



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Central Washington University

For the period July 1, 2019 through June 30, 2020

Published March 25, 2021

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**Office of the Washington State Auditor
Pat McCarthy**

March 25, 2021

Board of Trustees
Central Washington University
Ellensburg, Washington

Report on Financial Statements

Please find attached our report on the Central Washington University's financial statements.

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

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Central Washington University July 1, 2019 through June 30, 2020

Board of Trustees
Central Washington University
Ellensburg, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Central Washington University, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 22, 2021.

Our report includes a reference to other auditors who audited the financial statements of the Central Washington University Foundation (the Foundation), as described in our report on the University's financial statements. This report includes our consideration of the results of the other auditor's testing of internal controls over financing reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the report of the other auditors. The Financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with the Foundation. The Foundation's prior year comparative information has been derived from the Foundation's 2019 financial statements, on which other auditors issued their report.

The financial statements of the Central 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 proportion 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, 2020, the changes in its financial position, or where

applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy
State Auditor
Olympia, WA

March 22, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Central Washington University July 1, 2019 through June 30, 2020

Board of Trustees
Central Washington University
Ellensburg, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Central Washington University, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed on page 11.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Central Washington University Foundation (the Foundation), which represents 100 percent of the assets, net position, and the 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.

We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards

require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Governmental Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit 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 Central Washington University, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in note 1, the financial statements of the Central Washington University, an agency of the state of Washington are intended to present the financial position, and the changes in the 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, 2020, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Prior-Year Comparative Information

The financial statements include summarized prior-year comparative information for the Foundation. Such information does not include all the information required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2019, from which the summarized information was derived. Other auditors have previously audited the Foundation's 2019 basic financial statements, and they expressed an unmodified opinion in their report.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2021 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.

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

Pat McCarthy

State Auditor

Olympia, WA

March 22, 2021

FINANCIAL SECTION

Central Washington University July 1, 2019 through June 30, 2020

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2020

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2020

Statement of Revenues, Expenses and Changes in Net Position – 2020

Statement of Cash Flows – 2020

Foundation Combined Statement of Financial Position – 2020 and 2019

Foundation Combined Statement of Activities – 2020 and 2019

Foundation Combined Statements of Functional Expenses – 2020 and 2019

Foundation Combined Statements of Cash Flows – 2020 and 2019

Notes to Financial Statements – 2020

REQUIRED SUPPLEMENTARY INFORMATION

Notes to RSI – 2020

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3, LEOFF 2,
TRS 1, TRS 2/3 – 2020

Schedule of Employer Contributions – PERS 1, PERS 2/3, LEOFF 2, TRS 1, TRS 2/3 –
2020

Schedule of Changes in the Total Pension Liability – 2020

Schedule of Changes in Total OPEB Liability and Related Ratios – 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The following management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Central Washington University (the University) for the fiscal year ended June 30, 2020, with comparative 2019 financial information. This discussion provides an objective and easily readable analysis of the University's financial performance for the year. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes to the financial statements, which follow this section.

Central Washington University (CWU) is one of six state-assisted, four-year institutions of higher education in Washington. A regional comprehensive university, CWU offers baccalaureate and graduate degrees in more than 100 academic programs to over 11,000 students. The University has distinguished itself through quality teaching and academic programs, student-centered orientation, and commitment to research, outreach, and international experiences for faculty and students, and provision of life-long learning opportunities to the citizens of Washington. The University is comprised of the College of Arts and Humanities, College of the Sciences, College of Education and Professional Studies, and College of Business. CWU's instructional faculty, numbering more than 600, compiles an impressive record of teaching, scholarship, and service. The main campus is located in Ellensburg, a community of approximately 20,330 that enjoys one of the finest living environments of the Pacific Northwest. Historic Ellensburg offers the laid-back atmosphere of a small town, but with a variety of things to do and see both indoors and out. Most enjoy downtown Ellensburg with its distinctive shops, bars, restaurants, museums all within walking distance. Others enjoy the outdoor experience of camping, fishing, horseback riding, rafting, hiking, biking, and even golfing. In the shadow of the Cascade Mountains and only minutes from the Wenatchee National Forest, Ellensburg is situated in the Kittitas Valley, an agricultural region 110 miles east of Seattle, the cultural heart of Washington.

The University is governed by a Board of Trustees (BOT) appointed by the Governor with the consent of the Senate. One member is a full-time student of the University. By statute, the BOT has full control of the University and its property of various kinds, except as otherwise provided by law.

Using the financial statements

The financial statements presented in this annual report encompass the University and its discretely presented component unit. The University's financial reports include the Statement of Net Position, the Statement of Revenue, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the University at a moment in time, at fiscal year-end. The Statement of Revenue, Expenses, and Changes in Net Position and the Statement of Cash Flows provide information about operations and activities over a twelve-month period. Together these statements, along with the notes to the financial statements, provide a comprehensive way to assess the University's overall financial health.

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), which establish standards for external financial reporting for public colleges and universities. In accordance with GASB requirements, the financial statements are prepared utilizing the accrual basis of accounting and presented on a consolidated basis to focus on the University as a whole.

The Central Washington University Foundation (the Foundation) is a significant component unit based on the requirements of GASB Statement 39. This report reflects the Foundation as a discretely reported entity for all years reported. The reader will see reformatted CWU comparatives in this report. The MD&A, however, focuses on University activity unless otherwise noted.

Financial Highlights for Fiscal 2020

- The university received \$3.9 million in institutional Coronavirus Aid Relief and Economic Security act (CARES) funding to help offset the financial impact of COVID19, this amount is shown in non-operating revenue in accordance with GAAP. In addition, the university was awarded an additional \$3.8 million in emergency funds for students, of which \$1.9 million was received in FY 2020.
- Dugmore Hall and the new Dining facility are open and operating. Dugmore Hall added 402 beds to the available housing capacity.
- **The University** enrolled 11,110 students in the fall quarter of fiscal 2020.
- Began construction of new Health Sciences building funded by the state legislature capital appropriation.

KEY FINANCIAL RESULTS FOR FY 2020 COMPARED TO FY 2019 (in thousands)

	2020	2019
Total operating revenues	\$174,645	\$173,313
Operating expenses	275,114	260,488
Operating Loss	(100,469)	(87,175)
State appropriations	67,460	62,970
Investment income (loss)	5,753	7,062
Capital appropriations	9,853	6,097
Pell grant revenue	18,824	19,512
Interest on indebtedness	(6,576)	(4,506)
Institutional CARES funding	3,848	
BABS Subsidy and other non-operating income net of expenses	(1,027)	784
Total net non-operating revenue and capital appropriations	98,135	91,919
Increase (decrease) in net assets	(2,334)	4,744
Net Position (as restated), beginning of year	341,634	336,890
Net Position, end of year	\$ 339,300	\$ 341,634

Key Financial Results

- Operating revenues increased by \$1.3 million or 0.8% from the prior fiscal year.
- Operating expenses increased by \$14.6 million or 5.6% over the prior fiscal year.
- State operating appropriations increased by \$4.5 million or 7.1% over the prior fiscal year.
- Pell grant revenue decreased by \$.7 million or 3.5% over the prior fiscal year.
- Interest on indebtedness increased by \$2.1 million from the prior fiscal year.
- Total net non-operating revenues increased by \$6.2 million due to increased capital appropriations and CARES funding.

The University receives a state appropriation for operating revenues, which are not usually sufficient to cover all of the University's operating expenses. Non-operating revenues, which include state operating and capital appropriations, Pell grant revenue, investment income and non-operating income net of expense result in a modest decrease in the net position or "equity" of the University. The equity is re-invested in the University for facility upgrades, contingency reserves to offset periods of economic instability, and to increase the level of educational excellence and operational efficiencies.

STATEMENT OF NET POSITION

The Statement of Net Position (SNP) presents the financial status of the University at the end of the last two fiscal years and includes all assets, deferred outflows, liabilities, and deferred inflows of the University. This statement represents assets available to continue operations of the institution, how much the institution owes vendors, employees, investors, and debt service obligations. Several nonfinancial factors also contribute to the University's financial health and include student enrollment, number of full-time faculty, student retention, graduation rates, building conditions, and campus safety.

STATEMENT OF NET POSTION (in thousands)

	2020	2019
Assets		
Current assets	\$ 54,797	\$ 50,351
Non-current assets	48,377	66,152
Capital assets, net of depreciation	534,080	530,414
Total assets	637,254	646,917
Deferred outflows of resources	22,218	14,692
Liabilities		
Current liabilities	33,873	33,294
Non-current liabilities	254,777	252,080
Total liabilities	288,650	285,374
Deferred Inflows of Resources	31,523	34,601
Net Position		
Net investment in capital assets	380,046	380,349
Restricted: non-expendable	3,465	3,465
Restricted: expendable	10,074	9,085
Unrestricted	(54,285)	(51,265)
Total net position	\$ 339,300	\$ 341,634

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**Current assets**

The excess of current assets over current liabilities of \$20.9 million in 2020 reflects the continuing ability of the University to meet its short-term obligations. Current assets are those highly liquid assets that may be converted to cash in less than one year and include cash and cash equivalents, short-term investments, accounts receivable, and inventories. Current assets increased \$4.5 million to \$54.8 million at June 30, 2020 and the most significant fluctuations are discussed below:

Cash and cash equivalents increased by \$1.9 million to \$25.2 million due to favorable short-term investment opportunities compared to long term.

The increase in receivables of \$2.5 million was primarily due to increased enrollments and tuition rates.

Non-Current Assets

Non-current assets are not expected to be converted into cash, sold, or exchanged within the normal operating cycle and include investments, student loan receivables, and investments restricted for capital projects. Capital assets include construction in progress, furniture and equipment, land, buildings and improvements. As of June 30, 2020 non-current and capital assets, net of depreciation decreased by \$14.1 million to \$582.5 million.

Capital assets net of depreciation increased by \$29.4 million to \$500.6 million in fiscal 2020 compared to \$471.1 million in the prior year due to the completion of Dugmore Hall. Non-current investments and cash equivalents decreased by \$18.5 million to \$40.6 million in fiscal 2020 as the University spent down the remainder of the \$43.3 million of bond proceeds that had been invested in serialized CDs reserved for the construction of Dugmore Hall. Funds with the State Treasurer increased \$2.2 million due to increased enrollment and tuition rates, and decreased legislatively approved preventative maintenance spending. The capital appropriation increased by \$3.8 million to \$9.9 million for fiscal 2020 as the legislature approved design for the Health Education building and construction on Health Science.

Deferred Outflows of Resources

A portion of the deferred gain or loss on refunding outflows number represents costs associated with previous and ongoing debt issuances. This accounting treatment is the result of GASB 63 & 65, which were adopted in 2013. This component of the deferred outflows balance was amortized and decreased by \$.2 million at June 30, 2020 and will continue to be amortized on a straight-line basis through the term of the Replacement Bonds of 2016 (ending in fiscal 2038).

The application of GASB 68 and 73 in fiscal 2020 required the recognition and amortization of CWU's proportionate share of the various pension plan liabilities, resulting in the increase of approximately \$1.1 million of deferred outflows related to pension liabilities.

The application of GASB 75 required the recognition and amortization of CWU's proportionate share of the state's Other Post-Employment Benefits (OPEB); this resulted in the recognition of an additional \$6.6 million of deferred outflows related to GASB 75 for a total of \$11.3 million.

Liabilities

Current liabilities are claims that are due and payable within one year and include: accounts payable, accrued payroll liabilities, unearned revenues, deposits payable, and the current portion of bonds/leases payable.

Noncurrent liabilities represent obligations that become due after one year and include compensated absences, supplemental retirement liabilities, and long-term debt obligations (Notes 8, 9, 11, 12, 13, and 14).

Current liabilities typically fluctuate from the timing of processing accounts payable and deposits payable, changes in the current year bond/leases payment schedule, and the changes in unearned revenue. Current liabilities at June 30, 2020, were \$33.9 million representing an increase of \$0.6 million from 2019 mainly due to an increase in Accounts and Deposits payable and a decrease in Accrued Liabilities.

Non-current liabilities increased \$2.7 million to \$254.8 million at June 30, 2020. This net increase consists of a small \$0.8 million increase in accrued liabilities, combined with a \$6.5 million decrease in bond principle payments, with \$10.3 million increase in the OPEB liability from GASB 75, combined with a \$1.9 million dollar decrease related to GASB 68 and 73 (see Notes 9, 10, and 11).

Deferred Inflows of Resources

The calculations related to GASB 68 and 75 activity resulted in a decrease of \$3.1 million in deferred inflows of resources of \$31.5 million to be amortized over the following four to five years.

Net Position

The difference between total assets and deferred outflows and total liabilities and deferred inflows is net position (equity), and it is an indicator of the University's overall financial condition. However, due to the required implementations of GASB, 68,73 and 75 the figure shown is now negative in aggregate. The University believes that the actual financial condition was not affected by these pronouncements and that the Net Position figure is no longer as informative to the reader, in total.

Net position is divided into four major categories.

- Net Investment in Capital Assets: Equity in property, plant, equipment, and infrastructure, net of accumulated depreciation, and outstanding debt obligations related to those capital assets.
- Restricted Non-Expendable: Funds on which a donor or external party has imposed restrictions.
- Restricted Expendable: Resources, which the University is legally or contractually obligated to spend in accordance with restrictions, placed on the funds.
- Unrestricted: All other funds available to the University for general and educational obligations and may be expended for any lawful purpose. In many cases, these funds have been internally designated for specific purposes; including board required emergency reserves, debt policy requirements, facilities maintenance, and other purposes.

As of June 30, 2020, net position totaled \$339.3 million, a decrease of \$2.3 million from the balance at June 30, 2019. This decrease is mainly due to an increase in the income loss before capital, which was partially offset by the CARES funding and capital appropriation.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position provides information about the operating performance of the University and the effects of non-operating transactions over a one-year period. The statement classifies activities as either "operating" or "non-operating."

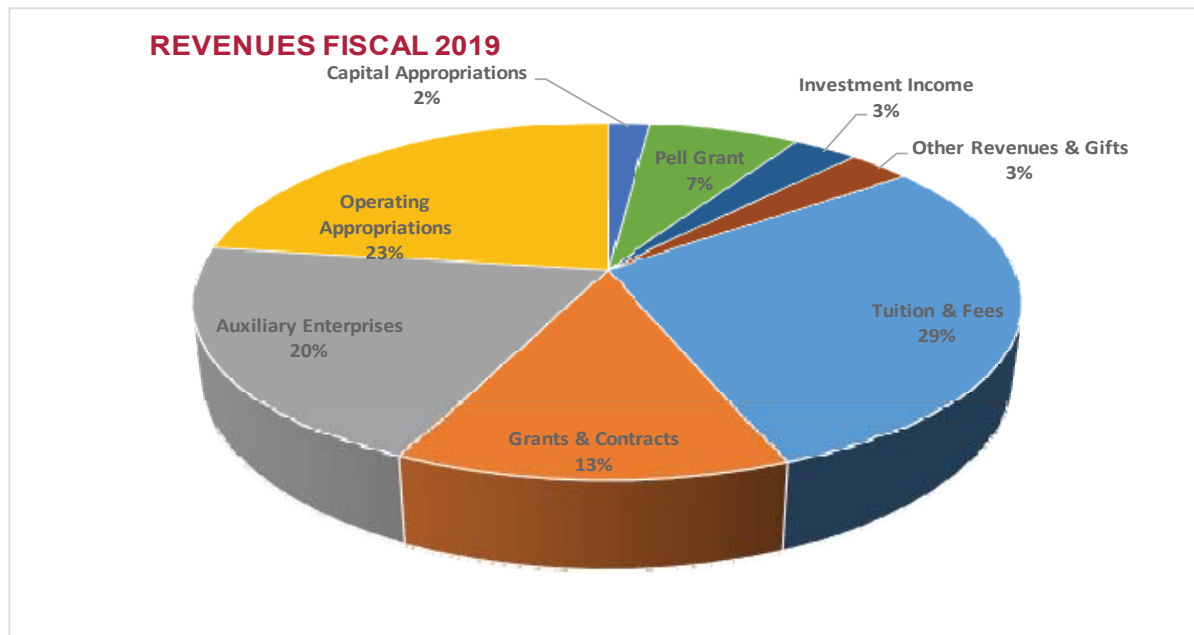
Operating revenues are inflows of funds generated through the provision of goods and services to the University's customers, which include tuition and fees, grant and contract payments, and sales and service revenue generated by student housing, student dining and other University enterprises. Operating expenses are the outflows of funds used to generate operating revenues and in carrying out the University's mission.

Non-operating revenues include state operating and capital appropriations, Pell grants, and investment income. Non-operating expenses are mainly interest on indebtedness. Following is a condensed comparison of the University's revenues, expenses, and changes in net position for the years ended June 30, 2020 and 2019.

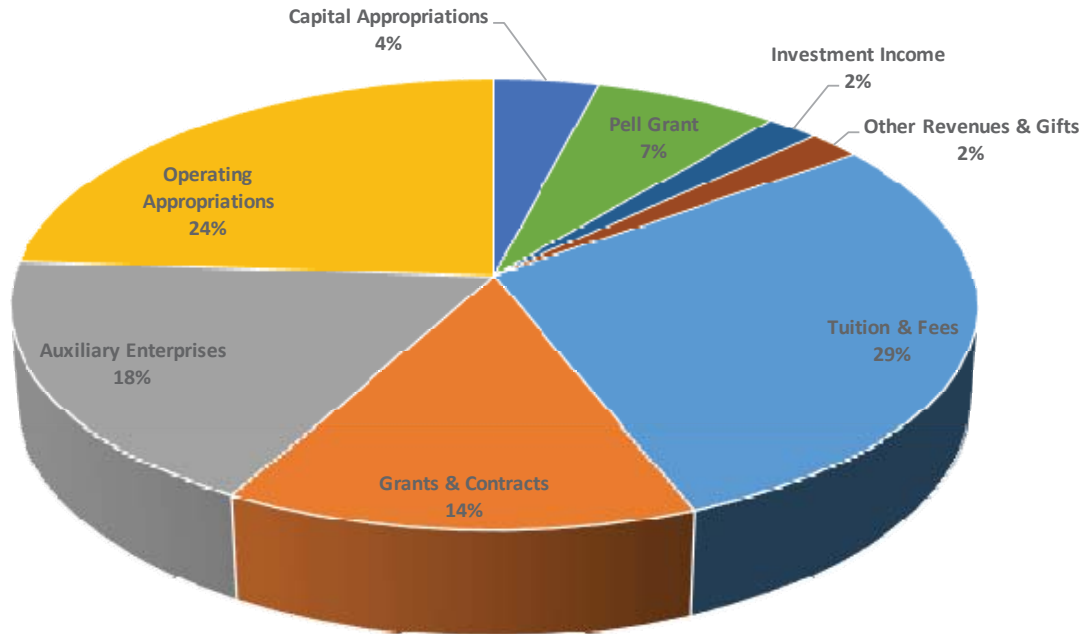
SUMMARY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)

	2020	2019
Operating revenues	\$ 174,645	\$ 173,313
Operating expenses	275,115	260,488
Operating loss	(100,470)	(87,175)
Non-operating revenues and capital appropriations	105,738	96,424
Non-operating expenses	(7,603)	(4,506)
Net non-operating revenues (expenses)	98,135	91,918
Increase (Decrease) in net position	(2,334)	4,743
Net position beginning of year	341,634	336,890
Net position end of year	\$ 339,300	\$ 341,634

The University maintains a diversified revenue base comprised of tuition and fees, state appropriations, grants and sponsored programs, auxiliary enterprises, and non-operating income. Operating revenues in fiscal 2020 totaled \$174.7 million representing an increase of \$1.3 million or 0.8% percent from 2019. State appropriations increased by \$4.5 million to \$67.5 million or 7.1%, Capital appropriations increased by \$3.8 million to \$9.9 million or 61.7%



REVENUES FISCAL 2020



Revenues by Source (in thousands)

	2020		2019	
Net Tuition & Fees	\$80,758	29%	\$77,137	29%
Grants & Contracts	38,181	14%	34,561	13%
Auxiliary Services	49,005	18%	54,592	20%
Operating Appropriations	67,460	24%	62,970	23%
Capital Appropriations	9,853	4%	6,097	2%
Pell Grant	18,824	7%	19,512	7%
Investment Income	5,753	2%	7,062	3%
Other Revenue & Gifts	5,674	2%	7,807	3%
Total	\$275,508	100%	\$269,738	100%

Net tuition and fees remain the primary source of revenue. The increase of \$3.6 million was primarily due to an increased tuition rate and continued student head count growth from the previous year. Net tuition and fees represent 29 percent of the University's revenue (see Statistics section for additional information on enrollment).

Auxiliary Enterprises generated 18 percent of total revenue representing a decrease of \$5.6 million to \$49.0 million as of June 30, 2020. This was due to the global pandemic in spring quarter the students were released from their housing and dining

contracts and not allowed on campus. Auxiliary Enterprises include essential support programs such as residential housing and dining, catering, bookstore, and conference program.

Grants and contracts provide student financial aid and support educational and research opportunities at the University. In fiscal 2020, grants and contracts revenues increased \$3.6 million from the prior year due to financial aid and COVID emergency student grants.

Capital appropriations increased \$3.7 million from the prior year to \$9.8 million. Current capital projects include Nutrition/Health Science Building, Health Education, and Campus Security Enhancements.

Operating appropriations increased \$4.5 million to \$67.5 million in fiscal 2020 from 2019 driven mainly by continuing state support.

Investment income decreased in fiscal 2020 by \$1.3 million to \$5.8 million resulting mainly from the finalization of the Dugmore Hall project, liquidating the last of the serialized bonds purchased with the bond proceeds.

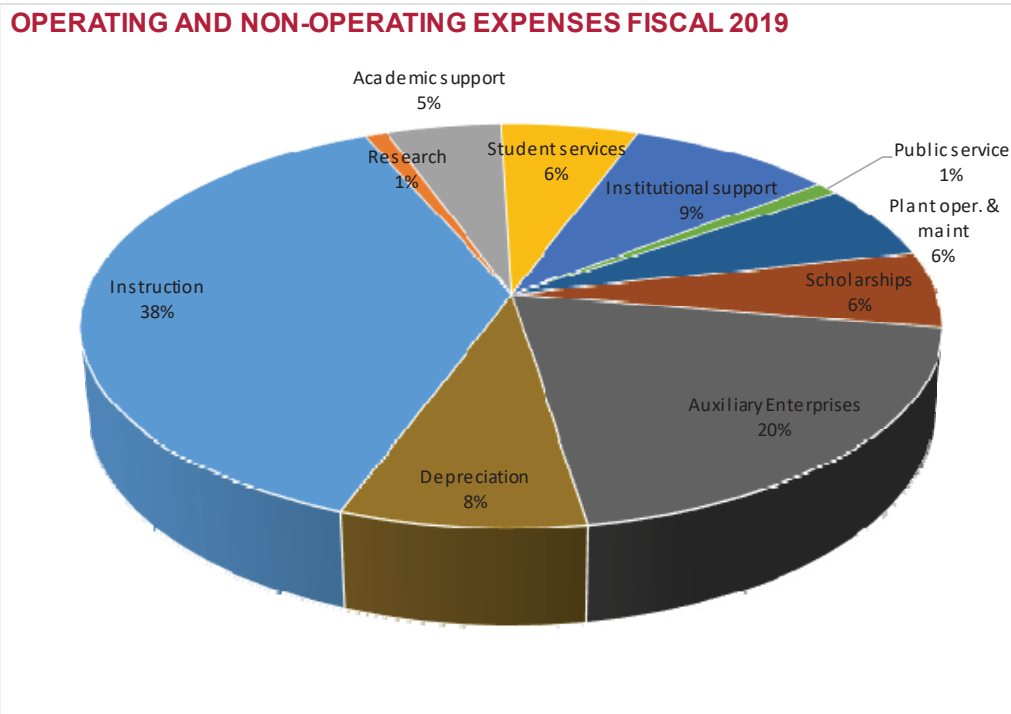
Operating and Non-Operating Expenses

Operating expenses consist mainly of employee compensation, supplies and material costs, utilities, student scholarships and other aid.

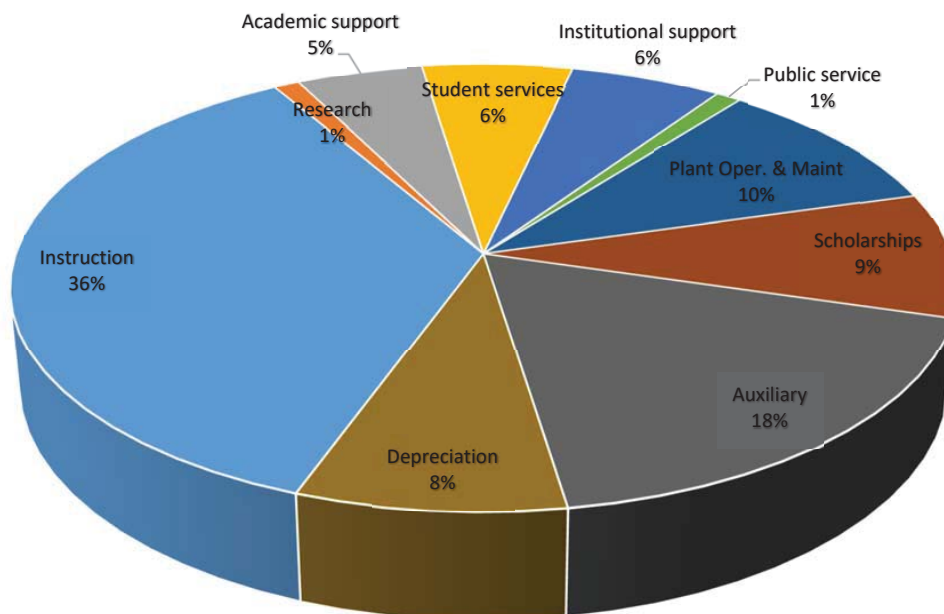
OPERATING AND NON-OPERATING EXPENSES

	2020	2018
Operating Expenses	\$275,115	\$247,385
Non-Operating Expenses	7,603	4,929
Total Expense	\$282,718	\$252,314

Non-operating expenses are those that do not relate to the core operation of the University. Examples of non-operating expenses are interest expense and amortization expense.



OPERATING AND NON-OPERATING EXPENSES FY 2020



Operating expenses are displayed in the following table by functional area as this is the industry standard. (See Note 18 for a listing of operating expenses by natural classification.)

OPERATING EXPENSES BY FUNCTION (in thousands)

	2020		2019	
Instruction	\$97,984	36%	\$99,017	38%
Research	2,701	1%	2,952	1%
Public Service	3,021	1%	3,398	1%
Academic Support	14,486	5%	11,934	5%
Student Services	15,211	6%	14,986	6%
Institutional Support	28,352	10%	24,113	9%
Operations and maintenance of plant	16,553	6%	15,160	6%
Scholarships and other student aid	23,894	9%	16,582	6%
Auxiliary	49,887	18%	52,347	20%
Depreciation	23,025	8%	19,999	8%
Total operating expenses	\$275,114	100%	\$260,488	100%

Total operating expenses increased by \$27.7 million to \$275.1 million with the highest proportional increase in Institutional Support and Scholarships. Institutional Support expenses increased \$4.2 million due to increased enrollment, faculty salary increases in accordance with the collective bargaining agreement. Scholarships increased by \$7.3 million due to CARES institutional support funds granted to students.

Instructional expenses totaled \$98.0 million and comprised 36 percent of all University operating expenses during fiscal 2020 with a three-year average of 37 percent of total operating expense. The University remains committed to its primary mission of preparing students for responsible citizenship, responsible stewardship of the earth, and to lead enlightened and productive lives.

Auxiliary expenses decreased by \$2.5 million to \$49.9 million due to reduced personnel costs related to early shutdown of Auxiliary services including housing and dining.

CAPITAL CONSTRUCTION

Capital construction is a high priority as the University modernizes and replaces academic and residential facilities, continues to develop and improve campus infrastructure and utilities, and reduces deferred maintenance. Major remodeling and system upgrade projects continue on campus that will bring older buildings and infrastructure into compliance with current teaching methodology and technology, health and safety needs, and code requirements.

Fiscal year 2020 was the first year of the 19-21 biennium in which the University received an additional \$32 million appropriation for the construction phase of the Nutrition/Health Science building, a \$5 million design appropriation for the renovation and expansion of the Health Education building, a \$2.463 million appropriation for Campus Security Enhancements as well as \$8 million for Minor Works preservation and program projects.

- Nutrition/Health Science Building. After demolition of Hertz Hall and preparation of site utilities in 2019, CWU contracted with T.W. Clark Construction of Spokane, WA to construct the new building. The 80,000 gross square foot facility will include classrooms, class-labs, research laboratories, student study areas and offices. Total appropriations for the project, including design, are \$59.6 million. The project is on schedule and classes are anticipated to begin in the facility winter quarter 2022.
- Health Education project. CWU received a \$5 million appropriation to design and prepare construction documents for the Health Education project in the 19-21 biennium. The project is currently in the Design Development Phase and will renovate and expand the Health and Physical Education building that houses the Health Education programs. This state-funded facility was constructed in 1959 as the "Health and Physical Education Building" and later named Nicholson Pavilion after the legendary CWU Instructor Leo Nicholson. When built in 1959, the total enrollment at CWU was fewer than 1,600 students. Today, the facility serves over 10,000 students and more than 40,000 visitors each year. The project modernizes and expands facilities for the Department of Sport and Movement Studies (SAMS) and the Bachelor of Science in Physical Education and School Health (PESH) degree program. The project plans to replace all deteriorated systems and upgrade building components to modern day codes, regulations, and standards to a minimum LEED Silver Certification rating by the USGBC. Spaces within Health Education will maintain and expand upon academic functions with the focus on degree production. CWU is requesting \$55,900,000 in the 21-23 biennium for the Construction Phase, bringing the Total Project Cost to \$60,900,000.
- Campus Security Enhancements. This project is to increase the security posture of the campus by filling gaps in the emergency response and preparedness infrastructure. This involves installing 73 cameras as well as electronic door-locking capabilities and card readers on a number of buildings throughout the CWU Ellensburg campus.

Central Washington University
Statement of Net Position
as of June 30, 2020

Assets	2020
Current assets	
Cash and cash equivalents	\$ 25,208,889
Receivables, net	26,961,412
Inventories	2,626,673
Total current assets	54,796,974
Non-current assets	
Investments	40,582,764
Student loan receivable, net	1,186,073
Funds with State Treasurer	5,388,032
Non-depreciable assets	33,517,089
Capital assets, net of depreciation	500,562,797
Pension Asset, net	1,220,527
Total non-current assets	582,457,281
Total assets	637,254,255
Deferred Outflows of Resources	
Deferred outflow from bond refunding	3,074,420
Deferred outflows from pension contributions	7,848,197
Deferred outflows from other post employment benefits	11,295,390
Total Deferred Outflows	22,218,007
Liabilities	
Current liabilities	
Accounts payable	6,480,805
Accrued liabilities, current portion	6,777,371
Deposits payable	4,516,132
Unearned revenues	7,831,764
Leases & bonds payable, current portion net of premium/disc	6,491,453
Pension Liability, current portion	462,996
OPEB Liability, current portion	1,312,012
Total current liabilities	33,872,533
Non-current liabilities	
Accrued liabilities	6,826,032
Leases & bonds payable, long term net of permium/discount	150,617,149
Pension Liability	22,556,410
OPEB Liability	74,777,298
Total non-current liabilities	254,776,888
Total Liabilities	288,649,421
Deferred Inflows of Resources	
Deferred Inflow related to pensions	8,709,806
Deferred Inflow related to other post employment benefits	22,813,245
Total Deferred Inflows	31,523,051
Net Position	
Net Investment in Capital Assets	380,045,704
Restricted for:	
Nonexpendable:	
Scholarships and Professorships	3,465,054
Expendable:	
Endowment Earnings	3,181,130
Loans	1,657,751
Other	5,235,350
Unrestricted	(54,285,200)
Total net position	\$ 339,299,790

See Accompanying Notes to the Financial Statements

Central Washington University
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

Operating Revenues	2020
Student tuition and fees	\$122,580,125
less tuition discounts	(41,822,185)
Federal grants and contracts	9,122,590
State and local grants and contracts	23,942,609
Nongovernmental grants and contracts	5,116,097
Sales and services of educational activities and other sources	6,701,160
Auxiliary enterprises sales - Housing and dining	39,249,190
Bookstore, parking, and other auxiliary sales	10,286,305
less auxiliary discounts	(530,773)
Total operating revenue	174,645,119
Operating Expenses	
Instruction	97,983,666
Research	2,701,402
Public service	3,020,968
Academic support	14,485,823
Student services	15,211,034
Institutional support	28,352,587
Operation and maintenance of plant	16,553,038
Scholarships and other student aid	23,894,222
Auxiliary enterprise expenditures	49,887,159
Depreciation	23,024,894
Total operating expenses	275,114,794
Operating income (loss)	(100,469,674)
Non-operating Revenues (Expenses)	
State appropriations	67,460,000
Pell Grant	18,823,984
Investment income	5,753,394
Institutional CARES funding	3,847,692
Interest on indebtedness	(6,575,862)
BABS Subsidy and other non-operating income net of expenses	(1,027,115)
Net non-operating revenues (expenses)	88,282,093
Income or (loss) before capital appropriations	(12,187,582)
Capital appropriations	9,853,223
Increase (Decrease) in net position	(2,334,358)
Net position, beginning of year	341,634,148
Net position, end of year	\$339,299,790

See Accompanying Notes to the Financial Statements

Central Washington University
Statement of Cash Flows
For the Year Ended June 30, 2020

Cash flows from operating activities

Tuition and fees	\$ 79,842,613
Grants and contracts	39,977,519
Payments to vendors	(79,236,444)
Payments to employees for salaries and benefits	(174,663,212)
Auxiliary enterprise charges	49,975,643
Sales and services of educational activities and other sources	5,256,749
Net cash used by operating activities	(78,847,132)

Cash flows from noncapital financing activities

State appropriations	67,435,573
Pell Grants	18,823,984
CARES Institutional Funding	3,847,692
Net cash provided by noncapital financing activities	90,107,248

Cash flows from investing activities

Purchases of investments	(2,344,660)
Proceeds from sales of investments	14,496,838
Investment Income	5,753,394
Other investment activity	(2,161,891)
Net cash provided by investing activities	15,743,682

Cash flows from capital and related financing activities

Capital appropriations	9,853,223
Purchases of capital assets	(26,689,931)
Principal paid on capital debt	1,693,601
Interest paid on capital debt	(281,734)
Other capital activities	(16,000,799)
Net cash provided by capital and related financing activities	(31,425,639)

Net increase in cash and cash equivalents	(4,421,841)
Cash and cash equivalents, beginning of year	29,630,730
Cash and cash equivalents, end of year	\$ 25,208,889

Reconciliation of Operating Loss to Net Cash Used by Operating Activities

Operating loss	\$ (100,469,674)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	23,024,894
Changes in assets and liabilities	
Accounts receivable	(2,629,662)
Student loans receivable	1,720,964
Interest receivable	157,990
Inventories	(23,223)
Accounts payable	2,039,464
Accrued expenses	(3,825,996)
Unearned revenue	(156,601)
Student and other deposits	1,314,713
Net cash used by operating activities	\$ (78,847,132)

See Accompanying Notes to the Financial Statement

CENTRAL WASHINGTON UNIVERSITY FOUNDATION
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 1,325,092	\$ 738,018
Investments	36,220,829	35,084,426
Pledges receivable, net	1,991,855	2,241,926
Cash surrender value of life insurance	-	-
Land held for sale	-	-
Other Assets	-	16,648
Total Assets	39,537,776	38,081,018
Liabilities		
Accounts payable	392,725	312,693
Trust and other liabilities	109,797	105,268
Note payable	1,815,553	2,226,769
Total Liabilities	2,318,075	2,644,730
Net Assets (Unrestricted)		
Operating	2,446,811	1,939,561
Board-designated	675,557	702,082
Total unrestricted net assets	3,122,368	2,641,643
Net Assets (Restricted)		
Temporarily restricted		
Permanently restricted	34,097,333	32,794,645
Total net assets	37,219,701	35,436,288
Total liabilities and net assets	\$ 39,537,776	\$ 38,081,018

See Notes to the Financial Statements

**CENTRAL WASHINGTON UNIVERSITY FOUNDATION
COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020			2019		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Support and Revenue						
Contributions	\$ 132,072	\$ 4,246,018	\$ 4,378,090	\$ 145,014	\$ 4,859,748	\$ 5,004,762
In-kind contributions	1,976,117	85,060	2,061,177	1,891,212	187,143	2,078,355
Special event revenue	103,792	-	103,792	271,147	-	271,147
Sponsorships	-	89,500	89,500	-	137,602	137,602
Membership dues	75,465		75,465	90,218		90,218
Investment Return	218,893	421,362	640,255	455,132	1,292,948	1,748,080
Other	23,414	6,965	30,379	71,556	317	71,873
Net assets released from restrictions and other transfers	3,546,217	(3,546,217)	-	5,606,102	(5,606,102)	-
Total support and revenue	6,075,970	1,302,688	7,378,658	8,530,381	871,656	9,402,037
Expenses						
Program Expenses	4,910,445		4,910,445	9,555,448		9,555,448
Management and general	259,607		259,607	428,208		428,208
Fundraising	425,193		425,193	266,350		266,350
Total program and administrative expenses	5,595,245	-	5,595,245	10,250,006	-	10,250,006
Total change in net assets	480,725	1,302,688	1,783,413	(1,719,625)	871,656	(847,969)
Net Assets, beginning of year	2,641,643	32,794,645	35,436,288	4,361,268	31,922,989	36,284,257
Net Assets, end of year	\$ 3,122,368	\$ 34,097,333	\$ 37,219,701	\$ 2,641,643	\$ 32,794,645	\$ 35,436,288

See Notes to the Financial Statements

**CENTRAL WASHINGTON UNIVERSITY FOUNDATION
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020				2019			
	Management				Management			
	Program	and General	Fundraising	Total	Program	and General	Fundraising	Total
Scholarships and grants	\$ 1,471,980	\$ -	\$ -	\$ 1,471,980	\$ 1,471,363	\$ -	\$ -	\$ 1,471,363
Program support	455,950	38,703	70,737	565,390	899,949	43,116	96,892	1,039,957
University capital project support				-	4,400,000			4,400,000
In-kind expenses	2,060,721	356		2,061,077	2,078,355			2,078,355
Salaries, wages, and benefits	455,398	7,161	28,459	491,018	336,154	118,710	67,845	522,709
Travel	92,608	5,367	69,203	167,178	169,804	919	81,936	252,659
Professional services	145,997	139,363	241,409	526,769	58,423	207,749	3,795	269,967
Supplies	140,625	2,647	4,269	147,541	116,494	1,240	1,575	119,309
Postage and printing	25,636	6,316	10,714	42,666	19,129	567	12,749	32,445
Interest		51,670		51,670		48,196		48,196
Miscellaneous	5,530	8,024	402	13,956	5,777	7,711	1,558	15,046
Write-off of pledges	55,900			55,900				
	\$ 4,910,345	\$ 259,607	\$ 425,193	\$ 5,595,145	\$ 9,555,448	\$ 428,208	\$ 266,350	\$ 10,250,006

See Notes to the Financial Statements

CENTRAL WASHINGTON UNIVERSITY FOUNDATION
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities		
Cash received from contributions	\$ 3,298,120	\$ 2,831,719
Cash paid for scholarships and programs	(2,037,370)	(2,371,312)
Cash paid to employees	(491,018)	(522,709)
Cash paid to University	-	(4,400,000)
Cash paid to vendors	(852,801)	(760,401)
Cash paid for interest	(51,670)	(48,196)
Net dividends and interest received	718,836	718,677
Net cash flows from operating activities	584,097	(4,552,222)
Cash flows from Investing Activities		
Purchase of investments, net	(1,214,984)	(1,224,101)
Cash flows from Financing Activities		
Draw s on line of credit	-	2,700,000
Payments on line of credit	(411,216)	(473,231)
Contributions received for long-term purposes	1,629,177	2,742,790
Net cash flows from financing activities	1,217,961	4,969,559
Net change in cash and cash equivalents	587,074	(806,764)
Cash and cash equivalents, beginning of year	738,018	1,544,782
Cash and cash equivalents, end of year	\$ 1,325,092	\$ 738,018

See Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Central Washington University (the University) is a comprehensive regional institution of higher education offering baccalaureate and master's degrees. The University is an agency of the State of Washington, governed by a Board of Trustees (BOT) appointed by the governor, and 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 Central Washington University Foundation (the Foundation). The Foundation is an independent, non-profit organization established to raise private funds that support the students, faculty, and programs of the University. Accordingly, the Foundation has been reported as a discrete component unit in the financial statements. Separate financial statements of the foundation may be requested from its administrative office at Barge Hall, room 104, Ellensburg, WA 98926 or on the CWU Foundation website at <http://www.cwu.edu/foundation/foundation-accounting>.

Financial Statement Presentation

The financial statements of the University have been prepared in accordance with Generally Accepted Accounting Principles (GAAP).

For financial reporting purposes, the University is considered a special-purpose government, engaged in business-type activities. Accordingly, the University'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 obligations have been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met. All significant intra-agency transactions have been eliminated.

The financial statements include a management discussion and analysis, a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, and notes to the financial statements. The notes to the financial statements focus on University activity in all years presented unless otherwise noted. The format provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position, and cash flows. Comparative totals for the year ended June 30, 2018, are presented where appropriate.

The Governmental Accounting Standards Board (GASB) issued Statement 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34 which along with Statement 39, Determining Whether Certain Organizations are Component Units, which amended GASB Statement 14, The Financial Reporting Entity. These statements provided additional guidance for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a primary government and to clarify reporting requirements for those organizations.

Under GASB 61 and 39 criteria, the CWU Foundation is an affiliated organization that meets the criteria for discrete component unit presentation. The University and its discretely presented foundation unit are shown as separate statements following the CWU financial statements. The CWU Foundation has a separately audited financial statement. The provisions of GASB Statement 39 were effective for financial statements for periods beginning with fiscal year 2004, while GASB 61 became effective for financial statements beginning with fiscal year 2012.

Cash Equivalents

For purposes of the statement of cash flows, the University considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. Funds invested through the State Treasurer's Local Government Investment Pool are considered cash equivalents.

Investments

The University accounts for its investments at fair value in accordance with the relevant GASB statements. Changes in unrealized gains or losses on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable 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 the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Uncollectible amounts are calculated using a fixed percentage of receivables.

Inventories

Inventories consist primarily of merchandise and consumables held by internal service, valued using the weighted average cost method, and auxiliary service departments valued using the retail cost method.

Non-current Cash and Investments

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other non-current assets, are classified as non-current assets in the statement of net position.

Fair Value of Investments

The University records financial instruments at estimated fair value. Fair value accounting defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value standard describes three levels of inputs that may be used to measure fair value:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy. There have been no changes in valuation methodologies used at June 30, 2019 or June 30, 2018.

Where quoted market prices are available in an active market, investments are classified within Level 1 of the Valuation hierarchy. Level 1 investments include exchange-traded equities (mutual funds, stocks, and government bonds). If quoted market prices are not available, then fair market values are estimated by using pricing models, quoted prices of investments include foreign and corporate bonds. In certain cases where Level 1 or Level 2 inputs are not available, investments would be classified within Level 3 of the hierarchy.

Realized and unrealized gains and/or losses on investments are included in the statement of revenue expenses and changes in net position.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts, net of depreciation. The University's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. 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 expenses in the year in which the expenses were incurred.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for building components, 20 to 50 years for infrastructure and land improvements, 5 to 7 years for equipment, 15 years for library books, and 3 to 15 years for intangibles. Inexhaustible resources such as the art collections and the library reserve collections are not depreciated. Donated capital assets are measured at acquisition value not fair market value. (See also Note 7 – Capital Assets).

Deferred Outflows of Resources

Deferred outflows of resources are a consumption of net assets by the government that is applicable to a future reporting period.

Deferred Inflows of Resources

Deferred inflows of resources are transactions that result in the acquisition of net assets in one period that are applicable to future periods.

Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period and amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences

Employee vacation, compensatory time, and sick leave are accrued at year-end for financial statement purposes. The liability and expense incurred are recorded as accrued liabilities in the statement of net position, and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net position.

Non-current Liabilities

Non-current liabilities include: (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

Net Position

The University's net position is classified as follows:

Net Investment in Capital Assets: This represents the University'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 included as a component of Net Investment in Capital Assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvements of those assets or related debt are also included in this component of net position.

Restricted - expendable: Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted – non-expendable: Non-expendable restricted net position consists of endowments 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: The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted net position represents resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any lawful purpose. The auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff.

Income Taxes

The University, as a political subdivision of the State of Washington, is excluded from federal income taxes under Section 115(a) of the Internal Revenue Code, as amended. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Classification of Revenues

The University has classified its revenues as either operating or non-operating revenues 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, net of discounts and allowances; (3) federal, state, local or private grants and contracts; and (4) interest on institutional student loans.

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

Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of discounts and allowances in the statement of revenues, expenses, and changes in net position. Discounts and allowances are the difference between the stated charges for goods and services provided by the University and the amounts that are paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or non-governmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees, and other student charges, the University has recorded discounts and allowances.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments are managed under the guidance of the University investment policy. Investments are made using the prudent person standard with primary objectives being: (1) safety of principal; (2) liquidity (enabling the

University to meet all operating requirements); and (3) return on investment (the objective of attaining a market rate of return through budgetary and economic cycles).

The University invests or deposits all temporary cash. These investments and time deposits do not result in reductions of the cash balances of the various funds and are considered to be cash equivalents to the funds. These amounts are reported on the SNP as part of cash and cash equivalents. Earnings from pool deposits are allocated to the funds owning the cash in proportion to the ending monthly balance in the investment pool.

As of June 30, 2020, the fair value of cash and investments was \$65,791,654. Of this total, \$25,208,889 is cash and cash equivalents with original maturity dates of less than 90 days and \$40,582,765 is held in investments maturing in more than 90 days. Cash and cash equivalents include: Local Government Investment Pool (LGIP), Bank Demand and Time Deposits, and Petty Cash. Investments maturing in more than 90 days and/or more than a year include: U.S. Government and Non-State Government Securities at fair value, Investments in Equity, and Cash Surrender Value of Life Insurance (Foundation). All investments held by the University are considered level 1 for fair value calculations.

The SNP classification of cash and cash equivalents includes all readily available sources of cash such as petty cash, demand deposits, certificates of deposit, and temporary investments. All deposits of the University are insured by the FDIC up to \$250,000 and by the Washington Public Deposit Protection Commission for amounts over \$250,000.

The components of cash and investments are specified as follows:

Cash and Investments

	Carrying Amount June 30, 2020		Fair Value*	Carrying Amount June 30, 2019		Fair Value*
Local government investment pool (LGIP)	\$	18,507,050	\$	18,507,050	\$	25,832,372
MMDA Account		2,000,000		2,000,000		2,003,531
Money Market Investments		1,675,741		1,675,741		133,887
Bank Demand and Time Deposits		2,968,130		2,968,130		1,548,374
Other		57,968		57,968		62,566
Total Cash & Cash Equivalents		25,208,889		25,208,889		29,580,730
CDs		-		-		3,658,004
U.S. government securities		7,576,386		7,924,662		11,721,222
Investments in equity – bonds		27,068,247		28,066,615		32,273,442
Investments in equity – foreign bonds		4,218		4,218		4,239
Investments in money markets		69,166		69,166		84,685
Investments in equity – stocks, mutual funds		4,518,104		4,518,104		4,584,765
Total Investments		39,236,121		40,582,765		52,326,357
Total Cash and Investments	\$	64,445,010	\$	65,791,654	\$	81,907,087
						\$ 82,365,673

*LGIP is reported at amortized cost which approximates fair value

GASB 40, Deposit and Investment Risk Disclosures, became effective for financial statements for periods beginning after June 15, 2004. It primarily amends existing accounting guidance under GASB 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Agreements, and under GASB 28, Accounting and Financial Reporting for Securities Lending Transactions. GASB 40 requires the University to disclose, as needed, any deposits and investments that are exposed to risks that have the potential to result in losses. The statement addresses risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest risk, this statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to any risks as identified by using this statement also need to be disclosed.

Deposits

The University's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Investments

As of June 30, 2020, the University had the following investments:

Investments

Level 1*:

	Fair Value FY 2020
U.S. treasuries*	\$ 7,924,662
Money market *	69,166
Bonds*	28,066,615
Foreign Bonds	4,218
Stocks*	4,518,104
Total	\$40,582,765

*The university has determined that it holds no level 2 or 3 investments.

Participants' balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days. Per GASB 40 guidelines, the balances are also not subject to custodial credit risk. The credit (quality) risk of the LGIP is limited as most investments are either obligations of the U.S. government, government-sponsored enterprises, or insured demand deposit accounts and certificates of deposit. Investments or deposits held by the LGIP are all classified as category one risk level investments. They are either insured or held by a third-party custody provider in the LGIP's name.

Custodial credit risk is the risk that in the event of a failure of the counterparty to an investment transaction, the University would not be able to recover the value of the investment or collateral securities. Of the University's total position, no funds are exposed to custodial credit risk because of investments being held by the University's brokerage firm, and by having that brokerage firm also being the counterparty in those particular securities.

*U.S. Bank Private Client Group are a trust company. They manage the investments, but the investments are still in Central Washington University's name. The U.S. Bank Private Client Group is insured under the Security Investor's Protection Corporation. (This protection is to insure in case of loss of assets due to fraud, etc.)

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable, due from other agencies, interest receivable and related allowance for uncollectible accounts consist of the following:

Accounts receivable	June 30, 2020
Student tuition and fees	\$ 6,314,224
Federal, state, and private grants and contracts	4,018,579
State appropriations receivable	80,267
Auxiliary enterprises	3,728,394
Other student fees	1,766,825
Interest and dividends	331,848
Other operating activities	11,145,596
Subtotal	27,385,733
Allowance for doubtful accounts	(424,321)
Net accounts receivable	\$ 26,961,412

NOTE 4 – STUDENT LOANS RECEIVABLE

Student loans are comprised of non-current amounts of \$1,186,073 at June 30, 2020 and consists of the following:

Student loans receivable

	June 30, 2020
Federal Perkins student loans	\$1,180,263
Institutional and long term loans	5,810
Subtotal	1,186,073
Allowance for doubtful accounts	-
Total student loans receivable	\$1,186,073

NOTE 5 – INVENTORIES

Inventories consisted of the following:

INVENTORIES

	June 30, 2020
Enterprise funds	\$1,868,824
Internal service funds	757,848
Total	\$2,626,672

NOTE 6 – FUNDS WITH THE STATE TREASURER

As of June 30, 2020, the balance invested with the State Treasurer was \$5,388,032. This represents the University's share of the net earnings of the Normal School Permanent Fund and the building fee portion of tuition, reduced by expenditures for capital projects, non-capitalized facility improvements and maintenance, and debt service incurred over the years (Fund 063), and the balance of licensing revenues held by the State Treasurer (Fund 783). The Normal School Permanent Fund, established under RCW 43.79.160, is a permanent endowment fund that derives its corpus from the sale of state lands and timber. The investing activities are managed by the State Treasurer's Office, while the management of land and timber is administered by the Department of Natural Resources. Interest earned from investments is either reinvested or used exclusively for the benefit of Central Washington University, Eastern Washington University, Western Washington University, and The Evergreen State College.

NOTE 7 – CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2020:

Capital Assets

	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020
Non-depreciable Capital Assets				
Land	\$5,884,081	-	-	\$5,884,081
Artworks	212,994	-	-	212,994
Library resources collectibles	38,122	-	-	38,122
Construction in progress	53,132,169	25,566,040	51,316,317	27,381,892
Subtotal	59,267,366	25,566,040	51,316,317	33,517,089
Depreciable Capital Assets				
Buildings	542,562,605	48,137,758	1,357,504	589,342,859
Improvements and infrastructure	129,988,351	848,960	-	130,837,311
Equipment	47,626,101	4,467,743	2,398,121	49,695,723
Leased Equipment	1,496,424	-	-	1,496,424
Buildings - perpetuity rights	30,792,094	-	-	30,792,094
Library resources (depreciable)	28,698,765	119,370	1,080,525	27,737,610
Subtotal	781,164,340	53,573,831	4,836,150	829,902,021
Total Capital Assets	840,431,706	79,139,871	56,152,467	863,419,110
Less Accumulated Depreciation				
Buildings	163,008,542	12,175,249	1,315,951	173,867,840
Improvements and infrastructure	73,816,475	4,882,989	-	78,699,464
Library resources	26,248,896	431,330	-	26,680,226
Equipment	33,670,080	4,742,352	2,386,569	36,025,863
Leased Equipment	1,496,424	-	-	1,496,424
Amortized perpetuity rights - buildings	11,776,434	792,973	-	12,569,407
Total accumulated depreciation	310,016,851	23,024,893	3,702,520	329,339,224
Depreciable Assets less depreciation	471,147,489	30,548,948	1,163,630	500,562,797
Capital assets, net of depreciation	\$530,414,855	\$56,114,978	\$52,449,947	\$534,079,886

NOTE 8 – ACCRUED LEAVE LIABILITIES

Upon termination of employment, employees may receive cash payment for all accumulated vacation and compensatory time. Employees who retire receive 25 percent of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses or insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by University employees are accrued as expenses when incurred.

The amounts represent a liability to the University and are recorded and reported accordingly. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The amount of compensated time, vacation, and sick leave paid during fiscal year 2020 totaled \$5,569,911.83. The accrued compensated time balance as of June 30, 2020, was \$36,751.47.

NOTE 9 – LONG TERM LIABILITIES

Long-term liability activity for the period ended June 30, 2020, is summarized as follows:

Liabilities

	June 30,2019	Additions	Reductions	June 30,2020	Current Portion	Long-term Portion
Accrued liabilities	\$17,030,130	\$1,729,288	\$4,693,020	\$14,066,398	\$6,777,371	\$7,289,027
State Pension liability	18,478,955	-	4,081,550	14,397,405	-	14,397,405
OPEB Liability	64,494,354	11,594,956	-	76,089,310	1,312,012	74,777,298
CWU Pension liability	5,994,608	2,164,396	-	8,159,004	462,996	7,696,008
Bond Premium/Discount	7,930,054	-	406,453	7,523,601	406,453	7,117,148
Leases/contracts payable	2,475,000	-	420,000	2,055,000	440,000	1,615,000
Bonds payable	152,940,000	-	5,410,000	147,530,000	5,645,000	141,885,000
Total	\$269,343,101	\$15,488,640	\$15,011,023	\$269,820,718	\$15,043,832	\$254,776,886

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

State Plan Description

The state of Washington implemented Statement No. 75 of the Governmental Accounting Standards Board (GASB) *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* for fiscal year 2018 financial reporting. The state, consisting of state agencies and its component units as well as higher education institutions, is considered a single employer based on guidance provided in GASB Statement No.75. The State Health Care Authority (HCA) administers this single employer defined benefit other postemployment benefit (OPEB) plan.

Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life, and long-term disability.

The relationship between the PEBB OPEB plan and its member employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs.

The PEBB OPEB plan is funded on a pay-as-you-go basis with contributions set by the Legislature each biennium as a part of the budget process. The PEBB OPEB plan has no assets and does not issue a publicly available financial report.

The PEBB retiree OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement system.

As of June 2020, CWU membership in the PEBB plan consisted of the following:

Plan Participants	
Active Employees	1,643
Retirees Receiving Benefits	599

Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on the claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The

final amount is approved by the state Legislature. In calendar year 2020, the explicit subsidy was up to \$183 per member per month, and it will remain \$183 per member per month in calendar year 2021.

Presentations and Allocations

Allocation Method

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 this 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.

The same headcount used in determining proportionate share is also used in determining the transactions subsequent to the measurement date, specifically, the retiree portion of premium payments made by agencies on behalf of active, health care eligible employees between the measurement date of June 30, 2019 and the reporting date of June 30, 2020. The portion of health care premiums attributed to retirees for both explicit and implicit subsidies is determined by using the Fiscal Year 2020 3rd Quarter Update in the PEBB Financial Projection Model (PFPM) from the State Health Care Authority.

Total OPEB Liability

As of June 30, 2020, components of the calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for CWU are represented in the following table:

Proportionate Share (%)		1.3110123441%
Service Cost	\$	3,080,900
Interest Cost		2,672,504
Differences Between Expected and Actual Experience		-
Changes in Assumptions		4,976,906
Changes of Benefit Terms		-
Benefit Payments		(1,222,510)
Changes in Proportionate Share		2,087,159
Other		-
Net Change in Total OPEB Liability		11,594,959
Total OPEB Liability - Beginning		64,494,352
Total OPEB Liability - Ending	\$	76,089,311

Deferred Inflows and Deferred Outflows Schedule

As of June 30, 2020, the deferred inflows and deferred outflows of resources for CWU are as follows:

Proportionate Share (%)		1.3110123441%
Deferred Inflow s/Outflow s of Resources	Deferred Outflow s	Deferred Inflow s
Differences Between Expected and Actual Experience	\$ 2,031,825.00	\$ -
Changes in Assumptions	4,423,917	22,061,568
Changes in Benefit Terms	-	-
Transactions subsequent to the measurement date	1,312,012	-
Changes in Proportion	3,527,637	751,677
Total Deferred (Inflows)/Outflows	\$ 11,295,391	\$ 22,813,245

Amounts currently reported as deferred inflows and deferred outflows of resources related to OPEB will be recognized as OPEB expense in subsequent years for CWU as follows:

Proportionate Share (%)	1.3110123441%
2021	\$ (2,161,530.00)
2022	(2,161,530.00)
2023	(2,161,530.00)
2024	(2,161,530.00)
2025	(2,161,530.00)
Thereafter	\$ (2,022,216.00)

The change in CWU's proportionate share of OPEB liability and deferred inflows and deferred outflows of resources based on measurement date are represented in the following table:

Proportionate Share (%) 2018	1.2699155002%
Proportionate Share (%) 2019	1.3110123441%
Total OPEB Liability - Ending 2018	\$ 64,494,352
Total OPEB Liability - Beg 2019 (chg in prop)	66,581,511
Total OPEB Liability Change in Proportion	2,087,159
Total Deferred (Inflow s)/Outflow s 2018 (chg in prop)	(21,171,274)
Total Deferred (Inflow s)/Outflow s 2019 (chg in prop)	(21,856,417)
Total Deferred Inflow s/Outflow s Change in Proportion	(685,143)
Total Change in Proportion	\$ 2,772,302

OPEB Expense

As of June 30, 2020, the components that make up OPEB expense for Central Washington University are as follows:

Proportionate Share (%)	1.3110123441%
Service Cost	\$ 3,080,900
Interest Cost	2,672,504
Amortization of Differences Between Expected and Actual Experience	290,261
Amortization of Changes in Assumptions	(2,786,456)
Changes of Benefit Terms	-
Amortization of Changes in Proportion	334,665
Administrative Expenses	-
Total OPEB Expense	\$ 3,591,874

Actuarial Methods and Assumptions

Actuarial Assumptions

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.75%
Projected Salary Changes	3.50% Plus Service-Based Salary Increases
Health Care Trend Rates*	Trend rate assumptions vary slightly by medical plan. Initial rate is approximately 8%, reaching an ultimate rate of approximately 4.5% in 2080
Post-retirement Participation Percentage	65.00%
Percentage with Spouse Coverage	45.00%

*For additional detail on the health care trend rates, please see Office of the State Actuary's 2018 OPEB Actuarial Valuation Report.

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

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the 2007-2012 Experience Study Report. The post-retirement participation percentage and percentage with spouse coverage, were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the 2017 Economic Experience Study.

Actuarial Methodology

The total OPEB liability was determined using the following actuarial methodologies:

Actuarial Valuation Date	6/30/2018
Actuarial Measurement Date	6/30/2019
Actuarial Cost Method	Entry Age
Amortization Method	The recognition period for the experience and assumption changes is 9 years. This is equal to the average expected remaining service lives of all active and inactive members.
Asset Valuation Method	N/A - No Assets

The actuarial methodology used to determine the transactions subsequent to the measurement date were as follows:

Explicit Medicare Subsidy	Subsidy amounts are calculated at subscriber level, based on the benefit plan and enrollment tier selected, then summed over entire population to include Medicare retirees from the State, Higher Education, K-12, and Political Subdivision groups.
Implicit Medicare Subsidy	Subsidy amounts are calculated using the implicit subsidy rate* (difference between theoretical early retiree rates and composite rates** for non-Medicare risk pool) and the enrollment counts for early retirees.

*early retirees assumed to be 58% more expensive than non-Medicare risk pool as a whole on a per adult unit basis.

**calculated across non-Medicare risk pool for both self-insured and fully insured plans using the PEBB Financial Projection Model (PFFPM).

A retiree subsidy rate of \$65.59 per member per month, used to calculate the transactions subsequent to the measurement date, is equal to the total subsidies received by current retirees (both explicit and implicit), divided by the number of current active subscribers. This amount is then allocated to the agency level based on the active, health care eligible employee headcount of each agency as of the measurement date.

Discount Rate

Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 3.87 percent for the June 30, 2018 measurement date and 3.50 percent for the June 30, 2019 measurement date.

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following represents the total OPEB liability of CWU, calculated using the discount rate of 3.50 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current rate (expressed in thousands):

Discount Rate Sensitivity			
1% Decrease	Current Discount Rate	1% Increase	
\$ 92,141,609	\$ 76,089,311	\$ 63,621,430	

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following represents the total OPEB liability of CWU calculated using the health care trend rates of 8.00 percent decreasing to 4.50 percent, 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 (7.00 percent decreasing to 3.50 percent) or 1 percentage point higher (9.00 percent decreasing to 5.50 percent) than the current rate:

Health Care Cost Trend Rate Sensitivity			
Agency	1% Decrease	Current Discount Rate	1% Increase
Central Washington University	\$ 61,582,743	\$ 76,089,311	\$ 95,612,947

Additional Information

Additional actuarial and OPEB plan information is included in the Washington State CAFR on OFM's website:

<https://www.ofm.wa.gov/accounting/financial-audit-reports/comprehensive-annual-financial-report>. All other actuarial data, assumptions, and methods relied on for the preparation of this report for GASB Statement No. 75 can be found on Office of the State Actuary's website: <http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx>

NOTE 11 – BONDS PAYABLE

State law requires that the University reimburse the State annually for debt service payments relating to the State of Washington General Obligation Bonds from tuition, timber sales, and earnings on investments held by the State Treasurer. Bonds payable at June 30, 2020, consisted of bonds issued by Central Washington University.

BONDS PAYABLE

	Interest Rate %	Original Issue	Balance June 30, 2020
System revenue bonds			
Series 2010 bonds (Barto Hall Series B)	1.50 – 6.95	\$31,950,000	\$28,480,000
Series 2012 bonds (Kamola Hall Refunding)	2.00 – 3.80	7,665,000	5,115,000
Series 2013 bonds (SUB/REC-Sue L.)	3.13 – 5.00	53,415,000	41,925,000
Series 2016 bonds (Wendel Hill Hall Refunding)	2.50 - 5.00	29,175,000	27,210,000
Series 2018 bonds (Dougmore Hall)	2.50 - 5.00	45,425,000	44,800,000
Total bonds payable		\$167,630,000	\$147,530,000
Bond premium			7,523,601
Total		\$167,630,000	\$155,053,601

Maturity Information

The scheduled maturities of the general obligation and system revenue bonds are as follows:

DEBT SERVICE REQUIREMENTS

Fiscal Year	Revenue and Facilities Bonds		
	Principal	Interest	Totals
2021	\$5,645,000	\$6,482,373	\$12,127,373
2022	5,890,000	6,217,624	12,107,624
2023	6,170,000	5,930,423	12,100,423
2024	6,455,000	5,624,364	12,079,364
2025	6,735,000	5,330,098	12,065,098
2026-2030	38,305,000	21,676,798	59,981,798
2031-2035	37,225,000	13,369,740	50,594,740
2036-2040	22,365,000	6,790,884	29,155,884
2041-2045	9,590,000	3,003,744	12,593,744
2046-2049	9,150,000	933,000	10,083,000
Totals	\$147,530,000	\$75,359,048	\$222,889,048

Debt Service Requirements

The Central Washington University System Bonds Series 2010 B, taxable Build America Bonds issued in the original amount of \$31,950,000 maturing in varying annual amounts to May 1, 2040. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. The Series 2010 B bonds were issued under the American Recovery Act of 2008 Build America Bond Program as taxable bonds. Under this program the university expects to receive a subsidy from the United

States federal government of 35% of interest paid through maturity. The subsidy received during Fiscal 2018 was \$634,925. This amount is shown as non-operating revenue on the Statement of Revenue, Expenses and Changes in Net Position. A principal payment of \$1,290,000 was required and paid during Fiscal 2020. A principal payment of \$1,335,000 is scheduled for May 1, 2021.

Central Washington University System Bonds, Series 2012, issued in the original amount of \$7,655,000 and mature in varying annual amounts to May 1, 2032. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. A principal payment of \$345,000 was required and paid during Fiscal 2020. A principal payment of \$355,000 is scheduled for May 1, 2021.

Central Washington University System Bonds, Series 2013, issued in the original amount of \$53,415,000 and mature in varying annual amounts to May 1, 2034. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. A principal payment of \$2,150,000 was required and paid during Fiscal 2020. A principal payment of \$2,260,000 is scheduled for May 1, 2021.

Central Washington University System Bonds, Series 2016, issued in the original amount of \$29,175,000 and mature in varying annual amounts to May 1, 2038. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. A principal payment of \$1,000,000 was required and paid during Fiscal 2020. A principal payment of \$1,040,000 is scheduled for May 1, 2021.

Central Washington University System Bonds, Series 2018, issued in the original amount of \$45,425,000 and mature in varying annual amounts to May 1, 2049. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. A principal payment of \$625,000 was required and paid during Fiscal 2020. A principal payment of \$655,000 is scheduled for May 1, 2021.

NOTE 12 – LEASES/CONTRACTS PAYABLE

In August 2002, the University entered a 20-year lease/purchase agreement for \$5,145,000 with the Office of the State Treasurer to pay for a portion of an instructional building at Edmonds Community College to house the CWU-Lynnwood Center. Average annual payments are \$384,000 to be paid from tuition revenues for 20 years. Under the terms of the project contract, Edmonds Community College receives ownership of the building and Central Washington University has a tenant right in perpetuity.

On March 29, 2012 the State of Washington in conjunction with the Certificate of Participation (COP) program issued \$3,345,000 in Washington General Obligation Bonds with an average interest rate of 2.28% on behalf of the University to defease \$3,350,000 in General Obligation Bonds with an average interest rate of 4.37% issued on August 15, 2002.

On March 19, 2013 the State of Washington in conjunction with the Certificate of Participation (COP) program issued \$1,660,000 in Washington General Obligation Bonds with an average interest rate of 2.53% on behalf of the University to fund the Central Washington University Boiler Stack Heat Recovery Project. Anticipated savings through reduced energy costs once the project is completed will be the source of funding to make the COP payments.

Leases/Contracts Payable for the year ended June 30, 2020:

Contract #	Contract Name	% Rate	Original Issue	Balance June 30, 2020
S375-11-1	Edmonds COP 2012	2.28	\$3,345,000	\$1,020,000
S375-12-1	Heat Recovery Project COP 2013	2.53	1,660,000	1,035,000
Total			\$5,005,000	\$2,055,000

The University's lease and contracts payable payments for the next five years and thereafter are as follows:

Fiscal Year	Principle	Interest	Total
2021	\$440,000	\$76,450	\$516,450
2022	455,000	61,050	516,050
2023	470,000	45,100	515,100
2024	125,000	28,600	153,600
2025	130,000	22,350	152,350
2026-2028	435,000	13,350	448,350
Total	\$2,055,000	\$246,900	\$2,301,900

NOTE 13 – PENSION PLANS

Central Washington University adopted GASB 73 during the 2017 fiscal year. GASB 73 is meant to establish a single framework of comparison for the presentation of information relating to pension activity. These changes relate to single employer plans not covered within the scope of GASB 68.

Central Washington University Retirement Plan

Plan Description

The Central Washington University Retirement Plan (CWURP), a single-employer 403(b) defined contribution plan administered by the University. To qualify as an eligible participant, an employee must be employed at least fifty percent of the normal full-time workload as a CWU faculty, civil service exempt staff, or other salaried employee. Contributions to the plan are invested in annuity contracts or mutual fund accounts in which employees have, at all times, a 100% vested interest in their accumulations. Benefits from fund sponsors are available upon separation or retirement at the member's option.

The number of participants in the CWURP as of June 30, 2020 was 972.

Funding Policy

Current mandatory contribution rates are set at 5% for employees under the age of 35, 7.5% for employees between the ages of 35 – 49, and 10% for employees 50 and above. Contribution rates are established and amendable by Central Washington University's board of trustees per RCW 28.B.14.400. Employer contributions for the year ended June 30, 2020 were \$5,819,145.77

Central Washington University Supplemental Retirement Plan

The Central Washington University Supplemental Retirement Plan (CWUSRP), a single employer 401(a) defined-benefit retirement plan administered by the university operates in tandem with the 403(b) plans to supplement the expected defined-contribution retirement savings accumulated under the CWURP. The CWUSRP was closed to new participants effective September 1, 1998. The plan has a supplemental payment component which guarantees a minimum retirement benefit to eligible retirees based upon a one-time calculation at the employee's retirement date. The University makes direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals, no assets are accumulated in trusts or equivalent arrangements. To qualify as an eligible participant, an employee must be employed at least fifty percent of the normal full-time workload as a CWU faculty, civil service exempt staff, or other salaried employee.

As of June 30, 2020, there were approximately 67 inactive employees receiving benefits, no inactive employee entitled but not yet reviving benefits, and 1 active employee participating in the CWUSRP plan. Participants of CWUSRP are considered vested once all of the following criteria are met: the participant has reached the age of 62 while employed at CWU or retires due to health and the participant has ten or more years of service. The monthly benefit amount due to the participant is one-twelfth of 2% of his or her average annual salary multiplied by the number of service years. If the participant retires early, the monthly benefit is reduced by .5% times the number of calendar months between the date of retirement and the normal retirement age. Benefit payments made during the fiscal year ending June 30, 2020 were \$439,000.

Total Pension Liability (TPL)

The total pension liability is based on an actuarial valuation performed as of June 30, 2018 using the entry age actuarial cost method. Any assets considered to offset the total pension liability are not held in an irrevocable trust. As such, the total pension liability is shown on the balance sheet under GASB 73 as opposed to the net pension liability reported for GASB 68. Procedures performed by the Office of the State Actuary were used to roll forward the total pension liability to the measurement date of June 30, 2019. The CWUSRP pension expense for the fiscal year ending June 30, 2020 was \$610,000.

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY (AS OF JUNE 30, 2020)

Total Pension Liability - Beginning	\$ 7,378,000
Service cost	52,000
Interest	252,000
Changes in Benefit Terms	-
Differences between expected and actual experience	321,000
Changes in assumptions ¹	1,058,000
Benefit payments	(439,000)
Other	-
Total Pension Liability - Ending	8,622,000
Net Change in Total Pension Liability	\$ 1,244,000
TPL Interest Rate Sensitivity Discount Rate	8,622,000
TPL Interest Rate Sensitivity 1% Decrease	9,650,000
TPL Interest Rate Sensitivity 1% Increase	\$ 7,763,000

This table displays key economic assumptions used in the actuarial valuation for the FY ending June 30, 2019, along with information from the last measurement. The total salary increase assumption is based on the April 2016 SRP Experience Study, as well as feedback from the institution. TIAA, a financial services company who helps administer the SRP benefit calculations, provides feedback on the future investment returns for the TIAA Traditional Annuity (TIAA) and the CREF Stock Account (CREF). We then set these assumptions based on their feedback and our professional judgement. These primary investments play a key role in the SRP benefit calculation.

KEY ASSUMPTIONS			
	2020	2019	2018
Discount Rate	2.21%	3.50%	3.87%
Total Salary Increases	3.50%	3.50%	3.50%
TIAA Increase Rate	4.12%	4.25%	4.25%
CREF Increase Rate	2.31%	6.50%	6.25%

Deferred Inflows and Deferred Outflows

At June 30, 2020, the CWUSRP plan reported a deferred inflow of resources from the following sources.

DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

	Deferred Outflows		Deferred Inflows	
Differences between expected and actual experience	\$	182,000	\$	292,000
Changes in assumptions		708,000		63,000
Total	\$	890,000	\$	355,000

Amortization of Deferred Inflows and Deferred Outflows

The amount of deferred outflows and deferred inflows of resources that will be recognized in future pension expense is summarized in the table below. It provides the net impact to pension expense annually over the next five years and combines the impact beyond five years.

Amortization of Deferred Inflows and Outflows	
2021	\$ (294,000)
2022	-
2023	-
2024	-
2025	-
Thereafter	-
Total	\$ (294,000)

NOTE 14 – PENSION LIABILITY

During fiscal year 2015, the University adopted GASB Statement No.68—Accounting and Financial Reporting for Pensions. These changes in accounting policies for pensions are designed to improve transparency regarding pension obligations by requiring recognition of a liability equal to the net pension liability for the University's proportionate share of the Department of Retirement Systems (DRS) defined benefit plans. This standard requires recognition of pension expense using a systematic method, designed to match the cost of pension benefits with service periods for eligible employees, and to assist in paying for PERS1 and TRS1 future retiree costs. Because this was to be retroactively implemented, CWU also restated its beginning 2015 fund balance. The CWU financial data is now presented in accordance with the new accounting standards described above.

Central Washington University Retirement Benefits

Substantially all full-time classified employees at CWU participate in the DRS retirement plans. CWU has a financial responsibility for pension benefits associated with its defined benefit plans, and the University's financial statements for 2019 have been updated to include the University's proportionate share of the State's pension liability. Pension liability is allocated to multiple funds, based on their proportionate share of covered compensation for the fiscal year.

Prior to adopting the pension accounting changes, CWU reported pension expense based on cash contributions to DRS. All state employers are required to contribute at a rate set by the Washington State Legislature. Employer contribution rates were 12.70 percent for PERS1, 12.86 percent for PERS2, 15.51 percent for TRS and 5.33 percent for LEOFF2 in fiscal 2020. These pension accounting changes do not impact the University's requirements for making contributions to DRS.

Pension Plan Tables & Discussion

The following table represents the University's aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, Accounting and Financial Reporting for Pensions, for the years 2019-2020.

AGGREGATE PENSION AMOUNTS - TOTAL OF ALL PLANS - GASB 68

	Beginning Balance	FY 2020	Total
Pension Liabilities	\$ 18,478,955	\$ (4,081,550)	\$ 14,397,405
Pension Assets	934,164	286,363	1,220,527
Deferred outflows of resources	6,239,234	718,963	6,958,197
Deferred inflows of resources	7,271,943	1,082,863	8,354,806
Total	\$ 32,924,296	\$ (1,993,361)	\$ 30,930,935

Pension Expense	\$ 1,245,928
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State Sponsored Pension Plans

Substantially all of CWU's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for

membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age

60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates for fiscal 2020 were as follows:

PERS PLAN 1

Actual contribution rates:

	Employer	Employee
July 01, 2019 - June 30, 2020	12.70%	6.00%

CWU's actual contributions to the plan were \$1,807,254 for the year ended June 30, 2020.

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible

for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts

Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates for fiscal 2020 were as follows:

PERS PLAN 2/3

Actual contribution rates:	Employer 2/3	Employee 2*
July 01, 2019 - June 30, 2020	12.86%	7.90%
Employee PERS Plan 3	12.70%	Varies

CWU's actual contributions to the plan were \$ 2,924,753 for the year ended June 30, 2020.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. Central Washington University participates solely in LEOFF Plan 2.

LEOFF Plan 2 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent.

Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates for fiscal 2020 were as follows:

LEOFF PLAN 2

Actual contribution rates:	Employer	Employee
July 01, 2019 - June 30, 2020	5.33%	8.59%

Central Washington University's actual contributions to the plan were \$ 106,580 for the year ended June 30, 2020.

Teachers' Retirement System

Plan Description. The Legislature established the Teachers' Retirement System (TRS) in 1938. TRS retirement benefit provisions are established in chapters 41.32 and 41.34 RCW and may be amended only by the Legislature. Eligibility for membership requires service as a certificated public-school employee working in an instructional, administrative, or supervisory capacity. TRS is comprised principally of non-state agency employees.

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 defined benefit plan with a defined contribution component. 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.

TRS members who joined the system by September 30, 1977, are a Plan 1 member. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by June 30, 1996, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. TRS members joining the system on or after July 1, 1996 are members of TRS Plan 3. Legislation passed in 2007 gives TRS members hired on or after July 1, 2007, 90 days to make an irrevocable choice to become a member of TRS Plan 2 or Plan 3. At the end of 90 days, any member who has not made a choice becomes a member of Plan 3.

Contributions

The TRS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The TRS Plan 1 required contribution rates for fiscal 2020 were as follows:

TRS PLAN 1		
Actual contribution rates:	Employer	Employee
July 01, 2019 - June 30, 2020	15.51%	6.00%

CWU's actual contributions to the plan were \$230,699 for the year ended June 30, 2020.

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

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

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

TRS Plan 2 retirement benefits are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent

of the AFC per year of service. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually. TRS Plan 2 members have the option to retire early with reduced benefits. The AFC is the average of the member's 60 highest paid consecutive months.

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

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

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

From January 1, 2007 through December 31, 2007, judicial members of TRS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) program enacted in 2006. Justices and judges in TRS Plan 1 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit is capped at 75 percent of AFC.

Newly elected or appointed justices and judges who chose to become TRS members on or after January 1, 2007, were required to participate in the JBM Program.

Contributions

TRS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. The methods used to determine the contribution requirements are established under state statute.

Members in TRS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from TRS-covered employment.

As a result of the implementation of the Judicial Benefit Multiplier (JBM) program in January 2007, a second tier of employee rates was developed to fund the increased retirement benefits of those judges who participate in the program.

Actual Contributions

The TRS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a

component to address the TRS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The TRS Plan 2/3 required contribution rates for fiscal 2020 were as follows:

TRS PLAN 2/3

Actual contribution rates:

	Employer 2/3	Employee 2*
July 01, 2019 - June 30, 2020	15.51%	7.77%
Employee PERS Plan 3	15.51%	Varies

CWU's actual contributions to the plan were \$ 253,614 for the year ended June 30, 2020.

Actuarial Assumptions

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS's Comprehensive Annual Financial Report located on the DRS employer-resource GASB webpage. These assumptions reflect the results of OSA's 2007-2012 Experience Study and the 2017 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry age cost method), assumed interest and actual benefit payments.

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

Mortality rates were based on the RP-2000 report's "Combined Healthy Table" and "Combined Disabled Table." The Society of Actuaries published the document. OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB.

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.

Discount Rate

The discount rate used to measure the total pension liability was 7.40% for all plans included in this publication. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members.

Consistent with current law, the asset sufficiency test included an assumed 7.50% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.50% except LEOFF Plan 2, which has assumed 7.40%.)

Consistent with the long-term expected rate of return, a 7.40% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS Plans 2 and 3, PSERS Plan 2, SERS Plans 2 and 3, and TRS Plans 2 and 3 employers, whose rates include a component for the PERS Plan 1 or TRS Plan 1 liability). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40% was used to determine the total liability.

Sensitivity of NPL

The table below presents the net pension liability of employers, calculated using the discount rate of 7.40% as well as what employers' net pension liability would be if it were calculated using a discount rate 1 percentage point lower (6.40%) or 1 percentage point higher (8.40%) than the current rate.

	CWU Allocation %	1% Decrease 6.40%	Current Rate 7.40 %	1% Increase 8.4%
PERS1	0.259075%	\$ 12,476,039	\$ 9,962,353	\$ 7,781,401
PERS 2/3	0.321394%	23,943,185	3,121,828	(13,963,470)
TRS 1	0.042640%	1,349,282	1,055,682	801,006
TRS 2/3	0.042743%	1,403,572	257,541	(674,260)
LEOFF 2	0.052684%	\$ (226,947)	\$ (1,220,527)	\$ (2,031,515)

Long-Term Expected Rate of Return

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.

Estimated Rates of Return by Asset Class

The table below summarizes 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, 2019.

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.

Estimated Rates of Return by Asset Class

Asset Class	Target Allocation	% Long - Term Expected Real Rate of Return Arithmetic
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%

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, Central Washington University reported a total pension liability of \$14,397,405 and an asset of \$1,220,527 for its proportionate share of the net pension balances as follows:

PENSION PLAN FIDUCIARY NET POSITION

Plan	Liability	Asset
PERS1	\$ 9,962,353	
PERS 2/3	3,121,828	
TRS 1	1,055,682	
TRS 2/3	257,541	
LEOFF 2		(1,220,527)
	<u>\$ 14,397,405</u>	<u>\$ (1,220,527)</u>

	Liability (or Asset)
LEOFF 2 - employer's proportionate share	\$ (1,220,527)

LEOFF 2 - States proportionate share of the net pension liability/(asset) associated with the employer

	<u>\$ (799,281)</u>
Total	<u>\$ (2,019,808)</u>

At June 30, 2020 the University's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 06/30/2018	Proportionate Share 06/30/2019	Change In Proportion
PERS1	0.2617410%	0.2590750%	-0.0026660%
PERS 2/3	0.3192360%	0.3213940%	0.0021580%
TRS 1	0.0396250%	0.0426400%	0.0030150%
TRS 2/3	0.0403360%	0.0427430%	0.0024070%

At June 30, 2020 the University's proportionate share of the collective net pension assets was as follows:

Plan	Proportionate Share 06/30/2018	Proportionate Share 06/30/2019	Change In Proportion
LEOFF 2	0.0460130%	0.0526840%	0.0066710%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Non-employer Allocations for all plans except LEOFF 1, a plan the University does not utilize.

In fiscal year 2020, the state of Washington contributed 39.57 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.43 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended June 30, 2020, Central Washington University recognized a net pension expense as follows:

Plan	Pension Expense
PERS1	\$348,630
PERS 2/3	592,240
TRS 1	156,728

TRS 2/3	192,535
LEOFF 2	(\$44,205)
Total	\$1,245,928

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2020, Central Washington University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Net difference between projected and actual investment earnings on pension plan investments		\$ (665,569)
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	\$ 1,807,254	
Total	\$ 1,807,254	\$ (665,569)

PERS 2/3

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 894,411	\$ (671,176)
Net difference between projected and actual investment earnings on pension plan investments		(4,544,111)
Changes of assumptions	79,940	(1,309,815)
Changes in proportion and differences between contributions and proportionate share of contributions	163,880	(279,393)
Contributions subsequent to the measurement date	\$ 2,924,753	
Total	\$ 4,062,984	\$ (6,804,495)

LEOFF 2

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 87,828	\$ (21,948)
Net difference between projected and actual investment earnings on pension plan investments		(250,246)
Changes of assumptions	2,011	(137,348)
Changes in proportion and differences between contributions and proportionate share of contributions	35,020	(89,968)
Contributions subsequent to the measurement date	\$ 106,580	
Total	\$ 231,439	\$ (499,511)

TRS 1

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Net difference between projected and actual investment earnings on pension plan investments		\$ (80,962)
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	\$ 230,699	
Total	\$ 230,699	\$ (80,962)

TRS 2/3

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 179,072	\$ (8,287)
Net difference between projected and actual investment earnings on pension plan investments	0	(222,348)
Changes of assumptions	97,092	(68,429)
Changes in proportion and differences between contributions and proportionate share of contributions	96,043	(5,206)
Contributions subsequent to the measurement date	\$ 253,614	
Total	\$ 625,821	\$ (304,269)

Deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date have been recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOTALS (EXCLUDING CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE)

	PERS 1 Yearly Amortization	PERS 2/3 Yearly Amortization	TRS 1 Yearly Amortization	TRS 2/3 Yearly Amortization	LEOFF 2 Yearly Amortization
2020	\$ (146,928)	\$ (1,421,074)	\$ (16,619)	\$ (14,613)	\$ (68,311)
2021	(348,030)	(2,350,516)	(43,465)	(65,982)	(128,336)
2022	(124,197)	(1,052,621)	(15,284)	(7,723)	(61,393)
2023	(46,413)	(571,870)	(5,595)	15,177	(36,670)
2024		(291,901)	0	33,925	(16,619)
Thereafter		21,718	0	107,155	(62,973)
Total Net Deferred (Inflows)/Outflows	\$ (665,569)	\$ (5,666,264)	\$ (80,962)	\$ 67,938	\$ (374,303)

NOTE 15 - DEFERRED COMPENSATION

The University, through the State of Washington, offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. Under the plan, eligible employees can elect to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable financial emergency.

NOTE 16 - RELATED PARTY TRANSACTIONS

The Central Washington University Foundation (the Foundation) is organized to operate exclusively for the purposes of encouraging, promoting, and supporting educational programs and scholarly pursuits at or in conjunction with Central Washington University. The Foundation provided \$3,622,855 in scholarships and program support to the University during the fiscal year ending June 30, 2020. Detailed financial information for the foundation may be obtained from its administrative office.

Summary financial information of the Central Washington University Foundation as of June 30, 2020:

CWU FOUNDATION FINANCIAL INFORMATION for June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Income	\$6,075,970	\$1,302,688	\$7,378,658
Expense	5,595,245		5,595,245
Change in net position	480,725	1,302,688	1,783,413
Net position at beginning of year	2,641,643	32,794,645	35,436,288
Net position at end of year	\$3,122,368	\$34,097,333	\$37,219,701

NOTE 18 – OPERATING EXPENSES BY NATURAL CLASSIFICATION

The statement of revenues, expenses, and changes in net position displays operating expenses by functional classification. The following table summarizes operating expenses by natural classification for the years ended:

OPERATING EXPENSES BY NATURAL CLASSIFICATION

	June 30, 2020
Salaries and wages	\$ 126,563,799
Benefits	40,859,428
Goods and services	43,144,248
Scholarships and fellow ships	26,433,429
Non-capitalized facility improvements	7,000,233
Supplies and materials	3,042,327
Utilities	5,046,437
Depreciation	23,024,894
Total	\$ 275,114,794

NOTE 19 – PLEDGED REVENUE

The University has pledged specific revenues, net of specified operating expenses, to repay the principal and interest of revenue bonds. The revenue bonds are obligations of the University's reporting segment referred to as "The System" (Note 20) with all revenues pledged as a whole to all debt service repayment. The following is a schedule of the pledged revenues and related debt:

Source of Revenue Pledged	2020 Revenues Pledged	2020 Debt Service	Total Future Revenues Pledged*	Description of Debt	Purpose of Debt	Term of Commitment
Student & Activity Fees	\$5,612,237	\$2,481,443	\$34,747,983	Series 2013 Bonds	Construction of new Student Union Building & Recreation Center (SURC)	2034
Bookstore Revenues	197,370	202,184	2,831,211	Series 2013 Bonds	Construction of new bookstore as part of the new SURC	2034
Housing, Dining & Parking Revenues	17,350,974	9,462,347	185,309,858	Series 2010, 2012, 2013, 2018 Bonds	Construction of Wendell Hill Hall 2008, Barto Hall 2010, Refunding bonds of 2012 and 2013, Dougmore Hall 2018	2049
Total	23,160,581	12,145,974	222,889,052			

NOTE 20 – SEGMENT INFORMATION

Central Washington University's System operates the Student Union & Recreation Center, residence halls, apartment complexes, a conference program, dining facilities, parking services and the Wildcat Shop bookstore located on the Ellensburg campus. The system owns its buildings, while the University owns the land. The system issues revenue bonds from time to time to renovate and build new facilities. The system pledges its net revenues to cover the costs of debt service, for accounting purposes the system is considered a segment of the University.

Presented below are condensed financial statements for the System.

Condensed Statement of Net Position

	June 30, 2020
Assets	
Current assets	\$34,189,314
Non-current assets	196,962,107
Deferred Outflow s	6,149,624
Total assets & deferred outflows	237,301,045
Liabilities	
Current liabilities	14,246,047
Non-current liabilities	163,176,238
Deferred Inflow s	4,890,897
Total liabilities & deferred inflows	182,313,182
Net position	
Net investment in capital assets	44,485,194
Unrestricted	10,502,668
Total net position	\$54,987,863

Condensed Statement of Revenues, Expenses, and Changes in Net Position

Operating revenues	\$57,630,397
Operating expenses	50,332,633
Depreciation	6,262,851
Net operating income (loss)	1,034,913
Non-operating revenues (expenses)	
Interest on indebtedness	(6,484,462)
Other non-operating revenue (expense), net	4,893,383
Total increase in net position	(556,167)
Total net position, beginning of year	55,544,029
Total net position, end of year	\$54,987,862

Condensed Statement of Cash Flows

Net cash flows provided by	
Operating activities	\$7,350,555
Non-capital financing activities	
Investing activities	4,068,770
Capital and related financing	(22,844,698)
Net increase (decrease) in cash	(11,425,373)
Cash – beginning of year	38,150,750
Cash – end of year	\$26,725,376

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

Notes to RSI

Methods and assumptions used in calculations of actuarial determined contributions for PERS, TRS and LEOFF – 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 under 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 30th, 2015 valuation date, completed in the Fall of 2016, determines the ADC for the period beginning July 1st, 2017 and ending June 30th, 2020.

Under GASB Statement 68, government entities that participate in one or more of the State's cost-sharing, multiple employer pension plans (PERS, SERS, PSERS, TRS, and LEOFF) must present as RSI:

- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Employer Contributions

These are 10-year schedules. Until a full 10-year trend is compiled, Central is presenting information only for those years for which information is available.

GASB 68 RSI | SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY PERS 1

AS OF JUNE 30,

	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.259075%	0.261741%	0.267831%	0.267903%	0.273865%	0.286822%
Employer's proportionate share of the net pension liability	\$ 9,962,353	\$ 11,689,442	\$ 12,708,790	\$ 14,387,653	\$ 14,325,686	\$ 14,448,793
Total	\$ 9,962,353	\$ 11,689,442	\$ 12,708,790	\$ 14,387,653	\$ 14,325,686	\$ 14,448,793
Employer's covered employee payroll	\$ 35,829,842	\$ 33,818,936	\$ 32,921,384	\$ 31,103,871	\$ 30,204,218	\$ 30,158,804
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	27.80%	34.56%	38.60%	46.26%	47.43%	47.91%
Plan fiduciary net position as a percentage of the total pension liability (State)	67.12%	63.22%	61.24%	57.03%	59.10%	61.19%
Plan fiduciary net position as a percentage of the total pension liability (University)	0.13%	0.15%	0.16%	0.15%	0.16%	0.18%

GASB 68 RSI | SCHEDULE OF EMPLOYER CONTRIBUTIONS PERS 1

AS OF JUNE 30,

	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	\$ 1,807,254	\$ 1,874,681	\$ 1,749,544	\$ 1,611,068	\$ 1,537,185	\$ 1,530,761	\$ 1,260,439
Contributions in relation to the statutorily or contractually required contributions	\$ (1,807,254)	\$ (1,874,681)	\$ (1,749,544)	\$ (1,611,068)	\$ (1,537,185)	\$ (1,530,761)	\$ (1,260,439)
Contribution deficit (excess)	-	-	-	-	-	-	-
Covered employee payroll	\$ 37,320,156	\$ 35,829,842	\$ 33,818,936	\$ 32,921,384	\$ 31,103,871	\$ 30,204,218	\$ 30,158,804
Contributions as a percentage of covered employee payroll	4.84%	5.23%	5.17%	4.89%	4.94%	5.07%	4.18%

GASB 68 RSI | SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY PERS 2/3
AS OF JUNE 30,

	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.321394%	0.319236%	0.328308%	0.324228%	0.328819%	0.335470%
Employer's proportionate share of the net pension liability	\$ 3,121,828	\$ 5,450,671	\$ 11,407,134	\$ 16,324,624	\$ 11,748,890	\$ 6,781,060
Total	3,121,828	5,450,671	11,407,134	16,324,624	11,748,890	6,781,060
Employer's covered employee payroll	\$ 35,261,741	\$ 33,119,012	\$ 32,232,145	\$ 30,347,916	\$ 29,208,644	\$ 29,208,644
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	8.85%	16.46%	35.39%	53.79%	40.22%	23.22%
Plan fiduciary net position as a percentage of the total pension liability (State)	97.77%	95.77%	90.97%	85.82%	89.20%	93.29%
Plan fiduciary net position as a percentage of the total pension liability (University)	0.01%	0.01%	0.30%	0.28%	0.29%	0.31%

GASB 68 RSI | SCHEDULE OF EMPLOYER CONTRIBUTIONS PERS 2/3
AS OF JUNE 30,

	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	\$ 2,924,753	\$ 2,648,752	\$ 2,463,266	\$ 2,015,926	\$ 1,556,120	\$ 1,871,738	\$ 1,464,731
Contributions in relation to the statutorily or contractually required contributions	\$ (2,924,753)	\$ (2,648,752)	\$ (2,463,266)	\$ (2,015,926)	\$ (1,556,120)	\$ (1,871,738)	\$ (1,464,731)
Contribution deficit (excess)	-	-	-	-	-	-	-
Covered employee payroll	\$ 36,933,476	\$ 35,261,741	\$ 33,119,012	\$ 32,232,145	\$ 30,347,916	\$ 29,208,644	\$ 29,208,644
Contributions as a percentage of covered employee payroll		7.51%	7.44%	6.25%	5.13%	6.41%	5.01%

GASB 68 RSI | SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY LEOFF 2
AS OF JUNE 30,

	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.052684%	0.046013%	0.049366%	0.048980%	0.049973%	0.052338%
Employer's proportionate share of the net pension liability (asset)	\$ (1,220,527)	\$ (934,164)	\$ (685,040)	\$ (284,882)	\$ (513,622)	\$ (694,548)
Total	(1,220,527)	(934,164)	(685,040)	(284,882)	(513,622)	(694,548)
Employer's covered employee payroll	\$ 1,191,193	\$ 913,166	\$ 921,151	\$ 893,567	\$ 874,609	\$ 876,364
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	-102.46%	-102.30%	-74.37%	-31.88%	-58.73%	-79.25%
Plan fiduciary net position as a percentage of the total pension liability (State)	148.78%	144.42%	113.36%	106.04%	111.67%	116.75%
Plan fiduciary net position as a percentage of the total pension liability (University)	-0.02%	-0.02%	0.06%	0.05%	0.06%	0.06%

GASB 68 RSI | SCHEDULE OF EMPLOYER CONTRIBUTIONS LEOFF 2

AS OF JUNE 30,

	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	\$ 106,580	\$ 97,930	\$ 79,790	\$ 77,985	\$ 74,932	\$ 73,246	\$ 74,161
Contributions in relation to the statutorily or contractually required contributions	\$ (106,580)	\$ (97,930)	(79,790)	(77,985)	(74,932)	(73,246)	(74,161)
Contribution deficit (excess)	-	-	-	-	-	-	-
Covered employee payroll	\$ 1,240,741	\$ 1,191,193	\$ 913,166	\$ 921,151	\$ 893,567	\$ 874,609	\$ 876,364
Contributions as a percentage of covered employee payroll	8.59%	8.22%	8.74%	8.47%	8.39%	8.37%	8.46%

GASB 68 RSI | SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY TRS 1

AS OF JUNE 30,

	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.042640%	0.039625%	0.035188%	0.033936%	0.026544%	0.026263%
Employer's proportionate share of the net pension liability	\$ 1,055,682	\$ 1,157,285	\$ 1,063,828	\$ 1,158,655	\$ 840,952	\$ 774,615
Total	1,055,682	1,157,285	1,063,828	1,158,655	840,952	774,615
Employer's covered employee payroll	\$ 3,073,293	\$ 2,321,620	\$ 1,932,755	\$ 1,675,334	\$ 1,274,367	\$ 1,522,643
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	34.35%	49.85%	55.04%	69.16%	65.99%	50.87%
Plan fiduciary net position as a percentage of the total pension liability (State)	70.37%	66.52%	65.58%	62.07%	65.70%	68.77%
Plan fiduciary net position as a percentage of the total pension liability (University)	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%

GASB 68 RSI | SCHEDULE OF EMPLOYER CONTRIBUTIONS TRS 1

AS OF JUNE 30,

	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	\$ 230,699	\$ 226,858	\$ 164,798	\$ 123,137	\$ 104,733	\$ 59,801	\$ 54,658
Contributions in relation to the statutorily or contractually required contributions	\$ (230,699)	(226,858)	(164,798)	(123,137)	(104,733)	(59,801)	(54,658)
Contribution deficit (excess)	-	-	-	-	-	-	-
Covered employee payroll	\$ 3,162,069	\$ 3,073,293	\$ 2,321,620	\$ 1,932,755	\$ 1,675,334	\$ 1,274,367	\$ 1,522,643
Contributions as a percentage of covered employee payroll	7.30%	7.38%	7.10%	6.37%	6.25%	4.69%	3.59%

GASB 68 RSI | SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY TRS 2/3

AS OF JUNE 30,

	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.042743%	0.040336%	0.034181%	0.033194%	0.026201%	0.031582%
Employer's proportionate share of the net pension liability	\$ 257,541	\$ 181,558	\$ 315,471	\$ 455,852	\$ 221,085	\$ 102,006
Total	257,541	181,558	315,471	455,852	221,085	102,006
Employer's covered employee payroll	\$ 3,063,629	\$ 2,321,620	\$ 1,885,366	\$ 1,641,897	\$ 1,236,791	\$ 1,401,164
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	8.41%	7.82%	16.73%	27.76%	17.88%	7.28%
Plan fiduciary net position as a percentage of the total pension liability (State)	96.36%	96.88%	93.14%	88.72%	92.48%	96.81%
Plan fiduciary net position as a percentage of the total pension liability (University)	0.002%	0.001%	0.03%	0.03%	0.02%	0.03%

GASB 68 RSI | SCHEDULE OF EMPLOYER CONTRIBUTIONS TRS 2/3

AS OF JUNE 30,

	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	\$ 253,614	\$ 239,219	\$ 179,324	\$ 125,562	\$ 109,267	\$ 70,311	\$ 80,622
Contributions in relation to the statutorily or contractually required contributions	\$ (253,614)	\$ (239,219)	\$ (179,324)	\$ (125,562)	\$ (109,267)	\$ (70,311)	\$ (80,622)
Contribution deficit (excess)	-	-	-	-	-	-	-
Covered employee payroll	\$ 3,127,718	\$ 3,063,629	\$ 2,321,620	\$ 1,885,366	\$ 1,641,897	\$ 1,236,791	\$ 1,401,164
Contributions as a percentage of covered employee payroll	8.11%	7.81%	7.72%	6.66%	6.65%	5.68%	5.75%

GASB 73 RSI | SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY

	2020	2019	2018	2017
Total Pension Liability - Beginning	\$ 7,378,000	\$ 7,717,000	\$ 8,477,000	\$ 10,331,000
Service cost	52,000	61,000	91,000	150,000
Interest	252,000	293,000	299,000	293,000
Changes in Benefit Terms	-	-	-	-
Differences between expected and actual experience	321,000	(711,000)	(466,000)	(1,270,000)
Changes in assumptions ¹	1,058,000	428,000	(272,000)	(616,000)
Benefit payments	(439,000)	(411,000)	(412,000)	(411,000)
Other	-	-	-	-
Total Pension Liability - Ending	\$ 8,622,000	\$ 7,378,000	\$ 7,717,000	\$ 8,477,000
Covered-Employee Payroll	8,282,000	8,952,000	10,368,000	11,028,000
Total Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	104.11%	82.42%	74.43%	76.87%

GASB 75 RSI | SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

PEBB FOR YEAR ENDED JUNE 30,

Central Washington University	2019	2018	2017
Proportionate Share (%)	1.3110123441%	1.2699155000%	1.2489969930%
Service Cost	\$ 3,080,900	\$ 4,032,287	\$ 4,932,979
Interest Cost	2,672,504	2,772,175	2,310,638
Differences Between Expected and Actual Experience	-	2,530,457	-
Changes in Assumptions	4,976,906	(17,652,761)	(11,271,331)
Changes of Benefit Terms	-	-	-
Benefit Payments	(1,222,510)	(1,170,828)	(1,177,538)
Changes in Proportionate Share	2,087,159	1,218,675	(1,144,803)
Other	-	-	-
Net Change in Total OPEB Liability	11,594,959	(8,269,995)	(6,350,055)
Total OPEB Liability - Beginning	64,494,352	72,764,347	79,114,402
Total OPEB Liability - Ending	\$ 76,089,311	\$ 64,494,352	\$ 72,764,347
Covered-Employee Payroll	109,598,517	101,003,340	93,216,733
Total OPEB Liability as a percentage of covered-employee Payroll	69.42549323%	63.85368249%	78.05931888%

ABOUT THE STATE AUDITOR'S OFFICE

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

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In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

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