575,930	97,394	2,673,324
2028	2,600,943	72,709	2,673,652
2029 - 2031	5,631,228	79,403	5,710,631
Totals	$ 18,356,479	$ 686,043	$ 19,042,522

On January 1, 2018, the College entered into a 10-year lease as Lessor for the use of building space. An initial lease receivable was recorded in the amount of $347,501. Effective January 1, 2023, the payment terms of the lease were modified. As of June 30, 2023, the value of the lease receivable was $240,403. The lessee is required to make bi-annual fixed payments of $29,376. The lease had an interest rate of 0.89% through January 1, 2023, and 3.86% thereafter. The value of the deferred inflow of resources as of June 30, 2023 was $238,284 and the College recognized lease revenue of $53,207 during the fiscal year. The lessee has three extension options, each for 10 years.

On May 1, 2021, the College entered into a three-year lease as Lessor for the use of land. An initial lease receivable was recorded in the amount of $228,318. As of June 30, 2023, the value of the lease receivable was $73,472. The lessee is required to make monthly fixed payments of $6,500, increasing annually by $100 per month. The lease has an interest rate of 0.89%. The value of the deferred inflow of resources as of June 30, 2023 was $71,757 and the College recognized lease revenue of $78,280 during the fiscal year.

On May 1, 2021, the College entered into a five-year lease as Lessor for the use of building space. An initial lease receivable was recorded in the amount of $215,308. As of June 30, 2023, the value of the lease receivable was $129,323. The lessee is required to make monthly fixed payments of $3,675, increasing annually by $60 per month. The lease has an interest rate of 0.89%. The value of the deferred inflow of resources as of June 30, 2023 was $126,215 and the College recognized lease revenue of $44,547 during the fiscal year.

In fiscal year 2023, the College recognized $176,034 of lease revenue and $8,850 of interest revenue under leases.

Note 10 – Notes Payable

In March 2015, the College obtained financing in order to purchase an industrial compactor through COPs, issued by the Washington Office of State Treasurer (OST) in the amount of $40,888. The COP is secured by the purchased asset. The interest rate charged is 2.20%. The principal and interest obligations related to this payable are being paid out of Edmonds College local funds over a term of 10 years. Interest payments began on December 1, 2015, and are due semiannually on June 1 and December 1 of each year. Principal payments are due June 1, which began on June 1, 2017. The COP matures June 1, 2025.

In March 2016, the College refinanced the COPs for the purchase of Black Box Theater, issued by the Washington OST in the amount of $1,700,000. The COP is secured by the financed asset. The interest rate charged is 2.12%. The principal and interest obligations related to this payable are being paid out of Edmonds College local funds over a term of 11 years. Interest payments began on December 1, 2016, and are due semiannually on June 1 and December 1 of each year. Principal payments are due June 1, which began on June 1, 2017. The COP matures June 1, 2027.

In April 2016, the College refinanced the COPs for the capital improvements of Brier Hall, issued by the Washington OST in the amount of $5,320,000. The COP is secured by the financed asset. The interest rate charged is 2.12%. The principal and interest obligations related to this payable are being paid out of Edmonds College local funds over a term of 11 years. Interest payments began on December 1, 2016, and are due semiannually on June 1 and December 1 of each year. Principal payments are due June 1, beginning on June 1, 2017. The COP matures June 1, 2027.

The College's debt service requirements for notes payable for the next four years are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2024	$ 704,821	$ 151,244	$ 856,065
2025	735,068	116,003	851,071
2026	775,000	79,250	854,250
2027	810,000	40,500	850,500
Totals	$ 3,024,889	$ 386,997	$ 3,411,886

Nearly all COP debt service payments are funded by the College's Debt Service Reserve. The exceptions to this are the Brier Hall COP, which is funded by a dedicated fee assessed by the students to pay principal and interest costs, and the industrial compactor, which is funded by the general operating budget.

Note 11 – Schedule of Long-Term Liabilities

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

Description	Beginning Balance	Additions	Reductions	Balance Outstanding at June 30, 2023	Current Portion
Compensated absences	$ 4,453,653	$ 2,242,321	$ (2,443,759)	$ 4,252,215	$ 1,666,219
Certificates of participation	3,699,475	-	(674,586)	3,024,889	704,821
Leases	20,562,956	532,704	(2,739,181)	18,356,479	2,545,467
Total pension liability (asset)	(8,443,462)	12,496,236	(3,149,031)	903,743	154,378
OPEB liability	33,374,787	2,243,329	(14,846,078)	20,772,038	2,243,329
Total	$ 53,647,409	$ 17,514,590	$ (23,852,635)	$ 47,309,364	$ 7,314,214

Note 12 – Pension and Benefit Plans

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

The College has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities for the PERS 1, PERS 2/3, TRS 1, and TRS 2/3 Plans. The College has elected to use the current fiscal year end as the measurement date for reporting pension liabilities for the Higher Education Supplemental Retirement Plan.

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

Pension liabilities, net	$ 903,743
Deferred outflows of resources	7,729,407
Deferred inflows of resources	8,373,194
Pension expense (revenues)	(2,419,157)

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

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

PERS and TRS

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

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

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

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

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

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

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

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

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

Contributions – The College’s required contribution rates (expressed as a percentage of covered payroll) for the fiscal year ended June 30, 2023, are as follows:

	College	Employee
PERS		
Plan 1	6.36%	6.00%
Plan 2	6.36%	6.36%
Plan 3	6.36%	varies*
TRS		
Plan 1	8.05%	6.00%
Plan 2	8.05%	8.05%
Plan 3	8.05%	varies*

*Variable from 5% to 15% based on rate selected by the member

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

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

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

	Contributions
PERS	
Plan 1	$ 612,287
Plan 2	635,755
Plan 3	368,694
TRS	
Plan 1	97,629
Plan 3	125,565

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

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

At June 30, 2023, Edmonds reported deferred outflows of resources and deferred inflows of resources related to pensions for its PERS plans from the following sources:

	PERS 1		PERS 2/3	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -	$ 1,062,360	$ 97,060
Net difference between projected and actual investment earnings on pension plan investments	-	415,703	-	3,169,835
Changes of assumptions	-	-	2,389,730	625,717
Changes in proportion and difference between contributions and proportionate share of contributions	-	-	216,226	259,502
Contributions subsequent to the measurement date	612,287	-	1,004,449	-
Total	$ 612,287	$ 415,703	$ 4,672,765	$ 4,152,114

The average of the expected remaining service lives of all faculty in PERS 1 and PERS 2/3 that are provided with pensions through Edmonds (active and inactive) is 1.0 year and 7.0 years, respectively.

At June 30, 2023, Edmonds reported deferred outflows of resources and deferred inflows of resources related to pensions for its TRS plans from the following sources:

	TRS 1		TRS 2/3	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -	$ 156,744	$ 3,161
Net difference between projected and actual investment earnings on pension plan investments	-	53,009	-	166,384
Changes of assumptions	-	-	177,223	19,275
Changes in proportion and difference between contributions and proportionate share of contributions	-	-	20,289	18,804
Contributions subsequent to the measurement date	97,629	-	121,864	-
Total	$ 97,629	$ 53,009	$ 476,120	$ 207,624

The average of the expected remaining service lives of all faculty in TRS 1 and TRS 2/3 that are provided with pensions through the system (active and inactive) is 1.0 year and 10.0 years, respectively.

Deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
2024	$ (175,917)	$ (1,018,106)	$ (22,475)	$ (32,618)
2025	(159,778)	(870,812)	(20,434)	(25,608)
2026	(200,437)	(1,046,569)	(25,699)	(40,330)
2027	120,429	1,429,026	15,599	92,277
2028	-	505,653	-	36,680
Thereafter	-	517,010	-	116,231
	$ (415,703)	$ (483,798)	$ (53,009)	$ 146,632

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

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

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

Discount Rate – The discount rate used to measure the TPL for all DRS plans provided by Edmonds was 7.00%. To determine that rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with the long-term expected rate of return, a 7.00% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, whose rates include a component for the PERS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.00% was used to determine the total liability.

Long-Term Expected Rate of Return – The long-term expected rate of return on the DRS pension plan investments of 7.00% was determined using a building-block method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expenses, including inflation) to develop each major asset class. Those expected returns make up one component of WSIBs capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to stimulate future investment returns at various future times. The long-term expected rate of return of 7.00% approximately equals the median of the stimulated investment returns over a 50-year time horizon, adjusted to remove or dampen any short-term changes to WSIBs capital market assumptions (CMAs) that are not expected over the entire 50-year measurement period.

Estimated Rates of Return by Asset Class – Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the table below. The inflation component used to create the table is 2.20% and represents the WSIBs most recent long-term estimate of board economic inflation.

Asset Class	Target Allocation	Percent Long-Term Expected Real Rate of Return
Fixed income	20.00%	1.50%
Tangible assets	7.00%	4.70%
Real estate	18.00%	5.40%
Global equity	32.00%	5.90%
Private equity	23.00%	8.90%
Inflation component		2.20%
Investment rate of return		7.00%

Sensitivity of the Net Pension Liability (Asset) – The table below presents the College's proportionate share of the net pension liability (NPL) calculated using the discount rate of 7.00%, as well as what the College's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	Employer's Proportionate Share of the Net Pension Liability / (Assets)		
	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
PERS Plan 1	$ 3,351,087	$ 2,508,325	$ 1,772,791
PERS Plan 2/3	5,049,179	(4,287,573)	(11,958,305)
TRS Plan 1	401,700	295,830	203,286
TRS Plan 2/3	569,922	(31,458)	(520,371)
Totals	$ 9,371,888	$ (1,514,876)	$ (10,502,599)

Pension Plan Fiduciary Net Position – Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, Edmonds reported a total pension liability (asset) for its proportionate share of the net pension liabilities/(assets) as follows:

	Net Pension Liability (Asset)
PERS Plan 1	$ 2,508,325
PERS Plan 2/3	(4,287,573)
TRS Plan 1	295,830
TRS Plan 2/3	(31,458)
	$ (1,514,876)

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

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

	2023	2022	Change
PERS Plan 1	0.090086%	0.097952%	0.007866%
PERS Plan 2/3	0.115606%	0.123763%	0.008157%
TRS Plan 1	0.015555%	0.016405%	0.000850%
TRS Plan 2/3	0.015986%	0.016417%	0.000431%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans.

Pension Expense (Revenue) – The table below shows the components of each plan's pension expense (revenue), excluding State Board Retirement Plan, as it is affected by faculty benefits:

2023	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3	Total Plans
Actuarially determined pension expense	$ 1,151,096	$ (1,408,991)	$ 166,341	$ (9,381)	$ (100,935)
Contributions subsequent to measurement date	(612,287)	(1,004,449)	(97,629)	(121,864)	(1,836,229)
Amortization of prior year change in proportion previously recorded as deferred outflows	-	57,935	-	3,399	61,334
Amortization of prior year change in proportion previously recorded as deferred inflows	-	(99,337)	-	(3,186)	(102,523)
Amortization of change in proportionate pension expense	(198,600)	(824)	(13,731)	(665)	(213,820)
Pension expense (revenue)	$ 340,209	$ (2,455,666)	$ 54,981	$ (131,697)	$ (2,192,173)

State Board Retirement Plan (SBRP) – Supplemental Defined Benefits Plans

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

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

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

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

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

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of January 1, 2023. Update procedures were used to roll forward the total pension liability to the June 30, 2023, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

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

*Measurement reflects actual investment returns

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g., active, retiree, or survivor), as the base table. The OSA applied age offsets 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 Experience Study. Additional assumptions related to the salary growth were based on feedback from financial administrators of the Higher Education Supplemental Retirement Plans.

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

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

- OSA updated the annuity conversion assumptions for the Teachers Insurance and Annuity Association (TIAA) investments based on input from TIAA and professional judgement. TIAA contributions and investment earnings annuity conversion changed from contribution made pre-2022/post-2021 converted at 6.00%/3.25% to contributions pre-2006/post-2005 converted at 7.00%/4.00%.

Discount Rate – The discount rate used to measure the total pension liability was based on the 2021 Economic Experience Study for the Washington State retirement plans and based on the results of the GASB 67/68 required crossover test, or 7.00% for the June 30, 2023, measurement date.

Contributions – Contribution rates for the SBRP TIAA – College Retirement Equities Fund (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, 2023, were $2,513,756 and $2,511,723, respectively, for a total contribution of $5,025,479.

Pension Expense (Revenue) – For the year ended June 30, 2023, Edmonds reported $(226,984) for pension expense (revenue) in the State Board Supplemental Retirement Plans.

Proportion Share %	4.4385868%
Service Cost	$ 88,111
Interest Cost	318,122
Amortization of Differences Between Expected and Actual Experience	(195,271)
Amortization of Changes of Assumptions	(209,175)
Expected Earnings on Plan Investments	(104,298)
Amortization of Difference Between Projected and Actual Earnings on Plan Investme	(36,411)
Other Changes in Fiduciary Net Position	7
Proportionate Share of Collective Pension Expense	(138,915)
Amortization of the Changes in Proportionate Share of Total Pension Liability	(88,069)
Total Pension Expense	$ (226,984)

Plan Membership – Membership of the State Board Supplemental Retirement Plans consisted of the following at June 30, 2023, the most recent actuarial valuation date:

Number of Participating Members within the State Board for Community and Technical Colleges	
Inactive Members (Or Beneficiaries) Currently Receiving Benefits	1
Inactive Member Entitled To But Not Yet Receiving benefits	17
Active Members	217
Total Members	235

Net Pension Liability/(Asset) – The following table presents the change in net pension liability/(asset) of the State Board Supplemental Retirement Plans at June 30, 2023, the latest measurement date for the plan:

Schedule of Changes in Total Pension Liability	Amount
Service cost	$ 88,111
Interest	318,122
Difference between expected and actual experience	(255,681)
Changes of assumptions	(506,315)
Benefit payments	(133,528)
Changes in proportional share of total pension liability	21,035
Net change in total pension liability	(468,256)
Total pension liability - beginning	4,490,951
Total pension liability - ending	$ 4,022,695
Contributions - Employer	38,273
Net Investment Income	104,783
Net change in total pension liability	143,056
Plan Fiduciary Net Position - Beginning	1,461,020
Plan Fiduciary Net Position - Ending (b)	$ 1,604,076
Net Pension Liability (a) - (b)	$ 2,418,619

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate – The following table presents the total pension liability/(asset), calculated using the discount rate of 7.00%, as well as what the employers' total pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

Discount Rate Sensitivity		
1% Decrease (6.00)%	Current Discount Rate (7.00)%	1% Increase (8.00)%
$ 2,866,082	$ 2,418,619	$ 2,034,741

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the State Board Supplemental Retirement Plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 948,879	$ 1,180,964
Changes of assumptions	811,355	1,860,833
Changes in College's proportionate share of pension liability	47,390	387,940
Net difference between projected and actual investment earnings on pension plan investments	-	52,025
	$ 1,807,624	$ 3,481,762

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:

Year Ending June 30,	
2024	$ (455,776)
2025	(346,039)
2026	(317,247)
2027	(528,233)
2028	29,636
Thereafter	(56,479)
	$ (1,674,138)

Note 13 – Other Post-Employment Benefits (OPEB)

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

The PEBB OPEB plan is funded by monthly contributions with amounts established by the Legislature as part of the biennium budget process. For the FY 2023, the monthly contribution amount was $183 per employee. There are no plan assets. Rather, the monthly contributions are used to pay for current benefits provided. The plan does not issue a publicly available financial report.

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

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

Retirees who are reenrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy from the reduced premiums. The explicit subsidy is established through an annual recommendation by the HCA administrator, which is included in the Governor's budget with the final amount approved by the state Legislature. In calendar year 2022, the explicit subsidy was up to $183 per enrolled member per month.

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

This same method is used to determine the transactions subsequent to the measurement date, specifically the retiree portion of premium payments made by agencies on behalf of active, health care eligible employees between the measurement date of June 30, 2022, and the reporting date of June 30, 2023. The portion of health care premiums attributed to retirees for both explicit and implicit subsidies is taken from the FY 2022 Third Quarter Update in the PEBB Financial Projection Model (PFPM) from the State Health Care Authority.

Additional information will be included in the Washington State 2023 Annual Comprehensive Financial Report on the OFMs website (www.ofm.wa.gov/accounting/financial-audit-reports/comprehensive-annual-financial-report). Additional information on health care trends rates and other actuarial data is available on the Office of the State Actuary's website (leg.wa.gov/osa).

For the year ended June 30, 2023, HCA reports total OPEB liability of $4.248 billion. At June 30, 2023, Edmonds recognized its proportionate share of the OPEB liability of $20,772,038. The OPEB liability was measured as of June 30, 2022, and the total liability used to calculate the OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

For the year ended June 30, 2023, Edmonds recognized OPEB expense (revenue) of $(1,064,164) and recognized deferred outflows and inflows of resources related to the net OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 1,702,500	$ 15,059,018
Changes in proportion	-	6,330,895
Difference between expected and actual experience	433,021	730,869
Transactions subsequent to measurement date	524,253	-
	$ 2,659,774	$ 22,120,782

The $524,253 reported as deferred outflows resulting from transactions subsequent to the measurement date will be recognized as a reduction in the OPEB liability in the year ended June 30, 2023.

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

Year Ending June 30,	
2024	$ (3,307,493)
2025	(3,307,493)
2026	(3,307,490)
2027	(2,633,101)
2028	(1,887,198)
Thereafter	(5,542,486)
	$ (19,985,261)

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

Inflation	
Economic	2.35%
Salary	3.25%
(Salaries are also expected to grow by promotions and longevity)	
Health care trend rates	
Initial rate	2.00-11.00%
Expected by 2080	3.80%

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

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

Because the OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, which was 3.54% for the June 30, 2022, measurement date.

The following represents the College's proportionate share of the OPEB liability calculated using the discount rate of 3.54% as well as what the proportionate share of the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) and one percentage point higher (4.54%) than the current rate:

Discount Rate Sensitivity		
1% Decrease (2.54)%	Current Discount Rate (3.54)%	1% Increase (4.54)%
$ 24,339,755	$ 20,772,038	$ 17,901,190

The following represents the total OPEB liability of Edmonds, calculated using the health care trend rates of 2.00-11.00%, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are one percentage point lower (1.00-10.00%) or one percentage point higher (3.00-12.00%) than the current rate:

Health Care Cost Trend Rate Sensitivity		
1% Decrease (1.00-10.00)%	Current Discount Rate (2.00-11.00)%	1% Increase (3.00-12.00)%
$ 17,587,351	$ 20,772,038	$ 24,846,304

At June 30, 2023, the College's proportionate share of the OPEB liability were as follows:

2023	2022	Change
0.4889537%	0.5157056%	0.0267519%

Note 14 – Washington State Deferred Compensation Program

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

Note 15 – Functional Operating and Nonoperating Expenses by Program

In the Statement of Revenues, Expenses, and Changes in Net Position, operating and nonoperating expenses are displayed by natural classifications, such as salaries and wages, benefits, and supplies and materials. The table below summarizes operating and nonoperating expenses by program or function such as instruction, research, and academic support. The following table lists operating and nonoperating expenses by program for the year ended June 30, 2023.

Instruction	$ 33,265,125
Student services	26,503,129
Operations and maintenance of plant	9,917,716
Institutional support	9,833,241
Depreciation and amortization	7,774,989
Academic support services	5,989,770
Auxiliary enterprises	5,985,318
Scholarships and other student financial aid	4,712,092
Other functional expenses	1,544,122
	$ 105,525,502

Note 16 – Commitments and Contingencies

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

Under the terms of federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audit could lead to reimbursement to the grant agencies. A determination of the estimate of possible loss, if any, cannot be made. However, the College's management believes disallowances, if any, would be immaterial.

The College’s grant funding is subject to various risks, including changes in government policy and potential executive orders issued by federal, state, or local authorities. These executive orders may result in modifications, delays, or cancellations of grant funding programs that could adversely impact the College’s ability to fulfill its commitments under existing grants. The College has assessed these risks and believes that any potential impact from such executive orders is uncertain. The ultimate effect on the College’s net position and results of operations will depend on future governmental actions and the timing f their implementation. The College will continue to monitor developments related to these executive orders and will take appropriate actions as necessary.

Note 17 – Discretely Presented Component Unit

Edmonds College Foundation (the Foundation) is a Washington nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is organized to provide access, success, and excellence for students, faculty, and staff at Edmonds College. The Foundation is operated to receive, hold, invest, and properly administer the assets and to make expenditures to or for the benefit of the College.

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

During the year ended June 30, 2023, Edmonds received $1,068,134 from the Foundation and is included in state and local grants and contracts revenue.

Required Supplementary Information

Edmonds College
Schedule of Proportionate Share of Net Pension Liability
Year Ended June 30, 2023

As of June 30, 2023	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the total pension liability	0.090086%	0.115606%	0.015555%	0.015986%
Employer's proportionate share of the total pension liability (asset)	$ 2,508,325	$ (4,287,573)	$ 295,830	$ (31,458)
Employer's covered employee payroll	$ 15,933,383	$ 15,848,799	$ 1,559,819	$ 1,559,819
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	15.74%	-27.05%	18.97%	-2.02%
Plan fiduciary total position as a percentage of the total pension liability	76.56%	106.73%	78.24%	100.86%

As of June 30, 2022	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the total pension liability	0.097952%	0.123763%	0.016405%	0.016417%
Employer's proportionate share of the total pension liability (asset)	$ 1,196,224	$ (12,328,786)	$ 110,455	$ (451,272)
Employer's covered employee payroll	$ 14,497,769	$ 14,408,763	$ 1,227,352	$ 1,227,352
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	8.25%	-85.56%	9.00%	-36.77%
Plan fiduciary total position as a percentage of the total pension liability	88.74%	120.29%	91.42%	113.72%

As of June 30, 2021	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the total pension liability	0.101081%	0.129976%	0.013475%	0.013740%
Employer's proportionate share of the total pension liability (asset)	$ 3,568,705	$ 1,662,319	$ 324,584	$ 211,044
Employer's covered employee payroll	$ 15,259,143	$ 15,182,575	$ 983,339	$ 983,339
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	23.39%	10.95%	33.01%	21.46%
Plan fiduciary total position as a percentage of the total pension liability	68.64%	97.27%	70.55%	91.72%

Edmonds College
Schedule of Proportionate Share of Net Pension Liability
Year Ended June 30, 2023

	As of June 30, 2020			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the total pension liability	0.107102%	0.136375%	1.509900%	0.014587%
Employer's proportionate share of the total pension liability (asset)	$ 4,118,452	$ 1,324,664	$ 373,821	$ 87,892
Employer's covered employee payroll	$ 14,904,140	$ 14,824,356	$ 987,385	$ 968,999
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	27.63%	8.94%	37.86%	9.07%
Plan fiduciary total position as a percentage of the total pension liability	67.12%	97.77%	70.37%	96.36%

	As of June 30, 2019			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the total pension liability	0.103175%	0.128991%	0.019034%	0.017670%
Employer's proportionate share of the total pension liability (asset)	$ 4,607,831	$ 2,202,407	$ 555,905	$ 79,535
Employer's covered employee payroll	$ 13,517,308	$ 13,373,889	$ 1,069,270	$ 1,021,470
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	34.09%	16.47%	51.99%	7.79%
Plan fiduciary total position as a percentage of the total pension liability	63.22%	95.77%	66.52%	96.88%

	As of June 30, 2018			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the total pension liability	0.101331%	0.127543%	0.019198%	0.017447%
Employer's proportionate share of the total pension liability (asset)	$ 4,808,235	$ 4,431,510	$ 580,407	$ 161,026
Employer's covered employee payroll	$ 12,629,259	$ 12,510,787	$ 1,016,963	$ 957,853
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	38.07%	35.42%	57.07%	16.81%
Plan fiduciary total position as a percentage of the total pension liability	61.24%	90.97%	65.58%	93.14%

Edmonds College
Schedule of Proportionate Share of Net Pension Liability
Year Ended June 30, 2023

As of June 30, 2017	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the total pension liability	0.110233%	0.137467%	0.020971%	0.016111%
Employer's proportionate share of the total pension liability (asset)	$ 5,920,030	$ 6,921,361	$ 716,015	$ 221,245
Employer's covered employee payroll	$ 12,979,683	$ 12,825,420	$ 913,462	$ 791,872
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	45.61%	53.97%	78.38%	27.94%
Plan fiduciary total position as a percentage of the total pension liability	57.03%	85.82%	62.07%	88.72%

As of June 30, 2016	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the total pension liability	0.110928%	0.136727%	0.014887%	0.009845%
Employer's proportionate share of the total pension liability (asset)	$ 5,802,566	$ 4,885,335	$ 471,641	$ 83,072
Employer's covered employee payroll	$ 12,390,671	$ 12,130,874	$ 582,543	$ 459,312
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	46.83%	40.27%	80.96%	18.09%
Plan fiduciary total position as a percentage of the total pension liability	59.10%	89.20%	65.70%	92.48%

As of June 30, 2015	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's proportion of the total pension liability	0.117045%	0.138764%	0.016377%	0.010302%
Employer's proportionate share of the total pension liability (asset)	$ 5,896,196	$ 2,804,922	$ 483,032	$ 33,274
Employer's covered employee payroll	$ 12,338,181	$ 11,877,166	$ 574,573	$ 438,998
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	47.79%	23.62%	84.07%	7.58%
Plan fiduciary total position as a percentage of the total pension liability	61.19%	93.29%	68.77%	96.81%

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

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

Edmonds College
Schedule of Employer Contributions
Year Ended June 30, 2023

	As of June 30, 2023			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 612,287	$ 1,004,448	$ 97,629	$ 121,864
Contributions in relation to the statutorily or contractually required contributions	612,287	1,004,448	97,629	121,864
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 15,933,383	$ 15,848,799	$ 1,559,819	$ 1,559,819
Contributions as a percentage of covered employee payroll	3.84%	6.34%	6.26%	7.81%

	As of June 30, 2022			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 552,099	$ 928,742	$ 79,818	$ 102,247
Contributions in relation to the statutorily or contractually required contributions	552,099	928,742	79,818	102,247
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 14,497,769	$ 14,408,763	$ 1,227,352	$ 1,227,352
Contributions as a percentage of covered employee payroll	3.81%	6.45%	6.50%	8.33%

	As of June 30, 2021			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 729,838	$ 1,172,243	$ 93,235	$ 102,724
Contributions in relation to the statutorily or contractually required contributions	729,838	1,172,243	93,235	102,724
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 14,892,802	$ 14,802,174	$ 1,260,407	$ 1,260,407
Contributions as a percentage of covered employee payroll	4.90%	7.92%	7.40%	8.15%

Edmonds College
Schedule of Employer Contributions
Year Ended June 30, 2023

As of June 30, 2020	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 732,428	$ 1,202,432	$ 70,748	$ 79,932
Contributions in relation to the statutorily or contractually required contributions	732,428	1,202,432	70,748	79,932
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 15,247,067	$ 15,170,499	$ 976,820	$ 976,820
Contributions as a percentage of covered employee payroll	4.80%	7.93%	7.24%	8.18%

As of June 30, 2019	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 769,810	$ 1,116,423	$ 74,163	$ 75,640
Contributions in relation to the statutorily or contractually required contributions	769,810	1,116,423	74,163	75,640
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 14,904,140	$ 14,824,356	$ 987,385	$ 968,999
Contributions as a percentage of covered employee payroll	5.17%	7.53%	7.51%	7.81%

As of June 30, 2018	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 690,653	$ 1,001,653	$ 79,598	$ 213,013
Contributions in relation to the statutorily or contractually required contributions	690,653	1,001,653	79,598	213,013
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 13,517,308	$ 13,373,889	$ 1,069,270	$ 1,021,740
Contributions as a percentage of covered employee payroll	5.11%	7.49%	7.44%	20.85%

Edmonds College
Schedule of Employer Contributions
Year Ended June 30, 2023

	As of June 30, 2017			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 609,534	$ 779,019	$ 67,183	$ 64,285
Contributions in relation to the statutorily or contractually required contributions	609,534	779,019	67,183	64,285
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 12,629,259	$ 12,510,787	$ 1,016,963	$ 957,853
Contributions as a percentage of covered employee payroll	4.83%	6.23%	6.61%	6.71%

	As of June 30, 2016			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 625,128	$ 793,585	$ 50,988	$ 65,333
Contributions in relation to the statutorily or contractually required contributions	625,128	793,585	50,988	65,333
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 12,979,683	$ 12,825,420	$ 913,462	$ 791,872
Contributions as a percentage of covered employee payroll	4.82%	6.19%	5.58%	8.25%

	As of June 30, 2015			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 509,826	$ 609,052	$ 33,314	$ 26,164
Contributions in relation to the statutorily or contractually required contributions	509,826	609,052	33,314	26,164
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 12,390,671	$ 12,130,874	$ 582,543	$ 459,312
Contributions as a percentage of covered employee payroll	4.11%	5.02%	5.72%	5.70%

Edmonds College
Schedule of Employer Contributions
Year Ended June 30, 2023

	As of June 30, 2014			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily or contractually required contributions	$ 518,078	$ 586,192	$ 32,386	$ 25,279
Contributions in relation to the statutorily or contractually required contributions	518,078	586,192	32,386	25,279
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 12,338,181	$ 11,877,166	$ 574,573	$ 438,998
Contributions as a percentage of covered employee payroll	4.20%	4.94%	5.64%	5.76%

Methods and Assumptions used to Determine Contribution Rates:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Actuarial cost method	Entry Age Normal	Aggregate	Aggregate
Amortization method	Level %	N/A	N/A
Remaining amortization period	10-year rolling		
Asset valuation method	8-year graded smoothed fair value		
Inflation	2.75%	2.75%	2.75%
Salary increases	3.25%	3.25%	3.25%
Investment rate of return	7.00%	7.00%	7.00%
Mortality	Society of Actuaries’ Pub. H-2010 mortality rates		

	TRS Plan 1	TRS Plan 2	TRS Plan 3
Actuarial cost method	Entry Age Normal	Aggregate	Aggregate
Amortization method	Level %	N/A	N/A
Remaining amortization period	10-year rolling		
Asset valuation method	8-year graded smoothed fair value		
Inflation	2.75%	2.75%	2.75%
Salary increases	3.25%	3.25%	3.25%
Investment rate of return	7.00%	7.00%	7.00%
Mortality	Society of Actuaries’ Pub. H-2010 mortality rates		

Edmonds College
Schedule of Changes in Total Pension Liability and Related Ratios – State Board Supplemental Defined Benefit Plans
Year Ended June 30, 2023

Total Pension Liability	2023	2022	2021
Service cost	$ 88,111	$ 66,428	$ 211,048
Interest	318,122	223,793	150,110
Difference between expected and actual experience	(255,681)	988,976	(1,354,330)
Changes of assumptions	(506,315)	321,254	(2,444,307)
Benefit payments	(133,528)	(132,901)	(89,984)
Changes in proportional share of TPL	21,035	(39,698)	(443,371)
Net change in total pension liability	(468,256)	1,427,852	(3,970,834)
Total pension liability - beginning	4,490,951	3,098,308	7,069,142
Total pension liability - ending (a)	$ 4,022,695	$ 4,526,160	$ 3,098,308
Plan Fiduciary Net Position**			
Contributions employer	38,273	36,719	29,633
Net investment income	104,783	2,246	370,915
Benefit payments	-	-	-
Administrative expense	-	-	-
Other	-	-	-
Net Change in Plan Fiduciary Net Position	143,056	38,965	400,548
Plan Fiduciary Net Position - Beginning	1,496,243	1,457,278	1,056,730
Plan Fiduciary Net Position - Ending (b)	1,639,299	1,496,243	1,457,278
Plan's Net Pension Liability (Asset) - Ending (a)-(b)	$ 2,383,396	$ 3,029,917	$ 1,641,030
College's proportion of the pension liability	4.438587%	4.407985%	4.520000%
Covered payroll	28,293,324	27,581,348	28,006,363
Total pension liability/(asset) as a percentage of covered payroll	14.217824%	16.410220%	24.190803%

Edmonds College
Schedule of Changes in Total Pension Liability and Related Ratios – State Board Supplemental Defined Benefit Plans
Year Ended June 30, 2023

Total Pension Liability	2020	2019	2018
Service cost	$ 169,477	$ 139,080	$ 191,840
Interest	190,642	168,231	176,301
Difference between expected and actual experience	401,686	317,176	(521,432)
Changes of assumptions	1,073,296	596,381	(176,401)
Benefit payments	(86,046)	(88,691)	(65,167)
Changes in proportional share of TPL	(63,990)	(117,916)	73,671
Net change in total pension liability	1,685,065	1,014,261	(321,188)
Total pension liability - beginning	5,384,077	4,369,816	4,691,004
Total pension liability - ending (a)	$ 7,069,142	$ 5,384,077	$ 4,369,816
Plan Fiduciary Net Position**			
Contributions employer	N/A	N/A	N/A
Contributions member	N/A	N/A	N/A
Net investment income	N/A	N/A	N/A
Benefit payments	N/A	N/A	N/A
Administrative expense	N/A	N/A	N/A
Other	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	N/A	N/A	N/A
Plan Fiduciary Net Position - Beginning	N/A	N/A	N/A
Plan Fiduciary Net Position - Ending (b)	N/A	N/A	N/A
Plan's Net Pension Liability (Asset) - Ending (a)-(b)	N/A	N/A	N/A
College’s proportion of the pension liability	4.819573%	4.877542%	5.012810%
Covered payroll	29,058,023	27,852,620	27,990,181
Total pension liability/(asset) as a percentage of covered payroll	24.327677%	19.330594%	24.190803%

Edmonds College
Schedule of Changes in Total Pension Liability and Related Ratios – State Board Supplemental Defined Benefit Plans
Year Ended June 30, 2023

	2017
Total Pension Liability	
Service cost	$ 267,345
Interest	173,426
Difference between expected and actual experience	(1,250,408)
Changes of assumptions	(295,131)
Benefit payments	(44,516)
Changes in proportional share of TPL	-
Net change in total pension liability	(1,149,284)
Total pension liability - beginning	5,840,288
Total pension liability - ending (a)	$ 4,691,004
Plan Fiduciary Net Position**	
Contributions employer	N/A
Contributions member	N/A
Net investment income	N/A
Benefit payments	N/A
Administrative expense	N/A
Other	N/A
Net Change in Plan Fiduciary Net Position	N/A
Plan Fiduciary Net Position - Beginning	N/A
Plan Fiduciary Net Position - Ending (b)	N/A
Plan's Net Pension Liability (Asset) - Ending (a)-(b)	N/A
College’s proportion of the pension liability	4.935302%
Covered payroll	27,200,979
Total pension liability/(asset) as a percentage of covered payroll	17.245718%

Notes to Required Supplementary Information

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

N/A indicates data not available.

**Due to changes in legislation, assets from this higher education institution plan that was not previously administered through a trust, was placed into a trust or similar arrangement. As a result, this plan previously reported under GASB Statement No. 73, is now reported under GASB Statement No. 68. This change is effective for fiscal year 2021.

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

Edmonds College
Schedule of Changes in Total Pension Liability and Related Ratios – State Board Supplemental Defined Benefit Plans
Year Ended June 30, 2023

Change in assumptions: The discount rate increased from 2.21% to 7.40%. Given the creation of dedicated funds to pay SRP benefits under HB1661, the discount rate is now based on the long term expected rate of return on the pension plan investments rather than the bond index rate.

Edmonds College
Schedule of Employer Contributions –
State Board Supplemental Defined Benefit Plans
Year Ended June 30, 2023

	2023	2022
Statutorily or contractually required contributions	$ 38,273	$ 36,719
Contributions in relation to the contractually required contributions	38,273	36,719
Contribution deficiency (excess)	$ -	$ -
Covered employer payroll	$ 28,293,324	$ 27,581,348
Contributions as a percentage of covered employee payroll	0.14%	0.13%

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

Note to Schedule:

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

In 2021, the discount rate was increased from 2.21% to 7.40%.
In 2022, the discount rate was reduced from 7.40% to 7.00%.

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

Edmonds College
Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended June 30, 2023

Total OPEB Liability	2023	2022	2021
Service cost	$ 1,532,342	$ 1,668,107	$ 1,400,233
Interest	710,987	720,945	1,171,317
Difference between expected and actual experience	(704,108)	-	(179,493)
Changes of assumptions	(11,888,312)	308,026	759,275
Benefit payments	(522,364)	(549,260)	(557,682)
Changes in proportionate share	(1,731,294)	(2,516,020)	(1,557,391)
Other	-	-	(1,193,073)
Net change in total OPEB liability	(12,602,749)	(368,202)	(156,814)
Total OPEB liability - beginning	33,374,787	33,742,989	33,899,803
Total OPEB liability - ending	$ 20,772,038	$ 33,374,787	$ 33,742,989
College's proportion of the OPEB liability	0.488954%	0.515706%	0.557250%
Covered payroll	43,349,389	42,685,491	50,526,130
Total OPEB liability/(asset) as a percentage of covered payroll	47.917718%	78.187661%	66.783245%

Total OPEB Liability	2020	2019	2018
Service cost	$ 1,372,622	$ 1,876,613	$ 2,388,061
Interest	1,190,671	1,290,161	1,118,583
Difference between expected and actual experience	-	1,177,666	-
Changes of assumptions	2,217,345	(8,215,537)	(5,456,465)
Benefit payments	(544,661)	(544,900)	(570,047)
Changes in proportionate share	(351,641)	(793,847)	(1,682,496)
Net change in total OPEB liability	3,884,336	(5,209,844)	(4,202,364)
Total OPEB liability - beginning	30,015,467	35,225,311	39,427,675
Total OPEB liability - ending (a)	$ 33,899,803	$ 30,015,467	$ 35,225,311
College's proportion of the OPEB liability	0.584091%	0.591015%	0.604641%
Covered payroll	49,062,082	47,815,982	46,523,575
Total OPEB liability/(asset) as a percentage of covered payroll	69.095729%	62.772876%	75.714970%

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

Note to Schedule:

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

In 2022, the discount rate increased from 2.21% to 3.54% (Municipal Bond Rate).