



125
YEARS

CWU

ANNUAL FINANCIAL REPORT
2016



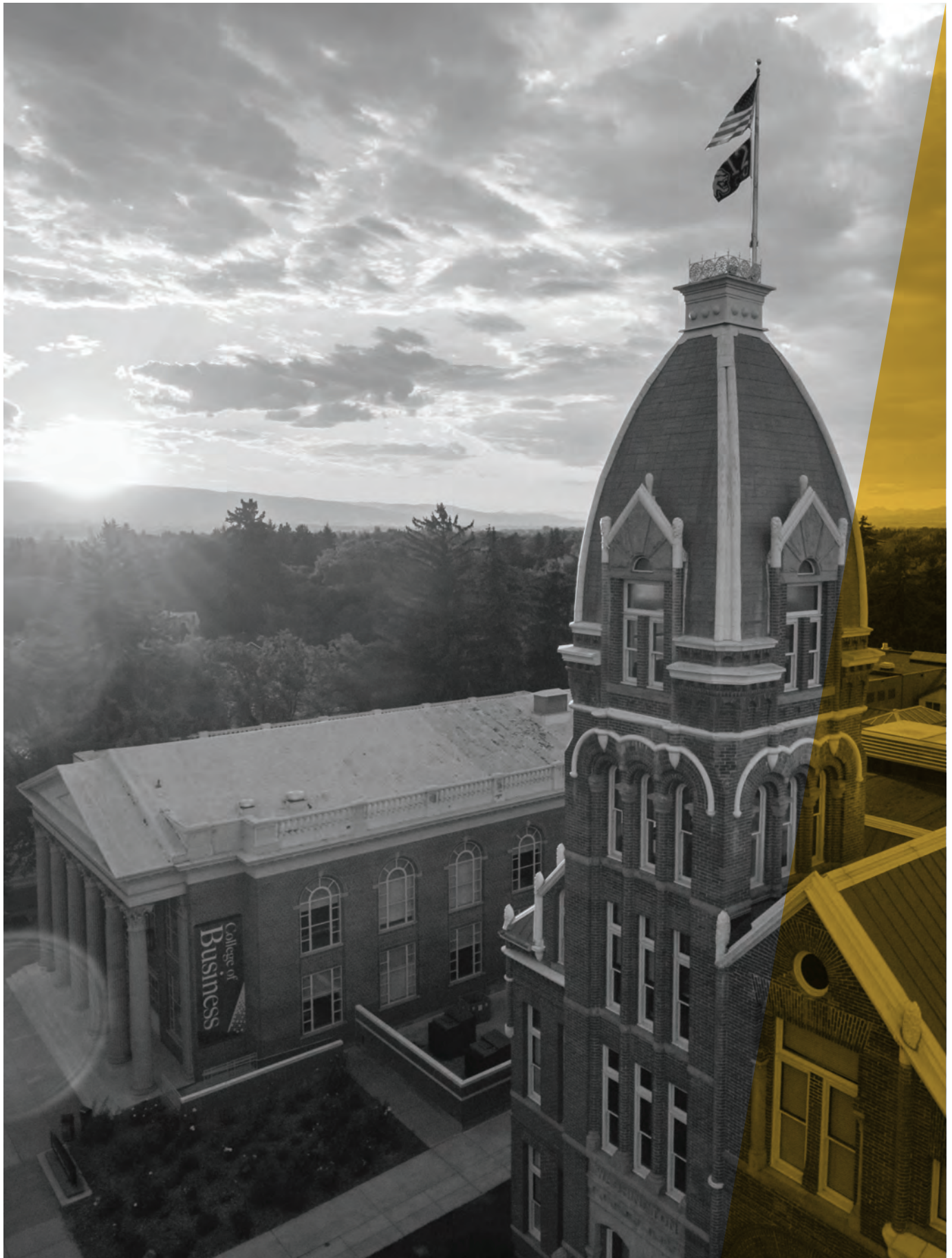
Central
Washington
University





ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2016



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EXECUTIVE OFFICERS (at June 30, 2016)

- Dr. James L. Gaudino**, President
- Ms. Linda Schactler**, Chief of Staff
- Dr. Katherine Frank**, Provost/Vice President for Academic and Student Life
- Mr. Joel Klucking**, CFO/Vice President for Business and Financial Affairs
- Ms. Sharon O’Hare**, Vice President Enrollment Management
- Mr. Gene Shoda**, Vice President Operations

BOARD OF TRUSTEES (at June 30, 2016)

- Mr. Keith Thompson**, Chair
- Mr. Ron Erickson**, Vice Chair
- Mr. Dan Dixon**
- Mr. Chris Liu**
- Ms. Erin Black**
- Mr. Glenn Johnson**
- Ms. Yaxmin Aguilar** (thru 6/30/2016)



Central Washington University

NOVEMBER 8, 2016

TO: Board of Trustees
Central Washington University

It's a great time to be a Wildcat! With that in mind, it is my pleasure to present the attached annual financial report of Central Washington University.

The last year has been an exceptional one for our university as it has surpassed previous records for incoming full-time freshman enrollment as well as earned accolades from a number of prestigious publications and ranking services for academic excellence, increased diversity, and providing the best value in higher education.

The past year has seen the opening of Science II, a long-awaited gem of a facility that enhances our ability to provide state-of-the-art science and math instruction to our students, as well as the start of construction on the Samuelson STEM building and renovations of Bouillon and Lind halls.

As we celebrate our 125th anniversary this year, I look back at how far we've come. From that first class of 86 students to our current crop of freshmen numbering more than 3,000, our university has clearly evolved into one of the premier universities in the West. And we've accomplished this while staying true to our mission to be a teaching university—one that puts a premium on having great faculty that works closely with talented students to learn.

In closing, I'm reminded of the words of poet Robert Frost, who once said, "I am not a teacher, but an awakener." Our duty in the course of the next 125 years is to continue to reach out to our students—no matter where they came from or who they are—and inspire them. To awaken them to learn.

Sincerely,

James L. Gaudino
President
Central Washington University



Central Washington University

NOVEMBER 7, 2016

TO: MEMBERS OF THE BOARD OF TRUSTEES CENTRAL WASHINGTON UNIVERSITY

Attached is the annual financial report of Central Washington University. It has been prepared from the university's accounting records and reflects Central Washington University's financial position as of June 30, 2016, and the results of its operations for the year then ended.

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

Sincerely,

Joel Klucking
CFO/Vice President
Business and Financial Affairs

CENTRAL WASHINGTON UNIVERSITY

INITIATIVES AND ACHIEVEMENTS

Celebrating its 125th anniversary this year, Central Washington University has established itself as one of the premier public educational institutions in the West with low-cost tuition, award-winning professors, and 135 majors, 111 minors, and 63 program specializations. Central's motto is Docendo Discimus—"By Teaching, We Learn." It's a doctrine that has defined the university throughout its distinguished past and helped Central become the fastest growing public university in Washington.

2016 HIGHLIGHTS

CWU was ranked one of the top 100 colleges in the West in the 2016 *Forbes Magazine* ranking of America's Top Colleges. Central had not previously appeared on the *Forbes* list.



The *Seattle Post-Intelligencer* (seattlepi.com) ranked Central Washington University as the second-least expensive university or college in the state of Washington in a recent survey based on U.S. Department of Education data. CWU ranked 23 of 24 schools listed in the survey for 2016.



CWU Ranked as One of Top 40 schools in the West for 'Best Bang for the Buck,' according to *Washington Monthly* magazine. Central Washington University ranked fourth in the state of Washington in 2016 for offering the best quality for the price in the publication's annual survey.



Value Colleges (valuecolleges.com), a website devoted to compiling information on the best values in higher education, has named Central Washington University as a Top 50 Best Value Online College for 2017.



Central Washington University alumna Camille Jones, from Pioneer Elementary School in Quincy, received the 2017 Washington State Teacher of the Year. Jones received her elementary education teaching certification from CWU in 2010, taking classes both in Ellensburg and at the university's Wenatchee campus. She becomes the fifth CWU graduate to receive that honor since 2005.



Marketing associated with record enrollment at Central Washington has earned national recognition by the *Higher Education Marketing Report*. The materials, which received third-place awards, helped to produce a 21-percent jump in first year student enrollment in fall 2015.



Central Washington University will receive nearly \$5.4 million, over the next five years from the United States Education Department for the university's College Assistance Migrant Program (CAMP) and High School Equivalency Program (HEP). This is the fourth consecutive time CWU has received five-year funding for the programs, which were launched by CWU in 2001.



Photo courtesy of waOSPI at flickr.com/photos/waospi/29723572730/in/album-72157674474257166/.
Converted to black-and-white.



Professor Wendy Bohrson from CWU's Department of Geological Sciences, was honored with the 2016 Undergraduate Research Mentor award by the Washington, DC-based Geosciences division of the Council on Undergraduate Research (CUR). The award is given to an individual who serves as a role model for productive and transformative student-faculty mentoring relationships and for maintaining a sustained and innovative approach to the enterprise of undergraduate research.



Two CWU geology professors, Lisa Ely and Breanyn MacInnes, have received more than a quarter of a million dollars to study historic geological data in south-central Chile in order to better understand and assess the effects of powerful earthquakes and tsunamis, like those that occur in the Northwest. According Ely, Chile's earthquake zone is almost a mirror image to the Pacific Northwest's Cascadian subduction zone, with a similar history of megathrust earthquakes and tsunamis.



Professors Daniel Beck and Gabrielle Stryker, from CWU's Department of Biological Sciences, received \$249,499 from the National Science Foundation for SOBRE MÉXICO: Student Opportunities for Biological Research in México. The three-year grant allows CWU students to research and study rare species in a unique environment, while collaborating with an international team of scientists.



Rachel Wescott, double-majoring in apparel, textiles and merchandising and business administration, and Andrea Eklund, associate professor of apparel, textiles, and merchandising, won Best of Show at the 2016 American Association of Family & Consumer Sciences conference in Seattle.



Richard DeShields, Central Washington University associate dean for student living, was the recipient of the 2016 Judy Spain Award by the Association of College and University Housing Officers-International (ACUHO-I). The accolade recognizes contributions to the LGBT community through activities that promote positive growth, development, and education.



Jennifer Dechaine-Berkas, a Central Washington University biological sciences professor, recently received a \$285,000, five-year grant to study how a major plant oil crop, sunflower, resists drought and other environmental stresses. While both agricultural crops and wild plants are subjected to the same stresses, wild plants have evolved to better withstand poor conditions; many crops are less resilient.



Elvin Delgado, CWU assistant professor of geography, is one of only five public university faculty members to receive the coveted Rep. Timm Ormsby Citizenship Award. The award was created in 2013 in Ormsby's honor, in recognition of his efforts to promote civic leadership throughout Washington State. The award "seeks to encourage, recognize and honor exemplary civic engagement."





Gov. Jay Inslee recently honored Central Washington University's successful Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) for its work with more than 5,500 students across the state. In a formal proclamation, governor designated September 19-23 as GEAR UP Week in Washington.



CWU's student-run lifestyle magazine, *Pulse*, is a finalist for a national Pacemaker award, considered the Pulitzer Prize of college journalism. It is one of 22 publications in the running, out of nearly 100 entries. The Associated Collegiate Press presents the national Pacemaker awards to recognize the best student media for online, newspaper, yearbook, broadcast, and magazine publishing.







CWU'S SCIENCE NEIGHBORHOOD TAKES SHAPE

With the opening of the new \$64 million Science II building in September, a state-of-the-art complex devoted to science research and instruction, CWU becomes one of the premier science education institutions on the West Coast. The new facility joins the Science Phase I building, which opened in 1998, the remodeled Dean Hall, which reopened in 1998, and the Samuelson STEM project, which is scheduled to be completed in late 2018, to form a university science neighborhood.

The new Science II hosts the university's geological sciences and physics departments and serves as home of the Center for Excellence in Science and Mathematics Education, which supports and promotes interdisciplinary science and math teaching and research.

The 120,000 square foot building has an 80-seat lecture hall and planetarium, an observatory tower, and a handful of specialty laboratories including an ice core lab, optic and laser labs, and an acoustic lab with an anechoic chamber, which is a specially-designed room that completely absorbs sound and electromagnetic wave reflections.



A NEW SAMUELSON RISES FROM THE OLD

The pre-Depression era Samuelson Union Building is being reconstructed and modernized into an integrated computer science technology center to be known as the Samuelson STEM project. The new \$61 million facility will house in-demand STEM programs offered by the departments of Computer Science, Mathematics, and Information Technology and Administrative Management (ITAM). It will also contain the office of Multimodal Learning and other distance learning options. The project is expected to be completed in Fall 2018.

CAMPUS MOVES FORWARD

In addition to Science II and the Samuelson STEM project, CWU is completing several other campus improvements that will enrich the university community and enhance its ability to carry out its mission to provide quality learning environments, exemplary teaching, and cutting-edge research opportunities, including:

- **Lind Hall Renovation** – About \$4.9 million is being spent to modernize and renovate Lind Hall, which was constructed in 1947 to house the various science departments. In recent years, it has continued to serve that role, housing the departments of geological sciences and physics. The revamped and remodeled Lind Hall will serve as home of the Aerospace and Military Science programs, the Army and Air Force Reserve Training Corps, and the department of communication. The project is scheduled to be completed in 2017.



- Bouillon Hall Renovation – CWU has begun a \$5 million remodeling project to update Bouillon Hall, which opened in 1961 as a campus library. More recently, Bouillon Hall has housed student services and the department of communications. The building is receiving upgraded fire and HVAC systems. Additionally, student services will consolidate all of its campus operations in the building to create a ‘one-stop-shopping’ center for students. The building will also house the Department of Human Resources and the Department of Student Success. The project is expected to be completed in 2017.



- Old Heat-Community Education/Welcome Center – The landmark Old Heat steam facility, constructed in 1947, is being repurposed for community education programs. Additionally, a portion of the building will serve as a campus welcome center as well as host K-12 community education outreach. The project is expected to be completed in 2017.

FASTEST GROWING UNIVERSITY IN WASHINGTON

First year student enrollment at Central Washington University increased by 15 percent in the fall of 2016, setting a new all-time record. This followed a record 21 percent increase in first-year students last year. The university enrolled 1,908 first-year students in the fall of 2016, up from 1,654 enrolled last fall. Overall, a total of 10,559 state-funded undergraduates are enrolled at CWU.

CWU’s female-student enrollment also reached a record high for fall quarter 2016 with 6,195 total students, making up 52 percent of the entire student body. Among freshman, 160 more women are enrolled at CWU this fall than a year ago. For 2016, about 92 percent of freshmen are Washington residents. CWU enrollment growth is also seen in students transferring from community and junior colleges, and other colleges and universities. That number is 1,376 students this year.

A UNIVERSITY OF DIVERSITY

The fall 2016 profile of the Central Washington University’s student body continues to reflect the overall diversity of the region. Students of color comprised a record 33.8 percent of the freshman class, with Hispanic enrollment comprising the largest single ethnic group at 17 percent. Growth among first-generation Hispanic students specifically has increased by 161 percent since 2009, while overall Hispanic student enrollment is up 16 percent during that same period.





WASHINGTON STATE AUDITOR'S OFFICE

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

**CENTRAL WASHINGTON UNIVERSITY
JULY 1, 2015 THROUGH JUNE 30, 2016**

Board of Trustees
Central Washington University
Ellensburg, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the Central Washington University, Kittitas County, Washington, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements.

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 an opinion on these financial statements based on our audits. We did not audit the financial statements of the Central 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 Central Washington University 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 opinion.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Washington University, as of June 30, 2016 and 2015, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1, the financial statements of the Central Washington University, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the University 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, 2016, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, in 2015, the University adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

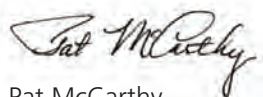
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension plan information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by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

Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, we have also issued our report dated December 28, 2016 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.



Pat McCarthy
State Auditor
Olympia, WA

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Central Washington University (the University) for the fiscal year ended June 30, 2016, with comparative 2015 and 2014 financial information. This discussion provides an objective and easily readable analysis of the university's financial performance for the year. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes to the financial statements, which follow this section.

Central Washington University (CWU) is one of six state-assisted, four-year institutions of higher education in Washington. A regional comprehensive university, CWU offers baccalaureate and graduate degrees in more than 100 academic programs to over 10,000 students. The university has distinguished itself through quality teaching and academic programs, student-centered orientation, and commitment to research, outreach, and international experiences for faculty and students, and provision of life-long learning opportunities to the citizens of Washington. The university is comprised of the College of Arts and Humanities, College of the Sciences, College of Education and Professional Studies, and College of Business. CWU's instructional faculty, numbering more than 600, compiles an impressive record of teaching, scholarship, and service. The main campus is located in Ellensburg, a community of approximately 18,000 that enjoys one of the finest living environments of the Pacific Northwest. Historic Ellensburg offers the laid-back atmosphere of a small town, but with a variety of things to do and see both indoors and out. Most enjoy downtown Ellensburg with its distinctive shops, bars, restaurants, museums all within walking distance. Others enjoy the outdoor experience of camping, fishing, horse-back riding, rafting, hiking, biking, and even golfing. In the shadow of the Cascade Mountains and only minutes from the Wenatchee National Forest, Ellensburg is situated in the Kittitas Valley, an agricultural region 110 miles east of Seattle, the cultural heart of Washington.

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

USING THE FINANCIAL STATEMENTS

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

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

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

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2016

Net Position increased \$24 million during fiscal 2016 from operating and non-operating activities due to both increased student population and increased operating and capital appropriations.

Several infrastructure improvements and remodeling projects were underway or initiated during fiscal year 2016 including (See Note 7—Capital Assets):

Completion of Science Phase II: This state-of-the-art building, which opened in fall 2016, provides modern classroom and laboratory space in a single facility and is the culmination of a project conceived and launched more than fifteen (15) years ago. The 120,000 square-foot building houses three high-demand Science Technology Engineering and Math (STEM) programs, including:

- The Department of Physics, including the Physics-Engineering dual degree program.
- The Department of Geological Sciences.
- The Center for Excellence in Science and Math Education.

Construction of Samuelson STEM Project: The pre-Depression era Samuelson Union Building is being reconstructed and modernized into an integrated computer science technology center to be known as the Samuelson STEM project when complete. The new \$61 million facility will house in-demand STEM programs offered by the departments of Computer Science, Mathematics, and Information Technology and Administrative Management (ITAM). It will also contain the office of Multimodal Learning and other distance learning options. The project is expected to be completed in the fall of 2018.

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

Lind Hall Renovation – Preliminary work began on a \$4.9 million effort to modernize and renovate Lind Hall, which was constructed in 1947. The revamped and remodeled Lind Hall will serve as home of the Aerospace and Military Science programs, the Army and Air Force Reserve Training Corps, and the Department of Communication. The project is scheduled to be completed in 2017.

Bouillon Hall Renovation – CWU has begun a \$5 million remodeling project to update Bouillon Hall, which opened in 1961. The building is receiving upgraded fire and HVAC systems. Additionally, student services will consolidate all of its campus operations in the building to create a 'one-stop-shopping' center for students. The building will also house the Department of Human Resources and the Department of Student Success. The project is expected to be completed in 2017.

Old Heat-Community Education/Welcome Center – The landmark Old Heat steam facility, constructed in 1947, is set to be repurposed for community education programs. Additionally, a portion of the building will serve as a campus welcome center as well as host K-12 community education outreach. The project is expected to be completed in 2017.



KEY FINANCIAL RESULTS FOR FY 2016 COMPARED TO FY 2015 AND FY 2014
 (in thousands)

	2016	2015 (Restated)	2014
Total operating revenues	\$ 159,705	\$ 155,664	\$ 149,213
Operating expenses	228,775	221,480	210,457
Operating loss	(69,070)	(65,816)	(61,245)
State appropriations	46,496	38,777	39,268
Investment income (loss)	5,385	4,524	3,894
Capital appropriations	28,431	28,040	9,784
Pell grant revenue	17,989	17,212	16,758
Interest on indebtedness	(5,948)	(6,305)	(6,262)
Non-operating income net of expenses	694	439	668
Total net non-operating revenue and capital appropriations	93,047	82,687	64,110
Increase (decrease) in net position	23,977	16,871	2,865
Net position (as restated), beginning of year	339,206	322,335	347,262
Net position, end of year	\$ 363,183	\$ 339,206	\$ 350,127

- Operating revenues increased by \$4.0 million or 2.6 percent over the prior fiscal year.
- Operating expenses increased by \$7.3 million or 3.3 percent over the prior fiscal year mainly due to increased instructional and financial aid costs.
- State operating appropriations increased by \$7.7 million over the prior fiscal year.
- Pell Grant revenue increased to \$18.0 million.
- Interest on indebtedness decreased by \$0.3 million over the prior fiscal year.
- Total net non-operating revenues increased by \$10.4 million due to increased capital appropriations.

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



STATEMENT OF NET POSITION

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

STATEMENT OF NET POSITION – JUNE 30, 2016, 2015 AND 2014 (in thousands)

	2016	2015 (Restated)	2014
Current assets	\$ 71,437	\$ 72,344	\$ 75,363
Non-current assets	49,882	44,317	41,461
Capital assets, net of depreciation	431,511	416,028	398,507
Total assets	552,830	532,689	515,331
Deferred out-flows	2,512	2,726	2,409
Current liabilities	28,877	26,856	28,532
Non-current liabilities	158,933	159,569	139,081
Total liabilities	187,810	186,425	167,613
Deferred in-flows	4,225	9,784	–
Net investment in capital assets, net of related debt	301,285	276,433	264,549
Restricted, non-expendable	3,465	3,465	5,058
Restricted, expendable	17,398	18,040	14,917
Unrestricted	41,035	41,269	65,603
Total net position	\$ 363,183	\$ 339,207	\$ 350,127

Assets and Deferred Outflows of Resources

Current assets

The excess of current assets over current liabilities of \$43 million in 2016 reflects the continuing ability of the university to meet its short-term obligations. Current assets are those highly liquid assets that may be converted to cash in less than one year and include cash and cash equivalents, short term investments, accounts receivable and inventories. Current assets decreased \$1 million to \$71 million at June 30, 2016 and the most significant fluctuations are discussed below:

Cash and cash equivalents decreased by \$5.8 million to \$42.8 million. To obtain more favorable investment returns the university invested additional funds in state and municipal bonds and will continue to maximize earnings while maintaining sufficient cash and cash equivalents to meet current operations and to fund major projects.

The increase in accounts receivable of \$4.0 million was primarily due to the increase in the state appropriations receivable, guaranteed sources, and amounts due from other state agencies, as well as the increase in the student population. Inventories also increased by \$0.6 million due to high student participation in the new in-store textbook rental program.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Non-Current Assets

Non-current assets are not expected to be converted into cash, sold, or exchanged within the normal operating cycle and include: investments, student loan receivables, and cash restricted for capital projects. Capital assets include construction in progress, furniture and equipment, land, buildings and improvements. As of June 30, 2016 non-current and capital assets, net of depreciation increased by \$21 million to \$481 million.

Capital assets, net of depreciation increased by \$15.5 million to \$431.5 million in FY16 compared to \$416.0 million in the prior year, the increase is due to infrastructure improvements and work on the new Science II building. Long-term investments increased by \$3.6 million to \$38.7 million in fiscal year 2016 as the university took advantage of opportunities to invest in bonds in order to increase interest earnings. Funds with the State Treasurer increased \$1.6 million due to the increased student population while the related appropriation remained flat.

Deferred Outflows of Resources

Deferred gain or loss on debt refunding represents the difference between the reacquisition price and the carrying value of the CWU System revenue bonds series 2004 which were advance refunded during 2013. The CWU System is comprised of the Housing & Dining, Bookstore, Parking and Student Activities funds.

Although the advance refunding will generate approximately \$10 million of savings over the remaining life of the bonds, there was a book value cost to the transaction of approximately \$2.6 million. Of this amount \$2.2 million remains as a deferred outflow to be recognized over the life of the bonds.

The implementation of GASB 68 in 2015 required the recognition and amortization of CWU's proportionate share of the various pension plan liabilities, resulting in the recognition of approximately \$0.4 million of deferred outflows related to pension liabilities. The 2016 calculation resulted in a \$0.2 million reduction of these outflows.

Liabilities

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

Current liabilities typically fluctuate from the timing of processing accounts payable and deposits payable, changes in the current year bond/leases payment schedule, and the changes in unearned revenue. Current liabilities at June 30, 2016, were \$28.9 million representing an increase of \$2.0 million from 2015 mainly due to increased Accounts Payable activity.



Non-current liabilities remained relatively unchanged at \$158.9 million at June 30, 2016. The increase of \$0.4 million is due primarily to the increase of CWU's share of the state's unfunded pension liability recognized in the implementation of GASB 68 being counteracted by the overall decrease in general long term liabilities and regular, scheduled payments of principal on long-term debt.

Deferred Inflows of Resources

The implementation of GASB 68 in 2015 required the recognition and amortization of changes in the net pension liability. The calculations in 2016 resulted in a \$5.6 million reduction of deferred inflows, leaving a \$4.2 million deferred inflow, to be amortized over the following four to five years.

Net Position

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

Net position is divided into four major categories.

Net Investment in Capital Assets: Equity in property, plant, equipment, and infrastructure, net of accumulated depreciation, and outstanding debt obligations related to those capital assets.

Restricted Non-Expendable: Funds on which a donor or external party has imposed restrictions.

Restricted Expendable: Resources which the university is legally or contractually obligated to spend in accordance with restrictions placed on the funds.

Unrestricted: All other funds available to the university for general and educational obligations and may be expended for any lawful purpose. In many cases, these funds have been internally designated for specific purposes, including board required emergency reserves, debt policy requirements, facilities maintenance, and other purposes.

As of June 30, 2016, net position totaled \$363.2 million, an increase of \$24.0 million from the balance at June 30, 2015. This increase is mainly due to capital construction activity.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

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

Non-operating revenues include state operating and capital appropriations, Pell grants, and investment income. Non-operating expenses are mainly interest on indebtedness. Following is a condensed comparison of the university's revenues, expenses, and changes in net position for the years ended June 30, 2016, 2015, and 2014.

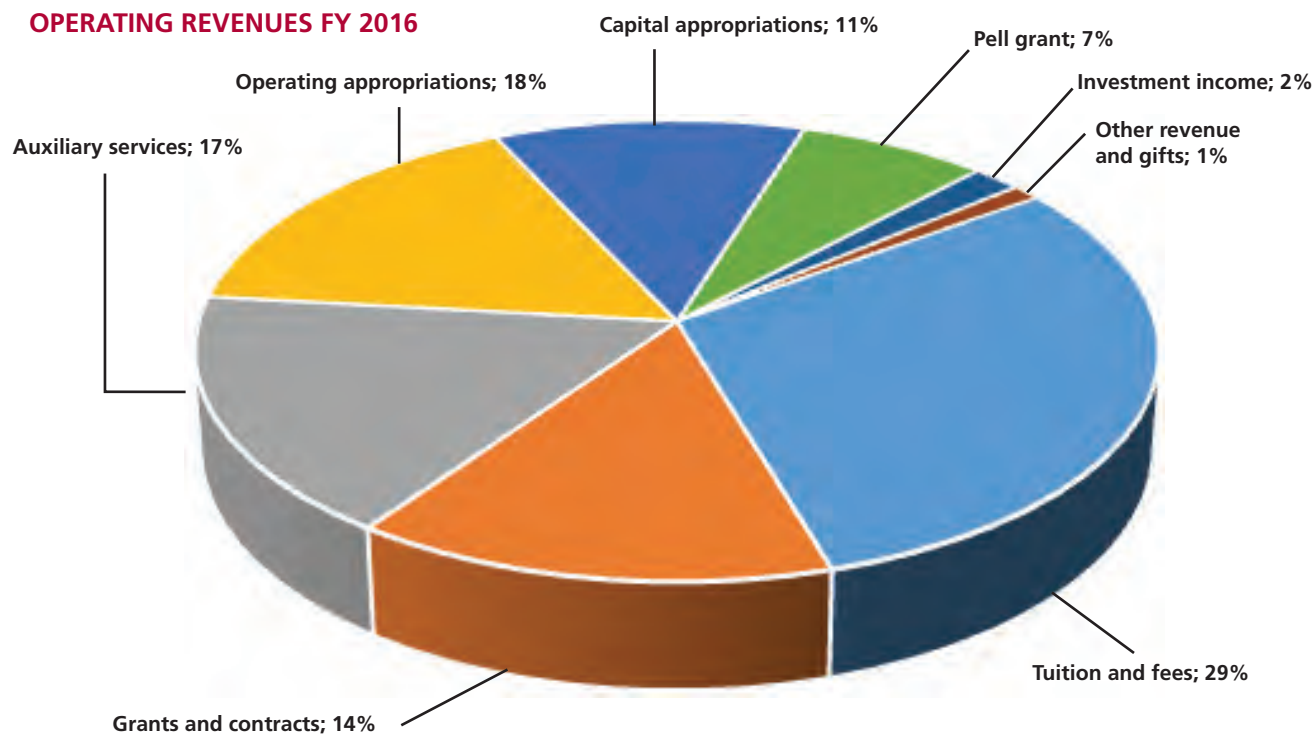
SUMMARY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)

	2016	2015 (Restated)	2014
Operating revenues	\$ 159,705	\$ 155,664	\$ 149,213
Operating expenses	228,775	221,480	210,457
Operating income (loss)	(69,070)	(65,816)	(61,244)
Non-operating revenues and capital appropriations	98,995	88,991	70,372
Non-operating expenses	(5,948)	(6,304)	(6,262)
Net non-operating revenues (expenses)	93,047	82,687	64,110
Increase (decrease) in net position	23,977	16,871	2,865
Net position beginning of year (as restated)	339,206	322,335	347,262
Net position end of year	\$ 363,183	\$ 339,206	\$ 350,127

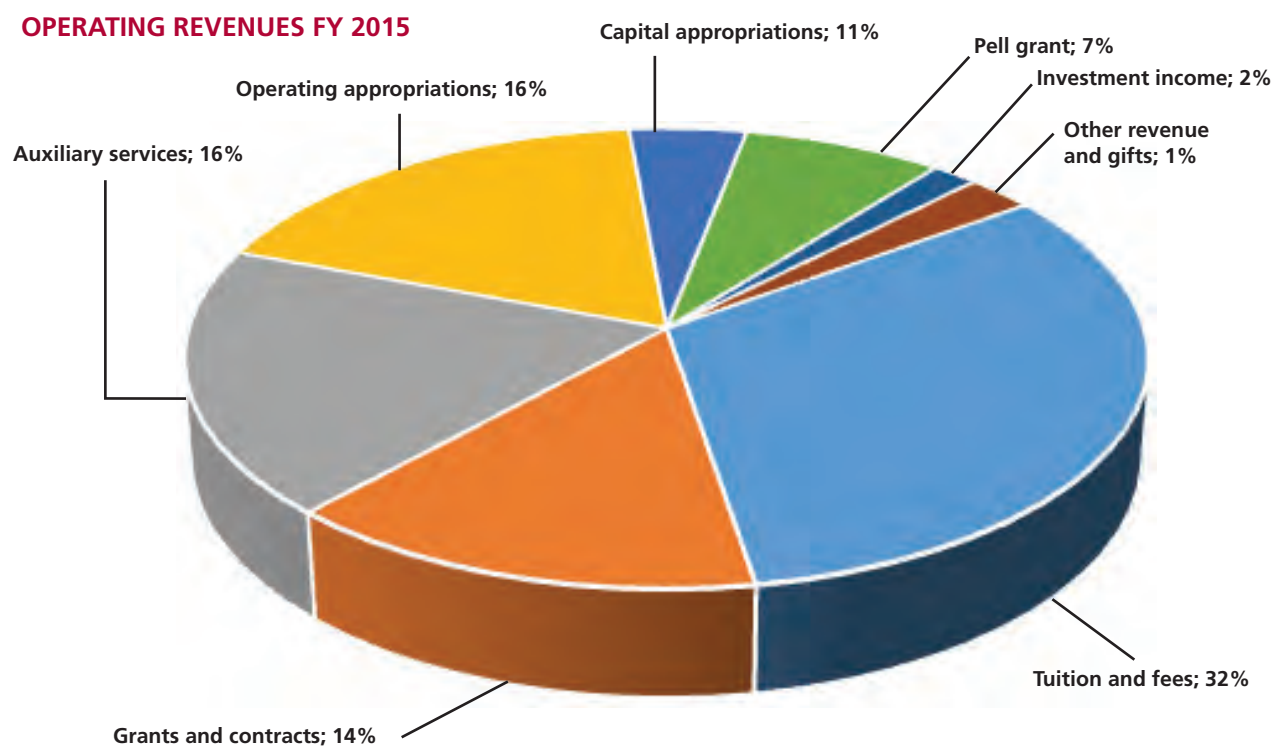
The university maintains a diversified revenue base comprised of tuition and fees, state appropriations, grants and sponsored programs, auxiliary enterprises, and non-operating income. Operating revenues in fiscal year 2016 totaled \$159.7 million representing an increase of \$4.0 million or 2.6 percent from 2015.

Revenues by Source

OPERATING REVENUES FY 2016



OPERATING REVENUES FY 2015



REVENUES BY SOURCE (in thousands)

	2016	Percent (%)	2015 (Restated)	Percent (%)	2014	Percent (%)
Net tuition and fees	\$ 75,687	29%	\$ 78,611	32%	\$ 71,125	32%
Grants and contracts	36,003	14%	34,281	14%	31,699	14%
Auxiliary services	44,912	17%	40,301	16%	41,439	19%
Operating appropriations	46,496	18%	38,777	16%	39,268	18%
Capital appropriations	28,431	11%	28,040	11%	9,784	4%
Pell grant	17,989	7%	17,212	7%	16,758	8%
Investment income	5,385	2%	4,524	2%	3,894	2%
Other revenues and gifts	3,797	1%	2,910	1%	5,618	3%
Total	\$ 258,700	100%	\$ 244,656	100%	\$ 219,585	100%

Net tuition and fees remain the primary source of revenue. The decrease of \$2.9 million which included a state mandated reduction in the cost of tuition, was offset by a \$7.7 million increase in operating appropriations, mostly related to the tuition reduction as the state backfilled to make up for the price differential.

Auxiliary enterprises generated 17 percent of total revenue representing an increase of \$4.6 million to \$44.9 million as of June 30, 2016. This was due to increased rates and participation in on-campus student activities such as housing and dining. Auxiliary services include essential support programs such as residential housing and dining, catering, bookstore and conference program.

Grants and contracts provide student financial aid and support the university's educational and research activities. In fiscal 2016 grants and contracts revenues increased \$1.7 million over the prior year mainly due to increases in the Gear Up grants from the Department of Education.

Capital appropriations increased \$0.4 million over the prior year to \$28.4 million due to continued funding provided by the state legislature for completion of the Science building (Science Phase II).

Gross non-operating revenues totaled \$99.0 million in FY 2016 representing an increase of \$10.0 million from 2015 driven mainly by increases of operating appropriations.

Investment income increased in 2016 by \$0.8 million to \$5.4 million resulting from an increase in both CWU and State held long-term investment activity as the market experienced improvements in investment performance.



Operating and Non-operating Expenses

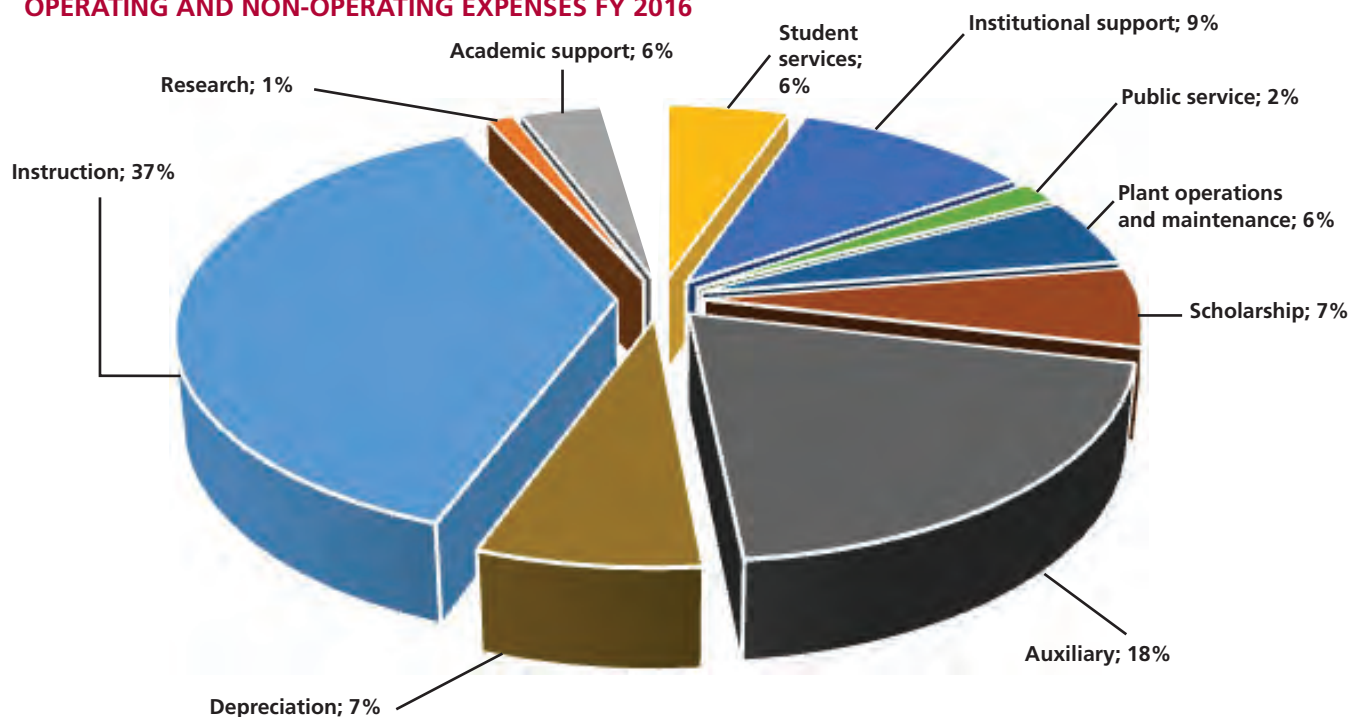
Operating expenses consist mainly of employee compensation, supplies and material costs, student scholarships and other aid. Operating expenses are displayed in the following table by functional area as this is the industry standard. (See Note 18 for a listing of operating expenses by natural classification.)

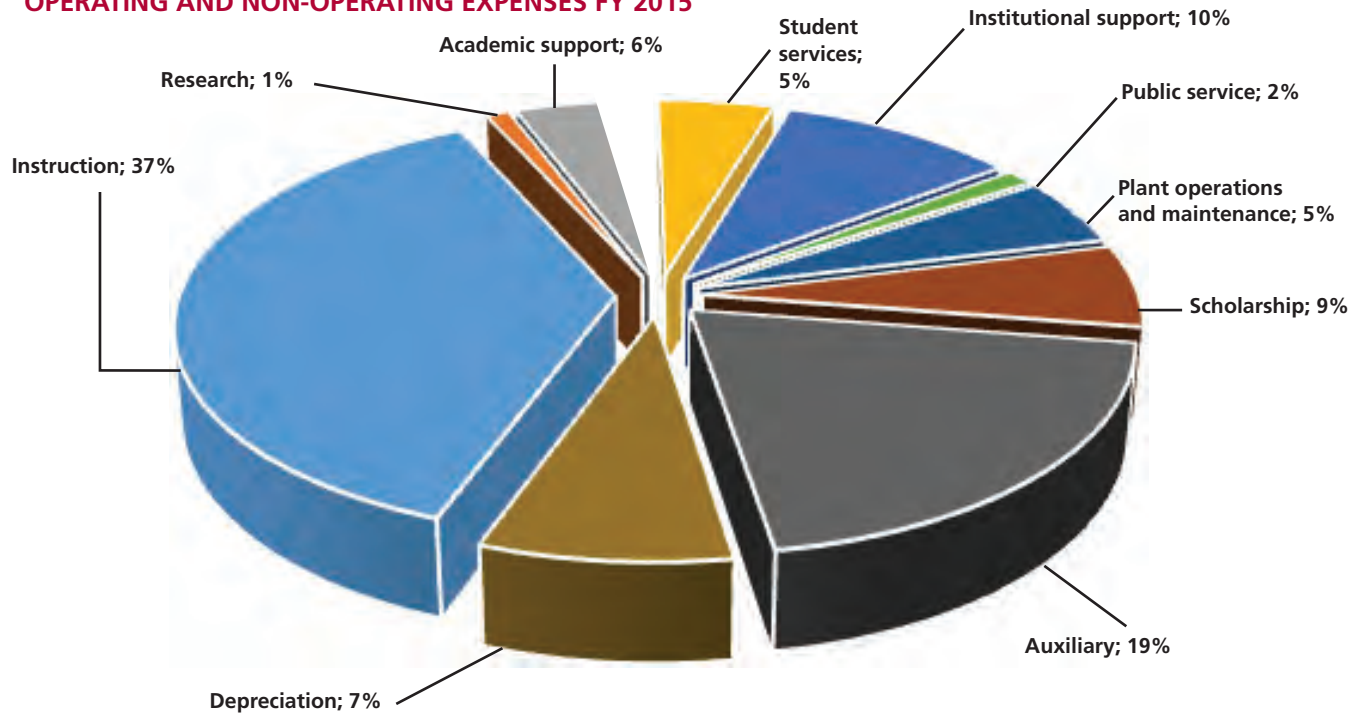
OPERATING AND NON-OPERATING EXPENSES (in thousands)

	2016	2015 (Restated)	2014
Operating expenses	\$ 228,775	\$ 221,480	\$ 210,457
Non-operating expenses	5,948	6,305	6,262
Total operating and non-operating expenses	\$ 234,723	\$ 227,785	\$ 216,719

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

OPERATING AND NON-OPERATING EXPENSES FY 2016



OPERATING AND NON-OPERATING EXPENSES FY 2015**OPERATING EXPENSES BY FUNCTION (in thousands)**

	2016	Percent (%)	2015 (Restated)	Percent (%)	2014	Percent (%)
Instruction	\$ 84,638	37%	\$ 80,882	37%	\$ 79,278	38%
Research	2,773	1%	2,472	1%	2,054	1%
Public service	5,144	2%	3,640	2%	2,498	1%
Academic support	13,286	6%	12,456	6%	11,705	6%
Student services	12,769	6%	11,195	5%	10,271	5%
Institutional support	21,328	9%	22,301	10%	21,221	10%
Operations and maintenance of plant	13,745	6%	11,293	5%	10,941	5%
Scholarships and other student aid	16,517	7%	19,402	9%	13,379	6%
Auxiliary	42,105	18%	42,598	19%	42,162	20%
Depreciation	16,470	7%	15,241	7%	16,948	8%
Total operating expenses	\$ 228,775	100%	\$ 221,480	100%	\$ 210,457	100%

Total operating expenses increased by \$7.3 million to \$228.8 million with the highest proportional increase in the instruction and operations and maintenance of plant categories. Direct instruction expenses increased \$3.8 million to \$84.6 million as the university continued to augment the number of faculty to address class workloads and implemented the final year of planned faculty salary increases. Operations and maintenance of plant increased mainly due to salary increases and continued capital projects. Institutional support decreased \$1.0 million to \$21.3 million. This is mainly due to the reduced pension expense related to the GASB 68 entries this year compared to the prior implementation year.

Public Service expenses increased in fiscal 2016 by \$1.5 to \$5.1 million. The increase in public service was mainly due to increased Department of Education grants to assist with preparing low income middle and high school students for college, as well as assisting with graduate studies and research.



Student Services increased by \$1.6 million in fiscal year 2016 to \$12.8 million, mainly due to increased costs related to increased admissions and enrollment management activity to support a growing student population, as well as increased student health and counseling services expense.

Auxiliary costs, while decreasing \$0.5 million over the 2015 fiscal year, have dropped slightly as a percentage of total operating expense by function from 19 percent in prior years to 18 percent this year.

Instructional expenses totaled \$84.6 million and comprised 37 percent of all university operating expenses during fiscal year 2016 with a three year average of 38 percent of total. The university remains committed to its primary mission of preparing students for responsible citizenship, responsible stewardship of the earth, and to lead enlightened and productive lives. Increased state appropriations allowed the university to invest in its faculty.

CAPITAL CONSTRUCTION

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

The university had \$431.5 million in capital assets net of depreciation at fiscal year-end 2016 and has the following major capital project priorities (See Note 7–Capital Assets):

The university was incredibly fortunate to receive capital funding totaling more than \$90 million in the FY 2015-16 biennium Washington state budget. The following projects are funded in the previous and current biennium and are underway or scheduled to begin construction soon:

Science Phase II: This building, completed in fall 2016, provides modern classroom and laboratory space in a single facility and is the completion of a project conceived and launched more than fifteen (15) years ago and will house three high demand Science Technology Engineering and Math (STEM) programs:

- The Department of Physics, including the Physics-Engineering dual degree program
- The Department of Geological Sciences
- The Center for Excellence in Science and Math Education

Science II is vastly more energy efficient in comparison to the old facilities replaced and is designed to be LEED-Gold certified to assist the university in meeting energy conservation goals. Science II added needed classroom and lab space required to increase degrees in engineering, physics, and geology and produce more K-12 teachers in STEM fields

Samuelson STEM Project: Work began on this \$61 million project that will house an integrated science technology center. The new facility, to be completed in fall 2018, will house:

- The Department of Computer Science
- The Department of Mathematics
- The Department of Information Technology and Administrative Management (ITAM)
- Office of Intermodal Learning
- Campus data center

Renovation of Lind and Bouillon Halls: Work began on the \$4.9 million renovation and updating of Lind Hall, which will house the Aerospace and Military Sciences programs. Additionally, work started on a \$5 million renovation and modernizing of Bouillon Hall, which will house:

- Department of Human Resources
- Disability Services Central Access Program
- Department of Student Success

Old Heat – Community Education/Welcome Center: Construction started on a \$5 million renovation of the Old Heat steam facility. When completed in 2017, it will house a welcome center and community education programs.

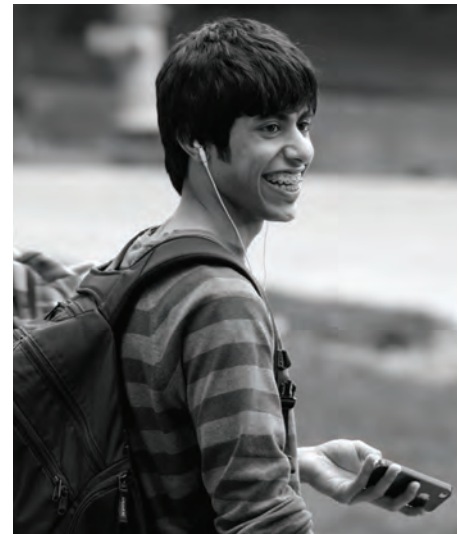
Minor Works: Includes multiple projects that maintain, preserve and extend the life of existing state facilities such as landscaping, campus storm water, building exteriors, and infrastructure upgrades.

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

PROSPECTS FOR THE FUTURE

Central Washington University's financial position continues to improve and we enter FY 17 in a solid financial position with record new student enrollment. The university successfully enrolled 1,908 first year students in fall 2016, successfully exceeding the fall 2015 class number by 15 percent despite increased competition from other Washington public universities. This increase was achieved by adopting a more targeted approach to marketing that focuses on students most likely to enroll at Central. Net position continues to increase as a result of effective budget management, continued identification of efficiencies and adoption of a pro-active enrollment management plan that both acknowledges and adapts to the increasing competitiveness of attracting highly qualified students as well as focuses on "yield," meaning it targets those students most likely to enroll at Central.

Our financial resources together with our planned capital and infrastructure improvements provide a strong foundation to further enhance our core mission. CWU has completed the pre-design study for a new Health Sciences facility and will request construction funding in the next biennium budget from the state legislature. Additionally, CWU has requested state funding for the expansion of the Aviation Training Center to accommodate increasing demand for aviation programs. As the state's economy slowly stabilizes and improves, the university's administration is cautiously optimistic the state legislature will continue to develop a plan that will re-instate some of the funding lost during the recession. While the university acknowledges funding levels may never get back to pre-recession levels, we are hopeful a long-term plan can be put in place that will continue to allow for moderate increases in tuition. Despite these rough and turbulent times, the university has never lost touch with its core values and mission, which is to prepare students for responsible citizenship, responsible stewardship of the earth and enlightened and productive lives.





ANNUAL FINANCIAL STATEMENTS

CENTRAL WASHINGTON UNIVERSITY STATEMENT OF NET POSITION AS OF JUNE 30, 2016 AND 2015

Assets	2016		2015 (Restated)	
	CWU	Foundation	CWU	Foundation
Current assets				
Cash and cash equivalents	\$ 42,707,706	\$ 710,094	\$ 48,531,403	\$ 310,267
Accounts receivable, net	24,072,811	1,923,546	20,045,325	1,108,829
Student loan receivable, net	1,577,000	—	1,417,111	—
Interest receivable	560,678	—	487,575	—
Inventories	2,518,303	—	1,863,045	—
Total current assets	71,436,499	2,633,640	72,344,458	1,419,096
Non-current assets				
Investments	38,681,317	23,540,379	35,073,027	23,597,243
Student loan receivable, net	5,256,280	—	4,727,236	—
Prepaid insurance, net of amortization	643,907	—	694,244	—
Funds with state treasurer	4,787,059	—	3,128,432	—
Capital assets, net of depreciation	431,511,274	225,000	416,027,995	—
Pension asset, net	513,622	—	694,553	—
Total non-current assets	481,393,460	23,765,379	460,345,486	23,597,243
Total assets	552,829,959	26,399,019	532,689,945	25,016,339
Deferred out-flows of resources				
Deferred out-flow from bond refunding	2,165,268	—	2,288,667	—
Deferred out-flow from pension contributions	223,063	—	437,122	—
Total deferred out-flow	2,388,331	—	2,725,789	—
Liabilities				
Current liabilities				
Accounts payable	4,614,395	154,388	3,309,430	319,919
Accrued liabilities, current portion	9,820,993	99,292	9,933,287	101,319
Deposits payable	2,006,628	—	1,862,634	—
Unearned revenues	7,782,124	—	7,272,740	—
Net bond premium/discount net of amortization	203,083	—	203,083	—
Leases and bonds payable, current portion	4,450,000	—	4,275,000	—
Total current liabilities	28,877,223	253,680	26,856,174	415,238
Non-current liabilities				
Accrued liabilities	8,432,538	—	9,096,800	—
Net bond premium/discount net of amortization	3,702,624	—	3,917,112	—
Long-term liabilities	119,705,000	—	124,155,000	—
Pension liabilities	27,092,795	—	22,400,340	—
Total non-current liabilities	158,932,958	—	159,569,253	—
Total liabilities	187,810,181	253,680	186,425,426	415,238
Deferred in-flows of resources				
Deferred in-flows related to pensions	4,224,759	—	9,783,658	—
Net position				
Net investment in capital assets	306,259,742	225,000	276,433,003	—
Restricted for:				
Non-expendable:				
Scholarships and professorships	3,465,055	13,685,115	3,465,055	11,375,851
Expendable:				
Endowment earnings	2,215,833	629,241	2,126,018	1,935,120
Loans	9,734,680	—	10,453,332	—
Other	5,447,660	10,284,867	5,460,907	9,915,615
Unrestricted	39,737,804	1,321,116	41,268,335	1,374,515
Total net position	\$ 363,183,351	\$ 26,145,339	\$ 339,206,649	\$ 24,601,101

See Accompanying Notes to the Financial Statements

ANNUAL FINANCIAL STATEMENTS (continued)

CENTRAL WASHINGTON UNIVERSITY
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
AS OF JUNE 30, 2016 AND 2015

	2016		2015 (Restated)	
	CWU	Foundation	CWU	Foundation
Operating revenues				
Student tuition and fees	\$ 112,936,851	\$ —	\$ 112,267,508	\$ —
Less tuition discounts	(37,249,784)	—	(33,656,549)	—
Federal grants and contracts	8,737,111	3,768,476	7,201,170	2,674,423
State and local grants and contracts	20,531,704	—	21,294,122	—
Non-governmental grants and contracts	6,734,317	—	5,786,385	—
Sales and services of educational activities and other sources	2,936,424	100,241	2,357,264	34,290
Interest earned on loans to students	165,947	—	112,776	—
Auxiliary enterprises sales - housing and dining	33,129,674	—	29,245,458	—
Other auxiliary sales	12,284,942	—	11,826,076	—
Less auxiliary discounts	(502,289)	—	(769,862)	—
Total operating revenue	159,704,897	3,868,717	155,664,347	2,708,713
Operating expenses				
Educational and general				
Instruction	84,638,115	11,492	80,882,240	21,559
Research	2,773,038	—	2,472,153	—
Public service	5,144,282	—	3,639,872	—
Academic support	13,286,114	1,735,851	12,455,964	1,590,436
Student services	12,769,219	1,060,719	11,194,714	882,913
Institutional support	21,327,469	334,899	22,301,279	340,750
Operation and maintenance of plant	13,745,000	—	11,292,965	—
Scholarships and other student aid	16,516,560	1,133,737	19,402,381	949,442
Auxiliary enterprise expenditures	42,105,356	—	42,597,817	—
Depreciation	16,469,967	—	15,240,940	—
Total operating expenses	228,775,119	4,276,698	221,480,324	3,785,100
Operating income (loss)	(69,070,222)	(407,981)	(65,815,977)	(1,076,387)
Non-operating revenues (expenses)				
State appropriations	46,496,000	—	38,777,000	—
Pell grant	17,988,786	—	17,211,869	—
Investment income	5,385,087	967,568	4,523,994	1,552,879
Gifts to permanent endowments	—	984,652	—	211,244
Interest on indebtedness	(5,948,246)	—	(6,304,481)	—
Non-operation income net of expenses	694,387	—	438,589	—
Net non-operating revenues (expenses)	64,616,014	1,952,220	54,646,971	1,764,123
Income (or loss) before other revenue, expenses, gains, or losses	(4,454,208)	1,544,239	(11,169,006)	687,736
Capital appropriations	28,430,910	—	28,040,227	—
Increase (decrease) in net position	23,967,701	1,544,239	16,871,221	687,736
Net position, beginning of year (as restated)	339,206,649	24,601,101	322,335,428	23,913,365
Net position, end of year	\$ 363,183,151	\$ 26,145,340	\$ 339,206,649	\$ 24,601,101

See Accompanying Notes to the Financial Statements

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

	2016	2015 (Restated)
Cash flows from operating activities		
Tuition and fees	\$ 79,253,478	\$ 70,453,630
Grants and contracts	35,450,693	34,489,570
Payments to vendors	(75,682,637)	(80,167,692)
Payments to employees for salaries and benefits	(136,749,363)	(114,938,606)
Auxiliary enterprise charges	44,373,014	40,051,979
Sales and services of educational activities and other sources	(2,318,556)	2,875,369
Interest received on loans to students	92,844	74,571
Net cash used by operating activities	(56,051,981)	(47,161,178)
Cash flows from non-capital financing activities		
State appropriations	45,213,278	38,776,751
Pell grants	17,988,786	17,211,869
Gifts for other than capital purposes	—	—
Net cash provided by non-capital financing activities	63,202,064	55,988,620
Cash flows from investing activities		
Purchases of investments	(6,079,493)	(5,093,091)
Proceeds from sales of investments	2,471,203	62,224
Investment income	5,385,087	4,523,994
Other investment activity	(1,658,628)	107,901
Net cash provided by investing activities	118,170	(398,972)
Cash flows from capital and related financing activities		
Capital appropriations	28,430,910	28,040,227
Purchase of capital assets	(32,424,701)	(32,762,198)
Proceeds from capital debt	175,000	(10,000)
Principal paid on capital debt	(4,450,000)	(4,275,000)
Interest paid on capital debt	(5,948,246)	(6,304,481)
Other capital activities	653,634	212,753
Net cash provided by capital and related financing activities	(13,091,950)	(15,098,700)
Net increase in cash and cash equivalents	(5,823,697)	(6,670,230)
Cash and cash equivalents, beginning of year	48,531,403	55,201,633
Cash and cash equivalents, end of year	\$ 42,707,706	\$ 48,531,403
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	(69,070,222)	(65,815,977)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	16,469,967	15,240,940
Changes in assets and liabilities		
Accounts receivable	(3,100,073)	(2,388,727)
Student loans receivable	(333,626)	1,387,784
Interest receivable	(73,103)	(38,205)
Inventories	(655,258)	116,016
Accounts payable	1,304,966	(3,964,635)
Accrued expenses	(776,555)	8,753,199
Unearned revenue	509,384	(471,301)
Student and other deposits	143,994	19,728
Net cash used by operating activities	(56,051,981)	(47,161,178)

See Accompanying Notes to the Financial Statements

NOTES TO FINANCIAL STATEMENTS

CENTRAL WASHINGTON UNIVERSITY — June 30, 2016 and June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

Financial Statement Presentation

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

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

The financial statements include a management discussion and analysis, a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, and notes to the financial statements. The notes to the financial statements focus on university activity in all years presented unless otherwise noted. The format provides a comprehensive, entity-wide perspective of the university's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows. Comparative totals for the year ended June 30, 2015, are presented where appropriate.

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

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

Cash Equivalents

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

Investments

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

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the university's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Uncollectible amounts are calculated using a fixed percentage of receivables.

Inventories

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

Non-current Cash and Investments

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

Capital Assets

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

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

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

Deferred Outflows of Resources

Deferred outflows of resources are a consumption of net position by the university that is applicable to a future reporting period. The deferred outflow gain or loss on refunding represents the difference between the reacquisition price and the carrying value of the System revenue bonds series 2004 which were advance refunded during 2013. The remaining portion of deferred outflows relates to GASB 68 changes in the pension contribution. For 2015, it consisted of the amortization of contributions made after the measurement date.

Deferred Inflows of Resources

Deferred inflows of resources are transactions that result in the acquisition of net position in one period that are applicable to future periods. The deferred inflow being presented relates to the portion of pension earnings attributable to CWU since the implementation of GASB 68.

Unearned Revenues

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

Compensated Absences

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

Non-current Liabilities

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

Net Position

The university's net position is classified as follows:

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

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

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

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



Income Taxes

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

Classification of Revenues

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

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

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

Discounts and Allowances

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

Reclassification

The beginning fiscal year 2015 fund balance was restated and decreased due to the implementation of GASB 68, which requires each state employer to account for their proportionate unfunded liability or asset of its pension plans, on the face of the financial statements. This restatement had a material impact on the increase (decrease) in Net Position on the SRECNP of \$27.8 Million and the Unrestricted Fund Balance on the SNP.

The ending fiscal year 2015 SNP was restated due to the separation of the LEOFF2 net asset from the overall net pension liability. Previously, the asset in LEOFF2 had been consolidated with the liabilities of the remaining plans. This restatement resulted in an additional, separate beginning asset balance of \$694,553. Because this balance had been consolidated against the liabilities balance, the beginning liability balance in Net Pension liability was conversely increased by \$694,553 from the original \$21,705,788 to \$22,400,341.

The fiscal year 2015 SRECNP was restated due to miscalculation of the tuition discount, which resulted in the overstatement of tuition discount and the understatement of scholarship expense—both in the amount of \$6,228,557. Due to the offsetting reclassifications, while net revenue increased, net expense increased by a corresponding amount, resulting in no effect on total net operating revenues and no changes to the FY15 SNP.

The fiscal year 2015 SNP was restated due to a misclassification of endowment earnings and endowment corpus, classified as Restricted Nonexpendable Scholarships and Professorships. This resulted in a shift of \$1,665,354 from Nonexpendable to Expendable Endowment Earning. There was no impact on the overall net position or the rest of the SNP.

Fair Value of Investments

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

NOTES TO FINANCIAL STATEMENTS (continued)

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

- Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.
- Level 2** Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy. There have been no changes in valuation methodologies used at June 30, 2016 or June 30, 2015.

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

New Accounting Standards Adopted

In fiscal year 2016, the university adopted and implemented six new accounting standards as follows:

GASB Statement No. 69, *"Government Combinations and Disposals of Government Operations"* which requires disclosures to be made about government combinations and disposals of government operations, in order to enable financial statement users to evaluate the nature and financial effects of those transactions. There was no impact to the financial statements of the university as a result of implementing this Statement.

GASB Statement No. 72 *"Fair Value Measurement and Application"* which prescribes how state and local governments should define and measure fair value. It also prescribes which assets and liabilities should be measured at fair value, and expands disclosures related to fair value measurements. There was no impact to the financial statements of the university, as this had already been addressed in a prior year.

GASB Statement No 76, *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments."* This statement supersedes GASB 55 and improves financial reporting by clarifying the hierarchy of GASB-produced material as the highest source of guidance in preparing financial statements. It also addresses the use of authoritative and non-authoritative literature, in the event that a new reporting issue has not yet been covered within a source of authoritative GAAP. There was no impact to the financial statements of the university as a result of implementing this Statement.

GASB Statement No 77, *"Tax Abatement Disclosures"*, which increases the type and amount the information that must be included in the disclosure of any tax abatement that the government enters into, including amount, procedures and authorities involved, and additional commitments resulting from the abatement. There was no impact to the financial statements of the university as a result of implementing this Statement.

GASB Statement No. 78, *"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"* which provides minor allowances to government entities regarding the GASB 68 requirements in disclosure on Pensions. This GASB was taken into account with the current year calculations and associated disclosure notes of the university.

GASB Statement No. 79, *"Certain External Investment Pools and Pool Participants"* which permits qualifying state and local government external investments pools – and participants in those pools—to measure their investments at amortized cost for financial reporting purposes. There was no impact to the financial statements of the university as a result of implementing this Statement.

In fiscal year 2015, the university adopted and implemented two new accounting standards as follows:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) which improves financial reporting by state and local governmental pension plans. The university's FY 2015 beginning unrestricted fund balance on the SNP was changed based on this pronouncement.

GASB Statement No. 71, *Pension Transition for Contributions made subsequent to the measurement date an amendment of GASB Statement No. 68* (GASB 71) which addresses issues regarding the application of the transition provisions of Statement No. 68.



NOTE 2 - CASH AND INVESTMENTS

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

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

As of June 30, 2016, the fair market value of cash and investments was \$81,389,023. Of this total, \$42,707,706 is cash and cash equivalents with maturity dates of less than 90 days and \$38,681,317 is held in investments maturing in more than 90 days. Cash and cash equivalents include: Local Government Investment Pool (LGIP), Bank Demand and Time Deposits, and Petty Cash. Investments maturing in more than 90 days and/or more than a year include: U.S. Government and Non-State Government Securities at fair value, Investments in Equity, and Cash Surrender Value of Life Insurance (Foundation). All investments held by the university are considered level 1 for fair value calculations.

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

The components of cash and investments are specified as follows:

CASH AND INVESTMENTS

	Carrying Amount June 30, 2016	Fair Value	Carrying Amount June 30, 2015	Fair Value
Local government				
investment pool (LGIP)	\$ 1,582,152	\$ 1,582,152	\$ 33,044,193	\$ 33,044,193
Investments—money markets	1,141,882	1,141,882	—	—
Bank demand and time deposits	39,933,694	39,933,694	15,455,148	15,455,148
Other	49,978	49,978	39,648	39,648
Total cash and cash equivalents	\$ 42,707,706	\$ 42,707,706	\$ 48,538,989	\$ 48,538,989
U.S. government securities	10,610,605	10,710,317	9,721,997	9,599,159
Investments—bonds	23,496,869	24,162,149	22,243,612	22,445,252
Investments—money markets	80,722	80,722	22,100	22,100
Investments—stocks, mutual funds	3,728,129	3,728,129	3,188,160	3,188,160
Total investments	\$ 37,916,325	\$ 38,681,317	\$ 35,175,869	\$ 35,254,671
Total cash and investments	\$ 80,624,031	\$ 81,389,023	\$ 83,714,858	\$ 83,793,660

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

The disclosures required by this statement follow:

Deposits

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

Investments

As of June 30, 2016 and 2015, the university had the following investments:

INVESTMENTS - LEVEL 1

	Fair Value FY 2016	Fair Value FY 2015
US treasuries*	\$ 10,710,317	\$ 9,497,405
Money market*	80,722	22,100
Bonds*	24,162,149	22,445,252
Stocks*	3,728,129	3,188,160
Total	\$ 38,681,317	\$ 35,152,917

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

The LGIP is an unrated 2a-7-like pool, as defined by GASB 31. Accordingly, participants' balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days. Per GASB 40 guidelines, the balances are also not subject to custodial credit risk. The credit (quality) risk of the LGIP is limited as most investments are either obligations of the U.S. government, government-sponsored enterprises, or insured demand deposit accounts and certificates of deposit. Investments or deposits held by the LGIP are all classified as category one risk level investments. They are either insured or held by a third-party custody provider in the LGIP's name.

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

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



NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 3 - ACCOUNTS RECEIVABLE

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

ACCOUNTS RECEIVABLE		
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Student tuition and fees	\$ 5,156,776	\$ 8,213,804
Federal, state, and private grants and contracts	4,797,615	4,245,176
State appropriations receivable	2,270,530	987,808
Auxiliary enterprises	2,836,347	2,041,429
Other student fees	3,249,485	1,811,515
Other operating activities	6,402,154	3,485,393
Subtotal	25,068,216	20,785,126
Allowance for doubtful accounts	(995,405)	(739,801)
Net accounts receivable	\$ 24,072,811	\$ 20,045,325

NOTE 4 - STUDENT LOANS RECEIVABLE

Student loans are comprised of current amount of \$1,577,000 and non-current, \$5,256,280 at June 30, 2016.

Student loans receivable consisted of the following:

STUDENT LOANS RECEIVABLE		
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Federal Perkins student loans	\$ 6,315,522	\$ 6,109,021
Institutional and long term loans	517,758	35,326
Subtotal	6,833,280	6,144,347
Allowance for doubtful accounts	—	—
Total student loans receivable	\$ 6,833,280	\$ 6,144,347

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

NOTE 5 – INVENTORIES

Inventories consisted of the following:

INVENTORIES		
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Enterprise funds	\$ 1,933,570	\$ 1,370,662
Internal service funds	584,733	492,382
Total	\$ 2,518,303	\$ 1,863,044

NOTE 6 - FUNDS WITH STATE TREASURER

As of June 30, 2016, the balance invested with the State Treasurer was \$4,787,060. This represents the university's share of the net earnings of the Normal School Permanent Fund and the building fee portion of tuition, reduced by expenditures for capital projects, non-capitalized facility improvements and maintenance, and debt service incurred over the years (Fund 063), and the balance of licensing revenues held by the State Treasurer (Fund 783).

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

NOTE 7 - CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2016:

CAPITAL ASSETS

	Balance at June 30, 2014	Additions	Retirements	Balance at June 30, 2015	Additions	Retirements	Balance at June 30, 2016
Non-depreciable capital assets							
Land	\$ 4,801,900	\$ —	\$ —	\$ 4,801,900	\$ —	\$ —	\$ 4,801,900
Artworks	100,350	112,644	—	212,994	—	—	212,994
Library resources collectibles	38,122	—	—	38,122	—	—	38,122
Construction in progress	20,081,558	30,967,612	12,899,692	38,149,478	27,454,395	959,875	64,643,998
Subtotal	25,021,930	31,080,256	12,899,692	43,202,494	27,454,395	959,875	69,697,014
Depreciable capital assets							
Buildings	417,757,973	447,031	—	418,205,011	—	—	418,205,011
Improvements and infrastructure	92,481,252	12,506,583	—	104,987,835	3,457,003	—	108,444,838
Equipment	31,774,529	1,025,777	332,650	32,467,656	1,454,374	929,782	32,992,248
Leased equipment	1,496,424	—	—	1,496,424	—	—	1,496,424
Buildings - perpetuity rights	30,792,094	—	—	30,792,094	—	—	30,792,094
Library resources (depreciable)	27,710,918	634,666	8,250	28,337,334	569,136	2,100	28,904,370
Subtotal	602,013,197	14,614,313	340,900	616,286,354	5,480,513	931,882	620,834,985
Total capital assets	627,035,127	45,694,313	13,240,592	659,488,848	32,394,908	1,891,757	690,531,999
Less accumulated depreciation							
Buildings	118,634,693	8,329,923	—	126,964,616	8,293,300	—	135,257,916
Improvements and infrastructure	50,947,355	3,591,066	—	54,538,421	5,042,571	—	59,580,992
Library resources	22,941,814	699,799	—	23,641,593	723,873	—	24,365,466
Equipment	26,706,261	1,825,255	308,447	28,223,039	1,615,305	910,092	28,928,252
Leased equipment	1,496,424	—	—	1,496,424	—	—	1,496,424
Amortized perpetuity rights - buildings	7,801,845	794,917	—	8,596,762	794,918	—	9,391,680
Total accumulated depreciation	228,528,392	15,240,940	308,477	243,460,855	16,469,967	910,092	259,020,730
Capital assets, net of depreciation	\$ 398,506,735	\$ 30,453,373	\$ 12,932,115	\$ 416,027,993	\$ 16,464,941	\$ 981,665	\$ 431,511,269

The university has one building out of active service, the Samuelson Union Building. The net book value was \$338,686 as of June 30, 2016, \$391,760 as of June 30, 2015, and \$444,835 as June 30, 2014. This information is being disclosed according to the provisions of GASB Statement No. 42—*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*—which was issued during November 2003, and became effective for fiscal periods beginning after December 15, 2004.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 8 - ACCRUED LEAVE LIABILITIES

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

The amounts represent a liability to the university and are recorded and reported accordingly. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The amount of compensated time, vacation, and sick leave paid during fiscal year 2016 totaled \$3,771,765. The accrued compensated time balance as of June 30, 2016, was \$19,828.

NOTE 9 - LONG-TERM LIABILITIES

Long-term liability activity for the two-year period ended June 30, 2016, is summarized as follows:

LIABILITIES

	June 30, 2015 (Restated)	Additions	Reductions	June 30, 2016	Current Portion	Long-Term Portion
Accrued liabilities	\$ 15,159,551	\$ 4,431,865	\$ 5,716,215	\$ 13,875,201	\$ 9,820,993	\$ 4,054,208
State pension liability	22,400,340	4,692,455	–	27,092,795	–	27,092,795
CWU pension liability	3,870,537	507,794	–	4,378,331	–	4,378,331
Bond premium/discount	4,120,195	–	214,488	3,905,707	203,083	3,702,624
Leases/contracts payable	4,040,000	–	375,000	3,665,000	385,000	3,280,000
Bonds payable	124,390,000	–	3,900,000	120,490,000	4,065,000	116,425,000
Total	\$ 173,980,623	\$ 9,632,114	\$ 10,205,703	\$ 173,407,034	\$ 14,474,076	\$ 158,932,958

State Pension Liability beginning balance was restated due to reclassifying the pension asset of \$694,553.

LIABILITIES

	June 30, 2014	Additions	Reductions	June 30, 2015 (Restated)	Current Portion	Long-Term Portion
Accrued liabilities	\$ 6,987,744	\$ 11,306,435	\$ 3,134,628	\$ 15,159,551	\$ 9,933,287	\$ 5,226,264
State pension liability	–	21,705,787	–	21,705,787	–	21,705,787
CWU pension liability	3,334,988	535,549	–	3,870,537	–	3,870,537
Bond premium/discount	4,378,860	–	–	4,120,195	203,083	3,917,112
Leases/contracts payable	4,400,000	–	360,000	4,040,000	360,000	3,680,000
Bonds payable	128,315,000	–	3,925,000	124,390,000	3,915,000	120,475,000
Total	\$ 147,416,592	\$ 33,547,771	\$ 7,419,628	\$ 173,286,070	\$ 14,411,370	\$ 158,874,700

Accrued liabilities balance was restated being reduced by the amount of the CWU Pension liability, this has been corrected in the beginning and ending balances.

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

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

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

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

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

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

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

NOTE 11 - BONDS PAYABLE

State law requires that the university reimburse the State annually for debt service payments relating to the State of Washington General Obligation Bonds from tuition, timber sales, and earnings on investments held by the State Treasurer. Bonds payable at June 30, 2016, consisted of bonds issued by the State of Washington and Central Washington University.

BONDS PAYABLE

	<u>Interest Rate %</u>	<u>Original Issue</u>	<u>Balance June 30, 2016</u>	<u>Balance June 30, 2015</u>
State of Washington general obligation bonds				
Series 1994A (HE-CWU)	4.95	\$ 4,455,000	\$ –	\$ 385,000
Series R-2013C (HE-CWU)	3.00 - 5.00	1,225,000	1,225,000	1,225,000
System revenue bonds				
Series 2008 Bonds (Wendell Hill Hall)	3.00 - 5.00	36,495,000	31,175,000	32,020,000
Series 2010 Bonds (Barto Hall Series A)	2.26 – 3.24	2,515,000	1,930,000	2,515,000
Series 2010 Bonds (Barto Hall Series B)	1.50 – 6.95	31,950,000	29,770,000	29,770,000
Series 2012 Bonds (Kamola Hall Refunding)	2.00 – 3.80	7,665,000	6,445,000	6,760,000
Series 2013 Bonds (SUB/REC–Sue Lombard)	3.13 – 5.00	53,415,000	49,945,000	51,715,000
Total bonds payable		\$ 201,800,000	\$ 120,490,000	\$ 124,390,000
Bond discounts and issuance costs			(643,907)	(694,244)
Bond premium			3,905,707	4,120,195
Total		\$ 201,800,000	\$ 123,751,800	\$ 127,815,951

NOTES TO FINANCIAL STATEMENTS (continued)

Maturity Information

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

Debt Service Requirements

DEBT SERVICE REQUIREMENTS

Fiscal Year	General Obligation Bonds			System Revenue Bonds			University Total
	Principal	Interest	Sub Total	Principal	Interest	Sub Total	
2017	\$ 390,000	\$ 53,450	\$ 443,450	\$ 3,675,000	\$ 5,658,905	\$ 9,333,905	\$ 9,777,355
2018	410,000	41,750	451,750	3,845,000	5,493,705	9,338,705	9,790,455
2019	425,000	21,250	446,250	4,010,000	5,318,730	9,328,730	9,774,980
2020	—	—	—	4,770,000	5,136,105	9,906,105	9,906,105
2021	—	—	—	4,975,000	4,914,355	9,889,355	9,889,355
2022 – 2026	—	—	—	25,715,000	21,145,577	46,860,577	46,860,577
2027 – 2031	—	—	—	33,320,000	14,653,934	47,973,934	47,973,934
2032 – 2036	—	—	—	27,620,000	7,235,902	34,855,902	34,855,902
2037 – 2041	—	—	—	11,335,000	1,575,054	12,910,054	12,910,054
Total	\$ 1,225,000	\$ 116,450	\$ 1,341,450	\$ 119,265,000	\$ 71,132,267	\$ 190,397,267	\$ 191,738,717

Central Washington University System Bonds, Series 2008, issued in the original amount of \$36,495,000 and mature in varying annual amounts to May 1, 2038. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. A principal payment of \$845,000 was required and paid during Fiscal 2016. A principal payment of \$880,000 is scheduled for May 1, 2017.

Central Washington University System Bonds, Series 2010 A, tax exempt issued in the original amount of \$2,515,000 maturing in varying annual amounts to May 1, 2040. A principal payment of \$585,000 was scheduled and paid during Fiscal 2016. A principal payment of \$610,000 is scheduled for May 1, 2017.

The Central Washington University System Bonds Series 2010-B were issued under the American Recovery Act of 2008 Build America Bond Program as taxable bonds in the original amount of \$31,950,000, maturing in varying annual amounts to May 2040. Principal and interest on these revenue bonds are collateralized by a pledge of revenues.

Under this program the university expects to receive a subsidy from the United States federal government of 35 percent of interest paid through maturity. The subsidy received during fiscal 2015 was \$630,674. This amount is shown as non-operating revenue on the Statement of Revenue, Expenses and Changes in Net Position. No principal payment was scheduled during Fiscal 2016. No principal payment is scheduled for fiscal 2017.

Central Washington University System Bonds, Series 2012, issued in the original amount of \$7,655,000 and mature in varying annual amounts to May 1, 2032. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. A principal payment of \$315,000 was required and paid during Fiscal 2016. A principal payment of \$325,000 is scheduled for May 1, 2017.

Central Washington University System Bonds, Series 2013, issued in the original amount of \$53,415,000 and mature in varying annual amounts to May 1, 2034. Principal and interest on these revenue bonds are collateralized by a pledge of revenues. A principal payment of \$1,770,000 was required and paid of scheduled during 2016. A principal payment of \$1,860,000 is scheduled for May 1, 2017.

NOTE 12 – LEASES/CONTRACTS PAYABLE

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

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

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

Leases/Contracts Payable for the two-year period ended June 30, 2016:

<u>Contract #</u>	<u>Contract Name</u>	<u>% Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2016</u>	<u>Balance June 30, 2015</u>
S375-11-1	Edmonds COP 2012	2.28	\$ 3,345,000	\$ 2,250,000	\$ 2,540,000
S375-12-1	Heat Recovery Project COP 2013	2.53	1,660,000	1,415,000	1,500,000
Total			\$ 5,005,000	\$ 3,665,000	\$ 4,040,000

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 385,000	\$ 126,350	\$ 511,350
2018	400,000	115,950	515,950
2019	405,000	105,100	510,100
2020	420,000	91,050	511,050
2021	440,000	76,450	516,450
2022 – 2026	1,320,000	172,950	1,492,950
2027 – 2031	295,000	13,350	308,350
Total	\$ 3,655,000	\$ 701,200	\$ 4,366,200

NOTE 13 - RETIREMENT PLANS

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

A. Central Washington University Retirement Plan:

Plan Description: Faculty, civil service exempt staff, and other salaried employees are eligible to participate in the Central Washington University Retirement Plan, a defined contribution plan administered by the university. Contributions to the plan are invested in annuity contracts or mutual fund accounts. Employees have, at all times, a 100 percent vested interest in their accumulations.

Benefits from fund sponsors are available upon separation or retirement at the member's option. RCW 28.B.10.400 assigns the authority to establish and amend benefit provisions to the Central Washington University board of trustees.

The plan has a supplemental payment component, which guarantees a minimum retirement benefit to eligible retirees based upon a one-time calculation at the employee's retirement date. The university makes direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals.

Funding Policy: Employee contribution rates, based on age, are 5 percent, 7.5 percent, or 10 percent of salary. The university matches the contributions of employees. Within parameters established by the legislature, contribution requirements may be established or amended by Central Washington University's board of trustees. Employee and employer contributions for the year ended June 30, 2016, were \$5,096,478 and \$5,100,253 respectively.

The supplemental payment component of the Central Washington University Retirement Plan is financed on a pay-as-you-go basis. The annual required contribution for fiscal year 2016 was \$855,000.



CWU Supplemental Retirement Plan Disclosure Supplemental Component (Unaudited): The university received an actuarial evaluation of the supplemental component of the CWURP for fiscal year 2015. The previous evaluation was performed in 2013. The Unfunded Actuarial accrued Liability (UAL) calculated as of June 30, 2015 and 2013, was \$6,811,000 and \$7,657,000 respectively, and is amortized over an 11-year period. The Annual Required Contribution (ARC) of \$855,000 consists of amortization of the UAL (\$737,000) and normal cost (or current cost) (\$118,000). The UAL and ARC were established using the entry age normal cost method. The actuarial assumptions included an investment rate of return of 4.25 percent and projected salary increases ranging from 2 percent to 4 percent. Approximately \$11,640,657 and \$13,399,251 of CWU's payroll were covered under this plan during 2015 and 2013, respectively. The following table reflects the activity in the Net Pension Obligation (NPO) for the year ended June 30, 2016:

NET PENSION OBLIGATION

Balance as of June 30, 2013	\$ 2,751,645
Annual required contribution fiscal year 2014	894,000
Payments to beneficiaries fiscal year 2014	(310,657)
Balance as of June 30, 2014	3,334,988
Annual required contribution fiscal year 2015	855,000
Payments to beneficiaries fiscal year 2015	(319,451)
Balance as of June 30, 2015	3,870,537
Annual required contribution fiscal year 2016	855,000
Payments to beneficiaries fiscal year 2016	(347,206)
Balance as of June 30, 2016	\$ 4,378,331

CWU reported the NPO balance as a long-term liability.



B. Public Employees Retirement System plans 1, 2, and 3; Teachers Retirement Systems plans 1, 2, and 3; Law Enforcement Officers and Fire Fighters plan 2:

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

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

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

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

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

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

Funding Policy: The office of the State Actuary, using funding methods prescribed by statute, determines actuarially required contribution rates for PERS, TRS, and LEOFF. Plan 1 members are required by statute to contribute 6 percent of their annual covered salary. Contributions for Plan 2 members are determined by the aggregate method and may vary over time. Plan 3 members elect their contribution rate at employment from both flat and aggregated rate plans varying from 5 percent to 15 percent of annual covered salary. The contribution rates at June 30, 2016 were as follows:

PERS, TRS, AND LEOFF CONTRIBUTION RATES

Plan	2016		2015		2014	
	Member	University	Member	University	Member	University
PERS I	6.00%	11.18%	6.00%	9.21%	6.00%	9.21%
PERS II	6.12%	11.18%	4.92%	9.21%	4.92%	9.21%
PERS III	VARIOUS	11.18%	VARIOUS	9.21%	VARIOUS	9.21%
LEOFF II	8.41%	8.59%	8.41%	8.59%	8.41%	8.59%
TRS I	6.00%	13.13%	6.00%	10.39%	6.00%	10.39%
TRS II	5.95%	13.13%	4.96%	10.39%	4.69%	10.39%
TRS III	VARIOUS	13.13%	VARIOUS	10.39%	VARIOUS	10.39%

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

PERS, TRS, LEOFF, AND CWURP CONTRIBUTIONS

Plan	2016		2015		2014	
	Member	University	Member	University	Member	University
PERS I	\$ 46,212	\$ 70,936	\$ 59,899	\$ 91,944	\$ 61,383	\$ 94,193
PERS II	1,306,694	2,387,040	1,022,456	1,913,986	976,911	1,827,351
PERS III	592,374	1,013,472	543,255	776,066	463,734	671,790
LEOFF II	75,149	76,757	73,555	75,129	70,609	72,094
TRS I	2,006	4,390	3,043	5,270	7,836	13,516
TRS II	7,682	16,792	8,528	17,864	9,685	19,827
TRS III	116,989	205,571	84,290	115,847	74,025	109,981
CWURP	5,098,476	5,100,253	4,542,013	4,542,117	4,308,849	4,308,849
Total	\$ 7,245,582	\$ 9,149,377	\$ 6,337,039	\$ 7,538,223	\$ 5,973,032	\$ 7,117,601

NOTE 14 – PENSION LIABILITY

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

Central Washington University Retirement Benefits

Substantially all full-time classified employees at CWU participate in the DRS retirement plans. CWU has a financial responsibility for pension benefits associated with its defined benefit plans, and the university's financial statements for 2016 have been updated to include the university's proportionate share of the State's pension liability. Pension liability is allocated to multiple funds, based on their proportionate share of covered compensation for the fiscal year.

Prior to adopting the pension accounting changes, CWU reported pension expense based on cash contributions to DRS. All state employers are required to contribute at a rate set by The Washington State legislature. Employer contribution rates were 9.21 percent for PERS, 10.39 percent for TRS and 8.59 percent for LEOFF2 in 2014 and 2015. The legislature approved increasing the employer contribution rate to 11.18 percent for PERS in 2016. These pension accounting changes do not impact the university's requirements for making contributions to DRS. The following table represents the aggregate effect of the pension accounting entries for all plans subject to the requirements of GASB 68 for CWU as an employer, for fiscal year 2016.



NOTES TO FINANCIAL STATEMENTS (continued)

Pension Plan Tables and Discussion

The following table represents the university's aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions*, for the year 2016:

AGGREGATE GASB 68 ENTRIES

Original fund balance	\$ 27,791,948
Plus decrease in pension asset	180,931
Addition in pension liability	4,692,454
Pension expense	1,056,258
Less deferred in-flows of resources related to pensions	5,558,899
Plus deferred out-flows of resources related to pensions	214,059
Net increase/decrease in pension fund balance	584,803
Total	\$ 28,376,751

The following table represents the university's aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions*, for the years 2014-2015, including the 2014 restatement of assets and liabilities:

AGGREGATE PENSION AMOUNTS - ALL PLANS

	<u>Beginning Balance</u>	<u>FY2016</u>	<u>TOTAL</u>
Pension liabilities	\$ 22,400,340	\$ 4,692,453	\$ 27,092,794
Pension assets	694,553	(180,931)	513,622
Deferred out-flows of resources	437,122	(214,059)	223,063
Deferred in-flows of resources	9,783,658	(5,558,899)	4,224,759
Pension expense/expenditures (credit)	3,260,375	(1,056,258)	2,204,117
Total	\$ 27,791,948	\$ 584,803	\$ 28,376,751

State Sponsored Pension Plans

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

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

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

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

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

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

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows: CWU's actual contributions to the plan were \$91,944 for the year ended June 30, 2015.

PERS PLAN 1

Actual Contribution Rates	Employer	Employee
July 1, 2014 - June 30, 2015	9.21%	6.00%

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

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

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

NOTES TO FINANCIAL STATEMENTS (continued)

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

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows: CWU's actual contributions to the plan were \$2,690,052 for the year ended June 30, 2015.

PERS PLAN 2/3

<u>Actual Contribution Rates</u>	<u>Employer 2/3</u>	<u>Employee 2</u>
July 1, 2014 - June 30, 2015	9.21%	4.92%
Employee PERS plan 3	9.21%	VARIES

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

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

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

Contributions

The LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows: Central Washington University's actual contributions to the plan were \$75,129 for the year ended June 30, 2015.

LEOFF PLAN 2

<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
Ports and universities	8.59%	8.41%

The legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2015, the state contributed \$58,339,032 to LEOFF Plan 2.

Teachers' Retirement System

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

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

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

Contributions

The TRS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The TRS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows: CWU's actual contributions to the plan were \$3,904 for the year ended June 30, 2015.

TRS PLAN 1

<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
July 1, 2014 - June 30, 2015	10.39%	6.00%



NOTES TO FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

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

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

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

Contributions

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

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

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

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

Actuarial Contributions

The TRS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the TRS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The TRS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

TRS PLAN 2/3

<u>Actual Contribution Rates</u>	<u>Employer 2/3</u>	<u>Employee 2</u>
July 1, 2014 - June 30, 2015	10.39%	4.96%
Employee TRS plan 3	10.39%	VARIES

CWU's actual contributions to the plan were \$133,712 for the year ended June 30, 2015.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (continued)

Discount Rate

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

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

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

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

Sensitivity of NPL

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

SENSITIVITY OF NPL				
<u>CWU Plan</u>	<u>CWU Allocation</u>	<u>1% Decrease (6.5%)</u>	<u>Current Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
PERS 1	0.273865%	\$ 17,441,548	\$ 14,325,676	\$ 11,646,311
PERS 2/3	0.328819%	34,354,365	11,748,890	(5,559,274)
TRS 1	0.025220%	1,004,398	799,000	622,376
TRS 2/3	0.026201%	935,436	221,085	(309,975)
LEOFF 2	0.049973%	514,360	(513,622)	(1,287,218)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2015, Central Washington University reported a total pension liability of \$27,092,795 and an asset of \$513,622 for its proportionate share of the net pension balances as follows:

<u>Plan</u>	<u>Liability (or Asset)</u>
PERS 1	\$ 14,325,676
PERS 2/3	11,748,890
LEOFF 2	(513,622)
TRS 1	799,000)
TRS 2/3	221,085

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

<u>Plan</u>	<u>Liability (or Asset)</u>
LEOFF 2-employer's proportionate share	\$ (513,622)
LEOFF 2 - State's proportionate share of the net pension liability/(asset) associated with the employer	(339,607)
Total	\$ (853,229)



NOTES TO FINANCIAL STATEMENTS (continued)

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

	<u>Proportionate Share June 30, 2014</u>	<u>Proportionate Share June 30, 2015</u>	<u>Change in Proportion</u>
PERS 1	0.286822%	0.2738648%	(0.0129572)%
PERS 2/3	0.335470%	0.3288190%	(0.0066506)%
TRS 1	0.036227%	0.025220%	(0.0110068)%
TRS 2/3	0.031582%	0.0262010%	(0.0053813)%

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

	<u>Proportionate Share June 30, 2014</u>	<u>Proportionate Share June 30, 2015</u>	<u>Change in Proportion</u>
LEOFF 2	0.052338%	0.0499730%	(0.0023654)%

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

In fiscal year 2015, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent of employer contributions.

The collective net pension liability/(asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability/(asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended June 30, 2015, Central Washington University recognized a net negative pension expense as follows:

	<u>Pension Expense</u>
PERS 1	\$ (1,146,087)
PERS 2/3	660,030
LEOFF 2	(85,895)
TRS 1	(397,714)
TRS 2/3	(86,593)
Total	<u>\$ (1,056,258)</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, Central Washington University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1

	<u>Deferred Out-flows of Resources</u>	<u>Deferred In-flows of Resources</u>
Differences between expected and actual experience	–	–
Net difference between projected and actual investment earnings on pension plan investments	–	\$ 783,770
Changes of assumptions	–	–
Change in proportion and differences between contributions and proportionate share of contributions	\$ (734,344)	–
Contributions subsequent to the measurement date	–	–
Total	<u>\$ (734,344)</u>	<u>\$ 783,770</u>

PERS 2/3

	<u>Deferred Out-flows of Resources</u>	<u>Deferred In-flows of Resources</u>
Differences between expected and actual experience	\$ 1,248,910	–
Net difference between projected and actual investment earnings on pension plan investments	–	\$ 3,136,397
Changes of assumptions	18,930	–
Change in proportion and differences between contributions and proportionate share of contributions	–	(276,932)
Contributions subsequent to the measurement date	–	–
Total	<u>\$ 1,267,840</u>	<u>\$ 2,859,465</u>

TRS 1

	<u>Deferred Out-flows of Resources</u>	<u>Deferred In-flows of Resources</u>
Differences between expected and actual experience	\$ –	–
Net difference between projected and actual investment earnings on pension plan investments	–	\$ 59,139
Changes of assumptions	–	–
Change in proportion and differences between contributions and proportionate share of contributions	–	(381,568)
Contributions subsequent to the measurement date	–	–
Total	<u>\$ –</u>	<u>\$ (322,429)</u>

NOTES TO FINANCIAL STATEMENTS (continued)

TRS 2/3

	Deferred Out-flows of Resources	Deferred In-flows of Resources
Differences between expected and actual experience	\$34,996	–
Net difference between projected and actual investment earnings on pension plan investments	–	\$ 234,087
Changes of assumptions	85,774	–
Change in proportion and differences between contributions and proportionate share of contributions	–	(57,266)
Contributions subsequent to the measurement date	–	–
Total	\$ 120,770	\$ 176,820

LEOFF 2

	Deferred Out-flows of Resources	Deferred In-flows of Resources
Differences between expected and actual experience	\$ 44,976	–
Net difference between projected and actual investment earnings on pension plan investments	–	\$ 155,624
Changes of assumptions	1,354	–
Change in proportion and differences between contributions and proportionate share of contributions	–	14,781
Contributions subsequent to the measurement date	–	–
Total	\$ 46,330	\$ 170,406



NOTES TO FINANCIAL STATEMENTS (continued)

Deferred outflows of resources related to pensions resulting from the university's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

PERS 1

Difference Between Projected and Actual Earnings on Plan Investments

	<u>Amount</u>	<u>Proportionate Share</u>	<u>Entity's Share Amortization Table</u>
2016	\$ (110,917,000)	0.273865%	\$ (303,762)
2017	(110,917,000)	0.273865%	(303,762)
2018	(110,917,000)	0.273865%	(303,762)
2019	46,562,000	0.273865%	127,516

PERS 2/3

Difference Between Projected and Actual Earnings on Plan Investments

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU Share Amortization Table</u>
2016	\$ (372,375,000)	0.328819%	\$ (1,224,440)
2017	(372,375,000)	0.328819%	(1,224,440)
2018	(372,376,000)	0.328819%	(1,224,443)
2019	163,289,000	0.328819%	536,925

PERS 2/3

Difference Between Expected and Actual Experience

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU Share Amortization Table</u>
2016	\$ 111,711,000	0.328819%	\$ 367,327
2017	111,711,000	0.328819%	367,327
2018	111,711,000	0.328819%	367,327
2019	44,684,000	0.328819%	146,929

PERS 2/3

Change of Assumption

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU Share Amortization Table</u>
2016	\$ 1,693,000	0.328819%	\$ 5,567
2017	1,693,000	0.328819%	5,567
2018	1,693,000	0.328819%	5,567
2019	678,000	0.328819%	2,229

PERS 2/3

Changes in Proportionate Share

<u>Amortization of out-flows</u>	<u>Amortization (over 4.4 years)</u>
2016	\$ (62,939)
2017	(62,939)
2018	(62,939)
2019	(25,175)
	<u>CWU</u>
Change in proportionate share	\$ (276,932)

LEOFF 2

Differences Between Projected and Actual Earnings on Plan Investments

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU Share Amortization Table</u>
2016	\$ (121,738,000)	0.049973%	\$ (60,836)
2017	(121,738,000)	0.049973%	(60,836)
2018	(121,738,000)	0.049973%	(60,836)
2019	53,797,000	0.049973%	26,884

LEOFF 2

Differences Between Expected and Actual Experience

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU Share Amortization Table</u>
2016	\$ (17,308,000)	0.049973%	\$ 8,649
2017	(17,308,000)	0.049973%	8,649
2018	(17,308,000)	0.049973%	8,649
2019	(17,308,000)	0.049973%	8,649
2020	(17,308,000)	0.049973%	8,649
2021	3,461,000	0.049973%	1,730

LEOFF 2

Changes of Assumption

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU Share Amortization Table</u>
2016	\$ 521,000	0.049973%	\$ 260
2017	521,000	0.049973%	260
2018	521,000	0.049973%	260
2019	521,000	0.049973%	260
2020	522,000	0.049973%	261
2021	105,000	0.049973%	52

LEOFF 2/3

Changes in Proportionate Share

<u>Amortization of out-flows</u>	<u>Amortization (over 6.2 years)</u>
2016	\$ 2,384
2017	2,384
2018	2,384
2019	2,384
2020	2,384
2021	477
	<u>CWU</u>
Change in proportionate share	\$ 14,782

TRS 1

Difference Between Projected and Actual Earnings on Plan Investments

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU Share Amortization Table</u>
2016	\$ (90,949,000)	0.25220%	\$ (22,937)
2017	(90,949,000)	0.25220%	(22,937)
2018	(90,949,000)	0.25220%	(22,937)
2019	38,352,000	0.25220%	9,672

TRS 2/3

Difference Between Expected and Actual Experience

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU Share Amortization Table</u>
2016	\$ 29,682,000	0.026201%	\$ 7,777
2017	29,682,000	0.026201%	7,777
2018	29,682,000	0.026201%	7,777
2019	29,682,000	0.026201%	7,777
2020	14,841,000	0.026201%	3,888

TRS 2/3

Changes in Assumption

	<u>Amount</u>	<u>Proportionate Share</u>	<u>CWU Share Amortization Table</u>
2016	\$ 163,000	0.026201%	\$ 43
2017	163,000	0.026201%	43
2018	163,000	0.026201%	43
2019	163,000	0.026201%	43
2020	81,000	0.026201%	21

NOTES TO FINANCIAL STATEMENTS (continued)

TRS 2/3

Changes in Proportionate Share

<u>Amortization of out-flows</u>	<u>Amortization (over 5.5 years)</u>
2016	\$ (10,412)
2017	(10,412)
2018	(10,412)
2019	(10,412)
2020	(5,206)
	<u>CWU</u>
Change in proportionate share	\$ (57,267)

NOTE 15 - DEFERRED COMPENSATION

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



NOTE 16 - RELATED PARTY TRANSACTIONS

The Central Washington University Foundation is organized to operate exclusively for the purposes of encouraging, promoting, and supporting educational programs and scholarly pursuits at or in conjunction with Central Washington University. The Foundation provided \$2,869,588 in scholarships and program support to the university during the fiscal year ending June 30, 2016. Detailed financial information for the Foundation may be obtained from its administrative office.

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

CWU FOUNDATION FINANCIAL INFORMATION

June 30, 2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Income	\$ 4,295,238	\$ 1,241,666	\$ 284,033	\$ 5,820,937
Expenses	4,348,537	18,272	(90,111)	4,276,689
Change in net position	(53,299)	1,223,394	374,144	1,544,239
Net position at beginning of year	1,975,370	9,314,760	13,310,971	24,601,101
Net position at end of year	\$ 1,922,071	\$ 10,538,153	\$ 13,685,115	\$ 26,145,339

June 30, 2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Income	\$ 3,827,937	\$ (127,936)	\$ 772,835	\$ 4,472,836
Expenses	3,794,173	46,765	(55,838)	3,785,100
Change in net position	33,764	(174,701)	828,673	687,736
Net position at beginning of year	1,941,606	9,489,461	12,482,298	23,913,365
Net position at end of year	\$ 1,975,370	\$ 9,314,760	\$ 13,310,971	\$ 24,601,101



NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES

The university had outstanding commitments under construction contracts of approximately \$51,334,239 at June 30, 2016. The university is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of university management, the ultimate resolution of these matters will not have a material adverse effect upon the university's financial position. The university participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under terms of the grants. Management believes disallowances, if any, will not be material.

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

In accordance with State policy, the university self-insures unemployment compensation for all employees. Payments for State general fund employees are appropriated by the State. The university assesses a semi-monthly payroll expense for unemployment compensation for all local fund employees, based on employee earnings. The percentage charged is based primarily upon claims experience. Cash reserves for unemployment compensation for all local fund employees at June 30, 2016, were \$953,388. Payments made to State general fund employees and all local fund employees are as follows:

UNEMPLOYMENT COMPENSATION PAID

	<u>2016</u>	<u>2015</u>	<u>2014</u>
State fund	\$ 102,945	\$ 101,814	\$ 186,559
Local fund	\$ 60,975	\$ 54,743	\$ 131,674
Total	\$ 163,920	\$ 156,557	\$ 318,233

NOTE 18 - OPERATING EXPENSES BY NATURAL CLASSIFICATION

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

OPERATING EXPENSES BY NATURAL CLASSIFICATION

	<u>June 30, 2016</u>	<u>June 30, 2015</u> <u>(Restated)</u>
Salary and wages	\$ 103,516,690	\$ 95,206,786
Benefits	32,456,118	31,745,394
Goods and services	46,788,775	46,486,211
Scholarships and fellowships	18,651,278	21,003,649
Non capitalized facility improvements	3,325,297	4,235,840
Supplies and materials	2,971,097	2,900,759
Utilities	4,595,898	4,660,746
Depreciation	16,469,967	15,240,940
Total	\$ 228,775,119	\$ 221,480,324

NOTE 19 – PLEDGED REVENUES

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

PLEDGED REVENUES

Source of Revenue Pledged	2016 Revenues Pledged	2016 Debt Service	Total Future Revenues Pledged*	Description of Debt	Purpose of Debt	Term of Commitment
Student and activity fees	\$ 5,038,345	\$ 2,671,633	\$ 51,618,892	Series 2013 Bonds	Construction of new Student Union Building and Recreation Center (SURC)	2034
Bookstore revenues	678,117	359,578	4,049,399	Series 2013 Bonds	Construction of new bookstore as part of the new SURC	2034
Housing, parking, and dining revenues	11,886,040	6,302,693	134,728,977	Series 2008, 2010, 2012, 2013 Bonds,	Construction of Wendell Hill, Hall 2008, Barto Hall 2010, Refunding bonds of 2012 and 2013	2040
Total	\$ 17,602,502	\$ 9,333,905	\$ 190,397,267			

*Total future principal and interest payments on debt.



NOTE 20 - SEGMENT INFORMATION

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

Presented below are condensed financial statements for the System.

CONDENSED STATEMENT OF NET POSITION

	June 30, 2016	June 30, 2015 (Restated)
Assets		
Current assets	\$ 37,554,770	\$ 35,785,006
Non-current assets	140,206,389	142,644,371
Deferred out-flows	2,164,001	2,240,756
Total assets and deferred out-flows	179,925,168	180,670,133
Liabilities		
Current liabilities	9,100,205	8,115,794
Non-current liabilities	123,749,223	126,408,946
Deferred in-flows	760,027	1,752,485
Total liabilities and deferred in-flows	133,609,454	136,277,225
Net position		
Net investment in capital assets	19,032,415	17,807,518
Unrestricted	27,283,299	26,585,390
Total net position	\$ 46,315,714	\$ 44,392,908

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

Operating revenues	\$ 56,831,869	\$ 51,689,953
Operating expenses	45,769,844	42,799,276
Depreciation	4,259,599	4,178,204
Net operating income (loss)	6,802,426	4,712,473
Non-operating revenues (expenses)		
Interest on indebtedness	(5,749,621)	(6,079,106)
Other non-operating revenue (expense), net	870,001	859,625
Total increase in net position	1,922,806	(507,009)
Total net position, beginning of year	44,392,908	44,899,917
Total net position, end of year	\$ 46,315,714	\$ 44,392,908

CONDENSED STATEMENT OF CASH FLOWS

Net cash flows provided by:

Operating activities	\$ 10,741,038	\$ 9,483,295
Non-capital financing activities	—	—
Investing activities	240,145	228,378
Capital and related financing	(10,604,261)	(11,389,390)
Net increase (decrease) in cash	376,922	(1,677,717)
Cash—beginning of year	31,604,405	33,282,122
Cash—end of year	\$ 31,981,328	\$ 31,604,405

NOTE 21 - SUBSEQUENT EVENTS**Advance Refunding – System Revenue Bonds**

On August 9, 2016 the System issued \$29,175,000 in System Revenue Refunding Bonds, Series 2016 with an average coupon rate of 3.36 percent and a True Interest Cost (TIC) of 2.7 percent. The bonds are dated September 8, 2016 and bear interest from that date. Interest on the bonds will be payable semiannually on each May 1 and November 1 commencing on May 1, 2017. The bonds will mature subject to redemption provisions, from May 1, 2019 to 2038 inclusive, and were issued at coupon rates ranging from 2.25 percent to 5 percent. The proceeds of the Series 2016 Bonds were used to advance refund the callable par of \$29,380,000 of the System Revenue Bonds Series 2008. The Series 2008 Bonds were originally issued to construct a student residence hall on the CWU campus.

The net proceeds of the refunding bonds were used to purchase U.S. Government Securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability will be removed from the statement of net position. The advance refunding was undertaken to reduce total debt service payments by \$6 million over the next 22 years and resulted in a Net Present Value (NPV) Savings of \$4.6 million.





REQUIRED SUPPLEMENTARY INFORMATION (RSI)

ALL COST-SHARING EMPLOYERS

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

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

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

CENTRAL WASHINGTON UNIVERSITY SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY PERS 1 AS OF JUNE 30, 2016

	2015	2016
Employer's proportion of the net pension liability/(asset)	.273865%	.2868220%
Employer's proportionate share of the net pension liability	\$ 14,448,793	\$ 14,325,675
Total	\$ 14,448,793	\$ 14,325,676
Employer's covered employee payroll	\$ 1,286,177	\$ 995,573
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	1123.39%	1438.94%
Plan fiduciary net position as a percentage of the total pension liability	68.80%	52.63%

CENTRAL WASHINGTON UNIVERSITY SCHEDULE OF EMPLOYER CONTRIBUTIONS PERS 1 AS OF JUNE 30, 2016

	2015	2016
Statutorily or contractually required contributions	\$ 118,414	\$ 91,692
Contributions in relation to the statutorily or contractually required contributions	(118,414)	(91,692)
Contribution deficiency (excess)	—	—
Covered employer payroll	1,286,177	995,573
Contributions as a percentage of covered employee payroll	9.21%	9.21%

**CENTRAL WASHINGTON UNIVERSITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY PERS 2/3
AS OF JUNE 30, 2016**

	2015	2016
Employer's proportion of the net pension liability/(asset)	.335470%	.3288190%
Employer's proportionate share of the net pension liability	\$ 6,781,052	\$ 11,748,890
Total	\$ 6,781,052	\$ 11,748,890
Employer's covered employee payroll	\$ 28,872,627	\$ 29,208,644
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	23.49%	40.22%
Plan fiduciary net position as a percentage of the total pension liability	54.18%	43.17%

**CENTRAL WASHINGTON UNIVERSITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS PERS 2/3
AS OF JUNE 30, 2016**

	2015	2016
Statutorily or contractually required contributions	\$ 2,653,136	\$ 2,690,122
Contributions in relation to the statutorily or contractually required contributions	(2,653,136)	(2,690,122)
Contribution deficiency (excess)	—	—
Covered employer payroll	28,872,627	29,208,644
Contributions as a percentage of covered employee payroll	9.19%	9.21%

**CENTRAL WASHINGTON UNIVERSITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY TRS 1
AS OF JUNE 30, 2016**

	2015	2016
Employer's proportion of the net pension liability/(asset)	.036227%	.0252198%
Employer's proportionate share of the net pension liability	\$ 1,068,489	\$ 799,000
Total	\$ 1,068,489	\$ 799,000
Employer's covered employee payroll	\$ 134,767	\$ 37,575
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	792.84%	2,126.39%
Plan fiduciary net position as a percentage of the total pension liability	5.46%	4.17%

**CENTRAL WASHINGTON UNIVERSITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS TRS 1
AS OF JUNE 30, 2016**

	2015	2016
Statutorily or contractually required contributions	\$ 13,948	\$ 3,904
Contributions in relation to the statutorily or contractually required contributions	(13,948)	(3,904)
Contribution deficiency (excess)	—	—
Covered employer payroll	134,767	37,575
Contributions as a percentage of covered employee payroll	10.35%	10.39%

**CENTRAL WASHINGTON UNIVERSITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY TRS 2/3
AS OF JUNE 30, 2016**

	2015	2016
Employer's proportion of the net pension liability/(asset)	.031582%	.0262010%
Employer's proportionate share of the net pension liability	\$ 102,007	\$ 221,084
Total	\$ 102,007	\$ 221,085
Employer's covered employee payroll	\$ 1,387,876	\$ 1,236,791
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	7.35%	17.88%
Plan fiduciary net position as a percentage of the total pension liability	0.22%	0.52%

**CENTRAL WASHINGTON UNIVERSITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS TRS 2/3
AS OF JUNE 30, 2016**

	2015	2016
Statutorily or contractually required contributions	\$ 139,570	\$ 128,503
Contributions in relation to the statutorily or contractually required contributions	(139,570)	(128,503)
Contribution deficiency (excess)	—	—
Covered employer payroll	1,387,876	1,236,792
Contributions as a percentage of covered employee payroll	10.06%	10.39%

**CENTRAL WASHINGTON UNIVERSITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY LEOFF 2
AS OF JUNE 30, 2016**

	2015	2016
Employer's proportion of the net pension liability/(asset)	.052338%	.0499730%
Employer's proportionate share of the net pension liability	—	—
LEOFF 2 employer's only-State's proportionate share of the net pension liability/(asset) associated with the employer	\$ 694,553	\$ 513,622
Total	\$ 694,553	\$ 513,622
Employer's covered employee payroll	\$ 873,737	\$ 874,609
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	79.49%	58.73%
Plan fiduciary net position as a percentage of the total pension liability	100%	100%

**CENTRAL WASHINGTON UNIVERSITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS LEOFF 2
AS OF JUNE 30, 2016**

	2015	2016
Statutorily or contractually required contributions	\$ 75,026	\$ 75,129
Contributions in relation to the statutorily or contractually required contributions	(75,026)	(75,129)
Contribution deficiency (excess)	—	—
Covered employer payroll	873,737	874,609
Contributions as a percentage of covered employee payroll	8.59%	8.59%



Exhibit I

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

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



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

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



Exhibit III

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

	2016	2015	2014	2013	2012
Gross revenue					
Housing and dining	\$ 33,337,205	\$ 29,417,542	\$ 30,102,132	\$ 28,236,359	\$ 27,555,019
Services and activities	12,908,906	12,254,949	12,482,937	12,964,152	13,253,713
University store	9,446,753	8,974,063	8,950,940	9,343,347	9,603,869
Parking	1,139,005	1,043,399	1,032,651	1,083,270	1,027,555
Total gross revenue	56,831,869	51,689,953	52,568,660	51,627,127	51,440,156
Operating expenses ⁽¹⁾					
Housing and dining	25,211,269	23,594,530	23,914,703	22,714,484	22,558,681
Services and activities	10,169,569	9,412,566	8,633,986	8,130,565	8,966,502
University store	9,087,478	8,775,264	8,711,474	8,812,802	9,464,942
Parking	1,301,528	1,016,916	1,027,033	1,064,399	1,016,236
Total operating expenses	45,769,844	42,799,276	42,287,196	40,722,249	42,006,361
Net revenue	\$ 11,217,548	\$ 8,890,678	\$ 10,281,464	\$ 10,904,878	\$ 9,433,795
Total debt service ⁽²⁾	\$ 8,701,899	\$ 8,700,508	\$ 8,949,260	\$ 8,894,792	\$ 7,269,606

(1) Excludes depreciation

(2) Excludes capitalized interest



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

Fiscal Year	The Series 2008 Bonds		The Series 2010 Bonds		The Series 2012 Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 880,000	\$ 1,428,800	\$ 610,000	\$ 2,027,390	\$ 325,000	\$ 207,890
2018	915,000	1,393,600	645,000	1,996,890	325,000	201,390
2019	950,000	1,357,000	675,000	1,964,640	335,000	193,265
2020	985,000	1,319,000	1,290,000	1,930,890	345,000	184,890
2021	1,025,000	1,279,600	1,335,000	1,866,390	355,000	174,540
2022	1,070,000	1,237,319	1,375,000	1,799,640	365,000	163,890
2023	1,115,000	1,191,844	645,000	1,730,890	380,000	152,940
2024	1,160,000	1,144,456	665,000	1,693,480	390,000	141,540
2025	1,210,000	1,095,156	690,000	1,654,910	405,000	129,645
2026	1,265,000	1,042,219	1,515,000	1,614,890	415,000	116,483
2027	1,320,000	986,875	1,580,000	1,516,415	425,000	102,580
2028	1,380,000	927,475	1,650,000	1,413,715	445,000	87,917
2029	1,440,000	865,375	1,715,000	1,306,465	460,000	72,120
2030	1,510,000	798,775	1,790,000	1,194,990	475,000	55,330
2031	1,575,000	728,938	1,260,000	1,078,640	490,000	37,755
2032	1,650,000	656,094	1,320,000	991,070	510,000	19,380
2033	1,725,000	579,781	1,380,000	899,330	—	—
2034	1,810,000	500,000	1,440,000	803,420	—	—
2035	1,900,000	409,500	1,505,000	703,340	—	—
2036	1,995,000	314,500	1,575,000	598,743	—	—
2037	2,095,000	214,750	1,645,000	489,280	—	—
2038	2,200,000	110,000	1,720,000	374,952	—	—
2039	—	—	1,795,000	255,412	—	—
2040	—	—	1,880,000	130,660	—	—
Total	\$31,175,000	\$19,581,057	\$31,700,000	\$30,036,442	\$6,445,000	\$2,041,555

**Continued on page 58*

Exhibit IV (CONTINUED)

Fiscal Year	The Series 2013 Bonds		
	Principal	Interest	Total
2017	\$ 1,860,000	\$ 1,944,825	\$ 9,333,905
2018	1,960,000	1,901,825	9,338,705
2019	2,050,000	1,803,825	9,328,730
2020	2,150,000	1,701,325	9,906,105
2021	2,260,000	1,593,825	9,889,355
2022	2,375,000	1,480,825	9,866,674
2023	2,495,000	1,362,075	9,072,749
2024	2,620,000	1,237,325	9,051,801
2025	2,725,000	1,132,525	9,042,236
2026	2,835,000	1,023,525	9,827,117
2027	2,945,000	910,125	9,785,995
2028	3,065,000	792,325	9,761,432
2029	3,160,000	696,544	9,715,504
2030	3,265,000	593,844	9,682,939
2031	3,370,000	487,731	9,028,064
2032	3,485,000	373,994	9,005,538
2033	3,600,000	256,375	8,440,486
2034	3,725,000	130,375	8,408,795
2035	—	—	4,517,840
2036	—	—	4,483,243
2037	—	—	4,444,030
2038	—	—	4,404,952
2039	—	—	2,050,412
2040	—	—	2,010,660
Total	\$49,945,000	\$ 19,473,213	\$ 190,397,267



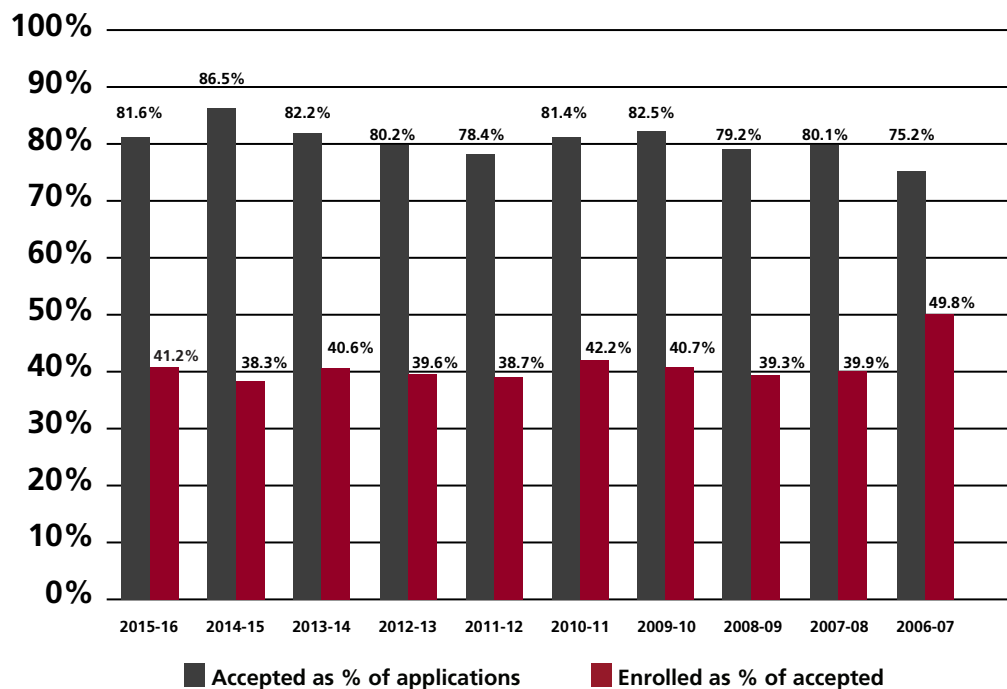
STATISTICS SECTION

ADMISSIONS, ENROLLMENT, AND DEGREES EARNED (Fall Enrollment)

Admissions Freshman	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Applications	4,934	4,120	4,507	4,528	4,558	4,856	4,902
Accepted	4,027	3,562	3,703	3,630	3,573	3,953	4,044
Enrolled	1,661	1,363	1,502	1,438	1,384	1,667	1,645
Accepted as % of applications	81.6%	86.5%	82.2%	80.2%	78.4%	81.4%	82.5%
Enrolled as % of accepted	41.2%	38.3%	40.6%	39.6%	38.7%	42.2%	40.7%

Admissions Freshman	2008-09	2007-08	2006-07
Applications	5,013	4,602	3,945
Accepted	3,968	3,688	2,966
Enrolled	1,559	1,473	1,478
Accepted as % of applications	79.2%	80.1%	75.2%
Enrolled as % of accepted	39.3%	39.9%	49.8%

PERCENT OF ACCEPTED AND ENROLLED



STATISTICS SECTION (CONTINUED)

ADMISSIONS, ENROLLMENT, AND DEGREES EARNED (Fall Enrollment)

Enrollment (Headcount)	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Undergraduate, post-baccalaureate, and graduate	11,993	11,799	11,287	11,268	11,320	11,614	11,357
Men	5,786	5,652	5,552	5,520	5,564	5,727	5,491
Percentage of total men	48.2%	47.9%	49.2%	49.0%	49.2%	49.3%	48.3%
Women	6,207	6,147	5,735	5,748	5,756	5,887	5,866
Percentage of total women	51.8%	52.1%	50.8%	51.0%	50.8%	50.7%	51.7%

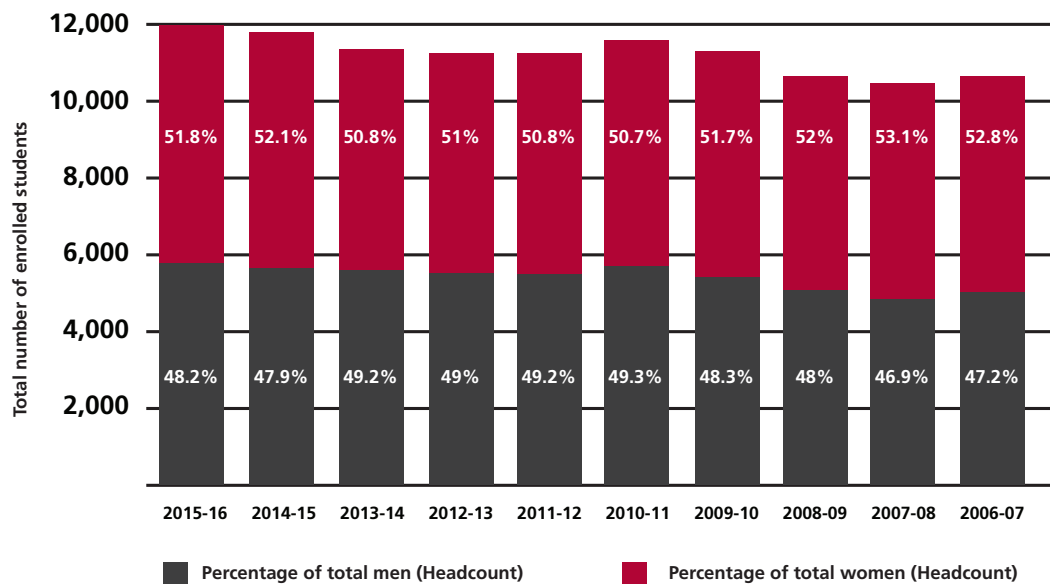
Enrollment (Headcount)	2008-09	2007-08	2006-07
Undergraduate, post-baccalaureate, and graduate	10,662	10,505	10,688
Men	5,115	4,923	5,046
Percentage of total men	48.0%	46.9%	47.2%
Women	5,547	5,582	5,642
Percentage of total women	52.0%	53.1%	52.8%

Source: Central Washington University Office of Institutional Effectiveness

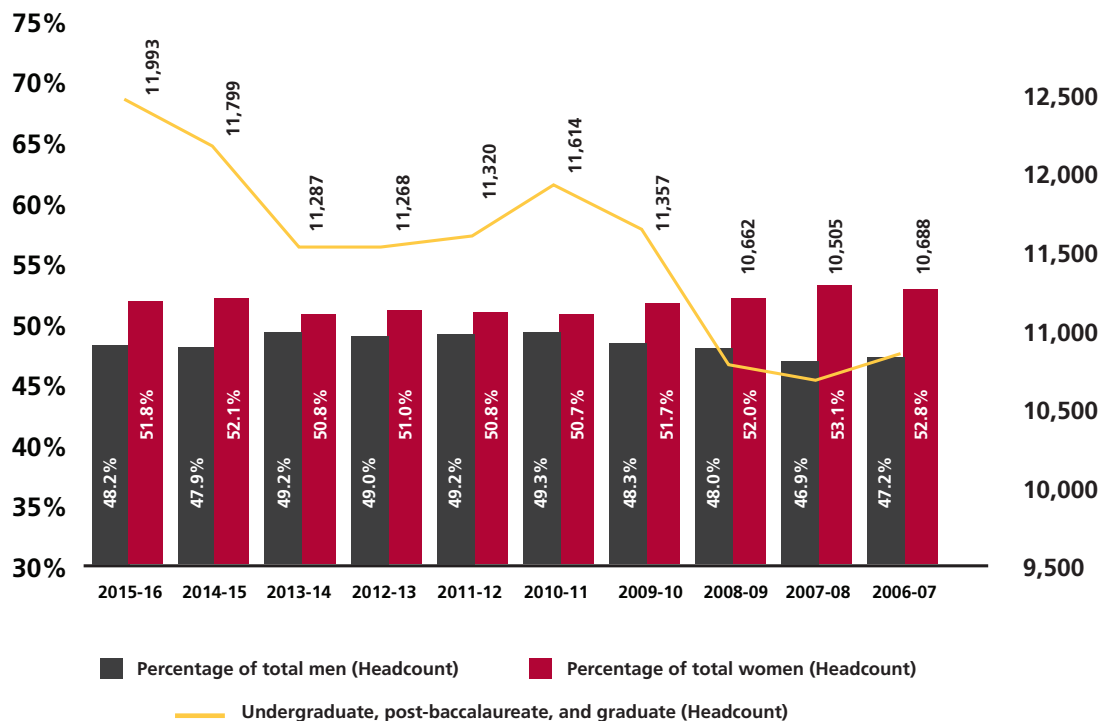


STATISTICS SECTION (CONTINUED)

PERCENT OF MEN AND WOMEN - HEADCOUNT (Fall Enrollment)



PERCENT OF MEN AND WOMEN - HEADCOUNT (Fall Enrollment)



STATISTICS SECTION (CONTINUED)

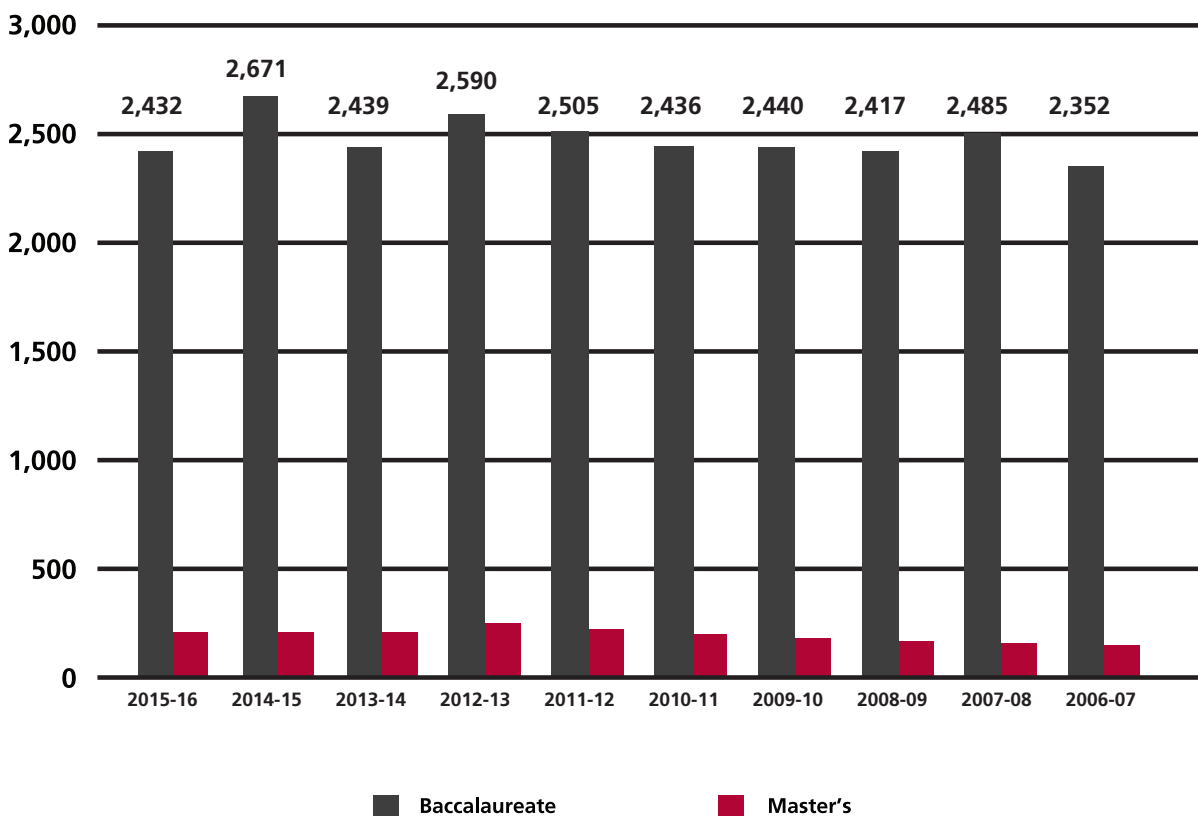
ADMISSIONS, ENROLLMENT, AND DEGREES EARNED (Fall Enrollment)

Degrees Earned	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Baccalaureate	2,432	2,671	2,439	2,590	2,505	2,436	2,440
Master's	267	212	215	254	230	207	183
Total earned	2,699	2,883	2,654	2,844	2,735	2,643	2,623

Degrees Earned	2008-09	2007-08	2006-07
Baccalaureate	2,417	2,485	2,352
Master's	175	168	159
Total earned	2,592	2,653	2,511

Source: Central Washington University Office of Institutional Effectiveness

DEGREES EARNED



STATISTICS SECTION (CONTINUED)

FACULTY AND STAFF (Fall Enrollment)

	2016	2015	2014	2013	2012	2011	2010	2009
Fall employment of fiscal year - FTE								
Faculty	647	637	622	609	598.5	562.4	570.2	560
Administrative professional	367	303	282	247.3	218.8	202.7	206.9	221.7
Classified staff	617	582	581	591.2	598.2	596.7	591.3	632.7
	1,632	1,522	1,485	1,447.5	1,415.5	1,361.8	1,368.4	1,414.4

Fall employment of fiscal year - Headcount

Faculty	732	724	730	696	695	655	689	682
Administrative professional	334	303	288	252	224	212	213	231
Classified staff	599	597	602	616	623	625	625	675
	1,665	1,624	1,620	1,564	1,542	1,492	1,527	1,588

FTE - Percent of total

Faculty	40%	42%	42%	41%	40%	38%	38%	38%
Administrative professional	22%	20%	19%	17%	15%	15%	15%	16%
Classified staff	38%	38%	39%	41%	42%	44%	43%	45%

Headcount - Percent of total

Faculty	44%	45%	45%	45%	45%	44%	45%	43%
Administrative professional	20%	19%	18%	16%	15%	14%	14%	15%
Classified staff	36%	37%	37%	39%	40%	42%	41%	43%

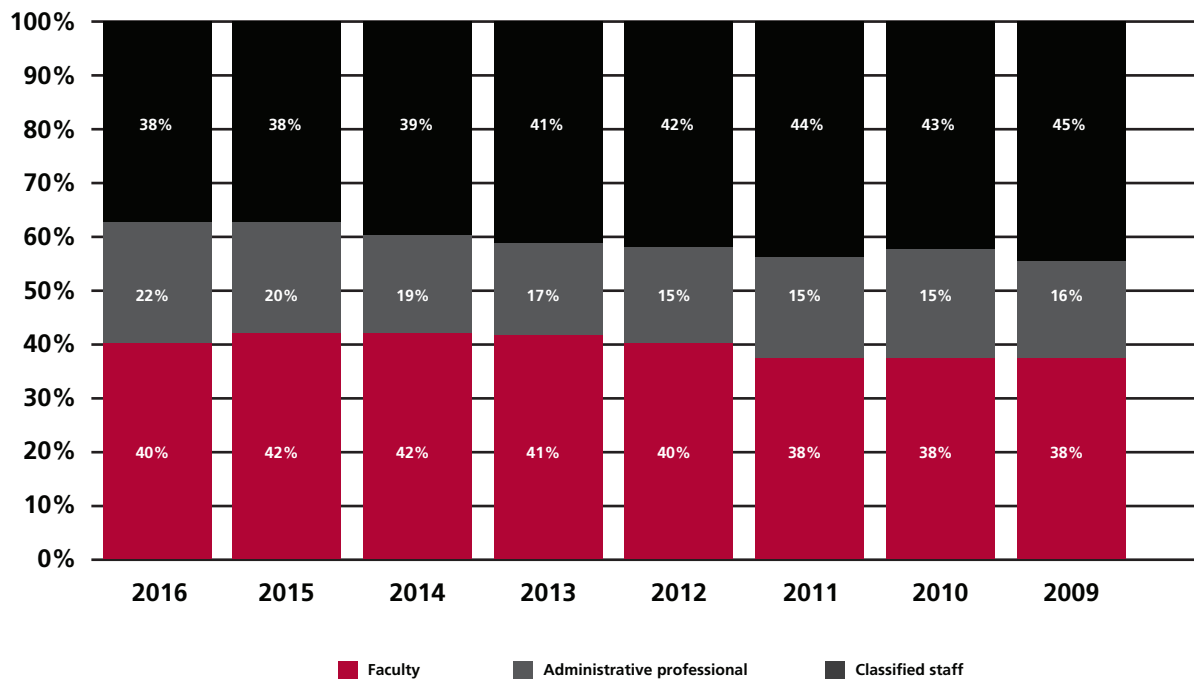
Source: Central Washington University Office of Institutional Effectiveness

*Continued on page 64



STATISTICS SECTION (CONTINUED)

FACULTY AND STAFF - FTE (Fall data of fiscal year)



NOTES





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