Centralia College 2024 Financial Report

Centralia College
600 Centralia College Boulevard
Centralia, WA
(360) 736-9391

CENTRALIA COLLEGE

The oldest continuously operated community college in Washington State, since 1925

Centralia College
June 30, 2024
Financial Report

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

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Three CC Students named to 2024 All-Washington Academic Team

Centralia College has named three students to the 2024 All-Washington Academic Team. Each All-Washington Academic Team member will receive a medallion and a $217 scholarship from KeyBank. Additionally, students who choose to attend Washington State four-year colleges and universities are eligible to receive transfer scholarships ranging from $1,000 to $12,000.

All 92 of the state's All-Washington Academic Team members were formally at a ceremony Thursday, April 25, at South Puget Sound Community College in Olympia. Governor Jay Inslee was the keynote speaker and presented the awards. He declared April 25 as All Washington Academic Team Day in the state.

In addition, CC's representatives will be recognized at the May 9 meeting of the Centralia College Board of Trustees.

Maya Hankins, 17, of Morton, is a Running Start student who works part time in a civil construction firm, where she discovered a passion for engineering and construction management. In her free time, she is the chapter officer for the Mossyrock Future Farmers of America and she volunteers with her local garden club.

She is dedicated to her neighbors and spent almost a year assisting and raising funds for an elderly neighbor who transitioned to a care facility. She plans to transfer to Central Washington University in the fall to study engineering and construction management.

At the ceremony on April 25, it was announced that Maya is the #1 ranked student in the state. She received a number of additional scholarships, including:

$5,000 All-USA Award
$2,250 New Century Transfer Scholar award
$1,000 Washington State ACT (Association of College Trustees) award
$750 WSECU Top 16 award

Van Nguyen, 48, of Centralia, immigrated from Vietnam in 2019 seeking better opportunities for herself and her children. She enrolled at Centralia College to study business. She will finish her associate degree in June and will start her bachelor's degree at Centralia College in fall. In addition to raising children and earning her degree, she is a student worker on campus and she volunteers at Health and Hope Medical Outreach helping low-income individuals access healthcare resources. She is a first-generation college student.

Valerie Varner, 37, of Centralia, worked in the real estate industry since she was 18. The job paid well, but it was always just a job. When she had a disabled child, her world changed and she realized what she was meant to do. She is working towards her associate degree and plans to become a registered nurse.

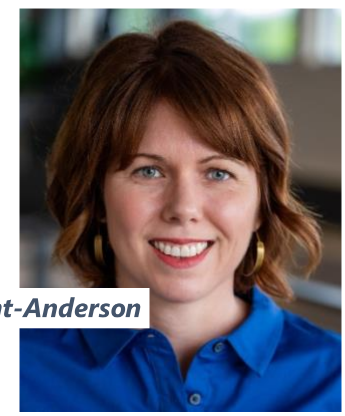
She wants to work in pediatrics and ensure children and parents receive high quality, compassionate care. She is a first-generation college student. She will complete her nursing degree this fall.

The All-Washington Academic Team program recognizes and honors the state's finest higher education students. To qualify for the All-Washington Academic Team, students must be part of the Phi Theta Kappa, the international honor society for two-year colleges. All-Washington Academic Team members will also be ranked at a national level, with a chance to be included in the All-USA Academic Team.

CC Foundation names the 2024 Exceptional Faculty Award Winners

Kelly Erickson

The Centralia College Foundation has selected Kelly Erickson and Rachel Bryant-Anderson to receive the 2024 Exceptional Faculty Awards. They were chosen for their commitment to and excellence in their subject areas, and participation in campus activities.



Rachel Bryant-Anderson

Letter from the President

CENTRALIA COLLEGE
PRESIDENT'S OFFICE

600 CENTRALIA COLLEGE BLVD • CENTRALIA WA • 98531 • 360-736-9391 • WWW.CENTRALIA.EDU

May 8, 2025

Annalee Tobey, Board Chair
Board of Trustees
Centralia College
Centralia, WA 98531

Dear Chair Tobey:

We are proud to continue the tradition of submitting our 2024 Annual Financial Report of Centralia College to the Board of Trustees. Management assumes full responsibility for the content and accuracy of this report.

The College finished the financial statements according to the NWCCU accreditation standards which require our financial reporting to be done within 15 months after year end close. The College was able to produce a financial report in keeping with the college's goals for sustainable and responsible budgeting and fiscal accountability and stay in compliance with the NWCCU standards.

Our 2024 report serves as a reminder of the responsibility we have as stewards of public resources to undergo a financial audit which provides the public confidence in our management of college and state resources. The State Auditor's Office (SAO) has issued another clean (unmodified) opinion on the College's financials. The *Management Discussion and Analysis*, which follows the State Auditor's Office *Independent Audit Opinion Letter*, provides the reader with a better understanding of the financial position and result of operation for the College's most recent fiscal year.

We hope you find this report useful and that it helps to provide a full picture of the fiscal health of Centralia College.

Sincerely,

Bob Mohrbacher — Tariq Qureshi

Bob Mohrbacher, President — Tariq Qureshi, VP, Finance & Administration

Signature: Bob Mohrbacher
Bob Mohrbacher (May 13, 2025 08:14 PDT)
Email: bob.mohrbacher@centralia.edu

Signature: Tariq Qureshi
Email: tariq.qureshi@centralia.edu

Board of Trustees and Administrative Officers

Board of Trustees

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Nikki Sprague, BAS-AM, Director of Fiscal & Business Services
Carissa Brown, AAS, Asst. Director of Fiscal & Business Services

Independent Auditor's Report on Financial Statements

Office of the Washington State Auditor Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Board of Trustees
Centralia College
Centralia, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

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

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

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

Basis for Opinions

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

Matters of Emphasis

As discussed in Note 1, the financial statements of the Centralia College, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2023, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents 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

The other information comprises the College Success Stories, Letter from the President, and Board of Trustees and Administrative Officers, but does not include the basic financial statements and our auditor’s report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 3, 2025, on our consideration of the College’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Sincerely,

Pat McCarthy

Pat McCarthy, State

Auditor Olympia, WA

June 3, 2025

Management Discussion & Analysis

Centralia College

The objective of this Management Discussion and Analysis (MD&A) is to help readers of Centralia College's financial statements better understand the financial position and operating activities for the year ended June 30, 2024 with comparative information for the year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes which follow this section. Unless otherwise stated, all years refer to the fiscal year ended June 30th.

The Centralia College financial report communicates financial information for Centralia College and its' discretely presented component unit, the Centralia College Foundation. The College is an agency of the State of Washington, and the financial information contained in this report is included in the State of Washington's Annual Comprehensive Financial Report (ACFR) for FY24.

Reporting Entity

Centralia College is one of 30 community and technical college districts in the State of Washington overseen by the State Board for Community and Technical Colleges (SBCTC). The College is governed by a Board of five Trustees, which has broad responsibilities to supervise, coordinate, manage and regulate the College as provided by state law. Trustees are appointed by the Governor for a term of five years, with consent of the Senate.

The College offers associate degrees and certificates in various programs and five baccalaureate degrees in Applied Science.

The College is the oldest continuously operating two-year public college in the State of Washington, established in 1925 and currently averages approximately 4,419 full-time and part-time students per academic year. The College's main campus is located in Centralia, and serves Lewis and south Thurston counties with a population of approximately 90,000, and has a satellite campus in Morton.

Using the Financial Statements

The College reports as a special purpose government, engaged in business-type activities as defined by Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements – Management's Discussion and Analysis – for Public Colleges and Universities, as amended. Under this model, the financial report includes three financial statements, the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted accounting standard setting body for establishing governmental accounting and financial reporting principles. The full scope of the College's activities is considered a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units requires a college to report an organization that raises and holds economic resources for the direct benefit of a government unit. Under this requirement, the Centralia College Foundation is a component unit of the College and their financial statements are discretely presented into this financial report.

The College's Financial Position

The statement of net position provides information about the College's financial position at the end of the fiscal year. It displays all of the College's assets, deferred outflows, liabilities and deferred inflows. The difference between assets, deferred outflows, liabilities and deferred inflows is net position.

The College's FY24 overall net position increased by $1.9 million when compared to FY23 primarily due to an increase of 1.8 million in total assets.

A condensed comparison of the Statements of Net Position as of June 30, 2024 and 2023 follows:

Condensed Statement of Net Position

As of June 30 (in thousands)	2024	2023
Assets		
Capital assets, net	85,824	87,123
Other assets	28,192	25,083
Total Assets	114,016	112,206
Deferred Outflows of Resources	5,770	5,570
Liabilities		
Long-term liabilities	15,290	14,787
Other liabilities	4,864	4,219
Total Liabilities	20,154	19,006
Deferred Inflows of Resources	10,931	11,982
Net Position		
Net Investment in Capital Assets	83,565	84,738
Restricted	3,588	3,401
Unrestricted (deficit)	1,548	(1,351)
Total Net Position	$ 88,701	$ 86,788

Capital assets including land and construction in progress decreased by a net of $1.3 million in 2024. Major factors include a construction in progress net increase of $398K resulting from increases from construction costs of $1.44 million, primarily for the renovation of the student apartment building, and the completion of the Electrical Infrastructure project and the Walnut Street Storage Compound project which moved $1.04 million of construction in progress to infrastructure. Infrastructure - improvement other than buildings increased $1.02 million, net of depreciation, with the capitalization of the Electrical Infrastructure project and the Walnut Street Storage Compound. Buildings decreased $2.5 million primarily due to depreciation expense as well as the removal of the building door project incorrectly capitalized in a previous year. More information on the College’s capital assets can be found in Note 7 to the financial statements.

Other assets, which includes current and non-current assets, increased by $3.1 million. Current assets consist of cash, investments, accounts receivable and inventories. The $1.87 million increase in current assets from FY23 to FY24 was the result of: 1) Cash decreased $426K. Cash can fluctuate from year to year. 2) The current investments decreased by $491K as bonds moved from non-current to current investments. This is a natural progression of our investment strategy of laddering the purchase of new bonds. 3) Accounts receivable can fluctuate from year to year but did see an increase of $2.72 million primarily due to the timing of several billings including Running Start $1.35

million, ECEAP $358K, Foundation $349K, PELL $325K, and various grant billings totaling $219K.

Non-current assets, other than the net capital assets, increased by $1.2 million in FY24. This increase is largely a result a new long term lease receivable of $531K. There was also an increase of $426K in net pension asset for the state retirement systems for the PERS 2/3 and TRS 2/3 plans, an increase in investments of $654K in U.S. Government sponsored enterprise bonds as part of the College investment procedure, a decrease in restricted cash of $301K and a decrease in leased assets, net of amortization of $71K.

Deferred outflows of resources and deferred inflows of resources represent deferrals in pension and postemployment benefits related to GASB Statement No. 68 and Statement No. 75. The increase in deferred outflows reflect the College's proportionate share of the state-wide amounts reported by the Department of Retirement System (DRS) and Health Care Authority (HCA) due to differences between expected and actual experience related to the actuarial assumptions. The College recorded $5.57 million in FY23 and $5.77 million in FY24 of pension and postemployment-related deferred outflows. Deferred Outflows also increased because of the change in reporting of the SBRP plan to a one-year lag between measurement and reporting as allowed by GASB 68. For FY24, $855K was recorded in deferred outflows.

Similarly, the $1.05 million decrease in deferred inflows in FY24 reflects the difference between actual and projected investment earnings on the state's pension plans and other postemployment benefits and also includes lease receivables. The College recorded $11.98 million in FY23 and $10.93 million in FY24 of pension and postemployment-related deferred inflows.

Other liabilities include accounts payable, accrued payroll, the current portion of Certificate of Participation (COP) debt, and associated liabilities and unearned revenues. 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. Current liabilities increased for FY24 by $645K, primarily from an increase in accrued liabilities of $841K and a decrease in accounts payable of $206K.

Long-term liabilities are made up of OPEB and pension liabilities, vacation and sick leave balances, and the long-term portion of Certificate of Participation (COP) debt and lease payable. The $503K increase in non-current liabilities is primarily attributed to OPEB liability. The main differences from FY23 to FY24 are a $634K increase in total OPEB liability and a $131K decrease in net pension liability. Compensated absences increased by $203K while leases and COP debt decreased by $202K.

Net position represents the difference between the College's assets plus deferred outflows, less liabilities and deferred inflows, and measures whether the financial condition has improved or worsened during the year. The College reports its net position in three categories:

Net Investment in capital assets – The College's total investment in property, plant and equipment, net of accumulated depreciation and any outstanding debt attached to its capital assets. To the extent of restricted cash and cash equivalents for capital projects collected, but not yet spent, these amounts are not included as a component of capital assets, instead are included as a component of restricted net position, expendable described below.

Net Investment in capital assets – The College's total investment in property, plant and equipment, net of accumulated depreciation and any outstanding debt attached to its capital assets. To the extent of restricted cash and cash equivalents for capital projects collected, but not yet spent, these amounts are not included as a component of capital assets, instead are included as a component of restricted net position, expendable described below.

Unrestricted net position – These represent all the other resources available to the College for general and educational obligations to meet expenses for any lawful purpose. Unrestricted net position is not subject to externally imposed stipulations; however, the College has designated the majority of the unrestricted net position for various academic and support functions. 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.

Condensed Net Position

As of June 30 (in thousands)	2024	2023
Net Investment in capital assets	$ 83,565	$ 84,738
Restricted		
Expendable Net Pension Asset	2,272	1,846
Expendable Other	1,316	1,555
Unrestricted (deficit)	1,548	(1,351)
Total Net Position	$ 88,701	$ 86,788

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position provides information about the details of the changes in the net position of the College. The statement classifies revenues and expenses as either operating or non-operating. Generally, operating revenues are revenues that are earned by the College in exchange for providing goods or services. Operating expenses are defined as expenses incurred in the normal operation of the College, including a provision for the depreciation of property and equipment assets. The difference between the operating revenues and operating expenses, will always result in an operating loss since the College's state operating appropriations, and Federal Pell grant revenues are shown as non-operating revenues as required by the GASB.

A summary of the College's Statements of Revenue, Expenses and Changes in Net Position for the years ended June 30, 2024 and 2023, follows:

Centralia College
Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2024	2023
Operating Revenues		
Student tuition and fees, net	$ 3,187	$ 3,414
Auxiliary enterprise sales	1,134	938
Grants and contracts	18,764	16,877
Other operating revenues	173	153
Total operating revenues	23,258	21,382
Non-Operating Revenues		
State appropriations	20,153	18,708
Federal Pell grant revenue	3,564	2,643
Federal non-operating revenue	0	3,916
Other non-operating revenues	1,314	138
Total non-operating revenues	25,030	25,405
Total revenues	48,288	46,787
Operating Expenses		
Salaries and Benefits	29,432	27,434
Scholarships	4,946	4,975
Depreciation	3,101	2,953
Other operating expenses	8,790	9,478
Total operating expenses	46,269	44,840
Non-Operating Expenses		
Building fee remittance	674	581
Other non-operating expenses	880	263
Total non-operating expenses	1,554	844
Total expenses	47,823	45,684
Excess before capital contributions	465	1,103
Capital appropriations and contributions	1,447	3,588
Change in Net Position	1,912	4,691
Net Position		
Net position, beginning of year	86,788	82,097
Net Position, end of year	$ 88,701	$ 86,788

Operating and Non-Operating Revenues

State operating appropriations, tuition and fees (net of scholarship discounts and allowances), and grants and contracts, are the primary sources for funding the College's academic programs.

Revenues

The state of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college. In FY24, the SBCTC allocated funds to each of the 34 colleges based on three-year average FTE actuals. This method of allocation will continue in FY25.

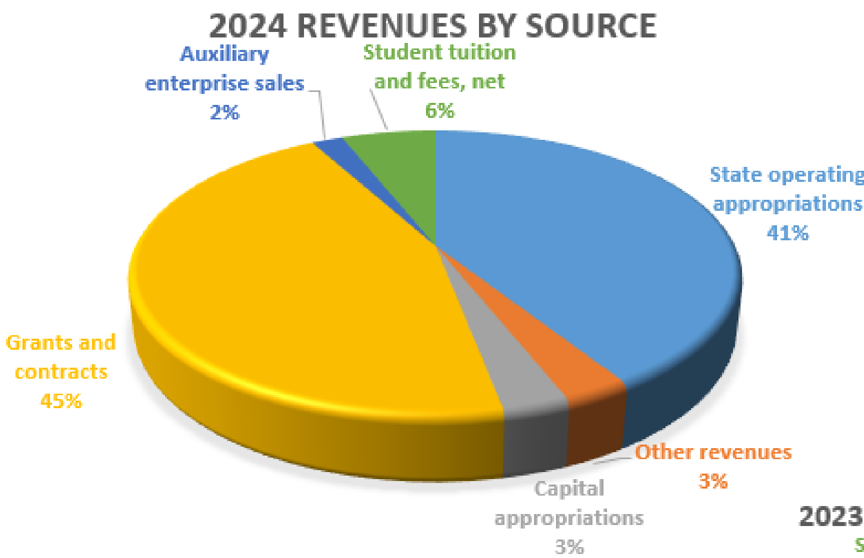
State supported enrollments increased 11% or 141 FTE-S (full time equivalent students) in FY24. In addition, the tuition rate increased 3.69%. Despite these increases tuition and fees slightly decreased by a net of $227K due to the increase in state and federal student aid. Enrollments have been continuing to slowly increase after the sharp decrease attributable to the COVID-19 pandemic. Pell grant, as well as auxiliary enterprise sales, revenues generally follow enrollment trends. The College's enrollment increased during FY24, and these revenue sources showed increases as well.

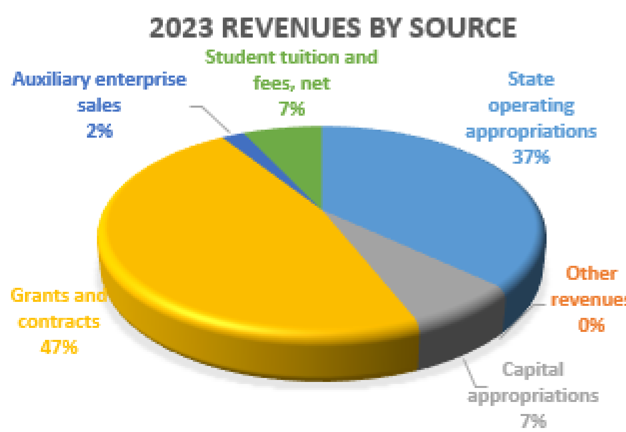
In 2024, grant and contract operating revenues increased by $1.89 million when compared 2023. In FY24, state and local grants and contracts revenue increased by $1.73 million while federal grants and contracts revenue showed little change when compared to FY23. For state and local grants and contracts, the main changes were increases of $362K in ECEAP, $234K from the Chehalis SAI Project, $824K in Running Start, $118K in Opportunity Grant CTS, and $401K for Washington College Grant. In addition, there were decreases of $190K for the Early ECEAP grant, $125K for the BS-Computer Science contract, $281K for Running Start ESSER grant and $253K for the Cedar Creek contract. The rest of the net increase in state and local grants and contract revenue is made up of several smaller increases and decreases.

Total non-operating revenues decreased by $375K when compared to FY23. In FY24, state appropriations revenue increased $1.45 million. Pell increased $921K while HEERF funding for student aid and institutional expenses related to COVID-19 decreased $3.92 million as a result of the program ending. Investment income increased by $1.18 million.

The College receives capital spending authority on a biennial basis and may carry unexpended amounts forward into one or two future biennia, depending on the original purpose of the funding. In accordance with accounting standards, the amount shown as capital appropriation revenue is the amount expended in the current year. Capital appropriation revenue decreased $2.14 million in FY24 compared to FY23. Expenses from capital project funds that do not meet accounting standards for capitalization are reported as operating expenses. Those expenses that meet the capitalization standard are not shown as expense in the current period and are instead recognized as depreciation expense over the expected useful lifetime of the asset.

The following illustration showing revenue by source, both operating and non-operating used to fund the College's programs for the year ended June 30, 2024 and 2023, in percentage terms.



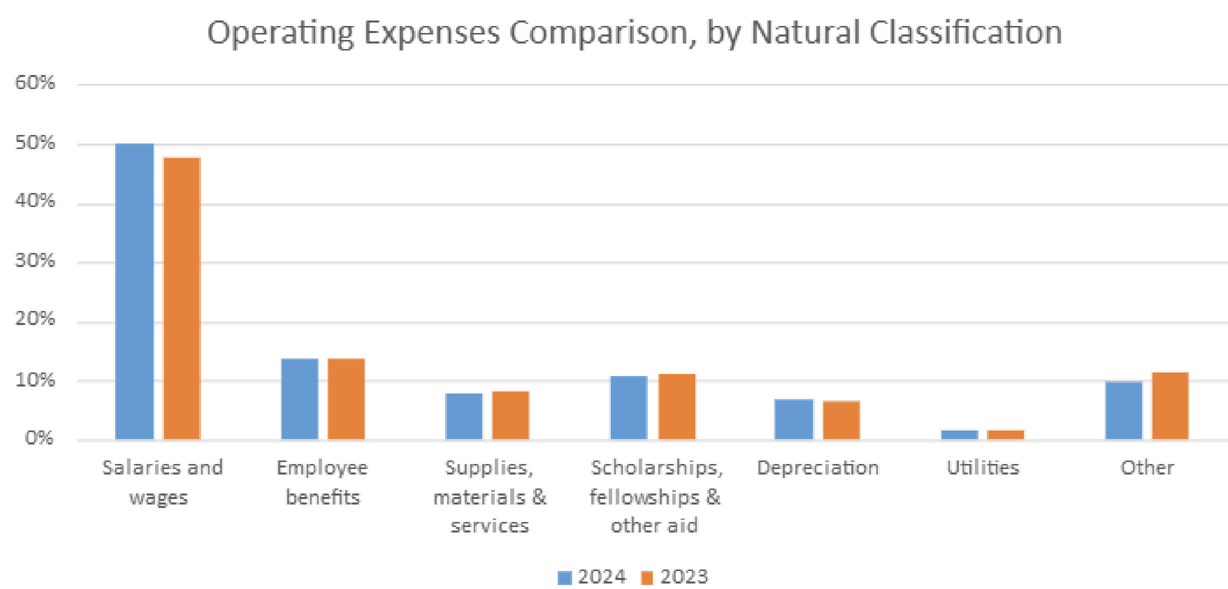


Operating Expenses

For FY24, the College saw an increase of $1.43 million in total operating expenses. Salary costs increased $1.8 million with COLA salary increases of 4% for staff and 8.9% for faculty, increased adjunct faculty, less vacant staff positions as well as the conversion of part time hourly positions to full time to comply with the new Washington state law.

The net $193K increase in benefit costs was primarily a result of the benefits associated with the increase in salaries but was reduced by the $194K increase in pension and OPEB expense adjustments. Other operating expenses saw a decrease of $688K. The decrease was primarily a result of an $803K decrease in repairs and maintenance from capital appropriation funded projects, a $573K decrease in computers and related hardware, and increases in other goods of $415K and in training of $204K. The rest of the net decrease in other operating expenses is made up of several smaller increases and decreases.

Salaries and wages, employee benefits, scholarships, fellowships and other aid, and other are the major support costs for the College's programs, followed by supplies materials and services, depreciation and utilities.



Capital Assets and Long-Term Debt Activities

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

At June 30, 2024, the College had invested $85.82 million in capital assets, net of accumulated depreciation. This represents a decrease of $1.3 million from last year, shown in the table below.

Capital Assets

For the years ended June 30 (in thousands)	2024	2023
Land	$ 9,030	$ 9,030
Construction in Progress	3,480	3,082
Buildings, net	61,729	64,223
Other Improvements and Infrastructure, net	10,163	9,148
Equipment, net	1,414	1,629
Library Resources, net	8	11
Total Capital Assets, net	$ 85,824	$ 87,123

The decrease in net capital assets can be attributed primarily to the $2.1 million increase in accumulated depreciation and $800K net increase in capital assets, which includes a loss on disposal of assets, and the completion of two capital projects: Electrical infrastructure and Walnut Street Compound. Additional information on capital assets can be found in Note 7 of the Notes to the Financial Statements.

Right to use leased assets are also part of the College's capital assets. Right to use lease assets decreased due to amortization recorded in FY24 for $70,917. In FY22, the College implemented GASB 87, Leases and recorded the following right to use leased asset as part of its capital assets. The amounts in the table below are reported net of accumulated amortization.

Leased Assets

Right to Use Asset Type	2024	2023	Change
Leased Building, net	$ 88,646	$ 159,563	(70,917)
Total Leased Capital Assets, net	$ 88,646	$ 159,563	$ (70,917)

At June 30, 2024, the College had $1.99 million in outstanding debt. This represents a decrease of $105K from last year, as shown in the table below. The College entered into a Certificate of Participation (COP) for the Trans Alta Building during FY17. The College implemented GASB 87, Leases in FY22. The College has a right to use lease for the Southwest Washington Flexible Trades (SWFT) building which was entered into during FY22.

Certificates of Participation and Right to Use Leases

For the years ended June 30 (in thousands)	2024	2023	Change
Certificates of Participation	$ 1,990	$ 2,095	$ (105)
Right to Use Lease Liabilities	89	160	$ (71)
Total	$ 2,079	$ 2,255	$ (176)

Additional information of lease payable, notes payable, debt service requirements and long-term liabilities can be found in Notes 12, 13, 14 and 15 of the Notes to the Financial Statements.

Financial Summary and Economic Factors That Will Affect the Future

For the next biennium, the Washington State budget is currently facing a significant deficit. It is too early to say for certain how this will impact the college's budget; however, the State Board for Community and Technical Colleges (SBCTC) is discussing budget cuts in the 5% to 8% range. While a budget cut in this range would be manageable for Centralia College, the situation may be complicated if inflation continues above average levels, driving up the cost of operations.

Currently, the SBCTC is reviewing the allocation formula for colleges, and is planning to make changes to the formula in the near future. The College has reviewed the first round of proposed changes, and it seems likely that some potential negative funding changes would likely be offset by other positive changes. The results of the proposed changes will be finalized in spring of 2025.

While enrollment climbed consistently from spring of 2022 to fall of 2024, for winter 2025, enrollment growth is currently stagnant, and equal to winter 2024. If enrollment remains flat, tuition and contract revenue will be stagnant.

In addition, changes in Federal administration may bring additional budget impacts, particularly for federally-funded programs. It is too soon to make any specific predictions about exactly how these changes may play out.

Financial Statements

Centralia College Statement of Net Position

As of June 30, 2024

Assets	
Current Assets	
Cash and cash equivalents (Note 3)	$ 6,998,612
Investments (Note 3)	1,978,860
Accounts receivable, net (Note 4)	8,408,517
Lease receivable, net (Note 5)	125,945
Inventories (Note 6)	210,813
Interest receivable	26,294
Other current assets	42,890
Total current assets	17,791,931
Non-Current Assets	
Restricted cash and cash equivalents (Note 3)	1,328,732
Net pension asset (Note 16)	2,271,647
Investments (Note 3)	6,179,340
Long-term lease receivable , net (Note 5)	531,406
Non-depreciable capital assets (Note 7)	12,509,187
Capital assets, net of depreciation (Note 7)	73,315,127
Leased assets, net of amortization (Note 7)	88,646
Total non-current assets	96,224,085
Total Assets	114,016,016
Deferred Outflows	
Deferred outflows related to pensions (Note 16)	3,634,535
Deferred outflows related to OPEB (Note 17)	2,135,697
Total Deferred Outflows	5,770,232
Liabilities	
Current Liabilities	
Accounts payable and accrued liabilities (Note 8)	3,453,666
Total OPEB liability (Note 15 and 17)	239,267
Unearned revenues (Note 9)	782,137
Compensated absences (Note 11 and 15)	132,673
Leases and certificates of participation payable (Note 12, 13, 14 and 15)	202,278
Net pension liability (Note 15 and 16)	53,850
Total current liabilities	4,863,871
Non-Current Liabilities	
Total OPEB Liability (Note 15 and 17)	9,255,903
Net pension liability (Note 15 and 16)	1,991,687
Leases and certificates of participation (Note 12, 13, 14 and 15)	2,145,645
Compensated absences (Note 11 and 15)	1,897,160
Total non-current liabilities	15,290,395
Total Liabilities	20,154,266
Deferred Inflows	
Deferred inflows on lease receivable (Note 5)	657,420
Deferred inflows related to pensions (Note 16)	3,079,155
Deferred inflows related to OPEB {Note 17)	7,194,794
Total Deferred Inflows	10,931,369
Net Position	
Net investment in capital assets	83,565,036
Restricted Expendable for:	
Pension Asset	2,271,647
Other	1,316,231
Unrestricted	1,547,699
Total Net Position	88,700,613

The accompanying notes are an integral part of this statement

Centralia College Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2024

Operating Revenues		
Student tuition and fees, net	$	3,187,104
State and local grants and contracts		17,191,257
Federal grants and contracts		1,572,266
Auxiliary enterprise sales		1,133,609
Other operating revenues		173,419
Total operating revenue		23,257,655
Operating Expenses		
Salaries and wages		23,152,227
Employee Benefits		6,280,255
Scholarships and fellowships		4,945,642
Supplies, materials and services		3,550,542
Repairs and maintenance		644,703
Other operating expenses		3,922,290
Depreciation and amortization		3,101,125
Utilities		671,970
Total operating expenses		46,268,754
Operating income (loss)		(23,011,099)
Non-Operating Revenues (Expenses)		
State operating appropriations		20,152,943
Federal Pell grant revenue		3,563,561
Interest income, leases		2,687
Investment income		1,311,069
Interest on indebtedness		(471,765)
Building fee remittance		(674,338)
Innovation fund remittance		(112,955)
Loss on asset disposal		(295,039)
Net non-operating revenue		23,476,163
Gain before capital appropriations		465,064
Capital appropriations		1,447,076
Change in net position		1,912,140
Net Position		
Net position, beginning of year		86,788,473
Net position, end of year	$	88,700,613

The accompanying notes are an integral part of this statement

Centralia College Statement of Cash Flows

For the Year Ended June 30, 2023

Cash Flows From Operating Activities		
Tuition and fees	$	3,207,469
Grants and contracts		19,211,565
Payments for employees		(22,883,523)
Payments for benefits		(7,725,598)
Payments to vendors		(3,340,727)
Payments for scholarships and fellowship		(4,945,642)
Payments for utilities		(632,661)
Auxiliary enterprise sales		1,028,320
Other receipts		175,228
Other payments		(8,455,028)
Net cash used by operating activities		(24,360,597)
Cash Flows From Noncapital Financing Activities		
State appropriations		20,152,943
Federal Pell grant receipts		3,563,561
Building fee remittance		(674,338)
Innovation fee remittance		(112,955)
Net cash provided by noncapital financing activities		22,929,211
Cash Flows From Capital Related Financing Activities		
Capital appropriations		1,447,076
Proceeds from sale of capital assets		56,120
Purchases of capital assets		(1,279,312)
Principal paid on capital debt		(105,000)
Interest paid on capital debt		(104,750)
Net cash provided by capital related financing activities		14,134
Cash Flows From Investing Activities		
Purchase of investments		(2,494,093)
Proceeds from sales and maturities of investments		2,500,000
Investment income		684,854
Net cash provided by investing activities		690,761
Increase (Decrease) in Cash and Cash Equivalents		(726,491)
Cash and Cash Equivalents, Beginning of Year		9,053,835
Cash and Cash Equivalents, End of Year	$	8,327,344

The accompanying notes are an integral part of this statement

Centralia College Statement of Cash Flows – Continued

For Year Ended June 30, 2023

Reconciliation of Operating Loss to Net Cash used by Operating Activities		
Operating Loss	$	(23,011,099)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense		3,101,125
Changes in assets, liabilities and deferrals		
Accounts payable and accrued liabilities		(166,961)
Accounts receivable		(2,716,975)
Inventories		(60,534)
Compensated absences		193,935
Pension/OPEB liability		(1,696,873)
Unearned revenues		(3,215)
Net cash used by operating activities	$	(24,360,597)
Significant non-cash Transactions		
Capital Assets purchased with accounts payable	$	802,919
Loss on disposal of Capital Assets		351,158

The accompanying notes are an integral part of this statement

Audited Financial Statements of Component Unit

CENTRALIA COLLEGE FOUNDATION
A Washington Not-For-Profit Corporation

STATEMENT OF FINANCIAL POSITION
As of June 30, 2024 and 2023

	June 30, 2024	June 30, 2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	1,336,922	3,212,286
Pledges Receivable	15,500	18,000
Current Portion of Note Receivable	-	10,433
TOTAL CURRENT ASSETS	1,352,422	3,240,719
NONCURRENT ASSETS		
Long-Term Pledges Receivable, Net	10,600	20,100
Long-Term Note Receivable	2,350,585	348,215
Life Insurance Policies	67,482	49,925
Investment in Affiliates	192,748	250,000
Long-Term Investments	23,829,629	20,955,255
Land, Building, and Equipment Held for the Benefit of the College, Net	4,257,727	3,309,488
Land, Building, and Equipment, Net	60,132	65,023
TOTAL NONCURRENT ASSETS	30,768,903	24,998,006
TOTAL ASSETS	32,121,325	28,238,725
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	314,883	115,043
Charitable Gift Annuity Contracts	7,227	7,662
Payable to the College	-	300
TOTAL LIABILITIES	322,110	123,005
NET ASSETS		
Without Donor Restrictions	2,997,948	3,247,300
TOTAL WITHOUT DONOR RESTRICTIONS	2,997,948	3,247,300
With Donor Restriction		
Purpose or Time Restrictions	11,403,339	15,259,211
Perpetual in Nature	17,397,928	9,609,209
TOTAL WITH DONOR RESTRICTIONS	28,801,267	24,868,419
TOTAL NET ASSETS	31,799,215	28,115,719
TOTAL LIABILITIES AND NET ASSETS	32,121,325	28,238,724

The accompanying notes are an integral part of this statement

CENTRALIA COLLEGE FOUNDATION
A Washington Not-For-Profit Corporation

STATEMENT OF ACTIVITIES
For the Period Ending June 30, 2024 and 2023

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
SUPPORT AND REVENUES				
Contributions	313,900	1,593,507	1,907,407	$ 1,709,015
Grants	-	-	-	50,000
Special Fundraising Event	56,675	10,407	67,082	47,020
Club Income	-	82,854	82,854	62,164
Net Investment Return	2,234	2,690,843	2,693,077	2,231,170
Gain on Sale of Property	-	321,960	321,960	-
Rental Revenue	-	34,007	34,007	50,134
Other Income	-	(470)	(470)	5,000
Net Assets Released from Restrictions	800,260	(800,260)	-	-
Total Support and Revenue	1,173,070	3,932,848	5,105,917	4,154,503
EXPENSES				
Program Services	871,135	-	871,135	889,433
Management and General	354,797	-	354,797	401,827
Fundraising	196,490	-	196,490	2,676
Total Expenses	1,422,422	-	1,422,422	1,293,936
CHANGE IN NET ASSETS	(249,353)	3,932,848	3,683,495	2,860,567
NET ASSETS, BEGINNING OF YEAR	3,247,300	24,868,419	28,115,720	25,255,153
NET ASSETS, END OF YEAR	$ 2,997,948	$28,801,267	$ 31,799,215	$28,115,720

The accompanying notes are an integral part of this statement

CENTRALIA COLLEGE FOUNDATION
A Washington Not-For-Profit Corporation

STATEMENT OF FUNCTIONAL EXPENSES
For the Period Ending June 30, 2024 and 2023

	Program Services	Management and General	Fundraising	2024 Total	2023 Total
Purchased and In-Kind Services	$ 46,867	$ 145,028	$ 120,551	$ 312,446	$ 405,879
Grants and Allocations	547,655	-	-	547,655	403,080
Depreciation	185,834	440	-	186,274	122,002
Other Goods and Services	18,614	57,599	47,878	124,091	109,234
Printing and Communications	-	-	206	206	2,544
Professional Fees	-	30,537	-	30,537	27,066
Small Equipment Purchases	41,979	-	-	41,979	86,283
Cost of Goods Sold	-	-	-	-	14
Insurance and Property Taxes	1,704	7,385	2,272	11,361	19,533
Occupancy	76	328	101	505	4,958
Advertising	-	-	1,360	1,360	1,951
Supplies	17,978	77,905	23,971	119,854	70,730
Printing	3,096	33,376	-	36,472	38,187
Travel, Conferences, and Training	7,219	1,709	-	8,928	2,475
Repairs	113	490	151	754	-
	$ 871,135	$ 354,797	$ 196,490	$1,422,422	$1,293,936

The accompanying notes are an integral part of this statement

CENTRALIA COLLEGE FOUNDATION
A Washington Not-For-Profit Corporation

STATEMENT OF CASH FLOWS
For the Period Ending June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITES		
Cash Received from Support and Revenue	$ 1,316,043	$ 1,024,011
Cash Paid for Management, Program, and Fundraising	(1,037,043)	(1,195,065)
Dividends and Interest	99,591	2,119
Net Cash Provided (Used) by Operating Activities	378,591	(168,935)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Building, Equipmment, and Construction in Progress	(1,504,217)	550,321
Sale of Land, Building, and Equipment	374,595	
Receipts on Notes Receivable	(1,991,937)	(328,384)
Purchases of Investments	-	(250,000)
Proceeds from Sale of Investments	(141,602)	978,670
Net Cash Provided (Used) by Investing Activities	(3,263,161)	950,607
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions to be Held in Perpetuity	1,009,207	909,703
Prior Period Adjustment	-	-
Net Cash Provided (Used) by Financing Activities	1,009,207	909,703
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,875,364)	1,691,375
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,212,286	1,520,911
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,336,922	$ 3,212,286

The accompanying notes are an integral part of this statement

CENTRALIA COLLEGE FOUNDATION
A Washington Not-For-Profit Corporation

STATEMENT OF CASH FLOWS (CONTINUED)
For the Period Ending June 30, 2024 and 2023

	2024	2023
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Assets	$3,683,495	$ 2,860,567
Adjustments to reconcile change in net assets to net assets to net cash provided (used) by operating activities		
Net unrealized and realized losses from investments	(2,700,788)	(2,225,937)
Contributions to be held in perpetuity	(1,009,207)	(909,703)
Depreciation	186,274	122,002
Life insurance policies	7,711	(5,233)
(Increase) decrease in:		
Contributions receivable	12,000	27,500
Increase (decrease) in:		
Accounts payable	199,840	87,945
Charitable gift annuity contracts	(435)	(2,944)
Payable to the college	(300)	(108,132)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 378,591	$ (168,935)

DISCLOSURE OF ACCOUNTING POLICY AND NONCASHTRANSACTIONS

For purposes of these financial statements, cash and cash equivalents is considered to include only cash on hand, and cash and money market accounts used for operating activities. In 2024 and 2023, noncash transactions include donated materials and services of $221,866 and $196,937, respectively.

The accompanying notes are an integral part of this statement

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Financial Reporting Entity

Centralia College ("College") is a comprehensive community college offering open-door academic transfer, workforce education, and basic skill programs, as well as, community service and continuing education courses. The College confers applied baccalaureate degrees, associate degrees, certificates and high school diplomas. It is governed by a five-member Board of Trustees appointed by the Governor and confirmed by the state Senate. The College is an agency of the State of Washington. The financial activity of the College is included in the State's Annual Comprehensive Financial Report. These notes form an integral part of the financial statements.

The Centralia College Foundation ("Foundation") is a separate but affiliated non-profit entity, incorporated under Washington law in 1982 and recognized as a tax exempt 501(c)(3) charity. The Foundation's charitable purpose is to receive gifts, bequests, and donations to be held in trust and administered to advance the goals of Centralia College. Because the majority of the Foundation's income and resources are restricted by donors and may only be used for the benefit of the college or its students, the Foundation is considered a component unit based on the criteria contained in Governmental Accounting Standards Board (GASB) Statement Nos. 61, 39 and 14. A discrete component unit is an entity which is legally separate from the College, but has the potential to provide significant financial benefits to the College or whose relationship with the College is such that excluding it would cause the College's financial statements to be misleading or incomplete.

The Foundation's financial statements are discretely presented in this report. The Foundation's statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Intra-entity transactions and balances between the College and the Foundation are not eliminated for financial statement presentation. During the fiscal year ended June 30, 2024, the Foundation distributed approximately $574,401 to the College for restricted and unrestricted purposes. A copy of the Foundation's complete financial statements may be obtained from the Foundation's Administrative Offices at (360)623-8942.

Basis of Presentation

The financial statements have been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments* as amended by GASB Statement No. 35, *Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities*. For financial reporting purposes, the College is considered a special-purpose government engaged only in Business Type Activities (BTA). In accordance with BTA reporting, the College presents a Management's Discussion and Analysis; a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and Notes to the Financial Statements. The format provides a comprehensive, entity-wide perspective of the college's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

Basis of Accounting

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

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

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, bank demand deposits, and deposits with the Washington State Local Government Investment Pool (LGIP). Cash in the investment portfolio is not included in cash and cash equivalents as it is held for investing purposes. Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets along with operating funds invested in the LGIP. The College records all cash and cash equivalents at fair value. Investments in the state's LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. All other investments are reported at fair value.

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

Leases Receivables
Lease receivables are recorded at the present value of future lease payments expected to be received from the lessee during the term of the lease, reduced by a provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted using the State of Washington's incremental borrowing rate unless otherwise noted in the contract term.

Inventories
Inventories consist of merchandise held by auxiliary departments. Inventories are valued at cost, using the First-in First-out (FIFO) valuation method.

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

Land, buildings and equipment are recorded at cost, or if acquired by gift, at acquisition value at the date of the gift. GASB 34 guidance concerning preparing initial estimates for historical cost and accumulated depreciation related to infrastructure was followed. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, excluding intangible right-to-use lease assets and subscription-based IT agreement assets. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

In accordance with the state capitalization policy:

- Land, including land use rights with indefinite lives acquired with the purchase of the underlying land, and ancillary costs are capitalized
- Infrastructure with a cost of $100,000 or more is capitalized and depreciated over 20-50 years

- Building, building improvements, improvements other than building and leasehold improvements with a cost of $100,000 or more are capitalized and depreciated over 5-50 years
- Lease assets with total payments over the lease term of $500,000 or more are capitalized and amortized over the life of the lease
- All capital assets acquired with Certificates of Participation, are capitalized and depreciated based on the category of asset
- All other capital assets with a unit cost (including ancillary costs) of $5,000 or greater, or collections with a total cost of $5,000 or greater are capitalized and depreciated over 3-50 years depending on specific category of asset

Leases (Lessee)

Right-to-use lease assets are recorded at the initial measurement of the lease liability, plus lease payment made at/or before the commencement of the lease term, less any incentives received from the lessor at/or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The college reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At June 30, 2024, no assets had been written down.

Unearned Revenue

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

Tax Exemption

The College is a tax-exempt organization under Section 115(1) of the Internal Revenue Code and is exempt from federal income taxes on related income. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Pension and OPEB Liability

For purposes of measuring the net pension liability in accordance with GASB 68, *Accounting and Financial Reporting for Pensions,* deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of Washington Public Employees'

Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/deductions from PERS's and TRS's fiduciary net position have been determined on the same basis as they are reported by PERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Deferred inflows related to lease receivable reflects the remaining amount due for all years in the current lease agreement.

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

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

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

Net Position

The College's net position is classified, as follows:

Net investment in capital assets – This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Restricted for Nonexpendable - This consists of endowment and similar type funds for which donors or other outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to the principle.

Restricted net position, expendable – The amount of restricted net pension, expendable includes $2,271,647 for Net Pension Asset using the GASB preferred method which excludes deferred inflows and deferred outflows from the calculation. The total restricted net position, expendable also includes resources in which the College is legally or contractually obligated to spend in accordance with restrictions placed by third parties.

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

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

Classification of Revenues and Expenses

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

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

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

Non-operating Revenues. This includes activities that are not directly related to the ongoing operations of the College, such as gifts and contributions, state appropriations, investment income and Pell grants received from the federal government.

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

<u>Scholarship Discounts and Allowances</u>
Student tuition and fee revenue, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charges for goods and services charged by the College, and the amount that is paid by the students and/or third parties on the students' behalf. Certain government grants, such as Pell grant, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. Discounts and allowances for the year ending June 30, 2024 were $5,007,080.

<u>State Appropriations</u>
The state of Washington appropriates funds to the State Board of Community and Technical Colleges (SBCTC) which allocates funding to the College on both an annual and biennial basis. These revenues are reported as non-operating revenues on the

Statement of Revenues, Expenses and Changes in Net Position, and recognized as such when the related expenses are incurred.

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

Note 2. Accounting and Reporting Changes

In FY2024 the college changed the way the State Board Retirement Plan (SBRP) is reported in the financial statements. Previously the measurement date and reporting date were the same but there is now a one-year lag between measurement and reporting date which causes an increase in deferred outflows of $12,895 for the contributions made subsequent to measurement date. Both methods are allowed under GASB 68. This change is necessary to allow the actuaries sufficient time to gather information for the net pension liability calculations. This change does not alter the methodology for the calculations, it only alters the reporting timeline. The previous reporting timeline required that periodically estimates had to be made for returns on investments and this new timeline will allow final investment activity to be utilized. Net Pension Liabilities, Deferred Inflows, and pension expense will be reported for FY24 as the same values reported in FY23. Deferred outflows will now include contributions and payments made subsequent to the measurement date.

In April 2022, GASB issued GASB Statement No. 99, Omnibus 2022, which was issued to enhance comparability in accounting and financial reporting in various areas including derivatives, leases, public-private and public-public partnerships, subscription-based information technology arrangements, as well as others. The College will adopt this statement in line with the dates as outlined in the standard, which varies depending on the applicable paragraph beginning in fiscal year 2022 through fiscal year 2024.

Note 3. Deposits and Investments

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

Investments in Local Government Investment Pool (LGIP)
The College is a participant in the Local Government Investment Pool as authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

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

As of June 30, 2024, the carrying amount of the College's cash and equivalents was $8,327,344 as represented in the table below.

Cash and cash equivalents include restricted cash and cash equivalents of $1,629,288 at June 30, 2023.

Cash and Cash Equivalents		June 30, 2024
Change Funds	$	4,950
Undeposited Local Cash		2,491
Bank Demand and Time Deposits		704,691
Local Government Investment Pool		7,615,212
Total		8,327,344

Cash and cash equivalents include cash and cash equivalents restricted for grants, contracts, Associated Students of Centralia College capital projects and agency clearing funds totaling $1,328,732 at June 30, 2024.

Custodial Credit Risk

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 Key Bank. All cash and equivalents, except for change funds held by the College, are insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the Washington Public Deposit Protection Commission (PDPC).

Investments

Interest Rate Risk

Interest rate risk is the risk that the College may face should interest rate variances affect the fair value of investments. The College investment policy stipulates that the College manage its exposure to interest rate risk by limiting the duration of investment and structuring the maturity of investments to mature at various points in the year, with a maximum duration for fixed-income securities of 48 months from the time of purchase until maturity.

Although bonds are issued with clearly defined maturities, an issuer may be able to redeem, or call, a bond earlier than its maturity date. The College may then have to consider replacing the called bond with a bond that may have a lower yield than the original yield. The call feature causes the fair value to be highly sensitive to changes in interest rates. Bond maturities, not factoring in any call provision they may contain, mature over the next four years as follows:

Fair Market Value	Investment Maturities (in months)		
6/30/2024	0-12	13-24	25-48
$ 8,158,200	1,978,860	2,277,140	3,902,200

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of an investment of a single issuer. Fixed-income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. Management believes that obligations of the U.S. government sponsored enterprise (GSE) bonds, such as Fannie Mae (FNMA), Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank or those explicitly guaranteed by the U.S. government, are considered to have minimal concentrations of credit risk.

Investment in Government Securities

The College has $8.419 million in US Government sponsored enterprise bonds, with staggered maturities, in $500,000 -$800,000 amounts. The original maturities ranged from 12 to 48 months. The College has assessed the effects of Statement No. 72 on its investments, and reports investments at fair value. Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

The College measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:

> Level 1 – Prices based on quoted prices in active markets for identical assets or liabilities;
>
> Level 2 – Quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable;

Level 3 – Unobservable inputs for an asset or liability.

At June 30, 2024, the College had the following investments:

Investments by fair value level	Total	Level 1	Level 2	Level 3
Fixed income securities				
U.S. Government Agency Securities	$ 8,158,200	2,419,507	5,738,693	N/A

Note 4. Accounts Receivable

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

Accounts Receivable		Amount
Grants and contracts	$	2,506,915
Due from other agences		2,484,396
State Appropriations		1,830,885
Tuition and fees		950,387
Auxiliary support		337,702
Other		305,205
Less Allowance for Uncollectible Accounts		(6,973)
Accounts Receivable, net	**$**	**8,408,517**

Note 5. Leases Receivable

The College leases a portion of the Transitional Studies Building (TSB) to the Washington State Employment Security Department and the original lease expired on April 30, 2024. A new lease was signed which expires on April 30, 2029. Payments are monthly based on the contract terms and conditions. Leases receivable are reported net of amortization on the Statement of Net Position. The lease receivables are reported at net present value using the State of Washington's incremental interest rate unless otherwise noted in the contract term. Revenue recognized under this lease agreement during the year ended June 30, 2024 was as follows:

Leases Receivable		Revenue recognized during FY2024	
Basis	Term (through)	Lease Revenue	Interest Revenue
TSB Building	April 2024	$ 118,985	$ 495
TSB Building	April 2029	22,670	2,192
Total		141,655	2,687

Note 6. Inventories

Merchandise inventories for the College Bookstore at year-end, stated at cost using the first-in, first-out (FIFO) inventory valuation method were $210,813 at June 30, 2024.

Note 7. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2024 is presented as follows. The current year net depreciation expense was $2,099,473.

	June 30, 2023	Additions	Retirements	June 30, 2024
Capital assets				
Land	$ 9,029,577			9,029,577
Construction in progress	3,081,762	1,438,479	1,040,631	3,479,610
Total capital assets, non-depreciable	12,111,339	1,438,479	1,040,631	12,509,188
Buildings	98,431,429		346,155	98,085,274
Infrastructure	10,747,958	1,435,869		12,183,827
Furniture, fixtures and equipment	6,228,137	248,514	935,738	5,540,912
Library resources	2,299,121			2,299,121
Total capital assets, depreciable	117,706,645	1,684,383	1,281,893	118,109,134
Less accumulated depreciation				
Buildings	34,208,175	2,175,158	27,472	36,355,861
Infrastructure	1,599,662	420,719		2,020,381
Furniture, fixtures and equipment	4,599,033	431,462	903,263	4,127,232
Library resources	2,287,664	2,869		2,290,533
Total accumulated depreciation	42,694,534	3,030,208	930,735	44,794,008
Capital assets, net	$ 87,123,450	$ 92,654	$ 1,391,789	$ 85,824,314

Lease assets as of June 30, 2024 and lease asset activity for the year ended June 30, 2024 are summarized below:

	June 30, 2023	Additions	Retirements	June 30, 2024
Leased assets				
Leased Buildings	248,209			248,209
Total leased assets	248,209	-	-	248,209
Less accumulated amortization				
Accum Amort. Leased Buildings	88,646	70,917		159,563
Total accumulated amortization	88,646	70,917	-	159,563
Leased assets, net	$ 159,563	$ (70,917)	$ -	$ 88,646

Note 8. Accounts Payable and Accrued Liabilities

At June 30, 2024, accounts payable and accrued liabilities were as follows:

Accounts Payable and Accrued Liabilities	Amount
Salaries and Wages	$ 694,047
Benefits	649,539
Utilities	74,689
Grants and Contracts	800,749
All other	1,234,642
Total Accounts Payable and Accrued Liabilities	3,453,666

Note 9. Unearned Revenue

Unearned revenue is comprised of receipts which have not yet met revenue recognition criteria, at June 30, 2024, as follows:

Unearned Revenue	Amount
Tuition and fees	$ 376,859
Auxiliary enterprises	85,758
Grants and Contracts	319,520
Total Unearned Revenue	782,137

Note 10. Risk Management

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

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

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

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. Payments made for claims from July 1, 2023 through June 30, 2024, were $49,638.

Note 11. Compensated Absences

At termination of employment, employees may receive a cash payment for all accumulated vacation and compensatory time. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which may be used for future medical expenses and insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The accrued vacation leave totaled $1,148,511 and accrued sick leave totaled $880,651 at June 30, 2024.

An estimated amount of $132,002 based on a three-year average payout, is accrued as a current liability. The remaining amount of accrued annual and sick leave are categorized as non-current liabilities. Compensatory time of $671 is categorized as a current liability since it must be used before other leave.

Note 12. Leases Payable

The College entered into a lease with the Centralia College Foundation for the use of the Southwest Washington Flexible Trades Building (SWFT) on April 1, 2022. The lease liabilities are reported at net present value using the State of Washington's incremental borrowing rate unless otherwise noted in the contract term. The amount of the lease payments for FY24 were $72,000. This lease has a 42-month term and expires on September 30, 2025.

As of June 30, 2024, the future minimum lease payments under this right-to-use lease consists of the following:

	Lease Payable		
Fiscal year	Principal	Interest	Total
2025	71,495	505	72,000
2026	17,973	27	18,000
Total	**$ 89,468**	**$ 532**	**$ 90,000**

Note 13. Notes Payable

In 2017, the College obtained financing in order to cover the student's share of the TransAlta Commons through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $2,595,000 at a premium of $415,668. The premium is to be amortized over the twenty-year term of the loan, at an annual amount of $20,783. The interest rate charged is approximately 3.4%.

The students assessed themselves a mandatory fee to service this debt. Student fees related to the COP are accounted for in a dedicated fund, which is used to pay principal and interest, not coming out of the general operating budget.

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

Note 14. Annual Debt Service Requirements

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

Certificates of Participation			
Fiscal year	Principal	Interest	Total
2025	110,000	99,500	209,500
2026	120,000	94,000	214,000
2027	125,000	88,000	213,000
2028	130,000	81,750	211,750
2029	135,000	75,250	210,250
2030-2034	795,000	266,750	1,061,750
2035-2037	575,000	58,250	633,250
Total	**$ 1,990,000**	**$ 763,500**	**$ 2,753,500**

Note 15. Schedule of Long-term Liabilities

	Balance outstanding 6/30/23	Additions	Reductions	Balance outstanding 6/30/24	Current portion
Certificates of Participation	$ 2,095,000	$ -	$ 105,000	$ 1,990,000	$ 110,000
COP - Amortized Premium	$ 289,238	$ -	$ 20,783	$ 268,455	$ 20,783
Right-to-use leases	$ 160,330	$ -	$ 70,862	$ 89,468	$ 71,495
Compensated Absences	$ 1,835,898	$ 1,329,718	$ 1,135,783	$ 2,029,833	$ 132,673
Total OPEB liability	$ 8,845,509	$ 8,338,528	$ 7,688,866	$ 9,495,171	$ 239,267
Net Pension liability	$ 2,176,571	$ 449,829	$ 580,863	$ 2,045,537	$ 53,850
Total	$ 15,402,546	$ 10,118,075	$ 9,602,157	$ 15,918,464	$ 628,068

Note 16. Retirement Plans

A. General

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

Basis of Accounting

Pension plans administered by the state are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed; investment gains and losses are recognized as incurred; and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable plan.

For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of all plans, and additions to/deductions from all plan fiduciary net position have been determined in all material respects on the same basis as they are reported by the plans.

In accordance with Statement No. 68, the College has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities for all DRS administered plans. In FY24 the College has elected to change from current fiscal year as the measurement date for reporting pension liabilities to a one-year lag between measurement and reporting date for the Higher Education Supplemental Retirement Plan. Net pension liabilities, plan expenses and Deferred inflows will be reported as the same amounts in FY23. Deferred Outflows are increased by the amount of FY24 contributions subsequent to measurement date.

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68 for the College, for fiscal year 2024:

Aggregate Pension Amounts - All Plans (including SBRP)	
Net pension assets	$2,271,647
Net pension liabilities	2,045,537
Deferred outflows of resources related to pensions	3,634,535
Deferred inflows of resources related to pensions	3,079,155
Pension expense	(133,372)

Department of Retirement Systems

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

The DRS administered systems are comprised of 12 defined benefit pension plans and 3 defined benefit/ defined contribution plans. Below are the DRS plans that the College participates in:

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

Plan 1 - defined benefit
Plan 2 - defined benefit
Plan 3 - defined benefit/defined contribution

Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan. Administration of the PERS and TRS plans is funded by an employer rate of 0.18 percent of employee salaries.

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

The DRS prepares a stand-alone financial report that is compliant with the requirements of GASB Statement No. 67. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, WA 98504-8380 or online at https://www.drs.wa.gov/wp-content/uploads/2023/10/2023-ACFR-Document.pdf.

Higher Education

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

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

PERS and TRS

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

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

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

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

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

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

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

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

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

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

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

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

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

Plan Description (TRS). The Legislature established the Teachers' Retirement System (TRS) in 1938. TRS retirement benefit provisions are established in chapters 41.32 and 41.34 RCW and may be amended only by the Legislature. Eligibility for membership requires service as a certificated public-school employee working in an instructional, administrative, or supervisory capacity. TRS is comprised principally of non-state agency TRS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan

2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

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

<u>Benefits Provided.</u> TRS plans provide retirement, disability, and death benefits to eligible members.

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

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

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

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

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

Contributions

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

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

The employer contribution rates (expressed as a percentage of covered payroll) and actual contributions for the year ended June 30, 2024 were as follows:

	PERS 1	PERS 2/3*	TRS 1	TRS 2/3*
Contribution Rates at close of FY24	9.53%	9.53%	9.70%	9.70%
Actual Contributions	247,156	520,509	26,876	122,325

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

Actuarial Assumptions

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

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

Mortality rates were based on Society of Actuaries' Pub. H-2010 Mortality rates, which vary by member status (that is…active, retiree, or survivor), as our base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2021 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report.

The Office of the State Actuary (OSA) selected a 7.00 percent long-term expected rate of return on pension plan investments using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the WSIB. The CMAs contain the following three pieces of information for each class of assets the WSIB currently invests in: Expected annual return, Standard deviation of the annual return and, Correlations between the annual returns of each asset class with every other asset class.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	20%	1.50%
Tangible Assets	7%	4.70%
Real Estate	18%	5.40%
Global Equity	32%	5.90%
Private Equity	23%	8.90%
Total	**100%**	

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

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

<u>Discount Rate</u>
The discount rate used to measure the total pension liability was 7.00 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members.

Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 and TRS Plan 2/3 employers whose rates include a component for the PERS Plan 1 liability). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.00 percent on pension plan investments was applied to determine the total pension liability.

<u>Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate</u>

The following table presents the net pension liability of the College calculated using the discount rate of 7.00 percent, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

Pension Plan	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS 1	1,383,580	990,340	647,134
PERS 2/3	2,448,407	(2,251,161)	(6,112,153)
TRS 1	322,009	211,546	114,987
TRS 2/3	661,407	(20,484)	(574,852)

<u>Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

<u>Pension Liabilities/(Assets).</u> At June 30, 2024, the College reported a total pension liability of $1,201,886 and a total pension asset of $2,271,645 for its proportionate share of the net pension liabilities/(assets) as follows:

Pension Plan		Liability/(Asset)
PERS 1	$	990,340
PERS 2/3		(2,251,161)
TRS 1		211,546
TRS 2/3		(20,484)

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

Pension Plan	2022	2023	Change
PERS 1	0.038598%	0.043384%	0.004786%
PERS 2/3	0.049028%	0.054924%	0.005896%
TRS 1	0.013577%	0.016703%	0.003126%
TRS 2/3	0.013838%	0.016679%	0.002841%

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

Pension Expense. For the year ended June 30, 2024, the College recognized pension expense as follows:

Pension Plan	Pension Expense
PERS 1	$145,000
PERS 2/3	(276,013)
TRS 1	27,828
TRS 2/3	53,597
Total	**(49,588)**

Deferred Outflows and Inflows of Resources Related to Pensions

The following represent the components of the College’s deferred outflows and inflows of resources as reflected on the Statement of Net Position, for the year ended June 30, 2024:

	PERS 1	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	111,715
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	247,156	-
Totals	**$ 247,156**	**$ 111,715**

	PERS 2/3	
	Deferred Outflows	**Deferred Inflows**
Difference between expected and actual experience	458,559	25,152
Difference between expected and actual earnings of pension plan investments	-	848,373
Changes of assumptions	945,115	205,998
Changes in College's proportionate share of pension liabilities	93,945	241,844
Contributions subsequent to the measurement date	520,509	-
Totals	**$ 2,018,129**	**$ 1,321,367**

	TRS 1	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	30,625
Changes of assumptions	-	-
Changes in College's proportionate share of pension liabilities	-	-
Contributions subsequent to the measurement date	26,876	-
Totals	**$ 26,876**	**$ 30,625**

	TRS 2/3	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	178,379	2,886
Difference between expected and actual earnings of pension plan investments	-	98,250
Changes of assumptions	162,728	16,127
Changes in College's proportionate share of pension liabilities	23,634	39,281
Contributions subsequent to the measurement date	122,325	-
Totals	**$ 487,066**	**$ 156,544**

The $916,866 reported as deferred outflows of resources represent contributions the College made subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2025.

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

Year ended June 30:	PERS 1	PERS 2/3	TRS 1	TRS 2/3
2025	(76,006)	(417,247)	(21,401)	(21,715)
2026	(95,587)	(498,158)	(27,055)	(37,075)
2027	58,937	671,124	17,291	101,309
2028	941	215,144	541	42,970
2029		220,898		39,441
Thereafter		(15,510)		83,267
Total	**$ (111,715)**	**$ 176,251**	**$ (30,624)**	**$ 208,197**

C. College Participation in Plan Administered by the State Board for Community and Technical Colleges State Board Retirement Plan (SBRP) – Supplemental Defined Benefits Plans

Plan Description. The State Board Retirement Plan is a privately administered single-employer defined contribution plans with a supplemental defined benefit plan component which guarantees a minimum retirement benefit based upon a one-time calculation at each employee's retirement date. The supplemental component is financed on a pay-as-you-go basis. The College participates in this plan as authorized by chapter 28B.10 RCW and reports its proportionate share of the net pension liability. House Bill 1661, effective fiscal year 2021, created separate Supplemental Retirement Plan (SRP) funds by institution that met the definition of a trust or equivalent arrangement. As a result, this plan has been reported under GASB 67/68 since FY21. Prior to that, the SRP was reported under GASB Statement No. 73. As of June 30, 2024, this plan is being reported with a one year lag between measurement and reporting date. For FY24 this means the measurement date was June 30, 2023 and the reporting date was June 30, 2024.

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

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

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

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

Contributions. Contribution rates for the SBRP (TIAA-CREF), which are based upon age, are 5%, 7.5% or 10% of salary and are matched by the College. Employee and employer contributions for the year ended June 30, 2024, were each $949,345.

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

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

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

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

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

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

- The valuation date was changed from June 30 to January 1. This corresponds with the new data file being provided with participant information as of January 1, 2023.
- OSA updated annuity conversion assumptions for the TIAA investments based on input from TIAA and professional judgment. TIAA contributions and investment earnings annuity conversion changed from contributions made pre-2002/post-2001 converted at 6.00 percent/3.25 percent to contributions pre-2006/post-2005 converted at 7.00/4.00 percent.

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

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following table presents the net pension liability/(asset), calculated using the discount rate of 7.00 percent, as well as what the employers' total pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$ 999,735	$ 843,653	$ 709,750

Pension Liabilities. At June 30, 2024 the College reported a net pension liability of $843,653 for its proportionate share of the net pension liabilities.

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

	2022	2023	Change
SBRP	1.50693190%	1.54825020%	0.04131830%

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

Pension Expense. Because the college was changing from measurement and reporting dates being the same, to measurement report date being a one-year lag from reporting date, there will be no pension expense recognized in FY24.

Pension expense for the fiscal year ending June 30, 2024, was ($83,786).

Plan Membership. Membership in the State Board Supplemental Retirement Plan consisted of the following as of January 1, 2023, the most recent full actuarial valuation date.

Number of Participating Members

District	Inactive Members (Or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled To But Not Yet Receiving Benefits	Active Members	Total Members
Centralia College	14	12	62	88

Net Pension Liability/ (Asset). The following table presents the change in net pension liability/(asset) of the State Board Supplemental Retirement Plan as of June 30, 2023:

Schedule of Development of Net Pension Liability	
Centralia College	
(Dollars in Thousands)	**2023**
Total Pension Liability	
Service Cost	30,734
Interest	110,966
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience[1]	(89,186)
Changes in Assumptions[1]	(176,611)
Benefit Payments	(46,577)
Change in Proportionate Share of NPL	42,096
Net Change in Total Pension Liability	(128,578)
Total Pension Liability - Beginning	1,535,295
Total Pension Liability - Ending (a)	**1,406,717**
Plan Fiduciary Net Position	
Contributions - Employer	13,350
Contributions - Member	-
Net Investment Income	36,552
Benefit Payments	-
Administrative Expense	-
Change in Proportionate Share of Plan Assets	13,695
Other	(2)
Net Change in Plan Fiduciary Net Position	63,595
Plan Fiduciary Net Position-Beginning	499,470
Plan Fiducairy Net Position-Ending (b)	**563,065**
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)	**843,652**
Covered-Employee Payroll	**10,288,751**
Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	**8.20%**

Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2023, the State Board Supplemental Retirement Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference Between Expected and Actual Experience	$ 330,984	$ 411,939
Changes of Assumptions	283,014	$ 649,089
Changes in College's proportionate share of pension liability	206,443	$ 379,729
Differences Between Projected and Actual Earnings on Plan Investments		18,147
Contributions Subsequent to Measurement Date	34,864	
Total	**$ 855,305**	**$ 1,458,904**

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

State Board Supplemental Retirement Plan	
2025	(163,587)
2026	(125,315)
2027	(119,090)
2028	(228,144)
2029	15,221
Thereafter	(17,543)

Note 17. Other Post-Employment Benefits

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

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

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

Employees Covered by Benefit Terms. The PEBB OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement systems. Membership in the PEBB plan for the College consisted of the following:

Summary of Plan Participants
As of June 30, 2023

Active Employees*	293
Retirees Receiving Benefits**	124
Retirees Not Receiving Benefits***	n\a
Total Active Employees and Retirees	417

*Reflects active employees eligible for PEBB program participation as of June 30, 2023.
**Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.
***HCA doesn't have data on this group and OSA doesn't have the methodology to reasonably estimate it. For fiscal year 2024, we have no options, but to report this amount as not available.

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

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2024 the explicit subsidy was $183 per member per month and it will remain $183 per member per month in calendar year 2025.

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

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

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

Required Premium*		
Medical	$	1,251
Dental		81
Life		4
Long-term Disability		2
Total		1,338
Employer contribution		1,156
Employee contribution		182
Total	$	1,338

*Per 2022 PEBB Financial Projection Model version 7.0. Per capita cost based on subscribers; includes non-Medicare risk pool only. Figures based on CY2023 which includes projected claims cost at the time of this reporting.

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

Total OPEB Liability

As of June 30, 2024, the state reported a total OPEB liability of $4.374 billion. The College’s proportionate share of the total OPEB liability is $9,495,173. This liability was determined based on a measurement date of June 30, 2023.

Actuarial Assumptions. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

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

In projecting the growth of the explicit subsidy, after 2022 when the cap is $183, it is assumed to grow at the health care trend rates. The Legislature determines the value of the cap and no future increases are guaranteed; however, based on historical growth patterns, future increases to the cap are assumed.

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

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

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

Actuarial Valuation Date	6/30/2022
Actuarial Measurement Date	6/30/2023
Actuarial Cost Method	Entry Age
Amortization Method	The recognition period for the experience and assumption changes is 9 years. This is equal to the average expected remaining service lives of all active and inactive members.
Asset Valuation Method	N/A - No Assets

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

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

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

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

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

Discount Rate. Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 3.54 percent for the June 30, 2022 measurement date and 3.65 percent for the June 30, 2023 measurement date.

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

Changes in Total OPEB Liability

As of June 30, 2024, components of the calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for the College are represented in the following table:

Centralia College

Proportionate Share (%)		**0.2170724118%**
Service Cost	$	332,645
Interest Cost		334,144
Differences Between Expected and Actual Experience	-	
Changes in Assumptions		(160,681)
Changes of Benefit Terms		-
Benefit Payments		(232,743)
Changes in Proportionate Share		376,299
Other		-
Net Change in Total OPEB Liability		649,664
Total OPEB Liability - Beginning		8,845,509
Total OPEB Liability - Ending	**$**	**9,495,173**

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

Discount Rate Sensitivity

1% Decrease	Current Discount Rate	1% Increase
$ 11,109,992	$ 9,495,173	$ 8,196,223

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates. The following represents the total OPEB liability of the College, calculated using the health care trend rates range of 2-11 percent reaching an ultimate range of 3.8 percent, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (1-10 percent) or 1 percentage point higher (3-12 percent) than the current rate:

Health Care Cost Trend Rate Sensitivity

1% Decrease	Current health care cost trend rate	1% Increase
$ 7,978,830	$ 9,495,173	$ 11,446,844

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

For the year ending June 30, 2024, the College will recognize OPEB expense of ($456,289). OPEB expense consists of the following elements:

Centralia College

Proportionate Share (%)		0.2170724118%
Service Cost	$	332,645
Interest Cost		334,144
Amortization of Differences Between Expected and Actual Experience		5,559
Amortization of Changes in Assumptions		(1,018,383)
Changes of Benefit Terms		-
Amortization of Changes in Proportion		(110,254)
Other Changes to Net Position		-
Total OPEB Expense	**$**	**(456,289)**

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

Centralia College		
Proportionate Share (%)	**0.2170724118%**	
Deferred Outflows/Inflows of Resources	**Deferred Outflows**	**Deferred Inflows**
Difference between expected and actual experience	$ 144,180	$ 281,970
Changes in assumptions	616,998	5,688,962
Transactions subsequent to the measurement date	239,267	-
Changes in proportion	1,135,252	1,223,862
Total Deferred Outflows/Inflows	**$ 2,135,697**	**$ 7,194,794**

Amounts reported as deferred outflow of resources related to OPEB resulting from transactions subsequent to the measurement date will be recognized as a reduction of total OPEB liability in the year ended June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense in subsequent years for the College as follows:

Proportionate Share (%)		**0.2170724118%**
2025	$	(1,123,078)
2026	$	(1,123,074)
2027	$	(823,806)
2028	$	(498,957)
2029	$	(633,541)
Thereafter	$	(1,095,905)

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

Proportionate Share (%) 2022		**0.2082147341%**
Proportionate Share (%) 2023		**0.2170724118%**
Total OPEB Liability - Ending 2022	$	8,845,509
Total OPEB Liability - Beg 2023 (chg in prop)		9,221,808
Total OPEB Liability Change in Proportion		376,299
Total Deferred Inflows/Outflows - 2022 (chg in prop)		(5,591,292)
Total Deferred Inflows/Outflows - 2023 (chg in prop)		(5,829,153)
Total Deferred Inflows/Outflows Change in Proportion		(237,861)
Total Change in Proportion	**$**	**614,160**

Note 18. Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies.

The table below summarizes operating expenses by program or function such as instruction, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2024.

Expenses by Functional Classification

Instruction	$	12,788,672
Academic Support Services		3,511,887
Student Services		9,173,261
Institutional Support		7,138,509
Operations and Maintenance of Plant		3,233,109
Scholarships and Other Student Financial Aid		4,945,642
Auxiliary enterprises		2,376,549
Depreciation and Amortization		3,101,125
Total operating expenses	**$**	**46,268,754**

Note 19. Related-Party Transactions

Based on their inter-relationship, the College and the Foundation have a number of transactions with each other during the course of the year. Under a formal agreement between the College and Foundation, the College provides printing, postage, office space, staff services and supplies, which the value totaled a net of $221,866 for 2024, while the Foundation provides fundraising and financial services.

The Foundation distributed approximately $574,401 to the College for restricted and unrestricted purposes in 2024. Inter-entity transactions and balances between the College and Foundation are not eliminated for financial statement presentation purposes.

Note 20. Commitments and Contingencies

The College has commitments of $1.6 million for the Teacher Education and Family Development (TEFD) building project. This building is primarily State capital project funded but will require local funds to complete the project. In addition, the College is partnering with the Foundation in remodeling the Silver Street apartment building. Approximately $1.6 million of local funds have been committed to this project.

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

Schedule of Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Centralia College's Proportionate Share of the Net Pension Liability

Schedule of Centralia College's Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 1 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.042578%	$ 2,144,887	$ 4,268,619	50.25%	61.19%
2015	0.041307%	$ 2,160,741	$ 4,337,289	49.82%	59.10%
2016	0.041476%	$ 2,227,448	$ 4,607,963	48.34%	57.03%
2017	0.041015%	$ 1,946,195	$ 4,894,118	39.77%	61.24%
2018	0.037051%	$ 1,654,710	$ 4,802,607	34.45%	63.22%
2019	0.040759%	$ 1,567,332	$ 5,915,133	26.50%	67.12%
2020	0.043075%	$ 1,520,780	$ 6,593,770	23.06%	68.64%
2021	0.039488%	$ 482,245	$ 5,950,150	8.10%	88.74%
2022	0.038598%	$ 1,074,713	$ 6,238,554	17.23%	76.56%
2023	0.043384%	$ 990,344	$ 7,638,896	12.96%	80.16%

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

Cost Sharing Employer Plans

Schedule of Centralia College's Proportionate Share of the Net Pension Liability

Schedule of Centralia College's Share of the Net Pension Liability

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

Measurement Date of June 30

Fiscal Year	College's proportion of the net pension liability		College proportionate share of the net pension liability (asset)		College covered payroll	College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.045865%	$	927,097	$	3,925,044	23.62%	93.29%
2015	0.045305%	$	1,618,774	$	4,021,138	40.26%	89.20%
2016	0.046496%	$	2,341,053	$	4,338,193	53.96%	85.82%
2017	0.047747%	$	1,658,979	$	4,681,195	35.44%	90.97%
2018	0.045589%	$	778,390	$	4,730,298	16.46%	95.77%
2019	0.051510%	$	500,336	$	5,838,568	8.57%	97.77%
2020	0.054326%	$	694,799	$	6,512,238	10.67%	97.22%
2021	0.048881%	$	(4,869,336)	$	5,861,745	-83.07%	120.29%
2022	0.049028%	$	(1,818,343)	$	6,187,223	-29.39%	106.73%
2023	0.054924%	$	(2,251,162)	$	7,585,010	-29.68%	107.02%

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

Cost Sharing Employer Plans

Schedule of Centralia College's Proportionate Share of the Net Pension Liability

Schedule of Centralia College's Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 1 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.013515%	$ 398,619	$ 523,662	76.12%	68.77%
2015	0.012868%	$ 407,677	$ 546,996	74.53%	65.70%
2016	0.012498%	$ 426,711	$ 570,355	74.81%	62.07%
2017	0.013945%	$ 421,594	$ 707,857	59.56%	65.58%
2018	0.016239%	$ 474,274	$ 795,053	59.65%	66.52%
2019	0.017628%	$ 436,434	$ 1,112,604	39.23%	70.37%
2020	0.018576%	$ 447,456	$ 1,263,703	35.41%	70.55%
2021	0.014199%	$ 95,601	$ 1,074,354	8.90%	91.41%
2022	0.013577%	$ 258,211	$ 1,110,179	23.26%	78.24%
2023	0.016703%	$ 211,546	$ 1,399,915	15.11%	85.09%

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

Cost Sharing Employer Plans

Schedule of Centralia College's Proportionate Share of the Net Pension Liability

Schedule of Centralia College's Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 2/3 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability (asset)	College covered payroll	College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.010603%	$ 34,247	$ 452,004	7.58%	96.81%
2015	0.010172%	$ 85,832	$ 475,173	18.06%	92.48%
2016	0.010351%	$ 142,150	$ 513,872	27.66%	88.72%
2017	0.011616%	$ 107,209	$ 637,270	16.82%	93.14%
2018	0.013208%	$ 59,451	$ 717,901	8.28%	96.88%
2019	0.015496%	$ 93,368	$ 1,038,432	8.99%	96.36%
2020	0.016528%	$ 253,867	$ 1,184,806	21.43%	91.72%
2021	0.013754%	$ (378,071)	$ 1,057,416	-35.75%	113.72%
2022	0.013838%	$ (27,231)	$ 1,110,179	-2.45%	100.86%
2023	0.016679%	$ (20,485)	$ 1,399,915	-1.46%	100.49%

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

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 189,844	$ 189,844	$ -	$ 4,337,289	4.38%
2016	$ 235,208	$ 235,208	$ -	$ 4,607,973	5.10%
2017	$ 246,716	$ 246,716	$ -	$ 4,894,118	5.04%
2018	$ 246,986	$ 246,986	$ -	$ 4,802,607	5.14%
2019	$ 292,803	$ 292,803	$ -	$ 5,915,133	4.95%
2020	$ 311,606	$ 311,606	$ -	$ 6,593,770	4.73%
2021	$ 295,871	$ 295,871	$ -	$ 5,950,150	4.97%
2022	$ 235,196	$ 235,196	$ -	$ 6,238,554	3.77%
2023	$ 295,766	$ 295,766	$ -	$ 7,638,896	3.87%
2024	$ 247,156	$ 247,156	$ -	$ 8,243,558	3.00%

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 201,813	$ 201,813	$ -	$ 4,021,139	5.02%
2016	$ 268,419	$ 268,419	$ -	$ 4,338,193	6.19%
2017	$ 291,635	$ 291,635	$ -	$ 4,681,195	6.23%
2018	$ 354,295	$ 354,295	$ -	$ 4,730,298	7.49%
2019	$ 421,220	$ 421,220	$ -	$ 5,838,568	7.21%
2020	$ 501,573	$ 501,573	$ -	$ 6,512,238	7.70%
2021	$ 464,251	$ 464,251	$ -	$ 5,861,745	7.92%
2022	$ 394,204	$ 394,204	$ -	$ 6,187,223	6.37%
2023	$ 482,408	$ 482,408	$ -	$ 7,585,010	6.36%
2024	$ 520,509	$ 520,509	$ -	$ 8,184,079	6.36%

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

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions

Teachers' Retirement System (TRS) Plan 1

Fiscal Year Ended June 30

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 28,796	$ 28,796	$ -	$ 546,996	5.26%
2016	$ 30,313	$ 30,313	$ -	$ 570,355	5.31%
2017	$ 48,801	$ 48,801	$ -	$ 707,857	6.89%
2018	$ 62,308	$ 62,308	$ -	$ 795,053	7.84%
2019	$ 87,881	$ 87,881	$ -	$ 1,112,604	7.90%
2020	$ 97,449	$ 97,449	$ -	$ 1,263,703	7.71%
2021	$ 80,763	$ 80,763	$ -	$ 1,074,354	7.52%
2022	$ 69,817	$ 69,817	$ -	$ 1,110,179	6.29%
2023	$ 90,138	$ 90,138	$ -	$ 1,399,915	6.44%
2024	$ 26,876	$ 26,876	$ -	$ 1,517,794	1.77%

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 27,033	$ 27,033	$ -	$ 475,173	5.69%
2016	$ 41,457	$ 41,457	$ -	$ 513,872	8.07%
2017	$ 42,800	$ 42,800	$ -	$ 637,270	6.72%
2018	$ 55,235	$ 55,235	$ -	$ 717,901	7.69%
2019	$ 81,334	$ 81,334	$ -	$ 1,038,432	7.83%
2020	$ 96,148	$ 96,148	-	$ 1,184,806	8.12%
2021	$ 86,180	$ 86,180	$ -	$ 1,057,416	8.15%
2022	$ 89,460	$ 89,460	$ -	$ 1,110,179	8.06%
2023	$ 112,633	$ 112,633	$ -	$ 1,399,915	8.05%
2024	$ 122,325	$ 122,325	$ -	$ 1,517,794	8.06%

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

State Board Supplemental Defined Benefit Plans

Schedule of Changes in the Net Pension Liability and Related Ratios Centralia College Measurement date of June 30, 2023 (expressed in thousands)							
	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability							
Service Cost	$ 92,089	$ 65,393	$ 49,345	$ 70,983	$ 71,956	$ 22,709	$ 30,734
Interest	59,742	60,096	59,687	79,848	51,179	76,507	110,966
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(430,730)	(177,742)	112,532	168,241	(461,755)	338,096	(89,186)
Changes of assumptions	(101,653)	(60,130)	211,592	449,535	(833,380)	109,825	(176,611)
Benefit Payments	(15,348)	(22,213)	(31,467)	(36,039)	(30,680)	(45,434)	(46,577)
Change in Proportionate Share of NPL		6,855	19,004	318,011	(701,780)	(12,071)	28,401
Other	(331)	-	-	-	-	5	-
Net Change in Total Pension Liability	**(396,231)**	**(127,741)**	**420,693**	**1,050,579**	**$ (1,904,460)**	**$ 489,636**	**$ (142,273)**
Total Pension Liability - Beginning	2,013,517	1,617,286	1,489,545	1,910,238	2,960,819	1,056,359	1,545,995
Total Pension Liability - Ending (a)	**$ 1,617,286**	**$ 1,489,545**	**$ 1,910,238**	**$ 2,960,819**	**$ 1,056,359**	**$ 1,545,995**	**$ 1,403,722**
Plan Fiduciary Net Position**							
Contributions-Employer	n/a	n/a	n/a	n/a	$ 10,103	$ 12,553	$ 13,350
Contributions - Member	n/a	n/a	n/a	n/a			
Net Investment Income	n/a	n/a	n/a	n/a	126,462	784	36,552
Benefit Payments	n/a	n/a	n/a	n/a			-
Administrative Expense	n/a	n/a	n/a	n/a			-
Other	n/a	n/a	n/a	n/a		(14)	(2)
Change In Proportionate Share of Plan Assets	n/a	n/a	n/a	n/a			
Net Change in Plan Fiduciary Net Position					**$ 136,565**	**$ 13,323**	**$ 49,900**
Plan Fiduciary Net Position-Beginning					360,289	496,854	510,177
Plan Fiduciary Net Position-Ending (b)					**$ 496,854**	**$ 510,177**	**$ 560,077**
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)					**$ 559,505**	**$ 1,035,818**	**$ 843,645**
Fiduciary net position as a % of total pension liability (b)/(a)					**47.03%**	**33.00%**	**39.90%**
Covered Payroll					**$ 9,611,670**	**$ 9,597,771**	**$ 10,288,751**
Net pension Liability as a % of covered payroll					**5.82%**	**10.79%**	**8.20%**

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

Schedule of Employer Contributions
State Board Supplemental Retirement Plan
Centralia College
Fiscal Year Ended June 30, 2023

	*2021	2022	2023	2024
Statutorily determined contributions	$ 12,495	$ 12,477	$ 13,375	$ 14,523
Actual contributions in relation to the above	11,829	12,322	13,245	14,365
Contribution deficiency (excess)	$ (666)	$ (155)	$ (130)	$ (158)
Covered Payroll	$ 9,611,670	$ 9,597,771	$ 10,288,751	$11,171,203
Contribution as a % of covered payroll	0.12%	0.13%	0.13%	0.13%

NOTES: These schedules will be built prospectively until they contain 10 years of data.
n/a indicates data not available

*The PPMS table for the 6B 2020 payroll was not updated by State Board for the new HERP fee rate which resulted in an overpayment. The change was made to the system and less was collected in FY21 to cover that overpayment.

State Board Supplemental Defined Benefit Plans

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

Effective fiscal year 2021, House Bill 1661 created dedicated funds to pay SRP benefits that mimic the trust arrangement for the rest of the state retirement systems. As a result, the plan, previously reported under GASB Statement No. 73 is now being reported under GASB Statement No. 68. In FY24 reporting for the SBRP plan changed a one-year lab between measurement and reporting.

The Schedule of Employer Contributions contains actual amounts, while the notes report contributions as a proportionate share of plan total contributions.

Other Postemployment Benefits Information

Schedule of Changes in Total OPEB Liability and Related Ratios Measurement Date of June 30 2024							
Total OPEB Liability	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Service cost	$ 332,645	$ 652,529	$ 648,846	$ 549,678	$ 521,297	$ 686,129	$ 873,915
Interest cost	334,144	302,765	280,427	459,815	452,195	471,710	409,347
Difference between expected and actual experience		(299,836)	-	(70,462)		430,579	-
Changes in assumptions	(160,681)	(5,062,487)	119,814	298,062	842,105	(3,003,771)	(1,996,803)
Changes in benefit terms			-	-		-	-
Benefit payments	(232,743)	(222,442)	(213,647)	(218,925)	(206,852)	(199,227)	(208,610)
Changes in proportionate share	376,299	493,134	(1,099,808)	(178,114)	291,493	(301,906)	-
Other			-	(468,355)		-	-
Net Changes in Total OPEB Liability	$ 649,664	$ (4,136,337)	$ (264,368)	$ 371,699	$ 1,900,238	$ (1,916,486)	$ (922,151)
Total OPEB Liability - Beginning	$ 8,845,509	$ 12,981,846	$ 13,246,214	$ 12,874,515	$ 10,974,277	$ 12,890,763	$ 13,812,914
Total OPEB Liability - Ending	$ 9,495,173	$ 8,845,509	$ 12,981,846	$ 13,246,214	$ 12,874,515	$ 10,974,277	$ 12,890,763
College's proportion of the Total OPEB Liability (%)	0.21707241%	0.20821473%	0.20059487%	0.21875792%	0.22182680%	0.21608721%	0.22126900%
Covered-employee payroll	$ 20,867,663	$ 19,159,682	$ 16,738,546	$ 16,860,248	$ 15,686,487	$ 14,940,507	$ 14,737,524
Total OPEB Liability as a percentage of covered-employee payroll	45.501851%	46.167306%	77.556593%	78.564764%	82.073923%	73.453177%	87.468987%

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

Notes to Required Supplementary Information

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