



May 9, 2018

Dear Board of Trustees and Campus Community:

This will be the last meeting before commencement. We are excited to end the year with our Honors & Leadership Ceremony with top academic performers, our All-Employee Celebration of service and tenure, and graduation. I've been promised there will be no fire during this year's Honors Ceremony. I am also excited to finish our tenure process, bring our budget process to a close, and to start preparing for summer activities.

I look forward to seeing you next week!

Meet and Greets

Since we met in April, here is a list of my campus and community activities. Note that I was out of the office for almost two weeks of this last month because of work meetings, pre-planned vacation days, and illness.

Campus

- Classified Assembly – Listening Tour (VP Search)
- Pluralism Committee Meeting (x2)
- Day for Inquiry & Assembly (DIA) – Closing the Loop (All Employees)
- Louis Mendoza Lunch Meeting
- Green Chair Dedication
- Special E-Team Budget Meeting
- Navigators Advisory Council Meeting
- Classified Co-Facilitator Monthly Meeting

Olympia / State

- WACTC – Yakima Valley Community College

Community

- Biotech-Life Science Summit (7 IHE and 14 Industry Leaders in attendance)
- Redmond Police Department Meeting
- WithinReach Program Field Trip with Students
- Lake WA School District – PTSA
- Northshore Schools Foundation – All In for Kids Community Luncheon
- Biotech-Life Science Budget Options Meeting with City of Bothell/Life Science WA/UWB
- Bothell Chamber Board Meeting
- Bothell Chamber Lunch – Education & Scholarship Month

UWB

- State Provisio Meeting with Kelly Snyder, Assistant Vice Chancellor for Government & Community Relations

Senior Staff Reports

To be informative, yet mindful of your time, I have asked the senior staff to only share their top relevant items for your reading pleasure.

From the Vice President of Administrative Services, Mr. Terence Hsiao:

Facilities

Facilities has been extremely busy, not only with day to day operations, but also preparing for the summer remodel projects, new parking facility, and the CC4 pre-design checklist. The summer remodel/minor improvement projects consist of carpet replacement in CC1/2, new furniture in The Center for Culture, Inclusion, and Community, changing the Mobius ticket booth to a staff office, and completing updates to the science lab prep area in CC1-310/320. The CC1 elevator remodel is scheduled for winter 2019.

A group has been formed to develop financial model options for the new parking facility on campus. The goal is to evaluate options and present three final options to President Murray and Chancellor Yeigh in June.

Information Services

Go Cascadia site managers have had their first round of training and are scheduled for round two. The department sites and process sites are being populated with information. We are currently on track for “go live” before fall quarter.

All Canon printers on campus have been updated for swipe card/ID access which allows faculty, staff, and students to use “follow me printing”. The new part of this feature is that you can now send a print job and then release it at any Canon printer on campus. If the closest printer is down or busy, a person can walk to another printer and retrieve their print job there. This feature will give not only staff more flexibility, but students as well.

Work continues in completing the e-911 emergency phone locators and desktop alert system. More updates as these projects near completion.

ctcLink Project and Activities

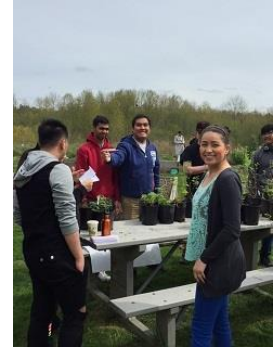
The decision is made. WACTC approved Cascadia, along with Peninsula, Lower Columbia, Olympic and Pierce as the colleges and district included in ctcLink deployment group three (Feb 19-Jan 20). Now that we know our implementation window and go-live date, the staff will be intensely focused on Initiation Phase (readiness preparation) activities through Nov 18 primarily in three areas: 1) change impact analysis – identifying the details of change from current processes to future processes; 2) change action planning – putting the plan together to prepare the staff and college to make the change happen; and 3) conduct supporting systems analysis – figuring out whether the 80+ systems we currently use to support students will be needed after ctcLink go-live, and if so how. However, in the near-term, from May 14th to May 25th SBCTC is hosting a series of global design review workshops. All colleges will attend these workshops which are designed to reestablish the PeopleSoft system’s global configuration (centrally managed configurations that colleges cannot change) and global framework (global business process framework by which all colleges must align). Cascadia will be sending two or three subject matter experts to 28 sessions (half or full-day), while other staff members will attend the sessions via WebEx.

From the Vice President of Student Learning and Success, Dr. Rosemary Sutton:

Seventeen Cascadia BIT students attended Linuxfest Northwest the weekend of April 28th and 29th hosted by Bellingham Technical College. LinuxFest Northwest is an annual Open Source event with presentations and exhibits on free and open source topics, as well as Linux distributions & applications, InfoSec, and privacy. The trip is organized by student leaders in the NextGen IT club along with Erika Miller and advisors Dr. Brian Bansenauer, and Craig Duckett.

The Basic Education for Adults (BEaA) program has partnered with the Cascadia College Foundation to provide GED® testing vouchers to students in need. The cost of the GED® test can be a barrier to students completing their high school equivalency, and we're excited to be able to remove this hurdle for them.

BEaA students enrolled in the English Fundamentals/Environmental Science course worked with their faculty member, Erica Almeda, and the Asst. Director for Sustainable Practices, Jodie Galvan, to design and plant new garden beds near the North Garage. This was a great hands-on learning experience.

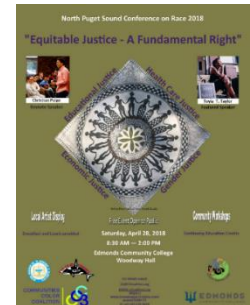


Cascadia College and UW Bothell cohosted the Washington State Chapter of the Association of Student Conduct Administrators on Spring Drive in conference on Friday April 20th. There were 29 conduct officers representing 18 two and four-year colleges and universities discussing best practices, legal issues around student conduct, and how socio-economic class intersects with the student conduct process.

Cascadia's Veterans' Services Program is cohosting two bridge events with UW-Bothell's Veteran's Services Program to promote and assist Cascadia Veteran students transfer to UWB. The bridge events will discuss how to transfer college credit, the transfer admission process and VA funding. The bridge events are scheduled for May 17th and May 23rd.

Thanks to Art faculty Chris Gildow the Mobius gallery hosted a wonderful installation by Sarah Jane from April 9th to May 10th, **Resonance** is an interactive experience that includes sight, sound and movement, creating a reflective, meditative atmosphere. The artist gave a talk and discussion of her installation on April 18th.

Cascadia's faculty member David Ortiz is an active supporter of C3 Coalition (Communities of Color Coalition) a non-partisan group of citizens who meet on behalf of the people of Snohomish County to discuss, problem-solve, and advocate for social justice, cultural and religious respect and human rights, especially for people of color and other under-represented groups. David and the C3 Coalition organized the North Puget Sound Conference on Race 2018 "Equitable Justice – A Fundamental Right"



From the Vice President of College Relations and Advancement, Ms. Meagan Walker:

OUTREACH/EXTERNAL RELATIONS/MARKETING

Prospective Student Outreach

Outreach hosted/attended 18 recruiting events during the month of March, yielding 185 points of contact with prospective students, families, and community members.

Event Type	Details	Student Interactions
High School College Fairs	Shoreline, Shorewood, West Seattle, Kamiak	46
Campus Info Sessions	4 Fast Track info sessions * 8 tours	34
Custom College Visits	Sultan Middle School	30
Other	Career Day	75

Community Outreach

- Cascadia hosted a Young Women Empowered event that brought more than 300 people (and a medical evacuation chopper) to Mobius Hall to explore careers for women.
- Attended multiple meetings with community members and transit authorities about plans for the 522 Bus Rapid Transit route and the transit station on our campus.

INTERNATIONAL PROGRAMS

- Recruiting trips to Vietnam, Honduras, Costa Rica, and Colombia
- IP programed the Ohanami event celebrating Japanese food and culture on April 23, attracting more than 150 students
- Program Assistant hired and scheduled to begin work on May 21

GRANTS & FOUNDATION

Grants

Pre-Award Activities	
Maintain pipeline of grant opportunities	210 viable opportunities
On hold	<ul style="list-style-type: none"> • Support for Veterans waiting for staff availability • Screen-reading software waiting for Budget Proposal Council ranking • Bullitt Foundation for CC4 LEED Platinum waiting for response from BF • NSF ATE pending Gail Alexander’s decision based on experience with MentorLinks (see below)
Design & Planning	<ul style="list-style-type: none"> • College Goal Cascadia seeking funding via AmeriCorps VISTA for coordinator
	<ul style="list-style-type: none"> • Americorps for College Goal Cascadia
Post-Award Activities	<ul style="list-style-type: none"> • PSE Foundation award – equipment for emergency prep being ordered
	<ul style="list-style-type: none"> • MentorLinks: reporting issues continue. Reports submitted three days late. PI has concerns about the college’s ability to handle grants.
	<ul style="list-style-type: none"> • WaterWorks: quarterly reports submitted on time.

Foundation

Administration	<ul style="list-style-type: none"> • April Board meeting did first read of 2018-19 budget, accepted major gift that develops new emergency grants program, finalized strategic work plan for the next two years, and scheduled Director participation in college events and activities.
	<ul style="list-style-type: none"> • 2018-19 draft budget: New Funding proposals presented – Emergency Grants and Accelerated Prior Learning and Tuition Gap Scholarships for Veterans
	<ul style="list-style-type: none"> • Endowment reached \$1.5m for first time
Programs	<ul style="list-style-type: none"> • GED Voucher program: accounting and disbursement processes finalized • 2018-19 Scholarship Acceptance process: 50% complete

	<ul style="list-style-type: none"> • Distribution of designated funds: Study Abroad scholarships – finalized accounting and disbursement processes • Employee Award Season: nominations are starting to come in. Deadlines are in May. Recognition is scheduled for June’s End of Year Celebration. • 2018-19 Draft Budget: 30% planned increase in programming next year
Fundraising	<ul style="list-style-type: none"> • Major gifts: <ul style="list-style-type: none"> ○ \$10,000 to establish an emergency grants program. Acceptance process complete. ○ \$10,000 verbal commitment to support an existing endowed scholarship of a to-be-named instructional need. ○ \$5,000 - \$10,000 final disbursement of the Bock bequest

From the Executive Director of Human Resources, Martin Logan:

Human Resources

At the beginning of each quarter, HR assesses benefits eligibility for roughly 100 Associate Faculty employees based on their percent of Full Time Employment (FTE) at Cascadia College and other state educational institutions. This quarter we added one (1) Associate Faculty member to benefits and four (4) employees lost or transferred benefits due to low FTE.

Along with quarterly benefits eligibility for Associate Faculty, annually HR assesses Mader & Two-Year Averaging eligibility. This annual process is for Associate Faculty who currently have health care benefits through Cascadia.

Mader: Associate Faculty who averaged half-time or more throughout the Academic Year and work each quarter (Fall, Winter and Spring) in the community and technical college system qualify for employer contributions of continued health benefit coverage during Summer Quarter even if they don’t have a class load in the summer.

Two-Year Averaging: Associate Faculty who have established eligibility for employer contributions and who have worked an average of half-time or more in each of the two preceding Academic Years, through employment at one or more community or technical college districts, may maintain health care benefits for the subsequent summer period and throughout the following Academic Year as long as they continue to meet the eligibility criteria under the law. To qualify, an Associate Faculty member must have already established eligibility for health care benefits, have an average workload of 50% or more during each of the preceding two Academic Years (2016-2017 and 2017-2018) and notify the college’s HR Office in writing by the published deadline.

The Mader process is now complete with 59 out of 59 Associate Faculty eligible to take Summer Quarter off and still continue employer paid health benefits through Cascadia. The Two-Year Averaging process also wrapped up beginning of May with 14 out of 14 Associate Faculty who applied to receive it next academic year.

Payroll

In April payroll completed the Human Resources component of IPEDS (IPEDS is the Integrated Postsecondary Education Data System). It is a system of interrelated surveys conducted annually by the U.S. Department of Education’s National Center for Education Statistics (NCES). IPEDS gathers information from every college, university, and technical and vocational institution that participates in the federal student financial aid programs. The Higher Education Act of 1965, as amended, requires that institutions that participate in federal student aid programs report data on

enrollments, program completions, graduation rates, faculty and staff, finances, institutional prices, and student financial aid. These data are made available to students and parents through the College Navigator college search Web site and to researchers and others through the IPEDS Data Center

Training and Development

Samantha Brown, Manager of Professional Development, has been collaborating with Human Resources staff at other 5 Star colleges (Edmonds, Everett, Lake Washington Tech, Shoreline) to share training talent and resources. For example, Samantha recently provided Sexual Harassment Awareness and Prevention training to over 60 employees of Lake Washington Institute of Technology including the President and members of the Leadership Team. Additionally, Samantha is training Edmonds Community College teams in how to have courageous conversations and is sharing Canvas courses with Everett Community College and other community and technical colleges in the state. Those colleges are in return sharing training and materials with Cascadia employees. Collaboration is one of Cascadia's core values and we are pleased to be extending that value to others for the benefit of all colleges.

We look forward to seeing you at the Board meeting on May 16th.

Respectively submitted,

Eric



Board of Trustees

Meeting Agenda

Ms. Janet McDaniel, Chair

Dr. Julie Miller, Vice Chair

Mr. Mike Kelly

Ms. Nancee Hofmeister

Mr. Roy Captain

Regular Meeting

Wednesday, May 16, 2018

4:00 p.m.

Cascadia College

18345 Campus Way N.E.

Bothell, WA 98011

**Cascadia College Board of Trustees
Cascadia College
18345 Campus Way N.E.
Bothell, WA 98011**

Meeting Agenda and Attachments

**Wednesday, May 16, 2018
4:00 p.m. - Room CC2-260**

A G E N D A

1. EXECUTIVE SESSION

No Executive Session is scheduled for this meeting.

Convene to Public Session at 4:00 pm.

2. CALL TO ORDER

3. CONSENT AGENDA

- Meeting Agenda
- Minutes from previous meeting – April 18, 2018

4. PUBLIC COMMENTS

Anyone wishing to speak to the items on this meeting agenda will be recognized when the item is being discussed. If you wish to speak to the Board, please sign your name on the sign-up sheet. Three minutes per person is allocated for this purpose.

5. EMPLOYEES

- Introduction of New Employees

Student Success

Rachel Webb, Customer Service Specialist 3 in Enrollment Services

Administrative Services

Cameron Carpenter, IT Tech. 2 in Information Services

Nick Eddington, IT Tech. 2 in Information Services

Antonio Shimono, IT Tech. 2 in Information Services

- Promotions (E-Team Members will share staff promotions)

6. INFORMATION ITEMS

- Third Quarter Financial Update – (TH)

- 2016 and 2017 Audited Financial Statements – (TH)
- Investment Analysis – (TH)

7. DISCUSSION/PRESENTATION ITEMS

- Strategic Plan Deep Dive – (ML):
 - Theme 3: Learning Centered Environment.
 - 3A-4 Recruiting & Supporting Faculty and Staff to Represent the Diversity of Student Body, Pluralism and Social Justice
- MOBAS – (RS)
- 2018-2019 ASCCC Budget (1st Read) – (BR)
- 2018-2019 College Budget (1st Read) – (TH)

8. RECOMMENDED ACTION ITEMS

- Resolutions to Recognize Cascadia Student Government
- Tenure:
 - Full-Time Faculty Tenure Recommendation:
Dr. Soraya Cardenas – Sociology
 - Full-Time Faculty Permanent Status Recommendation:
Emily Dvorak – English Language Program (ELP)
 - Full-Time Faculty Tenure Recommendation:
Dr. Abigail Lynam – Sustainable Practices
 - Full-Time Faculty Tenure Recommendation:
Dr. Jeff Stephens – Chemistry
 - Full-Time Faculty Tenure Recommendation:
Debra Waddell – Communications
- WAC Revision-Chapter 132Z-276-Access to Public Records - (2nd Read/Action)

9. OTHER REPORTS

- Cascadia Community College Federation of Teachers (CCCFT)
- Cascadia Student Government (CSG)

- Cascadia Classified Union Washington Public Employees Association (WPEA)
- Board Chair and Individual Board Members
- President

10. OTHER BUSINESS OR ANNOUNCEMENTS

- Honors & Leadership Ceremony – Thursday, May 24th from 7-9 in Mobius Hall
- End of the Year Celebration – Wednesday, June 6th from 3-5 in Mobius Hall
- Commencement – Friday, June 8th from 4-5:30 (line-up at 3:15) in Mobius Hall

11. NEXT MEETING

The next regular meeting of the Board of Trustees is scheduled for Wednesday, **June 13, 2018 at 4:00 p.m.** in Room CC2-260 at Cascadia College.

The facilities for this meeting are free of mobility barriers. Interpreters for hearing-impaired individuals and taped information for visually impaired individuals will be provided upon request when adequate notice is given.

**Minutes
Regular Meeting
Cascadia College Board of Trustees
April 18, 2018**

**Cascadia College
18345 Campus Way N.E.
Bothell, WA 98011**

BOARD OF TRUSTEES

Vice Chair Dr. Julie Miller, Mike Kelly, Nancee Hofmeister, and Roy Captain present.
Chair Janet McDaniel absent.

EXECUTIVE STAFF

Terence Hsiao, Martin Logan, Dr. Eric Murray, Vicki Newton, Dr. Rosemary Sutton, and Meagan Walker present.

Alan Smith (AAG) present.

AREA REPRESENTATIVES

CCCFT Representative – David Shapiro present
Student Representative – Cassie Rudolph, CSG President present.
WPEA Representative – Marah Selves present.

AUDIENCE

Erin Blakeney, Glenn Colby, Elizabeth Englund, Dr. Todd Lundberg, Becky Riopel, and Dr. Erik Tingelstad present.

EXECUTIVE SESSION

The Board began the meeting with a 45 minute Executive Session to discuss number 2 and number 6 below and/or any of the issues listed below:

- (1) to receive and evaluate complaints against a public officer or employee;
- (2) **to evaluate the qualifications of an applicant for public employment or to review the performance of a public employee;**
- (3) to discuss with legal counsel litigation or potential litigation to which the college is, or is like to become, a party, when public knowledge of the discussion would likely result in adverse consequences to the college;
- (4) to consider, as a quasi-judicial body, a quasi-judicial matter, between named parties;
- (5) to consider matters governed by the administrative procedures act, chapter 34.05 RCW; and/or
- (6) **to plan or adopt the strategy or position to be taken during collective bargaining, professional negotiations, or grievance or mediation proceedings, or to review proposal made in on-going negotiations or proceedings.**

CONVENED TO PUBLIC SESSION AT 5:00 P.M.

1. CALL TO ORDER

Vice Chair, Dr. Julie Miller called the meeting to order at 5:00 p.m.

2. CONSENT AGENDA

Vice Chair Dr. Julie Miller asked for approval of the consent agenda. Trustee Mike Kelly made a motion to approve the consent agenda and Trustee Roy Captain seconded the motion. Hearing no objections the consent agenda was approved.

3. PUBLIC COMMENTS

There were no public comments.

4. EMPLOYEES

The following new employee was introduced to the Board of trustees:

Human Resources

Elizabeth Englund, HR Generalist

The Board welcomed the new employee and wished them well in their position at the College.

There were no promotions announced by E-Team members.

5. REPORT (moved earlier in agenda so faculty member can go teach)

Cascadia Community College Federation of Teachers (CCCFT)

David Shapiro was present and explained that his report can be moved back to the end of the agenda this quarter as the board meeting does not overlap with his class. He thanked Terence for the Salary/Benefit Scenario tool that the faculty are using.

6. INFORMATION ITEMS

There were no information items for this meeting.

7. DISCUSSION/PRESENTATION ITEMS

Strategic Plan Deep Dive: Theme IV: Assessment Student Success 4C-2 Maintaining High Success Rates in Gatekeeper Courses

Dr. Rosemary Sutton, VP of Student Learning & Success, gave the Board an overview of Theme IV: Assessment Student Success 4C-2 and noted the sub-theme: ensuring student learning; the goal: maintain high success rates in Gatekeeper courses; and the indicator: establish and meet benchmarks for student success rates in Gatekeeper courses for all student groups. Dr. Sutton explained that a Gatekeeper course is one with high enrollment, is an introductory course, and is a pre-requisite for subsequent courses. Gatekeeper courses are a critical concept in a guided pathways approach and she focused on 3 courses: Coll101, Eng101, and Math 151. She also commented on the importance of gate keeper classes for retention purposes and she reviewed pass rates by student groups.

A copy of Dr. Sutton's presentation can be made available upon request.

Budget Workshop

This item was not discussed/presented.

Emergency Preparedness

Terence Hsiao, VP of Administrative Services, Meagan Walker, VP of College Relations & Advancement and Martin Logan, Executive Director of Human Resources gave the Board an overview of Cascadia's Emergency Preparedness activities. Their presentation overview included personnel, infrastructure, training, crisis communications and improvements.

A copy of their presentation can be made available upon request.

Student Fees Overview

Terence Hsiao, VP of Administrative Services provided the Board an overview of all student fees and responded to questions the Board had on the fee structure. A chart was given to the Board listing all student fees by type, fee amount, total collections and authority.

8. RECOMMENDED ACTION ITEMS

Restructure of the eLearning Student Fee (2nd Read/Action)

Terence Hsiao, VP of Administrative Services and Dr. Rosemary Sutton, VP of Student Learning & Success gave the Board information on restructuring the eLearning student fee. The Board requested a review of student fees and this is the first student fee presented with a thorough review of the fee structure options, current fee structure, and fee structure alternatives. He gave the Board an eLearning fee option summary.

A discussion took place on which option would be best for Cascadia's students and it was agreed that Alternative #3 Revenue Neutral excluding web enhanced was the best alternative for the new eLearning fee. This option is online fees of \$35, hybrid fees of \$30, and web enhanced N/A.

Vice Chair Dr. Julie Miller asked for a motion to approve Alternative #3 Revenue Neutral excluding web enhanced for the new eLearning student fee. Trustee Nancee Hofmeister made a motion to approve the new eLearning student fee and Trustee Roy Captain seconded the motion. Hearing no objections Alternative #3 Revenue Neutral excluding web enhanced was approved by the Board of Trustees for the new eLearning student fee.

Eliminate Course Fees for MATH&131 and MATH&132 (1st Read/Action)

Dr. Rosemary Sutton, VP of Student Learning & Success recommended to the Board that the \$22 materials budget for Math for Elementary Education 1 and 2 (MATH&131 and MATH&132) be eliminated. The consumable items purchased for these two classes could be managed through the Student Learning supply budget which would have the added benefit of making these items accessible to other math instructors.

Vice Chair Dr. Julie Miller asked for a motion to eliminate the \$22 materials budget course fee for MATH&131 and MATH&132. Trustee Hofmeister made a motion to eliminate the course fee for MATH&131 and MATH&132. Trustee Roy Captain seconded the motion. Hearing no objection the \$22 materials budget course fee for MATH&131 and MATH&132 was eliminated by the Board of Trustees.

WAC Revisions – Chapter 132Z-276 – Access to Public Records (1st Read)

AAG, Alan Smith gave the Board an overview of the WAC revisions for the Access to Public Records. A public hearing on the proposed rules will be held at 1:30 p.m. on Friday, April 27th, in CC1-250 at the College and any comments from the Public Hearing will be brought back to the Board for their review before taking action on the WAC revisions.

9. REPORTS

Cascadia Student Government Report: CSG President Cassie Rudolph was present and updated the Board on student activities other than those noted in her report. She explained they are finding with the Textbooks Accessibility Program that students are making it clear what they need and CSG will buy a few more textbooks to assist the program. Sexual Assault Awareness and Earth Week are coming up and students are excited for both events.

Cascadia College Classified Union Washington Public Employees Association (WPEA) Report: Marah Selves was present and updated the Board on the CCCFT/WPEA Annual BBQ. The planning is happening in spring quarter to get better attendance for the event taking place in summer.

Chair and Individual Board Members Reports: Nothing to report.

President's Report:

- The SBCTC issued their final legislative issues and outcome report and he will forward the link to the Board so they can review the report.
- A shout out to went to our AAG, Alan Smith for his stability through all his years at the college. It is greatly appreciated by the College!
- Updated Cascadia banners have been produced and will be delivered around the city so Cascadia stands out.
- The CESS shows good data that employee morale is very good at this time.
- Cascadia held a Biotech-Life Science Summit where 7 institutions of higher education presented their offerings to over 14 industry leaders. In turn, the industry leaders presented their workforce needs to the institutions. It was a very successful first step and the Board will be updated on these efforts as they continue.

10. OTHER BUSINESS/ANNOUNCEMENTS

The Board was reminded of the Honors & Leadership Ceremony to be held Thursday, May 24th from 7-9 in Mobius Hall.

ADJOURNMENT

The Vice Chair adjourned the regular meeting at 6:30 p.m.

Minutes Approved and Adopted on May 16, 2018.

Janet McDaniel, Board Chair

Attest:

Dr. Eric Murray, President

Bdminutes041818

Cascadia College Board of Trustees
Introduction of New Employees

Subject: Introduction of New Employees

Background

It gives us great pleasure to introduce the following new employees:

Student Success

Rachel Webb, Customer Service Specialist 3 in Enrollment Services

Administrative Services

Cameron Carpenter, IT Tech. 2, Information Services

Nick Eddington, IT Tech. 2, Information Services

Antonio Shimono, IT Tech. 2, Information Services

A brief biography on the new employees is attached.

Discussion

President Murray will acknowledge the respective supervisors who will introduce the new employees.

Rachel Webb, Customer Services Specialist 3 in Enrollment Services

We are happy to announce that we have a new Customer Services Specialist 3 in Enrollment Services. Rachel Webb will be amongst Enrollment Services rotating staff at the Welcome Desk and in Kodiak Corner. Rachel comes to Cascadia with 6 years of extensive experience in customer service to a wide range of populations. Some of Rachel's previous work experience comes from her time at Disneyland, the Segerstrom Center for the Arts, and California State University, Fullerton. Rachel completed her Bachelor of Arts in Theatre Arts from the California State University, Fullerton. Please join us in welcoming Rachel to our Cascadia family.

We are happy to announce that Information Services has hired three new IT Tech.'s:

Cameron Carpenter, IT Tech. 2

Cameron Carpenter joined us on April 23rd. Cameron's passion for technology began at the age of nine, with the desire to run PC games from MSDOS. Under the tutelage of his great uncle Curt, a 35 year System Administrator with IBM, he was soon replacing CMOS batteries on the family PC's motherboard. His hobbyist and personal interest in the technology industry continued throughout his youth until 2006, when he began professionally engaging in the field. As Media Technician II at John A. Logan College Cameron began his path as a technology professional. In the twelve years since that time he has founded two tech startups, established himself in the Puget Sound theatre tech community, and most recently departed a position at Evergreen Health where he provided all support and systems services as the Systems Support Specialist to all three Lakeshore Clinic sites. Cameron will finish his ATA at Everett Community College this summer, and plans to pursue his Bachelor of Applied Science: CyberSecurity from Whatcom County. I am already leveraging Cameron's knowledge in cybersecurity to help develop an awareness campaign for the campus. Cameron enjoys all things technological or mechanical, musical theatre, and considers himself classically fashion forward.

Nick Eddington, IT Tech. 2

Nick Eddington joined the Cascadia team on May 1st. Before starting at Cascadia he was an IT Consultant for 5 years working for medium to large corporations in downtown Seattle. While as an IT consultant he managed entire company networks from the firewall and ISP that comes into the building all the way down to end user help desks. We are already leveraging Nick's extensive experience with MacOSx. In his spare time he enjoys playing video games, exploring dog parks with his Rescue dog Molly and girlfriend Eden. He is also an avid car enthusiast and enjoys fixing and working on his own vehicles when needed. His favorite part of his job is getting to work with people and help them resolve any issues they may have.

Antonio Shimono, IT Tech. 2

Many of you may know Antonio Shimono (or Tonio) from his time here at Cascadia as a student or as a student worker in both the Learning Center and the Helpdesk. Tonio is in his last quarter in Cascadia's Networking Infrastructure Technology program and has been working as a part timer on campus for the past four years. While taking classes and working part time here on campus, Tonio also honed his technical support skills working full time at Comcast assisting customers remotely and over the phone with all of their technical

needs. He began working as an IT Tech 2 on campus on an interim position in January and was offered the opportunity to make that a permanent position in early April. Tonio is a foodie and we have yet to discover a food challenge he is not up for. He currently holds the record for the most Wendy's Triple Baconators eaten by an IS staff (yes, this is a real thing and we do keep these records posted in the department – this is not a challenge to take lightly).

Cascadia College Board of Trustees

Information Items

Subject: Third Quarter Financial Update

Background

It is the practice of the Board of Trustees to review expenditures against the college's budget on a quarterly basis. This report updates the Board through March 31, 2018.

Terence Hsaio, VP of Administrative Services will be available to discuss the report with the Board.

Cascadia College Board of Trustees

Information Items

Subject: 2016 and 2017 Audited Financial Statements

Background

Prior to 2013 the community colleges in the State of Washington did not issue individual financial statements, financial results were rolled up and audited at the State level.

In 2012 the Northwest Accreditation Commission established a new standard for financial reporting that made the annual issuance of audited financial statements for each college an accreditation requirement. The College continues to comply with this accreditation requirement.

Cascadia's financial statements for fiscal years 2016 and 2017 were audited by the State Auditor's Office and found to be in conformance with Government Auditing Standards.

In the auditor's opinion the financial statements fairly reflect the financial position of the College as of the end of each fiscal year. The complete auditor's reports are attached to this agenda item.

Terence Hsiao, VP of Administrative Services will be available to answer any questions the Board may have regarding the financial statements and the audit.



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report
Cascadia College

For the period July 1, 2015 through June 30, 2016

Published March 29, 2018

Report No. 1021092





Office of the Washington State Auditor

Pat McCarthy

March 29, 2018

Board of Trustees
Cascadia College
Bothell, Washington

Report on Financial Statements

Please find attached our report on the Cascadia College's financial statements.

We are issuing this report in order to provide information on the College's financial condition.

Sincerely,

A handwritten signature in blue ink that reads "Pat McCarthy".

Pat McCarthy
State Auditor
Olympia, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

**Cascadia College
July 1, 2015 through June 30, 2016**

Board of Trustees
Cascadia College
Bothell, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Cascadia College, Washington, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 29, 2018.

The financial statements of Cascadia College, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2016, 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of the College's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy
State Auditor
Olympia, WA

March 29, 2018

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Cascadia College July 1, 2015 through June 30, 2016

Board of Trustees
Cascadia College
Bothell, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Cascadia College, Washington, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed on page 10.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cascadia College, as of June 30, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1, the financial statements of Cascadia College, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2016, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

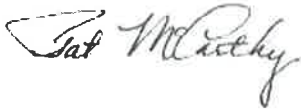
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2018 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Pat McCarthy
State Auditor
Olympia, WA

March 29, 2018

FINANCIAL SECTION

Cascadia College July 1, 2015 through June 30, 2016

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2016

BASIC FINANCIAL STATEMENTS

Balance Sheet – 2016

Statement of Revenues, Expenses and Changes in Net Position – 2016

Statement of Cash Flows – 2016

Notes to Financial Statements – 2016

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Cascadia College's Share of the Net Pension Liability – PERS 1, PERS 2/3,
TRS 1, TRS 2/3 – 2016

Schedule of Employer Contributions – PERS 1, PERS 2/3, TRS 1, TRS 2/3 – 2016

Management's Discussion and Analysis

Cascadia College

The following discussion and analysis provides an overview of the financial position and activities of Cascadia College (the College) for the fiscal year ended June 30, 2016 (FY 2016).

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

Reporting Entity

Cascadia College is one of thirty public community and technical college districts in the state of Washington overseen by the State Board for Community and Technical Colleges (SBCTC). The College provides comprehensive, open-door academic programs, workforce education, basic skills and community service educational programs to approximately 4,900 students annually. The College confers associates degrees, certificates and high school diplomas and began offering a Bachelor's degree in Applied Science in 2016. The College began operations in 2000; its mission is to transform student lives through integrated education in a learning-centered environment.

The College's main campus is located in Bothell, Washington, a community of about 34,000 residents. The College is governed by a five member Board of Trustees appointed by the governor of the state with the consent of the state senate. By statute, the Board of Trustees has full control of the College, except as otherwise provided by law.

Using the Financial Statements

The College's financial statements include the Balance Sheet; the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Balance Sheet provides information about the College at a moment in time, at year-end. The Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash flows provide information about operations and activities over the entire year. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess the college's financial health as a whole.

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

considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

Balance Sheet

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

Condensed Balance Sheet As of June 30th	2016	2015
Assets		
Current assets	13,602,117	10,881,812
Long-term investments	4,969,160	4,976,029
Capital assets, net	99,077,581	101,507,465
Total Assets	\$ 117,648,858	\$ 117,365,306
Deferred outflows of resources related to net pension liabilities	\$ 241,077	\$ 131,154
Total assets and deferred outflows of resources	\$ 117,889,935	\$ 117,496,460
Liabilities		
Current liabilities	4,790,061	3,972,225
Other liabilities, non-current	2,608,967	2,341,224
Total Liabilities	\$ 7,399,028	\$ 6,313,449
Deferred inflows of resources related to net pension liabilities	\$ 239,955	\$ 472,226
Net position, as restated	\$ 110,250,952	\$ 110,710,785
Total liabilities, deferred outflows and net position	\$ 117,889,935	\$ 117,496,460

Current assets consist primarily of cash, investments, and various accounts receivables. Cash increased \$2,602,973 which primarily reflects the timing of payments to vendors and the cash received and to be returned in the normal flow of funds between the State Treasurer and the Company.

Net capital assets decreased by \$2,429,884 from FY 2015 to FY 2016. The decrease is primarily the result of current depreciation expense of \$2,575,391. This decrease was partially offset by the net acquisition of capitalized equipment.

Deferred outflows totaling \$241,077 and \$131,154 for FY 2016 and FY 2015 respectively are related to the net pension liability that was recorded on the College’s financials this year.

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

The increase in current liabilities from FY 2015 to FY 2016 of \$790,733 is due primarily to an influx of vendor billings that were submitted late in the year-end payment cycle.

Non-current liabilities primarily consist of the value of vacation and sick leave earned but not yet used by employees and the liability for the College's proportionate share of the net pension liability.

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

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

Restricted:

Non expendable – consists of funds in which a donor or external party has imposed the restriction that the corpus or principal is not available for expenditures but for investment purposes only. Donors interested in establishing such funds to benefit the College or its students have chosen to do so through the Cascadia College Foundation, an independent 501c(3) corporation. As a result, the college is not reporting a balance in this category.

Expendable – resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor, financial aid restrictions and/or external parties who have placed time or purpose restrictions on the use of the asset.

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

The net position for June 30, 2016 and 2015 is detailed below:

As of June 30th	2016	2015
Investment in capital assets	\$ 99,077,582	\$ 101,507,465
Restricted		
Expendable	128,996	109,661
Unexpendable	-	-
Non-Restricted	11,044,374	9,093,659
Total net position	\$ 110,250,952	\$ 110,710,785

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position accounts for the College’s changes in total net position during FY 2016. The objective of the statement is to present the revenues received, both operating and non-operating, and the expenses paid by the College, along with any other revenue, expenses, gains and losses of the College.

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

Operating expenses are expenses incurred in the normal operation of the College, including depreciation on property and equipment assets. When operating revenues, excluding state appropriations and Pell Grants, are measured against operating expenses, the College shows an operating loss. The operating loss is reflective of fact that the College’s operations are subsidized by the State of Washington in order to make higher education accessible to its citizens.

A condensed statement of revenues, expense and changes in net position is presented on the next chart.

Condensed Statement of Revenue, Expenses and Changes in Net Position for the fiscal years ended June 30th	2016	2015
Operating revenues	\$ 15,717,410	\$ 14,385,029
Operating expenses	(27,308,866)	(26,228,913)
Net operating loss	(11,591,456)	(11,843,884)
Non-operating revenues	10,920,907	9,619,580
Gain (Loss) before revenues from capital appropriations	(670,549)	(2,224,304)
Capital appropriations	210,716	255,534
Increase (decrease) in net position	(459,833)	(1,968,769)
Net position, beginning of the year	\$ 110,710,785	\$ 112,679,554
Net Position, end of the year	\$ 110,250,952	\$ 110,710,785

Revenues

The State of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college.

The College's tuition and fee revenue in FY 2016 reflected the stability of enrollment levels and tuition rates being held constant.

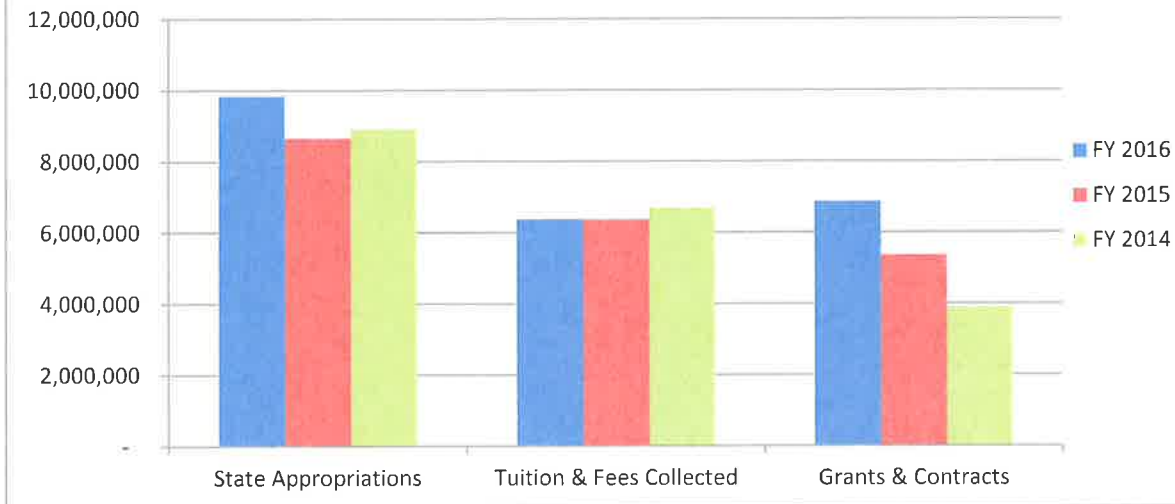
In FY 2016, state and local grant and contract revenues increased by \$1,436,298 when compared with FY 2015 due to enrollment increases in the College's contract enrollment programs. The College contracts with local high schools to enroll Running Start students who earn both high school and college credit for these courses; Running Start enrollments increased by 17% in FY 2016. The College also serves contracted international students who are not supported by state funding; International Student enrollments increased by 24% in FY 2016.

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

Selected Elements of Revenue

For the Years Ended June 30, 2016, 2015 and 2014

Note: For purposes of this chart, tuition and fees reflect amounts collected and may include amounts students paid with Pell Grant proceeds



Expenses

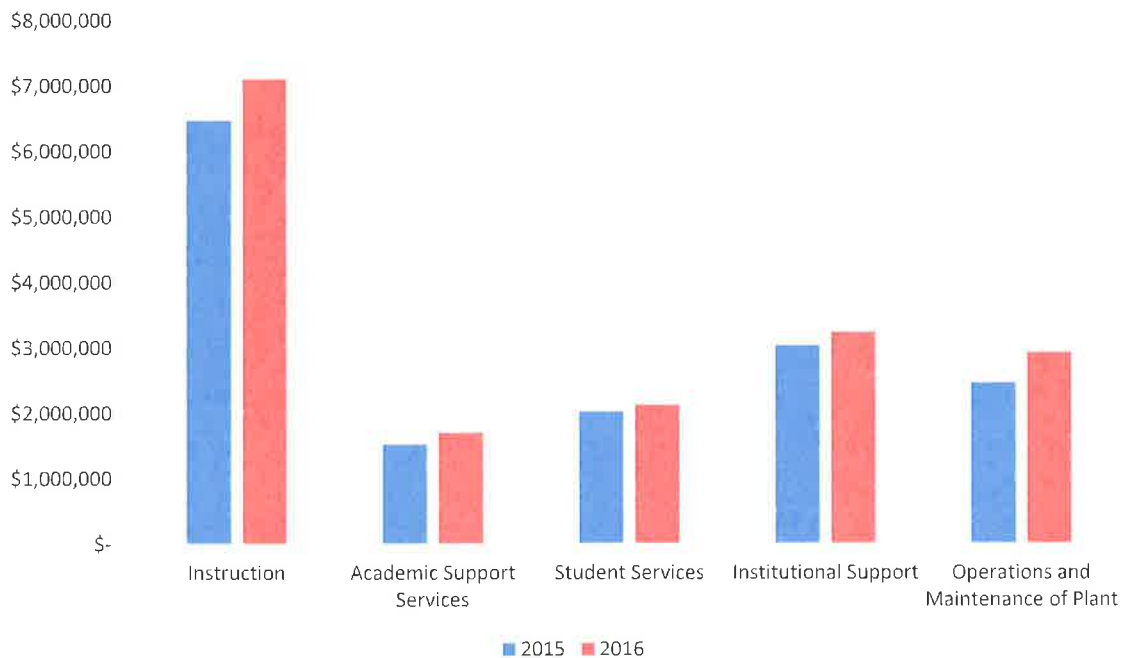
Wages and benefits are the largest single expense component at the College, their level is driven by enrollment levels, which directly affect the number of faculty hired by the College; the implementation of collective bargaining agreements and State mandated cost of living adjustments also affect compensation expenses. All of these factors led to the increase in wages and benefits in FY 2016.

Purchased Services primarily consist of library, facilities and public safety services purchased by the College from the University of Washington. The increase in purchased services reflects the increased cost of those services. Depreciation expense is primarily driven by building depreciation since very few of the College's equipment purchases are capitalized.

Comparison of Selected Operating Expenses by Category

The chart on the next page shows the amount, in dollars, for selected categories of operating expenses for FY 2016 and FY 2015.

Selected Elements of Expense 2015 vs. 2016



Statement of Cash Flows

The Statement of Cash Flows gives a general picture of where the College obtains and spends its cash and cash equivalents. The statement gives detailed information about cash flows related to four different types of activities within the institution.

The first section shows cash received and spent on the operations of the college. Since tuition and fees and other operating revenue alone do not normally cover the operating costs of a public higher education institution, this section can be expected to show more cash used than provided.

The second section shows cash received and spent on non-capital financing activities of the College. Here the College reports cash from state appropriations and cash related to federally-funded Pell grants. This section also includes any activity that cannot be reported in one of the other sections.

The third section shows cash received and spent on capital and related financing activities. This includes state capital appropriations for major projects, minor works and repairs. It also includes cash proceeds, loan origination costs, interest and principal payments related to Certificates of Participation. Since colleges periodically use local funds to supplement these sources, it is not unusual for this section to show more cash used than provided.

The fourth section shows cash received and spent on investing activities, including the purchase and sale of investment instruments, interest earnings and realized gains or losses from investments.

Next the statement shows how the current year's change in cash combined with the prior year's cash balance results in the ending cash and cash equivalents balance shown on the College's Balance Sheet. Finally, the statement includes a detailed reconciliation of operating activity only, between the operating loss shown as a subtotal on the Statement of Revenues, Expenses and Changes in Net Position and the net cash used by operating activities shown on the Cash Flow Statement.

The College's cash and cash equivalents at June 30th decreased in 2016 by \$2,602,973.

Capital Assets and Long-Term Debt Activities

The community and technical college system submits a single prioritized request to the Office of Financial Management and the Legislature for appropriated capital funds, which includes major projects, minor projects, repairs, emergency funds, alternative financing and major leases. The primary funding source for college capital projects is state general obligation bonds. In recent years, declining state revenues significantly reduced the state's debt capacity and are expected to continue to impact the number of new projects that can be financed. However, the College is in line to receive State funding for another academic building, CC4. At this time it is unclear whether the building will be funded for design to begin in the 17-19 biennium or the 19-21 biennium.

At June 30, 2016 the College had invested \$101,507,465 in capital assets, net of accumulated depreciation. This represents a decrease from last year due principally to depreciation expense of \$2,545,817 offset by net purchases of equipment. The activity by asset type is shown in the table below and is referenced in Note 4 of the Notes to Financial Statements.

Asset Type	June 30, 2016	June 30, 2015	Change
Land	\$ 10,538,436	\$ 10,538,436	\$ -
Project in Progress	-	-	-
Buildings, Net	87,879,588	90,258,281	(2,378,693)
Other Improvements and Infrastructure, net	125,683	171,387	(45,704)
Equipment, net	533,875	539,361	(5,486)
Library Resources, net			
Total Capital Assets, Net	\$ 99,077,582	\$ 101,507,465	\$ (2,429,883)

Economic Factors That Will Affect the Future

The State's capacity to fund increases in higher education is severely constrained by the Legislature's need to fulfill its court-mandated basic education obligations and the political inability to increase revenue. Additional investments in community and technical colleges by the State over the next few years are accordingly unlikely.

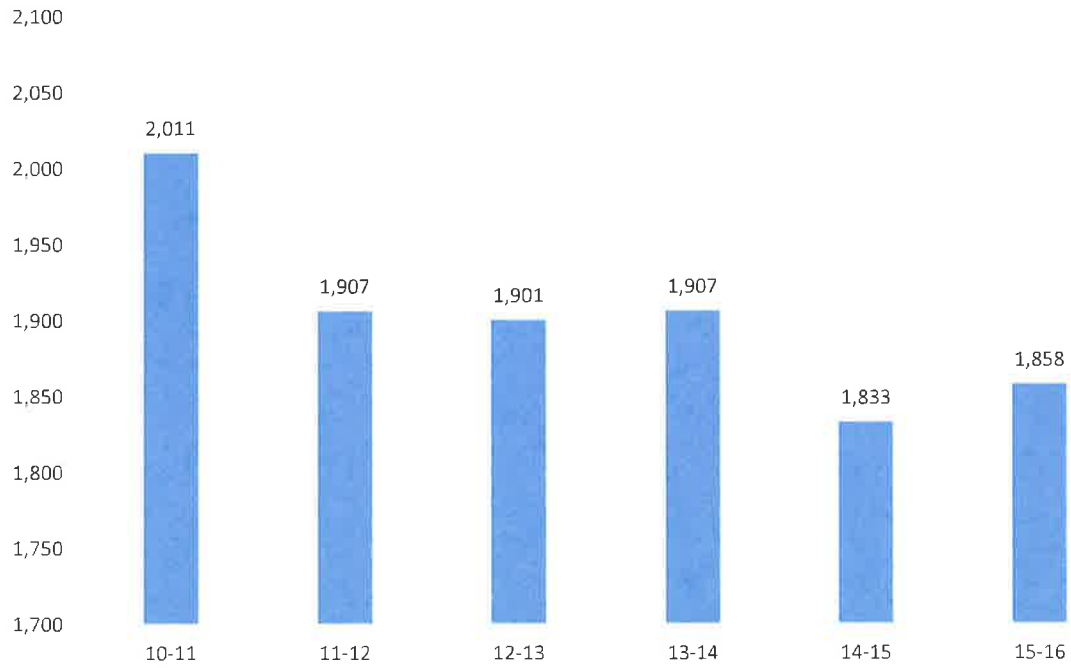
SBCTC is responsible for allocating the funds appropriated by the state Legislature to individual college districts. This allocation is determined by a formula which was recently modified in favor of the College, which expects to receive a greater share of State funding a result of the change.

Washington's Economic and Revenue Forecast Council prepares independent forecasts quarterly throughout the year. In its most recent forecast (November 2016), the council observed that slow U.S. and global economic growth, slow growth in labor productivity and uncertainty regarding federal fiscal and trade policy all remain threats to the U.S. and Washington economies.

The College has significant number of international students, they represent a disproportionate share of College's tuition revenue relative to enrollment. Disruptions to relationships with countries that are a source of international students may have a negative impact on international student enrollment and revenue.

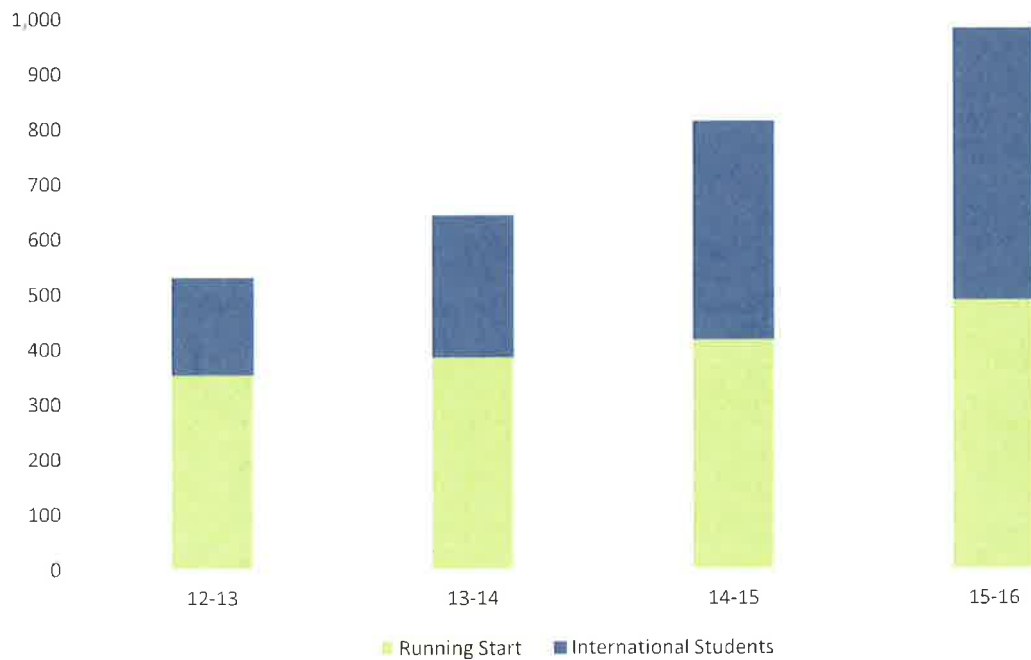
A hallmark of community colleges is the flexibility to quickly respond to the needs of the community, resulting in a pattern of high enrollment during economic downturns, punctuated by lower enrollment when the job market is strong. The economy is now at full employment by historical standards and enrollment declines associated with an improving economy have accordingly bottomed out, we accordingly expect State enrollments to stabilize around their current level..

State FTE



We anticipate small enrollment increases in the Running Start program for a few more years, but the Board of Trustees has decided to stabilize enrollment in the College's International Programs at the 2016 level.

International and Running Start FTE



A significant part of the College's expense structure is driven by the University of Washington, Bothell, which provides the College with library, facilities and public safety staff and services. The University has is seeking to ensure the maintenance of a high quality workforce by increasing compensation by 4% per biennium beyond State funded COLA increases. These costs will be passed on to the College, which will receive no additional funding from the State to offset the costs.

The return of the US economy to full employment will result in increases in interest rates and investment returns for the College, however, these increases are expected be gradual and minor.

The SBCTC system is also scheduled to implement a new ERP system (CTCLink), the College anticipates needing to invest approximately \$1 million to successfully implement the system.

Cascadia Community College
Balance Sheet
June 30,2016

Assets

Current Assets

Cash and cash equivalents (Note 3)	11,018,918
Accounts receivable	2,552,699
Interest receivable	30,299
Prepaid expenses	201
Total current assets	13,602,117

Non-current assets

Long-term investments	4,969,160
Non-depreciable capital asset (Note 5)	10,538,436
Capital assets, net of depreciation (Note 5)	88,539,146
Total non-current assets	104,046,742

Total assets

117,648,858

Deferred outflows of resources

Deferred outflows related to net pension liability (Note 6)	241,077
Total deferred outflows of resources	241,077
Total assets and deferred outflows of resources	117,889,935

Liabilities

Current Liabilities

Accounts payable	1,102,427
Accrued liabilities	2,159,262
Unearned revenue	1,501,269
Current portion of compensated absences	27,103
Total current liabilities	4,790,061

Noncurrent Liabilities

Compensated absences (Note 10)	1,365,897
Pension liability (Note 11)	1,243,070
Total non-current liabilities	2,608,967

Total liabilities

7,399,028

Deferred Inflows of Resources

Deferred inflows related to net pension liability (Note 6)	239,955
Total deferred inflows of resources	239,955

Net Position

Investment in capital assets	99,077,582
Restricted for:	
Expendable based on financial aid restrictions	128,996
Unrestricted	11,044,374
Total net position	110,250,952
Total liabilities, deferred inflow of resources and net position	117,889,935

(See accompanying notes to the financial statements)

Cascadia Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

Operating Revenues	
Student tuition and fees, net	6,751,892
State and local grants and contracts	8,204,550
Auxiliary enterprise sales	553,294
Federal grants and contracts	46,970
Other operating revenues	160,705
Total operating revenue	<u>15,717,410</u>
 Operating Expenses	
Salaries and wages	11,594,479
Benefits	3,745,191
Purchased services	4,199,728
Depreciation	2,575,391
Scholarships and fellowships	1,528,712
Non capitalized equipment	1,294,412
Other operating expenses	1,224,884
Software maintenance and leases	487,033
Utilities and energy costs	441,040
Supplies and materials	217,996
Total operating expenses	<u>27,308,866</u>
Operating loss	<u>(11,591,456)</u>
 Non-Operating Revenues (Expenses)	
State appropriations	9,894,866
Federal Pell grant revenue	1,682,829
Investment income, gains and losses	56,331
Building fee remittance	(542,405)
Innovation fund remittance	(170,714)
Net non-operating revenues	<u>10,920,907</u>
Loss before revenues from capital appropriations	<u>(670,549)</u>
Capital appropriations	<u>210,716</u>
Decrease in net position	<u>(459,834)</u>
 Net Position	
Net position, beginning of year	<u>110,710,786</u>
Net position, end of year	<u>110,250,952</u>

(See accompanying notes to the financial statements)

Cascadia Community College
Statement of Cash Flows
For the Year Ended June 30, 2016

Cash flow from operating activities	
Student tuition and fees	6,854,996
Grants and contracts	8,310,810
Payments to vendors	(3,635,027)
Payments for utilities	(439,285)
Payments to employees	(11,635,277)
Payments for benefits	(3,916,233)
Auxiliary enterprise sales	595,531
Payments for scholarships and fellowships	(1,528,712)
Payments for software maintenance	(487,033)
Payments for repairs and maintenance	(172,928)
Payments of other operating expenses	(2,503,969)
Other operating revenues	181,517
Net cash used by operating activities	<u>(8,375,611)</u>
Cash flow from noncapital financing activities	
State appropriations	9,722,392
Pell grants	1,682,829
Building fee remittance	(608,810)
Innovation fund remittance	(170,714)
Net cash provided by noncapital financing activities	<u>10,625,697</u>
Cash flow from capital and related financing activities	
Capital appropriations	374,415
Proceeds from sales of fixed assets	13,150
Purchases of capital assets	(91,183)
Net cash used by capital and related financing activities	<u>296,382</u>
Cash flow from investing activities	
Purchase of investments	(1,243,130)
Proceeds from sales and maturities of investments	1,250,000
Income of investments	49,635
Net cash provided by investing activities	<u>56,505</u>
Increase in cash and cash equivalents	2,602,972
Cash and cash equivalents at the beginning of the year	<u>8,415,945</u>
Cash and cash equivalents at the end of the year	<u><u>11,018,917</u></u>

Reconciliation of Operating Loss to Net Cash used by Operating Activities

(See accompanying notes to the financial statements)

Operating Loss	<u>(11,591,456)</u>
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation expense	2,575,391
Changes in assets and liabilities	
Receivables , net	(102,729)
Other assets	(202)
Accounts payable	657,305
Accrued liabilities	(37,346)
Unearned tuition	170,774
Compensated absences	48,109
Pension liability adjustment expense	<u>(95,457)</u>
Net cash used by operating activities	<u><u>(8,375,611)</u></u>

(See accompanying notes to the financial statements)

Notes to the Financial Statements

June 30, 2016

These notes form an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

The Cascadia College Foundation (the Foundation) a separate but affiliated non-profit entity, incorporated under Washington law in 1999 and recognized as a tax exempt 501(c)(3) charity. The Foundation's charitable purpose is to support the College's efforts to enhance student success and strengthen their communities. The Foundation does not contribute significant resources to the College. Therefore their financial statements are not combined with those of the College.

Basis of Presentation

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

Basis of Accounting

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

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

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand and in transit, bank demand deposits and deposits with the Washington State Local Government Investment Pool (LGIP). Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets. The College records all cash, cash equivalents, and investments at amortized cost, which approximates fair value. Unrestricted cash operating funds from all departments are combined into an internal investment pool, the income from which is allocated across funds on a proportional basis.

Accounts Receivable

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

Capital Assets

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

Land, buildings and equipment are recorded at cost, at acquisition value (price to be paid for an asset with equivalent service potential in an orderly market transaction at the acquisition date) for donated capital assets or if acquired by gift, at fair market value at the date of the gift. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Any interest costs incurred are capitalized during the period of construction. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy, all land, intangible assets and software with a unit cost of \$1,000,000 or more, buildings and improvements with a unit cost of \$100,000 or more, library collections with a total cost of \$5,000 or more and all other assets with a unit cost of \$5,000 or more are capitalized.

Depreciation is computed using the straight line method over the estimated useful lives of the assets as defined by the State of Washington's Office of Financial Management. Useful lives range from 15 to 50 years for buildings and improvements, 3 to 50 years for improvements other than buildings, and 3 to 7 years for most equipment.

In accordance with GASB Statement No. 42, the college reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At June 30, 2016, no assets had been written down.

Unearned Revenues

Unearned revenues occur when funds have been collected prior to the end of the fiscal year but related to the subsequent fiscal year. Unearned revenues may include tuition and fees paid with financial aid funds. The College has recorded summer 2016 quarter tuition and fees as unearned revenues.

Tax Exemption

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

Net Pension Liability

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Net Position

The College's net position is classified as follows.

- *Net Investment in Capital Assets.* This represents the College's total investment in capital assets.
- *Restricted, Expendable.* These represent resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor, financial aid restrictions and/or external parties who have placed time or purpose restrictions on the use of the asset.

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

Classification of Revenues and Expenses

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

Operating Revenues and Expenses:

Operating revenues include activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of waivers and scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) most federal, state and local grants and contracts that primarily support the operational or educational activities of the college. Examples include a contract with OSPI to offer Running Start and/or Technical High School. The college also receives Adult Basic Education grants that support the primary educational mission of the college.

Operating expenses include salaries, wages, fringe benefits, utilities, material and supplies, repairs and maintenance, travel, and depreciation.

Non-operating Revenues and Expenses:

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, Federal Pell grant revenues, and investment income.

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

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. Discounts and allowances for the year ending June 30, 2016 are \$1,334,608

State Appropriations

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

Building and Innovation Fee Remittance

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

2. Accounting and Reporting Changes

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for applying fair value to certain investments, and disclosures related to all fair value measurements. This Statement establishes a three-level hierarchy of inputs to valuation techniques used to measure fair value, and requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The College currently invests in the Local Government Investment Pool (LGIP). The LGIP is managed by the Office of the State Treasurer and prepares its own financial report that meets GASB standards. This asset is valued treated as a cash equivalent. The College also has invested in U.S. Government Agency Obligations that are valued at amortized cost which is not appreciably different from market value.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is intended to improve financial reporting of governments whose employees are provided with pensions that are not within the scope of Statement No. 68, improve the usefulness of information associated with governments that hold assets accumulated for purposes of providing defined benefit pensions not within the scope of Statement No. 68, and to clarify the application of certain provisions of Statements No. 67 and 68. The College is currently working with SBCTC to determine the financial impact.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which identifies the hierarchy of generally accepted accounting principles (GAAP). The Statement reduced the GAAP hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The College adheres to this hierarchy of GAAP.

In March 2016, the GASB issued Statement No. 82, *Pension Issues-an Amendment of GASB Statements No. 67, No. 68, and No.73*. This Statement addresses issues regarding the presentation of payroll-related measures in the required supplementary information. The College

has implemented this standard early in relation to the RSI presented with its financial statements.

3. Cash and Investments

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

The LGIP portfolio is invested in a manner that meets the requirements set forth by the Governmental Accounting Standards Board for the maturity, quality, diversification and liquidity for external investment pools that wish to measure all of its investments at amortized costs. The LGIP transacts with its participants at a stable net asset value per share of one dollar, which results in the amortized cost reported equaling the number of shares in the LGIP.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the OST, PO Box 40200, Olympia, Washington 98504-0200, or online at: <http://www.tre.wa.gov/lqip/cafr/LqipCafr.shtml>. In addition, more information is available regarding the LGIP in the Washington State Consolidated Annual Financial report, which can be found online at <http://www/ofm/wa/gov/cafr/>.

The College can contribute or withdraw funds in any amount from the LGIP on a daily basis. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals. The College adjusts its LGIP investment amounts monthly to reflect interest earnings as reported from the Office of the State Treasurer.

As of June 30, 2016, the carrying amount of the College’s cash and equivalents was \$11,018,918 as represented in the table below.

Table 1: Cash and Cash Equivalents	June 30, 2016
Petty Cash	\$ 1,900
Bank Demand and Time Deposits	8,976,523
Local Government Investment Pool	2,040,495
Total Cash and Cash Equivalents	\$ 11,018,918

Investments consist of U.S. Government Agency Obligations.

Investment Maturities	Fair Value	One Year or Less	1 - 5 Years	6 - 10 Years	10 or More Years
U.S. Agency Obligations	\$ 4,969,160		\$ 5,015,000		
Total Investments	\$ 4,969,160	\$ -	\$ 5,015,000	\$ -	\$ -

Fair Value Measurements – Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards establish a hierarchy for measuring fair value that gives the highest priority to unadjusted quoted prices in active markets (Level 1), next highest to quoted prices for similar assets or liabilities in active markets, or identical assets in inactive markets or other inputs that can be corroborated by observable market data (Level 2) and the lowest priority to unobservable inputs (Level 3). The School has considered Level 1, fair value attributable to quoted prices in active markets as the measurement comparison to amortized value and has drawn the conclusion that there is an immaterial difference between active market prices and the amortized value which more correctly represents the expected income flow from the investments.

Custodial Credit Risks—Deposits

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

Interest Rate Risk—Investments

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

Concentration of Credit Risk—Investments

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

Custodial Credit Risk—Investments

Custodial credit risk for investments is the risk that in the event of the failure the College’s deposits may not be returned to it. At June 30, 2016, \$4,969,160 of the College’s operating fund investments are held by US Bank. All cash and equivalents, except for change funds and petty cash held by the College, are insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the Washington Public Deposit Protection Commission (PDPC).

Investment Expenses

Under implementation of GASB 35, investment income for the College is shown net of investment expenses. The investment expenses incurred for the fiscal year ended June 30, 2016 were \$0.

4. Accounts Receivable

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

expenditures made according to sponsored agreements. At June 30, 2016, accounts receivable were as follows.

Table 2: Accounts Receivable		June 30, 2016
Student Tuition and Fees	\$	372,451
Due from Other State Agencies		1,320,351
Due from Federal Government		957
Other Receivables		1,098,176
Subtotal		2,791,935
Less Allowance for Uncollectible Accounts		(239,236)
Accounts Receivable, net	\$	2,552,699

5. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2016 is presented as follows. The current year depreciation expense was \$2,575,391.

Table 3: Capital Assets	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Nondepreciable capital assets				
Land	\$ 10,538,436			\$ 10,538,436
Total nondepreciable capital assets	10,538,436	-	-	10,538,436
Depreciable capital assets				
Buildings	118,934,679			118,934,679
Other improvements and infrastructure	228,516			228,516
Equipment	1,801,531	145,508	(48,256)	1,898,783
Subtotal depreciable capital assets	120,964,726	145,508	(48,256)	121,061,978
Less accumulated depreciation				
Buildings	28,676,397	2,378,694		31,055,091
Other improvements and infrastructure	57,130	45,703		102,833
Equipment	1,262,170	150,994	(48,256)	1,364,908
Total accumulated depreciation	29,995,697	2,575,391	(48,256)	32,522,832
Total depreciable capital assets	90,969,029	(2,429,883)	-	88,539,146
Capital assets, net of accumulated depreciation	\$ 101,507,465	\$ (2,429,883)	\$ -	\$ 99,077,582

6. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of equity that applies to a future period(s) and so will not be recognized as an outflow of resources

(expense/ expenditure) until then. The category of deferred outflow of resources reported in statement of net position relates to pensions.

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

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

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

7. Accounts Payable and Accrued Liabilities

At June 30, 2016, accrued liabilities are the following:

Table 4: Accounts Payable and Accrued Liabilities	June 30, 2016
Accounts Payable	\$ 1,102,427
Amounts Owed to Employees	280,729
Due to Other State Agencies	1,840,585
Other Liabilities	37,948
Current portion of compensated absences	27,103
Total Accounts Payable and Accrued Liabilities	\$ 3,288,792

8. Unearned Revenue

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

Table 5: Unearned Revenue	June 30, 2016	
Summer Quarter Tuition and Fees	\$	1,501,269
Total Unearned Revenue	\$	1,501,269

9. Risk Management

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

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. The college finances these costs by assessing all funds a monthly payroll expense for unemployment compensation for all employees. Payments made for claims from July 1, 2015 through June 30, 2016, were \$39,971.

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

10. Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses and insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth of the total balance on the payroll records. The accrued vacation leave totaled \$483,969, accrued compensated time totaled \$0 and accrued sick leave totaled \$909,031 at June 30, 2016.

11. Pension Liability

Pension liabilities reported as of June 30, 2016 consists of the following

Pension Liability by Plan	
PERS 1	\$ (658,888)
PERS 2/3	(553,252)
TRS 1	(24,078)
TRS 2/3	(6,852)
Total	\$ (1,243,070)

12. Non-current Liabilities

Non-current liabilities include Compensated Absences for sick, vacation and compensated leave as described in Note 10 and the accrued Pension Liability which reflects pension plan obligations at June 30, 2016 which will be funded in future years as reflected in Note 11. Below is the table showing the increases and decreases of these accrued balances for the current fiscal year.

	Beginning Balance	Additions	Reductions	Ending Liability
Compensated Balances	\$ 1,344,891	\$ 521,061	\$ 472,952	\$ 1,393,000
Pension Liabilities	996,332	598,440	351,702	1,243,070
Total	\$ 2,341,223	\$ 1,119,501	\$ 824,654	\$ 2,636,070

13. Leases Expense

The College also has a lease for office equipment with various vendors. These leases are classified as operating leases. As of June 30, 2016, the minimum lease payments under operating leases consist of the following.

Table 7: Leases Payable	
Fiscal Year	Operating lease
2017	\$ 49,357
2018	\$ 49,357
2019	\$ 45,244

14. Pension Plans

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

payment, when required. The plan is administered by the State Board for Community and Technical Colleges (SBCTC).

For FY 2015-2016, the payroll for the College's employees was \$1,513,734 for PERS, \$44,065 for TRS and \$ 9,066,253 for SBRP. Total covered payroll was \$\$10,696,719.

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

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

Basis of Accounting

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

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB 68 for Cascadia College, for fiscal year 2016:

Aggregate Pension Amounts - All Plans

Pension liabilities	\$ (1,243,070)
Deferred outflows of resources related to pensions	\$ 241,077
Deferred inflows of resources related to pensions	\$ (239,955)
Pension expense/expenditures	\$ (77,757)

PERS and TRS

Plan Descriptions. PERS Plan 1 provides retirement and disability benefits and minimum benefit increases to eligible nonacademic plan members hired prior to October 1, 1977. PERS Plans 2 and 3 provide retirement and disability benefits and a cost-of-living adjustment to eligible nonacademic plan members hired on or after October 1, 1977. Retirement benefits are vested after five years of eligible service. PERS Plan 3 has a defined contribution component that members may elect to self-direct as established by the Employee Retirement Benefits Board.

PERS 3 defined benefit plan benefits are vested after an employee completes five years of eligible service.

TRS Plan 3 provides retirement benefits to certain eligible faculty hired on or after October 1, 1977. The plan includes both a defined benefit portion and a defined contribution portion. The defined benefit portion is funded by employer contributions only. Benefits are vested after an employee completes five or ten years of eligible service, depending on the employee's age and service credit, and include an annual cost-of living adjustment. The defined contribution component is fully funded by employee contributions and investment performance.

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

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

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

Contribution Rates and Required Contributions. The College's contribution rates and required contributions for the above retirement plans for the years ending June 30, 2016, 2015, and 2014 are as follows.

Contribution Rates at June 30						
	FY 2014		FY 2015		FY 2016	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	6.00%	9.21%	6.00%	9.21%	6.00%	11.18%
Plan 2	4.92%	9.21%	4.92%	9.21%	6.12%	11.18%
Plan 3	5 - 15%	9.21%	5 - 15%	9.21%	5 - 15%	11.18%
TRS						
Plan 1	6.00%	10.39%	6.00%	10.39%	6.00%	13.13%
Plan 2	4.69%	10.39%	4.69%	10.39%	5.95%	13.13%
Plan 3	5-15%	10.39%	5-15%	10.39%	5-15%	13.13%

Required Contributions

	Required Contributions					
	FY2014		FY2015		FY2016	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	2,205	3,384	1,818	2,790	0	0
Plan 2	45,799	85,653	46,314	86,699	58,295	106,495
Plan 3	32,536	41,023	34,101	41,017	47,753	62,740
TRS						
Plan 1						
Plan 3			4,125	4,123	4,987	5,786

Investments

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

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

For the year ended June 30, 2015, the annual money-weighted rate of return on the pension investments, net of pension plan expenses are as follows:

<u>Pension Plan</u>	<u>Rate of Return</u>
PERS Plan 1	4.45%
PERS Plan 2/3	4.63%
TRS Plan 1	4.41%
TRS Plan 2/3	4.65%

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

The PERS and TRS target asset allocation and long-term expected real rate of return as of June 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%

Global Equity	37%	6.60%
Private Equity	23%	9.60%
Total	100%	

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

Pension Expense

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

	Plan				TOTAL
	PERS 1	PERS 2/3	TRS 1	TRS 2/3	
Actuarially determined pension expense	\$ 39,269	\$ 65,563	\$ 1,215	\$ 1,947	\$ 107,994
FY16 Amortization of change in proportionate liability		(17,585)		1,571	(16,014)
FY15 Amortization of change in proportionate liability	(39,956)		26,347	(613)	(14,222)
Total Pension Expense	\$ (687)	\$ 47,978	\$ 27,562	\$ 2,905	\$ 77,758

Changes in Proportionate Shares of Pension Liabilities

The changes to the College’s proportionate share of pension liabilities from 2014 to 2015 for each retirement plan are listed below:

	2014	2015
PERS 1	.013301%	.012596%
PER 2/3	.016142%	.015484%
TRS 1	.000000%	.000760%
TRS 2/3	.000000%	.000812%

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

Actuarial Assumptions

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

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

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent, the same as the prior measurement date. 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 7.70 percent long-term discount rate to determine funding liabilities for calculating future contributions rate requirements.

Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including TRS Plan 2/3, whose rates include a component for the TRS 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 7.50 percent on pension plan investments was applied to determine the total pension liability.

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

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

Pension Plan	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
PERS Plan 1	\$ 802,198	\$ 658,888	\$ 535,655
PERS Plan 2/3	\$ 1,617,738	\$ 553,252	\$ (261,785)
TRS Plan 1	\$ 30,268	\$ 24,078	\$ 18,755
TRS Plan 2/3	\$ 28,990	\$ 6,852	\$ (9,606)

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

The following represent the components of the College’s deferred outflows and inflows of resources as reflected on the Statement of Net Position, for the year ended June 30, 2016:

	PERS 1		PERS 2/3	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience			\$ 58,811	
Difference between expected and actual earnings of pension plan investments		\$ 36,048		\$ 147,692
Changes in actuarial assumptions			891	
Changes in College's proportionate share of pension liabilities				49,568
Deferred outflows - FY16 contributions	75,666		91,637	
Total deferred outflows and inflows per plan	<u>\$ 75,666</u>	<u>\$ 36,048</u>	<u>\$ 151,339</u>	<u>\$ 197,260</u>
	TRS 1		TRS 2/3	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience			\$ 1,085	
Difference between expected and actual earnings of pension plan investments		\$ 1,782		\$ 2,658
Changes in actuarial assumptions			6	
Changes in College's proportionate share of pension liabilities			7,070	2,207
Deferred outflows - FY16 contributions	2,941		2,971	
Total deferred outflows and inflows per plan	<u>\$ 2,941</u>	<u>\$ 1,782</u>	<u>\$ 11,132</u>	<u>\$ 4,865</u>

The \$173,215 reported as deferred outflows of resources represent contributions the College made subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2017.

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

	PERS 1**	PERS 2/3	TRS 1**	TRS 2/3	Total
2017	(13,971)	(61,675)	(691)	116	(76,222)
2018	(13,971)	(61,675)	(691)	116	(76,222)
2019	(13,971)	(55,996)	(691)	116	(70,543)
2020	5,865	36,362	291	1,866	44,384
2021	-	5,427	-	984	6,411
2022	-	-	-	99	99
Total	\$ (36,048)	\$ (137,558)	\$ (1,782)	\$ 3,296	(172,092)

State Board Retirement Plan

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

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

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

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

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

Contributions. Contribution rates for the SBRP (TIAA-CREF), which are based upon age, are 5%, 7.5% or 10% of salary and are matched by the College. Employee and employer contributions for the year ended June 30, 2016 were each \$749,478.

The SBRP supplemental pension benefits are unfunded. For the year ended June 30, 2016, supplemental benefits were paid by the SBCTC on behalf of the College system in the amount of \$766,692. In 2012, legislation (RCW 28B.10.423) was passed requiring colleges to pay into a Supplemental Benefit Fund managed by the State Investment Board, for the purpose of funding

future benefit obligations. During FY 2016, the College paid into this fund at a rate of 0.5% of covered salaries, totaling \$45,296. As of June 30, 2016, the Community and Technical College system accounted for \$10,439,441 of the fund balance.

Washington State Deferred Compensation Program

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

15. Other Post-Employment Benefits

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

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

The actuary allocated the statewide disclosure information to the community and technical college system level. The SBCTC further allocated these amounts among the colleges. The College's share of the GASB 45 actuarially accrued liability (AAL) is \$5,621,078, with an annual required contribution (ARC) of \$559,365. The ARC represents the amortization of the liability for FY 2016 plus the current expense for active employees, which is reduced by the current contributions of approximately \$81,349. The College's net OPEB obligation at June 30, 2016 was approximately \$1,296,343. This amount is not included in the College's financial statements.

The College paid \$1,961,149 for healthcare expenses in 2016, which included its pay-as-you-go portion of the OPEB liability.

16. Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2016.

Expenses by Functional Classification

Instruction	\$	10,422,652
Academic Support Services		3,388,714
Student Services		1,985,567
Institutional Support		3,297,459
Operations and Maintenance of Plant		3,174,625
Auxiliary enterprises		897,447
Student Financial Aid		1,444,611
Scholarships and Other Student Financial Aid		84,102
Other expenses		38,299
Depreciation		2,575,391
Total operating expenses	\$	27,308,866

16. Commitments and Contingencies

There is a class action filed against the State of Washington on behalf of certain employees alleging improper denial of healthcare benefits. Although the College has not been named as a defendant in the lawsuit, some of the class members are current or former employees of the College. Potentially, the state could assess the College with a material share of any amount paid in the event of a settlement or judgment. Due to the status of the lawsuit, the impact upon the College cannot be assessed with reasonable certainty at present.

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

Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans

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

Schedule of Cascadia College's Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 1 Measurement Date of June 30						
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability	
2014	0.013301%	\$ 670,044	\$ 1,413,250	47.41%	61.19%	
2015	0.012596%	\$ 658,888	\$ 1,414,377	46.59%	59.10%	
2016	0.012696%	\$ 681,835	\$ 1,515,129	45.00%	57.03%	
2017						
2018						
2019						
2020						
2021						
2022						
2023						

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

Cost Sharing Employer Plans

Schedules of Cascadia College’s Proportionate Share of the Net Pension Liability

Schedule of Cascadia College's Share of the Net Pension Liability Public Employees’ Retirement System (PERS) Plan 2/3 Measurement Date of June 30						
Fiscal Year	College’s proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College’s proportionate share of the net pension liability as a percentage of its covered payroll	Plan’s fiduciary net position as a percentage of the total pension liability	
2014	0.016142%	\$ 326,288	\$ 1,376,496	23.70%	93.29%	
2015	0.015484%	\$ 553,252	\$ 1,384,905	39.95%	89.20%	
2016	0.016267%	\$ 819,031	\$ 1,515,129	54.06%	85.82%	
2017						
2018						
2019						
2020						
2021						
2022						
2023						

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

Cost Sharing Employer Plans

Schedules of Cascadia College’s Proportionate Share of the Net Pension Liability

Schedule of Cascadia College's Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 1 Measurement Date of June 30						
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability	
2014	0.000000%	\$ -	\$ -	0.00%	68.77%	
2015	0.000760%	\$ 24,078	\$ 39,680	60.68%	65.70%	
2016	0.000931%	\$ 31,787	\$ 44,065	72.14%	62.07%	
2017						
2018						
2019						
2020						
2021						
2022						
2023						

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

Cost Sharing Employer Plans

Schedules of Cascadia College’s Proportionate Share of the Net Pension Liability

Schedule of Cascadia College's Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 2/3 Measurement Date of June 30						
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability	
2014	0.000000%	\$ -	\$ -	0.00%	96.81%	
2015	0.000812%	\$ 6,852	\$ 39,679	17.27%	92.48%	
2016	0.000940%	\$ 12,909	\$ 44,065	29.30%	88.72%	
2017						
2018						
2019						
2020						
2021						
2022						
2023						

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

Pension Plan Information

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2014	\$ 58,878	\$ 58,878	\$ -	\$ 1,413,250	4.17%	
2015	\$ 57,894	\$ 57,894	\$ -	\$ 1,414,377	4.09%	
2016	\$ 71,999	\$ 71,999	\$ -	\$ 1,515,129	4.75%	
2017					#DIV/0!	
2018						
2019						
2020						
2021						
2022						
2023						

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2014	\$ 68,189	\$ 68,189	\$ -	\$ 1,376,496	4.95%	
2015	\$ 68,972	\$ 68,972	\$ -	\$ 1,384,905	4.98%	
2016	\$ 93,909	\$ 93,909	\$ -	\$ 1,515,129	6.20%	
2017			\$ -		#DIV/0!	
2018						
2019						
2020						
2021						
2022						
2023						

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions							
Teachers' Retirement System (TRS) Plan 1							
Fiscal Year Ended June 30							
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll		
2014	\$ -	\$ -	\$ -	\$ -	0.00%		
2015	\$ 1,701	\$ 1,701	\$ -	\$ 39,680	4.29%		
2016	\$ 2,830	\$ 2,830	\$ -	\$ 44,065	6.42%		
2017			\$ -		#DIV/0!		
2018							
2019							
2020							
2021							
2022							
2023							

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 2/3 Fiscal Year Ended June 30							
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll		
2014	\$ -	\$ -	\$ -	\$ -	0.00%		
2015	\$ 2,158	\$ 2,158	\$ -	\$ 39,680	5.44%		
2016	\$ 3,069	\$ 3,069	\$ -	\$ 44,065	6.97%		
2017			\$ -		#DIV/0!		
2018							
2019							
2020							
2021							
2022							
2023							

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

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office

Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov



Office of the Washington State Auditor

Pat McCarthy

Financial Statements Audit Report Cascadia College

For the period July 1, 2016 through June 30, 2017

Published March 29, 2018

Report No. 1021093





Office of the Washington State Auditor

Pat McCarthy

March 29, 2018

Board of Trustees
Cascadia College
Bothell, Washington

Report on Financial Statements

Please find attached our report on the Cascadia College's financial statements.

We are issuing this report in order to provide information on the College's financial condition.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**State of Washington
Cascadia College
July 1, 2016 through June 30, 2017**

Board of Trustees
Cascadia College
Bothell, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Cascadia College, Washington, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 29, 2018. As discussed in Note 2 to the financial statements, during the year ended June 30, 2017, the College implemented Governmental Accounting Standards Board Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*.

The financial statements of Cascadia College, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2017, 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that

are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of the College's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy
State Auditor
Olympia, WA

March 29, 2018

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Cascadia College July 1, 2016 through June 30, 2017

Board of Trustees
Cascadia College
Bothell, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Cascadia College, Washington, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed on page 10.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cascadia College, as of June 30, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 2 to the financial statements, in 2017, the College adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statements of Cascadia College, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2017, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

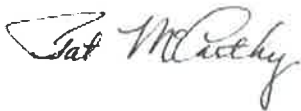
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 10 be presented to supplement the basic financial statements. Such information, although not a part

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2018 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Pat McCarthy
State Auditor
Olympia, WA

March 29, 2018

FINANCIAL SECTION

Cascadia College July 1, 2016 through June 30, 2017

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2017

BASIC FINANCIAL STATEMENTS

Balance Sheet – 2017

Statement of Revenues, Expenses and Changes in Net Position – 2017

Statement of Cash Flows – 2017

Notes to the Financial Statements – 2017

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Cascadia College's Share of the Net Pension Liability – PERS 1, PERS 2/3,
TRS 1, TRS 2/3 – 2017

Schedule of Employer Contributions – PERS 1, PERS 2/3, TRS 1, TRS 2/3 – 2017

Schedule of Changes in the Total Pension Liability and Related Ratios and Notes – State
Board Supplemental Defined Benefit Plans – 2017

Management's Discussion and Analysis

Cascadia College

The following discussion and analysis provides an overview of the financial position and activities of Cascadia College (the College) for the fiscal year ended June 30, 2017 (FY 2017).

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

Reporting Entity

Cascadia College is one of thirty public community and technical college districts in the state of Washington overseen by the State Board for Community and Technical Colleges (SBCTC). The College provides comprehensive, open-door academic programs, workforce education, basic skills and community service educational programs to approximately 3,400 students. The College confers associates degrees, certificates and high school diplomas and began offering a Bachelor's degree in Applied Science in 2016. The College began operations in 2000; its mission is to transform student lives through integrated education in a learning-centered environment.

The College's main campus is located in Bothell, Washington, a community of about 34,000 residents. The College is governed by a five member Board of Trustees appointed by the governor of the state with the consent of the state senate. By statute, the Board of Trustees has full control of the College, except as otherwise provided by law.

Using the Financial Statements

The College's financial statements include the Balance Sheet; the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Balance Sheet provides information about the College at a moment in time, at year-end. The Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash flows provide information about operations and activities over the entire year. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess the college's financial health as a whole.

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

During 2017, the College adopted GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 as amended by GASB Statement No. 71. It establishes financial reporting requirements for defined benefit pensions that are provided to employees of state and local governmental employers and that are not administered through trusts or equivalent arrangements and therefore outside the scope of Statement 68. The College is required to record its proportionate share of net pension liabilities, deferred inflows, pension expense and benefit payments. The change in accounting principle resulted in an additional amount of \$2,006,704 in pension liability and net position.

Balance Sheet

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

Condensed Balance Sheet As of June 30th	2017	2016
Assets		
Current assets	12,648,720	13,602,117
Long-term investments	6,226,150	4,969,160
Capital assets, net	97,743,075	99,077,581
Total assets	\$ 116,617,945	\$ 117,648,858
Deferred outflows related to net pension liability	\$ 379,883	\$ 241,077
Total assets and deferred outflows	\$ 116,997,828	\$ 117,889,935
Liabilities		
Current liabilities	7,048,209	4,762,958
Other liabilities, non-current	4,573,627	4,642,774
Total liabilities	\$ 11,621,836	\$ 9,405,732
Deferred inflows related to net pension liability	\$ 522,364	\$ 239,955
Net position	\$ 104,853,628	\$ 108,244,248
Total liabilities, deferred outflows and net position	\$ 116,997,828	\$ 117,889,935

Current assets consist primarily of cash, investments, and various accounts receivables. Cash decreased by approximately \$1,000,000 which can be seen mostly in the increase in long-term investments.

Net capital assets decreased by \$1,334,506 from FY 2016 to FY 2017. The decrease resulting from impact of current depreciation expense of \$2,597,124 is offset by mainly by the construction costs of a permanent parking lot at the cost of \$1,256,002.

Deferred outflows of resources and deferred inflows of resources represent pension-related deferrals associated with the implementation of GASB Statement No. 68 in FY 2015 and Statement No. 73 in FY 2017.

The increase/decrease in deferred outflows reflect the College's proportionate share of an increase/decrease in the state-wide amounts reported by the DRS due to differences between expected and actual experience related to the actuarial assumptions. The College recorded \$379,883 in FY 2017 and \$271,077 in FY2016 of pension-related deferred outflows. The increase reflects the change in difference between expected and actual earnings of the pension plan investments.

Similarly, the increase/decrease in deferred inflows in 2017 reflects the increase/decrease in difference between actual and projected investment earnings on the state's pension plans and also the implementation of GASB Statement No. 73 (GASB 73). The College recorded \$522,364 in FY 2017 and \$239,955 in FY2016 of pension-related deferred inflows. The increase in FY 2017 is primarily the net effect of the increase of \$461,177 due to GASB 73 offset by the reduction due to the difference between expected and actual earnings of the pension plan investments.

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

The increase in current liabilities from FY 2016 to FY 2017 of \$2.2MM is due primarily to an influx of vendor billings that were submitted late in the year-end payment cycle.

Non-current liabilities primarily consist of the value of vacation and sick leave earned but not yet used by employees and the liability for the College's proportionate share of the net pension liability. This amount is significantly higher due to the pension liabilities due to implementation of GASB 73 reflecting the College's proportionate share of pension liability for the State Board Supplemental Retirement Plan of \$1.6MM.

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

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

Restricted:

Expendable – resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor, financial aid restrictions and/or external parties who have placed time or purpose restrictions on the use of the asset.

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

As stated earlier the net position on December 2016 was reduced by amount of \$2,006,704 due to the implementation of GASB 73.

The net position for June 30, 2017 and 2016 is detailed below:

As of June 30th	2017	2016
Investment in capital assets	\$ 97,743,075	\$ 99,077,582
Restricted		
Expendable	190,605	128,996
Non-restricted - before GASB 73 adjustment	6,919,948	11,044,374
GASB 73 implementation adjustment		(2,006,704)
Corrected unrestricted		9,037,670
Total net position	\$ 104,853,628	\$ 108,244,248

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position accounts for the College's changes in total net position during FY 2017. The objective of the statement is to present the revenues received, both operating and non-operating, and the expenses paid by the College, along with any other revenue, expenses, gains and losses of the College.

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

Operating expenses are expenses incurred in the normal operation of the College, including depreciation on property and equipment assets. When operating revenues, excluding state appropriations and Pell Grants, are measured against operating expenses, the College shows an operating loss. The operating loss is reflective of fact that the College's operations are subsidized by the State of Washington in order to make higher education accessible to its citizens.

A condensed statement of revenues, expense and changes in net position for the years ending June 30, 2016 and 2017 is presented on the next page.

Condensed Statement of Revenue, Expenses and Changes in Net Position for the fiscal years ended June 30th	2017	2016
Operating revenues	\$ 16,257,123	\$ 15,717,410
Operating expenses	(31,118,209)	(27,308,866)
Net operating loss	(14,861,086)	(11,591,456)
Non-operating revenues	11,076,769	10,920,907
Gain (Loss) before revenue from capital appropriations	(3,784,317)	(670,549)
Capital appropriations	393,697	210,716
Decrease in net position	(3,390,620)	(459,833)
Net position, beginning of the year	\$ 108,244,248	\$ 110,710,785
Change in net position due to GASB 73		\$ (2,006,704)
Net position, end of the year	\$ 104,853,628	\$ 108,244,247.89

Revenues

The State of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college. Since Washington State's recovery from the "Great Recession" the State is once again providing COLA funding, this was the primary driver of increases in the State's allocation.

The stability of the College's tuition and fee revenue in FY 2017 is attributable to a slight decline in the number of students paying tuition being offset by a 2% increase in tuition.

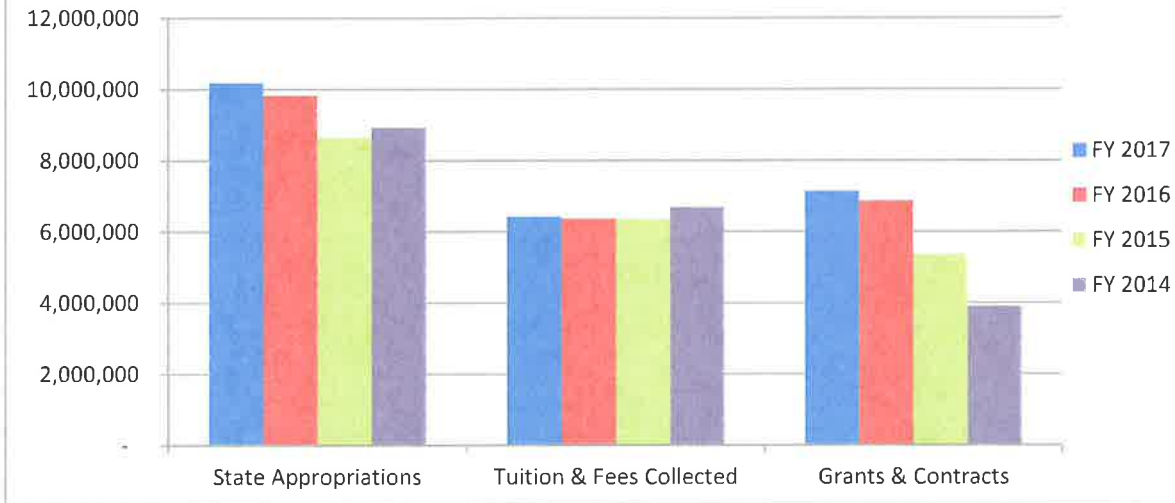
In FY 2017, state and local grant and contract revenues increased by \$273,986 when compared with FY 2016 due to enrollment increases in the College's contract enrollment programs. The College contracts with local high schools to enroll Running Start students who earn both high school and college credit for these courses; Running Start enrollments increased by 11% in FY 2017. The College also serves contracted international students who are not supported by state funding; International Student enrollments decreased by 2% in FY 2017.

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

Selected Elements of Revenue

For the Years Ended June 30, 2015 and 2014

Note: For purposes of this chart, tuition and fees reflect amounts collected and may include amounts students paid with Pell Grant proceeds



Expenses

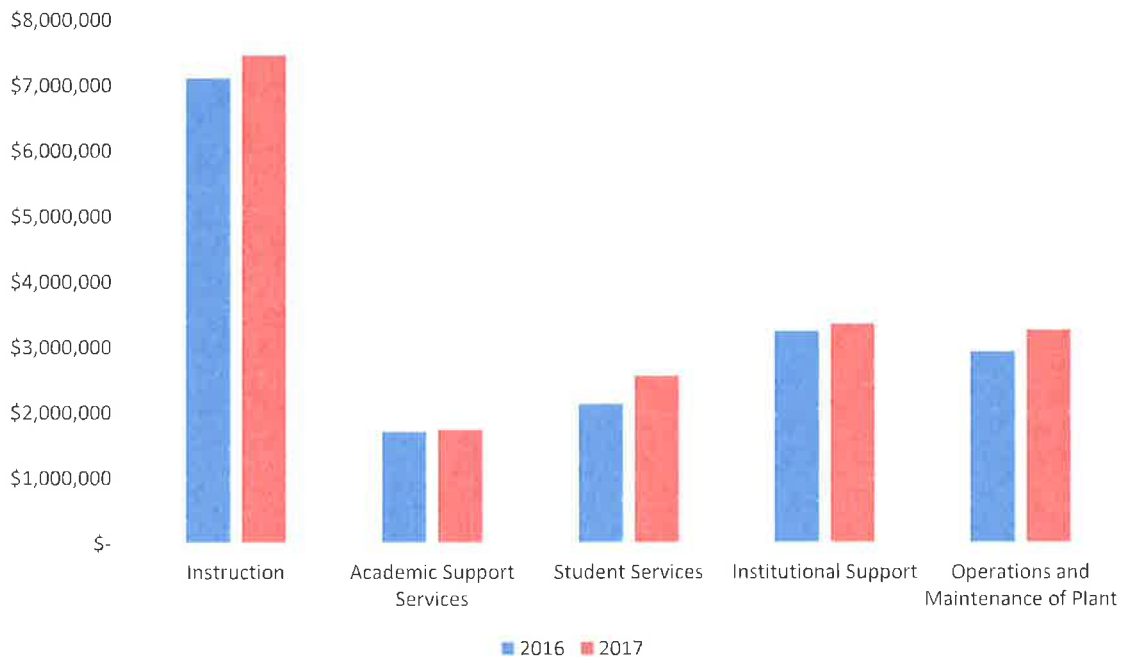
Wages and benefits are the largest single expense component at the College, their level is driven by enrollment levels, which directly affect the number of faculty hired by the College; the implementation of collective bargaining agreements and State mandated cost of living adjustments also affect compensation expenses. All of these factors led to the increase in wages and benefits in FY 2017.

Purchased Services primarily consist of library, facilities and public safety services purchased by the College from the University of Washington. The increase in purchased services reflects the increased cost of those services. Depreciation expense is primarily driven by building depreciation since very few of the College's equipment purchases are capitalized.

Comparison of Selected Operating Expenses by Category

The chart on the next page shows the amount, in dollars, for selected categories of operating expenses for FY 2017 and FY 2016.

Selected Elements of Expense 2016 vs. 2017



Statement of Cash Flows

The Statement of Cash Flows gives a general picture of where the College obtains and spends its cash and cash equivalents. The statement gives detailed information about cash flows related to four different types of activities within the institution.

The first section shows cash received and spent on the operations of the college. Since tuition and fees and other operating revenue alone do not normally cover the operating costs of a public higher education institution, this section can be expected to show more cash used than provided.

The second section shows cash received and spent on non-capital financing activities of the College. Here the College reports cash from state appropriations and cash related to federally-funded Pell grants. This section also includes any activity that cannot be reported in one of the other sections.

The third section shows cash received and spent on capital and related financing activities. This includes state capital appropriations for major projects, minor works and repairs. It also includes cash proceeds, loan origination costs, interest and principal payments related to Certificates of Participation. Since colleges periodically use local funds to supplement these sources, it is not unusual for this section to show more cash used than provided.

The fourth section shows cash received and spent on investing activities, including the purchase and sale of investment instruments, interest earnings and realized gains or losses from investments.

Next the statement shows how the current year's change in cash combined with the prior year's cash balance results in the ending cash and cash equivalents balance shown on the College's Statement of Net Position. Finally, the statement includes a detailed reconciliation of operating activity only, between the operating loss shown as a subtotal on the Statement of Revenues, Expenses and Changes in Net Position and the net cash used by operating activities shown on the Cash Flow Statement.

The College's cash and cash equivalents at June 30th decreased in 2017 by \$1,479,700.

Capital Assets and Long-Term Debt Activities

The community and technical college system submits a single prioritized request to the Office of Financial Management and the Legislature for appropriated capital funds, which includes major projects, minor projects, repairs, emergency funds, alternative financing and major leases. The primary funding source for college capital projects is state general obligation bonds. In recent years, declining state revenues significantly reduced the state's debt capacity and are expected to continue to impact the number of new projects that can be financed. However, the College is in line to receive State funding for another academic building, CC4. At this time it appears that the building will be funded for design to begin in the 19-21 biennium.

At June 30, 2017 the College had invested \$97,743,075 in capital assets, net of accumulated depreciation. This represents a decrease from last year due principally to depreciation expense of \$2,597,124 offset by net purchases of equipment of \$1,262,618. The activity by asset type is shown in the table below and is referenced in Note 4 of the Notes to Financial Statements.

Asset Type	June 30, 2017	June 30, 2016	Change
Land	\$ 10,538,436	\$ 10,538,436	\$ -
Buildings, Net	85,500,894	87,879,588	(2,378,694)
Other improvements and infrastructure, net	1,310,862	125,683	1,185,179
Equipment, net	392,883	533,875	(140,992)
Total capital assets, net	\$ 97,743,075	\$ 99,077,582	\$ (1,334,507)

Economic Factors That Will Affect the Future

The State's capacity to fund increases in higher education is severely constrained by the Legislature's need to fulfill its court-mandated basic education obligations and the political inability to increase revenue. Additional investments in community and technical colleges by the State over the next few years are accordingly unlikely.

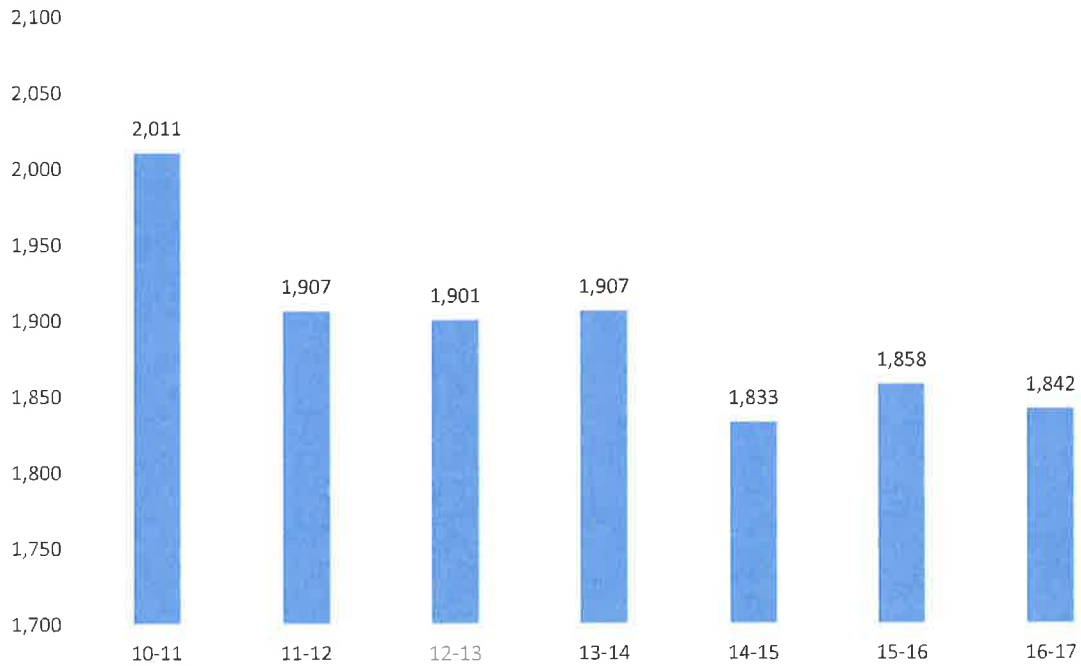
SBCTC is responsible for allocating the funds appropriated by the state Legislature to individual college districts. This allocation is determined by a formula which was recently modified; in the future funding will be allocated based on the average number of "State" students enrolled at a college during the preceding 3 years. The College therefore expects its State allocation to increase until 2019. If the College's "State student" enrollment continues its downward trend the College will receive less money from the State following 2019. .

Washington's Economic and Revenue Forecast Council prepares independent forecasts quarterly throughout the year. In its most recent forecast (November 2017), the council projected steady growth at the 2% level for the foreseeable future.

The College has significant number of international students, they represent a disproportionate share of College's tuition revenue relative to enrollment. Recent indications are that the US will be assuming a more skeptical stance towards globalization, this is likely to have a negative impact on international student enrollment and revenue.

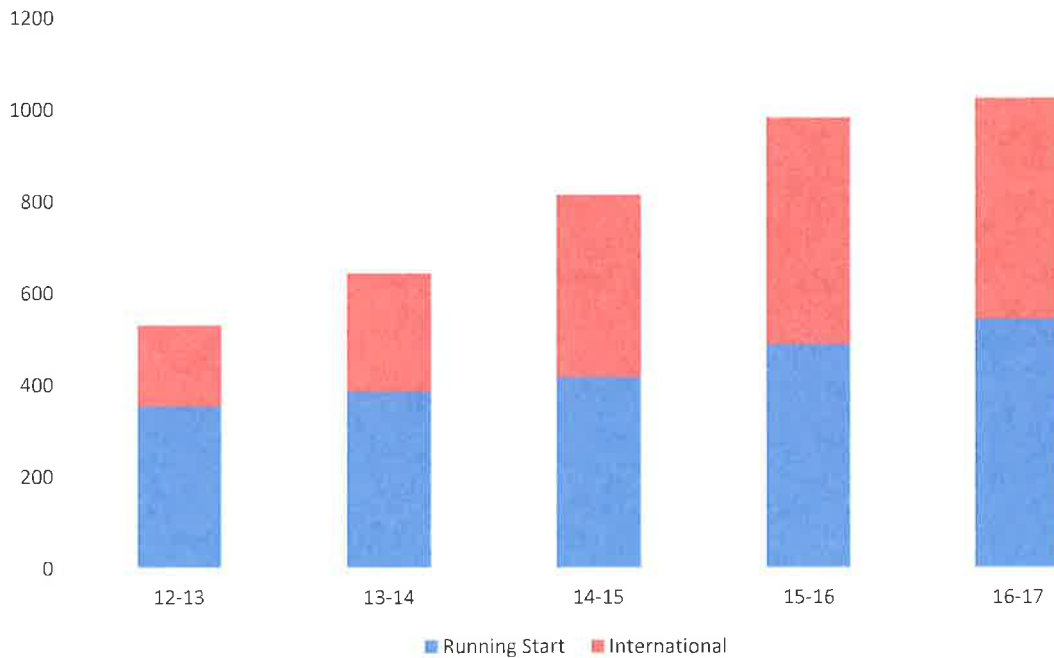
A hallmark of community colleges is the flexibility to quickly respond to the needs of the community, resulting in a pattern of high enrollment during economic downturns, punctuated by lower enrollment when the job market is strong. The economy is now at full employment by historical standards and enrollment declines associated with an improving economy have accordingly bottomed out. The number of students graduating from the College's feeder high schools has also bottomed out and the college anticipates State student enrollment to gradually increase in the future, providing that the College's building capacity increases.

State FTE



The College's Running Start and International Programs have driven the College's recent enrollment and revenue growth. While small enrollment increases in the Running Start program may continue for a few more years, by design the College's International Programs enrollment stabilize at the 2016 level and may decline somewhat due to changes in the overall international student market in the US.

International and Running Start FTE



A significant part of the College's expense structure is driven by the University of Washington, Bothell, which provides the College with library, facilities and public safety staff and services. The University has been scaling up its operations and is seeking to ensure the maintenance of a high quality workforce by increasing compensation beyond State funded COLA increase levels. These costs are being passed on to the College, which will receive no additional funding from the State to offset the costs.

The SBCTC system is also scheduled to implement a new ERP system (CTCLink), the College has created a reserve of approximately \$1 million to implement the system, however, SBCTC, which is managing the project is changing the implementation plan and this may cause the College's implementation costs to rise.

Cascadia Community College
Balance Sheet
June 30,2017

Assets

Current assets

Cash and cash equivalents (Note 3)	9,539,218
Accounts receivable (Note 4)	3,046,129
Interest receivable	63,318
Prepaid expenses	55
Total current assets	12,648,720

Non-Current assets

Long-term investments (Note 3)	6,226,150
Non-depreciable capital asset (Note 5)	10,538,436
Capital assets, net of depreciation (Note 5)	87,204,639
Total non-current assets	103,969,225

Total assets **116,617,945**

Deferred outflows of resources

Deferred outflows related to net pension liability (Note 6)	379,883
Total deferred outflows of resources	379,883
Total assets and deferred outflows of resources	116,997,828

Liabilities

Current Liabilities

Accounts payable	3,903,608
Accrued liabilities	1,681,322
Unearned revenue	1,419,760
Current portion of compensated absences	43,520
Total current liabilities	7,048,209

Noncurrent Liabilities

Compensated absences (Note 10)	1,414,822
Pension liability (Note 11)	3,157,375
Total non-current liabilities	4,572,197

Total liabilities **11,620,406**

Deferred inflows of resources

Deferred inflows related to net pension liability (Note 6)	522,364
Total deferred inflows of resources	522,364

Net Position

Investment in capital assets	97,743,075
Restricted for:	
Expendable based on financial aid restrictions	190,605
Unrestricted	6,919,948
Total net position	104,853,628
Total liabilities, deferred inflow and net position	116,996,399

(See accompanying notes to the financial statements)

Cascadia Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

Operating Revenues	
Student tuition and fees, net	7,145,907
Auxiliary enterprise sales	420,284
State and local grants and contracts	8,478,174
Federal grants and contracts	38,149
Other operating revenues	174,610
Total operating revenue	<u>16,257,123</u>
 Operating Expenses	
Salaries and wages	12,345,869
Benefits	4,250,042
Purchased services	5,245,985
Depreciation	2,597,124
Scholarships and fellowships	1,423,857
Non capitalized equipment	1,502,218
Other operating expenses	1,513,923
Repairs and maintenance	1,245,794
Software maintenance and leases	305,649
Utilities	492,553
Supplies and materials	195,195
Total operating expenses	<u>31,118,209</u>
Net Operating loss	<u>(14,861,086)</u>
 Non-Operating Revenues (Expenses)	
State appropriations	10,254,854
Federal Pell grant revenue	1,536,047
Investment income, gains and losses	78,426
Building fee remittance	(620,437)
Innovation fund remittance	(172,120)
Total net non-operating revenues	<u>11,076,769</u>
Loss before revenues from capital appropriations	<u>(3,784,317)</u>
Capital appropriations	393,697
Decrease in net position	<u>(3,390,620)</u>
 Net Position	
Net position, beginning of year	110,250,952
Adjustment for GASB 73 initial reserve impact	(2,006,704)
Adjusted net position, beginning of year	<u>108,244,248</u>
Net position, end of year	<u>104,853,628</u>

(See accompanying notes to the financial statements)

Cascadia Community College
Statement of Cash Flows
For the Year Ended June 30, 2017

Cash flow from operating activities	
Student tuition and fees	7,113,858
Grants and contracts	8,202,050
Payments to suppliers	(2,681,961)
Payments for utilities and energy	(335,951)
Payments to employees	(12,252,350)
Payments for benefits	(4,201,280)
Auxiliary enterprise sales	348,880
Payments for scholarships and fellowships	(1,423,857)
Other operating revenues	174,610
Payments for repairs and maintenance	(1,245,794)
Payments for non-depreciable assets	(1,502,218)
Other payments	(2,037,085)
Net cash used by operating activities	<u>(9,841,098)</u>
Cash flow from noncapital financing activities	
State appropriations	9,833,673
Pell grants	1,536,047
Building fee remittance	(559,992)
Innovation fund remittance	(172,120)
Net cash provided by noncapital financing activities	<u>10,637,607</u>
Cash flow from capital and related financing activities	
Capital appropriations	197,991
Purchases of capital assets	(1,262,617)
Net cash used by capital and related financing activities	<u>(1,064,626)</u>
Cash flow from investing activities	
Purchase of investments	(5,006,990)
Proceeds from sales and maturities of investments	3,750,000
Income of investments	45,407
Net cash used in investing activities	<u>(1,211,584)</u>
Decrease in cash and cash equivalents	<u>(1,479,700)</u>
Cash and cash equivalents at the beginning of the year	<u>11,018,918</u>
Cash and cash equivalents at the end of the year	<u>9,539,218</u>
Reconciliation of Operating Loss to Net Cash used by Operating Activities	
Operating Loss	<u>(14,861,086)</u>
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation expense	2,597,124
Changes in assets and liabilities	
Receivables, net	(553,876)
Other assets	146
Accounts payable	2,801,181
Accrued liabilities	138,946
Unearned tuition	(81,509)
Compensated absences	66,772
Pension liability adjustment expense	51,204
Net cash used by operating activities	<u>(9,841,098)</u>

(See accompanying notes to the financial statements)

Notes to the Financial Statements

June 30, 2017

These notes form an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

The Cascadia College Foundation (the Foundation) a separate but affiliated non-profit entity, incorporated under Washington law in 1999 and recognized as a tax exempt 501(c)(3) charity. The Foundation's charitable purpose is to support the College's efforts to enhance student success and strengthen their communities. The Foundation does not contribute significant resources to the College. Therefore their financial statements are not combined with those of the College.

Basis of Presentation

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

Basis of Accounting

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

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

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand and in transit, bank demand deposits and deposits with the Washington State Local Government Investment Pool (LGIP). Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets. The College records all cash, cash equivalents, and investments at amortized cost, which approximates fair value. Unrestricted cash operating funds from all departments are combined into an internal investment pool, the income from which is allocated across funds on a proportional basis.

Accounts Receivable

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

Capital Assets

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

Land, buildings and equipment are recorded at cost, at acquisition value (price to be paid for an asset with equivalent service potential in an orderly market transaction at the acquisition date) for donated capital assets or if acquired by gift, at fair market value at the date of the gift. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Any interest costs incurred are capitalized during the period of construction. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy, all land, intangible assets and software with a unit cost of \$1,000,000 or more, buildings and improvements with a unit cost of \$100,000 or more, library collections with a total cost of \$5,000 or more and all other assets with a unit cost of \$5,000 or more are capitalized.

Depreciation is computed using the straight line method over the estimated useful lives of the assets as defined by the State of Washington's Office of Financial Management. Useful lives

range from 15 to 50 years for buildings and improvements, 3 to 50 years for improvements other than buildings, and 3 to 7 years for most equipment.

In accordance with GASB Statement No. 42, the college reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At June 30, 2017, no assets had been written down.

Unearned Revenues

Unearned revenues occur when funds have been collected prior to the end of the fiscal year but related to the subsequent fiscal year. Unearned revenues may include tuition and fees paid with financial aid funds. The College has recorded summer 2017 quarter tuition and fees as unearned revenues.

Tax Exemption

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

Net Pension Liability

For purposes of measuring the net pension liability in accordance with GASB Statement No. 68 (GASB 68), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of Washington Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/deductions from PERS's and TRS's fiduciary net position have been determined on the same basis as they are reported by PERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In FY17, the College also reports its share of the pension liability for the State Board Retirement Plan in accordance with GASB Statement No. 73 (GASB 73) *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68 (Accounting and Financial Reporting for Pensions)*. The reporting requirements are similar to GASB 68 but use current fiscal yearend as the measurement date for reporting the pension liabilities.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Net Position

The College's net position is classified as follows.

- *Net Investment in Capital Assets*. This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

- *Restricted, Expendable.* These represent resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor, financial aid restrictions and/or external parties who have placed time or purpose restrictions on the use of the asset.
- *Unrestricted.* These represent resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises.

Classification of Revenues and Expenses

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

Operating Revenues and Expenses:

Operating revenues include activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of waivers and scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) most federal, state and local grants and contracts that primarily support the operational or educational activities of the college. Examples include a contract with OSPI to offer Running Start and/or Technical High School. The college also receives Adult Basic Education grants that support the primary educational mission of the college.

Operating expenses include salaries, wages, fringe benefits, utilities, material and supplies, repairs and maintenance, travel, and depreciation.

Non-operating Revenues and Expenses:

Non-operating revenues includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, Federal Pell grant revenues, and investment income.

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

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. Discounts and allowances for the year ending June 30, 2017 are \$1,203,412.

State Appropriations

The state of Washington appropriates funds to the College on both an annual and biennial basis. These revenues are reported as non-operating revenues on the Statements of Revenues,

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

Building and Innovation Fee Remittance

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

2. Accounting and Reporting Changes

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to certain Provisions of GASB Statements 67 and 68* (GASB 73). This Statement is intended to improve financial reporting of governments whose employees are provided with pensions that are not within the scope of Statement No. 68, improve the usefulness of information associated with governments that hold assets accumulated for purposes of providing defined benefit pensions not within the scope of Statement No. 68, and to clarify the application of certain provisions of Statements No. 67 and 68. In addition, it establishes requirements for defined contribution plans that are not within the scope of Statement 68. GASB 73 is effective for fiscal years beginning after June 15, 2016. The College has implemented this pronouncement during the 2017 fiscal year. The College recorded a beginning balance adjustment to long-term obligations and unrestricted fund balances of \$2,006,704 as a result of the implementation of GASB 73.

3. Cash and Investments

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

The LGIP portfolio is invested in a manner that meets the requirements set forth by the Governmental Accounting Standards Board for the maturity, quality, diversification and liquidity for external investment pools that wish to measure all of its investments at amortized costs. The LGIP transacts with its participants at a stable net asset value per share of one dollar, which results in the amortized cost reported equaling the number of shares in the LGIP.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the OST, PO Box 40200, Olympia, Washington 98504-0200, or online at: <http://www.tre.wa.gov/lqip/cafr/LqipCafr.shtml>. In addition, more information is available regarding the LGIP in the Washington State Consolidated Annual Financial report, which can be found online at <http://www.ofm.wa.gov/cafr/>.

The College can contribute or withdraw funds in any amount from the LGIP on a daily basis. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals. The College adjusts its LGIP investment amounts monthly to reflect interest earnings as reported from the Office of the State Treasurer.

As of June 30, 2017, the carrying amount of the College’s cash and equivalents was \$9,539,218 as represented in the table below.

Table 1: Cash and Cash Equivalents	June 30, 2017
Petty cash	\$ 1,900
Bank demand and time deposits	7,483,913
Local Government Investment Pool	2,053,405
Total Cash and Cash Equivalents	\$ 9,539,218

Investments consist of U.S. Government Agency Obligations. U.S. Government Agency Obligations are valued at amortized cost which is not appreciably different from market value.

Investment Maturities	Fair Value	One Year or Less	1 - 5 Years	6 - 10 Years	10 or More Years
U.S. agency obligations	\$ 6,226,150		\$ 6,280,000		
Total Investments	\$ 6,226,150	\$ -	\$ 6,280,000	\$ -	\$ -

Fair Value Measurements – Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards establish a hierarchy for measuring fair value that gives the highest priority to unadjusted quoted prices in active markets (Level 1), next highest to quoted prices for similar assets or liabilities in active markets, or identical assets in inactive markets or other inputs that can be corroborated by observable market data (Level 2) and the lowest priority to unobservable inputs (Level 3). The School has considered Level 1, fair value attributable to quoted prices in active markets as the measurement comparison to amortized value and has drawn the conclusion that there is an immaterial difference between active market prices and the amortized value which more correctly represents the expected income flow from the investments.

Custodial Credit Risks—Deposits

Custodial credit risk for bank demand deposits is the risk that in the event of a bank failure, the College’s deposits may not be returned to it. The majority of the College’s demand deposits are with the U.S. Bank. All cash and equivalents, except for change funds and petty cash held by the

College, are insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the Washington Public Deposit Protection Commission (PDPC).

Interest Rate Risk—Investments

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

Concentration of Credit Risk—Investments

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

Custodial Credit Risk—Investments

Custodial credit risk for investments is the risk that in the event of the failure the College’s deposits may not be returned to it. At June 30, 2017, \$6,226,150 of the College’s operating fund investments are held by US Bank. All cash and equivalents, except for change funds and petty cash held by the College, are insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the Washington Public Deposit Protection Commission (PDPC).

Investment Expenses

Under implementation of GASB 35, investment income for the College is shown net of investment expenses. The investment expenses incurred for the fiscal year ended June 30, 2017 were \$0.

4. Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. It also includes amounts due from federal, state and local governments or private sources in connection with reimbursements of allowable expenditures made according to sponsored agreements. At June 30, 2017, accounts receivable were as follows.

Table 2: Accounts receivable	June 30, 2017	
Student tuition and fees	\$	534,586
Due from other state agencies		1,552,512
Due from federal government		957
Other receivables		1,247,918
Subtotal		3,335,973
Less allowance for uncollectible accounts		(289,844)
Accounts receivable, net	\$	3,046,129

5. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2017 is presented as follows. The current year depreciation expense was \$2,597,124.

Table 3: Capital Assets	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Nondepreciable capital assets				
Land	\$ 10,538,436			\$ 10,538,436
Total nondepreciable capital assets	10,538,436	-	-	10,538,436
Depreciable capital assets				
Buildings	118,934,679			118,934,679
Other improvements and infrastructure	228,516	1,256,002		1,484,518
Equipment	1,898,783	6,615		1,905,398
Subtotal depreciable capital assets	121,061,978	1,262,617	-	122,324,595
Less accumulated depreciation				
Buildings	31,055,091	2,378,693		33,433,784
Other improvements and infrastructure	102,833	70,823		173,656
Equipment	1,364,908	147,608		1,512,516
Total accumulated depreciation	32,522,832	2,597,124	-	35,119,956
Total depreciable capital assets	88,539,146	(1,334,507)	-	87,204,639
Capital assets, net of accumulated depreciation	\$ 99,077,582	\$ (1,334,507)	\$ -	\$ 97,743,075

6. Deferred Outflows and Deferred Inflows of Resources

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

Deferred outflows on pensions are recorded when projected earnings on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the state's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. State contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of equity that applies to a future period(s) and so will not be recognized as an inflow

of resources (revenue) until that time. Deferred inflows of resources reported by the College relate to pensions.

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

7. Accounts Payable and Accrued Liabilities

At June 30, 2017, accrued liabilities are the following:

Table 4: Accounts payable and accrued liabilities	June 30, 2017
Accounts payable	\$ 3,903,608
Amounts owed to employees	305,035
Due to other state agencies	1,343,432
Current portion of compensated absences	43,520
Other liabilities	32,855
Total Accounts Payable and Accrued Liabilities	\$ 5,628,449

8. Unearned Revenue

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

Table 5: Unearned Revenue	June 30, 2017
Summer quarter tuition and fees	\$ 1,419,760
Total Unearned Revenue	\$ 1,419,760

9. Risk Management

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

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. The college finances these costs by assessing all funds a monthly payroll expense for unemployment compensation for all employees. Payments made for claims from July 1, 2015 through June 30, 2017, were \$47,703.

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

10. Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees’ Beneficiary Association (VEBA) account, which can be used for future medical expenses and insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth of the total balance on the payroll records. The accrued vacation leave totaled \$481,868, accrued compensated time totaled \$1,430 and accrued sick leave totaled \$976,474 at June 30, 2017.

Accrued annual and sick leave are categorized as non-current liabilities. Compensatory time is categorized as a current liability since it must be used before other leave.

11. Pension Liability

Pension liabilities reported as of June 30, 2017 consists of the following

Pension Liability by Plan		
PERS 1	\$	(681,835)
PERS 2/3		(819,031)
TRS 1		(31,787)
TRS 2/3		(12,908)
SBRP		(1,611,814)
Total	\$	(3,157,375)

12. Non-current Liabilities

Non-current liabilities include Compensated Absences for sick, vacation and compensated leave as described in Note 10 and the accrued Pension Liability which reflects pension plan obligations at June 30, 2016 which will be funded in future years as shown in Note 11. Below is the table showing the increases and decreases of these accrued balances for the current fiscal year.

Table 6: Noncurrent Liabilities				
	Beginning Balance	Additions	Reductions	Ending Liability
Compensated Balances	\$ 1,393,000	\$ 626,323	\$ 560,981	\$ 1,458,342
Pension Liabilities	3,249,774	645,692	738,091	3,157,375
Total	\$ 4,642,774	\$ 1,272,015	\$ 1,299,072	\$ 4,615,717

13. Leases Expense

The College also has a lease for office equipment with various vendors. These leases are classified as operating leases. As of June 30, 2017, the minimum lease payments under operating leases consist of the following.

Table 7: Leases Payable	
Fiscal Year	Operating lease
2018	\$ 49,582
2019	\$ 45,450

14. Retirement Plans

A. General

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

For FY 2016-2017, the payroll for the College's employees was \$1,438,256 for PERS, \$116,731 for TRS and \$ 9,799,143 for SBRP. Total covered payroll was \$11,354,130.

Basis of Accounting

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

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

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB 68 for Cascadia College, for fiscal year 2017:

Aggregate Pension Amounts - All Plans

Pension liabilities	\$ (3,157,375)
Deferred outflows of resources related to pensions	\$ 379,883
Deferred inflows of resources related to pensions	\$ (522,364)
Pension expense/expenditures	\$ (226,135)

As established in chapter 28B.10 RCW, eligible higher education state employees may participate in higher education retirement plans. These plans include a defined contribution plan administered by a third party with a supplemental defined benefit component (on a pay as you go basis) which is administered by the state. The College implemented Statement No. 73 of the Governmental Accounting Standards Board (GASB) *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* for the fiscal year 2017 financial reporting. The College has elected to use the current fiscal year end as the measurement date for reporting net pension liabilities for the Higher Education Supplemental Retirement Plan in alignment with the State CAFR.

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

PERS and TRS

Plan Descriptions. PERS Plan 1 provides retirement and disability benefits and minimum benefit increases to eligible nonacademic plan members hired prior to October 1, 1977. PERS Plans 2 and 3 provide retirement and disability benefits and a cost-of-living adjustment to eligible nonacademic plan members hired on or after October 1, 1977. Retirement benefits are vested after five years of eligible service. PERS Plan 3 has a defined contribution component that members may elect to self-direct as established by the Employee Retirement Benefits Board. PERS 3 defined benefit plan benefits are vested after an employee completes five years of eligible service.

TRS Plan 3 provides retirement benefits to certain eligible faculty hired on or after October 1, 1977. The plan includes both a defined benefit portion and a defined contribution portion. The defined benefit portion is funded by employer contributions only. Benefits are vested after an employee completes five or ten years of eligible service, depending on the employee's age and service credit, and include an annual cost-of living adjustment. The defined contribution component is fully funded by employee contributions and investment performance.

The authority to establish and amend benefit provisions resides with the legislature. PERS and TRS issue publicly available financial reports that include financial statements and required

supplementary information. The report may be obtained by writing to the Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380 or online at <http://www.drs.wa.gov/administration>.

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

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

Contribution Rates and Required Contributions. The College's contribution rates and required contributions for the above retirement plans for the years ending June 30, 2017, 2016, and 2015 are as follows.

Contribution Rates at June 30

	FY 2015		FY 2016		FY 2017	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	6.00%	9.21%	6.00%	11.18%	6.00%	11.18%
Plan 2	4.92%	9.21%	6.12%	11.18%	6.12%	11.18%
Plan 3	5 - 15%	9.21%	5 - 15%	11.18%	5 - 15%	11.18%
TRS						
Plan 1	6.00%	10.39%	6.00%	13.13%	6.00%	13.13%
Plan 2	4.69%	10.39%	5.95%	13.13%	5.95%	13.13%
Plan 3	5-15%	10.39%	5-15%	13.13%	5-15%	13.13%

Required Contributions

	FY2015		FY2016		FY2017	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	1,818	2,790	0	0	0	0
Plan 2	46,314	86,699	58,295	106,495	61,834	112,958
Plan 3	34,101	47,753	47,753	62,740	30,698	47,680
TRS						
Plan 1	0	0	0	0	0	0
Plan 3	4,125	4,123	4,987	5,786	14,767	15,583

Investments

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

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

For the year ended June 30, 2016, the annual money-weighted rate of return on the pension investments, net of pension plan expenses are as follows:

<u>Pension Plan</u>	<u>Rate of Return</u>
PERS Plan 1	2.19%
PERS Plan 2/3	2.47%
TRS Plan 1	2.09%
TRS Plan 2/3	2.51%

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

The PERS and TRS target asset allocation and long-term expected real rate of return as of June 30, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%

Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
Total	100%	

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

Pension Expense

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

	Plan					TOTAL
	PERS 1	PERS 2/3	TRS 1	TRS 2/3	SBRP	
Actuarially determined pension expense	\$ 39,880	\$ 111,732	\$ 2,041	\$ 3,520		\$ 157,173
Reversal of Deferred Inflows projected vs actual Income					\$ (15,296)	\$ (15,296)
FY16 Amortization of change in proportionate liability		(17,585)		(613)	81,582	\$ 63,384
FY17 Amortization of change in proportionate liability	5,517	7,721	5,819	1,817		\$ 20,874
Total Pension Expense	\$ 45,397	\$ 101,868	\$ 7,860	\$ 4,724	\$ 66,286	\$ 226,135

Changes in Proportionate Shares of Pension Liabilities

The changes to the College's proportionate share of pension liabilities from 2015 to 2016 for each retirement plan are listed below:

	2015	2016
PERS 1	.012596%	.012696%
PER 2/3	.015484%	.016267%
TRS 1	.000760%	.000931%
TRS 2/3	.000812%	.000940%

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014 with the results rolled forward to the June 30, 2015 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

- Economic Inflation 3.00%

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

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent, the same as the prior measurement date. 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 7.70 percent long-term discount rate to determine funding liabilities for calculating future contributions rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test.

Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including TRS Plan 2/3, whose rates include a component for the TRS 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 7.50 percent on pension plan investments was applied to determine the total pension liability.

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

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

Pension Plan	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
PERS Plan 1	\$ 822,224	\$ 681,031	\$ 561,021
PERS Plan 2/3	\$ 1,507,983	\$ 819,031	\$ (426,353)
TRS Plan 1	\$ 39,075	\$ 31,787	\$ 25,508
TRS Plan 2/3	\$ 29,215	\$ 12,909	\$ (14,996)

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

The following represent the components of the College’s deferred outflows and inflows of resources as reflected on the Statement of Net Position, for the year ended June 30, 2017:

	PERS 1		PERS 2/3	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience			\$ 43,613	\$ 27,038
Difference between expected and actual earnings of pension plan investments	\$ 17,168	\$ -	100,226	
Changes in actuarial assumptions			8,465	
Changes in College's proportionate share of pension liabilities			24,706	31,982
Deferred outflows - FY16 contributions	68,988		90,605	
Total deferred outflows and inflows per plan	<u>\$ 86,156</u>	<u>\$ -</u>	<u>\$ 267,615</u>	<u>\$ 59,020</u>

	TRS 1		TRS 2/3	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience			977	573
Difference between expected and actual earnings of pension plan investments	\$ 1,008	\$ -	\$ 2,078	\$ -
Changes in actuarial assumptions			131	
Changes in College's proportionate share of pension liabilities			6,580	1,594
Deferred outflows - FY16 contributions	7,414		7,924	
Total deferred outflows and inflows per plan	<u>\$ 8,422</u>	<u>\$ -</u>	<u>\$ 17,690</u>	<u>\$ 2,167</u>

The \$174,931 reported as deferred outflows of resources represent contributions the College made subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2018.

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

	PERS 1**	PERS 2/3	TRS 1**	TRS 2/3	Total
2018	(4,227)	(9,299)	(261)	1,166	(12,621)
2019	(4,227)	(3,620)	(261)	1,166	(6,942)
2020	15,767	81,864	943	3,153	101,726
2021	9,855	49,045	586	2,058	61,544
2022	-	-	-	58	58
Total	\$ 17,168	\$ 117,990	\$ 1,008	\$ 7,600	143,765

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

Plan Description.

The State Board Retirement Plan is a privately administered single-employer defined contribution plans with a supplemental defined benefit plan component which guarantees a minimum retirement benefit based upon a one-time calculation at each employee's retirement date. The supplemental component is financed on a pay-as-you-go basis. Cascadia College participates in this plan as authorized by chapter 28B.10 RCW, the plans cover faculty and other positions as designated by each participating employer. State Board makes direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals, no assets are accumulated in trusts or equivalent arrangements.

Contributions. Contribution rates for the SBRP (TIAA-CREF), which are based upon age, are 5%, 7.5% or 10% of salary and are matched by the College. Employee and employer contributions for the year ended June 30, 2017 were \$805,801 and \$811,801 respectively.

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

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

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

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

The SBRP supplemental pension benefits are unfunded. For the year ended June 30, 2017, supplemental benefits were paid by the SBCTC on behalf of the College in the amount of

\$902,000. The College's share of this amount was \$15,296. In 2012, legislation (RCW 28B.10.423) was passed requiring colleges to pay into a Supplemental Benefit Fund managed by the State Investment Board, for the purpose of funding future benefit obligations. During FY 2017, the College paid into this fund at a rate of 0.5% of covered salaries, totaling \$48,988. This amount was not used as a part of GASB73 calculations its status as an asset has not been determined by the Legislature. As of June 30, 2017, the Community and Technical College system accounted for \$13,280,149.81 of the fund balance.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, with the results rolled forward to the June 30, 2017, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	3.50% - 4.25%
Fixed Income and Variable Income Investment Returns	4.25%-6.25%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most actuarial assumptions used in the June 30, 2016, valuation were based on the results of the April 2016 Supplemental Plan Experience Study. Additional assumptions related to the fixed income and variable income investments were based on feedback from financial administrators of the Higher Education Supplemental Retirement Plans.

Material assumption changes during the measurement period include the discount rate increase from 2.85 percent to 3.58 percent and the variable income investment return assumption dropping from 6.75 percent to 6.25 percent.

Discount Rate

The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 3.58 percent for the June 30, 2017, measurement date.

Pension Expense

For the year ended June 30, 2017, Cascadia College reported \$81,583 for pension expense in the Higher Education Supplemental Retirement Plans.

Proportionate Shares of Pension Liabilities

The College's proportionate share of pension liabilities for fiscal year ending June 30, 2017 was 1.69575%. The College's proportion of the net pension liability was based on a projection of the

College's long-term share of contributions to the pension plan to the projected contributions of all participating College's, actuarially determined.

Plan Membership

Membership of the State Board Supplemental Retirement Plans consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Plan	Inactive Members (or	Inactive Members	Active	Total
	Beneficiaries)	Entitled To But		
	Currently Receiving	Not Yet Receiving	Members	Members
	Benefits	Benefits		
Cascadia College	2	0	94	96

Change in Total Pension Liability/ (Asset)

The following table presents the change in total pension liability/(asset) of Higher Education Supplemental Retirement Plans at June 30, 2017, the latest measurement date for all plans.

Change in total Pension Liability/(Asset)	
Total Pension Liability	Amount
Service cost	\$ 91,859
Interest	59,589
Changes of benefit terms	0
Differences between expected and actual experience	(429,636)
Changes of assumptions	(101,406)
Benefit payments	(15,296)
Other	-
Net Change in total liability	(394,890)
Total Pension Liability - Beginning	2,006,704
total Pension Liability - Ending (a)	<u>\$ 1,611,814</u>

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

The following table presents the total pension liability/(asset), calculated using the discount rate of 3.58 percent, as well as what the employers' total pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current.

	Current		
Pension Liability/(Asset)	1% Decrease	Discount Rate	1% Increase
Cascadia College	\$ 1,851,746	\$ 1,611,814	\$ 1,413,105

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

At June 30, 2017, the Higher Education Supplemental Retirement Plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Cascadia College		
Difference between expected and actual experience	\$ -	\$ 373,117
Change in assumptions		88,060
Transactions subsequent to the measurement date		-
Total	\$ -	\$ 461,177

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

Cascadia College	
2018	(69,882)
2019	(69,882)
2020	(69,882)
2021	(69,882)
2022	(111,258)
Thereafter	(390,786)

D. Defined Contribution Plans

Public Employees' Retirement System Plan 3

The Public Employees' Retirement System (PERS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS).

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range

from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the retirement strategy fund that assumes the member will retire at age 65.

Members in PERS Plan 3 are immediately vested in the defined contribution portion of their plan, and can elect to withdraw total employee contributions, adjusted by earnings and losses from investments of those contributions, upon separation from PERS-covered employment.

Teachers' Retirement System Plan 3

The Teachers' Retirement System (TRS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS). Refer Note 11.B for TRS Plan descriptions.

TRS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of TRS Plan 3.

TRS Plan 3 defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, TRS Plan 3 contributions are invested in the retirement strategy fund that assumes the member will retire at age 65.

Members in TRS Plan 3 are immediately vested in the defined contribution portion of their plan, and can elect to withdraw total employee contributions, adjusted by earnings and losses from investments of those contributions, upon separation from TRS-covered employment.

Washington State Deferred Compensation Program

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

15. Other Post-Employment Benefits

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

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

The actuary allocated the statewide disclosure information to the community and technical college system level. The SBCTC further allocated these amounts among the colleges. The College's share of the GASB 45 actuarially accrued liability (AAL) is \$6,994,363, with an annual required contribution (ARC) of \$630,206. The ARC represents the amortization of the liability for FY 2017 plus the current expense for active employees, which is reduced by the current contributions of approximately \$135,218. The College's net OPEB obligation at June 30, 2017 was approximately \$1,843,584. This amount is not included in the College's financial statements.

The College paid \$2,166,653 for healthcare expenses in 2017, which included its pay-as-you-go portion of the OPEB liability.

16. Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2017.

Expenses by Functional Classification

Instruction	\$	11,172,475
Academic support services		3,471,590
Student services		2,709,538
Institutional support		4,644,261
Operations and maintenance of plant		4,691,180
Auxiliary enterprises		617,522
Student financial aid		1,086,490
Scholarships and other student financial aid		100,307
Other expenses		27,722
Depreciation		2,597,124
Total operating expenses	\$	31,118,209

17. Commitments and Contingencies

There is a class action filed against the State of Washington on behalf of certain employees alleging improper denial of healthcare benefits. Although the College has not been named as a defendant in the lawsuit, some of the class members are current or former employees of the College. Potentially, the state could assess the College with a material share of any amount paid in the event of a settlement or judgment. Due to the status of the lawsuit, the impact upon the College cannot be assessed with reasonable certainty at present.

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

Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans

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

Schedule of Cascadia College's Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 1 Measurement Date of June 30						
Fiscal Year	College's proportion of the net pension liability	College's proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability	
2014	0.013301%	\$ 670,044	\$ 1,413,250	47.41%	61.19%	
2015	0.012596%	\$ 658,888	\$ 1,414,377	46.59%	59.10%	
2016	0.012696%	\$ 681,835	\$ 1,515,129	45.00%	57.03%	
2017	0.011323%	\$ 537,275	\$ 1,434,545	37.45%	61.24%	
2018						
2019						
2020						
2021						
2022						
2023						

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

Cost Sharing Employer Plans

Schedules of Cascadia College’s Proportionate Share of the Net Pension Liability

Schedule of Cascadia College's Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 2/3 Measurement Date of June 30						
Fiscal Year	College's proportion of the net pension liability	College's proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability	
2014	0.016142%	\$ 326,288	\$ 1,376,496	23.70%	93.29%	
2015	0.015484%	\$ 553,252	\$ 1,384,905	39.95%	89.20%	
2016	0.016267%	\$ 819,031	\$ 1,515,129	54.06%	85.82%	
2017	0.014568%	\$ 506,183	\$ 1,434,545	35.29%	90.97%	
2018						
2019						
2020						
2021						
2022						
2023						

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

Cost Sharing Employer Plans

Schedules of Cascadia College’s Proportionate Share of the Net Pension Liability

Schedule of Cascadia College's Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 1 Measurement Date of June 30						
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability	
2014	0.000000%	\$ -	\$ -	0.00%	68.77%	
2015	0.000760%	\$ 24,078	\$ 39,680	60.68%	65.70%	
2016	0.000931%	\$ 31,787	\$ 44,065	72.14%	62.07%	
2017	0.002124%	\$ 64,227	\$ 119,328	53.82%	65.58%	
2018						
2019						
2020						
2021						
2022						
2023						

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

Cost Sharing Employer Plans

Schedules of Cascadia College’s Proportionate Share of the Net Pension Liability

Schedule of Cascadia College's Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 2/3 Measurement Date of June 30						
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability	
2014	0.000000%	\$ -	\$ -	0.00%	96.81%	
2015	0.000812%	\$ 6,852	\$ 39,679	17.27%	92.48%	
2016	0.000940%	\$ 12,909	\$ 44,065	29.30%	88.72%	
2017	0.002176%	\$ 20,086	\$ 119,328	16.83%	93.14%	
2018						
2019						
2020						
2021						
2022						
2023						

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

Pension Plan Information

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2014	\$ 58,878	\$ 58,878	\$ -	\$ 1,413,250	4.17%	
2015	\$ 57,894	\$ 57,894	\$ -	\$ 1,414,377	4.09%	
2016	\$ 71,999	\$ 71,999	\$ -	\$ 1,515,129	4.75%	
2017	\$ 68,109	\$ 68,109	\$ -	\$ 1,434,545	4.75%	
2018						
2019						
2020						
2021						
2022						
2023						

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2014	\$ 68,189	\$ 68,189	\$ -	\$ 1,376,496	4.95%	
2015	\$ 68,972	\$ 68,972	\$ -	\$ 1,384,905	4.98%	
2016	\$ 93,909	\$ 93,909	\$ -	\$ 1,515,129	6.20%	
2017	\$ 88,982	\$ 88,982	\$ -	\$ 1,434,545	6.20%	
2018						
2019						
2020						
2021						
2022						
2023						

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 1 Fiscal Year Ended June 30							
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll		
2014	\$ -	\$ -	\$ -	\$ -	0.00%		
2015	\$ 1,701	\$ 1,701	\$ -	\$ 39,680	4.29%		
2016	\$ 2,830	\$ 2,830	\$ -	\$ 44,065	6.42%		
2017	\$ 7,434	\$ 7,434	\$ -	\$ 119,328	6.23%		
2018							
2019							
2020							
2021							
2022							
2023							

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 2/3 Fiscal Year Ended June 30							
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll		
2014	\$ -	\$ -	\$ -	\$ -	0.00%		
2015	\$ 2,158	\$ 2,158	\$ -	\$ 39,680	5.44%		
2016	\$ 3,069	\$ 3,069	\$ -	\$ 44,065	6.97%		
2017	\$ 8,019	\$ 8,019	\$ -	\$ 119,328	6.72%		
2018							
2019							
2020							
2021							
2022							
2023							

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

State Board Supplemental Defined Benefit Plans

Schedule of Changes in the Total Pension Liability and Related Ratios Cascadia College Fiscal Year Ended June 30 <i>(expressed in thousands)</i>	
	2017
Total Pension Liability	
Service Cost	\$ 91,859
Interest	59,589
Changes of benefit terms	-
Differences between expected and actual experience	(429,636)
Changes of assumptions	(101,406)
Benefit Payments	(15,296)
Other	-
Net Change in Total Pension Liability	(394,890)
Total Pension Liability - Beginning	2,006,704
Total Pension Liability - Ending	\$ 1,611,814
College's Proportion of the Pension Liability	0.016958%
Covered-employee payroll	\$ 9,799,143
Total Pension Liability as a percentage of covered-employee payroll	0.164485159

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

State Board Supplemental Defined Benefit Plans
Notes to Required Supplementary Information

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

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov

Cascadia College Board of Trustees

Information Items

Subject: Investment Analysis

Background

Prior to 2014 the College invested its funds in the Local Government Investment Pool (LGIP) which is facilitated by the State of Washington.

The LGIP has the advantage of being very liquid (funds can be accessed on demand without penalty), however, the returns on the LGIP were very low in 2014.

The Board of Trustees accordingly authorized the Vice President of Administrative Services and the Finance Director to open an investment account and execute investment agreements and contracts through that account on behalf of the College.

The goal was to enable the College to realize higher returns on its funds by investing in other low risk financial vehicles as authorized by law.

This agenda item updates the Board on the results of its decision.

Investment Analysis

The table below shows that the Board's action in 2014 resulted in a financial benefit of \$180,255 to the College through 2017:

Year	Investment	Bond Yield	LGIP Yield	Gain
2014	4,986,339	1.472%	0.09%	68,886
2015	4,989,577	1.447%	0.16%	64,208
2016	4,646,148	1.138%	0.46%	31,483
2017	5,542,923	1.243%	0.96%	15,678
Total				180,255

Terence Hsaio, VP of Administrative Services will be available to answer any questions the Board may have on this item.

Cascadia College Board of Trustees

Discussion/Presentation Items

Subject: Strategic Plan Deep Dive: Theme IV: Assessment Student Success 4C-2
Maintaining High Success Rates in Gatekeeper Courses.

Background

To continue to keep the Board apprised of the work being done on our Strategic Plan the administration will update the Board this month on 4C-2 Maintaining High Success Rates in Gatekeeper Courses.

Discussion

Dr. Rosemary Sutton, VP of Student Learning will be available to answer any questions the Board may have on this item.

Cascadia College Board of Trustees

Discussion/Presentation Items

Subject: MOBAS

Background

The administration will update the Board on the status of the development and implementation of the MOBAS – Information Technology – Application Development degree.

Discussion

Dr. Rosemary Sutton, VP of Student Learning & Success will be available to answer any questions the Board may have on this item.

Cascadia College Board of Trustees

Discussion/Presentation Items

Subject: 2018-2019 ASCCC Budget (1st Read)

Background

The Services and Activities (S&A) Budget Committee facilitated an open process whereby student clubs and college departments could request funding for the 2018-19 academic year. The process included completing a detailed application and meeting with the S&A Budget Committee to present their request.

The projected S&A budget for the 2018-2019 academic year is \$628,310. Budget proposals totaled \$672,328.94, requiring \$44,018.94 be removed to meet the target budget. The S&A Budget Committee provided recommendations to the Cascadia Student Government regarding allocations.

Per their recommendations, CSG has provided the attached spreadsheet showing requests and allocations.

Significant budget lines to note:

- Campus Sustainability Coordinator – This will provide an opportunity for a senior year BASSP student to work on campus sustainability projects and initiatives preparing them for the workforce after graduation.
- Food Pantry Program – This will provide resources for lower income students to have access to healthy and fresh food options. It will also teach all students how to cook on a budget and will provide basic recipes.
- Recreation & Intramurals – This program started in Spring 2018 and provides access for all Cascadia students to utilize the UWB outdoor recreation spaces and actively participate in the UWB intramural program. The S&A Budget Committee believes in the value of maintaining student health and wellbeing and wants to see student data regarding usage for one more year.

The 2018-2019 ASCC Budget Request will be brought forward for approval at the June 13th Board meeting.

Discussion

Joo Hye Kim, CSG Director of Budget & Finance, Cassie Rudolph, CSG President and Becky Riopel, Director of Student Life will be available to answer any questions the Board may have on this item.

	14-15 Request	16-17 Request	16-17 Approved	17-18 Request	17-18 Proposed	18-19 Request	18-19 Proposed
Campus Sustainability Coor.						\$ 4,488.00	\$ 4,488.00
Cascadia Activities Board	\$64,500.00	\$ 62,000.00	\$ 60,000.00	\$ 62,000.00	\$ 62,000.00	\$ 71,800.00	\$ 66,000.00
Cascadia Student Government	\$40,000.00	\$ 21,000.00	\$ 21,000.00	\$ 23,500.00	\$ 21,000.00	\$ 26,100.00	\$ 16,500.00
The "Center"	\$12,558.00	\$ 13,260.00	\$ 12,260.00	\$ 15,118.00	\$ 14,618.00	\$ 17,937.50	\$ 16,000.00
Club Council	\$35,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 23,000.00
Community Engagement Officer	\$1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 2,700.00	\$ 2,500.00	\$ 7,604.00	\$ 4,714.00
Contingency Fund	\$30,000.00	\$ 29,250.00	\$ 67,309.46	\$ 31,135.75	\$ 31,135.75	\$ 31,415.50	\$ 31,415.50
Food Pantry Program						\$ 41,228.00	\$ 40,000.00
Jumpstart Orientations	\$13,000.00	\$ 13,000.00	\$ 10,250.46	\$ 8,000.00	\$ 6,000.00	\$ 4,000.00	\$ 4,000.00
Math & Writing/Learning Center	\$56,713.00	\$ 22,971.00	\$ 11,485.50	\$ 21,450.00	\$ -		
MWC Supplemental Instructors		\$ 51,924.00	\$ 25,962.00	\$ 27,406.00	\$ -		
Recreation & Intramurals				\$ 65,261.00	\$ 65,261.00	\$ 60,000.00	\$ 50,000.00
Student Life Director	\$84,100.00	\$ 97,240.00	\$ 47,620.00	\$ 94,242.00	\$ 3,000.00		
Student Life Advisor	\$64,889.00	\$ 63,572.00	\$ 63,572.00	\$ 71,471.00	\$ 70,471.00	\$ 66,471.00	\$ 66,471.00
Student Life Assistant Director		\$ 81,572.00	\$ 81,572.00	\$ 81,488.00	\$ 80,488.00	\$ 76,488.00	\$ 76,488.00
Student Life Operations	\$142,968.20	\$ 161,325.39	\$ 159,325.39	\$ 185,890.75	\$ 183,890.75	\$ 184,796.94	\$ 180,339.00
Student Life Leadership & Civic Engagement				\$ 16,000.00	\$ 16,000.00	\$ 13,000.00	\$ 12,400.00
Student Life Professional Dev.						\$ 11,000.00	\$ 7,500.00
Student Life Speaker Series				\$ 45,000.00	\$ 30,000.00	\$ 20,000.00	\$ 19,000.00
Wetland Day	no request	\$ 1,150.00	\$ 900.00	\$ 1,000.00	\$ 850.00		
Yours Truly/ Creative Arts Club	\$18,500.00	\$ 10,000.00	\$ 9,500.00	\$ 11,000.00	\$ 10,500.00	\$ 11,000.00	\$ 10,000.00
	\$586,028.20	\$ 654,764.39	\$ 597,256.81	\$ 787,662.50	\$ 622,714.50	\$ 672,328.94	\$ 628,315.50
		\$585,000.00	\$585,000.00	\$622,715.00	\$622,715.00	\$628,310.00	\$628,310.00
		\$69,764.39	\$12,256.81	\$164,947.50	\$0.50	\$44,018.94	\$5.50
	current						

Cascadia College Board of Trustees

Discussion/Presentation Items

Subject: 2018-2019 College Operating Budget (1st Read)

Background

The proposed 2018-2019 College Operating Budget is attached for the first reading by the Board of Trustees. At its regular June 13th meeting the Board will be asked to approve the budget and grant the President authority to adjust the budget during the course of the year without additional approval from the Board, subject to maintenance of a Board Reserve of not less than 7% of total revenues and provision to the Board of quarterly budget updates.

Budget Assumptions

The 2018-2019 revenue budget is based on the SBCTC's estimated allocation of State funds, legislatively authorized tuition increases and the enrollment projections below:

Student Type	17-18 Actuals	18-19 Budget	Change
Academic Transfer	1,406	1,430	24
Pre-College	125	100	(25)
Workforce	150	130	(20)
Bachelor's	25	40	16
Basic Skills	153	162	9
Running Start	572	574	2
College International	273	274	1
ELP International	154	155	1
Total Enrollment	2,858	2,865	7

The budget assumes a Student/Faculty ratio of 23.1, the funding of employee steps, promotions, COLA's and other legally or contractually required expense changes. The College is still negotiating its Collective Bargaining Agreement (CBA) with the Cascadia Community College Federation of Teachers (CCCFT) and its Service Level Agreement (SLA) with UW Bothell with UWB. While neither of these negotiations have concluded, the budget incorporates expense assumptions that we believe are reasonable, given the status of those negotiations. Should those assumptions prove to be incorrect the budget will need to be adjusted to reflect the final outcome of the negotiations, both of which should be concluded by the beginning of June.

The proposed budget funds priorities identified through the budgeting process whereby all members of the college community have the opportunity to propose Action Plans that address areas of need. The Budget Proposal Committee evaluates and prioritizes proposed Action Plans. The E-Team bases its budget recommendations on what it has

learned through the deliberations of the Budget Proposal Committee. The President then seeks further feedback on the E-Team's recommendations from the campus community.

The following initiatives are recommended for on-going OPERATIONS funding in this budget. The items with an asterisk (*) also require one-time funding from RESERVES.

See the attached chart for Budget Council ranking and costs.

Disability Services Testing Area *

In order to meet increasing demands for appropriate testing and to remain compliant, the testing area must be expanded.

Cybersecurity Audit *

By law, the College is required to conduct an external information security audit every 3 years. This year the Payment Card Industry (PCI) imposed a new compliance standard for intrusion testing. This budget funds both the cost of the information security audit as well as the cost of complying with the new PCI standard.

Multi-Factor Authentication *

PCI has changed the requirement for accessing our financial systems. If we do not comply with these PCI requirements we are at risk of being unable to accept credit card payments for tuition etc. Multi-factor authentication is a security system that requires more than one method of authentication from independent categories of credentials to verify the user's identity for a login or other transaction. The budget will fund hardware, consulting and licensing and support costs associated with implementing multi-factor authentication.

Academic Advisor

Students rely upon advisors to help them plan their academic futures and resolve issues that arise during the course of the student's educational journey. This item converts multiple part-time positions into a full-time position.

Enrollment Services Customer Services Representative

Similarly, students rely on a "go to" front desk representative to meet their administrative needs. This item converts multiple positions into a full-time position.

Transcript Evaluation Service

This service allows multiple staff members to access the database that identifies course equivalents. It will assist in better advising.

Math Instruction - Full Time Faculty Conversion

This item converts multiple positions into a full-time position.

College 101 Improvement

Money is being set aside to hire a position that will not only teach with the College 101 discipline, but will have other administrative and/or teaching responsibilities. The position is still in the process of being designed.

Instructional and Classroom Support Technician

This support position will allow the college to increase enrollment in certain STEM classes by assisting the full-time faculty.

Outreach and Recruiting

This item permanently allocates an increase in part-time student recruitment staff.

Faculty Council Support

This item allows part-time faculty to be paid for attending shared governance meetings.

Triple Sorting Bins & Mini-Max Bins *

This combination of containers will allow the college to more effectively recycle and compost.

Technology Accessibility

This will allow the college to have site licenses for two tools: a screen reader tool usable by any computer on campus, and a website testing tool for accessibility.

Discussion

The 2018-2019 College Operating Budget will be brought forward for approval at the June 13th Board meeting.

Terence Hsaio, VP of Administrative Services will be available to answer any questions the Board may have on this item.

2018-2019 Action Plans

FUNDED Action Plans	Ongoing	One Time	Tier	On-Going Total	Category
DSS testing		78,920	0	-	Compliance
IS Security Audits	7,000	35,000	0	7,000	Compliance
Multi-Factor Authentication Support	4,000	11,000	0	11,000	Compliance
Academic Advisor Conversion	49,930		1.1	60,930	Student Success
Enrollment Services CSS3 Conversion	44,430		1.2	105,360	Student Success
Transfer Evaluation Service	4,500		1.4	109,860	Student Success
Associate Faculty Conversion 1 - Math	35,220		1.4	145,080	Student Success
Associate Faculty Conversion2 - COLL 101	35,220		1.4	180,300	Student Success
Instruction & Classroom Support Technician	25,079		1.7	205,379	Enrollment
Outreach and Recruiting	15,600		1.7	220,979	Enrollment
Faculty Council Budget	3,900		1.8	224,879	Shared Governance
Triple Stations Across Campus		18,700	2.3	224,879	Sustainability
MiniMax Bins		1,125	2.3	224,879	Sustainability
Technology Accessibility Needs	15,000		2.3	239,879	Student Success
		144,745		239,879	

Cascadia College Board of Trustees

Action Items

Subject: Resolutions to Recognize Cascadia Student Government

Background

The following individuals have played a major role in the success of the Associated Students of Cascadia College and the Cascadia Student Government. In recognition of their accomplishments we have prepared resolutions to acknowledge their contributions to Cascadia College and their leadership roles:

1. Lucia Castro (Fall 2017 – Winter 2018)
2. Carlos Godina (Fall 2017 – Spring 2018)
3. Joo Hye Kim (Fall 2017 – Spring 2018)
4. Maria Martinez (Fall 2017 – Spring 2018)
5. Cassie Rudolph (Fall 2017 – Spring 2018)
6. Atlas Turner (Fall 2017 – Spring 2018)
7. Christina Zhang (Winter 2018 – Spring 2018)

Becky Riopel, Director of Student Life, will be available to answer any questions the Board may have on this item.

Recommendation

It is recommended that the Board of Trustees approve Student Resolutions 05-16-18-01 through 05-16-18-07.

Vote/Adoption:

Chair asks for motion: _____

Trustee makes the motion: _____

Trustee seconds the motion: _____

All in favor:

	Yes	No	Abstain
McDaniel			
Miller			
Kelly			
Hofmeister			
Captain			

Cascadia College Board of Trustees

Action Items

Subject: Tenure

Background

Dr. Eric Murray, President of Cascadia College, will present **five** third year candidates who are being considered for tenure. A brief biography of each candidate is noted below:

Dr. Soraya Cardenas – Sociology

Dr. Soraya Cardenas joined Cascadia College in fall of 2015. She received her doctorate from the University of Nebraska-Lincoln. Her specializations in Sociology include: Sustainability, Inequalities, and Society & Technology. While a graduate student, she received a Post Doctorate Fellowship from the University of Kansas, the prestigious Presidential Fellowship from the University of Nebraska and was the recipient of the Garcia-Robles Fulbright scholarship. While at the University of Maine at Fort Kent, she was awarded “Researcher of the Year,” and was later nominated for the state-wide Donald Harward Faculty Award for Service-Learning Excellence. Dr. Cardenas published a chapter in the anthology, *Systematic Crises of Global Climate Change*, and presented her paper, *Unraveling and Elusive Future: Social Inequality and Social Responsibility in the Tech Industry* at the Intelligent Systems Conference in London.

Ms. Emily Dvorak – English Language Program (ELP)

Ms. Emily Dvorak has a MEd in Curriculum and Instruction with a focus in Language, Literacy and Culture from the University of Washington and a BA in Applied Linguistics and a TESL Certificate from Trinity Western University. Ms. Dvorak has been a full-time faculty in the ELP at Cascadia College since 2015. Prior to joining Cascadia, she taught at Seattle Central College and Lake Washington Institute of Technology. Her international experiences include a year in the Philippines at the University of Santo Tomas as an English Language Fellow with the U.S. State Department. She also enjoyed previous teaching and research opportunities in China and India. Ms. Dvorak is always eager to learn more about other languages cultures, places, and people.

Dr. Abigail Lynam – Sustainable Practices

Dr. Abigail Lynam, faculty member in the Bachelor of Applied Science in Sustainable Practices program, has been teaching in social and ecological change leadership for the past fifteen years. She has a PhD in Sustainability Leadership from Prescott College, an MS from Antioch in Environmental Studies and a BS in Ecology from Western Washington University. Dr. Lynam is passionate about cultivating transformative leaders that have the skills and capacities to creatively address the complexity of sustainability challenges. She believes in the possibility of the reciprocal thriving of humanity and nature and that “sustainability is as much about the mindset through which the world is seen, as it is about the activities taken in support of it”. Dr. Lynam taught previously for Lesley University’s MS in Ecological Teaching and Learning, and their BS and MS in Environmental Studies through the field-based Audubon Expedition Institute, teaching semesters in the Pacific Northwest, Alaska, Hawaii, and Mexico. She also taught for the University of Massachusetts Integral Sustainability in India Program.

Dr. Jeffrey Stephens – Chemistry

Dr. Jeffrey Stephens earned a Bachelor of Arts degree in Chemistry and Mathematics from Southwest Minnesota State University and a Ph.D. in Chemistry from the University of Montana. He joined the Full-time Chemistry Faculty at Cascadia College after doing research at the University of Washington, teaching chemistry and biochemistry at Seattle University, and working as an executive in the biofuels

industry. Dr. Stephens works to enable students to become self-learners by enhancing their process skills through active learning exercises.

Ms. Debra Waddell – Communications

Ms. Debra Waddell holds a Master’s Degree in Speech Communication with an emphasis in Intercultural Communication from the California State University at Fullerton, and a Bachelor’s Degree in Economics from the University of California at Riverside. Before Ms. Waddell joined Cascadia College as a full time faculty member, she taught a variety of courses such as Public Speaking, Communication for Social Change, and Interpersonal Communication at Shoreline Community College, California State University San Bernardino, and at California State University Fullerton. Ms. Waddell has a background in business and industry, has designed and taught Communication for Groups and Teams through the Oregon Institute of Technology at Boeing, and has designed and facilitated trainings for Evergreen Hospice on diversity and end-of-life care. A member of several professional associations, she is Communications Director for the Community College group for the Western States Communication Association. Ms. Waddell’s areas of academic interest include advocacy, intercultural competence, health communication, and interpersonal conflict. When she is not working with students in the classroom she is rowing, hiking, reading, and visiting with family.

Recommendations

The Board of Trustees will take action on ***four*** third year candidates eligible for tenure and ***one*** third year candidate eligible for permanent status.

Note: Permanent Status is the same as Tenure in all but name. It follows the same process and has the same status upon completion. It is only called “Permanent Status” because the position is in ELP, which, as a self-supporting program rather than a state-supported one, is not permitted by statute to have Tenure.

1. Dr. Soraya Cardenas – Sociology

After having given reasonable consideration to the recommendations of the Tenure Review Committee and the District President, the Board of Trustees grants tenure to Dr. Soraya Cardenas at Cascadia College:

Chair asks for motion: _____

Trustee makes the motion: _____

Trustee seconds the motion: _____

All in favor:

	Yes	No	Abstain
McDaniel			
Miller			
Kelly			
Hofmeister			
Captain			

Now the Board will read a Tenure Resolution Commending Dr. Cardenas.

2. Ms. Emily Dvorak – English Language Program (ELP)

After having given reasonable consideration to the recommendations of the Tenure Review Committee and the District President, the Board of Trustees grants permanent status to Ms. Emily Dvorak at Cascadia College:

Chair asks for motion: _____

Trustee makes the motion: _____

Trustee seconds the motion: _____

All in favor:

	Yes	No	Abstain
McDaniel			
Miller			
Kelly			
Hofmeister			
Captain			

Now the Board will read a Permanent Status Resolution Commending Ms. Dvorak.

3. Dr. Abigail Lynam – Sustainable Practices

After having given reasonable consideration to the recommendations of the Tenure Review Committee and the District President, the Board of Trustees grants tenure to Dr. Abigail Lynam at Cascadia College:

Chair asks for motion: _____

Trustee makes the motion: _____

Trustee seconds the motion: _____

All in favor:

	Yes	No	Abstain
McDaniel			
Miller			
Kelly			
Hofmeister			
Captain			

Now the Board will read a Tenure Resolution Commending Dr. Lynam.

4. Dr. Jeffrey Stephens – Chemistry

After having given reasonable consideration to the recommendations of the Tenure Review Committee and the District President, the Board of Trustees grants tenure to Dr. Jeffrey Stephens at Cascadia College:

Chair asks for motion: _____

Trustee makes the motion: _____

Trustee seconds the motion: _____

All in favor:

	Yes	No	Abstain
McDaniel			
Miller			
Kelly			
Hofmeister			
Captain			

Now the Board will read a Tenure Resolution Commending Dr. Stephens.

5. Ms. Debra Waddell – Communications

After having given reasonable consideration to the recommendations of the Tenure Review Committee and the District President, the Board of Trustees grants tenure to Ms. Debra Waddell at Cascadia College:

Chair asks for motion: _____

Trustee makes the motion: _____

Trustee seconds the motion: _____

All in favor:

	Yes	No	Abstain
McDaniel			
Miller			
Kelly			
Hofmeister			
Captain			

Now the Board will read a Tenure Resolution Commending Ms. Waddell.

CONGRATULATIONS TO CASCADIA COLLEGES' FIVE NEWLY TENURED FACULTY MEMBERS!

Cascadia College Board of Trustees

Action Items

Subject: WAC Revisions – Chapter 132Z-276 – Access to Public Records (2nd Read/Action)

Background

ESHB 1594 and EHB 1595, passed in the 2017 legislative session, reset the authority for state agencies to charge for costs associated with producing records in response to a public records requests. The legislation authorized agencies to:

- Establish the actual costs for photocopies and electronically produced copies, pursuant to a study, notice and a public hearing, or
- Charge according to a default fee schedule established in statute, upon enacting a rule declaring reasons why establishing actual costs is unduly burdensome, or
- Charge a flat fee of \$2.00 per request

With the assistance of Alan Smith, AAG, Vicki Newton, Rules Coordinator filed the CR-102 form to update Cascadia College’s public records rules under Chapter 132Z-276. Attached is a summary of ESHB 1594 and EHB 1595, along with track changes for Chapter 132A-276 that were sent to the Code Revisers’ Office.

A public hearing on the proposed rules was held at 1:30 p.m., Friday, April 27th, in CC1-250. No additional comments and/or edits were brought forth in the Public Hearing.

Recommendation

It is recommended that the Board of Trustees approve the WAC Revisions – Chapter 132Z-276 – Access to Public Records (copy attached)

Vote/Adoption:

Chair asks for motion: _____

Trustee makes the motion: _____

Trustee seconds the motion: _____

All in favor:

	Yes	No	Abstain
McDaniel			
Miller			
Kelly			
Hofmeister			
Captain			

Chapter 132Z-276
ACCESS TO PUBLIC RECORDS

132Z-276-010
Purpose.

The purpose of this chapter is to provide for public access to existing, identifiable, nonexempt public records of Cascadia College in accordance with the Public Records Act, chapter 42.56 RCW.

132Z-276-020
Definitions.

(1) **Public record.** The term “public record” and other terms defined in the Public Records Act shall have the same meaning in this chapter that they have under the Public Records Act.

(2) **Public records act.** References in this chapter to the “Public Records Act” are to chapter 42.56 RCW.

(3) **Requestor.** A “requestor” is any person or entity requesting public records of the college pursuant to the Public Records Act.

(4) **College.** The term “college” means Cascadia College District No. 30.

132Z-276-030
Description of the college.

(1) **Mission—Governance.** Cascadia College is a public institution of higher education established under chapter 28B.50 RCW as a community college offering academic and professional programs leading to the associate and applied baccalaureate degrees. The college is governed by a board of trustees appointed by the governor. The board appoints a president who serves as the chief executive officer responsible for the administration of the college.

(2) **College campus.** The campus of Cascadia College is located at 18345 Campus Way NE, Bothell, Washington 98011. The college is collocated with the Bothell campus of the University of Washington. Cascadia College District No. 30 encompasses the boundaries of the common school districts of Lake Washington and Riverview in King county and Northshore in King and Snohomish counties.

(3) **Policies and procedures.** College policies meeting the definition of a “rule” under the Administrative Procedure Act, chapter 34.05 RCW, are adopted by the board of trustees and published in Title 132Z of the Washington Administrative Code (WAC). Other college policies approved by the administration are published in college policies and procedures manuals.

(4) **Documents index.** As an institution of higher education, the college generally does not have occasion to issue nonexempt “final orders,” “declaratory orders,” “interpretive statements,” or “policy statements” as those terms are defined and used in the Public Records Act. The secretary of the college’s board of trustees does maintain and publish on the college web site a documents index of the board’s approved meeting agendas and minutes. Inquiries may be directed to the secretary of the board in the office of the president.

(5) **College web site.** The [college’s official web site](#), provides general information about the college and its governing board, administration, educational programs, and policies and procedures. Persons seeking public records of the college are encouraged to view the records available on the web site prior to submitting a records request.

132Z-276-040
Public records officer.

(1) **Designation.** A public records officer designated by the college shall be responsible for responding to public records requests in accordance with the provisions of this chapter and applicable provisions of the Public

Records Act, chapter 42.56 RCW. The duties of the public records officer under this chapter may be delegated to one or more public records assistants designated by the college.

(2) **Duties.** The public records officer shall oversee the college's compliance with the Public Records Act. The records officer (or designee) and the college are responsible for providing the fullest assistance to requestors of public records, for ensuring that public records are protected from damage or disorganization, and for preventing records requests from excessively interfering with essential institutional functions or unreasonably disrupting the operations of the college. The college may take reasonable precautions to prevent a requestor from being unreasonably disruptive or disrespectful to college staff.

(3) **Records office.** Inquiries regarding public records of the college may be addressed to the public records officer at the following office address:

Public Records Officer
Cascadia College
18345 Campus Way NE
Bothell, Washington 98011
425-352-8810
publicrecords@cascadia.edu

(4) **Office hours.** The regular office hours of the public records office are from 8:00 a.m. to noon and from 1:00 p.m. to 5:00 p.m., Monday through Friday, excluding legal holidays.

132Z-276-050

Requests for public records.

(1) **Written requests preferred.** Requests for public records of the college may be addressed to the public records officer at the address given in WAC 132Z-276-040. The college encourages, but does not require, requestors to use the public records request form made available by the public records office on the college web site (www.cascadia.edu/publicrecord). Requests made orally, whether by phone or in person, may be confirmed in writing by the public records officer.

(2) **Contents of records requests.** A request for public records must include the following information:

(a) the name and contact information of the person requesting the records;

(b) the requestor's mailing address, which may be an electronic mail address;

(c) the date and time of the request;

(d) a description of the requested records that is sufficiently detailed to enable the public records officer to identify and locate the records; and

(e) a statement indicating whether the requestor wishes to inspect the records or to receive copies of the records in paper or electronic form.

(3) **Lists of individuals for commercial purposes.** State agencies and institutions are not permitted to provide lists of individuals for commercial purposes. A request for lists of individuals must be accompanied by the requestor's signed declaration that the list will not be used for commercial purposes. The public records officer may inquire as to the requestor's intended use of the list and may deny the request if it is evident from the request that the list will be used for a commercial purpose.

(4) **Assistance in identifying records.** The public records officer may assist requestors in identifying the specific records sought by the requestor. With limited exceptions, a requestor may not be required to state the purpose of the request. However, the records officer may ask the purpose of the request if such inquiry will assist in identifying the records requested.

132Z-276-060

Processing of records requests.

(1) **Applicable law.** Requests for public records will be processed in accordance with these rules and applicable provisions of the Public Records Act, chapter 42.56 RCW. Guidance concerning the application of these rules may be found in the advisory model rules adopted by the attorney general under chapter 44-14 WAC.

(2) **Prioritizing of requests.** Public records requests generally will be processed in the order in which they are received by the records office and within the staffing limitations of the office. However, the records office may expedite requests for a single record or for only a few records, if such records are easily identifiable and can be readily retrieved. The records office may ask, but not require, a requestor to prioritize the records the requestor is seeking.

(3) **Clarification of requests.** The public records officer may request clarification of a records request in accordance with applicable provisions of the Public Records Act. The requestor must respond to the request for clarification within thirty days of the request.

(4) **Providing records by installment.** If a requestor submits multiple records requests, or if a request seeks a large number of records or many different types of records, the public records officer may provide access to the records in installments in accordance with applicable provisions of the Public Records Act.

(4) **Denial of bot requests.** The public records officer may deny a bot request as defined under the Public Records Act, RCW 42.56.080(3), if responding to the multiple requests would cause excessive interference with other essential functions of the college and the records officer reasonably believes the request was automatically generated by a computer program or script.

(5) **Closure of Requests.** When the requestor either withdraws the request, or fails to clarify an entirely unclear request, or fails to fulfill the requestor's obligations to inspect records, pay the deposit, pay the required fees for an installment, or make final payment for the requested copies, the public records officer will close the request and notify the requestor that the request has been closed.

132Z-276-070

Records exempt from inspection or copying.

(1) **Public records act exemptions.** The Public Records Act, chapter 42.56 RCW, exempts from inspection or copying certain categories of records as set forth in the Public Records Act or under other statutes. The public records officer will disclose the existence of exempt records as required by law, but will deny the inspection or copying of such records to the extent that the records are exempt from inspection or copying under the Public Records Act or other applicable law.

(2) **Commonly applied exemptions.** The public records office maintains a list explaining the exemptions most commonly applied by the college in processing requests for public records. A copy of the list can be requested from the public records officer and will typically be provided by the records officer in responding to a request for records that are determined in whole or in part to be exempt from inspection or copying.

(3) **Determining applicable exemptions.** The public records officer may seek information from the requestor sufficient to determine whether another statute prohibits disclosure of the requested records. For example, student education records generally may not be disclosed to third parties without the student's written consent.

132Z-276-080

Public records available for inspection.

(1) **Scheduling of appointments.** Public records identified as responsive to a public records request may be made available for inspection and copying during regular office hours by scheduling an appointment with the public records officer. The requestor must review the assembled records, or installment of records, within thirty days of being notified that the records are available for review. The records officer will notify the requestor in

writing of this requirement and will ask the requestor to contact the records office to make arrangements to claim or review the records. If the requestor or a representative of the requestor fails to claim or review the records within the thirty-day period or make other arrangements, the college may close the request.

(2) **Protection of records.** The public records officer will be responsible for providing full access to public records made available for inspection, for protecting the records from damage or disorganization, and for preventing excessive interference with essential college functions. Public records made available for inspection may not be removed from the office without the permission of the records officer.

(3) **Copying of records.** The public records officer will arrange for copying of any records designated by the requestor and will charge such copying fees as may apply under WAC 132Z-276-000.

132Z-276-090

Copying fees—Payments.

(1) **Fees and payment procedures.** The following copying fees and payment procedures apply to requests to the college under chapter 42.56 RCW received on or after the effective date of this section.

(2) **Inspection of records.** There is no fee for inspecting public records made available for inspection by the public records officer under WAC 132Z-276-080.

(3) **Actual costs not calculated.** Pursuant to RCW 42.56.120(2)(b), the college is not calculating all actual costs for copying records because to do so would be unduly burdensome for the following reasons: (a) The institution does not have the resources to conduct a study to determine all its actual copying costs; (b) to conduct such a study would interfere with other essential college functions; and (c) through the 2017 legislative process, the public and requestors have commented on and been informed of authorized fees and costs, including for electronic records, provided in RCW 42.56.120(2)(b) and (c), (3), and (4).

(4) **Default fees adopted.** The college will charge for copies of records pursuant to the default fees in RCW 42.56.120(2)(b) and (c). The college will charge for customized services pursuant to 42.56.120(3). Under RCW 42.56.130, the college may charge other copy fees authorized by statutes outside of chapter 42.56 RCW. The college may enter into an alternative fee agreement with a requestor under RCW 42.56.120(4). The charges for copying methods used by the college are summarized in the fee schedule available on the [college's web site](#).

(5) **Advanced payment required—Fee waivers.** Requestors are required to pay for copies in advance of receiving records or an installment of records. The records officer will notify the requestor when payment is due. Fee waivers are an exception and are available for some small requests under the following conditions.

(a) It is within the discretion of the public records officer to waive copying fees when: (i) all of the records responsive to an entire request are paper copies only and consist of twenty-five or fewer pages; or (ii) all of the records responsive to an entire request are electronic and can be provided in a single email with attachments of a size totaling no more than the equivalent of 100 printed pages. If that email for any reason is not deliverable, records will be provided through another means of delivery, and the requestor will be charged in accordance with this rule.

(b) Fee waivers are not applicable to records provided in installments.

(6) **Copying fee deposits.** The public records officer may require an advance deposit of ten percent of the estimated fees when the copying fees for an installment or an entire request, or customized service charge, exceed twenty-five dollars.

(7) **Payment method.** Payment should be made by credit or debit card or by check or money order payable to Cascadia College. The college prefers not to receive cash. Cash payments will be accepted if made in the exact amount.

(8) **Closure of request for nonpayment.** The college will close a request when a requestor fails by the payment date to pay in the manner prescribed for records, an installment of records, or a required deposit.

132Z-276-110

Review of denials of records requests.

(1) **Petition for internal administrative review.** A requestor who objects to the denial, or partial denial, of a records request may petition in writing to the public records officer for a review of that decision. The public records officer will promptly refer the petition to the office of the president. A senior administrator designated by the president will consider the petition and will render a decision within two business days following the initial receipt of the petition by the public records officer. The time for considering the petition may be extended by mutual agreement of the college and the requestor.

(2) **Review by attorney general's office.** A requestor who objects to the denial, or partial denial, of a records request may request the office of the attorney general to review the matter as provided in RCW 42.56.530 and WAC 44-06-160. Requests for attorney general review must be directed to Public Records Review, Office of the Attorney General, P.O. Box 40100, Olympia, WA 98504-0100.

(3) **Judicial review.** A requestor may obtain judicial review of denials of public records requests pursuant to RCW 42.56.550 at the conclusion of two business days after the initial denial regardless of any internal administrative review.

132Z-276-120

Court protection of public records.

(1) **Notifying interested persons.** The college, as required or permitted by law or contract, including any collective bargaining agreement, and in other appropriate circumstances, may notify persons named in a public record, or to whom the record specifically pertains, that release of the record has been requested and that such persons may apply to the superior court for a protective order under RCW 42.56.540.

(2) **Applying for court protection.** The college in appropriate circumstances may apply to the superior court for a protective order enjoining the examination of any specific public record in accordance with the procedures under RCW 42.56.540. Nothing in this chapter shall be construed as either requiring or prohibiting the college's application to the court for such an order.

AAG DRAFT 09.07.17; Rev. 11.14.17, 03.15.18, 05.07.18



Cascadia Community College Federation of Teachers

Local 6191, AFT

Report to the Board of Trustees

Cascadia College

Meeting Date: May 2018

❖ **Contract Negotiations Continued**

Contract talks for our 2018-2021 Collective Bargaining Agreement continue.

We continue to make steady progress, using our Interest-Based Bargaining Model.

Currently, our final bargaining session is scheduled for May 17; we hope to be able to submit a proposed CBA to membership for ratification soon afterwards.

Thank you,

David Shapiro, Tenured Founding Faculty

Cascadia College Board of Trustees
Student *Report to the Board of Trustees*
Meeting Date: May 2018

Subject: Cascadia Student Government (CSG) Report

No report was submitted from CSG this month.



Washington Public Employees Association

UFCW Local 365

Report to the Board of Trustees

Cascadia College

Meeting Date: May 2018

- Nothing to report this month.

Thank you,

Marah Selves, Administrative Services Manager