Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Eastern Washington University

For the period July 1, 2021 through June 30, 2023

Published February 22, 2024

Report No. 1034290

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Office of the Washington State Auditor
Pat McCarthy

February 22, 2024

Board of Trustees
Eastern Washington University
Cheney, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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Eastern Washington University
July 1, 2021 through June 30, 2023

Board of Trustees
Eastern Washington University
Cheney, 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 Eastern Washington University, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University’s basic financial statements, and have issued our report thereon dated February 15, 2024.

Our report includes a reference to other auditors who audited the financial statements of the Eastern Washington University Foundation (the Foundation), the Eastern Washington University Housing and Dining Services (Housing), and the Eastern Washington University Associated Student Activities (Student Activities) as described in our report on the University’s financial statements. This report includes our consideration of the results of the other auditors’ testing of internal control over financial 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 reports of the other auditors. The financial statements of the Foundation, Housing, and Student Activities were not audited in accordance with Government Auditing Standards and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation, Housing, and Student Activities.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the University’s internal control over financial reporting (internal control) as a basis for designing 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

February 15, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Eastern Washington University
July 1, 2021 through June 30, 2023

Board of Trustees
Eastern Washington University
Cheney, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Eastern Washington University, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the financial section of our report.

In our opinion, based on our audit and the reports of the other auditors, the accompanying 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 Eastern Washington University, as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Eastern Washington Foundation (the Foundation), which represent 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Eastern Washington Housing and Dining Services (Housing), and the Eastern Washington University Associated Student Activities (Student Activities). Housing represents 8.7 percent of the assets, 8.9 percent of net position, and 11.9 percent of revenues of the University business-type activities. Student Activities represents 11.1 percent of the assets, 6.5 percent of net position, and 6.4 percent of revenues of the University business-type activities. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Foundation, Housing, and Student Activities, are based solely on the reports of the other auditors. The financial statements of the Foundation, Housing, and Student Activities were not audited in accordance with Government Auditing Standards.

Basis for Opinions

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

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2023, the University adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statements of the Eastern Washington University, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the University and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2023, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024 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 the effectiveness of the University's 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.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

February 15, 2024

FINANCIAL SECTION

Eastern Washington University
July 1, 2021 through June 30, 2023

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Management’s Discussion and Analysis

The following discussion and analysis provides an overview of the financial position and activities of Eastern Washington University (“the University”) for the fiscal year ended June 30, 2023, with comparative 2022 and 2021 financial information. This MD&A provides the readers an objective and easily readable analysis of the University’s financial performance for the year, based on currently known facts and conditions. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying footnotes to the financial statements.

Reporting Entity

Eastern Washington University (EWU), one of six four-year public institutions of higher education in the state of Washington, provides baccalaureate and graduate educational programs for about 19,200 distinct full time and part time students for FY23. The University was established in 1882 and its primary purpose is to prepare individuals for successful contributions to society throughout their careers and in their leadership role as citizens.

The University’s main campus is located in Cheney, Washington, a community of approximately 13,000 residents. Eastern also offers a variety of upper division and graduate programs at the EWU Spokane campus and at various locations throughout the state of Washington.

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

Using the financial statements

The University reports as a business-type activity as defined by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities*, as amended. Under this model, the financial report consists of three statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* requires a university to report an organization that raises and holds economic resources for the direct benefit of a government unit. Under this requirement the EWU Foundation is a component unit of the University and their financial statements are incorporated in this financial report.

Impact from Changes in Accounting and Reporting Requirements

The University implemented GASB Statement No. 96, *Subscription Based Information Technology Arrangements* for the year ending June 30, 2023. This statement changed the accounting and financial reporting for subscription type contracts conveying the right to use underlying information technology software in an exchange or exchange-like transaction for a term exceeding 12 months, resulting in the recognition of a right to use subscription asset and related subscription liability. This statement was applied retroactively as of July 1, 2021. The Statement of Net Position, Statement of Revenues, Expenses, and Change in Net Position, and Statement of Cash Flows have been restated for fiscal year 2022 to reflect this change.

The University implemented GASB Statement No. 87, *Leases* for the year ending June 30, 2022. This statement changed the accounting and financial reporting for lease arrangements and applies to contracts that convey the right to use an underlying non-financial asset in an exchange or exchange-like transaction for a term exceeding 12 months. Lessee arrangements now recognize a right to use lease asset related lease liability. Lessor arrangements now recognize a lease receivable and deferred inflow of resources. This statement was applied retroactively as of July 1, 2020.

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the last two fiscal years and reports all assets, deferred outflows, liabilities and deferred inflows of the University. This statement represents the assets available to continue operations of the institution and also identifies how much the institution owes vendors, investors and lenders.

A summarized comparison of the University's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30 is shown below.

Condensed Statements of Net Position (in thousands)

	2023	2022	2021
Assets			
Current assets	$ 229,501	$ 199,680	$ 189,944
Capital assets, net of depreciation	427,453	405,867	400,676
Other non-current assets	126,573	143,590	101,581
Total Assets	783,527	749,137	692,201
Deferred outflows of resources	22,141	18,371	18,440
Liabilities			
Current liabilities	39,368	36,102	34,488
Non-current liabilities	229,730	245,759	255,023
Total Liabilities	269,098	281,861	289,511
Deferred inflows of resources	63,082	62,280	41,044
Net Position	$ 473,488	$ 423,367	$ 380,086

Current assets consist primarily of cash, short term investments and accounts receivable. Investment purchases in FY23 and FY22 caused short-term balances to increase compared to the prior year. Changes to investments and the direct impact on cash is especially visible on the Statement of Cash Flows presented later in this report. Accounts receivable in FY22 was higher than the other two years, in part to year-end federal HEERF and state appropriation monies. Renovation on the University's Science Building contributed to a higher construction in progress balance in FY23 and FY22, included above in capital assets. The implementation of GASB Statements 96 and 87 resulted in right to use lease and subscription assets recorded for FY21 and forward. Student loans receivable included in other noncurrent assets continues to decline after the Perkins federal loan program was discontinued and loans are repaid. For FY22, amounts recorded as retirement assets (included in noncurrent assets) were much higher than in prior years, particularly as actuarial assumptions differ from actual results.

Current liabilities include amounts payable to suppliers for goods and services, accrued payroll and related liabilities and unearned revenue while noncurrent liabilities consist mostly of bond debt, right to use leases and subscriptions, and liabilities related to retirement and other postemployment benefits. Accounts payable increased in FY23 from yearend construction invoices paid to contractors. Accrued payroll has increased in FY23 and FY22 following the overall changes in salaries and wages. Unearned revenues include funds drawn as part of the Higher Education Emergency Relief Fund (HEERF).

With the implementation of GASB Statements 87 and 96, liabilities related to noncancellable right to use lease and subscription agreements are now reported under current and noncurrent liabilities. Retirement and OPEB liabilities are calculated by the Washington Office of the State Actuary using actuarial assumptions and methods in conjunction with prescriptive guidance issued in professional accounting regulations. Resulting liabilities can and have varied significantly as these assumptions and estimates change over the course of each actuarial valuation. Related to these liabilities are deferred outflows of resources and deferred inflows of resources, which represent a consumption or acquisition of net position related to a future period, and are therefore a deferral until that time. Examples of these deferrals include changes in actuarial assumptions used in calculating the liabilities, differences between expected and actual experience, and differences between expected returns on plan assets and actual returns, as applicable. Footnotes 12 and 13 detail more information on the balances of deferred outflows and inflows of resources. These actuarial items tend to vary significantly from year to year.

Net position, the difference between assets plus deferred outflows less liabilities and deferred inflows, is a broad indicator of the financial condition of the University. The change in net position measures whether the overall financial condition has improved or worsened during the year. The University reports its net position in four categories:

Net Investment in Capital Assets – This is the University's investment in property, plant and equipment, net of accumulated depreciation and the amount of outstanding debt related to those capital assets.

Restricted-Nonexpendable – This category consists of funds on which the donor or external party has imposed a restriction. Permanent endowments are the primary origin of nonexpendable funds; the corpus is available for investment only.

Restricted Expendable – This category includes resources which the University is legally or contractually obligated to spend in accordance with the time or purpose restrictions on the use of the asset placed upon them by donors or other external parties. The primary expendable funds for the University are student loans and capital project funds. Balances fluctuate with the timing of capital project expenses, contributions to permanent endowments, and other conditions.

Unrestricted – These are all other funds available to the University for the general and educational obligations to meet current expenses for any purpose. Unrestricted net position is not subject to externally imposed stipulations; however, the University has designated the majority of unrestricted net assets for various academic programs and university support functions such as auxiliary enterprises and student services.

Net position at June 30 is summarized as follows:

Categories of Net Position (in thousands)

	2023	2022	2021
Net investment in capital assets	$ 343,737	$ 321,916	$ 313,976
Restricted:			
Non-expendable	5,422	5,422	5,417
Expendable	29,763	44,628	18,992
Unrestricted	94,566	51,401	41,701
Total net position	$ 473,488	$ 423,367	$ 380,086

Net investment in capital assets reflects work on the Science Building renovation in FY23 and FY22. The restricted expendable category in FY23 and FY22 includes $9.3 million and $25.8 million, respectively, of net retirement assets for certain state administered retirement plans (see footnote 12). That category also includes resources restricted by bond covenants for renewal and replacement costs of the Pence Union Building (PUB) and University Recreation Center (URC). Unrestricted net position, most affected by results of normal operations, continues to see increases over the three years from new accelerated online graduate programs as well as cost reduction measures to offset forecasted declines in operating revenues. Unrestricted net position is also the classification most affected by the implementation of GASB pronouncements relating to accounting and reporting of retirement and other postemployment benefit liabilities. It is important to evaluate net position of the University with consideration to these pronouncements. The following table is presented to better visualize the impact to the University's unrestricted net position resulting from these accounting standards, and shows net position excluding the impacts from GASB 75 (implemented FY18), GASB 73 (implemented FY17 with conversion to GASB 68 in FY21), and GASB 68 (implemented FY15).

Unrestricted Net Position Excluding Retirement and OPEB (in thousands)

	2023	2022	2021
Unrestricted net position, as reported	$ 94,565	$ 51,401	$ 41,701
Impact of GASB 68 (retirement)	(5,752)	(1,680)	9,776
Impact of GASB 73 (retirement)	12,241	13,408	14,287
Impact of GASB 75 (OPEB)	75,523	78,255	78,235
Unrestricted net position, excluding retirement and OPEB	$ 176,577	$ 141,384	$ 143,999

These liabilities, expensed in the period when incurred, represent potential cash outflows in future periods based on current provisions in retirement plans and other post-employment benefit provisions. The latter category could change significantly if explicit or implied subsidies are changed through subsequent changes in administrative policy or legislation.

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. The statement classifies revenues and expenses as either operating or non-operating. Under current reporting guidelines, state appropriations are classified as non-operating revenues though such funding is used to cover operating expenses. To better assess the University's financial health, include all revenue sources and focus on the increase (or decrease) in net position. A summarized comparison of the University's operating performance and change in net position follows for the fiscal years ended June 30:

Condensed Operating Results (in thousands)

	2023	2022	2021
Operating revenue	$ 152,773	$ 164,760	$ 149,287
Operating expenses	237,258	223,122	208,269
Net operating loss	(84,485)	(58,362)	(58,982)
Net non-operating revenues	100,665	81,442	84,663
Income/(loss) before other revenues	16,180	23,080	25,681
Other revenues and expenses	33,941	18,838	18,076
Increase in net position	50,121	41,918	43,757
Net position, beginning of year	423,367	380,086	336,582
Adjustment to beginning net position	-	1,363	(253)
Net position, end of year	$ 473,488	$ 423,367	$ 380,086

Operating and Nonoperating Revenues

Operating revenues consist primarily of tuition and fees, sponsored program revenue (i.e., grants and contracts), and sales and services revenue generated by auxiliary enterprises. Non-operating revenues consist primarily of state appropriations, investment income and Pell grants for student financial aid. Other revenues and expenses include state capital project appropriations, and may also report one time transactions such as losses on the demolition of capital assets and the expense associated with termination and closeout of the Perkins federal loan program.

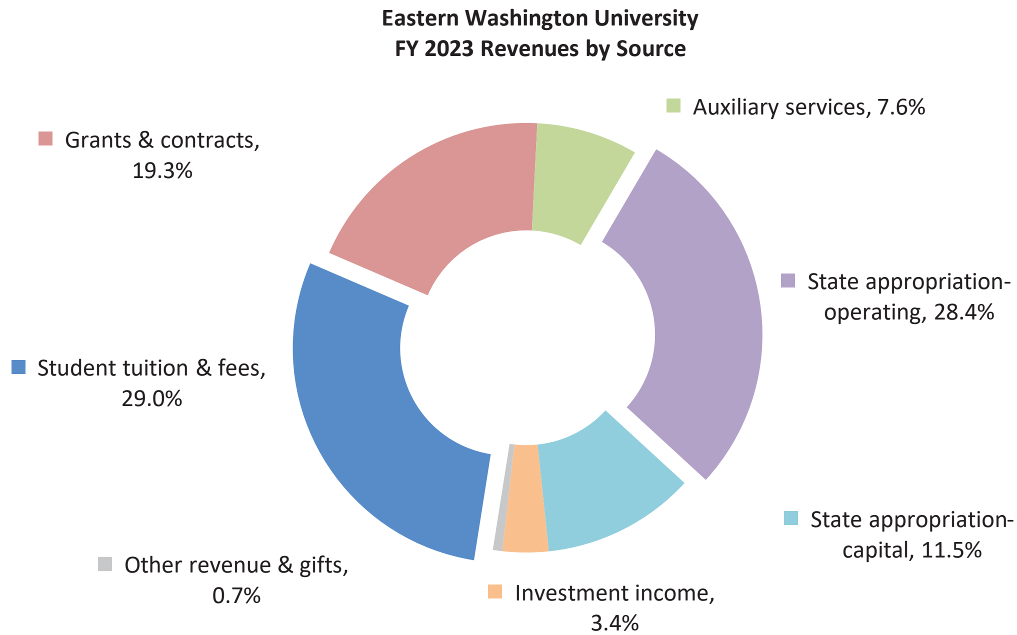
Financial support related to the COVID-19 pandemic was available to the University through the following federal sources, all of which are reported under federal grants and contracts revenue. The Higher Education Emergency Relief Fund (HEERF I) monies authorized under the Coronavirus Aid, Relief and Economic Security (CARES) Act allocated $4.9 million to the University to provide emergency grants to students for expenses related to the disruption of campus operations due to the COVID-19 pandemic. These funds were largely spent in FY20 with the remainder spent in FY21. An additional $4.9 million was provided to cover institutional costs related to instructional delivery and operational costs due to COVID-19, which was expended through fiscal year 2023.

The Higher Education Emergency Relief Fund II (HEERF II) authorized by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) provided $4.9 million in student aid funding and $11.7 million in institutional support funding. The University spent $4.8 million of the student aid funding in FY21. $1.6 million and $10.0 million of institutional support funds were allocated in FY22 and FY21, respectively.

The Higher Education Emergency Relief Fund III (HEERF III) authorized by the American Rescue Plan (ARP) provided $14.7 million in student aid and $14.5 million in institutional support funding to the University. The University spent all of the student aid funding in FY22. $1.7 million, $10.4 million and $2.4 million of the institutional support funds were allocated in FY23, FY22 and FY21, respectively.

Higher Education Emergency Relief Fund (HEERF) (in thousands)		Allocation by fiscal year			
	Federal Allocation	2023	2022	2021	2020
HEERF I	$ 9,986	$ 3,433	$ 174	$ 2,073	$ 4,305
HEERF II	16,721	120	1,628	14,834	-
HEERF III	29,147	1,706	25,197	2,370	-
Total	$ 55,854	$ 5,259	$ 26,999	$ 19,277	$ 4,305

The illustration below shows revenues by source (both operating and non-operating) used to fund the University's programs for the year ended June 30, 2023. The ensuing table compares revenues by source across fiscal years.



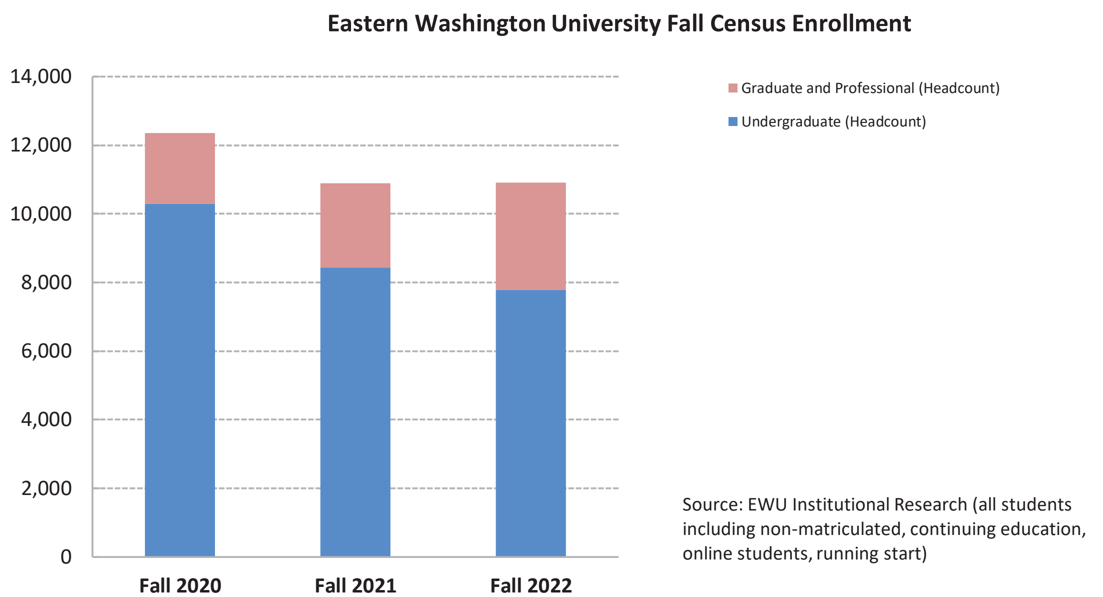
Revenues by Source (in thousands)
For the year ended June 30

	2023		2022		2021	
Student tuition & fees	$ 84,887	29.0%	$ 81,088	30.1%	$ 81,660	31.8%
Grants & contracts	56,695	19.3%	77,279	28.6%	73,925	28.8%
Auxiliary services	22,351	7.6%	18,015	6.7%	8,489	3.3%
State appropriation-operating	83,188	28.4%	71,922	26.6%	67,661	26.3%
State appropriation-capital	33,747	11.5%	18,898	7.0%	15,582	6.1%
Investment income	10,108	3.4%	503	0.2%	5,851	2.3%
Other revenue & gifts	2,087	0.7%	2,195	0.8%	3,689	1.4%
Total	$ 293,063	100.0%	$ 269,900	100.0%	$ 256,857	100.0%

Tuition, student fees, and state operating appropriations are the primary sources of funding for the University's academic programs. Revenue from tuition and fees, net of scholarship allowances, has historically represented almost one third of total revenue. Undergraduate enrollment levels account for most operating tuition revenues. The university strives to meet market demand by investing in new programs, such as the new online graduate programs which have seen increasing enrollment. The following two tables illustrate the changing levels in full-time resident and nonresident tuition rates over the past three years and enrollment levels during that time.

Full-Time Quarterly Tuition and S&A Fee Rates (10 through 18 credits)
with Percentage Change over Prior Year

Academic Year	Resident Undergraduate	Change	Resident Graduate	Change	Nonresident Undergraduate	Change	Nonresident Graduate	Change
2022-23	2,358	2.6%	4,220	2.5%	8,258	0.2%	9,329	0.2%
2021-22	2,299	2.8%	4,118	2.8%	8,241	0.2%	9,313	0.2%
2020-21	2,236	2.5%	4,005	2.5%	8,225	2.5%	9,298	2.5%



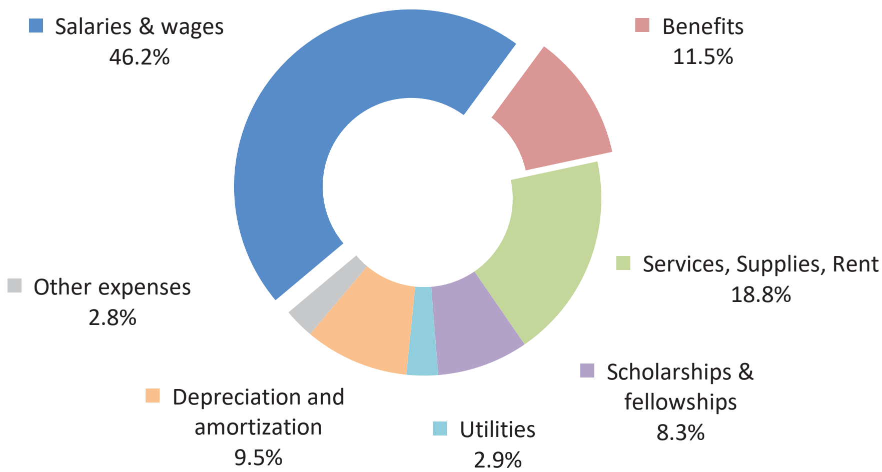
Historically, revenues received from governmental and private sources in the form of grants and contracts have generally been a consistent percentage of total revenue. As discussed earlier, funds were available to the University in FY23 and the prior three years as part of the federal HEERF legislation which resulted in much more federal grant revenue recognized.

The largest portion of auxiliary revenue comes from room and board charges within the Housing and Dining System, a separately audited segment of the university. Prior to FY23, revenue was heavily impacted by the COVID-19 pandemic. Most students had moved out of university housing for the last term in FY20 as the university addressed health and safety concerns related COVID-19, and remote instruction throughout FY21 meant room occupancy was only a fraction of normal. Spring term occupancy increased from 377 in FY21 to 771 and 973 in FY22 and FY23, respectively. Dining services revenue typically follows the number of students living on campus because most students have both room and meal plans. Other auxiliary units such as the Eagle Store and Parking Services experienced similar increases in FY23 and FY22 revenue after experiencing declines during FY21.

State operating and capital appropriations both increased in FY23 and FY22, continuing to represent a higher percentage of total revenue for the institution. Major capital projects funded through state appropriations include the science renovation (FY23 and FY22), Albers Court Improvements (FY22), infrastructure projects (FY23 and FY22) and the Interdisciplinary Science Center (FY21). Other revenues noted on the previous page include miscellaneous fines and charges for services. In FY21, it also includes $2.5 million of retirement contributions placed into an irrevocable trust for the Eastern Washington University Supplemental Retirement Plan (EWUSRP). See footnote 12 for more information.

Operating Expenses
Shown below is an illustration of operating expenses by type (object) for the year ended June 30, 2023. The ensuing table compares expenses for fiscal years ending June 30.

Eastern Washington University
FY 2023 Operating Expenses by Type



Operating Expenses by Type (in thousands)
For the year ended June 30

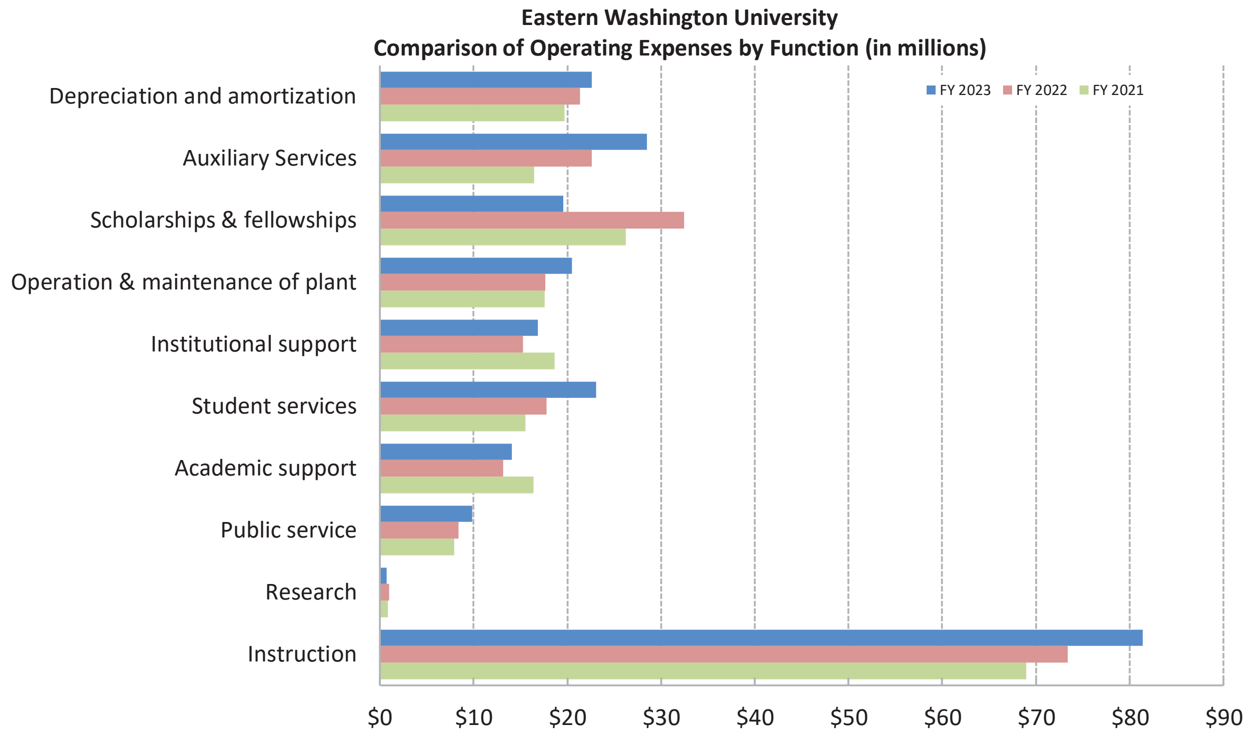
	2023		2022		2021	
Salaries & wages	$ 109,619	46.2%	$ 102,194	45.8%	$ 98,741	47.4%
Benefits	27,394	11.5%	18,853	8.4%	26,387	12.7%
Services, supplies and rent	44,524	18.8%	39,095	17.5%	31,270	15.0%
Scholarships & fellowships	19,772	8.3%	32,275	14.5%	26,093	12.5%
Utilities	6,818	2.9%	5,341	2.4%	4,145	2.0%
Depreciation and amortization	22,597	9.5%	21,351	9.6%	19,686	9.5%
Other expenses	6,534	2.8%	4,013	1.8%	1,946	0.9%
Total	$ 237,258	100.0%	$ 223,122	100.0%	$ 208,268	100.0%

Employee compensation continues to account for over half of total operating expenses. Salaries and wages expense increased 7.3% in FY23 and 3.5% in FY22 after reductions during the pandemic affected administrative, classified, quarterly faculty and hourly employee categories.

Benefits expense increased 45% in FY23 after decreasing 29% in FY22 which follows changes in the cost of health benefit premiums. More significantly though, benefits expense is impacted by EWU's share of the collective retirement benefit and OPEB expense. Under current accounting requirements, expenses for these benefits are actuarially calculated and no longer based on the cash contributions to health and retirement plans. As such, investment gains on plan assets during the measurement periods used to determine the benefits expense were unusually high, leading to decreases of varying degrees in the University's share of collective retirement benefit expense.

Total operating expenses in FY23 were up 6% after increasing 7% the prior year. Scholarships expenses were higher in FY22 from the disbursement of HEERF student aid funding discussed previously. Services and supplies expenses increased significantly in FY23 partly from more contractual payments resulting from higher accelerated program revenue as well as higher cost of goods sold expense following dining sales. In FY22 this line increased partly due to a nearly 17% reduction in FY21 in response to the pandemic's impact on University operations. Travel expense also was higher in FY23 and FY22 compared to FY21. Noncapitalized facility improvements are impacted by the amount of capital construction activity and typically varies each year. Other expenses, located below the nonoperating revenues and expenses section on the Statement of Revenues, Expenses, and Changes in Net Position, includes repayment of a portion of the federal capital contribution for the Perkins loan program and losses related to disposal and demolition of capital assets.

An alternative view of operating expenses is by functional (programmatic) classification as shown below for the years ended June 30.



Instructional expense comprises the largest single category of operating costs and mostly consists of compensation costs. Fluctuations in expenses for operation and maintenance of plant are largely impacted by changes in non-capitalized facility improvement activity. The amount varies by year depending on several factors including the types and timing of projects undertaken. As mentioned earlier, student aid funding provided through HEERF and disbursed to students impacted the scholarships category above in each of the three years. Costs for auxiliary services including dining were much lower in FY21 after online instruction continued through summer 2021. FY22 amounts are still below pre-pandemic levels. See Footnote 15 for additional detail regarding functional expenses.

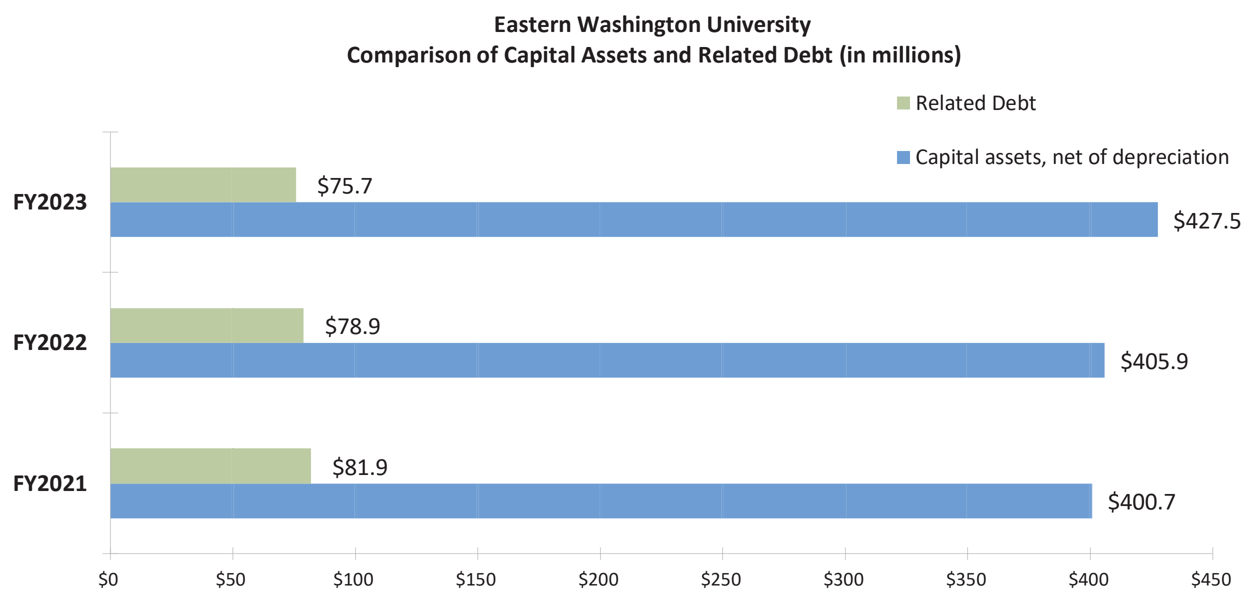
To monitor financial health the University calculates a variety of indicators that focus on results of operations, which are largely driven by tuition pricing, state appropriations, and compensation levels. These financial indicators are useful for institutional trend analysis and become more meaningful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

Liquidity is an important indicator of financial stability which can be measured by the number of days an institution is able to operate using unrestricted cash and investments that can be liquidated and spent within one year. The University has maintained its ability to cover operating costs. Additionally, the University has nearly six dollars of current assets to cover every dollar of current liabilities, better than the industry baseline of 2:1.

Financial Indicator	Definition	Calculation	FY 2023	FY 2022	FY 2021
Tuition dependency ratio (%)	Helps measure sensitivity to changes in enrollment levels	Net tuition and fees plus governmental grants to the institution for student tuition divided by the sum of operating and non-operating revenues	39.8	46.5	51.0
Unrestricted financial resources-to-operations (x)	Measures coverage of annual operations by the most liquid resources	Unrestricted net position divided by total adjusted operating expenses	.426	.263	.223
Annual days cash on hand	Measures the number of days an institution is able to operate (cover its cash operating expenses)	Annual liquidity times 365 divided by total expenses less depreciation and unusually large non-cash expenses	369	359	354
Current ratio	Measures liquidity – ability to meet current obligations with liquid assets	Current assets divided by current liabilities	5.83	5.53	5.51

Capital Asset and Debt Activities

The University continues to increase the investment in capital assets each year. Construction costs for the new Interdisciplinary Science Center, Albers Court improvements, Science Building renovation and various infrastructure projects continue to impact total capital assets.



The University's Comprehensive Facilities Master Plan is used to guide the long-range physical development of campus facilities, focusing on critical areas of need, space utilization, and preservation of the infrastructure of state assets. The chart above shows the change of investment in capital assets and the associated debt load used to partially finance the construction of those assets.

No new bond debt was issued during the fiscal years 2023, 2022 or 2021. The University issued Services and Activities Fee Refunding Bonds, Series 2016A, on August 30, 2016 and Revenue bonds, Series 2016B, on October 13, 2016. The proceeds of the Series 2016A bonds were used to refinance the remaining principal balance of the Series 2006 bonds (which had both revenue and refunding components), and the proceeds of the Series 2016B bonds were used to finance the remodel of the Pence Union Building. During FY21, the University issued nearly $4.5 million in new debt through the Office of State Treasurer's (OST) Certificate of Participation (COP) program, which provides funding for equipment and real estate purchases through financing contracts. See footnote 9 for more information. In October 2021, Moody's Investors Service issued an update to the credit analysis of the University. This was due to a Moody's Investors Service change in Higher Education methodology to include issuer ratings and limited pledge ratings separately. As a result of the methodology change, on October 15, 2021 Moody's assigned an A1 issuer rating to Eastern Washington University and modified the University's limited pledge revenue bonds to A2 from A1. Debt service coverage remains healthy as demonstrated by the financial ratios below.

Financial Indicator	Definitions	Calculation	FY 2023	FY 2022	FY 2021
Expendable financial resources to direct debt (x)	Measures coverage of direct debt by financial resources that are ultimately expendable	Expendable financial resources divided by direct debt	0.64	0.41	0.34
Financial debt burden ratio (%)	Examines dependence on borrowed funds as a source of financing the mission and the relative cost of borrowing to overall expenditures	Principal and interest on capital debt and lease divided by operating and non-operating expenses less depreciation plus principal paid on capital debt and leases	5.66	5.85	4.69
Debt service coverage (x)	Measures actual margin of protection for annual debt service payments from annual operations. A higher ratio is considered to be advantageous while a declining ratio may be cause for concern.	Annual operating surplus (deficit) plus interest and depreciation expenses divided by actual principal and interest payments	3.36	3.90	5.39

Additional information concerning capital asset and debt activity is provided in the footnotes (see Footnote 7 through 11).

Summary of Financial Health and Economic Factors That Will Affect the Future

In fiscal years 2023 and 2022, unrestricted net position improved from continued growth in online graduate programs, increased state appropriations, changes in in operating tuition rates, increased auxiliary revenue, and capital appropriations. Additionally, net position was positively impacted by federal stimulus funding intended to fill lost revenue as a result of the pandemic as well as higher investment income in fiscal year 2023.

The University's information, whether conveyed in written or oral form by its representatives, may include forward-looking statements. These statements pertain to future activities, events, or developments that may impact the University. It's important to note that actual results may vary significantly from the projections or suggestions in such forward-looking information.

The state of Washington, through the legislative process, allocates funding to higher education institutions based on prior biennia operating appropriations adjusted for current biennia policy and funding decisions.

The state of Washington's compensation and benefit funding policy for higher education institutions shifted in the 2017-19 biennium. Prior to the 2017-19 biennium, the state funded 100% of compensation and benefit increases for state supported programs at a level commensurate to the classified employee contract provision. For the 2023-25 biennium, the state is funding approximately 70% of these costs, with the remaining amount to be covered by the University.

Washington's tuition policy for resident undergraduate students imposes limitations on increases. In the 2015-17 biennium, the state implemented a new policy reducing tuition rates by 5% in 2016 and 15% in 2017, with offsetting funds provided. The policy permits future increases linked to a rolling average of the state's median hourly wage, currently allowing a 2-3% annual increase. The university expects this trend to persist for resident undergraduate tuition, while the Board of Trustees retains broad authority for setting tuition in other enrollment categories.

During the 2023 legislative session, the state passed a biennial operating budget, which included significant appropriations in the 2023-25 biennium (effective for fiscal years 2024 and 2025).

As part the new operating appropriations, State lawmakers authorized compensation increases for EWU represented and non-represented faculty and staff in fiscal years 2024 and 2025. The operating budget included more than new funding of approximately $19 million over the prior biennium.

Statements of Net Position

June 30, 2023 and 2022

ASSETS	June 30, 2023	June 30, 2022
Current assets:		
Cash and cash equivalents	$ 75,580,941	$ 126,664,480
Short-term investments	116,696,360	27,578,700
Deposit with State of Washington	6,352,434	6,699,730
Endowment trade receivable	-	8,540
Accounts receivable (net of allowances of $705,799 and $728,543, respectively)	29,030,608	37,089,013
Inventories	1,465,759	1,452,207
Other assets	374,950	187,798
Total current assets	229,501,052	199,680,468
Noncurrent assets:		
Endowment investments	9,954,424	9,243,534
Other long-term investments	10,008,693	17,764,465
Student loans receivable (less allowances of $208,130 and $122,822, respectively)	882,906	1,408,369
Right to use lease receivable, less current portion	17,099	24,536
Unamortized insurance costs on bond issuance	49,925	53,429
Restricted net pension asset	9,336,470	25,802,651
Capital assets, net of accumulated depreciation	427,453,418	405,867,796
Right to use lease and subscription assets, net of amortization	96,323,363	89,292,199
Total noncurrent assets	554,026,298	549,456,979
Total assets	$ 783,527,350	$ 749,137,447
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	$ 16,834,129	$ 12,162,550
Deferred outflows of resources related to OPEB	5,306,797	6,208,000
Total deferred outflows of resources	$ 22,140,926	$ 18,370,550
LIABILITIES		
Current liabilities:		
Accounts payable	$ 9,403,985	$ 7,935,035
Accrued liabilities	10,408,374	9,636,372
Deposits or funds held for others	759,296	645,440
Unearned revenue	8,214,028	7,995,169
Net pension liability, current portion	307,569	280,522
Total other postemployment benefit (OPEB) liability, current portion	993,321	995,969
Lease and subscription liabilities, current portion	5,904,945	5,004,024
Long-term liabilities, current portion	3,376,172	3,609,218
Total current liabilities	39,367,690	36,101,749
Noncurrent liabilities:		
Compensated absences	8,909,156	8,829,469
Net pension liability	10,798,192	11,467,233
Total other postemployment benefit liability	38,364,224	59,337,290
Lease and subscription liabilities, net of current portion	98,279,210	89,235,747
Long-term liabilities	73,379,701	76,889,573
Total noncurrent liabilities	229,730,483	245,759,312
Total liabilities	$ 269,098,173	$ 281,861,061
DEFERRED INFLOWS OF RESOURCES		
Unamortized gain on bond refunding	$ 17,026	$ 18,221
Remainder interest in irrevocable split interest agreements	14,892	153,713
Related to lease receivables	24,162	33,216
Related to pensions	21,554,105	37,945,035
Related to OPEB	41,472,042	24,129,890
Total deferred inflows of resources	$ 63,082,227	$ 62,280,075
NET POSITION		
Net investment in capital assets	$ 343,737,067	$ 321,916,288
Restricted for:		
Nonexpendable:		
Endowments	5,421,610	5,421,610
Expendable:		
Loans	6,612,204	6,460,079
Capital projects	9,813,281	6,271,503
Endowments and other	4,001,528	6,093,940
Net pension asset	9,336,470	25,802,650
Unrestricted	94,565,716	51,400,791
Total net position	$ 473,487,876	$ 423,366,861

The footnote disclosures are an integral part of the financial statements.

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30, 2023 and 2022

	2023	2022
REVENUES		
Operating revenues:		
Student tuition and fees		
(net of scholarship allowances of $27,526,356 and $30,377,122, respectively)	$ 84,886,848	$ 81,088,004
Federal grants and contracts	8,209,901	32,069,540
State and local grants and contracts	30,642,617	27,877,198
Nongovernmental grants and contracts	4,789,904	3,519,266
Sales and services of auxiliary enterprises		
Housing and dining services (net of scholarship allowances of $6,142,551 and $5,266,453, respectively)	11,642,055	9,202,783
Other auxiliary enterprises	10,708,791	8,812,674
Other operating revenue	1,893,284	2,190,213
Total operating revenue	152,773,400	164,759,678
EXPENSES		
Operating expenses:		
Salaries and wages	109,618,816	102,194,013
Benefits	27,393,987	18,852,558
Scholarships and fellowships	19,771,805	32,274,805
Utilities	6,818,367	5,340,673
Rentals	1,502,765	1,437,694
Services and supplies	41,810,249	36,918,243
Non-capitalized facility improvements (NCFI)	1,210,730	740,148
Travel and other	6,533,922	4,012,594
Depreciation and amortization	22,597,346	21,350,807
Total operating expenses	237,257,987	223,121,535
Operating loss	(84,484,587)	(58,361,857)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	83,188,000	71,921,703
Investment income, gains and losses	10,108,156	502,891
Interest on capital related debt and right to use leases and subscriptions	(4,542,939)	(4,430,410)
Loss on disposal of capital assets	(1,141,209)	(364,439)
Pell grant revenue	13,052,824	13,812,544
Net non-operating revenues	100,664,832	81,442,289
Gain before capital appropriations and special items	16,180,245	23,080,432
State appropriations - capital	33,747,454	18,898,420
Gifts of capital equipment	40,000	-
Gifts to permanent endowments	-	4,750
Perkins loan program termination	153,316	(65,786)
Total other revenues and expenses	33,940,770	18,837,384
Increase in net position	50,121,015	41,917,816
NET POSITION		
Net position, beginning of year	423,366,861	380,086,086
Adjustment to beginning net position (Note 1)	-	1,362,959
Net position, beginning of year as restated	423,366,861	381,449,045
Net position, end of year	$ 473,487,876	$ 423,366,861

The footnote disclosures are an integral part of the financial statements.

Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 86,061,176	$ 80,666,319
Grants and contracts	49,948,363	52,865,111
Payments to vendors	(56,131,198)	(47,591,814)
Payments to employees	(144,132,234)	(131,033,493)
Payments for scholarships and fellowships	(19,771,805)	(32,274,805)
Collection of student loans	296,073	94,382
Auxiliary enterprise receipts	22,938,081	17,198,477
Other receipts	1,447,108	2,076,907
Net cash used by operating activities	(59,344,436)	(57,998,916)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	85,784,703	69,443,008
Pell grant	13,052,824	13,812,544
Perkins loan repayment	(416,134)	(606,973)
Endowments and charitable gift annuities	(138,821)	(68,647)
Direct loans receipts	47,692,214	44,741,816
Direct loans disbursements	(47,692,214)	(44,741,816)
Receipts made on behalf of others	9,321,299	9,004,218
Disbursements made on behalf of others	(9,160,517)	(9,337,137)
Net cash provided by noncapital financing activities	98,443,354	82,247,013
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations	31,798,417	14,535,847
Purchases of capital assets	(37,202,380)	(20,176,299)
Proceeds from Certificates of Participation (COP)	85,960	636,018
Principal paid on capital debt and leases	(8,341,603)	(8,113,563)
Interest paid on capital debt and leases	(4,566,768)	(4,473,788)
Net cash used by capital financing activities	(18,226,374)	(17,591,785)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	78,108,529	11,482,773
Interest on investments	6,675,516	3,777,969
Purchase of investments	(156,740,128)	(45,907,828)
Net cash provided (used) by investing activities	(71,956,083)	(30,647,086)
Net increase in cash	(51,083,539)	(23,990,774)
Cash, beginning of year	126,664,480	150,655,254
Cash, end of year	$ 75,580,941	$ 126,664,480

The footnote disclosures are an integral part of the financial statements.

Statements of Cash Flows (Continued)

For the Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	$ (84,484,587)	$ (58,361,857)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization expense	22,597,346	21,350,807
Changes in assets and liabilities:		
Receivables, net	7,679,512	(11,051,137)
Inventories	(13,553)	407
Other assets	(196,206)	(20,510)
Accounts payable	2,267,090	1,334,622
Unearned revenue	218,859	(880,612)
Deposits held for others	(46,927)	56,157
Compensated absenses and other	79,248	433,069
Retirement liabilities and OPEB	(7,970,681)	(11,276,966)
Loans to students	525,463	417,104
Net cash used by operating activities	$ (59,344,436)	$ (57,998,916)
Noncash Transactions		
Gifts of capital equipment	40,000	-
Loss on demolition and disposal of capital assets	(1,141,209)	(364,439)

The footnote disclosures are an integral part of the financial statements.

Statements of Financial Position - Component Unit (Foundation)

June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 7,360,261	$ 8,026,893
Certificates of deposit	5,064,561	2,263,465
Promises to give, net	8,491,891	9,727,588
Accounts receivable	-	189,607
Other assets	-	1,050
Property and equipment, net	254,273	257,927
Assets held under split interest agreements	655,797	650,089
Beneficial interest in charitable trusts held by others	449,737	430,130
Beneficial interest in perpetual trusts	2,187,971	2,167,370
Investments	31,751,270	28,844,518
Total assets	$ 56,215,761	$ 52,558,637
LIABILITIES AND NET ASSETS		
Accounts payable	$ 113,140	$ 13,721
Program support payable	3,500,000	4,182,075
Liabilities under split interest agreements	422,969	461,034
Total liabilities	4,036,109	4,656,830
NET ASSETS		
Without donor restriction		
Undesignated	1,042,968	833,000
Designated by the Board for endowment	140,033	129,720
	1,183,001	962,720
With donor restriction	50,996,651	46,939,087
Total net assets	52,179,652	47,901,807
Total liabilities and net assets	$ 56,215,761	$ 52,558,637

The footnote disclosures are an integral part of the financial statements.

Statements of Activities – Component Unit (Foundation)

For the Years Ended June 30, 2023 and 2022

	FY 2023			FY 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND SUPPORT						
Contributions	$ 55,053	$ 5,345,016	$ 5,400,069	$ 41,156	$ 4,902,161	$ 4,943,317
In-kind contributions	-	346,197	346,197	-	-	-
Net investment return	148,945	2,929,265	3,078,210	31,746	(4,221,980)	(4,190,234)
Marketing revenue	-	606,741	606,741	-	459,277	459,277
Gross special events revenue	-	105,812	105,812	-	130,368	130,368
Less cost of special events	-	(75,852)	(75,852)	-	(144,507)	(144,507)
Net special events revenue	-	29,960	29,960	-	(14,139)	(14,139)
Other	901	41,111	42,012	5,032	8,305	13,337
Support provided by Eastern			-			-
Washington University	2,030,573	-	2,030,573	1,631,833	-	1,631,833
Change in value of split-interest			-			-
agreements held by the Foundation	-	83,983	83,983	-	(100,978)	(100,978)
Distributions from and change in						
value of beneficial interests in			-			-
assets held by others	-	83,642	83,642	-	(415,015)	(415,015)
Net assets released from restrictions	5,408,351	(5,408,351)	-	3,188,603	(3,188,603)	-
Total revenue, support, and gains	7,643,823	4,057,564	11,701,387	4,898,370	(2,570,972)	2,327,398
EXPENSES						
Program services expense	4,685,679	-	4,685,679	2,502,188	-	2,502,188
Support services expense						
Management and general	1,178,991	-	1,178,991	1,249,833	-	1,249,833
Fundraising and development	1,558,872	-	1,558,872	1,150,429	-	1,150,429
Total supporting services expenses	2,737,863	-	2,737,863	2,400,262	-	2,400,262
Total expenses	7,423,542	-	7,423,542	4,902,450	-	4,902,450
CHANGE IN NET ASSETS	220,281	4,057,564	4,277,845	(4,080)	(2,570,972)	(2,575,052)
NET ASSETS, Beginning of Year	962,720	46,939,087	47,901,807	966,800	49,510,059	50,476,859
NET ASSETS, End of Year	$ 1,183,001	$ 50,996,651	$ 52,179,652	$ 962,720	$ 46,939,087	$ 47,901,807

The footnote disclosures are an integral part of the financial statements.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Financial Reporting Entity

Eastern Washington University, an agency of the State of Washington, is governed by an eight-member Board of Trustees that are appointed by the Governor and confirmed by the state senate. The University's financial activity is included in the general purpose financial statements of the State of Washington.

The Eastern Washington University Foundation (Foundation) is established as a tax exempt, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation's 35 member board consists of graduates and friends of the University. The University has an agreement with the Foundation to design and implement such programs and procedures to persuade continuous and philanthropic support for the benefit of the University. In exchange, the University provides the Foundation with partial office space, furniture and equipment, supplies, and staff to operate the Foundation. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the University, the Foundation is considered a legally separate component unit of the University and is discretely presented in the University's financial statements. The Foundation's financial statements include assets and earnings of other unrelated entities; these amounts are not material to the Foundation's financial position taken as a whole. For the fiscal years ended June 30, the net distribution from the Foundation to the University for restricted and unrestricted purposes which includes both student scholarships and program support follows:

Fiscal Year	Net Distribution
2023	$ 4,631,179
2022	$ 2,447,188

Intra-entity transactions and balances between the University and Foundation are not eliminated for financial statement presentation. Complete financial statements for the Foundation can be obtained from the Foundation's administrative office located at 102 Hargreaves Hall, Cheney, WA 99004.

Basis of Accounting

The financial statements of the University are presented in accordance with accounting principles generally accepted in the United States of America. The University reports as a special purpose government engaged in business-type activity as defined by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended. Accordingly, the University's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The flow of economic resources focus considers all of the assets available to the University for the purpose of providing goods and services. Under this focus, all assets and liabilities, both current and long-term, are recorded and depreciation is recorded as a charge to operations. The accrual basis of accounting recognizes revenues in the period in which they are earned and become measurable; expenses are recorded in the period incurred, if measurable. All significant intra-agency transactions have been eliminated, which includes intra-agency payables and receivables as well as interdepartmental receipts and expenses.

In accordance with GASBS No. 39, the Foundation is considered a legally separate component unit of the University. As a non-governmental component unit, the Foundation follows applicable non-profit reporting and disclosure standards. Revenue recognition principles for these financial accounting standards may differ from those which apply to the University; results have not been restated.

Operating Activities
The University's policy for defining operating activities as reported in the Statement of Revenues, Expenses, and Changes in Net Position is to include those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Primarily, operating activities involve delivery of higher education courses and supporting services such as residential housing and dining which incur expenses for salaries, benefits, supplies and materials, and scholarships. Payments for these services include tuition and related fees, plus sales from supporting services. Other revenue sources include federal, state and local grants and contracts. As prescribed by GASBS No. 35, certain significant revenue streams relied upon for operations are recorded as non-operating revenues, including state appropriations, gifts and investment income. Therefore, it is expected that operating expenses will generally exceed operating revenues resulting in a net operating loss.

Inventories
Inventories are carried at cost (generally determined on the first-in, first-out method) which is not in excess of market.

Cash Equivalents
Cash equivalents are considered to be highly liquid investments with an original maturity of 90 days or less. Funds invested through the State Treasurer's Local Government Investment Pool are reported as cash equivalents.

Tax Exemption
The University is a tax-exempt organization under the provisions of Section 115(a) of the Internal Revenue Code and is exempt from federal income taxes on related income.

State Appropriations
The State of Washington appropriates funds to the University on both an annual and biennial basis. Appropriations are recognized as revenue when the related expenses are incurred.

Unearned Revenues
The balance of unearned revenue represents amounts for which the asset recognition criteria have been met, but for which the earnings process is not complete. Summer quarter tuition and certain unspent portions of federal Higher Education Emergency Relief Fund (HEERF) monies are shown as unearned revenue and represent the majority of the balance shown on the Statements of Net Position.

Capital Assets
Capital assets are stated at cost, or if acquired by gift, at estimated acquisition value at the date of the gift, less depreciation. The capitalization threshold is $100,000 or greater for infrastructure, buildings and building improvements and $5,000 or greater for all other capital assets such as equipment. All purchased land is capitalized regardless of cost. Generally, the useful life of capital assets is 50 years for buildings, five to 50 years for infrastructure and improvements other than buildings, 20 years for library books, and four to seven years for equipment. Depreciation of capitalized assets, excluding inexhaustible assets such as land, is provided on a straight-line basis over the estimated useful lives of the respective assets.

Leases and Subscription Based Arrangements
Lease and subscription assets represent the University's right to use an underlying asset for a term in an exchange or exchange-like transaction. Related assets are recognized at the commencement date based on the initial measurement of the lease or subscription liability, and amortized on a straight line basis over the term established

in the contract. Lease or subscription liabilities represent the University's obligation to make payments, and are recognized at the commencement date based on the present value of lease payments over the term, as specified in the contract. Interest expense is recognized throughout the term of the arrangement. Lease receivables represent the arrangements in which the University, as lessor, receives payments over the lease term as specified in the contract. Receivables are recognized at the commencement date and based on the present value of expected lease payments. Interest revenue is recognized throughout the term of the lease.

Accrued Leave

Accrued annual and sick leave are categorized as non-current liabilities under the assumption that employees are using most of the leave they are earning. Compensatory time is required to be used or cashed out at year end.

Charitable Gift Annuities

Under RCW 28B.10.485 the University may issue charitable gift annuity contracts in return for a gift of assets to the institution. In turn, the University agrees to pay a fixed amount of money to one or two beneficiaries for their lifetime. The assets received are recognized at fair value. The annuity payable is based upon the present value of the expected payments to the named recipients under the agreements using actuarial tables for life expectancies.

Use of Estimates

Allowances for uncollectible accounts (Note 3) are estimates based on aging and historical collection of student loans and accounts receivable. Actual results could differ from those estimates; however, the University believes these allowances are adequate.

The University's share of retirement and other postemployment benefit plan assets, liabilities and related items are estimates derived from actuarial valuations using assumptions and historical information.

Net Position

The University's net position is classified as follows:

Net investment in capital assets: The University's investments in capital assets, less accumulated depreciation, net of outstanding debt obligations that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position:

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

> *Non-expendable:* Net position subject to externally-imposed requirements that they be maintained permanently by the University, including permanent endowments and charitable gift annuity funds.
>
> *Expendable:* Net position which the University is obligated to spend in accordance with restrictions imposed by external parties. Included in this balance is the net pension asset for certain retirement plans administered by Department of Retirement Systems.

Unrestricted net position: Net position not subject to externally imposed restrictions, but which may be designated for specific purposes by management, or the Board of Trustees. 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.

Deferred Pay

Eastern Washington University offers an optional 12 month, 24-payment plan to eligible faculty. The Faculty Twelve Month Pay Option Plan provides a method for faculty to spread their academic year salary over 12 months. The payroll deductions are based on amount paid rather than amount earned. For example, federal withholding, retirement contributions, FICA taxes are calculated on the amount paid. The plan is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended. Accrued earnings and benefits at June 30, 2023 were $4,591,002 and $840,153, respectively. Accrued earnings and benefits at June 30, 2022 were $4,395,146 and $804,312, respectively.

The University invests in a deferred compensation type 457 plan for certain employees. These funds are held until fully vested. See note 2 for more information.

Changes in Accounting Principles, Reclassifications and Error Corrections

The University implemented GASB Statement No. 96, "*Subscription Based Information Technology Arrangements*" for the year ending June 30, 2023. This statement changed the accounting and financial reporting for subscription type contracts conveying the right to use underlying information technology software in an exchange or exchange-like transaction for a term exceeding 12 months, resulting in the recognition of a right to use subscription asset and related subscription liability. This statement was applied retroactively as of July 1, 2021. The Statement of Net Position, Statement of Revenues, Expenses, and Change in Net Position, and Statement of Cash Flows have been restated for fiscal year 2022 to reflect this change.

The University implemented GASB Statement No. 87, *"Leases"* for the year ending June 30, 2022. This statement changed the accounting and financial reporting for lease arrangements and applies to contracts that convey the right to use an underlying non-financial asset in an exchange or exchange-like transaction for a term exceeding 12 months. Lessee arrangements now recognize a right to use lease asset and related lease liability. Lessor arrangements now recognize a lease receivable and deferred inflow of resources.

Net position at July 1, 2021 was restated to account for the correction of an error in the application of GASB Statement No. 87. This correction affected amortization expense reported for fiscal year 2022 on the Statement of Revenues, Expenses, and Changes in Net Position as well as right to use lease assets and net investment in capital assets reported for fiscal year 2022 on the Statement of Net Position. The restatement of net position at July 1, 2021 is as follows:

Total Net Position, as previously reported, July 1, 2021	$ 380,086,086
Plus: restatement for error correction	1,362,959
Total Net Position, as restated, July 1, 2021	$ 381,449,045

Note 2: Deposits and Investments

Deposits are comprised of cash and cash equivalents which include bank demand deposits, petty cash and change funds held at the University, and unit shares in the Local Government Investment Pool operated by the Washington State Treasurer. Cash and cash equivalents are stated at cost or amortized cost. Except for petty cash and change funds held at the University, all other deposits are covered by at least one of the following: (1) Federal Deposit Insurance Corporation (FDIC), (2) National Credit Union Administration (NCUA), (3) collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC), or (4) Securities Investor Protection Corporation (SIPC). Pledged securities under the PDPC collateral pool are held by the PDPC's agent in the name of the collateral pool. At fiscal yearend, insured/collateralized deposits consist of the following:

	Carrying Value	
	June 30, 2023	June 30, 2022
Deposits		
Cash and cash equivalents		
Interest bearing	$ 75,454,502	$ 126,556,824
Other	126,439	107,656
Total deposits	$ 75,580,941	$ 126,664,480

The following two tables show investment maturities at June 30.

	Fair value	Investment maturities for fixed income securities (in months)			
	June 30, 2023	0 – 9	10 – 24	25 – 60	61 – 120
Investments – Operating Funds					
U.S. Government treasury notes	$ 125,821,760	$ 116,696,360	$ 4,575,600	$ 4,549,800	$ -
Investments – Charitable Gift Annuities					
Investment unit trusts					
Equity fund	588,694				
Bond fund	294,599				294,599
Investments – Endowment Funds					
Investment unit trusts					
Equities	5,852,014				
Fixed Income	3,198,244				3,198,244
Real Estate	528,941				
Cash and Cash Equivalents	372,072				
Total investments	$ 136,656,324	$ 116,696,360	$4,575,600	$ 4,549,800	$ 3,492,843

	Fair value	Investment maturities for fixed income securities (in months)			
	June 30, 2022	0 – 9	10 – 24	25 – 60	61 – 120
Investments – Operating Funds					
U.S. Government treasury notes	$ 44,543,350	$ 19,797,100	$ 15,541,600	$ 9,204,650	$ -
Investments – Charitable Gift Annuities					
Investment unit trusts					
Equity fund	497,871				
Bond fund	301,993				301,993
Investments – Endowment Funds					
Investment unit trusts					
Equities	5,521,175				
Fixed Income	2,872,092				2,872,092
Real Estate	500,233				
Cash and Cash Equivalents	346,826				
Total investments	$ 54,583,540	$ 19,797,100	$ 15,541,600	$ 9,204,650	$ 3,174,085

At June 30, 2023 and 2022, the net appreciation on investments of donor-restricted endowments that is available for expenditure authorization is $4,546,871 and $3,843,831, respectively, which is reported as restricted, expendable on the Statement of Net Position. RCW 24.55.025 of the Washington State Code allows for the spending of net appreciation on investments of donor-restricted endowments. Accordingly, the University’s income distribution policy is 3-5 percent of the three year moving average of the fair value of net assets.

The fixed income investments in the endowment portfolio are held as shares in pooled investments that are comprised of many underlying securities including debt instruments with varied maturity dates. These funds have weighted average maturities ranging from 3.47 years to 9.82 years.

At June 30, 2023 the University invests its donor-restricted endowment funds using a portfolio management firm which is reflected in the disclosure of investments above. The portfolio management firm is also an advisor that acts with fiduciary responsibility.

Through its investment policies for operating funds, the University manages its exposure to custodial credit risk, credit (quality) risk, interest rate risk, concentration of credit risk, and foreign currency risk. Eligible investments are only those securities and deposits authorized by state statute RCW 39 and 43.

Custodial Credit Risk

Investments, where evidenced by specific, identifiable securities, are insured or registered or are held by the University's custodian bank in the University's name. All securities transactions are conducted on a delivery-versus-payment basis. Cash equivalents held in the Local Government Investment Pool are represented by shares in investment unit trusts (pools) rather than specific, identifiable securities and, as such, are not directly subject to custodial credit risk.

Credit (Quality) Risk

Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. For operating funds, the University limits exposure to credit risk by limiting investments in fixed income securities to obligations of the U.S. government or similar instruments explicitly guaranteed by the U.S. government which are not considered to have credit risk. Underlying debt securities in unitized investments had an average rating of A+ at year end.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's value. The University manages its operating portfolio's exposure to fair value losses resulting from changes in interest rates by limiting the portfolio's weighted average maturity to 3 years and by investing in the Washington State Local Government Investment Pool. Unless matched to a specific cash flow, the University generally will not directly invest operating funds in securities maturing more than five years from the date of purchase. The goal of the overall portfolio for operating funds is to balance cash flow requirements, safety, liquidity and yield. The University manages interest rate risk for its endowment portfolio by imposing limitations on the holding percentage of an investment type or category.

Asset Class	**Benchmark**	**Policy Level Normal**	**Ranges**
Equity			
Global Developed Equity	Russell 1000 Index	43.0%	34-52%
	MSCI World ex US (NR)	21.0%	13-29%
Fixed Income			
U.S. Corporate and Government	BC U.S. Aggregate Bond Index	21.0%	11-31%
High Yield	BB Barclays U.S. Corp HY 2% Cap	7.5%	2-13%
Inflation-Linked	IBOXX 3 Yr. Target Duration TIPS	2.0%	0-8%
		30.5%	20-41%
Real Assets			
Global Real Estate & Infrastructure	MSCI ACWI IMI Core RE (NR)	4.5%	0-10%
		4.5%	0-10%
Cash	90 Day T-Bill	1.0%	0-15%
		100.0%	

Concentration of Credit Risk

This type of risk relates to the increased risk of loss when investments have a significant concentration in a single issuer (i.e. lack of diversification). The University's investment policy for operating funds limits its exposure to concentration of credit risk by limiting the percentage of the portfolio that can be invested in specific investment types and categories. Operating funds are invested only in securities issued by or explicitly guaranteed by the U.S. government or those covered by the FDIC or by collateral held in a multiple financial institution collateral pool.

Local Government Investment Pool (LGIP) administered by the Washington State Treasurer's Office pursuant to RCW 43.250	No Limit
Separately Managed Account (SMA) administered by the Washington State Treasurer's Office pursuant to RCW 43.250 provided it holds only those securities authorized by statute	No Limit (other than WAM)
Securities of the United States government	No Limit
Securities of the United States agencies or of any corporation wholly owned by the government of the United States	No Limit
General obligation bonds of any state or local government	No Limit
Federal home loan bank notes and bonds, federal land bank bonds, federal national mortgage association notes, debentures, and guaranteed certificates of participation	No Limit
Utility revenue bonds or warrants of any city or town in the State of Washington, or of the local improvement district	No Limit
Repurchase agreements, collateralized (only securities authorized in statue for the investment of public funds will be accepted as collateral)	25% of Portfolio Restricted to EWU's bank of record, with a maximum term of 30 days
Securities of supranational institutions provided that the institution has the United States government as its largest shareholder at the time of investment	25% of Portfolio
Bankers' acceptances purchased on the secondary market	25% of Portfolio
Commercial paper and corporate notes purchased on the secondary market	25% of Portfolio

Foreign Currency Risk

Foreign currency risk involves the possibility that changes in exchange rates could have an adverse effect on an investment's value for investments denominated in foreign currencies. A small percentage of underlying securities within unitized investments may be denominated in foreign currency. Any adverse effect on the fair value of investments resulting from changes to exchange rates is not considered to be significant to the portfolio as a whole.

Fair Value Hierarchy

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. As defined by GASB Statement No. 72, securities classified as Level 1 in the fair value hierarchy are valued using prices quoted in active markets for identical securities, Level 2 securities are valued using observable inputs, and Level 3 securities are valued using unobservable inputs. U.S. Governmental Agency Bonds classified in Level 2 are valued using quoted prices for similar securities and interest rates. The level of fair value measurement is based on the lowest level of significant input for the security type in its entirety.

The University has the following recurring fair value measurements as of June 30, 2023:

• U.S. Government agency bonds of $125,821,760 are valued using Level 2 inputs published by the University's custodian bank using daily FTID Institutional Bond Quotes with supplementary asset valuation data from Bloomberg, Pricing Direct, and Thomson Reuters.

Note 3: Accounts and Student Loans Receivable

Accounts and student loans receivable at June 30 consist of the following:

	2023	2022
Accounts receivable		
Student tuition and fees (less allowances of $443,029 and $483,205, respectively)	$ 11,362,616	$ 12,473,719
Auxiliary enterprises (less allowances of $257,878 and $199,879, respectively)	3,172,657	3,056,635
Contracts and grants	8,602,133	15,464,900
State reimbursement	5,539,331	5,925,660
Other (less allowances of $4,891 and $45,459, respectively)	370,970	192,635
Total accounts receivable	$ 29,047,707	$ 37,113,549
Student loans receivable		
Federal programs (less allowances of $208,130 and $122,822, respectively)	$ 882,906	$ 1,408,369

Note 4: Deposit with State of Washington

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/timber. The investing activities are handled by the Washington State Treasurer's Office, while the sale of land/timber is handled by the State Department of Natural Resources. Interest earned from the investments are either reinvested or used exclusively for the benefit of Eastern Washington University, Central Washington University, Western Washington University and The Evergreen State College. The balance of the fund represents the University's share of the net earnings and tuition distributions, reduced by expenses for capital projects and debt service incurred over the years.

Note 5: Compensated Absences

Vacation leave represents a liability to the University and is recorded and reported accordingly. Accumulated sick leave earned and unused, calculated at 25 percent of unused balance, represents a probable liability to the University and is recorded and reported accordingly. The employee is entitled to either the present value of 25 percent of his/her unused sick leave balance upon retirement or 25 percent of his/her accumulation for the year in which it exceeds 480 hours. Accrued compensatory time represents a liability to the University, but is expected to be used or cashed out by fiscal year end and therefore does not represent a liability at June 30.

	2023	2022
Vacation	$ 7,083,923	$ 6,962,564
Sick	$ 1,825,231	$ 1,866,905

Note 6: Risk Management

The University participates in a State of Washington risk management self-insurance program. Premiums are based on actuarially-determined projections and include allowances for payments of both outstanding and current liabilities. The University assumes its potential liability and property losses for all properties except for auxiliary enterprise buildings and contents. Certain auxiliary enterprise buildings were acquired with the proceeds of bond issues where the bond agreement requires the University to carry insurance on property. The University has elected to become a self-insurer of unemployment compensation and maintains a reserve to cover the ultimate cost arising from the settlement of these claims. The reserve includes amounts required for the future payments of claims that have been both reported and incurred. Changes in the self-insurance reserve for the years ended June 30 are shown below:

	2023	2022
Reserve at beginning of year	$ 2,526,148	$ 2,544,718
Provision for incurred claims	111,652	99,969
Claims paid	93,979	118,539
Reserve at end of year	**$ 2,543,821**	**$ 2,526,148**

Note 7: Capital Assets

During FY23, construction continued on the renovation of the science building, accounting for most of the increase in construction in progress. In FY22, construction was completed on the Albers Court improvements, accounting for most of the decrease in construction in progress.

	June 30, 2021	Additions	Retirements	June 30, 2022	Additions	Retirements	June 30, 2023
Non-depreciable Capital Assets							
Land	$ 1,764,834	$ -	$ -	$ 1,764,834	$ -	$ -	$ 1,764,834
Construction in progress	8,573,148	17,859,545	6,855,378	19,577,315	33,876,003	550,029	52,903,289
Subtotal	10,337,982	17,859,545	6,855,378	21,342,149	33,876,003	550,029	54,668,123
Depreciable Capital Assets							
Buildings	488,322,336	6,768,470	-	495,090,806	550,029	-	495,640,835
Improvements other than buildings	18,925,145	-	-	18,925,145	-	-	18,925,145
Infrastructure	51,026,844	657,541	-	51,684,385	-	-	51,684,385
Furniture, fixtures and equipment	46,985,356	797,474	270,889	47,511,941	2,400,195	1,052,607	48,859,529
Library materials	27,237,780	948,647	4,422,831	23,763,596	966,185	5,946,641	18,783,137
Subtotal	632,497,461	9,172,132	4,693,720	636,975,873	3,916,409	6,999,248	633,893,031
Total Capital Assets	642,835,443	27,031,677	11,549,098	658,318,022	37,792,412	7,549,277	688,561,154
Less Accumulated Depreciation							
Buildings	153,958,663	9,678,395	-	163,637,058	9,795,258	-	173,432,316
Improvements other than buildings	9,861,123	490,447	-	10,351,570	490,447	-	10,842,017
Infrastructure	28,673,165	1,287,402	-	29,960,567	1,286,287	-	31,246,854
Furniture, fixtures and equipment	36,039,194	2,016,297	269,246	37,786,245	1,986,044	1,043,838	38,728,450
Library materials	13,627,503	1,147,318	4,060,035	10,714,786	957,516	4,814,201	6,858,100
Total Accumulated Depreciation	242,159,648	14,619,859	4,329,281	252,450,226	14,515,552	5,858,039	261,107,737
Capital assets, net of depreciation	$ 400,675,795	$ 12,411,818	$ 7,219,817	$ 405,867,796	$ 23,276,860	$ 1,691,238	$ 427,453,417

Note 8: Bonds Payable, Certificates of Participation, Leases and Other Liabilities

Activity for certain long-term liabilities for the years ended June 30 is summarized in the following two tables:

	2022	Additions	Reductions	2023	Current Portion
Leases and Bonds Payable					
Certificates of Participation (Note 9)	$ 4,307,667	$ -	$ 574,984	$ 3,732,683	$ 399,813
Leases (Note 9)	88,168,046	14,852,948	3,355,297	99,665,697	4,406,793
Subscription arrangements (Note 9)	6,071,725	260,012	1,813,278	4,518,459	1,498,152
Revenue bonds payable (Note 10)	71,575,000	-	2,365,000	69,210,000	2,470,000
Unamortized premium	3,001,850	-	233,044	2,768,806	213,399
Total leases and bonds payable	173,124,288	15,112,960	8,341,603	179,895,645	8,988,157
Other liabilities					
Charitable gift annuities (Note 1)	11,552	6,613	7,052	11,113	1,040
Compensated absences (Note 5)	8,829,469	5,626,918	5,547,232	8,909,155	-
Perkins program termination	1,602,722	-	569,450	1,033,272	291,920
Total	$ 183,568,031	$ 20,746,491	$ 14,465,337	$ 189,849,185	$ 9,281,117

	2021	Additions	Reductions	2022	Current Portion
Leases and Bonds Payable					
Certificates of Participation (Note 9)	$ 4,834,228	$ -	$ 526,561	$ 4,307,667	$ 574,984
Leases (Note 9)	91,034,090	597,629	3,463,673	88,168,046	3,273,471
Subscription arrangements (Note 9)	7,702,010	-	1,630,285	6,071,725	1,730,553
Revenue bonds payable (Note 10)	73,835,000	-	2,260,000	71,575,000	2,365,000
Unamortized premium	3,234,894	-	233,044	3,001,850	233,044
Total leases and bonds payable	180,640,222	597,629	8,113,563	173,124,288	8,177,052
Other liabilities					
Charitable gift annuities (Note 1)	11,970	21,660	22,078	11,552	16,040
Compensated absences (Note 5)	8,395,982	5,103,316	4,669,829	8,829,469	-
Perkins program termination	2,143,909	65,786	606,973	1,602,722	420,150
Total	$ 191,192,083	$ 5,788,391	$ 13,412,443	$ 183,568,031	$ 8,613,242

Note 9: Lease and Subscription Arrangements

Certificates of Participation

During the year ended June 30, 2021, the University entered into financing contracts with the Office of the State Treasurer (OST) via a nominal lessor in order to issue securities called Certificates of Participation (COP). COP securities are structured with regular principal and interest payments and sold to investors, which benefit from a guaranteed income stream similar to bonds. Agencies participating in the COP program benefit from low interest rates and a cost effective way to finance equipment and real estate. Total COP proceeds received by the University for FY21 were $4,480,093 and used to finance equipment for the new Catalyst building and various roofing replacement projects. $85,960 in COP funding was held by OST at June 30, 2022. As of June 30, 2023, all spending requirements have been met and the University has requested all COP funding that was held by OST.

Right to Use Leases – Lessee Arrangements

The University leases facilities and computer equipment under a variety of long term, noncancelable agreements. These leases expire at various dates through fiscal year 2042 and provide for various renewal options. In accordance with GASB Statement No. 87, the University records right to use assets and lease liabilities based on the present value of expected payments over the lease terms. The expected payments are discounted using the University's incremental borrowing rate. The University did not recognize any variable payments or residual value guarantees as outflows of resources during fiscal years 2023 or 2022.

The University entered into a facility lease with Great Northern Spokane, LLC for classroom and office space in downtown Spokane, with a lease term beginning August 1, 2022. The noncancellable period is 12 years and total undiscounted lease payments are $16.7 million. The University's right to use lease asset and related accumulated amortization for fiscal years ended June 30 are as follows.

	2021	Additions	Retirements	2022	Additions	Retirements	2023
Right to Use Lease Assets							
Buildings	$98,787,854	-	$542,186	$98,245,668	$14,532,788	$6,276,560	$106,501,896
Equipment	593,711	597,630	-	1,191,341	320,160	183,327	$1,328,174
Total Right to Use Lease Assets	99,381,565	597,630	542,186	99,437,009	14,852,948	6,459,887	107,830,070
Less Accumulated Amortization							
Buildings	11,405,744	5,134,751	542,186	15,998,309	5,910,411	6,276,560	$15,632,161
Equipment	252,313	223,289	-	475,602	331,722	183,327	$623,997
Total Accumulated Amortization	11,658,057	5,358,040	542,186	16,473,911	6,242,133	6,459,887	16,256,158
Right to Use Lease Assets, Net	$87,723,508	$(4,760,410)	$-	$82,963,098	$8,610,815	$-	$91,573,912

Future annual lease payments under lessee agreements as of June 30, 2023 are as follows:

Fiscal Year Annual Payment	Principal	Interest	Total
2024	$ 4,406,793	$ 2,062,960	$ 6,469,753
2025	4,498,109	1,970,967	6,469,076
2026	4,671,437	1,875,159	6,546,596
2027	4,849,704	1,775,265	6,624,969
2028	5,133,035	1,670,159	6,803,194
2029-2033	30,628,545	6,537,552	37,166,097
2034-2038	32,659,066	3,110,488	35,769,553
2039-2042	12,819,007	252,036	13,071,042
Total	**$ 99,665,697**	**$ 19,254,585**	**$ 118,920,281**

Right to Use Leases – Lessor Arrangements

The University leases building space and equipment to external parties, with expiration dates through fiscal year 2027. The University records lease receivables and deferred inflows of resources based on the present value of receipts over the lease term. The expected receipts are discounted using the University's incremental borrowing rate. The University recognized revenues related to lease agreements totaling $9,054 and $3,055 in the years ending June 30, 2023 and 2022, respectively. Future minimum lease payments to be received under these arrangements are as follows:

Fiscal Year Annual Payment	Principal	Interest	Total
2024	$ 7,437	$ 141	$ 7,578
2025	6,075	99	6,174
2026	6,241	56	6,297
2027	4,783	14	4,797
Total	**$ 24,536**	**$ 310**	**$ 24,846**

Subscription Based Information Technology Arrangements

The University uses various software under a variety of long term, noncancelable subscription type agreements. These contracts expire at various dates through fiscal year 2028 and may contain certain renewal options. In accordance with GASB Statement No. 96, the University records right to use assets and related subscription liabilities based on the present value of expected payments over the term of the contracts. The expected payments are discounted using the University's incremental borrowing rate. The University did not recognize any variable payments as outflows of resources during fiscal years 2023 or 2022.

The University's subscription assets and related accumulated amortization for fiscal years ended June 30 are as follows.

	2021	Additions	Retirements	2022	Additions	Retirements	2023
Subscription Assets	$ 7,702,010	$ -	$ -	$ 7,702,010	$ 260,012	$ -	$ 7,962,022
Less Accumulated Amortization	-	1,372,908	-	1,372,908	1,839,663	-	3,212,571
Subscription Assets, Net	$ 7,702,010	$ (1,372,908)	$ -	$ 6,329,102	$ (1,579,651)	$ -	$ 4,749,451

Future annual subscription payments under lessee agreements as of June 30, 2023 are as follows:

Fiscal Year Annual Payment	Principal	Interest	Total
2024	$ 1,498,152	$ 26,812	$ 1,524,964
2025	1,430,205	17,088	1,447,293
2026	1,285,880	7,363	1,293,243
2027	149,122	2,890	152,012
2028	155,100	1,473	156,573
Total	**$ 4,518,459**	**$ 55,626**	**$ 4,574,085**

Note 10: Bonds Payable

Bonds payable consist of revenue bonds issued by University auxiliary enterprises for capital construction projects as shown below. The Housing and Dining System net revenues and Service and Activities fees paid by each student enrolled are pledged for debt service on the bonds of Eastern Washington University. The Series 2012 and 2016 Revenue and Refunding Bonds are tax-exempt debt with external restrictions as outlined in the bond covenants.

The University issued Services and Activities Fee Refunding Bonds, Series 2016A, on August 30, 2016 and Revenue Bonds, Series 2016B, on October 13, 2016. The Series 2016A bonds bear an interest rate varying from 2 percent to 5 percent and are due serially on October 1 in amounts ranging from $925,000 to $1,395,000. The refunding resulted in $6,158,186 gross debt service savings through 2038 and an economic gain of $4,745,011. The Series 2016B bonds bear an interest rate varying from 2.625 percent to 5 percent and are due serially on October 1 in amounts from $840,000 to $1,930,000. The proceeds of the Series 2016B bonds were used to finance the remodel of the Pence Union Building while the Series 2016A proceeds were used to refinance the remaining principal balance of the Series 2006 bonds.

	Interest Rate	Maturity Date	Original Balance	Outstanding Balance
Housing and Dining System Revenue Bonds, Series 2012	3.00% - 4.125%	2024-2042	$ 25,330,000	$ 19,435,000
Service and Activities Refunding Bonds, Series 2016A	2.00% - 5.00%	2024-2037	23,465,000	17,435,000
Service and Activities Revenue Bonds, Series 2016B	2.625% - 5.00%	2024-2046	36,175,000	32,340,000
Total Revenue Bonds Payable			$ 84,970,000	$ 69,210,000

Eastern Washington University debt service requirements for the next five years and thereafter are as follows:

Fiscal Year	Principal	Interest
2024	2,470,000	2,331,771
2025	2,590,000	2,219,115
2026	2,720,000	2,094,414
2027	2,835,000	1,979,790
2028	2,945,000	1,876,115
2029-2033	16,135,000	7,993,916
2034-2038	18,905,000	5,286,904
2039-2043	13,265,000	2,416,097
2044-2047	7,345,000	487,419
Totals	69,210,000	$ 26,685,542
Add: Unamortized bond premium	1,931,021	
	$ 71,141,021	

Note 11: Pledged Revenues

The University has pledged specific revenues, net of certain operating expenses, to repay the principal and interest of revenue and refunding bonds as follows:

Source of Revenue Pledged	Current Year Revenues Pledged	Current Year Debt Service	Total Future Revenues Pledged	Description of Debt	Purpose of Debt	Term of Commitment
Service & Activity fee revenue	$ 7,673,415	$ 3,319,946	$ 67,667,598	Service & Activities Fee Revenue and Refunding Bonds – Series 2016A&B	Refund outstanding debt on S&A Revenue/ Refunding Bonds of 2006 and renovation of student union building	2038 (Refunding) 2047 (Revenue)
Housing and Dining revenues net of operating expenses	$ 4,934,141	$ 1,483,500	$28,227,944	Housing and Dining System Revenue Bonds – Series 2012	Design and construction of a new residence hall	2042

Note 12: Retirement Plans

The University offers four contributory retirement plans. The Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), and the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) are cost-sharing, multi-employer defined benefit plans; PERS and TRS also have a defined contribution component. The Eastern Washington University Retirement Plan (EWURP) is a defined contribution plan with supplemental payment, when required. The University's total payroll (salaries and wages) and covered payroll for each plan for the years ended June 30 is shown below.

	2023	2022
Total Salaries and Wages	$ 109,618,816	$ 102,194,013
PERS Covered Payroll	31,911,815	28,396,030
TRS Covered Payroll	1,974,461	1,837,673
LEOFF Covered Payroll	1,157,319	959,688
EWURP Covered Payroll	61,641,483	59,009,283

General

The University implemented Statement No. 68 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Pensions* in fiscal year 2015. Washington's pension plans were created by statutes rather than through trust documents. With the exception of the supplemental defined benefit component of the Eastern Washington University Retirement Plan (discussed later), they are administered in a way equivalent to pension trust arrangements as defined by the GASB.

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

The University implemented Statement No. 73 of the GASB, *Accounting and Financial Reporting for Pensions Not within the Scope of GASB Statement No. 68*, for the fiscal year ending 2017. As established in chapter 28B.10 RCW, eligible higher education state employees may participate in higher education retirement plans. The Eastern Washington University Retirement Plan (EWURP) includes a defined contribution plan administered by a third party with a supplemental defined benefit component which is administered by the state. Prior to fiscal year 2021, assets set aside to pay for the supplemental benefit were not held in a qualified trust as defined by GASB. As a result, the University reported a total pension liability. In fiscal year 2021, legislation was adopted to accumulate those assets into an irrevocable trust which offsets the total pension liability, and the resulting liability is reported as net. Additionally, this change required the accounting for the liability to be treated under GASB Statement No. 68. The current fiscal year end is the measurement date for reporting the retirement liabilities under the supplemental plan. More information on the supplemental plan is found later in this note.

Basis of Accounting

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

Department of Retirement Systems

As established in chapter 41.50 of the Revised Code of Washington (RCW), the Department of Retirement Systems (DRS) administers eight retirement systems covering eligible employees of the state and local governments. The Governor appoints the director of the DRS. The DRS administered systems that the University offers its employees are comprised of five defined benefit retirement plans and two defined benefit/defined contribution plans. Below are the DRS plans that the University offers its employees:

Public Employees' Retirement System (PERS)
Plan 1 - defined benefit
Plan 2 - defined benefit
Plan 3 - defined benefit/defined contribution
Teachers' Retirement System (TRS)
Plan 1 - defined benefit
Plan 2 - defined benefit
Plan 3 – defined benefit/defined contribution
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)
Plan 2 - defined benefit

Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

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

Public Employees' Retirement System (PERS)

Plan Description - the Legislature established the Public Employees' Retirement System in 1947. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the Legislature. Membership in the system includes university employees not participating in other higher education retirement programs.

PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. PERS Plan 1 is closed to new entrants.

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

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

PERS Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. Plan 1 members may elect to receive an optional cost of living allowance (COLA) that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

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

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

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

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

Teacher's Retirement System (TRS)
Plan Description - The Legislature established the Teachers' Retirement System 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 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 Plan 1 is closed to new entrants.

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.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)
Plan Description - The Law Enforcement Officers' and Fire Fighters' Retirement System was established in 1970 by the Legislature. LEOFF retirement benefit provisions are established in chapter 41.26 RCW and may be amended only by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians.

LEOFF is a cost-sharing, multiple-employer retirement system comprised of two separate defined benefit plans.

LEOFF Plan 1 is closed to new entrants. The University does not contribute to Plan 1.

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

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service. FAS is based on the highest consecutive 60 months. Members who retire prior to the age of 53 receive reduced benefits. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually.

Actuarial Assumptions

The total pension liability (TPL) for each of the plans was determined using the actuarial assumptions outlined below, and are summarized in the Actuarial Section of DRS' *Comprehensive Annual Financial Report*. The TPL was calculated as of the valuation date and rolled forward to the measurement date.

	FY2023	**FY2022**
Actuarial valuation date	June 30, 2021	June 30, 2020
Measurement date	June 30, 2022	June 30, 2021
Inflation	2.75%	2.75%
Salary changes	3.25%	3.50%
Investment rate of return	7.00%	7.40%
Discount rate	7.00%	7.40%
Actuarial Cost Method	Entry Age	Entry Age
Source of mortality assumptions	Pub T.H-2010 Table	Pub T.H-2010 Table
Actuarial assumptions source	2021 Economic Experience Study 2013-2018 Demographic Experience Study	2019 Economic Experience Study 2013-2018 Demographic Experience Study

Mortality rates were developed by the Society of Actuaries. The Office of the State Actuary applied age offsets for each system to better tailor the mortality rates to the demographics of each plan. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Actuarial results that OSA provided reflect the following changes in assumptions and methods:

- Updated the Joint-and-Survivor Factors and Early Retirement Factors in the model. These factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors recently provided to DRS for future implementation that reflect current demographic and economic assumptions.
- Updated the economic assumptions based on the 2021 action of the PFC and the LEOFF Plan 2 Retirement Board. The investment return assumption was reduced from 7.50 (7.40 for LEOFF 2) to 7.00 percent, and the salary growth assumption was lowered from 3.50 to 3.25 percent. This action is a result of recommendations from the biennial economic experience study; see the full report for additional details.

Discount rate

The discount rates used to measure the total pension liabilities are the long term expected rate of return on plan assets, after an asset sufficiency test was completed to determine whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members.

Based on OSA's assumptions, the pension plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Long Term Expected Rate of Return

Long-term expected rates of return on pension plan investments are selected 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. 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, 2022 are summarized in the following table. The inflation component used to create the above table is 2.20 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

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

Collective Net Pension Liability/Asset

The University reported the following for its proportionate share of the collective net pension liability (asset). The proportions are based on the University's contributions to the pension plan relative to the contributions of all participating employers.

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
Year Ended 6/30/23					
Proportionate Share	0.173848%	0.221798%	0.021200%	0.021641%	0.039294%
Net Pension Liability (Asset)	$ 4,840,577	$ (8,225,988)	$ 403,184	$ (42,587)	$ (1,067,895)
Year Ended 6/30/22					
Proportionate Share	0.182423%	0.228282%	0.017962%	0.018020%	0.044190%
Net Pension Liability (Asset)	$ 2,227,816	$ (22,740,568)	$ 120,939	$ (495,337)	$ (2,566,746)

Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate

The following presents the net pension liability/asset of the University as an employer, calculated using the discount rate, as well as what the net pension liability/(assets) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
Year Ended 6/30/23					
1% Decrease	$ 6,466,945	$ 9,687,177	$ 547,474	$ 771,539	$ (49,175)
Current Discount Rate	4,840,577	(8,225,988)	403,184	(42,587)	(1,067,895)
1% Increase	3,421,140	(22,942,784)	277,056	(704,460)	(1,901,630)
Year Ended 6/30/22					
1% Decrease	$ 3,795,211	$ (6,478,346)	$ 231,806	$ 86,376	$ (1,618,591)
Current Discount Rate	2,227,816	(22,740,568)	120,939	(495,337)	(2,566,746)
1% Increase	860,887	(36,132,514)	24,185	(969,867)	(3,343,094)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

Deferred Outflows of Resources

2023	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
Pension contributions subsequent to the measurement date	$1,223,177	$2,003,437	$128,023	$160,115	$98,719
Differences between expected and actual experience	-	2,038,207	-	212,194	253,750
Change in assumptions	-	4,584,852	-	239,918	270,528
Change in proportion and contributions	-	104,933	-	30,151	306,125
Net difference between projected and actual investment earnings on pension plan investments	-	-	-	-	-
Total	$1,223,177	$8,731,429	$128,023	$642,378	$929,122
2022					
Pension contributions subsequent to the measurement date	$1,057,948	$1,774,265	$108,282	$138,477	$81,862
Differences between expected and actual experience	-	1,104,474	-	153,887	116,418
Change in assumptions	-	33,231	-	30,811	1,110
Change in proportion and contributions	-	45,350	-	37,246	198,189
Net difference between projected and actual investment earnings on pension plan investments	-	-	-	-	-
Total	$1,057,948	$2,957,320	$108,282	$360,421	$397,579

Deferred Inflows of Resources

2023	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
Pension contributions subsequent to the measurement date	$ -	$ -	$ -	$ -	$ -
Differences between expected and actual experience	-	186,215	-	4,280	9,908
Change in assumptions	-	1,200,478	-	26,093	92,984
Change in proportion and contributions	-	845,606	-	38,229	52,487
Net difference between projected and actual investment earnings on pension plan investments	802,229	6,081,533	72,246	225,245	357,572
Total	$802,229	$8,313,832	$72,246	$293,847	$512,951
2022					
Pension contributions subsequent to the measurement date	$ -	$ -	$ -	$ -	$ -
Differences between expected and actual experience	-	278,777	-	4,009	13,565
Change in assumptions	-	1,614,957	-	26,030	122,075
Change in proportion and contributions	-	1,043,713	-	27,949	63,397
Net difference between projected and actual investment earnings on pension plan investments	2,472,130	19,005,780	181,308	577,502	1,223,843
Total	$2,472,130	$21,943,227	$181,308	$635,490	$1,422,880

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30:

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
2024	$ (339,485)	$ (2,056,110)	$ (30,631)	$ (42,483)	$ (84,275)
2025	(308,341)	(1,828,820)	(27,849)	(32,991)	(69,320)
2026	(386,807)	(2,183,747)	(35,026)	(52,921)	(101,525)
2027	232,404	2,623,633	21,260	126,213	182,265
2028	-	885,680	-	48,609	75,884
Thereafter	-	973,523	-	141,988	314,423
Total	$ (802,229)	$ (1,585,841)	$ (72,246)	$ 188,415	$ 317,452

The University recognized $(457,852) and $(7,257,061) in pension expense for all plans noted above for fiscal years 2023 and 2022, respectively.

Contribution Rates

Defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Contribution requirements are established and amended by state statute under Chapter 41.45 of the Revised Code of Washington and rates are adopted biennially by the Pension Funding Council. The required contribution rates expressed as a percentage of current year covered payroll are shown below and include an administrative expense component of 0.18%. The University's required contributions for the years ending June 30 are as follows:

	University Contribution Rates		University Contributions	
	FY2023	FY2022	FY2023	FY2022
PERS 1	10.39%	10.25%	$ 17,724	$ 22,495
PERS 2	10.39%	10.25%	2,440,363	2,215,695
PERS 3	10.39%	10.25%	825,685	643,644
TRS 1	14.69%	14.42%	-	-
TRS 3	14.69%	14.42%	291,717	249,852
LEOFF 2	8.71%	8.71%	100,802	83,589

Eastern Washington University Retirement Plan

Plan Description - Faculty and certain other employees are eligible to participate in the Eastern Washington University Retirement Plan (EWURP), a privately administered single employer 403(b) defined contribution plan with a supplemental defined benefit plan component. RCW 28.B.10.400 authorizes the University's Board of Trustees to establish and amend plan provisions.

The employee and employer contributions into the EWURP are immediately vested at 100%. The plan provides for a variety of options to take income from the plan including, fixed period, interest only, lifetime income annuities, lump sum, and systematic withdrawals. Benefits from the plan are available at separation or retirement.

On June 8, 2011, the supplemental benefit payment was discontinued for new employees hired after July 1, 2011. This action caps and will eventually eliminate net pension obligations for the supplemental plan. Beginning in fiscal year 2021, assets are accumulated in a trust to pay for the future supplemental plan retirement benefits.

Benefits Provided - The supplemental payment plan determines a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. The University makes direct payments to qualifying retirees when the retirement income provided by the plan does not meet the benefit goal. Employees are eligible for a non-reduced supplemental payment after the age of 65 with 10 years of full-time service. The benefit goal is 2 percent of the average annual salary for each year of full-time service up to a maximum of 25 years, less the annuity benefit offset and any WAPERS benefits (Washington State Retirement System). However, if the participant does not elect to make the 10 percent plan contribution after age 50, the benefit goal is 1.5 percent for each year of full-time service for the years in which the lower contribution rate was selected.

Contributions - Employee contribution rates, which are based on age, are 5 percent, 7.5 percent and 10 percent of salary. The University matches the employee contributions. The University contributions during the years ended June 30, 2023 and 2022 were $5,233,740 and $5,048,200, respectively. For the years ended June 30, 2023 and 2022, the University reported $(801,000) and $(601,942), respectively in retirement benefit expense relating to the supplemental component of the EWURP. A contribution rate of 0.28% of EWURP covered payroll was created through legislation and was effective for the years ended June 30, 2023 and 2022. A contribution rate prior to 2021 was not required. Contributions based on this rate during the fiscal years 2023 and 2022 were $172,000 and $165,000, respectively.

Plan Membership – Membership of the EWURP Supplemental Plan consisted of the following as of actuarial valuations as of:

	January 1, 2023	June 30, 2020
Active Members	217	290
Eligible members not yet receiving benefits	33	59
Beneficiaries currently receiving benefits	70	57

Actuarial Assumptions - The net pension liability was determined by actuarial valuations using the following actuarial assumptions, applied to all periods included in the measurement. For both years, update procedures were used by the Office of State Actuary to roll forward the NPL to the measurement date.

	FY2023	FY2022
Actuarial valuation date	January 1, 2023	June 30, 2020
Measurement date	June 30, 2023	June 30, 2022
Inflation	2.75%	2.75%
Salary growth	3.50%	3.50%
Investment rate of return	7.00%	7.00%
Discount rate	7.00%	7.00%
Source of discount rate	Economic Experience Study – August 2021	2019 Economic Experience Study – August 2019
Source of mortality assumptions	Pub T.H-2010 Table	Pub T.H-2010 Table
Source of other assumptions	Higher Education SRP Experience Study – August 2021	Higher Education SRP Experience Study – August 2021
Liability using discount rate 1% lower	$ 6,966,000	$ 10,781,000
Liability using current discount rate	$ 5,862,000	$ 9,399,000
Liability using discount rate 1% higher	$ 4,917,000	$ 8,216,000

Material assumption changes during the measurement period ending June 30, 2023 include changing the valuation date from June 30 to January 1. This corresponds with the new participant data file date. Additionally, annuity conversion assumptions for the TIAA investments were updated based on input from TIAA and professional judgment. TIAA contributions and investment earnings annuity conversion changed from contributions made pre-2002/post-2001 converted at 6.00 percent/3.25 percent to contributions pre-2006/post-2005 converted at 7.00 percent/4.00 percent.

Material assumption changes during the measurement period ending June 30, 2022 include a decrease to the discount rate from 7.40 percent to 7.00 percent. Additionally, returns on TIAA and CREF investments were updated to calculate member assumed income.

Long Term Expected Rate of Return

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

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

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

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns at various future times. The expected future rates of return (expected returns, net of pension plan investment expense, including inflation) are developed by the WSIB for each major asset class. 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, 2022, are summarized in the following table. The inflation component used to create the above table is 2.20 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

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

The following table presents the change in the pension liability of the EWURP Supplemental Plan at June 30.

	FY2023	FY2022
Service cost	$ 210,000	$ 157,000
Interest	920,000	671,000
Differences between expected and actual experience	(2,820,000)	2,661,000
Changes in assumptions	(1,040,000)	867,000
Benefit payments	(366,000)	(277,000)
Net Change in Total Pension Liability	(3,096,000)	4,079,000
Total Pension Liability - Beginning	13,119,000	9,040,000
Total Pension Liability - Ending	$ 10,023,000	$ 13,119,000
Contributions – Employer	$ 172,000	$ 165,000
Net investment income	269,000	5,000
Net Change in Plan Fiduciary Net Position	441,000	170,000
Plan Fiduciary Net Position – Beginning	3,719,000	3,549,000
Plan Fiduciary Net Position - Ending	$ 4,160,000	$ 3,719,000

The EWURP Supplemental Plan reported related deferred outflows of resources and deferred inflows of resources from the following sources at June 30:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,867,000	$ 6,404,000	$ 4,077,000	$ 5,555,000
Changes of assumptions	2,155,000	4,872,000	2,993,000	5,314,000
Net difference between projected and actual investment earnings on pension plan investments	158,000	283,000	211,000	421,000
Total	$ 5,180,000	$ 11,559,000	$ 7,281,000	$ 11,290,000

Amounts reported as related deferred outflows and deferred inflows of resources will be recognized in pension expense in the fiscal years ended June 30:

2024	$ (1,127,000)
2025	(1,581,000)
2026	(2,078,000)
2027	(1,005,000)
2028	(589,000)
Thereafter	-
Total	$ (6,380,000)

Note 13: Other Post-Employment Benefits (OPEB)

Plan Description - 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. 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 years 2023 and 2022, the explicit subsidy was $183.

The following table shows the University’s membership in the PEBB plan as of June 30.

Number of Participants	FY2023	FY2022
Active employees	1,188	1,213
Retirees receiving benefits	344	334
Retirees entitled to but not receiving benefits	N/A	56

Actuarial Assumptions and Methodologies - 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 for each reporting date was determined by actuarial valuations, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

	FY2023	FY2022
Actuarial valuation date	June 30, 2022	June 30, 2020
Measurement date	June 30, 2022	June 30, 2021
Inflation rate	2.35%	2.75%
Projected salary changes	3.25%	3.50%
Discount rate	3.54%	2.16%
Liability using discount rate 1% lower	$ 46,117,431	$ 73,098,024
Liability using current discount rate	$ 39,357,544	$ 60,333,259
Liability using discount rate 1% higher	$ 33,918,043	$ 50,408,750
Health care trend rates	Initial rate ranges from 2-11%, reaching an ultimate rate of 3.8% in 2080	Initial rate ranges from 2-11%, reaching an ultimate rate of 4.3% in 2075
Liability using health care rate 1% lower	$ 33,323,403	$ 48,675,431
Liability using current health care rate	$ 39,357,544	$ 60,333,259
Liability using health care rate 1% higher	$ 47,077,208	$ 76,086,919
Post-Retirement Participation Percentage	60.00%	65.00%
Percentage with spouse coverage	45.00%	45.00%
Source of mortality assumptions	Society of Actuaries Pub.H-2010 mortality rates with long term MP-2017 generational improvement scale	Society of Actuaries Pub.H-2010 mortality rates with long term MP-2017 generational improvement scale
Source of discount rate	Bond Buyer General Obligation 20 Municipal Bond Index	Bond Buyer General Obligation 20 Municipal Bond Index
Source of other assumptions	2013-2018 Demographic Experience Study Financial Condition and Economic Experience Study – August 2019	2013-2018 Demographic Experience Study Financial Condition and Economic Experience Study – August 2019
Actuarial cost method	Entry Age	Entry Age

Allocation Methodology - 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 and the reporting date. The portion of health care premiums attributed to retirees for both explicit and implicit subsidies is determined by using the Fiscal Year 2022 4th Quarter Update in the PEBB Financial Projection Model (PFPM) from the State Health Care Authority.

The following table shows proportionate share, OPEB expense and the change in the total OPEB liability for the university at June 30:

	FY2023	FY2022
Proportionate share	0.926439%	0.932266%
OPEB Expense	$ (1,739,037)	$ 1,015,840
Service cost	$ 2,903,385	$ 3,015,517
Interest	1,347,133	1,303,288
Differences between expected and actual experience	(1,334,100)	-
Changes in assumptions	(22,525,222)	556,835
Benefit payments	(989,743)	(992,925)
Change in proportionate share	(377,168)	(6,387,640)
Net Change in Total OPEB Liability	(20,975,715)	(2,504,925)
Total OPEB Liability - Beginning	60,333,260	62,838,185
Total OPEB Liability - Ending	$39,357,545	$ 60,333,260

At June 30, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	FY2023	FY2022	FY2023	FY2022
Transactions subsequent to the measurement date	$ 993,321	$ 995,969	$ -	$ -
Differences between expected and actual experience	820,461	1,032,028	1,384,806	233,555
Changes in assumptions	3,225,790	3,842,323	28,532,876	10,938,688
Change in proportion	267,225	337,680	11,554,360	12,957,647
Total	$ 5,306,797	$ 6,208,000	$ 41,472,042	$ 24,129,890

Deferred outflows of resources in the amount of $993,321 and $995,969 resulting from contributions subsequent to the measurement date are recognized as a reduction of the OPEB liability in the year ended June 30, 2023 and 2022 respectively. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in OPEB expense in the fiscal years ended June 30:

2024	$ (5,989,556)
2025	(5,989,556)
2026	(5,989,559)
2027	(5,075,208)
2028	(3,905,273)
Thereafter	(10,209,414)
Total	$ (37,158,566)

Note 14: Segment Information

The following financial information represents identifiable activities for which one or more revenue bonds or other revenue-backed debt is outstanding, and where expenses, gains and losses, assets, and liabilities are identifiable. These bonds provide funding for residential housing and student activity facilities. For more information, separately issued financial statements are available from the Office of Controller, Eastern Washington University, 319 Showalter Hall, Cheney, WA 99004. Summarized activity as of and for the years ended June 30 follows:

CONDENSED STATEMENTS OF NET POSITION	Housing and Dining System Revenue Bonds Series 2012		Associated Student Activities Revenue and Refunding Bonds Series 2016	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Assets				
Current assets	$ 33,816,060	$ 29,391,944	$ 15,434,310	$ 10,631,853
Non-current assets	34,553,478	37,556,880	71,261,749	73,127,577
Total assets	68,369,538	66,948,824	86,696,059	83,759,430
Deferred outflows of resources	1,232,039	938,829	564,229	606,264
Liabilities				
Current liabilities	1,625,496	1,647,413	4,344,566	3,746,434
Non-current liabilities	20,955,415	22,594,258	51,020,091	53,959,794
Total liabilities	22,580,911	24,241,671	55,364,657	57,706,228
Deferred inflows of resources	4,810,288	5,661,891	1,169,119	1,192,960
Net position				
Net investment in capital assets	11,838,243	11,359,825	18,811,490	18,172,196
Restricted expendable	454,897	1,755,666	2,897,337	3,403,376
Unrestricted	29,917,238	24,868,600	9,017,685	3,890,934
Total net position	42,210,378	$ 37,984,091	$ 30,726,512	$ 25,466,506

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION Fiscal Years Ended June 30	Housing and Dining System Revenue Bonds Series 2012		Associated Student Activities Revenue and Refunding Bonds Series 2016	
	2023	2022	2023	2022
Operating revenues	18,197,510	$ 15,135,114	$ 9,753,030	$ 10,185,514
Operating expenses	14,148,517	10,161,882	5,839,315	6,177,090
Net operating income	4,048,993	4,973,232	3,913,715	4,008,424
Non-operating revenues (expenses)	177,294	(793,276)	1,346,291	(3,287,303)
Change in net position	4,226,287	4,179,956	5,260,006	721,121
Net position, beginning of year	37,984,091	33,804,135	25,466,506	24,745,385
Net position, end of year	$ 42,210,378	$ 37,984,091	$ 30,726,512	$ 25,466,506

CONDENSED STATEMENTS OF CASH FLOWS Fiscal Years Ended June 30	Housing and Dining System Revenue Bonds Series 2012		Associated Student Activities Revenue and Refunding Bonds Series 2016	
	2023	2022	2023	2022
Net cash flows provided by operating activities	$ 4,375,544	$ 4,146,687	$ 5,518,985	$ 5,821,126
Net cash flows provided by investing activities	(11,841,251)	(5,811,358)	(6,356,840)	(2,027,365)
Net cash flows used by non-capital and related financing activities	-	-	(1,019,294)	(1,644,309)
Net cash flows provided used by capital and related financing activities	(1,983,867)	(1,626,933)	(216,500)	(3,750,902)
Net increase (decrease) in cash	(9,449,574)	(3,291,604)	(2,073,649)	(1,601,450)
Cash—beginning of year	21,739,031	25,030,635	8,263,224	9,864,674
Cash—end of year	$ 12,289,457	$ 21,739,031	$ 6,189,575	$ 8,263,224

Note 15: Operating Expenses by Function

Operating expenses by functional classification for the years ended June 30 are summarized as follows:

	FY2023	FY2022
Education and general		
Instruction	$ 81,423,185	$ 73,382,514
Research	750,792	992,060
Public Service	9,862,605	8,396,680
Academic support	14,092,445	13,131,461
Student services	23,096,992	17,805,621
Institutional support	16,846,994	15,274,182
Operation and maintenance of plant	20,495,289	17,678,945
Scholarships and fellowships	19,582,247	32,468,986
Auxiliary enterprises	28,510,092	22,640,279
Depreciation and amortization	22,597,346	21,350,807
Total operating expenses	$ 237,257,987	$ 223,121,535

Note 16: Other Matters and Subsequent Events

In accordance with the statutory requirement under Section 466 (a) of the Higher Education Act of 1965, as amended, a capital distribution of Perkins Revolving Loan program monies was made in FY21 and FY20 to the U.S. Department of Education (DOE) for a partial federal share of historical capital contributions to the program. Subsequent repayments are anticipated in future years as loan amounts are collected by the University.

Outstanding purchase orders and other commitments at June 30, 2023 total $26.2 million for various goods and services.

Schedule of the University's Proportionate Share of the Net Pension Liability (Asset)
*Shown as of measurement date; this schedule to be built prospectively until it contains ten years of data.

	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Public Employees' Retirement System (PERS) Plan 1									
University's proportion of the net pension liability	0.235935%	0.232536%	0.234419%	0.225802%	0.226824%	0.225347%	0.211191%	0.182423%	0.173848%
University's proportionate share of the net pension liability	$11,885,340	$12,163,804	$12,589,381	$10,714,502	$10,130,031	$8,665,380	$7,456,170	$2,227,816	$4,840,578
University's covered payroll	25,196,757	25,945,212	27,434,293	28,095,867	29,822,632	31,174,499	31,435,288	27,472,694	28,396,030
University's proportionate share of the net pension liability as a percentage of its covered payroll	47%	47%	46%	38%	34%	28%	24%	8%	17%
Plan fiduciary net position as a percentage of the total pension liability	61%	59%	57%	61%	63%	67%	69%	89%	77%
Public Employees' Retirement System (PERS) Plan 2/3									
University's proportion of the net pension liability	0.285383%	0.284759%	0.285742%	0.280853%	0.282349%	0.283286%	0.267640%	0.228282%	0.221798%
University's proportionate share of the net pension liability	$5,768,630	$ 10,174,598	$14,386,897	$9,758,291	$4,820,860	$2,751,669	$3,422,957	$(22,740,568)	$(8,225,987)
University's covered payroll	24,496,463	25,317,107	26,817,445	27,677,117	29,431,876	30,778,418	31,103,653	27,189,314	28,176,566
University's proportionate share of the net pension liability as a percentage of its covered payroll	24%	40%	54%	35%	16%	9%	11%	-84%	-29%
Plan fiduciary net position as a percentage of the total pension liability	93%	89%	86%	90%	95%	97%	97%	120%	107%
Teachers' Retirement System (TRS) Plan 1									
University's proportion of the net pension liability	0.014280%	0.015034%	0.016733%	0.019939%	0.022775%	0.021472%	0.018450%	0.017962%	0.021200%
University's proportionate share of the net pension liability	$421,191	$476,291	$571,301	$602,820	$665,155	$531,602	$444,413	$120,937	$403,184
University's covered payroll	658,969	747,748	852,932	1,119,777	1,440,687	1,448,250	1,346,840	1,353,225	1,837,673
University's proportionate share of the net pension liability as a percentage of its covered payroll	64%	64%	67%	54%	46%	37%	33%	9%	22%
Plan fiduciary net position as a percentage of the total pension liability	69%	66%	62%	65%	66%	70%	71%	91%	78%
Teachers' Retirement System (TRS) Plan 2/3									
University's proportion of the net pension liability	0.015141%	0.015921%	0.017044%	0.020412%	0.023164%	0.021654%	0.018715%	0.018020%	0.021641%
University's proportionate share of the net pension liability	$48,904	$134,340	$234,069	$188,388	$104,262	$130,470	$287,464	$(495,337)	$(42,587)
University's covered payroll	654,525	747,348	852,532	1,119,377	1,440,287	1,448,250	1,346,840	1,353,225	1,837,673
University's proportionate share of the net pension liability as a percentage of its covered payroll	7%	18%	27%	17%	7%	9%	21%	-37%	-2%
Plan fiduciary net position as a percentage of the total pension liability	97%	92%	89%	93%	96%	96%	92%	114%	101%

Law Enforcement Officers' and Firefighter's (LEOFF) Plan 2									
University's proportion of the net pension liability	0.040159%	0.048127%	0.049090%	0.060803%	0.051360%	0.052056%	0.050910%	0.044190%	0.039294%
University's proportionate share of the net pension liability	$(532,934)	$(494,651)	$(285,519)	$(843,749)	$(1,042,728)	$(1,205,978)	$(1,038,496)	$(2,566,745)	$(1,067,895)
University's covered payroll	669,208	852,252	894,293	1,148,894	1,011,692	1,105,966	1,153,860	1,020,099	959,688
University's proportionate share of the net pension liability as a percentage of its covered payroll	-80%	-58%	-32%	-73%	-103%	-109%	-90%	-252%	-111%
Plan fiduciary net position as a percentage of the total pension liability	117%	112%	124%	113%	118%	119%	116%	142%	116%

Schedule of the University Contributions

*Shown as of reporting date; this schedule to be built prospectively until it contains ten years of data.

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Public Employees' Retirement System (PERS) Plan 1									
Contractually required contribution	$57,848	$68,964	$46,816	$49,626	$50,817	$42,648	$36,754	$22,495	$17,777
Contributions in relation to the contractually required contribution	57,464	67,757	46,254	47,216	50,734	42,648	36,697	22,495	17,724
Contribution deficiency (excess)	385	1,207	563	2,410	83	--	57	--	53
University's covered payroll	25,945,212	27,434,293	28,095,867	29,822,632	31,174,499	31,435,288	27,472,694	28,396,030	31,911,815
Contributions as a percentage of covered payroll	0.22%	0.25%	0.16%	0.16%	0.16%	0.14%	0.13%	0.08%	0.06%
Public Employees' Retirement System (PERS) Plan 2/3									
Contractually required contribution	$2,331,706	$2,998,190	$3,094,302	$3,737,848	$3,948,871	$3,999,930	$3,526,454	$2,888,098	$3,297,860
Contributions in relation to the contractually required contribution	2,328,966	2,988,130	3,084,800	3,725,304	3,942,428	3,999,925	3,521,331	2,859,339	3,266,047
Contribution deficiency (excess)	2,740	10,060	9,502	12,544	6,443	5	5,123	28,759	31,813
University's covered payroll	25,317,107	26,817,445	27,677,117	29,431,876	30,778,418	31,103,653	27,189,314	28,176,566	31,740,717
Contributions as a percentage of covered payroll	9.20%	11.14%	11.15%	12.66%	12.81%	12.86%	12.95%	10.15%	10.29%
Teachers' Retirement System (TRS) Plan 1									
Contractually required contribution	$42	$42	$53	$61	--	--	--	--	--
Contributions in relation to the contractually required contribution	42	42	53	53	--	--	--	--	--
Contribution deficiency (excess)	--	--	--	8	--	--	--	--	--
University's covered payroll	747,748	852,932	1,119,777	1,440,687	1,448,250	1,346,840	1,353,225	1,837,673	1,974,461
Contributions as a percentage of covered payroll	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Teachers' Retirement System (TRS) Plan 2/3									
Contractually required contribution	$77,649	$111,937	$146,974	$218,924	$223,175	$208,895	$212,998	$264,992	$290,048
Contributions in relation to the contractually required contribution	79,752	112,047	146,974	200,731	222,897	208,734	212,661	249,852	291,717
Contribution deficiency (excess)	(2,103)	(109)	--	18,193	278	161	337	15,141	(1,669)
University's covered payroll	747,348	852,532	1,119,377	1,440,287	1,448,250	1,346,840	1,353,225	1,837,673	1,974,461
Contributions as a percentage of covered payroll	10.67%	13.14%	13.13%	13.94%	15.39%	15.50%	15.72%	13.60%	14.77%

Law Enforcement Officers' and Firefighters' (LEOFF) Plan 2									
Contractually required contribution	$73,208	$76,820	$98,690	$90,344	$98,763	$101,194	$89,463	$83,589	$100,803
Contributions in relation to the contractually required contribution	72,978	76,820	98,690	90,367	98,763	101,194	89,463	83,589	100,803
Contribution deficiency (excess)	231	--	--	(23)	--	--	--	--	--
University's covered payroll	852,252	894,293	1,148,894	1,011,692	1,105,966	1,153,860	1,020,099	959,688	1,157,319
Contributions as a percentage of covered payroll	8.56%	8.59%	8.59%	8.93%	8.93%	8.77%	8.77%	8.71%	8.71%
Eastern Washington University Supplemental Retirement Plan (EWUSRP)									
Contractually required contribution							$5,175,964	$5,048,200	$5,233,740
Contributions in relation to the contractually required contribution							5,175,964	5,048,200	5,233,740
Contribution deficiency (excess)							--	--	--
University's covered payroll							60,197,222	59,009,283	61,641,483
Contributions as a percentage of covered payroll							8.60%	8.55%	8.49%

Schedule of Changes in the Total Pension Liability
Eastern Washington University Supplemental Retirement Plan (EWUSRP)
Fiscal Year Ended June 30

	2017	**2018**	**2019**	**2020**
Service cost	$ 658,465	$ 477,481	$ 462,693	$ 500,852
Interest	420,402	428,837	613,681	634,338
Differences between expected and actual experience	(2,853,204)	3,867,111	421,805	1,018,825
Changes in assumptions	(646,620)	(621,476)	1,014,003	3,488,099
Benefit payments	(139,765)	(201,688)	(316,470)	(250,213)
Net Change in Total Pension Liability	(2,560,722)	3,950,265	2,195,712	5,391,901
Total Pension Liability - Beginning	14,161,874	11,601,152	15,551,417	17,747,129
Total Pension Liability - Ending	**$ 11,601,152**	**$ 15,551,417**	**$ 17,747,129**	**$ 23,139,030**
Covered payroll	$ 38,505,000	$ 34,114,000	$ 32,357,000	$ 30,440,817
Total pension liability as a percentage of covered payroll	30.13%	45.59%	54.85%	76.01%

Schedule of Changes in the Net Pension Liability
Eastern Washington University Supplemental Retirement Plan (EWUSRP)
Fiscal Year Ended June 30

	2021	2022	2023
Service cost	$ 668,000	$ 157,000	$ 210,000
Interest	523,000	671,000	920,000
Differences between expected and actual experience	(7,646,000)	2,661,000	(2,820,000)
Changes in assumptions	(7,364,000)	867,000	(1,040,000)
Benefit payments	(280,000)	(277,000)	(366,000)
Net Change in Total Pension Liability	(14,099,000)	4,079,000	(3,096,000)
Total Pension Liability - Beginning	23,139,000	9,040,000	13,119,000
Total Pension Liability – Ending (a)	**$ 9,040,000**	**$ 13,119,000**	**$ 10,023,000**
Employer contributions	$ 165,000	$ 165,000	$ 172,000
Net investment income	892,000	5,000	270,000
Net Change in Plan Fiduciary Net Position	1,057,000	170,000	442,000
Plan Fiduciary Net Position – Beginning	2,492,000	3,549,000	3,719,000
Plan Fiduciary Net Position – Ending (b)	**$ 3,549,000**	**$ 3,719,000**	**$ 4,161,000**
EWUSRP Net Pension Liability (a-b)	**$ 5,491,000**	**$ 9,400,000**	**$ 5,862,000**
University's covered payroll	$ 60,197,222	$ 59,009,283	$ 61,641,483
Net pension liability as a percentage of its covered payroll	9.12%	15.93%	9.50%
Plan fiduciary net position as a percentage of the total pension liability	39.26%	28.35%	41.51%

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

Schedule of Changes in Total OPEB Liability
Measurement Date of June 30*

	2018	2019	2020	2021	2022	2023
Service Cost	$ 4,568,047	$ 3,696,903	$ 2,666,488	$ 2,607,597	$ 3,015,517	$ 2,903,385
Interest	2,139,701	2,541,600	2,313,026	2,181,296	1,303,288	1,347,133
Difference between expected and actual experience	--	2,319,987	--	(334,263)	--	(1,334,100)
Changes in assumptions	(10,437,501)	(16,184,498)	4,307,462	1,413,966	556,835	(22,525,222)
Benefit payments	(1,090,426)	(1,073,445)	(1,058,070)	(1,038,548)	(992,925)	(989,743)
Change in proportionate share	133,375	448,124	(1,504,432)	(5,624,588)	(6,387,640)	(377,168)
Other	--	--	--	(2,221,810)	--	--
Net Change in Total Pension Liability	(4,686,804)	(8,251,329)	6,724,474	(3,016,350)	(2,504,925)	(20,975,715)
Total OPEB Liability – Beginning	72,068,194	67,381,390	59,130,061	65,854,535	62,838,185	60,333,260
Total OPEB Liability - Ending	**$ 67,381,390**	**$ 59,130,061**	**$ 65,854,535**	**$ 62,838,185**	**$ 60,333,260**	**$ 39,357,545**
Covered-employee payroll	$ 95,610,059	$ 99,635,814	$ 101,473,731	$ 103,044,775	$ 99,832,652	$ 101,939,668
Total OPEB liability as a percentage of covered employee payroll	70.48%	59.35%	64.90%	60.98%	60.43%	38.61%

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

Note: No assets are accumulated in a trust that meets the criteria in GASB Statements 73 or 75, paragraph 4 to pay related benefits for the Eastern Washington University Supplemental Retirement Plan or OPEB Plan.

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.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

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.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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