

**Western Washington University
Board of Trustees
AGENDA
December 12 & 13, 2019**

THURSDAY, DECEMBER 12, 2019

**Location: OM 340
Time: 3:00 p.m.**

- 1. CALL TO ORDER**
3:00 – 3:05

- 2. APPROVAL OF UNIVERSITY BUILDING NAMING**
3:05 – 3:20 Presentation: Sabah Randhawa, President
Stephanie Bowers, Vice President for University Advancement
Brad Johnson, Dean, College of Science and Engineering

- 3. EXECUTIVE SESSION MAY BE HELD TO DISCUSS PERSONNEL, REAL ESTATE AND LEGAL ISSUES AS AUTHORIZED IN RCW 42.30.110**
3:20 – 4:00

FRIDAY, DECEMBER 13, 2019

**Location: OM 340
Time: 9:00 a.m.**

- 4. CALL TO ORDER, APPROVAL OF MINUTES**
9:00 – 9:01
 - Board of Trustees Work Session, September 26, 27, 2019
 - Board of Trustees Meeting, October 10, 11, 2019
 - Board of Trustees Special Meeting, October 30, 2019

- 5. PUBLIC COMMENT**
9:01 – 9:05

- 6. BOARD CHAIR REPORT**
9:05 – 9:10

- 7. UNIVERSITY PRESIDENT REPORT**
9:10 – 9:15

- 8. FACULTY SENATE REPORT**
9:15 – 9:20

- 9. ASSOCIATED STUDENTS REPORT**
9:20 – 9:25

- 10. BOARD FINANCE, AUDIT AND ENTERPRISE RISK MANAGEMENT COMMITTEE REPORT**
9:25 – 9:30 Presentation: John M. Meyer, Committee Chair

- 11. BOARD STUDENT SUCCESS COMMITTEE REPORT**
9:30 – 9:35 Presentation: Mo West, Committee Chair

DISCUSSION ITEMS

12. DISCUSSION OF ENTERPRISE RISK MANAGEMENT PLAN

9:35 – 10:00 Presentation: John M. Meyer, Chair of the Board Finance, Audit and Enterprise Risk Management Committee
Brian Burton, Associate Vice President for Academic Affairs
Brian Sullivan, Associate Vice President for Business and Financial Affairs
Paul Mueller, Director, Risk, Compliance and Policy Services

13. WWU KINDNESS DAY AND THE SCIENCE OF KINDNESS

10:00 – 10:20 Presentation: Barbara Sandoval, Senior Executive Assistant to the President
Rayne Rambo, Assistant Secretary to the Board of Trustees
Christie Scollon, Professor of Psychology

BREAK – 10 MINUTES

14. GRADUATE EDUCATION & THE RESEARCH ENTERPRISE AT WESTERN

10:30 – 11:30 Presentation: Mo West, Chair of the Board Student Success Committee
Brent Carbajal, Provost and Vice President for Academic Affairs
David Patrick, Interim Dean of the Graduate School and Vice Provost for Research

ACTION ITEMS

15. APPROVAL OF UPDATED LOCAL GOVERNMENT INVESTMENT POOL PROSPECTUS

11:30 – 11:40 Presentation: Richard Van Den Hul, Vice President for Business and Financial Affairs
Brian Sullivan, Associate Vice President for Business and Financial Affairs

16. PUBLIC WORKS PROJECTS

11:40 – 11:45 Presentation: Richard Van Den Hul, Vice President for Business and Financial Affairs
Rick Benner, University Architect/Director, Facilities Development and Capital Budget

- a. Construction Contract for University Residences Access Control for Multiple Buildings, PW737
- b. Consultant Contract for Pre-Design and Design Services and Construction Administration for the Electrical Engineering and Computer Science Building, PW758

17. CONSENT ITEM

11:45 – 11:50

- a. Approval of Fall Quarter Degrees

18. INFORMATION ITEMS

11:50 – 11:55

- a. Academic Affairs Report
- b. Quarterly Grant Report
- c. Sustainability Report
- d. Capital Program Report
- e. University Advancement Report
- f. University Relations and Marketing Report
- g. Legislative Update Report

- h. Admissions and Enrollment Report
- i. 2018-19 University Financial Report
- j. 2019 Housing & Dining System Financial Report
- k. 2019 Wade King Student Recreation Center Financial Report
- l. Security and Fire Report

19. DATE FOR NEXT REGULAR MEETING: February 13, 14, 2019

20. ADJOURNMENT

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees
FROM: President Sabah Randhawa
DATE: December 13, 2019
SUBJECT: **Approval of the Minutes**
PURPOSE: Action Items

Purpose of Submittal:

Approval of the Board of Trustees Meeting Minutes.

Proposed Motion:

MOVED, that the Board of Trustees of Western Washington University, upon the recommendation of the president, approve the following minutes:

- Approval of the Minutes of the Board of Trustees Work Session, September 26, 27, 2019
- Approval of the Minutes of the Board of Trustees Meeting, October 10, 11, 2019
- Approval of the Minutes of the Special Board of Trustees Meeting, October 30, 2019

Supporting Information:

Minutes of Work Session September 26, 27, 2019
Minutes of Regular Meeting October 10, 11, 2019
Minutes of Special Meeting October 30, 2019

**Western Washington University
Board of Trustees
Special Meeting Minutes
Thursday, September 26, 2019
Friday, September 27, 2019**

1. CALL TO ORDER

Board Chair Earl Overstreet called the work session of the Board of Trustees of Western Washington University to order at 12:12 p.m. at the Washington Athletic Club, in Seattle, WA.

Board of Trustees

Earl Overstreet, Chair
Chase Franklin, Vice Chair
John Meyer, Secretary
Faith Pettis
Sue Sharpe
Karen Lee
Mo West

Western Washington University

Sabah Randhawa, President
Brent Carbajal, Provost and Vice President for Academic Affairs
Richard Van Den Hul, Vice President for Business and Financial Affairs
Melynda Huskey, Vice President for Enrollment and Student Services
Donna Gibbs, Vice President for University Relations and Marketing
Paul Dunn, Chief of Staff and Secretary to the Board of Trustees
Rayne Rambo, Assistant Secretary to the Board of Trustees

Cathy A. Trower, President, Trower & Trower, Inc.

2. EXECUTIVE SESSION

At 12:12 p.m. Chair Overstreet announced that the Board would convene in Executive Session for approximately one and a half hours to discuss a personnel matter as authorized in RCW 42.30.110 (1)(g).

The board returned to open session at 2:08 p.m.

3. STRATEGIC ISSUES, TRENDS, AND CHALLENGES IN HIGHER EDUCATION AND FOR WESTERN

Chair Overstreet welcomed Cathy Trower, President, Trower & Trower, Inc. to the board's work session, and invited her to begin the session with a presentation with general data and trends on higher education. Trower led a discussion that included areas related to increased costs associated with education, increased online courses, and increased student debt, issues of significant import nationally, regionally, and to Western. Further discussion explored trends such as increased demand for alternative degrees and non-degree options such as certifications and badges, increased pressure from employers and the public on universities to prove graduates are ready for the work force, and the likelihood of new, non-degree credentials provided outside the traditional higher education space flooding the job market. The board additionally discussed the difference between technical problems—issues that can be addressed by known resources, expertise, or approaches—and adaptive challenges which require new methods, models, and collaborative structures.

Trower next introduced a strategic conversation centered on technology drivers and how that could have an impact on Western's mission in the future. She posed the question to the trustees on what the "purpose" of higher education will be in a future transformed by big data, AI, and digitalization, and how will it be organized, as many traditional careers and pathways change or are eliminated by technology, and what kinds of investments Western need to make to be relevant in this type of future.

The board and executive leadership discussed at length how to incorporate lifelong learning as part of a liberal arts education from Western and the role of humans in the classroom as technology continues to evolve. It was noted that Generation Z and upcoming generations are extremely advanced with respect to technology and its pervasive impacts on society and modern life, but as a result may need more of the "acculturation" and "maturation" elements of higher education than previous generations. It was determined that proactively staying in touch with students after graduation would encourage them to re-engage with the university and reiterate the value in lifelong learning. It was acknowledged that students of the future will be first generation, Pell Grant eligible, and very new to institutional structures such as higher education, which have traditionally served affluent students from college going families who are largely self-directed and highly socially capitalized. It was noted that community colleges are more appropriately set up for the kinds of students that Western will increasingly see in the future, and Western would do well to adopt some of their systems.

Board Chair Earl Overstreet adjourned the meeting for the day at 5:05 p.m. on Thursday, September 26, 2019 and noted that the board will reconvene at 8:00 a.m. the following day.

Board Chair Earl Overstreet called the work session of the Board of Trustees of Western Washington University to order at 8:02 am on Friday, September 27, 2019 at the Washington Athletic Club, in Seattle, WA.

4. REVIEW AND DISCUSSION OF BOARD SELF-ASSESSMENT

Cathy Trower, President, Trower & Trower initiated a conversation with regards to the board's self-assessment. The board reviewed and discussed the data that had been collected by Trower to better understand areas of growth and strategic thinking for the future, including the areas described in greater below.

5. ANNUAL AGENDA PLANNING

The Board of Trustees discussed the importance of building a more comprehensive annual planning calendar that would include regular meeting dates and locations, recurring Board actions and university processes, important legislative events, and significant campus dates in an effort to create a centralized location for information. The Board also expressed a desire to have more regular communication between meetings including updates summarizing key statistics, goals, latest issues, events, media chatter, and related background would be helpful for the trustees to better overall engagement with campus.

Chair Overstreet announced a break at 9:45 a.m. The board returned and reconvened the meeting at 10:04 a.m.

6. BOARD GOVERNANCE AND COMMITTEE STRUCTURE

The Board of Trustees engaged in a conversation to evaluate the purpose, charge and desired outcomes of the Executive Committee, Student Success Committee and the Finance, Audit and Enterprise Risk Management (FARM) Committee, respectively. The board discussed the differences between the two latter two committees and how to best to align the work of each committee. It was noted that scheduling future sub-committee meetings at different times, rather than concurrently, would allow for the President and Board Chair to attend both meetings when suitable.

7. EXECUTIVE SESSION

At 11:30 a.m. Chair Overstreet announced that the Board would convene in Executive Session for approximately one hour to discuss a personnel matter as authorized in RCW 42.30.110 (1)(g).

The board returned to open session at 12:41 p.m.

8. ADJOURNMENT

The meeting adjourned at 12:44 p.m.

**Western Washington University
Board of Trustees
Meeting Minutes
Thursday, October 10, 2019**

CALL TO ORDER

Board Chair Earl Overstreet, called the regular meeting of the Board of Trustees of Western Washington University to order on Thursday, October 10 at 3:07 p.m. in the Old Main 340 Board Room in Bellingham, WA.

Board of Trustees

Earl Overstreet, Chair
Chase Franklin, Vice Chair
John Meyer, Secretary
Faith Pettis
Hunter Stuehm
Karen Lee
Mo West

Western Washington University

Sabah Randhawa, President
Brent Carbajal, Provost and Vice President for Academic Affairs
Richard Van Den Hul, Vice President for Business and Financial Affairs
Stephanie Bowers, Vice President for University Advancement
Melynda Huskey, Vice President for Enrollment and Student Services
Donna Gibbs, Vice President for University Relations and Marketing
Jeff Young, Faculty Senate President
Lani Defiesta, Associated Students President
Kerena Higgins, Assistant Attorney General
Paul Cocke, Director of University Communications
Paul Dunn, Chief of Staff to the President, Secretary to the Board of Trustees
Barbara Sandoval, Senior Executive Assistant to the President
Rayne Rambo, Assistant Secretary to the Board of Trustees

1. APPROVAL OF MINUTES

MOTION 10-01-2019 Trustee Meyer moved that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve the following minutes:

- Board of Trustees Regular Meeting, August 23, 2019

The motion passed.

2. REFLECTIONS ON STRATEGIC OPPORTUNITIES AND CHALLENGES FOR WESTERN

Board Chair, Trustee Earl Overstreet initiated a discussion on strategic opportunities and challenges for Western that began with recounting three takeaways from the Board of Trustees Work Session that was held in September in Seattle. First, Overstreet acknowledged that advancing inclusive student success is paramount to the success of Western and infuses all aspects of mission fulfillment. In this regard, he quoted President Randhawa's convocation speech, "Embracing a more expansive definition of Western's identity in relation to equity of access and equity of outcomes, while ensuring we stay true to the high quality education model that is the hallmark of Western." Second, Overstreet noted that making progress toward Western's strategic plan goals is dependent on the development and stewardship of Western's financial resources. He added that the third takeaway was enhancing campus climate and culture is an important element in building a safe and engaged community to ensure sustained progress toward inclusive student success over time.

The board engaged in conversation with regards to student success, Western's financial resources, and campus climate and culture and how that relates to the individual and collective efforts of faculty, students and administrators present at the meeting. Beyond campus, it was highlighted that the mission of the University is to serve the needs of the people of the State of Washington and that this implies an obligation to serve the entire state on all of the noted topics. It was noted that advancing inclusive success will require thoughtful investment in student services and a culture of inclusion that supports and sustains an increasingly diverse student body through all phases of their journey at Western.

3. DISCUSSION WITH SENATOR EMILY RANDALL, CHAIR OF THE HIGHER EDUCATION AND WORKFORCE DEVELOPMENT COMMITTEE

President Sabah Randhawa introduced Senator Emily Randall, who serves as the chair of the Senate Higher Education & Workforce Development Committee and the vice chair of the Senate Health & Long Term Care Committee. Randall was elected to the state Senate in November 2018 to represent the 26th district, which encompasses the southern portion of the Kitsap Peninsula, including Bremerton, Port Orchard and Gig Harbor. President Randhawa thanked Senator Randall for her support and advocacy for higher education by endorsing HB2158 (also known as the Workforce Education Investment Act) that created the Washington College Grant program from which many current and future Western students will benefit. He added that she is an advocate for all students, who is bringing more attention to the need for policies that increase access and support students experiencing homelessness and students who come from a foster care background. Randhawa expressed appreciation for Senator Randall's partnership and support in Olympia to expand Western's programs on the Kitsap and Olympic Peninsulas.

Senator Randall expressed appreciation for the invitation to join the board for the meeting and to have the opportunity to visit Western's campus and engage with students. She highlighted that as a first generation college student, she is honored to serve as chair of the Senate Higher Education & Workforce Development Committee. She noted that she comes to the position with

a history of advocating for increased opportunities for Washingtonians within higher education. She added that access to health care and access to education are intertwined as both create new opportunities for her constituents and the people of the state of Washington. She expressed excitement at the opportunity to work with Western on these important issues to create pathways state wide, and for Washington to become a leader in the nation on education and access. She added that having the opportunity to hear from students and faculty allows for a broader view of what is needed for higher education when creating policy, and reflects the popular support for it to continue to be a priority within the Senate.

The board engaged in conversation with Senator Randall on the continued themes of student success, financial resources, and building a resilient future for the state of Washington.

**Western Washington University
Board of Trustees
Meeting Minutes
Friday, October 11, 2019**

4. CALL TO ORDER

Board Chair Earl Overstreet, called the Friday, October 11, 2019 meeting of the Board of Trustees of Western Washington University to order at 8:04 a.m. in the Old Main 340 Board Room in Bellingham, WA.

Earl Overstreet, Chair
Chase Franklin, Vice Chair
John Meyer, Secretary
Faith Pettis
Hunter Stuehm
Karen Lee
Mo West

Western Washington University

Sabah Randhawa, President
Brent Carbajal, Provost and Vice President for Academic Affairs
Richard Van Den Hul, Vice President for Business and Financial Affairs
Stephanie Bowers, Vice President for University Advancement
Melynda Huskey, Vice President for Enrollment and Student Services
Donna Gibbs, Vice President for University Relations and Marketing
Jeff Young, Faculty Senate President
Lani Defiesta, Associated Students President
Paul Cocke, Director of University Communications
Paul Dunn, Chief of Staff to the President, Secretary to the Board of Trustees
Barbara Sandoval, Senior Executive Assistant to the President
Rayne Rambo, Assistant Secretary to the Board of Trustees

5. PUBLIC COMMENT

As per Amended RCW 28B.35.110, the Board of Trustees provided time for public comment. There were no requests for public comment.

6. TRUSTEES VISIT DISABILITY ACCESS CENTER AND VETERANS CENTER IN WILSON LIBRARY

The Trustees participated in a guided tour of the newly remodeled Disability Access Center and the Veteran's Center housed in the Wilson Library.

7. INTRODUCTIONS AND RECOGNITIONS

Brent Carbajal, Provost/Vice President for Academic Affairs and Melynda Huskey, Vice President for Enrollment and Student Services welcomed and introduced several individuals who received awards at opening convocation for their outstanding achievements and service to the University:

- Karen Rohrbauck Stout, Outstanding Faculty Leadership Award Recipient
- Clarissa Mansfield, Classified Staff Award Recipient
- Catherine Shornick, Professional Staff Award for Excellence
- Tim McLaughlin, Professional Staff Award for Excellence
- Glenn T. Tsunokai, Diversity Achievement Award Recipient
- Jessica S. Cohen, Carl H. Simpson Bridging Award
- June Fraser Thistle, Philip E. Sharpe Jr., Community Engagement Award Recipient
- Multimedia Archives Based Electronic Library (MABEL) Team, Team Award

Melynda Huskey also introduced Sislina Ledbetter who was recently hired to serve as the Executive Director for Health and Wellness at Western.

8. BOARD CHAIR REPORT

Earl Overstreet, Chair, Board of Trustees reported that the board had a very productive work session in Seattle on September 26th and 27th:

“We had assessment sessions with President Randhawa looking back over the 2018-19 academic year and forward to this year. We met with the VP’s in a session focused on the future of higher education. We also had a session devoted to the Board’s self-assessment. Here are some of the highlights:

Great Boards...

- Apply stakeholder lenses to issues
- Understand that many issues are complex, adaptive – and help make sense of issues and context by asking thoughtful questions and engaging in meaningful dialogue
- Help ensure the president is aware of blind spots and can act against instincts, if necessary
- Focus on sense making before decision making
- Are accountable with the president for co-determined outcomes (in it together)

Strategic Outlook Conversation – Larger Higher Ed trends & General Discussion

How might technology drivers change Western’s mission in the future? What will the “purpose” of higher education be in the future and how will it be organized? What kinds of investments will Western need to be relevant in this future, for students, employers, and society?

- Western’s liberal arts foundation will be a strength in creating lifelong learners – adaptive learning requires breadth and range.

- What will the role of humans be in the classroom of the future? Will the standard model always involve a human instructor in a classroom (as opposed to humans in mentorship and support roles while technology takes over the instruction?)
- Western on the Peninsula represents an opportunity to be an “adaptive learning lab” where we can explore new approaches to higher education.
- Lifelong learning should be treated more proactively by staying in touch with students after graduation, encouraging them to re-engage with the university as learners (e.g., to pursue stackable credentials, certificates, non-degree continuing ed).
- The unique value we can offer learners in addition to the academic “hard skills”, includes the building of emotional and psychological resilience, the ability to collaborate and work together, and the general “growing up” that goes on at college.
- The students of the future will be first gen, Pell-eligible, and very new to institutional structures like higher ed, which have traditionally served relatively affluent students from college-going families who are largely self-directed and highly socially capitalized. Community colleges are more appropriately set up for the kinds of students we will increasingly see in the future, and we would do well to adopt some of their systems.
- It is hard to predict what kinds of spaces will we need. As in all things, academic planning and needs should drive capital planning. The answer may be adaptive spaces that reflect the changing (and broader) demographics of learners.

Board Assessment

Generally good marks from the Board’s self-assessment and the Board assessment by the VP’s. Improvements are needed in communications, agenda planning, and leadership planning.

Action Items

- Implement the draft annual agenda/planning calendar and include more items.
- Schedule at least one or two meetings annually in locations other than the Bellingham campus.
- More communication in between meetings, updates summarizing key statistics, goals, latest issues, events, media content, and related background.
- More time to interact with students, faculty, and staff to learn and share.”

Trustee Overstreet noted that the Board will be conducting a comprehensive 360 degree review of President Randhawa, soliciting input from 40 stakeholders both on- and off-campus. The purpose of the review is not only to evaluate President Randhawa’s performance over the past four years, but to prepare the Board to review and renew his contract when it expires in August 2020.

Trustee Overstreet noted that the state legislature authorized a 3% increase to all state-funded salaries during the last legislative session, starting in FY2020, which applied to Western employees. In light of President Randhawa’s very positive annual assessment in September and the Board’s gratitude for his leadership, the Board voted to amend President Randhawa’s contract, increasing his salary in the same increment approved by the legislature for other Western employees.

MOTION 10-01-2019

Trustee West moved that the Board of Trustees of Western Washington University, upon the recommendation of the Board Chair, approves a 3% increase in the President's salary, being consistent with a statewide legislative authorization to increase state funded salaries on July 1, 2019, and authorizes the Chair to execute the contract addendum on behalf of the Board of Trustees.

The motion passed.

9. UNIVERSITY PRESIDENT REPORT

Following on Chair Overstreet's discussion of his annual review in September, President Randhawa thanked the Board of Trustees and the Western community for their trust and confidence in his leadership and looks forward to the continued work to advance Western. He elaborated on the four overarching areas where work continues to advance the following priorities in the strategic plan; inclusive student success, greater Washington impact, advancing the climate and culture at Western, and advancing resource strategies. He reported several updates from the first two areas: first, work is underway to develop a comprehensive first year student onboarding process that will begin in the 2020-21 academic year; second, exploration continues regarding expanding the honors program to become an Honors College; third, the Outreach and Continuing Education is looking into expansion of offerings starting with more robust summer programs on the Bellingham campus that can decrease time to degree.

Randhawa reported that within the area of greater Washington impact, Western submitted a request to the legislature to provide state support for programs on the Peninsulas, which will greatly increase access and affordability in this most underserved part of the state. He also noted that now is the time to look for opportunities to expand select Graduate programs at Western.

President Randhawa explained that revenue generation and fundraising will continue to support enrollment management and there will be an emphasis on space modeling. He said that Business and Financial Affairs will work on an updated space modeling master plan that will be approved by the City of Bellingham to develop a campus growth footprint. He noted that the space modeling master plan will also include a five year renovation schedule for classrooms that will include technology, facility systems, and furnishings.

10. FACULTY SENATE REPORT

Jeff Young, Faculty Senate President, read part of a statement from the American Association of University Professors describing why mutual understanding among faculty, Boards and administrators regarding the colleges and university governance is essential: "A college or university in which all the components are aware of their interdependence, of the usefulness of

communication among themselves, and of the force joint action will enjoy increased capacity to solve educational problems". He noted that the benefits of such a mutually shared understanding improves communication at all levels of governance.

He reported that the first discussion of the faculty senate in the new academic year pertained to a change in the Faculty Code of Ethics regarding any use of certain racially charged epithets in the classroom, even for purportedly instructional purposes. He said that a student and faculty task force is being formed to work with the Faculty Union, the administration and student counselors, to help move the process forward.

Young reported that a set of policies, procedures, and by-laws for the restructuring of Research and Sponsored Programs have been distributed for faculty comment. He noted that the restructuring will create more transparency and be more representative of faculty as they work with internal grant processes.

11. ASSOCIATED STUDENTS PRESIDENT

Lani Defiesta, Associated Students President introduced the 2019-2020 Associated Students (AS) Board of Directors, some of whom were present at the meeting. Defiesta reported that in conjunction to the work of the Faculty Senate, the AS will select students to work with the Faculty Senate on the revision to the Faculty Code of Ethics.

She said the AS will host the twenty-eighth annual Ethnic Student Center Conference over the weekend, to be held in the Multi-Cultural Center for the first time. She also acknowledged the work of the Multi-Cultural Center Planning Committee on a successful opening event the evening before.

Defiesta reported that Associated Students Senate elections are underway and campaigning will begin mid-semester for open senate seats.

12. FINANCE, AUDIT AND ENTERPRISE RISK MANAGEMENT COMMITTEE REPORT

John Meyer, Chair, Finance, Audit and Enterprise Risk Management Committee (FARM), reported that the committee was provided an entrance conference presentation by the State Auditor's Office for their financial statement audit of FY19 that includes the University, the Housing and Dining System, the Wade King Student Recreation Center, and Western Crossing, the joint non-profit corporation between Western and the Port of Bellingham for waterfront development. Meyer reported that the Enterprise Risk Management (ERM) team has incorporated the committee's recommendations to the ERM plan and that the final plan will be presented to the full board at the December 2019 regular meeting.

Meyer noted that the University has completed nine internal audit recommendations and that after a failed search last academic year, a new search for the Title IX position at the University has begun with an updated and expanded job description to attract a broader pool of candidates. He added that the committee continues with its self-assessment by providing suggestions in preparation of full board approval at a future meeting.

Meyer reported that the committee has decided to proceed with an External Quality Assurance Review of the Western Office of the Internal Auditor. The committee will seek quotes for external entities that are qualified to perform the review.

13. STUDENT SUCCESS COMMITTEE

Trustee Mo West, Chair, Student Success Committee reported that the committee evaluated and reviewed feedback reported at the Board of Trustees Work Session in regards to the Student Success Committee. She noted that the committee will continue to evaluate areas of growth and improvement, including ways to more closely align the work of the committee with the Strategic Plan. West noted that the committee will be preparing a master agenda calendar that will align with the full Board of Trustees agenda calendar to facilitate discussion and presentation on strategic issues, such as inclusive student success, greater Washington impact, campus climate and community. Trustee Stuehm added that the committee will work to align language of strategic issues discussed by the committee to mirror the language of the strategic plan, including the values it articulates with respect to campus climate and student life.

West reported that the committee will endeavor to spend more of its meetings visiting different areas of campus to learn about the programs and people who implement Western's student success efforts. She noted that the committee will continue to work closely with Academic Affairs and Enrollment and Student Services teams to allow for a better understanding of campus climate and student health issues.

Beyond reflecting on the feedback from the work session, the committee's October meeting focused on a presentation by David Patrick, Interim Dean of the Graduate School and Interim Vice Provost of Research and Sponsored programs, who shared information on the critical role that Graduate students play at Western and lead discussion on was to expand the graduate program.

14. APPROVAL OF THE FY19 INTERNAL AUDIT REPORT AND FY20 INTERNAL AUDIT PLAN

Antonia Allen, Director, Office of the Internal Auditor provided an overview of the FY19 Internal Audit Report and the FY20 Internal Audit Plan that was also included in the board materials. She noted that the FY19 Internal Audit Annual Report included the final progress report on the FY19 Office of the Internal Auditor and the FY19 Annual Reporting topics.

MOTION 10-02-2019

Trustee Pettis moved that the Board of Trustees of Western Washington University, upon the recommendation of the Board of Trustees Finance, Audit and Enterprise Management Committee and President Randhawa, approve the FY 2019 Internal Audit Annual Report.

The motion passed.

15. CONSTRUCTION CONTRACT FOR PARKS HALL AND SCIENCE LECTURE ELECTRONIC SAFETY AND SECURITY UPGRADE, PW748

Richard Van Den Hul, Vice President for Business and Financial Affairs reported that the Parks Hall and Science Lecture Electronic Safety and Security Upgrade, PW748, is a project involving upgrades to the existing fire detection and alarm, mass notification and access control / security systems in the Science Lecture Building and Parks Hall.

MOTION 10-03-2019 Trustee Stuehm moved the Board of Trustees of Western Washington University, upon recommendation of the President, award a contract to Dutton Electric, Lynnwood, WA for the amount of 41,239,983 (base bid) (plus associated sales tax) for the construction contract to construct the Electric Safety and Security Upgrade at Parks Hall and Science Lecture.

The motion passed.

Trustee Overstreet announced a fifteen minute break at 9:25 am and the board reconvened at 9:41 am

16. PUBLIC-PRIVATE PARTNERSHIP MODEL FOR WATERFRONT DEVELOPMENT

Donna Gibbs, Vice President for University Relations and Marketing was joined by Brian Gouran, Director of Environmental Programs for the Port of Bellingham and Don Goldberg, Director of Economic Development for the Port of Bellingham in presenting an update and facilitating discussion on the joint efforts of Western and the Port in waterfront development.

Gibbs began by providing the board with an overview of the progress made by the continued partnership with the Port of Bellingham to create a shared vision of the Bellingham waterfront that would promote economic development and job creation. Gibbs presented the recommendations cultivated by the working group for the board's consideration and discussion. She noted that a public-private partnership model is recommended that proposes a mix of private sector industries and developers, public agencies, and a multi-institutional higher education presence. Brian Gouran, Director of Environmental Programs for the Port of Bellingham, reported that this presentation was well received earlier in the week to the Port Commissioners and he noted it was unanimously approved and the Port expressed interested in moving forward with next steps in the implementation process. Don Goldberg, Director of Economic Development for the Port of Bellingham, added that the Port of Bellingham is committed to facilitating growth of Western's campus as well as economic growth for the City of Bellingham and that a public-private partnership (P3) will ensure a positive outcome.

Gibbs noted that the goal is a set of facilitates that will expand the employer base and provide opportunities for applied learning, integrated research in both undergraduate and graduate programs, and desirable jobs for Western alumni and other area residents. She noted that the model has been tested by leveraging existing relationships that Western has with public and private organizations to facilitate introductions to the Port of Bellingham. She added that these are entities that are interested in expansion and initiating work with faculty and student collaborators and who have an interested in relation to the Bellingham area.

Gibbs explained that a diversity of realizable partnerships in which private development partners will invest in the development of the waterfront and Western's primary focus will be on connecting faculty and student research in creative activity to potential private industry and public agency tenants. She added that next steps will be to finalize and adopt the P3 model and establish a P3 team that will determine commitments that each entity is willing to make to catalyze the project.

17. STRATEGIC DIRECTIONS FOR WWU FOUNDATION AND ALUMNI ASSOCIATION

Stephanie Bowers, Vice President for University Advancement introduced Jack Cullen, Chair of the Foundation Board and Shawn Kemp, Alumni Board President, who provided an update on the work of the two boards to create alignment with the strategic goals of the University. Bowers noted that the Foundation Board and the Alumni Board have been working to promote the goals of Western for over fifty years. She said that in the recent past there has been a notable high that include a collaborative effort with the "Double Major" concert at Civic Field in Bellingham that sold over thirteen thousand tickets, much of the proceeds from which went to WWU scholarship support.

Cullen reported that the Foundation Board has been moving through a period of growth and change that includes the development of its Board of Directors. He said the focus of the board is the student body and being reflective to diversity within its membership. He added that the current Foundation Board is a very active group of members that are willing to put in the work to bring projects to fruition and completion.

Cullen noted that there is an awareness that the role of the Foundation Board is to increase the dollar volume of contributions to support student success at Western. He reported that one of the goals of the Foundation Board is to raise twenty million dollars to support the efforts to build an Electrical Engineering and Computer Science Building on Western campus. He noted that there is alignment with a project that would create a senior living facility that would enable opportunities for Western and create a pathway for additional revenue generation.

Kemp highlighted the current innovations of the Alumni Board that work to engage the alumni community. He noted that a data matrix has been created to help determine decisions that can be measured to build meaningful lifelong connections with alumni that also helps to support philanthropy at Western. He added that the data provides a breakdown of alumni interaction at the college and department level, providing a clearer understanding of engagement that can be shared with Western as a whole. He said that this information allows for campus wide collaboration and for faculty and alumni of student clubs to (re)connect and maintain relationships.

Kemp explained that there have been two pilot projects, one with the College of Business and Economics and the College of Fine and Performing Arts, to empowered them with "tool kits" for hosting events, including swag kits with goods to hand out to alumni. He noted that they have seen an increase in engagement with this type of alumni support. He added that they have been meeting with the college deans to determine what their needs are to help engage alumni through mentorships and connections for internships that lead to meaningful connections.

Bowers, Cullen and Kemp all expressed excitement for the Foundation Board and the Alumni Board to work together more closely in the future to achieve the mission and goals of Western's Strategic Plan.

18. INFORMATION ITEMS

a. Admissions and Enrollment Report

Vice President Huskey provided a written report regarding the university's general enrollment and admissions

b. University Advancement Report

Vice President Bowers provided a written report on the University's Alumni Relations and Western's Foundation activities.

c. Capital Program Report

Vice President Van Den Hul provided a written report on the University's capital projects

d. University Relations and Marketing Report

Vice President Gibbs provided a written report documenting recent activities of University Relations and Marketing.

19. EXECUTIVE SESSION

The board went into Executive Session for approximately thirty minutes to discuss a personnel matter as authorized by RCW 42.30.110

20. DATES FOR NEXT REGULAR MEETING

December 12 & 13, 2019

21. ADJOURNEMENT

The meeting adjourned at 11:44 am.

**Western Washington University
Board of Trustees
Meeting Minutes
Wednesday, October 30, 2019**

1. CALL TO ORDER

Board Chair, Trustee Earl Overstreet called the special meeting of the Board of Trustees of Western Washington University to order at 4:47 p.m., in the Boardroom, Old Main 340, in Bellingham, WA.

Board of Trustees

Earl Overstreet, Chair – *by phone*
Chase Franklin, Vice Chair – *by phone*
John Meyer, Secretary – *by phone*
Faith Pettis – *by phone*
Karen Lee – *by phone*
Mo West – *by phone*

Western Washington University

Richard Van Den Hul, Vice President for Business and Financial Affairs
Kerena Higgins, Assistant Attorney General
Lea Aune, Associate Director, Human Resources
Paul Dunn, Chief of Staff and Secretary to the Board of Trustees
Rayne Rambo, Assistant Secretary to the Board of Trustees

A quorum of trustees participated in the special meeting via telephone conference call.

2. EXECUTIVE SESSION

At 4:49 p.m. Chair Overstreet announced that the Board would convene in Executive Session for approximately 30 minutes to discuss a personnel matter as authorized in RCW 42.30.110 (1)(g).

The board returned to open session at 5:25 p.m.

MOTION 10-05-2019 Trustee Lee moved that the Board of Trustees of Western Washington University hereby authorizes President Randhawa and/or his designee(s) to consider and authorize or reject settlement terms on behalf of the University and the Board of Trustees in the matter concerning Internal Audit Director, Antonia Allen, in consultation with Chair Overstreet.

The motion was voted on by roll call.

Roll Call for the Vote:

Trustee Earl Overstreet, Chair - Aye
Trustee Chase Franklin – Aye
Trustee John Meyer – Abstain
Trustee Faith Pettis – Aye

Trustee Karen Lee – Aye
Trustee Mo West - Aye

The motion passed.

3. ADJOURNMENT @ 5:28 p.m.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: Sabah Randhawa, President

DATE: December 13, 2019

SUBJECT: **Public Comment Period**

PURPOSE: Information Item

Purpose of Submittal:

RCW 28B.35.110 requires that the governing boards of regional universities provide for public comment at meetings and follow procedures for open public meetings in the Open Public Meetings Act.

Persons wishing to comment will sign in between 8:45 – 8:55 a.m. the day of the Board of Trustees meeting. The signup sheet will be given to the Board Chair at 9:00 a.m.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees
FROM: Earl Overstreet, Chair, Board of Trustees
DATE: December 13, 2019
SUBJECT: **Board Chair Report**
PURPOSE: Information Item

Purpose of Submittal:

Board Chair Earl Overstreet will report to members of the Board and President Randhawa and his staff on topics related to the Board of Trustees.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: Sabah Randhawa, President

DATE: December 13, 2019

SUBJECT: **University President's Report**

PURPOSE: Information Item

Purpose of Submittal:

President Randhawa will present brief reflection on issues of interest to the Board.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa on behalf of the Faculty Senate

DATE: December 13, 2019

SUBJECT: Faculty Senate

PURPOSE: Faculty Senate Report

Purpose of Submittal:

Jeff Young, Faculty Senate President, will brief the Board on recent activities of the Faculty Senate.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa on behalf of the Associated Students

DATE: December 13, 2019

SUBJECT: **Associated Students**

PURPOSE: Associated Students Report

Purpose of Submittal:

AS President Lani Defiesta will brief the Board of Trustees on recent activities of the Associated Students.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees
FROM: John M Meyer, Chair, Board Audit Committee
DATE: December 13, 2019
SUBJECT: **Board FARM Committee Report**
PURPOSE: Information Item

Purpose of Submittal:

Chair Meyer will report to members of the Board of Trustees and the university president and his staff topics related to the Board FARM Committee.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees
FROM: Mo West, Chair, Board Student Success Committee
DATE: December 13, 2019
SUBJECT: **Board Student Success Committee Report**
PURPOSE: Information Item

Purpose of Submittal:

Chair West will report to members of the Board of Trustees and the university president and his staff topics related to the Student Success Committee.

WESTERN WASHINGTON UNIVERSITY ITEM SUBMITTED TO THE BOARD OF TRUSTEES

TO: Members of the Board of Trustees

FROM: John Meyer, Chair, Finance, Audit and Enterprise Risk Management Committee
Richard Van Den Hul, Vice President for Business and Financial Affairs

DATE: December 13, 2019

SUBJECT: Enterprise Risk Management Plans

PURPOSE: Discussion Item

Purpose of Submittal:

A short presentation of Western's Enterprise Risk Management (ERM) process and its goals followed by a high level discussion of the five (5) priority ERM Plans and how they complement the University's strategic planning processes.

Presentation by:

- Brian Sullivan, Associate Vice President for Business and Financial Affairs
- Paul Mueller, Director, Risk, Compliance and Policy Services

Background:

The ERM Framework for Western was developed by administration, with support from the Finance, Audit and Enterprise Risk Management (FARM) Committee, and was presented to the Board for review and discussion at the June 14, 2018 meeting. The ERM program was implemented shortly thereafter, with enterprise risks identified, evaluated and prioritized by institutional stakeholders, resulting in five (5) priority enterprise risks for Western. Those risks and their corresponding ERM plans, and how they complement the University's strategic planning processes, will be discussed today with the Board of Trustees.

Supporting Materials:

- ERM Plans:
 - Financial Stewardship
 - Campus Climate
 - Comprehensive Capital and Space Utilization Planning
 - IT Systems, Infrastructure and Governance
 - Buildings and Infrastructure

[ERM Framework for Western Washington University June 1, 2018 Rev 3](#)



Enterprise Risk Management Plan

December 13, 2019

FINANCIAL STEWARDSHIP

SUMMARY

A strong culture of effective financial stewardship is the basis for the financial well-being of the University, and enhances the University's ability to achieve its strategic plan. The University is entrusted with the responsibility of managing state funds, tuition, self-sustaining funds, fees, and donations on behalf of its stakeholders, including its students and their families. The University is committed to meeting this responsibility, and recognizes that there are always ways in which it can improve stewardship of financial resources within its care.

IDENTIFICATION

Identification of Risk:

Financial Stewardship

Risk Statement:

The University's ability to achieve its strategic plan is impacted by its financial stewardship, including: management of budget and expenditure controls; review of existing programs that include funding and performance measures; state funding requests for programs that were started as self-sustaining or reserve funded; undergraduate tuition limits; enrollment management; resource management of academic programs; and planned reserve spending that addresses potential strategic plan initiatives, downturns in the economy or enrollments, or natural disasters.

Opportunity Statement:

Sound financial stewardship improves the chances that the University will attain its strategic objectives. It also increases financial efficiency and effectiveness; reduces waste; improves affordability, access and debt obligations for students and their families; increases the success of new initiatives; seeks innovative ways to obtain new resources, such as partnerships with other institutions, entrepreneurial initiatives, public-private partnerships, and new funding models; compensates for diminishing state and federal investments; maintains the integrity of reserves; enhances the reputation of the University as a good steward of public resources; and reduces the likelihood of unexpected financial challenges that may bring unwanted media attention.

ASSESSMENT & RATING

Rating: Likelihood: 4 - Likely
 Impact: 5 - Severe
 Priority: Very High

		Impact				
		1. Low	2. Moderate	3. Significant	4. Serious	5. Severe
Likelihood	5. Certain					
	4. Likely					X
	3. Possible					
	2. Unlikely					
	1. Remote					

Brief summary of potential impact on:

Strategy:

Sound financial stewardship in support of the new strategic plan requires a new direction for the University. The University must explore ways that it can improve its ability to identify, acquire and monitor all of its revenue, while considering efficiencies, growing enrollment, and repurposing positions and University resources for alignment with high demand and growing academic disciplines. Otherwise, it will be a challenge to improve its capacity to provide a transformational education grounded in the liberal arts and sciences and based on innovative scholarship, research, and creative activity as stated in the strategic plan.

The University may not be able to obtain a designated source of funding from the state in order to achieve its goals in the strategic plan. With limited state appropriations and a cap on resident undergraduate tuition rate increases, the University will need to look internally at all existing fund types and externally at other sources for new initiatives. This may include looking at the one-time usage of institutional reserves, while preserving a sufficient level to maintain an excellent bond rating and be able to respond to unplanned critical expenses.

Operations:

University operations need to explore different approaches to revenue generation and prioritization of recurring expenses. Before implementing non-state funded start-up programs, a robust review process should be adopted to address: alignment with the University strategic plan; long-term funding resources; program review timelines and planned versus actual outcomes. When limited institutional reserves are used for initial funding, an exit strategy needs to be planned where state funds cannot be obtained or self-sustaining funds are inadequate.

Finances:

In the absence of sufficient funding levels and adequate budget controls, the university has limited ways to grow to accomplish its long-term operational needs, which could lead to budget reductions (cuts in programs or services). Increased demands and unbudgeted expenditures at the divisional level negatively impact institutional reserves and the ability to use them for strategic purposes.

With respect to the Foundation, a downturn in the market means reduced earnings on the University endowment funds, and thus possible changes in allocations for scholarships, faculty support and program support.

Compliance:

Enhanced controls need to be developed to monitor programs, expenses need to be allocated appropriately, and revenue drivers and reserves need to be regularly reviewed for compliance with University policy. Funds earmarked for a particular University purpose need to be expensed as intended, following the spirit in which they were originally intended to be used.

Reputation:

Internally, the reputation of the University suffers when faculty and departments interpret a lack of permanent funding as a lack of support for their research and disciplines. If the University increases tuition and academic course fees, it makes education less affordable for students, possibly leading to a lower level of interest in the University. Externally, there is increased scrutiny of the public sector's stewardship of public funds, and unexpected financial challenges may bring unwanted media attention to the University.

With respect to the Foundation, a market downturn will affect the Foundation's ability to fund scholarships, which might affect admissions.

RESPONSE

Risk Response: Mitigate/Reduce

Risk Response Plan:

Identification and expansion of revenue sources, new financial models with incentives for innovation, and aligning financial responsibilities and decision-making. Adherence to financial policies and formalization of reserve policies. Improved training for campus staff on understanding University financial reports and effective budget management. Continued development of tools to monitor and inform divisional budget officers and campus leadership on funds availability and those that appear to be at risk for over expenditure. Develop contingency plans for reduced base funding.

Foundation as part of its internal mitigation plan minimizes potential financial exposures as much as possible with prudent investing and a policy to address the potential loss of scholarships. In addition, policy dictates allocations in line with national standards for "underwater" endowments.

Action Plan(s)	Status
Develop a resource scenario blueprint to identify new revenues and close operational funding gaps in support of the new strategic plan	In progress
Develop and implement Institutional Reserve Guidelines	In progress
Develop and implement budget and finance training for staff	TBD
Develop tools for monitoring and informing budget officers and campus leadership	Several currently available, will expand as needed
Develop contingency plans for reduced base funding	TBD
Integrate compliance requirements into the University compliance program	TBD

OWNERS & MONITORS

Risk Owner: Executive Leadership

Risk Co-Owner(s): Executive Leadership includes the President, Provost and Vice Presidents.

Risk Monitor(s):

BOT Finance, Audit and Enterprise Risk Management (FARM) Committee

Executive Leadership

Division Leadership



Enterprise Risk Management Plan

December 13, 2019

CAMPUS CLIMATE

SUMMARY

The University states in its strategic plan that, “Western is committed to justice and equity, to inclusive achievement, and to providing a safe, just and equitable University for all employees. We must open our doors wider to welcome a more diverse student body, and we must ensure that we provide the environment and resources all students need to be successful.” In order to achieve its strategic goals, the University must improve its campus climate - policies, structures, and practices - to ensure a caring and supportive, just and equitable environment for all faculty, staff and students.

IDENTIFICATION

Identification of Risk:

Campus Climate

Risk Statement:

The University's ability to accomplish its strategic plan is dependent on successfully identifying and eliminating existing structural inequalities and injustices.

Opportunity Statement:

Identifying, acknowledging, and ameliorating structural inequities in our policies, practices, and impacts is a primary goal under the University's strategic plan, and an ethical imperative for the institution. Functionally, addressing these issues will create an environment that is welcoming and supportive of diversity, and thus more creative, sustainable, and generative; improve faculty, staff and student recruitment and retention; stabilize enrollment and corresponding tuition revenue; support access and affordability, as well as positive impact in the state; and improve the University's reputation.

ASSESSMENT & RATING

Rating: Likelihood: 5 - Certain
 Impact: 4 - Serious
 Priority: Very High

		Impact				
		1. Low	2. Moderate	3. Significant	4. Serious	5. Severe
Likelihood	5. Certain				X	
	4. Likely					
	3. Possible					
	2. Unlikely					
	1. Remote					

Brief summary of potential impact on:

Strategy:

Addressing structural inequities and reducing their impact is a core objective under the University’s strategic plan, which focuses on inclusive success, equity, and justice for marginalized and underrepresented faculty, staff and student populations. This strategic imperative underpins many of Western’s goals and its mission, and our capacity to deliver on the strategic plan is deeply reliant on its success.

Operations:

When campus climate issues go unaddressed, frustrations are expressed in ways that can impair the daily operations of the institution. Failure in this area may lead to recruitment and retention challenges with faculty, staff and students, further reducing diversity and excellence and inhibiting our ability to achieve other important strategic initiatives. Diverse faculty and staff are key to creating a culture of equity, justice and inclusion for students.

Finances:

Enrollment, and corresponding tuition revenue, may be impacted if we cannot attract and retain students because of the University climate and reputation. Worst-case scenarios might involve fines or loss of federal funds if related compliance requirements are not met.

Failed faculty and staff diversity recruitment and retention efforts are costly on many levels, and failed searches and excessive turnover means increased searches, hiring, onboarding, and training, which are expensive.

Compliance:

Compliance with federal and state civil and disability rights laws, affirmative action and equal employment opportunity laws and institutional/program accreditation may be impacted by this risk, as well as internal policies and processes.

Reputation:

Institutional reputation can be very greatly impacted by perceived or actual failure in this area. Without an earned and deserved reputation as a just and supportive organization, we will fail to attract diverse students, staff, and faculty. If we are seen as a non-representative institution, partnerships with other institutions in more diverse parts of the state and country may be compromised. Failure to deliver on these goals of the strategic plan will impede efforts to achieve the other goals, as well.

RESPONSE

Risk Response: Mitigate/Reduce

Risk Response Plan:

Enhance coordination of institutional efforts to develop a comprehensive institutional structure that values and supports inclusive achievement, equity, and justice; infuse responsibility, authority, and capacity appropriately to realize these goals at every level and in every area of the institution; engage in regular assessment of progress, and align resources and incentives to strengthen outcomes.

Recruitment and retention efforts of marginalized and underrepresented faculty and staff should be enhanced to create a culture and community that is more representative of our state and the nation. To this end, we should continue the Provost's diversity recruiting initiative. We should also take steps to support faculty and staff of under-represented or minoritized identities, so that they have equitable opportunities to excel. In addition, we should continue the Faculty Mentoring collaboration between the Provost's Office and the Faculty Senate. We should support training and education that prepares all members of the Western community to identify and recognize inequities, to work effectively and collaboratively to change systems and structures that do not support our goals, and promote inclusion, excellence, and justice in all aspects of our work. We need to build strong frameworks for collaboration across difference, for conflict management, and for organizational change.

Action Plan(s)	Status
Refer to President Randhawa's webpage on Advancing Diversity and Inclusion at Western which outlines a list of major projects completed, currently underway, and to be addressed at the institutional level with respect to diversity, equity, and inclusion.	Ongoing. See webpage list for timelines.

OWNERS & MONITORS

Risk Owner: Executive Leadership

Risk Co-Owner(s): Executive Leadership includes the President, Provost and Vice Presidents.

Risk Monitor(s):

BOT Finance, Audit and Enterprise Risk Management (FARM) Committee

Executive Leadership

Division Leadership



Enterprise Risk Management Plan

December 13, 2019

COMPREHENSIVE CAPITAL AND SPACE UTILIZATION PLANNING

SUMMARY

Adopting improved practices for comprehensive capital and space utilization planning will enhance the University's ability to achieve its strategic plan, and its related long-term strategic objectives and short-term space needs. As demands continue to increase on the University's limited capital funding and space resources, it will benefit from a comprehensive, thoughtful and deliberate approach to planning to address existing and future needs.

IDENTIFICATION

Identification of Risk:

Comprehensive Capital and Space Utilization Planning

Risk Statement:

Space constraints are a major risk for the new strategic plan. Current space and capital processes, policies, resources and decision-making practices are insufficient to fulfill the demands of the strategic plan.

Opportunity Statement:

Improved comprehensive capital and space utilization planning will ensure adequate facilities and spaces to meet the growing needs of the University. It will better serve the long-term interests of students and faculty as they pursue their scholarship, research and creative activities; better support administrative services; increase financial and operational efficiency and effectiveness; reduce waste; enhance the reputation of the University as a good steward of public resources; and reduce the likelihood of unforeseen financial challenges.

ASSESSMENT & RATING

Rating: Likelihood: 5 - Certain
 Impact: 4 - Serious
 Priority: Very High

		Impact				
		1. Low	2. Moderate	3. Significant	4. Serious	5. Severe
Likelihood	5. Certain				X	
	4. Likely					
	3. Possible					
	2. Unlikely					
	1. Remote					

Brief summary of potential impact on:

Strategy:

Gaps in the current space to deliver high quality programs jeopardizes the University's ability to meet its long-term strategic objectives and short-term space needs. Additionally, our current Institutional Master Plan, jointly adopted in 2001, is approaching its square footage limit of growth on the main campus in Bellingham (4,000,000 gross square feet) and is beginning to show some limitations regarding the institution’s future development flexibility.

Our strategic plans that involve access and inclusive success revolve around the ability to manage and structure program delivery. At present, the key pinch points in programmatic flow include, but are not limited to:

- Size, capacity, quality and quantity of classrooms and labs
- Size, capacity, quality and quantity of research areas
- Quantity of faculty and support staff offices
- Diversity, quantity and quality of housing stock
- Quantity and quality of auxiliary and support spaces
- Quantity and size of exterior program space

Operations:

Without appropriate planning and additional funding, the University's ability to provide the facilities needed to meet the needs of the campus within the next 8 years may be compromised. Those needs include offering a 21st century modern education, adequate space for increases in enrollment, and a safe physical environment for users of campus. Additionally, the campus' current space inventory and utilization deficiencies may not be resolved in order to ensure operations are efficient.

It is important to mention that operations are already impacted by difficulty in securing space. Our lack of space is limiting our ability to: safely accommodate more students in existing lab spaces, assign office space to new tenure-track faculty, and provide Departments the opportunity to apply for grants or seek external funding to conduct new projects.

Finances:

Making planning decisions without a new comprehensive master plan compromises our ability to illustrate the University's needs to the State and others. This could impact the number of projects and amount of funds available to develop and maintain university facilities. Additionally, this could increase our deferred renewal inventory of our facilities, which costs more to fix at a later date than doing the work right now. In addition, failure to meet infrastructure needs may lead to strict control of growth, which may limit enrollment and tuition revenues.

Compliance:

Certain barriers to accessibility in older, existing buildings may need to be addressed to ensure ADA compliance. Title IX compliance will need to be addressed for spaces like classrooms, public spaces and outdoor spaces.

Reputation:

University stakeholders may view the University's financial planning for facilities and infrastructure as ineffective in meeting the needs of the University. Also, there is increased scrutiny of the public sector's stewardship of public funds. Lack of a clear comprehensive capital plan, or a plan that constantly changes, will diminish the public's confidence in the facilities and infrastructure budget and hurt our ability to secure funding.

In addition, incoming faculty may perceive us as an institution that is not prepared to welcome them and not prepared to create appropriate working spaces for them. There is anecdotal evidence that students are getting frustrated with an inability to get into the courses they need to graduate on time.

RESPONSE

Risk Response: Mitigate/Reduce

Risk Response Plan:

The University must develop a living, long-term, cross-divisional facilities development plan that will overlay University, Housing & Dining and Parking needs in support of the strategic objectives of the University. This would include a new comprehensive facilities and infrastructure plan, an Environmental Impact Statement (EIS), and new institutional master plan, which must be supported by updated space and budget planning processes and policies. The development of the plan should address resources for space and budget planning and align decision-making processes.

In addition, we need to continue to connect facilities and infrastructure planning to operation planning to create sustainable plans for ensuring growth, mitigating safety concerns, and maintaining quality.

Action Plan(s)	Status
Capital plan/budget processes	Ongoing
Space modeling process and report (proactive space planning)	In progress, to be completed by June 2020
Develop a new, institution-wide comprehensive campus master plan	In progress, to be completed by June 2021
Develop environmental impact statement (EIS)	Planned for May thru October 2021
Develop institutional master plan (IMP)	Planned for September 2021 thru November 2022, City of Bellingham approval thereafter
Improve connections between operations planning and facilities and infrastructure planning	Ongoing

OWNERS & MONITORS

Risk Owner: Executive Leadership

Risk Co-Owner(s): Executive Leadership includes the President, Provost and Vice Presidents.

Risk Monitor(s):

BOT Finance, Audit and Enterprise Risk Management (FARM) Committee

Executive Leadership

Division Leadership



Enterprise Risk Management Plan

December 13, 2019

IT SYSTEMS, INFRASTRUCTURE AND GOVERNANCE

SUMMARY

A sufficient, sustainable resource and governance plan is necessary to modernize and maintain the University's IT systems and infrastructure, including its data network and communication systems. These systems provide the University's critical business processes, which are essential for the University to serve its students and community, and to achieve its strategic plan.

IDENTIFICATION

Identification of Risk:

IT Systems, Infrastructure and Governance

Risk Statement:

The University's IT systems and infrastructure, including its data network and communications systems, are near end-of-life or out of support, have no replacement schedule, nor have strategic system/equipment priorities been identified (except for Banner 8 to 9). Lack of an institutional IT governance structure compromises IT strategy, security, IT capital planning, offsite backup strategies and data management efforts.

Opportunity Statement:

Modern, reliable IT systems and infrastructure, coupled with a strong IT governance structure, will empower - rather than restrain - both academic and administrative programs, departments and centers as they pursue their respective objectives under the University's strategic plan.

ASSESSMENT & RATING

Rating: Likelihood: 4 - Likely
 Impact: 4 - Serious
 Priority: High

		Impact				
		1. Low	2. Moderate	3. Significant	4. Serious	5. Severe
Likelihood	5. Certain					
	4. Likely				X	
	3. Possible					
	2. Unlikely					
	1. Remote					

Brief summary of potential impact on:

Strategy:

Secure, reliable, compliant, accessible, and sustainable IT systems and infrastructure are necessary to fulfill the University’s mission. Without them, most of our capacity to sustain growth, improve student outcomes, and meet strategic goals will be impacted.

Operations:

The University’s core business processes, from student information systems to financial operations, rely on IT systems and infrastructure that are anywhere from 10 to 30 years old. An increasing number of devices are being run beyond their supported life. Failure of these IT systems will effectively halt a number of critical business functions at the University, from class registration to payroll processing; even basic business functions like email and telephone service are at increased risk of failure. In the event of a disaster affecting the University electrical power plant, aged networking, and especially phone equipment may not come back in service once power is restored. Near end-of-life or out of support systems and infrastructures increase the risk of network failures, breached data, regulatory noncompliance and disaster vulnerability.

Lack of institutional IT governance structure leads to a decentralized, inefficient and ineffective approach to IT strategy and data management.

Finances:

To fill the lack of a sufficient and sustainable equipment lifecycle budget, the IT infrastructure budget has been overspent for many years and is currently in a \$2.5M deficit. This deficit needs to be addressed and long term replaced needs to be developed with funding to create a sustainable IT environment. Out-of-date IT systems and infrastructure leave us potentially vulnerable to a breach of our data; such a security incident is estimated to cost \$130 per compromised record (or approximately \$2.6 million for all current faculty, staff, and student records).

In the event of a disaster, the University must have resilient IT systems and infrastructure that are able to disperse financial aid from Banner into our cashiering systems that will refund students in order to maintain business continuity during a recovery.

Compliance:

Many federal regulations and compliance bodies (Payment Card Industry Council, FERPA, HIPPA, etc.) impose technical compliance requirements on the University, which require us to keep our IT infrastructure modern and continually up to date. Failure to comply with these requirements puts the institution at risk of fines, litigation, or breach of contract, and may harm our reputation.

Reputation:

Prolonged service outages have previously been reported in local media, making the University appear to be unsafe, poorly run, or technologically "behind the times" to the students and communities we serve. As desires for increased campus security are being addressed, many of the new security solutions depend on stable and reliable IT systems. Given the age of the University's IT infrastructure and lack of security updates provided by our networking vendor, a data breach is possible due to remote cyber-attacks.

RESPONSE

Risk Response: Mitigate/Reduce

Risk Response Plan:

The University must identify and fund a sufficient and sustainable annual equipment lifecycle plan to ensure the ongoing availability and resilience of critical IT systems and infrastructure. An IT governance structure must be established and empowered to advise on long-term IT strategy, data governance, digital transformation, and risk management. Modern technologies bring added functionalities especially designed for quicker recovery in the event of a disaster affecting the University's data and voice networks.

Action Plan(s)	Status
Establish an annual equipment lifecycle plan	Planning complete with some implementation completed based on available funding. Currently working to secure additional funding to execute the largest portions of the plan.
Create an institutional IT governance committee with appropriate stakeholder representation	An IT Advisory Committee (ITAC) was formed by the CIO and began to meet regularly starting February 2019.

Formalize telephony migration plan	In 2020, formalize an institutional migration plan away from the aged telephone system to Voice Over IP (VoIP). Project major cost driver is individual physical desktop phones with a 7-year lifecycle. Plan will minimize physical phones on campus in favor of lower cost desktop and cell phone applications to make and receive VoIP phone calls.
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OWNERS & MONITORS

Risk Owner: Executive Leadership

Risk Co-Owner(s): Executive Leadership includes the President, Provost and Vice Presidents.

Risk Monitor(s):

BOT Finance, Audit and Enterprise Risk Management (FARM) Committee

Executive Leadership

Division Leadership



Enterprise Risk Management Plan

December 13, 2019

BUILDINGS AND INFRASTRUCTURE

SUMMARY

Having healthy, well maintained, and efficient building and infrastructure systems is vital to the success of students and faculty, and supports the University's standing as a leading public comprehensive institution and one of the top public Master's granting universities in the nation. Moving towards a more deliberate, prioritized funding plan for the renewal and replacement of these systems will assure the University's continued leadership, and support the anticipated increase in demands on these systems as the University pursues its strategic goals.

IDENTIFICATION

Identification of Risk:

Buildings and Infrastructure

Risk Statement:

The under-funding of renewal needs in the University's aging buildings and infrastructure will result in increased deterioration and system failures, thus negatively affecting the University's ability to achieve its strategic goals. A long-term plan for renewal and replacement of the University's buildings and infrastructure must be developed in order to align its priorities with operating budget planning and to make informed decisions regarding capital budget needs.

Opportunity Statement:

Sound stewardship of buildings and infrastructure improves the likelihood that the University will attain its strategic goals. It enhances and increases the University's capacity to support programs, departments and centers as they serve the growing demands of student and faculty scholarship, research, and creative activity. It improves the University's financial efficiency and effectiveness, compliance with regulations and code, accessibility, aesthetics, reputation, and recruitment and retention of students, faculty and staff.

ASSESSMENT & RATING

Rating: Likelihood: 4 - Likely
 Impact: 4 - Serious
 Priority: High

		Impact				
		1. Low	2. Moderate	3. Significant	4. Serious	5. Severe
Likelihood	5. Certain					
	4. Likely				X	
	3. Possible					
	2. Unlikely					
	1. Remote					

Brief summary of potential impact on:

Strategy:

The strategic plan contains several direct and indirect references to the need for improved infrastructure that supports scholarship, research, working conditions. Our aging and obsolete buildings and utility infrastructure may limit our ability to expand programs to accommodate growth. Resources are likely to be directed toward restoring capabilities as opposed to enhancing and increasing capabilities.

Operations:

While buildings themselves are typically designed to last 50 to 100 years, the major systems (i.e. roof, HVAC, fire, plumbing, and electrical) require renewal and replacement at about 25 years. Elevators require renewal and replacement as well. The average age of our buildings and infrastructure places our systems at high risk of failure over the next 5 to 10 years.

Finances:

The University’s state-owned physical assets (buildings and infrastructure) have an estimated replacement value of just over \$1 billion. Numerous industry studies indicate that a reasonable funding metric for attaining the full service life expectation of these assets is between 2% and 4% of the replacement value per year. Targeting the low end of that scale, a 2% investment rate equals roughly \$20 million per year. Excluding new construction, the University’s reinvestment rate has averaged \$12.9 million per year over the past 5 years – a figure which includes the large Carver renovation work plus a recurring portion of the operating budget. This roughly 33% underfunding leads to the continuing growth of the backlog of deferred renewal and deterioration of our buildings and infrastructure.

Compliance:

Buildings may not keep pace with building codes, ADA compliance and Title IX requirements.

Reputation:

The indirect cost of deteriorating and functionally obsolete buildings includes staff and student safety, increased energy costs, diminished aesthetics, loss of faculty (or loss of candidates), and negative impact to recruiting both employees and students.

RESPONSE

Risk Response: Mitigate/Reduce

Risk Response Plan:

There are several activities already underway:

1. In partnership with the other 4 year Washington State higher education institutions, we have contracted with a facilities benchmarking consultant to develop a long term strategy for operating and capital budget discussions with Olympia, building the case for investment in buildings and infrastructure.
2. We have and will continue to locally fund one-time studies to document the condition of our buildings and infrastructure.
3. We will develop capital budget plans over the span of several biennia for increased and staggered infrastructure reinvestment.
4. We will focus on strategic building system renewals using minor preservation funds and seek to increase this funding.
5. We will align major renovations with significant academic program needs as they are identified.

Action Plan(s)	Status
Evaluate recommendations from facilities benchmarking consultant report	Final report due by December 31. We intend to pursue increased level of minor preservation funding over the next several biennia in order to keep our risk at an acceptable level.
One-time studies to document the condition of our buildings and infrastructure	TBD
Capital budget plans over the span of several biennia	The FY21-23 capital planning/budget will be under development soon.
Strategic building system renewals	Limited minor preservation funds for 19-21 biennium are being used to replace sections of failing systems.

Align major renovations with significant academic program needs	This will be accomplished through the capital planning/budget process
---	---

OWNERS & MONITORS

Risk Owner: Executive Leadership

Risk Co-Owner(s): Executive Leadership includes the President, Provost and Vice Presidents.

Risk Monitor(s):

- BOT Finance, Audit and Enterprise Risk Management (FARM) Committee
- Executive Leadership Division Leadership



Enterprise Risk Management Plans: Clearing the Way to Achieving our Objectives

December 13, 2019



Today's Topics

- Review of June 14, 2018 Board of Trustees (BOT) Presentation
 - What is Enterprise Risk Management (ERM)?
 - ERM Overview
 - Western's ERM Framework
- Implementation of ERM Program
- ERM Plans for Priority Risks
- Discussion

Review of June 14, 2018 BOT Presentation

What is Enterprise Risk Management (ERM)?

In order to provide reasonable assurance of success in fulfilling the University's mission and strategic plan, ERM provides a structured, institution-wide approach to identifying, assessing, monitoring, and responding to enterprise risks, and their related opportunities.

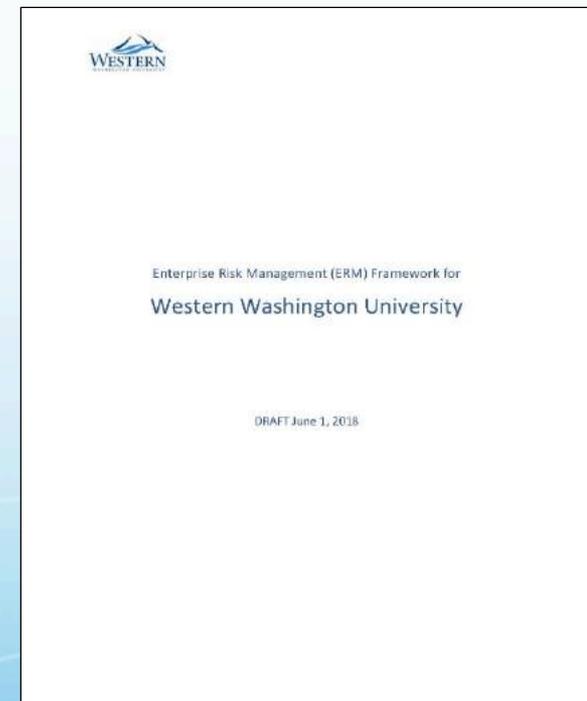
ERM Overview

- Why ERM is Important
 - Encourages proactive management of risk
 - Increases the Likelihood of achieving University objectives
 - Improves communication, reporting and governance across the University

Western's ERM Framework

Based on the ISO 31000 ERM model, which defines essential elements, offers a common language, and provides clear direction and guidance for ERM. This model is encouraged by the State of Washington.

- Commitment
- Terms, Concepts and Principles
- Roles, Responsibilities and Reporting
- Implementation
- Tools

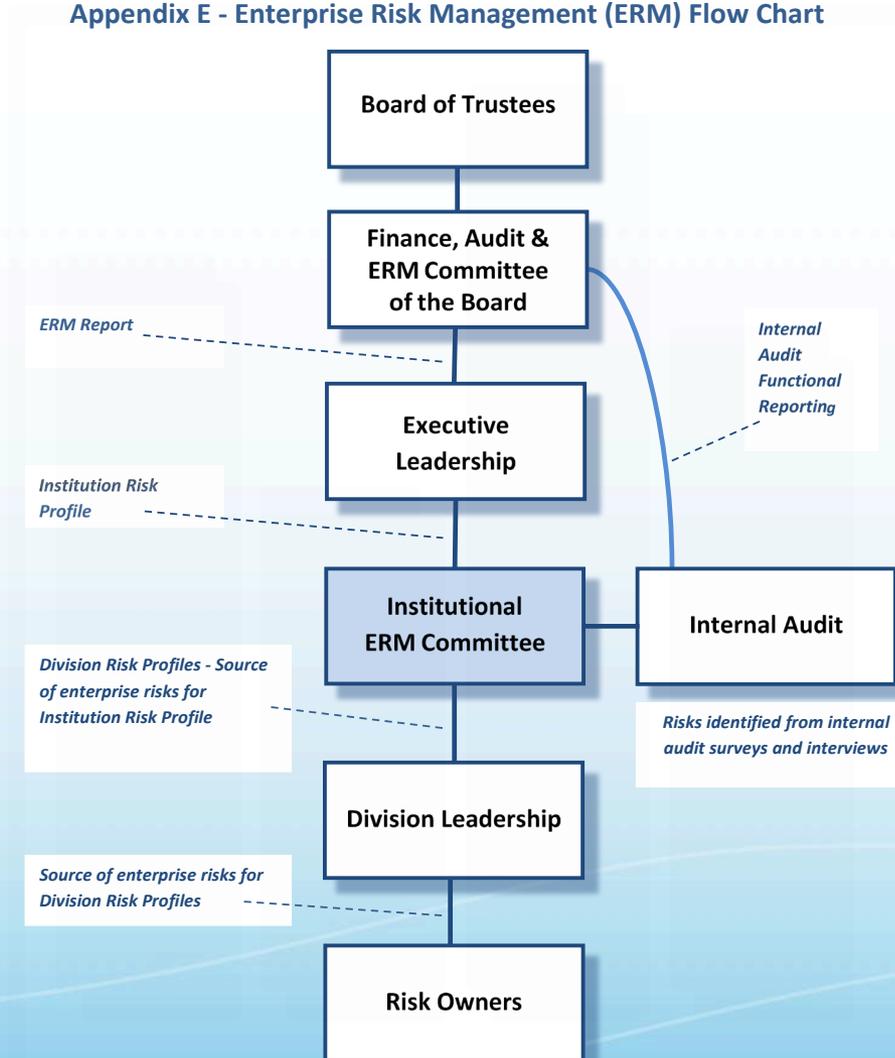


Implementation of ERM Process

Objectives	Summer 2018			Fall 2018			Winter 2019			Spring 2019			Summer 2019			Fall 2019		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Jul	Aug	Sep	Oct	Nov	Dec
BOT Reporting																		
Finance, Audit and ERM (FARM) Committee				ERM Reports		ERM Reports		ERM Reports		ERM Reports		ERM Reports		ERM Reports		ERM Reports		ERM Reports
RCPS Develops Training/SharePoint Site	RCPS Develops Training/SharePoint Site	RCPS Develops Training/SharePoint Site	RCPS Develops Training/SharePoint Site															
Training, Division and Institutional Risk Profiles, Integration into Existing Management Processes																		
Academic Affairs			Training															
Unit Consultation and Training, <i>only as needed</i>			Training															
Provost's Office			Training															
Extended Education			Training															
College of Science and Engineering			Training															
College of Business and Economics			Training															
College of Fine and Performing Arts			Training															
College of Humanities and Social Sciences			Training															
Fairhaven College of Interdisciplinary Studies			Training															
RSP/Graduate School			Training															
Huxley College of the Environment			Training															
Western Libraries			Training															
Woodring College of Education			Training															
Business and Financial Affairs			Training															
Information Technology			Training															
Enrollment and Student Services			Training															
University Relations and Marketing			Training															
University Advancement			Training															

- RCPS Develops Training/SharePoint Site
- Training
- Risk Owners - College and Divisional Units Develop Risk Profiles and Management Plans
- Division Leadership - Provost and Vice Presidents' Develop Risk Profiles and Management Plans
- Institutional ERM Committee - Compiles Divisional Profiles into Draft Institutional Risk Profile and Management Plans
- Executive Leadership - Reviews and Prioritizes Institution Risk Profile and Management Plans
- ERM Reports to Board of Trustees
- Current Status

Appendix E - Enterprise Risk Management (ERM) Flow Chart



ERM Plans for Priority Risks

- Priority Enterprise Risks
 - Financial Stewardship
 - Campus Climate
 - Comprehensive Capital and Space Utilization Planning
 - IT Systems, Infrastructure and Governance
 - Buildings and Infrastructure
- Looking Ahead

Discussion



Thank You!

WESTERN WASHINGTON UNIVERSITY ITEM SUBMITTED TO THE BOARD OF TRUSTEES

TO: Members of the Board of Trustees

FROM: Sabah Randhawa, President

DATE: December 13, 2019

SUBJECT: **WWU Kindness Day and the Science of Kindness**

PURPOSE: Discussion Item

Purpose of Submittal:

Representatives of the Kindness Day Planning Committee will present an overview of Kindness Day activities.

Background:

Western's Kindness Day was a product of a summer working retreat for the Senior Management Administrative Resource Team (SMART). SMART membership includes the Assistants to the President, Vice Presidents, Assistant Secretary to the Board, and Assistant to the Assistant Attorneys General. This group brainstormed ideas that would provide a positive experience for our campus community during what can often be a stressful time of year. The team learned that World Kindness Day, launched in 1998, is celebrated annually on the 13th of every November. With an idea and support from the President's Office, the planning for Western's Kindness Day activities began. The core group expanded the Kindness Day Committee to include additional committee members, collaborating with faculty in the Department of Psychology, and Professor Christie Scollon's PSY377 Positive Psychology students.

The invitation to be involved with World Kindness Day was serendipitous for PSY377 Positive Psychology. The event provided a unique opportunity for students to showcase their classroom learning and to apply their creative skills and energy to bring to life some of the principles they learned from positive psychology research.

Professor Scollon requires PSY377 students to complete a group project, and typically this takes the form of a class presentation. Modifying the group project requirement to a real-world Kindness Project took some adjustments to the course syllabus and to student expectations. However, students quickly discovered that the real-world project could be fun and enjoyable.

Western's First World Kindness Day was a success from both a pedagogical and community-building perspective. Students from PSY377 were able to engage with the Western community as well as bring knowledge outside the classroom. Although the impact of the day's events cannot be truly measured without bias, qualitative reports from students and Professor Scollon's observations converged on an overall positive experience that warrants repeating in 2020.

Kindness Day activities included Kindness Booths with warm beverages at four locations on campus, and a Kindness Info Fair where attendees were able to express gratitude with kindness-focused crafts, learn about volunteer opportunities, learn about the science of kindness from the Positive Psychology students and interact with therapy animals.

The Committee was also thrilled to learn about the ripple effect of Kindness Day when colleagues from Procurement, Contracts and Travel shared that they were inspired to launch their own activity and held a coat drive in their department for Blue Skies for Children, a local organization that supports homeless, low-income and foster children in Whatcom and Skagit Counties.

WESTERN WASHINGTON UNIVERSITY ITEM SUBMITTED TO THE BOARD OF TRUSTEES

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa on behalf of Brent Carbajal, Provost and Vice President for Academic Affairs and David Patrick, Interim Vice Provost for Research and Dean of the Graduate School

DATE: December 13, 2019

SUBJECT: **Graduate Education & the Research Enterprise at Western**

PURPOSE: Discussion Item

Purpose of Submittal:

In this interactive session, David Patrick, Interim Vice Provost for Research and Dean of the Graduate School, will present an overview of graduate education, research and sponsored programs at Western. Two graduate students will also speak to their experiences and be available to answer questions from Trustees.

Background:

Students in Western's graduate programs pursue advanced studies in over 30 different fields, with opportunities in Bellingham, Seattle, south Puget Sound and online. Graduate education at Western produces leaders and professionals with specialized knowledge and skills prepared to contribute to society and the economy. Graduate programs also enhance the depth, rigor and intellectual vitality of the University, and are interwoven with undergraduate education, research and scholarship through a myriad of synergistic connections. Western's portfolio of research and creative activities is one of the strongest among primarily undergraduate and Masters-granting institutions. These programs engage students in hands-on learning at all levels, while fostering innovation and providing regional access to expertise and specialized resources. This presentation will provide an overview of graduate education, research programs and infrastructure at Western, including discussion of strategic priorities.

Strategic Questions:

1. How do the Trustees view the roles of graduate education, research and scholarly programs in the context of Western's strategic vision?
2. What should the footprint of graduate education at Western look like?
3. How can Western's research programs engage most effectively for regional and statewide impacts?

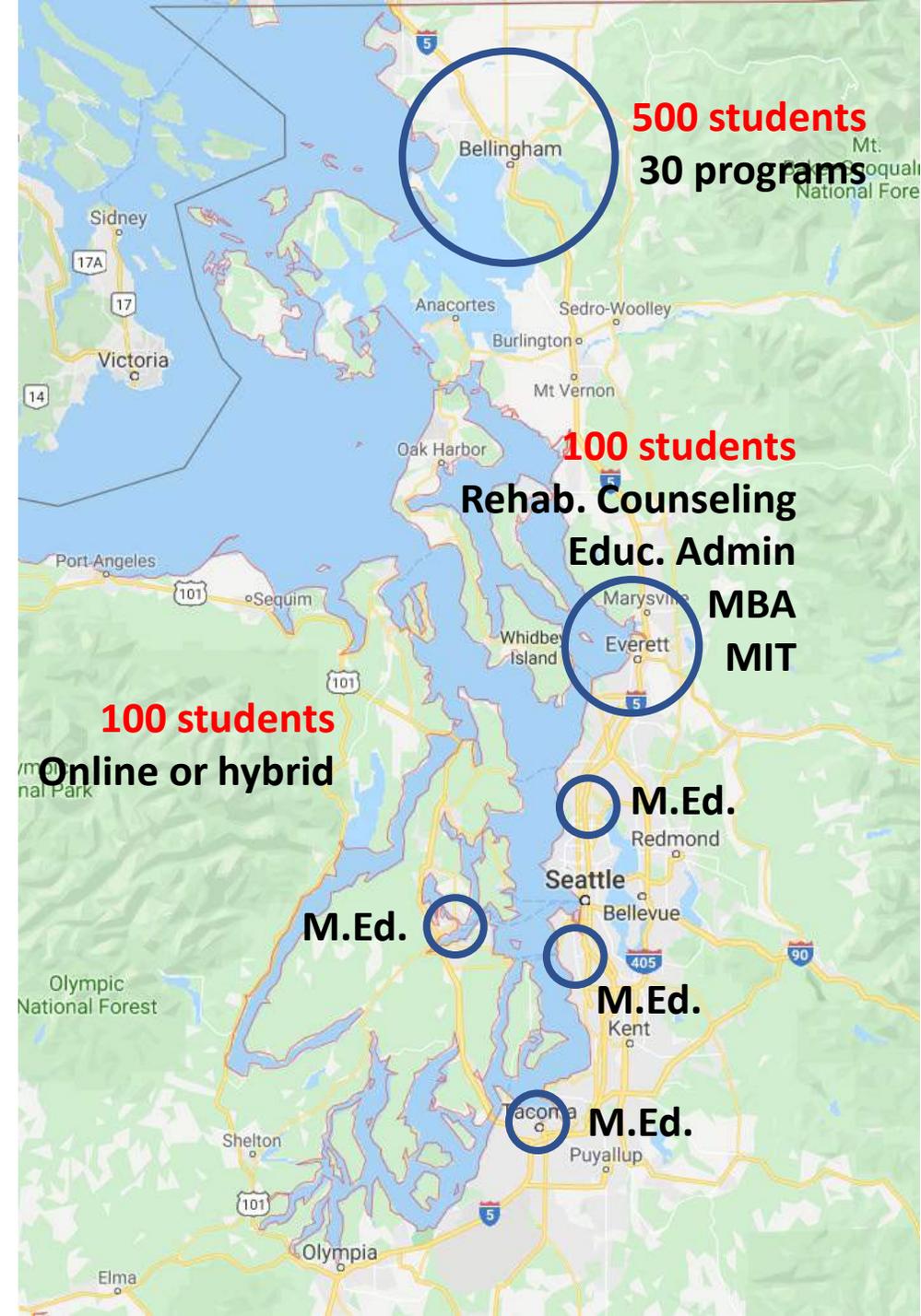


Graduate Education



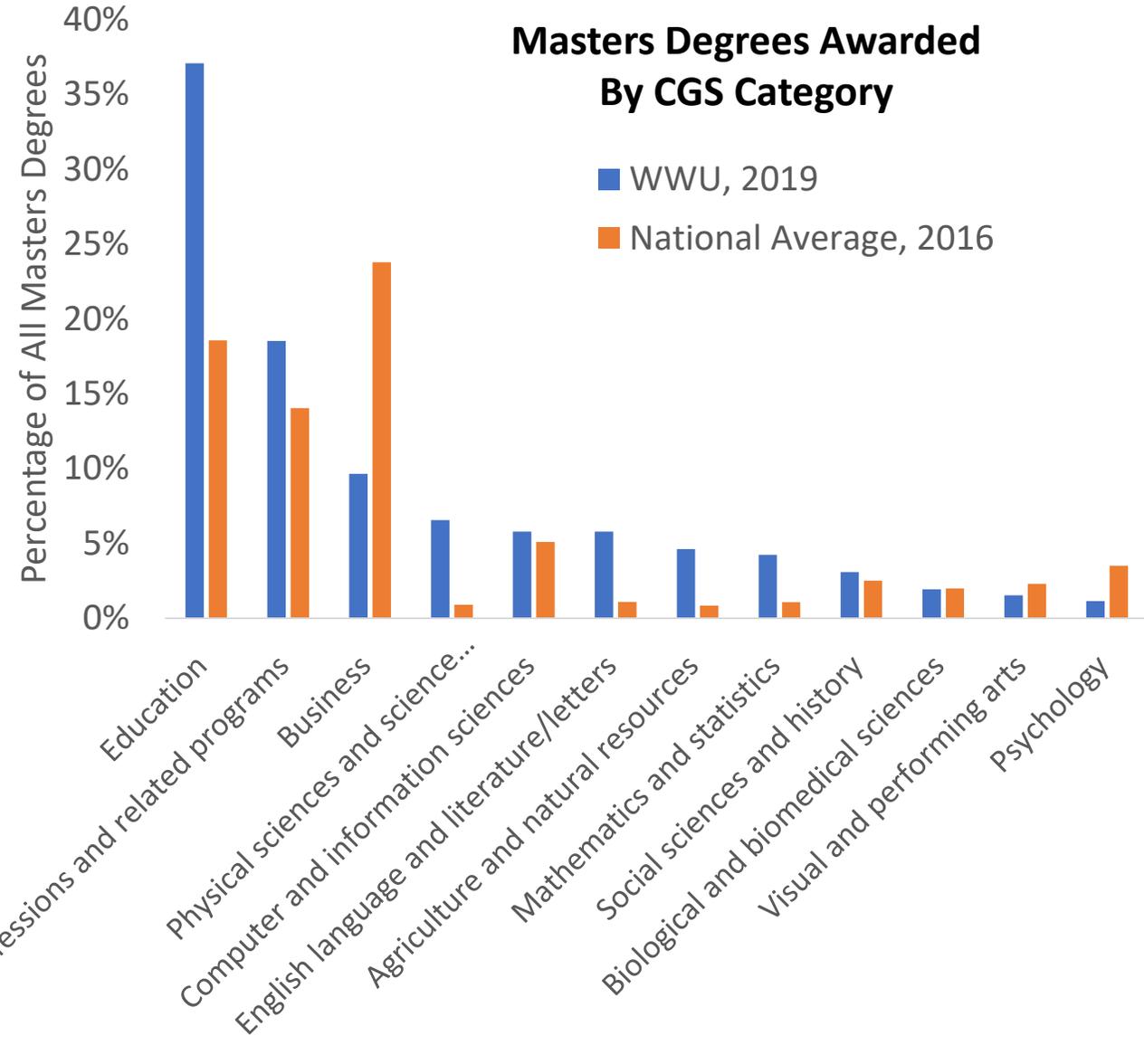
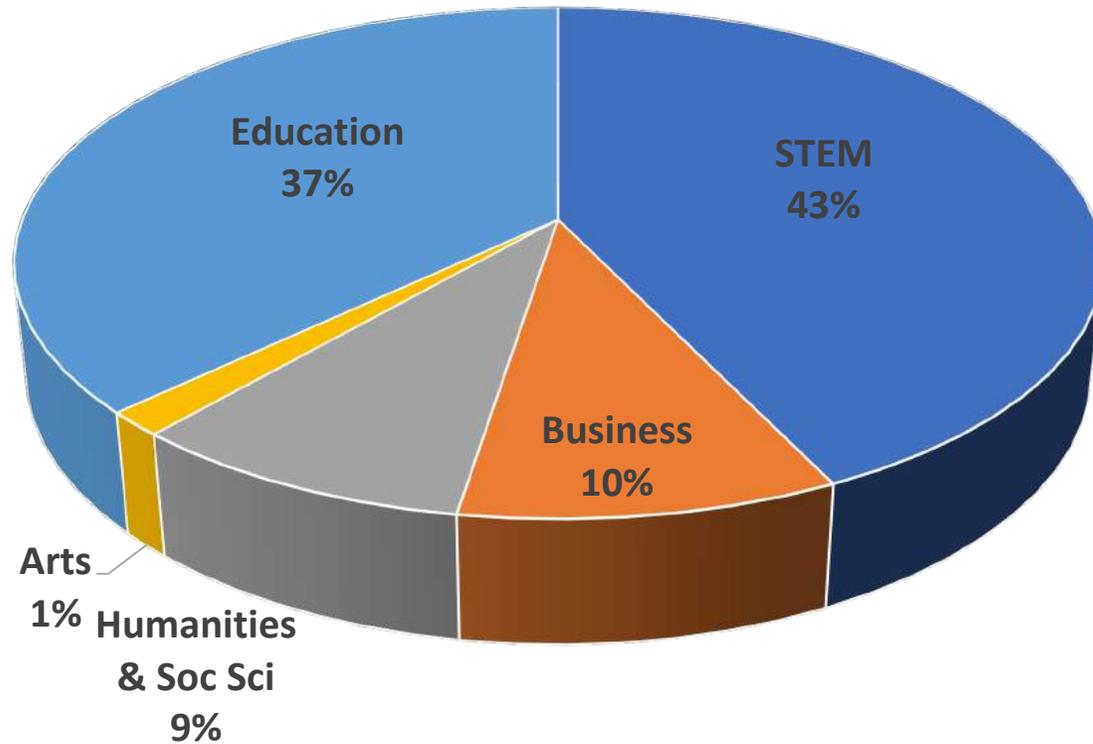
- 35 Masters degree programs
- 3 certificate programs
- 1 clinical doctorate program
- 700 – 750 enrolled students
- 275 – 300 degrees awarded per year
- 230 Graduate TA positions university-wide

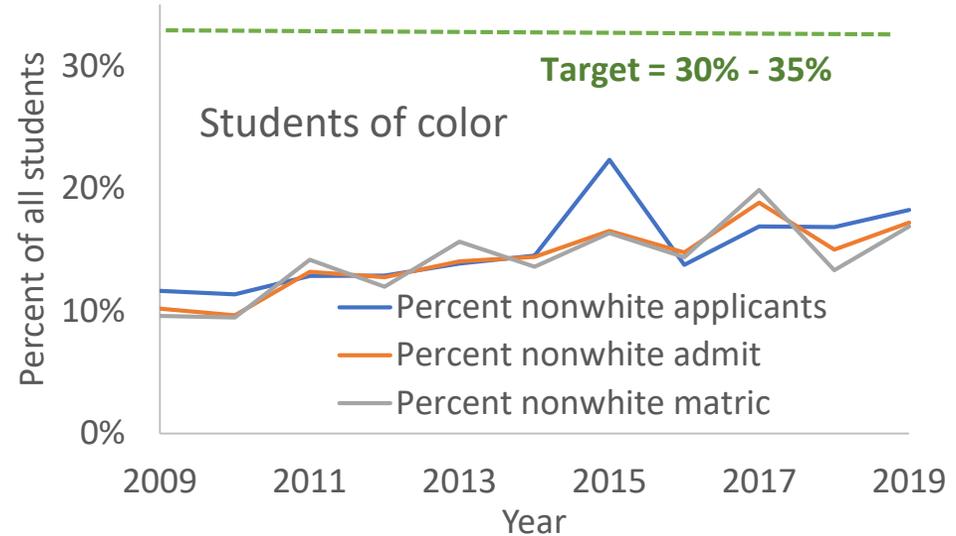
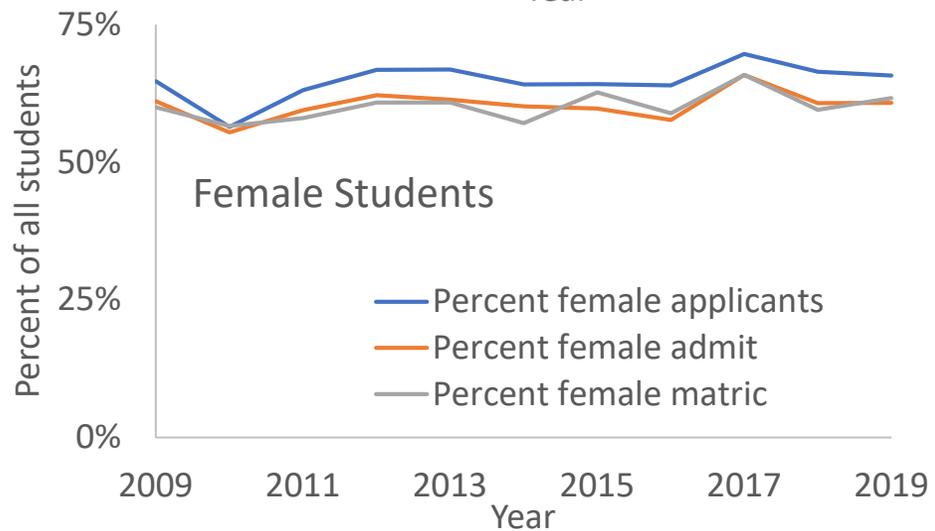
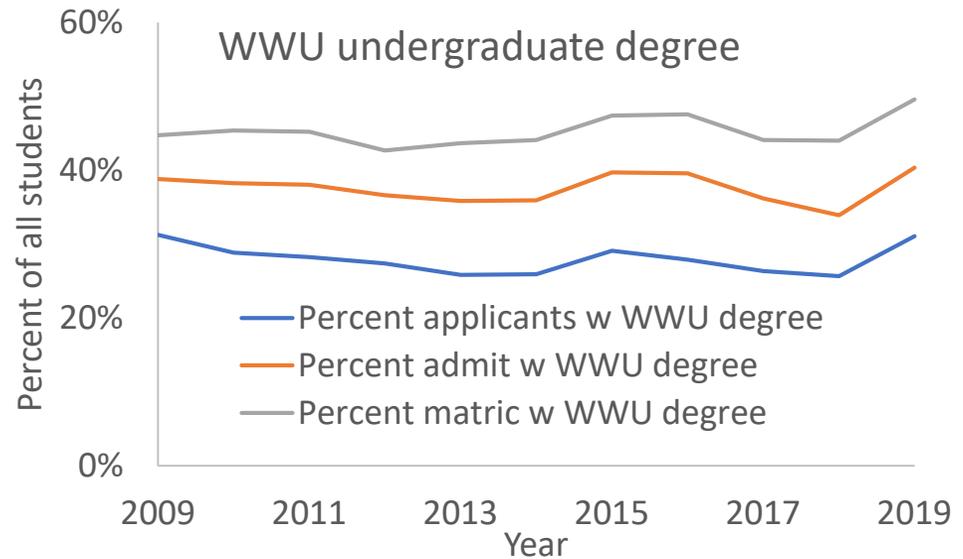
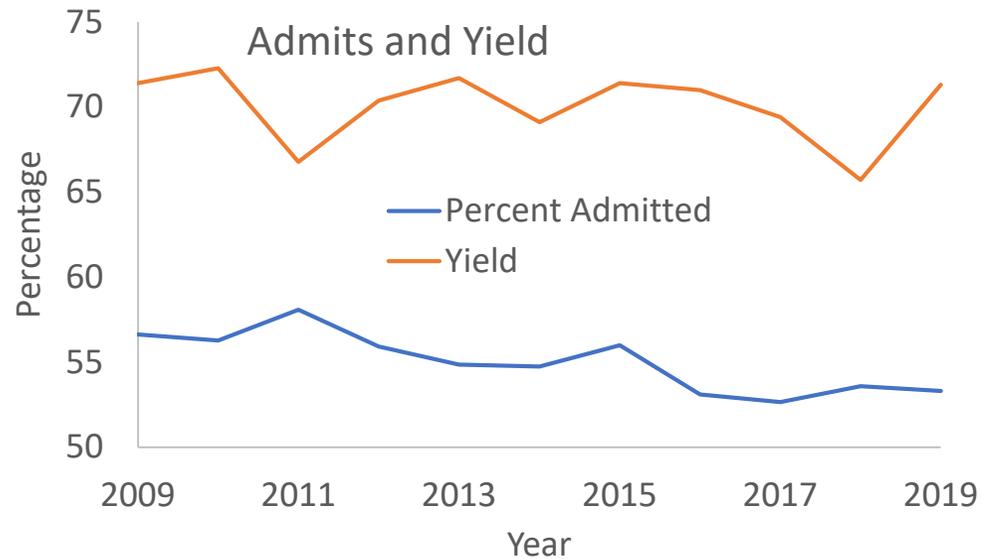
Adult and Higher Education, Anthropology, Archives & Records Management, Biology, Chemistry, Clinical Doctorate Audiology, Computer Science, Creative Writing, Educational Administration, Educational Administration (Off-Campus), English Studies, Environmental Education, Environmental Education (Residency), Environmental Science, Environmental Studies, Exercise Science, Experimental Psychology, Geology, History, Language and Literacy, Marine and Estuarine Science (BIO), Marine and Estuarine Science (ES), Master in Teaching, Master in Teaching (Everett), Master of Business Admin. (PT, Evening), Master of Business Administration (Daytime), Master of Business Administration (Wknd, Everett), Master of Professional Accounting, Mathematics, Mental Health Counseling, Music, Rehabilitation Counseling, School Counselor, Speech and Language Pathology, Sport Psychology





Masters Degrees Awarded 2019

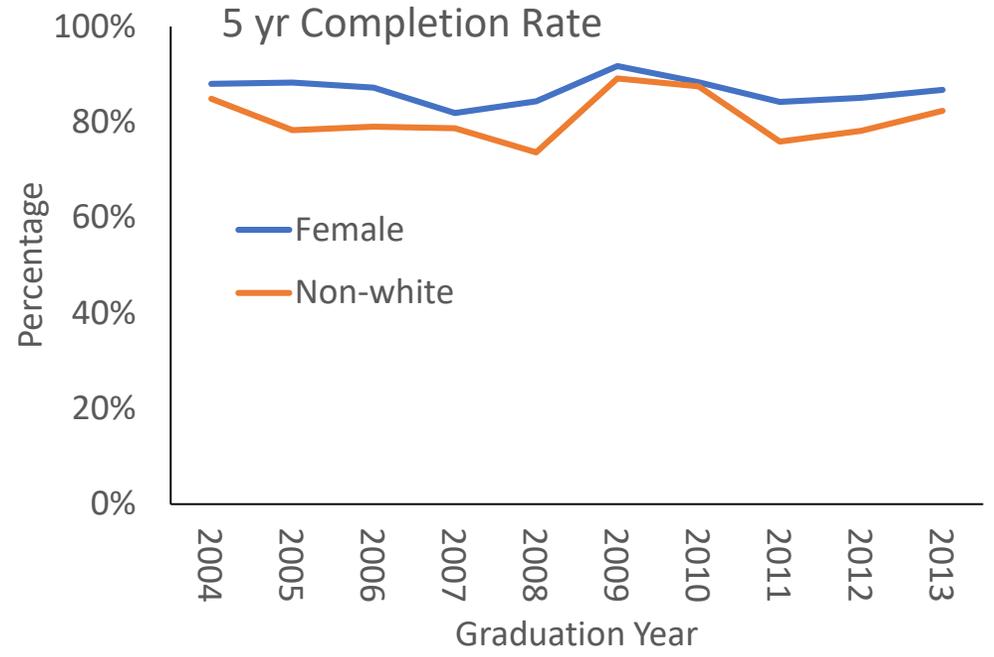
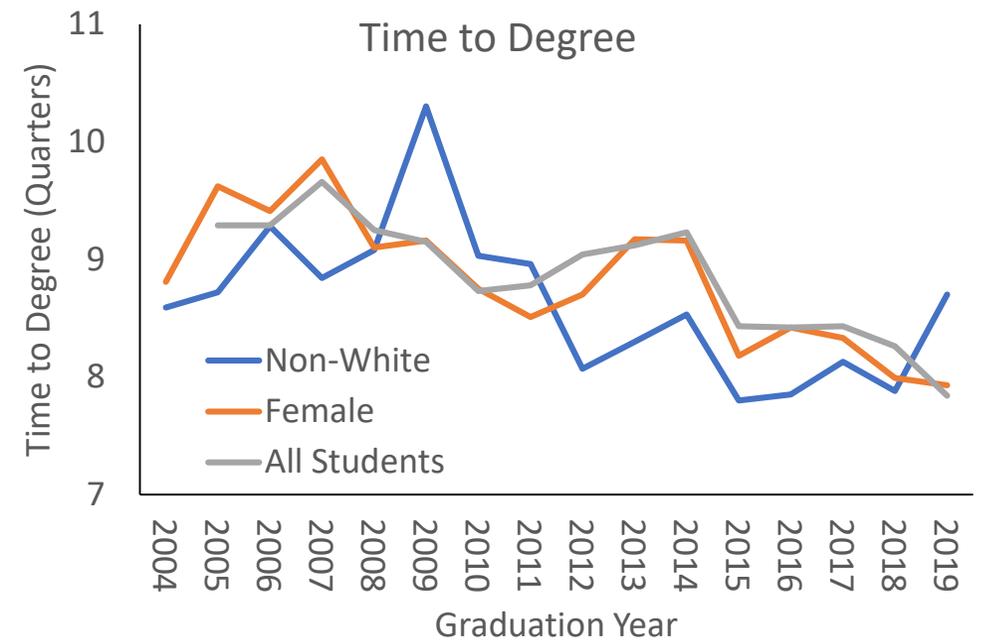




91% of graduates are employed within six months
5% pursuing further education

Student success initiatives

- Need-based waivers
- Graduate writing studio
- Community-building events
- New student orientation programming
- Graduate Student Advocacy Council (GSAC)





Impacts...

On Western

Intellectual vitality
Undergraduate teaching
Mentors and role models
Advanced coursework options
New faculty recruitment

On Washington State

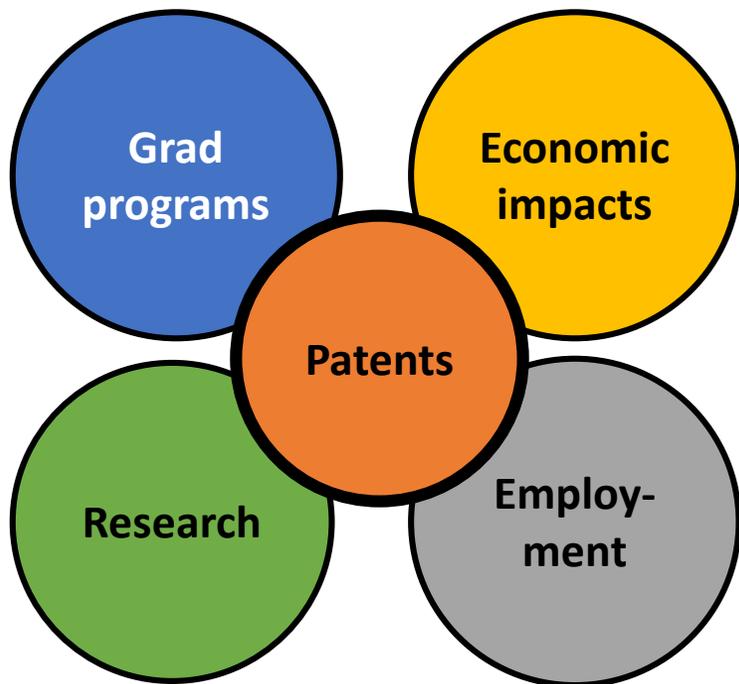
Business & educational leadership
Specialized workforce
Innovation economy

On Students

Career advancement
First-job competitiveness
Life-long learning

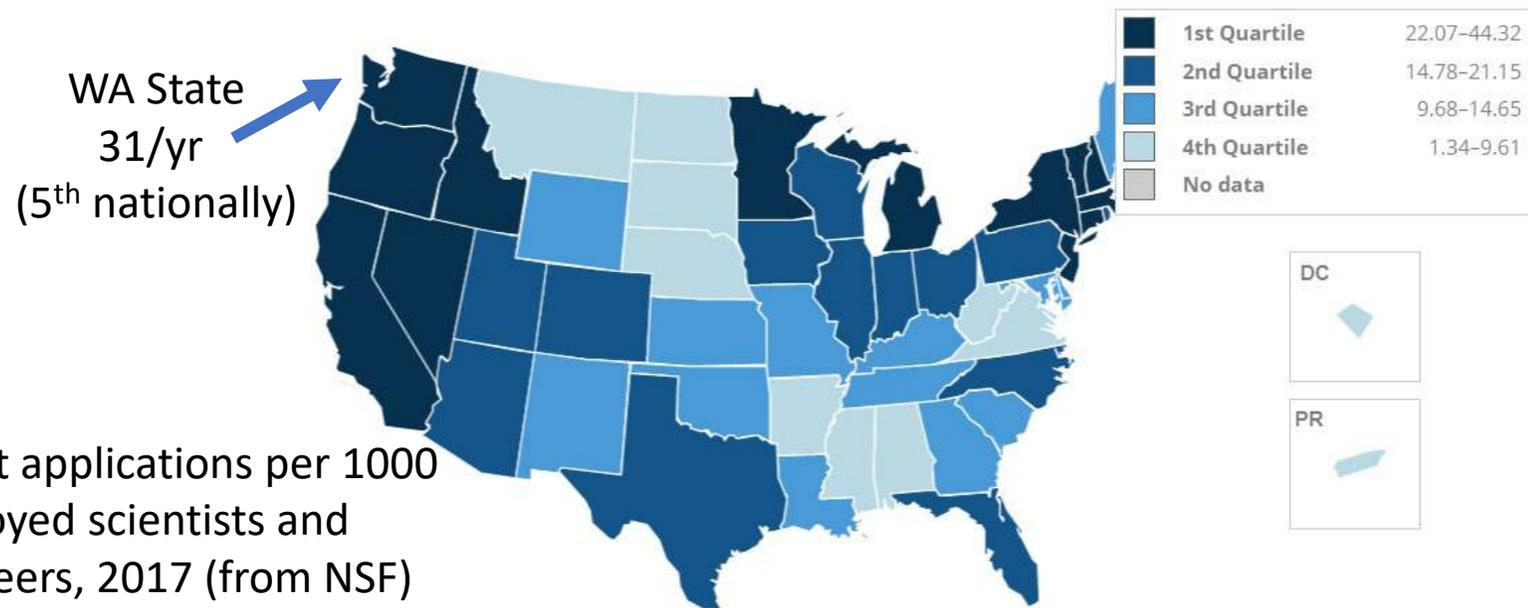


Patent / Application	Status	Discipline	Student co-inventors?	Filing Date
Methods of growing molecular crystals	Pending	Chemistry	Yes	2019
BENZOXAZINE BLENDS	Pending	Chemistry	Yes	2019
KITS FOR MAKING RECYCLABLE COVALENTLY CROSSLINKED POLYMER NETWORKS, RECYCLABLE COMPOSITES, AND RELATED METHODS OF MAKING RECYCLABLE COMPOSITES AND RECYCLING COMPOSITES	Pending	Engineering	No	2018
Nanoscale nickel phosphide catalysts for hydrotreatment	Issued 10,406,509	Chemistry	No	2015
Use of marine algae for co-producing alkenones, alkenone derivatives, and co-products	Issued 10,208,321	Chemistry	No	2015
Photoluminescent semiconductor nanocrystal-based luminescent solar concentrators	Issued 9,964,680	Chemistry, Math	Yes	2013
Oriented fluorophores	Abandoned	Chemistry, Physics, Math	No	2013



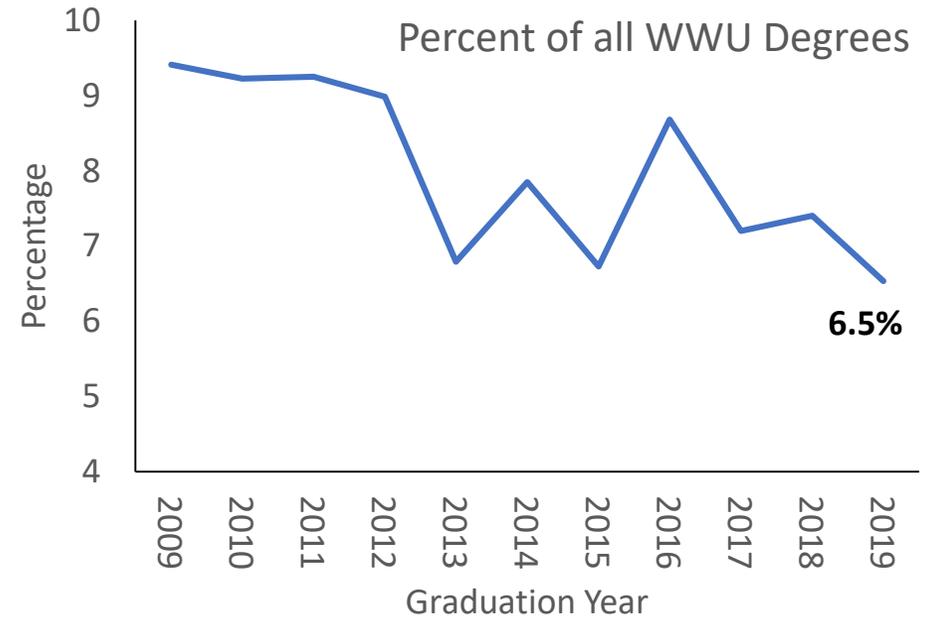
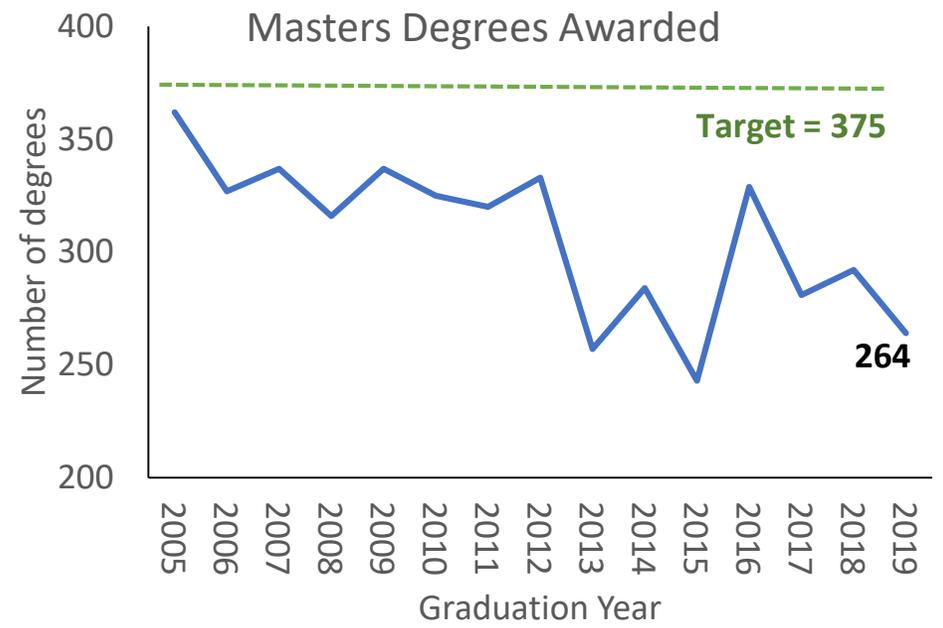
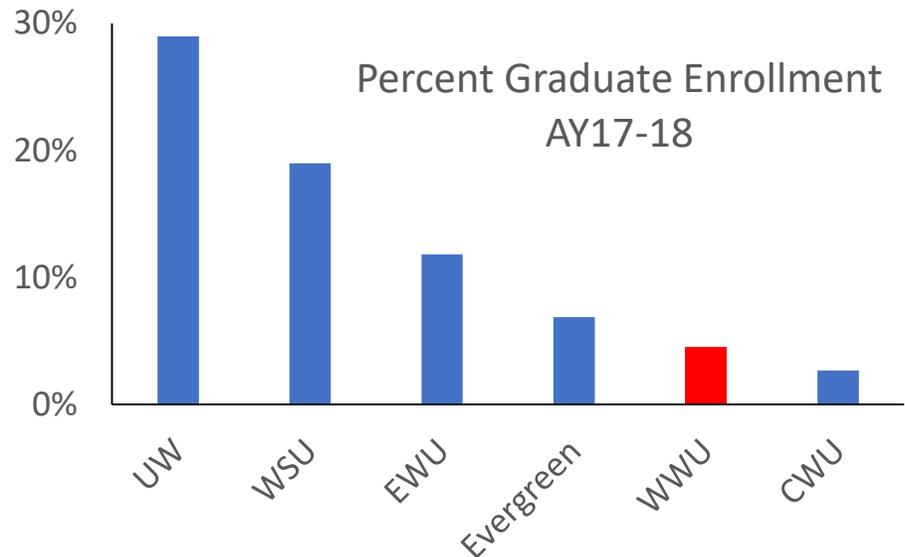
WA State
31/yr
(5th nationally)

Patent applications per 1000 employed scientists and engineers, 2017 (from NSF)



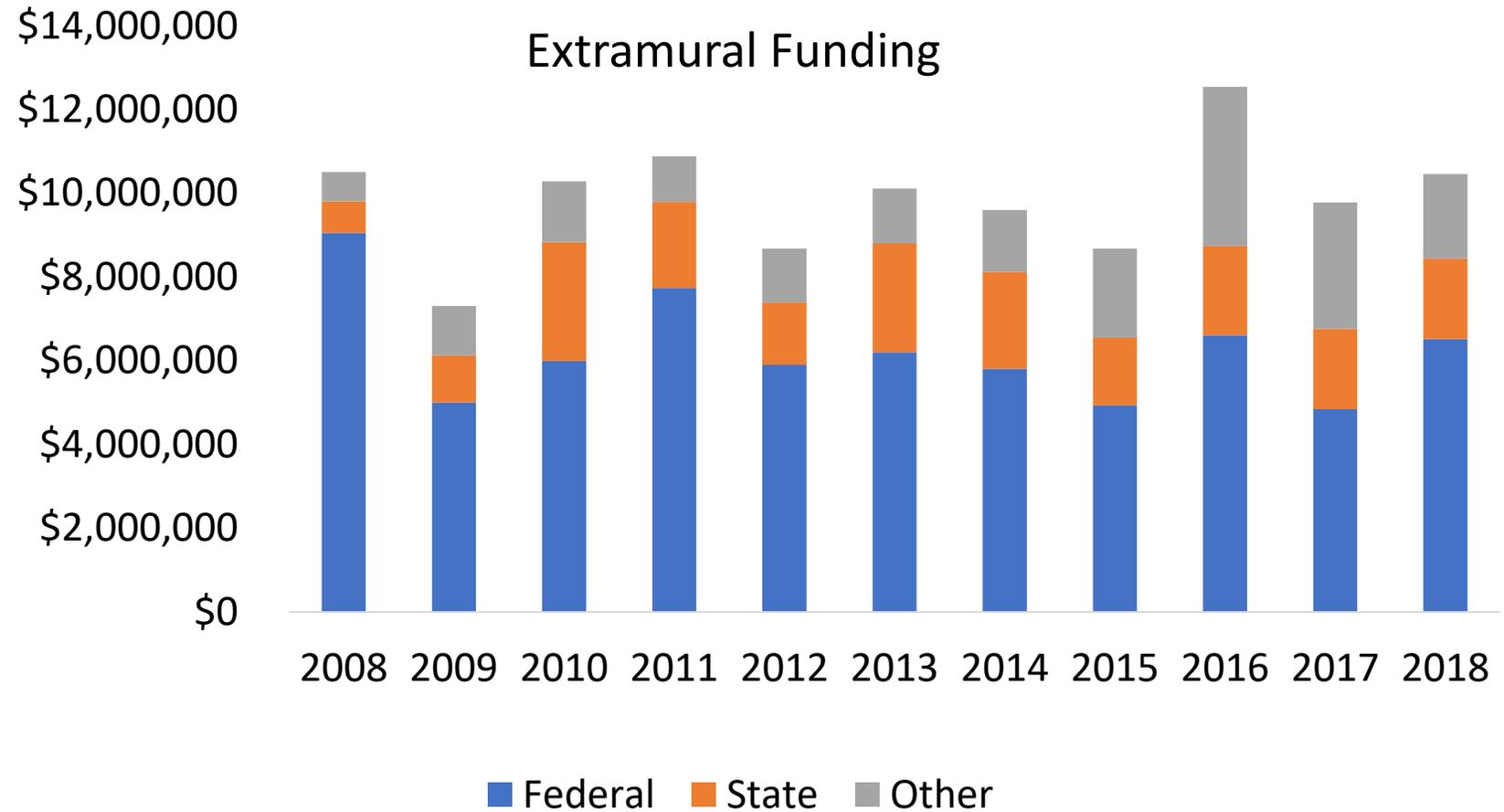
Strategic priorities

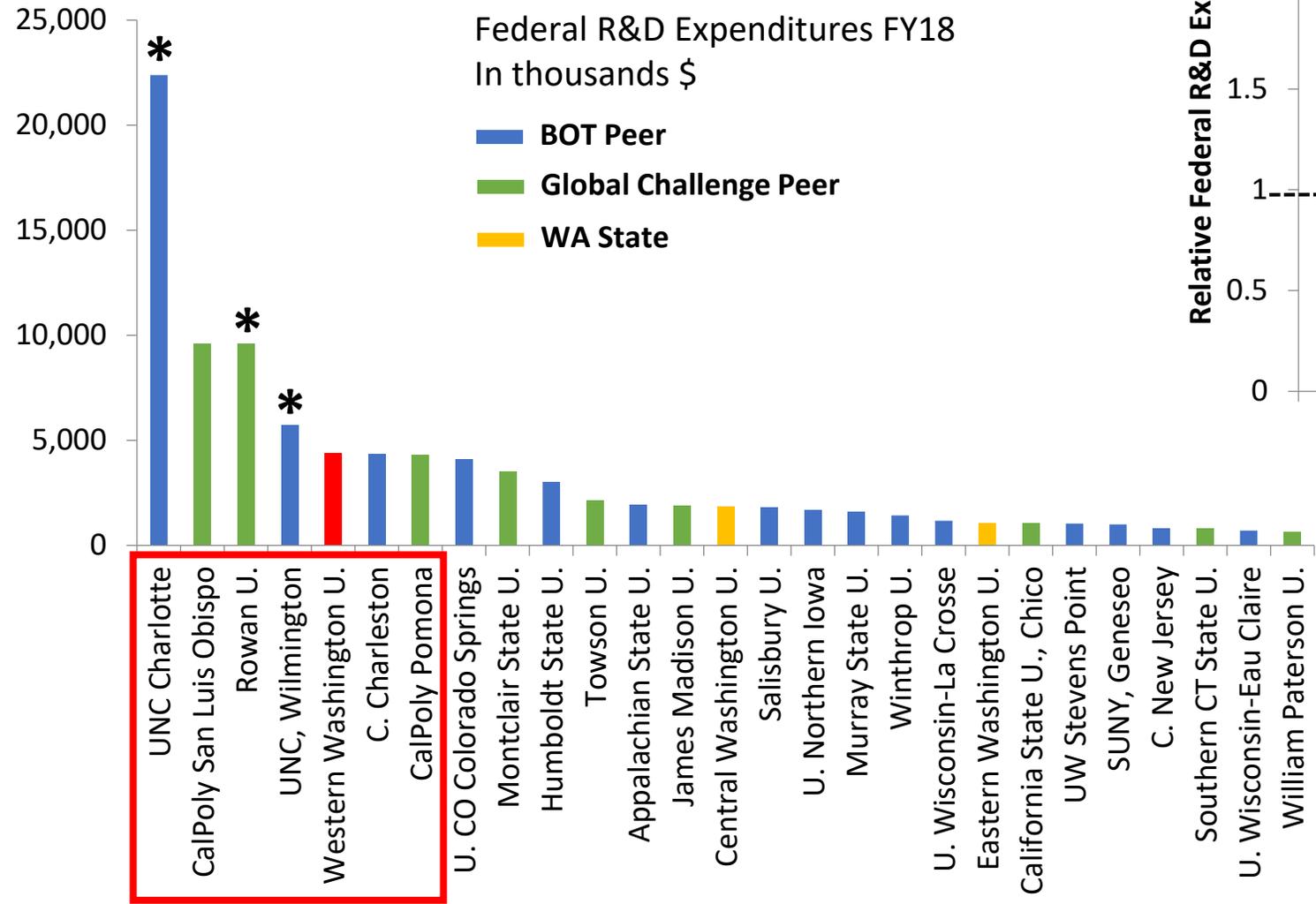
- Fair and competitive TA stipend levels
- Increased student diversity
- Access in high demand fields
- Balanced academic coverage
- Reaching underserved populations
- **Overall graduate enrollment**



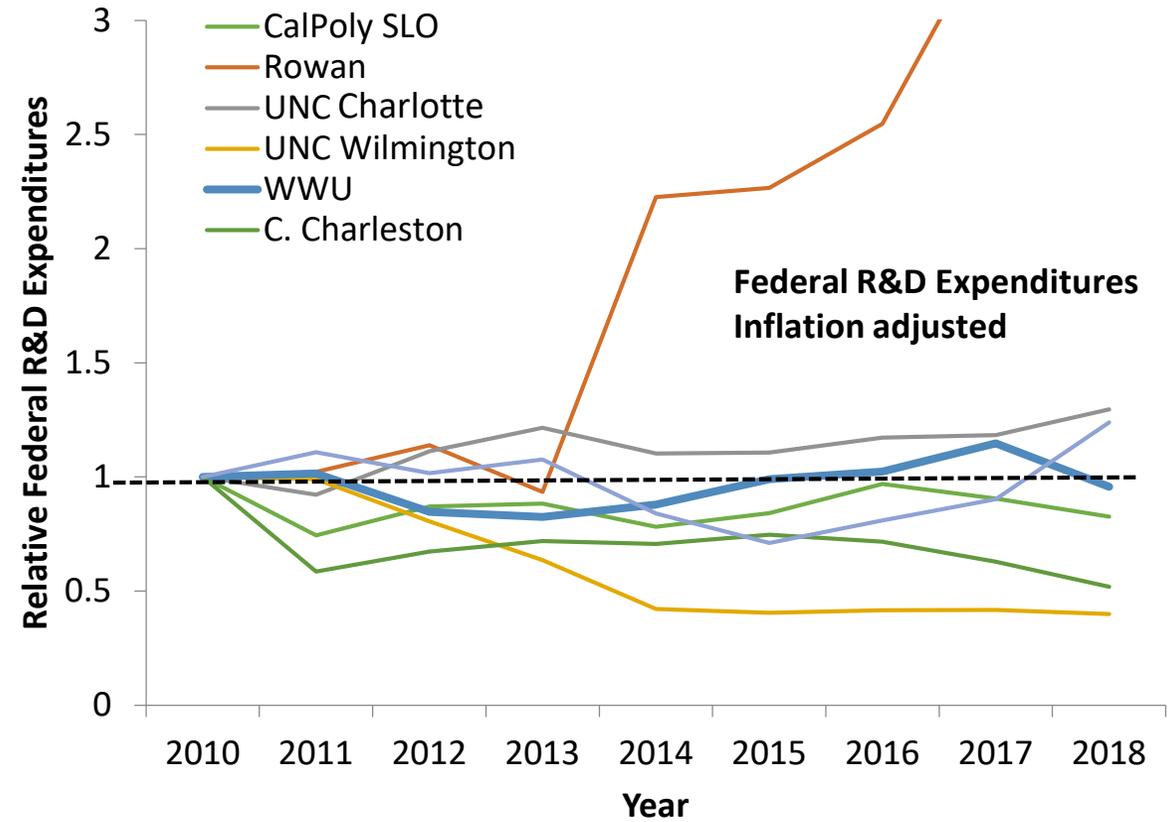


Research and creative inquiry at Western





*Ph.D program / med school



WWU ranks 338th nationally in Federal R&D spending

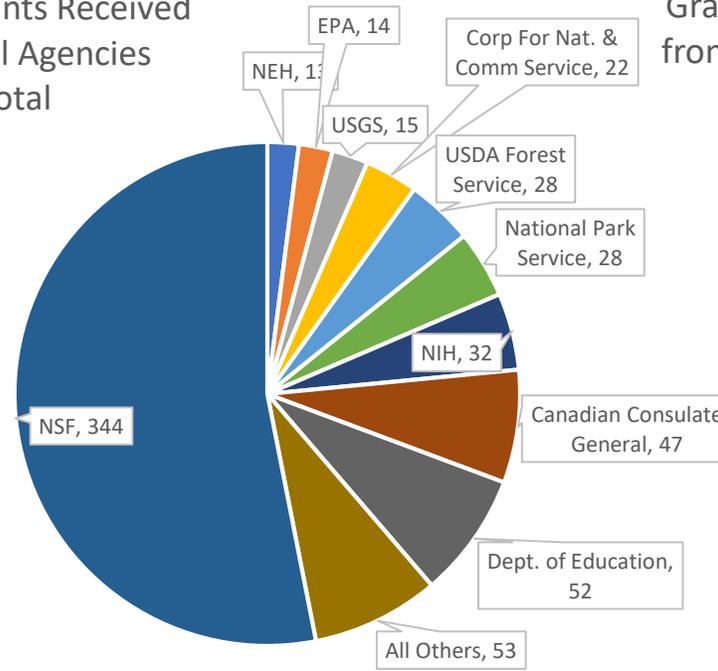
There are 418 doctoral institutions and 685 masters institutions in the US.



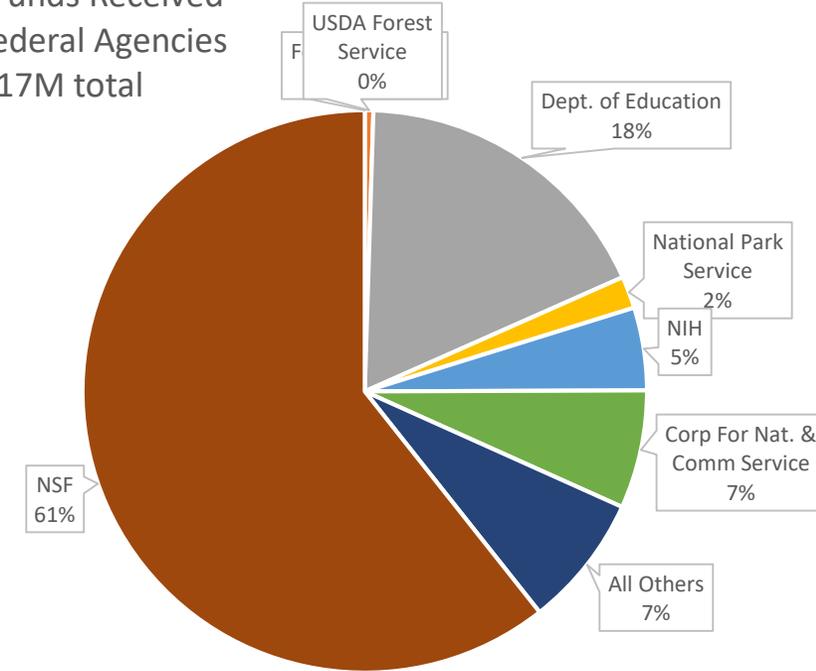
Strategic priorities

- Strengthen research infrastructure
- Support junior faculty
- Diversify funding base
- Grow industry partnerships
- Compete for mid-scale grants

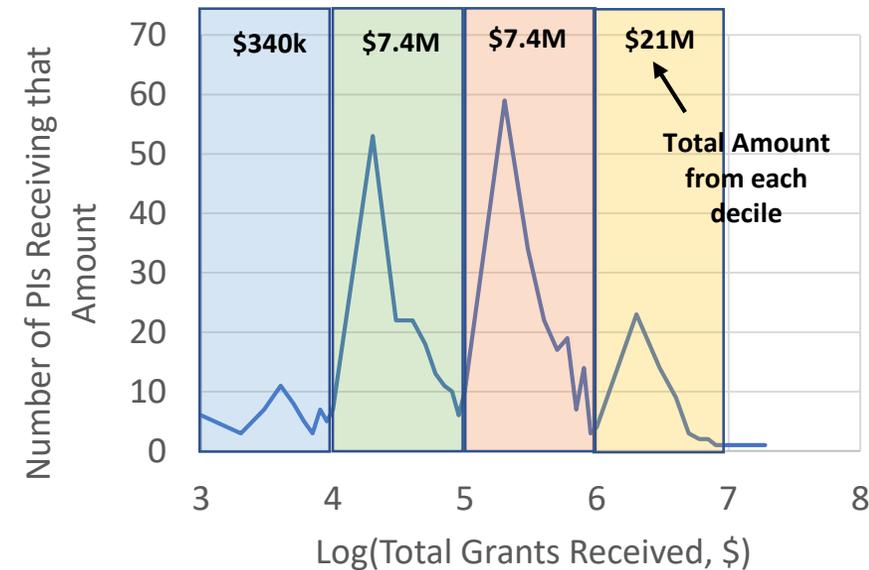
Number of Grants Received from Federal Agencies
648 total



Grant Funds Received from Federal Agencies
\$17M total



Funding Distribution by PI





**Foundation
of scholarly
programs**

**Research &
performance
space**

**Equipment &
technical staff**

Seed funding

**Administrative
support**

**High performance
computing**

**Chromatography &
mass spectrometry**

**Materials testing
equipment**

**Imaging &
microscopy**

**Microfabrication
facilities**

Engineering

Life Sciences

Materials Science

Environmental & Marine Science

Chromatography
& mass
spectrometry

Proteomics, Genomics, Molec. Biol.



Murdock Trust
\$319k



NSF \$496k
WWU \$60k



GC-MS

\$175k



WWU \$100k



WWU \$60k



University
Instrument
Center

Engineering
 Life Sciences
 Materials Science
 Environmental & Marine Science

Imaging and
 Microscopy



Murdock Trust
 \$325k



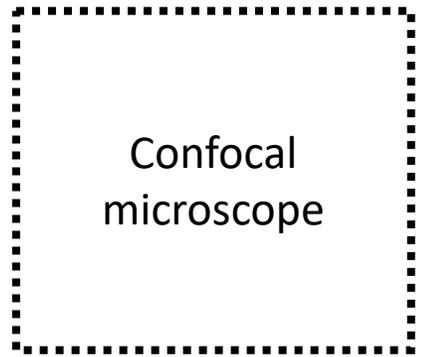
WWU \$225k



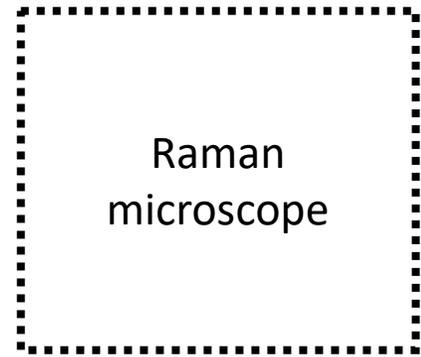
JCDREAM
 \$150k



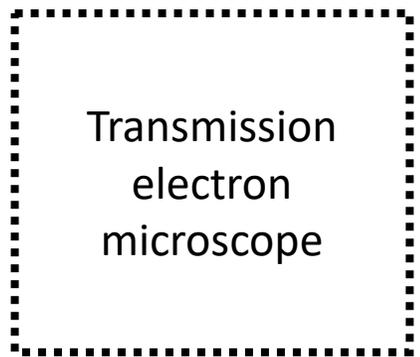
NSF \$343k



NSF \$300k



NSF \$300k



**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa by:
Richard Van Den Hul, Vice President for Business and Financial Affairs

DATE: December 13, 2019

**SUBJECT: Approval of Resolution No. 2019-06 and New Local Government
Investment Pool Prospectus**

PURPOSE:

In June 2014, the Board of Trustees (BOT) approved a resolution authorizing investment of Western Washington University monies in the Local Government Investment Pool (LGIP). In 2016, changes in GASB 79 and the addition of the ability to transfer funds via Automated Clearing House (ACH) prompted an update to the LGIP's Prospectus. In order to participate in the LGIP and to ensure the BOT is aware of the investment strategy and risks, the State Treasurer requires that the BOT read the LGIP Prospectus and approve Resolution No. 2019-06 Authorizing Investment of Western Washington University Monies in the LGIP.

PROPOSED MOTION:

MOVED, that the Board of Trustees of Western Washington University, upon the recommendation of the President, hereby approves Resolution 2019-06 Authorizing Investment of Western Washington University Monies in the LGIP.

ATTACHMENTS:

- Resolution No. 2019-06 Authorizing Investment of Western Washington University Monies in the Local Government Investment Pool
- Local Government Investment Pool Prospectus, August 2016

RESOLUTION NO. 2019-06

**A RESOLUTION OF THE BOARD OF TRUSTEES OF
WESTERN WASHINGTON UNIVERSITY**

**AUTHORIZING INVESTMENT
OF WESTERN WASHINGTON UNIVERSITY MONIES IN THE
LOCAL GOVERNMENT INVESTMENT POOL**

WHEREAS, pursuant to Chapter 294, Laws of 1986, the Legislature created a trust fund to be known as the public funds investment account (commonly referred to as the Local Government Investment Pool (LGIP)) for the contribution and withdrawal of money by an authorized governmental entity for purposes of investment by the Office of the State Treasurer; and

WHEREAS, from time to time it may be advantageous to the authorized governmental entity, Western Washington University, the “governmental entity”, to contribute funds available for investment in the LGIP; and

WHEREAS, the investment strategy for the LGIP is set forth in its policies and procedures; and

WHEREAS, any contributions or withdrawals to or from the LGIP made on behalf of the governmental entity shall be first duly authorized by the Board of Trustees, the “governing body” or any designee of the governing body pursuant to this resolution or a subsequent resolution; and

WHEREAS the governmental entity will cause to be filed a certified copy of said resolution with the Office of the State Treasurer; and

WHEREAS the governing body and any designee appointed by the governing body with authority to contribute or withdraw funds of the governmental entity has received and read a copy of the prospectus and understands the risks and limitations of investing in the LGIP; and

WHEREAS, the governing body attests by the signature of its members that it is duly authorized and empowered to enter into this agreement, to direct the contribution or withdrawal of governmental entity monies, and to delegate certain authority to make adjustments to the incorporated transactional forms, to the individuals designated herein.

NOW THEREFORE, BE IT RESOLVED that the governing body does hereby authorize the contribution and withdrawal of governmental entity monies in the LGIP in the manner prescribed by law, rule, and prospectus.

BE IT FURTHER RESOLVED that the governing body has approved the Local Government Investment Pool Transaction Authorization Form (Form) as completed by the Vice President for Business and Financial Affairs and incorporates said form into this resolution by reference and does hereby attest to its accuracy.

BE IT FURTHER RESOLVED that the governmental entity designates the President of Western Washington University, the “authorized individual” to authorize all amendments, changes, or alterations to the Form or any other documentation including the designation of other individuals to make contributions and withdrawals on behalf of the governmental entity.

BE IT FURTHER RESOLVED that this delegation ends upon the written notice, by any method set forth in the prospectus, of the governing body that the authorized individual has been terminated or that his or her delegation has been revoked. The Office of the State Treasurer will rely solely on the governing body to provide notice of such revocation and is entitled to rely on the authorized individual's instructions until such time as said notice has been provided.

BE IT FURTHER RESOLVED that the Form as incorporated into this resolution or hereafter amended by delegated authority, or any other documentation signed or otherwise approved by the authorized individual, shall remain in effect after revocation of the authorized individual's delegated authority, except to the extent that the authorized individual whose delegation has been terminated shall not be permitted to make further withdrawals or contributions to the LGIP on behalf of the governmental entity. No amendments, changes, or alterations shall be made to the Form or any other documentation until the entity passes a new resolution naming a new authorized individual; and

BE IT FURTHER RESOLVED that the governing body acknowledges that it has received, read, and understood the prospectus as provided by the Office of the State Treasurer. In addition, the governing body agrees that a copy of the prospectus will be provided to any person delegated or otherwise authorized to make contributions or withdrawals into or out of the LGIP and that said individuals will be required to read the prospectus prior to making any withdrawals or contributions, or any further withdrawals or contributions if authorizations are already in place.

PASSED AND ADOPTED by the Board of Trustees of Western Washington University, an agency of the state of Washington on this 13th day of December 2019.

ATTEST:

Earl Overstreet, Chair

John Meyer, Secretary

**LOCAL GOVERNMENT
INVESTMENT POOL**

Prospectus

August 2016



James L. McIntire

Washington State Treasurer

Contents

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I. The LGIP

The Local Government Investment Pool (the "LGIP") is an investment pool of public funds placed in the custody of the Office of the Washington State Treasurer (the "State Treasurer") for investment and reinvestment as defined by RCW 43.250.020. The purpose of the LGIP is to allow eligible governmental entities to participate with the state in the investment of surplus public funds, in a manner that optimizes liquidity and return on such funds. In establishing the LGIP, the legislature recognized that not all eligible governmental entities are able to maximize the return on their temporary surplus funds, and therefore it provided a mechanism whereby they may, at their option, utilize the resources of the State Treasurer to maximize the potential of their surplus funds while ensuring the liquidity of those funds.

The State Treasurer has established a sub-pool within the LGIP whose shares are offered by means of this Prospectus: The LGIP-Money Market Fund (the "LGIP-MMF" or the "Fund"). The State Treasurer has the authority to establish additional sub-pools in the future.

The Fund offered in this Prospectus seeks to provide current income by investing in high-quality, short term money market instruments. These standards are specific to the Fund, as illustrated in the following table. The LGIP-MMF offers daily contributions and withdrawals.

FUND SNAPSHOT

The table below provides a summary comparison of the Fund's investment types and sensitivity to interest rate risk. This current snapshot can be expected to vary over time.

Fund	Investment Types	Maximum Dollar-Weighted Average Maturity for LGIP-MMF
LGIP-Money Market Fund	Cash	60 days
Current Investments (as of July 1, 2016)	Bank Deposits US Treasury bills Repurchase agreements US Government agency obligations	

Fees and Expenses

Administrative Fee. The State Treasurer charges pool participants a fee representing administration and recovery costs associated with the operation of the Fund. The administrative fee accrues daily from pool participants' earnings prior to the earnings being posted to their account. The administrative fee will be paid monthly. In the event that there are no earnings, the administrative fee will be deducted from principal.

The chart below illustrates the operating expenses of the LGIP-MMF for past years, expressed in basis points as a percentage of fund assets.

**Local Government Investment Pool-MMF
Operating Expenses by Fiscal Year (in Basis Points)**

	2009	2010	2011	2012	2013	2014	2015	2016
<i>Total Operating Expenses</i>	0.88	0.64	0.81	0.68	0.87	0.88	0.95	0.88

(1 basis point = 0.01%)

Because most of the expenses of the LGIP-MMF are fixed costs, the fee (expressed as a percentage of fund assets) will be affected by: (i) the amount of operating expenses; and (ii) the assets of the LGIP-MMF. The table below shows how the fee (expressed as a percentage of fund assets) would change as the fund assets change, assuming an annual fund operating expenses amount of \$950,000.

Fund Assets	\$8.0 bn	\$10.0 bn	\$12.0 bn
Total Operating Expenses (in Basis Points)	1.19	0.95	0.79

Portfolio Turnover: The Fund does not pay a commission or fee when it buys or sells securities (or “turns over” its portfolio). However, debt securities often trade with a bid/ask spread. Consequently, a higher portfolio turnover rate may generate higher transaction costs that could affect the Fund’s performance.

II. Local Government Investment Pool – Money Market Fund

Investment Objective

The LGIP-MMF will seek to effectively maximize yield while maintaining liquidity and a stable net asset value per share, e.g., all contributions will be transacted at \$1.00 net asset value per share.

Principal Investment Strategies

The LGIP-MMF will seek to invest primarily in high-quality, short term money market instruments. Typically, at least 55% of the Fund’s assets will be invested in US government securities and repurchase agreements collateralized by those securities. The LGIP-MMF means a sub-pool of the LGIP whose investments will primarily be money market instruments. The LGIP-MMF will only invest in eligible investments permitted by state law. The LGIP portfolio will be managed to meet the portfolio maturity, quality, diversification and liquidity requirements set forth in GASB 79 for external investment pools who wish to measure, for financial reporting purposes, all of their investments at amortized cost. Investments of the LGIP-MMF will conform to the LGIP Investment Policy, the most recent version of which will be posted on the LGIP website and will be available upon request.

Principal Risks of Investing in the LGIP-Money Market Fund

Counterparty Credit Risk. A party to a transaction involving the Fund may fail to meet its obligations. This could cause the Fund to lose the benefit of the transaction or prevent the Fund from selling or buying other securities to implement its investment strategies.

Interest Rate Risk. The LGIP-MMF’s income may decline when interest rates fall. Because the Fund’s income is based on short-term interest rates, which can fluctuate significantly over short periods, income risk is expected to

be high. In addition, interest rate increases can cause the price of a debt security to decrease and even lead to a loss of principal.

Liquidity Risk. Liquidity risk is the risk that the Fund will experience significant net withdrawals of Fund shares at a time when it cannot find willing buyers for its portfolio securities or can only sell its portfolio securities at a material loss.

Management Risk. Poor security selection or an ineffective investment strategy could cause the LGIP-MMF to underperform relevant benchmarks or other funds with a similar investment objective.

Issuer Risk. The LGIP-MMF is subject to the risk that debt issuers and other counterparties may not honor their obligations. Changes in an issuer's credit rating (e.g., a rating downgrade) or the market's perception of an issuer's creditworthiness could also affect the value of the Fund's investment in that issuer. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation. Also, a decline in the credit quality of an issuer can cause the price of a money market security to decrease.

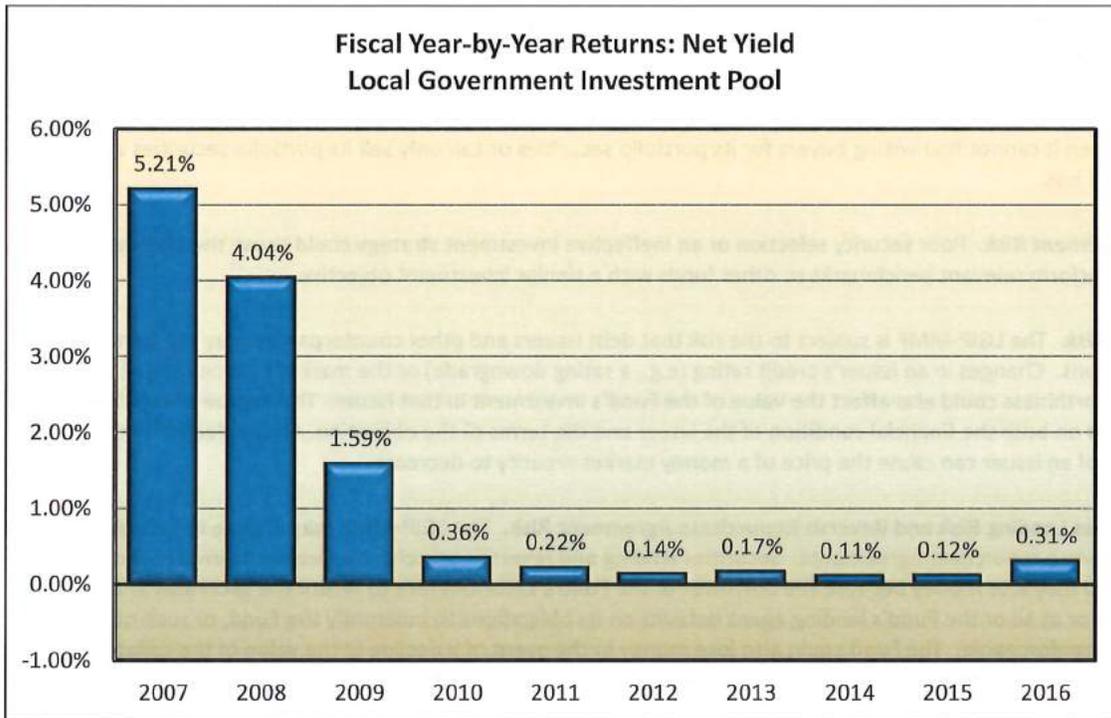
Securities Lending Risk and Reverse Repurchase Agreement Risk. The LGIP-MMF may engage in securities lending or in reverse repurchase agreements. Securities lending and reverse repurchase agreements involve the risk that the Fund may lose money because the borrower of the Fund's securities fails to return the securities in a timely manner or at all or the Fund's lending agent defaults on its obligations to indemnify the Fund, or such obligations prove unenforceable. The Fund could also lose money in the event of a decline in the value of the collateral provided for loaned securities or a decline in the value of any investments made with cash collateral.

Risks Associated with use of Amortized Cost. The use of amortized cost valuation means that the LGIP-MMF's share price may vary from its market value NAV per share. In the unlikely event that the State Treasurer were to determine that the extent of the deviation between the Fund's amortized cost per share and its market-based NAV per share may result in material dilution or other unfair results to shareholders, the State Treasurer may cause the Fund to take such action as it deems appropriate to eliminate or reduce to the extent practicable such dilution or unfair results.

An investment in the LGIP-MMF is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of investments at \$1 per share, pool participants could lose money by investing in the LGIP-MMF. There is no assurance that the LGIP-MMF will achieve its investment objective.

Performance

The following information is intended to address the risks of investing in the LGIP-MMF. The information illustrates changes in the performance of the LGIP-MMF's shares from year to year. Returns are based on past results and are not an indication of future performance. Updated performance information may be obtained on our website at www.tre.wa.gov or by calling the LGIP toll-free at 800-331-3284.



Local Government Investment Pool-Money Market Fund

Average Accrued Net Yield

<u>1 Year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
0.31%	0.18%	0.17%	1.28%

Transactions: LGIP-MMF

General Information

The minimum transaction size (contributions or withdrawals) for the LGIP-MMF will be five thousand dollars. The State Treasurer may, in its sole discretion, allow for transactions of less than five thousand dollars.

Valuing Shares

The LGIP-MMF will be operated using a net asset value (NAV) calculation based on the amortized cost of all securities held such that the securities will be valued at their acquisition cost, plus accrued income, amortized daily.

The Fund's NAV will be the value of a single share. NAV will normally be calculated as of the close of business of the NYSE, usually 4:00 p.m. Eastern time. If the NYSE is closed on a particular day, the Fund will be priced on the next day the NYSE is open.

NAV will not be calculated and the Fund will not process contributions and withdrawals submitted on days when the Fund is not open for business. The time at which shares are priced and until which contributions and withdrawals are accepted is specified below and may be changed as permitted by the State Treasurer.

To the extent that the LGIP-MMF's assets are traded in other markets on days when the Fund is not open for business, the value of the Fund's assets may be affected on those days. In addition, trading in some of the Fund's assets may not occur on days when the Fund is open for business.

Transaction Limitations

The State Treasurer reserves the right at its sole discretion to set a minimum and/or maximum transaction amount from the LGIP-MMF and to limit the number of transactions, whether contribution, withdrawal, or transfer permitted in a day or any other given period of time.

The State Treasurer also reserves the right at its sole discretion to reject any proposed contribution, and in particular to reject any proposed contribution made by a pool participant engaged in behavior deemed by the State Treasurer to be abusive of the LGIP-MMF.

A pool participant may transfer funds from one LGIP-MMF account to another subject to the same time and contribution limits as set forth in WAC 210.10.060.

Contributions deposited by ACH will be unavailable for withdrawal for a period of five business days following receipt of funds

Contributions

Pool participants may make contributions to the LGIP-MMF on any business day. All contributions will be effected by electronic funds to the account of the LGIP-MMF designated by the State Treasurer. It is the responsibility of each pool participant to pay any bank charges associated with such electronic transfers. Failure to submit funds by a pool participant after notification to the State Treasurer of an intended transfer will result in penalties. Penalties for failure to timely submit will be assessed to the account of the pool participant responsible.

Notice of Wire contribution. To ensure same day credit, a pool participant must inform the State Treasurer of any contribution over one million dollars no later than 9 a.m. on the same day the contribution is made. Contributions for one million dollars or less can be requested at any time prior to 10 a.m. on the day of contribution. For all other contributions over one million dollars that are requested prior to 10 a.m., a pool participant may receive same day credit at the sole discretion of the State Treasurer. Contributions that receive same day credit will count, for earnings rate purposes, as of the day in which the contribution was made. Contributions for which no notice is received prior to 10:00 a.m. will be credited as of the following business day.

Notice of ACH contribution. A pool participant must inform the State Treasurer of any contribution submitted through ACH no later than 2:00 p.m. on the business day before the contribution is made. Contributions that receive same day credit will count, for earnings rate purposes, as of the day in which the contribution was made. Contributions for which proper notice is not received as described above will not receive same day credit, but will be credited as of the next business day from when the contribution is made. Contributions deposited by ACH will be unavailable for withdrawal for a period of five business days following receipt of funds.

Notice of contributions may be given by calling the Local Government Investment Pool (800-331-3284) OR by logging on to State Treasurer's Treasury Management System ("TMS"). Please refer to the [LGIP-MMF Operations Manual](#) for specific instructions regarding contributions to the LGIP-MMF.

Direct deposits from the State of Washington will be credited on the same business day.

Pricing. Contribution requests received in good order will receive the NAV per unit of the LGIP-MMF next determined after the order is accepted by the State Treasurer on that contribution date.

Withdrawals

Pool participants may withdraw funds from the LGIP-MMF on any business day. Each pool participant shall file with the State Treasurer a letter designating the financial institution at which funds withdrawn from the LGIP-MMF shall be deposited (the "Letter"). This Letter shall contain the name of the financial institution, the location of the financial institution, the account name, and the account number to which funds will be deposited. This Letter shall be signed by local officials authorized to receive and disburse funds, as described in WAC 210-10-020.

Disbursements from the LGIP-MMF will be effected by electronic funds transfer. Failure by the State Treasurer to transmit funds to a pool participant after proper notification to the State Treasurer to disburse funds to a pool participant may result in a bank overdraft in the pool participant's bank account. The State Treasurer will reimburse a pool participant for such bank overdraft penalties charged to the pool participant's bank account.

Notice of Wire withdrawal. In order to withdraw funds from the LGIP-MMF, a pool participant must notify the State Treasurer of any withdrawal over one million dollars no later than 9 a.m. on the same day the withdrawal is made. Withdrawals for one million dollars or less can be requested at any time prior to 10 a.m. on the day of withdrawal. For all other withdrawals from the LGIP-MMF over one million dollars that are requested prior to 10 a.m., a pool participant may receive such withdrawal on the same day it is requested at the sole discretion of the State Treasurer. No earnings will be credited on the date of withdrawal for the amounts withdrawn. Notice of withdrawals may be given by calling the Local Government Investment Pool (800-331-3284) OR by logging on to TMS. Please refer to the LGIP-MMF Operations Manual for specific instructions regarding withdrawals from the Fund.

Notice of ACH withdrawal. In order to withdraw funds from the LGIP-MMF, a pool participant must notify the State Treasurer of any withdrawal by ACH no later than 2 p.m. on the prior business day the withdrawal is requested. No earnings will be credited on the date of withdrawal for the amounts withdrawn.

Notice of withdrawals may be given by calling the Local Government Investment Pool (800-331-3284) OR by logging on to TMS. Please refer to the LGIP-MMF Operations Manual for specific instructions regarding withdrawals from the Fund.

Pricing. Withdrawal requests with respect to the LGIP-MMF received in good order will receive the NAV per unit of the LGIP-MMF next determined after the order is accepted by the State Treasurer on that withdrawal date.

Suspension of Withdrawals. If the State Treasurer has determined that the deviation between the Fund's amortized cost price per share and the current net asset value per share calculated using available market quotations (or an appropriate substitute that reflects current market conditions) may result in material dilution or other unfair results, the State Treasurer may, if it has determined irrevocably to liquidate the Fund, suspend withdrawals and payments of withdrawal proceeds in order to facilitate the permanent termination of the Fund in an orderly manner. The State Treasurer will distribute proceeds in liquidation as soon as practicable, subject to the possibility that certain assets may be illiquid, and subject to subsequent distribution, and the possibility that the State Treasurer may need to hold back a reserve to pay expenses.

The State Treasurer also may suspend redemptions if the New York Stock Exchange suspends trading or closes, if US bond markets are closed, or if the Securities and Exchange Commission declares an emergency. If any of these events were to occur, it would likely result in a delay in the pool participants' redemption proceeds.

The State Treasurer will notify pool participants within five business days of making a determination to suspend withdrawals and/or irrevocably liquidate the fund and the reason for such action.

Earnings and Distribution

LGIP-MMF Daily Factor

The LGIP-MMF daily factor is a net earnings figure that is calculated daily using the investment income earned (excluding realized gains or losses) each day, assuming daily amortization and/or accretion of income of all fixed income securities held by the Fund, less the administrative fee. The daily factor is reported on an annualized 7-day basis, using the daily factors from the previous 7 calendar days. The reporting of a 7-day annualized yield based solely on investment income which excludes realized gains or losses is an industry standard practice that allows for the fair comparison of funds that seek to maintain a constant NAV of \$1.00.

LGIP-MMF Actual Yield Factor

The LGIP-MMF actual yield factor is a net daily earnings figure that is calculated using the total net earnings including realized gains and losses occurring each day, less the administrative fee.

Dividends

The LGIP-MMF's dividends include any net realized capital gains or losses, as well as any other capital changes other than investment income, and are declared daily and distributed monthly.

Distribution

The total net earnings of the LGIP-MMF will be declared daily and paid monthly to each pool participant's account in which the income was earned on a per-share basis. These funds will remain in the pool and earn additional interest unless withdrawn and sent to the pool participant's designated bank account as specified on the Authorization Form. Interest earned will be distributed monthly on the first business day of the following month.

Monthly Statements and Reporting

On the first business day of every calendar month, each pool participant will be sent a monthly statement which includes the pool participant's beginning balance, contributions, withdrawals, transfers, administrative charges, earnings rate, earnings, and ending balance for the preceding calendar month. Also included with the statement will be the monthly enclosure. This report will contain information regarding the maturity structure of the portfolio and balances broken down by security type.

III. Management

The State Treasurer is the manager of the LGIP-MMF and has overall responsibility for the general management and administration of the Fund. The State Treasurer has the authority to offer additional sub-pools within the LGIP at such times as the State Treasurer deems appropriate in its sole discretion.

Administrator and Transfer Agent. The State Treasurer will serve as the administrator and transfer agent for the Fund.

Custodian. A custodian for the Fund will be appointed in accordance with the terms of the LGIP Investment Policy.

IV. Miscellaneous

Limitation of Liability

All persons extending credit to, contracting with or having any claim against the Fund offered in this Prospectus shall look only to the assets of the Fund that such person extended credit to, contracted with or has a claim against, and none of (i) the State Treasurer, (ii) any subsequent sub-pool, (iii) any pool participant, (iv) the LGIP, or (v) the State Treasurer's officers, employees or agents (whether past, present or future), shall be liable therefor. The determination of the State Treasurer that assets, debts, liabilities, obligations, or expenses are allocable to the Fund shall be binding on all pool participants and on any person extending credit to or contracting with or having any claim against the LGIP or the Fund offered in this Prospectus. There is a remote risk that a court may not enforce these limitation of liability provisions.

Amendments

This Prospectus and the attached Investment Policy may be amended from time to time. Pool participants shall receive notice of changes to the Prospectus and the Investment Policy. The amended and restated documents will be posted on the State Treasurer website: www.tre.wa.gov.

Should the State Treasurer deem appropriate to offer additional sub-pools within the LGIP, said sub-pools will be offered by means of an amendment to this prospectus.

LGIP-MMF Contact Information

Internet: www.tre.wa.gov Treasury Management System/TMS

Phone: 1-800-331-3284 (within Washington State)

Mail: Office of the State Treasurer
Local Government Investment Pool
PO Box 40200
Olympia, Washington 98504
FAX: 360-902-9044

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa

DATE: December 13, 2019

SUBJECT: **Public Works Projects**

PURPOSE: Action Items

Purpose of Submittal:

Approval of the university recommendations provided on Public Works Projects.

Proposed Motion(s):

MOVED that the Board of Trustees of Western Washington University, upon the recommendation of the President, award a contract to Dawson Construction, Bellingham, WA, for the amount of \$1,112,814 (base bid) (plus associated sales tax) for the construction contract to construct the Multiple Building Access Control.

MOVED, that the Board of Trustees of Western Washington University, upon the recommendation of the President, award a consultant contract to Perkins + Will, Seattle, WA, for a fee of \$4,965,437, to provide Pre-Design and Design Services and Construction Administration for the construction of the Electrical Engineering and Computer Science Building

Supporting Information:

16a PW737 – UR Access Control

16b PW758 – Electrical Engineering and Computer Science Building

WESTERN WASHINGTON UNIVERSITY ITEM SUBMITTED TO THE BOARD OF TRUSTEES

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa by:
Richard Van Den Hul, Vice President, Business and Financial Affairs

DATE: December 13, 2019

SUBJECT: **Construction Contract for University Residences Access Control
for Multiple Buildings, PW737**

PURPOSE: Action Item

Purpose of Submittal:

Award a construction contract for the University Residences Access Control for Multiple Buildings, PW737. Contract award following Board action. Construction to start December 2019.

Proposed Motion:

MOVED that the Board of Trustees of Western Washington University, upon the recommendation of the President, award a contract to Dawson Construction, Bellingham, WA, for the amount of \$1,112,814 (base bid) (plus associated sales tax) for the construction contract to construct the Multiple Building Access Control.

Supporting Information:

Work on this project includes the implementation of access control to exterior doors of multiple university residences buildings to the new campus standard access control system. Implementation will require modification of the existing door hardware configuration of security interfaces. This is the first phase of access control implementation for University Residences to enhance key control and security of the residential housing.

This project was advertised for competitive bidding on September 25, 2019 with the bid opening held at 3:00 pm, Tuesday, October 22, 2019. Three (3) bids were received by the University (see attached bid summary). Hargis Engineers Inc., Seattle, WA, prepared the plans and specifications for this project.

During the advertisement phase, Facilities Development staff had extensive outreach to firms with the intent of promoting MWBE participation. The apparent responsible low bidder did not indicate MWBE participation on their bid. Facilities Development will continue to work with the contractor to enhance MWBE participation during the selection of sub-contractors.

Project award of the contract is also contingent on the approval of the contractor's Responsibility Criteria submittal.

The total budget for the project is \$6,583,000.

Source of Funding: WWU Housing and Dining Funding

BID SUMMARY

Job: PW737 - UR Access Control for MB

Date: December 13, 2019

Alternate No.	Description & Bid Item				
		Dutton Electric	Dawson Construction	Roosendaal Hancoop	
	Base Bid	\$ 1,151,000.00	\$ 1,112,814.00	\$ 1,277,305.00	
1					
2					
3					
4					
5					
6					
	Compare to MACC: sub total	\$ 1,151,000.00	\$ 1,112,814.00	\$ 1,277,305.00	\$ -
	8.70% sales tax	\$ 100,137.00	\$ 96,814.82	\$ 111,125.54	\$ -
	Grand Total	\$ 1,251,137.00	\$ 1,209,628.82	\$ 1,388,430.54	\$ -
	Trench & Safety Provisions (inc. in bid)	\$ -	\$ -	\$ -	
	Base Bid				
	sub total	\$ 1,151,000.00	\$ 1,112,814.00	\$ 1,277,305.00	\$ -
8.70%	sales tax	\$ 100,137.00	\$ 96,814.82	\$ 111,125.54	\$ -
	Grand Total	\$ 1,251,137.00	\$ 1,209,628.82	\$ 1,388,430.54	\$ -

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa by:
Richard Van Den Hul, Vice President, Business and Financial Affairs

DATE: December 13, 2019

SUBJECT: **Consultant Contract for Pre-Design and Design Services and Construction Administration for the Electrical Engineering and Computer Science Building, PW758**

PURPOSE: Action Item

Purpose of Submittal:

Approval of a consultant contract for Pre-Design and Design Services and Construction Administration for the Electrical Engineering and Computer Science Building. Award following Board action. Services to start following Board action.

Proposed Motion:

MOVED, that the Board of Trustees of Western Washington University, upon the recommendation of the President, award a consultant contract to Perkins + Will, Seattle, WA, for a fee of \$4,965,437, to provide Pre-Design and Design Services and Construction Administration for the construction of the Electrical Engineering and Computer Science Building.

Supporting Information:

Miller Hull, ZGF, Mahlum Architects, and Perkins + Will were selected from nine (9) teams responding to the Request for Proposals (RFP). The firms responding to the RFP included:

- Bohlin Cywinski Jackson, Seattle, WA
- Perkins + Will, Seattle, WA
- SRG Partnership, Seattle, WA
- Flad Architects, Seattle, WA
- Miller Hull, Seattle, WA
- LMN Architects, Seattle, WA
- Integrus Architects, Seattle, WA
- Mahlum Architects, Seattle, WA
- ZGF, Seattle, WA

Perkins + Will was recommended following review of all nine (9) teams' proposals and interviews with four (4) of the nine (9) teams.

Through outreach Perkins + Will was able to increase their subconsultant MWBE/SBE participation to approximately 7.5% participation.

Members of the selection committee included:

- Rick Benner, Selection Committee Chair / Director, Facilities Development and Capital Budget (FDCB), University Architect
- Josh Kavulla, Associate Director, FDCB
- Mark Nicasio, Project Manager, FDCB
- Brad Johnson, Dean, College of Science and Engineering
- Ellen Kuhlmann, Space Analyst, Space Administration/Management
- Perry Fizzano, Professor / Department Chair, Computer Science
- Andy Klein, Professor / Acting Program Director, Electrical Engineering

Western received pre-design and partial design funding for the Electrical Engineering/Computer Science Building in the *2019-2021 State Capital Budget*. With Board approval of this action item, the pre-design will immediately commence for this project. Design phase will commence immediately after Office of Financial Management approval of the pre-design, and will continue as funding becomes available.

Source of Funding:

- State bond funds
- Western Foundation funds

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees
FROM: President Sabah Randhawa by Provost Brent Carbajal
DATE: December 13, 2019
SUBJECT: **Approval of Fall Quarter Degrees**
PURPOSE: Action Item

Purpose of Submittal:

Board of Trustees responsibility to approve awarding of degrees

Proposed Motion:

MOVED, that the Board of Trustees of Western Washington University, on recommendation of the faculty and subject to the completion of any unmet requirements, approves awarding undergraduate and graduate degrees to the candidates listed in the files of the Registrar and Graduate Dean, for Fall Quarter 2019, effective December 14, 2019.

Supporting Information:

Lists on file with the Registrar and Graduate Dean.

<u>Students</u>	<u>December 2019</u>	<u>Comparison: December 2018</u>
<i>Undergraduates</i>	745	772
<i>Masters</i>	39	27

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa by Provost Brent Carbajal

DATE: December 13, 2019

SUBJECT: **Academic Affairs Report: Number of Declared Majors**

PURPOSE: Information Item

Purpose of Submittal:

To provide the Board of Trustees with overviews on quarterly information about the number of declared student majors per academic department for fall quarter 2019 and fall quarter 2018. The reports include fall 2018 and fall 2019 peak date comparisons

Supporting Information:

- Fall 2019 – Number of Declared Majors at Peak
- Fall 2018 – Number of Declared Majors at Peak
- Change 2014 - 2019

Number of Declared Majors at Peak By Department

Department	Fall 2018			Fall 2019			Change 2018-2019		Change 2014-2019	
	GR	UG	Total	GR	UG	Total	GR	UG	GR	UG
Accounting	5	193	198	4	182	186	-20%	-6%	0%	1%
American Cultural Studies		11	11		11	11		0%		38%
Anthropology	16	148	164	14	120	134	-13%	-19%	-18%	-19%
Art and Art History		224	224		212	212		-5%		-1%
Biology	29	354	383	33	368	401	14%	4%	74%	45%
Canadian/American Studies		2	2		1	1		-50%		-50%
Chemistry	22	155	177	29	160	189	32%	3%	53%	9%
Communication Sci & Disorders	53	60	113	58	86	144	9%	43%	32%	-3%
Communication Studies		133	133		122	122		-8%		-2%
Computer Science	31	300	331	26	307	333	-16%	2%	53%	72%
Decision Sciences		175	175		179	179		2%		-8%
Design		141	141		133	133		-6%		2%
East Asian Studies		23	23		17	17		-26%		-19%
Economics		195	195		184	184		-6%		6%
Elementary Education	14	211	225	12	215	227	-14%	2%	200%	33%
Energy		32	32		39	39		22%		
Engineering and Design		235	235		255	255		9%		8%
English	37	470	507	34	492	526	-8%	5%	-8%	10%
Environmental Sciences	23	228	251	25	213	238	9%	-7%	0%	15%
Environmental Studies	53	282	335	34	273	307	-36%	-3%	-15%	67%
Fairhaven College		194	194		175	175		-10%		4%
Finance & Marketing		295	295		250	250		-15%		9%
Geology	38	90	128	37	79	116	-3%	-12%	61%	-53%
Global Humanities & Religions		29	29		21	21		-28%		-22%
Graduate School	1		1	1		1	0%			
Health & Community Studies	84	251	335	79	237	316	-6%	-6%	-9%	0%
Health & Human Development	24	395	419	21	409	430	-13%	4%	40%	-35%
History	23	202	225	17	208	225	-26%	3%	-32%	28%
Journalism		81	81		86	86		6%		18%
Linguistics		97	97		115	115		19%		53%
Management		256	256		229	229		-11%		10%
Master of Business Admin	51		51	57		57	12%		-17%	
Mathematics	19	171	190	20	179	199	5%	5%	-5%	10%
Modern and Classical Languages		257	257		252	252		-2%		12%
Multidisciplinary Studies		116	116		103	103		-11%		32%
Music	10	182	192	7	214	221	-30%	18%	0%	42%
Philosophy		53	53		58	58		9%		-15%
Physics and Astronomy		46	46		45	45		-2%		-52%
Political Science		204	204		195	195		-4%	-100%	18%
Psychology	41	308	349	43	316	359	5%	3%	16%	10%
Science Education		31	31		32	32		3%		7%
Secondary Education	68		68	78		78	15%		-6%	
Social Studies										-100%
Sociology		267	267		276	276		3%		41%
Special Educ & Educ Leadership	28	282	310	31	287	318	11%	2%	63%	1%
Theatre Arts and Dance		176	176		193	193		10%		16%
Women, Gender & Sexuality Study		10	10		26	26				
Grand Total	670	7,565	8,235	660	7,554	8,214	-1%	0%	8%	9%

Note that this counts majors: a student with more than one major is counted once for each major.

Sum of CNTMJ	Column Labels					
	201440		201440 Total	201840		201840 Total
Row Labels	GR	UG		GR	UG	
Accounting		4 181	185	5	193	198
American Cultural Studies		8	8		11	11
Anthropology		17 149	166	16	148	164
Art and Art History		214	214		224	224
Biology		19 254	273	29	354	383
Canadian/American Studies		2	2		2	2
Chemistry		19 147	166	22	155	177
Communication Sci & Disorders		44 89	133	53	60	113
Communication Studies		124	124		133	133
Computer Science		17 178	195	31	300	331
Decision Sciences		195	195		175	175
Design		130	130		141	141
East Asian Studies		21	21		23	23
Economics		174	174		195	195
Elementary Education		4 162	166	14	211	225
Energy					32	32
Engineering and Design		236	236		235	235
English		37 448	485	37	470	507
Environmental Sciences		25 186	211	23	228	251
Environmental Studies		40 163	203	53	282	335
Fairhaven College		168	168		194	194
Finance & Marketing		229	229		295	295
Geology		23 169	192	38	90	128
Global Humanities & Religions		27	27		29	29
Graduate School					1	1
Health & Community Studies		87 237	324	84	251	335
Health & Human Development		15 632	647	24	395	419
History		25 162	187	23	202	225
Journalism		73	73		81	81
Linguistics		75	75		97	97
Management		208	208		256	256
Master of Business Admin		69	69	51		51
Mathematics		21 162	183	19	171	190
Modern and Classical Languages		226	226		257	257
Multidisciplinary Studies		78	78		116	116
Music		7 151	158	10	182	192
Philosophy		68	68		53	53
Physics and Astronomy		93	93		46	46
Political Science		1 165	166		204	204
Psychology		37 288	325	41	308	349
Science Education		30	30		31	31
Secondary Education		83	83	68		68

201940		201940 Total	Grand Total
GR	UG		
4	182	186	569
	11	11	30
14	120	134	464
	212	212	650
33	368	401	1057
	1	1	5
29	160	189	532
58	86	144	390
	122	122	379
26	307	333	859
	179	179	549
	133	133	404
	17	17	61
	184	184	553
12	215	227	618
	39	39	71
	255	255	726
34	492	526	1518
25	213	238	700
34	273	307	845
	175	175	537
	250	250	774
37	79	116	436
	21	21	77
1		1	2
79	237	316	975
21	409	430	1496
17	208	225	637
	86	86	240
	115	115	287
	229	229	693
57		57	177
20	179	199	572
	252	252	735
	103	103	297
7	214	221	571
	58	58	179
	45	45	184
	195	195	565
43	316	359	1033
	32	32	93
78		78	229

			1
	276	276	739
31	287	318	930
	193	193	535
	26	26	36
660	7554	8214	24010

CNTMJ	TERM	MAJOR_LE'	MAJOR_CC	MAJOR_DE	MAJOR_DEPT_DESC
4	201440	GR	BU	ACCT	Accounting
5	201840	GR	BU	ACCT	Accounting
4	201940	GR	BU	ACCT	Accounting
181	201440	UG	BU	ACCT	Accounting
193	201840	UG	BU	ACCT	Accounting
182	201940	UG	BU	ACCT	Accounting
8	201440	UG	UI	AMST	American Cultural Studies
11	201840	UG	UI	AMST	American Cultural Studies
11	201940	UG	UI	AMST	American Cultural Studies
17	201440	GR	HS	ANTH	Anthropology
16	201840	GR	HS	ANTH	Anthropology
14	201940	GR	HS	ANTH	Anthropology
149	201440	UG	HS	ANTH	Anthropology
148	201840	UG	HS	ANTH	Anthropology
120	201940	UG	HS	ANTH	Anthropology
214	201440	UG	FI	ART	Art and Art History
224	201840	UG	FI	ART	Art and Art History
212	201940	UG	FI	ART	Art and Art History
19	201440	GR	SE	BIOL	Biology
29	201840	GR	SE	BIOL	Biology
33	201940	GR	SE	BIOL	Biology
254	201440	UG	SE	BIOL	Biology
354	201840	UG	SE	BIOL	Biology
368	201940	UG	SE	BIOL	Biology
2	201440	UG	UI	C/AM	Canadian/American Studies
2	201840	UG	UI	C/AM	Canadian/American Studies
1	201940	UG	UI	C/AM	Canadian/American Studies
19	201440	GR	SE	CHEM	Chemistry
22	201840	GR	SE	CHEM	Chemistry
29	201940	GR	SE	CHEM	Chemistry
147	201440	UG	SE	CHEM	Chemistry
155	201840	UG	SE	CHEM	Chemistry
160	201940	UG	SE	CHEM	Chemistry
124	201440	UG	HS	COMM	Communication Studies
133	201840	UG	HS	COMM	Communication Studies
122	201940	UG	HS	COMM	Communication Studies
17	201440	GR	SE	CSCI	Computer Science
31	201840	GR	SE	CSCI	Computer Science
26	201940	GR	SE	CSCI	Computer Science
178	201440	UG	SE	CSCI	Computer Science
300	201840	UG	SE	CSCI	Computer Science
307	201940	UG	SE	CSCI	Computer Science
44	201440	GR	HS	CSD	Communication Sci & Disorders
53	201840	GR	HS	CSD	Communication Sci & Disorders
58	201940	GR	HS	CSD	Communication Sci & Disorders
89	201440	UG	HS	CSD	Communication Sci & Disorders

60	201840	UG	HS	CSD	Communication Sci & Disorders
86	201940	UG	HS	CSD	Communication Sci & Disorders
195	201440	UG	BU	DSCI	Decision Sciences
175	201840	UG	BU	DSCI	Decision Sciences
179	201940	UG	BU	DSCI	Decision Sciences
130	201440	UG	FI	DSGN	Design
141	201840	UG	FI	DSGN	Design
133	201940	UG	FI	DSGN	Design
21	201440	UG	HS	EAST	East Asian Studies
23	201840	UG	HS	EAST	East Asian Studies
17	201940	UG	HS	EAST	East Asian Studies
174	201440	UG	BU	ECON	Economics
195	201840	UG	BU	ECON	Economics
184	201940	UG	BU	ECON	Economics
4	201440	GR	ED	ELED	Elementary Education
14	201840	GR	ED	ELED	Elementary Education
12	201940	GR	ED	ELED	Elementary Education
162	201440	UG	ED	ELED	Elementary Education
211	201840	UG	ED	ELED	Elementary Education
215	201940	UG	ED	ELED	Elementary Education
37	201440	GR	HS	ENG	English
37	201840	GR	HS	ENG	English
34	201940	GR	HS	ENG	English
448	201440	UG	HS	ENG	English
470	201840	UG	HS	ENG	English
492	201940	UG	HS	ENG	English
236	201440	UG	SE	ENGD	Engineering and Design
235	201840	UG	SE	ENGD	Engineering and Design
255	201940	UG	SE	ENGD	Engineering and Design
32	201840	UG	UI	ENRG	Energy
39	201940	UG	UI	ENRG	Energy
40	201440	GR	HU	ENVS	Environmental Studies
53	201840	GR	HU	ENVS	Environmental Studies
34	201940	GR	HU	ENVS	Environmental Studies
163	201440	UG	HU	ENVS	Environmental Studies
282	201840	UG	HU	ENVS	Environmental Studies
273	201940	UG	HU	ENVS	Environmental Studies
25	201440	GR	HU	ESCI	Environmental Sciences
23	201840	GR	HU	ESCI	Environmental Sciences
25	201940	GR	HU	ESCI	Environmental Sciences
186	201440	UG	HU	ESCI	Environmental Sciences
228	201840	UG	HU	ESCI	Environmental Sciences
213	201940	UG	HU	ESCI	Environmental Sciences
168	201440	UG	FA	FAIR	Fairhaven College
194	201840	UG	FA	FAIR	Fairhaven College
175	201940	UG	FA	FAIR	Fairhaven College
229	201440	UG	BU	FMKT	Finance & Marketing

295	201840	UG	BU	FMKT	Finance & Marketing
250	201940	UG	BU	FMKT	Finance & Marketing
23	201440	GR	SE	GEOL	Geology
38	201840	GR	SE	GEOL	Geology
37	201940	GR	SE	GEOL	Geology
169	201440	UG	SE	GEOL	Geology
90	201840	UG	SE	GEOL	Geology
79	201940	UG	SE	GEOL	Geology
27	201440	UG	HS	GHR	Global Humanities & Religions
29	201840	UG	HS	GHR	Global Humanities & Religions
21	201940	UG	HS	GHR	Global Humanities & Religions
1	201840	GR		0 GRAD	Graduate School
1	201940	GR		0 GRAD	Graduate School
87	201440	GR	ED	HCS	Health & Community Studies
84	201840	GR	ED	HCS	Health & Community Studies
79	201940	GR	ED	HCS	Health & Community Studies
237	201440	UG	ED	HCS	Health & Community Studies
251	201840	UG	ED	HCS	Health & Community Studies
237	201940	UG	ED	HCS	Health & Community Studies
15	201440	GR	HS	HHD	Health & Human Development
24	201840	GR	HS	HHD	Health & Human Development
21	201940	GR	HS	HHD	Health & Human Development
632	201440	UG	HS	HHD	Health & Human Development
395	201840	UG	HS	HHD	Health & Human Development
409	201940	UG	HS	HHD	Health & Human Development
25	201440	GR	HS	HIST	History
23	201840	GR	HS	HIST	History
17	201940	GR	HS	HIST	History
162	201440	UG	HS	HIST	History
202	201840	UG	HS	HIST	History
208	201940	UG	HS	HIST	History
73	201440	UG	HS	JOUR	Journalism
81	201840	UG	HS	JOUR	Journalism
86	201940	UG	HS	JOUR	Journalism
226	201440	UG	HS	LANG	Modern and Classical Languages
257	201840	UG	HS	LANG	Modern and Classical Languages
252	201940	UG	HS	LANG	Modern and Classical Languages
75	201440	UG	HS	LING	Linguistics
97	201840	UG	HS	LING	Linguistics
115	201940	UG	HS	LING	Linguistics
21	201440	GR	SE	MATH	Mathematics
19	201840	GR	SE	MATH	Mathematics
20	201940	GR	SE	MATH	Mathematics
162	201440	UG	SE	MATH	Mathematics
171	201840	UG	SE	MATH	Mathematics
179	201940	UG	SE	MATH	Mathematics
69	201440	GR	BU	MBA	Master of Business Admin

51	201840	GR	BU	MBA	Master of Business Admin
57	201940	GR	BU	MBA	Master of Business Admin
78	201440	UG	HS	MDS	Multidisciplinary Studies
116	201840	UG	HS	MDS	Multidisciplinary Studies
103	201940	UG	HS	MDS	Multidisciplinary Studies
208	201440	UG	BU	MGMT	Management
256	201840	UG	BU	MGMT	Management
229	201940	UG	BU	MGMT	Management
7	201440	GR	FI	MUS	Music
10	201840	GR	FI	MUS	Music
7	201940	GR	FI	MUS	Music
151	201440	UG	FI	MUS	Music
182	201840	UG	FI	MUS	Music
214	201940	UG	FI	MUS	Music
68	201440	UG	HS	PHIL	Philosophy
53	201840	UG	HS	PHIL	Philosophy
58	201940	UG	HS	PHIL	Philosophy
93	201440	UG	SE	PHYS	Physics and Astronomy
46	201840	UG	SE	PHYS	Physics and Astronomy
45	201940	UG	SE	PHYS	Physics and Astronomy
1	201440	GR	HS	PLSC	Political Science
165	201440	UG	HS	PLSC	Political Science
204	201840	UG	HS	PLSC	Political Science
195	201940	UG	HS	PLSC	Political Science
37	201440	GR	HS	PSY	Psychology
41	201840	GR	HS	PSY	Psychology
43	201940	GR	HS	PSY	Psychology
288	201440	UG	HS	PSY	Psychology
308	201840	UG	HS	PSY	Psychology
316	201940	UG	HS	PSY	Psychology
30	201440	UG	SE	SCED	Science Education
31	201840	UG	SE	SCED	Science Education
32	201940	UG	SE	SCED	Science Education
83	201440	GR	ED	SEC	Secondary Education
68	201840	GR	ED	SEC	Secondary Education
78	201940	GR	ED	SEC	Secondary Education
196	201440	UG	HS	SOC	Sociology
267	201840	UG	HS	SOC	Sociology
276	201940	UG	HS	SOC	Sociology
19	201440	GR	ED	SPED	Special Educ & Educ Leadership
28	201840	GR	ED	SPED	Special Educ & Educ Leadership
31	201940	GR	ED	SPED	Special Educ & Educ Leadership
283	201440	UG	ED	SPED	Special Educ & Educ Leadership
282	201840	UG	ED	SPED	Special Educ & Educ Leadership
287	201940	UG	ED	SPED	Special Educ & Educ Leadership
1	201440	UG	HS	SSED	Social Studies
166	201440	UG	FI	THTR	Theatre Arts and Dance

176	201840 UG	FI	THTR	Theatre Arts and Dance
193	201940 UG	FI	THTR	Theatre Arts and Dance
10	201840 UG	HS	WGSS	Women, Gender & Sexuality Stdy
26	201940 UG	HS	WGSS	Women, Gender & Sexuality Stdy

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees
FROM: President Sabah Randhawa by Provost Brent Carbajal
DATE: December 13, 2019
SUBJECT: **Quarterly Report on Grants and Contracts**
PURPOSE: Informational Item

Purpose of Submittal:

Information from the Office of Research and Sponsored Programs concerning grant awards for the period July 1, 2018 – June 30, 2019 (Fiscal Year 2019) and July 1, 2019 – September 30, 2019 (First Quarter).

Supporting Information:

- Grant awards/totals for Fiscal Year 2019, the period 7/1/18 – 6/30/19
- Grant awards/totals for First Quarter, the period 7/1/19 – 9/30/19

Fiscal Year 2019, 7/1/18 – 6/30/19

Row Labels	Column Labels				Total \$s	Total #
	Additional Total	#	Initial Total	#		
Academic Technology			\$36,000	1	\$36,000	1
Adv Materials Sci & Engineering Ctr	\$95,200	1	\$275,482	2	\$370,682	3
Anthropology Department			\$15,000	1	\$15,000	1
Biology Department	\$445,829	3	\$69,796	1	\$515,625	4
Border Policy Research Institute			\$19,034	1	\$19,034	1
Campus Compact	\$10,000	1	\$8,006	1	\$18,006	2
Canadian American Studies			\$106,593	1	\$106,593	1
Chemistry Department	\$44,392	1	\$744,401	3	\$788,793	4
Computer Science Department	\$97,893	1	\$87,680	2	\$185,573	3
Department of Environmental Studies			\$44,942	2	\$44,942	2
Dept of Environmental Sciences	\$24,871	1	\$335,815	4	\$360,686	5
Elementary Education			\$298,823	3	\$298,823	3
Engineering and Design Department	\$16,000	1	\$1,129,807	2	\$1,145,807	3
Geology Department	\$171,088	3	\$213,123	1	\$384,211	4
Global Humanities & Religions			\$8,970	2	\$8,970	2
Health and Community Studies	\$519,304	2			\$519,304	2
History Department			\$183,969	1	\$183,969	1
Institute of Watershed Studies			\$347,111	2	\$347,111	2
Journalism Department			\$100,000	1	\$100,000	1
Mathematics Department	\$212,721	1	\$83,109	1	\$295,830	2
Office of Sustainability	\$8,150	1	\$8,150	1	\$16,300	2
Physics - Astronomy Department	\$109,672	2	\$211,068	2	\$320,740	4
Psychology Department	\$697,579	3	\$684,977	3	\$1,382,556	6
Salish Sea Institute			\$29,081	1	\$29,081	1
Science Math and Technology Ed			\$25,000	1	\$25,000	1
Secondary Education			\$10,099	1	\$10,099	1
Shannon Point Marine Center	\$200,472	1			\$200,472	1
Small Business Development Center			\$173,504	1	\$173,504	1
Sociology Department			\$360,677	1	\$360,677	1
Student Outreach Services	\$4,750	1	\$7,000	1	\$11,750	2
Western Gallery			\$132,000	1	\$132,000	1
Woodring College of Education Gen	\$3,400	1	\$58,345	1	\$61,745	2
Grand Total	\$2,661,321	24	\$5,807,562	46	\$8,468,882	70

First Quarter, 7/1/19 – 9/30/19

Sum of Total	Column Labels		Grand
Row Labels	INITIAL	ADDITIONAL	Total
Biology Department		\$74,153	\$74,153
Campus Compact		\$850,028	\$850,028
Canadian American Studies		\$120,341	\$120,341
Chemistry Department	\$953,063	\$135,582	\$1,088,645
Computer Science Department	\$11,961	\$15,283	\$27,244
Dept of Environmental Sciences	\$223,555	\$34,291	\$257,846
Elementary Education		\$132,000	\$132,000
Engineering and Design Department	\$149,373		\$149,373
Geology Department	\$300,506	\$179,969	\$480,475
Institute of Env Toxicology & Chemi	\$150,000		\$150,000
Philosophy Department	\$23,000		\$23,000
Physics - Astronomy Department	\$33,484		\$33,484
Psychology Department	\$46,999	\$185,707	\$232,706
Science Math and Technology Ed		\$388,870	\$388,870
Shannon Point Marine Center	\$589,102		\$589,102
Small Business Development Center	\$304,747		\$304,747
Student Outreach Services	\$7,000		\$7,000
Grand Total	\$2,792,790	\$2,116,223	\$4,909,013

Western Sustainability Report



FY 2019 Report

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Western Sustainability Report FY 2019

Preface

The 2018-2019 Western Washington University Sustainability Report provides a synopsis of some of the many forward-thinking initiatives, plans, and projects created by the faculty, staff, and students of the university in the past academic year. The four pillars of sustainability presented in the Sustainable Action Plan in 2018—Ecological Protection, Economic Fairness, Human Health, and Social Equity—are now widely understood on campus as the foundational elements of Western’s work, and are intertwined throughout these endeavors.

Western is striving to create a more sustainable community, and this report highlights our progress across four university arenas: Academics, Operations, Engagement, and Planning & Administration. Each of these four categories incorporates goals presented by the ten chapters of Sustainability Action Plan. Through these multiple lenses, the intersectionality of the full spectrum of sustainability issues is understood.

Executive Summary

Academics

- The Salish Sea Institute introduces a minor in Salish Sea Studies
- Four New Programs of Study Explore Sustainability
- New courses offered in 2018-2019 Academic Year
- University-wide Educational Lectures in 2018-19

Operations

- Western Leads Peer Institutions in Sustainable Energy Use Indicators
- Energy and Cost Trends Continue Downward
- Western Recognized as “Top 10” Performer in Carbon Reductions
- Smart Water Management comes to Western

Engagement

- Western Reads Selects ‘Octavia’s Brood’ for 2018-2019 School Year
- WWU Completes Flood Risk Study of Stanwood's Lowlands
- WWU, City, and County Collaborate on Disaster Awareness and Preparedness Survey
- Western Researchers Evaluate the Carbon Content in Eelgrass Meadows in Skagit County

Planning & Administration

- WWU Receives \$1 million NSF Grant to Support Low-Income Engineering Students
- Human Resources, the LGBTQ+ director, and the Equal Opportunity Office Post New Information to support transitioning employees
- New Feeding Western Program Initiated
- Sustainability, Equality, & Justice Fund Grant Awards

Western's work in 2018-2019 can be summarized across the ten areas of activity presented by the Sustainable Action Report. The report provides the framework for promote and assess sustainability measures for every department on campus. The following represents some of the activities that progressed goals of these ten chapters:

Chapter One: Campus and Community Engagement

- Western Reads Selects 'Octavia's Brood: Science Fiction Stories from Social Justice Movements'
- WWU, City, and County collaborate on first-ever Disaster Awareness and Preparedness Survey

Chapter Two: Student Life

- Western Initiates New Feeding Western Program

Chapter Three: Transportation

- Faculty and Staff Can Now Have WTA Bus Passes on Western ID, Reducing Waste
- Western Doubled the Amount of Bicycle Lockers on Campus due to Increased Demand

Chapter Four: Waste

- Five new big belly waste stations were added to the four already on campus.
- Move-out Madness collected over 300 items and salvaged 800 yards of materials.

Chapter Five: Curriculum and Research

- The Salish Sea Institute Initiates a New Minor in Salish Sea Studies
- Four New Programs of Study to Engage Sustainability are Introduced

Chapter Six: Built Environment

- Western Recognized as "Top 10" Performer in Carbon Reductions
- Smart Water Management Implemented on Campus

Chapter Seven: Dining Services

- 1,800 Pounds of Surplus Food Were Donated to Local Charities.
- 19,000 Pounds of Used Fryer Oil were Recycled into Bio-Fuel
- All Straws on Campus are Now Compostable, and All Coffee Stir-Sticks are Now Wooden

Chapter Eight: Grounds

- Three new pieces of electric outdoor equipment replaced gas-powered equipment.
- We are currently introducing a new weed removal product called 'Weed Slayer'. An environmentally safe alternative to Glyphosate.

Chapter Nine: Procurement

- A New Shop-Local Initiative was Launched to Showcase Local Vendors in Our Marketplace
- A Water Bottle Filling Station was installed at in Procurement Offices at 32nd Street.

Chapter Ten: Investments

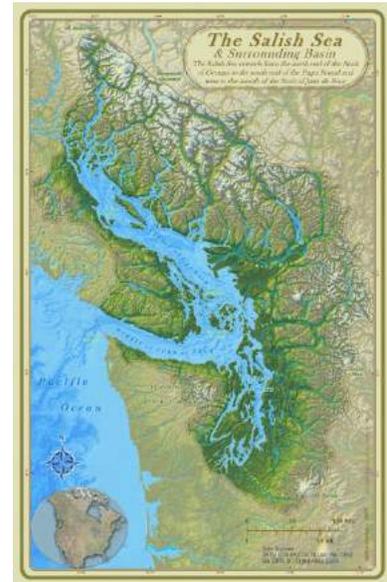
- Western Foundation Selects New Fund Manager

ACADEMICS

Sustainability initiatives are found throughout every colleges' academic curriculum at Western. There are over 100 faculty members across the full spectrum of academic disciplines currently engaged in one or more pillars of sustainability through their coursework and research. This work impact every facet of our community. Here are some selected highlights from 2018-2019:

Salish Sea Studies: a new curriculum of study

The Salish Sea Institute established the place-based and multidisciplinary Salish Sea Studies curriculum, leading to a minor in Salish Sea Studies, in 2018 to introduce students to the complex ecologies and human experiences of the Salish Sea region. The Salish Sea includes the Georgia Basin, Puget Sound, the San Juan and Gulf Islands archipelago, and the Strait of Juan de Fuca. As an international body of water, the Salish Sea is governed by federal, state, provincial, municipal, and treaty laws and regulations. The name of this transboundary sea reflects the long history of the Coast Salish peoples who have lived on the shores of the Salish Sea since time immemorial. Over eight million people now share this landscape with a diverse ecosystem, including orca whales, the giant Pacific octopus, five species of salmon, herring, puffins, kelp, sea stars, and cedar trees. Many species are threatened and endangered due to human impacts on the ecoregion.



The Salish Sea Studies curriculum offers students a unique opportunity to understand transboundary governance structures and tribal sovereignty in the context of the greater ecosystem. Developing a deep knowledge of this place from environmental, cultural, and historical perspectives will prepare students to work collaboratively across multiple jurisdictions, sectors, and perspectives in a range of professions, including in public service and government, industry, and nonprofit organizations. The Salish Sea Studies minor offers a place-based complement to other majors and minors, including environmental science and policy, marine sciences, international business, anthropology, history, political science, communications, and education.

Four New Programs Provide Western Students with Fresh Opportunities to Engage Sustainability

- **Education for Inclusive Environments, BAE:** Educators require a broad understanding of the fundamental right and value of including all children from a variety of backgrounds; including, but not limited to, socio-economic status, language, ethnicity, and ability. This major and professional training program focuses upon educational inclusion for our nation's increasingly diverse population.
- **Women, Gender, and Sexuality Studies, BA:** The new Women, Gender, and Sexuality Studies (WGSS) program engages interdisciplinary research and teaching to analyze the formation of sex, gender, and sexuality as they intersect with race, class, ethnicity, nationality, religion, age, and ability. It also encourages theory and praxis that critically considers global and local

communities in efforts to revise, re-envision, and reimagine social change, and provides students with the skills to critically and actively engage with the world around them.

- **Environmental Science — Freshwater & Terrestrial Ecology Emphasis, BS:** This new major program allows Western students to explore the environmental science of freshwater and terrestrial ecology, and provides students with a strong background in chemistry, biology and mathematics.



New Courses Offered in the 2018-2019 Academic Year

In the 2018-2019 academic year Western again offered dozens of new courses to explore critical social, environmental, and economic challenges. Some of the new opportunities to explore issues of sustainability in 2018-2019 included:

- **AMST 252 - Arab American Experience:** An introduction to the Arab migration to the United States, and look at the historical events which led to the migrations and the historical and contemporary incentives for this today.
- **ENRG 140 - International Energy and Environmental Policy:** A framework for thinking about energy usage decisions by learning about sources of energy, energy efficiency standards and economic instruments to control pollution such as cap-and-trade and carbon taxes.
- **ENRG 340 - Energy and Climate in Rural Development:** This course covers issues related to energy, agriculture, the environment, and social and economic development in rural areas of developing countries

- ENRG 466 - Life Cycle Analysis: Life cycle analysis is a powerful tool for assessing the environmental impact associated with all the stages of a product's life from cradle-to-grave to broadly look at environmental concerns and impact on the environment.
- ENRG 475 - Renewable Electric Power Systems: The course will teach the fundamentals of renewable and efficient electric power systems, including basics of electric generation, transmission and distribution as well as distributed generation and renewable sources on both sides of the meter, with an emphasis on solar photovoltaics and wind turbines.
- ESJ 411 - Education and Social Justice: Theoretical and practical foundation of education for social justice, exploring historical roots and the contemporary constructions of social justice issues and traditions as they play out in diverse educational contexts with emphasis on disruption of cultural reproduction of oppression through agency and activism.
- HIST 358 - Women of Color in the U.S: The experiences and struggles of women of color in the United States both historically and today are addressed. In order to understand people in their own terms, students will read primary documents and secondary sources authored exclusively by women of color.
- HIST 392 -Tribal Sovereignty and Washington History: This course examines multiple definitions of tribal sovereignty and the history of tribal sovereignty alongside key themes and developments in the history of the Washington from earliest times to the present.
- PLSC 385 - Nationalism, Genocide and Global Politics: Drawing on paradigms of nationalism, geopolitics, international law/laws of war and political history, students will examine the problem of genocide from the perspective of various global political actors and apply contemporary international and comparative theory.
- SOC 322 - Enslaving Others: This course examines how groups of people across time and space have enslaved their fellow citizens, neighbors, and families, with a focus on historical abolitionist movements, as well as contemporary forms of slavery including sex trafficking, bonded labor, and forced marriage.
- SOC 386 - Environmental Sociology: An introduction to the subfield of environmental sociology, which is concerned with the systematic study of patterned relations between social systems and ecosystems. The course focuses on human behavior, biophysical processes, and their conjoint constitution.
- WGSS 213 - Introduction to Sexuality and Queer Studies: This course introduces students to the interdisciplinary field of Sexuality Studies with a focus on the insights of the field of Queer Studies. Students will draw upon intellectual approaches to sexuality ranging from the arts and humanities to the social and natural sciences.
- WGSS 310 - Race, Ethnicity, and Indigeneity: Examines how race, ethnicity, and indigeneity shape and inform local and global understandings of sex, gender, and sexuality. Students will address intersectional and de-colonial feminist and gender studies and question how settler colonialism and racism impact possibilities and strategies for gender justice.

University-wide Educational Lectures in 2018-19

The World Issues Forum at the Fairhaven College of Interdisciplinary Studies brought a variety of thought-provoking discussions to Western in 2018 and 2019 to encourage an informed and engaged global citizenry. World Issues Forum Speakers in the past academic year included:

- **Silky Shah** of the Detention Watch Network explored the full-on attack on immigrant communities by the current administration—exemplified by the family separation crisis and the “zero-tolerance” policy—and discussed the relationship between immigration policy and the prison industrial complex in the US.
- **Robin Gray** of University of Toronto Mississauga presented a talk titled “Embodied Heritage: Enactments of Indigenous Sovereignty: on the existence of Indigenous nationhood and examples of feasting, land and waterway protection, repatriation and the role that embodied heritage plays in maintaining and reinforcing indigenous law, politics and nationhood.
- Honduran journalist, artist, and documentary filmmaker **Jennifer Ávila** presented “The Silencing of Dissent: How Freedom of the Press is threatened in Honduras”. She described the resistance to the illegal, and U.S. supported, reelection of Juan Orlando Hernández as President in 2017, and the crimes against humanity committed by his regime since the election.
- **Tim Schwab** of Concordia University discussed “Canadian Documentary in the Global Context.” Incorporating clips from relevant films, this talk will address Canadian documentary practice in the global context and examine the traditional role of documentary to record and reveal human stories and to ‘speak truth to power’ in an increasingly integrated world.
- “How to Stop a Dam with Indigenous Resistance”, by **José Gómez**, dealt with the Association of Communities for Development & the Defense of Land and Natural Resources struggle to protect land and water, cultivate Indigenous identity and leadership, and build community power in the face of harmful corporate and state-led mega-development.
- **Tae-Ung Baik** of the University of Hawaii, an independent expert member of the UN Human Rights Council Special Procedure mechanism, discussed the UN’s efforts to fight against the human rights violations in a talk titled “Enforced Disappearances: Human Rights Norms, Institutions, and Enforcement in Reality”.
- **Sara Uribe** and poet **John Pluecker**, presented “Antígona González: Thinking Through Language, the Body, Writing, and Translation in the Present” a reflection on the poet’s language, the body, writing, and translation at this time in history, and read poems from their book “Antígona González about one person’s missing body in Tamaulipas, Mexico.”
- **Lois Klassen** discussed “Human Mobility / Human Dignity”, an exploration of ethics in the act of representing migration and detention and reviewed the role of cultural producers, including artists and journalists, in the production of meaning during refugee migrations and situations of forced detention.



- In “Storming the Wall: Climate Change, Migration, and Homeland Security”, **Todd Miller** connected the dots between climate change, the displacement of people, and hardening, militarized borders proliferating across the globe.
- **Elisabeth Anker** of George Washington University presented “Climate Change and the Politics of Freedom”, which presented the idea of freedom contributes to climate change, as it insists that people are free to use and control natural resources.
- Attorney **Carlos Spector** examined how extortions, kidnappings, and human rights violations in Mexico by authorized crime displaces Mexican citizens resulting in their fleeing to the United States in search of political asylum and discussed how the U.S. asylum legal framework reinforces the widespread misconception that the Mexican government is able and willing to control organized crime.

The Huxley College Speaker Series brings guest lecturers to WWU to address topics of environmental concern and is intended to bring together environmentally-minded members of the WWU and Bellingham communities. The 2018-2019 Huxley Speaker Series included:

- **Patrick Murphy** discussed how, despite the mounting challenges caused by human-driven climate change, mainstream communication practices have largely constrained action by rendering an oddly depoliticized vision of environmental politics that places people in passive roles. In contrast to these practices, parts of the Global South have recently witnessed the forceful emergence of environmental “transition discourses”, which confront citizens with a radical rethinking of the human relationship with the earth.
- **Tristan Woodsmith** taught about the diverse and important roles played by fungi, Earth's natural recyclers in the environment, their significance to humans, and how fungi can decompose waste, grow gourmet food, and promote environmental restoration.
- **Larry Nielsen** explored the topic Conservationists of the Past, a seminar that told the story of inspirational conservationists of the past like Rachel Carson, Chico Mendes, Billy Frank Jr., and Wangari Maathai, and suggested that if we act with their passion and persistence, we can still achieve a sustainable and beautiful world!
- Drawing on inspiring examples from the Salish Sea and beyond, **Elin Kelsey** offered Wild Contagious Hope by chronicling the spectacular rise of this turn toward hope and why it is so unlikely - and so important - to an increasingly fractured world drowning in doom and gloom.
- **Chris Montero** shared how wolves have returned to Washington State after more than a 70 year absence, and how they bring change not only to our local ecosystems but also to our human culture.
- U.S. Coast Guard Sector Commander Captain **Linda Sturgis** discussed Balancing Safety, Security and Environmental Stewardship in the Coast Salish Region, and highlighted collaboration with the Government of Canada, First Nations, state and local government, NGO’s and the public at large to protect this vibrant and sensitive ecosystem.

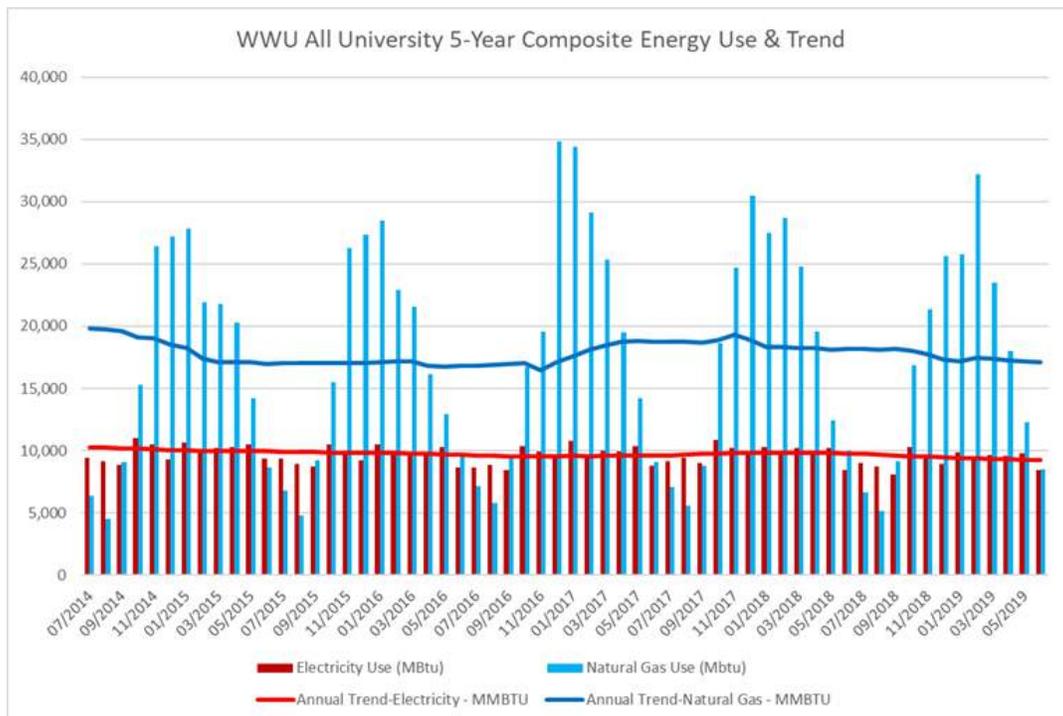
- **Misty MacDuffee** examined immediate and long-term Chinook fisheries management issues that affect Southern Residents and Chinook salmon in the Salish Sea, including the status of Canadian Chinook stocks and the reasons for this status, in a talk titled “Salmon and Orca Recovery in the Salish Sea
- **Valerie Segrest** discussed Muckleshoot Food Sovereignty Project which is mobilizing Northwest Indian tribes to employ concepts of food sovereignty to reclaim their food systems and collectively focus animating a culture of health for future generations. She also shares her experiences connecting her students to traditional foods and plant medicine that nurture our bodies and our revolutionary spirits.
- “What is this Slime in My Water?” by **Robin Matthews** of WWU's Institute for Watershed Studies about the blooms of potentially harmful blue-green algae (cyanobacteria) that have increased in freshwater lakes and how community engagement can improve identification and tracking of toxic blooms.
- **Marcus Reynerson** presented on Mountain Caribou and the Inland Temperate Rainforest of the Pacific Northwest, and shared about his time with the Mountain Caribou Initiative, a visual storytelling collective giving voice to First Nations, scientists, foresters, conservationists, and recreationists attempting to chart a new path forward for one of the most unique ecosystems on earth before it is too late.
- “Wild Nooksack”, presented by **Brett Baunton**, showed the outstanding qualities that make the Nooksack River a unique gem to our region that focused on the beauty, diversity and outstanding qualities that make the Nooksack eligible for a National Wild and Scenic River designation.
- The Intersection of City Planning and Our Health: Integrating Community Design and Public Health by **Paula Reeves**, Healthy Communities Lead for Washington State Department of Health, revealed how design of our communities, housing, transportation infrastructure, and open space, strongly influences human behavior and activity.
- In a talk titled “Changing Ice: Insights from a Decade of Research on Easton Glacier, Mt. Baker” **Doug Clark** discussed the results of two decades of research with Western students and colleagues concerning the dramatic retreat over the past century at Mt. Baker, with an eye towards the implications for the future.

OPERATIONS

Facilities Management was extremely active in 2018-2019 as they work to monitor and manage the campus's energy use. The University's physical throughput includes energy and water use, CO2 and solid waste production, transportation, green building, and other aspects that contribute to the university's physical footprint.

- **Energy and Cost Trends Continue Downward**

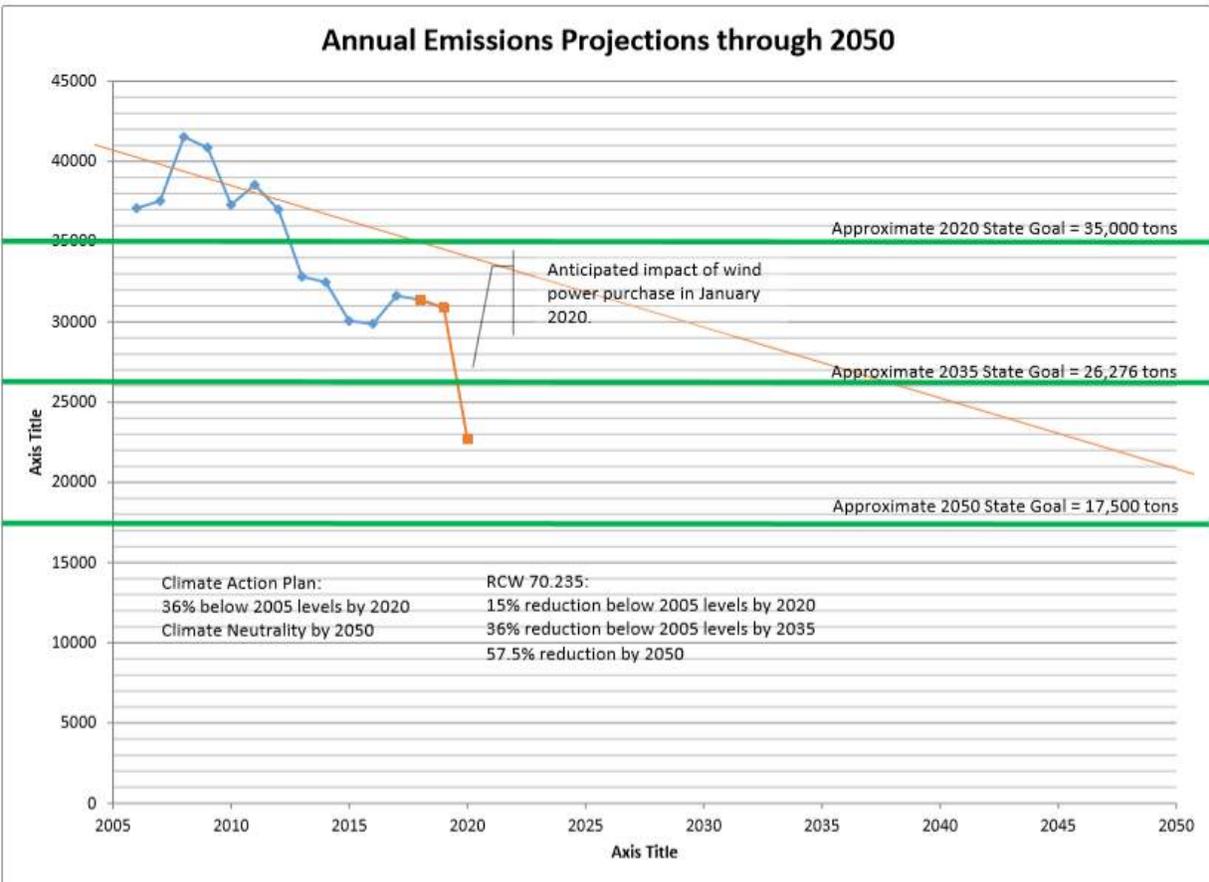
This year Western again led regional and national peer institutions in all Sustainable Action Plan key performance indicators. Our energy use and cost trends continued to decline over the previous five-year period, despite new building loads such as Carver and Multi-Cultural Center. Smart academic building scheduling, utilizing usage data, continues to pay dividends in reduced electrical and steam consumption. Total energy reductions include 3.5 million kWh over the past three years (equivalent to the annual use of 275 US homes) and a cost avoidance of \$2.03 million dollars over the past five years. Grants and rebates have brought in another \$975k to be reinvested over the same time period. The Energy Cost Index is at a five-year low.



- **Western Recognized as “Top 10” Performer in Carbon Reductions**

The University continues its downward trend for carbon emissions. Western has already seen a 25% reduction in greenhouse gas emissions since 2008 (~41.5k → 31.5k tons CO₂), and is expecting another ~25% drop within the next year (~22.5k) with the completion of PSE's windfarm. Western is calculated to be within ~6000 MT of Washington state's 2050 goals and is on the way to climate neutrality by 2035 per the Sustainability Action Plan. In 2019, The Association for Sustainability in Higher Education recognized Western as a “top 10” performing

institution for climate efforts globally, and is the only US-based, publically-funded institution on the list.



- **Smart water management comes to Western**

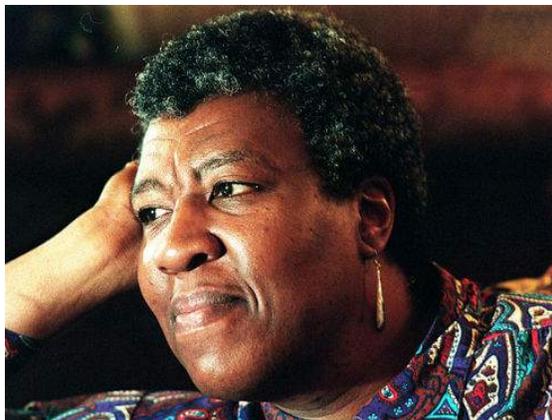
A group of Western students and staff utilized the Sustainability, Equity, & Justice Fund to purchase, install, and implement technology created by Apana, a Bellingham-based technology company. This new approach to monitor water-use throughout campus implements cutting edge water management technologies into four new meter locations on Western’s Campus, chosen to represent student living and academic facilities. Real time water data collects and organizes useful information to all risk management and conservation decisions. These wireless water meters bring both faster responses for costly leaks and refined conservation data. This pilot is a case study to warrant further adoption across Western’s campus as well as other Universities or similar institutions. The system allows students to see the direct conservation impact of their showers length, laundry cycles, and other daily activities.

ENGAGEMENT

Western's operational and academic sustainability endeavors are initiated and developed through goal-setting, collaboration with administration, and outreach to students, staff, faculty, and the greater Bellingham community. Ultimately, this civic engagement is at the center of all of the University's conservation efforts. 2017 highlights in this area include:

- **Western Reads Selected 'Octavia's Brood: Science Fiction Stories from Social Justice Movements' for the 2018-2019 School Year**

Western Washington University selected "Octavia's Brood: Science Fiction Stories from Social Justice Movements" as the Western Reads book for the 2018-2019 academic year. Western Reads is a campus-wide program that serves the university's first year mission by promoting intellectual engagement, community and civil discourse with new students through experiences related to selected texts.



"The Western Reads Selection Committee was drawn to this book for a variety of reasons including the array of authors who contributed to it, the interdisciplinary nature of the issues at the heart of the short stories, and the potential of the speculative fiction genre to open unexpected ways of responding to our current political climate," said Molly Ware, associate professor of Secondary Education at Western and incoming director of Western Reads.

Dedicated to renowned African American science fiction writer Octavia E. Butler, "Octavia's Brood" focuses on the struggle in the quest for change that was central to Butler's work. As such, the stories and essays in Octavia's Brood invite the reader to wrestle with the complexity at the intersection of identity and imagination and to enter the gray areas of race, class, gender, sexuality, militarism, inequality, oppression, resistance and, most importantly, hope central to Butler's writing. Western Reads will use the stories from Octavia's Brood alongside those of faculty, staff, alumni, and students at WWU and various national and international social change leaders to explore questions like: How can we build community for change? How can we envision and create a future that serves all of us? How can we stay engaged and find hope in the face of seemingly insurmountable challenge? Can I really make a difference?

- **WWU completes flood risk study of Stanwood's lowlands**

A yearlong multi-faceted project flood study is completed a city-university partnership in which upper level courses at Western Washington University use applied learning to help the city of Stanwood. The results also educate west Stanwood homeowners by laying out researched options of insurance, flood mitigation and financial help. Stanwood City

Administrator Ryan Larsen said the project was an added resource that might benefit the city's FEMA rating, which could reduce flood insurance costs citywide for everyone.



“The city has these needs and Western has this expertise and the students have this energy to do real work that makes real change,” said Lindsey MacDonald, program coordinator of Sustainable Communities Partnership. “For students it’s so rewarding to apply the theories that they’re learning in the classroom to the real world.”

WWU undergraduate student Nyla Thursday was the point person on this project that started last June. In August of 2018, students measured ground floor elevation of the homes in west Stanwood. They recorded the height and type of each building’s foundation and year of construction. Finally, the students went door to door to interview building owners to add information about their flood insurance and mortgages.

After analyzing data and working with city staff, Thursday started building the foundation of an interactive web map layered with details for individual properties, flood risks and how owners can prevent or mitigate damage with estimated costs. “The map is a community education tool for flood risks. It goes into detail of flood history, insurance, elevation and mitigation techniques,” Thursday said. She said all the information was incorporated this spring into a class in which another student team is working on a website where community members can explore the FEMA community rating system.

The Center for Economic Business Research at WWU added to the effort by exploring financial options for flood mitigation. They found how much on average it costs to elevate buildings, or to vent them so that powerful flood currents can flow through rather than displace the house. Other retrofits include raising ground-floor electrical outlets above flood levels. “Every house can be so different for how things cost,” Thursday said, adding that it pays to know what a retrofitting project is worth, and what grants or low interest loans are available.

- **WWU, City, and County collaborate on first-ever Disaster Awareness and Preparedness Survey**

Western Washington University's Resilience Institute partnered with the City of Bellingham Office of Emergency Management and the Whatcom County Sheriff's Office Division of Emergency Management to launch a disaster awareness and preparedness survey in Whatcom County.

Every year for the next three to five years, WWU students will survey residents about their household and community preparedness as part of a spring quarter course on disaster risk reduction planning. Students will also examine the risk awareness and preparedness of specific neighborhoods, groups, and service providers. As the project progresses, the data

they collect will be used to improve community outreach and preparedness for earthquakes, floods, fires, storms and other significant disasters.

The survey teams will survey different areas of the city and county each year by going door to door to ask residents to participate. This method will establish baseline awareness and preparedness and evaluate changes over time. Progress in increasing awareness and preparedness from this survey will be evaluated through year-over-year comparisons of results.



This project is supported by Western Washington University's Sustainable Communities Partnership, which focuses the energy and ideas of faculty and students upon the issues that communities face as our society transitions to a more sustainable future. SCP facilitates a program in which Western courses complete community-engaged learning projects that address problems identified by the partner.

- **Two recent studies by researchers at Western Washington University evaluated the carbon content in eelgrass meadows in Skagit County.**

The slender green leaves of eelgrass that sway in the waters of Padilla, Samish and Skagit bays are widely recognized as key habitat for species including salmon, crab, and great blue herons. Eelgrass meadows are also starting to be seen as sources of "blue carbon" — carbon found in plants and sediment in coastal habitats that if released as carbon dioxide could contribute to climate change. An effort is underway to document how much blue carbon coastal habitats, including those along Skagit County's shoreline, are capable of holding.

Understanding what's there and how fast it can accumulate is the first step toward encouraging preservation and restoration of coastal habitats to help limit the world's greenhouse gas emissions, according to scientists, government agencies and restoration advocates. "We're trying to reduce our greenhouse gas emissions generally across the world and how we manage forests, grasslands is an important part of our climate change mitigation strategy," Blue Carbon Initiative co-chair Steve Crooks said. "How we manage our coastal wetlands is also an important part of the equation."

The initiative is a group of scientists and policymakers from throughout the world who are evaluating the role of coastal areas in mitigating climate change. Its members include local scientists from the Padilla Bay National Estuarine Research Reserve and Western Washington University. In 2018 and 2019 studies by researchers at Western Washington University evaluated the carbon content in eelgrass meadows in Skagit County.



One published in November in the research journal Northwest Science focused specifically on a portion of Padilla Bay, which is the site of the largest eelgrass meadow in the Salish Sea. That study was authored by Western Washington University Research Associate Katrina Poppe and Professor John Rybczyk. The other, a master's thesis completed by student Mira Lutz in August, examined Padilla, Samish and Skagit bays. Both studies concluded that even healthy eelgrass meadows such as those found in Skagit County are less effective at holding carbon than other coastal habitats, such as salt marshes and those where tropical mangroves are found.

Restoring the entire area where the Snohomish River meets Puget Sound could capture about 9 million tons of carbon dioxide over 100 years, according to the resulting study that was published in 2014. That's the equivalent in greenhouse gas emissions of removing 1.7 million cars from the road for a year.

"In the race to lessen the damage of climate change, the nation's estuaries are a powerful ally," the National Oceanic and Atmospheric Administration's Office for Coastal Management wrote in a summary of blue carbon research including that done in Padilla Bay. Coastal environments, including the eelgrass meadows in Padilla Bay and the salt marshes in the Skagit River delta, hold onto material that otherwise — through the decomposition process— would become carbon dioxide released into the atmosphere.

- **WWU's Leo Bodensteiner Working to Solve the Puzzle of the Skagit River Steelhead**

There comes a time in the life of every young coastal rainbow trout when a combination of factors – genetic makeup, water conditions, its current health and size, and more – cause it to ask itself one very important question: To go to sea, or not go to sea?

Those that opt to leave the river systems of the West and head out into the Pacific, become steelhead, and eventually become jumbo-sized rainbow that weighs 4 to 5 times that of its river- and lake-dwelling kin. The question of how and why a rainbow trout makes that decision

to go to sea or stay home lies at the heart of the research of Western Washington University Professor of Environmental Sciences Leo Bodensteiner.

Not surprisingly, steelhead have long been prized as a food source by the region's Indigenous peoples as well as premium target of recreational and commercial fishers from Southern California to the Aleutian Islands. But dams, habitat loss, and warming river temperatures have caused a decline in steelhead numbers up and down the West Coast.



“Trying to forecast what the next year’s steelhead numbers on the Skagit will be always involves a huge amount of supposition, because of the fish's complex life history,” he said. At the heart of the matter lies the ambiguity in the relationship between the rainbow and the steelhead. Understanding how young rainbows on the cusp of making that all-important life choice live in the Skagit’s tributaries is part of Bodensteiner’s research.

In 2018, he and a number of undergraduate students from Western sampled stretches of a number of tributaries of the Skagit and implanted Passive Integrated Transponder (PIT) tags in juvenile rainbows that were identified as potential steelhead. They then tracked the rainbows using the transponder tags to examine their behavior before they went to sea.

Bodensteiner said getting a better understanding on what the young fish are doing using the PIT tag and examining the life history of the adult fish will provide a more accurate way to forecast returning steelhead numbers and help allow those numbers to rebound. “That is certainly the goal of all the organizations involved in this work – more steelhead in the Skagit, over the long term,” he said.

PLANNING & ADMINISTRATION

- **WWU Receives \$1 million NSF Grant to Support the Success of Low-Income Students in Engineering**

Western Washington University's Engineering and Design Department has been awarded a five-year, \$1 million S-STEM grant from the National Science Foundation to help low-income students in their pursuit of a bachelor's degree in one of the three Engineering programs at WWU.



The program, entitled “Becoming Engaged Engineering Scholars (BEES)” aims to address challenges in recruiting and retaining academically-talented, low-income students from diverse backgrounds into the undergraduate engineering programs. The BEES program, coordinated by WWU Engineering faculty members Andy Klein and Sura Al-Qudah, will provide scholarships of up to \$10,000 a year to about 48 students over the life of the five-year program.

In addition, about one-third of the NSF grant will be used to implement and study a sequence of academic, social, and career support structures specifically designed to enhance the success of low-income engineering students, said Al-Qudah.

“What we want to do is level the playing field for all our students, and put a system of support in place to improve retention of first- and second-year students from low-income backgrounds so they can succeed at the same rate as other students,” she said.

Al-Qudah said the decision to apply for the grant was a reflection of the importance the department is putting on equity and inclusion through its three engineering disciplines of Electrical Engineering, Manufacturing Engineering, and Plastics and Composites Engineering. “We want as diverse a group of students as possible,” she said. “We are working to make it clearer that our doors are open to students from different groups and backgrounds, because we know what diversity of thought and experience brings to a campus, and how important that is.”

- **Western HR, the LGBTQ+ director, and Equal Opportunity Office post new information to support transitioning employees**

Western renewed its commitment to fostering a workplace culture that is welcoming to employees of diverse backgrounds, identities and experiences by advancing its policies to include transgender employees. The new Guidance to Support Employees Transitioning in the Workplace articulates Western’s expectations for supporting employees who undertake a gender transition while employed by the university. It is intended to serve as a resource for transitioning employees, as well as their supervisors, coworkers, and relevant leadership. By following the relevant policies and guidance set out in this document, supervisors and leadership can help ensure a safe, welcoming, productive and discrimination-free work environment for all Western faculty and staff.



- **New Feeding Western Program Initiated**

Food insecurity is an issue on campuses around the world, but in 2018 Western students, faculty, and staff initiated a new program to combat it. Feeding Western is a new program on campus dedicated to serving and building capacity for students experiencing food insecurity. Coordinated by an Americorps VISTA member, Feeding Western provides more access to food resources so that students can stay focused on school. Some projects that Feeding Western worked on in 2018-2019, in collaboration with other campus entities, include:

- Developing and supporting a network of campus food pantries
- Creating the Swipe Out Hunger program, which allows students to donate unused meal-plan credits (swipes) to students without access to Western dining halls
- Initiating the Associated Students Food and Housing Insecurity Committee
- Hosting events to increase awareness around college food insecurity



In Western’s WELS Second Year Survey in 2019, 70% of respondents reported that they skipped meals or cut the size of meals due to lack of money for food. In the same survey, 37% reported that they lost weight due to not having enough money for food. Feeding Western is one way that Western is working to combat this issue and help students focus on academics.

- **WWU Foundation Announces Selection of New Investment Manager**

The Western Washington University Foundation selected Russell Investments to provide investment oversight for its \$85 million endowment. Every five years, the Foundation engages in a robust process to review the performance of its current investment manager and to request proposals from other firms qualified to guide the investment decisions of the portfolio. This year, one of the main areas of evaluation was around sustainable investing using ESG criteria (environmental, social and governance). The Foundation made sustainable investing a main priority, and spent a great deal of time looking at each firm's ability to provide sustainable investment solutions.

"Russell presented a great ESG solution that was clear, scalable and impactful," said Stephanie Bowers, president and CEO for the Foundation. "Russell believes in the potential of ESG and we are pleased to be able to partner with them for the future."

The Foundation was also pleased to include students from the WWU Students for Renewable Energy club in this year's selection process. Student participation was the result of over two years of relationship building between members of SRE and the Foundation.

"Our students brought a thoughtfulness and professionalism to this process that was just outstanding," said Mark Brovak, vice president and CFO for the Foundation. "We were really proud to have them participate in this process. They clearly did their homework and knew what aspects of each firm they preferred. We were also pleased that Russell was at the top of their list as well."

Sustainability, Equity, & Justice Fund

Western's Sustainability, Equity, & Justice Fund Program had a recording-setting 2018-2019 academic year, thanks to creative outreach and an expansive understanding of how sustainability, increasing outreach, funding student proposals, and improving our campus and community's sustainability, inclusivity, and fairness.

- Thirty-three projects were approved for funding
- Fifty-four applications were developed over the course of the academic year.
- Over four hundred students participated in SEJF activities
- The SEJF grant process was utilized in curriculum in four Western courses.

A sample of the projects funded in 2018-2019 include:

- **CSE Ambassadors:** Students in the College of Science and Engineering created a cohort to provide communications Departmental Ambassadors to engage in conversations and meetings with department chair, interested faculty or staff, the Dean of CSE, and CSE Student Senators about how to improve the college's environment and services.
- **Diversity Conference:** Students put together a trip to Atlanta to explore the roots of the Underground Railway, the Civil Rights Movement, and intersectional identities to help advance the campus diversity and inclusion.

- **Science Positions for Change Diversity and Undergraduate Research Positions:** The Coastal Communities and Ecology Lab project created several undergraduate research positions, with an emphasis on providing high impact research based experiences for undergraduates from underrepresented groups within STEM fields.
- Western’s Art Department brought artist and biologist **Brandon Ballengée** to Bellingham to share transdisciplinary artworks inspired from his ecological field and laboratory research into amphibians, birds, fish and insect species.
- **WOHESC Scholarships** allowed twenty-one Western students to the Washington-Oregon Higher Education Sustainability Conference at the University of Washington to discuss issues of social justice, environmental education, food security, carbon emissions and link up with other student advocates from across the state and potential employers for future internships and jobs.



Summary

During the 2018-2019 Academic year Western Washington University nurtured community collaborations, created new educational programs, and promoted a deeper understanding and appreciation of sustainability. Through the concerted efforts of staff, faculty, students and the Bellingham community, Western continued to build a more interconnected, resilient world community. We will continue this path in order to walk bravely into a better future for everyone.

WWU Energy Report

Fiscal Year 2019

Executive Summary

- WWU leads regional and national peer institutions in all Sustainable Action Plan Key Performance Indicators.
- Energy use and cost trends continues to decline over the previous five-year period, despite new building loads such as Carver and MCC. Energy Cost Index (EUI)/sf/year is at a 5 year low.
- Utility budget continues to benefit from low volatility and bearish pricing in the natural gas commodity market, higher gas volumes purchased on the monthly index and an uniquely favorable price position last winter.
- Aggressive academic building scheduling continues to pay dividends in reduced electrical and steam consumption.
- Rising annual water, sewer and stormwater budget has stabilized relative to declining university usage trend.
- FM Revolving Energy Fund continues to be a strong vehicle for funding new stewardship projects.
- The “Living Laboratory” of students using WWU facilities for energy study is expanding; FM student employment is flourishing with private-source funding provided through the Institute for Energy Studies.
- A full academic year of student use on the new Interactive Energy Dashboard in Environmental Studies.
<https://energy.dudesolutions.com/BETA/?bbID=WWU1DASH>
- Energy conservation initiatives and efficiency projects that continue to produce long-term cost avoidance:

Combined Annual Projects: FY15-- FY19	Project Grants/Rebates*	Project Avoided Energy Cost	Cumulative Project Grants & Avoided Costs	RCM/SEM Grants/Rebates*	RCM/SEM Avoided Energy Cost	Cumulative RCM/SEM Grants & Avoided Costs	Grand Total Five-year Benefit to WWU
TOTAL BENEFIT TO-DATE	\$717,775	+ \$611,360	= \$1,329,135	\$258,101	+ \$1,419,677	= \$1,677,778	\$3,006,913

* Reinvested. Avoided Capital Cost

Sustainability Action Plan – Built Environment Key Performance Indicators

FY19 Status

	<u>PCAPPA[†]</u>	<u>APPA Overall[†]</u>	<u>WWU</u>	<u>Trend</u>
• Energy consumption – kBtu per Total GSF	110	108	92.1 kBtu/sf/yr*	↓
• Energy consumption – MMBTU per Student FTE	31.3	46.2	22.3 MMBtu/FTE**	↓
• Carbon Footprint in metric tons.	na	na	20,897 Tons CO ₂ *	↓
• Carbon Footprint in metric tons per Total GSF.	0.008	0.010	0.007 Tons CO ₂ /GSF*	↓
• Carbon Footprint in metric tons per Student FTE.	1.52	3.61	1.47 Tons CO ₂ /FTE**	↓
• Electrical Consumption in kWh per Total GSF.	13.9	12.8	9.5 kWh/sf/yr*	↓
• Electrical Consumption in kWh per Student FTE.	3,702	4,559	2,304 kWh/FTE/yr**	↓
• GSF per Student FTE (Average).	315	372	242 sf/FTE/yr **	↓
• Water Use in gallons per Total GSF (Annual)— main campus only.	43.3	24.6	16.2 Gal/sf	↓
• Water Use in gallons per Student FTE per Day (Daily)—State-funded AYA FTE only.	30.2	23.8	10.75 Gal/FTE ***	↓

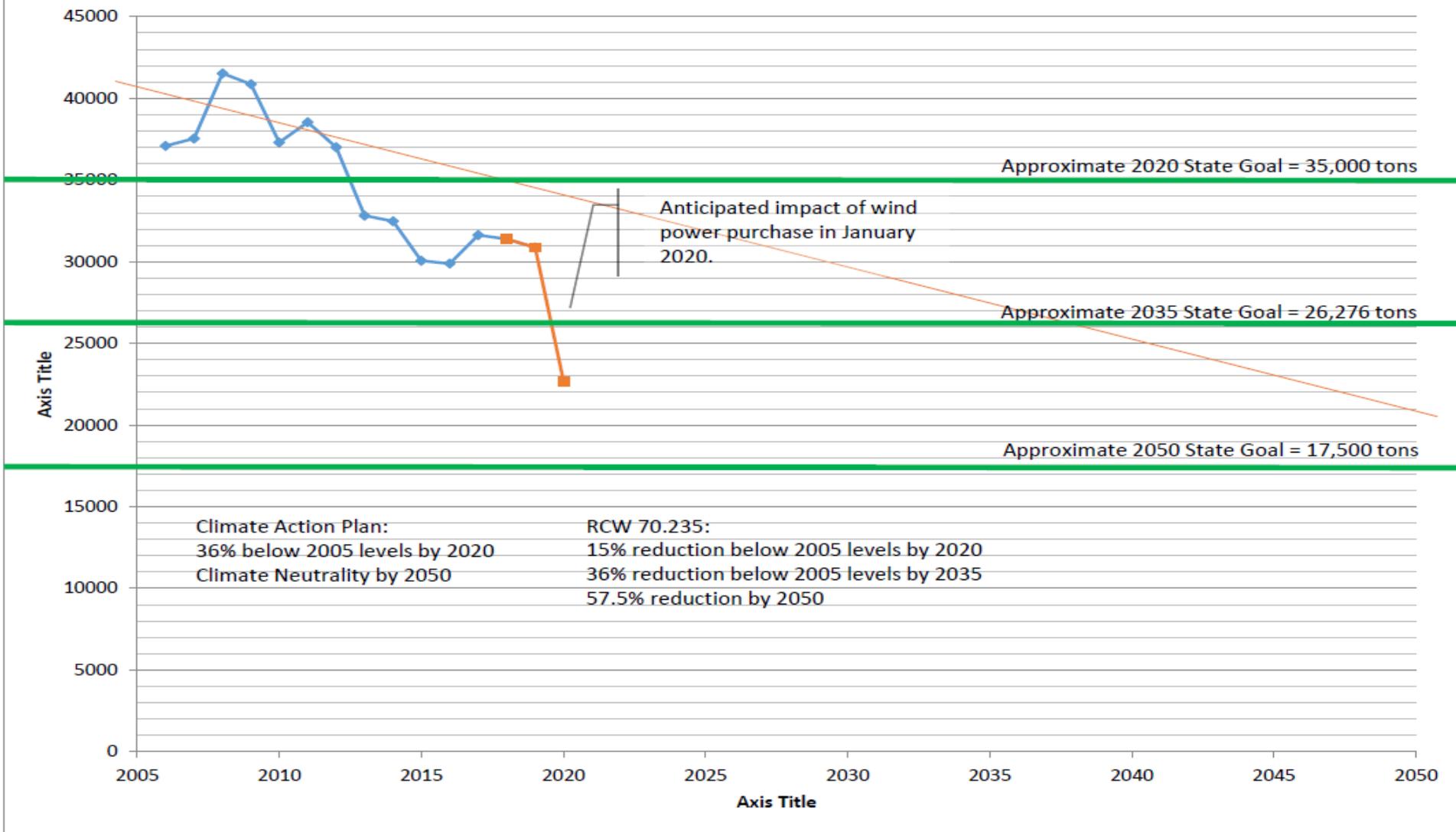
[†] 2018 APPA NACUBO Dashboard Data

* Includes all energy source 1 & 2, primary utilities—Main Campus Substation, Steam Plant, auxiliary campus natural gas, off-campus electric and natural gas. Total All-University electricity usage (32,681,000 kWh) X 0.00031 Mtons CO₂/kWh + Total All-University gas usage (205,100 MMBTU) X 0.05325 Mtons CO₂/MMBTU.

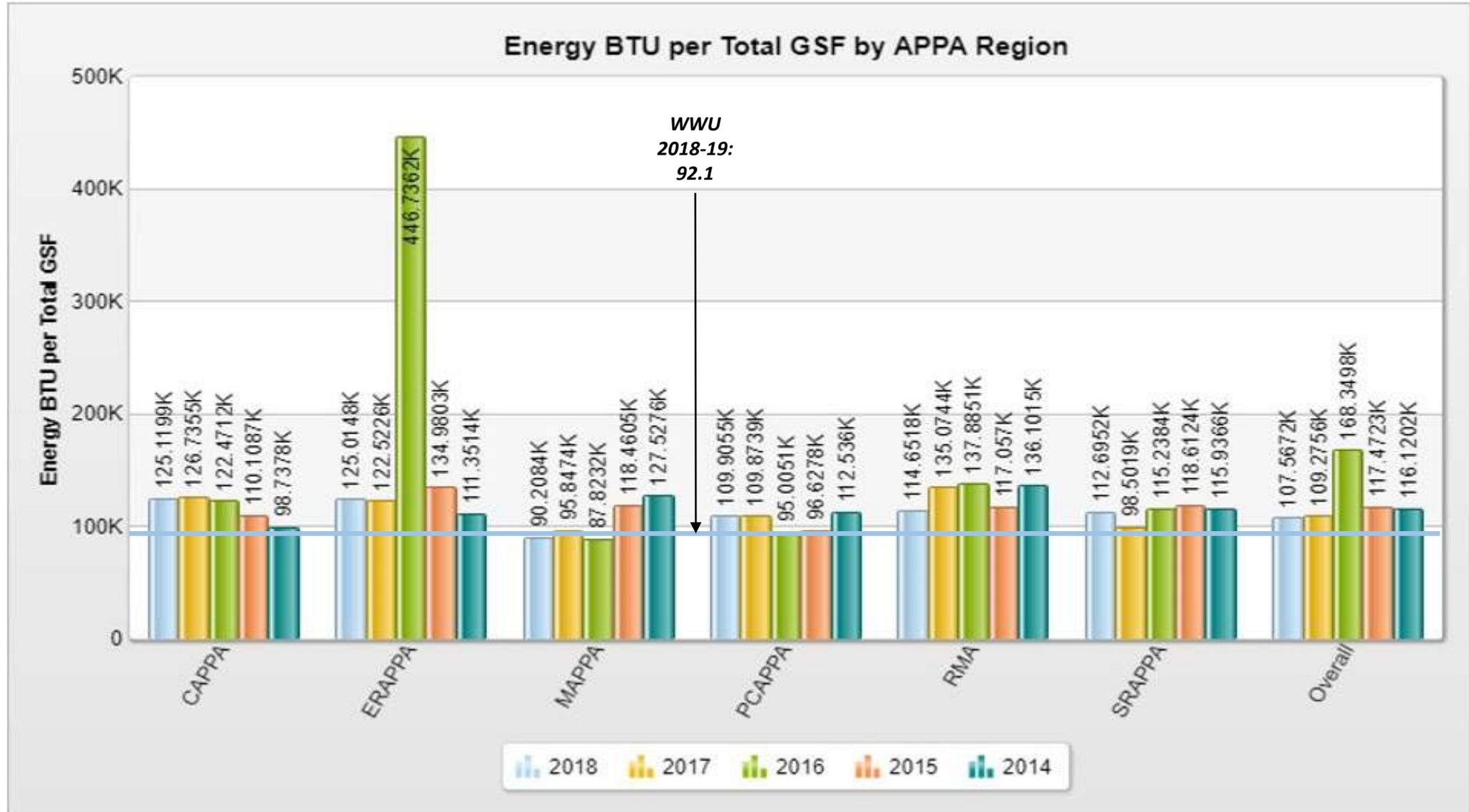
** All Student FTEs State Funded On- and Off-Campus, Extended Education and Fee Waiver

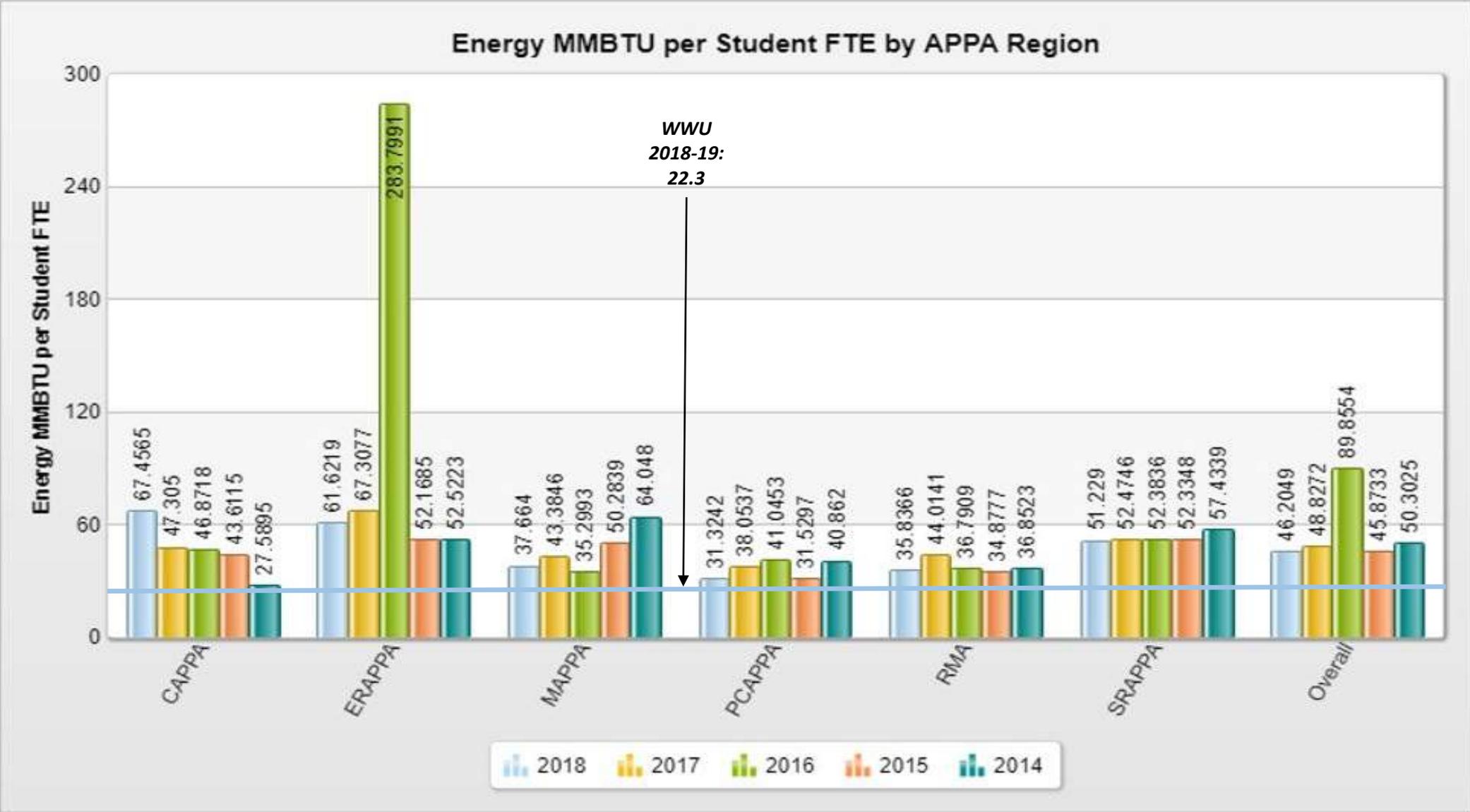
*** Assume 365 days/year.

Annual Emissions Projections through 2050

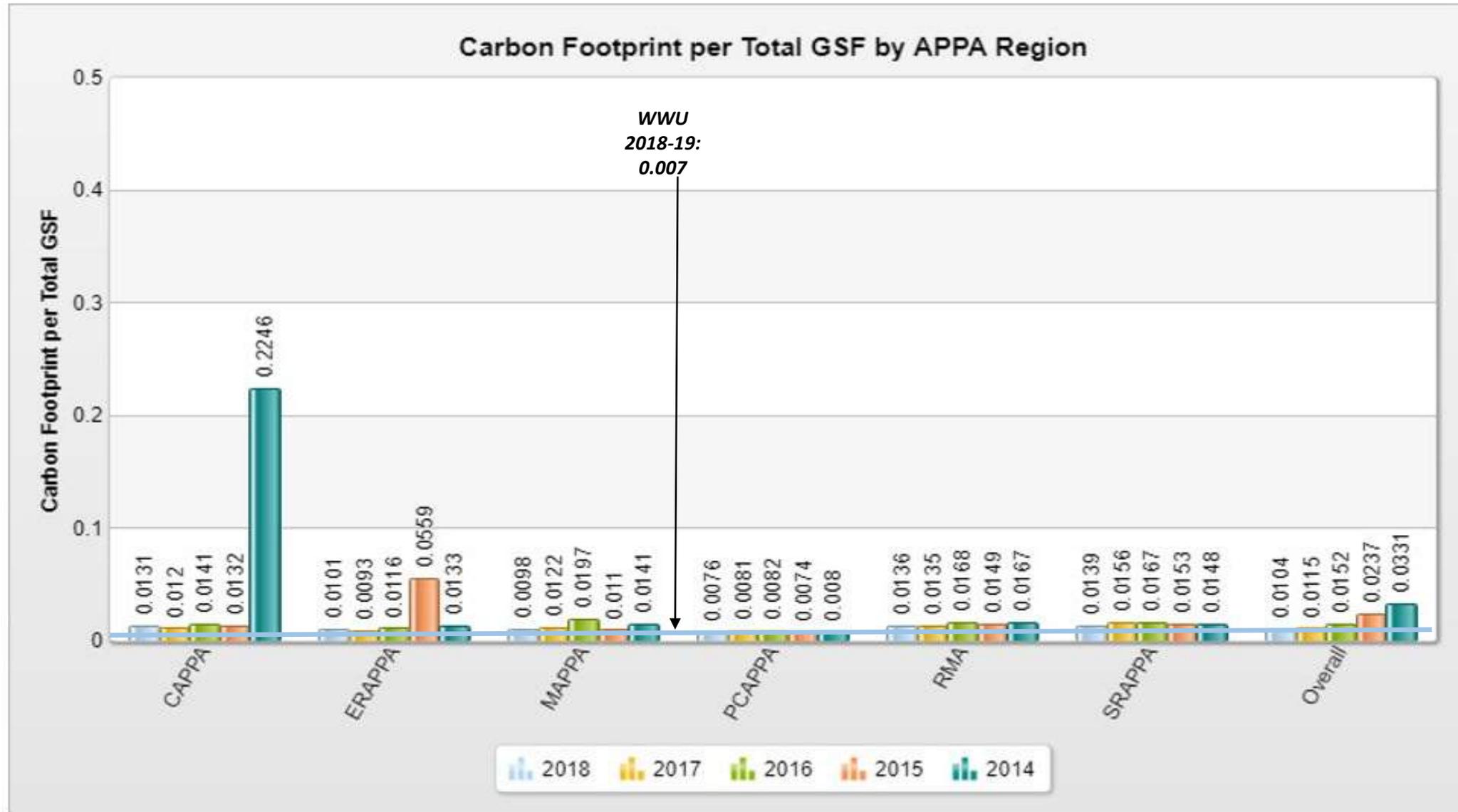


Energy BTU per Total GSF

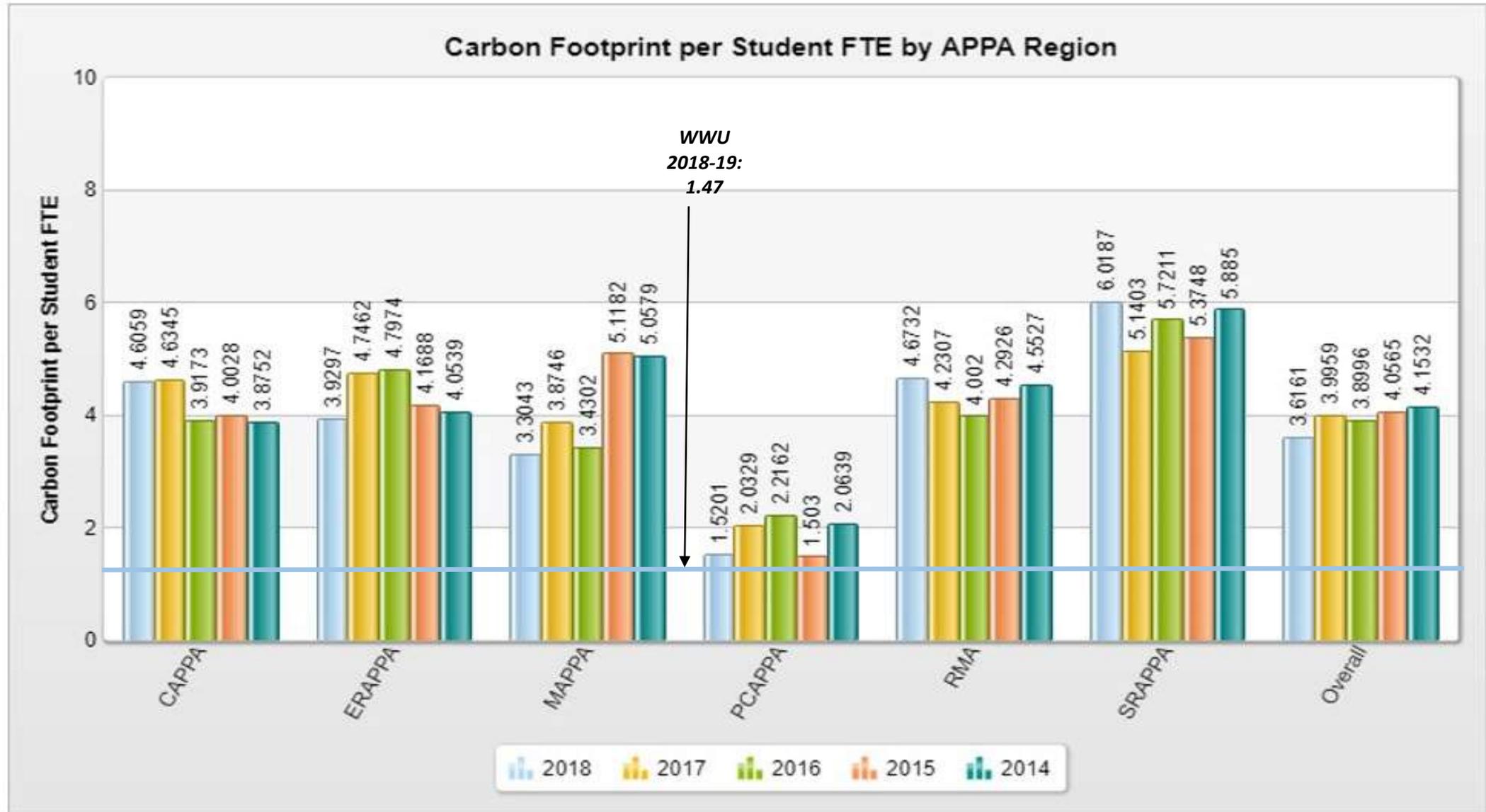




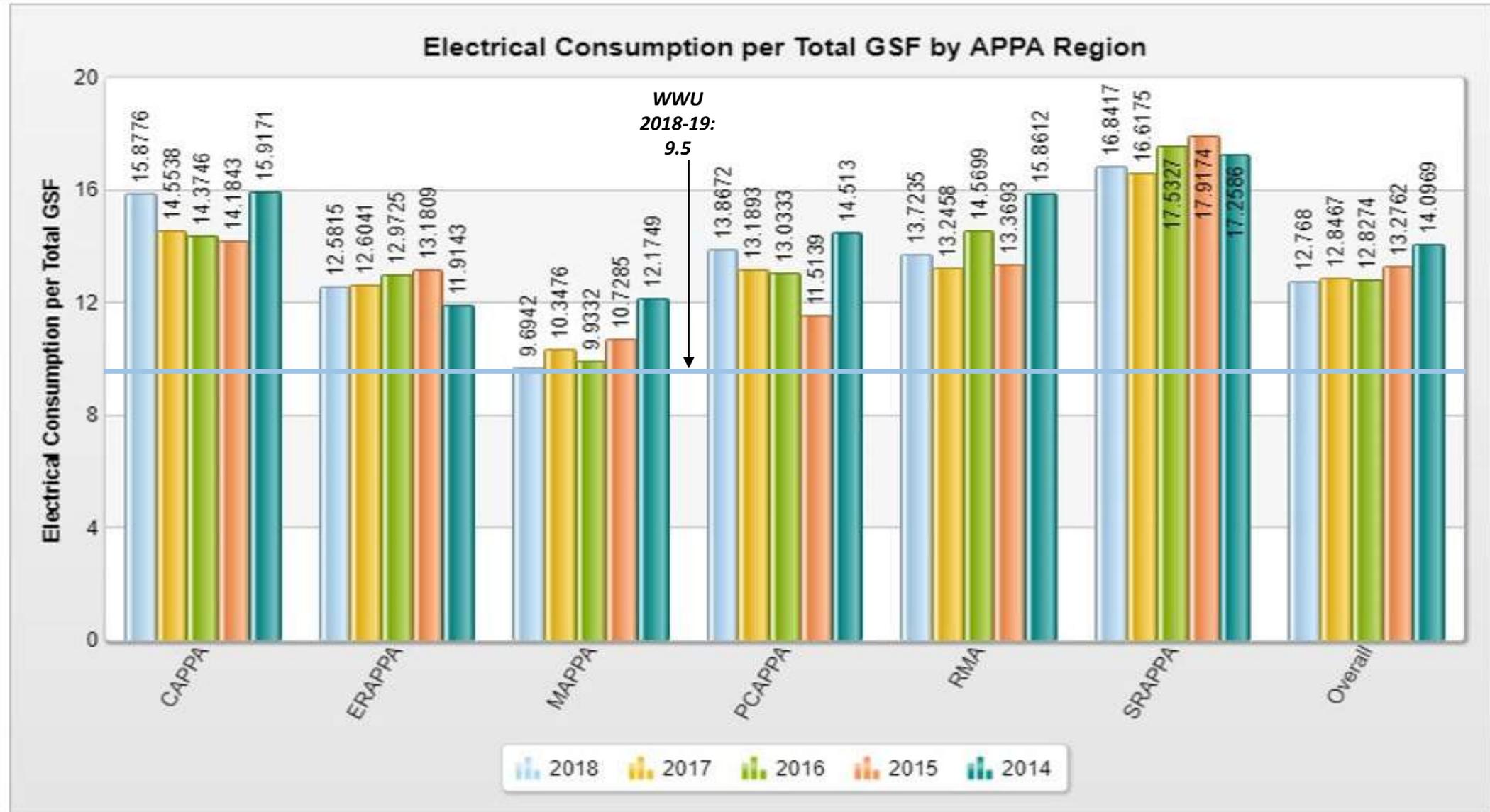
Carbon Footprint per Total GSF



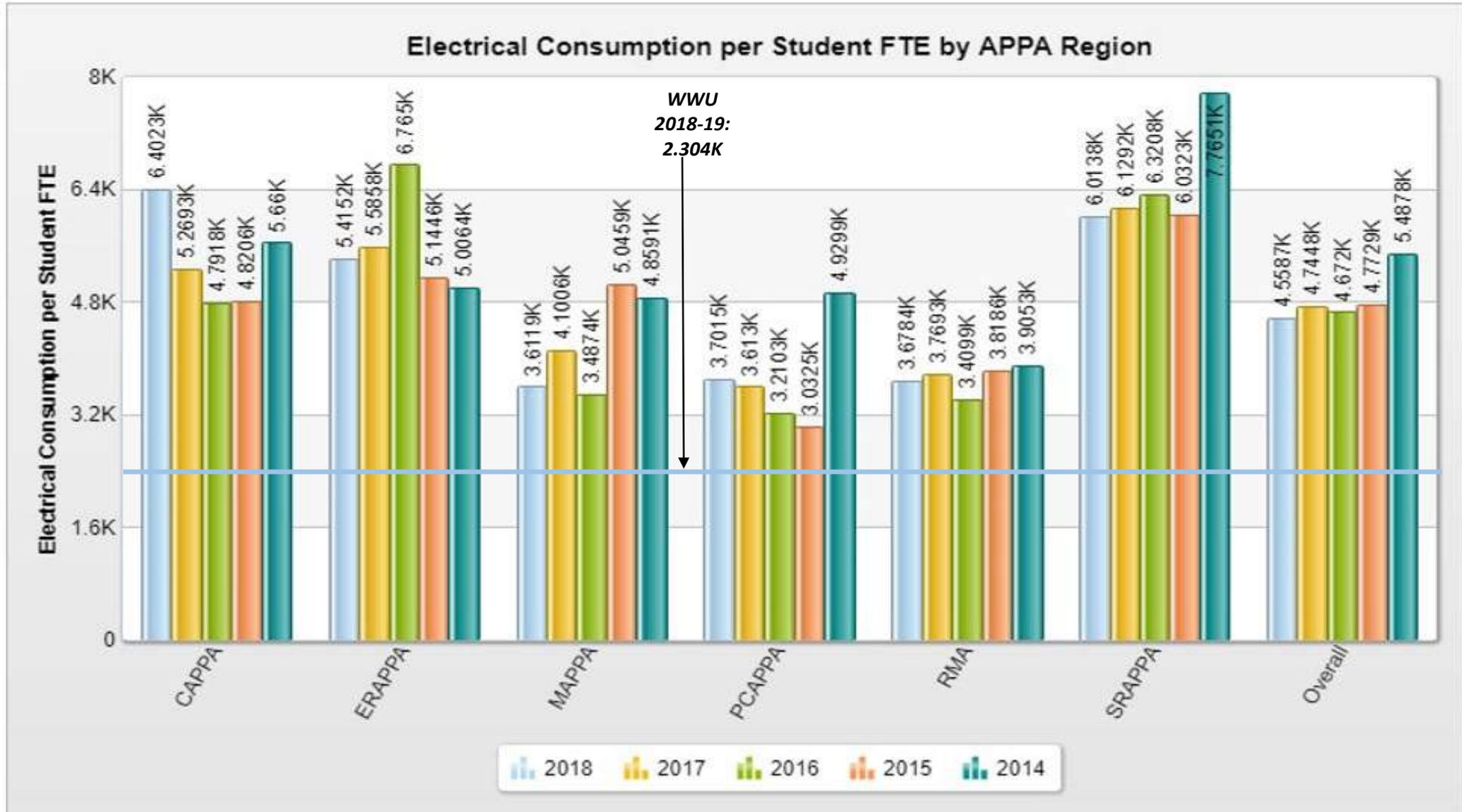
Carbon Footprint per Student FTE

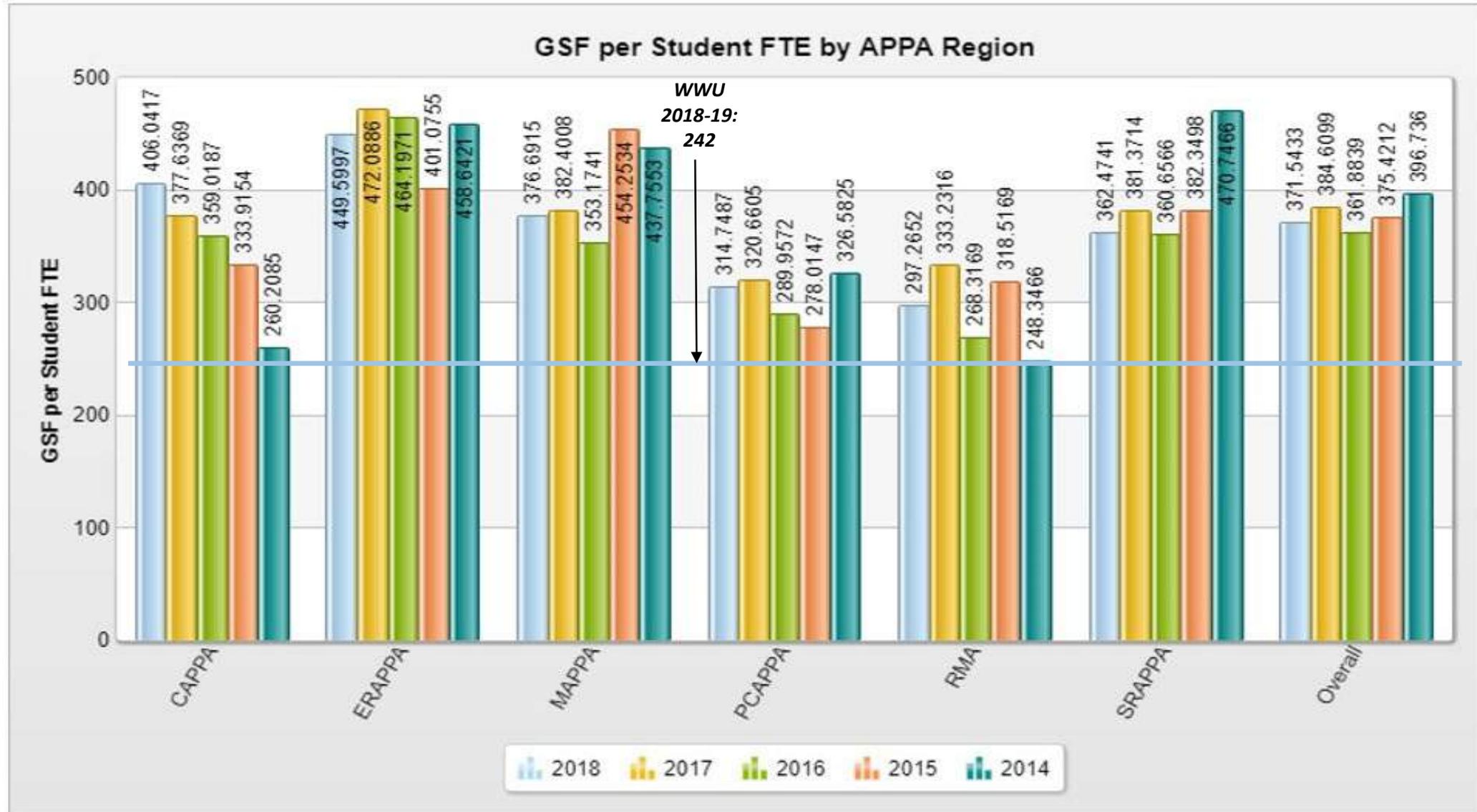


Electrical Consumption per Total GSF

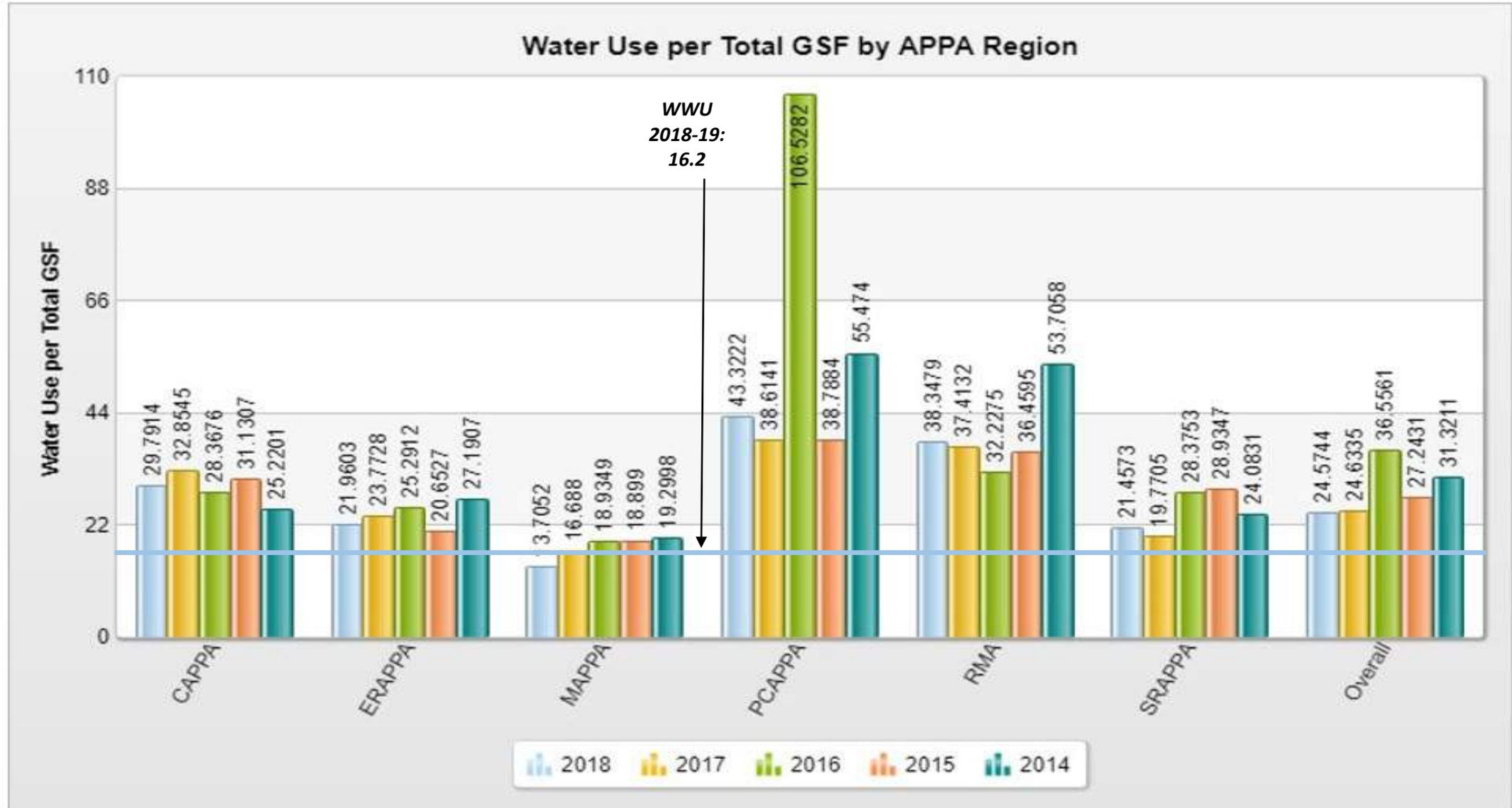


Electrical Consumption per Student FTE

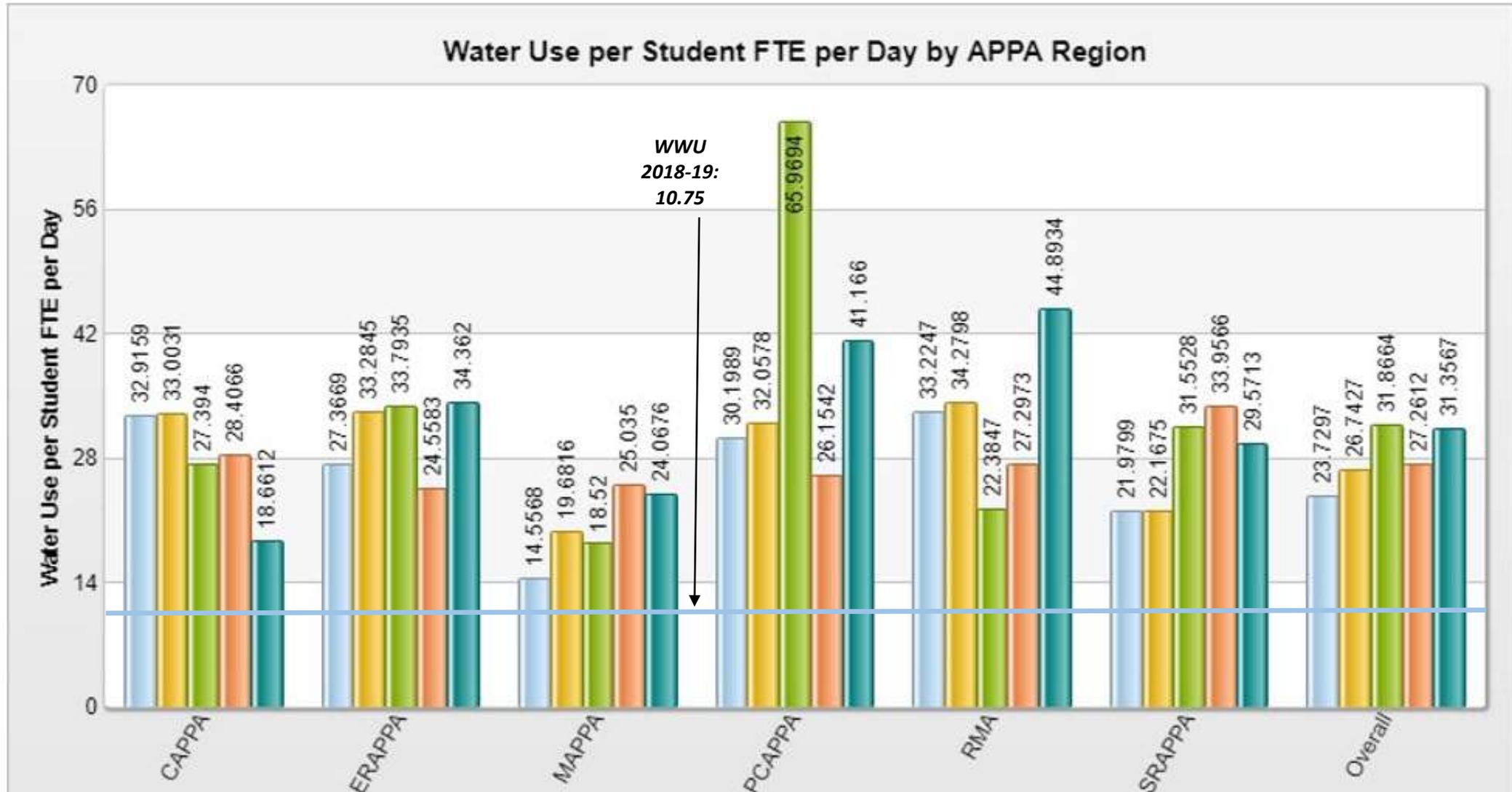


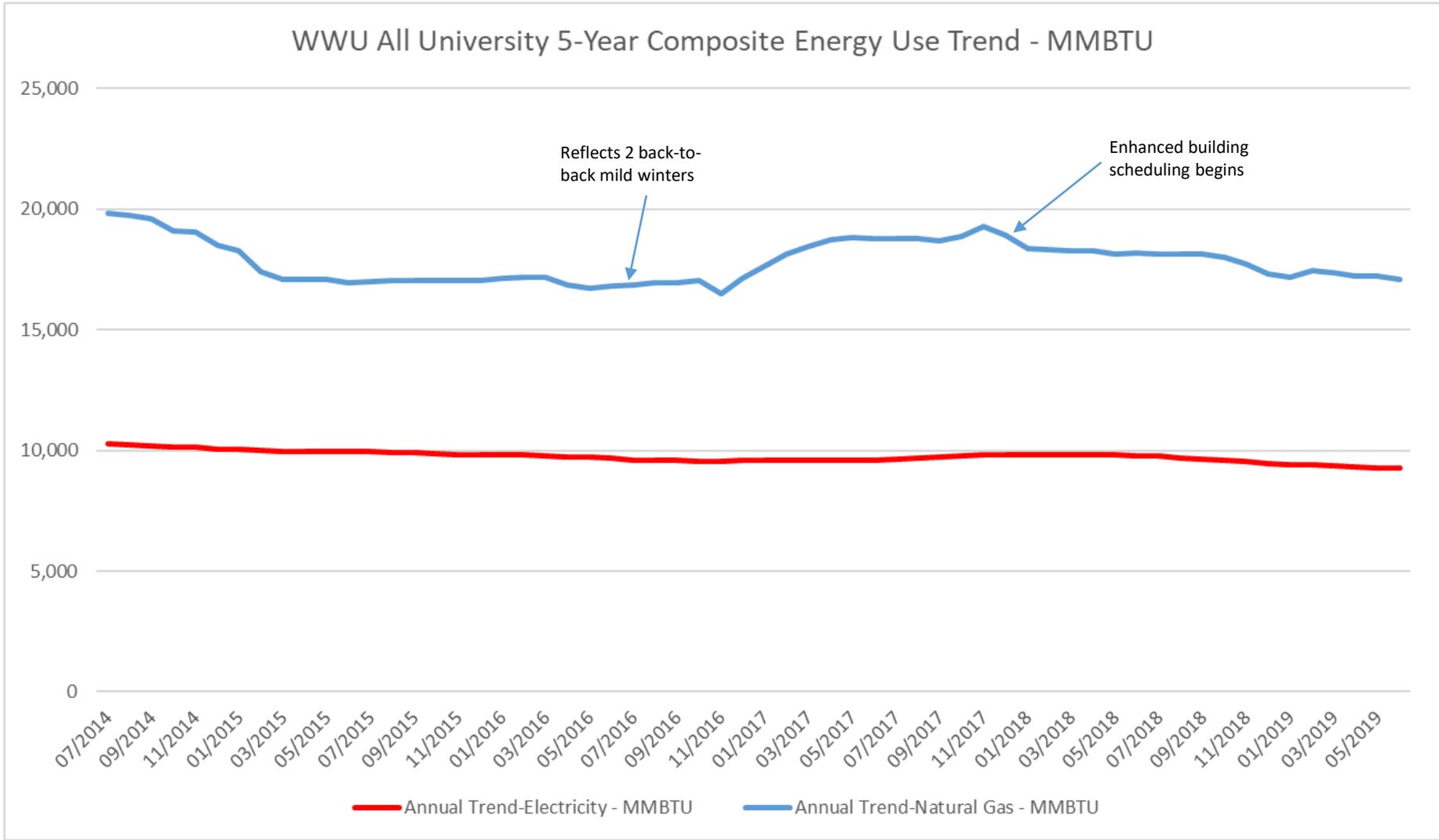


Water Use per Total GSF



Water Use per Student FTE per Day



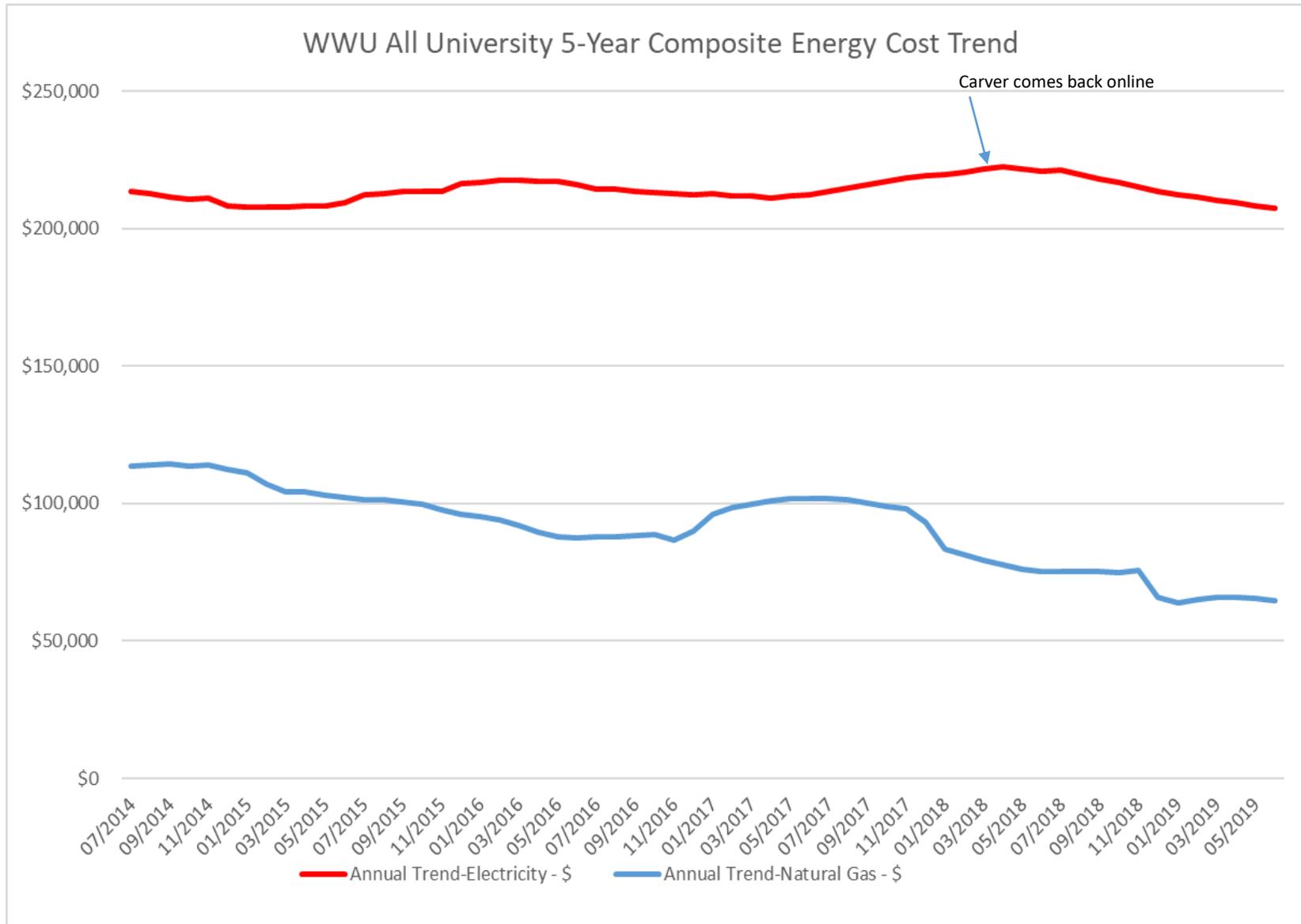


Electrical Use:
 5-year average downward trend in consumption of 1.9% in spite of 1.8% demand increase in FY18 due to Carver.

Natural Gas Use:
 5-year downward trend in consumption at an average annual rate of 2.8%.
 FY19 decrease of 6.0% with enhanced building scheduling.

Total Combined Fuel Energy Use Index (EUI):
 FY15 – 96 kBtu/sf/yr
 FY16 – 94 kBtu/sf/yr
 FY17 – 101 kBtu/sf/yr
 FY18 – 98 kBtu/sf/yr*
 FY19 – 92 kBtu/sf/yr*

*Takes into account additional CV sf.



Electrical Cost:

Overall 5-year downward trend in cost at an average annual rate of 0.8%.

Natural Gas Cost:

Overall a healthy 5-year downward trend in cost at an average annual rate of 8.6%. FY19 gas budget benefited from a combination of unusually mild December weather and a major BC pipeline supply disruption. The price on the Sumas Index escalated to extraordinarily high levels, with Western being strategically tied to the NYMEX. Due to mild weather, we were able to sell unused surplus gas on Sumas, resulting in over \$100,000 in commodity credit.

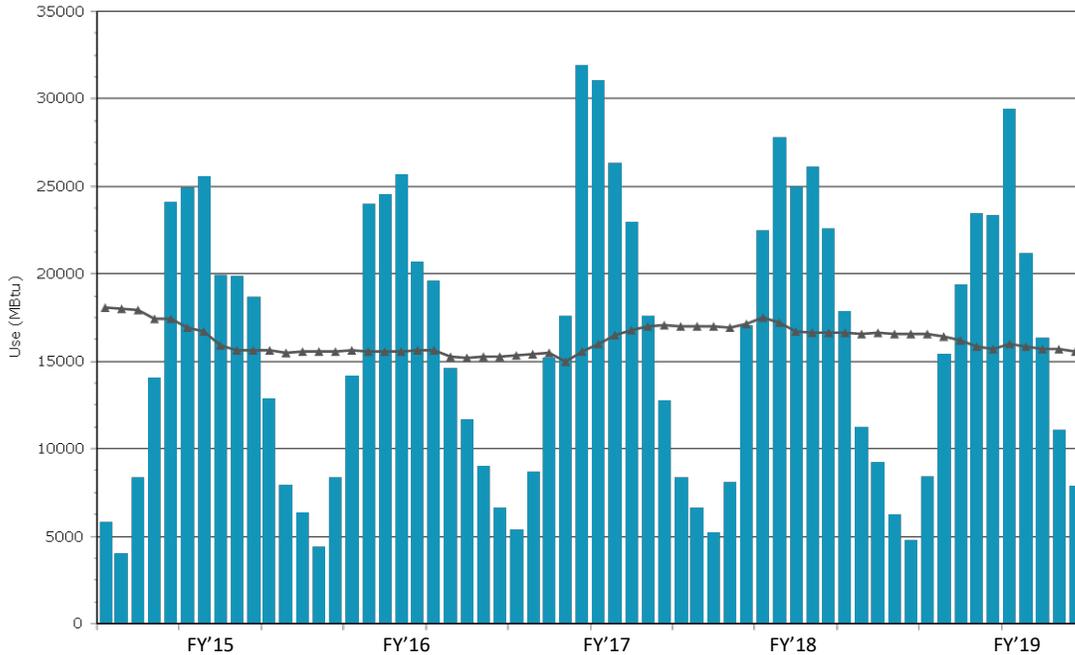
Total Combined Fuel Energy Cost Index (EUI):

- FY15 – \$1.22/sf/yr
- FY16 – \$1.19/sf/yr
- FY17 – \$1.23/sf/yr
- FY18 – \$1.14/sf/yr*
- FY19 – \$1.05/sf/yr*

*Takes into account additional CV sf.

Year-over-Year Main Campus Steam Shared Utility Detail

**Western Washington University
Steam Energy Trend - ALL CAMPUS BUILDINGS
5-Year Monthly Commodity Gas Use at Steam Plant -- 7/2014 to 6/2019**

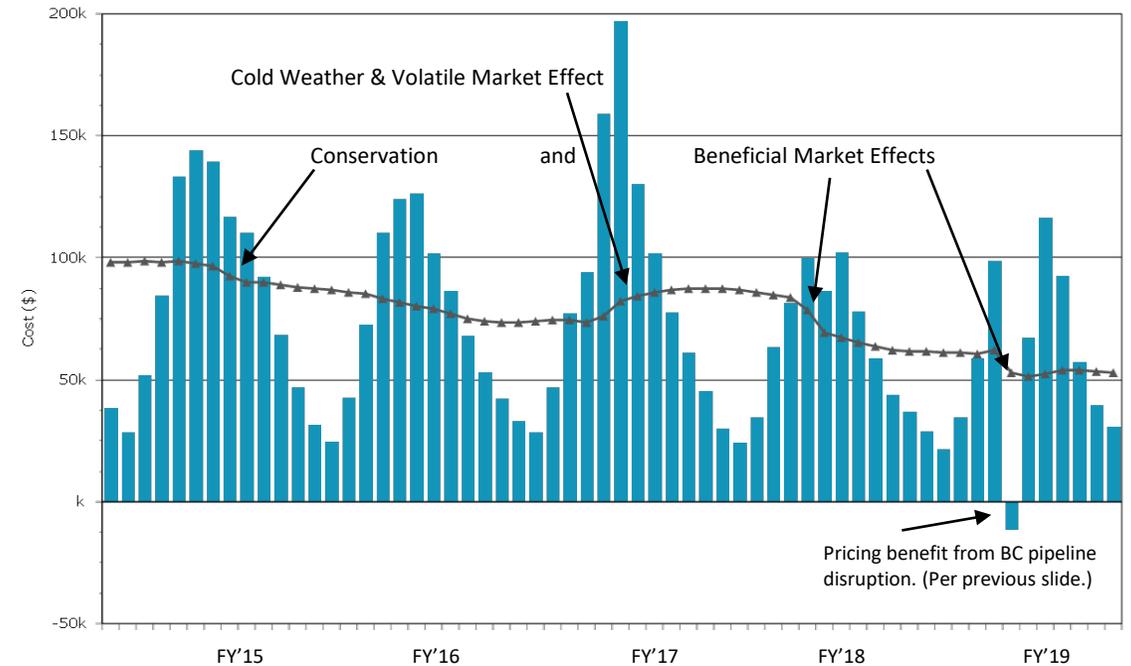


With the exception of weather bump in FY17, year-over-year trend in Campus Steam usage is declining. Latter half of FY18 and throughout FY19 saw decline correlating with enhanced academic building scheduling. Dec16 & Jan17 bump in usage due to colder weather. Recent reductions can also be attributed to side effect of PSE funded conservation projects on HVAC systems.

Year-over-year trend in Campus Steam cost is declining. Favorable market index pricing, lower price positions and efficiency adjustments in building operations resulted in a 14.12% reduction for FY19. (See previous slide for explanation of favorable gas price positioning during winter FY19.)

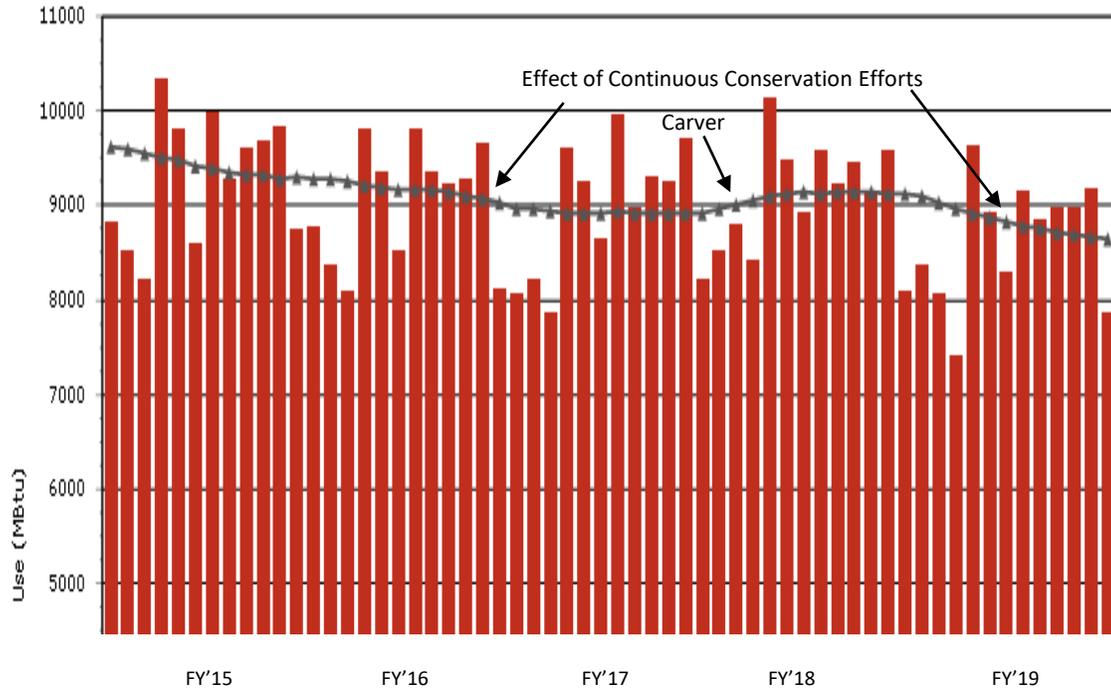
Result: Cost came down faster than consumption.

**Western Washington University
Steam Cost Trend - ALL CAMPUS BUILDINGS
5-Year Monthly Commodity Gas Cost at Steam Plant -- 7/2014 to 6/2019**



Year-over-Year Main Campus Electric Shared Utility Detail

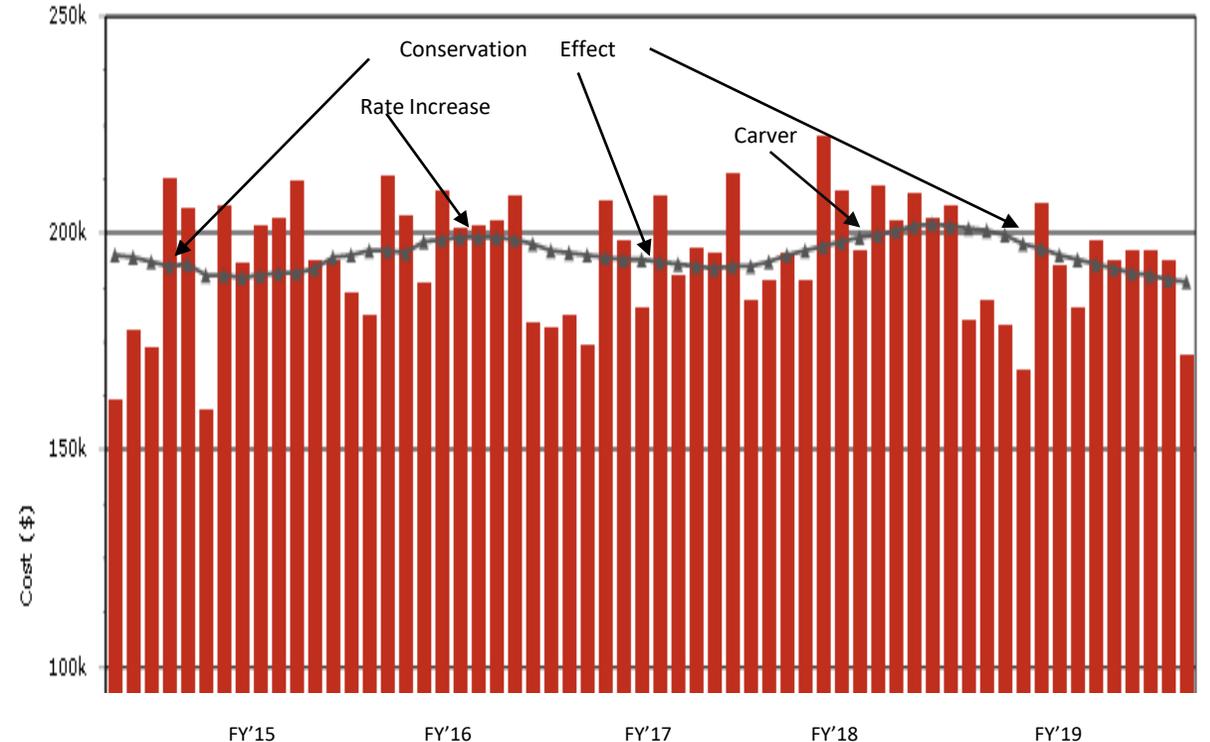
Western Washington University
Electrical Use Trend – ALL CAMPUS BUILDINGS
 5-Year Monthly Electrical Use at Main Campus Substation -- 7/2014 to 6/2019



After Carver came back online, the 5-year trend shows a year-over-year reduction trend averaging 1.9%. Much of FY18 saw Carver using backup electric domestic water heating. With Carver back on steam DHW, usage there has stabilized and overall campus usage continues to decline.

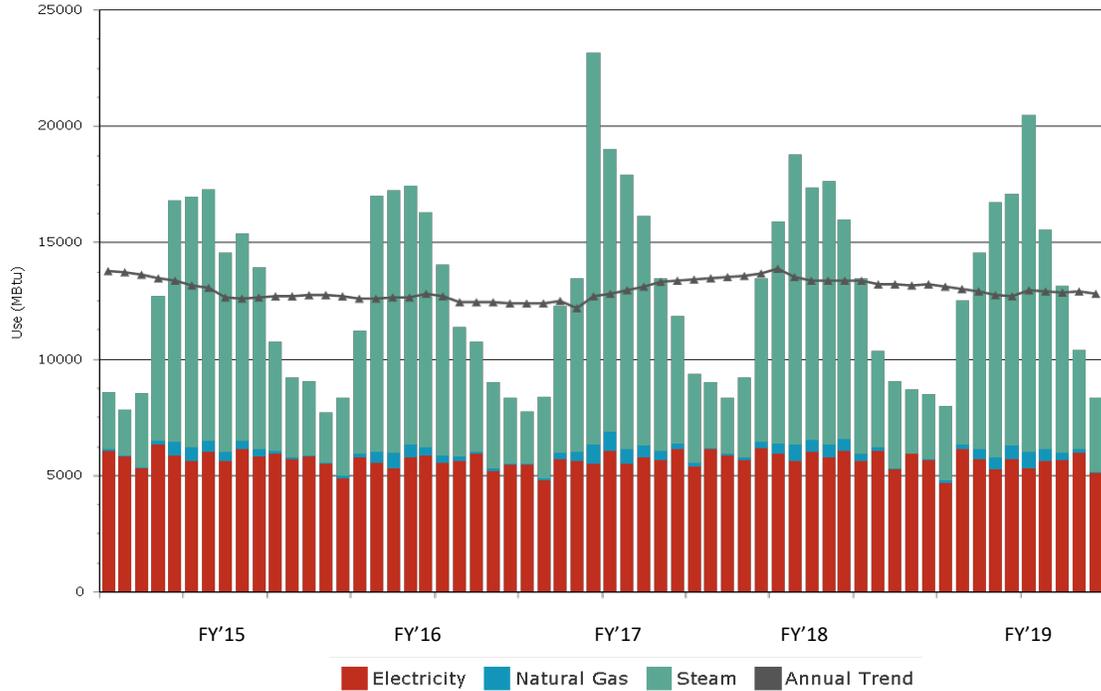
Steady trend in electrical costs. Five-year annual reduction in cost is averaging 1% per year. PSE rates for FY20 are stable.

Western Washington University
Electrical Cost Trend – ALL CAMPUS BUILDINGS
 5-Year Monthly Electrical Use at Main Campus Substation -- 7/2014 to 6/2019



Year-over-Year Shared Utility Energy Use & Trend: Academic vs Auxiliary Detail

Western Washington University Energy Use Trend – ACADEMIC BUILDINGS 5-Year Energy Use - Academic -- 7/2014 to 6/2019



Academic Energy Use (Mbtu)
/Student FTE (AYA):

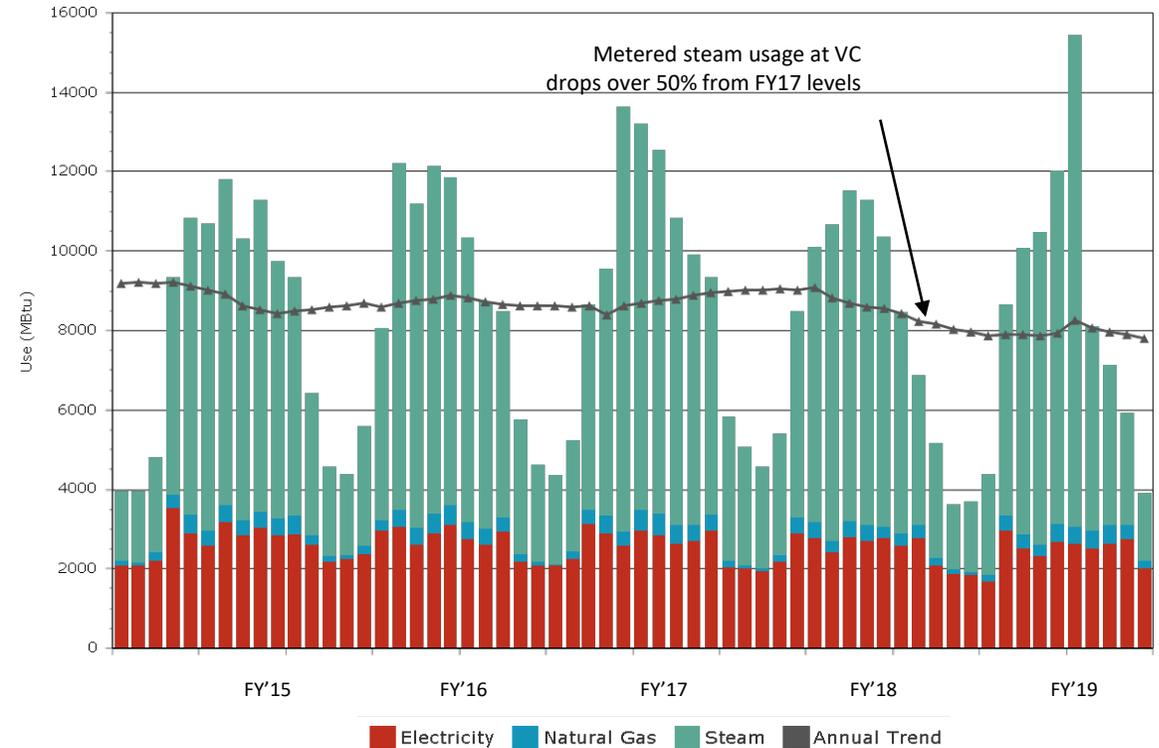
- FY15 – 12.1
- FY16 – 11.8
- FY17 – 12.6
- FY18 – 12.1
- FY19 – 11.6

- Combined projects energy savings:**
- 1,544,000 kWh/yr or \$96,000/yr electric
 - 3,470 MBtu/yr or \$ 18,000/yr steam

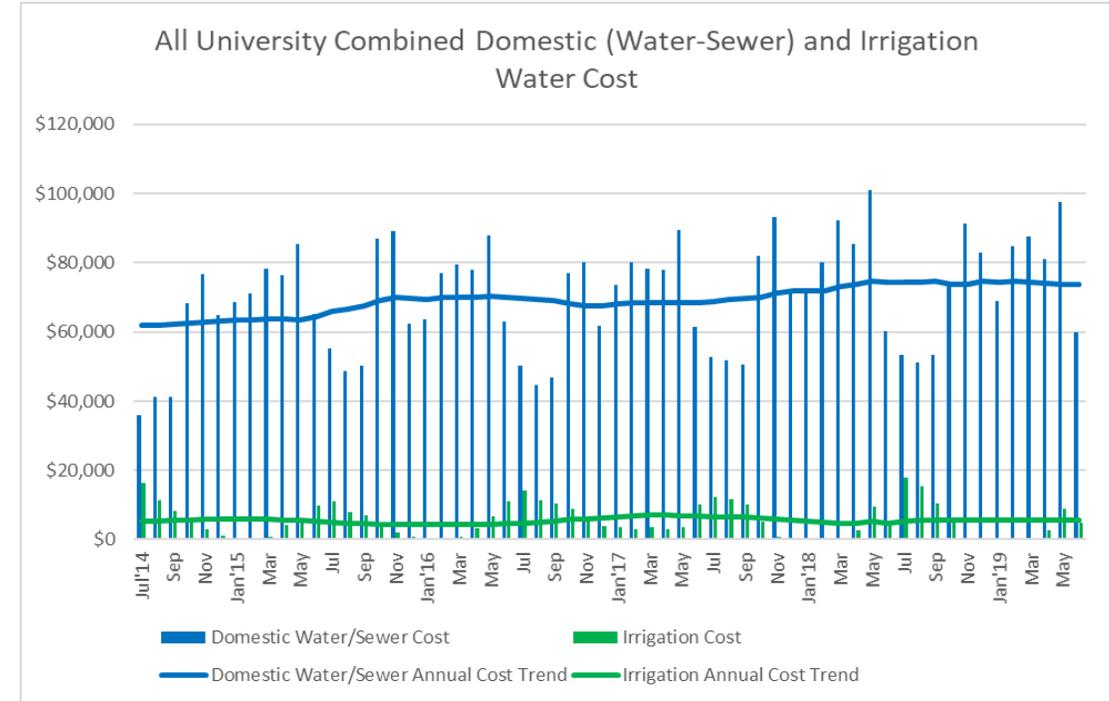
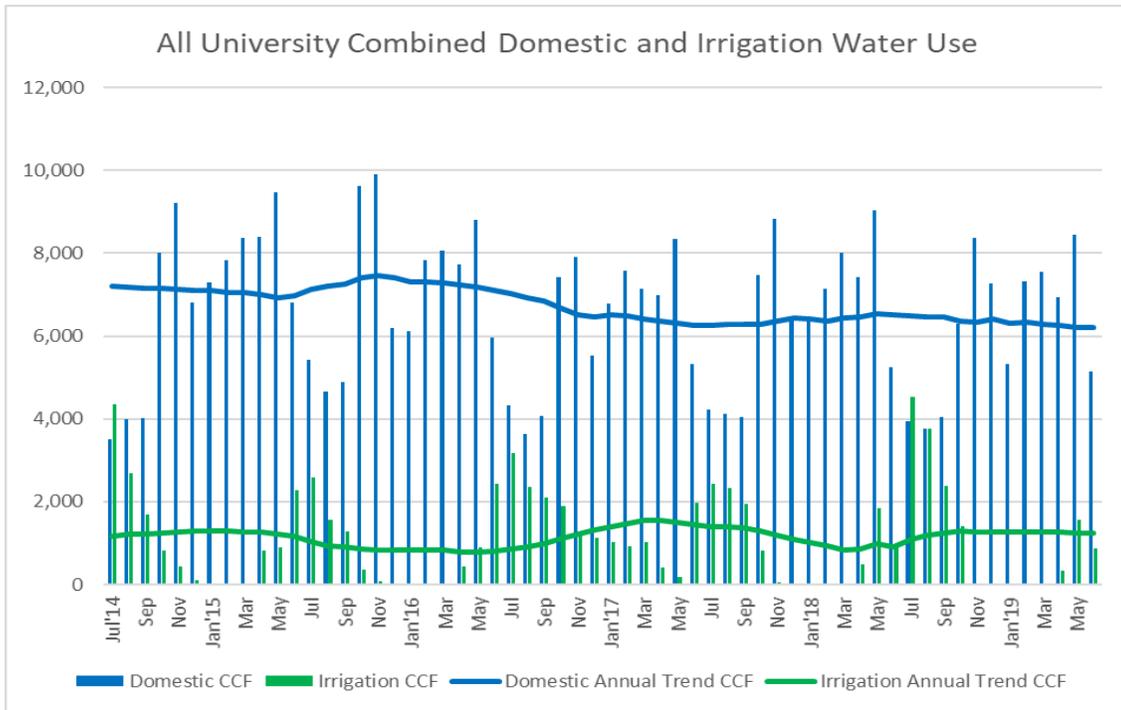
New Revolving Energy Fund (REF) efficiency improvement projects at CB and VU came online mid FY19. VC & Building exterior lighting upgrades came online in FY18. Academic Building LED lighting upgrades currently underway for FY20.

5-year average declining trend in Auxiliary Building energy usage; levels out in FY16-17, then drops in FY18.

Energy Use Trend Western Washington University Auxiliary Buildings - Campus Only: ALL -- 7/2014 to 6/2019



Year-over-Year Water Consumption vs Cost



Annual Cost Escalation

	Combined Water-Sewer-Irrigation	Stormwater	Total Water Utility
FY15	\$811,362	\$129,142	\$ 940,504
FY16	\$896,255	\$150,385	\$1,046,640
FY17	\$901,600	\$161,981	\$1,063,580
FY18	\$950,368	\$168,245	\$1,118,613
FY19	\$952,048	\$170,646	\$1,122,693

FY19 Total Use/Cost Campus Comparison*

Water Use (ccf)		Water Cost (\$)	
<i>Academic</i>	<i>Auxiliary</i>	<i>Academic</i>	<i>Auxiliary</i>
37%	63%	37%	63%

* Does not include Stormwater Cost

Water-sewer costs rose steadily through FY18 due to rapid increases in City of Bellingham utility rates. However, continued downward pressure in usage resulted in stabilized costs for FY19.

Stormwater costs also leveled off in FY19.

By comparison:

- Total all-university Electricity costs: \$2,488,000
- Total all-university Natural Gas costs: \$778,000
- Total all-university Refuse costs: \$391,000

Utility Grant Funded Conservation Projects

FY19 COMPLETIONS

	Grant Amount	Net After-Grant Cost	Avoided Energy Cost	Years Payback
Chemistry				
• Corridor Supply Air – optimize control of corridor supply air to reduce fan power				
Calculated Annual Electrical Savings: 92,500 kWh / \$6,000	\$35,521	\$0	\$17,020/yr	0
Calculated Natural Gas Savings: 12,000 MMBtu / \$6,800				
Viking Union				
• Demand Control Ventilation – Add CO2 sensors and control logic to optimize ventilation				
Calculated Annual Electrical Savings 85,000 kWh / \$5,500				
Calculated Natural Gas Savings 36 MMBtu/ \$320	\$27,170	\$0	<u>\$ 8,010/yr</u>	0 – VUF funded
			\$25,030/1st yr	

FY18 COMPLETIONS

Viking Commons (ESCO with University Mechanical Contractors, Inc)				
• Ventilation system optimization – Add temp sensors and VFDs to optimize exhaust control				
Calculated Annual Electrical Savings 100,000 kWh / \$6,500				
Calculated Natural Gas Savings 83 MMBtu/ \$740	\$34,416	\$66,000	\$ 5,800/yr	9.1 – URes funded
Exterior Lighting:				
Academic Building Exterior Lighting – replace existing luminaires attached to exterior of campus				
Academic buildings with new LED units				
Calculated Annual Electrical Savings: 79,200 kWh / \$5,100	\$39,622	\$7,400	\$ 5,700/yr	1.5
Higginson Hall Exterior Lighting Upgrade – replace existing luminaires with new LED units				
Calculated Annual Electrical Savings: 30,000 kWh / \$2,100	\$14,862	\$10,100	\$ 2,100/yr	4.8 – URes funded
Biology				
• VAV Fume Exhaust Upgrade – optimize laboratory exhaust via wind speed/direction control				
• Air Handler Supply Control – reprogram main air handlers for more efficient parallel fan operation				
Verified Annual Electrical Savings: 319,800 kWh / \$20,600	\$94,000	\$0	\$21,400/yr	0
Calculated Natural Gas Savings: 790 MMBtu / \$ 4,500				
Steam Plant				
• VFD Boiler #6 Combustion Air Fan – optimize control of boiler combustion air				
• Repair Central Compressed Air – eliminate leaks at specific building locations				
• VFD on New 25hp Feedwater Pump – optimize energy for supplying boiler water				
• New 7.5 hp Condensate Pump – optimize energy for in-plant condensate pumping				
Verified Annual Electrical Savings: 118,075 kWh / \$7,700	\$108,420	\$0	<u>\$17,100/yr</u>	0
			\$104,200/ 1st & 2nd yr	
			2 yr \$129,230 Total Avoided Cost against	
			5 yr \$611,360 Avoided Cost Performance*	

* See table in Executive Summary.

Strategic Energy Management (SEM)* Projects

Western Washington University

Non-capital Activity List – FY19

Main Campus Facilities

Summary of low cost/no cost operational activities with quantifiable Energy Cost Savings

Focus of this year's activities: *Modifications to operational schedules for Main Campus Academic buildings.*

Total number of PSE contracted participant facilities: **46 @ 2,920,322 sf**

Academic – 25 @ 1,839,384 sf → 63% of total sf

Auxiliary – 21 @ 1,080,938 sf → 37% of total sf

Total annual electrical energy reduction from FY18: **1,685,000 kWh**

Academic – 1,117,000 kWh → 66% of total energy reduced

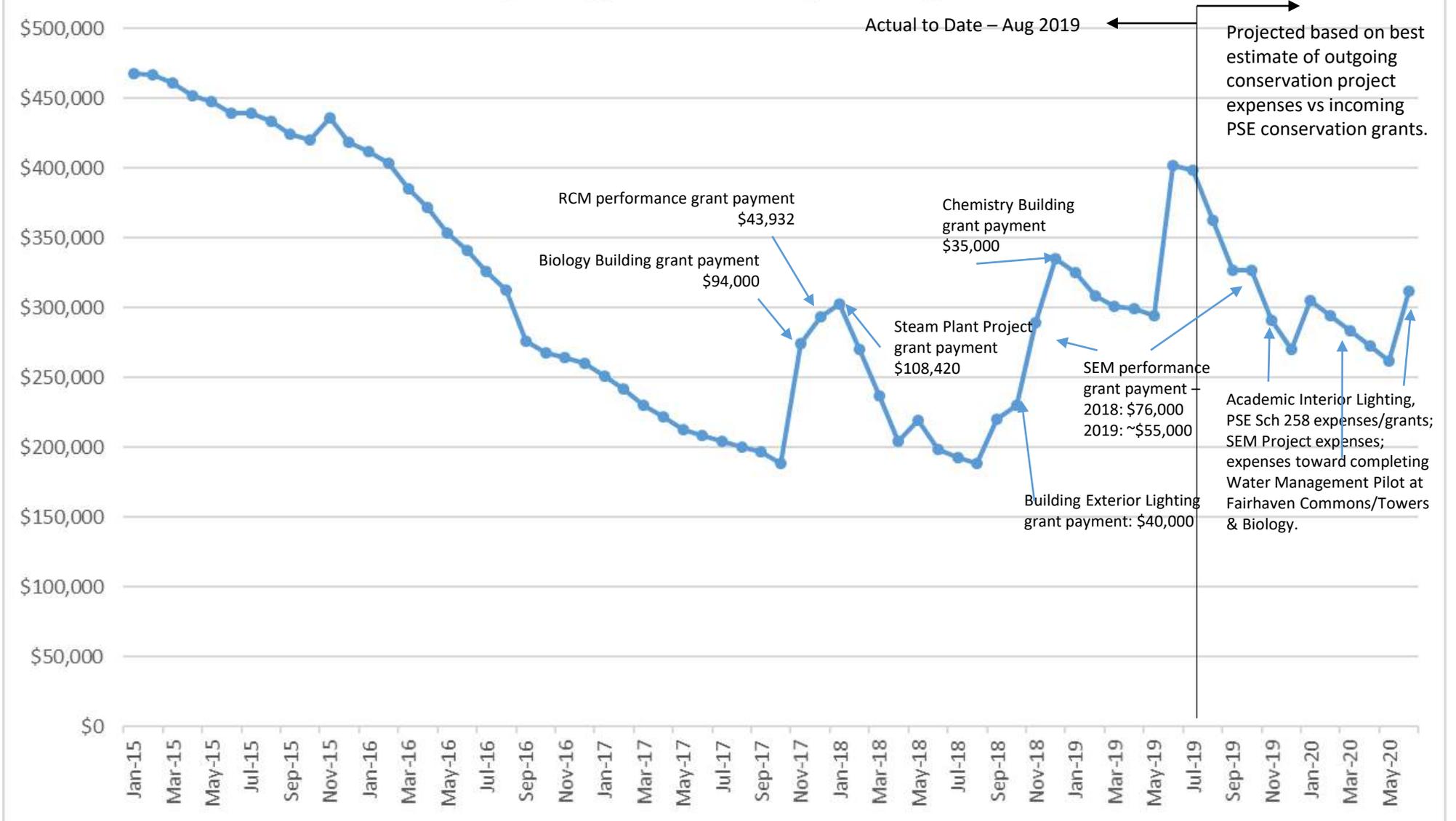
Auxiliary – 568,000 kWh → 34% of total energy reduced

Approximate present commodity value of energy reduced: **\$86,000/yr**

PSE Grant Award: FY19: \$65,985

* Puget Sound Energy (PSE) incentive program formerly known as Resource Conservation Management (RCM).

Revolving Energy Fund Monthly Running Balance



Future Goals

FY20

- Fully Automated Metering Upgrade - continue meter replacement throughout the rest of the system as a function of shared utility funding capacity
- Living Laboratory – Continue to work with the Institute for Energy Studies in developing a mutually beneficial environment where campus building systems are used for technical education.
- LED Interior Lighting Conversion - scope and design conversion of typical 4' tube fluorescents to LED. Preference lights with extended operating hours like stairs and hallways. Partial funding from PSE utility rebates. Will help mitigate cost impacts from Schedule 139 green power implementation.
- Pilot Project for Domestic Water Metering – partner with Apana, an innovative local company specializing in water metering, usage reduction and leak identification. Phase 1 proposal is for 3 buildings at the Fairhaven Complex and the Biology building.

FY21

- Fully Automated Metering Upgrade - continue meter replacement throughout the rest of the system as a function of shared utility funding capacity
- Living Laboratory – Continue to work with the Institute for Energy Studies in developing a mutually beneficial environment where campus building systems are used for technical education.
- LED Interior Lighting Conversion - scope and design conversion of typical 4' tube fluorescents to LED. Preference lights with extended operating hours like stairs and hallways. Partial funding from PSE utility rebates. Will help mitigate cost impacts from Schedule 139 green power implementation.
- Pursue carbon reduction initiatives. eg., Employ heat recovery technologies where applicable and cost-effective to offset steam requirements.



Capital Program Report

Board of Trustees

December 13, 2019

MAJOR / INTERMEDIATE CAPITAL PROJECTS

Interdisciplinary Science Building (formerly known as Sciences Building Addition - STEM I)

The project has completed design development and the design and construction teams worked collectively to bring the design, program and budget into alignment. The project is moving forward with construction documents for the early packages of Civil and Structural to keep construction moving on schedule. It is anticipated that construction contract approval will be brought to the Board as a phased construction contract implementation at future Board meetings. The project is scheduled to open for Winter quarter 2021.

Elevator Preservation and ADA Upgrades

Construction in Morse Hall is complete and work has transitioned to the Environmental Studies elevator. The project is scheduled for substantial completion February 2020.

Multiple Building Access Control

DECO/Dutton Electric and their subcontractor Converjint Technologies have successfully completed system conversion of the majority of the 26 buildings involved. The remaining buildings are the complicated installations and take more coordination for the system conversion. Construction is on track to complete in early February 2020.

New Residence Hall

WWU is working with the progressive design team of Lydig Construction from Spokane, and Mahlum Architects from Seattle. The contractor has mobilized construction trailers to the site and is beginning selective clearing in preparation for the main building construction. Occupancy is scheduled for Fall quarter 2021. The design has completed preliminary construction documents and is moving into the completion of the construction document phase.

Multiple Building Replacement of Switchgear, Panels and Motor Controls

DECO/Dutton Electric has completed construction and the project has reached final completion.

Environmental Studies Classrooms and Labs

The project has been awarded to Diverse Contractors & Associates, and the construction contract is in place. The project started demolition and is proceeding per the construction schedule.

Parks Hall and Science Lecture Electronic Safety and Security Upgrade

The project has been awarded to DECO/Dutton Electric and the construction contract is in place. The project started demolition and installation in Parks Hall and is proceeding per the construction schedule.

2021-2031 Space Modeling and Capital Plan

The Space Modeling and Capital Plan Development Working Group (Working Group) and Vice Presidents have been meeting to discuss the 2021-2023 Capital Request and Ten-Year Capital Plan. In parallel with the Ten-Year Capital Plan, the Working Group will utilize individual Task Forces to engage in a space modeling initiative that will report on the University's operational and future growth space gaps. The task forces will provide "sub-reports" that will be used by the Working Group to advise and draft reports to the Vice Presidents. The following are the titles of each Task Force:

- Academic Space Modeling Task Force
- Administrative Support and Infrastructure Space Modeling Task Force
- Enrollment and Student Services Space Modeling Task Force

Representatives of the Working Group met with the University Planning and Resources Council to provide an overview of the space modeling initiative and the capital request process. Additionally, the Working Group held a kick-off meeting with the Task Forces to discuss the objective, deliverables, and schedule.

For more information about the major projects, the Capital Program, and the Capital Planning Process, please visit the Office of Facilities Development and Capital Budget website:
<http://www.wvu.edu/wwuarchitect/>.

ADVANCING THE UNIVERSITY

DECEMBER 2019



ADVANCEMENT UPDATE

METRICS SEPTEMBER 1 TO OCTOBER 31

WWU ADVANCEMENT ENGAGEMENT

18 events with 3,989 participants

Viking Night

Total attendees: 350

Athletic Scholarship Dinner

Total attendees: 70

Western Engaged: Huxley's 50th in Seattle

Total attendees: 69

Western Engaged: Huxley's Graduate Pizza Mixer

Total attendees: 51

Paint B'ham Blue for WWU

Total attendees: 2,409

Western Engaged: Alaska Send-Offs

Total attendees: 25

Western Engaged: Fairhaven Alumni Dinner

Total attendees: 30

12th Annual GYBO BBQ

Total attendees: 373

Western Engaged: Meet the Professionals

Total attendees: 124

Western Engaged: Huxley's 50th in Bellingham

Total attendees: 118

Western Engaged: Huxley College on the Peninsulas 25th Celebration

Total attendees: 125

Western Engaged: Computer Science and Math Scholars Program Welcoming and Mentoring Event

Total attendees: 62

Western Engaged: VIP Invite to Anthropocene: The Human Epoch

Total attendees: 17

Western Engaged: Klipsun's 50th Birthday Celebration

Total attendees: 32

Women's Soccer Bunker Party (partner with Athletics)

Total attendees: 30

Men's Soccer at SPU (partner with Athletics)

Total attendees: 68

WWU vs UW Men's Basketball Event at UW (partner with Athletics)

Total attendees: 29

Western Engaged: #HereToo Theatre Alumni event

Total attendees: 7

ANNUAL GIVING

This represents gifts to the university under \$25,000

Cash donations

A total of 1,404 donors gave \$873,911

MAJOR GIVING

Several gifts have come to the WWU Foundation for student-faculty research and creative exploration, scholarships, and travel abroad experiences.

The CLA Foundation gave \$25,000 to BRIDGES in Woodring

David B Jones Foundation - \$52,000 to Paleontology Undergrad Research

Pilchuk Learning Center has given a total of \$295K since 2108 to support the Biology Department's Botanical Research Fund

Costco has continued their \$25,000 annual gift for scholarships.

MARKETING METRICS

Social media continues to be a growing channel for alumni and donors to connect and deepen their relationship with Western.

Twitter WWU Alumni Association

3,229 followers

1% increase

71 engagements

Twitter WWU Foundation

372 followers

1% increase

10 engagements

Facebook WWU Alumni Association

7,053 followers

1% increase

4,171 engagements

Facebook WWU Foundation

726 followers

0% increase

36 engagements

Website WWU Alumni Association

75,768 visitors

Website WWU Foundation

61,401 visitors

ENGAGEMENT



Supporters, friends, and student-athletes gather in Carver Gym for the 30th Annual KeyBank Viking Night.

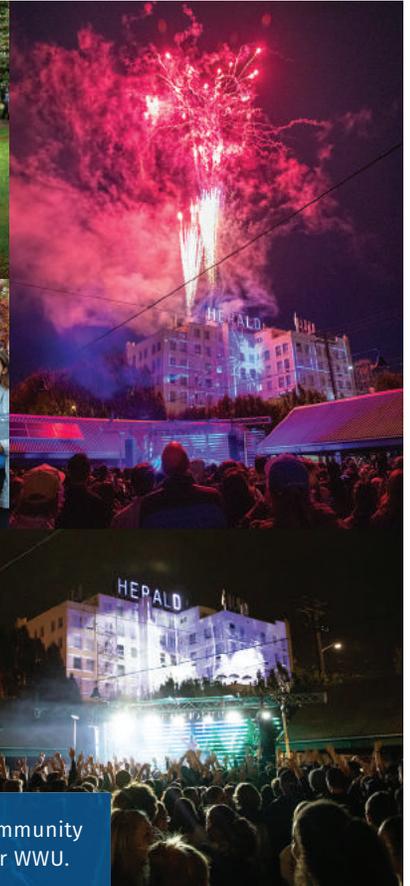
KeyBank Viking Night Supports Student-Athletes

September 13, 2019
Carver Gym, Bellingham

The 30th Annual Viking Night brought together 350 proud Vikings and community supporters who raised \$95,000 in support for deserving student-athletes. WWU third-year and women's basketball player Dani Iwami inspired the crowd with her remarks.



Students, faculty, staff, and members of the WWU community celebrate incoming first-years at Paint B'ham Blue for WWU.



WWU faculty, staff, and friends came together for barbecue, bluegrass, and good company.

Get Your Blue On BBQ Brings Vikings Together

September 16, 2019
WWU Campus, Bellingham

On September 16, 373 members of the Western community gathered to kick off the academic year with good fellowship. Guests enjoyed fresh, delicious barbecue, the sounds of bluegrass, and the good company of fellow Vikings. Wes Herman, CEO of Woods Coffee, presented a \$3,000 check for the student scholarship proceeds that come from each sale of Viking Blend coffee.

Paint B'ham Blue for WWU Biggest Year Yet

September 25, 2019
WWU Campus and Downtown Bellingham

In its fourth year, Paint B'ham Blue for WWU kicked off the fall semester with 2,409 students walking from campus to Depot Market Square. WWU alumnus R Squared ('19) entertained students who were crowd-surfing and dancing the night away. In addition to the public celebration, the Alumni Association also hosted a private reception in the Herald Building with more than 300 attendees.

UPCOMING EVENTS

Private Reception with the Art Walk Artist

December 6, 2019
Bellingham, WA

Graduation Celebration

December 12, 2019
WWU Campus, Bellingham

Commencement

December 14, 2019
WWU Campus, Bellingham

January Art Walk

January 3, 2020
Bellingham, WA

Reception at the Governor's Mansion

January 23, 2020
Olympia, WA

Private Reception with the Art Walk Artist

February 7, 2020
Bellingham, WA

IMPACT STORIES



WWU Foundation Receives Grant for Faculty-led Student Research

The WWU Foundation received a philanthropic grant from the David B. Jones Foundation to support rigorous field- and lab-based paleontology research for undergraduate geology majors. Students led by Dr. Brady Foster will study different aspects and patterns of fossilization of vertebrates in the Bighorn Basin of Wyoming. Their research will form the foundation of a new Stratigraphic Paleobiology course at WWU.

The goals and significance of the proposed project fall squarely within the mission of the David B. Jones Foundation and will support the goals of the current Student Success campaign (faculty-led student research, study abroad, and scholarship support). This project will directly fund intensive research faculty-led projects and the training of six, young, aspiring paleontologists, and will contribute substantially to the scientific community's knowledge of the processes of fossilization. Results will be disseminated through publication of articles and lectures given at scientific conferences and to general audiences. Furthermore, this project will lay the groundwork for a sustainable, field-based paleontology course at WWU that will enhance paleontological training for future students in WWU's Geology department.

Alumnus Reflects on Student Success

As an undergraduate at Western, Gabriel Alejandro Ibañez ('17) traveled to Europe to study, an opportunity that he wouldn't have had without donor support of the Education Abroad Office. One of the pillars of Western's Student Success campaign—access to travel abroad—gives students like Alejandro fresh opportunities that would normally be beyond reach.

While in Europe, Alejandro created a multi-city, multifaceted business program in London, Berlin, and Rome with side adventures to Poland, Spain and other countries. Alejandro went to Europe seeking personal, professional, and academic development, and says, "This trip checked the box on all three."

"I explored technology hotspots throughout the EU, how Italy was handling automation law, what the latest startups in Berlin are focusing their efforts on, and how established firms in London are handling Brexit and the impact on its communities."

Alejandro learned a lot about himself and about cultural

differences, and his experience overseas shifted his perspective. "The experience also prompted me to ask questions and dive deeper into finding out how I would later operate in the real world post graduation. I gained an interesting perspective of my own identity and level of privilege being from the United States and how my own identity plays into the global stage."

After graduation, Alejandro got a job at a major tech firm and recently traveled to Hong Kong for business purposes. "I landed in a city I had never set foot in and immediately knew a routine from college: pick up a sim, search local cultural hotspots, alert the USA via Step, and start an adventure. I contacted some local alumni and was received with a warm WWU welcome."

Grateful to the donors who made his undergraduate travel possible, Alejandro is now a confident world citizen with a rare asset among young business alumni—a global perspective.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa by Donna Gibbs, V.P. for University Relations and Marketing

DATE: December 13, 2019

SUBJECT: **University Relations and Marketing Report**

PURPOSE: Information Item

Purpose of Submittal:

A written report is provided on the recent activities of University Relations and Marketing.

Supporting Information:

Report Attached

**WESTERN WASHINGTON UNIVERSITY
OFFICE OF THE VICE PRESIDENT FOR UNIVERSITY RELATIONS
AND MARKETING**

The following is a briefing on a wide range of marketing, community development, media relations, content production, web development and graphic design initiatives produced since the last Trustees report. In addition, following are a few key items of note.

CASE Awards Sweep

University Relations and Marketing has won an unprecedented five awards in the 2020 Best of CASE VIII competition, including two Gold Awards in the magazine and public service announcement categories and honors for writing, branding and website development.

Western's university magazine [Window](#) won a Gold Award in the category of Print General Interest Magazines – Circulation of 75,000 or Greater. This marks the first time we have placed in this category among the region's biggest universities including University of Washington, University of Oregon and the University of British Columbia.

["Honoring James Okubo"](#) also won a Gold Award in the category of Video and Multimedia – Advertising Spots and Public Service Announcements. The Window magazine story about Okubo, ["Degree of Honor,"](#) received an Honorable Mention in the CASE Platinum Awards – Best Articles of the Year competition.

Western's branding campaign, ["Make Waves,"](#) won a Silver Award in the category of Alumni, Student, Donor and Community Engagement -- Branding and Image Development/Identity Programs and Projects.

Finally, Western's website, wwu.edu, won a Bronze Award in the category of Electronic and Digital Media – Overall Website, a highly competitive category.

The annual awards from the Council for the Advancement and Support of Education recognize outstanding work in the fields of communication, marketing and advancement among colleges, universities and private K-12 schools in the Pacific Northwest U.S. and Western Canada.

Early Results from the "Go Northwest of Ordinary" Out-of-State Recruitment Marketing Campaign

This year, Admissions and URM have partnered on an out-of-state recruitment marketing campaign to generate leads, increase brand awareness and increase out-of-state applications. The \$450,000-per-year campaign is being funded for the next three years through a combination of Foundation commitments and institutional reserves. Our goal is to secure at least 100 new out-of-state students per year which could increase tuition revenue from non-resident enrollment growth by \$1.6 million per year.

We are working with leading higher ed marketing firm Carnegie Dartlet on a digital activation strategy targeting undergraduate students in geographies where we already have established inroads including California, Colorado, Texas, Oregon, Idaho and metro Chicago. The campaign began in late October and runs for 6.5 months via online display advertising with retargeting,

Facebook/Instagram, YouTube, Snapchat, Pay Per Click (search keywords), and IP Targeting, in which Carnegie matches our mailing list of search names and prospects to their home IP addresses to deliver specific ads to anyone in that residence. In tandem with this we are also targeting alumni households with college-age dependents.

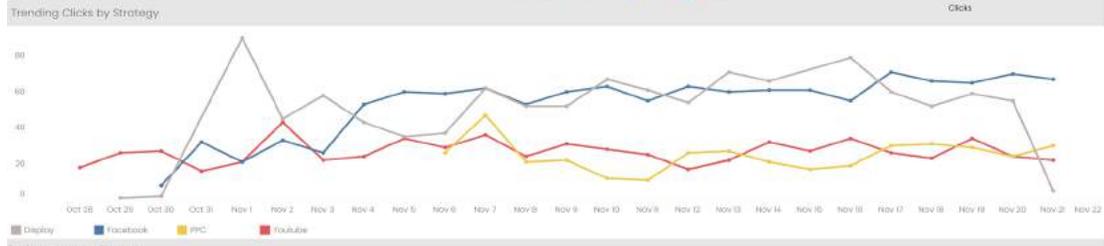
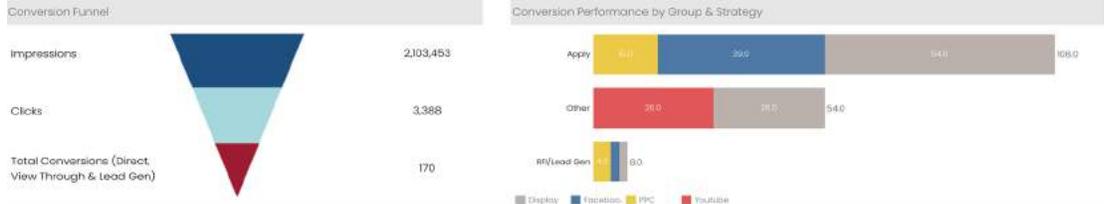
Finally we are also undertaking an awareness campaign inside Denver International Airport just in time for peak holiday travel season via backlit floor-to-ceiling columns in high-traffic shopping and food pavilions, tension fabric banners over moving walkways, and video walls in multiple concourses.

All digital out-of-home creative executions are being developed in-house. We are following the same successful formula from last year's "Make Waves" campaign in which we are relying heavily on authentic video-based peer storytelling and repurposing that storytelling throughout our multiple marketing channels. Creative is refreshed every 2-3 weeks across all channels. For this campaign, we have chosen to focus more heavily on stories that illustrate our unique sense of place, where students can study the ocean, rivers, forests and mountain environments minutes from campus. This also speaks to late Millennial and GenZ generations who point to climate change and environmental issues generally as their top concern.

While our new [out-of-state recruitment marketing campaign](#) just launched on October 21, the dashboard below shows the initial impact, including more than 2.1 million impressions across targeted platforms through November 22. An impression is the ad appearing on a user's screen. Nearly 4,000 users clicked through to the landing page with 170 converting by following through with a call to action, including signing up for special invitations and information, searching 175+ majors, scheduling a visit, and applying.

Comparing that data to our own internal analytics in the second dashboard below, we are seeing roughly double our normal traffic from social and are projected to nearly quadruple that traffic by the end of November. On top of that, the display and pay per click ads have generated approximately 5,000 direct visits to our websites as of November 22. Most importantly, our Admissions team reports an early uptick in out-of-state applications in targeted geographies.

Core Metrics						
Impressions	Clicks	CTR	Lead Generation	Direct Conversion	View Through Conversions	
2,103,453	3,388	0.16%	0	63.0	107	



Target for Q4 2019 @ **816** completions
 Progress to date **1,559** 191.1%
 Projected result @ **~2,927** 357.7%
 Avg. monthly result @ **339**



OFFICE OF UNIVERSITY COMMUNICATIONS

Our skilled professionals worked on a wide range of online and print, media relations, social media, video and graphic design projects, which included:

- KING 5 TV ran a story about Western partnering with a Seattle company to build a new instrument designed to help Mars Rover teams better understand the Martian environment. The story quotes Melissa Rice, WWU associate professor of Geology. See: <https://www.king5.com/article/tech/science/aerospace/wwu-first-mode-win-nasa-contract-to-help-mars-rover/281-8af6cf6f-0c45-4cbd-af7d-e6bedbd9234b>
- The Seattle Times ran an extensive story on efforts to reclaim the Olympia oyster in Puget Sound, and quoted Marco Hatch, WWU assistant professor of Environmental Science, and retired Shannon Point Marine scientist Paul Dinnel, a leader in community-based efforts that are restoring the native oyster in area waters. See: <https://www.seattletimes.com/pacific-nw-magazine/the-tiny-but-mighty-olympia-oyster-regains-a-foothold-in-washington-waters/>
- The Bellingham Herald ran a story about Western announcing a campaign to seek private funding for a portion of a new building on the Bellingham campus to expand its specialized programs in STEM fields. See: <https://www.bellinghamherald.com/news/local/article237123759.html>
- Our office assisted with communications and media coverage following police discovery of racist stickers from a white nationalist group on Western's campus. Coverage included Seattle TV. See: <https://komonews.com/news/local/police-investigate-after-white-nationalist-group-posts-racist-stickers-at-wwu-campus>
- The fall edition of **Window magazine** was just delivered. We're also celebrating our first-ever Gold Award in the 2020 Best of CASE VIII competition. Window, edited by Mary Gallagher, won a Gold Award in the category of Print General Interest Magazines – Circulation of 75,000 or Greater, a category that includes the biggest universities in the region, including University of Washington, University of Oregon and University of British Columbia. The Window magazine story about James Okubo, "Degree of Honor," by Ron C. Judd, also received an Honorable Mention in the CASE Platinum Awards – Best Articles of the Year competition.
- Kessa Volland, Media Marketing coordinator, worked on filling Western's social media channels with the influx of events, communications and reminders that come along with the start of the school year. She also helped get the out-of-state recruitment campaign, "**Go Northwest of Ordinary**," launched. Kessa and graphic designer Chris Baker also helped set up and arranged for installation of vinyl window clings, column wraps and light pole flags on campus featuring the "We Value" campaign. Western's branding campaign, "**Make Waves**," won a CASE Silver Award in the category of Alumni, Student, Donor and Community Engagement - Branding and Image Development/Identity Programs and Projects. Make Waves was developed by a University Relations and Marketing team including Donna Gibbs, Volland, Derek Bryson, Rhys Logan, Faith Haney and Suzanne Blais.

- Staff led by Suzanne Blais provided video support for the out-of-state recruitment campaign Go Northwest of Ordinary, which included completing three sets of video and two more in the final stages of production. “**Honoring James Okubo**” by Faith Haney also won a CASE Gold Award in the category of Video and Multimedia – Advertising Spots and Public Service Announcements. See: <https://vimeo.com/345802187>.
- John Thompson, Western’s chief science writer and University Communications assistant director, worked to unveil **Gaia, Western’s new online journal of research, discovery and scholarship**, at <https://medium.com/gaia-wwu>. Gaia is meant to showcase Western’s research stories, across all seven colleges and the graduate school, in long-form stories with stunning visuals. Those stories highlight not just STEM research, but scholarly and creative work from all disciplines. The site is hosted on Medium, a hyper-popular publishing platform; joining Medium is free, as is following Gaia.
- **Senior Graphic Designers** Chris Baker and Derek Bryson worked on a wide range of design projects with offices across campus, including fliers, posters, banners and online and social media design work. Some notable examples included: Go Northwest of Ordinary campaign materials; campus values campaign which included the library skybridge, library columns, Old Main lawn light posts and High Street banners; State of the University in Poulsbo materials for the President’s Office; animated social media ads for Fall Safety Messaging for University Residences; Mix Up event promotion for the College of Science and Engineering; Window magazine, 2019 WWU Financial Statements; First Year Student banner/poster for Student Outreach Center; Illustrations for global warming website; and posters and banners for the Go Abroad Fair.

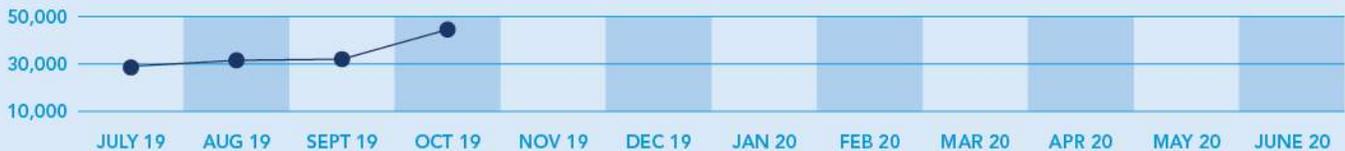
WESTERN TODAY

TOTAL HITS

76,246

TOP STORIES

- WWU wins NASA contract to build new instrument to help Mars rover scientists
- WWU Sets Total Enrollment Record; Overall & First-Year Enrollment for Students of Color is the Highest Ever
- 4th Annual Paint B'ham Blue for WWU Coming Sept. 25



SOCIAL MEDIA



TWITTER



FACEBOOK



INSTAGRAM

STATISTICS AT A GLANCE

22,511
Total followers
114
New followers
0.26%
% gained
77
Engagements

49,615
Total followers
95
New followers
0.10%
% gained
16,897
Engagements

20,692
Total followers
841
New followers
2.14%
% gained
51,988
Engagements

FAMILY CONNECTION NEWSLETTER

SEPTEMBER

15,532
Recipients
40%
Open rate

Top clicks include:
Fall Family Weekend,
Student Convocation,
Registrar's Calendar

OCTOBER

13,104
Recipients
37%
Open rate

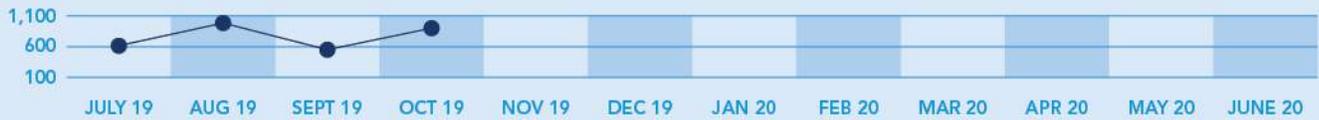
Top clicks include:
Fall Family Weekend,
FAFSA application,
Internship Fair and
LGBTQ+ Western events

MEDIA STORIES

1,444
Total Stories

TOP STORIES

- Western Washington University to offer Holocaust studies (The Chronicle of Higher Education)
- The tiny but mighty Olympia oyster regains a foothold in Washington waters (Seattle Times)
- Old North Church, a cherished symbol, opens up about its link to slavery (Boston Globe)



CREATIVE SERVICES

GRAPHIC DESIGN

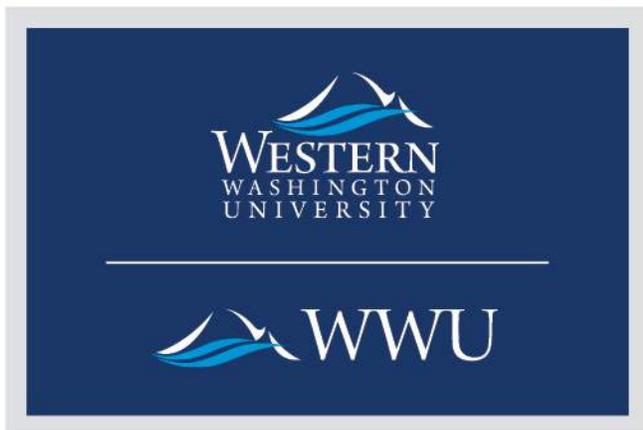


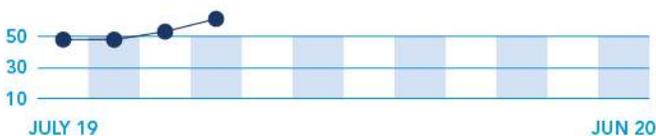
PHOTO & VIDEO



114 *Total Projects*

FEATURING

- New stacked Western logo and secondary WWU logo
- Window Magazine - Fall 2019
- Go Northwest of Ordinary campaign materials
- 'We Value' - campus values campaign



FEATURING

- We have been working hard on supporting the out-of-state campaign, Go Northwest of Ordinary. We are producing and shooting 2+ minute versions of multiple stories and for social media activation we are producing a :30, a :10, and a :10 vertical. We have completed three sets of videos and have two more in the final stages of production now.
- Find What Floats Your Goat.
<https://vimeo.com/363806687>
<https://vimeo.com/366547570>
- We Throw Pool Parties For Salmon.
<https://vimeo.com/371944479>
<https://vimeo.com/366881866>

COMMUNITY RELATIONS

Notable projects and connections that enhance WWU visibility, improve community access, and increase community-to-university partnerships.

State of the University Address, Poulsbo

Community Relations coordinated Western's first State of the University Address in Poulsbo where President Randhawa shared his vision for Western on the Peninsulas. Sixty guests attended including State Representative Sherry Appleton, Poulsbo Mayor Becky Erickson and several members of the City Council, school district and community college leaders, and business leaders.

Engineering Partnering with Wood Stone

Community Relations connected Engineering professor Dr. Sura Alqudah with Wood Stone, a local manufacturer of commercial pizza ovens sold around the world. Students are working with Wood Stone to observe and identify inefficiencies in their manufacturing processes as a part of their capstone project.

Responding to WWU's Neighbors

The director of Community Relations presented WWU news at a York Neighborhood Association meeting while addressing concerns related to Western's impact on rental housing, parking, and trash remediation.

Preserving Marrowstone Music Festival

Hosted on Western's campus and coordinated by the Seattle Youth Symphony Orchestra, Marrowstone Music Festival is one of the nation's premier youth music festivals that also serves as an excellent recruitment opportunity for the university. Community Relations worked with the Marrowstone Music Festival to address concerns of rising annual university rental costs. Through collaboration with multiple campus partners, Western has helped Marrowstone better predict and reduce future costs so they can continue to host their festival on campus.

Trails to Taps Relay

For the second year in a row, WWU hosted the final leg of Bellingham's Trails to Taps Relay Race, which supports local nonprofit, Lydia Place. Community Relations helped facilitate the campus routing and volunteers opening up campus to the community.

Additional Community Connections and Engagement

- Facilitated WWU Energy Institute Director Joel Swisher's involvement on a panel with Whatcom County's energy industry leaders, sponsored by the Bellingham Chamber of Commerce.
- Added Bellingham's new Hotel Leo to WWU's Hotel Partner listing.
- Represented Western at 15 community events that improve WWU good will and visibility in the community.

- Facilitated WWU's sponsorship of the Economic Development Alliance of Skagit County. President Randhawa will be a panelist in February 2020 at their Economic Forecast event along with representatives from WSU, University of Puget Sound and Skagit Valley College.
- Community Relations now serves as Western's campus liaison to the WWU Retirement Association enhancing their WWU partnerships and campus access.
- Streamlined how Bellingham/Whatcom County Tourism supplies brochures to campus partners ensuring local tourism information is available to Western's visitors.

SMALL BUSINESS DEVELOPMENT CENTER

WWU SBDC Whatcom County

Q3-2019 Businesses Served	Clients	Non-Clients	Total Served
Business Counseling Received	144		145
Research or Student Project Recipient	9		9
SBDC Sponsored Training Participant		11	11
Information or Resources Provided		20	20

Total Businesses Served in Q3 (unduplicated count): 181

2019 YTD Businesses Served	Clients	Non-Clients	Total Served
Business Counseling Received	266		266
Research or Student Project Recipient	35		35
SBDC Sponsored Training Participant	8	175	183
Information or Resources Provided		95	95

Total Businesses Served YTD (unduplicated count): 543

Clients' Economic Impacts	Q3 2019	YTD 2019	YTD 2018
Capital Formation	\$1.8M	\$3.5M	\$7.4M
Businesses Starts	2	5	2
Business Buy/ Sells	0	0	1
Jobs Created & Retained	12	32	71

WWU Small Business Development Center: CURRENT DEMOGRAPHICS

- **Top Industries:** Service Establishment, Accommodation/Food Svc., Health Care, Manufacturer or Producer
- **Top Areas of Counseling:** Managing a Business, Financing/Capital, Buy/Sell Business, Start-up Assistance

- **Rolling 12-Month Client’s Annualized Sales:** \$298.3M
- **Rolling 12-Month Jobs Supported:** 2780

WWU Small Business Development Center: HIGHLIGHTS

- Guest Lectured at WWU - “Business Planning for Audiologists”
- Presented “Rising Wages Workshop”
- Speaker at “Disaster Preparedness & Business Continuity Planning Workshop” (sponsored by the Port of Bellingham Regional Economic Partnership)
- Speaker at “Smart Business Leadership Series: Profit” (sponsored by Sustainable Connections and Community Food Co-op)
- Speaker at “Keeping our Cherished Community Businesses Alive – How a Local Business Went Co-op!”
- Speaker at the 2019 TAG Summit (Leadership Panel)
- Attended state-wide professional development conference in Winthrop

WWU Small Business Development Center: MEDIA

- Herb’s Cider: Video <https://vimeo.com/327145089>
- K’ul Chocolate: Video <https://vimeo.com/337402456>
- 12.5% Cut in Profits blog shared via bizfair.org and with several Chambers around WA State via the WSBDC network
- [Rise in minimum wage could have impact on Whatcom economy](#) – Bellingham Herald
- [The benefits of connecting young and old\(er\) entrepreneurs](#) – BBJ Today

WWU Small Business Development Center: NEW STAFF

- Madeline Rosenvinge, MBA graduate assistant
- Mariam Kamel, MBA graduate assistant
- Heather Theyn, Administrative Coordinator

WWU SBDC Kitsap County

Q3-2019 Businesses Served	Clients	Non-Clients	Total Served
Business Counseling Received	37	3	40
Research or Student Project Recipient	1	0	1
SBDC Sponsored Training Participant	2	23	25
Information or Resources Provided	0	7	7

Total Businesses Served in Q3 (unduplicated count): 70

WWU SBDC Kitsap County: CURRENT DEMOGRAPHICS

- **Top Industries:** Service Establishments, Retail, Health Care
- **Top Areas of Counseling:** Managing a Business, Marketing/Sales, Financing/Capital
- **Q3 2019 Woman owned business:** 31%

- **Q3 2019 Jobs Supported:** 64
- **Q3 Client's Annualized Sales:** \$3.3M

WWU Small Business Development Center Kitsap County: HIGHLIGHTS

- Presented to the board meeting of the Kitsap Economic Development Alliance
- Presented to the Board of Trustees of the Kitsap Regional Library
- Taught entrepreneurship course to graduating class at the Northwest School of Wooden Boatbuilding
- SBDC chosen by Kitsap Bank to be featured as their non-profit organization of the year

WWU Small Business Development Center Kitsap County: MEDIA

- Kitsap County SBDC featured in the Kitsap Regional Library quarterly newsletter, fall edition.
- Appeared on local radio station to present information on the changes in employment law facing employers in 2020
- [Opinion: Embrace innovation to drive economic diversity](#) - Puget Sound Business Journal

WWU Small Business Development Center Kitsap County: NEW STAFF

- Jaime Forsyth, MBA, Business Advisor

TRIBAL LIAISON

PLANNING:

President Randhawa, the Tribal Liaison and the Executive Director of Government Relations met with Representative Debra Lekanoff's office to secure support for a Coast Salish-style longhouse on Western's campus. Rep. Lekanoff has submitted a member request for \$4.9 million in the 2020 supplemental session. We are truly grateful to Representative Lekanoff, who's leadership and support will be instrumental in the funding and development of the longhouse. President Randhawa and VP Gibbs met with outgoing Bellingham Mayor Kelli Linville and Deputy Administrator Brian Heinrich to begin the process of securing a potential site location on land adjacent to the south end of campus near the Sehome Arboretum.

The Tribal Liaison and Rick Brenner, director of Facilities, Development and Capital Building Planning, met with Jones & Jones Architects to discuss the project and an architectural rendering in preparation for additional fundraising opportunities.

Attached is a project brief which will also form the basis for an informational webpage. The Tribal Relations office will add to the webpage as the campaign moves forward.

A letter of inquiry for the 2020 Washington Women's Foundation Pooled Fund Grants was submitted on behalf of the Tribal Relations office for additional longhouse support. We should know more about the status of the grant in February. The Tribal Relations office will continue to research other grant opportunities to support the longhouse capital campaign.

EVENTS:

For the first time in university history, Western participated in an Indigenous Peoples Day event in collaboration with Northwest Indian College and Whatcom Community College on October 14, 2019. The Tribal Relations office is planning for this event to be held annually at Western.

TRAINING:

The Tribal Liaison continues to participate in New Employee Orientation sessions to share the goals and objectives of the Tribal Relations Office in support of diversity, equity and inclusion goals included in the WWU strategic plan.

ADVISORY FUNCTIONS:

The Tribal Liaison has met with Salish Sea Institute staff to support the Institute's new Salish Sea minor curriculum.

The Tribal Liaison met with Daisy Padilla-Torres, Sr. Consultant for Woodring College of Education - Diversity, Retention and Recruitment. The meeting was to collaborate on pathway programs to Woodring for prospective students at Lummi Nation School and Northwest Indian College.

RELATIONSHIP-BUILDING:

The Tribal Liaison attended the Consortium for Innovative Environments in Learning held on October 25th & 26th at Quest University in Suquamish, BC. This event was attended by several regional and national progressive universities to engage in conversations about their obligations when working with Indigenous communities.

The Tribal Liaison had the privilege to present to Sharon Shewmake's Urban Economics class on October 28, 2019. The topic for discussion involved tribal economics within the Lummi and Swinomish tribes. As a tribal member and community member it was an opportunity to present to students the first-hand truths of economic livelihood on a reservation in contrast to non-reservation-dwelling tribal members.

The Tribal Liaison attended the 30th annual Centennial Accord on November 6th and 7th, 2019 in Shelton, WA. This event was attended by tribal and state leaders from throughout Washington State. The annual meeting is for tribes and the state to develop joint strategies, overcome obstacles and achieve specific goals.

The Tribal Liaison also serves as a member of the Tribal Leaders Congress on Education, which works in association with the Centennial Accord to build collaboration and support with other tribal education departments and institutions within Washington State.

WASHINGTON CAMPUS COMPACT

Government Relations: Washington Campus Compact has been outreaching to legislators to educate them on how the Student Civic Leader Awards Initiative will be implemented on campuses and in communities across the state. We are engaging them in conversations about how they might like to participate in the training of the student leaders. Several have expressed strong interest and enthusiasm to have the opportunity to learn more about the students' civic engagement projects. We will also invite them to attend the awards ceremony in April 2020.

Partnership Development: Washington Campus Compact has been outreaching to other civic-focused organizations to discuss possible collaborations. K-12 civic education groups are particularly interested in finding ways to partner to strengthen K-16 civic education initiatives in Washington.

National Conference in Seattle: The national Campus Compact conference will be held in Seattle in 2020. The conference theme is: *The Promise of Full Participation: Democracy, Opportunity, Voice*. In addition, a Summit of Presidents and Chancellors will be held and Raj Vinnakota, President of the Woodrow Wilson National Fellowship Foundation, will be the featured speaker. Critical issues regarding the role higher education serves in our democracy will be discussed with leaders from across the country.

WEB COMMUNICATION TECHNOLOGIES (WebTech)

We are happy to share the news that the WWU website earned a Bronze award in the electronic and digital media: overall website category for CASE 2020. CASE is the Council for Advancement and Support of Education, and this year, due to the size of Western's student body, we competed for the first time against the region's biggest institutions including University of Washington, University of Oregon and the University of British Columbia.

Drupal 8 Migration

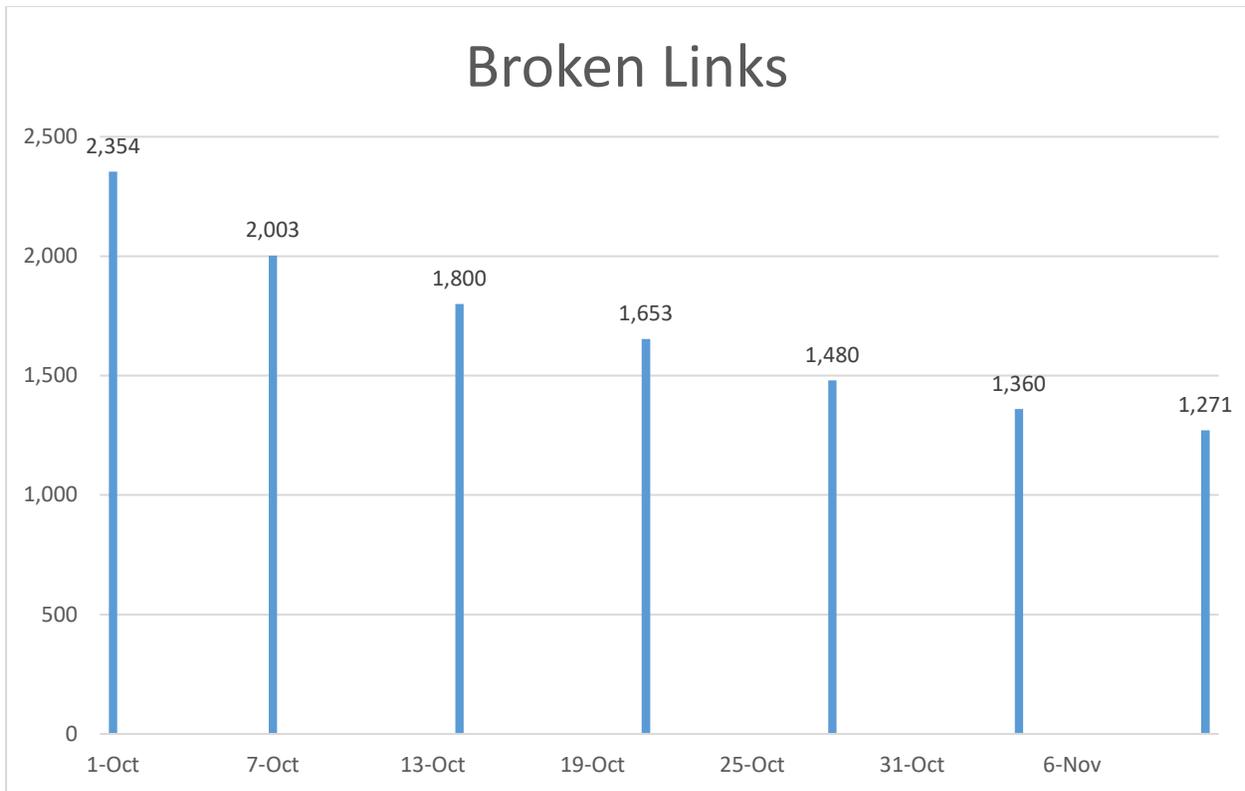
WebTech has continued to convert websites from other platforms into Drupal 8 sites, this past period migrating the [Equal Opportunity Office](#), the [Foundation](#), and [Admissions](#) websites.

WebTech was asked to handle building a replacement for myWestern, the intranet for students, staff, and faculty, and that is on track to be available in December with system-wide deployment in January. About 30 Drupal 7 sites remain in our portfolio and we are focused on migrating those to Drupal 8 over the next year and a half to align with the end of security patches for Drupal 7, as well as moving these sites into the refreshed and strengthened brand treatment.

Content Quality

At the start of the Fall 2019 term WebTech began hiring work study students to assist departments across campus in fixing broken links. Broken links present a poor user experience to everyone, especially new students, and hurt organic search rankings as the pages appear unmaintained to computer algorithms. Three students have been hired to focus on this work and the results have reduced broken links across the enterprise from 2,354 to 1,271 in six weeks.

Their continued work on this persistent issue will continue to drive the number to something manageable over the rest of this term. The goal is to help students and staff find resources more easily and in turn have one less barrier to staying at Western.



Search Engine Optimization (SEO)

Search Engine Optimization (SEO) continues to be a focus of the office. Compared to the prior quarter, organic search traffic continued to increase slowly, 2.19%, even as the mix of acquisition channels increased due to paid marketing strategies in place. Year over year, the gains are 1.3% which is approximately 1,000 more unique visitors per month than the prior year. This is traffic that does not include existing students, staff, and faculty using the WWU network.

We have put significant effort into shaping optimized content based on locations such as Everett and Poulsbo for what those audiences search for based on data collected from SiteImprove. To that end, our location pages have increased by four spots with a handful now on page one of Google search results. Western Online continues to increase page rank and we have begun working with Admissions to better tailor our scholarship pages to garner more traffic.

WebTech has begun tracking engagement as a set of metrics that attempt to identify where specific pages succeed, and to work with stakeholders to improve the content. These metrics are rolled into a series of key performance indicators, of which this image is a sample.

Key Performance Indicators



Your selected Key Performance Indicators. This selection only applies to you.

Intent to Apply

2,820 Completions

Change... Value (\$)

▼ 230 (28,200)



Donate

139 Completions

Change... Value (\$)

▼ 16 (1 1,390)



Find Resources

3,706 Completions

Change... Value (\$)

▲ 596 (37,060)



Organic Search Traffic

34,955 Completions

Change... Value (\$)

▲ 2,237 349,550



Engagement

398 Completions

Change... Value (\$)

▲ 31 (8 4,415)



Learning about a major

8,917 Completions

Change... Value (\$)

▲ 3,405 90,175



Visits Social Channel

45 Completions

Change... Value (\$)

± 0 (0.0 450)



Accessibility

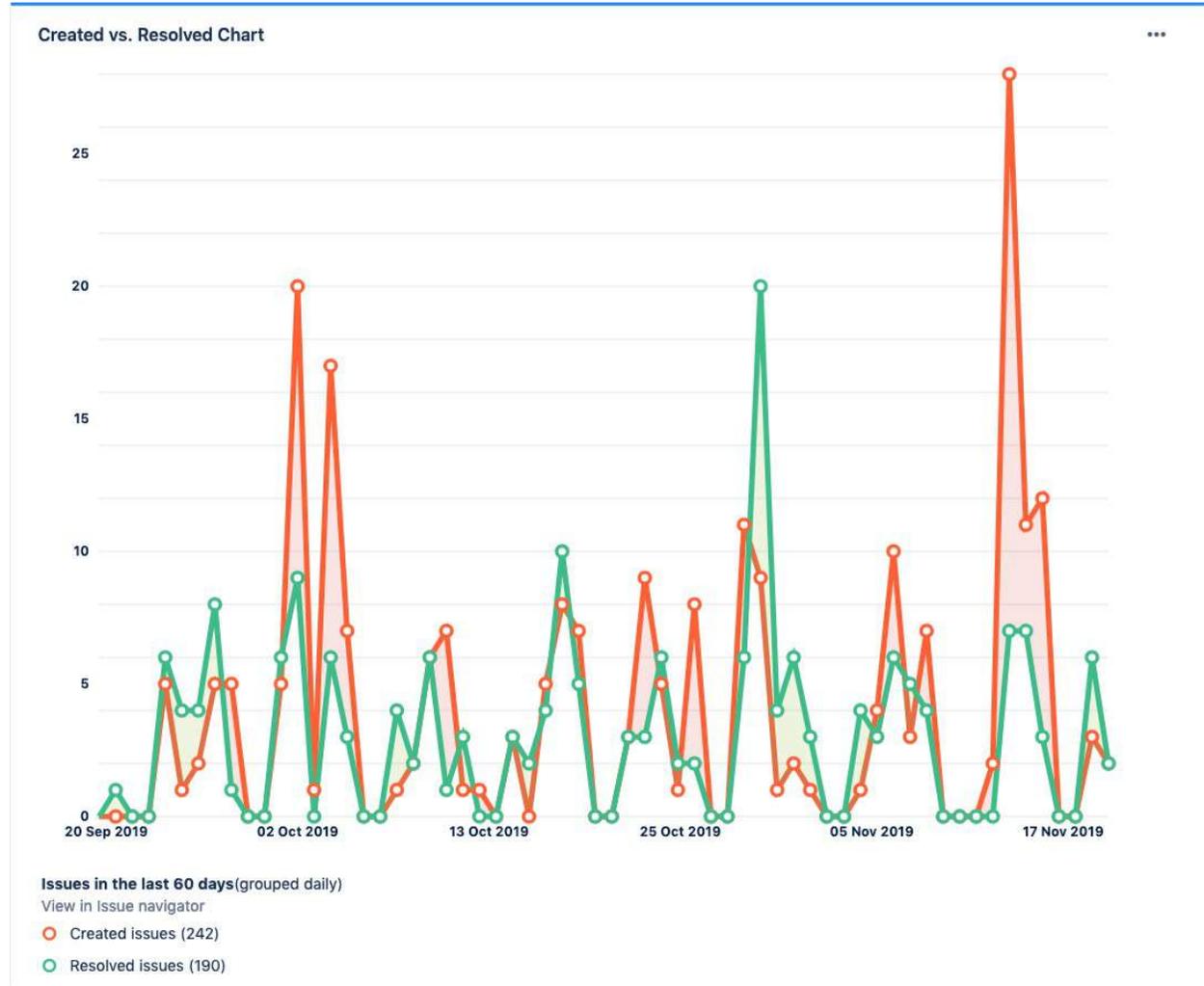
Diligent work continues in addressing content issues and training the staff who work as content editors across campus to learn how to properly build webpages.

Fifteen identified error types of 32 remaining on the Drupal and campusweb platforms currently effect less than 100 pages, many between 1 and 10 pages. Within the WordPress platform, 17 of 25 identified error types effect less than 100 pages.

The report due to the Office of Civil Rights (OCR) in December is currently under review by the Equal Opportunity Office. OCR requires the creation of a digital accessibility policy, and Western has received an extension on the original timeline so that more voices can be heard in the creation of such a policy.

Western continues to be a leader in this space, as our accessibility specialist Carly Gerard has been invited to present how our design system addresses accessibility from the beginning in a proactive rather than reactive method at the Accessing Higher Ground conference November 19-22.

WebTech Issue Queue Workload



The additional three work study students have helped triage our backlog. We have 81 issues to address which is nearly 25% less than normal even with creating 242 tickets over the last two months. We are happy to see a valued student employee graduate at the end of this term and hope the work study students will be able to absorb his workload.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa on behalf of Becca Kenna-Schenk, Executive Director of Government Relations

DATE: December 13, 2019

SUBJECT: **Legislative Update**

PURPOSE: Information Item

Purpose of Submittal:

Summary of WWU's recent government relations activities.

Supporting Information:

2020 Legislative Session

The 60-day 2020 legislative session is scheduled to begin on January 13, 2020 and end on March 13, 2020. The University's key priorities include an operating budget request to provide tuition support to students attending Western on the Peninsulas and the passage of HB 1755, which would authorize Western, along with Central Washington University and Eastern Washington University, to offer applied doctorate degrees in education (EdDs). The WWU Office of Government Relations is working to advance these priorities by coordinating meetings between state legislators and President Randhawa and meeting with legislative and Governor's Office staff.

Elected officials on campus

Several elected officials have visited WWU's campus this fall. On October 9-10, the Washington State Supreme Court came to WWU as part of the "Traveling Court" program. The Court held oral arguments in the Wilson Library Reading Room, and the nine justices engaged with students, faculty and staff during panel discussions, classroom visits and a luncheon with over 70 WWU students interested in the legal profession. Governor Jay Inslee visited campus in early November to meet with students in an Energy 101 class to discuss climate policy. Congressman Rick Larsen was on campus recently to tour chemistry and engineering labs. Attorney General Bob Ferguson was also on campus recently to speak about the State's litigation against Trump Administration policies and his office's consumer protection efforts related to student loan debt. Several state legislators have also been on campus this fall to meet with students, faculty and administrators.

Munro Seminar for Civic Education

The annual Ralph Munro Seminar for Civic Education took place on October 22-23. The theme this year was "Education Policy from K through College." The seminar featured a keynote presentation entitled "Rehumanizing and Re-professionalizing Teaching" by Dr. Maria Salazar from the University of Denver, as well as panel discussions on the topics of the future of higher education and equity and inclusion in K-12 education.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa on behalf of Melynda Huskey

DATE: December 13, 2019

SUBJECT: Admissions and Enrollment Report

PURPOSE: Information Item

I. Enrollment

Fall Enrollment at Census Day

At the time of our last meeting with the Board of Trustees, the fall census date had just passed. The written enrollment report submitted for that meeting was based on first class day numbers. A follow up as to census day numbers is, therefore, warranted.

Total enrollment is now finalized at 16,142. After Admissions and Registrar closed and confirmed their enrollment numbers for fall, our Institutional Effectiveness group worked through two stages of programming issues that required adjustment to its reporting, so please note this final enrollment total. Some additional breakdown of census day enrollment is now available on our Institutional Effectiveness site.

[Chart on next page]

Enrollment by Race/Ethnicity

All Students								1-Year Change	1-Year % Change
	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018	Fall 2019			
Hispanic or Latino Ethnicity	1,095	1,183	1,298	1,398	1,495	1,617		122	8.2%
American Indian or Alaska Native	354	367	346	325	317	311		(6)	-1.9%
Asian	1,546	1,622	1,648	1,679	1,697	1,721		24	1.4%
Black or African American	357	408	396	421	418	433		15	3.6%
Native Hawaiian or Other Pacific Islander	63	75	73	72	70	64		(6)	-8.6%
White	11,200	11,217	11,275	11,416	11,429	11,249		(180)	-1.6%
Two or more races: Other	132	160	172	183	198	197		(1)	-0.5%
International	157	156	181	188	183	198		15	8.2%
Race and ethnicity unknown	156	144	185	233	314	352		38	12.1%
Total	15,060	15,332	15,574	15,915	16,121	16,142		21	0.1%
<i>Students of Color</i>	<i>3,547</i>	<i>3,815</i>	<i>3,933</i>	<i>4,078</i>	<i>4,195</i>	<i>4,343</i>		<i>148</i>	<i>3.5%</i>
Percent Student of Color	23.6%	24.9%	25.3%	25.6%	26.0%	26.9%			

New Enrollment for Winter 2020

The vast majority of new enrollments starting in the winter quarter are transfer students, as is the standard for Western. Therefore, new enrollment in winter is significantly impacted by enrollment declines in the state's community and technical colleges. We anticipate some decline in our new winter enrollment numbers.

Winter 2020 transfers—Bellingham

	Applied	Admitted	Confirmed
2020	660	533	411
2019	712	571	430

Winter 2020 transfers—other locations

	Applied	Admitted	Confirmed
2020	23	6	6
2019	23	10	10

Winter 2020 new first time students—Bellingham

	Applied	Admitted	Confirmed
2020	69	47	40
2019	109	75	53

Fall 2020 Recruitment Work

We are proud to be launching a number of new strategies designed to enhance recruitment for 2020, including a large digital marketing campaign, integrated recruitment of international students, new online student platforms, and a coordinated campaign for out-of-state recruitment, among other projects.

Significant work is continuing on the development of our new Constituent Relationship Management (CRM) software, Slate. We are already seeing positive results from its implementation, with the use of more refined messages to segmented parts of our target audience and for event management. It was valuable, for example, in coordinating the Fall open house program, which we hosted in late-October, as we gained efficiency and enhanced our electronic support of the program.

Also new this year is the offering of an information session for visiting students and families. Hosted in the Old Main Solarium, these are 30-minute presentations by a member of the recruitment staff, hosted twice daily following our campus tours. This is a critical development in our campus visit experience, allowing us to connect students and families with an Admissions Counselor. Data suggests that maximizing face-to-face contact with prospective students and providing a more robust campus visit experience translates into a larger percentage of visitors submitting applications.

Early indicators for the first-year cohort are encouraging. The number of students who have expressed an interest in Western (as measured by “Inquiries”) is up 4% over 2018-19 figures, and application numbers are showing a slight increase over last year. We are seeing significant increases in the number of students of color and in the number of non-residents.

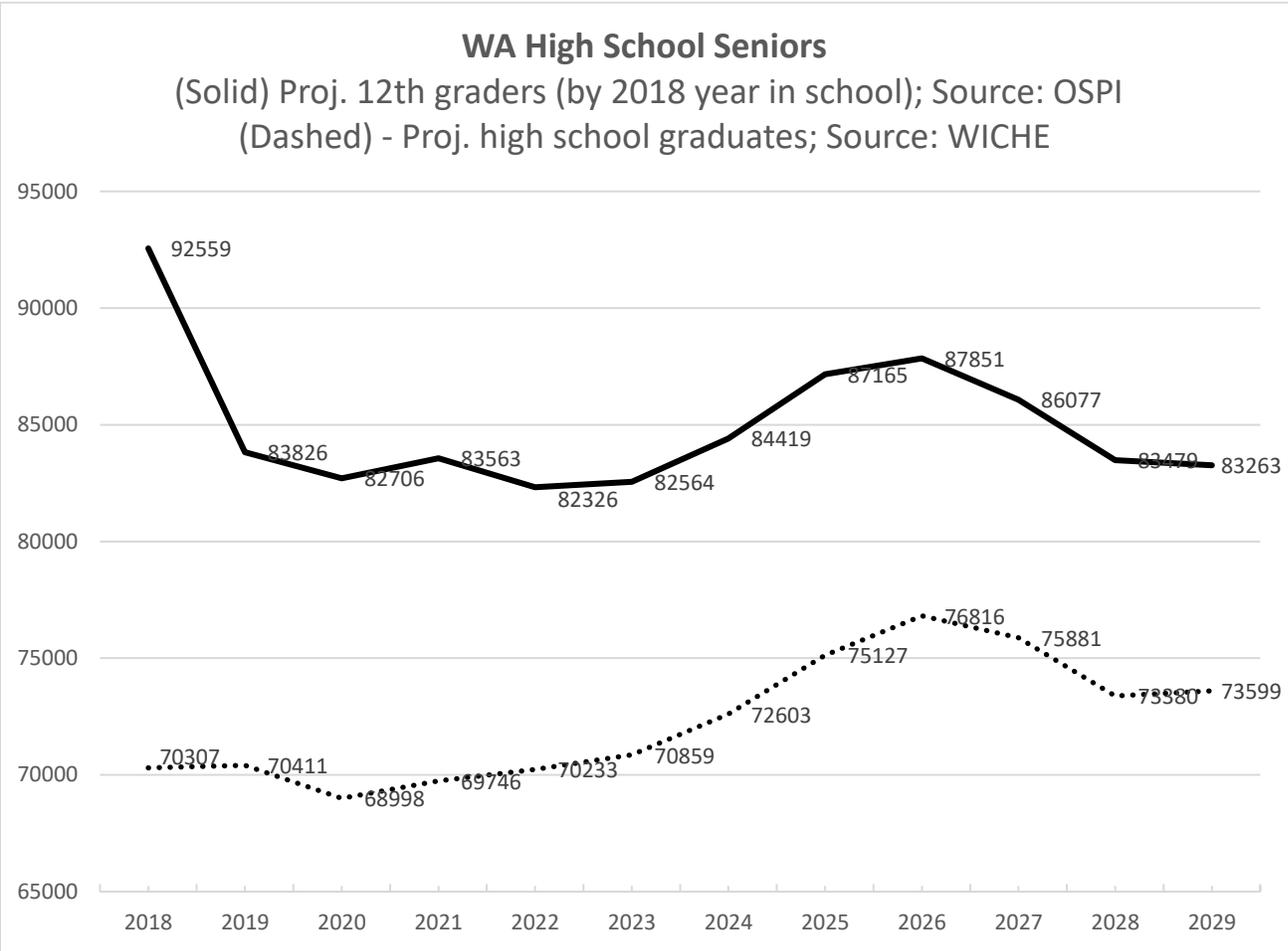
Fall 2020 first year applicants as of November 27

	Applied	Admitted	Confirmed
2020	4732	3272	170
2019	4691	3066	128

Fall 2020 Insights

The graph below combines information from two different data sets, yet they suggest similar narratives: a leveling in the number of students from Washington high schools through 2025.

- The solid line represents the projected number of high school seniors. (Source: *Washington State Office of the Superintendent for Public Instruction – www.k12.wa.us*)
- The dashed line represents the projected number of high school graduates. (Source: *Western Interstate Commission on Higher Education – www.wiche.edu*)



We will also be incorporating into our planning the expected changes in the racial/ethnic profile of the students who graduate from high schools in our state. They will increasingly come more from under-represented backgrounds. In the next decade, the non-white population of graduates from Washington public high schools will increase from 37% to 41%. (Source: *Western Interstate Commission on Higher Education – www.wiche.edu*).

Strategic planning will also be necessary to address transfer enrollment, as enrollment in the state’s community and technical colleges declines and presents challenges.

II. Student Aid

New Scholarship Model

We are pleased to report that we will be utilizing enhanced scholarship modeling for the recruitment of this year’s new students. With the collaboration of Admissions and Financial Aid, our Institutional Effectiveness group will be using econometric modeling to produce a new discounting tool. Admissions will be using that tool to more strategically deploy limited scholarship dollars for recruitment, in coordination with our Financial Aid team.

III. New Student Services/Family Outreach

Fall Family Weekend

We hosted Fall Family Weekend on October 18-20. Beautiful weather welcomed our students and their families for our program this year. Among the many events we hosted for families were

- Student Research in Action: a new speaker series that showcased the depth of faculty and student research opportunities. We highlighted 3 faculty-student research partnerships on the Salish Sea and ocean wildlife--Dr. Alejandro Acevedo-Gutierrez (Biology), submarine volcanoes and offshore earthquakes--Dr. Jackie Caplan-Auerbach (Geology), and the Mars rover project--students under Dr. Melissa Rice (Geology).
- 3rd Annual Brunch at BelleWood Farms: 135 students and family members were shuttled out to BelleWood Farms and hosted for brunch, a tour of the apple orchard, and family time together.
- Bellingham's Upfront Theatre Improv Show: over 400 attendees
- A number of academic department's hosted open houses. Planetarium shows were sold out, and sporting events such as Viking Madness and the Women's Soccer game against Simon-Fraser University were also highlights.

Total attendance is not known, as not all events were ticketed and people were not "required" to check-in or sign up.



FINANCIAL REPORT

FISCAL YEAR 2019





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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

November 15, 2019

Board of Trustees
Western Washington University
Bellingham, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Western Washington University, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material

misstatement. The financial statements of the Foundation were not audited in accordance with Government Auditing Standards.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Western Washington University, as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1, the financial statements of Western Washington University, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the University and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2019 and 2018 and changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic

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

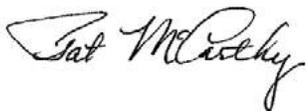
Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The President's Letter of Transmittal and the Board of Trustees and Administrative Officers are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated November 15, 2019, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy
State Auditor
Olympia, WA

November 15, 2019

Earl Overstreet, Chair
Board of Trustees
Western Washington University
Bellingham, WA 98225

Dear Chair Overstreet:

We are pleased to submit the Annual Financial Report of Western Washington University. The accounts of WWU are maintained in accordance with policies and regulations established by Washington State and its Office of Financial Management. This report has been prepared in accordance with generally accepted accounting principles and following the guidance of the Governmental Accounting Standards Board.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

The Washington State Auditors' Office has issued an unmodified (clean) opinion on the Western Washington University financial statement for the year ended June 30, 2019. This opinion is included in the independent auditor's report.

Management's discussion and analysis, located at the front of the financial section of this report, provides a narrative introduction, overview, and analysis of the basic financial statement. Western Washington University, with over 16,000 students in seven colleges and the graduate school, is nationally recognized for its educational programs, students and faculty. The campus is located in Bellingham, Washington, a coastal community of 83,000 overlooking Bellingham Bay, the San Juan Islands and the North Cascades Mountain range. The city lies 90 miles north of Seattle and 60 miles south of Vancouver, British Columbia. Western is the highest-ranking public, master's-granting university in the Pacific Northwest, according to the 2019 U.S. News & World Report rankings.

Sincerely,



Sabah Randhawa
President



Richard Van Den Hul
Vice President for Business and Financial Affairs

BOARD OF TRUSTEES*

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Stephanie Bowers, Vice President for University Advancement
Brian Sullivan, Associate Vice President for Business and Financial Affairs

CERTAIN DIRECTORS*

Teresa Hart, Financial Services Director
Michael Ulrich, Associate Controller

**as of Independent Auditors report*



OVERVIEW

The following discussion and analysis provides an overview of the financial position and activities of Western Washington University (WWU) for the years ended June 30, 2019 and 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes which follow this section.

WWU is one of six public, four-year institutions of higher education in the State of Washington. WWU is governed by a Board of eight Trustees, which has broad responsibilities to supervise, coordinate, manage and regulate WWU as provided by State law. Trustees are appointed by the Governor for a term of six years, except a student Trustee who is appointed to a one-year term.

As a comprehensive regional university, WWU offers undergraduate and graduate degrees in over 160 academic programs in its eight colleges. WWU was established in 1893 and currently has over 16,200 full-time and part-time students in seven colleges and the graduate school. Located on the shores of Bellingham Bay with Mount Baker as its backdrop, Bellingham is the last major city before the Washington coastline meets the Canadian border. The City of Bellingham, which serves as the county seat of Whatcom County, is at the center of a uniquely picturesque area offering a rich variety of recreational, cultural, educational and economic activities. WWU is the third largest employer in Whatcom County.

USING THE FINANCIAL STATEMENT

WWU reports as a business-type activity as defined by Government Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended. GASB standards require that financial statements be presented on a consolidated basis in order to focus on WWU as a whole. The financial statements, in conjunction with the Notes to the Financial Statements, provides a comprehensive way to assess WWU's financial health.

These financial statements include the following components:

- Statement of Net Position presents the assets and deferred outflows of resources, liabilities and deferred inflows or resources and net position of WWU at a point in time (June 30, 2019). Their purpose is to present a financial snapshot of WWU. This statement aids the reader in determining the assets available to continue WWU's operations, how much WWU owes to employees and vendors, whether WWU has any deferred outflows or inflows other than assets or liabilities, and provides a picture of net position and its availability for expenditure by WWU.
- State of Revenues, Expenses and Changes in Net Position present the total revenues earned and expenses incurred by WWU for operating, non-operating and other related activities, during a period of time (the fiscal year ended June 30, 2019). Their purpose is to assess WWU's operating and non-operating activities.
- The Statement of Cash Flows present additional information to support the financial statements. This statement identifies how much cash has been received or paid by WWU during its fiscal year. In addition, it discloses the sources (how the cash has been generated) and disbursement of cash (how the cash has been utilized).

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2019

Significant actions which occurred during the fiscal year include the following (discussed in further detail on the following pages):

- Increased capital assets by \$12.1 million due to the Multicultural Center and Housing and Dining projects.
- Decreased overall financial position by \$14.6 million:
 - Recorded a \$6.9 million Perkins Loan Contribution Refund payable to the U.S. Department of Education due to the closure of Perkins loan program.
 - Increase of \$7.7 million in operational spending over revenue.

Statement of Net Position

The Statement of Net Position presents the financial condition of WWU at the end of the last two fiscal years and reports all assets, deferred outflows, liabilities, deferred inflows and net position of WWU.

A summarized comparison of WWU's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2019, 2018 and 2017, follows:

	2019	2018	2017 Restated
	<i>(Dollars in thousands)</i>		
Assets			
Current assets	\$64,317	\$79,692	\$66,544
Noncurrent assets	73,892	85,433	80,214
Capital assets, net	<u>491,524</u>	<u>479,474</u>	<u>472,632</u>
Total assets	629,733	644,599	619,390
Deferred outflows	18,156	10,842	12,315
Liabilities			
Current Liabilities	38,003	39,277	32,719
Noncurrent Liabilities	<u>234,925</u>	<u>246,952</u>	<u>235,355</u>
Total liabilities	272,928	286,229	268,074
Deferred inflows	46,400	26,026	6,939
Total net position	<u>\$328,561</u>	<u>\$343,186</u>	<u>\$356,692</u>

Assets

The primary components in the asset category are cash, investments, receivables and capital assets. Total assets decreased \$14.9 million in fiscal year (FY) 2019, and increased \$25.2 million (4.1%) in FY 2018 over FY 2017.

Total Cash and Investments (see Notes 3 & 4) decreased \$29.3 million during FY 2019 primarily due to spending \$25.8 million of the remaining Series 2018B bond funds and cash on capital projects. During FY 2018, WWU issued \$33.7 million in revenue bonds to fund a new Multicultural Center and renovations to certain Housing and Dining System residence halls. These bond proceeds were invested in both long and short term restricted investments, with maturities matched to anticipated cash flow needs. During FY 2018, total cash and investments increased \$18.7 million primarily due to unspent bond proceeds.

The allocation of unrestricted cash and investments between current and noncurrent is governed by the university's investment policy strategy, which is to maximize returns while ensuring liquidity needs and managing interest rate risk. In FY19, unrestricted cash and cash equivalents increased \$12.6 million (127.9%) as we shifted maturing investments into the Local Government Investment Pool (LGIP) (see Note 3) due to preferable rates and liquidity. These funds were then available for operational and strategic planning. Total unrestricted cash and investments decreased \$6.5 million as a result of increased spending in operations of approximately \$5.0 million and capital of approximately \$1.5 million. Unrestricted current cash and investments decreased \$15.5 million in FY 18, as \$7.0 million was shifted to longer-term investments and \$8.5 million was used to primarily fund salary and benefit increases.

Non-depreciable and depreciable capital assets, net, increased \$12.1 million (2.5%) in FY 2019 and \$6.8 million (1.4%) in FY 2018 due to the Multicultural Center construction project and renovation work on a Housing & Dining residence halls.

Liabilities

The excess of current assets over current liabilities of \$26.3 million FY 2019 and \$40.4 million in FY 2018 reflects the continuing ability of WWU to meet its short-term obligations with liquid or easily liquidated assets. Current liabilities typically fluctuate depending on the timing of accounts payable (A/P) payments and the receipt of deposits and revenue that is applicable to the next fiscal year.

Current liabilities decreased \$1.3 million (-3.2%) largely due to a decrease in capital related Accounts payable

invoices as major construction projects were nearing completion. Current liabilities increased \$6.5 million (20.0%) during FY 2018 largely due to an increase in A/P invoices from WWU funded capital projects.

Noncurrent liabilities decreased \$12.0 million (-4.9%) largely due to a reduction to Western's other postemployment benefits (OPEB) liability (see note 20). During FY 2019, an increase to the discount rate used in the OPEB calculation resulted in a decrease to the total OPEB liability. Noncurrent liabilities increased \$11.6 million during FY 2018 due to the \$33.7 bond issue combined with decreases in pension benefits and OPEB liabilities. During FY 2018, WWU adopted and implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits other Than Pensions" (see Note 20). As a result WWU has included its share of the actuarially calculated OPEB total liability in the amount of \$94.1 million for FY 2018 compared to \$100.2 million for FY 2017.

Net Position

The difference between assets and deferred outflows less liabilities and deferred inflows is net position. The change in net position measures whether the overall financial condition has improved or deteriorated during the year and is driven by the difference between revenues and expenses.

During FY 2019, total net position decreased by \$14.6 million (-4.3%) primarily due to increased operational spending and recording the \$6.9 million refund to the U.S. Department of Education as the Federal Perkins Program winds down. Congress did not renew the Perkins Program after September 30, 2017 and no new disbursements were permitted after June 30, 2018. The lack of renewal also means that as prior loans are repaid, the federal portion of the repayment must be returned to the federal government. This liability is recorded as a noncurrent liability on the Statement of Net Position.

The implementation of GASB statement No. 75 OPEB (see Note 20) in FY 2018 required WWU to include its share of Washington State's unfunded OPEB liability and to restate the FY 2017 net position by \$98.7 million. Total net position decreased \$13.5 million (-3.8%) in FY 2018 from the restated FY 2017 net position due to increased operational spending and the continued reporting of the unfunded OPEB net liability.

Net Investment in Capital Assets – WWU's total investments in property, plant equipment, and infrastructure, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

Restricted:

- Pensions consists of net pension assets related to the defined benefit retirement plans that are legally or contractually restricted. Currently the net position in restricted pensions is due to the retirement plan LEOFF. (See Note 19)
- Nonexpendable consists of funds on which the donor or other external party has imposed the restriction that the corpus is not available for expenditures but for investment purposes only.
- Expendable are resources which WWU is legally or contractually obligated to spend in accordance with time or purpose restrictions placed upon them by donors or other external parties.

Unrestricted – All remaining funds available to the institution for any purpose, although these are often internally designated for specific purposes.

WWU's net position as of June 30, 2019, 2018 and 2017 are summarized as follows:

	2019	2018	2017 Restated
	<i>(Dollars in thousands)</i>		
Net Position			
Net investment in capital assets	\$398,903	\$405,301	\$403,717
Restricted:			
Pensions	930	695	561
Nonexpendable	5,472	5,433	5,168
Expendable	19,856	24,888	26,100
Unrestricted	<u>(96,600)</u>	<u>(93,131)</u>	<u>(78,855)</u>
Total net position	<u>\$328,561</u>	<u>\$343,186</u>	<u>\$356,691</u>

Net investment in capital assets decreased \$6.4 million (-1.6%) during FY 2019 due to \$12 million increase in overall capital assets offset by \$24.4 million in depreciation and \$5.2 million in debt service principal payments. Net investment in capital assets had a very modest increase of \$1.6 million when comparing FY 2018 to FY 2017.

Highlights of fiscal 2019 capital asset activities:

- Multicultural Center - \$14.4 million was spent during FY 2019 of this estimated \$20 million project.
- Buchanan Towers Renovation - \$11.3 million was spent during FY 2019.
- New Residence Hall - \$2.1 million was spent during FY 2019.

Restricted nonexpendable includes donations and matching State contributions for the purpose of establishing distinguished professorships and graduate fellowships.

Restricted expendable net position decreased \$4.8 million in FY 2019 primarily due to recording the liability for the Perkins Federal Program wind down refund offset by increased funds with the State Treasurer of \$1.7 million. Restricted expendable net position decreased \$1.2 million during FY 2018 primarily due to spending of available instruction and research funds.

Unrestricted net position decreased \$3.6 million (-3.7%) when compared to FY 2018 primarily due to increases in salary and wages offset by pension adjustments. Unrestricted net position decreased \$14.1 million during FY 2018 primarily due to increases to the total OPEB liability (see Note 20) and operational and capital projects spending.

Capital Assets and Related Debt

During FY 2019 and FY 2018, \$33.3 million and \$29.8 million (excluding library materials and equipment) respectively, were expended on capital improvements. Of the \$33.3 million in capital improvements during FY 2019, \$14.4 million was expended on the Viking Union Expansion for the Multicultural Center project, \$11.3 million was spent on Housing and Dining residence building renovation and \$2.1 million on a new Housing and Dining residence building (See Note 9).

Specific projects completed or underway in FY 2019 include:

Viking Union Expansion for Multicultural Center. The estimated \$20.0 million project will create a new home for a variety of Associated Student programs. It will also be an administrative hub for multicultural education and services. The expansion will combine the Multicultural Center, Viking Union, Bookstore, Multipurpose Room and KUGS within one building and will become a beacon that celebrates diversity and inclusivity on campus. This project is funded partially by revenue bonds and WWU local funds. This project is expected to be complete early FY 2020.

Buchanan Towers Renovation. The estimated \$24.5 million project will be a two phase renovation of residence rooms, bathrooms and kitchens over Spring and Summer Quarters 2018 and 2019. Scope includes upgrading plumbing/air supply/ventilation, fire detection/alarm/security systems, hazardous materials abatement, new doors and windows, upgrades to exterior masonry, installation of new gutters and downspouts, and upgrades to interior finishes. These renovations are expected to be completed in September 2019.

New Residence Hall. The estimated \$67.6 million project will be a 400 bed student housing facility that provides a modern signature living community. Housing and Dining's new residence hall connects the north side of campus to the Ridgeway community with an accessible, safe pedestrian passage within the hall. This project will be funded through a bond issuance scheduled for September 2019.

Sciences Building Addition. The estimated \$66.5 million Sciences Building Project is a new free-standing building at WWU's main campus. The building is proposed to be a 4 story Science, Technology, Engineering, and Math (STEM) building. The project is planned to be approximately 50,000 GSF to accommodate the demand for instructional and research space serving STEM education. It will consist of teaching labs, wet research labs, and active learning spaces. Also, it will provide a small amount of building support and office space, and require utilities to be extended to the site.

The project is targeting the U.S. Green Building Council's Leadership in Energy & Environmental Design (LEED) for New Construction to achieve LEED Gold certification through the process of the Green Building Certification Institute (GBCI).

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position present WWU's results of operating and non-operating items that result in the changes in net position for the year. In accordance with GASB reporting principles, revenues and expenses are classified as operating or non-operating.

A condensed comparison of WWU's revenues, expenses and changes in net position for the years ended June 30, 2019, 2018 and 2017 follows:

	2019	2018	2017 Restated
	<i>(Dollars in thousands)</i>		
Operating revenues	\$223,054	\$212,897	\$203,869
Operating expenses	<u>338,698</u>	<u>330,097</u>	<u>310,071</u>
Operating loss	(115,644)	(117,200)	(106,202)
State appropriations revenue	84,835	78,652	76,135
Other nonoperating revenues	13,160	20,379	18,103
Nonoperating expenses	<u>(4,059)</u>	<u>(3,616)</u>	<u>(3,142)</u>
(Loss) income before other revenues	(21,708)	(21,785)	(15,106)
Other revenues	<u>7,083</u>	<u>8,280</u>	<u>37,497</u>
Increase in net position	(14,625)	(13,505)	22,391
Net position, beginning of year	343,186	356,691	432,988
Restatement			<u>(98,688)</u>
Net position, end of year	<u>\$328,561</u>	<u>\$343,186</u>	<u>356,691</u>

WWU relies heavily on student tuition and fees and state appropriations as revenue sources to support operations.

In accordance with the College Affordability Act of 2015, WWU has the authority to raise resident undergraduate tuition operating fees by the average annual percentage growth rate in the median hourly wage for Washington for the previous 14 years as determined by the Federal Bureau of Labor Statistics. Tuition rates for nonresident undergraduate, resident graduate, and nonresident graduate students are set by the Board of Trustees after analyses of market constraints of supply and demand, and comparison costing with our peers. During FY 2019 and FY 2018, WWU increased its tuition rates as follows (note – tuition operating fee does not include other mandatory student fees):

- Resident undergraduate tuition operating fees by 2.2%
- Non-resident undergraduate rates by 5.0%
- Most graduate programs by 4.5%

Student tuition and fee revenue includes tuition fees and mandatory fees such as the Service and Activity Fee and the Health Service Fee. Total fees, including mandatory fees, increased \$6.9 million (4.8%) during FY 2019 compared to an increase of \$7.1 million (5.1%) during FY 2018 due to rate increases. WWU provided \$32.7 million and \$31.0 million in scholarship allowances in FY 2019 and FY 2018 respectively to assist students with tuition. Net tuition revenue (student tuition and fees less scholarship allowances) increased \$5.2 million (4.6%) in FY 2019 and decreased in FY 2018 by \$3.9 million (3.5%). Enrollment increased to an Academic Year Average (AYA) headcount of 15,357 in FY 2019 compared to 15,213 in FY 2018.

Graduate and Undergraduate Annual Tuition and Fees

Academic Year	Resident Undergraduate	Change	Resident Graduate	Change	Nonresident Undergraduate	Change	Nonresident Graduate	Change
2018-19	8,131	2.50%	11,442	4.4%	23,543	4.9%	22,564	4.4%
2017-18	7,933	3.66%	10,964	4.4%	22,445	3.9%	21,608	3.9%
2016-17	7,653	-11.13%	10,504	3.2%	21,597	3.0%	20,788	3.0%
2015-16	8,611	0.00%	10,182	0.0%	20,963	0.0%	20,177	0.0%

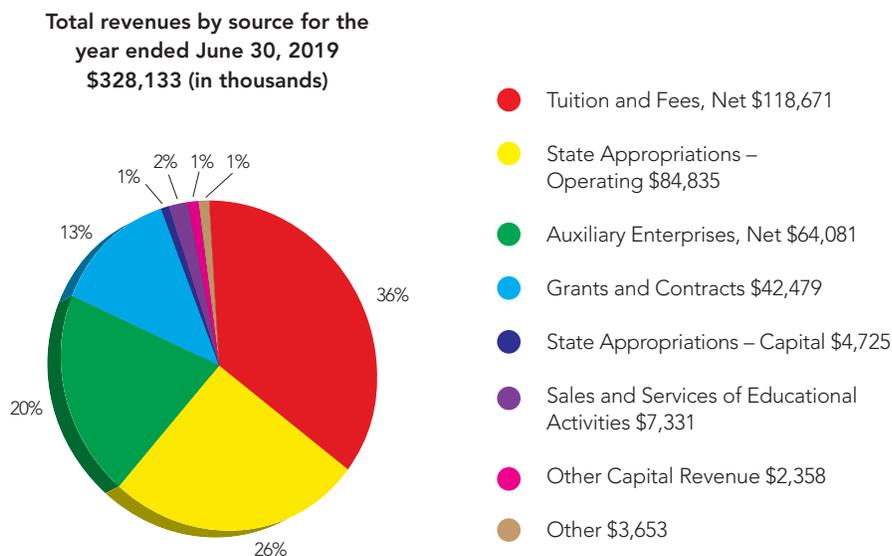
Historical Average Annual Enrollment

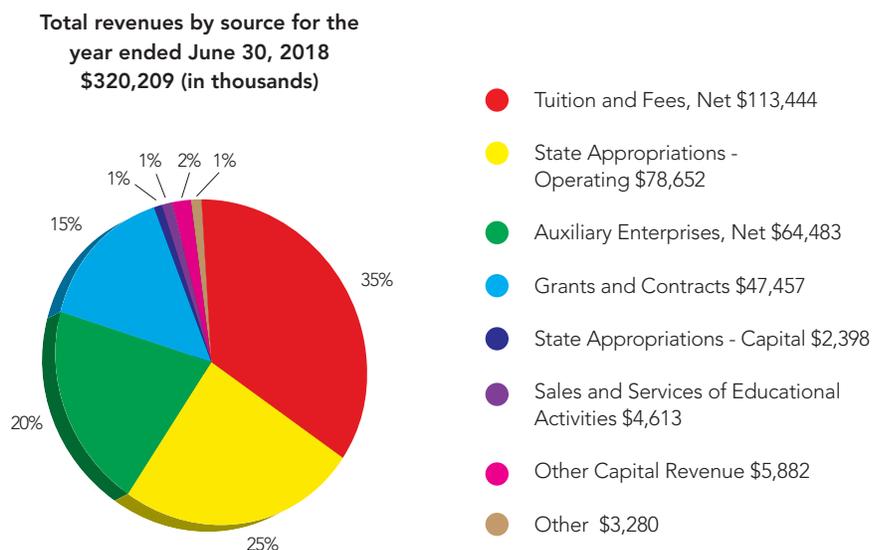
Academic Year	FTE Enrollment	Headcount Enrollment
2018-19	14,187	15,357
2017-18	14,053	15,213
2016-17	13,726	14,867
2015-16	13,587	14,742

During FY 2019, state (and capital) appropriations used in operations increased \$6.2 million (7.9%) compared to a slight increase of \$2.5 million in FY 2018. The increase in FY 2019 is primarily due to WWU receiving \$1.5 million to establish a computer and information systems security program at Olympic and Peninsula Colleges and \$1.0 million for student success initiatives to improve retention and graduation rates combined with State appropriations of \$3 million being moved from capital to operations. The increase in FY 2018 is due primarily to accommodate salary increases along with \$500 thousand for student support initiatives.

Capital appropriations are provided by the state and are recognized as other revenues when expenditures are incurred on capital projects by WWU. Capital appropriations increased \$2.3 million when compared to FY 2018 primarily due to the Sciences Building Addition and the Anatomy and Physiology Lab upgrade projects. Capital appropriations decreased \$32.9 million during FY 2018 as the Carver Academic Renovation project was completed and no additional large projects were funded by the State.

The following graphs illustrate revenues by source for the years ended June 30, 2019 and 2018:



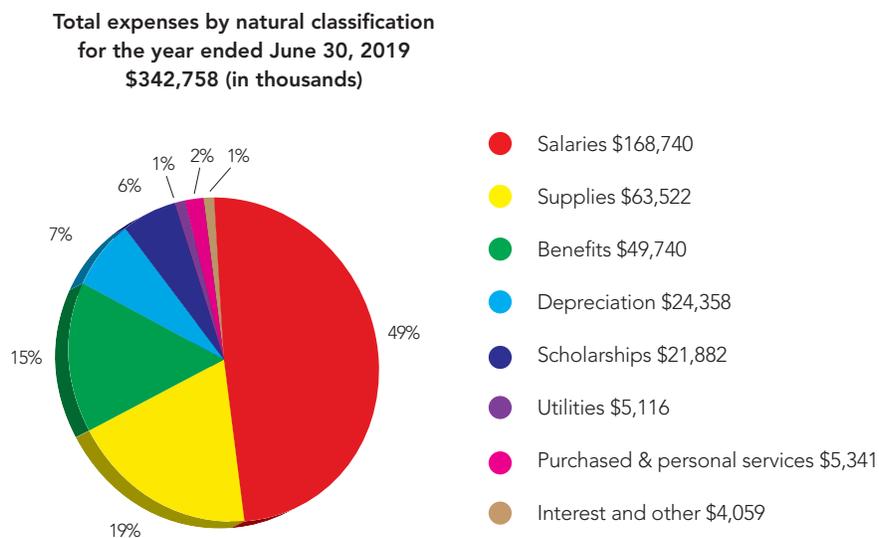


WWU's operating expenses increased \$8.6 million (2.6%) during FY 2019 primarily due to increases in salaries and wages and supplies and materials expenses offset by a decrease in benefits expense. WWU's operating expenses increased \$20.0 million (6.5%) in FY 2018 due to higher salaries and benefits and supplies and materials expense.

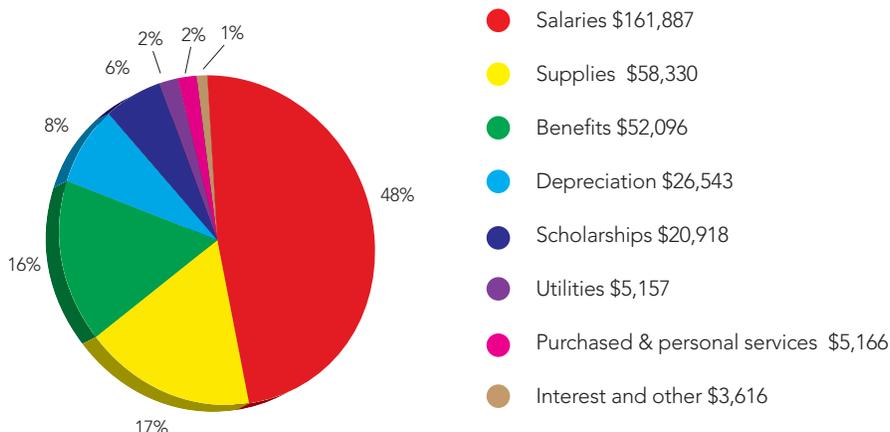
Salaries and wages increased \$6.9 million in FY 2019 and \$8.5 million in FY 2018 as all staff received compensation increases both years. During FY 2019, benefits expense decreased \$2.4 million (-4.5%) largely due to decreases in pension and OPEB (see Notes 19 & 20) adjustments offset by increases in health and retirement expenses. During FY 2018, benefits increased \$5.6 million largely due to health and retirement benefits increase along with pension and OPEB adjustments (see Notes 19 & 20).

Supplies and materials increased \$5.2 million (8.9%) when compared to FY 2018 due to an increases in repairs and maintenance of various academic and residence halls. Supplies and materials increased \$2.5 million during FY 2018 largely due to increases in furnishings purchased for residence halls and departmental office furniture.

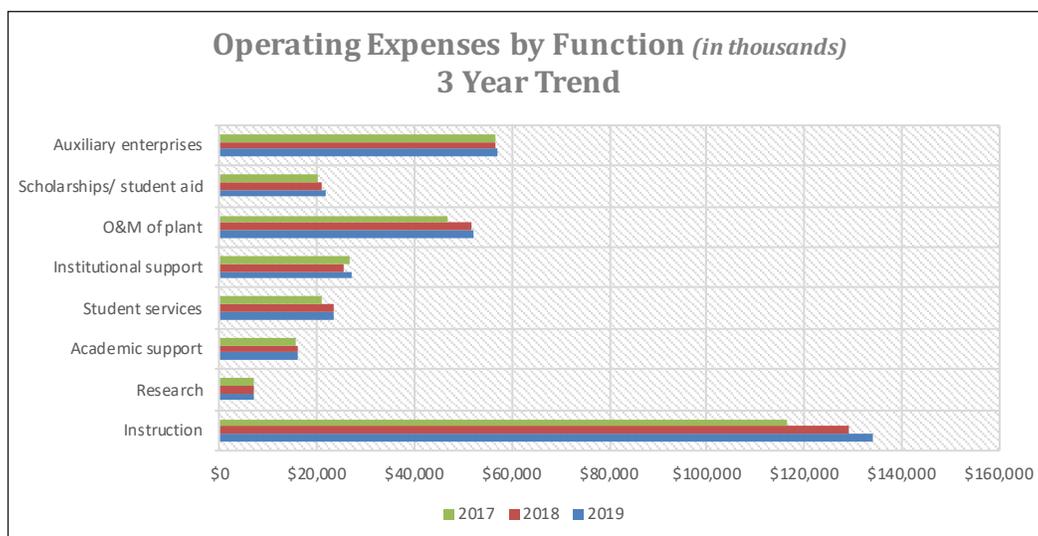
The following graphs illustrate expenses by natural classification for the years ended June 30, 2019 and 2018:



**Total expenses by natural classification
for the year ended June 30, 2018
\$333,713 (in thousands)**



The following graph illustrate expenses by natural classification for the years ended June 30, 2019, 2018, 2017:



Operating Loss

WWU’s operating loss of \$115.6 million in FY 2019 was an increase of \$1.6 million (1.3%) from FY 2018. The \$117.2 million operating loss in FY 2018 was an increase of \$11.0 million (10.4%) from FY 2017. GASB Statement No. 34 requires that State appropriations and Federal Pell grants be classified as non-operating revenues, thereby creating the significant operating loss. If these revenues were classified as operating, the operating losses would have been \$13.8 million in FY 2019 and \$20.9 million in FY 2018.

Financial Indicators

The financial indicators presented below represent a few of the standard ratios used in higher education. The ratios summarize the performance of WWU over a 3 year period. The information provided in WWU’s Statement of Net Position and the Statement of Changes in Revenue, Expense and Net Position as well as the Foundation’s Statement of Financial Position and Statement of Activities are used for the calculations. These ratios could be affected by

changes to student enrollment levels, tuition and fees, new debt, state and federal financial aid, and operational state support. Any downturn in these ratios is largely attributed to the adoption of GASB Statements No. 75 and No. 73, as each resulted in a restatement of unrestricted net position.

Financial Indicator	Definition	Calculation	FY 2019	FY 2018	FY 2017
Tuition dependency ratio (%)	Helps measure sensitivity to changes in enrollment levels	Net tuition and fees plus governmental grants to WWU for student tuition divided by the sum of operating and non-operating revenues	41.36%	42.02%	41.95%
Unrestricted financial resources to operations (x) 2	Measures coverage of annual operations by the most liquid resources	Unrestricted net assets divided by total adjusted operating expenses	-0.28	-0.28	-0.25
Annual days cash on hand	Measures the numbers of days WWU is able to operate (cover it's cash operating expenses)	Annual liquidity times 365 divided by total expenses less depreciation and unusually large non-cash expenses	105.482	119.39	137.90
Current ratio	Measures liquidity - ability to meet current obligations with liquid assets	Current assets divided by current liabilities	2.10	2.37	2.47
Viability ratio 3	Measure the ability of WWU to repay debt with available financial resources	Expendable net position (excluding capital projects) divided by debt	-0.71	-0.59	-0.29
Primary reserve ratio	Compares WWU's existing financial resources to the size of it operating expenses.	Expendable net position (excluding capital projects) divided by total adjusted expenses.	-0.18	-0.17	-0.06
Return on Net Position 1, 2	Indicates whether WWU is financially better off than in previous years by measuring total economic return.	Change in net position divided by total net position	-1.17%	-1.46%	7.79%

1 Ratio based on Moody's analytical methodology

2 Decrease largely due to OPEB along with operational and capital spending

3 FY 2017 change due to GASB Statement No. 75 restatement

Economic Factors That Will Affect the Future

For the 2019-21 biennium, the legislature authorized a new dedicated revenue source for public institutions of higher education, the Workforce Education Investment Account. This provided a total of \$5,038,000 in new appropriations to WWU, \$3,426,000 of which is dedicated to increasing enrollments in STEM majors, and the remainder of which is purposed to alleviate financial pressures caused by the State's cap on resident undergraduate tuition increases.

WWU was provided funding from the State to implement the state's salary increase policy, including a 3 percent annual compensation increase for all WWU employees in both fiscal years of the 2019-21 biennium. Compensation funding included \$1.8 million in recognition that institutional operating costs, including compensation and central services, exceed estimated increases in undergraduate operating fee revenue.

In FY 2020, resident undergraduate tuition will increase 2.4% along with a 5.0 % tuition increase for nonresident undergraduates, and a 4.5% tuition increase for both resident and nonresident graduate students.



Statement of Net Position

June 30, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$22,399,778	\$9,830,335
Restricted cash and cash equivalents (Note 3)	2,700,997	4,728,475
Restricted investments (Note 4)	1,888,388	22,265,087
Investments (Note 4)	18,262,294	26,165,082
Funds with State Treasurer (Note 5)	6,170,793	4,453,972
Interest receivable	1,193,644	1,215,013
Accounts receivable, net (Note 6)	9,130,453	8,787,912
Pledged gift receivable from the Foundation (Note 24)	250,000	250,000
Prepaid expenses	580,622	230,934
Inventories (Note 8)	<u>1,740,353</u>	<u>1,765,059</u>
Total current assets	64,317,322	79,691,869
Noncurrent assets:		
Restricted cash and cash equivalents (Note 3)	779,998	282,489
Restricted investments (Note 4)	9,879,086	10,791,946
Investments (Note 4)	51,127,484	62,311,744
Due from State Treasurer	4,361,982	3,220,803
Student loans receivable, net (Note 7)	6,504,747	7,821,272
Pledged gift receivable from the Foundation (Note 24)		251,762
Non-depreciable capital assets (Note 9)	60,819,275	28,568,828
Depreciable capital assets, net (Note 9)	430,704,850	450,905,244
Restricted net pension	<u>1,239,184</u>	<u>753,328</u>
Total noncurrent assets	<u>565,416,606</u>	<u>564,907,416</u>
Total assets	<u>629,733,928</u>	<u>644,599,285</u>
Deferred outflows		
Deferred loss on bond refunding	1,086,663	1,281,516
Relating to pension (Note 19)	11,587,981	7,557,617
Relating to OPEB (Note 20)	<u>5,481,331</u>	<u>2,002,916</u>
Total deferred outflows	<u>18,155,975</u>	<u>10,842,049</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	20,467,704	22,353,892
Deposits payable	1,797,550	3,068,696
Unearned revenues	9,658,028	8,388,872
Current portion of bonds and notes payable (Notes 12,13,15)	5,883,099	5,193,470
Deposits held in custody for others	<u>197,050</u>	<u>272,309</u>
Total current liabilities	38,003,431	39,277,239
Noncurrent liabilities:		
Long-term portion of bonds and notes payable (Note 12, 13,15)	87,824,383	94,044,732
Compensated absences (Note 11)	9,277,179	8,905,785
Perkins Federal contribution refund	6,948,850	
Long-term pension liabilities (Note 15,19)	48,321,652	49,941,257
Long-term OPEB liabilities (Note 20)	<u>82,552,772</u>	<u>94,060,078</u>
Total noncurrent liabilities	<u>234,924,836</u>	<u>246,951,852</u>
Total Liabilities	<u>272,928,267</u>	<u>286,229,091</u>
Deferred inflows		
Relating to pension (Note 19)	14,905,974	13,074,963
Relating to OPEB (Note 20)	<u>31,494,089</u>	12,951,181
Total deferred inflows	<u>46,400,063</u>	<u>26,026,144</u>
Net Position		
Net investment in capital assets	398,903,306	405,301,132
Restricted for:		
Nonexpendable: scholarships and professorships	5,471,520	5,432,603
Expendable:		
Instruction and research	1,599,484	2,516,253
Loans	6,422,703	12,896,034
Capital Projects	11,834,118	9,476,099
Net Pensions	930,329	694,717
Unrestricted	<u>(96,599,887)</u>	<u>(93,130,739)</u>
Total net position	<u>\$328,561,573</u>	<u>\$343,186,099</u>

Foundation Statement of Financial Position

June 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$1,053,095	\$993,597
Unconditional promises to give, net	4,436,748	3,775,888
Investments:		
Operating investment pool	15,066,790	13,532,003
Endowment investment pool	89,895,912	83,442,812
Endowment real estate held for investment	3,366,450	3,259,870
Annuity and life income investments	2,011,624	2,066,098
Real property	<u>1,816,822</u>	<u>1,816,822</u>
Total investments	112,157,598	104,117,605
Other assets	346,231	352,801
Due from Western Washington University	415,620	
Property and equipment, net	<u>542,105</u>	<u>556,275</u>
Total Assets	<u>118,951,397</u>	<u>109,796,166</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	225,633	224,475
Due to Western Washington University		194,068
Gift payable to Western Washington University, net	250,000	498,238
Annuity and life income obligations	521,246	603,445
Deferred revenue from life estate	317,836	359,595
Investments held in trust for Western Washington University	<u>13,728,667</u>	<u>13,498,255</u>
Total Liabilities	15,043,382	15,378,076
Net Assets		
Without donor restrictions	22,002,996	19,259,851
With donor restrictions	81,905,019	75,158,239
Total Net Assets	<u>103,908,015</u>	<u>94,418,090</u>
Total Liabilities and Net Assets	<u>\$118,951,397</u>	<u>\$109,796,166</u>

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended
June 30, 2019 and 2018

	2019	2018
Operating Revenues		
Student tuition and fees	\$151,351,274	\$144,408,819
Less scholarship allowances	<u>(32,680,523)</u>	<u>(30,964,892)</u>
Net student tuition and fees	118,670,751	113,443,927
Federal grants and contracts	5,143,468	5,693,982
State and local grants and contracts	22,631,614	19,913,051
Nongovernmental grants and contracts	4,673,459	4,214,617
Sales and services of educational activities	7,331,107	4,613,182
Interest earned on loans to students	161,759	173,018
Other operating revenue	361,260	362,411
Auxiliary enterprises	72,268,272	72,431,731
Less scholarship allowances	<u>(8,187,751)</u>	<u>(7,949,128)</u>
Net auxiliary enterprises	<u>64,080,521</u>	<u>64,482,603</u>
Total operating revenues	223,053,939	212,896,791
Operating Expenses		
Salaries and wages	168,739,636	161,887,240
Benefits	49,739,540	52,096,057
Scholarships and fellowships	21,882,192	20,918,289
Utilities	5,115,655	5,156,640
Supplies and materials	63,521,706	58,330,267
Purchased services	5,341,215	5,165,762
Depreciation	<u>24,357,626</u>	<u>26,543,190</u>
Total operating expenses	<u>338,697,570</u>	<u>330,097,445</u>
Operating loss	(115,643,631)	(117,200,654)
Nonoperating Revenues (Expenses)		
State appropriations	84,834,784	78,652,047
Federal Pell grant revenue	16,979,661	17,635,311
Federal Perkins Program refundable grant revenue	(6,948,850)	
Investment income	2,383,235	1,775,765
Interest on indebtedness	(4,059,026)	(3,616,033)
Gain (loss) on endowments	698,358	938,744
Nonoperating rental property expense/income	<u>48,104</u>	<u>30,231</u>
Total nonoperating revenues (expenses)	<u>93,936,266</u>	<u>95,416,065</u>
Income (Loss) before other revenues	(21,707,365)	(21,784,589)
Other Revenues		
Capital appropriations	4,724,712	2,397,857
Gift Revenue		3,255,646
Other capital revenue	<u>2,358,127</u>	<u>2,626,143</u>
Total other revenues	7,082,839	8,279,646
Decrease/Increase in net position	(14,624,526)	(13,504,943)
Net position, beginning of year	<u>343,186,099</u>	<u>356,691,042</u>
Net position, end of year	<u><u>328,561,573</u></u>	<u><u>\$343,186,099</u></u>

	Without Donor Restrictions	With Donor Restrictions	2019
Support and Revenue:			
Contributions	\$1,227,241	\$9,840,766	\$11,068,007
In-kind services and facilities provided by			
Western Washington University	4,014,476		4,014,476
Interest and dividends	690,277	708,905	1,399,182
Net realized and unrealized gains on investments	1,270,679	3,000,480	4,271,159
Return on annuity and life income investments		98,368	98,368
Change in valuation of annuity and life income obligations		(50,093)	(50,093)
Administrative fees	1,389,838		1,389,838
Fundraising events and other	<u>85,675</u>	<u>711,456</u>	<u>797,131</u>
Total support and revenue before net assets released from restrictions	8,678,186	14,309,882	22,988,068
Net assets released from restrictions	<u>7,563,102</u>	<u>(7,563,102)</u>	
Total Support and Revenue	16,241,288	6,746,780	22,988,068
Expenses:			
Program services and grants	8,319,394		8,319,394
Management and general in-kind	2,009,098		2,009,098
Management and general - other	324,070		324,070
Fundraising - in-kind	2,005,378		2,005,378
Fundraising - other	<u>840,203</u>		<u>840,203</u>
Total Expenses	<u>13,498,143</u>		<u>13,498,143</u>
Change in Net Assets	2,743,145	6,746,780	9,489,925
Net Assets, beginning of year, restated	<u>19,259,851</u>	<u>75,158,239</u>	<u>94,418,090</u>
Net Assets, end of year	<u>\$22,002,996</u>	<u>\$81,905,019</u>	<u>\$103,908,015</u>

	Without Donor Restrictions	With Donor Restrictions	2018 Total
Support and Revenue:			
Contributions	\$2,635,838	\$7,003,056	\$9,638,894
In-kind services and facilities provided by			
Western Washington University	3,647,403	-	3,647,403
Interest and dividends	479,001	457,749	936,750
Net realized and unrealized gains on investments	953,968	3,741,979	4,695,947
Return on annuity and life income investments	-	115,171	115,171
Change in valuation of annuity and life income obligations	-	(102,822)	(102,822)
Administrative fees	1,265,376	-	1,265,376
Fundraising events and other	<u>70,668</u>	<u>1,189,741</u>	<u>1,260,409</u>
Total support and revenue before net assets released from restrictions	9,052,254	12,404,874	21,457,128
Net assets released from restrictions	<u>6,354,745</u>	<u>(6,354,745)</u>	
Total Support and Revenue	15,406,999	6,050,129	21,457,128
Expenses:			
Program services and grants	8,675,345		8,675,345
Management and general in-kind	1,832,695		1,832,695
Management and general - other	353,206		353,206
Fundraising in-kind	1,814,708		1,814,708
Fundraising - other	<u>754,309</u>	<u> </u>	<u>754,309</u>
Total Expenses	<u>13,430,263</u>	<u> </u>	<u>13,430,263</u>
Other Changes in Net Assets:			
Loss on uncollectible pledge	(1,000,000)		(1,000,000)
In-kind contribution - art collection		11,869,900	11,869,900
Release of in-kind contribution - art collection	11,869,900	(11,869,900)	
Program expense - art collection	<u>(11,869,900)</u>	<u> </u>	<u>(11,869,900)</u>
Total Other Changes in Net Assets	<u>(1,000,000)</u>	<u> </u>	<u>(1,000,000)</u>
Change in Net Assets	976,736	6,050,129	7,026,865
Net Assets, beginning of year, restated	<u>18,283,115</u>	<u>69,108,110</u>	<u>87,391,225</u>
Net Assets, end of year	<u>\$19,259,851</u>	<u>\$75,158,239</u>	<u>\$94,418,090</u>

Statement of Cash Flows

For the Years Ended
June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Student tuition and fees	\$119,558,691	\$114,316,531
Grants and contracts	31,931,246	30,798,692
Payments to vendors	(96,271,937)	(89,129,687)
Payments to employees for salaries and benefits	(218,006,891)	(210,552,298)
Loans issued to students	(263,821)	(1,211,779)
Collection of loans to students	1,422,602	1,463,193
Sales of auxiliary enterprises	63,983,298	63,741,900
Sales and services of educational activities	6,862,430	4,748,103
Interest received on loans to students	<u>523,019</u>	<u>535,429</u>
Net cash used by operating activities	(90,261,363)	(85,289,916)
Cash Flows from Noncapital Financing Activities		
State appropriations	84,624,116	78,664,840
Direct Lending proceeds	60,548,832	62,642,749
Direct Lending disbursements	(60,510,448)	(62,958,286)
Federal Pell grant receipts	<u>16,979,661</u>	<u>17,635,311</u>
Net cash provided by noncapital financing activities	101,642,161	95,984,614
Cash Flows from Investing Activities		
Purchases of investments	(18,296,440)	(97,450,700)
Proceeds from sales of investments	59,036,876	79,906,236
Interest received on investments	<u>2,452,068</u>	<u>1,048,020</u>
Net cash (used)/provided by investing activities	43,192,504	(16,496,444)
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	192,631	46,741,838
Interest earned on bond proceeds	287,066	176,374
Capital appropriations	3,794,201	4,611,333
Other capital (expense)/revenue	(1,716,821)	(1,023,558)
Contributions and gifts in-kind	2,358,127	2,626,143
Proceeds from disposal of capital assets	201,154	247,028
Purchases of capital assets	(38,818,681)	(26,724,028)
Principal paid on capital debt	(5,207,321)	(16,077,941)
Interest paid on capital debt	(4,672,288)	(4,889,926)
Other activities	<u>48,104</u>	<u>30,231</u>
Net cash used by capital and related financing activities	<u>(43,533,828)</u>	<u>5,717,494</u>
Net increase/(decrease) in cash and cash equivalents	11,039,474	(84,252)
Cash and cash equivalents, beginning of year	<u>14,841,299</u>	<u>14,925,551</u>
Cash and cash equivalents, end of year	<u>\$25,880,773</u>	<u>\$14,841,299</u>

Statement of Cash Flows

For the Years Ended
June 30, 2019 and 2018

Reconciliation of Operating Loss to Net Cash used by Operating Activities

	2019	2018
Operating loss	(\$115,643,631)	(\$117,200,654)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	24,357,626	26,543,190
Gain/Loss on disposal of capital assets	(146,585)	304,290
Changes in assets, liabilities and deferred outflows and inflows of resources:		
Accounts receivable	(90,780)	(770,579)
Student loans receivable	1,316,525	(41,117)
Inventories	24,706	(25,186)
Prepaid expenses	(349,688)	667,722
Accounts payable and accrued expenses	762,332	(24,694)
Unearned revenue	1,269,156	1,043,157
Student and other deposits	(1,271,146)	617,207
Deposits held in custody	(113,644)	342,321
Compensated absences	371,394	163,182
Pension and OPEB Related Deferred Outflows and Inflows of Resources	12,379,283	20,255,653
Pension liability	(1,619,605)	(11,023,273)
Total OPEB liability	<u>(11,507,306)</u>	<u>(6,141,135)</u>
Net cash used by operating activities	<u>(\$90,261,363)</u>	<u>(\$85,289,916)</u>
Supplemental disclosure of cash flow information		
Acquisition of capital assets through accounts payable	<u>\$5,922,466</u>	<u>\$8,691,726</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Western Washington University (WWU) is a comprehensive, degree granting public university in the State of Washington. It is governed by a Board of eight Trustees appointed by the Governor. These financial statements summarize all the fund types of WWU. The University's financial activity is included in the general purpose financial statements of the State of Washington.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component unit, the Western Washington University Foundation (the Foundation).

The Foundation is a legally separate, tax-exempt entity. The Board of Directors is self-perpetuating and consists of 31 members. WWU has an agreement with the Foundation to design and implement such programs and procedures so as to persuade continuous and special philanthropic support for the benefit of WWU. In exchange, WWU provides the Foundation with office facilities, furniture and equipment, and a significant number of full-time employees and support services, including depository, disbursing, and payroll and purchasing functions. Although WWU does not control the timing or amount of receipts from the Foundation, the majority of the resources or income the Foundation holds and invests is restricted for the activities of WWU by the donors. The Foundation's activity is reported in separate financial statement because of the difference in its reporting model as described below.

The Foundation reports its financial results under Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958-605, Revenue Recognition, and ASC 958-205, *Presentation of Financial Statement*.

As such, certain revenue recognition criteria and presentation features are different from GASB. No modifications have been made to the Foundation's financial information in WWU's financial statement for these differences; however, significant note disclosures (see Note 2) to the Foundation's financial statement have been incorporated into WWU's notes to the financial statement.

The Foundation's financial statement can be obtained by contacting the Foundation at (360) 650-3408.

Financial Statement Presentation

The financial statements are presented in accordance with generally accepted accounting principles and follow the guidance given by GASB. WWU has special purpose reports reflecting the net position, results of operations and cash flows for certain auxiliary units: Housing and Dining System and Wade King Recreational Center. These financial statements present only a selected portion of the activities of WWU. As such, they are not intended to and do not present the financial position, results of operations, or changes in net position of WWU. The auxiliary unit financial statements can be obtained by contacting Western Washington University at (360) 650-3675.

Basis of Accounting

For financial reporting purposes, WWU is considered a special-purpose government engaged only in business-type activities. Accordingly, WWU'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. All intra-agency transactions have been eliminated.

New Accounting Pronouncements

On July 1, 2017, WWU adopted GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. Prior to the adoption of GASB Statement No. 75, the OPEB liability was not presented on WWU's statements but rather noted per GASB 45. As a result of implementing this Statement, WWU has recognized its total OPEB liability and has restated July 1, 2017 Net Position for the difference between the beginning and total OPEB liability.

On July 1, 2018, WWU adopted GASB Statement No. 83 “Certain Asset Retirement Obligations”. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. At this time, WWU determined there were no AROs.

On July 1, 2018, WWU adopted GASB Statement No. 89 “Accounting for Interest Cost Incurred Before the End of a Construction Period”. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund.

OTHER ACCOUNTING POLICIES

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, bank demand deposits, and deposits with the Washington State Local Government Investment Pool (LGIP). Cash and cash equivalents that are held with the intent to fund WWU operations are classified as current assets along with operating funds invested in the LGIP. Cash, cash equivalents, and investments that represent unspent bond proceeds or are held with the intent to fund capital projects are classified as noncurrent assets. Endowment investments are also classified as noncurrent assets. WWU records all cash, cash equivalents and investments at fair value.

WWU combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is allocated on a proportional basis. The internal investment pool is comprised of cash, cash equivalents, commercial paper, certificates of deposit, U.S. Treasuries and U.S. Agency securities.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. It also includes amounts due from the Federal government, State and local governments, or

private sources, in connection with reimbursement of allowable expenditures made pursuant to WWU’s grants and contracts. Accounts receivable are shown net of estimated uncollectible amounts.

Inventories

Inventories are carried at the lower of cost or market value.

Capital Assets

Capital assets are defined as assets with an initial individual cost of \$5,000 or more, or \$1 million or more for intangible assets, and an estimate useful life in excess of one year. Capital assets consist of buildings, furniture, equipment, and intangible assets recorded at cost or, if donated, at their acquisition value at the date of donation. 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 expense in the year in which the expense was incurred. Interest expense incurred during capital construction is capitalized as part of the building cost. Depreciation is computed using the straight line method over the estimated useful lives of the assets, generally 40 to 50 years for buildings, 20 to 25 years for infrastructure and land improvements, 15 years for library resources, and 5 to 7 years for equipment.

Deferred Outflows of Resources and Deferred Inflows or Resources.

WWU classifies gains on retirement of debt as deferred inflows of resources and losses as deferred outflows of resources and amortizes such amounts as a component of interest expense over the remaining life of the old debt, or the new debt, whichever is shorter.

Changes in net pension and net OPEB liabilities not included in pension or OPEB expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension and net OPEB liabilities are reported as deferred outflows of resources.

Bond Premiums/Discounts

Bond premiums/discounts are amortized over the term of the bonds using the effective interest method. The remaining balances of bond premiums/discounts are presented in the Statement of Net Position net of the face amount of bonds payable.

Net Pension Liabilities

WWU records pension liabilities equal to the net pension liability for its defined benefit plans. The net pension liability

ity is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the defined benefit plans has been measured consistent with the accounting policies used by the plans. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. Pension expense is recognized for benefits earned during the measurement period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

Restatement of OPEB Obligations

During FY 2018, WWU adopted GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits other than Pensions". Statement No. 75 requires that WWU record in its statements its proportional share of the State's net OPEB liability and to restate the beginning net position of the earliest period presented. The amount of restatement to the beginning FY 17 net position was \$98.7 million. This was due to recording the total OPEB liability of \$100.2 million and a \$1.5 million deferred outflow. The total OPEB liability information is provided to WWU by the Office of Financial Management (OFM) and the Office of State Actuary (OSA). Although this liability is an accumulative of years prior to FY 2017, the information provided by OFM and OSA only allowed WWU to restate the FY 17 beginning net position.

Unearned revenues

Unearned revenues occur when revenues have been collected for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but relate to services to be provided in the following fiscal year.

Net Position

WWU's net position is classified as follows:

Net investment in capital assets

This represents WWU'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 not included as a component of capital assets but are included as a component of restricted expendable net position described below.

Restricted net position, expendable

Restricted expendable include resources in which WWU is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net position, nonexpendable

Nonexpendable restricted consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net position

Unrestricted represent resources derived from student tuition and fees, State appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of WWU, and may be used at the discretion of the governing board to meet expenses. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide goods and service for students, faculty and staff.

Classification of Revenues and Expenses

WWU has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating revenues

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

Operating expenses

Operating expenses are those costs incurred in daily operations, such as salaries and wages, benefits, scholarships and fellowships expenses, depreciation, utilities, and supplies.

Non-operating revenues

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as State appropriations, Federal Pell grant revenue and investment

income.

Non-operating expenses

Non-operating expenses include costs related to financing or investing activities such as interest on indebtedness.

Other Revenues

Other revenues include activities that have the characteristics of non-exchange transactions, such as state capital appropriations and gifts to endowments.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by WWU, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in WWU's financial Statement. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, WWU has recorded a scholarship discount and allowance.

Tax Exemption

WWU is a tax-exempt instrumentality of the State of Washington organized under the provisions of Section 115(a) of the Internal Revenue Code and is exempt from Federal income taxes on related income.

Reclassifications

Certain accounts in the prior year financial statement may have been reclassified for comparative purposes to conform to the presentation in the current year financial statement.

2. COMPONENT UNIT

The Western Washington University Foundation (the Foundation) is a discretely presented component unit of WWU. The language in the Foundation's bylaws satisfies the "direct benefit" criterion, and the "entitlement/ability to access" criterion is met due to the Foundation's history of supporting WWU. The "significance" criterion is met because the combined resources used by WWU activities and the restricted resources held by the Foundation are deemed to be significant to WWU, regardless of the extent to which those resources may be used for "in-kind".

The Foundation presents information about its financial position and activities according to the following three classes of net position, depending on the existence and nature of donor restrictions:

Unrestricted net assets

Support received that is not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control is classified as unrestricted.

Temporarily restricted net assets

Support received subject to donor-imposed use restrictions or time restrictions that will be met either through actions of the Foundation or by the passage of time is classified as temporarily restricted. In the period donor restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets

Support received subject to donor-imposed restrictions stipulating that funds be invested in perpetuity is classified as permanently restricted. In accordance with purposes stipulated by the donors, earnings from such funds may be either unrestricted or temporarily restricted.

3. CASH AND CASH EQUIVALENTS

WWU combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is allocated to the departments on a proportional basis. The internal investment pool is comprised of cash and cash equivalents and investments.

Cash and cash equivalents include cash on hand, change funds, bank balances, and funds held in the Local Government Investment Pool (LGIP).

Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) or by a collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission (17CFR.270.2a-7). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk. The LGIP is an unrated investment pool managed by the Office of the Washington State Treasurer. According to LGIP's current investment policy, it is "managed to meet the portfolio maturity, quality, diversification

and liquidity requirements set forth in GASB 79 for external investment pools who wish to measure, for financial reporting purposes, all of its investments at amortized cost”.

At June 30, 2019 and 2018, the carrying amount of cash and cash equivalents is \$25,880,773 and \$14,841,299, respectively. These balances include restricted cash and cash equivalents of \$3,480,995 and \$5,010,964 in unspent bond proceeds and Recreation Center renewal and replacement funds at June 30, 2019 and 2018, respectively. The carrying amount of cash and cash equivalents approximates the market value.

4. INVESTMENTS

Investments include internally pooled cash operating funds, renewal and replacement funds, unspent bond proceeds, and University endowment funds.

WWU pooled investments consisted of \$4,000,000 and \$4,000,000 in certificates of deposit (CDs), \$0 and \$997,430 in commercial paper, \$6,033,920 and \$5,885,720 in Corporate and \$53,255,830 and \$71,908,350 in U.S. Treasury and Agency securities at June 30, 2019 and 2018, respectively.

The Housing and Dining System Renewal and Replacement restricted fund held \$3,138,396 and \$3,123,275 as of June 30, 2019 and 2018, respectively. This was separately invested in CDs and U.S. Treasury securities.

The Housing and Dining System held \$999,430 in U.S. Treasuries and Agencies securities for unspent bond proceeds.

University endowment funds are held and managed by the Western Washington University Foundation (the Foundation). The endowment funds are invested in accordance with the Foundation policy under the direction of the Foundation Finance and Audit Committee (the Committee). The committee is responsible for reviewing and defining investment policy, monitoring investment performance, and recommending managers to oversee the investment of the portfolio. The Committee reviews and updates its investment policy every three years.

As of June 30, 2019, WWU's Endowment funds are comprised of \$8,031,638 in donor restricted and unrestricted funds and \$5,697,038 in Quasi-endowments. As of June 30, 2018, the balances were \$7,905,617 and \$5,592,638 respectively.

Credit (Quality) Risk

Credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. Statutory and policy constraints with regard to the types of instruments available for investment limit WWU's exposure to this risk. Instruments available for investment include obligations of the US Treasury and agency securities, commercial paper and CDs. The CDs held in the internal investment pool are insured by the Federal Deposit Insurance Company (FDIC) or by a collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). Commercial paper is rated A1+/P1 and US Treasury and Agency Securities are rated AA+/Aaa by Standard and Poors and Moody's.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, WWU will not be able to recover the value of the investment. As of June 30, 2019 WWU had \$61,818,663 in US Treasury and Agency securities and corporates held in custody by Wells Fargo in WWU's name.

WWU manages its exposure to fair value losses in the internal investment pool by targeting the portfolio duration to 2.25 years and limiting the weighted average maturity to a maximum of 3 years. WWU generally does not invest operating funds in securities maturing more than 5 years from the date of purchase.

Endowment funds are invested under the Foundation Investment Policy guidelines. These guidelines include the primary objective of achieving long-term growth, while using prudent investing practices and do not limit investment maturities as a means to managing interest rate exposure.

Concentration of Credit Risk

Concentration of credit risk for investments is the risk of loss attributable to the magnitude of an investment in a single issuer. WWU's operating investment policy limits per issuer holdings to 5%, with the exception of U.S. Treasuries (100%) and U.S. Agencies (35% per agency). The Endowment Investment Policy limits the endowment fixed income investments to no more than 5% of the portfolio for a single issuer, with the exception of U.S. government and agency securities.

Fair Value Measurement and Application

The three levels of the fair value hierarchy are described as follows::

- Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or
- Level 3 - Unobservable inputs that are significant to the fair value measurement.



At June 30, 2019, WWU held the following in cash, cash equivalents and investments:

Description	Fair Value Measurements Using			Total	Weighted Average Maturity (in Years)
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
WWU Investment Pool:					
Cash & Cash Equivalents	\$23,179,776			\$23,179,776	0.0030
Commercial Paper					
Time Certificates of Deposits (CDs)	4,000,000			4,000,000	0.5320
Corporate	6,033,920			6,033,920	1.8370
U.S. Treasuries		14,995,900		14,995,900	1.0490
U.S. Agencies		38,259,930		38,259,930	2.0400
WWU Endowment Funds:					
Cash & Cash Equivalents	416,921			416,921	n/a
Fixed Income Investments:					n/a
U.S. Treasuries		167,168		167,168	10.100
U.S. Agencies		270,092		270,092	5.200
Other Fixed Income		1,106,206		1,106,206	n/a
Equity Investments		9,034,465		9,034,465	n/a
Real Estate			865,025	865,025	n/a
Alternative Investments		1,868,579		1,868,579	n/a
Other Investments:					
Renewal and Replacement Time CDs	1,608,913			1,608,913	1.241
Renewal and Replacement U.S. Treasuries					
Renewal and Replacement U.S. Agencies		1,529,483		1,529,483	4.104
H&D Bond Inv. Cash & Cash Equivalents	2,700,997			2,700,997	0.003
H&D Bond Inv. US Treasuries		999,430		999,430	0.041
H&D Bond Inv. US Agencies					
Miscellaneous			1,010	1,010	n/a
TOTAL CASH AND INVESTMENTS	\$37,940,527	\$68,231,253	\$866,035	\$107,037,815	

At June 30, 2018, WWU held the following in cash, cash equivalents and investments:

Description	Fair Value Measurements Using			Total	Weighted Average Maturity (in Years)
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
WWU Investment Pool:					
Cash & Cash Equivalents	\$10,112,824			\$10,112,824	0.003
Commercial Paper	\$997,430			\$997,430	0.227
Corporate	\$5,885,720			\$5,885,720	2.819
Time Certificates of Deposits (CDs)	4,000,000			4,000,000	1.532
U.S. Treasuries		30,753,390		30,753,390	0.672
U.S. Agencies		41,154,960		41,154,960	2.213
WWU Endowment Funds:					
Cash & Cash Equivalents	1,014,269			1,014,269	n/a
Fixed income investments:					n/a
U.S. Treasuries		266,313		266,313	13.300
U.S. Agencies		357,421		357,421	4.100
Other Fixed Income		1,712,347		1,712,347	n/a
Equity Investments		8,069,252		8,069,252	n/a
Real Estate			604,764	604,764	n/a
Alternative Investments		1,473,889		1,473,889	n/a
Other Investments:					
Renewal and Replacement Time CDs	1,608,913			1,608,913	2.241
Renewal and Replacement U.S. Treasuries		1,128,707		1,128,707	0.679
Renewal and Replacement U.S. Agencies		385,655		385,655	1.321
H&D Bond Inv. Cash & Cash Equivalents	4,728,475			4,728,475	0.003
H&D Bond Inv. US Treasuries		17,622,070		17,622,070	0.366
H&D Bond Inv. US Agencies		4,497,750		4,497,750	0.785
Miscellaneous			1,010	1,010	n/a
TOTAL CASH AND INVESTMENTS	\$28,347,631	\$107,421,754	\$605,774	\$136,375,159	

5. FUNDS WITH STATE TREASURER

This account represents WWU's share of net earnings of the State of Washington Normal School Permanent Fund and the building fee portion of tuition (as appropriated by the state), reduced by expenditures for capital projects and debt service incurred over the years. The Normal School Permanent Fund, established under RCW 43.79.160, is a permanent endowment fund. Earnings from the investment are either reinvested or used for the benefit of Central Washington University, Eastern Washington University, Western Washington University, and The Evergreen State College.

The investing activities are the responsibility of the Washington State Treasurer's Office. The primary sources of new principal for the Normal School Permanent fund are revenues, primarily timber sales, from certain State lands. The State lands include 100,000 acres granted by the United States government for state normal schools and are managed by the State Department of Natural Resources.

WWU's combined earnings and distributions on the fund for the years ending June 30, 2019 and 2018 are \$2,358,127 and \$2,626,143, respectively, which are reported as other capital revenue along with any capital gifts or contributions.

6. ACCOUNTS RECEIVABLE, NET

At June 30, 2019 and 2018, the major components of accounts receivable are as follows:

	2019	2018
Student Tuition and Fees	\$4,423,397	\$4,305,998
Federal, State and Private Grants and Contracts	2,438,846	3,335,666
Auxiliary Enterprises and other Operating Activities	<u>2,833,321</u>	<u>1,996,951</u>
Total Accounts Receivable	9,695,564	9,638,615
Less allowance for doubtful accounts	<u>(565,111)</u>	<u>(850,703)</u>
Accounts Receivable, Net	<u>\$9,130,453</u>	<u>\$8,787,912</u>

7. STUDENT LOANS RECEIVABLE, NET

At June 30, 2019 and 2018, student loans receivable are as follows:

	2019	2018
Federal Perkins student loans	\$7,212,567	\$8,612,596
Other long-term loans	22,138	28,362
Institutional loans	<u>37,920</u>	<u>53,983</u>
Total student loans	7,272,625	8,694,941
Less allowance for doubtful accounts	<u>(767,878)</u>	<u>(873,669)</u>
Student loans receivable, net	<u>\$6,504,747</u>	<u>\$7,821,272</u>

8. INVENTORIES

At June 30, 2019 and 2018, inventories, stated at cost using various methods: retail or first-in, first-out (FIFO) consist of the following:

Location	Valuation Method	2019	2018
Bookstore	Retail	\$1,122,132	\$1,003,633
Facilities Maintenance	FIFO	288,278	394,232
Other inventory	FIFO	<u>329,943</u>	<u>367,194</u>
Total inventory		<u>\$1,740,353</u>	<u>\$1,765,059</u>

9. LAND AND CAPITAL ASSETS

The depreciation expense for the fiscal years ended June 30, 2019 and 2018 were \$24,357,626 and \$26,543,190, respectively.

Following are the changes in land and capital assets for the year ended June 30, 2019:

	6/30/2018	Additions	Reductions	6/30/2019
Non-depreciable Capital Assets				
Land	\$12,594,963	\$	\$	\$12,594,963
Construction in progress	15,973,865	32,250,447		48,224,312
Total non-depreciable capital assets	<u>\$28,568,828</u>	<u>\$32,250,447</u>	<u>\$</u>	<u>\$60,819,275</u>
Depreciable Capital Assets				
Infrastructure	\$55,452,397	\$	\$	\$55,452,397
Buildings	532,171,040	1,049,450		533,220,490
Furniture, fixtures and equipment	48,926,476	1,825,924	3,405,019	47,347,381
Library materials, art collection	53,889,464	147,567		54,037,031
Improvements	148,463,493	1,188,860		149,652,353
Total depreciable capital assets	<u>838,902,870</u>	<u>4,211,801</u>	<u>3,405,019</u>	<u>839,709,652</u>
Less Accumulated Depreciation				
Infrastructure	33,004,701	1,425,238		34,429,939
Buildings	201,975,060	13,152,130		215,127,190
Furniture, fixtures and equipment	40,141,262	2,999,996	3,350,450	39,790,808
Library materials, art collection	48,759,489	1,058,865		49,818,354
Improvements	64,117,114	5,721,397		69,838,511
Total accumulated depreciation	<u>387,997,626</u>	<u>24,357,626</u>	<u>3,350,450</u>	<u>409,004,802</u>
Capital Assets, Net of Depreciation	<u>\$450,905,244</u>	<u>(20,145,825)</u>	<u>54,569</u>	<u>\$430,704,850</u>

Following are the changes in land and capital assets for the year ended June 30, 2018:

	6/30/2017	Additions	Reductions	6/30/2018
Non-depreciable Capital Assets				
Land	\$12,049,317	\$545,646	\$	\$12,594,963
Construction in progress	86,376,431	14,692,457	85,095,023	15,973,865
Total non-depreciable capital assets	<u>\$98,425,748</u>	<u>15,238,103</u>	<u>\$85,095,023</u>	<u>\$28,568,828</u>
Depreciable Capital Assets				
Infrastructure	\$55,452,397	\$	\$	\$55,452,397
Buildings	436,365,054	98,433,762	2,627,776	532,171,040
Furniture, fixtures and equipment	47,272,502	2,643,688	989,714	48,926,476
Library materials, art collection	53,769,634	119,830		53,889,464
Improvements	146,881,479	2,781,109	1,199,095	148,463,493
Total depreciable capital assets	<u>739,741,066</u>	<u>103,978,389</u>	<u>4,816,585</u>	<u>838,902,870</u>
Less Accumulated Depreciation				
Infrastructure	31,566,765	1,437,936		33,004,701
Buildings	189,216,612	14,849,973	2,091,525	201,975,060
Furniture, fixtures and equipment	37,818,099	3,260,455	937,292	40,141,262
Library materials, art collection	47,590,241	1,169,248		48,759,489
Improvements	59,343,190	5,825,578	1,051,654	64,117,114
Total accumulated depreciation	<u>365,534,907</u>	<u>26,543,190</u>	<u>4,080,471</u>	<u>387,997,626</u>
Capital Assets, Net of depreciation	<u>\$374,206,159</u>	<u>\$77,435,199</u>	<u>\$736,114</u>	<u>\$450,905,244</u>

10. ART COLLECTIONS

WWU has several collections of art that it does not capitalize. The Outdoor Sculpture Collection is a public art collection displayed throughout the entire campus. There are also collections of 19th and 20th century paintings, prints and drawings, the Whittington Collection of Asian Ceramics, and the Chair Collection. These collections adhere to WWU's policy to (a) maintain them for public exhibition, education, or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. WWU's policy is to permit collections maintained in this manner to be charged to operations at the time of purchase rather than capitalized.

11. COMPENSATED ABSENCES

The accrued leave balances as of June 30, 2019 and 2018 are \$9,277,179 and \$8,905,785, respectively. This consists of unused vacation leave and compensatory time earned for exempt professionals and classified staff. It also in-

cludes a percentage of earned and unused sick leave for exempt professionals and classified staff. For reporting purposes, the entire balance of accrued leave is considered a noncurrent liability as more leave is accrued during than what is used.

In 2004, WWU began participating in the Voluntary Employees' Beneficiary Association Medical Expense Plan (VEBA-MEP). The plan is a post-retirement medical expense reimbursement account available to professional staff employees of WWU. The VEBA-MEP enables WWU to deposit funds equivalent to the cash-out of compensable unused sick leave at retirement, tax free to a VEBA trust account on the employee's behalf. Funds deposited into a VEBA-MEP account, as well as the earnings on the accounts, are not subject to federal income or social security taxes. During FY 2019 and FY 2018, \$106,121 and \$130,379, respectively, were contributed to VEBA accounts by WWU on behalf of employees.

12. NOTES PAYABLE

WWU finances certain land and equipment purchases through certificates of participation issued by the Washington State Treasurer. WWU's debt service requirements for these agreements for the next five years and thereafter are as follows:

Fiscal Year	Principal	Interest
2020	\$668,099	\$364,744
2021	698,423	337,015
2022	724,770	307,508
2023	656,395	276,670
2024	650,000	249,450
2025-2029	1,725,000	924,000
2030-2034	1,580,000	532,500
2035-2039	<u>1,150,000</u>	<u>116,750</u>
Total	<u>\$7,852,687</u>	<u>\$3,108,637</u>

13. BONDS PAYABLE

Bonds payable consist of revenue bonds issued by WWU for Housing and Dining System facilities and the Wade King Student Recreation Center. Bonds outstanding are shown on the following page.

Housing and Dining Revenue Bonds

As specified in Master Resolution 97-09, the Housing and Dining System (the System) Revenue Fund is used to pay operating expenses, principal and interest, fund debt service reserve accounts required in subsequent series resolutions, pay the renewal and replacement fund and, if desired, retire debt in the open market. Net revenues are pledged to equal at least 125% of debt service. The System has funded a reserve account for debt service, and maintains a renewal and replacement fund equal to at least 5% of outstanding bonds.

The Housing and Dining System has the following outstanding bond issues:

Series 2018A Housing and Dining Refunding Bonds (original issue price of \$10,695,000) with interest rates ranging from 3.0% to 5.0% and principal payments due in annual amounts ranging from \$350,000 to \$985,000 through April 30, 2034. The Series 2018A bonds have an aggregate face value of \$10,695,000 at June 30, 2019 which is reported net of the unamortized original issues premium of \$1,035,035.

Series 2018B Housing and Dining Refunding Bonds (original issue price of \$33,680,000) with interest rates ranging from 3.0% to 4.0% and principal payments

due in annual amounts ranging from \$895,000 to \$2,050,000 through April 30, 2043. The Series 2018B bonds have an aggregate face value of \$33,265,000 at June 30, 2019 which is reported net of the unamortized original issues premium of \$994,734.

Series 2015 Housing and Dining Refunding Bonds (original issue price of \$13,435,000) with interest rates of 5.0% and principal payments due in annual amounts ranging from \$1,130,000 to \$1,530,000 through October 31, 2026. The Series 2015 bonds have an aggregate face value of \$9,240,000 at June 30, 2019 which is reported net of the unamortized original issues premium of \$863,294.

Series 2012 Revenue and Refunding Bonds (original issue price of \$9,205,000) with interest rates ranging from 3.0% to 5.0% and principal payments due in annual amounts ranging from \$790,000 to \$980,000 through October 31, 2023. The Series 2012 bonds have an aggregate face value of \$4,395,000 at June 30, 2019 which is reported net of the unamortized original issues premium of \$109,915.

Series 1998 Housing and Dining Junior Lien Revenue Refunding Bonds (original issue price of \$17,225,000) with interest rates of 5.5%, and principal payments due in annual amounts that range from \$720,000 to \$1,270,000 through October 1, 2022. The Series 1998 bonds have an aggregate face value of \$4,350,000 at June 30, 2019, which is reported net of the unamortized original issue premium of \$16,323.

Wade King Student Recreation Center Revenue and Refunding Bonds

The Recreation Center issued \$24,385,000 in Revenue and Refunding Bonds, Series 2012, on April 30 2012. The bonds bear interest rates of 3.0% to 4.1% and mature annually until 2037. The bonds have an aggregate face value of \$20,645,000 at June 30, 2019, which is reported net of the unamortized original issue premium of \$245,495.

The debt service requirements for the revenue/refunding bonds for the next five years and thereafter are as follows:

Fiscal Year	Housing and Dining Revenue and Refunding Bonds		Student Recreation Center Revenue and Refunding Bonds	
	Principal	Interest	Principal	Interest
2020	4,400,000	2,498,031	815,000	813,150
2021	4,600,000	2,296,031	845,000	784,625
2022	4,825,000	2,080,156	870,000	755,050
2023	4,415,000	1,874,156	905,000	724,600
2024	3,770,000	1,692,531	940,000	688,400
2025-2029	12,560,000	6,371,405	5,305,000	2,846,000
2030-2034	11,510,000	4,208,781	6,450,000	1,696,600
2035-2039	8,130,000	2,524,050	4,515,000	366,000
2040-2044	<u>7,735,000</u>	<u>788,800</u>		
Total	\$61,945,000	\$24,333,941	\$20,645,000	\$8,674,425
Unamortized premium/ (discount)	3,019,301		245,494	
Total	<u>\$64,964,301</u>	<u>\$24,333,941</u>	<u>\$20,890,494</u>	<u>\$8,674,425</u>

14. PLEDGED REVENUES

WWU has pledged certain revenues, net of specified operating expenses, to repay the principal and interest of revenue bonds. The following is a schedule of the pledged revenues and related debt:

Source of Revenue Pledged	Total Future Revenues Pledged *	Description of Debt	Purpose of Debt	Term of Commitment	Proportion of Debt Service to Pledged Revenues (current yr)
Housing and Dining revenues, net of operating expenses	\$86,278,941	Housing and Dining bonds issued in 1998, 2012, 2015, 2018	Construction and renovation of student housing projects	2043	46.2%
Student Recreation Center gross revenues	\$29,319,425	Student Recreation Center bonds issued in 2012	Construction of the Student Recreation Center	2038	33.3%
* Total future principal and interest payments on debt					

15. LONG-TERM LIABILITIES

Following are the changes in long-term liabilities for the years ended June 30, 2019 and 2018:

	6/30/18	Additions/ Amortization	Decreases/ Retirements	6/30/19	Current Portion
Bonds, Notes & Obligations payable					
Revenue and refunding bonds	\$90,970,825	(516,030)	\$4,600,000	\$85,854,795	\$5,215,000
Notes payable	8,267,378	192,631	607,322	7,852,687	668,099
Compensated absences	8,905,785	371,394		9,277,179	
OPEB Liability	94,060,078		11,507,306	82,552,772	
Pension Liabilities	49,941,258		1,619,605	48,321,653	
Perkins Federal Contribution		<u>6,948,850</u>		<u>6,948,850</u>	
Total long-term liabilities	<u>\$252,145,324</u>	<u>\$6,996,845</u>	<u>\$18,334,233</u>	<u>\$240,807,936</u>	<u>\$5,883,099</u>

	6/30/17	Additions/ Amortization	Decreases/ Retirements	6/30/18	Current Portion
Bonds, Notes & Obligations payable					
Revenue and refunding bonds	\$60,235,893	\$46,264,932	\$15,530,000	\$90,970,825	\$4,600,000
Notes payable	9,814,131	(998,812)	547,941	8,267,378	593,470
Compensated absences	8,742,603	163,182		8,905,785	
OPEB Liability	100,201,213		6,141,135	94,060,078	
Pension Liabilities	<u>60,964,531</u>		<u>11,023,273</u>	<u>49,941,258</u>	
Total long-term liabilities	<u>\$239,958,371</u>	<u>\$45,429,302</u>	<u>\$33,242,349</u>	<u>\$252,145,324</u>	<u>\$5,193,470</u>

16. LEASES

WWU leases facilities for off-campus office and educational spaces under a variety of agreements. WWU also acquires certain equipment through non-cancelable operating leases. At June 30, 2019, future payments under these operating leases are as follows:

Fiscal Year	Lease Payment
2020	\$598,154
2021	217,875
2022	81,488
2023	14,118
2024	
Total minimum lease payments	<u>\$911,635</u>

17. DEFERRED COMPENSATION

WWU, through the State of Washington, offers its employees a Deferred Compensation Plan created under Internal Revenue Code Section 457. The plan, available to all State employees, permits individuals to defer a portion of their salary until future years.

The State of Washington administers the plan on behalf of WWU's employees. WWU does not have legal access to the funds.

18. OPERATING EXPENSES BY FUNCTIONAL CATEGORIES

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications which include salaries, employee benefits, goods and services, and other similar categories.

Operating expenses by functional classification for the years ended June 30, 2019 and 2018 are as follows:

Operating Expenses	2019	2018
Instruction	\$133,944,076	\$129,116,008
Research	7,153,399	7,155,030
Academic support	16,047,795	15,815,826
Student services	23,550,792	23,336,452
Institutional support	27,068,669	25,589,034
Operation and maintenance of plant	51,991,243	51,605,261
Scholarships and other student aid	21,882,192	20,916,287
Auxiliary enterprise expenditures	<u>57,059,404</u>	<u>56,563,547</u>
Total operating expenses	<u>\$338,697,570</u>	<u>\$330,097,445</u>

19. PENSION PLANS

WWU offers four contributory pension plans: 1) the Washington State Public Employees' Retirement System (PERS) plans, 2) the Washington State Teachers Retirement System (TRS) plans, 3) the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) plan and 4) the Western Washington University Retirement plan (WWURP).

PERS, TRS and LEOFF are cost sharing multiple-employer defined benefit pension plans administered by the State of Washington Department of Retirement Systems (DRS). WWURP is a single-employer defined contribution plan with a supplemental defined benefit plan component privately administered by WWU.

WWU's share of the total net unfunded liabilities associated with the defined-benefit pension plans administered by the DRS was \$21,284,650 as of June 30, 2019 and \$28,979,258 as of June 30, 2018. The liability associated with the defined-benefit pension plan administered by WWU was \$27,037,000 as of June 30, 2019 and \$20,962,000 as of June 30, 2018. The total pension expense recorded by WWU related to both the DRS and University plans was \$1,970,519 and \$2,571,909 for the years ended June 30, 2019 and 2018 respectively.

PLANS ADMINISTERED BY DRS**PLAN DESCRIPTION:****Public Employees' Retirement System**

PERS retirement benefit provisions are contained in chapters 41.34 and 41.40 of the Revised Code of Washington (RCW). PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. PERS members include higher education employees not participating in other higher education retirement programs.

Teachers' Retirement System

TRS retirement benefit provisions are contained in chapters 41.32 and 41.34 of the Revised Code of Washington (RCW). 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 combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members. TRS eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity.

Law Enforcement Officers' and Fire Fighters' Retirement System

LEOFF retirement benefit provisions are contained in chapter 41.26 of the Revised Code of Washington (RCW). LEOFF is a cost-sharing, multiple-employer retirement system comprised of two separate pension plans for membership and accounting purposes. WWU participates in LEOFF Plan 2, which is a defined-benefit plan. LEOFF membership includes full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians.

VESTING AND BENEFITS PROVIDED:**PERS Plan 1 and TRS Plan 1**

PERS Plan 1 and TRS Plan 1 provide retirement, disability, and death benefits to eligible members. Both plans are closed to new entrants. All members are vested after the completion of five years of eligible service. The monthly benefit is 2.0% of the average final compensation (AFC) for each year of service credit, up to a maximum of 60.0%. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

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. 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. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

PERS Plan 2/3 and TRS Plan 2/3

PERS 2/3 and TRS Plan 2/3 provide retirement, disability and death benefits. PERS Plan 2 and TRS Plan 2 members are vested after completing five years of eligible service. PERS Plan 3 and 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. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Defined Retirement benefits are determined as 2.0% of the member's AFC times the member's years of service for Plan 2 and 1.0% of the AFC times the member's years of service for Plan 3. The AFC is the average of the member's 60 highest paid consecutive months. There is no cap on years of service credit.

Members are eligible for normal retirement at the age of 65 with five years of service. Members have the option to retire early with reduced benefits. Members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3 percent annually. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

LEOFF Plan 2

LEOFF Plan 2 provides retirement, disability, and death benefits to eligible members. Members are vested after the completion of five years of eligible service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service. FAS is based on the highest consecutive 60 months.

Members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Members who retire prior to the age of 53 receive reduced benefits. A cost of living allowance (COLA) is granted based on the Consumer Price Index, capped at 3.0% annually. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

FIDUCIARY NET POSITION:

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

The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB- adopted investment policies for the various asset classes in which the WSIB invests. Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS, TRS, and, LEOFF, systems and plans was funded by an employer rate of 0.18% of employee salaries.

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

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on WWU. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on WWU's financial statements.

The total pension liability for each of the plans was determined using the most recent actuarial valuation completed by the Washington State Office of the State Actuary (OSA). WWU's 2019 pension liability is based on the OSA

valuation performed as of June 30, 2017, with a valuation date of June 30, 2017. Besides the discount rate, 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. These assumptions reflect the results of OSA's 2007-2012 Experience Study and the 2017 Economic Experience Study. The following actuarial assumptions have been applied to all prior periods included in the measurement:

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

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

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.

The best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

2019 - Measurement date 2018

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	20%	1.70%
Tangible Assets	7%	4.90%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
Total	100%	

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.

DISCOUNT RATE:

The discount rate used to measure the total pension liabilities was 7.40 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.40 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.40 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 and TRS 2/3 employers whose rates include a component for the PERS Plan 1 and TRS Plan 1 unfunded actuarial accrued liabilities). Based on those assumptions, the various pension plan's fiduciary net positions were 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 percent on pension plan investments was applied to determine the total pension liability for each plan.

SENSITIVITY OF THE NET PENSION LIABILITY/(ASSET) TO CHANGES IN THE DISCOUNT RATE:

The following table presents WWU's net pension liability/(asset) position by plan calculated using the discount rate of 7.40 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1.0% point lower (6.40%) or 1.0% point higher (8.40%) than the current rate.

Discount Rate Sensitivity - Net Pension Liability/(Asset)

(\$ in thousands)

Plan	1% Decrease	2019 Current Discount Rate	1% Increase
	6.4%	7.4%	8.4%
PERS 1	\$16,960	\$13,801	\$11,064
PERS 2/3	29,538	6,458	(12,466)
TRS 1	1,117	894	701
TRS 2/3	824	131	(430)
LEOFF 2	(165)	(1,239)	(2,115)
	\$48,275	\$20,045	\$(3,246)

EMPLOYER CONTRIBUTION RATES:

Employer contribution rates are developed in accordance with Chapter 41.45 of the RCW by the OSA. The statute provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates.

Required Contribution Rates

The required contribution rates expressed as a percentage of current year covered payroll are shown below. The University and the employees made the required contributions.

	Contribution Rates							
	7/1/2017 thru 8/31/2017		9/1/2017 thru 6/30/2018		7/1/2018 thru 8/31/2018		9/1/2018 thru 6/30/2019	
	Employee	University	Employee	University	Employee	University	Employee	University
PERS								
Plan 1	6.00%	12.70%	6.00%	12.70%	6.00%	12.70%	6.00%	12.83%
Plan 2	7.38%	12.70%	7.38%	12.70%	7.38%	12.70%	7.41%	12.83%
Plan 3	5.00-15.00% **	12.70% *	5.00-15.00% **	12.70% *	5.00-15.00% **	12.70% *	5.00-15.00% **	12.83% *
TRS								
Plan 1	6.00%	13.13%	6.00%	15.20%	6.00%	15.20%	6.00%	15.41%
Plan 2	5.95%	13.13%	7.06%	15.20%	7.06%	15.20%	7.06%	15.41%
Plan 3	5.00-15.00% **	13.13% *	5.00-15.00% **	15.20% *	5.00-15.00% **	15.20% *	5.00-15.00% **	15.41% *
LEOFF								
Plan 2	8.75%	8.93%	8.75%	8.93%	8.75%	8.93%	8.75%	8.93%

PERS 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability (UAAL)

TRS 2/3 employer rates include a component to address the TRS Plan 1 unfunded actuarial accrued liability (UAAL)

*Plan 3 defined benefit portion only.

**Variable from 5% to 15% based on rate selected by the member.

University contribution rate includes an administrative expense rate of 0.0018.

The University's required contributions for the years ending June 30 are as follows:

	Required Contributions	
	FY 2018	FY 2019
PERS		
	\$	\$
Plan 1	90,772	63,127
Plan 2	3,778,063	3,982,234
Plan 3	1,186,176	1,335,033
TRS		
	7,418	6,600
Plan 1	2,042	5,367
Plan 2	250,133	346,585
Plan 3		
LEOFF		
Plan 2	106,591	116,573

UNIVERSITY PROPORTIONATE SHARE AND AGGREGATED BALANCES:

Collective pension amounts are determined as of a measurement date, which can be no earlier than an employer's prior fiscal year. The measurement date for the net pension liabilities recorded by WWU as of June 30, 2019 and 2018 was June 30, 2018 and 2017 (one year in arrears.) Employer contributions received and processed by the DRS during the measurement date fiscal year have been used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in their fiscal year ended June 30 Schedules of Employer and Non-employer Allocations. WWU's proportionate share of the aggregated balance of net pension liabilities and net pension asset as of June 30, 2019 and June 30, 2018 is presented in the table below.

Proportionate Share Allocation Percentage					
	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
FY 19 Proportionate Share	0.3090%	0.3782%	0.0306%	0.0294%	0.0610%
FY 18 Proportionate Share	0.3139%	0.3792%	0.0234%	0.0220%	0.0543%

Aggregate Pension Balances (\$ in thousands)						
	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
June 30, 2019						
Net Pension Liability	\$ 13,801	\$ 6,458	\$ 894	\$ 131	\$	\$ 21,285
Net Pension Asset	\$	\$	\$	\$	\$ 1,239	\$ 1,239
June 30, 2018						
Net Pension Liability	\$ 14,894	\$ 13,175	\$ 708	\$ 202	\$	\$ 28,979
Net Pension Asset	\$	\$	\$	\$	\$ 753	\$ 753

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES:

The tables below summarize WWU's expense, deferred outflows of resources and deferred inflows of resources related to the DRS pension plans, together with the related future year impacts to pension expense from amortization of those deferred amounts. Note that deferred outflows of resources related to University contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the following year, and are not amortized to pension expense.

Proportionate Share of Pension Expense (\$ in thousands)						
	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Year Ended June 30, 2019	\$ 967	\$ 83	\$ 322	\$ 95	\$ (119)	\$ 1,348
Year Ended June 30, 2018	\$ 234	\$ 2,064	\$ 133	\$ 101	\$ (27)	\$ 2,505

Amounts reported as deferred outflows of resources, exclusive of contributions subsequent to the measurement date, and deferred inflows of resources will be recognized in pension expense in future periods as follows:

Deferred Outflows of Resources (\$ in thousands)

2019	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected and actual experience	\$	\$ 792	\$	\$ 62	\$ 66	\$ 920
Changes of assumptions		76		2	1	79
Net difference between projected and actual earnings on pension plan investments						
Change in proportion		221		130	17	368
Contributions subsequent to the measurement date	2,172	3,208	174	185	117	5,855
TOTAL	\$ 2,172	\$ 4,296	\$ 174	\$ 378	\$ 201	\$ 7,222

Deferred Inflows of Resources (\$ in thousands)

2019	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected and actual experience	\$	\$ 1,131	\$	\$ 10	\$ 29	\$ 1,169
Changes of assumptions		1,838		53	178	2,069
Net difference between projected and actual earnings on pension plan investments	548	3,963	38	112	217	4,878
Change in proportion		365			86	452
TOTAL	\$ 548	\$ 7,297	\$ 38	\$ 175	\$ 510	\$ 8,568

Amortization of Deferred Outflows and Deferred Inflows of Resources * (\$ in thousands)

YEAR	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
2020	\$ 24	\$ (514)	\$ 4	\$ 26	\$ (32)	\$ (493)
2021	(120)	(1,346)	(8)	(4)	(63)	(1,542)
2022	(360)	(2,484)	(27)	(45)	(132)	(3,048)
2023	(93)	(956)	(7)	(4)	(57)	(1,117)
2024	-	(390)		12	(27)	(405)
Thereafter	-	(519)		36	(115)	(598)
TOTAL	\$ (548)	\$ (6,209)	\$ \$(38)	\$ 19	\$ (425)	\$ (7,204)

* Negative amounts shown in the table above represent a reduction of expense

Deferred Outflows of Resources (\$ in thousands)

2018	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected and actual experience	\$	\$ 1,335	\$	\$ 51	\$ 33	\$ 1,419
Changes of assumptions		140		2	1	143
Net difference between projected and actual earnings on pension plan investments						
Change in proportion		467		84	23	575
Contributions subsequent to the measurement date	2,067	2,988	127	132	107	5,422
TOTAL	\$ 2,067	\$ 4,930	\$ 127	\$ 269	\$ 163	\$ 7,557

Deferred Inflows of Resources (\$ in thousands)

2018	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected and actual experience	\$	\$ 433	\$	\$ 10	\$ 29	\$ 472
Changes of assumptions						
Net difference between projected and actual earnings on pension plan investments	556	3,512	30	73	169	4,340
Change in proportion		393			25	418
TOTAL	\$ 556	\$ 4,338	\$ 30	\$ 83	\$ 223	\$ 5,230

PLANS ADMINISTERED BY WESTERN WASHINGTON UNIVERSITY**Western Washington University Retirement Plan (WWURP)****PLAN DESCRIPTION:**

The WWURP is a defined contribution single employer pension plan with a supplemental payment when required. The plan covers faculty, professional staff, and certain other employees. It is administered by WWU. WWU's Board of Trustees is authorized to establish and amend benefit provisions. Members are eligible to receive benefits under this plan at either the age 62 or at the age of 55 with 10 or more years of credited service.

Contributions to the plan are invested in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Benefits from fund sponsors are available upon separation or retirement at the member's option. Employees have at all times a 100% vested interest in their accumulations. The number of participants in the WWURP as of June 30, 2019 and 2018 was 1,187 and 1,139 respectively.

FUNDING POLICY:

Employee contribution rates, which are based on age, range from 5% to 10% of salary. WWU matches 100% of the employee contributions. All required employer and employee contributions have been made and the breakdown of these WWURP contributions are included in the table below for the years ended June 30.

	2019	2018
Contributions made by:		
Employees	\$8,103,126	\$7,735,512
University	8,105,626	7,735,655

Western Washington University Supplemental Retirement Plan (WWUSR)**PLAN DESCRIPTION:**

WWUSR, the supplemental component of the WWURP plan, is a defined benefit plan administered by WWU and operates in tandem with the WWURP defined contribution pension plan to supplement the expected defined-contribution retirement savings accumulated under the WWURP. The plan covers faculty and certain other positions. The WWUSR, the supplemental component of the WWURP, was closed to new entrants as of July 1, 2011.

PLAN MEMBERSHIP:

Membership of the Western Washington University Supplemental Retirement Plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation for the plan:

Number of Participating Members				
WWURP	Inactive Members (Or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled To But Not Yet Receiving Benefits	Active Members	Total Members
2018	63	21	562	646
2016	48	1	646	695

The 2018 census data was used for FY 2019 and the 2016 census data was used for FY 2018 Total Pension Liability actuarial valuations.

VESTING AND BENEFITS PROVIDED:

This supplemental component payment plan determines a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. This supplemental component is financed on a pay-as-you-go basis. WWU makes direct payments to qualified retirees when the retirement benefit provided by the fund sponsor does not meet the benefit goal.

WWSRP retirement benefits provisions are contained in RCW 28B.10.400, et. seq. which assigns the authority to establish and amend benefit provisions to the Western Washington University Board of Regents. Members are eligible to receive benefits under this plan at either the age 62 or at the age of 55 with 10 or more years of credited service. The monthly amount of benefits payable at the time of retirement is the excess of one-twelfth of 2.0% of the member's average annual salary multiplied by the number of years of service (such product not to exceed one-twelfth of 50.0% of the member's average annual salary) over an assumed annuity benefit.

Assumed income must be calculated by an independent actuary, and represents a theoretical amount of monthly income that would have been generated if actual employee and WWU contributions to the WWURP had been allocated equally between fixed and variable dollar annuities. When the goal income exceeds the assumed income, the participant is entitled to benefits under this plan. Benefit payments made during the fiscal years ended June 30, 2019 and 2018 were \$419,811 and \$379,880 respectively.

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on WWU. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on WWU's financial statements.

The total pension liability was determined by an actuarial valuation as of June 30, 2016, with the results rolled forward to the June 30, 2018, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

- **Inflation:** 2.75%
- **Salary Increases:** 3.50%
- **Discount Rate:** 3.50%

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

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of the April 2016 Experience Study Report.

The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

The following presents the total pension liability for the WWUSRP for WWU as an employer, calculated using the discount rate of 3.50%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.0% point lower (2.50%) or 1.0% point higher (4.50%) than the current rate.

WWURP Total Pension Liability Discount Rate Sensitivity	
1% Decrease: 2.50%	\$30,825,000
Current Discount Rate: 3.50%	\$27,037,000
1% Increase: 4.50%	\$23,876,000

Material assumption changes during the measurement period included first, updating the GASB Statement No. 73 discount rate from 3.87% to 3.50% (decreased the TPL), and secondly, the CREF Stock Account returned about 5% for FY 2019, which is lower than the assumed return of 6.5%. Lower than expected returns on TIAA and CREF investments lead to greater supplemental benefits.

TOTAL PENSION LIABILITY (TPL):

Assets set aside to pay WWUSRP benefits are not held in a qualified trust as defined by GASB. A qualified trust requires that contributions from employers be irrevocable, dedicated to providing pension benefits to plan members, and are legally protected from creditors of the employer and plan administrator. As a result, WWU reports the total WWUSRP pension liability. This is different from the DRS plans (PERS, TRS, and LEOFF2), which have trusted assets and, therefore, are reported as a net pension liability.

Schedule of Changes in Total Pension Liability		
Beginning Balance - June 30,2017		\$ 22,820,000
Service Cost	\$ 737,000	
Interest	837,000	
Differences Between Expected and Actual Experience	(2,234,000)	
Changes in Assumptions	(819,000)	
Benefits Payments	(379,000)	
Net Change in Total Pension Liability FY 18		<u>(1,858,000)</u>
Balance as of June 30,2018		20,962,000
Service Cost	551,000	
Interest	825,000	
Differences Between Expected and Actual Experience	2,297,000	
Changes in Assumptions	2,822,000	
Benefits Payments	(420,000)	
Net Change in Total Pension Liability FY 19		<u>6,075,000</u>
Ending Balance - June 30,2019		<u>\$ 27,037,000</u>

WWUSRP pension expense for the fiscal years ended June 30, 2019 and 2018 was \$622,811 and \$ 66,880 respectively.

DEFERRED INFLOWS OF RESOURCES:

The tables below summarize WWU's deferred inflows and outflows of resources related to the WWUSRP, together with the related future year impacts to pension expense from amortization of those deferred amounts:

Deferred Outflows of Resources		
	2019	2018
Difference between expected and actual experience	\$ 1,959,000	\$
Changes of assumptions	<u>2,407,000</u>	
TOTAL	<u>\$ 4,366,000</u>	<u>\$</u>

Deferred Inflows of Resources		
	2019	2018
Difference between expected and actual experience	\$ 4,560,000	\$ 5,642,000
Changes of assumptions	<u>1,778,000</u>	<u>2,202,000</u>
TOTAL	<u>\$ 6,338,000</u>	<u>\$ 7,844,000</u>

Amortization of Deferred Inflows of Resources	
Year	
2020	(754,000)
2021	(754,000)
2022	(754,000)
2023	(422,000)
2024	351,000
Thereafter	361,000
TOTAL	\$ (1,972,000)

20. OTHER POST EMPLOYMENT BENEFITS (OPEB)

PLAN DESCRIPTION:

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

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

The health care premiums for active employees, which are paid by the agency during employees' working careers, subsidize the "underpayments" of the retirees. An additional factor in the OPEB obligation is a payment that is required by the State Legislature to reduce the premiums for retirees covered by Medicare (an "explicit subsidy"). For fiscal years 2018 and 2017, this amount is the lesser of \$150 or 50% of the plan premium per retiree eligible for parts A and B of Medicare, per month. This is also passed through to State agencies via active employees rates charged to the agency.

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 the 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. As of June 2018 and 2017, WWU's headcount percentage membership in the PEBB plan consisted of the following:

OPEB Plan Participants				
FYE	Active Employees	Retirees Receiving Benefits	Retirees Not Receiving Benefits	Total Participants
2017	1992	683	97	2772
2018	2016	727	97	2840

There is no formal State or University plan that underlies the subsidy of retiree health and life insurance. An actuarial study performed by the Washington Office of the State Actuary (OSA) calculated the total OPEB actuarial accrued liability of the State of Washington at January 1, 2017.

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on WWU. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on WWU's financial statements.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement period:

- **Inflation:** 2.75%
- **Salary Increases:** 3.50% including service-based salary increases
- **Health Care Trend Rates:*** Initial rate of 8.00% adjusting to 4.50% in 2080
- **Post-retirement Participation:** 65.00%
- **Spouse Coverage:** 45.00%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100.0% Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

In order to calculate the beginning total OPEB liability balance under GASB Statement No. 75, the January 1, 2017 actuarial valuation was projected backwards to the measurement date of June 30, 2016, while the ending balance was determined by projecting the January 1, 2017 valuation forward to June 30, 2017. Both the forward and backward projections reflect the plan's service cost, assumed interest, and the expected benefit payments.

The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index. A discount rate of 3.58% was used for the June 30, 2017 measurement date and 3.87% for the June 30, 2018 measurement date.

The following presents the total OPEB liability of WWU, calculated using the discount rate of 3.87%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87% or 1 percentage point higher (4.87%) than the current rate.

Total OPEB Liability Discount Rate Sensitivity	
1% Decrease	\$99,539,234
Current Discount Rate - 3.87%	\$82,552,772
1% Increase	\$69,299,653

*For additional detail on the health care trend rates, please see Office of the State Actuary's 2018 Other Postemployment Benefits Actuarial Valuation Report located here <http://leg.wa.gov/osa/additionalservices/Documents/OPEBActuarialValuationCertLetterWithAttachments09-18.pdf>

The following represents the total OPEB liability of WWU calculated using the health care trend rates of 8.00% decreasing to 4.50%, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (7.00% decreasing to 3.50%) or 1 percentage point higher (9.00% decreasing to 5.50%) than the current rate:

Total OPEB Liability Health Care Cost Trend Rate Sensitivity	
1% Decrease	\$67,767,826
Current Discount Rate - 8.00%	\$82,552,772
1% Increase	\$102,213,945

TOTAL OPEB LIABILITY:

As of June 30, 2019 and 2018, components of the proportionate share calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for WWU are represented in the following table:

FY 19 Proportionate Share	1.62549184%	
FY 18 Proportionate Share	1.61453732%	
Schedule of Changes in Total OPEB Liability		
Total OPEB Liability	2019	2018
Service cost	\$5,161,327	\$6,376,700
Interest	3,548,383	2,986,885
Changes of benefit terms		
Differences between expected & actual experience	3,238,984	
Changes in assumptions*	(22,595,531)	(14,570,079)
Benefit payments	(1,498,660)	(1,522,164)
Change in Proportionate share	638,191	587,523
Other		
Net Change in Total OPEB Liability	(\$11,507,306)	(\$6,141,135)
Total OPEB Liability - Beginning	\$94,060,078	\$100,201,213
Total OPEB Liability - Ending	\$82,552,772	\$94,060,078

OPEB expense for the fiscal years ended June 30, 2019 and 2018 was \$5,072,947 and \$ 7,808,981 respectively.

*For FY 2019, the discount rate increase created a change in assumptions. This change resulted in an \$11.5 million decrease to the total OPEB liability.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

The tables below summarize WWU's deferred outflows and inflows of resources related to OPEB, together with the related future year impacts to expense from amortization of those deferred amounts:

WWU			
Deferred Outflows of Resources			
		2019	2018
Change in proportion	\$	1,086,474	\$ 514,356
Difference between expected and actual experience		2,879,097	
Transactions subsequent to the measurement date		1,515,760	1,488,560
TOTAL	\$	5,481,331	\$ 2,002,916

Deferred Inflows of Resources			
		2019	2018
Changes of assumptions		31,494,089	12,951,181
TOTAL	\$	31,494,089	\$ 12,951,181

Amortization of Deferred Outflows and Deferred Inflows of Resources	
Year	
2020	\$ (3,636,763)
2021	(3,636,763)
2022	(3,636,763)
2023	(3,636,763)
2024	(3,636,763)
Thereafter	(9,344,703)
TOTAL	\$ (27,528,518)

21. RISK MANAGEMENT

WWU participates in the State of Washington Self-Insurance Liability Program (SILP). Premiums to the State are based on a formula for allocating costs to participating state agencies, including higher education institutions, based on an independent actuarial study of the state's projected liabilities. WWU also maintains various commercially obtained liability insurance policies that provide coverage for certain exclusions under the SILP. During the past three fiscal years, no settlements have been greater than the insurance coverage.

WWU participates in the State's L&I Workers Compensation Insurance Program for all employees.

In addition, WWU purchases "all risk" buildings, contents and business interruption insurance for the

Housing and Dining System, Wade King Student Recreation Center, Viking Union Complex, and other auxiliaries through its participation in the State of Washington Alliant Property Insurance Program (APIP). At a minimum, coverage is maintained in accordance with applicable Master Bond Resolutions.

WWU has been named in tort claims and lawsuits. While the final outcome of these matters cannot be predicted with certainty, it is WWU's opinion that the ultimate liability will not materially affect the financial statement, and that WWU's liability insurance programs are adequate to pay all defense and settlement expenses related to these tort claims and lawsuits.

22. COMMITMENTS

Goods and services for operating and capital projects, contracted for but not yet received, are considered commitments at year end. The amount of these commitments at June 30, 2019 and 2018 are:

	2019	2018
Operating	\$4,892,451	\$3,399,941
Research	553,524.52	659,354.51
Capital Projects	17,865,819.71	35,931,864.78
Total Commitments	<u>\$23,311,795</u>	<u>\$39,991,160</u>

23. JOINT VENTURE

In FY 2010, WWU participated in the formation of a not-for-profit corporation titled Western Crossing Development Corporation (WCDC). WCDC was formally incorporated pursuant to the articles of incorporation dated October 7, 2009 and is a 501(c)(3) corporation under the Internal Revenue code of 1986, amended. The five member Board of Directors includes a member of WWU Board of Trustees appointed by WWU Board of Trustees, the President of WWU, a member of the Commission of the Port of Bellingham appointed by the Commission of the Port, the Executive Director of the Port of Bellingham, and

a fifth board member who was appointed by a majority vote of the other four board members who are not affiliated with either entity. The board of directors may in the future allow other Washington governments or educational institutions to become members under such terms and conditions as they determine. The purpose of this joint venture is to help facilitate the timely development of new facilities on the Bellingham waterfront. This investment is not reflected on WWU's Statement of Net Position. During FY 2014, WWU transferred \$723 thousand in land and \$524 thousand in buildings, net to the WCDC to facilitate WWU development on the waterfront. To date, there has been no financial activity related to WCDC.

24. SUBSEQUENT EVENT

On August 23, 2019, the Board of Trustees of Western Washington University approved resolution number 2019-04 authorizing the issuance and sale of Housing and Dining System revenue bonds in the principal amount not to exceed \$75,000,000 with a maximum interest rate of 4.5%.

RSI

Required Supplementary Information

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of WWU's Proportionate Share of the Net Pension Liability

Schedule of WWU's Proportionate Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 1					
Measurement Date of June 30 *					
<i>(dollars in thousands)</i>					
	2014	2015	2016	2017	2018
WWU PERS 1 employers' proportion of the net pension liability	0.320%	0.315%	0.327%	0.314%	0.309%
WWU PERS 1 employers' proportionate share of the net pension liability	\$16,130	\$16,483	\$17,547	\$14,894	\$13,801
WWU PERS 1 employers' covered-employee payroll	\$33,355	\$34,435	\$38,407	\$38,214	\$40,526
WWU PERS 1 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.36%	47.87%	45.69%	38.97%	34.05%
Plan fiduciary net position as a percentage of the total pension liability	61.19%	59.10%	57.03%	61.24%	63.22%

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

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

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of WWU's Proportionate Share of the Net Pension Liability

Schedule of WWU's Proportionate Share of the Net Pension Liability					
Public Employees' Retirement System (PERS) Plan 2/3					
Measurement Date ended June 30 *					
<i>(dollars in thousands)</i>					
	2014	2015	2016	2017	2018
WWU PERS 2/3 employers' proportion of the net pension liability	0.367%	0.373%	0.390%	0.379%	0.378%
WWU PERS 2/3 employers' proportionate share of the net pension liability	\$7,421	\$13,333	\$19,630	\$13,175	\$6,458
WWU PERS 2/3 employers' covered-employee payroll	\$31,601	\$33,088	\$37,093	\$37,188	\$39,831
WWU PERS 2/3 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	23.48%	40.30%	52.92%	35.43%	16.21%
Plan fiduciary net position as a percentage of the total pension liability	93.29%	89.20%	85.82%	90.97%	95.77%

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

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

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of WWU's Proportionate Share of the Net Pension Liability

Schedule of WWU's Proportionate Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 1 Measurement Date of June 30 * (dollars in thousands)					
	2014	2015	2016	2017	2018
WWU TRS 1 employers' proportion of the net pension liability	0.016%	0.022%	0.021%	0.023%	0.031%
WWU TRS 1 employers' proportionate share of the net pension liability	\$485	\$689	\$709	\$708	\$894
WWU TRS 1 employers' covered-employee payroll	\$597	\$890	\$939	\$1,254	\$1,926
WWU TRS 1 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	81.21%	77.51%	75.56%	56.45%	46.42%
Plan fiduciary net position as a percentage of the total pension liability	68.77%	65.70%	62.07%	65.58%	66.52%

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

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

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedules of WWU's Proportionate Share of the Net Pension Liability

Schedule of WWU's Proportionate Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 2/3 Measurement Date ended June 30 * (dollars in thousands)					
	2014	2015	2016	2017	2018
WWU TRS 2/3 employers' proportion of the net pension liability	0.011%	0.016%	0.019%	0.022%	0.029%
WWU TRS 2/3 employers' proportionate share of the net pension liability	\$35	\$134	\$258	\$203	\$132
WWU TRS 2/3 employers' covered-employee payroll	\$470	\$742	\$900	\$1,203	\$1,855
WWU TRS 2/3 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	7.55%	18.01%	28.62%	16.84%	7.13%
Plan fiduciary net position as a percentage of the total pension liability	96.81%	92.48%	88.72%	93.14%	96.88%

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

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

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of WWU's Proportionate Share of the Net Pension Liability

Schedule of WWU's Proportionate Share of the Net Pension Liability (Asset) Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2					
Measurement Date of June 30 *					
<i>(dollars in thousands)</i>					
	2014	2015	2016	2017	2018
WWU LEOFF 2 employers' proportion of the net pension liability (asset)	0.057%	0.056%	0.052%	0.054%	0.061%
WWU LEOFF 2 employers' proportionate share of the net pension liability (asset)	(\$753)	(\$575)	(\$303)	(\$753)	(\$1,239)
WWU LEOFF 2 employers' covered-employee payroll	\$948	\$974	\$945	\$1,032	\$1,217
WWU LEOFF 2 employers' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(79.43%)	(58.97%)	(32.03%)	(72.97%)	(101.84%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	116.75%	111.67%	106.04%	113.36%	118.50%

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

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

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of WWUSRP Total Pension Liability

Schedule of WWU's Total Pension Liability				
WWUSRP				
Fiscal Year ended June 30 *				
<i>(dollars in thousands)</i>				
	2016	2017	2018	2019
WWUSRP total pension liability	\$28,623	\$22,820	\$20,962	\$27,037
WWU URP employers' covered-employee payroll	\$52,616	\$54,916	\$54,645	\$52,783
WWUSRP total pension liability as a percentage of its covered-employee payroll	54.40%	41.55%	38.36%	51.22%

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

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30									
Fiscal Year	Contractually Required Contributions	Contributions related to covered payroll of employees participating in PERS plan 1	UAAL contributions related to covered payroll of employees participating in PERS plan 2/3	Total contributions in relation to the Actuarially Determined Contributions	Contribution deficiency (excess)	Covered payroll of employees participating in PERS 1	Covered payroll of employees participating in PERS 2/3	Total covered employee payroll	Contributions as a percentage of covered employee payroll
2015	\$1,452,350	\$124,718	\$1,327,632	\$1,452,350	\$0	\$1,347,236	\$33,087,603	\$34,434,839	4.22%
2016	\$1,855,009	\$128,029	\$1,726,980	\$1,855,009	\$0	\$1,313,918	\$37,093,105	\$38,407,024	4.83%
2017	\$1,890,122	\$116,851	\$1,773,271	\$1,890,122	\$0	\$1,026,073	\$37,187,945	\$38,214,019	4.95%
2018	\$2,067,033	\$90,772	\$1,976,261	\$2,067,033	\$0	\$695,644	\$39,830,763	\$40,526,407	5.10%
2019	\$2,171,774	\$63,127	\$2,108,647	\$2,171,774	\$0	\$95,855	\$28,310,536	\$28,406,391	7.65%
2020									
2021									
2022									
2023									
2024									

Notes: These schedules will be built prospectively until they contain ten years of data.

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
2015	\$1,814,105	\$1,814,105	\$0	\$33,087,603	5.48%
2016	\$2,317,072	\$2,317,072	\$0	\$37,093,105	6.25%
2017	\$2,381,845	\$2,381,845	\$0	\$37,187,945	6.40%
2018	\$2,987,978	\$2,987,978	\$0	\$39,830,763	7.50%
2019	\$3,208,620	\$3,208,620	\$0	\$28,310,536	11.33%
2020					
2021					
2022					
2023					
2024					

Notes: These schedules will be built prospectively until they contain ten years of data.

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 1 Fiscal Year Ended June 30									
Fiscal Year	Contractually Required Contributions	Contributions related to covered payroll of employees participating in TRS plan 1	UAAL contributions related to covered payroll of employees participating in TRS plan 2/3	Total contributions in relation to the Actuarially Determined Contributions	Contribution deficiency (excess)	Covered payroll of employees participating in TRS 1	Covered payroll of employees participating in TRS 2/3	Total Covered employee payroll	Contributions as a percentage of covered employee payroll
2015	\$48,962	\$15,275	\$33,688	\$48,962	\$0	\$147,013	\$742,495	\$889,508	5.50%
2016	\$63,258	\$7,056	\$56,202	\$63,258	\$0	\$38,746	\$900,164	\$938,910	6.74%
2017	\$82,019	\$7,003	\$75,016	\$82,019	\$0	\$50,329	\$1,203,485	\$1,253,814	6.54%
2018	\$127,383	\$7,418	\$119,966	\$127,383	\$0	\$70,987	\$1,854,602	\$1,925,590	6.62%
2019	\$174,321	\$6,600	\$167,720	\$174,321	\$0	\$0	\$523,851	\$523,851	33.28%
2020									
2021									
2022									
2023									
2024									

Notes: These schedules will be built prospectively until they contain ten years of data.

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
2015	\$47,636	\$47,636	\$0	\$742,495	6.42%
2016	\$62,047	\$62,047	\$0	\$900,164	6.89%
2017	\$83,497	\$83,497	\$0	\$1,203,485	6.94%
2018	\$132,209	\$132,209	\$0	\$1,854,602	7.13%
2019	\$184,232	\$184,232	\$0	\$523,851	35.17%
2020					
2021					
2022					
2023					
2024					
Notes: These schedules will be built prospectively until they contain ten years of data.					

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
2015	\$85,058	\$85,058	\$0	\$974,206	8.73%
2016	\$81,330	\$81,330	\$0	\$945,010	8.61%
2017	\$87,594	\$87,594	\$0	\$1,032,322	8.49%
2018	\$106,591	\$106,591	\$0	\$1,216,785	8.76%
2019	\$116,573	\$116,573	\$0	\$1,424,194	8.19%
2020					
2021					
2022					
2023					
2024					
Notes: These schedules will be built prospectively until they contain ten years of data.					

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedules of Contributions

Schedule of Contributions WWURP Plan Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
2016	\$6,886,487	\$6,886,487	\$0	\$52,615,706	13.09%
2017	7,427,761	7,427,761	\$0	54,916,479	13.53%
2018	7,735,655	7,735,655	\$0	54,644,989	14.16%
2019	8,105,626	8,105,626	\$0	52,783,199	15.36%
2020					
2021					
2022					
2023					
2024					
2025					
Notes: These schedules will be built prospectively until they contain ten years of data.					

OPEB INFORMATION

Cost Sharing Healthcare Plans

Schedules of Contributions

Schedule of Contributions Health Care - OPEB Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
2018	\$1,488,560	\$1,488,560	\$0	\$148,916,628	1.00%
2019	\$1,515,760	\$1,515,760	\$0	\$155,756,699	0.97%
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					

OPEB INFORMATION

Cost Sharing Healthcare Plans

Schedules of WWU's changes in Total OPEB Liability

Schedule of WWU's Changes in Total OPEB Liability		
Fiscal Year Ended June 30 *		
<i>(dollars in thousands)</i>		
	2018	2019
Total OPEB Liability-Beginning	\$100,201	\$94,060
Service Cost	\$6,377	\$5,161
Interest	\$2,987	\$3,548
Differences between expected and actual experience	\$0	\$3,239
Changes in assumptions	-\$14,570	-\$22,596
Benefits payments	-\$1,522	-\$1,499
Change in proportionate share	\$588	\$638
Total OPEB liability-ending	\$94,060	\$82,553
WWU employers' covered-employee payroll	\$148,917	\$155,757
WWU employers' proportionate share of total OPEB liability as a percentage of its covered-employee payroll	67.29%	60.39%
* As of June 30; this schedule is to be built prospectively until it contains ten years of data.		



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HOUSING AND DINING SYSTEM

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Overview

Western Washington University's Housing and Dining System (the System) consists of University Residences, University Dining Services and Viking Union/Student Activities. University Residences maintains over a million square feet of living space - home to 4,000 students. Nine residential communities consist of sixteen residence halls and one apartment complex. Residence halls are equipped with laundry facilities, computer labs, study areas, community kitchens, TV lounges, game rooms, bicycle storage, 24-hour security, and staffed service desks. Western's campus is a 20-minute walk from end to end, so no matter where students live their classes and activities are nearby. University Dining Services includes several main dining commons, multiple retail eateries and provides catering services for the campus. The Viking Union/Student Activities includes facilities on and off the Bellingham campus for gathering, study, dining and recreation.

The following discussion and analysis provides an overview of the financial position and activities of the System for the years ended June 30, 2019, 2018 and 2017. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes which follow this section.

Using the Financial Statements

The System's financial report includes the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows.

The statements are formatted following the guidelines of the Governmental Accounting Standards Board (GASB) pronouncements. These financial statements are prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities. The System's financial statements are 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.

Statement of Net Position

The Statement of Net Position presents the financial condition of the System at the end of the fiscal years (FY) and reports all assets and liabilities of the System.

The amounts in this statement represent the physical assets used to provide the housing, meal, and student activity programs, as well as assets available to continue the operations of the System, also identifying commitments to vendors and bond holders. The difference between assets and deferred outflows less liabilities and deferred inflows is net position. Net position is one indicator of the current financial condition of the System.

Below is a condensed view of the Statement of Net Position as of June 30, 2019, 2018 and 2017:

(Dollars in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017 Restated</u>
Assets			
Current assets	\$9,371	\$8,001	\$9,276
Noncurrent assets	14,017	39,508	10,004
Capital assets, net	<u>133,555</u>	<u>110,507</u>	<u>101,511</u>
Total assets	156,943	158,016	120,791
Deferred outflows	1,316	1,287	1,170
Liabilities			
Current liabilities	11,776	10,817	7,581
Noncurrent liabilities	<u>65,527</u>	<u>70,891</u>	<u>40,479</u>
Total liabilities	77,303	81,708	48,060
Deferred inflows	1,704	811	126
Net Position			
Net investment in capital assets	69,323	65,919	64,484
Restricted, expendable	3,501	3,426	3,381
Unrestricted	<u>6,428</u>	<u>7,438</u>	<u>5,910</u>
Total net position	<u>\$79,252</u>	<u>\$76,783</u>	<u>\$73,775</u>

The primary components in the asset category are cash, investments, receivables and capital assets. Total assets decreased \$1.07 million (0.7%) in fiscal year (FY) 2019 and increased \$37.2 million (30.8%) in FY 2018.

Total Cash and Investments decreased \$24.3 million (-53.2%) primarily due to the spending of the remaining bond funds. During FY 2018, the System issued \$33.7 million in revenue bonds to fund a new Multicultural Center and renovations to certain residence halls. The allocation of unrestricted cash and investments between current and noncurrent is governed by Western Washington University's (WWU) investment policy strategy, which is to maximize returns while ensuring liquidity needs and managing interest rate risk. In FY 2019, unrestricted cash and cash equivalents increased \$2.2 million (131.3%) as WWU shifted maturing investments into the Local Government Investment Pool (LGIP) (see Note 2). These funds were then available for operational spending. Restricted investments declined \$23 million (-77%) as bond proceeds were expended for major renovations. Total Cash and Investments increased \$28.4 million (163%) in FY2018 primarily due to the investment of unspent bond proceeds.

Depreciable and non-depreciable capital assets increased \$23.0 million (20.9%) and \$9.0 million (8.9%) in FY 2019 and FY 2018, respectively, due primarily to increases in construction-in-progress of the Multicultural Center and residence halls renovations (e.g. Buchanan Towers) combined with other capital additions (see Note 3).

Major projects not completed in FY 2018 were still in process in FY 2019: New Residence Hall, Buchanan Towers renovation, and Multicultural Student Center addition. Major projects completed during FY2018 were: Gamma renovation and Carver food service addition.

Current liabilities exceed current assets by \$2,405,145 in FY 2019 and by \$2,816,673 in FY 2018 as a result of increased payables for renovation and capital projects. Current liabilities typically fluctuate depending on the timing of accounts payable payments and the receipt of deposits and revenue that is applicable to the next fiscal year.

Current liabilities increased \$958,763 (8.9%) in FY 2019 due to an increase in accounts payable and a decrease in bond interest payable. Current liabilities increased \$3,235,868 (42.7%) in FY 2018 due to the impact of payables related to renovations and bonds payable.

Total noncurrent liabilities decreased \$5,363,722 (-7.6%) in FY 2019 primarily due to a \$4.8 million reduction in bonds payable along with decreases to the Net Pension and OPEB liabilities of \$493,570 (-9.7%). Total noncurrent liabilities increased \$30,411,593 (75.1%) during FY 2018 due primarily to the increase in bonds payable combined with decreases in pension and other postemployment benefits (OPEB). The OPEB and pension liabilities decreased \$597,554 (-10.6%). During FY 2018, the System adopted and implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits other Than Pensions" (see Note 7).

The difference between assets and deferred outflows less liabilities and deferred inflows is net position. The change in net position measures whether the overall financial condition has improved or deteriorated during the year and is driven by the difference between revenues and expenses. The implementation of GASB statement No. 75 OPEB (see Note 8) in FY 2018 required the System to include its share of University's unfunded OPEB liability and to restate the FY 2017 net position by \$3,608,394. Total net position increased \$2,469,049 (3.2%) in FY 2019 due to an increase in net investment in capital assets. Total net position increased \$3,007,751 (4.1%) in FY 2018 due to increases in net investment in capital assets and unrestricted net assets

Net investment in capital assets increased in FY 2019 \$3,403,890 (5.2%) primarily due to a reduction in bonds payable from principal payments. Net investment in capital assets increased in \$1,434,814 (2.2%) in FY2018 due to the capitalization of the Gamma and Carver projects.

Unrestricted net position decreased \$1,009,993 (-13.6%) in FY2019 due to increased spending on operations and capital. Unrestricted net position increased \$1,527,343 (25.8%) in FY2018 as the growth in revenue outpaced expenses.

Statement of Revenues, Expenses and Changes in Net Position

The changes in total net position, as presented on the Statement of Net Position, are detailed in the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The statement presents the System's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as operating or non-operating.

In general, operating revenues are those received for providing housing, dining and related services to the customers of the System, the majority of which consists of room and board services to students. Operating

**HOUSING AND DINING SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2019 and 2018

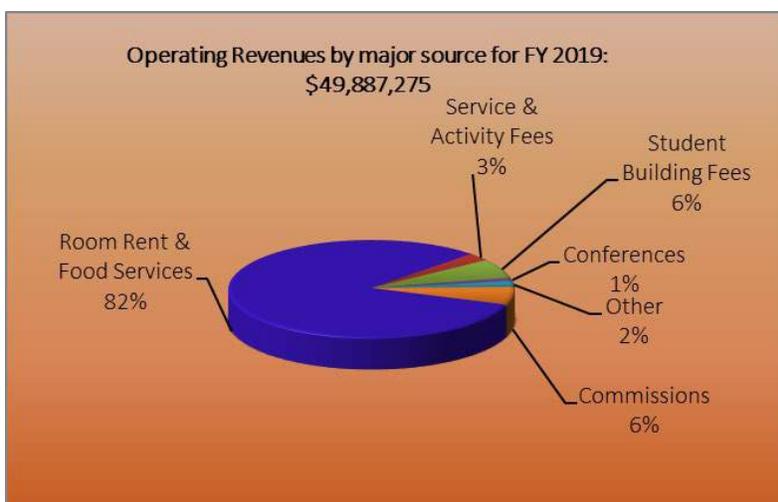
expenses are those expenses paid to provide the services and resources to the students in return for the operating revenues.

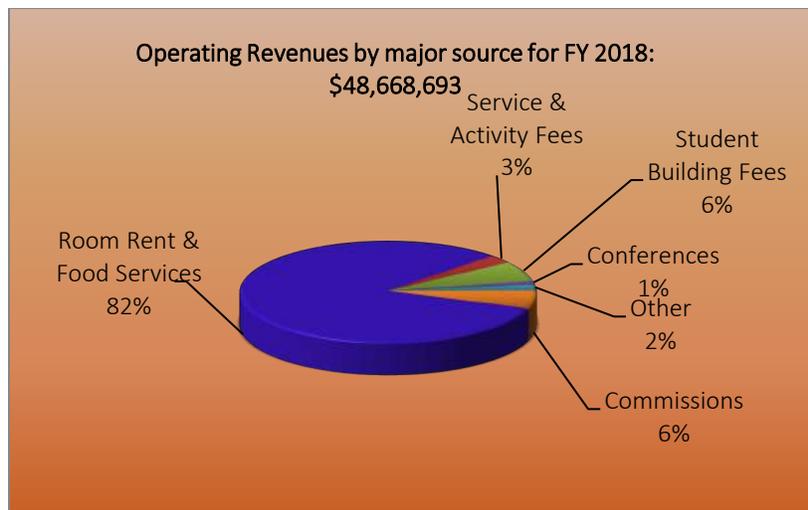
Non-operating revenues are monies received for which goods and services are not provided, such as investment income. Non-operating expenses include interest expense on outstanding debt and amortization of bond costs. Following is a condensed view of the Statements of Revenues, Expenses and Changes in Net Position for the FY years ended June 30, 2019, 2018, and 2017:

(Dollars in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017 Restated</u>
Operating revenues	\$49,887	\$48,669	\$44,028
Operating expenses	<u>(45,870)</u>	<u>(44,482)</u>	<u>(40,613)</u>
Income from operations	4,017	4,187	3,415
Nonoperating revenues	963	894	478
Nonoperating expenses	<u>(2,511)</u>	<u>(2,073)</u>	<u>(1,816)</u>
Increase in Net Position	2,469	3,008	2,076
Net Position, Beginning of year	76,783	73,775	75,308
Restatement	-	-	<u>(3,608)</u>
Net Position, Beginning of year , as restated	<u>76,783</u>	<u>73,775</u>	<u>71,700</u>
Net Position, End of year	<u><u>\$79,252</u></u>	<u><u>\$76,783</u></u>	<u><u>\$73,775</u></u>

Total operating revenue increased for FY 2019 primarily influenced by increases to room rent and food services and commission revenues.





Room rent and food service revenues increased \$929,592 (2.3%) in FY 2019 due to the combination of a 4.5% rate increase and a 1.97% occupancy decrease. Room rent and food service revenues increased \$2,138,553 (5.7%) in FY 2018 due to a 6.0% rate increase and 1.35% occupancy increase.

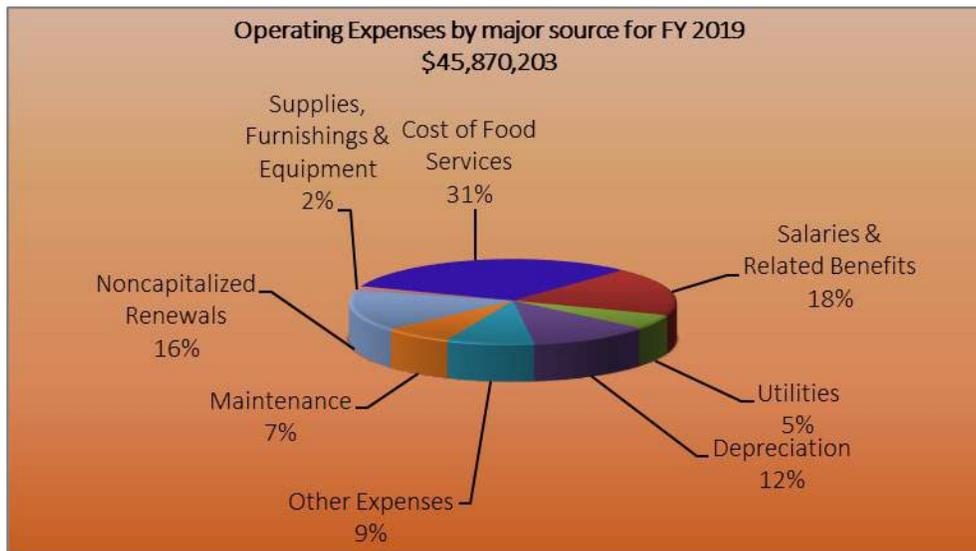
Student building fee revenue increased \$62,108 or 2.0% in FY 2019 due to enrollment growth. Student building fee revenue increased \$1,327,712 (74.0%) in FY 2018 due to collections from the new \$30 per quarter Multicultural Center Fee which began Fall 2017.

Conference revenue decreased \$13,715 (-2.2%) in FY 2019 due to reduced bookings. Conference revenue increased \$274,422 (80.4%) in FY 2018 due to additional conference bookings.

Viking Union revenue increased \$51,748 (11.0%) in FY 2019 due to increases in recycle center and Lakewood revenues. Viking Union revenue increased \$41,686 (9.7%) in FY 2018 due to increases in interest earnings, AS chargebacks and facility use.

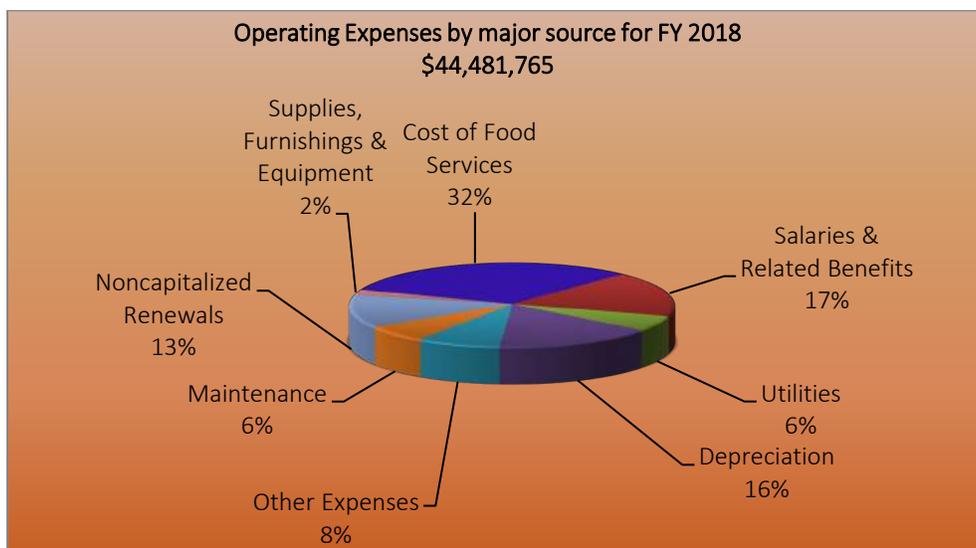
Commission revenue increased \$183,780 (6.7%) in FY 2019 due to the scheduled contracted guarantee increase with the Systems food service provider Aramark. Commission revenue increased \$819,743 (42.6%) FY 2018 primarily due to the comparative impact of a FY 2017 one-time adjustment.

Fees, penalties, and other income decreased \$19,183 (-6.5%) in FY 2019 primarily due to reductions in key replacement charges and interdepartmental support. Fees, penalties, and other income increased \$5,656 (1.9%) in FY 2018 due to a slight increase in other income.



Overall operating expenses for FY 2019 increased \$1,388,438 (3.1%) and \$3,868,943 (9.5%) for FY 2018 due primarily to an increase in non-capitalized renewals and replacements.

Cost of food services for FY 2019 increased \$371,544 (2.6%) due to the effect of a 4.68% board price increase offset by an occupancy decrease of 1.97%. Cost of food services for FY 2018 increased \$650,780 (4.9%) due to the effect of a 5.25% board rate increase, and an occupancy increase of 1.35%.



Salaries and benefits expense increased \$739,457 (9.5%) in FY 2019 and \$828,085 (11.9%) in FY 2018 as all employees received compensation increases combined with an increase to the minimum wage. FY 2019 and FY 2018 charges related to GASB statements No. 68, 73 and 75 totaled \$212,561 and \$155,838 respectively.

Utilities expense decreased \$110,773 (-4.2%) in FY 2019 primarily due to a reduction in natural gas expenditures. Utilities expense decreased \$4,940 (-0.2%) in FY 2018 due to slight decreases in electricity and heating (natural gas).

Repairs and maintenance expense for FY 2019 increased \$282,381 (9.9%) due to increases in repair projects coupled with an increase in Facilities Maintenance's recharge rate. The Facilities Maintenance recharge rate increased variably across the maintenance crafts. Repairs and maintenance expense for FY 2018 decreased \$108,387 (-3.7%) due to several larger FY 2018 repair projects categorized as Noncapitalized renewals & replacements.

Furniture and Equipment expense for FY 2019 decreased \$252,761 (-41.8%) due to reduced student room furniture expenditures. Furniture and Equipment expense increased \$365,820 (153%) in FY 2018 primarily due to increased room chair purchases and the purchase of the housing management software.

Depreciation expense decreased \$1,544,762 (-22.1%) in FY 2019 due to scheduled depreciation on existing assets. Depreciation expense for FY 2018 increased \$344,762 (5.2%) due to the increase in capitalized assets.

WWU's administrative services assessment fee (included in institutional services) increased \$6,447 (0.37%) in FY 2019 and increased \$268,213 (18.0%) in FY 2018. The rate charged against the System revenues (less food service contract) was 5.775% both years.

Other expenses increased \$145,880 (14.1%) in FY 2019 primarily influenced by an increase in leased apartment rental expense. Other expenses increased \$154,015 (17.5%) in FY 2018 primarily due to costs associated with the FY 2018 bond issues.

Non-operating expenses (interest & amortization) for FY 2019 increased \$437,408 (21.1%) due to increased bond interest expense. Non-operating expenses (interest & amortization) for FY 2018 increased \$256,529 (14.1%) due to the increase in bond interest expense. (See Note 4).

Non-Operating revenue for FY 2019 increased \$68,560 (7.7%) primarily due to increased bond proceeds investment income. Non-Operating revenue for FY 2018 increased \$416,547 (87.2%) influenced primarily by increased investment income from bond proceeds and a capital contribution from the Bookstore.

Economic Factors and Significant Events

WWU's fall quarter of FY 2019 enrollment headcount of 15,094 represents a 0.84% increase over fall quarter of FY 2018 enrollment. Management addresses housing demand independent of enrollment through room capacity practices such as adding or reducing the number of beds in a room. Opening occupancy for fall 2019 is expected to be slightly higher than that of fall 2018 due primarily to an increase in the number of students choosing to continue living on campus from the prior year.

The System's auxiliary capital plan, shared with WWU's Board of Trustees in December 2018 and January 2019, addresses future development and renovation needs of the System, and has been informed by the results of an extensive facility condition assessment. Late Summer/early Fall 2019 will see the completion of the Buchanan Towers and Multicultural Center renovations which were financed by \$33,680,000 in bonds issued March 2018.

A thorough Housing & Dining Development Assessment, being performed by architectural consultants, will be completed in FY 2020 and will provide comprehensive analysis and assessment of the System that will identify programs, amenities, facility renovations, additions, repurposing and replacements, and financing options. Viking Union management worked with architectural consultants to develop concept options for further long-term renewal and/or additions to the Viking Union complex. These long-range development efforts will be the basis of the revised System capital plan.

Construction for the addition of an approximately 400-bed on-campus residence hall begins August 2019 and, coupled with the removal Highland Hall, will provide a net increase of 264 beds. The project will be funded by revenue bonds issued September 2019. The facility is planned to open September 2021.

The Board of Trustees approved a set of housing and dining principles in 1993 (updated in 2010) to guide the System's financial planning. The six principles address (i) Revenue Fund levels, (ii) Renewal and Replacement Fund levels, (iii) Major maintenance expenditures, (iv) Capital planning efforts, (v) Debt Service Coverage Ratio, and (vi) Occupancy. The System exceeded the minimum requirements established within these principles. The Board periodically reviews the principles to ensure ongoing compliance.



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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

November 15, 2019

Board of Trustees
Western Washington University Housing and Dining System
Bellingham, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Western Washington University Housing and Dining System (System), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the System's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Western Washington University Housing and Dining System, as of June 30, 2019 and 2018, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1, the financial statements of the Western Washington University Housing and Dining System, a department of the University are intended to present the financial position, and the changes in financial position, and cash flows of only the respective portion of the activities of the University that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2019 and 2018, the changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated November 15, 2019, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

HOUSING AND DINING SYSTEM
STATEMENT OF NET POSITION

June 30, 2019 and 2018

Assets	2019	2018
Current assets		
Cash and cash equivalents (Note 2)	\$3,879,273	\$1,677,194
Investments (Note 2)	3,549,745	4,599,549
Accounts receivable, net of allowance of \$43,903 and \$99,417 in 2019 and 2018, respectively	388,606	340,593
Interest receivable	94,760	115,446
Other receivables	1,458,496	1,267,807
Total current assets	<u>9,370,880</u>	<u>8,000,589</u>
Noncurrent assets		
Restricted investments (Note 2)	6,838,822	29,971,571
Investments (Note 2)	7,178,020	9,535,766
Nondepreciable capital assets (Note 3)	42,076,981	14,198,347
Depreciable capital assets, net (Note 3)	91,478,348	96,308,356
Total noncurrent assets	<u>147,572,171</u>	<u>150,014,040</u>
Total assets	<u>156,943,051</u>	<u>158,014,628</u>
 Deferred Outflows		
Deferred loss on bond refunding	731,976	890,179
Related to pension (Note 6)	366,872	320,660
Related to OPEB (Note 7)	217,016	76,169
Total deferred outflows	<u>1,315,864</u>	<u>1,287,008</u>
 Liabilities		
Current liabilities		
Accounts payable	4,926,957	4,255,130
Accrued expenses	327,134	294,449
Residents' housing deposits	1,235,812	1,277,858
Unearned revenues	250,427	263,433
Bonds interest payable	635,695	921,392
Current portion of bonds payable (Note 4)	4,400,000	3,805,000
Total current liabilities	<u>11,776,025</u>	<u>10,817,262</u>
Noncurrent liabilities		
Compensated Absences	392,652	370,592
Bonds payable, less current portion (Note 4)	60,564,301	65,456,513
Net pension liability (Note 4, 6)	1,289,682	1,486,191
Net OPEB Liability (Note 7)	3,279,944	3,577,005
Total noncurrent liabilities	<u>65,526,579</u>	<u>70,890,301</u>
Total liabilities	<u>77,302,604</u>	<u>81,707,563</u>
 Deferred Inflows		
Related to pension (Note 6)	452,893	318,489
Related to OPEB (Note 7)	1,251,306	492,520
Total deferred inflows	<u>1,704,199</u>	<u>811,009</u>
 Net Position		
Net investment in capital assets	69,323,004	65,919,114
Restricted, expendable	3,501,309	3,426,159
Unrestricted	6,427,799	7,437,791
Total net position	<u>\$79,252,112</u>	<u>\$76,783,064</u>

HOUSING AND DINING SYSTEM
STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

*For the Years Ended
June 30, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Room rent and food services	\$40,889,046	\$39,959,454
Service and activity fees	1,340,198	1,323,752
Student building fees	3,182,432	3,120,325
Conferences	601,924	615,640
Viking Union income	522,106	470,358
Rent	147,970	140,163
Commissions	2,926,500	2,742,720
Fees, penalties, and other income	277,098	296,281
Total operating revenue	<u>49,887,275</u>	<u>48,668,693</u>
Operating Expenses		
Cost of food services	14,427,152	14,055,608
Salaries and related benefits	8,509,594	7,770,136
Utilities	2,516,303	2,627,076
Repairs and maintenance	3,122,057	2,839,675
Communications	217,164	198,995
Insurance	518,928	469,325
Supplies	379,807	337,463
Furniture and equipment	352,468	605,230
Institutional services	2,021,269	1,963,871
Depreciation	5,449,490	6,994,253
Noncapitalized renewals and replacements	7,174,136	5,584,177
Other	1,181,836	1,035,956
Total operating expenses	<u>45,870,203</u>	<u>44,481,765</u>
Income from operations	<u>4,017,072</u>	<u>4,186,928</u>
Nonoperating Revenues (Expenses)		
Investment income	683,620	424,813
Build America Bonds interest subsidy	279,283	284,735
Other Capital Contribution	-	184,795
Interest expense	(2,842,958)	(2,352,618)
Amortization of bond discounts and premiums	332,032	279,099
Total nonoperating (expenses) revenues	<u>(1,548,024)</u>	<u>(1,179,176)</u>
Increase in net position	<u>2,469,048</u>	<u>3,007,751</u>
Net Position, Beginning of Year	<u>76,783,064</u>	<u>73,775,313</u>
Net Position, End of Year	<u><u>\$79,252,112</u></u>	<u><u>\$76,783,064</u></u>

HOUSING AND DINING SYSTEM
STATEMENT OF CASH FLOWS

For the Years Ended
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Cash received from students and other customers	49,593,521	\$48,889,851
Cash paid to employees	(8,271,775)	(7,582,909)
Cash paid to suppliers	<u>(32,014,750)</u>	<u>(29,626,802)</u>
Net cash flows provided by operating activities	9,306,996	11,680,140
 Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	-	46,690,611
Interest earned on bond proceeds	4,942	176,375
Capital Contribution	-	184,795
Payment of long-term debt	(3,806,977)	(15,067,177)
Interest payments	(3,128,655)	(1,921,943)
Build America Bonds interest subsidy	279,283	284,735
Purchase of capital assets	<u>(27,693,172)</u>	<u>(13,801,063)</u>
Net cash flows (used in) by capital and related financing activities	(34,344,579)	16,546,334
 Cash Flows from Investing Activities		
Investment income received	699,364	153,949
Net proceeds (purchase) of restricted investments	23,132,749	(26,841,348)
Net proceeds (purchase) of investments	<u>3,407,550</u>	<u>(1,922,131)</u>
Net cash flows (used in) provided by investing activities	<u>27,239,663</u>	<u>(28,609,530)</u>
 Net change in cash and cash equivalents	2,202,080	(383,056)
 Cash and Cash Equivalents, Beginning of Year	<u>1,677,193</u>	<u>2,060,249</u>
Cash and Cash Equivalents, End of Year	<u><u>\$3,879,273</u></u>	<u><u>\$1,677,193</u></u>
 Reconciliation of Operating Income to Net Cash Provided to Operating Activities		
Operating income	4,017,072	4,186,928
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation	5,449,490	6,994,253
Loss on disposal of fixed asset	14,684	-
Change in operating assets and liabilities		
Accounts receivable	(48,013)	(63,275)
Other receivables	(190,689)	310,062
Accounts payable	(118,314)	90,574
Accrued salaries and benefits	25,258	31,389
Residents' housing deposits	(42,046)	(37,142)
Pension and OPEB related deferred outflows and inflows of resources	212,559	155,837
Unearned revenue	<u>(13,006)</u>	<u>11,515</u>
Cash flows from operating activities	<u><u>\$9,306,996</u></u>	<u><u>\$11,680,141</u></u>
 Supplemental Disclosure of Noncash Capital and Related Financing Activities		
Change in capital asset additions included in accounts payable	<u><u>\$819,628</u></u>	<u><u>\$2,188,593</u></u>

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Western Washington University Housing and Dining System (the System) is a self-supporting, auxiliary enterprise of Western Washington University (WWU). The System operates residence halls and dining commons, an apartment complex, the Commissary/Warehouse, the Viking Union Complex and Lakewood Recreational Facility. These operations are located on or near WWU campus.

Financial Statement Presentation

The financial statements are presented in accordance with generally accepted accounting principles (GAAP) and follow guidance given by the Governmental Accounting Standards Board (GASB). These statements are special purpose reports reflecting the net position, results of operations, and cash flows of the System. The financial statements present only a selected portion of the activities of WWU. As such, they are not intended to and do not present either the financial position, results of operations, or changes in net position of WWU.

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.

Cash, Cash Equivalents, and Investments

WWU records all cash, cash equivalents and investments at fair value. To maximize investment income, WWU combines funds from all departments into an investment pool. The System records their share of cash, cash equivalents and investments in the same relation as WWU's investment pool itself. Investment income is allocated to the System in proportion to its average balance in the investment pool.

Accounts Receivable

Receivables are primarily from students of WWU and are unsecured. The System considers all accounts past due when they remain unpaid after their due dates. An allowance based on historical collection rates is established for recognizing potential bad debts. When an account is deemed uncollectible, it is written off against the allowance.

Capital Assets

The capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. The basis of valuation for assets purchased or constructed is cost. The costs of normal maintenance and repairs that do not increase the value of the assets or materially extend asset lives are charged to operating expense in the year the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets: 40 years for buildings and building improvements, 20 to 25 years for infrastructure and other improvements, and 5 to 7 years for furniture, fixtures, and equipment.

Compensated Absences

The accrued leave balances as of June 30, 2019 and 2018 are \$392,652 and \$370,592, respectively. This consists of unused vacation leave and compensatory time earned for exempt professionals and classified staff. It also includes a percentage of earned and unused sick leave for exempt professionals and classified staff. For

reporting purposes, the entire balance of accrued leave is considered a noncurrent liability as more leave is accrued than used.

Deferred Outflows of resources and Deferred Inflows of resources.

The System classifies gains on retirement of debt as deferred inflows and losses as deferred outflows of resources and amortizes such amounts as a component of interest expense over the remaining life of the old debt, or the new debt, whichever is shorter.

Change in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflow of resources.

Unearned Revenue

Summer quarter, which is the first quarter of WWU's fiscal year, begins shortly before June 30. The majority of cash received for room and board fees related to summer session are recorded as unearned revenue until the following fiscal year when the revenue is earned.

Net Pension Liability

The System records pension liabilities equal to the net pension liability for its defined benefit plans. The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the defined benefit plans has been measured consistent with the accounting policies used by the plans. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available.

Pension expense is recognized for benefits earned during the measurement period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

Restatement of Net Position

During FY 2018, the System adopted GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits other than Pensions". Statement No. 75 requires that the System record in its statements its proportional share of the University's net OPEB liability and to restate the beginning net position of the earliest period presented. The amount of restatement to the beginning FY 2017 net position was \$3,608,394. This was due to recording the total OPEB liability of \$3,663,726 and a \$55,332 deferred outflow. The total OPEB liability information is provided to the University by the Office of Financial Management (OFM) and the Office of State Actuary (OSA). Although this liability is an accumulative of years prior to FY 2017, the information provided by OFM and OSA only allowed the System to restate the FY 2017 beginning net position.

Net Position

The System's net position is classified as follows:

- *Net Investment in Capital Assets* - Represents the System's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
- *Restricted, Expendable* - Restricted net position represent resources restricted by bond covenants for system renewals and replacements.
- *Unrestricted* - Unrestricted net position represent resources derived from operations and investing activities.

Classification of Revenues and Expenses

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

Operating revenues. Operating revenues include activities that have the characteristics of exchange transactions, such as sales and services.

Operating expenses. Operating expenses are those incurred in daily operations such as salaries and wages, benefits, utilities and supplies.

Non-operating revenues. Non-operating revenues include activities that have the characteristics of non-exchange transactions such as investment income.

Non-operating expenses. Non-operating expenses include costs related to financing or investing activities such as interest on indebtedness and amortization of bond costs.

Premiums/Discounts

Bond premiums and discounts are amortized over the term of the bonds using the effective interest method. The remaining balances of bond premiums/discounts are presented in the Statement of Net Position net of the face amount of bonds payable.

Administrative Assessment

WWU provides support to the System through cash and debt management, accounting, human resources, purchasing and accounts payable services, risk management, and other support services. The effects of these transactions are included as institutional services in these financial statements. The amount paid was \$1,764,574 and \$1,758,127 which was 5.775% of revenues (less food service contract) for the years ending June 30, 2019 and 2018, respectively.

Tax Exemptions

WWU, and the System as an auxiliary enterprise, is a tax-exempt instrumentality of the State of Washington under the provisions of Section 115(a) of the Internal Revenue Code and are exempt from federal income taxes on related income.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Interest Rate and Credit Risk

The System's operating cash is part of WWU's internal investment pool. The pool is invested in demand deposits, time certificates of deposit, the Washington State Local Government Investment Pool (LGIP), Commercial Paper and U.S. Treasury and Agency securities. The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission (17CFR.270.2a-7). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk. The LGIP is an unrated investment pool. Bank balances (including time certificates of deposit) are insured by the Federal Deposit Insurance Corporation (FDIC) or by a collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). Commercial paper is rated A1+/P1 and US Treasury and Agency Securities are rated AA+/Aaa by Standard and Poors and Moody's.

WWU manages its exposure to fair value losses in the internal investment pool by targeting the portfolio duration to 2.25 years and limiting the weighted average maturity to a maximum of three years. WWU generally does not invest operating funds in securities maturing more than five years from the date of purchase.

Fair Value Measurement and Application

Fair Value Measurement and Application establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;

Level 2 -Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities;

Level 3 - Unobservable inputs that are significant to the fair value measurement.

The System's restricted investments of \$6,838,822 and \$29,971,571 in FY 2019 and FY 2018 respectively are restricted for unspent bond proceeds and renewals and replacements and are separately invested in time certificates of deposit and U.S. Treasury and Agency securities and cash equivalents.

HOUSING AND DINING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

	Fair Value Measurements as of June 30, 2019 using:				
	Quoted Prices in	Significant Other	Significant	Total	Weighted
	Active Markets for				
	Identical Assets	Level 2	Inputs Level 3	(in years)	Maturity
Level 1					
Cash and Cash Equivalents	\$3,879,273	\$ -	\$ -	\$3,879,273	0.003
Investments					
Certificates of deposit - restricted	1,608,913	-	-	1,608,913	1.241
U.S. Agencies - restricted	-	1,529,483	-	1,529,483	4.104
Bond Inv. Cash & Cash Equivalents	2,700,996	-	-	2,700,996	0.003
Bond Inv. US Treasuries	-	999,430	-	999,430	0.041
Certificates of deposit	677,996	-	-	677,996	0.532
Corporate	1,022,785	-	-	1,022,785	1.837
U.S. Treasuries	-	2,541,837	-	2,541,837	1.049
U.S. Agencies	-	6,485,147	-	6,485,147	2.040
	<u>\$9,889,963</u>	<u>\$11,555,897</u>	<u>\$ -</u>	<u>\$21,445,860</u>	

	Fair Value Measurements as of June 30, 2018 using:				
	Quoted Prices in	Significant Other	Significant	Total	Weighted
	Active Markets for				
	Identical Assets	Level 2	Inputs Level 3	(in years)	Maturity
Level 1					
Cash and Cash Equivalents	\$1,677,194	\$ -	\$ -	\$1,677,194	0.003
Investments					
Certificates of deposit - restricted	1,608,913	-	-	1,608,913	2.241
U.S. Treasuries - restricted	-	1,128,707	-	1,128,707	0.679
U.S. Agencies - restricted	-	385,655	-	385,655	1.321
Bond Inv. Cash & Cash Equivalents	4,728,475	-	-	4,728,475	0.003
Bond Inv. US Treasuries	-	17,622,070	-	17,622,070	0.366
Bond Inv. US Agencies	-	4,497,750	-	4,497,750	0.794
Certificates of deposit	682,878	-	-	682,878	1.532
Commercial Paper	170,331	-	-	170,331	0.227
Corporate	1,004,879	-	-	1,004,879	2.819
U.S. Treasuries	-	5,250,704	-	5,250,704	0.672
U.S. Agencies	-	7,026,523	-	7,026,523	2.213
	<u>\$9,872,670</u>	<u>\$35,911,409</u>	<u>\$ -</u>	<u>\$45,784,079</u>	

HOUSING AND DINING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 3. CAPITAL ASSETS, NET

The depreciation expense for the years ended June 30, 2019 and 2018 was \$5,449,490 and \$6,994,252, respectively.

Following are the changes in capital assets for the year ended June 30, 2019:

Description	June 30, 2018	Additions	Reductions	June 30, 2019
Non-depreciable capital assets				
Construction in progress	\$14,198,347	\$27,878,633	-	\$42,076,981
Total non-depreciable capital assets	14,198,347	27,878,633	-	42,076,981
Depreciable capital assets				
Buildings	136,125,120	-	-	136,125,120
Buildings improvements	33,917,366	488,089	-	34,405,455
Furniture, fixtures, and equipment	8,164,384	146,078	(113,805)	8,196,657
Infrastructure	4,492,564	-	-	4,492,564
Total depreciable capital assets	182,699,434	634,167	(113,805)	183,219,796
Less Accumulated Depreciation				
Buildings	61,720,221	3,292,528	-	65,012,750
Buildings improvements	15,823,136	1,599,807	-	17,422,942
Furniture, fixtures, and equipment	6,583,767	465,522	(99,121)	6,950,168
Infrastructure	2,263,954	91,633	-	2,355,587
Total accumulated depreciation	86,391,077	5,449,490	(99,121)	91,741,448
Capital assets, net	110,506,703	\$23,063,310	(14,684)	\$133,555,329

Following are the changes in capital assets for the year ended June 30, 2018:

Description	June 30, 2017	Additions	Reductions	June 30, 2018
Non-depreciable capital assets				
Construction in progress	\$8,912,369	\$13,389,456	(\$8,103,480)	\$14,198,347
Total non-depreciable capital assets	8,912,369	13,389,456	(8,103,480)	14,198,347
Depreciable capital assets				
Buildings	125,754,087	10,371,033	-	136,125,120
Buildings improvements	33,917,366	-	-	33,917,366
Furniture, fixtures, and equipment	7,831,738	332,646	-	8,164,384
Infrastructure	4,492,564	-	-	4,492,564
Total depreciable capital assets	171,995,755	10,703,679	-	182,699,434
Less Accumulated Depreciation				
Buildings	57,066,801	4,653,420	-	61,720,221
Buildings improvements	14,096,701	1,726,435	-	15,823,136
Furniture, fixtures, and equipment	6,073,701	510,066	-	6,583,767
Infrastructure	2,159,622	104,331	-	2,263,954
Total accumulated depreciation	79,396,825	6,994,252	-	86,391,077
Capital assets, net	\$101,511,299	\$17,098,883	(\$8,103,480)	\$110,506,703

NOTE 4. NON-CURRENT LIABILITIES

BONDS:

In accordance with bond covenants, a Renewal and Replacement (R&R) Fund has been established to pay extraordinary operating and maintenance expenses; to make capital replacements, expansions, additions, repairs and renewals of the System; and to pay bond principal and interest to the extent other funds are not legally available. The balance of the R&R Fund must equal at least 5% of the principal balance of outstanding bonds.

Bond covenants also require that the System pledge net revenue (as defined) in each fiscal year at least equal to the greater of (i) 125% of the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest) on outstanding bonds, or (ii) amounts required to be deposited during such fiscal year from net revenues into debt service and reserve funds established for outstanding bonds and into the R&R Fund, but excluding from each of the foregoing, payments made from refunding debt and capitalized debt service.

HOUSING AND DINING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Series 2018B Housing and Dining Revenue Bonds (original issue price of \$33,680,000) with interest rates ranging from 3.0% to 4.0% and principal payments due in annual amounts ranging from \$895,000 to \$2,050,000 through April 1, 2043. The Series 2018B bonds have an aggregate face value of \$33,265,000 at June 30, 2019 which is reported net of the unamortized original issues premium of \$994,734.	\$34,259,734	\$ 34,747,725
Series 2018A Housing and Dining Revenue and Refunding Bonds (original issue price of \$10,695,000) with interest rates ranging from 3.0% to 5.0% and principal payments due in annual amounts ranging from \$350,000 to \$985,000 through April 1, 2034. The Series 2018A bonds have an aggregate face value of \$10,695,000 at June 30, 2019 which is reported net of the unamortized original issues premium of \$1,035,035.	11,730,035	11,856,271
Series 2015 Housing and Dining Refunding Bonds (original issue price of \$13,435,000) with an interest rate of 5.0% and principal payments due in annual amounts ranging from \$1,130,000 to \$1,530,000 through October 31, 2026. The Series 2015 bonds have an aggregate face value of \$9,240,000 at June 30, 2019 which is reported net of the unamortized original issues premium of \$863,294.	10,103,294	11,423,376
Series 2012 Revenue and Refunding Bonds (original issue price of \$9,205,000) with interest rates ranging from 3.0% to 5.0% and principal payments due in annual amounts ranging from \$790,000 to \$980,000 through October 31, 2023. The Series 2012 bonds have an aggregate face value of \$4,395,000 at June 30, 2019 which is reported net of the unamortized original issues premium of \$109,915.	4,504,915	5,417,133
Series 2009 A & B Housing and Dining Revenue Bonds (original issue price of \$12,835,000). Final principal payment was made in April 2019.	-	360,000
Series 1998 Housing and Dining Junior Lien Revenue Refunding Bonds (original issue price of \$17,225,000) with an interest rate of 5.5%, and principal payments due in annual amounts that range from \$720,000 to \$1,270,000 through October 1, 2022. The Series 1998 bonds have an aggregate face value of \$4,350,000 at June 30, 2019, which is reported net of the unamortized original issue premium of \$16,323.	4,366,323	5,457,008
	<u>64,964,300</u>	<u>69,261,513</u>
Less current portion	<u>(4,400,000)</u>	<u>(3,805,000)</u>
	<u>\$60,564,300</u>	<u>\$65,456,513</u>

HOUSING AND DINING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

Following are the changes in non-current liabilities for the year ended June 30, 2019:

Non-current Liabilities	June 30, 2018	Additions	Reductions	June 30, 2019	Current Portion
BONDS PAYABLE					
Series 2018B Revenue Bonds	\$33,680,000	-	(\$415,000)	\$33,265,000	\$895,000
Series 2018A Refunding Bonds	10,695,000	-	-	10,695,000	350,000
Series 2015 Refunding Bonds	10,330,000	-	(1,090,000)	9,240,000	1,130,000
Series 2012 Refunding Bonds	5,255,000	-	(860,000)	4,395,000	875,000
Series 2009 Revenue Bonds	360,000	-	(360,000)	-	-
Series 1998 Junior Lien Revenue Refunding	5,430,000	-	(1,080,000)	4,350,000	1,150,000
	65,750,000	-	(3,805,000)	61,945,000	4,400,000
Plus unamortized premium	3,511,513	-	(492,212)	3,019,301	-
Less unamortized discount	-	-	-	-	-
Total Bonds Payable	69,261,513	-	(4,297,212)	64,964,301	4,400,000
Compensated Absences	370,592	22,060	-	392,652	-
Pension Liabilities	1,486,191	-	(196,509)	1,289,682	-
OPEB Liability	3,577,005	-	(297,061)	3,279,944	-
Total Non-current liabilities	\$74,695,302	\$22,060	(\$4,790,782)	69,926,579	\$4,400,000

Following are the changes in non-current liabilities for the year ended June 30, 2018:

Non-current Liabilities	June 30, 2017	Additions	Reductions	June 30, 2018	Current Portion
BONDS PAYABLE					
Series 2018B Revenue Bonds	\$ -	\$33,680,000	-	\$33,680,000	\$415,000
Series 2018A Refunding Bonds	-	10,695,000	-	10,695,000	-
Series 2015 Refunding Bonds	\$11,400,000	\$ -	(\$1,070,000)	\$10,330,000	\$1,090,000
Series 2012 Refunding Bonds	6,095,000	-	(840,000)	5,255,000	860,000
Series 2009 Revenue Bonds	12,180,000	-	(11,820,000)	360,000	360,000
Series 1998 Junior Lien Revenue Refunding	6,460,000	-	(1,030,000)	5,430,000	1,080,000
	36,135,000	44,375,000	(14,760,000)	65,750,000	3,805,000
Plus unamortized premium	1,597,103	2,315,611	(401,201)	3,511,513	-
Less unamortized discount	-	-	-	-	-
Total Bonds Payable	37,732,103	46,690,611	(15,161,201)	69,261,513	3,805,000
Compensated Absences	370,855	(263)	-	370,592	-
Pension Liabilities	1,997,024	-	(510,833)	1,486,191	-
OPEB Liability	3,663,726	(86,721)	-	3,577,005	-
Total Non-current liabilities	43,763,708	46,603,627	(\$15,672,034)	74,695,302	\$3,805,000

Total interest incurred on bonds payable for the years ended June 30, 2019 and June 30, 2018 was \$2,842,958 and \$2,352,618, respectively.

HOUSING AND DINING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

The principal and interest maturities of bonds payable for years ending June 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	4,400,000	2,498,031	6,898,031
2021	4,600,000	2,296,031	6,896,031
2022	4,825,000	2,080,156	6,905,156
2023	4,415,000	1,874,156	6,289,156
2024	3,770,000	1,692,531	5,462,531
2025-2029	12,560,000	6,371,405	18,931,405
2030-2034	11,510,000	4,208,781	15,718,781
2035-2039	8,130,000	2,524,050	10,654,050
2040-2044	7,735,000	788,800	8,523,800
	<u>61,945,000</u>	<u>24,333,941</u>	<u>\$86,278,941</u>
Plus unamortized premiums	<u>3,019,301</u>		
	<u>\$64,964,301</u>		

NOTE 5. COMMITMENTS

The System regularly enters into contracts and purchase orders that commit fund balances for future purchases of goods and services. At June 30, 2019 and 2018, these commitments totaled \$10,227,525 and \$33,265,116 respectively, for all funds.

NOTE 6. PENSION PLANS

WWU offers four contributory pension plans: 1) the Washington State Public Employees' Retirement System (PERS) plans, 2) the Washington State Teachers Retirement System (TRS) plans, 3) the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) plan and 4) the Western Washington University Retirement plan (WWURP).

Housing and Dining employees in eligible positions are participants in the PERS and WWURP plans. PERS is a cost sharing multiple-employer defined benefit pension plan administered by the State of Washington Department of Retirement Systems (DRS). WWURP is a single-employer defined contribution plan with a supplemental defined benefit plan component privately administered by WWU.

Housing and Dining's proportionate share of WWU's share of the total net unfunded liabilities associated with the defined-benefit pension plans administered by the DRS was \$926,264 as of June 30, 2019 and \$1,217,122 as of June 30, 2018. The liability associated with the defined-benefit pension plan administered by WWU was \$363,419 as of June 30, 2019 and \$269,069 as of June 30, 2018. The total pension expense recorded by the System related to both the DRS and University plans was \$154,647 and \$9,613 for the years ended June 30, 2019 and 2018 respectively.

PLANS ADMINISTERED BY DRS

PLAN DESCRIPTION:

Public Employees' Retirement System

PERS retirement benefit provisions are contained in chapters 41.34 and 41.40 of the Revised Code of Washington (RCW). PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. PERS members include higher education employees not participating in other higher education retirement programs.

VESTING AND BENEFITS PROVIDED:

PERS Plan 1

PERS Plan 1 provides retirement, disability, and death benefits to eligible members. This plan is closed to new entrants. All members are vested after the completion of five years of eligible service. The monthly benefit is 2.0% of the average final compensation (AFC) for each year of service credit, up to a maximum of 60.0%. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

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. 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. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

PERS Plan 2/3

PERS 2/3 provides retirement, disability and death benefits. PERS Plan 2 members are vested after completing five years of eligible service. PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Defined Retirement benefits are determined as 2.0% of the member's AFC times the member's years of service for Plan 2 and 1.0% of the AFC times the member's years of service for Plan 3. The AFC is the average of the member's 60 highest paid consecutive months. There is no cap on years of service credit.

Members are eligible for normal retirement at the age of 65 with five years of service. Members have the option to retire early with reduced benefits. Members may elect to receive an optional cost of living allowance

(COLA) amount based on the Consumer Price Index, capped at 3 percent annually. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

FIDUCIARY NET POSITION:

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

The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB- adopted investment policies for the various asset classes in which the WSIB invests. Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS system and plan was funded by an employer rate of 0.18% of employee salaries.

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

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on University's auxiliary units. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on Housing & Dining's financial statements.

The total pension liability for each of the plans was determined using the most recent actuarial valuation completed by the Washington State Office of the State Actuary (OSA). WWU's 2018 pension liability is based on the OSA valuation performed as of June 30, 2016, with the results rolled forward to the measurement date of June 30, 2017. Besides the discount rate, 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. These assumptions reflect the results of OSA's 2007-2012 Experience Study and the 2015 Economic Experience Study. The following actuarial assumptions have been applied to all prior periods included in the measurement:

- **Inflation:** 2.75% total economic inflation; 3. 50% salary inflation
- **Salary Increases:** salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.40%

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

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.

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, 2017 are summarized in the following table:

2019 - Measurement date 2018		
Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	20%	1.70%
Tangible Assets	7%	4.90%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
Total	100%	

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.

DISCOUNT RATE:

The discount rate used to measure the total pension liabilities was 7.40 percent, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.40 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.40 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 and TRS 2/3 employers whose rates include a component for the PERS Plan 1 and TRS Plan 1 unfunded actuarial accrued liabilities). Based on those assumptions, the various pension plan's fiduciary net positions were 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 percent on pension plan investments was applied to determine the total pension liability for each plan.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE:

The following table presents Housing & Dining's net pension liability position by plan calculated using the discount rate of 7.40 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.0% point lower (6.40%) or 1.0% point higher (8.40%) than the current rate.

Discount Rate Sensitivity - Net Pension Liability					
(\$ in thousands)					
Plan	2019				
	1% Decrease		Current	1% Increase	
	6.4%		Discount Rate	8.4%	
			7.4%		
PERS 1	\$	764	\$	622	\$ 499
PERS 2/3		1,392		304	(587)

EMPLOYER CONTRIBUTION RATES:

Employer contribution rates are developed in accordance with Chapter 41.45 of the RCW by the OSA. The statute provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates.

Required Contribution Rates

The required contribution rates expressed as a percentage of current year covered payroll are shown below. The University and the employees made the required contributions.

	Contribution Rates					
	7/1/2017 thru 6/30/2018		7/1/2018 thru 8/31/2018		9/1/2018 thru 6/30/2019	
	Employee	University	Employee	University	Employee	University
PERS						
Plan 2	7.38%	12.70%	7.38%	12.70%	7.41%	12.83%
Plan 3	5.00-15.00% **	12.70% *	5.00-15.00% **	12.70% *	5.00-15.00% **	12.83% *

PERS 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability (UAAL)

*Plan 3 defined benefit portion only.

**Variable from 5% to 15% based on rate selected by the member.

University contribution rate includes an administrative expense rate of 0.0018.

The University's required contributions for the years ending June 30 are as follows:

	Required Contributions	
	FY 2018	FY 2019
PERS		
Plan 2	\$ 189,435	\$207,228
Plan 3	44,426	50,093

HOUSING & DINING PROPORTIONATE SHARE AND AGGREGATED BALANCES:

Collective pension amounts are determined as of a measurement date, which can be no earlier than an employer's prior fiscal year. The measurement date for the net pension liabilities recorded by the System as of June 30, 2019 and 2018 was June 30, 2018 and 2017 (one year in arrears.) Employer contributions received and processed by the DRS during the measurement date fiscal year have been used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in their fiscal year ended June 30 Schedules of Employer and Non-employer Allocations. Housing & Dining's proportional share of

HOUSING AND DINING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

WWU's share from DRS of the aggregated balance of net pension liabilities as of June 30, 2019 and June 30, 2018 is presented in the table below.

Proportionate Share of WWU's share	PERS 1	PERS 2/3	
2019	4.5073%	4.7109%	
2018	4.2084%	4.4807%	

Aggregate Pension Amounts			
	PERS 1	PERS 2/3	Total
Net Pension Liability June 30, 2019	\$ 622,041	\$ 304,222	\$ 926,264
Net Pension Liability June 30, 2018	626,778	590,344	1,217,122

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES:

The tables below summarize Housing & Dining's expense, deferred outflows of resources and deferred inflows of resources related to the DRS pension plans, together with the related future year impacts to pension expense from amortization of those deferred amounts. Note that deferred outflows of resources related to the Housing & Dining's contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the following year, and are not amortized to pension expense.

Proportionate Share of Pension Expense			
	PERS 1	PERS 2/3	Total
Year Ended June 30, 2019	\$ 85,144	\$ 43,688	\$ 128,833
Year Ended June 30, 2018	(2,637)	84,328	81,691

Amounts reported as deferred outflows of resources, exclusive of contributions subsequent to the measurement date, and deferred inflows of resources will be recognized in pension expense in future periods as follows:

HOUSING AND DINING SYSTEM
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June 30, 2019 and 2018

Deferred Outflows of Resources

2019	PERS 1	PERS 2/3	Total
Difference between expected and actual experience	\$ -	\$ 37,290	\$ 37,290
Changes of assumptions	-	3,559	\$ 3,559
Change in proportion	-	10,016	\$ 10,016
Contributions subsequent to the measurement date	102,045	155,276	\$ 257,321
TOTAL	\$ 102,045	\$ 206,141	\$ 308,186

Deferred Inflows of Resources

2019	PERS 1	PERS 2/3	Total
Difference between expected and actual experience	\$ -	\$ 53,264	\$ 53,264
Change in assumptions	-	86,579	\$ 86,580
Net difference between projected and actual earnings on pension plan investments	24,720	186,685	\$ 211,405
Change in proportion	-	16,454	\$ 16,454
TOTAL	\$ 24,720	\$ 342,981	\$ 367,702

Amortization of Deferred Outflows and Deferred Inflows of Resources

YEAR	PERS 1	PERS 2/3	Total
2020	\$ 1,081	\$ (24,392)	\$ (23,311)
2021	\$ (5,404)	\$ (63,328)	\$ (68,733)
2022	\$ (16,215)	\$ (116,853)	\$ (133,068)
2023	\$ (4,182)	\$ (44,899)	\$ (49,081)
2024	\$ -	\$ (18,247)	\$ (18,247)
Thereafter	\$ -	\$ (24,398)	\$ (24,398)
TOTAL	\$ (24,720)	\$ (292,116)	\$ (316,836)

Deferred Outflows of Resources			
2018	PERS 1	PERS 2/3	Total
Difference between expected and actual experience	\$ -	\$ 59,816	\$ 59,816
Changes of assumptions	-	6,271	\$ 6,271
Change in proportion	-	20,713	\$ 20,713
Contributions subsequent to the measurement date	88,551	145,309	\$ 233,860
TOTAL	\$ 88,551	\$ 232,109	\$ 320,660

Deferred Inflows of Resources			
2018	PERS 1	PERS 2/3	Total
Difference between expected and actual experience	\$ -	\$ 19,415	\$ 19,415
Net difference between projected and actual earnings on pension plan investments	23,390	157,372	\$ 180,762
Change in proportion	-	17,627	\$ 17,627
TOTAL	\$ 23,390	\$ 194,414	\$ 217,804

PLANS ADMINISTERED BY WESTERN WASHINGTON UNIVERSITY

Western Washington University Retirement Plan (WWURP)

PLAN DESCRIPTION:

The WWURP is a defined contribution single employer pension plan with a supplemental payment when required. The plan covers faculty, professional staff, and certain other employees. It is administered by WWU. WWU's Board of Trustees is authorized to establish and amend benefit provisions.

Contributions to the plan are invested in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Benefits from fund sponsors are available upon separation or retirement at the member's option. Employees have at all times a 100% vested interest in their accumulations. The number of participants in the WWURP as of June 30, 2019 and 2018 was 1,187 and 1,139 respectively.

FUNDING POLICY:

Employee contribution rates, which are based on age, range from 5% to 10% of salary. WWU matches 100% of the employee contributions. All required employer and employee contributions have been made and the

HOUSING AND DINING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

breakdown of the Housing & Dining’s proportional share of the WWURP contributions are included in the table below for the years ended June 30.

	<u>2019</u>	<u>2018</u>
Contributions made by:		
Employees	\$ 108,919	\$ 99,293
University	108,952	99,295

Western Washington University Supplemental Retirement Plan (WWUSRP)

PLAN DESCRIPTION:

WWUSRP, the supplemental component of the WWURP plan, is a defined benefit plan administered by WWU and operates in tandem with the WWURP defined contribution pension plan to supplement the expected defined-contribution retirement savings accumulated under the WWURP. The plan covers faculty and certain other positions. The WWUSRP, the supplemental component of the WWURP, was closed to new entrants as of July 1, 2011.

PLAN MEMBERSHIP:

Membership of the total Western Washington University Supplemental Retirement Plan consisted of the following at June 30, the date of the latest actuarial valuation for the plan:

WWUSRP	Number of Participating Members			
	Inactive Mem bers (Or Beneficiaries)	Inactive Mem bers Entitled To But Not	Active	Total
	Currently Receiv ng Benefits	Yet Receiv ng Benefits	Mem bers	Mem bers
2018	63	21	562	646
2016	48	1	646	695

This same census data was used for both the FY 2019 and FY 2018 Total Pension Liability actuarial valuations.

VESTING AND BENEFITS PROVIDED:

This supplemental component payment plan determines a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. This supplemental component is financed on a pay-as-you-go basis. WWU makes direct payments to qualified retirees when the retirement benefit provided by the fund sponsor does not meet the benefit goal.

WWSRP retirement benefits provisions are contained in RCW 28B.10.400, et. seq. which assigns the authority to establish and amend benefit provisions to the Western Washington University Board of Regents. Members are

eligible to receive benefits under this plan at age 62 with 10 years of credited service. The monthly amount of benefits payable at the time of retirement is the excess of one-twelfth of 2.0% of the member's average annual salary multiplied by the number of years of service (such product not to exceed one-twelfth of 50.0% of the member's average annual salary) over an assumed annuity benefit.

Assumed income must be calculated by an independent actuary, and represents a theoretical amount of monthly income that would have been generated if actual employee and WWU contributions to the WWURP had been allocated equally between fixed and variable dollar annuities. When the goal income exceeds the assumed income, the participant is entitled to benefits under this plan. The System's proportional share of the total University benefit payments made during the fiscal years ended June 30, 2019 and 2018 were \$5,643 and \$4,876 respectively.

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on the University's auxiliary units. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on Housing & Dining's financial statements.

The total pension liability was determined by an actuarial valuation as of June 30, 2016, with the results rolled forward to the June 30, 2019, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

- **Inflation:** 2.75%
- **Salary Increases:** 3.50%
- **Discount Rate:** 3.50%

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the April 2016 Experience Study Report.

The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

The following presents Housing & Dining's proportional share of the pension liability for the WWUSRP for WWU as an employer, calculated using the discount rate of 3.50%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.0% point lower (2.50%) or 1.0% point higher (4.50%) than the current rate.

WWUSRP	
Total Pension Liability	
Discount Rate Sensitivity	
1% Decrease: 2.50%	\$414,336
Current Discount Rate: 3.50%	\$363,419
1% Increase: 4.50%	\$320,930

Material assumption changes during the measurement period included first, updating the GASB Statement No. 73 discount rate from 3.87% to 3.50% (decreased the TPL), and secondly, the CREF Stock Account returned about 5% for FY 2019, which is lower than the assumed return of 6.50%. Lower than expected returns on TIAA and CREF investments lead to greater supplemental benefits.

TOTAL PENSION LIABILITY (TPL):

Assets set aside to pay WWUSRP benefits are not held in a qualified trust as defined by GASB. A qualified trust requires that contributions from employers be irrevocable, dedicated to providing pension benefits to plan members, and are legally protected from creditors of the employer and plan administrator. As a result, Housing & Dining reports the total WWUSRP pension liability. This is different from the DRS plans (PERS, TRS, and LEOFF2), which have trusted assets and, therefore, are reported as a net pension liability.

Schedule of Changes in Total Pension Liability

Beginning Balance - June 30,2017	\$	350,077
Service Cost	\$	32,133
Interest		36,493
Differences Between Expected and Actual Experience		(97,401)
Changes in Assumptions		(35,708)
Benefits Payments		(16,524)
Net Change in Total Pension Liability FY 18		<u>(81,008)</u>
Balance as of June 30,2018		269,069
Service Cost		8,558
Interest		12,813
Differences Between Expected and Actual Experience		35,674
Changes in Assumptions		43,828
Benefits Payments		(6,523)
Net Change in Total Pension Liability FY 19		<u>94,350</u>
Ending Balance - June 30,2019	\$	<u>363,419</u>

Housing & Dining's proportionate share of the WWUSRP pension expense for the fiscal years ended June 30, 2019 and 2018 was \$ 25,814 and \$ (72,078) respectively.

DEFERRED INFLOWS OF RESOURCES:

The tables below summarize Housing & Dining’s deferred outflows and inflows of resources related to the WWUSRP, together with the related future year impacts to pension expense from amortization of those deferred amounts:

Deferred Outflows of Resources		
	2019	2018
Difference between expected and actual experience	\$ 26,332	\$ -
Changes of assumptions	32,354	-
TOTAL	\$ 58,686	\$ -

Deferred Inflows of Resources		
	2019	2018
Difference between expected and actual experience	\$ 61,293	\$ 72,421
Changes of assumptions	23,899	28,265
TOTAL	\$ 85,192	\$ 100,686

Amortization of Deferred Outflows and Deferred Inflows of Resources

Year	
2019	\$ (10,135)
2020	(10,135)
2021	(10,135)
2022	(5,672)
2023	4,718
Thereafter	4,852
TOTAL	\$ (26,506)

NOTE 7. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

PLAN DESCRIPTION:

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

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

The health care premiums for active employees, which are paid by the agency during employees' working careers, subsidize the "underpayments" of the retirees. An additional factor in the OPEB obligation is a payment that is required by the State Legislature to reduce the premiums for retirees covered by Medicare (an "explicit subsidy"). For fiscal years 2019 and 2018, this amount is the lesser of \$150 or 50% of the plan premium per retiree eligible for parts A and B of Medicare, per month. This is also passed through to State agencies via active employees rates charged to the agency.

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 the 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. As of June 2018 and 2017, the total University's headcount percentage membership in the PEBB plan consisted of the following:

OPEB Plan Participants				
FYE	Active Employees	Retirees Receiving Benefits	Retirees Not Receiving Benefits	Total Participants
2017	1992	683	97	2772
2018	2016	727	97	2840

There is no formal State or University plan that underlies the subsidy of retiree health and life insurance. An actuarial study performed by the Washington Office of the State Actuary (OSA) calculated the total OPEB actuarial accrued liability of the State of Washington at January 1, 2017.

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on the University's auxiliary units. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on Housing & Dining's financial statements.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement period:

- **Inflation:** 2.75%
- **Salary Increases:** 3.50% including service-based salary increases
- **Health Care Trend Rates:** Initial rate of 8.00% adjusting to 4.50% in 2080
- **Post-retirement Participation:** 65.00%
- **Spouse Coverage:** 45.00%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100.0% Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

In order to calculate the beginning total OPEB liability balance under GASB Statement No. 75, the January 1, 2017 actuarial valuation was projected backwards to the measurement date of June 30, 2016, while the ending balance was determined by projecting the January 1, 2017 valuation forward to June 30, 2017. Both the forward and backward projections reflect the plan’s service cost, assumed interest, and the expected benefit payments.

The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index. A discount rate of 3.58% was used for the June 30, 2017 measurement date and 3.87% for the June 30, 2018 measurement date.

The following presents Housing & Dining’s proportional share of the total University OPEB liability, calculated using the discount rate of 3.87%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current rate.

Total OPEB Liability	
Discount Rate Sensitivity	
1% Decrease	\$3,954,840
Current Discount Rate - 3.87%	\$3,279,943
1% Increase	\$2,753,377

The following represents the total OPEB liability of Housing & Dining calculated using the health care trend rates of 8.00% decreasing to 4.50%, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (7.00% decreasing to 3.50%) or 1 percentage point higher (9.00% decreasing to 5.50%) than the current rate:

Total OPEB Liability	
Health Care Cost	
Trend Rate Sensitivity	
1% Decrease	\$2,692,515
Current Discount Rate - 8.00%	\$3,279,943
1% Increase	\$4,061,110

HOUSING AND DINING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

TOTAL OPEB LIABILITY:

As of June 30, 2019 and 2018, components of the proportionate share calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for Housing & Dining are represented in the following table:

FY19 Proportionate Share of WWU's share		3.973147%
FY18 Proportionate Share of WWU's share		3.802895%
Schedule of Changes in Total OPEB Liability		
Total OPEB Liability	2019	2018
Service cost	\$133,241	\$90,045
Interest	91,602	42,178
Changes of benefit terms	-	-
Differences between expected & actual experience	83,615	-
Changes in assumptions	(583,308)	(205,746)
Benefit payments	(38,688)	(21,495)
Change in Proportionate share	16,475	8,297
Other	-	-
Net Change in Total OPEB Liability	(\$297,061)	(\$86,721)
Total OPEB Liability - Beginning	\$3,577,005	\$3,663,726
Total OPEB Liability - Ending	3,279,944	\$3,577,005

Housing & Dining's proportionate share of OPEB expense for the fiscal years ended June 30, 2019 and 2018 were \$381,100 and \$ 441,571 respectively.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

The tables below summarize Housing & Dining's deferred outflows and inflows of resources related to OPEB, together with the related future year impacts to expense from amortization of those deferred amounts:

HOUSING AND DINING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

Deferred Outflows of Resources

	2019		2018
Change in proportion	42,402	\$	19,560
Difference between expected and actual experience	114,391		
Transactions subsequent to the measurement date	60,223		56,608
TOTAL	\$ 217,016	\$	76,169

Deferred Inflows of Resources

	2019		2018
Changes of assumptions	\$1,251,306		\$492,520
TOTAL	\$ 1,251,306	\$	492,520

Amortization of Deferred Outflows and Deferred Inflows of Resources

Year	
2020	\$ (144,603)
2021	(144,603)
2022	(144,603)
2023	(144,603)
2024	(144,603)
Thereafter	(371,498)
TOTAL	\$ (1,094,513)

NOTE 8. SUBSEQUENT EVENT

On August 23, 2019, the Board of Trustees of Western Washington University approved resolution number 2019-04 authorizing the issuance and sale of Housing and Dining System revenue bonds in the principal amount not to exceed \$75,000,000 with a maximum interest rate of 4.5%

RSI

REQUIRED SUPPLEMENTARY INFORMATION

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Housing and Dining System’s Proportionate Share of the Net Pension Liability

Schedule of Housing and Dining System Proportionate Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 1 Measurement Date ended June 30 *					
	2014	2015	2016	2017	2018
Housing & Dining System PERS 1 employers' proportion of the net pension liability	0.016016%	0.014712%	0.014101%	0.013209%	0.013928%
Housing & Dining System PERS 1 employers' proportionate share of the net pension liability	\$1,157,409	\$769,578	\$757,281	\$626,778	\$622,041
Housing & Dining System PERS 1 employers' covered-employee payroll	\$1,668,417	\$1,607,762	\$1,657,525	\$1,608,185	\$1,826,650
Housing & Dining System PERS 1 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	69.37%	56.37%	43.13%	38.97%	34.05%
Plan fiduciary net position as a percentage of the total pension liability	61.19%	59.10%	57.03%	61.24%	63.22%
* This schedule is to be built prospectively until it contains ten years of data.					

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

**HOUSING AND DINING SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2019 and 2018

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Housing and Dining System's Proportionate Share of the Net Pension Liability

Schedule of Housing and Dining System Proportionate Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 2/3 Measurement Date ended June 30 *					
	2014	2015	2016	2017	2018
Housing & Dining PERS 2/3 employers' proportion of the net pension liability	0.017383%	0.017106%	0.017670%	0.016991%	0.017818%
Housing & Dining System PERS 2/3 employers' proportionate share of the net pension liability	\$351,380	\$611,214	\$889,666	\$590,345	\$304,222
Housing & Dining System PERS 2/3 employers' covered-employee payroll	\$1,496,262	\$1,516,820	\$1,681,103	\$1,666,293	\$1,876,389
Housing & Dining System PERS 2/3 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	23.48%	39.49%	52.92%	35.43%	16.21%
Plan fiduciary net position as a percentage of the total pension liability	93.29%	89.20%	85.82%	90.97%	95.77%
* This schedule is to be built prospectively until it contains ten years of data.					

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

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Housing and Dining System’s Proportionate Share of the WWUSRP Total Pension Liability

Schedule of WWU's Total Pension Liability				
WWUSRP - Housing & Dining				
Fiscal Year ended June 30*				
<i>(dollars in thousands)</i>				
	2016	2017	2018	2019
WWUSRP total pension liability	\$379	\$350	\$269	\$363
WWU URP employers' covered-employee payroll	\$467	\$486	\$500	\$499
WWUSRP total pension liability as a percentage of its covered-employee payroll	81.07%	71.99%	53.81%	72.81%
*This schedule is to be built prospectively until it contains ten years of data.				

**HOUSING AND DINING SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2019 and 2018

PENSION PLAN INFORMATION

Cost Sharing Employer Plans
Schedule of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30 <i>Housing and Dining System</i>									
Fiscal Year	Contractually Required Contributions	Contributions related to covered payroll of employees Participating in PERS plan 1	UAAL Contributions related to covered payroll of employees Participating in PERS plan 2/3	Total Contributions in relation to the Actuarially Determined Contributions	Contribution deficiency (excess)	Covered payroll of employees participating in PERS 1	Covered payroll of employees participating in PERS 2/3	Total Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2015	\$67,849	\$6,987	\$60,862	\$67,849	\$0	\$62,902	\$1,544,860	\$1,607,762	4.22%
2016	\$79,994	\$1,725	\$78,269	\$79,994	\$0	\$56,705	\$1,600,821	\$1,657,525	4.83%
2017	\$79,456	\$0	\$79,456	\$79,456	\$0	\$43,181	\$1,565,004	\$1,608,185	4.94%
2018	\$93,100	\$0	\$93,100	\$93,100	\$0	\$31,355	\$1,795,295	\$1,826,650	5.10%
2019	\$102,045	\$0	\$102,045	\$102,045	\$0	\$4,506	\$1,330,922	\$1,335,428	7.64%
2020									
2021									
2022									
2023									
2024									

Notes:
This schedule will be built prospectively until they contain ten years of data.

PENSION PLAN INFORMATION

Cost Sharing Employer Plans
Schedule of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30 <i>Housing and Dining System</i>					
Fiscal Year	Contractually Required Contributions	Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2015	\$83,163	\$83,163	\$0	\$1,547,592	5.37%
2016	\$105,012	\$105,012	\$0	\$1,681,103	6.25%
2017	\$106,724	\$106,724	\$0	\$1,666,293	6.40%
2018	\$140,761	\$140,761	\$0	\$1,876,389	7.50%
2019	\$155,276	\$155,276	\$0	\$1,370,045	11.33%
2020					
2021					
2022					
2023					
2024					

Notes:
This schedule will be built prospectively until they contain ten years of data.

PENSION PLAN INFORMATION

Cost Sharing Employer Plans
Schedule of Contributions

Schedule of Contributions WWUSRP Plan - Housing & Dining Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll	
2016	\$91,087	\$91,087	\$ -	\$466,976	19.51%	
2017	113,948	113,948	-	486,293	23.43%	
2018	99,295	99,295	-	500,066	19.86%	
2019	108,952	108,952	-	499,123	21.83%	
2020						
2021						
2022						
2023						
2024						
2025						

Notes:
This schedule will be built prospectively until they contain ten years of data.

OPEB INFORMATION

Cost Sharing Healthcare Plans

Schedule of Housing & Dining System's Change in Total OPEB Liability

Schedule of Housing and Dining System Changes in Total OPEB Liability		
Fiscal Year ended June 30 *		
	2018	2019
Total OPEB Liability-Beginning	\$3,663,726	\$3,577,005
Service Cost	\$90,045	\$133,243
Interest	\$42,178	\$91,602
Differences between expected and actual experience	\$0	\$83,615
Changes in assumptions	-\$205,746	-\$583,308
Benefits payments	-\$21,495	-\$38,688
Change in Proportionate share	\$8,297	\$16,475
Total OPEB liability-ending	<u>\$3,577,005</u>	<u>\$3,279,944</u>
Housing and Dining System employers' covered-employee payroll	\$3,257,555	\$3,567,358
Housing and Dining employers' proportionate share of total OPEB liability as a percentage of its covered-employee payroll	109.81%	91.94%
*This schedule is to be built prospectively until it contains ten years of data.		

OPEB INFORMATION

Cost Sharing Healthcare Plans
Schedule of Contributions

Schedule of Contributions Health Care - OPEB Fiscal Year Ended June 30 <i>Housing and Dining System</i>					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the		Covered-employee payroll	Contributions as a percentage of covered-employee payroll
		Contractually Required Contributions	Contribution deficiency (excess)		
2018	\$56,608	\$56,608	\$0	\$3,257,555	1.74%
2019	\$60,223	\$60,223	\$0	\$3,567,358	1.69%
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					

Notes:
This schedule will be built prospectively until they contain ten years of data.

OTHER INFORMATION

**SCHEDULE OF ROOM AND BOARD RATES
YEAR ENDED JUNE 30, 2019**

(Unaudited)

RESIDENCE HALLS

	Meals per Quarter			
	Unlimited	125	100	75
Room and Board Academic Year Contracts				
Double room/double occupancy	\$11,913	\$11,465	\$11,025	\$10,570
Single room/single occupancy	\$13,134	\$12,686	\$12,246	\$11,791
Double room/single occupancy (super single)	\$13,843	\$13,395	\$12,955	\$12,500
Triple room/triple occupancy	\$10,425	\$9,977	\$9,537	\$9,082

APARTMENTS

	Double with	Super Single	Family Rate
	2/bedroom	1/bedroom	
Apartment only Academic Year Contracts			
Birnam Wood - 2 Bedroom Units	\$3,780	\$7,545	\$15,114

**SCHEDULE OF OCCUPANCY
Year Ended June 30, 2019**

(Unaudited)

	OCCUPANCY CAPACITY		ACTUAL OCCUPANCY	ACTUAL OCCUPANCY AS A PERCENT OF	
	<u>Designed (1)</u>	<u>Operating (2)</u>		<u>Designed Capacity</u>	<u>Operating Capacity</u>
Fall 2018	4,275	4,144	4,107	96.1%	99.1%
Winter 2019	4,275	4,144	3,869	90.5%	93.4%
Spring 2019	<u>4,275</u>	<u>4,144</u>	<u>3,634</u>	<u>85.0%</u>	<u>87.7%</u>
Average	4,275	4,144	3,870	90.5%	93.4%

(1) Designed capacity is the number of students for which the Housing and Dining System was originally constructed and subsequently remodeled to accommodate.

(2) Operating capacity is the number of students that can effectively be accommodated in an academic quarter based on housing policies in effect for that quarter.

SCHEDULE OF INSURANCE COVERAGE FY 2019

WWU purchases buildings, contents and business interruption insurance for the Housing and Dining System through its participation in the State of Washington Master Property Insurance Program (APIP). The Housing and Dining System is responsible for 100% of its portion of the premium. Business interruption coverage is provided on earnings and rents from insured property and is included in the policy limits with a \$100,000,000 sub-limit. Other highlights of insurance coverage are as follows:

- Repair or replacement cost coverage for all scheduled buildings for “all risk” of direct physical loss or damage, including earthquake and flood.
- The policy limit is \$500,000,000 per occurrence, with an aggregate limit of \$100,000,000 for earthquake and flood damage, and \$100,000,000 sub-limit for business interruption. There is a \$250,000 deductible per occurrence that increases to 3% of the value of damaged property subject to a \$250,000 minimum for earthquake and flood damage.
- Equipment breakdown insurance (a.k.a. boiler and machinery insurance) – State of Washington Program, \$200,000,000 property damage limit subject to a \$5,000 deductible on covered equipment.
- Third-party bodily injury and property damage liability insurance – State funded self-insurance liability program SILP), \$10,000,000 per occurrence limit, with a commercial excess liability insurance policy above, and zero deductible.

The Housing and Dining System’s property insurance in effect at June 30, 2019 is summarized as follows:

	<u>Insured Value</u>
Ridgeway Residences and Commons	\$110,271,392
Fairhaven Residences and Commons	85,928,245
Buchanan Towers	62,117,562
Edens Hall and Edens Hall North	39,849,470
Viking Union, Additions and Commons	70,325,931
Birnam Wood Residences	60,978,545
Nash Hall	34,009,652
Mathes Hall	33,341,763
Higginson Hall	22,299,938
Commissary	20,769,989
Highland Hall	10,076,196
<u>Lakewood Student Center</u>	<u>2,826,491</u>
Building Insured Values	\$552,795,174
<u>Insured Contents</u>	<u>\$ 15,238,761</u>
Total System Values	\$568,033,935

EXPENDED FOR PLANT FACILITIES FY 2019 and FY 2018

Expenditures by the System to maintain and improve its facilities are listed below. Some of these projects are capitalized and increase the value of the System's buildings. Others are costs to maintain the buildings and infrastructure and are expensed.

	2019	2018
Capitalized Projects		
VU Multicultural Center	14,429,986	6,011,194
Buchanan Towers Renov	11,329,149	7,378,264
New Residence Planning	2,119,499	
Gamma Renovation		1,951,805
Other capitalizable	610,007	320,301
	<u>\$28,488,641</u>	<u>\$16,846,118</u>
Non-Capitalized Projects		
ADA Upgrades	621	10,930
Bathroom & Shower renovations	15,108	114,484
Stormwater & Site Drainage	27,148	
Painting	80,491	279,112
Equipment	18,894	31,170
Viking Union Projects	267,012	165,321
Fire Safety / Safety Corrections	230,547	201,647
Other Residence Planning	244,335	868,806
Plumbing, heating and electrical	278,273	207,358
Access Control	486,893	171,741
Network & WiFi projects	11,063	
Furniture & Carpet	665,541	260,956
Other	731,138	491,072
Roof Repair/Recoat/Replace	1,727,454	162,922
Moisture intrusion & Foundations		1,083,425
Deck Repair & Replacement		1,464,314
Birnam Wood Moisture Mitigation	59,279	
Carver Dining Addition	51,336	1,184,554
Comprehensive UR Bldg Audit	47,180	
Birnam Wood Balcony & Deck Rep/Rplcmt	2,231,821	
Facility Condition Audit		70,920
	<u>\$7,174,136</u>	<u>\$5,584,177</u>

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WADE KING STUDENT RECREATION CENTER

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WADE KING STUDENT RECREATION CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2019 and 2018

Overview

Western Washington University Wade King Student Recreation Center (the Recreation Center) is a state of the art open recreation fitness and wellness facility that has been created and shaped by the vision and support of Western Washington University (WWU) students. The Recreation Center was one of the nation's first recreation centers designed to meet Leadership in Energy and Environmental Design (LEED).

The following discussion and analysis provides an overview of the financial position and activities of the Recreation Center for the fiscal years ended June 30, 2019 and 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes which follow this section.

Using the Financial Statements

The Recreation Center's financial reports include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows.

The statements are prepared in accordance with Governmental Accounting Standard Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. The financial statements are 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.

Statement of Net Position

The Statement of Net Position presents the financial condition of the Recreation Center at the end of the fiscal year (FY) and reports all assets and liabilities of the Recreation Center.

The amounts in these statements represent the assets available to continue the operations of the Recreation Center and identify the amount owed to vendors and other parties. The difference between assets and deferred outflows less liabilities and deferred inflows is net position. Net position is one indicator of the current financial condition of the Recreation Center.

***WADE KING STUDENT RECREATION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2019 and 2018***

Below is a condensed view of the Statements of Net Position as of June 30, 2019, 2018 and 2017:

	<u>2019</u>	<u>2018</u>	<u>2017</u> <u>Restated</u>
Assets			
Current assets	\$891,831	\$565,215	\$713,038
Noncurrent assets	3,751,869	3,437,479	3,216,251
Capital assets, net	<u>19,300,855</u>	<u>20,213,454</u>	<u>21,144,605</u>
Total assets	23,944,555	24,216,148	25,073,894
 Deferred Outflows	 <u>424,305</u>	 <u>405,162</u>	 <u>434,861</u>
 Liabilities			
Current liabilities	1,118,855	1,111,622	1,100,846
Noncurrent liabilities	<u>21,072,620</u>	<u>22,024,069</u>	<u>22,975,576</u>
Total liabilities	22,191,475	23,135,691	24,076,422
 Deferred Inflows	 <u>316,173</u>	 <u>168,903</u>	 <u>32,660</u>
 Net Position			
Net investment in capital assets	(1,269,526)	(1,148,298)	(983,121)
Restricted for system renewal and replacements	2,937,118	2,663,564	2,623,964
Unrestricted	<u>193,620</u>	<u>(198,550)</u>	<u>(241,170)</u>
Total net position	<u><u>\$1,861,212</u></u>	<u><u>\$1,316,716</u></u>	<u><u>\$1,399,673</u></u>

The primary components in the asset category are cash, investments, receivables and capital assets. Total assets decreased \$271,593 (-1.1%) in fiscal year (FY) 2019 and decreased \$857,746 (-3.4%) during FY 2018.

Total Cash and Investments (see Note 2) increased \$641,717 (16.2%) largely due to a 4.0% fee increase combined with a decrease in operating expenses. Total Cash and Investments increased \$100,075 (2.5%) during FY 2018 primarily due to fee increases of approximately 4.9% offset by increases in equipment, repairs and maintenance expenses. Current unrestricted cash and investments increased during FY 2019 by \$327,327 (63.4%) when compared to FY 2018 largely due to a \$298,487 (209.8%) increase in unrestricted cash and cash equivalents as WWU shifted maturing investments into the Local Government Investment Pool (LGIP) (see Note 2) due to preferable rates and liquidity.

During FY 2018, current unrestricted cash and investments decreased \$121,153 due in part to a shift from short term to longer term investments, while unrestricted noncurrent cash and investments increased \$182,189 due to this shift as well as the overall increase in cash and investments. The allocation of unrestricted cash and investments between current and noncurrent is governed by the university's investment policy strategy, which is to maximize returns while ensuring liquidity needs and managing interest rate risk. Restricted noncurrent cash and investments increased \$39,039 in FY 2018 over FY 2017 due to investment earnings as well as the overall increase in cash and investments.

***WADE KING STUDENT RECREATION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2019 and 2018***

FY 2019 saw capital assets, net decrease by \$912,599 (-4.5%) due to depreciation of \$975,842 offset with an increase in capital fitness equipment of \$63,243. During FY 2018, net capital assets decreased \$931,151 (-4.4%) due to depreciation of \$968,769 offset with an increase in capital fitness equipment of \$38,559.

Current liabilities typically fluctuate depending on the timing of accounts payable payments and the receipt of deposits and revenue that is applicable to the next fiscal year. Current liabilities increased \$7,233 (0.7%) during FY 2019 and increased \$10,776 (1.0%) in FY 2018 due to changes to accounts payable and unearned revenue balances offset by increases in the current portion of the bonds payable.

Non-current liabilities decreased \$951,449 (-4.3%) in FY 2019 and \$951,507 (-4.1%) in FY 2018, attributable to principal payments on outstanding bonds (see Note 4) and decreases in pension and other postemployment benefits (OPEB) liabilities. During FY 2019, OPEB liability decreased \$78,154(-11.1%) to \$624,098 when compared to FY 2018 primarily due to the change in the discount rate used for the OPEB calculation. During FY 2018, the Recreation Center adopted and implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits other than Pensions" (OPEB, see Note 6). As a result the Recreation Center has included its share of the actuarially calculated OPEB total liability in the amount of \$702,252 for FY 2018 compared to \$806,291 in FY 2017.

The difference between assets and deferred outflows less liabilities and deferred inflows is net position. The change in net position measures whether the overall financial condition has improved or deteriorated during the year and is driven by the difference between revenues and expenses. Total net position increased \$544,496 (41.4%) during FY 2019 largely due to increased revenue combined with a decrease in equipment and repairs expenses. The implementation of GASB No. 75 in FY 2018 required the Recreation Center to include its share of Washington State's unfunded OPEB liability and to restate the FY 2017 net position by \$794,115. Total net position decreased \$82,957 (-5.9%) in FY 2018 from the restated FY 2017 net position due to increased operational spending.

Net investment in capital assets further decreased by \$121,228 (10.6%) in FY 2019 and by \$165,177 (16.8%) in FY 2018 as the Recreation Center facility is depreciating at a faster rate than the related debt is repaid.

Restricted for system renewals and replacements increased by \$273,554 (10.3%) for FY 2019 and increased by \$39,600 (1.5%) in FY 2018 as contributions to this fund exceeded expenditures. Funds for renewal and replacement are set aside according to the capital and maintenance plan required by the debt covenants. These funds are classified as restricted on the Statement of Net Position.

Unrestricted net position increased by \$392,170 (197.5%) in FY 2019 and by \$42,620 in FY 2018 as revenues surpassed expenses primarily due to an increase to the Student Recreation Fee. The result of these fee increases has enabled the Recreation Center's unrestricted net position to trend positive after the FY 2017 restatement. During FY 2017 unrestricted net position decreased by \$749,900 due to the implementation of GASB Statement No. 75 which required a restatement of \$794,115 as well as the continued recognition of the unfunded and total pension liabilities.

Statement of Revenues, Expenses, and Changes in Net Position

The changes in total net position, as presented on the Statement of Net Position, are detailed in the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The statement presents the Recreation Center's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as operating or non-operating.

***WADE KING STUDENT RECREATION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2019 and 2018***

In general, operating revenues are those received for providing goods and services to the members of the Recreation Center, primarily students. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues.

Non-operating revenues are monies received for which goods and services are not provided, such as investment income. Non-operating expenses include interest expense on outstanding debt and amortization of bond premium.

Following is a condensed version of the Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2019, 2018 and 2017:

	<u>2019</u>	<u>2018</u>	<u>2017</u> <u>Restated</u>
Operating revenues	\$ 5,065,940	\$ 4,888,978	\$ 4,645,130
Operating expenses	<u>(3,767,040)</u>	<u>(4,163,177)</u>	<u>(3,754,283)</u>
Income from operations	1,298,900	725,801	890,847
Nonoperating revenues	82,251	51,817	35,141
Nonoperating expenses	<u>(836,654)</u>	<u>(860,575)</u>	<u>(883,255)</u>
Increase in net position	<u>544,497</u>	<u>(82,957)</u>	<u>42,733</u>
Net position, beginning of year	1,316,715	1,399,672	2,151,054
Restatement	-	-	<u>(794,115)</u>
Net position, beginning of year restated	<u>1,316,715</u>	<u>1,399,672</u>	<u>1,356,939</u>
Net position, end of year	<u><u>\$ 1,861,212</u></u>	<u><u>\$ 1,316,715</u></u>	<u><u>\$ 1,399,672</u></u>

Revenues

The Recreation Center's largest source of revenue is a \$105.25 per quarter mandatory service and activity (S&A) fee entitled the "Student Recreation Fee" for use of the facility for those students taking six or more credits on WWU's main campus. The revenue is net of an RCW required 3.5% allocation to an institutional financial aid fund (See Note 1). The academic yearly average (AYA) of students taking 6 or more credits increased in FY 2019 to 13,629 from 13,495 in FY 2018. This increase in AYA, along with a 4.0% increase in the fee level, raised fee revenue by \$208,384 (4.9%) to \$4,446,848. The Student Recreation Fee increased by \$161,024 (3.9%) during FY 2018 primarily due to a 2.2% increase in the fee plus growth in enrollment of students taking 6 or more credits on the Bellingham campus. The AYA does not include summer term. Summer term S&A revenue increased during FY 2019 by \$2,089 (1.5%) when compared to FY 2018 due to higher summer enrollment.

In addition to the mandatory student fee, the Recreation Center is supported by "Other Operating Revenues and Investment Income" as shown in the charts below.

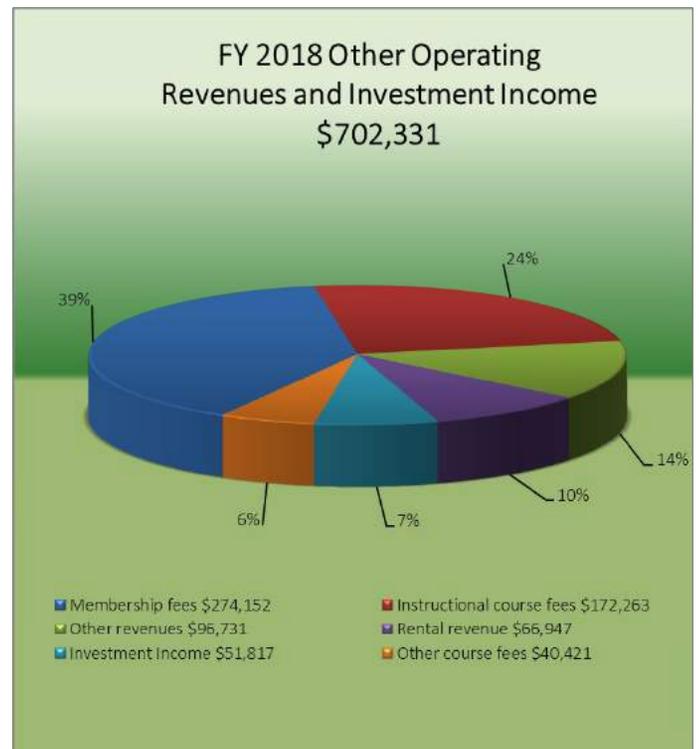
Other students, faculty, staff and alumni may pay a membership fee on a voluntary basis to gain access to the facility. This fee increased by \$7,853 (2.9%) in FY 2019. This is largely attributed to the increase in membership pricing that reflected the increase in the mandatory Student Recreation Fee. Fiscal Year 2018 voluntary memberships were also up over the previous fiscal year with an increase of \$20,296 (8.0%) compared to FY 2017.

**WADE KING STUDENT RECREATION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2019 and 2018**

Instructional course fees saw a decrease in FY 2019 to numbers that were similar to FY 2017 and years before. Course fees decreased \$27,205 (-15.8%) in FY 2019 from the spike of \$172,263 in FY 2018 primarily due to a lull in fitness programming registrations. The highpoint in FY 2018 was a \$30,479 (21.5%) increase in instructional course fees from FY 2017 due to increased programming in aquatics, fitness and Faculty/Staff Wellness.

The start of FY 2018 saw the opening of the newly remodeled Carver Academic Complex which houses WWU's training and performance gymnasiums. Rental revenue from groups that utilized the Recreation Center during the period of time that Carver Academic Complex was closed for remodeling is decreasing, as those groups return to utilizing Carver Gym. During FY 2019, the rental revenue decreased by \$8,781 (-13.1%) and decreased \$9,033 (-11.9%) during FY 2018 from FY 2017.

Other course fee revenue dipped slightly by \$2,639 (-2.7%) in FY19 but stayed relatively similar to FY 2018. The significant increase in aquatic programming (swim lessons) caused the category of other course revenue fees to rise \$32,944 (51.6%) in FY 2018.



Expenses

The largest category of expenses for the Recreation Center is student and staff salaries and benefits expense. Salaries and benefits comprised 46.0% of the total operating expenses in FY 2019 compared to 42.0% in FY 2018. During FY 2019, salaries and benefits expense decreased \$4,990 due to a combination of wage increases and benefits decreases. FY 2019 salaries expense increased \$18,246 as permanent staff received compensation increases as well as an increase to the minimum wage. This salary increase was offset by a decrease of \$23,236 in total benefits, largely driven by pension and OPEB adjustment decrease of \$37,145 (see Notes 5 & 6). During FY 2018, the Recreation Center restructured two positions (1.5 appointment total) to a 1.0 appointment. This restructuring corresponded with an employee retirement. Total actual salaries and benefits increased during FY 2018 by \$70,087 while the pension recognitions decreased by \$111,277.

***WADE KING STUDENT RECREATION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2019 and 2018***

Total utility expenses increased \$13,994 (5.0%) in FY 2019 and decreased \$1,728 (-0.6%) in FY 2018. An increased use in steam this past fiscal year caused total utility expenses to rise in FY 2019. The slight decrease from FY 2017 to FY 2018 can be directly attributed to less use of electricity (due to LED lighting upgrades) and steam.

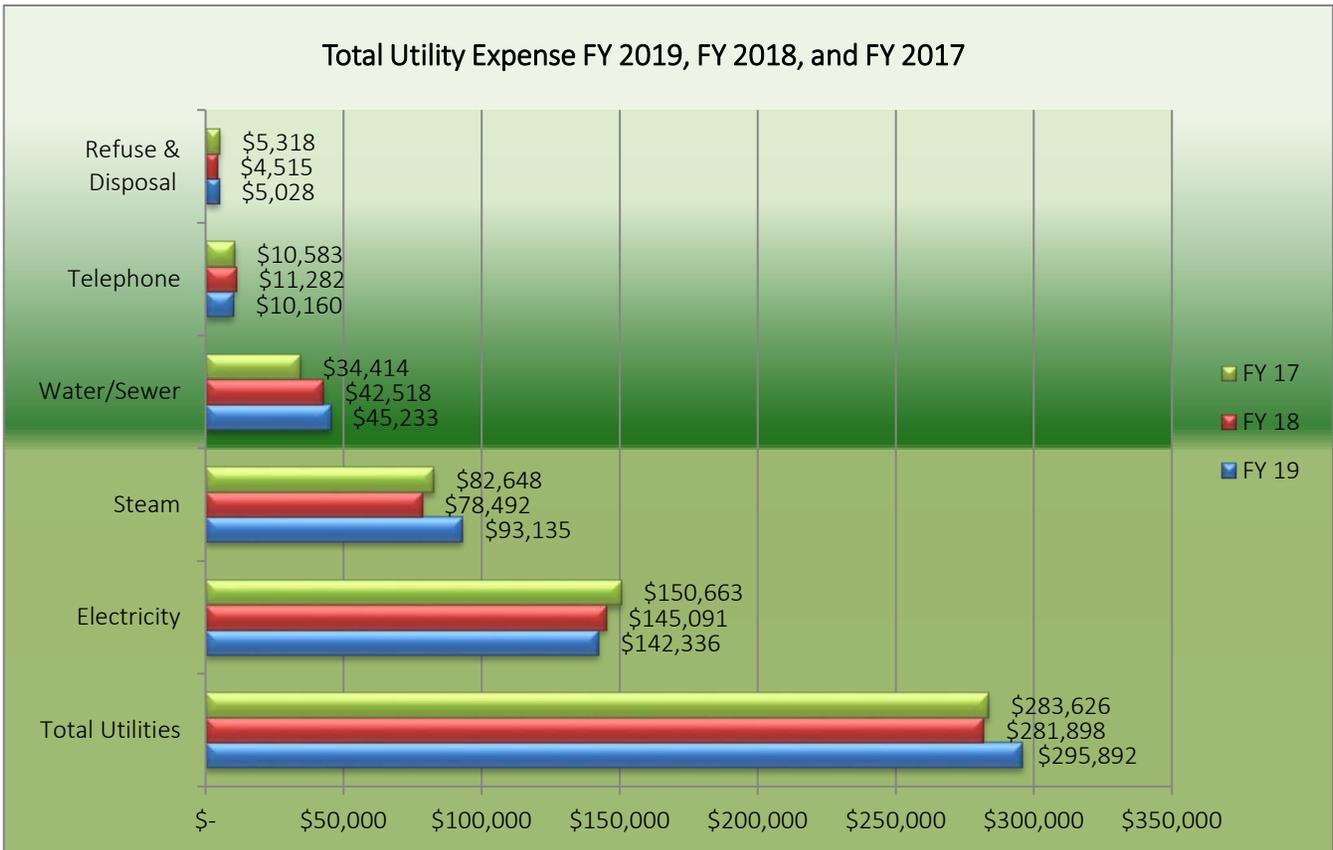
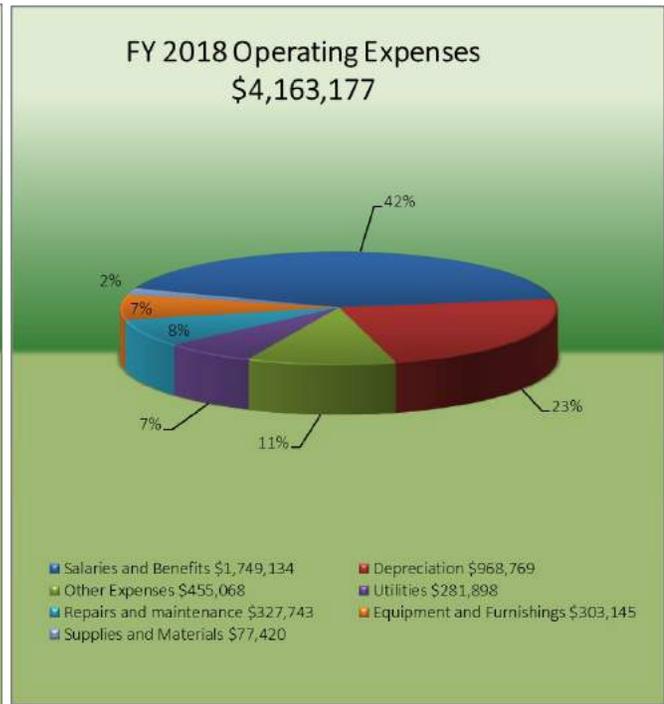
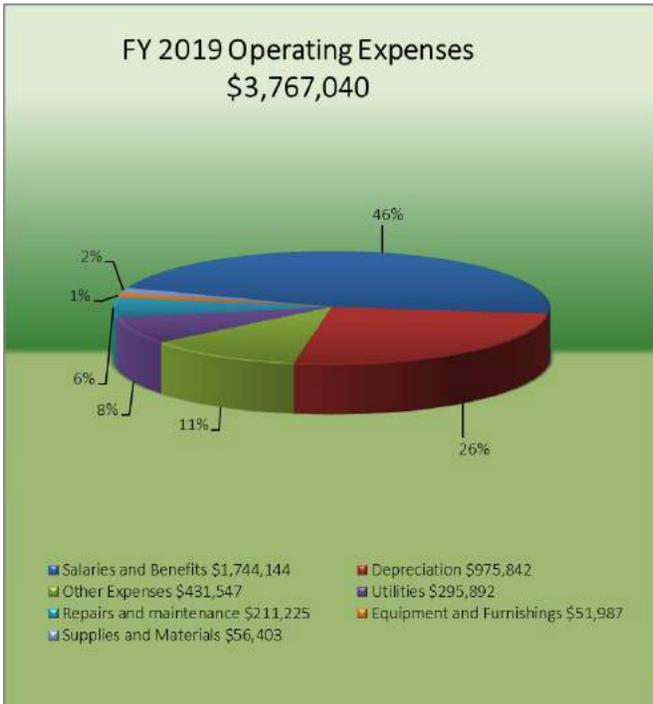
In FY 2019 repairs and maintenance decreased significantly by \$116,518 (-35.61%) when compared to FY 2018 due to fewer maintenance projects and repairs. The year to year projections of building maintenance costs has an ebb and flow nature to it. Based on this inconsistency of unpredicted repairs and projects, maintenance was up in FY 2018 causing an increase in this category by \$71,296 (27.8%).

The Recreation Center has an equipment replacement plan that budgets \$100,000 per year in equipment replacement and refurbishment. The Recreation Center spent \$29,270 in FY 2017 for non-capital equipment. The anticipated budget spending of \$100,000 did not occur in FY 2017; therefore, it was reflected in FY 2018 as the Recreation Center spent \$273,875 (935.7%) more than in FY 2017 to catch up on its equipment needs from the previous two fiscal years. That "skip over" year occurred again in FY 2019 as the Recreation Center spent only \$51,987 (-82.9%) in equipment and furnishings. It should be noted that the Recreation Center will have a larger purchase of equipment in FY 2020 that will mirror the spending that occurred in FY 2018.

Similar to the spending pattern with the equipment, supplies and material needs decreased during FY 2019 and increased significantly in FY 2018. In FY 2019, supplies and materials decreased moderately by \$21,017 (-27.1%) due to adequate supplies purchased in the previous fiscal year. The Recreation Center spent \$53,136 (218.8%) more in FY 2018 than what was spent in FY 2017. This FY 2018 spending of \$77,420 was closer to a normal year for supplies and materials than in previous fiscal years.

WWU's administrative services assessment (ASA) fee increased by \$4,381 (1.5%) in FY 2019 to \$287,028. This is directly related to the increase in revenue that the assessment fee is charged against. In FY 2018 the ASA fee increased by \$32,630 (13.1%).

**WADE KING STUDENT RECREATION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2019 and 2018**



WADE KING STUDENT RECREATION CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2019 and 2018

Reserve Funds

Bond covenants require an annual addition to the renewal and replacement (R&R) reserve based on management's assessment of the funding level necessary to maintain the facility over the long term. Management reaffirmed the Facilities Management lifecycle maintenance plan for major maintenance and building repair and increased the annual contribution to \$250,000 beginning in FY 2009 to meet anticipated building maintenance and repairs expenses. As planned, \$250,000 was placed into the R&R reserve for FY 2019, FY 2018, and FY 2017. Various maintenance projects over the course of FY 2019 reduced the reserve amount by \$10,057. At June 30, 2019, the total restricted and unrestricted R&R balance was \$3,182,298. The restricted funds must be used to improve or maintain the Recreation Center facility.

Management established an Operating Reserve in FY 2005 for unforeseen or extraordinary expenses. The reserve acts as an emergency fund for unplanned repairs, insurance deductibles, and as an operating cushion to cover unforeseen decreases in revenue. Reserve funds can also be designated for facility improvements beyond basic maintenance or for the purchase of new equipment. No funds were used in FY 2019 and FY 2018 for any purchases. Contributions to this reserve in the past three years include \$250,000 in FY 2019, \$100,000 in FY 2018 and \$100,000 in FY 2017. At June 30, 2019 the Operating Reserve balance was \$1,051,214.

Ratio Analysis

Ratios can be helpful in evaluating the Recreation Center's financial health and performance. The debt service coverage ratios for FY 2019, 2018, and 2017 were 3.16, 3.03, and 2.87, respectively. Bond covenants require a debt service ratio of at least 1.25. This ratio is calculated by dividing total operating revenues and investment income by the actual annual debt service paid during the fiscal year on the outstanding revenue bonds. The debt services amounts for FY 2019, FY 2018 and FY 2017 were \$1,632,000, \$1,630,100, and \$1,632,600, respectively.

Utilization Rates

Total number of visits has decreased, as well as utilization as a percentage of students enrolled with 11,922 (87.5%) of the estimated 13,629 AYA enrolled students using the facility during the course of FY 2019. This utilization rate was slightly lower than the 12,025 (89.1%) of the estimated 13,495 AYA enrolled students who utilized the recreation center in FY 2018 as well as down from the 12,043 (89.5%) of the 13,495 AYA who utilized the recreation center in FY 2017. AYA does not include summer term. Utilization information is recorded in the Recreation Center's software system when students present their membership cards upon entry to the facility. Visits by members and non-members totaled 372,782 during FY 2019, compared with 396,575 during FY 2018 and 446,826 in FY 2017. The highest number of visits in a given day exceeded 2,600 in FY 2019, which is a decrease from the 2,800 in FY 2018 and the 3,300 in FY 2017.

Economic Factors That Will Affect the Future

The Recreation Center has budgeted approximately \$250,000 for fitness equipment during FY 2020. This is twice the annual equipment replacement budget considering that major equipment and furnishings were not purchased in FY 2019. These equipment expenditures should remain consistent from year to year and the hope is to return to the normal annual equipment purchase schedule of \$125,000 in FY 2021. With the minimum wage increasing again in January of 2020 there is another significant impact to the Recreation Center's student salaries. Student employment expenses are expected to rise 12.5% or roughly \$90,000 in FY 2020.



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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

November 15, 2019

Board of Trustees
Western Washington University Wade King Student Recreation Center
Bellingham, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Western Washington University Wade King Student Recreation Center (Recreation Center), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Recreation Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Recreation Center's preparation and fair presentation of the financial statements in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Recreation Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Western Washington University Wade King Student Recreation Center, as of June 30, 2019 and 2018, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1, the financial statements of the Western Washington University Wade King Student Recreation, a department of the University, are intended to present the financial position, and the changes in financial position, and cash flows of only the respective portion of the activities of the University that are attributable to the transactions of the Recreation Center. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2019 and 2018 and changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated November 15, 2019, on our consideration of the Recreation Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Recreation Center's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy
State Auditor
Olympia, WA

WADE KING STUDENT RECREATION CENTER
STATEMENT OF NET POSITION

June 30, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents (Note 2)	\$440,771	\$142,284
Investments (Note 2)	402,899	374,059
Accounts receivable, net of allowance of \$3,475 in 2019 and \$8,503 in 2018	46,223	46,274
Prepaid Expenses	-	45
Inventory	1,938	2,553
Total current assets	<u>891,831</u>	<u>565,215</u>
Noncurrent assets		
Investments (Note 2)	814,752	773,915
Restricted cash and cash equivalents (Note 2)	779,998	282,489
Restricted investments (Note 2)	2,157,119	2,381,075
Capital assets, net (Note 3)	19,300,855	20,213,454
Total noncurrent assets	<u>23,052,724</u>	<u>23,650,933</u>
Total assets	<u>23,944,555</u>	<u>24,216,148</u>
Deferred Outflows		
Relating to pensions (Note 5)	62,795	42,648
Relating to OPEB (Note 6)	41,397	14,954
Deferred loss on bond refunding	320,113	347,560
	<u>424,305</u>	<u>405,162</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	18,978	21,853
Accrued wages and benefits	68,556	61,561
Unearned revenue	80,796	93,708
Interest payable	135,525	139,500
Current portion of bonds payable (Note 4)	815,000	795,000
Total current liabilities	<u>1,118,855</u>	<u>1,111,622</u>
Noncurrent liabilities		
Compensated Absences	128,201	107,632
Net pension liability (Note 4, 5)	244,827	299,873
Net OPEB liability (Note 6)	624,098	702,252
Bonds payable, less current portion (Note 4)	20,075,494	20,914,312
Total noncurrent liabilities	<u>21,072,620</u>	<u>22,024,069</u>
Total liabilities	<u>22,191,475</u>	<u>23,135,691</u>
Deferred Inflows		
Relating to pensions (Note 5)	78,079	72,210
Relating to OPEB (Note 6)	238,094	96,693
Total deferred inflows	<u>316,173</u>	<u>168,903</u>
Net Position		
Net investment in capital assets	(1,269,526)	(1,148,298)
Restricted for system renewals and replacements	2,937,118	2,663,564
Unrestricted	193,620	(198,550)
Total net position	<u>\$1,861,212</u>	<u>\$1,316,716</u>

WADE KING STUDENT RECREATION CENTER
STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

*For the Years Ended
June 30, 2019 and 2018*

	2019	2018
Operating Revenues		
Service and activity fees, net of mandatory transfer	\$4,446,848	\$4,238,464
Staff, faculty and alumni membership fees	282,005	274,152
Instructional course fees	145,058	172,263
Other course fees	39,771	40,421
Rental revenue	58,166	66,947
Other revenues	94,092	96,731
Total operating revenues	<u>5,065,940</u>	<u>4,888,978</u>
Operating Expenses		
Salaries and benefits	1,744,144	1,749,134
Depreciation	975,842	968,769
Utilities	295,892	281,898
Repairs and maintenance	211,225	327,743
Equipment and furnishings	51,987	303,145
Supplies and materials	56,403	77,420
Administrative assessment	287,028	282,647
Insurance	35,891	32,225
Other	108,628	140,196
Total operating expenses	<u>3,767,040</u>	<u>4,163,177</u>
Income from operations	1,298,900	725,801
Nonoperating Revenues (Expenses)		
Investment income	82,251	51,817
Interest expense	(836,654)	(860,575)
Total nonoperating (expenses) revenues	<u>(754,403)</u>	<u>(808,758)</u>
Increase/(Decrease) in net position	544,497	(82,957)
Net Position, Beginning of Year	<u>1,316,715</u>	<u>1,399,672</u>
Net Position, End of Year	<u><u>\$1,861,212</u></u>	<u><u>\$1,316,715</u></u>

WADE KING STUDENT RECREATION CENTER
STATEMENT OF CASH FLOWS

For the Years Ended
June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Cash received from students and other customers	5,053,078.00	\$4,885,574
Payments to employees	(1,749,100)	(1,739,548)
Payments to suppliers	(1,049,268)	(1,429,785)
Net cash flows provided by operating activities	<u>2,254,710</u>	<u>1,716,241</u>
Cash Flows from Noncapital Financing Activities		
Gift Income from the Foundation	-	34
Net cash flows provided by(used in) noncapital financing activities	-	34
Cash Flows from Investing Activities		
Net sales/(purchases) of investments in internal investment pool	154,279	(231,845)
Investment income received	82,251	51,817
Net cash flows (used in)/provided by investing activities	<u>236,530</u>	<u>(180,028)</u>
Cash Flows from Capital and Related Financing Activities		
Purchases of equipment	(63,244)	(37,618)
Interest paid on capital debt	(837,000)	(860,399)
Principal paid on capital debt	(795,000)	(770,000)
Net cash used in capital and related financing activities	<u>(1,695,244)</u>	<u>(1,668,017)</u>
Net increase/(decrease) in cash and cash equivalents	795,996	(131,770)
Cash and cash equivalents, beginning of year	<u>424,773</u>	<u>556,543</u>
Cash and cash equivalents, end of year	<u><u>\$1,220,769</u></u>	<u><u>\$424,773</u></u>
Reconciliation of Operating Income to Net Cash Provided to Operating Activities		
Income from operations	\$1,298,900	\$725,801
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation	975,842	968,769
Change in operating assets and liabilities		
Accounts receivable	51	26,299
Accounts payable, accrued expenses, salaries and benefits	24,688	20,113
Prepaid Expense	45	(45)
Unearned revenue	(12,912)	(29,702)
Pension and OPEB related deferred outflows and inflows of resources	(32,519)	4,624
Inventory	615	382
Net cash flows provided by operating activities	<u><u>\$2,254,710</u></u>	<u><u>\$1,716,241</u></u>

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Western Washington University Wade King Student Recreation Center (the Recreation Center) is a self-supporting, auxiliary enterprise of Western Washington University (WWU). The Recreation Center is an open recreation fitness and wellness facility for the benefit of eligible students and associated members of WWU. The facility includes a lap/leisure pool and a whirlpool, a three-court gym with elevated running track, a multi-activity court, a rock climbing wall, weight and cardio areas, two group exercise/aerobic rooms, locker rooms, an injury rehabilitation room, a retail food service and lounge area, a conference room, and administrative offices for the Department of Campus Recreation. The Recreation Center is located on WWU's main campus and is supported by a service and activity fee assessed to students quarterly. In addition, memberships are available for purchase by faculty/staff, alumni, and others closely associated with WWU.

The facility was named in memory of Wade King, a 10-year old who died in 1999 in a pipeline explosion in Bellingham. Prior to FY 2011, Wade King's parents, Frank and Mary King, pledged a lifetime gift of \$50,000 per year to the Western Washington University Foundation, a related party, restricted for support to ensure continued quality facilities and programs at the Recreation Center. The Recreation Center requests funds from the Western Washington University Foundation when expenditures are incurred. This gift has been restructured to an estate gift.

Financial Statement Presentation

The financial statements are presented in accordance with generally accepted accounting principles and follow the guidance given by the Governmental Accounting Standards Board (GASB). These statements are special purpose reports reflecting the net position, results of operations and cash flows of the Recreation Center. These statements present only a selected portion of the activities of WWU. As such, they are not intended to and do not present either the financial position, results of operations, or changes in net position of WWU.

Basis of Accounting

The Recreational Center'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.

Cash, Cash Equivalents and Investments

WWU records all cash, cash equivalents and investments at fair value. To maximize investment income, WWU combines funds from all departments into an investment pool. The Recreation Center records their share of cash, cash equivalents and investments in the same relation as WWU investment pool itself. Investment income is allocated to the Recreation Center in proportion to its average balance in the investment pool.

Inventory

Inventory consists primarily of athletic and other supplies. Inventory is stated at the lower of cost (first-in, first-out method) or market.

Accounts Receivable

Receivables are recorded at their principal balances and are due primarily from WWU students. The Recreation Center considers all accounts greater than 30 days old to be past due and uses the allowance method for recognizing bad debts. When an account is deemed uncollectible, it is written off against the allowance.

WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

Management determined that an allowance of \$3,475 and \$8,503 at June 30, 2019 and 2018 respectively, is adequate.

Capital Assets, Net

The building used for the Recreation Center's operations is located on WWU's main campus. Building and equipment are stated at cost, net of accumulated depreciation. The Recreation Center capitalizes any expenditure for buildings, improvements, and equipment that have a cost of at least \$5,000 and an estimated useful life of more than one year. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets, forty years for buildings and five to seven years for equipment.

Deferred Outflows of Resources and Deferred Inflows of Resources

The Recreation Center classifies losses on retirement of debt as deferred outflows of resources and amortizes such amounts as a component of interest expense over the remaining life of the old debt, or the new debt, whichever is shorter.

Changes in net pension liability, total pension liability and OPEB not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension and total pension liabilities are reported as deferred outflows of resources.

Unearned Revenue

Summer quarter, which is the first quarter of WWU's fiscal year, begins shortly before June 30. The majority of cash received for service and activity fees related to summer session are recorded as unearned revenue until the following fiscal year when the revenue is earned.

Compensated Absences

The accrued leave balances as of June 30, 2019 and 2018 are \$128,201 and \$107,632, respectively. This consists of unused vacation leave and compensatory time earned for exempt professionals and classified staff. It also includes a percentage of earned and unused sick leave for exempt professionals and classified staff. For reporting purposes, the entire balance of accrued leave is considered a noncurrent liability as more leave is accrued than what is used.

Net Pension Liability

The Recreation Center's net pension liability is for its defined benefit plans. The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the defined benefit plans has been measured consistent with the accounting policies used by the plans. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available.

Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five

***WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS***

June 30, 2019 and 2018

years.

Restatement of Net Position

During FY 2018, the Recreation Center adopted and implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits other than Pensions". Statement No. 75 requires that the Recreation Center record in its statements its proportional share of the University's net OPEB liability and to restate the beginning net position of the earliest period presented. The amount of the restatement to the beginning FY 2017 net position was \$794,115. This was due to recording the total OPEB liability of \$806,291 and a \$12,177 deferred outflow. The total OPEB liability information is provided to the University by the Office of Financial Management (OFM) and the Office of State Actuary (OSA). Although this liability is an accumulative of years prior to FY 2017, the information provided by OFM and OSA only allowed the Recreation Center to restate the FY 2017 beginning net position.

Net Position

The Recreation Center's net position is classified as follows:

Net investment in capital assets. This represents the Recreation Center's total investment in capital assets, net of outstanding debt obligations related to those capital assets as well as unamortized bond issue costs. The deficit in this net position relates to depreciation expense exceeding the principal reduction on the outstanding bonds.

Restricted for system renewals and replacements. Restricted net position represent resources restricted in accordance with bond covenants for system renewals and replacements. Restricted assets are used in accordance with their requirements and where both unrestricted and restricted resources are available for use, unrestricted resources are used first and restricted resources only when the specific use arises.

Unrestricted net position. Unrestricted net position represent resources derived from operations and investing activities along with operating reserves established for future replacement of assets.

Classification of Revenues and Expenses

The Recreation Center has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating revenue includes activities that have the characteristics of exchange transactions, such as service and activity fees charged to students, staff, faculty, and alumni membership fees, and instructional course fees. Operating expenses are those costs incurred in daily operations, such as salaries, utilities, and depreciation.

Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as investment and gift income. Non-operating expenses include costs related to financing or investing activities such as interest on indebtedness.

Student Recreation Center Fee, net of mandatory transfer

Per Revised Code of Washington Section 28B.15.820, WWU is required to transfer a minimum of 3.5% of revenues collected from tuition and services and activities fees into an institutional financial aid fund. The revenue shown on these statements is net of the 3.5% transfer.

This fund is only to be used to fund short- or long-term loans and grants to students in need. Service and activity

fee revenue is reported net of this transfer.

Bond Premiums

Bond premiums are deferred and amortized over the term of the bonds using the effective interest method. The remaining balances of bond premiums are presented as an increase of the face amount of bonds payable.

Administrative Assessment

WWU provides support to the Recreation Center through cash and bond debt management, accounting, purchasing and disbursing services, risk management, human resources and other support services. The effects of these transactions are included as operating expenditures in these financial statements. The amount paid was \$287,028 and \$282,647 for years ended June 30, 2019 and 2018, respectively, and is based on 5.5% of revenues.

Tax Exemptions

WWU, and the Recreation Center as an auxiliary enterprise, is a tax-exempt instrumentality of the State of Washington under Section 115(a) of the Internal Revenue Code and is exempt from federal taxes on related income.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Interest Rate and Credit Risk

The Recreation Center's operating cash is part of WWU's internal investment pool. The pool is invested in demand deposits, time certificates of deposit, the Washington State Local Government Investment Pool (LGIP), Commercial Paper and U.S. Treasury and Agency securities. The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission (17CFR.270.2a-7). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk. The LGIP is an unrated investment pool. Bank balances (including time certificates of deposit) are insured by the Federal Deposit Insurance Corporation (FDIC) or by a collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). Commercial paper is rated A1+/P1 and US Treasury and Agency Securities are rated AA+/Aaa by Standard and Poors and Moody's.

WWU manages its exposure to fair value losses in the internal investment pool by targeting the portfolio duration to 2.25 years and limiting the weighted average maturity to a maximum of three years. WWU generally does not invest operating funds in securities maturing more than five years from the date of purchase.

Fair Value Measurement and Application

Fair Value Measurement and Application establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

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The three levels of the fair value hierarchy are described as follows:

- Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities;
- Level 3 - Unobservable inputs that are significant to the fair value measurement.

The Recreation Center's investment in WWU's pool includes \$2,937,117 restricted for renewals and replacements.

	Fair Value Measurements as of June 30, 2019 using:			Total	Weighted Average Maturity (in years)
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3		
Cash and Cash Equivalents	\$1,220,769	\$ -	\$ -	\$1,220,769	0.003
Investments					
Commercial Paper	-	-	-	-	0.000
Corporate	321,745	-	-	321,745	1.837
Certificates of deposit	213,290	-	-	213,290	0.532
U.S. Treasuries	-	799,619	-	799,619	1.049
U.S. Agencies	-	2,040,116	-	2,040,116	2.040
	<u>\$1,755,804</u>	<u>\$ 2,839,735</u>	<u>\$ -</u>	<u>\$4,595,539</u>	

	Fair Value Measurements as of June 30, 2018 using:			Total	Weighted Average Maturity (in years)
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3		
Cash and Cash Equivalents	\$424,773	\$ -	\$ -	\$424,773	0.003
Investments					
Commercial Paper	42,278	-	-	42,278	0.227
Corporate	249,399	-	-	249,399	2.819
Certificates of deposit	169,500	-	-	169,500	2.241
U.S. Treasuries	-	1,303,031	-	1,303,031	0.366
U.S. Agencies	-	1,764,842	-	1,764,842	2.195
	<u>\$885,950</u>	<u>\$ 3,067,873</u>	<u>\$ -</u>	<u>\$3,953,823</u>	

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NOTE 3. CAPITAL ASSETS, NET

The depreciation expense for the years ended June 30, 2019 and 2018 was \$975,842 and \$968,769, respectively.

Following are the changes in capital assets for the years ended June 30, 2019 and 2018:

	June 30, 2018	Additions	Reductions	June 30, 2019
Depreciable				
Building	\$27,947,761	\$ -	\$ -	\$ 27,947,761
Equipment	511,610	63,244	(117,235)	457,619
Improvements	<u>3,357,078</u>	<u>-</u>	<u>-</u>	<u>3,357,078</u>
	31,816,449	63,244	(117,235)	31,762,458
Less accumulated depreciation	<u>(11,602,996)</u>	<u>(975,842)</u>	<u>117,235</u>	<u>(12,461,603)</u>
Capital assets, net	<u>\$20,213,453</u>	<u>(\$912,598)</u>	<u>\$ -</u>	<u>\$ 19,300,855</u>

	June 30, 2017	Additions	Reductions	June 30, 2018
Depreciable				
Building	\$27,947,761	\$ -	\$ -	\$ 27,947,761
Equipment	473,051	38,559	-	511,610
Improvements	<u>3,357,078</u>	<u>-</u>	<u>-</u>	<u>3,357,078</u>
	31,777,890	38,559	-	31,816,449
Less accumulated depreciation	<u>(10,633,285)</u>	<u>(969,711)</u>	<u>-</u>	<u>(11,602,996)</u>
Capital assets, net	<u>\$21,144,605</u>	<u>\$ (931,152)</u>	<u>\$ -</u>	<u>\$ 20,213,453</u>

NOTE 4. NON-CURRENT LIABILITIES

The Recreation Center issued \$24,385,000 in Revenue and Refunding Bonds, Series 2012, on April 30, 2012. The bonds bear interest rates of 3.0% to 4.1% and mature annually until 2037. The bonds have an aggregate face amount of \$20,645,000 and \$21,440,000 at June 30, 2019 and 2018, which is reported net of the unamortized original issue premium of \$245,494 and \$269,312 respectively.

Aggregate maturities or payments required for principal and interest under bond obligations for each of the succeeding five fiscal years and thereafter are as follows:

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	Principal	Interest	Payment
2020	\$815,000	\$813,150	\$1,628,150
2021	845,000	784,625	1,629,625
2022	870,000	755,050	1,625,050
2023	905,000	724,600	1,629,600
2024	940,000	688,400	1,628,400
2025-2029	5,305,000	2,846,000	8,151,000
2030-2034	6,450,000	1,696,600	8,146,600
2035-2037	4,515,000	366,000	4,881,000
	<u>20,645,000</u>	<u>8,674,425</u>	<u>29,319,425</u>
Plus unamortized premium	<u>245,494</u>		
Total	<u><u>\$20,890,494</u></u>	<u><u>\$8,674,425</u></u>	<u><u>\$29,319,425</u></u>

Following are the changes in non-current liabilities:

	Beginning Bal 6/30/2018	Additions/ Amortizations	Decreases/ Retirements	Ending Balance 6/30/2019
Non-current Liabilities				
BONDS PAYABLE:				
Series 2012 Revenue Refunding Bonds, net of unamortized original issue premium of \$245,494 and \$269,312 at June 30, 2019 and 2018 respectively.	\$21,709,312	(\$23,818)	\$ (795,000)	\$20,890,494
Less Current Portion:	<u>(795,000)</u>	<u>(\$20,000)</u>		<u>(815,000)</u>
Non-current Portion of Bonds Payable	20,914,312	(\$43,818)		20,075,494
Compensated Absences	107,632	20,569		128,201
Net Pension Liability	299,873	-	(55,046)	244,827
OPEB Liability	<u>702,252</u>	<u>-</u>	<u>(78,154)</u>	<u>624,098</u>
Total Non-current Liabilities	<u><u>\$22,024,069</u></u>	<u><u>(\$23,249)</u></u>	<u><u>(\$928,200)</u></u>	<u><u>\$21,072,620</u></u>

	Beginning Bal 6/30/2017	Additions/ Amortizations	Decreases/ Retirements	Ending Balance 6/30/2018
Non-current Liabilities				
BONDS PAYABLE:				
Series 2012 Revenue Refunding Bonds, net of unamortized original issue premium of \$269,312 and \$293,790 at June 30, 2018 and 2017 respectively.	\$22,503,790	(\$24,478)	(\$770,000)	\$21,709,312
Less Current Portion:	<u>(770,000)</u>	<u>(\$25,000)</u>		<u>(795,000)</u>
Non-current Portion of Bonds Payable	21,733,790	(\$49,478)	(\$770,000)	20,914,312
Compensated Absences	106,847	785		107,632
Net Pension Liability	328,648	-	(28,775)	299,873
OPEB Liability	<u>806,291</u>	<u>-</u>	<u>(104,039)</u>	<u>702,252</u>
Total Non-current Liabilities	<u><u>\$22,975,576</u></u>	<u><u>(\$48,693)</u></u>	<u><u>(\$902,814)</u></u>	<u><u>\$22,024,069</u></u>

In accordance with resolutions of the Board of Trustees, WWU sold the Recreation Center Bonds to investors who have a first lien on, and are to be paid solely from the gross revenue from the operation of the Recreation Center.

The amounts and limitations of this pledge are set forth in the resolutions of the Board of Trustees. The bond covenants require that the Recreation Center transfer monies each year to an account held as restricted net position for renewals and replacements of the facilities.

NOTE 5. PENSION PLAN

WWU offers four contributory pension plans: 1) the Washington State Public Employees' Retirement System (PERS) plans, 2) the Washington State Teachers Retirement System (TRS) plans, 3) the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) plan and 4) the Western Washington University Retirement plan (WWURP).

Recreation Center employees in eligible positions are participants in PERS and WWURP plans. PERS is a cost sharing multiple-employer defined benefit pension plans administered by the State of Washington Department of Retirement Systems (DRS). WWURP is a single-employer defined contribution plan with a supplemental defined benefit plan component privately administered by WWU.

The Recreation Center's proportionate share of WWU's share of the total net unfunded liabilities associated with the defined-benefit pension plans administered by the DRS was \$124,127 as of June 30, 2019 and \$204,876 as of June 30, 2018. The liability associated with the defined-benefit pension plan administered by WWU was \$120,700 as of June 30, 2019 and \$94,997 as of June 30, 2018. The total pension expense recorded by the Recreation Center related to both the DRS and University plans was \$(30,989) and \$47,807 for the years ended June 30, 2019 and 2018 respectively.

PLANS ADMINISTERED BY DRS

PLAN DESCRIPTION:

Public Employees' Retirement System

PERS retirement benefit provisions are contained in chapters 41.34 and 41.40 of the Revised Code of Washington (RCW). PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. PERS members include higher education employees not participating in other higher education retirement programs.

Teachers' Retirement System

TRS retirement benefit provisions are contained in chapters 41.32 and 41.34 of the Revised Code of Washington (RCW). 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 combination defined benefit/defined

contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members. TRS eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity.

VESTING AND BENEFITS PROVIDED:

PERS Plan 1 and TRS Plan 1

PERS Plan 1 and TRS Plan 1 provide retirement, disability, and death benefits to eligible members. Both plans are closed to new entrants. All members are vested after the completion of five years of eligible service. The monthly benefit is 2.0% of the average final compensation (AFC) for each year of service credit, up to a maximum of 60.0%. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

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. 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. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

PERS Plan 2/3 and TRS Plan 2/3

PERS 2/3 and TRS Plan 2/3 provide retirement, disability and death benefits. PERS Plan 2 and TRS Plan 2 members are vested after completing five years of eligible service. PERS Plan 3 and 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. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Defined Retirement benefits are determined as 2.0% of the member's AFC times the member's years of service for Plan 2 and 1.0% of the AFC times the member's years of service for Plan 3. The AFC is the average of the member's 60 highest paid consecutive months. There is no cap on years of service credit.

Members are eligible for normal retirement at the age of 65 with five years of service. Members have the option to retire early with reduced benefits. Members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3 percent annually. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

FIDUCIARY NET POSITION:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all plans and additions to/deductions from all plans fiduciary net position have been determined in all material respects on the same basis as they are reported by the plans. These pension plans administered by the state are accounted for

using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed; investment gains and losses are recognized as incurred; and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable plan.

The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB- adopted investment policies for the various asset classes in which the WSIB invests. Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS, and TRS systems and plans was funded by an employer rate of 0.18% of employee salaries.

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

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on the University's auxiliary units. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on the Recreation Center's financial statements.

The total pension liability for each of the plans was determined using the most recent actuarial valuation completed by the Washington State Office of the State Actuary (OSA). WWU's 2018 pension liability is based on the OSA valuation performed as of June 30, 2016, with the results rolled forward to the measurement date of June 30, 2017. Besides the discount rate, 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. These assumptions reflect the results of OSA's 2007-2012 Experience Study and the 2015 Economic Experience Study. The following actuarial assumptions have been applied to all prior periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. OSA applied offsets to the base table and recognized future improvements in mortality

by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout the member's lifetime.

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.

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, 2018 are summarized in the following table:

2019 - Measurement date 2018		
Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	20%	1.70%
Tangible Assets	7%	4.90%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
Total	100%	

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.

DISCOUNT RATE:

The discount rate used to measure the total pension liabilities was 7.40 percent, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.40 percent

long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.40 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 and TRS 2/3 employers whose rates include a component for the PERS Plan 1 and TRS Plan 1 unfunded actuarial accrued liabilities). Based on those assumptions, the various pension plan’s fiduciary net positions were 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 percent on pension plan investments was applied to determine the total pension liability for each plan.

SENSITIVITY OF THE NET PENSION LIABILITY/(ASSET) TO CHANGES IN THE DISCOUNT RATE:

The following table presents the Recreation Center’s net pension liability/(asset) position by plan calculated using the discount rate of 7.40 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1.0% point lower (6.40%) or 1.0% point higher (8.40%) than the current rate.

Discount Rate Sensitivity - Net Pension Liability					
(\$ in thousands)					
Plan	2019				
	Current				
	1% Decrease	Discount Rate	1% Increase		
	6.4%	7.4%	8.4%		
PERS 1	\$ 102	\$ 83	\$ 67		
PERS 2/3	186	41	(79)		

EMPLOYER CONTRIBUTION RATES:

Employer contribution rates are developed in accordance with Chapter 41.45 of the RCW by the OSA. The statute provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates.

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Required Contribution Rates

The required contribution rates expressed as a percentage of current year covered payroll are shown below. The University and the employees made the required contributions.

	Contribution Rates					
	7/1/2017 thru 6/30/2018		7/1/2018 thru 8/31/2018		9/1/2018 thru 6/30/2019	
	Employee	University	Employee	University	Employee	University
PERS						
Plan 2	7.38%	12.70%	7.38%	12.70%	7.41%	12.83%
Plan 3	5.00-15.00% **	12.70% *	5.00-15.00% **	12.70% *	5.00-15.00% **	12.83% *

PERS 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability (UAAL)

*Plan 3 defined benefit portion only.

**Variable from 5% to 15% based on rate selected by the member.

University contribution rate includes an administrative expense rate of 0.0018.

The University's required contributions for the years ending June 30 are as follows:

PERS	Required Contributions	
	FY 2018	FY 2019
Plan 2	\$ 24,333	\$ 27,658
Plan 3	7,006	8,803

RECREATION CENTER PROPORTIONATE SHARE AND AGGREGATED BALANCES:

Collective pension amounts are determined as of a measurement date, which can be no earlier than an employer's prior fiscal year. The measurement date for the net pension liabilities recorded by the Recreation Center as of June 30, 2019 and 2018 was June 30, 2018 and 2017 (one year in arrears.) Employer contributions received and processed by the DRS during the measurement date fiscal year have been used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in their fiscal year ended June 30 Schedules of Employer and Non-employer Allocations. The Recreation Center's proportional share of WWU's share from DRS of the aggregated balance of net pension liabilities as of June 30, 2019 and June 30, 2018 is presented in the table below.

Proportionate Share of WWU's share	PERS 1	PERS 2/3	TRS 1
2019	0.6040%	0.6313%	0.0000%
2018	0.7084%	0.7542%	0.0000%

Aggregate Pension Amounts				
	PERS 1	PERS 2/3	TRS 1	Total
Net Pension Liability June 30, 2019	\$ 83,359	\$ 40,768	\$ -	\$ 124,127
Net Pension Liability June 30, 2018	\$ 105,504	\$ 99,372	\$ -	\$ 204,876

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES:

The tables below summarize the Recreation Center's expense, deferred outflows of resources and deferred inflows of resources related to the DRS pension plans, together with the related future year impacts to pension expense from amortization of those deferred amounts. Note that deferred outflows of resources related to the

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Recreation Center's contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the following year, and are not amortized to pension expense.

Proportionate Share of Pension Expense				
	PERS 1	PERS 2/3	TRS 1	Total
Year Ended June 30, 2019	\$ (7,864)	\$ (23,958)	\$ -	\$ (31,822)
Year Ended June 30, 2018	\$ 25,196	\$ 31,799	\$ (8,424)	\$ 48,570

Amounts reported as deferred outflows of resources, exclusive of contributions subsequent to the measurement date, and deferred inflows of resources will be recognized in pension expense in future periods as follows:

Deferred Outflows of Resources				
2019	PERS 1	PERS 2/3	TRS 1	Total
Difference between expected and actual experience	\$ -	\$ 4,997	\$ -	\$ 4,997
Changes of assumptions	-	477	-	477
Change in proportion	-	1,370	-	1,370
Contributions subsequent to the measurement date	14,459	22,002	-	36,461
TOTAL	\$ 14,459	\$ 28,846	\$ -	\$ 43,305

Deferred Inflows of Resources				
2019	PERS 1	PERS 2/3	TRS 1	Total
Difference between expected and actual experience	\$ -	\$ 7,138	\$ -	\$ 7,138
Changes of assumptions	-	11,602	-	11,602
Net difference between projected and actual earnings on pension plan investments	3,313	25,017	-	28,330
Change in proportion	-	2,714	-	2,714
TOTAL	\$ 3,313	\$ 46,471	\$ -	\$ 49,784

Amortization of Deferred Outflows and Deferred Inflows of Resources				
YEAR	PERS 1	PERS 2/3	TRS 1	Total
2020	\$ 145	\$ (3,334)	\$ -	\$ (3,189)
2021	(724)	(8,585)	-	(9,309)
2022	(2,173)	(15,755)	-	(17,928)
2023	(560)	(6,113)	-	(6,673)
2024	-	(2,541)	-	(2,541)
Thereafter	-	(3,298)	-	(3,298)
TOTAL	\$ (3,313)	\$ (39,627)	\$ -	\$ (42,940)

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Deferred Outflows of Resources				
2018	PERS 1	PERS 2/3	TRS 1	Total
Difference between expected and actual experience	\$ -	\$ 10,069	\$ -	\$ 10,069
Changes of assumptions	-	1,056	-	1,056
Change in proportion	-	184	-	184
Contributions subsequent to the measurement date	14,906	16,434	-	31,339
TOTAL	\$ 14,906	\$ 27,742	\$ -	\$ 42,648

Deferred Inflows of Resources				
2018	PERS 1	PERS 2/3	TRS 1	Total
Difference between expected and actual experience	\$ -	\$ 3,268	\$ -	\$ 3,268
Changes of assumptions	3,937	-	-	3,937
Net difference between projected and actual earnings on pension plan investments	-	26,490	-	26,490
Change in proportion	-	2,967	-	2,967
TOTAL	\$ 3,937	\$ 32,725	\$ -	\$ 36,662

Amortization of Deferred Outflows and Deferred Inflows of Resources				
YEAR	PERS 1	PERS 2/3	TRS 1	Total
2019	\$ (2,661)	\$ (12,211)	\$ -	\$ (14,872)
2020	840	3,521	-	4,361
2021	(195)	(2,576)	-	(2,771)
2022	(1,921)	(11,125)	-	(13,046)
2023	-	424	-	424
Thereafter	-	552	-	552
TOTAL	\$ (3,937)	\$ (21,416)	\$ -	\$ (25,353)

PLANS ADMINISTERED BY WESTERN WASHINGTON UNIVERSITY

Western Washington University Retirement Plan (WWURP)

PLAN DESCRIPTION:

The WWURP is a defined contribution single employer pension plan with a supplemental payment when required. The plan covers faculty, professional staff, and certain other employees. It is administered by WWU. WWU's Board of Trustees is authorized to establish and amend benefit provisions.

Contributions to the plan are invested in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Benefits from fund sponsors are available upon separation or retirement at the member's option. Employees have at all times a 100% vested interest in their accumulations. The number of participants in the WWURP as of June 30, 2019 and 2018 was 1,187 and 1,139 respectively.

FUNDING POLICY:

Employee contribution rates, which are based on age, range from 5% to 10% of salary. WWU matches 100% of the employee contributions. All required employer and employee contributions have been made and the breakdown

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of the Recreation Center’s proportional share of the WWURP contributions are included in the table below for the years ended June 30.

	2019	2018
Contributions made by:		
Employees	\$ 36,175	\$ 35,056
University	36,186	35,057

Western Washington University Supplemental Retirement Plan (WWUSRP)

PLAN DESCRIPTION:

WWUSRP, the supplemental component of the WWURP plan, is a defined benefit plan administered by WWU and operates in tandem with the WWURP defined contribution pension plan to supplement the expected defined-contribution retirement savings accumulated under the WWURP. The plan covers faculty and certain other positions. The WWUSRP, the supplemental component of the WWURP, was closed to new entrants as of July 1, 2011.

PLAN MEMBERSHIP:

Membership of the total Western Washington University Supplemental Retirement Plan consisted of the following at June 30, the date of the latest actuarial valuation for the plan:

Number of Participating Members				
WWUSRP	Inactive Mem bers (Or Beneficiaries)	Inactive Mem bers Entitled To But Not	Active Mem bers	Total Mem bers
	Currently Receiv ng Benefits	Yet Receiv ng Benefits		
2018	63	21	562	646
2016	48	1	646	695

This same census data was used for both the FY 2019 and FY 2018 Total Pension Liability actuarial valuations.

VESTING AND BENEFITS PROVIDED:

This supplemental component payment plan determines a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. This supplemental component is financed on a pay-as-you-go basis. WWU makes direct payments to qualified retirees when the retirement benefit provided by the fund sponsor does not meet the benefit goal.

WWSRP retirement benefits provisions are contained in RCW 28B.10.400, et. seq. which assigns the authority to establish and amend benefit provisions to the Western Washington University Board of Regents. Members are eligible to receive benefits under this plan at age 62 with 10 years of credited service. The monthly amount of

benefits payable at the time of retirement is the excess of one-twelfth of 2.0% of the member's average annual salary multiplied by the number of years of service (such product not to exceed one-twelfth of 50.0% of the member's average annual salary) over an assumed annuity benefit.

Assumed income must be calculated by an independent actuary, and represents a theoretical amount of monthly income that would have been generated if actual employee and WWU contributions to the WWURP had been allocated equally between fixed and variable dollar annuities. When the goal income exceeds the assumed income, the participant is entitled to benefits under this plan. The Recreation Center's proportional share of the total University benefit payments made during the fiscal years ended June 30, 2019 and 2018 were \$1,874 and \$1,722 respectively.

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on the University's auxiliary units. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on the Recreation Center's financial statements.

The total pension liability was determined by an actuarial valuation as of June 30, 2016, with the results rolled forward to the June 30, 2019, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

- **Inflation:** 2.75%
- **Salary Increases:** 3.50%
- **Discount Rate:** 3.50%

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the April 2016 Experience Study Report.

The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

The following presents the Recreation Center's proportional share of the pension liability for the WWUSRP for WWU as an employer, calculated using the discount rate of 3.50%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.0% point lower (2.50%) or 1.0% point higher (4.50%) than the current rate.

WWUSRP	
Total Pension Liability	
Discount Rate Sensitivity	
1% Decrease: 2.50%	\$137,611
Current Discount Rate: 3.50%	\$120,700
1% Increase: 4.50%	\$106,589

Material assumption changes during the measurement period included first, updating the GASB Statement No. 73 discount rate from 3.87% to 3.50% (decreased the TPL), and secondly, the CREF Stock Account returned about 5% for FY 2019, which is lower than the assumed return of 6.50%. Lower than expected returns on TIAA and CREF investments lead to greater supplemental benefits.

TOTAL PENSION LIABILITY (TPL):

Assets set aside to pay WWUSRP benefits are not held in a qualified trust as defined by GASB. A qualified trust requires that contributions from employers be irrevocable, dedicated to providing pension benefits to plan members, and are legally protected from creditors of the employer and plan administrator. As a result, the Recreation Center reports the total WWUSRP pension liability. This is different from the DRS plans (PERS, TRS, and LEOFF2), which have trusted assets and, therefore, are reported as a net pension liability.

Schedule of Changes in Total Pension Liability

Beginning Balance - June 30,2017	\$	104,253
Service Cost	\$	3,671
Interest		4,169
Differences Between Expected and Actual Experience		(11,129)
Changes in Assumptions		(4,080)
Benefits Payments		(1,888)
Net Change in Total Pension Liability FY 18		<u>(9,256)</u>
Balance as of June 30,2018		94,997
Service Cost		2,331
Interest		3,491
Differences Between Expected and Actual Experience		9,719
Changes in Assumptions		11,940
Benefits Payments		(1,777)
Net Change in Total Pension Liability FY 19		<u>25,703</u>
Ending Balance - June 30,2019	\$	<u>120,700</u>

The Recreation Center's proportionate share of the WWUSRP pension expense for the fiscal years ended June 30, 2019 and 2018 was \$833 and \$(763) respectively.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

The tables below summarize the Recreation Center's deferred outflows and inflows of resources related to the WWUSRP, together with the related future year impacts to pension expense from amortization of those deferred amounts:

Deferred Outflows of Resources		
	2019	2018
Difference between expected and actual experience	\$ 8,745	\$ -
Changes of assumptions	10,745	-
TOTAL	\$ 19,490	\$ -

Deferred Inflows of Resources		
	2019	2018
Difference between expected and actual experience	\$ 20,357	\$ 25,569
Changes of assumptions	7,937	9,979
TOTAL	\$ 28,294	\$ 35,548

Amortization of Deferred Outflows and Deferred Inflows of Resources

Year	
2020	\$ (3,366)
2021	\$ (3,366)
2022	\$ (3,366)
2023	\$ (1,884)
2024	\$ 1,567
Thereafter	\$ 1,612
TOTAL	\$ (8,804)

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

PLAN DESCRIPTION:

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

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

The health care premiums for active employees, which are paid by the agency during employees’ working careers, subsidize the “underpayments” of the retirees. An additional factor in the OPEB obligation is a payment that is required by the State Legislature to reduce the premiums for retirees covered by Medicare (an “explicit subsidy”). For fiscal years 2018 and 2017, this amount is the lesser of \$150 or 50% of the plan premium per retiree eligible for parts A and B of Medicare, per month. This is also passed through to State agencies via active employees rates charged to the agency.

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 the 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. As of June 2017, the total University’s headcount percentage membership in the PEBB plan consisted of the following:

OPEB Plan Participants				
FYE	Active Employees	Retirees Receiving Benefits	Retirees Not Receiving Benefits	Total Participants
2017	1992	683	97	2772
2018	2016	727	97	2840

There is no formal State or University plan that underlies the subsidy of retiree health and life insurance. An actuarial study performed by the Washington Office of the State Actuary (OSA) calculated the total OPEB actuarial accrued liability of the State of Washington at January 1, 2018.

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on the University’s auxiliary units. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on the Recreation Center’s financial statements.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement period:

- **Inflation:** 2.75%
- **Salary Increases:** 3.50% including service-based salary increases
- **Health Care Trend Rates:** Initial rate of 8.00% adjusting to 4.50% in 2080
- **Post-retirement Participation:** 65.00%
- **Spouse Coverage:** 45.00%

WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100.0% Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

In order to calculate the beginning total OPEB liability balance under GASB Statement No. 75, the January 1, 2017 actuarial valuation was projected backwards to the measurement date of June 30, 2016, while the ending balance was determined by projecting the January 1, 2017 valuation forward to June 30, 2017. Both the forward and backward projections reflect the plan’s service cost, assumed interest, and the expected benefit payments.

The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index. A discount rate of 3.58% was used for the June 30, 2017 measurement date and 3.87% for the June 30, 2018 measurement date.

The following presents the Recreational Center’s proportional share of the total University OPEB liability, calculated using the discount rate of 3.87%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87) than the current rate.

Total OPEB Liability Discount Rate Sensitivity	
1% Decrease	\$752,514
Current Discount Rate - 3.87%	\$624,096
1% Increase	\$523,903

The following represents the total OPEB liability of the Recreation Center calculated using the health care trend rates of 8.00% decreasing to 4.50%, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (7.00% decreasing to 3.50%) or 1 percentage point higher (9.00% decreasing to 5.50%) than the current rate:

Total OPEB Liability Health Care Cost Trend Rate Sensitivity	
1% Decrease	\$512,323
Current Discount Rate - 8.00%	\$624,096
1% Increase	\$772,734

WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

TOTAL OPEB LIABILITY:

As of June 30, 2019 and 2018, components of the proportionate share calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for the Recreation Center are represented in the following table:

FY19 Proportionate Share of WWU's share	0.755997%
FY18 Proportionate Share of WWU's share	0.746599%

Schedule of Changes in Total OPEB Liability

Total OPEB Liability	2019	2018
Service cost	\$35,054	\$108,031
Interest	24,100	50,602
Changes of benefit terms	-	-
Differences between expected & actual experience	21,998	-
Changes in assumptions	(153,463)	(246,839)
Benefit payments	(10,178)	(25,788)
Change in Proportionate share	4,334	9,954
Other	-	-
Net Change in Total OPEB Liability	(\$78,155)	(\$104,040)
Total OPEB Liability - Beginning	\$702,251	\$806,291
Total OPEB Liability - Ending	\$624,096	\$702,251

Recreation Center's proportionate share of OPEB expense for the fiscal years ended June 30, 2019 and 2018 were \$48,263 and \$ 990 respectively.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

The tables below summarize Recreation Center's deferred outflows and inflows of resources related to OPEB, together with the related future year impacts to expense from amortization of those deferred amounts:

WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

Deferred Outflows of Resources		
	2019	2018
Change in proportion	\$ 8,171	\$ 3,840
Difference between expected and actual experience	21,766	-
Transactions subsequent to the measurement date	11,459	11,114
TOTAL	\$ 41,396	\$ 14,954

Deferred Inflows of Resources		
	2019	2018
Changes of assumptions	\$238,094	\$96,693
TOTAL	\$ 238,094	\$ 96,693

Amortization of Deferred Outflows and Deferred Inflows of Resources		
Year		
2020	\$	(27,500)
2021		(27,500)
2022		(27,500)
2023		(27,500)
2024		(27,500)
Thereafter		(70,658)
TOTAL	\$	(208,157)

RSI

REQUIRED SUPPLEMENTARY INFORMATION

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Recreation Center’s Proportionate Share of the Net Pension Liability

Schedule of Recreation Center Proportionate Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 1 Measurement Date ended June 30 *					
	2014	2015	2016	2017	2018
Recreation Center PERS 1 employers' proportion of the net pension liability	0.002365%	0.002311%	0.001825%	0.002223%	0.001867%
Recreation Center PERS 1 employers' proportionate share of the net pension liability	\$129,519	\$120,898	\$97,990	\$105,504	\$83,359
Recreation Center PERS 1 employers' covered-employee payroll	\$246,340	\$252,575	\$214,480	\$270,703	\$244,786
Recreation Center PERS 1 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	52.58%	50.68%	41.97%	38.97%	34.05%
Plan fiduciary net position as a percentage of the total pension liability	61.19%	59.10%	57.03%	61.24%	63.22%
* As of June 30; this schedule is to be built prospectively until it contains ten years of data.					

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

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Recreation Center's Proportionate Share of the Net Pension Liability

Schedule of Recreation Center Proportionate Share of the Net Pension Liability					
Public Employees' Retirement System (PERS) Plan 2/3					
<i>Measurement Date ended June 30 *</i>					
	2014	2015	2016	2017	2018
Recreation Center PERS 2/3 employers' proportion of the net pension liability	0.003045%	0.002986%	0.002336%	0.002860%	0.002388%
Recreation Center PERS 2/3 employers' proportionate share of the net pension liability	\$59,589	\$106,676	\$117,616	\$99,372	\$40,768
Recreation Center PERS 2/3 employers' covered-employee payroll	\$262,066	\$264,732	\$222,246	\$280,484	\$251,452
Recreation Center PERS 2/3 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	22.74%	39.08%	52.92%	35.43%	16.21%
Plan fiduciary net position as a percentage of the total pension liability	93.29%	89.20%	85.82%	90.97%	95.77%
* As of June 30; this schedule is to be built prospectively until it contains ten years of data.					

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

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Recreation Center's Proportionate Share of WWUSRP Total Pension Liability

Schedule of WWU's Total Pension Liability				
WWUSRP - Recreation Center				
Fiscal Year ended June 30*				
<i>(dollars in thousands)</i>				
	2016	2017	2018	2019
WWUSRP total pension liability	\$141	\$104	\$95	\$121
WWU URP employers' covered-employee payroll	\$386	\$368	\$397	\$361
WWUSRP total pension liability as a percentage of its covered-employee payroll	36.50%	28.30%	23.93%	33.45%
* As of June 30; this schedule is to be built prospectively until it contains ten years of data.				

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Contributions

Schedule of Contributions									
Public Employees' Retirement System (PERS) Plan 1									
Fiscal Year Ended June 30									
Recreation Center									
Fiscal Year	Contractually Required Contributions	Contributions related to covered payroll of employees	UAAL Contributions related to covered payroll of employees	Total Contributions in relation to the Actuarially Determined Contributions	Contribution deficiency (excess)	Covered payroll of employees participating in PERS 1	Covered payroll of employees participating in PERS 2/3	Total Covered-employee payroll	Contributions as a percentage of covered-employee payroll
		Participating in PERS plan 1	Participating in PERS plan 2/3						
2015	\$10,622	\$0	\$10,622	\$10,622	\$0	\$9,882	\$242,693	\$252,575	4.21%
2016	\$10,347	\$0	\$10,347	\$10,347	\$0	\$7,337	\$207,143	\$214,480	4.82%
2017	\$13,375	\$0	\$13,375	\$13,375	\$0	\$7,269	\$263,434	\$270,703	4.94%
2018	\$12,476	\$0	\$12,476	\$12,476	\$0	\$4,202	\$240,585	\$244,786	5.10%
2019	\$14,459	\$0	\$14,459	\$14,459	\$0	\$639	\$188,586	\$189,225	7.64%
2020									
2021									
2022									
2023									
2024									

Notes:
This schedule will be built prospectively until they contain ten years of data.

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30 <i>Recreation Center</i>					
Fiscal Year	Contributions in relation to the			Covered-employee payroll	Contributions as a percentage of covered-employee payroll
	Contractually Required Contributions	Contractually Required Contributions	Contribution deficiency (excess)		
2015	\$14,515	\$14,515	\$0	\$272,962	5.32%
2016	\$20,992	\$20,992	\$0	\$222,246	9.45%
2017	\$17,965	\$17,965	\$0	\$280,190	6.41%
2018	\$18,863	\$18,863	\$0	\$251,452	7.50%
2019	\$22,002	\$22,002	\$0	\$194,130	11.33%
2020					
2021					
2022					
2023					
2024					

Notes:
This schedule will be built prospectively until they contain ten years of data.

**WADE KING STUDENT RECREATION CENTER
REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2019 and 2018

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 1 Fiscal Year Ended June 30 <i>Recreation Center</i>									
Fiscal Year	Contractually Required Contributions	Contributions related to covered payroll of employees Participating in TRS plan 1	UAAL Contributions related to covered payroll of employees Participating in TRS plan 2/3	Total Contributions in relation to the Actuarially Determined Contributions	Contribution deficiency (excess)	Covered payroll of employees participating in TRS 1	Covered payroll of employees participating in TRS 2/3	Total Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2015	\$7,806	\$7,806	\$0	\$7,806	\$0	\$23,157	\$116,956	\$140,113	5.57%
2016	\$794	\$794	\$0	\$794	\$0	\$483	\$11,231	\$11,715	6.78%
2017	\$0	\$0	\$0	\$0	\$0			\$0	0.00%
2018	\$0	\$0	\$0	\$0	\$0			\$0	0.00%
2019	\$0	\$0	\$0	\$0	\$0			\$0	0.00%
2020									
2021									
2022									
2023									
2024									

Notes:
These schedules will be built prospectively until they contain ten years of data.

PENSION PLAN INFORMATION

Cost Sharing Employer Plans
 Schedule of Contributions

Schedule of Contributions WWUSRP Plan - Recreation Center Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2016	\$34,311	\$34,311		\$ -	\$386,442	8.88%
2017	33,934	33,934		-	368,328	9.21%
2018	35,057	35,057		-	397,010	8.83%
2019	36,186	36,186		-	360,887	10.03%
2020						
2021						
2022						
2023						
2024						
2025						

Notes:
 These schedules will be built prospectively until they contain ten years of data.

OPEB INFORMATION

Cost Sharing Healthcare Plans

Schedule of Recreation Center's Changes in Total OPEB Liability

Schedule of Recreation Center Changes in Total OPEB Liability		
<i>Measurement Date ended June 30 *</i>		
	2018	2019
Total OPEB Liability-Beginning	\$806,291	\$702,252
Service Cost	\$108,031	\$35,054
Interest	\$50,602	\$24,100
Differences between expected and actual experience	\$0	\$21,998
Changes in assumptions	-\$246,839	-\$153,463
Benefits payments	-\$25,788	-\$10,178
Change in Proportionate share	\$9,954	\$4,334
Totale OPEB liability-ending	\$702,252	\$624,098
Recreation Center employers' covered-employee payroll	\$755,074	\$761,413
Recreation Center employers' proportionate share of total OPEB liability as a percentage of its covered-employee payroll	106.78%	92.23%

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

OPEB INFORMATION

Cost Sharing Healthcare Plans
Schedule of Contributions

Schedule of Contributions Health Care - OPEB Fiscal Year Ended June 30 <i>Recreation Center</i>					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the		Covered-employee payroll	Contributions as a percentage of covered-employee payroll
		Contractually Required Contributions	Contribution deficiency (excess)		
2018	\$11,114	\$11,114	\$0	\$755,074	1.47%
2019	\$11,459	\$11,459	\$0	\$761,413	1.50%
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					

Notes:
This schedule will be built prospectively until they contain ten years of data.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa by
Vice President Melynda Huskey, Enrollment and Student Services
Vice President Richard Van Den Hul, Business and Financial Affairs

DATE: December 13, 2019

SUBJECT: **Security and Fire Safety Report**

PURPOSE: Information Item

Purpose of Submittal:

Provide the Board of Trustees with information regarding Western Washington University's compliance with the federal Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act.

**Western Washington University
Security and Fire Safety Report Update**

December 2019

Background: In November 1990, the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (referred to as the "Clery Act") was signed into law. As a result, all institutions participating in federal student aid programs are required to:

- Prepare and distribute an annual security and fire safety report to all members of the campus community (<http://www.wvu.edu/vpess/annualsafetyreport.shtml>) which sets forth the law enforcement authority of campus police, includes information on where and how crimes should be reported, and discloses three years' worth of crime trends including alcohol and other drug-related statistics, arrests and disciplinary referrals for the campus, areas immediately adjacent to or running through the campus, and certain non-campus facilities including leased housing and remote classrooms; and
- Provide timely warning to the campus community of crimes which may pose a threat to the safety and/or welfare of students and employees.

In 2018, the Western Alert System, through which timely warnings are conveyed, was utilized on several occasions to send messages to the campus community regarding safety concerns and inclement weather warnings. The system is tested during fall, winter and spring quarters, when the majority of students are on campus.

Security and Fire Safety Report: All information that Western is required to distribute annually to the campus community under state and/or federal mandates is compiled into one publication, the Security and Fire Safety Report. Published each fall, the report includes educational materials, key policies and procedures, resources for students and employees, and an annual summary of campus crime and residence hall fire statistics.

- The Clery Act specifies the crimes/violations that are to be published. These are reflected in the 2019-20 Security and Fire Safety Report, on pages 17-25 and include all separate campuses and all categories required by federal law.

Campus Security Authorities: Staff members who have “significant responsibility for student and campus activities” are required to document any Clery Act-designated crime reported to them for inclusion in Western’s annual campus crime statistics. Western has identified staff members whose positions fall under the Department of Education’s definition of campus security authorities (CSAs). Reports submitted by CSAs are forwarded to University Police for follow-up and verification.

Prevention and outreach efforts

Western has continued its commitment to actively provide outreach and educational programming to the Western community. Prevention and Wellness Services has been providing, and continues to provide, training on bystander intervention to varsity athletic teams, club sports, and to all students via an online tutorial.

Programs to prevent domestic violence, dating violence, sexual assault and stalking are provided to the Associated Students Board and Resource and Outreach Programs Coordinators; University Police; Resident Advisors; students studying abroad (during pre-departure); international students; Peer Health Educators and peer advisors from a variety of programs, and through faculty request to a variety of academic classes. In addition, these prevention efforts are being augmented in order to meet the new requirements in the Campus Sexual Assault Violence Elimination Act (SaVE Act) provision of the Violence Against Women Reauthorization Act (revised 2014). Information about prevention efforts can be found on pages 30- 89.

Distribution of report

A link to the report is emailed to each student in fall quarter. This email also contains information about the student conduct code (<https://wp.wvu.edu/officeofstudentlife/reporting-a-concern-or-complaint/>); information about sexual violence - including resources and reporting options (<https://wp.wvu.edu/sexualviolence/>); and, general safety resources (<http://www.wvu.edu/campus-safety-resources>).

19. DATE FOR NEXT REGULAR MEETING

- **February 13 & 14, 2020**

20. ADJOURNMENT