FINANCIAL REPORT

FISCAL YEAR 2022

WESTERN WASHINGTON UNIVERSITY

MAKE WAVES.

FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION

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Office of the Washington State Auditor
Pat McCarthy

November 18, 2022

Board of Trustees
Western Washington University
Bellingham, Washington

Report on Financial Statements

We are issuing this report for inclusion in the University's annual comprehensive financial report package, which will be issued by the University under the University'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 University's basic financial statements.

Sincerely,

Pat McCarthy

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.

Insurance Building, P.O. Box 40021 • Olympia, Washington 98504-0021 • (564) 999-0950 • Pat.McCarthy@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
Bellingham, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Western Washington University 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 University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Western Washington University, 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 University 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

As discussed in Note 1, the financial statements of the Western Washington University, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the University and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2022 and 2021, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University'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.

We did not audit the financial statements of the Western Washington University Foundation (the Foundation), which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

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 University'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 University'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 Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The President's Letter of Transmittal and the Board of Trustees and Administrative Officers are presented for the purposes of additional analysis and are not a required part of the basic financial statements of the University. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

Sincerely,

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

November 18, 2022

November 18, 2022

Dear Chair Meyer:

We are pleased to submit the Annual Financial Report of Western Washington University. The accounts of WWU are maintained in accordance with policies and regulations established by Washington State and its Office of Financial Management. This report has been prepared in accordance with generally accepted accounting principles and following the guidance of the Governmental Accounting Standards Board. The Management's discussion and analysis, located at the front of the financial section of this report, provides a narrative introduction overview, and analysis of the basic financial statement and I encourage you to spend time reviewing it.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

The Washington State Auditors' Office has issued an unmodified (clean) opinion on the Western Washington University financial statement for the year ended June 30, 2022. This opinion is included in the independent auditor's report.

Since 1893, Western has educated students to explore widely, think critically, communicate clearly, and connect ideas creatively to address its most challenging needs, problems, and questions. Offering more than 200 academic programs on its main campus in Bellingham, Washington and seven satellite sites around the Puget Sound area, Western serves more than 15,000 students and has been the top master's-granting institution in the Pacific Northwest for 22 years. Western is small enough for one person to make a difference and large enough for that difference to have an impact.

Western is recognized nationally for its successes, from being named the top master's-granting institution in the Pacific Northwest for 22 years in a row by U.S. News & World Report — which also named WWU as one of the best public schools in the west for veterans — to its recognition as one of the most sustainable, green campuses in the nation by the Sierra Club. In 2021, Western became one of only seven universities — and the first in the Northwest — to have adopted the Okanagan Charter and joined the United States Health Promoting Campuses Network, which calls on higher education institutions to embed health into all aspects of campus culture and to lead health-promotion action and collaboration locally and globally.

Sincerely,

Sabah Randhawa

Sabah Randhawa
President

Joyce Lopes

Joyce Lopes
Vice President for Business and Financial Affairs

ADMINISTRATIVE OFFICERS*

Sabah Randhawa, President
Brad Johnson, Provost and Vice President for Academic Affairs
Joyce Lopes, Vice President for Business and Financial Affairs
Melynda Huskey, Vice President for Enrollment and Student Services
Donna Gibbs, Vice President for University Relations
Kim O'Neill, Vice President for University Advancement
Brian Sullivan, Associate Vice President for Business and Financial Affairs
Jacqueline Hughes, Chief Diversity Officer

CERTAIN DIRECTORS*

Michael Ulrich, Controller

**as of Independent Auditors report*

OVERVIEW

The following discussion and analysis provides an overview of the financial position and activities of Western Washington University (WWU) for the 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.

WWU is one of six public, four-year institutions of higher education in the State of Washington. WWU is governed by a Board of eight Trustees, which has broad responsibilities to supervise, coordinate, manage and regulate WWU as provided by State law. Trustees are appointed by the Governor for a term of six years, except a student Trustee who is appointed to a one-year term.

As a comprehensive regional university, WWU offers undergraduate and graduate degrees in more than 200 academic programs on its main campus in Bellingham, Washington and seven satellite sites around the Puget Sound area and serves more than 15,000 students. WWU was established in 1893 and currently has over 16,000 full-time and part-time students in seven colleges and the graduate school. Western Washington University's main campus is situated on the ancestral homelands of the Coast Salish Peoples, who have lived in the Salish Sea basin, all throughout the San Juan Islands and the North Cascades watershed from time immemorial. We express our deepest respect and gratitude to our Indigenous neighbors, for their enduring care and protection of our shared lands and waterways.

COVID-19 PANDEMIC

The COVID-19 pandemic continues to affect many parts of the world, including the State and WWU. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 a national emergency. On February 29, 2020, Washington's Governor declared a state of emergency due to the number of confirmed cases of COVID-19 in the State, directing State agencies to use all resources necessary to prepare for and respond to the outbreak. The Governor has issued a series of proclamations designed to limit social interactions, including orders requiring or encouraging individuals, governments and businesses to take certain precautionary measures designed to prevent the spread of COVID-19. 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 with certain exceptions for essential businesses. In response to this proclamation, WWU moved to remote learning for Spring quarter of 2020 and continued into the 2020/2021 academic year. WWU returned to primarily in person learning during the 2021/2022 academic year.

To assist with increased COVID-19 related expenses, federal legislation was enacted that allowed the Department of Education (ED) to award federal COVID-19 relief grants with the Higher Education Emergency Relief Fund (HEERF) I, II and III. HEERF was made available from three separate federal legislations:

- CARES: Coronavirus Aid, Relief, and Economic Security Act (HEERF I)
- CRRSAA: Coronavirus Response and Relief Supplemental Appropriations Act (HEERF II)
- ARP: American Rescue Plan (HEERF III)

WWU was provided with a total of $62.0 million in HEERF I, II, and III. Of the $62.0 million, $27.7 million were used to provide emergency financial aid grants to students for expenses related to the disruption of campus operations. The remaining $34.3 million could be used to cover any costs associated with significant changes to the delivery of instruction. As of June 30, 2022, $24.7 million has been spent on financial aid grants to students and $32.3 million to reimburse WWU for allowable expenses and lost revenue.

The outbreak of COVID-19 was a significant event that continues to have effects on the finances, operations, and economy of the State and WWU. The impacts to the operations of WWU include, but are not limited to, enrollment, legislative and the economic impacts on the State budget.

Using the Financial Statement

WWU reports as a business-type activity as defined by Government Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended. GASB standards require that financial statements be presented on a consolidated basis. The financial statements, in conjunction with the Notes to the Financial Statements, provides a comprehensive way to assess WWU's financial health.

These financial statements include the following components:

- The Statement of Net Position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources and net position of WWU at a point in time (June 30). Their purpose is to present a financial snapshot of WWU. This statement aids the reader in determining the assets available to continue WWU's operations, how much WWU owes to employees and vendors, whether WWU has any deferred outflows or inflows other than assets or liabilities and provides a picture of net position and its availability for expenditure by WWU.

- The Statement of Revenues, Expenses and Changes in Net Position presents the total revenues earned and expenses incurred by WWU for operating, non-operating and other related activities, during a period of time (the fiscal year ended June 30, 2022). Their purpose is to assess WWU's operating and non-operating activities.

- The Statement of Cash Flows presents additional information to support the financial statements. This statement identifies how much cash has been received or paid by WWU during its fiscal year. In addition, it discloses the sources (how the cash has been generated) and disbursement of cash (how the cash has been utilized).

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2021

Significant actions which occurred during the fiscal year include the following (discussed in further detail on the following pages):

- Issued $16.0 million in Series 2022 revenue refunding bonds for the Wade King Recreation Center.

- Increased overall financial position by $33.4 million, primarily due to increased operating revenues generated as the COVID-19 pandemic wanes combined with a change in DRS pension reporting and additional HEERF revenue.

- Completed two buildings – Alma Clark Glass residence hall and Interdisciplinary Sciences Building totaling $127.3 million.

Statement of Net Position

The Statement of Net Position presents the financial condition of WWU at the end of the last two fiscal years and reports all assets, deferred outflows, liabilities, deferred inflows and net position of WWU.

A summarized comparison of WWU's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2022, 2021 and 2020, follows:

	2022	2021	2020
		(Dollars in thousands)	
Assets			
Current assets	$81,145	$118,276	$104,840
Noncurrent assets	130,552	61,273	76,590
Capital assets, net	565,432	561,872	500,000
Total assets	777,129	741,421	681,430
Deferred outflows	40,119	38,091	29,248
Liabilities			
Current Liabilities	41,549	57,295	48,313
Noncurrent Liabilities	292,873	302,236	305,602
Total liabilities	334,422	359,531	353,915
Deferred inflows	84,350	54,860	42,017
Total net position	$398,476	$365,121	$314,746

Assets

The primary components in the asset category are cash, investments, receivables and capital assets. Total assets increased by $34.2 million (4.6%) in fiscal year (FY) 2022 and $60.0 million (8.8%) in FY 2021.

Total Cash and Investments (see Notes 3 & 4) increased $22.7 million during FY 2022 primarily due to increased revenue activity in Auxiliary Enterprises as the COVID-19 pandemic waned. Total Cash and Investments decreased $31.7 million during FY 2021 primarily due to the Housing & Dining System spending most of the remaining bond proceeds on the new residence building. In FY 2020, WWU issued $68.6 million in Series 2019 revenue bonds to fund a new residence building as well as major upgrades to certain Housing and Dining System residence halls. These bond proceeds were invested in both long and short- term restricted investments, with maturities matched to anticipated cash flow needs.

The allocation of unrestricted cash and investments between current and noncurrent is governed by the university's investment policy strategy, which is to maximize returns while ensuring liquidity needs and managing interest rate risk. In FY 2022, unrestricted cash and cash equivalents decreased $4.5 million (-18.7%) and total unrestricted cash and investments increased by $30.7 million. This change was partially due to a shifting of cash to unrestricted investments and increased operating spending. In FY 2021, unrestricted cash and cash equivalents increased $4.3 million (21.4%) and total unrestricted cash and investments increased by $6.5 million. This was primarily due to reducing expenses as a response to COVID-19, which out-paced the loss of revenues.

Non-depreciable and depreciable capital assets, net increased $3.6 million (.6%) and $61.9 million (12.4%) during FY 2022 and 2021, respectively, primarily due to construction work performed on the New Residence Hall and the Science Building Addition.

Non-current restricted net pension assets increased $40.9 million (3666.5%) due to pension plans PRS 2/3, TRS 2/3 and LEF being fully funded and are reporting net assets rather than net liabilities.

Accounts receivable, net, decreased $29.3 million (-70.2%) in FY 2022 and increased $28.8 million during FY 2021. The decrease in FY 2022 is primarily due to relieving the receivable with the US Department of Education (ED) that was recorded during FY 2021. The increase in FY 2021 is largely due to WWU recording a receivable with the ED for its HEERF I, II and III funds, primarily used to reimburse $29.6 million in lost revenues due to COVID-19.

Pledged gift receivable increased $1.5 million during FY 2022 due to guaranteed commitment from the Foundation to help fund the Kaiser Borsari electrical engineering and computer science building. This building will house the growing WWU programs in electrical engineering, computer science and energy science.

Liabilities

Current liabilities typically fluctuate depending on the timing of accounts payable (A/P) payments and the receipt of deposits and revenue that is applicable to the next fiscal year.

Current liabilities decreased $15.6 million (-27.3%) during FY 2022 primarily due to a decrease in unearned revenue combined with an increase in current portion of bonds and notes payable. The FY 2022 decrease in unearned revenue is related to the recognition of the FY 2021 HEERF revenue. Due to revenue recognition timing requirements with HEERF, WWU was required to record $16.1 million of its HEERF III award as unearned revenue Current liabilities increased $8.9 million (18.4%) primarily due to an increase in unearned revenue and capital related accounts payable offset by decreases in the current potions of bonds and pension payables. During FY 2021, an accounting method changed the total pension liability to a net pension liability (see Note 19). This change in accounting method removed the current portion. Also, the economic relief of the Series 2020 Refunding bonds postponed the FY 2022 debt service for the Housing and Dining System.

Noncurrent liabilities decreased $9.5 million (-3.1%) during FY 2022 primarily due to the current portion of bonds and notes payable offset by changes in pension (see Note 19) and OPEB (see Note 20) reporting. Noncurrent liabilities decreased $3.3 million (-1.1%) during FY 2021 primarily due to the accounting method change to pension reporting (see Note 19) offset by an increase in long term bonds and note payable from the Series 2020 Refunding bonds.

Net Position

The sum of assets and deferred outflows less liabilities and deferred inflows is net position. The change in net position measures whether the overall financial condition has improved or deteriorated during the year and is driven by the difference between revenues and expenses.

During FY 2022, total net position increased $33.4 million (9.1%) primarily due to increases in Restricted Expendable and Unrestricted net positions, which is a result from a change in pension reporting and the ability to recognize unearned HEERF revenue from FY 2021 along with an overall increase in operating revenues. During FY 2021, total net position increased $50.4 million (16.0%) primarily due to increases in net investments in capital assets and unrestricted net positions, offset by a decrease in expendable instruction and research. The increase in unrestricted is due to WWU drawing its available HEERF I, II, and III funds to offset lost revenue and allowable expense reimbursements. The decrease in expendable instruction is due to timing constraints on the HEERF revenue recognition. HEERF institutional revenue can only be recognized up to the amount of HEERF student revenue that has been recognized.

Net Investment in Capital Assets – WWU's total investments in property, plant equipment, and infrastructure, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

Restricted:

- Pensions consists of net pension assets related to the defined benefit retirement plans that are legally or contractually restricted. Currently the net position in restricted pensions is due to the retirement plans PERS 2 & 3, TRS 2 & 3 and LEOFF. (See Note 19)
- Nonexpendable consists of funds on which the donor or other external party has imposed the restriction that the corpus is not available for expenditures but for investment purposes only.
- Expendable are resources which WWU is legally or contractually obligated to spend in accordance with time or purpose restrictions placed upon them by donors or other external parties.

Unrestricted – All remaining funds available to the institution for any purpose, although these are often internally designated for specific purposes.

WWU's net position as of June 30, 2022, 2021 and 2020 are summarized as follows:

	2022	2021	2020
		(Dollars in thousands)	
Net Position			
Net investment in capital assets	$415,121	$418,030	$394,277
Restricted:			
Pensions	10,215	1,533	1,092
Nonexpendable	5,511	5,508	5,504
Expendable	22,143	8,299	24,345
Unrestricted	(54,514)	(68,249)	(110,472)
Total net position	$398,476	$365,121	$314,746

Net investment in capital assets decreased slightly by $2.9 million (-0.7%) during FY 2022 as fewer capital projects were under construction and bond principal payments were deferred. Net investment in capital assets increased $23.8 million (6.0%) during FY 2021 primarily due to an overall increase in capital assets of $86.9 million offset by $25.1 million in depreciation and utilization of $39.7 million of the series 2019 bonds. Also, during FY 2021, $21.8 million in revenue refunding bonds were issued for the Housing and Dining System (the System). As a result of COVID-19's economic impact on the revenues generated by the System, refunding bonds were issued to restructure debt service payable on all or a portion of the System's Parity Bonds due from October 1, 2020, to October 1, 2022.

Highlights of fiscal 2022 capital asset activities:

- Completed the New Residence Hall
- Completed the Interdisciplinary Sciences building
- Kaiser Borsari Hall - $3.3 million was spent during FY 2022

Restricted nonexpendable includes donations and matching State contributions for the purpose of establishing distinguished professorships and graduate fellowships.

Restricted expendable net position increased $22.5 million during FY 2022 primarily due to increases of $14.6 million and $8.7 million in Instruction and Research and Net Pensions, respectively. WWU was able to recognize $13.1 million of unearned HEERF revenue from FY 2021, which is included in Instruction and Research net position. Also, most of the pension plans managed by the Department of Retirement Systems (DRS) are fully funded. This funding change resulted in pension plans now having a restricted net pension asset rather than an unrestricted net pension liability (see Note 19). Restricted expendable net position decreased $15.6 million during FY 2021, primarily due to a decrease of $16.7 million in Instruction and Research net position. This decrease is attributable to the institutional portion of HEERF grants revenue recognition conditions. Revenue recognitions on the institutional portion is dependent on student aid disbursements because of minimal spending requirements. As such, WWU recorded unearned revenue of $16.1 million from the institutional award.

Unrestricted net position increased $13.7 million primarily due to the DRS pension plans funding change and increased revenues as the COVID-19 pandemic waned. Unrestricted net position increased $42.2 million (38.2%) during FY 2021 primarily due to the drawing of institutional HEERF funds to offset lost revenue and reimbursement of allowable expenses combined with decreases in operating expenses and revenue.

Capital Assets and Related Debt

During FY 2022, WWU's Student Recreation Center issued $15,950,000 million in revenue refunding bonds to refund all or a portion of its series 2012 revenue and refunding bonds for the purpose of debt service savings and to pay the costs of issuing the bonds. During FY 2021, WWU's Housing and Dining System (The System) issued $21,760,000 in Series 2020 revenue refunding bonds. Proceeds of the Series 2020 Bonds was used to:

(i) refund, refinance and restructure all or a portion of the debt service (principal and interest) that will be due and payable with respect to Outstanding Parity Bonds during the period from October 1, 2020, through and including October 1, 2022,
(ii) capitalize interest on the Series 2020 Bonds; and
(iii) pay costs of issuance of the Series 2020 bonds.

During FY 2022 and FY 2021, $23.2 million and $84.6 million (excluding library materials, equipment and improvements) respectively, were expended on capital improvements. Of the $23.2 million in capital improvements during FY 2022, $7.3 million was spent of the Housing and Dining residence building and $12.1 million was spent on the Interdisciplinary Sciences building and $2.5 million Kaiser Bosari building (See Note 9).

Specific projects completed or underway in FY 2022 include:

New Residence Hall. The $63.2 million project is a 400-bed student housing facility that provides a modern signature living community. Housing and Dining's new residence hall connects the north side of campus to the Ridgeway community with an accessible, safe pedestrian passage within the hall. This project is funded with the Series 2019 revenue bonds and was substantially completed September of 2021.

Sciences Building Addition. The $65.2 million Sciences Building Project is a new free-standing building at WWU's main campus. The building is a four-story Science, Technology, Engineering, and Math (STEM) building. The project is planned to be approximately 50,000 GSF to accommodate the demand for instructional and research space serving STEM education. It consists of teaching labs, wet research labs, and active learning spaces. The project is targeting the U.S. Green Building Council's Leadership in Energy & Environmental Design (LEED) for New Construction to achieve LEED Gold certification through the process of the Green Building Certification Institute (GBCI). This project was substantially completed in March of 2022.

Kaiser Borsair Hall. The estimated $72 million building will be approximately 60,000 gross square feet that will enable growth in the STEM disciplines of Computer Science and Electrical & Computer Engineering. This building will consist primarily of teaching labs, learning research labs and active learning classrooms, as well as some academic administrate and collaborative spaces. This Building will also house the Institute for Energy Studies (IES), an interdisciplinary program that brings together science, technology, policy, business and economics to prepare graduates to address the complex issues in sustainable energy. Funding for this building will be $53 million in state support combined with an additional gift from the Foundation. In FY 2022, WWU and the Foundation signed a Memorandum of Understanding in which the Foundation guaranteed $14 million in funds already raised plus agreed to partner with the University in additional fundraising for a total guarantee of $16.5 million for this building.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position present WWU's results of operating and non-operating items that result in the changes in net position for the year. In accordance with GASB reporting principles, revenues and expenses are classified as operating or non-operating.

A condensed comparison of WWU's revenues, expenses and changes in net position for the years ended June 30, 2022, 2021 and 2020 follows:

	2022	2021	2020
		(Dollars in thousands)	
Operating revenues	$220,545	$176,807	$209,611
Operating expenses	344,088	312,641	346,817
Operating loss	(123,543)	(135,834)	(137,206)
State appropriations revenue	98,339	95,979	90,538
Other nonoperating revenues	41,814	41,626	24,963
Nonoperating expenses	(3,894)	(42)	(5,469)
(Loss) income before other revenues	12,716	1,729	(27,174)
Other revenues	20,639	48,646	13,359
Increase in net position	33,355	50,375	(13,815)
Net position, beginning of year	365,121	314,746	328,561
Net position, end of year	$398,476	$365,121	$314,746

WWU relies heavily on student tuition and fees and state appropriations as revenue sources to support operations.

In accordance with the College Affordability Act of 2015, WWU has the authority to raise resident undergraduate tuition operating fees by the average annual percentage growth rate in the median hourly wage for Washington for the previous fourteen years as determined by the Federal Bureau of Labor Statistics. Tuition rates for nonresident undergraduate, resident graduate, and nonresident graduate students are set by the Board of Trustees after analyses of market constraints of supply and demand, and comparison costing with our peers. During FY 2022, WWU increased its tuition rates as follows (note – tuition operating fee does not include other mandatory student fees):

- Resident undergraduate tuition operating fees by 2.8%
- Non-resident undergraduate rates by 2.8%
- Graduate programs by 2.8%

Student tuition and fee revenue includes tuition fees and mandatory fees such as the Service and Activity Fee and the Health Service Fee. Total fees, including mandatory fees, increased $7.8 million (5.4%) during FY 2022 due to the 2.8% increase to tuition combined with fully charging fees as the COVID-19 pandemic wanes and increases in non-resident students. Total fees, including mandatory fees, decreased $8.6 million (-5.7%) during FY 2021 due to the continuation of the COVID-19 pandemic's effect on enrollment. WWU provided $34.8 million and $37.4 million in scholarship allowances in FY 2022 and FY 2021 respectively to assist students with tuition. In FY 2022, net tuition revenue (student tuition and fees less scholarship allowances) increased $10.4 million (9.8%) and decreased $12.4 million (-10.3%) in FY 2021. Enrollment headcount decreased to an Academic Year Average (AYA) headcount of 16,079 in FY 2022 compared to 16,260 in FY 2021.

Graduate and Undergraduate Annual Tuition and Fees

Academic Year	Resident Undergraduate	Change	Resident Graduate	Change	Nonresident Undergraduate	Change	Nonresident Graduate	Change
2021-22	$8,703	2.29%	$12,490	2.44%	$25,930	2.63%	$24,737	2.62%
2020-21	$8,508	2.00%	$12,192	2.2%	$25,266	2.3%	$24,105	2.3%
2019-20	$8,341	2.58%	$11,935	4.3%	$24,690	4.9%	$23,558	4.4%

Historical Average Annual Enrollment

Academic Year	FTE Enrollment	Headcount Enrollment
*2021-22	12,767	16,079
2020-21	12,930	14,220
2019-20	14,004	15,208

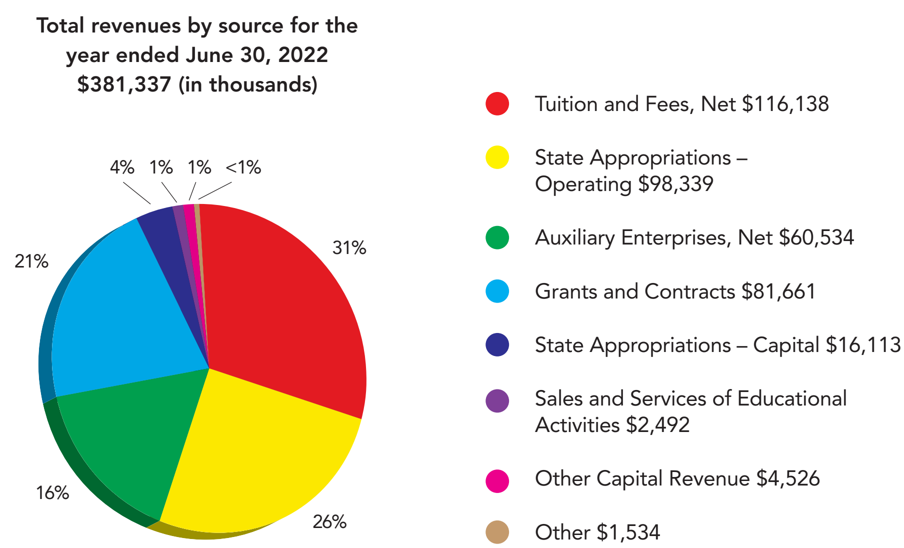
* Change in how value is calculated

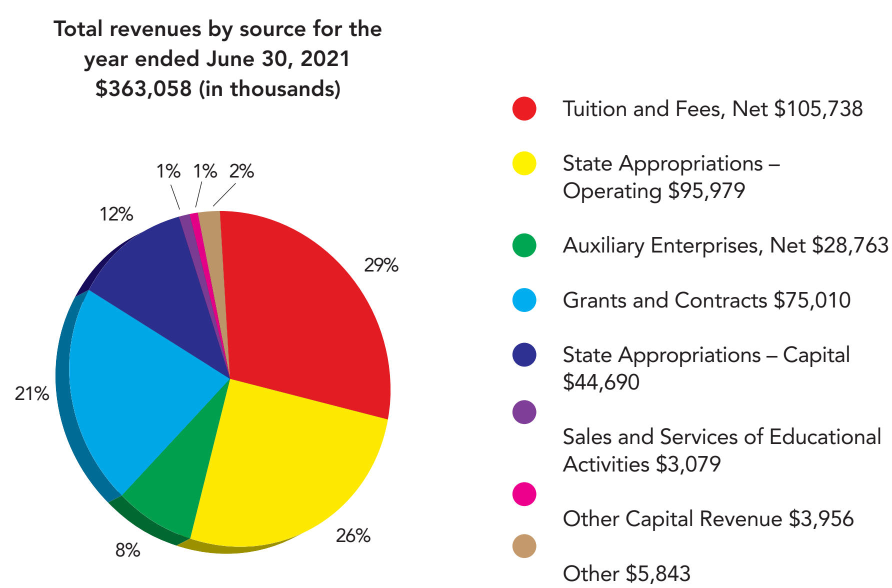
Auxiliary enterprises revenue (before scholarship allowances) increased $38.4 million (121.3%) in FY 2022 and decreased $25.8 million (-44.9%) during FY 2021. The FY 2022 increase is primarily due to the Housing and Dining System (The System) being fully opened and providing services to students as the COVID-19 pandemic subsided. The decrease in FY 2021 is related to WWU responding to COVID-19 pandemic by shifting instruction to remote learning for the entire FY 2021 academic year which had a negative effect on Auxiliary Enterprises.

During FY 2022, state (and capital) appropriations used in operations increased slightly by $2.4 million (2.5%) primarily due to WWU receiving the remaining $1.9 million in Governor's Emergency Education Relief (GEER) funds, which is another tranche from the federal CRRSAA. The operating budget also carries forward state funding originally intended for salary increases in FY 2021 for faculty and staff. During FY 2021, state (and capital) appropriations used in operations increased $5.4 million primarily due to the state providing WWU with $5.5 million in GEER funds. Of the available $5.5 million, WWU spent $3.6 million.

Capital appropriations are provided by the state and are recognized as other revenues when expenditures are incurred on capital projects by WWU. Capital appropriations decreased $28.6 million (-63.9%) during FY 2022 as less state supported capital projects were under construction. During FY 2021, Capital appropriations increased $34.2 million primarily due to the Interdisciplinary Sciences Building project.

The following graphs illustrate revenues by source for the years ended June 30, 2022, and 2021:





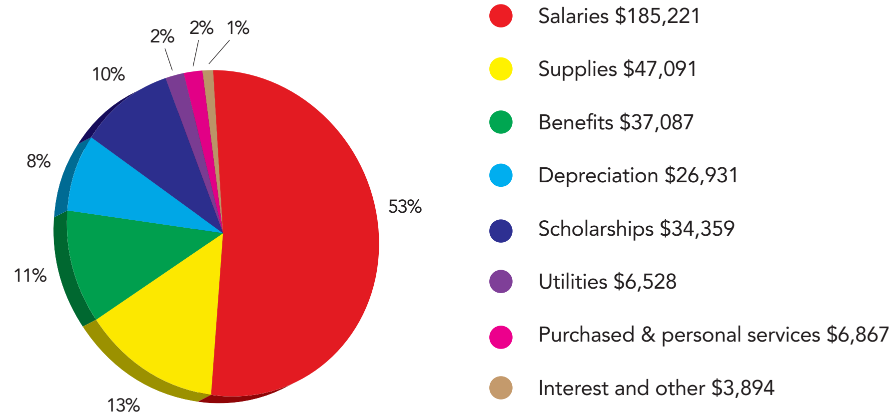
WWU's total operating expenses increased $31.4 million (10.1%) as strategies implemented to mitigate the economic effects of COVID-19 were eliminated as the COVID-19 pandemic waned and WWU was able to return to in-person educational services to students. WWU's total operating expenses decreased $34.2 million (-9.9%) during FY 2021 primarily due to strategies implemented to mitigate the economic effects of COVID-19 combined with an accounting change in reporting standards for pension benefits. During FY 2021, WWU continued with the spending freeze on goods and services, and travel.

During FY 2022, Salaries and wages increased $12.7 million as all employees received wage and retroactive pay increases combined with an increase in student employees as that COVID-19 hiring freeze was lifted. Salaries and wages decreased in FY 2021 by $5.2 million (-2.9%) due to the hiring freeze implemented and holding salaries at the FY 2020 salary levels in all groups, with the exception of classified staff, to offset the effects of the COVID-19 pandemic. During FY 2022, benefits expense decreased $5.9 million (-13.6%) primarily due to decreases in pension and health insurance expenses offset by an increase in OPEB expenses. During FY 2021, benefits decreased $10.2 million (-19.2%) primarily due to the change in accounting method for pension reporting.

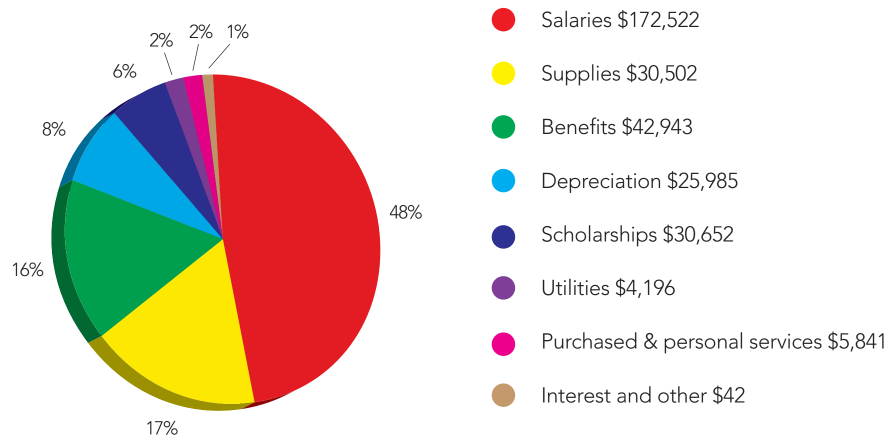
Supplies and materials increased $16.6 million (54.4%) as cost saving strategies to offset the effects of COVID-19 were lifted. Primarily, cost of food services increased by $9.5 million and travel restrictions were lifted which resulted in an increase of $2.8 million. Supplies and materials decreased $20.6 million during FY 2021 due to the continuation of the FY 2020 COVID-19 cost saving measures such as the renegotiation of the contract to provide food service, reduced repairs and maintenance, and travel restrictions.

The following graphs illustrate expenses by natural classification for the years ended June 30, 2022, and 2021:

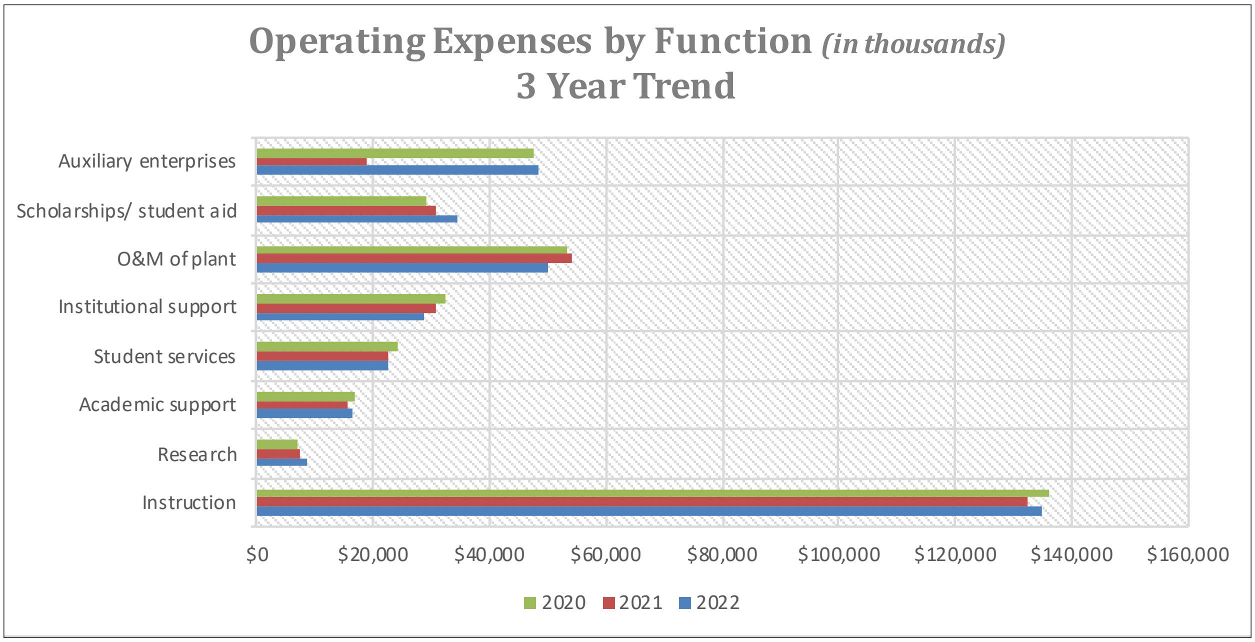
Total expenses by natural classification for the year ended June 30, 2022 $347,978 (in thousands)



Total expenses by natural classification for the year ended June 30, 2021 $312,683 (in thousands)



The following graph illustrates operating expenses by function for the years ended June 30, 2022, 2021, 2020:



Operating Loss

WWU's operating loss of $123.5 million in FY 2022 decreased by $12.3 million (-9.1%) compared to FY 2021. The $135.8 million operating loss in FY 2021 was a decrease of $1.4 million (-1.0%) from the FY 2020 loss. GASB Statement No. 34 requires that State appropriations, Federal Pell grants and Federal COVID relief funds be classified as non-operating revenues, thereby creating the significant operating loss. If these revenues were classified as operating, the operating gain would have been $1.7 million in FY 2022 and a loss of $3.5 million in FY 2021.

Financial Indicators

To monitor financial health the University calculates a variety of indicators that focus on results of operations, which are largely driven by tuition pricing, state appropriations, and compensation levels. These financial indicators are useful for institutional trend analysis and become more meaningful when compared to peer institutions (not included here) such as those with the same debt rating, similar student population and degree offerings, or to industry norms. Factors that could affect these financial indicators are student enrollment levels, tuition pricing, issuance of new revenue debt, new leases, funding levels for state and federal financial aid, and state appropriations at levels to cover increasing operating costs. It is important to be aware of the impact that new accounting pronouncements have on many of these metrics. In many cases significant changes over prior years occur as a result.

Financial Indicator	Definition	Calculation	FY 2022	FY 2021	FY 2020
Tuition dependency ratio (%)	Helps measure sensitivity to changes in enrollment levels	Net tuition and fees plus governmental grants to WWU for student tuition divided by the sum of operating and non-operating revenues	36.29%	38.28%	41.21%
Unrestricted financial re-sources to operations (x)	Measures coverage of annual operations by the most liquid resources	Unrestricted net assets divided by total adjusted operating expenses	-0.16	0.05	-0.31
Current ratio 1	Measures liquidity - ability to meet current obligations with liquid assets. Target is 2.44	Current assets divided by current liabilities	2.44	2.41	2.60
Viability ratio	Measure the ability of WWU to repay debt with available financial resources. Target is 1:1	Expendable net position (excluding capital projects) divided by debt	-0.14	-0.26	-0.45
Primary reserve ratio	Compares WWU's existing financial resources to the size of it operating expenses. Traget is 0.40X	Expendable net position (excluding capital projects) divided by total adjusted expenses.	-0.06	-0.14	-0.20
Return on Net Position	Indicates whether WWU is financially better off than in previous years by measuring total economic return. Target is 3% - 4%	Change in net position divided by total net position	3.82%	17.73%	-0.63%

1 Ratio based on Moody's analytical methodlogy

Economic Factors That Will Affect the Future

WWU students, faculty and staff will begin Fall quarter 2022 (FY 2023) on September 23, 2022, as close to "normal" operations when compared to FY 2021 and FY 2022 and is continuing to recover from the COVID-19 pandemic. Fall 2022 will have the largest freshmen class when compared to previous quarters; however, total headcount is down.

WWU is in the beginning phases of heating conversion study to reduce or eliminate the current heating system from steam distribution on its campus to a water-based system. WWU will be requesting capital appropriations in the amount of $10 million during the FY 2023/2025 biennium from the state as well as reviewing other funding options. Total estimated cost of this project over all is $149 million.

WWU will be submitting various decisions packages in the 2023-2025 Biennial Operating Budget Request. Included will be a request to fund various wage increases at a higher rate than previous years as well as an $8 million to establish a robust four-year university campus on the Kitsap and Olympic Peninsulas that will build on current strengths and community partnerships to establish innovative new degree pathways aimed at meeting regional education and workforce needs. As a public university, WWU's ability to deliver its mission depends on our dedicated and talented workforce. With cost of living increasing more rapidly than tuition rates (capped by the state to ensure affordability), greater support is needed from the state to ensure we have the resources to recruit and retain highly qualified faculty and staff. Over the next ten years, WWU's goal is to dramatically increase student enrollments at WWU-Peninsulas through targeted outreach programs to create permanent and sustainable pathways to post-secondary credentials for high school students and working adults, innovative partnerships with Olympic and Peninsula Colleges and models of delivery focused on serving location-bound and underserved populations. WWU's 2025 Strategic Plan focuses on three core themes: Increasing Washington Impact, Advancing Inclusive Success, and Enhancing Academic Excellence. This request addresses each theme by expanding four-year academic opportunities to a historically underserved region and place-bound population.

Statement of Net Position

June 30, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$19,590,221	$24,110,290
Restricted cash and cash equivalents (Note 3)	4,330,150	5,576,359
Restricted investments (Note 4)	1,485,674	9,141,877
Investments (Note 4)	29,611,353	27,030,472
Funds with State Treasurer (Note 5)	7,694,417	7,241,868
Interest receivable	418,459	848,069
Accounts receivable, net (Note 6)	12,470,372	41,806,396
Pledged gift receivable from the Foundation (Note 24)	1,500,000	-
Prepaid expenses	2,120,704	822,930
Inventories (Note 8)	1,924,042	1,698,174
Total current assets	81,145,392	$118,276,435
Noncurrent assets:		
Restricted cash and cash equivalents (Note 3)	1,279,876	2,915,355
Restricted investments (Note 4)	14,279,719	11,715,234
Investments (Note 4)	63,431,597	30,789,841
Due from State Treasurer	6,359,901	10,404,716
Student loans receivable, net (Note 7)	3,068,349	4,331,025
Non-depreciable capital assets (Note 9)	21,005,340	125,617,343
Depreciable capital assets, net (Note 9)	544,426,612	436,255,139
Restricted net pension	42,055,250	1,116,555
Other assets	77,216	-
Total noncurrent assets	695,983,860	623,145,208
Total assets	777,129,252	$741,421,643
Deferred outflows		
Deferred loss on bond refunding	9,507,656	9,650,267
Relating to pension (Note 19)	20,201,326	17,243,297
Relating to OPEB (Note 20)	10,409,829	11,197,261
Total deferred outflows	40,118,811	38,090,825
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	20,519,210	27,986,092
Deposits payable	2,336,823	1,617,345
Unearned revenues	10,102,953	24,077,381
Current portion of bonds and notes payable (Notes 12,13,15)	6,655,880	1,594,770
Current portion of net pension obligations (Note 15,19)	-	-
Current portion of OPEB (Note 20)	1,706,951	1,688,984
Deposits held in custody for others	226,907	212,897
Total current liabilities	41,548,724	57,177,469
Noncurrent liabilities:		
Long-term portion of bonds and notes payable (Note 12, 13,15)	158,954,107	165,311,395
Compensated absences (Note 11)	12,152,406	12,270,908
Perkins Federal contribution refund	3,921,219	4,885,645
Long-term pension liabilities (Note 15,19)	19,328,084	25,551,646
Long-term OPEB liabilities (Note 20)	98,516,888	94,334,455
Total noncurrent liabilities	292,872,704	302,354,049
Total Liabilities	334,421,428	359,531,518
Deferred inflows		
Relating to bond refunding	5,537	477,939
Relating to pension (Note 19)	61,429,078	28,885,268
Relating to OPEB (Note 20)	22,915,863	25,496,557
Total deferred inflows	84,350,478	54,859,764
Net Position		
Net investment in capital assets	415,121,032	418,030,084
Restricted for:		
Nonexpendable: scholarships and professorships	5,511,053	5,507,680
Expendable:		
Instruction and research	(808,766)	(15,398,308)
Loans	6,608,729	6,820,404
Capital Projects	16,342,780	16,876,529
Net Pensions	10,215,172	1,533,354
Unrestricted	(54,513,843)	(68,248,557)
Total net position	$398,476,157	$365,121,186

Foundation Statement of Financial Position

June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$2,444,932	$1,197,289
Unconditional promises to give, net	8,729,785	11,709,748
Accounts receiveable and other assets	11,505	125,779
Investments:		
Operating investment pool	20,383,852	19,135,521
Endowment investment pool	106,200,113	120,473,748
Endowment real estate held for investment	3,632,900	3,579,610
Annuity and life income investments	611,299	746,672
Real property	1,425,557	1,425,557
Total investments	132,253,721	145,361,108
Property and equipment, net	438,656	451,904
Total Assets	143,878,599	158,845,828
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	151,767	114,502
Due to Western Washington University	1,144,818	1,478,770
Commitment to Western Washington University	1,500,000	
Annuity and life income obligations	301,230	314,075
Deferred revenue from life estate	165,880	180,960
Investments held in trust for Western Washington University	13,509,778	15,958,562
Total Liabilities	16,773,473	18,046,869
Net Assets		
Without donor restrictions	26,342,032	32,602,813
With donor restrictions	100,763,094	108,196,146
Total Net Assets	127,105,126	140,798,959
Total Liabilities and Net Assets	$143,878,599	$158,845,828

 See accompanying notes to the financial statements

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30, 2022 and 2021

	2022	2021
Operating Revenues		
Student tuition and fees	$150,897,976	$143,130,085
Less scholarship allowances	(34,760,015)	(37,391,711)
Net student tuition and fees	116,137,961	105,738,374
Federal grants and contracts	7,787,797	6,753,920
State and local grants and contracts	27,365,677	26,810,043
Nongovernmental grants and contracts	5,598,059	5,120,416
Sales and services of educational activities	2,492,393	3,078,934
Interest earned on loans to students	149,741	171,543
Other operating revenue	479,481	371,469
Auxiliary enterprises	70,055,704	31,654,569
Less scholarship allowances	(9,521,400)	(2,891,952)
Net auxiliary enterprises	60,534,304	28,762,617
Total operating revenues	220,545,413	176,807,316
Operating Expenses		
Salaries and wages	185,221,220	172,522,302
Benefits	37,091,079	42,943,506
Scholarships and fellowships	34,359,051	30,651,683
Utilities	6,527,721	4,196,291
Supplies and materials	47,090,580	30,502,188
Purchased services	6,866,594	5,840,500
Depreciation	26,931,420	25,984,636
Total operating expenses	344,087,665	312,641,106
Operating loss	(123,542,252)	(135,833,790)
Nonoperating Revenues (Expenses)		
State appropriations	98,338,804	95,979,448
Federal Pell grant revenue	14,113,266	14,626,348
Federal COVID-19 relief revenue	26,795,277	21,700,007
Federal Perkins Program refundable grant revenue	-	-
Investment income	864,244	1,479,816
Interest on indebtedness	(2,099,436)	(41,947)
Gain (loss) on endowments	(1,794,786)	3,794,977
Nonoperating rental property expense/income	40,822	23,794
Total nonoperating revenues (expenses)	136,258,191	137,562,443
Income (Loss) before other revenues	12,715,939	1,728,653
Other Revenues		
Capital appropriations	16,113,282	44,689,905
Gift Revenue	2,379,429	707,634
Other capital revenue	2,146,321	3,248,581
Total other revenues	20,639,032	48,646,120
Increase/(Decrease) in net position	33,354,971	50,374,773
Net position, beginning of year	365,121,186	314,746,413
Net position, end of year	$398,476,157	$365,121,186

	Without Donor Restrictions	With Donor Restrictions	2022
Support and Revenue:			
Contributions	$328,130	$10,075,114	$10,403,244
In-kind services and facilities provided by			
Western Washington University	3,605,204	-	3,605,204
In-kind contributions - other	336,417		
Interest and dividends	25,102	95,669	120,771
Net realized and unrealized losses on investments	(5,628,019)	(9,392,483)	(15,020,502)
Return on annuity and life income investments		(81,803)	(81,803)
Change in valuation of annuity and life income obligations		(35,303)	(35,303)
Administrative fees	1,600,690	-	1,600,690
Fundraising events and other	100,652	428,709	529,361
Total support and revenue before net assets released from restrictions	368,176	1,089,903	1,121,662
Net assets released from restrictions	8,522,955	(8,522,955)	
Total Support and Revenue	8,891,131	(7,433,052)	1,121,662
Expenses:			
Program services and grants	10,415,199		10,415,199
Management and general in-kind	1,812,648		1,812,648
Management and general - other	340,575		340,575
Fundraising - in-kind	1,792,556		1,792,556
Fundraising - other	15,151,912		790,934
Total Expenses	12,270,359		15,151,912
Change in Net Assets	(6,260,781)	(7,433,052)	(14,030,250)
Net Assets, beginning of year, restated	32,602,813	108,196,146	140,798,959
Net Assets, end of year	$26,342,032	$100,763,094	$126,768,709

	Without Donor Restrictions	With Donor Restrictions	2021
Support and Revenue:			
Contributions	$470,985	$7,086,577	$7,557,562
In-kind services and facilities provided by			
Western Washington University	3,448,275		3,448,275
Interest and dividends	16,996	76,020	93,016
Net realized and unrealized losses on investments	7,221,717	17,517,315	24,739,032
Return on annuity and life income investments	-	229,994	229,994
Change in valuation of annuity and life income obligations	-	155,220	155,220
Administrative fees	1,593,275	-	1,593,275
Fundraising events and other	86,930	183,314	270,244
Total support and revenue before net assets released from restrictions	12,838,178	25,248,440	38,086,618
Net assets released from restrictions	7,185,148	(7,185,148)	
Total Support and Revenue	20,023,326	18,063,292	38,086,618
Expenses:			
Program services and grants	7,555,815		7,555,815
Management and general in-kind	1,737,322		1,737,322
Management and general - other	337,145		337,145
Fundraising in-kind	1,710,953		1,710,953
Fundraising - other	929,124		929,124
Total Expenses	12,270,359		12,270,359
Change in Net Assets	7,752,967	18,063,292	25,816,259
Net Assets, beginning of year, restated	24,849,846	90,132,854	114,982,700
Net Assets, end of year	$32,602,813	$108,196,146	$140,798,959

Statement of Cash Flows

	2022	2021
Cash Flows from Operating Activities		
Student tuition and fees	$101,927,434	$120,291,948
Grants and contracts	39,964,783	38,023,217
Payments to vendors	(94,633,967)	(69,744,186)
Payments to employees for salaries and benefits	(241,202,687)	(221,239,170)
Loans issued to students	38,362	(99,786)
Collection of loans to students	1,290,906	1,167,072
Sales of auxiliary enterprises	60,511,282	31,256,959
Sales and services of educational activities	3,837,570	1,354,196
Interest received on loans to students	629,222	543,012
Net cash used by operating activities	(127,637,095)	(98,446,738)
Cash Flows from Noncapital Financing Activities		
State appropriations	100,107,405	92,703,176
Direct Lending proceeds	38,127,271	37,213,368
Direct Lending disbursements	(38,186,416)	(37,152,750)
Federal Pell grant receipts	14,113,266	14,626,348
Federal HEERF grant receipts	56,486,316	(7,081,957)
Federal Perkins grant disbursements	(964,426)	(1,048,624)
Net cash provided by noncapital financing activities	169,683,416	99,259,561
Cash Flows from Investing Activities		
Purchases of investments	(76,666,124)	(21,582,074)
Proceeds from sales of investments	44,680,686	60,175,101
Interest received on investments	1,329,995	1,739,856
Net cash (used)/provided by investing activities	(30,655,443)	40,332,883
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	18,800,518	21,760,000
Interest earned on bond proceeds	23,595	401,274
Capital appropriations	18,389,496	43,460,835
Other capital (expense)/revenue	(452,549)	1,134,504
Contributions and gifts in-kind	3,025,750	3,956,215
Proceeds from disposal of capital assets	103,019	96,915
Purchases of capital assets	(37,149,817)	(85,007,352)
Principal paid on capital debt	(19,890,085)	(13,083,423)
Interest paid on capital debt	(1,683,384)	(10,559,816)
Other activities	40,822	23,794
Net cash provided/(used) by capital and related financing activities	(18,792,635)	(37,817,054)
Net increase in cash and cash eqivalents	(7,401,757)	3,328,652
Cash and cash equivalents, beginning of year	32,602,004	29,273,352
Cash and cash equivalents, end of year	$25,200,247	$32,602,004

Statement of Cash Flows

Reconciliation of Operating Loss to Net Cash used by Operating Activities

	2022	2021
Operating loss	($123,542,252)	($135,833,790)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	26,931,420	25,984,636
Gain/Loss on disposal of capital assets	(71,719)	(96,915)
Changes in assets, liabilities and deferred outlows and inflows of resources:		
Accounts receivable	(355,016)	(36,704)
Student loans receivable	1,262,676	1,136,472
Inventories	(225,868)	634,233
Prepaid expenses	(1,297,774)	(147,096)
Accounts payable and accrued expenses	(1,868,927)	5,406,898
Unearned revenue	(13,974,428)	14,037,701
Student and other deposits	719,478	779,527
Deposits held in custody	73,155	(90,779)
Compensated absences	(118,502)	1,661,550
Pension and OPEB Related Deferred Outflows and Inflows of Resources	27,792,519	12,295,387
Pension assets/liabilities	(47,162,257)	(26,096,927)
Total OPEB liability	4,200,400	1,919,069
Net cash used by operating activities	($127,637,095)	($98,446,738)
Supplemental disclosure of cash flow information		
Acquisition of capital assets through accounts payable	$1,438,682	$8,058,395

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Western Washington University (WWU) is a comprehensive, degree granting public university in the State of Washington. It is governed by a Board of eight Trustees appointed by the Governor. These financial statements summarize all the fund types of WWU. The University's financial activity is included in the general-purpose financial statements of the State of Washington.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component unit, the Western Washington University Foundation (the Foundation).

The Foundation is a legally separate, tax-exempt entity. The Board of Directors is self–perpetuating and consists of 31 members. WWU has an agreement with the Foundation to design and implement such programs and procedures so as to persuade continuous and special philanthropic support for the benefit of WWU. In exchange, WWU provides the Foundation with office facilities, furniture and equipment, and a significant number of full-time employees and support services, including depository, disbursing, and payroll and purchasing functions. Although WWU does not control the timing or the amount of receipts from the Foundation, the majority of the resources or income the Foundation holds and invests is restricted for the activities of WWU by the donors. The Foundation's activity is reported in separate financial statement because of the difference in its reporting model as described below.

The Foundation reports its financial results under Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958-605, *Revenue Recognition*, and ASC 958-205, *Presentation of Financial Statement*.

As such, certain revenue recognition criteria and presentation features are different from GASB. No modifications have been made to the Foundation's financial information in WWU's financial statement for these differences; however, significant note disclosures (see Note 2) to the Foundation's financial statement have been incorporated into WWU's notes to the financial statement.

The Foundation's financial statement can be obtained by contacting the Foundation at (360) 650-3408.

Financial Statement Presentation

The financial statements are presented in accordance with generally accepted accounting principles and follow the guidance given by GASB. WWU has special purpose reports reflecting the net position, results of operations and cash flows for certain auxiliary units: Housing and Dining System and Wade King Recreational Center. These financial statements present only a selected portion of the activities of WWU. As such, they are not intended to and do not present the financial position, results of operations, or changes in net position of WWU. The auxiliary unit financial statements can be obtained by contacting Western Washington University at (360) 650-3675.

Basis of Accounting

For financial reporting purposes, WWU is considered a special-purpose government engaged only in business-type activities. Accordingly, WWU'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. All intra-agency transactions have been eliminated.

New Accounting Pronouncements

On July 1, 2020, WWU adopted GASB Statement No. 84" Fiduciary Activities". This Statement improves guidance regarding the identification and reporting of fiduciary activities. This Statement requires activity meeting certain criteria to be reported in a fiduciary fund within a statement of fiduciary net position and a statement of changes in fiduciary net position.

On July 1, 2020, WWU adopted GASB Statement No. 90 "Majority Equity Interest, an amendment of GASB Statements No. 14 and No. 61". It defines a majority equity interest and specifies that majority equity interest in a legal separate organization should be reported as an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The adoption of this statement does not have an impact on WWU' financial statements

On July 1, 2021, WWU adopted GASB Statement No. 87 "Leases". This Statement increases the usefulness of WWU's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Due to materiality, WWU does not have any lease assets or liabilities in its statements.

On July 1, 2021, WWU adopted GASB Statement No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting of Internal Revenue Code Section 457 Deferred Compensations Plans-an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans (see Note 17).

OTHER ACCOUNTING POLICIES

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, bank demand deposits, and deposits with the Washington State Local Government Investment Pool (LGIP). Cash and cash equivalents that are held with the intent to fund WWU operations are classified as current assets along with operating funds invested in the LGIP. Cash, cash equivalents, and investments that represent unspent bond proceeds or are held with the intent to fund capital projects are classified as noncurrent assets. Endowment investments are also classified as noncurrent assets. WWU records all cash, cash equivalents and investments at fair value.

WWU combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is allocated on a proportional basis. The internal investment pool is comprised of cash, cash equivalents, commercial paper, certificates of deposit, U.S. Treasuries and U.S. Agency securities.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. It also includes amounts due from the Federal government, State and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to WWU's grants and contracts. Accounts receivable are shown net of estimated uncollectible amounts.

Inventories

Inventories are carried at the lower of cost or market value.

Capital Assets

Capital assets are defined as assets with an initial individual cost of $5,000 or more, or $1 million or more for intangible assets, and an estimate useful life in excess of one year. Capital assets consist of buildings, furniture, equipment, and intangible assets recorded at cost or, if donated, at their acquisition value at the date of donation. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 50 years for buildings, 20 to 25 years for infrastructure and land improvements, 15 years for library resources, and 5 to 7 years for equipment.

Bond Deferred Outflows/Deferred Inflows

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

Bond Premiums/Discounts

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

Cost Sharing Pension Plans

The net pension asset or liability is measured as the University's proportionate share of the collective total pension liability, less the fiduciary net position, of the cost-sharingpension plans in which WWU 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 University's proportionate share is determined based on the relationship of the University 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 WWU'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, 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 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 the University.

The total pension liability is determined by discounting projected benefit payments for current participants and retirees, based on the benefit terms and legal agreements existing at the pension plan's fiscal year-end. The discount rate used for the total pension liability reflects the expected rate of return on investments, to the extent that plan assets are available to pay retiree benefits. The WWUSRP net liability represents the total pension liability less the plan's fiduciary net position.

Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. Differences between expected and actual experience, and changes in assumptions about future economic or demographic factors, are reported as deferred inflows of resources or deferred outflows of resources and are recognized over the average expected remaining service 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 University's proportionate share of the state of Washington total OPEB liability, with the proportionate share determined based on the relationship of the WWU's healthcare-eligible headcount to the total healthcare-eligible headcount for the state. The total OPEB liability is determined by discounting projected benefit subsidies from current employees and retirees based on the discount rate required by GASB Statement No. 75 for OPEB plans that do not have assets residing in a qualified trust. OPEB expense is recognized for subsidies earned during 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 or resources or deferred outflows of resources and are recognized over the average expected remaining service period for healthcare-eligible employees. Contributions made to the plan, subsequent to the measurement date and prior to WWU's fiscal year-end, are reported as a deferred outflow of resources and recognized in the subsequent fiscal year. The measurement date for total OPEB liability is June 30 of the prior fiscal year

Unearned revenues

Unearned revenues occur when revenues have been collected for tuition and fees, grants and certain auxiliary activities prior to the end of the fiscal year but relate to services to be provided in the following fiscal year.

Net Position

WWU's net position is classified as follows:

Net investment in capital assets

This represents WWU's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of capital assets but are included as a component of restricted expendable net position described below.

Restricted net position, expendable

Restricted expendable include resources in which WWU is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net position, nonexpendable

Nonexpendable restricted consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net position

Unrestricted represent resources derived from student tuition and fees, State appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of WWU and may be used at the discretion of the governing board to meet expenses. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide goods and service for students, faculty and staff.

Classification of Revenues and Expenses

WWU has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating revenues

Operating revenues include activities that have the characteristics of exchange transactions such as: (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most Federal, State and local grants and contracts, and (4) interest on institutional student loans.

Operating expenses

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

Non-operating revenues

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

Non-operating expenses

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

Other Revenues

Other revenues include activities that have the characteristics of non-exchange transactions, such as state capital appropriations and gifts to endowments.

Scholarship Discounts and Allowances

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

Tax Exemption

WWU is a tax-exempt instrumentality of the State of Washington organized under the provisions of Section 115(a) of the Internal Revenue Code and is exempt from Federal income taxes on related income.

Reclassifications

Certain accounts in the prior year financial statement may have been reclassified for comparative purposes to conform to the presentation in the current year financial statement.

2. COMPONENT UNIT

The Western Washington University Foundation (the Foundation) is a discretely presented component unit of WWU. The language in the Foundation's bylaws satisfies the "direct benefit" criterion, and the "entitlement/ability to access" criterion is met due to the Foundation's history of supporting WWU. The "significance" criterion is met because the combined resources used by WWU activities and the restricted resources held by the Foundation are deemed to be significant to WWU, regardless of the extent to which those resources may be used for "in-kind".

The Foundation presents information about its financial position and activities according to the following three classes of net position, depending on the existence and nature of donor restrictions:

Unrestricted net assets
Support received that is not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control is classified as unrestricted.

Temporarily restricted net assets
Support received subject to donor-imposed use restrictions or time restrictions that will be met either through actions of the Foundation or by the passage of time is classified as temporarily restricted. In the period donor restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets
Support received subject to donor-imposed restrictions stipulating those funds be invested in perpetuity is classified as permanently restricted. In accordance with purposes stipulated by the donors, earnings from such funds may be either unrestricted or temporarily restricted.

Foundation Commitment

In fiscal year 2022, WWU and the Foundation signed a Memorandum of Understanding in which the Foundation committed to fund the development and construction of a new Advance Technology Building up to $2.5 million. The commitment is contingent upon the results of fundraising efforts by the Foundation, and as such, no receivable has been recorded related to this conditional commitment. The range of the receivable is $0 to $2.5 million, and, at this time, a reasonable amount cannot be estimated. During the year ended June 30, 2022, the Foundation estimated the range of the liability to be $1.5 million to $2.5 million based on the fundraising efforts during the year ended June 30, 2022. As such, an estimated liability and grant commitment of $1.5 million was recognized as of and for the year ended June 30, 2022.

3. CASH AND CASH EQUIVALENTS

WWU combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is allocated to the departments on a proportional basis. The internal investment pool is comprised of cash, cash equivalents and investments.

Cash and cash equivalents include cash on hand, change funds, bank balances, and funds held in the Local Government Investment Pool (LGIP).

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

WWU is a participant in the Local Government Investment Pool that was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually. Any proposed changes are reviewed by the LGIP advisory Committee.

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

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at http://www.tre.wa.gov.

As of June 30, 2022, and 2021, the carrying amount of cash and cash equivalents is $25,200,247 and $32,602,004, respectively. These balances include restricted cash and cash equivalents of $5,610,026 and $5,576,359 in unspent bond proceeds and Housing and Dining and Recreation Center renewal and replacement funds as of June 30, 2022, and June 30, 2021, respectively. The carrying amount of cash and cash equivalents approximates the market value.

4. INVESTMENTS

Investments include internally pooled cash operating funds, renewal and replacement funds, unspent bond proceeds, and University endowment funds.

WWU pooled investments consisted of $4,100,000 and $4,050,000 in certificates of deposit (CDs), $2,483,260 and $525,861 in municipals, $1,498,305 and $1,599,930 in supranationals, $7,448,580 and $8,751,624 in corporates and $76,555,897 and $38,169,820 in U.S. Treasury and Agency securities at June 30, 2022 and 2021, respectively.

The Housing and Dining System Renewal and Replacement restricted fund held and separately invested, $1,746,340 and $1,746,340 in certificates of deposit (CDs), $450,434 and $478,739 in municipals and $1,014,739 and $647,129 in U.S. Treasury and Agency securities as of June 30, 2022 and 2021, respectively.

The Housing and Dining System held $0 and $6,748,409 in U.S. Treasury securities for unspent bond proceeds as of June 30, 2022 and 2021, respectively.

University endowment funds are held and managed by the Western Washington University Foundation (the Foundation). The endowment funds are invested in accordance with the Foundation policy under the direction of the Foundation Finance and Audit Committee (the Committee). The Committee is responsible for reviewing and defining investment policy, monitoring investment performance, and recommending managers to oversee the investment of the portfolio. The Committee reviews and updates its investment policy every three years.

As of June 30, 2022, WWU's Endowment funds are comprised of $7,924,878 in donor restricted and unrestricted funds and $5,584,900 in Quasi-endowments. As of June 30, 2021, the balances were $9,454,030 and $6,504,532 respectively.

Credit (Quality) Risk

Credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. Statutory and policy constraints with regard to the types of instruments available for investment limit WWU's exposure to this risk. Instruments available for investment include obligations of the US Treasury and Agency securities, municipal debt obligations, corporate notes, commercial paper and CDs. The CDs held in the internal investment pool are insured by the Federal Deposit Insurance Company (FDIC) or by a collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). Minimum ratings for each investment type by Standard and Poors and Moody's respectively are as follows: commercial paper A1/P1; corporate notes, A-/A3; municipals, A-/ A3; supranationals, AA-/Aa3 and US Treasury and Agency securities are rated essentially rated AA+/Aaa.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, WWU will not be able to recover the value of the investment. As of June 30, 2022, WWU, had $89,451,215 in US Treasury and Agency securities, municipals, supranationals and corporates held in custody by Principal in WWU's name.

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 3 years. WWU generally does not invest operating funds in securities maturing more than 5 years from the date of purchase.

Endowment funds are invested under the Foundation Investment Policy guidelines. These guidelines include the primary objective of achieving long-term growth, while using prudent investing practices and do not limit investment maturities as a means to managing interest rate exposure.

Concentration of Credit Risk

Concentration of credit risk for investments is the risk of loss attributable to the magnitude of an investment in a single issuer. WWU's operating investment policy first limits the percent of the portfolio to issuer type and then to issuer within that type:

- U.S. Treasuries and State LGIP have no limit to percent of the portfolio.
- U.S. Agencies have no limit to percent of portfolio but are limited to 35% per issuer.
- Certificates of Deposit and Supranationals have a 10% limit to percent of portfolio with a 5% limit to issuer.
- Municipals have a 20% limitation to percent of portfolio with a 5% limit per issuer

Commercial Paper and Corporates have a combined limit of 25% of total portfolio with limitations per issuer for Commercial Paper of $2 million and for Corporates, $2 million or 3% for AA- or $1 million or 2% for A-. The Endowment Investment Policy limits the endowment fixed income investments to no more than 5% of the portfolio for a single issuer, with the exception of U.S. government and agency securities.

Fair Value Measurement and Application

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; or
- Level 3 - Unobservable inputs that are significant to the fair value measurement.

At June 30, 2022, the University held the following in cash, cash equivalents and investments:

Description	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)	Fair Value Measurements Using: Significant Unobservable Inputs (Level 3)	Total	Weighted Average Maturity (in Years)
WWU Investment Pool:					
Cash & Cash Equivalents	$21,212,327			$21,212,327	0.003
Commercial Paper	-			-	-
Time Certificates of Deposits (CDs)	4,100,000			4,100,000	1.541
Corporate	7,448,580			7,448,580	1.582
Municipals	2,483,260			2,483,260	2.751
SupraNationals	1,498,305			1,498,305	1.647
U.S. Treasuries		67,911,825		67,911,825	2.485
U.S. Agencies		8,644,072		8,644,072	1.793
WWU Endowment Funds:					
Cash & Cash Equivalents	78,895			78,895	0.003
Fixed Income Investments:					
U.S. Treasuries		23,064		23,064	8.100
U.S. Agencies		537,077		537,077	6.100
Other Fixed Income		2,234,586		2,234,586	n/a
Equity Investments		8,397,940		8,397,940	n/a
Real Estate		1,097,057	449,800	1,546,857	n/a
Alternative Investments		691,359		691,359	n/a
Other Investments:					
Renewal and Replacement Time CDs	1,746,340			1,746,340	2.241
Renewal and Replacement Municipals	450,434			450,434	1.088
Renewal and Replacement U.S. Treasuries		1,014,739		1,014,739	-
Renewal and Replacement U.S. Agencies		-		-	1.210
H&D Bond Inv. Cash & Cash Equivalents	3,987,920			3,987,920	0.003
H&D Bond Inv. US Treasuries		-		-	-
H&D Bond Inv. US Agencies				-	-
Miscellaneous			1,010	1,010	n/a
TOTAL CASH AND INVESTMENTS	$43,006,061	$90,551,719	$450,810	$134,008,590	

At June 30, 2021, the University held the following in cash, cash equivalents and investments:

Description	Fair Value Measurements 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)
WWU Investment Pool:					
Cash & Cash Equivalents	$27,025,645			$27,025,645	0.003
Commercial Paper	-			-	-
Time Certificates of Deposits (CDs)	4,050,000			4,050,000	1.303
Corporate	8,751,624			8,751,624	1.329
Municipals	525,861			525,861	2.422
SupraNationals	1,599,930			1,599,930	2.647
U.S. Treasuries		7,963,345		7,963,345	2.711
U.S. Agencies		30,206,475		30,206,475	0.986
WWU Endowment Funds:					
Cash & Cash Equivalents	363,182			363,182	
Fixed income investments:					
U.S. Treasuries		27,330		27,330	8.100
U.S. Agencies		675,662		675,662	6.100
Other Fixed Income		2,335,146		2,335,146	n/a
Equity Investments		10,208,869		10,208,869	n/a
Real Estate		1,341,705	465,748	1,807,453	n/a
Alternative Investments		540,920		540,920	n/a
Other Investments:					
Renewal and Replacement Time CDs	1,746,340			1,746,340	3.241
Renewal and Replacement Municipals	478,739			478,739	2.088
Renewal and Replacement U.S. Treasuries				-	
Renewal and Replacement U.S. Agencies		647,129		647,129	0.945
H&D Bond Inv. Cash & Cash Equivalents	5,576,359			5,576,359	0.003
H&D Bond Inv. US Treasuries		6,748,409		6,748,409	0.131
H&D Bond Inv. US Agencies		-		-	
Miscellaneous			1,010	1,010	n/a
TOTAL CASH AND INVESTMENTS	$50,117,680	$60,694,990	$466,758	$111,279,428	

5. FUNDS WITH STATE TREASURER

This account represents WWU's share of net earnings of the State of Washington Normal School Permanent Fund and the building fee portion of tuition (as appropriated by the state), reduced by expenditures for capital projects and debt service incurred over the years. The Normal School Permanent Fund, established under RCW 43.79.160, is a permanent endowment fund. Earnings from the investment are either reinvested or used for the benefit of Central Washington University, Eastern Washington University, Western Washington University, and The Evergreen State College.

The investing activities are the responsibility of the Washington State Treasurer's Office. The primary sources of new principal for the Normal School Permanent fund are revenues, primarily timber sales, from certain State lands. The State lands include 100,000 acres granted by the United States government for state normal schools and are managed by the State Department of Natural Resources.

WWU's combined earnings and distributions on the fund for the years ending June 30, 2022, and 2021 are $2,146,321 and $3,248,581, respectively, which are reported as other capital revenue along with any capital gifts or contributions.

6. ACCOUNTS RECEIVABLE, NET

At June 30, 2022 and 2021, the major components of accounts receivable are as follows:

	2022	2021
Student Tuition and Fees	$5,600,515	$5,271,674
Federal, State and Private Grants and Contracts	6,072,746	33,492,648
Auxiliary Enterprises and other Operating Activities	1,701,360	3,873,141
Total Accounts Receivable	13,374,621	42,637,463
Less allowance for doubtful accounts	(904,249)	(831,067)
Accounts Receivable, Net	$12,470,372	$41,806,396

7. STUDENT LOANS RECEIVABLE, NET

At June 30, 2022 and 2021, student loans receivable are as follows:

	2022	2021
Federal Perkins student loans	$3,361,800	$4,750,387
Other long-term loans	27,759	35,830
Institutional loans	17,893	22,610
Total student loans	3,407,452	4,808,827
Less allowance for doubtful accounts	(339,103)	(477,802)
Student loans receivable, net	$3,068,349	$4,331,025

8. INVENTORIES

At June 30, 2022 and 2021, inventories, stated at cost using various methods: retail or first-in, first-out (FIFO) consist of the following:

	Valuation Method	2022	2021
Location			
Bookstore	Avg cost	$1,221,492	$1,048,607
Facilities Maintenance	FIFO	529,408	468,148
Other inventory	FIFO	173,142	181,419
Total inventory		$1,924,042	$1,698,174

9. LAND AND CAPITAL ASSETS

The depreciation expense for the fiscal years ended June 30, 2022 and 2021 were $26,931,418 and $25,984,636, respectively.

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

	6/30/2021	Additions	Reductions	6/30/2022
Non-depreciable Capital Assets				
Land	$12,594,963	$	$	$12,594,963
Construction in progress	113,022,380	26,785,849	131,397,852	8,410,377
Total non-depreciable capital assets	$125,617,343	$26,785,849	$131,397,852	$21,005,340
Depreciable Capital Assets				
Infrastructure	$55,452,397	$	$	$55,452,397
Buildings	584,928,332	127,780,513		712,708,845
Furniture, fixtures and equipment	49,327,317	4,715,246	2,756,863	51,285,700
Library materials, art collection	54,283,167	128,521	274,708	54,136,980
Improvements	149,652,353	2,509,911		152,162,264
Total depreciable capital assets	893,643,566	135,134,191	3,031,571	1,025,746,186
Less Accumulated Depreciation				
Infrastructure	37,249,440	1,401,491		38,650,931
Buildings	246,304,384	16,832,267		263,136,651
Furniture, fixtures and equipment	41,417,976	2,858,828	2,756,863	41,519,941
Library materials, art collection	51,598,265	710,311	243,408	52,065,168
Improvements	80,818,362	5,128,521		85,946,883
Total accumulated depreciation	457,388,427	26,931,418	3,000,271	481,319,574
Capital Assets, Net of Depreciation	$436,255,139	$108,202,773	$31,300	$544,426,612

Following are the changes in land and capital assets for the year ended June 30, 2021:

	6/30/2020	Additions	Reductions	6/30/2021
Non-depreciable Capital Assets				
Land	$12,594,963	$	$	$12,594,963
Construction in progress	28,955,409	84,127,331	60,360	113,022,380
Total non-depreciable capital assets	$41,550,372	$84,127,331	$60,360	$125,617,343
Depreciable Capital Assets				
Infrastructure	$55,452,397	$	$	$55,452,397
Buildings	584,379,561	548,771		584,928,332
Furniture, fixtures and equipment	47,109,744	3,124,502	906,929	49,327,317
Library materials, art collection	54,167,042	116,125		54,283,167
Improvements	149,652,353			149,652,353
Total depreciable capital assets	890,761,097	3,789,398	906,929	893,643,566
Less Accumulated Depreciation				
Infrastructure	35,842,425	1,407,015		37,249,440
Buildings	230,662,963	15,641,421		246,304,384
Furniture, fixtures and equipment	39,419,821	2,905,084	906,929	41,417,976
Library materials, art collection	50,768,128	830,137		51,598,265
Improvements	75,617,383	5,200,979		80,818,362
Total accumulated depreciation	432,310,720	25,984,636	906,929	457,388,427
Capital Assets, Net of Depreciation	$458,450,377	($22,195,238)	$0	$436,255,139

10. ART COLLECTIONS

WWU has several collections of art that it does not capitalize. The Outdoor Sculpture Collection is a public art collection displayed throughout the entire campus. There are also collections of 19th and 20th century paintings, prints and drawings, the Whittington Collection of Asian Ceramics, and the Chair Collection. These collections adhere to WWU's policy to (a) maintain them for public exhibition, education, or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. WWU's policy is to permit collections maintained in this manner to be charged to operations at the time of purchase rather than capitalized.

11. COMPENSATED ABSENCES

The accrued leave balances as of June 30, 2022, and 2021 are $12,152,406 and $12,270,908, 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 during the fiscal year than what is used.

In 2004, WWU began participating in the Voluntary Employees' Beneficiary Association Medical Expense Plan (VEBA-MEP). The plan is a post-retirement medical expense reimbursement account available to professional staff employees of WWU. The VEBA-MEP enables WWU to deposit funds equivalent to the cash-out of compensable unused sick leave at retirement, tax free to a VEBA trust account on the employee's behalf. Funds deposited into a VEBA-MEP account, as well as the earnings on the accounts, are not subject to federal income or social security taxes. During FY 2022 and FY 2021, $175,595 and $108,139, respectively, were contributed to VEBA accounts by WWU on behalf of employees.

12. NOTES PAYABLE

WWU finances certain land and equipment purchases through certificates of participation issued by the Washington State Treasurer. WWU's debt service requirements for these agreements for the next five years and thereafter are as follows:

Fiscal Year	Principal	Interest
2023	700,880	288,833
2024	696,802	259,296
2025	429,154	230,244
2026	446,625	208,773
2027	469,220	186,428
2028-2032	1,435,000	679,500
2033-2037	1,830,000	283,250
Total	6,007,681	2,136,324

13. BONDS PAYABLE

Bonds payable consist of revenue bonds issued by WWU for Housing and Dining System facilities and the Wade King Student Recreation Center. Bonds outstanding are shown on the following page.

Housing and Dining Revenue Bonds

As specified in Master Resolution 97-09, the Housing and Dining System (the System) Revenue Fund is used to pay operating expenses, principal and interest, fund debt service reserve accounts required in subsequent series resolutions, pay the renewal and replacement fund and, if desired, retire debt in the open market. Net revenues are pledged to equal at least 125% of debt service. The System has funded a reserve account for debt service and maintains a renewal and replacement fund equal to at least 5% of outstanding bonds.

The Housing and Dining System has the following outstanding bond issues:

Series 2020 Housing and Dining Refunding Bonds (original issue price of $ 21,760,000) with interest rates ranging from 1.5% to 2.5% and principal payments due beginning in April 1, 2025 in annual amounts ranging from $ 735,000 to $ 2,735,000 through April 1, 2034. The Series 2020 bonds have an aggregate face value of $ 21,760,000 at June 30, 2022

Series 2019 Housing and Dining Revenue Bonds (original issue price of $68,575,000) with interest rates ranging from 3.0% to 5.0% on principal payments due in annual amounts ranging from $1,465,000 to $3,295,000 through April 1, 2049. The Series 2019 bonds have an aggregate face value of $67,180,000 at June 30, 2022 which is reported net of the unamortized original issues premium of $3,014,953.

Series 2018A Housing and Dining Refunding Bonds (original issue price of $10,695,000) with interest rates ranging from 3.0% to 5.0% and principal payments due in annual amounts ranging from $570,000 to $985,000 through April 30, 2034 The Series 2018A bonds have an aggregate face value of $9,600,000 at June 30, 2022 which is reported net of the unamortized original issues premium of $675,780.

Series 2018B Housing and Dining Refunding Bonds (original issue price of $33,680,000) with interest rates ranging from 3.0% to 4.0% and principal payments due in annual amounts ranging from $985,000 to $2,050,000 through April 30, 2043. The Series 2018B bonds have an aggregate face value of $30,510,000 at June 30, 2022 which is reported net of the unamortized original issues premium of $790,045.

Series 2015 Housing and Dining Refunding Bonds (original issue price of $13,435,000) with interest rates of 5.0% and principal payments due in annual amounts ranging from $1,315,000 to $1,530,000 through October 31, 2026. The Series 2015 bonds have an aggregate face value of $5,675,000 at June 30, 2022 which is reported net of the unamortized original issues premium of $310,376.

Series 2012 Revenue and Refunding Bonds (original issue price of $9,205,000) with interest rates ranging from 3.0% to 5.0% and principal payments due in annual amounts ranging from $790,000 to $825,000 through October 31, 2023. The Series 2012 bonds have an aggregate face value of $1,615,000 at June 30, 2022 which is reported net of the unamortized original issues premium of $13,671.

Advance Refunding

On September 24, 2020, Housing and Dining issued $21,760,000 in revenue and refunding bond series 2020 to refund, refinance and restructure all or a portion of the debt service (principal and interest) that will be due and payable with respect to Outstanding Parity Bonds during the period from October 1, 2020, through and including October 1, 2022, to capitalize interest on the Series 2020 bonds, and to pay costs of issuance. The net proceeds from the sale of the Series 2020 Bonds will be irrevocably deposited with U.S. Bank National Association under an escrow agreement dated the date of delivery of the Series 2020 Bonds. The funds will be used to purchase direct, noncallable, obligations of the United State of America securities. The securities will mature at such times and pay interest in such amounts so that sufficient money will be available to pay the Refunded Debt Service when due. The Refunded Debt Service will no longer be deemed to be outstanding. The Series 2020 Bonds will not produce any cash flow savings. The purpose is to provide COVID-19 economic relief to Housing and Dining.

Wade King Student Recreation Center Revenue and Refunding Bonds

On February 2, 2022, the Recreation Center issued $15,950,000 in revenue and refunding bonds series 2022 to refund and refinance all or a portion of the debt service (principal and interest) that will be due and payable with respect to outstanding parity bonds during the period from May 1, 2022, through and including May 1, 2037. The bonds have an aggregate face value of $15,950,000 as of June 30, 2022, which is reported net of the unamortized original issue premium of $2,507,480

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.

The debt service requirements for the revenue/refunding bonds for the next five years and thereafter are as follows:

	Housing and Dining Revenue and Refunding Bonds		Student Recreation Center Revenue and Refunding Bonds	
Fiscal Year	Principal	Interest	Principal	Interest
2023	5,160,000	4,666,158	795,000	638,000
2024	5,310,000	4,431,083	825,000	606,200
2025	5,560,000	4,199,483	865,000	573,200
2026	5,800,000	3,958,101	900,000	538,600
2027	6,055,000	3,704,414	935,000	502,600
2028-2032	33,595,000	15,191,651	5,255,000	1,921,600
2033-2037	27,345,000	9,963,136	6,375,000	784,600
2038-2042	23,535,000	6,145,300		
2043-2047	17,485,000	2,435,950		
2048-2051	6,495,000	293,700		
Total	$136,340,000	$54,988,976	$15,950,000	$5,564,800
Unamortized premium/ (discount)	4,804,825		2,507,480	
Total	$141,144,825	$54,988,976	$18,457,480	$5,564,800

14. PLEDGED REVENUES

WWU has pledged certain revenues, net of specified operating expenses, to repay the principal and interest of revenue bonds. The following is a schedule of the pledged revenues and related debt:

Source of Revenue Pledged	Total Future Revenues Pledged *	Description of Debt	Purpose of Debt	Term of Commitment	Proportion of Debt Service to Pledged Revenues (current yr)
Housing and Dining revenues, net of operating expenses	$191,328,976	Housing and Dining bonds issued in 2012, 2015, 2018, 2019, and 2020	Construction and renovation of student housing projects	2049	20.5%
Student Recreation Center gross revenues	$21,514,800	Student Recreation Center bonds issued in 2022	Construction of the Student Recreation Center	2038	34.7%

* Total future principal and interest payments on debt

15. LONG-TERM LIABILITIES

Following are the changes in long-term liabilities for the years ended June 30, 2022, and 2021:

	6/30/21	Additions/ Amortization	Decreases/ Retirements	6/30/22	Current Portion
Bonds, Notes & Obligations payable					
Revenue and refunding bonds	$160,420,000	$18,347,621	$19,165,315	$159,602,306	$5,955,000
Notes payable	6,486,165	246,287	724,770	6,007,682	700,880
Compensated absences	12,270,908	-	118,502	12,152,406	-
OPEB Liability	96,023,439	4,200,400		100,223,839	1,706,951
Pension Liabilities	25,551,646	39,581	6,263,143	19,328,084	-
Perkins Federal Contribution	4,885,645	-	964,426	3,921,219	-
Total long-term liabilities	$305,637,803	$22,833,889	$27,236,156	$301,235,536	$8,362,831

	6/30/20	Additions/ Amortization	Decreases/ Retirements	6/30/21	Current Portion
Bonds, Notes & Obligations payable					
Revenue and refunding bonds	$152,187,456	$20,617,544	$12,385,000	$160,420,000	$870,000
Notes payable	7,184,588	-	698,423	$6,486,165	724,770
Compensated absences	10,609,358	1,661,550		$12,270,908	-
OPEB Liability	94,104,370	1,919,069		$96,023,439	1,587,012
Pension Liabilities	51,846,667		26,295,021	$25,551,646	-
Perkins Federal Contribution	5,934,269	-	1,048,624	$4,885,645	-
Total long-term liabilities	$321,866,708	$24,198,163	$40,427,068	$305,637,803	$3,181,782

16. DEFERRED COMPENSATION

WWU, through the State of Washington, offers its employees a Deferred Compensation Plan created under Internal Revenue Code Section 457. The plan, available to all State employees, permits individuals to defer a portion of their salary until future years. The State of Washington administers the plan on behalf of WWU's employees. WWU does not have legal access to the funds.

WWU also offers to its president a non-qualified IRS section 457(f) deferred compensation plan. This plan has a schedule of defined contributions plus a fixed 3% annual interest accrual. All accrued deferred compensation under the account shall vest on the earliest of: (i) the employee's completion of the term of the current contract; (ii) the employee's death or disability; (iii) the University's exercise of the termination for convenience; or (iv) the employee's resignation. All vested amounts shall be payable in a lump sum on a date determined by WWU that is within 60 days following vesting.

Balance as of June 30, 2020	$79,277
Annual Required Contribution FY21	35,000
Interest at 3%	3,369
Balance as of June 30, 2021	117,646
Annual Required Contribution FY22	35,000
Interest at 3%	4,581
Balance as of June 30, 2022	$157,227

17. OPERATING EXPENSES BY FUNCTIONAL CATEGORIES

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications which include salaries, employee benefits, goods and services, and other similar categories.

Operating expenses by functional classification for the years ended June 30, 2022, and 2021 are as follows:

Operating Expenses	2022	2021
Instruction	$134,791,679	$132,333,762
Research	8,654,057	7,593,476
Academic support	16,265,611	15,626,353
Student services	22,730,393	22,601,398
Institutional support	28,826,518	30,753,962
Operation and maintenance of plant	50,083,550	54,131,237
Scholarships and other student aid	34,359,051	30,651,683
Auxiliary enterprise expenditures	48,376,806	18,949,235
Total operating expenses	$344,087,665	$312,641,106

18. PENSION PLANS

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

PERS, TRS and LEOFF are 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.

WWU's share of the total net unfunded liabilities associated with the defined-benefit pension plans administered by the DRS was $3,915,857 as of June 30,2022 and $17,362,000 as of June 30, 2021. The liability associated with the defined-benefit pension plan currently administered by WWU was $15,255,000 as of June 30, 2022, and $8,072,000 as of June 30, 2021. The total pension expense recorded by WWU related to both the DRS and University plans was $(11,387,778) and $(152,535) for the years ended June 30, 2022, and 2021 respectively.

PLANS ADMINISTERED BY DRS

PLAN DESCRIPTION:

Public Employees' Retirement System

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

Teachers' Retirement System

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

Law Enforcement Officers' and Fire Fighters' Retirement System

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

VESTING AND BENEFITS PROVIDED:

PERS Plan 1 and TRS Plan 1

PERS Plan 1 and TRS Plan 1 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 percent 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 percent annually. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

LEOFF Plan 2

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

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

FIDUCIARY NET POSITION:

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

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

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

Administration of the PERS, TRS, and LEOFF systems and plans were 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 WWU. 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 WWU'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 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.40 percent 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 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including 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 percent 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 WWU's net pension liability/(asset) position by plan calculated using the discount rate of 7.40 percent, 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)

Plan	1% Decrease 6.4%	2022 Current Discount Rate 7.4%	1% Increase 8.4%
PERS 1	$6,137	$3,603	$1,392
PERS 2/3	(10,738)	(37,692)	(59,889)
TRS 1	600	313	63
TRS 2/3	219	(1,253)	(2,454)
LEOFF 2	(1,961)	(3,110)	(4,051)
	$(5,743)	$(38,139)	$(64,939)

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 8/31/2021		9/1/2021 thru 6/30/2022	
	Employee	University	Employee	University	Employee	University	Employee	University
PERS								
Plan 1	6.00%	12.86%	6.00%	12.97%	6.00%	10.25%	6.00%	10.25%
Plan 2	7.90%	12.86%	7.90%	12.97%	6.36%	10.25%	6.36%	10.25%
Plan 3	5.00-15.00% **	12.86% *	5.00-15.00% **	12.97% *	5.00-15.00% **	10.25% *	5.00-15.00% **	10.25% *
TRS								
Plan 1	6.00%	15.51%	6.00%	15.74%	6.00%	15.74%	6.00%	14.42%
Plan 2	7.77%	15.51%	7.77%	15.74%	7.77%	15.74%	8.05%	14.42%
Plan 3	5.00-15.00% **	15.51% *	5.00-15.00% **	15.74% *	5.00-15.00% **	15.74% *	5.00-15.00% **	14.42% *
LEOFF								
Plan 2	8.59%	8.77%	8.59%	8.77%	8.53%	8.71%	8.53%	8.71%

PERS 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability (UAAL)
TRS 2/3 employer rates include a component to address the TRS Plan 1 unfunded actuarial accrued liability (UAAL)
*Plan 3 defined benefit portion only.
**Variable from 5% to 15% based on rate selected by the member.
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	$4,192	$
Plan 1	4,269,282	3,489,597
Plan 2	1,591,890	1,233,557
Plan 3		
TRS	5,879	8,300
Plan 1	28,924	34,751
Plan 2	505,847	542,154
Plan 3		
LEOFF		
Plan 2	108,709	107,967

UNIVERSITY 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 WWU 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. WWU's proportionate share of the aggregated balance of net pension liabilities and net pension asset as of June 30, 2022, and June 30, 2021 is presented in the table below.

Proportionate Share Allocation Percentage

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
FY 22 Proportionate Share	0.2950%	0.3784%	0.0465%	0.0456%	0.0535%
FY 21 Proportionate Share	0.3018%	0.3855%	0.0452%	0.0447%	0.0547%

Aggregate Pension Balances ($ in thousands)

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
June 30, 2022						
Net Pension Liability	$ 3,603	$	$ 313	$	$	$ 3,916
Net Pension Asset	$	$ 37,692	$	$ 1,253	$ 3,110	$ 42,055
June 30, 2021						
Net Pension Liability	$ 10,657	$ 4,930	$ 1,088	$ 687	$	$ $17,362
Net Pension Asset	$	$	$	$	$ 1,117	$ 1,117

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

The tables below summarize WWU'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 University 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 ($ in thousands)

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Year Ended June 30, 2021	$ (919)	$ (8,523)	$ (56)	$ (127)	$ (443)	$ (10,069)
Year Ended June 30, 2020	$ 480	$ 569	$ 369	$ 258	$ (17)	$ 1,686

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 ($ in thousands)

2022	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected and actual experience	$	$ 1,831	$	$ 389	$ 141	$ 2,361
Changes of assumptions		55		78	1	134
Net difference between projected and actual earnings on pension plan investments						
Change in proportion		141		151	119	412
Contributions subsequent to the measurement date	1,740	2,983	258	327	108	5,416
TOTAL	$ 1,740	$ 5,011	$ 258	$ 945	$ 370	$ 8,323

Deferred Inflows of Resources ($ in thousands)

2022	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected and actual experience	$	$ 462	$	$ 10	$ 16	$ 489
Changes of assumptions		2,677		66	148	2,891
Net difference between projected and actual earnings on pension plan investments	3,998	31,502	470	1,461	1,483	38,913
Change in proportion		277			64	341
TOTAL	$ 3,998	$ 34,918	$ 470	$ 1,537	$ 1,711	$ 42,633

Amortization of Deferred Outflows and Deferred Inflows of Resources * ($ in thousands)

YEAR	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
2023	$ (1,059)	$ (8,675)	$ (124)	$ (307)	$ (392)	$ (10,558)
2024	(970)	(8,109)	(114)	(283)	(365)	(9,841)
2025	(918)	(7,716)	(108)	(263)	(345)	(9,349)
2026	(1,051)	(8,303)	(124)	(305)	(389)	(10,171)
2027		(100)		74	(2)	(28)
Thereafter		12		165	45	222
TOTAL	$ (3,998)	$ (32,891)	$ (470)	$ (919)	$ (1,449)	$ (39,726)

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

Deferred Outflows of Resources ($ in thousands)

2021	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected and actual experience	$	$ 1,765	$	$ 434	$ 154	$ 2,354
Changes of assumptions		70		89	2	160
Net difference between projected and actual earnings on pension plan investments						
Change in proportion		170		171	115	457
Contributions subsequent to the measurement date	2,197	3,669	256	285	109	6,515
TOTAL	$ 2,197	$ 5,674	$ 256	$ 979	$ 380	$ 9,485

Deferred Inflows of Resources ($ in thousands)

2021	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected and actual experience	$	$ 618	$	$ 2	$ 20	$ 640
Changes of assumptions		3,368		75	173	3,616
Net difference between projected and actual earnings on pension plan investments	59	250	7	7	12	336
Change in proportion		229			74	303
TOTAL	$ 59	$ 4,466	$ 7	$ 84	$ 279	$ 4,895

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. Members are eligible to receive benefits under this plan at either the age 62 or at the age of 55 with 10 or more years of credited service.

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 these WWURP contributions are included in the table below for the years ended June 30.

	2022	2021
Contributions made by:		
Employees	$8,947,846	$8,554,940
University	8,929,996	8,553,048

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 was issued this year.

PLAN MEMBERSHIP:

Membership of the Western Washington University Supplemental Retirement Plan consisted of the following at June 30, 2018, and June 30, 2020, the date of the latest actuarial valuation for the plan:

Number of Participating Members				
WWURP	Inactive Members (Or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled To But Not Yet Receiving 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 currently 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.

WWUSRP 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 either the age 62 or at the age of 55 with 10 or more 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. Benefit payments made during the fiscal years ended June 30, 2022 and 2021 were $586,561 and $524,420 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 Fiscal Year 2021.

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

The WSIB has been authorized by statute as having investment management responsibility for the pension funds. 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 WWU. 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 WWU's financial statements.

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

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 assumption update generally led to increases in total pension liability.

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 net pension liability for the WWUSRP for WWU as an employer, calculated using the discount rate of 7.4%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.0% point lower (6.4%) or 1.0% point higher (8.4%) than the current rate.

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

Plan	1% Decrease 6.0%	2022 Current Discount Rate 7.0%	1% Increase 8.0%
WWUSRP	$ 17,538	$ 15,255	$ 13,296

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 percent 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 WWU's 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:

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	$	$35,442,000	$	3,733,000	$	31,709,000
Service Cost		922,000				922,000
Interest on TPL		798,000				798,000
Differences Between Expected and Actual Experience		(15,050,000)				(15,050,000)
Change in Assumptions		(8,260,000)				(8,260,000)
Employer Contributions				196,000		(196,000)
Investment Income				1,326,000		(1,326,000)
Benefit Payments		(525,000)				(525,000)
Net Changes		(22,115,000)		1,522,000		(23,637,000)
Balance as of June 30, 2021	$	$13,327,000	$	$5,255,000	$	8,072,000
Service Cost		233,000				233,000
Interest on TPL		982,000				982,000
Differences Between Expected and Actual Experience		5,263,000			$	5,263,000
Change in Assumptions		1,524,000				1,524,000
Employer Contributions				226,000		(226,000)
Investment Income				7,000		(7,000)
Benefit Payments		(586,000)				(586,000)
Net Changes		7,416,000		233,000		7,183,000
Balance as of June 30, 2022	$	20,743,000	$	5,488,000	$	15,255,000

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

WWUSRP
Pension Expense (PE)

		2022		2021
Service Cost	$	$233,000	$	$922,000
Interest Cost		982,000		798,000
Amortization of Differences between Expected and Actual Experience		(1,851,000)		(2,674,000)
Amortization of Changes of Assumptions		(155,000)		(393,000)
Expected Earnings on Plan Investments		(397,000)		(283,000)
Amortization of Differences between Projected and Actual Earnings on Plan Investments		(131,000)		(209,000)
Administrative Expenses				
Other Changes in Fiduciary Net Position				
Pension Expense - Current Year	$	(1,319,000)	$	(1,839,000)
GASB 68 from GASB 73 reporting change effect			$	(3,929,000)
Net Pension Expense	$	(5,768,000)	$	(5,768,000)

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

WWUSRP
Deferred Outflows of Resources

		2022		2021
Difference between expected and actual experience	$	6,399,000	$	2,612,000
Changes of assumptions		5,167,000		5,146,000
Differences between Projected and Actual Earnings on Plan Investments		312,000		
TOTAL	$	11,878,000	$	7,758,000

Deferred Inflows of Resources

		2022		2021
Difference between expected and actual experience	$	11,873,000	$	15,201,000
Changes of assumptions		6,297,000		7,955,000
Differences between Projected and Actual Earnings on Plan Investments		626,000		834,000
TOTAL	$	4,831,000	$	23,990,000

Amortization of Deferred Outflows and Deferred Inflows of Resources		
Year		
2023	$	(1,806,000)
2024		(2,944,000)
2025		(2,171,000)
2026		(2,160,000)
2027		(3,246,000)
Thereafter		424,000
TOTAL	$	(6,917,000)

19. 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 fiscal year 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. As of June 2021, and 2020, WWU'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 WWU. 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 WWU'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 total OPEB liability of WWU, 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	$121,428,291
Current Discount Rate - 2.16%	$100,223,839
1% Increase	$83,737,536

The following represents the total OPEB liability of WWU, calculated using the health care trend rates of 2-11% reaching an ultimate range of 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	$80,858,197
Current Discount Rate - 2-11%	$100,223,839
1% Increase	$126,393,356

*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 WWU are represented in the following table:

FY 22 Proportionate Share		1.54865386%
FY 21 Proportionate Share		1.58580300%
Schedule of Changes in Total OPEB Liability		
Total OPEB Liability	**2022**	**2021**
Service cost	$5,009,289	$3,984,686
Interest	2,164,984	3,333,252
Changes of benefit terms		
Differences between expected & actual experience		(510,790)
Changes in assumptions	924,997	2,160,692
Benefit payments	(1,649,418)	(1,587,012)
Change in Proportionate share	(2,249,452)	(2,066,596)
Other *		(3,395,163)
Net Change in Total OPEB Liability	**$4,200,400**	**$1,919,069**
Total OPEB Liability - Beginning	**$96,023,439**	**$94,104,370**
Total OPEB Liability - Ending	**$100,223,839**	**$96,023,439**

* For FY 2021, OPEB PEFI Report 2021 Note 2, Section D: Impact of removing trends that include Excise Tax. Legislation under H.R. 1865 repealed the excise tax after the previous measurement date.

OPEB expense for the fiscal years ended June 30, 2022, and 2021 was $4,064,902 and $927,191 respectively.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

The tables below summarize WWU'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	$	654,936	$	798,782
Difference between expected and actual experience		1,714,375		2,106,600
Changes of assumptions		6,382,755		6,602,895
Transactions subsequent to the measurement date		1,657,763		1,688,984
TOTAL	$	10,409,829	$	11,197,261

Deferred Inflows of Resources				
		2022		**2021**
Change in proportion	$	4,356,862	$	2,396,208
Difference between expected and actual experience	$	387,974		454,036
Changes of assumptions		18,171,027		22,646,313
TOTAL	$	22,915,863	$	25,496,557

Amortization of Deferred Outflows and Deferred Inflows of Resources		
Year		
2023	$	(3,109,371)
2024	$	(3,109,371)
2025	$	(3,109,371)
2026	$	(3,109,367)
2027		(1,620,832)
Thereafter		(105,485)
TOTAL	$	(14,163,797)

21. RISK MANAGEMENT

WWU participates in the State of Washington Self-Insurance Liability Program (SILP). Premiums to the State are based on a formula for allocating costs to participating state agencies, including higher education institutions, based on an independent actuarial study of the state's projected liabilities. WWU also maintains various commercially obtained liability insurance policies that provide coverage for certain exclusions under the SILP. During the past three fiscal years, no settlements have been greater than the insurance coverage.

WWU participates in the State's L&I Workers Compensation Insurance Program for all employees. In addition, WWU purchases "all risk" buildings, contents and business interruption insurance for the Housing and Dining System, Wade King Student

Recreation Center, Viking Union Complex, and other auxiliaries through its participation in the State of Washington Alliant Property Insurance Program (APIP). At a minimum, coverage is maintained in accordance with applicable Master Bond Resolutions.

WWU has been named in tort claims and lawsuits. While the final outcome of these matters cannot be predicted with certainty, it is WWU's opinion that the ultimate liability will not materially affect the financial statement, and that WWU's liability insurance programs are adequate to pay all defense and settlement expenses related to these tort claims and lawsuits.

22. COMMITMENTS

Goods and services for operating and capital projects, contracted for but not yet received, are considered commitments at year end. The amount of these commitments at June 30, 2022 and 2021 are:

	2022	2021
Operating	8,652,373.48	6,429,160.87
Research	1,171,934.17	456,131.12
Capital Projects	7,680,392.41	22,846,610.26
Total Commitments	$17,504,700	$29,731,902

23. JOINT VENTURE

In FY 2010, WWU participated in the formation of a not-for-profit corporation titled Western Crossing Development Corporation (WCDC). WCDC was formally incorporated pursuant to the articles of incorporation dated October 7, 2009, and is a 501(c)(3) corporation under the Internal Revenue code of 1986, amended. The five member Board of Directors includes a member of WWU Board of Trustees appointed by WWU Board of Trustees, the President of WWU, a member of the Commission of the Port of Bellingham appointed by the Commission of the Port, the Executive Director of the Port of Bellingham, and a fifth board member who was appointed by a majority vote of the other four board members who are not affiliated with either entity. The board of directors may in the future allow other Washington governments or educational institutions to become members under such terms and conditions as they determine. The purpose of this joint venture is to help facilitate the timely development of new facilities on the Bellingham waterfront. This investment is not reflected on WWU's Statement of Net Position. During FY 2014, WWU transferred $723 thousand in land and $524 thousand in buildings, net to the WCDC to facilitate WWU development on the waterfront. To date, there has been no financial activity related to WCDC. During FY 2020, WCDC sold its land and buildings for $1,800,000 and received cash in the amount of $1,673,905, after sale expenses. The funds were placed in the LGIP. The cash balances are $1,691,735 and $1,683,422 at June 30, 2022 and 2021, respectively. During FY 2022 WWU and the Port of Bellingham decided to begin the process to dissolve WCDC. Funds will be distributed based on the contract. During FY 2022, WWU and the Port of Bellingham each agreed that WCDC should be dissolved. This dissolution will occur during FY 2023.

RSI

Required Supplementary Information

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

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

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

	2014	2015	2016	2017	2018	2019	2020	2021
WWU PERS 1 employers' proportion of the net pension liability	0.320%	0.315%	0.327%	0.314%	0.309%	0.303%	0.302%	0.295%
WWU PERS 1 employers' proportionate share of the net pension liability	$16,130	$16,483	$17,547	$14,894	$13,801	$11,641	$10,657	$3,603
WWU PERS 1 employers' covered-employee payroll	$33,355	$34,435	$38,407	$38,214	$40,526	$45,559	$45,575	$31,410
WWU PERS 1 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.36%	47.87%	45.69%	38.97%	34.05%	25.55%	23.38%	11.47%
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

Schedules of WWU's Proportionate Share of the Net Pension Liability/(Asset)

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

	2014	2015	2016	2017	2018	2019	2020	2021
WWU PERS 2/3 employers' proportion of the net pension liability	0.367%	0.373%	0.390%	0.379%	0.378%	0.380%	0.386%	0.378%
WWU PERS 2/3 employers' proportionate share of the net pension liability	$7,421	$13,333	$19,630	$13,175	$6,458	$3,689	$4,930	($37,692)
WWU PERS 2/3 employers' covered-employee payroll	$31,601	$33,088	$37,093	$37,188	$39,831	$28,311	$45,331	$45,543
WWU PERS 2/3 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	23.48%	40.30%	52.92%	35.43%	16.21%	13.03%	10.88%	-82.76%
Plan fiduciary net position as a percentage of the total pension liability	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

Cost Sharing Employer Plans

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

Schedule of WWU's Proportionate Share of the Net Pension Liability
Teachers' Retirement System (TRS) Plan 1
Measurement Date of June 30 *
(dollars in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021
WWU TRS 1 employers' proportion of the net pension liability	0.016%	0.022%	0.021%	0.023%	0.031%	0.035%	0.045%	0.047%
WWU TRS 1 employers' proportionate share of the net pension liability	$485	$689	$709	$708	$894	$870	$1,088	$313
WWU TRS 1 employers' covered-employee payroll	$597	$890	$939	$1,254	$1,926	$524	$3,468	$3,687
WWU TRS 1 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	81.21%	77.51%	75.56%	56.45%	46.42%	166.00%	31.37%	8.50%
Plan fiduciary net position as a percentage of the total pension liability	68.77%	65.70%	62.07%	65.58%	66.52%	70.37%	70.55%	91.42%

* 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

Schedules of WWU's Proportionate Share of the Net Pension Liability/(Asset)

Schedule of WWU's Proportionate Share of the Net Pension Liability/(Asset)
Teachers' Retirement System (TRS) Plan 2/3
Measurement Date ended June 30 *
(dollars in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021
WWU TRS 2/3 employers' proportion of the net pension liability	0.011%	0.016%	0.019%	0.022%	0.029%	0.034%	0.045%	0.046%
WWU TRS 2/3 employers' proportionate share of the net pension liability	$35	$134	$258	$203	$132	$205	$687	($1,253)
WWU TRS 2/3 employers' covered-employee payroll	$470	$742	$900	$1,203	$1,855	$524	$3,425	$3,650
WWU TRS 2/3 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	7.55%	18.01%	28.62%	16.84%	7.13%	39.12%	20.06%	-34.33%
Plan fiduciary net position as a percentage of the total pension liability	96.81%	92.48%	88.72%	93.14%	96.88%	96.36%	91.72%	113.72%

* 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

Schedules of WWU's Proportionate Share of the Net Pension Liability/(Asset)

Schedule of WWU's Proportionate Share of the Net Pension Liability/(Asset)
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2
Measurement Date of June 30 *
(dollars in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021
WWU LEOFF 2 employers' proportion of the net pension liability (asset)	0.057%	0.056%	0.052%	0.054%	0.061%	0.062%	0.055%	0.054%
WWU LEOFF 2 employers' proportionate share of the net pension liability (asset)	($753)	($575)	($303)	($753)	($1,239)	($1,432)	($1,117)	($3,110)
WWU LEOFF 2 employers' covered-employee payroll	$948	$974	$945	$1,032	$1,217	$1,424	$1,236	$1,238
WWU LEOFF 2 employers' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(79.43%)	(58.97%)	(32.03%)	(72.97%)	(101.84%)	(100.57%)	(90.33%)	(251.28%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	116.75%	111.67%	106.04%	113.36%	118.50%	119.43%	115.83%	142.00%

* 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 WWUSRP Net Pension Liability and Related Ratios

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

	2017	2018	2019	2020	2021	2022
WWUSRP total pension liability-Beginning	$28,623	$22,820	$20,962	$27,037	$35,442	$13,327
Service Cost	1,057	737	551	699	922	233
Interest	842	837	825	962	798	982
Difference between expected and actual experience	(5,277)	(2,234)	2,297	1,961	(15,050)	5,263
Changes in assumptions	(2,126)	(819)	2,822	5,269	(8,260)	1,524
Benefits payments	(298)	(380)	(420)	(486)	(525)	(586)
Net change in total pension liability	(5,803)	(1,858)	6,075	8,405	(22,115)	7,416
WWUSRP total pension liability-Ending	$22,820	$20,962	$27,037	$35,442	$13,327	$20,743
Plan Fiduciary Net Position ***					$5,255	$5,488
WWUSRP net pension liability-Ending					$8,072	$15,255
WWU URP employers' covered-employee payroll	$54,916	$54,645	$52,783	$51,633	$48,080	$47,754
WWUSRP total or net pension liability as a percentage of its covered-employee payroll (net as of FY 21)	41.55%	38.36%	51.22%	68.64%	16.79%	31.95%

* 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

Schedules of Contributions

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

Fiscal Year	Contractually Required Contributions	Contributions related to covered payroll of employees participating in PERS plan 1	UAAL contributions related to covered payroll of employees participating in PERS plan 2/3	Total contributions in relation to the Actuarially Determined Contributions	Contribution deficiency (excess)	Covered payroll of employees participating in PERS 1	Covered payroll of employees participating in PERS 2/3	Total covered employee payroll	Contributions as a percentage of covered employee payroll
2015	$1,452,350	$124,718	$1,327,632	$1,452,350	$0	$1,347,236	$33,087,603	$34,434,839	4.22%
2016	$1,855,009	$128,029	$1,726,980	$1,855,009	$0	$1,313,918	$37,093,105	$38,407,024	4.83%
2017	$1,890,122	$116,851	$1,773,271	$1,890,122	$0	$1,026,073	$37,187,945	$38,214,019	4.95%
2018	$2,067,033	$90,772	$1,976,261	$2,067,033	$0	$695,644	$39,830,763	$40,526,407	5.10%
2019	$2,171,774	$63,127	$2,108,647	$2,171,774	$0	$95,855	$28,310,536	$28,406,391	7.65%
2020	$2,182,812	$29,286	$2,153,526	$2,182,812	$0	$227,732	$45,331,078	$45,558,810	4.79%
2021	$2,196,536	$4,192	$2,192,344	$2,196,536	$0	$32,409	$45,542,691	$45,575,100	4.82%
2022	$1,739,699	$0	$1,739,699	$1,739,699	$0	$0	$31,409,895	$31,409,895	5.54%
2023									
2024									

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

PENSION PLAN INFORMATION

Cost Sharing Employer Plans
Schedules of Contributions

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

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
2015	$1,814,105	$1,814,105	$0	$33,087,603	5.48%
2016	$2,317,072	$2,317,072	$0	$37,093,105	6.25%
2017	$2,381,845	$2,381,845	$0	$37,187,945	6.40%
2018	$2,987,978	$2,987,978	$0	$39,830,763	7.50%
2019	$3,208,620	$3,208,620	$0	$28,310,536	11.33%
2020	$3,646,374	$3,646,374	$0	$45,558,810	8.00%
2021	$3,668,829	$3,668,829	$0	$45,575,100	8.05%
2022	$2,983,455	$2,983,455	$0	$31,409,895	9.50%
2023					
2024					

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

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedules of Contributions

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

Fiscal Year	Contractually Required Contributions	Contributions 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	$48,962	$15,275	$33,688	$48,962	$0	$147,013	$742,495	$889,508	5.50%
2016	$63,258	$7,056	$56,202	$63,258	$0	$38,746	$900,164	$938,910	6.74%
2017	$82,019	$7,003	$75,016	$82,019	$0	$50,329	$1,203,485	$1,253,814	6.54%
2018	$127,383	$7,418	$119,966	$127,383	$0	$70,987	$1,854,602	$1,925,590	6.62%
2019	$174,321	$6,600	$167,720	$174,321	$0	$0	$523,851	$523,851	33.28%
2020	$237,005	$6,704	$230,301	$237,005	$0	$43,261	$3,424,664	$3,467,924	6.83%
2021	$255,982	$5,879	$250,103	$255,982	$0	$37,350	$3,649,601	$3,686,951	6.94%
2022	$257,944	$8,300	$249,644	$257,944	$0	$4,210	$705,736	$709,946	36.33%
2023									
2024									

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

PENSION PLAN INFORMATION

Cost Sharing Employer Plans
Schedules of Contributions

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

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
2015	$47,636	$47,636	$0	$742,495	6.42%
2016	$62,047	$62,047	$0	$900,164	6.89%
2017	$83,497	$83,497	$0	$1,203,485	6.94%
2018	$132,209	$132,209	$0	$1,854,602	7.13%
2019	$184,232	$184,232	$0	$523,851	35.17%
2020	$269,950	$269,950	$0	$3,424,664	7.88%
2021	$284,668	$284,668	$0	$3,649,601	7.80%
2022	$327,260	$327,260	$0	$705,736	46.37%
2023					
2024					

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

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2
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
2015	$85,058	$85,058	$0	$974,206	8.73%
2016	$81,330	$81,330	$0	$945,010	8.61%
2017	$87,594	$87,594	$0	$1,032,322	8.49%
2018	$106,591	$106,591	$0	$1,216,785	8.76%
2019	$116,573	$116,573	$0	$1,424,194	8.19%
2020	$108,407	$108,407	$0	$1,236,117	8.77%
2021	$108,709	$108,709	$0	$1,237,654	8.78%
2022	$107,967	$107,967	$0	$993,142	10.87%
2023					
2024					

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

PENSION PLAN INFORMATION

Agent Employer Plan
Schedules of Contributions

Schedule of Contributions
WWUSRP Plan
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	$196,000	$196,000	$0	$48,080,055	0.41%
2022	$226,000	$226,000	$0	$47,753,729	0.47%
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
Schedules of WWU's changes in Total OPEB Liability

Schedule of WWU's Changes in Total OPEB Liability and Related Ratios
Fiscal Year Ended June 30 *
(dollars in thousands)

	2018	2019	2020	2021	2022
Total OPEB Liability-Beginning	$100,201	$94,060	$82,553	$94,104	$96,023
Service Cost	$6,377	$5,161	$3,810	$3,985	$5,009
Interest	$2,987	$3,548	$3,305	$3,333	$2,165
Difference between expected and actual experience	$0	$3,239	$0	-$511	$0
Changes in assumptions	-$14,570	-$22,596	$6,155	$2,161	$925
Benefits payments	-$1,522	-$1,499	-$1,512	-$1,587	-$1,649
Change in proportionate share	$588	$638	-$207	-$2,067	-$2,249
Other				-$3,395	
Totale OPEB liability-ending	$94,060	$82,553	$94,104	$96,023	$100,224
WWU employers' covered-employee payroll	$148,917	$155,757	$167,296	$167,901	$173,324
WWU employers' proportionate share of total OPEB liability as a percentage of its covered-employee payroll	67.29%	60.39%	56.25%	57.19%	57.82%

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

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

Plans administered by DRS

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

Consistent with the state's contribution-rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. For example, the actuarial valuation with a June 30, 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 fiscal year 2020 liability) to using the expected investment return on plan assets (7.40% for the fiscal year 2021 liability).

Material assumption changes during the fiscal year 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 fiscal year 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 fiscal year 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 percent for TIAA and 2.31 percent 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 fiscal year 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 fiscal year 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.

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