HOUSING AND DINING SYSTEM

Table of Contents

Office of the Washington State Auditor
Pat McCarthy

December 8, 2023

Board of Trustees
Western Washington University Housing and Dining System
Bellingham, Washington

Report on Financial Statements

Please find attached our report on the Western Washington University Housing and Dining System's financial statements.

We are issuing this report for inclusion in the System's annual comprehensive financial report package, which will be issued by the System under the System's own cover.

This report is in addition to our regular financial statement audit report, which will be available on our website and includes the System's basic financial statements.

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

Office of the Washington State Auditor
Pat McCarthy

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

Board of Trustees
Western Washington University Housing and Dining System
Bellingham, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the business-type activities of the Western Washington University Housing and Dining System as of and for the years then ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Western Washington University Housing and Dining System, as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Matters of Emphasis

As discussion in Note 1, the financial statements of the Western Washington University Housing and Dining System, a department of the University, 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 University that attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2023 and 2022, 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 opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed;

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

The other information comprises but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated December 8, 2023, on our consideration of the System'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 System's internal control over financial reporting and compliance.

Sincerely,

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

December 8, 2023

Overview

Western Washington University's Housing and Dining System (the System) consists of University Residences, University Dining Services and Viking Union/Student Activities. University Residences maintains over a million square feet of living space - home to 4,400 students. Ten residential communities consist of fifteen residence halls and one apartment complex. Residence halls are equipped with laundry facilities, computer labs, study areas, community kitchens, TV lounges, game rooms, bicycle storage, 24-hour security, and staffed service desks. Western's campus is a 20-minute walk from end to end, so no matter where students live their classes and activities are nearby. University Dining Services includes several main dining commons, and multiple retail eateries and provides catering services for the campus. The Viking Union/Student Activities includes facilities on and off the Bellingham campus for gathering, study, dining, and recreation.

The following discussion and analysis provide an overview of the financial position and activities of the System for the years ended June 30, 2023, 2022 and 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes which follow this section.

Using the Financial Statements

The System's financial report includes the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows.

The statements are formatted following the guidelines of the Governmental Accounting Standards Board (GASB) pronouncements. These financial statements are prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities. The System's financial statements are presented 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.

Impacts of the COVID-19 Pandemic

The COVID-19 pandemic continued to have a slight impact on the System revenues for fiscal year (FY) 2022. Although most classes were delivered in person, on-campus housing remained at 82.3% occupancy for the academic year. Prior to COVID-19 which impacted operations beginning third quarter of the 2019-20 academic year, the yearly average was 93%. In FY 2021 and FY 2020 the yearly averages were 26% and 66% respectively. For FY 2022, University Residences kept Beta-Gamma offline for isolation and quarantine space. Summer occupancy was at less than 2%, and the summer conference housing season was minimal. Pre-COVID University Residences housed 250 summer academic students. In FY 2022, there were 80 students and only 50 in FY 2021. The COVID-19 effect on system revenues and expenditures is the primary reason for the financial variances reviewed in this discussion and analysis.

To provide economic relief, the System issued $21,760,000 in Series 2020 Revenue and Refunding Bonds. Proceeds of the bonds were used to refund, refinance and restructure all or a portion of the debt service ($11,540,000 principal and $9,214,288 interest) that were due and payable during the period from October 1, 2020, through and including October 1, 2022. Bond costs and capitalized interest were included in this issuance.

Statement of Net Position

The Statement of Net Position presents the financial condition of the System at the end of the fiscal years and reports all assets and liabilities of the System.

The amounts in this statement represent the physical assets used to provide the housing, meal, and student activity programs, as well as assets available to continue the operations of the System, also identifying commitments to vendors and bondholders. The sum of assets and deferred outflows, less liabilities and deferred inflows is net position. Net position is one indicator of the current financial condition of the System.

Below is a condensed view of the Statement of Net Position as of June 30, 2023, 2022 and 2021:

(Dollars in Thousands)

	2023	2022	2021
Assets			
Current assets	$26,165	$21,247	$11,220
Noncurrent assets	20,328	22,287	24,450
Capital assets, net	174,163	178,567	178,329
Total assets	220,656	222,101	213,998
Deferred outflows	9,000	9,846	10,157
Liabilities			
Current liabilities	10,240	8,623	5,707
Noncurrent liabilities	132,580	138,958	146,157
Total liabilities	142,819	147,581	151,864
Deferred inflows	2,035	1,813	2,004
Net Position			
Net investment in capital assets	50,029	52,476	59,878
Restricted, expendable	7,344	7,016	6,817
Unrestricted	27,014	23,060	3,592
Total net position	$84,387	$82,553	$70,288

The primary components in the asset category are cash, investments, receivables, and capital assets. Total assets decreased by $1.4 million (-0.7%) in FY 2023 and increased $8.1 million (3.8%) in FY 2022.

Total Cash and Investments increased by $4.9 million in FY 2023 largely due to increased operating activity. Total Cash and Investments increased by $5.0 million (14.2%) in FY 2022 largely due to increased operating activity combined with the partial spending of the remaining bond proceeds.

The allocation of unrestricted cash and investments between current and noncurrent is governed by Western Washington University's (WWU) investment policy strategy, which is to maximize returns while ensuring liquidity needs and managing interest rate risk. Unrestricted cash and cash equivalents had a slight increase of $277,355 (5.4%) and $269,105 (5.5%) in FY 2023 and FY 2022, respectively. Total unrestricted investments increased $7.0

million and $12.8 million in FY 2023 and FY 2022, respectively, as excess cash generated from increased operating activities was invested.

Depreciable and non-depreciable assets decreased by $4.4 million (-2.5%) in FY 2023 primarily due to new additions being less than depreciation. Depreciable and non-depreciable assets increased slightly by $238,517 in FY 2022 with the completion of the new residence hall and less purchasing of capital assets.

In FY 2023, current assets exceed current liabilities by $15.9 million. This is comparable to FY 2022 when current assets exceeded current liabilities by $12.6 million.

In FY 2023, current assets increased by $4.9 million (23.1%) primarily due to an increase in short-term investment purchases offset by a decrease in unbilled receivables and prepaid expenses. Current assets for FY 2022 increased by $10.0 million (89.4%) primarily due to increases in cash and cash equivalents and investments as well as an increase in other receivables due to deferred dining commissions and pre-payment reimbursement.

Current liabilities for FY 2023 increased $1.6 million (18.7%) due to a combination of an increase in accounts payable (123.0%) and Residents' housing deposits (38.9%). Current liabilities in FY 2022 increased by $2.9 million (51.1%) primarily due to a combination of an increase to the current portion of bond principal and interest payable combined with a decrease in accounts payable.

Total non-current liabilities decreased $6.4 million (-4.6%) for FY 2023 due to a decrease in long-term bond principle payable combined with a decrease to the Net Other Post Employment Benefits (OPEB) liability (see Note 7). Total noncurrent liabilities for FY 2022 decreased by $7.2 million (-4.9%) primarily due to decreases in long-term bond principal and net OPEB liability.

The sum of assets and deferred outflows less liabilities and deferred inflows is net position. The change in net position measures whether the overall financial condition has improved or deteriorated during the year and is driven by the difference between revenues and expenses. During FY 2023, total net position increased by $2.2 million (2.7%), due to revenues received from an increase in occupancy levels being greater than expenses. Occupancy was approximately 8.5% higher than in FY 2022. The total net position increased $12.3 million (17.4%) in FY 2022 primarily due to an increase in revenue as operations resumed at near normal levels.

Net investment in capital assets decreased $2.4 million (-4.7%) due to depreciation being greater than additions to capital assets. Net investment in capital assets decreased by $7.4 million (-12.4%) in FY 2022 largely due to depreciation.

Restricted for net pensions increased $214,512 (107.6%) during FY 2023 due to changes in pension reporting. The Department of Retirement Systems (DRS) managed Public Employee Retirement System (PRS) plans 2 and 3 are fully funded and have a net pension asset rather than a net pension liability (see Note 6). Restricted, expendable increased $199,433 (2.9%) during FY 2022 primarily due to certain pension plans being fully funded.

In FY 2023, the unrestricted net position increased by $4.4 million (18.9%) primarily due to revenues received from an increase in occupancy levels being greater than expenses. In FY 2022, unrestricted net position increased $19.5 million (541.9%) primarily due to an increase in revenue as operations resumed at near normal levels and decreased spending on operations and capital. Supply chain and labor shortages impacted planned maintenance projects during the year.

Statement of Revenues, Expenses and Changes in Net Position

The changes in total net position, as presented in the Statement of Net Position, and are detailed in the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The statement presents the System's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as operating or non-operating.

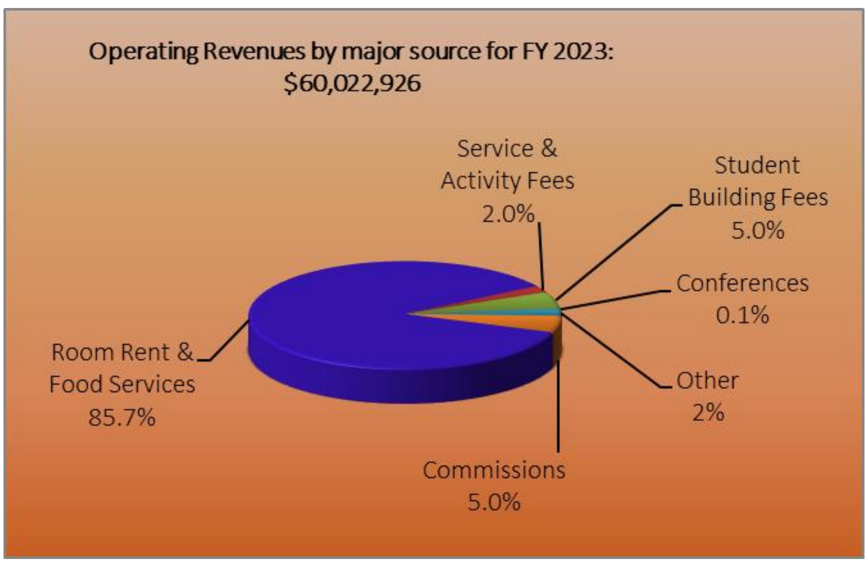
In general, operating revenues are those received for providing housing, dining, and related services to the customers of the System, the majority of which consists of room and board services to students. Operating expenses are those expenses paid to provide the services and resources to the students in return for the operating revenues.

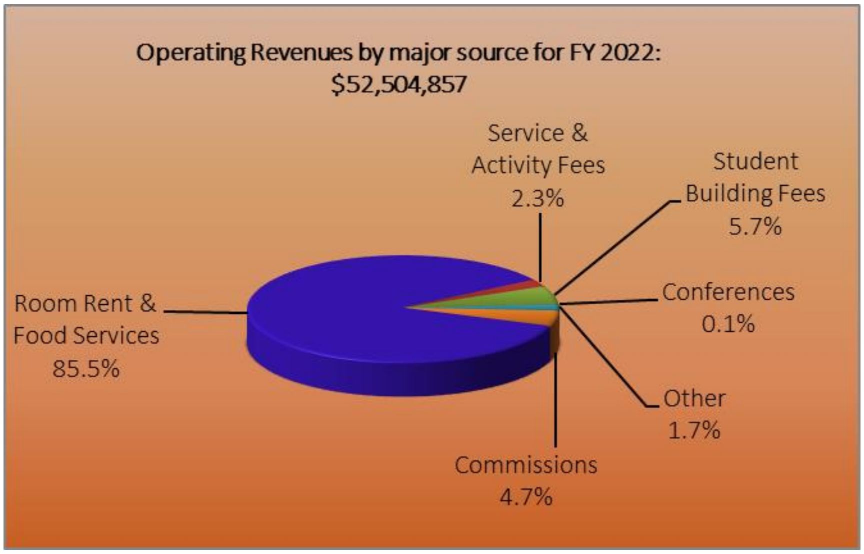
Non-operating revenues are monies received for which goods and services are not provided, such as investment income. Non-operating expenses include interest expense on outstanding debt and amortization of bond costs.

Following is a condensed view of the Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2023, 2022, and 2021:

(Dollars in thousands)

	2023	2022	2021
Operating revenues	$60,023	$52,505	$18,223
Operating expenses	(53,658)	(39,554)	(24,720)
Income from operations	6,365	12,951	(6,497)
Nonoperating revenues	1,020	412	320
Nonoperating expenses	(5,136)	(1,099)	1,088
Increase in Net Position	2,249	12,265	(5,088)
Net Position, Beginning of year	82,552	70,288	75,376
Net Position, End of year	$84,801	$82,552	$70,288





Total operating revenue increased $7.5 million (14.3%) for FY 2023 primarily influenced by increases to room rent and food services revenue.

In FY 2023, there was an increase in room rent and food services revenue of $6.5 million (14.5%). This is due to a combination of rate and occupancy increases. Room rent and food service revenues increased $33.7 million (300.6%) in FY 2022 largely due to an increase in occupancy as WWU returned to in person learning. Occupancy remained steady at 82% for the academic year, compared to 26% in FY 2021.

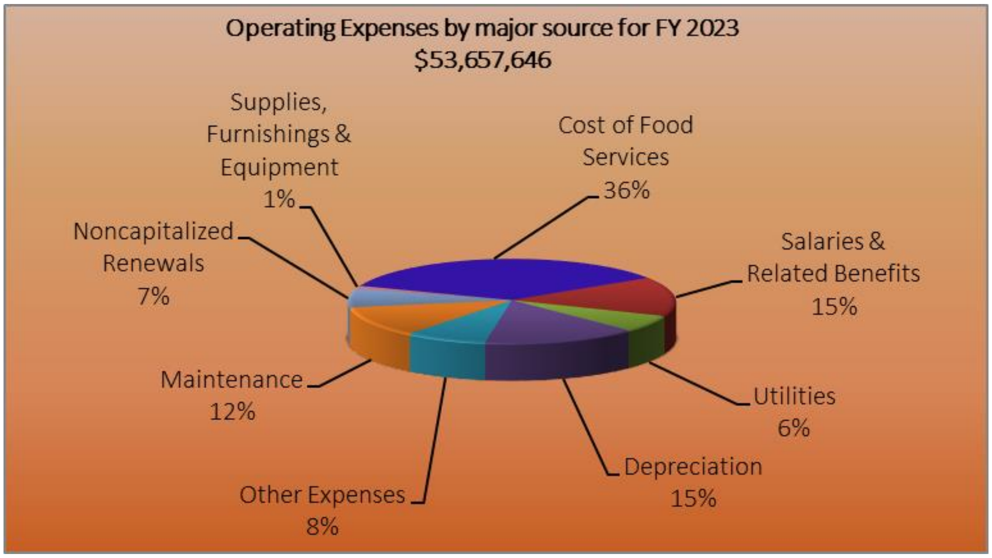
In FY 2023, student building fee revenue increased by $23,424 (0.8%). Although there was a 6.4% fee increase for FY 2023, overall student enrollment was down. Between FY 2022 and FY2021, student building fee revenue increased only slightly by $42,576 (1.4%).

Conference revenue increased by $47,847 (177.9%) in FY 2023, but COVID-19 is still impacting conference services. Conference revenue increased by $19,511 (264.3%) for FY 2022 with the resumption of limited conference services.

Viking Union revenue increased by $201,239 (50.2%), as more in-person events were held in revenue-generating facilities. Viking Union revenue increased in FY 2022 by $203,503 (102.9%). Across all funds (Viking Union and Recycle Center) the increase in revenue was due to greater utilization of chargeback services as campus slowly emerged from the COVID-19 pandemic and remote operations of FY 2021. This includes an increase in the volume of services provided for in-person events and increased utilization of recycling services.

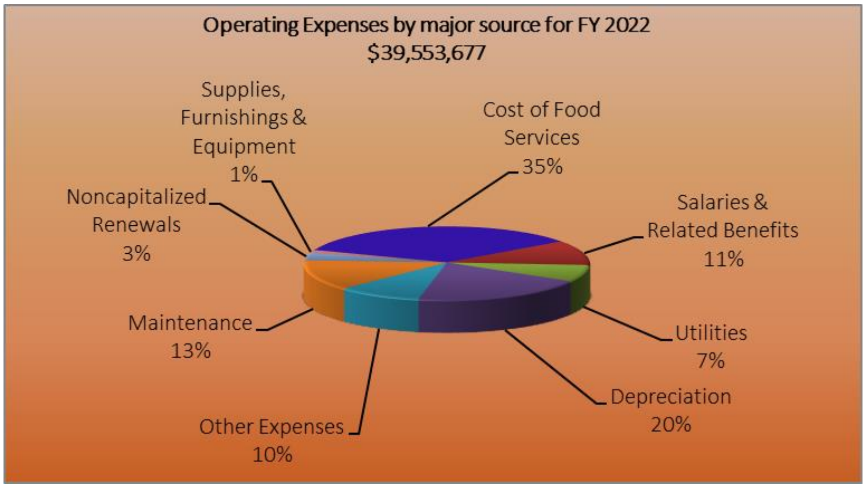
In FY 2023, Commission revenue increased $550,839 (22.5%). Contributing to this increase was the re-opening of most retail dining locations and markets, and an increase in meal plan holders. Commission revenue increased $1.4 million (143.3%) in FY 2022 due to an increase in meal plan holders and the re-opening of some retail operations.

In FY 2023, fees, penalties, and other income increased by $142,166 (41.1%). This increase is largely attributed to the increased number of students living in the residence halls. Fees, penalties, and other income decreased by $1,125,100 (-76.5%) in FY 2022 due to a negotiated one-time payment in FY 2021 from Dining Services (Aramark) to offset some of the effects of COVID-19.



Overall operating expenses increased by $14.1 million (35.7%) in FY 2023. Cost of food services, salaries, utilities, maintenance, and repairs were the main factors. Overall operating expenses increased by $14.8 million (60.0%) in FY 2022. A combination of inflation and an increase in occupancy resulted in higher food, and labor maintenance costs. Non-capitalized renewals and replacements that were deferred in prior years were resumed.

During FY 2023, Cost of food services increased by $5.3 million (39.0%) as the average occupancy was 92.0%, almost 10% higher than FY 2022. Cost of food services for FY 2022 increased by $9.5 million (229.6%). With an average occupancy of 82.3% for the FY 2022, the year ended with 3300+ meal plan holders.



In FY 2023 Salaries and benefits increased by $3.8 million (86.9%). Staffing levels in FY 2023 were near pre-pandemic levels. Cost of living and minimum wage increases were also contributing factors to the increase. Salaries and Benefits for FY 2022 decreased $320,836 (-6.9%). The decrease was primarily due to changes in pension and Other Post Employment Benefits (OPEB) reporting combined with an increase in student staffing in the residence halls.

In FY 2023, utilities increased $510,052 (17.5%) due to an increase in students living on campus as well as an increase in utility rates. Utilities expenses in FY 2022 increased by $1.1 million (61.2%) in part due to an increase in utility costs as well as all residence halls being back online.

Repair and maintenance costs for FY 2023 were $1.0 million (19.1%) higher than the previous year primarily due to labor rates and material costs being significantly higher than in previous years. Repairs and maintenance expenses for FY 2022 increased by $891,375 (20.5%) as maintenance that was previously deferred resumed in FY 2022.

Furniture and equipment purchases increased slightly for FY 2023 in the amount of $13,784. Furniture and equipment expenses for FY 2022 increased by $81,966 (134.9%). The increase was due to much-needed upgrades in residential computer labs. These upgrades were suspended during the COVID-19 pandemic.

In FY 2023, WWU's administrative services fee (ASA) increased slightly by $248,805 (10.0%). There was no increase in the rate charged from FY 2022. In FY 2022 The WWU's administrative services assessment (ASA) fee (included in institutional services) increased $1.5 million (175.8%) due to increased revenue as operations began to recover from the COVID-19 pandemic. The ASA rate charged against the System revenues (less food service contract) was 5.775% in both years.

Other expenses increased in FY 2023 by $228,201 (44.2%). Some examples of expenses in this category include laundry, professional services, and student activities. These are all affected by the number of students living on campus, which was approximately 8% higher than the previous year. Other expenses decreased by $121,782, a 19.1% decrease, in FY 2022 due to reduced operating levels during COVID-19.

Non-operating expenses (interest and amortization) for FY 2023 increased by $4.0 million due to an increase in interest payments. Non-operating expenses (interest and amortization) for FY 2022 increased by $2.2 million primarily due to increased bond interest expense as the deferral generated from the series 2020 bond refunding ended.

Non-operating revenue in FY 2023 increased by $607,132 due to increases in market returns on investments. Non-operating revenue for FY 2022 increased $92,115 primarily due to an increase in capital contributions offset by reduced interest earnings and Federal COVID-19 relief revenue.

Economic Factors and Significant Events

The COVID-19 pandemic continues to influence enrollment, occupancy, and operations. WWU's fall quarter FY 2023 enrollment headcount of 14,747 represents a 2.5% decrease over fall quarter of FY 2022. However, opening occupancy for fall FY 2023 was significantly higher than that of fall FY 2022. The increase was due to the resumption of in-person classes. Approximately 70% of classes were held either in-person, or a mixture of both in-person and online. For fall FY 2023, housing was at 95.62% compared to 85.2% in FY 2022. Management addresses housing demands through room capacity practices such as adding or reducing the number of bed assignments in a room.

The System's capital plan has the following goals: provide housing to support the University's enrollment plan; meet or exceed the System's financial principles; invest in infrastructure to ensure System facility longevity, health, and safety needs; and respond to the changing student needs and expectations. The plan is updated every two years. During FY 2020, a consulting firm performed a Housing and Dining Development Assessment to determine the long-range capital needs of the system; essentially updating the System's capital plan. The resulting draft plan identifies options and priorities for future work and includes an interactive financial modeling tool that the University will utilize as it proceeds with its capital planning and adjusts fiscal assumptions over time. An updated Capital Plan was submitted to the Board of Trustees in May 2022 with appropriate timeline and project adjustments because of pandemic impacts.

The Board of Trustees approved a set of housing and dining principles in 1993 (updated in 2010) to guide the System's financial planning. The six principles address (i) Revenue Fund levels, (ii) Renewal and Replacement Fund levels, (iii) Major maintenance expenditures, (iv) Capital planning efforts, (v) Debt Service Coverage Ratio, and (vi) Occupancy. The System exceeded the minimum requirements established within these principles. The Board periodically reviews the principles to ensure ongoing compliance.

STATEMENT OF NET POSITION

June 30, 2023 and 2022

Assets	2023	2022
Current assets		
Cash and cash equivalents (Note 2)	$5,420,158	$5,142,803
Investments (Note 2)	16,260,377	7,773,539
Restricted cash and cash equivalents (Note 2)	1,902,503	4,330,150
Restricted investments (Note 2)	1,370,835	1,485,674
Accounts receivable, net of allowance of $114,081 and $63,930 in 2023 and 2022, respectively	891,731	563,014
Interest receivable	65,541	46,816
Other receivables	253,443	1,905,526
Total current assets	26,164,589	21,247,521
Noncurrent assets		
Restricted cash and cash equivalents (Note 2)	555,019	666,274
Restricted investments (Note 2)	6,309,610	6,103,910
Investments (Note 2)	13,111,963	14,552,175
Restricted net pension	351,576	964,374
Nondepreciable capital assets (Note 3)	1,620,779	584,953
Depreciable capital assets, net (Note 3)	172,542,055	177,982,081
Total noncurrent assets	194,491,002	199,889,393
Total assets	220,655,590	222,101,289
Deferred Outflows		
Deferred loss on bond refunding	8,176,718	9,262,446
Related to pension (Note 6)	553,508	334,345
Related to OPEB (Note 7)	269,779	248,860
Total deferred outflows	9,000,005	9,845,651
Liabilities		
Current liabilities		
Accounts payable	2,003,275	898,446
Accrued expenses	243,155	215,472
Residents' housing deposits	1,333,744	960,457
Unearned revenues	194,470	181,004
Bonds interest payable	1,110,592	1,169,633
Current portion of bonds payable (Note 4)	5,310,000	5,160,000
Current portion of OPEB liability (Note 7)	44,144	37,753
Total current liabilities	10,239,380	8,622,765
Noncurrent liabilities		
Compensated Absences	371,686	415,240
Bonds payable, less current portion (Note 4)	130,152,094	135,984,825
Net pension liability (Note 4, 6)	351,227	301,985
Net OPEB liability (Note 7)	1,704,948	2,256,226
Total noncurrent liabilities	132,579,955	138,958,276
Total liabilities	142,819,335	147,581,041
Deferred Inflows		
Related to bonds	-	5,537
Related to pension (Note 6)	590,997	1,250,142
Related to OPEB (Note 7)	1,444,148	557,496
Total deferred inflows	2,035,145	1,813,175
Net Position		
Net investment in capital assets	50,029,468	52,476,065
Restricted for system renewals and replacements	6,930,170	6,817,000
Restricted for net pension	413,945	199,433
Unrestricted	27,427,533	23,060,225
Total net position	$84,801,116	$82,552,724

See Notes to Financial Statements

HOUSING AND DINING SYSTEM

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

For the Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Room rent and food services	$51,435,773	$44,916,670
Service and activity fees	1,228,494	1,200,918
Student building fees	3,019,074	2,995,650
Conferences	74,741	26,894
Viking Union income	602,423	401,184
Rent	170,595	164,720
Commissions	3,003,796	2,452,958
Fees, penalties, and other income	488,030	345,864
Total operating revenue	60,022,926	52,504,857
Operating Expenses		
Cost of food services	19,002,665	13,673,083
Salaries and related benefits	8,122,341	4,344,911
Utilities	3,418,876	2,908,824
Repairs and maintenance	6,229,749	5,229,040
Communications	98,665	109,741
Insurance	916,421	824,671
Supplies	407,044	367,866
Furniture and equipment	156,496	142,712
Institutional services	2,563,598	2,314,792
Depreciation	8,111,067	7,793,679
Noncapitalized renewals and replacements	3,885,931	1,327,766
Other	744,793	516,592
Total operating expenses	53,657,646	39,553,676
(Loss)/Income from operations	6,365,279	12,951,181
Nonoperating Revenues (Expenses)		
Investment income	819,514	212,382
Other Capital Contribution	200,000	200,000
Interest expense	(4,573,404)	(1,079,708)
Amortization of bond discounts and premiums	(562,998)	(18,707)
Total nonoperating (expenses) revenues	(4,116,888)	(686,033)
(Decrease)/Increase in net position	2,248,392	12,265,148
Net Position, Beginning of Year	82,552,724	70,287,576
Net Position, End of Year	$84,801,116	$82,552,724

HOUSING AND DINING SYSTEM STATEMENT OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Cash received from students and other customers	61,733,045	$50,691,367
Cash paid to employees	(8,032,639)	(6,741,879)
Cash paid to suppliers	(37,497,292)	(26,897,267)
Net cash flows provided by operating activities	16,203,114	17,052,221
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	-	-
Interest earned on bond proceeds	111,730	23,595
Capital Contribution	200,000	200,000
Payment of long-term debt	(5,160,001)	-
Interest payments	(4,637,982)	(500,577)
Purchase of capital assets	(2,529,979)	(12,021,195)
Net cash flows provided/(used) by capital and related financing activities	(12,016,232)	(12,298,177)
Cash Flows from Investing Activities		
Investment income received	689,059	223,887
Net proceeds (purchase) of restricted investments	(90,861)	5,629,860
Net proceeds (purchase) of investments	(7,046,626)	(12,750,367)
Net cash flows (used in) provided by investing activities	(6,448,428)	(6,896,620)
Net change in cash and cash equivalents	(2,261,547)	(2,142,576)
Cash and Cash Equivalents, Beginning of Year	10,139,227	12,281,803
Cash and Cash Equivalents, End of Year	$7,877,680	$10,139,227
Reconciliation of Operating Income to Net Cash Provided to Operating Activities		
Operating income	6,365,279	12,951,181
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation	8,111,067	7,793,679
Loss on disposal of fixed asset	-	-
Change in operating assets and liabilities		
Accounts receivable	(328,717)	(154,365)
Other receivables	1,652,083	(1,802,883)
Accounts payable	(73,052)	517,822
Accrued salaries and benefits	(14,876)	77,979
Residents' housing deposits	373,287	130,328
Pension and OPEB assets, liabilties and related deferred outflows and inflows of resources	104,578	(2,474,947)
Unearned revenue	13,466	13,428
Cash flows from operating activities	$16,203,114	$17,052,221
Supplemental Disclosure of Noncash Capital and Related Financing Activities		
Change in capital asset additions included in accounts payable	$1,176,888	($3,988,998)

 See Notes to Financial Statements

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Western Washington University Housing and Dining System (the System) is a self-supporting, auxiliary enterprise of Western Washington University (WWU). The System operates residence halls and dining commons, an apartment complex, the Commissary/Warehouse, the Viking Union Complex and Lakewood Recreational Facility. These operations are located on or near the WWU Bellingham campus.

Financial Statement Presentation

The financial statements are presented in accordance with generally accepted accounting principles (GAAP) and follow guidance given by the Governmental Accounting Standards Board (GASB). These statements are special purpose reports reflecting the net position, results of operations, and cash flows of the System. The financial statements present only a selected portion of the activities of WWU. As such, they are not intended to and do not present either the financial position, results of operations, or changes in net position of WWU.

Basis of Accounting

The System's financial statements have been presented 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.

Cash, Cash Equivalents, and Investments

WWU records all cash, cash equivalents and investments at fair value. To maximize investment income, WWU combines funds from all departments into an investment pool. The System records their share of cash, cash equivalents and investments in the same relation as WWU’s investment pool itself. Investment income is allocated to the System in proportion to its average balance in the investment pool.

Accounts Receivable

Receivables are primarily from students of WWU and are unsecured. The System considers all accounts past due when they remain unpaid after their due dates. An allowance based on historical collection rates is established for recognizing potential bad debts. When an account is deemed uncollectible, it is written off against the allowance.

Capital Assets

The capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. The basis of valuation for assets purchased or constructed is cost. The costs of normal maintenance and repairs that do not increase the value of the assets or materially extend asset lives are charged to operating expense in the year the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets: 40 years for buildings and building improvements, 20 to 25 years for infrastructure and other improvements, and 5 to 7 years for furniture, fixtures, and equipment.

Compensated Absences

The accrued leave balances as of June 30, 2023, and 2022 are $371,686 and $415,240, respectively. This consists of unused vacation leave and compensatory time earned for exempt professionals and classified staff. It also includes a percentage of earned and unused sick leave for exempt professionals and classified staff. For reporting purposes, the entire balance of accrued leave is considered a noncurrent liability as more leave is accrued than used.

Bond Deferred Outflows/Deferred Inflows
The System classifies gains on retirement of debt as deferred inflows of resources and losses as deferred outflows of resources and amortizes such amounts as a component of interest expense over the remaining life of the old debt, or the new debt, whichever is shorter.

Unearned Revenue
Summer quarter, which is the first quarter of WWU's fiscal year, begins shortly before June 30. The majority of cash received for room and board fees related to summer session are recorded as unearned revenue until the following fiscal year when the revenue is earned.

Cost-Sharing Pension Plans
The net pension asset or liability is measured as the System's proportionate share of the collective total pension liability, less the fiduciary net position, of the cost-sharing pension plans in which the System participates. The total pension liability is determined by discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year-end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits. The System's proportionate share is determined based on the relationship of the System contributions to total contributions to the plan by all participating employers. Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. Differences between expected and actual experience, and changes in assumptions about future economic or demographic factors, are reported as deferred inflows of resources or deferred outflows of resources and are recognized over the average expected remaining service period for employees eligible for pension benefits. Differences between expected and actual investment returns are reported as deferred inflows of resources or deferred outflows of resources and are recognized over five years. Contributions made to the plan subsequent to the measurement date and prior to the System's fiscal year-end are reported as a deferred outflow of resources and recognized in the subsequent fiscal year. The measurement date for the net pension asset or liability is June 30 of the prior fiscal year.

Single Employer Pension Plan (WWU Supplemental Retirement Plan)
Legislation signed into law on July 1, 2020, amended the RCW applicable to the WWU Supplemental Retirement Plan (WWUSRP) to define plan provisions including limits on member eligibility, benefit payments, vesting terms and contribution rates. As a result of these amendments, the System is unable to modify the terms of the plan. Administration of the benefit calculations and payments remain the responsibility of WWU until the state's Pension Funding Council determines the trust has sufficient assets, at which time the Department of Retirement Systems will assume those duties in accordance with RCW 41.50.280. Other agencies of the state of Washington perform the duties of a board and hold the substantive powers in relation to the WWUSRP. The System does not perform the duties of a board or hold any of the substantive powers that would make the plan a fiduciary component unit of the University. The total pension liability is determined by discounting projected benefit payments for current participants and retirees, based on the benefit terms and legal agreements existing at the pension plan's fiscal year- end. The discount rate used for the total pension liability reflects the expected rate of

return on investments, to the extent that plan assets are available to pay retiree benefits. The WWUSRP net liability represents the total pension liability less the plan's fiduciary net position.

Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. Differences between expected and actual experience, and changes in assumptions about future economic or demographic factors, are reported as deferred inflows of resources or deferred outflows of resources and are recognized over the average expected remaining service.

Net Position
The System's net position is classified as follows:

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

- *Restricted for system renewals and replacements* - Restricted net position represents resources restricted by bond covenants for system renewals and replacements.

- *Restricted for net pension* - Restricted net position represents resources restricted for pensions. This is calculated as follows: Net pension assets plus deferred outflows minus deferred inflows for those associated retirement plans that have net pension assets.

- *Unrestricted* - Unrestricted net position represents resources derived from operations and investing activities.

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

Operating revenues. Operating revenues include activities that have the characteristics of exchange transactions, such as sales and services.

Operating expenses. Operating expenses are those incurred in daily operations such as salaries and wages, benefits, utilities and supplies.

Non-operating revenues. Non-operating revenues include activities that have the characteristics of non-exchange transactions such as investment income.

Non-operating expenses. Non-operating expenses include costs related to financing or investing activities such as interest on indebtedness and amortization of bond costs.

Premiums/Discounts
Bond premiums and discounts are amortized over the term of the bonds using the effective interest method. The remaining balances of bond premiums/discounts are presented in the Statement of Net Position net of the face amount of bonds payable.

Administrative Assessment

WWU provides support to the System through cash and debt management, accounting, human resources, purchasing and accounts payable services, risk management, and other support services. The effects of these transactions are included as institutional services in these financial statements. The amount paid was $2,295,330 and $2,037,129 which was 5.775% of revenues (less food service contract) for the years ending June 30, 2023, and 2022, respectively.

Tax Exemptions

WWU, and the System as an auxiliary enterprise, is a tax-exempt instrumentality of the State of Washington under the provisions of Section 115(a) of the Internal Revenue Code and are exempt from federal income taxes on related income.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The System's operating cash is part of WWU's internal investment pool. The pool is invested in demand deposits, time certificates of deposit, the Washington State Local Government Investment Pool (LGIP), corporate notes, commercial paper, municipals, supranationals, and U.S. Treasury and Agency securities.

Bank balances (including time certificates of deposit) are insured by the Federal Deposit Insurance Corporation (FDIC) or by a collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The System's restricted investments of $7,680,445 and $7,589,584 on June 30, 2023 and 2022 respectively are restricted for unspent bond proceeds, renewals and replacements. Restricted investments include $3,301,912 and $3,211,512 on June 30, 2023 and 2022 respectively that are separately invested from the University's investment pool, in time certificates of deposit, municipals, and U.S. Treasury and Agency securities.

Credit (Quality) Risk

Credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. Per Statute and policy, minimum ratings for each investment type by Standard & Poor's/Moody's respectively are as follows: corporate notes, A-/A3; commercial paper, A1+/P1; municipals, A-/A3; supranationals, AA-/Aa3; and US Treasury and Agency securities, AA+/Aaa.

WWU manages its exposure to fair value losses in the internal investment pool by targeting the portfolio duration to 2.25 years and limiting the weighted average maturity to a maximum of three years. WWU generally does not invest operating funds in securities maturing more than five years from the date of purchase.

Fair Value Measurement and Application

Fair Value Measurement and Application establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;
Level 2 -Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities;
Level 3 - Unobservable inputs that are significant to the fair value measurement.

	Fair Value Measurements as of June 30, 2023 using:				
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total	Weighted Average Maturity (in years)
Cash and Cash Equivalents					
Unrestricted	5,420,158			$5,420,158	0.003
Restricted	555,019			555,019	0.003
Restricted - Bonds	1,902,503			1,902,503	0.003
Investments					
Unrestricted					
Certifciates of deposit	1,292,524			1,292,524	0.226
Corporate	5,899,022			5,899,022	0.628
Municipals		1,376,720		1,376,720	2.970
Supranationals		1,937,948		1,937,948	2.789
U.S. Agencies		14,929,678		14,929,678	1.168
U.S. Treasuries		3,936,448		3,936,448	2.671
Restricted					
Certifciates of deposit	1,878,693	-	-	1,878,693	0.817
Corporate	604,054	-		604,054	0.326
Municipals	-	636,540		636,540	3.027
Supranationals		198,444		198,444	1.448
U.S. Agencies		2,153,243		2,153,243	1.203
U.S. Treasuries		838,636		838,636	1.428
Bond Certificates of deposit	60,323	-		60,323	0.618
Bond Corporate	275,313	-		275,313	0.659
Bond Municipals		64,253		64,253	1.201
Bond Supranationals		90,446		90,446	1.313
Bond U.S. Agencies		696,782		696,782	0.489
Bond U.S. Treasuries		183,718		183,718	1.411
	$17,887,609	$27,042,855	$ -	$44,930,465	

	Fair Value Measurements as of June 30, 2022 using:				
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total	Weighted Average Maturity (in years)
Cash and Cash Equivalents					
Unrestricted	5,142,803			$5,142,803	0.003
Restricted	666,274			666,274	0.003
Restricted - Bonds	4,330,150			4,330,150	0.003
Investments					
Unrestricted					
Certifciates of deposit	994,021			994,021	1.247
Corporate	1,805,864			1,805,864	0.787
Municipals		602,052		602,052	2.749
Supranationals		363,255		363,255	1.646
U.S. Agencies		2,095,704		2,095,704	0.978
U.S. Treasuries		16,464,818		16,464,818	1.471
Restricted					
Certifciates of deposit	1,875,120	-	-	1,875,120	1.171
Corporate	233,958	-		233,958	0.414
Municipals	-	528,432		528,432	2.909
Supranationals		47,061		47,061	0.865
U.S. Agencies		1,286,246		1,286,246	1.577
U.S. Treasuries		2,133,092		2,133,092	0.773
Bond Certificates of deposit	66,148	-		66,148	0.392
Bond Corporate	120,172	-		120,172	0.418
Bond Municipals		40,064		40,064	0.761
Bond Supranationals		24,173		24,173	0.832
Bond U.S. Agencies		139,459		139,459	0.310
Bond U.S. Treasuries		1,095,658		1,095,658	0.942
	$15,234,508	$24,820,016	$ -	$40,054,524	

NOTE 3. CAPITAL ASSETS, NET

The depreciation expense for the years ended June 30, 2023 and 2022 was $8,111,067 and $7,793,679, respectively.

Following are the changes in capital assets for the year ended June 30, 2023:

Description	June 30, 2022	Additions	Reductions	June 30, 2023
Non-depreciable capital assets				
Construction in progress	$584,953	$1,035,826		$1,620,779
Total non-depreciable capital assets	584,953	1,035,826	-	1,620,779
Depreciable capital assets				
Buildings	241,761,839	-		241,761,839
Buildings improvements	34,405,455	-		34,405,455
Furniture, fixtures, and equipment	10,266,458	2,671,040	(20,467)	12,917,032
Infrastructure	4,492,564			4,492,564
Total depreciable capital assets	290,926,316	2,671,040	(20,467)	293,576,890
Less Accumulated Depreciation				
Buildings	80,650,849	6,235,732		86,886,582
Buildings improvements	21,654,686	1,239,695		22,894,381
Furniture, fixtures, and equipment	8,046,467	556,758	(20,467)	8,582,758
Infrastructure	2,592,233	78,882		2,671,115
Total accumulated depreciation	112,944,235	8,111,067	(20,467)	121,034,835
Capital assets, net	178,567,034	($4,404,199)	-	$174,162,834

Following are the changes in capital assets for the year ended June 30, 2022:

Description	June 30, 2021	Additions	Reductions	June 30, 2022
Non-depreciable capital assets				
Construction in progress	$56,157,370	$332,298	(55,904,715)	$584,953
Total non-depreciable capital assets	56,157,370	332,298	(55,904,715)	584,953
Depreciable capital assets				
Buildings	179,651,846	62,109,993		241,761,839
Buildings improvements	34,405,455			34,405,455
Furniture, fixtures, and equipment	8,958,894	1,494,619	(187,056)	10,266,458
Infrastructure	4,492,564			4,492,564
Total depreciable capital assets	227,508,760	63,604,612	(187,056)	290,926,316
Less Accumulated Depreciation				
Buildings	74,646,422	6,004,427		80,650,849
Buildings improvements	20,414,992	1,239,695		21,654,686
Furniture, fixtures, and equipment	7,762,848	470,675	(187,056)	8,046,467
Infrastructure	2,513,351	78,882		2,592,233
Total accumulated depreciation	105,337,612	7,793,679	(187,056)	112,944,235
Capital assets, net	178,328,517	$56,143,233	-	$178,567,034

NOTE 4. NON-CURRENT LIABILITIES

BONDS:

In accordance with bond covenants, a Renewal and Replacement (R&R) Fund has been established to pay extraordinary operating and maintenance expenses; to make capital replacements, expansions, additions, repairs and renewals of the System; and to pay bond principal and interest to the extent other funds are not legally available. The balance of the R&R Fund must equal at least 5% of the principal balance of outstanding bonds.

Bond covenants also require that the System pledge net revenue (as defined) in each fiscal year at least equal to the greater of (i) 125% of the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest) on outstanding bonds, or (ii) amounts required to be deposited during such fiscal year from net revenues into debt service and reserve funds established for outstanding bonds and into the R&R Fund, but excluding from each of the foregoing, payments made from refunding debt and capitalized debt service.

	June 30, 2023	June 30, 2022
Series 2020 Housing and Dining Revenue Bonds (original issue price of $21,760,000) with interest rates ranging from 1.5% to 2.5% and principal payments due in annual amounts ranging from $735,000 to $2,735,000 through April 1, 2034. The Series 2020 bonds have an aggregate face value of $21,760,000 at June 30, 2023.	$21,760,000	$21,760,000
Series 2019 Housing and Dining Revenue Bonds (original issue price of $68,575,000) with interest rates ranging from 3.0% to 5.0% and principal payments due in annual amounts ranging from $1,540,000 to $3,295,000 through April 1, 2049. The Series 2019 bonds have an aggregate face value of $65,715,000 at June 30, 2023 which is reported net of the unamortized original issues premium of $2,802,282	68,517,282	70,194,953
Series 2018B Housing and Dining Revenue Bonds (original issue price of $33,680,000) with interest rates ranging from 3.0% to 4.0% and principal payments due in annual amounts ranging from $1,020,000 to $2,050,000 through April 1, 2043. The Series 2018B bonds have an aggregate face value of $29,525,000 at June 30, 2023 which is reported net of the unamortized original issues premium of $725,623.	30,250,623	31,300,045
Series 2018A Housing and Dining Revenue and Refunding Bonds (original issue price of $10,695,000) with interest rates ranging from 3.0% to 5.0% and principal payments due in annual amounts ranging from $580,000 to $985,000 through April 1, 2034. The Series 2018A bonds have an aggregate face value of $9,030,000 at June 30, 2023 which is reported net of the unamortized original issues premium of $567,526.	9,597,526	10,275,780
Series 2015 Housing and Dining Refunding Bonds (original issue price of $13,435,000) with an interest rate of 5.0% and principal payments due in annual amounts ranging from $1,380,000 to $1,530,000 through October 31, 2026. The Series 2015 bonds have an aggregate face value of $ 4,360,000 at June 30, 2023 which is reported net of the unamortized original issues premium of $ 183,961	4,543,961	5,985,376
Series 2012 Revenue and Refunding Bonds (original issue price of $9,205,000) with interest rates ranging from 3.0% to 5.0% and a principal payment due in annual amount of $790,000 through October 31, 2023. The Series 2012 bonds have an aggregate face value of $ 790,000 at June 30, 2023 which is reported net of the unamortized original issues premium of $ 2,702	792,702	1,628,671
	135,462,094	141,144,825
Less current portion	(5,310,000)	-
	$130,152,094	$141,144,825

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

Non-current Liabilities	June 30, 2022	Additions	Reductions	June 30, 2023	Current Portion
BONDS PAYABLE					
Series 2020 Revenue Bonds	21,760,000	-	-	$21,760,000	-
Series 2019 Revenue Bonds	67,180,000	-	(1,465,000)	65,715,000	1,540,000
Series 2018B Revenue Bonds	30,510,000	-	(985,000)	29,525,000	1,020,000
Series 2018A Refunding Bonds	9,600,000	-	(570,000)	9,030,000	580,000
Series 2015 Refunding Bonds	5,675,000	-	(1,315,000)	4,360,000	1,380,000
Series 2012 Refunding Bonds	1,615,000	-	(825,000)	790,000	790,000
	136,340,000	-	(5,160,000)	131,180,000	5,310,000
Plus unamortized premium	4,804,825	-	(522,730)	4,282,095	-
Less unamortized discount	-	-	-	-	-
Total Bonds Payable	141,144,825	-	(5,682,730)	135,462,095	5,310,000
Compensated Absences	415,240		(43,554)	371,686	-
Pension Liabilities	301,985	49,242.00		351,227	-
OPEB Liability	2,333,979		(584,887)	1,749,092	44,144
Total Non-current liabilities	$144,196,029	$49,242	($6,311,171)	$137,934,100	$5,354,144

Following are the changes in non-current liabilities for the year ended June 30, 2022:

Non-current Liabilities	June 30, 2021	Additions	Reductions	June 30, 2022	Current Portion
BONDS PAYABLE					
Series 2020 Revenue Bonds	$21,760,000			21,760,000	-
Series 2019 Revenue Bonds	$67,180,000	-		67,180,000	1,465,000
Series 2018B Revenue Bonds	30,510,000	-		30,510,000	985,000
Series 2018A Refunding Bonds	9,600,000	-		9,600,000	570,000
Series 2015 Refunding Bonds	5,675,000	-		5,675,000	1,315,000
Series 2012 Refunding Bonds	1,615,000	-		1,615,000	825,000
	136,340,000	-	-	136,340,000	5,160,000
Plus unamortized premium	4,894,942	-	(90,117)	4,804,825	-
Less unamortized discount	-	-	-	-	-
Total Bonds Payable	141,234,942	-	(90,117)	141,144,825	5,160,000
Compensated Absences	396,859	18,381	-	415,240	-
Pension Liabilities	856,891	-	(554,906)	301,985	-
OPEB Liability	3,773,792	-	1,439,813	2,333,979	37,753
Total Non-current liabilities	$146,262,484	$18,381	$794,790	$144,196,029	5,197,753

Total interest incurred on bonds payable for the years ended June 30, 2023, and June 30, 2022 was $4,573,404 and $1,079,708, respectively.

The principal and interest maturities of bonds payable for years ending June 30 are as follows:

	Principal	Interest	Total
2024	5,310,000	4,431,083	9,741,083
2025	5,560,000	4,199,483	9,759,483
2026	5,800,000	3,958,101	9,758,101
2027	6,055,000	3,704,414	9,759,414
2028	6,265,000	3,489,813	9,754,813
2029-2033	34,715,000	14,071,686	48,786,686
2034-2038	24,360,000	9,130,488	33,490,488
2039-2043	24,335,000	5,348,000	29,683,000
2044-2048	15,485,000	1,890,900	17,375,900
2049	3,295,000	98,850	3,393,850
	131,180,000	50,322,818	$181,502,818
Plus unamortized premiums	4,282,094		
	$135,462,094		

NOTE 5. COMMITMENTS

The System regularly enters into contracts and purchase orders that commit fund balances for future purchases of goods and services. As of June 30, 2023 and 2022, these commitments totaled $4,201,863 and $4,824,609 respectively, for all funds.

NOTE 6. PENSION PLANS

WWU offers four contributory pension plans: 1) the Washington State Public Employees' Retirement System (PERS) plans, 2) the Washington State Teachers Retirement System (TRS) plans, 3) the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) plan and 4) the Western Washington University Retirement plan (WWURP).

Housing and Dining employees in eligible positions are participants in the PERS and WWURP plans. PERS is a cost sharing multiple employer defined benefit pension plan administered by the State of Washington Department of Retirement Systems (DRS). WWURP is a single employer defined contribution plan with a supplemental defined benefit plan component currently administered by WWU.

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

Housing and Dining's proportionate share of WWU's share of the total net unfunded liabilities associated with the defined-benefit pension plans administered by the DRS was $202,773 as of June 30, 2023, and $91,963 as of June 30, 2022. The liability associated with the defined-benefit pension plan administered by WWU was $148,454 as of June 30,2023 and $210,020 as of June 30, 2022. The total pension expense recorded by the System related to both the DRS and University plans was $(53,620) and $(656,633) for the years ended June 30, 2023, and 2022, respectively.

PLANS ADMINISTERED BY Department of Retirement System (DRS)

PLAN DESCRIPTION:

Public Employees' Retirement System

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

VESTING AND BENEFITS PROVIDED:

PERS Plan 1

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

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

PERS Plan 2/3

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

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

Members are eligible for normal retirement at the age of 65 with five years of service. Members have the option to retire early with reduced benefits. Members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3% annually. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

FIDUCIARY NET POSITION:

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

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

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB- adopted investment policies for the various asset classes in which the WSIB invests. Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS system and plan was funded by an employer rate of 0.18% of employee salaries.

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

ACTUARIAL ASSUMPTIONS:

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

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

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

Mortality rates were developed using the Society of Actuaries' Pub.H-20210 mortality rates as the base table. OSA applied age offsets, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout the member's lifetime.

OSA selected a 7.00% long-term expected rate of return on pension plan investments using a building block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the WSIB provided.

The CMAs contain three pieces of information for each class of assets WSIB currently invests in:

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

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns at various future times.

The best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

2023 - Measurement date 2022

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	20%	1.50%
Tangible Assets	7%	4.70%
Real Estate	18%	5.40%
Global Equity	32%	5.90%
Private Equity	23%	8.90%
Total	100%	

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

DISCOUNT RATE:

The discount rate used to measure the total pension liabilities was 7.00%, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.00% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.00% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 and TRS 2/3 employers whose rates include a component for the PERS Plan 1 and TRS Plan 1 unfunded actuarial accrued liabilities). Based on those assumptions, the various pension plan's fiduciary net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.00% on pension plan investments was applied to determine the total pension liability for each plan.

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

The following table presents the System's net pension liability position by plan calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.0% point lower (6.00%) or 1.0% point higher (8.00%) than the current rate.

Discount Rate Sensitivity - Net Pension Liability (Asset)			
($ in thousands)		2023	
		Current	
	1% Decrease	Discount Rate	1% Increase
Plan	6.0%	7.0%	8.0%
PERS 1	$ 271	$ 203	$ 143
PERS 2/3	414	(352)	(981)

EMPLOYER CONTRIBUTION RATES:

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

Required Contribution Rates

The required contribution rates expressed as a percentage of current year covered payroll are shown below. The University and the employees made the required contributions.

Contribution Rates						
	7/1/2021 thru 8/31/2021		9/1/2021 thru 8/31/2022		9/1/2022 thru 6/30/2023	
	Employee	University	Employee	University	Employee	University
PERS						
Plan 2	6.36%	10.25%	6.36%	10.25%	6.36%	10.39%
Plan 3	5.00-15.00% **	10.25% *	5.00-15.00% **	10.25% *	5.00-15.00% **	10.39% *

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

*Plan 3 defined benefit portion only.

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

University contribution rate includes an administrative expense rate of 0.0018.

The University's required contributions for the years ending June 30 are as follows:

Required Contributions		
	FY 2022	FY 2023
PERS		
Plan 2	$ 99,726	$125,601
Plan 3	21,446	26,700

HOUSING & DINING SYSTEM PROPORTIONATE SHARE AND AGGREGATED BALANCES:

Collective pension amounts are determined as of a measurement date, which can be no earlier than an employer's prior fiscal year. The measurement date for the net pension liabilities recorded by the System as of June 30, 2023, and 2022 was June 30, 2022, and 2021 (one year in arrears.) Employer contributions received and processed by the DRS during the measurement date fiscal year have been used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in their fiscal year ended June 30 Schedules of Employer and Non-employer Allocations. The System's proportional share of WWU's share from DRS of the aggregated balance of net pension liabilities as of June 30, 2023 and June 30, 2022 is presented in the table below.

Proportionate Share of WWU's share	PERS 1	PERS 2/3
2023	2.5655%	2.5655%
2022	2.5527%	2.5585%

Aggregate Pension Amounts				
		PERS 1		PERS 2/3
Net Pension Liability (Asset) June 30, 2023	$	202,773	$	(351,575)
Net Pension Liability (Asset) June 30, 2022	$	91,963	$	(964,374)

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

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

Proportionate Share of Pension Expense (Income)						
		PERS 1		PERS 2/3		Total
Year Ended June 30, 2023	$	87,000	$	(117,322)	$	(30,321)
Year Ended June 30, 2022	$	(256,825)	$	(383,469)	$	(640,294)

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

Deferred Outflows of Resources

2023	PERS 1	PERS 2/3	Total
Difference between expected and actual experience	$ -	$ 87,112	$ 87,112
Changes of assumptions	-	195,954	$ 195,954
Change in proportion	-	7,966	$ 7,966
Contributions subsequent to the measurement date	55,110	97,190	$ 152,300
TOTAL	$ 55,110	$ 388,222	$ 443,331

Deferred Inflows of Resources

2023	PERS 1	PERS 2/3	Total
Difference between expected and actual experience	$ -	$ 7,959	$ 7,959
Change in assumptions	-	51,308	$ 51,308
Net difference between projected and actual earnings on pension plan investments	33,605	259,922	$ 293,527
Change in proportion	-	6,664	$ 6,664
TOTAL	$ 33,605	$ 325,852	$ 359,458

Amortization of Deferred Outflows and Deferred Inflows of Resources

YEAR	PERS 1	PERS 2/3	Total
2024	$ (14,221)	$ (81,849)	$ (96,070)
2025	$ (12,916)	$ (71,140)	$ (84,057)
2026	$ (16,203)	$ (85,385)	$ (101,588)
2027	$ 9,735	$ 120,013	$ 129,748
2028	$ -	$ 41,970	$ 41,970
Thereafter	$ -	$ 41,572	$ 41,572
TOTAL	$ (33,605)	$ (34,820)	$ (68,425)

Deferred Outflows of Resources

2022	PERS 1	PERS 2/3	Total
Difference between expected and actual experience	$ -	$ 46,838	$ 46,838
Changes of assumptions	-	1,409	$ 1,409
Change in proportion	-	6,804	$ 6,804
Contributions subsequent to the measurement date	44,632	76,541	$ 121,173
TOTAL	$ 44,632	$ 131,592	$ 176,225

Deferred Inflows of Resources

2022	PERS 1	PERS 2/3	Total
Difference between expected and actual experience	$ -	$ 11,822	$ 11,822
Change in assumptions	-	68,487	$ 68,487
Net difference between projected and actual earnings on pension plan investments	102,048	805,990	$ 908,038
Change in proportion	-	10,234	$ 10,234
TOTAL	$ 102,048	$ 896,533	$ 998,581

PLANS ADMINISTERED BY WESTERN WASHINGTON UNIVERSITY

Western Washington University Retirement Plan (WWURP)

PLAN DESCRIPTION:

The WWURP is a defined contribution single employer pension plan with a supplemental payment when required. The plan covers faculty, professional staff, and certain other employees. It is administered by WWU. WWU's Board of Trustees is authorized to establish and amend benefit provisions.

Contributions to the plan are invested in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Benefits from fund sponsors are available upon separation or retirement at the member's option.

Employees, at all times, have a 100% vested interest in their accumulations. The number of participants in the WWURP as of June 30, 2023 and 2022 was 1,168 and 1,154 respectfully.

FUNDING POLICY:

Employee contribution rates, which are based on age, range from 5% to 10% of salary. WWU matches 100% of the employee contributions. All required employer and employee contributions have been made and the breakdown of the System's proportional share of the WWURP contributions are included in the table below for the years ended June 30.

Housing & Dining		**2023**		**2022**
Contributions made by:				
Employees	$	114,714	$	117,314
University		114,730		117,080

Western Washington University Supplemental Retirement Plan (WWUSRP)

PLAN DESCRIPTION:

The Western Washington University Supplemental Retirement Plan (WWUSRP), the supplemental component of the Western Washington University Retirement Plan (WWURP), is a defined benefit plan currently administered by WWU and operates in tandem with the WWURP defined contribution pension plan to supplement the expected defined-contribution retirement savings accumulated under the WWURP. The plan covers faculty and certain other positions. The WWUSRP, the supplemental component of the WWURP, was closed to new entrants as of July 1, 2011. For purposes of measuring the June 30, 2021 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 WWUSRP and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported in the state of Washington's Annual Comprehensive Financial Report, which is available at https://ofm.wa.gov/accounting/financial-audit-reports/annual-comprehensive-financial-report. The Office of the State Actuary prepared the SRP GASB67/68 Retirement Plan Valuations for reporting the June 30, 2023 balances, which is available in the 2023 Actuarial Valuation report at https://leg.wa.gov/osa/additionalservices/Pages/HigherEd.aspx.

PLAN MEMBERSHIP:

Membership of the WWUSRP consisted of the following at June 30, 2022, and June 30, 2023, the date of the latest actuarial valuation for the plan:

	Number of Participating Members			
WWUSRP	Inactive Members (Or Beneficiaries) Currently Receivng Benefits	Inactive Members Entitled To But Not Yet Receivng Benefits	Active Members	Total Members
2023	84	50	402	536
2022*	79	3	483	565

* same as prior year utilizing the 2021 SRP Actuarial Valuation Report

VESTING AND BENEFITS PROVIDED:

This supplemental component payment plan determines a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. This supplemental component is financed on a pay-as-you-go basis. WWU makes direct payments to qualified retirees when the retirement benefit provided by the fund sponsor does not meet the benefit goal.

WWSRP retirement benefits provisions are contained in RCW 28B.10.400, et. seq. which assigns the authority to establish and amend benefit provisions to the Western Washington University Board of Regents. Members are eligible to receive benefits under this plan at age 62 with 10 years of credited service. The monthly amount of benefits payable at the time of retirement is the excess of one-twelfth of 2.0% of the member's average annual salary multiplied by the number of years of service (such product not to exceed one-twelfth of 50.0% of the member's average annual salary) over an assumed annuity benefit.

Assumed income must be calculated by an independent actuary and represents a theoretical amount of monthly income that would have been generated if actual employee and WWU contributions to the WWURP had been allocated equally between fixed and variable dollar annuities. When the goal income exceeds the assumed income, the participant is entitled to benefits under this plan. The System's proportional share of the total University benefit payments made during the fiscal years ended June 30, 2023, and 2022 were $7,416 and $7,690, respectively.

FIDUCIARY NET POSITION:

With the passing of 2SHB 1661, the legislation, effective July 1, 2020, created trust accounts for the contributions and investment returns collected to pre-fund SRP benefits. Under this new funding structure, the SRP will report under GASB No. 67/68 starting in FY 2021.

The plan Fiduciary Net Position is the fair value of plan assets held in a trust as defined by GASB. The Net Pension Liability is the difference between the Total Pension Liability and the plan Fiduciary Net Position. The plan Fiduciary Net Position represents the amount of assets collected as of the measurement date to pay for SRP benefits, per RCW 41.50.280. Plan assets and investments are measured at their fair value.

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

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

Information about the investment of pension funds by the WSIB, their valuation, classifications, concentrations, and maturities can be found in footnote 3.B of the state of Washington's Annual Comprehensive Financial Report.

ACTUARIAL ASSUMPTIONS:

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

With the passing of 2SHB 1661, the legislation, effective July 1, 2020, created trust accounts for the contributions and investment returns collected to pre-fund SRP benefits. Under this new funding structure, the SRP will report under GASB No. 67/68 starting in FY 2021.

The valuation date was changed from June 30 to January 1. This corresponds with the new data file being provided with participant information as of January 1, 2023. The total pension liability was determined by an actuarial valuation date of January 1, 2023 , with the results projected forward to the June 30, 2023, measurement date using the following actuarial assumptions:

- Discount Rate: 7.00%
- TIAA Return Rate: 4.00%
- CREF Return Rate: (6.25)%
- Salary Growth: 3.75%

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

The total salary growth assumption is based on the August 2021 Higher Education SRP Experience study. Some TIAA assumptions have been updated by OSA since that study based on input from TIAA and OSA's professional judgment. OSA determined the discount rate based on the 2021 Economic Experience Study for the Washington State retirement plans and based on the results of the GASB 67/68 required crossover test. As of this measurement date, all SRPs are projected to have sufficient assets to pay for current member benefits based on the assumptions and methods described by OSA.

The discount rate can be thought of as an assumed return on assets, with a lower discount rate leading to a higher total pension liability (TPL). The discount rate reflects OSA's long-term rate of return assumption for assets invested in the Commingled Trust Fund, which remained at 7.00%. TIAA and CREF are investments used in the assumed income calculation. Changes to these assumptions impact OSA's estimate of SRP benefits for future retirees. The new assumptions decreased expected benefits and the TPL for all institutions.

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

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

Housing & Dining WWUSRP
Discount Rate Sensitivity - Net Pension Liability/(Asset)
$ in thousands

		2023	
		Current	
	1% Decrease	Discount Rate	1% Increase
Plan	**6.0%**	**7.0%**	**8.0%**
WWUSRP	$ 151	$ 129	$ 110

EMPLOYER CONTRIBUTION RATES:

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

WWUSRP	2023	2022
Employer required contribution rate	0.21%	0.21%

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

NET PENSION LIABILITY (NPL):

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

Effective July 1, 2020, legislation signed into law created a trust arrangement for assets dedicated to paying WWUSRP benefits to plan members. Contributions previously paid to and accumulated by DRS beginning January 1, 2012, were transferred into the trust when this legislation became effective. As a result, WWU applied accounting guidance for single employer plans that have trusted assets and reports the pension liability net of plan assets beginning fiscal year ended June 30, 2021.

The components of the WWUSRP liability were as follows:

Housing & Dining Proportional Share
Schedule of Changes in Net Pension Liability (NPL)

	TPL (a)	Plan Fiduciary Net Position (b)	NPL (a) minus (b)
Balance as of July 1, 2021	**$ 185,892**	**$ 70,047**	**$ 115,845**
Service Cost	3,055		3,055
Interest on TPL	12,875		12,875
Differences Between Expected and Actual Experience	69,003		69,003
Change in Assumptions	19,981		19,981
Employer Contributions		2,963	(2,963)
Investment Income		79	(79)
Benefit Payments	(7,696)		(7,696)
Net Changes	97,217	3,042	94,175
Balance as of June 30, 2022	**$ 283,109**	**$ 73,089**	**$ 210,020**
Service Cost	4,083		4,083
Interest on TPL	18,167		18,167
Differences Between Expected and Actual Experience	(40,420)		(40,420)
Change in Assumptions	(28,117)		(28,117)
Employer Contributions		2,926	(2,926)
Investment Income		4,939	(4,939)
Benefit Payments	(7,416)		(7,416)
*Rounding	2		2
Net Changes	(53,702)	7,865	(61,566)
Balance as of June 30, 2023	**$ 229,407**	**$ 80,953**	**$ 148,454**

*For 2016 - 2021 OSA report data was provided rounded to the thousands.
This has caused minor rounding issues in the activity and amort tabs.
Rounding issues should resolve once the 2022 figures are fully amortized.

For June 30, 2023, TPL is based on an actuarial valuation performed as of January 1, 2023, with update procedures performed by the OSA to roll forward the TPL to the measurement date of June 30, 2023, reflecting the expected service cost, assumed interest, and benefit payments made. The June 30, 2022, TPL is based on an actuarial valuation performed as of June 30, 2020, with update procedures performed by the OSA to roll forward the TPL to the measurement date. All valuations were prepared using the entry age actuarial cost method.

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

The tables below summarize Housing & Dining's proportionate share of the WWUSRP pension expense, deferred outflows of resources and deferred inflows, together with the related future year impacts to pension expense from amortization of those deferred amounts:

Housing & Dining Proportional Share WWUSRP
Pension Expense (PE)

	2023	2022
Service Cost	$ 5,847	$ 4,102
Interest Cost	26,017	18,250
Amortization of Differences between Expected and Actual Experience	(38,228)	(26,815)
Amortization of Changes of Assumptions	(7,565)	(5,307)
Expected Earnings on Plan Investments	(7,016)	(4,921)
Amortization of Differences between Projected and Actual Earnings on Plan Investments	(2,349)	(1,648)
Administrative Expenses	-	-
Other Changes in Fiduciary Net Position	-	-
Net Pension Expense	**$ (23,299)**	**$ (16,339)**

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

Housing & Dining Proportional Share
Deferred Outflows of Resources

	2023	2022
Difference between expected and actual experience	$ 61,482	$ 85,184
Changes of assumptions	$ 45,771	$ 68,784
Differences between Projected and Actual Earnings on Plan Investments	2,924	4,153
TOTAL	**$ 110,177**	**$ 158,121**

Deferred Inflows of Resources

	2023	2022
Difference between expected and actual experience	$ 143,586	$ 158,905
Changes of assumptions	82,713	84,277
Differences between Projected and Actual Earnings on Plan Investments	5,242	8,378
TOTAL	**$ 231,541**	**$ 251,560**

Amortization of Deferred Outflows and Deferred Inflows of Resources

Year	
2024	$ (23,954)
2025	$ (23,827)
2026	$ (37,383)
2027	$ (28,234)
2028	$ (5,756)
Thereafter	$ (2,211)
TOTAL	**$ (121,364)**

NOTE 7. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

PLAN DESCRIPTION:

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 State-wide health and life insurance programs on a pay-as-you-go basis. These costs are passed through to individual state agencies based upon active employee headcount; the agencies pay the premiums for active employees to the HCA. The agencies may also charge employees for certain higher cost options elected by the employees.

State of Washington retirees may elect coverage through state health and life insurance plans, for which they pay less than the full cost of the benefits, based on their age and other demographic factors.

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

OPEB implicit and explicit subsidies as well as administrative costs are funded by required contributions made by participating employers. State agency contributions are made on behalf of all active, health care eligible employees, regardless of enrollment status. Based on the funding practice, the allocation method used to determine proportionate share is each agency's percentage of the state's total active, health care eligible employee headcount. As of June 30, 2022, and 2021, the total University's headcount percentage membership in the PEBB plan consisted of the following:

OPEB Plan Participants

FYE	Active Employees	Retirees Receiving Benefits	Retirees Not Receiving Benefits	Total Participants
2021	2015	778	93	2886
2022	2006	798	NA***	2804***

*** Per FY23 PEFI report, HCA doesn't have data on this group and OSA doesn't have the methodology to reasonably estimate it. For FY23, we have no options, but to report this amount as not available.

ACTUARIAL ASSUMPTIONS:

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

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement period:

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

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status. The Office of the State Actuary (OSA) applied age offsets as appropriate to better tailor the mortality rates to the demographics of the plan. The OSA applied the long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. 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 discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index. A discount rate of 2.16% was used for the June 30, 2021, measurement date and 3.54% for the June 30, 2022, measurement date.

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

Total OPEB Liability Discount Rate Sensitivity	
1% Decrease	$2,049,508
Current Discount Rate - 3.54%	$1,749,092
1% Increase	$1,507,354

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

Total OPEB Liability Health Care Cost Trend Rate Sensitivity	
1% Decrease	$1,480,928
Current Discount Rate - 2-11%	$1,749,092
1% Increase	$2,092,162

*For additional detail on the health care trend rates, OPEB plan information and actuarial computations please reference the Washington State Annual Comprehensive Financial Report on OFM's website:
https://ofm.wa.gov/accounting/financial-audit-reports/annual-comprehensive-financial-report
and the Office of the State Actuary's website:
https://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx

TOTAL OPEB LIABILITY:

As of June 30, 2023, and 2022, components of the proportionate share calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for the System are represented in the following table:

FY23 Proportionate Share of WWU's share		2.631904%
FY22 Proportionate Share of WWU's share		2.288856%
Schedule of Changes in Total OPEB Liability		
Total OPEB Liability	**2023**	**2022**
Service cost	$129,030	$114,655
Interest	59,868	49,553
Changes of benefit terms	-	-
Differences between expected & actual experience	(59,289)	-
Changes in assumptions	(1,001,045)	21,172
Benefit payments	(43,985)	(37,753)
Change in Proportionate share	26,718	(51,487)
Other	-	-
Net Change in Total OPEB Liability	**($888,704)**	**$96,141**
Total OPEB Liability - Beginning	**$2,293,979**	**$3,733,792**
Change in proportionate share	$343,816	($1,535,954)
Total OPEB Liability - Ending	**$ 1,749,092**	**$2,293,979**

The System's proportionate share of OPEB expense for the fiscal years ended June 30, 2023, and 2022 was $364,845 and ($1,648,556), respectively.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

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

Deferred Outflows of Resources	**2023**	**2022**
Change in proportion	45,815	$ 25,585
Difference between expected and actual experience	36,462	39,240
Changes of assumptions	143,358	146,092
Transactions subsequent to the measurement date	44,144	37,869
TOTAL	**$ 269,779**	**$ 248,785**

Deferred Inflows of Resources	**2023**	**2022**
Change in proportion	$ 114,574	$ 132,776
Difference between expected and actual experience	61,542	8,880
Changes of assumptions	1,268,032	415,909
TOTAL	**$ 1,444,148**	**$ 557,565**

Amortization of Deferred Outflows and Deferred Inflows of Resources	
Year	
2024	$ (198,082)
2025	$ (198,082)
2026	$ (198,082)
2027	$ (159,244)
2028	$ (107,928)
Thereafter	$ (357,093)
TOTAL	**$ (1,218,513)**

RSI

REQUIRED SUPPLEMENTARY INFORMATION

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of the System's Proportionate Share of the Net Pension Liability

Schedule of Housing and Dining System Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 1
Measurement Date ended June 30 *

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Housing & Dining System PERS 1 employers' proportion of the net pension liability	0.016016%	0.014712%	0.014101%	0.013209%	0.013928%	0.014527%	0.014320%	0.007705%	0.007568%
Housing & Dining System PERS 1 employers' proportionate share of the net pension liability	$1,157,409	$769,578	$757,281	$626,778	$622,041	$547,248	$504,120	$91,963	$202,773
Housing & Dining System PERS 1 employers' covered-employee payroll	$1,668,417	$1,607,762	$1,657,525	$1,608,185	$1,826,650	$1,335,428	$2,155,194	$1,163,385	$805,823
employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	69.37%	56.37%	43.13%	38.97%	34.05%	40.98%	23.39%	7.90%	25.16%
Plan fiduciary net position as a percentage of the total pension liability	61.19%	59.10%	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%	76.56%

* This schedule is to be built prospectively until it contains ten years of data.

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

PENSION PLAN INFORMATION

Cost Sharing Employer Plans
Schedule of the System's Proportionate Share of the Net Pension Liability/(Asset)

Schedule of Housing and Dining System Proportionate Share of the Net Pension Liability (Asset)
Public Employees' Retirement System (PERS) Plan 2/3
Measurement Date ended June 30 *

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Housing & Dining PERS 2/3 employers' proportion of the net pension liability (asset)	0.017383%	0.017106%	0.017670%	0.016991%	0.017818%	0.018304%	0.018252%	0.009863%	0.009707%
Housing & Dining System PERS 2/3 employers' proportionate share of the net pension liability (asset)	$351,380	$611,214	$889,666	$590,345	$304,222	$178,546	$236,926	($964,374)	(351,575)
Housing & Dining System PERS 2/3 employers' covered-employee payroll	$1,496,262	$1,516,820	$1,681,103	$1,666,293	$1,876,389	$1,370,045	$2,178,332	$1,165,232	$805,823
Housing & Dining System PERS 2/3 employers' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	23.48%	39.49%	52.92%	35.43%	16.21%	13.03%	10.88%	-82.76%	-43.63%
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.29%	89.20%	85.82%	90.97%	95.77%	97.77%	97.22%	120.29%	106.73%

* This schedule is to be built prospectively until it contains ten years of data.

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

PENSION PLAN INFORMATION

Agent Employer Plan

Schedule of Changes in Housing and Dining System's Proportionate Share of the WWUSRP Total Pension Liability and Related Ratios

Schedule of Changes in WWU's Net Pension Liability and Related Ratios
WWUSRP - Housing & Dining
Fiscal Year ended June 30*
(dollars in thousands)

	2017	2018	2019	2020	2021	2022	2023
WWUSRP total pension liability-Beginning	$379	$350	$269	$363	$481	$186	$283
Service Cost	5	32	9	10	12	3	4
Interest	4	36	13	13	11	13	18
Difference between expected and actual experience	(26)	(96)	35	28	(201)	69	(41)
Changes in assumptions	(11)	(36)	44	74	(110)	20	(28)
Benefits payments **	(1)	(17)	(7)	(7)	(7)	(8)	(7)
Net change in total pension liability	(29)	(81)	94	118	(295)	97	(54)
WWUSRP total pension liability-Ending	$350	$269	$363	$481	$186	$283	$229
Plan Fiduciary Net Position ***					$70	$73	$81
WWUSRP net pension liability-Ending					$116	$210	$148
WWU URP employers' covered-employee payroll	$486	$500	$499	$403	$381	$324	$217
WWUSRP total or net pension liability as a percentage of its covered-employee payroll (net as of FY21)	71.99%	53.81%	72.81%	119.13%	30.41%	64.75%	68.26%

*This schedule is to be built prospectively until it contains ten years of data.
** Includes amount to resolve OSA rounding issue
*** Consistent with GASB No. 67/68, plan assets are included in financial reporting beginning in FY 21

PENSION PLAN INFORMATION

Cost Sharing Employer Plans
Schedule of Contributions

Schedule of Contributions
Public Employees' Retirement System (PERS) Plan 1
Fiscal Year Ended June 30
Housing and Dining System

Fiscal Year	Contractually Required Contributions	Contributions related to covered payroll of employees Participating in PERS plan 1	UAAL Contributions related to covered payroll of employees Participating in PERS plan 2/3	Total Contributions in relation to the Actuarially Determined Contributions	Contribution deficiency (excess)	Covered payroll of employees participating in PERS 1	Covered payroll of employees participating in PERS 2/3	Total Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2015	$67,849	$6,987	$60,862	$67,849	$0	$62,902	$1,544,860	$1,607,762	4.22%
2016	$79,994	$1,725	$78,269	$79,994	$0	$56,705	$1,600,821	$1,657,525	4.83%
2017	$79,456	$0	$79,456	$79,456	$0	$43,181	$1,565,004	$1,608,185	4.94%
2018	$93,100	$0	$93,100	$93,100	$0	$31,355	$1,795,295	$1,826,650	5.10%
2019	$102,045	$0	$102,045	$102,045	$0	$4,506	$1,330,922	$1,335,428	7.64%
2020	$103,485	$0	$103,485	$103,485	$0	$10,773	$2,144,421	$2,155,194	4.80%
2021	$56,092	$0	$56,092	$56,092	$0	$827	$1,162,558	$1,163,385	4.82%
2022	$44,632	$0	$44,632	$44,632	$0	$0	$805,823	$805,823	5.54%
2023	$55,110	$0	$55,110	$55,110	$0	$0	$1,005,259	$1,005,259	5.48%
2024									

Notes:
This schedule will be built prospectively until they contain ten years of data.

PENSION PLAN INFORMATION

Cost Sharing Employer Plans
Schedule of Contributions

Schedule of Contributions
Public Employees' Retirement System (PERS) Plan 2/3
Fiscal Year Ended June 30
Housing and Dining System

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
2015	$83,163	$83,163	$0	$1,547,592	5.37%
2016	$105,012	$105,012	$0	$1,681,103	6.25%
2017	$106,724	$106,724	$0	$1,666,293	6.40%
2018	$140,761	$140,761	$0	$1,876,389	7.50%
2019	$155,276	$155,276	$0	$1,370,045	11.33%
2020	$175,222	$175,222	$0	$2,178,332	8.04%
2021	$93,869	$93,869	$0	$1,165,232	8.06%
2022	$76,541	$76,541	$0	$805,823	9.50%
2023	$97,190	$97,190	$0	$1,005,259	9.67%
2024					

Notes:
This schedule will be built prospectively until they contain ten years of data.

PENSION PLAN INFORMATION

Agent Employer Plan
Schedule of Contributions

Schedule of Contributions
WWUSRP Plan - Housing & Dining
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
2021	$2,613	$2,613	$ -	$381,428	0.69%
2022	$2,963	$2,963	$ -	$324,347	0.91%
2023	$2,926	$2,926	$ -	$216,833	1.35%
2024					
2025					
2026					
2027					
2028					
2029					
2030					

Notes:
This schedule will be built prospectively until they contain ten years of data.

OPEB INFORMATION

Cost Sharing Healthcare Plans

Schedule of System Changes in Total OPEB Liability and Related Ratios

Schedule of Housing and Dining System Changes in Total OPEB Liability and Related Ratios

Fiscal Year ended June 30 *

	2018	2019	2020	2021	2022	2023
Total OPEB Liability-Beginning	$3,663,726	$3,577,005	$3,279,944	$3,442,549	$3,733,792	$2,293,979
Service Cost	$90,045	$133,243	$139,391	$154,941	$114,655	$129,030
Interest	$42,178	$91,602	$120,913	$129,611	$49,553	$59,868
Difference between expected and actual experience	$0	$83,615	$0	-$19,862	$0	-$59,289
Changes in assumptions	-$205,746	-$583,308	$225,173	$84,017	$21,172	-$1,001,045
Benefits payments	-$21,495	-$38,688	-$55,311	-$61,710	-$37,753	-$43,985
Change in proportionate share	$8,297	$16,475	-$267,560	$136,264	-$1,587,441	$370,534
Other				-$132,018		
Total OPEB liability-Ending	$3,577,005	$3,279,944	$3,442,549	$3,733,792	$2,293,979	$1,749,092
Housing and Dining System employers' covered-employee payroll	$3,257,555	$3,567,358	$3,921,083	$2,719,872	$2,910,537	$3,222,771
Housing and Dinning employers' proportionate share of total OPEB liability as a percentage of its covered-employee payroll	109.81%	91.94%	87.80%	137.28%	78.82%	54.27%

*This schedule is to be built prospectively until it contains ten years of data.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Plans Administered by Department of Retirement Systems (DRS)

The Office of the State Actuary (OSA) calculates the actuarially determined contributions (ADC) based on the results of an actuarial valuation consistent with the state's funding policy defined in Chapter 41.45 RCW.

Consistent with the state's contribution-rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. For example, the actuarial valuation with a June 30, 2017 valuation date, completed in the Fall of 2018, plus any supplemental contribution rates from the preceding legislative session, determines the ADC for the period beginning July 1, 2019, and ending June 30, 2021.

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

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

Plans administered by the University

On July 1, 2020, the state of Washington established a trust for contributions paid by WWU for the benefit of Western Washington University's Supplemental Retirement Plan (WWUSRP) in accordance with Revised Code of Washington 41.50.075. As a result, the applicable accounting guidance for the WWUSRP has changed to GASB codification section P20 "Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specific Criteria." This event gives rise to a change in WWU's estimates of future obligations, deferrals and pension expense related to the WWUSRP. WWU now reports the plan's net pension liability (total pension liability less the plan's fiduciary net position).

Several key assumptions during the fiscal year 2023 measurement period remained the same as in the fiscal year 2022 measurement period. This included the discount rate (7.00%), the TIAA Increase Rate (4.00%), and the Salary Growth Rate (3.75%). Under GASB 67/68, the discount rate is now based on the long-term expected rate of return on pension plan investments. The Total Pension Liability is now compared against the plan's Fiduciary Net Position to determine the Net Pension Liability.

Significant changes in plan provisions or actuarial assumptions and methods also impact the TPL. Significant factors that impacted the results of the actuarial valuation include the new January 1, 2023, participant data file. This update changed the valuation date from June 30 to January 1. The new data file decreased the TPL for all institutions. Some of the larger experience items that impacted the TPL was actual salary growth being generally lower than assumed and SRP benefits for new retirees were lower than estimated.

OPEB Plan administered by the Healthcare Authority of Washington State

The OPEB Plan has no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits. Material assumption changes during the fiscal year 2022 measurement period relate to an increase in the Bond Buyer General Obligation 20-Bond Municipal Bond Index, from 2.16% for the June 30, 2021 measurement date, to 3.54% for the June 30, 2022 measurement date.

OTHER INFORMATION

SCHEDULE OF ROOM AND BOARD RATES
YEAR ENDED JUNE 30, 2023

(Unaudited)

RESIDENCE HALLS

	Meals per Quarter			
	Unlimited	125	100	80
Room and Board Academic Year Contracts				
Value Tier				
Double room/double occupancy	$12,298.00	$13,747.00	$13,207.00	$12,651.00
Single room/single occupancy	15,745.00	15,194.00	14,654.00	14,098.00
Double room/single occupancy (super single)	16,583.00	16,032.00	15,492.00	14,281.00
Triple room/triple occupancy	12,121.00	11,570.00	11,030.00	10,927.00
Standard Tier				
Double room/double occupancy	$14,783.00	$14,232.00	$13,692.00	$13,136.00
Single room/single occupancy	16,038.00	15,757.00	15,217.00	14,661.00
Double room/single occupancy (super single)	17,192.00	16,641.00	16,101.00	15,545.00
Triple room/triple occupancy	12,457.00	11,906.00	10,886.00	10,810.00
Premium Tier				
Double room/double occupancy	$15,655.00	$15,104.00	$14,564.00	$14,671.00
Single room/single occupancy	17,322.00	16,771.00	16,231.00	16,421.00
Double room/single occupancy (super single)	18,289.00	17,738.00	17,198.00	17,436.00
Triple room/triple occupancy	13,244.00	12,693.00	12,153.00	12,139.00

APARTMENTS

	Double with 2/bedroom	Super single 1/bedroom	Family rate
Apartment only Academic Year Contracts			
Birnam Wood - 2 bedroom units	$4,573.00	$9,146.00	$18,292.00

SCHEDULE OF OCCUPANCY
Year Ended June 30, 2023

(Unaudited)

	OCCUPANCY CAPACITY		ACTUAL	ACTUAL OCCUPANCY AS A PERCENT OF	
	Designed (1)	Operating (2)	OCCUPANCY (3)	Designed Capacity	Operating Capacity
Fall 2022	4,481	4,342	4,152	92.7%	95.6%
Winter 2023	4,481	4,342	4,017	89.6%	92.5%
Spring 2023	4,481	4,342	3,809	85.0%	87.7%
Average	4,481	4,342	3,993	89.1%	92.0%

(1) Designed capacity is the number of students for which the Housing and Dining System was originally constructed and subsequently remodeled to accommodate.

(2) Operating capacity is the number of students that can effectively be accomodated in an academic quarter based on housing policies in effect for that quarter.

(3) Actual occupancy is calculated as the quarterly average occupancy

(4) For Academic Year 2022-2023 most classes were taught in-person.

SCHEDULE OF INSURANCE COVERAGE FY 2023

WWU purchases buildings, contents and business interruption insurance for the Housing and Dining System through its participation in the State of Washington Alliant Property Insurance Program (APIP). The Housing and Dining System is responsible for 100% of its portion of the premium. Business interruption coverage is provided on rental income and earnings from insured property with specific limits for each location. Other highlights of insurance coverage are as follows:

- Repair or replacement cost coverage for all scheduled buildings for "all risk" of direct physical loss or damage, including earthquake and flood.
- The policy limit is $500,000,000 per occurrence, with an aggregate limit of $100,000,000 for earthquake and flood damage, and $100,000,000 sub-limit for business interruption. A $250,000 deductible per occurrence applies, which increases to 3% of the value of damaged property subject to a $250,000 minimum for earthquake and flood damage.
- Equipment breakdown insurance (a.k.a. boiler & machinery insurance) – State of Washington Program, $200,000,000 property damage limit subject to a $5,000 deductible for covered equipment.
- Third-party bodily injury and property damage liability insurance – State Self-Insurance Liability Program (SILP), $10,000,000 per occurrence limit, with a commercial excess liability insurance policy above, and zero deductible.

The Housing and Dining System's property insurance in effect at June 30, 2023 is summarized as follows:

	Values Used for Fire and Extended Coverage of Buildings
Ridgeway Residences and Commons	$113,887,577
Fairhaven Residences and Commons	83,347,111
Buchanan Towers	58,752,716
Edens Hall and Edens Hall North	43,585,611
Viking Union, Addition and Commons	62,452,650
Birnam Wood Residences	55,155,253
Nash Hall	25,043,850
Mathes hall	34,105,831
Higginson hall	22,810,969
Commissary	24,128,650
Lakewood Recreational Facility	3,498,023
Alma Clark Glass Hall (added 9/3/2021)	54,188,033
Building Insured Values	580,956,274
Insured Contents	16,475,181
Total	$597,431,455

EXPENDED FOR PLANT FACILITIES FY 2023 and FY 2022

Expenditures by the System to maintain and improve its facilities are listed below. Some of these projects are capitalized and increase the value of the System's buildings. Others are costs to maintain the buildings and infrastructure and are expensed.

	2023	2022
Capitalized Projects		
New Residence Hall / Planning	866,704	7,312,705
Other capitalizable	2,832,511	706,737
	$3,699,215	$8,019,442
Non-Capitalized Projects		
Stormwater & Site Drainage		92,447
Sewer Repair	26,552	25,784
Painting	424,310	
Equipment		
Viking Union Projects	111,257	485,884
Fire Safety / Safety Corrections	73,543	13,177
Plumbing, heating and electrical	19,895	263,977
Bathroom Upgrades	169,421	
Access Control	1,585,830	287,370
Network & WiFi projects	177,996	315
Furniture & Carpet	303,809	28,446
Other	921,956	118,240
Dining Equipment / Upgrades	71,362	12,126
	$3,885,931	$1,327,766

This page intentionally left blank