SEATTLE COLLEGES
North · Central · South

(a component unit of the State of Washington)

Financial Statements

For the fiscal year ended June 30, 2023

Seattle Colleges
1500 Harvard Avenue
Seattle, WA 98122

Table of Contents

Seattle Colleges
Trustees and Administrative Officers

BOARD OF TRUSTEES

Teresita Batayola
Louise Chernin
Colleen Echohawk
Rosa Peralta
Brian Surratt

EXECUTIVE OFFICERS

Rosie Rimando-Chareunsap, Chancellor
Chemene Crawford, President, North Seattle College
Bradley Lane, Interim President, Seattle Central College
Jean Hernandez, Interim President, South Seattle College
Jennifer Dixon, Vice Chancellor of Human Resources
Kerry Howell, Vice Chancellor for Advancement
Julienne DeGeyter, Vice Chancellor for Finance and Operations
D'Andre Fisher, Associate Vice Chancellor of Equity, Diversity and Inclusion
Earnest Phillips, Associate Vice Chancellor of Communications & Strategic Initiatives
Cindy Riche, Associate Vice Chancellor, and Chief Information Officer

DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

Independent Auditor's Report

Board of Trustees
Seattle Colleges
Seattle, Washington

Report on the Audit of the Financial Statements

Opinions

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

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

We did not audit the financial statements of the Seattle Colleges Foundation, the Foundation for Seattle Colleges, and the South Seattle College Foundation (collectively referred to as the Foundations) which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. The Foundations' financial statements, which were prepared in accordance with accounting standards as issued by the Financial Accounting Standards Board, were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it related to the amounts included for the Foundations, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Colleges and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Colleges, a component unit of the State of Washington, are intended to present the financial position, and the changes in the financial position, and where applicable, cash flows of only the respective portion of the activities of the State of Washington that is attributable to the transactions of the Colleges 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, and where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

The financial statement for the year ended June 30, 2023, reflects certain prior period adjustments as described further in Note 19 to the financial statements. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Colleges' 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Colleges' 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 Colleges' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and *pension and other post-employment benefit schedules* on pages 54-63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2024, on our consideration of the Colleges' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Colleges' internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
September 20, 2024

Seattle Colleges
Management’s Discussion and Analysis

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

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

Reporting Entity
Seattle Colleges is part of the community and technical college system in the state of Washington and operates as a multi-college district serving Seattle and its surrounding communities with North Seattle College, Seattle Central College and South Seattle College along with 5 specialty training centers. Seattle Colleges confers associate degrees, bachelor’s degrees, certificates, and high school diplomas. Established by the State Community College Act of 1967 the College’s mission “As an open-access learning institution, Seattle Colleges prepares each student for success in life and work, fostering a diverse, engaged, and dynamic community”.

The College’s main campuses are located in Seattle, Washington, a community of over 755,000 residents and part of a metropolitan area of over 4 million. North Seattle College offers transfer associate degrees, 6 bachelor’s degree programs and professional certificates in emerging fields such as sustainable energy. Seattle Central College and its 3 specialty training centers – Health Education Center at Pacific Tower, Seattle Maritime Academy, and Wood Technology Center – focus on career-technical programs and workforce training, as well as college transfer opportunities and 3 bachelor’s degree programs. South Seattle College and its 2 specialty training centers – Georgetown campus and NewHolly Learning Center – offers career-technical and apprenticeship training, adult basic education, job skills and GED along with 4-year college transfer opportunities. Seattle Colleges is governed by a five-member Board of Trustees appointed by the governor of the state with the consent of the state Senate. By statute, the Board of Trustees has full control of the College, except as otherwise provided by law. The College is led by a Chancellor who works collaboratively with three college Presidents.

Using the Financial Statements
The financial statements presented in this report encompass the entirety of Seattle Colleges and its component units, Seattle Colleges Foundation, Foundation for the Seattle Colleges and South Seattle Colleges Foundation (collectively referred to as The Foundations in this report). The Colleges’ financial statements include the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows. The statement of net position provides information about the Colleges at a moment in time, at year-end. The statement of revenues, expenses and changes in net position and the statement of cash flows provide information about operations and activities over the entire fiscal year. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess the Colleges’ financial health as a whole.

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

Statement of Net Position

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

Condensed Statement of Net Position	2023	2022 - Restated*	Change
As of June 30th			
Assets			
Current Assets	$ 112,542,200	$ 121,723,463	$ (9,181,263)
Capital Assets, net	262,741,439	252,772,735	9,968,704
Other assets, noncurrent	14,032,902	34,067,683	(20,034,781)
Total Assets	389,316,541	408,563,881	(19,247,340)
Deferred Outflows of Resources	22,604,750	18,255,607	4,349,143
Liabilities			
Current Liabilities	30,919,852	33,064,927	(2,145,075)
Other Liabilities, noncurrent	85,663,860	114,068,134	(28,404,274)
Total Liabilities	116,583,712	147,133,061	(30,549,349)
Deferred Inflows of Resources	72,907,940	74,688,899	(1,780,959)
Net Position	$ 222,429,639	$ 204,997,528	$ 17,432,111

**See note 19 for additional information*

Current assets consist primarily of cash, investments and various accounts receivable. Receivables turned over at a higher rate in 2023 compared to 2022 which accounts for the decrease in current assets for 2023.

Net capital assets increased by $9,968,704 from fiscal year 2022 to 2023 due to capitalization of expenses related to various construction projects and real estate transactions. Construction of the Automotive Technology and Library buildings at the North and South Seattle College campuses account for the net increase. See notes for additional details.

Other noncurrent assets consist primarily of the long-term portion of investments, receivables for leased property and pension plan assets. The Colleges operate lease agreements with various lessees who are required to make fixed monthly payments per agreed upon terms. See note 4 for additional information on these agreements. Changes in the value of the College's Net Pension Asset account for the decrease from 2022 to 2023. See note 13 for additional detail.

Deferred outflows (and the related deferred inflow) as of June 30, 2023, represent changes in deferred contributions and changes of assumptions related to the College's pension, OPEB, and State Board Retirement Plan. See footnotes 1, 13 & 14 for discussion of these items.

Current liabilities include amounts payable to others for goods and services, accrued payroll and related liabilities, the current portion of certificate of participation debt, deposits held for others, unearned revenue, liabilities for pension and other post-employment benefits and leases. Current liabilities can fluctuate from year to year depending on the timeliness of vendor invoices and resulting vendor payments, especially in the area of capital assets and improvements. The decrease is a result of net changes to accounts payable, compensated absences and accrued liabilities for 2023.

Noncurrent liabilities primarily consist of the value of sick leave earned but not yet used by employees, the long-term portion of certificate of participation debt and leases. This category also includes the required long-term pension and OPEB liability. The net decrease in noncurrent liabilities is from changes in OPEB, leases and notes payable for 2023.

Net position represents the value of the Colleges' assets and deferred outflows after liabilities and deferred inflows are deducted. Accounting standards require the College to report its net position in four categories:

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

Restricted nonexpendable – The corpus of nonexpendable restricted resources is available only for investment purposes. These assets are held in perpetuity. The Colleges held no balances in this category for 2023 or 2022.

Restricted expendable – Subject to external donor or grantor stipulations regarding their use. The College may expend these assets for purposes as determined by donors and/or external entities. The primary expendable funds for the Colleges are institutional financial aid funds. The Colleges also hold restricted balances related to Pension Plan Assets for 2023.

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

Net Position	2023	2022 - Restated*	Change
As of June 30th			
Net Investment in Capital Assets	$ 241,538,380	$ 230,281,168	$ 11,257,212
Restricted - Expendable	2,189,104	1,786,891	402,213
Restricted - Pension Plan Assets	10,974,376	5,446,949	5,527,427
Unrestricted	(32,272,221)	(32,517,480)	245,259
Total Net Position	$ 222,429,639	$ 204,997,528	$ 17,432,111

**See note 19 for additional information*

Statement of Revenues, Expenses and Changes in Net Position

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

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

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

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

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

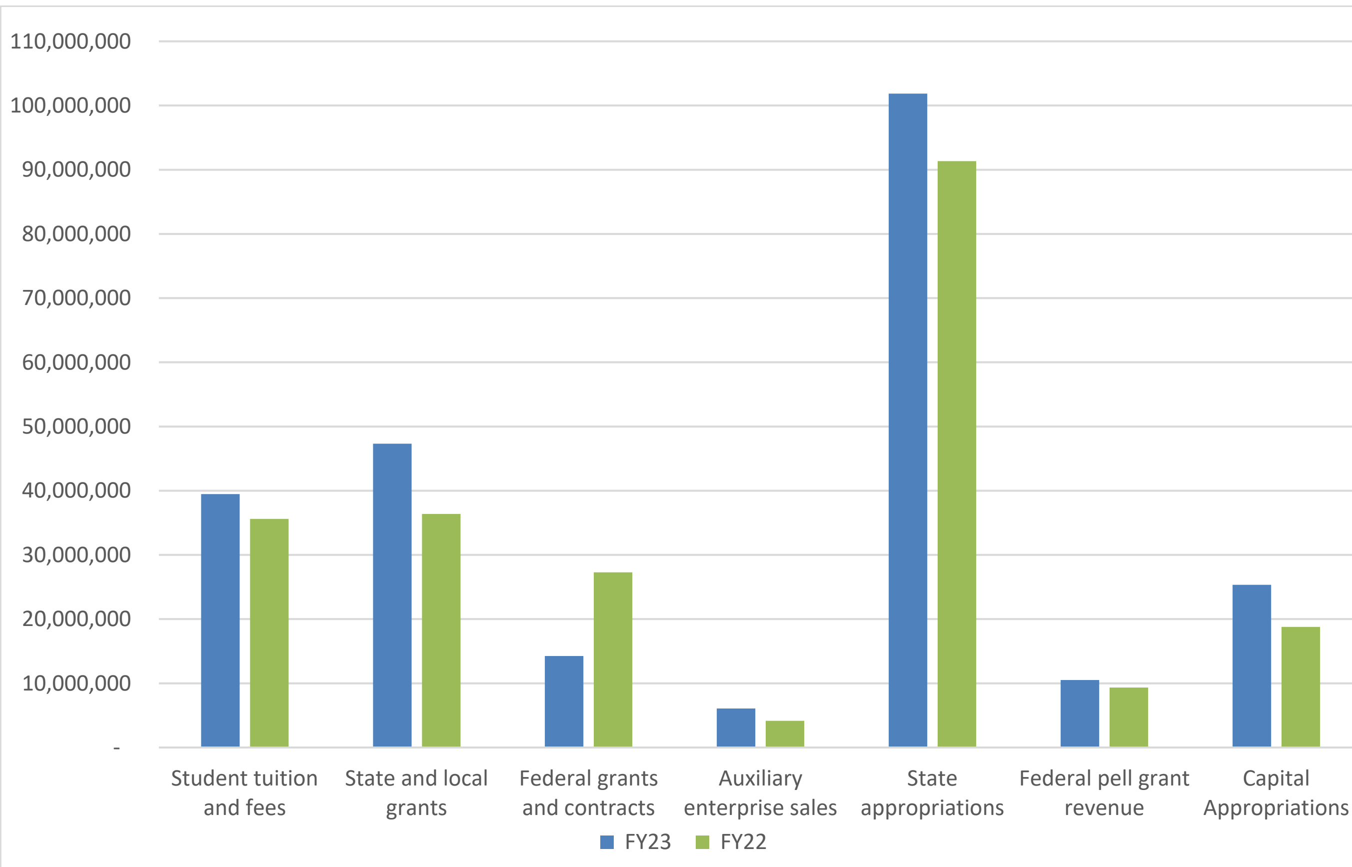
	2023	2022 - Restated*	Change
For the year ended June 30th			
Revenue/Expense from Operations			
Operating Revenues	$ 108,946,564	$ 104,690,320	$ 4,256,244
Operating Expenses	226,244,519	200,302,094	25,942,425
Net Operating Increase (Decrease)	(117,297,955)	(95,611,774)	(21,686,181)
Non-Operating Revenue/Expense			
Non-Operating Revenues	114,351,038	108,841,123	5,509,915
Non-Operating Expenses	4,975,306	4,952,104	23,202
Net Non-Operating Increase (Decrease)	109,375,732	103,889,019	5,486,713
Total Increase (Decrease) before other revenues and expenses	(7,922,223)	8,277,245	(16,199,468)
Capital Appropriations	25,354,334	18,793,399	6,560,935
Total Increase (Decrease) from revenues and expenses	17,432,111	27,070,644	(9,638,533)
Other Changes in Net Position			
Cumulative effect of a change in accounting principal	-	-	-
Restatements	-	237,242	(237,242)
Increase (Decrease) in Net Position	$ 17,432,111	$ 27,307,886	$ (9,875,775)

**See note 19 for additional information*

Revenues

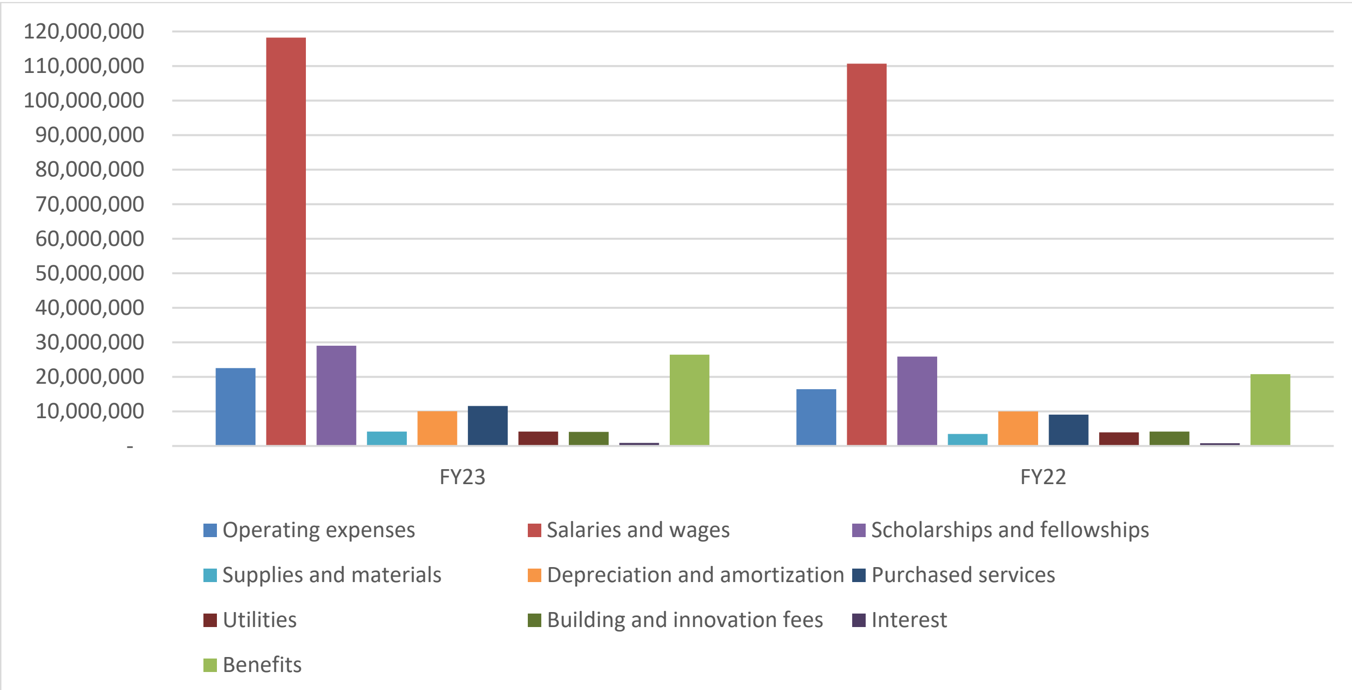
Operating revenues increased by $4,256,244 in 2023 due to year over year changes in student tuition and fees, auxiliary sales and other revenues.

Nonoperating revenues increased and decreased in various categories resulting in a $5,509,915 increase for 2023. The largest increase is related to state funding in support of general salary and healthcare cost increases, health care education, homeless student support, community based financial aid and climate solutions programs amongst others.



Expenses

Operating expenses increased $25,942,425, led by salaries and wages, benefits, operating expenses, scholarships and fellowships and increases in expenses for purchased services.



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 addition, a component of student tuition revenue called the building fee, is remitted back to the State for use in project funding. In recent years, declining student tuition revenue, including the building fee component, has significantly reduced the dollars available from this funding source.

At June 30, 2023, the Colleges had invested $262,741,439 in capital assets, net of accumulated depreciation. This represents an increase of $9,968,704 from 2022, as shown in the table below. Construction on the Automotive Technology building was completed in 2023, and the building was placed in service on the South campus which, combined with ordinary depreciation allowance, accounts for the overall increase in capital assets for the Colleges. See note 5 for additional information related to capital asset additions and disposals.

Asset Type as of June 30th	2023	2022	Change
Land	$ 14,258,241	$ 14,258,241	$ -
Construction in progress	39,733,166	45,144,607	(5,411,441)
Buildings, net	194,929,453	177,485,661	17,443,792
Leased buildings, net	9,735,517	11,847,924	(2,112,407)
Other improvements and infrastructure, net	474,979	553,145	(78,166)
Equipment, net	2,965,803	2,707,594	258,209
Leased equipment, net	254,115	361,039	(106,924)
Library resources, net	390,165	414,524	(24,359)
Total capital assets, net	$ 262,741,439	$ 252,772,735	$ 9,968,704

At June 30, 2023, the Colleges had $21,203,059 in outstanding debt, which includes a balance of $4,140,015 in unamortized premium. The Colleges have the following Certificates of Participation outstanding:

Broadway Edison energy efficiency project which was entered into in August of 2018 for equipment improvements

The Opportunity Center for Employment and Education aka Employee Resource Center Building originally issued June of 2010 and subsequently refunded with another debt issue in 2019 to take advantage of favorable market conditions

Student Wellness and Fitness Center issued in October 2020

North, Central & South Energy Efficiency (ESCO's) issued in June of 2022

Debt as of June 30th	2023	2022	Change
Certificates of Participation	$ 17,063,044	$ 18,005,325	$ (942,281)
Unamortized premium	4,140,015	4,486,242	(346,227)
Total Debt	$ 21,203,059	$ 22,491,567	$ (1,288,508)

See Notes 11 and 12 for additional information.

Economic Factors That May Affect the Future

Enrollments continue to be impacted by COVID-19 with trends continuing to indicate state-wide enrollment declines. For Seattle Colleges, enrollments are on the rise for 2023 but not yet rising to the levels experienced pre-pandemic however the outlook is optimistic. The colleges continue strategic enrollment management efforts, focusing on pathway-oriented improvements to make it easier for students to enroll and succeed at Seattle Colleges. Seattle Pathway efforts are structured to lower barriers and improve student success which should result in enrollment gains.

The overall economic outlook for the State of Washington is positive, however national trends in the economy continue to weigh down specific sectors. The overall effect on the State of Washington's General Fund revenue collection continues to be strong. The main sources of revenue collection for legislative distributions to community colleges are higher than the assumptions the legislature used when setting the 2023-25 biennial budget. Because of this, it is unlikely that the legislature will look at a budget cut for community colleges and will likely have targeted increases for specific programs in the next few years.

Washington's personal income growth, which is the main factor in calculating future tuition increases, has grown faster than the country as a whole, and faster than the assumptions made by the legislature when creating the 2023-25 biennial budget. While the formula for tuition increases tends to downplay any individual year's personal income growth due to the large number of years factored into the calculation, overall the tuition collection environment statewide looks strong.

Seattle Colleges
Statement of Net Position

	June 30, 2023	Discrete Component Units
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	$ 62,182,974	$ 9,994,754
Restricted cash	2,189,104	-
Short term investments	-	9,521,195
Accounts receivable, net of allowance for doubtful accounts	47,290,948	2,801,603
Leases receivable, current portion	879,174	-
Other assets	-	29,842
Total Current Assets	112,542,200	22,347,394
Noncurrent Assets		
Long term investments	-	43,708,734
Leases receivable, net of current portion	4,812,635	-
Loans and other receivables	-	3,182,194
Pension asset	9,220,267	-
Non-depreciable capital assets	53,991,407	-
Depreciable capital assets, net of depreciation	208,750,032	-
Total Noncurrent Assets	276,774,341	46,890,928
Total Assets	389,316,541	69,238,322
Deferred Outflows of Resources		
Deferred outflows related to pensions	17,370,043	-
Deferred outflows related to OPEB	5,234,707	-
Total Deferred Outflows of Resources	22,604,750	-
Total Assets and Deferred Outflows of Resources	$ 411,921,291	$ 69,238,322

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

Seattle Colleges
Statement of Net Position (continued)

	June 30, 2023	Discrete Component Units
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	$ 3,853,872	$ 2,028,001
Deposits payable	-	323,520
Accrued liabilities	11,499,264	-
Compensated absences, current portion	5,430,785	-
Unearned revenue	5,362,639	-
Pension liability, current portion	354,446	-
OPEB liability, current portion	1,031,783	-
Right-to-use lease liability, current portion	2,046,411	-
Notes payable, current portion	1,340,652	-
Total Current Liabilities	30,919,852	2,351,521
Noncurrent Liabilities		
Compensated absences, net of current portion	6,370,887	-
Pension liability, net of current portion	11,017,195	-
OPEB liability, net of current portion	39,849,707	-
Right-to-use lease liability, net of current portion	8,563,664	-
Notes payable, net of current portion	19,862,407	-
Total Noncurrent Liabilities	85,663,860	-
Total Liabilities	116,583,712	2,351,521
Deferred Inflows of Resources		
Deferred inflows related to pensions	18,093,847	-
Deferred inflows related to OPEB	49,355,388	-
Deferred inflows on right-to-use assets	5,458,705	-
Total Deferred Inflows of Resources	72,907,940	-
Net Position		
Net investment in capital assets	241,538,380	-
Restricted - Expendable	2,189,104	-
Restricted for pension plan assets	10,974,376	-
Restricted for Component Units	-	51,342,325
Unrestricted	(32,272,221)	15,544,476
Total Net Position	222,429,639	66,886,801
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 411,921,291	$ 69,238,322

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

Seattle Colleges
Statement of Revenues, Expenses and Changes in Net Position

	Year Ended June 30, 2023	Discrete Component Units
Operating Revenues		
Student tuition and fees, net of scholarship allowances and discounts	$ 39,484,032	$ -
State and local grants and contracts	47,077,619	-
Federal grants and contracts	14,243,333	-
Auxiliary enterprise sales	6,078,292	-
Other operating revenues	2,063,288	14,655,725
Total Operating Revenues	108,946,564	14,655,725
Operating Expenses		
Operating expenses	22,563,818	8,481,709
Salaries and wages	118,239,732	-
Benefits	26,433,779	-
Scholarships and fellowships	29,030,095	4,889,249
Supplies and materials	4,155,814	-
Depreciation and amortization	10,066,900	-
Purchased services	11,571,399	-
Utilities	4,182,982	-
Total Operating Expenses	226,244,519	13,370,958
Income (Loss) From Operations	(117,297,955)	1,284,767
Nonoperating Revenues		
State appropriations	101,867,724	-
Federal pell grant revenue	10,510,614	-
Gain (loss), sale of capital assets	(115,573)	-
Leased property interest	231,039	-
Investment income, gain (loss)	1,857,234	(32,928,279)
Total Nonoperating Revenues	114,351,038	(32,928,279)
Nonoperating Expenses		
Building and innovation fees	4,072,235	-
Lease interest	345,713	-
Interest on indebtedness	557,358	-
Total Nonoperating Expenses	4,975,306	-
Income (Loss) Before Capital Appropriations	(7,922,223)	(31,643,512)
Capital Appropriations	25,354,334	-
Increase (decrease) in net position	17,432,111	(31,643,512)
Net position, beginning of year	204,760,286	98,530,313
Restatements	237,242	-
Net position, beginning of year, as restated	204,997,528	98,530,313
Net position, end of year	$ 222,429,639	$ 66,886,801

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

Seattle Colleges
Statement of Cash Flows

	Year Ended June 30, 2023
Cash Flows from Operating Activities	
Student tuition and fees	$ 39,136,677
Grants and contracts	76,209,240
Payments to vendors	(42,761,648)
Payments for utilities	(4,182,982)
Payments to employees	(117,129,151)
Payments for benefits	(36,659,276)
Auxiliary enterprise sales	5,876,394
Payments for scholarships and fellowships	(29,030,095)
Leased property	(769,211)
Other receipts	2,063,289
Net Cash from Operating Activities	(107,246,764)
Cash Flows from Noncapital Financing Activities	
State appropriations	101,867,724
Pell grants	10,510,614
Building and innovation fees	(4,072,235)
Net Cash from Noncapital Financing Activities	108,306,103
Cash Flows from Capital and Related Financing Activities	
Capital appropriations	25,354,334
Purchases of capital assets	(20,035,604)
Lease payments	(1,985,522)
Lease receipts	773,912
Principal paid on long-term debt	(1,144,124)
Interest paid	(902,800)
Net Cash from Capital and Related Financing Activities	2,060,196
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	2,410,000
Income from investments	1,841,119
Net Cash from Investing Activities	4,251,119
Net Change in Cash and Cash Equivalents	7,370,655
Cash and Cash Equivalents, beginning of year	57,001,423
Cash and Cash Equivalents, end of year	$ 64,372,078

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

Seattle Colleges
Statement of Cash Flows (continued)

		Year Ended June 30, 2023
Operating Loss	$	(117,297,955)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation expense		10,066,900
Changes in assets and liabilities		
Receivables, net		14,197,430
Accounts payable		(4,524,486)
Accrued liabilities		1,239,939
Unearned revenue		141,606
Compensated absences		(75,489)
Deferred inflows		(1,780,959)
Deferred outflows		(4,349,142)
Pension liability		20,555,828
OPEB liability		(25,420,435)
Net cash used by operating activities	$	(107,246,764)

The accompanying notes are an integral part of these financial statements

Note 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

Seattle Colleges is a District of three comprehensive community colleges offering open-door academic programs, workforce education, basic skills, and community services. The Colleges confer applied baccalaureate, associate degrees, certificates and high school diplomas. The Colleges are governed by a five-member Board of Trustees appointed by the Governor and confirmed by the state Senate.

The Colleges are an agency of the State of Washington. The financial activity of the colleges is included in the State's Annual Comprehensive Financial Report.

The Foundations – Seattle Colleges Foundation, The Foundation for the Seattle Colleges, and the South Seattle College Foundation – are separate but affiliated non-profit entities incorporated under Washington law and recognized as tax-exempt 501(c)(3) charities. The Foundations charitable purposes are to raise funds for student support. Each Foundation is a discrete component unit based on the criteria contained in Governmental Accounting Standards Board (GASB) Statements 61, 39 and 14 because the majority of the Foundations income and resources are restricted by donors and may only be used for the benefit of the Colleges or the Colleges students. A discrete component unit is an entity that is legally separate from the Colleges; however, because the Foundations have the potential to provide significant financial benefits to the Colleges, their relationship with the Colleges is such that excluding their income and resources would cause the Colleges financial statements to be misleading or incomplete.

The Foundations financial statements are discretely presented in this report. The Foundations statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Intra-entity transactions and balances between the Colleges and the Foundations are not eliminated for financial statement presentation. During the fiscal year ended June 30, 2023, the Foundations distributed $4,889,249 to the Colleges for restricted and unrestricted purposes, such as program support and student scholarships.

See Note 18 for additional component unit information.

Basis of Presentation

For financial reporting purposes, Seattle Colleges is considered a special-purpose government engaged only in Business Type Activities (BTA). In accordance with BTA reporting, the Colleges present 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; a Statement of Fiduciary Net Position, if applicable; a Statement of Changes in Fiduciary Net Position, if applicable; and Notes to the Financial Statements. The format provides a comprehensive, entity-wide perspective of the Colleges' assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position, cash flows, and any applicable fiduciary activities.

Basis of Accounting

The financial statements of the Colleges 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.

Revenue Recognition

Nonexchange transactions, in which the Colleges receive (or give) 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, if probable of collection.

Estimates

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

Intercompany transactions

During the course of operations, numerous transactions occur between funds for goods provided and services rendered. For the financial statements, interfund receivables and payables have generally been eliminated. However, revenues and expenses from the Colleges auxiliary enterprises are treated as though the Colleges were dealing with private vendors. For all other funds, transactions that are reimbursements of expenses are recorded as reductions of expense.

Cash, cash equivalents, and investments

Cash and cash equivalents include cash on hand, 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 Colleges record all cash, cash equivalents, and investments at amortized cost, which approximates fair value or at fair value.

The Colleges combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is allocated on a proportional basis. The internal investment pool is comprised of cash, cash equivalents, certificates of deposit, and U.S. Treasuries and U.S. Agency securities.

Accounts receivable

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

Capital assets

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

Land, buildings, and equipment are recorded at cost, or if acquired by gift, at estimated acquisition value at the date of the gift. Right to use leased assets and Subscription Based Information Technology Arrangements are listed at the present value of payments expected to be made during the lease term, less accumulated amortization. Capital additions, replacements, and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Interest costs and routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy all land, intangible assets, and software with a unit cost of $1,000,000 or more, buildings and improvements with a unit cost of $100,000 or more, library collections with a total cost of $5,000 or more, and all other assets with a unit cost of $5,000 or more are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as defined by the State of Washington's Office of Financial Management. Useful lives are generally 3 to 7 years for equipment; 15 to 50 years for buildings and 20 to 50 years for infrastructure and improvements.

The Colleges review 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 lower of cost or fair value. For the year ended June 30, 2023, no assets had been written down.

Leases

The Colleges determine if an agreement is a lease at inception of the lease contract. Lessee agreements, where the Colleges are leasing assets owned by a third party, are included in capital assets in the Statement of Net Position along with the current and long-term portions or the liability, as listed. Lease assets represent the Colleges right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized on a straight-line basis over the lease term. Lease liabilities represent the Colleges obligation to make lease payments, per the lease contract. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Colleges will exercise that option. The Colleges recognizes payments for short-term leases, with a lease term of 12 months or less, as expense in the period incurred.

Lessor agreements, where the Colleges are leasing assets to a third party, are included in accounts receivable and deferred inflows of resources on the Statement of Net Position. Lease receivables represent the Colleges' claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at the commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term on a straight-line basis. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term.

The deferred inflows related to leases are recognized as lease revenue on a straight-line basis over the lease term. The Colleges recognizes payments received for short-term leases, with a lease term of 12 months or less, as revenue as the payments are received.

Subscription Based Information Technology Arrangements (SBITA)

A SBITA is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract in an exchange or exchange-like transaction for a term exceeding 12 months. A right-to-use subscription asset and a corresponding subscription liability is recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. SBITA assets are amortized on a straight-line-basis over the contract term. SBITA liabilities represent the obligation to make contract payments arising from the SBITA. Interest expense is recognized ratably over the contract term. The SBITA term may include options to extend or terminate the contract when the option is reasonably certain to be exercised. Payments for short-term SBITAs, with a term of 12 months or less, are expensed in the period incurred.

Unearned revenues

Unearned revenues occur when funds have been collected prior to the end of the fiscal year but related to the following fiscal year, including tuition and fees paid with financial aid funds. The Colleges have recorded 2023 summer and fall quarter tuition and fees, and advanced grant proceeds as unearned revenues.

Tax exemption

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

Pension liability

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the State of Washington Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS), and additions to/deductions from PERS and TRS 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 Colleges also report its share of the pension liability for the State Board Retirement Plan in accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions and Related Assets*. See footnote 13 for additional information.

Deferred outflows of resources and deferred inflows of resources (Pensions)

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

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

Post-employment benefits other than pension (OPEB)

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

Deferred outflows of resources and deferred inflows of resources (OPEB)

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

Net position

The Colleges net position is classified as follows:

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

Restricted, nonexpendable – The corpus of nonexpendable restricted resources is available only for investment purposes. These assets are held in perpetuity.

Restricted, expendable – This consists of resources the spending of which is restricted legally or contractually by third parties

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

Classification of revenues and expenses

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

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

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

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

Nonoperating expenses – Non-operating expenses include state remittance related to the building fee and the innovation fee, along with interest incurred on the certificate of participation loans.

Scholarship discounts and allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the Colleges, and the amount that is paid by students and/or third parties making payments on the students' behalf.

Certain governmental grants, such as Pell grants, and other Federal, State, or non-governmental programs are recorded as either operating or non-operating revenues in the Colleges financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the Colleges have recorded a scholarship discount and allowance.

State appropriations

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

Capital appropriations

The state of Washington appropriates funds to the Colleges for capital projects on an annual and biennial basis which is accounted for in the same manner as state appropriations.

Building and innovation fee remittance

Tuition collected includes amounts remitted to the Washington State Treasurer's office to be held and appropriated in future years. The Building Fee portion of tuition charged to students is an amount established by the Legislature and is subject to change annually. The fee provides funding for capital construction and projects on a system wide basis using a competitive biennial allocation process. The Building Fee is remitted on the 35th day of each quarter. The Innovation Fee was established in order to fund the State Board of Community and Technical College's (SBCTC) Strategic Technology Plan. The use of the fund is to implement new Enterprise Resource Planning (ERP) software across the entire system. On a monthly basis, the Colleges remit the portion of tuition collected for the Innovation Fee to the State Board. These remittances are non-exchange transactions reported as an expense in the non-operating revenues and expenses section of the statement of revenues, expenses, and changes in net position.

Recent adoptions of accounting standards and changes in accounting principle

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships (P3s) and Availability Payment Arrangements (APAs)*, effective for 2023. This statement establishes standards of accounting and financial reporting for arrangements between governments and private entities or other governments. Those arrangements generally result in the government transferring the obligation to provide certain public services to an external entity.

APAs are arrangements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The Colleges have determined that there is no accounting impact for implementation of GASB Statement No. 94 for the year ended June 30, 2023.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for 2023. This statement establishes standards of accounting and financial reporting for SBITAs by a government end user who enters into SBITA contracts to use vendor-provided information technology. It applies to SBITA contracts that convey control of the right to use another party's information technology software, alone or in combination with a tangible underlying asset in an exchange or exchange-like transaction for a period exceeding 12 months. Under this statement, the government is required to recognize an intangible right-to-use subscription asset and a subscription liability. Cash outlays necessary to place the subscription asset in service can be capitalized. The Colleges have determined that there is no accounting impact for implementation of GASB Statement No. 96 for the year ended June 30, 2023.

Accounting standards impacting the future

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for 2025. This statement provides guidance for measuring liabilities for leave that have not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payment for leave also should be included in the measurement of the liabilities. The Colleges are following the State's Office of Financial Management directives to prepare for the implementation of this statement.

Note 2 – Cash and Investments

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

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

Cash and cash equivalents	Amount
Petty cash and change funds	$ 14,605
Bank demand and time deposits	13,748,176
Local government investment pool	48,420,193
Restricted cash	2,189,104
Total cash and cash equivalents	$ 64,372,078

Fair value measurement

Although the Colleges did not hold investment securities at year end they follow GASB Statement 72 guidance for fair value measurements within the fair value hierarchy when investments are held.

Custodial credit risks, deposits

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

Interest rate risk, investments

Although no investments are held at year end the Colleges typically manage exposure to fair value losses resulting from changes in interest rates by structuring the entire portfolio time horizon. Unless matched to a specific cash flow, the Colleges generally will not directly invest in securities maturing more than five years from the date of purchase.

Concentration of credit risk, investments

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

Custodial credit risk, investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the Colleges will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. No such investments are held at June 30, 2023.

Note 3 – Accounts Receivable

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

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

Accounts Receivable	Amount
Student tuition and fees	$ 3,886,504
Due from the federal government	6,670,641
Due from other state agencies	21,636,452
Auxiliary enterprise and other	15,707,612
Subtotal	47,901,209
Less allowance for uncollectible accounts	(610,261)
Accounts Receivable, net	$ 47,290,948

Note 4 – Lease Receivable

The Colleges hold lease agreements for the use of land and buildings with various third parties. The lessees are required to make fixed monthly payments to the Colleges per the conditions of each lease agreement. The Colleges recognized $893,403 in lease revenue and $231,039 in interest revenue during 2023 related to these agreements. As of June 30, 2023, the lease receivable for these agreements is $5,691,809 and the deferred inflow of resources is $5,458,705. Expected future lease and interest revenue related to these agreements at June 30, 2023 is as follows:

Year Ending June 30,	Lease Revenue	Interest Revenue	Total
2024	$ 893,403	$ 169,650	$ 1,063,053
2025	770,347	144,966	915,313
2026	713,400	122,143	835,543
2027	713,400	98,736	812,136
2028	713,400	74,500	787,900
Thereafter	1,654,755	137,750	1,792,505
Total	$ 5,458,705	$ 747,745	$ 6,206,450

Note 5 – Capital Assets

Capital Assets	Beginning Balance	Additions & Transfers	Retirements	Ending Balance
Non-depreciable capital assets				
Land	$ 14,258,241	$ -	$ -	$ 14,258,241
Construction in progress	45,144,607	19,044,118	(24,455,559)	39,733,166
Total non-depreciable capital assets	59,402,848	19,044,118	(24,455,559)	53,991,407
Depreciable capital assets				
Buildings	312,674,405	24,455,559	-	337,129,964
Leased Buildings	14,942,670	-	-	14,942,670
Other improvements and infrastructure	1,625,801	-	-	1,625,801
Equipment	25,027,609	993,270	(156,272)	25,864,607
Leased Equipment	474,865	-	-	474,865
Library resources	1,101,486	113,789	(359,483)	855,792
Total depreciable capital assets	355,846,836	25,562,618	(515,755)	380,893,699
Less accumulated depreciation				
Buildings	135,188,744	7,011,767	-	142,200,511
Leased Buildings	3,094,746	2,112,407	-	5,207,153
Other improvements and infrastructure	1,072,656	78,166	-	1,150,822
Equipment	22,320,015	634,538	(55,749)	22,898,804
Leased Equipment	113,826	106,924	-	220,750
Library resources	686,962	123,098	(344,433)	465,627
Total accumulated depreciation	162,476,949	10,066,900	(400,182)	172,143,667
Total depreciable capital assets, net	193,369,887	15,495,718	(115,573)	208,750,032
Total capital assets, net	$ 252,772,735	$ 34,539,836	$ (24,571,132)	$ 262,741,439

Depreciation expense was $10,066,900 for the year ending June 30, 2023.

Note 6 – Accrued Liabilities

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

Amounts owed to employees	$	6,699,183
Amounts held for others and retainage		4,800,081
	$	11,499,264

Note 7 – Unearned Revenue

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

Summer & Fall quarter tuition and fees	$	3,119,689
Grants and contracts		1,846,523
Other/Auxiliary sales		396,427
	$	5,362,639

Note 8 – Risk Management

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

The Colleges purchase 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 combined limit is equal to the value of buildings acquired with certificates of participation. 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 Colleges participate in the 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. The Colleges had no claims in the past three years. The Colleges, in accordance with state policy, pay unemployment claims on a pay-as-you-go basis. The Colleges finance these costs by assessing all funds a monthly payroll expense for unemployment compensation for all employees. Payments made for claims in FY 2023 were $284,961. Cash reserves for unemployment compensation for all employees at June 30, 2023, were $827,015.

Note 9 – Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses and insurance purposes. The amounts of unpaid vacation time accumulated by the Colleges employees are accrued when earned. The sick leave liability is recorded as an actuarial estimate of one-fourth of the total balance on the payroll records. The accrued vacation leave totaled $7,145,434 and accrued sick leave totaled $4,656,238 at June 30, 2023.

An estimated amount, based on a three-year average payout, is recorded as a current liability with the remainder as a non-current liability.

Note 10 – Leases Payable

The Colleges have leases for facilities and office equipment with various vendors. The lease liability at June 30, 2023 was $10,610,075. Interest rates range from 1.88% - 2.26%. The future principle and interest payments related to these agreements at June 30, 2023, are as follows:

Year Ending June 30,	Principle	Interest	Total
2024	$ 2,046,411	$ 300,720	$ 2,347,131
2025	1,518,262	256,637	1,774,899
2026	1,304,285	215,031	1,519,316
2027	1,312,786	172,535	1,485,321
2028	1,389,368	127,542	1,516,910
Thereafter	3,038,963	108,797	3,147,760
Total	$ 10,610,075	$ 1,181,262	$ 11,791,337

Note 11 – Notes Payable

In June 2010, the Colleges obtained financing to build The Opportunity Center for Employment and Education aka Employee Resource Center Building, through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $9,375,000. The interest rate charged was 4.05%. In October 2019, the Colleges refunded this COP in the amount of $5,240,000 at a lower interest rate of 1.64%, saving the college significant interest charges over 11 years.

In August 2018, the Colleges obtained financing for the Broadway Edison building energy efficiency project, through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $880,000. The interest rate charged is 2.76%.

In October 2020, the Colleges obtained financing for the Student Wellness and Fitness Center at the South Seattle College campus through certificates of participation (COP), issued by the Washington State Office of State Treasurer (OST) in the amount of $7,525,000. The interest rate is 2.79% with a term of 25 years.

In June 2022, the Colleges obtained financing for various energy efficiency improvements and building repairs through certificates of participation (COP), issued by the Washington State Office of State Treasurer in the amount of $6,080,324 as follows:

- North Seattle College - $1,755,000 at 3.05% over 15 years
- Seattle Central College - $2,615,324 at 3.05% over 15 years
- South Seattle College - $1,710,000 at 3.05% over 15 years

The Colleges debt service requirements for notes payable for the next five years and thereafter are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 994,425	$ 853,152	$ 1,847,577
2025	1,050,896	803,431	1,854,327
2026	1,102,180	750,886	1,853,066
2027	1,159,197	695,777	1,854,974
2028	1,209,846	637,817	1,847,663
2029-2033	4,716,500	2,332,071	7,048,571
2034-2038	3,730,000	1,297,000	5,027,000
Thereafter	3,100,000	650,250	3,750,250
Subtotal	17,063,044	8,020,384	25,083,428
Add unamortized premium	4,140,015	-	4,140,015
Totals	$ 21,203,059	$ 8,020,384	$ 29,223,443

Note 12 – Schedule of Long-Term Liabilities

Long-Term Liabilities are as follows for the year ending June 30, 2023:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 11,877,162	$ 6,170,180	$ (6,245,670)	$ 11,801,672	$ 5,430,785
Certificates of participation	18,005,325	-	(942,281)	17,063,044	994,425
Unamortized premium	4,486,242	-	(346,227)	4,140,015	346,227
Leases	12,595,598	-	(1,985,523)	10,610,075	2,046,411
Total pension obligation (asset)	(18,404,456)	53,253,174	(32,697,344)	2,151,374	354,446
OPEB liability	66,301,925	17,516,463	(42,936,898)	40,881,490	1,031,783
Total	$ 94,861,796	$ 76,939,817	$ (85,153,943)	$ 86,647,670	$ 10,204,077

Note 13 – Pension and Benefit Plans

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

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	Supplemental Plan	Total
Pension (liabilities) assets	$ (5,317,083)	$ 9,168,550	$ (501,551)	$ 51,717	$ (5,553,007)	$ (2,151,374)
Deferred outflows of resources	1,336,733	10,136,714	148,458	743,009	5,005,129	17,370,043
Deferred inflows of resources	(881,197)	(8,779,851)	(89,872)	(345,763)	(7,997,164)	(18,093,847)
Pension expense (revenue)	320,929	(5,326,716)	150,183	(200,712)	(789,108)	(5,845,424)

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

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

PERS and TRS

Plan Description

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

Pension Benefits

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average financial compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits.

Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Washington State Department of Labor and Industries (L&I). PERS 1 members were vested after the completion of five years of eligible service. The Plan was closed to new entrants on September 30, 1977.

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's AFC times the member's years of service for PERS Plan 2, and 1 percent of AFC times the member's years of service for PERS Plan 3. The AFC is the average of the member's 60 highest-paid consecutive months. There is no cap on years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65.

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

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, the required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

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

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

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

TRS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. TRS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

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

	District	Employee
PERS:		
Plan 1	10.25%	6.00%
Plan 2/3	10.25%	6.36%
TRS:		
Plan 1	14.42%	6.00%
Plan 2/3	14.42%	8.05%

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

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

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

	Contributions
PERS:	
Plan 1	$ 1,336,733
Plan 2	1,538,076
Plan 3	671,984
TRS:	
Plan 1	$ 148,458
Plan 2	11,220
Plan 3	168,261

Deferred Outflows and Deferred Inflows of Resources

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

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

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

	PERS 1		PERS 2/3	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -	$ 2,271,753	$ 207,553
Difference between expected and actual earnings of pension plan investments	-	881,197	-	6,778,378
Changes of assumptions	-	-	5,110,205	1,338,034
Changes in proportion and difference between contributions and proportionate share of contributions	-	-	544,696	455,886
Contributions subsequent to the measurement date	1,336,733	-	2,210,060	-
Total	$ 1,336,733	$ 881,197	$ 10,136,714	$ 8,779,851

The average of the expected remaining service lives of all faculty in PERS 1 and PERS 2/3 that are provided with pensions through the Colleges (active and inactive) is 1 year and 7 years, respectively.

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

	TRS 1		TRS 2/3	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -	$ 257,687	$ 5,197
Difference between expected and actual earnings of pension plan investments	-	89,872	-	273,536
Changes of assumptions	-	-	291,355	31,688
Changes in proportion and difference between contributions and proportionate share of contributions	-	-	14,486	35,342
Contributions subsequent to the measurement date	148,458	-	179,481	-
Total	$ 148,458	$ 89,872	$ 743,009	$ 345,763

The average of the expected remaining service lives of all faculty in TRS 1 and TRS 2/3 that are provided with pensions through the System (active and inactive) is 1 year and 10 years, respectively.

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

FY	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
2024	$ (372,904)	$ (2,136,121)	$ (38,104)	$ (58,846)
2025	(338,693)	(1,907,116)	(34,644)	(47,319)
2026	(424,881)	(2,224,086)	(43,571)	(71,521)
2027	255,281	3,163,164	26,447	147,403
2028	-	1,119,735	-	60,156
Thereafter	-	1,131,227	-	187,892
Total net deferred (inflows)/outflows	$ (881,197)	$ (853,197)	$ (89,872)	$ 217,765

Actuarial Assumptions

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

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

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

Discount Rate

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

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

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

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

Sensitivity of Net Pension Liability

The table below presents the Colleges proportionate share of the net pension liability (NPL) calculated using the discount rate of 7.00 percent, as well as what the Colleges proportionate share of the NPL 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.

	Employer's Proportionate Share of the Net Pension Liability / (Assets)		
	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
PERS Plan 1	$ 7,103,550	$ 5,317,083	$ 3,757,916
PERS Plan 2/3	10,797,170	(9,168,550)	(25,571,654)
TRS Plan 1	681,043	501,551	344,651
TRS Plan 2/3	936,952	(51,717)	(855,490)
Totals	$ 19,518,715	$ (3,401,633)	$ (22,324,577)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

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

At June 30, 2023, The Colleges reported a total pension liability (asset) for its proportionate share of the net pension liabilities/(assets) as follows:

	Net Pension Liability (Asset)
PERS Plan 1	$ 5,317,083
PERS Plan 2/3	(9,168,550)
TRS Plan 1	501,551
TRS Plan 2/3	(51,717)
Totals	$ (3,401,633)

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

PERS Plan 1	0.190962%
PERS Plan 2/3	0.247212%
TRS Plan 1	0.026372%
TRS Plan 2/3	0.026281%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2022, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Non-employer Allocations* for all plans.

Pension Expense (Revenue)

The table below shows the components of each plan's pension expense (revenue) as it is affected by faculty benefits:

2023	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3	Total Plans
Actuarially determined pension expense	$ 2,440,065	$ (3,012,988)	$ 282,015	$ (15,423)	$ (306,331)
Contributions subsequent to the measurement date	(1,364,355)	(2,266,188)	(147,616)	(180,421)	(3,958,580)
Amortization of prior year change in proportion previously recorded as deferred outflows	-	104,762	-	1,928	106,690
Amortization of prior year change in proportion previously recorded as deferred inflows	-	(152,301)	-	(6,797)	(159,098)
Amortization of change in proportionate pension expense	(754,781)	-	15,784	-	(738,997)
Pension expense (revenue)	$ 320,929	$ (5,326,715)	$ 150,183	$ (200,713)	$ (5,056,316)

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

Plan Description

The State Board Retirement Plan is a privately administered single employer defined contribution plan with a supplemental defined benefit plan component, which guarantees a minimum retirement benefit based upon a one-time calculation at each employee's retirement date. The supplemental component is financed on a pay-as-you-go basis. The Colleges participate 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, these plans will be reported under GASB Statement No. 67/68. Prior to this, the SRP was reported under GASB Statement No. 73.

Benefits Provided

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

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

Members are eligible to receive benefits under this plan at age 62 with 10 years of credited service. The supplemental benefit is a lifetime benefit equal to the amount a member's goal income exceeds their assumed income. The monthly goal income is the one-twelfth of 2 percent of the member's average annual salary multiplied by the number of years of service (such product not to exceed one-twelfth of fifty percent of the member's average annual salary).

The member's assumed income is an annuity benefit the retired member would receive from their defined contribution Retirement Plan benefit in the first month of retirement had they invested all employer and member contributions equally between a fixed income and variable income annuity investment. Plan members have the option to retire early with reduced benefits.

Actuarial Assumptions

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

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

*Measurement reflects actual investment returns

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates which vary by member status (e.g., active, retiree, or survivor), as the base table. The 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 method and assumptions that occurred between the measurement of June 30, 2022 NPL an 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 judgement. TIAA contributions and investment earnings annuity conversion changed from contributions made pre-2002/post-2001 converted at 6.00/3.25 percent to contributions pre-2006/post-2005 converted at 7.00/4.00 percent.

Discount Rate

At the June 30, 2023, measurement date the discount rate used to measure the total pension liability was set at 7.0% determined using an asset sufficiency test to determine whether each pension plan’s fiduciary net position was sufficient to make all projected future benefit payments for current plan members.

Contributions

Contribution rates for the SBRP Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF), which are based upon age, are 5%, 7.5%, or 10% of salary and are matched by the District. Employee and employer contributions for the year ended June 30, 2023, were each $5,785,258.

Pension Expense (revenue)

For the year ended June 30, 2023, the Colleges reported $(789,320) for pension expense (revenue) in the State Board Supplemental Retirement Plans.

Service Cost	$ 202,298
Interest Cost	730,412
Amortization of Differences Between Expected and Actual Experience	(448,333)
Amortization of Changes in Assumptions	(480,257)
Expected Earnings on Plan Investments	(239,464)
Amortization of Difference Between Projected and Actual Earnings on Plan Investments	(83,599)
Proportionate Share of Collective Pension Expense	(318,943)
Amortization of the Changes in Proportionate Share of Total Pension Liability	(75,717)
Benefit Payments and Employer Contributions	(394,660)
Current Year Pension Expense (Revenue)	(789,320)
Beginning Balance of Net Position	(3,403,945)
Total Pension Expense	$ (4,193,265)

Plan Membership

Membership of the State Board Supplemental Retirement Plans consisted of the following at June 30, 2023:

Number of Participating SBRP Members at Seattle Colleges	
Inactive members (or beneficiaries) currently receiving benefits	26
Inactive members entitled to but not yet receiving benefits	48
Active members	410
Total members	484

Net Pension Liability/(Asset)

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

Schedule of Changes in Total Pension Liability	Amount
Service Cost	$ 202,298
Interest	730,412
Differences between expected and actual experience	(587,032)
Changes in assumptions	(1,162,478)
Benefit payments	(306,575)
Changes in proportionate share of total pension liability	(142,122)
Net change in total pension liability	(1,265,497)
Total pension liability - beginning	10,550,922
Total pension liability - ending (a)	**9,285,425**
Contributions - Employer	87,873
Contributions - Member	-
Net investment income	240,602
Benefit payments	-
Administrative expense	-
Net change in plan fiduciary net position	**328,475**
Plan fiduciary net position - beginning	3,403,943
Plan fiduciary net position - ending (b)	**3,732,418**
Net pension liability (a) - (b)	**$ 5,553,007**

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

The following table presents the total pension liability/(asset), calculated using the discount rate of 7.00 percent, as well as what the employers' total pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

Discount Rate Sensitivity		
1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$ 6,580,403	$ 5,553,007	$ 4,671,679

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,178,585	$ 2,711,442
Changes in assumptions	1,862,836	4,272,395
Changes in district's proportionate share of pension liability	819,102	749,275
Net difference between projected and actual investment	144,606	264,052
Total	$ 5,005,129	$ 7,997,164

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:

Fiscal Year Ending June 30,	Amount
2024	$ (919,924)
2025	(668,007)
2026	(420,499)
2027	(907,678)
2028	73,285
Thereafter	(149,212)
Total	$ (2,992,035)

Note 14 – Other Post-Employment Benefits

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

The PEBB OPEB plan is funded on a pay-as-you-go basis with contributions established by the Legislature as part of the biennium budget process. There are no plan assets and the plan does not issue a publicly available financial report.

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

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

Retirees who are reenrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy from the reduced premiums. The explicit subsidy is established through an annual recommendation by the HCA administrator, which is included in the Governor's budget with the final amount approved by the state Legislature. In calendar year 2023, the explicit subsidy was $183 per enrollee member per month.

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

This same method is used to determine the transactions subsequent to the measurement date, specifically the retiree portion of premium payments made by agencies on behalf of active, health care eligible employees between the measurement date of June 30, 2022, and the reporting date of June 30, 2023. The portion of health care premiums attributed to retirees for both explicit and implicit subsidies is taken from the FY 2023 4th Quarter Update in the PEBB Financial Projection Model (PFPM) from the State Health Care Authority.

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

Summary of Plan Participants
As of June 30, 2022

Active Employees*	1,234
Retirees Receiving Benefits**	528
Retirees Not Receiving Benefits***	NA
Total Active Employees and Retirees	1,762

*Reflects active employees eligible for PEBB program participation as of June 30, 2022.
**Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.
***HCA doesn't have data on this group and OSA doesn't have the methodology to reasonably estimate it. For fiscal year 2023, we have not options, but to report this amount as not available

For the year ending June 30, 2023, HCA reports total OPEB liability of $4.248 billion. At June 30, 2023, the Colleges recognized its proportionate share of the OPEB liability of $40,881,490. The OPEB liability was measured as of June 30, 2022.

For the year ended June 30, 2023, the Colleges recognized deferred outflows and inflows of resources related to the net OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 3,350,694	$ 29,637,685
Changes in agency proportion	-	18,279,278
Difference between expected and actual experience	852,230	1,438,425
Transactions subsequent to measurements date	1,031,783	-
Totals	$ 5,234,707	$ 49,355,388

The $1,031,783 reported as deferred outflows of resources from transactions subsequent to the measurement date will be recognized as a reduction in the OPEB liability in the measurement period ended June 30, 2023.

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

Fiscal Year Ending June 30,	Amount
2024	$ (7,639,196)
2025	(7,639,196)
2026	(7,639,195)
2027	(6,096,410)
2028	(4,246,617)
Thereafter	(11,891,849)
Total	$ (45,152,463)

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

Inflation:	
Economic	2.35%
Salary	3.25%
(Salaries are also expected to grow by promotions and longevity)	
Health care trend rates:	
Initial rate	2-11%
Expected by 2080	3.80%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates which vary by member status (e.g., active, retiree, or survivor) as the base table. The OSA applied 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 percentages and percentage with spouse coverage were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the 2019 Report on Financial Condition and Economic Experience Study.

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

Discount Rate Sensitivity		
1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
$ 47,902,122	$ 40,881,490	$ 35,231,368

The following represents the total OPEB liability of the Colleges, calculated using the health care trend rates of 2-11% percent reaching an ultimate range of 3.8%, 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%) or 1 percentage point higher (3-12%) than the current rate:

Health Care Cost Trend Rate Sensitivity		
1% Decrease	Current Discount Rate	1% Increase
$ 34,613,703	$ 40,881,490	$ 48,900,063

Note 15 – Washington State Deferred Compensation Program

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

Note 16 – Functional Operating and Nonoperating Expenses by Program

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

Instruction	$ 76,958,926
Student Services	30,797,209
Academic Support Services	16,106,343
Scholarships and Other Student Financial Aid	26,240,253
Institutional Support	27,894,130
Operations and Maintenance of Plant	39,659,807
Auxiliary Enterprises	3,496,257
Depreciation	10,066,900
	$ 231,219,825

Note 17 – Commitments and Contingencies

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

The Colleges had commitments in the amount of $8,031,843 at June 30, 2023, relating to various construction projects.

Note 18 – Discretely Presented Component Units

The Seattle Colleges Foundation

The Seattle Colleges Foundation is a Washington nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Organized in April 2018 it holds endowment assets transferred from the *Foundation for the Seattle Colleges*.

The Seattle Colleges Foundation advances the mission, work, and impact of the District of Seattle Colleges ("the District"), by engaging our community to transform lives, promote equity, and increase access to quality, affordable education. While the Foundation's Board of Directors are separate and distinct from the District's Board of Trustees, the District's Vice Chancellor for Advancement acts as the Chief Executive Officer of the Foundation, subject to the oversight of the Foundation's Board of Directors. Operational costs are primarily supported by in-kind contributions from the District, and by private philanthropy.

The Foundation's primary activities include raising funds for a range of purposes, including scholarships, capital improvements, and academic programs with the goal of promoting student success and strengthening the Seattle community. These activities include soliciting and receiving contributions and grants in the name of and on behalf of the District and the three colleges within the District – North Seattle College, Seattle Central College, and South Seattle College.

During the year ended June 30, 2023, the Colleges received $4,420,555 from the Seattle Colleges Foundation.

Foundation for the Seattle Colleges

The Foundation for the Seattle Colleges was organized in 2006 and is a Washington nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Foundation promotes advancement of education by providing support to the District for Seattle Colleges (the “District") and the three community colleges in Seattle (the “Colleges"). Prior to December 2018, the Foundation’s primary activities included engaging in fundraising and grantmaking activities in support of the District as a whole. These activities included soliciting and receiving contributions and grants in the name of and on behalf of the District, and the Colleges, and making grants to the District and Colleges based on those contributions.

In December 2018, the Foundation transferred its endowment and other assets held for grantmaking into the control of the newly formed *Seattle Colleges Foundation*. All existing restrictions from donors on these grants have been maintained by the Seattle Colleges Foundation. The Seattle Colleges Foundation maintains a separate board of directors and neither foundation exists exclusively to benefit the other. Any future contributions received by the Foundation for Seattle Colleges are anticipated to be granted to the Seattle Colleges Foundation, although such grants are at the discretion of the Board of Directors (and subject to any donor-imposed restrictions). Subsequent to this transfer, the Foundation for the Seattle Colleges ceased its primary operations as a fundraising and grantmaking organization and will continue general operations related to the coordination of the Pacific Tower Rehabilitation Project for an indefinite time period which is now its primary operations in support of the Colleges.

In December 2022, Foundation for the Seattle Colleges assigned its remaining holdings, subleases and contracts to the Washington State Department of Commerce, as previously agreed, following the conclusion of the Pacific Tower Rehabilitation Project. After this assignment Foundation for the Seattle Colleges filed Articles of Dissolution with the Washington Secretary of State permanently ceasing its operations. As a result, Foundation for the Seattle Colleges is no longer a component unit or related party of Seattle Colleges and will not be reported as such in future years.

During the year ended June 30, 2023, the Colleges received $0 from Foundation for the Seattle Colleges.

South Seattle Colleges Foundation

South Seattle College Foundation is a Washington nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The foundation’s mission is to change lives by providing students with scholarships and other support so they can pursue quality academic and vocational education at South Seattle College. This is done through relationship building, fundraising, and stewarding resources. The foundation operates independently but still in support of South Seattle College.

During the year ended June 30, 2023, the Colleges received $468,694 from the South Seattle Colleges Foundation.

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

Condensed Combining Statements for Discrete Component Units

Seattle Colleges
Discretely Presented Component Units
Condensed Combining Statement of Net Position at June 30, 2023

	Total Discrete Component Units	Seattle Colleges Foundation	Foundation for The Seattle Colleges	South Seattle College Foundation
Current Assets				
Cash and cash equivalents	$ 9,994,754	$ 8,770,746	$ 1,189,113	$ 34,895
Short term investments	9,521,195	7,561,797	-	1,959,398
Accounts receivable	2,801,603	2,764,913	-	36,690
Other assets	29,842	14,423	13,543	1,876
Total Current Assets	22,347,394	19,111,879	1,202,656	2,032,859
Noncurrent Assets				
Long term investments	43,708,734	23,901,676	-	19,807,058
Loans and other receivables	3,182,194	3,182,194	-	-
Depreciable capital assets, net	-	-	-	-
Total Noncurrent Assets	46,890,928	27,083,870	-	19,807,058
Total Assets	$ 69,238,322	$ 46,195,749	$ 1,202,656	$ 21,839,917
Liabilities				
Accounts payable	$ 2,028,001	$ 2,017,065	$ 1,473	$ 9,463
Deposits payable	323,520	-	-	323,520
Loans payable	-	-	-	-
Total Liabilities	2,351,521	2,017,065	1,473	332,983
Net Position				
Net investment in capital assets	-	-	-	-
Restricted for Component Units	51,342,325	38,316,280	-	13,026,045
Unrestricted	15,544,476	5,862,404	1,201,183	8,480,889
Total Net Position	66,886,801	44,178,684	1,201,183	21,506,934
Total Liabilities and Net Position	$ 69,238,322	$ 46,195,749	$ 1,202,656	$ 21,839,917

Seattle Colleges
Discretely Presented Component Units
Condensed Combining Statement of Revenues, Expenses and Changes in Net Position FY Ending June 30, 2023

	Total Discrete Component Units	Seattle Colleges Foundation	Foundation for The Seattle Colleges	South Seattle College Foundation
Operations				
Operating revenue	$ 14,655,725	$ 10,834,643	$ 2,572,924	$ 1,248,158
Scholarships	4,889,249	4,420,555	-	468,694
Operating expenses	8,481,709	2,772,657	5,575,507	133,545
Income (loss) from operations	1,284,767	3,641,431	(3,002,583)	645,919
Non-operating				
Noncontrolling member distributions	-	-	-	-
Investment Income, gain (loss)	(32,928,279)	3,039,228	(31,287,577)	(4,679,930)
Increase (decrease) in net position	(31,643,512)	6,680,659	(34,290,160)	(4,034,011)
Net position, beginning of year	98,530,313	37,498,025	35,491,343	25,540,945
Net position, end of year	$ 66,886,801	$ 44,178,684	$ 1,201,183	$ 21,506,934

Foundation audited financial statements may be obtained through requests submitted to the following:

Seattle Colleges Foundation
PO Box 20069
Seattle, WA 98102
Attn: Nicholas Pennington, Executive Director
Email: nicholas.pennington@seattlecolleges.edu

Foundation for The Seattle Colleges
PO Box 20069
Seattle, WA 98102
Attn: Nicholas Pennington, Executive Director
Email: nicholas.pennington@seattlecolleges.edu

South Seattle College Foundation
PO Box 15450
Seattle, WA 98115
Attn: Stephanie Doenges, Accountant
Email: info@southseattlecollegefoundation.org

Note 19 – Restatements

The Colleges made the following restatements to correct beginning Net Position as of June 30, 2022:

Net Position		
Net position, beginning of year	$	204,760,286
Adjustment to correct PY Receivables		237,242
Net Position, beginning of year, as restated	$	204,997,528

Note 20 – Subsequent Events

In November 2023, Seattle Colleges obtained $685K of financing in the form of Certificates of Participation through OST to fund solar array infrastructure and installation at Seattle Central and North Seattle College campuses.

In April 2024, Seattle Colleges was notified by Follett Higher Education of Follett's intent to terminate the College's contract for operation of campus bookstore's due to marketplace pressures and declining sales. Seattle Colleges entered into a contract with Akademos to provide bookstore services for Fall of 2024.

On May 9th, 2024, the State Board for Community and Technical Colleges approved resolution 24-05-30 for the sale of 2.3 acres of land for affordable housing as allowed under RCW 39.33.015 which grants state agencies the authority to dispose of surplus land for a public benefit purpose. North Seattle College has determined that it does not require the property for future academic and support facilities. Further North Seattle College has been studying the feasibility of providing affordable housing and this agreement will allow Bellwether Housing and Chief Seattle Club, both affordable housing developers, to construct such housing. Additionally, this agreement provides right of first refusal for Seattle Colleges to regain title for up to 170 years if the intended use of the property changes.

There have been various changes to executive leadership positions including the Chancellor and President's at all three campuses. Dr. Rosie Rimando-Chareunsap began serving as the Chancellor of Seattle Colleges in August 2023. Dr. Rachel Solemsaas, Dr. Bradley Lane, and Dr. Monica Brown were chosen to serve as President at North, Central and South Seattle Colleges, respectively, in June with appointments beginning in July of 2024.

Required Supplementary Information

Seattle Colleges
Required Supplementary Information

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

	As of June 30, 2023			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's portion of the total pension liability	0.190962%	0.247212%	0.026372%	0.026281%
Employer's proportionate share of the total pension liability (asset)	(5,317,083)	9,168,550	(501,551)	51,717
Employer's covered employee payroll	34,820,656	34,748,157	2,264,706	2,230,870
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	-15.27%	26.39%	-22.15%	2.32%
Plan fiduciary total position as a percentage of the total pension liability	76.56%	106.73%	78.24%	100.86%

	As of June 30, 2022			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's portion of the total pension liability	0.220258%	0.278415%	0.025434%	0.024663%
Employer's proportionate share of the total pension liability (asset)	2,689,867	(27,734,612)	171,247	(677,938)
Employer's covered employee payroll	30,410,096	30,340,433	2,105,782	2,086,680
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	8.85%	-91.41%	8.13%	-32.49%
Plan fiduciary total position as a percentage of the total pension liability	88.74%	120.29%	91.42%	113.72%

	As of June 30, 2021			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's portion of the total pension liability	0.231523%	0.294731%	0.024460%	0.240060%
Employer's proportionate share of the total pension liability	8,174,012	3,769,441	589,189	368,728
Employer's covered employee payroll	33,530,624	33,330,537	1,843,485	1,815,273
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	24.38%	11.31%	31.96%	20.31%
Plan fiduciary total position as a percentage of the total pension liability	68.64%	97.22%	70.55%	91.72%

	As of June 30, 2020			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's portion of the total pension liability	0.223844%	0.282298%	0.022163%	0.021529%
Employer's proportionate share of the total pension liability	8,607,596	2,742,073	548,712	129,720
Employer's covered employee payroll	35,057,326	34,758,080	1,772,206	1,743,103
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	24.55%	7.89%	30.96%	7.44%
Plan fiduciary total position as a percentage of the total pension liability	67.12%	97.77%	70.37%	96.36%

	As of June 30, 2019			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's portion of the total pension liability	0.227371%	0.283070%	0.025627%	0.024782%
Employer's proportionate share of the total pension liability	10,154,469	4,833,159	748,460	111,547
Employer's covered employee payroll	31,050,479	30,753,777	1,459,969	1,431,146
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	32.70%	15.72%	51.27%	7.79%
Plan fiduciary total position as a percentage of the total pension liability	63.22%	95.77%	66.52%	96.88%

Seattle Colleges
Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability (continued)
Year Ended June 30, 2023

As of June 30, 2018	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's portion of the total pension liability	0.244331%	0.300851%	0.030111%	0.025890%
Employer's proportionate share of the total pension liability	11,593,699	10,453,128	910,336	238,950
Employer's covered employee payroll	29,375,810	29,375,810	1,467,085	1,428,031
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	39.47%	35.58%	62.05%	16.73%
Plan fiduciary total position as a percentage of the total pension liability	61.24%	90.97%	65.58%	93.14%

As of June 30, 2017	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's portion of the total pension liability	0.249531%	0.301052%	0.032263%	0.027799%
Employer's proportionate share of the total pension liability	13,400,990	15,157,730	1,101,535	381,763
Employer's covered employee payroll	30,067,061	29,496,393	1,550,219	1,419,701
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	44.57%	51.39%	71.06%	26.89%
Plan fiduciary total position as a percentage of the total pension liability	57.03%	85.82%	62.07%	88.72%

As of June 30, 2016	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's portion of the total pension liability	0.243765%	0.294144%	0.029606%	0.023049%
Employer's proportionate share of the total pension liability	12,751,176	10,509,935	937,960	194,488
Employer's covered employee payroll	28,902,416	28,146,998	1,500,096	1,377,445
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	44.12%	37.34%	62.53%	14.12%
Plan fiduciary total position as a percentage of the total pension liability	59.10%	89.20%	65.70%	92.48%

As of June 30, 2015	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's portion of the total pension liability	0.236912%	0.282041%	0.025445%	0.017490%
Employer's proportionate share of the total pension liability	11,934,553	5,701,068	750,488	56,513
Employer's covered employee payroll	26,975,186	26,169,995	1,258,555	1,090,532
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	44.24%	21.78%	59.63%	5.18%
Plan fiduciary total position as a percentage of the total pension liability	61.19%	93.29%	68.77%	96.81%

As of June 30, 2014	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Employer's portion of the total pension liability	0.228717%	0.268941%	0.024519%	0.013786%
Employer's proportionate share of the total pension liability	13,364,515	11,483,821	866,069	151,183
Employer's covered employee payroll	24,019,544	23,171,384	904,477	725,181
Employer's proportionate share of the total pension liability as a percentage of the covered employee payroll	55.64%	49.56%	95.75%	20.85%
Plan fiduciary total position as a percentage of the total pension liability	61.19%	93.29%	68.77%	96.81%

Seattle Colleges
Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability (continued)
Year Ended June 30, 2023

Notes to Schedule:
There were no changes benefits.
There were no changes to assumptions.

Schedule of Employer Contributions
Year Ended June 30, 2023

	As of June 30, 2023			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily of contractually required contributions	1,336,733	2,210,060	148,458	179,481
Contributions in relation to the statutorily or contractually required contributions	1,336,733	2,210,060	148,458	179,481
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	34,820,656	34,748,157	2,264,706	2,230,870
Contributions as a percentage of covered employee payroll	3.84%	6.36%	6.56%	8.05%

	As of June 30, 2022			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily of contractually required contributions	1,134,100	1,931,657	135,198	168,248
Contributions in relation to the statutorily or contractually required contributions	1,134,100	1,931,657	135,198	168,248
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	30,410,096	30,340,433	2,105,782	2,086,680
Contributions as a percentage of covered employee payroll	3.73%	6.37%	6.42%	8.06%

	As of June 30, 2021			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily of contractually required contributions	1,642,546	2,639,740	138,465	147,945
Contributions in relation to the statutorily or contractually required contributions	1,642,546	2,639,740	138,465	147,945
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	33,530,624	33,330,537	1,843,485	1,815,273
Contributions as a percentage of covered employee payroll	4.90%	7.92%	7.51%	8.15%

Seattle Colleges
Required Supplementary Information

Schedule of Employer Contributions (continued)
Year Ended June 30, 2023

	As of June 30, 2020			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily of contractually required contributions	1,692,638	2,752,640	129,947	141,569
Contributions in relation to the statutorily or contractually required contributions	1,692,638	2,752,640	129,947	141,569
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	35,057,326	34,758,080	1,772,206	1,743,103
Contributions as a percentage of covered employee payroll	4.83%	7.92%	7.33%	8.12%

	As of June 30, 2019			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily of contractually required contributions	1,610,060	2,311,380	109,973	112,059
Contributions in relation to the statutorily or contractually required contributions	1,610,060	2,311,380	109,973	112,059
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	31,050,479	30,753,777	1,459,969	1,431,146
Contributions as a percentage of covered employee payroll	5.19%	7.52%	7.53%	7.83%

	As of June 30, 2018			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily of contractually required contributions	1,474,272	2,184,202	106,582	110,176
Contributions in relation to the statutorily or contractually required contributions	1,474,272	2,184,202	106,582	110,176
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	29,375,810	29,375,810	1,467,085	1,428,031
Contributions as a percentage of covered employee payroll	5.02%	7.44%	7.26%	7.72%

	As of June 30, 2017			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily of contractually required contributions	1,469,711	1,837,568	105,368	95,392
Contributions in relation to the statutorily or contractually required contributions	1,469,711	1,837,568	105,368	95,392
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	30,067,061	29,496,393	1,550,219	1,419,701
Contributions as a percentage of covered employee payroll	4.89%	6.23%	6.80%	6.72%

Seattle Colleges
Required Supplementary Information

Schedule of Employer Contributions (continued)
Year Ended June 30, 2023

	As of June 30, 2016			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily of contractually required contributions	1,415,082	1,737,946	98,053	90,738
Contributions in relation to the statutorily or contractually required contributions	1,415,082	1,737,946	98,053	90,738
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	28,902,416	28,146,998	1,500,096	1,377,445
Contributions as a percentage of covered employee payroll	4.90%	6.17%	6.54%	6.59%

	As of June 30, 2015			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily of contractually required contributions	1,121,180	1,313,520	66,409	62,089
Contributions in relation to the statutorily or contractually required contributions	1,121,180	1,313,520	66,409	62,089
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	26,975,186	26,169,995	1,258,555	1,090,532
Contributions as a percentage of covered employee payroll	4.16%	5.02%	5.28%	5.69%

	As of June 30, 2014			
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Statutorily of contractually required contributions	1,015,017	1,153,123	48,359	41,146
Contributions in relation to the statutorily or contractually required contributions	1,015,017	1,153,123	48,359	41,146
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	24,019,544	23,171,384	904,477	725,181
Contributions as a percentage of covered employee payroll	4.23%	4.98%	5.35%	5.67%

Schedule of Employer Contributions (continued)
Year Ended June 30, 2023

Methods and Assumptions used to Determine Contribution Rates:

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

Seattle Colleges
Required Supplementary Information

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

	2023	2022	2021	2020
Total Pension Liability				
Service cost	$ 202,298	$ 156,691	$ 479,659	$ 337,871
Interest	730,412	527,885	341,162	380,066
Difference between expected and actual experience	(587,034)	2,332,799	(3,078,051)	800,805
Changes in assumptions	(1,162,478)	757,775	(5,555,297)	2,139,727
Benefit payments	(306,575)	(313,487)	(204,512)	(171,542)
Changes in proportional share of TPL	(142,122)	47,554	965,613	461,496
Net change in total pension liability	(1,265,499)	3,509,217	(7,051,426)	3,948,423
Total pension liability - beginning	10,550,894	7,041,677	14,093,103	10,144,680
Total pension liability - ending (a)	$ 9,285,395	$ 10,550,894	$ 7,041,677	$ 14,093,103
Total Pension Liability**				
Contributions - employer	$ 87,873	$ 86,612	$ 67,349	n/a
Contributions - member	-	-	-	n/a
Net investment income	240,602	5,404	842,997	n/a
Benefit payments	-	-	-	n/a
Administrative expense	-	-	-	n/a
Other	-	-	-	n/a
Net change in plan fiduciary net position	328,475	92,016	910,346	n/a
Plan fiduciary net position - beginning	3,403,913	3,311,897	2,401,551	n/a
Plan fiduciary net position - ending (b)	3,732,388	3,403,913	3,311,897	n/a
Plan's net pension liability (asset) - ending (a) - (b)	$ 5,553,007	$ 7,146,981	$ 3,729,780	n/a
Covered employee payroll	66,944,203	66,599,150	65,411,963	65,236,411
Total pension liability/(asset) as a percentage of covered payroll	13.87%	15.84%	10.77%	21.60%

Seattle Colleges
Required Supplementary Information

Schedule of Changes in Total Pension Liability and Related Ratios (continued)
State Board Supplemental Defined Benefit Plans
Year Ended June 30, 2023

	2019	2018	2017
Total Pension Liability			
Service cost	$ 262,054	$ 393,937	$ 584,000
Interest	316,981	362,026	379,000
Difference between expected and actual experience	597,624	(1,070,742)	(2,733,000)
Changes in assumptions	1,123,700	(362,232)	(645,000)
Benefit payments	(167,112)	(133,817)	(97,000)
Changes in proportional share of TPL	(961,823)	(469,708)	-
Net change in total pension liability	1,171,424	(1,280,536)	(2,512,000)
Total pension liability - beginning	8,973,256	10,253,792	12,765,792
Total pension liability - ending (a)	$ 10,144,680	$ 8,973,256	$ 10,253,792
Total Pension Liability**			
Contributions - employer	n/a	n/a	n/a
Contributions - member	n/a	n/a	n/a
Net investment income	n/a	n/a	n/a
Benefit payments	n/a	n/a	n/a
Administrative expense	n/a	n/a	n/a
Other	n/a	n/a	n/a
Net change in plan fiduciary net position	n/a	n/a	n/a
Plan fiduciary net position - beginning	n/a	n/a	n/a
Plan fiduciary net position - ending (b)	n/a	n/a	n/a
Plan's net pension liability (asset) - ending (a) - (b)	n/a	n/a	n/a
Covered employee payroll	59,288,988	58,154,953	59,920,830
Total pension liability/(asset) as a percentage of covered payroll	17.11%	15.43%	17.11%

*These schedules are to be built prospectively until they contain 10 years of data
n/a indicates data not available

Changes to benefit terms: There were no changes to benefit terms
Changes in assumptions: There were no changes to assumptions
Mortality, total salary growth and TIAA CREF future accumulation rates assumptions were updated based on the *August 2021 Higher Education SRP Experience Study*

Seattle Colleges
Required Supplementary Information

Schedule of Contributions
State Board Supplemental Defined Benefit Plans
Fiscal Year Ended June 30

	2023	2022	2021	2020
Statutorily of contractually required contributions	$ 5,785,258	$ 5,726,574	$ 5,618,316	$ 5,096,252
Contributions in relation to the statutorily or contractually required contributions	5,785,258	5,726,574	5,618,316	5,096,252
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	66,994,203	66,559,150	65,411,963	65,236,411
Contributions as a percentage of covered employee payroll	8.64%	8.60%	8.59%	7.81%

Schedule of Contributions
State Board Supplemental Defined Benefit Plans
Fiscal Year Ended June 30

	2019	2018	2017
Statutorily of contractually required contributions	$ 4,608,288	$ 5,017,499	$ 5,164,391
Contributions in relation to the statutorily or contractually required contributions	4,608,288	5,017,499	5,164,391
Contribution deficiency (excess)	-	-	-
Covered employee payroll	59,288,988	58,154,953	59,920,830
Contributions as a percentage of covered employee payroll	7.77%	8.63%	8.62%

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

Seattle Colleges
Required Supplementary Information

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

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 3,015,806	$ 3,313,837	$ 2,891,116
Interest cost	1,399,294	1,432,220	2,418,463
Difference between expected and actual experience	(1,385,757)	-	(370,607)
Changes in assumptions	(23,397,412)	611,922	1,567,704
Changes in benefit terms	-	-	-
Benefit payments	(1,028,066)	(1,091,153)	(1,151,467)
Changes in proportionate share	(4,024,300)	(7,635,344)	(3,707,038)
Other	-	-	(2,463,383)
Net changes in total OPEB liability	(25,420,435)	(3,368,518)	(815,212)
Total OPEB Liability - beginning	66,301,925	69,670,443	70,485,655
Total OPEB Liability - ending	$ 40,881,490	$ 66,301,925	$ 69,670,443
College's proportion of the total OPEB liability (%)	0.962311%	1.024494%	1.150590%
Covered payroll	104,029,565	101,201,708	102,601,345
Total OPEB liability as a percentage of covered payroll	39.30%	65.51%	67.90%

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 2,854,005	$ 3,914,518	$ 5,182,669
Interest cost	2,475,686	2,691,209	2,427,594
Difference between expected and actual experience	-	2,456,551	-
Changes in assumptions	4,610,377	(17,137,186)	(11,841,846)
Changes in benefit terms	-	-	-
Benefit payments	(1,132,477)	(1,136,632)	(1,237,141)
Changes in proportionate share	(932,644)	(4,625,174)	(5,280,670)
Other	-	-	-
Net changes in total OPEB liability	7,874,947	(13,836,714)	(10,749,394)
Total OPEB Liability - beginning	62,610,708	76,447,422	87,196,816
Total OPEB Liability - ending	$ 70,485,655	$ 62,610,708	$ 76,447,422
College's proportion of the total OPEB liability (%)	1.214462%	1.232826%	1.312218%
Covered payroll	116,125,484	106,011,911	104,219,715
Total OPEB liability as a percentage of covered payroll	60.70%	59.06%	73.35%

Notes to Schedule:

Changes of benefit terms: There were no changes in benefit terms

Changes of assumptions: Discount rate changed to 3.54% (Municipal Bond Rate) at June 30, 2022 measurement

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