



# Welcome



# CWU

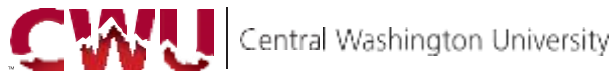
ANNUAL FINANCIAL REPORT 2017



CWU | Central  
Washington  
University



# Welcome



# ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2017



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## **EXECUTIVE OFFICERS (AT JUNE 30, 2017)**

Dr. James L. Gaudino, President

Ms. Linda Schactler, Chief of Staff

Dr. Katherine Frank, Provost/Vice President for Academic and Student Life

Mr. Joel Klucking, CFO/Vice President for Business and Financial Affairs

Ms. Sharon O'Hare, Vice President Enrollment Management

Mr. Joseph Han, Vice President Operations

## **BOARD OF TRUSTEES (AT JUNE 30, 2017)**

Mr. Keith Thompson, Chair

Mr. Ron Erickson, Vice Chair

Mr. Dan Dixon

Mr. Chris Liu

Ms. Erin Black

Mr. Glenn Johnson

Mr. Joseph Knight

NOVEMBER 8, 2017

TO: BOARD OF TRUSTEES  
CENTRAL WASHINGTON UNIVERSITY

There is nothing like being part of a higher education institution that is learning, growing, and succeeding. This past year at Central Washington University has been an eventful one. For the third year in a row, we set a record for first-year enrollment, construction of the Samuelson STEM building entered its final stretch toward completion, and we were honored as the state's only winner of the prestigious Higher Education Excellence in Diversity award.



The attached annual financial report reflects my belief that our university is on the right track when it comes to attracting a diverse student body, creating a welcoming and nurturing environment for our students, offering a world class education, and serving the needs of the people of the state of Washington.

As I look ahead, I see challenges but also opportunities. The state-of-the-art \$64.5 million Samuelson STEM building is on schedule to open next year and will provide our students with a cutting-edge facility that will greatly enhance our ability to teach science and math. Recent renovations of Bouillon and Lind halls as well as Old Heat have positioned us to better serve our students, staff, and faculty.

I am also excited by what is to come in terms of university initiatives. Proposals like the Wildcat Commons, which will allow us to add an additional residential complex and meeting/academic space as well as replace our aging football and track facilities, and the proposed Health Sciences Building will only ensure that Central continues to be a top choice for students in future years.

When I think about Central Washington University, I'm reminded of the words of the Irish poet, William Butler Yeats, who once said, "education is not the filling of a pail, but the lighting of a fire." As educators and those who support the cause of education, it is our duty to inspire, to nurture, to encourage, and to guide. And I thank all who have aided us at Central to light that fire.

Sincerely,

James L. Gaudino  
President  
Central Washington University

NOVEMBER 8, 2017

TO: MEMBERS OF THE BOARD OF TRUSTEES  
CENTRAL WASHINGTON UNIVERSITY

Attached is the annual financial report of Central Washington University. It has been prepared from the university's accounting records and reflects Central Washington University's financial position as of June 30, 2017, and the results of its operations for the year then ended.

Central Washington University maintains its accounts in accordance with the guidelines established by the Washington State Office of Financial Management and the state of Washington. This report has been prepared in accordance with generally accepted accounting principles and following the guidance of the Governmental Accounting Standards Board.

Sincerely,



Joel Klucking  
CFO/Vice President  
Business and Financial Affairs



# Central Washington University

## INITIATIVES AND ACHIEVEMENTS

Welcoming and friendly, Central Washington University is recognized as one of the top public universities in the West with award-winning professors, affordable tuition, and more than 135 majors and 111 minors that offer students the programs they want. Central's motto is Docendo Discimus—"By Teaching, We Learn." It is a doctrine that has defined the University throughout its distinguished past and helped Central become the fastest growing public university in Washington.

## 2017 HIGHLIGHTS

- For the third time in four years, Central Washington University is a recipient of the prestigious Higher Education Excellence in Diversity (HEED) Award from INSIGHT Into Diversity magazine. CWU was the only four-year institution in the state of Washington to earn the distinction.
- The Northwest Association of Student Affairs Professionals awarded Central Washington University's Diversity Action Team, chaired by Fiona Corner, with the prestigious May Dunn Ward Innovative Program Award. The team is part of the Office of the Dean of Student Success.
- The website, Schools.com, has ranked Central Washington University as one of the "Best 4-Year Colleges" in Washington.
- The website, Lendedu.com, ranked Central Washington University as one of the top 100 public colleges in the nation for helping students afford college with as little debt as possible. The site calculated the average student loan debt and said the colleges on its list were "doing a great job at helping students afford their education."
- Washington Monthly magazine once again ranked Central Washington University as one of the top 50 universities in the West for "Best Bang for Your Buck." The survey ranks universities based on how they help non-wealth students attain marketable degrees at affordable prices. Among Washington universities, CWU ranked fifth.
- MONEY magazine's latest rankings of best colleges for your money once again lists Central Washington University as one of the top in the nation. "A mid-sized public university, Central Washington has a varied collection of highly regarded programs. Strong academic areas include geological sciences, education, and accounting," according to the magazine.
- Payscale.com, a national college rating website, ranked Central Washington University as one of the top three public universities in the state of Washington for return on investment (ROI).



■ CWU offers one of 30 best affordable online master's in higher education degrees in the nation, according to the website, Bestmastersdegrees.com. The website rated CWU as #11 of the country's top 30 programs—and the only university from the state of Washington.

■ Central Washington University is listed in The College Finder's 2017 Colleges That Are Great Values. The list compiles all U.S. colleges that provide the best value for the money based on overall cost and quality of the institution.

■ CWU was recognized by the National Association for College and University Residence Halls (NACURH) as the November 2016 Spotlight Program of the Month in recognition of the Not in Our KittCo movement, which represented a tremendous partnership between Ellensburg community members and CWU students, faculty, and staff.

■ The nation's largest educational facilities association, APPA, has honored Joseph Han, vice president of operations at Central Washington University, with the APPA Fellow Award, the organization's highest award for individual achievement.

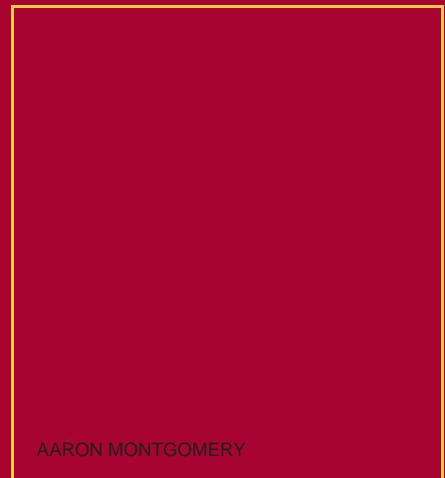
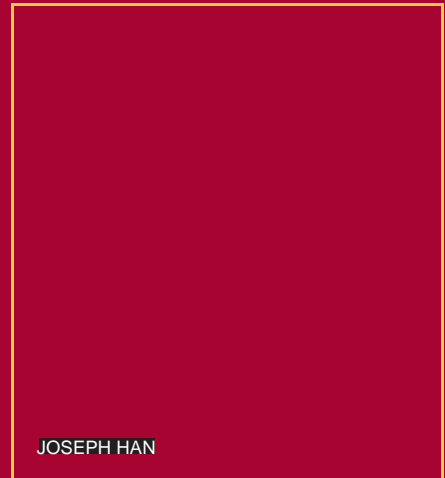
■ Sathyanarayanan (Sathy) Rajendran, an engineering technologies, safety, and construction professor, was honored as the nation's top safety educator by the American Society of Safety Engineers (ASSE). ASSE annually recognizes exemplary achievements in occupational safety and health education.

■ Ethan Bergman, Central Washington University professor in the Health Sciences department, has been selected as a 2017 Medallion Award recipient by the Academy of Nutrition and Dietetics. The academy is the world's largest organization of food and nutrition professionals.

■ Scott Robinson, theatre arts professor and chair, was inducted into the Washington State Thespians Hall of Fame for 2017 at a reception at the Seattle Repertory Theatre. Robinson was honored for his exceptional service to high school theatre across the state.

■ Aaron Montgomery, Professor of Mathematics, received the Distinguished University Teaching of Mathematics Award from the Mathematical Association of America, Northwest section. This award is for teachers of mathematics who are widely recognized as extraordinarily successful.

■ CWU's BS degree program in safety and health management has been accredited by the Applied and Natural Science Accreditation Commission of the Accreditation Board of Engineering and Technology (ABET), a global accreditor of college and university programs in applied and natural science, computing, engineering and engineering technology.



■  
CWU created two new majors this year: a bachelor of science degree in sports management and a bachelor of arts degree in dance.

■  
CWU dedicated room 412 in Barge Hall to former chair of the Board of Trustees, Sid Morrison. The naming of the room honors Morrison's service to the University and the state of Washington.

■  
Jonathan Chi, mental health counseling graduate student, received the Governor's Award: a statewide honor given to three students chosen from a pool of top student service leaders from Washington public four-year institutions. Chi's award is in recognition of his research of light boxes and their use in the treatment of seasonal affective disorder (SAD).

■  
CWU Department of Public Affairs staffers Teri Olin (director of marketing), Bret Bleggi (lead graphic designer), and Ryan Moffat (student designer) received a gold medal from the 2016 National Collegiate Advertising Awards for the new "welcome" enrollment recruitment campaign. Bleggi also was awarded Print Rocks! Best Print in the West Awards, for Best of Direct Mail Campaign.

### **DEPARTMENT OF AVIATION TAKES FLIGHT**

CWU's Department of Aviation, which in the past has contracted for airplanes and flight training equipment, began acquiring airplanes, equipment, and personnel in order to enhance the quality and reliability of its flight training programs. The move followed a decision by the University's former contractor to withdraw from its contractual relationship.

According to Paul Ballard, dean of the College of Education and Professional Studies, the move will allow CWU to apply for national accreditation for the aviation program, something that could not be done as long as the University used an outside contractor. Ballard said the program has also experienced rapid growth in recent years, with the number of aviation students increasing from 45 to 162 students between 2014 and 2016.

Additionally, in 2016, Midstate Aviation of Ellensburg sold to CWU a maintenance hangar and office space at Bowers Field. The University also became the Fixed Base Operator at Bowers Field, meaning it provides airport users services like fuel, food, and lounges.

CWU's program is the only public, four-year aviation program in Washington state.

### **CWU-SAMMAMISH OPENS**

In September, CWU began offering general education classes that meet Running Start criteria at a new learning facility in Sammamish. Additionally, CWU-Sammamish offers professional development opportunities for current industry professionals and students preparing for certification or just interested in careers in the beer, wine, and restaurant industries, and personal enrichment programs in aging well, art, digital photography, food, wine, and beer; and healthy eating and nutrition.

JONATHAN CHI

## SAMUELSON UPDATE

Lydig Construction continued working on the renovation and construction of the new Samuelson Building, located in the heart of the Central Washington University campus. The \$61 million project incorporates part of the pre-Depression era Samuelson Union Building and is scheduled to be completed in late 2017.

The new Samuelson Building will be an integrated computer science technology center that will house in-demand STEM programs offered by the departments of Computer Science, Mathematics, and Information Technology and Administrative Management (ITAM). The new structure will also contain the office of Multimodel Learning, which is integral to CWU's digital class offerings and other distance education options; and the campus data center. The project is scheduled to open for classes in fall 2018.

## MOVEZILLA

Last February, CWU began a year-long series of moves on the Ellensburg campus, dubbed "Movezilla," as a result of Central Washington University's successful record on funding for new state construction.

The moves were designed to consolidate as many student services as possible in one location because students previously were required to go to four buildings to find the business offices for Registrar Services, Admissions, Connection Card, Financial Aid, Cashier's Office, and Testing.

As a result of the moves:

- Student Financial Services and Financial Aid (formerly on the first floor of Barge Hall) have moved to the second floor of Bouillon Hall. In addition to Financial Aid, Bouillon Hall now houses Registrar Services, Admissions processors, Testing Services, and the Connection Card office.
- University Advancement (formerly on the fourth floor of Barge Hall) has moved to the first floor of Barge Hall. It will share the floor with the Cashier's Office, which remains in Barge.
- Continuing Education (formerly on the second-floor mezzanine of Barge Hall) has moved to 421 North Main Street in downtown Ellensburg.
- Running Start (formerly on the second-floor mezzanine of Barge Hall) has moved to Hebel Hall.
- Vice President of Enrollment Management (formerly on the first floor of Mitchell Hall) has moved to the second floor of Barge Hall.
- Lind Hall is now home to the Department of Communication, Film and Video Studies, and ROTC programs.



## WILDCAT COMMONS

Additionally, the Board of Trustees approved three proposals at the north portion of the campus that address demand for student housing and recreation, and the need to update aging athletic facilities, including:

- **New 400-Bed Residence Hall:** This project will be located on the northeast corner of East Dean Nicholson Boulevard and North Wildcat Way. The state does not fund residence facilities, so the University will bond for the \$45 million building. The project will require demolition of two facilities in poor condition: Peterson Hall, former home of the CWU ROTC programs, and the facility that housed the Chimpanzee and Human Communication Institute, which closed in 2013.

The new residence hall, slated to open fall 2019, will include meeting space to meet campus wide programming needs, and will achieve at least a minimum Leadership in Energy and Environmental Design (LEED) certification, indicating the building meets the most up-to-date environmental design standards.

- **New Track Facility:** Trustees approved the construction of a \$4 million track facility in the southeast corner of N. Wildcat Way and 18th Avenue. It will be the first addition to student recreational facilities since 2006 when the Student Union and Recreation Center opened. The project, which will include lighting, perimeter fencing, and year-round turf, replaces a crumbling, nearly 60-year-old track that is currently located inside of Tomlinson Stadium. Funding for the facility, scheduled to open fall 2018, will come from the Recreation Fee reserve account. The facility will meet specifications for NCAA competition and serve CWU recreation organizations as well as non-CWU organizations and CWU units outside of the recreation department, such as varsity athletics. The latter groups will pay to use the facility.

- **Renovation of Tomlinson Stadium:** The board approved a \$4 million renovation of Tomlinson Stadium, which was built in 1959 and has not been significantly renovated since. With the removal of the track, the stadium playing field can be expanded to accommodate rugby and soccer as well as football. The project adds artificial turf and lights and upgrades to the entrance gates, perimeter fencing and restrooms. Funding will be provided by the CWU Foundation through private donations. The project will be operational for the fall 2018 season.







WASHINGTON STATE AUDITOR'S OFFICE

## Independent Auditor's Report on Financial Statements

CENTRAL WASHINGTON UNIVERSITY  
JULY 1, 2015 THROUGH JUNE 30, 2017

Board of Trustees  
Central Washington University  
Ellensburg, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Central Washington University, Kittitas County, Washington, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed on page 11.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Central Washington University Foundation were not audited in accordance with *Governmental Auditing Standards*.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Central Washington University, as of June 30, 2017 and 2016, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Matters of Emphasis**

As discussed in Note 1, the financial statements of the Central Washington University, an agency of the state of Washington, are intended to present the financial position, and the changes in 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. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2017, the changes in its financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements as a whole. The Foundation Statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2018 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



Pat McCarthy  
State Auditor  
Olympia, WA

February 5, 2018

# Management Discussion and Analysis

## INTRODUCTION

The following Management Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Central Washington University (the University) for the fiscal year ended June 30, 2017, with comparative 2016 and 2015 financial information. This discussion provides an objective and easily readable analysis of the University's financial performance for the year. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes to the financial statements, which follow this section.

Central Washington University (CWU) is one of six state-assisted, four-year institutions of higher education in Washington. A regional comprehensive university, CWU offers baccalaureate and graduate degrees in more than 100 academic programs to over 10,000 students. The University has distinguished itself through quality teaching and academic programs, student-centered orientation, and commitment to research, outreach, and international experiences for faculty and students, and provision of life-long learning opportunities to the citizens of Washington. The University is comprised of the College of Arts and Humanities, College of the Sciences, College of Education and Professional Studies, and College of Business. CWU's instructional faculty, numbering more than 600, compiles an impressive record of teaching, scholarship, and service. The main campus is located in Ellensburg, a community of approximately 20,000 that enjoys one of the finest living environments of the Pacific Northwest. Historic Ellensburg offers the laidback atmosphere of a small town, but with a variety of things to do and see both indoors and out. Most enjoy downtown Ellensburg with its distinctive shops, bars, restaurants, and museums all within walking distance. Others enjoy the outdoor experience of camping, fishing, horse-back riding, rafting, hiking, biking, and even golfing. In the shadow of the Cascade Mountains and only minutes from the Wenatchee National Forest, Ellensburg is situated in the Kittitas Valley, an agricultural region 110 miles east of Seattle, the cultural heart of Washington.

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

## USING THE FINANCIAL STATEMENTS

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



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

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





**FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2017**

Net Position increased \$42.6 million during fiscal year 2017 due to both increased student population and increased operating and capital appropriations.

Several infrastructure improvements and remodeling projects were underway or initiated during fiscal year 2017 including (See Note 7–Capital Assets):

**Completion of Samuelson STEM Project:** The Samuelson Building, which will open in fall of 2018, will provide an integrated computer science technology center to be known as the Samuelson STEM project. The \$61 million facility will house in-demand STEM programs, including:

- Computer Science
- Mathematics
- Information Technology and Administrative Management (ITAM)
- Office of Multimodal Learning and other distance learning options

**Completion of Other Campus Modernization/Renovation Projects:** In addition to the Samuelson STEM project, CWU completed several other campus improvements that will enrich the University community and enhance its ability to carry out its mission to provide quality learning environments, exemplary teaching, and cutting-edge research opportunities, including:

- **Lind Hall Renovation:** CWU completed work on a \$4.9 million project that modernized and remodeled Lind Hall, which was constructed in 1947. The revamped Lind Hall is now home of the Aerospace and Military Science programs, the Army and Air Force Reserve Training Corps, and the Department of Communication.
- **Bouillon Hall Renovation:** CWU completed a \$5 million remodeling project to update Bouillon Hall, which opened in 1961. The building received upgraded fire and HVAC systems. Additionally, student services were consolidated in the building to create a one-stop shopping center for students. The building also now houses the Department of Student Success.
- **Old Heat-Community Education/Welcome Center:** CWU concluded the first phase of renovating the landmark Old Heat steam facility, constructed in 1947, into a campus welcome center as well as a host for community outreach education. Abatement and some demolition of aging portions of the facility was completed and future construction will include a new roof and windows as well as renovation of the structure.

**Wildcat Commons:** Additionally, the Board of Trustees approved three proposals that address demand for student housing and recreation, and the need to update aging athletic facilities, including:

- **New 400-Bed Residence Hall:** This project will be located on the northeast corner of E. Dean Nicholson Boulevard and N. Wildcat Way. The state does not fund residence facilities, so the University will bond for the \$45 million building. The project, to be completed in fall 2019, will require demolition of two facilities in poor condition: Peterson Hall, former home of the CWU ROTC programs, and the facility that housed the Chimpanzee and Human Communication Institute, which closed in 2013.
- **New Track Facility:** Trustees approved the construction of a \$4 million track facility in the southeast corner of N. Wildcat Way and 18th Avenue. It will be the first addition to student recreational facilities since 2006 when the Student Union and Recreation Center (SURC) opened. The project, which will include lighting, perimeter fencing, and year-round turf, replaces a crumbling, nearly 60-year-old track that is currently located inside of Tomlinson Stadium. Funding for the facility, scheduled to open fall 2018, will come from the Recreation Fee reserve account.
- **Renovation of Tomlinson Stadium:** The board approved a \$4 million renovation of Tomlinson Stadium, which was built in 1959 and has not been significantly renovated since. With the removal of the track, the stadium playing field can be expanded to accommodate rugby and soccer as well as football. The project adds artificial turf and lights and upgrades to the entrance gates, perimeter fencing, and restrooms. The project will be operational for the fall 2018 season.

The University successfully enrolled 2,218 freshman students in fall quarter of fiscal year 2017, successfully exceeding the fall 2016 class number by 16 percent despite increased competition from other Washington public universities. This increase was achieved by adopting a more targeted approach to marketing that focuses on students most likely to enroll at Central.

**KEY FINANCIAL RESULTS FOR FY 2017 COMPARED TO FY 2016 AND FY 2015**  
 (IN THOUSANDS)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total operating revenues	\$ 154,728	\$ 159,705	\$ 155,664
Operating expenses	<u>246,281</u>	<u>228,775</u>	<u>221,480</u>
<b>Operating loss</b>	<b>(91,553)</b>	<b>(69,070)</b>	<b>(65,816)</b>
State appropriations	57,354	46,496	38,777
Investment income (loss)	4,067	5,385	4,524
Capital appropriations	64,172	28,431	28,040
Pell grant revenue	17,560	17,989	17,212
Interest on indebtedness	(6,722)	(5,948)	(6,305)
Non-operating income net of expenses	<u>(2,312)</u>	<u>694</u>	<u>439</u>
<b>Total net non-operating revenue and capital appropriations</b>	<b>134,119</b>	<b>93,047</b>	<b>82,687</b>
Increase (decrease) in net position	42,566	23,977	16,871
Net position (as restated), beginning of year	<u>355,164</u>	<u>339,206</u>	<u>322,335</u>
<b>Net position, end of year</b>	<b>\$ 397,730</b>	<b>\$ 363,183</b>	<b>\$ 339,206</b>

**KEY FINANCIAL RESULTS**

- Operating revenues decreased by \$5.0 million or 3.12% from the prior fiscal year.
- Operating expenses increased by \$17.5 million or 7.6% over the prior fiscal year.
- State operating appropriations increased by \$10.9 million or 23.3% over the prior fiscal year.
- Pell grant revenue remained at \$18 million.
- Interest on indebtedness increased by \$.8 million over the prior fiscal year, due to refinancing system revenue bonds.
- Total net non-operating revenues increased by \$41.0 million due to increased capital and operating appropriations.

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

**STATEMENT OF NET POSITION**

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

**STATEMENT OF NET POSITION (IN THOUSANDS)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Assets</b>			
Current assets	\$ 70,323	\$ 71,437	\$ 72,344
Non-current assets	52,313	49,882	44,317
Capital assets, net of depreciation	<u>476,313</u>	<u>431,511</u>	<u>416,028</u>
<b>Total assets</b>	<b>598,949</b>	<b>552,830</b>	<b>532,689</b>
<b>Deferred outflows of resources</b>			
Deferred outflows	8,655	2,388	2,726
<b>Liabilities</b>			
Current liabilities	34,997	28,877	26,856
Non-current liabilities	<u>167,025</u>	<u>159,933</u>	<u>159,569</u>
<b>Total liabilities</b>	<b>202,022</b>	<b>187,810</b>	<b>186,425</b>
<b>Deferred inflows of resources</b>			
Deferred inflows	7,853	4,225	9,784
<b>Net position</b>			
Net investment in capital assets	354,554	306,260	276,433
Restricted: non-expendable	3,465	3,465	3,465
Restricted: expendable	10,898	17,399	18,040
Unrestricted	<u>28,813</u>	<u>36,059</u>	-
	<u>41,269</u>		
<b>Total net position</b>	<b>\$ 397,730</b>	<b>\$ 363,183</b>	<b>\$ 339,207</b>

**Assets and Deferred Outflows of Resources****Current assets**

The excess of current assets over current liabilities of \$35 million in 2017 reflects the continuing ability of the University to meet its short-term obligations. Current assets are those highly liquid assets that may be converted to cash in less than one year and include cash and cash equivalents, short term investments, accounts receivable, and inventories. Current assets decreased \$1.1 million to \$70.3 million at June 30, 2017 and the most significant fluctuations are discussed below:

Cash and cash equivalents decreased by \$4.1 million to \$38.6 million. To obtain more favorable investment returns the University invested additional funds in state, municipal, and corporate bonds and will continue to maximize earnings while maintaining sufficient cash and cash equivalents to meet current operations and to fund major projects.

The increase in accounts receivable of \$3.6 million was primarily due to the increase in the state appropriations receivable, guaranteed sources, as well as the increase in the student population. Inventories remained relatively stable with only a \$36,000 decrease from 2016 levels.

### **Non-Current Assets**

Non-current assets are not expected to be converted into cash, sold, or exchanged within the normal operating cycle and include: investments, student loan receivables, and cash restricted for capital projects. Capital assets include construction in progress, furniture and equipment, land, buildings and improvements. As of June 30, 2017 non-current and capital assets, net of depreciation increased by \$47 million to \$529 million.

Capital assets net of depreciation increased by \$44.8 million to \$476.3 million in FY17 compared to \$431.5 million in the prior year, the increase is due to infrastructure improvements and work on the new Science II Building. Long-term investments increased by \$4.2 million to \$42.9 million in fiscal year 2017 as the University took advantage of opportunities to invest in bonds in order to increase interest earnings. Funds with the State Treasurer decreased \$1.8 million while the related capital appropriation increased by \$35.7 million to \$64.2 million for FY 2017.

### **Deferred Outflows of Resources**

The Deferred Gain or Loss on Refunding Outflows number represents costs associated with previous debt issuances. This accounting treatment is the result of Governmental Accounting Standards Board (GASB) 63 & 65 which were adopted in 2013. This component of the Deferred Outflows balance was amortized and increased by \$1.7 million at June 30, 2017 and will continue to be amortized on a straight-line basis through the term of the replacement Bonds of 2016.

The application of GASB 68 in 2017 required the recognition and amortization of CWU's proportionate share of the various pension plan liabilities, resulting in the recognition of approximately \$3.7 million of deferred outflows related to pension liabilities. The implementation of GASB 73 in 2017 required the recognition and amortization of CWU's supplemental pension liability, this resulted in the recognition of \$1.0 million of deferred outflows related to GASB 73. The 2017 pension calculations resulted in a net \$4.5 million increase of these outflows over the prior year.

### **Liabilities**

Current liabilities are claims that are due and payable within one year and include: accounts payable, accrued payroll liabilities, unearned revenues, deposits payable, and the current portion of bonds/leases payable. Non-current liabilities represent obligations that become due after one year and include compensated absences, supplemental retirement liabilities, and long-term debt obligations (Notes 8, 9, 11, 12, 13, and 14).



Current liabilities typically fluctuate from the timing of processing accounts payable and deposits payable, changes in the current year bond/leases payment schedule, and the changes in unearned revenue. Current liabilities at June 30, 2017, were \$35.0 million representing an increase of \$6.1 million from 2016 mainly due to increased accounts payable related to construction and unearned revenue activity in grants.

Non-current liabilities increased \$8.1 million to \$167.0 million at June 30, 2017 due primarily to the increase of CWU's share of the state's unfunded pension liability recognized in the implementation of GASB 68 and the recognition of supplemental pension liability from the implementation of GASB 73, as well as an increase in bond premium/discount related to the refinancing of system revenue bonds.

### **Deferred Inflows of Resources**

The calculations related to GASB 68 activity resulted in an increase of \$3.6 million in deferred inflows of resources to the current total of \$7.9 million to be amortized over the following four to five years.

## Net Position

The difference between total assets and deferred outflows and total liabilities and deferred inflows is net position (equity), and it is an indicator of the University's overall financial condition.

Net position is divided into four major categories.

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

As of June 30, 2017, net position totaled \$397.7 million, an increase of \$34.5 million from the balance at June 30, 2016. This increase is mainly due to capital construction activity. This figure differs from the increase in net position on the Statement of Revenues, Expenses, and Changes in Net Position due to the restatement of the beginning net position related to the implementation of GASB 73.

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

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

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

Non-operating revenues include state operating and capital appropriations, Pell grants, and investment income. Non-operating expenses are mainly interest on indebtedness. Following is a condensed comparison of the University's revenues, expenses, and changes in net position for the years ended June 30, 2017, 2016, and 2015.

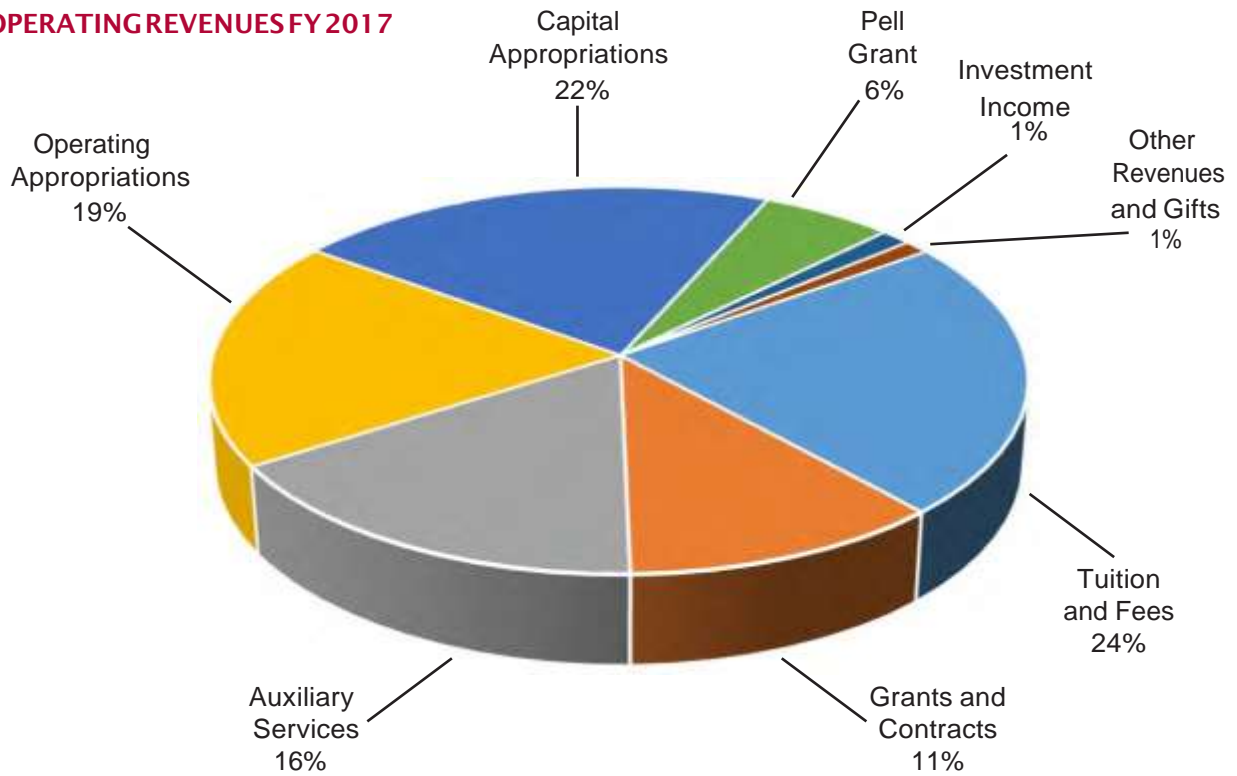
### SUMMARY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (IN THOUSANDS)

	2017	2016	2015
Operating revenues	\$ 154,728	\$ 159,705	\$ 155,664
Operating expenses	<u>246,281</u>	<u>228,775</u>	<u>221,480</u>
<b>Operating loss</b>	<b>(91,553)</b>	<b>(69,070)</b>	<b>(65,816)</b>
Non-operating revenues and capital appropriations	143,153	98,995	88,991
Non-operating expenses	<u>(9,034)</u>	<u>(5,948)</u>	<u>(6,304)</u>
<b>Net non-operating revenues (expenses)</b>	<b>134,119</b>	<b>93,047</b>	<b>82,687</b>
Increase (decrease) in net position	42,566	23,977	16,871
Net position beginning of year (as restated)	<u>355,164</u>	<u>339,206</u>	<u>322,335</u>
<b>Net position end of year</b>	<b>\$ 397,730</b>	<b>\$ 363,183</b>	<b>\$ 339,206</b>

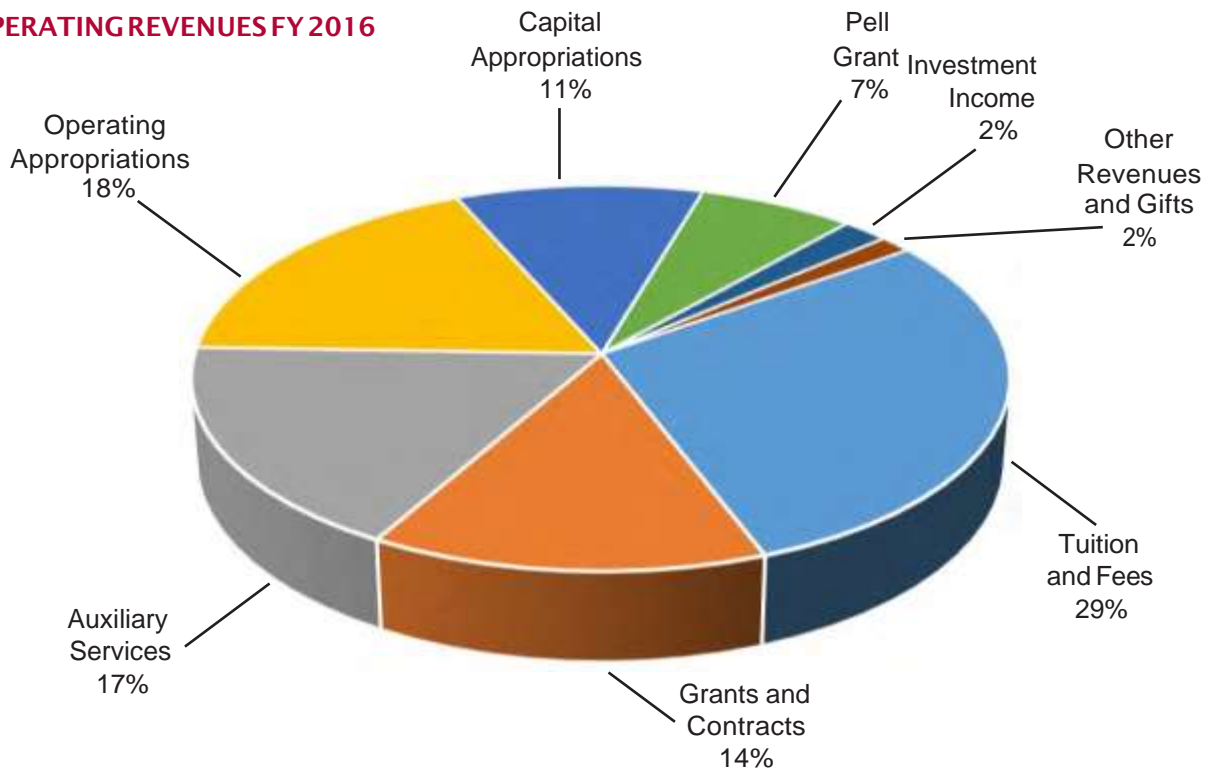
The University maintains a diversified revenue base comprised of tuition and fees, state appropriations, grants and sponsored programs, auxiliary enterprises, and non-operating income. Operating revenues in fiscal year 2017 totaled \$154.7 million representing a decrease of \$5.0 million (or 3.1 percent) from 2016.

Revenues by Source

OPERATING REVENUES FY 2017



OPERATING REVENUES FY 2016



**REVENUES BY SOURCE (IN THOUSANDS)**

	<u>2017</u>	<u>Percent (%)</u>	<u>2016</u>	<u>Percent (%)</u>	<u>2015</u>	<u>Percent (%)</u>
Net tuition and fees	\$ 69,667	24%	\$ 75,687	29%	\$ 78,611	32%
Grants and contracts	33,716	11%	36,003	14%	34,281	14%
Auxiliary services	48,228	16%	44,912	17%	40,301	17%
Operating appropriations	57,354	19%	46,496	18%	38,777	16%
Capital appropriations	64,171	22%	28,431	11%	28,040	11%
Pell grant	17,560	6%	17,989	7%	17,212	7%
Investment income	4,067	1%	5,385	2%	4,524	2%
Other revenues and gifts	3,433	1%	3,797	2%	2,910	1%
<b>Total</b>	<b>\$ 298,196</b>	<b>100%</b>	<b>\$ 258,700</b>	<b>100%</b>	<b>\$ 244,656</b>	<b>100%</b>

Net tuition and fees remain the primary source of revenue. The decrease of \$6.0 million which included a state mandated reduction in the cost of tuition, offset by a \$10.9 million increase in operating appropriations, as the state backfilled to make up for the price differential. Net tuition and fees represent 23 percent of the University's revenue.

Auxiliary enterprises generated 16 percent of total revenue representing an increase of \$3.3 million to \$48.2 million as of June 30, 2017. This was due to increased rates and participation in on-campus student activities such as housing and dining. Auxiliary services include essential support programs such as residential housing and dining, catering, bookstore, parking, and conference program.

Grants and contracts provide student financial aid and support the University's educational and research activities. In fiscal 2017 grants and contracts revenues decreased \$2.3 million from the prior year mainly due to reductions in the Washington State Need Grant and contracts with Asia University.

Capital appropriations increased \$35.7 million over the prior year to \$64.2 million due to continued funding provided by the state legislature for completion of the science building (Science Phase II), the Samuelson Building and several smaller infrastructure projects.

Gross non-operating revenues totaled \$143.2 million in FY 2017 representing an increase of \$44.2 million from 2016 driven mainly by increases of both state and capital appropriations.

Investment income decreased in 2017 by \$1.3 million to \$4.1 million resulting mainly from unrecognized losses in the current year combined with unrealized gains in the prior year, as well as a reduction in overall investment income in the portfolio as higher yielding bonds purchased years ago come due and are replaced with lower yielding bonds available in the current market.

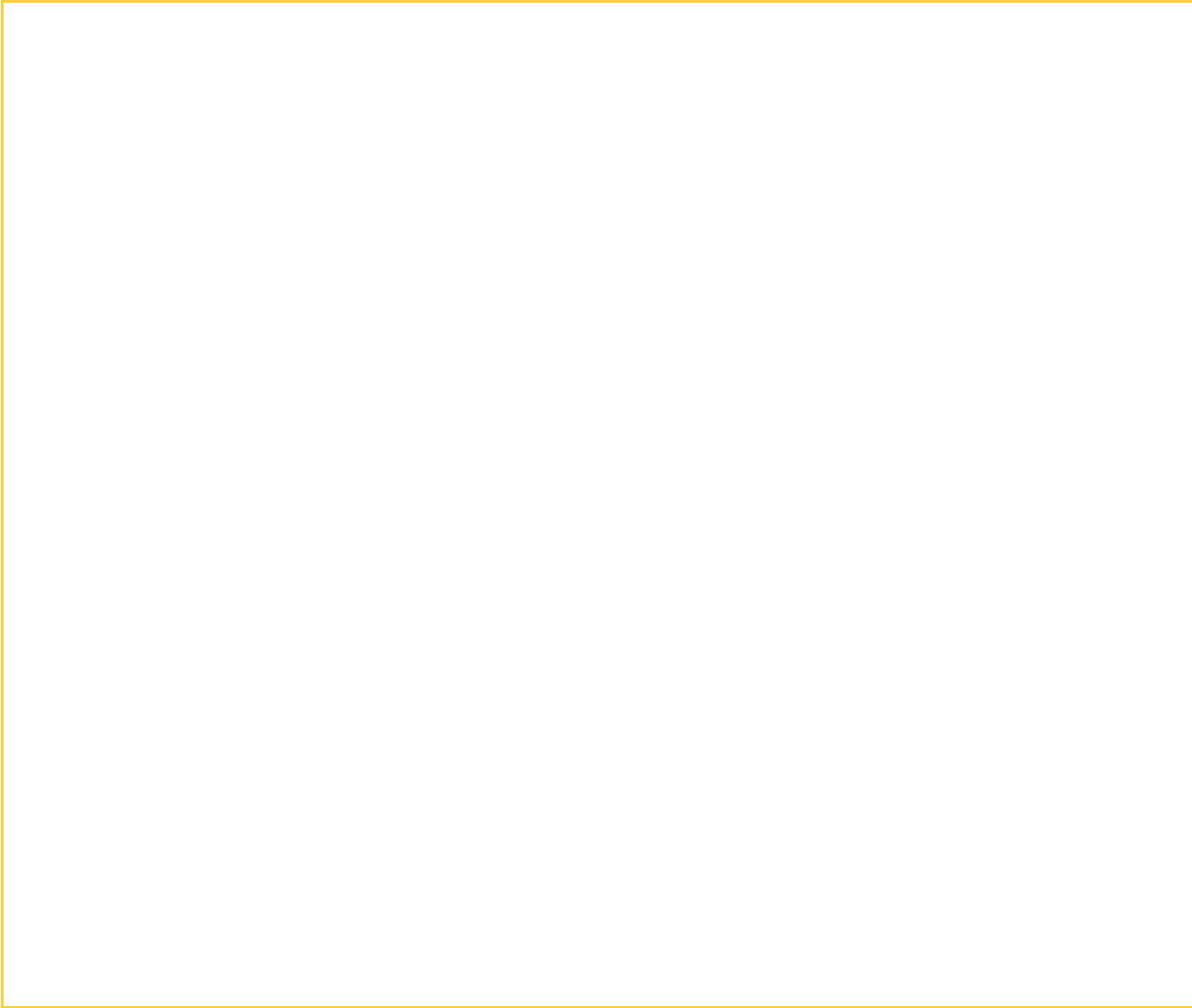


**Operating and Non-operating Expenses**

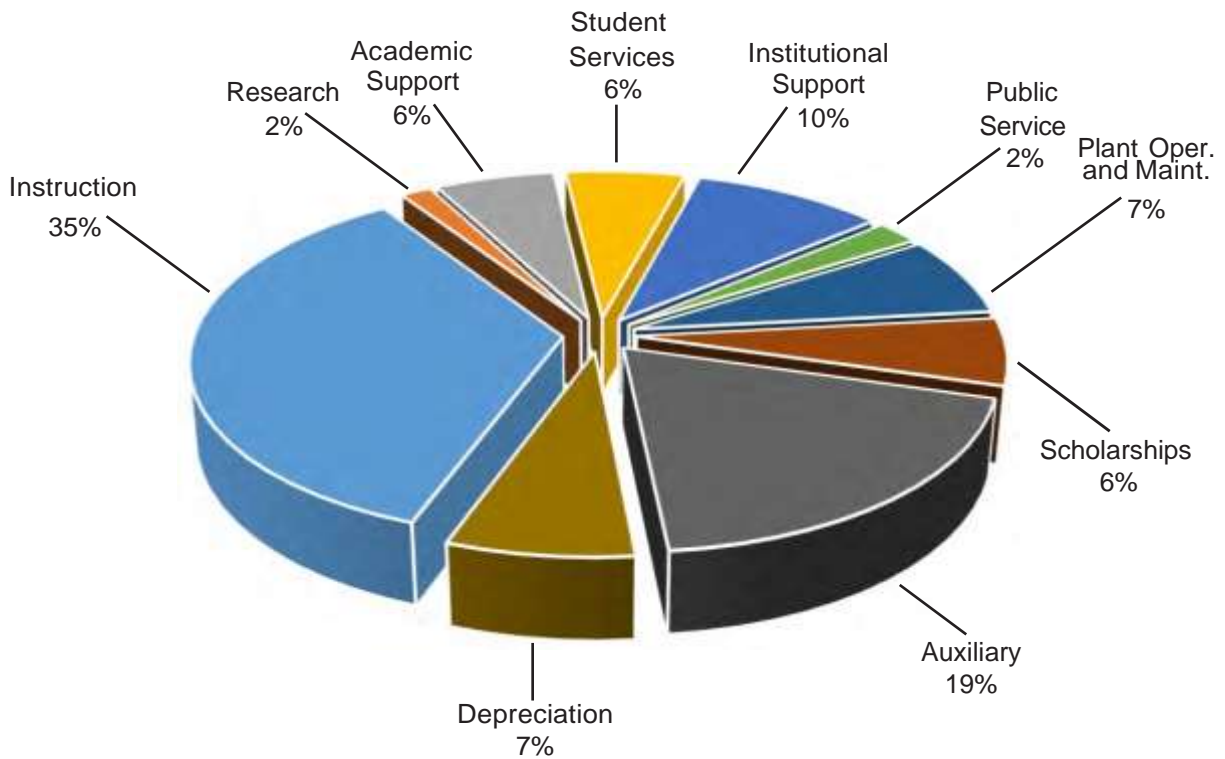
Operating expenses consist mainly of employee compensation, supplies and material costs, student scholarships and other aid. Operating expenses are displayed in the following table by functional area as this is the industry standard. (See Note 18 for a listing of operating expenses by natural classification.)

<b>OPERATING AND NON-OPERATING EXPENSES (IN THOUSANDS)</b>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating expenses	\$ 246,281	\$ 228,775	\$ 221,480
Non-operating expenses	<u>6,722</u>	<u>5,948</u>	<u>6,305</u>
<b>Total operating and non-operating expenses</b>	<b>\$ 253,003</b>	<b>\$ 234,723</b>	<b>\$ 227,785</b>

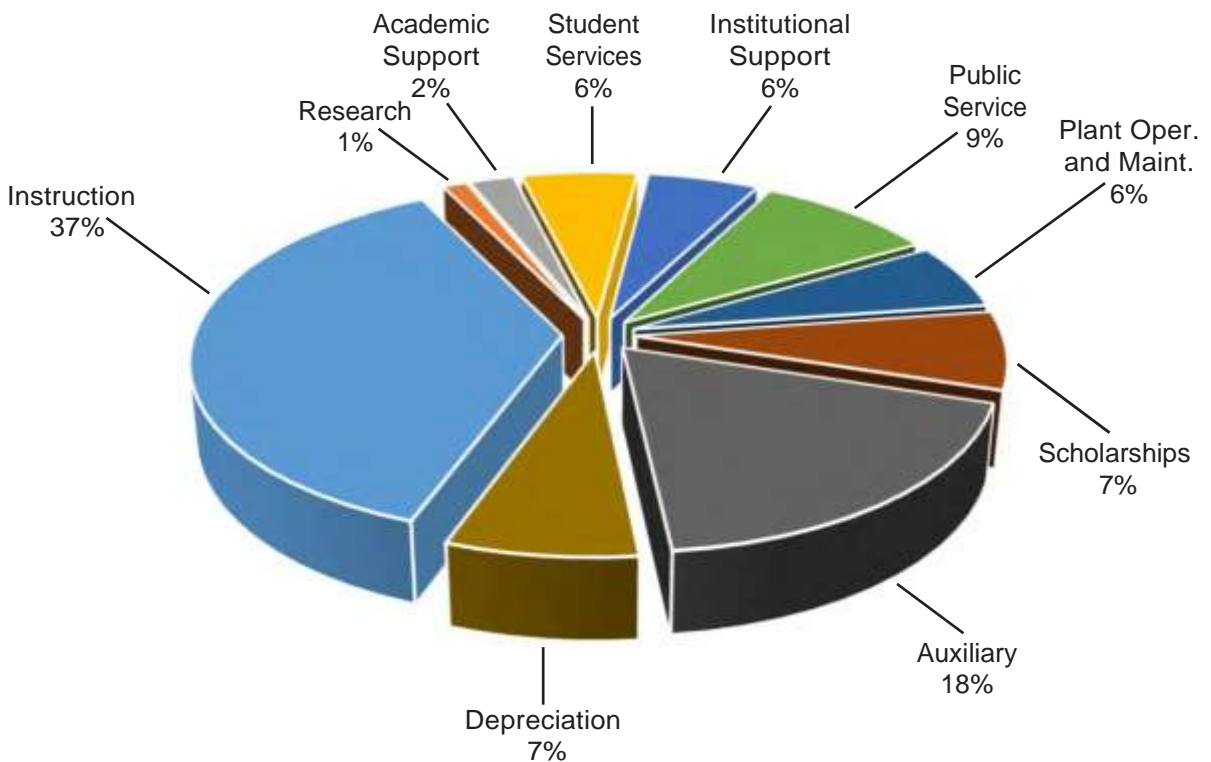
Non-operating expenses are those that do not relate to the core operation of the University. Examples of non-operating expenses are interest expense and amortization expense.



**OPERATING AND NON-OPERATING EXPENSES FY 2017**



**OPERATING AND NON-OPERATING EXPENSES FY 2016**



**OPERATING EXPENSES BY FUNCTION (IN THOUSANDS)**

	<u>2017</u>	<u>Percent (%)</u>	<u>2016</u>	<u>Percent (%)</u>	<u>2015</u>	<u>Percent (%)</u>
Instruction	\$ 86,874	35%	\$ 84,638	37%	\$ 80,882	37%
Research	3,780	2%	2,773	1%	2,472	1%
Public service	5,391	2%	5,144	2%	3,640	2%
Academic support	14,808	6%	13,286	6%	12,456	6%
Student services	13,656	6%	12,769	6%	11,195	5%
Institutional support	23,894	10%	21,328	9%	22,301	10%
Operations and maintenance of plant	18,120	7%	13,745	6%	11,293	5%
Scholarships and other student aid	15,308	6%	16,517	7%	19,402	9%
Auxiliary	46,901	19%	42,105	18%	42,598	19%
Depreciation	<u>17,549</u>	<u>7%</u>	<u>16,470</u>	<u>7%</u>	<u>15,241</u>	<u>7%</u>
<b>Total operating expenses</b>	<b>\$ 246,281</b>	<b>100%</b>	<b>\$ 228,775</b>	<b>100%</b>	<b>\$ 221,480</b>	<b>100%</b>

Total operating expenses increased by \$17.5 million to \$246.3 million with the highest proportional increases in Instruction, Institutional support, and Operations and maintenance of plant categories. Direct instruction expenses increased \$2.2 million to \$86.9 million as the University continued to augment the number of faculty to address class workloads. Operations and maintenance of plant increased mainly due to salary increases and continued maintenance and preservation projects. Institutional support increased \$2.5 million to \$23.9 million. This was mainly due to the pension expense related to the GASB 68 entries this year over the prior year as well as increased salary and benefit costs.

Public service expenses increased in fiscal 2017 by \$.3 million to \$5.4 million. Research increased \$1.0 million to \$3.8 million due to increased grant spending on NASA, NSF, and WSOS projects.

Student services increased by \$.9 million in fiscal year 2017 to \$13.7 million, mainly due to costs related to increased admissions and enrollment management activity to support a growing student population, as well as increased student health and counseling services expense.

Auxiliary costs increased by \$4.8 million over the 2016 fiscal year, due to increased salaries and wages and the costs of goods associated with increased retail sales.

Instructional expenses totaled \$86.9 million and comprised 35 percent of all University operating expenses during fiscal year 2017 with a three year average of 36 percent of total operating expense. The University remains committed to its primary mission of preparing students for responsible citizenship, responsible stewardship of the earth, and to lead enlightened and productive lives. Enduring reductions in state funding have driven the need for the University to continue to effectively manage its limited resources while still providing quality instruction to a growing student body. Increased state appropriations allowed the University to invest in its faculty.

**CAPITAL CONSTRUCTION**

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

The University had \$476.3 million in capital assets net of depreciation at fiscal year-end 2017 and has the following major capital project priorities (See Note 7–Capital Assets).

The University was incredibly fortunate to receive capital funding totaling more than \$90 million in the FY 2015-16 biennium Washington state budget (although the state did not approve a capital fund budget in FY 2017-18). The following projects are funded in previous and current biennium sessions and are underway or scheduled to begin construction soon:

**Samuelson Building:** Work is nearly completed on this \$61 million project that will house an integrated science technology center. The new facility, to open in fall 2018, will house:

- The Department of Computer Science
- The Department of Mathematics
- The Department of Information Technology and Administrative Management (ITAM)
- Office of Multimodal Learning

**Renovation of Lind and Bouillon Halls:** Work was completed on the \$4.9 million renovation and updating of Lind Hall, which now houses the Aerospace and Military Sciences programs and Department of Communications. Additionally, work was completed on a \$5 million renovation and modernizing of Bouillon Hall, which now houses:

- Registrar
- Financial Aid
- Connection Card office
- Admissions processing

**Old Heat – Community Education/Welcome Center:** The first phase of construction (abatement and demolition of aging portions of the building) was completed on a \$5 million renovation of the Old Heat steam facility. When fully completed, it will house a welcome center and community education programs.

**Minor Works:** Includes multiple projects that maintain, preserve and extend the life of existing state facilities such as landscaping, campus storm water, building exteriors, and infrastructure upgrades.

**Combined Utilities:** A multi-biennia project to replace old deteriorated, energy inefficient, and under capacity utilities in a combined manner to minimize cost and campus impact.

Additionally, the Board of Trustees approved three proposals that address demand for student housing and recreation, and the need to update aging athletic facilities. Trustees approved:

**New 400-Bed Residence Hall:** This project will be located on the northeast corner of E. Dean Nicholson Boulevard and N. Wildcat Way. The state does not fund residence facilities, so the University will bond for the \$45 million building. The project will require demolition of two facilities in poor condition: Peterson Hall, former home of the CWU ROTC programs, and the facility that housed the Chimpanzee and Human Communication Institute, which closed in 2013. The new residence hall, scheduled to open fall 2019, will include meeting space to meet campus-wide programming needs, and will achieve at least a minimum Leadership in Energy and Environmental Design (LEED) certification, indicating the building meets the most up-to-date environmental design standards.

**New Track Facility:** Trustees approved the construction of a \$4 million track facility in the southeast corner of N. Wildcat Way and 18th Avenue. It will be the first addition to student recreational facilities since 2006 when the Student Union and Recreation Center (SURC) opened. The project, which will include lighting, perimeter fencing, and year-round turf, replaces a crumbling, nearly 60-year-old track that is currently located inside of Tomlinson Stadium. Funding for the facility, scheduled to open fall 2018, will come from the Recreation Fee reserve account. The facility will meet specifications for NCAA competition and serve CWU recreation organizations as well as non-CWU organizations and CWU units outside of the recreation department, such as varsity athletics. The latter groups will pay to use the facility.

**Renovation of Tomlinson Stadium:** The board approved a \$4 million renovation of Tomlinson Stadium, which was built in 1959 and has not been significantly renovated since. With the removal of the track, the stadium playing field can be expanded to accommodate rugby and soccer as well as football. The project adds artificial turf and lights and upgrades to the entrance gates, perimeter fencing, and restrooms. Funding will be provided by the CWU Foundation through private donations. The project will be operational for the fall 2018 season.

### PROSPECTS FOR THE FUTURE

Central Washington University's financial position continues to improve and we enter FY18 in a very good financial position with record new student enrollment during each of the last three years. The University successfully enrolled 2,131 first year students in fall 2017, exceeding the fall 2016 class number by 12 percent despite increased competition from other Washington public universities. This increase was achieved by adopting a more targeted approach to marketing that focuses on students most likely to enroll at Central. Net position continues to increase as a result of effective budget management, continued identification of efficiencies, and adoption of a proactive enrollment management plan that both acknowledges and adapts to the increasing competitiveness of attracting highly qualified students as well as focuses on "yield," meaning it targets those students most likely to enroll at Central.

Our financial resources together with our planned capital and infrastructure improvements provide a strong foundation to further enhance our core mission. CWU has completed the pre-design study for a new Health Sciences facility and will again request construction funding in the next biennium budget from the state legislature. Additionally, CWU announced plans to construct a new residence hall to meet a critical need for more student housing as well as plans to relocate and construct a new track that meets NCAA standards and to renovate Tomlinson Field so that it can be used by varsity football, rugby, and soccer teams.

As the state's economy stabilizes and improves, the University's administration is cautiously optimistic the state legislature will continue to develop a plan that will reinstate some of the funding lost during the recession. While the University acknowledges that funding levels may never get back to pre-recession levels, we are hopeful a long-term plan can be put in place that will continue to allow for moderate increases in tuition. Despite these rough and turbulent times, the University has never lost touch with its core values and mission, which is to prepare students for responsible citizenship, responsible stewardship of the earth, and enlightened and productive lives.



# Annual Financial Statements

## CENTRAL WASHINGTON UNIVERSITY STATEMENT OF NET POSITION AS OF JUNE 30, 2017 AND 2016

Assets	<u>2017</u>	<u>2016</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 38,595,075	\$ 42,707,706
Accounts receivable, net	27,672,942	24,072,811
Student loan receivable, net	1,160,495	1,577,000
Interest receivable	412,710	560,678
Inventories	<u>2,482,151</u>	<u>2,518,303</u>
<b>Total current assets</b>	<b><u>70,323,374</u></b>	<b><u>71,436,499</u></b>
<b>Non-current assets</b>		
Investments	42,857,160	38,681,317
Student loan receivable, net	6,225,008	5,256,280
Prepaid insurance, net of amortization	-	643,907
Funds with state treasurer	2,946,548	4,787,059
Capital assets, net of depreciation	476,312,678	431,511,274
Pension asset, net	<u>284,883</u>	<u>513,622</u>
<b>Total non-current assets</b>	<b><u>528,626,277</u></b>	<b><u>481,393,460</u></b>
<b>Total assets</b>	<b><u>598,949,651</u></b>	<b><u>552,829,959</u></b>
<b>Deferred outflows of resources</b>		
Deferred outflows from bond refunding	3,926,115	2,165,268
Deferred outflows from pension contributions	<u>4,728,770</u>	<u>223,063</u>
<b>Total deferred outflows</b>	<b><u>8,654,885</u></b>	<b><u>2,388,331</u></b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	8,679,584	4,614,395
Accrued liabilities, current portion	9,651,706	9,820,993
Deposits payable	2,618,537	2,006,628
Unearned revenues	9,064,840	7,782,124
Net bond premium/discount, net of amortization	327,330	203,083
Leases and bonds payable, current portion	<u>4,655,000</u>	<u>4,450,000</u>
<b>Total current liabilities</b>	<b><u>34,996,997</u></b>	<b><u>28,877,223</u></b>
<b>Non-current liabilities</b>		
Accrued liabilities	5,901,742	8,432,538
Net bond premium/discount, net of amortization	5,857,823	3,702,624
Long-term liabilities	114,845,000	119,705,000
Pension liability	<u>40,420,238</u>	<u>27,092,795</u>
<b>Total non-current liabilities</b>	<b><u>167,024,802</u></b>	<b><u>158,932,958</u></b>
<b>Total liabilities</b>	<b><u>202,021,799</u></b>	<b><u>187,810,181</u></b>
<b>Deferred inflows of resources</b>		
Deferred inflows related to pensions	<u>7,853,287</u>	<u>4,224,759</u>
<b>Net position</b>		
Net investment in capital assets	354,553,641	306,259,742
Restricted for:		
Non-expendable:		
Scholarships and professorships	3,465,054	3,465,055
Expendable:		
Endowment earnings	2,112,527	2,215,833
Loans	3,145,189	9,734,680
Other	5,640,138	5,447,660
Unrestricted (as restated)	<u>28,812,902</u>	<u>36,060,380</u>
<b>Total net position</b>	<b><u>\$ 397,729,451</u></b>	<b><u>\$ 363,183,351</u></b>

See Accompanying Notes to the Financial Statements

**CENTRAL WASHINGTON UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>Operating revenues</b>		
Student tuition and fees	\$ 108,086,018	\$ 112,936,851
Less tuition discounts	(38,418,606)	(37,249,784)
Federal grants and contracts	9,202,378	8,737,111
State and local grants and contracts	19,834,398	20,531,704
Non-governmental grants and contracts	4,678,943	6,734,317
Sales and services of educational activities and other sources	3,077,577	2,936,424
Interest earned on loans to students	40,066	165,947
Auxiliary enterprises sales—housing and dining	35,883,315	33,129,674
Other auxiliary sales	12,945,295	12,284,942
Less auxiliary discounts	<u>(601,025)</u>	<u>(502,289)</u>
<b>Total operating revenues</b>	<b><u>154,728,360</u></b>	<b><u>159,704,897</u></b>
<b>Operating expenses</b>		
Educational and general		
Instruction	86,873,904	84,638,115
Research	3,780,220	2,773,038
Public service	5,390,629	5,144,282
Academic support	14,807,477	13,286,114
Student services	13,656,282	12,769,219
Institutional support	23,894,374	21,327,469
Operation and maintenance of plant	18,119,450	13,745,000
Scholarships and other student aid	15,308,371	16,516,560
Auxiliary enterprise expenditures	46,901,176	42,105,356
Depreciation	<u>17,549,229</u>	<u>16,469,967</u>
<b>Total operating expenses</b>	<b><u>246,281,113</u></b>	<b><u>228,775,119</u></b>
<b>Operating income (loss)</b>	<b><u>(91,552,754)</u></b>	<b><u>(69,070,222)</u></b>
<b>Non-operating revenues (expenses)</b>		
State appropriations	57,354,000	46,496,000
Pell grant	17,559,661	17,988,786
Investment income	4,067,464	5,385,087
Interest on indebtedness	(6,722,117)	(5,948,246)
Other non-operating income net of expenses	<u>(2,311,868)</u>	<u>694,387</u>
<b>Net non-operating revenues (expenses)</b>	<b><u>69,947,141</u></b>	<b><u>64,616,014</u></b>
Loss before capital appropriation	<u>(21,605,613)</u>	<u>(4,454,208)</u>
Capital appropriations	<u>64,171,453</u>	<u>28,430,910</u>
Increase (decrease) in net position	<u>42,565,841</u>	<u>23,967,701</u>
Net position, beginning of year (as restated)	<u>355,163,610</u>	<u>339,206,649</u>
<b>Net position, end of year</b>	<b><u>\$ 397,729,451</u></b>	<b><u>\$ 363,183,151</u></b>

*See Accompanying Notes to the Financial Statement*

**CENTRAL WASHINGTON UNIVERSITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>		
Tuition and fees	\$ 70,838,236	\$ 79,253,478
Grants and contracts	33,652,964	35,450,693
Payments to vendors	(79,760,211)	(75,682,637)
Payments to employees for salaries and benefits	(147,570,416)	(136,749,363)
Auxiliary enterprise charges	47,800,312	44,373,014
Sales and services of educational activities and other sources	4,081,08	(2,318,556)
Interest received on loans to students	40,066	92,844
<b>Net cash used by operating activities</b>	<b><u>(70,918,041)</u></b>	<b><u>(56,051,981)</u></b>
<b>Cash flows from non-capital financing activities</b>		
State appropriations	53,560,013	45,213,278
Pell grants	17,559,661	17,988,786
Gifts for other than capital purposes	—	—
<b>Net cash provided by non-capital financing activities</b>	<b><u>71,119,674</u></b>	<b><u>63,202,064</u></b>
<b>Cash flows from investing activities</b>		
Purchases of investments	(8,197,426)	(6,079,493)
Proceeds from sales of investments	4,021,582	2,471,203
Investment income	4,067,464	5,385,087
Other investment activity	1,840,512	(1,658,628)
<b>Net cash provided by investing activities</b>	<b><u>1,732,132</u></b>	<b><u>118,170</u></b>
<b>Cash flows from capital and related financing activities</b>		
Capital appropriations	64,171,453	28,430,910
Purchase of capital assets	(57,914,434)	(32,424,701)
Proceeds from capital debt	—	175,000
Principal paid on capital debt	(4,655,000)	(4,450,000)
Interest paid on capital debt	(6,722,117)	(5,948,246)
Other capital activities	(926,299)	653,634
<b>Net cash provided by capital and related financing activities</b>	<b><u>(6,046,397)</u></b>	<b><u>(13,091,950)</u></b>
Net increase in cash and cash equivalents	<u>(4,112,631)</u>	<u>(5,823,697)</u>
Cash and cash equivalents, beginning of year	<u>42,707,706</u>	<u>48,531,403</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 38,595,075</u></b>	<b><u>\$ 42,707,706</u></b>
<b>Reconciliation of operating loss to net cash used by operating activities</b>		
Operating loss	\$ (91,552,754)	\$ (69,070,222)
Adjustments to reconcile operating loss to net cash used by operating activities		
<b>Depreciation</b>	<b>17,549,229</b>	<b>16,469,967</b>
<b>Changes in assets and liabilities</b>		
Accounts receivable	(611,331)	(3,100,073)
Student loans receivable	252,965	(333,626)
Interest receivable	147,968	(73,103)
Inventories	36,152	(655,258)
Accounts payable	4,065,189	1,304,966
Accrued expenses	(2,700,084)	(776,555)
Unearned revenue	1,282,716	509,384
Student and other deposits	611,909	143,994
<b>Net cash used by operating activities</b>	<b><u>\$ (70,918,041)</u></b>	<b><u>\$ (56,051,981)</u></b>

*See Accompanying Notes to the Financial Statement*



**CENTRAL WASHINGTON UNIVERSITY  
-FOUNDATION-  
STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2017 AND 2016**

	June 30, 2017			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
<b>Assets</b>				
Cash and cash equivalents	\$ 1,000	\$ 692,499	\$ 100	\$ 693,599
Other assets	7,656	651	-	8,307
Investments	2,784,071	9,711,344	14,179,411	26,674,826
Land	-	225,000	-	225,000
Pledges receivable, net	12,000	1,851,578	136,128	1,999,706
Cash surrender value of life insurance	-	-	49,034	49,034
<b>Total assets</b>	<b><u>\$ 2,804,727</u></b>	<b><u>\$ 12,481,072</u></b>	<b><u>\$ 14,364,673</u></b>	<b><u>\$ 29,650,472</u></b>
<b>Liabilities and net assets</b>				
Accounts payable	193,228	-	-	193,228
Trust and other liabilities	-	99,386	-	99,386
<b>Total liabilities</b>	<b><u>\$ 193,228</u></b>	<b><u>\$ 99,386</u></b>	<b><u>-</u></b>	<b><u>\$ 292,614</u></b>
Total net assets	<u>2,611,499</u>	<u>12,381,686</u>	<u>14,364,673</u>	<u>29,357,858</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 2,804,727</u></b>	<b><u>\$ 12,481,072</u></b>	<b><u>\$ 14,364,673</u></b>	<b><u>\$ 29,650,472</u></b>

	June 30, 2016			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
<b>Assets</b>				
Cash and cash equivalents	\$ 1,000	\$ 616,062	\$ -	\$ 617,062
Other assets	7,180	36,704	-	43,884
Investments	2,070,047	7,920,796	13,549,536	23,540,379
Land	-	225,000	-	225,000
Pledges receivable, net	-	1,837,115	86,431	1,923,546
Cash surrender value of life insurance	-	-	49,148	49,148
<b>Total assets</b>	<b><u>\$ 2,078,227</u></b>	<b><u>\$ 10,635,677</u></b>	<b><u>\$ 13,685,115</u></b>	<b><u>\$ 26,399,019</u></b>
<b>Liabilities and net assets</b>				
Accounts payable	154,388	-	-	154,388
Trust and other liabilities	1,768	97,524	-	99,292
<b>Total liabilities</b>	<b><u>\$ 156,156</u></b>	<b><u>\$ 97,524</u></b>	<b><u>-</u></b>	<b><u>\$ 253,680</u></b>
Total net assets	<u>1,922,071</u>	<u>10,538,153</u>	<u>13,685,115</u>	<u>26,145,339</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 2,078,227</u></b>	<b><u>\$ 10,635,677</u></b>	<b><u>\$ 13,685,115</u></b>	<b><u>\$ 26,399,019</u></b>

**CENTRAL WASHINGTON UNIVERSITY**  
**–FOUNDATION–**  
**STATEMENTS OF ACTIVITIES**  
**AS OF JUNE 30, 2017 AND 2016**

	June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, gains, and other support</b>				
Donations	\$ 21,904	\$ 2,095,640	\$ 411,051	\$ 2,528,595
Contributions	703	604,722	5,850	611,275
Interest income	154,154	437,797	—	591,951
Dividend income	—	39,635	—	39,635
Realized gain (loss) on investments	(53,026)	(148,137)	—	(201,163)
Unrealized gain (loss) on investments	722,242	1,958,131	2,250	2,682,623
Gifts in kind	1,509,971	119,234	—	1,629,205
Other revenues, net	1	76,053	200	76,254
Net assets released from restrictions for scholarships and academic program support	<u>3,099,486</u>	<u>(3,099,486)</u>	<u>—</u>	<u>—</u>
<b>Total</b>	<b><u>\$ 5,455,435</u></b>	<b><u>\$ 2,083,589</u></b>	<b><u>\$ 419,351</u></b>	<b><u>\$ 7,958,375</u></b>
<b>Program expenses</b>				
Scholarships	1,148,683	—	—	1,148,683
Academic and program support	1,846,094	—	—	1,846,094
Awards and grants	1,397	—	—	1,397
Student enrichment	104,521	—	—	104,521
Faculty enrichment	35,078	—	—	35,078
Alumni	890,141	—	—	890,141
Life income	17,269	—	—	17,269
Athletics	<u>314,321</u>	<u>—</u>	<u>—</u>	<u>314,321</u>
<b>Total</b>	<b><u>\$ 4,357,504</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>\$ 4,357,504</u></b>
<b>Administrative expenses</b>				
Foundation operations	244,552	—	—	244,552
Fundraising	<u>143,800</u>	<u>—</u>	<u>—</u>	<u>143,800</u>
<b>Total</b>	<b><u>\$ 388,352</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>\$ 388,352</u></b>
<b>Total program and administrative expenses</b>	<b>4,745,856</b>	<b>—</b>	<b>—</b>	<b>4,745,856</b>
Redesignation of net assets	<u>(20,151)</u>	<u>(240,056)</u>	<u>260,207</u>	<u>—</u>
<b>Change in net assets</b>	<b><u>\$ 689,428</u></b>	<b><u>\$ 1,843,533</u></b>	<b><u>\$ 679,558</u></b>	<b><u>\$ 3,212,519</u></b>

**CENTRAL WASHINGTON UNIVERSITY  
-FOUNDATION-  
STATEMENTS OF ACTIVITIES  
AS OF JUNE 30, 2017 AND 2016**

	June 30, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Revenues, gains, and other support</b>				
Donations	\$ 8,952	\$ 2,972,409	\$ 291,976	\$ 2,528,595
Contributions	9	492,659	2,471	611,275
Interest income	152,215	477,026	-	591,951
Dividend income	-	39,045	-	39,635
Realized gain (loss) on investments	(36,076)	(128,092)	342	(201,163)
Unrealized gain (loss) on investments	(73,508)	(311,778)	(10,976)	2,682,623
Gifts in kind	859,370	984,652	-	1,629,205
Other revenues, net	24,279	75,742	220	76,254
Net assets released from restrictions for scholarships and academic program support	<u>3,359,997</u>	<u>(3,359,997)</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 4,295,238</u></b>	<b><u>\$ 1,241,666</u></b>	<b><u>\$ 284,033</u></b>	<b><u>\$ 7,958,375</u></b>
<b>Program expenses</b>				
Scholarships	1,133,737	-	-	1,133,737
Academic and program support	1,735,851	-	-	1,735,851
Awards and grants	858	-	-	858
Student enrichment	52,008	-	-	52,008
Faculty enrichment	11,492	-	-	11,492
Alumni	802,522	-	-	802,522
Life income	3,803	-	-	3,803
Athletics	<u>201,528</u>	<u>-</u>	<u>-</u>	<u>201,528</u>
<b>Total</b>	<b><u>\$ 3,941,799</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>\$ 3,941,799</u></b>
<b>Administrative expenses</b>				
Foundation operations	241,758	-	-	241,758
Fundraising	<u>93,141</u>	<u>-</u>	<u>-</u>	<u>93,141</u>
<b>Total</b>	<b><u>\$ 334,899</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>\$ 334,899</u></b>
<b>Total program and administrative expenses</b>	<b>4,276,698</b>	<b>-</b>	<b>-</b>	<b>4,276,698</b>
Redesignation of net assets	<u>(71,839)</u>	<u>(18,272)</u>	<u>90,111</u>	<u>-</u>
<b>Change in net assets</b>	<b><u>\$ (53,299)</u></b>	<b><u>\$ 1,223,394</u></b>	<b><u>\$ 374,144</u></b>	<b><u>\$ 1,544,239</u></b>

**CENTRAL WASHINGTON UNIVERSITY  
-FOUNDATION-  
STATEMENTS OF CHANGES IN NET ASSETS**

	General	Unrestricted Board Designated	Total	Temporarily Restricted	Permanently Restricted	Total
Net assets, June 30, 2015	\$ 1,374,515	\$ 600,855	\$ 1,975,370	\$ 9,314,759	\$ 13,310,971	\$ 24,601,100
Change in net assets	<u>(53,399)</u>	<u>100</u>	<u>(53,299)</u>	<u>1,223,394</u>	<u>374,144</u>	<u>1,544,239</u>
Net assets, June 30, 2016	1,321,116	600,955	1,922,071	10,538,153	13,685,115	26,145,339
Change in net assets	<u>647,970</u>	<u>41,458</u>	<u>689,428</u>	<u>1,843,533</u>	<u>679,558</u>	<u>3,212,519</u>
Net assets, June 30, 2017	<u>\$ 1,969,086</u>	<u>\$ 642,413</u>	<u>\$ 2,611,499</u>	<u>\$ 12,381,686</u>	<u>\$ 14,364,673</u>	<u>\$ 29,357,858</u>

**CENTRAL WASHINGTON UNIVERSITY  
-FOUNDATION-  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
<b>Cash flows from operating activities</b>		
Cash received from contributions and donations	\$ 3,106,308	\$ 2,538,702
Cash paid to suppliers, employees, and the University	(3,095,369)	(2,398,764)
Net dividends and interest received	<u>631,586</u>	<u>668,286</u>
<b>Net cash from operating activities</b>	<u><b>642,525</b></u>	<u><b>808,224</b></u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(3,701,497)	(2,317,119)
Proceeds from sale and maturities of investments	<u>3,135,509</u>	<u>1,892,363</u>
<b>Net cash from investing activities</b>	<u><b>(565,988)</b></u>	<u><b>(424,756)</b></u>
<b>Net increase in cash and cash equivalents</b>	<b>76,537</b>	<b>383,468</b>
Cash and cash equivalents, beginning of year	<u>617,062</u>	<u>233,594</u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 693,599</b></u>	<u><b>\$ 617,062</b></u>
<b>Reconciliation of increase in net assets to net cash from operating activities</b>		
<b>Increase in net assets</b>	<u><b>\$ 3,212,519</b></u>	<u><b>\$ 1,544,239</b></u>
Adjustments to reconcile increase in net assets to net cash from operating activities		
Donated stock	\$ (86,885)	\$ (68,294)
Realized loss on investments	201,163	163,826
Unrealized (gain) loss on investments	(2,682,737)	386,088
Allowance for doubtful pledges and discount on pledges	(53,229)	222,004
Cash surrender value of life insurance	114	10,174
(Increase) decrease in cash due to changes in assets and liabilities		
Other assets	35,577	(26,534)
Pledges receivable	(22,931)	(1,261,721)
Accounts payable	38,840	(159,531)
Trust liabilities	<u>94</u>	<u>(2,027)</u>
<b>Net adjustments</b>	<u><b>(2,569,994)</b></u>	<u><b>(736,015)</b></u>
<b>Net cash from operating activities</b>	<u><b>\$ 642,525</b></u>	<u><b>\$ 808,224</b></u>

# Notes to Financial Statements

CENTRAL WASHINGTON UNIVERSITY — JUNE 30, 2017 AND JUNE 30, 2016

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Financial Reporting Entity

Central Washington University (the University) is a comprehensive regional institution of higher education offering baccalaureate and master degrees. The University is an agency of the State of Washington, governed by a Board of Trustees (BOT) appointed by the governor, and included in the general-purpose financial statements of the State of Washington. As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component unit, the Central Washington University Foundation (the Foundation). The Foundation is an independent, non-profit organization established to raise private funds that support the students, faculty, and programs of the University. Accordingly, the Foundation has been reported as a discrete component unit in the financial statements. Separate financial statements of the Foundation may be requested from its administrative office at Barge Hall, room 401, Ellensburg, WA 98926 or on the CWU Foundation website at <http://www.cwu.edu/foundation/foundation-accounting>.

### Financial Statement Presentation

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

For financial reporting purposes, the University is considered a special-purpose government, engaged in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when obligations have been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met. All significant intra-agency transactions have been eliminated.

The financial statements include a management discussion and analysis, a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, and notes to the financial statements. The notes to the financial statements focus on University activity in all years presented unless otherwise noted. The format provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position, and cash flows. Comparative totals for the year ended June 30, 2016, are presented where appropriate.

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

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

### Cash Equivalents

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

### Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also includes amounts due from the federal government,

state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Uncollectible amounts are calculated using a fixed percentage of receivables.

### Inventories

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

### Investments

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

### 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, 2017 or June 30, 2016.

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 revenues, expenses, and changes in net position.



### Capital Assets

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

Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expenses in the year in which the expenses were incurred.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for building components, 20 to 50 years for infrastructure and land improvements, 5 to 7 years for equipment, 15 years for library books, and 3 to 15 years for intangibles. Inexhaustible resources such as the art collections and the library reserve collections are not depreciated. Beginning fiscal year 2005, CWU began depreciating its exhaustible library resources on a straight-line basis over 15 years. Unrecorded depreciation accumulated prior to June 30, 2005, on exhaustible library resources is being spread over 10 years starting June 30, 2005, and ending June 30, 2014. (See also Note 7—Capital Assets.)

### Deferred Outflows of Resources

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

### Deferred Inflows of Resources

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

### Unearned Revenues

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

### Compensated Absences

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



### Non-current Liabilities

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

### Net Position

The University's net position is classified as follows:

**Net Investment in Capital Assets:** This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are included as a component of Net Investment in Capital Assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvements of those assets or related debt are also included in this component of net position.

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

**Restricted—non-expendable:** Non-expendable restricted net position consists of endowments and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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

### Income Taxes

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

### Classification of Revenues

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

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

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

### Discounts and Allowances

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



**Reclassifications**

The beginning fiscal year 2017 fund balance was restated and decreased due to the implementation of GASB 73, which requires each state employer to account for the unfunded liability of their supplemental retirement plans on the face of the financial statements. This restatement had an immaterial impact on the increase/ (decrease) in Net Position on the Statement of Revenue Expenses and Changes in Net Position (SRECNP) of \$8.0 million and the Unrestricted Net Position on the Statement of Net Position (SNP).

**RECONCILIATION OF RESTATED NET POSITION**

Ending net position FY 2016	\$363,183,351
Restatement for GASB 73	<u>8,019,741</u>
<b>Beginning net position FY 2017</b>	<b><u>\$ 355,163,610</u></b>

**New Accounting Standards Adopted**

In fiscal year 2017, the University adopted and implemented two new accounting standards as follows:

GASB Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,” which contains provisions that apply to pension plans not previously included in GASB 68, amending the information presentation requirements, accounting for separately financed specific liabilities of defined benefit pensions, and the timing of employer recognition of revenue for the support for nonemployer contributing entities in a special funding situation. Implementing this resulted in restating the beginning net position and recording the unfunded pension liability balance on the financial statement.

GASB Statement No. 82, “Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73,” which provides for the presentation of payroll related measures in the RSI, selection of assumptions and the treatment of deviations from the guidance in an actuarial standard of practice, and the classification of payments made by employers to satisfy employee contribution requirements. This GASB was taken into account with the current year calculations and associated disclosure notes of the University.



**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments are managed under the guidance of the University investment policy. Investments are made using the prudent person standard with primary objectives being: (1) safety of principal; (2) liquidity (enabling the University to meet all operating requirements); and (3) return on investment (the objective of attaining a market rate of return through budgetary and economic cycles).

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

As of June 30, 2017, the fair market value (or approximated fair value for Local Government Investment Pool (LGIP) of cash and investments was \$81,452,236. Of this total, \$38,595,073 is cash and cash equivalents with maturity dates of less than 90 days and \$42,857,163 is held in investments maturing in more than 90 days. Cash and cash equivalents include: LGIP, Bank Demand and Time Deposits, and Petty Cash. Investments maturing in more than 90 days and/or more than a year include: U.S. Government and Non-State Government Securities at fair value, Investments in Equity, and Cash Surrender Value of Life Insurance (Foundation). All investments held by the University are considered level 1 for fair value calculations.

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

The components of cash and investments are specified as follows:

**CASH AND INVESTMENTS**

	Carrying Amount June 30, 2017	Fair Value*	Carrying Amount June 30, 2016	Fair Value*
Local government				
investment pool (LGIP)	\$ 15,097,238	\$ 15,097,238	\$ 1,582,152	\$ 1,582,152
Investments—money markets	53,499	53,499	1,141,882	1,141,882
Bank demand and time deposits	23,386,769	23,386,769	39,933,694	39,933,694
Other	57,567	57,567	49,978	49,978
<b>Total cash and cash equivalents</b>	<b>\$ 38,595,073</b>	<b>\$ 38,595,073</b>	<b>\$ 42,707,706</b>	<b>\$ 42,707,706</b>
U.S. government securities	9,815,505	9,758,910	10,610,605	10,710,317
Investments—bonds	27,877,492	28,050,914	23,496,869	24,162,149
Investments—foreign bonds	800,138	796,632	—	—
Investments—money markets	45,009	45,009	80,722	80,722
Investments—stocks, mutual funds	4,205,698	4,205,698	3,728,129	3,728,129
<b>Total investments</b>	<b>\$ 42,743,842</b>	<b>\$ 42,857,163</b>	<b>\$ 37,916,325</b>	<b>\$ 38,681,317</b>
<b>Total cash and investments</b>	<b>\$ 81,338,915</b>	<b>\$ 81,452,236</b>	<b>\$ 80,624,031</b>	<b>\$ 81,389,023</b>

\* LGIP is reported at amortized cost which approximates fair value.

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

**Deposits**

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

**Investments**

As of June 30, 2017 and 2016, the University had the following investments:

**INVESTMENTS – LEVEL 1**

	Fair Value FY 2017	Fair Value FY 2016
US treasuries*	\$ 9,758,910	\$ 10,710,317
Money market*	45,009	80,722
Bonds*	28,050,914	24,162,149
Stocks*	<u>5,002,330</u>	<u>3,728,129</u>
<b>Total</b>	<b><u>\$ 42,857,163</u></b>	<b><u>\$ 38,681,317</u></b>

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

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

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

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

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivables, interest receivables, short term student receivables due from other agencies, and related allowance for uncollectible accounts consist of the following:

<b>ACCOUNTS RECEIVABLE</b>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Student tuition and fees	\$ 4,856,424	\$ 5,156,776
Federal, state, and private grants and contracts	4,860,371	4,797,615
State appropriations receivable	6,064,517	2,270,530
Auxiliary enterprises	2,636,750	2,836,347
Other student fees	3,171,669	3,249,485
Interest and dividends	412,710	560,678
Other operating activities	<u>7,700,840</u>	<u>6,402,154</u>
<b>Subtotal</b>	<b><u>29,703,281</u></b>	<b><u>25,273,585</u></b>
Allowance for doubtful accounts	<u>(457,133)</u>	<u>(995,405)</u>
<b>Net accounts receivable</b>	<b><u>\$ 29,246,148</u></b>	<b><u>\$ 24,278,180</u></b>

**NOTE 4 – STUDENT LOANS RECEIVABLE**

Student loans are comprised of non-current amounts of \$6,225,008 at June 30, 2017 and consist of the following:

<b>STUDENT LOANS RECEIVABLE</b>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Federal Perkins student loans	\$ 6,006,924	\$ 6,315,522
Institutional and long term loans	<u>218,084</u>	<u>517,758</u>
<b>Subtotal</b>	<b><u>6,225,008</u></b>	<b><u>6,833,280</u></b>
Allowance for doubtful accounts	<u>—</u>	<u>—</u>
<b>Total student loans receivable</b>	<b><u>\$ 6,225,008</u></b>	<b><u>\$ 6,833,280</u></b>

Student loans receivable write-off procedures are the same as regular accounts receivable.

**NOTE 5 – INVENTORIES**

Inventories consisted of the following:

<b>INVENTORIES</b>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Enterprise funds	\$ 1,894,387	\$ 1,933,570
Internal service funds	<u>587,764</u>	<u>584,733</u>
<b>Total</b>	<b><u>\$ 2,482,151</u></b>	<b><u>\$ 2,518,303</u></b>

**NOTE 6 – FUNDS WITH STATE TREASURER**

As of June 30, 2017, the balance invested with the State Treasurer was \$2,946,548. This represents the University's share of the net earnings of the Normal School Permanent Fund and the building fee portion of tuition, reduced by expenditures for capital projects, non-capitalized facility improvements and maintenance, and debt service incurred over the years (Fund 063), and the balance of licensing revenues held by the State Treasurer (Fund 783).

The Normal School Permanent Fund, established under RCW 43.79.160, is a permanent endowment fund that derives its corpus from the sale of state lands and timber. The investing activities are managed by the State Treasurer's Office, while the management of land and timber is administered by the Department of Natural Resources. Interest earned from investments is either reinvested or used exclusively for the benefit of Central Washington University, Eastern Washington University, Western Washington University, and The Evergreen State College.

**NOTE 7 – CAPITAL ASSETS**

Following are the changes in capital assets for the year ended June 30, 2017:

	Balance at			Balance at			Balance at		
	June 30, 2015	Additions	Retirements	June 30, 2016	Additions	Retirements	June 30, 2017		
<b>CAPITAL ASSETS</b>									
<b>Non-depreciable capital assets</b>									
Land	\$ 4,801,900	\$ –	\$ –	\$ 4,801,900	\$ –	\$ –	\$ 4,801,900		
Artworks	212,994	–	–	212,994	–	–	212,994		
Library resources collectibles	38,122	–	–	38,122	–	–	38,122		
Construction in progress	38,149,478	27,454,395	959,875	64,643,998	57,093,605	69,656,174	52,081,429		
Subtotal	43,202,494	27,454,395	959,875	69,697,014	57,093,605	69,656,174	57,134,445		
<b>Depreciable capital assets</b>									
Buildings	418,205,011	–	–	418,205,011	56,530,108	–	474,735,119		
Improvements and infrastructure	104,987,835	3,457,003	–	108,444,838	9,581,204	–	118,026,042		
Equipment	32,467,656	1,454,374	929,782	32,992,248	8,256,144	722,247	40,526,145		
Leased equipment	1,496,424	–	–	1,496,424	–	–	1,496,424		
Buildings - perpetuity rights	30,792,094	–	–	30,792,094	–	–	30,792,094		
Library resources (depreciable)	28,337,334	569,136	2,100	28,904,370	571,299	25,550	29,450,119		
Subtotal	616,286,354	5,480,513	931,882	620,834,985	74,938,755	747,797	695,025,943		
<b>Total capital assets</b>	<b>659,488,848</b>	<b>32,394,908</b>	<b>1,891,757</b>	<b>690,531,999</b>	<b>132,032,360</b>	<b>70,403,971</b>	<b>752,160,388</b>		
<b>Less accumulated depreciation</b>									
Buildings	126,964,616	8,293,300	–	135,257,916	8,721,612	–	143,979,528		
Improvements and infrastructure	54,538,421	5,042,571	–	59,580,992	5,196,408	–	64,777,400		
Library resources	23,641,593	723,873	–	24,365,466	713,444	–	25,078,910		
Equipment	28,223,039	1,615,305	910,092	28,928,252	2,122,845	722,247	30,328,850		
Leased equipment	1,496,424	–	–	1,496,424	–	–	1,496,424		
Amortized perpetuity rights - buildings	8,596,762	794,918	–	9,391,680	794,920	–	10,186,600		
<b>Total accumulated depreciation</b>	<b>243,460,855</b>	<b>16,469,967</b>	<b>910,092</b>	<b>259,020,730</b>	<b>17,549,229</b>	<b>722,247</b>	<b>275,847,712</b>		
<b>Capital assets, net of depreciation</b>	<b>\$ 416,027,993</b>	<b>\$ 16,464,941</b>	<b>\$ 981,665</b>	<b>\$ 431,511,269</b>	<b>\$ 114,483,131</b>	<b>\$ 69,681,724</b>	<b>\$ 476,312,676</b>		

Current year building additions have been reduced by \$2.6 million due to reclassification of previously capitalized expenses. Management discovered an error in the amount capitalized in 2016 related to equipment in the Science building.

The University has one building out of active service, the Samuelson Building. The net book value was \$285,611 as of June 30, 2017, \$338,686 as of June 30, 2016, and \$391,760 as of June 30, 2015. This information is being disclosed according to the provisions of GASB Statement No. 42—*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*— which was issued during November 2003, and became effective for fiscal periods beginning after December 15, 2004.

**NOTE 8 – ACCRUED LEAVE LIABILITIES**

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

The amounts represent a liability to the University and are recorded and reported accordingly. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The amount of compensated time, vacation, and sick leave paid during fiscal year 2017 totaled \$4,095,741. The accrued compensated time balance as of June 30, 2017, was \$48,111.

**NOTE 9 – LONG-TERM LIABILITIES**

Long-term liability activity for the two-year period ended June 30, 2017, is summarized as follows:

LIABILITIES	June 30, 2016	Additions	Reductions	June 30, 2017	Current Portion	Long-Term Portion
	Accrued liabilities	\$ 13,875,201	\$ 5,499,589	\$ 3,821,343	\$ 15,553,448	\$ 9,651,706
State pension liability	27,092,795	4,850,443	–	31,943,238	–	31,943,238
CWU pension liability	4,378,331	4,098,669	–	8,477,000	–	8,477,000
Bond premium/discount	3,905,707	3,945,961	1,666,515	6,185,153	327,330	5,857,823
Leases/contracts payable	3,665,000	–	385,000	3,280,000	400,000	2,880,000
Bonds payable	120,490,000	–	4,270,000	116,220,000	4,255,000	111,965,000
<b>Total</b>	<b>\$ 173,407,034</b>	<b>\$ 18,394,662</b>	<b>\$ 10,142,858</b>	<b>\$ 181,658,839</b>	<b>\$ 14,634,036</b>	<b>\$ 167,024,803</b>

LIABILITIES	June 30, 2015	Additions	Reductions	June 30, 2016	Current Portion	Long-Term Portion
	Accrued liabilities	\$ 15,159,551	\$ 4,431,865	\$ 5,716,215	\$ 13,875,201	\$ 9,820,993
State pension liability	22,400,340	4,692,455	–	27,092,795	–	27,092,795
CWU pension liability	3,870,537	507,794	–	4,378,331	–	4,378,331
Bond premium/discount	4,120,195	–	214,488	3,905,707	203,083	3,702,624
Leases/contracts payable	4,040,000	–	375,000	3,665,000	385,000	3,280,000
Bonds payable	124,390,000	–	3,900,000	120,490,000	4,065,000	116,425,000
<b>Total</b>	<b>\$ 173,980,623</b>	<b>\$ 9,632,114</b>	<b>\$ 10,205,703</b>	<b>\$ 173,407,034</b>	<b>\$ 14,474,076</b>	<b>\$ 158,932,958</b>

Additional information regarding bonds payable is included in Note 11. Additional information regarding capital lease obligations is included in Note 13.

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS**

During fiscal year 2008, the University adopted GASB Statement No. 45—*Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. This statement establishes standards for the measurement, recognition, and display of other post-employment benefits (OPEB) expenditures and related liabilities (assets), note disclosures, and required supplementary information in the financial reports of state and local government employers.

Health care and life insurance programs for employees of the State of Washington are administered by the Washington Health Care Authority (HCA). The HCA calculates the premium amounts each year that are sufficient to fund the statewide health and life insurance programs on a pay-as-you-go basis. These costs are passed through to individual state agencies based upon active employee headcount; the agencies pay the premiums for active employees to the HCA.

State of Washington retirees may elect coverage through state health and life insurance plans, for which they pay less than the full cost of the benefits, based on their age and other demographic factors.

The health care premiums for active employees, which are paid by the agency during employees' working careers, subsidize the "underpayments" of retirees. An additional factor in the OPEB obligation is a payment that is required by the state legislature to reduce the premiums for retirees covered by Medicare (an "explicit" subsidy). This is also passed through to state agencies via active employee rates charged to the agency.

There is no formal state or University plan that underlies the subsidy of retiree health and life insurance.

**NOTE 11 - BONDS PAYABLE**

State law requires that the University reimburse the State annually for debt service payments relating to the State of Washington General Obligation Bonds from tuition, timber sales, and earnings on investments held by the State Treasurer. Bonds payable at June 30, 2017, consisted of bonds issued by the State of Washington and Central Washington University.

**BONDS PAYABLE**

	<u>Interest Rate %</u>	<u>Original Issue</u>	<u>Balance June 30, 2017</u>	<u>Balance June 30, 2016</u>
State of Washington general obligation bonds				
Series R-2013C (HE-CWU)	3.00 - 5.00	\$ 1,225,000	\$ 835,000	\$ 1,225,000
System revenue bonds				
Series 2008 Bonds (Wendell Hill Hall)	3.00 - 5.00	1,795,000	915,000	31,175,000
Series 2010 Bonds (Barto Hall Series A)	2.26 - 3.24	2,515,000	1,320,000	1,930,000
Series 2010 Bonds (Barto Hall Series B)	1.50 - 6.95	31,950,000	29,770,000	29,770,000
Series 2012 Bonds (Kamola Hall Refunding)	2.00 - 3.80	7,665,000	6,120,000	6,445,000
Series 2013 Bonds (SUB/REC—Sue Lombard)	3.13 - 5.00	53,415,000	48,085,000	49,945,000
Series 2016 Bonds (Wendell Hill Hall Refunding)	2.50 - 5.00	29,175,000	29,175,000	—
<b>Total bonds payable</b>		<b>\$ 127,740,000</b>	<b>\$ 116,220,000</b>	<b>\$ 120,490,000</b>
Bond discounts and issuance costs			0	(643,907)
Bond premium			6,185,153	3,905,707
<b>Total</b>		<b>\$ 127,740,000</b>	<b>\$ 122,405,153</b>	<b>\$ 123,751,800</b>



**Maturity Information**

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

**DEBT SERVICE REQUIREMENTS**

Fiscal Year	General Obligation Bonds			System Revenue Bonds			University Total
	Principal	Interest	Sub Total	Principal	Interest	Sub Total	
2018	\$ 410,000	\$ 41,750	\$ 451,750	\$ 3,845,000	\$ 5,199,243	\$ 9,044,243	\$ 9,495,993
2019	425,000	21,250	446,250	4,025,000	5,024,268	9,049,268	9,495,518
2020	—	—	—	4,785,000	4,841,042	9,626,042	9,626,042
2021	—	—	—	4,990,000	4,618,692	9,608,692	9,608,692
2022	—	—	—	5,200,000	4,386,692	9,586,692	9,586,692
2023 – 2027	—	—	—	27,025,000	18,361,033	44,386,033	45,386,033
2028 – 2032	—	—	—	34,255,000	11,540,544	45,795,544	45,795,544
2033 – 2037	—	—	—	23,895,000	5,005,113	28,900,113	28,900,113
2038 – 2040	—	—	—	7,365,000	820,124	8,185,124	8,185,124
<b>Total</b>	<b>\$ 835,000</b>	<b>\$ 63,000</b>	<b>\$ 898,000</b>	<b>\$ 115,385,000</b>	<b>\$ 59,796,750</b>	<b>\$ 175,181,750</b>	<b>\$ 176,079,750</b>

**Debt Service Requirements**

Central Washington University System Bonds, Series 2008, issued in the original amount of \$36,495,000 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 \$880,000 was required and paid during fiscal year 2017. The final principal payment of \$915,000 is scheduled for May 1, 2018.

The Series 2008 Bonds were advanced refunded in fiscal year 2017 and replaced with the Bonds of 2016. On August 9, 2016, \$29.2 million in System revenue bonds with an average coupon interest rate of 3.36 percent were issued to advance refund \$29.4 million of outstanding bonds with an average coupon interest rate of 4.75 percent. The net proceeds of \$ 31.4 million (after payment of \$374,000 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent (US Bank) to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. This refunding decreases total debt service payments over the next 20 years by \$6,072,189.

Central Washington University System Bonds, Series 2010 A, tax exempt issued in the original amount of \$2,515,000 maturing in varying annual amounts to May 1, 2019. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. A principal payment of \$610,000 was scheduled and paid during fiscal year 2017. A principal payment of \$645,000 is scheduled for May 1, 2018.

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 percent of interest paid through maturity. The subsidy received during fiscal year 2015 was \$630,674. This amount is shown as non-operating revenue on the Statement of Revenue, Expenses and Changes in Net Assets. No principal payment was scheduled during fiscal year 2017. No principal payment is scheduled for fiscal year 2018.

Central Washington University System Bonds, Series 2012, issued in the original amount of \$7,655,000 and mature in varying annual amounts to May 1, 2032. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. A principal payment of \$325,000 was required and paid during fiscal year 2017. A principal payment of \$325,000 is scheduled for May 1, 2018.

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 \$1,860,000 was required and paid of scheduled during 2017. A principal payment of \$1,960,000 is scheduled for May 1, 2018.

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. The first principal payment of \$965,000 will be required on, and is scheduled for, May 1, 2019.

## NOTE 12 – LEASES/CONTRACTS PAYABLE

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

On March 29, 2012, the State of Washington in conjunction with the Certificate of Participation (COP) program issued \$3,345,000 in Washington General Obligation Bonds with an average interest rate of 2.28 percent on behalf of the University to defease \$3,350,000 in General Obligation Bonds with an average interest rate of 4.37 percent issued on August 15, 2002. This refunding will save the University \$341,851 over the remaining life of the lease. The University made its required principal payment in fiscal year 2012 of \$230,000 prior to the refunding.

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

Leases/Contracts Payable for the two-year period ended June 30, 2017:

<u>Contract #</u>	<u>Contract Name</u>	<u>% Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2017</u>	<u>Balance June 30, 2016</u>
S375-11-1	Edmonds COP 2012	2.28	\$ 3,345,000	\$ 1,955,000	\$ 2,250,000
S375-12-1	Heat Recovery Project COP 2013	2.53	1,660,000	1,325,000	1,415,000
<b>Total</b>			<b>\$ 5,005,000</b>	<b>\$ 3,280,000</b>	<b>\$ 3,665,000</b>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 400,000	\$ 115,950	\$ 515,950
2019	405,000	105,100	510,100
2020	420,000	91,050	511,050
2021	440,000	76,450	516,450
2022	455,000	61,050	516,050
2023 – 2027	1,010,000	120,750	1,130,750
2028 – 2032	150,000	4,500	154,500
<b>Total</b>	<b>\$ 3,280,000</b>	<b>\$ 574,850</b>	<b>\$ 3,854,850</b>

## NOTE 13 – PENSION PLANS

The University participates in eight contributory retirement plans: the Central Washington University Retirement Plan (CWURP), a defined contribution retirement plan with supplemental payment, when required; the Public Employees Retirement System (PERS) plans 1, 2, and 3; the Teachers Retirement System (TRS) plans 1, 2, and 3; and the Law Enforcement Officers and Fire Fighters (LEOFF) plan 2.

### 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 percent 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, 2017 was 892.

#### Funding Policy

Current mandatory contribution rates are set at 5 percent for employees under the age of 35, 7.5 percent for employees between the ages of 35–49, and 10 percent for employees 50 and above. Contribution rates are established and amendable by Central Washington University's Board of Trustees (BOT) per RCW 28.B.14.400. Employer contributions for the fiscal year ended June 30, 2017 were \$5,340,071.

#### Central Washington University Supplemental Retirement Plan

The Central Washington University Supplemental Retirement Plan (CWUSRPlan), 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 CWUSRPlan 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, 2017 there were approximately 65 inactive employees receiving benefits, no inactive employees entitled but not yet receiving benefits, and one active employee participating in the CWUSRPlan. Participants of CWUSRPlan 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 percent 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 percent times the number of calendar months between the date of retirement and the normal retirement age. Benefit payments made during the fiscal year ended June 30, 2017 were \$410,929.

**Total Pension Liability (TPL)**

The total pension liability is based on an actuarial valuation performed as of June 30, 2016 using the entry age actuarial cost method. Any assets considered to offset the total pension liability are not held in an irrevocable trust. As such, the TPL is shown on the balance sheet under GASB 73 as opposed to the net pension liability reported for GASB 68. Procedures performed by the Office of the State Actuary were used to roll forward TPL liability to the measurement date of June 30, 2016. The CWURP pension expense for the fiscal year ended June 30, 2017 was (\$788,000).

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
AS OF JUNE 30, 2016**

Beginning balance	\$ 10,331,000
Service cost	150,000
Interest	293,000
Change to benefit terms	0
Differences between expected and actual experience	(1,270,000)
Changes in assumptions	(616,000)
Benefit payments	(411,000)
Ending balance	<u>\$ 8,477,000</u>
TPL Interest Rate Sensitivity Discount Rate	8,477,000
TPL Interest Rate Sensitivity 1% Decrease	9,498,000
TPL Interest Rate Sensitivity 1% Increase	<u>\$ 7,618,000</u>

Certain assumptions were applied in determining the total pension liability as of June 30, 2015 with the results rolled forward to the June 30, 2016 measurement date.

- Salary increases: 3.75% - 3.50%
- Investment returns: 4.25% - 6.25%
- Discount rate: 3.58% (Bond Buyer General Obligation 20-Bond Municipal Bond Index)
- Mortality rate assumptions: 100% Scale BB (RP-2000 Combined Healthy Table, April 2016)

**Deferred Inflows**

At June 30, 2017, the CWURP plan reported a deferred inflow of resources from the following sources.

**DEFERRED INFLOW**

Difference between expected and actual experience	\$ 717,579
Change in assumptions	<u>348,003</u>
Total	<u>\$ 1,066,000</u>

**Amortization of Deferred Inflows**

Amounts reported as deferred inflows of resources will be recognized in pension expense in the following fiscal years.

**AMORTIZATION OF DEFERRED INFLOWS**

2018	\$ (820,000)
2019	(246,000)
Thereafter	<u>—</u>
Total	<u>\$ (1,066,000)</u>

**PUBLIC EMPLOYEES RETIREMENT SYSTEM PLANS 1, 2, AND 3; TEACHERS RETIREMENT SYSTEMS PLANS 1, 2, AND 3; LAW ENFORCEMENT OFFICERS AND FIRE FIGHTERS PLAN 2:****Plan Description**

Central Washington University contributes to PERS, TRS, and LEOFF; cost-sharing multiple-employer defined benefit pension plans administered by the Washington State Department of Retirement Systems.

PERS plan 1 and TRS plan 1 provide retirement and disability benefits, and minimum benefit increases, beginning at any age with 30 years of service, or at age 55 with 25 years of service, or at age 60 with five years of service to eligible members hired prior to October 1, 1977.

PERS plan 2 and TRS plan 2 provide retirement and disability benefits, and a cost-of-living allowance, beginning at age 65 with five years of service, or an actuarially reduced benefit beginning at age 55 with 20 years of service, to eligible members hired on or after October 1, 1977.

LEOFF plan 2 provides retirement and disability benefits, and a cost-of-living allowance, beginning at age 53 with five years of service, or an actuarially reduced benefit beginning at age 50 with 20 years of service, to eligible law enforcement officer members hired on or after October 1, 1977.

PERS plan 3 and TRS plan 3 are hybrid defined-benefit and defined-contribution plans. University contributions fund the defined benefit component, providing retirement and disability benefits, and a cost-of-living allowance, beginning at age 65 with minimum service requirements, or an actuarially reduced benefit at age 55 with at least 10 years of service, to eligible members hired on or after July 1, 1996, and those who transferred from PERS plan 2 and TRS plan 2. Member contributions are fully vested in the defined contribution component of the plan and funds are available at separation or retirement at the member's option.

The authority to establish and amend benefit provisions for PERS, TRS, and LEOFF plans resides with the legislature. The Washington State Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Department of Retirement Systems, P.O. Box 48380, Olympia, Washington 98504-8380.

**Funding Policy**

The Office of the State Actuary, using funding methods prescribed by statute, determines actuarially required contribution rates for PERS, TRS, and LEOFF. Plan 1 members are required by statute to contribute 6 percent of their annual covered salary. Contributions for Plan 2 members are determined by the aggregate method and may vary over time. Plan 3 members elect their contribution rate at employment from both flat and aggregated rate plans varying from 5 percent to 15 percent of annual covered salary. The contribution rates at June 30, 2017 were as follows:

**PERS, TRS, AND LEOFF CONTRIBUTION RATES**

Plan	2017		2016		2015	
	Member	University	Member	University	Member	University
PERS 1	11.18%	9.21%	6.00%	11.18%	6.00%	9.21%
PERS 2	6.12%	11.18%	6.12%	11.18%	4.92%	9.21%
PERS 3	VARIOUS	11.18%	VARIOUS	11.18%	VARIOUS	9.21%
LEOFF	8.41%	8.59%	8.41%	8.59%	8.41%	8.59%
TRS 1	6.00%	13.13%	6.00%	13.13%	6.00%	10.39%
TRS 2	5.95%	13.13%	5.95%	13.13%	4.96%	10.39%
TRS 3	VARIOUS	13.13%	VARIOUS	13.13%	VARIOUS	10.39%

University and member contributions for the current year and two previous years were as follows:

### PERS, TRS, LEOFF, AND CWURP CONTRIBUTIONS

Plan	2017		2016		2015	
	Member	University	Member	University	Member	University
PERS 1	\$ 41,212	\$ 91,953	\$ 46,212	\$ 70,936	\$ 59,899	\$ 91,944
PERS 2	1,382,298	2,525,186	1,306,694	2,387,040	1,022,456	1,913,986
PERS 3	651,722	1,096,526	592,374	1,013,472	543,255	776,066
LEOFF	77,469	79,127	75,149	76,757	73,555	75,129
TRS 1	2,843	6,149	2,006	4,390	3,043	5,270
TRS 2	5,337	11,777	7,682	16,792	8,528	17,864
TRS 3	127,292	235,560	116,989	205,571	84,290	115,847
CWURP	5,044,264	5,340,071	5,098,476	5,374,419	4,542,013	4,542,013
<b>Total</b>	<b>\$7,332,437</b>	<b>\$9,386,349</b>	<b>\$7,245,582</b>	<b>\$9,149,377</b>	<b>\$6,337,039</b>	<b>\$7,538,119</b>

### NOTE 14 – PENSION LIABILITY

During fiscal year 2015, the University adopted GASB Statement No. 68—Accounting and Financial Reporting for Pensions. These changes in accounting policies for pensions are designed to improve transparency regarding pension obligations by requiring recognition of a liability equal to the net pension liability for the University's proportionate share of the Department of Retirement Systems (DRS) defined benefit plans. This standard requires recognition of pension expense using a systematic method, designed to match the cost of pension benefits with service periods for eligible employees, and to assist in paying for PERS 1 and TRS 1 future retiree costs. Because this was to be retroactively implemented, CWU also restated its beginning 2015 fund balance. The CWU financial data is now presented in accordance with the new accounting standards described above.

#### Central Washington University Retirement Benefits

Substantially all full-time classified employees at CWU participate in the DRS retirement plans. CWU has a financial responsibility for pension benefits associated with its defined benefit plans, and the University's financial statements for 2017 have been updated to include the University's proportionate share of the State's pension liability. Pension liability is allocated to multiple funds, based on their proportionate share of covered compensation for the fiscal year.

Prior to adopting the pension accounting changes, CWU reported pension expense based on cash contributions to DRS. All state employers are required to contribute at a rate set by the Washington State Legislature. Employer contribution rates were 11.18 percent for PERS, 13.13 percent for TRS and 8.59 percent for LEOFF 2 in 2017. These pension accounting changes do not impact the university's requirements for making contributions to DRS.

**Pension Plan Tables and Discussion**

The following table represents the University's aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions*, for the years 2016-2017.

**AGGREGATE PENSION AMOUNTS – ALL PLANS**

	<u>Beginning Balance</u>	<u>FY 2017</u>	<u>Total</u>
Pension liabilities	\$ 27,092,794	\$ 4,850,443	\$ 31,943,237
Pension assets	513,622	(228,739)	284,883
Deferred outflows of resources	223,063	4,505,706	4,728,769
Deferred inflows of resources	4,224,759	2,562,528	6,787,287
Pension expense	2,204,117	3,136,004	5,340,121
<b>Total</b>	<b><u>\$ 34,258,355</u></b>	<b><u>\$ 14,825,942</u></b>	<b><u>\$ 49,084,297</u></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 obtained by writing to:

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

Or the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

**Public Employees' Retirement System (PERS)**

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

**PERS Plan 1** provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a onetime 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 (expressed as a percentage of covered payroll) for 2017 were as follows:

<b>PERS PLAN 1</b>		
<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
July 1, 2016 - June 30, 2017	11.18%	6.00%

CWU's actual contributions to the plan were \$1,611,068 for the fiscal year ended June 30, 2017.

**PERS Plan 2/3** provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

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

**PERS Plan 3** defined contribution benefits are entirely 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 (expressed as a percentage of covered payroll) for 2017 were as follows:

<b>PERS PLAN 2/3</b>		
<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
July 1, 2016 - June 30, 2017	11.18%	6.12%
Employee PERS Plan 3	11.18%	VARIES

CWU’s actual contributions to the plan were \$2,005,271 for the fiscal year ended June 30, 2017.

**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 (expressed as a percentage of covered payroll) for 2017 were as follows:

<b>LEOFF PLAN 2</b>		
<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
Ports and universities	8.59%	8.41%

Central Washington University’s actual contributions to the plan were \$79,127 for the fiscal year ended June 30, 2017.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2017, the state contributed \$60,375,158 to LEOFF Plan 2.

**Teachers' Retirement System (TRS)**

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

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

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

**Contributions**

The TRS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The TRS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

**TRS PLAN 1**

<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
July 1, 2014 - June 30, 2015	13.13%	6.00%

CWU's actual contributions to the plan were \$123,137 for the fiscal year ended June 30, 2017.

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

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

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

**TRS Plan 2** retirement benefits are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually. TRS Plan 2 members have the option to retire early with reduced benefits. The AFC is the average of the member's 60 highest paid consecutive months.

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

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

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

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

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

### **Contributions**

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

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

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

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

### Actuarial Contributions

The TRS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the TRS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The TRS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

#### TRS PLAN 2/3

<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
July 1, 2016 - June 30, 2017	13.13%	5.95%
Employee TRS Plan 3	13.13%	VARIES

CWU's actual contributions to the plan were \$125,940 for the fiscal year ended June 30, 2017.

### Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation as of June 30, 2015. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2016. Plan liabilities were rolled forward from June 30, 2015, to June 30, 2016, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- The OSA updated demographic assumptions, consistent with the changes from the 2007-2012 Experience Study Report, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

### Discount Rate

The discount rate used to measure the total pension liability for all CWU DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3 and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' 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 7.5 percent was used to determine the total liability.

### Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

### Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-term Expended Real Rate of Return Arithmetic
Fixed income	20%	1.70%
Tangible assets	5%	4.40%
Real estate	15%	5.80%
Global equity	37%	6.60%
Private equity	23%	9.60%
	100%	

### Sensitivity of NPL

The table below presents Central Washington University's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

CWU Plan	SENSITIVITY OF NPL			
	CWU Allocation	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
PERS 1	0.267903%	\$ 17,350,063	\$ 14,387,653	\$ 11,838,317
PERS 2/3	0.324228%	30,056,568	16,324,624	(8,497,909)
TRS 1	0.033936%	1,424,340	1,158,655	929,806
TRS 2/3	0.033194%	1,031,656	455,852	(529,563)
LEOFF 2	0.048980%	798,889	(284,882)	(1,101,731)

**Pension Plan Fiduciary Net Position**

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

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

At June 30, 2017, Central Washington University reported a total pension liability of \$32,326,784 and an asset of \$284,882 for its proportionate share of the net pension balances as follows:

<b>PENSION PLAN FIDUCIARY NET POSITION</b>		
<b>CWU Plan</b>	<u>Liability</u>	<u>Asset</u>
PERS 1	\$ 14,387,653	
PERS 2/3	16,324,624	
TRS 1	1,158,655	
TRS 2/3	455,852	
LEOFF 2		\$ (284,882)
<b>Total</b>	<b>\$ 32,326,784</b>	<b>\$ (284,882)</b>

The amount of the liability/(asset) reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the University. The amount recognized by the University as its proportionate share of the net pension liability/(asset), the related State support, and the total portion of the net pension liability/(asset) that was associated with the University were as follows:

<b>CWU Plan</b>	<u>Liability (or Asset)</u>
LEOFF 2—employer’s proportionate share	\$ (284,882)
LEOFF 2—State’s proportionate share of the net pension liability/(asset) associated with the employer	\$ (185,723)
<b>Total</b>	<b>\$ (470,605)</b>

## Notes to Financial Statements | CONTINUED

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

CWU Plan	Proportionate Share June 30, 2015	Proportionate Share June 30, 2016	Change in Proportion
PERS 1	0.2738650%	0.2679030%	(0.0059620)%
PERS 2/3	0.3288190%	0.3242280%	(0.0045910)%
TRS 1	0.026544%	0.033936%	0.007392%
TRS 2/3	0.0262010%	0.0331940%	0.0069930%

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

CWU Plan	Proportionate Share June 30, 2015	Proportionate Share June 30, 2016	Change in Proportion
LEOFF 2	0.0499730%	0.0489800%	(0.0009930)%

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 2017, the state of Washington contributed 39.46 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.54 percent of employer contributions.

The collective net pension liability/(asset) was measured as of June 30, 2017, and the actuarial valuation date on which the total pension liability/(asset) is based was as of June 30, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

### Pension Expense

For the year ended June 30, 2017, Central Washington University recognized a net negative pension expense as follows:

CWU Plan	Pension Expense
PERS 1	\$ 512,590.21
PERS 2/3	2,118,800.37
TRS 1	325,924.82
TRS 2/3	127,309.45
LEOFF 2	51,378.90
<b>Total</b>	<b>\$ 3,136,003.75</b>

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2017, Central Washington University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**PERS 1**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	–	–
Net difference between projected and actual investment earnings on pension plan investments	\$ 362,258	–
Changes of assumptions	–	–
Change in proportion and differences between contributions and proportionate share of contributions	–	–
Contributions subsequent to the measurement date	1,611,068	–
<b>Total</b>	<b>\$ 1,973,326</b>	<b>–</b>

**PERS 2/3**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 869,275	\$ (538,903)
Net difference between projected and actual investment earnings on pension plan investments	1,997,663	–
Changes of assumptions	168,728	–
Change in proportion and differences between contributions and proportionate share of contributions	–	(187,711)
Contributions subsequent to the measurement date	2,005,271	–
<b>Total</b>	<b>\$ 5,040,937</b>	<b>\$ (187,711)</b>

**TRS 1**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	–	–
Net difference between projected and actual investment earnings on pension plan investments	\$ 36,750	–
Changes of assumptions	–	–
Change in proportion and differences between contributions and proportionate share of contributions	–	–
Contributions subsequent to the measurement date	123,137	–
<b>Total</b>	<b>\$ 159,877</b>	<b>–</b>



**TRS 2/3**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 34,484	\$ (20,227)
Net difference between projected and actual investment earnings on pension plan investments	73,381	-
Changes of assumptions	4,642	-
Change in proportion and differences between contributions and proportionate share of contributions	45,653	(26,029)
Contributions subsequent to the measurement date	125,940	-
<b>Total</b>	<b>\$ 284,100</b>	<b>\$ (46,256)</b>

**LEOFF 2**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 39,037	-
Net difference between projected and actual investment earnings on pension plan investments	102,370	-
Changes of assumptions	1,074	-
Change in proportion and differences between contributions and proportionate share of contributions	12,984	-
Contributions subsequent to the measurement date	79,127	-
<b>Total</b>	<b>\$ 234,592</b>	<b>-</b>

Deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**PERS 1**

Difference Between Projected and Actual Earnings on Plan Investments

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU's Share Amortization Table</u>
2017	\$ (33,294,000)	0.267903%	\$ (89,196)
2018	(33,294,000)	0.267903%	(89,196)
2019	124,185,000	0.267903%	332,695
2020	77,623,000	0.267903%	207,954

**PERS 2/3**

Difference Between Expected and Actual Experience

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU's Share Amortization Table</u>
2017	\$ 59,770,000	0.324228%	\$ 193,791
2018	59,770,000	0.324228%	193,791
2019	(7,257,000)	0.324228%	(23,529)
2020	(10,388,000)	0.324228%	(33,681)

**PERS 2/3**

Change in Assumptions

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU's Share Amortization Table</u>
2017	\$ 16,686,000	0.324228%	\$ 54,101
2018	16,686,000	0.324228%	54,101
2019	15,670,000	0.324228%	50,807
2020	2,998,000	0.324228%	9,720

**PERS 2/3**

Difference Between Projected and Actual Earnings on Plan Investments

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU's Share Amortization Table</u>
2017	\$ (72,978,000)	0.324228%	\$ (236,615)
2018	(72,978,000)	0.324228%	(236,615)
2019	462,687,000	0.324228%	1,500,160
2020	299,398,000	0.324228%	970,732

Notes to Financial Statements | CONTINUED

**PERS 2/3**

Change in Proportion Share

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2017	\$ 1,829,693	\$ (1,937,905)
2018	1,829,693	(1,937,905)
2019	1,819,862	(1,890,307)
2020	362,661	(371,715)

**TRS 1**

Difference Between Projected and Actual Earnings on Plan Investments

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU's Share Amortization Table</u>
2017	\$ (27,989,000)	0.033936%	\$ (9,498)
2018	(27,989,000)	0.033936%	(9,498)
2019	101,311,000	0.033936%	34,380
2020	62,960,000	0.033936%	21,366

**TRS 2/3**

Difference Between Expected and Actual Experience

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU's Share Amortization Table</u>
2017	\$ 15,833,000	0.033194%	\$ 5,255
2018	15,833,000	0.033194%	5,255
2019	15,833,000	0.033194%	5,255
2020	992,000	0.033194%	329
2021	(5,539,000)	0.033194%	(1,838)

**TRS 2/3**

Change in Assumptions

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU's Share Amortization Table</u>
2017	\$ 3,212,000	0.033194%	\$ 1,066
2018	3,212,000	0.026201%	1,066
2019	3,212,000	0.026201%	1,066
2020	3,130,000	0.026201%	1,039
2021	1,219,000	0.026201%	405

**TRS 2/3**

Difference Between Projected and Actual Earnings on Plan Investments

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU's Share Amortization Table</u>
2017	\$ (23,100,000)	0.033194%	\$ (7,668)
2018	(23,100,000)	0.033194%	(7,668)
2019	162,199,000	0.033194%	53,840
2020	105,067,000	0.033194%	34,876

**TRS 2/3**

Change in Proportion Share

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2017	\$ 39,470	\$ (36,455)
2018	39,470	(36,455)
2019	39,470	(36,455)
2020	39,138	(30,917)
2021	15,523	(10,152)

**LEOFF 2**

Differences Between Expected and Actual Experience

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU Share Amortization Table</u>
2017	\$ 18,709,000	0.04898%	\$ 9,164
2018	18,709,000	0.04898%	9,164
2019	18,709,000	0.04898%	9,164
2020	18,709,000	0.04898%	9,164
2021	4,863,000	0.04898%	2,382

**LEOFF 2**

Change in Assumptions

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU's Share Amortization Table</u>
2017	\$ 522,000	0.04898%	\$ 256
2018	522,000	0.04898%	256
2019	522,000	0.04898%	256
2020	522,000	0.04898%	256
2021	105,000	0.04898%	51

**LEOFF 2**

Difference Between Projected and Actual Earnings on Plan Investments

	Amount	Proportionate Share	CWU's Share Amortization Table
2017	\$ (22,068,000)	0.04898%	\$ (10,809)
2018	(22,068,000)	0.04898%	(10,809)
2019	153,468,000	0.04898%	75,169
2020	99,671,000	0.04898%	48,819

**LEOFF 2**

Change in Proportion Share

	Deferred Outflows	Deferred Inflows
2017	\$ 55,424	\$ (51,707)
2018	55,424	(51,707)
2019	55,424	(51,707)
2020	55,424	(51,707)
2021	53,517	(51,707)

**NOTE 15 – DEFERRED COMPENSATION**

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

**NOTE 16 – RELATED PARTY TRANSACTIONS**

The Central Washington University Foundation (the Foundation) is organized to operate exclusively for the purposes of encouraging, promoting, and supporting educational programs and scholarly pursuits at or in conjunction with Central Washington University. The Foundation provided \$2,994,777 in scholarships and program support to the University during the fiscal year ending June 30, 2017. Detailed financial information for the foundation may be obtained from its administrative office.

Summary financial information of the Central Washington University Foundation as of, and for, the years ended:

**CWU FOUNDATION FINANCIAL INFORMATION**

	June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Income	\$ 5,455,435	\$ 2,083,589	\$ 419,351	\$ 7,958,375
Expenses	4,766,007	240,056	(260,207)	4,745,856
Change in net position	689,428	1,843,533	679,558	3,212,519
Net position at beginning of year	1,922,071	10,538,153	13,685,115	26,145,339
<b>Net position at end of year</b>	<b><u>\$ 2,611,499</u></b>	<b><u>\$ 12,381,686</u></b>	<b><u>\$ 14,364,673</u></b>	<b><u>\$ 29,357,858</u></b>
	June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Income	\$ 4,295,238	\$ 1,241,666	\$ 284,033	\$ 5,820,937
Expenses	4,348,537	18,272	(90,111)	4,276,698
Change in net position	(53,299)	1,223,394	374,144	1,544,239
Net position at beginning of year	1,975,370	9,314,760	13,310,971	24,601,101
<b>Net position at end of year</b>	<b><u>\$ 1,922,071</u></b>	<b><u>\$ 10,538,153</u></b>	<b><u>\$ 13,685,115</u></b>	<b><u>\$ 26,145,339</u></b>

**NOTE 17 – COMMITMENTS AND CONTINGENT LIABILITIES**

The University had outstanding commitments under construction contracts of approximately \$17,541,246 at June 30, 2017. The University is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of University management, the ultimate resolution of these matters will not have a material adverse effect upon the University's financial position. The University participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under terms of the grants. Management believes disallowances, if any, will not be material.

The Risk Management Act of Washington State provides a \$5,000,000 self-insurance policy applying to all exposure to tort, general damage, and vehicle liability. The University purchases commercial property insurance for auxiliary enterprise buildings that were acquired with bond proceeds.

In accordance with State policy, the University self-insures unemployment compensation for all employees. Payments for State general fund employees are appropriated by the State. The University assesses a semi-monthly payroll expense for unemployment compensation for all local fund employees, based on employee earnings. The percentage charged is based primarily upon claims experience. Cash reserves for unemployment compensation for all local fund employees at June 30, 2017, were \$1,051,116. Payments made to State general fund employees and all local fund employees are as follows:

**UNEMPLOYMENT COMPENSATION PAID**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
State fund	\$ 170,258	\$ 102,945	\$ 101,814
Local fund	71,155	60,975	54,743
<b>Total</b>	<b>\$ 241,413</b>	<b>\$ 163,920</b>	<b>\$ 156,557</b>

**NOTE 18 – OPERATING EXPENSES BY NATURAL CLASSIFICATION**

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

**OPERATING EXPENSES BY NATURAL CLASSIFICATION**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Salary and wages	\$ 112,616,407	\$ 103,516,690
Benefits	35,253,925	32,456,118
Goods and services	49,870,648	46,788,775
Scholarships and fellowships	19,356,856	18,651,278
Non capitalized facility improvements	3,819,396	3,325,297
Supplies and materials	3,016,856	2,971,097
Utilities	4,797,795	4,595,898
Depreciation	17,549,229	16,469,967
<b>Total</b>	<b>\$ 246,281,113</b>	<b>\$ 228,775,119</b>

**NOTE 19 – PLEDGED REVENUES**

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

<b>PLEDGED REVENUES</b>						
<u>Source of Revenue Pledged</u>	<u>2017 Revenues Pledged</u>	<u>2017 Debt Service</u>	<u>Total Future Revenues Pledged*</u>	<u>Description of Debt</u>	<u>Purpose of Debt</u>	<u>Term of Commitment</u>
Student and activity fees	\$ 5,038,590	\$ 1,966,646	\$ 49,652,246	Series 2013 Bonds	Construction of new Student Union Building and Recreation Center (SURC)	2034
Bookstore revenues	520,404	203,122	3,846,276	Series 2013 Bonds	Construction of new bookstore as part of the new SURC	2034
Housing, dining, and parking revenues	18,366,967	7,168,937	121,683,228	Series 2008, 2010, 2012, 2013 Bonds,	Construction of Wendell Hill, Hall 2008, Barto Hall 2010, refunding bonds of 2012 and 2013	2040
<b>Total</b>	<b><u>\$ 23,925,961</u></b>	<b><u>\$ 9,338,705</u></b>	<b><u>\$ 175,181,750</u></b>			

\*Total future principal and interest payments on debt.



**NOTE 20 – SEGMENT INFORMATION**

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

Presented below are condensed financial statements for the System.

**CONDENSED STATEMENT OF NET POSITION**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>Assets</b>		
Current assets	\$ 40,458,338	\$ 37,554,770
Non-current assets	137,470,330	140,206,389
Deferred outflows	<u>3,829,923</u>	<u>2,164,001</u>
<b>Total assets and deferred outflows</b>	<b><u>181,758,591</u></b>	<b><u>179,925,168</u></b>
<b>Liabilities</b>		
Current liabilities	10,234,617	9,100,205
Non-current liabilities	122,530,851	123,749,223
Deferred inflows	<u>329,392</u>	<u>760,027</u>
<b>Total liabilities and deferred inflows</b>	<b><u>133,094,860</u></b>	<b><u>133,609,454</u></b>
<b>Net position</b>		
Net investment in capital assets	19,713,511	19,032,415
Unrestricted	<u>28,950,221</u>	<u>27,283,299</u>
<b>Total net position</b>	<b><u>\$ 48,663,732</u></b>	<b><u>\$ 46,315,714</u></b>

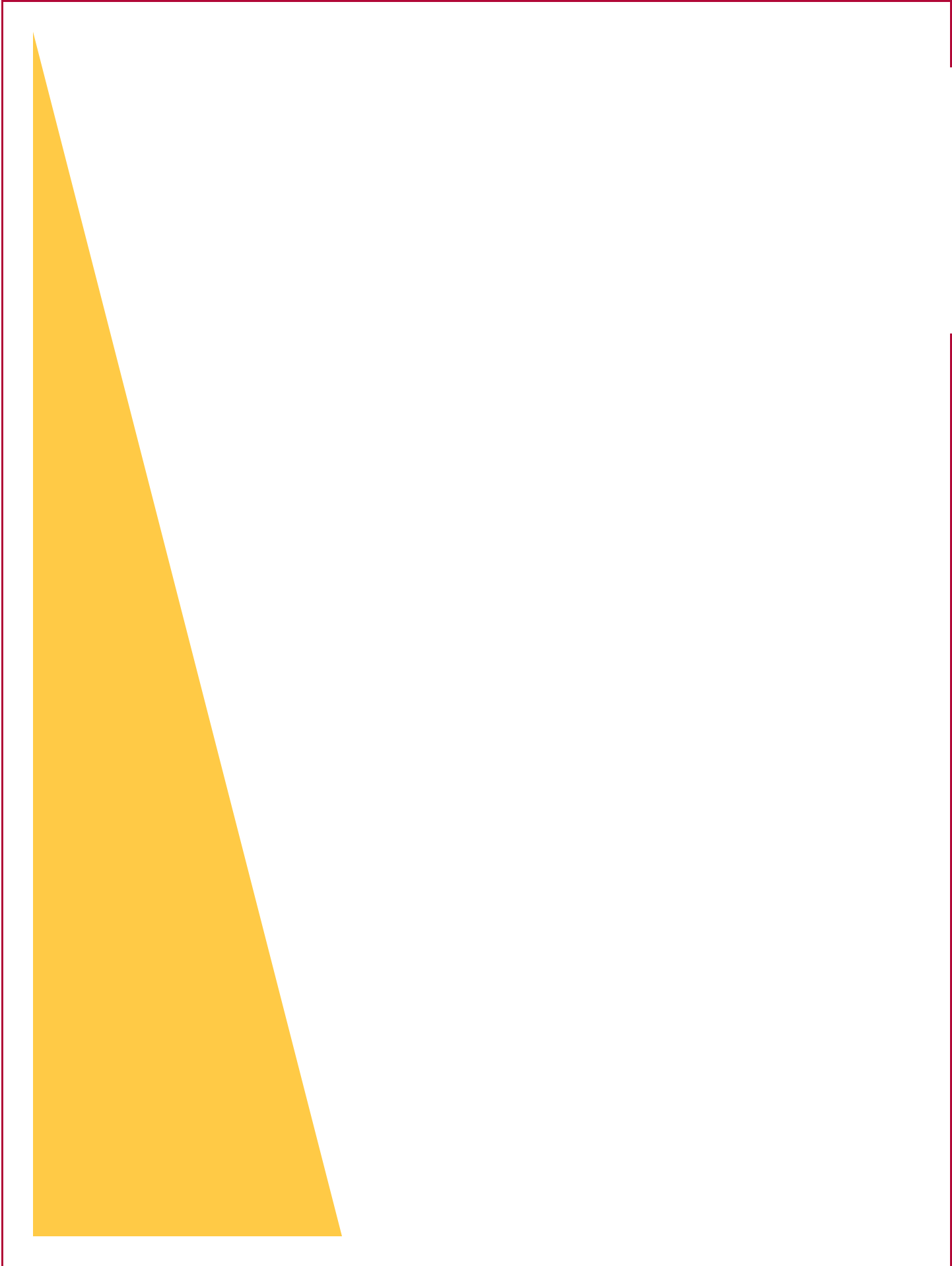
**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

Operating revenues	\$ 60,156,230	\$ 56,831,869
Operating expenses	47,574,415	45,769,844
Depreciation	<u>4,305,878</u>	<u>4,259,599</u>
<b>Net operating income (loss)</b>	<b><u>8,275,937</u></b>	<b><u>6,802,426</u></b>
Non-operating revenues (expenses)		
Interest on indebtedness	(6,548,167)	(5,749,621)
Other non-operating revenue (expense), net	<u>968,539</u>	<u>870,001</u>
<b>Total increase in net position</b>	<b>2,696,309</b>	<b>1,922,806</b>
<b>Total net position, beginning of year (as restated)</b>	<b><u>45,967,423</u></b>	<b><u>44,392,908</u></b>
<b>Total net position, end of year</b>	<b><u>\$ 48,663,732</u></b>	<b><u>\$ 46,315,714</u></b>

**CONDENSED STATEMENT OF CASH FLOWS**

Net cash flows provided by:		
Operating activities	\$ 13,003,840	\$ 10,741,038
Non-capital financing activities	–	–
Investing activities	339,021	240,145
Capital and related financing	<u>(10,905,622)</u>	<u>(10,604,261)</u>
<b>Net increase (decrease) in cash</b>	<b>2,437,239</b>	<b>376,922</b>
Cash—beginning of year	<u>31,981,328</u>	<u>31,604,405</u>
<b>Cash—end of year</b>	<b><u>\$ 34,418,567</u></b>	<b><u>\$ 31,981,328</u></b>





# Required Supplementary Information (RSI)

## ALL COST-SHARING EMPLOYERS

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

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

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

### CENTRAL WASHINGTON UNIVERSITY SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY PERS 1 AS OF JUNE 30, 2017

	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.267903%	0.273865%	0.286822%
Employer's proportionate share of the net pension liability	\$ 14,387,653	\$ 14,325,686	\$ 14,448,793
<b>Total</b>	<b>\$ 14,387,653</b>	<b>\$ 14,325,686</b>	<b>\$ 14,448,793</b>
Employer's covered employee payroll	\$ 31,103,871	\$ 25,025,214	\$ 25,577,128
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	46.26%	57.25%	56.49%
Plan fiduciary net position as a percentage of the total pension liability	57.03%	59.10%	61.19%

### CENTRAL WASHINGTON UNIVERSITY SCHEDULE OF EMPLOYER CONTRIBUTION PERS 1 AS OF JUNE 30, 2017

	2017	2016	2015	2014
Statutorily or contractually required contributions	\$ 1,619,148	\$ 1,537,185	\$ 1,243,374	\$ 1,259,341
Contributions in relation to the statutorily or contractually required contributions	(1,619,148)	(1,537,185)	(1,243,374)	(1,259,341)
Contribution deficiency (excess)	—	—	—	—
Covered employer payroll	\$ 32,921,384	\$ 31,103,871	\$ 25,025,214	\$ 25,577,128
Contributions as a percentage of covered employee payroll	4.92%	4.94%	4.97%	4.92%

**CENTRAL WASHINGTON UNIVERSITY  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY PERS 2/3  
AS OF JUNE 30, 2017**

	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.324228%	0.328819%	0.335470%
Employer's proportionate share of the net pension liability	\$ 16,324,624	\$ 11,748,890	\$ 6,781,060
<b>Total</b>	<b>\$ 16,324,624</b>	<b>\$ 11,748,890</b>	<b>\$ 6,781,060</b>
Employer's covered employee payroll	\$ 30,347,916	\$ 24,310,717	\$ 24,688,941
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	53.79%	48.33%	27.47%
Plan fiduciary net position as a percentage of the total pension liability	85.82%	89.20%	93.29%

**CENTRAL WASHINGTON UNIVERSITY  
SCHEDULE OF EMPLOYER CONTRIBUTION PERS 2/3  
AS OF JUNE 30, 2017**

	2017	2016	2015	2014
Statutorily or contractually required contributions	\$ 2,015,926	\$ 1,556,120	\$ 1,265,525	\$ 1,266,827
Contributions in relation to the statutorily or contractually required contributions	(2,015,926)	(1,556,120)	(1,265,525)	(1,266,827)
Contribution deficiency (excess)	—	—	—	—
Covered employer payroll	\$ 32,232,145	\$ 30,347,916	\$ 24,310,717	\$ 24,688,941
Contributions as a percentage of covered employee payroll	6.25%	5.13%	5.21%	5.13%

**CENTRAL WASHINGTON UNIVERSITY  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY TRS 1  
AS OF JUNE 30, 2017**

	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.033936%	0.026544%	0.026263%
Employer's proportionate share of the net pension liability	\$ 1,158,655	\$ 840,952	\$ 774,615
<b>Total</b>	<b>\$ 1,158,655</b>	<b>\$ 840,952</b>	<b>\$ 774,615</b>
Employer's covered employee payroll	\$ 1,675,334	\$ 1,272,738	\$ 1,204,164
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	69.16%	66.07%	64.33%
Plan fiduciary net position as a percentage of the total pension liability	62.07%	65.70%	68.77%

**CENTRAL WASHINGTON UNIVERSITY  
SCHEDULE OF EMPLOYER CONTRIBUTION TRS 1  
AS OF JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily or contractually required contributions	\$ 122,747	\$ 110,554	\$ 58,010	\$ 54,658
Contributions in relation to the statutorily or contractually required contributions	<u>(122,747)</u>	<u>(110,554)</u>	<u>(1,265,525)</u>	<u>(54,658)</u>
Contribution deficiency (excess)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Covered employer payroll	\$ 1,932,755	\$ 1,675,334	\$ 1,272,738	\$ 1,204,164
Contributions as a percentage of covered employee payroll	6.35%	6.60%	4.56%	4.54%

**CENTRAL WASHINGTON UNIVERSITY  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY TRS 2/3  
AS OF JUNE 30, 2017**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability (asset)	0.033194%	0.026201%	0.031582%
Employer's proportionate share of the net pension liability	<u>\$ 455,852</u>	<u>\$ 221,085</u>	<u>\$ 102,006</u>
<b>Total</b>	<u><b>\$ 455,852</b></u>	<u><b>\$ 221,085</b></u>	<u><b>\$ 102,006</b></u>
Employer's covered employee payroll	\$ 1,641,897	\$ 1,226,603	\$ 1,401,164
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	27.76%	18.02%	7.28%
Plan fiduciary net position as a percentage of the total pension liability	88.72%	92.48%	96.81%

**CENTRAL WASHINGTON UNIVERSITY  
SCHEDULE OF EMPLOYER CONTRIBUTION TRS 2/3  
AS OF JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily or contractually required contributions	\$ 125,562	\$ 112,738	\$ 70,523	\$ 80,622
Contributions in relation to the statutorily or contractually required contributions	<u>(125,562)</u>	<u>(112,738)</u>	<u>(70,523)</u>	<u>(80,622)</u>
Contribution deficiency (excess)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Covered employer payroll	\$ 1,885,366	\$ 1,641,897	\$ 1,226,603	\$ 1,401,164
Contributions as a percentage of covered employee payroll	6.66%	6.87%	5.75%	5.75%

**CENTRAL WASHINGTON UNIVERSITY  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY LEOFF 2  
AS OF JUNE 30, 2017**

	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.048980%	0.049973%	0.052338%
Employer's proportionate share of the net pension liability	\$ (284,882)	\$ (513,622)	\$ (694,548)
<b>Total</b>	<b>\$ (284,882)</b>	<b>\$ (513,622)</b>	<b>\$ (694,548)</b>
Employer's covered employee payroll	\$ 893,567	\$ 871,619	\$ 876,364
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	-32.00%	-59.00%	-79.00%
Plan fiduciary net position as a percentage of the total pension liability	62.07%	65.70%	68.77%

**CENTRAL WASHINGTON UNIVERSITY  
SCHEDULE OF EMPLOYER CONTRIBUTION LEOFF 2  
AS OF JUNE 30, 2017**

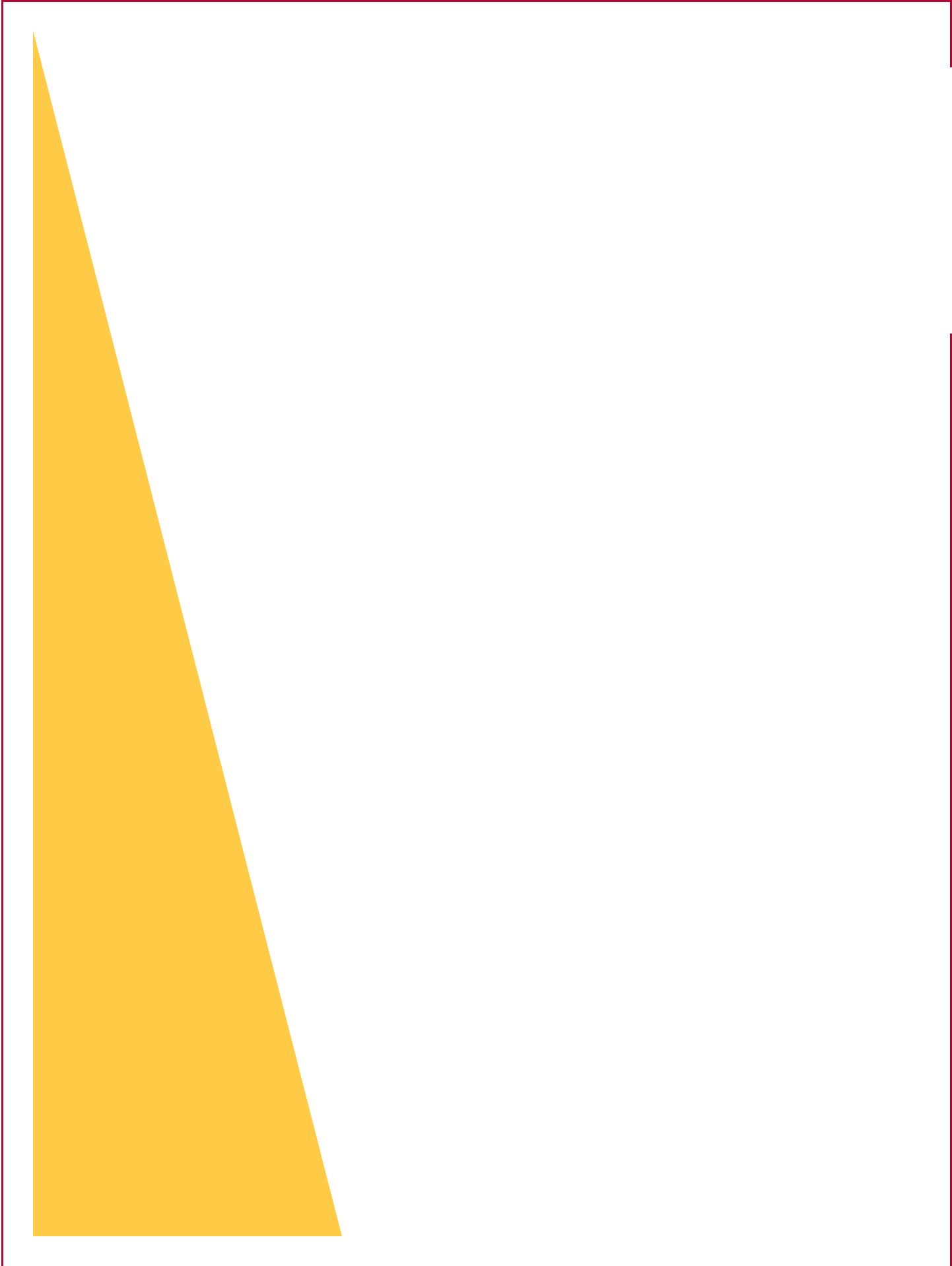
	2017	2016	2015	2014
Statutorily or contractually required contributions	\$ 78,162	\$ 74,311	\$ 73,679	\$ 74,161
Contributions in relation to the statutorily or contractually required contributions	(78,162)	(74,311)	(73,679)	(74,161)
Contribution deficiency (excess)	—	—	—	—
Covered employer payroll	\$921,151	\$ 893,567	\$ 871,619	\$ 876,364
Contributions as a percentage of covered employee payroll	8.49%	8.32%	8.45%	8.46%

**GASB 73 RSI**

**CWURP SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY**

	<u>2017</u>
Total pension liability—beginning	\$ 10,331,000
Service cost	150,000
Interest	293,000
Difference between expected and actual experience	(1,270,000)
Changes in assumptions	(616,000)
Benefit payments	(411,000)
Other	—
Total pension liability	8,477,000
CWURP covered employee payroll	\$ 11,028,000
Total pension liability as a percentage of covered employee payroll	76.87%





## EXHIBIT I

### CENTRAL WASHINGTON UNIVERSITY BUDGETED VERSUS ACTUAL ENROLLMENT AVERAGE ANNUAL FTE

<u>Year</u>	<u>Budgeted</u>	<u>Actual</u>
2016-17	9,694	9,721
2015-16	9,105	9,392
2014-15	9,105	9,089
2013-14	9,105	9,292
2012-13	8,808	9,480
2011-12	8,808	9,581
2010-11	8,808	9,982
2009-10	8,469	9,673

## EXHIBIT II

**CENTRAL WASHINGTON UNIVERSITY  
ENROLLMENT STATISTICS (IPEDS) FOR FISCAL YEARS ENDED JUNE 30**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Fall quarter headcount</b>						
<b>Undergraduates</b>						
Full-time	9,482	9,103	8,753	9,172	9,256	9,435
Part-time	1,637	2,009	2,211	1,636	1,481	1,335
<b>Total undergraduates</b>	<b>11,119</b>	<b>11,112</b>	<b>10,964</b>	<b>10,808</b>	<b>10,737</b>	<b>10,770</b>
<b>Graduates</b>						
Full-time	509	503	461	286	366	391
Part-time	343	378	374	374	165	159
<b>Total graduates</b>	<b>852</b>	<b>881</b>	<b>835</b>	<b>531</b>	<b>550</b>	<b>550</b>
<b>Total undergraduates and graduates</b>						
Full-time	9,991	9,606	9,214	9,458	9,826	9,826
Part-time	1,980	2,387	2,585	1,829	1,494	1,494
<b>Total full- and part-time</b>	<b>11,971</b>	<b>11,993</b>	<b>11,799</b>	<b>11,287</b>	<b>11,268</b>	<b>11,320</b>
<b>Fall quarter FTE</b>	<b>10,776</b>	<b>10,597</b>	<b>9,752</b>	<b>10,193</b>	<b>10,177</b>	<b>10,411</b>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Freshmen</b>						
Applications	7,377	4,923	4,108	4,434	4,528	4,553
Percent applicants admitted	79%	82%	87%	82%	80%	78%
Enrolled	1,906	1,652	1,363	1,502	1,438	1,383
Enrolled percent of admissions	33%	34%	38%	41%	40%	39%
<b>Transfer Students</b>						
Applications	2,553	2,338	2,227	2,313	2,607	2,721
Percent applicants admitted	83%	85%	87%	87%	85%	82%
Enrolled	1,369	1,383	1,333	1,374	1,406	1,624
Enrolled percent of admissions	65%	59%	68%	68%	63%	73%

## EXHIBIT III

**CENTRAL WASHINGTON UNIVERSITY  
HISTORICAL OPERATIONS FOR THE SYSTEM FOR FISCAL YEARS ENDED JUNE 30**

	2017	2016	2015	2014	2013	2012
<b>Gross revenue</b>						
Housing and dining	\$ 36,029,703	33,337,205	\$ 29,417,542	\$ 30,102,132	\$ 28,236,359	\$ 27,555,019
Services and activities	13,176,896	12,908,906	12,254,949	12,482,937	12,964,152	13,253,713
University store	9,804,374	9,446,753	8,974,063	8,950,940	9,343,347	9,603,869
Parking	1,145,258	1,139,005	1,043,399	1,032,651	1,083,270	1,027,555
<b>Total gross revenue</b>	<u>60,156,231</u>	<u>56,831,869</u>	<u>51,689,953</u>	<u>52,568,660</u>	<u>51,627,127</u>	<u>51,440,156</u>
<b>Operating expenses <sup>(1)</sup></b>						
Housing and dining	26,486,151	25,118,269	23,594,530	23,914,703	22,714,484	22,558,681
Services and activities	10,210,918	10,121,569	9,412,566	8,633,986	8,130,565	8,966,502
University store	9,599,478	9,074,478	8,775,264	8,711,474	8,812,802	9,464,942
Parking	1,277,868	1,294,528	1,016,916	1,027,033	1,064,399	1,016,236
<b>Total operating expenses</b>	<u>47,574,415</u>	<u>49,868,443</u>	<u>42,799,276</u>	<u>42,287,196</u>	<u>40,722,249</u>	<u>42,006,361</u>
<b>Net revenue</b>	<u>\$ 12,581,816</u>	<u>\$ 11,223,025</u>	<u>\$ 8,890,678</u>	<u>\$ 10,281,464</u>	<u>\$ 10,904,878</u>	<u>\$ 9,433,795</u>
<b>Total debt service <sup>(2)</sup></b>	\$ 8,704,387	\$ 8,701,899	\$ 8,700,508	\$ 8,949,260	\$ 8,894,792	\$ 7,269,606

(1) Excludes depreciation

(2) Excludes capitalized interest

## EXHIBIT IV

**CENTRAL WASHINGTON UNIVERSITY  
SCHEDULE OF SYSTEM REVENUE BOND DEBT SERVICE**

Fiscal Year	The Series 2008 Bonds		The Series 2010 Bonds		The Series 2012 Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	915,000	36,600	645,000	1,996,890	325,000	201,390
2019	–	–	675,000	1,964,640	335,000	193,265
2020	–	–	1,290,000	1,930,890	345,000	184,890
2021	–	–	1,335,000	1,866,390	355,000	174,540
2022	–	–	1,375,000	1,799,640	365,000	163,890
2023	–	–	645,000	1,730,890	380,000	152,940
2024	–	–	665,000	1,693,480	390,000	141,540
2025	–	–	690,000	1,654,910	405,000	129,645
2026	–	–	1,515,000	1,614,890	415,000	116,483
2027	–	–	1,580,000	1,516,415	425,000	102,580
2028	–	–	1,650,000	1,413,715	445,000	87,917
2029	–	–	1,715,000	1,306,465	460,000	72,120
2030	–	–	1,790,000	1,194,990	475,000	55,330
2031	–	–	1,260,000	1,078,640	490,000	37,755
2032	–	–	1,320,000	991,070	510,000	19,380
2033	–	–	1,380,000	899,330	–	–
2034	–	–	1,440,000	803,420	–	–
2035	–	–	1,505,000	703,340	–	–
2036	–	–	1,575,000	598,743	–	–
2037	–	–	1,645,000	489,280	–	–
2038	–	–	1,720,000	374,952	–	–
2039	–	–	1,795,000	255,412	–	–
2040	–	–	1,880,000	130,660	–	–
Total	<u>\$ 915,000</u>	<u>\$ 36,600</u>	<u>\$ 31,090,000</u>	<u>\$ 28,009,052</u>	<u>\$ 6,120,000</u>	<u>\$ 1,833,665</u>

*Continued on page 66*

## EXHIBIT IV (CONTINUED)

**CENTRAL WASHINGTON UNIVERSITY  
SCHEDULE OF SYSTEM REVENUE BOND DEBT SERVICE (CONTINUED)**

Fiscal Year	The Series 2013 Bonds		The Series 2016 Bonds		Total Principal	Total Interest	Total
	Principal	Interest	Principal	Interest			
2018	1,960,000	1,901,825	–	1,062,538	3,845,000	5,199,243	9,044,243
2019	2,050,000	1,803,825	965,000	1,062,538	4,025,000	5,024,268	9,049,268
2020	2,150,000	1,701,325	1,000,000	1,023,937	4,785,000	4,841,042	9,626,042
2021	2,260,000	1,593,825	1,040,000	983,937	4,990,000	4,618,692	9,608,692
2022	2,375,000	1,480,825	1,085,000	942,337	5,200,000	4,386,692	9,586,692
2023	2,495,000	1,362,075	1,140,000	888,087	4,660,000	4,133,992	8,793,992
2024	2,620,000	1,237,325	1,195,000	831,087	4,870,000	3,903,432	8,773,432
2025	2,725,000	1,132,525	1,255,000	771,337	5,075,000	3,688,417	8,763,417
2026	2,835,000	1,023,525	1,320,000	708,587	6,085,000	3,463,485	9,548,485
2027	2,945,000	910,125	1,385,000	642,587	6,335,000	3,171,707	9,506,707
2028	3,065,000	792,325	1,455,000	573,337	6,615,000	2,867,294	9,482,294
2029	3,160,000	696,544	1,525,000	500,587	6,860,000	2,575,716	9,435,716
2030	3,265,000	593,844	1,565,000	466,275	7,095,000	2,310,439	9,405,439
2031	3,370,000	487,731	1,605,000	419,325	6,725,000	2,023,451	8,748,451
2032	3,485,000	373,994	1,645,000	379,200	6,960,000	1,763,644	8,723,644
2033	3,600,000	256,375	1,695,000	329,850	6,675,000	1,485,555	8,160,555
2034	3,725,000	130,375	1,750,000	279,000	6,915,000	1,212,795	8,127,795
2035	–	–	1,805,000	226,500	3,310,000	929,840	4,239,840
2036	–	–	1,860,000	172,350	3,435,000	771,093	4,206,093
2037	–	–	1,915,000	116,550	3,560,000	605,830	4,165,830
2038	–	–	1,970,000	59,100	3,690,000	434,052	4,124,052
2039	–	–	–	–	1,795,000	255,412	2,050,412
2040	–	–	–	–	1,880,000	130,660	2,010,660
<b>Total</b>	<b>\$48,085,000</b>	<b>\$17,478,388</b>	<b>\$29,175,000</b>	<b>\$12,439,045</b>	<b>\$115,385,000</b>	<b>\$59,796,750</b>	<b>\$175,181,750</b>

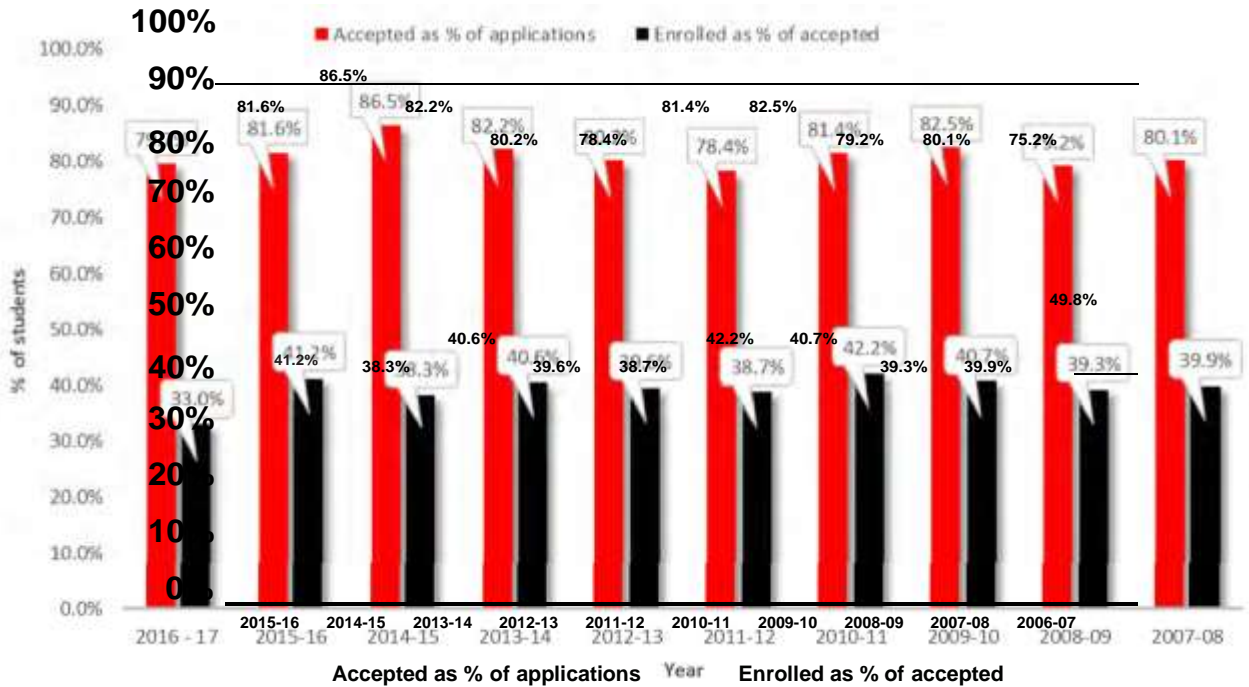
STATISTICS SECTION

ADMISSIONS, ENROLLMENT, AND DEGREES EARNED (IPEDS ADMISSIONS)

Admissions Freshman	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Applications	7,255	4,934	4,120	4,507	4,528	4,558	4,856
Accepted	5,783	4,027	3,562	3,703	3,630	3,573	3,953
Enrolled	1,911	1,661	1,363	1,502	1,438	1,384	1,667
Accepted as % of applications	79.7%	81.6%	86.5%	82.2%	80.2%	78.4%	81.4%
Enrolled as % of accepted	33.0%	41.2%	38.3%	40.6%	39.6%	38.7%	42.2%

Admissions Freshman	2009-10	2008-09	2007-08
Applications	4,902	5,013	4,602
Accepted	4,044	3,968	3,688
Enrolled	1,645	1,559	1,473
Accepted as % of applications	82.5%	79.2%	80.1%
Enrolled as % of accepted	40.7%	39.3%	39.9%

PERCENT OF ACCEPTED AND ENROLLED



## STATISTICS SECTION (CONTINUED)

## ADMISSIONS, ENROLLMENT, AND DEGREES EARNED (FALL ENROLLMENT)

Enrollment (Headcount)	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Undergraduate, post-baccalaureate, and graduate	11,971	11,993	11,799	11,287	11,268	11,320	11,614
Men	5,746	5,786	5,652	5,552	5,520	5,564	5,727
Percentage of total men	48.0%	48.2%	47.9%	49.2%	49.0%	49.2%	49.3%
Women	6,225	6,207	6,147	5,735	5,748	5,756	5,887
Percentage of total women	52.0%	51.8%	52.1%	50.8%	51.0%	50.8%	50.7%

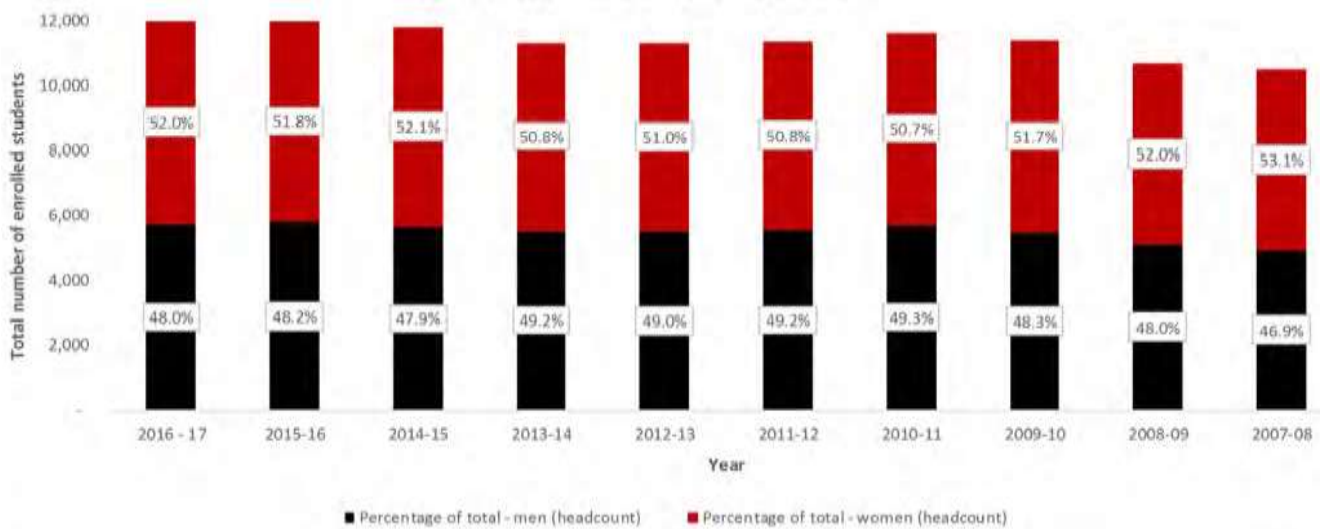
Enrollment (Headcount)	2009-10	2008-09	2007-08
Undergraduate, post-baccalaureate, and graduate	11,357	10,662	10,505
Men`	5,491	5,115	4,923
Percentage of total men	48.3%	48.0%	46.9%
Women	5,866	5,547	5,582
Percentage of total women	51.7%	52.0%	53.1%

Source: Central Washington University Office of Institutional Effectiveness

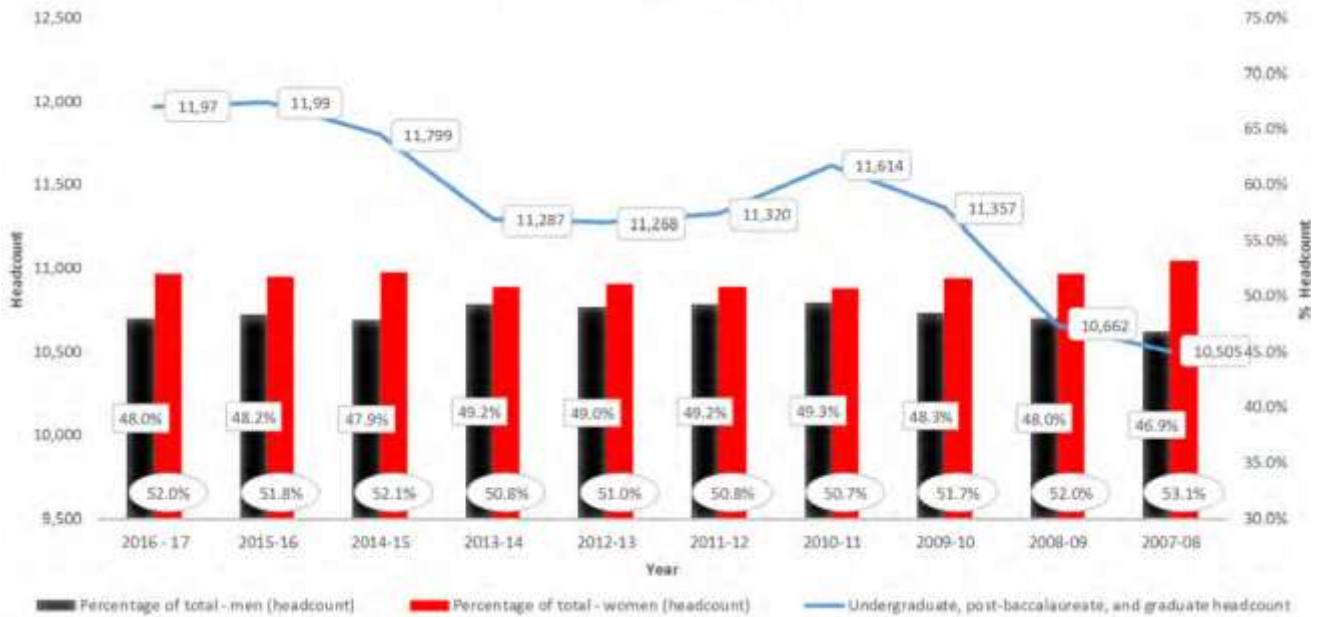


STATISTICS SECTION (CONTINUED)

PERCENT OF MEN AND WOMEN-HEADCOUNT (FALL ENROLLMENT)



PERCENT OF MEN AND WOMEN-HEADCOUNT (FALL ENROLLMENT)



## STATISTICS SECTION (CONTINUED)

## ADMISSIONS, ENROLLMENT, AND DEGREES EARNED (FALL ENROLLMENT)

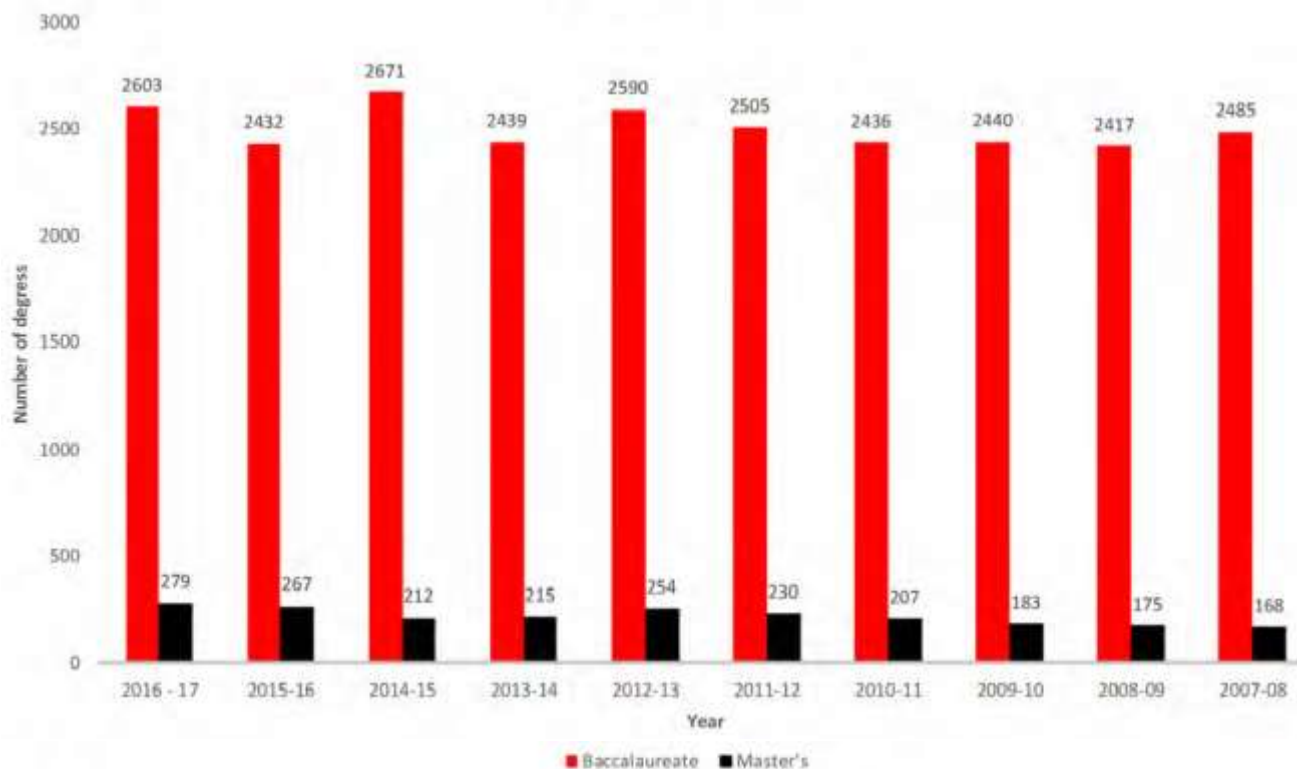
Degrees Earned	206-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Baccalaureate	2,603	2,432	2,671	2,439	2,590	2,505	2,436
Master's	279	267	212	215	254	230	207
<b>Total earned</b>	<b>2,882</b>	<b>2,699</b>	<b>2,883</b>	<b>2,654</b>	<b>2,844</b>	<b>2,735</b>	<b>2,643</b>

Degrees Earned	2009-10	2008-09	2007-08
Baccalaureate	2,440	2,417	2,485
Master's	183	175	168
<b>Total earned</b>	<b>2,623</b>	<b>2,592</b>	<b>2,653</b>

Source: Central Washington University Office of Institutional Effectiveness

## DEGREES EARNED



STATISTICS SECTION (CONTINUED)

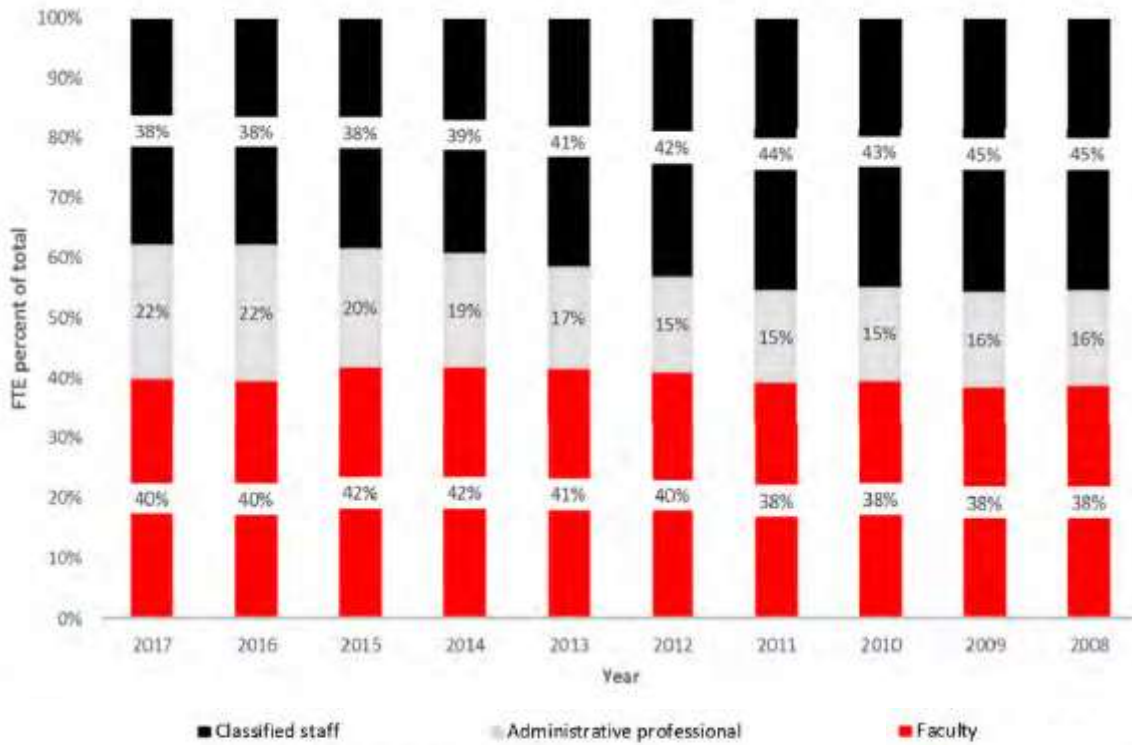
**FACULTY AND STAFF (FALL ENROLLMENT)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Fall employment of fiscal year - FTE</b>										
Faculty	682	647	637	622	609	598	562	570	560	563
Administrative professional	380	367	303	282	247	218	202	206	221	222
Classified staff	642	617	582	581	591	598	596	591	632	632
	1,704	1,632	1,522	1,485	1,447	1,414	1,361	1,368	1,413	1,417
<b>Fall employment of fiscal year - Headcount</b>										
Faculty	777	732	724	730	696	695	655	689	682	683
Administrative professional	346	334	303	288	252	224	212	213	231	235
Classified staff	622	599	597	602	616	623	625	625	675	677
	1,745	1,665	1,624	1,620	1,564	1,542	1,492	1,527	1,588	1,595
<b>FTE - Percent of total</b>										
Faculty	40%	40%	42%	42%	41%	40%	38%	38%	38%	38%
Administrative professional	22%	22%	20%	19%	17%	15%	15%	15%	16%	16%
Classified staff	38%	38%	38%	39%	41%	42%	44%	43%	45%	45%
<b>Headcount - Percent of total</b>										
Faculty	45%	44%	45%	45%	45%	45%	44%	45%	43%	43%
Administrative professional	20%	20%	19%	18%	16%	15%	14%	14%	15%	15%
Classified staff	36%	36%	37%	37%	39%	40%	42%	41%	43%	42%

Source: Central Washington University Office of Institutional Effectiveness

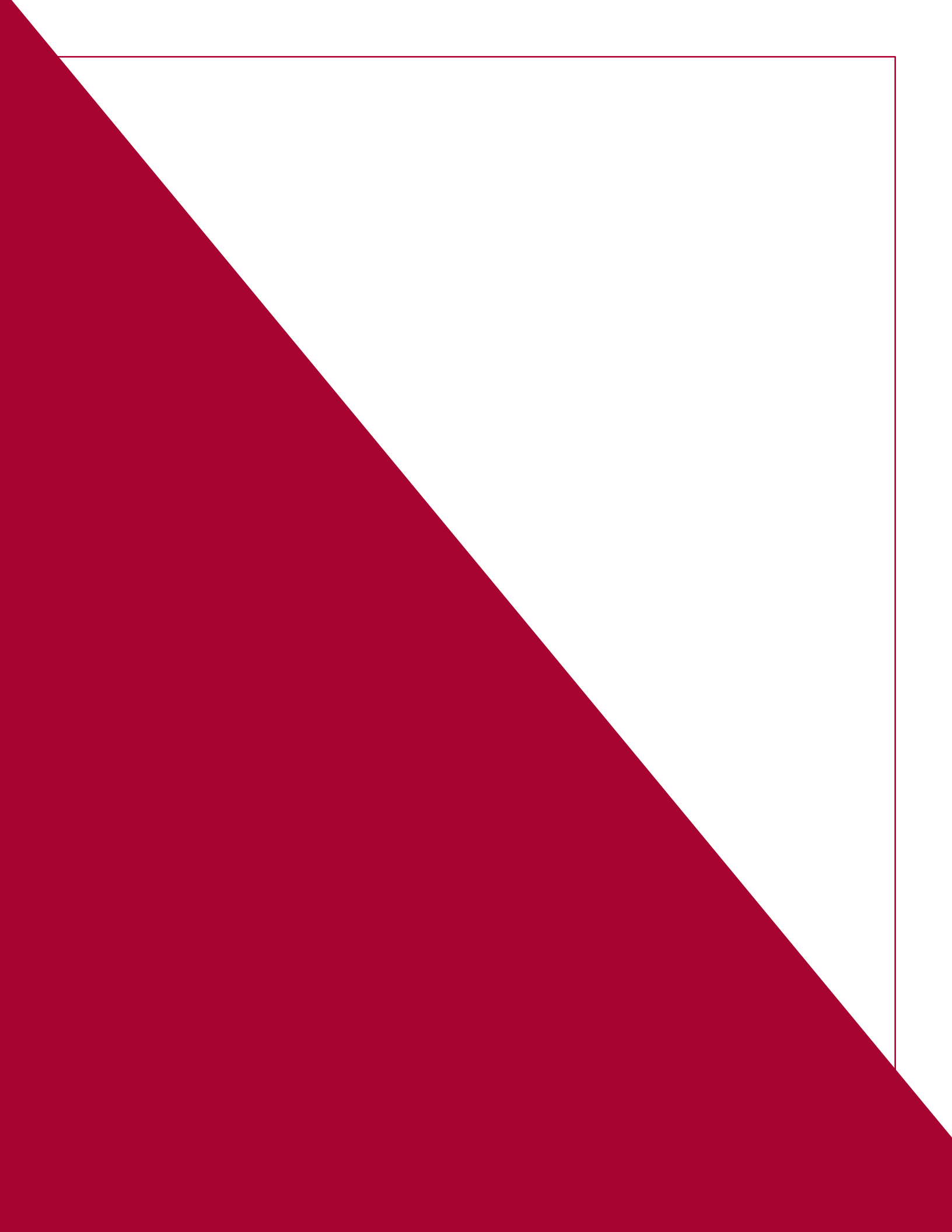
STATISTICS SECTION (CONTINUED)

FACULTY AND STAFF – FTE (FALL DATA OF FISCAL YEAR)



# Notes

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2017

