PENINSULA COLLEGE

Clallam and Jefferson County, Washington

2015 Financial Report

Fiscal Year Ended June 30, 2015

Education Opportunity Enrichment

2015
Financial Report

Table of Contents

Board of Trustees and Administrative Officers

Executive Officers

Dr. Luke Robins, President

Ms. Deborah Frazier, Vice President for Finance and Administration

Dr. Sharon Buck, Vice President for Instruction

Mr. Jack Huls, Vice President for Student Services

Trustees and Officer list effective as of April 30, 2016

Independent Auditor's Report on Financial Statements

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Peninsula College
July 1, 2014 through June 30, 2015

Board of Trustees
Peninsula College
Port Angeles, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the Peninsula College, Clallam County, Washington, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 Peninsula College, as of June 30, 2015, 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 the Peninsula 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, 2015, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension plan information 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

Washington State Auditor's Office

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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements as a whole. The listing of Board of Trustees and Administrative Officers is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2016 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.

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

August 24, 2016

Management's Discussion and Analysis

Peninsula College

The following discussion and analysis provides an overview of the financial position and activities of Peninsula College (the College) for the fiscal year ended June 30, 2015 (FY 2015). This overview provides readers with an 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

Peninsula College is one of thirty public community and technical college districts in the state of Washington, providing comprehensive, open-door academic programs, workforce education, basic education for adults and community service educational programs. Established in 1961, Peninsula College's mission is to provide education opportunities in the areas of academic transfer, professional/technical, adult basic education and continuing education. The College also contributes to the cultural and economic enrichment of Clallam and Jefferson Counties. The College confers applied baccalaureate degrees, associates degrees, certificates and high school diplomas. 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.

The College's service district comprises roughly 100,000 people, including several Native American tribes. More than 4,901 individuals were served in academic year 2014-2015. The College's main campus is located in Port Angeles, Washington, a community of about 19,140 residents. The College has campuses in Forks and Port Townsend and offers services at many locations across the district. The College is currently renovating Building 202 at Fort Worden to provide a responsive, instructional environment for higher education. The space will include four general classrooms, science classroom, studio/art room, learning lab, workforce training room, student study space, reception and advising areas as well as faculty offices.

Using the Financial Statements

The College's financial statements include the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the College as of June 30, 2015. 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 fiscal year. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess the College's financial health.

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

During 2015, the College adopted GASB Statement No. 68, as amended by GASB Statement No. 71. These statements require the College to record its proportionate share of net pension liabilities, deferred outflows and inflows by restating its 2014 net position, pension liabilities and deferral of resources as a change in accounting principle. For the purposes of this analysis, the restatement of the 2014 net position was made to conform to 2015 presentation. The change in accounting principle resulted in a reduction to unrestricted net position in the amount of $2,433,785. This decrease along with a minor prior period depreciation adjustment resulted in the restatement of net position to a beginning balance of $74,483,417 on July 1, 2015.

Statement of Net Position
The Statement of Net Position provides information about the College's financial position, and presents the College's assets, liabilities, deferrals and net position at year-end. A condensed comparison of the Statement of Net Position is as follows:

Condensed Statement of Net Position As of June 30th		FY 2015		FY 2014
Assets				
Current Assets		11,378,164		10,068,349
Capital Assets, net		72,879,100		73,047,396
Total Assets	**$**	**84,257,264**	**$**	**83,115,745**
Deferred Outflows Related to Pensions	**$**	**339,983**	**$**	**246,475**
Liabilities				
Current Liabilities		1,918,435		1,773,463
Other Liabilities, non-current		6,095,715		7,105,340
Total Liabilities	**$**	**8,014,150**	**$**	**8,878,803**
Deferred Inflows Related to Pensions	**$**	**792,668**	**$**	**-**
Net Position, as restated	**$**	**75,790,429**	**$**	**74,483,417**

Current assets consist primarily of cash, investments, various accounts receivables and inventories. The increase in current assets in FY 2015 can be attributed to a new receivable related to renovation of the Fort Worden Building, an increase in cash and cash equivalents and a slight increase in inventory held in the College bookstore.

Net capital assets decreased by $168,296 from FY 2014 to FY 2015. Current depreciation expense of $2,221,571 was largely offset by an increase due to Allied Health and Early Childhood Development Center design costs, which is funded through a state capital appropriation, renovation of Fort Worden Building 202, which is due to be completed in Spring 2016, along with ongoing acquisitions of capitalizable equipment and library resources.

Deferred outflows of resources totaling $339,983 are related to the net pension liability that was recorded on the College's financials this year and represent a consumption of equity that applies to a future period.

Current liabilities include amounts payable to suppliers for goods and services, accrued payroll and related liabilities, the current portion of Certificate of Participation (COP) debt, 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 2014 to FY 2015 is due to an increase in unearned revenue for summer quarter received prior to the start of the quarter and an increase in the amount accrued for compensation.

Non-current liabilities primarily consist of the value of vacation and sick leave earned but not yet used by employees, the long-term portion of Certificates of Participation debt and the net pension liability. The College's non-current liabilities decreased due to the implementation of GASB Statement No. 68, reflecting a reduction in the College's proportionate share of the net pension liability.

Deferred inflows of resources related to the College's net pension liability totaled $792,668. Deferred inflows of resources include the calculated difference between actual and projected investment earnings on the state's pension plans.

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

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

Restricted:

Nonexpendable **–** 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. The College has two reportable items in this category from donations many years ago. All donations are now made through the Peninsula College Foundation.

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

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

As stated earlier in this section, the College's net position was adjusted by $2,433,785 to reflect the implementation of GASB Statement No. 68 to report the net pension liability and the offsetting adjustment to net position.

Net Position As of June 30th	**FY 2015**	**FY 2014**
Net investment in capital assets	69,923,692	69,841,355
Restricted		
Nonexpendable	296,335	296,335
Expendable	631,815	547,865
Unrestricted	4,938,587	6,231,203
Cumulative effect of change in accounting principle	-	(2,433,785)
Prior Period capital asset commodity code change	-	444
Total Net Position, as restated	**75,790,429**	**74,483,417**

Statement of Revenues, Expenses and Changes in Net Position

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

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

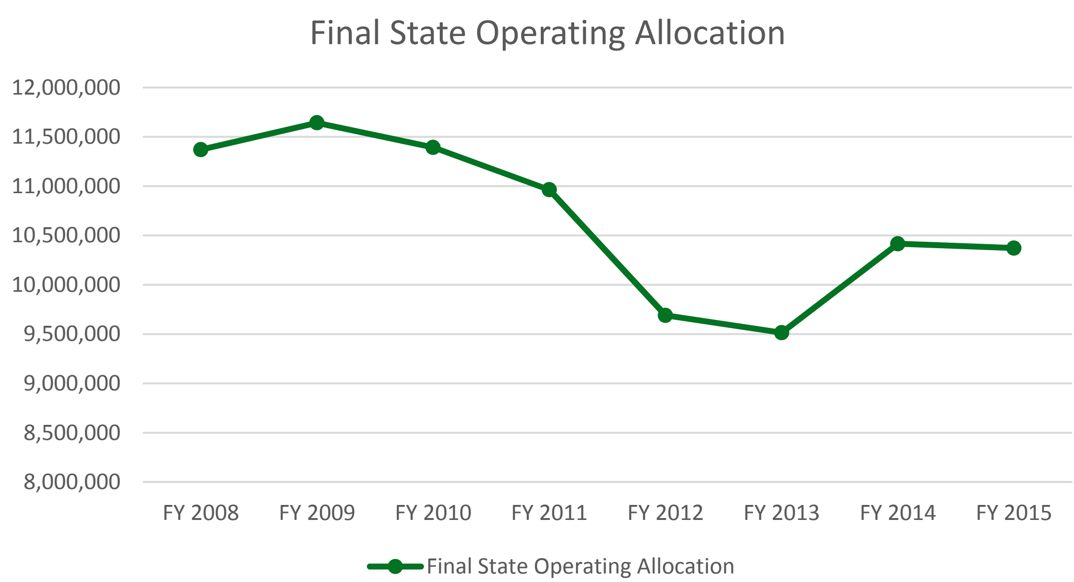
Operating expenses are expenses incurred in the normal operation of the College, including depreciation on property and equipment assets. When operating revenues, excluding state appropriations and Pell Grants, are measured against operating expenses, the College shows an operating loss. The operating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

A condensed comparison of the College's Revenues, Expense and Changes in Net Position for the years ended June 30, 2015 and 2014 is presented below.

As of June 30th	FY 2015	FY 2014
Operating Revenues	$14,746,313	$15,099,960
Operating Expenses	28,939,702	29,977,201
Net Operating Loss	**(14,193,389)**	**(14,877,241)**
Non-Operating Revenues net Expenses	13,305,568	13,733,329
Income (Loss) Before Contributions	**(887,821)**	**(1,143,912)**
Capital Appropriations and Contributions	2,194,833	1,673,045
Increase in Net Position	**1,307,012**	**529,133**
Net Position, Beginning of the Year	**74,483,417**	**76,387,625**
Cummulative effect of change in accounting principle	**-**	**(2,433,785)**
Prior Period capital asset commodity code change	**-**	**444**
Net Position, End of the Year	**$75,790,429**	**$74,483,417**

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. System-level appropriations hit their height in FY 2009 and as of FY 2013 had been reduced by almost 24%. In FY14, the Legislature reinstated a fraction of the previous cuts.

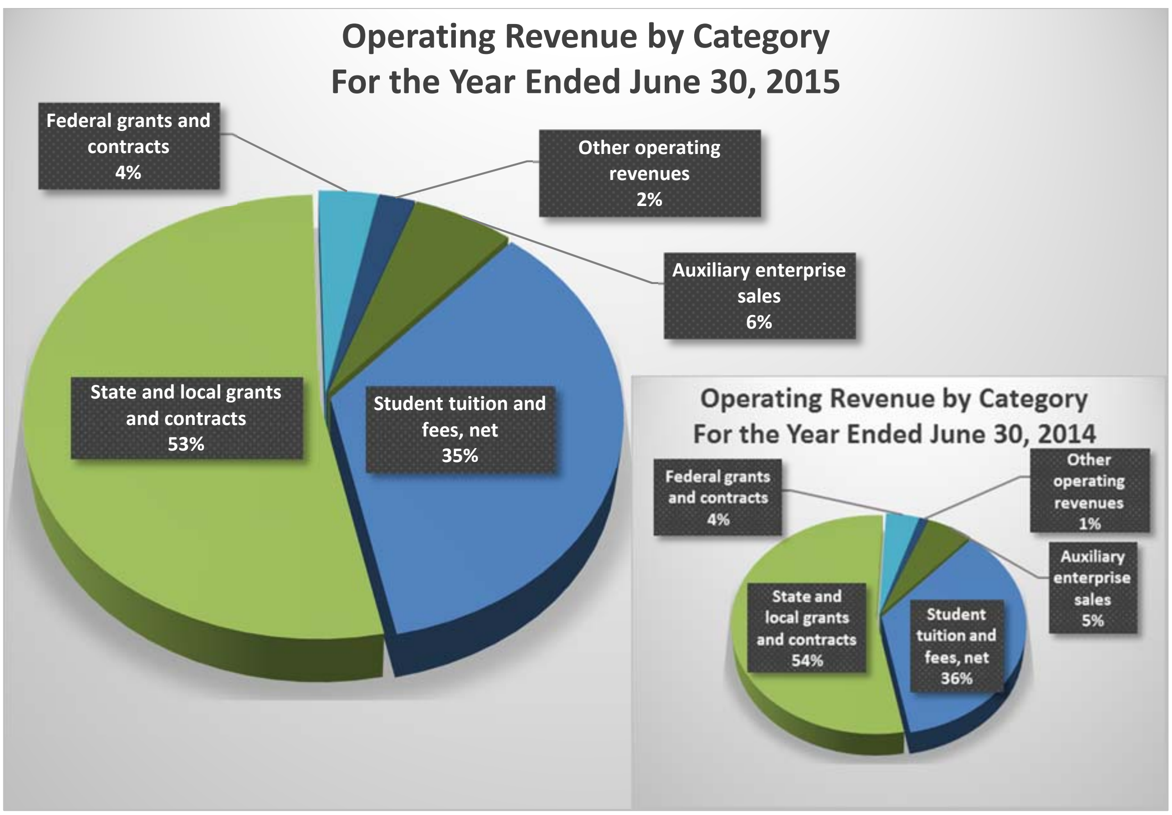


Over this same period, the Legislature and SBCTC instituted increases in tuition rates to partially offset the reduction in state appropriations. The Legislature did not allow tuition increases for the two-year colleges in FY 2015. Flat tuition rates combined with declining College enrollment have resulted in a decrease in overall tuition revenues. Pell grant revenues generally follow enrollment trends. As the College's enrollment softened during FY 2015, so did the College's

Pell Grant revenue. In FY 2015, the College instituted a per credit technology fee to help defray technology infrastructure costs, resulting in slight changes in these revenues.

The College continued to serve students under the terms of contracted programs. The College contracts with local high schools to enroll Running Start students who earn both high school and college credit for these courses. In addition, the College serves some students and offers some programs on a fee-only basis, as allowed by law, and provides educational services to local correctional facilities under contract to the state Department of Corrections. Grant funds include federal grants serving adults in basic education programs, technical programs, Upward Bound, and a Department of Labor training grant.

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.



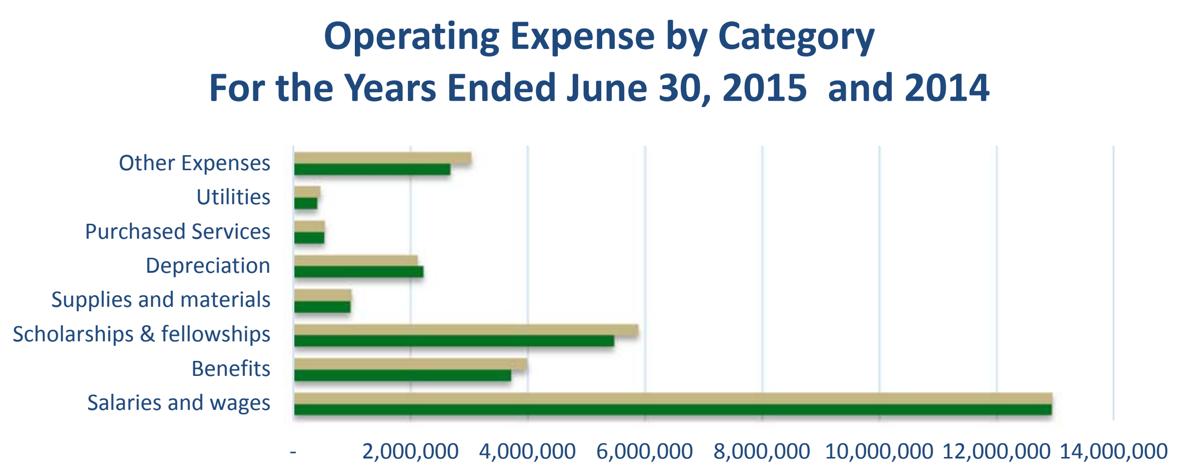
Expenses

Faced with severe budget cuts over the past six years, the College has continuously sought opportunities to identify savings and efficiencies. Over time, the College decreased spending and services and was subject to various state spending freezes and employee salary reductions.

More recently, in FY 2015, benefit costs decreased by $276,000 as a result of a statewide reduction to the employer contribution for employee health care premiums. Scholarships and fellowships expense also decreased by $409,000 due to the drop in students seeking aid from the previous year. Utility expenses shrank by $49,000 compared to the previous year, which was attributable to decreased propane prices. Certain capital project costs do not meet accounting criteria for capitalization as part of the cost of the building and are instead recognized as supplies and materials or purchased services costs. These fluctuations are to be expected. Depreciation expense is also primarily driven by capital activity, with the annual depreciation expense showing a significant increase in any year when a new building is placed in service.

Comparison of Selected Operating Expenses by Function

The chart below shows the amount, in dollars, for selected functional areas of operating expenses for FY 2015 and FY 2014:



	Salaries and wages	Benefits	Scholarships & fellowships	Supplies and materials	Depreciation	Purchased Services	Utilities	Other Expenses
FY 2014	12,945,946	3,989,497	5,885,422	998,096	2,118,204	540,975	458,649	3,040,415
FY 2015	12,941,990	3,713,319	5,476,419	974,720	2,221,571	522,900	409,785	2,678,998

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. The trend is expected to continue to impact the number of new projects that can be financed.

At June 30, 2015, the College had invested $72,879,100 in capital assets, net of accumulated depreciation. This represents a decrease of $168,296 from last year, as shown in the table below.

Asset Type	June 30, 2015	June 30, 2014	Change
Land	454,368	454,368	-
Construction in Progress	2,265,603	899,542	1,366,061
Buildings, net	67,761,691	69,188,445	(1,426,754)
Other Improvements and Infrastructure, net	1,228,370	1,426,753	(198,383)
Equipment, net	895,774	835,398	60,376
Library Resources, net	273,294	242,890	30,404
Total Capital Assets, Net	**$72,879,100**	**$73,047,396**	(168,296)

The decrease in net capital assets can be attributed to the recognition of annual depreciation expense along with normal replacement and acquisition of equipment and library resources. Significant capital projects that were in process on June 30, 2015 include the renovation of Fort Worden Building 202 and the design phase of the Allied Health and Early Childhood Development Center. Additional information on capital assets can be found in Note 5 of the Notes to the Financial Statements.

At June 30, 2015, the College had $2,955,409 in outstanding debt comprised entirely of Certificates of Participation. Additional information of notes payable, long term debt and debt service schedules can be found in Notes 13 and 14 of the Notes to the Financial Statements.

Economic Factors That May Affect the Future
Following a trend that began in FY 2009, the College's state operating appropriations continued to decrease through FY 2013. More recently, when creating the 2013 – 2015 biennial budget, the state Legislature re-invested in community and technical colleges, restoring a portion of the funding that had been lost in previous reductions. They continued this trend with a supplemental budget that included community colleges as a key partner in an investment in aerospace training. As a result, the net reduction of community college funding between FY 2009 and expected funding levels by the end of FY 2015 will have been a little over 15 percent. These investments in community colleges allowed the Legislature to keep FY 2015 tuition flat for resident, non-resident and baccalaureate students.

In FY 2016, the Legislature enacted the Affordable Education Act, which will reduce tuition by 5%. This will further reduce the amount of tuition collected by the College. The Legislature did however backfill some of this loss. For FY 2017, the State Board for Community and Technical

Management’s Discussion and Analysis (continued)

Colleges elected to move to a new allocation model, changing how the state allocated funds are distributed to each college. The new model will be based on performance in several key indicators from general enrollments to enrollments in high cost programs, as well as student completion and achievement points. It’s unclear how much opportunity there may be for additional investments in community and technical colleges in the next few years, as state budget writers continue to grapple with court-mandated basic education obligations, therefore this new allocation model may be the only significant change that could affect the College’s state allocation funding.

Peninsula College
Statement of Net Position
June 30, 2015

Assets	
Current assets	
Cash and cash equivalents (Note 2)	7,978,594
Restricted cash and cash equivalents (Note 2)	941,336
Accounts Receivable (Note 3)	2,191,036
Inventories (Note 4)	267,198
Total current assets	11,378,164
Non-Current Assets	
Capital assets, net of depreciation (Note 5)	72,879,100
Total non-current assets	72,879,100
Total assets	**84,257,264**
Deferred Outflows of Resources Related to Pensions (Note 6)	339,983
Total Deferred Outflows of Resources	339,983
Total Assets and Deferred Outflows of Resources	**84,597,247**
Liabilities	
Current Liabilities	
Accounts Payable (Note 7)	424,757
Accrued Liabilities (Note 7)	833,750
Compensated absences (Note 10)	857
Deposits Payable	5,107
Unearned Revenue (Note 8)	397,720
Certificates of Participation Payable (Note 14)	256,244
Total current liabilities	1,918,435
Noncurrent Liabilities	
Compensated Absences (Note 10)	1,451,324
Pension Liability (Note 14)	1,945,227
Long-term liabilities (Note 14)	2,699,164
Total non-current liabilities	6,095,715
Total liabilities	**8,014,150**
Deferred Inflows of Resources Related to Pensions(Note 6)	792,668
Total Deferred Inflows of Resources	792,668
Net Position	
Net Investment in Capital Assets	69,923,692
Restricted for:	
Nonexpendable	296,335
Expendable	
Student Aid	607,851
Endowment Earnings	18,857
Other	5,107
Unrestricted	4,938,587
Total Net Position	**75,790,429**
Total Liabilities, Deferred Inflows of Resources and Net Position	**84,597,247**

The accompanying notes are an intergral part of the financial statements.

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

Operating Revenues	
Student tuition and fees (net of scholarship allowance of $2,435,582)	5,208,768
State and local grants and contracts	7,800,377
Federal grants and contracts	520,453
Other operating revenues	319,904
Auxiliary enterprise sales, net	896,811
Total operating revenue	14,746,313
Operating Expenses	
Salaries and wages	12,941,990
Benefits	3,713,319
Scholarships and fellowships	5,476,419
Supplies and materials	974,720
Depreciation	2,221,571
Purchased services	522,900
Utilities	409,785
Other expenses	2,678,998
Total operating expenses	28,939,702
Operating income (loss)	(14,193,389)
Non-Operating Revenues (Expenses)	
State appropriations	10,371,477
Federal Pell grant revenue	3,849,896
Interest income	3,501
Tuition remitted to state	(769,660)
Interest on indebtedness	(140,000)
Other non-operating expenses	(9,646)
Net non-operating revenues (expenses)	13,305,568
Income or (loss) before capital contributions	(887,821)
Capital appropriations	2,194,833
Increase (Decrease) in net position	1,307,012
Net Position	
Net position, beginning of year	76,916,758
Cummulative effect of change in accounting principle	(2,433,785)
Prior year capital asset adjustment	444
Net position, beginning of year, as restated	74,483,417
Net position, end of year	75,790,429

The accompanying notes are an intergral part of the financial statements.

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

Cash flow from operating activities	
Student tuition and fees, net	5,184,305
Grants and contracts	8,229,793
Payments to vendors	(1,886,518)
Payments to employees	(12,923,987)
Payments for benefits	(3,735,739)
Auxiliary enterprise sales	921,562
Payments for scholarships and fellowships	(5,476,419)
Other receipts	388,775
Other payments	(3,309,416)
Net cash used by operating activities	(12,607,643)
Cash flow from noncapital financing activities	
State appropriations	10,608,385
Pell grants	3,849,896
Tuition remitted to state	(779,362)
Net cash provided by noncapital financing activities	13,678,919
Cash flow from capital and related financing activities	
Capital appropriations	1,898,756
Acquisition and construction of capital assets	(2,062,921)
Principal paid on capital debt	(250,189)
Interest paid on capital debt	(140,000)
Net cash used by capital and related financing activities	(554,354)
Cash flow from investing activities	
Interest Income	3,501
Net cash provided by investing activities	3,501
Increase in cash and cash equivalents	520,423
Cash and cash equivalents at the beginning of the year	8,399,507
Cash and cash equivalents at the end of the year	8,919,929
Reconciliation of Operating Loss to Net Cash used by Operating Activities	
Operating Loss	(14,193,389)
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation expense	2,221,571
Changes in assets and liabilities	
Receivables , net	(711,269)
Inventories	(14,819)
Accounts payable	206,770
Accrued liabilities	(115,821)
Unearned revenue	53,672
Compensated absences	(18,219)
Pension liability adjustment expense	(35,873)
Deposits payable	(266)
Net cash used by operating activities	(12,607,643)

Notes to the Financial Statements

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

1. Summary of Significant Accounting Policies

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

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

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

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

GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68, effective for the year ended June 30, 2015. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The effect of Statement

No. 71 to the College is to require the deferral (Deferred Outflows) of pension contributions made subsequent to the measurement date and is addressed in Note 6 to the financial statements.

Cumulative effect of change in accounting principle
With the adoption of GASB Statement No. 68 and a minor capital asset adjustment, net position was restated as of July 1, 2014. Below is a reconciliation of total net position as previously reported at June 30, 2014, to the restated net position.

Net Position at June 30, 2014, as previously reported	$ 76,916,758
Adoption of GASB Statement No. 68	(2,433,785)
Adjustment to prior year capital asset depreciation	444
Net Position at July 1, 2014, as restated	**$ 74,483,417**

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

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

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

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

Cash, Cash Equivalents and Investments
Cash and cash equivalents include cash on hand, bank demand deposits, and deposits with the Washington State Local Government Investment Pool (LGIP). Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets along with operating funds invested in the LGIP.

At June 30, 2015, the net appreciation on investments of donor-restricted endowments that is available for expenditure authorization is $18,857, which is reported as restricted, expendable on the Statement of Net Position. State law allows for the spending of net appreciation on investments of donor-restricted endowments. Accordingly, the income distribution is 100% of the earnings.

The College combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is allocated for general operating needs of the College. The internal investment pool is comprised of cash, cash equivalents, and certificates of deposit.

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

Inventories
Inventories, consisting primarily of merchandise for resale in the college bookstore, are valued at cost using the last-in, first-out inventory method, also known as LIFO.

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 to the reader.

Land, buildings and equipment are recorded at cost, or if acquired by gift, at fair market value at the date of the gift. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Any interest costs incurred are capitalized during the period of construction. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy, assets are capitalized as follows:

- all land
- buildings, building improvements, leasehold improvements and infrastructure with a unit cost of $100,000 or more
- intangible assets and software with a unit cost of $1,000,000 or more
- all other assets with a unit cost of $5,000 or more or collections with a total cost of $5,000 or more

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, 15 to 50 years for improvements other than buildings and infrastructure, 7 years for library resources, 2 to 10 years for most equipment and 11 to 40 years for heavy duty equipment.

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

Unearned Revenues
Unearned revenues occur when funds have been collected prior to the end of the fiscal year but related to the subsequent fiscal year. The College has recorded 2015 summer and fall 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, net of outstanding debt obligations related to those capital assets.
- *Restricted for Nonexpendable*. This consists of endowment and similar type funds for which donors or other outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to the principal.
- *Restricted for Expendable*. These include resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.
- *Unrestricted*. These represent resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises.

Classification of Revenues and Expenses
The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating Revenues. This includes activities that 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.

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

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

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

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. Discounts and allowances for the year ending June 30, 2015 are $2,435,582.

State Appropriations

The state of Washington appropriates funds to the State Board for Community and Technical Colleges (SBCTC) which allocates funding to the College on both an annual and biennial basis. These revenues are reported as non-operating revenues on the Statement of Revenues, Expenses, and Changes in Net Position, and recognized as such when the related expenses are incurred.

Building and Innovation Fee Remittance

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

2. Cash and Cash Equivalents

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

As of June 30, 2015, the carrying amount of the College's cash and equivalents was $8,919,929 as represented in the table below. Restricted cash included in total cash consists of amounts restricted for loans, institutional financial aid funds per RCW 28B.15.820, and endowment funds held by the College. The classification is represented in the table below.

Cash and Cash Equivalents	June 30, 2015
Bank Demand and Time Deposits	$6,057,416
Restricted Cash	941,336
Local Government Investment Pool	1,914,873
Petty Cash and Change Funds	6,304
Total Cash and Cash Equivalents	**$8,919,929**

Custodial Credit Risks—Deposits

Custodial credit risk for bank demand deposits is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The majority of the College's demand deposits are with the Bank of America. 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).

3. Accounts Receivable

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

At June 30, 2015, accounts receivable were as follows:

Accounts Receivable		Amount
Student Tuition and Fees	$	578,563
Due from the Federal Government		67,019
Due from Other State Agencies		941,435
Auxiliary Enterprises		45,539
Other		1,051,159
Subtotal	$	2,683,715
Less Allowance for Uncollectible Accounts		(492,679)
Accounts Receivable, net	**$**	**2,191,036**

4. Inventories

Inventories, stated at cost using the LIFO method, consisted of the following as of June 30, 2015.

Inventories		Amount
Merchandise Inventories	$	267,198
Inventories	**$**	**267,198**

5. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2015 is presented as follows. The current year depreciation expense was $2,221,571.

Capital Assets	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Nondepreciable capital assets				
Land	$ 454,368			$ 454,368
Construction in progress	899,542	1,366,061		2,265,603
Total nondepreciable capital assets	**1,353,910**	**1,366,061**		**2,719,971**
Depreciable capital assets				
Buildings	80,948,666	268,393	(8,090)	81,208,969
Other improvements and infrastructure	2,081,495			2,081,495
Equipment	2,906,600	333,263	(69,070)	3,170,793
Library resources	1,453,232	95,204	(27,802)	1,520,634
Subtotal depreciable capital assets	**87,389,993**	**696,860**	**(104,962)**	**87,981,891**
Less accumulated depreciation				
Buildings	11,760,221	1,687,084	(27)	13,447,278
Other improvements and infrastructure	654,742	198,383		853,125
Equipment	2,071,201	272,887	(69,070)	2,275,019
Library resources	1,210,342	63,217	(26,219)	1,247,340
Total accumulated depreciation	**15,696,506**	**2,221,571**	**(95,316)**	**17,822,762**
Total depreciable capital assets	**71,693,486**	**(1,524,711)**	**(9,646)**	**70,159,129**
Capital assets, net of accumulated depreciation	**73,047,396**	**(158,650)**	**(9,646)**	**72,879,100**

6. Deferred Outflows and Deferred Inflows of Resources

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

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

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

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

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

	PERS 1		PERS 2/3	
	Deferred Outflows	**Deferred Inflows**	**Deferred Outflows**	**Deferred Inflows**
Difference between expected and actual earnings of pension plan investments		$ 167,470		$ 614,130
Changes in College's proportionate share of pension liabilities			$ 86,150	
Contributions to pension plans after measurement date	$ 119,702		$ 129,801	
	$ 119,702	**$ 167,470**	**$ 215,951**	**$ 614,130**

	TRS 1		TRS 2/3	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual earnings of pension plan investments		$ 4,169		$ 6,448
Changes in College's proportionate share of pension liabilities				$ 450
Contributions to pension plans after measurement date	$ 1,908		$ 2,422	
	$ 1,908	**$ 4,169**	**$ 2,422**	**$ 6,899**

The $253,833 reported as deferred outflows of resources represent contributions the College made subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2016.

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

Year ended June 30:	PERS 1	PERS 2/3	TRS 1	TRS 2/3
2016	$ 41,868	$ 128,918	$ 1,043	$ 1,710
2017	41,868	128,918	1,042	1,710
2018	41,867	128,918	1,042	1,710
2019	41,867	141,226	1,042	1,710
2020	-			59
	$ 167,470	**$ 527,980**	**$ 4,169**	**$ 6,899**

7. Accounts Payable and Accrued Liabilities

At June 30, 2015, accrued liabilities are the following.

Accounts Payable and Accrued Liabilities	Amount
Amounts Owed to Employees	$ 381,011
Accounts Payable	424,756
Amounts Held for Others and Retainage	452,740
Total	**$ 1,258,507**

8. Unearned Revenue

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

Unearned Revenue	Amount
2015 Summer & Fall Quarter Tuition & Fees	$ 397,720
Total Unearned Revenue	**$ 397,720**

9. Risk Management

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, 2014 through June 30, 2015, were $21,201. Cash reserves for unemployment compensation for all employees at June 30, 2015, were $73,075.

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

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

10. Compensated Absences

At termination of employment, employees may receive cash payments for all eligible accumulated vacation and compensatory time. Depending on an affirmative calendar year vote by all employees in their employment group, during which the period including the fiscal year from July 1, 2014 through June 30, 2015 was affirmative, employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses and insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The accrued vacation leave totaled $564,096, compensatory time totaled $857, and accrued sick leave totaled $887,228 at June 30, 2015.

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. Leases Payable

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

Leases Payable

Fiscal year	Operating Leases
2016	$24,521
2017	24,521
2018	23,040
2019	15,385
2020	10,909
Total minimum lease payments	**$98,376**

12. Notes Payable

In February 2001, the College obtained financing in order to renovate the Student Union Building through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of $1,610,000. Subsequently, the COP was refinanced in October 2009 with a remaining balance of $965,000. Students assessed themselves, quarterly, a mandatory fee to service the debt starting in 2001. The interest rate charged is 2.763%.

In August 2012, the College obtained financing in order to build the Wellness Center Addition to the Gymnasium through COP, issued by the OST in the amount of $710,000. Students assessed themselves, quarterly, a mandatory per credit fee to service the debt starting in 2012. The interest rate charged is 3.10%.

Student fees related to these COPs listed above are accounted for in a dedicated fund, which is used to pay principal and interest, not coming out of the general operating budget.

In March 2011, the College obtained financing in order to install energy efficient upgrades to Keegan Hall through COP, issued by the OST in the amount of $378,149. The interest rate charged is 3.19%.

In April 2013, the College obtained financing in order to purchase and renovate the Forks Satellite Site through COP, issued by the OST in the amount of $1,945,000. The interest rate charged is 4.175%.

The College's debt service requirements for these note agreements for the next five years and thereafter are as follows:

13. Annual Debt Service Requirements

Future debt service requirements at June 30, 2015 are as follows.

Certificates of Participation

Fiscal year	Principal	Interest	Total
2016	$256,244	$130,798	$387,042
2017	267,694	121,169	388,863
2018	134,202	110,306	244,508
2019	145,770	104,082	249,852
2020	152,401	97,168	249,569
2021-2025	684,097	384,913	1,069,010
2026-2030	800,000	216,781	1,016,781
2031-2035	515,000	44,406	559,406
Total	**$2,955,409**	**$1,209,623**	**$4,165,032**

14. Schedule of Long Term Debt

	Balance outstanding 6/30/14	Additions	Reductions	Balance outstanding 6/30/15	Current portion
Certificates of Participation	$ 3,205,598		$ (250,189)	$ 2,955,409	$ 256,244
Pension Liability		1,945,227		1,945,227	
Compensated Absences	1,470,400	539,719	(557,938)	1,452,181	857
Total	**$ 4,675,998**	**$ 2,484,946**	**$ (808,127)**	**$ 6,352,817**	**$ 257,101**

15. Pension Plans

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

For FY2015, the payroll for the College's employees was $2,763,035 for PERS, $42,123 for TRS, and $8,438,543 for SBRP. Total covered payroll was $11,243,701.

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

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

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

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68 for Peninsula College, for reported year ending June 30, 2015:

Aggregate Pension Amounts - All Plans

Pension liabilities	$	1,945,000
Deferred outflows of resources related to pensions	$	339,983
Deferred inflows of resources related to pensions	$	792,667
Pension expense/expenditures	$	217,960

PERS
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. Entrance to PERS Plan 1 is closed to new employees. 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 ten years of eligible service.

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

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

PERS Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. Plan 1 members may elect to receive an optional cost of living allowance

(COLA) that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service. This is reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC. Plan 1 members may elect to receive an optional COLA amount based on the Consumer Price Index, capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

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

PERS Plan 2 members have the option to retire early with reduced benefits.

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

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

PERS Plan 3 members have the option to retire early with reduced benefits.
PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

TRS

Plan Description. The Legislature established the TRS Plan in 1938. TRS Plans 1 and 2 are defined benefit plans. TRS Plan 1 was closed to new entrants on September 30, 1977. Employees currently have a choice of entering TRS Plan 2 or 3. TRS Plan 2 and 3 provide retirement benefits to certain eligible faculty hired on or after October 1, 1977. TRS Plan 3 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. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

Legislation passed in 2007 gives TRS members hired on or after July 1, 2007, 90 days to make an irrevocable choice to become a member of TRS Plan 2 or Plan 3. At the end of 90 days, any member who has not made a choice becomes a member of Plan 3.

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

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

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

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

The defined benefit portion of TRS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months.

TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44; or after five service credit years earned in TRS Plan 2 by July 1, 1996. Plan 3 members are immediately vested in the defined contribution portion of their plan. TRS Plan 3 members have the option to retire early with reduced benefits.

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

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.

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.

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

Contribution Rates at June 30

	FY 2013		FY 2014		FY 2015	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	6.00%	7.21%	6.00%	9.21%	6.00%	9.21%
Plan 2	4.64%	7.21%	4.92%	9.21%	4.92%	9.21%
Plan 3	5 - 15%	7.21%	5 - 15%	9.21%	5 - 15%	9.21%
TRS						
Plan 3	5-15%	8.05%	5-15%	10.39%	5-15%	10.39%

Required Contributions

	FY2013		FY2014		FY2015	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	$14,559	$67,850	$12,634	$117,677	$10,341	$119,454
Plan 2	$75,047	$75,827	$92,370	$92,198	$97,810	$99,731
Plan 3	$39,692	$25,332	$42,449	$28,881	$42,417	$30,414
TRS						
Plan 1	-	$930	-	$1,595	-	$1,912
Plan 3	$3,855	$2,112	$3,668	$2,134	$4,741	$2,417

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

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

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

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

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

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

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

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

Pension Expense
Pension expense is included as part of "Employee Benefits" expense in the Statement of Revenues, Expenses and Changes in Net Position. The table below shows the components of each pension plans expense as it affected employee benefits:

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	Total
Actuarially determined pension expense	72,608	92,966	1,089	1,887	168,550
Amortization of change in proportionate liability	24,717	24,614	177	(98)	49,410
Total Pension Expense	**97,325**	**117,580**	**1,266**	**1,789**	**217,960**

Changes in Proportionate Shares of Pension Liabilities
The changes to the College's proportionate share of pension liabilities from 2013 to 2014 for each retirement plan are listed below:

	2013	2014	Change
PERS 1	.026163%	.026586%	0.000423
PER 2/3	.026068%	.028662%	0.002594
TRS 1	.000801%	.000806%	0.000005
TRS 2/3	.000920%	.000870%	-0.000050

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

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

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

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.

The actuarial assumptions used in the June 30, 2013, valuation were based on the results of the 2007-2012 Experience Studies. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

Discount Rate
The discount rate used to measure the total pension liability was 7.50 percent. To determine the discount rate, an asset sufficiency test was completed to 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. 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	1,650,797	1,339,282	1,071,878
PERS Plan 2/3	2,416,645	579,363	(823,979)
TRS Plan 1	30,592	23,773	17,919
TRS Plan 2/3	24,425	2,810	(13,256)

State Board Retirement Plan

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

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

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

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

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

Contributions. Contribution rates for the SBRP (TIAA-CREF), which are based upon age, are 5%, 7.5% or 10% of salary and are matched by the College. Employee and employer contributions for the year ended June 30, 2015 were each $727,834.

The SBRP supplemental pension benefits are unfunded. For the year ended June 30, 2015, supplemental benefits were paid by the SBCTC on behalf of the system as a total in the amount of $583,625. In 2012, legislation (RCW 28B.10.423) was passed requiring colleges to pay into a Supplemental Benefit Fund managed by the State Investment Board, for the purpose of funding future benefit obligations. During FY 2015, the College paid into this fund at a rate of 0.5% of covered salaries, totaling $42,253. As of June 30, 2015, the Community and Technical College system accounted for $7,729,471 of the fund balance.

Washington State Deferred Compensation Program

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

Other Post-Employment Benefits

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

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

The actuary allocated the statewide disclosure information to the community and technical college system level. The SBCTC further allocated these amounts among the colleges. The College's share of the GASB 45 actuarially accrued liability (AAL) is $8,111,429, with an annual required contribution (ARC) of $792,593. The ARC represents the amortization of the liability for FY 2015 plus the current expense for active employees, which is reduced by the current contributions of approximately $99,647. The College's net OPEB obligation at June 30, 2015 was approximately $1,174,411. This amount is not included in the College's financial statements.

The College paid $1,621,378 for healthcare expenses in 2015, 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, student financial aid, and academic support. . The College included compensated absence accrual expense and pension expense with institutional support for the purpose of this table. The following table lists operating expenses by program for the year ending June 30, 2015.

Expenses by Functional Classification		
Instruction	$	8,789,082
Academic Support Services		2,188,138
Student Services		2,739,984
Institutional Support		4,436,245
Operations and Maintenance of Plant		1,949,462
Scholarships and Other Student Financial Aid		5,300,217
Auxiliary enterprises		1,315,003
Depreciation		2,221,571
Total operating expenses	**$**	**28,939,702**

17. Commitments and Contingencies

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

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

Notes to the Financial Statements (continued)

The College has a commitment of $23,870,372 for design and construction of the new Allied Health and Early Childhood Development Center. The construction is funded through a State Capital Allocation. At June 30, 2015, the building was in the design phase.

Architect's rendering of the Allied Health and Early Childhood Development Center

The College has a commitment of $4,313,915 for renovation of the Fort Worden Education Center. This project is funded from a combination of State Capital Allocation and local funding. At June 30, 2015, the building was in the construction phase.

18. Subsequent Events

On March 29th 2016, the legislature passed the supplemental budget which included an appropriation to fund the settlement for the Moore v. HCA lawsuit. SBCTC's portion of this obligation is $32 million of which $19 million is funded by the legislature and the remaining $13 million will be allocated among 34 colleges in the system. Peninsula College's share of this lawsuit has been determined to be $356,470, which will be remitted in FY 2017.

Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans
Schedules of Peninsula College's Proportionate Share of the Net Pension Liability

Schedule of Peninsula College's Share of the Net Pension Public Employees' Retirement System (PERS) Plan 1 Measurement Date of June 30		
		2014
College's proportion of the net pension liability		0.026586%
College proportionate share of the net pension liability	$	1,339,282
College covered-employee payroll	$	210,561
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll		636.05%
Plan's fiduciary net position as a percentage of the total pension liability		61.19%

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

Cost Sharing Employer Plans

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

Schedule of Peninsula College's Share of the Net Pension Public Employees' Retirement System (PERS) Plan 2/3 Measurement Date of June 30		
		2014
College's proportion of the net pension liability		0.028662%
College proportionate share of the net pension liability	$	579,363
College covered-employee payroll	$	2,463,094
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll		23.52%
Plan's fiduciary net position as a percentage of the total pension liability		93.29%

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

Cost Sharing Employer Plans

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

Schedule of Peninsula College's Share of the Net Pension Teachers' Retirement System (TRS) Plan 1 Measurement Date of June 30		
		2014
College's proportion of the net pension liability		0.000806%
College proportionate share of the net pension liability	$	23,773
College covered-employee payroll	$	-
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll		N/A
Plan's fiduciary net position as a percentage of the total pension liability		68.77%

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

Cost Sharing Employer Plans
Schedules of Peninsula College’s Proportionate Share of the Net Pension Liability

Schedule of Peninsula College's Share of the Net Pension Teachers’ Retirement System (TRS) Plan 2/3 Measurement Date of June 30		
		2014
College’s proportion of the net pension liability		0.000870%
College proportionate share of the net pension liability	$	2,810
College covered-employee payroll	$	36,681
College’s proportionate share of the net pension liability as a percentage of its covered-employee payroll		7.66%
Plan’s fiduciary net position as a percentage of the total pension liability		96.81%

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

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered–employee payroll
2014	$ 117,677	$ 117,677	$ -	$ 210,561	55.89%
2015	$ 119,454	$ 119,454	$ -	$ 172,347	69.31%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions Public Emplyees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered– employee payroll
2014	$ 121,079	$ 121,079	$ -	$ 2,463,094	4.92%
2015	$ 130,145	$ 130,145	$ -	$ 2,590,688	5.02%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

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

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 1 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered–employee payroll
2014	$ 1,595	$ 1,595	$ -	$ -	N/A
2015	$ 1,912	$ 1,912	$ -	$ -	N/A
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions

Teachers' Retirement System (TRS) Plan 2/3

Fiscal Year Ended June 30

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered–employee payroll
2014	$ 2,134	$ 2,134	$ -	$ 36,681	5.82%
2015	$ 2,417	$ 2,417	$ -	$ 42,123	5.74%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

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