CWU

SYSTEM FINANCIAL REPORT 2022

ANNUAL SYSTEM FINANCIAL REPORT

Funds associated with the following functions and revenue sources: housing, dining, services and activities fee, student union building fee, recreation center fee, wildcat shop, and parking fees.

Fiscal Year Ended June 30, 2022

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Management Discussion and Analysis

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

The management discussion and analysis (MD&A) provides an overview of the financial position and activities of the System for the fiscal year end June 30, 2022. The MD&A focuses on the current year's activities, and the resulting changes and facts to assist readers in understanding the accompanying financial statements. The MD&A should be read in conjunction with the accompanying financial statements and notes to the financial statements. The financial statements, notes, and this discussion and analysis are the responsibility of CWU management.

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

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2022

- On campus occupancy was reduced to an annual rate of 60% due to the pandemic. Traditionally, the average annual occupancy is approximately 91%.
- The System received $5.6 million from the Higher Education Emergency Relief Fund (HEERF III) as authorized by the American Rescue Plan to replace lost revenue and help offset the financial impact of COVID-19. This amount is shown in non-operating revenue in accordance with Generally Accepted Accounting Principles (GAAP).

The System's overall financial standing continues to be sound, with total assets and deferred outflows of $228.2 million and total liabilities and deferred inflows of $166.3 million. The System's net position totals $61.9 million.

Compared to the fiscal year 2021 figures, total assets and deferred outflows increased by $1.7 million, while total liabilities and deferred inflows have decreased by $4.9 million. Net position has increased by $6.6 million.

Total operating revenues increased by 46.1 percent or $16.8 million. This is primarily a result of increased on-campus occupancy as COVID-19 restrictions were eased by both governmental and university officials.

Total operating expenses increased by 15.9 percent, or $6.5 million. This is primarily due to the onboarding of professional staff and student staff that were eliminated or furloughed during the COVID-19 pandemic. Increased on-campus occupancy also has a correlation on the goods and services needed to operate.

Unrestricted net position is one indicator of an organization's overall financial condition, and an increase generally indicates improving fiscal conditions. During 2022, the unrestricted net position increased by $10.5 million. This was primarily due to the relaxing of COVID-19 restrictions and Higher Education Emergency Relief Fund (HEERF III).

When comparing net position to prior years, it is important to note that the implementation of Governmental Accounting Standards Board (GASB) 68 in fiscal year 2015 reduced the net position by $5.1 million. Additionally, in fiscal year 2018, GASB 75 was implemented and reduced net position by $10.2 million. It is the University's position that these changes did not affect the actual fiscal health of the System. During fiscal year 2019, $2.5 million in capital expenses were used to complete the North Campus Sports Complex. While in fiscal years 2020 and 2021, $6.6 million was used towards the major renovations and improvements to Stephens-Whitney Hall. All capital projects were planned, approved and contracts were signed prior to the pandemic.

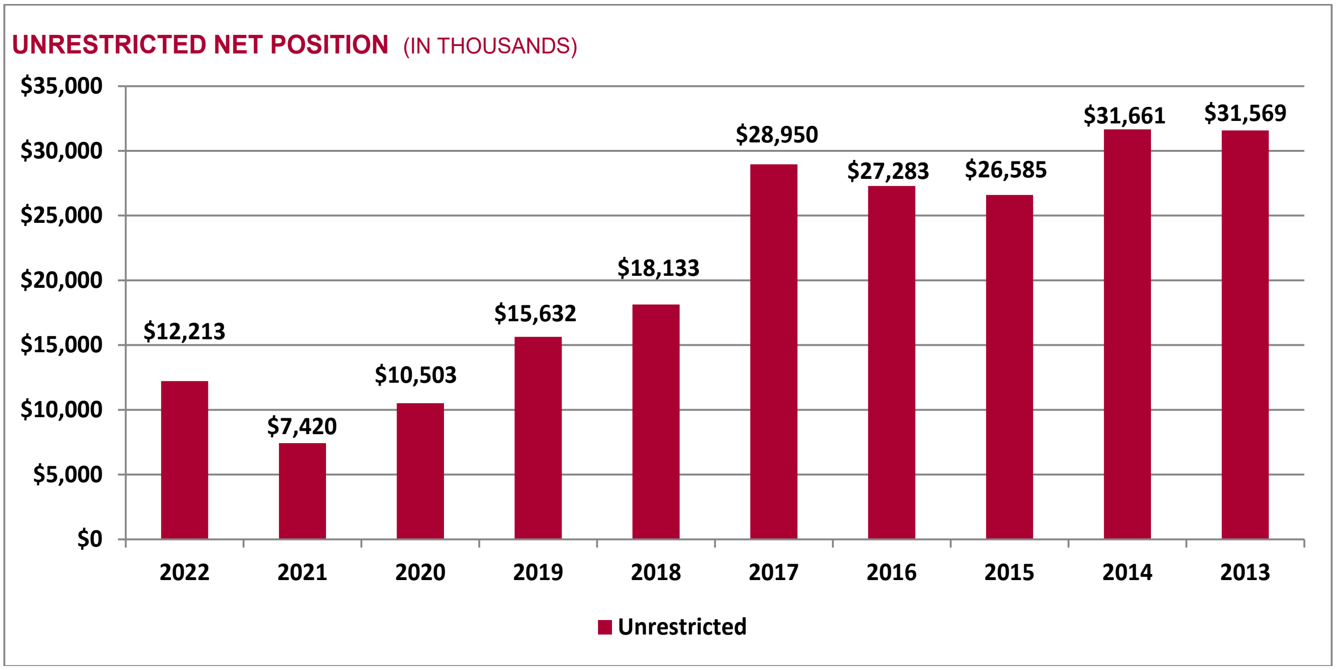
In fiscal year 2022 the calculations that are required by GASB 68 to record a portion of the State of Washington's Assets, Liabilities, Deferred Inflows and Outflows on the System Statement of Net Position were performed as required. These calculations resulted in an increase of Unrestricted Net Position of $6.1 million dollars, which partially offsets the related $10.2 million pension decrease in 2018.

Also, during fiscal year 2022, GASB 87 was implemented. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments leasing activities.

Unrestricted net position is often accumulated for designated purposes or is held in order to meet the CWU debt policy[1]. The following table and graph show the System's unrestricted net position for the ten most recent fiscal years.

UNRESTRICTED NET POSITION (IN THOUSANDS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
UNRESTRICTED	$13,628	$7,420	$10,503	$15,632	$18,133	$28,950	$27,283	$26,585	$31,661	$31,569



USING THE ANNUAL REPORT

This annual report consists of a series of financial statements: The *Statement of Net Position*, the *Statement of Revenues, Expenses, and Changes in Net Position*, and the *Statement of Cash Flows.* These basic statements provide information on the System as a whole and present a view of the System's finances. The statements help answer the basic question, "Is the System, as a whole, financially better or worse off as a result of the year's activities?"[2]

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

STATEMENT OF NET POSITION

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

Assets and liabilities are classified as either current or non-current. Current assets are those resources that are convertible to cash within one year and are available to satisfy current liabilities. Current assets include cash and cash equivalents, short-term investments, accounts receivable, and inventory. Non-current assets are mainly long-term investments and property, equipment, and intangibles. Current liabilities are those obligations of the System that are due within one year of the statement date. Non-current liabilities are comprised of long-term debt and other obligations of the System.

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

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[1] Please see a full discussion of CWU's debt policy on page 11.
[2] Please refer to Note 1 on page 15 for activities included in the System's basic financial statements.

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

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

CONDENSED STATEMENT OF NET POSITION - JUNE 30, 2022 AND JUNE 30, 2021
(IN THOUSANDS)

	2022	2021	2022-2021 Dollar Change	Percent Change
Current assets	$28,403	$26,355	$2,048	7.8%
Capital assets, net	184,022	193,982	(9,960)	-5.1%
Other non-current assets	10,610	277	10,333	3,730%
Total assets	**223,035**	**220,614**	**2,421**	**1.1%**
Deferred outflows	5,171	5,869	(698)	-11.9%
Total assets and deferred outflows	**228,206**	**226,484**	**1,722**	**0.8%**
Current liabilities	11,110	10,474	636	6.1%
Non-current liabilities	145,728	157,102	(11,374)	-7.2%
Total liabilities	**156,838**	**167,576**	**(10,738)**	**-6.4%**
Deferred inflows	9,478	3,631	5,847	161.0%
Total liabilities and deferred inflows	**166,316**	**171,207**	**(4,891)**	**-2.9%**
Net investment in capital assets	48,262	47,857	(3,923)	-8.2%
Restricted	-	-	-	-
Unrestricted	13,628	7,420	(10,536)	142.0%
Total net position	**$61,890**	**$55,277**	**$6,613**	**12.0%**
Current ratio (CURRENT ASSETS TO CURRENT LIABILITIES)	2.557	2.516		
Primary reserve ratio (EXPENDABLE NET ASSETS TO OPERATING EXPENSES)	0.38	0.18		

The following table shows the Condensed Statement of Net Position at June 30, 2022 and June 30, 2021:

Total assets and deferred outflows were increased by $1.7 million at the end of fiscal 2022. Capital assets, net decreased by $10.0 million for net additions to property and equipment, less depreciation expense3. The significant increase in other non-current assets of $10.0 million (3,730 percent) was caused by favorable market condition for pension asset investments (GASB 68) and the reclassification of non-depreciable assets.

The Pension asset increased by $5.9 million to $6.2 million. In fiscal 2022 the calculations that are required by GASB 68 to record a portion of the State of Washington's assets, liabilities, deferred inflows and outflows on the Statement of Net Position were performed as required. These calculations resulted in an increase of $5.9 million due to overall investment market changes in 2021. While this is the largest change in assets for the System, pension fund assets are defined as assets bought with the contributions to a pension plan for the exclusive purpose of financing pension plan benefits. The increase of $4.3 million in other non-depreciable assets is a change in presentation of the non-depreciable assets from the Capital Assets, net.

[3] For further discussion, please see the Capital Asset and Long-Term Liabilities Highlights on page 6.

Current assets increased by $2.0 million from the preceding year, mainly attributed to operating income and HEERF III funding.

The current ratio, current assets divided by current liabilities, measures the System's ability to meet current obligations. The System's current ratio at June 30, 2022 was 2.6 to 1, which means the System's current assets are 2.6 times that of its current liabilities. The System's current ratio at June 30, 2021 was 2.5 to 1. This indicates that the System's ability to meet current liabilities is slightly greater than the previous year.

The primary reserve ratio is calculated by dividing unrestricted net position by operating expenses. This measures the ability of the System to continue operating at current levels, within current restrictions and constraints, lacking any future revenues. Proof of an adequate reserve ratio is often required to secure long-term financing. The System's primary reserve ratio at June 30, 2022 is 0.38 to 1, which indicates that, in an extreme emergency situation, the System could continue its current operations for approximately four months. In 2021, this ratio was at a ratio of 0.18 to 1. This ratio is a standard way to view the viability of an entity such as the System, however the effects of the implementations of GASB 68 and 75 have impacted the usefulness of comparing this figure for the System year-over-year.

CAPITAL ASSET AND LONG-TERM LIABILITIES HIGHLIGHTS

On June 30, 2022, the System had $188.3 million invested in net capital assets, as reflected in the following table. This represents a net decrease of $5.6 million or 2.9 percent during the fiscal year. This is primarily due to the depreciation since the majority of capital projects were delayed during fiscal 2022.

CAPITAL ASSETS
(IN THOUSANDS)

	2022	2021
Land	$1,804	$ 1,804
Equipment	6,731	6,661
Improvements and infrastructure	23,678	23,572
Buildings	237,427	237,657
Construction in progress	2,483	1,306
Art	40	40
Total	**272,164**	**271,040**
Total accumulated depreciation and amortization	**(83,814)**	**(77,058)**
Capital assets, net	**$188,350**	**$193,982**

Depreciable capital assets, net of depreciation, decreased during fiscal year 2022 by $1.1 million (See Note 4). Construction in progress for projects underway totaled $2.5 million at June 30, 2022. The total depreciation expense was $6.8 million for the year ended June 30, 2022. The difference between the additions of working assets of $1.1 million and the depreciation expense of $6.8 million results in a decrease of $5.6 million in capital assets, net.

The construction in progress figure of $2.5 million primarily consists of projects relating to the Old Heat Building, which is located on the southern end of the University. There were also projects to address two separate instances of fire damage.

The Deferred Outflows balance has three components:

The first component, Deferred Pensions (contributions), is a result of the adoption of GASB 68. This component represents the payments made by the System of $1.4 million on behalf of employees, subsequent to the measurement date of June 30, 2021.

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

The Deferred Gain or Loss on Refunding Outflows number represents costs associated with previous debt issuances. This accounting treatment is the result of GASB 63 and 65 which were adopted in 2013. This component of the Deferred Outflows balance was amortized and decreased by $200K on June 30, 2022 and will continue to be amortized on a straight-line basis through the term of the replacement bonds of 2017. (See Notes 9,10 and 11)

In total, liabilities decreased during fiscal year 2022, from $167.6 million at the end of 2021 to a total of $156.8 million at the end of 2022. The majority of this decrease was in relation to the $5.6 million in principal payments on bonds for the System (See Note 6) and a decrease in accounts payable of $3.6 million.

As of June 30, 2022, $53.3 million (100 percent) of System revenues are pledged as security for outstanding System bonds.

NON-CURRENT OBLIGATIONS (IN THOUSANDS)

	2022	2021
Accrued leave liabilities	$ 219	$ 222
Net bond premium/discount, net of amortization	6,304	6,711
Bonds Payable, net of current portion	129,863	135,995
Pension Liability	1,234	4,187
OPEB Liability	8,109	9,987
Total non-current liabilities	**145,729**	**157,102**
Unrestricted net position	$13,628	$7,420
Viability ratio (UNRESTRICTED TO NON-CURRENT LIABILITIES)	**9.4%**	**5%**

The viability ratio measures the System's ability to retire non-current liabilities using available current resources. The ratio is calculated by dividing unrestricted net position by long-term liabilities. The System's viability ratio at June 30, 2022 was .09 to 1. This is an increase from the previous year's figure of .05 to 1.

Total net position increased $6.6 million during fiscal 2022. The total change in net position is equal to the year's operating activity less the effects of the costs of cash funded capital improvements and the financing activities, specifically the debt service payments. The System experienced an annual operating income of $6.3 million, with debt-service of $6.0 million. The increase in net position is primarily the result of receiving $5.6 million from the HEERF III.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

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

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

	2022	2021
Operating revenues	$53,337	$36,518
Operating expenses	47,045	40,576
Operating income (loss)	6,292	(4,058)
Total non-operating revenues net of expenses	321	4,347
Increase (Decrease) in net position	$6,613	$289
Net income margin (increase in net position to total revenue)	12.40%	0.79%

As of June 30, 2022, operating revenues increased 46.0 percent while operating expenses increased 15.9 percent.

Net income margin is a measure of current year financial status. The margin is calculated by dividing the change in net position by total operating revenue. The System's net income margin for fiscal 2022 is 12.4 percent. With the financial relief provided from the HEERF III and Management's efforts to reduce expenses, this allowed the System to successfully meet the required debt service coverage ratio.

The majority of the non-operating revenues relate to the $5.6 million from the HEERF III and $547 thousand from the Build America Bonds program (BABS). The non-operating expenses shown of $6.0 million are related to the interest on indebtedness.

REVENUES

Revenues from auxiliary enterprises such as housing, bookstore, and dining services increased 46.0 percent from fiscal 2021. The following table shows revenues by source for the fiscal years ended June 30, 2022 and June 30, 2021:

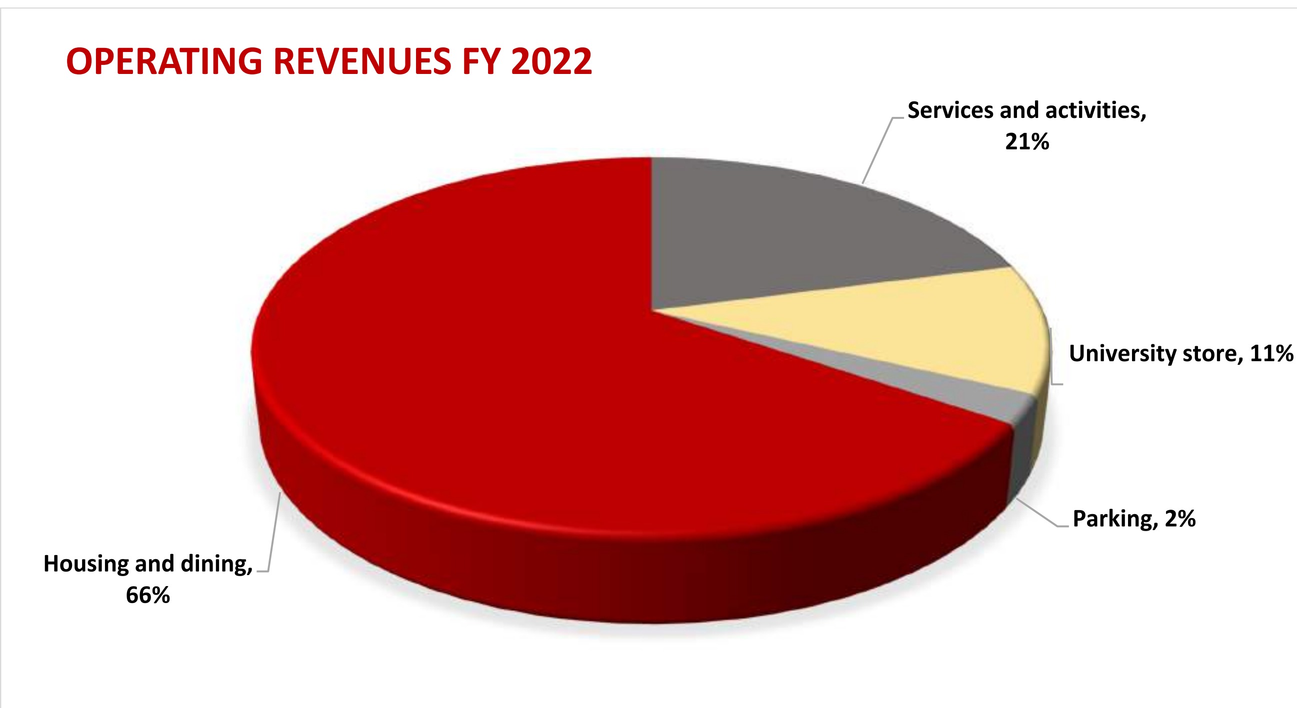
OPERATING REVENUES (IN THOUSANDS)

	2022	2021	2022-21 Dollar Change	Percent Change
Services and activities	$11,162	$11,604	(442)	-3.8%
University store	5,912	6,080	(168)	-2.8%
Parking	1,324	1,034	290	28.0%
Housing and dining	34,938	17,800	17,138	96.3%
Total operating revenues	**$53,337**	**$36,518**	**$16,819**	**46.0%**

The Services and Activities operating revenue decreased 3.8 percent which was primarily due to a decline in enrollment and decrease in sales and services over the year.

Parking Services operating revenue increased by 28.0 percent, largely due to an increase in permits and fines as the campus population returned to in-person learning and working, which had been largely restricted during the COVID-19 global pandemic.

Due to the relaxing of pandemic protocols, occupancy greatly increased from fiscal year 2021, which resulted in a net increase in revenue of 96.3 percent for Housing and Dining. Additionally, the Housing and Dining rate increase from fiscal year 2021 to 2022 was 4.0 percent for Residence Halls and the Dining rate increase was 2.0 percent, these combined are an approximate aggregate increase of 3.0 percent, contributing to the revenue increase.



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

EXPENSES

Expenses from auxiliary enterprises such as housing, bookstore, and dining services increased 15.9 percent from fiscal 2021. The following table shows expenses by natural classification for the fiscal years ended June 30, 2022 and June 30, 2021:

OPERATING EXPENSES (IN THOUSANDS)

	2022	2021	2022-21 Dollar Change	Percent Change
Salaries and Wages	$17,013	$13,351	$3,661	27.4%
Employee Benefits	(317)	3,770	(4,087)	-108.4%
Goods and Services	21,474	15,769	5,978	37.9%
Student Fee Waivers	97	173	(75)	-43.6%
Personal Services	316	171	145	85.0%
Other	745	555	190	34.3%
Equipment	425	287	137	48.1%
Travel	210	(25)	235	940.0%
Depreciation	6,809	6,525	283	4.3%
Total	**$47,045**	**$40,576**	**$6,469**	**15.9%**

Salaries and wages expense for the System increased by 27.4 percent in fiscal 2022 as a result of replacing positions eliminated due to the prior year's limited operations (COVID-19). Benefits decreased by 108.4 percent, which is primarily due to market gains related to GASB 68 pension assets, these more than offset the actual benefit costs paid for these employees.

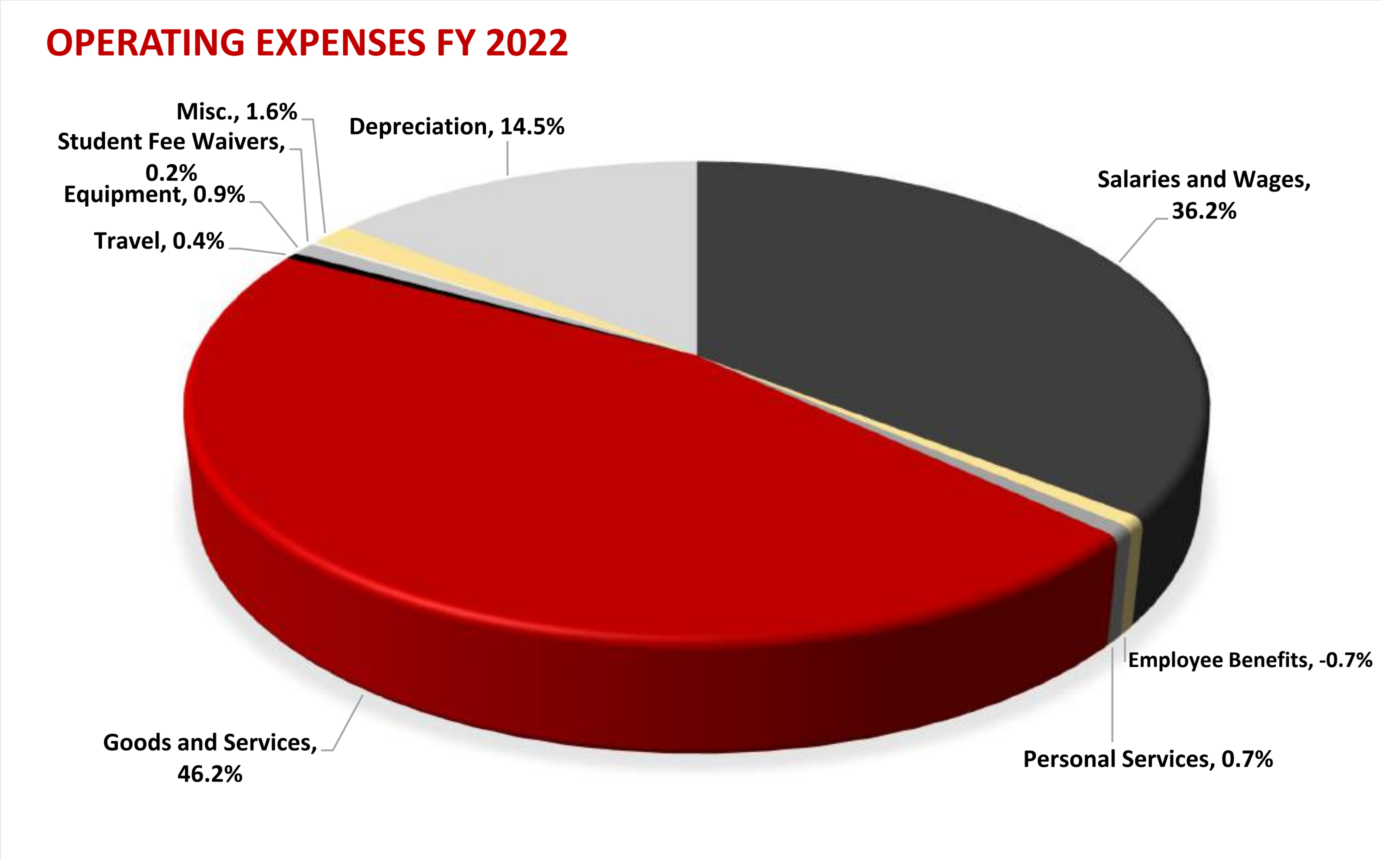
Travel expenses increased by $235 thousand as the pandemic related travel restrictions were eased.

The total increase in operating expenses of $6.5 million, was primarily associated with the increased student population on campus. Payroll and Cost of goods sold saw the largest increase as sales were increased due to a larger student population.

Overall, operating expenses increased 15.9 percent in fiscal 2022.

Depreciation expense increased by $0.3 million, primarily related to the remodeling of the Stephen-Whitney Hall, which entered its first year of operational use. There is no cash cost associated with depreciation, the expense is required to conform to GAAP.

The following chart depicts the uses of operating funds according to natural classification for fiscal 2022:



The allocation of operating expenses among the natural classification categories has not changed significantly from fiscal 2021.

STATEMENT OF CASH FLOWS

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

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

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

The increase in cash on hand of $4.3 million at June 30, 2022 was primarily a result of cash generating operations and HEERF III during fiscal 2022.

The Condensed Statement of Cash Flows for the fiscal years ended June 30, 2022 and June 30, 2021 is shown below:

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

	2022	**2021**
Cash flows from operating activities	$ 8,590	$ (1,246)
Cash flows from noncapital financing activities	0	0
Cash flows from investing activities	2,802	1,653
Cash flows from capital and related financing activities	(7,060)	(5,769)
Increase (decrease) in cash and cash equivalents during the year	4,332	(5,362)
Cash and cash equivalents, beginning of year	10,092	15,454
Cash and cash equivalents, end of year	**$ 14,424**	**$ 10,092**

DEBT AND RESERVES POLICIES

The University's formal debt policy is CWUP 2-10-045, *Debt Issuance and Repayment*.[4] The policy is detailed and spells out many constraints intended to maintain the health of the University's debt program.

The University has a formal reserve policy, CWUP 2-10-105, *Reserve*. This policy defines the University's reserve philosophy and principles, clarifies purposes for holding reserves and identifies target reserve amounts for certain funds.

FINANCIAL CONTACT

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

[4] CWUP 2-10-045, Debt Issuance and Repayment is available at http://www.cwu.edu/resources-reports/cwup-2-10-045-debt-issuance-and-repayment

Annual System Financial Statements

CENTRAL WASHINGTON UNIVERSITY - SYSTEM

STATEMENT OF NET POSITION

AS OF JUNE 30, 2022

	2022
Assets	
Current assets	
Cash and cash equivalents	$14,424,411
Investments	7,275,524
Accounts receivable, net	5,596,318
Inventories	1,106,767
Total current assets	**28,403,019**
Non-current assets	
Leases Receivable	96,299
Capital Assets, non-depreciable	4,328,018
Capital assets, net of depreciation	184,021,743
Pension assets, net	6,185,390
Total non-current assets	**194,631,450**
Deferred outflows	
Deferred pensions	1,405,382
Deferred OPEB contribution	1,086,030
Deferred gain or loss on refunding	2,679,774
Total deferred outflows	5,171,187
Total assets and deferred outflows	**228,205,656**
Liabilities	
Current liabilities	
Accounts payable	1,176,184
Accrued liabilities	1,519,898
Deposits payable	1,093,668
Unearned revenues	575,955
Net Pension liability, current portion	8,206
OPEB liability, current portion	136,104
Current portion bond payable and premium	6,600,453
Total current liabilities	**11,110,468**
Non-current liabilities	
Construction accounts payable	
Accrued leave liabilities	218,905
Bonds payable, non-current net of premium/discount	136,167,244
Net Pension liability	1,232,409
OPEB liability	8,108,706
Total non-current liabilities	145,727,263
Total liabilities	**156,837,732**
Deferred Inflows of Resources	
Deferred Inflows related to pensions	6,912,919
Deferred Inflows related to leases	73,252
Deferred Inflows related to OPEB	2,491,754
Total Deferred Inflows	**9,477,926**
Total liabilities and deferred inflows	**166,315,657**
Net position	
Net investment in capital assets	48,261,839
Unrestricted	13,628,160
Total net position	**$61,889,999**

See Accompanying Notes to the Financial Statements

Annual System Financial Statements

CENTRAL WASHINGTON UNIVERSITY - SYSTEM

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2022

	2022
Operating revenues	
Services and activities	$11,162,239
University store	5,911,927
Parking	1,324,151
Housing and dining	34,938,272
Total operating revenue	**53,336,588**
Operating expenses	
Services and activities	8,417,169
University store	5,796,395
Parking	1,383,265
Housing and dining	24,639,118
Depreciation	6,808,989
Total operating expenses	**47,044,936**
Operating income (loss)	**6,291,652**
Non-operating revenues (expenses)	
Investment income	167,254
Interest on indebtedness	(5,997,452)
Non-exchange transactional income	5,604,371
Non-operation income net of expenses	547,318
Net non-operating revenues (expenses)	**321,490**
Increase (decrease) in net assets	6,613,142
Net position, beginning of year	**55,276,856**
Net position, end of year	**$61,889,999**

See Accompanying Notes to the Financial Statements

Annual System Financial Statements

CENTRAL WASHINGTON UNIVERSITY - SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022
Cash flows from operating activities	
Auxiliary enterprise charges and student fees	$52,870,464
Payments to vendors	(27,469,353)
Payments to employees for salaries and benefits	(16,811,011)
Net cash provided by operating activities	**8,590,101**
Cash flows from non-capital financing activities	**-**
Cash flows from investing activities	
Purchases of Investments	2,561,927
Investment income	167,254
Other investment activity	
Net cash provided by investing activities	**2,729,181**
Cash flows from capital and related financing activities	
Purchases of capital assets	(1,176,734)
Proceeds from sale of capital debt	-
Principal paid on capital debt	(5,828,000)
Interest paid on capital debt	(6,206,582)
Other capital activities	6,224,940
Net cash provided by capital and related financing activities	**(6,986,376)**
Net increase in cash and cash equivalents	4,332,906
Cash and cash equivalents, beginning of year	**10,091,505**
Cash and cash equivalents, end of year	**$ 14,424,411**

RECONCILIATION OF OPERATING INCOME TO
NET CASH USED BY OPERATING ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Operating income	**$6,291,652**
Adjustments to reconcile operating profit to net cash provided by operating activities	-
Depreciation expense	6,808,989
Loss On Disposal of Asset	-
Changes in assets and liabilities	
Accounts receivable	(597,364)
Inventories	224,372
Accounts payable	58,483
Other liabilities	
Accrued expenses	204,721
Deferred revenue	28,249
Deposits payable	102,992
Current non-cash GASB 68 expense	(4,528,560)
Other Current Liabilities	-
Construction accounts payable	-
Accrued liabilities	(3,432)
Net cash provided by operating activities	**$8,590,101**

See Accompanying Notes to the Financial Statements

NOTE 1—ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Statement Presentation
The System's financial statements for the fiscal year ended June 30, 2022, are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, GASB Statement No. 35*, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.*

The financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements. Comparative totals for the year ended June 30, 2021 are presented where appropriate.

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

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

Cash Equivalents
For purposes of the statements of cash flows, the System considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

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

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

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

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

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

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

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

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

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy. There have been no changes in valuation methodologies used at June 30, 2022.

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 loses on investments are included in the statement of revenue expenses and changes in net position.

Capital Assets

Capital assets (excluding intangible right to use leases) are recorded at cost at the date of acquisition, or 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. The implementation of GASB 87 requires certain lease assets be classified as capital, depending on payment provisions of the contract.

Depreciation

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for building components, 20 to 50 years for infrastructure and land improvements, 5 to 7 years for equipment, 15 years for library books, and 3 to 15 years for intangibles. Inexhaustible resources such as the art collections and the library reserve collections are not depreciated. Donated capital assets are measured at acquisition value not fair market value. (See also Note 4 – 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 rents, and fees for services recorded prior to the end of the fiscal year but related to the subsequent accounting period.

Compensated Absences

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

Non-current Liabilities

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

Net Position

The System's net position is classified as follows:

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

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

Income Taxes

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

Classification of Revenues

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

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

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

GASB Pronouncements implemented:

During fiscal year 2022, GASB 87 was implemented. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments leasing activities. The implementation of GASB 87 had no material impact on the System Financial Statements. (see Note 11)

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

At June 30, 2022, the carrying amount of the System's cash and cash equivalents were as follows:

CASH AND CASH EQUIVALENTS; OTHER DEPOSITS; AND INVESTMENTS

	June 30, 2022
Cash and equivalents, operating	$ 14,424,411
Cash and equivalents restricted for capital projects	-
Investments (Level 1)	7,275,524
Total	**$ 21,699,935**

NOTE 3—ACCOUNTS RECEIVABLE

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

ACCOUNTS RECEIVABLE

	June 30, 2022
Services and activities	$ 872,435
University store	1,841,462
Parking	161,706
Housing and dining	3,066,614
Subtotal	**5,942,217**
Allowance for doubtful accounts	(345,899)
Net accounts receivable	**$ 5,596,318**

NOTE 4—CAPITAL ASSETS

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

CAPITAL ASSETS

Non-Depreciable Capital Assets	Balance at June 30, 2021	Additions	Retirements	Adjustments	Balance at June 30, 2022
Land	$1,804,734	$ -	$ -	$ -	$1,804,734
Artwork	40,000				40,000
Construction in progress	1,305,631	1,333,174	155,522		2,483,283
Subtotal	3,150,365	1,333,174	155,552		4,328,017
Depreciable Capital Assets					
Buildings	237,657,323		230, 570		237,426,753
Improvements and infrastructure	23,571,972	106,128			23,678,100
Equipment	6,661,115	105,899	35,963		6,731,051
Subtotal	267,890,410	212,027	266,533		267,835,904
Total Capital Assets	**271,040,775**	**1,545,201**	**422,055**		**272,163,921**
Less Accumulated Depreciation & Amortization					
Buildings	65,836,679	5,266,129	24,978		71,077,829
Improvements and infrastructure	7,160,638	954,883			8,115,521
Equipment	4,061,443	587,977	28,610		4,620,810
Total Accumulated Depreciation & Amortization	**77,058,760**	**6,808,989**	**53,588**	**-**	**83,814,160**
Capital Assets, Net of Depreciation	**$193,982,015**	**($5,263,787)**	**$368,467**		**$188,349,761**

The total depreciation expense was $6,808,989 for the year ended June 30, 2022.

NOTE 5—ACCRUED LEAVE LIABILITIES

At termination of employment, employees may receive cash payment for all accumulated vacation and compensatory time. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses or insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by University employees are accrued as expenses when incurred. The amounts represent a liability to the University and are recorded and reported accordingly. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The accrued leave liability balance as of June 30, 2022, was $851,421

NOTE 6 —REVENUE BONDS AND NOTES PAYABLE

REVENUE BONDS AND NOTES PAYABLE

	Balance at June 30, 2021	Additions	Retirements	Principal Payments	Balance at June 30, 2022
CWU System bonds					
CWU System bonds of 2010 Series B	$ 27,145,000	$ -	($3,375,000)	$ -	$ 23,770,000
CWU System bonds of 2013	39,665,000	-	-	2,375,000	37,290,000
CWU System bonds of 2016	26,170,000	-	-	1,085,000	25,085,000
CWU System bonds of 2018	44,145,000	-	-	690,000	43,455,000
CWU System bonds of 2012	4,760,000		(4,395,000)	365,000	-
CWU System bonds of 2022	-	4,457,000			4,457,000
Total bonds Payable	**$141,885,000**	**$4,457,000**	**($7,770,000)**	**$4,515,000**	**$134,057,000**
Bond Premium	7,117,148		(406,453)		6,710,695
Total Bonds	**$149,002,148**	**$4,457,000**	**($8,176,453)**	**$4,515,000**	**$140,767,695**
Internal Loan	**-**	**3,375,000**	**-**	**1,375,000**	2,000,000
Total Bonds & Notes Payable	**$149,002,148**	**$7,832,000**	**($8,176,453)**	**$5,890,000**	**$142,767,695**

The following schedule of bonds payable provides a listing of outstanding debt at the end of fiscal year 2022 by the CWU System.

The Central Washington University System Bonds Series 2010 B, taxable Build America Bonds issued in the original amount of $31,950,000 maturing in varying annual amounts to May 1, 2040. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. The Series 2010 B bonds were issued under the American Recovery Act of 2008 Build America Bond Program as taxable bonds. Under this program the university expects to receive a subsidy from the United States federal government of 35% of interest paid through maturity. The subsidy received during Fiscal 2022 was $547,317. This amount is shown as non-operating revenue on the Statement of Revenue, Expenses and Changes in Net Position. The series was internally refinanced for a 5-year term, beginning in Fiscal Year 2022. No external principal payments will be made until May 1st, 2026. Internal payments will be made from the system to The University. An internal principal payment of $1,375,000 was required and paid during Fiscal 2022. An internal principal payment of $645,000 is scheduled for May 1, 2023.

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 final principal payment of $365,000 was made in Fiscal 2022. This series was refinanced in July of 2022 under the Central Washington University System Bonds, Series 2022.

Central Washington University System Bonds, Series 2013, issued in the original amount of $53,415,000 and mature in varying annual amounts to May 1, 2034. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. A principal payment of $2,375,000 was required and paid during Fiscal 2022. A principal payment of $2,495,000 is scheduled for May 1, 2023.

Central Washington University System Bonds, Series 2016, issued in the original amount of $29,175,000 and mature in varying annual amounts to May 1, 2038. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. A principal payment of $1,085,000 was required and paid during Fiscal 2022. A principal payment of $1,140,000 is scheduled for May 1, 2023.

Central Washington University System Bonds, Series 2018, issued in the original amount of $45,425,000 and mature in varying annual amounts to May 1, 2049. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. A principal payment of $690,000 was required and paid during Fiscal 2022. A principal payment of $1,510,000 is scheduled for May 1, 2023.

Central Washington University System Bonds, Series 2022, issued in the original amount of $4,457,000 and mature in varying annual amounts to May 1, 2032. No principal payment was required in Fiscal 2022. A principal payment of $404,000 is scheduled for May 1, 2023.

Maturity Information

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

DEBT SERVICE REQUIREMENTS
SYSTEM REVENUE BONDS

Fiscal Year	Principal	Interest	Total
2023	$ 5,549,000	$ 5,751,040	$ 11,300,040
2024	5,820,000	5,475,567	11,295,567
2025	6,071,000	5,224,373	11,295,373
2026	7,065,000	4,962,041	12,027,041
2027	7,359,000	4,628,508	11,987,508
2028-32	40,048,000	18,147,851	58,195,851
2033-37	31,070,000	10,425,217	41,495,217
2038-42	15,950,000	4,832,994	20,782,994
2043-47	10,370,000	2,228,000	12,598,000
2048-49	4,755,000	287,200	5,042,200
Total	**$134,057,000**	**$61,962,791**	**$196,019,791**

**Amounts do not reflect federal subsidies to be received for Build America Bonds Interest*

NOTE 7 – RETIREMENT PLANS

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

RETIREMENT PLANS

Fiscal Year	Amount
2013	$547,320
2014	697,897
2015	700,993
2016	839,731
2017	892,255
2018	1,027,418
2019	1,167,586
2020	1,290,450
2021	1,022,146
2022	$936,387

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

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

NOTE 8 —NATURAL CLASSIFICATIONS

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

NATURAL CLASSIFICATIONS

	June 30, 2022
Salaries and wages	$17,012,299
Employee benefits	(316,659)
Personal services	316,029
Goods and services	21,747,109
Travel	209,764
Equipment	424,604
Student waivers	97,459
Misc.	745,341
Depreciation	6,808,989
Total	**$47,044,936**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

State Plan Description

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

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

The relationship between the PEBB OPEB plan and its member employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs.
The PEBB OPEB plan is funded on a pay-as-you-go basis with contributions set by the Legislature each biennium as a part of the budget process. The PEBB OPEB plan has no assets and does not issue a publicly available financial report.

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

As of June 2022, The System membership in the PEBB plan consisted of the following:

Active Employees	166
Retirees Receiving Benefits	69
Retirees Not Receiving Benefits	8

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

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2022, the explicit subsidy was up to $183 per member per month, and it will remain $183 per member per month in calendar year 2023.

Presentations and Allocations

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

The same headcount used in determining proportionate share is also used in determining the transactions subsequent to the measurement date, specifically, the retiree portion of premium payments made by agencies on behalf of active, health care eligible employees between the measurement date of June 30, 2021 and the reporting date of June 30, 2022. The portion of health care premiums attributed to retirees for both explicit and implicit subsidies is determined by using the Fiscal Year 2022 4th Quarter Update in the PEBB Financial Projection Model (PFPM) from the State Health Care Authority.

Total OPEB Liability

As of June 30, 2022, components of the calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for CWU are represented in the following table:

Proportionate Share (%)		**0.1268128473%**
Service Cost	$	412,084
Interest Cost		178,100
Differences Between Expected and Actual Experience		-
Changes in Assumptions		76,094
Changes of Benefit Terms		-
Benefit Payments		(135,688)
Changes in Proportionate Share		(748,845)
Other		(1,702,137)
Net Change in Total OPEB Liability		(1,920,391)
Total OPEB Liability - Beginning		10,165,201
Total OPEB Liability - Ending	**$**	**8,244,810**

Deferred Inflows and Deferred Outflows Schedule

As of June 30, 2022, the deferred inflows and deferred outflows of resources for the System are as follows:

Proportionate Share (%)	**0.1268128473%**			
Deferred Inflows/Outflows of Resources	Deferred Outflows		Deferred Inflows	
Differences Between Expected and Actual Experience	$	141,031	$	31,916
Changes in Assumptions		525,071		1,494,821
Changes in Benefit Terms		-		-
Transactions subsequent to the measurement date		136,104		-
Changes in Proportion		283,825		965,018
Total Deferred (Inflows)/Outflows	**$**	**1,086,030**	**$**	**2,491,754**

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

Proportionate Share (%)		**0.1268128473%**
2023	$	(299,571)
2024		(299,571)
2025		(299,571)
2026		(299,572)
2027		(158,194)
Thereafter	$	(185,348)

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

Proportionate Share (%) 2020		0.1366277508%
Proportionate Share (%) 2021		0.1268128473%
Total OPEB Liability - Ending 2020	$	10,165,200
Total OPEB Liability - Beg 2021 (chg in prop)		7,714,219
Total OPEB Liability Change in Proportion	$	(2,450,981)
Total Deferred (Inflows)/Outflows 2020 (chg in prop)		(1,119,484)
Total Deferred (Inflows)/Outflows 2021 (chg in prop)		(1,020,428)
Total Deferred Inflows/Outflows Change in Proportion	$	99,056
Total Change in Proportion	**$**	**(2,550,037)**

OPEB Expense

As of June 30, 2022, the components that make up OPEB expense for the System are as follows:

Proportionate Share (%)		**0.1268128473%**
Service Cost	$	412,084
Interest Cost		178,100
Ammortization of Differences Betw een Expected and Actual Experience		23,647
Ammortization of Changes in Assumptions		(243,034)
Changes of Benefit Terms		-
Amortization of Changes in Proportion		(80,185)
Other Changes to Fiduciary Net Position*		-
Total OPEB Expense	**$**	**290,613**

Actuarial Methods and Assumptions

Actuarial Assumptions

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate		2.75%
Projected Salary Changes	3.50% Plus Service-Based Salary Increases	
Health Care Trend Rates*	Initial rate ranges from about 2-11%, reaching an ultimate rate of approximately 4.3% in 2075.	
Post-retirement Participation Percentage		65.00%
Percentage w ith Spouse Coverage		45.00%

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

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

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

Actuarial Methodology

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

Actuarial Valuation Date	6/30/2021
Actuarial Measurement Date	6/30/2020
Actuarial Cost Method	Entry Age
Amortization Method	The recognition period for the experience and assumption changes is 9 years. This is equal to the average expected remaining service lives of all active and inactive members.
Asset Valuation Method	N/A - No Assets

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

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

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

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

A retiree subsidy rate of $69.36 per member per month, used to calculate the transactions subsequent to the measurement date, is equal to the total subsidies received by current retirees (both explicit and implicit), divided by the number of current active subscribers. This amount is then allocated to the agency level based on the active, health care eligible employee headcount of each agency as of the measurement date.

Discount Rate

Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 2.21 percent as of the June 30, 2020 measurement date and 2.16 percent for the June 30, 2021 measurement date.

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following represents the total OPEB liability of CWU, calculated using the discount rate of 2.16 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

Discount Rate Sensitivity

1% Decrease	Current Discount Rate	1% Increase
$ 9,989,172	$ 8,244,810	$ 6,888,581

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

The following represents the total OPEB liability of CWU calculated using the health care trend rates range of 2-11% reaching an ultimate range of 4.3%, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (1-10%) or 1 percentage point higher (3-12%) than the current rate.

Health Care Rate Sensitivity		
1% Decrease	Current Discount Rate	1% Increase
$ 6,651,715	$ 8,244,810	$ 10,397,618

Additional Information

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

NOTE 10 – PENSION PLANS

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

During fiscal year 2021, the Central Washington University Retirement Plan, which was previously not held in a qualifying trust, was moved to a qualifying trust at the State of Washington, and therefore is now incorporated into the GASB 68 Note.

Central Washington University Retirement Benefits

Substantially all full-time classified employees at CWU participate in the DRS retirement plans. CWU has a financial responsibility for pension benefits associated with its defined benefit plans, and the University's financial statements for 2022 have been updated to include the University's proportionate share of the State's pension liability. Pension liability is allocated to multiple funds, based on their proportionate share of covered compensation for the fiscal year.

All state employers are required to contribute at a rate set by the Washington State Legislature. Employer contribution rates were 10.25 percent for PERS1, 10.25 percent for PERS2/3, 14.42 percent for TRS and 8.71 percent for LEOFF2 in fiscal 2022.

Pension Plan Tables & Discussion

The following table represents the University's aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, Accounting and Financial Reporting for Pensions, for the years 2021-2022.

AGGREGATE PENSION AMOUNTS - TOTAL OF ALL PLANS - GASB 68

	Beginning Balance	FY 2022	Total
Pension Liabilities	$ 4,307,037	$ (3,066,423)	$ 1,240,614
Pension Assets	277,402	5,907,988	6,185,390
Deferred outflows of resources	1,489,027	(83,645)	1,405,382
Deferred inflows of resources	835,887	6,077,032	6,912,919
Total	**$ 6,909,353**	**$ 8,834,952**	**$ 15,744,305**
Pension Expense			**($2,020,377)**

State Sponsored Pension Plans

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

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

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

Public Employees' Retirement System (PERS)

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

PERS PLAN 1

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

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates for fiscal 2022 were as follows:

PERS PLAN 1

Actual contribution rates:	Employer	Employee
July 01, 2021 - June 30, 2022	10.25%	6.00%

CWU's actual contributions to the plan were $ 526,031 for the year ended June 30, 2022.

PERS PLAN 2/3

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

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

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

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

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates for fiscal 2022 were as follows:

PERS PLAN 2/3

Actual contribution rates:	Employer	Employee
PERS Plan 2 July 1, 2021-June 30, 2022	10.25%	6.36%
PERS Plan 3 July 1, 2021-June 30, 2022	10.25%	Varies

CWU's actual contributions to the plan were $ 427,287 for the year ended June 30, 2022.

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

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

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

Contributions

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

Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates for fiscal 2022 were as follows:

LEOFF PLAN 2

Actual contribution rates:	Employer	Employee
July 01, 2021 - June 30, 2022	8.71%	8.53%

Central Washington University's actual contributions to the plan were $ 25,574 for the year ended June 30, 2022.

Teachers' Retirement System

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

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

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

Contributions

The TRS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The TRS Plan 1 required contribution rates for fiscal 2022 were as follows:

TRS PLAN 1

Actual contribution rates:	Employer	Employee
July 01, 2021 - June 30, 2022	14.42%	6.00%

CWU's actual contributions to the plan were $46,194 for the year ended June 30, 2022.

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

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

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

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

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

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

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

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

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

Contributions

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

contributions.

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

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

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

Central Washington University Retirement Plan

Plan Description

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

The number of participants in the CWURP as of June 30, 2022 was 26.

Funding Policy

Current mandatory contribution rates are set at 5% for employees under the age of 35, 7.5% for employees between the ages of 35 – 49, and 10% for employees 50 and above. Contribution rates are established and amendable by Central Washington University's board of trustees per RCW 28.B.14.400. Employer contributions for the year ended June 30, 2022 were $245,099.

Central Washington University Supplemental Retirement Plan

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

As of June 30, 2020, there were approximately 4 active members who could earn SRP benefit in the future, and 3 retirees and beneficiaries receiving lifetime benefits from the plan. Participants of CWUSRP are considered vested once all of the following criteria are met: the participant has reached the age of 62 while employed at CWU or retires due to health and the participant has ten or more years of service. The monthly benefit amount due to the participant is one-twelfth of 2% of his or her average annual salary multiplied by the number of service years. If the participant retires early, the monthly benefit is reduced by .5% times the number of calendar months between the date of retirement and the normal retirement age. Benefit payments made during the fiscal year ending June 30, 2022 were $20,426.

Total Pension Liability (TPL)

The total pension liability is based on an actuarial valuation performed as of June 30, 2020 using the entry age actuarial cost method. Any assets considered to offset the total pension liability are held in an irrevocable trust. As such, the total pension liability is shown on the balance sheet under net pension liability reported for GASB 68 with a measurement date of June 30, 2022. The CWUSRP pension expense for the fiscal year ending June 30, 2022 was ($37,310).

Schedule of Changes in Net Pension Liability		
Service cost	$	820
Interest		14,121
Changes in Benefit Terms		-
Differences between expected and actual experience		33,553
Changes in assumptions[1]		11,228
Benefit payments		(20,426)
Other		9,364
Net Change in Total Pension Liability		48,661
Total Pension Liability - Beginning		190,790
Total Pension Liability - Ending (a)	**$**	**239,451**

Plan Fiduciary Net Position		
Contributions - Employer	$	8,075
Contributions - Member		-
Net investment Income		173
Benefit payments		-
Administrative Expense		-
Other		-
Net Change in Plan Fiduciary Net Position		8,248
Plan Fiduciary Net Position - Beginning		153,732
Plan Fiduciary Net Position - Ending (b)		**161,980**
COPlan's Net Pension Liability (Asset) - Ending (a) - (b)	**$**	**77,470**

TPL Interest Rate Sensitivity Discount Rate	$	77,470
TPL Interest Rate Sensitivity 1% Decrease		97,076
TPL Interest Rate Sensitivity 1% Increase	$	60,327

Deferred Inflows And Deferred Outflows

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

DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ 12,566	$ -
Changes in assumptions	4,189	-
Differences between Projected and Actual Earnings on Plan Investments	9,198	(18,223)
Total	$ 25,953	$ (18,223)

Amortization of Deferred Inflows and Deferred Outflows

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

Future Transactions	
2023	$ 12,998
2024	(3,757)
2025	(3,757)
2026	2,289
2027	-
Thereafter	-
Total	$ 7,773

Actuarial Assumptions

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

Other than the changes noted above, the June 30, 2022, results rely on the same census data, assumptions, and methods detailed in our 2021 SRP AVR. We believe the data, assumptions, and methods used are reasonable and appropriate for the primary purpose stated above and are in conformity with generally accepted actuarial principles and standards of practice as of the date of this letter. The use of another set of assumptions and methods, however, could also be reasonable and could produce materially different results. Actual results may vary from our expectations.

The total pension liability for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' Comprehensive Annual Financial Report located on the DRS employer-resource GASB webpage. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2020 Actuarial Valuation Report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020 to June 30, 2021 reflecting each plan's normal cost (using the entry age cost method), assumed interest and actual benefit payments.

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

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

Discount Rate

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

Based on the assumptions described in OSA's certification letter within the DRS ACFR, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40% was used to determine the total liability.

Sensitivity of NPL

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

	System Allocation %	1% Decrease 6.40%	Current Rate 7.40 %	1% Increase 8.4%
PERS1	0.089607%	$ 1,864,225	$ 1,094,314	$ 422,872
PERS 2/3	0.054578%	(1,548,842)	(5,436,810)	(8,638,554)
TRS 1	0.010085%	131,931	68,831	13,765
LEOFF 2	0.012888%	$ (472,055)	$ (748,580)	$ (974,998)

Long-Term Expected Rate of Return

OSA selected a 7.40% long-term expected rate of return on pension plan investments using a building block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the WSIB provided.

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

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

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

Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021.

The inflation component used to create the table is 2.20% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Estimated Rates of Return by Asset Class

Asset Class	Target Allocation	% Long - Term Expected Real Rate of Return Arithmetic
Fixed Income	20.00%	2.20%
Tangible Assets	7.00%	5.10%
Real Estate	18.00%	5.80%
Global Equity	32.00%	6.30%
Private Equity	23.00%	9.30%

Pension Plan Fiduciary Net Position

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

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

At June 30, 2022, Central Washington University reported a total pension liability of $1,240,615 and an asset of $6,185,390 for its proportionate share of the net pension balances as follows:

PENSION PLAN FIDUCIARY NET POSITION

Plan	Liability	Asset
PERS1	$1,094,314	$ -
PERS 2/3		(5,436,810)
TRS 1	68,831	-
TRS 2/3		-
CWUSRP	$77,471	
LEOFF 2		(748,580)
	$ 1,240,615	$ (6,185,390)

SCHEDULE OF PROPORTIONATE SHARE-LEOFF 2		Liability (or Asset)
LEOFF 2 - employer's proportionate share	$	(748,600)
LEOFF 2 - State's proportionate share of the net pension liability/(asset) associated with the employer		(482,929)
Total	**$**	**(1,231,529)**

At June 30, 2022, the University's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 06/30/2020	Proportionate Share 06/30/2021	Change In Proportion
PERS1	0.100857%	0.089607%	-0.011249%

At June 30, 2022, the University's proportionate share of the collective net pension assets was as follows:

Plan	Proportionate Share 06/30/2020	Proportionate Share 06/30/2021	Change In Proportion
PERS 2/3	0.055018%	0.054578%	-0.000440%
TRS 1	0.000000%	0.010085%	0.010085%
LEOFF 2	0.013182%	0.012888%	-0.000293%

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 2022, the State of Washington contributed 39.21 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.79 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2022, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2020, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended June 30, 2022, Central Washington University recognized a net pension expense as follows:

Plan		Pension Expense
PERS1	$	(608,408)
PERS 2/3		(1,258,025)
TRS 1		(7,845)
LEOFF 2		(108,784)
CWUSRP		(37,310)
Total	**$**	**(2,020,374)**

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2022, Central Washington University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Net difference between projected and actual investment earnings on pension plan investments		$ (1,214,322)
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	$ 526,031	
Total	**$ 526,031**	**$ (1,214,322)**

PERS 2/3

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 264,058	$ (66,650)
Net difference between projected and actual investment earnings on pension plan investments	-	(4,543,898)
Changes of assumptions	7,945	(386,103)
Changes in proportion and differences between contributions and proportionate share of contributions	18,640	(159,555)
Contributions subsequent to the measurement date	427,287	-
Total	**$ 717,930**	**$ (5,156,207)**

LEOFF 2

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 33,953	$ (3,956)
Net difference between projected and actual investment earnings on pension plan investments	-	(356,928)
Changes of assumptions	324	(35,603)
Changes in proportion and differences between contributions and proportionate share of contributions	29,425	(24,490)
Contributions subsequent to the measurement date	25,573	-
Total	**$ 89,275**	**$ (420,977)**

TRS 1

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Net difference between projected and actual investment earnings on pension plan investments		$ (103,190)
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	46,194	
Total	**$ 46,194**	**$ (103,190)**

Deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date have been recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOTALS (EXCLUDING CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATA)

	PERS 1	PERS 2/3	TRS 1	LEOFF 2
	Yearly Amortization	Yearly Amortization	Yearly Amortization	Yearly Amortization
2022	$ (321,674)	$ (1,268,364)	$ (27,345)	$ (95,150)
2023	(294,770)	(1,186,725)	(25,022)	(88,658)
2024	(278,717)	(1,139,585)	(23,681)	(83,753)
2025	(319,160)	(1,220,957)	(27,142)	(94,316)
2026	-	(36,554)	-	(1,238)
Thereafter	-	(13,379)	-	5,840
Total Net Deferred (Inflows)/Outflows	**$ (1,214,322)**	**$ (4,865,564)**	**$ (103,190)**	**$ (357,275)**

NOTE 11 – LEASES

GASB87 establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources. The table below shows the relevant figures as of June 30, 2022 related to the current facility lease between CWU (lessor) and US Bank (lessee).

				Lease Receivable				Deferred Inflow	
Contract #	**Contract Name**	**% Rate**	**Contract End Date**	Principle	Interest	Total Payments	6/30/2022 Balance	Revenue Recorded	6/30/2022 Balance
8156	US Bank Facility Lease	2.13%	7/24/2024	$ 85,112	$ 4,888	$ 90,000	$ 183,242	$ 35,161	$ 73,252

As of June 30, 2022, future lease receivable principal and interest payments are as follows:

Future annual lease payments are as follows:

Fiscal Year	Principle	Interest	Total
2023	$86,942	$3,058	$90,000
2024	96,300	1,201	97,501
Total	**$183,242**	**$4,258**	**$187,501**

Appendix

REQUIRED SUPPLEMENTARY INFORMATION

Notes to RSI

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

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

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

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

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

AS OF JUNE 30,

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

GASB 68 RSI | SCHEDULE OF SYSTEM EMPLOYER CONTRIBUTIONS PERS 1

AS OF JUNE 30,

(in Thousands)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	$ 526	$ 669	$ 351	$ 364	$ 361	$ 332	$ 275	$ 169	$ 145
Contributions in relation to the statutorily or contractually required contributions	-526	-669	-351	-364	-361	-332	-275	-169	-145
Contribution deficit (excess)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Covered employee payroll	$ 14,021	$ 13,615	$ 14,932	$ 14,335	$ 6,981	$ 5,883	$ 5,558	$ 3,394	$ 2,954
Contributions as a percentage of covered employee payroll	3.75%	4.91%	2.35%	2.54%	5.17%	5.64%	4.94%	4.97%	4.92%

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

AS OF JUNE 30,

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

GASB 68 RSI | SCHEDULE OF SYSTEM EMPLOYER CONTRIBUTIONS PERS 2/3

AS OF JUNE 30,

(in Thousands)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	$ 427	$ 459	$ 631	$ 535	$ 475	$ 378	$ 353	$ 294	$ 295
Contributions in relation to the statutorily or contractually required contributions	-427	-459	-631	-535	-475	-378	-353	-294	-295
Contribution deficit (excess)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Covered employee payroll	$ 6,741	$ 6,547	$ 7,165	$ 6,425	$ 6,386	$ 6,037	$ 5,684	$ 5,654	$ 5,744
Contributions as a percentage of covered employee payroll	6.34%	7.02%	8.80%	8.33%	7.44%	6.25%	6.21%	5.21%	5.13%

GASB 68 RSI | SCHEDULE OF PROPORTIONATE SHARE OF SYSTEM NET PENSION LIABILITY LEOFF 2

AS OF JUNE 30,

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

GASB 68 RSI | SCHEDULE OF SYSTEM EMPLOYER CONTRIBUTIONS LEOFF 2

AS OF JUNE 30,

(in Thousands)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	$ 26	$ 24	$ 43	$ 31	$ 22	$ 31	$ 29	$ 29	$ 24
Contributions in relation to the statutorily or contractually required contributions	-26	-24	-43	-31	-22	-31	-29	-29	-24
Contribution deficit (excess)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Covered employee payroll	$ 313	$ 297	$ 325	$ 312	$ 256	$ 365	$ 354	$ 345	$ 288
Contributions as a percentage of covered employee payroll	8.18%	8.21%	13.39%	9.90%	8.74%	8.49%	8.32%	8.45%	8.46%

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

AS OF JUNE 30,

(in Thousdands)	2021
Employer's proportion of the net pension liability (asset)	0.891602%
Employer's proportionate share of the net pension liability	$ 69
Total	**69**
Employer's covered payroll	$ 741
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	9.29%
Plan fiduciary net position as a percentage of the total pension liability (State)	91.42%

GASB 68 RSI | SCHEDULE OF EMPLOYER CONTRIBUTIONS TRS 1

AS OF JUNE 30,

	2022
Statutorily or contractually required contributions	$ 46
Contributions in relation to the statutorily or contractually required contributions	-46
Contribution deficit (excess)	0
Covered employee payroll	$ 740
Contributions as a percentage of covered employee payroll	6.24%

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

	2020	2019	2018	2017
Total Pension Liability - Beginning	**$ 228,251**	**$ 275,379**	**$ 287,774**	**$ 348,292**
Service cost	2,384	2,177	3,089	5,057
Interest	11,151	10,456	10,150	9,878
Changes in Benefit Terms	-	-	-	-
Differences between expected and actual experience	14,714	(25,372)	(15,820)	(42,815)
Changes in assumptions[1]	62,314	15,273	(9,234)	(20,767)
Benefit payments	(20,122)	(14,666)	(13,986)	(13,856)
Other	398	(34,995)	13,405	1,985
Total Pension Liability - Ending	**$ 299,090**	**$ 228,251**	**$ 275,379**	**$ 287,774**
Covered-Employee Payroll	295,541	319,450	351,974	371,789
	101.20%	82.42%	74.43%	76.87%

	2022	2021
Total Pension Liability - Beginning	**$ 190,790**	**$ 299,090**
Service cost	820	2,944
Interest	14,121	7,440
Changes in Benefit Terms	-	
Differences between expected and actual experience	33,553	(55,147)
Changes in assumptions[1]	11,228	(95,254)
Benefit payments	(20,426)	(18,581)
Other	9,365	50,298
Total Pension Liability - Ending (a)	**$ 239,451**	**$ 190,790**
Plan Fiduciary Net Position - Beginning	**$ 141,647**	**$ 99,193**
Contributions - Employer	8,076	$ 6,883
Net Investment Income	173	35,571
Other	$ 12,084	
Plan Fiduciary Net Position - Ending (b)	**$ 161,980**	**$ 141,647**
CWUSRP Net Pension Liability (a-b)	**$ 77,471**	**$ 49,143**
Covered-Employee Payroll	$ 2,882,350	$ 413,037
Net pension liability as a percentage of the total pension liability	8.31%	46.19%
Plan fiduciary net position as a percentage of the total pension liability	67.65%	74.24%

SYSTEM FINANCIAL REPORT 2022

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