Grays Harbor College
Fiscal Year 2015
FINANCIAL REPORT

GRAYS HARBOR COLLEGE

2015 Financial Statements

And

Required Supplementary Information

Table of Contents

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www.ghc.edu

Trustees and Administrative Officers

BOARD OF TRUSTEES

ADMINISTRATIVE OFFICERS

Trustees and Officer list effective as of December 31, 2016

INDEPENDENT AUDITOR S REPORT ON FINANCIAL STATEMENTS

Grays Harbor College
July 1, 2014 through June 30, 2015

Board of Trustees
Grays Harbor College
Aberdeen, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Grays Harbor College, Grays Harbor County, Washington, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Grays Harbor College Foundation, which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Grays Harbor College Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Grays Harbor College Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Grays Harbor College, as of June 30, 2015, 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.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2015, the College adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statements of the Grays Harbor College, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2015, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2017 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Pat McCarthy

Pat McCarthy

State Auditor

Olympia, WA

March 15, 2017

Grays Harbor College

The following discussion and analysis provides an overview of the financial position and activities of Grays Harbor College (the College) for the fiscal year ended June 30, 2015 (FY 2015). The 2015 report constitutes the College’s second comprehensive financial audit. Comparisons included in this discussion are made with the audited financial information from fiscal year ended June 30, 2014 (FY 2014).

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

Reporting Entity

Grays Harbor College is one of thirty-four public community and technical colleges in the state of Washington, providing comprehensive, open-door academic programs, workforce education, basic skills and community service educational programs. The College confers associates degrees, certificates and high school diplomas. The College also serves Running Start higher school students (dual enrollments) through contracts with local school districts, and provides basic skills and vocational training to Stafford Creek Correctional Center through a contract with the State of Washington Department of Corrections. For the fiscal year ending June 30, 2015, the College served 1,659 state funded full-time equivalent (FTE) students, and 582 contract funded FTEs. Actual headcount for 2015 totaled 4,230 students.

The College was established in 1930 and is one of the oldest community colleges in the state. The main campus is located in Aberdeen, Washington, and the College’s service district includes both Grays Harbor and Pacific counties with a total population of approximately 92,000. The College also has educational centers in Pacific County, with facilities in Raymond and Ilwaco. The College is governed by a five member Board of Trustees appointed by the governor of the state with the consent of the state Senate. In accordance with Washington State law governing community colleges, the College’s board includes one member from business and one member from labor. By statute, the Board of Trustees has full control of the College, except as otherwise provided by law.

Using the Financial Statements

The financial statements presented in this report encompass the College and its discretely presented component unit. The College’s financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the College at a moment in time, at year-end. The Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash flows provide information about operations and activities over an entire fiscal year. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess the College’s financial health.

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

In 2015, the College adopted GASB Statement No. 68, as amended by GASB Statement No. 71. The thrust of these two GASB statements requires the College to record its proportionate share of net pension liabilities, deferred outflows and inflows of resources. This is done by restating 2014 net position, pension liabilities and deferral of resources as a change in accounting principle. For the purpose of this analysis, the restatement of 2014's net position was made to conform to 2015 presentation. The change in accounting principle resulted in a reduction to unrestricted net position in the amount of $3.4 million, resulting in the restatement annual net position for the year ending June 30, 2014 to a balance of $57.9 million.

Statement of Net Position

The Statement of Net Position provides information about the College's financial position, and presents the College's assets, deferred outflows, liabilities, deferred inflows, and net position at year-end and includes all assets and liabilities of the College. A condensed comparison of the Statement of Net Position is provided below.

Condensed Statement of Net Position

Condensed Statement of Net Position As of June 30th	**FY 2015**	**FY 2014** (restated)
Assets		
Current Assets	8,841,902	11,567,308
Capital Assets, net	75,813,349	50,894,977
Other Assets, non-current	4,810,476	4,429,416
Total Assets	**$ 89,465,727**	**$ 66,891,701**
Deferred Outflows	$ 483,367	$ 344,480
Liabilities		
Current Liabilities	1,963,567	4,308,760
Other Liabilities, non-current	4,365,706	5,072,001
Total Liabilities	**$ 6,329,273**	**$ 9,380,761**
Deferred Inflows	$ 1,064,449	
Net Position	**$ 82,555,372**	**$ 57,855,420**

Current assets consist primarily of cash, short term investments, various accounts receivables and inventories. The reduction in current assets can be attributed to the timing of payments due to the college for college expenditures and transfers from the state treasurer.

Net capital assets increased by approximately $24.9 million from FY 2014 to FY 2015. After taking into consideration current depreciation expense of approximately $1.5 million, the majority of the increase is the result of the completion of the Schermer Instructional Building, which wrapped up construction during FY 2015.

Non-current assets consist of the long-term portion of investments in certificate of deposits at local banks, and the long-term portion of restricted cash and investments held for future construction of the student union building contributed by student fees.

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

The decrease in current liabilities from FY 2014 to FY 2015 is primarily due to the substantial completion of the construction phase of the Schermer Instructional Building during the fiscal year.

Non-current liabilities primarily consist of the value of vacation and sick leave earned but not yet used by employees.

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

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

Restricted:

Non expendable – consists of funds in which a donor or external party has imposed the restriction that the corpus or principal is not available for expenditures but for investment purposes only. Historically, donors interested in establishing such funds to benefit the College or its students have chosen to do so through the Foundation. As a result, the College is not reporting any balance in this category.

Expendable – resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties who have placed time or purpose restrictions on the use of the asset. The primary expendable funds for the College are institutional aid funds, and student loans funds.

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

Condensed Net Position As of June 30th, 2015	FY 2015		FY 2014 (restated)	
Net Investment in Captial Assets	$	75,813,350	$	50,894,977
Restricted				
Expendable		2,414,569		2,308,805
Unexpendable		-		-
Unrestricted	$	4,327,454		4,651,638
Total Net Position	$	82,555,373	$	57,855,420

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position accounts for the College's changes in total net position during FY 2015. The objective of the statement is to present the revenues received, both operating and non-operating, and the expenses paid by the College, along with any other revenue, expenses, gains and losses of the College.

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

Operating expenses are expenses incurred in the normal operation of the College, including depreciation on property and equipment assets. When operating revenues, excluding state appropriations and Pell Grants, are measured against operating expenses, the College shows an operating loss. The operating loss is reflective of the fiscal relationship the college has with the State of Washington's public higher education mission, where the state provides a source of non-operating revenue (i.e., state appropriations) to keep tuition lower than the cost of the services provided.

A condensed statement of revenues, expense and changes in net position for fiscal year 2015, as compared to 2014, is presented below.

Condensed Statement of Revenue, Expenses and Net Position Changes in Net Position As of June 30th	FY 2015	FY 2014 (restated)
Revenues		
Net Tuition and fees	$ 3,135,377	$ 3,266,087
Auxiliary enterprise sales	$ 906,650	$ 957,338
State, Federal and local grants and contracts	$ 9,689,003	$ 6,971,985
Other operating revenues	$ 142,121	$ 291,339
Expenses		
Supplies and materials, travel and non-capitalized equipment	$ 3,473,343	$ 3,163,137
Salaries, wages and benefits	$ 14,877,276	$ 14,578,018
Scholarships and fellowships	$ 7,906,004	$ 5,637,351
Depreciation, purchased services and utilities	2,689,466	2,576,880
Net Operating Loss	$ (15,072,938)	$ (14,468,637)
Non-Operating Revenues	$ 13,333,520	$ 13,582,742
Non-Operating Expenses	610,245	4,493,415
Gain (Loss) Before Capital Appropriations	$ (2,349,663)	$ (5,379,310)
Capital Appropriations	27,049,615	13,273,168
Increase (Decrease) in Net Position	$ 24,699,952	$ 7,893,858
Net Position, Beginning of the Year	$ 57,855,421	$ 49,961,562
Net Position, End of the Year	82,555,373	57,855,420

Operating Revenues

As with most institutions of higher education, Grays Harbor College has a fee for service relationship with each student who enrolls for courses. The payment of this fee occurs as a transaction between the College and students directly or through their financial aid processing. As well, student fees can be sponsored and paid by a third party. The type of fee paid is determined by the program in which the student is enrolled.

The bulk of students at Grays Harbor College are enrolled in credential and degree programs whose fee rates are governed by the state-wide tuition fee schedules established and managed by the State Board for Community and Technical Colleges. Commonly referred to as tuition from 'state students,' tuition is comprised of three legally defined fees that are applied at a per credit rate. The first of the fees, the operating fee, represents approximately 80 percent of the tuition rate and is available to the College as an operating revenue to support college operations. Half of the remaining 20 percent is diverted and collected as a building fee (10%), while the other half is made available for use by students for student activities (10%). From the operating fee portion of tuition the College is required to set aside 3.5 and 3.0 percent as *financial aid for GHC students in need* and a *state-wide technology innovation fund*, respectively. After all diversions and set-asides, approximately 75 percent of scheduled, student-paid tuition is available to the College to support normal operations.

The amount of tuition revenue collected is a function of rate multiplied by volume, with rate being the per credit value of tuition and volume the number of credit hours taken (45 credit hours attended per year equals one full time equivalent [FTE] student). The College does not have authority to change the rate of tuition charged to students. This authority rests with the Washington state legislature, who provides the maximum net percent change allowed annually, which is used by the State Board for Community and Technical Colleges to update annual tuition schedules accordingly. Continuing the policy from the previous year, fiscal year 2015 represents the second consecutive year in which community and technical college scheduled tuition was not increased over the previous year. Another factor that impacts operating fee collections are enrollment levels. The change in the number of FTE 'state students' enrolled at the College was stable between FY 2014 and 2015. Flat enrollment growth, when combined with the flat tuition rates for the second year, explain the lack of the year to year growth in operating revenues reported as *student tuition and fees, net*.

For a small number of students, the College offers programs on a fee-only basis, as allowed by law. This fee-only basis is generally established through a contractual arrangement between the college and a third party seeking the specialized educational opportunities. These fees are set to cover the cost of the educational service provided.

Non-Operating Revenue

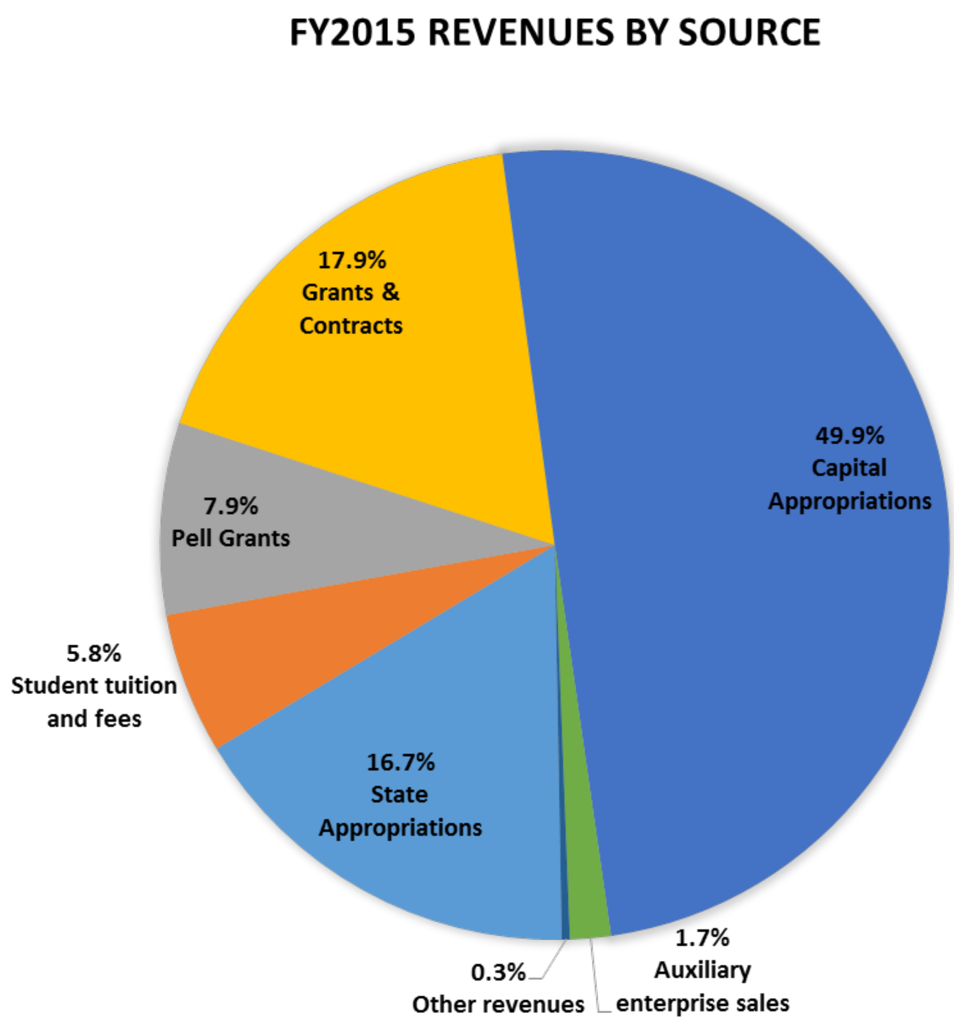
As a public institution of higher education, Grays Harbor College is dependent upon non-operating revenue to maintain its educational mission. The state of Washington provides funding to the 34 community and technical colleges in a single appropriation. The State Board for Community and Technical Colleges (SBCTC) receives this appropriation and then allocates resources to each college (listed as *State Appropriations* in the Statement of Revenues). The fiscal year examined for this report represents the second year in a row in which the system's state appropriations were not reduced from the previous year. After a reduction of over 20 percent between FY 2009 and FY 2013, the share of state appropriations allocated to the College in FY 2015 was similar in value to the FY 2014. A one-time, actuarial driven adjustment was made to appropriations to recognize a planned decline in the monthly employer contribution rates for employee health insurance and was a significant factor in the year to year change in the College's share of state appropriations.

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

The following table shows a comparison of revenues for years ending June 30, 2014 and 2015.

Revenue	FY2014	as a percent of total	FY2015	as a percent of total
State Appropriations	9,176,842	23.9%	9,037,325	16.7%
Student tuition and fees	3,266,087	8.5%	3,135,377	5.8%
Pell Grants	4,346,181	11.3%	4,260,964	7.9%
Grants & Contracts	6,971,985	18.2%	9,689,002	17.9%
Capital Appropriations	13,273,168	34.6%	27,049,615	49.9%
Auxiliary enterprise sales	957,338	2.5%	906,650	1.7%
Other revenues	351,058	0.9%	177,352	0.3%
Total	38,342,659		54,256,285	

The following illustration showing revenue by source, both operating and non-operating used to fund the College's programs for the year ended June 30, 2015.

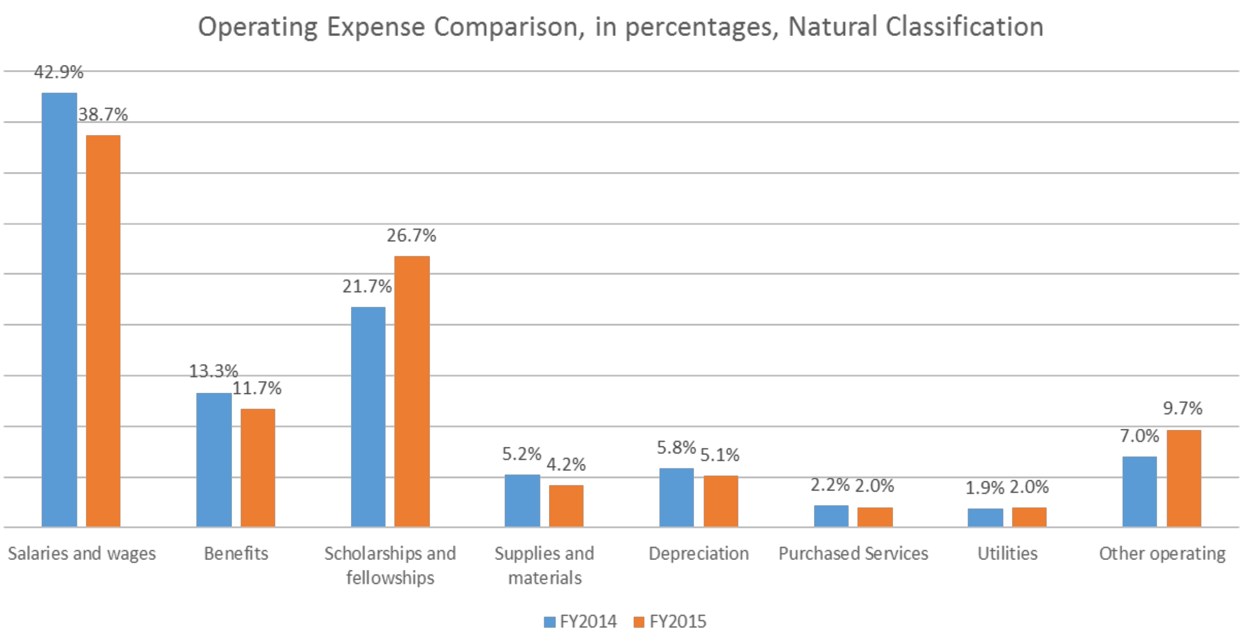


Operating Expenses

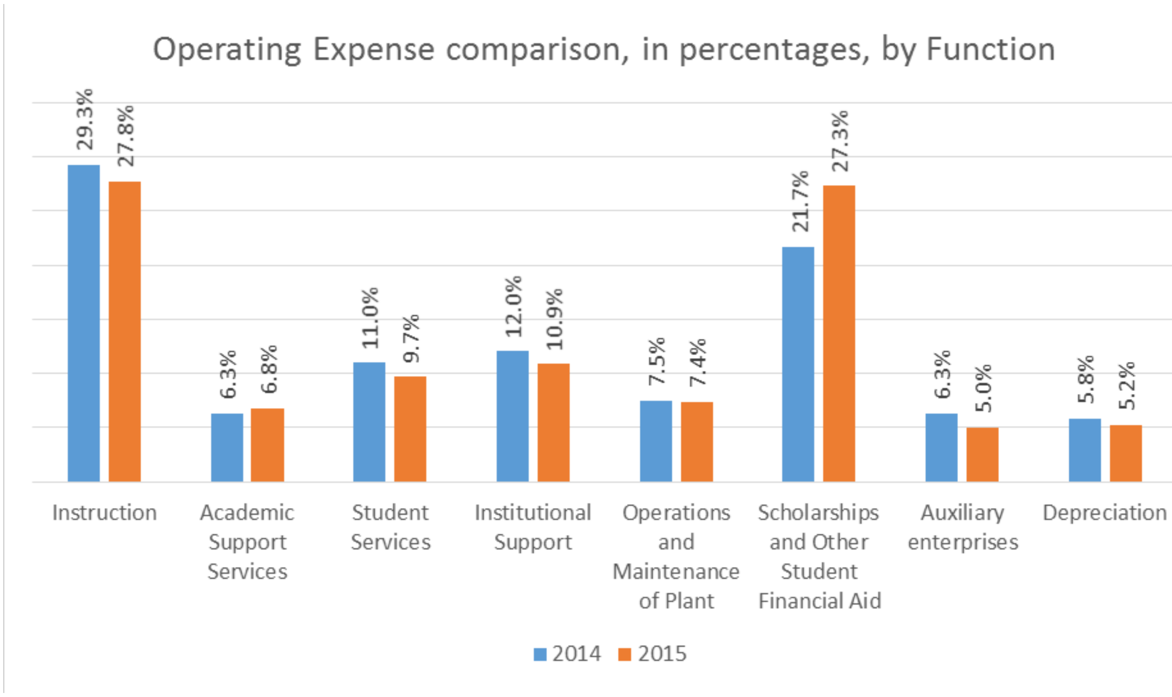
Having weathered the severe budget reductions implemented between 2009 and 2013, fiscal year 2014 marked a reversal in shrinking operating expenditures. Fiscal year 2015 continued this trend and reflects modest growth in operating expenses. The College experienced minimal growth in *salaries and wages* and *benefits*, categories that represent 51 percent of operating expenses. Small increases in these categories are driven by the restoration of previous budget reductions which limited the ability of the college to fill vacant position, along with continued emphasis on student success and retention initiatives requiring new positions and adjustments in salaries to reflect added duties. As the impact of budget reductions over the past five years fade, FY 2015 represented a chance to shift from constantly seeking opportunities to identify savings and efficiencies, to a position of right-sizing program resource needs as well as re-engaging program needs suspended during budget crisis. This is reflected in various operating expense categories, such as *utilities, purchased services,* and *operating expenses.*

Operating expenses, for 2014 and 2015 are noted below, by natural classification, followed by a bar chart that shows the comparative percentages for 2014 and 2015:

Expenses	FY2014	as a percent of total	FY2015	as a percent of total
Salaries and wages	11,123,249	42.9%	11,427,974	38.7%
Benefits	3,454,769	13.3%	3,449,302	11.7%
Scholarships and fellowships	5,637,351	21.7%	7,906,004	26.7%
Supplies and materials	1,342,872	5.2%	1,230,397	4.2%
Depreciation	1,517,747	5.8%	1,518,056	5.1%
Purchased Services	567,164	2.2%	593,791	2.0%
Utilities	491,968	1.9%	577,620	2.0%
Other operating	1,820,265	7.0%	2,853,191	9.7%
total	25,955,385		29,556,335	



In 2014, the College amended their program function spending codes to align with the National Association of College & University Business Officers (NACUBO) program coding guidelines. The following chart shows consistency between 2014 and 2015, for functional reporting, in percentage terms.



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 funding for capital project expenditures. Capital expenditures include major projects, minor projects, repairs, emergency funds, alternative financing and major leases. There are two primary funding sources for college capital projects, state general obligation bonds and building fees collected with student tuition. The budget crisis that resulted from the great recession of 2009 led to declining state revenues and significantly reduced the state's debt capacity and is expected to continue to impact the number of new projects that can be financed. Because the building fee is collected with operating fees (within student tuition), the availability of resources is dependent upon changes in rate and enrollment levels. These two sources, plus the use of local funds and alternative financing, are used to establish the state's capital appropriations for the community and technical college system. The College did not engage in any long-term debt activities.

At June 30, 2015, the College had invested $75,813,350 in capital assets, net of accumulated depreciation. This represents an increase of approximately $24.9 million from last year, as shown in the table below. The increase in net capital assets can primarily be attributed to the continued construction and eventual completion of the Schermer Instructional building during the close of the 2014-15 academic year. This new building opened for full occupancy in fall of 2015. For additional information regarding capital assets, please refer to the Notes to the Financial Statements.

Asset Type	June 30, 2015	June 30, 2014	Change
Land	$ 177,724	$ 177,724	$ -
Construction in progress	41,853,832	$ 15,520,424	$ 26,333,408
Buildings, net	32,637,254	$ 33,898,741	$ (1,261,487)
Other improvements and infrastructure, net	465,158	$ 493,245	$ (28,087)
Equipment, net	570,059	$ 679,246	$ (109,187)
Library resources, net	109,323	$ 125,597	$ (16,274)
Total Capital Assets, Net	$ 75,813,350	$ 50,894,977	$ 24,918,373

The net position increased in FY15.

Economic Factors That Will Affect the Future

Following a trend that began in FY 2009, the College's state operating appropriations continued to decrease through FY 2013. More recently, the biennia encompassing the current report year is the first to experience increases in state appropriations. These investments in community colleges allowed the Legislature to keep FY 2014 and 2015 tuition flat for traditional resident, non-resident and baccalaureate students. It's unclear how much opportunity there may be for additional investments in community and technical colleges in the next few years, as state budget writers continue to grapple with court-mandated basic education obligations.

Closer to home, the College continues to exercise fiscal caution in budgeting and spending, considering the decreases overall in enrollment since the economy has stabilized after the recession, and demographic shifts in the area. Typical of most community and technical colleges in the state, enrollment increases significantly during a recession as workers retrain and go back to school to improve the marketability, and decreases when the economy strengthens and more jobs become available. The College has undertaken initiatives over the last few years to increase enrollment and retain students, and these initiatives are beginning to show progress.

The College will continue to focus on economic areas within our control: enrollment and retention, understanding and budgeting for the impact of the new allocation model, and continued fiscal caution in budgeting and spending.

Grays Harbor College
Statement of Net Position
June 30,2015

Assets		
Current assets		
Cash and cash equivalents		4,912,638
Short-term investments		250,873
Accounts Receivable		2,558,237
Due from State Treasurer		1,096,875
Inventories		202,681
	Total current assets	9,021,305
Non-Current Assets		
Restricted cash and cash equivalents		1,982,612
Long-term investments		2,204,254
Long-term investments, Restricted		444,206
Non-depreciable Capital Assets		42,031,556
Depreciable Capital Assets, Net		33,781,794
	Total non-current assets	80,444,423
	Total assets	**89,465,728**
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions		**483,367**
	Total deferred outflows of resources	**483,367**
Liabilities		
Current Liabilities		
Accounts Payable		145,245
Due to State Treasurer		11,278
VPA Advance		136,600
Accrued Liabilities		1,546,893
Compensated absences		233,889
Deposits Payable		2,032
Unearned Revenue		121,276
	Total current liabilities	2,197,213
Noncurrent Liabilities		
Compensated Absences		1,153,411
Pension Liability		2,802,632
Moore Settlement		176,017
	Total non-current liabilities	4,132,060
	Total liabilities	**6,329,273**
Deferred inflows of resources		
Deferred Inflows Related to Pensions		**1,064,449**
	Total deferred inflows of resources	1,064,449
Net Position		
Investment in Capital Assets		75,813,350
Restricted for:		
Nonexpendable		-
Expendable		2,343,972
Student Loans		70,597
Unrestricted		4,327,454
Total Net Position		**82,555,373**

The accompanying notes are an integral part of the financial statements

Grays Harbor College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

Operating Revenues	
Student tuition and fees, net	3,135,377
Auxiliary enterprise sales	906,650
State and local grants and contracts	7,106,988
Federal grants and contracts	2,582,014
Other operating revenues	142,121
Total operating revenue	13,873,151
Operating Expenses	
Supplies, travel and non-capitalized equipment	2,242,946
Salaries and wages	11,427,974
Benefits	3,449,302
Scholarships and fellowships	7,906,004
Supplies and materials	1,230,397
Depreciation	1,518,056
Purchased services	593,791
Utilities	577,620
Total operating expenses	28,946,089
Operating income (loss)	(15,072,938)
Non-Operating Revenues (Expenses)	
State appropriations	9,037,325
Federal Pell grant revenue	4,260,964
Investment income, gains and losses	35,231
Building fee remittance	(488,556)
Innovation fund remittance	(121,689)
Net Non-Operating Revenues (Expenses)	**12,723,275**
Income or (loss) before Capital Appropriations	(2,349,663)
Capital appropriations	27,049,615
Increase (Decrease) in net position	24,699,952
Net Position	
Net position, beginning of year	62,348,836
Cumulative Effect of Change in Accounting Principle - GASB 68	(3,395,951)
Prior period adjustment	(1,097,464)
Adjusted Net position, beginning of year	57,855,421
Net position, end of year	82,555,373

The accompanying notes are an integral part of the financial statements

Grays Harbor College
Statement of Cash Flows
For the Year Ended June 30, 2015

Cash flow from operating activities	
Student tuition and fees	3,033,349
Grants and contracts	9,280,943
Payments to vendors	(3,286,616)
Payments for utilities	(581,358)
Payments to employees	(11,323,245)
Payments for benefits	(3,438,361)
Auxiliary enterprise sales	904,096
Payments for scholarships and fellowships	(7,906,004)
Payments for supplies, travel and non-capitalized equipment	(2,242,946)
Other receipts	362,635
Net cash used by operating activities	(15,197,505)
Cash flow from noncapital financing activities	
State appropriations	7,102,135
Pell grants	4,260,964
Building fee remittance	(485,607)
Innovation fund remittance	(120,698)
Net cash provided by noncapital financing activities	10,756,795
Cash flow from capital and related financing activities	
Capital appropriations	28,666,904
Purchases of capital assets	(26,837,314)
Net cash provided by capital and related financing activities	1,829,590
Cash flow from investing activities	
Purchase of investments	(8,707)
Income of investments	35,231
Net cash provided by investing activities	26,524
Decrease in cash and cash equivalents	(2,584,597)
Cash and cash equivalents at the beginning of the year	9,479,847
Cash and cash equivalents at the end of the year	6,895,251
Reconciliation of Operating Loss to Net Cash used by Operating Activities	
Operating Loss	(15,072,938)
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation expense	1,518,056
Changes in assets and liabilities	
Receivables , net	(168,876)
Inventories	(62,668)
Accounts payable	(1,575,523)
Accrued liabilities	244,445
Unearned revenue	(123,251)
Compensated absences	55,488
Pension liability adjustment expense	(12,238)
Net cash used by operating activities	(15,197,505)

The accompanying notes are an integral part of the financial statements

GRAYS HARBOR COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2015 and 2014

ASSETS

	2015	2014
CURRENT ASSETS:		
Cash and cash equivalents	$ 262,279	$ 212,602
Investments	6,175,993	6,347,951
Promises to give--current	2,250	340,969
Total current assets	6,440,522	6,901,522
OTHER ASSETS:		
Long-term investments	2,375,267	2,060,690
Long-term promises to give	-	1,800
Assets held for investment	105,876	63,000
Other long-term assets	108,443	108,443
Total other assets	2,589,586	2,233,933
Total assets	$ 9,030,108	$ 9,135,455

LIABILITIES AND NET ASSETS

	2015	2014
CURRENT LIABILITIES:		
Accounts payable	$ 2,497	$ 15,508
NET ASSETS:		
Unrestricted--		
Board designated	234,073	191,197
Undesignated	572,185	843,880
Total unrestricted	806,258	1,035,077
Temporarily restricted	3,478,914	3,698,111
Permanently restricted	4,742,439	4,386,759
Total net assets	9,027,611	9,119,947
Total liabilities and net assets	$ 9,030,108	$ 9,135,455

GRAYS HARBOR COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES

For the year ended June 30, 2015 with comparative totals for the year ended June 30, 2014

	2015				2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
SUPPORT AND REVENUE:					
Gifts and contributions	$ 152,672	$ 248,408	$ 135,000	$ 536,080	$ 531,755
Investment income	7,760	54,961	-	62,721	1,120,167
Special event revenue--net	-	-	52,275	52,275	49,786
In-kind contributions	48,326	-	-	48,326	7,950
Other income	-	13,174	-	13,174	12,936
Loss on prior year promises to give	-	(1,519)	-	(1,519)	(50,000)
Net assets released from restrictions	470,083	(470,083)	-	-	-
Total revenues and support	678,841	(155,059)	187,275	711,057	1,672,594
FUNCTIONAL EXPENSES:					
Program services--					
Awards, grants and scholarships	599,647	-	-	599,647	510,663
Other college support	101,247	-	-	101,247	198,700
Total program services	700,894	-	-	700,894	709,363
Fundraising	15,545	-	-	15,545	7,950
Management and general	86,954	-	-	86,954	99,029
Total expenses	803,393	-	-	803,393	816,342
INCREASE (DECREASE) IN NET ASSETS	(124,552)	(155,059)	187,275	(92,336)	856,252
NET ASSETS, beginning	1,035,077	3,698,111	4,386,759	9,119,947	8,263,695
Net asset transfers	(104,267)	(64,138)	168,405	-	-
NET ASSETS, ending	$ 806,258	$ 3,478,914	$ 4,742,439	$ 9,027,611	$ 9,119,947

Notes to the Financial Statements

June 30, 2015
These notes form an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Financial Reporting Entity
Grays Harbor College (the College) is a comprehensive community college offering open-door academic programs, workforce education, basic skills, and community services. The College confers associates degrees, certificates and high school diplomas. It is governed by a five-member Board of Trustees appointed by the Governor and confirmed by the state Senate.

The College is an agency of the State of Washington. The financial activity of the college is included in the State's Comprehensive Annual Financial Report.

The Grays Harbor College Foundation (the Foundation) is a separate but affiliated non-profit entity, incorporated under Washington law in 1963 and recognized as a tax exempt 501(c)(3) charity. The Foundation's charitable purpose is to support the students and mission of Grays Harbor College. Because the majority of the Foundation's income and resources are restricted by donors and may only be used for the benefit of the college or its students, the Foundation is considered a discrete component unit based on the criteria contained in Governmental Accounting Standards Board (GASB) Statement Nos. 61, 39 and 14. A discrete component unit is an entity which is legally separate from the College, but has the potential to provide significant financial benefits to the College or whose relationship with the College is such that excluding it would cause the College's financial statements to be misleading or incomplete.

The Foundation's financial statements are discretely presented in this report. The Foundation's statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Intra-entity transactions and balances between the College and the Foundation are not eliminated for financial statement presentation. During the fiscal year ended June 30, 2015, the Foundation distributed approximately $700,894 to the College for restricted and unrestricted purposes. A copy of the Foundation's complete financial statements may be obtained from the Foundation's Administrative Offices at Grays Harbor College, 1620 Edward P. Smith Drive, Aberdeen, WA, 360-538-4243.

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

New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68), which improves accounting and financial reporting by state and local governments for pensions. This statement also supersedes GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as GASB Statement No. 50, Pension Disclosures. GASB 68 is effective for fiscal years beginning after June 15, 2014. The College has implemented this pronouncement during the 2015 fiscal year. Implementation of this pronouncement has required a restatement of the prior year net position to reflect the net pension liability and the impact to net position.

The Governmental Accounting Standards Board (GASB) issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, effective for the year ended June 30, 2015. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The effect of Statement No. 71 to the College is to require the deferral (Deferred Outflows) of pension contributions made subsequent to the measurement date and is addressed in Note 6 to the financial statements.

Cumulative effect of change in accounting principle and correction of errors
The college recorded a reduction to the beginning net position balance as a result of implementing GASB Statement No. 68 and correction of errors. The net position has been restated as follows:

Net Position as previously reported at June 30, 2014	$62,348,835
Cumulative effect of change in accounting principle:	
Net Pension Liability	($3,740,431)
Deferred Outflows	344,480
Prior period adjustment:	
Amounts Payable to State Treasurer missed	(986,114)
Various immaterial errors	(111,350)
Total changes and adjustments	($4,493,415)
Net Position, as restated, July 1, 2014	$57,855,420

Basis of Accounting

The financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

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

The preparation of financial statements in conformity 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.

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, bank demand deposits, and deposits with the Washington State Local Government Investment Pool (LGIP). Cash in the investment portfolio is not included in cash and cash equivalents as it is held for investing purposes. Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets along with operating funds invested in the LGIP. The College records all cash, cash equivalents, and investments at fair value.

The College combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is distributed to the affected funds. The internal investment pool is comprised of cash, cash equivalents and certificates of deposit.

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.

Inventories

Inventories, consisting primarily of merchandise for resale in the college bookstore and course-related supplies, are valued at cost using various methods.

Capital Assets

In accordance with state law, capital assets constructed with state funds are owned by the State of Washington. Property titles are shown accordingly. However, responsibility for managing the assets rests with the College. As a result, the assets are included in the financial statements as excluding them would create a misleading fiscal environment for the reader.

Land, buildings and equipment are recorded at cost, or if acquired by gift, at fair market value at the date of the gift. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Any interest costs incurred are capitalized during the period of construction. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy all land, intangible assets and software with a unit cost of $1,000,000 or more, buildings and improvements with a unit cost of $100,000 or more, library collections with a total cost of $5,000 or more and all other assets with a unit cost of $5,000 or more are capitalized. Depreciation is computed using the straight line method over the estimated useful lives of the assets as defined by the State of Washington's Office of Financial Management. Useful lives are generally 3 to 7 years for equipment; 15 to 50 years for buildings and 20 to 50 years for infrastructure and land improvements.

In accordance with GASB Statement 42, the college reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At June 30, 2015, no assets had been written down.

Unearned Revenues

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

Tax Exemption

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

Net Pension Liability

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Net Position

The College's net position is classified as follows.

- *Net Investment in Capital Assets*. This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
- *Restricted for Nonexpendable*. This consists of endowment and similar type funds for which donors or other outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to the principle.
- *Restricted for Loans*. The loan funds are established for the explicit purpose of providing student support as prescribed by statute or granting authority.
- *Restricted for Expendable*. These include resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.
- *Unrestricted*. These represent resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises.

Classification of Revenues

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

Operating Revenues. These are grants that primarily support the operational/educational activities of the colleges. 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.

Non-operating Revenues. This includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, investment income, and Pell grants received from the federal government. Pell grants are reported as non-operating revenue based on guidance from the Office of Financial Management in collaboration with the State Auditor's Office.

Classification of Expenses

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

Non-operating Expenses. Non-operating expenses include state remittance related to the building fee and the innovation fee.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. Discounts and allowances for the year ending June 30, 2015 are $3,092,333.

State Appropriations

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

Building and Innovation Fee Remittance

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

2. Cash and Investments

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

As of June 30, 2015, the carrying amount of the College's cash and equivalents was $6,895,251 as represented in the table below.

Cash and Cash Equivalents	**June 30, 2015**
Petty Cash and Change Funds	$7,975
Bank Demand and Time Deposits	$6,887,276
Total Cash and Cash Equivalents	**$6,895,251**

Investments consist of time certificates of deposit. Time certificates of deposit have repurchase agreements with the respective financial institutions.

Investment Maturities	**Fair Value**	**One Year or Less**	**1 - 5 Years**
Time Certificate of Deposits	$ 2,899,333	$ 250,873	$ 2,648,460
Total Investments	**$ 2,899,333**	**$ 250,873**	**$ 2,648,460**

Custodial Credit Risks—Deposits

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

Interest Rate Risk—Investments

The College manages its exposure to interest rate changes by limiting the duration of investments to mature at various points in time. Current procedure is that no investment may exceed 60 months.

Concentration of Credit Risk—Investments

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

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, 2015, accounts receivable were as follows.

Accounts Receivable	**Amount**
Student Tuition and Fees	$ 835,732
Due from the Federal Government	$ 802,640
Due from Other State Agencies	$ 1,955,816
Auxiliary Enterprises	$ 69,078
Other	$ 13,497
Subtotal	$ 3,676,763
Less Allowance for Uncollectible Accounts	$ (21,651)
Accounts Receivable, net	**$ 3,655,112**

4. Inventories

Inventories, stated at cost using FIFO or the first in/first out method, consisted of the following as of June 30, 2015.

Inventories	Amount	
Merchandise Inventories	$	202,681
Inventories	**$**	**202,681**

5. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2015 is presented as follows. The current year depreciation expense was $1,518,056.

Capital Assets	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Nondepreciable capital assets				
Land	$ 177,724			$ 177,724
Construction in progress	15,520,424	26,333,408		41,853,832
Total nondepreciable capital assets	15,698,148	26,333,408	0	42,031,556
Depreciable capital assets				
Buildings	47,492,047			47,492,047
Other improvements and infrastructure	778,746	1		778,747
Equipment	3,184,556	84,913	(143,196)	3,126,273
Library resources	988,360	17,108	(7,545)	997,923
Subtotal depreciable capital assets	52,443,709	102,022	(150,741)	52,394,990
Less accumulated depreciation				
Buildings	13,593,303	1,261,490		14,854,793
Other improvements and infrastructure	285,501	28,087		313,588
Equipment	2,504,310	195,100	(143,196)	2,556,214
Library resources	862,766	33,379	(7,545)	888,600
Total accumulated depreciation	17,245,880	1,518,056	(150,741)	18,613,195
Total depreciable capital assets	35,197,829	(1,416,034)	0	33,781,795

6. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of equity that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The category of deferred outflow of resources reported in statement of net position relates to pensions.

Deferred outflows 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 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.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of equity that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources reported by the College relate to pensions.

Deferred inflows 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 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.

The following represent the components of the College's deferred outflows and inflows of resources as reflected on the Statement of Net Position:

Washington State Public Employees Retirement System (PERS Plan 1)	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected and actual earnings of pension plan investments		$ 213,882
Changes in College's proportionate share of pension liabilities	$ -	0
Contributions to pension plans after measurement date	$ 144,577	
	$ 144,577	**$ 213,882**

Washington State Public Employees Retirement System (PERS Plan 2/3)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual earnings of pension plan investments		$ 719,699
Changes in College's proportionate share of pension liabilities	$ 81,434	
Contributions to pension plans after measurement date	$ 150,082	
	$ 231,516	**$ 719,699**

Washington State Public Employees Retirement System (TERS Plan 1)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual earnings of pension plan investments		$ 67,629
Changes in College's proportionate share of pension liabilities	$ -	
Contributions to pension plans after measurement date	$ 36,587	
	$ 36,587	**$ 67,629**

Washington State Public Employees Retirement System (TERS Plan 2/3)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual earnings of pension plan investments		$ 63,239
Changes in College's proportionate share of pension liabilities	$ 38,068	
Contributions to pension plans after measurement date	$ 32,619	
	$ 70,687	**$ 63,239**

The $363,865 reported as deferred outflows of resources represent contributions the College made subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2016.

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

Year ended June 30:	PERS 1	PERS 2/3	TRS 1	TRS 2/3	TOTAL
2016	53,471	156,658	16,907	7,534	234,570
2017	53,471	156,658	16,907	7,534	234,570
2018	53,471	156,658	16,907	7,534	234,570
2019	53,471	168,291	16,907	7,534	246,203
2020	-			(4,965)	(4,965)
	213,882	638,265	67,629	25,171	944,946

7. Accounts Payable and Accrued Liabilities

At June 30, 2015, accounts payable and accrued liabilities are the following.

Accounts Payable and Accrued Liabilities	Amount
Amounts Owed to Employees	$ 857,906
Accounts Payable	$ 145,245
Due other agencies	$ 8,565
Accrued liabilities	$ 680,422
Total	**$ 1,692,138**

8. Unearned Revenue

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

Unearned Revenue	Amount
Summer and Fall Quarter Tuition & Fees	$ 121,276
Total Unearned Revenue	$ 121,276

9. Risk Management

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. Payments made for claims from July 1, 2014 through June 30, 2015, were $19,452.

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

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

10. Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses and insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The accrued vacation leave totaled $720,943, accrued sick leave totaled $666,114 and accrued compensatory time totaled $243 at June 30, 2015.

Accrued annual and sick leave are categorized as non-current liabilities.

11. Leases Payable

The College has leases for office equipment with various vendors. These leases are classified as operating leases. As of June 30, 2015, the minimum lease payments under operating leases consist of the following.

Fiscal year	Operating Leases
2016	23,340
2017	14,638
2018	5,077
2019	292
Total minimum lease payments	43,347

12. Schedule of Long Term Liabilities

	Balance outstanding 6/30/14	Additions	Reductions	Balance outstanding 6/30/15	Current portion
Compensated Absences	1,331,569	55,731		1,387,300	233,889
Net pension obligation	2,814,869		12,237	2,802,632	
Moore settlement	0	176,017		176,017	
Total	**$ 4,146,438**	**$ 231,748**	**$ 12,237**	**$ 4,365,949**	**$ 233,889**

13. Pension Plans

The College offers three contributory pension plans. The Washington State Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) plans are cost sharing multiple employer defined benefit pension plans administered by the State of Washington Department of Retirement Services. The **State Board Retirement Plan (SBRP)** is a multiple employer defined contribution plan for the faculty and exempt administrative and professional staff of the state's public community and technical colleges. The plan includes supplemental payment, when required. The plan is administered by the State Board for Community and Technical Colleges (SBCTC).

For FY2015, the payroll for the College's employees was $3,238,113 for PERS, $691,369 for TRS, and $6,032,719 for SBRP. Total covered payroll was $9,962,201.

Grays Harbor College implemented Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions for the fiscal year 2015 financial reporting. The College's defined benefit pension plans were created by statutes rather than through trust documents. With the exception of the supplemental defined benefit component of the higher education retirement plan, they are administered in a way equivalent to pension trust arrangements as defined by the GASB.

In accordance with Statement No. 68, the College has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities to align with the State CAFR.

Basis of Accounting

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

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68 for Grays Harbor College, for fiscal year 2014:

Aggregate Pension Amounts - All Plans		
Pension liabilities	$	2,802,632
Deferred outflows of resources related to pensions	$	483,367
Deferred inflows of resources related to pensions	$	1,064,449
Pension expense/expenditures	$	351,627

PERS and TRS

<u>Plan Descriptions</u>

<u>PERS and TRS Plan 1</u>

These plans provide retirement and disability benefits, and mini9mum benefit increases beginning at any age, with 30 years of service, or at age 55, with 25 years of service, or at age 60, with five years of service to eligible members hired prior to October 1, 1977. PERS and TRS Plan 1 are closed plans.

<u>PERS and TRS Plan 2</u>

These plans provide retirement and disability benefits, and a cost-of-living allowance, beginning at age 65 with at least five years of service, or at age 55, with 20 years of service to eligible members hired on or after October 1, 1977. PERS and TRS Plan 2 are not an option for someone who does not have prior service under one of these plans.

The college has 7 faculty members with pre-existing eligibility who continue to participate in TRS 1 or 2.

PERS and TRS Plan 3

These plans are a hybrid defined benefit and defined contribution plans. The College contributions fund the defined benefit component, provides retirement and disability benefits. In addition, the plans have a defined contribution component, which is funded by employee contributions. Vesting in these plans occur if the employee has a) ten years of service credits, or b) five years of service credits and at least 123 of those months were earned after age 44, or c) five years of service credit earned in PERS Plan 2 prior to June 1, 2003 or five years of service credit earned in TRS Plan 2 prior to July 1, 1996. Once vested, the employee is eligible for full retirement benefits at age 65. If the employee has at least 10 years of service credit and are age 55 or older, they can retire early, but their benefit may be reduced.

The authority to establish and amend benefit provisions resides with the legislature. PERS and TRS issue publicly available financial reports that include financial statements and required supplementary information. The report may be obtained by writing to the Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380 or online at http://www.drs.wa.gov/administration.

Funding Policy. Each biennium, the state Pension Funding Council adopts PERS and TRS Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for PERS and TRS Plans 1 are established by statute. By statute, PERS 3 employees may select among six contribution rate options, ranging from 5 to 15 percent. Contribution requirements are established by the Office of the State Actuary and are actuarially determined.

The required contribution rates expressed as a percentage of current year covered payroll are shown in the table below. The College and the employees made 100% of required contributions.

Contribution Rates and Required Contributions. The College's contribution rates and required contributions for the above retirement plans for the years ending June 30, 2015, 2014, and 2013 are as follows.

Contribution Rates at June 30						
	FY 2013		FY 2014		FY 2015	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	6.00%	7.21%	6.00%	9.21%	6.00%	9.21%
Plan 2	4.64%	7.21%	4.92%	9.21%	4.92%	9.21%
Plan 3	5 - 15%	7.21%	5 - 15%	9.21%	5 - 15%	9.21%
TRS						
Plan 1	6.00%	8.05%	6.00%	10.39%	6.00%	10.39%
Plan 2	4.69%	8.05%	4.69%	10.39%	4.96%	10.39%
Plan 3	5-15%	8.05%	5-15%	10.39%	5-15%	10.39%

Required Contributions

	FY2013		FY2014		FY2015	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	$ 22,815	$ 27,387	$ 18,182	$ 36,998	$ 15,151	$ 23,256
Plan 2	$ 90,354	$ 140,669	$ 91,986	$ 173,623	$ 100,580	$ 188,280
Plan 3	$ 45,260	$ 55,155	$ 47,457	$ 71,251	$ 58,858	$ 86,941
TRS						
Plan 1	$ 6,541	$ 8,769	$ 6,300	$ 10,500	$ 6,300	$ 10,909
Plan 2	$ 3,340	$ 5,729	$ 8,267	$ 17,313	$ 14,066	$ 26,687
Plan 3	$ 6,848	$ 10,771	$ 13,487	$ 20,945	$ 23,405	$ 32,235

Investments

The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB adopted investment policies for the various asset classes in which the WSIB invests.

For the year ended June 30, 2014, the annual money-weighted rate of return on the pension investments, net of pension plan expenses are as follows:

Pension Plan	Rate of Return
PERS Plan 1	16.98%
PERS Plan 2/3	17.06%
TRS Plan 1	16.97%
TRS Plan 2/3	17.07%

These money-weighted rates of return express investment performance, net of pension plan investment expense, and reflects both the size and timing of cash flows.

The PERS and TRS target asset allocation and long-term expected real rate of return as of June 30, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	20%	0.80%
Tangible Assets	5%	4.10%
Real Estate	15%	5.30%
Global Equity	37%	6.05%
Private Equity	23%	9.05%
Total	**100%**	

The inflation component used to create the above table is 2.70 percent and represents WSIB's most recent long-term estimate of broad economic inflation.

Pension Expense

Pension expense is included as part of "Employee Benefits" expense in the statement of revenues, expenses and changes in net position. The table below shows the components of each pension plans expense as it affected employee benefits:

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	Total
Actuarially determined pension expense	$ 92,730	$ 108,947	$ 17,665	$ 18,505	$ 237,846
Amortization of change in proporationate liability	$ 3,681	$ 23,267	$ 78,557	$ 8,276	$ 113,781
Total Pension Expense	$ 96,411	$ 132,214	$ 96,222	$ 26,781	$ 351,627

Changes in Proportionate Shares of Pension Liabilities

The changes to the College's proportionate share of pension liabilities from 2013 to 2014 for each retirement plan are listed below:

	2013	2014

PERS 1	0.033891%	0.033954%
PER 2/3	0.031137%	0.033589%
TRS 1	0.010852%	0.013076%
TRS 2/3	0.004306%	0.008532%

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2013 with the results rolled forward to the June 30, 2014 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 3.00%
- Salary Increases 3.75%
- Investment rate of return 7.50%

The actuarial assumptions used in the June 30, 2013, valuation were based on the results of the 2007-2012 Experience Studies.

Sensitivity of the net pension liability to changes in the discount rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine the discount rate an asset sufficiency test was completed to determine whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.70 percent long-term discount rate to determine funding liabilities used to calculate future contributions rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test.

Contributions from plan members and employers are assumed to continue to be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

The following presents the net pension liability of the College calculated using the discount rate of 7.50 percent, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Pension Plan	(6.50%)	(7.50%)	(8.50%)
PERS Plan 1	$ 2,108,296	$ 1,710,449	$ 1,368,936
Pers Plan 2/3	2,832,067	678,955	(965,622)
TRS Plan 1	496,306	385,671	290,705
TRS Plan 2/3	239,530	27,557	(130,002)

State Board Retirement Plan

Plan Description. Faculty and exempt administrative and professional staff are eligible to participate in SBRP. The Teacher's Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF) are the companion organizations through which individual retirement annuities are purchased. Employees have at all times a 100% vested interest in their accumulations.

TIAA-CREF benefits are payable upon termination at the member's option unless the participant is re-employed in another institution which participates in TIAA-CREF.

The Plan has a supplemental payment component that guarantees a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. The SBCTC makes direct payments on behalf of the College to qualifying retirees when the retirement benefit provided by TIAA-CREF does not meet the benefit goal. Employees are eligible for a non-reduced supplemental payment after the age of 65 with ten years of full-time service.

The minimum retirement benefit goal is 2% of the average annual salary for each year of full-time service up to a maximum of 25 years. However, if the participant does not elect to make the 10% TIAA-CREF contribution after age 49, the benefit goal is 1.5% for each year of full-time service for those years the lower contribution rate is selected.

The State Board for Community and Technical Colleges is authorized to amend benefit provisions under RCW 28B.10.400. In 2011, the plan was amended to eliminate the supplemental benefit provisions for all employees hired after June 30, 2011.

Contributions. Contribution rates for the SBRP (TIAA-CREF), which are based upon age, are 5%, 7.5% or 10% of salary and are matched by the College. Employee and employer contributions for the year ended June 30, 2015 were each $531,437.

The SBRP supplemental pension benefits are unfunded. For the year ended June 30, 2015, supplemental benefits were paid by the SBCTC on behalf of the College in the amount of $583,625. In 2012, legislation (RCW 28B.10.423) was passed requiring colleges to pay into a Supplemental Benefit Fund managed by the State Investment Board, for the purpose of funding future benefit obligations. During FY 2015, the College paid into this fund at a rate of 0.5% of covered salaries, totaling $30,164. As of June 30, 2015, the Community and Technical College system accounted for $7,729,471 of the fund balance.

Washington State Deferred Compensation Program

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

Other Post-Employment Benefits

Health care and life insurance programs for employees of the state of Washington are administered by the Washington State Health Care Authority (HCA). The HCA calculates the premium amounts each year that are sufficient to fund the statewide health and life insurance programs on a pay-as-you-go basis. These costs are passed through to individual state agencies based upon active employee headcount; the agencies pay the premiums for active employees to the HCA. The agencies may also charge employees for certain higher cost options elected by the employee.

State of Washington retirees may elect coverage through state health and life insurance plans, for which they pay less than the full cost of the benefits, based on their age and other demographic factors. The health care premiums for active employees, which are paid by the agency during the employees' working careers, subsidize the "underpayments" of retirees. An additional factor in the Other Post-Employment Benefits (OPEB) obligation is a payment that is required by the State Legislature to reduce the premiums for retirees covered by Medicare (an "explicit" subsidy). This explicit subsidy is also passed through to state agencies via active employee rates charged to the agency. There is no formal state or College plan that underlies the subsidy of retiree health and life insurance.

The actuary allocated the statewide disclosure information to the community and technical college system level. The SBCTC further allocated these amounts among the colleges. The College's share of the GASB 45 actuarially accrued liability (AAL) is $6,581,642, with an annual required contribution (ARC) of $643,113. The ARC represents the amortization of the liability for FY 2015 plus the current expense for active employees, which is reduced by the current contributions of approximately $(80,854). The College's net OPEB obligation at June 30, 2015 was approximately $952,921. This amount is not included in the College's financial statements.

The College paid approximately $1.4 million for healthcare expenses in 2015, which included its pay-as-you-go portion of the OPEB liability.

14. Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2015.

Expenses by Functional Classification		
Instruction	$	8,034,766
Academic Support Services		1,959,597
Student Services		2,797,761
Institutional Support		3,141,574
Operations and Maintenance of Plant		2,142,563
Scholarships and Other Student Financial Aid		7,906,004
Auxiliary enterprises		1,445,768
Depreciation		1,518,056
Total operating expenses	**$**	**28,946,089**

15. Commitments and Contingencies

There is a class action filed against the State of Washington on behalf of certain employees alleging improper denial of healthcare benefits. Although the College has not been named as a defendant in the lawsuit, some of the class members are current or former employees of the College. Potentially, the state could assess the College with a material share of any amount paid in the event of a settlement or judgment. As of the end of fiscal year 2015, the parties have reached a settlement agreement with the plaintiffs to settle all matters relating to this and related lawsuits. Final settlement is contingent on a) funding of the settlement by the legislature and b) final approval by the trial court if funding is provided.

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

The College has commitments of $1,699,501 for various capital improvement projects that include construction and completion of new buildings and renovations of existing buildings.

16. Subsequent Events

On March 29, 2016, the legislature passed the supplemental budget which included an appropriation to fund the settlement for Moore v. HCA lawsuit. SBCTC’s portion of this obligation is $32 million of which $19 million is funded by the legislature and the remaining $13 million will be allocated among 34 colleges in the system. The College’s share of this liability is $176,017 and is recorded in the financial statements under long-term liabilities.

Pension Plan Information

Cost Sharing Employer Plans

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

Schedule of Grays Harbor College's Share of the Net Pension Public Employees’ Retirement System (PERS) Plan 1 Measurement Date of June 30	
	2014
College’s proportion of the net pension liability	0.033954%
College proportionate share of the net pension liability	$ 1,710,449
College covered-employee payroll	$ 389,153
College’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	439.53%
Plan’s fiduciary net position as a percentage of the total pension liability	61.19%

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

Cost Sharing Employer Plans

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

Schedule of Grays Harbor College's Share of the Net Pension Public Employees' Retirement System (PERS) Plan 2/3 Measurement Date of June 30		
		2014
College's proportion of the net pension liability		0.033589%
College proportionate share of the net pension liability	$	678,955
College covered-employee payroll	$	2,883,461
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll		23.55%
Plan's fiduciary net position as a percentage of the total pension liability		93.29%

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

Cost Sharing Employer Plans

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

Schedule of Grays Harbor College's Share of the Net Pension Teachers' Retirement System (TRS) Plan 1 Measurement Date of June 30		
		2014
College's proportion of the net pension liability		0.013076%
College proportionate share of the net pension liability	$	385,671
College covered-employee payroll	$	105,000
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll		367.31%
Plan's fiduciary net position as a percentage of the total pension liability		68.77%

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

Cost Sharing Employer Plans

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

Schedule of Grays Harbor College's Share of the Net Pension Teachers' Retirement System (TRS) Plan 2/3 Measurement Date of June 30		
		2014
College's proportion of the net pension liability		0.008532%
College proportionate share of the net pension liability	$	27,557
College covered-employee payroll	$	363,428
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll		7.58%
Plan's fiduciary net position as a percentage of the total pension liability		96.81%

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

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered–employee payroll
2014	$ 153,798	$ 153,798	$ -	$ 3,224,565	4.77%
2015	$ 143,054	$ 143,054	-	$ 3,240,796	4.41%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Public Emplyees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered–employee payroll
2014	$ 149,615	$ 149,098	$ 517	$ 2,897,653	5.16%
2015	$ 155,423	$ 155,423	$ -	$ 2,988,284	5.20%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 1 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered–employee payroll
2014	$ 27,044	$ 27,044	$ -	$ 485,076	5.58%
2015	$ 37,742	$ 37,742	$ -	$ 698,846	5.40%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered–employee payroll
2014	$ 22,821	$ 22,821	$ -	$ 380,076	6.00%
2015	$ 34,868	$ 34,868	$ -	$ 593,846	5.87%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

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