



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## Central Washington University System

For the period July 1, 2023 through June 30, 2024

*Published March 31, 2025*

Report No. 1036900



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

March 31, 2025

Board of Trustees  
Central Washington University System  
Ellensburg, Washington

**Report on Financial Statements**

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

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

***Americans with Disabilities***

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## INDEPENDENT AUDITOR'S REPORT

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

### Central Washington University System July 1, 2023 through June 30, 2024

Board of Trustees  
Central Washington University System  
Ellensburg, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Central Washington University System, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University System's basic financial statements, and have issued our report thereon dated March 24, 2025.

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the University System'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University System's internal control. Accordingly, we do not express an opinion on the effectiveness of the University System'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 System'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 System'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 System'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 System'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, State Auditor

Olympia, WA

March 24, 2025

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### Central Washington University System July 1, 2023 through June 30, 2024

Board of Trustees  
Central Washington University System  
Ellensburg, Washington

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying financial statements of the Central Washington University System, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University System's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Central Washington University System, as of June 30, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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 System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Matters of Emphasis

As discussed in Note 1, the financial statements of the Central Washington University System, a segment of the Central Washington University System, 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 System. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2024, 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.

As discussed in Note 9 to the financial statements, the University changed the measurement date used for reporting their participation in the State Board Retirement Plan. 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 System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 System's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University System's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information 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 March 24, 2025 on our consideration of the University System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University System'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 System's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

March 24, 2025

**Central Washington University System  
July 1, 2023 through June 30, 2024**

**REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2024

**BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2024

Statement of Revenues, Expenses and Changes in Net Position – 2024

Statement of Cash Flows – 2024

Notes to Financial Statements – 2024

**SUPPLEMENTARY AND OTHER INFORMATION**

Notes to the Required Supplementary Information – 2024

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3, LEOFF 2  
– 2024

Schedule of Employer Contributions – PERS 1, PERS 2/3, LEOFF 2 – 2024

Schedule of Changes in OPEB Liability and Related Ratios – 2024

Schedule of Changes in Total Pension Liability – Supplemental Plan – 2024

Schedule of Employer Contributions – Supplemental Plan – 2024

## Management Discussion and Analysis

The "System" is composed of the housing and dining fund, services and activities fee fund, student union building fee fund, recreation center fee fund, bookstore fund, and the parking fund of the University. The System was established in 2004 as a segment of the University with the intent of formalizing a grouping of similar entities for the purpose of generating revenue to repay bonded debt. By organizing in this fashion, the System is intended to support the pledge of revenue to the special revenue bonds issued.

The management discussion and analysis (MD&A) provides an overview of the financial position and activities of the System for the fiscal year end June 30, 2024. The MD&A focuses on the current year's activities, and the resulting changes and facts to assist readers in understanding the accompanying financial statements. The MD&A should be read in conjunction with the accompanying financial statements and notes to the financial statements. The financial statements, notes, and this discussion and analysis are the responsibility of CWU management.

Activities from the System's component units are included in the accompanying financial statements.

### FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2024

- Participation in the System offerings and occupancy levels continue to increase. In 2024, 2,896 students lived on campus housing and 6,812 people had recreation center memberships, which both saw an increase over 2023.
- The System continued to meet its debt-service obligations even as it completed the first fiscal year without federal assistance from the Higher Education Emergency Relief Fund (HEERF).

The System's overall financial standing continues to be sound, with total assets and deferred outflows of \$212.5 million and total liabilities and deferred inflows of \$150.0 million. The System's net position totals \$62.5 million.

Compared to the fiscal year 2023 figures, total assets and deferred outflows decreased by \$8.4 million, while total liabilities and deferred inflows have decreased by \$9.2 million. Net position has increased by \$0.8 million.

Total operating revenues increased by 5.9 percent or \$3.3 million. This is primarily a result of increased participation in system offerings and approved rate increases by the Board of Trustees.

Total operating expenses decreased by 7.1 percent, or \$4.2 million. This is primarily due to the rightsizing of professional and student staff that were onboarded during the COVID-19 pandemic, a reduction in inflationary pressures on the goods and services needed to operate, as well as the impacts of pension and OPEB.

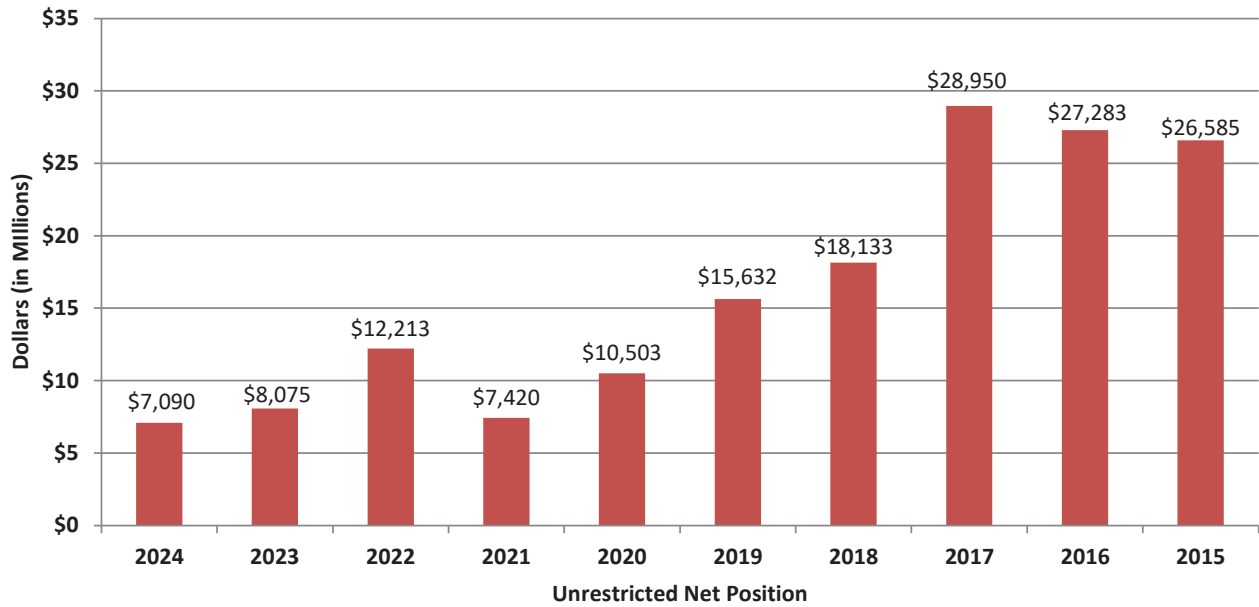




Unrestricted Net Position represents resources derived from student fees and sales and services of the auxiliary enterprises. These may be used at the discretion of the governing board to meet current expenses for any lawful purpose. During 2024, the unrestricted net position decreased by \$985 thousand. This reduction was primarily in relation to the Governmental Accounting Standards Board (GASB) calculations required to display the System's portion of the State of Washington's pension and other post-employment benefit costs.

**UNRESTRICTED NET POSITION (IN THOUSANDS)**

|                     | 2024    | 2023    | 2022     | 2021    | 2020     | 2019     | 2018     | 2017     | 2016     | 2015     |
|---------------------|---------|---------|----------|---------|----------|----------|----------|----------|----------|----------|
| <b>UNRESTRICTED</b> | \$7,090 | \$8,075 | \$12,213 | \$7,420 | \$10,503 | \$15,632 | \$18,133 | \$28,950 | \$27,283 | \$26,585 |





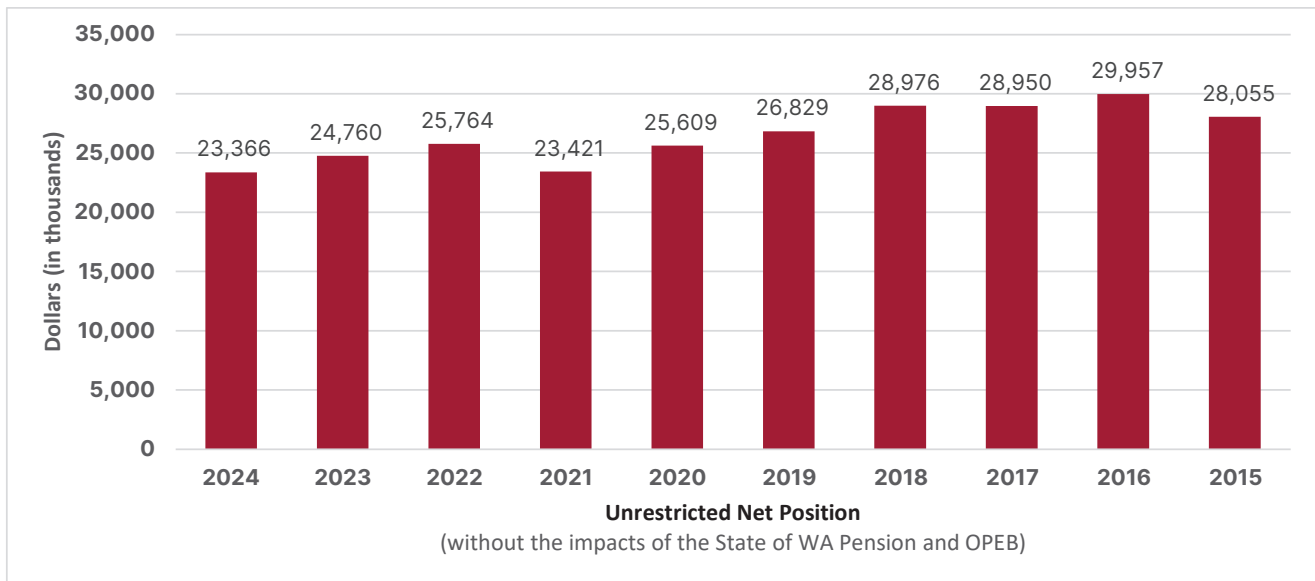
## System Reserves

The System’s unrestricted net position has been calculated, and is displayed below, without the impacts of allocating to the System portions of the State of Washington’s pension and OPEB assets, as well as deferred inflows and outflows and liabilities.

The recording of these amounts is required by GAAP. This information is intended to supplement the System’s official unrestricted net position in accordance with GASB, in an effort to assist management in operational decision making.

### SYSTEM RESERVES (IN THOUSANDS)

|                     | 2024     | 2023     | 2022     | 2021     | 2020     | 2019     | 2018     | 2017     | 2016     | 2015     |
|---------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>UNRESTRICTED</b> | \$23,369 | \$24,760 | \$25,764 | \$23,421 | \$25,609 | \$26,829 | \$28,976 | \$28,950 | \$29,957 | \$28,055 |



### USING THE ANNUAL REPORT

This annual report consists of a series of financial statements: The *Statement of Net Position*, the *Statement of Revenues, Expenses, and Changes in Net Position*, and the *Statement of Cash Flows*. These basic statements provide information on the System as a whole and present a view of the System’s finances. The statements help answer the basic question, “Is the System, as a whole, financially better off, or worse off as a result of the year’s activities?”<sup>1</sup>

Other non-financial factors, such as the condition of the working assets (physical infrastructure), changes in student enrollment, and on-campus occupancy need to be considered in order to assess the overall health of the System.

### STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of the System, at one point in time, and includes all assets and deferred outflows, and liabilities and deferred inflows of the System. Net position is the difference between assets and deferred outflows and liabilities and deferred inflows and is one way to measure the System’s financial health, or financial position.

Assets and liabilities are classified as either current or non-current. Current assets are those resources that are convertible to cash within one year and are available to satisfy current liabilities. Current assets include cash and cash

<sup>1</sup> Please refer to Note 1 on page 17 for activities included in the System’s basic financial statements.

equivalents, short-term investments, accounts receivable, and inventory. Non-current assets are mainly long-term investments and property, equipment, and intangibles. Current liabilities are those obligations of the System that are due within one year of the statement date. Non-current liabilities are comprised of long-term debt and other obligations of the System.

Deferred outflows of resources are a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are transactions that result in the acquisition of net assets in one period that are applicable to future periods.

Net position is reported in three categories: net investment in capital assets; restricted net position (both non-expendable and expendable); and unrestricted net position. Net investment in capital assets consists of capital assets less the balance of the outstanding debt incurred during the construction or improvement of those assets. Restricted net position is limited in use due to the constraints put in place by the donors or by law. Unrestricted net position includes assets that do not qualify as either invested in capital assets, net of related debt, or restricted net position. However, the University may have imposed restrictions on the use of some assets within this category, for example, reserving certain funds for bond payments, to support the emergency reserve fund designated by the Board of Trustees, or funds accumulated to complete capital renovation and construction.

The unrestricted net position balances shown are not only cash balances, but consist of investments, accounts receivable, inventories, and other non-liquid assets. The unrestricted net position balance fluctuates over time and should indicate the ability of the System to withstand external stresses. Decreases are not necessarily an indicator of trouble in the System; they may occur due to planned expenditures of funds set aside for a specific purpose, for example, to replace or renovate buildings or infrastructure. This type of decrease may be advantageous to the System and could indicate opportunities for the future.



The following table shows the Condensed Statement of Net Position at June 30, 2024 and June 30, 2023:

**CONDENSED STATEMENT OF NET POSITION - JUNE 30, 2024 AND JUNE 30, 2023**  
(IN THOUSANDS)

|  | <u>2024</u>            | <u>2023</u>            | <u>2024-2023<br/>Dollar<br/>Change</u> | <u>Percent<br/>Change</u> |
|--|------------------------|------------------------|--|---------------------------|
| Current assets   | \$22,963               | \$22,781               | \$182                                  | 0.80%                     |
| Capital assets, net  | 173,574                | 179,716                | (6,142)                                | -3.42%                    |
| Other non-current assets   | 10,171                 | 11,888                 | (1,717)                                | -14.44%                   |
| <b>Total assets</b>  | <b><u>206,708</u></b>  | <b><u>214,385</u></b>  | <b><u>(7,677)</u></b>                  | <b>-3.58</b>              |
| Deferred outflows  | 5,800                  | 6,562                  | (762)                                  | -11.61%                   |
| <b>Total assets and deferred outflows</b>                              | <b><u>212,509</u></b>  | <b><u>220,947</u></b>  | <b><u>(8,438)</u></b>                  | <b>-3.82%</b>             |
| Current liabilities  | 12,800                 | 11,928                 | 872                                    | 7.31%                     |
| Non-current liabilities  | 130,460                | 138,755                | (8,295)                                | -5.98%                    |
| <b>Total liabilities</b>   | <b><u>143,260</u></b>  | <b><u>150,683</u></b>  | <b><u>(7,423)</u></b>                  | <b>-4.93%</b>             |
| Deferred inflows   | 6,732                  | 8,498                  | (1,766)                                | -20.78%                   |
| <b>Total liabilities and deferred inflows</b>                          | <b><u>149,992</u></b>  | <b><u>159,181</u></b>  | <b><u>(9,189)</u></b>                  | <b>-5.77%</b>             |
| Net investment in capital assets                                       | 52,415                 | 51,263                 | 1,152                                  | 2.25%                     |
| Restricted   | 3,012                  | 2,429                  | 583                                    | 24.01%                    |
| Unrestricted   | 7,090                  | 8,075                  | (985)                                  | -12.19%                   |
| <b>Total net position</b>  | <b><u>\$62,517</u></b> | <b><u>\$61,767</u></b> | <b><u>750</u></b>                      | <b>1.22%</b>              |
| Current ratio<br>(CURRENT ASSETS TO CURRENT LIABILITIES)               | 1.79                   | 1.91                   |  |                           |
| Primary reserve ratio<br>(EXPENDABLE NET ASSETS TO OPERATING EXPENSES) | 0.13                   | 0.14                   |  |                           |

**Total assets and deferred outflows** decreased by \$8.4 million at the end of fiscal 2024. Capital assets, net decreased by \$6.1 million for net additions to property and equipment, less depreciation expense<sup>2</sup>. Other Non-Current assets decreased by \$1.7. This was due to an increase in non-depreciable assets of \$588k for additions to construction in progress and a reduction in long term investments of \$2.3 million. The short term investment opportunities have resulted in the University holding more short term investments which qualify as cash and cash equivalents.

The pension asset increased by \$4 thousand to \$2.2 million. In fiscal 2024 the calculations that are required by GASB 68 to record a portion of the State of Washington's assets, liabilities, deferred inflows and outflows on the Statement of Net Position were performed as required.

Current assets increased by \$182 thousand from the preceding year, mainly attributed to the increase in housing and dining rates.

The current ratio, current assets divided by current liabilities, measures the System's ability to meet current obligations. The System's current ratio at June 30, 2024 was 1.8 to 1, which means the System's current assets are 1.8 times that of its current liabilities. The System's current ratio at June 30, 2023 was 1.9 to 1. This indicates that the System's ability to meet current liabilities is about the slightly less than as the previous year.

The primary reserve ratio is calculated by dividing unrestricted net position by operating expenses. This measures the ability of the System to continue operating at current levels, within current restrictions and constraints, lacking any future revenues. Proof of an adequate reserve ratio is often required to secure long-term financing. The System's primary

<sup>2</sup> For further discussion, please see the Capital Asset and Long-Term Liabilities Highlights on page 7.

reserve ratio at June 30, 2024 is 0.13 to 1, which indicates that, in an extreme emergency situation, the System could continue its current operations for approximately a month. In 2023, this ratio was at a ratio of 0.14 to 1. This ratio is a standard way to view the viability of an entity such as the System, however the effects of the implementations of GASB 68 and 75 have impacted the usefulness of comparing this figure for the System year-over-year.

### CAPITAL ASSET AND LONG-TERM LIABILITIES HIGHLIGHTS

On June 30, 2024, the System primarily had \$179.4 million invested in net capital assets, as reflected in the following table. This represents a net decrease of \$5.5 million or 3.0 percent during the fiscal year. This is primarily due to the depreciation since the system had no major capital projects during fiscal 2024.

#### CAPITAL ASSETS (IN THOUSANDS)

|  | 2024             | 2023             |
|--|------------------|------------------|
| Land   | \$1,804          | \$1,804          |
| Equipment  | 6,774            | 6,510            |
| Improvements and infrastructure                        | 25,227           | 24,895           |
| Buildings  | 238,614          | 238,614          |
| Construction in progress                               | 3,975            | 3,387            |
| Art  | 40               | 40               |
| <b>Total</b>   | <b>276,434</b>   | <b>275,250</b>   |
| <b>Total accumulated depreciation and amortization</b> | <b>(97,040)</b>  | <b>(90,303)</b>  |
| <b>Capital assets, net</b>                             | <b>\$179,394</b> | <b>\$184,947</b> |

Depreciable capital assets, net of depreciation, increased during fiscal year 2024 by \$1.2 million (See Note 4). Construction in progress for projects underway totaled \$4.0 million at June 30, 2024. The total depreciation expense was \$6.8 million for the year ended June 30, 2024. The construction in progress figure of \$4.0 million primarily consists of projects relating to the Old Heat Building, which is located on the southern end of the University, substantial boiler replacements for apartment complexes, Student Union infrastructure upgrades and building code updates.





**The Deferred Outflows balance has three components:**

The first component, Deferred Pensions (contributions), is a result of the adoption of GASB 68 and 73. This component represents the payments made by the System on behalf of employees, subsequent to the measurement date of June 30, 2024.

The second component, Deferred OPEB Contribution relates to GASB 75 *Other Post-Employment Benefits* (OPEB). This component represents payments that the State of Washington may be required to pay in the future, based on actuarial estimates. This amount will be amortized and recognized as an OPEB expense in subsequent years.

The third component, Deferred Gain or Loss on Refunding Outflows number represents costs associated with previous debt issuances. This accounting treatment is the result of GASB 63 and 65 which were adopted in 2013. This component of the Deferred Outflows balance was amortized and decreased by \$197 thousand on June 30, 2024 and will continue to be amortized on a straight-line basis through the term of the replacement bonds of 2017. (See Notes 9,10 and 11).

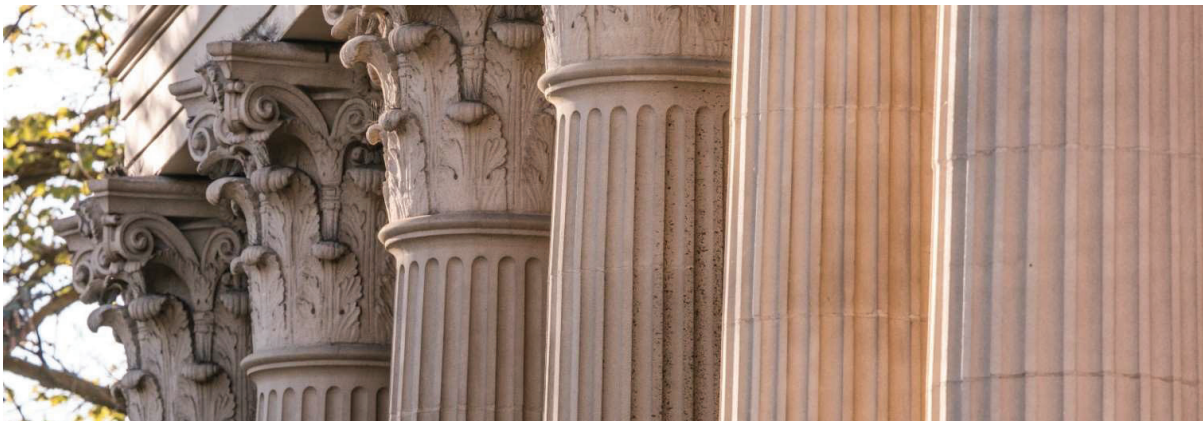
In total, liabilities decreased during fiscal year 2024, from \$150.7 million at the end of 2023 to a total of \$143.3 million at the end of 2024. The majority of this decrease was in relation to the \$6.9 million in principal payments on bonds for the System (See Note 6).

**NON-CURRENT OBLIGATIONS (IN THOUSANDS)**

|  | <b>2024</b>    | <b>2023</b>    |
|--|----------------|----------------|
| Accrued leave liabilities  | \$ 203         | \$ 176         |
| Net bond premium/discount, net of amortization                   | 5,480          | 5,898          |
| Bonds Payable, net of current portion                            | 115,926        | 123,378        |
| Pension Liability  | 3,159          | 3,175          |
| OPEB Liability   | 5,692          | 6,129          |
| <b>Total non-current liabilities</b>                             | <b>130,460</b> | <b>138,755</b> |
| Unrestricted net position  | \$7,090        | \$8,075        |
| <b>Viability ratio (UNRESTRICTED TO NON-CURRENT LIABILITIES)</b> | <b>5.43%</b>   | <b>5.82%</b>   |

The viability ratio measures the System’s ability to retire non-current liabilities using available current resources. The ratio is calculated by dividing unrestricted net position by long-term liabilities. The System’s viability ratio at June 30, 2024 was .05 to 1. This is a decrease from the previous year’s figure of .06 to 1.

**Total net position** decreased by \$750 thousand during fiscal 2024. The total change in net position is equal to the year’s operating activity less the effects of the costs of cash funded capital improvements and the financing activities, specifically the debt service payments. The System experienced an annual operating profit of \$6.4 million, with debt-service of \$6.2 million. The increase in net position is primarily the result of this operating profit.



## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position provides information about the System's activities during the year by reporting all the revenues and expenses for the year. In the Statement of Revenues, Expenses and Changes in Net Position, the current year's revenues and expenses are accounted for, regardless of when cash is received or paid. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the System's operating results.

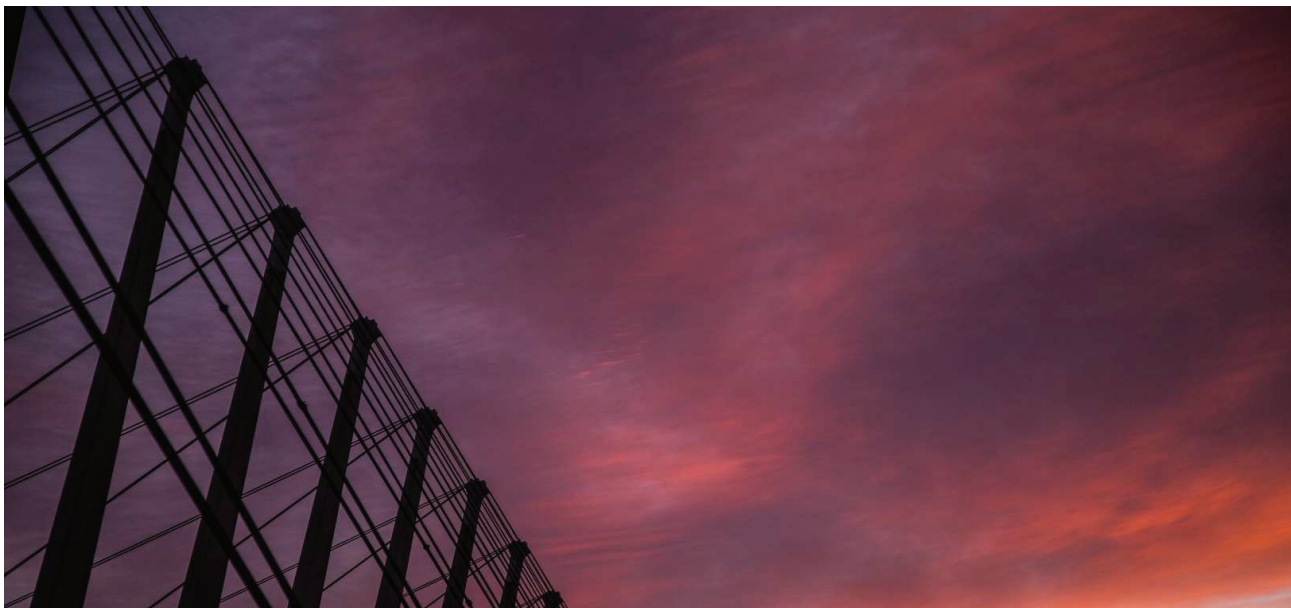
Revenues and expenses are categorized as either operating or non-operating. Operating revenues are revenues earned by the System in exchange for its goods and services. These revenues include tuition and fees, grants and contracts, sales and services of educational departments and auxiliary enterprise revenues. Operating expenses are those incurred during the normal operations of the System and include: salaries and wages, operating expenses, depreciation and cost of sales and services. Non-operating revenues and expenses are those derived from non-exchange transactions. Examples include: interest paid on capital debt, insurance proceeds, investment income, interest rebates, and gains or losses on capital assets.

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (IN THOUSANDS)

|   | 2024     | 2023     |
|---|----------|----------|
| Operating revenues  | \$60,566 | \$57,218 |
| Operating expenses  | 54,136   | 58,255   |
| Operating income (loss)   | 6,430    | (1,038)  |
| Total non-operating revenues net of expenses                            | (5,680)  | 914      |
| Increase (Decrease) in net position                                     | \$750    | (\$124)  |
| Net operating income margin (increase in net position to total revenue) | 1.24%    | -0.22%   |

Net operating income margin is a measure of current year financial status. The margin is calculated by dividing the change in net position by total operating revenue. The System's net income margin for fiscal 2024 is 1.24 percent, this allowed the System to successfully meet the required debt service coverage ratio.

The majority of the \$5.6 million in non-operating revenues, net of expenses is related to interest on capital debt and \$523 thousand from the Build America Bonds program (BABS).



## REVENUES

Operating revenues from they system increased 5.9 percent from fiscal 2023. The following table shows revenues by source for the fiscal years ended June 30, 2024 and June 30, 2023:

### OPERATING REVENUES (IN THOUSANDS)

|                                 | 2024            | 2023            | 2024-23<br>Dollar Change | Percent<br>Change |
|---------------------------------|-----------------|-----------------|--------------------------|-------------------|
| Services and activities         | \$11,487        | \$10,622        | \$865                    | 8.1%              |
| University store                | 5,337           | 5,602           | (265)                    | -4.7%             |
| Parking                         | 1,574           | 1,568           | 6                        | 0.3%              |
| Housing and dining              | 42,170          | 39,425          | 2,745                    | 7.0%              |
| <b>Total operating revenues</b> | <b>\$60,568</b> | <b>\$57,217</b> | <b>3,351</b>             | <b>5.9%</b>       |

As of June 30, 2024, operating revenues increased 5.9 percent while operating expenses decreased 7.1 percent.

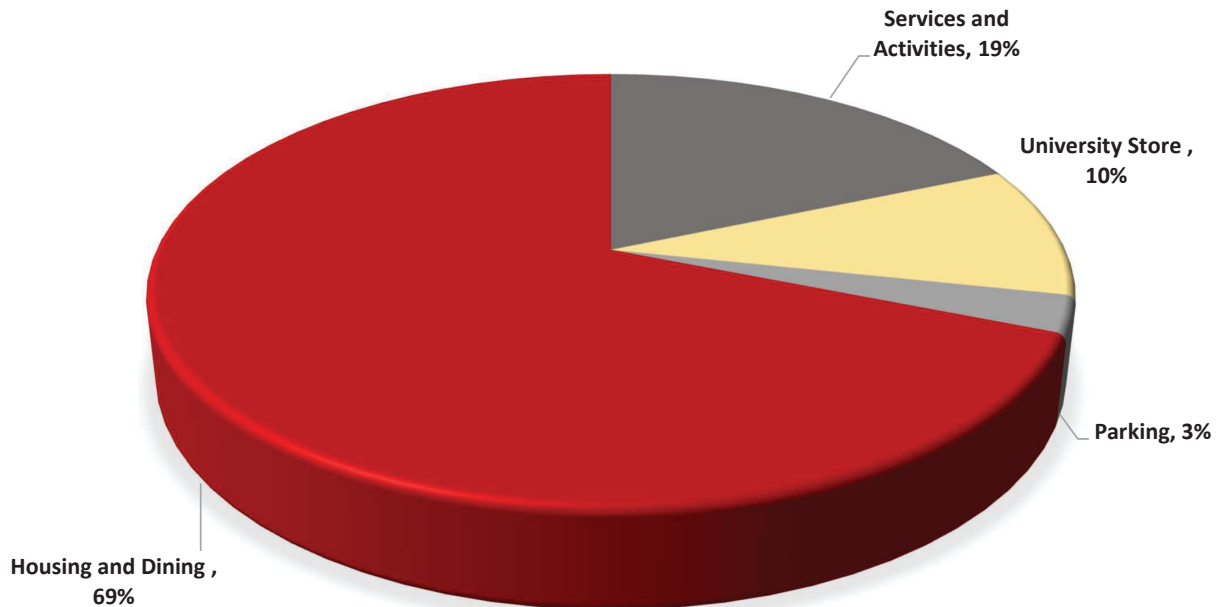
The Services and Activities operating revenue increased 8.1 percent which was primarily due to increased fee revenue.

Parking Services operating revenue increased by .3 percent, which remained relatively flat compared to FY 2023 as there were no major changes to business operations.

Due to occupancy increases from fiscal year 2023, revenue increased 7.0 percent for Housing and Dining. Additionally, the Housing and Dining rate increase from fiscal year 2023 to 2024 was 4.0 percent for Residence Halls and the Dining rate increase was 2.0 percent, these combined are an approximate aggregate increase of 3.0 percent, contributing to the revenue increase.

No major changes in these percentages have occurred from the previous fiscal year; Housing and Dining Services continues to generate the largest portion of operating revenue.

### OPERATING REVENUES FY 2024



## EXPENSES

Expenses from auxiliary enterprises such as housing, bookstore, and dining services decreased 7.1 percent from fiscal 2023. The following table shows expenses by natural classification for the fiscal years ended June 30, 2024 and June 30, 2023:

### OPERATING EXPENSES (IN THOUSANDS)

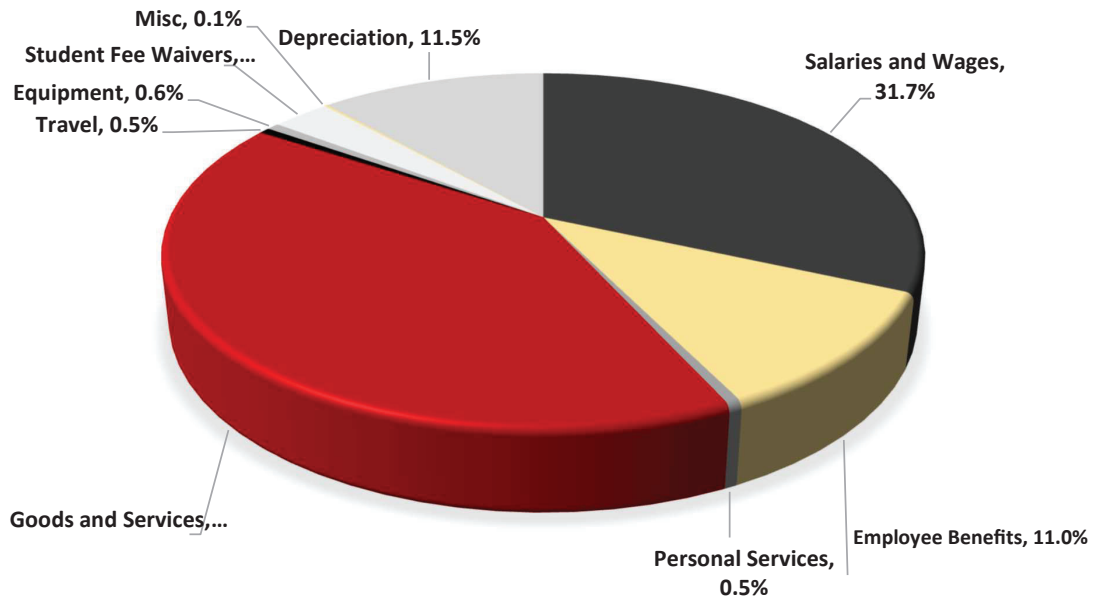
|                     | 2024            | 2023            | 2024-23<br>Dollar Change | Percent<br>Change |
|---------------------|-----------------|-----------------|--------------------------|-------------------|
| Salaries and Wages  | \$19,021        | \$18,466        | \$555                    | 3.0%              |
| Employee Benefits   | 3,162           | 6,418           | (3,256)                  | -50.7%            |
| Goods and Services  | 22,894          | 23,892          | (998)                    | -4.2%             |
| Student Fee Waivers | 771             | 1,730           | (959)                    | -55.4%            |
| Personal Services   | 199             | 293             | (94)                     | -32.1%            |
| Other               | 94              | 82              | 12                       | 14.8%             |
| Equipment           | 927             | 360             | 567                      | 157.8%            |
| Travel              | 266             | 302             | (36)                     | -11.7%            |
| Depreciation        | 6,800           | 6,714           | 86                       | 1.3%              |
| <b>Total</b>        | <b>\$54,134</b> | <b>\$58,257</b> | <b>(\$4,123)</b>         | <b>-7.1%</b>      |

Salaries and wages expense for the System increased by 3.0 percent in fiscal 2024, mainly as a result of cost-of-living adjustments. Benefits decreased by 5.07 percent, which is primarily due to market and actuarial changes related to the GASB 68 pension assets. For reference, benefits increased by 2,126.7 percent between 2022 and 2023.

Student fee waivers decreased by 55.4 percent in FY24 as Housing & Dining rolled back its housing waiver program in an effort to reduce costs. The total decrease in operating expenses of \$4.1 million is primarily associated with the impacts of GASB 68. Depreciation expense decreased by \$86 thousand since no major projects entered into operational use. There is no cash cost associated with depreciation; the expense is required to conform to GAAP.

The following chart depicts the uses of operating funds according to natural classification for fiscal 2023:

### OPERATING EXPENSES FY 2024



The allocation of operating expenses among the natural classification categories has not changed significantly from fiscal 2023, apart from employee benefits caused by the impact of GASB 68 and student fee waivers.

## STATEMENT OF CASH FLOWS



The Statement of Cash Flows shows inflows and outflows of cash without regard to accrual items. Cash flows from operating activities on the Statement of Cash Flows will always differ from the operating gain or loss on the Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) because of the inclusion of non-cash items, such as depreciation expense, on the SRECNP. Also, the SRECNP is prepared on the accrual basis of accounting, meaning that it shows revenues earned and expenses incurred.

The primary cash receipts from operating activities consist of tuition and fees, grants and contracts, auxiliary income from housing, food service, and bookstore operations. Cash outlays include payment of wages and benefits, and operating expenses such as utilities, supplies, insurance, repairs and costs of goods sold through the dining and bookstore operations.

Cash flows from capital and related financing activities include all capital funds and related long-term debt activities (except depreciation and amortization), as well as capital gifts, grants, and appropriations. Purchase and sale of investments and income earned on investments are included in cash flows from investing activities.

The decrease in cash on hand of \$296 thousand at June 30, 2024 was primarily a result of minor works projects and increased receivables.

The Condensed Statement of Cash Flows for the fiscal years ended June 30, 2024 and June 30, 2023 is shown below:

**CONDENSED STATEMENT OF CASH FLOWS - JUNE 30 (IN THOUSANDS)**

|  | <b>2024</b>     | <b>2023</b>      |
|--|-----------------|------------------|
| Cash flows from operating activities                             | \$11,028        | \$ 6,291         |
| Cash flows from noncapital financing activities                  | 0               | 0                |
| Cash flows from investing activities                             | 2,309           | 3,670            |
| Cash flows from capital and related financing activities         | (13,633)        | (9,688)          |
| <br>   |                 |                  |
| Increase (decrease) in cash and cash equivalents during the year | (296)           | 273              |
| Cash and cash equivalents, beginning of year                     | 14,698          | 14,424           |
| <b>Cash and cash equivalents, end of year</b>                    | <b>\$14,401</b> | <b>\$ 14,697</b> |

**DEBT AND RESERVES POLICIES**

The University's formal debt policy is CWUP 2-10-045, *Debt Issuance and Repayment*.<sup>3</sup> The policy is detailed and spells out many constraints intended to maintain the health of the University's debt program. The University has a formal reserve policy, CWUP 2-10-105, *Reserve*. This policy defines the University's reserve philosophy and principles, clarifies purposes for holding reserves and identifies target reserve amounts for certain funds.

**FINANCIAL CONTACT**

The System's financial statements are designed to present users with a general overview of the System's finances and to demonstrate accountability. If you have questions about the report or need additional financial information, contact the Executive Director of Financial Reporting, 400 E. University Way, Ellensburg, WA 98926, 509-963-2956.



<sup>3</sup> CWUP 2-10-045, Debt Issuance and Repayment is available at [www.cwu.edu](http://www.cwu.edu)

# Annual System Financial Statements

CENTRAL WASHINGTON UNIVERSITY - SYSTEM  
**STATEMENT OF NET POSITION**  
 AS OF JUNE 30, 2024

|  | <u>2024</u>                |
|--|----------------------------|
| <b>Assets</b>                                      |                            |
| Current assets                                     |                            |
| Cash and cash equivalents                          | \$14,401,219               |
| Accounts receivable, net                           | 7,465,183                  |
| Inventories  | 1,096,975                  |
| <b>Total current assets</b>                        | <b><u>22,963,377</u></b>   |
| Non-current assets                                 |                            |
| Investments  | 2,110,540                  |
| Capital Assets, non-depreciable                    | 5,819,611                  |
| Capital assets, net of depreciation                | 173,574,566                |
| Pension assets, net                                | 2,241,063                  |
| <b>Total non-current assets</b>                    | <b><u>183,745,780</u></b>  |
| Deferred outflows                                  |                            |
| Deferred pensions                                  | 2,689,773                  |
| Deferred OPEB contribution                         | 825,641                    |
| Deferred gain or loss on refunding                 | 2,285,128                  |
| <b>Total deferred outflows</b>                     | <b><u>5,800,542</u></b>    |
| <b>Total assets and deferred outflows</b>          | <b><u>212,509,700</u></b>  |
| <b>Liabilities</b>                                 |                            |
| Current liabilities                                |                            |
| Accounts payable                                   | 948,036                    |
| Accrued liabilities                                | 1,589,332                  |
| Deposits payable                                   | 1,662,689                  |
| Unearned revenues                                  | 591,660                    |
| Net Pension liability, current portion             | 3,805                      |
| Total OPEB liability, current portion              | 147,129                    |
| Current portion bond payable and premium           | 7,857,453                  |
| <b>Total current liabilities</b>                   | <b><u>12,800,105</u></b>   |
| Non-current liabilities                            |                            |
| Construction accounts payable                      |                            |
| Accrued leave liabilities                          | 203,072                    |
| Bonds payable, non-current net of premium/discount | 121,406,934                |
| Net Pension liability                              | 3,158,629                  |
| Total OPEB liability                               | 5,691,591                  |
| <b>Total non-current liabilities</b>               | <b><u>130,460,227</u></b>  |
| <b>Total liabilities</b>                           | <b><u>143,260,331</u></b>  |
| <b>Deferred Inflows of Resources</b>               |                            |
| Deferred Inflows related to pensions               | 1,501,405                  |
| Deferred Inflows related to OPEB                   | 5,230,958                  |
| <b>Total Deferred Inflows</b>                      | <b><u>6,732,363</u></b>    |
| <b>Total liabilities and deferred inflows</b>      | <b><u>149,992,694</u></b>  |
| <b>Net position</b>                                |                            |
| Net investment in capital assets                   | 52,414,918                 |
| Restricted   | 3,011,630                  |
| Unrestricted                                       | 7,090,458                  |
| <b>Total net position</b>                          | <b><u>\$62,517,006</u></b> |

See Accompanying Notes to the Financial Statements

# Annual System Financial Statements

## CENTRAL WASHINGTON UNIVERSITY - SYSTEM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2024

|  | <u>2024</u>         |
|--|---------------------|
| <b>Operating revenues</b>                    |                     |
| Services & Activities                        | \$11,487,082        |
| University store                             | 5,336,548           |
| Parking                                      | 1,573,655           |
| Housing and dining                           | 42,170,048          |
| <b>Total operating revenue</b>               | <b>60,567,333</b>   |
| <b>Operating expenses</b>                    |                     |
| Services and activities                      | 9,444,787           |
| University store                             | 6,893,916           |
| Parking                                      | 1,403,671           |
| Housing and dining                           | 29,593,466          |
| Depreciation                                 | 6,800,281           |
| <b>Total operating expenses</b>              | <b>54,136,120</b>   |
| <b>Operating income (loss)</b>               | <b>6,431,213</b>    |
| <b>Non-operating revenues (expenses)</b>     |                     |
| Interest on indebtedness                     | (6,213,425)         |
| Non-operation income net of expenses         | 532,994             |
| <b>Net non-operating revenues (expenses)</b> | <b>(5,680,431)</b>  |
| Increase (decrease) in net assets            | 750,783             |
| <b>Net position, beginning of year</b>       | <b>61,766,223</b>   |
| <b>Net position, end of year</b>             | <b>\$62,517,006</b> |

See Accompanying Notes to the Financial Statements



# Annual System Financial Statements

CENTRAL WASHINGTON UNIVERSITY - SYSTEM  
**STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED JUNE 30, 2024

|  | <b>2024</b>         |
|--|---------------------|
| <b>Cash flows from operating activities</b>                          |                     |
| Auxiliary enterprise charges and student fees                        | \$60,186,473        |
| Payments to vendors  | (30,243,357)        |
| Payments to employees for salaries and benefits                      | (18,915,475)        |
| <b>Net cash provided by operating activities</b>                     | <b>11,027,641</b>   |
| <b>Cash flows from non-capital financing activities</b>              | -                   |
| <b>Cash flows from investing activities</b>                          |                     |
| Purchases of Investments   | 2,309,043           |
| Investment income  | -                   |
| Other investment activity  | -                   |
| <b>Net cash provided by investing activities</b>                     | <b>2,309,043</b>    |
| <b>Cash flows from capital and related financing activities</b>      |                     |
| Purchases of capital assets  | (1,247,107)         |
| Proceeds from sale of capital debt                                   | -                   |
| Principal paid on capital debt                                       | (6,485,000)         |
| Interest paid on capital debt  | (6,433,959)         |
| Other capital activities   | 532,994             |
| <b>Net cash provided by capital and related financing activities</b> | <b>(13,633,071)</b> |
| Net increase in cash and cash equivalents                            | (296,387)           |
| <b>Cash and cash equivalents, beginning of year</b>                  | <b>14,697,607</b>   |
| <b>Cash and cash equivalents, end of year</b>                        | <b>\$14,401,219</b> |

**RECONCILIATION OF OPERATING INCOME TO  
 NET CASH USED BY OPERATING ACTIVITIES**  
 FOR THE YEAR ENDED JUNE 30, 2024

|  |                     |
|--|---------------------|
| <b>Operating income</b>  | <b>\$6,431,213</b>  |
| Adjustments to reconcile operating profit to net cash provided by operating activities | -                   |
| Depreciation expense   | 6,800,281           |
| Loss On Disposal of Asset  | -                   |
| <b>Changes in assets and liabilities</b>   |                     |
| Accounts receivable  | (586,654)           |
| Inventories  | 107,815             |
| Accounts payable   | (349,279)           |
| Other liabilities  | -                   |
| Accrued expenses   | 79,110              |
| Deferred revenue   | (13,627)            |
| Deposits payable   | 219,421             |
| Current non-cash pension & OPEB expense  | (1,687,270)         |
| Other Current Liabilities  | -                   |
| Construction accounts payable  | -                   |
| Accrued liabilities  | 26,632              |
| <b>Net cash provided by operating activities</b>                                       | <b>\$11,027,641</b> |

See Accompanying Notes to the Financial Statements

# NOTES TO FINANCIAL STATEMENTS

CENTRAL WASHINGTON UNIVERSITY (SYSTEM) – JUNE 30, 2024

## NOTE 1—ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Financial Reporting Entity

Central Washington University – System (the System) is composed of the housing and dining fund, the services and activities fee fund, the bookstore fund, and the parking fund of the University. Significant accounting policies are summarized as follows:

### Financial Statement Presentation

The System's financial statements for the fiscal year ended June 30, 2024, are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*.

The financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements. Comparative totals for the year ended June 30, 2023 are presented where appropriate.

### Basis of Accounting

The System's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the financial statements of a special purpose government entity engaged in business type activities to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation.

### Cash Equivalents

For purposes of the statements of cash flows, the System considers all highly liquid investments with an original maturity of 6 months or less to be cash equivalents.

### Investments

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

### Accounts Receivable

Accounts receivable consists primarily of rents and charges for services provided to students. Accounts receivable are recorded net of estimated uncollectible amounts. The estimate is based on a fixed percentage of outstanding receivables.

### Inventories

Inventories consist primarily of merchandise and consumables held by the System to carry out the System's primary function: providing services to students. They are valued at cost based on the retail method or the average cost method. Cost methods are applied on a basis consistent with prior years.

### Non-current Cash and Investments

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

### Fair Value of Investments

The University records financial instruments at estimated fair value. Fair value accounting defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants



at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The fair value standard describes three levels of inputs that may be used to measure fair value:

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

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

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy. There have been no changes in valuation methodologies used at June 30, 2023.

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

### **Capital Assets**

Capital assets (excluding intangible right to use leases) are recorded at cost at the date of acquisition, or estimated fair market value at the date of donation in the case of gifts, net of depreciation. The University's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expenses in the year in which the expenses were incurred.

### **Depreciation**

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for building components, 20 to 50 years for infrastructure and land improvements, 5 to 7 years for equipment, 15 years for library books, and 3 to 15 years for intangibles. Inexhaustible resources such as the art collections and the library reserve collections are not depreciated.

### **Deferred Outflows of Resources**

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

### **Deferred Inflows of Resources**

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

### **Unearned Revenues**

Unearned revenues include amounts received for rents, and fees for services recorded prior to the end of the fiscal year but related to the subsequent accounting period.

### **Compensated Absences**

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

### **Non-current Liabilities**

Non-current liabilities include: (1) principal amounts of revenue bonds payable, notes payable, and capital lease

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

### **Net Position**

The System's net position is classified as follows:

**Net Investment in Capital Assets:** This represents the university's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are included as a component of Net Investment in Capital Assets.

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

All pension plans are calculated and analyzed separately. For those plans that have net liabilities, the liabilities plus deferred inflows less deferred outflows result in a reduction in the Unrestricted Net Assets. For those plans that have net assets, the assets plus deferred outflows less deferred inflows result in an increase in Restricted Net Assets.

**Unrestricted:** Unrestricted represents resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the university and may be used at the discretion of the governing board to meet current expenses for any purpose. The auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff.

### **Income Taxes**

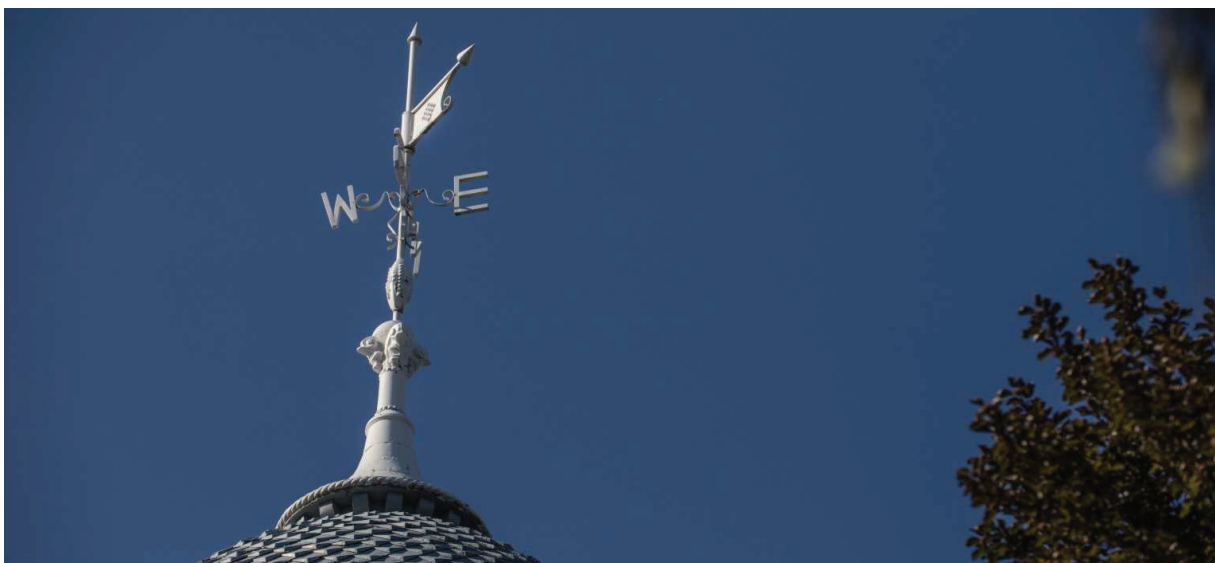
The System, as part of CWU, is excluded from federal income taxes under Section 115(a) of the Internal Revenue Code, as amended.

### **Classification of Revenues**

The System has classified its revenues as either operating or non-operating revenues according to the following criteria:

**Operating revenues:** Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student room and board fees, (2) student fees, (3) parking fines or fees, (4) retail sales and (5) conference revenues.

**Non-operating revenues:** Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as investment income and the Build America Bond program (BABs) credit received from the US Treasury in association with the Bonds of 2010. Additionally, funds received from the Coronavirus Aid Relief and Economic Security Act (CARES) are reflected in the non-operating revenue in accordance with Generally Accepted Accounting Principles (GAAP).



**NOTE 2—CASH AND CASH EQUIVALENTS; OTHER DEPOSITS; AND INVESTMENTS**

At June 30, 2024, the carrying amount of the System’s cash and cash equivalents were as follows:

**CASH AND CASH EQUIVALENTS; OTHER DEPOSITS; AND INVESTMENTS**

|                                 | <b>June 30, 2024</b> |
|---------------------------------|----------------------|
| Cash and equivalents, operating | \$ 14,401,219        |
| Investments (Level 1)           | 2,110,540            |
| <b>Total</b>                    | <b>\$ 16,511,759</b> |

**Investments**

As of June 30, 2024, the University had the following investments:

| <b>Level 1</b>  | <b>June 30, 2024</b> |
|-----------------|----------------------|
| U.S Treasuries* | 584,097              |
| Bonds*          | 1,526,443            |
| <b>Total</b>    | <b>\$ 2,110,540</b>  |

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





### NOTE 3—ACCOUNTS RECEIVABLE

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

#### ACCOUNTS RECEIVABLE

|                                 | <b>June 30, 2024</b> |
|---------------------------------|----------------------|
| Services and activities         | \$ 890,337           |
| University store                | 1,883,088            |
| Parking                         | 309,445              |
| Housing and dining              | 4,917,398            |
| <b>Subtotal</b>                 | <b>8,000,268</b>     |
| Allowance for doubtful accounts | (535,085)            |
| <b>Net accounts receivable</b>  | <b>\$ 7,465,183</b>  |



**NOTE 4—CAPITAL ASSETS**

Following are the changes in capital assets for the year ended June 30, 2024:

| Non-Depreciable Capital Assets                          | Balance at            |                       |                   |             | Balance at            |
|---|-----------------------|-----------------------|-------------------|-------------|-----------------------|
|   | June 30, 2023         | Additions             | Retirements       | Adjustments |                       |
| Land  | \$ 1,804,734          | \$ -                  | \$ -              | \$ -        | \$ 1,804,734          |
| Artwork   | \$ 40,000             | \$ -                  | \$ -              | \$ -        | \$ 40,000             |
| Construction in progress                                | \$ 3,386,570          | \$ 920,307            | \$ 332,001        | \$ -        | \$ 3,974,876          |
| Subtotal  | \$ 5,231,304          | \$ 920,307            | \$ 332,001        | \$ -        | \$ 5,819,610          |
| <b>Depreciable Capital Assets</b>                       |                       |                       |                   |             |                       |
| Buildings   | \$ 238,613,645        | \$ -                  | \$ -              |             | \$ 238,613,645        |
| Improvements and infrastructure                         | \$ 24,895,271         | \$ 332,001            | \$ -              |             | \$ 25,227,272         |
| Equipment   | \$ 6,510,180          | \$ 326,800            | \$ 63,390         |             | \$ 6,773,590          |
| Subtotal  | \$ 270,019,096        | \$ 658,801            | \$ 63,390         |             | \$ 270,614,507        |
| <b>Total Capital Assets</b>                             | <b>\$ 275,250,400</b> | <b>\$ 1,579,108</b>   | <b>\$ 395,391</b> | <b>-</b>    | <b>\$ 276,434,117</b> |
| <b>Less Accumulated Depreciation &amp; Amortization</b> |                       |                       |                   |             |                       |
| Buildings   | \$ 76,330,879         | \$ 5,314,336          | \$ -              |             | \$ 81,645,215         |
| Improvements and infrastructure                         | \$ 9,128,313          | \$ 1,120,779          | \$ -              |             | \$ 10,249,092         |
| Equipment   | \$ 4,843,856          | \$ 365,165            | \$ 63,390         |             | \$ 5,145,631          |
| Total Accumulated Depreciation & Amortization           | \$ 90,303,048         | \$ 6,800,280          | \$ 63,390         | -           | \$ 97,039,938         |
| <b>Capital Assets, Net of Depreciation</b>              | <b>\$ 184,947,352</b> | <b>(\$ 5,221,172)</b> | <b>\$ 332,001</b> |             | <b>\$ 179,394,179</b> |

The total depreciation expense was \$ 6,800,280 for the year ended June 30, 2024.



## NOTE 5—ACCRUED LEAVE LIABILITIES

At termination of employment, employees may receive cash payment for all accumulated vacation and compensatory time. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses or insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by University employees are accrued as expenses when incurred. The amounts represent a liability to the University and are recorded and reported accordingly. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The accrued leave liability balance as of June 30, 2024, was \$826,330.





## NOTE 6—REVENUE BONDS AND NOTES PAYABLE

The following schedule of bonds payable provides a listing of outstanding debt at the end of fiscal year 2024 by the CWU System.

### REVENUE BONDS AND NOTES PAYABLE

|  | Balance at<br>June 30, 2023 | Additions | Retirements      | Principal<br>Payments | Balance at<br>June 30, 2024 |
|--|-----------------------------|-----------|------------------|-----------------------|-----------------------------|
| <b>CWU System bonds</b>                |                             |           |                  |                       |                             |
| CWU System bonds of 2010 Series B      | \$ 23,770,000               | \$ -      | \$ -             | \$ -                  | \$ 23,770,000               |
| CWU System bonds of 2013               | 34,795,000                  | -         | -                | 2,620,000             | 32,175,000                  |
| CWU System bonds of 2016               | 23,945,000                  | -         | -                | 1,195,000             | 22,750,000                  |
| CWU System bonds of 2018               | 41,945,000                  | -         | -                | 1,585,000             | 40,360,000                  |
| CWU System bonds of 2022               | 4,053,000                   | -         | -                | 420,000               | 3,633,000                   |
| <b>Total bonds Payable</b>             | <b>\$128,508,000</b>        | -         | -                | <b>\$5,820,000</b>    | <b>\$122,688,000</b>        |
| Bond Premium                           | 5,899,476                   | -         | 406,453          | -                     | 5,493,023                   |
| <b>Total Bonds</b>                     | <b>\$134,407,476</b>        | -         | -                | <b>\$5,820,000</b>    | <b>\$128,181,023</b>        |
| Internal Loan                          | 1,355,000                   | -         | -                | 665,000               | 690,000                     |
| <b>Total Bonds &amp; Notes Payable</b> | <b>\$135,762,476</b>        | -         | <b>\$406,453</b> | <b>\$6,485,000</b>    | <b>\$128,871,023</b>        |

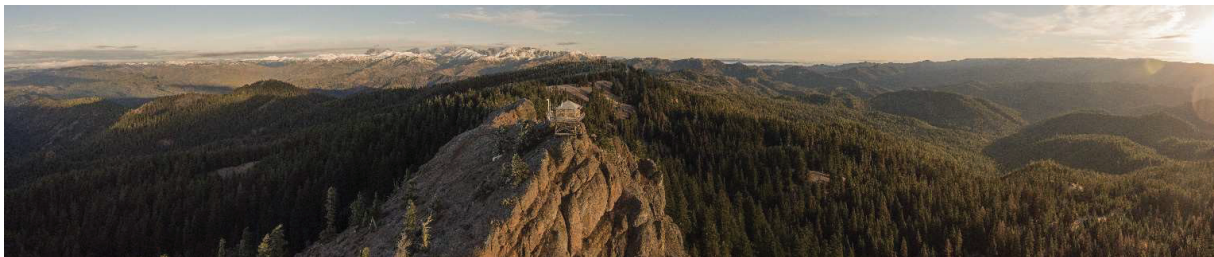
The Central Washington University System Bonds Series 2010 B, taxable Build America Bonds issued in the original amount of \$31,950,000 maturing in varying annual amounts to May 1, 2040. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. The Series 2010 B bonds were issued under the American Recovery Act of 2008 Build America Bond Program as taxable bonds. Under this program the university expects to receive a subsidy from the United States federal government of 35% of interest paid through maturity. The subsidy received during Fiscal 2024 was \$532,994. This amount is shown as non-operating revenue on the Statement of Revenue, Expenses and Changes in Net Position. The series was internally refinanced for a 5-year term, beginning in Fiscal Year 2022. No external principal payments will be made until May 1<sup>st</sup>, 2026. Internal payments will be made from the system to The University. An internal principal payment of \$665,000 was required and paid during Fiscal 2024. An internal principal payment of \$690,000 is scheduled for May 1, 2025.

Central Washington University System Bonds, Series 2013, issued in the original amount of \$53,415,000 and mature in varying annual amounts to May 1, 2034. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. A principal payment of \$2,620,000 was required and paid during Fiscal 2024. A principal payment of \$2,725,000 is scheduled for May 1, 2025.

Central Washington University System Bonds, Series 2016, issued in the original amount of \$29,175,000 and mature in varying annual amounts to May 1, 2038. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. A principal payment of \$1,195,000 was required and paid during Fiscal 2023. A principal payment of \$1,255,000 is scheduled for May 1, 2025.

Central Washington University System Bonds, Series 2018, issued in the original amount of \$45,425,000 and mature in varying annual amounts to May 1, 2049. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. A principal payment of \$1,585,000 was required and paid during Fiscal 2024. A principal payment of \$1,660,000 is scheduled for May 1, 2025.

Central Washington University System Bonds, Series 2022, issued in the original amount of \$4,457,000 and mature in varying annual amounts to May 1, 2032. A principal payment of \$420,000 was required and paid during Fiscal 2024. A principal payment of \$431,000 is scheduled for May 1, 2025.



## Maturity Information

The scheduled maturities of the System revenue bonds are as follows:

### DEBT SERVICE REQUIREMENTS SYSTEM REVENUE BONDS

| <u>Fiscal Year</u> | <u>Principal</u>   | <u>Interest</u>   | <u>Total</u>       |
|--------------------|--------------------|-------------------|--------------------|
| 2025               | \$ 6,071,000       | \$ 5,224,373      | \$ 11,295,373      |
| 2026               | 7,065,000          | 4,962,041         | 12,027,041         |
| 2027               | 7,359,000          | 4,628,508         | 11,987,508         |
| 2028               | 7,682,000          | 4,280,531         | 11,962,531         |
| 2029               | 7,974,000          | 3,943,795         | 11,917,795         |
| 2030-34            | 40,687,000         | 14,954,736        | 55,641,736         |
| 2035-39            | 23,515,000         | 7,869,683         | 31,384,683         |
| 2040-44            | 11,115,000         | 3,490,717         | 14,605,717         |
| 2045-49            | 11,220,000         | 1,381,800         | 12,601,800         |
| <b>Total</b>       | <b>122,688,000</b> | <b>50,736,184</b> | <b>173,424,184</b> |

*\*Amounts do not reflect federal subsidies to be received for Build America Bonds Interest or internal loan*





## NOTE 7 – RETIREMENT PLANS

As employees of CWU, System permanent staff are eligible to participate in the Central Washington University Retirement Plan (CWURP), the Public Employees Retirement System (PERS) or The Law Enforcement Officers' and Fire Fighters' Retirement Plan (LEOFF). The System contributions to the CWURP fund are as follows:

### RETIREMENT PLANS

| <u>Fiscal Year</u> | <u>Amount</u> |
|--------------------|---------------|
| 2015               | 700,993       |
| 2016               | 839,731       |
| 2017               | 892,255       |
| 2018               | 1,027,418     |
| 2019               | 1,167,586     |
| 2020               | 1,290,450     |
| 2021               | 1,022,146     |
| 2022               | 936,387       |
| 2023               | \$1,050,540   |
| 2024               | 963,008       |

The CWURP is a defined contribution plan administered by the University. Contributions to the plan are invested in annuity contracts or mutual fund accounts offered by the three fund sponsors. Employee contribution rates, based on age, are 5%, 7.5%, or 10% of salary. The University matches the contributions of employees. Within parameters established by the legislature, contribution requirements may be established or amended by Central Washington University's Board of Trustees.

PERS and LEOFF are a defined benefit pension plans administered by the State of Washington Department of Retirement Systems. The Office of the State Actuary, using funding methods prescribed by statute, determines actuarially required contribution rates for employees and employers.



## NOTE 8 —NATURAL CLASSIFICATIONS

The System's primary purpose is providing services to students and conference participants. Expenses are reported in categories reflecting these activities on the statement of revenues, expenses, and changes in net assets. The following is a schedule of operating expenses by natural classification.

### NATURAL CLASSIFICATIONS

|                    | <b>June 30, 2024</b> |
|--------------------|----------------------|
| Salaries and wages | \$19,021,217         |
| Employee benefits  | 3,162,208            |
| Personal services  | 199,100              |
| Goods and services | 22,894,158           |
| Travel             | 266,286              |
| Equipment          | 927,673              |
| Student waivers    | 771,008              |
| Misc.              | 94,190               |
| Depreciation       | 6,800,281            |
| <b>Total</b>       | <b>\$54,136,120</b>  |





**NOTE 9 — PENSIONS**

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

During fiscal year 2021, the Central Washington University Retirement Plan, which was previously not held in a qualifying trust, was moved to a qualifying trust at the State of Washington, and therefore is now incorporated into the Note 10 Pensions. Until fiscal year 2023, the measurement date for reporting the retirement liabilities under the supplemental plan matched the financial statement reporting date. Beginning with fiscal year 2024, the measurement date was changed to a one year lag, consistent with other valuations. This change resulted in liabilities and other deferred items remaining the same for the reporting date of June 30, 2024. More information on the supplemental plan is found later in this note.

**Central Washington University Retirement Benefits**

Substantially all full-time classified employees at CWU participate in the DRS retirement plans. CWU has a financial responsibility for pension benefits associated with its defined benefit plans, and the University's financial statements for 2024 have been updated to include the University's proportionate share of the State's pension liability. Pension liability is allocated to multiple funds, based on their proportionate share of covered compensation for the fiscal year. All state employers are required to contribute at a rate set by the Washington State Legislature. Employer contribution rates were 9.53 percent for PERS1, 9.53 percent for PERS2/3, 9.70% percent for TRS and 8.73% percent for LEOFF2 in fiscal 2024.

**AGGREGATE PENSION AMOUNTS - TOTAL OF ALL PLANS -**

|                                | <b>Beginning Balance</b> | <b>FY 2024</b>       | <b>Total</b> <sup>1.</sup> |
|--------------------------------|--------------------------|----------------------|----------------------------|
| Pension Liabilities            | \$3,195,928              | (\$33,494)           | \$3,162,434                |
| Pension Assets                 | 2,236,832                | 4,231                | 2,241,063                  |
| Deferred outflows of resources | 2,998,918                | (309,145)            | 2,689,773                  |
| Deferred inflows of resources  | 2,582,543                | <b>(1,081,138)</b>   | <b>1,501,405</b>           |
| <b>Total</b>                   | <b>\$11,014,221</b>      | <b>(\$1,419,546)</b> | <b>\$9,594,675</b>         |
| <b>Pension Expense</b>         |                          | <b>\$</b>            | <b>255,845</b>             |





### State Sponsored Pension Plans

Substantially all of CWU's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems. The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov) or obtained by writing to:

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

### Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

#### PERS PLAN 1

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

#### Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates for fiscal 2024 were as follows:

#### PERS PLAN 1

| Actual contribution rates: | Employer | Employee |
|----------------------------|----------|----------|
|----------------------------|----------|----------|

|                               |       |       |
|-------------------------------|-------|-------|
| July 01, 2023 - June 30, 2024 | 9.53% | 6.00% |
|-------------------------------|-------|-------|

CWU's actual contributions to the plan were \$ 764,144 for the year ended June 30, 2024.

#### PERS PLAN 2/3

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and one percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the

choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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

**Contributions**

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates for fiscal 2024 were as follows:

**PERS PLAN 2/3**

| <b>Actual contribution rates:</b>      | <b>Employer</b> | <b>Employee</b> |
|--|-----------------|-----------------|
| PERS Plan 2 July 1, 2023-June 30, 2024 | 9.53%           | 6.36%           |
| PERS Plan 3 July 1, 2023-June 30, 2024 | 9.53%           | Varies          |

CWU’s actual contributions to the plan were \$464,974 for the year ended June 30, 2024.

**Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)**

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

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

**Contributions**

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

Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates for fiscal 2024 were as follows:

**LEOFF PLAN 2**

| <b>Actual contribution rates:</b> | <b>Employer</b> | <b>Employee</b> |
|-----------------------------------|-----------------|-----------------|
| July 01, 2023 - June 30, 2024     | 8.73%           | 8.53%           |

Central Washington University’s actual contributions to the plan were \$ 17,723 for the year ended June 30, 2024.

**Central Washington University Retirement Plan**

**Plan Description**

The Central Washington University Retirement Plan (CWURP), a single-employer 403(b) defined contribution plan administered by the University. To qualify as an eligible participant, an employee must be employed at least fifty

percent of the normal full-time work load as a CWU faculty, civil service exempt staff, or other salaried employee. Contributions to the plan are invested in annuity contracts or mutual fund accounts in which employees have, at all times, a 100% vested interest in their accumulations. Benefits from fund sponsors are available upon separation or retirement at the member's option.

The number of participants in the CWURP as of June 30, 2023 was 25.

#### **Funding Policy**

Current mandatory contribution rates are set at 5% for employees under the age of 35, 7.5% for employees between the ages of 35 – 49, and 10% for employees 50 and above. Contribution rates are established and amendable by Central Washington University's board of trustees per RCW 28.B.14.400. Employer contributions for the year ended June 30, 2023 were \$233,698.

#### **Central Washington University Supplemental Retirement Plan**

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



As of June 30, 2020, there were approximately 81 active members who could earn SRP benefit in the future, and 64 retirees and beneficiaries receiving lifetime benefits from the plan. Participants of CWUSRP are considered vested once all of the following criteria are met: the participant has reached the age of 62 while employed at CWU or retires due to health and the participant has ten or more years of service. The monthly benefit amount due to the participant is one-twelfth of 2% of his or her average annual salary multiplied by the number of service years. If the participant retires early, the monthly benefit is reduced by .5% times the number of calendar months between the date of retirement and the normal retirement age. Benefit payments made during the fiscal year ending June 30, 2023 were \$21,317.

### Total Pension Liability (TPL)

The total pension liability is based on an actuarial valuation performed as of June 30, 2020 using the entry age actuarial cost method. Any assets considered to offset the total pension liability are held in an irrevocable trust. As such, the total pension liability is shown on the balance sheet under net pension liability reported for GASB 68 with a measurement date of June 30, 2023. The CWUSRP pension expense for the fiscal year ending June 30, 2023 was \$4,540.

#### Schedule of Changes in Net Pension Liability

|  |                   |
|--|-------------------|
| Service cost                                       | \$ 1,038          |
| Interest   | 16,129            |
| Changes in Benefit Terms                           | -                 |
| Differences between expected and actual experience | (7,826)           |
| Changes in assumptions <sup>1</sup>                | (11,805)          |
| Benefit payments                                   | (21,317)          |
| Other  | 224               |
| <b>Net Change in Total Pension Liability</b>       | <b>(23,558)</b>   |
| Total Pension Liability - Beginning                | 239,451           |
| <b>Total Pension Liability - Ending (a)</b>        | <b>\$ 215,893</b> |

#### Plan Fiduciary Net Position

|   |                |
|---|----------------|
| Contributions - Employer                        | \$ 7,697       |
| Contributions - Member                          | -              |
| Net investment Income                           | 11,718         |
| Benefit payments                                | -              |
| Administrative Expense                          | -              |
| Other   | -              |
| Net Change in Plan Fiduciary Net Position       | 19,415         |
| Plan Fiduciary Net Position - Beginning         | 162,194        |
| <b>Plan Fiduciary Net Position - Ending (b)</b> | <b>181,609</b> |

**Plan's Net Pension Liability (Asset) - Ending (a) - (b) \$ 34,284**

|   |           |
|---|-----------|
| TPL Interest Rate Sensitivity Discount Rate | \$ 34,284 |
| TPL Interest Rate Sensitivity 1% Decrease   | 50,937    |
| TPL Interest Rate Sensitivity 1% Increase   | \$ 19,847 |



## Deferred Inflows And Deferred Outflows

At June 30, 2022, the CWUSR plan reported a deferred inflow of resources from the following sources.

### DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

|   | Deferred Outflows | Deferred Inflows |
|---|-------------------|------------------|
| Differences between expected and actual experience                    | \$ -              | \$ 2,248         |
| Changes in assumptions  | -                 | 3,373            |
| Differences between Projected and Actual Earnings on Plan Investments | \$ 6,875          | \$ 12,237        |
| Total   | 6,875             | 17,858           |

### Amortization of Deferred Inflows and Deferred Outflows

The amount of future transactions are summarized in the table below.

| Future Transactions |            |
|---------------------|------------|
| 2025                | (3,805)    |
| 2026                | 2,292      |
| 2027                | 43         |
| 2028                | -          |
| Thereafter          | -          |
| Total               | \$ (1,470) |

### Actuarial Assumptions

The Total Pension liability for the CWUSR plan was calculated on a valuation date of June 30, 2020 and projected the TPL to the measurement date of June 30, 2022, reflecting the expected service cost, assumed interest, and actual benefit payments. Two primary changes were reflected with the new measurement date. First, the discount rate decreased from 7.40 to 7.00 percent, consistent with the state actuary's long-term rate of return assumption for assets invested in the Commingled Trust Fund and the results of the crossover calculation. Second, we reflected Fiscal Year 2022 returns for the TIAA and CREF investments, which are used to determine a member's assumed income. Those returns were 3.98 percent for TIAA and (16.99) percent for CREF.

Other than the changes noted above, the June 30, 2023, results rely on the same census data, assumptions, and methods detailed in our 2021 SRP AVR. We believe the data, assumptions, and methods used are reasonable and appropriate for the primary purpose stated above and are in conformity with generally accepted actuarial principles and standards of practice as of the date of this letter. The use of another set of assumptions and methods, however, could also be reasonable and could produce materially different results. Actual results may vary from our expectations.

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' Annual Comprehensive Financial Report located on the DRS website. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2021 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2022 Actuarial Valuation Report. <https://leg.wa.gov/osa/> The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry age cost method), assumed interest and actual benefit payments.

- Inflation: 2.75% total economic inflation; 3.25% salary inflation
- Salary Increases: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increases.
- Investment rate of return: 7.00%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status (e.g., active, retiree, or survivor), as our base table. OSA applied age offsets for each system, as

appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP 2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Change in Assumptions and Methods: Actuarial results that OSA provided within this publication reflect the following changes in assumptions and methods:

**Assumption Changes:**

- OSA made adjustments to TRS Plan1 assets, LEOFF Plan 1/2 assets, and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022, measurement date.

**Method Changes:**

- Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR).

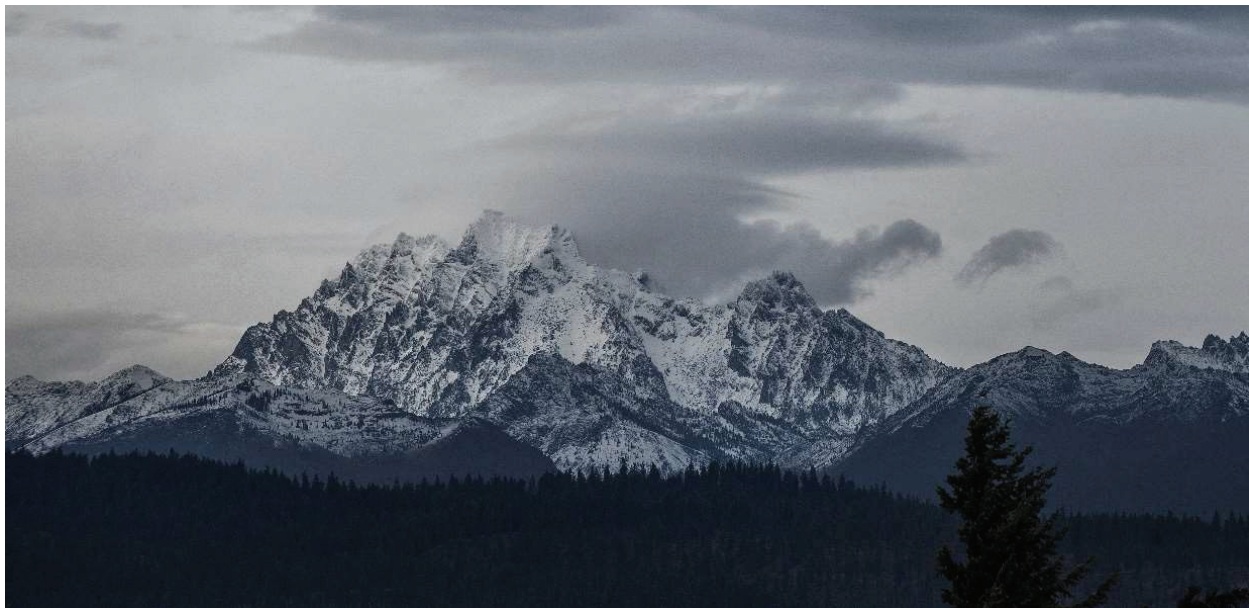
**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% for all plans included in this publication. To determine that rate, an asset sufficiency test was completed to test whether each pension plan’s fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on the assumptions described in OSA’s certification letter within the DRS ACFR, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.00% was used to determine the total liability.

**Sensitivity of NPL**

The table below presents the net pension liability of employers, calculated using the discount rate of 7.00% as well as what employers’ net pension liability would be if it were calculated using a discount rate 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

|          | <b>System Allocation %</b> | <b>1% Decrease 6.0%</b> | <b>Current Rate 7.0%</b> | <b>1% Increase 8.0%</b> |
|----------|----------------------------|-------------------------|--------------------------|-------------------------|
| PERS1    | 0.137504%                  | \$ 4,385,194            | \$ 3,138,838             | \$ 2,051,063            |
| PERS 2/3 | 0.049712%                  | 2,216,079               | (2,037,550)              | (5,532,175)             |
| LEOFF 2  | 0.008485%                  | \$ 33,696               | \$ (203,514)             | \$ (397,649)            |



### Long-Term Expected Rate of Return

OSA selected a 7.00% long-term expected rate of return on pension plan investments using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the WSIB provided. The CMAs contain three pieces of information for each class of assets WSIB currently invests in:

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

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

### Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023. The inflation component used to create the table is 2.20% and represents the WSIB's long-term estimate of broad economic inflation consistent with their 2021 CMAs.

#### Estimated Rates of Return by Asset Class

| Asset Class     | Target Allocation | % Long - Term Expected Real Rate of Return Arithmetic |
|-----------------|-------------------|---|
| Fixed Income    | 20.00%            | 1.50%   |
| Tangible Assets | 7.00%             | 4.70%   |
| Real Estate     | 18.00%            | 5.40%   |
| Global Equity   | 32.00%            | 5.90%   |
| Private Equity  | 23.00%            | 8.90%   |

### Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued Annual Comprehensive Financial Report located on the DRS employer-resource GASB webpage, [www.drs.wa.gov](http://www.drs.wa.gov)

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

At June 30, 2024, Central Washington University reported a total pension liability of \$3,138,839 and an asset of \$2,241,063 for its proportionate share of the net pension balances as follows:

#### PENSION PLAN FIDUCIARY NET POSITION

| Plan     | Liability          | Asset                |
|----------|--------------------|----------------------|
| PERS1    | \$3,138,839        | \$ -                 |
| PERS 2/3 |                    | (2,037,550)          |
| TRS 1    |                    | -                    |
| TRS 2/3  |                    | -                    |
| CWUSR    | 23,595             |                      |
| LEOFF 2  |                    | (203,513)            |
|          | <u>\$3,162,434</u> | <u>(\$2,241,063)</u> |



**SCHEDULE OF PROPORTIONATE SHARE-LEOFF 2**

|  | <b>Liability (or Asset)</b> |
|--|-----------------------------|
| <b>LEOFF 2</b> - employer's proportionate share  | \$ (36,103)                 |
| <b>LEOFF 2</b> - State's proportionate share of the net pension liability/(asset) associated with the employer | (125,767)                   |
| <b>Total</b>   | <b>\$ (161,870)</b>         |

At June 30, 2024, the System's proportionate share of the collective net pension liabilities was as follows:

| <b>Plan</b> | <b>Proportionate Share<br/>06/30/2022</b> | <b>Proportionate Share<br/>06/30/2023</b> | <b>Change In Proportion</b> |
|-------------|---|---|-----------------------------|
| PERS1       | 0.1362243%                                | 0.0862285%                                | -0.0499958%                 |

At June 30, 2024, the System's proportionate share of the collective net pension assets was as follows:

| <b>Plan</b> | <b>Proportionate Share<br/>06/30/2022</b> | <b>Proportionate Share<br/>06/30/2023</b> | <b>Change In Proportion</b> |
|-------------|---|---|-----------------------------|
| PERS 2/3    | 0.0495035%                                | 0.0088886%                                | -0.0406149%                 |
| LEOFF 2     | 0.0083743%                                | 0.0015052%                                | -0.0068692%                 |

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

In fiscal year 2023, the State of Washington contributed 39.21 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.79 percent of employer contributions. The collective net pension liability (asset) was measured as of June 30, 2023, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2020, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

For the year ended June 30, 2024, Central Washington University recognized a net pension expense as follows:

| <b>Plan</b>  | <b>Pension Expense</b> |
|--------------|------------------------|
| PERS1        | \$(25,656)             |
| PERS 2/3     | 299,738                |
| LEOFF 2      | -18,237                |
| CWUSR        | 0                      |
| <b>Total</b> | <b>\$ 255,845</b>      |

## Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, Central Washington University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

### PERS 1

|  | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   |                                   |                                  |
| Net difference between projected and actual investment earnings on pension plan investments          |                                   | \$(354,075)                      |
| Changes of assumptions   |                                   |                                  |
| Changes in proportion and differences between contributions and proportionate share of contributions |                                   |                                  |
| Contributions subsequent to the measurement date   | 764,144                           |                                  |
| <b>Total</b>   | <b>\$764,144</b>                  | <b>\$(354,075)</b>               |

### PERS 2/3

|  | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$415,047                         | \$(22,766)                       |
| Net difference between projected and actual investment earnings on pension plan investments          |                                   | (767,872)                        |
| Changes of assumptions   | 855,434                           | (186,451)                        |
| Changes in proportion and differences between contributions and proportionate share of contributions | 12,495                            | (87,749)                         |
| Contributions subsequent to the measurement date   | 464,974                           | -                                |
| <b>Total</b>   | <b>\$1,747,949</b>                | <b>\$(1,064,838)</b>             |

### LEOFF 2

|  | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$83,130                          | \$(1,674)                        |
| Net difference between projected and actual investment earnings on pension plan investments          |                                   | (43,063)                         |
| Changes of assumptions   | 51,987                            | (16,717)                         |
| Changes in proportion and differences between contributions and proportionate share of contributions | 18,018                            | (12,318)                         |
| Contributions subsequent to the measurement date   | 17,723                            |                                  |
| <b>Total</b>   | <b>\$170,858</b>                  | <b>\$(73,772)</b>                |



Deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date have been recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|  | PERS 1              | PERS 2/3            | LEOFF 2             |
|--|---------------------|---------------------|---------------------|
|  | Yearly Amortization | Yearly Amortization | Yearly Amortization |
| 2024   | \$(240,897)         | \$(388,307)         | \$(16,820)          |
| 2025   | (302,957)           | (462,353)           | (23,654)            |
| 2026   | 186,799             | 616,469             | 37,775              |
| 2027   | 2,981               | 215,793             | 14,048              |
| 2028   | -                   | 227,410             | 14,711              |
| Thereafter                                   | -                   | 9,125               | 53,302              |
| <b>Total Net Deferred (Inflows)/Outflows</b> | <b>\$(354,074)</b>  | <b>\$218,137</b>    | <b>\$79,363</b>     |



## NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

### State Plan Description

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

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

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

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

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

As of June 2023 CWU membership in the PEBB plan consisted of the following:

### Plan Participants

|                                 |     |
|---------------------------------|-----|
| Active Employees                | 207 |
| Retirees Receiving Benefits     | 83  |
| Retirees Not Receiving Benefits | N/A |

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

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2024, the explicit subsidy was up to \$183 per member per month, and it will remain \$183 per member per month in calendar year 2025.

### Presentations and Allocations

#### Allocation Method

OPEB implicit and explicit subsidies as well as administrative costs are funded by required contributions made by participating employers. State agency contributions are made on behalf of all active, health care eligible employees, regardless of enrollment status. Based on this funding practice, the allocation method used to determine proportionate share is each agency's percentage of the state's total active, health care eligible employee headcount.

The same headcount used in determining proportionate share is also used in determining the transactions subsequent to the measurement date, specifically, the retiree portion of premium payments made by agencies on behalf of active, health care eligible employees between the measurement date of June 30, 2023 and the reporting date of June 30, 2024. The portion of health care premiums attributed to retirees for both explicit and implicit subsidies is determined by using the Fiscal Year 2024 4th Quarter Update in the PEBB Financial Projection Model (PFPM) from the State Health Care Authority.



**Total OPEB Liability**

As of June 30, 2024, components of the calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for CWU are represented in the following table:

| <b>Proportionate Share (%)</b>                     | <b>0.1466905718%</b> |                  |
|--|----------------------|------------------|
| Service Cost                                       | \$                   | 204,548          |
| Interest Cost                                      |                      | 205,470          |
| Differences Between Expected and Actual Experience |                      | -                |
| Changes in Assumptions                             |                      | (98,805)         |
| Changes of Benefit Terms                           |                      | -                |
| Benefit Payments                                   |                      | (143,117)        |
| Changes in Proportionate Share                     |                      | (430,456)        |
| Other  |                      | (186,259)        |
| Net Change in Total OPEB Liability                 |                      | (448,619)        |
| Total OPEB Liability - Beginning                   |                      | 6,287,339        |
| <b>Total OPEB Liability - Ending</b>               | <b>\$</b>            | <b>5,838,720</b> |

**Deferred Inflows and Deferred Outflows Schedule**

As of June 30, 2024, the deferred inflows and deferred outflows of resources for CWU are as follows:

| <b>Proportionate Share (%)</b>                     | <b>0.1466905718%</b> |                |                  |                  |
|--|----------------------|----------------|------------------|------------------|
| Deferred Inflows/Outflows of Resources             | Deferred Outflows    |                | Deferred Inflows |                  |
| Differences Between Expected and Actual Experience | \$                   | 88,659         | \$               | 173,388          |
| Changes in Assumptions                             |                      | 379,402        |                  | 3,498,226        |
| Changes in Benefit Terms                           |                      | -              |                  | -                |
| Transactions subsequent to the measurement date    |                      | 147,129        |                  | -                |
| Changes in Proportion                              |                      | 210,451        |                  | 1,559,344        |
| <b>Total Deferred (Inflows)/Outflows</b>           | <b>\$</b>            | <b>825,641</b> | <b>\$</b>        | <b>5,230,958</b> |

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

| <b>Proportionate Share (%)</b> | <b>0.1466905718%</b> |           |
|--------------------------------|----------------------|-----------|
| 2025                           | \$                   | 810,971   |
| 2026                           |                      | 810,971   |
| 2027                           |                      | 661,509   |
| 2028                           |                      | 503,838   |
| 2029                           |                      | 598,548   |
| Thereafter                     | \$                   | 1,166,609 |

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

|  |                     |
|--|---------------------|
| Proportionate Share (%) 2022                         | 0.1614249062%       |
| Proportionate Share (%) 2023                         | 0.1466905718%       |
| Total OPEB Liability - Ending 2022                   | \$ 6,101,080        |
| Total OPEB Liability - Beg 2023 (chg in prop)        | 5,670,625           |
| Total OPEB Liability Change in Proportion            | (430,456)           |
| Total Deferred (Inflows)/Outflows 2022 (chg in prop) | (3,856,525)         |
| Total Deferred (Inflows)/Outflows 2023 (chg in prop) | (3,584,431)         |
| Total Deferred Inflows/Outflows Change in Proportion | 272,093             |
| <b>Total Change in Proportion</b>                    | <b>\$ (702,549)</b> |

### OPEB Expense

As of June 30, 2024, the components that make up OPEB expense for Central Washington University are as follows:

|  |                      |
|--|----------------------|
| <b>Proportionate Share (%)</b>                                     | <b>0.1466905718%</b> |
| Service Cost   | \$ 204,548           |
| Interest Cost  | 205,470              |
| Amortization of Differences Between Expected and Actual Experience | 3,418                |
| Amortization of Changes in Assumptions                             | (626,219)            |
| Changes of Benefit Terms   | -                    |
| Amortization of Changes in Proportion                              | (188,170)            |
| Other Changes to Fiduciary Net Position*                           | -                    |
| <b>Total OPEB Expense</b>  | <b>\$ (400,952)</b>  |

### Actuarial Methods and Assumptions

#### Actuarial Assumptions

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|  |  |
|--|--|
| Inflation Rate                           | 2.35%  |
| Projected Salary Changes                 | 3.25% Plus Service-Based Salary Increases  |
| Health Care Trend Rates*                 | Initial rate ranges from about 2-11%, reaching an ultimate rate of approximately 3.8% in 2080. |
| Post-retirement Participation Percentage | 60.00%   |
| Percentage with Spouse Coverage          | 45.00%   |

\*For additional detail on the health care trend rates, please see Office of the State Actuary's 2020 OPEB Actuarial Valuation Report.

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status (eg, active, retiree, or survivor). The Office of the State Actuary (OSA) applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the 2013-2018 Demographic Experience Study Report. The post-retirement participation percentage and percentage with spouse coverage, were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the 2019 Report on Financial Condition and Economic Experience Study.



**Actuarial Methodology**

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

|                            |  |
|----------------------------|--|
| Actuarial Valuation Date   | 6/30/2022  |
| Actuarial Measurement Date | 6/30/2022  |
| Actuarial Cost Method      | Entry Age  |
| Amortization Method        | The recognition period for the experience and assumption changes is 9 years. This is equal to the average expected remaining service lives of all active and inactive members. |

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

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

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

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

A retiree subsidy rate of \$66.16 per member per month, used to calculate the transactions subsequent to the measurement date, is equal to the total subsidies received by current retirees (both explicit and implicit), divided by the number of current active subscribers. This amount is then allocated to the agency level based on the active, health care eligible employee headcount of each agency as of the measurement date.



**Discount Rate**

Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 3.54 percent as of the June 30, 2022 measurement date and 3.65 percent for the June 30, 2023 measurement date.

**Sensitivity of Total OPEB Liability to Changes in the Discount Rate**

The following represents the total OPEB liability of CWU, calculated using the discount rate of 3.65 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

**Discount Rate Sensitivity**

|                               | 1% Decrease | Current Discount Rate | 1% Increase |
|-------------------------------|-------------|-----------------------|-------------|
| Central Washington University | 6,831,698   | 5,838,721             | 5,039,979   |

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

The following represents the total OPEB liability of CWU calculated using the health care trend rates range of 2-11% reaching an ultimate range of 3.8%, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (1-10%) or 1 percentage point higher (3-12%) than the current rate.

**Health Care Cost Trend Rate Sensitivity**

|                               | 1% Decrease | Current Discount Rate | 1% Increase |
|-------------------------------|-------------|-----------------------|-------------|
| Central Washington University | 4,906,300   | 5,838,721             | 7,038,833   |

**Additional Information**

Additional actuarial and OPEB plan information is included in the Washington State CAFR on OFM's website: <https://ofm.wa.gov/accounting>. All other actuarial data, assumptions, and methods relied on for the preparation of this report for GASB Statement No. 75 can be found on Office of the State Actuary's website: <http://leg.wa.gov/osa/additionalservices>.



# Appendix

## CENTRAL WASHINGTON UNIVERSITY REQUIRED SUPPLEMENTARY INFORMATION

### Notes to RSI

Methods and assumptions used in calculations of actuarial determined contributions for PERS, TRS and LEOFF – The Office of the State Actuary (OSA) calculates the Actuarially Determined Contributions (ADC) based on the results of an actuarial valuation consistent with the state’s funding policy defined under Chapter 41.45 RCW. Consistent with the state’s contribution rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. For example, the actuarial valuation with a June 30<sup>th</sup>, 2015 valuation date, completed in the Fall of 2016, determines the ADC for the period beginning July 1<sup>st</sup>, 2017 and ending June 30<sup>th</sup>, 2020.

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

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

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

#### RSI | SCHEDULE OF PROPORTIONATE SHARE OF SYSTEM NET PENSION LIABILITY (ASSET) PERS 1

AS OF JUNE 30,

| (in Thousands)  | 2023         | 2022          | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         |
|---|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Employer's proportion of the net pension liability (asset)  | 0.137504%    | 0.109679%     | 0.089607%    | 0.100857%    | 0.050338%    | 0.050856%    | 0.055280%    | 0.047874%    | 0.037144%    | 0.033128%    |
| Employer's proportionate share of the net pension liability   | \$ 3,139     | -\$ 3,054     | \$ 1,094     | \$ 3,561     | \$ 1,936     | \$ 2,271     | \$ 2,623     | \$ 2,571     | \$ 1,943     | \$ 1,669     |
| <b>Total</b>  | <b>3,139</b> | <b>-3,054</b> | <b>1,094</b> | <b>3,561</b> | <b>1,936</b> | <b>2,271</b> | <b>2,623</b> | <b>2,571</b> | <b>1,943</b> | <b>1,669</b> |
| Employer's covered employee payroll   | \$ 23,359    | \$ 14,021     | \$ 13,615    | \$ 14,932    | \$ 14,335    | \$ 6,981     | \$ 5,883     | \$ 5,558     | \$ 3,394     | \$ 2,954     |
| Employer's proportionate share of the net pension liability as a percentage of covered employee payroll | 8.43%        | -21.78%       | 8.04%        | 23.85%       | 13.50%       | 32.54%       | 44.59%       | 46.26%       | 57.25%       | 56.49%       |
| Plan fiduciary net position as a percentage of the total pension liability (State)                      | 80.16%       | 76.56%        | 88.74%       | 68.64%       | 67.12%       | 63.22%       | 61.24%       | 57.03%       | 59.10%       | 61.19%       |

#### RSI | SCHEDULE OF SYSTEM EMPLOYER CONTRIBUTIONS PERS 1

AS OF JUNE 30,

| (in Thousands)   | 2024      | 2023      | 2022      | 2021      | 2020      | 2019      | 2018     | 2017     | 2016     | 2015     |
|--|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|
| Statutorily or contractually required contributions                                  | \$ 764    | \$ 758    | \$ 526    | \$ 669    | \$ 351    | \$ 364    | \$ 361   | \$ 332   | \$ 275   | \$ 169   |
| Contributions in relation to the statutorily or contractually required contributions | -764      | -758      | -526      | -669      | -351      | -364      | -361     | -332     | -275     | -169     |
| Contribution deficit (excess)  | 0         | 0         | 0         | 0         | 0         | 0         | 0        | 0        | 0        | 0        |
| Covered employee payroll   | \$ 25,948 | \$ 18,808 | \$ 14,021 | \$ 13,615 | \$ 14,932 | \$ 14,335 | \$ 6,981 | \$ 5,883 | \$ 5,558 | \$ 3,394 |
| Contributions as a percentage of covered employee payroll                            | 2.94%     | 4.03%     | 3.75%     | 4.91%     | 2.35%     | 2.54%     | 5.17%    | 5.64%    | 4.94%    | 4.97%    |



**RSI | SCHEDULE OF PROPORTIONATE SHARE OF SYSTEM NET PENSION LIABILITY (ASSET) PERS 2/3**

| (in Thousands)  | 2023           | 2022         | 2021         | 2020       | 2019       | 2018         | 2017         | 2016         | 2015         | 2014         |
|---|----------------|--------------|--------------|------------|------------|--------------|--------------|--------------|--------------|--------------|
| Employer's proportion of the net pension liability (asset)  | 0.049712%      | 0.053601%    | 0.054578%    | 0.055018%  | 0.069293%  | 0.065124%    | 0.063298%    | 0.060728%    | 0.063692%    | 0.066725%    |
| Employer's proportionate share of the net pension liability   | \$ (2,037)     | \$ 1,988     | \$ 5,437     | \$ 704     | \$ 673     | \$ 1,112     | \$ 2,199     | \$ 3,058     | \$ 2,276     | \$ 1,349     |
| <b>Total</b>  | <b>(2,037)</b> | <b>1,988</b> | <b>5,437</b> | <b>704</b> | <b>673</b> | <b>1,112</b> | <b>2,199</b> | <b>3,058</b> | <b>2,276</b> | <b>1,349</b> |
| Employer's covered employee payroll   | \$ 6,616       | \$ 6,741     | \$ 6,547     | \$ 7,165   | \$ 6,425   | \$ 6,386     | \$ 6,037     | \$ 5,684     | \$ 5,654     | \$ 5,744     |
| Employer's proportionate share of the net pension liability as a percentage of covered employee payroll | -0.01%         | 29.49%       | 83.04%       | 9.82%      | 10.48%     | 17.41%       | 36.43%       | 53.79%       | 40.25%       | 23.48%       |
| Plan fiduciary net position as a percentage of the total pension liability (State)                      | 107.02%        | 106.73%      | 120.29%      | 97.22%     | 97.77%     | 95.77%       | 90.97%       | 85.82%       | 89.20%       | 93.29%       |

**RSI | SCHEDULE OF SYSTEM EMPLOYER CONTRIBUTIONS PERS 2/3**

AS OF JUNE 30,

| (in Thousands)   | 2024     | 2023     | 2022     | 2021     | 2020     | 2019     | 2018     | 2017     | 2016     | 2015     |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Statutorily or contractually required contributions                                  | \$ 465   | \$ 475   | \$ 427   | \$ 459   | \$ 631   | \$ 535   | \$ 475   | \$ 378   | \$ 353   | \$ 294   |
| Contributions in relation to the statutorily or contractually required contributions | -465     | -475     | -427     | -459     | -631     | -535     | -475     | -378     | -353     | -294     |
| Contribution deficit (excess)  | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| Covered employee payroll   | \$ 7,376 | \$ 7,164 | \$ 6,741 | \$ 6,547 | \$ 7,165 | \$ 6,425 | \$ 6,386 | \$ 6,037 | \$ 5,684 | \$ 5,654 |
| Contributions as a percentage of covered employee payroll                            | 6.30%    | 6.63%    | 6.34%    | 7.02%    | 8.80%    | 8.33%    | 7.44%    | 6.25%    | 6.21%    | 5.21%    |

**RSI | SCHEDULE OF PROPORTIONATE SHARE OF SYSTEM NET PENSION LIABILITY LEOFF 2**

AS OF JUNE 30,

| (in Thousands)  | 2023        | 2022        | 2021        | 2020        | 2019        | 2018        | 2017        | 2016        | 2015        | 2014        |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Employer's proportion of the net pension liability (asset)  | 0.008485%   | 0.009158%   | 0.012888%   | 0.013599%   | 0.021485%   | 0.014618%   | 0.013852%   | 0.019390%   | 0.019784%   | 0.017172%   |
| Employer's proportionate share of the net pension liability (asset)                                     | -\$ 204     | -\$ 249     | -\$ 749     | -\$ 277     | -\$ 498     | -\$ 297     | -\$ 192     | -\$ 113     | -\$ 203     | -\$ 228     |
| <b>Total</b>  | <b>-204</b> | <b>-249</b> | <b>-749</b> | <b>-277</b> | <b>-498</b> | <b>-297</b> | <b>-192</b> | <b>-113</b> | <b>-203</b> | <b>-228</b> |
| Employer's covered employee payroll   | \$ 216      | \$ 313      | \$ 297      | \$ 325      | \$ 312      | \$ 256      | \$ 365      | \$ 354      | \$ 345      | \$ 288      |
| Employer's proportionate share of the net pension liability as a percentage of covered employee payroll | -16.71%     | -79.57%     | -251.79%    | -85.43%     | -159.67%    | -115.82%    | -52.71%     | -31.88%     | -58.93%     | -79.25%     |
| Plan fiduciary net position as a percentage of the total pension liability (State)                      | 113.17%     | 116.09%     | 142.00%     | 115.83%     | 148.78%     | 144.42%     | 113.36%     | 106.04%     | 111.67%     | 116.75%     |

**RSI | SCHEDULE OF SYSTEM EMPLOYER CONTRIBUTIONS LEOFF 2**

AS OF JUNE 30,

| (in Thousands)   | 2024   | 2023   | 2022   | 2021   | 2020   | 2019   | 2018   | 2017   | 2016   | 2015   |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Statutorily or contractually required contributions                                  | \$ 18  | \$ 20  | \$ 26  | \$ 24  | \$ 43  | \$ 31  | \$ 22  | \$ 31  | \$ 29  | \$ 29  |
| Contributions in relation to the statutorily or contractually required contributions | -18    | -20    | -26    | -24    | -43    | -31    | -22    | -31    | -29    | -29    |
| Contribution deficit (excess)  | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| Covered employee payroll   | \$ 243 | \$ 236 | \$ 313 | \$ 297 | \$ 325 | \$ 312 | \$ 256 | \$ 365 | \$ 354 | \$ 345 |
| Contributions as a percentage of covered employee payroll                            | 7.30%  | 8.53%  | 8.18%  | 8.21%  | 13.39% | 9.90%  | 8.74%  | 8.49%  | 8.32%  | 8.45%  |

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

OPEB FOR YEAR ENDED JUNE 30,

|  | 2024                | 2023                | 2022                | 2021                 | 2020                | 2019                | 2018                |
|--|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| Proportionate Share (%)  | 0.1466905718%       | 0.0161424906%       | 0.1268128473%       | 0.1366277508%        | 0.1720332946%       | 0.1666404980%       | 0.1638955331%       |
| Service Cost   | \$ 204,548          | \$ 463,814          | \$ 412,084          | \$ 349,364           | \$ 404,281          | \$ 529,124          | \$ 647,314          |
| Interest Cost  | 205,470             | 215,203             | 178,100             | 292,248              | 350,691             | 363,770             | 303,206             |
| Differences Between Expected and Actual Experience               | -                   | (213,121)           | -                   | (44,784)             | -                   | 332,051             | -                   |
| Changes in Assumptions   | (98,805)            | (3,598,388)         | 76,094              | 189,442              | 653,078             | (2,316,425)         | (1,479,043)         |
| Changes of Benefit Terms   | -                   | -                   | -                   | -                    | -                   | -                   | -                   |
| Benefit Payments   | (143,117)           | (158,111)           | (135,688)           | (139,144)            | (160,420)           | (153,638)           | (154,519)           |
| Changes in Proportionate Share                                   | (430,456)           | (155,596)           | (748,845)           | (168,819)            | 273,881             | 159,917             | (150,223)           |
| Other  | (186,259)           | 1,488,729           | (1,702,137)         | (297,676)            | -                   | -                   | -                   |
| Net Change in Total OPEB Liability                               | (448,619)           | (1,957,470)         | (1,920,392)         | 180,631              | 1,521,510           | (1,085,203)         | (833,265)           |
| Total OPEB Liability - Beginning                                 | 6,287,339           | 8,244,809           | 10,165,201          | 9,984,570            | 8,463,060           | 9,548,263           | 10,381,528          |
| <b>Total OPEB Liability - Ending</b>                             | <b>\$ 5,838,720</b> | <b>\$ 6,287,339</b> | <b>\$ 8,244,809</b> | <b>\$ 10,165,201</b> | <b>\$ 9,984,570</b> | <b>\$ 8,463,060</b> | <b>\$ 9,548,263</b> |
| Covered-Employee Payroll   | 15,381,311          | 15,093,237          | 12,805,095          | 12,291,374           | 11,441,517          | 9,746,338           | 8,763,032           |
| Total OPEB Liability as a percentage of covered-employee Payroll | 37.95983379%        | 41.65666056%        | 64.38693968%        | 82.70190949%         | 87.26614215%        | 86.83322779%        | 108.96072125%       |

**GASB 68 RSI | SCHEDULE OF CHANGES IN NET PENSION LIABILITY SUPPLEMENTAL PLAN**

|  | 2023              | 2022              | 2021              |
|--|-------------------|-------------------|-------------------|
| <b>Total Pension Liability - Beginning</b>                                 | <b>\$ 239,451</b> | <b>\$ 190,790</b> | <b>\$ 299,090</b> |
| Service cost   | 1,038             | 820               | 2,944             |
| Interest   | 16,129            | 14,121            | 7,440             |
| Changes in Benefit Terms   | -                 | -                 |                   |
| Differences between expected and actual experience                         | (7,826)           | 33,553            | (55,147)          |
| Changes in assumptions <sup>1</sup>  | (11,805)          | 11,228            | (95,254)          |
| Benefit payments   | (21,317)          | (20,426)          | (18,581)          |
| Other  | -                 | 9,365             | 50,298            |
| <b>Total Pension Liability - Ending (a)</b>                                | <b>\$ 215,669</b> | <b>\$ 239,451</b> | <b>\$ 190,790</b> |
| <b>Plan Fiduciary Net Position - Beginning</b>                             | <b>\$ 161,980</b> | <b>\$ 141,648</b> | <b>\$ 99,193</b>  |
| Contributions - Employer   | 7,697             | 8,075             | \$ 6,883          |
| Net Investment Income  | 11,718            | 173               | 35,571            |
| Other  | \$ 214            | \$ 12,084         |                   |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                            | <b>\$ 181,609</b> | <b>\$ 161,980</b> | <b>\$ 141,647</b> |
| <b>CWUSRPNet Pension Liability (a-b)</b>                                   | <b>\$ 34,061</b>  | <b>\$ 77,471</b>  | <b>\$ 49,143</b>  |
| Covered-Employee Payroll   | \$2,746,396       | \$ 2,882,350      | \$ 413,037        |
| Net pension liability as a percentage of the total pension liability       | 7.85%             | 8.31%             | 46.19%            |
| Plan fiduciary net position as a percentage of the total pension liability | 84.21%            | 67.65%            | 74.24%            |

**GASB 68 RSI | SCHEDULE OF EMPLOYER CONTRIBUTIONS SUPPLEMENTAL PLAN**

| AS OF JUNE 30,<br>(In Thousands)   | 2024     | 2023     | 2022   |
|--|----------|----------|--------|
| Statutorily or contractually required contributions                                  | \$ 8     | \$ 8     | \$ 7   |
| Contributions in relation to the statutorily or contractually required contributions | (8)      | (8)      | (7)    |
| Contribution deficit (excess)  | -        | -        | -      |
| Employer's covered payroll   | \$ 2,746 | \$ 2,882 | \$ 413 |
| Contributions as a percentage of covered payroll                                     | 0.29%    | 0.28%    | 1.67%  |

## 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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