2023 ANNUAL FINANCIAL REPORT

the evergreen state college

ANNUAL FINANCIAL REPORT

FOR JUNE 30, 2023

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Office of the Washington State Auditor
Pat McCarthy

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

Board of Trustees
The Evergreen State College
Olympia, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of The Evergreen State College as of and for the year then ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

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

Basis for Opinions

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

Matters of Emphasis

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

The other information comprises Board of Trustee and Administrative information, but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon. In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 6, 2024, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Sincerely,

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

June 6, 2024

The Evergreen State College

The following discussion and analysis provide an overview of the financial position and activities of The Evergreen State College (the College) for the fiscal years (FY) ended June 30, 2023 and 2022. Management's Discussion and Analysis (MD&A) provides the 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 financial statements and accompanying notes.

Reporting Entity

The Evergreen State College is one of six state-assisted, four-year public institutions of higher education in the state of Washington, providing baccalaureate and graduate educational programs to approximately 2,300 students. The College was established in 1967, and its primary purpose is to prepare individuals for successful contributions to society through their careers and in their leadership roles as citizens.

The College's campus is located in Olympia, Washington, a community of approximately 46,500 residents. The College also has operations in Tacoma and along the Olympic Peninsula on the Quinault Indian Reservation. The College is governed by an eight-member Board of Trustees appointed by the governor of the state with the consent of the state Senate. One of the members is a full-time student of the College. By statute, the Board of Trustees has full control of the College and its property of various kinds, except as otherwise provided by law.

Using the Financial Statements

The College reports as a business-type activity as defined by the Governmental Accounting Standards Board (GASB). The financial report consists of three financial statements, the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flow. The Statement of Net Position provides information about the College at a moment in time, the June 30 fiscal year-end. The Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows provide information about the College's activities and operations during the fiscal year. In conjunction with the Notes to the Financial Statements, the financial statements provide a comprehensive way to assess the College's financial health. The financial statements are prepared under accounting principles generally accepted in the United States of America.

According to GASB requirements, The Evergreen State College Foundation is a component unit of the College therefore the foundation's financial statements and the notes to their financial statements are incorporated in this financial report.

Statements of Net Positions

The Statements of Net Positions provide information about the College's financial position and present the College's assets, liabilities, deferred inflows, deferred outflows, and net positions at year-end.

A condensed comparison of the Statements of Net Positions as of June 30, 2023 and 2022 follows:

Condensed Statements of Net Position (in thousands)		2023		2022
Assets				
Current Assets	$	48,142	$	48,980
Capital assets, net		165,539		165,564
Non-current Assets		8,145		18,371
Total Assets	**$**	**221,826**	**$**	**232,915**
Deferred Outflows	$	10,536	$	7,928
Liabilities				
Current liabilities		16,312		13,537
Non-current liabilities		36,412		48,237
Total Liabilities	**$**	**52,724**	**$**	**61,774**
Deferred Inflows	$	30,128	$	31,956
Total Net Position	**$**	**149,510**	**$**	**147,113**

Assets

The major components of assets are cash, receivables, and capital assets. Total assets decreased by $11.1 million from FY 2022 to FY 2023.

Current assets consist primarily of cash, short-term investments, receivables, and inventories. Current assets decreased by about $1 million from FY 2022 to FY 2023, primarily the result of a $2.7 million increase in cash and cash equivalents, and an increase of about $1 million in Funds Held with State Treasurer. This increase was offset by a $3.4 million decrease in Accounts receivables and a decrease of about $1 million in Due from the State Treasurer.

The net value of capital assets changed slightly during the year. New capitalized assets increased during the year by about $0.7 million including the completion and capitalization of a Shelter and purchases of a variety of equipment. Addition to Construction in Progress was about $6 million from the SEM I Renovation, A Dorm Renovation, CRC Upgrades, and LAB II HVAC Upgrades projects. The new capitalized assets and addition to Construction in Progress were offset by the current year depreciation expense of $6.6 million.

Current assets exceeded current liabilities by $31.8 million, a year-over-year decrease of $3.6 million from FY 2022. The College has a current ratio of 2.98 to 1, indicating its ability to continue to easily meet its short-term obligations with liquid or easily liquidated assets. Current liabilities typically fluctuate depending on the timing of payments and the receipt of deposits and revenue applicable to the next fiscal year.

Liabilities

Liabilities include amounts payable to suppliers for goods and services, accrued payroll, leave and related liabilities, debt, deposits held for others, unearned revenue, OPEB, and pension liabilities.

Current liabilities increased by $2.5 million from FY 2022 to FY 2023. The increase was primarily due to an increase in accounts payable.

Noncurrent liabilities decreased by $11.8 million due to decreases in OPEB liabilities of $10 million and long-term debt of $1.6 million.

Deferred inflows related to pensions and OPEB increased by $1.8 million, mostly due to changes in actuarial assumptions used to calculate the liabilities and differences between projected and actual investment earnings on applicable plan assets.

Net Position

Net position represents the difference between the College's assets and deferred outflows, less liabilities and deferred inflows. The change in net position measures whether the overall financial condition has improved or deteriorated during the year and is driven by the difference between revenues and expenses. Net position increased by $2.4 million in FY 2023, ending at $149.5 million.

The College reports its net position in four categories:

Net Investment in Capital Assets –

This is the College's total investment in property, plant, equipment, and infrastructure net of accumulated depreciation and outstanding debt obligations related to those capital assets (See Note 6).

Restricted Net Position-Expendable–

This consists of resources that the College is legally or contractually obligated to spend under restrictions placed by donor and/or external parties that have placed time or purpose restrictions on the use of the asset. The primary expendable funds for the College are student loans, capital projects funds, and the expendable portion of endowments.

Non-Expendable–

Consists of funds in which the donor or external party has restricted that the corpus or principal is not available for expenditures but for investment purposes only.

Unrestricted Net Position –

These are all the other funds available to the College for the general and educational obligations to meet current expenses for any lawful purpose. Unrestricted net position assets are not subject to externally imposed stipulations; however, the College has designated the majority of unrestricted net position for various academic and college support functions. This is also the net position classification most affected by the implementation of GASB pronouncements regarding accounting and reporting of long-term liabilities.

The College's net position as of June 30, 2023 and 2022 are summarized as follows:

(in thousands)	2023	2022
Net investment in capital assets	$ 150,598	$ 148,924
Restricted:		
Pension	5,326	14,898
Non-expendable: Scholarships and Professorships	2,154	2,154
Expendable	2,349	3,146
Unrestricted	(10,917)	(22,009)
Total Net Position	**$ 149,510**	**$ 147,113**

Statements of Revenues, Expenses, and Changes in Net Positions

The Statement of Revenues, Expenses, and Changes in Net Positions presents the details of the changes in total net position for the College. The objective of the statement is to provide information about the operating performance of the College by presenting the revenue and expenditures, both operating and non-operating, along with any other revenue, expenses, gains, and losses of the College.

Generally, operating revenues are revenues earned by the College in exchange for providing goods and services. Operating expenses are defined as expenses incurred in the normal operation of the College, including a provision for allowance of depreciation on property and equipment assets. The difference between operating revenues and operating expenses is the operating loss. The College will always be expected to show an operating loss since state appropriations are shown as non-operating revenues as required by the Governmental Accounting Standards Board (GASB), the rule-setting body for accounting standards applied to the College.

A summary of the College's Condensed Statements of Revenues, Expenses, and Changes in Net Positions for the Years Ended June 30, 2023 and 2022 follows:

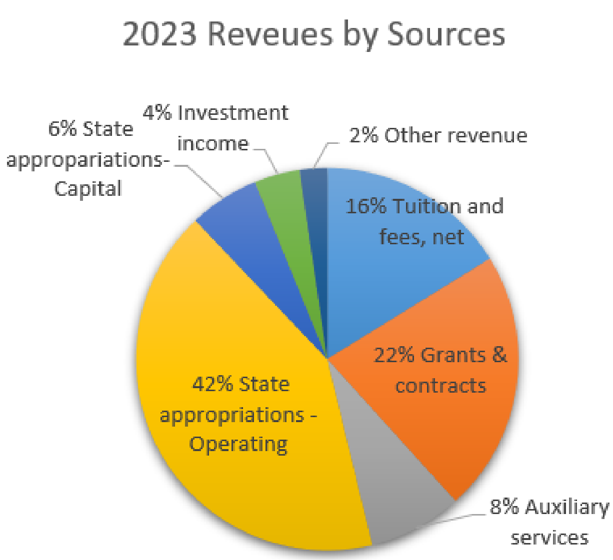
Condensed Statements of Revenues, Expenses, and Changes in Net Position (in thousands):	2023	2022
Revenue		
Tuition and fees, net	$ 15,639	$ 17,076
Grants and contracts	17,068	15,874
Auxiliary services	7,640	6,085
Other operating revenues	2,232	1,279
Total operating revenues	42,579	40,314
State appropriations	45,983	37,778
Investment income	3,734	1,723
Other nonoperating revenues	4,281	18,141
Total non-operating revenue	53,998	57,642
Total Revenue	96,577	97,956
Expenses		
Salaries and benefits	54,553	49,532
Other operating expenses	38,831	41,725
Total operating expenses	**93,384**	**91,257**
Interest expense	796	632
Total non-operating expenses	**796**	**632**
Total expenses	**94,180**	**91,889**
Excess	**2,397**	**6,066**
Net position at beginning of year	147,113	148,883
Prior period adjustment		(7,836)
Change in net position	2,397	6,066
Net position at end of year	**$ 149,510**	**$ 147,113**

Operating and Non-Operating Revenues

Operating revenues consist primarily of tuition and fees (net of scholarship discounts and allowances), grants & contracts, and sales and services revenue generated by auxiliary enterprises and other support operations. Non-operating revenues consist primarily of state appropriations, investment income, Pell Grants for student financial aid, and Federal CARES funds. Other revenues and expenses are derived almost entirely from state capital appropriations. The following table and graph reflect all revenues from all sources for fiscal years 2023 and 2022.

Revenues by Sources						
(in thousands)		2023			2022	
Tuition and fees, net	$	15,639	16%	$	17,075	17%
Grants and contracts		21,349	22%		34,015	35%
Auxiliary services		7,641	8%		6,085	6%
State appropriations - Operating		40,271	42%		36,741	38%
State appropriations - Capital		5,712	6%		1,037	1%
Investment income		3,733	4%		1,723	2%
Other revenue		2,232	2%		1,279	1%
Total Revenues	**$**	**96,577**	**100%**	**$**	**97,955**	**100%**

In FY 2023, the College's operating revenue increased by $2.3 million.



Net tuition revenues (tuition and fees less scholarship allowances) decreased by $1.4 million compared to FY 2022. The decrease was mostly due to $4 million increase in scholarship discounts and allowances even though tuition and fee revenue itself increased by $2.5 million.

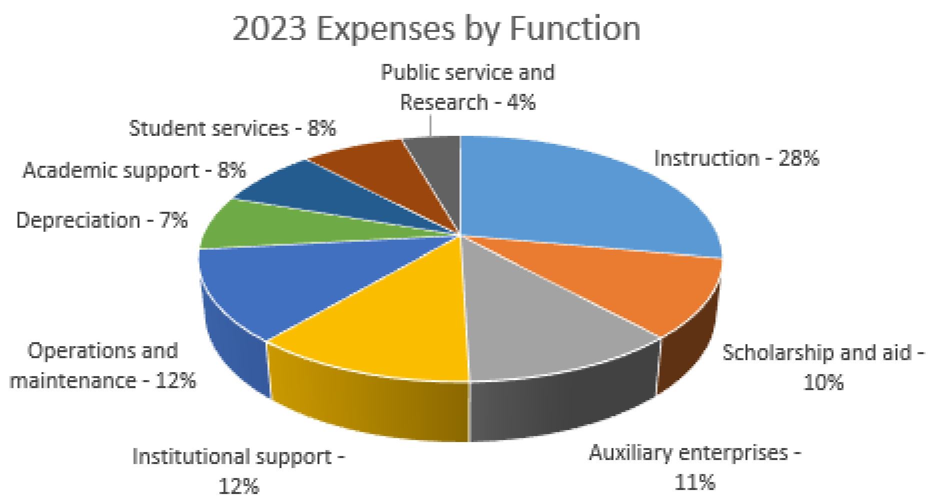
Grants and contracts revenue decreased by about $13 million from FY2022. The decrease is primarily due to a large decrease in the amount of federal HEERF grant funds. In FY2022 the college received $13 million of grant funds for student aid and to reimburse the college for COIVD-related expenses and lost revenues. The funding ended at the end of FY2022.

Auxiliary revenue increased by $1.6 million. These increases are related to the College's continued to return to normalcy from the COVID-19 pandemic.

State appropriations for operating and capital projects increased by $3.5 million and $4.7 million respectively. Investment income and other revenue also increased by $2 million and $1 million respectively.

Operating Expenses by Function

In 2023, the College's total operating expenses increased by about $2.1 million. The largest increase was in institutional support of $4.1 million and in auxiliary enterprises of $2.5 million. The increases was mainly offset by decreases in scholarship and aid of $7.8 million due to federal HEERF funds for students ended at the end of FY 2022. The graph and table reflect the operating expenses by function:



Expenses by Function						
(in thousands)		2023			2022	
Instruction	$	26,106	28%	$	25,586	28%
Scholarship and aid		9,647	10%		17,475	19%
Auxiliary enterprises		10,513	11%		7,982	9%
Institutional support		10,873	12%		6,806	7%
Operations and maintenance		11,189	12%		10,037	11%
Depreciation		6,709	7%		7,251	8%
Academic support		7,169	8%		6,113	7%
Student services		7,086	8%	$	6,286	7%
Public service and Research		4,091	4%		3,720	4%
Total operating expenses	**$**	**93,384**	**100%**	**$**	**91,257**	**100%**

Capital Asset

During FY 2023 the College continued to increase its investment in capital assets (Note 6). Capitalized new assets were $665 thousand, and expenditures on ongoing projects during FY 2023 include:

- $1.7 million for the Housing A Dorm Renovation
- $2 million for the Seminar I Renovation
- $267 thousand for the CRC Critical Upgrades
- $2.1 million for the LAB II HVAC Upgrades

In accordance with the College's 10-year Facilities Master Plan, the College will continue to invest in the development of new capital assets, capital improvements, and preservation of the infrastructure of state assets.

Debt

The Board of Trustees authorizes the College's long-term debt issuance (Notes 9 & 10). The College's debt portfolio consists primarily of fixed-rate debt in the form of General Revenue Bonds and state-issued General Obligation Bonds. As of June 30, 2023, the College had $14.5 million of bonds and notes payable outstanding, a decrease of 10% from June 30, 2022. The College did not issue new bonds in fiscal year 2023.

Economic Factors That May Affect the Future

During the 2023 legislative session, the state passed a biennial operating budget, which included significant appropriations in the 2023-25 biennium. State revenue forecasts leading up to the start of the 2023 session showed positive collections but indicated that economic growth was slowing. The state's Economic and Revenue Forecast Council reported a surplus of $681 million ahead of the 2023 legislative session. As the session progressed, revenue projections for the 2023-25 biennium were revised downward by $483 million. Despite this trend state lawmakers authorized compensation increases for non-represented faculty and staff.

The June 2023 revenue forecast revised state revenue projections slightly upward for the 2023-25 biennium, which increased by $327 million and represented a 2.4% increase over the 2021-23 biennium. The Revenue Council continued to caution that revenue collections have slowed and noted that their projections assumed that the Federal Reserve would raise interest rates to a range of 5.25-5.5%. The College will continue to monitor state revenue collections as new revenue forecasts are released.

Enrollment, which had been declining for the past several years, flattened in 2023 resulting in about the same number of students in 2023 as in 2022. Total enrollment for the fall of 2023 compared to the fall of 2022 increased by 10.4%. Early indications are that we should experience continued enrollment growth in 2024 as well.

As we look towards what we expect to be continued growth in the first-year class and larger total enrollment, our students face a tight rental market in Thurston County that has made it difficult for many of our students to find affordable housing. In a needs assessment, our students cited housing insecurity as one of their main concerns. To help address this barrier, the college renovated one of the original dorms to help house the increased number of students seeking on-campus housing in the fall of 2023 and began renovating a second dorm to address similar needs in the fall of 2024. Along with addressing housing insecurity for students, we expect additional on-campus housing will have a positive impact on enrollment and the college operating budget.

Under current state policy that was approved in 2015, the state has allowed resident undergraduate tuition to increase by 2.0%-3.0% in each year. Due to a methodology change in how the median hourly wage is calculated, the allowable increase for fiscal year 2024 was 3.0% up from 2.4% in 2023. While the legislature can always modify its policy, it has so far chosen to maintain it through the 2023-25 biennium. Therefore, the college's current expectation is that resident undergraduate tuition increases will continue to be limited to approximately 2.0%-3.0% each year for the near future. The College's

Board of Trustees continues to have broad tuition and fee-setting authority for all other tuition categories, which they also increased by 3.0%.

State funding for capital appropriations continued to be constrained, but the state's 2023-25 biennial capital budget provided $44.7 million, including $25.2 million for the renovation of the Seminar I building.

The Evergreen State College
Statement of Net Position
June 30, 2023

	2023
Assets	
Current Assets	
Cash and cash equivalents (Note 2)	$ 35,944,265
Restricted investments (Note 2)	132,265
Due from State Treasurer	880,887
Funds held with State Treasurer (Note 3)	4,225,172
Accounts receivable, net (Note 4)	6,283,833
Student loan receivables, net (Note 4)	746
Inventories (Note 5)	674,510
Total current assets	**48,141,678**
Non-Current Assets	
Restricted investments	2,815,279
Student loan receivables, net (Note 4)	4,229
Net pension asset	5,325,514
Capital assets, net of depreciation (Note 6)	165,538,644
Total non-current assets	**173,683,666**
Total assets	**221,825,343**
Deferred Outflows	
Relating to pension	8,184,345
Related to OPEB (Note 14)	2,343,953
Deferred outflow on refundings	8,377
Total deferred outflows	**10,536,675**
Liabilities	
Current Liabilities	
Accounts payable and accrued expenses	7,312,574
Unearned revenues	3,121,435
Deposits payable	659,328
Current portion, compensated absences (Note 7)	2,836,073
Current portion, lease liability (Note 11)	133,991
Current portion, total OPEB liability (Note 14)	458,198
Current portion, net pension liability (Note 16)	155,000
Current portion of long term debt (Note 9, 10)	1,635,000
Total current liabilities	**16,311,599**
Non-Current Liabilities	
Compensated absences (Note 7)	517,825
Lease liability (Note 11)	340,240
Net pension liability (Note 16)	5,017,249
Total OPEB liability (Note 14)	17,696,630
Long term debt (Note 9, 10)	12,840,000
Total non-current liabilities	**36,411,944**
Total liabilities	**52,723,543**
Deferred Inflows	
Relating to pension (Note 17)	9,980,906
Relating to OPEB (Note 15)	20,147,272
Total deferred inflows	**30,128,178**
Net Position	
Net Investment in capital assets	150,597,790
Restricted for:	
Pensions	5,325,514
Nonexpendable:	
Scholarships and professorships	2,154,440
Expendable:	
Loans	1,535,622
Endowment earnings	813,657
Unrestricted	(10,916,726)
Total net position	**$ 149,510,297**

See Accompanying Notes to the Financial Statements

THE EVERGREEN STATE COLLEGE FOUNDATION
Statements of Financial Position
Year Ended June 30, 2023

		2023
ASSETS		
CURRENT ASSETS		
Cash, including restricted cash	$	2,222,454
Investment cash		2,555,173
Unconditional promises to give, current		803,000
Total Current Assets		**5,580,627**
OTHER ASSETS		
Investments		21,223,038
Right-of-use assets, net of amortization		37,360
Long-term unconditional promises to give		24,087
Total Other Assets		**21,284,485**
TOTAL ASSETS	**$**	**26,865,112**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$	62,306
Payable to Evergreen State College		107,182
Operating lease liability, current portion		12,077
Total Current Liabilities		**181,565**
OPERATING LEASE LIABILITY, net of current portion		**22,455**
Total Liabilities		**204,020**
NET ASSETS		
Without Donor Restrictions		
Unrestricted		1,067,507
Board-designated - endowment		1,484,875
Total Net Assets Without Donor Restrictions		**2,552,382**
With donor restrictions		24,108,710
Total Net Assets		**26,661,092**
TOTAL LIABILITIES AND NET ASSETS	**$**	**26,865,112**

The accompanying notes are an integral part of these financial statements

The Evergreen State College
Statement of Revenue, Expenses and Changes in Net Position
For Year Ended June 30, 2023

	2023
Operating Revenues	
Student tuition and fees	$ 25,610,055
Less scholarship discounts and allowances	(9,971,509)
Auxiliary enterprise sales, net	7,640,615
State and local grants and contracts	8,265,678
Federal grants and contracts	4,515,294
Nongovernmental grants and contracts	4,287,107
Other operating revenue	2,071,044
Sales and services of educational activities	124,159
Interest on loans to students	36,762
Total operating revenue	**42,579,205**
Operating Expenses	
Salaries and wages	44,437,826
Benefits	10,115,155
Scholarships and fellowships	9,646,850
Supplies and materials	13,739,235
Depreciation	6,709,329
Purchased services	6,355,017
Utilities	2,380,767
Total operating expenses	**93,384,179**
Operating loss	**(50,804,974)**
Non-Operating Revenues (Expenses)	
State appropriations	40,271,151
Federal pell grant revenue	4,280,955
Investment income, gains and losses	3,733,255
Interest expense	(795,597)
Net non-operating revenues	**47,489,764**
Loss before contributions	**(3,315,210)**
Capital appropriations	5,712,045
Increase in net position	**2,396,835**
Net Position	
Net position, beginning of year	147,113,462
Increase in net position	2,396,835
Net position, end of year	**$ 149,510,297**

See Accompanying Notes to the Financial Statments

THE EVERGREEN STATE COLLEGE FOUNDATION
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	2023 Total
REVENUES AND SUPPORT			
Gifts and contributions	$ 360,094	$ 2,495,445	$ 2,855,539
In-kind support from College	1,363,747	-	1,363,747
Investment income	217,558	882,319	1,099,877
Administrative fees	251,234	-	251,234
Reclassifications and transfers	250,803	(250,803)	-
Net assets released from restrictions	3,244,865	(3,244,865)	-
Total Revenue and Support	**5,688,301**	**(117,904)**	**5,570,397**
FUNCTIONAL EXPENSES			
Program services:			
Grants and scholarships	3,662,422	-	3,662,422
Other College support	278,782	-	278,782
Total program services	3,941,204	-	3,941,204
Support Services:			
Management and general	1,391,784	-	1,391,784
Fundraising	620,974	-	620,974
Total support services	2,012,758	-	2,012,758
Total Functional Expenses	**5,953,962**	**-**	**5,953,962**
CHANGE IN NET ASSETS	**(265,661)**	**(117,904)**	**(383,565)**
Net Assets at Beginning of Year	2,818,043	24,226,614	27,044,657
NET ASSETS AT END OF YEAR	**$ 2,552,382**	**$ 24,108,710**	**$ 26,661,092**

The accompanying notes are an integral part of these financial statements

The Evergreen State College
Statement of Cash Flow
For Year Ended June 30, 2023

		2023
Cash flows from operating activities		
Student tuition and fees	$	27,676,155
Grants and contracts		17,068,080
Sales and services of educational activities		124,159
Auxiliary enterprise sales		7,640,615
Payments to employees		(59,125,595)
Payment to vendors		(20,400,193)
Payment for scholarships and fellowships		(14,988,216)
Net cash used by operating activities		(42,004,994)
Cash flows from noncapital financing activities		
State operating appropriations		40,271,151
Direct lending receipts		11,233,189
Direct lending disbursements		(11,233,189)
Federal pell grant receipts		4,280,955
Net cash provided by noncapital financing activities		44,552,106
Cash flows from capital and related financing activities		
Capital appropriations		5,712,045
Purchase of capital assets		(6,684,321)
Principal paid on capital debt		(1,570,000)
Interest expense		(790,201)
Net cash used by capital and related financing activities		(3,332,477)
Cash flows from investing activities		
Proceeds from sales and maturities of investments		129,105
Income from investments, net		3,398,957
Net cash provided by investing activities		3,528,062
Increase in cash and cash equivalents		2,742,698
Cash and cash equivalents at the beginning of the year		33,201,567
Cash and cash equivalents at the end of the year	$	35,944,265

Reconciliation of Operating Loss to Net Cash used by Operating Activities

Operating Loss		($50,804,972)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense w amortization		6,712,375
Changes in assets, liabilities, deferred outflows and inflows of resources		
Accounts receivable		3,378,768
Loans receivable		945,126
Inventory		110,211
Accounts payable and accrued expenses		2,029,460
Unearned revenues		(41,679)
Deposits		306,222
Pension assets/liabilities		9,797,684
OPEB liabilities		(9,997,378)
Pension and OPEB related deferred outflows and inflows of resources		(4,440,811)
Net cash used by operating activities	$	(42,004,994)

See Accompanying Notes to the Financial Statements.

THE EVERGREEN STATE COLLEGE FOUNDATION
Statement of Cash Flow
Year Ended June 30, 2023

		2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(383,565)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions restricted for long term purposes		(843,190)
Operating right-of-use asset amortization		2,971
Decrease in unconditional promises to give		1,097,849
Donated marketable securities		(183,683)
Unrealized gains on investments		(391,585)
Loss on donated marketable securities		3,770
Decrease in operating lease liability		(5,799)
Decrease in accounts payable		49,633
Increase in payable to College		68,960
Net cash (used) by operating activities		**(584,639)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investment		313,721
Purchase of investments		(1,620,763)
Reinvested earnings, net of expenses		(35,522)
Proceeds from sale of donated stock		179,912
Net cash Provided (used) by investing activities		**(1,162,652)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes		843,190
NET INCREASE (DECREASE) IN CASH		**(904,101)**
Cash at Beginning of Year		5,681,728
CASH AT END OF YEAR	**$**	**4,777,627**
COMPONENT OF CASH		
Cash and cash equivalents	$	2,222,454
Investment cash		2,555,173
	$	**4,777,627**

The accompanying notes are an integral part of these financial statements

Note 1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Evergreen State College (the College) is a comprehensive institution of higher education offering baccalaureate and master's degrees. The College is an agency of the State of Washington and is governed by an eight-member Board of Trustees appointed by the Governor and confirmed by the State Senate. The College's financial activity is included in the general purpose financial statements of the State of Washington.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its discretely presented component unit, the Evergreen State College Foundation (the Foundation).

The Foundation is a legally separate, tax-exempt entity. The Board of Governors is self-perpetuating and consists of 18 members. The College has an agreement with the Foundation to design and implement such programs and procedures so as to persuade continuous and special philanthropic support for the benefit of the College. In exchange, the College provides the Foundation with office facilities, furniture and equipment, and a significant number of full-time employees and support services, including depository, disbursing, and payroll and purchasing functions. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources or income the Foundation holds and invests is restricted for the activities of the College by the donors. The Foundation's activity is reported in separate financial statement because of the difference in its reporting model as described below.

The Foundation reports its financial results under Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958-605, Revenue Recognition, and ASC 958-205, Presentation of Financial Statement. As such, certain revenue recognition criteria and presentation features are different from GASB. No modifications have been made to the Foundation's financial information in the College's financial statement for these differences.

During the fiscal year ended June 30, 2023, the Foundation distributed approximately $3.7 million to the College for restricted and unrestricted purposes. Intra-entity transactions and balances between the College and the Foundation are not eliminated for financial statement presentation. Audited financial statements of the Foundation may be found at www.evergreen.edu/foundation/.

Financial Statement Presentation

The financial statements are presented in accordance with generally accepted accounting principles (GAAP) and follow the guidance given by GASB. The College has special purpose reports reflecting the net position, results of operations and cash flows for certain auxiliary unit: Residential Services. These financial statements present only a selected portion of the activities of the College. As such, they are not intended to and do not present the financial position, results of operations, or changes in net position of the College.

Basis of Accounting

For financial reporting purposes, the College is considered a special purpose government engaged in business-type activities as defined by GASB. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The College reports capital assets net of accumulated depreciation and reports depreciation expense in the Statements of Revenues, Expenses, and Changes in Net Position.

New Accounting Pronouncements

On July 1, 2022, the College implemented GASB Statement No. 94, "Public-Private and Public-Public Partnerships (P3s) and Availability Payment Arrangements (APAs)". The Statement establishes standards of accounting and financial reporting for arrangements between governments and private entities or other governments. Those arrangements generally result in the government transferring the obligation to provide certain public services to an external entity. APAs are agreements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The College has determined that there is no material impact from implementation of GASB No. 94 for the year ended June 30, 2023.

On July 1, 2022, the College implemented GASB No. 96, "Subscription-Based Information Technology Arrangements (SBITAs)". The Statement establishes standards of accounting and financial reporting for SBITAs by a government end user who enters into SBITAs contracts to use vendor-provided information technology. It applies to SBITA contracts that convey control of the right to use another party's IT software, alone or in combination with tangible underlying IT assets in an exchange or exchange-like transaction for a period exceeding 12 months. Under this statement, the government is required to recognize a subscription liability and an intangible right-to-use (ROU) subscription asset. Cash outlays necessary to place the subscription asset in service can be capitalized during the initial project implementation stage. The College has determined that there is no accounting impact from implementation of GASB No. 96 for the year ended June 30, 2023.

Cash and Cash Equivalents

For the purposes of the statements of cash flow, the College considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. Funds invested through the State Treasurer's Local Government Investment Pool are also considered cash equivalents. Cash in the investment portfolio is not included in cash and cash equivalents as it is held for investing purposes.

Investments

The College, through its investment policy, where applicable, manages its exposure to custodial credit risk, credit risk, concentration of credit risk and interest rate risk by investing only in eligible investments authorized by State statute found in RCW 39 and 43. Investments are discussed further in Note 2**.**

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Receivables also include amounts due from the federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable is recorded net of any estimated uncollectible amount.

Inventories

Inventories consist primarily of merchandise and consumables held by auxiliary and internal service departments. They are valued at cost using the first in, first out method.

Capital Assets

Land, buildings, equipment, and library resources are stated at cost or, if acquired by gift, at acquisition value at the date of the gift. Additions, replacements, major repairs, and renovations are capitalized.

The capitalization threshold for intangibles, such as computer software is $1 million, a $100,000 or greater threshold for buildings and infrastructure, and $5,000 or greater for equipment. The purchase of land is capitalized regardless of cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for building components, 20 to 50 years for infrastructure and land improvements, 15 years for library resources, and 5 to 7 years for equipment.

Deferred Outflows of Resources and Deferred Inflows of Resources

Changes in net pension liability and total OPEB liability not included in pension or OPEB 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 or total OPEB liability are reported as deferred outflows of resources.

Unearned Revenue

Unearned revenues occur when funds have been collected in advance of an event, such as advance ticket sales, summer quarter tuition, and unspent cash advances on certain grants.

Compensated Absences

College employees accrue annual leave at rates based on length of service and sick leave at the rate of one day (8 hours) per month. Both are recorded as liabilities. Employees are entitled to either the present value of 25% of their unused sick leave upon retirement or 25% of their net accumulation for the year in which it exceeds 480 hours.

Leases

The College determines if an arrangement is a lease at inception of the lease contract. Lessee arrangements are included in capital assets and long-term liabilities in the Statements of Net Position. Lease assets represent the College's right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized on a straight-line basis over the lease term. Lease liabilities represent the College's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the College will exercise that option. The College recognizes payments for short-term leases with a lease term of 12 months or less as expense as the payments are made.

Net Pension Liability

TESC records pension obligations equal to the net pension liability for its defined benefit plans. The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the defined benefit plans have been measured consistent with the accounting policies used by the plans. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. Pension expense is recognized for benefits earned during the measurement period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual performance and changes in assumptions about future economic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

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 Positions. 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 student's 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.

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 Positions, and recognized as such when the related expenses are incurred.

Operating Revenues/Expenses

Operating revenues consist of tuition and fees, grants and contracts, sales and service of educational activities, and auxiliary enterprise revenues. Operating expenses include salaries, wages, fringe benefits, utilities, supplies and materials, purchased services, and depreciation. All other revenue and expenses of the College are reported as non-operating revenues and expenses including State general appropriations, federal Pell Grant revenues and investment income and interest expense.

Net Position

The College's net position components are classified as follows:

Net Investment in Capital Assets: This represents the College's total investment in capital assets, less accumulated depreciation, and net of outstanding debt obligations related to capital assets.

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

Restricted Net Position - Expendable: This consists of resources that the College is obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted Net Position: This consists of net position, which is not subject to externally imposed restrictions, but which may be designated for specific purposes by management or the Board of Trustees.

The restricted resources will be depleted prior to the use of unrestricted resources if applicable.

Tax Exemption

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

Note 2. Valuation of 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 administered by the Washington State Treasurer. Except for petty cash held at the College, all others are covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

In accordance with GASB assets are valued at fair market value (FMV). They consist of time certificates of deposit in addition to investments in equities, bond funds, and fixed income bonds. Time certificates of deposit have repurchased agreements with the respective financial institutions; investments in equities are subject to a loss of 100% of the balance of investments. The statement provides a hierarchy of reporting between Levels 1 and 3 which are defined below.

Investments classified as level 1. Investments classified as level 1 are exchange traded equity securities whose values are based on published market prices and quotations from national security exchanges as of the New York Stock Exchange close, as of each reporting period end.

Investments classified as level 2. Investments classified as level 2 are primarily comprised of publicly traded debt securities and exchange traded stocks traded in inactive markets. Publicly traded debt securities are sourced from reputable pricing vendors using models that are market-based measurements representing their good faith opinion as to the exit value of a security, in an orderly transaction under current market conditions. Such models take into account quoted prices, nominal yield spreads, benchmark yield curves, prepayment speeds, and other market corroborated inputs.

Investments classified as level 3. Private equity, real assets, and other investments classified in level 3 are valued using either discounted cash flow or market comparable techniques. This category includes hedge funds, limited partnerships, and other alternative investments. The college does not have any investments in this level.

GASB Statement No. 40 requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates.

As noted earlier, in the Summary of Significant Accounting Policies section, the College, through its investment policy, manages its exposure to custodial credit risk, credit risk, concentration of credit risk and interest rate risk by investing only in eligible investments authorized by State statute found in RCW 39 and 43**.**

Operating Funds		June 30,2023
Cash on hand	$	20,050
Bank demand and time deposits		5,656,027
Local government investment pool		30,268,188
Total cash and cash equivalents	**$**	**35,944,265**

<u>Interest Rate Risk</u>

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

Concentration of Credit Risk

The concentration of credit risk for investment is the risk of loss attributable to the magnitude of an investment in a single issuer. Currently, the College's operating funds are invested in the Local Government Investment Pool which does not have a limit to percent of the portfolio. The Endowment fund investment policy allows for the investments in equities of domestic publicly listed corporations on national exchanges. Within each asset class, the asset allocation range between the minimum and maximum weight allows for tactical shifts among asset classes in response to the changing dynamics in the market.

	Fair Market Value Reporting Level				
Endowment Funds Investment as June 30, 2023	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total	Asset Allocation Policy Range
Cash and Cash Equivalents	$ 6,987	$ -	$ -	$ 6,987	5-35%
Mutual Funds-Equity	1,816,563	-	-	1,816,563	35-65%
Mutual Funds-Fixed Income	1,123,994	-	-	1,123,994	20-50%
Totals	**$** 2,947,544	$ -	$ -	$ 2,947,544	

On June 30, 2023, the net appreciation on investments of donor-restricted endowments that are available for expenditure authorization is $813,657 which is reported as restricted and expendable on the Statement of Net Position. State law allows for spending of net appreciation on investments of donor-restricted endowments. Accordingly, the income distribution policy is 5% of the three-year moving average value of the net assets.

Note 3. Funds Held with State Treasurer

Funds held with the State Treasurer represent the College's share of net earnings of the Normal School Permanent Fund as well as tuition distribution, reduced by expenditures for capital projects and debt service over the years in addition to monies held for the sale of College license plates. The Normal School Permanent Fund, established under RCW 43.79.160 is a permanent endowment fund, which derives its corpus from the sale of State lands and timber. The Washington State Investment Board manages the investing activities of the fund, and the State Department of Natural Resources manages the sale of State lands and timber. Interest earned from the investments is either reinvested or used exclusively for the benefits of Central Washington University, Eastern Washington University, The Evergreen State College and Western Washington University. Funds held with the State Treasurer on June 30, 2023, totaled $4,225,172.

Note 4. Accounts and Student Loans 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 grants and contracts.

Accounts receivable on June 30 consisted of the following:

		2023
Student tuition and fees	$	1,367,329
Federal, state, and private grants		2,748,407
State appropriation receivable		880,887
Auxiliary enterprises		2,027,169
Other operating activities		341,089
Subtotal		**7,364,881**
Allowance for uncollectable		(386,531)
Net Accounts Receivable	**$**	**6,978,351**

Loans receivable on June 30 consisted primarily of student loan funds as follows:

		2023
Perkins loans	$	1,567
Other loans		86,268
Subtotal		**87,835**
Allowance for uncollectable		(4,996)
Net student Loans Receivable	**$**	**82,839**

Note 5. Inventories

Inventories on June 30, 2023 consist of the following:

Inventories		2023
Enterprise	$	82,118
Working capital		592,392
Total Inventory	**$**	**674,510**

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2023 is summarized below.

	Balance June 30,2022	Additions/ Transfers	Retirements Transfers	Balance June 30,2023
Land	$ 8,866,129	$ -	-	$ 8,866,129
Construction in progress	422,998	6,019,450	-	6,442,448
Total non-depreciable assets	**$ 9,289,127**	**$ 6,019,450**	**$ -**	**$ 15,308,577**
Infrastructure	13,765,379	-	-	13,765,379
Buildings	273,125,602	252,620	118,261	273,259,961
Improvements other than buildings	1,725,506	-	-	1,725,506
Furniture, fixtures, and equipment	18,572,865	412,249	-	18,985,114
Library resources	21,269,163	-	-	21,269,163
Right to use lease assets	673,495	-	-	673,495
Total depreciable assets	**$ 329,132,010**	**$ 664,869**	**$ 118,261**	**$ 329,678,618**
Infrastructure	11,392,905	352,044	-	11,744,949
Buildings	124,054,626	5,419,982	118,261	29,356,347
Improvements other than buildings	502,610	59,518	-	562,128
Furniture, fixtures and equipment	17,159,434	501,514	-	17,660,948
Library resources	19,679,902	242,229	-	19,922,131
Right to use lease assets	67,349	134,699	-	202,048
Total accumulated depreciation/Amortization	**$ 172,856,826**	**$ 6,709,986**	**$ 118,261**	**$ 179,448,551**
Capital Assets, Net of Depreciation/Amortization	**$ 165,564,311**	**$ (25,667)**	**$ -**	**$ 165,538,644**

Note 7. 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 or insurance. 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 changes in the accrued vacation and sick leave balances for the year ended June 30 are as follows:

Compensated Absences	2023
Vacation Leave	$ 2,510,593
Sick Leave	843,305
Total	**$ 3,353,898**

Note 8. Non-Current Liabilities

Following are changes in non-current liabilities for the year ended June 30, 2023:

	Balance June 30,2022	Additions	Reductions	Balance June 30,2023	Current Portion	Long-Term Portion
Compensated absences	$ 3,286,006	$ 3,134,184	$ 3,066,292	$ 3,353,898	$ 2,836,073	$ 517,825
Certificate of Participation (Tacoma)	8,670,000	-	470,000	8,200,000	490,000	7,710,000
Certificate of Participation (CAB)	5,810,000	-	725,000	5,085,000	760,000	4,325,000
Lease liability	607,035	-	132,804	474,231	133,991	340,240
Net pension liability	4,946,660	225,589	-	5,172,249	155,000	5,017,249
Total OPEB Liability	28,152,206	-	9,997,378	18,154,828	458,198	17,696,630
Housing Revenue Bonds payable	1,565,000	-	375,000	1,190,000	385,000	805,000
Total	**$ 53,036,907**	**$ 3,359,773**	**$ 14,766,474**	**$ 41,630,206**	**$ 5,218,262**	**$ 36,411,944**

Note 9. Bonds Payable

In September of 2015, the College issued Housing Revenue Bonds, in the amount of $4,130,000, in an advance refunding with the proceeds of the issue being used to refund (pay off) the outstanding Housing Series 2006 Bonds. The interest rate of the 2015 issue was 2.39% compared to the 2006 bond rates ranging from 3.75% to 4.25%. This refunding enabled the College to save $320 thousand over the life of the bonds. For the year ended June 30, 2023:

Debt Service Requirements The scheduled maturities of system revenue bonds are as follows:			
Fiscal Year	**Principal**	**Interest**	**Total**
2024	$ 385,000	$ 28,441	$ 413,441
2025	400,000	19,239	419,239
2026	405,000	9,680	414,680
Total	**$ 1,190,000**	**$ 57,360**	**$ 1,247,360**

Note 10. Notes Payable

In December of 2016, the College issued Notes Payable, in the amount of $9,565,000, in an advance refunding with the proceeds of the issue being used to refund (pay off) the outstanding leases 376-10-1, which was originally issued in 2009 to fund the renovation of the Campus Activities Building. The interest rate of the 2016 issue was 1.91% versus the previous rate of 5.16%. This refunding enabled the College to save $1.294 million over the life of the lease. The College's debt service requirements for this note agreement for the next six years are as follows:

Notes Payable Certificates of Participation (COP) CAB Building			
Fiscal Year	Principal	Interest	Total
2024	$ 760,000	$ 175,838	$ 935,838
2025	795,000	137,838	932,838
2026	840,000	98,088	938,088
2027	880,000	56,087	936,087
2028	895,000	38,487	933,487
2029	915,000	20,587	935,587
Total	**$ 5,085,000**	**$ 526,925**	**$ 5,611,925**

In March 2016, the College obtained financing to cover the cost of purchasing property in downtown Tacoma for a permanent home for the Tacoma Program through a certificate of participation (COP), issued by the Washington Office of State Treasurer in the amount of $10,955,000. The funding source for the repayment is the general operating funds. The interest rate charged is approximately 3%. The term of the COP is 20 years with payments due June 1 and December 1 annually. The College's first payment was on December 1, 2016. The College's debt service requirements for this note agreement for the next five years and thereafter are as follows:

Notes Payable Certificates of Participation (COP) Tacoma Campus			
Fiscal Year	Principal	Interest	Total
2024	$ 490,000	$ 295,575	$ 785,575
2025	515,000	271,075	786,075
2026	540,000	245,325	785,325
2027	570,000	218,325	788,325
2028	595,000	189,825	784,825
2029-2033	3,275,000	669,375	3,944,375
2034-2036	2,215,000	145,438	2,360,438
Total	**$ 8,200,000**	**$ 2,034,938**	**$ 10,234,938**

Note 11. Leases

In accordance with GASB Statement No. 87, the College records right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The College's right-to-use lease asset and related accumulated amortization for fiscal year ended June 30, 2023 is summarized as follows:

	Balance July 1,2022	Additions	Deductions	Balance June 30,2023
Right of Use Lease Asset				
Building	$ 673,495	$ -	$ -	$ 673,495
Total Right of Use Lease Assets	**$ 673,495**	**$ -**	**$ -**	**$ 673,495**
Less Accumulated Amortization				
Building	67,349	134,699	-	202,048
Total Accumulated Amortization	**$ 67,349**	**$ 134,699**	**$ -**	**$ 202,048**
Total Right of Use Lease Assets, Net	**$ 606,146**	**$ (134,699)**	**$ -**	**$ 471,447**

Total future annual lease payments under lessee agreements as of June 30, 2023 are as follows:

Future Annual Lease Payments			
Fiscal Year	**Principal**	**Interest**	**Total**
2024	$ 133,991	$ 3,675	$ 137,666
2025	135,188	2,478	137,666
2026	136,397	1,269	137,666
2027	68,655	178	68,833
Total	**$ 474,231**	**$ 7,600**	**$ 481,831**

Note 12. Commitments

Encumbrances for current funds carried forward totaled $3,327,506 on June 30, 2023.

Note 13. Operating Expenses by Function

Operating expenses by functional classification for the year end June 30, 2023 are as follows:

Operating Expense	FY23
Instruction	$ 26,105,992
Scholarship and Aid	9,646,850
Auxiliary Enterprises	10,513,063
Institutional Support	10,873,476
Operations and Maintenance	11,189,361
Depreciation	6,709,329
Academic Support	7,168,589
Student Services	7,086,183
Public Service	3,982,381
Research	108,955
Total Operating Expenses	**$ 93,384,179**

Note 14. Contingencies and Risk Management

Amounts received and expended by the College under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the financial position of the College.

The College participates in the State of Washington risk management self-insurance program. Premiums are based on actuarially determined projections and include allowances for payments of both outstanding and current liabilities. The College assumes its potential liability and property losses for all properties except for Housing, which were acquired with proceeds of bond issues where the bond agreement requires the College to carry insurance on Housing property. During the past three fiscal years, no settlement has been greater than the insurance coverage.

In accordance with State policy, the College self-insures unemployment compensation for all employees. The College maintains an unemployment reserve, funded by charging all labor and wage expenditures, except for work-study, a percentage in order to fund the reserve to pay unemployment claims. Unemployment compensation claims paid by the College during FY23 were $95,573. At the end of FY23, the reserve balance was $553,448.

Note 15. Other Post-Employment Benefits (OPEB)

PLAN DESCRIPTION:

The Washington State Health Care Authority (HCA) administers this single employer defined benefit other postemployment benefit (OPEB) plan. The HCA calculates the premium amounts each year that are sufficient to fund the State-wide 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 employees.

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 employees' working careers, subsidize the "underpayments" of the retirees. An additional factor in the OPEB obligation is a payment that is required by the State Legislature to reduce the premiums for retirees covered by Medicare (an "explicit subsidy"). For fiscal year 2023, this amount is $183 per member to cover retirees eligible for parts A and B of Medicare, per month. This rate will remain the same for calendar year 2024. This is also passed through to State agencies via active employee's rates charged to the agency.

OPEB implicit and explicit subsidies as well as administrative costs are funded by required contributions made by participating employers. State agency contributions are made on behalf of all active, health care eligible employees, regardless of enrollment status. Based on the funding practice, the allocation method used to determine proportionate share is each agency's percentage of the state's total active, health care eligible employee headcount. As of June 2022, the total College's headcount percentage membership in the PEBB plan consisted of the following:

OPEB Plan Participants				
Year	Active Employees	Retirees Receiving Benefits	Retirees Not Receiving Benefits	Total Participants
2023	548	271	N/A	819

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the OPEB obligations will have on the College. The professional judgments used in determining these assumptions are important and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on College's financial statements. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement period:

- **Inflation:** 2.35%
- **Salary Increases:** 3.25% including service-based salary increases
- **Health Care Trend Rates:** Initial rate ranges from 2-11% reaching an ultimate rate of approximately 3.8% in 2080
- **Post-retirement Participation:** 60.00%
- **Spouse Coverage:** 45.00%

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

The discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index. A discount rate of 2.16% was used for the June 30, 2021 measurement date and 3.54% for the June 30, 2022 measurement date.

The following presents proportional share of the total College OPEB liability, calculated using the discount rate of 3.54% as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current rate.

Total OPEB Liability Discount Rate Sensitivity		
1% Decrease	$	21,273,024
Current Discount Rate – 3.54%	$	18,154,828
1% Increase	$	15,645,697

The following represents the total OPEB liability of the College calculated using the health care trend rates of 2-11% reaching an ultimate range of 3.8%, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (1-10%) or 1 percentage point higher (3-12%) than the current rate:

Total OPEB Liability Health Care Cost Trend Rate Sensitivity		
1% Decrease	$	15,371,401
Current Discount Rate – 2-11%	$	18,154,828
1% Increase	$	21,715,749

TOTAL OPEB LIABILITY:

As of June 30, 2023, components of the proportionate share calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for the College are represented in the following table:

Schedule of Changes in Total OPEB Liability		2023
Service cost	$	1,339,272
Interest		621,405
Changes of benefit terms		-
Differences between expected & actual experience		(615,393)
Changes in assumptions		(10,390,422)
Benefit payments		(456,549)
Change in proportionate share		(495,691)
Other		-
Net Change in Total OPEB Liability		**(9,997,378)**
Total OPEB Liability - Beginning		**28,152,206**
Total OPEB Liability - Ending	**$**	**18,154,828**

The College’s proportionate share of OPEB expense for the fiscal year ended June 30, 2023 was $ (1,164,773).

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

The tables below summarize college's deferred outflows and inflows of resources related to OPEB, together with the related future year impacts to expense from amortization of those deferred amounts. Note that deferred outflows of resources related to transactions subsequent to the measurement date are recognized as a reduction of the OPEB liability in the following year and are not amortized to OPEB expense.

Deferred Outflows of Resources		2023
Change in proportion	$	19,302
Change in assumptions		1,487,991
Difference between expected and actual experience		378,462
Transactions subsequent to the measurement date		458,198
Total	**$**	**2,343,953**

Deferred Inflows of Resources		2023
Difference between expected and actual experience	$	638,782
Changes of assumptions		13,161,630
Changes in Proportion		6,346,860
Total	**$**	**20,147,272**

Amortization of Deferred Outflows and Deferred Inflows of Resources		
2024	$	(3,125,450)
2025		(3,125,450)
2026		(3,125,453)
2027		(2,703,382)
2028		(1,840,709)
Thereafter		(4,341,073)
Total	**$**	**(18,261,517)**

Note 16. Deferred Compensation

The College, through the State of Washington, offers its employees a deferred compensation plan created under Internal Revenue Code § 457. The plan, available to all State employees, permits individuals to defer a portion of their salary until future years.

The State administers the plan on behalf of the College's employees. The College does not contribute to the plan nor have legal access to the funds.

Note 17. Retirement Plans

The College offers four contributory pension plans: 1) the Washington State Public Employees' Retirement System (PERS) plans, 2) the Washington State Teachers Retirement System (TRS) plans, 3) the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) plan and 4) The Evergreen State College Retirement plan (TESCRP)

PERS, TRS and LEOFF are cost sharing multiple employer-defined benefit pension plans administered by the State of Washington Department of Retirement Systems (DRS). TESCRP is a single employer defined contribution plan with a supplemental defined benefit plan component currently administered by the College.

Legislation signed into law on July 1, 2020, amended the RCW applicable to the TESCRP to define plan provisions including limits on member eligibility, benefit payments, vesting terms and contribution rates. As a result of these amendments, the College is unable to modify the terms of the plan. Administration of the benefit calculations and payments remain the responsibility of the College until the state's Pension Funding Council determines the trust has sufficient assets, at which time the DRS will assume those duties in accordance with RCW 41.50.280. The College does not perform the duties of a board or hold any of the substantive powers that would make the plan a fiduciary component of the College. Other agencies of the state of Washington perform the duties of a board and hold the substantive powers in relation to the TESCRP.

The College's aggregate pension amounts for the year ended June 30, 2023 summarized as follows:

Aggregate Pension Amounts		
	DRS	**TESCRP**
Net Pension Liabilities	$ (2,992,249)	$ (2,180,000)
Pension Assets	5,325,514	
Deferred Outflows of Resources	6,580,343	1,604,000
Deferred Inflows of Resources	(5,739,906)	(4,241,000)
Pension Expense	(335,655)	(567,000)

A. PLANS ADMINISTERED BY THE EVERGREEN STATE COLLEGE

The Evergreen State College Retirement Plan

PLAN DESCRIPTION:

The plan is a defined contribution single employer pension plan administered by the College and covers most faculty and exempt staff. Contributions to the plan are invested in annuity contracts or mutual fund accounts offered by the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF). Benefits from fund sponsors are available upon separation or retirement at the member's option. Employees have, at all times, a 100% vested interest in their accumulations.

Employee contribution rates, which are based on age, range from 5% to 10%. The College matches the employee contributions. Employer and employee contributions for the year ended June 30, 2023 was $3,495,673. All required employee and employer contributions have been made.

The 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% contribution after age 50, the benefit goal is 1.5% for each year of full-time service for the years in which the lower contribution was selected. No significant changes were made in the faculty benefit provisions for the year ended June 30, 2023.

The plan has a supplemental payment plan component which guarantees a minimum retirement benefit based upon a one-time calculation at each employee's retirement date. The College makes direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals. The supplemental component of TESCRP is financed on a pay as you go basis. Effective for new employees hired on or after July 1, 2011, State law no longer offers this supplemental component benefit of TESCRP.

EMPLOYER CONTRIBUTION RATES:

With the passing of 2SHB 1661, the legislation, effective July 1, 2020, created trust accounts for the contributions and investment returns collected to pre-fund SRP benefits. Under this new funding structure, the SRP report under GASB No. 67/68 started in Fiscal Year 2021. 2SHB 1661 outlines a funding policy for the SRP. Beginning July 1, 2020, the 0.5% required employer contribution rate was replaced with institution-specific contribution rates which was 0.23% for the College. These rates are developed by the OSA in accordance with RCW 41.45, which provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates. Money in the trust must be accounted for separately and attributed to each paying institution and may only be used to make benefit payments to the paying institution's plan beneficiaries. Beginning July 31, 2020, the Pension Funding Council may review and revise the institution-specific contribution rates. Rates must be designed to keep the total cost at a more level percentage than a pay-as-you-go method. Accumulated funds will allow a portion of the cost of SRP benefits to be paid from those funds beginning in approximately 2035. When the trust has collected sufficient assets to begin making SRP benefit payments, administration of the SRP will transfer to the Department of Retirement Systems (DRS).

The SRP benefit funds are currently restricted from paying SRP benefits and are not expected to pay benefits until 2035. Until this time, SRP benefits are paid out of the College's operating budget on a pay-as-you-go basis.

PLAN MEMBERSHIP:

Membership of The Evergreen State College Retirement Plan consisted of the following at June 30, 2023, the date of the latest actuarial valuation for the plan:

Year	Inactive Members (or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled To But Not Yet Receiving Benefits	Active Members	Total Members
2023	33	15	113	161

The Office of the State Actuary relied on a valuation date of January 1, 2023 to project the Total Pension Liability to the measurement date of June 30, 2023, reflecting the expected service cost, assumed interest, and benefit payments made.

FIDUCIARY NET POSITION:

With the passing of 2SHB 1661, the legislation, effective July 1, 2020, created trust accounts for the contributions and investment returns collected to pre-fund SRP benefits. Under this new funding structure, the SRP started to report under GASB No. 67/68 in Fiscal Year 2021. The plan Fiduciary Net Position is the fair value of plan assets held in a trust as defined by GASB. The Net Pension Liability is the difference between the Total Pension Liability and the plan Fiduciary Net Position. The plan Fiduciary Net Position represents the amount of assets collected as of the measurement date to pay for SRP benefits, per RCW 41.50.280. Plan assets and investments are measured at their fair value. The WSIB has been authorized by statute as having investment management responsibility for the pension funds.

PLAN INVESTMENTS:

The WSIB manages retirement fund assets to maximize return at a prudent level of risk. TESCRP plan assets 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 WSIB invests. Information about the investment of pension funds by the WSIB, their valuation, classifications, concentrations, and maturities can be found in the State of Washington's Annual Comprehensive Financial Report.

The money-weighted rates of return are provided by the WSIB and the Office of the State Treasurer. The annual money-weighted rate of return on TESCRP investments, net of pension plan investment expense for the year ended June 30, 2023 was 7.08%. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of external cashflows.

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on the College. The professional judgments used in determining these assumptions are important and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on the College's financial statements.

The total pension liability was determined by an actuarial valuation as of January 1, 2023, with the results projected forward to the June 30, 2023, measurement date using the following actuarial assumptions:

- Discount Rate: 7.00%
- TIAA Increase Rate: 4.00%
- CREF Increase Rate: 6.25%
- Salary Growth: 3.50%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates as the base table. OSA applied age offsets, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout the member's lifetime.

The total salary growth assumption is based on the August 2021 Higher Education SRP Experience study. The TIAA and CREF increase rates represent the assumed investment return on primary investments that play a key role in the SRP benefit calculation.

OSA updated assumptions consistent with the 2021 Demographic Experience Study and modified the TIAA CREF investment assumptions based on TIAA input and OSA's expectation for the future. This includes future growth in the investments and how the projected account balances are converted to annuities. The assumption updates generally led to increases in total pension liability.

The long term expected rate of return on pension plan investments was determined by the WSIP using abuilding block method in which a best estimated of expected future rates of return are developed for each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation for June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Fixed Income	20.00%	1.50%
Tangible Assets	7.00%	4.70%
Real Estate	18.00%	5.40%
Global Equity	32.00%	5.90%
Private Equity	23.00%	8.90%

SENSITIVITY OF THE NET PENSION LIABILITY/(ASSET) TO CHANGES IN THE DISCOUNT RATE:

The following presents the net pension liability for the TESCRP for the College as an employer, calculated using the discount rate of 7.0%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.0% point lower (6.0%) or 1.0% point higher (8.0%) than the current rate.

Net Pension Liability Interest Rate Sensitivity		
1% Decrease - 6.00%	$	2,568,000
Current Discount Rate - 7.00%	$	2,180,000
1% Increase - 8.00%	$	1,845,000

NET PENSION LIABILITY (NPL):

Consistent with GASB No. 67/68, plan assets are included in financial reporting. The June 30, 2023 asset amount offsets the total pension liability to yield the plan's net pension liability.

Effective July 1, 2020, legislation signed into law created a trust arrangement for assets dedicated to paying TESCRP benefits to plan members. Contributions previously paid to and accumulated by DRS beginning January 1, 2012 were transferred into the trust when this legislation became effective. As a result, the College is now applying accounting guidance for single employer plans that have trusted assets and reports the pension liability net of plan assets. The components of the College's liability were as follows:

Schedule of Changes in Net Pension Liability Fiscal Year Ending June 30, 2023						
		TPL (a)		**Plan Fiduciary Net Position (b)**		**NPL (a) minus (b)**
Beginning Balance	**$**	**4,994,000**	**$**	**1,421,000**	**$**	**3,573,000**
Service Cost		72,000		-		72,000
Interest		349,000		-		349,000
Difference between expected and actual expense (1)		(1,151,000)		-		(1,151,000)
Changes of assumptions		(360,000)		-		(360,000)
Employer Contributions		-		46,000		(46,000)
Investment Income		-		102,000		(102,000)
Benefit Payments		(155,000)		-	$	(155,000)
Net Change	**$**	**(1,245,000)**	**$**	**148,000**		**(1,394,000)**
Ending Balance	**$**	**3,749,000**	**$**	**1,569,000**	**$**	**2,180,000**

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES:

The tables below summarize the College's pension expense, deferred outflows of resources and deferred inflows of resources related to the TESCRP, together with the related future year impacts to pension expense from amortization of those deferred amounts:

Pension Expense for Fiscal Year Ending June 30, 2023		
Service Cost	$	72,000
Interest Cost		349,000
Amortization of Differences between Expected and Actual Experience		(685,000)
Amortization of Changes of Assumptions		(167,000)
Expected Earnings on Plan Investments		(101,000)
Amortization of Differences between Projected and Actual Earnings on Plan Investment		(35,000)
Administrative Expenses		-
Other Changes in Fiduciary Net Position		-
Pension Expense	**$**	**(567,000)**

Deferred Inflows of Resources		2023
Difference between expected and actual experience	$	2,596,000
Changes of assumptions		1,535,000
Differences between Projected and Actual Earnings on Plan Investments		110,000
Total	**$**	**4,241,000**

Deferred Outflows of Resources		2023
Difference between expected and actual experience	$	790,000
Changes of assumptions		753,000
Differences between Projected and Actual Earnings on Plan Investments		61,000
Total	**$**	**1,604,000**

Amortization of Deferred Outflows and Deferred Inflows of Resources		
2024	$	(780,000)
2025		(808,000)
2026		(818,000)
2027		(146,000)
2028		(86,000)
Thereafter		-
Total	**$**	**(2,638,000)**

B. STATE PARTICIPATION IN PLANS ADMINISTERED BY DRS

PLAN DESCRIPTION:

Public Employees' Retirement System

PERS retirement benefit provisions are contained in chapters 41.34 and 41.40 of the Revised Code of Washington (RCW). PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. PERS members include higher education employees not participating in other higher education retirement programs.

Teachers' Retirement System

TRS retirement benefit provisions are contained in chapters 41.32 and 41.34 of the Revised Code of Washington (RCW). TRS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members. TRS eligibility for membership requires service as a certificated public-school employee working in an instructional, administrative or supervisory capacity.

Law Enforcement Officers' and Fire Fighters' Retirement System

LEOFF retirement benefit provisions are contained in chapter 41.26 of the Revised Code of Washington (RCW). LEOFF is a cost-sharing, multiple-employer retirement system comprised of two separate pension plans for membership and accounting purposes. TESC participates in LEOFF Plan 2, which is a defined-benefit plan. LEOFF membership includes full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians.

VESTING AND BENEFITS PROVIDED:

PERS Plan 1 and TRS Plan 1

PERS Plan 1 and TRS Plan 1 provides retirement, disability, and death benefits to eligible members. This plan is closed to new entrants. All members are vested after the completion of five years of eligible service. The monthly benefit is 2.0% of the average final compensation (AFC) for each year of service credit, up to a maximum of 60.0%. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

Members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. Members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3% annually. To offset the cost of this annual adjustment, the benefit is reduced. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

PERS Plan 2/3 and TRS Plan 2/3

PERS 2/3 and TRS Plan 2/3 provides retirement, disability and death benefits. PERS Plan 2 and TRS Plan 2 members are vested after completing five years of eligible service. PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Defined Retirement benefits are determined as 2.0% of the member's AFC times the member's years of service for Plan 2 and 1.0% of the AFC times the member's years of service for Plan 3. The AFC is the average of the member's 60 highest paid consecutive months. There is no cap on years of service credit.

Members are eligible for normal retirement at the age of 65 with five years of service. Members have the option to retire early with reduced benefits. Members may elect to receive an optional cost of living allowance

(COLA) amount based on the Consumer Price Index, capped at 3% annually. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

LEOFF Plan 2

LEOFF Plan 2 provides retirement, disability, and death benefits to eligible members. Members are vested after the completion of five years of eligible service. Plan 2 members receive a benefit of 2% of the FAS per year of service. FAS is based on the highest consecutive 60 months.

Members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Members who retire prior to the age of 53 receive reduced benefits. A cost of living allowance (COLA) is granted based on the Consumer Price Index, capped at 3.0% annually. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

FIDUCIARY NET POSITION:

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 plans fiduciary net position have been determined in all material respects on the same basis as they are reported by the plans. These 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.

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. Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan. Administration of the PERS 1 and 2/3 system and plan was funded by an employer rate of 0.18% of employee salaries.

The DRS prepares a stand-alone financial report that is compliant with the requirements of Statement 67 of the Governmental Accounting Standards Board. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380 or online at https://www.drs.wa.gov/.

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on the College. The professional judgments used in determining these assumptions are important and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on the College's financial statements.

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed by the Washington State Office of the State Actuary (OSA). The College's 2023 pension liability is based on the OSA valuation performed as of June 30, 2022, with a valuation date of June 30, 2021. Besides the discount rate, the actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' Annual Comprehensive Financial Report located on the DRS employer-resource GASB webpage. These assumptions reflect the results of OSA's 2013-2018 Demographic Experience Study Report and the 2021 Economic Experience Study. The following actuarial assumptions have been applied to all prior periods included in the measurement:

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary Increases:** in addition to the base 3.25% salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates as the base table. OSA applied age offsets, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout the member's lifetime.

OSA selected a 7.00% long-term expected rate of return on pension plan investments using a building block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the WSIB provided. The CMAs contain three pieces of information for each class of assets WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns at various future times. The best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

2023 – Measurement date 2022

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Fixed Income	20.00%	1.50%
Tangible Assets	7.00%	4.70%
Real Estate	18.00%	5.40%
Global Equity	32.00%	5.90%
Private Equity	23.00%	8.90%

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

DISCOUNT RATE:

The discount rate used to measure the total pension liability was 7.00%. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.00% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements.

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

SENSITIVITY OF THE NET PENSION LIABIILTY (ASSET) TO CHANGES IN THE DISCOUNT RATE:

The following presents the net pension liability/asset of TESC as an employer, calculated using the discount rate of 7.00%, as well as what the net pension liability/asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

		2023	
Plan	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
PERS 1	$ 3,752,313	$ 2,808,647	$ 1,985,047
PERS 2/3	5,532,669	(4,698,135)	(13,103,388)
TRS 1	249,310	183,602	126,166
TRS 2/3	352,021	(19,430)	(321,415)
LEOFF 2	(27,995)	(607,949)	(1,082,591)

EMPLOYER CONTRIBUTION RATES:

Employer contribution rates are developed in accordance with Chapter 41.45 of the RCW by the OSA. The statute provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates.

REQUIRED CONTRIBUTION RATES

The required contribution rates (expressed as a percentage of current year covered payroll) at June 30, 2023 are as follows:

Required Contribution Rates		
	College	Employee
PERS		
Plan 1	10.25%	6.00%
Plan 2	10.25%	6.36%
Plan 3	10.25%*	5.00-15.00%**
TRS		
Plan 1	14.42%	6.00%
Plan 2	14.42%	8.05%
Plan 3	14.42%*	5.00-15.00%**
LEOFF		
Plan 2	8.71%	8.53%

PERS 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability (UAAL)

TRS 2/3 employer rates include a component to address the TRS Plan 1 unfunded actuarial accrued liability (UAAL)

*Plan 3 defined benefit portion only.

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

College contribution rate includes an administrative expense rate of 0.0018.

REQUIRED CONTRIBUTIONS:

The required contributions for the year ending June 30, 2023 as follows:

Plan	Employee	College
PERS 1	$ 423,481	$ 675,051
PERS 2/3	681,163	1,084,391
TRS 1	-	49,109
TRS 2/3	47,132	54,251
LEOFF 2	42,984	43,891

COLLEGE PROPORTIONATE SHARE AND AGGREGATED BALANCES:

Collective pension amounts are determined as of a measurement date, which can be no earlier than an employer's prior fiscal year. The measurement date for the net pension liabilities recorded by TESC as of June 30, 2023 was June 30, 2022 (one year in arrears.) Employer contributions received and processed by the DRS during the measurement date fiscal year have been used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in their fiscal year ended June 30 Schedules of Employer and Non-employer Allocations. TESC's proportionate share of the aggregated balance of net pension liabilities and net pension asset as of June 30, 2023 is presented in the table below.

Proportionate Share Allocation Percentage	
PERS 1	0.1009%
PERS 2/3	0.1267%
TRS 1	0.0100%
TRS 2/3	0.0099%
LEOFF 2	0.0224%

Aggregate Pension Balances	Net Pension Liability	Net Pension Asset
PERS 1	$ 2,808,647	$ -
PERS 2/3	-	4,698,135
TRS 1	183,602	-
TRS 2/3	-	19,430
LEOFF 2	-	607,949
Total	**$ 2,992,249**	**$ 5,325,514**

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES:

The tables below summarize TESC's expense, deferred outflows of resources and deferred inflows of resources related to the DRS pension plans, together with the related future year impacts to pension expense from amortization of those deferred amounts. Note that deferred outflows of resources related to college contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the following year and are not amortized to pension expense.

Proportionate Share of Pension Expense	
PERS 1	$ 1,158,807
PERS 2/3	(1,684,801)
TRS 1	103,023
TRS 2/3	(7,860)
LEOFF 2	95,176
Total	**$ (335,655)**

Amounts reported as deferred outflows of resources, exclusive of contributions subsequent to the measurement date, and deferred inflows of resources will be recognized in pension expense in future periods as follows:

Deferred Outflows of Resources	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected & actual experience	$ -	$ 1,164,088	$ -	$ 96,815	$ 144,459	**$ 1,405,362**
Changes of assumptions	-	2,618,562	-	109,465	154,010	**2,882,037**
Change in proportion	-	62,123	-	19,394	297,549	**379,066**
Contributions subsequent to measurement date	659,079	1,107,548	45,434	57,925	43,891	**1,913,877**
Total	**$ 659,079**	**$ 4,952,321**	**$ 45,434**	**$ 283,599**	**$ 639,909**	**$ 6,580,342**

Deferred Inflows of Resources	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected & actual experience	$ -	$ 106,354	$ -	$ 1,953	$ 5,641	**$ 113,948**
Changes of assumptions	-	685,633	-	11,905	52,936	**750,474**
Net Difference between projected and actual earnings on pension plan investments	465,475	3,473,366	32,899	102,770	203,565	**4,278,075**
Change in proportion	-	500,179	-	14,750	82,481	**597,410**
Total	**$ 465,475**	**$ 4,765,532**	**$ 32,899**	**$ 131,378**	**$ 344,623**	**$ 5,739,907**

Amortization of Deferred Outflows and Deferred Inflows of Resources	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
2023	$ (196,979)	$ (1,201,185)	$ (13,948)	$ (18,638)	$ (42,222)	**$ (1,472,972)**
2024	(178,908)	(1,091,314)	(12,682)	(14,307)	(33,708)	**(1,330,919)**
2025	(224,436)	(1,270,960)	(15,950)	(23,401)	(52,043)	**(1,586,790)**
2026	134,848	1,544,389	9,681	58,875	109,518	**1,857,311**
2027	-	540,285	-	24,841	48,729	**613,855**
Thereafter	-	558,026	-	66,926	221,123	**846,075**
Total	**$ (465,475)**	**$ (920,759)**	**$ (32,899)**	**$ 94,296**	**$ 251,397**	**$ (1,073,440)**

*Negative amounts shown in the table above represent a reduction of expense

Note 18. Pledged Revenues

The Governmental Accounting Standards Board (GASB) has issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues.* The College has pledged specific revenues, net of operating expenses, to repay principal and interest of revenue bonds. The following is a schedule of the pledged revenue and related debt:

Source of Revenue Pledged	Current Year Revenues Pledged (net)	Current Year Debt Service	Total Future Revenues Pledged	Description of Debt	Purpose of Debt	Term of Commitment
Student Housing Rentals	$ 362,877	$ 412,404	$ 1,247,360	2015 Housing Bond	Refunding of 2006 Bond Issue	2026

Note 19. Segment Information

The College operates residence halls "Residential Services" located on the College campus. Revenue bonds are issued from time to time to build or remodel facilities. Residential Services pledges net revenues to cover the costs of debt service for the bonds, therefore, for accounting purposes, the Residential Services is a segment of the College. Presented below are condensed financial statements for Residential Services as audited by The State Auditor's Office (SAO) as of and for the year ended June 30, 2023:

Condensed Statement of Net Positions	
Assets	
Current Assets	$ 6,709,515
Non-current Assets	7,706,527
Total Assets	**14,416,042**
Deferred Outflows	188,507
Liabilities	
Current liabilities	2,079,169
Non-current liabilities	1,221,708
Total Liabilities	**3,300,877**
Deferred Inflows	524,351
Net Position	
Net Investment in Capital Assets	6,438,479
Pensions	86,425
Unrestricted	4,254,417
Net position	$ 10,779,321

Condensed Statement of Revenues, Expenses, and Changes in Net Position		
Operating revenues	$	4,137,050
Operating expenses		4,107,561
Net operating income (loss)		**29,489**
Non-operating revenues (expenses)		166,951
Changes in net position		**196,440**
Net Position		
Net position, beginning		10,582,881
Net position, end of year	**$**	**10,779,321**

Condensed Statement of Cash Flow		
Net cash flows provided by operating activities	$	1,580,982
Net cash flows used by capital financing activities		(2,354,303)
Net cash flows provided by investing activities		216,872
Net decrease to cash		**(556,449)**
Cash, beginning of year		7,041,058
Cash, end of year	**$**	**6,484,609**

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Evergreen State College Foundation (Foundation) is a not-for-profit corporation organized under the laws of the State of Washington for the charitable and the educational benefit of The Evergreen State College (College). The Foundation was organized to function exclusively for the purposes of promoting, supporting, maintaining, developing, increasing, and extending educational offerings, and the pursuit thereof, in connection with the College. A summary of the Foundation's significant accounting policies follows:

Basis of Presentation

The accompanying financial statements are presented using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Unconditional Promises to Give

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Unconditional promises to give due within one year are reported at their net realizable value. Authoritarian guidance requires that an Allowance for Uncollectable Pledges be used; however, based on management judgment, past history, and the rare occurrences of pledges not being fulfilled, management has decided not to use an Allowance for Uncollectable Pledges account as any allowance would be immaterial.

Unconditional promises to give, due in subsequent years are reported on the present value of their net realizable value, using an appropriate discount rate. Amortization of discounts is included in contribution revenue.

Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at fair value on the date of the donation. In the absence of any stipulations, contributions of property and equipment are recorded as unrestricted support.

Donated Materials and Services

Donated materials and services are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of receipt. Contributed services are recognized if they require specialized skills that would have been purchased had they not been contributed.

Cash and Investment Cash

For purposes of reporting on the statements of cash flows, the Foundation considers all checking accounts as cash, except those held in an investment portfolio. As of June 30, 2023, cash totaled $2,222,454 of which $1,134,351 was restricted for donor purposes. Invested cash consists of short-term, highly liquid investments that are readily convertible to known amounts of cash, including savings accounts, money market accounts, and time deposit.

Investments

The Foundation has investments which include an investment portfolio with Morgan Stanley and invested endowment funds in the University of Washington's Consolidated Endowment Fund (CEF).

Investment portfolio with Morgan Stanley:

		2023
Cash	$	2,555,173
Mutual Funds		514,893
Certificates of Deposit		1,100,393
Total	**$**	**4,170,459**

Most investments are classified as noncurrent regardless of maturity due to the long-term nature of the portfolio. The estimated fair values may differ significantly from the values that would have been used had a ready market for those securities existed.

The annual change in market value of investments is recorded as "Investment income or loss" in the statements of activities. The percentage participation allocation method is used to allocate all investment income, including realized and unrealized gains and losses, to the various funds based on a percentage of interest in the pooled investment.

Investments held in the University of Washington's Consolidated Endowment Fund at fair market value as of June 30 as follows:

		2023
Total Units at U of W		43,416,292
Value per Unit	$	113.782
Total value at U of W	$	4,940,000,000
TESC Foundation Portion		
Total Units		167,789
Value per Unit	$	11.782
Total TESC Foundation Portion	$	19,091,353

The fair value of the CEF is based on a per unit valuation, which is based on the estimated fair value of the underlying investments. The fair value of debt and equity securities with a readily determinable fair value is based on quotations from national securities exchanges. The alternative investments, which are not readily marketable, are carried at the estimate fair values provided by the investment managers. The Foundation can redeem or purchase units in the CEF at the end of a calendar quarter.

On June 30, 2023, an additional $516,398 was held by the University of Washington pending investment purchases.

Credit and Market Risk

The Foundation's investments consist of financial instruments including interest-bearing deposits and investments in the CEF and with Morgan Stanley. These financial instruments may subject the Foundation to concentrations of credit risk, and from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. Management believes the risk with respect to the balances is minimal, due to the high credit rating of the institutions used.

Investment securities are exposed to various risks including, but not limited to, interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. To manage these risks, the Foundation has an investment policy designed to provide optimal return within reasonable risk tolerances.

Split-Interest Agreements

Under these agreements, donors initially make gifts directly to the Foundation. The Foundation has beneficial interest, and records an asset related to the agreements at fair market value.

Federal Income Taxes

The Foundation is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. Income from certain activities not directly related to the Foundation's tax-exempt purpose would be subject to taxation as unrelated business income. The Foundation did not engage in any activity unrelated to its tax-exempt purpose; accordingly, no provision for income taxes is included in the accompanying financial statements. In accordance with requirements related to accounting for uncertainties in income taxes, the Foundation has determined they have no uncertain tax positions at June 30, 2023. The fiscal years ended June 30, 2023, 2022, 2021 and 2020 remain open for examination by taxing authorities.

Financial Statement Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if applicable, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allocation of Functional Expenses

Expenses are charged to program services, fundraising and management, and general categories based on direct expenditures incurred. Any expenditure not directly chargeable to a functional expense category is allocated based on labor costs, square footage rates for space, and the cost of shared usage of supplies and equipment.

<u>Related Party Transactions</u>

The Foundation receives substantial contributed support services under a quid pro quo agreement with the College. The College provides personnel, including management, accounting and clerical support. The College also provides office space and various other non-personnel support of the Foundation. The services provided without cost are recognized as in-kind revenues and expenses. These services are included in both support and revenues and in expenses on the accompanying Statements of Activities and Changes in Net Assets. See Note 11 for additional in-kind support information.

The Foundation provided grants to the College totaling $2,789,692 for the year ended June 30, 2023. During the year ended June 30, 2023, the Foundation also provided $872,730 to the College for student scholarships and fellowships. These amounts are included in the grants and allocations total shown on the statements of functional expenses.

Amounts payable to the college were $107,182 as of June 30, 2023.

<u>Fund-Raising</u>

Fund-raising expenses include costs to solicit donations through annual giving, major giving, planned giving, and corporation and foundation giving.

Financial statement presentation – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

<u>Net Assets without Donor Restrictions</u>
Net assets that are not subject to donor-imposed stipulations. They are available to support the Foundation's operations. Included within these net assets are Board designated net assets which are to be used for specific purposes but may, at the board's discretion, subsequently be used for other purposes.

<u>Net Assets with Donor Restrictions</u>
Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that will be met either by actions of the Foundation and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction. Other donor-imposed restrictions are maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all, or a part of the income earned on any related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on donor-restricted endowment investments are reported as increases or decreases in net assets with donor restrictions until appropriated by the Board of Governors. Gains and losses on non-endowment investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported on the statements of activities as net assets released from restriction.

Adoption of Accounting Standard Codification ("ASC") Topic 842

Effective July 1, 2022, the Foundation adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases ("Topic 842"). The Foundation elected to apply the guidance as of July 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ("ASC 840"). ASC Topic 842 requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statement of activities as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense; the Foundation exclusively has operating leases. The Foundation has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Foundation accounted for its existing leases as either a finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842 and (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

The adoption of the new standard did not materially impact the Foundation's statements of operations or statements of cash flows. See Note 7 for further disclosure of the Foundation's lease contracts. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The following table provides a summary of the Foundation’s financial assets, reduced by those unavailable for general expenditure within one year, to determine the amount of financial asset available to meet cash needs for general expenditure within one year at June 30:

	2023
Financial assets	
Cash and cash equivalents	$ 2,222,454
Investment cash	2,555,173
Contributions receivable net	827,087
Investments	21,223,038
Financial assets, at year end	26,827,752
Less those unavailable for general expenditure within one year:	
Board-designated net assets	1,484,875
Net assets with donor restrictions	24,108,710
	25,593,585
Financial assets available to meet cash needs for general expenditures within one year	$ 1,234,167

Although the Foundation does not intend to spend from board-designated net assets, these amounts could be available, if necessary.

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30 are as follows:

	2023
Receivable in less than one year	$ 803,000
Receivable in one to five years	24,087
Total Unconditional Promises to Give	$ 827,087

The discount rates are based on what the risk free applicable federal long-term rates were at the time each unconditional promise to give was made. The rates range from 1.17% and 3.79% and the total discount for the long-term promises to give as of June 30, 2023, was $913.

NOTE 4 – INVESTMENTS

Long and short-term investments, net of management fees, are as follows at June 30:

	2023
Cash	$ 169,212
Money market	2,385,961
Certificates of deposit	1,100,393
Mutual funds	514,893
Investment in the University of Washington Consolidated endowment fund	19,607,752
Total Investments	$ 23,778,211

Investment income included on the accompanying statement of activities is as follows for the years ended June 30:

	2023
Interest and dividend income	$ 708,292
Net realized/ unrealized gains on investments	391,585
Total Investment Loss/income	$ 1,099,877

NOTE 5 – ENDOWMENTS

The net asset classification of endowment funds for a not-for-profit is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Disclosure about endowment funds, both donor-restricted and board designated endowment funds are required.

The Foundation endowment funds include donor-restricted and board-designated endowment funds.

For donor-restricted endowment funds, as required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.
The Foundation has interpreted the enacted version of UPMIFA for Washington State and determined that requiring the preservation of the fair value of the original gift at the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary, is appropriate. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions: a) the original value of the gifts donated to the endowment with donor restrictions, b) the original value of subsequent gifts, if any, to the endowment with donor restrictions, and c) accumulations to the endowment with donor restrictions, as applicable, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effects of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. The investment policies of the Foundation

For board designated endowment funds, the Foundation classifies as net assets with donor restrictions, a) the original value of the gifts fund that the board designated to the endowment, and b) the original value of subsequent gift funds designated, if any, to the endowment fund.

The remaining portion of the board designated endowment fund that is not classified as net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Foundation.

Endowment net asset composition by type of fund for the year ended June 30:

2023	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$17,394,008	$ 17,394,008
Board-designated endowment funds	1,484,875	688,933	2,173,808
Total Funds	$ 1,484,875	$18,082,941	$ 19,567,816

Endowment net asset composition by changes in endowment net assets for the year ended June 30:

2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,698,847	$17,109,594	$ 18,808,441
Investment return	109,176	882,318	991,494
Contributions, net of transfers	95,000	843,190	938,190
Net assets released	(418,148)	(752,161)	(1,170,309)
Endowment net assets, end of year	$ 1,484,875	$18,082,941	$ 19,567,816

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. The Foundation's Endowment Spending Policy does not permit spending from under-water endowments. There were two endowment funds with deficiencies of $3,540 as of June 30, 2023.

Return Objectives and Risk Parameters

The Foundation has adopted objectives that seek to provide permanent funding for endowed programs while maintaining the purchasing power of any endowment after spending and inflation. Over time, long-term rates of return should be sufficient to provide a predictable and stable source of income for endowed programs and to provide a maximum level of return consistent with prudent risk levels. These objectives assume the construction of a global, equity-oriented, diversified portfolio coupled with active risk management.

Strategies Employed for Achieving Objectives

To achieve its investment objective, the Foundation invests most of its funds in the University of Washington's CEF. It is divided into sub-categories, each with its own targeted allocation. Over the long run, the allocation between and within the subcategories may be the single most important determinant of the CEF's investment performance. (Note: Percentages may not sum due to rounding).

CEF Asset Allocation as of June 30, 2023:

Investment Strategy	Allocation
Emerging Markets Equity	12%
Developed Markets Equity	39%
Private Equity	18%
Real Assets	4%
Opportunistic	1%
Absolute Return	18%
Fixed Income	7%

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distributions each year based on the following allocation:

The Foundation uses a weighted average or hybrid method of determining spending from Foundation Endowments. Spending is calculated by taking a weighted average comprising 80% of the prior year's spending adjusted by an inflation factor and 20% of the amount that results when the endowment's spending rate is applied to the endowment market value. The Foundation spending rate shall generally be 5%. The spending rate for new endowments shall be established beginning at the end of the second year of investment. The initial endowment spending shall be based on 5% of the first two years' rolling average.

In calculating the spending, the market value of the endowment shall be reduced by the total value of new contributions given to the endowment in the past fiscal year. The inflation factor shall be equal to the CPI except that it shall never fall below 0% nor exceed 5%. The minimum scholarship award level is $1,000. If the spending formula for a scholarship endowment generates a calculation for a scholarship award of less than $1,000, no distribution will be taken for that fiscal year and the scholarship will not be awarded.

NOTE 6 – FAIR VALUE OF FINANCIAL MEASUREMENTS

The Foundation has determined the fair value of certain assets and liabilities through the application of FASB ASC 820-10 *Fair Value Measurements*.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. The fair value hierarchy prioritizes the inputs used to measure fair value into three broad levels. The three levels of the fair value hierarchy are defined as follows:

> Level 1- Inputs are quoted prices in active markets for identical assets or liabilities as of the reporting date.
>
> Level 2- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, as of the reporting date.

Level 3- Unobservable inputs for the asset or liability that reflect management's own assumptions about the assumptions that market participants would use in pricing the asset or liability as of the reporting date.

Fair Value of assets measured on a recurring basis for the years ended June 30 is as follows:

	2023			
	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash	$ 2,555,173			$ 2,555,173
Certificates of deposit	1,100,393			1,100,393
Mutual funds	514,893			514,893
Consolidated Endowment Fund (CEF)		19,607,752		19,607,752
Total assets at fair value	$ 4,170,459	$19,607,752	$ -	$23,778,211

NOTE 7 – LEASES

Operating Right-of-Use ("ROU") assets represent the Foundation's right to use an underlying asset for the lease term and operating lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The weighted-average discount rate is based on either the implicit rate, if available, or the incremental borrowing rate. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Foundation leases vehicles for various terms under long-term, non-cancelable operating lease agreements. The leases, including renewal options reasonably certain to be exercised, expires between 2025 and 2026. The weighted-average discount rate is based on the discount rate implicit in the lease. The lease agreements generally require the Organization to pay real estate taxes, insurance, and repairs.

Total lease expense under noncancelable leases was as follows for the year June 30, 2023.

Operating lease cost	$ 3,793

The following summarizes the supplemental cash flow information for the year ended December 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 3,622
Right-of-use assets obtained in exchange for lease liabilities	

Operating leases	$ 40,331

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

Weighted-average remaining lease term	
Operating leases	2.69 years
Weighted average discount rate	
Operating leases	8.22%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2023:

year	Operating
2024	$ 14,459
2025	14,459
2026	9,632
Total Lease Payments	38,550
Less amount representing interest	(4,018)
Present Value of Lease Liabilities	34,532
Current portion of lease liabilities	(12,077)
Long-term Portion of Lease Liabilities	$ 22,455

NOTE 8 – CHARITABLE GIFT ANNUITIES

Certain donors have entered into charitable gift annuity agreements with the Foundation under which the Foundation received certain assets.

In December 2015, the Foundation became a beneficiary of a split interest agreement via a Charitable Lead Annuity Trust (CLAT). The CLAT is a $5 million trust in which the Foundation is a 50% beneficiary, with the Foundation anticipating $2.25 million in payments over the life of the agreement. The 15 year annuity payout is $300,000 each year of which the Foundation receives 50%, and the revenue is recognized at the time of receiving the payment.

NOTE 9 – RELEASE OF NET ASSETS

Net assets of $3,244,865 was released from donor restrictions for the years ended June 30, 2023 by incurring expenses satisfying the restricted purposes or by the occurrences of other events specified by the donors.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction includes both endowed net assets with donor restriction and non-endowed net assets with donor restriction. Net assets with donor restriction support the following:

	2023
Academic Support and Research	$ 4,342,108
Other College Support	2,470,509
Public Service Centers	978,848
Student Aid	16,317,245
Total Net Assets with Donor Restriction	$ 24,108,710

NOTE 11 – CONCENTRATIONS

Major Donors

For the year ended June 30, 2023, the Foundation received contributions from ten sources that comprised approximately 54% of total contribution revenue.

NOTE 12 – IN-KIND SUPPORT

The Foundation receives substantial contributed support services under an agreement with the College. These services are included in both support and revenues and also in expenses on the accompanying statements of activities and changes in net assets. In addition, the Foundation receives in-kind donations from individuals and corporations, which are included in gifts and contributions.

Donated materials and services are as follows for the years ended June 30:

	2023
From individual and corporate donors:	
Stock	$ 183,683
Artwork	45,725
Materials	13,245
Total in-kind support from individuals and corporate donors	$ 242,653
From the College	
Management services	$ 1,172,027
Rent	34,804
Supplies and equipment usage	156,916
Total in-kind support from the College	1,363,747
Total in-kind support	$ 1,606,400

NOTE 13 – ADMINISTRATIVE AND ENDOWMENT FEES

The Foundation charges a 5% administrative fee to restricted, and some unrestricted funds, and transfers this amount to unrestricted net assets to cover funds management, fundraising expenses, and administration expenses. The Foundation charged $108,044 in administrative fees for the year ended June 30, 2023.

In June of 2021, the Foundation Board adopted Investment and Spending Policy revisions to implement a 1.0% endowment assessment fee to all endowment funds beginning in FY22 to help fund the campaign budget and continue to fund foundation and advancement activities after the campaign ends. Implementation of this policy changed the annual endowment distribution allocation. Prior to the change, all 5% of the allocation funded scholarships and programs. After the change, 4% of the allocation funds scholarships and programs and 1% funds the campaign and advancement activities. As of June 30, 2023, the Foundation charged $143,190 in endowment fees.

NOTE 14 – SCHOLARSHIPS FOR FUTURE PERIODS

In April, May and June of each year, students receive notice of their scholarship awards for the following academic year. These scholarship funds are recognized when they are offered to the student and remain in the Foundation until August or September. The scholarships are reclassified into their own internal account for tracking purposes. In August or September, the Foundation transfers the funds to the College and then the College applies the funds to the student accounts. The amount and number of scholarships varies from year to year. The annual scholarship amount and number of scholarships to be awarded is determined by the following:

1. Donor intent as defined in gift agreement
2. Foundation spending policy
3. For unrestricted scholarships, determined by the board
4. Number of awards from larger scholarship funds is determined by judgment of college staff if donor does not express a preference (i.e. is it better to have two $1,000 scholarships or one $2,000 scholarship)

As of June 30, 2023, the Foundation was holding funds earmarked for academic year 2023-2024 scholarships in the amount of $1,029,203. Of this amount, $509,815 was available for endowment based scholarships, and $519,388 was available for one-time scholarships on June 30, 2023.

Though the entire amount of the funds held are available for scholarships, not all of the scholarship offers are accepted. Additionally, there are times when students accept their scholarship offer but end up not being enrolled in the new academic year or are no longer qualified for the scholarship when classes begin; thereby leaving the scholarship unused. Any unused scholarship funds are returned to the Foundation and are held for future scholarships in the following academic year.

NOTE 15 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through February 8, 2024 the date on which the financial statements were available to be issued.

the evergreen state college foundation

The Evergreen State College Foundation is a 501(c)(3) nonprofit organization dedicated to building an outstanding future for The Evergreen State College. Since 1976, the foundation has supported this goal by raising private gifts from our generous donors. Donations ensure access for students who may not be able to afford the cost of attendance, support faculty research, facilitate work led by the college's public service centers, and much more. The Evergreen State College Foundation I 2700 Evergreen Parkway NW, Olympia, WA 98505 I evergreen.edu/foundation (360) 867-6300

Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans

Schedules of TESC's Proportionate Share of the Net Pension Liability

Schedule of TESC's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 1
Measurement Date of June 30 *
(dollars in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
TESC PERS 1 employers' proportion of the net pension liability	0.10%	0.11%	0.11%	0.12%	0.13%	0.14%	0.14%	0.14%
TESC PERS 1 employers' proportionate share of the net pension liability	$2,809	$1,307	$4,021	$4,610	$5,989	$6,557	$7,484	$7,319
TESC PERS 1 employers' covered payroll	$6,206	$6,637	$6,952	$6,762	$7,641	$7,575	$7,222	$7,128
TESC PERS 1 employers' proportionate share of the net pension liability as a percentage of its covered payroll	45%	20%	58%	68%	78%	87%	104%	103%
Plan fiduciary net position as a percentage of the total pension liability	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data

Schedule of TESC's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 2/3
Measurement Date of June 30 *
(Dollars in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
TESC PERS 2/3 employers' proportion of the net pension liability	0.13%	0.13%	0.14%	0.15%	0.16%	0.16%	0.16%	0.16%
TESC PERS 2/3 employers' proportionate share of the net pension liability (asset)	$ (4,698)	$(13,056)	$1,800	$1,421	$2,742	$5,790	$8,111	$5,547
TESC PERS 2/3 employers' covered payroll	$ 9,889	$ 9,337	$9,740	$9,471	$9,519	$9,275	$8,716	$8,028
TESC PERS 2/3 employers' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-48%	-140%	18%	15%	29%	62%	93%	69%
Plan fiduciary net position as a percentage of the total pension liability	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data

Pension Plan Information

Cost Sharing Employer Plans

Schedules of TESC's Proportionate Share of the Net Pension Liability

Teachers' Retirement System (TRS) Plan 1 Measurement Date of June 30 * (Dollars in thousands)	2022	2021	2020	2019	2018	2017	2016	2015
TESC TRS 1 employers' proportion of the net pension liability	0.010%	0.010%	0.011%	0.012%	0.012%	0.009%	0.009%	0.009%
TESC TRS 1 employers' proportionate share of the net pension liability	$ 184	$ 67	$ 264	$ 300	$ 357	$ 259	$ 321	$ 273
TESC TRS 1 employers' covered payroll	$ 371	$ 359	$ 386	$ 394	$ 350	$ 231	$ 228	$ 192
TESC TRS 1 employers' proportionate share of the net pension liability as a percentage of its covered payroll	50%	19%	68%	76%	102%	112%	141%	142%
Plan fiduciary net position as a percentage of the total pension liability	78.24%	91.42%	70.55%	70.37%	66.52%	65.58%	62.07%	65.70%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data

Schedule of TESC's Proportionate Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 2/3 Measurement Date of June 30 * (Dollars in thousands)	2022	2021	2020	2019	2018	2017	2016	2015
TESC TRS 2/3 employers' proportion of the net pension liability	0.010%	0.010%	0.011%	0.012%	0.012%	0.009%	0.010%	0.009%
TESC TRS 2/3 employers' proportionate share of the net pension liability (asset)	$ (19)	$ (275)	$ 170	$ 74	$ 56	$ 81	$ 132	$ 77
TESC TRS 2/3 employers' covered payroll	$ 416	$ 381	$ 410	$ 428	$ 378	$ 249	$ 249	$ 242
TESC TRS 2/3 employers' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-5%	-72%	41%	17%	15%	33%	53%	32%
Plan fiduciary net position as a percentage of the total pension liability	100.86%	113.72%	91.72%	96.36%	96.88%	93.14%	88.72%	92.48%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data

Pension Plan Information

Cost Sharing Employer Plans

Schedules of TESC's Proportionate Share of the Net Pension Liability

Schedule of TESC's Proportionate Share of the Net Pension Asset Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 Measurement Date of June 30 * (Dollars in thousands)	2022	2021	2020	2019	2018	2017	2016	2015
TESC LEOFF 2 employers' proportion of the net pension liability/(asset)	0.022%	0.027%	0.037%	0.035%	0.032%	0.033%	0.027%	0.027%
TESC LEOFF 2 employers' proportionate share of the net pension liability/(asset)	$ (608)	$(1,567)	$ (762)	$ (800)	$ (644)	$ (464)	$ (159)	$ (279)
TESC LEOFF 2 employers' covered payroll	$ 541	$ 613	$ 845	$ 745	$ 626	$ 616	$ 506	$ 476
TESC LEOFF 2 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-112%	-256%	-90%	-107%	-103%	-75%	-31%	-59%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	116.09%	142.00%	115.83%	119.43%	118.50%	113.36%	106.04%	111.67%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data

Schedule of Changes in Net Pension Liability TESC Supplemental Retirement Plan (TESCRP) Fiscal Year Ended June 30 * (Dollars in thousands)	2023	2022	2021	2020	2019	2018	2017
TESCRP total pension liability-Beginning	$ 4,994	$ 3,534	$ 8,894	$ 6,818	$ 5,980	$ 6,511	$ 7,856
Service Cost	72	55	250	188	154	210	296
Interest	349	260	201	243	235	237	230
Difference between expected and actual expense	(1,151)	991	(3,198)	490	(107)	(565)	(1,326)
Changes of assumptions	(360)	311	(2,495)	1,293	694	(229)	(387)
Benefit Payments	(155)	(157)	(118)	(138)	(137)	(183)	(158)
Net Change in total pension liability	(1,245)	1,460	(5,360)	2,076	838	(530)	(1,345)
TESCRP total pension liability-Ending	$ 3,749	$ 4,994	$ 3,534	$ 8,894	$ 6,818	$ 5,980	$ 6,511
Plan fiduciary net position**	$ 1,569	$ 1,421	$ 1,372				
TESCRP net pension liability-Ending	$ 2,180	$ 3,573	$ 2,162				
TESCRP employers' covered payroll	$ 20,197	$20,208	$19,459	$13,618	$14,999	$15,978	$16,941
TESCRP total pension liability as a percentage of its covered payroll	11.00%	17.68%	11.11%	65.31%	45.46%	37.43%	38.43%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data

**Consistent with GASB No. 67/68, plan assets are included in financial reporting beginning in FY 21

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Contributions

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Schedule of Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30 *					
2015	$ 658,311	$ 658,311	$ -	$ 7,128,031	9.24%
2016	$ 807,716	$ 807,716	$ -	$ 7,221,683	11.18%
2017	$ 846,770	$ 846,770	$ -	$ 7,575,129	11.18%
2018	$ 970,954	$ 970,954	$ -	$ 7,641,081	12.71%
2019	$ 866,152	$ 866,152	$ -	$ 6,761,755	12.81%
2020	$ 894,291	$ 894,291	$ -	$ 6,951,757	12.86%
2021	$ 859,872	$ 859,872	$ -	$ 6,637,336	12.96%
2022	$ 636,147	$ 636,147	$ -	$ 6,206,247	10.25%
2023	$ 675,051	$ 675,051	$ -	$ 6,512,640	10.37%
2024					

* As of June 30; this schedule is to be built prospectively until it contains ten years of data

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Schedule of Contributions Public Employees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30 *					
2015	$ 741,614	$ 741,614	$ -	$ 8,027,795	9.24%
2016	$ 974,930	$ 974,930	$ -	$ 8,716,432	11.18%
2017	$ 1,036,829	$ 1,036,829	$ -	$ 9,275,481	11.18%
2018	$ 1,209,592	$ 1,209,592	$ -	$ 9,518,729	12.71%
2019	$ 1,213,225	$ 1,213,225	$ -	$ 9,471,016	12.81%
2020	$ 1,252,971	$ 1,252,971	$ -	$ 9,739,798	12.86%
2021	$ 1,209,580	$ 1,209,580	$ -	$ 9,336,686	12.96%
2022	$ 1,013,614	$ 1,013,614	$ -	$ 9,888,813	10.25%
2023	$ 1,084,391	$ 1,084,391	$ -	$ 10,461,829	10.37%
2024					

* As of June 30; this schedule is to be built prospectively until it contains ten years of data

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions
Teachers' Retirement System (TRS) Plan 1
Fiscal Year Ended June 30 *

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 19,994	$ 19,994	$ -	$ 192,440	10.39%
2016	$ 29,418	$ 29,418	$ -	$ 227,538	12.93%
2017	$ 30,344	$ 30,344	$ -	$ 231,102	13.13%
2018	$ 52,739	$ 52,739	$ -	$ 350,470	15.05%
2019	$ 60,608	$ 60,608	$ -	$ 393,781	15.39%
2020	$ 59,872	$ 59,872	$ -	$ 386,348	15.50%
2021	$ 56,422	$ 56,422	$ -	$ 358,927	15.72%
2022	$ 52,417	$ 52,417	$ -	$ 361,416	14.50%
2023	$ 49,109	$ 49,109	$ -	$ 331,742	14.80%
2024					

* As of June 30; this schedule is to be built prospectively until it contains ten years of data

Schedule of Contributions
Teachers' Retirement System (TRS) Plan 2/3
Fiscal Year Ended June 30 *

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	$ 25,154	$ 25,154	$ -	$ 242,099	10.39%
2016	$ 32,247	$ 32,247	$ -	$ 249,420	12.93%
2017	$ 32,730	$ 32,730	$ -	$ 249,274	13.13%
2018	$ 56,886	$ 56,886	$ -	$ 378,029	15.05%
2019	$ 65,944	$ 65,944	$ -	$ 428,451	15.39%
2020	$ 63,586	$ 63,586	$ -	$ 410,310	15.50%
2021	$ 59,922	$ 59,922	$ -	$ 381,189	15.72%
2022	$ 61,627	$ 61,627	$ -	$ 424,919	14.50%
2023	$ 54,251	$ 54,251	$ -	$ 366,474	14.80%
2024					

* As of June 30; this schedule is to be built prospectively until it contains ten years of data

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Contributions

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Schedule of Contributions Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 Fiscal Year Ended June 30 *					
2015	$ 42,171	$ 42,171	$ -	$ 475,825	8.86%
2016	$ 43,518	$ 43,518	$ -	$ 506,618	8.59%
2017	$ 53,438	$ 53,438	$ -	$ 616,461	8.67%
2018	$ 55,923	$ 55,923	$ -	$ 626,237	8.93%
2019	$ 66,545	$ 66,545	$ -	$ 745,186	8.93%
2020	$ 74,098	$ 74,098	$ -	$ 844,899	8.77%
2021	$ 53,782	$ 53,782	$ -	$ 613,249	8.77%
2022	$ 47,096	$ 47,096	$ -	$ 540,712	8.71%
2023	$ 43,891	$ 43,891	$ -	$ 503,911	8.71%
2024					

* As of June 30; this schedule is to be built prospectively until it contains ten years of data

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Schedule of Contributions TESC Supplemental Retirement Plan Fiscal Year Ended June 30 *					
2021	$ 40,000	$ 40,000	$ -	$ 19,458,682	0.21%
2022	$ 46,000	$ 46,000	$ -	$ 20,208,000	0.23%
2023	$ 46,000	$ 46,000	$ -	$ 20,197,000	0.23%
2024					
2025					
2026					
2027					
2028					
2029					
2030					

* As of June 30; this schedule is to be built prospectively until it contains ten years of data
** Provided by Office of Financial Management

OPEB Information

Cost Sharing Healthcare Plans

Schedules of TESC's Changes in Total OPEB Liability

Schedule of Changes in Total OPEB Liability THE EVERGREEN STATE COLLEGE Fiscal Year Ending June 30*						
(Dollars in thousands)	2023	2022	2021	2020	2019	2018
Service Cost	$ 1,339	$ 1,407	$ 1,138	$ 1,164	$ 1,723	$ 2,305
Interest	622	608	952	1,010	1,185	1,080
Difference between expected and actual expense	(615)	-	(146)	-	1,081	-
Changes in assumptions	(10,390)	260	617	1,881	(7,543)	(5,266)
Changes of benefit terms		-	-	-	-	-
Benefit Payments	(457)	(463)	(453)	(462)	(500)	(550)
Change in Proportionate Share	(496)	(1,082)	(2,475)	(2,393)	(2,385)	59
Other			(970)	-	-	-
Net Change in Total OPEB Liability	(9,997)	730	(1,337)	1,200	(6,439)	(2,373)
Total OPEB Liability - Beginning	28,152	27,422	28,759	27,559	33,998	36,371
Total OPEB Liability - Ending	$ 18,155	$ 28,152	$ 27,422	$ 28,759	$ 27,559	$ 33,998
College's proportion of the Total OPEB Liability	0.4273%	0.4350%	0.4529%	0.4955%	0.5426%	0.5836%
Covered Payroll	$ 40,262	$ 39,959	$ 40,726	$ 42,529	$ 43,208	$ 44,707
Total OPEB Liability as a Percentage of Covered Payroll	45.09%	70.45%	67.33%	67.62%	63.78%	76.05%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data

NOTE TO REQUIRED SUPPLEMENTAL INFORMATION

Plans administered by DRS

The Office of the State Actuary (OSA) calculates the actuarially determined contributions (ADC) based on the results of an actuarial valuation consistent with the state's funding policy defined in Chapter 41.45 RCW. Consistent with the state's contribution-rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. For example, the actuarial valuation with a June 30, 2019 valuation date, completed in the fall of 2020, plus any supplemental contribution rates from the preceding legislative session, determines the ADC for the period beginning July 1, 2021, and ending June 30, 2023.

Additional Considerations on ADC for All Plans: OSA calculates the ADC consistent with the methods described above. Adopted contribution rates could be different pending the actions of the governing bodies.

For cost-sharing plans, OSA calculates the contractually required contributions (CRC) using the same assumptions and methods as the ADC, except that the CRC reflect the adopted contribution rates for the time period shown. These might differ from the contribution rates produced for the ADC.

Plans administered by the College

On July 1, 2020, the state of Washington established a trust for contributions paid by the College for the benefit of The Evergreen State College's Supplemental Retirement Plan (TESCSRP) in accordance with the Revised Code of Washington 41.50.075. The applicable accounting guidance for the TESCSRP has changed to GASB codification section P20, paragraph 101, and resulted in a significant in the accounting for the plan.

Changes that impacted the TPL and NPL include changing the valuation date from June 30, 2022, to January 1, 2023, for the June 30, 2023 measurement. The new data file decreased the TPL. Some of the larger experience items that impacted the TPL were salaries generally lower than assumed and SRP benefits for new retirees were lower than estimated. In addition, OSA's model estimates the SRP benefit of future retirees by relying on assumptions for the benefit calculation performed by the Teachers Insurance and Annuity Association of America (TIAA). Based on the information provided by TIAA and OSA's professional judgment, some of the long-term assumptions were updated which decreased the TPL. The source for the discount rate changed in 2021 from the bond rate required of plans with no assets to the investment return for plans wit assets, due to the change in the plan on July 1, 2020, which led to a change in the appropriate accounting guidance.

Material assumption changes during the fiscal year 2022 measurement period include updating the discount rate from 7.40% to 7.00% ("Change in assumption" which increased the TPL). In addition, CREF investment experience during the fiscal year 2022 was significantly lower than expected ("Difference between expected and actual experience" which also increased the TPL).

OPEB Plan administered by the Healthcare Authority of Washington State

The OPEB Plan has no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits.

Material assumption changes in fiscal year 2023 relate to an increase in the Bond Buyer General Obligation 20-Bond Municipal Bond Index, from 2.16% for the June 30, 2021 measurement date, to 3.54% for the June 30, 2022 measurement date. This change resulted in a decrease in TOL.

Material assumption changes in fiscal year 2022 relate to a decrease in the Bond Buyer General Obligation 20-Bond Municipal Bond Index, from 2.21% for the June 30, 2020 measurement date, to 2.16% for the June 30, 2021 measurement date. This change resulted in an increase in the TOL.