

WESTERN WASHINGTON UNIVERSITY
BOARD OF TRUSTEES
AGENDA
December 13, 14, 2018

THURSDAY, DECEMBER 13, 2018

Location: Old Main 340

Time: 3:00 p.m.

1. CALL TO ORDER

3:00 – 3:05

2. STUDENT SUCCESS FUNDRAISING INITIATIVE AND BRAND CAMPAIGN

Joint Session with Western Washington University Foundation Board of Directors

3:05 – 5:00

Presentation: Stephanie Bowers, Vice President, University Advancement
Donna Gibbs, Vice President, University Relations and Marketing
Brent Carbajal, Provost and Vice President, Academic Affairs

FRIDAY, December 14, 2018

Location: Old Main 340

Time: 8:00 a.m.

3. CALL TO ORDER, APPROVAL OF MINUTES

8:00 – 8:05

- Board of Trustees Meeting, October 11, 12, 2018
- Board of Trustees Special Meeting, November 5, 2018

4. PUBLIC COMMENT

8:05 – 8:15

5. INTRODUCTIONS

8:15 – 8:25

- a. Resolution No. 2018-04 Welcoming Trustee Faith Li Pettis

6. BOARD CHAIR REPORT

8:25 – 8:35

7. UNIVERSITY PRESIDENT REPORT

8:35 – 8:45

8. FACULTY SENATE REPORT

8:45 – 8:50

9. ASSOCIATED STUDENTS REPORT
8:50 – 8:55

DISCUSSION ITEMS

10. CLERY ACT COMPLIANCE AND INTERNAL AUDIT REPORT, AND 2017 ANNUAL SECURITY AND SAFETY REPORT UPDATE

8:55 – 9:15 Presentation: Antonia Allen, Director, Office of the Internal Auditor
Melynda Huskey, Vice President, Enrollment and Student Services
Richard Van Den Hul, Vice President, Business and Financial Affairs
Michael Sledge, Assistant Dean of Students
Keith Williams, Assistant Director, Public Safety
Department / Assistant Chief of Police

11. COMPREHENSIVE BUDGET OVERVIEW AND FINANCIAL HEALTH REPORT

9:15 – 10:00 Presentation: Richard Van Den Hul, Vice President, Business and Financial Affairs
Linda Teater, Director, Budget Office
Brian Sullivan, Associate Vice President, Business and Financial Affairs

BREAK – 10 minutes

12. CAPITAL AND SPACE PLANNING UPDATE

10:10 – 10:55 Presentation: Brent Carbajal, Provost and Vice President, Academic Affairs
Richard Van Den Hul, Vice President, Business and Financial Affairs
Melynda Huskey, Vice President, Enrollment and Student Services
Rick Benner, Director, Facilities Development and Capital Budget /
University Architect
Francis Halle, Director, Space Administration / Space Management

13. INSTITUTIONAL RESOURCE MODELING UPDATE

10:55 – 11:15 Presentation: Sabah Randhawa, President
Brent Carbajal, Provost and Vice President, Academic Affairs
Richard Van Den Hul, Vice President, Business and Financial Affairs
Brian Burton, Associate Vice President, Academic Affairs

ACTION ITEMS

14. GENERAL CONTRACTOR/CONSTRUCTION MANAGER PRECONSTRUCTION SERVICES CONTRACT FOR INTERDISCIPLINARY SCIENCE BUILDING, PW733

11:15 – 11:25 Presentation: Richard Van Den Hul, Vice President, Business and Financial Affairs

15. CONSENT ITEM

11:25 – 11:30

- a. Approval of Fall Quarter Degrees

16. FINANCE, AUDIT AND ENTERPRISE RISK MANAGEMENT COMMITTEE REPORT

11:30 – 11:35 Presentation: Trustee John Meyer, Committee Chair

17. STUDENT SUCCESS COMMITTEE REPORT

11:35 – 11:40 Presentation: Trustee Mo West, Committee Chair

18. INFORMATION ITEMS

11:40 – 11:45

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

19. DATE FOR NEXT REGULAR MEETING: February 7, 8, 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 14, 2018
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 Meeting, October 11, 12, 2018
- Approval of the Minutes of the Special Board of Trustees Meeting, November 5, 2018

Supporting Information:

Minutes of October 11, 12, 2018
Minutes of November 5, 2018

**Western Washington University
Board of Trustees
Meeting Minutes
Thursday, October 11, 2018**

CALL TO ORDER

Board Chair, Trustee Earl Overstreet called the regular meeting of the Board of Trustees of Western Washington University to order at 3:07 pm in the Sulkin Library, Shannon Point Marine Center, Anacortes, WA.

Board of Trustees

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

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
McNeal Jantzen, Faculty Senate President
Millka Solomon, Associated Students President
Paul Cocks, Director of University Communications
Paul Dunn, Chief of Staff, 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 10-01-2018

Trustee Sharpe moved that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve the following minutes:

- Board of Trustees Meeting, August 23 & 24, 2018
- Board of Trustees Special Meeting, September 11 & 12, 2018

The motion passed.

2. WWU ON THE PENINSULAS FEASIBILITY STUDY PROGRESS REPORT

Ray Thompson, Vice President, Higher Education Services, MGT Consulting Group provided a progress report on an ongoing feasibility study of expanding Western Washington University's educational delivery and presence on the Kitsap and Olympic Peninsulas. Thompson noted that the focus of the study was to collect and analyze regional educational information and workforce demands collected through meetings and surveys conducted with stakeholders from across the Peninsulas, including educational leaders, workforce and economic development councils, community and tribal leaders, faculty and staff at existing WWU learning sites and community members.

Thompson shared that approximately 450,000 people live on the Kitsap and Olympic Peninsulas, with 254,000 living in Kitsap County alone. He said that at 448 square miles, Kitsap County had the fourth greatest population density in Washington State, and is the most densely populated area in the U.S. that lacks a four year institution of higher education. Thompson noted that the remainder of the population is distributed across a 5,000 square mile area of snow-capped mountains, dense rainforests, and rocky coastlines served by few roads. He said that timely, frequent travel to and from population centers is difficult for most citizens, and dependable, high quality internet service is not universally available. He added that most of the populations in these remote areas continue to lack access to higher education programs and services.

Thompson indicated that the Washington State Legislature appropriated one-time funding in 2018 for Western to study the feasibility of expanding its educational offerings on the Kitsap and Olympic Peninsulas, specifically the feasibility of creating a four-year degree-granting campus. He added that Western is required to submit a report on the findings to the Governor and appropriate committees of the Legislature by December 2018.

Thompson concluded his presentation by noting the primary objectives of the study which included the following:

- Assessment of the four-year higher education needs and demands in the region, taking into account student demand and economic and workforce needs.
- Assessment of the current limitations to physical and online access to higher education in the region, including transportation and commuting challenges, inconsistent availability of higher education quality internet service, and other impediments to access.
- Assessment and comparison of the feasibility of multiple options for expanding baccalaureate and other higher education services in the region, including but not limited to one or more of the following: the development of a four-year university campus, the expansion of current degree and certificate programs in partnership with local community and technical colleges, and/or online and distance education programs.
- Determine optimal location(s) for providing additional higher education services, if feasible, taking into account population, demand, and access, as well as existing higher education capital resources.

3. NEW DIRECTIONS IN MARINE SCIENCE AT WESTERN

Brian Bingham, Interim Director of the Shannon Point Marine Center, and Brooke Love, Interim Academic Program Coordinator provided the board an overview and progress report on the new Marine and Coastal Sciences major at Western. Bingham reported that as part of Western 2018 supplemental budget, the Washington State Legislature approved \$1.3 million for development of an undergraduate degree program in marine and coastal sciences at Western. He noted that this program is only the second undergraduate degree program in the state. The program will help meet a growing demand among incoming students for access to marine science training, while addressing the needs within the State of Washington to create more STEM graduates who have the necessary interdisciplinary training to tackle the problems that face local coastal communities, state, and the planet. Bingham noted the degree program will pull together expertise and resources from the Department of Environmental Sciences, the Biology Department, and the Shannon Point Marine Center in a rigorous, interdisciplinary cohort model. Brooke Love, Interim Academic Program Coordinator and Associate Professor, Department of Environmental Sciences, added that the program will focus on research opportunities for students early in their college career, active, hands-on learning experiences in the laboratory and in the field, and engage learning communities built around coursework series, programs, and immersive learning experiences. Love introduced Laura Anthony, an undergraduate alumna of the Western Marine Science Scholars Program who shared her experience as a student in the program and provided the board with an overview of how the program has created opportunities and experiences for her as an undergraduate alumna of the Marine Science Scholars Program.

**Western Washington University
Board of Trustees
Meeting Minutes
Friday, October 12, 2018**

4. CALL TO ORDER

Board Chair, Trustee Earl Overstreet called the regular meeting of the Board of Trustees of Western Washington University to order at 8:03 am in the Ballroom, at the Majestic Inn, in Anacortes, WA.

Board of Trustees

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

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
McNeel Jantzen, Faculty Senate President
Millka Solomon, Associated Students President
Paul Cocke, Director of University Communications
Paul Dunn, Chief of Staff and Secretary to the Board of Trustees
Barbara Sandoval, Senior Executive Assistant to the President
Rayne Rambo, Assistant Secretary to the Board of Trustees

5. EXECUTIVE SESSION

At 8:01 a.m. Chair Overstreet announced that the Board would convene in Executive Session for approximately thirty minutes to discuss a personnel matter as authorized in RCW 42.30.110 (1)(g)&(i).

6. 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.

7. UNIVERSITY PRESIDENT REPORT

President Randhawa reported that fall enrollment has increased from last year by 1.2% which is reflective of student retention. He noted an increase in students of color and first generation students. He added that graduate students have increased by 4.0% since last year's enrollment.

President Randhawa highlighted that the Student Convocation ceremony was redesigned to be a more academically-oriented event similar to commencement and noted that it was very well attended.

President Randhawa reported that an agreement had been reached with the Public School Employee's Staff Union and the Washington Federation of State Employees for compensation increases for the biennium that mirrors the agreement that the state reached with the unions. He noted the increase was 3% July 2019 and 3% in July 2020 and for employees earning less than \$50,000 annually, the state would contribute \$250.00 towards a flexible spending account for health care.

8. BOARD CHAIR REPORT

Trustee Overstreet reflected on the ongoing work of the Board of Trustees that continues to align with the four goals of the Strategic Plan and the University's daily operations. He noted that the board meet in September for a work session and the topics included the 2018 presidential assessment and strategic plan implementation and alignment. Overstreet explained that the presidential assessment allowed the trustees and the president to review input from internal and external stakeholders, discuss accomplishments, opportunities for improvement, lessons learned and opportunities for the upcoming year.

Trustee Overstreet expressed that the trustees are pleased with President Randhawa's performance and feel that Western is fortunate to have his particular style of leadership at this critical juncture. The trustees recommended an amendment to President Randhawa's contract to receive the same salary increase that was received by Professional Staff employees that was approved by the Legislature.

MOTION 10-01-2018

Trustee Franklin moved that the Board of Trustees of Western Washington University, upon recommendation of the Board Chair, approves a 2% increase in the President's salary through the end of 2018 calendar year, with a further increase of 2% on January 1, 2019, both being consistent with a statewide legislative authorization to increase the University's professional staff salaries on July 1, 2018, and authorizes the Chair to execute the contract addendum on behalf of the Board of Trustees.

The motion passed.

Trustee Overstreet congratulated Trustee Sue Sharpe for her re-appointment for a second term, by Governor Jay Inslee, as a trustee at Western Washington University. Chair Overstreet welcomed Paul Dunn to his new role as Chief of Staff and Secretary to the Board of Trustees. Chair Overstreet also recognized Barbara Sandoval for her excellent work as the Secretary to the Board of Trustees and welcomed her to her new role as Senior Executive Assistant to the President.

9. FACULTY SENATE REPORT

McNeel Jantzen, Faculty Senate President reported the Senate Standing Committee on Social, Justice and Equity has been confirmed and will be relocated and continue their work under the President and Provost's office. She added that Faculty Senate will have a new committee that will be known as the Senate Equity, Inclusion and Diversity Council that will be in charge of policy work as an extension of Faculty Senate.

Jantzen reported that she is co-chairing an advisory group with Eric Alexander, Associate Dean for Student Engagement and Director of Viking Union, to implement the recommendations that were brought forward by the Anti-Semitism Task Force report.

10. ASSOCIATED STUDENTS REPORT

Standing in for absent Associated Students President Millka Solomon, Levi Eckman, Vice President for Academic Affairs, reported on behalf of the Associated Students. Eckman provided an update on the work of the Associated Students to re-form the Student Senate that will serve as a legislative body in coordination with the Associated Students Board of Directors on all relevant student issues. He added that the goal is to increase student participation in student elections by involving more students in paid positions as Senators that will represent all eight of the colleges on campus and the at large campus community. Eckman noted that Student Senate elections will take place in late November and the goal is to have the Student Senate functioning at the beginning at winter quarter.

11. CONSENT ITEMS

Trustee Overstreet introduced the consent items brought before the board for approval.

MOTION 10-02-2018 Trustee Ramirez moved, upon the recommendation of the President, approve the following consent items:

- Construction Contract for Multiple Building Access Control, PW728
- Construction Contract for Multiple Building Replacement of Switchgears, panels, and Motor Controls, PW731

The motion passed.

12. APPROVAL OF THE FY18 INTERNAL AUDIT ANNUAL REPORT

Antonia Allen, Director of the Office of the Internal Auditor, requested approval of the FY18 Internal Audit Annual Report. She noted that the FY18 Internal Audit Annual Report includes the final progress report on the FY18 Office of the Internal Auditor Activity, the FY19 Internal Audit Plan, and other FY18 annual reporting topics.

MOTION 10-03-2018 Trustee Meyer moved that the Board of Trustees of Western Washington University, upon recommendation of the Board of Trustees Finance, Audit and Enterprise Risk Management Committee and President Randhawa, approve the FY18 Internal Audit Annual Report.

The motion passed.

Trustee Overstreet announced a 10 minute break at 9:36 am. The board reconvened at 9:50 am.

13. TITLE IX INTERNAL AUDIT REPORT

Antonia Allen, Director, Office of the Internal Auditor, provided the Board with an overview of the Title IX Internal Audit, management's response to the Title IX Internal Audit Report's recommendations and management's plan for improving Western's efforts in preventing and responding to sexual violence and misconduct. She noted that the objective of the audit was to determine how Title IX sexual harassment and sexual assault complaints had been administered by the Equal Opportunity Office (EOO) for students, staff, and faculty and to compare Western's complaint administration practices to the Office of Civil Rights (OCR's) guidance to identify opportunities for improvement. Allen reported that the scope of the report analyzed whether EOO's Title IX practices include the following procedural elements that the OCR has identified as critical to achieving compliance with Title IX.

- Adequate notice of grievance procedures
- Documented procedures match actual practices
- Investigation of complaints is adequate, reliable, and impartial
- Prompt time frames for the complaint process
- Written notice of the complaints and alleged perpetrator of the outcome of the complaint

Allen explained the conclusions of the audit which noted that there was adequate notice of grievance procedures. She noted that the documented complaint procedures did not match OCR prescribed practice and that this was an area that could be improved in future investigations. She added that the investigation of the complaints appeared adequate, reliable, and impartial. She concluded that other areas of improvement included processing time frames and written notices outcomes.

14. STRATEGIC PLANNING AND WEBSITE AND DASHBOARDS

Brian Burton, Associate Vice President for Academic Affairs provided an overview of the work completed on the new strategic planning website. Burton highlighted the strategic planning website that showed a dashboard for University benchmarks and discussed other dashboards related to core themes and strategic objectives that are in the process of being developed. Burton gathered feedback from the trustees for the continued work on the website for future use.

15. OLYMPIA UPDATE

Becca Kenna Schenk, Executive Director, Government Relations, provided an update on the upcoming 2019 Legislative Session that will begin on January 14, 2019. She reported that legislators will adopt the state's biennial operating and capital budgets. She added that Western's 2019-21 operating budget requests that were approved by the Board of Trustees, have been submitted to the Office of Financial Management.

16. FINANCE, AUDIT AND ENTERPRISE RISK MANAGEMENT COMMITTEE REPORT

Trustee Meyer, Chair, Finance, Audit and Enterprise Risk Management Committee (FARM) provided an overview of the meeting were the committee was presented the Entrance Conference by the State Auditor's Office for the Financial Statement audit and the Accountability Audit. Meyer reported that areas of discussion included Financial Metrics and best practices for University Reserves. He added that the committee received a status update on the Capital Plan, Internal Audit Quarterly Progress update and the Enterprise Risk Management Plan.

17. STUDENT SUCCESS COMMITTEE REPORT

Trustee West, Chair, Student Success Committee, reported that Levi Eckman, Associated Students Vice President for Academic Affairs provided an update on the Student Senate and the updated By-Laws. She added that the work of the Associated Students to revive the Student Senate at Western will encourage more student participation in elections and student affairs. She concluded her report by adding that the Student Success Committee fully endorses the work of the Student Senate.

18. INFORMATION ITEMS

a. Academic Reports

Provost Carbajal provided a written report with an update on the

b. Admissions and Enrollment Report

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

c. Capital Program Report

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

d. University Advancement Report

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

e. University Relations and Marketing Report

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

19. EXECUTIVE SESSION

At 11:24 a.m. Chair Overstreet announced that the Board would convene in Executive Session for approximately thirty minutes to discuss a personnel matter as authorized in RCW 42.30.110 (1)(g)&(i).

20. DATES FOR NEXT REGUALR MEETING

December 13 & 14, 2018

21. ADJOURNMENT

The meeting adjourned at 12:05 p.m.

**Western Washington University
Board of Trustees
Meeting Minutes
Monday, November 5, 2018**

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 3:32 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 – *absent*
Karen Lee – *by phone*
Sue Sharpe – *by phone*
Mo West – *by phone*
Citlaly Ramirez - *Absent*

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
Jeff Young, Faculty Senate Vice President
Millka Solomon, Associated Students President
Kerena Higgins, Assistant Attorney General
Paul Cocke, Director of University Communications
Rayne Rambo, Assistant Secretary to the Board of Trustees

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

2. CONSTRUCTION CONTRACT FOR ANATOMY AND PHYSIOLOGY LABS UPGRADES, PW726

President Randhawa introduced the agenda item that was removed from the October regular meeting agenda due to construction bids that were not yet submitted .

Rich Van Den Hul, Vice President for Business and Financial Affairs, introduced Rick Benner, Director, Facilities Development and Capital Budget/University Architect, who provided an overview of the project that includes the construction of two anatomy and physiology teaching laboratories within the Carver Academic Facility. He noted that the project will provide space and scheduling relief for required anatomy and physiology classes for the Biology and Health and Human Development departments. He added that the project is scheduled to be completed in time for full academic usage during summer quarter 2019.

Trustee Karen Lee inquired if the lead bid contractor, Regency NW Construction, Inc., Bellevue, WA, hires sub-contractors that participate in the Minority and Women's Business Enterprises (MWBE) of Washington State certification program. Van Den Hul clarified that sub-contractors are not required to participate but that Western encourages participation in the program that promotes small, minority and women-owned businesses.

MOTION 11-01-2018 Trustee Sharpe moved that the Board of Trustee of Western Washington University, upon recommendation of the President, award a contract to Regency NW Construction Inc., Bellevue, WA, for the amount of \$1,324,000 (based bid, plus no alternates) for the construction contract to construct the Anatomy and Physiology Lab.

The motion passed.

Roll Call for the Vote:

Trustee Earl Overstreet, Chair - Aye
Trustee Chase Franklin – Aye
Trustee Karen Lee – Aye
Trustee Sue Sharpe – Aye
Trustee Mo West - Aye

3. DATE FOR NEXT REGULAR MEETING

December 13 and 14, 2018

4. The meeting adjourned at 3:43 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 14, 2018

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 7:45 – 7:55 a.m. the day of the Board of Trustees meeting. The signup sheet will be given to the Board Chair at 8:00 a.m.

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

TO: Members of the Board of Trustees
FROM: President Randhawa
DATE: December 14, 2018
SUBJECT: Introduction of Trustee Faith Pettis
PURPOSE: Information Item

Purpose of Submittal:

Board Vice Chair Chase Franklin will introduce Trustee Faith Pettis to the Board of Trustees.

Supporting Information:

- 2018-04 Welcoming Trustee Faith Pettis



RESOLUTION NO. 2018-04

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

**WELCOMING TRUSTEE
*FAITH LI PETTIS***

WHEREAS, on October 22, 2018, Governor Jay Inslee appointed **FAITH LI PETTIS** of Seattle, Washington to serve a six-year term on the Western Washington University Board of Trustees ending on September 30, 2024; and

WHEREAS, **FAITH LI PETTIS** brings to her appointment as a trustee years of professional experience as bond counsel and outside counsel to state and local governments, with a primary focus on housing, education, and nonprofit finance; and

WHEREAS, **FAITH LI PETTIS** has received numerous professional honors, including election as a Fellow of the American College of Bond Counsel, and served two terms on the Board of Directors of the National Association of Bond Lawyers; and

WHEREAS, **FAITH LI PETTIS** was appointed in 2015 by the Mayor of Seattle to co-chair the City's Housing Affordability and Livability task force, and was appointed in 2012 by Washington Governor Christine Gregoire to chair the statewide Affordable Housing Advisory Board; and

WHEREAS, **FAITH LI PETTIS** has shown remarkable commitment to the community, serving as a trustee for College Spark Washington, an education grant-making organization, and the Seattle Children's Theatre; and

WHEREAS, **FAITH LI PETTIS** received her bachelor's degree in Russian language and Russian/East European area studies from the University of Washington, and her law degree from Harvard Law School; and

WHEREAS, **FAITH LI PETTIS** has declared her commitment to serve as a member of the Western Washington University Board of Trustees;

NOW, THEREFORE BE IT RESOLVED, that the Board of Trustees of Western Washington University officially extends a warm welcome to **FAITH LI PETTIS** as she begins her term on the Board.

PASSED AND APPROVED by the Board of Trustees of Western Washington University at its meeting on December 14, 2018.

ATTEST:

A handwritten signature in black ink that reads "Earl W. Overstreet II".

Earl W. Overstreet II, Chair

A handwritten signature in black ink that reads "John Meyer".

John Meyer, Secretary

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

TO: Members of the Board of Trustees
FROM: Chase Franklin, Vice Chair, Board of Trustees
DATE: December 14, 2018
SUBJECT: **Board Chair Report**
PURPOSE: Information Item

Purpose of Submittal:

Board Vice Chair Chase Franklin 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 14, 2018

SUBJECT: **President's Report**

PURPOSE: Information Item

Purpose of Submittal:

President Randhawa will present brief reflections 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 14, 2018

SUBJECT: Faculty Senate

PURPOSE: Information Item

McNeel Jantzen, 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 14, 2018

SUBJECT: **Associated Students**

PURPOSE: Associated Students Report

Purpose of Submittal:
AS President Millka Solomon 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: President Sabah Randhawa on behalf of:
Antonia Allen, Director, Office of the Internal Auditor
Melynda Huskey, Vice President, Enrollment and Student Services
Richard Van Den Hul, Vice President, Business and Financial Affairs
Michael Sledge, Assistant Dean of Students
Keith Williams, Assistant Director, Public Safety Department/Assistant Chief of Police

DATE: December 14, 2018

SUBJECT: **Clery Act Compliance and Internal Audit Report, and 2017 Annual Security and Safety Report Update**

PURPOSE: Discussion Item

Purpose of Submittal:

The purpose of this submittal is to provide the Board of Trustees with an overview of the Clery Act Compliance Audit and Management's response to the Clery Act Audit recommendations, and an overview of the 2017 Clery Report, including the information gleaned from an analysis of the data and steps being taken to address the identified trends. An excerpt of the report showing crime statistics on the Bellingham campus has been attached for reference. The full report can be found at: <http://www.wwu.edu/vpress/docs/2018-19%20ASR%20Clery%2011-14.pdf>

Attachments:

- Clery Act Compliance Audit
- WWU Crime Statistics – Bellingham Campus, 2015-2017

November 15, 2018

Dr. Sabah Randhawa, President
Office of the President
Western Washington University
Old Main 450
Bellingham, WA 98225-9000

Dear President Randhawa:

The enclosed report presents the results of our engagement on Clery Act Compliance and provides recommendations to strengthen internal controls.

Paul Schronen, Senior Internal Auditor, conducted the fieldwork from January 2018 through July 2018.

We want to especially thank the management and staff of the Department of Public Safety, Dean of Students Office, Equal Opportunity Office, University Communications, Human Resources, Environmental Health and Safety, University Residences, Prevention and Wellness, and Admissions for their cooperation during this project.

We hope that the information in this report will prove helpful. If you have questions regarding its contents, please feel free to call me at (360) 650-3435.

Sincerely,



Antonia Allen
Director, Office of the Internal Auditor

Enclosure

C: Brent Carbajal, Provost and Vice President for Academic Affairs (AA)
Rich Van Den Hul, Vice President for Business and Financial Affairs (BFA)
Melynda Huskey, Vice President for Enrollment and Student Services (ESS)
Donna Gibbs, Vice President for University Relations and Marketing (URM)
Sue Guenter-Schlesinger, Vice Provost for Equal Opportunity and Diversity, AA
Brian Sullivan, Associate Vice President for Business and Financial Affairs, BFA
Chyerl Wolfe-Lee, Assistant Vice President for Human Resources, BFA
Darin Rasmussen, Director for Public Safety/Chief of Police, BFA
Paul Mueller, Director for Risk, Compliance, and Policy Services, BFA
Sue Sullivan, Director for Environmental Health and Safety, BFA
Ted Pratt, Dean of Students, ESS
Clara Capron, Assistant Vice President, ESS

Michael Sledge, Assistant Dean of Students, Office of Student Life, ESS

Leonard Jones, Director for University Residences, ESS

Elva Munro, Director for Prevention and Wellness Services, ESS

Cezar Mesquita, Director for Admissions, ESS

Paul Cocke, Director for Communications and Marketing, URM

Western Washington University Board of Trustees Finance, Audit and Enterprise Risk
Management Committee

Kerena Higgins, Assistant Attorney General

Deena Garza, Audit Manager, State Auditor's Office

File: 1803



Table of Contents

Executive Summary	2
Background	4
Objectives and Scope	5
Results	7
Acknowledgments	19

Appendix A

Executive Summary

The Office of the Internal Auditor (OIA) recently completed the Western Washington University (WWU) Clery Act compliance engagement. This engagement was selected during our annual audit planning process, which is based on a high-level risk assessment and input from campus management.

The purpose of the Clery Act is to ensure that current and prospective students and employees are provided with campus crime statistics and security information so they can make informed decisions about their personal safety. Noncompliance with Clery requirements puts current and prospective students and employees at risk and opens the university up to monetary fines that can be levied against the university by the Department of Education (DOE) for noncompliance with federal requirements. The DOE can issue civil fines of up to \$55,907 per violation for a substantial misrepresentation of the number, location or nature of the crimes required to be reported, or for a violation of any other provision of the safety and security-related Higher Education Act regulations.

The objective of the engagement was to determine whether WWU's Clery Act compliance program contained all the required elements to ensure compliance with federal regulations including, but not limited to, annual crime and fire statistic reporting, daily tracking of crime and fire incidents, a robust emergency response notification system, and a missing student notification process. Our fieldwork took place from January 2018 through July 2018.

The OIA noted opportunities to improve the internal control structure of WWU's Clery Act compliance program to ensure compliance with federal regulations. During our review, we noted the need for significant improvements across most of the areas tested for compliance with federal law. We attributed the majority of the findings to the decentralized management of WWU's Clery compliance process which does not effectively assign responsibility for comprehensive oversight of the federally mandated requirements or ensure that adequate resources are dedicated to the process.

Management requested that the OIA provide their opinion on the relative impact of the following recommendations in relation to ensuring the personal safety of WWU students and employees. In response to this request the OIA indicated high, medium and low impact next to the title of each of the recommendations listed below based on the following criteria:

High Impact – Corrective action is necessary to ensure that WWU is publishing accurate information on campus crime and fire statistics so that current and prospective students and employees have access to the information necessary to make informed decisions about their personal safety.

Medium Impact – Corrective action necessary to ensure that WWU has appropriate procedures in place to enhance personal safety and provide adequate reporting options.

Low Impact - Corrective action necessary to ensure that Clery required information and disclosures are provided in the manner and format required.

We made the following nine recommendations.

1. Ensure the Annual Security and Fire Safety Report (ASFSR) contains all federally required policy statements. (Low Impact)
2. Ensure the university accurately identifies all Clery reportable properties and collects, and reports, crime statistics for each property. (High Impact)
3. Ensure the crime statistics reported in WWU's ASFSR are accurate, supported by verifiable documentation, and contain all required categories and elements. (High Impact)
4. Ensure the fire statistics reported in WWU's ASFSR are accurate, supported by verifiable documentation, and contain all required categories and elements. (High Impact)
5. Ensure that Campus Security Authorities (CSAs) are appropriately notified of, and trained in, their responsibilities. (High Impact)
6. Ensure that all alleged criminal incidents, and fires that occurred in on-campus student housing facilities are recorded, updated, and retained in a log that is available for public inspection in accordance with federal requirements. (High Impact)
7. Ensure that all prospective students and employees are provided with the required annual security report information. (Low Impact)
8. Conduct and document emergency response exercises at all required locations in accordance with federal regulations. (Medium Impact)
9. Establish a process which provides students with the opportunity to identify an emergency contact(s) strictly for missing persons purposes. (Medium Impact)

Management's response to this engagement indicates that they are taking steps to address the above areas. The Office of the Internal Auditor (OIA) plans to follow-up after October 31, 2020.

Background

In 1990, Congress enacted the Crime Awareness and Campus Security Act of 1990 (Title II of Public Law 101-542), which amended the Higher Education Act of 1965 (HEA). This Act required all postsecondary institutions participating in HEA's Title IV student financial assistance programs to disclose campus crime statistics and security information. The Act was amended in 1992, 1998, 2000 and 2008. The 1998 amendments renamed the law the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act, in memory of a student who was slain in her dorm room in 1986. It is generally referred to as the Clery Act and is in section 485(f) of the HEA. The Clery Act requires the annual publication of select campus crime, arrest, and referral statistics for the previous three years. Beginning with the 1999 calendar year, the Clery Act expanded reporting requirements to include crimes and arrests occurring in certain off-campus locations.

On March 7, 2013, the Violence Against Women Reauthorization Act of 2013 (VAWA) (Public Law 113-14) was signed into law. VAWA includes amendments to the Clery Act. These changes require institutions to disclose statistics, policies, and programs related to dating violence, domestic violence, sexual assault, and stalking, among other changes.

The DOE provides guidance for compliance with the Clery Act in their [Handbook for Campus Safety and Security Reporting](#) (Handbook). The Handbook culminates the various federal regulations that form the Clery Act into a single resource and breaks the requirements into 14 chapters which are written in a step-by-step and readable manner. The Handbook includes references to the corresponding federal regulations, provides examples to clarify requirements, provides institutions with a framework for establishing compliant reporting mechanisms, and contains a checklist designed to help institutions determine if they are meeting the various components of campus safety and security compliance.

WWU does not have a formalized Clery compliance program, nor has any individual, department, or division been assigned responsibility for ensuring that the existing processes encompass all of the elements required by the Clery Act. The Dean of Student's Office currently oversees publication of WWU's ASFSR, distribution of crime and fire safety statistics to all currently enrolled students and employees, and identification, tracking, and training of campus security authorities (CSAs). These responsibilities were originally assigned to the Special Assistant to the Vice President for Enrollment and Student Services (formally called the Vice President for Student Affairs) who became the Associate Dean of Students in 2009. The responsibilities transferred to the new Assistant Dean of Students when their predecessor left WWU in 2012. The University's Department of Public Safety (DPS) currently oversees collection and reporting of crime and fire safety statistics including publication of the daily crime and fire log, issuance of emergency response notifications and timely warnings, and submission of crime and fire safety statistics to the DOE and the Vice President for Enrollment and Student Services (formally called the Vice President for Student Affairs). These responsibilities are generally managed by the Records Coordinator with assistance from the Chief of Police. The current Records Coordinator was trained by the outgoing coordinator in 2016. Prior to the previous coordinator, these responsibilities were managed by the Assistant Chief of Police.

Objectives and Scope

The Office of the Internal Auditor recently completed the WWU Clery Act compliance engagement. This engagement was selected during our annual audit planning process, which is based on a high-level risk assessment and input from campus management.

The objective of the engagement was to determine whether WWU's Clery Act compliance program contains all the required elements to ensure compliance with federal regulations including, but not limited to, annual crime and fire statistic reporting, daily tracking of crime and fire incidents, a robust emergency response notification system, and a missing student notification process.

Our procedures included the following:

- Interviewing personnel from the Department of Public Safety, Admissions, University Residences, the Dean of Student's Office, Admissions, Prevention and Wellness, Athletics, Campus Recreation, disAbility Resources for Students, New Student Services/Family Outreach, Counseling Center, the Equal Opportunity Office, and Environmental Health and Safety.
- Identifying and reviewing relevant Code of Federal Regulations (CFRs) and university policies, procedures, and online resources.
- Reviewing the 2017-2018 Annual Security and Fire Safety Report (ASFSR) to ensure it contains all required policy statements and crime statistics as required by federal regulations.
- Verifying that WWU Clery Act crime and fire statistics were: appropriately submitted to the DOE; distributed to current students/employees and prospective students/employees; and retained, in accordance with federal requirements.
- Verifying that WWU recorded, updated, and retained, a log of all alleged criminal incidents, including non-Clery Act crimes, and ensuring that the log was available for public inspection in accordance with federal requirements.
- Verifying that WWU recorded, updated, and retained, a log of any fire that occurred in on-campus student housing facilities, and ensuring that the log was available for public inspection in accordance with federal requirements.
- Reviewing WWU's missing student policies and procedures to ensure that policy statements contained all required elements and that the notification process met federal requirements.
- Determining whether immediate notification was made to the campus community upon confirmation of a significant emergency or dangerous situation involving an immediate on-campus threat to the health or safety of students or employees.
- Determining whether timely warnings were issued for any Clery Act crime that was reported to campus security authorities or local police agencies and was considered to represent a serious or continuing threat to students and employees.
- Determining whether WWU's CSAs had been identified by job title, had received information and materials necessary to document reported crimes, and had been appropriately trained in their

responsibilities. Also ensuring that WWU had procedures in place for collecting and reviewing crime reports from CSAs.

Our assessment utilized the Internal Control Integrated Framework components as published by the Treadway Commission's Committee of Sponsoring Organizations (COSO) located at www.coso.org.

Our fieldwork took place from January 2018 through July 2018. We reviewed policies, procedures, and practices in place at the time of the fieldwork.

Our test work and conclusions are based upon representations made to us by management, which were verified on a judgmental basis.

Results

Conclusions

The Office of the Internal Auditor (OIA) noted opportunities to improve the internal control structure of WWU's Clery Act compliance program to ensure compliance with federal regulations. During our review, we noted the need for significant improvements across most of the areas tested for compliance with federal law. We attributed the majority of the findings to the decentralized management of WWU's Clery compliance process, which does not effectively assign responsibility for comprehensive oversight of the federally mandated requirements or ensure that adequate resources are dedicated to the process.

The primary risk of noncompliance with the Clery Act federal regulations is that current and prospective students and employees may not be provided with the campus crime statistics and security information necessary to make informed decisions about their personal safety. The DOE can also issue civil fines of up to \$55,907 per violation for a substantial misrepresentation of the number, location or nature of the crimes required to be reported, or for a violation of any other provision of the safety and security-related HEA regulations.

Our review identified findings in every compliance category tested. The findings noted in [Appendix A](#) relate to nearly every federally required campus safety and security component outlined in the DOE's handbook. Our review noted that 45 of the 49 findings relate to noncompliance with federal regulations; two of the findings represent opportunities to improve processes consistent with best practices, and two of the findings provide additional details on findings included in the 45 noncompliant findings. If the DOE levied the maximum civil fine of \$55,907 for each of the 45 findings related to noncompliance with federal regulations the total fine would be approximately \$2.5 million.

Management requested that the OIA provide their opinion on the relative impact of the following recommendations in relation to ensuring the personal safety of WWU students and employees. In response to this request the OIA indicated high, medium and low impact next to the title of each of the recommendations listed below based on the following criteria:

High Impact – Corrective action is necessary to ensure that WWU is publishing accurate information on campus crime and fire statistics so that current and prospective students and employees have access to the information necessary to make informed decisions about their personal safety.

Medium Impact – Corrective action is necessary to ensure that WWU has appropriate procedures in place to enhance personal safety and provide adequate reporting options.

Low Impact - Corrective action is necessary to ensure that Clery required information and disclosures are provided in the manner and format required.

As described above, during our engagement we noted areas where existing controls could be strengthened. Implementing the following recommendations should decrease the likelihood of internal control breakdowns in the future.

Control Strengths

Internal Audit would like to commend the DPS and the Dean of Students Office on their control and oversight processes in the following areas:

- The DPS successfully submitted WWU's campus safety and security data to the Department of Education for the last three years.
- The Dean of Students Office distributed the ASFSR to all currently enrolled students (including those attending less than full-time and those not enrolled in Title IV programs or courses) and all employees by October annually.

Recommendations

1. Ensure the Annual Security and Fire Safety Report (ASFSR) contains all federally required policy statements. (Low Impact)

We noted that WWU's 2017-2018 ASFSR was missing 13 policy statements required by the following federal regulations and outlined in the DOE's Handbook:

- HEOA Sec. 493(a)(1)(A) – Description of disciplinary proceedings related to crimes of violence or non-forcible sex offenses. (Item [I.A.1](#))
- CFR 34 § 668.46(h)(1)(ii) – Missing student notification. (Item [I.A.10](#))
- CFR 34 § 668.46(h)(1)(iv) – Registration of confidential contact information. (Item [I.A.11](#))
- CFR 34 § 668.46(h)(1)(v) – Missing student notification. (Items [I.A.12](#), [I.A.13](#))
- CFR 34 § 668.46(j)(1)(i)(D) – Description of safe and positive options for bystander intervention. (Item [I.A.2](#))
- CFR 34 § 668.46(k)(1)(i) – Description of disciplinary proceedings for cases of alleged dating violence, domestic violence, sexual assault or stalking. (Item [I.A.3](#))
- CFR 34 § 668.46(k)(2)(iii) – Description of disciplinary proceedings for cases of alleged dating violence, domestic violence, sexual assault or stalking. (Items [I.A.4](#), [I.A.5](#), [I.A.6](#))
- CFR 34 § 668.49(b)(3) – Listing of the number of fire drills held during the previous calendar year. (Item [I.A.7](#))
- CFR 34 § 668.49(b)(6) – Statement that all employees involved in student housing and areas related to student housing receive fire safety education and training. (Item [I.A.8](#))
- CFR 34 § 668.49(b)(7) – Listing of the titles of each person or organization to which students and employees should report that a fire occurred. (Item [I.A.9](#))

See [Appendix A, Section I.A.](#) for a detailed listing of each ASFSR policy statement finding.

Due to the decentralized nature of WWU's Clery compliance process, accountability for ensuring specific compliance elements, such as including required policy statements in the ASFSR, was not effectively assigned and implemented. Failure to disclose required policy statements may result in prospective students and employees not receiving the information necessary to make informed decisions about their personal safety and puts WWU at risk for potential fines from the DOE for noncompliance with Clery Act requirements.

We recommend that management assign responsibility to an individual(s) or department(s) to ensure that future ASFSRs contain all federally required policy statements. We further recommend that WWU executive management establish and assign responsibility for oversight of a formalized Clery compliance program to an appropriate individual or department and provide the resources necessary to ensure effective management and oversight of the program.

Management Response:

Management concurs with this recommendation. The most recent Annual Security and Fire Safety Report (updated in September 2018) contains all of these policy statements. Furthermore, an action plan that identifies additional resources, equipment and personnel, including benchmarks and deadlines, is currently being developed to ensure this continues. When any changes in federal requirements occur, they will be reflected in future reports. This recommendation is anticipated to be completed by October 1, 2019.

2. Ensure the university identifies all Clery reportable properties and collects and reports crime statistics for each property. (High Impact)

We noted that the university did not appropriately identify and/or make what the CFR defines as a “good-faith effort” to collect and report crime statistics for the following sites that meet their criteria for reportable geographic locations:

- WWU did not publish individual ASFSR’s, or clearly differentiate policy statements in the main campus ASFSR, for the following separate campus locations: (Item [I.B.1](#))
 - Shannon Point Marine Center
 - Everett
 - Bremerton
 - Port Angeles
 - North Seattle
 - Mount Vernon (for the period between spring 2016 and spring 2017)
 - Poulsbo

None of these properties were listed as separate/branch campuses in the 2017-2018 ASFSR, and five of them were improperly categorized as non-campus buildings or properties.

- With the exception of Shannon Point Marine Center, WWU did not collect crime statistics for any of its locations that meet the DOE’s definition for separate campuses, nor were Clery crime statistics for any of these locations included in the ASFSR. (Item [I.B.2](#))
- WWU did not collect and report crime statistics for the following locations that meet the DOE’s definition for non-campus buildings or property: (Item [I.B.3](#))
 - Scene Shop – Franklin Street
 - Art Studio – Vitrophyre, Lincoln Street
 - Music Studio – Champion Street Sound Studio, North Forest
- WWU did not provide sufficient detail in the following requests for Clery Act crime statistics from local law enforcement agencies to ensure we received data related to required reportable properties: (Item [I.B.4](#))

- Bellingham Police Department – WWU did not request information on Clery crimes that occurred on Sehome Hill.
- Anacortes Police Department – WWU did not request information on Clery crimes that occurred on any of Shannon Point Marine Center’s three research boats.
- WWU did not collect and report Clery Act crime statistics from the following law enforcement agencies with jurisdiction over the waters and ports of entry used by Shannon Point Marine Center’s research vessels to carry students for educational purposes: (Item [I.B.5](#))
 - United States Coast Guard
 - Bellingham Police Department
 - Skagit County Sheriff’s Office
 - San Juan County Sheriff’s Office
 - Island County Sheriff’s Office
 - Port Townsend Police Department
 - Jefferson County Sheriff’s Office
- WWU did not track locations that are repeatedly used for school-sponsored trips, short-stay “away” trip locations, or study abroad program locations that meet the DOE’s criteria for reportable geographic locations. WWU did not collect, or report, crime statistics for any of these locations. (Item [I.B.6](#))

See [Appendix A, Section I.B.](#) for a detailed listing of each ASFSR geography-related finding and the following CFR and DOE handbook requirements related to the noted findings.

- CFR 34 § 668.46(a)
- DOE handbook chapter 2, pages 6, 25
- DOE handbook chapter 4, pages 12, 15
- DOE handbook chapter 9, page 2

Due to the decentralized nature of WWU’s Clery compliance process, accountability for ensuring specific compliance elements, such as collecting and reporting crime statistics for all Clery reportable properties, was not effectively assigned and implemented. Failure to accurately identify WWU’s Clery reportable geography can subsequently lead to incomplete or inaccurate reporting of the Clery crime statistics. Substantial misrepresentation of the number or location of crimes published may result in current or prospective students and employees not receiving the information necessary to make informed decisions about their personal safety and puts the university at risk for potential fines from the DOE for noncompliance with Clery Act requirements.

We recommend that management assign responsibility to an individual(s) or department(s) to ensure that all Clery reportable properties are identified and that crime statistics for each property are appropriately collected and reported. We further recommend that WWU executive management establish and assign responsibility for oversight of a formalized Clery compliance program to an appropriate individual or department, and provide the resources necessary to ensure effective management and oversight of the program.

Management Response:

Management concurs with this recommendation. Efforts to identify all of the reportable properties are underway, and it is expected to take significantly more effort and resources to complete. An action plan that identifies additional resources, equipment and personnel, including benchmarks and deadlines, is currently being developed. This recommendation is anticipated to be completed by October 1, 2019.

3. Ensure the crime statistics reported in WWU's ASFSR are accurate, supported by verifiable documentation, and contain all required categories and elements. (High Impact)

We noted the following discrepancies, omissions, and errors related to crime statistic reporting in WWU's 2017-2018 ASFSR (note that the 2017-2018 ASFSR contains data for 2014, 2015, and 2016):

- WWU's 2017-2018 ASFSR did not include information for hate crimes that occurred in on-campus residential facilities, non-campus buildings or properties, or adjacent public properties. (Item [I.C.1](#))
- WWU's 2017-2018 ASFSR did not include crime or bias categories for each hate crime. (Item [I.C.1](#))
- WWU's 2017-2018 ASFSR did not include unfounded Clery criminal activity for 2015 and 2016. (Item [I.C.9](#))
- The 2016 figures published in WWU's 2017-2018 ASFSR related to on-campus drug referrals, on-campus drug and alcohol referrals in residential facilities, and on-campus fondling incidents were inaccurate. Note: OIA only conducted validation testing for the 2016 figures in the 2017-2018 ASFSR. (Items [I.C.2](#), [I.C.3](#), [I.C.4](#), [I.C.5](#), [I.C.6](#))
- The OIA noted two additional instances where the net result of errors and omissions in both the tracking documentation and the ASFSR resulted in the correct publication of crime statistics for the respective categories in the ASFSR. While the published statistics were technically correct, these errors reinforced the need for improvements in the existing process for tracking and publicizing Clery reportable activities. (Items [I.C.7](#), [I.C.8](#))

See [Appendix A, Section I.C.](#) for a detailed listing of each ASFSR campus crime statistic finding and the following CFR and DOE handbook requirements related to the noted findings.

- CFR 34 § 668.46(c)
- CFR 34 § 668.46(c)(2)(iii)
- DOE handbook chapter 3, pages 42, 51
- DOE handbook chapter 9, page 6

Due to the decentralized nature of WWU's Clery compliance process, accountability for ensuring specific compliance elements, such as collecting and reporting accurate and complete Clery crime statistics, was not effectively assigned and implemented. Also, current data collection methods, associated application systems, and communication protocols do not effectively support accurate reporting. Substantial misrepresentation of the number of the crimes published may result in current or

prospective students and employees not receiving the information necessary to make informed decisions about their personal safety, and puts the university at risk for potential fines from the DOE for noncompliance with Clery Act requirements.

We recommend that management assign responsibility for collection and reporting of campus crime statistics to an appropriate individual(s) or department(s). WWU should also implement adequate data collection methods and associated mechanisms to ensure that the campus crime statistics reported in the university's ASFSR are accurate, supported by verifiable documentation, and contain all required categories and elements. We further recommend that WWU executive management establish and assign responsibility for oversight of a formalized Clery compliance program to an appropriate individual or department, and provide the resources necessary to ensure effective management and oversight of the program.

Management Response:

Management concurs with this recommendation. Issues involving verifiable documentation have been resolved. Most of these discrepancies have been addressed in the current Annual Security and Fire Safety Report (updated in September 2018). The remaining discrepancy involves not reporting zeros for some categories of hate crimes in the ASFSR. An action plan that identifies additional resources, equipment and personnel, and includes benchmarks and deadlines, is currently under development. This recommendation is anticipated to be completed by October 1, 2019.

4. Ensure the fire statistics reported in WWU's ASFSR are accurate, supported by verifiable documentation, and contain all required categories and elements. (High Impact)

We noted the following discrepancies, omissions, and errors related to fire statistic reporting in WWU's 2017-2018 ASFSR:

- The statistics did not include the street address of the building where the fire occurred. (Item [I.D.1](#))
- The statistics did not include the number of fires. (Item [I.D.2](#))
- The statistics did not include the number of persons who received fire-related injuries that resulted in medical treatment. (Item [I.D.3](#))
- The statistics did not include the number of deaths related to the fire. (Item [I.D.4](#))
- The one fire statistic that was included in the ASFSR occurred in an academic facility and was therefore not required to be reported. The statistics did not include the two fires that occurred in on-campus student housing facilities during the period between 2014 and 2018. (Item [I.D.5](#))

See [Appendix A, Section I.D.](#) for a detailed listing of each ASFSR finding related to campus fire statistics and the following DOE handbook requirements related to the noted findings.

- DOE handbook chapter 13, pages 1, 3

Due to the decentralized nature of WWU's Clery compliance process, accountability for ensuring specific compliance elements, such as collecting and reporting accurate and complete Clery fire statistics, was not effectively assigned and implemented. Also, current data collection methods, associated application systems, and communication protocols do not effectively support accurate reporting. Substantial misrepresentation of the number of the fires published may result in current or prospective students and employees not receiving the information necessary to make informed decisions about their personal safety, and puts the university at risk for potential fines from the DOE for noncompliance with Clery Act requirements.

We recommend that management assign responsibility for collection and reporting of campus fire statistics to an appropriate individual(s) or department(s). WWU should also implement adequate data collection methods and associated mechanisms to ensure that the campus fire statistics reported in the university's ASFSR are accurate, supported by verifiable documentation, and contain all required categories and elements. We further recommend that WWU executive management establish and assign responsibility for oversight of a formalized Clery compliance program to an appropriate individual or department, and provide the resources necessary to ensure effective management and oversight of the program.

Management Response:

Management concurs with this recommendation. The reporting system has been corrected so that in the future, reportable fire statistics will be included appropriately. An action plan that identifies additional resources, equipment and personnel, and includes benchmarks and deadlines, is currently under development. This recommendation is anticipated to be completed by October 1, 2019.

This missing fire statistic from 2015 is being corrected in the current ASR and noted as edited, and will be updated by November 30, 2018.

5. Ensure that Campus Security Authorities (CSAs) are appropriately notified of, and trained in, their responsibilities. (High Impact)

We noted that only 29 of the 63 CSAs listed in WWU's ASFSR had received training or orientation about their role and responsibilities. (Item [II.1](#)) We also identified four CSAs who were not receiving the quarterly email reminder about their role and responsibilities. (Item [II.2](#)) The OIA conducted phone interviews with 10 of the 63 CSAs listed in WWU's ASR in an attempt to determine the effectiveness of WWU's notification and training process for the CSAs. The results indicated the need for improvements in the training and notification process.

See [Appendix A, Section II](#) for each CSA-related finding. While not a mandated requirement, the DOE provides best practice recommendations related to notification and training of CSAs. The Handbook for Campus Safety and Security Reporting provides a list of suggested training elements and recommends inclusion of CSA responsibilities in job descriptions to ensure individuals know what's required of them. They also recommend designating an individual or office to coordinate and oversee CSAs.

CSAs that are not adequately notified or trained in their responsibilities may not effectively collect and report allegations about Clery Act crimes to the official or office designated by WWU as responsible for collecting and reporting Clery crime statistics.

We recommend that management formally assign responsibility for coordination, notification, and training of CSAs to the Dean of Student's Office. We further recommend that the Dean of Students Office enhance existing notification and training processes to ensure CSAs understand their role and responsibilities. We also recommend that WWU executive management establish and assign responsibility for oversight of a formalized Clery compliance program to an appropriate individual or department and provide the resources necessary to ensure effective management and oversight of the program.

Management Response:

Management concurs with this recommendation. We agree that, as correctly noted above, this is not a mandated requirement, however it will be a helpful enhancement to our efforts and is consistent with the spirit of the legislation. An action plan that identifies additional resources, equipment and personnel, and includes benchmarks and deadlines, is currently under development. This recommendation is anticipated to be completed by October 1, 2019.

6. Ensure that all alleged criminal incidents, and fires that occurred in on-campus student housing facilities are recorded, updated, and retained in a log that is available for public inspection in accordance with federal requirements. (High Impact)

WWU's media log serves as both the university's crime and fire log. We noted the following issues related to the identification and reporting of alleged criminal incidents, and fires in on-campus student housing facilities, in the media log:

- The OIA was unable to determine if DPS recorded all alleged criminal incidents in the media log because the department has not defined their patrol jurisdiction. (Item [III.1](#))
- CSA's in University Residences and the Office of Student Life responsible for managing student conduct are not forwarding details of all criminal and other Clery reportable incidents to the DPS for publication in the daily crime log. The university does not have an effective process to ensure all reportable incidents are communicated to DPS in a timely manner for inclusion in the Daily Crime Log and/or the issuance of a Timely Warning. (Item [III.2](#))

The OIA identified the following reportable incidents that were not communicated to the DPS for publication in the daily media log during 2016:

- 3 instances of rape
- 2 instances of stalking
- 2 instances of fondling
- 340 alcohol referrals for violations of the law
- 195 drug referrals for violations of the law

While the OIA did not identify any unreported incidents in the following areas, we also noted that the University does not have a process in place to ensure criminal and other Clery reportable incidents reported directly to the Equal Opportunity Office, Counseling Center, Student Health Center, or CASAS are communicated to the DPS in a timely manner for inclusion in the Daily Crime Log and/or the issuance of a Timely Warning.

- WWU did not provide students and employees with a description of the fire log, noting its location and availability. The site where the most recent fire logs can be accessed does not provide language indicating that the media log also serves as the fire log, nor does it describe the process for obtaining logs older than 60 days. (Items [III.3](#), [III.5](#))
- All three media log entries that met the DOE's criteria for required inclusion in the university's fire log for the period between 2014 and 2016 were missing one, or more, of the fire log elements required by the DOE. (Item [III.4](#))
- The DPS was unaware that they were required to fulfill requests for fire or crime logs within two business days. (Item [III.6](#))
- 29 of the 30 media log entries selected for testing did not contain the date the crime occurred. The OIA noted that the existing media log format does not contain date occurred from or to fields. (Item [III.7](#))
- Four of the 30 media log entries selected for testing did not accurately reflect the nature of the crime due to updates to the original entries that were not subsequently reflected in the published logs. (Item [III.8](#))
- The OIA was unable to locate the online media log for one of the days selected for testing. (Item [III.9](#))

See [Appendix A, Section III](#) for a detailed listing of each crime/fire log-related finding and the following CFR and DOE handbook requirements related to the noted findings.

- CFR 34 § 668.46(a)
- CFR 34 § 668.46(f)
- DOE handbook chapter 5, pages 3, 5
- DOE handbook chapter 6, page 12
- DOE handbook chapter 12, pages 3-5

The decentralized nature of WWU's existing process for tracking and reporting crime and fire statistics does not provide the accountability necessary for accurate reporting. We also noted that the university's existing Computer Aided Dispatch (CAD) system, used to record and publish media log activity, does not have the functionality to record all Clery-required fields in the log. Substantial misrepresentation of the number of crime or fire activity may result in current or prospective students and employees not receiving the information necessary to make informed decisions about their personal safety, and puts the university at risk for potential fines from the DOE for noncompliance with Clery Act requirements.

We recommend that management improve accountability, processes, and systems to ensure all alleged criminal incidents, and fires that occur in on-campus student housing facilities, are recorded, updated,

and retained, in a log that is available for public inspection in accordance with federal requirements. We further recommend that DPS ensure that the log contains all elements required per federal statutes. We also recommend that WWU executive management establish and assign responsibility for oversight of a formalized Clery compliance program to an appropriate individual or department, and provide the resources necessary to ensure effective management and oversight of the program.

Management Response:

Management concurs with this recommendation. We will consult with experts to explore and consider the implementation of best practices regarding disciplinary referrals for alcohol, drug and weapons policy violations in future daily crime and fire logs. We intend to include, as part of the action plan, that we will implement a better tracking mechanism in the form of a new daily crime and fire log that will track and share reported crimes. That action plan will also include additional resources, equipment and personnel, as well as benchmarks and deadlines. This recommendation is anticipated to be completed by October 1, 2019.

7. Ensure that all prospective students and employees are provided with required annual security report information. (Low Impact)

We noted that WWU did not provide prospective students or employees with a notice that includes a statement of the annual security report's availability, a description of its contents, and an opportunity to request a copy of the report. (Items [IV.1](#), [IV.2](#))

See [Appendix A, Section IV](#) for a detailed listing of each ASFSR distribution related finding and the following CFR and DOE handbook requirements related to the noted findings.

- CFR 34 § 668.41(e)(4)
- DOE handbook chapter 9, page 7

The decentralized nature of WWU's Clery compliance process does not ensure that reporting requirements are communicated to, or fulfilled by, responsible parties. The lack of notification of the availability of the annual security report may result in prospective students and employees not receiving the information necessary to make informed decisions about their personal safety and puts the university at risk for potential fines from the DOE for noncompliance with Clery Act requirements.

We recommend that Admissions and Human Resources be assigned responsibility for ensuring that all prospective students and employees are provided with a notice that includes a statement of the annual security report's availability, a description of its contents, and an opportunity to request a copy of the report. We further recommend that WWU executive management establish and assign responsibility for oversight of a formalized Clery compliance program to an appropriate individual or department and provide the resources necessary to ensure effective management and oversight of the program.

Management Response:

Management concurs with this recommendation and it has been implemented.

8. Conduct and document emergency response exercises at all required locations in accordance with federal regulations. (Medium Impact)

We noted that WWU did not document descriptions of the exercises, dates, times or announced or unannounced status of the Western Alert tests. (Item [V.1](#)) We also noted that WWU did not conduct and document emergency response testing at the following separate campus locations: (Item [V.2](#))

- Everett
- Bremerton
- Port Angeles
- North Seattle
- Poulsbo

See [Appendix A, Section V](#) for a detailed listing of each emergency response notification-related finding and the following CFR and DOE handbook requirements related to the noted findings.

- CFR 34 § 668.46(g)(6)(iii)
- DOE handbook chapter 2, page 6
- DOE handbook chapter 6, page 11

Due to the decentralized nature of WWU's Clery compliance process, accountability for ensuring specific compliance elements, such as ensuring that emergency response and evacuation testing requirements are communicated to, or fulfilled by, responsible parties, was not effectively assigned or implemented. Failure to complete and document emergency response and evacuation testing puts the university at risk for potential fines from the DOE for noncompliance with Clery Act requirements and reduces available procedures which could enhance personal safety.

We recommend that Emergency Management be assigned responsibility for conducting and documenting emergency response exercises at all required locations in accordance with federal regulations. We further recommend that WWU executive management establish and assign responsibility for oversight of a formalized Clery compliance program to an appropriate individual or department, and provide the resources necessary to ensure effective management and oversight of the program.

Management Response:

Management concurs and will begin planning to ensure these exercises are conducted and documented. An action plan that identifies additional resources, equipment and personnel, and includes benchmarks and deadlines, is currently under development. This recommendation is anticipated to be completed by October 1, 2019.

9. Establish a process which provides students with the opportunity to identify an emergency contact(s) strictly for missing persons purposes. (Medium Impact)

We noted that WWU does not have a process which provides students with the opportunity to identify an emergency contact(s) specifically for missing persons purposes, nor has it developed a process to ensure that this information is accessible only to authorized campus officials. (Item [VI.1](#))

See [Appendix A, Section VI](#) for a detailed listing of the missing student notification related findings and the following CFR and DOE handbook requirements related to the noted finding.

- CFR 34 § 668.46(h)(1)(iii)&(iv)
- DOE handbook chapter 10, page 3

Due to the decentralized nature of WWU's Clery compliance process, accountability for ensuring specific compliance elements, such as providing students with the opportunity to identify an emergency contact(s) strictly for missing persons purposes, was not effectively assigned and implemented. Not providing students with the opportunity to identify an emergency contact(s) specifically for missing persons purposes, or developing a process to ensure that this information is accessible only to authorized campus officials, puts the university at risk for potential fines from the DOE for noncompliance with Clery Act requirements and reduces available procedures which could enhance personal safety.

We recommend that management assign responsibility for establishing and maintaining a process that provides students with the opportunity to identify an emergency contact(s) strictly for missing persons purposes and ensure that this information is accessible only to authorized campus officials. We further recommend that WWU executive management establish and assign responsibility for oversight of a formalized Clery compliance program to an appropriate individual or department and provide the resources necessary to ensure effective management and oversight of all elements of the program.

Management Response:

Management concurs with this recommendation. University Residences is working to address this recommendation. This recommendation is anticipated to be completed by October 1, 2019.

Acknowledgments

We appreciate the courtesy and cooperation extended to us by the management and staff of the Department of Public Safety, Dean of Students, Equal Opportunity Office, University Communications, Human Resources, Environmental Health and Safety, University Residences, Prevention and Wellness, and Admissions. We would like to thank each person who assisted us in the completion of this project.



Antonia Allen

Director, Office of the Internal Auditor

ITEM	CONDITION	CRITERIA
<p>I - Annual Security & Fire Safety Report A - Policy Statement Findings (See also recommendation 1)</p>		
<p>1</p>	<p>WWU's 2017-2018 ASFSR did not contain a statement that the university would, upon written request, disclose to the alleged victim of a crime of violence (as that term is defined in section 16 of title 18, United States Code), or a non-forcible sex offense (incest or statutory rape), the report on the results of any disciplinary proceeding conducted by such institution against a student who is the alleged perpetrator of such crime or offense. If the alleged victim is deceased as a result of such crime or offense, the next of kin of such victim shall be treated as the alleged victim for purposes of this paragraph.</p> <p>Potential \$55,907 civil fine.</p>	<p>HEOA Sec. 493(a)(1)(A) States that <i>Institutions must, upon written request, disclose to the alleged victim of any crime of violence or a non-forcible sex offense, the results of any disciplinary proceeding conducted by the institution against a student who is the alleged perpetrator of such crime or offense. If the alleged victim is deceased as a result of the crime or offense, the information shall be provided, upon request, to the next of kin of the alleged victim.</i></p> <p>Page 7-9 of the Department of Education's (DOE) 2016 Handbook for Campus Safety and Security Reporting states that the university must: <i>Provide a statement that the institution will, upon written request, disclose to the alleged victim of a crime of violence (as that term is defined in section 16 of title 18, United States Code), or a non-forcible sex offense, the report on the results of any disciplinary proceeding conducted by such institution against a student who is the alleged perpetrator of such crime or offense. If the alleged victim is deceased as a result of such crime or offense, the next of kin of such victim shall be treated as the alleged victim for purposes of this paragraph.</i></p>
<p>2</p>	<p>WWU's 2017-2018 ASFSR did not contain specific descriptions of "safe and positive options for bystander intervention."</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(j)(1)(i)(D) <i>Programs to prevent dating violence, domestic violence, sexual assault, and stalking. As required by paragraph (b)(11) of this section, an institution must include in its annual security report a statement of policy that addresses the institution's programs to prevent dating violence, domestic violence, sexual assault, and</i></p>

ITEM	CONDITION	CRITERIA
		<p><i>stalking. The statement must include a description of the institution's primary prevention and awareness programs for all incoming students and new employees, which must include a description of safe and positive options for bystander intervention.</i></p> <p>Page 8-7 of the DOE's 2016 Handbook for Campus Safety and Security Reporting states that the primary prevention and awareness program must include:</p> <ul style="list-style-type: none"> • <i>a description of safe and positive options for bystander intervention;</i>
3	<p>WWU's 2017-2018 ASFSR did not contain a clear statement of policy that addresses the procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault or stalking and that describes each type of disciplinary proceeding used by WWU; the steps, anticipated timelines, and decision-making process for each type of disciplinary proceeding; how to file a disciplinary complaint; and how WWU determines which type of proceeding to use based on the circumstances of an allegation of dating violence, domestic violence, sexual assault or stalking.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(k)(1)(i)</p> <p><i>An institution must include in its annual security report a clear statement of policy that addresses the procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault, or stalking, and that describes each type of disciplinary proceeding used by the institution; the steps, anticipated timelines, and decision-making process for each type of disciplinary proceeding; how to file a disciplinary complaint; and how the institution determines which type of proceeding to use based on the circumstances of an allegation of dating violence, domestic violence, sexual assault, or stalking.</i></p> <p>Page 8-15 of the DOE's 2016 Handbook for Campus Safety and Security Reporting states that institutions must have:</p> <p><i>a clear statement of policy that addresses the procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault, or stalking, and that describes each type of disciplinary proceeding used by the institution; the steps, anticipated timelines, and decision-making process for each type of disciplinary proceeding; how to file a disciplinary complaint; and how the institution determines which type of proceeding to use based on the circumstances of an allegation of dating violence, domestic violence, sexual assault, or stalking.</i></p>

ITEM	CONDITION	CRITERIA
4	<p>WWU's 2017-2018 ASFSR did not contain a clear statement of policy that addresses the procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault or stalking and provide the accuser and the accused with the same opportunities to have others present during any institutional disciplinary proceeding, including the opportunity to be accompanied to any related meeting or proceeding by an advisor of their choice.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(k)(2)(iii) <i>An institution must include in its annual security report a clear statement of policy that addresses the procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault, or stalking and that provides that the proceedings will provide the accuser and the accused with the same opportunities to have others present during any institutional disciplinary proceeding, including the opportunity to be accompanied to any related meeting or proceeding by the advisor of their choice.</i></p> <p>Page 8-20 of the DOE's 2016 Handbook for Campus Safety and Security Reporting states that institutions must have: <i>a clear statement of policy that addresses the procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault, or stalking and that provide the accuser and the accused with the same opportunities to have others present during any institutional disciplinary proceeding, including the opportunity to be accompanied to any related meeting or proceeding by the advisor of their choice.</i></p>
5	<p>WWU's 2017-2018 ASFSR did not contain a clear statement of policy that addresses the procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault or stalking and not limit the choice of advisor or presence for either the accuser or the accused in any meeting or institutional disciplinary proceeding; however, the institution may establish restrictions regarding the extent to which the advisor may participate in the proceedings, as long as the restrictions apply equally to both parties.</p>	<p>34 CFR 668.46(k)(2)(iii) <i>An institution must include in its annual security report a clear statement of policy that addresses the procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault, or stalking and that provides that the proceedings will not limit the choice of advisor or presence for either the accuser or the accused in any meeting or institutional disciplinary proceeding; however, the institution may establish restrictions regarding the extent to which the advisor may</i></p>

ITEM	CONDITION	CRITERIA
	<p>Potential \$55,907 civil fine.</p>	<p><i>participate in the proceedings, as long as the restrictions apply equally to both parties.</i></p> <p>Page 8-21 of the DOE’s 2016 Handbook for Campus Safety and Security Reporting states that institutions must have: <i>a clear statement of policy that addresses the procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault, or stalking and that not limit the choice of advisor or presence for either the accuser or the accused in any meeting or institutional disciplinary proceeding; however, the institution may establish restrictions regarding the extent to which the advisor may participate in the proceedings, as long as the restrictions apply equally to both parties;</i></p>
<p>6</p>	<p>WWU’s 2017-2018 ASFSR did not contain a clear statement of policy that addresses the procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault or stalking and that require simultaneous notification, in writing, to both the accuser and the accused of the result of any institutional disciplinary proceeding that arises from an allegation of dating violence, domestic violence, sexual assault or stalking; the institution’s procedures for the accused and the victim to appeal the result of the institutional disciplinary proceeding, if such procedures are available; any change to the result; and when such results become final.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(k)(2)(iii)</p> <p><i>An institution must include in its annual security report a clear statement of policy that addresses the procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault, or stalking and that provides that the proceedings will require simultaneous notification, in writing, to both the accuser and the accused, of the result of any institutional disciplinary proceeding that arises from an allegation of dating violence, domestic violence, sexual assault, or stalking; the institution's procedures for the accused and the victim to appeal the result of the institutional disciplinary proceeding, if such procedures are available; any change to the result; and when such results become final.</i></p> <p>Page 8-21 of the DOE’s 2016 Handbook for Campus Safety and Security Reporting states that institutions must have: <i>a clear statement of policy that addresses the procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault, or stalking and that require</i></p>

ITEM	CONDITION	CRITERIA
		<p><i>simultaneous notification, in writing, to both the accuser and the accused of</i></p> <ul style="list-style-type: none"> • <i>the result of any institutional disciplinary proceeding that arises from an allegation of dating violence, domestic violence, sexual assault, or stalking;</i> • <i>the institution's procedures for the accused and the victim to appeal the result of the institutional disciplinary proceeding, if such procedures are available;</i> • <i>any change to the result; and</i> • <i>when such results become final.</i>
7	<p>WWU's 2017-2018 ASFSR did not contain a listing of the number of fire drills held during the previous calendar year. WWU's ASFSR serves as the university's fire safety report.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.49(b)(3) <i>Annual fire safety report. Beginning by October 1, 2010, an institution that maintains any on-campus student housing facility must prepare an annual fire safety report that contains, at a minimum, the following information: The number of fire drills held during the previous calendar year.</i></p> <p>Page 14-4 of the DOE's 2016 Handbook for Campus Safety and Security Reporting states that an institution's fire safety report must contain the <i>number of fire drills held during the previous calendar year.</i></p>
8	<p>WWU's 2017-2018 ASFSR states that <i>all resident advisors and resident directors receive annual training in fire prevention, evacuation, and response provided by Environmental Health and Safety.</i> WWU's policy statement and/or training does not appear to cover all required recipients.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.49(b)(6) <i>Annual fire safety report. Beginning by October 1, 2010, an institution that maintains any on-campus student housing facility must prepare an annual fire safety report that contains, at a minimum, the following information: The policies regarding fire safety education and training programs provided to the students and employees.</i></p> <p>Page 14-5 of the DOE's 2016 Handbook for Campus Safety and Security Reporting states that the <i>policy statement must cover all employees involved in student housing and areas related to student</i></p>

ITEM	CONDITION	CRITERIA
		<p><i>housing, for example, residential life staff, student affairs staff, student personnel services staff, residence hall directors, residential education staff and summer housing staff.</i></p>
9	<p>WWU's 2017-2018 ASFSR did not contain a list of the titles of each person or organization to which students and employees should report that a fire occurred. WWU's ASFSR serves as the university's fire safety report.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.49(b)(7) <i>Annual fire safety report. Beginning by October 1, 2010, an institution that maintains any on-campus student housing facility must prepare an annual fire safety report that contains, at a minimum, the following information: For purposes of including a fire in the statistics in the annual fire safety report, a list of the titles of each person or organization to which students and employees should report that a fire occurred.</i></p> <p>Page 14-5 of the DOE's 2016 Handbook for Campus Safety and Security Reporting states that <i>for purposes of including a fire in the statistics in the annual fire safety report, a list of the titles of each person or organization to which students and employees should report that a fire occurred.</i></p>
10	<p>WWU's 2017-2018 ASFSR states that, <i>Any individual with information a [SIC] student living on campus may be missing should notify University Police as soon as possible.</i> The guidance indicates that the statement should read immediately rather than as soon as possible.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(h)(1)(ii) <i>Missing student notification policies and procedures. (1) An institution that provides any on-campus student housing facility must include a statement of policy regarding missing student notification procedures for students who reside in on-campus student housing facilities in its annual security report. This statement must require that any missing student report must be referred immediately to the institution's police or campus security department, or, in the absence of an institutional police or campus security department, to the local law enforcement agency that has jurisdiction in the area.</i></p> <p>Page 14-5 of the DOE's 2016 Handbook for Campus Safety and Security Reporting states that institutions must have a missing</p>

ITEM	CONDITION	CRITERIA
		<p>student policy statement that <i>require that any missing student report must be referred immediately to the institution's police or campus security department, or, in the absence of an institutional police or campus security department, to the local law enforcement agency that has jurisdiction in the area.</i></p>
11	<p>WWU's 2017-2018 ASFSR did not contain a policy statement that advises students that their contact information will be registered confidentially, that this information will be accessible only to authorized campus officials, and that it may not be disclosed, except to law enforcement personnel in furtherance of a missing person investigation.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(h)(1)(iv) <i>Missing student notification policies and procedures. (1) An institution that provides any on-campus student housing facility must include a statement of policy regarding missing student notification procedures for students who reside in on-campus student housing facilities in its annual security report. This statement must Advise students that their contact information will be registered confidentially, that this information will be accessible only to authorized campus officials, and that it may not be disclosed, except to law enforcement personnel in furtherance of a missing person investigation.</i></p> <p>Page 10-4 of the DOE's 2016 Handbook for Campus Safety and Security Reporting states that institutions must have a missing student policy statement that <i>Advise students that their contact information will be registered confidentially, that this information will be accessible only to authorized campus officials, and that it may not be disclosed, except to law enforcement personnel in furtherance of a missing person investigation.</i></p>
12	<p>WWU's 2017-2018 ASFSR states that, <i>If a student is determined to be missing, University Police will make contact with the student's designated emergency contact (for students over 18 years old) or the student's parent/guardian (for students under 18 years old) within 24 hours, as part of the investigation process.</i></p> <p>The policy statement does not advise students that if they are under 18 years of age and not emancipated that we will notify any</p>	<p>34 CFR 668.46(h)(1)(v) <i>Missing student notification policies and procedures. (1) An institution that provides any on-campus student housing facility must include a statement of policy regarding missing student notification procedures for students who reside in on-campus student housing facilities in its annual security report. This statement must Advise students that if they are under 18 years of age and not emancipated, the institution must notify a custodial</i></p>

ITEM	CONDITION	CRITERIA
	<p>additional contact persons that they have designated, in addition to notifying their custodial parent or guardian.</p> <p>Potential \$55,907 civil fine.</p>	<p><i>parent or guardian within 24 hours of the determination that the student is missing, in addition to notifying any additional contact person designated by the student.</i></p> <p>Page 10-4 of the DOE’s 2016 Handbook for Campus Safety and Security Reporting states that institutions must have a missing student policy statement that advises <i>students that if they are under 18 years of age and not emancipated, the institution must notify a custodial parent or guardian within 24 hours of the determination that the student is missing, in addition to notifying any additional contact person designated by the student.</i></p>
13	<p>WWU’s 2017-2018 ASFSR states that, <i>University Police will work closely with local and/or state law enforcement authorities to provide any information they may need to launch a missing person report and investigation.</i></p> <p>The policy statement does not indicate that WWU will notify the local law enforcement agency within 24 hours of the determination that the student is missing.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(h)(1)(v) <i>Missing student notification policies and procedures. (1) An institution that provides any on-campus student housing facility must include a statement of policy regarding missing student notification procedures for students who reside in on-campus student housing facilities in its annual security report. This statement must Advise students that the institution will notify the local law enforcement agency within 24 hours of the determination that the student is missing, unless the local law enforcement agency was the entity that made the determination that the student is missing.</i></p> <p>Page 10-5 of the DOE’s 2016 Handbook for Campus Safety and Security Reporting states that institutions must have a missing student policy statement that advises <i>students that the institution will notify the local law enforcement agency within 24 hours of the determination that the student is missing, unless the local law enforcement agency was the entity that made the determination that the student is missing.</i></p> <p>Per page 10-7 of the Handbook,</p>

ITEM	CONDITION	CRITERIA
		<p><i>You must state that your institution will notify the local law enforcement agency when any student who lives in on-campus student housing has been determined to be missing for 24 hours. You must do this <u>even if your school has a campus police or security department.</u></i></p>
<p>I - Annual Security & Fire Safety Report B - Geography Findings (See also recommendation 2)</p>		
<p>1</p>	<p>WWU is not publishing individual ASFSR's, or clearly differentiating policy statements in the main campus ASFSR, for the following separate campus locations:</p> <ul style="list-style-type: none"> • Shannon Point Marine Center • Everett • Bremerton • Port Angeles • North Seattle • Mount Vernon (for the period between spring 2016 and spring 2017) • Poulsbo <p>None of these properties were listed as separate/branch campuses in the 2017-2018 ASFSR, and five of them were improperly categorized as non-campus buildings or properties.</p> <p>Potential \$55,907 civil fine.</p>	<p>Page 9-2 of the DOE's 2016 Handbook for Campus Safety and Security Reporting states:</p> <p><i>If your institution has multiple campuses, remember that Clery Act requirements must be met individually for each separate campus. You may publish a single document covering all campuses as long as <u>you clearly identify the policy statements</u> and crime statistics that are <u>associated with each campus.</u></i></p> <p>Per page 2-6 of the Handbook,</p> <p><i>If your institution has more than one campus, each campus must comply independently with all of the Clery Act and the fire- and safety-related HEA requirements described in this handbook, including publishing its own annual security report as discussed in Chapter 9 (or your institution may publish and distribute to students and employees a single annual security report as long as it clearly differentiates each campus's policies and statistics). For the purpose of these requirements, consider an additional location a separate campus if it meets all of the following criteria:</i></p> <ul style="list-style-type: none"> • Your institution owns or controls the site; • It is not reasonably geographically contiguous with the main campus;

ITEM	CONDITION	CRITERIA
		<ul style="list-style-type: none"> • <i>It has an organized program of study; and</i> • <i>There is at least one person on site acting in an administrative capacity.</i> <p><i>An organized program of study means that the location offers courses in educational programs leading to a degree, certificate, or other recognized credential.</i></p>
2	<p>With the exception of Shannon Point Marine Center, WWU is not making a good-faith effort to collect crime statistics for any of its locations that meet the DOE’s definition for separate campuses, nor are Clery crime statistics for any of these locations being included in our ASFSR.</p> <p>Potential \$55,907 civil fine.</p>	<p>Page 2-6 of the DOE’s 2016 Handbook for Campus Safety and Security Reporting states:</p> <p><i>If your institution has more than one campus, each campus must comply independently with all of the Clery Act and the fire- and safety-related HEA requirements described in this handbook, including publishing its own annual security report as discussed in Chapter 9 (or your institution may publish and distribute to students and employees a single annual security report as long as it clearly differentiates each campus’s policies and statistics). For the purpose of these requirements, consider an additional location a separate campus if it meets all of the following criteria:</i></p> <ul style="list-style-type: none"> • <i>Your institution owns or controls the site;</i> • <i>It is not reasonably geographically contiguous with the main campus;</i> • <i>It has an organized program of study; and</i> • <i>There is at least one person on site acting in an administrative capacity.</i> <p><i>An organized program of study means that the location offers courses in educational programs leading to a degree, certificate, or other recognized credential.</i></p>
3	<p>WWU did not make a good-faith effort to collect crime statistics from local law enforcement agencies, nor did they disclose Clery crime statistics, for the following locations that meet the DOE’s definition for non-campus buildings or property:</p>	<p>34 CFR 668.46(a) states:</p> <p><i>Clery geography. (i) For the purposes of collecting statistics on the crimes listed in paragraph (c) of this section for submission to the</i></p>

ITEM	CONDITION	CRITERIA
	<ul style="list-style-type: none"> • Scene Shop – Franklin Street • Art Studio – Vitrophyre, Lincoln Street • Music Studio – Champion Street Sound Studio, North Forest <p>Potential \$55,907 civil fine.</p>	<p><i>Department and inclusion in an institution's annual security report, Clery geography includes—</i> <i>(B) The institution's non-campus buildings and property which includes (ii) Any building or property owned or controlled by an institution that is used in direct support of, or in relation to, the institution's educational purposes, is frequently used by students, and is not within the same reasonably contiguous geographic area of the institution.</i></p> <p>Page 4-12 of the DOE's 2016 Handbook for Campus Safety and Security Reporting states: <i>The Clery Act requires that every institution make a "reasonable, good-faith effort" to obtain Clery Act crime statistics from all local law enforcement agencies that have jurisdiction over the school's Clery Act geography... You must ask for law enforcement statistics for Clery Act crimes that occurred on any area included in your institution's Clery Act geography: on campus, public property and non-campus locations.</i></p>
4	<p>WWU did not provide sufficient detail in the following good-faith requests for Clery Act crime statistics from local law enforcement agencies to ensure we receive data related to required reportable properties.</p> <ul style="list-style-type: none"> • Bellingham Police Department – WWU did not request information on Clery crimes that occurred on Sehome Hill which is a public park immediately adjacent to campus and reportable per DOE guidance. • Anacortes Police Department – WWU did not request information on Clery crimes that occurred on any of Shannon Point Marine Center's 3 research boats. These boats are owned by the university and carry students for educational purposes and therefore meet the DOE's criteria as a reportable non-campus property. 	<p>Page 4-12 of the DOE's 2016 Handbook for Campus Safety and Security Reporting states: <i>The Clery Act requires that every institution make a "reasonable, good-faith effort" to obtain Clery Act crime statistics from all local law enforcement agencies that have jurisdiction over the school's Clery Act geography... You must ask for law enforcement statistics for Clery Act crimes that occurred on any area included in your institution's Clery Act geography:</i></p> <p>Page 4-15 states: <i>Provide a list of the applicable crimes and addresses for your buildings and property. Be very specific about what constitutes public property for Clery Act reporting purposes. For example, ask for "crime statistics for the sidewalk, street and opposite sidewalk</i></p>

ITEM	CONDITION	CRITERIA
	Potential \$55,907 civil fine.	<i>between the 1200 and 1400 blocks on Elm Street,” rather than “crime statistics for public property around the school.”</i>
5	<p>WWU did not make a good-faith effort to obtain Clery Act crime statistics from all law enforcement agencies that have jurisdiction over the waters and ports of entry used by Shannon Point Marine Center’s research vessels used to carry students for educational purposes. Per the Manager of Academic Support Services at Shannon Point Marine Center, the following agencies have jurisdiction over the waters and ports used Shannon Point Marine Center’s vessels for educational purposes:</p> <ul style="list-style-type: none"> • United States Coast Guard • Bellingham Police Department • Skagit County Sheriff’s Office • San Juan County Sheriff’s Office • Island County Sheriff’s Office • Port Townsend Police Department • Jefferson County Sheriff’s Office <p>Potential \$55,907 civil fine.</p>	<p>Page 4-12 of the DOE’s 2016 Handbook for Campus Safety and Security Reporting states: <i>The Clery Act requires that every institution make a “reasonable, good-faith effort” to obtain Clery Act crime statistics from all local law enforcement agencies that have jurisdiction over the school’s Clery Act geography...You must ask for law enforcement statistics for Clery Act crimes that occurred on any area included in your institution’s Clery Act geography:</i></p> <p><i>If there are several agencies involved, for example, city police, tribal police, the county or parish sheriff’s office and state police, you must request statistics from all agencies with jurisdiction over areas in your school’s Clery Act geography.</i></p>
6	<p>WWU is not tracking locations that are repeatedly used for school-sponsored trips, short-stay “away” trip locations, or study abroad program locations that meet the DOE’s criteria for reportable geographic locations. WWU is not making a good-faith effort to collect, and report, crime statistics for any of these locations.</p> <p>Potential \$55,907 civil fine.</p>	<p>Page 2-25 of the DOE’s 2016 Handbook for Campus Safety and Security Reporting states:</p> <ul style="list-style-type: none"> • Repeated use of a location for school-sponsored trips: <i>If your institution sponsors students on an overnight trip every year and the students stay in the same hotel each year, you must include portions of the hotel in your non-campus geography.</i> • Short-stay “away” trips: <i>If your institution sponsors short-stay “away” trips of more than one night for its students, all locations used by students during the trip, controlled by the institution during the trip and used to support educational purposes should be treated as non-campus property.</i> • Study abroad programs: <i>If your institution sends students to study abroad at a location or facility that you don’t own or</i>

ITEM	CONDITION	CRITERIA
		<p><i>control, you don't have to include statistics for crimes that occur in those facilities. However, if your institution rents or leases space for your students in a hotel or student housing facility, you are in control of that space for the time period covered by your agreement.</i></p>
<p>I. Annual Security & Fire Safety Report C. Campus Crime Statistic Findings (See also recommendation 3)</p>		
<p>1</p>	<p>WWU's 2017-2018 ASFSR did not include information for hate crimes that occurred in on-campus residential facilities, non-campus buildings or properties, or adjacent public properties.</p> <p>The report also did not include crime or bias categories for each hate crime.</p> <p>Potential \$55,907 civil fine.</p>	<p>Page 9-6 of the DOE's 2016 Handbook for Campus Safety and Security Reporting indicates the following elements should be included when reporting hate crime data in the annual security report:</p> <ul style="list-style-type: none"> • Years. Include statistics for the three most recent calendar years. • Geographic category. Present statistics by geographic location. • Crime category. Include all <i>Clery Act</i> offenses that are classified as Hate Crimes as well as incidents Larceny-Theft, Simple Assault, Intimidation, and Destruction/Damage/Vandalism of Property that are classified as Hate Crimes. For <i>Clery Act</i> reporting purposes, Negligent Manslaughter, arrests and referrals for disciplinary action for Weapons, Carrying, Possessing, Etc., Drug Abuse Violations or Liquor Law Violations are not reported as Hate Crimes. • Bias category. Include the category of bias for each Hate Crime.
<p>2</p>	<p>The amount of on-campus drug referrals for 2016 was over-reported by 1 instance in the 2017-2018 ASFSR.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(c) <i>States: Crime statistics—(1) Crimes that must be reported and disclosed. An institution must report to the Department and disclose in its annual security report statistics for the three most recent calendar years concerning the number of each of the</i></p>

ITEM	CONDITION	CRITERIA
		<p><i>following crimes that occurred on or within its Clery geography and that are reported to local police agencies or to a campus security authority:</i></p> <p><i>(i) Primary crimes, including—</i></p> <p><i>(A) Criminal homicide:</i></p> <p><i>(1) Murder and nonnegligent manslaughter; and</i></p> <p><i>(2) Negligent manslaughter.</i></p> <p><i>(B) Sex offenses:</i></p> <p><i>(1) Rape;</i></p> <p><i>(2) Fondling;</i></p> <p><i>(3) Incest; and</i></p> <p><i>(4) Statutory rape.</i></p> <p><i>(C) Robbery.</i></p> <p><i>(D) Aggravated assault.</i></p> <p><i>(E) Burglary.</i></p> <p><i>(F) Motor vehicle theft.</i></p> <p><i>(G) Arson.</i></p> <p><i>(ii) Arrests and referrals for disciplinary actions, including—</i></p> <p><i>(A) Arrests for liquor law violations, drug law violations, and illegal weapons possession.</i></p> <p><i>(B) Persons not included in paragraph (c)(1)(ii)(A) of this section who were referred for campus disciplinary action for liquor law violations, drug law violations, and illegal weapons possession.</i></p> <p><i>(iii) Hate crimes, including—</i></p> <p><i>(A) The number of each type of crime in paragraph (c)(1)(i) of this section that are determined to be hate crimes; and</i></p> <p><i>(B) The number of the following crimes that are determined to be hate crimes:</i></p> <p><i>(1) Larceny-theft.</i></p> <p><i>(2) Simple assault.</i></p> <p><i>(3) Intimidation.</i></p> <p><i>(4) Destruction/damage/vandalism of property.</i></p> <p><i>(iv) Dating violence, domestic violence, and stalking as defined in paragraph (a) of this section.</i></p>

ITEM	CONDITION	CRITERIA
		<i>(2) All reported crimes must be recorded.</i>
3	<p>The amount of on-campus drug referrals in residential facilities for 2016 was underreported by 8 instances in the 2017-2018 ASFSR.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(c) <i>States: Crime statistics—(1) Crimes that must be reported and disclosed. An institution must report to the Department and disclose in its annual security report statistics for the three most recent calendar years concerning the number of each of the following crimes that occurred on or within its Clery geography and that are reported to local police agencies or to a campus security authority:</i></p> <ul style="list-style-type: none"> <i>(i) Primary crimes, including—</i> <ul style="list-style-type: none"> <i>(A) Criminal homicide:</i> <ul style="list-style-type: none"> <i>(1) Murder and nonnegligent manslaughter; and</i> <i>(2) Negligent manslaughter.</i> <i>(B) Sex offenses:</i> <ul style="list-style-type: none"> <i>(1) Rape;</i> <i>(2) Fondling;</i> <i>(3) Incest; and</i> <i>(4) Statutory rape.</i> <i>(C) Robbery.</i> <i>(D) Aggravated assault.</i> <i>(E) Burglary.</i> <i>(F) Motor vehicle theft.</i> <i>(G) Arson.</i> <i>(ii) Arrests and referrals for disciplinary actions, including—</i> <ul style="list-style-type: none"> <i>(A) Arrests for liquor law violations, drug law violations, and illegal weapons possession.</i> <i>(B) Persons not included in paragraph (c)(1)(ii)(A) of this section who were referred for campus disciplinary action for liquor law violations, drug law violations, and illegal weapons possession.</i> <i>(iii) Hate crimes, including—</i> <ul style="list-style-type: none"> <i>(A) The number of each type of crime in paragraph (c)(1)(i) of this section that are determined to be hate crimes; and</i>

ITEM	CONDITION	CRITERIA
		<p><i>(B) The number of the following crimes that are determined to be hate crimes:</i></p> <ul style="list-style-type: none"> <i>(1) Larceny-theft.</i> <i>(2) Simple assault.</i> <i>(3) Intimidation.</i> <i>(4) Destruction/damage/vandalism of property.</i> <i>(iv) Dating violence, domestic violence, and stalking as defined in paragraph (a) of this section.</i> <p><i>(2) All reported crimes must be recorded.</i></p>
4	<p>The amount of on-campus alcohol referrals in residential facilities for 2016 was overreported by 1 instance in the 2017-2018 ASFSR.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(c)</p> <p><i>States: Crime statistics—(1) Crimes that must be reported and disclosed. An institution must report to the Department and disclose in its annual security report statistics for the three most recent calendar years concerning the number of each of the following crimes that occurred on or within its Clery geography and that are reported to local police agencies or to a campus security authority:</i></p> <ul style="list-style-type: none"> <i>(i) Primary crimes, including—</i> <ul style="list-style-type: none"> <i>(A) Criminal homicide:</i> <ul style="list-style-type: none"> <i>(1) Murder and nonnegligent manslaughter; and</i> <i>(2) Negligent manslaughter.</i> <i>(B) Sex offenses:</i> <ul style="list-style-type: none"> <i>(1) Rape;</i> <i>(2) Fondling;</i> <i>(3) Incest; and</i> <i>(4) Statutory rape.</i> <i>(C) Robbery.</i> <i>(D) Aggravated assault.</i> <i>(E) Burglary.</i> <i>(F) Motor vehicle theft.</i> <i>(G) Arson.</i> <i>(ii) Arrests and referrals for disciplinary actions, including—</i>

ITEM	CONDITION	CRITERIA
		<p><i>(A) Arrests for liquor law violations, drug law violations, and illegal weapons possession.</i></p> <p><i>(B) Persons not included in paragraph (c)(1)(ii)(A) of this section who were referred for campus disciplinary action for liquor law violations, drug law violations, and illegal weapons possession.</i></p> <p><i>(iii) Hate crimes, including—</i></p> <p><i>(A) The number of each type of crime in paragraph (c)(1)(i) of this section that are determined to be hate crimes; and</i></p> <p><i>(B) The number of the following crimes that are determined to be hate crimes:</i></p> <p><i>(1) Larceny-theft.</i></p> <p><i>(2) Simple assault.</i></p> <p><i>(3) Intimidation.</i></p> <p><i>(4) Destruction/damage/vandalism of property.</i></p> <p><i>(iv) Dating violence, domestic violence, and stalking as defined in paragraph (a) of this section.</i></p> <p><i>(2) All reported crimes must be recorded.</i></p>
5	<p>The amount of on-campus fondling incidents that occurred during 2016 was underreported by 1 instance in the 2017-2018 ASFSR.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(c)</p> <p><i>States: Crime statistics—(1) Crimes that must be reported and disclosed. An institution must report to the Department and disclose in its annual security report statistics for the three most recent calendar years concerning the number of each of the following crimes that occurred on or within its Clery geography and that are reported to local police agencies or to a campus security authority:</i></p> <p><i>(i) Primary crimes, including—</i></p> <p><i>(A) Criminal homicide:</i></p> <p><i>(1) Murder and nonnegligent manslaughter; and</i></p> <p><i>(2) Negligent manslaughter.</i></p> <p><i>(B) Sex offenses:</i></p> <p><i>(1) Rape;</i></p> <p><i>(2) Fondling;</i></p> <p><i>(3) Incest; and</i></p> <p><i>(4) Statutory rape.</i></p>

ITEM	CONDITION	CRITERIA
		<p>(C) Robbery. (D) Aggravated assault. (E) Burglary. (F) Motor vehicle theft. (G) Arson. (ii) Arrests and referrals for disciplinary actions, including— (A) Arrests for liquor law violations, drug law violations, and illegal weapons possession. (B) Persons not included in paragraph (c)(1)(ii)(A) of this section who were referred for campus disciplinary action for liquor law violations, drug law violations, and illegal weapons possession. (iii) Hate crimes, including— (A) The number of each type of crime in paragraph (c)(1)(i) of this section that are determined to be hate crimes; and (B) The number of the following crimes that are determined to be hate crimes: (1) Larceny-theft. (2) Simple assault. (3) Intimidation. (4) Destruction/damage/vandalism of property. (iv) Dating violence, domestic violence, and stalking as defined in paragraph (a) of this section. (2) All reported crimes must be recorded.</p>
6	<p>The amount of on-campus fondling incidents that occurred in residential facilities during 2016 was underreported by 1 instance in the 2017-2018 ASFSR.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(c) States: <i>Crime statistics—(1) Crimes that must be reported and disclosed. An institution must report to the Department and disclose in its annual security report statistics for the three most recent calendar years concerning the number of each of the following crimes that occurred on or within its Clery geography and that are reported to local police agencies or to a campus security authority:</i> (i) <i>Primary crimes, including—</i> (A) <i>Criminal homicide:</i></p>

ITEM	CONDITION	CRITERIA
		<p>(1) Murder and nonnegligent manslaughter; and (2) Negligent manslaughter. (B) Sex offenses: (1) Rape; (2) Fondling; (3) Incest; and (4) Statutory rape. (C) Robbery. (D) Aggravated assault. (E) Burglary. (F) Motor vehicle theft. (G) Arson. (ii) Arrests and referrals for disciplinary actions, including— (A) Arrests for liquor law violations, drug law violations, and illegal weapons possession. (B) Persons not included in paragraph (c)(1)(ii)(A) of this section who were referred for campus disciplinary action for liquor law violations, drug law violations, and illegal weapons possession. (iii) Hate crimes, including— (A) The number of each type of crime in paragraph (c)(1)(i) of this section that are determined to be hate crimes; and (B) The number of the following crimes that are determined to be hate crimes: (1) Larceny-theft. (2) Simple assault. (3) Intimidation. (4) Destruction/damage/vandalism of property. (iv) Dating violence, domestic violence, and stalking as defined in paragraph (a) of this section. (2) All reported crimes must be recorded.</p>
7	An incident that did not meet the Clery criteria for a burglary was categorized as such and reported as a burglary in the 2017-2018 ASFSR.	<p>34 CFR 668.46(c) States: <i>Crime statistics—(1) Crimes that must be reported and disclosed. An institution must report to the Department and</i></p>

ITEM	CONDITION	CRITERIA
	<p>An incident that met the Clery criteria for a burglary was miscategorized as a theft and not reported as a burglary in the 2017-2018 ASFSR.</p> <p>While the net effect of these errors resulted in the correct publication of 2016 burglary statistics in the 2017-2018 ASFSR, the errors indicate the need for an improved tracking mechanism to ensure all Clery reportable incidents are captured and accurately reported annually.</p> <p>Reinforces the issues identified at III.8 below.</p>	<p><i>disclose in its annual security report statistics for the three most recent calendar years concerning the number of each of the following crimes that occurred on or within its Clery geography and that are reported to local police agencies or to a campus security authority:</i></p> <p><i>(i) Primary crimes, including—</i></p> <p><i>(A) Criminal homicide:</i></p> <p><i>(1) Murder and nonnegligent manslaughter; and</i></p> <p><i>(2) Negligent manslaughter.</i></p> <p><i>(B) Sex offenses:</i></p> <p><i>(1) Rape;</i></p> <p><i>(2) Fondling;</i></p> <p><i>(3) Incest; and</i></p> <p><i>(4) Statutory rape.</i></p> <p><i>(C) Robbery.</i></p> <p><i>(D) Aggravated assault.</i></p> <p><i>(E) Burglary.</i></p> <p><i>(F) Motor vehicle theft.</i></p> <p><i>(G) Arson.</i></p> <p><i>(ii) Arrests and referrals for disciplinary actions, including—</i></p> <p><i>(A) Arrests for liquor law violations, drug law violations, and illegal weapons possession.</i></p> <p><i>(B) Persons not included in paragraph (c)(1)(ii)(A) of this section who were referred for campus disciplinary action for liquor law violations, drug law violations, and illegal weapons possession.</i></p> <p><i>(iii) Hate crimes, including—</i></p> <p><i>(A) The number of each type of crime in paragraph (c)(1)(i) of this section that are determined to be hate crimes; and</i></p> <p><i>(B) The number of the following crimes that are determined to be hate crimes:</i></p> <p><i>(1) Larceny-theft.</i></p> <p><i>(2) Simple assault.</i></p> <p><i>(3) Intimidation.</i></p> <p><i>(4) Destruction/damage/vandalism of property.</i></p>

ITEM	CONDITION	CRITERIA
		<p><i>(iv) Dating violence, domestic violence, and stalking as defined in paragraph (a) of this section.</i></p> <p><i>(2) All reported crimes must be recorded.</i></p>
8	<p>An incident that met the Clery criteria for stalking was not identified and included in the 2016 figures in the 2017-2018 ASFSR.</p> <p>The 2016 stalking figures in the 2017-2018 ASFSR were inadvertently overreported by 1 due to a clerical error.</p> <p>While the net effect of these errors resulted in the correct publication of 2016 stalking statistics in the 2017-2018 ASFSR, the errors indicate the need for an improved tracking mechanism to ensure all Clery reportable incidents are captured and accurately reported annually.</p> <p>Reinforces the issues identified at III.8 below.</p>	<p>34 CFR 668.46(c)</p> <p><i>States: Crime statistics—(1) Crimes that must be reported and disclosed. An institution must report to the Department and disclose in its annual security report statistics for the three most recent calendar years concerning the number of each of the following crimes that occurred on or within its Clery geography and that are reported to local police agencies or to a campus security authority:</i></p> <p><i>(i) Primary crimes, including—</i></p> <p><i>(A) Criminal homicide:</i></p> <p><i>(1) Murder and nonnegligent manslaughter; and</i></p> <p><i>(2) Negligent manslaughter.</i></p> <p><i>(B) Sex offenses:</i></p> <p><i>(1) Rape;</i></p> <p><i>(2) Fondling;</i></p> <p><i>(3) Incest; and</i></p> <p><i>(4) Statutory rape.</i></p> <p><i>(C) Robbery.</i></p> <p><i>(D) Aggravated assault.</i></p> <p><i>(E) Burglary.</i></p> <p><i>(F) Motor vehicle theft.</i></p> <p><i>(G) Arson.</i></p> <p><i>(ii) Arrests and referrals for disciplinary actions, including—</i></p> <p><i>(A) Arrests for liquor law violations, drug law violations, and illegal weapons possession.</i></p> <p><i>(B) Persons not included in paragraph (c)(1)(ii)(A) of this section who were referred for campus disciplinary action for liquor law violations, drug law violations, and illegal weapons possession.</i></p> <p><i>(iii) Hate crimes, including—</i></p>

ITEM	CONDITION	CRITERIA
		<p>(A) The number of each type of crime in paragraph (c)(1)(i) of this section that are determined to be hate crimes; and</p> <p>(B) The number of the following crimes that are determined to be hate crimes:</p> <p>(1) Larceny-theft.</p> <p>(2) Simple assault.</p> <p>(3) Intimidation.</p> <p>(4) Destruction/damage/vandalism of property.</p> <p>(iv) Dating violence, domestic violence, and stalking as defined in paragraph (a) of this section.</p> <p>(2) All reported crimes must be recorded.</p>
9	<p>WWU did not disclose unfounded Clery criminal activity for 2015 and 2016 in its 2017-2018 ASFSR.</p> <p>Potential \$55,907 civil fine.</p>	<p>Per CFR 34 CFR 668.46(c)(2)(iii)</p> <p>An institution must report to the Department and disclose in its annual security report statistics the total number of crime reports listed in paragraph (c)(1) of this section that were “unfounded” and subsequently withheld from its crime statistics pursuant to paragraph (c)(2)(iii) of this section during each of the three most recent calendar years.</p> <p>Page 3-51 of the DOE’s 2016 Handbook for Campus Safety and Security Reporting states:</p> <p>Beginning with the reports due in 2015, institutions have been required to include in the Web-based survey and the annual security report statistics for the total number of crime reports that were “unfounded” and subsequently withheld from crime statistics during each of the three most recent calendar years.</p>
<p>I. Annual Security & Fire Safety Report</p> <p>D. Campus Fire Statistic Findings</p> <p>(See also recommendation 4)</p>		
1	<p>The fire safety statistics in WWU’s 2017-2018 ASFSR did not include the street address of the building where the fire occurred.</p>	<p>Page 13-1 of the DOE’s 2016 Handbook for Campus Safety and Security Reporting states:</p>

ITEM	CONDITION	CRITERIA
	Potential \$55,907 civil fine.	<p><i>You must collect and include statistics for each on-campus student housing facility separately for the three most recent calendar years (i.e., Jan. 1 through Dec. 31) for which data are available.</i></p> <p><i>Identify each facility by name and street address, and for each facility include:</i></p> <ol style="list-style-type: none"> <i>1. The number of fires and the cause of each fire;</i> <i>2. The number of persons who received fire-related injuries that resulted in treatment at a medical facility, including at an on-campus health center;</i> <i>3. The number of deaths related to a fire;</i> <i>4. The value of property damage caused by a fire.</i>
2	<p>The fire safety statistics in WWU’s 2017-2018 ASFSR did not include the number of fires.</p> <p>Potential \$55,907 civil fine.</p>	<p>Page 13-1 of the DOE’s 2016 Handbook for Campus Safety and Security Reporting states:</p> <p><i>You must collect and include statistics for each on-campus student housing facility separately for the three most recent calendar years (i.e., Jan. 1 through Dec. 31) for which data are available.</i></p> <p><i>Identify each facility by name and street address, and for each facility include:</i></p> <ol style="list-style-type: none"> <i>1. <u>The number of fires</u> and the cause of each fire;</i> <i>2. The number of persons who received fire-related injuries that resulted in treatment at a medical facility, including at an on-campus health center;</i> <i>3. The number of deaths related to a fire;</i> <i>4. The value of property damage caused by a fire.</i>
3	<p>The fire safety statistics in WWU’s 2017-2018 ASFSR did not include the number of persons who received fire-related injuries that resulted in medical treatment.</p> <p>Potential \$55,907 civil fine.</p>	<p>Page 13-3 of the DOE’s 2016 Handbook for Campus Safety and Security Reporting states:</p> <p><i>You must collect and include statistics for each on-campus student housing facility separately for the three most recent calendar years (i.e., Jan. 1 through Dec. 31) for which data are available.</i></p> <p><i>Identify each facility by name and street address, and for each facility include:</i></p> <ol style="list-style-type: none"> <i>1. The number of fires and the cause of each fire;</i>

ITEM	CONDITION	CRITERIA
		<ol style="list-style-type: none"> 2. <u>The number of persons who received fire-related injuries that resulted in treatment at a medical facility, including at an on-campus health center;</u> 3. <i>The number of deaths related to a fire;</i> 4. <i>The value of property damage caused by a fire.</i>
4	<p>The fire safety statistics in WWU’s 2017-2018 ASFSR did not include the number of deaths related to the fire.</p> <p>Potential \$55,907 civil fine.</p>	<p>Page 13-3 of the DOE’s 2016 Handbook for Campus Safety and Security Reporting states: <i>You must collect and include statistics for each on-campus student housing facility separately for the three most recent calendar years (i.e., Jan. 1 through Dec. 31) for which data are available. Identify each facility by name and street address, and for each facility include:</i></p> <ol style="list-style-type: none"> 1. <i>The number of fires and the cause of each fire;</i> 2. <i>The number of persons who received fire-related injuries that resulted in treatment at a medical facility, including at an on-campus health center;</i> 3. <u>The number of deaths related to a fire;</u> 4. <i>The value of property damage caused by a fire.</i>
5	<p>The one fire statistic that was included in WWU’s 2017-2018 ASFSR occurred in an academic facility and was therefore not required to be reported. The statistics did not include the two fires that occurred in on-campus student housing facilities during the period between 2014-2018.</p> <p>Potential \$55,907 civil fine.</p>	<p>Page 13-1 of the DOE’s 2016 Handbook for Campus Safety and Security Reporting states: <i>You must collect and include statistics for each on-campus student housing facility separately for the three most recent calendar years (i.e., Jan. 1 through Dec. 31) for which data are available. Identify each facility by name and street address, and for each facility include:</i></p> <ol style="list-style-type: none"> 1. <i>The number of fires and the cause of each fire;</i> 2. <i>The number of persons who received fire-related injuries that resulted in treatment at a medical facility, including at an on-campus health center;</i> 3. <i>The number of deaths related to a fire;</i> 4. <i>The value of property damage caused by a fire.</i>

ITEM	CONDITION	CRITERIA
II. Campus Security Authority Findings (See also recommendation 5)		
1	<p>Only 25 of the 63 Campus Security Authorities (CSA) listed in WWU’s ASFSR had successfully completed the <i>Campus Security Authority orientation</i>.</p> <p>The Office of Student Life coordinates notification and training for CSA’s. They indicated that 4 of the remaining 38 received in-person training. As such, it appears 34 of the CSAs listed in WWU’s ASFSR have not received orientation or training about their roles and responsibilities.</p> <p>Best practice recommendation.</p>	<p>Pages 4-9 through 4-11 of the DOE’s 2016 Handbook for Campus Safety and Security Reporting indicates that training campus security authorities is not required per regulation, however, they still recommend that training is provided, and list suggested training elements. Ensuring CSA’s received training on their responsibilities is DOE recommended best practice.</p>
2	<p>The Office of Student Life notifies WWU’s CSA’s of their roles and responsibilities by sending them a quarterly email reminder.</p> <p>Testing identified 4 CSAs who did not receive the Clery Act/Campus Security Authority responsibilities - quarterly email reminder.</p> <p>Best practice recommendation.</p>	<p>While not a mandated requirement, the DOE recommends that schools ensure that CSA’s are properly notified of their role and responsibilities as a CSA. Page 4-9 of the Handbook for Campus Safety and Security Reporting states: <i>Make sure your campus security authorities know they are campus security authorities.</i> <i>To do this, we suggest that you update the job descriptions of individuals at your institution who fit the definition of a CSA. Make this designation an official part of their job description so that they know what is required of them. You may also want to contact all CSAs annually in writing to remind them of this obligation. Because of turnover, or a change in job descriptions, you may have to notify some individuals mid-year.</i></p>
III. Crime/Fire Log Findings (See also recommendation 6)		
1	<p>OIA was unable to determine if the existing crime logs contained all crimes committed within the University’s Department of Public Safety’s (DPS) patrol jurisdiction because the department has not defined their patrol jurisdiction.</p>	<p>34 CFR 668.46(a) <i>Clery geography.</i> <i>(i) For the purposes of collecting statistics on the crimes listed in paragraph (c) of this section for submission to the Department and</i></p>

ITEM	CONDITION	CRITERIA
	<p>Potential \$55,907 civil fine.</p>	<p><i>inclusion in an institution's annual security report, Clery geography includes—</i> <i>(A) Buildings and property that are part of the institution's campus;</i> <i>(B) The institution's non-campus buildings and property; and</i> <i>(C) Public property within or immediately adjacent to and accessible from the campus.</i> <i>(ii) For the purposes of maintaining the crime log required in paragraph (f) of this section, Clery geography includes, <u>in addition to the locations in paragraph (i) of this definition, areas within the patrol jurisdiction of the campus police or the campus security department.</u></i></p> <p>Page 5-3 of the Handbook for Campus Safety and Security Reporting states that <i>there is an additional geographic location that applies exclusively to the crime log. In addition to recording reported crimes that occurred on campus, in or on non-campus buildings or property or on public property within the campus or immediately adjacent to and accessible from the campus, reports of crimes that occurred within the patrol jurisdiction of the campus police or security department must also be entered into the crime log.</i></p>
2	<p>CSA's in University Residences and the Office of Student Life responsible for managing student conduct are not forwarding details of all criminal and other Clery reportable incidents to DPS for publication in the daily crime log. The university does not have an effective process to ensure all reportable incidents are communicated to DPS in a timely manner for inclusion in the Daily Crime Log and/or the issuance of a Timely Warning.</p> <p>OIA noted the following reportable incidents that were not communicated to DPS for publication in the daily crime log during 2016:</p>	<p>34 CFR 668.46(f) states that institutions that maintain a campus police or a campus security department must maintain a written, easily understood daily crime log that records, by the date the crime was reported, any crime that occurred within its Clery geography.</p> <p>Page 5-3 of the DOE's 2016 Handbook for Campus Safety and Security Reporting states: that <i>A crime must be entered into the log within two business days of when it was reported to the campus police or security department. This includes crimes that are reported directly to the campus police or security department, <u>as well as crimes that are initially reported to another campus</u></i></p>

ITEM	CONDITION	CRITERIA
	<ul style="list-style-type: none"> • 3 instances of rape • 2 instances of stalking • 2 instances of fondling • 340 alcohol referrals for violations of the law • 195 drug referrals for violations of the law <p>While OIA did not identify any unreported incidents in the following areas, we also noted that the university does not have a process in place to ensure criminal and other Clery reportable incidents reported directly to the Equal Opportunity Office, Counseling Center, Student Health Center, or CASAS are communicated to DPS in a timely manner for inclusion in the Daily Crime Log and/or the issuance of a Timely Warning.</p> <p>Potential \$55,907 civil fine.</p>	<p><u><i>security authority</i></u> or to a local law enforcement agency, <u><i>which subsequently reports them to the campus police</i></u> or security department.</p> <p>Page 6-12 of the DOE’s 2016 Handbook for Campus Safety and Security Reporting indicates that institutions must issue a timely warning to alert the campus community regarding any Clery Act crime that is reported to campus security authorities or local police and is considered to represent a serious or continuing threat to students and employees.</p> <p>The quarterly reminder email sent out to all CSA’s states <i>If you are aware of any of the following crimes occurring on or near campus, or in relation to a university event, you are required to make an informational report to University Police</i>: <Emphasis added.></p> <ul style="list-style-type: none"> • <i>Stalking, domestic violence, or dating violence;</i> • <i>Robbery, burglary or larceny-theft;</i> • <i>Motor vehicle theft;</i> • <i>Simple assault or aggravated assault;</i> • <i>Sex offenses such as rape, fondling, statutory rape or incest;</i> • <i>Murder or manslaughter; or</i> <p><i>Hate crimes, including any of the seven crimes listed above, or any other crime causing bodily injury, if motivated by race, gender, gender identity, religion, sexual orientation, ethnicity, national origin or disability.</i></p>
3	<p>Per DPS, WWU’s media log serves as the both university’s crime log and fire log. The media log was not labeled in a manner that lets people know that it is both a crime log and a fire log.</p> <p>Potential \$55,907 civil fine.</p>	<p>Page 12-5 of the DOA’s Handbook for Campus Safety and Security Reporting states: <i>If your institution has a campus police or security department and is required to maintain a daily crime log for Clery Act reporting, you may use that same log for your fire log. Label it in a manner that lets people know that it is both a crime log and a fire log. Make sure that it contains the required elements for both logs.</i></p>

ITEM	CONDITION	CRITERIA
4	<p>All three media log entries that met the DOE’s criteria for required inclusion in the university’s fire log for the period between 2014 and 2016 were missing one, or more, of the fire log elements required by the DOE.</p> <p>Potential \$55,907 civil fine.</p>	<p>Page 12-3 of the DOA’s Handbook for Campus Safety and Security Reporting states: <i>the law allows flexibility in how you design your fire log but you must include certain elements. For each fire, the log must include:</i></p> <ul style="list-style-type: none"> • <i>The date the fire was reported;</i> • <i>The nature of the fire;</i> • <i>The date and time of the fire; and</i> • <i>The general location of the fire.</i>
5	<p>WWU has not provided students and employees with a description of the fire log noting its location and availability. The site where the most recent fire logs can be accessed does not provide language indicating that the media log serves as the fire log, nor does it describe the process for obtaining logs older than 60 days.</p> <p>Potential \$55,907 civil fine.</p>	<p>Page 12-4 of the DOA’s Handbook for Campus Safety and Security Reporting states <i>make the fire log for the most recent 60-day period open to public inspection, upon request, during normal business hours. <u>Make any portion of the log older than 60 days available within two business days of a request for public inspection.</u> Anyone may have access to the log, whether or not they are associated with your institution. This includes the media. <u>Provide students and employees with a description of the log, noting its location and availability.</u></i></p>
6	<p>When queried during testing DPS was not aware that they were required to fulfill requests for fire or crime logs within two business days.</p> <p>Potential \$55,907 civil fine.</p>	<p>Page 12-4 of the DOA’s Handbook for Campus Safety and Security Reporting states <i>make the fire log for the most recent 60-day period open to public inspection, upon request, during normal business hours. <u>Make any portion of the log older than 60 days available within two business days of a request for public inspection.</u></i></p>
7	<p>29 of the 30 media log entries selected for testing did not contain the date the crime occurred. OIA noted that the existing media log format does not contain date occurred from or to fields.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(f) states that institutions that maintain a campus police or a campus security department must maintain a written, easily understood daily crime log that records, by the date the crime was reported, any crime that occurred within its Clery geography. The log must include (i) The nature, date, time, and general location of each crime.</p> <p>Page 5-5 of the DOA’s Handbook for Campus Safety and Security Reporting states that one of the required crime log elements is the</p>

ITEM	CONDITION	CRITERIA
		date and time the crime occurred. <i>Enter the date and the time that the crime occurred. If the exact date and time are not known, use a range or indicate that it is unknown. You may use either military time, as shown in the sample log, or standard time.</i>
8	<p>Three of the 30 crime log entries selected for testing did not accurately reflect the nature of the crime. OIA noted that in all three cases the CAD entries had either been changed or updated to include additional information that was not reflected in the media logs provided to the public.</p> <p>OIA noted an additional case where the crime code used for the original entry reflected the nature of the crime, but additional information was added to the CAD which was not added to the log within two business days.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(f) states that institutions that maintain a campus police or a campus security department must maintain a written, easily understood daily crime log that records, by the date the crime was reported, any crime that occurred within its Clery geography. The log must include (i) The nature, date, time, and general location of each crime.</p> <p>(2)The institution must make an entry or an addition to an entry to the log within two business days.</p> <p>Page 5-5 of the DOA’s Handbook for Campus Safety and Security Reporting states that one of the required crime log elements is the nature of the crime. <i>If a crime is reported and entered into the crime log but the resulting investigation shows that the initial description was inaccurate, you should update the description. Do not list the initially recorded crime as unfounded due to misclassification, or delete an entry once it has been made. Update the nature of the crime instead.</i></p>
9	<p>OIA was unable to locate the online media log for one of the days selected for testing.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(f) (2) states that <i>the institution must make an entry or an addition to an entry to the log within two business days.</i></p> <p>Page 5-6 of the DOA’s Handbook for Campus Safety and Security Reporting states that <i>an entry, an addition to an entry or a change in the disposition of a complaint must be recorded within two business days of the reporting of the information to the campus police or the campus security department.</i></p>

IV. Annual Security & Fire Safety Report Distribution Findings

ITEM	CONDITION	CRITERIA
(See also recommendation 7)		
1	<p>WWU is not providing prospective <u>students</u> with a notice that includes a statement of the annual security report's availability, a description of its contents, and an opportunity to request a copy of the report.</p> <p>Potential \$55,907 civil fine.</p>	<p>CFR 668.41(e)(4) states <i>Prospective students and prospective employees—annual security report and annual fire safety report. For each of the reports, the institution must provide a notice to prospective students and prospective employees that includes a statement of the report's availability, a description of its contents, and an opportunity to request a copy.</i> The CFR defines as Prospective student as <i>an individual who has contacted an eligible institution requesting information concerning admission to that institution.</i></p> <p>Page 9-7 of the DOA's Handbook for Campus Safety and Security Reporting states <i>Who gets the annual security report?</i> <i>You must distribute the report to all currently enrolled students (including those attending less than full-time and those not enrolled in Title IV programs or courses) and all employees by Oct. 1 each year. You also must provide the report to any prospective student or prospective employee upon request. A prospective student is defined as an individual who has contacted an eligible institution requesting information about admission to that institution. A prospective employee is defined as an individual who has contacted an eligible institution requesting information concerning employment with that institution.</i></p>
2	<p>WWU is not providing prospective <u>employees</u> with a notice that includes a statement of the annual security report's availability, a description of its contents, and an opportunity to request a copy of the report.</p> <p>Potential \$55,907 civil fine.</p>	<p>CFR 668.41(e)(4) states <i>Prospective students and prospective employees—annual security report and annual fire safety report. For each of the reports, the institution must provide a notice to prospective students and prospective employees that includes a statement of the report's availability, a description of its contents, and an opportunity to request a copy.</i> The CFR defines as Prospective employee as <i>an individual who has contacted an eligible institution for the purpose of requesting information concerning employment with that institution.</i></p>

ITEM	CONDITION	CRITERIA
		<p>Page 9-7 of the DOA’s Handbook for Campus Safety and Security Reporting states Who gets the annual security report? <i>You must distribute the report to all currently enrolled students (including those attending less than full-time and those not enrolled in Title IV programs or courses) and all employees by Oct. 1 each year. You also must provide the report to any prospective student or prospective employee upon request. A prospective student is defined as an individual who has contacted an eligible institution requesting information about admission to that institution. A prospective employee is defined as an individual who has contacted an eligible institution requesting information concerning employment with that institution.</i></p>
<p>V. Emergency Response Notification Findings (See also recommendation 8)</p>		
<p>1</p>	<p>WWU did not document descriptions of the exercises, the dates, times and announced or unannounced status of the Western Alert tests.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(g)(6)(iii) states <i>The institution's procedures to test the emergency response and evacuation procedures on at least an annual basis, including documenting, for each test, a description of the exercise, the date, time, and whether it was announced or unannounced.</i></p> <p>Page 6-11 of the DOA’s Handbook for Campus Safety and Security Reporting states <i>The institution's procedures to test the emergency response and evacuation procedures on at least an annual basis, including documenting, for each test, a description of the exercise, the date, time and whether it was announced or unannounced</i></p> <p><i>What does this mean?</i> <i>This part of your statement describes how your institution will document each test. (Although the law requires only one test each year, if you have multiple tests in a year, you’re required to document each one.) Be sure to address each component:</i></p> <ul style="list-style-type: none"> <i>A description of the exercise (i.e., the test).</i>

ITEM	CONDITION	CRITERIA
		<ul style="list-style-type: none"> • <i>The date the test was held.</i> • <i>The time the test started and ended.</i> • <i>Whether the test was announced or unannounced.</i> <p><i>As with all other Clery Act-related documentation, your institution is required to keep emergency test documentation for seven years.</i></p>
2	<p>Emergency management did not conduct and document emergency response testing at the following separate campus locations:</p> <ul style="list-style-type: none"> • Everett • Bremerton • Port Angeles • North Seattle • Poulsbo <p>Potential \$55,907 civil fine.</p>	<p>Page 2-6 of the of the DOA’s Handbook for Campus Safety and Security Reporting states: <i>If your institution has more than one campus, <u>each campus must comply independently with all of the Clery Act and the fire- and safety-related HEA requirements described in this handbook.</u></i></p>

VI. Missing Student Notification Finding
(See also recommendation [9](#))

1	<p>WWU does not currently have a process which provides students with the opportunity to identify an emergency contact(s) specifically for missing persons purposes, nor has it developed a process to ensure that this information is accessible only to authorized campus officials.</p> <p>Potential \$55,907 civil fine.</p>	<p>34 CFR 668.46(h)(1)(iii)&(iv) <i>Missing student notification policies and procedures. (1) An institution that provides any on-campus student housing facility must include a statement of policy regarding missing student notification procedures for students who reside in on-campus student housing facilities in its annual security report. This statement must-</i> (iii) Contain an option for each student to identify a contact person or persons whom the institution shall notify within 24 hours of the determination that the student is missing, if the student has been determined missing by the institutional police or campus security department, or the local law enforcement agency; (iv) Advise students that their contact information will be registered confidentially, that this information will be accessible only to</p>
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ITEM	CONDITION	CRITERIA
		<p>authorized campus officials, and that it may not be disclosed, except to law enforcement personnel in furtherance of a missing person investigation.</p> <p>Page 10-3 of the of the DOA’s Handbook for Campus Safety and Security Reporting states: <i>Your missing student policy statement must contain an option for each student to identify a contact person or persons whom the institution shall notify within 24 hours of the determination that the student is missing, if the student has been determined missing by the institutional police or campus security department, or the local law enforcement agency;</i></p> <p><i>What does this mean?</i> <i>This component addresses your institution’s obligation to advise every student who lives in on-campus student housing, regardless of age, that he or she may register one or more individuals to be a contact strictly for missing persons purposes. The contact person can be anyone. You must give students this option even if they have already identified a general emergency contact. A student may identify the same individual for both purposes, but your institution may not assume that a general emergency contact is also the missing person contact. Offer students this option annually regardless of whether they chose to register a contact the previous year. If any students move into on-campus student housing mid-year, you must give them the option to name a contact person as well. Include in your policy statement information about how a student can register a contact or contacts.</i></p> <p>Page 10-4 of the of the DOA’s Handbook for Campus Safety and Security Reporting states: <i>Your missing student policy statement must advise students that their contact information will be registered confidentially, that this information will be accessible only to authorized campus officials, and that it may not be disclosed, except to law enforcement personnel in furtherance of a missing person investigation;</i></p>

ITEM	CONDITION	CRITERIA
		<p><i>What does this mean?</i> <i>This component addresses how a student’s contact person information will be maintained and who is allowed access to it. Inform students that the information will be kept confidential. To protect confidentiality, general emergency contact information and missing student contact information must be kept separate, even if the student has registered the same person for both purposes. Because the HEA requires the information to be kept confidential, student’s contact information has greater privacy protections than the Family Educational Rights and Privacy Act (FERPA) provides.</i> <i>State that contact information may be accessed only by authorized campus officials. Although your policy statement does not have to contain the names or titles of the authorized officials, you should document this information for your records. Those officials may disclose the contact information only to law enforcement officials and only for the purpose of a missing student investigation. In issuing this policy statement, you are letting students know that if they register a contact person, they are, in effect, also providing permission for law enforcement personnel to contact the identified individual for the purpose of a missing student investigation.</i></p>

Crime Statistics: Bellingham Campus

Offense	Year	On Campus	Non-Campus Property	Adjacent Public Property	On Campus Housing Only	Unfounded
Murder and Non-Negligent Manslaughter	2017	0	0	0	0	0
	2016	0	0	0	0	0
	2015	0	0	0	0	0
Manslaughter by Negligence	2017	0	0	0	0	0
	2016	0	0	0	0	0
	2015	0	0	0	0	0
Robbery	2017	0	0	0	0	0
	2016	0	0	0	0	0
	2015	1	0	0	0	0
Aggravated Assault	2017	1	0	0	0	0
	2016	3	0	0	1	0
	2015	1	0	0	0	0
Burglary	2017	5	0	0	4	0
	2016	13	0	0	12	0
	2015	5	0	0	4	0
Motor Vehicle Theft	2017	0	0	0	0	0
	2016	3	0	0	0	0
	2015	0	1	0	0	0
Arson	2017	0	0	0	0	0
	2016	1	0	0	1	0
	2015	1	0	0	0	0
Rape	2017	10	0	0	8	0
	2016	4	0	0	3	0
	2015	5	0	0	5	0
Fondling	2017	4	0	0	2	0
	2016	2 *	0	0	2 *	0
	2015	6	0	0	6	0
Statutory Rape	2017	0	0	0	0	0
	2016	0	0	0	0	0
	2015	0	0	0	0	0
Incest	2017	0	0	0	0	0
	2016	0	0	0	0	0
	2015	0	0	0	0	0

* Data has been corrected from a previous year's report.

† Data has been updated since the report was first published in September 2018 to correct an administrative error.

The number of persons referred for disciplinary action do not include persons who were also arrested and reported in the arrest categories above.

"On campus" is defined as any building or property owned or controlled by an institution within the same reasonably contiguous geographic area and used by the institution in direct support of, or in a manner related to, the institution's educational purposes, including residence halls and any building or

Offense	Year	On Campus	Non-Campus Property	Adjacent Public Property	On Campus Housing Only	Unfounded
VIOLENCE AGAINST WOMEN ACT OFFENSES						
Stalking	2017	13	0	0	5	0
	2016	8	0	0	3	0
	2015	7	0	0	3	0
Dating Violence	2017	2	0	0	1	0
	2016	0	0	0	0	0
	2015	3	0	0	1	0
Domestic Violence	2017	3	0	0	3	0
	2016	2	0	0	1	0
	2015	1	0	0	0	0

ARREST STATISTICS						
Arrests for Alcohol Violations	2017	15		2	2	0
	2016	1	1	2	1	0
	2015	0	0	0	0	0
Arrests for Drug-Related Violations	2017	11	0	1	0	0
	2016	5	0	1	4	0
	2015	1	0	1	0	0
Arrests for Illegal Weapons Possession	2017	0	0	0	0	0
	2016	0	0	0	0	0
	2015	0	0	0	0	0
DISCIPLINARY REFERRALS						
Disciplinary Referrals for Alcohol Violations	2017	400	0	3	400	0
	2016	339 *	0	0	329 *	0
	2015	274	0	3	263	0
Disciplinary Referrals for Drug-Related Violations	2017	213	0	6	213	0
	2016	195 †	0	0	194 †	0
	2015	184	0	0	178	0
Disciplinary Referrals for Illegal Weapons Possession	2017	0	0	0	0	0
	2016	0	0	0	0	0
	2015	1	0	0	1	0

property that is within or reasonably contiguous to the said area and is owned by the institution but controlled by another person, is frequently used by students, and supports institutional purposes (such as a food or other retail vendor).

"Non-campus building or property" is defined as any building or property owned or controlled by a student organization that is officially recognized by the institution and any building or property owned or controlled by an institution that is used in direct support of, or in relation to, the institution's educational purposes, is frequently used by students, and is not within the same reasonably contiguous geographic area of the institution. This category includes any incidents reported at Poulsbo Sea Discovery Center, Poulsbo; Lakewood facility, Bellingham; Viqueen Lodge, Sinclair Island; Technology Development Center, Bellingham; Scene Shop, Bellingham; Art Studio, Bellingham; Music Studio, Bellingham.

"Adjacent public property" is defined as all public property (including thoroughfares, streets, sidewalks, and parking facilities) that is within the campus or immediately adjacent to and accessible from the campus.

**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
Linda Teater, Director, Budget Office
Brian Sullivan, Associate Vice President, Business and Financial Affairs

DATE: December 14, 2018

SUBJECT: **Comprehensive Budget Overview and Financial Health Report**

PURPOSE: Informational Item

Purpose of Submittal:

This annual presentation will provide a comprehensive overview of all University funds, including revenues and expenditures of state, auxiliary, dedicated and local funds, grants and contracts, and key financial performance ratios.

The presentation will be made by:

- Richard Van Den Hul, Vice President, Business and Financial Affairs
- Linda Teater, Director, Budget Office
- Brian Sullivan, Associate Vice President, Business and Financial Affairs

Attachments:

- 2018 WWU Financial Report
- FY 2018 Housing and Dining System Financial Report
- FY 2018 Wade King Student Recreation Center Financial Report

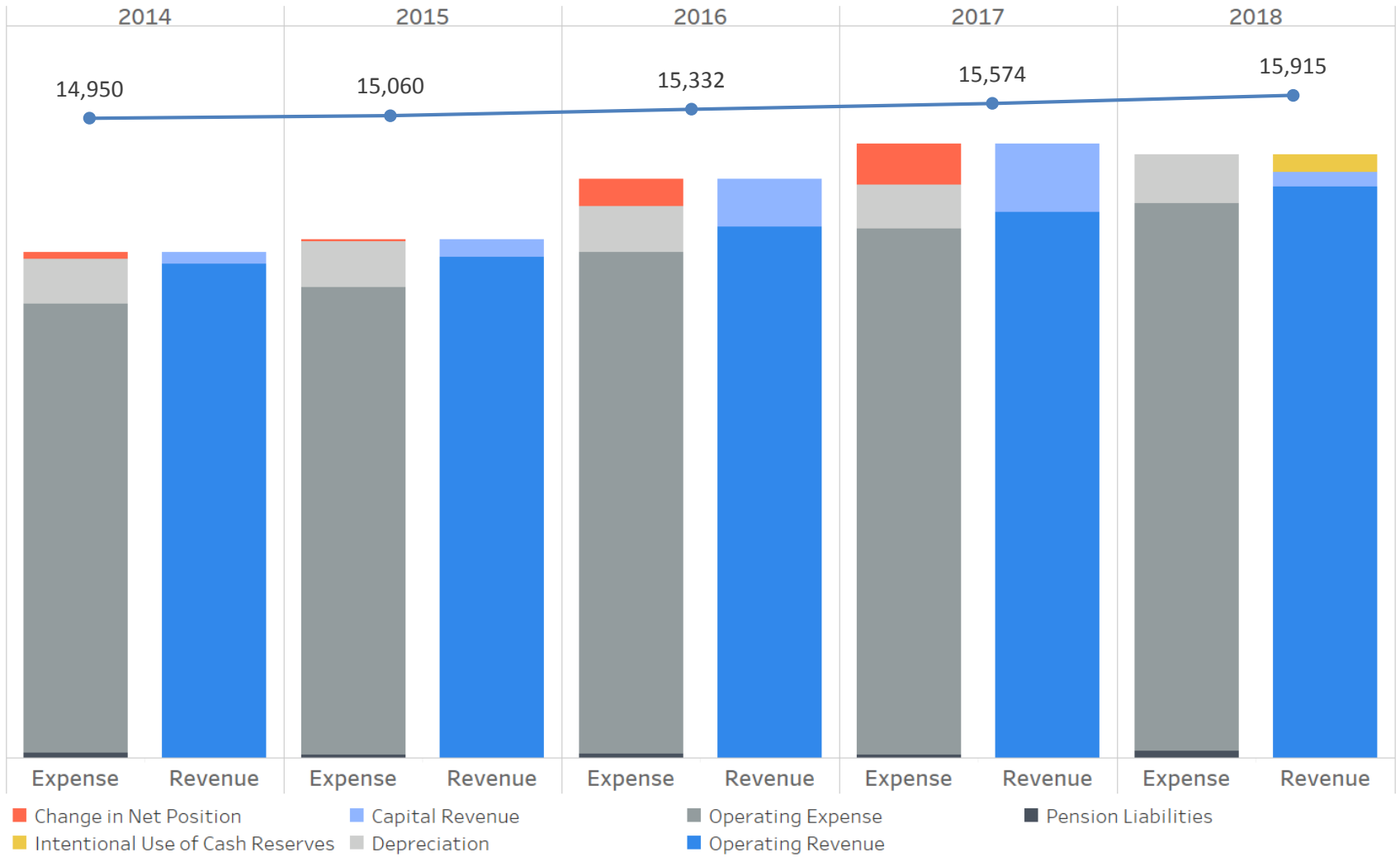
Business and Financial Affairs

Comprehensive Budget Overview and Financial Health Report

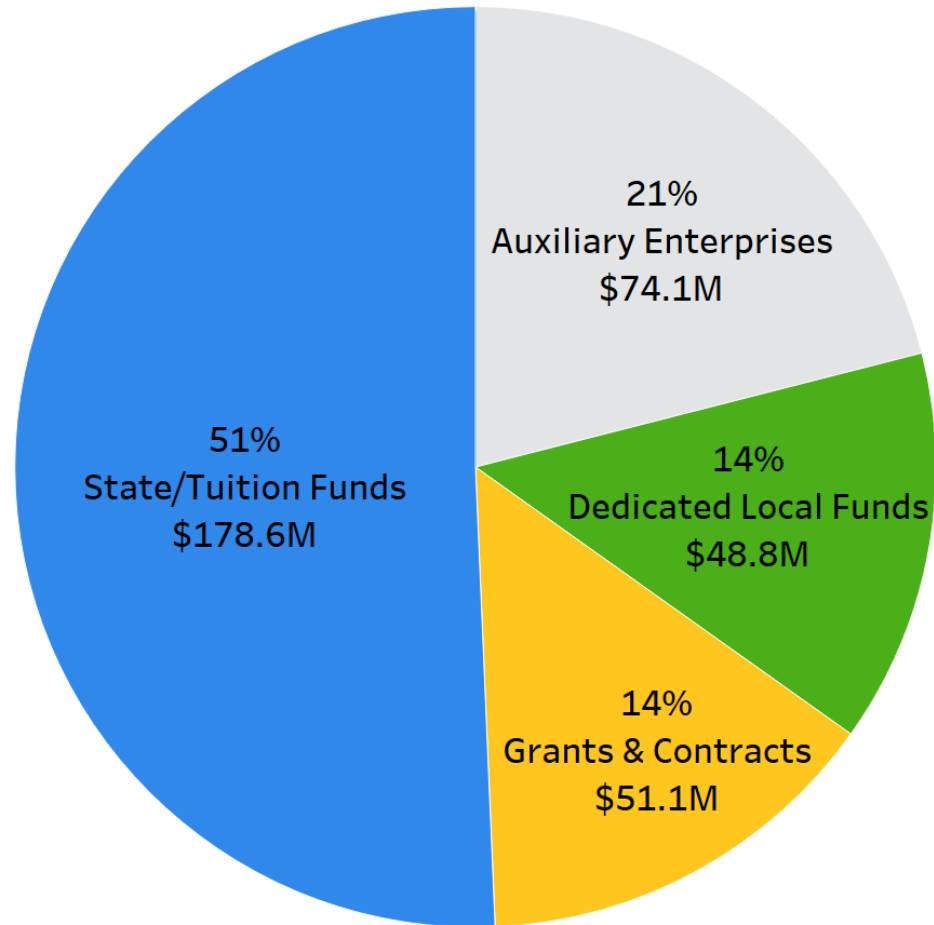
Board of Trustees Meeting
December 14, 2018

- Develop a more complete and systemic picture of the University's budget:
 - Important step in developing a comprehensive resource plan
 - Identify levers for revenue growth to advance University priorities
- Enhance budget projections and understanding
- Make the planning and budget process more comprehensive and responsive to student growth and strategic opportunities
- Communicate current financial health and promote innovative thinking as we develop a comprehensive resource plan in support of the strategic plan

Total Revenue, Expenditures, and Fall Headcount



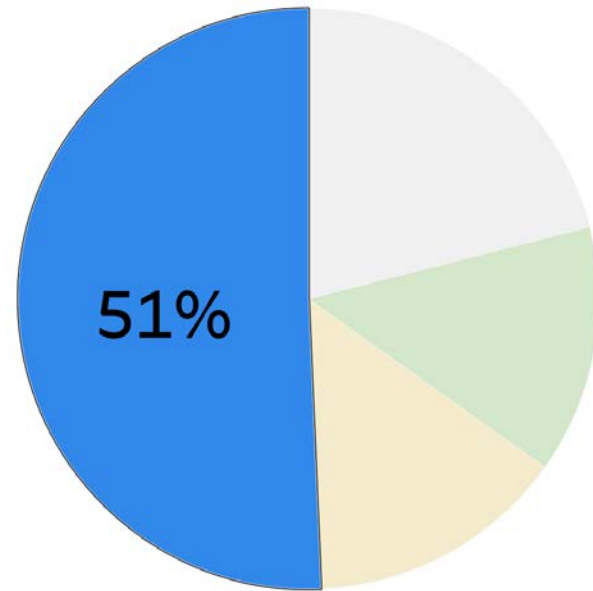
Revenues



Tuition Operating Fees
\$89,644,032
25.4% of total revenue budget

State Appropriations
\$84,256,000
23.9% of total revenue budget

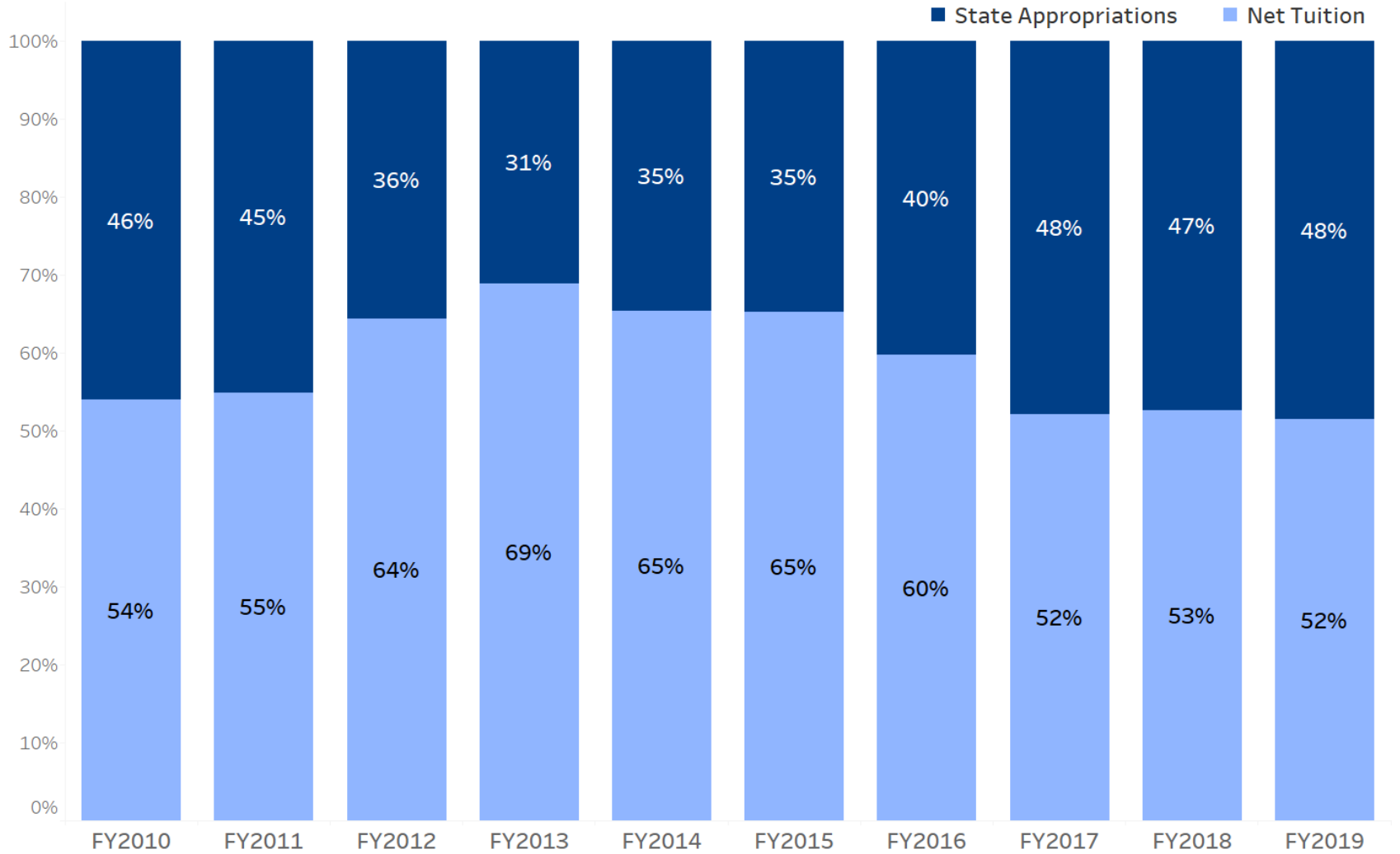
Administrative Services
Assessment
\$4,728,756
1.3% of total revenue budget

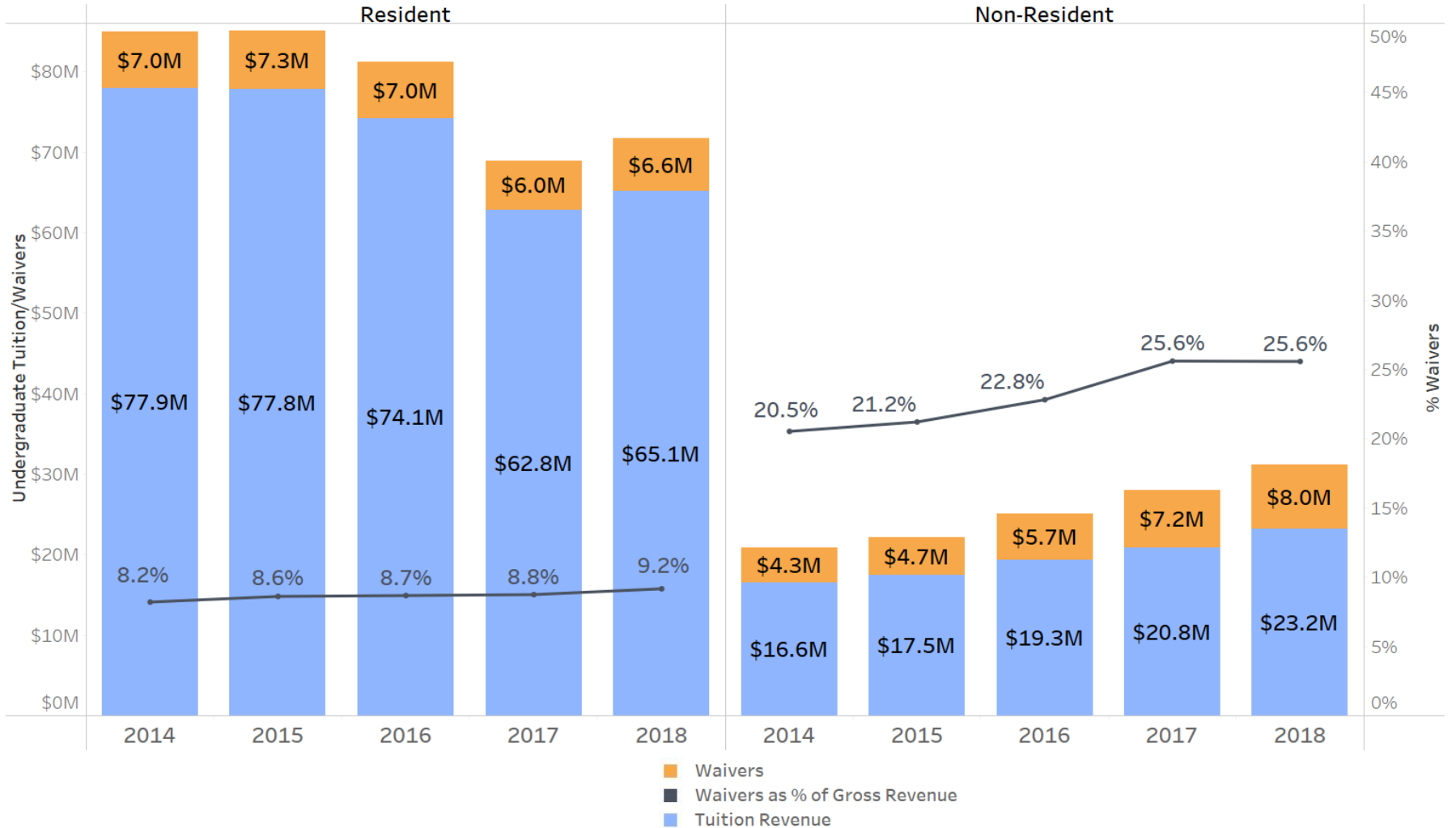


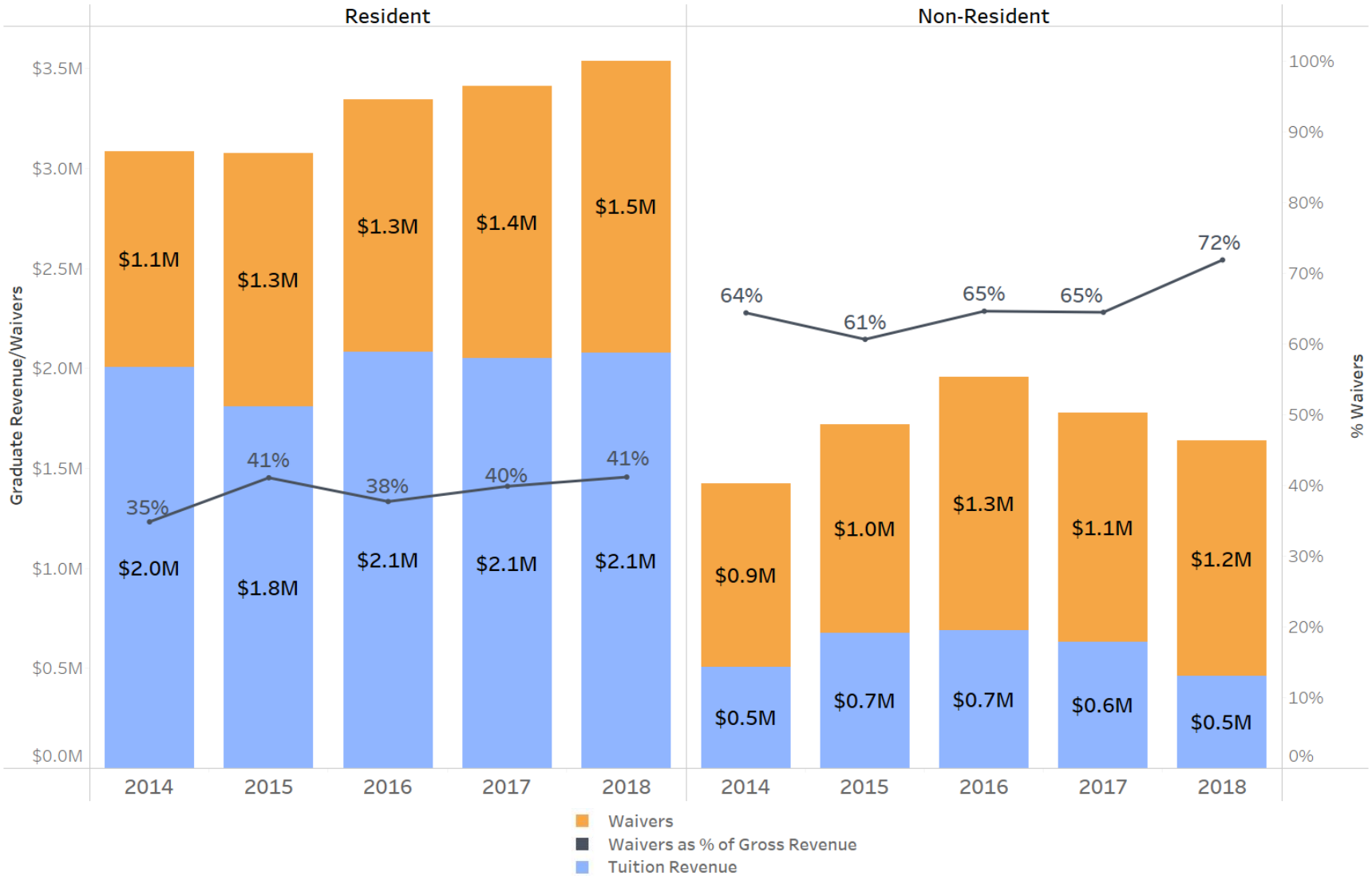
Includes net tuition operating fee revenue, state appropriations, and reimbursement for auxiliary enterprises and selected dedicated local funds.

Percent Share of State Appropriations vs. Net Tuition Operating Fees

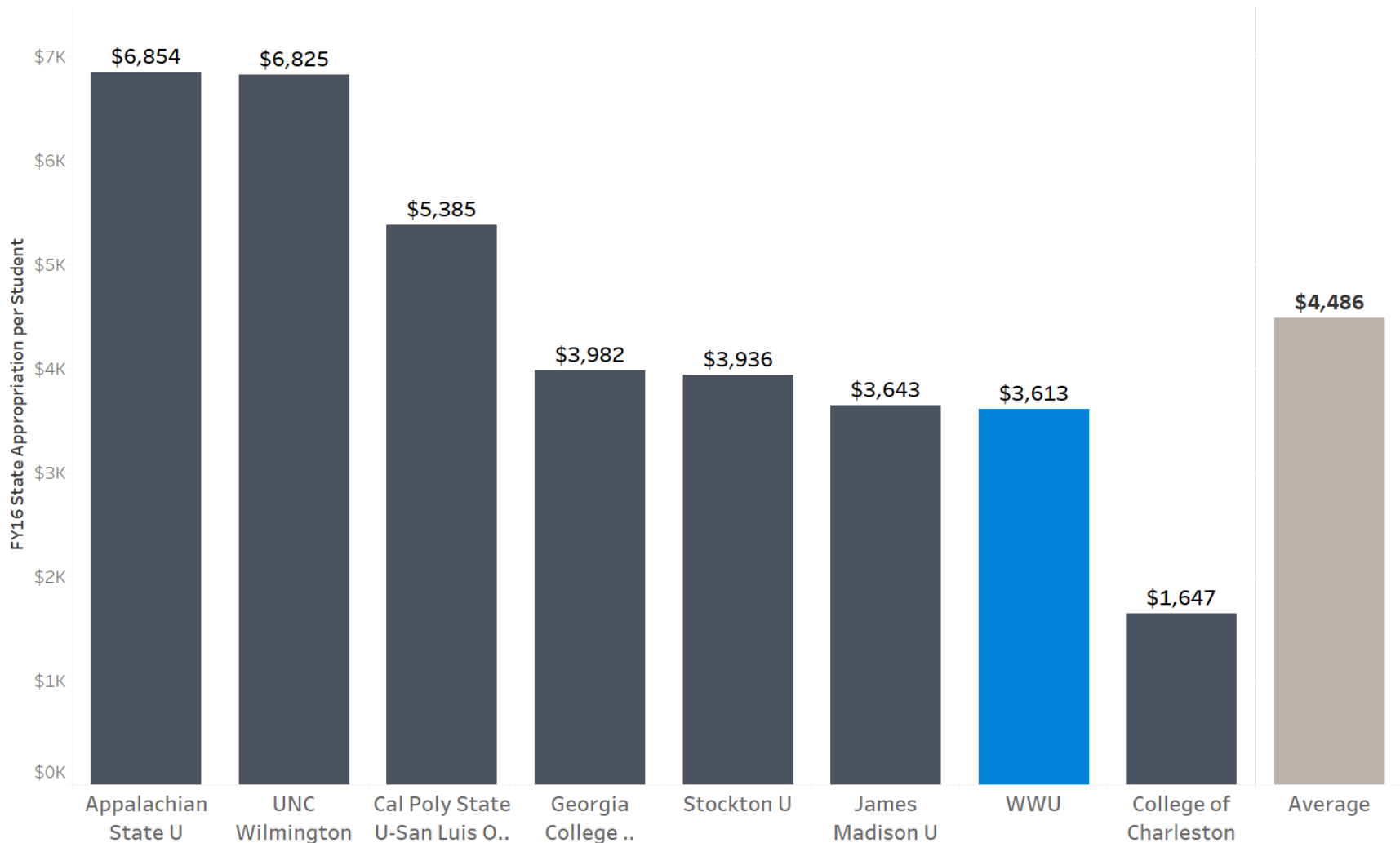
Active Minds Changing Lives





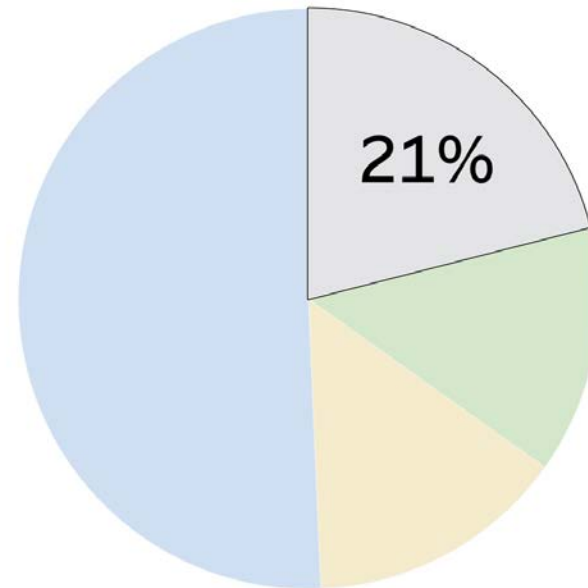


Aspirational Peer Comparison FY16 State Appropriation per Student



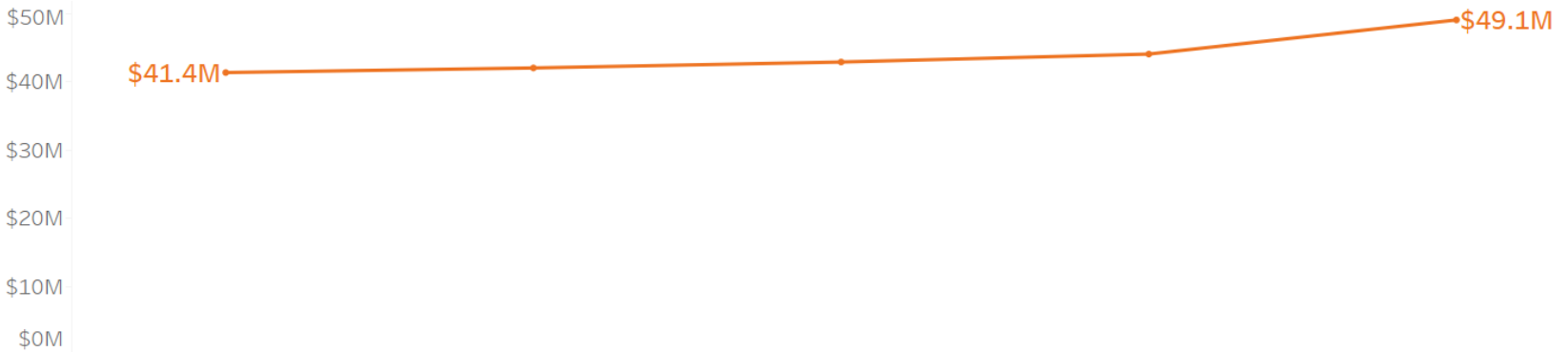
Housing & Dining Services
Western AS Bookstore
Campus Recreation
Associated Students
Athletics (portion)
Parking

Other Auxiliaries
(includes some Fees)

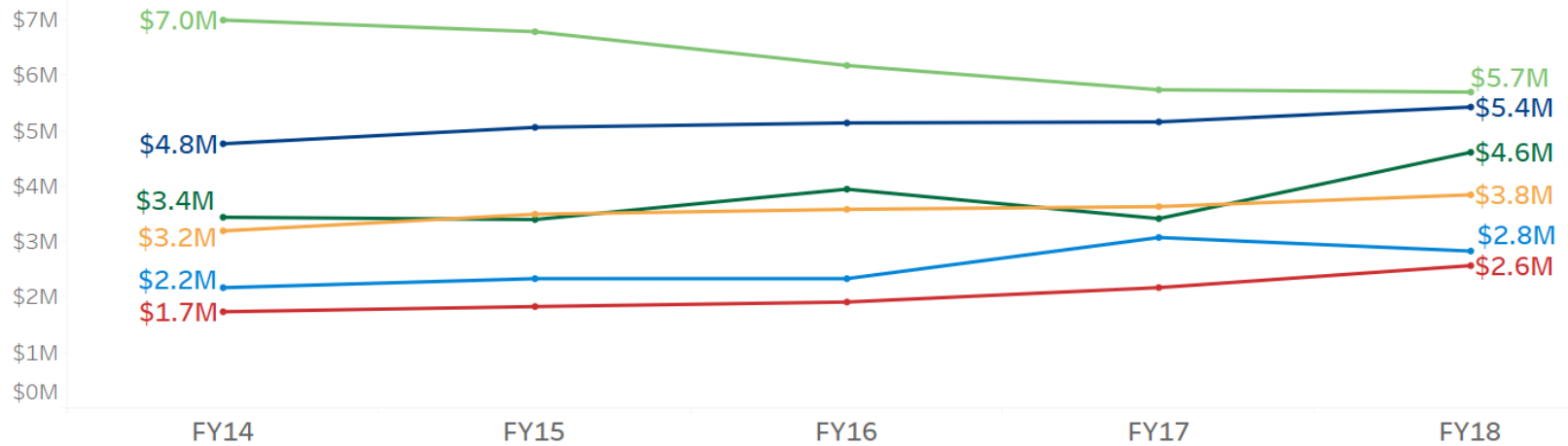


Exist to furnish goods or services to students, faculty, staff, other institutional departments, or the general public at a fee directly related to cost of goods or services. Auxiliaries are managed to operate as self-supporting activities.

Housing & Dining Auxiliary



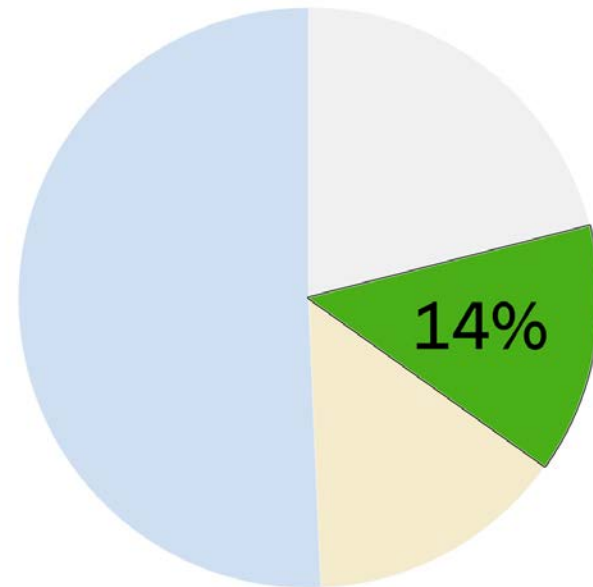
Other Auxiliaries



- Bookstore
- Associated Students
- Athletics
- Campus Recreation
- Other Auxiliaries
- Parking

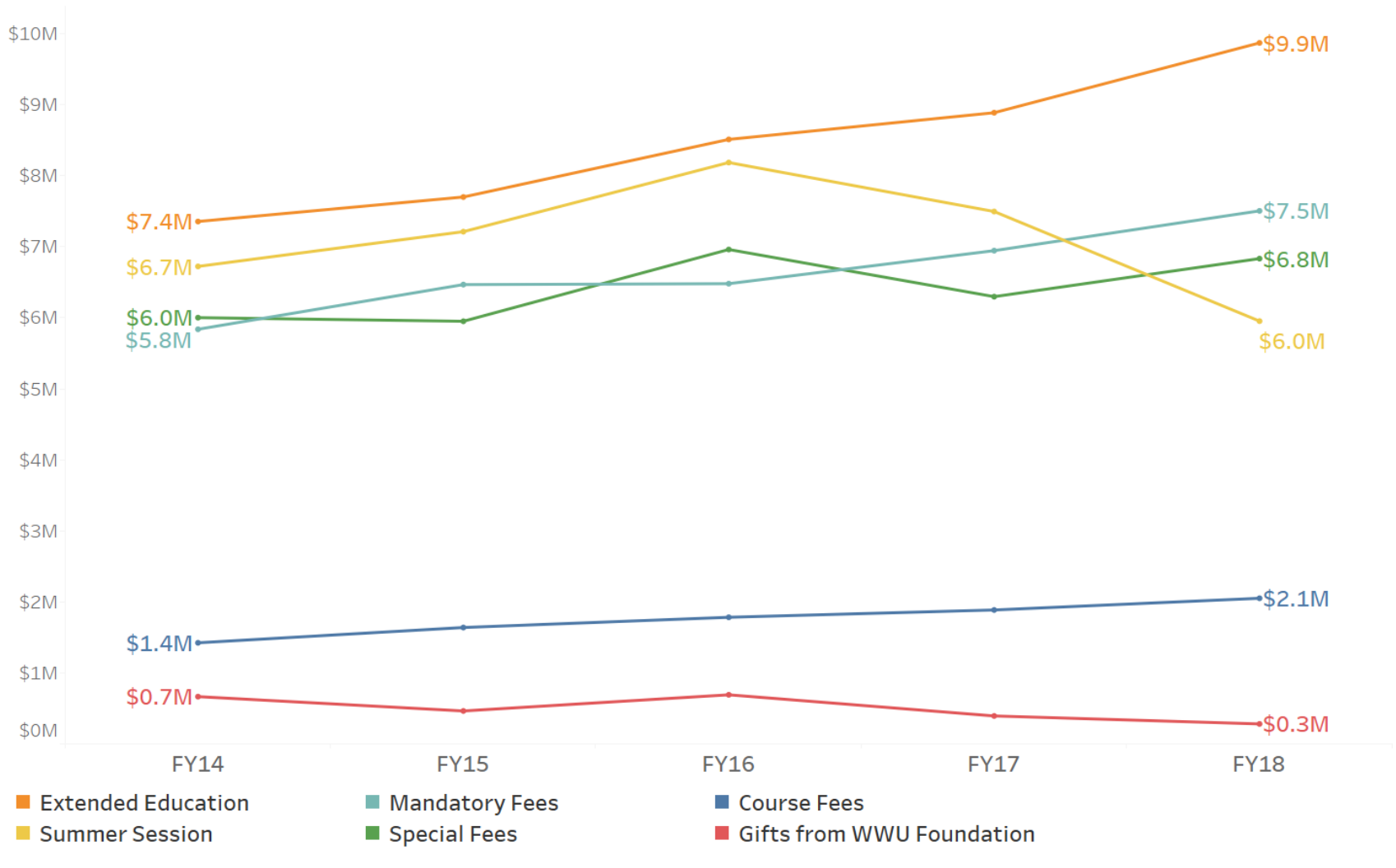
Extended Education Programs
Summer Session
Student Mandatory Fees
Course Fees

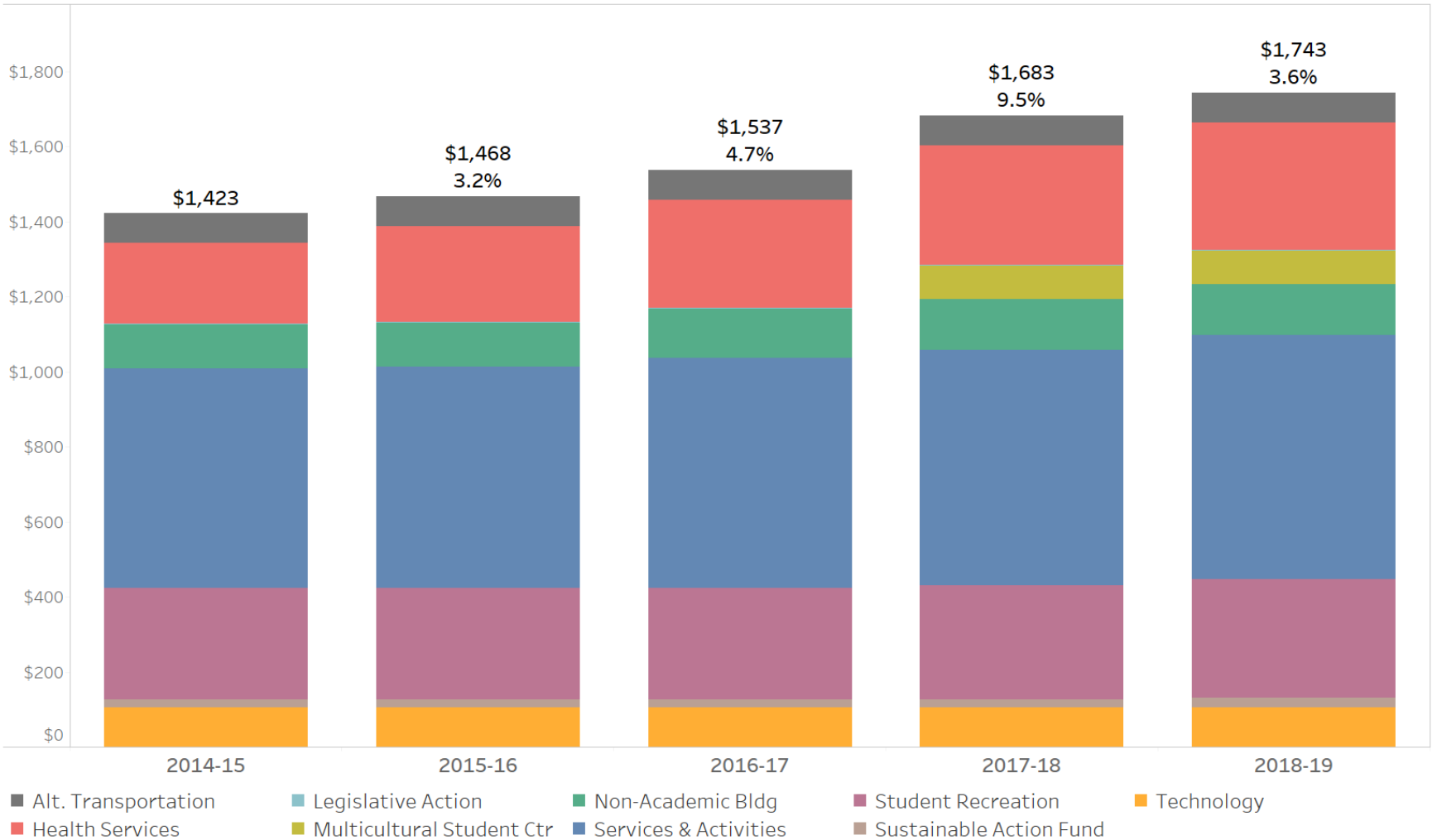
Special Fees
(examples include: application,
enrollment, orientation,
registration and many others)



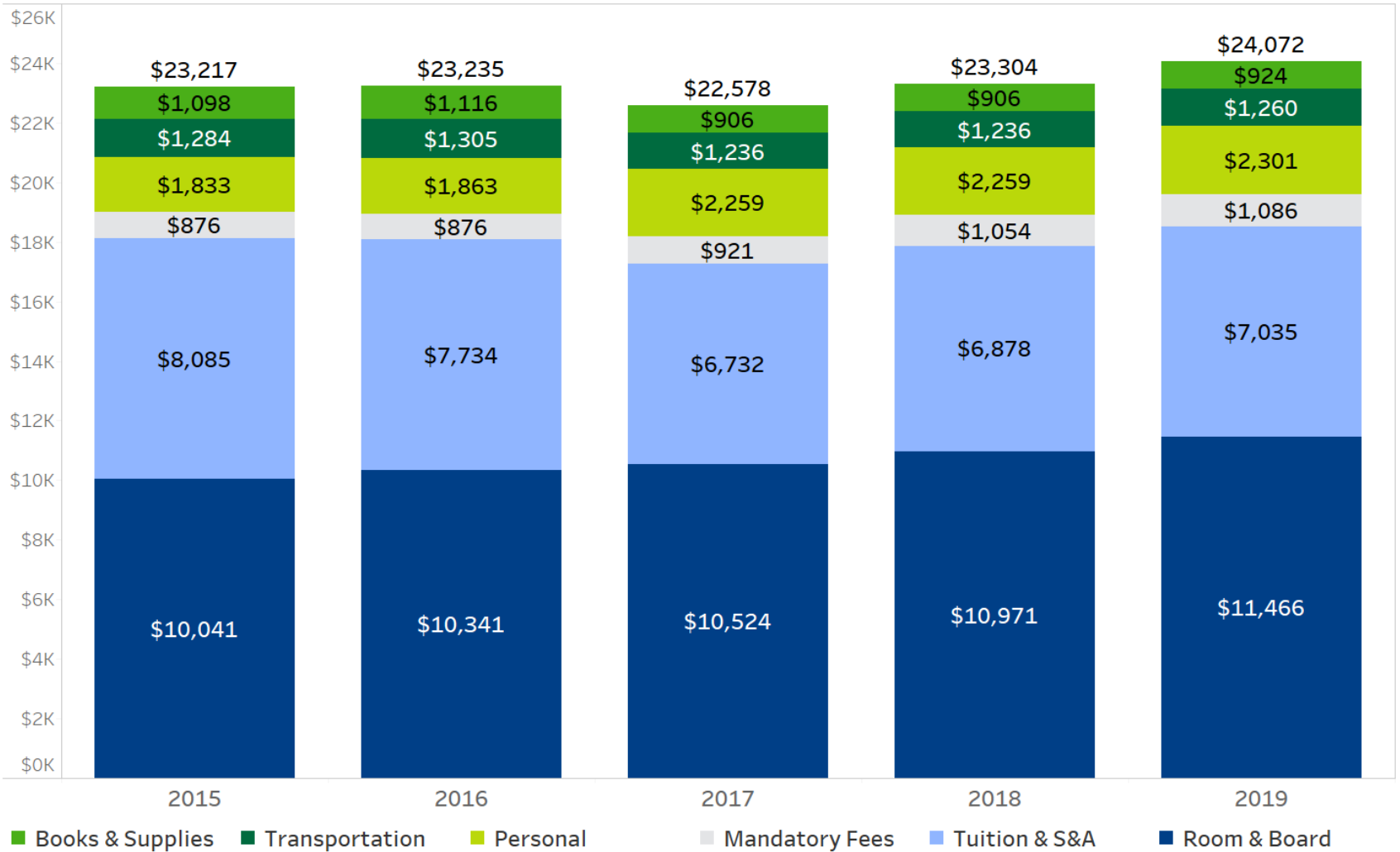
Non-state or state tuition dollars generated locally and used for a dedicated, but unrestricted purpose

Dedicated Local Funds

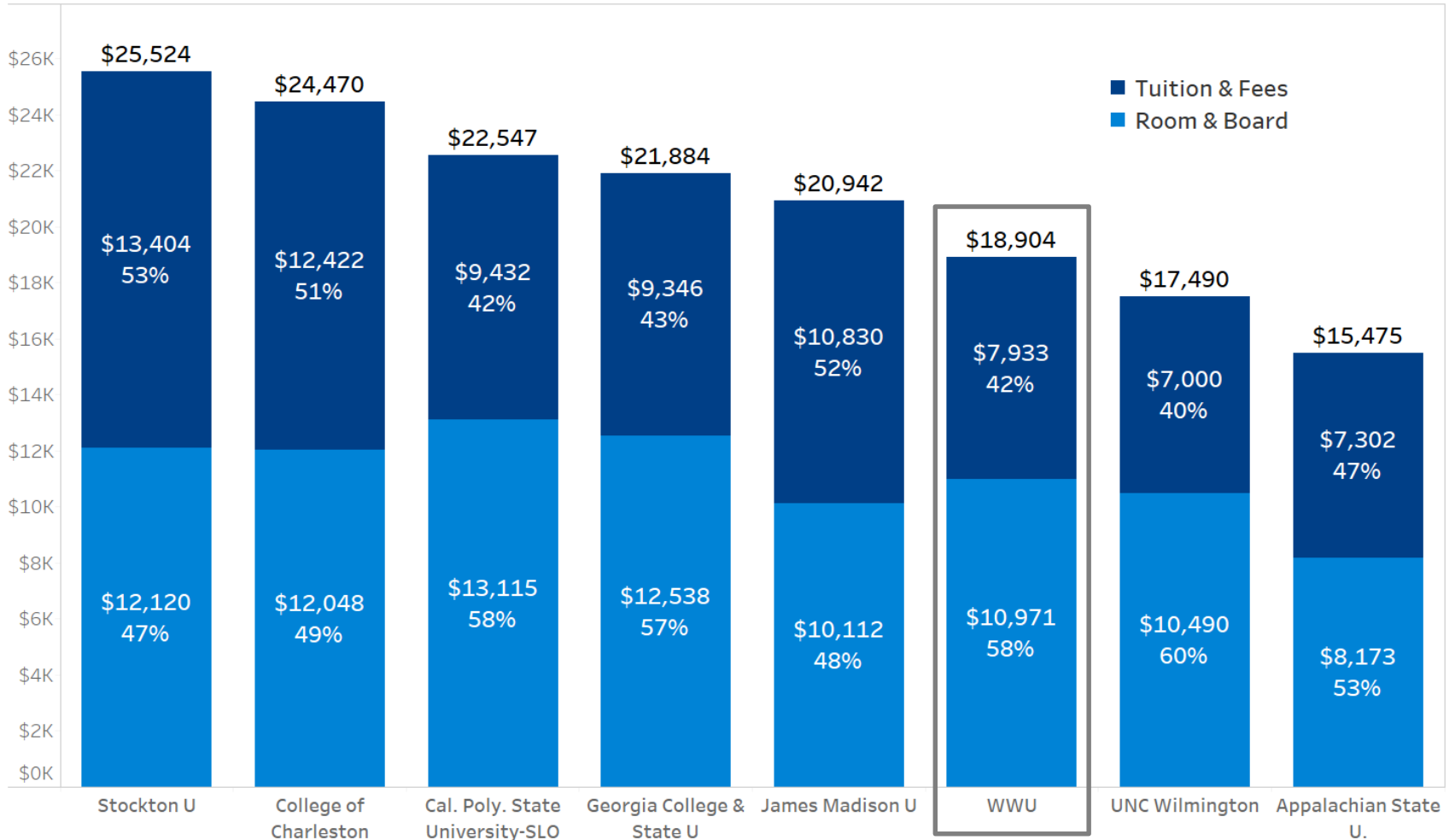




Historical Resident Undergraduate Total Cost of Attendance

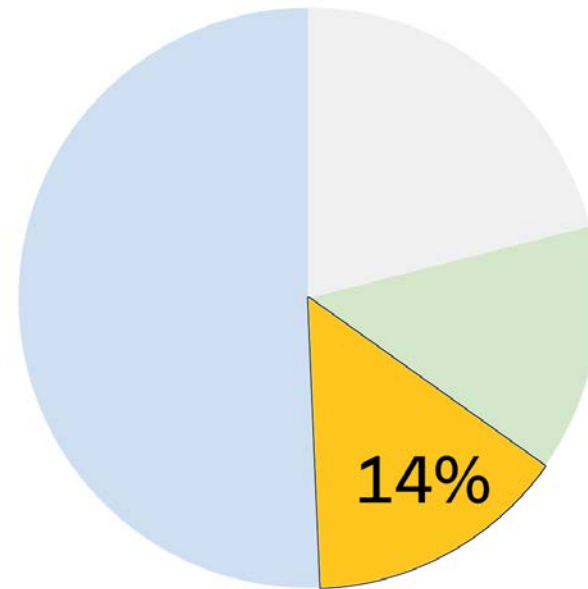


Aspirational Peer Comparison Resident Undergraduate Cost of Attendance



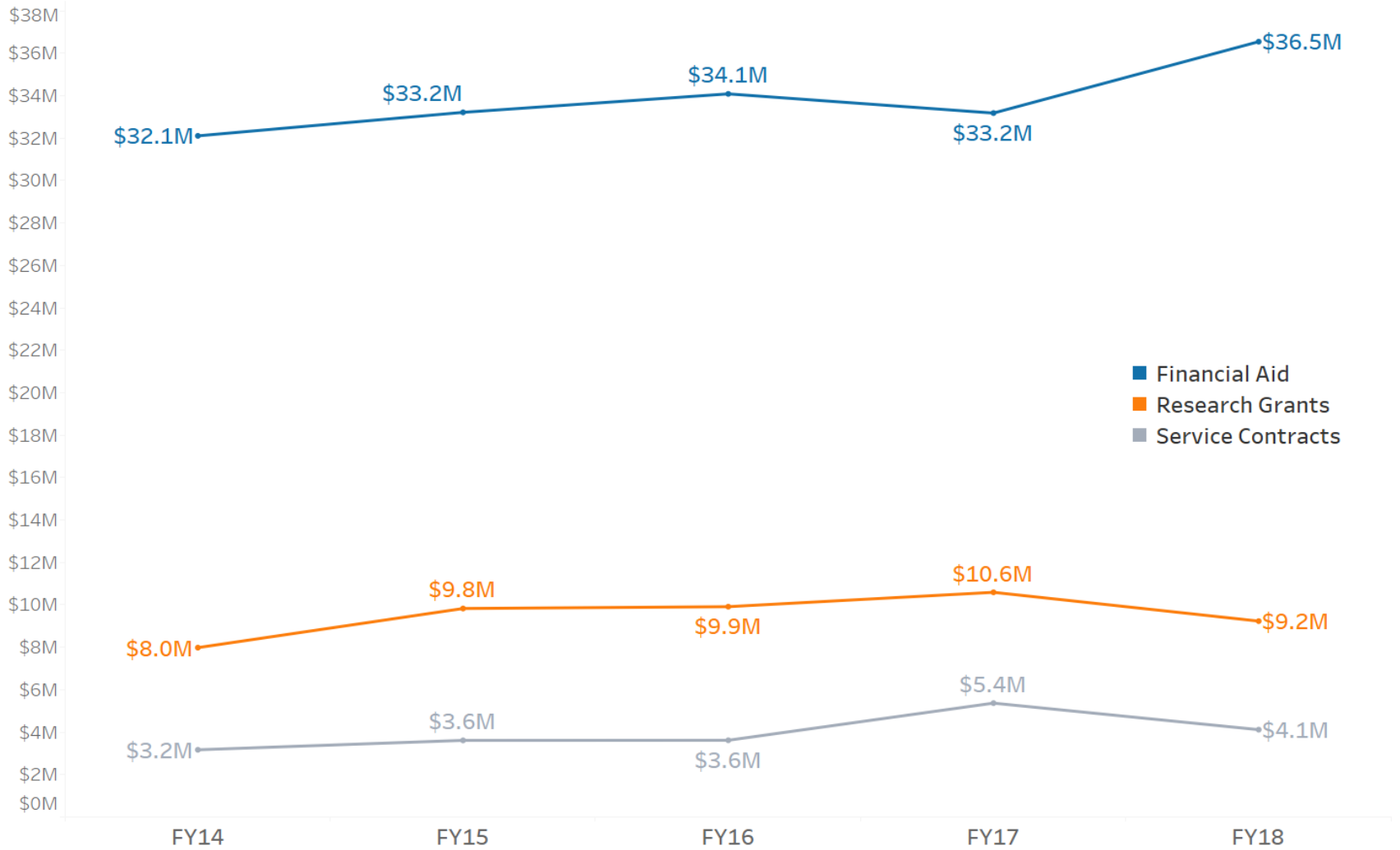
Data from IPEDS - Academic Year 2016-17 is the most recent final release of IPEDS Institutional Characteristics data.

Research Grants
Service Contracts
Financial Aid

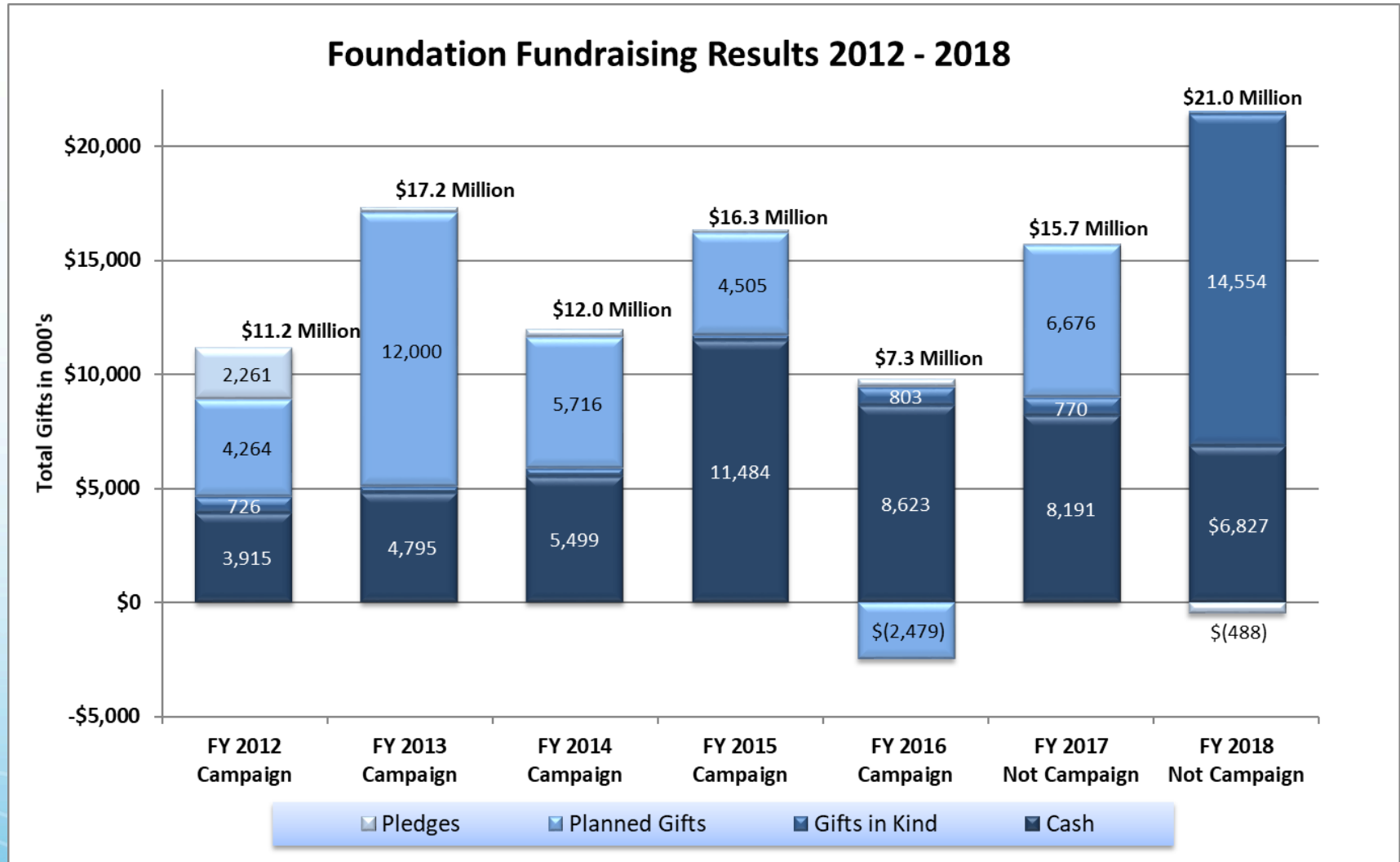


Restricted funds for a specific purpose designated by federal, state, or local government or contracting agency.

Grants & Contracts Revenue

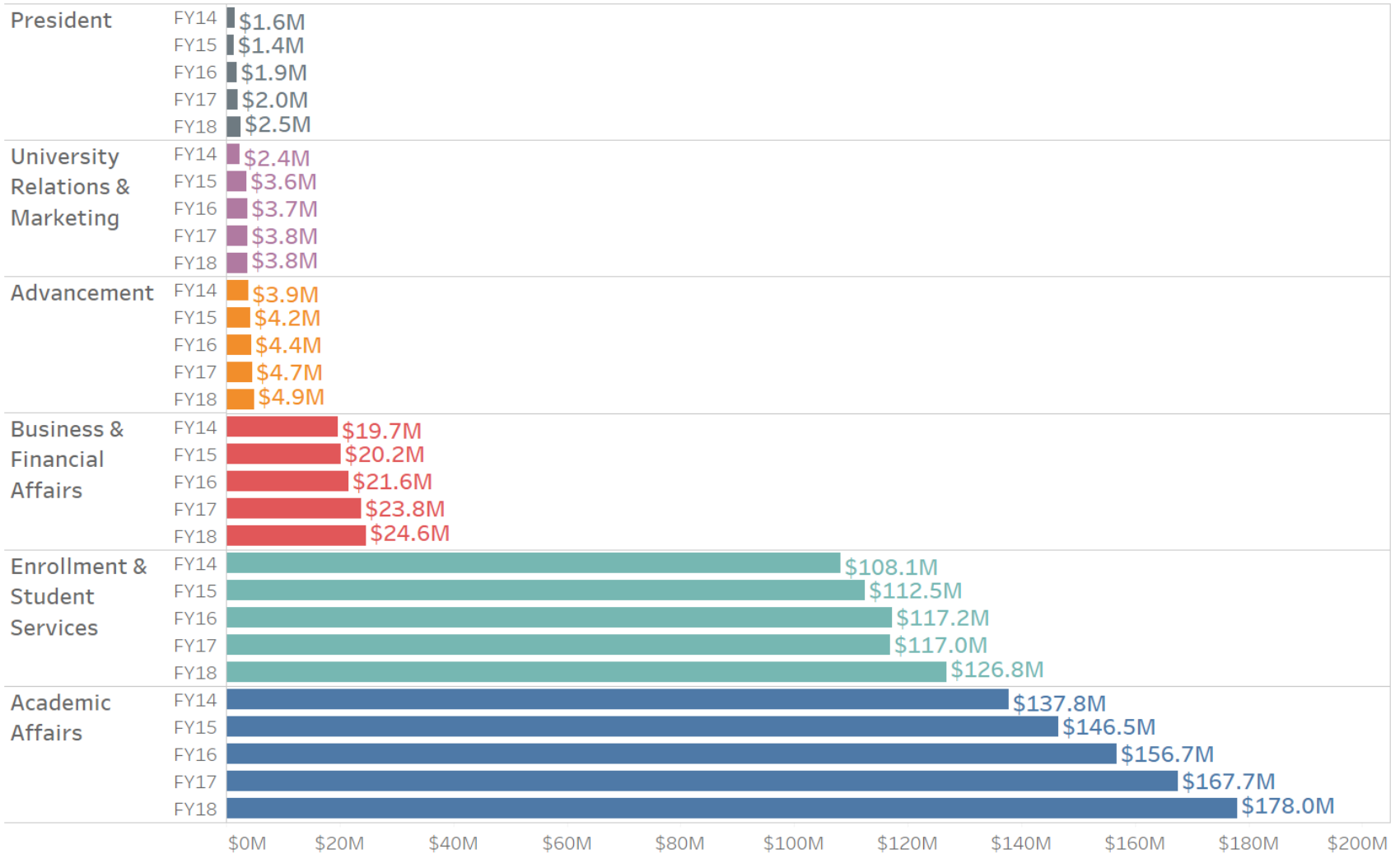


Foundation Fundraising Results 2012 - 2018



Expenditures

All Funds Expenditures by Division

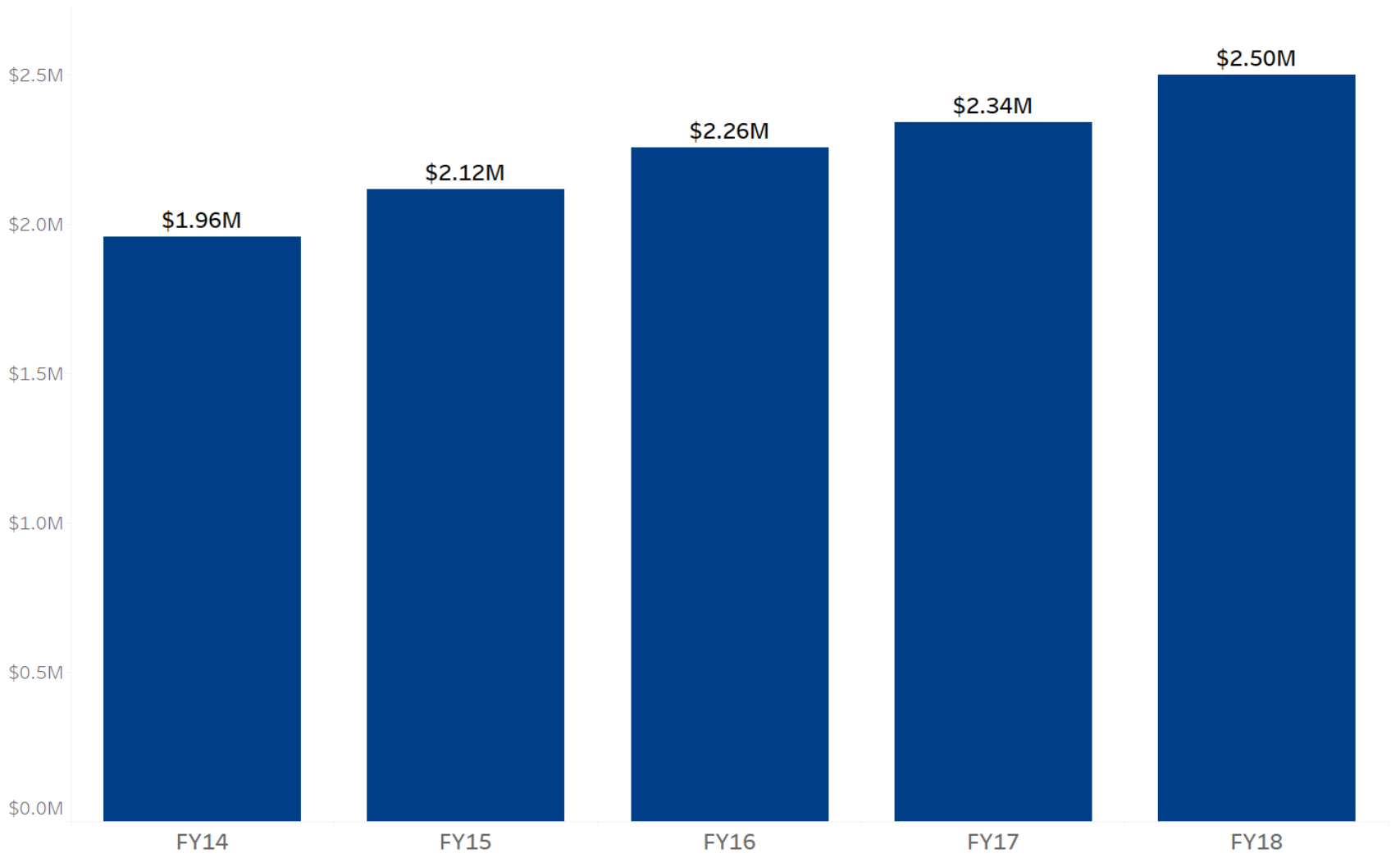


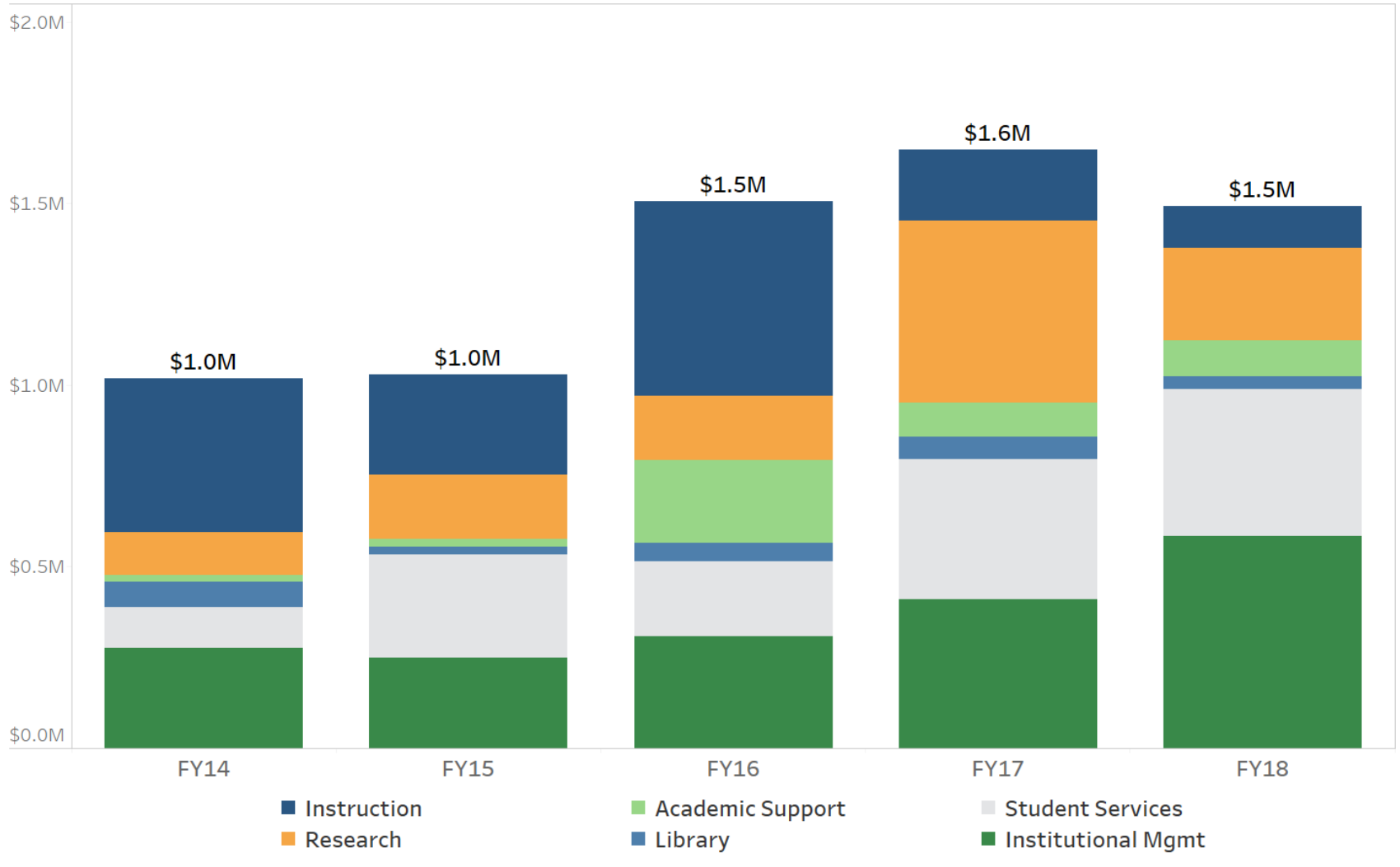
Aspirational Peer Comparison FY16 Program Expenses as a Percent of Total Expense

	Instruction	Research	Public service	Academic support	Student services	Institutional support
WWU	62.9%	3.8%	0.0%	8.7%	11.8%	12.8%
Appalachian State U	58.9%	1.1%	3.7%	18.2%	6.0%	12.0%
James Madison U	58.6%	1.3%	5.1%	16.3%	6.6%	12.2%
UNC Wilmington	58.6%	6.2%	2.2%	11.8%	7.3%	14.0%
College of Charleston	55.3%	5.4%	1.2%	10.0%	8.7%	19.4%
Cal Poly State U - San Luis Obispo	53.0%	1.0%	0.0%	13.6%	19.2%	13.1%
Georgia College & State University	51.6%	0.7%	1.1%	17.9%	11.1%	17.6%
Stockton U	49.5%	1.1%	5.1%	7.2%	14.6%	22.6%

Data is from IPEDS - FY16 is the most recent final release of IPEDS Finance data.

Scholarship Expenditures by Foundation





Annual Financial Health Report

Balance Sheet/Statement of Net Position (\$ in thousands)

The Balance Sheet has three sections:

	----- As of June 30 -----		
	<u>2018</u>	<u>2017</u> <u>Restated</u>	<u>2016</u>
ASSETS			
Cash & short-term investments	\$ 35,995	\$ 51,516	\$ 44,608
Long-term investments	62,312	55,266	70,617
Restricted cash & investments	38,067	10,924	10,149
Receivables, net	25,749	25,616	27,595
Other assets	2,248	3,133	2,697
Capital assets, net	479,474	472,632	438,075
TOTAL ASSETS	643,845	619,087	593,741
LIABILITIES			
Accounts payable and accrued expenses	\$ 22,354	\$ 18,073	\$ 17,592
Deposits and unearned revenues	11,729	10,043	10,275
Bond & Note obligations	97,957	68,915	67,235
Compensated absences accrued	8,906	8,743	8,487
Total DRS net pension liability (GASB 68)	25,899	28,815	28,539
Total supplemental pension liability (GASB 73)	28,806	29,119	28,623
Total OPEB liability (GASB 75)	105,008	98,688	
TOTAL LIABILITIES	300,659	262,396	160,751
NET POSITION/NET ASSETS	\$ 343,186	\$ 356,691	\$ 432,990

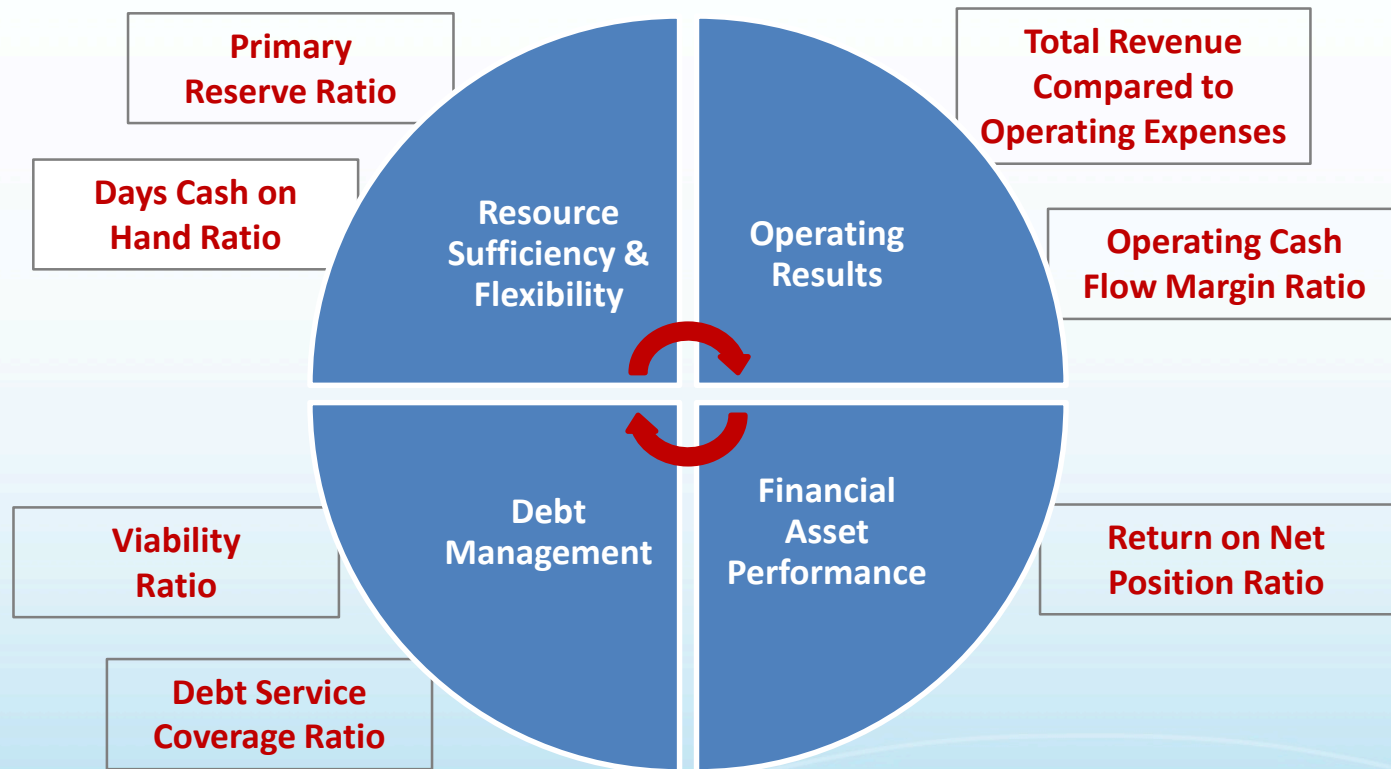
GASB 68, 73 and 75 liabilities total \$160M in FY18

Assets: What We Own - Items that are available to meeting operating costs of Western, plus buildings, land, equipment, etc.

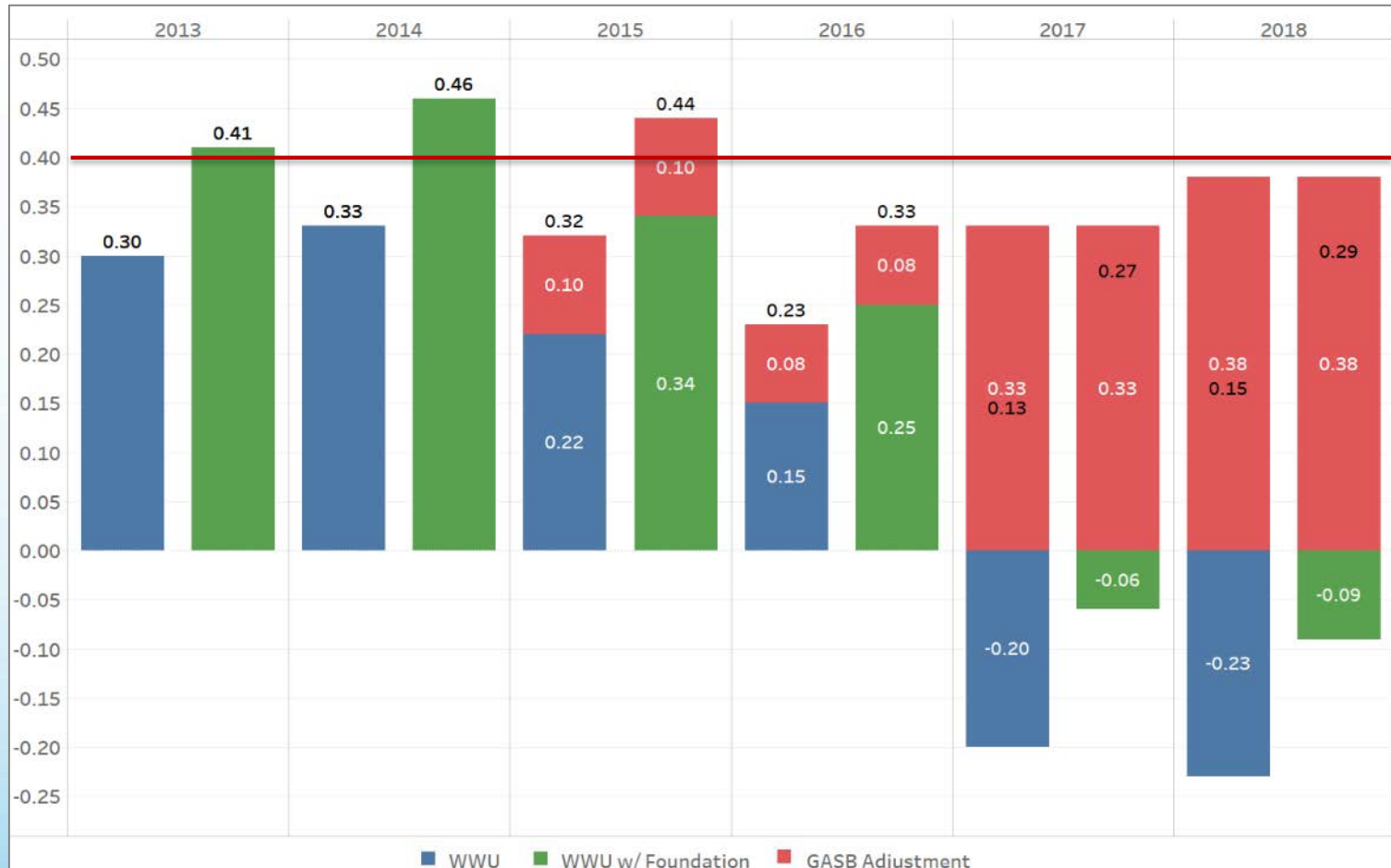
Liabilities: Our Obligations - Amounts due and payable within one year or beyond

Net Position: What's Available - Capital Assets net of depreciation, scholarships, endowment funds and other unrestricted funds

Note: Standard GASB Statement of Net Position format has been summarized for presentation purposes

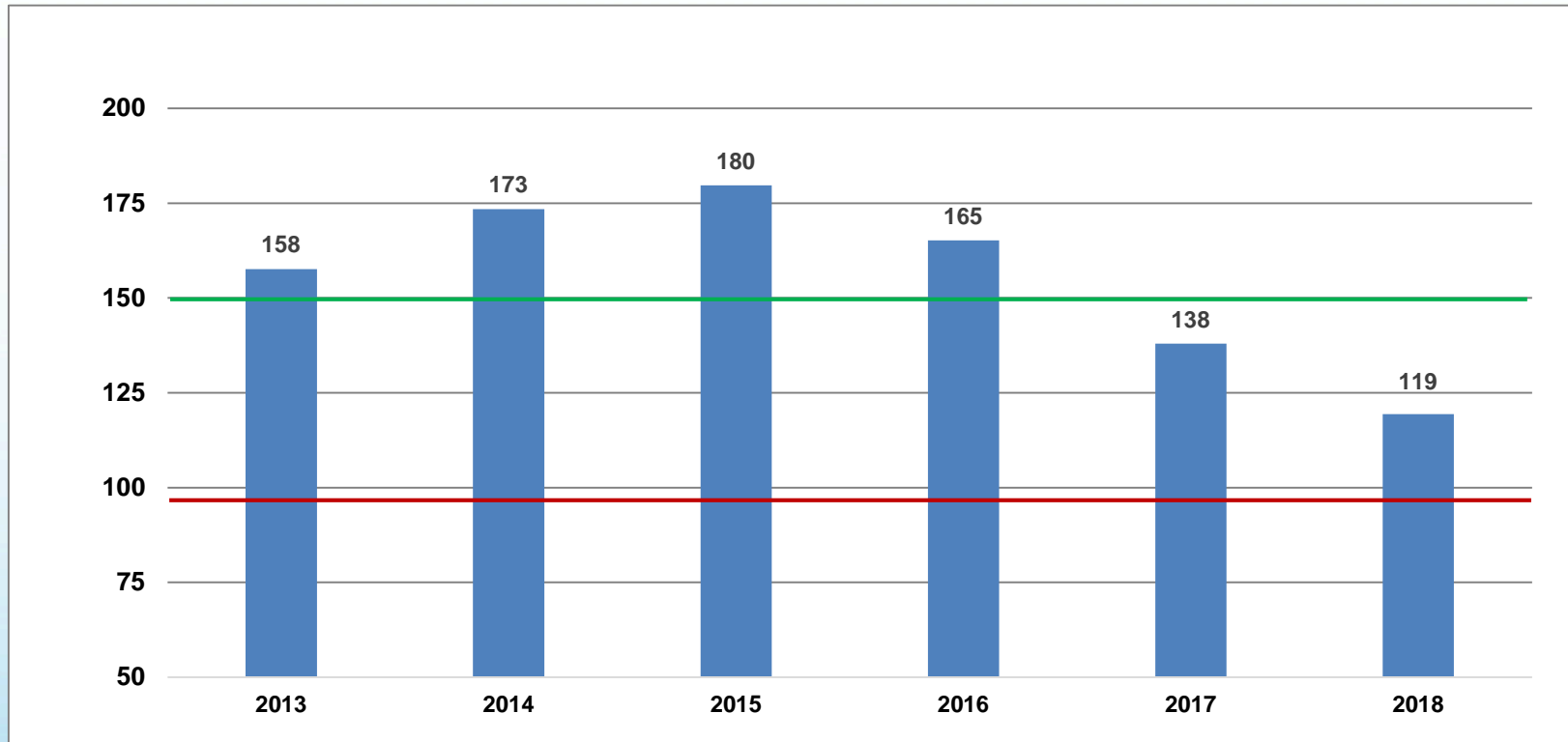


Compares the University's existing financial resources to the size of its operating expenses.



Primary Reserve Ratio is Expendable Net Assets (excluding Capital Projects) divided by Total Adjusted Expenses (Operating Expenses plus Interest Expense). The red line indicates Strategic Financial Analysis for Higher Education recommends a ratio of 0.40X is advisable to give the University flexibility to transform an enterprise over the long-term while keeping adequate reserves to cover unforeseen expenses. Adjusted FY18 at .29X indicates the University could operate for 70 days.

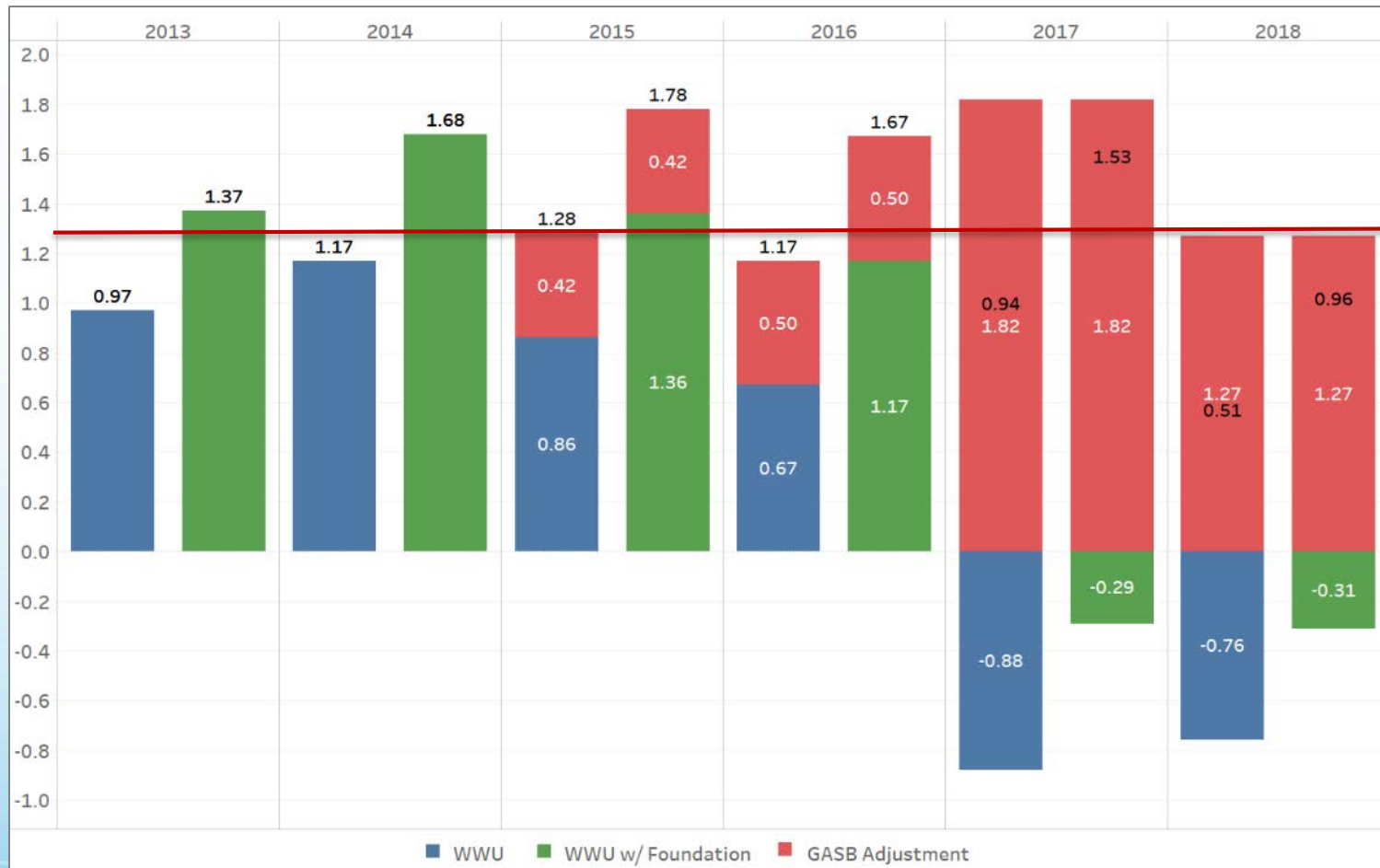
Similar to the Primary Reserve Ratio, this measures how many days of operating expenses can be covered if revenues ceased.



Annual Liquidity multiplied by 365 divided by Total Expenses minus Annual Depreciation Expense and Additional, Unusually Large Non-Cash Expenses.

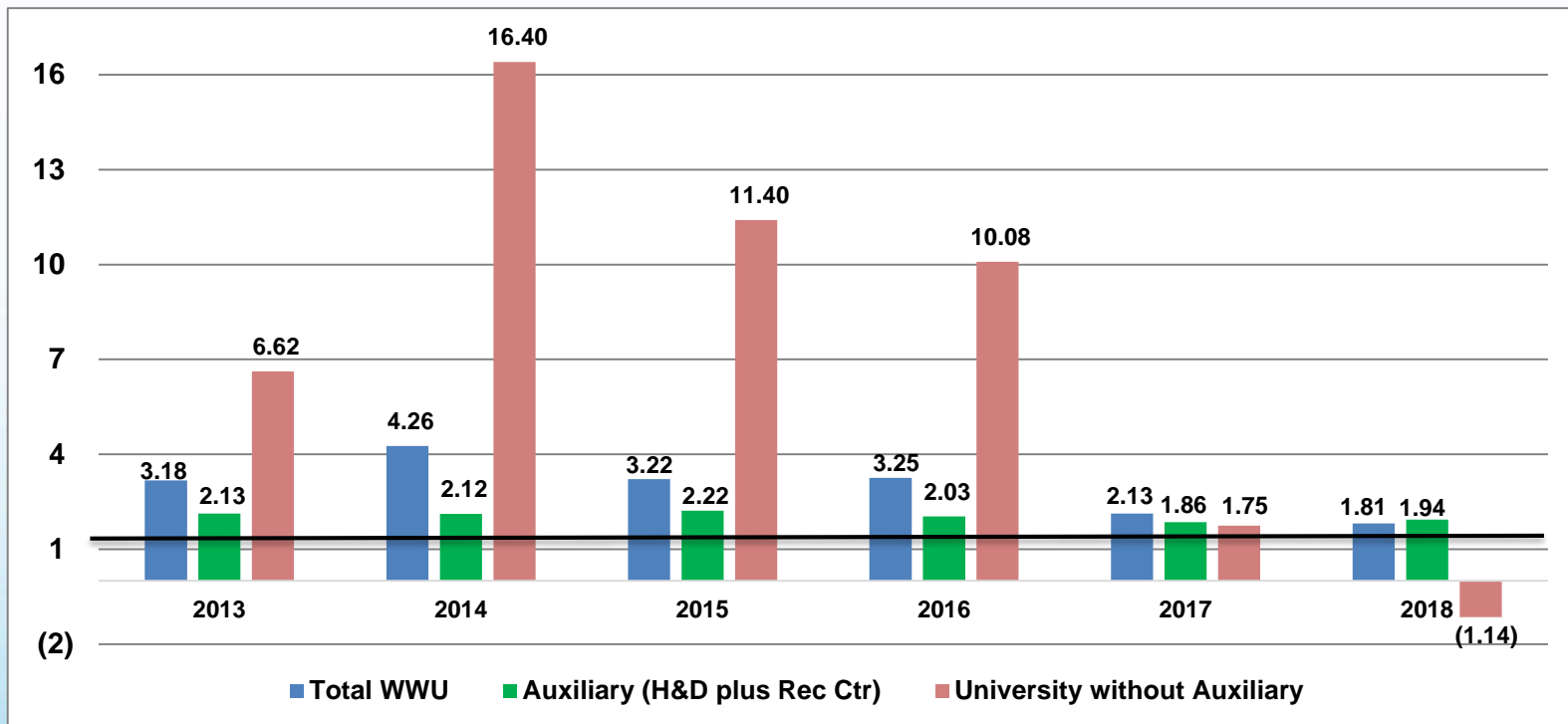
Target Ratio: $< 150 \geq 90$ per Moody's upper bound ratio for A rated public universities is 140 days; higher is better.

Measures the ability to repay debt with available financial resources. It is a measure of balance sheet leverage and indicates a University's "flexibility" to further the University's mission.



Viability Ratio is Expendable Net Assets (excluding Capital Projects) divided by Debt (excluding state-paid debt). The red line indicates Strategic Financial Analysis for Higher Education recommends a ratio of 1.25X or greater that indicates existing debt could be repaid from expendable resources available today.

Debt Service Coverage Ratio is net operating income and non-operating revenues over annual debt service. Useful for determining the University's ability to service debt in adverse economic conditions.



In FY18, Western operating cash flow posted a negative position of \$1,056,306, while Housing and Dining and Auxiliaries posted \$15,970,306 in positive cash flow. The combined operating cash flow is \$14,914,000, the University spent beyond its revenue and into reserves in FY18.

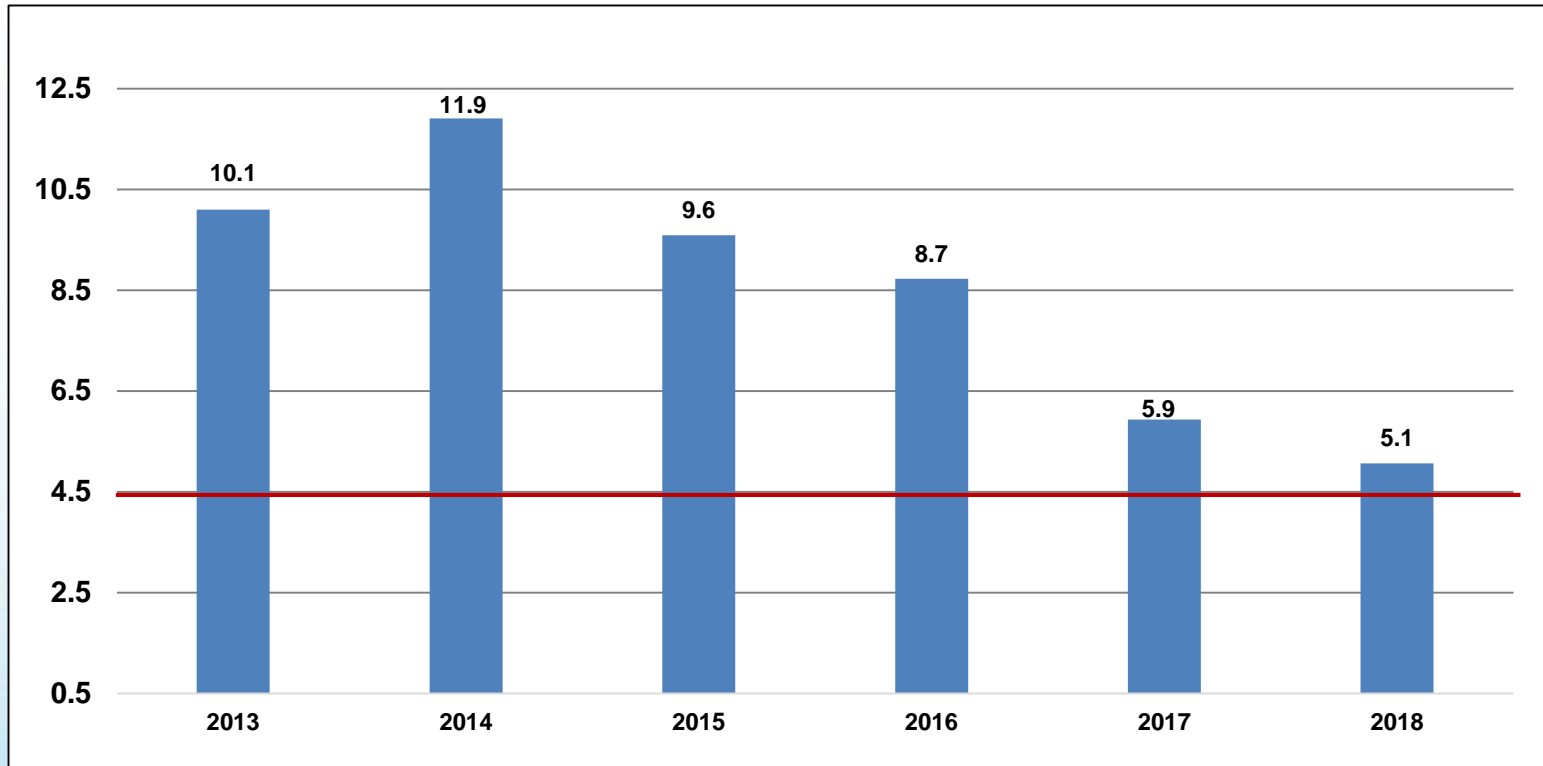
Target Ratio: > 1.40X, the minimum ratio covenanted to investors by the University is 1.25X; higher is better.

Total Revenue Compared to Operating Expenses*



* Total Revenue excludes Capital and Gift Revenue

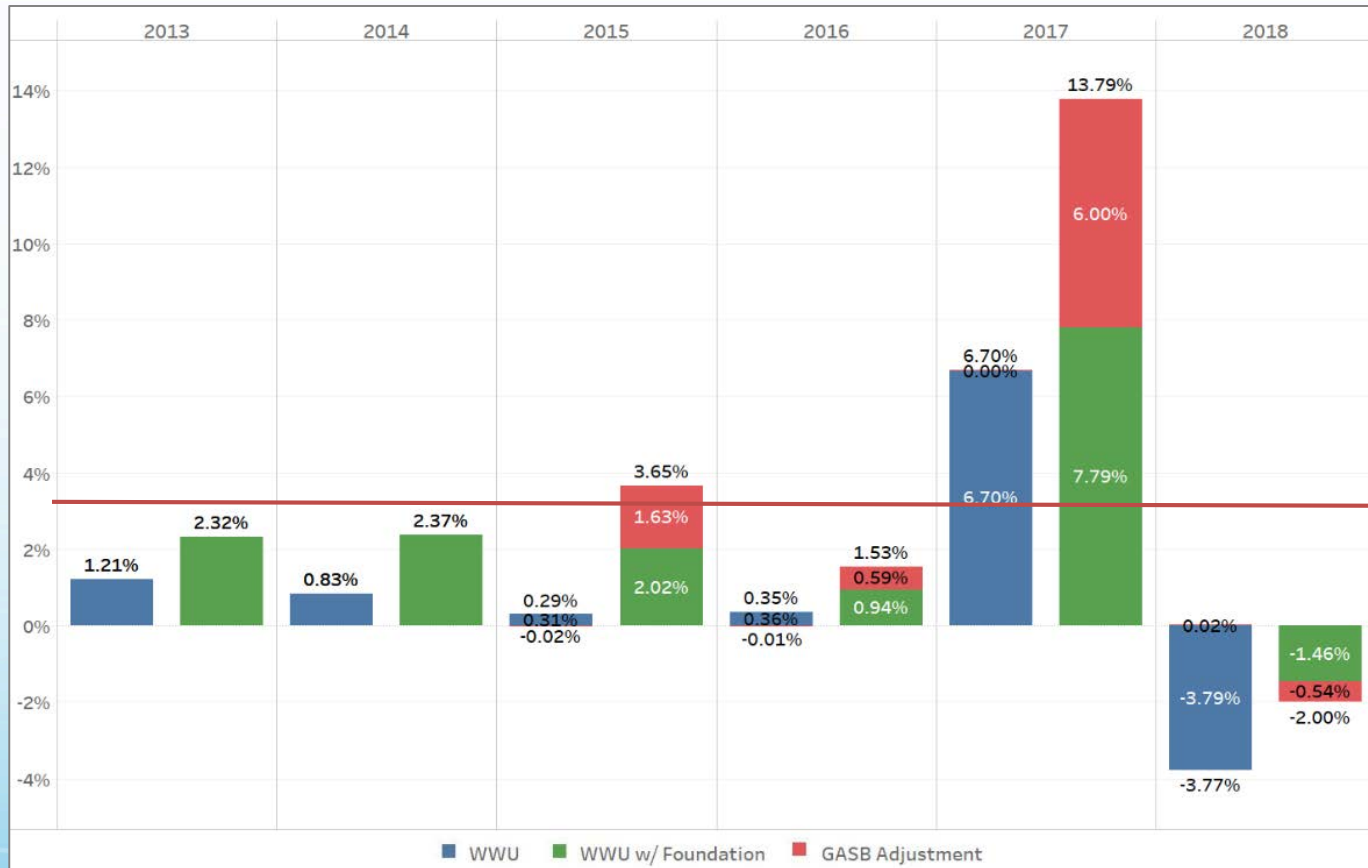
Results indicate whether we are living within our means and saving for the future.



Operating Cash Flow Margin is Cash Flow from Operations divided by Total Operating Revenue and is one of the most commonly used profitability ratios. This ratio shows how efficient (or inefficient) the University is at transforming operations into cash flow (also known as free cash flow). Moody's indicators for positive cash flow are favorable annual cash flow which enables strategic investments in programs and facilities, sufficient cash flow to provide ample debt service coverage, and growth in revenue that is equivalent to or greater than growth in expenses.

Target Ratio: > 4.5% per Moody's lower bound for A rated public universities; higher is better.

Indicates if the University is financially healthier than in previous years by measuring total economic return. A decline in this ratio may be appropriate and even warranted to fulfill the University's mission. An improving trend indicates net assets are increasing and we may be able to set aside financial resources to strengthen the University's future financial flexibility.



Return on Net Position Ratio is the change in Net Position divided by Total Net Position. The red line is based on the Higher Education Price Index plus a Real Rate of Return, (HEPI) 5 year average of 2.44% as recommended by NACUBO.

Note:

- As referenced in the presentation, we continue to have excess balances from budgeted funds. However, for the last 2 years, we have strategically funded approximately \$10M in reserves primarily in four areas: faculty (access issues), information technology, capital projects, and facilities infrastructure.

Continued Strengths:

- A steady rating of A1 by Moody's Investors Service
- Increased student enrollment by leveraging our strategic position in an economically growing state
- A new 2019 Strategic Plan

QUESTIONS AND DISCUSSION TOPICS

Appendix

The Balance Sheet has three sections:

Assets: What we own - Items that are available to meet operating costs of Western, plus buildings, land, equipment, etc.

----- As of June 30 -----

Total cash and investments increased \$18.7M in FY2018 due to unspent bond proceeds. Cash and short-term investments decreased \$15M largely due to shifting \$7M to long-term and spending \$8M on salary/benefits.

ASSETS

	<u>2018</u>		<u>2017 Restated</u>		<u>2016</u>
Cash & short term investments	\$ 35,995	\$	51,516	\$	44,608
Long-term investments	62,312		55,266		70,617
Restricted cash & investments	38,067		10,924		10,149
Receivables, net	25,749		25,616		27,595
Other assets	2,248		3,133		2,697
Capital assets, net	479,474		472,632		438,075
TOTAL ASSETS	643,845		619,087		593,741

Liabilities: Our Obligations- Amounts due and payable within one year or beyond

Increase in A/P is due to remaining capital invoices

Increase in bonds due to the Series 2018B bond issue for the Multicultural Center and Buchanan Towers renovation

GASB 68, 73 and 75 liabilities total \$160M

LIABILITIES

Accounts payable and accrued expenses	\$ 22,354	\$	18,073	\$	17,592
Deposits and unearned revenues	11,729		10,043		10,275
Bond & Note obligations	97,957		68,915		67,235
Compensated absences accrued	8,906		8,743		8,487
Total DRS net pension liability (GASB 68)	25,899		28,815		28,539
Total supplemental pension liability (GASB 73)	28,806		29,119		28,623
Total OPEB liability (GASB 75)	105,008		98,688		
TOTAL LIABILITIES	300,659		262,396		160,751

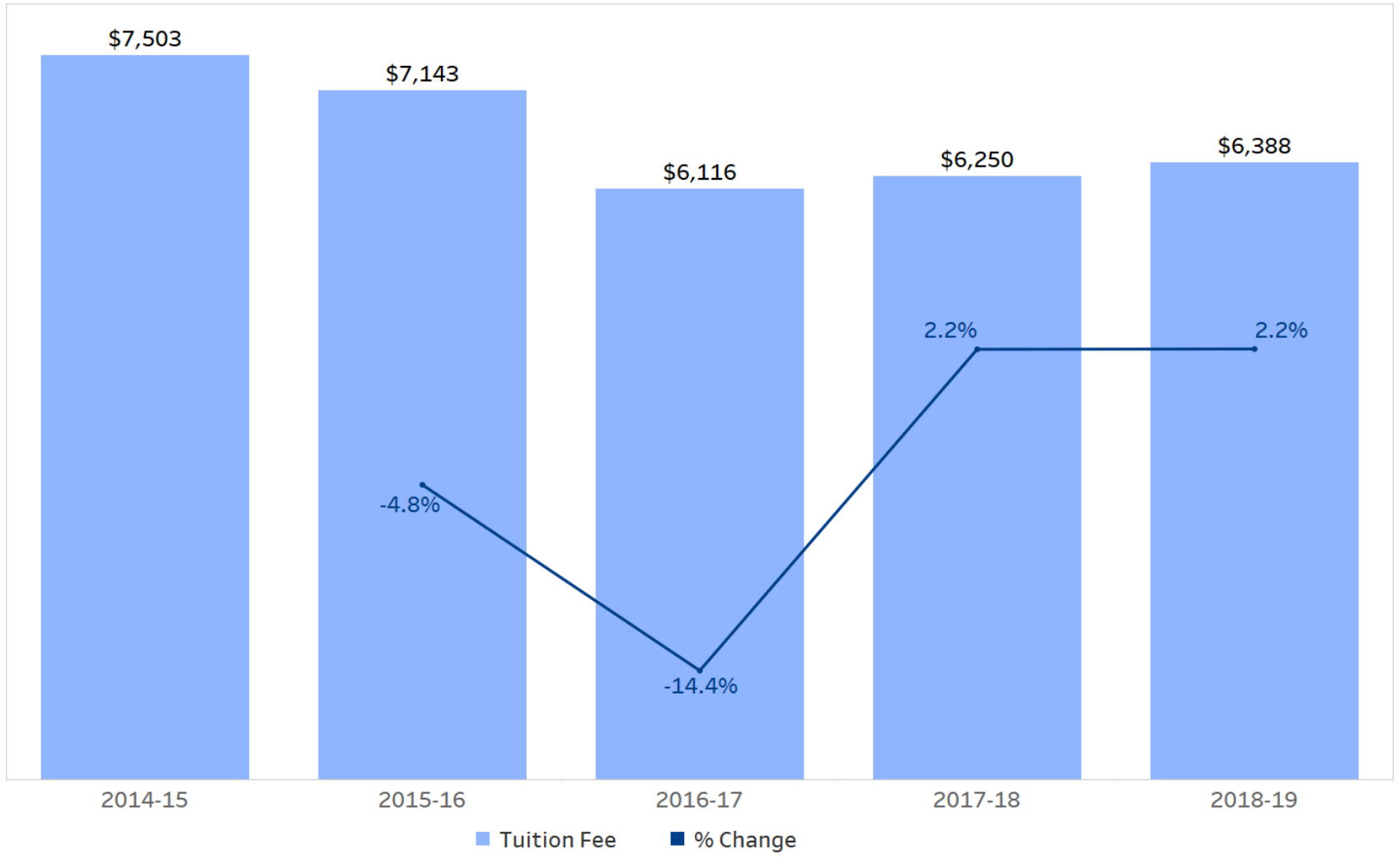
Net Position: What's Available - Capital Assets net of depreciation, scholarships, endowment funds and other unrestricted funds

NET POSITION/NET ASSETS

\$ 343,186 \$ 356,691 \$ 432,990

Note: Standard GASB Statement of Net Position format has been summarized for presentation purposes

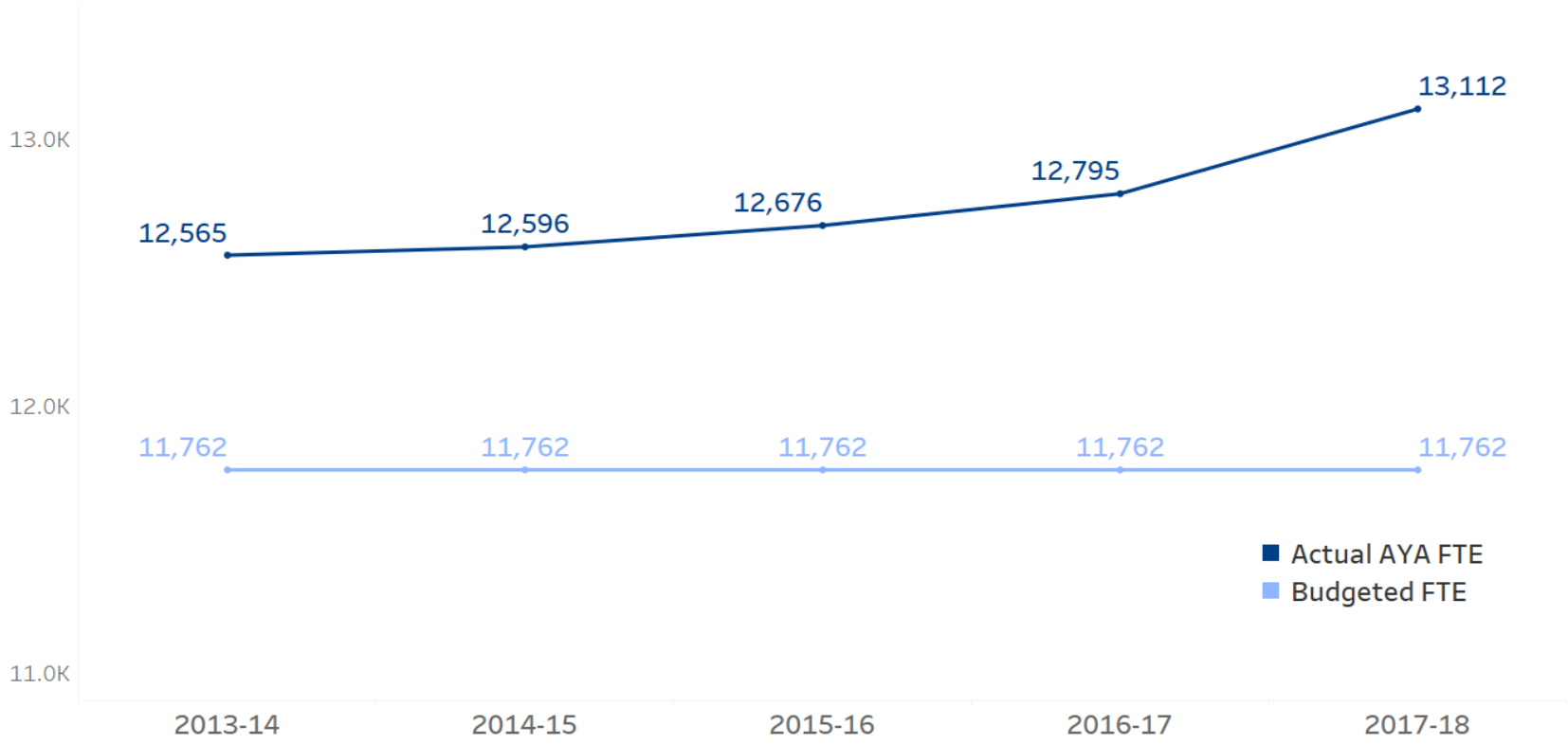
Resident Undergraduate Tuition



Washington State Peer Comparison State Appropriations per Historically Budgeted FTE

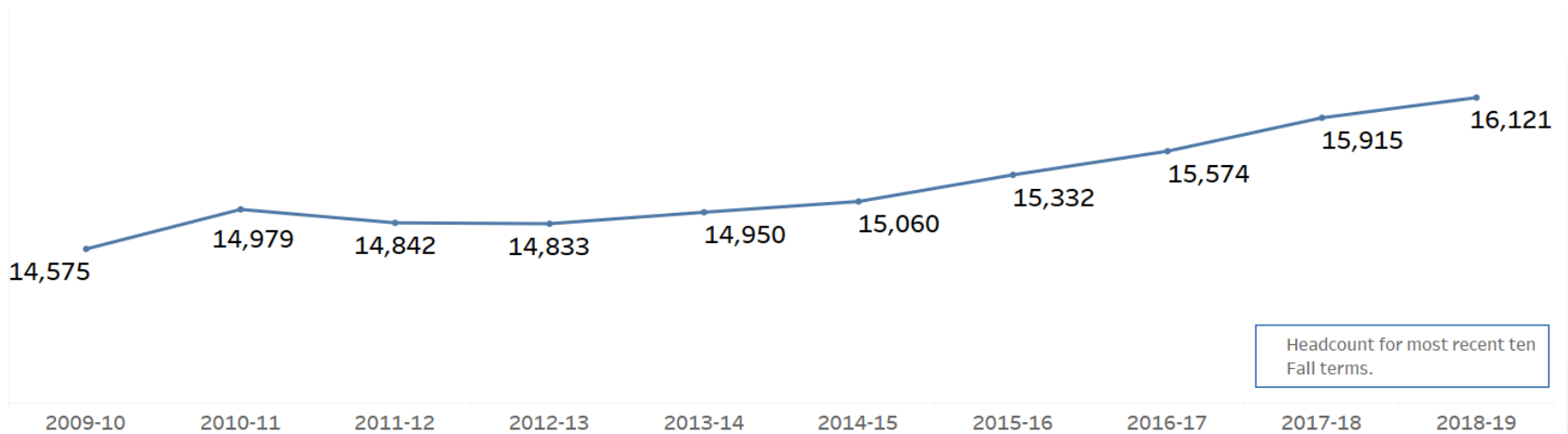
		Biennium 2009-11	Biennium 2011-13	Biennium 2013-15	Biennium 2015-17	Biennium 2017-19
Research	Washington State University	\$9,410	\$7,003	\$7,909	\$9,610	\$10,140
	University of Washington	\$8,804	\$6,019	\$7,056	\$8,753	\$9,359
	Average	\$9,107	\$6,511	\$7,483	\$9,182	\$9,749
Regional	The Evergreen State College	\$5,935	\$4,392	\$4,958	\$6,484	\$7,241
	Eastern Washington University	\$5,569	\$4,025	\$4,584	\$6,047	\$6,929
	Western Washington University	\$5,066	\$3,542	\$4,207	\$5,860	\$6,918
	Central Washington University	\$5,390	\$3,783	\$4,419	\$5,826	\$6,605
	Average	\$5,490	\$3,936	\$4,542	\$6,054	\$6,923
All Institutions Average		\$6,696	\$4,794	\$5,522	\$7,097	\$7,865

State-Funded Full Time Equivalent (FTE) Enrollment

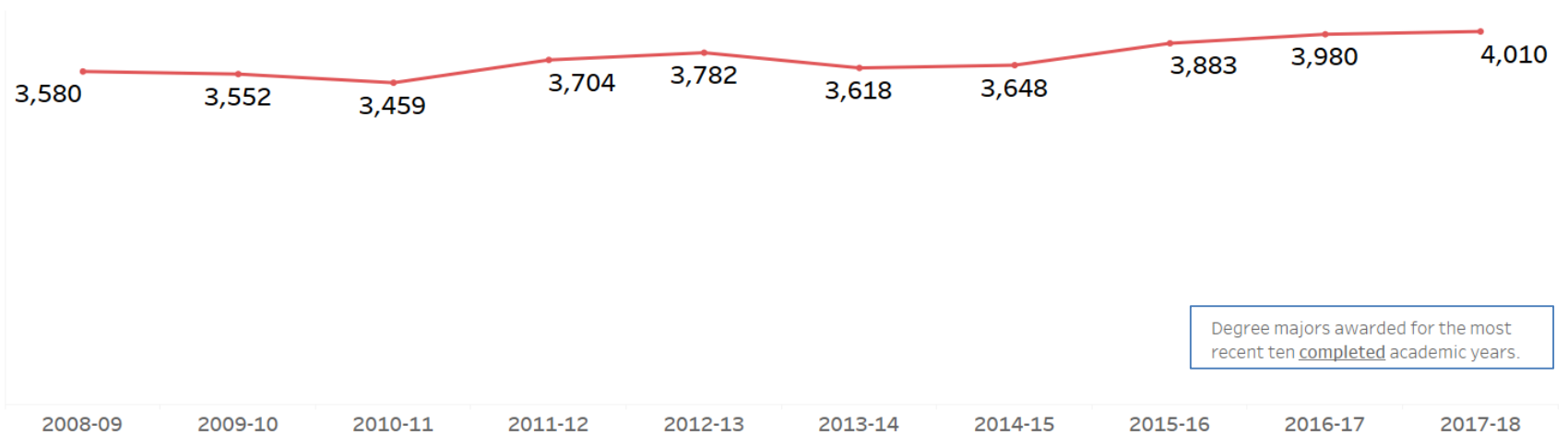


	2013-14	2014-15	2015-16	2016-17	2017-18
Difference Actual to Budgeted FTE	803	834	914	1,033	1,350
% Difference Actual to Budgeted FTE	6.8%	7.1%	7.8%	8.8%	11.5%

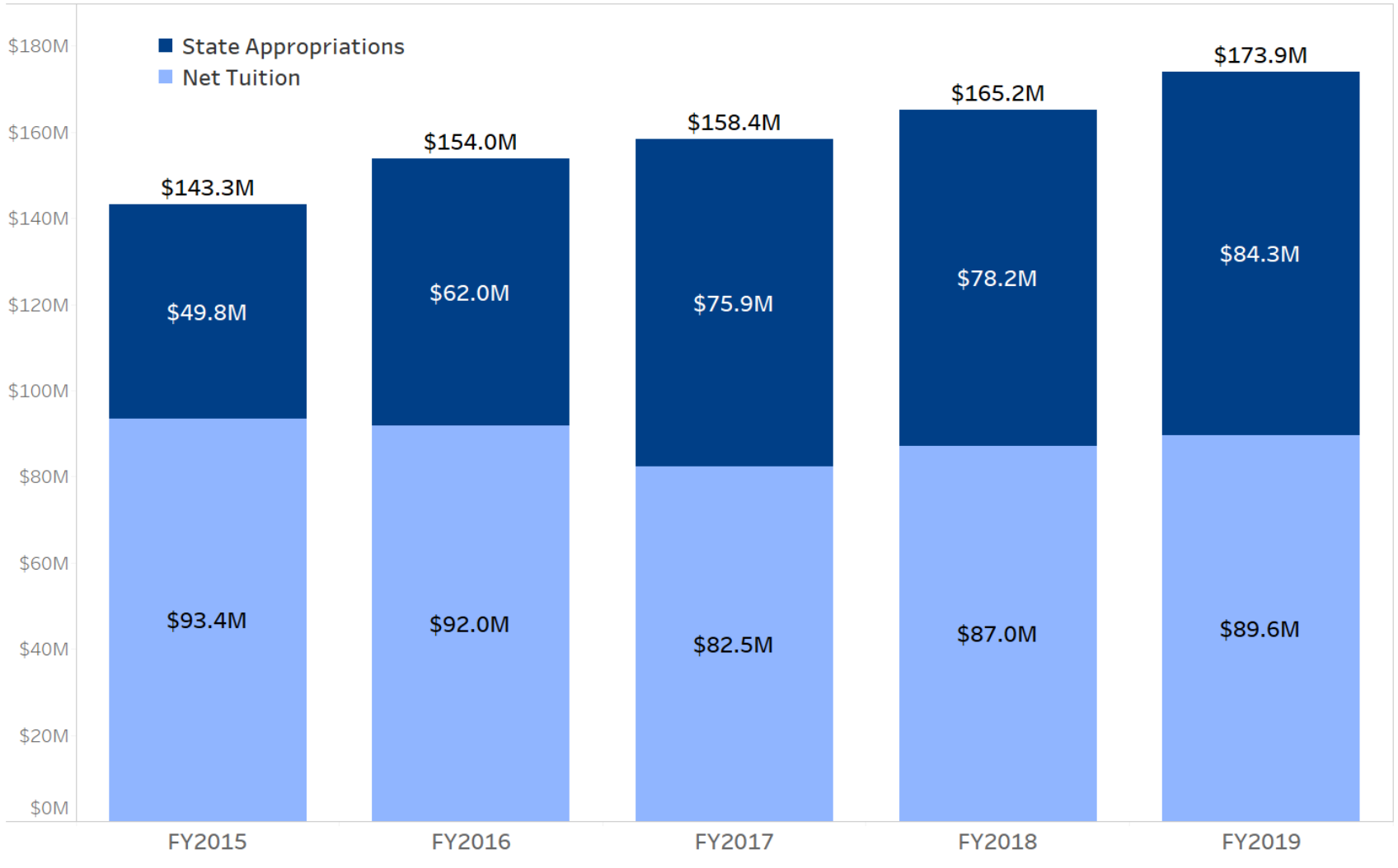
Total Fall Student Headcount

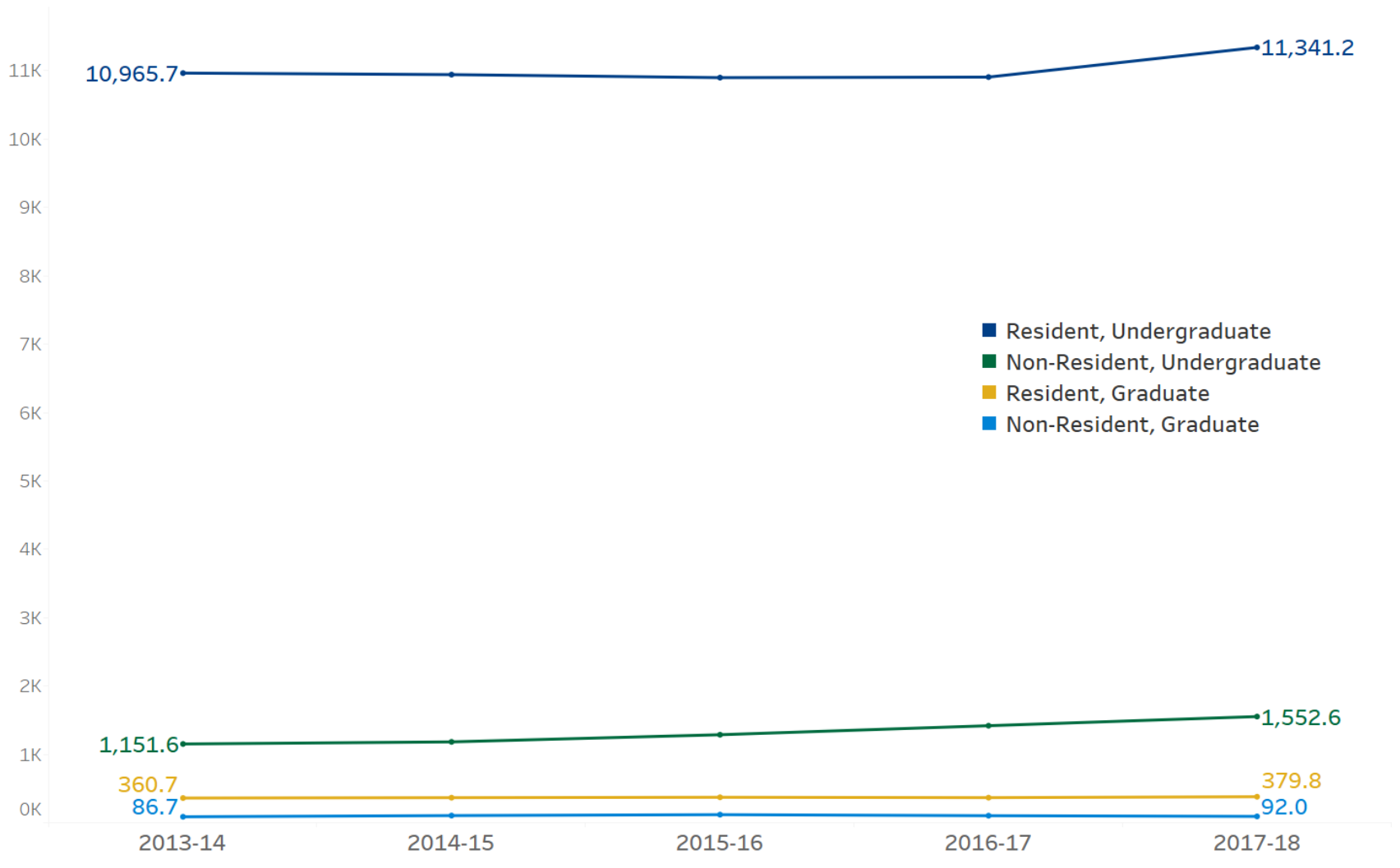


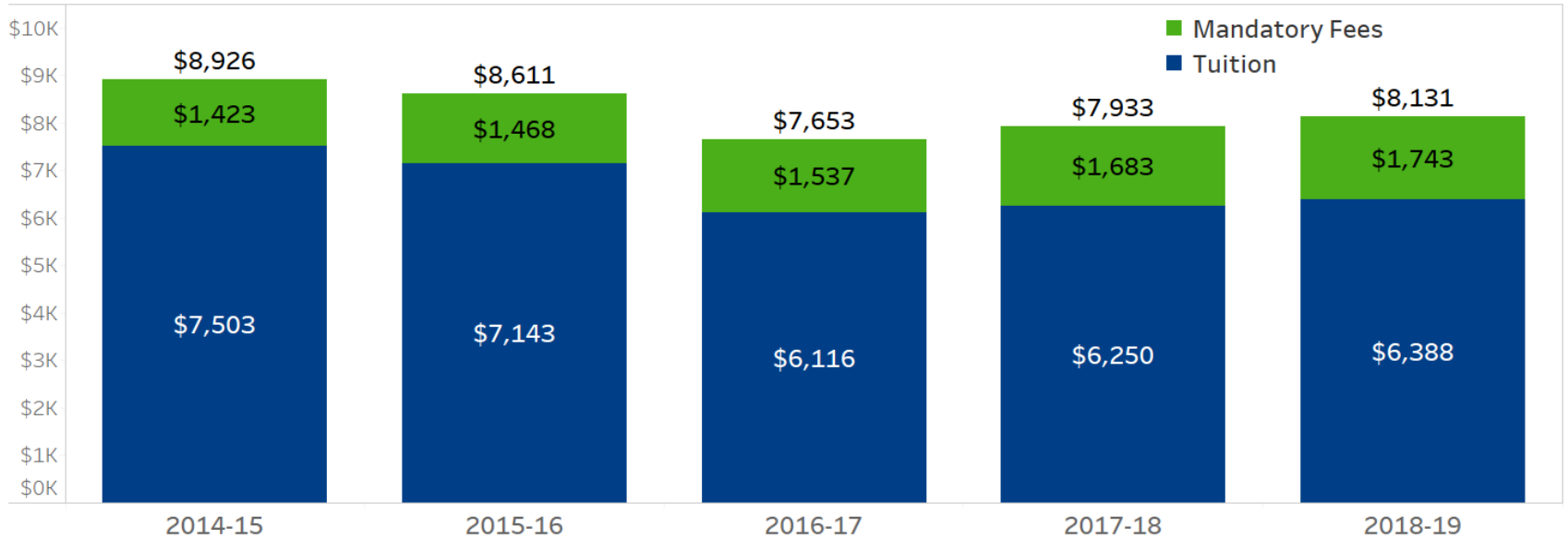
Total Degree Majors Awarded



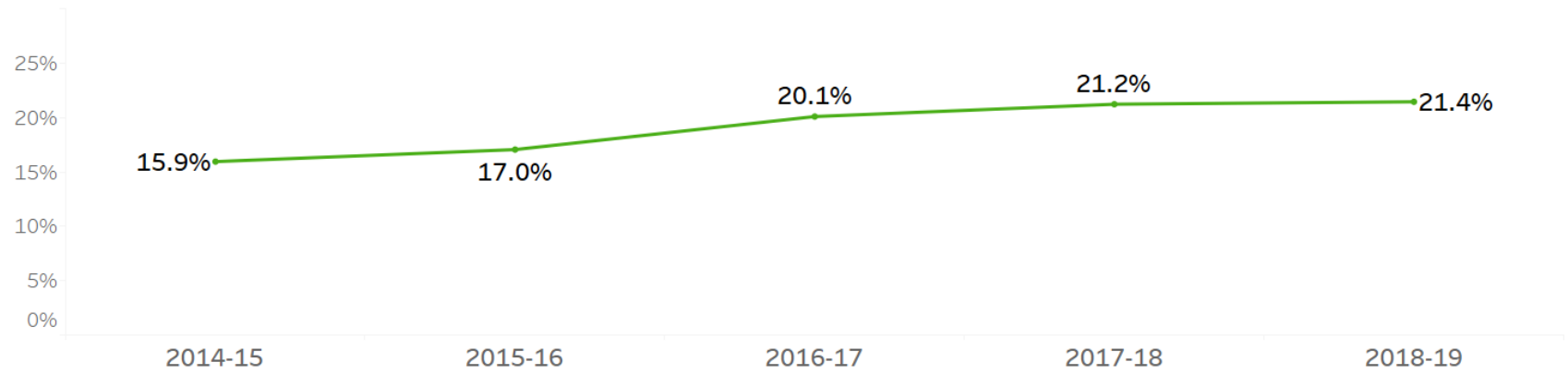
Gross Operating Revenue	\$100.00
Western Grant Fund	(\$4.00)
Waivers	<u>(\$14.00)</u>
Net Operating Revenue	\$82.00

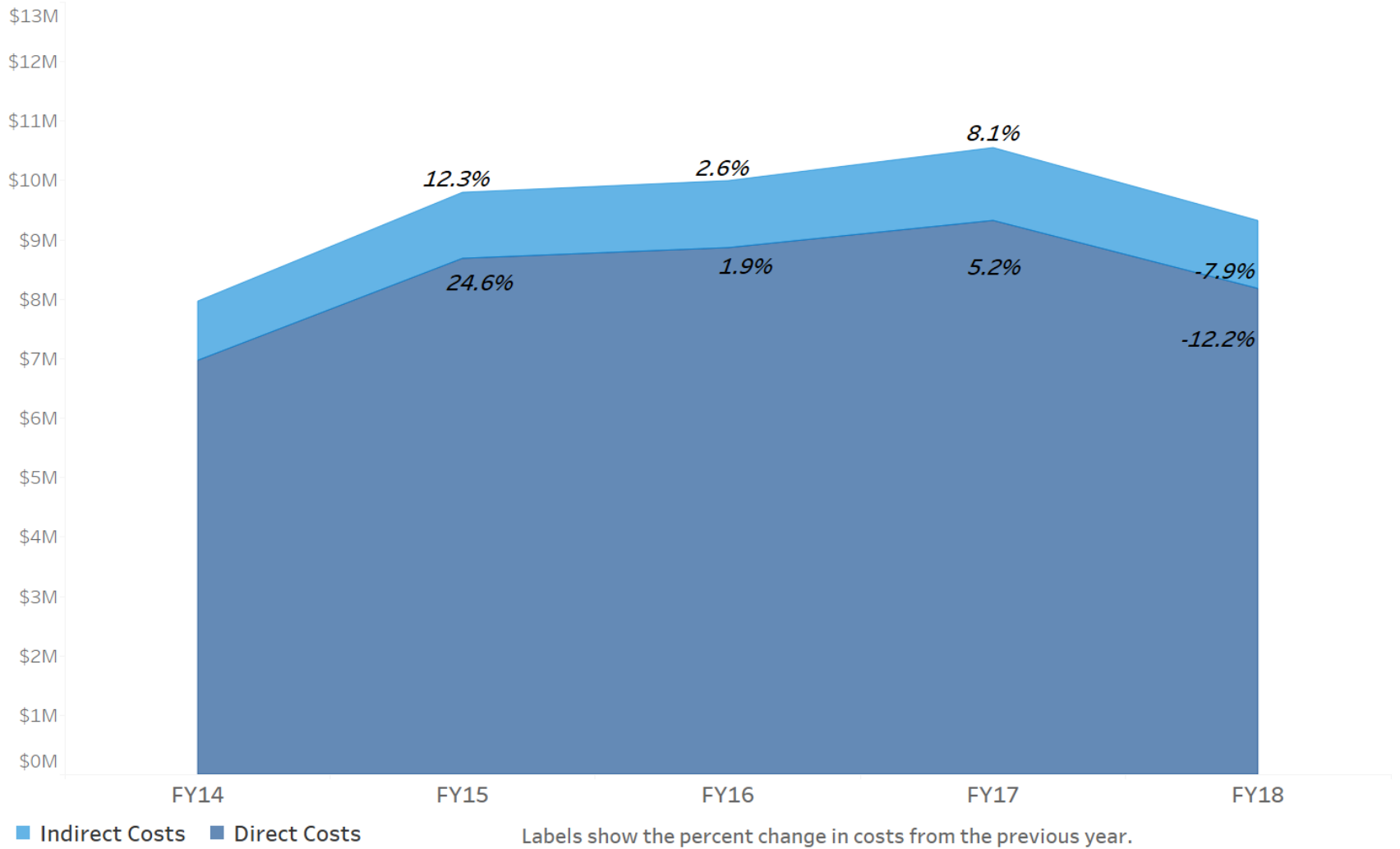






Mandatory Fees as a Percent of Total





Recharge Centers

	FY14	FY15	FY16	FY17	FY18
Facilities Management	\$8.1M	\$7.5M	\$19.1M	\$21.3M	\$21.1M
Information Technology	\$0.9M	\$1.1M	\$1.1M	\$1.1M	\$1.1M
Fac Development & Capital Budget	\$1.5M	\$1.0M	\$1.4M	\$1.5M	\$3.4M
Financial & Business Services*	\$1.5M	\$1.5M	\$1.6M	\$1.5M	\$1.5M
Others	\$0.3M	\$0.3M	\$0.0M		\$0.0M
Grand Total	\$12.2M	\$11.4M	\$23.2M	\$25.4M	\$27.1M

* Includes Box Office, Publishing Services, Central Stores, etc.

Aspirational Peer Comparison Expenses by NACUBO Program Classification FY16

	Instruction	Research	Public service	2016 Academic support	Student services	Institutional support	Total
Appalachian State U	\$136.8M	\$2.6M	\$8.6M	\$42.3M	\$14.0M	\$27.8M	\$38.7M
Cal Poly State U - San Luis Obispo	\$195.4M	\$3.6M	\$0.1M	\$50.2M	\$70.9M	\$48.4M	\$61.4M
College of Charleston	\$107.1M	\$10.5M	\$2.4M	\$19.4M	\$16.8M	\$37.5M	\$32.3M
Georgia College & State U	\$42.7M	\$0.6M	\$0.9M	\$14.8M	\$9.2M	\$14.6M	\$13.8M
James Madison U	\$186.2M	\$4.2M	\$16.2M	\$51.7M	\$21.0M	\$38.8M	\$53.0M
Stockton U	\$86.1M	\$1.8M	\$8.9M	\$12.5M	\$25.4M	\$39.3M	\$29.0M
UNC Wilmington	\$117.9M	\$12.4M	\$4.3M	\$23.8M	\$14.7M	\$28.2M	\$33.6M
WWU	\$136.0M	\$8.2M	\$0.0M	\$18.8M	\$25.6M	\$27.8M	\$36.1M

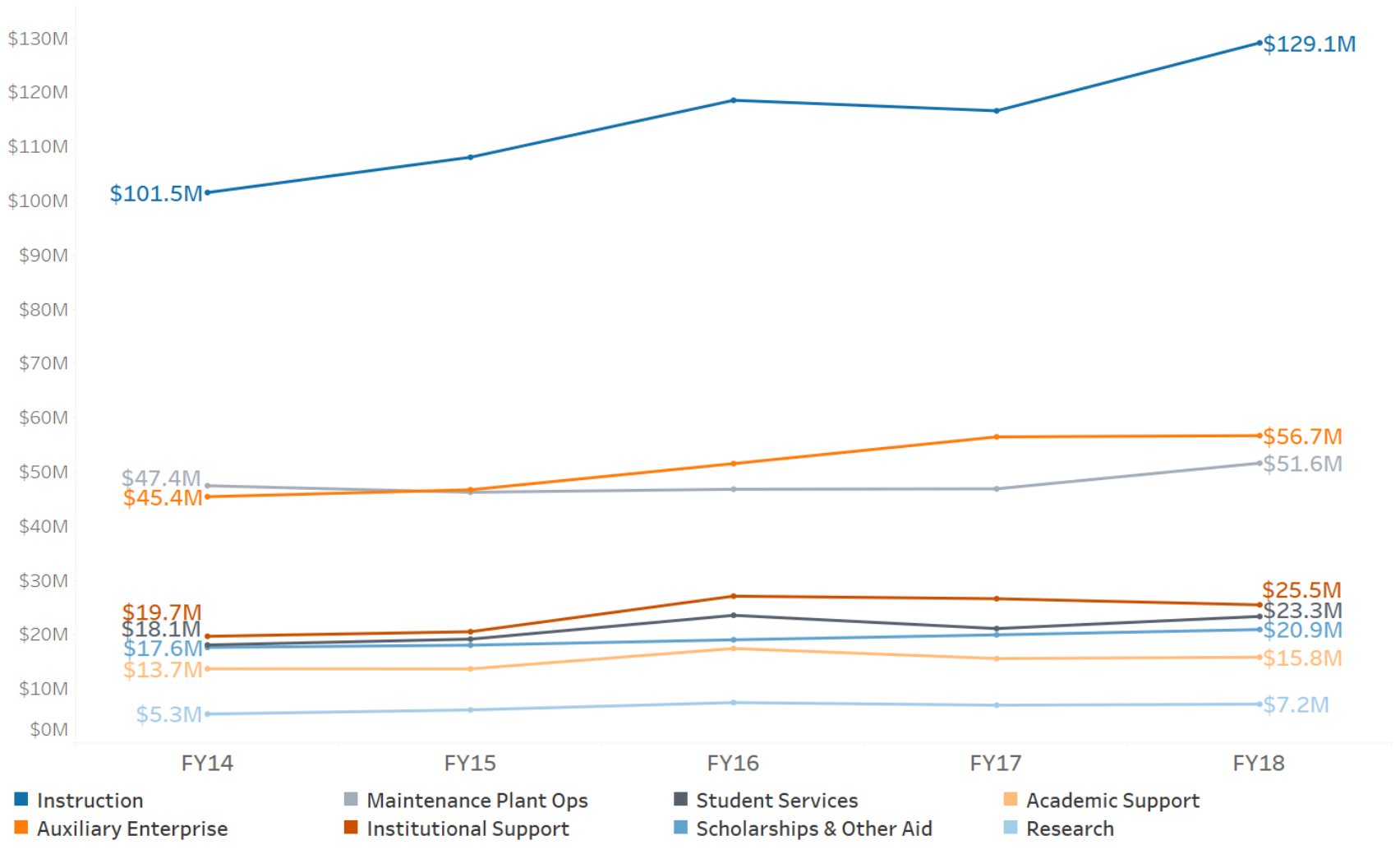
Data is from IPEDS - FY16 is the most recent final release of IPEDS Finance data.

Aspirational Peer Comparison State Appropriation per Headcount Historical

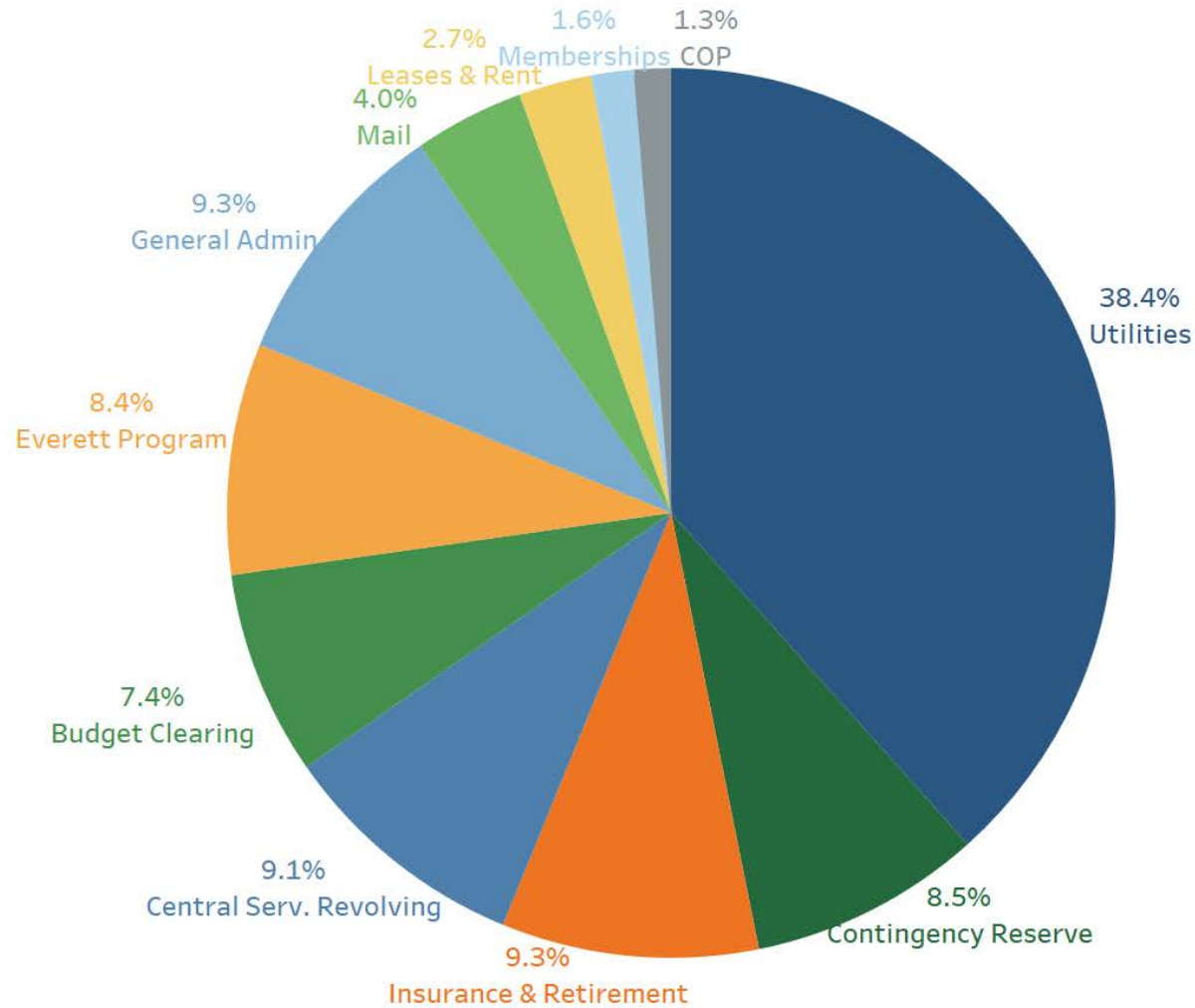
		FY14	FY15	FY16
Appalachian State U	State appropriations	\$127,551,885	\$127,004,801	\$133,764,390
	Student Headcount	19,449	19,548	19,516
	Funding / Student	\$6,558	\$6,497	\$6,854
UNC Wilmington	State appropriations	\$97,601,950	\$100,845,533	\$114,065,933
	Student Headcount	15,918	16,708	16,714
	Funding / Student	\$6,132	\$6,036	\$6,825
Cal Poly State U-San Luis Obispo	State appropriations	\$102,183,797	\$111,682,679	\$116,942,838
	Student Headcount	20,416	20,916	21,717
	Funding / Student	\$5,005	\$5,340	\$5,385
Georgia College & State U	State appropriations	\$29,005,791	\$29,636,189	\$31,536,964
	Student Headcount	7,555	7,867	7,920
	Funding / Student	\$3,839	\$3,767	\$3,982
Stockton U	State appropriations	\$39,757,617	\$41,812,067	\$39,714,278
	Student Headcount	9,790	10,014	10,089
	Funding / Student	\$4,061	\$4,175	\$3,936
James Madison U	State appropriations	\$82,188,926	\$82,313,650	\$86,631,522
	Student Headcount	22,936	23,349	23,782
	Funding / Student	\$3,583	\$3,525	\$3,643
WWU	State appropriations	\$52,028,184	\$49,623,384	\$62,469,383
	Student Headcount	16,570	16,870	17,291
	Funding / Student	\$3,140	\$2,942	\$3,613
College of Charleston	State appropriations	\$20,881,000	\$21,843,143	\$22,597,031
	Student Headcount	14,268	14,052	13,720
	Funding / Student	\$1,463	\$1,554	\$1,647
Average	State appropriations	\$68,899,894	\$70,595,181	\$75,965,292
	Student Headcount	15,863	16,166	16,344
	Funding / Student	\$4,223	\$4,230	\$4,486

Data from IPEDS - FY16 is most recent available.

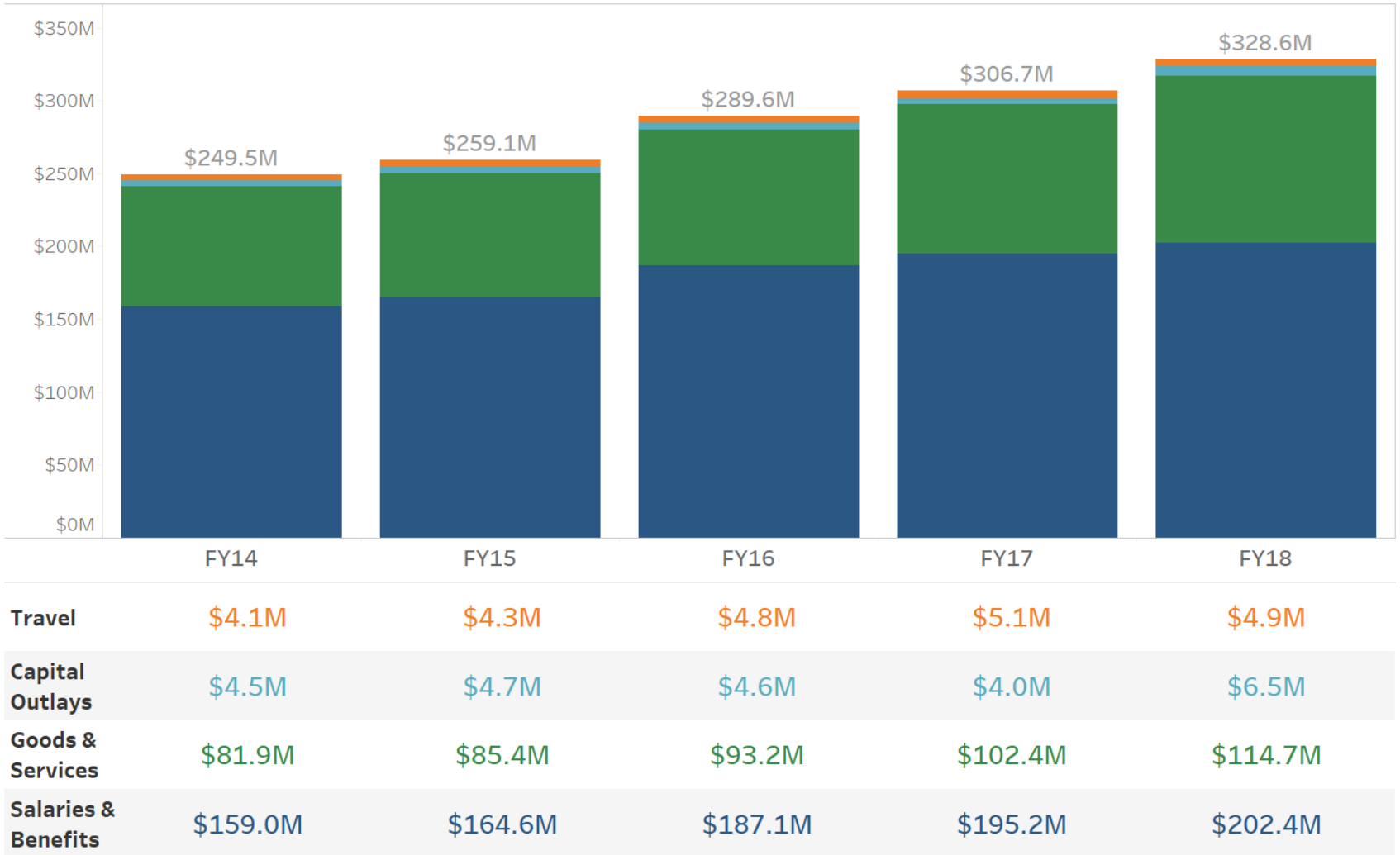
Expenses by NACUBO Program Classification

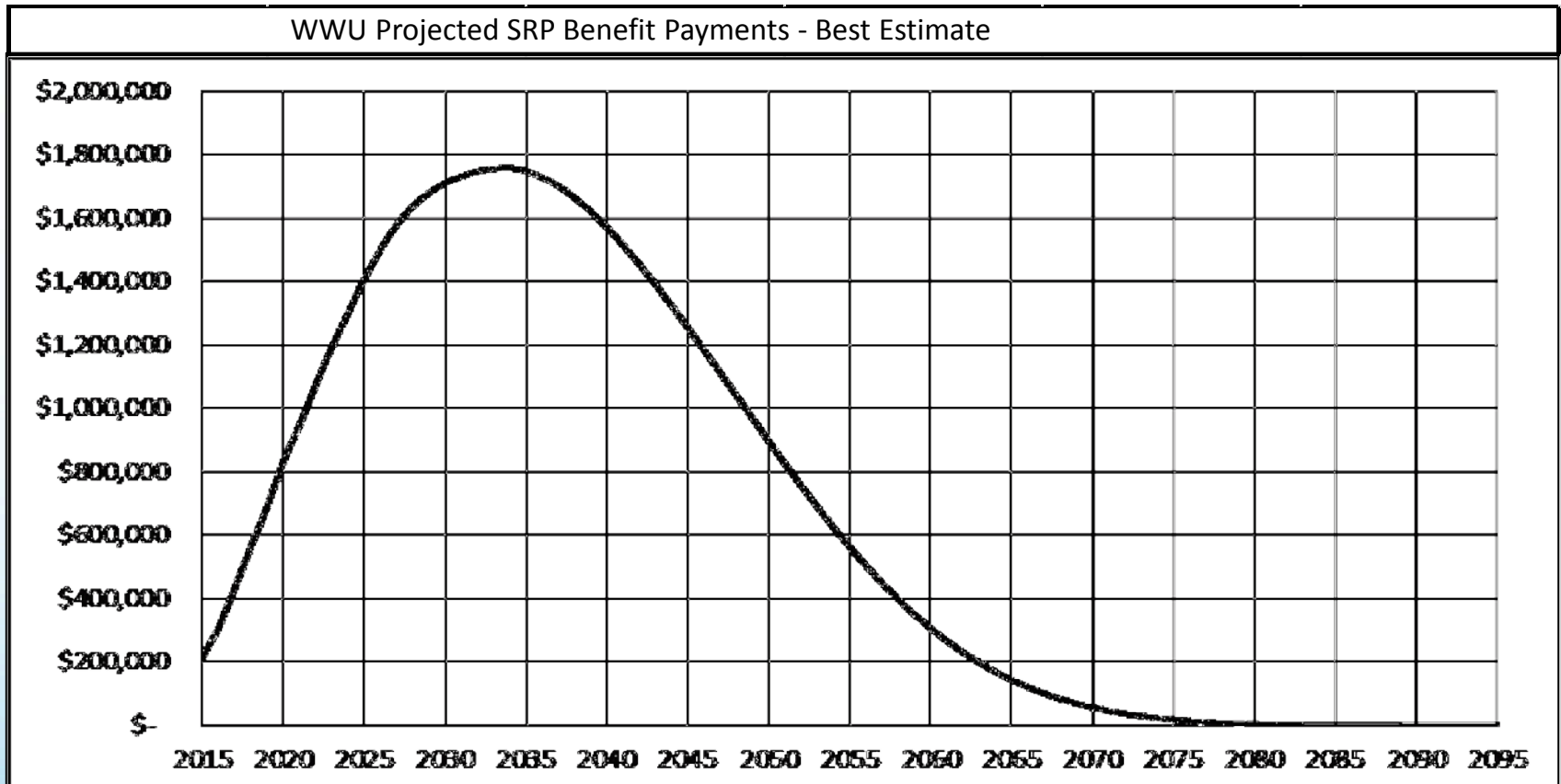


FY19 Budgeted Institutional Funds



Expenses by Natural Classification





Refer to the Benefit Director's Guide to Supplemental Retirement Plan Benefit Payment Projections for key information.

Scenario	Best Estimate
Salary Scale	3.50%
CREF Return	6.75%



FINANCIAL REPORT

FISCAL YEAR 2018





FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION

Independent Auditor’s Report.....	2
President’s Letter of Transmittal.....	6
Board of Trustees and Administrative Officers.....	7
Management’s Discussion and Analysis.....	9
 FINANCIAL STATEMENT	
Statement of Net Position (University).....	19
Statement of Financial Position (Foundation).....	20
Statement of Revenues, Expenses and Changes in Net Position (University).....	21
Statement of Activities 2018 (Foundation).....	22
Statement of Activities 2017 (Foundation).....	23
Statement of Cash Flows (University).....	24
Notes to the Financial Statement.....	26
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of Proportionate Share of the Pension Liability.....	59
Schedule of Total Pension Liability.....	64
Schedules of Pension Plan Contributions.....	65
Schedule of Proportionate Share of OPEB Liability.....	71
Schedule of OPEB Contributions.....	72



Office of the Washington State Auditor
Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

November 16, 2018

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, 2018 and 2017, 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, 2018 and 2017, 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 to the financial statements, in 2018, the University adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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, 2018 and 2017 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.

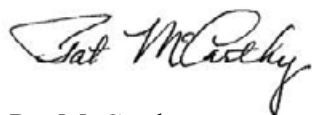
Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements as a whole. 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 16, 2018, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Sincerely,



Pat McCarthy

State Auditor

Olympia, WA



November 16, 2018

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, 2018. 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 is recognized nationwide as a premier public comprehensive university. WWU is now ranked #2 for top public schools and #18 in regional universities for the western region by US News and World Report and ranked as one of the 100 best values in public colleges in 2016 according to Kiplinger's Personal Finance. Western's national academic reputation, excellent faculty, as well as its prime location, make it an institution "in demand". WWU is nationally recognized for providing excellent education at an affordable cost, with Forbes and Kiplinger magazines ranking WWU as a top value in education.

Sincerely,



Sabah Randhawa
President



Richard Van Den Hul
Vice President for Business and Financial Affairs

BOARD OF TRUSTEES*

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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, 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.

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 approximately 15,200 full-time and part-time students. 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's financial report includes the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the Notes to the Financial Statement. The Statement of Net Position provides information about WWU at a moment in time, the June 30 fiscal year end. The Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows provide information about WWU's activities and operations during the fiscal year. The financial statement, in conjunction with the Notes to the Financial Statement, provides a comprehensive way to assess WWU's financial health.

WWU's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. WWU's component unit, the Western Washington University Foundation (Foundation), is a separate legal entity and reports its financial results under Financial Accounting Standards Board (FASB) principles. The Foundation's financial statements are reported separately within this report.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2018

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

- Issued \$10.7 million in Housing and Dining System Refunding Bonds, resulting in \$1.8 million net present value savings
- Issued \$33.7 million in Housing and Dining System Bonds for construction of the Multicultural Center and renovation of certain residence halls
- Restated FY 2017 net position by \$98.7 million due to implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (retiree medical benefits, see Note 20)
- Decreased overall financial position by \$13.5 million
- Increased salaries and benefits expenses by \$14.1 million

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 and deferred inflows of WWU.

A summarized comparison of WWU's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2018, 2017 and 2016, follows:

	2018	2017 Restated	2016
		<i>(Dollars in thousands)</i>	
Assets			
Current assets	\$79,692	\$66,544	\$61,199
Noncurrent assets	85,433	80,214	95,041
Capital assets, net	<u>479,474</u>	<u>472,632</u>	<u>438,075</u>
Total assets	644,599	\$619,390	\$594,315
Deferred outflows	10,842	12,315	7,588
Liabilities			
Current Liabilities	39,277	32,719	40,713
Noncurrent Liabilities	<u>246,952</u>	<u>235,355</u>	<u>123,451</u>
Total liabilities	<u>286,229</u>	<u>268,074</u>	<u>164,164</u>
Deferred inflows	26,026	6,939	4,751
Total net position	<u>\$343,186</u>	<u>\$356,692</u>	<u>\$432,988</u>

Assets

The primary components in the asset category are cash, investments, receivables and capital assets. Total Assets increased \$25.2 million (4.1%) in fiscal year (FY) 2018, and \$25.1 million (4.2%) in FY 2017 over FY 2016.

Total Cash and Investments (see Notes 3 & 4) increased \$18.7 million in FY 2018, primarily due to unspent bond proceeds. 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 instruments, with maturities matched to anticipated cash flow needs. 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. Unrestricted current cash and investments decreased \$15.0 million in FY 18, as \$7.0 million was shifted to longer-term investments and \$8.0 million was used to primarily fund salary and benefit increases. Total Cash and Investments decreased \$7.7 million (-6.1%) during FY 2017 as a result of increased spending in operations (\$5.5 million) and capital assets (\$2.2 million).

Non-depreciable Capital assets and Depreciable capital assets, net, increased \$6.8 million (1.4%) in FY 2018 primarily due to the start of construction for the new Multicultural Center. The increase of \$34.6 million (7.9%) in FY 2017 was due to the Carver Academic Renovation.

Liabilities

The excess of current assets over current liabilities of \$40.4 million in FY 2018 and \$33.8 million in FY 2017 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 increased \$6.5 million (20.0%) during FY 2018 largely due to an increase in Accounts payable invoices from WWU funded capital projects. Current liabilities increased \$493 thousand (1.5%) during FY 2017 primarily due to increases in Accounts payable and deposits offset by a decrease in unearned revenue.

Noncurrent liabilities increased \$11.6 million during FY 2018 due to the \$33.7 bond issue combined with decreases in pension and other postemployment benefits (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. 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. Total net position decreased \$76.3 million (-17.6%) in FY 2017 primarily due to the implementation of GASB Statement No. 75.

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, 2018, 2017 and 2016 are summarized as follows:

	2018	2017 Restated	2016
	<i>(Dollars in thousands)</i>		
Net Position			
Net investment in capital assets	\$405,301	\$403,717	\$370,840
Restricted:			
Pensions	695	561	524
Nonexpendable	5,433	5,168	4,652
Expendable	24,888	26,100	27,193
Unrestricted	<u>(93,131)</u>	<u>(78,855)</u>	<u>29,779</u>
Total net position	<u>\$343,186</u>	<u>\$356,691</u>	<u>\$432,988</u>

Net investment in capital assets had a very modest increase of \$1.6 million when comparing FY 2018 to FY 2017. Net investment in capital assets increased \$32.9 million (8.9%) during FY 2017 primarily due to \$57.6 million increase in overall capital assets offset by \$24.3 million in depreciation and an increase of \$1.3 million in debt.

Highlights of fiscal 2018 capital asset activities:

- Completion of the Carver Academic Renovation – An additional \$10.8 million was spent on this project during FY 2018 to bring the total spend to \$87.3 million.
- Multicultural Center - \$6.0 million was spent during FY 2018 of this estimated \$20 million project.
- Buchanan Towers Renovation - \$7.4 million was spent during FY 2018.
- Long-term debt used to purchase capital assets increased \$29.2 million due to new debt for the Multicultural Center and Buchanan Towers renovations offset by principal payments and amortizations.

Restricted nonexpendable includes donations and matching State contributions for the purpose of establishing distinguished professorships and graduate fellowships. During FY 2018, WWU received \$264 thousand in restricted gifts compared to \$517 thousand during FY 2017.

Restricted expendable net position decreased \$1.2 million during FY 2018 primarily due to spending of available instruction and research funds. Restricted expendable net position decreased \$1.1 million during FY 2017 due to a \$1.6 million scholarship award to support the Computer Science Department offset by increased spending of the Permanent Fund (Funds with State Treasurer) on the Carver Academic Projects and increased spending of funds available for financial aid.

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. Unrestricted net position decreased \$108.6 million during FY 2017 primarily due to the implementation of GASB Statement No. 75 along with increased spending on repairs and maintenance, institutionally funded capital acquisitions, and salary increases.

Capital Assets and Related Debt

During FY 2018 and FY 2017, \$29.8 million and \$55.7 million (excluding library materials and equipment) respectively, were expended on capital improvements. Of the \$29.8 million in capital improvements during FY 2018, \$9.7 million was expended to complete the Carver Academic Renovation project, \$9.3 million was spent on Housing and Dining residence buildings and \$6.0 million on the Viking Union Expansion for the Multicultural Center (see Note 9).

Specific projects completed or underway in fiscal 2018 include:

Carver Academic Renovation (completed). The \$87.3 million addition of 41,977 square feet provides additional general classroom seats as well as dedicated lab and instructional spaces. The consolidation and growth of student activities and conferences will also be serviced in the refurbished 2,600 seat event space. Funding was provided in the 2015-2017 capital request, which includes \$6 million in a Certificate of Participation (COP) with the State Treasurer and \$9.3 million of local funds.

Ridgeway Gamma Renovation (completed). The \$8.2 million project will include adjustments to existing fire sprinkler and automatic fire alarm systems, gypsum board soffits, seismic, mechanical, plumbing, electrical, hazardous materials abatement, emergency lighting systems, interior painting and floor coverings.

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.

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.

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, 2018, 2017 and 2016 follows:

	2018	2017 Restated	2016
		(Dollars in thousands)	
Operating revenues	\$212,897	\$203,869	\$211,303
Operating expenses	<u>330,097</u>	<u>310,071</u>	<u>311,372</u>
Operating loss	(117,200)	(106,202)	(100,069)
State appropriations revenue	78,652	76,135	62,469
Other nonoperating revenues	20,379	18,103	16,385
Nonoperating expenses	<u>(3,616)</u>	<u>(3,142)</u>	<u>(3,165)</u>
(Loss) income before other revenues	(21,785)	(15,106)	(24,380)
Other revenues	<u>8,280</u>	<u>37,497</u>	<u>25,915</u>
Increase in net position	(13,505)	22,391	1,535
Net position, beginning of year	<u>356,691</u>	<u>432,988</u>	<u>431,453</u>
Restatement		<u>(98,688)</u>	
Net position, end of year	<u>\$343,186</u>	<u>\$356,691</u>	<u>\$432,988</u>

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

Student tuition and fee revenue includes tuition fees and mandatory fees such as Service and Activity Fee and Health Service Fee. These fees increased by \$7.1 million (5.1%) during FY 2018 compared to a \$10.2 million (-6.9%) decrease during FY 2017. While the Washington State Legislature provides the Board of Trustees with tuition setting authority for non-resident undergraduate, resident graduate, and non-resident graduate students, WWU does not have tuition setting authority for resident undergraduate students. WWU increased its FY 2018 resident undergraduate tuition operating fee by 2.2%, 5% for non-resident undergraduate and 4.5% for most graduate programs (note – tuition operating fee does not include other mandatory student fees). FY 2017 resident undergraduate tuition operating fee was reduced by 15.0% from the prior year. Enrollment increased to an Academic Year Average (AYA) headcount of 15,213 in FY 2018 compared to 14,867 in FY 2017. Net tuition revenue (student tuition and fees less scholarship allowances) increased \$3.9 million (3.5%) in FY 2018 and decreased in FY 2017 by \$8.6 million (-7.3%). To assist students with tuition, WWU provided \$31.0 million and \$27.8 million in scholarship allowances in FY 2018 and FY 2017 respectively.

Graduate and Undergraduate Annual Tuition and Fees

Academic Year	Resident Undergraduate	Change	Resident Graduate	Change	Nonresident Undergraduate	Change	Nonresident Graduate	Change
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
2017-18	14,053	15,213
2016-17	13,726	14,867
2015-16	13,587	14,742

During FY 2018, state appropriations used in operations increased slightly by \$2.5 million primarily to accommodate salary increases along with \$500 thousand for student support initiatives. During FY 2017, the state legislature provided additional funding to offset the 15.0% resident undergraduate tuition reductions, accounting for the increases of \$13.7 million in state appropriations used for operations (which includes capital appropriations used for operations).

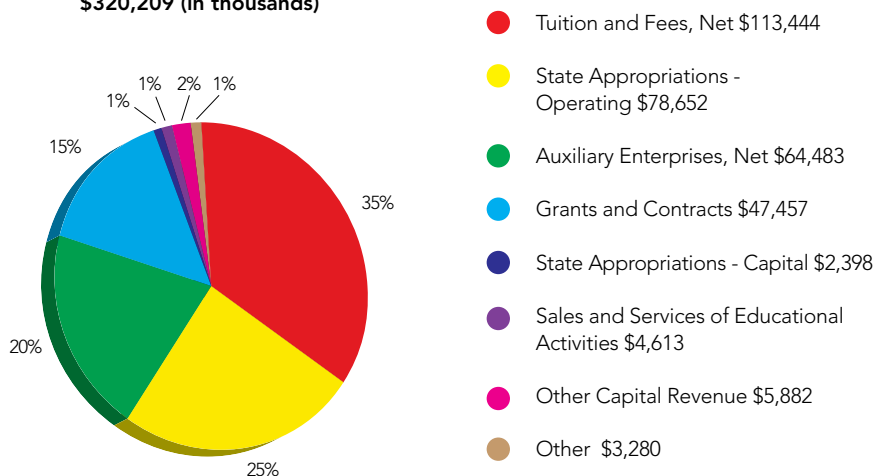
Capital appropriations are provided by the state and are recognized as other revenues when expenditures are incurred on capital projects by WWU. Capital appropriations decreased \$32.9 million during FY 2018 as the Carver Academic Renovation project was completed and no additional large projects were funded by the State. Capital appropriations increased \$11.9 million (50.7%) in FY 2017 due to expenditures related to the Carver Academic Renovation project.

During FY 2018, Net Auxiliary enterprises revenue increased \$6.9 million (11.9%) when compared to FY 2017 primarily due to a 4.5% Housing and Dining fee increase combined with a new fee for the Multicultural Center. In the Spring of 2016, students voted in favor of a new fee to create the Multicultural Center in the Viking Union. This \$30 per quarter fee is pledged to bond debt that is used to fund a portion of this construction project.

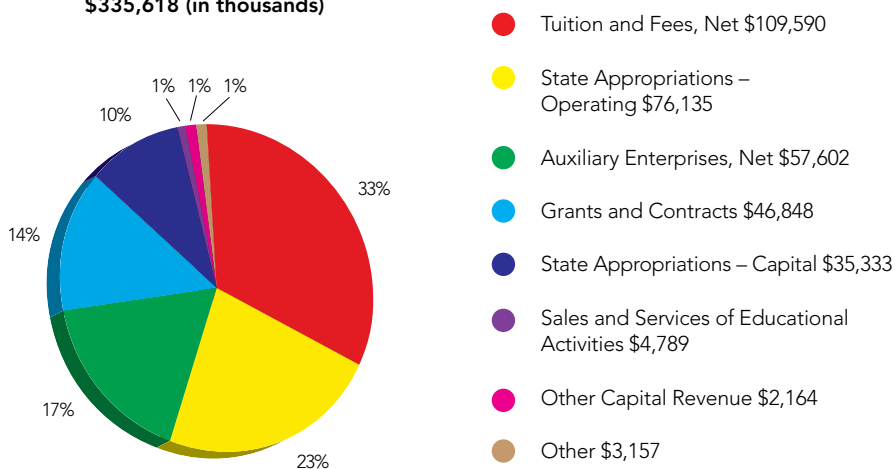
During FY 2018, Gift Revenue increased \$3.3 million when compared to FY 2017. WWU purchased from the City of Poulsbo the Poulsbo Marine Science Center for \$1. This purchase created a gift in kind valued at \$3.3 million and helped create the SEA Discover Center. The SEA Discovery Center is a public aquarium and hands-on marine science center that connects the community to the marine environment by fostering discovery through science education.

The following graphs illustrate revenues by source for the years ended June 30, 2018 and 2017:

Total revenues by source for the year ended June 30, 2018
\$320,209 (in thousands)



Total revenues by source for the year ended June 30, 2017
\$335,618 (in thousands)

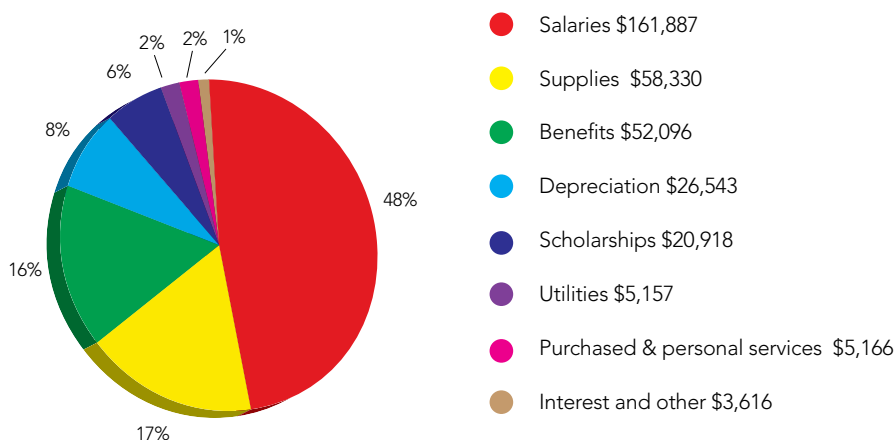


WWU's operating expenses increased \$20.0 million (6.5%) in FY 2018 due to higher salaries and benefits and supplies and materials expense. The \$1.3 million (-0.4%) decrease in FY 2017 is attributed to increased salaries and supplies and materials expense, offset by a decrease in pension expense resulting from implementation of GASB 73.

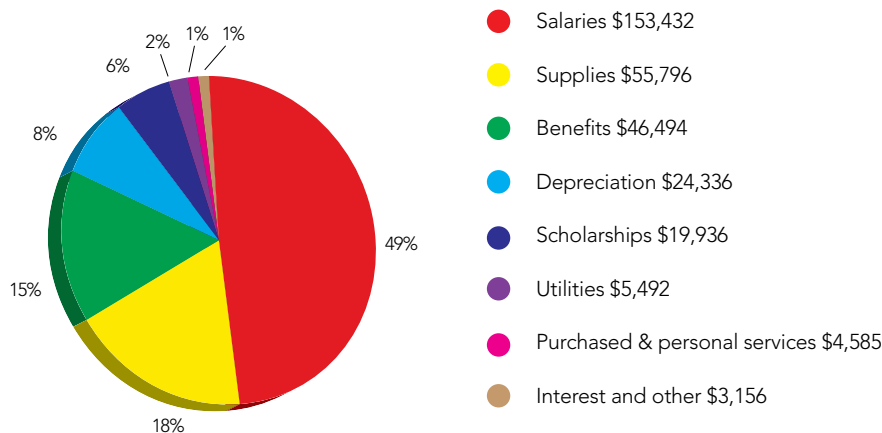
Salaries and wages increased \$8.5 million in FY 2018 and \$5.9 million in FY 2017 as all staff received compensation increases both years. During FY 2018, benefits increased \$5.6 million largely due to health and retirement benefits increase along with pension and OPEB adjustments (see Notes 19 & 20). During FY 2017, benefits decreased \$12.4 million (-21.1%) over FY 2016 primarily due to a restatement of FY 2016 pension expense as prescribed by GASB Statement No. 73 (see Note 1 and 19). GASB Statement No. 73 required that a net pension liability (NPL) for certain defined benefit pension plans be included in WWU's statements. The inclusion of the NPL created a restatement of FY 2016 pension expenses by an increase of \$13.3 million. Supplies and materials increased \$2.5 million during FY 2018 largely due to increases in furnishings purchased for residence halls and departmental office furniture. Supplies and material increased \$6.9 million (14.1%) in FY 2017 primarily due to a \$4.7 million increase in repairs and maintenance combined with \$1.7 million in additional annual software licenses.

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

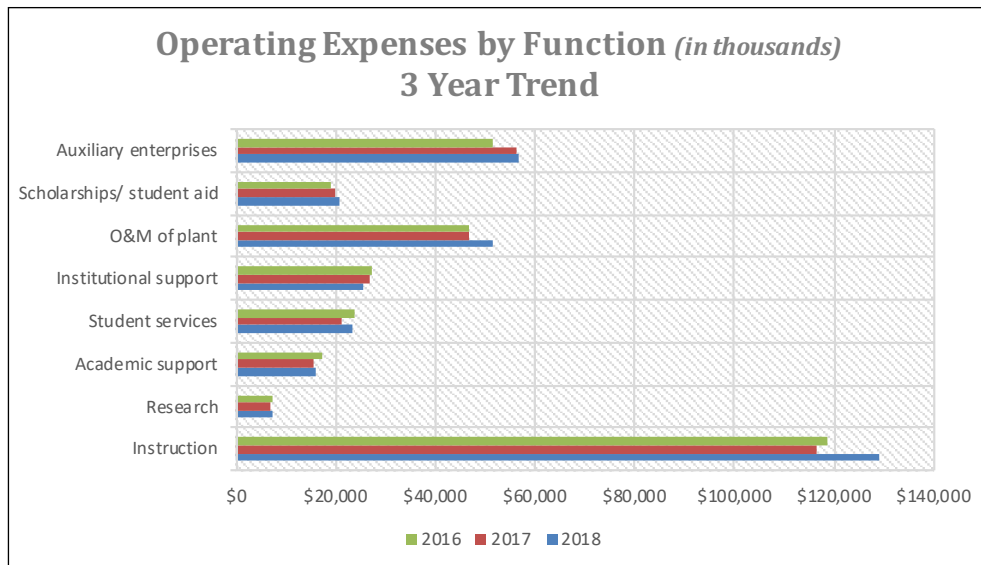
**Total expenses by natural classification
for the year ended June 30, 2018
\$333,713 (in thousands)**



**Total expenses by natural classification
for the year ended June 30, 2017
\$313,227(in thousands)**



The following graph illustrate expenses by natural classification for the years ended June 30, 2018, 2017, 2016:



Operating Loss

WWU’s operating losses were \$117.2 million in FY 2018, an increase of \$11.0 million (10.4%) from FY 2017, and \$106.2 million in FY 2017, an increase of \$6.1 million (6.1%) from FY 2016. GASB Statement No. 34 requires that State appropriations and Federal Pell grants be classified as nonoperating revenues, thereby creating the significant operating loss. If these revenues were classified as operating, the operating losses would have been \$20.9 million in FY 2018 and \$14.6 million in FY 2017.

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 2018	FY 2017	FY 2016
Tuition dependency ration (%)	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	47.89%	47.55%	52.22%
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	-0.25	0.09
Monthly days cash on hand 1	Measures the numbers of days WWU is able to operate (cover its cash operating expenses)	Annual liquidity times 365 divided by total expenses less depreciation and unusually large non-cash expenses	119.40	137.90	165.20
Current ratio	Measures liquidity - ability to meet current obligations with liquid assets	Current assets divided by current liabilities	2.37	2.47	2.33
Viability ratio 3	Measure the ability of WWU to repay debt with available financial resources	Expendable net position (excluding capital projects) divided by debt	-0.31	-0.29	1.17
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	-0.09	-0.06	0.25
Return on Net Position 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	-1.46	7.79	0.94

1 Ratio based on Moody's analytical methodology

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

3 FY 2018 change due to GASB Statement No. 75 restatement

Source: Moody's calculation worksheet



Statement of Net Position

June 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$9,830,335	\$14,546,761
Restricted cash and cash equivalents (Note 3)	4,728,475	
Restricted investments (Note 4)	22,265,087	
Investments (Note 4)	26,165,082	36,968,769
Funds with State Treasurer (Note 5)	4,453,972	3,430,414
Interest receivable	1,215,013	934,656
Accounts receivable, net (Note 6)	8,787,912	7,874,370
Pledged gift receivable from the Foundation (Note 24)	250,000	150,000
Prepaid expenses	230,934	898,656
Inventories (Note 8)	<u>1,765,059</u>	<u>1,739,873</u>
Total noncurrent assets	79,691,869	66,543,499
Noncurrent assets:		
Restricted cash and cash equivalents (Note 3)	282,489	378,790
Restricted investments (Note 4)	10,791,946	10,545,280
Investments (Note 4)	62,311,744	55,265,589
Due from State Treasurer	3,220,803	5,447,073
Student loans receivable, net (Note 7)	7,821,272	7,780,155
Pledged gift receivable from the Foundation (Note 24)	251,762	494,725
Non-depreciable capital assets (Note 9)	28,568,828	98,425,748
Depreciable capital assets, net (Note 9)	450,905,244	374,206,159
Restricted net pension	<u>753,328</u>	<u>302,727</u>
Total noncurrent assets	<u>564,907,416</u>	<u>552,846,246</u>
Total assets	<u>644,599,285</u>	<u>619,389,745</u>
Deferred outflows		
Deferred loss on bond refunding	1,281,516	1,135,069
Relating to pension (Note 19)	7,557,617	9,666,639
Relating to OPEB (Note)	<u>2,002,916</u>	<u>1,513,291</u>
Total deferred outflows	<u>10,842,049</u>	<u>12,314,999</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	22,353,892	18,073,316
Deposits payable	3,068,696	2,451,488
Unearned revenues	8,388,872	7,345,715
Current portion of bonds and notes payable (Notes 12,13,15)	5,193,470	4,602,941
Deposits held in custody for others	<u>272,309</u>	<u>245,525</u>
Total current liabilities	39,277,239	32,718,985
Noncurrent liabilities:		
Long-term portion of bonds and notes payable (Note 12, 13,15)	94,044,732	65,447,083
Compensated absences (Note 11)	8,905,785	8,742,603
Long-term pension liabilities (Note 15,19)	49,941,257	60,964,531
Long-term OPEB liabilities (Note 20)	<u>94,060,078</u>	<u>100,201,213</u>
Total noncurrent liabilities	<u>246,951,852</u>	<u>235,355,430</u>
Total Liabilities	<u>286,229,091</u>	<u>268,074,415</u>
Deferred inflows		
Relating to pension (Note 19)	13,074,963	6,939,287
Relating to OPEB (Note)	<u>12,951,181</u>	
Total deferred inflows	<u>26,026,144</u>	<u>6,939,287</u>
Net Position		
Net investment in capital assets	405,301,132	403,716,953
Restricted for:		
Pensions	694,717	560,897
Nonexpendable: scholarships and professorships	5,432,603	5,168,315
Expendable:		
Instruction and research	2,516,253	3,949,886
Loans	12,896,034	13,154,455
Capital Projects	9,476,099	8,996,022
Unrestricted	<u>(93,130,739)</u>	<u>(78,855,486)</u>
Total net position	<u>\$343,186,099</u>	<u>\$356,691,042</u>

Foundation Statement of Financial Position

June 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$993,597	\$825,212
Unconditional promises to give, net	3,775,888	4,633,041
Investments:		
Operating investment pool	13,532,003	15,343,490
Endowment investment pool	83,442,812	75,109,630
Endowment real estate held for investment	3,259,870	3,153,290
Annuity and life income investments	2,066,098	1,994,471
Real property	<u>1,816,822</u>	<u>750,380</u>
Total investments	104,117,605	96,351,261
Other assets	352,801	174,453
Property and equipment, net	<u>556,275</u>	<u>578,619</u>
Total Assets	<u><u>109,796,166</u></u>	<u><u>102,562,586</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	224,475	452,908
Due to Western Washington University	194,068	268,747
Gift payable to Western Washington University, net	498,238	644,725
Annuity and life income obligations	603,445	578,191
Deferred revenue from life estate	359,595	374,675
Investments held in trust for Western Washington University	<u>13,498,255</u>	<u>12,852,115</u>
Total Liabilities	15,378,076	15,171,361
Net Assets		
Unrestricted	18,827,269	17,716,302
Temporarily restricted	26,712,964	23,407,685
Permanently restricted	<u>48,877,857</u>	<u>46,267,238</u>
Total Net Assets	<u>94,418,090</u>	<u>87,391,225</u>
Total Liabilities and Net Assets	<u><u>\$109,796,166</u></u>	<u><u>\$102,562,586</u></u>

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended
June 30, 2018 and 2017

	2018	2017
Operating Revenues		
Student tuition and fees	\$144,408,819	\$137,353,788
Less scholarship allowances	<u>(30,964,892)</u>	<u>(27,763,925)</u>
Net student tuition and fees	113,443,927	109,589,863
Federal grants and contracts	5,693,982	6,702,355
State and local grants and contracts	19,913,051	20,516,219
Nongovernmental grants and contracts	4,214,617	4,161,010
Sales and services of educational activities	4,613,182	4,788,981
Interest earned on loans to students	173,018	182,998
Other operating revenue	362,411	325,548
Auxiliary enterprises	72,431,731	64,818,838
Less scholarship allowances	<u>(7,949,128)</u>	<u>(7,216,452)</u>
Net auxiliary enterprises	<u>64,482,603</u>	<u>57,602,386</u>
Total operating revenues	212,896,791	203,869,360
Operating Expenses		
Salaries and wages	161,887,240	153,431,945
Benefits	52,096,057	46,494,049
Scholarships and fellowships	20,918,289	19,936,045
Utilities	5,156,640	5,492,251
Supplies and materials	58,330,267	55,796,061
Purchased services	5,165,762	4,584,902
Depreciation	<u>26,543,190</u>	<u>24,336,383</u>
Total operating expenses	<u>330,097,445</u>	<u>310,071,636</u>
Operating loss	(117,200,654)	(106,202,276)
Nonoperating Revenues (Expenses)		
State appropriations	78,652,047	76,135,377
Federal Pell grant revenue	17,635,311	15,468,268
Investment income	1,775,765	1,250,295
Interest on indebtedness	(3,616,033)	(3,142,255)
Gain (loss) on endowments	938,744	1,397,746
Nonoperating rental property expense/income	<u>30,231</u>	<u>(12,959)</u>
Total nonoperating revenues (expenses)	<u>95,416,065</u>	<u>91,096,472</u>
Income (Loss) before other revenues	(21,784,589)	(15,105,804)
Other Revenues		
Capital appropriations	2,397,857	35,332,800
Gift Revenue	3,255,646	
Other capital revenue	<u>2,626,143</u>	<u>2,163,946</u>
Total other revenues	8,279,646	37,496,746
Increase in net position	(13,504,943)	22,390,942
Net position, beginning of year	356,691,042	432,988,022
Restatement (Note 1)		<u>(98,687,922)</u>
Net position, beginning of year, as restated	<u>356,691,042</u>	<u>334,300,100</u>
Net position, end of year	<u>\$343,186,099</u>	<u>\$356,691,042</u>

Foundation Statement of Activities & Changes in Net Assets *June 30, 2018 and 2017*

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total
Support and Revenue:				
Contributions	\$2,635,838	\$4,409,561	\$2,593,495	\$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	1,143,700	3,741,979		4,885,679
Return on annuity and life income investments		13,405	101,766	115,171
Change in valuation of annuity and life income obligations		(18,180)	(84,642)	(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	9,241,986	9,794,255	2,610,619	21,646,860
Net assets released from restrictions	6,354,745	(6,354,745)		
Funding of underwater endowments	<u>134,231</u>	<u>(134,231)</u>		
Total Support and Revenue	15,730,962	3,305,279	2,610,619	21,646,860
Expenses:				
Program services and grants	8,842,734			8,842,734
Management and general in-kind	1,832,695			1,832,695
Management and general - other	375,538			375,538
Fundraising - in-kind	1,814,708			1,814,708
Fundraising - other	<u>754,320</u>			<u>754,320</u>
Total Expenses	<u>13,619,995</u>			<u>13,619,995</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>(11,869,900)</u>
Total Other Changes in Net Assets	<u>(1,000,000)</u>			<u>(1,000,000)</u>
Change in Net Assets	1,110,967	3,305,279	2,610,619	7,026,865
Net Assets, beginning of year, restated	<u>17,716,302</u>	<u>23,407,685</u>	<u>46,267,238</u>	<u>87,391,225</u>
Net Assets, end of year	<u>\$18,827,269</u>	<u>\$26,712,964</u>	<u>\$48,877,857</u>	<u>\$94,418,090</u>

Foundation Statement of Activities & Changes in Net Assets *June 30, 2018 and 2017*

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total
Support and Revenue:				
Contributions	\$1,037,547	\$4,812,532	\$2,450,302	\$8,300,381
In-kind services and facilities provided by				
Western Washington University	3,176,096			3,176,096
Interest and dividends	485,986	516,817		1,002,803
Net realized and unrealized gains on investments	1,359,570	5,441,252		6,800,822
Return on annuity and life income investments		13,565	141,445	155,010
Change in valuation of annuity and life income obligations		(7,422)	(57,620)	(65,042)
Administrative fees	1,139,979			1,139,979
Fundraising events and other	<u>579,552</u>	<u>459,466</u>		<u>1,039,018</u>
Total support and revenue before net assets released from restrictions	7,778,730	11,236,210	2,534,127	21,549,067
Net assets released from restrictions	6,244,926	(6,244,926)		
Funding of underwater endowments	<u>675,664</u>	<u>(675,664)</u>		
Total Support and Revenue	14,699,320	4,315,620	2,534,127	21,549,067
Expenses:				
Program services and grants	7,632,201			7,632,201
Management and general in-kind	1,594,574			1,594,574
Management and general - other	278,566			278,566
Fundraising in-kind	1,581,522			1,581,522
Fundraising - other	<u>773,220</u>			<u>773,220</u>
Total Expenses	<u>11,860,083</u>			<u>11,860,083</u>
Change in Net Assets	2,839,237	4,315,620	2,534,127	9,688,984
Net Assets, beginning of year, restated	<u>14,877,065</u>	<u>19,092,065</u>	<u>43,733,111</u>	<u>77,702,241</u>
Net Assets, end of year	<u>\$17,716,302</u>	<u>\$23,407,685</u>	<u>\$46,267,238</u>	<u>\$87,391,225</u>

Statement of Cash Flows

For the Years Ended
June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Student tuition and fees	\$114,316,531	\$109,000,756
Grants and contracts	30,798,692	31,537,456
Payments to vendors	(89,129,687)	(86,204,940)
Payments to employees for salaries and benefits	(210,552,298)	(198,060,581)
Loans issued to students	(1,211,779)	(2,074,422)
Collection of loans to students	1,463,193	1,316,753
Sales of auxiliary enterprises	63,741,900	57,271,490
Sales and services of educational activities	4,748,103	5,374,363
Interest received on loans to students	<u>535,429</u>	<u>508,546</u>
Net cash used by operating activities	(85,289,916)	(81,330,579)
Cash Flows from Noncapital Financing Activities		
State appropriations	78,664,840	75,502,010
Direct Lending proceeds	62,642,749	65,466,057
Direct Lending disbursements	(62,958,286)	(64,729,650)
Federal Pell grant receipts	<u>17,635,311</u>	<u>15,468,268</u>
Net cash provided by noncapital financing activities	95,984,614	91,706,685
Cash Flows from Investing Activities		
Purchases of investments	(97,450,700)	(37,907,832)
Proceeds from sales of investments	79,906,236	46,657,436
Interest received on investments	<u>1,048,020</u>	<u>1,244,617</u>
Net cash (used)/provided by investing activities	(16,496,444)	9,994,221
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	46,741,838	6,283,842
Interest earned on bond proceeds	176,374	
Capital appropriations	4,611,333	35,850,650
Other capital (expense)/revenue	(1,023,558)	2,081,749
Contributions and gifts in-kind	2,626,143	2,163,946
Proceeds from disposal of capital assets	247,028	140,336
Purchases of capital assets	(26,724,028)	(59,563,566)
Principal paid on capital debt	(16,077,941)	(4,709,044)
Interest paid on capital debt	(4,889,926)	(2,974,047)
Other activities	<u>30,231</u>	<u>(12,959)</u>
Net cash used by capital and related financing activities	<u>5,717,494</u>	<u>(20,739,093)</u>
Net increase/(decrease) in cash and cash equivalents	(84,252)	(368,766)
Cash and cash equivalents, beginning of year	<u>14,925,551</u>	<u>15,294,317</u>
Cash and cash equivalents, end of year	<u>\$14,841,299</u>	<u>\$14,925,551</u>

Statement of Cash Flows

For the Years Ended
June 30, 2018 and 2017

Reconciliation of Operating Loss to Net Cash used by Operating Activities

	2018	2017 Restated
Operating loss	(\$117,200,654)	(\$106,202,276)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	26,543,190	24,336,383
Net pension expense	7,794,097	(930,954)
Net OPEB expense	12,461,556	
Gain on disposal of fixed assets	304,290	(75,876)
Changes in assets and liabilities:		
Accounts receivable	(770,579)	161,588
Student loans receivable	(41,117)	(50,978)
Inventories	(25,186)	(271,567)
Prepaid expenses	667,722	(309,887)
Accounts payable and accrued expenses	(24,694)	1,024,016
Unearned revenue	1,043,157	(477,620)
Student and other deposits	617,207	275,270
Deposits held in custody	342,321	(766,802)
Compensated absences	163,182	255,397
Net pension liabilities	(11,023,273)	1,702,727
Net OPEB liability	<u>(6,141,135)</u>	<u> </u>
Net cash used by operating activities	<u>(\$85,289,916)</u>	<u>(\$81,330,579)</u>
Supplemental disclosure of cash flow information		
Acquisition of capital assets through accounts payable	<u>\$8,691,726</u>	<u>\$4,736,686</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 including agency funds. 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, Wade King Recreational Center and Associated Students Bookstore. 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, 2015, WWU adopted GASB Statement No. 72 "Fair Value Measurement and Application". This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Any necessary adjustments to note disclosures have been made.

On July 1, 2015, WWU adopted GASB Statement No. 79, "Certain External Investment Pools and Pool Participants". This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and re-

quirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. Because WWU is a participant in an external investment pool that is in compliance with amortized cost criteria and measures all of its investments at amortized costs, there is no impact to WWU's statements.

On July 1, 2015, WWU adopted GASB Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

On July 1, 2016, WWU adopted GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68" This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that infor-

mation similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities.

On July 1, 2016, WWU adopted GASB Statement No. 82 "Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73" The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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.

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. If material, 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 deferred 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 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 Pension Liabilities

During FY 2017, WWU adopted GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". Statement No. 73 requires that WWU record in its statements the net pension liability associated with the defined benefit of the university's retirement plan (WWURP) and to restate the net position of the earliest period presented (see Note 19). The Benefits Expense and the Net Pension Liabilities amounts for FY 2016 increased by \$13,251,071. The net pension liability information is provided to WWU by the Office of State Actuaries. The information provided allowed WWU to restate FY 2016.

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.

Restatement of Net Position

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.

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, petty cash, 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, 2018 and 2017, the carrying amount of cash and cash equivalents is \$14,841,299 and \$14,925,551, respectively. These balances include restricted cash and cash equivalents of \$5,009,481 and \$378,790 in unspent bond proceeds and Recreation Center renewal and replacement funds at June 30, 2018 and 2017, 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), \$997,430 and \$7,996,440 in commercial paper, \$5,885,720 and \$0 in Corporate and \$71,908,350 and \$74,799,850 in U.S. Treasury and Agency securities at June 30, 2018 and 2017, respectively.

The Housing and Dining System Renewal and Replacement restricted fund held \$3,123,275 and \$3,130,223 as of June 30, 2018 and 2017, respectively. This was separately invested in CDs and U.S. Treasury securities.

The Housing and Dining System held \$22,119,820 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, 2018, WWU's Endowment funds are comprised of \$7,905,617 in donor restricted and unrestricted funds and \$5,592,638 in Quasi-endowments. As of June 30, 2017, the balances were \$7,427,845 and \$5,424,067 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, 2018 WWU had \$103,049,416 in US Treasury and Agency securities, corporate and commercial paper held in custody by Wells Fargo and the Foundation in WWU's name.

Interest Rate Risk

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, 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	0.0030
Commercial Paper	997,430			997,430	0.2270
Corporate	5,885,720			5,885,720	2.8190
Time Certificates of Deposits (CDs)	4,000,000			4,000,000	1.5320
U.S. Treasuries		30,753,390		30,753,390	0.6720
U.S. Agencies		41,154,960		41,154,960	2.2130
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	

At June 30, 2017, 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	\$14,925,551			\$14,925,551	0.003
Commercial Paper	\$7,996,440			\$7,996,440	0.045
Time Certificates of Deposits (CDs)	4,000,000			4,000,000	2.532
U.S. Treasuries		19,913,250		19,913,250	1.688
U.S. Agencies		54,886,600		54,886,600	1.805
WWU Endowment Funds:					
Cash & Cash Equivalents	162,319			162,319	
Fixed income investments:					
U.S. Treasuries		282,877		282,877	14.600
U.S. Agencies		377,640		377,640	3.200
Other Fixed Income		1,807,027		1,807,027	n/a
Equity Investments		7,665,370		7,665,370	n/a
Real Estate			520,422	520,422	n/a
Alternative Investments		2,036,460		2,036,460	n/a
Other Investments:					
Renewal and Replacement Time CDs	1,608,913			1,608,913	3.241
Renewal and Replacement U.S. Agencies		1,521,310		1,521,310	0.874
Miscellaneous			1,010	1,010	n/a
TOTAL CASH AND INVESTMENTS	<u>\$28,693,223</u>	<u>\$88,490,534</u>	<u>\$521,432</u>	<u>\$117,705,189</u>	

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, 2018 and 2017 are \$2,626,143 and \$2,163,946, respectively, which are reported as other capital revenue along with any capital gifts or contributions.

6. ACCOUNTS RECEIVABLE, NET

At June 30, 2018 and 2017, the major components of accounts receivable are as follows:

	2018	2017
Student Tuition and Fees	\$4,305,998	\$3,892,023
Federal, State and Private Grants and Contracts	3,335,666	3,093,594
Auxiliary Enterprises and other Operating Activities	<u>1,996,951</u>	<u>1,625,075</u>
Total Accounts Receivable	9,638,615	8,610,692
Less allowance for doubtful accounts	<u>(850,703)</u>	<u>(736,322)</u>
Accounts Receivable, Net	<u>\$8,787,912</u>	<u>\$7,874,370</u>

7. STUDENT LOANS RECEIVABLE, NET

At June 30, 2018 and 2017, student loans receivable are as follows:

	2018	2017
Federal Perkins student loans	\$8,612,596	\$8,546,208
Other long-term loans	28,362	56,391
Institutional loans	<u>53,983</u>	<u>44,969</u>
Total student loans	8,694,941	8,647,568
Less allowance for doubtful accounts	<u>(873,669)</u>	<u>(867,413)</u>
Student loans receivable, net	<u>\$7,821,272</u>	<u>\$7,780,155</u>

8. INVENTORIES

At June 30, 2018 and 2017, inventories, stated at cost using various methods: retail or first-in, first-out (FIFO) consist of the following:

Location	Valuation Method	2018	2017
Bookstore	Retail	\$1,003,633	\$993,104
Facilities Maintenance	FIFO	394,232	369,898
Other inventory	FIFO	<u>367,194</u>	<u>376,871</u>
Total inventory		<u>\$1,765,059</u>	<u>\$1,739,873</u>

9. LAND AND CAPITAL ASSETS

The depreciation expense for the fiscal years ended June 30, 2018 and 2017 was \$26,543,190 and \$24,336,383, respectively.

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	<u>86,376,431</u>	<u>14,692,457</u>	<u>85,095,023</u>	<u>15,973,865</u>
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	<u>146,881,479</u>	<u>2,781,109</u>	<u>1,199,095</u>	<u>148,463,493</u>
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	14,849,972	2,091,524	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	<u>59,343,190</u>	<u>5,825,578</u>	<u>1,051,654</u>	<u>64,117,114</u>
Total accumulated depreciation	<u>365,534,907</u>	<u>26,543,189</u>	<u>4,080,470</u>	<u>387,997,626</u>
Capital Assets, Net of Depreciation	<u>\$374,206,159</u>	<u>\$77,435,200</u>	<u>\$736,115</u>	<u>\$450,905,244</u>

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

	6/30/2016	Additions	Reductions	6/30/2017
Non-depreciable Capital Assets				
Land	\$12,049,317	\$	\$	\$12,049,317
Construction in progress	<u>33,318,074</u>	<u>54,158,387</u>	<u>1,100,030</u>	<u>86,376,431</u>
Total non-depreciable capital assets	<u>\$45,367,391</u>	<u>54,158,387</u>	<u>\$1,100,030</u>	<u>\$98,425,748</u>
Depreciable Capital Assets				
Infrastructure	\$55,452,397		\$	\$55,452,397
Buildings	435,497,405	867,649		436,365,054
Furniture, fixtures and equipment	45,410,962	3,173,922	1,312,382	47,272,502
Library materials, art collection	53,671,134	98,500		53,769,634
Improvements	<u>145,122,101</u>	<u>1,759,378</u>		<u>146,881,479</u>
Total depreciable capital assets	<u>735,153,999</u>	<u>5,899,449</u>	<u>1,312,382</u>	<u>739,741,066</u>
Less Accumulated Depreciation				
Infrastructure	30,126,873	1,439,892		31,566,765
Buildings	176,735,973	12,480,639		189,216,612
Furniture, fixtures and equipment	35,808,436	3,257,587	1,247,924	37,818,099
Library materials, art collection	46,307,704	1,282,537		47,590,241
Improvements	<u>53,467,461</u>	<u>5,875,729</u>		<u>59,343,190</u>
Total accumulated depreciation	<u>342,446,447</u>	<u>24,336,384</u>	<u>1,247,924</u>	<u>365,534,907</u>
Capital Assets, Net of depreciation	<u>\$392,707,552</u>	<u>(\$18,436,935)</u>	<u>\$64,458</u>	<u>\$374,206,159</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, 2018 and 2017 are \$8,905,785 and \$8,742,603, 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.

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 2018 and FY 2017, \$130,379 and \$138,950, 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
2019	\$593,470	\$381,769
2020	617,348	356,386
2021	645,715	330,613
2022	669,428	303,742
2023	636,416	275,671
2024-2028	2,100,000	1,023,200
2029-2033	1,505,000	607,750
2034-2038	<u>1,500,000</u>	<u>191,750</u>
Total	<u>\$8,267,377</u>	<u>\$3,470,881</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, 2017 which is reported net of the unamortized original issues premium of \$1,161,271. The 2018A Housing and Dining Refunding bonds were issued to provide funds that will be used to advance refund and redeem on April 1, 2019 (the Crossover Date) a portion of the outstanding principal amount of the Series 2009B bonds and pay interest on the Series 2018A Bonds to the Crossover Date. The refunded bonds will remain outstanding until the Crossover Date at which point

they will be called for redemption in advance of their scheduled maturities and retired with a portion of the proceeds of the Series 2018A Bonds. Management expects the refunding will provide a net present value savings of approximately \$1,839,670. The amount required to refund the 2009B Bonds remaining plus a refunding premium and underwriter's discount (total of \$1,374,260) were sent directly to the escrow agent, US Bank and will be disbursed accordingly.

Series 2018B Housing and Dining Refunding Bonds (original issue price of \$33,680,000) with interest rates ranging from 2.0% to 5.0% and principal payments due in annual amounts ranging from \$415,000 to \$2,050,000 through April 30, 2043. The Series 2018B bonds have an aggregate face value of \$33,680,000 at June 30, 2018 which is reported net of the unamortized original issues premium of \$1,067,725.

Series 2015 Housing and Dining Refunding Bonds (original issue price of \$13,435,000) with interest rates ranging from 2.0% to 5.0% and principal payments due in annual amounts ranging from \$985,000 to \$1,530,000 through October 31, 2026. The Series 2015 bonds have an aggregate face value of \$10,330,000 at June 30, 2018 which is reported net of the unamortized original issues premium of \$1,093,376.

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 \$750,000 to \$980,000 through October 31, 2023. The Series 2012 bonds have an aggregate face value of \$5,255,000 at June 30, 2018 which is reported net of the unamortized original issues premium of \$162,133.

Series 2009 A & B Housing and Dining Revenue Bonds with (original issue price of \$12,835,000) interest rates ranging from 3.0% to 7.4% and principal payments due in annual amounts ranging from \$345,000 to \$360,000 through April 30, 2019. The Series 2009 bonds have an aggregate face value of \$360,000 at June 30, 2018.

Series 1998 Housing and Dining Junior Lien Revenue Refunding Bonds (original issue price of \$17,225,000) with interest rates ranging from 4.4% to 5.5%, and principal payments due in annual amounts that range from \$825,000 to \$1,270,000 through October 1, 2022.

The Series 1998 bonds have an aggregate face value of \$5,430,000 at June 30, 2018, which is reported net of the unamortized original issue premium of \$27,008.

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 \$21,440,000 at June 30, 2018, which is reported net of the unamortized original issue premium of \$267,312.

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
2019	\$3,805,000	\$3,563,005	\$795,000	\$837,000
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
2024-2028	14,250,000	6,996,805	5,100,000	3,050,000
2029-2033	11,145,000	4,577,837	6,205,000	1,944,800
2034-2038	8,820,000	2,842,525	5,905,000	602,200
2039-2043	<u>9,490,000</u>	<u>1,168,400</u>		
Total	\$65,750,000	\$27,896,946	\$21,440,000	\$9,511,425
Unamortized premium/ (discount)	3,511,513		269,312	
Total	<u>\$69,261,513</u>	<u>\$27,896,946</u>	<u>\$21,709,312</u>	<u>\$9,511,425</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	\$93,646,946	Housing and Dining bonds issued in 1998, 2009, 2012, 2015, 2018	Construction and renovation of student housing projects	2043	46.2%
Student Recreation Center gross revenues	30,951,425	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, 2018 and 2017:

	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	60,964,531		11,023,273	49,941,258	
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>

	6/30/16	Additions/ Amortization	Decreases/ Retirements	6/30/17	Current Portion
Bonds, Notes & Obligations payable					
Revenue and refunding bonds	\$64,515,402	(\$25,122)	\$4,254,387	\$60,235,893	\$4,055,000
Notes payable	4,032,724	6,236,063	454,656	\$9,814,131	547,941
Compensated absences	8,487,206	255,397		\$8,742,603	
OPEB Liability		100,201,213		\$100,201,213	
Pension Liabilities	59,261,804	1,702,727		60,964,531	
Total long-term liabilities	<u>\$136,297,136</u>	<u>\$108,370,278</u>	<u>\$4,709,043</u>	<u>\$239,958,371</u>	<u>\$4,602,941</u>

16. LEASES

WWU leases facilities for off-campus office and educational spaces under a variety of agreements. WWU also finances certain equipment through non-cancelable operating leases. At June 30, 2018, future payments under these operating leases are as follows:

Fiscal Year	Lease Payment
2019	\$599,711
2020	311,978
2021	221,947
2022	71,130
2023	
Total minimum lease payments	<u>\$1,204,766</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, 2018 and 2017 are as follows:

Operating Expenses	2018	2017 Restated
Instruction	\$129,116,008	\$116,580,928
Research	7,155,030	6,965,994
Academic support	15,815,826	15,569,201
Student services	23,336,452	21,095,852
Institutional support	25,589,034	26,605,536
Operation and maintenance of plant	51,605,261	46,870,300
Scholarships and other student aid	20,916,287	19,936,045
Auxiliary enterprise expenditures	<u>56,563,547</u>	<u>56,447,780</u>
Total operating expenses	<u>\$330,097,445</u>	<u>\$310,071,636</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 \$28,979,258 as of June 30, 2018 and \$38,144,529 as of June 30, 2017. The liability associated with the defined-benefit pension plan administered by WWU was \$20,962,000 as of June 30, 2018 and \$22,820,000 as of June 30, 2017. The total pension expense recorded by WWU related to both the DRS and University plans was \$2,571,909 and \$5,594,851 for the years ended June 30, 2018 and 2017 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 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:** 3.0% total economic inflation; 3.75% salary inflation
- **Salary Increases:** salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.50%

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 7.50% 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:

2018 - Measurement date 2017

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	20%	1.70%
Tangible Assets	5%	4.90%
Real Estate	15%	5.80%
Global Equity	37%	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 7.50 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 7.50 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 7.50 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 7.50 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 7.50 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 (6.50%) or 1.0% point higher (8.50%) than the current rate.

Discount Rate Sensitivity - Net Pension Liability/(Asset)

(\$ in thousands)

Plan	1% Decrease	2018 Current Discount Rate	1% Increase
	6.5%	7.5%	8.5%
PERS 1	\$18,143	\$14,894	\$12,079
PERS 2/3	35,495	13,175	(5,113)
TRS 1	880	708	559
TRS 2/3	688	202	(192)
LEOFF 2	163	(753)	(1,500)
	\$55,370	\$28,226	\$5,833

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					
	7/1/2016 thru 6/30/2017		7/1/2017 thru 8/31/2017		9/1/2017 thru 6/30/2018	
	Employee	University	Employee	University	Employee	University
PERS						
Plan 1	6.00%	11.18%	6.00%	12.70%	6.00%	12.70%
Plan 2	6.12%	11.18%	7.38%	12.70%	7.38%	12.70%
Plan 3	5.00-15.00% **	11.18% *	5.00-15.00% **	12.70% *	5.00-15.00% **	12.70% *
TRS						
Plan 1	6.00%	13.13%	6.00%	13.13%	6.00%	15.20%
Plan 2	5.95%	13.13%	5.95%	13.13%	7.06%	15.20%
Plan 3	5.00-15.00% **	13.13% *	5.00-15.00% **	13.13% *	5.00-15.00% **	15.20% *
LEOFF						
Plan 2	8.41%	8.59%	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 2017	FY 2018
PERS		
	\$	\$
Plan 1	3,203,699	3,778,063
Plan 2	951,417	1,186,176
Plan 3		
TRS		
	7,003	7,418
Plan 1	4,973	2,042
Plan 2	153,539	250,133
Plan 3		
LEOFF		
Plan 2	87,594	106,591

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, 2018 and 2017 was June 30, 2017 and 2016 (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, 2018 and June 30, 2017 is presented in the table below.

Proportionate Share Allocation Percentage					
	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
FY 18 Proportionate Share	0.3139%	0.3792%	0.0234%	0.0220%	0.0543%
FY 17 Proportionate Share	0.3267%	0.3899%	0.0208%	0.0188%	0.0520%

Aggregate Pension Balances (\$ in thousands)						
	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
June 30, 2018						
Net Pension Liability	\$ 14,894	\$ 13,175	\$ 708	\$ 202	\$	\$ 28,979
Net Pension Asset	\$	\$	\$	\$	\$ 753	\$ 753
June 30, 2017						
Net Pension Liability	\$ 17,547	\$ 19,630	\$ 709	\$ 258	\$	\$ 38,145
Net Pension Asset	\$	\$	\$	\$	\$ 303	\$ 303

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, 2018	\$ 234	\$ 2,064	\$ 133	\$ 101	\$ (27)	\$ 2,505
Year Ended June 30, 2017	\$ 1,576	\$ 3,070	\$ 10	\$ 94	\$ 51	\$ 4,801

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)

2018	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected and actual experience	\$	\$ 1,335	\$	\$ 51	\$	\$ 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		3512	30	73	169	4340
Change in proportion	556	393			25	418
TOTAL	\$ 556	\$ 4,338	\$ 30	\$ 83	\$ 223	\$ 5,230

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
2019	\$ (376)	\$ (1,215)	\$ \$(22)	\$ (4)	\$ (77)	\$ (1,695)
2020	119	499	8	34	18	677
2021	(28)	(335)	(1)	10	(9)	(362)
2022	(271)	(1,475)	(15)	(23)	(70)	(1,855)
2023		56		7	(5)	59
Thereafter		73		28	(22)	79
TOTAL	\$ (556)	\$ (2,397)	\$ (30)	\$ 53	\$ (165)	\$ (3,097)

Deferred Outflows of Resources (\$ in thousands)

2017	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected and actual experience	\$	\$ 1,045	\$	\$ 19	\$ 41	\$ 1,105
Changes of assumptions		203		3	1	207
Net difference between projected and actual earnings on pension plan investments	442	2,402	23	41	109	3,017
Change in proportion		738		74		812
Contributions subsequent to the measurement date	1,890	2,382	82	84	88	4,527
TOTAL	\$ 2,332	\$ 6,770	\$ 105	\$ 221	\$ 239	\$ 9,667

Deferred Inflows of Resources (\$ in thousands)

2017	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected and actual experience	\$	\$ 648	\$	\$ 11	\$	\$ 659
Changes of assumptions						
Net difference between projected and actual earnings on pension plan investments						
Change in proportion					(19)	(19)
TOTAL	\$	\$ 648	\$	\$ 11	\$ (19)	\$ 640

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, 2018 and 2017 was 1,139 and 1,130 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.

	2018	2017
Contributions made by:		
Employees	\$7,735,512	\$7,338,219
University	7,735,655	7,427,761

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 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
2016	48	1	646	695
2015	40		775	815

This same census data was used for both the FY 2018 and FY 2017 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. Benefit payments made during the fiscal years ended June 30, 2018 and 2017 were \$379,880 and \$243,931 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:** 3.87%

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 3.87%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.0% point lower (2.87%) or 1.0% point higher (4.87%) than the current rate.

WWURP	
Total Pension Liability	
Discount Rate Sensitivity	
1% Decrease: 2.87%	\$23,761,000
Current Discount Rate: 3.87%	\$20,962,000
1% Increase: 4.87%	\$18,618,000

Material assumption changes during the measurement period included first, updating the GASB Statement No. 73 discount rate from 3.58% to 3.87% (decreased the TPL), and secondly, updating the two variable income investment return assumptions used in the "assumed income" calculation from 6.25% to 12.32% for the CREF component and from 4.25% to 4.23% for the TIAA component (decreased the TPL).

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 30,2016		\$ 28,623,000
Service Cost	\$ 1,057,000	
Interest	842,000	
Differences Between Expected and Actual Experience	(5,277,000)	
Changes in Assumptions	(2,126,000)	
Benefits Payments	(299,000)	
Net Change in Total Pension Liability FY 17		<u>(5,803,000)</u>
Balance as of 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>
Ending Balance - June 30,2018		<u>\$ 20,962,000</u>

WWUSRP pension expense for the fiscal years ended June 30, 2018 and 2017 was \$ 66,880 and \$794,053 respectively.

DEFERRED INFLOWS OF RESOURCES:

The tables below summarize WWU's deferred inflows of resources related to the WWUSRP, together with the related future year impacts to pension expense from amortization of those deferred amounts:

Deferred Inflows of Resources	2018	2017
Difference between expected and actual experience	\$ 5,642,000	\$ 4,490,000
Changes of assumptions	<u>2,202,000</u>	<u>1,809,000</u>
TOTAL	<u>\$ 7,844,000</u>	<u>\$ 6,299,000</u>

Amortization of Deferred Inflows of Resources	
Year	
2019	\$ (1,507,000)
2020	(1,507,000)
2021	(1,507,000)
2022	(1,507,000)
2023	(1,175,000)
Thereafter	<u>(641,000)</u>
TOTAL	<u>\$ (7,844,000)</u>

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 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

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 January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement period:

- **Inflation:** 3.00%
- **Salary Increases:** 3.75% including service-based salary increases
- **Health Care Trend Rates:** Initial rate of 7.00% adjusting to 5.00% 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 2.85% was used for the June 30, 2016 measurement date and 3.58% for the June 30, 2017 measurement date.

The following presents the total OPEB liability of WWU, calculated using the discount rate of 3.58%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58% or 1 percentage point higher (4.58%) than the current rate.

Total OPEB Liability Discount Rate Sensitivity	
1% Decrease	\$114,764,907
Current Discount Rate - 3.58%	\$94,060,078
1% Increase	\$78,037,863

The following represents the total OPEB liability of WWU calculated using the health care trend rates of 7.00% decreasing to 5.00%, 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 (6.00% decreasing to 4.00%) or 1 percentage point higher (8.00% decreasing to 6.00%) than the current rate:

Total OPEB Liability Health Care Cost Trend Rate Sensitivity	
1% Decrease	\$75,987,599
Current Discount Rate - 7.00%	\$94,060,078
1% Increase	\$118,314,957

TOTAL OPEB LIABILITY:

As of June 30, 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 18 Proportionate Share	1.61453732%
Schedule of Changes in Total OPEB Liability	
Total OPEB Liability	2018
Service cost	\$6,376,700
Interest	2,986,885
Changes of benefit terms	
Differences between expected & actual experience	
Changes in assumptions	(14,570,079)
Benefit payments	(1,522,164)
Change in Proportionate share	587,523
Other	
Net Change in Total OPEB Liability	(\$6,141,135)
Total OPEB Liability - Beginning	\$100,201,213
Total OPEB Liability - Ending	\$94,060,078

OPEB expense for the fiscal year ended June 30, 2018 was \$ 7,808,981.

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	
2018	
Change in proportion	\$ 514,356
Contributions subsequent to the measurement date	1,488,560
TOTAL	\$ 2,002,916
Deferred Inflows of Resources	
2018	
Changes of assumptions	\$12,951,181
TOTAL	\$ 12,951,181

Amortization of Deferred Outflows and Deferred Inflows of Resources	
Year	
2019	\$ (1,554,604)
2020	(1,554,604)
2021	(1,554,604)
2022	(1,554,604)
2023	(1,554,604)
Thereafter	(4,663,805)
TOTAL	\$ (12,436,825)

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, 2018 and 2017 are:

	2018	2017
Operating	\$3,399,941	\$3,894,892
Research	\$659,354	\$1,251,431
Capital Projects	\$35,931,865	\$18,382,666
Total Commitments	39,991,160	23,528,989

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.

24. FOUNDATION PLEDGED GIFT RECEIVABLE

In April 2012, WWU received a \$1.0 million unconditional pledged gift from the Foundation for the purpose of the design and construction of the Harrington Field project to be located on WWU's campus. The pledged gift to WWU is recorded at its net present value, with the discount amortized over the 8 year payment schedule using the straight line method. The remaining pledge is expected to be paid as follows:

For the year ending June 30	
2019	250,000
2020	250,000
	<u>500,000</u>
Less present value discount (0.71%)	<u>(1,762)</u>
Pledged gift receivable from the Foundation	<u><u>\$498,238</u></u>

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
WWU PERS 1 employers' proportion of the net pension liability	0.320%	0.315%	0.327%	0.314%
WWU PERS 1 employers' proportionate share of the net pension liability	\$16,130	\$16,483	\$17,547	\$14,894
WWU PERS 1 employers' covered-employee payroll	\$33,355	\$34,435	\$38,407	\$38,214
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%
Plan fiduciary net position as a percentage of the total pension liability	61.19%	59.10%	57.03%	61.24%

* 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
WWU PERS 2/3 employers' proportion of the net pension liability	0.367%	0.373%	0.390%	0.379%
WWU PERS 2/3 employers' proportionate share of the net pension liability	\$7,421	\$13,333	\$19,630	\$13,175
WWU PERS 2/3 employers' covered-employee payroll	\$31,601	\$33,088	\$37,093	\$37,188
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%
Plan fiduciary net position as a percentage of the total pension liability	93.29%	89.20%	85.82%	90.97%

* 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 *				
<i>(dollars in thousands)</i>				
	2014	2015	2016	2017
WWU TRS 1 employers' proportion of the net pension liability	0.016%	0.022%	0.021%	0.023%
WWU TRS 1 employers' proportionate share of the net pension liability	\$485	\$689	\$709	\$708
WWU TRS 1 employers' covered-employee payroll	\$597	\$890	\$939	\$1,254
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%
Plan fiduciary net position as a percentage of the total pension liability	68.77%	65.70%	62.07%	65.58%

* 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
WWU TRS 2/3 employers' proportion of the net pension liability	0.011%	0.016%	0.019%	0.022%
WWU TRS 2/3 employers' proportionate share of the net pension liability	\$35	\$134	\$258	\$203
WWU TRS 2/3 employers' covered-employee payroll	\$470	\$742	\$900	\$1,203
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%
Plan fiduciary net position as a percentage of the total pension liability	96.81%	92.48%	88.72%	93.14%

* 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
WWU LEOFF 2 employers' proportion of the net pension liability (asset)	0.057%	0.056%	0.052%	0.054%
WWU LEOFF 2 employers' proportionate share of the net pension liability (asset)	(\$753)	(\$575)	(\$303)	(\$753)
WWU LEOFF 2 employers' covered-employee payroll	\$948	\$974	\$945	\$1,032
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%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	116.75%	111.67%	106.04%	113.36%

* 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
WWU SRP total pension liability	\$28,623	\$22,820	\$20,962
WWU SRP employers' covered-employee payroll	\$52,616	\$54,916	\$54,645
WWU SRP total pension liability as a percentage of its covered-employee payroll	54.40%	41.55%	38.36%

* 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									
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					
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									
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					
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					
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					
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 WWU's Proportionate Share of Total OPEB Liability

Schedule of WWU's Proportionate Share of Total OPEB Liability		
Measurement Date ended June 30 *		
<i>(dollars in thousands)</i>		
	2016	2017
WWU employers' proportion of the total OPEB liability	1.605126%	1.614537%
WWU employers' proportionate share of the total OPEB liability	\$100,201	\$94,060
WWU employers' covered-employee payroll	\$135,096	\$140,948
WWU employers' proportionate share of total OPEB liability as a percentage of its covered employee payroll	74.17%	66.73%

* As of June 30; this schedule is to be built prospectively until it contains 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					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
Notes: These schedules will be built prospectively until they contain ten years of data.					



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HOUSING AND DINING SYSTEM

Table of Contents

Management’s Discussion and Analysis	3
Independent Auditor’s Report	11
Financial Statements	
Statements of Net Position	14
Statements of Revenues, Expenses and Changes in Net Position	15
Statements of Cash Flows	16
Notes to the Financial Statements	17
Required Supplementary Information	
Pension Plan Information:	
Schedules of Housing and Dining System’s Proportionate Share of the Net Pension Liability	44
Schedules of Housing and Dining System’s Proportionate Share of the Total Pension Liability.....	46
Schedules of Contributions	47
OPEB Information:	
Schedule of Housing and Dining System’s Proportionate Share of the Total OPEB Liability	50
Schedule of OPEB Contributions	51
Other Information	
Schedule of Room and Board Rates	53
Schedule of Occupancy	54
Schedule of Insurance Coverage	55
Expended for Plant Facilities	56

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Overview

Western Washington University's Housing and Dining System (the System) 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 all 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.

The following discussion and analysis provides an overview of the financial position and activities of the System for the years ended June 30, 2018, 2017 and 2016. 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.

**HOUSING AND DINING SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2018 and 2017

Below is a condensed view of the Statement of Net Position as of June 30, 2018, 2017 and 2016:

(Dollars in Thousands)

	<u>2018</u>	<u>2017 Restated</u>	<u>2016 Restated</u>
Assets			
Current assets	\$8,001	\$9,276	\$8,571
Noncurrent assets	39,508	10,004	13,190
Capital assets, net	110,507	101,511	100,363
Total assets	<u>158,016</u>	<u>120,791</u>	<u>122,124</u>
Deferred outflows	1,287	1,170	1,087
Liabilities			
Current liabilities	10,817	7,581	3,236
Noncurrent liabilities	70,890	40,479	30,412
Total liabilities	<u>81,708</u>	<u>48,060</u>	<u>33,647</u>
Deferred inflows	811	126	213
Net Position			
Net investment in capital assets	65,919	64,484	59,969
Restricted, expendable	3,426	3,381	3,361
Unrestricted	7,438	5,910	11,978
Total net position	<u><u>\$76,783</u></u>	<u><u>\$73,775</u></u>	<u><u>\$75,308</u></u>

The primary components in the asset category are cash, investments, receivables and capital assets. Total assets increased \$37.2 million (30.8%) in fiscal year (FY) 2018 and decreased \$1.3 million (-1.1%) during FY 2017.

Total Cash and Investments increased \$28.4 million (163.0%) during FY 2018 (see Note 2) primarily due to the investment of unspent bond proceeds. During FY 2018, the System issued \$33.7 million in revenue bonds to fund a new Multicultural Center and renovations to certain residence halls. These bond proceeds were invested in both long and short term instruments, with maturities matched to anticipated cash flow needs. The allocation of 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. Unrestricted current cash and investments decreased \$1.1 million in FY 18 due to a shift to longer-term investments. Total Cash and Investments decreased \$3.0 million (-14.7%) during FY 2017 as a result of increased spending in operations and capital assets.

Depreciable and non-depreciable capital assets increased \$8,995,404 (8.9%) due to increases in construction-in-progress of the Multicultural Center and residence halls renovations combined with other capital additions (see

Note 3). Depreciable and non-depreciable capital assets increased in FY 2017 by \$1,148,585 (1.1%) primarily due to an increase in construction in progress. (See Note 3).

Major projects completed during FY2018 were: Gamma renovation and Carver food service addition. The major project completed during FY 2017 was the Nash mechanical room upgrade.

Current liabilities exceed current assets by \$2,765,135 in FY2018 as a result of increased payables for renovation and capital projects. Current assets exceed current liabilities by \$1,695,047 in FY 2017. 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 \$3,235,868 (42.7%) in FY2018 due to the impact of payables related to renovations and bonds payable. Current liabilities increased \$211,867 in FY 2017 (2.9%) due primarily to increases in current bonds payable and accounts payable.

Total noncurrent liabilities increased \$30,411,593 (75.1%) during FY2018 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). As a result The System has included its share of the actuarially calculated OPEB total liability in the amount of \$3,577,005 for FY 2018 compared to \$3,663,726 for FY 2017. Total noncurrent liabilities increased 158,647 (0.4%) during FY 2017 primarily due to a decrease in long term debt offset with an increase in the OPEB liability.

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 \$3,007,751 (4.1%) in FY 2018 due to increases in net investment in capital assets and unrestricted net assets, and decreased \$1,532,635 (-2%) in FY2017 due to the restatement of unrestricted net assets from the implementation of GASB Statement No. 75.

Net investment in capital assets increased in \$1,434,814 (2.2%) in FY2018 due to the capitalization of the Gamma and Carver projects. Net investment in capital assets increased in FY 2017 by \$4,515,692 (7.5%) primarily due to the reduction in bonds payable combined with a \$1,148,585 increase in capital assets, net.

Unrestricted net position increased \$1,527,343 (25.8%) in FY2018 as the growth in revenue outpaced expenses. Unrestricted net position decreased \$6,068,327 (-50.7%) in FY 2017 primarily due to the restatement from the implementation of GASB Statement No. 75 combined with increased spending on operations and capital.

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.

***HOUSING AND DINING SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS***

June 30, 2018 and 2017

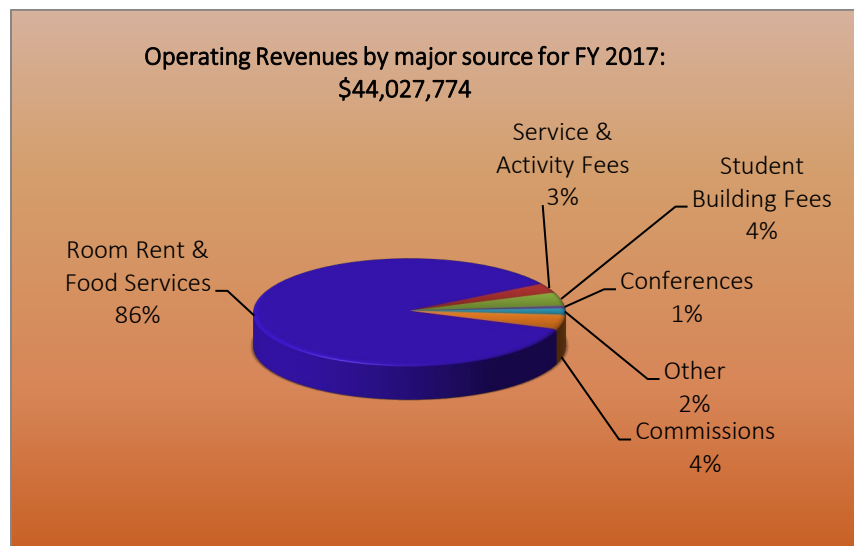
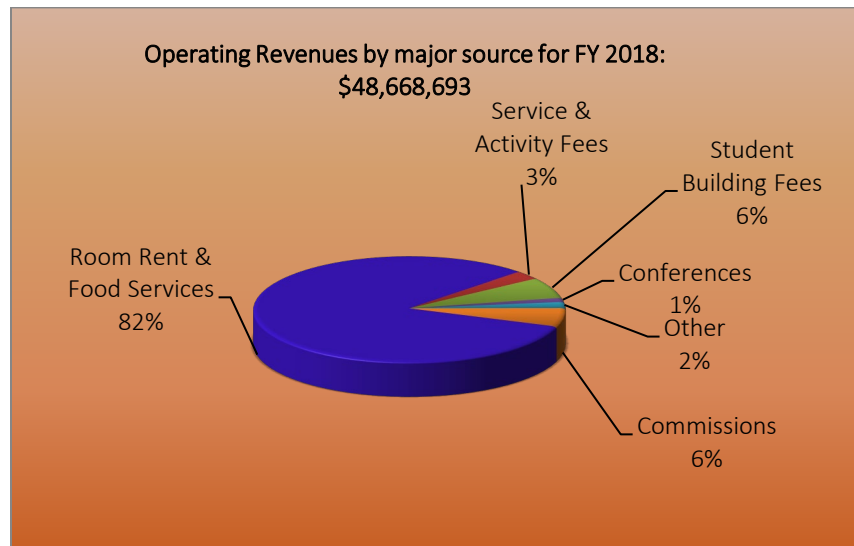
In general, operating revenues are those received for providing housing, dining and related services to the customers of the System, the majority of which consists of room and board services to students. Operating expenses are those expenses paid to provide the services and resources to the students 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, 2018, 2017, and 2016:

(Dollars in thousands)

	<u>2018</u>	<u>2017 Restated</u>	<u>2016 Restated</u>
Operating revenues	\$48,669	\$44,028	\$42,844
Operating expenses	<u>(44,482)</u>	<u>(40,613)</u>	<u>(38,728)</u>
Income from operations	4,187	3,415	4,116
Nonoperating revenues	894	478	1,316
Nonoperating expenses	<u>(2,073)</u>	<u>(1,816)</u>	<u>(1,938)</u>
Increase in Net Position	3,008	2,076	3,494
Net Position, Beginning of year	73,775	75,308	71,814
Restatement	<u>-</u>	<u>(3,608)</u>	<u>-</u>
Net Position, Beginning of year , as restated	<u>73,775</u>	<u>71,700</u>	<u>71,814</u>
Net Position, End of year	<u><u>\$76,783</u></u>	<u><u>73,775</u></u>	<u><u>\$75,308</u></u>

Total operating revenue increased for FY 2018 primarily influenced by increases to room and board revenue and student building fee revenue which supports the Viking Union and the new Multicultural Center.



Room rent and food service revenues increased \$2,138,553 (5.7%) in FY2018 due to a 6% rate increase and 1.35% occupancy increase. Room rent and food service revenues increased \$1,727,216 (4.8%) in FY 2017 due to a 4.0% rate increase and 1.5% occupancy increase.

Student building fee revenue increased \$1,327,712 (74%) due to collections from the new \$30 per quarter Multicultural Center Fee which began Fall 2017. There was no increase to the Viking Union building fee. Student

**HOUSING AND DINING SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2018 and 2017

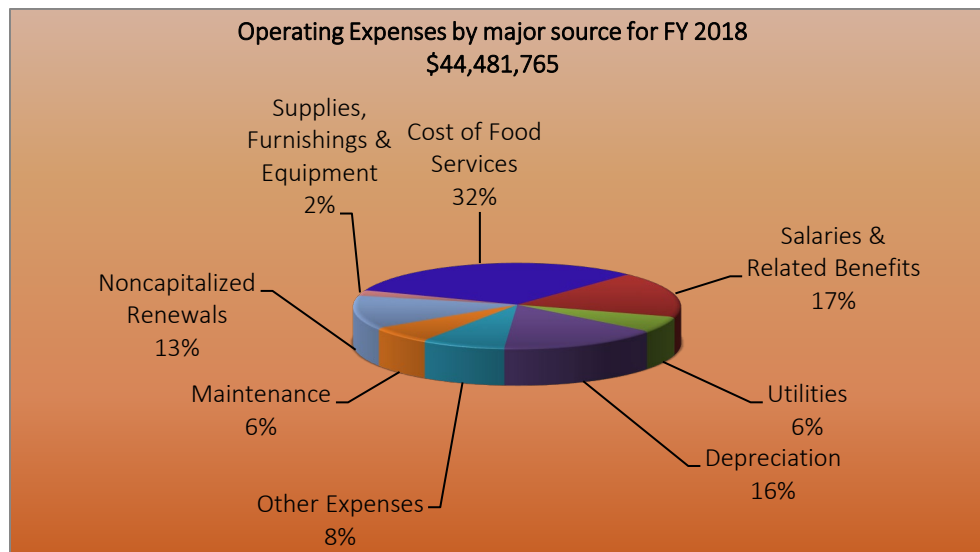
building fee revenue increased \$157,280 (9.6%) in FY 2017 due to a \$4 per quarter or 10.0% increase in the fee (from \$39 to \$43.)

Conference revenue increased \$274,422 (80.4%) due to additional conference bookings. Conference revenue decreased \$199,366 (-36.9%) in FY 2017 due to reduced bookings.

Viking Union revenue increased \$41,686 (9.7%) due to increases in interest earnings, AS chargebacks and facility use. The remainder of the increase is due to fee and facility use increases. Viking Union revenue increased \$25,407 (6.3%) in FY 2017 due primarily to an increase in recycle center revenue.

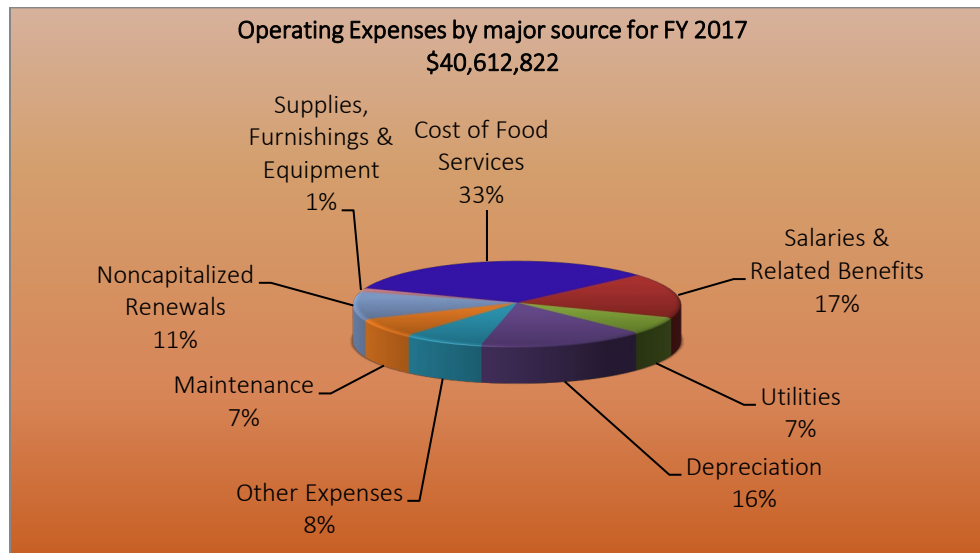
Commission revenue increased \$819,743 (42.6%) primarily due to the comparative impact of the FY2017 one-time adjustment. Commission revenue decreased \$477,446 (-19.9%) in FY 2017 due to a one-time adjustment to the contracted dining commission level. (See Note 6).

Fees, penalties, and other income increased \$5,656 (1.9%) due to a slight increase in other income. Fees, penalties, and other income decreased \$56,487 (-16.3%) in FY 2017 primarily due to a reduction in other income (surplus sale proceeds.)



Overall operating expenses for FY 2018 increased \$3,868,943 (9.5%) and \$1,876,754 (4.8%) for FY 2017 due primarily to an increase in non-capitalized renewals and replacements.

Cost of food services for FY2018 increased \$650,780 (4.9%) due to the effect of a 5.25% board rate increase, and an occupancy increase. Cost of food services for FY 2017 increased \$647,123 (5.1%) due to the effect of a 4.6% rate increase and an increase in occupancy (students on resident dining plans).



Salaries and benefits expense for FY 2018 increased \$828,085 (11.9%) due to increases in state wages, state minimum wage, and several benefit line items. FY2018 charges related to GASB statements No. 68, 73 and 75 totaled \$155,838. Salaries and benefits expense for FY 2017 decreased \$4,765 (-0.1%) primarily due to the decrease in GASB Statement No. 73 pension liability reporting net against the increase in wages and benefits coupled with a decrease in wage buyout expenses. (See Note 1).

Utilities expense decreased \$4,940 (-0.2%) due to slight decreases in electricity and heating (natural gas). Utilities expense decreased \$7,876 (-0.3%) in FY 2017 due to slight decreases in electricity, water, and refuse disposal expenses.

Repairs and maintenance expense for FY2018 decreased \$108,387 (-3.7%) due to several larger FY2018 repair projects categorized as non-capitalized renewals & replacements. The Facilities Maintenance recharge rate increased variably across the maintenance crafts. Repairs and maintenance expense for FY 2017 increased \$421,303 (16.7%) due to an approximately 4.8% increase in the recharge rate and an increase in planned and reactive maintenance.

Furniture and Equipment expense increased \$365,820 (153%) in FY2018 primarily due to increased room chair purchases and the purchase of the housing management software. Furniture and Equipment expense for FY2017 decreased \$7,523 (-3.0%) primarily due to reductions in computer and computer component purchases.

Depreciation expense increased \$344,762 (5.2%) due to the increase in capitalized assets. Depreciation expense decreased \$183,354 (-2.7%) in FY 2017 due to scheduled depreciation on existing assets.

WWU's administrative services assessment fee (included in institutional services) increased \$268,213 (18%) in FY2018 and decreased \$55,108 (-3.6%) in FY2017. The rate charged against the System revenues (less food service contract) was 5.775% in FY2018 and 5.5% for FY2017.

Other expenses increased \$154,015 (17.5%) primarily due to costs associated with the FY 2018 bond issues. Other expenses increased \$45,788 (5.5%) in FY 2017 influenced primarily by increases in tax expense and bad debt expense.

Non-operating expenses (interest & amortization) for FY2018 increased \$256,529 (14.1%) due to the increase in bond interest expense. Non-operating expenses (interest & amortization) for FY 2017 decreased \$121,923 (-6.3%) due to reduced bond interest expense. (See Note 4).

Non-Operating revenue for FY2018 increased \$416,547 (87.2%) influenced primarily by increased investment income from bond proceeds and a capital contribution from the Bookstore. Non-Operating revenue for FY 2017 decreased \$838,527 (-63.7%) due to a reduction in comparative capital contribution. (See Note 6).

Economic Factors and Significant Events

WWU's fall quarter of FY 2018 enrollment headcount of 14,968 represents a 2.65% increase over fall quarter of FY 2017 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 2018 is expected to be slightly less than that of fall 2017 due primarily to a reduction to the number of students choosing to continue living on campus.

The System's auxiliary capital plan, shared with WWU's Board of Trustees in December 2016, addresses future development and renovation needs of the System, and has been informed by the results of an extensive facility condition assessment. \$33,680,000 in bonds were issued in March 2018 to fund the initial two years of this work (Buchanan Towers renovation) as well as the construction of the new Multicultural Center addition to the Viking Union. A request for qualifications for a Housing & Dining Development Assessment has been recently released with the goal of obtaining a comprehensive assessment of the System that will evaluate 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.

Planning for the addition of an approximately 400-bed on-campus residence hall has begun. The project will be delivered through a progressive design-build process and will be supported with revenue bonds issued autumn 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.

HOUSING AND DINING SYSTEM
STATEMENT OF NET POSITION

June 30, 2018 and 2017

Assets	2018	2017 Restated
Current assets		
Cash and cash equivalents (Note 2)	\$1,677,194	\$2,060,249
Investments (Note 2)	4,599,549	5,340,048
Accounts receivable, net of allowance of \$99,417 and \$77,418 in 2018 and 2017, respectively	340,593	277,318
Interest receivable	115,446	20,957
Other receivables	1,267,807	1,577,869
Total current assets	<u>8,000,589</u>	<u>9,276,441</u>
Noncurrent assets		
Restricted investments (Note 2)	29,971,571	3,130,223
Investments (Note 2)	9,535,766	6,873,136
Nondepreciable capital assets (Note 3)	14,198,347	8,912,369
Depreciable capital assets, net (Note 3)	96,308,356	92,598,930
Total noncurrent assets	<u>150,014,040</u>	<u>111,514,658</u>
Total assets	<u>158,014,628</u>	<u>120,791,099</u>
 Deferred Outflows		
Deferred loss on bond refunding	890,179	705,104
Related to pension (Note 6)	320,660	409,881
Related to OPEB (Note 7)	76,169	55,332
Total deferred outflows	<u>1,287,008</u>	<u>1,170,317</u>
 Liabilities		
Current liabilities		
Accounts payable	4,255,130	1,975,955
Accrued expenses	294,449	262,804
Residents' housing deposits	1,277,858	1,315,000
Unearned revenues	263,433	251,918
Bonds interest payable	921,392	490,717
Current portion of bonds payable (Note 4)	3,805,000	3,285,000
Total current liabilities	<u>10,817,262</u>	<u>7,581,394</u>
Noncurrent liabilities		
Compensated Absences	370,592	370,855
Bonds payable, less current portion (Note 4)	65,456,513	34,447,103
Net pension liability (Note 4, 6)	1,486,191	1,997,024
Net OPEB Liability (Note 7)	3,577,005	3,663,726
Total noncurrent liabilities	<u>70,890,301</u>	<u>40,478,708</u>
Total liabilities	<u>81,707,563</u>	<u>48,060,102</u>
 Deferred Inflows		
Related to pension (Note 6)	318,489	126,001
Related to OPEB (Note 7)	492,520	-
Total deferred inflows	<u>811,009</u>	<u>126,001</u>
 Net Position		
Net investment in capital assets	65,919,114	64,484,300
Restricted, expendable	3,426,159	3,380,565
Unrestricted	7,437,791	5,910,448
Total net position	<u>\$76,783,064</u>	<u>\$73,775,313</u>

HOUSING AND DINING SYSTEM
STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

*For the Years Ended
June 30, 2018 and 2017*

	2018	2017 Restated
Operating Revenues		
Room rent and food services	\$39,959,454	\$37,820,901
Service and activity fees	1,323,752	1,300,396
Student building fees	3,120,325	1,792,613
Conferences	615,640	341,218
Viking Union income	470,358	428,672
Rent	140,163	130,372
Commissions	2,742,720	1,922,977
Fees, penalties, and other income	296,281	290,625
Total operating revenue	<u>48,668,693</u>	<u>44,027,774</u>
Operating Expenses		
Cost of food services	14,055,608	13,404,829
Salaries and related benefits	7,770,136	6,942,051
Utilities	2,627,076	2,632,016
Repairs and maintenance	2,839,675	2,948,062
Communications	198,995	203,057
Insurance	469,325	468,810
Supplies	337,463	315,376
Furniture and equipment	605,230	239,410
Institutional services	1,963,871	1,666,105
Depreciation	6,994,253	6,649,491
Noncapitalized renewals and replacements	5,584,177	4,261,674
Other	1,035,956	881,941
Total operating expenses	<u>44,481,765</u>	<u>40,612,822</u>
Income from operations	4,186,928	3,414,952
Nonoperating Revenues (Expenses)		
Investment income	424,813	180,739
Build America Bonds interest subsidy	284,735	290,732
Other capital contribution	184,795	6,325
Interest expense	(2,352,618)	(2,012,596)
Amortization of bond discounts and premiums	279,099	195,607
Total nonoperating (expenses) revenues	<u>(1,179,176)</u>	<u>(1,339,193)</u>
Increase in net position	3,007,751	2,075,758
Net Position, Beginning of Year	<u>73,775,313</u>	<u>75,307,948</u>
Restatement (Note 1)	-	(3,608,394)
Net Position as restated	73,775,313	71,699,554
Net Position, End of Year	<u>\$76,783,064</u>	<u>\$73,775,313</u>

HOUSING AND DINING SYSTEM
STATEMENT OF CASH FLOWS

For the Years Ended
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u> <u>Restated</u>
Cash Flows from Operating Activities		
Cash received from students and other customers	48,889,851	\$43,471,316
Cash paid to employees	(7,582,909)	(7,076,986)
Cash paid to suppliers	<u>(29,626,802)</u>	<u>(26,800,433)</u>
Net cash flows provided by operating activities	11,680,140	9,593,897
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	46,690,611	-
Interest earned on bond proceeds	176,375	-
Capital Contribution	184,795	6,325
Payment of long-term debt	(15,067,177)	(3,171,501)
Interest payments	(1,921,943)	(2,042,160)
Build America Bonds interest subsidy	284,735	290,732
Purchase of capital assets	<u>(13,801,063)</u>	<u>(7,929,671)</u>
Net cash flows (used in) by capital and related financing activities	16,546,334	(12,846,275)
Cash Flows from Investing Activities		
Investment income received	153,949	243,016
Net (loss) proceeds of restricted investments	-	(71,019)
Net purchases of investments	<u>(28,763,479)</u>	<u>2,786,921</u>
Net cash flows (used in) provided by investing activities	<u>(28,609,530)</u>	<u>2,958,918</u>
Net change in cash and cash equivalents	(383,056)	(293,460)
Cash and Cash Equivalents, Beginning of Year	<u>2,060,249</u>	<u>2,353,709</u>
Cash and Cash Equivalents, End of Year	<u>\$1,677,193</u>	<u>\$2,060,249</u>
Reconciliation of Operating Income to Net Cash Provided to Operating Activities		
Operating income	4,186,928	3,414,952
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation	6,994,253	6,649,491
Net pension expense	(229,125)	(168,653)
Net OPEB expense	384,962	-
Change in operating assets and liabilities		
Accounts receivable	(63,275)	(60,850)
Other receivables	310,062	(529,554)
Accounts payable	90,574	220,847
Accrued salaries and benefits	31,389	33,718
Residents' housing deposits	(37,142)	49,395
Unearned revenue	<u>11,515</u>	<u>(15,449)</u>
Cash flows from operating activities	<u>\$11,680,141</u>	<u>\$9,593,897</u>
Supplemental Disclosure of Noncash Capital and Related Financing Activities		
Change in capital asset additions included in accounts payable	<u>\$2,188,593</u>	<u>(\$131,596)</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, 2018 and 2017 are \$370,592 and \$370,855, 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.

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 in FY 2018 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.

Restatement of Total Pension Liabilities

During FY 2017, WWU adopted GASB Statement No. 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to certain Provisions of GASB statements 67 and 68." Statement No. 73 requires that the System record in its statements the net position of the earliest period presented. The Benefits Expense and the Net Pension Obligations amounts for FY

HOUSING AND DINING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018 and 2017

2016 increased by \$378,594. The total pension liability information is provided to the System by the Office of State Actuaries. The information provided only allowed the System to restate FY 2016.

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 \$1,758,127 and \$1,489,914, which was 5.775% and 5.5% of revenues (less food service contract) for the years ending June 30, 2018 and 2017, 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

On July 1, 2015, the System adopted GASB Statement No. 72 "Fair Value Measurement and Application". This Statement 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 \$29,971,571 and \$3,130,223 in FY 2018 and FY 2017 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, 2018 and 2017

Fair Value Measurements as of June 30, 2018 using:						
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total	Weighted Average Maturity (in years)	
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>		

Fair Value Measurements as of June 30, 2017 using:						
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total	Weighted Average Maturity (in years)	
Cash and Cash Equivalents	\$2,060,249	\$ -	\$ -	\$2,060,249	0.003	
Investments						
Certificates of deposit - restricted	1,608,913	-	-	1,608,913	3.241	
U.S. Treasuries - restricted	-	1,521,310	-	1,521,310	0.874	
Certificates of deposit	562,785	-	-	562,785	2.532	
Commercial Paper	1,125,201	-	-	1,125,201	0.045	
U.S. Treasuries	-	2,802,071	-	2,802,071	1.688	
U.S. Agencies	-	7,723,128	-	7,723,128	1.805	
	<u>\$5,357,148</u>	<u>\$12,046,509</u>	<u>\$ -</u>	<u>\$17,403,657</u>		

HOUSING AND DINING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 3. CAPITAL ASSETS, NET

The depreciation expense for the years ended June 30, 2018 and 2017 was \$6,994,253 and \$6,649,491, respectively.

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

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

Description	June 30, 2016	Additions	Reductions	June 30, 2017
Non-depreciable capital assets				
Construction in progress	\$2,366,990	\$7,172,205	(\$626,826)	\$8,912,369
Total non-depreciable capital assets	2,366,990	7,172,205	(626,826)	8,912,369
Depreciable capital assets				
Buildings	124,942,019	812,068		125,754,087
Buildings improvements	33,917,366			33,917,366
Furniture, fixtures, and equipment	7,418,945	450,355	(37,562)	7,831,738
Infrastructure	4,492,564			4,492,564
Total depreciable capital assets	170,770,894	1,262,423	(37,562)	171,995,755
Less Accumulated Depreciation				
Buildings	52,979,557	4,087,244		57,066,801
Buildings improvements	12,297,723	1,798,978		14,096,701
Furniture, fixtures, and equipment	5,444,556	666,707	(37,562)	6,073,701
Infrastructure	2,053,334	106,288		2,159,622
Total accumulated depreciation	72,775,170	6,659,217	(37,562)	79,396,825
Capital assets, net	\$100,362,714	\$1,775,411	(\$626,826)	\$101,511,299

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, 2018 and 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</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 \$415,000 to \$2,050,000 through April 1, 2043. The Series 2018B bonds have an aggregate face value of \$33,680,000 at June 30, 2018 which is reported net of the unamortized original issues premium of \$1,067,725.	\$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, 2018 which is reported net of the unamortized original issues premium of \$1,161,271.	11,856,271	-
Series 2015 Housing and Dining Refunding Bonds (original issue price of \$13,435,000) with interest rates ranging from 2.0% to 5.0% and principal payments due in annual amounts ranging from \$985,000 to \$1,530,000 through October 31, 2026. The Series 2015 bonds have an aggregate face value of \$10,330,000 at June 30, 2018 which is reported net of the unamortized original issues premium of \$1,093,376.	11,423,376	12,734,914
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 \$750,000 to \$980,000 through October 31, 2023. The Series 2012 bonds have an aggregate face value of \$5,255,000 at June 30, 2018 which is reported net of the unamortized original issues premium of \$162,133.	5,417,133	6,317,027
Series 2009 A & B Housing and Dining Revenue Bonds (original issue price of \$12,835,000) with interest rates ranging from 3.0% to 7.4% and principal payments due in annual amounts ranging from \$295,000 to \$360,000 through April 1, 2019. The Series 2009 bonds have an aggregate face value of \$360,000 at June 30, 2018 which is reported net of the unamortized original issue premium of \$0.	360,000	12,180,000
Series 1998 Housing and Dining Junior Lien Revenue Refunding Bonds (original issue price of \$17,225,000) with interest rates ranging from 4.4% to 5.5%, and principal payments due in annual amounts that range from \$825,000 to \$1,270,000 through October 1, 2022. The Series 1998 bonds have an aggregate face value of \$5,430,000 at June 30, 2018, which is reported net of the unamortized original issue premium of \$27,008.	5,457,008	6,500,162
	<u>69,261,513</u>	<u>37,732,103</u>
Less current portion	<u>(3,805,000)</u>	<u>(3,285,000)</u>
	<u>\$65,456,513</u>	<u>\$34,447,103</u>

HOUSING AND DINING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018 and 2017

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

Following are the changes in non-current liabilities for the year ended June 30, 2017:

Non-current Liabilities	June 30, 2016	Additions	Reductions	June 30, 2017	Current Portion
BONDS PAYABLE					
Series 2015 Refunding Bonds	\$12,450,000	\$ -	(\$1,050,000)	\$11,400,000	\$1,070,000
Series 2012 Refunding Bonds	6,905,000	-	(810,000)	6,095,000	840,000
Series 2009 Revenue Bonds	12,515,000	-	(335,000)	12,180,000	345,000
Series 1998 Junior Lien Revenue Refunding	7,435,000	-	(975,000)	6,460,000	1,030,000
	39,305,000	-	(3,170,000)	36,135,000	3,285,000
Plus unamortized premium	1,931,491	-	(334,388)	1,597,103	-
Less unamortized discount	-	-	-	-	-
Total Bonds Payable	41,236,491	-	(3,504,388)	37,732,103	3,285,000
Compensated Absences	340,371	30,484	-	370,855	-
Pension Liabilities	1,913,199	83,825	-	1,997,024	-
OBEB Liability	-	3,663,726	-	3,663,726	-
Total Non-current liabilities	\$43,490,061	\$3,778,035	(\$3,504,388)	\$43,763,708	\$3,285,000

Total interest incurred on bonds payable for the years ended June 30, 2018 and June 30, 2017 was \$2,352,618 and \$2,012,596, respectively.

HOUSING AND DINING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018 and 2017

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>
2019	3,805,000	3,563,005	7,368,005
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
2024-2028	14,250,000	6,996,805	21,246,805
2029-2033	11,145,000	4,577,837	15,722,837
2034-2038	8,820,000	2,842,525	11,662,525
2039-2043	9,490,000	1,168,400	10,658,400
	<u>65,750,000</u>	<u>27,896,946</u>	<u>\$93,646,946</u>
Plus unamortized premiums	<u>3,511,513</u>		
	<u>\$69,261,513</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, 2018 and 2017, these commitments totaled \$33,265,116 and \$11,370,731 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 \$1,217,123 as of June 30, 2018 and \$1,646,947 as of June 30, 2017. The liability associated with the defined-benefit pension plan administered by WWU was \$269,069 as of June 30, 2018 and \$350,077 as of June 30, 2017. The total pension expense recorded by the System related to both the DRS and University plans was \$9,614 and \$208,711 for the years ended June 30, 2018 and 2017 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:** 3.0% total economic inflation; 3.75% salary inflation
- **Salary Increases:** salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.50%

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 7.50% 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:

2018 - Measurement date 2017		
Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	20%	1.70%
Tangible Assets	5%	4.90%
Real Estate	15%	5.80%
Global Equity	37%	6.30%
Private Equity	23%	9.30%

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 7.50 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 7.50 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 7.50 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 7.50 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 7.50 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 (6.50%) or 1.0% point higher (8.50%) than the current rate.

Discount Rate Sensitivity - Net Pension Liability			
(\$ in thousands)			
Plan	2018		
	1% Decrease	Discount Rate	1% Increase
	6.5%	7.5%	8.5%
PERS 1	\$ 764	\$ 627	\$ 508
PERS 2/3	1,590	590	(229)

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			
	7/1/2016 thru 6/30/2017		7/1/2017 thru 6/30/2018	
	Employee	University	Employee	University
PERS				
Plan 1	6.00%	11.18%	6.00%	12.70%
Plan 2	6.12%	11.18%	7.38%	12.70%
Plan 3	5.00-15.00% **	11.18% *	5.00-15.00% **	12.70% *

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 2017	FY 2018
PERS		
Plan 1	\$ -	\$ -
Plan 2	152,637	189,435
Plan 3	33,543	44,426

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

HOUSING AND DINING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018 and 2017

June 30, 2018 and 2017 was June 30, 2017 and 2016 (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 WWU's share from DRS of the aggregated balance of net pension liabilities as of June 30, 2018 and June 30, 2017 is presented in the table below.

Proportionate Share of WWU's share	PERS 1	PERS 2/3
2018	4.2084%	4.4807%
2017	4.3157%	4.5321%

Aggregate Pension Amounts

	PERS 1	PERS 2/3	Total
Net Pension Liability June 30, 2018	\$ 626,778	\$ 590,344	\$ 1,217,122
Net Pension Liability June 30, 2017	757,281	889,666	1,646,947

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, 2018	\$ (2,637)	\$ 84,328	\$ 81,691
Year Ended June 30, 2017	\$ 4,726	\$ 131,297	\$ 136,023

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

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

YEAR	PERS 1	PERS 2/3	Total
2019	\$ (15,810)	\$ (54,806)	\$ (70,616)
2020	\$ 4,991	\$ 22,471	\$ 27,462
2021	\$ (1,159)	\$ (14,984)	\$ (16,143)
2022	\$ (11,412)	\$ (66,093)	\$ (77,505)
2023	\$ -	\$ 2,521	\$ 2,521
Thereafter	\$ -	\$ 3,277	\$ 3,277
TOTAL	\$ (23,390)	\$ (107,614)	\$ (131,004)

Deferred Outflows of Resources			
2017	PERS 1	PERS 2/3	Total
Difference between expected and actual experience	\$ -	\$ 47,375	\$ 47,375
Changes of assumptions	-	9,195	\$ 9,195
Net difference between projected and actual earnings on pension plan investments	19,067	108,869	\$ 127,936
Change in proportion	-	32,017	\$ 32,017
Contributions subsequent to the measurement date	85,410	107,948	\$ 193,358
TOTAL	\$ 104,477	\$ 305,404	\$ 409,881

Deferred Inflows of Resources			
2017	PERS 1	PERS 2/3	Total
Difference between expected and actual experience	\$ -	\$ 29,369	\$ 29,369
TOTAL	\$ -	\$ 29,369	\$ 29,369

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, 2018 and 2017 was 1,139 and 1,130 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 the Housing & Dining's proportional share of the WWURP contributions are included in the table below for the years ended June 30.

	2018	2017
Contributions made by:		
Employees	\$ 99,293	\$ 112,574
University	99,295	113,948

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 Mem bers				
WWUSRP	Inactive Mem bers (Or Beneficiaries)	Inactive Mem bers Entitled To But Not Yet Receiv ng Benefits	Active Mem bers	Total Mem bers
	Currently Receiv ng Benefits			
2016	48	1	646	695
2015	40		775	815

This same census data was used for both the FY 2018 and FY 2017 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, 2018 and 2017 were \$4,876 and \$4,572 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, 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:** 3.87%

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 WWUSR for WWU as an employer, 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 1.0% point lower (2.87%) or 1.0% point higher (4.87%) than the current rate.

WWUSRP	
Total Pension Liability	
Discount Rate Sensitivity	
1% Decrease: 2.87%	\$304,997
Current Discount Rate: 3.87%	\$269,069
1% Increase: 4.87%	\$238,981

Material assumption changes during the measurement period included first, updating the GASB Statement No. 73 discount rate from 3.58% to 3.87% (decreased the TPL), and secondly, updating the two variable income investment return assumptions used in the “assumed income” calculation from 6.25% to 12.32% for the CREF component and from 4.25% to 4.23% for the TIAA component (decreased the TPL).

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 30,2016	\$	378,594
Service Cost	\$	5,194
Interest		4,138
Differences Between Expected and Actual Experience		(25,932)
Changes in Assumptions		(10,448)
Benefits Payments		(1,469)
Net Change in Total Pension Liability FY 17		<u>(28,517)</u>
Balance as of 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>
Ending Balance - June 30,2018	\$	<u>269,069</u>

Housing & Dining’s proportionate share of the WWUSRP pension expense for the fiscal years ended June 30, 2018 and 2017 was \$ (72,078) and \$ 72,687 respectively.

DEFERRED INFLOWS OF RESOURCES:

The tables below summarize Housing & Dining’s deferred inflows of resources related to the WWUSRP, together with the related future year impacts to pension expense from amortization of those deferred amounts:

Deferred Inflows of Resources		
	2018	2017
Difference between expected and actual experience	\$ 72,421	\$ 68,880
Changes of assumptions	28,265	27,752
TOTAL	\$ 100,686	\$ 96,632

Amortization of Deferred Inflows of Resources	
Year	
2019	\$ (19,344)
2020	(19,344)
2021	(19,344)
2022	(19,344)
2023	(15,082)
Thereafter	(8,228)
TOTAL	\$ (100,686)

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 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

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, 2017, using the following actuarial assumptions, applied to all periods included in the measurement period:

- **Inflation:** 3.00%
- **Salary Increases:** 3.75% including service-based salary increases
- **Health Care Trend Rates:** Initial rate of 7.00% adjusting to 5.00% 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 2.85% was used for the June 30, 2016 measurement date and 3.58% for the June 30, 2017 measurement date.

The following presents Housing & Dining's proportional share of the total University OPEB liability, calculated using the discount rate of 3.58%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58% or 1 percentage point higher (4.58%) than the current rate.

Total OPEB Liability	
Discount Rate Sensitivity	
1% Decrease	\$4,364,389
Current Discount Rate - 3.58%	\$3,577,006
1% Increase	\$2,967,698

The following represents the total OPEB liability of Housing & Dining calculated using the health care trend rates of 7.00% decreasing to 5.00%, 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 (6.00% decreasing to 4.00%) or 1 percentage point higher (8.00% decreasing to 6.00%) than the current rate:

Total OPEB Liability	
Health Care Cost	
Trend Rate Sensitivity	
1% Decrease	\$2,889,728
Current Discount Rate - 7.00%	\$3,577,006
1% Increase	\$4,499,393

HOUSING AND DINING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018 and 2017

TOTAL OPEB LIABILITY:

As of June 30, 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:

Proportionate Share of WWU's share	3.8029%
Schedule of Changes in Total OPEB Liability	
Total OPEB Liability	2018
Service cost	\$90,046
Interest	42,178
Changes of benefit terms	-
Differences between expected & actual experience	-
Changes in assumptions	(205,746)
Benefit payments	(21,495)
Change in Proportionate share	8,297
Other	-
Net Change in Total OPEB Liability	(\$86,720)
Total OPEB Liability - Beginning	\$3,663,726
Total OPEB Liability - Ending	\$3,577,006

Housing & Dining's proportionate share of OPEB expense for the fiscal year ended June 30, 2018 was \$ 441,571.

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:

Deferred Outflows of Resources	
2018	
Change in proportion	\$ 19,560
Contributions subsequent to the measurement date	56,608
TOTAL	\$ 76,169

Deferred Inflows of Resources	
2018	
Changes of assumptions	\$492,520
TOTAL	\$ 492,520

Amortization of Deferred Outflows and Deferred Inflows of Resources		
Year		
2019	\$	(59,120)
2020		(59,120)
2021		(59,120)
2022		(59,120)
2023		(59,120)
Thereafter		(177,360)
TOTAL	\$	(472,960)

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
Housing & Dining System PERS 1 employers' proportion of the net pension liability	0.016016%	0.014712%	0.014101%	0.013209%
Housing & Dining System PERS 1 employers' proportionate share of the net pension liability	\$1,157,409	\$769,578	\$757,281	\$626,778
Housing & Dining System PERS 1 employers' covered-employee payroll	\$1,668,417	\$1,607,762	\$1,657,525	\$1,608,185
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%
Plan fiduciary net position as a percentage of the total pension liability	61.19%	59.10%	57.03%	61.24%
* 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 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
Housing & Dining PERS 2/3 employers' proportion of the net pension liability	0.017383%	0.017106%	0.017670%	0.016991%
Housing & Dining System PERS 2/3 employers' proportionate share of the net pension liability	\$351,380	\$611,214	\$889,666	\$590,345
Housing & Dining System PERS 2/3 employers' covered-employee payroll	\$1,496,262	\$1,516,820	\$1,681,103	\$1,666,293
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%
Plan fiduciary net position as a percentage of the total pension liability	93.29%	89.20%	85.82%	90.97%
* 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.

***HOUSING AND DINING SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION***

June 30, 2018 and 2017

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
WWUSRP total pension liability	\$379	\$350	\$269
WWU URP employers' covered-employee payroll	\$467	\$486	\$500
WWUSRP total pension liability as a percentage of its covered-employee payroll	81.07%	71.99%	53.81%
* As of June 30; this schedule is to be built prospectively until it contains ten years of data.			

**HOUSING AND DINING SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2018 and 2017

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	Contributions related to covered payroll of employees		UAAL Contributions related to covered payroll of employees	Total Contributions in relation to the		Covered payroll of employees	Covered payroll of employees	Total Covered-employee payroll	Contributions as a percentage of covered-employee payroll
	Contractually Required Contributions	Participating in PERS plan 1	Participating in PERS plan 2/3	Actuarially Determined Contributions	Contribution deficiency (excess)	participating in PERS 1	participating in PERS 2/3		
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									
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 Public Employees' Retirement System (PERS) Plan 2/3 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)		
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					
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 - Housing & Dining						
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	\$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						
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 WWU's Proportionate Share of Total OPEB Liability

Schedule of Housing and Dining System Proportionate Share of Total OPEB Liability		
Measurement Date ended June 30 *		
	2016	2017
Housing & Dining employers' proportion of the total OPEB liability	0.058689%	0.061399%
Housing & Dining System employers' proportionate share of the total OPEB liability	\$3,663,726	\$3,577,006
Housing & Dining System employers' covered-employee payroll	\$3,161,758	\$3,093,752
Housing & Dining System employers' proportionate share of the total OPEB liability as a percentage of its covered-employee payroll	115.88%	115.62%
* 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>Housing and Dining System</i>					
	Contributions in relation to the				Contributions as a
Fiscal Year	Contractually Required Contributions	Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	percentage of covered-employee payroll
2018	\$56,608	\$56,608	\$0	\$3,257,555	1.74%
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					

Notes:
These schedules will be built prospectively until they contain ten years of data.

OTHER INFORMATION

**SCHEDULE OF ROOM AND BOARD RATES
YEAR ENDED JUNE 30, 2018**

(Unaudited)

RESIDENCE HALLS

	Meals per Quarter			
	Unlimited	125	100	75
Room and Board Academic Year Contracts				
Double room/double occupancy	\$11,400	\$10,971	\$10,549	\$10,115
Single room/single occupancy	\$12,568	\$12,139	\$11,717	\$11,283
Double room/single occupancy (super single)	\$13,245	\$12,816	\$12,394	\$11,960
Triple room/triple occupancy	\$9,976	\$9,547	\$9,125	\$8,691

APARTMENTS

	Double with 2/bedroom	Super Single 1/bedroom	Family Rate
Apartment only Academic Year Contracts			
Birnam Wood - 2 Bedroom Units	\$3,618	\$7,221	\$14,463

SCHEDULE OF OCCUPANCY

Year Ended June 30, 2018

(Unaudited)

	OCCUPANCY CAPACITY		ACTUAL OCCUPANCY	ACTUAL OCCUPANCY AS A PERCENT OF	
	<u>Designed (1)</u>	<u>Operating (2)</u>		Designed	Operating
				<u>Capacity</u>	<u>Capacity</u>
Fall 2017	4,265	4,145	4,104	96.2%	99.0%
Winter 2018	4,265	4,145	3,894	91.3%	93.9%
Spring 2018	<u>4,265</u>	<u>4,145</u>	<u>3,690</u>	<u>86.5%</u>	<u>89.0%</u>
Average	4,265	4,145	3,896	91.3%	94.0%

(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 2018

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. 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, \$150,000,000 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, 2018 is summarized as follows:

	Values Used for Fire and Extended Coverage of Buildings
Ridgeway Residences and Commons	\$106,377,959
Fairhaven Residences and Commons	82,894,312
Buchanan Towers	59,924,331
Edens Hall and Edens Hall North	38,442,475
Viking Union, Addition and Commons	67,842,882
Birnam Wood Residences	58,825,531
Nash Hall	32,808,848
Mathes hall	32,164,541
Higginson hall	21,512,578
Commissary	20,036,648
Highland Hall	9,720,428
Lakewood Recreational Facility	2,726,694
	<hr/>
Building Insured Values	533,277,227
Insured Contents	15,238,761
Total	<hr/> <u>\$548,515,988</u>

EXPENDED FOR PLANT FACILITIES FY 2018 and FY 2017

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.

	<u>2018</u>	<u>2017</u>
Capitalized Projects		
Gamma Renovation	\$1,951,805	\$5,057,937
New Residence Planning	-	659,998
Carver Dining Addition	1,184,553	644,888
VU Multicultural Center	6,011,194	593,799
Buchanan Towers Renov	7,378,264	269,127
Other capitalizable	320,302	131,700
	<u>\$16,846,118</u>	<u>\$7,357,449</u>
Non-Capitalized Projects		
Nash Mechanical Room	\$ -	\$1,123,541
Moisture intrusion & Foundations	1,083,425	806,564
Furniture & Carpet	260,956	492,276
Stormwater & Site Drainage	-	356,447
Deck Repair & Replacement	1,464,314	-
Other	662,813	337,286
New Residence Planning	868,806	-
Fire Safety / Safety Corrections	201,647	329,909
Painting	279,112	310,312
Plumbing, heating and electrical	207,358	244,294
Viking Union Projects	165,321	49,423
Network & WiFi projects	-	5,898
Equipment	31,170	35,329
Building Envelope Renovation	-	74,505
Roof Repair/Recoat/Replace	162,922	47,852
Bathroom & Shower renovations	114,484	36,922
Facility Condition Audit	70,920	5,972
Media Installations	-	4,776
ADA Upgrades	10,930	369
	<u>\$5,584,177</u>	<u>\$4,261,674</u>

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WADE KING STUDENT RECREATION CENTER

Table of Contents

Management’s Discussion and Analysis	3
Independent Auditor’s Report	11
Financial Statements	
Statement of Net Position.....	14
Statement of Revenues, Expenses and Changes in Net Position	15
Statement of Cash Flows.....	16
Notes to the Financial Statements	17
Required Supplementary Information	
Pension Plan Information:	
Schedules of Recreation Center’s Proportionate Share of the Net Pension Liability	41
Schedule of Recreation Center’s Proportionate Share of the Total Pension Liability.....	44
Schedules of Contributions	45
OPEB Information:	
Schedule of Recreation Center’s Proportionate Share of the Total OPEB Liability	49
Schedule of OPEB Contributions	50

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WADE KING STUDENT RECREATION CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2018 and 2017

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, 2018, 2017 and 2016. 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, 2018 and 2017***

Below is a condensed view of the Statements of Net Position as of June 30, 2018, 2017 and 2016:

	2018	2017 Restated	2016 Restated
Assets			
Current assets	\$565,215	\$713,038	\$548,058
Noncurrent assets	3,437,479	3,216,251	3,109,892
Capital assets, net	<u>20,213,454</u>	<u>21,144,605</u>	<u>22,078,488</u>
Total assets	<u>24,216,148</u>	<u>25,073,894</u>	<u>25,736,438</u>
Deferred Outflows	<u>405,162</u>	<u>434,861</u>	<u>430,183</u>
Liabilities			
Current liabilities	1,111,622	1,100,846	1,157,709
Noncurrent liabilities	<u>22,024,069</u>	<u>22,975,576</u>	<u>22,803,302</u>
Total liabilities	<u>23,135,691</u>	<u>24,076,422</u>	<u>23,961,011</u>
Deferred Inflows	<u>168,903</u>	<u>32,660</u>	<u>54,556</u>
Net Position			
Net investment in capital assets	(1,148,298)	(983,121)	(794,833)
Restricted for system renewal and replacements	2,663,564	2,623,964	2,437,157
Unrestricted	<u>(198,550)</u>	<u>(241,170)</u>	<u>508,730</u>
Total net position	<u>\$1,316,716</u>	<u>1,399,673</u>	<u>2,151,054</u>

The primary components in the asset category are cash, investments, receivables and capital assets. Total assets decreased \$857,746 (-3.4%) in fiscal year FY 2018 and decreased \$662,544 (-2.6%) during FY 2017.

Total Cash and Investments (see Note 2) 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 decreased \$120,895 due in part to a shift from short term to longer term investments, while unrestricted noncurrent cash and investments increased \$181,931 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 due to investment earnings as well as the overall increase in cash and investments. Total Cash and Investments increased \$263,952 (7.4%) during FY 2017 primarily due to increases to both long-term and short-term restricted and unrestricted investments.

FY 2018 saw new capital assets decrease by \$931,151 (-4.4%) due to depreciation of \$968,769 offset with an increase in capital fitness equipment of \$93,726. During FY 2017, net capital assets decreased \$933,883 (-4.2%) due to depreciation of \$971,743 offset with an increase in capital fitness equipment of \$11,473.

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 \$10,776 (1.0%) during

WADE KING STUDENT RECREATION CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2018 and 2017

FY 2018 and decreased \$56,863 (-4.9%) in FY 2017 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 \$951,507 (-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 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. During FY 2017, the Recreation Center adopted GASB Statement No. 73 Accounting and financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to certain provisions of GASB Statements 67 and 68 (see Note 5). This adoption of GASB 73 also affected the net pension liability recognition for FY 2017, increasing it by \$160,088 (95%) over FY 2016.

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 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. Total net position decreased by \$751,381 (-34.9%) in FY 2017 over FY 2016 primarily due to the implementation of GASB Statement No. 75

Net investment in capital assets increased (as a negative) by \$165,177 (16.8%) in FY 2018 and by \$188,288 (23.7%) in FY 2017 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 \$39,600 (1.5%) in FY 2018 and by \$186,807 (7.7%) in FY 2017 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 (as a negative) by \$42,620 compared to an FY 2017 decrease of \$749,900. These changes are due to the implementation of GASB Statement No. 75 which required an FY 2017 restatement of \$794,115 as well as the continued recognition of the unfunded net 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.

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.

***WADE KING STUDENT RECREATION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2018 and 2017***

Following is a condensed version of the Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2018, 2017 and 2016:

	<u>2018</u>	<u>2017</u> <u>Restated</u>	<u>2016</u> <u>Restated</u>
Operating revenues	\$ 4,888,978	\$ 4,645,130	\$ 4,607,259
Operating expenses	<u>(4,163,177)</u>	<u>(3,754,283)</u>	<u>(3,537,749)</u>
Income from operations	725,801	890,847	1,069,510
Nonoperating revenues	51,817	35,141	31,325
Nonoperating expenses	<u>(860,575)</u>	<u>(883,255)</u>	<u>(903,755)</u>
Increase in net position	<u>(82,957)</u>	<u>42,733</u>	<u>197,080</u>
Net position, beginning of year	1,399,672	2,151,054	1,953,974
Restatement	-	(794,115)	-
Net position, beginning of year restated	<u>1,399,672</u>	<u>1,356,939</u>	<u>1,953,974</u>
Net position, end of year	<u><u>\$ 1,316,715</u></u>	<u><u>\$ 1,399,672</u></u>	<u><u>\$ 2,151,054</u></u>

Revenues

The Recreation Center's largest source of revenue is a \$101.20 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 to 13,495 from 13,455 in FY 2017. This increase in AYA, along with a 4.0% increase in the fee level, raised fee revenue by \$161,024 (3.9%) to \$4,238,464. The Student Recreation Fee increased slightly by \$7,062 (0.17%) during FY 2017. The AYA does not include summer term. Summer term S&A revenue decreased during FY 2018 by \$5,727 (3.9%) when compared to FY 2017 due to lower 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.

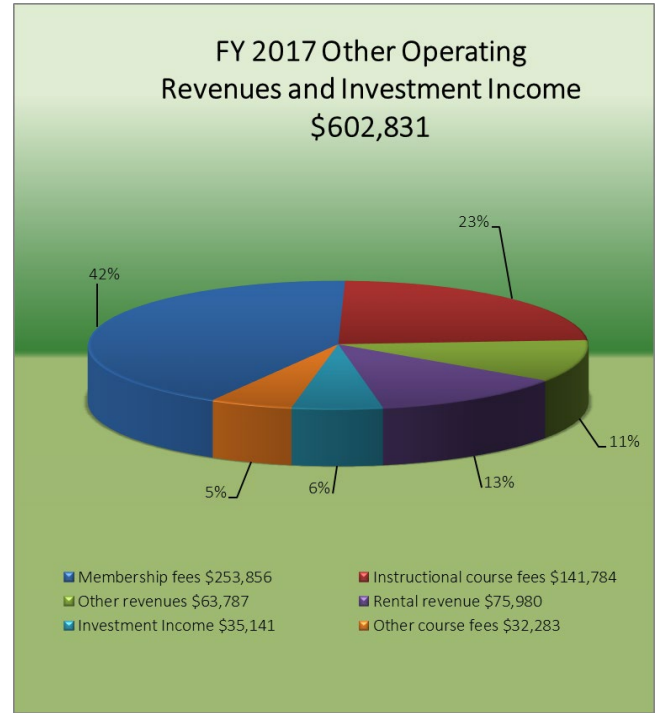
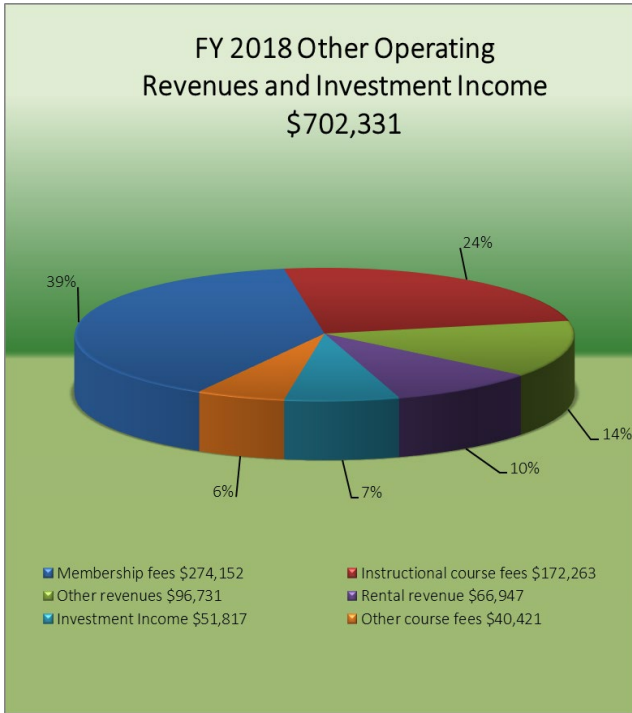
Other students, faculty, staff and alumni may pay a membership fee on a voluntary basis to gain access to the facility. This fee increased by \$20,296 (8.0%) in FY 2018. This is largely attributed to the increase in membership pricing that reflected the increase in the mandatory Student Recreation Fee. Fiscal Year 2017 voluntary memberships were nearly a mirror image of the previous fiscal year with only an increase of \$419 (0.17%) compared to FY 2016.

Instructional course fees saw a significant increase in both FY 2018 and FY 2017. Course fees increased \$30,479 (21.5%) from FY 2017 to FY 2018 and \$20,823 (17.2%) from FY 2016 to 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 the University's training and performance gymnasiums. The groups that utilized the Recreation Center during the Carver remodel were no longer contributing to the rental revenue at the facility during FY 2018, thus the rental revenue decreased by \$9,033 (-11.9%) from FY 2017. In FY 2017, rental revenue was on par with FY 2016 with a slight increase of \$2,276 (3.1%).

***WADE KING STUDENT RECREATION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2018 and 2017***

The significant increase in aquatic programming (swim lessons) caused the category of other course revenue fees to rise \$11,654 (56.5%) in FY 2017. This trend continued in FY 2018 with a rise of \$8,138 (25.2%) in the same category.



Expenses

The largest category of expenses for the Recreation Center is student and staff salaries and benefits expense. Salaries and benefits comprised 42.0% of the total operating expenses in FY 2018 compared to 48.0% in FY 2017. Minimum wage increases impacted student employments expenses, yet there was a net decrease of \$43,182 (-2.4%) in salaries and benefits due to the required pension and OPEB recognitions (see Notes 5 & 6). Also, the Recreation Center restructured two positions (1.5 appointments) 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.

The FY 2017 increase of \$41,452 (-2.3%) in salaries and benefits is due to the change in the net pension expense recognition as required by GASB Statement No. 68 and GASB Statement No. 73 (see Note 5).

Total utility expenses decreased \$1,728 and \$2,886 in FY 2018 and FY 2017 respectively. These slight decreases can be directly attributed to less use of electricity (due to LED lighting upgrades) and steam.

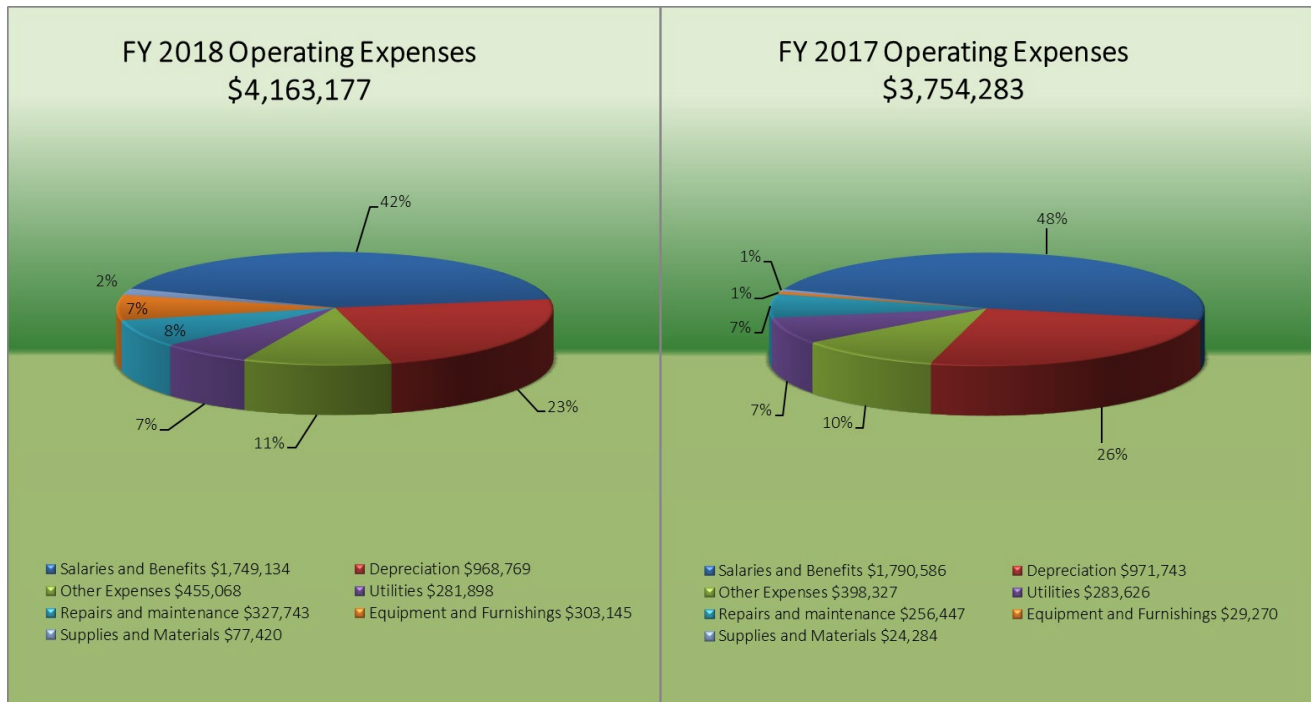
Based on the ebb and flow of annual maintenance, repairs and projects were up in FY 2018 causing an increase in this category by \$71,296 (27.8%). In FY 2017 repairs and maintenance decreased by \$42,230 (-14.1%) when compared to FY 2016 due to fewer maintenance projects and repairs.

***WADE KING STUDENT RECREATION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2018 and 2017***

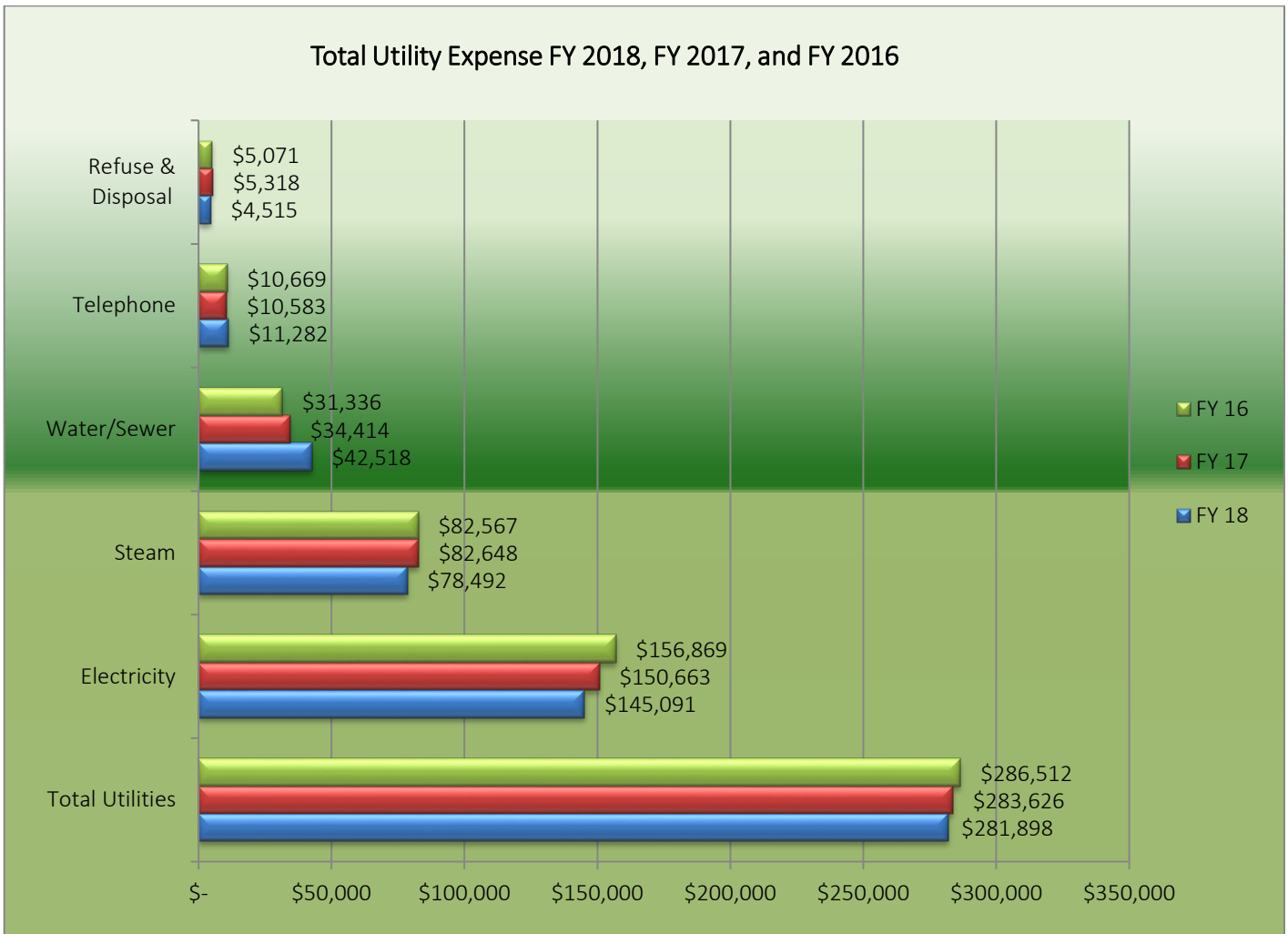
The Recreation Center has an equipment replacement plan that budgets \$100,000 per year in equipment replacement and refurbishment. The Recreation Center spent \$29,270 in FY 2017 for non-capital equipment. The anticipated budget spending of \$100,000 did not occur in FY 2017; therefore, it was reflected 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.

Similar to the spending with the equipment, supplies and material needs increased significantly in FY 2018. The Recreation Center spent \$53,136 (218.8%) more in FY 2018 than what was spent in FY 2017. This spending of \$77,420 is closer to a normal year for supplies and materials than in previous fiscal years. In FY 2017, supplies and materials decreased significantly. There was a \$44,799 (-64.8%) decrease from FY 2016 due to adequate supplies purchased in the previous fiscal year.

WWU's administrative services assessment (ASA) fee increased by \$32,630 (13.1%) in FY 2018. This is directly related to the increase in revenue that the assessment fee is charged against. In FY 2017 the ASA fee increased by \$282 (0.11%).



**WADE KING STUDENT RECREATION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2018 and 2017**



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 2018, FY 2017, and FY 2016. Various maintenance projects over the course of FY 2018 reduced the reserve amount by \$251,821. At June 30, 2018, the total restricted and unrestricted R&R balance was \$2,892,544. 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 2018 and FY 2017 for any purchases. Contributions to this reserve in the past three years include \$100,000 in FY 2018, \$100,000 in FY 2017 and \$75,000 in FY 2016. At June 30, 2018 the Operating Reserve balance was \$801,214.

***WADE KING STUDENT RECREATION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2018 and 2017***

Ratio Analysis

Ratios can be helpful in evaluating the Recreation Center's financial health and performance. The debt service coverage ratios for FY 2018, 2017, and 2016 were 3.03, 2.87, and 2.84, 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 2018, FY 2017 and FY 2016 were \$1,630,100, \$1,632,600, and \$1,629,350, respectively.

Utilization Rates

Total number of visits has decreased, as well as utilization as a percentage of students enrolled with 12,025 (89.1%) of the estimated 13,495 AYA enrolled students using the facility during the course of FY 2018. This utilization rate was slightly lower than the 12,043 (89.5 %) of the estimated 13,495 AYA enrolled students who utilized the recreation center in FY 2017 as well as down from the 12,187 (90.7%) of the 13,431 AYA who utilized the recreation center in FY 2016. 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 396,575 during FY 2018, compared with 446,826 during FY 2017 and 425,180 in FY 2016. The highest number of visits in a given day exceeded 2,800 in FY 2018, which is a decrease from the 3,300 in FY 2017 and the 2,900 in FY 2016.

Economic Factors That Will Affect the Future

The Recreation Center has budgeted approximately \$100,000 for fitness equipment during FY 2019. This is congruent with the equipment replacement schedule that was set forth at the start of the Recreation Center. These equipment expenditures should remain consistent from year to year. With the minimum wage increasing again in January of 2019 there is another significant impact to the Recreation Center's student salaries. Student employment expenses are expected to rise 4.4% or roughly \$30,000 in FY 2019.

WADE KING STUDENT RECREATION CENTER
STATEMENT OF NET POSITION

June 30, 2018 and 2017

	2018	2017
	<u> </u>	<u>Restated</u>
Assets		
Current assets		
Cash and cash equivalents (Note 2)	\$142,284	\$177,753
Investments (Note 2)	374,059	459,743
Accounts receivable, net of allowance of \$8,503 in 2018 and \$7,728 in 2017	46,274	72,573
Receivable from Western Washington University Foundation, net	-	34
Prepaid Expenses	45	-
Inventory	<u>2,553</u>	<u>2,935</u>
Total current assets	565,215	713,038
Noncurrent assets		
Investments (Note 2)	773,915	591,726
Restricted cash and cash equivalents (Note 2)	282,489	378,790
Restricted investments (Note 2)	2,381,075	2,245,735
Capital assets, net (Note 3)	<u>20,213,454</u>	<u>21,144,605</u>
Total noncurrent assets	<u>23,650,933</u>	<u>24,360,856</u>
Total assets	<u>24,216,148</u>	<u>25,073,894</u>
Deferred Outflows		
Relating to pensions (Note 5)	42,648	46,620
Relating to OPEB (Note 6)	14,954	12,177
Deferred loss on bond refunding	<u>347,560</u>	<u>376,064</u>
	405,162	434,861
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	21,853	6,702
Accrued wages and benefits	61,561	57,384
Unearned revenue	93,708	123,410
Interest payable	139,500	143,350
Current portion of bonds payable (Note 4)	<u>795,000</u>	<u>770,000</u>
Total current liabilities	<u>1,111,622</u>	<u>1,100,846</u>
Noncurrent liabilities		
Compensated Absences	107,632	106,847
Net pension liability (Note 4, 5)	299,873	328,648
Net OPEB liability (Note 6)	702,252	806,291
Bonds payable, less current portion (Note 4)	<u>20,914,312</u>	<u>21,733,790</u>
Total noncurrent liabilities	<u>22,024,069</u>	<u>22,975,576</u>
Total liabilities	<u>23,135,691</u>	<u>24,076,422</u>
Deferred Inflows		
Relating to pensions (Note 5)	72,210	32,660
Relating to OPEB (Note 6)	<u>96,693</u>	<u>-</u>
Total deferred inflows	168,903	32,660
Net Position		
Net investment in capital assets	(1,148,298)	(983,121)
Restricted for system renewals and replacements	2,663,564	2,623,964
Unrestricted	<u>(198,550)</u>	<u>(241,170)</u>
Total net position	<u>\$1,316,716</u>	<u>\$1,399,673</u>

WADE KING STUDENT RECREATION CENTER
STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

For the Years Ended
June 30, 2018 and 2017

	2018	2017 Restated
Operating Revenues		
Service and activity fees, net of mandatory transfer	\$4,238,464	\$4,077,440
Staff, faculty and alumni membership fees	274,152	253,856
Instructional course fees	172,263	141,784
Other course fees	40,421	32,283
Rental revenue	66,947	75,980
Other revenues	96,731	63,787
Total operating revenues	<u>4,888,978</u>	<u>4,645,130</u>
Operating Expenses		
Salaries and benefits	1,749,134	1,790,586
Depreciation	968,769	971,743
Utilities	281,898	283,626
Repairs and maintenance	327,743	256,447
Equipment and furnishings	303,145	29,270
Supplies and materials	77,420	24,284
Administrative assessment	282,647	250,017
Insurance	32,225	32,903
Other	140,196	115,407
Total operating expenses	<u>4,163,177</u>	<u>3,754,283</u>
Income from operations	725,801	890,847
Nonoperating Revenues (Expenses)		
Investment income	51,817	35,141
Interest expense	(860,575)	(883,255)
Total nonoperating (expenses) revenues	<u>(808,758)</u>	<u>(848,114)</u>
(Decrease)/Increase in net position	(82,957)	42,733
Net Position, Beginning of Year	<u>1,399,672</u>	<u>2,151,054</u>
Restatement (Note 1)	-	(794,115)
Net Position, Beginning of Year, as restated	<u>1,399,672</u>	<u>1,356,939</u>
Net Position, End of Year	<u><u>\$1,316,715</u></u>	<u><u>\$1,399,672</u></u>

WADE KING STUDENT RECREATION CENTER
STATEMENT OF CASH FLOWS

*For the Years Ended
June 30, 2018 and 2017*

	2018	2017 Restated
Cash Flows from Operating Activities		
Cash received from students and other customers	\$4,885,574	\$4,630,089
Payments to employees	(1,739,548)	(1,672,631)
Payments to suppliers	<u>(1,429,785)</u>	<u>(1,058,187)</u>
Net cash flows provided by operating activities	1,716,241	1,899,271
Cash Flows from Noncapital Financing Activities		
Gift Income from the Foundation	<u>34</u>	<u>-</u>
Net cash flows provided by(used in) noncapital activities	34	-
Cash Flows from Investing Activities		
Net purchases of investments in internal investment pool	(231,845)	(194,444)
Investment income received	<u>51,817</u>	<u>35,141</u>
Net cash flows (used in)/provided by investing activities	(180,028)	(159,303)
Cash Flows from Capital and Related Financing Activities		
Purchases of equipment	(37,618)	(37,860)
Interest paid on capital debt	(860,399)	(882,600)
Principal paid on capital debt	<u>(770,000)</u>	<u>(750,000)</u>
Net cash used in capital and related financing	<u>(1,668,017)</u>	<u>(1,670,460)</u>
Net (decrease)/increase in cash and cash equivalents	(131,770)	69,508
Cash and cash equivalents, beginning of year	<u>556,543</u>	<u>487,035</u>
Cash and cash equivalents, end of year	<u>\$424,773</u>	<u>\$556,543</u>
Reconciliation of Operating Income to Net Cash Provided to Operating Activities		
Income from operations	\$725,801	\$890,847
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation	968,769	971,743
Net pension expense	108,663	116,164
Net OPEB expense	(104,039)	-
Change in operating assets and liabilities		
Accounts receivable	26,299	(7,408)
Accounts payable, accrued expenses, salaries and benefits	20,113	(64,464)
Unearned revenue	(29,702)	(7,632)
Inventory	<u>382</u>	<u>21</u>
Net cash flows provided by operating activities	<u>\$1,716,241</u>	<u>\$1,899,271</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, 2018 and 2017

Management determined that an allowance of \$8,503 and \$7,728 at June 30, 2018 and 2017 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 in FY 2018 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, 2018 and 2017 are \$107,632 and \$106,847, 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.

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 years.

Restatement of Net Pension Liabilities

During FY 2017, the Recreation Center adopted GASB Statement No. 73 – Accounting and financial Reporting for Pensions and Related Assets That Are Not within the scope of GASB statement 68, and Amendments to certain Provisions of GASB Statements 67 and 68. Statement No. 73 requires that the Recreation Center record in its statements the net pension liability associated with the defined benefit of the university’s retirement plan (WWURP) and to restate the net position of the earliest period presented (see Note 5). The benefits Expense and the Net Pension obligations amounts for FY 2016 increased by \$141,042. The net pension liability information is provided to WWU by the office of State Actuaries. The information provided only allowed the Recreation Center to restate FY 2016.

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

***WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS***

June 30, 2018 and 2017

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 \$282,647 and \$250,017 for years ended June 30, 2018 and 2017, 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

WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018 and 2017

invest operating funds in securities maturing more than five years from the date of purchase.

Fair Value Measurement and Application

On July 1, 2015, the Recreation Center adopted GASB Statement No. 72 “Fair Value Measurement and Application”. This Statement 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 Recreation Center’s investment in WWU’s pool includes \$2,663,564 restricted for renewals and replacements.

	<u>Fair Value Measurements as of June 30, 2018 using:</u>			Total	Weighted Average Maturity (in years)
	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
Coporate	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>	

WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018 and 2017

Fair Value Measurements as of June 30, 2017 using:						
	Quoted Prices in Active Markets for Identical Assets Level 1			Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Weighted Average Maturity (in years)
	Total					
Cash and Cash Equivalents	\$556,543	\$	-	\$	-	\$556,543 0.003
Investments						
Commercial Paper	303,771		-		-	303,771 0.090
Certificates of deposit	151,935		-		-	151,935 2.565
U.S. Treasuries	-		2,085,020		-	2,085,020 1.858
U.S. Agencies	-		756,478		-	756,478 2.882
	<u>\$1,012,249</u>	<u>\$</u>	<u>2,841,498</u>	<u>\$</u>	<u>-</u>	<u>\$3,853,747</u>

NOTE 3. CAPITAL ASSETS, NET

The depreciation expense for the years ended June 30, 2018 and 2017 was \$969,711 and \$971,743, respectively.

Following are the changes in capital assets for the years ended June 30, 2018 and 2017:

	June 30, 2017	Additions	Reductions	June 30, 2018
Depreciable				
Building	\$27,947,761	\$ -	\$ -	\$ 27,947,761
Equipment	473,051	38,559	-	511,611
Improvements	<u>3,357,078</u>	<u>-</u>	<u>-</u>	<u>3,357,078</u>
	31,777,890	38,559	-	31,816,450
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>\$ 20,213,454</u>

	June 30, 2016	Additions	Reductions	June 30, 2017
Depreciable				
Building	\$27,947,761	\$ -	\$ -	\$ 27,947,761
Equipment	494,024	37,860	(58,833)	473,051
Improvements	<u>3,357,078</u>	<u>-</u>	<u>-</u>	<u>3,357,078</u>
	31,798,863	37,860	(58,833)	31,777,890
Less accumulated depreciation	<u>(9,720,375)</u>	<u>(971,743)</u>	<u>58,833</u>	<u>(10,633,285)</u>
Capital assets, net	<u>\$22,078,488</u>	<u>\$ (933,883)</u>	<u>\$ -</u>	<u>\$ 21,144,605</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 \$21,440,000 and \$22,210,000 at June 30, 2018 and 2017, which is reported net of the unamortized original issue premium of \$269,312 and \$293,790 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:

	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
2019	\$795,000	\$837,000	\$1,632,000
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
2024-2028	5,100,000	3,050,000	8,150,000
2029-2033	6,205,000	1,944,800	8,149,800
2034-2037	5,905,000	602,200	6,507,200
	<u>21,440,000</u>	<u>9,511,425</u>	<u>30,951,425</u>
Plus unamortized premium	<u>269,312</u>		
Total	<u>\$21,709,312</u>	<u>\$9,511,425</u>	<u>\$30,951,425</u>

Following are the changes in non-current liabilities:

WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018 and 2017

	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	(\$794,478)	\$ -	\$21,709,312
Less Current Portion:	(770,000)	(\$25,000)		(795,000)
Non-current Portion of Bonds Payable	21,733,790	(\$819,478)		20,914,312
Compensated Absences	106,847	785		107,632
Net Pension Liability	328,648		(28,775)	299,873
OPEB Liability	806,291	-	(104,039)	702,252
Total Non-current Liabilities	<u>\$22,975,576</u>	<u>(\$818,693)</u>	<u>(\$132,814)</u>	<u>\$22,024,069</u>
	Beginning Bal 6/30/2016	Additions/ Amortizations	Decreases/ Retirements	Ending Balance 6/30/2017
Non-current Liabilities				
BONDS PAYABLE:				
Series 2012 Revenue Refunding Bonds, net of unamortized original issue premium of \$293,790 and \$318,912 at June 30, 2017 and 2016 respectively.	\$23,278,912	(\$25,122)	(\$750,000)	\$22,503,790
Less Current Portion:	(750,000)	(\$20,000)		(770,000)
Non-current Portion of Bonds Payable	22,528,912	(\$45,122)	(\$750,000)	21,733,790
Compensated Absences	105,830	1,017		106,847
Net Pension Liability	168,560	160,088	-	328,648
OPEB Liability	-	806,291		806,291
Total Non-current Liabilities	<u>\$22,803,302</u>	<u>\$922,274</u>	<u>(\$750,000)</u>	<u>\$22,975,576</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, TRS and WWURP plans. PERS and TRS 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.

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 \$204,876 as of June 30, 2018 and \$224,394 as of June 30, 2017. The liability associated with the defined-benefit pension plan administered by WWU was \$94,997 as of June 30, 2018 and \$104,253 as of June 30, 2017. The total pension expense recorded by the Recreation Center related to both the DRS and University plans was \$47,807 and \$(131,598) for the years ended June 30, 2018 and 2017 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:** 3.0% total economic inflation; 3.75% salary inflation
- **Salary Increases:** salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.50%

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 7.50% 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:

2018 - Measurement date 2017		
Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	20%	1.70%
Tangible Assets	5%	4.90%
Real Estate	15%	5.80%
Global Equity	37%	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 7.50 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 7.50 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 7.50 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 7.50 percent on pension plan investments was applied to determine the total pension liability for each plan.

WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018 and 2017

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 7.50 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 (6.50%) or 1.0% point higher (8.50%) than the current rate.

Discount Rate Sensitivity - Net Pension Liability			
(\$ in thousands)			
Plan	2018		
	1% Decrease	Current	1% Increase
	6.5%	7.5%	8.5%
PERS 1	\$ 129	\$ 106	\$ 86
PERS 2/3	268	99	(39)

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					
	7/1/2016 thru 6/30/2017		7/1/2017 thru 8/31/2017		9/1/2017 thru 6/30/2018	
	Employee	University	Employee	University	Employee	University
PERS						
Plan 2	6.12%	11.18%	7.38%	12.70%	7.38%	12.70%
Plan 3	5.00-15.00% **	11.18% *	5.00-15.00% **	12.70% *	5.00-15.00% **	12.70% *
TRS						
Plan 1	6.00%	13.13%	6.00%	13.13%	6.00%	15.20%

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 2017	FY 2018
PERS		
Plan 2	\$ 24,333	\$ 24,333
Plan 3	7,006	7,006
TRS		
Plan 1	\$0	\$0

WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018 and 2017

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, 2018 and 2017 was June 30, 2017 and 2016 (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, 2018 and June 30, 2017 is presented in the table below.

Proportionate Share of WWU's share	PERS 1	PERS 2/3	TRS 1
2018	0.7084%	0.7542%	0.0000%
2017	0.5584%	0.5992%	1.2388%

Aggregate Pension Amounts

	PERS 1	PERS 2/3	TRS 1	Total
Net Pension Liability June 30, 2018	\$ 105,504	\$ 99,372	\$ -	\$ 204,876
Net Pension Liability June 30, 2017	\$ 97,990	\$ 117,616	\$ 8,789	\$ 224,395

Proportionate Share of Pension Expense

	PERS 1	PERS 2/3	TRS 1	Total
Year Ended June 30, 2018	\$ 25,196	\$ 31,799	\$ (8,424)	\$ 48,571

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 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, 2018	\$ 25,196	\$ 31,799	\$ (8,424)	\$ 48,570
Year Ended June 30, 2017	\$ (11,771)	\$ (13,445)	\$ (98,164)	\$ (123,380)

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:

WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018 and 2017

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)

Deferred Outflows of Resources

2017	PERS 1	PERS 2/3	TRS 1	Total
Difference between expected and actual experience	\$ -	\$ 6,263	\$ -	\$ 6,263
Changes of assumptions	-	1,216	-	1,216
Net difference between projected and actual earnings on pension plan investments	2,467	14,393	279	17,139
Change in proportion	-	(3,634)	-	(3,634)
Contributions subsequent to the measurement date	11,277	14,271	87	25,635
TOTAL	\$ 13,744	\$ 32,509	\$ 366	\$ 46,619

Deferred Inflows of Resources

2017	PERS 1	PERS 2/3	TRS 1	Total
Difference between expected and actual experience	\$ -	\$ 3,883	\$ -	\$ 3,883
TOTAL	\$ -	\$ 3,883	\$ -	\$ 3,883

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, 2018 and 2017 was 1,139 and 1,130 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 the Recreation Center's proportional share of the WWURP contributions are included in the table below for the years ended June 30.

	<u>2018</u>	<u>2017</u>
Contributions made by:		
Employees	\$ 35,056	\$ 33,525
University	35,057	33,934

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 total Western Washington University Supplemental Retirement Plan consisted of the following at June 30, the date of the latest actuarial valuation for the plan:

WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018 and 2017

WWUSRP	Number of Participating Members			
	Inactive Mem bers (Or Beneficiaries)	In active Mem bers Entitled To But Not	Active	Total
	Currently Receiv ng Benefits	Yet Receiv ng Benefits	Mem bers	Mem bers
2016	48	1	646	695
2015	40		775	815

This same census data was used for both the FY 2018 and FY 2017 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, 2018 and 2017 were \$1,722 and \$1,362 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, 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:** 3.87%

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 3.87%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.0% point lower (2.87%) or 1.0% point higher (4.87%) than the current rate.

WWUSRP	
Total Pension Liability	
Discount Rate Sensitivity	
1% Decrease: 2.87%	\$107,682
Current Discount Rate: 3.87%	\$94,997
1% Increase: 4.87%	\$84,375

Material assumption changes during the measurement period included first, updating the GASB Statement No. 73 discount rate from 3.58% to 3.87% (decreased the TPL), and secondly, updating the two variable income investment return assumptions used in the “assumed income” calculation from 6.25% to 12.32% for the CREF component and from 4.25% to 4.23% for the TIAA component (decreased the TPL).

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.

WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018 and 2017

Schedule of Changes in Total Pension Liability

Beginning Balance - June 30,2016		\$	142,609
Service Cost	\$	6,986	
Interest		5,565	
Differences Between Expected and Actual Experience		(34,879)	
Changes in Assumptions		(14,052)	
Benefits Payments		(1,976)	
Net Change in Total Pension Liability FY 17			<u>(38,356)</u>
Balance as of 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>
Ending Balance - June 30,2018		\$	<u>94,997</u>

The Recreation Center's proportionate share of the WWUSRP pension expense for the fiscal years ended June 30, 2018 and 2017 was \$ (763) and \$ (8,218) respectively.

DEFERRED INFLOWS OF RESOURCES:

The tables below summarize the Recreation Center's deferred inflows of resources related to the WWUSRP, together with the related future year impacts to pension expense from amortization of those deferred amounts:

Deferred Inflows of Resources

	2018	2017
Difference between expected and actual experience	\$ 25,569	\$ 20,513
Changes of assumptions	9,979	8,264
TOTAL	\$ 35,548	\$ 28,777

Amortization of Deferred Inflows of Resources

Year	
2019	\$ (6,830)
2020	(6,830)
2021	(6,830)
2022	(6,830)
2023	(5,325)
Thereafter	(2,905)
TOTAL	\$ (35,548)

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:

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.

OPEB Plan Participants				
	Active	Retirees	Retirees	Total
FYE	Employees	Receiving Benefits	Not Receiving Benefits	Participants
2017	1992	683	97	2772

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:** 3.00%
- **Salary Increases:** 3.75% including service-based salary increases
- **Health Care Trend Rates:** Initial rate of 7.00% adjusting to 5.00% 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 2.85% was used for the June 30, 2016 measurement date and 3.58% for the June 30, 2017 measurement date.

The following presents the Recreational Center’s proportional share of the total University OPEB liability, calculated using the discount rate of 3.58%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58% or 1 percentage point higher (4.58%) than the current rate.

Total OPEB Liability	
Discount Rate Sensitivity	
1% Decrease	\$856,833
Current Discount Rate - 3.58%	\$702,251
1% Increase	\$582,630

The following represents the total OPEB liability of the Recreation Center calculated using the health care trend rates of 7.00% decreasing to 5.00%, as well as what the total OPEB liability would be if it were calculated using

WADE KING STUDENT RECREATION CENTER
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018 and 2017

health care trend rates that are 1 percentage point lower (6.00% decreasing to 4.00%) or 1 percentage point higher (8.00% decreasing to 6.00%) than the current rate:

Total OPEB Liability Health Care Cost Trend Rate Sensitivity	
1% Decrease	\$567,322
Current Discount Rate - 7.00%	\$702,251
1% Increase	\$883,338

TOTAL OPEB LIABILITY:

As of June 30, 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:

Proportionate Share of WWU's share	0.7466%
Schedule of Changes in Total OPEB Liability	
Total OPEB Liability	2018
Service cost	\$108,031
Interest	50,602
Changes of benefit terms	-
Differences between expected & actual experience	-
Changes in assumptions	(246,839)
Benefit payments	(25,788)
Change in Proportionate share	9,954
Other	-
Net Change in Total OPEB Liability	(\$104,040)
Total OPEB Liability - Beginning	\$806,291
Total OPEB Liability - Ending	\$702,251

Recreation Center's proportionate share of OPEB expense for the fiscal year ended June 30, 2018 was \$ 990.

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:

Deferred Outflows of Resources	
2018	
Change in proportion	\$ 3,840
Contributions subsequent to the measurement date	11,114
TOTAL	\$ 14,954

Deferred Inflows of Resources	
2018	
Changes of assumptions	\$96,693
TOTAL	\$ 96,693

Amortization of Deferred Outflows and Deferred Inflows of Resources	
Year	
2019	\$ (11,607)
2020	(11,607)
2021	(11,607)
2022	(11,607)
2023	(11,607)
Thereafter	(34,820)
TOTAL	\$ (92,853)

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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
Recreation Center PERS 1 employers' proportion of the net pension liability	0.002365%	0.002311%	0.001825%	0.002223%
Recreation Center PERS 1 employers' proportionate share of the net pension liability	\$129,519	\$120,898	\$97,990	\$105,504
Recreation Center PERS 1 employers' covered-employee payroll	\$246,340	\$252,575	\$214,480	\$270,703
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%
Plan fiduciary net position as a percentage of the total pension liability	61.19%	59.10%	57.03%	61.24%
* 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 Measurement Date ended June 30 *				
	2014	2015	2016	2017
Recreation Center PERS 2/3 employers' proportion of the net pension liability	0.003045%	0.002986%	0.002336%	0.002860%
Recreation Center PERS 2/3 employers' proportionate share of the net pension liability	\$59,589	\$106,676	\$117,616	\$99,372
Recreation Center PERS 2/3 employers' covered-employee payroll	\$262,066	\$264,732	\$222,246	\$280,484
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%
Plan fiduciary net position as a percentage of the total pension liability	93.29%	89.20%	85.82%	90.97%
* 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 Teacher's Retirement System (TRS) Plan 1 Measurement Date ended June 30 *				
	2014	2015	2016	2017
Recreation Center TRS 1 employers' proportion of the net pension liability	0.006602%	0.003428%	0.000257%	0.000000%
Recreation Center TRS 1 employers' proportionate share of the net pension liability	\$235,825	108,600	8,789	-
Recreation Center TRS 1 employers' covered-employee payroll	\$239,778	\$140,113	\$11,631	-
Recreation Center TRS 1 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	98.35%	251.47%	139.99%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	68.77%	65.70%	62.07%	0.00%
* 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
WWUSRP total pension liability	\$141	\$104	\$95
WWU URP employers' covered-employee payroll	\$386	\$368	\$397
WWUSRP total pension liability as a percentage of its covered-employee payroll	36.50%	28.30%	23.93%
* As of June 30; this schedule is to be built prospectively until it contains ten years of data.			

**WADE KING STUDENT RECREATION CENTER
REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2018 and 2017

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 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	\$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									
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 Public Employees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30 <i>Recreation Center</i>					
Fiscal Year	Contractually Required Contributions	Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
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					
2020					
2021					
2022					
2023					
2024					

Notes:
 These schedules will be built prospectively until they contain ten years of data.

**WADE KING STUDENT RECREATION CENTER
REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2018 and 2017

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									
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	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						
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 WWU's Proportionate Share of Total OPEB Liability

Schedule of Recreation Center Proportionate Share of Total OPEB Liability		
<i>Measurement Date ended June 30 *</i>		
	2016	2017
Recreation Center employers' proportion of the total OPEB liability	0.012916%	0.012054%
Recreation Center employers' proportionate share of the total OPEB liability	\$806,291	\$702,251
Recreation Center employer's covered-employee payroll	\$779,096	\$733,699
Recreation Center employers' proportionate share of total OPEB liability as a percentage of its covered-employee payroll	103.49%	95.71%
* 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	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)		
2018	\$11,114	\$11,114	\$0	\$755,074	1.47%
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					

Notes:
 These schedules 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 on behalf of:
Brent Carbajal, Provost / Vice President for Academic Affairs
Richard Van Den Hul, Vice President, Business and Financial Affairs
Melynda Huskey, Vice President, Enrollment and Student Services

DATE: December 14, 2018

SUBJECT: **Capital and Space Planning Update**

PURPOSE: Discussion Item

Purpose of Submittal:

Rick Benner, Director of Facilities Development and Capital Budget / University Architect, Francis Halle, Director of Space Administration / Space Management, John Furman, Director of Facilities Management, and Linda Beckman, Enrollment & Student Services Director of Budget & Administration will present an overview of projects that are presently underway or planned to begin over the next two years, which will begin to address the pressing space needs of the campus.

Background:

Projects Impacting Academic & Administrative Space

A hallmark of space management is that, at all levels of the institution, space is configured to be reflective and supportive of the defined organizational structure. The dynamic campus, ever changing and evolving, is thus seemingly fixed in a perpetual state of renovation, new construction, relocation and reorganization. The application of these managerial precepts are tempered by elements of space availability but also of time, money, opportunity and institutional fortitude. Net-new space, hard-won and costly, is the most preferable approach because it conforms to the extant organization and, apart from displaced parking and the occasional noisy disruption, is the most tolerable of change regimes. The more common approach of course, is to reassign and repurpose existing space. These projects have a greater impact on the organization because they are all about change and often occur under our collective skin. The desired end-product of *space revealed for reassignment* is a product of numerous, often difficult discussions of quality, of efficiency, of models of service delivery and multi-level cooperation. In a roundabout way, a series of small projects will be more broadly impactful to the organization than a single new build because, within the sequence of small-projects, project success is dependent on the effectiveness of the organizational structure and how individual organizations successfully interact. In that scenario, small space projects are like organizational tune-ups; if something's amiss, you will soon know of it.

Allow this to explain why then, when we don't have available space, we are still able to successfully repurpose and reassign spaces to accommodate our growing and evolving programs and provide the needed student and administrative support. It's not easy and certainly not inexpensive, but it is necessary.

Our presentation will walk you through a series of projects, both small (see timeline Attachment C) and large (see timeline Attachment B) and certainly interconnected, that are planned or presently underway relative to the pressing needs that these initiatives will address. The campus space deficit is sizeable and we wish to additionally apprise you of those gaps.

Housing and Dining Development Assessment

Over the past several years, numerous studies and evaluations have been conducted to understand and document the condition of our residence halls, most of which were constructed in the late 60's and early 70's. While those studies indicate a critical need to invest in our residence halls and dining facilities, we also need to ensure our investments address the programmatic and educational needs of current and future generations of students.

We have contracted with Ayers Saint Gross (ASG), a nationally recognized expert in the field of campus planning, to develop a comprehensive assessment of our housing and dining programs then recommend a multi-year investment plan to modernize and renew our buildings. ASG will evaluate programs, amenities, facility renovations, facility replacements, repurposed facilities and new facility options to provide a financially self-supporting housing and dining system meeting student needs.

New Residence Hall

Due to the urgent need to add additional beds to our current stock, we have concurrently begun development of a new \$65 million total project cost residence hall with a minimum of 400 beds on campus. The facility will host a variety of spaces including semi-suites with shared common areas, shared bathrooms, and shared sinks; suites with lounge, bath, and kitchenette; as well as laundry, community kitchens and study areas. In addition to these essential functions, the facility will also house support areas including office space for Residence Life staff, storage (furniture, supplies, and equipment), bike storage, and custodial. Site amenities will include parking, landscaping, and outdoor gathering and recreational spaces, which may include concepts such as courtyard, outdoor seating, community BBQ, and other like ideas. Through the use of the Progressive Design-Build process (see timeline Attachment B), the university desires to maximize the number of beds consistent with sound planning principles, zoning regulations, green building concepts, and will be benchmarked against current trends in college and university residence halls.

Projects Delivered Through Various Methodologies

Various delivery methodologies have been employed for these projects to complete them as efficiently and cost effectively as possible. Smaller projects (per RCW limits) are being completed with Facilities Management crews, smaller public works projects are being completed using the

traditional design-bid-build (DBB), the Interdisciplinary Science Facility is being completed using GC/CM (as approved by the State's PRC committee), and both the new Residence Hall and the Consolidated Academic Support Services Facility are being completed using progressive design-build (as approved by the State's PRC committee).

Delivery Schedules (Attachments B & C)

Attached are schedules for the various projects included in this grouping, their various completion dates, and their dates where a board action will be needed.

Strategic Questions

Space, and the availability of space are factors of campus character. A construct of Western's campus character is that we are an eight AM to five PM campus during regular week days. That is not likely to change soon, but does create space use and availability issues. In addition to comments about the presentation, what are the Board's thoughts regarding the feasibility, advisability, and desirability of incorporating scheduling augmentation to space planning.

**Capital and Space Planning Update Attachment A
Western Washington University
2019-21 CAPITAL REQUEST**

Univ. Priority	PROJECT TITLE	2019 - 2021 Biennium	OFM CATEGORY	OFM Category Ranking
1	Interdisciplinary Science Building	60,000,000	Growth: Major	3
2	Electrical Engineering/Computer Science Building	6,500,000	Predesign	N/A
3	Environmental Studies Center Renovation (STEM II)	8,000,000	Renovation: Major	4
4	Classroom & Lab Upgrades	6,000,000	Renovation: Standalone	1
5	Consolidated Academic Support Services Facility	9,950,000	Growth: Standalone	1
6	Minor Works - Program	6,700,000	N/A	N/A
7	Minor Works - Preservation	12,000,000	N/A	N/A
8	Access Control Security & Infrastructure Upgrades	6,700,000	Infrastructure	6
9	Elevator Preservation and ADA Upgrades	3,512,000	Infrastructure	4
	<i>Preventive Facility Maintenance and Building System Repairs*</i>	4,154,000	N/A	N/A
TOTAL		123,516,000		

Legend

	Design
	Construction
	Acquisition
	<i>MW & Intermediate:</i> Design & Construct
	<i>Majors: Pre-design,</i> Design & Construct
	<i>Majors:</i> Pre-design, Design

Capital and Space Planning Update Attachment B: Projects Requiring Board Actions

Project Title	2018			2019												2020												2021											
	4th Q			1st Q			2nd Q			3rd Q			4th Q			1st Q			2nd Q			3rd Q			4th Q			1st Q			2nd Q			3rd Q					
	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S			
Carver Labs	Bid	Const																																					
DAC at Wilson (Previously approved by BOT)		Const																																					
EHS to Campus Services		Design	Bid	Const																																			
BI 139, 354 & 365		Design	Bid	Const																																			
Conversion of Current DRS		Design	Bid	Const																																			
ES Conversion to Classrms.		Design	Bid				Const																																
Honors Offices & Suite 320		Design	Bid							Const																													
ES 310, 410 & 345			Design							Bid						Const																							
ES 430 into Research Labs			Design							Bid						Const																							
OM Suite 586 Prevention & Wellness																																							
Consolidated Acad. Support Services		RFQ	Scoping	Ph. 1 Design			Ph. 2 Design & Const																																
Interdisciplinary Science Facility			Design							Bid			Const																										
Infill After Completion of Consolidated Academic Support Services Facility													RFQ			Design			Bid			Const																	
Res. Hall 1		RFQ	Scoping	Ph. 1 Design			Ph. 2 Design & Const																																

 Represents month of Fall Quarter start

Capital and Space Planning Update Attachment C: Projects Not Requiring Board Action

Project Title	2018			2019												2020												2021											
	4th Q			1st Q			2nd Q			3rd Q			4th Q			1st Q			2nd Q			3rd Q			4th Q			1st Q			2nd Q			3rd Q					
	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S			
C & L Already In Progress																																							
Lockshop to PP				Design	Const																																		
DAC at Wilson				Const																																			
Radio Isotope Lab				Design	Bid	Const																																	
CF 157 Gender Neutral ADA Restroom				Design	Const																																		
AW 411 Gender Neutral ADA				Design	Const																																		
Housing & Dining Development Assessment "H & D Long-Range Plan"				RFQ	Study																																		
CFPA Expand Ensemble & Recording					Design	Const																																	
BH/AH Create Offices				Design	Bid	Const																																	
Active Learning Environments				Design	Procure				Install																														
FA 120 Gender Neutral ADA Restroom										Design	Const																												
OM Suite 586 Prevention & Wellness																																							

 Represents month of Fall Quarter start

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, Academic Affairs
Richard Van Den Hul, Vice President, Business and Financial Affairs
Brian Burton, Associate Vice President, Academic Affairs

DATE: December 14, 2018

SUBJECT: **Institutional Resource Modeling Update**

PURPOSE: Discussion Item

Purpose of Submittal:

The purpose of this submittal is to provide the Board of Trustees with an update on Western's Institutional Resource Modeling process, initiated this fall with the constitution and charge of the President's Advisory Committee on Institutional Resource Modeling (PARIRM). PACIRM co-chairs Richard Van Den Hul, Vice President, Business and Financial Affairs, and Brian Burton, Associate Vice President, Academic Affairs, will provide an overview of the committee's charge, process, and milestones for progress and completion. The PACIRM charge, membership roster, timeline, process flow chart, and communications plan are attached for reference, and are available at <https://provost.wvu.edu/resource-modeling>.

Background:

At the start of Western's strategic planning process in the fall of 2016, the University recognized the need for a complementary resource planning process, to ensure the strategic plan is connected to a realistic sense of the additional funding it will take to advance goals and objectives. The purpose of a resource plan is to quantify, at a high level, the additional funding required to advance these aspirations. This "prosperity gap" is itself divided into two parts: (a) the difference above current funding levels required to adequately support *existing* services into the future, and (b) the additional funding required to advance the institution's aspirations and priorities set forth in the strategic plan. Since the future financial and operational environment is expected to be dynamic, institutional resource modeling is not necessarily focused on developing accurate forecasts. Having a general sense of what these amounts might be—even if quite large—will helpfully orient Western's efforts and expectations as to how, where, and when we may be able to generate these revenues.

Defining the prosperity gaps related to each of the Strategic Plan's aspirational metrics will require the specific expertise of professionals in academic affairs, business affairs and enrollment and student support services to generate the resource models. In addition, the broad perspective and insights of Western's faculty, staff, administrators, and students will be needed to guide the process and to review the assumptions and models for relevancy and consistency with the strategic plan. To that end, the President charged an advisory committee to guide a resource modeling exercise to estimate the prosperity gap associated with achieving key strategic plan objectives.

The deliverable from the work of the Committee is a set of resource scenarios. Unlike a strategic plan or a budget model, there is no specific outcome that needs to be approved or adopted at the end of the modeling process. The scenarios inform the University and its administration on important

revenue generating strategies (for example, enrollment mix, shaping legislative requests, fundraising), while providing the challenge of thinking creatively to expand revenue base to advance the goals and priorities. The exercise does not contemplate changes to our current budget biennial processes nor does it assume exemption from them.

The role of the Committee is advisory in nature and it will complete its work and deliver its final report to the President, preferably by April 15, but no later than May 15, 2019. The final work will be presented to the Board of Trustees for acceptance at its regularly scheduled meeting after completion but no later than the Board's regular June 2019 meeting.



President's Advisory Committee on Institutional Resource Modeling

2018-19

Name	Department and Representation	Phone	MS
Richard Van Den Hul	Co-Chair / Vice President, Business and Financial Affairs	3407	9044
Brian Burton	Co-Chair / Associate Vice President, Academic Affairs	3389	9033
Leo Bodensteiner	Professor, Department of Environmental Sciences	7375	9181
Clara Capron	Assistant Vice President, Enrollment & Student Services	2422	9017
Heather Christianson	Program Support Supervisor, Registrar's Office	2079	9008
Chris Miller	Director, Enterprise Infrastructure Services	4479	1450
Natasha Hessami	AS Vice President for Governmental Affairs	3736	9106
Ricardo Lopez	Associate Professor, History Department	2939	9061
Jeff Newcomer	Chair, Department of Engineering and Design	7239	9086
Milka Solomon	AS President	3265	9106
Kit Spicer	Dean, College of Fine and Performing Arts	7782	9109
Molly Vogel	Director, Administration and Finance, Extended Education	6745	9102
Sheila Webb	Professor, Journalism Department	6245	9161
Nicholas Wonder	Associate Professor, Department of Finance and Marketing	2444	9073
Ryan Wyckoff	Equipment Technician 3, Facilities Management	3198	9121
EX OFFICIO			
Nancy Phillips	Assistant to the Vice President, Business and Financial Affairs / Administrative Support	3407	9044

WESTERN WASHINGTON UNIVERSITY

President's Advisory Committee on Institutional Resource Modeling Fall 2018

CHARGE

Background

At the start of Western's strategic planning process in the fall of 2016, the University recognized the need for a complementary resource planning process, to ensure our strategic plan is connected to a realistic sense of the additional funding it will take to advance our goals and objectives. The purpose of a resource plan is not to determine funding levels for particular programs or areas of the University, but to quantify, at a high level, the additional funding required to advance these aspirations. This "prosperity gap" is itself divided into two parts: (a) the difference above current funding levels required to adequately support *existing* services into the future, and (b) the additional funding required to advance the institution's aspirations and priorities set forth in the strategic plan. Since the future financial and operational environment is expected to be dynamic, institutional resource modeling is not necessarily focused on developing accurate forecasts. Having a general sense of what these amounts might be—even if quite large—will helpfully orient Western's efforts and expectations as to how, where, and when we may be able to generate these revenues.

If the 2018-2025 Strategic Plan defines Western's goals and aspirations for the next seven years—e.g., increasing the six-year graduation rate for students of color 10-15%—the institutional resource modeling process aims to define the resources that will most likely be required to accomplish them.

Charge

Defining the prosperity gaps related to each of the Strategic Plan's aspirational metrics will require the specific expertise of professionals in academic affairs, business affairs and enrollment and student support services to generate the resource models. In addition, the broad perspective and insights of Western's faculty, staff, administrators, and students will be needed to guide the process and to review the assumptions and models for relevancy and consistency with the strategic plan. To that end, the President charges an advisory committee to guide a resource modeling exercise to estimate the prosperity gap associated with achieving key strategic plan objectives.

The outcome from this activity is *a scenario or a small set of scenarios* that identify the general types and relative sizes of expected expenditures. The envisioned time horizon is the next three biennia, through 2025. The scenarios are based on assumptions that are consistent with Strategic Plan 2018-25 and the Overall Metrics approved by the Board of Trustees. These include Western's role in advancing the Washington Student Achievement Council goals of significantly increasing adults with post-

secondary education, meeting current and emerging areas of need in the state (employment trends, geographic needs, student demographic shifts, etc.), and ensuring delivery of high-quality education.

The intent is to keep the work focused on a manageable number of objectives and to develop the scenarios quickly. At the same time, we want to make sure that the work of the Committee is informed by input from University's different governance groups. The key objectives, planning assumptions, and the resulting scenarios will be shared broadly with the university community during the development stage, including relevant planning groups, such as the UPRC. We will be seeking input from the university community to ensure that relevant factors are considered in the modeling process. The process will also engage closely with the Board of Trustees regarding critical assumptions about the future operations of the university and the resulting resource scenarios.

The deliverable from the work of the Committee is a set of resource scenarios. Unlike a strategic plan or a budget model, there is no specific outcome that needs to be approved or adopted at the end of the modeling process. The scenarios inform the University and its administration on important revenue generating strategies (for example, enrollment mix, shaping legislative requests, fundraising), while likely providing the challenge of thinking creatively to expand our revenue base to advance the goals and priorities we aspire to achieve. The exercise does not contemplate changes to our current budget biennial processes nor does it assume exemption from them.

The role of the Committee is advisory in nature and it will complete its work and deliver its final report to the President, preferably by April 15, but no later than May 15, 2019. The final work will be presented to the Board of Trustees for acceptance at its regularly scheduled meeting after completion but no later than the Board's regular June 2019 meeting.

Membership:

Membership will consist of individuals from each of the representative constituencies (faculty, professional staff, classified staff, and students), selected by the President from 4-8 nominations received from each group. The President will add representatives from relevant administrative groups and will appoint the Committee chair (or co-chairs).

Staffing will be provided and the Committee will be assisted and guided in its efforts by a professional consultant with expertise in conducting institutional resource modeling exercises.

The Committee shall be dissolved upon completion of its charge, no later than the end of the regular 2018-19 academic year.

PACIRM TIMELINE

Updated 11/27/2018

Process Step	Week Accomplished	Target Date
First meeting of working groups	Dec 3-7	3-Dec
Reports from Working Groups on drivers and assumptions	Dec 31-Jan 4	4-Jan
AC Meeting to go over drivers and assumptions	Jan 7-11	9-Jan
Drivers and assumptions out for feedback	Jan 7-11	11-Jan
Feedback received on drivers and assumptions	Jan 14-18	18-Jan
AC Meeting to go over drivers and assumptions feedback	Jan 21-25	23-Jan
Feedback to Working Groups on drivers and assumptions	Jan 21-25	25-Jan
Trustees meeting report	Feb 7-8	
Reports from Working Groups on gaps	Feb 11-15	15-Feb
AC Meeting to go over gaps	Feb 18-22	20-Feb
Gaps out for feedback	Feb 18-22	22-Feb
Town Halls	Feb 25-Mar 1	
Feedback received on gaps	Feb 25-Mar 1	1-Mar
AC Meeting to go over gaps feedback	Mar 4-8	7-Mar
Feedback to Working Groups on gaps	Mar 4-8	8-Mar
Final reports from working groups on gaps and cost	Mar 18-22	22-Mar
Trustees meeting report	Apr 4-5	
AC Meeting to approve final model	Apr 8-12	8-Apr
Final product to President	April 15-19	15-Apr

President's Advisory Committee on Institutional Resource Modeling (PACIRM)

Communications Channels and Responsibilities: Ensuring Campus Engagement and Input

The Advisory Committee will communicate with the identified campus groups as follows:

1. Board of Trustees

- a. Channels
 - i. Regularly scheduled BOT meetings
 - ii. Executive Committee Meetings
 - iii. President's Memo/Updates
- b. Responsible Parties
 - i. Advisory Committee Co-Chairs

2. Planning Groups

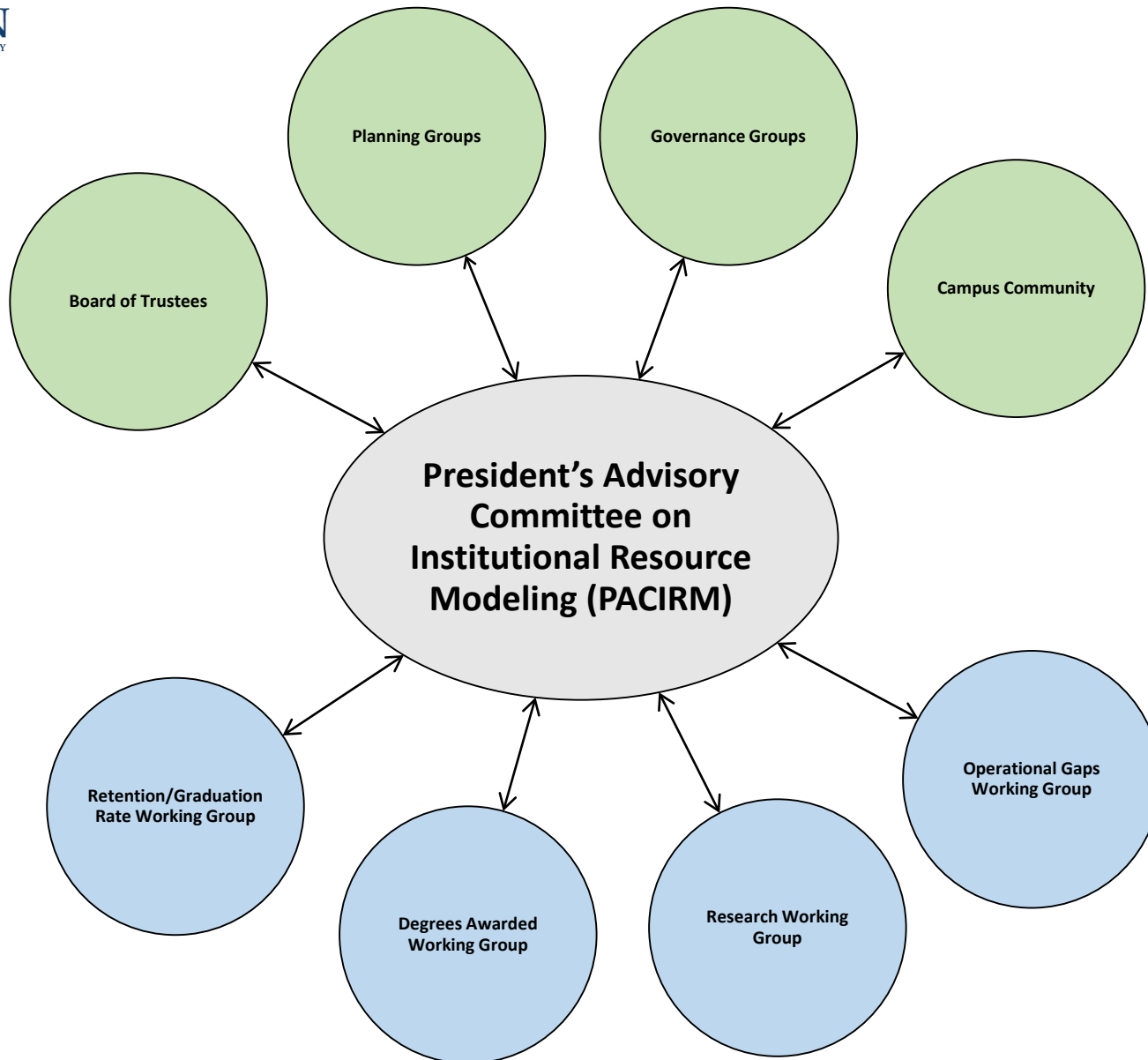
- a. Identified Planning Groups
 - i. UPRC
 - ii. VPs/Deans
- b. Channels
 - i. Regularly scheduled UPRC, VPs and Council of Deans meetings, colleges and division meetings
 - ii. Memos/Emails
- c. Responsible Parties
 - i. UPRC: Jeff Newcomer, Advisory Committee Co-Chairs
 - ii. VPs: Co-Chair Rich Van Den Hul
 - iii. Council of Deans: Co-Chair Brian Burton
 - iv. Deans/VPs share with their colleges / division through regular meetings and channels

3. Governance Groups – Groups identified by representation on the Advisory Committee

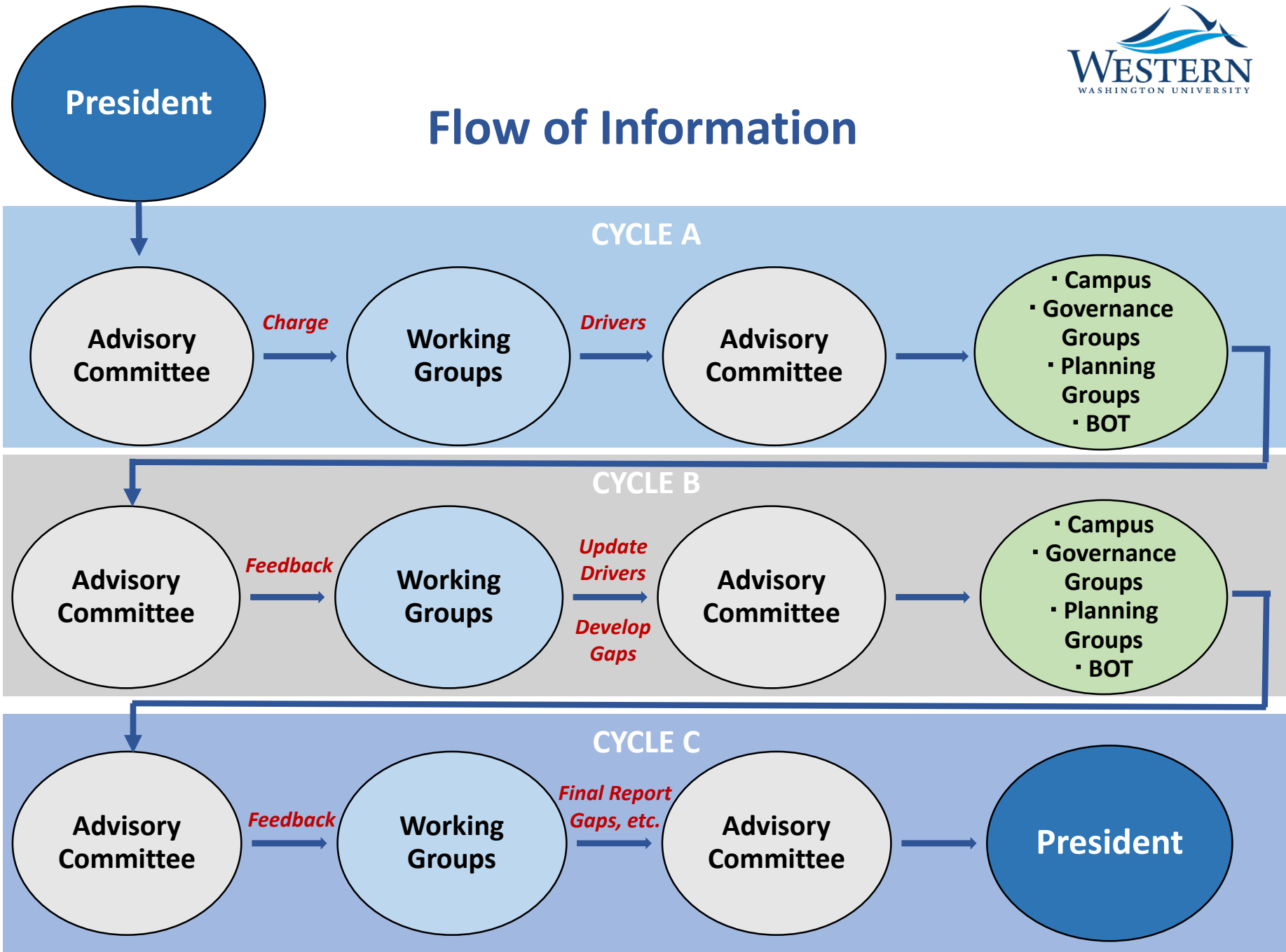
- a. Channels
 - i. Regularly scheduled governance group meetings
 - ii. Usual/customary communications each group uses
- b. Responsible Parties
 - i. Each PACIRM member is responsible for sharing information from the Advisory Committee to their group, as well as collecting feedback from their group and sharing with the Advisory Committee.

4. Campus Community at Large

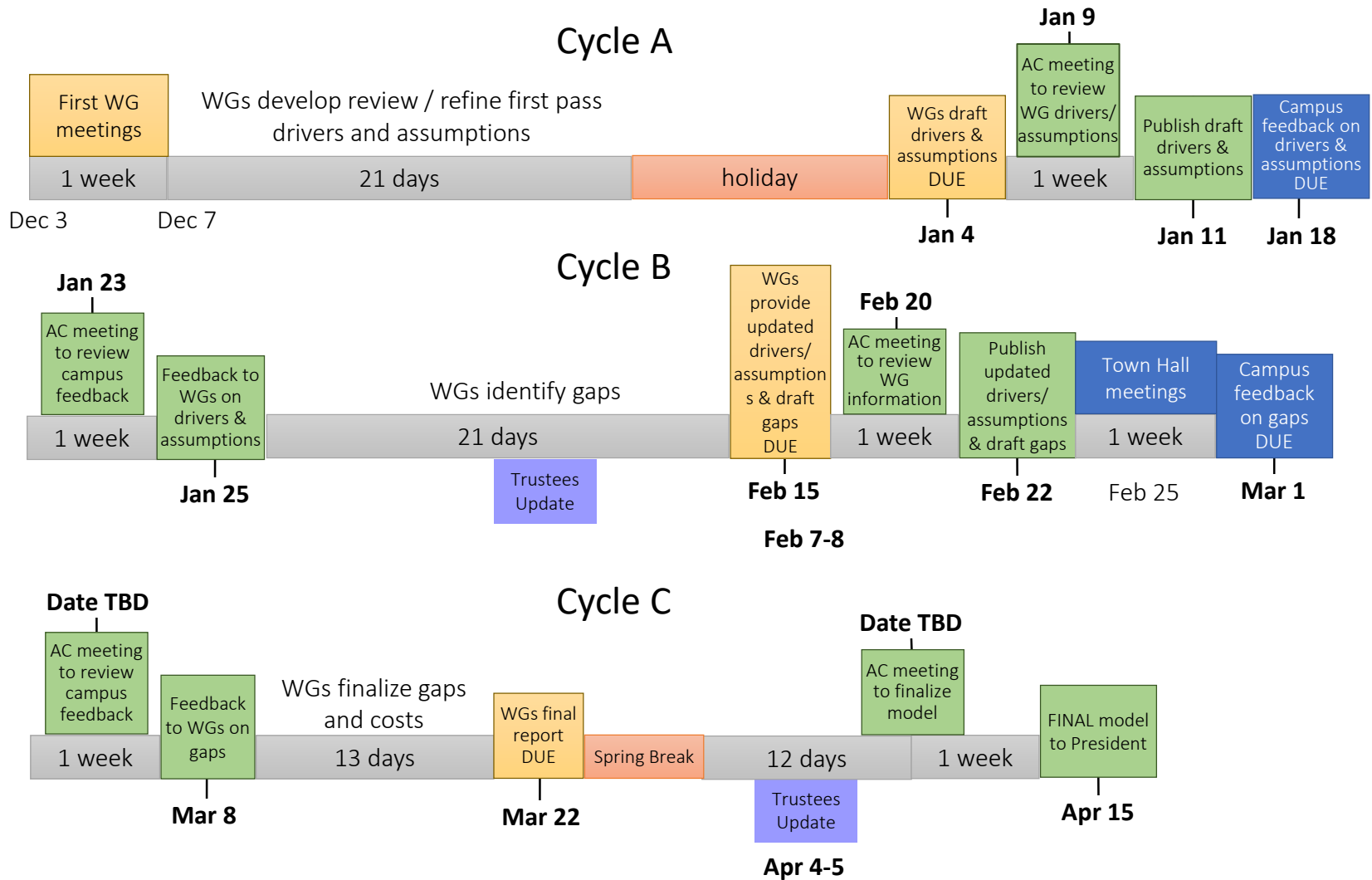
- a. Channels
 - i. Town Halls
 - ii. PACIRM Website
 - iii. Western Today
 - iv. Broad emails as appropriate
- b. Responsible Parties
 - i. Advisory Committee Co-Chairs
 - ii. Support from Nancy Phillips and University Communications



Flow of Information



Flow of Information / Timeline



AC = PACIRM
 WG = Working Group

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 14, 2018

SUBJECT: **Selection of General Contractor/Construction Manager and Preconstruction Services Contract for Interdisciplinary Science Building, PW733**

PURPOSE: Action Item

Purpose of Submittal:

Approval of the pre-construction services contract with the General Contractor/Construction Manager (GC/CM) for work beginning in January 2019. A construction contract award is scheduled for the April 2020 Board of Trustees meeting, assuming we receive funding from the legislature.

Proposed Motion:

MOVED that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve a contract with BNBuilders of Seattle, WA, for the amount of \$364,571 for pre-construction services for the Interdisciplinary Science Building project, PW733.

Supporting Information:

At the June 2018 meeting, the Board of Trustees approved Perkins + Will to provide design and construction administration services for the Interdisciplinary Science Building. At this point, the GC/CM will provide preconstruction services to assist Perkins + Will to improve design and constructability of the facility. BNBuilders was selected as the General Contractor/Construction Manager (GC/CM) from three teams responding to the Request for Qualifications (RFQs). The firms responding to the Request for Proposals included:

BNBuilders, Seattle, WA
Mortenson Company, Kirkland, WA
Hensel Phelps, Seattle, WA

BNBuilders was selected following a qualitative and quantitative selection process including scoring of the team's proposals, interviews of the three highest scoring proposals, and bids for the GC/CM fee and general conditions. BNBuilders was the highest scoring firm. Before entering into the construction contract, a negotiated Maximum Allowable Construction Cost (MACC) and construction contract will be presented to the Board for approval.

The RFQ required submission of a Minority and Women's Business Enterprises (MWBE) outreach plan outlining the outreach and voluntary goal achievement strategies the contractor intends to implement, and addresses the contractor's proposed actions to comply with the desire for enhanced participation. The submitted outreach plan included strategies to obtain at a minimum 10% for Minority Business Enterprises (MBE) and 6% for Women's Business Enterprises (WBE) participation.

The selection team for the GC/CM selection process included:

Western Washington University:

Rick Benner, University Architect / Director, Facilities Development & Capital Budget (FDCB)

Mark Nicasio, Project Manager, FDCB

Josh Kavulla, Associate Director, FDCB

Don White, Construction Project Coordinator, FDCB

Dale Krause, Construction Project Coordinator, FDCB

Perkins + Will:

Andy Clinch, Project Manager, Perkins + Will

Source of Funding: State Bond Funds

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

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa

DATE: December 14, 2018

SUBJECT: **Consent Items**

PURPOSE: Action Items

Purpose of Submittal:

Approval of the university recommendations provided on the consent item agenda.

Proposed Motion(s):

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

- Approval of Winter Quarter Degrees
- General Contract/Construction Manager Preconstruction Services Contract for Interdisciplinary Science Building, PW733

Supporting Information:

Materials supporting the consent item agenda are attached.

**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 14, 2018
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 2018, effective December 15, 2018.

Supporting Information:

Lists on file with the Registrar and Graduate Dean.

<i>Students</i>	<i>December 2018</i>	<i>Comparison: December 2017</i>
<i>Undergraduates</i>	772	739
<i>Masters</i>	28	34

**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 14, 2018
SUBJECT: **Board Audit 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 Audit 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 14, 2018
SUBJECT: **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.

Number of Declared Majors at Peak By Department

Department	Fall 2017			Fall 2018			One-Year % Change	
	Undergraduate	Graduate	Total	Undergraduate	Graduate	Total	Undergraduate	Graduate
English	445	35	480	470	37	507	6%	6%
Health & Human Development	406	16	422	395	24	419	-3%	50%
Biology	332	24	356	354	29	383	7%	21%
Psychology	299	41	340	308	41	349	3%	0%
Environmental Studies	241	56	297	282	53	335	17%	-5%
Health & Community Studies	251	87	338	251	84	335	0%	-3%
Computer Science	277	23	300	300	30	330	8%	30%
Special Educ & Educ Leadership	273	20	293	282	28	310	3%	40%
Finance & Marketing	273		273	295		295	8%	
Sociology	255		255	267		267	5%	
Modern and Classical Languages	258		258	257		257	0%	
Management	264		264	256		256	-3%	
Environmental Sciences	220	21	241	228	23	251	4%	10%
Engineering and Design	230		230	235		235	2%	
History	188	24	212	202	23	225	7%	-4%
Elementary Education	209	15	224	211	14	225	1%	-7%
Art and Art History	231		231	224		224	-3%	
Political Science	213		213	204		204	-4%	
Accounting	179	4	183	193	5	198	8%	25%
Economics	172		172	195		195	13%	
Fairhaven College	157		157	194		194	24%	
Music	206	10	216	182	10	192	-12%	0%
Mathematics	182	23	205	171	19	190	-6%	-17%
Chemistry	149	20	169	155	23	178	4%	15%
Theatre Arts and Dance	186		186	176		176	-5%	
Decision Sciences	187		187	175		175	-6%	
Anthropology	163	10	173	148	16	164	-9%	60%
Design	125		125	141		141	13%	
Communication Studies	125		125	133		133	6%	
Geology	83	29	112	90	38	128	8%	31%
Multidisciplinary Studies	104		104	116		116	12%	
Communication Sci & Disorders	87	50	137	60	53	113	-31%	6%
Linguistics	94		94	97		97	3%	
Journalism	79		79	81		81	3%	
Secondary Education		65	65		68	68		5%
Philosophy	47		47	53		53	13%	
Master of Business Admin		65	65		51	51		-22%
Physics and Astronomy	58		58	46		46	-21%	
Energy	29		29	32		32	10%	
Science Education	41		41	31		31	-24%	
Liberal Studies	25		25	29		29	16%	
East Asian Studies	31		31	23		23	-26%	
American Cultural Studies	12		12	11		11	-8%	
Women, Gender & Sexuality Stdy				10		10		
Canadian/American Studies	3		3	2		2	-33%	
Graduate School					1	1		
University Total	7,389	638	8,027	7,565	670	8,235	2%	5%

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

**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 14, 2018
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 – September 30, 2018.

Supporting Information:

- Grant awards/totals for the period 7/1/18 – 9/30/18

Subject: Grant Awards for Quarter 1 of the 2019 Fiscal Year.

The total amount of grants and contracts received this quarter was \$3,248,775. This includes both new awards and additions to existing awards.

Department	New Award	Additions	# New Awards	# Additions
Anthropology Department	\$15,000	\$0	1	0
Biology Department	\$69,796	\$160,908	2	3
Border Policy Research Institute	\$19,034	\$0	1	0
Chemistry Department	\$569,864	\$0	4	0
Dept of Environmental Sciences	\$96,857	\$0	4	0
Elementary Education	\$120,000	\$0	1	0
Engineering and Design Department	\$172,269	\$16,000	2	1
Geology Department	\$213,123	\$90,628	3	2
Health and Community Studies	\$0	\$319,304	0	1
Institute of Watershed Studies	\$6,435	\$0	1	0
Liberal Studies Department	\$4,000	\$0	1	0
Mathematics Department	\$0	\$212,721	0	1
Physics - Astronomy Department	\$172,559	\$100,294	2	1
Psychology Department	\$140,050	\$549,461	4	3
Shannon Point Marine Center	\$0	\$200,472	0	2
Totals:	\$1,598,987	\$1,649,788	26	14



**Capital Program Report
Board of Trustees
December 14, 2018**

MAJOR / INTERMEDIATE CAPITAL PROJECTS

- **Multicultural Center**

Dawson Construction is proceeding on schedule. The roofing is complete and exterior weather barrier in place. Rough-in for mechanical and electrical systems is proceeding. Interior framing and drywall has begun. Construction progress is on budget and on schedule for limiting weather impacts from the fall rainy season and for on-time completion in the summer of 2019. Web cameras showing the site can be found on the following link:
<https://www.wvu.edu/wvuarchitect/construction/pw698.shtml#webcam>

- **Buchanan Towers Renovation**

This project is two phases: Spring and Summer quarters of 2018 is phase one, and Spring and Summer quarters of 2019 is phase two. Dawson Construction started construction of phase one in March 2018. The first phase of construction is complete for Fall 2018 occupancy and residents have moved in. Construction of phase two will start March 2019, approximately a week after commencement, and is scheduled to be complete prior to fall move-in in September 2019.

- **Disability Access Center (formerly known as disAbility Resources for Students) and Veterans Services**

Phase 1 work to renovate Wilson Library (WL) 290 for the new Maps Collection and Study Lounge is complete. Phase 2 has begun with the demolition of WL 170 and 164 to create the DAC and Veterans Services suite. Interior framing and systems rough-in has begun. The project remains on budget.

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

The General Contractor/Construction Manager (GC/CM) qualification proposals for the New Interdisciplinary Science Building were received on October 4, 2018 from Mortenson Construction, BNBuilders and Hensel Phelps. All three firms were asked to present their team and project approach to the selection committee on October 23 and 24, 2018. BNBuilders and Hensel Phelps were selected to submit a final proposal for percent fee and specified general conditions work. Each general contractor turned in a proposal on November 9, 2018. The final scoring for the RFQ and RFP were reviewed and calculated by the selection committee. BNBuilders had the highest score and was awarded the Pre-Construction services for the new Interdisciplinary Science Building. Programming/Schematic Design for the project will begin in early January 2019. Completion for the new Interdisciplinary Science Building is February 2021.

- **New Residence Hall**

WWU received five submittals from progressive design-build teams on September 20. The selection committee shortlisted to three for the oral interviews. Team selection is complete

and Lydig Construction from Spokane, with Mahlum Architects from Seattle were selected. WWU is working with the team on an initial phase of the project to verify program and investigate three possible construction sites. Their progressive design-build contract will be brought to the February 2019 board meeting for approval. The remaining design and construction contract is scheduled for approval at the August 2019 meeting. Occupancy is scheduled for fall quarter 2021.

- **Elevator Preservation and ADA Upgrades**

A pre-construction meeting was held on October 3rd. The contractor has submitted a safety plan and preliminary project schedule. Schedule is ahead of initial projections, with construction to begin in Morse Hall in May 2019 and finish at Environmental Sciences in November 2019.

- **Consolidated Academic Support Services Facility**

WWU received six submittals from progressive design-build teams on September 28. The selection committee shortlisted to three for the oral interviews. Team selection is complete and M.A. Mortenson Company from Kirkland, with HKP Architects from Mount Vernon were selected. WWU is working with the team on an initial phase of the project to verify program and investigate the construction site on the vacant land west of the Physical Plant. Their progressive design-build contract will be brought to the February 2019 board meeting for approval. The remaining design and construction contract is scheduled for approval at the June 2019 meeting. Occupancy is scheduled for fall quarter 2020.

- **Anatomy and Physiology Lab**

This project will create two anatomy and physiology labs in Carver 163, to be shared between Biology and Health & Human Development departments. Regency NW started construction on November 27, 2018 and will be complete Spring quarter, 2019.

- **Multiple Building Access Control**

Bids were opened on September 27, 2018 and a contract has been awarded to the winning contractor, DECO/Dutton Electric. Pre-construction meetings have occurred and the contractor will be beginning physical construction first of the year. The contractor is actively surveying the existing installation and documenting the existing conditions as a submittal for planning and scheduling the implementation. The project remains on budget and is on schedule with completion in late May of 2019.

- **Multiple Building Replacement of Switchgear, Panels and Motor Controls**

Bids were opened on September 20, 2018 and a contract has been awarded to the winning contractor, DECO/Dutton Electric. Pre-construction meetings have occurred and the contractor will be beginning physical construction first of the year. The contractor is actively compiling equipment submittals for long lead item procurement. The project remains on budget and is on schedule with completion in late August of 2019.

- **2017-2019 Classroom and Lab Upgrades**

This program is composed of several public works projects and in-house work. A couple small and one larger public works construction projects are just starting design. Most of the projects in this category are related to improvements in STEM programs.

2018 CAPITAL BUDGET

Western's 2019-2021 Capital Request of \$123,516,000 in State funding was submitted to the Office of Financial Management. The Capital Request includes major and intermediate-sized projects, minor works programmatic and preservation projects, and funding for preventive facility maintenance and repair. The Capital Request submittal also included the ten-year Capital Plan, which details all projects Western is considering for State funding between 2019-2029. This submittal follows an approximately one year-long process in which Western faculty, staff, and administrators engaged with the University Planning and Resources Council (UPRC), the Board of Trustees, and the campus community to develop a draft Capital Request and Capital Plan. The draft version of the Capital Request and Capital Plan was presented to the Board of Trustees at the April 2018 meeting, and the final version was approved by the Board at the June 2018 meeting.

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

ADVANCING THE UNIVERSITY

DECEMBER 2018



ADVANCEMENT UPDATE

SEPTEMBER-OCTOBER

WWU ALUMNI ASSOCIATION ENGAGEMENT

Paint B'ham Blue for WWU

September 26, 2018

ATTENDANCE	2017	2018
Alumni & Staff	217	300
Students	1,768	2,110
Total Attendees	2,198	2,410

MEMBERSHIPS	2017	2018
Annual Student Memberships	37	49

Art Walk at the Western City Center

October 5, 2018

- Featured students from the Metro Art Access summer program in New York City.
- Total attendees: **190** (a record)

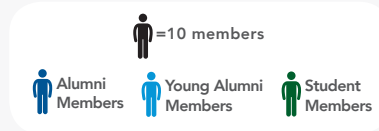
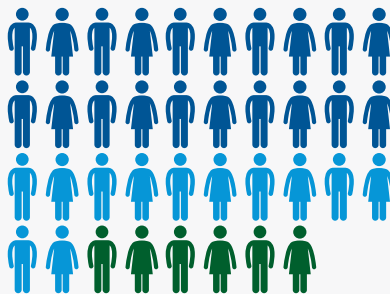
WWU Day at the Sounders: Sounders vs. San Jose Earthquakes

October 28, 2018

- Total attendees: **296**
- Bringing together alumni, students and their parents.

NEW MEMBERSHIPS

The WWU Alumni Association welcomed **383** new and renewing WWU Alumni Association members during September and October, including **120** young alumni members and **61** student members.



TOTAL GIFTS TO THE FOUNDATION

The WWU Foundation received **2,023** gifts totaling **\$3,352,017**



METRICS

Twitter WWU Alumni Association

3,208 followers
0.39% gain
745 engagements

Twitter WWU Foundation

342 followers
2.4% gain
32 engagements

Facebook WWU Alumni Association

6,808 followers
0.71% gain
7,716 engagements

Facebook WWU Foundation

728 followers
1.5% gain
369 engagements

Website WWU Alumni Association

24,704 visitors
95% gain

Website WWU Foundation

3,252 visitors
18% gain

FUNDING PRIORITIES



Instructors from the Cyber Camp in Poulsbo.

Funding Priority Highlights—College of Science and Engineering

Seeking undergraduate Stipends and Graduate Assistantships

Research is one of the most effective tools for educating students in science and is a hallmark of the Western experience. Dedicated funds in these areas allow for student research over the summer (rather than employment unrelated to their studies) while providing critical experiential learning and improving time-to-graduate. Research stipends range from \$6,000-\$7,500 for the summer.

Cyber Security Program Enhancement

WWU's cyber security program is exceedingly relevant amid a national shortage of cyber security professionals. The Western Cyber Range is the only cloud-based virtual laboratory in the state which provides a secure, isolated environment where students can practice cyber security skills. Program expansion requirements include the need for more student scholarships (\$2,000 per year), additional lab space for the cyber range (capital project at Olympic College) and growth in faculty (\$500,000 endowed professorships).

Faculty Computational Resources

High-powered analytical computers are essential for supporting teaching and research in biology and chemistry. The need for technologically advanced systems grows more acute each year as these departments fall behind where their computational capacity should be. A cluster of state-of-the-art computers will greatly enhance teaching, research, and attracting new faculty hires. \$50,000 investment.

ENGAGEMENT

Paint B'ham Blue for WWU

September 27, 2018

Campus and Downtown, Bellingham

Paint B'ham Blue for WWU had its biggest year yet. Created for engagement and outreach, seeking to connect new students, their parents, WWU alumni and the community in a giant, welcoming event in downtown Bellingham, Paint has become a new tradition at Western. The event connects WWU Alumni Association members and students, and establishes a philanthropic sensibility early in their WWU lifecycle.

Jane Goodall at the Mount Baker Theatre

October 8, 2018

Mount Baker Theatre, Bellingham

The marquis was lit, the 1,517 guests were seated, and Jane Goodall took the stage at the Mount Baker Theatre. Goodall appeared in Bellingham courtesy of the Gordon H. and Alice C. Fraser Lectureship Fund Endowment. Psychology professor David Sattler was key in bringing Ms. Goodall to Bellingham.

Art Walk

October 5, 2018

Western City Center, Bellingham

Students who participated in Metro Art Access, a program in New York City, showcased their work from the summer program. They drew 190 guests—the largest number of Art Walk guests recorded.

Athletics Scholarship Dinner

October 9, 2018

Bellingham Golf & Country Club, Bellingham

Women's basketball sophomore Emma Duff spoke at the Athletics

Scholarship Dinner. The gathering of 73 participants included donors, scholarship recipients, athletic coaches, and VIPs.

Western Business Summit

October 19, 2018

WWU Campus, Bellingham

The Western Business Summit brought 140 individuals, 30 alumni, 20 professionals, and a mixture of community members and students to Wilson Library to hear about diversity, inclusion, and equity in the context of business. Sponsored by the College of Business and Economics and the Center for Innovation in Education, this event included panelists Monica James of Bank of America, Temryss Lane of Lummi Nation and Pyramid Communications, Afsheen Saatchi of Starbucks Global Talent Acquisition, Daman Wandke of AbiliTrek, and Victoria Campbell of BECU.

Bellingham Leadership Forum

October 25, 2018

Bellwether Hotel, Bellingham

The annual Bellingham Leadership Forum brings together local business leaders, community members, WWU alumni and Western faculty, staff and students for an inspiring talk by a prominent business leader. This year's event featured Alan Mulally, former C.E.O. of the Ford Motor Company. Mulally spoke of his time at both The Boeing Company and his transition to Ford. He described how lean processes encourage collaboration, increase productivity, and establish quality. The Forum sold out for the 17th consecutive year. This year, more than \$57,000 was raised

for scholarships—an all-time high—including the establishment of 13 new named annual scholarships. From its inception, the Bellingham Leadership Forum has raised in excess of \$300,000 for student scholarships.

WWU Day at the Sounders

October 28, 2018

CenturyLink Stadium, Seattle

Every year, the WWU Alumni Association invites students, parents, and alumni to Seattle for a day at the Sounders. This year, the event sold out for the first time. The Association secured the Toyota Fan Deck for the day.



UPCOMING EVENTS

Seattle Holiday Reception

December 11, 2018

Benaroya Hall, Seattle

President's Holiday Dinner

December 13, 2018

WWU Campus, Bellingham

Fall Commencement

December 15, 2018

WWU Campus, Bellingham

Reception at the Governor's Mansion

January 31, 2019

Olympia, WA

WWU vs. Central Basketball Game

February 7, 2019

WWU Campus, Bellingham

Bellingham Scholarship Dinner

February 25, 2019

WWU Campus, Bellingham

IMPACT STORIES

Philanthropy's Impact

Endowment encouraging cultural exchange: Early childhood education program (ECE) students and faculty visited Southwest University (SU) in Chongqing, China, and also hosted an exchange with students and faculty from SU to learn respective approaches to early childhood education. The Friends of Bernice Skeen Endowment allowed ECE students to enhance their learning through these summer study activities.

Lasting Impact of the LeCocq Family Scholarship: Joyce Lee

Joyce Lee, a 1996 accounting alumna, returned to campus recently to speak to accounting students. Joyce shared about her professional journey, including years of success at Clark Nuber. Upon receiving an offer for partnership, she also received an employment offer from the Marguerite Casey Foundation to serve as the CFO, which she accepted. While at WWU, Joyce was the recipient of the LeCocq

Family scholarship (People's Bank). The scholarship is still awarded today and Joyce remained in contact with the family for many years after leaving school.

Loyal Donor Surprises WWU with an Estate Gift

Ann Cowan ('69) made her first gift of \$10 to WWU in 1992 through the phonathon. She made 23 total gifts over the course of the next 25 years. In September, the WWU Foundation received \$660,000 in unrestricted funds from her estate. Our phonathon consistency, coupled with newsletters and event invitations inspired Ann to remember WWU in her estate.

Watermelon Snow Project Inspires Donor

The WWU Alumni Association Distinguished Alumnus from the College of Science and Engineering and Lifetime Achievement Award winner, Peter Hallson, visited campus in May. Peter is a passionate mentor to high school students interested in STEM fields, and brought a group of students to

Western's campus for a visit to STEM classes and labs. He also returned to lecture in biology classes. During his visit, Peter learned about the Watermelon Snow project headed up by Dr. Robin Kodner. Fascinated and inspired by her research, Peter generously donated \$15,000 to fund three student research positions on her team—Kristen Thomas, Riley Marcus, and Nathan Roueche. Peter sits on the CSE Advancement Board and he and his wife Judith are long-time President's Society members.

Watermelon snow, or pink snow, is caused by algae. Through her research, Dr. Kodner, citizen scientists, and her student researchers are learning more about the effects and lessons of watermelon snow and the relationship between this form of algae and global climate change. This project has received considerable media attention and will yield important research about global climate change and its effects on our mountain environments.

NEW STAFF

Ashley Fejeran, Donor Relations Administrative Assistant

Prior to coming to WWU, Ashley was at Portland State University's Foundation, doing data and records management. Her background is in Library and Information Science, and she earned an MILS from the University of Washington in 2013. She's looking forward to putting her information management skills to work in the Donor Relations department! She grew up in La Conner, WA, and graduated from WWU in 2007 with a degree in English Literature. She's very excited to be back in Bellingham and to be working at WWU Advancement!



Tess Boyd, Assistant Director of Digital and Phonathon Campaigns

Tess and her husband Chris have recently moved back to Bellingham from Seattle, where she was working in fundraising at the Seattle Symphony. Tess loves to golf, hike and spend time with her Australian Shepherd, Boone.



**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 14, 2018

SUBJECT: **University Relations and Marketing Report**

PURPOSE:

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 updates and new projects.

Brand Strategy and Campaign Development

We are in the final stages of completing work on Western's first large-scale brand advertising campaign in some time. We look forward to presenting the work in progress on Thursday, December 13. This campaign is intended to support the university's student success initiative to raise funds for student research, study abroad and recruitment scholarships, yet be flexible enough to serve as a foundational framework for the Western brand. We are aiming to launch this in the Seattle metro market starting in late January and continuing through June (and ideally beyond with additional funding) in print and out-of-home placements and with a video campaign activated via Google, Instagram and Facebook. Some strategic questions for Board members to consider:

1. Does this brand advertising campaign impress you as distinctive among regional university competitors' efforts and uniquely Western?
2. Does the creative support academic priorities as defined in the student success initiative?
3. Do you believe this work will be noticed and connect with alumni and donors in King and Snohomish counties?

State of the University Address

In an effort to engage a greater number of community partners in Western's strategic plan, and to provide an update on our education attainment goals and commitments to state workforce growth, we held WWU's first-ever State of the University address on November 28 at the Lightcatcher Museum in downtown Bellingham. The event was attended by approximately 60 elected officials and leaders of the business, non-profit, government, tribal and education sectors in Whatcom County. We heard from many community members who were pleased to have the opportunity to engage with university leadership on a social level, to hear a comprehensive update from President Randhawa, and to engage in a detailed question-and-answer period. They were especially pleased that the event was held in town and not on campus.

After this successful inaugural effort, our aim is to take this approach "on the road" next year to Seattle, Poulsbo and other communities where we have strategic growth and constituent engagement priorities. In a similar vein, we are currently engaged in planning a reception at Olympic College in Poulsbo in

March to kick off a process of planning engagement by leaders from both campuses based on the results of the Peninsulas feasibility study.

Western on the Waterfront

This quarter, we have continued to refine the vision for Western's future on the Bellingham Waterfront with the addition of six new members to the faculty ideation team from CHSS, CFPA, Fairhaven and Woodring. In winter quarter, we are holding a series of listening sessions with key community partners including the Downtown Bellingham Partnership, Team Whatcom, the Bellingham Arts Commission (Interactive Bellingham), Bellingham School District, the County Council Task Force on Homelessness, and the Chamber of Commerce, among others. We will also be taking part in a District Energy and Clean Tech Waterfront Summit conducted by Sustainable Connections later this month. The goal of the undertaking is to convene the City and Port of Bellingham, Harcourt Development, Puget Sound Energy and other key partners in identifying shared goals for implementing sustainable development opportunities identified in the Waterfront Master Plan, development regulations and economic development efforts that support Clean Tech. The group will also develop a memorandum of understanding as a framework for strategic partnerships.

Tribal Liaison

Three finalists for Western's first-ever Executive Director of American Indian/Alaska Native and First Nation Relations and Tribal Liaison to the President visited campus in November. We expect to have the successful candidate in place at the start of the new year.

COMMUNICATIONS AND MARKETING

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

- We assisted media response to the proposal to place WWU ID-Vehicle Design program in moratorium. The **Bellingham Herald** carried this story: <https://www.bellinghamherald.com/news/local/article221563420.html>.
- **KING 5 TV** carried a story noting that WWU launched one of the first residence hall compost programs in the country. See: <https://www.king5.com/article/news/local/bellingham/composting-coming-to-western-washington-university-dorms/281-614540946>.
- The **Kitsap Sun** ran a story about Western's new cybersecurity program in Poulsbo. See: <https://www.kitsapsun.com/story/news/local/2018/10/13/western-washington-cybersecurity-program-poulsbo/1607073002/>.
- The **Washington Post** quoted WWU Psychology Professor Ira Hyman regarding memory and the testimony before Congress of Christine Blasey Ford. See: <https://www.msn.com/en-us/news/politics/the-junk-science-republicans-used-to-undermine-ford-and-help-save-kavanaugh/ar-BBO38Oq>.
- And our office also assisted with campus advisory messages and media response to a string of racist vandalism on campus, including this **Bellingham Herald** story: [University Police arresting a WWU student in connection with the vandalism](#).
- **In publications**, Editor Mary Gallagher is working on a huge project for Window magazine, "A History of Western in 125 Objects." The print version and online will be out this week. Meanwhile, [the Family Connection Newsletter](#) continues to be a great source of information for families. The September and October editions were opened by 38 percent and 32 percent of recipients, respectively.
- **In marketing and social media**, Kessa Volland was busy promoting a significant number of campus events and communications on social media. She also worked with a number of different campus departments and programs to advance a unified solution for campus marketing slideshows. Kessa also onboarded several new Hootsuite (the software we use to schedule and monitor social media channels) users, taught a Social Media Basics class, and assisted the Carver Branding and University Brand Council efforts and coordinated several meetings of the Social Media and Marketing Committees.
- **In video and photography**, our staff led by Video Manager Suzanne Blais continued its emphasis on shorter video and expanding access via multiple social media and online channels to enhance viewership. Our staff covered the

beginning of the fall term, including interesting glimpses of student life, such as Western's Quidditch team, and we produced the first in a series of college impact videos focused on a student research excursion to Hawaii to study existing undersea volcanoes.

- Western's daily electronic newsletter, Western Today, led by Assistant Director John Thompson. continued to showcase Western's many interesting stories, such as Western Professor Leo Bodensteiner, seeking to solve the [mystery of the Skagit River Steelhead](#). Thompson also is working with WebTech and the faculty and administrators of the Marine and Coastal Studies major to provide content and imagery for their new website, which is now live and actively focused on recruiting the major's first cohort.
- **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: Window magazine; Fall Commencement program; assistance to student designers with The Planet Magazine; Western on the Peninsulas – Template design for Drupal website; MBA Program – Posters for Fall/Winter Information Sessions; University Residences – Stay Safe Western infographic; and Programs at Canada House – Study Canada K-12 logo and event templates.

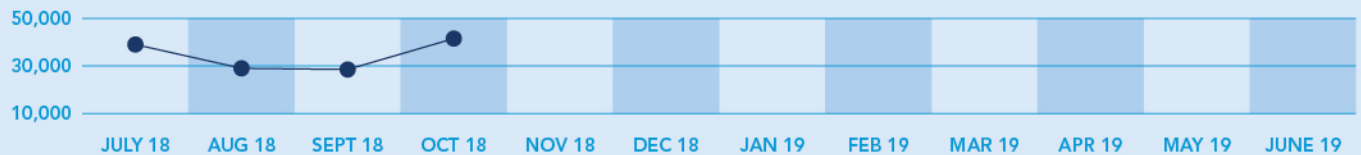
WESTERN TODAY

TOTAL HITS

70,486

TOP STORIES

- The story of a man, his dog, and the awesome commute they share each day
- Biology's Merrill Peterson writes new Pacific Northwest insect field guide
- Costumes galore for WWU students, staff on Halloween
- Western ranked among nation's 25 'greenest' colleges



SOCIAL MEDIA



TWITTER



FACEBOOK



INSTAGRAM

STATISTICS AT A GLANCE

21,711
Total followers
295
New followers
0.64%
% gained
1,696
Engagements

48,087
Total followers
294
New followers
0.31%
% gained
8,079
Engagements

17,761
Total followers
335
New followers
0.96%
% gained
33,885
Engagements

FAMILY CONNECTION NEWSLETTER

SEPTEMBER

12,886
Recipients
37.8%
Open rate

OCTOBER

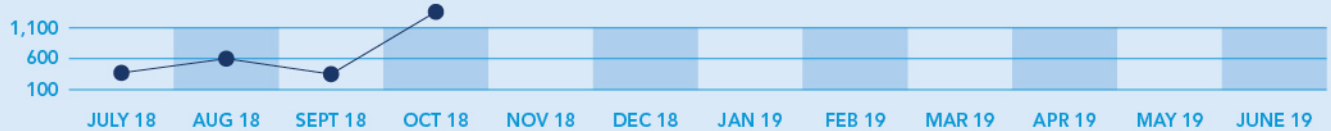
11,399
Recipients
32.1%
Open rate

MEDIA STORIES

1,769
Total Stories

TOP STORIES

- Via Truck and helicopter, mountain goats find their new homes (from NPR; features WWU's David Wallin)
- Want election results? On the West Coast, patience is required (from the Washington Post; features WWU's Todd Donovan)
- NASDAQ is having a brutal month, and (WWU's) Paul Meeks says the bottom isn't in (from CNBC)



CREATIVE SERVICES

GRAPHIC DESIGN



83 *Total Projects*

FEATURING

- Graduate School viewbook
- University Residences Housing Guide
- LGBTQ+ Western logo
- Sustainable Transportation bike locker graphics

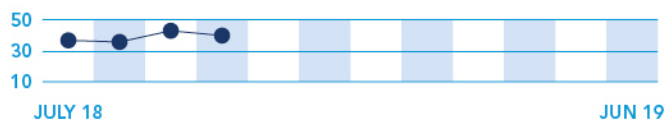


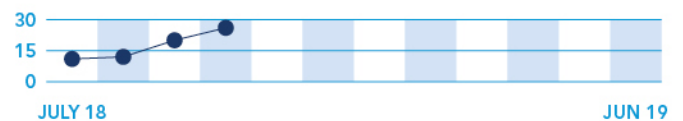
PHOTO & VIDEO



46 *Total Projects*

FEATURING

- Annual coverage and video production for Paint Bellingham Blue, Move-In, Info Fair and Convocation used in Western Today, social media platforms, marketing and Admissions.



COMMUNITY RELATIONS

CONNECTIONS REPORT	Jul-Sept 18	Oct-18	Nov-18	YTD
Total Community-to-University Connections Made	178	71	33	282
Community Outreach Events Attended	21	12	9	42
WWU & Community Programs and Projects	9	6	5	20

Notable Projects and Connections

Inaugural Bellingham State of the University Address

Western hosted its inaugural State of the University Address located in downtown Bellingham. Elected officials, tribal, business and nonprofit leaders throughout Whatcom County attended this special event where President Randhawa shared Western's 2025 strategic plan while recognizing the university's partnerships with the surrounding community. The event was well received by our guests who were grateful that Western reached beyond campus to engage with the community at such a high level.

Inaugural Taps to Trails Race

Bellingham's inaugural Taps to Trails foot race was the first community race to include Western's campus as a part of its route. A total of 600 runners raced in 10 different legs that used the community's park space and open land to run from brewery to brewery. This family-friendly event sold out quickly and the community was pleased to see WWU's campus opening up to more community events.

Internship & Volunteer Fair

Community Relations connected Western's Career Services Center with Whatcom County's two largest nonprofit support agencies, the Whatcom Community Foundation and the Whatcom Volunteer Center to assist with their efforts in the annual Internship and Volunteer Fair. With their collaboration, nonprofit participation in this important annual fair increased 60%.

Bellinghamopoly for Sale

Bellinghamopoly, a Bellingham-themed board game is currently on sale. This fundraiser for the Bellingham Whatcom Regional Chamber of Commerce includes three WWU spaces (Old Main, Sustainable Action Fund, Red Square) two Community Chest cards, and a Viking helmet playing piece. They are sold at Haggen, Village Books, Woods Coffee, and the A.S. Bookstore.

Technology Alliance Group (TAG)

TAG reached out to Community Relations to find faculty and staff experts to fill a last minute panel for their annual summit in Bellingham. The panel was titled: Inclusion, Why More Room at the Table Makes Sense.” Nick Sanchez (Director of WWU’s Ethnic Student Center and expert on Equity issues in hiring), Biology Professor Kevin Covey and Computer Science Professor Yudong Liu (members of the College of Science and Engineering’s Equity, Inclusion and Diversity Committee) all volunteered to support this local organization. The session and conference was a success due to Western’s staff and faculty support.

Other Connections and Partnerships

Bellingham Whatcom Tourism – Expanding WWU’s reach in surrounding tourist information racks and encouraging increased collaboration between Tourism and Western’s offices who support community and out of town guests.

Gillette Solutions – Owner Kyle Gillette volunteered with IDEA Institute and spoke on a panel for the College of Business and Economics.

IDEX - Worked with faculty to coordinate a site visit and photoshoot. IDEX is a global leader specializing in life science fluidics, microfluidics, and optics with 90 locations worldwide. IDEX hires WWU graduates, provides summer internships for students, and maintains a strong relationship with Engineering and Business faculty. We coordinated a site visit to capture this growing university/industry relationship.

SMALL BUSINESS DEVELOPMENT CENTER

WWU Small Business Development Center: Q3 – 2018 CONTRACT DELIVERABLES

ADVISING	Q3 2018	YTD 2018	YTD 2017
Businesses Advised	115	280	243
Advising & Support Hours	599	3058	1731

TRAINING	Q3 2018	YTD 2018	YTD 2017
Trainings	4	10	8
Trainees	72	217	148

RESEARCH	Q3 2018	YTD 2018	YTD 2017
Research Projects	8	70	16
Support Hours	217	727	395

ADD'L SERVICES	Q3 2018	YTD 2018	YTD 2017
Non-Clients Supported	36	150	148
Student/ Faculty Projects	-	34	1
Student/ Faculty Project Hours	-	568	202

ECONOMIC IMPACTS	Q3 2018	YTD 2018	YTD 2017
Capital Formation	\$362K	\$7.1M	\$2.3M
Businesses Starts	-	2	6
Business Buy/ Sells	-	1	1
Jobs Created & Retained	42	57	46

WWU Small Business Development Center: CURRENT DEMOGRAPHICS

- Top industries:** Service Establishment, Manufacturing, Retail Dealer
- Top Areas of counseling:** Marketing/ Sales, Managing a business, Start-Up Assistance
- Active clients' total sales:** \$225M
- Active clients' total jobs:** 2519

WWU Small Business Development Center: : Q3 – 2018 HIGHLIGHTS

- In Q3 2018 the SBDC worked with 37 rural businesses and provided them with 101 hours of business advising, supported by 130 hours of research.
- Hosted SBA for an SBDC bi-annual site visit audit.

WWU Small Business Development Center: : Q3 – 2018 MEDIA

- [Business specialist reaches out to Point Roberts](#) – All Point Bulletin

WASHINGTON CAMPUS COMPACT

1. **Board Elections**

Two new board members were recently elected to the Washington Campus Compact board: President Sheila Edward Lange, Seattle Central College and Chancellor Sandra Haynes, Washington State University, Tri-Cities. The board consists of three presidents from each institution type as well as three other statewide leaders. Other board members include: President Sabah Randhawa (chair); President Mary Cullinan, Eastern Washington University; Acting President Allan Belton, Pacific Lutheran University; President Joseph Castleberry, Northwest University; President Andrew Sund, Heritage University; President Suzanne Johnson, Green River College; Dr. Yolanda Watson Spiva, President Complete College America; and Mr. Bill Basl, former Director of AmeriCorps.

2. **2019 Legislative Agenda**

Washington Campus Compact will continue to educate legislators on the value and impact of student civic engagement in our communities during the upcoming legislative session. The legislative agenda will focus on requesting funds to support civic engagement initiatives that address the following issues: food/housing insecurity, opioid epidemic, mental health, breaking the prison pipeline, and strengthening K-20 civic education. Request amount: \$500,000 for the biennium.

3. **Strategic Planning**

Washington Campus Compact will begin an effort to collect information from communities and campus partners from across the state and region to identify:

- critical community issues facing our state/region
- priorities of partner institutions
- services/resources needed to support student civic engagement efforts
- assessment strategies to document community impacts
- trends for higher education in Washington and beyond

WEB COMMUNICATION TECHNOLOGIES (WebTech)

Fall term was highly productive with many projects completed and foundational work done for a variety of longer-term initiatives.

Digital accessibility continues to be a focus of our work as we realize our commitment to all students and fulfill obligations to the Office of Civil Rights (OCR). Across all public facing website platforms, we are nearly halfway completed with remediating websites and putting in place strong proactive practices to avoid committing issues moving forward. While great progress is being made WebTech does have concerns about remediating the remaining PDF files that have issues, getting all videos captioned, and fixing 80+ faculty scholarship and research websites that are unique and not part of WebTech's traditional purview by the deadline of next September.

A large part of the accessibility work involves releasing updated websites; one such recent example is Environmental Health and Safety, <https://ehs.wvu.edu>. The work allows us to collaborate with the departments to deliver both an accessible website and an improved user experience for all users. Six other sites have also been updated to be compliant within the past two months.

During the Fall the WebTech team has completed work on the web component library allowing developers across campus to quickly build brand and accessible compliant websites and applications by scaffolding upon the work found in the component library, <http://www.wvu.edu/webtechdemo/pattern-lab/>. The newly revised Huxley website, <https://huxley.wvu.edu> is a stellar showcase of how a site is built based on the components. This is the approach we are taking with all high-profile websites.

Organic search engine optimization work continued through Fall term. We are using a tool called a Link Equity Manager. It places three dynamic links that change based on machine learning throughout the institutional website. The Link Equity Manger has helped place 166 additional keywords onto page one of Google search results; about 95% of all Google traffic comes from page one results. Additionally, 105 keywords are now ranking on pages two and three and visits to the targeted pages are up 12%. The SEO team comprised of Admissions, Communications, WebTech, and CFPA staff will act on optimizing pages based on the search data collected during the Fall term.

Turning towards Winter term, WebTech is close to releasing a revamped transfer course equivalency guide tool that is heavily used by interested transfer students. The revamped application works on all browsers and phones and has a greatly enhanced user interface. Additionally, WebTech is eager to launch a brand new institutional website affording great opportunities to further share the exciting and engaging work students, staff, and faculty do here at WWU.

Report of Western Washington University Pursuant to the Corrective Action Plan in OCR Reference No. 10172071

November 28, 2018

Western Washington University (“Western” or the “University”) began implementation of its proposed corrective action plan, titled “Accessibility Remediation Plan for Western Washington University’s Web Properties” (Corrective Action Plan), in February 2018. By letter dated March 5, 2018, the Office for Civil Rights of the U.S. Department of Education approved the proposed corrective action plan. The University officially adopted the Corrective Action Plan on April 4, 2018, and implementation of the Plan remains ongoing. Enclosed for reference are the University’s adoption of the Plan, and the adopted Plan ([Attachments 1](#) and [2](#)).

As required pursuant to section four of the Voluntary Resolution Agreement (“VRA”) in this matter, the University submits the following report documenting that the Accessibility Remediation Plan is being implemented according to the approved schedule. The University has submitted a previous report to OCR documenting implementation of the Plan, dated June 4, 2018.

Introduction

Western’s office of Web Communication Technologies (“WebTech”) is the central department leading Western’s accessibility remediation according to the Plan. Western continues remediating pages and systems in order to align with WCAG 2.0 AA standards. Outlined below are efforts underway to address identified deficiencies on the University’s public facing websites, including public PDF documents and public videos in need of captions, as well as the procurement of technologies.

When Western last submitted a report to OCR (dated June 4, 2018), the overall web presence accessibility measured an index of 64.8. This index is a computation provided by a tool WebTech uses. Six months later that index is now 76.6. The rate of remediation is increasing, as much of the communication work has been completed and processes are now in place to facilitate accurate remediation.

Improving the Web

Website Remediation and Research

Western has three primary platforms for delivering web content: CampusWeb, Drupal, and WordPress. Between June 4, 2018 and November 20, 2018, on CampusWeb, 124 websites have been removed, 52 websites have been converted to an accessible platform, and 12 more sites are slated for conversion. As of this report, WebTech is 51% complete with CampusWeb updates to ensure compliance. Drupal and WordPress

improvements are underway as well. WebTech is remediating Drupal 7 sites as well as building a fully compliant Drupal 8 platform which WebTech will use to build new sites.

Sustaining this effort requires more than dedicated WebTech staff. Focusing on improving awareness of accessibility concerns across campus has been central to Western's strategy on ensuring accessible digital websites and applications. WebTech hosted a very successful alt text event with content creators invited from across campus where accessibility staff provided education on the proper use of alt text and worked with participants throughout the day to improve alt text on websites across campus on May 17, 2018. WebTech also created a how-to article on creating accessible email signatures, posted on the Western Digital Accessibility website: <https://access.wwu.edu/creating-signatures-with-alt-text-images/>

WebTech has enrolled every public site into SiteImprove, the accessibility and quality control monitoring platform used by Western. As indicated in the University's June 4, 2018 report to OCR, WebTech has provided orientation training and remediation objectives to eight groups responsible for content around campus. These groups include Extended Education, the Viking Union, the Libraries, Admissions, Financial Aid, University Residences, Business and Financial Services, and Alumni and Foundation Relations. This allows WebTech to provide targeted assistance to those sites in the greatest need of remediation.

As of the report to OCR dated June 4, 2018, WebTech had fixed a total of 19 issues related to Drupal and CampusWeb. Between June 4, 2018 and November 16, 2018, WebTech has fixed 27 additional WCAG A and AA issues related to Drupal and CampusWeb. That is 30% remediated, shy of the goal of 50% at this time, however, a further 28 other issues are on the cusp of being fixed which will move WWU towards 62% compliance on those platforms. Additionally, between June 4, 2018 and November 16, 2018, WebTech has fixed a total of 37 issues on the WordPress platform. As of the report dated June 4, 2018, WebTech had fixed a total of 35 issues related to WordPress. That works out to 45% of all WordPress issues resolved at this time. Of the remaining issues, 32 have less than 200 pages affected, and so WebTech anticipates making rapid progress on those. A list of the issues fixed on the web platforms is included at Attachment 3; items are marked as fixed by WebTech as there are currently no occurrences of the issue on the websites identified for remediation or within new content that is being created.

During Summer 2018, 105 websites with accessibility issues were identified, which had not been identified in the initial research. All site owners were contacted on October 5, 2018 (see email at Attachment 4). These are websites created by University faculty. Since the email was distributed, six of those sites have been removed, 12 have been remediated, and the remaining 87 sites are currently scheduled to be shut down in 2019 if web developers do not remediate their websites.

Automated Testing

WebTech has built out a web component library for use by developers across campus to ensure accessible versions of common web features (for example, menus, buttons, lists, etc.). WebTech is leveraging the component library for all new work and when improving legacy components. The next step to strengthen adherence to WCAG 2.0 AA is to incorporate Nightwatch.js tests, prior to the code being compiled, that will flag when something is inaccessible prior to release to the web.

Training

WebTech continues the practice of providing open lab hours every Wednesday from 2pm-3pm, which includes the opportunity for faculty, staff, and students to drop by and bring any accessibility-related questions to WebTech. Also offered are additional lab hours hosted by WebTech's Digital Accessibility Coordinator, who uses a screen reader, every Monday from 11am-12pm. Participants can use this time to gain a practical understanding of how web content interacts with a screen reader, and where content could be improved to create a better experience for everyone.

The University's required accessibility training offered online continues to be available on the Western Digital Accessibility homepage, and is communicated by WebTech as a requirement to web developers/content creators requesting permission to create or edit webpages on Western's web platforms. After a year of feedback, WebTech is also working on an advanced accessibility training that gets deeper into accessibility best practices for web developers, and provides code examples that can be used to create accessible code every time. Additional information will be submitted to OCR in the University's report due December 31, 2018 related to training.

Western Libraries is addressing accessibility in a variety of ways in concordance with the University's existing efforts under the VRA. On October 17, 2018, Western Libraries hosted a presentation by Terrill Thompson (Technology Accessibility Specialist, University of Washington) on procurement and accessibility, and 10 library staff attended (positions listed below):

- Scholarly Communications & Copyright Librarian
- Head of Research, Hacherl Research & Writing Studio
- Dean of Western Libraries
- Program Manager for CEDAR, Institutional Repository
- Collections Management Analyst
- InterLibrary Loan Specialist
- Libraries Communications Manager
- Head of Serials, Acquisitions, and InterLibrary Loan
- Electronic Resources Specialist
- Director of Technology & Discovery Services

This was a critical presentation as library procurement is different than the general university processes. The framework put in place for the University is now being

implemented by the library as well, leading to increased emphasis on accessibility throughout the entire procurement process.

Remediating public PDF documents

PDF remediation is on-going and progress continues to be made. Through on-going research, additional PDFs requiring mediation have continued to be identified. WebTech is now aware of 9,136 PDFs which have been identified as needing remediation. WebTech is currently reviewing and prioritizing 403 (4%) of these PDFs that do not have machine-readable text¹ and are not tagged² (see [Attachment 5](#)).

Of the remaining PDFs identified as needing remediation, seven (<1%) PDFs are tagged but do not have machine-readable text, and 3,039 (33%) PDFs have machine-readable text but are not tagged. 5,687 (62%) PDFs are both machine-readable and are tagged, but have other issues identified by the automated PDF assessment tool.

Through continuous discovery WebTech has uncovered a significant cache of additional PDFs, and has begun working with the stakeholders of those PDFs to ensure a remediation plan is in place. As of November 27, 2018, of the 14,674 PDFs crawled, 38% are remediated and accessible.

Captioning

Captioning of video content is on-going. WebTech is in discussions with video channel owners regarding the captioning requirement of WCAG 2.0 AA. The University looks forward to providing an update on progress in the next report due to OCR in six months.

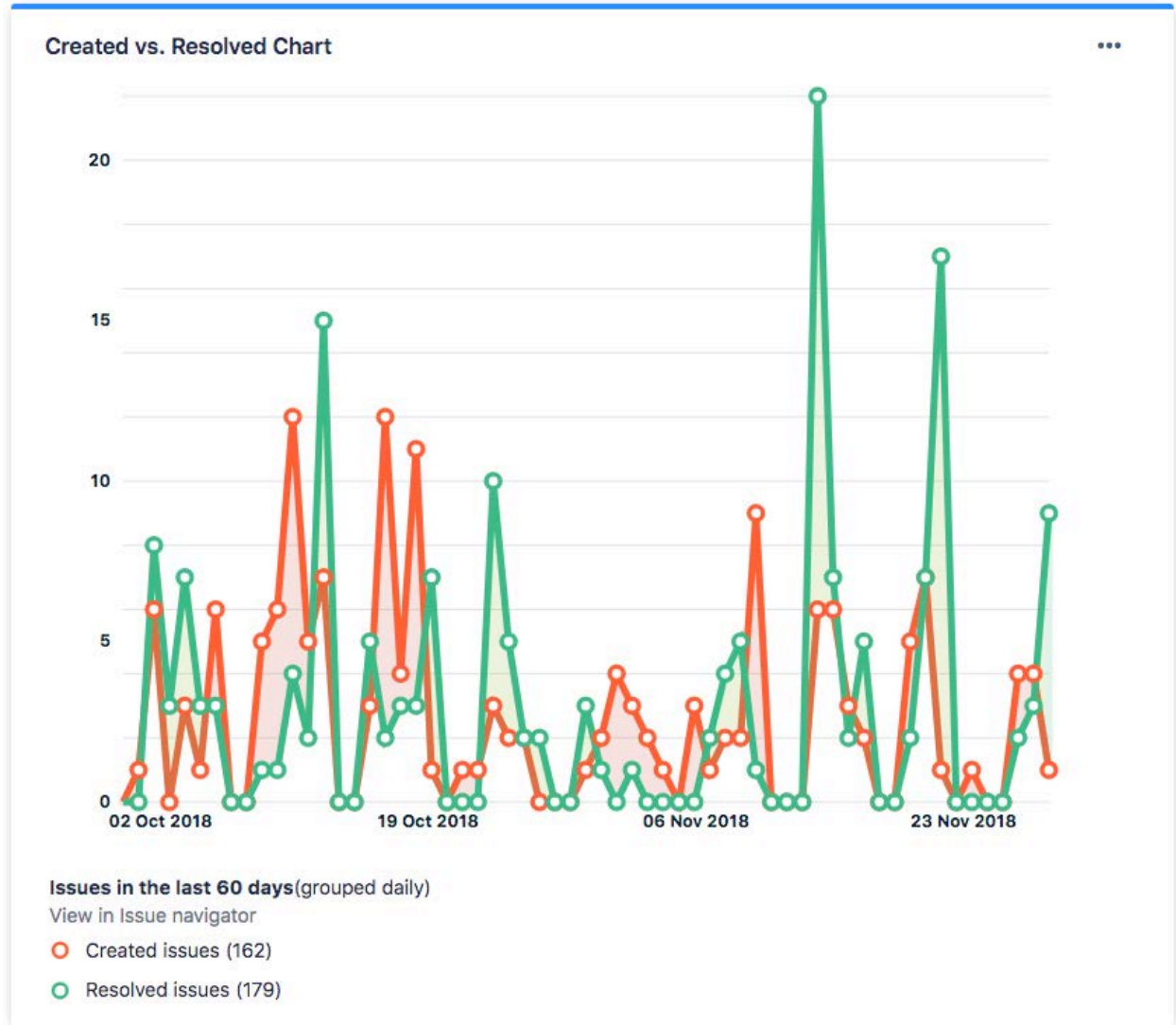
[Attachment 6](#) outlines the YouTube channels WebTech is aware of and the percent of videos within that channel that have been captioned (YouTube is one of a few video platforms used by staff, faculty, and students at WWU).

Much of the caption remediation is underway using 3Play Media as the primary caption vendor. Western is fully committed to remediating videos found on our websites. The majority of videos remaining (10%) in the primary WWU channel, require audio description. WebTech is working on building capacity to attempt this remediation at scale.

¹ Machine-readable text is text in a PDF that is readable by assistive technologies and editable by users. This is as opposed to images of text, which are not readable by assistive technologies and commonly the result of scanning to PDF from a hard copy document.

² Tags: XML-based code that define the roles of certain content, similar to how HTML defines certain elements and their functions. McCall, *The Basics of Tagged PDF*.

[WebTech also has](#) a list of self-service captioning and audio description resources for WWU users [posted on the Western Digital Accessibility website:](#)
<https://access.wvu.edu/resources/captioning/>



**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 14, 2018

SUBJECT: Legislative Update

PURPOSE: Information Item

Purpose of Submittal:

Summary of updates related to WWU's recent government relations activities.

Supporting Information:

WWU Presentations to Legislative Committees

Western faculty and staff have been invited to present to a number of legislative committees this fall. Presentations include:

- Dr. Marilyn Chu, Professor and Program Director for the Early Childhood Education Program in the Woodring College of Education, presented to the Joint Select Committee on the Early Achievers Program on October 18th about a new partnership between WWU and Olympic College to offer a four-year degree program in Early Childhood Education at OC-Bremerton;
- Dr. Laurie Trautman, Director of the Border Policy Research Institute, provided an update to the Senate Economic Development and International Trade Committee on the Cascadia Innovation Corridor on November 14th; and
- Dr. Melynda Huskey, VP for Enrollment and Student Services, and Sara Wilson, Special Assistant to the VP/ESS, presented to the House Higher Education Committee on December 4th about student support initiatives at Western, including services funded with new state appropriations received in the 2017-19 budget.

Munro Seminar for Civic Education

Western's Ralph Munro Institute for Civic Education hosted the annual Munro Seminar in October and November. The theme of this year's seminar focused on Ralph Munro's legacy in international affairs, with a keynote address from Dr. David Bachman, UW professor of political science, entitled "China and the US: Trade and Security Tensions in the Era of Trump." The seminar also included panel discussions on the topics of "Global Citizen's Activism" and "Trade Policy during the Trump Presidency." The Munro Institute also sponsored a post-election panel discussion following the November elections.

Preparation for 2019 Legislative Session

The 2019 Legislative Session is scheduled to begin on January 14, 2019, lasting for 105 consecutive days. Adoption of the State's biennial operating and capital budgets will be a key focus during the session, and the budget process will begin in the coming weeks with the release of the governor's proposed operating and capital budgets due no later than December 20th. State revenue forecasts

project very modest growth in the state's general fund, with a projected \$163.4 million increase in the current 2017-19 biennium and a projected increase of \$195.5 million for the 2019-21 biennium.

This fall, WWU's Government Relations team has been meeting with the governor's staff, legislators and legislative staff to promote Western's capital and operating priorities.

**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, 2018

SUBJECT: Admissions and Enrollment Summary

PURPOSE: Information Item

Current Year 2018-2019 Enrollment

This fall we were pleased to have welcomed the largest entering class (3,147 first-year students and 1,165 new transfer students) and the highest enrollment (16,121) and percentage of diverse students (26%) in the history of our institution. Based on applications and confirmations received so far, we expect freshman and transfer enrollment for winter and spring of 2019 to be similar to last year.

Fall 2019

Recruitment challenges are on the horizon for Fall 2019, however.

As of the most recent report, we have received 337 fewer applications for admission for Fall 2019 from first-year students, a 6.7% decrease compared to the same time last year. We have deployed a number of measures to mitigate this trend as we near the January 31 application deadline: admission application workshops at high schools in Whatcom, Skagit, and King counties; a four-night Admissions telethon; the purchase of 9,000 additional names with the College Board (SAT test-takers); enhanced digital marketing messages near the time of the deadline and expedited application processing for qualified students. We will expedite the awarding of financial aid as well.

In fact, recruitment for next fall has been in full swing since late August, when high schools began their academic years. Admission Counselors have represented Western at hundreds of college fairs, high school visits, and community college events in 10 states: Washington, California, Oregon, Alaska, Arizona, Nevada, Colorado, Utah, Idaho and Montana. Additionally, in late October, Admissions hosted a successful Western Fall Welcome: 1309 students, parents, and other family members attended a wide range of offerings, including information sessions, student panels, and campus tours to acquaint themselves with Western. The 1,309 attendees represents an increase of 11.1% compared to last year.

Early indicators suggest that Western is being impacted by the decline in the number of high school seniors in the state (from 92,559 to 83,826, a decrease of nearly 10%) as reported by the Office of the Superintendent of Public Instruction. Another development that could reduce enrollment of first-year students is the voter-approved Seattle Promise scholarship program, which will provide free community college to Seattle public high school graduates. Using Fall 2018 enrollment data as a guide, we estimate that full implementation of the Seattle Promise program will prompt approximately 200 resident students who would otherwise enroll at Western to consider attending a community college instead.

Washington community colleges are suffering declines in enrollment as well, which in turn have reduced the number of transfer applications we receive. For Fall 2018, we received 2,210 transfer applications compared to 2,484 for Fall 2017, a decrease of 274 applications. Although it is early in the admissions cycle for Fall 2019 transfer students, we have received 94 transfer applications so far compared to 109 at the same time last year. The most recent data available shows that our top 10 feeder colleges (Whatcom, Bellevue, Skagit Valley, Everett, Cascadia, Shoreline, Green River, Edmonds, Olympic and Clark) have collectively experienced a decline of 7.3% in student headcount between Fall 2013 (69,081) and Fall 2017 (64,037).

19. DATE FOR NEXT REGULAR MEETING

- **February 7 & 8, 2018**

20. ADJOURNMENT