WADE KING STUDENT RECREATION CENTER

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Office of the Washington State Auditor
Pat McCarthy

November 18, 2022

Board of Trustees
Western Washington University Wade King Student Recreation Center
Bellingham, Washington

Report on Financial Statements

Please find attached our report on the Western Washington University Wade King Student Recreation Center's financial statements.

We are issuing this report for inclusion in the Center's annual comprehensive financial report package, which will be issued by the Center under the Center'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 Center'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 Wade King Student Recreation Center
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 Wade King Student Recreation Center as of and for the years then ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Center'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 Wade King Student Recreation Center, as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, 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 audits 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 Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matters of Emphasis

The financial statements of the Western Washington University Wade King Student Recreation Center, 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 Center. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 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 Center'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 audits;
- 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 audits 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 Center'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 Center'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated November 18, 2022, on our consideration of the Center'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 Center's internal control over financial reporting and compliance.

Sincerely,

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

November 18, 2022

Overview

Western Washington University Wade King Student Recreation Center (the Recreation Center) is a state-of-the-art open recreation fitness and wellness facility that has been created and shaped by the vision and support of Western Washington University (WWU) students. The Recreation Center was one of the nation's first recreation centers designed to meet Leadership in Energy and Environmental Design (LEED).

The following discussion and analysis provide an overview of the financial position and activities of the Recreation Center for the fiscal years ended June 30, 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.

Impacts of the COVID-19 Pandemic

The outbreak of COVID-19 is a significant event that has had material effects on the finances and operations of the Recreation Center. On March 23, 2020, the Governor issued a statewide "Stay Home, Stay Healthy" proclamation, requiring individuals to stay home except for essential activities, banning social and other gatherings, and closing all businesses except for those businesses designated as essential. The proclamation was made in fiscal year (FY) 2020 and the timing was such that Winter quarter concluded with modest disruptions, and Spring quarter began with the closure of the Recreation Center. As a result, Spring quarter 2020 Recreation Center utilization was materially reduced for the fiscal year. The resultant declines in Spring Quarter operating activity had a significant effect on the Recreation Center revenues and expenditures and are the primary reason for the financial variances reviewed in this discussion and analysis. In FY 2021, the Recreation Center remained closed throughout Summer and Fall 2020. Halfway through Winter quarter, the Recreation Center was open by reservation only, and continued into Spring quarter, limiting occupancy to no more than 300 a day. These modes of operation continued to have economic impact on the revenues and expenditures of the facility. The Recreation Center reopened in February 2021 with COVID-19 safety restrictions in place and brought its rate up to the previously approved amount of $109.46 per quarter. During FY 2022, most of the COVID-19 restrictions had been lifted as the severity of the pandemic waned. The Recreation Center was able to fully open under normal operations.

Using the Financial Statements

The Recreation Center's financial reports include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows.

The statements are prepared in accordance with Governmental Accounting Standard Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. The 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.

Statement of Net Position

The Statement of Net Position presents the financial condition of the Recreation Center at the end of the fiscal year and reports all assets and liabilities of the Recreation Center.

The amounts in these statements represent the assets available to continue the operations of the Recreation Center and identify the amount owed to vendors and other parties. 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 Recreation Center.

Below is a condensed view of the Statements of Net Position as of June 30, 2022, 2021 and 2020:

	2022	2021	2020
Assets			
Current assets	$1,110,866	$1,044,359	$929,001
Noncurrent assets	4,205,840	3,791,395	3,930,083
Capital assets, net	16,427,194	17,380,024	18,348,957
Total assets	21,743,900	22,215,778	23,208,041
Deferred Outflows	408,270	427,848	460,916
Liabilities			
Current liabilities	1,023,949	1,180,173	1,067,210
Noncurrent liabilities	18,634,877	19,266,117	20,253,374
Total liabilities	19,658,826	20,446,290	21,320,584
Deferred Inflows	532,608	308,663	286,819
Net Position			
Net investment in capital assets	(1,798,001)	(1,545,124)	(1,414,054)
Restricted for pensions	63,938		
Restricted for system renewal and replacements	3,277,348	3,212,596	3,237,514
Unrestricted	417,451	221,201	238,094
Total net position	$1,960,736	$1,888,673	$2,061,554

The primary components in the asset category are cash, investments, receivables and capital assets. Total assets decreased $471,878 (-2.1%) and $992,263 (-4.3%) in FY 2022 and FY 2021, respectively.

In FY 2022, total cash and investments increased $121,168 (2.5%) (see Note 2) primarily due to increased revenue generated as the Recreation Center was able to fully restore operations as the COVID-19 pandemic waned. In FY 2021, total cash and investments decreased $71,676 primarily due to reductions in fees collected because of decreased enrollment. In FY 2021, current unrestricted cash and investments increased $67,012 primarily due to the sale of investments and reductions in operating expenses. In FY 2020, current unrestricted cash and investments increased $61,414 (7.3%) due to liquidating some long-term investments.

During FY 2022, most of the retirement plans managed by the Department of Retirement Systems (DRS) became fully funded and as such, a net pension asset has been recorded compared to the previous year's net pension liability. The Recreation Center's share of the net pension asset is $283,509 for FY 2022 (see Note 5).

FY 2022 saw a net decrease of $952,830 (-5.5%) and a net decrease of $968,933 (-5.3%) in FY 2021 in capital assets due to depreciation and no additional purchases of capital assets.

Current liabilities typically fluctuate depending on the timing of accounts payable payments and the receipt of deposits and revenue that is applicable to the next fiscal year. Current liabilities increased $112,963 (10.6%) during FY 2021 but decreased $156,224 (-13.2%) in FY 2022 due to changes to accounts payable and unearned revenue balances and the current portion of the bonds payable. The FY 2021 increase in unearned revenue is due to the Recreation Center resuming its Summer 2021 fee that was postponed during Summer 2020.

Non-current liabilities decreased $631,240 (-3.3%) in FY 2022 and $987,257 (-4.9%) in FY 2021 mainly attributable to principal payments made on outstanding bonds (see Note 4) plus changes in pension and other postemployment benefits (OPEB) liabilities. The net pension liability decreased $51,719 (-36.2%) while the OPEB liability increased $48,909 (7.9%) during FY 2022, as opposed to a combined decrease of $147,204 during FY 2021. These changes are primarily due to the fluctuations in the discount rate used for the OPEB calculation and the movement to net pension assets rather than liabilities as some DRS managed plans are fully funded

The difference between 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. Total net position increased $72,063 (3.8%) during FY 2022. Total net position decreased $172,881 (-8.4%) during FY 2021 as revenues fell.

Net Position – Net investment in capital assets decreased by $252,877 (-16.4%) in FY 2022 and decreased by $131,070 (-9.3%) in FY 2021 because the Recreation Center facility is being depreciated at a faster rate than the related debt is being repaid.

Net Position - Restricted for system renewals and replacements increased by $64,752 (2.0%) during FY 2022 as contributions exceeded expenditures. During DY 2021, this net position category decreased by $24,918 (-0.8%) due to spending on planned maintenance. Funds for renewal and replacement are set aside according to the capital and maintenance plan required by the debt covenants. These funds are classified as restricted on the Statement of Net Position.

Net Position – Restricted for pensions increased $63,938 during FY 2022 as a result of some of the DRS managed retirement plans being fully funded. This funding change created restricted net pension assets rather than unrestricted net pension liabilities.

Unrestricted net position increased by $196,250 (88.7%) during FY 2022 due to some of the DRS managed pension plans being fully funded combined with revenues being more than expenses. Unrestricted Net Position decreased slightly by $16,893 (-7.1%) in FY 2021 due to the economic impacts of COVID-19.

Statement of Revenues, Expenses, and Changes in Net Position

The changes in Total Net Position, as presented on the Statement of Net Position, are detailed in the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. This statement presents the Recreation Center'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 goods and services to the members of the Recreation Center, primarily students. Operating expenses are those expenses paid to acquire or produce the goods and services provided 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 premium.

Following is a condensed version of the Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2022, 2021 and 2020:

	2022	2021	2020
Operating revenues	$ 4,544,302	$ 3,674,920	$ 4,583,662
Operating expenses	(3,832,974)	(3,115,823)	(3,656,847)
Income from operations	711,328	559,097	926,815
Nonoperating revenues	23,986	54,854	89,554
Nonoperating expenses	(663,251)	(786,832)	(816,027)
Increase in net position	72,063	(172,881)	200,342
Net position, beginning of year	1,888,673	2,061,554	1,861,212
Net position, end of year	$ 1,960,736	$ 1,888,673	$ 2,061,554

Revenues

The Recreation Center's largest source of revenue is a $109.46 per quarter mandatory service and activity (S&A) fee charged to each student taking six or more credits. This fee, called the "Student Recreation Fee," entitles use of the facility for those students taking six or more credits on WWU's main campus and is utilized for bond repayment as well as maintenance and operations within the facility. The revenue is net of an RCW required 3.5% allocation to an institutional financial aid fund (See Note 1). The academic yearly average (AYA) of students taking 6 or more credits increased to 12,190 in FY 2022 from 11,992 in FY 2021 but was a decrease from 13,176 in FY 2020. The increase in Recreation Center revenue in FY 2022 was due to a full reopening of the Recreation Center for the entire fiscal year and a full fee collection. During FY 2021 there was a decrease in AYA, resulting primarily from the COVID-19 Summer and Fall 2020 closure and partial fee collection, which lowered fee revenue by $472,693 (-11.5%) to $3,639,598. The academic yearly average (AYA) of students taking 6 or more credits decreased in FY 2020 to 13,176 from 13,629 in FY 2019. This decrease in AYA, resulting primarily from the COVID-19 Spring 2020 closure and partial fee collection, lowered fee revenue by $334,557 (-7.5%) to $4,112,291. The AYA does not include summer term.

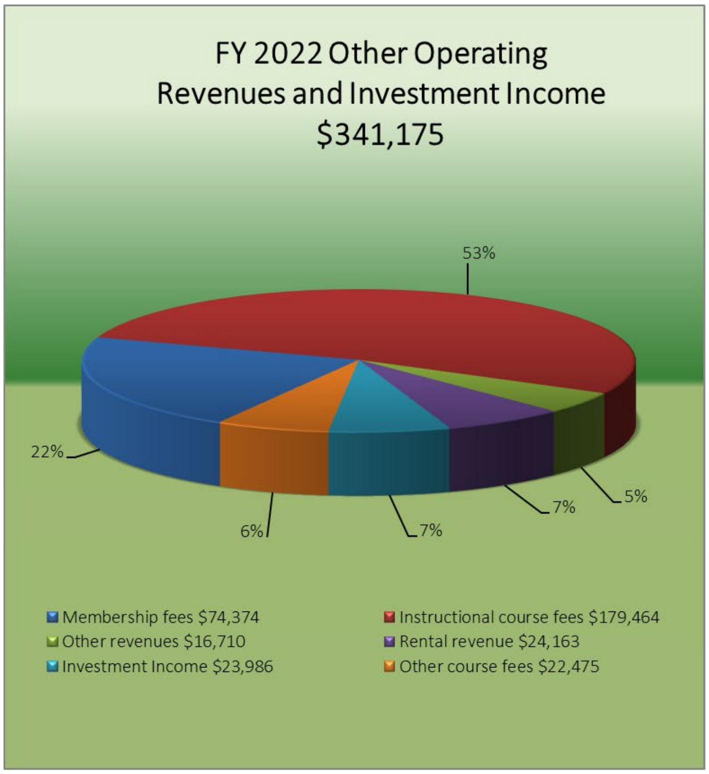
In addition to the mandatory student fee, the Recreation Center is supported by "Other Operating Revenues and Investment Income" as shown in the charts below.

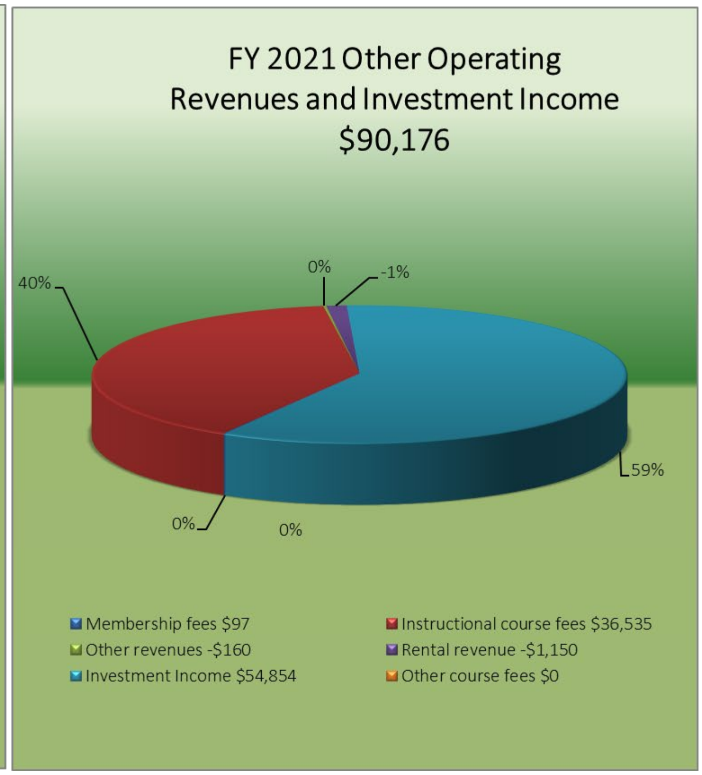
Other students, faculty, staff, and alumni may pay a membership fee on a voluntary basis to gain access to the facility. This voluntary membership fee revenue increased dramatically by $74,277 during FY 2022. Almost no revenue was collected during FY 2021 as that revenue account decreased significantly by $215,663 (-100.0%) from FY 2020. This is completely attributed to the decrease in membership from the closure of Spring 2020, Summer 2020 and Fall 2020 due to COVID-19.

With the full reopening of the Recreation Center, instructional course fees saw an increase in FY 2022 of $142,929 (391.2%), which is a stark contrast from the decrease in FY 2021 of $68,750 (-65.3%) due to the facility closure of Summer and Fall 2020. In addition, upon returning to reduced operations in Winter 2021, the Recreation Center was unable to deliver normal class instruction due to a reservation system use of the facility.

Rental revenue was nonexistent in FY 2021 due to facility closures and restrictions on use. With facility rental refunds given, the Recreation Center rental revenue decreased by $35,418 (-103.4%) during FY 2021. During the renewed year of FY 2022 rental revenue increased significantly by $24,163 from a refund season of -$1,150 from FY 2021.

Other revenues were also eliminated in FY 2021 due to facility closures and restrictions on use. Those revenues decreased by $98,124 (-100.2%) in FY 2021. During more normal conditions of FY 2022, other revenues increased by $16,710 from a negative revenue of -$160 in FY 2021.

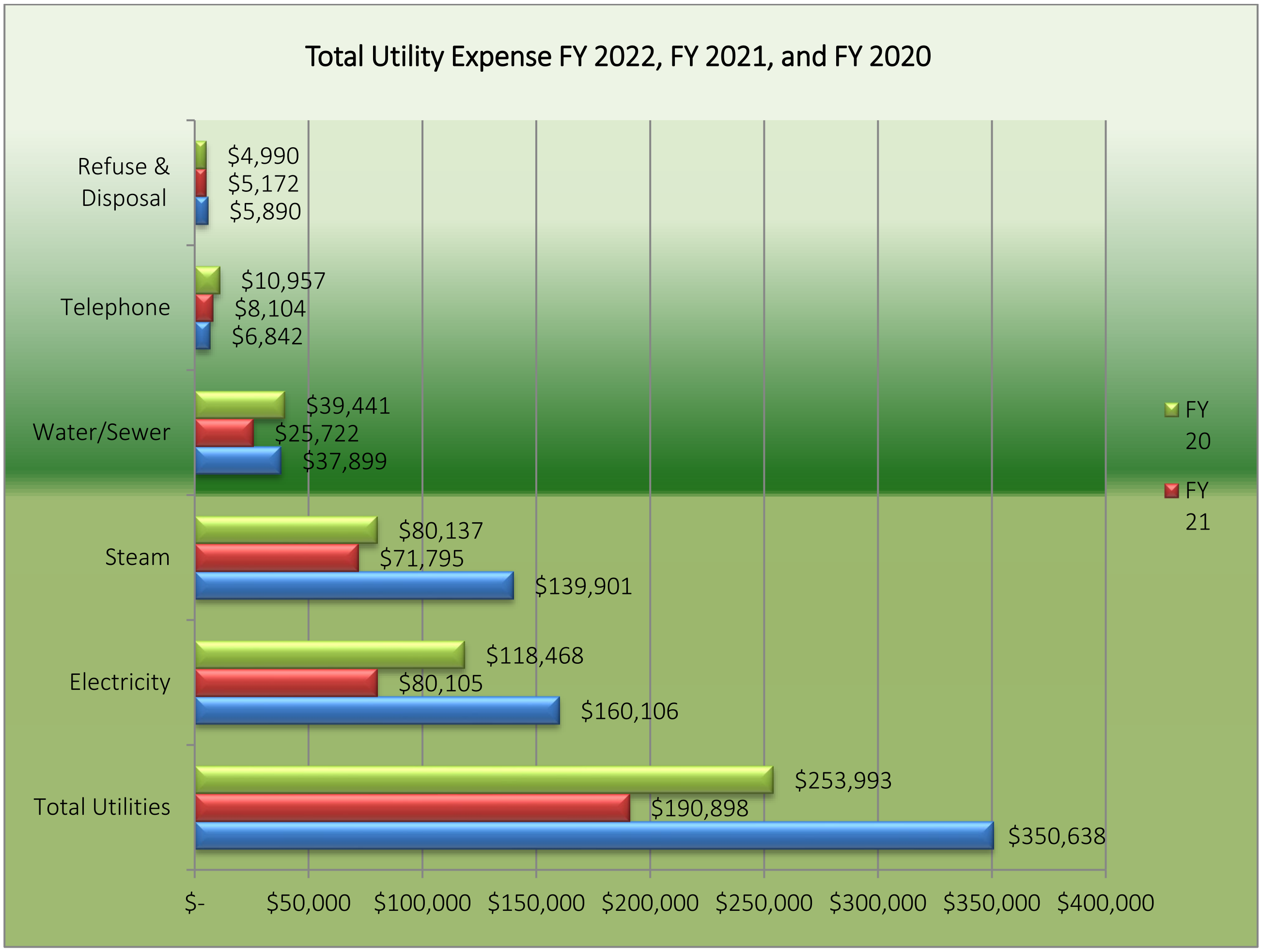




Expenses

The largest category of expenses for the Recreation Center is student and staff salaries and benefits expense. Salaries and benefits comprised 47.0% of the total operating expense in FY 2022 compared to 36.4% of the total operating expenses in FY 2021. During FY 2022, salaries and benefits expense increased by $653,006 (57.6%) due to full student employment. This is in contrast to the $568,128 (-33.4%) decrease in salaries and benefits in the previous FY 2021 due to a lack of student employment during the COVID-19 facility closure.

Total utility expenses increased by $159,740 (83.7%) in FY 2022 due to a fully functional operational schedule. Total utility expenses decreased significantly at $63,095 in FY 2021. This significant decrease in utility usage was due to a March 2020 – February 2021 closure of the Recreation Center related to the COVID-19 pandemic. The below graph provides information on the components of the utilities expense category.

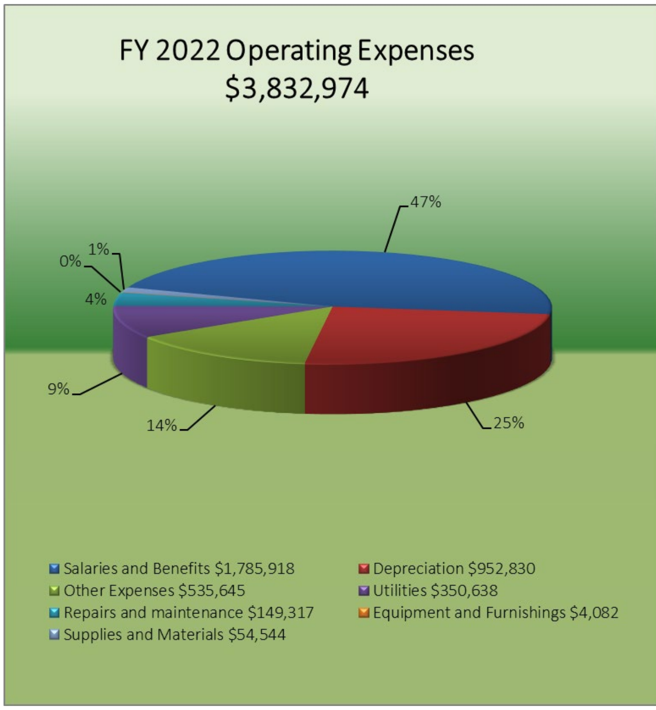


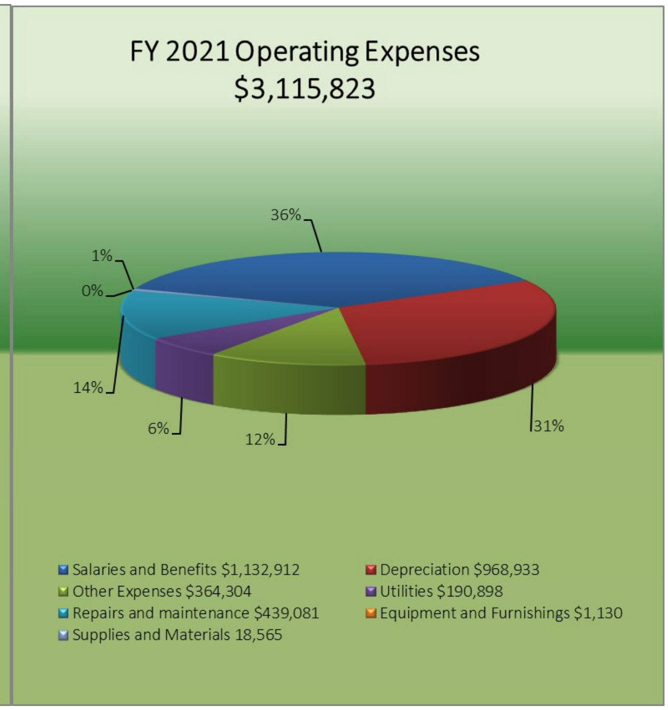
During FY 2022, the Recreation Center sought a more standard approach to repairs and maintenance. This approach dropped the repairs and maintenance numbers by $289,763 (-66.0%) from FY 2021. FY 2021 saw a $227,686 (107.7%) increase in repairs and maintenance. Recreation Center management thought it prudent to conduct much needed maintenance on the building during an opportune COVID-19 closure.

The Recreation Center has an equipment replacement plan which budgets $100,000 per year in equipment replacement and refurbishment. The anticipated budget spending of $100,000 did not occur in FY 2017; therefore, it was reflected in FY 2018 as the Recreation Center spent $273,875 (935.7%) more than in FY 2017 to catch up on its equipment needs from the previous two fiscal years. That "skip over" year occurred again in FY 2019 as the Recreation Center spent only $51,987 (-82.9%) in equipment and furnishings. It should be noted that even though the Recreation Center was expected to have a larger equipment purchase in FY 2022 and FY 2021, this expense category was put on hold due to COVID-19 budget implications. The Recreation Center spent only $4,082 (261.2%) and $1,130 (-98.3 %) on equipment and furnishings in FY 2022 and FY 2021, respectively.

With a full reopening of the Recreation Center, it was necessary to purchase adequate supplies for the year. During FY 2022, the Recreation Center spent $54,544, which was an increase of $35,979 (193.8%) from FY 2021. Due to Spring 2020, Summer 2020 and Fall 2020 closures and budget implications due to COVID-19, supplies and materials spending was put on hold and spending decreased by $26,914 (-59.2%) in FY 2021.

WWU's administrative services assessment (ASA) fee increased by $48,516 (22.8%) in FY 2022 due to a full year of facility operations and revenue collection. This fee decreased by $48,132 (-18.4%) in FY 2021. This is directly related to the decrease in revenue on which the assessment fee is assessed. The reduction in Summer 2020 and Fall 2020 revenue due to the COVID-19 closure directly affected the amount of ASA collected in FY 2021.





Reserve Funds

Bond covenants require an annual addition to the renewal and replacement (R&R) reserve based on management's assessment of the funding level necessary to maintain the facility over the long term. Management reaffirmed the Facilities Management lifecycle maintenance plan for major maintenance and building repair and increased the annual contribution to $250,000 beginning in FY 2009 to meet anticipated building maintenance and repairs expenses. Due to reduced revenue from COVID-19 implications only $50,000 and $200,000 was placed into the R&R reserve, respectively for FY 2022 and FY 2021. This reduction is not seen as cause for concern since the closures effectively reduced the wear and tear on much of the facility. As of June 30, 2022, the total restricted and unrestricted R&R balance was $3,531,052. The restricted funds must be used to improve or maintain the Recreation Center facility.

Management established an Operating Reserve in FY 2005 for unforeseen or extraordinary expenses. The reserve acts as an emergency fund for unplanned repairs, insurance deductibles, and as an operating cushion to cover unforeseen decreases in revenue. Reserve funds can also be designated for facility improvements beyond basic maintenance or for the purchase of new equipment. Due to the COVID-19 revenue impacts there was a need to transfer $150,000 to support recreation center operations in FY 2021. No funds were used in FY 2022. Contributions to this reserve in the past three years include $0 in FY 2022 and FY 2021 and $100,000 in FY 2020. As of June 30, 2022, the Operating Reserve balance was $1,001,214.

Financial Indicators

Ratios can be helpful in evaluating the Recreation Center's financial health and performance. The debt service coverage ratios for FY 2022, 2021, and 2020 were 2.85, 2.29, and 2.87, respectively. Bond covenants require a debt service ratio of at least 1.25. This ratio is calculated by dividing total operating revenues and investment income by the actual annual debt service paid during the fiscal year on the outstanding revenue bonds. The debt service amounts for FY 2022, FY 2021 and FY 2020 were $1,603,163, $1,629,625, and $1,628,150 ,respectively.

The Current ratio measures liquidity or the ability to meet current obligations with liquid assets. It is calculated by dividing current assets over current liabilities. For FY 2022, 2021 and 2020, this ration was 108.49%, 88.49% and 87.05%, respectively.

The Return on Net Position indicates whether the Recreation Center is financially better off than in previous years by measuring total economic return. It is calculated by dividing the change in net position by total net position. For FY 2022, FY 2021 and FY 2020, that ratio was 3.68%, -0.09% and 9.72%.

Utilization Rates

The reporting of utilization rates during FY 2021 seems somewhat irrelevant, considering that the Recreation Center was closed 8 of the 12 months. In addition, once the building reopened, it served students on a very restricted reservation basis, limiting what once was 2,000 students a day to under 500. Comparing FY 2022 to FY 2020, before the complete COVID 19 closure, we see the total number of visits has decreased. The utilization as a percentage of students enrolled was 8,485 (69.6%) of the estimated 12,190 AYA enrolled students using the facility. AYA does not include summer term. Utilization information is recorded in the Recreation Center's software system when students present their membership cards upon entry to the facility. Visits by members and non-members totaled only 225,217 during FY 2022 compared with 246,286 during FY 2020. The highest number of visits, in a given day, recorded almost 1,600 in FY 2022, which is a decrease from the 2,300 in FY 2020.

Economic Factors That Will Affect the Future

Overall enrollment is anticipated to be lower than normal in FY 2023 as we continue to recover from the COVID-19 pandemic. The Recreation Center will again rely on emergency funds from the Operations Reserve to offset any loss or shortfall in revenue. Furthermore, the Recreation Center will become more creative in terms of promoting supplemental revenue through new class offerings, rentals, and new recreational programs. Major repairs will be placed on hold for FY 2023 until we have an assessment of the economic impact of the anticipated lower enrollment. The Recreation Center Advisory Committee (RCAC) will likely seek to increase the mandatory recreation fee for FY 2024 to combat the rising operational costs, such as student wages, utilities, maintenance.

STATEMENT OF NET POSITION June 30, 2022 and 2021

Assets	2022	2021
Current assets		
Cash and cash equivalents (Note 2)	$301,314	$523,382
Investments (Note 2)	454,721	448,714
Accounts receivable, net of allowance of $6,728 in 2022 and $5,931 in 2021	68,998	69,733
Prepaid Expenses	-	45
Net pension assets (Note 5)	283,509	-
Inventory	2,324	2,485
Total current assets	1,110,866	1,044,359
Noncurrent assets		
Investments (Note 2)	851,276	578,800
Restricted cash and cash equivalents (Note 2)	613,520	1,083,616
Restricted investments (Note 2)	2,663,828	2,128,979
Capital assets, net (Note 3)	16,427,194	17,380,024
Other Assets	77,216	-
Total noncurrent assets	20,633,034	21,171,419
Total assets	21,743,900	22,215,778
Deferred Outflows		
Relating to pensions (Note 5)	104,895	93,624
Relating to OPEB (Note 6)	71,090	74,314
Deferred loss on bond refunding	232,285	259,910
Total deferred outflows	408,270	427,848
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	11,797	5,083
Accrued wages and benefits	68,741	54,329
Unearned revenue	30,891	113,824
Interest payable	106,333	125,842
Current portion of Net pension liability (Note 4,5)	-	-
Current portion of Net OPEB liabiity (Note 6)	11,187	11,095
Current portion of bonds payable (Note 4)	795,000	870,000
Total current liabilities	1,023,949	1,180,173
Noncurrent liabilities		
Compensated Absences	212,871	188,723
Net pension liability (Note 4, 5)	90,955	142,674
Net OPEB liability (Note 6)	668,571	619,662
Bonds payable, less current portion (Note 4)	17,662,480	18,315,058
Total noncurrent liabilities	18,634,877	19,266,117
Total liabilities	19,658,826	20,446,290
Deferred Inflows		
Relating to pensions (Note 5)	377,437	140,961
Relating to OPEB (Note 6)	155,171	167,702
Total deferred inflows	532,608	308,663
Net Position		
Net investment in capital assets	(1,798,001)	(1,545,124)
Restricted for pensions	63,938	-
Restricted for system renewals and replacements	3,277,348	3,212,596
Unrestricted	417,451	221,201
Total net position	$1,960,736	$1,888,673

WADE KING STUDENT RECREATION CENTER — *For the Years Ended*
STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION — *June 30, 2022 and 2021*

	2022	2021
Operating Revenues		
Service and activity fees, net of mandatory transfer	$4,227,116	$3,639,598
Staff, faculty and alumni membership fees	74,374	97
Instructional course fees	179,464	36,535
Other course fees	22,475	-
Rental revenue	24,163	(1,150)
Other revenues	16,710	(160)
Total operating revenues	4,544,302	3,674,920
Operating Expenses		
Salaries and benefits	1,785,918	1,132,912
Depreciation	952,830	968,933
Utilities	350,638	190,898
Repairs and maintenance	149,317	439,081
Equipment and furnishings	4,082	1,130
Supplies and materials	54,544	18,565
Administrative assessment	261,731	213,215
Insurance	37,142	56,366
Other	236,772	94,723
Total operating expenses	3,832,974	3,115,823
Income from operations	711,328	559,097
Nonoperating Revenues (Expenses)		
Investment income	23,986	54,854
Interest expense	(663,251)	(786,832)
Total nonoperating (expenses) revenues	(639,265)	(731,978)
Increase/(Decrease) in net position	72,063	(172,881)
Net Position, Beginning of Year	1,888,673	2,061,554
Net Position, End of Year	$1,960,736	$1,888,673

	2022	2021
Cash Flows from Operating Activities		
Cash received from students and other customers	$4,462,104.00	$3,740,440
Payments to employees	(1,817,687)	(1,226,508)
Payments to suppliers	(1,087,306)	(1,010,838)
Net cash flows provided by operating activities	1,557,111	1,503,094
Cash Flows from Investing Activities		
Net (purchases)/ sales/ of investments in internal investment pool	(813,332)	271,759
Investment income received	23,986	54,854
Net cash flows provided by/(used in) investing activities activities	(789,346)	326,613
Cash Flows from Capital and Related Financing Activities		
Proceeds from bond issue	18,498,407	-
Interest paid on capital debt	(589,929)	(784,624)
Principal paid on capital debt	(19,368,407)	(845,000)
Net cash used in capital and related financing activities	(1,459,929)	(1,629,624)
Net increase/(decrease) in cash and cash equivalents	(692,164)	200,083
Cash and cash equivalents, beginning of year	1,606,998	1,406,915
Cash and cash equivalents, end of year	$914,834	$1,606,998

	2022	2021
Reconciliation of Operating Income to Net Cash Provided to Operating Activities		
Income from operations	$711,328	$559,097
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation	952,830	968,933
Change in operating assets and liabilities		
Accounts receivable	735	(48,303)
Accounts payable, accrued expenses, salaries and benefits	45,274	69,752
Prepaid Expense	45	(45)
Unearned revenue	(82,933)	113,824
Pension and OPEB liabilities and related deferred outflows and inflows of resources	(70,329)	(160,166)
Inventory	161	2
Net cash flows provided by operating activities	$1,557,111	$1,503,094

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Western Washington University Wade King Student Recreation Center (the Recreation Center) is a self-supporting, auxiliary enterprise of Western Washington University (WWU). The Recreation Center is an open recreation fitness and wellness facility for the benefit of eligible students and associated members of WWU. The facility includes a lap/leisure pool and a whirlpool, a three-court gym with elevated running track, a multi-activity court, a rock-climbing wall, weight and cardio areas, two group exercise/aerobic rooms, locker rooms, an injury rehabilitation room, a retail food service and lounge area, a conference room, and administrative offices for the Department of Campus Recreation. The Recreation Center is located on WWU's main campus and is supported by a service and activity fee assessed to students quarterly. In addition, memberships are available for purchase by faculty/staff, alumni, and others closely associated with WWU.

The facility was named in memory of Wade King, a 10-year-old who died in 1999 in a pipeline explosion in Bellingham. Prior to FY 2011, Wade King's parents, Frank and Mary King, pledged a lifetime gift of $50,000 per year to the Western Washington University Foundation, a related party, restricted for support to ensure continued quality facilities and programs at the Recreation Center. The Recreation Center requests funds from the Western Washington University Foundation when expenditures are incurred. This gift has been restructured to an estate gift.

Financial Statement Presentation

The financial statements are presented in accordance with generally accepted accounting principles and follow the 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 Recreation Center. These 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 Recreational Center'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 Recreation Center records their share of cash, cash equivalents and investments in the same relation as WWU investment pool itself. Investment income is allocated to the Recreation Center in proportion to its average balance in the investment pool.

Inventory

Inventory consists primarily of athletic and other supplies. Inventory is stated at the lower of cost (first-in, first-out method) or market.

Accounts Receivable

Receivables are recorded at their principal balances and are due primarily from WWU students. The Recreation Center considers all accounts greater than 30 days old to be past due and uses the allowance method for recognizing bad debts. When an account is deemed uncollectible, it is written off against the allowance.

Management determined that an allowance of $6,728 and $5,931 as of June 30, 2022, and 2021 respectively, is adequate.

Capital Assets, Net

The building used for the Recreation Center's operations is located on WWU's main campus. Building and equipment are stated at cost, net of accumulated depreciation. The Recreation Center capitalizes any expenditure for buildings, improvements, and equipment that have a cost of at least $5,000 and an estimated useful life of more than one year. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets, forty years for buildings and five to seven years for equipment.

Deferred Outflows of Resources and Deferred Inflows of Resources-Bond Refunding

The Recreation Center classifies losses on retirement of debt 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.

Changes in net pension liability, assets, and OPEB not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions, subsequent to the measurement date of the net pension liabilities, are reported as deferred outflows of resources.

Unearned Revenue

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

Compensated Absences

The accrued leave balances as of June 30, 2022, and 2021 are $212,871 and $188,723, 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 then what is used.

Cost-Sharing Pensions Plans

The net pension asset or liability is measured as the Recreation Center's proportionate share of the collective total pension liability, less the fiduciary net position, of the cost-sharing pension plans in which the Recreation Center 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 Recreation Center's proportionate share is determined based on the relationship of the Recreation Center's 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 University'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 WWUSRP to define plan provisions including limits on member eligibility, benefit payments, vesting terms and contribution rates. As a result of these amendments, the Recreation Center 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. WWU 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 WWU.

The net 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 as of June 30, 2022, reflects the expected rate of return on investments, to the extent that plan assets are available to pay retiree benefits. The discount rate used for the net pension liability as of June 30, 2021, is the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average credit rating of AA/Aa or higher. The WWUSRP liability as of June 30, 2022, represents the total pension liability less the plan's fiduciary net position. The WWUSRP liability as of June 30, 2021, represents the total pension liability. 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. The measurement date for the WWUSRP liability is the same as the Statements of Net Position date.

Other Post-Employment Benefits (OPEB)
The total OPEB liability is measured as the Recreation Center’s proportionate share of the state of Washington total OPEB liability, with the proportionate share determined based on the relationship of the Recreation Center’s healthcare-eligible headcount to the total healthcare-eligible headcount for the state. The total OPEB liability is determined by discounting projected benefits subsidies for current employees and retirees based on the discount rate required by GASB Statement No. 75 for OEB plans that do not have assets residing in a qualified trust. OPEB expense is recognized for subsidies earned for the period, interest on the total OPEB 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 resource, and are recognized over the average expected remaining service period for the healthcare-eligible employees, Contributions made to the plan subsequent to the measurement date and prior to the Recreation Center’s fiscal year-end are reported as a deferred outflow or resources, and recognized in the subsequent fiscal year. The measurement date for the total OPEB liability is June 30 of the prior fiscal year.

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

Net investment in capital assets. This represents the Recreation Center's total investment in capital assets, net of outstanding debt obligations related to those capital assets as well as unamortized bond issue costs. The deficit in this net position relates to depreciation expense exceeding the principal reduction on the outstanding bonds.

Restricted expendable. Restricted expendable includes resources in which the Recreation Center is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted for system renewals and replacements. Restricted net position represents resources restricted in accordance with bond covenants for system renewals and replacements. Restricted assets are used in accordance with their requirements and where both unrestricted and restricted resources are available for use, unrestricted resources are used first and restricted resources only when the specific use arises.

Unrestricted net position. Unrestricted net position represents resources derived from operations and investing activities along with operating reserves established for future replacement of assets.

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

Operating revenue includes activities that have the characteristics of exchange transactions, such as service and activity fees charged to students, staff, faculty, and alumni membership fees, and instructional course fees. Operating expenses are those costs incurred in daily operations, such as salaries, utilities, and depreciation.

Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as investment and gift income. Non-operating expenses include costs related to financing or investing activities such as interest on indebtedness.

Student Recreation Center Fee, net of mandatory transfer.
Per Revised Code of Washington Section 28B.15.820, WWU is required to transfer a minimum of 3.5% of revenues collected from tuition and services and activities fees into an institutional financial aid fund. The revenue shown on these statements is net of the 3.5% transfer.

This fund is only to be used to fund short- or long-term loans and grants to students in need. Service and activity fee revenue is reported net of this transfer.

Bond Premiums
Bond premiums are deferred and amortized over the term of the bonds using the effective interest method. The remaining balances of bond premiums are presented as an increase of the face amount of bonds payable.

Administrative Assessment
WWU provides support to the Recreation Center through cash and bond debt management, accounting, purchasing and disbursing services, risk management, human resources and other support services. The effects of these transactions are included as operating expenditures in these financial statements. The amount paid was

$261,731 and $213,215 for years ended June 30, 2022, and 2021, respectively, and is based on 5.775% of revenues.

Tax Exemptions

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

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Recreation Center'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 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 the GASBS 79 for external investments 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.

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 all other investments by Standard & Poor's/Moody's respectively are as follows: corporate notes, A-/A3; commercial paper, A1+/P1; municipals, A-/A3; supranationals, AA-/AaA3; 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.

The Recreation Center's investment in WWU's pool includes $3,277,348 restricted for renewals and replacements.

	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	$1,152,590	$ -	$ -	$1,152,590	0.003
Investments					
Corporate	86,407	-	-	86,407	1.582
Certificates of deposit	47,562	-	-	47,562	1.541
Municipals	28,807			28,807	2.751
SupraNationals	17,381			17,381	1.647
U.S. Treasuries	-	787,808	-	787,808	2.485
U.S. Agencies	-	100,275	-	100,275	1.793
	$1,332,747	$ 888,083	$ -	$2,220,830	

	Fair Value Measurements as of June 30, 2021 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	$1,606,998	$ -	$ -	$1,606,998	0.003
Investments					
Corporate	520,261			520,261	1.329
Certificates of deposit	240,762	-	-	240,762	1.303
Municipals	31,261			31,261	2.422
SupraNationals	95,112			95,112	2.647
U.S. Treasuries	-	473,400	-	473,400	2.711
U.S. Agencies	-	1,795,697	-	1,795,697	0.986
	$2,494,394	$ 2,269,097	$ -	$4,763,491	

NOTE 3. CAPITAL ASSETS, NET

The depreciation expense for the years ended June 30, 2022, and 2021 was $952,830 and $968,933, respectively.

Following are the changes in capital assets for the years ended June 30, 2022, and 2021:

	June 30, 2021	Additions	Reductions	June 30, 2022
Depreciable				
Building	$27,947,761	$ -	$ -	$ 27,947,761
Equipment	453,608	-	-	453,608
Improvements	3,357,078	-	-	3,357,078
	31,758,447	-	-	31,758,447
Less accumulated depreciation	(14,378,423)	(952,830)	-	(15,331,253)
Capital assets, net	$17,380,024	($952,830)	$ -	$ 16,427,194

	June 30, 2020	Additions	Reductions	June 30, 2021
Depreciable				
Building	$27,947,761	$ -	$ -	$ 27,947,761
Equipment	453,608	-	-	453,608
Improvements	3,357,078	-	-	3,357,078
	31,758,447	-	-	31,758,447
Less accumulated depreciation	(13,409,490)	(968,933)	-	(14,378,423)
Capital assets, net	$18,348,957	$ (968,933)	$ -	$ 17,380,024

NOTE 4. NON-CURRENT LIABILITIES

The Recreation Center issued $15,950,000 in Revenue and Refunding Bonds, Series 2012, on February 1, 2022. The bonds bear interest rates of 4.0% and mature annually until 2037. The bonds have an aggregate face amount of $15,950,000 and $18,985,000 as of June 30, 2022, and 2021, which is reported net of the unamortized original issue premium of $2,507,480 and $200,058, respectively.

Current Refunding

On February 1, 2022, the Recreation Center issued $15,950,000 in Series 2022 revenue and refunding bonds to refund and restructure all or a portion of the debt service that will be due and payable with respect to outstanding Series 2012 bonds with a par amount of $18,985,000 and 4% interest rate. The Series 2022 bonds will have a gross debt service savings of $2,943,687 and an economic gain of $2,553,456.

Aggregate maturities or payments required for principal and interest under bond obligations for each of the succeeding five fiscal years and thereafter are as follows:

	Principal	Interest	Payment
2023	795,000	638,000	1,433,000
2024	825,000	606,200	1,431,200
2025	865,000	573,200	1,438,200
2026	900,000	538,600	1,438,600
2027	935,000	502,600	1,437,600
2028-2032	5,255,000	1,921,600	7,176,600
2033-2037	6,375,000	784,600	7,159,600
	15,950,000	5,564,800	21,514,800
Plus unamortized premium	2,507,480		
Total	$18,457,480	$5,564,800	$21,514,800

Following are the changes in liabilities:

Non-current Liabilities	Beginning Bal 6/30/2021	Additions/ Amortizations	Decreases/ Retirements	Ending Balance 6/30/2022	Current Portion
BONDS PAYABLE:					
Series 2012 Revenue Refunding Bonds, net of unamortized original issue premium of $200,058 at June 30, 2021	$19,185,058	($19,742)	$(19,165,316)	$ -	
Series 2022 Revenue Refunding Bonds, net of unamortized original issue premium of $2,430,265 at June 30, 2022	-	$18,457,480		$18,457,480	$795,000
Compensated Absences	188,723	24,148	-	212,871	
Net Pension Liability	142,674		(51,719)	90,955	
OPEB Liability	619,662	48,909	-	668,571	11,187
Total Non-current Liabilities	$20,136,117	$18,510,796	($19,217,035)	$19,429,878	$806,187

Non-current Liabilities	Beginning Bal 6/30/2020	Additions/ Amortizations	Decreases/ Retirements	Ending Balance 6/30/2021	Current Portion
BONDS PAYABLE:					
Series 2012 Revenue Refunding Bonds, net of unamortized original issue premium of $200,058 and $222,367 at June 30, 2021 and 2020 respectively.	$20,052,367	($22,309)	($845,000)	$19,185,058	$870,000
Compensated Absences	135,797	52,926	-	188,723	
Net Pension Liability	256,015		(113,341)	142,674	
OPEB Liability	703,048	-	(71,263)	619,662	11,095
Total Non-current Liabilities	$21,147,227	$30,617	($1,029,604)	$20,136,117	$881,095

In accordance with resolutions of the Board of Trustees, WWU sold the Recreation Center Bonds to investors who have a first lien on and are to be paid solely from the gross revenue from the operation of the Recreation Center.

The amounts and limitations of this pledge are set forth in the resolutions of the Board of Trustees. The bond covenants require that the Recreation Center transfer monies each year to an account held as restricted net position for renewals and replacements of the facilities.

NOTE 5. PENSION PLAN

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).

Recreation Center employees in eligible positions are participants in PERS and WWURP plans. PERS is a cost sharing multiple employer defined benefit pension plans 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.

The Recreation Center’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 $27,035 as of June 30,2022 and $112,912 as of June 30, 2021. The liability associated with the defined-benefit pension plan administered by WWU was $63,921 as of June 30,2022 and $29,762 as of June 30, 2021. The total pension expense recorded by the Recreation Center related to both the DRS and University plans was $(70,725) and $(8,003) for the years ended June 30, 2022, and 2021, respectively.

<u>PLANS ADMINISTERED BY DRS</u>

PLAN DESCRIPTION:

Public Employees’ Retirement System

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

Teachers' Retirement System

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

VESTING AND BENEFITS PROVIDED:

PERS Plan 1 and TRS Plan 1

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

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

PERS Plan 2/3 and TRS Plan 2/3

PERS 2/3 and TRS Plan 2/3 provide retirement, disability and death benefits. PERS Plan 2 and TRS Plan 2 members are vested after completing five years of eligible service. PERS Plan 3 and TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. 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, and TRS systems and plans 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/2021-annual-report-newsfeed/.

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 Recreation Center'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 2022 pension liability is based on the OSA valuation performed as of June 30, 2021, with a valuation date of June 30, 2020. 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 2019 Economic Experience Study. The following actuarial assumptions have been applied to all prior periods included in the measurement:

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary Increases:** salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.40%

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

OSA selected a 7.40% 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:

2022 - Measurement date 2021

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
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 7.40%, 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 7.40% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.40% 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 7.40% on pension plan investments was applied to determine the total pension liability for each plan.

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

The following table presents the Recreation Center's net pension liability/(asset) position by plan calculated using the discount rate of 7.40%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1.0% point lower (6.40%) or 1.0% point higher (8.40%) than the current rate.

Discount Rate Sensitivity - Net Pension Liability (Asset)			
($ in thousands)		**2022**	
Plan	**1% Decrease 6.4%**	**Current Discount Rate 7.4%**	**1% Increase 8.4%**
PERS 1	$ 46	$ 27	$ 10
PERS 2/3	(81)	(284)	(450)

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												
	7/1/2020 thru 8/31/2020				9/1/2020 thru 6/30/2021				7/1/2021 thru 6/30/2022			
	Employee		University		Employee		University		Employee		University	
PERS												
Plan 2	7.90%		12.86%		7.90%		12.97%		6.36%		10.25%	
Plan 3	5.00-15.00%	**	12.86%	*	5.00-15.00%	**	12.97%	*	5.00-15.00%	**	10.25%	*

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 2021	FY 2022
PERS		
Plan 2	$ 32,449	$ 26,115
Plan 3	11,637	9,318

RECREATION CENTER 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 Recreation Center as of June 30, 2022, and 2021 was June 30, 2021, and 2020 (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 Recreation Center's proportional share of WWU's share from DRS of the aggregated balance of net pension liabilities as of June 30, 2022, and June 30, 2021, is presented in the table below.

Proportionate Share of WWU's share	PERS 1	PERS 2/3
2022	0.7504%	0.7522%
2021	0.7208%	0.7322%

Aggregate Pension Amounts

	PERS 1	PERS 2/3	Total
Net Pension Liability (Asset) June 30, 2022	$ 27,035	$ (283,509)	$ (256,474)
Net Pension Liability June 30, 2021	$ 76,812	$ 36,100	$ 112,913

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

The tables below summarize the Recreation Center'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 Recreation Center'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, 2022	$	(3,713)	$	(62,649)	$	(66,362)
Year Ended June 30, 2021	$	10,286	$	8,873	$	19,160

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

2022	PERS 1	PERS 2/3	Total
Difference between expected and actual experience	$ -	$ 13,770	$ 13,770
Changes of assumptions	-	414	414
Change in proportion	-	1,021	1,021
Contributions subsequent to the measurement date	13,051	22,382	35,433
TOTAL	$ 13,051	$ 37,587	$ 50,638

Deferred Inflows of Resources

2022	PERS 1	PERS 2/3	Total
Difference between expected and actual experience	$ -	$ 3,476	$ 3,476
Changes of assumptions	-	20,134	20,134
Net difference between projected and actual earnings on pension plan investments	30,000	236,947	266,948
Change in proportion	-	2,066	2,066
TOTAL	$ 30,000	$ 262,623	$ 292,623

Amortization of Deferred Outflows and Deferred Inflows of Resources

YEAR	PERS 1	PERS 2/3	Total
2023	$ (7,947)	$ (65,255)	$ (73,202)
2024	(7,282)	(60,997)	(68,280)
2025	(6,886)	(58,041)	(64,927)
2026	(7,885)	(62,463)	(70,348)
2027	-	(754)	(754)
Thereafter	-	92	92
TOTAL	$ (30,000)	$ (247,418)	$ (277,418)

Deferred Outflows of Resources						
2021		**PERS 1**		**PERS 2/3**		**Total**
Difference between expected and actual experience	$	-	$	13,770	$	13,770
Changes of assumptions		-		414		414
Change in proportion		-		1,228		1,228
Contributions subsequent to the measurement date		16,491		27,594		44,085
TOTAL	$	16,491	$	43,006	$	59,497

Deferred Inflows of Resources						
2021		**PERS 1**		**PERS 2/3**		**Total**
Difference between expected and actual experience	$	-	$	3,476	$	3,476
Changes of assumptions		-		20,134		20,134
Net difference between projected and actual earnings on pension plan investments		30,000		236,947		266,948
Change in proportion		-		1,702		1,702
TOTAL	$	30,000	$	262,258	$	292,259

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. Because the Higher Ed SRP Valuation report is only prepared every other year the number of participants in the WWURP as of June 30, 2022, and 2021 remained the same for reporting purposes at 1,154.

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 Recreation Center's proportional share of the WWURP contributions are included in the table below for the years ended June 30.

Rec Center		2022		2021
Contributions made by:				
Employees	$	42,552	$	38,574
University		42,467		38,566

Western Washington University Supplemental Retirement Plan (WWUSRP)

PLAN DESCRIPTION:

WWUSRP, the supplemental component of the WWURP plan, 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 internal SRP GASB67/68 values by entity and delivered these values to each entity for reporting the June 30, 2022, balances as no external annual comprehensive report were issued this year.

PLAN MEMBERSHIP:

Membership of the Western Washington University Supplemental Retirement Plan consisted of the following at June 30, 2020, and June 30, 2022, 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
2022*	79	3	483	565
2020	79	3	483	565

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

The 2020 census data were used for actuarial valuations that were used to project the Total Pension Liability to the measurement date of June 30, 2022, and 2021, respectively.

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 Recreation Center's proportional share of the total University benefit payments made during the fiscal years ended June 30, 2022, and 2021 were $2,789 and $2,365, 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 the Recreation Center's financial statements.

The total pension liability was determined by an actuarial valuation as of June 30, 2020, with the results projected forward to the June 30, 2021, measurement date using the following actuarial assumptions:

- Discount Rate: 7.00%
- TIAA Increase Rate: 3.98%
- CREF Increase Rate: (16.99)%
- Salary Growth: 3.75%

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

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

OSA updated assumptions consistent with the 2021 Demographic Experience Study and modified the TIAA CREF investment assumptions based on TIAA input and OSA's expectation for the future. This includes future growth in the investment's and how the projected account balances are converted to annuities.

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 our office's long-term rate of return assumption for assets invested in the Commingled Trust Fund, which decreased from 7.40% to 7.00%. The impact of this change is captured as part of the "Changes in assumptions" line of the TPL table. TIAA and CREF are investments used in the assumed income calculation. The big takeaway here is the FY 2022 CREF stock account return of (16.99%) was significantly lower than our assumption of 6.25%. CREF investment returns that are lower than expected lead to lower assumed income, which means more expected supplemental plan benefits for current actives and an increase in the TPL. The impact of this change is captured in the "Differences between expected and actual experience" line of the TPL table.

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

The following presents the Recreation Center'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.

Rec Center WWUSRP
Discount Rate Sensitivity - Net Pension Liability/(Asset)
$ in thousands

		2022	
	1% Decrease	Current Discount Rate	1% Increase
Plan	**6.0%**	**7.0%**	**8.0%**
WWUSRP	$ 74	$ 64	$ 56

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 Fiscal Year 2021. 2SHB 1661 outlines a funding policy for the SRP. Beginning July 1, 2020, the 0.5% required employer contribution rate was replaced with institution-specific contribution rates. These rates are developed by the OSA in accordance with RCW 41.45, which provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates. Money in the trust must be accounted for separately and attributed to each paying institution and may only be used to make benefit payments to the paying institution's plan beneficiaries. Beginning July 31, 2020, the Pension Funding Council may review and revise the institution-specific contribution rates. Rates must be designed to keep the total cost at a more level percentage than a pay-as-you-go method. Accumulated funds will allow a portion of the cost of SRP benefits to be paid from those funds beginning in approximately 2035. When the trust has collected sufficient assets to begin making SRP benefit payments, administration of the SRP will transfer to the Department of Retirement Systems (DRS).

WWUSRP	**2022**	**2021**
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, 2021, 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 is now applying accounting guidance for single employer plans that have trusted assets and reports the pension liability net of plan assets as of June 30, 2021.

The components of the WWUSRP liability were as follows:

Rec Center 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, 2020	**$ 153,173**	**$ 16,832**	**$ 136,341**
Service Cost	4,157	-	4,157
Interest on TPL	3,598	-	3,598
Differences Between Expected and Actual Experience	(67,860)	-	(67,860)
Change in Assumptions	(37,244)	-	(37,244)
Employer Contributions	-	884	(884)
Investment Income	-	5,979	(5,979)
Benefit Payments	(2,367)	-	(2,367)
Net Changes	(99,716)	6,863	(106,579)
Balance as of June 30, 2021	**$ 53,457**	**$ 23,695**	**$ 29,762**
Service Cost	1,108		1,108
Interest on TPL	4,670		4,670
Differences Between Expected and Actual Experience	25,028		25,028
Change in Assumptions	7,247		7,247
Employer Contributions		1,075	(1,075)
Investment Income		29	(29)
Benefit Payments	(2,792)		(2,792)
Net Changes	35,263	1,104	34,159
Balance as of June 30, 2022	**$ 88,720**	**$ 24,799**	**$ 63,921**

The June 30, 2022, and 2021 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. The June 30, 2020, TPL is based on an actuarial valuation performed as of June 30, 2018, with update procedures performed to roll forward the TPL to the measurement date of June 30, 2020. 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 the Recreation Center's proportionate share of the WWUSRP pension expense, deferred outflows of resources and deferred inflows of resources, together with the related future year impacts to pension expense from amortization of those deferred amounts:

Rec Center Proportional Share WWUSRP
Pension Expense (PE)

	2022	2021
Service Cost	$ 771	$ 13,618
Interest Cost	3,248	11,787
Amortization of Differences between Expected and Actual Experience	(6,122)	(39,496)
Amortization of Changes of Assumptions	(513)	(5,805)
Expected Earnings on Plan Investments	(1,313)	(4,180)
Amortization of Differences between Projected and Actual Earnings on Plan Investments	(433)	(3,087)
Administrative Expenses	-	-
Other Changes in Fiduciary Net Position	-	-
Pension Expense - Current Year	**$ (4,363)**	**$ (27,163)**
GASB 68 from GASB 73 reporting change effect		(58,033)
Net Pension Expense	**$ (4,363)**	**$ (85,196)**

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense in future periods as follows:

Rec Center Proportional Share

Deferred Outflows of Resources

	2022	2021
Difference between expected and actual experience	$ 30,018	$ 11,741
Changes of assumptions	659	23,132
Differences between Projected and Actual Earnings on Plan Investments	1,476	-
TOTAL	**$ 54,257**	**$ 34,873**

Deferred Inflows of Resources

	2022	2021
Difference between expected and actual experience	$ 55,421	$ 68,306
Changes of assumptions	29,393	35,746
Differences between Projected and Actual Earnings on Plan Investments	2,822	3,762
TOTAL	**$ 84,814**	**$ 107,814**

Amortization of Deferred Outflows and Deferred Inflows of Resources

Year	
2023	$ (8,166)
2024	$ (4,633)
2025	$ (4,577)
2026	$ (9,264)
2027	$ (5,935)
Thereafter	$ 2,018
TOTAL	**$ (30,557)**

NOTE 6. 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 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 2022, 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 2023. 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. For 2021 and 2020, 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
2020	2066	797	95	2958
2021	2015	778	93	2886

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 Recreation Center's financial statements.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement period:

- **Inflation:** 2.75%
- **Salary Increases:** 3.50% including service-based salary increases
- **Health Care Trend Rates:*** Initial rate ranges from 2-11% adjusting to 4.3% in 2075
- **Post-retirement Participation:** 65.00%
- **Spouse Coverage:** 45.00%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status. The Office of the State Actuary (OSA) applied age offsets as appropriate to better tailor the mortality rates to the demographics of the plan. OSA applied the long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. 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 2.21% was used for the June 30, 2020, measurement date and 2.16% for the June 30, 2021. measurement date.

The following presents the Recreational Center's proportional share of the total University OPEB liability, calculated using the discount rate of 2.16%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current rate.

Total OPEB Liability Discount Rate Sensitivity	
1% Decrease	$823,575
Current Discount Rate - 2.16%	$679,758
1% Increase	$567,941

The following represents the total OPEB liability of the Recreation Center calculated using the health care trend rates of 2-11% reaching an ultimate range 4.3%, 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	$548,412
Current Discount Rate - 2-11%	$679,758
1% Increase	$857,250

*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://leg.wa.gov/osa/accounting/financial-audit-report/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, 2022, and 2021, components of the proportionate share calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for the Recreation Center are represented in the following table:

FY22 Proportionate Share of WWU's share		0.678240%
FY21 Proportionate Share of WWU's share		0.656878%
Schedule of Changes in Total OPEB Liability		
Total OPEB Liability	**2022**	**2021**
Service cost	$33,975	$26,175
Interest	14,684	21,895
Changes of benefit terms	-	-
Differences between expected & actual experience	0	(3,355)
Changes in assumptions	6,274	14,193
Benefit payments	(11,187)	(10,425)
Change in Proportionate share	(15,257)	(13,575)
Other	-	(22,302)
Net Change in Total OPEB Liability	**$28,489**	**$12,606**
Total OPEB Liability - Beginning	**$630,757**	**$703,048**
Change in proportionate share	$20,512	($84,898)
Total OPEB Liability - Ending	**$ 679,758**	**$630,757**

Recreation Center's proportionate share of OPEB expense for the fiscal years ended June 30, 2022, and 2021 were $50,939 and $(94,618) respectively.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

The tables below summarize Recreation Center'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		2022		2021
Change in proportion	$	4,927	$	6,009
Difference between expected and actual experience		11,628		13,838
Changes of assumptions		43,290		43,373
Transactions subsequent to the measurement date		11,245		11,095
TOTAL	$	71,090	$	74,314

Deferred Inflows of Resources		2022		2021
Change in proportion	$	29,296	$	15,961
Difference between expected and actual experience	$	2,631		2,982
Changes of assumptions		123,243		148,759
TOTAL	$	155,171	$	167,702

Amortization of Deferred Outflows and Deferred Inflows of Resources		
Year		
2023	$	(20,946)
2024		(20,946)
2025		(20,946)
2026		(20,946)
2027		(10,894)
Thereafter		(648)
TOTAL	$	(95,326)

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REQUIRED SUPPLEMENTARY INFORMATION

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Recreation Center's Proportionate Share of the Net Pension Liability

Schedule of Recreation Center 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
Recreation Center PERS 1 employers' proportion of the net pension liability	0.002365%	0.002311%	0.001825%	0.002223%	0.001867%	0.002058%	0.002182%	0.002265%
Recreation Center PERS 1 employers' proportionate share of the net pension liability	$129,519	$120,898	$97,990	$105,504	$83,359	$77,543	$76,812	$27,035
Recreation Center PERS 1 employers' covered-employee payroll	$246,340	$252,575	$214,480	$270,703	$244,786	$189,225	$328,386	$342,015
Recreation Center PERS 1 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	52.58%	50.68%	41.97%	38.97%	34.05%	40.98%	23.39%	7.90%
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%

* As of June 30; 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 Recreation Center's Proportionate Share of the Net Pension Liability/(Asset)

Schedule of Recreation Center 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
Recreation Center PERS 2/3 employers' proportion of the net pension liability (asset)	0.003045%	0.002986%	0.002336%	0.002860%	0.002388%	0.002594%	0.002781%	0.002900%
Recreation Center PERS 2/3 employers' proportionate share of the net pension liability (asset)	$59,589	$106,676	$117,616	$99,372	$40,768	$25,299	$36,100	($283,509)
Recreation Center PERS 2/3 employers' covered-employee payroll	$262,066	$264,732	$222,246	$280,484	$251,452	$194,130	$331,912	$342,558
Recreation Center PERS 2/3 employers' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.74%	39.08%	52.92%	35.43%	16.21%	13.03%	10.88%	-82.76%
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%

* As of June 30; 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 Recreation Center's Proportionate Share of WWUSRP Total Pension Liability and Related Ratios

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

	2017	2018	2019	2020	2021	2022
WWUSRP total pension liability-Beginning	$141	$104	$95	$121	$153	$54
Service Cost	7	4	2	3	4	1
Interest	5	4	3	4	4	5
Difference between expected and actual experience	(34)	(11)	11	7	(68)	25
Changes in assumptions	(13)	(4)	12	20	(37)	7
Benefits payments **	(2)	(2)	(2)	(2)	(2)	(3)
Net change in total pension liability	(37)	(9)	26	32	(98)	35
WWUSRP total pension liability-Ending	$104	$95	$121	$153	$54	$89
Plan Fiduciary Net Position ***					$24	$25
WWUSRP net pension liability-Ending					$30	$64
WWU URP employers' covered-employee payroll	$368	$397	$361	$343	$358	$371
WWUSRP total or net pension liability as a percentage of its covered-employee payroll (net as of FY21)	28.30%	23.93%	33.45%	44.72%	8.38%	17.26%

* As of June 30; 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 *Recreation Center*									
Fiscal Year	Contractually Required Contributions	Contributions related to covered 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	$10,622	$0	$10,622	$10,622	$0	$9,882	$242,693	$252,575	4.21%
2016	$10,347	$0	$10,347	$10,347	$0	$7,337	$207,143	$214,480	4.82%
2017	$13,375	$0	$13,375	$13,375	$0	$7,269	$263,434	$270,703	4.94%
2018	$12,476	$0	$12,476	$12,476	$0	$4,202	$240,585	$244,786	5.10%
2019	$14,459	$0	$14,459	$14,459	$0	$639	$188,586	$189,225	7.64%
2020	$15,768	$0	$15,768	$15,768	$0	$1,641	$326,745	$328,386	4.80%
2021	$16,490	$0	$16,490	$16,490	$0	$243	$341,772	$342,015	4.82%
2022	$13,051	$0	$13,051	$13,051	$0	$0	$235,639	$235,639	5.54%
2023									
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
Recreation Center

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	$14,515	$14,515	$0	$272,962	5.32%
2016	$20,992	$20,992	$0	$222,246	9.45%
2017	$17,965	$17,965	$0	$280,190	6.41%
2018	$18,863	$18,863	$0	$251,452	7.50%
2019	$22,002	$22,002	$0	$194,130	11.33%
2020	$26,003	$26,003	$0	$331,912	7.83%
2021	$26,960	$26,960	$0	$342,558	7.87%
2022	$22,269	$22,269	$0	$235,639	9.45%
2023					
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
Teachers' Retirement System (TRS) Plan 1
Fiscal Year Ended June 30
Recreation Center

Fiscal Year	Contractually Required Contributions	Contributions related to covered payroll of employees Participating in TRS plan 1	UAAL Contributions related to covered payroll of employees Participating in TRS plan 2/3	Total Contributions in relation to the Actuarially Determined Contributions	Contribution deficiency (excess)	Covered payroll of employees participating in TRS 1	Covered payroll of employees participating in TRS 2/3	Total Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2015	$7,806	$7,806	$0	$7,806	$0	$23,157	$116,956	$140,113	5.57%
2016	$794	$794	$0	$794	$0	$483	$11,231	$11,715	6.78%
2017	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
2018	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
2019	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
2020	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
2021	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
2022	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
2023									
2024									

Notes:

These schedules 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 - Recreation Center
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	$884	$884	$ -	$357,973	0.25%
2022	$1,075	$1,075	$ -	$370,820	0.29%
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					

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

OPEB INFORMATION

Cost Sharing Healthcare Plans
Schedule of Recreation Center's Changes in Total OPEB Liability and Related Ratios

Schedule of Recreation Center Changes in Total OPEB Liability and Related Ratios
*Measurement Date ended June 30 **

	2018	2019	2020	2021	2022
Total OPEB Liability-Beginning	$806,291	$702,251	$624,096	$703,048	$630,757
Service Cost	$108,031	$35,054	$28,467	$26,175	$33,975
Interest	$50,602	$24,100	$24,693	$21,895	$14,684
Difference between expected and actual experience	$0	$21,998	$0	-$3,355	$0
Changes in assumptions	-$246,839	-$153,463	$45,986	$14,193	$6,274
Benefits payments	-$25,788	-$10,178	-$11,296	-$10,425	-$11,187
Change in proportionate share	$9,954	$4,334	-$8,898	-$98,473	$5,256
Other				-$22,302	
Total OPEB liability-Ending	$702,251	$624,096	$703,048	$630,757	$679,758
Recreation Center employers' covered-employee payroll	$755,074	$761,413	$820,918	$837,427	$876,412
Recreation Center employers' proportionate share of total OPEB liability as a percentage of its covered-employee payroll	106.78%	92.23%	76.02%	83.95%	71.97%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Plans administered by DRS

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

Consistent with the state's contribution-rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. For example, the actuarial valuation with a June 30, 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: 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 will now report the plan's net pension liability (total pension liability less the plan's fiduciary net position). Prior to this change in estimate WWU reported the plan's total pension liability. In addition, under GASB P20 the discount rate used to value the ending liability has changed to the expected investment return on plan assets. As such, WWU has changed from using the Bond Buyer's 20 Bond Index (2.21% for the FY 2020 liability) to using the expected investment return on plan assets (7.40% for the FY 2021 liability).

Material assumption changes during the FY 2021 measurement period include an increase in the total salary growth rate (3.50% to 3.75%), an increase in the discount rate (2.21% to 7.40%), an increase in the TIAA rate (4.00% to 4.25%), and an increase in the CREF rate (6.25% to 6.50%). Under GASB 67/68, the discount rate is now based on the long-term expected rate of return on pension plan investments, which led to the increase in the discount rate used to measure the Total Pension Liability (7.40%). The Total Pension Liability is now compared against the plan's Fiduciary Net Position to determine the Net Pension Liability.

Material assumption changes during the FY 2020 measurement period include updating the GASB 73 discount rate from 3.50% to 2.21% ("Change in assumption" which increased the TPL). Additionally, the FY 2020 returns for the Teachers Insurance and Annuity Association of America (TIAA) and CREF investments were used to determine a member's assumed income. Those returns were 4.12% for TIAA and 2.31% for CREF. This resulted in an increase in the TPL.

OPEB Plan administered by the Healthcare Authority of Washington State

The OPEB Plan has no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits. Material assumption changes during the FY 2020 measurement period relate to a decrease in the Bond Buyer General Obligation 20-Bond Municipal Bond Index, from 3.50% for the June 30, 2019 measurement date, to 2.21% for the June 30, 2020 measurement date. Other material assumption changes included lowering the forecast of future healthcare cost trends. This resulted in an increase in the TOL. Legislation under H.R. 1865 repealed the excise tax after the previous measurement date. The impact of removing trends that include Excise Tax resulted in a decrease in TOL.

Material assumption changes during the FY 2019 measurement period relate to a decrease in the Bond Buyer General Obligation 20-Bond Municipal Bond Index, from 3.87% for the June 30, 2018 measurement date, to 3.50% for the June 30, 2019 measurement date.