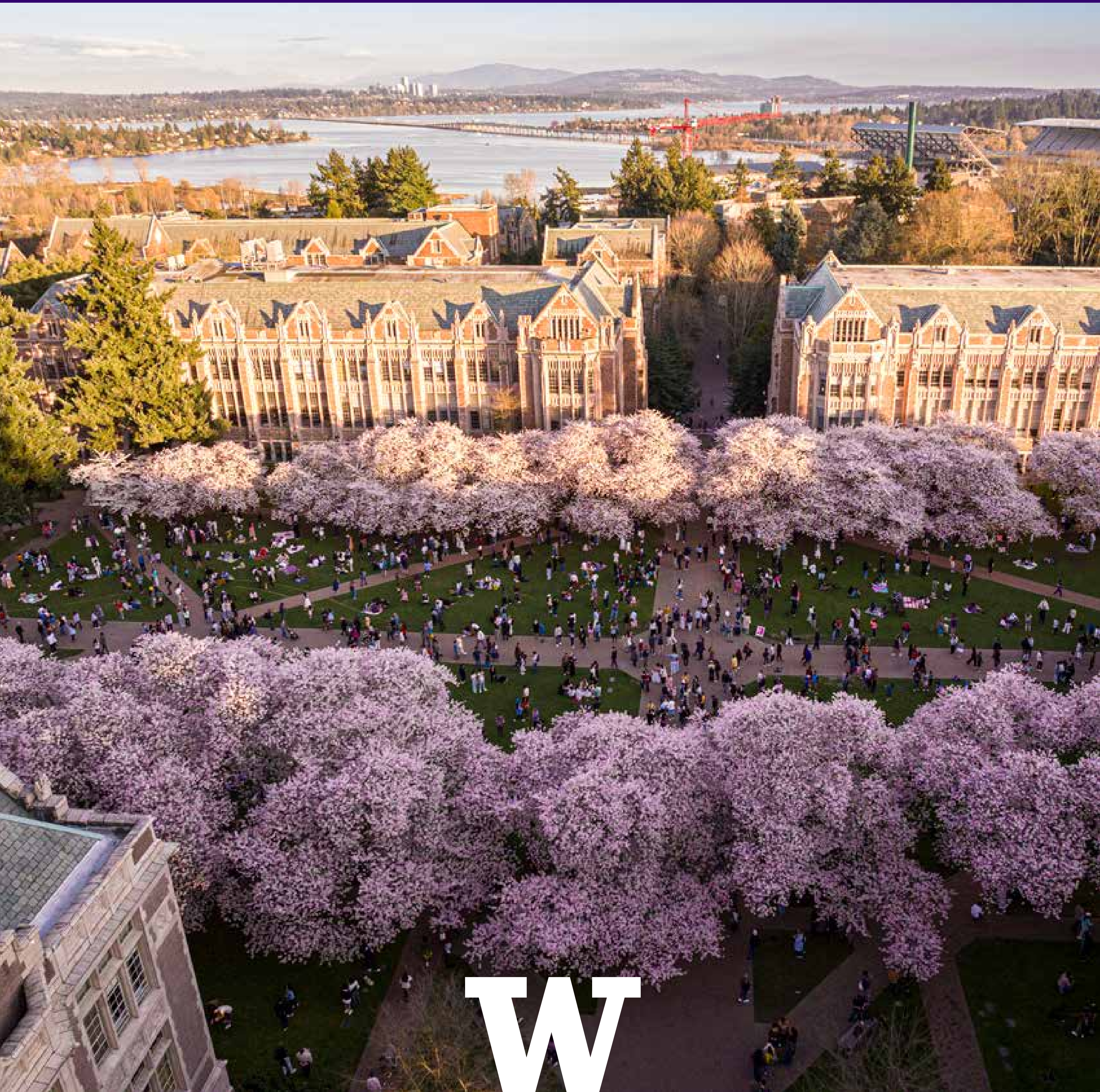
# 2024 FINANCIAL REPORT

UNIVERSITY *of* WASHINGTON



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# University Facts

| | FISCAL YEAR 2024 Academic Year 2023-2024 | FISCAL YEAR 2019 Academic Year 2018-2019 | FISCAL YEAR 2014 Academic Year 2013-2014 |
|---|---|---|---|
| **STUDENTS** | | | |
| **Autumn Enrollment** (headcount) | | | |
| Undergraduate | 43,255 | 42,578 | 37,895 |
| Graduate | 15,216 | 14,498 | 13,177 |
| Professional | 2,221 | 2,176 | 2,000 |
| **TOTAL** | **60,692** | **59,252** | **53,072** |
| Professional and Continuing Education - Course and Conference Registrations | 83,662 | 81,361 | 75,412 |
| **Number of Degrees Awarded** | | | |
| Bachelor's | 11,379 | 11,761 | 9,921 |
| Master's | 5,235 | 4,687 | 3,925 |
| Doctoral | 893 | 915 | 762 |
| Professional | 604 | 565 | 563 |
| **TOTAL** | **18,111** | **17,928** | **15,171** |
| **FACULTY**[1] | 5,890 | 4,369 | 4,494 |
| **FACULTY AND STAFF**[2] | 36,268 | 31,439 | 26,538 |
| **RESEARCH FUNDING - ALL SOURCES** *(in thousands of dollars)* | $ 1,719,855 | $ 1,579,056 | $ 1,385,743 |
| **SELECTED REVENUES** *(in thousands of dollars)* | | | |
| Medical Centers and Related Revenues[3] | $ 6,156,155 | $ 2,933,682 | $ 2,042,029 |
| Gifts, Grants and Contracts | 1,924,944 | 1,643,142 | 1,439,932 |
| Auxiliary Enterprises and Other Revenues | 1,335,538 | 751,650 | 556,191 |
| Tuition and Fees[4] | 1,173,727 | 1,052,222 | 838,796 |
| State Operating Appropriations | 604,140 | 378,656 | 262,146 |
| Investment Income | 763,826 | 339,878 | 480,645 |
| **SELECTED EXPENSES** *(in thousands of dollars)* | | | |
| Medical-Related[3] | $ 6,203,827 | $ 2,457,318 | $ 1,831,649 |
| Instruction, Academic Support, and Student Services | 2,252,007 | 2,070,077 | 1,515,435 |
| Institutional Support and Physical Plant | 1,100,707 | 849,930 | 733,194 |
| Research and Public Service | 1,547,723 | 814,717 | 807,863 |
| Auxiliary Enterprises | 372,928 | 553,511 | 285,561 |
| **CONSOLIDATED ENDOWMENT FUND**[5] *(in thousands of dollars)* | $ 5,457,000 | $ 3,588,000 | $ 2,833,000 |
| **SQUARE FOOTAGE**[6] *(in thousands of square feet)* | 29,468 | 27,327 | 21,836 |

1. Prior to 2018, this number represents headcount for core faculty (Professorial, Instructional and Research). Starting in 2018, this number represents full time faculty from all campuses including the Medical Centers
2. Full time equivalents – restated (historically) using centralized data source and enterprise definitions
3. Includes discrete component units (Fred Hutchinson Cancer Center in 2024 only)
4. Net of scholarship allowances of $179.1 million in 2024, $159.4 million in 2019 and $139.8 million in 2014
5. Stated at fair value
6. Gross square footage, all campuses

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# Independent Auditors' Report

The Board of Regents
University of Washington:

*Opinions*

We have audited the financial statements of the business-type activities, the fiduciary activities, and the aggregate discretely presented component units, of the University of Washington (the University), which comprise the statement of net position and statement of fiduciary net position as of June 30, 2024, and the related statement of revenue, expenses and changes in position, statement of changes in fiduciary net position, and statement of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities, and the aggregate discretely presented component units of the University, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

*Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Emphasis of Matter*

As discussed in note 1 to the financial statements, the financial statements of the University, an agency of the state of Washington, are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only the respective portion of the business-type activities, the fiduciary activities, and the aggregate discretely presented component units of the state of Washington that are attributable to the transactions of the University and its 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, 2024, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5 through 15, and the schedules of required pension and other post-employment benefit supplementary information on pages 67 through 74, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audits were conducted for the purposes of forming opinions on the basic financial statements. The University Facts included under the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The information has not been subject to the audit procedures applied in the audit of the basic financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

KPMG LLP

Seattle, Washington
November 8, 2024

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# Management's Discussion & Analysis

The discussion and analysis below provides an overview of the financial position and activities of the University of Washington ("University") for the fiscal year ended June 30, 2024. This discussion has been prepared by management, and since it includes highly summarized data, should be read in conjunction with the financial statements and accompanying notes to financial statements that follow this section.

## Financial Highlights for Fiscal Year 2024

The University recorded a $990 million increase in net position in 2024 compared to an increase of $894 million in 2023.

**Key Financial Results**

| *(in millions)* | 2024 | 2023 |
|---|---|---|
| Total operating revenues | $ 7,458 | $ 7,101 |
| Total operating expenses | 8,469 | 7,969 |
| Operating loss | (1,011) | (868) |
| State appropriations | 604 | 532 |
| Gifts | 178 | 182 |
| Investment income | 764 | 438 |
| Other nonoperating revenues, net | 455 | 610 |
| Increase in net position | 990 | 894 |
| Net position, beginning of year | 9,248 | 8,354 |
| **Net position, end of year** | **$ 10,238** | **$ 9,248** |

### Operating Revenues

Operating revenues increased $357 million, or 5%, in 2024. Revenue from patient services increased $482 million, or over 19%, primarily due to strong volumes, lower length of stay and from new programs by the Washington State Health Care Authority. The University's auxiliary operations, which includes student housing and food services and intercollegiate athletics among others, showed revenue increases totaling $46 million over the prior year. This was offset by a decrease in grant and contract revenue of $171 million, driven by fewer federal awards.

### Operating Expenses

Operating expenses increased $500 million, or 6%, in 2024. Staff salaries and benefits increased $468 million during the year, due primarily to the cost of wage and salary increases. Salaries expense increased by $431 million in the current year due to growth in FTEs at 2.7%, due in part to permanent staff hiring, and an increase in base wages.

### Nonoperating Revenues

Revenues from nonoperating and other sources, net of interest on capital-related debt, increased $407 million, or 30%, in 2024. Investment Income increased by $326 million with approximately half of the increase resulting from unrealized gains followed by increases in realized gains and interest income due to favorable interest rates and investment market performance compared to the prior year.

## Using the Financial Statements

The University's financial statements are prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities. GASB standards require that financial statements be presented for the University as a whole. These financial statements include the following components:

- Independent Auditors' Report presents an unmodified opinion prepared by the University's auditors, KPMG LLP.
- Statement of Net Position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the University at a point in time (June 30, 2024). Its purpose is to present a financial snapshot of the University. This statement aids the reader in determining the assets available to continue the University's operations, how much the University owes to employees and vendors, whether the University has any deferred outflows or inflows other than assets or liabilities, and provides a picture of net position and its availability for expenditure by the University.
- Statement of Revenues, Expenses and Changes in Net Position presents the total revenues earned and expenses incurred by the University for operating, nonoperating and other related activities, during a period of time (the fiscal year ended June 30, 2024). Its purpose is to assess the University's operating and nonoperating activities.
- Statement of Cash Flows presents cash receipts and payments of the University during a period of time (the fiscal year ended June 30, 2024). Its purpose is to assess the University's ability to generate net cash flows and meet its obligations as they come due.
- Statement of Fiduciary Net Position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and fiduciary net position of the University's custodial funds at a point in time (June 30, 2024).
- Statement of Changes in Fiduciary Net Position presents the additions and deductions from the University's custodial funds during a period of time (the fiscal year ended June 30, 2024).
- Notes to the Financial Statements present additional information to support the financial statements. Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of the financial highlights may be found.

The University has had a strategic alliance with Valley Medical Center, a Washington public hospital district, since 2011. In fiscal year 2022, Fred Hutchinson Cancer Center (FHCC), a nonprofit organization focused on adult oncology research and care, was formed and clinically integrated with the University. GASB standards require that these entities be presented as discrete component units of the University; therefore, the financial position at June 30, 2024, and results of operations for the fiscal year ended June 30, 2024, are reported in a separate column for financial statement presentation purposes (see note 1 to the financial statements).

The analysis that follows includes the combined balances of the University of Washington and its blended component units, but excludes the financial position and results of operations of Valley Medical Center and FHCC.

# Financial Health

## STATEMENTS OF NET POSITION

A summarized comparison of the University's assets, liabilities, deferrals and net position as of June 30, 2024 and 2023, is shown below:

**Summarized Statements of Net Position**

| *(in millions)* | **2024** | **2023** |
|---|---|---|
| Current assets | $ 3,062 | $ 3,092 |
| Noncurrent assets: | | |
| Capital assets, net | 6,282 | 6,186 |
| Investments, net of current portion | 7,722 | 6,653 |
| Other | 1,423 | 1,386 |
| Total assets | 18,489 | 17,317 |
| Deferred outflows | 967 | 1,030 |
| Total assets and deferred outflows | 19,456 | 18,347 |
| Current liabilities | 1,825 | 1,647 |
| Noncurrent liabilities: | | |
| Bonds payable | 2,382 | 2,289 |
| Pensions and OPEB | 1,647 | 1,662 |
| Other | 1,266 | 1,270 |
| Total liabilities | 7,120 | 6,868 |
| Deferred inflows | 2,098 | 2,232 |
| Total liabilities and deferred inflows | 9,218 | 9,100 |
| **Net position** | **$ 10,238** | **$ 9,248** |

Current assets include those that may be used to support current operations, and consist primarily of cash and cash equivalents, short-term investments and accounts receivable. Current liabilities generally are due and payable over the course of the following fiscal year, and include accounts payable and other accrued liabilities, unearned revenues, and the current portion of long-term liabilities such as debt. The excess of current assets over current liabilities of $1,237 million in 2024, and $1,445 million in 2023, reflects the continuing ability of the University to meet its short-term obligations.

Current assets decreased $30 million, or 1%, in 2024, driven by $196 million decrease in short-term investments due to realigning the fixed income account from short term to the intermediate term pool, resulting in lower daily operating liquidity compared to prior year. Offsetting this decrease were increases in accounts receivable, net of allowances, at $82 million mainly due to patient service volumes, a higher cash and cash equivalents balance at $47 million due to timing of payments and increases in other current assets of $38 million.

Current liabilities increased $178 million, or 11%, in 2024, mainly due to higher accounts payable of $283 million. An increase in payment processing during the final months of fiscal year 2023 in preparation for the implementation of the new Workday enterprise resource planning (ERP) system lowered accounts payable at the end of 2023. A decrease in other current liabilities offsets the increase to accounts payable at $162 million resulting from the retirement of commercial paper lines of credit.

Noncurrent assets increased $1,202 million, or 8%, in 2024 mainly driven by an increase in noncurrent investments at $1,069 million. The growth is driven by higher unrealized gains along with realigning the fixed income account from short term to the intermediate term pool in the invested funds.

Noncurrent liabilities increased $74 million, or 1% in 2024 driven by an increase of long-term bonds payable of $93 million, and other post-employment benefits liability of $31 million, offset by a decrease in pension liabilities of $46 million. The increase in bonds payable reflects the new General Revenue Bonds bonds issued in fiscal year 2024.

Deferred outflows of resources and deferred inflows of resources primarily represent pension and other post-employment benefit (OPEB) related deferrals, lease-related deferrals, subscription-related deferrals, and the University's remainder interest in split-interest agreements. The decrease in deferred outflows of $63 million, or 6%, in 2024 is mainly related to pensions and OPEB driven by amortization of the deferred outflows and the decrease of the University's proportionate share of OPEB. This is partially offset by an increase of University of Washington Supplemental Retirement Plan (UWSRP) post-measurement date contributions, recognized for the first time this year due to the change of measurement date. (see Note 10 to the financial statements).

Deferred inflows decreased by $134 million, or 6%, in 2024, driven by a $184 million decrease to the pension plans administered by the Washington State Department of Retirement Systems (DRS), which report results on a one-year lag. The difference between projected and actual investment earnings on pension plan investments contributed to the decrease in deferred inflows due to lower investment earnings during the fiscal year 2023 measurement period. Additionally, the deferred inflows for OPEB decreased by $139 million, primarily driven by a change of assumptions. The decrease was partially offset by $139 million increase in the deferred inflows recorded from two new ground leases (Nordheim Court and Radford Court), and $31 million from unamortized gain on refinancing in fiscal year 2024.

### Endowment and Other Investments

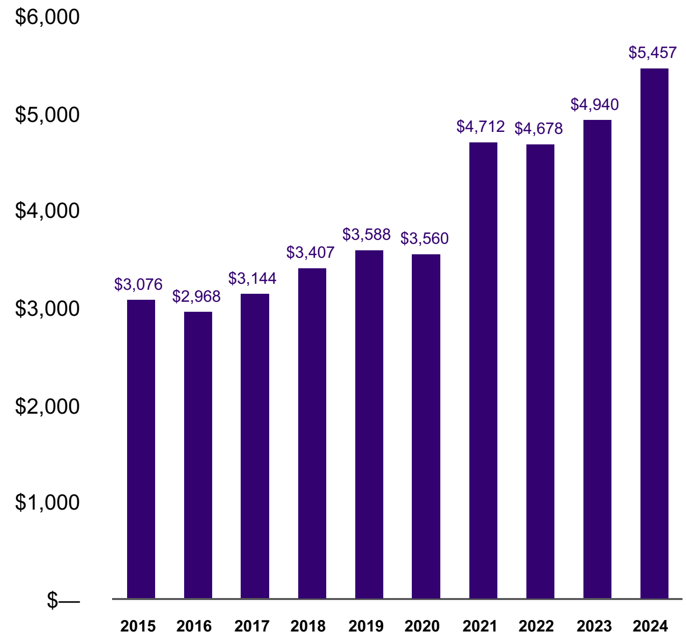
Investment returns provide an important source of revenue for the University's programs. Among the funds invested by the University are endowments, operating reserves, life income trusts, annuities and gifts.

The University of Washington Board of Regents is vested by statute with responsibility for the University's properties and investments, and for establishing investment policy. The University of Washington Investment Management Company (UWINCO), led by the Chief Investment Officer, carries out the day-to-day activities of the investment portfolios. The University of Washington Investment Management Company Board ("UWINCO Board") consists of both Board of Regents' members and external investment professionals who advise UWINCO, the President and the Board of Regents.

Endowed gifts supply permanent capital and an ongoing stream of current earnings to the University. Most endowments are commingled in the Consolidated Endowment Fund (CEF), a diversified investment fund. Similar to a mutual fund, each individual endowment maintains a separate identity and owns units in the fund.

The CEF has experienced considerable growth over the past decade due to endowment gifts and investment returns. The number of individual endowments in the CEF has grown significantly, from 4,363 at June 30, 2015 to 5,803 at June 30, 2024. The fair value of the CEF has similarly increased, from $3.1 billion at June 30, 2015 to $5.5 billion at June 30, 2024.

**Consolidated Endowment Fund Market Value (in millions)**




The CEF Investment Policy's spending rate distributes quarterly to programs based on an annual percentage rate of 3.6%, applied to the five-year rolling average of the CEF's fair value. Additionally, the CEF Investment Policy allows for an administrative fee of 0.9% supporting campus-wide fundraising and stewardship activities and offsetting the internal cost of managing endowment assets.

For the fiscal year ended June 30, 2024, the CEF returned +11.3% versus +14.5% for the passive benchmark. While overall relative performance lagged, the CEF had positive absolute and relative performance in fiscal year 2024 across most portfolio strategies. Similar to fiscal year 2023, there was considerable variance in fiscal year 2024 with developed markets significantly outperforming emerging markets. US markets continued to be led by a small number of large-cap technology stocks. Consistent with the broader market, the CEF's developed markets strategy drove overall CEF fiscal year 2024 performance. CEF's emerging markets and private equity strategies underperformed. Capital preservation outperformed with the CEF's absolute return strategy posting strong returns.

A portion of the University's operating funds are invested in the CEF. As of June 30, 2024, these funds comprise $1,197 million of the CEF fair value.

### Capital Improvements

The University continues to expand its campuses, invest in information technology and renovate existing facilities to meet the needs of its students, patients, faculty and staff. Significant capital asset expenditures (greater than $20 million) during fiscal year 2024 included $40 million for the

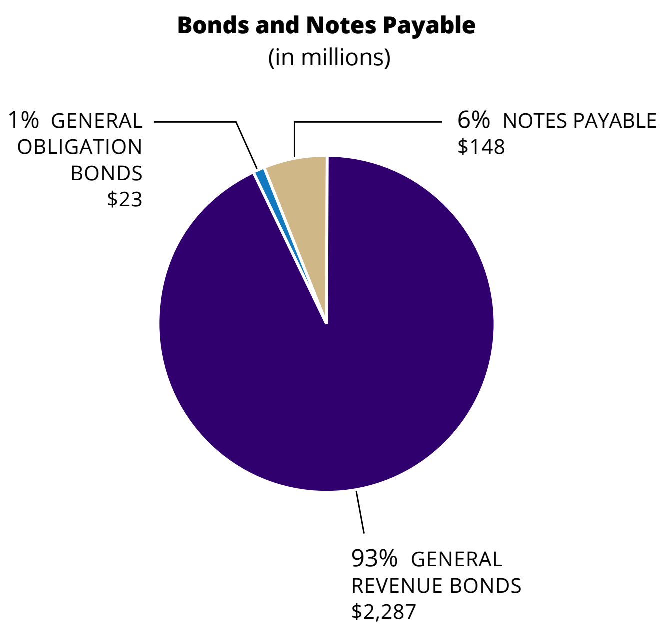
Interdisciplinary Engineering Building, and $20 million for the restoration of Haggett Hall.

See note 6 for additional information regarding capital asset activity.

## Debt

The Board of Regents approves the University's Debt Management Policy which governs the type and amount of debt the University may incur. The policy is designed to maintain access to capital markets and to minimize the cost of capital.

The University's debt portfolio consists primarily of fixed-rate debt in the form of General Revenue Bonds and state-issued General Obligation Bonds. As of June 30, 2024, the University had $2.5 billion of bonds and notes payable outstanding excluding bond premiums, an increase of 1.4% from June 30, 2023.

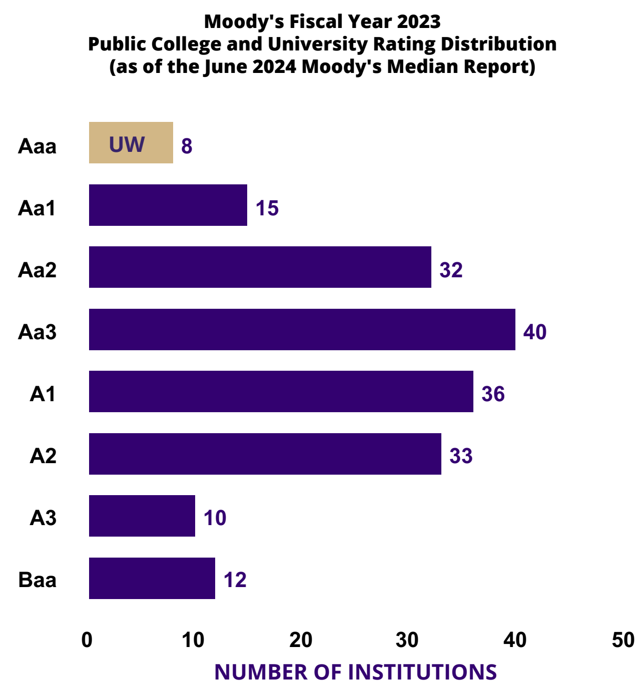



In February 2024, the University issued $218 million of tax-exempt General Revenue Bonds, 2024A with an all-in true interest cost of 3.15%. Proceeds will be used for the payoff of commercial paper used to fund the Finance Transformation project on an interim basis and to fund UW Medicine Small-Works projects, the Montlake Campus Membrane Repair project and Operating Room Expansion. Additionally, the University issued $168 million of General Revenue Refunding Bonds, 2024B to tender and refund a portion of the Series 2021B and 2022B bonds in order to achieve debt service savings. The 2024B bonds had an all-in true interest cost of 3.31%

The University has a $250 million commercial paper program, which is typically used to fund project expenditures until long-term funding is secured. As of June 30, 2024, there was no commercial paper outstanding.

As of June 30, 2024, the University had a $100 million line of credit to provide general institutional liquidity. The line of credit was undrawn at the fiscal year end and expired on September 30, 2024. The line of credit was extended for an additional 3-year term through an amended and restated agreement dated September 30, 2024.

During fiscal year 2024, Moody's revised the University's credit outlook to negative from stable (Aaa, Negative) and Standard & Poor's (AA+, Stable) reaffirmed the University's credit ratings. The University's short-term credit ratings were also affirmed at P-1 (Moody's) and A-1+ (Standard & Poor's).




Each Fall, the Board of Regents typically adopts resolutions that authorize the issuance of long-term debt for various Board approved projects. For the 12-month period ending on September 30, 2025, the Board has approved the issuance of up to $125 million in net new long-term debt. Any additional increase, other than debt issued to achieve debt service savings and/or to remarket a put or term bond, would require additional approval by the Board.

See notes 7 and 8 for additional information regarding debt and other long-term liabilities.

## Net Position

The difference between total assets and deferred outflows, and total liabilities and deferred inflows, is referred to as net position or "equity". Over time, the change in net position is one indicator of the improvement or decline in the University's overall financial health when considered with nonfinancial factors such as enrollment, research awards, patient levels, and the condition of facilities.

The University reports its "equity" in four categories:

- Net Investment in Capital Assets – This is the University's total investment in capital assets, net of accumulated depreciation and amortization and outstanding debt obligations related to those capital assets.
- Restricted Net Position:
  - Nonexpendable net position, primarily endowments, represents gifts to the University's permanent endowment funds. These are funds on which the donor or other external party has imposed the restriction that the corpus is not available for expenditure, but rather for investment purposes only, in order to produce income that is to be expended for the purposes specified.
  - Expendable net position consists of resources that the University is legally or contractually obligated to spend in accordance with time or purpose restrictions placed by donors and/or other external parties, and includes the net appreciation of permanent endowments.
- Unrestricted Net Position – This is all other funds available to the University for any purpose associated with its mission. Unrestricted net position is not subject to externally imposed stipulations, but often is internally designated for specific purposes.

The University's net position at June 30, 2024 and 2023 is summarized as follows:

**Categories of Net Position**

| *(in millions)* | **2024** | **2023** |
|---|---|---|
| Net investment in capital assets | $ 3,060 | $ 2,908 |
| Restricted: | | |
| Nonexpendable | 2,365 | 2,206 |
| Expendable | 3,390 | 3,091 |
| Unrestricted | 1,423 | 1,043 |
| **Total net position** | **$ 10,238** | **$ 9,248** |

Net investment in capital assets increased $152 million, or 5%, in 2024. This balance typically increases as debt is repaid, or when the University funds fixed asset purchases without the use of external financing, for example by using internal reserves. This balance decreases as assets are depreciated.

Restricted nonexpendable net position increased $159 million, or 7%, in 2024 primarily from the receipt of $111 million of new endowment gifts. Additionally, there was a $4 million increase in the fair value of the University's investments managed by the WA State Investment Board and a $13 million increase in the fair value of investments underlying split-interest agreements.

Restricted expendable net position increased $299 million, or 10%, in 2024 primarily due to new operating and capital gifts of $213 million.

Unrestricted net position increased $380 million, or 36%, in 2024. State operating and capital appropriations contributed $682 million and unrestricted investments contributed $273 million of investment income. These amounts were offset by $305 million of operating losses and $105 million of interest on capital asset-related debt.

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

The Statement of Revenues, Expenses and Changes in Net Position presents the University's results of operations and nonoperating items that result in the changes in net position for the year. In accordance with GASB reporting principles, revenues and expenses are classified as either operating or nonoperating. Certain significant revenues budgeted for fundamental operational support of the core missions of the University must be recorded as nonoperating revenue, including state appropriations, private gifts, and investment income. As a result, it is anticipated that the Statement of Revenues, Expenses and Changes in Net Position will consistently report an operating loss for GASB financial reporting purposes.

A condensed comparison of the University's revenues, expenses and changes in net position for the years ended June 30, 2024, and 2023 follows:

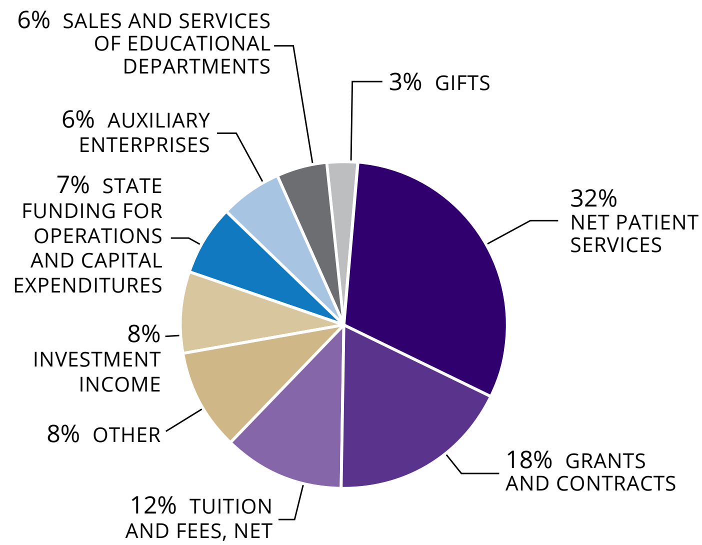
**Operating Results**

| *(in millions)* | **2024** | **2023 (a)** |
|---|---|---|
| Net patient services | $ 3,046 | $ 2,564 |
| Tuition and fees, net | 1,174 | 1,158 |
| Grants and contracts | 1,694 | 1,865 |
| Other operating revenues | 1,544 | 1,514 |
| Total operating revenues | 7,458 | 7,101 |
| Salaries and benefits | 5,131 | 4,663 |
| Other operating Expenses | 3,338 | 3,306 |
| **Operating loss** | **(1,011)** | **(868)** |
| State appropriations | 604 | 532 |
| Gifts | 178 | 182 |
| Investment income | 764 | 438 |
| Other nonoperating revenues | 560 | 721 |
| Interest on capital asset-related debt | (105) | (111) |
| **Increase in net position** | **$ 990** | **$ 894** |

(a) Certain amounts in the 2023 financial statement amounts have been reclassified for comparative purposes to conform to the presentation of the 2024 amounts.

The University's operating loss increased to $1,011 million in 2024, from $868 million in 2023. State appropriations are shown as nonoperating revenue, but are primarily used to fund core University operations. If state appropriations were classified as operating revenue, the University would have reported a net operating loss of $407 million in 2024, compared to a net operating loss of $336 million in 2023. The University has a diversified revenue base. No single source generated more than 32% of the total fiscal year 2024 revenues of $9.6 billion.

## Sources of Funds




The following table summarizes operating and nonoperating revenues from all sources for the years ended June 30, 2024, and 2023:

**Revenues from All Sources**

| *(in millions)* | 2024 | | 2023 | |
|---|---|---|---|---|
| Net patient services | $ 3,046 | 32% | $ 2,564 | 29% |
| Grants and contracts | 1,747 | 18% | 1,925 | 21% |
| Tuition and fees, net | 1,174 | 12% | 1,158 | 13% |
| Investment income | 764 | 8% | 438 | 5% |
| State funding for operations | 604 | 6% | 532 | 6% |
| Auxiliary enterprises | 569 | 6% | 523 | 6% |
| Sales and services of educational departments | 534 | 6% | 662 | 7% |
| Gifts | 317 | 3% | 355 | 4% |
| State funding for capital projects | 77 | 1% | 201 | 2% |
| Other | 731 | 8% | 614 | 7% |
| **Total revenue - all sources** | **$ 9,563** | **100%** | **$ 8,972** | **100%** |

### Patient Services–UW Medicine

The financial statements of the University include the operations of the School of Medicine (SOM), two medical centers, an associated physician practice group, 14 free standing clinics, an emergency air transport service and the University's share of two joint ventures. These entities, together with Harborview Medical Center (not included in the University's financial statements – see note 15) and shared services providing IT, accounting, financial services and human resources, comprise UW Medicine. UW Medicine is governed and administered as an enterprise of the University whose mission is to improve the health of the public. UW Medicine advances this mission through work in patient care, medical education of physicians and other healthcare providers, and research.

Patient care activities included in the University's financial statements include:

**UW Medical Center** (UWMC) is a 910-bed hospital located on two campuses that provides comprehensive healthcare services to the Puget Sound community and patients from throughout the Pacific Northwest and beyond. UWMC also serves as the major clinical, teaching and research site for students and faculty in Health Sciences at the University. More than 30,000 patients receive inpatient care at UWMC each year. Specialized inpatient care needs are met through a joint cancer program with FHCC, the Regional Heart Center, the Neonatal Intensive Care Unit and the Organ Transplantation program, among others. In fiscal year 2024, UWMC opened the Center for Behavioral Health and Learning on UWMC's Northwest campus. This new Center will serve the dual purpose of treating patients with behavioral health needs and training an integrated behavioral health workforce.

**Valley Medical Center** (VMC) is a 341-bed acute care hospital and network of clinics that treats more than 17,000 inpatients per year, and is the oldest and largest public hospital district in the state of Washington. VMC's Statement of Net Position and Statements of Revenues, Expenses and Changes in Net Position are presented as part of the discrete component units column on the financial statements of the University.

**Fred Hutchinson Cancer Center** (FHCC) is a nonprofit organization focused on adult oncology research and care that is a clinically integrated part of UWMC. FHCC was formed in 2022 from the merger of Seattle Cancer Care Alliance and Fred Hutchinson Cancer Research Center, together with execution of the Restructuring and Enhanced Collaboration Agreement between the University and FHCC. FHCC's Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are presented as part of the discrete component units column on the financial statements of the University.

**UW Medicine Primary Care** is a network of clinics with 14 neighborhood locations and one virtual clinic throughout the greater Puget Sound area, providing primary, urgent and selected specialty care with a staff of 195 healthcare providers.

**UW Physicians** (UWP) is the physician practice group for more than 3,000 faculty physicians and healthcare providers associated with UW Medicine.

**Airlift Northwest** provides rapid emergency air transport services to critically ill or injured patients throughout Washington, Alaska, Montana and Idaho.

**Joint Ventures -** The University is currently a participant in two joint ventures: Children's University Medical Group and Embright, LLC. The University's share of these activities is reflected in the University's financial statements.

**UW Medicine Shared Services** is comprised of a number of functions within the University, established for the purpose of providing scalable administrative and information technology (IT) support services for UW Medicine. These functions include UW Medicine IT Services (ITS), UW Medicine Revenue Cycle, UW Medicine Finance and Accounting, UW Medicine Supply Chain, and UW Medicine Contracting.

In combination, these organizations (not including VMC or FHCC) contributed $3.0 billion in net patient services revenue in fiscal year 2024, compared with $2.6 billion in fiscal year 2023, an increase of $482 million, or 19%, primarily due to strong volumes, lower length of stay and the directed payment programs which are new programs managed by the Washington State Health Care Authority effective January 1, 2023 and January 1, 2024, respectively. UWMC generated 76% of this revenue in 2024 and 79% in 2023. UWMC admissions were 30,119 in 2024 compared with 29,001 in 2023, an increase in admissions of 4%. Inpatient surgeries increased 3% for UWMC in fiscal year 2024 compared to fiscal year 2023.

### Grant and Contract Revenue

One of the largest sources of revenue 18% continues to be grants and contracts. Grant and contract revenue is received from federal sponsors, by far the largest component, and also from state, local and nongovernmental sources. Total grant and contract revenue decreased $171 million in 2024.

Federal grant and contract revenue decreased $122 million, or 9%, in 2024. This decrease was anticipated, particularly in COVID Disaster Relief funds, which saw a reduction of approximately $36 million across federal awards, including several clinical trial subcontracts from the National Institutes of Health (NIH). Additionally, awards sponsored by the Center for Disease Control related to the Global AIDS program either ended or reduced activity, resulting in a $29 million revenue decrease.

State and local grant and contract revenue decreased $5 million, or 3%, in 2024 mainly due to a $3 million reduction from several Washington state agencies.

Nongovernmental grant and contract revenue decreased $44 million, or 12%, in 2024. This decline includes an $18 million reduction in activity related to an HIV prevention project funded by the Bill and Melinda Gates Foundation. Additionally, there was a broad reduction in revenue across the awards FHCC issued to the University totaling $4 million.

Grant and contract revenue is earned when direct expenditures (such as researchers' compensation or purchases of good and services) are made; therefore, there is little effect on the University's operating margin as a results of this direct expense reimbursement process.

Facility and administrative expenses necessary to support grants and contracts are partially reimbursed by sponsors, along with direct costs, by an indirect cost recovery. The 2024 indirect cost recovery rate for research grants was approximately 30 cents on every direct expenditure dollar.

### Primary Nongrant Funding Sources

The University relies primarily on student tuition and fees and state appropriations as revenue sources to support its non-grant funded educational operating expenses.

Noncapital state appropriations are considered nonoperating revenue under GASB principles, and are reflected in the nonoperating section of the Statement of Revenues, Expenses and Changes in Net Position; however, they are used solely to fund operating activities.

Revenues from tuition and fees, net of scholarship allowances, increased $16 million in 2024. This increase was partially due to the state allowing a 3% operating fee increase in resident undergraduate tuition during the year. Nonresident undergraduate operating fees also increased 3%, while tuition-based graduate and professional program rates increased 0-6%. Most fee-based program rates increased 0-6% in 2024. These tuition and fee-based program rate increases were consistent with those implemented during 2023.

Revenue growth was also partly due to modest increases in student enrollment. Full-time equivalent (FTE) enrollment in 2024 in undergraduate tuition and fee-based programs increased by 1.1% in the resident student category, while nonresident student enrollment remained relatively flat, decreasing by 0.4%.

### Gifts, Endowments and Investment Revenues

Net investment income for the years ended June 30, 2024 and 2023 consisted of the following:

**Net Investment Income**

| *(in millions)* | 2024 | 2023 |
|---|---|---|
| Interest and dividends, net | $ 147 | $ 86 |
| Realized gains | 167 | 113 |
| Unrealized gains | 450 | 238 |
| **Net investment income** | **$ 764** | **$ 437** |

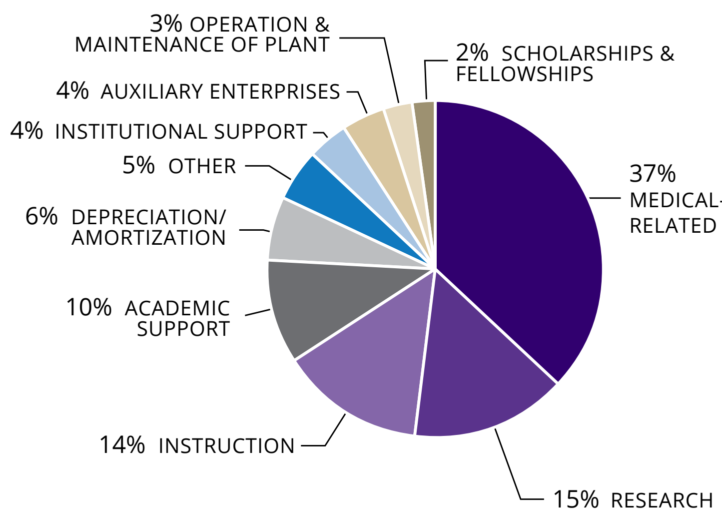
Net investment income increased $326 million, or 74%, in 2024. Returns on the CEF were +11.3% in 2024 and +6.0% in fiscal year 2023.

Gifts are a key and necessary source of support for a variety of purposes, including current operating activities. Gifts support scholarships and research, capital improvements, and are used to fund permanent endowments for various academic and research purposes. Gifts in the form of current use gifts, capital gifts and contributions to permanent endowments remain steady. Total gifts decreased $5 million in 2024.

**Expenses**

Two primary functions of the University, instruction and research, comprised 29% of total operating expenses in 2024. These dollars provided instruction to over 60,000 students and funded over 8,210 research awards. Medical-related expenses, such as those pertaining to patient care, continue to be the largest individual component, accounting for 37% of the University's total operating expenses in 2024.

**Uses of Funds**



A comparative summary of the University's expenses by functional classification (purpose for which the costs are incurred) for the years ended June 30, 2024, and 2023 is shown in the table below.

**Operating Expenses by Function**

| *(in millions)* | 2024 | | 2023 (a) | |
|---|---|---|---|---|
| INSTRUCTION | $1,160 | 14% | $1,113 | 14% |
| RESEARCH | 1,251 | 15% | 973 | 12% |
| PUBLIC SERVICE | 297 | 4% | 172 | 2% |
| ACADEMIC SUPPORT | 838 | 10% | 811 | 10% |
| STUDENT SERVICE | 45 | 1% | 56 | 1% |
| INSTITUTIONAL SUPPORT | 343 | 4% | 357 | 4% |
| OPERATION & MAINTENANCE OF PLANT | 250 | 3% | 302 | 4% |
| SCHOLARSHIPS & FELLOWSHIPS | 209 | 2% | 194 | 2% |
| AUXILIARY ENTERPRISES | 373 | 4% | 222 | 3% |
| MEDICAL-RELATED | 3,196 | 37% | 3,246 | 41% |
| DEPRECIATION/AMORTIZATION | 507 | 6% | 523 | 7% |
| **Total operating expenses** | **$8,469** | **100%** | **$7,969** | **100%** |

(a) Certain amounts in the 2023 financial statement amounts have been reclassified for comparative purposes to conform to the presentation of the 2024 amounts.

Overall, the University's operating expenses increased $500 million, or 6%, in 2024. Approximately 61% of amounts incurred for operating expenses in 2024 and 2023 were related to faculty and staff compensation and benefits.

In 2024, expense associated with faculty and staff salaries increased $431 million, or 11%, which was attributed to a growth in FTEs as well as wage increases and overall increasing costs due to the competitive labor market. UW Medicine reached historic agreements with its four largest labor union partners in fiscal year 2023, which included incremental pay increases that were the largest UW Medicine had ever negotiated. The pay increases have remained in effect during fiscal year 2024.

Benefits expense increased $38 million, or 4% in 2024. The increase is primarily driven by $81 million higher social security, healthcare and annual sick leave-related expenses from increased base salaries in 2024, partially offset by lower pension expenses, including $35 million from the plans administrated by the DRS due to stronger investment gains on plan assets, and $48 million from an increase in the discount rate for Other Post Employment Benefits. In fiscal year 2023, the Supplemental Retirement Plan recorded a $40 million expense credit, lowering expense, which did not occur in fiscal year 2024.

# Economic Factors That May Affect the Future

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information provided by the University, including written or oral statements made by its representatives, may contain forward looking statements. All statements, other than statements of historical facts, which address activities, events or developments that the University expects or anticipates will or may occur in the future contain forward-looking information. In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The University does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

### STATE OPERATING AND CAPITAL APPROPRIATIONS

The state of Washington, which provided approximately 7% of the University's total revenues in fiscal year 2024, continued to see increasing state tax collections; however growth has slowed. In recent biennia, growth in state tax collections and new revenue have largely been utilized to combat the strains that the COVID-19 pandemic and rising inflation have placed on our health care and education systems.  With this focus, the legislature continued to make significant investments in the University's safety net hospitals, as well as science, technology, engineering and math (STEM) enrollments across all three University campuses.

During the 2024 legislative session, the state passed a supplemental operating budget, which included significant appropriations changes to the underlying 2023-25 biennial budget (effective for fiscal years 2024 and 2025). State revenue forecasts leading up to the start of the 2024 session showed positive collections, but indicated that economic growth was slowing.  Despite this trend, state lawmakers authorized $60 million in additional one-time funding for the University's safety net hospitals, $20 million in operational support of the Center for Behavioral Health & Learning (formerly known as the Behavioral Health Teaching Facility), and more than 20 new provisos (direct funding allocations with specific conditions such as program expansions or research projects) to the University in fiscal year 2025.

The June 2024 revenue forecast revised state revenue projections downward for the current biennium and upcoming 2025-27 biennium.  The University will continue to monitor state revenue collections as new revenue forecasts are released in September and November of 2024.

The University's fiscal year 2025 general operating appropriation from the state (excluding $60 million appropriated on a one-time basis to support safety net hospitals) currently totals approximately $550 million. This amount is an increase from approximately $505 million in 2024. Recent increases are largely attributable to compensation increases for non-represented faculty and staff, hospital safety net funding, and targeted investments in student enrollment efforts across the University's three campuses.

During the 2015-17 biennium, the state approved a tuition policy that reduced resident undergraduate tuition rates to 5% below the 2015 rates in 2016, and to 15% below the 2015 rates in 2017. The state provided funds to offset the lost tuition revenue in both years. The same tuition policy allowed for future increases tied to a rolling average of median hourly wage in the state according to the Bureau of Labor Statistics (BLS). Under this current policy, the state has allowed resident undergraduate tuition to increase by 2-3% in each year. While the legislature can always modify its policy, it has so far chosen to maintain it. Therefore, the University's current expectation is that resident undergraduate tuition increases will continue to be limited to 2-3% each year in the near future. The University's Board of Regents continues to have broad tuition and fee setting authority for categories other than resident undergraduate tuition.

State funding for capital appropriations continues to be constrained, but the state's 2023-25 biennial capital budget provided funding for renovating the Magnuson Health Sciences T-Wing, Anderson Hall, and the UWMC NW Campus. The state also provided funding for design and construction of the wəɬəbʔaltxʷ (Intellectual House), and for UW Tacoma to purchase additional land around the existing campus. The 2024 supplemental capital budget added $5 million for design and planning work for a new Chemical Sciences Building and renovation of Bagley Hall in addition to $39 million in energy renewal projects from the state's Climate Commitment Account.

### UW MEDICINE

The healthcare industry, in general, is experiencing higher demand for labor, volatility and uncertainty in the labor market, which has impacted UW Medicine's ability to attract and retain labor and manage operating cost increases associated with the higher labor costs. It is difficult to predict the full impact of the labor market on UW Medicine's future expenses and operations.

Cyberattacks, privacy/security threats and data breaches are becoming increasingly more common and have the potential to impact UW Medicine's patients and its financial position. In addition, hospitals must adapt to new and changing health care regulations and must manage their relationships with the government and government directed programs. UW Medicine receives cash from government programs and depending on timing, there could be an impact to their revenue and cash flow.

The federal COVID-19 Public Health Emergency declaration under the Public Health Service Act expired on May 11, 2023. The broad economic factors coming out of the COVID-19 pandemic continue to impact UW Medicine's patient volumes, case mix acuity, service mix, and revenue mix. Ongoing economic conditions, such as significant labor market wage and benefit pressure, supply chain and other inflationary pressures have also increased, and will continue to increase UW Medicine's expenses and pressure hospital liquidity. Because of these factors, management cannot estimate the severity of the aforementioned general economic and marketplace conditions on UW Medicine's business.

Reimbursement for patient services from federal, state, and private insurance payors continues to be a concern as healthcare costs continue to rise. There is continued downward pressure on average realized payment rates from commercial payor plans and a reduction in the number or percentage of UW Medicine's patients under such plans. UW Medicine participates in the 340B Drug Pricing Program, which is a federal program that requires drug manufacturers provide outpatient drugs to eligible healthcare organizations and covered entities at significantly reduced prices. In the past several years, a number of drug manufacturers have reduced the benefits to covered entities through the elimination of access to certain 340B priced drugs in contract pharmacy settings. This had led to legal action at the federal level in an attempt to reinstate previous savings. Split decisions in different courts have merely added to uncertainty related to the financial impact of the 340B program in the future. In addition, a major drug manufacturer has announced that this program will shift from an upfront discount to a rebate model despite being in opposition to the 340B basic tenets. The medical centers are likely to see higher costs in its non-contract pharmacy lines of business before being able to seek relief. As with the challenges to contract pharmacy, other drug manufacturers are likely to follow the example with limited enforcement action expected by Health Resources and Services Administration (HRSA). Due to these uncertainties, management cannot predict the impact on UW Medicine's future revenues and operations.

However, UW Medicine believes that its ultimate success in increasing profitability depends in part on its success in executing on its strategies. In general, these strategies are intended to improve financial performance through the reduction of costs and in streamlining how UW Medcicine provides clinical care, as well as mitigating the negative reimbursement trends experienced within the market. With a continued focus on patient volumes shifting from inpatient to outpatient settings due to technological advancements, and demand for care that is more convenient, affordable, and accessible as well as industry-wide migration to value-based payment models as governmental and commercial payers shift risk to providers, UW Medicine's focus is on managing costs and care efficiently.

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# Financial Statements & Notes

# STATEMENT OF NET POSITION

| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | UNIVERSITY OF WASHINGTON June 30, 2024 | DISCRETE COMPONENT UNITS June 30, 2024 |
|---|---|---|
| **CURRENT ASSETS:** | | |
| CASH AND CASH EQUIVALENTS (NOTE 2) | $ 196,210 | $ 379,772 |
| INVESTMENTS, CURRENT PORTION (NOTE 5) | 1,514,113 | 432,863 |
| ACCOUNTS RECEIVABLE (NET OF ALLOWANCE OF $98,168) (NOTE 4) | 1,235,013 | 338,192 |
| OTHER CURRENT ASSETS | 116,854 | 110,492 |
| TOTAL CURRENT ASSETS | 3,062,190 | 1,261,319 |
| **NONCURRENT ASSETS:** | | |
| DEPOSIT WITH STATE OF WASHINGTON (NOTE 3) | 101,296 | — |
| INVESTMENTS, NET OF CURRENT PORTION (NOTE 5) | 7,721,564 | 812,474 |
| STUDENT LOANS RECEIVABLE (NET OF ALLOWANCE OF $3,081) | 37,600 | — |
| OTHER NONCURRENT ASSETS (NOTE 1) | 25,165 | 632,646 |
| LEASE RECEIVABLES, NET OF CURRENT PORTION (NOTE 4, 9) | 361,584 | 23,731 |
| NET PENSION ASSETS (NOTE 10) | 468,659 | — |
| CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION OF $7,079,200) (NOTE 6) | 6,281,755 | 1,590,121 |
| INVESTMENT IN FRED HUTCHINSON CANCER CENTER (NOTE 1) | 428,827 | — |
| TOTAL NONCURRENT ASSETS | 15,426,450 | 3,058,972 |
| TOTAL ASSETS | 18,488,640 | 4,320,291 |
| **DEFERRED OUTFLOWS OF RESOURCES (NOTE 12)** | 967,413 | 10,689 |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | **$ 19,456,053** | **$ 4,330,980** |
| **LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** | | |
| **CURRENT LIABILITIES:** | | |
| ACCOUNTS PAYABLE AND ACCRUED LIABILITIES | $ 1,260,787 | $ 372,166 |
| UNEARNED REVENUES | 234,623 | — |
| OTHER CURRENT LIABILITIES | 3,111 | 90,301 |
| LONG-TERM LIABILITIES, CURRENT PORTION (NOTES 7, 8) | 326,566 | 66,280 |
| TOTAL CURRENT LIABILITIES | 1,825,087 | 528,747 |
| **NONCURRENT LIABILITIES:** | | |
| U.S. GOVERNMENT GRANTS REFUNDABLE | 21,461 | — |
| LONG-TERM LIABILITIES, NET OF CURRENT PORTION (NOTES 7, 8) | 3,626,411 | 2,022,140 |
| NET PENSION LIABILITIES (NOTE 10) | 369,451 | — |
| OTHER POST-EMPLOYMENT BENEFITS (NOTE 11) | 1,277,506 | — |
| TOTAL NONCURRENT LIABILITIES | 5,294,829 | 2,022,140 |
| TOTAL LIABILITIES | 7,119,916 | 2,550,887 |
| **DEFERRED INFLOWS OF RESOURCES (NOTE 12)** | 2,097,977 | 46,461 |
| **TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** | **9,217,893** | **2,597,348** |
| **NET POSITION** | | |
| NET INVESTMENT IN CAPITAL ASSETS | 3,060,366 | 245,768 |
| RESTRICTED: | | |
| NONEXPENDABLE | 2,365,225 | 131,506 |
| EXPENDABLE | 3,389,617 | 559,444 |
| UNRESTRICTED | 1,422,952 | 796,914 |
| TOTAL NET POSITION | 10,238,160 | 1,733,632 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION** | **$ 19,456,053** | **$ 4,330,980** |

See accompanying notes to financial statements

Dollars in thousands

# STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

| | UNIVERSITY OF WASHINGTON | | DISCRETE COMPONENT UNITS | |
|---|---|---|---|---|
| **REVENUES** | | **Year ended June 30, 2024** | | **Year ended June 30, 2024** |
| **OPERATING REVENUES:** | | | | |
| NET PATIENT SERVICE REVENUES (NET OF PROVISION FOR UNCOLLECTIBLE ACCOUNTS OF $32,563) | $ | 3,046,075 | $ | 2,157,311 |
| STUDENT TUITION AND FEES (NET OF SCHOLARSHIP ALLOWANCE OF $179,112) | | 1,173,727 | | — |
| FEDERAL GRANTS AND CONTRACTS | | 1,189,554 | | 542,770 |
| STATE AND LOCAL GRANTS AND CONTRACTS | | 167,331 | | — |
| NONGOVERNMENTAL GRANTS AND CONTRACTS | | 336,908 | | — |
| SALES AND SERVICES OF EDUCATIONAL DEPARTMENTS | | 533,885 | | — |
| AUXILIARY ENTERPRISES: | | | | |
| HOUSING AND FOOD SERVICES | | 157,990 | | — |
| SPORTS PROGRAMS (NET OF SCHOLARSHIP ALLOWANCE OF $10,131) | | 132,495 | | — |
| OTHER AUXILIARY ENTERPRISES | | 278,658 | | — |
| OTHER OPERATING REVENUE | | 441,683 | | 200,827 |
| **TOTAL OPERATING REVENUES** | | **7,458,306** | | **2,900,908** |
| **EXPENSES** | | | | |
| **OPERATING EXPENSES (NOTE 14):** | | | | |
| SALARIES | | 4,181,006 | | 1,078,744 |
| BENEFITS | | 950,170 | | 311,622 |
| SCHOLARSHIPS AND FELLOWSHIPS | | 208,881 | | — |
| UTILITIES | | 80,489 | | 7,339 |
| SUPPLIES AND MATERIALS | | 992,463 | | 708,228 |
| PURCHASED SERVICES | | 1,349,579 | | 404,467 |
| DEPRECIATION/AMORTIZATION | | 507,400 | | 129,524 |
| OTHER | | 198,922 | | 368,358 |
| **TOTAL OPERATING EXPENSES** | | **8,468,910** | | **3,008,282** |
| **OPERATING LOSS** | | **(1,010,604)** | | **(107,374)** |
| **NONOPERATING REVENUES (EXPENSES)** | | | | |
| STATE APPROPRIATIONS | | 604,140 | | — |
| GIFTS | | 178,400 | | — |
| INVESTMENT INCOME (NET OF INVESTMENT EXPENSE OF $8,104) | | 763,826 | | 153,228 |
| INTEREST EXPENSE ON CAPITAL ASSET-RELATED DEBT | | (104,687) | | (59,805) |
| PELL GRANT REVENUE | | 52,751 | | — |
| PROPERTY TAX REVENUE | | — | | 26,144 |
| OTHER NONOPERATING REVENUES | | 287,811 | | 75,222 |
| **NET NONOPERATING REVENUES** | | **1,782,241** | | **194,789** |
| **INCOME BEFORE OTHER REVENUES** | | **771,637** | | **87,415** |
| CAPITAL APPROPRIATIONS | | 77,378 | | — |
| CAPITAL GRANTS, GIFTS AND OTHER | | 36,835 | | 25,201 |
| GIFTS TO PERMANENT ENDOWMENTS | | 104,609 | | 11,382 |
| **TOTAL OTHER REVENUES** | | **218,822** | | **36,583** |
| **INCREASE IN NET POSITION** | | **990,459** | | **123,998** |
| **NET POSITION** | | | | |
| NET POSITION – BEGINNING OF YEAR | | 9,247,701 | | 1,609,634 |
| **NET POSITION – END OF YEAR** | **$** | **10,238,160** | **$** | **1,733,632** |

See accompanying notes to financial statements

Dollars in thousands

# STATEMENT OF CASH FLOWS

| | UNIVERSITY OF WASHINGTON Year Ended June 30, 2024 |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| PATIENT SERVICES | $ 2,867,565 |
| STUDENT TUITION AND FEES | 1,141,672 |
| GRANTS AND CONTRACTS | 1,663,345 |
| PAYMENTS TO SUPPLIERS | (862,989) |
| PAYMENTS FOR UTILITIES | (73,863) |
| PURCHASED SERVICES | (1,266,791) |
| OTHER OPERATING DISBURSEMENTS | (200,377) |
| PAYMENTS TO EMPLOYEES | (4,234,691) |
| PAYMENTS FOR BENEFITS | (1,170,860) |
| PAYMENTS FOR SCHOLARSHIPS AND FELLOWSHIPS | (208,881) |
| LOANS ISSUED TO STUDENTS | (7,075) |
| COLLECTION OF LOANS TO STUDENTS | 8,995 |
| AUXILIARY ENTERPRISE RECEIPTS | 562,016 |
| SALES AND SERVICES OF EDUCATIONAL DEPARTMENTS | 614,784 |
| RECEIPTS FROM OUTSIDE AFFILIATED AGENCIES | 1,628,598 |
| DISBURSEMENTS TO OUTSIDE AFFILIATED AGENCIES | (1,714,481) |
| OTHER RECEIPTS | 659,952 |
| **NET CASH USED BY OPERATING ACTIVITIES** | **(593,081)** |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | |
| STATE APPROPRIATIONS | 637,692 |
| GIFTS AND GRANTS FOR OTHER THAN CAPITAL PURPOSES | 52,751 |
| PRIVATE GIFTS | 131,064 |
| PERMANENT ENDOWMENT RECEIPTS | 104,609 |
| DIRECT LENDING RECEIPTS | 210,316 |
| DIRECT LENDING DISBURSEMENTS | (210,316) |
| FEDERAL FUNDING | 227,095 |
| OTHER | 107,813 |
| **NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES** | **1,261,024** |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| PROCEEDS FROM CAPITAL DEBT | 566,072 |
| STATE CAPITAL APPROPRIATIONS | 91,942 |
| CAPITAL GRANTS AND GIFTS RECEIVED | 36,835 |
| ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS | (502,716) |
| PRINCIPAL PAYMENTS ON CAPITAL-RELATED DEBT AND LEASES | (725,028) |
| INTEREST PAYMENTS ON CAPITAL-RELATED DEBT AND LEASES | (117,692) |
| OTHER | (29,997) |
| **NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES** | **(680,584)** |

See accompanying notes to financial statements

Dollars in thousands

| CASH FLOWS FROM INVESTING ACTIVITIES | | UNIVERSITY OF WASHINGTON<br>Year Ended June 30,<br>2024 |
|---|---|---|
| PROCEEDS FROM SALES OF INVESTMENTS | | 13,979,535 |
| DISBURSEMENTS FOR PURCHASES OF INVESTMENTS | | (14,067,349) |
| INVESTMENT INCOME | | 147,172 |
| **NET CASH PROVIDED BY INVESTING ACTIVITIES** | | **59,358** |
| | | |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | 46,717 |
| CASH AND CASH EQUIVALENTS-BEGINNING OF THE YEAR | | 149,493 |
| **CASH AND CASH EQUIVALENTS-END OF THE YEAR** | **$** | **196,210** |
| | | |
| **RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES** | | |
| OPERATING LOSS | $ | (1,010,604) |
| ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES: | | |
| DEPRECIATION/AMORTIZATION EXPENSE | | 507,400 |
| CHANGES IN ASSETS, LIABILITIES AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES: | | |
| RECEIVABLES | | (214,986) |
| OTHER ASSETS | | (11,778) |
| OTHER RECEIVABLES | | 12,495 |
| DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES | | (65,169) |
| PENSION ASSETS | | (38,337) |
| PENSION LIABILITIES | | (46,173) |
| OPEB LIABILITY | | 31,449 |
| ACCOUNTS PAYABLE AND ACCRUED LIABILITIES | | 186,222 |
| UNEARNED REVENUE | | 18,455 |
| OTHER LONG-TERM LIABILITIES | | 40,881 |
| U.S. GOVERNMENTAL GRANTS REFUNDABLE | | (4,856) |
| LOANS TO STUDENTS | | 1,920 |
| **NET CASH USED BY OPERATING ACTIVITIES** | **$** | **(593,081)** |
| | | |
| **NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES** | | |
| STOCK GIFTS | $ | 49,155 |
| NET UNREALIZED GAINS | | 458,809 |
| EXTERNALLY MANAGED TRUSTS | | (9,358) |
| INCREASE IN LEASES AND SUBSCRIPTION ASSETS | | (130,940) |
| INCREASE IN CAPITAL ASSETS | | (154,982) |
| **TOTAL NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES** | **$** | **212,684** |

See accompanying notes to financial statements

Dollars in thousands

# STATEMENT OF FIDUCIARY NET POSITION

| | UNIVERSITY OF WASHINGTON<br>**JUNE 30,**<br>**2024**<br>CUSTODIAL FUNDS | | |
|---|---|---|---|
| | EXTERNAL INVESTMENT POOL | OTHER | TOTAL |
| **ASSETS:** | | | |
| POOLED INVESTMENTS AT FAIR VALUE | $ 75,033 | $ — | $ 75,033 |
| OTHER ASSETS | — | 1,576 | 1,576 |
| **TOTAL ASSETS** | **$ 75,033** | **$ 1,576** | **$ 76,609** |
| | | | |
| **FIDUCIARY NET POSITION:** | | | |
| POOL PARTICIPANTS | $ 75,033 | $ — | $ 75,033 |
| ORGANIZATIONS AND OTHER GOVERNMENTS | — | 1,576 | 1,576 |
| **TOTAL FIDUCIARY NET POSITION** | **$ 75,033** | **$ 1,576** | **$ 76,609** |

See accompanying notes to financial statements

Dollars in thousands

# STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

UNIVERSITY OF WASHINGTON

**YEAR ENDED JUNE 30,**

**2024**

CUSTODIAL FUNDS

| | | EXTERNAL INVESTMENT POOL | | OTHER | | TOTAL |
|---|---|---|---|---|---|---|
| **ADDITIONS:** | | | | | | |
| GIFTS | $ | 856 | $ | 17,759 | $ | 18,615 |
| COLLATERAL RECEIVED AND RELATED ADDITIONS | | — | | 20,232 | | 20,232 |
| INVESTMENT (LOSSES) EARNINGS: | | | | | | |
| CHANGE IN FAIR VALUE | | 6,168 | | — | | 6,168 |
| INTEREST, DIVIDENDS, AND OTHER | | 2,579 | | — | | 2,579 |
| TOTAL INVESTMENT EARNINGS | | 8,747 | | — | | 8,747 |
| LESS INVESTMENT ACTIVITY COSTS | | (53) | | — | | (53) |
| NET INVESTMENT EARNINGS | | 8,694 | | — | | 8,694 |
| MISCELLANEOUS | | — | | 40 | | 40 |
| **TOTAL ADDITIONS** | | **9,550** | | **38,031** | | **47,581** |
| **DEDUCTIONS:** | | | | | | |
| BENEFITS PAID TO PARTICIPANTS OR BENEFICIARIES | | — | | 17,440 | | 17,440 |
| DISTRIBUTION TO POOL PARTICIPANTS | | 4,192 | | — | | 4,192 |
| COLLATERAL DISBURSED AND RELATED DEDUCTIONS | | — | | 20,299 | | 20,299 |
| **TOTAL DEDUCTIONS** | | **4,192** | | **37,739** | | **41,931** |
| **NET INCREASE IN FIDUCIARY NET POSITION** | | **5,358** | | **292** | | **5,650** |
| **FIDUCIARY NET POSITION:** | | | | | | |
| FIDUCIARY NET POSITION - BEGINNING OF YEAR | | 69,675 | | 1,284 | | 70,959 |
| **FIDUCIARY NET POSITION - END OF YEAR** | **$** | **75,033** | **$** | **1,576** | **$** | **76,609** |

See accompanying notes to financial statements

Dollars in thousands

**NOTE 1:**

# Summary of Significant Accounting Policies

## FINANCIAL REPORTING ENTITY

The University of Washington (University), an agency of the state of Washington, is governed by a 11-member Board of Regents appointed by the governor and confirmed by the state senate.

The financial statements include the individual schools, colleges and departments of the University, the University of Washington Medical Center (UWMC), Portage Bay Insurance (a wholly-owned subsidiary of the University) and certain affiliated operations determined to be a part of the University's financial reporting entity. Affiliated organizations are evaluated for inclusion in the reporting entity as component units based on the significance of their relationship with the University.

Harborview Medical Center (HMC), a component unit of King County, Washington, is a related party to the University, but is not reflected as part of the financial reporting entity (see note 15).

Component units are legally separate organizations for which the University is financially accountable. Financial accountability is demonstrated when one of several conditions exist, such as when the University appoints a voting majority of the organization's board, is able to impose its will on the organization, receives specific financial benefit or incurs specific financial burdens from the organization, or the organization is fiscally dependent on the University. Financial disclosures for these entities are reported in the financial statements of the University in one of two ways: the component units' reported amounts may be blended with amounts reported by the University, or they may be disclosed in a separate column. All component units of the University meet the criteria for blending in accordance with Governmental Accounting Standards Board (GASB) Codification 2600, "Reporting Entity and Component Unit Presentation and Disclosure," except Valley Medical Center and Fred Hutchinson Cancer Center. Valley Medical Center is reported discretely since it has a separate board of trustees, does not provide services exclusively to the University, and is not a nonprofit corporation of which the University is the sole corporate member. Fred Hutchinson Cancer Center is reported discretely due to the same factors listed for Valley Medical Center, and because the University has determined that it would be misleading to exclude due to the level of integration between the organizations.

## BLENDED COMPONENT UNITS

The following entities are presented as blended component units of the University.

### Medical Entities

#### The Association of University Physicians dba UW Physicians (UWP)

UWP is a Washington nonprofit corporation formed in 1983 for the exclusive benefit of the University of Washington School of Medicine (SOM). UWP employs SOM faculty and bills and collects for their clinical services as an agent for SOM. UWP had operating revenues of $453.0 million in fiscal year 2024.

#### UW Physicians Network dba UW Medicine Primary Care (Primary Care)

Primary Care is a Washington nonprofit corporation formed in 1996 exclusively for charitable, scientific and educational purposes for the benefit of SOM, UWP and its affiliated medical centers, HMC and UWMC. It was organized to coordinate and develop patient care in a community clinical setting and enhances the academic environment of SOM by providing additional sites of primary care practice and training for faculty, residents and students. In 2023, the doing-business-as (dba) name changed from UW Medicine Neighborhood Clinics to UW Medicine Primary Care. Primary Care had operating revenues of $96.8 million in fiscal year 2024.

#### Choice Care LLC (CHCR)

CHCR was formed in 2019 and is wholly owned by the University through which UWMC can engage in certain value-based care activities consistent with UWMC's strategic plan.

### Real Estate Entities

The entities listed below are nonprofit corporations that were formed for the purposes of acquiring and constructing certain real properties for the benefit of the University to help fulfill its educational, medical and scientific research missions. The entities issue tax-exempt and taxable bonds to finance these activities.

- Washington Biomedical Research Properties I
- Washington Biomedical Research Properties II
- Washington Biomedical Research Facilities 3
- Washington Biomedical Research Properties 3.2
- Washington Biomedical Research Properties 3.3

As of June 30, 2024, these entities had net capital assets of $258.3 million and long-term debt of $270.0 million. These amounts are reflected in the University's financial statements.

## Portage Bay Insurance

For medical professional liability, general liability, educator's legal liability including employment practices liability, and automobile liability, the University maintains a program of self-insurance reserves and excess insurance coverage through Portage Bay Insurance (PBI), a wholly-owned subsidiary formed to provide the University with alternative risk financing options. PBI is incorporated as a nonprofit corporation in the state of Hawaii, and retains a Certificate of Authority as a pure captive insurance company. As of June 30, 2024, PBI had self insurance liabilities of $255.5 million.

## DISCRETELY PRESENTED COMPONENT UNITS

### Valley Medical Center

The University and Public Hospital District No. 1 of King County, a Washington public hospital district dba Valley Medical Center (VMC), participate in a Strategic Alliance Agreement. VMC owns and operates a 341-bed full-service acute care hospital and 45 clinics located throughout southeast King County. The audited financial statements of VMC are available by contacting VMC at 400 S. 43rd Street, Renton, Washington 98055 or online at the following address: valleymed.org/about-us/financial-information.

### Fred Hutchinson Cancer Center

Fred Hutchinson Cancer Center (FHCC) is a nonprofit organization focused on adult oncology research and care that is a clinically integrated part of UWMC. FHCC was formed in April 2022 from the merger of Seattle Cancer Care Alliance (SCCA) and Fred Hutchinson Cancer Research Center, together with execution of the Restructuring and Enhanced Collaboration Agreement between the University and FHCC. The audited financial statements of FHCC are available by contacting FHCC at 1100 Fairview Ave N, Seattle, Washington 98109 or online at the following address: https://www.fredhutch.org/en/about/about-the-hutch/accountability-impact/financial-summaries-and-impact-reporting.html.

## JOINT VENTURES

The University and Seattle Children's Healthcare System established Children's University Medical Group (CUMG) to assist the organizations in carrying out their pediatric patient care and charitable, educational and scientific missions. CUMG employs SOM faculty physicians, and bills and collects for their services as an agent for SOM. The University's patient services receivable (see note 4) as of June 30, 2024 includes amounts due from CUMG of $29.4 million.

In June 2018, the Board of Regents authorized the University, through UWMC, to become an equity member in a limited liability company. PNWCIN, LLC dba Embright (Embright) was established in 2019 and is jointly owned by the University, MultiCare Health System and LifePoint Health. As a clinically integrated network in the Pacific Northwest founded by healthcare provider organizations, Embright enables the members to partner together to further the Triple Aim of improving the health (quality) and experience of populations while reducing costs. The Embright network includes 21 hospitals, more than 8,500 providers and over 1,500 clinics. Embright's broad geographical reach assures that patients will have access to the full continuum of care, including preventive, primary, secondary, tertiary, quaternary and post-acute care. Throughout the network, teams are also implementing evidence-based clinical protocols, care pathways, standardized processes and care management services for complex patients. As of June 30, 2024, the University's ownership interest in Embright totaled $2.5 million. The University's ownership interest in Embright is recorded in other noncurrent assets in the University's Statement of Net Position.

## METROPOLITAN TRACT

The University of Washington Metropolitan Tract (Metropolitan Tract), located in downtown Seattle, comprises approximately 11 acres of developed property including office space, retail space, residential apartments, parking, and a luxury hotel. This land was the original site of the University from 1861 until 1895 when the University moved to its present location on Lake Washington. Since the early 1900s, the University has managed the Metropolitan Tract by leasing to third party tenants, and ground leasing to entities responsible for developing and operating new buildings.

Deed restrictions and subsequent Washington State legislation govern the University's authority over the Metropolitan Tract. The original land deeds require that proceeds from a sale of Metropolitan Tract property be used to purchase land and improve or erect buildings. Any remaining funds are to be invested and the income derived is to be used for maintenance of University property. The state legislature enacted further restrictions over the past 160 years requiring legislative approval for the sale of real property on the Metropolitan Tract, and for leases of land or buildings with terms exceeding eighty years. Proceeds from an authorized sale must be deposited in the University's accounts established by the state treasury and used exclusively for construction, maintenance, or alterations to University buildings or debt service related to these activities.

The Metropolitan Tract's assets, liabilities, deferred inflows and net position are shown together with the University on the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position.

## BASIS OF ACCOUNTING

The financial statements of the University have been prepared in accordance with GASB, Codification section Co5, "*Colleges and Universities,*" under which the University is considered to be a special-purpose government engaged in business-type activities (BTA). The University presents Management's Discussion and Analysis, Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and Notes to the Financial Statements. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Under the accrual basis of accounting, revenue is recognized when earned, and expenses are recorded when an obligation has been incurred. Significant intra-entity transactions are eliminated. The University reports capital assets net of accumulated depreciation and amortization (as applicable), and reports depreciation and amortization expense in the Statement of Revenues, Expenses and Changes in Net Position.

The University reports fiduciary activities as custodial funds as defined by GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the custodial funds are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. Custodial assets held for three months or less are exempt from the reporting requirements.

On July 1, 2023, the University implemented GASB Statement No. 100, "Accounting Changes and Error Corrections." This Statement is intended to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. It defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity, This Statement requires that (a) changes in accounting principals and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The implementation did not have a material impact on the University's financial statements.

## ACCOUNTING STANDARDS IMPACTING THE FUTURE

In June 2022, the GASB issued Statement No. 101, *"Compensated Absences,"* which will be effective for the fiscal year ending June 30, 2025. This Statement will update the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Statement amends the existing disclosure requirements to allow governments to disclose only the net change in the liability as long as they identify it as a net change.

In December 2023, the GASB issued Statement No. 102, "Certain Risk Disclosures," which will be effective for the fiscal year ending June 30, 2025. This statement will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations and constraints. It requires a government to disclose information in its notes to financial statements if certain criteria for disclosure have been met for a concentration or constraint.

In April 2024, the GASB issued Statement No. 103, "Financial Reporting Model Improvements," which will be effective for the fiscal year ending June 30, 2026. This Statement will improve key components of the financial reporting model including management discussion and analysis (MD&A), unusual or infrequent items, presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, major component unit information and budgetary comparison information. The purpose of the required disclosures will be to enhance the quality of the MD&A analysis of changes from prior years, and comparability of presentation of other sections.

In September 2024, the GASB issued Statement No. 104, “Disclosure of Certain Capital Assets,” which will be effective for the fiscal year ending June 30, 2026. This statement requires certain types of capital assets to be disclosed separately by major class of underlying assets in the capital assets note disclosures. These assets include leased assets under GASB No. 87, intangible right-to-use assets under GASB No. 94, subscription assets under GASB No. 96 and other intangible assets. This Statement also requires additional disclosures for capital assets held for sale by governments. The requirements of this Statement should be applied retroactively to all periods presented in the basic financial statements.

### USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles involves management estimates that affect the reported amounts of assets, liabilities, deferrals, revenues and expenses during the reporting period. Actual results could differ from those estimates; however, the University believes that allowances, reserves and estimates of expected liabilities are adequate.

The University estimates the pollution remediation liability (see remediation liabilities, note 7) by reviewing the current status of known polluted sites and developing estimates of cleanup costs. These estimates are subject to change due to improvements in technology, inflation, changes in the scope of work, and the pursuit of reimbursement from other responsible parties.

Allowances (see note 4) are estimates based on the historical experience of the University and current economic circumstances with respect to the collectability of accounts and loans receivable.

The University’s share of pension and other post-employment benefit plan assets, liabilities, deferrals and expenses, are based on actuarial valuations prepared by an external actuary. The results of an actuarial valuation are estimates based on historical data, actuarial assumptions, and the demographics of the employee and retiree populations (see notes 10 and 11).

The self-insurance reserve (see note 13) is estimated through an externally prepared actuarial calculation using individual case-basis valuations and statistical analyses. Considerable variability is inherent in such estimates.

The University’s interests in certain non-readily marketable alternative investments, such as hedge funds and private equity limited partnerships, are stated at fair value based on net asset value estimates used as a practical expedient reported to the University by investment fund managers (see note 5).

Derivative instruments are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value (see note 5).

### OTHER ACCOUNTING POLICIES

**Investments.** Investments are generally carried at fair value. The fair value of all debt and equity securities with a readily determinable fair value is based on quotations from major securities exchanges. Alternative investments, which are not readily marketable, are carried at fair value based on net asset value (NAV) estimates as a practical expedient provided by the investment managers. The University reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Investments under long-term strategies are considered noncurrent. Short-term investments consist primarily of cash equivalents and fixed income vehicles which management has identified as available to meet the day-to-day obligations of the University. Cash equivalents included in short-term investments are excluded from the beginning and ending cash amounts on the Statement of Cash Flows.

**Inventories.** Inventories are carried at the lower of cost or fair value and are reflected in other current assets on the University’s Statements of Net Position. Consumable inventories, consisting of expendable materials and supplies, are generally valued using the weighted-average cost method. Merchandise inventories are generally valued using the first-in, first-out method.

**Capital Assets.** Land, buildings, equipment, library materials and intangibles are stated at cost or, if acquired by gift, at fair value at the date of the gift, less accumulated depreciation and amortization. Right of use leased and subscription assets are stated at the present value of payments expected to be made during the lease term, less accumulated amortization. Additions, replacements, major repairs and renovations are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 75 years for building components, 5 to 50 years for infrastructure and land improvements, 3 to 20 years for equipment, 15 years for library materials, and 3 to 20 years for intangibles.

Interest expense incurred on capital asset-related debt was $104.7 million for the year ended June 30, 2024.

**Investment in Fred Hutchinson Cancer Center.** On March 31, 2022, the members of the Seattle Cancer Care Alliance (SCCA): the University, Fred Hutchinson Cancer Research Center (Fred Hutch), and Seattle Children's Healthcare System (SCHS) agreed to merge Fred Hutch and SCCA; for SCCA to become a non-member non-profit Washington corporation, and for SCCA to be renamed Fred Hutchinson Cancer Center (FHCC). As part of the transaction, SCHS's interest of $285.9 million was purchased by the University and Fred Hutch with funding provided by Fred Hutch. SCHS no longer participates in the Adult Oncology Program but continues to offer pediatric cancer care services coordinated through separate affiliation agreements with FHCC and the University. The University entered into a promissory note to pay FHCC over a ten-year period for its 50% portion of the SCHS membership in SCCA. The non-participating investment in FHCC of $428.8 million, which is recorded within the statement of net position, reflects a non-monetary exchange accounted for based on the fair value of the assets involved. Specifically, the University used the fair value of the existing equity method investment in FHCC, based on the corresponding equity interest after the buyout of SCHS and prior to the exchange, to determine the value at which the investment in FHCC is recorded. The fair value method used inputs that are "unobservable data points" related to valuation, also known as level 3 inputs (see Note 5 for fair value hierarchy). This fair value will not be remeasured and will be assessed for impairment on an annual basis. No gain or loss was recorded on the transaction. At June 30, 2024, there was no impairment of the investment in FHCC.

The University and FHCC agreed to the Restructuring and Enhanced Collaboration Agreement (Collaboration Agreement), which clinically and financially integrated the adult cancer program between both entities. With this new arrangement, the University no longer holds a membership interest in SCCA. The Collaboration Agreement includes a Financial Alignment Plan (FAP) under which both parties share in the objectives of the adult oncology program and drive site neutrality for cancer services for the betterment of patient outcomes, and provides for a perpetual flow of funds between FHCC and the University to support the integrated cancer program. At June 30, 2024, the University recorded $52.8 million in financial alignment income, which is included in other nonoperating revenues in the Statement of Revenues, Expenses, and Changes in Net Position. The University and FHCC will determine the final settlement of the annual FAP calculations 180 days after fiscal year end.

**Leases.** The University determines if an arrangement is a lease at inception of the lease contract. Lessee arrangements are included in capital assets and long-term liabilities in the Statement of Net Position. Lease assets represent the University's right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized on a straight-line basis over the lease term. Lease liabilities represent the University's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option. The University recognizes payments for short-term leases with a lease term of 12 months or less as expense based on the provisions of the lease contract during the year.

Lessor arrangements are included in accounts receivables (current portion), lease receivable, net of current portion and deferred inflows of resources in the Statement of Net Position. Lease receivables represent the University's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at the commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term on a straight-line basis. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue on a straight-line basis over the lease term. The University recognizes payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received.

**Subscription-Based Information Technology Arrangements (SBITA).** A SBITA is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract in an exchange or exchange-like transaction for a term exceeding 12 months. The University recognizes a right-of-use subscription asset and a corresponding subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. SBITA assets are amortized on a straight-line basis over the contract term. SBITA liabilities represent the University's obligation to make contract payments arising from the SBITA. Interest expense is recognized ratably over the contract term. The SBITA term may include options to extend or terminate the contract when it is reasonably certain that the University will exercise that option. The University recognizes payments for short-term SBITAs with a term of 12 months or less as expense based on the provisions of the lease contract during the year.

**Unearned Revenues.** Unearned revenues occur when funds have been collected in advance of when the associated goods or services have been provided, such as advance ticket sales, summer quarter tuition, and unspent cash advances on certain grants.

**Asset Retirement Obligations (ARO).** An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. AROs are measured at the current value of the estimated costs required to dispose of the asset. AROs are included in long-term liabilities on the University's Statement of Net Position (see remediation liabilities, note 7), and represent costs related to two cyclotrons used for research, clinical applications, and education. Disposal of these assets must be accomplished in accordance with Washington Administrative Code Chapter 246, "Department of Health." The University used the decommissioning guidance provided by the U.S. Nuclear Regulatory Commission to estimate the disposal costs. The assets identified have estimated remaining useful lives of 5 and 10 years. The University has issued a statement of intent to the Washington Department of Health to request funding from the state legislature to fund the decommissioning of these assets. The University has no assets restricted for payment of these obligations. The University has not recognized an obligation for costs that would be incurred in the event that the University relinquished its license from the Department of Health and ceased use of radioactive materials in its operations as the likelihood of this occurring is remote.

**Cost-Sharing Pension Plans.** The net pension asset or liability is measured as the University's proportionate share of the collective total pension liability, less the fiduciary net position, of the cost-sharing pension plans in which the University participates. The total pension liability is determined by discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year-end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits. The University's proportionate share is determined based on the relationship of University contributions to total contributions to the plan by all participating employers. Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. Differences between expected and actual experience, and changes in assumptions about future economic or demographic factors, are reported as deferred inflows of resources or deferred outflows of resources, and are recognized over the average expected remaining service period for employees eligible for pension benefits. Differences between expected and actual investment returns are reported as deferred inflows of resources or deferred outflows of resources, and are recognized over five years. Contributions made to the plan subsequent to the measurement date and prior to the University's fiscal year-end are reported as a deferred outflow of resources, and recognized in the subsequent fiscal year. The measurement date for the net pension asset or liability is June 30 of the prior fiscal year.

**Single Employer Pension Plan (UW Supplemental Retirement Plan - UWSRP).** Legislation signed into law on July 1, 2020, amended the Revised Code of Washington (RCW) applicable to the UWSRP to define plan provisions including limits on member eligibility, benefit payments, vesting terms and contribution rates. As a result of these amendments, the University is unable to modify the terms of the plan. Administration of the benefit calculations and payments remain the responsibility of the University until the state's Pension Funding Council determines the trust has sufficient assets, at which time the Department of Retirement Systems will assume those duties in accordance with RCW 41.50.280. Other agencies of the state of Washington perform the duties of a board and hold the substantive powers in relation to the UWSRP. The University does not perform the duties of a board or hold any of the substantive powers that would make the plan a fiduciary component unit of the University.

The total pension liability is determined by discounting projected benefit payments for current participants and retirees, based on the benefit terms and legal agreements existing at the pension plan's fiscal year-end. The discount rate used for the total pension liability as of June 30, 2024 reflects the expected rate of return on investments, to the extent that plan assets are available to pay retiree benefits. Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. Differences between expected and actual experience, and changes in assumptions about future economic or demographic factors, are reported as deferred inflows of resources or deferred outflows of resources, and are recognized over the average expected remaining service period for employees eligible for pension benefits. Differences between expected and actual investment returns are reported as deferred inflows of resources or deferred outflows of resources, and are recognized over five years. Contributions made to the UWSRP subsequent to the measurement date and prior to the University's fiscal year-end are reported as a deferred outflow of resources, and recognized in the subsequent fiscal year. The measurement date for the UWSRP net pension liability is June 30 of the prior fiscal year (see note 10).

**Other Post Employment Benefits (OPEB).** The total OPEB liability is measured as the University's proportionate share of the state of Washington total OPEB liability, with the proportionate share determined based on the relationship of the University's healthcare-eligible headcount to the total healthcare-eligible headcount for the state. The total OPEB liability is determined by discounting projected benefit subsidies for current employees and retirees based on the discount rate required by GASB Statement No. 75 for OPEB plans that do not have assets residing in a qualified trust. OPEB expense is recognized for subsidies earned during the period, interest on the total OPEB liability and changes in benefit terms. Differences between expected and actual experience, and changes in assumptions about future economic or demographic factors, are reported as deferred inflows of resources or deferred outflows of resources, and are recognized over the average expected remaining service period for healthcare-eligible employees. Contributions made to the plan subsequent to the measurement date and prior to the University's fiscal year-end are reported as a deferred outflow of resources, and recognized in the subsequent fiscal year. The measurement date for the total OPEB liability is June 30 of the prior fiscal year.

**Split-Interest Agreements.** Under such agreements, donors make gifts to the University but the University is not the sole beneficiary and receives either a lead interest (distributions during the term of the agreement) or a remainder interest (distribution of assets remaining at the end of the agreement). Charitable trusts, charitable gift annuities, pooled income funds and beneficial interests in charitable trusts are examples of split-interest gifts. Where the University holds a remainder interest in a trust that is also administered by the University, an asset related to these agreements is recorded at fair value, a deferred inflow is recorded for the remainder value, and a liability is recorded equal to the present value of expected future distributions to the income beneficiaries. The liability is calculated using discount rates of 8.0% for gifts before fiscal year 2008 and 7.5% for gifts in fiscal year 2008 and after. Additionally, donors have established and funded trusts which are administered by organizations other than the University. Under the terms of these trusts, the University has the irrevocable right to receive all or a portion of the income earned on the trust assets in perpetuity. The University does not control the assets held by the outside trusts but recognizes an interest in the trusts, based on the fair value of the assets contributed to the trusts, mostly as permanently restricted contributions. Fluctuation in the fair value of these assets are recorded annually as revenue and impact restricted nonexpendable net position.

**Compensated Absences.** University employees accrue annual leave at rates based on length of service, and for sick leave at the rate of one day per month. Sick leave balances, which are unlimited, can be converted to monetary compensation annually at 25% of the employees' normal compensation rate for any balance that exceeds 480 hours, or for any balance upon retirement or death. Annual leave accrued at June 30, 2024 was $241.2 million, and is included in accounts payable and accrued liabilities in the University's Statement of Net Position. Sick leave accrued at June 30, 2024 was $72.1 million, and is included in long-term liabilities (see note 7) in the University's Statement of Net Position.

**Scholarship Allowances.** Tuition and fees are reported net of scholarship allowances which represent the difference between the stated charge for tuition and fees and the amount that is paid by the student or third parties on behalf of the student. Student aid paid directly to students is reported as scholarships and fellowships expense.

**Net Patient Service Revenue.** Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as updated information becomes available and when final settlements are determined.

Third-party payer agreements with Medicare, Medicaid and commercial insurance carriers provide for payments at amounts different from established rates and are part of contractual adjustments to net patient service revenue. Medicare reimbursements are paid during the year either prospectively or at an interim rate, with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary.

For more information about net patient service revenue, see the audited financial statements of the UW Medicine Select Units - UW Division, which are contained in the latest Bondholders Report at finance.uw.edu/treasury/bondholders/other-investor-material.

**Financial Assistance.** UW Medicine provides patient care without charge to patients who meet certain criteria under the financial assistance policy. Records are maintained to identify and monitor the level of financial assistance provided. These records include charges foregone for services and supplies furnished under its financial assistance policy to the uninsured and the underinsured. UW Medicine does not pursue collection of amounts determined to qualify as financial assistance, therefore, these are not reported as net patient service revenues. The cost of financial assistance provided is calculated based on the aggregate relationship of costs to charges. The estimated cost of financial assistance provided during fiscal year 2024 was $30.5 million.

**State Appropriations.** The state of Washington appropriates funds to the University on both an annual and biennial basis. This revenue is reported as nonoperating revenue in the Statement of Revenues, Expenses and Changes in Net Position when underlying expenditures are incurred.

**Operating Activities.** The University's policy for reporting operating activities in the Statement of Revenues, Expenses and Changes in Net Position is to include activities that generally result from exchange transactions. Examples of exchange transactions are payments received for tuition, patient services or grants under which services are performed, as well as payments made for the delivery of goods or services. Certain other significant revenue streams used for operations, such as state appropriations, Pell grants, gifts, FHCC financial alignment income, and investment income are recorded as nonoperating revenues, as prescribed by GASB Statement No. 35.

**Net position.** The University's net position is classified as follows:

> ***Net investment in capital assets:*** The University's investments in capital assets, less accumulated depreciation and amortization, net of outstanding debt obligations related to capital assets;
>
> ***Restricted net position – nonexpendable:*** Net position subject to externally-imposed requirements that it be maintained permanently by the University, including permanent endowment funds and annuity and life income trusts;
>
> ***Restricted net position – expendable:*** Net position that the University is obligated to spend in accordance with restrictions imposed by external parties, generally for scholarships, research and departmental uses;
>
> ***Unrestricted net position*:** Net position not subject to externally-imposed restrictions, but which may be designated for specific purposes by management or the Board of Regents.

**Tax Exemption.** The University, as an agency of the state of Washington, is not subject to federal income tax pursuant to Section 115 of the Internal Revenue Code, except for tax on unrelated business income and certain federal excise taxes.

**NOTE 2:**

## Cash and Cash Equivalents

Cash includes cash on hand, petty cash and bank deposits. Cash equivalents includes treasury securities with original maturities of less than 90 days and money market funds with remaining underlying maturities of one year or less at the time of purchase. Most cash, except cash held in foreign banks, is covered by the Federal Deposit Insurance Corporation (FDIC), or if greater than FDIC limits, by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

**NOTE 3:**

## Deposit with State of Washington

State law requires the University to deposit certain funds with the state treasurer, who holds and invests the funds. These deposits include amounts held for the University's permanent land grant funds, and the University building fee collected from students. The fair value of these funds approximates the carrying value.

**NOTE 4:**

## Accounts Receivable

The major components of accounts receivable as of June 30, 2024 are as follows:

| *(Dollars in thousands)* | | **2024** |
|---|---|---|
| NET PATIENT SERVICES | $ | 632,160 |
| GRANTS AND CONTRACTS | | 293,869 |
| DUE FROM OTHER AGENCIES | | 124,817 |
| SALES AND SERVICES | | 94,307 |
| SELF INSURANCE RECEIVABLE | | 41,674 |
| LEASE RECEIVABLES (CURRENT PORTION) | | 33,053 |
| STATE APPROPRIATIONS | | 32,235 |
| INVESTMENTS | | 31,394 |
| TUITION | | 22,006 |
| OTHER | | 27,666 |
| SUBTOTAL | | 1,333,181 |
| LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS | | (98,168) |
| **TOTAL** | **$** | **1,235,013** |

**NOTE 5:**

## Investments

### INVESTMENTS – GENERAL

The University of Washington Board of Regents is vested by statute with responsibility for the University's properties and investments, and for establishing investment policy. The University of Washington Investment Management Company (UWINCO), led by the Chief Investment Officer, carries out the day-to-day activities of the investment portfolios.

The University of Washington Investment Management Company Board ("UWINCO Board") consists of both Board of Regents' members and external investment professionals who advise UWINCO, the President and the Board of Regents.

The University holds significant amounts of investments that are measured at fair value on a recurring basis. The University is required to provide the following information according to the three-tier fair value hierarchy which is based on the observability of the inputs used in the valuation techniques to measure the fair value of certain financial assets and liabilities. The three-tier hierarchy ranks the quality and reliability of the information used to determine fair values and is summarized as follows:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 Inputs – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.
- Level 3 Inputs – Inputs that are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

**TABLE 1 – INVESTMENTS** *(Dollars in thousands)*

| INVESTMENTS BY FAIR VALUE LEVEL | 2024 | Fair Value Measurements Inputs: Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| **FIXED INCOME SECURITIES** | | | | |
| U.S. TREASURY SECURITIES | $ 1,527,890 | $ 10,476 | $ 1,517,414 | $ — |
| U.S. GOVERNMENT AGENCY | 354,432 | 10,062 | 344,370 | — |
| MORTGAGE BACKED | 235,872 | — | 235,872 | — |
| ASSET BACKED | 604,043 | — | 604,043 | — |
| CORPORATE AND OTHER | 423,568 | 17,595 | 405,973 | — |
| **TOTAL FIXED INCOME SECURITIES** | **3,145,805** | **38,133** | **3,107,672** | **—** |
| **EQUITY SECURITIES** | | | | |
| GLOBAL EQUITY INVESTMENTS | 1,354,473 | 635,869 | 718,604 | — |
| REAL ESTATE | 19,168 | 16,029 | — | 3,139 |
| OTHER | 6,340 | — | — | 6,340 |
| **TOTAL EQUITY SECURITIES** | **1,379,981** | **651,898** | **718,604** | **9,479** |
| **EXTERNALLY MANAGED TRUSTS** | **144,647** | **—** | **—** | **144,647** |
| **TOTAL INVESTMENTS BY FAIR VALUE LEVEL** | **4,670,433** | **$ 690,031** | **$ 3,826,276** | **$ 154,126** |

| INVESTMENTS MEASURED USING NET ASSET VALUE (NAV) | |
|---|---|
| GLOBAL EQUITY INVESTMENTS | 2,172,328 |
| ABSOLUTE RETURN STRATEGY FUNDS | 918,068 |
| PRIVATE EQUITY AND VENTURE CAPITAL FUNDS | 974,162 |
| REAL ASSET FUNDS | 227,209 |
| OTHER | 50,286 |
| **TOTAL INVESTMENTS MEASURED USING NAV** | **4,342,053** |
| TOTAL INVESTMENTS MEASURED AT FAIR VALUE AND NAV | 9,012,486 |
| CASH EQUIVALENTS AT AMORTIZED COST | 223,191 |
| **TOTAL INVESTMENTS** | **$ 9,235,677** |

Fixed income and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income and equity securities classified in Level 2 are valued using other observable inputs including quoted prices for similar securities and interest rates. Other investments classified in Level 3 are valued using either discounted cash flow or market comparable techniques.

The University's interests in certain non-readily marketable alternative investments, such as hedge funds and private equity limited partnerships, are stated at fair value based on NAV estimates used as a practical expedient reported to the University by investment fund managers. Key information for investments measured using NAV per share (or its equivalent) is presented in the following table:

**TABLE 2 – INVESTMENTS MEASURED USING NAV** *(Dollars in thousands)*

| 2024 | Fair Value | Total Unfunded Commitments | Redemption Frequency (if Currently Eligible) | Redemption Notice Period |
|---|---|---|---|---|
| GLOBAL EQUITY INVESTMENTS | $ 2,172,328 | $ 31,707 | MONTHLY TO ANNUALLY | 15-180 days |
| ABSOLUTE RETURN STRATEGY FUNDS | 918,068 | — | QUARTERLY TO ANNUALLY | 30-90 days |
| PRIVATE EQUITY AND VENTURE CAPITAL FUNDS | 974,162 | 551,307 | N/A | — |
| REAL ASSETS FUNDS | 227,209 | 55,706 | N/A | — |
| OTHER | 50,286 | 23,939 | QUARTERLY TO ANNUALLY | 30-95 days |
| **TOTAL INVESTMENTS MEASURED USING NAV** | **$ 4,342,053** | | | |

1. **Global Equity:** This investment category includes public equity investments in separately managed accounts, long-only comingled funds, unconstrained limited partnerships, and passive index funds. As of June 30, 2024, approximately 78% of the value of the investments in this category can be redeemed within 90 days and approximately 95% can be redeemed within one year.
2. **Absolute Return:** This category includes investments in stable income and low-to-medium beta funds. Management of these funds seeks low correlation to broad equity markets by investing in assets that exhibit low volatility, deep discounts, and/or hedges against market downturns. As of June 30, 2024, approximately 94% of the value of the investments in this category can be redeemed within one year.
3. **Private equity and venture capital:** This category includes buyout, venture, and special situations funds. These investments cannot be redeemed at the request of the University. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that underlying assets of the funds will be liquidated over the next 1 to 10 years.
4. **Real assets:** This category includes real estate, natural resources, and other hard assets. These investments cannot be redeemed at the request of the University. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that underlying assets of the funds will be liquidated over the next 1 to 10 years.
5. **Other:** This category consists of opportunistic investments and includes various types of non-investment grade and non-rated credit plus nominal equity exposure. As of June 30, 2024, approximately 32% of the value of the investments in this category can be redeemed or anticipate distribution within one year. The remaining balance of these investments contain restrictions on redemption within one year or will be distributed as underlying investments are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 10 years.

## INVESTMENT POOLS

The University combines most short-term investment balances into the Invested Funds Pool. At June 30, 2024, the Short-term and Intermediate-term Invested Funds Pools totaled $2,691.0 million. The Invested Funds - Long-term Pool also owns units in the Consolidated Endowment Fund (CEF) valued at $1,197.0 million at June 30, 2024. In addition, the Long-term Pool also owns a passive global equity index valued at $242.0 million as of June 30, 2024. Per University policy, departments with qualifying funds in the Invested Funds Pool receive distributions based on their average balances and on the type of balance. Campus depositors received 0.75% in fiscal year 2024. University Advancement received 3.0% of the average balances in endowment operating and gift accounts in fiscal year 2024. The difference between the actual earnings of the Invested Funds Pool and the calculated distributions is used to support activities benefiting all University departments.

The majority of the endowed funds are invested in the CEF, a pooled fund. Individual endowments purchase units in the pool on the basis of a per-unit valuation of the CEF at fair value on the last business day of the calendar quarter. Income is distributed based on the number of units held. RCW 24.55 of the Washington State Code and the Uniform Prudent Management of Institutional Funds Act allow for total return expenditure under comprehensive prudent standards.

The Board of Regents have a fiduciary responsibility to set an endowment spending policy that maintains the CEF's purchasing power to ensure the same level of program support in the future as it provides today. Quarterly distributions during fiscal year 2024 to programs are based on an annual percentage rate of 3.6%, applied to the five-year rolling average of the CEF's fair value. Additionally, the policy allows for an administrative fee of 0.9% to support campus-wide fundraising and stewardship activities and to offset the internal cost of managing endowment assets.

The University records its permanent endowments at the lower of original gift value or current fair value in the Restricted Nonexpendable Net Position category. Of the endowments that are recorded at current fair value at June 30, 2024, the net deficiency from the original gift value was $987 thousand.

Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments. The University realized a net gain of $167.2 million in fiscal year 2024 from the sale of investments. The calculation of realized gains and losses is independent of the net appreciation of the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and are sold in the current year include the net appreciation of these investments reported in the prior year(s). The net appreciation in the fair value of investments during the year ended June 30, 2024 was $449.5 million.

### FUNDING COMMITMENTS

The University enters into contracts with investment managers to fund alternative investments. As of June 30, 2024, the University had outstanding commitments to fund alternative investments of $662.7 million. These commitments are expected to be called over a multi-year time frame, generally 2-5 years depending on the type of fund. The University believes it has adequate liquidity and funding sources to meet these obligations.

### DERIVATIVE INSTRUMENTS

The University's investment policies allow for investing in various derivative instruments, including futures, swaps and forwards, to manage exposures within or across its portfolio and to improve the portfolio's risk/return profile.

Derivative instruments are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value.

As of June 30, 2024, the University had outstanding futures contracts with notional amounts totaling $133.8 million. As of June 30, 2024, accumulated unrealized gains on these contracts totaled $454 thousand. The accumulated unrealized gains are included in Investments on the Statement of Net Position. Futures are financial contracts obligating the buyer to purchase an asset at a predetermined future date and price.

Credit exposure represents exposure to counterparties relating to financial instruments, where gains exceed collateral held by the University or losses are less than the collateral posted by the University. There was no credit exposure as of June 30, 2024. No derivative instruments have been reclassified from a hedging instrument to an investment instrument.

Details on foreign currency derivatives are disclosed under Foreign Exchange Risk.

### INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income securities. The University manages interest rate risk through its investment policies and the investment guidelines established with each manager. Each fixed income manager is assigned a maximum boundary for duration as compared to the manager's relevant benchmark index. The goal is to allow ample freedom for the manager to perform, while controlling the interest rate risk in the portfolio. Effective duration is a commonly used measure of interest rate risk. The longer the duration, the more sensitive the portfolio is to changes in interest rates. The weighted average effective duration of the University's fixed income portfolio was 2.13 years at June 30, 2024.

### CREDIT RISK

Fixed income securities are also subject to credit risk, which is the risk that the issuer or other counterparty to a financial instrument will not fulfill its obligations, or that negative perceptions of the issuer's ability to make these payments will cause prices to decline. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University Investment Policies limit fixed income exposure to investment grade assets. The Investment Policy for the Invested Funds' Short-term Pool requires each manager to maintain an average quality rating of "AA" as issued by a nationally recognized rating organization. Fixed income securities in the Intermediate-term Pool are required to have an average quality rating of investment grade with at least 25% of its funds invested in obligations of the U.S. Government and its agencies. The Investment Policy for the CEF reflects its long-term nature by specifying average quality rating levels by individual manager, but still restricting investment to investment grade credits.

Duration is a calculation of the number of years required to recover the true cost of a bond. The duration measures presented in Table 3 below represent a broad average across all fixed income securities held in the CEF, the Invested Funds

Pool (IF or operating funds) and debt service reserve funds. The CEF and IF portfolios are managed to have a duration below their policy benchmarks to protect principal and provide liquidity to the overall portfolio.

Duration and credit risk figures at June 30, 2024 exclude $50.3 million of fixed income securities held by blended component units. These amounts make up 1.60% of the University's fixed income investments, and are not included in the duration figures detailed in Table 3.

The composition of fixed income securities at June 30, 2024 along with credit quality and effective duration measures, is summarized as follows:

**TABLE 3 – FIXED INCOME: CREDIT QUALITY AND EFFECTIVE DURATION** *(Dollars in thousands)*

**2024**

| Investments | U.S. Government | Investment Grade* | Non-Investment Grade | Not Rated | Total | Duration (In years) |
|---|---|---|---|---|---|---|
| U.S. TREASURY SECURITIES | $ 1,504,846 | $ — | $ — | $ — | $ 1,504,846 | 2.21 |
| U.S. GOVERNMENT AGENCY | 343,976 | — | — | — | 343,976 | 4.49 |
| MORTGAGE BACKED | — | 62,512 | 71,601 | 101,758 | 235,871 | 1.52 |
| ASSET BACKED | 4,482 | 490,732 | 19,243 | 89,586 | 604,043 | 1.16 |
| CORPORATE AND OTHER | — | 341,206 | — | 65,527 | 406,733 | 1.68 |
| **TOTAL** | **$ 1,853,304** | **$ 894,450** | **$ 90,844** | **$ 256,871** | **$ 3,095,469** | **2.13** |

*Investment Grade securities are those that are rated BBB and higher by Standard and Poor's or Baa and higher by Moody's.

### FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University's investment policies permit investments in international equity and other asset classes, which can include foreign currency exposure. The University also enters into foreign currency forward contracts, futures contracts, and options to manage the foreign currency exposure. The University held non-U.S. denominated securities of $1.8 billion at June 30, 2024.

**TABLE 4 – INVESTMENTS DENOMINATED IN FOREIGN CURRENCY**

| *(Dollars in thousands)* | **2024** |
|---|---|
| EURO (EUR) | $ 303,809 |
| BRITISH POUND (GBP) | 263,997 |
| CHINESE RENMINBI (CNY) | 189,279 |
| JAPANESE YEN (JPY) | 162,583 |
| INDIAN RUPEE (INR) | 160,728 |
| CANADIAN DOLLAR (CAD) | 61,815 |
| SOUTH KOREAN WON (KRW) | 55,431 |
| BRAZIL REAL (BRL) | 53,147 |
| SWEDISH KRONA (SEK) | 48,819 |
| AUSTRALIAN DOLLAR (AUD) | 44,966 |
| HONG KONG DOLLAR (HKD) | 43,082 |
| SWISS FRANK (CHF) | 39,133 |
| TAIWANESE DOLLAR (TWD) | 35,245 |
| NORWEGIAN KRONE (NOK) | 23,107 |
| SINGAPORE DOLLAR (SGD) | 22,016 |
| SOUTH AFRICAN RAND (ZAR) | 19,404 |
| DANISH KRONE (DKK) | 16,353 |
| MEXICAN PESO (MXN) | 12,138 |
| INDONESIAN RUPIAH (IDR) | 11,443 |
| REMAINING CURRENCIES | 224,575 |
| **TOTAL** | **$ 1,791,070** |

**NOTE 6:**

## Capital Assets

Capital asset activity for the year ended June 30, 2024 is summarized as follows:

| *(Dollars in thousands)* | Balance as of June 30, 2023 | Additions/ Transfers | Retirements | Balance as of June 30, 2024 |
|---|---|---|---|---|
| LAND | $ 162,420 | $ 3,315 | $ — | $ 165,735 |
| INFRASTRUCTURE | 323,115 | 30,998 | — | 354,113 |
| BUILDINGS | 8,151,400 | 446,763 | 1,956 | 8,596,207 |
| FURNITURE, FIXTURES AND EQUIPMENT | 1,638,690 | 266,067 | 32,609 | 1,872,148 |
| LIBRARY MATERIALS | 443,098 | 14,632 | 2,447 | 455,283 |
| CAPITALIZED COLLECTIONS | 8,627 | 113 | — | 8,740 |
| INTANGIBLE ASSETS | 282,341 | 177,252 | 33 | 459,560 |
| RIGHT OF USE LEASE ASSETS (NOTE 9) | 936,894 | 34,565 | 32,115 | 939,344 |
| RIGHT OF USE SUBSCRIPTION ASSETS (NOTE 9) | 85,106 | 96,376 | 4,586 | 176,896 |
| CONSTRUCTION IN PROGRESS | 513,576 | (164,904) | 15,743 | 332,929 |
| INTANGIBLES IN PROCESS | 152,476 | (152,476) | — | — |
| **TOTAL COST** | **12,697,743** | **752,701** | **89,489** | **13,360,955** |
| LESS ACCUMULATED DEPRECIATION/AMORTIZATION: | | | | |
| INFRASTRUCTURE | 170,393 | 9,709 | — | 180,102 |
| BUILDINGS | 4,256,556 | 236,427 | 1,956 | 4,491,027 |
| FURNITURE, FIXTURES AND EQUIPMENT | 1,370,761 | 200,012 | 27,118 | 1,543,655 |
| LIBRARY MATERIALS | 343,716 | 13,398 | 1,934 | 355,180 |
| INTANGIBLE ASSETS | 152,958 | 71,039 | 33 | 223,964 |
| RIGHT OF USE LEASE ASSETS (NOTE 9) | 183,468 | 69,646 | 29,805 | 223,309 |
| RIGHT OF USE SUBSCRIPTION ASSETS (NOTE 9) | 33,686 | 31,541 | 3,264 | 61,963 |
| **TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION** | **6,511,538** | **631,772** | **64,110** | **7,079,200** |
| **CAPITAL ASSETS, NET** | **$ 6,186,205** | **$ 120,929** | **$ 25,379** | **$ 6,281,755** |

## NOTE 7:

# Long-Term Liabilities

### UNIVERSITY OF WASHINGTON

Long-term liability activity for the year ended June 30, 2024 is summarized as follows:

| *(Dollars in thousands)* | Balance as of June 30, 2023 | Additions | Reductions | Balance as of June 30, 2024 | Current portion as of June 30, 2024 |
|---|---|---|---|---|---|
| BONDS PAYABLE: | | | | | |
| GENERAL OBLIGATION BONDS PAYABLE (NOTE 8) | $ 34,870 | $ — | $ 11,840 | $ 23,030 | $ 8,910 |
| REVENUE BONDS PAYABLE (NOTE 8) | 2,214,595 | 386,446 | 314,402 | 2,286,639 | 80,048 |
| UNAMORTIZED PREMIUM ON BONDS | 137,365 | 59,294 | 14,486 | 182,173 | 20,431 |
| **TOTAL BONDS PAYABLE** | **2,386,830** | **445,740** | **340,728** | **2,491,842** | **109,389** |
| NOTES PAYABLE: | | | | | |
| NOTES PAYABLE & OTHER -CAPITAL ASSET RELATED (NOTE 8) | 40,387 | 5,390 | 17,024 | 28,753 | 8,436 |
| NOTES PAYABLE & OTHER – NONCAPITAL ASSET RELATED (NOTE 8) | 134,143 | 443 | 15,171 | 119,415 | 15,654 |
| **TOTAL NOTES PAYABLE** | **174,530** | **5,833** | **32,195** | **148,168** | **24,090** |
| OTHER LONG-TERM LIABILITIES: | | | | | |
| OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS | 49,691 | 1,181 | — | 50,872 | 1,181 |
| REMEDIATION LIABILITIES (NOTE 1) | 32,609 | 1,000 | — | 33,609 | — |
| HMC ITS FUNDING (NOTE 15) | 21,744 | 2,083 | 2,066 | 21,761 | 8,400 |
| SICK LEAVE (NOTE 1) | 65,143 | 33,062 | 26,091 | 72,114 | 23,824 |
| SELF-INSURANCE (NOTE 13) | 230,104 | 95,321 | 69,970 | 255,455 | 81,965 |
| LEASE LIABILITIES (NOTE 9) | 802,663 | 25,917 | 61,429 | 767,151 | 50,695 |
| SUBSCRIPTION LIABILITIES (NOTE 9) | 50,047 | 81,158 | 33,176 | 98,029 | 26,941 |
| OTHER NONCURRENT LIABILITIES | 7,616 | 15,327 | 8,967 | 13,976 | 81 |
| **TOTAL OTHER LONG-TERM LIABILITIES** | **1,259,617** | **255,049** | **201,699** | **1,312,967** | **193,087** |
| **TOTAL LONG-TERM LIABILITIES** | **$3,820,977** | **$ 706,622** | **$ 574,622** | **$3,952,977** | **$ 326,566** |

### DISCRETE COMPONENT UNITS

Long-term liability activity for the year ended June 30, 2024 is summarized as follows:

| | Balance as of June 30, 2023 | Additions | Reductions | Balance as of June 30, 2024 | Current portion as of June 30, 2024 |
|---|---|---|---|---|---|
| **VALLEY MEDICAL CENTER** *(Dollars in thousands)* | | | | | |
| LIMITED TAX GENERAL OBLIGATION BONDS | $ 290,578 | $ — | $ 13,815 | $ 276,763 | $ 10,675 |
| LEASE LIABILITIES | 97,881 | 18,788 | 14,192 | 102,477 | 15,028 |
| SUBSCRIPTION LIABILITIES | 9,490 | 6,243 | 6,412 | 9,321 | 5,511 |
| **TOTAL LONG-TERM LIABILITIES** | **$ 397,949** | **$ 25,031** | **$ 34,419** | **$ 388,561** | **$ 31,214** |

| | Balance as of June 30, 2023 | Additions | Reductions | Balance as of June 30, 2024 | Current portion as of June 30, 2024 |
|---|---|---|---|---|---|
| **FRED HUTCHINSON CANCER CENTER** *(Dollars in thousands)* | | | | | |
| LONG TERM DEBT | $ 1,086,339 | $ — | $ 16,189 | $ 1,070,150 | $ 14,250 |
| COLLABORATIVE ARRANGEMENT LIABILITIES | 428,824 | — | — | 428,824 | — |
| LEASE LIABILITIES | 227,513 | — | 32,240 | 195,273 | 20,816 |
| DEFERRED CREDIT ON CASH FLOW HEDGES | 9,614 | — | 4,002 | 5,612 | — |
| **TOTAL LONG-TERM LIABILITIES** | **$1,752,290** | **$ —** | **$ 52,431** | **$1,699,859** | **$ 35,066** |

**NOTE 8:**

## Bonds and Notes Payable

The bonds and notes payable at June 30, 2024 consist of state of Washington General Obligation Bonds, University General Revenue Bonds, and Notes Payable. These obligations have interest rates ranging from 0.35% to 6.25%. As of June 30, 2024, substantially all of the University's debt was publicly offered debt. Debt service requirements as of June 30, 2024 are as follows:

**BONDS AND NOTES PAYABLE** *(Dollars in thousands)*

| | STATE OF WASHINGTON GENERAL OBLIGATION BONDS | | UNIVERSITY OF WASHINGTON GENERAL REVENUE BONDS | | NOTES PAYABLE AND OTHER | |
|---|---|---|---|---|---|---|
| **Year** | **Principal** | **Interest** | **Principal** | **Interest** | **Principal** | **Interest** |
| 2025 | $ 8,910 | $ 939 | $ 80,048 | $ 101,195 | $ 24,090 | $ 5,983 |
| 2026 | 5,265 | 525 | 97,021 | 97,415 | 17,204 | 5,257 |
| 2027 | 5,210 | 266 | 95,105 | 93,541 | 17,655 | 4,509 |
| 2028 | 2,105 | 104 | 109,250 | 89,261 | 18,407 | 3,728 |
| 2029 | 1,540 | 31 | 100,625 | 84,812 | 19,195 | 2,912 |
| 2030-2034 | — | — | 517,410 | 357,893 | 51,617 | 3,615 |
| 2035-2039 | — | — | 538,440 | 232,135 | — | — |
| 2040-2044 | — | — | 538,250 | 102,552 | — | — |
| 2045-2049 | — | — | 202,445 | 28,337 | — | — |
| 2050-2054 | — | — | 8,045 | 462 | — | — |
| **TOTAL PAYMENTS** | **$ 23,030** | **$ 1,865** | **$ 2,286,639** | **$ 1,187,603** | **$ 148,168** | **$ 26,004** |

State law requires that the University reimburse the state for debt service payments relating to its portion of the state of Washington General Obligation and Refunding Bonds from patient service revenues, tuition, timber sales and other revenues.

The following schedule lists the outstanding bonds payable of the University as of June 30, 2024:

**BONDS PAYABLE** *(Dollars in thousands)*

| Issue | Date Issued | Maturity Date (Fiscal Year) | Interest Rate | Original Issue | Current Liability | Balance 6/30/24 |
|---|---|---|---|---|---|---|
| ***Lease Revenue*** | | | | | | |
| Series 2010B - Taxable Lease Revenue | 12/14/2010 | 2043 | 6.031%-6.516% | $ 151,745 | $ 7,153 | $ 91,414 |
| Series 2013 - Lease Revenue | 12/11/2013 | 2034 | 3.625%-5.000% | 28,995 | 1,195 | 14,545 |
| Series 2014A - Lease Revenue | 8/21/2014 | 2038 | 4.000%-5.000% | 109,205 | 3,180 | 61,600 |
| Series 2015A - Lease Revenue | 10/7/2015 | 2048 | 4.000%-5.000% | 107,615 | 3,240 | 91,150 |
| ***General Revenue*** | | | | | | |
| Series 2009 - Taxable Revenue | 6/25/2009 | 2040 | 6.060% | 75,835 | — | 75,835 |
| Series 2009B - Taxable Revenue | 12/22/2009 | 2036 | 5.400% | 77,710 | — | 77,710 |
| Series 2010B - Taxable Revenue | 10/5/2010 | 2041 | 3.908%-4.997% | 144,740 | 1,510 | 133,820 |
| Series 2012C - Revenue | 12/5/2012 | 2044 | 3.000%-3.250% | 299,425 | — | 165,585 |
| Series 2015A - Taxable Revenue | 3/4/2015 | 2045 | 2.717%-3.704% | 47,715 | 1,065 | 30,870 |
| Series 2015B - Revenue | 3/4/2015 | 2037 | 3.050%-5.000% | 170,555 | 6,705 | 127,680 |
| Series 2015C - Revenue | 9/23/2015 | 2046 | 4.000%-5.000% | 159,160 | 4,120 | 137,270 |
| Series 2015D - Taxable Revenue | 9/23/2015 | 2028 | 2.750%-3.250% | 36,350 | 2,675 | 8,760 |
| Series 2016A - Revenue Refunding | 11/9/2016 | 2047 | 4.000%-5.250% | 195,145 | 4,765 | 161,650 |
| Series 2016B - Taxable Revenue Refunding | 11/9/2016 | 2037 | 2.400%-3.400% | 10,015 | 480 | 4,895 |
| Series 2018 - Revenue | 2/15/2018 | 2048 | 5.000% | 133,785 | 6,150 | 102,585 |
| Series 2020A - Revenue | 3/17/2020 | 2050 | 4.000%-5.000% | 51,000 | 1,295 | 46,415 |
| Series 2020B - Taxable Revenue | 3/17/2020 | 2040 | 1.490%-2.685% | 51,000 | 2,425 | 41,630 |
| Series 2020C - Revenue Refunding | 2/9/2021 | 2034 | 5.000% | 117,815 | — | 73,790 |
| Series 2021A - Revenue Refunding | 3/4/2021 | 2051 | 4.000%-5.000% | 77,435 | 510 | 76,735 |
| Series 2021B - Taxable Revenue Refunding | 3/4/2021 | 2042 | 0.600%-2.618% | 249,335 | 10,950 | 137,985 |
| Series 2022A - Revenue | 3/8/2022 | 2037 | 5.000% | 75,000 | 4,230 | 67,360 |
| Series 2022B - Taxable Revenue Refunding | 3/8/2022 | 2042 | 1.720%-3.350% | 209,090 | 12,755 | 80,210 |
| Series 2022C - Revenue Refunding | 3/8/2022 | 2048 | 4.000% | 90,700 | — | 90,700 |
| Series 2024A - Revenue | 2/15/2024 | 2044 | 5.000% | 218,355 | 5,645 | 218,355 |
| Series 2024B - Revenue Refunding | 2/15/2024 | 2042 | 5.000% | 168,090 | — | 168,090 |

(continued)

| **BONDS PAYABLE (continued)** *(Dollars in thousands)* | | | | | | |
|---|---|---|---|---|---|---|
| **Issue** | **Date Issued** | **Maturity Date (Fiscal Year)** | **Interest Rate** | **Original Issue** | **Current Liability** | **Balance 6/30/24** |
| ***State of WA General Obligations*** | | | | | | |
| 2016A GO (R-2006A) | 10/8/2015 | 2025 | 1.676% | $ 30,145 | $ 3,865 | $ 3,865 |
| 2020A GO UW ((R-2010B)(R-2001C)) | 10/4/2019 | 2027 | 1.384% | 1,585 | 285 | 580 |
| 2020C GO UW (R-2011B (R-2002A)) | 4/29/2020 | 2027 | 1.120% | 5,065 | — | 5,065 |
| 2020C GO UW (R-2011B (R-2002B)) | 4/29/2020 | 2027 | 1.100% | 2,640 | 525 | 1,675 |
| 2021B GO UW (R-2011A (R-2002A)) | 11/3/2020 | 2025 | 0.347% | 8,910 | 2,395 | 2,395 |
| 2021C GO UW (R-2012A (R-2003D)) | 5/4/2021 | 2025 | 1.439% | 1,060 | 540 | 540 |
| 2021C GO UW (R-2012A (R-2004A)) | 5/4/2021 | 2025 | 1.439% | 2,665 | 935 | 935 |
| 2022C GO UW (2012C)(R-2004D) | 5/11/2022 | 2029 | 2.820% | 2,390 | 365 | 1,995 |
| 2022C GO UW (R-2012C)(2003D) | 5/11/2022 | 2028 | 2.820% | 1,795 | — | 1,790 |
| 2022C GO UW (R-2012C)(2004A) | 5/11/2022 | 2029 | 2.820% | 4,215 | — | 4,190 |
| **TOTAL** | | | | **$ 3,116,285** | **$ 88,958** | **$ 2,309,669** |

## ISSUANCE AND REFUNDING ACTIVITY

On February 15, 2024, the University issued $218.4 million of tax-exempt General Revenue Bonds, 2024A, at a premium of $34.2 million and an average coupon of 5.0%. The average life is 10.0 years with a final maturity on April 1, 2044. Proceeds will be used for the payoff of commercial paper that funded the Finance Transformation project on an interim basis and to fund UWMC Small-Works projects, the Montlake Campus Membrane Repair project and Operating Room Expansion. Additionally, the University issued $168.1 million of General Revenue Refunding Bonds, 2024B, at a premium of $25.1 with an average coupon of 5.0%. The average life is 10.4 years with a final maturity on July 1, 2041. The bonds tendered and refunded by the 2024B Series had a par amount of $221.9 million and coupon rates ranging from 0.60% to 3.35% with an average coupon rate of 2.64%. The refunding reduced the total debt service payments to be made by the University over the next 19 years by $29.0 million and resulted in a total economic gain of $19.4 million.

## COMMERCIAL PAPER PROGRAM

The University has a commercial paper program with a maximum borrowing limit of $250.0 million, payable from University General Revenues. This short-term borrowing program is primarily used to fund capital expenditures. During fiscal year 2024, the University issued $114.5 million of commercial paper and refunded $158.0 million in commercial paper with General Revenue Bonds. The University had no commercial paper outstanding as of June 30, 2024.

## CREDIT LINES

Effective September, 14, 2023, the University entered into a Master Financing Agreement (the “2023 Master Financing Agreement”) with JP Morgan Chase Bank to provide a non-revolving credit line available to the University for the financing of short-term assets (FAST), including personal property, to be drawn on from time to time. The 2023 Master Financing Agreement provides financing for the University’s FAST Program and allows for draws in an aggregate amount not to exceed $40.0 million. JP Morgan Chase Bank and the University entered into three prior master financing agreements, one dated August 13, 2020 (the “2020 Master Financing Agreement”), one dated July 7, 2017, (the “2017 Master Financing Agreement”), and another dated November 14, 2014 (the “2014 Master Financing Agreement”), which allowed for draws up to an aggregate amount not to exceed $40.0 million, $30.0 million and $12.0 million, respectively. Each Master Financing Agreement replaced the prior agreement, however, draws on the prior master financing agreements remain outstanding until paid under the terms of that agreement. Outstanding borrowings as of June 30, 2024 totaled $18.9 million.

On August 13, 2020, the University entered into a Revolving Loan Agreement with Washington Federal Bank, National Association, which provided a revolving loan through August 1, 2023, for up to $100.0 million. Taxable borrowings under the agreement had a fixed interest rate of 2.21%; tax-exempt borrowings had a fixed interest rate of 1.75%. Amounts borrowed under the agreement were payable solely from and secured by a pledge of the University's General Revenues. The University made no draws and had no outstanding cash borrowings with respect to this agreement as of June 30, 2024.

On August 13, 2020, the University entered into a Revolving Credit Agreement with U.S. Bank National Association which provided a revolving line of credit through August 12, 2022, for up to $100.0 million. On September 30, 2021, the University entered into the Amended and Restated Revolving Credit Agreement, which adjusted the rates from the prior agreement and extended the term through September 30, 2024. On December 1, 2022, the University entered into the first amendment to the Amended and Restated Revolving Credit Agreement, which replaced LIBOR with SOFR as the applicable reference rate. Borrowings for tax-exempt projects under the agreement bear interest at a fluctuating rate equal to 82% of the daily one-month SOFR rate plus a margin of 0.63%; borrowings for taxable projects bear interest at a fluctuating rate equal to the daily one-month SOFR rate plus a margin of 0.75%. The margins are subject to change depending on the University's credit rating. Amounts borrowed under the agreement are payable solely from and secured by a pledge of the University's General Revenues. The University made no draws and had no outstanding cash borrowings with respect to this agreement as of June 30, 2024.

### SUBSEQUENT DEBT ACTIVITY

On September 30, 2024, the Second Amendment to the Amended and Restated Revolving Credit Agreement with US Bank National Association was executed, which extends the existing $100.0 million line of credit for an additional three year term through September 30, 2027. The borrowing rate for taxable projects is fluctuating and equal to the daily one-month SOFR rate plus a margin of 0.75%. The borrowing rate for tax-exempt projects is fluctuating and equal to 86.51% of the taxable interest rate.

### DEFEASED DEBT

The University defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust (refunding escrow) to provide for all future debt service payments on the refunded bonds until called. The trust account assets and the liability for the defeased bonds are not included in the University's financial statements. As of June 30, 2024, $20.8 million of bonds outstanding are considered defeased. In addition, $10.3 million of in-substance defeased debt remains outstanding as of June 30, 2024 and is included in long-term liabilities on the Statement of Net Position.

**NOTE 9:**

## Leases and Related Subscription-Based Information Technology Arrangements

### LESSEE & SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The University leases land, building space and equipment from external parties for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2063 and provide for renewal options ranging from one year to twenty-five years. In accordance with GASB Statement No. 87, the University records right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. Amounts recognized for variable and other payments not included in the measurement of the lease liability are $73.9 million for the year ended June 30, 2024. The University does not have any leases subject to a residual value guarantee.

A SBITA is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract in an exchange or exchange-like transaction for a term exceeding 12 months. The University enters into subscription-based information technology arrangements which expire at various dates through 2034. In accordance with GASB Statement No. 96, the University recognizes a right-of-use subscription asset and a corresponding subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. Similar to leases, the expected future subscription payments are discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance.

The University's right-of-use assets and related accumulated amortization for fiscal year ended June 30, 2024 are summarized as follows:

| *(Dollars in thousands)* | Balance as of June 30, 2023 | Additions | Modifications and Renewals | Deductions | Balance as of June 30, 2024 |
|---|---|---|---|---|---|
| **RIGHT OF USE ASSETS** | | | | | |
| LAND | $ 404,832 | $ — | $ — | $ — | $ 404,832 |
| BUILDINGS | 417,201 | 28,191 | — | 14,211 | 431,181 |
| EQUIPMENT | 114,861 | 5,897 | 477 | 17,904 | 103,331 |
| SUBSCRIPTION ASSETS | 85,106 | 76,932 | 19,444 | 4,586 | 176,896 |
| **TOTAL RIGHT OF USE ASSETS** | **1,022,000** | **111,020** | **19,921** | **36,701** | **1,116,240** |
| LESS ACCUMULATED AMORTIZATION | | | | | |
| LAND | 28,299 | 9,433 | — | — | 37,732 |
| BUILDINGS | 104,892 | 40,106 | — | 13,282 | 131,716 |
| EQUIPMENT | 50,277 | 20,107 | — | 16,523 | 53,861 |
| SUBSCRIPTION ASSET | 33,686 | 31,541 | — | 3,264 | 61,963 |
| **TOTAL ACCUMULATED AMORTIZATION** | **217,154** | **101,187** | **—** | **33,069** | **285,272** |
| **TOTAL RIGHT OF USE ASSETS, NET** | **$ 804,846** | **$ 9,833** | **$ 19,921** | **$ 3,632** | **$ 830,968** |

Total future annual lease payments under lessee agreements as of June 30, 2024 are as follows:

| **Year** *(Dollars in thousands)* | **Principal** | **Interest** | **Total** |
|---|---|---|---|
| 2025 | $ 50,695 | $ 24,311 | $ 75,006 |
| 2026 | 35,138 | 24,051 | 59,189 |
| 2027 | 33,686 | 22,737 | 56,423 |
| 2028 | 27,473 | 21,834 | 49,307 |
| 2029 | 15,192 | 21,161 | 36,353 |
| 2030-2034 | 61,417 | 108,524 | 169,941 |
| 2035-2039 | 57,120 | 110,527 | 167,647 |
| 2040-2044 | 47,026 | 107,897 | 154,923 |
| 2045-2049 | 60,763 | 80,089 | 140,852 |
| 2050-2054 | 95,417 | 63,087 | 158,504 |
| 2055-2059 | 141,511 | 40,937 | 182,448 |
| 2060-2064 | 141,713 | 11,240 | 152,953 |
| **Total** | **$ 767,151** | **$ 636,395** | **$ 1,403,546** |

As of June 30, 2024, the University has one lease for building space that has not yet commenced with lease payments due on an undiscounted basis of $127.0 million over the lease term. This lease will commence in fiscal year 2025 and has a 40-year term.

Total future annual subscription payments under subscription-based arrangements as of June 30, 2024 are as follows:

| **Year** *(Dollars in thousands)* | **Principal** | **Interest** | **Total** |
|---|---|---|---|
| 2025 | $ 26,941 | $ 3,702 | $ 30,643 |
| 2026 | 20,094 | 2,920 | 23,014 |
| 2027 | 12,812 | 2,150 | 14,962 |
| 2028 | 15,780 | 1,278 | 17,058 |
| 2029 | 11,568 | 965 | 12,533 |
| 2030-2034 | 10,834 | 479 | 11,313 |
| Total | **$ 98,029** | **$ 11,494** | **$ 109,523** |

## LESSOR ARRANGEMENTS

The University leases building and ground space to external parties with significant activity occurring within the Metropolitan Tract (Note 1). The leases expire at various dates through 2098 and provide for renewal options ranging from one year to twenty-five years. The University records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. Amounts recognized for variable and other payments not included in the measurement of the lease receivable are $28.7 million for the year ended June 30, 2024. The University recognized revenues related to lease agreements totaling $89.8 million during fiscal year 2024 reported in other operating revenues in the Statement of Revenue, Expenses and Changes in Net Position.

Future minimum lease payments to be received under lessor agreements as of June 30, 2024 are as follows:

| **Year** *(Dollars in Thousands)* | **Principal** | **Interest** | **Total** |
|---|---|---|---|
| 2025 | $ 33,053 | $ 12,106 | $ 45,159 |
| 2026 | 31,496 | 11,215 | 42,711 |
| 2027 | 27,504 | 10,753 | 38,257 |
| 2028 | 20,255 | 10,377 | 30,632 |
| 2029 | 15,657 | 9,635 | 25,292 |
| 2030 - 2034 | 47,163 | 39,859 | 87,022 |
| 2035 - 2039 | 19,688 | 33,833 | 53,521 |
| 2040 - 2044 | 12,078 | 31,746 | 43,824 |
| 2045 - 2049 | 13,761 | 30,212 | 43,973 |
| 2050 - 2054 | 16,170 | 28,442 | 44,612 |
| 2055 - 2059 | 19,476 | 25,895 | 45,371 |
| 2060 - 2064 | 19,528 | 23,339 | 42,867 |
| 2065 - 2069 | 19,391 | 21,127 | 40,518 |
| 2070 - 2074 | 18,536 | 18,855 | 37,391 |
| 2075 - 2079 | 18,295 | 17,075 | 35,370 |
| 2080 - 2084 | 18,020 | 15,112 | 33,132 |
| 2085 - 2089 | 11,933 | 8,629 | 20,562 |
| 2090 - 2094 | 18,201 | 3,977 | 22,178 |
| 2095 - 2097 | 14,432 | 809 | 15,241 |
| **Total** | **$ 394,637** | **$ 352,996** | **$ 747,633** |

**NOTE 10:**

## Pension Plans

The University offers four contributory pension plans: 1) the Washington State Public Employees' Retirement System (PERS) plan, 2) the Washington State Teachers' Retirement System (TRS) plan, 3) the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) plan, and 4) the University of Washington Retirement Plan (UWRP). PERS, TRS, and LEOFF are cost sharing multiple-employer defined-benefit pension plans administered by the Washington State Department of Retirement Systems (DRS). UWRP is a defined-contribution plan with a supplemental noncontributory defined-benefit plan component (the UWSRP) and is administered by the University.

Legislation signed into law on July 1, 2020, amended the RCW applicable to the UWSRP to define plan provisions including limits on member eligibility, benefit payments, vesting terms and contribution rates. As a result of these amendments, the University is unable to modify the terms of the plan. Administration of the benefit calculations and payments remain the responsibility of the University until the state's Pension Funding Council determines the trust has sufficient assets, at which time the DRS will assume those duties in accordance with RCW 41.50.280. The University does not perform the duties of a board or hold any of the substantive powers that would make the plan a fiduciary component unit of the University. Other agencies of the state of Washington perform the duties of a board and hold the substantive powers in relation to the UWSRP.

As of June 30, 2024, the University's share of the total net pension assets associated with the defined-benefit pension plans administered by the DRS was $468.7 million. The University's share of the total net pension liabilities was $207.7 million. As of June 30, 2024, the net pension liability associated with the defined benefit pension plan administered by the University was $161.8 million. As of June 30, 2024, assets held by the University to pay retiree benefits in connection with the pension plan administered by the University were $360.8 million. These assets are in addition to those now residing with the Washington State Investment Board. For the year ended June 30, 2024, total pension expense (benefit) recorded by the University related to both the DRS and University plans was $(53.3) million.

## PLANS ADMINISTERED BY DRS

### PLAN DESCRIPTION

#### Public Employees' Retirement System

PERS retirement benefit provisions are contained in chapters 41.34 and 41.40 of the Revised Code of Washington (RCW). PERS is a cost-sharing multiple-employer retirement system comprised of three separate pension plans for membership purposes. PERS Plan 1 and PERS Plan 2 are defined-benefit plans, and PERS Plan 3 is a defined-benefit plan with a defined-contribution component. PERS members include higher education employees not participating in other higher education retirement programs.

For accounting purposes, PERS is reported as three separate plans. Plan 1 accounts for the defined benefits of Plan 1 members, Plan 2/3 accounts for the defined benefits of Plan 2 and Plan 3 members, and Plan 3 accounts for the defined-contribution portion of Plan 3 members. The defined-benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund, and all assets of Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries. Plan 2/3 is considered a single plan for accounting purposes.

#### Teachers' Retirement System

TRS retirement benefit provisions are contained in chapters 41.32 and 41.34 of the RCW. TRS is a cost-sharing, multiple-employer retirement system, comprised of three separate pension plans for membership purposes; TRS Plan 1 and TRS Plan 2 are defined-benefit plans and TRS Plan 3 is a defined-benefit plan with a defined-contribution component. TRS eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity.

For accounting purposes, similar to PERS, TRS is reported as three separate plans. Plan 1 accounts for the defined benefits of Plan 1 members, Plan 2/3 accounts for the defined benefits of Plan 2 and Plan 3 members, and Plan 3 accounts for the defined-contribution portion of Plan 3 members. The defined-benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund, and all assets of Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries. Plan 2/3 is considered a single plan for accounting purposes.

**Law Enforcement Officers' and Fire Fighters' Retirement System**

LEOFF retirement benefit provisions are contained in chapter 41.26 of the RCW. LEOFF is a cost-sharing, multiple-employer retirement system comprised of two separate pension plans for both membership and accounting purposes. The University participates in LEOFF Plan 2, which is a defined-benefit plan. LEOFF membership includes full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians.

## VESTING AND BENEFITS PROVIDED

### PERS Plan 1 and TRS Plan 1

PERS Plan 1 and TRS Plan 1 provide retirement, disability and death benefits. Both plans are closed to new entrants. All members were vested after the completion of five years of eligible service. Retirement benefits are determined as 2% 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-paid consecutive service months. The retirement benefit may not exceed 60% of the AFC.

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 inactive status prior to the age of 65 may receive actuarially reduced benefits. Other benefits for PERS Plan 1 include an optional Cost-of-Living Adjustment. Other benefits for TRS Plan 1 include temporary and permanent disability payments, and an optional Cost-of-Living Adjustment.

### PERS Plan 2/3 and TRS Plan 2/3

PERS Plan 2/3 and TRS Plan 2/3 provides retirement, disability and death benefits. PERS Plan 2 and TRS Plan 2 members are vested after completion of five years of eligible service. PERS Plan 3 and TRS Plan 3 members are vested in the defined-benefit portion of their plan after 10 years of service, or after five years of service if 12 months are earned after age 44. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2, and 1% of AFC times the member's years of service 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 age 65 with at least five years of service credit. Retirement before age 65 is considered early retirement. Members are eligible for early retirement with a reduced benefit at age 55 with at least 20 years of service credit. The benefit is reduced by a factor that varies according to age, for each year before age 65.

Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include a Cost-of-Living adjustment (based on the Consumer Price Index) capped at 3% annually.

### LEOFF Plan 2

LEOFF Plan 2 provides retirement, disability and death benefits. Members are vested after completing five years of eligible service. Retirement benefits are determined as 2% of the final average salary (FAS) per year of service, based on the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at age 53 with at least five years of service credit. Members who retire prior to age 53 receive reduced benefits. If the member has at least 20 years of service and is age 50 to 52, the reduction is 3% for each year before age 53. Otherwise, the benefits are actuarially reduced to reflect the choice of a survivor benefit.

Other benefits include a Cost-of-Living adjustment (based on the Consumer Price Index) capped at 3% annually.

## FIDUCIARY NET POSITION

The pension plans' fiduciary net positions have been determined on the same basis as they are reported by the pension plans. DRS financial statements have been prepared in conformity with generally accepted accounting principles. The retirement plans are accounted for in pension trust funds using the flow of economic resources measurement focus and the accrual basis of accounting. Member contributions are recognized as revenues in the period in which the contributions are earned. Employer contributions are recognized when due, and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable, in accordance with the terms of each plan.

Chapter 43.33A of the RCW authorizes the Washington State Investment Board (WSIB) to have the investment management responsibility for the pension funds. Investments are reported at fair value, and unrealized gains and losses are included as investment income in the Statement of Changes in Fiduciary Net Position presented in the DRS Annual Comprehensive Financial Report. Purchases and sales of investments are recorded on a trade-date basis.

DRS publishes an annual report for retirement plans, which is available at https://www.drs.wa.gov/news/

## ACTUARIAL ASSUMPTIONS

Accounting requirements dictate the use of assumptions to best estimate the impact that pension obligations will have on the University. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Differences in actual results compared to these assumptions could have a significant effect on the University's financial statements.

The total pension liability for each DRS plan was determined by an actuarial valuation, conducted by the Washington State Office of the State Actuary (OSA). The University's 2024 pension liabilities are based on an OSA valuation performed as of June 30, 2022, with the results rolled forward to the measurement date of June 30, 2023.

The following actuarial assumptions have been applied to all prior periods included in the measurement:

| **2024** | |
|---|---|
| INFLATION | 2.75% TOTAL ECONOMIC INFLATION, 3.25% SALARY INFLATION |
| SALARY INCREASE | EXPECTED TO GROW BY SERVICE-BASED SALARY INCREASES IN ADDITION TO SALARY INFLATION ASSUMPTION OF 3.25% |
| INVESTMENT RATE OF RETURN | 7.00% |

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. The OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.
The actuarial assumptions used in the June 30, 2022 valuations were based on the results of the 2013-2018 Demographic Experience Study Report and 2021 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the dates of the respective actuarial valuation reports.

The long-term expected rates of return on pension plan investments was determined by the WSIB using a building block method in which a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) are developed for each major asset class. Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.00% as of measurement date June 30, 2023, approximately equals the median of the simulated investment returns over a 50-year time horizon, adjusted to remove or damper any short-term changes that are not expected over the entire 50-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for each pension plan, as of the measurement date, are summarized in the following table:

| | **2024** *(Measurement Date 2023)* | |
|---|---|---|
| **Asset Class** | **Target Allocation** | **Long-Term Expected Arithmetic Real Rate of Return** |
| FIXED INCOME | 20.00% | 1.50% |
| TANGIBLE ASSETS | 7.00% | 4.70% |
| REAL ESTATE | 18.00% | 5.40% |
| GLOBAL EQUITY | 32.00% | 5.90% |
| PRIVATE EQUITY | 23.00% | 8.90% |

The inflation component used to create the above table was 2.20% and represents WSIB's most recent long-term estimate of broad economic inflation at the time of these valuations.

### DISCOUNT RATE

The discount rate used to measure the total pension liabilities as of June 30, 2024 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at contractually required rates, and that contributions from employers will be made at statutorily required rates, actuarially determined (including the component of PERS 2/3 and TRS 2/3 employer rates pertaining to the unfunded actuarial accrued liability for PERS 1 and TRS 1, respectively). Based on those assumptions, the fiduciary net position for each pension plan was projected to be sufficient to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Using the WSIB long-term expected rate of return, a 7.00% future investment rate of return on pension plan investments was assumed as of measurement date June 30, 2023. The expected return on plan assets is the estimated long-term rate of return that will be earned on the investments used to fund the pension obligation. Contributions from plan members and employers were assumed to continue to be made at contractually required rates (including the component of PERS 2/3 and TRS 2/3 employer rates pertaining to the unfunded actuarial accrued liability for PERS 1 and TRS 1, respectively, as provided for in chapter 41.45 of the RCW).

### SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE

The following table presents the University's proportionate share of the net pension liabilities and assets calculated using the discount rate of 7.00% as of measurement date June 30, 2023, as well as what the net pension liabilities or assets would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

**DISCOUNT RATE SENSITIVITY - NET PENSION LIABILITY (ASSET)** *(Dollars in thousands)*

| | 2024 *(Measurement Date 2023)* | | |
|---|---|---|---|
| **Plan** | **1% Decrease** | **Current Discount Rate** | **1% Increase** |
| PERS 1 | $ 282,561 | $ 202,252 | $ 132,161 |
| PERS 2/3 | 506,196 | (465,417) | (1,263,658) |
| TRS 1 | 8,260 | 5,426 | 2,950 |
| TRS 2/3 | 16,780 | (520) | (14,584) |
| LEOFF 2 | 451 | (2,722) | (5,320) |

### EMPLOYER CONTRIBUTION RATES

Employer contribution rates are developed in accordance with Chapter 41.45 of the RCW by the OSA, and include an administrative expense component of 0.20% during fiscal year 2024. The statute provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates. The following table presents the contribution rates, stated as a percentage of covered payroll as defined by the statute, and required contributions for each DRS plan in which the University participates for the year ended June 30, 2024:

| *(Dollars in Thousands)* | **PERS 1** | **PERS 2/3[(a)]** | **TRS 1** | **TRS 2/3[(a)]** | **LEOFF 2** |
|---|---|---|---|---|---|
| **2024** | | | | | |
| CONTRIBUTION RATE | 10.39 % | 10.39 % | 14.69 % | 14.69 % | 8.71 % |
| CONTRIBUTIONS MADE | $ 55,320 | $ 117,093 | $ 1,008 | $ 3,512 | $ 290 |

(a) Plan 2/3 employer rate includes a component to address the Plan 1 unfunded actuarial accrued liability

### UNIVERSITY PROPORTIONATE SHARE

Collective pension amounts are determined as of a measurement date, which can be no earlier than an employer's prior fiscal year. The measurement date for the net pension liabilities and assets recorded by the University as of June 30, 2024 was June 30, 2023. Employer contributions received and processed by the DRS during the fiscal year ended June 30, 2023 have been used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in their June 30, 2023 Schedules of Employer and Nonemployer Allocations. The following table presents the University's proportionate share for each DRS plan:

| PROPORTIONATE SHARE | PERS 1 | PERS 2/3 | TRS 1 | TRS 2/3 | LEOFF 2 |
|---|---|---|---|---|---|
| YEAR ENDED JUNE 30, 2024 | 8.86 % | 11.36 % | 0.43 % | 0.42 % | 0.11 % |

### UNIVERSITY AGGREGATED BALANCES

The table below presents the University's aggregated balance of net pension liability and net pension asset as of June 30 2024:

| *(Dollars in Thousands)* | PERS 1 | PERS 2/3 | TRS 1 | TRS 2/3 | LEOFF 2 | TOTAL |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| NET PENSION LIABILITY | $ 202,252 | $ — | $ 5,426 | $ — | $ — | $ 207,678 |
| NET PENSION ASSET | — | 465,417 | — | 520 | 2,722 | 468,659 |

### PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The tables below summarize the University's pension expense, deferred outflows of resources and deferred inflows of resources related to the DRS pension plans, together with the related future year impacts to pension expense from amortization of those deferred amounts. Note that deferred outflows of resources related to University contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the following year, and are not amortized to pension expense.

| PROPORTIONATE SHARE OF PENSION (BENEFIT) EXPENSE *(Dollars in Thousands)* | PERS 1 | PERS 2/3 | TRS 1 | TRS 2/3 | LEOFF 2 | TOTAL |
|---|---|---|---|---|---|---|
| YEAR ENDED JUNE 30, 2024 | $ (2,371) | $ (52,798) | $ 322 | $ 1,420 | $ 115 | $ (53,312) |

| DEFERRED OUTFLOWS OF RESOURCES *(Dollars in Thousands)* | | | | | | |
|---|---|---|---|---|---|---|
| **2024** | **PERS 1** | **PERS 2/3** | **TRS 1** | **TRS 2/3** | **LEOFF 2** | **TOTAL** |
| CHANGE IN ASSUMPTIONS | $ — | $ 195,398 | $ — | $ 4,128 | $ 696 | $ 200,222 |
| DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE | — | 94,805 | — | 4,526 | 1,112 | 100,443 |
| CHANGE IN UNIVERSITY'S PROPORTIONATE SHARE | — | 8,771 | — | 1 | 2,355 | 11,127 |
| UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE NET PENSION LIABILITY [(a)] | 55,320 | 117,093 | 1,008 | 3,512 | 290 | 177,223 |
| **TOTAL** | **$ 55,320** | **$ 416,067** | **$ 1,008** | **$ 12,167** | **$ 4,453** | **$ 489,015** |

(a) Recognized as a reduction of the net pension liability as of June 30, 2025

| DEFERRED INFLOWS OF RESOURCES *(Dollars in Thousands)* | | | | | | |
|---|---|---|---|---|---|---|
| **2024** | **PERS 1** | **PERS 2/3** | **TRS 1** | **TRS 2/3** | **LEOFF 2** | **TOTAL** |
| DIFFERENCE BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS, NET | $ 22,815 | $ 175,397 | $ 786 | $ 2,493 | $ 576 | $ 202,067 |
| CHANGE IN ASSUMPTIONS | — | 42,589 | — | 409 | 224 | 43,222 |
| DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE | — | 5,200 | — | 73 | 22 | 5,295 |
| **TOTAL** | **$ 22,815** | **$ 223,186** | **$ 786** | **$ 2,975** | **$ 822** | **$ 250,584** |

Amounts reported as deferred outflows of resources, exclusive of contributions made after the measurement date, and deferred inflows of resources will be recognized in pension expense as follows:

**AMORTIZATION OF DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES** *(a) (Dollars in Thousands)*

| YEAR | PERS 1 | PERS 2/3 | TRS 1 | TRS 2/3 | LEOFF 2 | TOTAL |
|---|---|---|---|---|---|---|
| 2025 | $ (15,522) | $ (81,637) | $ (549) | $ (501) | $ 71 | $ (98,138) |
| 2026 | (19,521) | (98,959) | (694) | (891) | (22) | (120,087) |
| 2027 | 12,036 | 148,005 | 444 | 2,617 | 798 | 163,900 |
| 2028 | 192 | 54,248 | 13 | 1,126 | 469 | 56,048 |
| 2029 | — | 51,580 | — | 1,052 | 475 | 53,107 |
| THEREAFTER | — | 2,551 | — | 2,277 | 1,550 | 6,378 |
| **TOTAL** | **$ (22,815)** | **$ 75,788** | **$ (786)** | **$ 5,680** | **$ 3,341** | **$ 61,208** |

(a) Negative amounts shown in the table above represent a reduction of expense

## PLANS ADMINISTERED BY UNIVERSITY OF WASHINGTON

### University of Washington Retirement Plan

#### PLAN DESCRIPTION

UWRP, a single-employer 403(b) defined-contribution plan, is administered by the University. Faculty, librarians and professional staff are eligible to participate in the UWRP.

Contributions to the plan are invested by participants in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Employees have at all times a 100% vested interest in their accumulations. Benefits from the plan are available upon separation or retirement at the member's option. RCW 28B.10.400 et. seq. assigns the authority to the University of Washington Board of Regents to establish and amend benefit provisions.

The number of participants in the UWRP as of June 30, 2024 was 20,268.

#### Funding Policy

Employee contribution rates, based on age, are 5%, 7.5% or 10% of salary. The University matches 100% of employee contributions. Within parameters established by the legislature, contribution requirements may be established or amended by the University of Washington Board of Regents. Employer contributions for the year ended June 30, 2024 were $169.1 million.

### University of Washington Supplemental Retirement Plan

#### PLAN DESCRIPTION

UWSRP, a single-employer 401(a) defined-benefit retirement plan administered by the University, operates in tandem with the 403(b) plan to supplement the expected defined-contribution retirement savings accumulated under the UWRP. For purposes of measuring the June 30, 2024 net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the UWSRP and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported in the state of Washington's Annual Comprehensive Financial Report, which is available at https://ofm.wa.gov/accounting/financial-audit-reports/annual-comprehensive-financial-report.

The UWSRP was closed to new participants effective March 1, 2011. UWSRP membership requires participation in the UWRP. Participant data is updated biannually in the actuarial valuations.  The table below shows the number of participants in the UWSRP as of June 30, 2024:

| NUMBER OF PARTICIPANTS | **2024** *(Measurement Date: 2023)* |
|---|---|
| ACTIVE EMPLOYEES | 4,117 |
| INACTIVE EMPLOYEES RECEIVING BENEFITS | 1,289 |
| INACTIVE EMPLOYEES ENTITLED TO, BUT NOT RECEIVING, BENEFITS | 341 |

### VESTING AND BENEFITS PROVIDED

UWSRP retirement benefit provisions are contained in RCW 28B.10.400, et. seq. Members are eligible for calculation of a possible retirement benefit under this plan when they have reached age 62 and have 10 years of service with the University. Upon retirement, a calculation is performed which compares “goal income” to “assumed income” to determine if benefits have been earned under the plan.

Goal income is the product of a service factor multiplied by average monthly compensation, and then by eligible years of participation. Average monthly compensation is defined as the average annual basic salary, not to exceed annual limits established by the Internal Revenue Code, paid to a participant for their highest 24 consecutive months of service.

Assumed income must be calculated by an independent actuary, and represents a theoretical amount of monthly income that would have been generated if actual employee and University contributions to the UWRP had been allocated equally between fixed and variable dollar annuities.

When the goal income exceeds the assumed income, the participant is entitled to benefits under this plan. Benefit payments made during the year ended June 30, 2024 were $11.7 million.

### EMPLOYER CONTRIBUTIONS

State legislation which became effective on July 1, 2020, created an employer contribution rate for the UWSRP. This rate is developed by the OSA in accordance with RCW 41.45, which provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates. The University’s contribution rate for the fiscal year ended June 30, 2024 per RCW 28B.10.423 was 0.38% of UWRP covered salaries. Contributions made in the fiscal year ended June 30, 2024 were $8.4 million.

### PLAN INVESTMENTS

The WSIB has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

UWSRP plan assets are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB-adopted investment policies for the various asset classes in which the WSIB invests.

Information about the investment of pension funds by the WSIB, their valuation, classifications, concentrations, and maturities can be found in the state of Washington’s Annual Comprehensive Financial Report.

The money-weighted rates of return are provided by the WSIB and the Office of the State Treasurer. The annual money-weighted rate of return on UWSRP investments, net of pension plan investment expense, for the measurement period ended June 30, 2023 was 7.16%. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of external cash flows.

### OTHER DESIGNATED ASSETS

The University has also set aside assets to pay UWSRP benefits which are not held in a qualified trust as defined by GASB. A qualified trust requires that contributions from employers be irrevocable, dedicated to providing pension benefits to plan members, and are legally protected from creditors of the employer and plan administrator. As a result, these assets are not reflected as a reduction of the Total Pension Liability (TPL).

As of June 30, 2024, the University had set aside $360.8 million to pay future UWSRP retiree benefits. These assets are in addition to those amounts now residing with the WSIB, which are reflected as a reduction of the TPL.

### UWSRP PENSION LIABILITY

Effective July 1, 2020, legislation signed into law created a trust arrangement for assets dedicated to paying UWSRP benefits to plan members. Contributions previously paid to and accumulated by DRS beginning January 1, 2012 were transferred into the trust when this legislation became effective. As a result, the University uses accounting guidance for single employer plans that have trusted assets and reports the pension liability net of plan assets.

GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" allows the employer to use a measurement date for the Total Pension Liability (TPL) and the Net Pension Liability (NPL) no earlier than the end of the employer's prior fiscal year. In prior years, the measurement date used by the University for valuation of the TPL and the NPL were the same as the University's financial reporting date. In fiscal year 2024, however, the University elected to transition to using a measurement date which lags the financial reporting date by one year. As a result of this transition, the June 30, 2024 NPL is based on a measurement date of June 30, 2023. There was no material impact associated with this change. The TPL, Plan Fiduciary Net Position, and NPL for UWSRP remained unchanged from the prior year at $274.3 million, $112.5 million, and $161.8 million, respectively, as there were no changes to the components of pension liabilities in fiscal year 2024. No pension expense for the UWSRP plan has been recorded in the year ended June 30, 2024 due to the transition described above. Additionally, the contributions made after the June 30, 2023 measurement date and before the end of the June 30, 2024 fiscal year are recorded as Deferred Outflows of Resources instead of reflected as a reduction of the NPL in the current fiscal year.

The June 30, 2024 TPL and NPL is based on an actuarial valuation performed as of January 1, 2023 with update procedures performed by the OSA to roll forward the TPL to the measurement date of June 30, 2023. Some of the larger experience items that impacted the TPL were salaries generally lower than assumed and SRP benefits for new retirees were lower than estimated. OSA's model estimates the SRP benefit of future retirees by relying on assumptions for the benefit calculation performed by Teachers Insurance and Annuity Association of America (TIAA). The valuation was prepared using the entry age actuarial cost method.

### ACTUARIAL ASSUMPTIONS

Accounting requirements dictate the use of assumptions to best estimate the impact that pension obligations will have on the University. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Differences between actual results compared to these assumptions could have a significant impact on the University's financial statements. The following table shows significant assumptions used to measure the NPL as of the measurement date June 30, 2023 to record the pension obligation as of June 30, 2024:

| SIGNIFICANT ASSUMPTIONS USED TO MEASURE THE UWSRP NET PENSION LIABILITY (NPL) *(Dollars in thousands)* | |
|---|---|
| **2024** | |
| INFLATION | 2.75% |
| SALARY CHANGES | 4.00% |
| SOURCE OF MORTALITY ASSUMPTIONS | PUB. H-2010 TABLES, WITH THE MP-2017 MORTALITY IMPROVEMENT SCALE |
| DATE OF EXPERIENCE STUDY | AUGUST 2021 |
| DISCOUNT RATE | 7.00% |
| CHANGE IN DISCOUNT RATE SINCE PRIOR MEASUREMENT DATE | NA |
| SOURCE OF DISCOUNT RATE | 2021 REPORT ON FINANCIAL CONDITION AND ECONOMIC EXPERIENCE STUDY |
| INVESTMENT RATE OF RETURN | 7.00% |
| NPL MEASUREMENT AT DISCOUNT RATE | $161,773 |
| NPL DISCOUNT RATE INCREASED 1% | $135,272 |
| NPL DISCOUNT RATE DECREASED 1% | $192,736 |

The long-term expected rate of return on pension plan investments was determined by the WSIB using a building-block method in which a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) is developed for each major asset class. Those expected returns make up one component of WSIB's CMAs. WSIB used the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered CMAs, and simulated investment returns provided by the WSIB in their selection of the rate.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date June 30, 2023, are summarized in the following table:

| | **2024** *(Measurement Date 2023)* | |
|---|---|---|
| **Asset Class** | **Target Allocation** | **Long-Term Expected Arithmetic Real Rate of Return** |
| FIXED INCOME | 20.00% | 1.50% |
| TANGIBLE ASSETS | 7.00% | 4.70% |
| REAL ESTATE | 18.00% | 5.40% |
| GLOBAL EQUITY | 32.00% | 5.90% |
| PRIVATE EQUITY | 23.00% | 8.90% |

As noted above, the discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the University would pay retiree benefits from assets designated for that purpose, until such time that responsibility for these payments transfers to the DRS and payments are funded by the plan assets invested in the CTF. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

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

| **DEFERRED OUTFLOWS OF RESOURCES** *(Dollars in thousands)* | | |
|---|---|---|
| **2024** | | |
| DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE | $ | 100,648 |
| CHANGE IN ASSUMPTIONS | | 95,609 |
| UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE NET PENSION LIABILITY [a] | | 20,036 |
| **TOTAL** | **$** | **216,293** |

(a) Recognized as a reduction of the net pension liability as of June 30, 2025

| **DEFERRED INFLOWS OF RESOURCES** *(Dollars in thousands)* | | |
|---|---|---|
| **2024** | | |
| DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE | $ | 259,025 |
| CHANGE IN ASSUMPTIONS | | 158,992 |
| NET DIFFERENCE BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS | | 2,998 |
| **TOTAL** | **$** | **421,015** |

Amounts reported as deferred outflows of resources, exclusive of contributions made after the measurement date, and deferred inflows of resources related to the UWSRP will be recognized in pension expense as follows:

| AMORTIZATION OF DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES *(a) (Dollars in thousands)* | | |
|---|---|---|
| **Year** | | |
| 2025 | $ | (59,906) |
| 2026 | | (46,326) |
| 2027 | | (37,008) |
| 2028 | | (71,315) |
| 2029 | | (8,332) |
| THEREAFTER | | (1,871) |
| **TOTAL** | **$** | **(224,758)** |

(a) Negative amounts shown in the table above represent a reduction of expense

**NOTE 11:**

## Other Post Employment Benefits (OPEB)

### PLAN DESCRIPTION

OPEB are benefits provided to retired employees (and their spouses) beyond those provided by their pension plans. These programs for employees of the state of Washington are administered by the Washington State Health Care Authority (HCA). Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine terms and conditions of employee and retired employee participation and coverage. Benefits provided by this single-employer defined-benefit OPEB plan include medical, prescription drug, life, dental, vision, disability, and long-term care insurance. Medical, prescription drug and vision insurance comprise the bulk of the monetary assistance, or subsidies, provided by PEBB OPEB.

The OPEB relationship between PEBB employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumptions used in the valuations presented in this footnote assume that this substantive plan will continue into the future.

The HCA has two claim pools: one covering employees and non-Medicare eligible retirees, and the other covering retirees enrolled in Medicare Parts A and B. For retirees, participating employers provide two different subsidies: an implicit subsidy and an explicit subsidy.

- The implicit subsidy, set up under RCW 41.05.022, is not a direct payment from the employer on behalf of the retiree. Retirees who are not yet eligible for Medicare benefits may currently continue to participate in the state's non-Medicare community-rated health insurance risk pool. Claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums. Therefore, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. This results in an implicit subsidy since the premiums paid by retirees are lower than they would have been if the retirees were insured separately.
- The explicit subsidy, permitted under RCW 41.05.085, is a set dollar amount for members enrolled in Medicare Parts A and B, reducing the monthly premium paid for Medicare supplemental plan coverage. PEBB determines the amount of the explicit subsidy applicable to each calendar year, with the final amount approved by the state Legislature. The subsidy was up to $183 per member per month during fiscal year 2024.

The OPEB plan is currently available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire. PEBB member data used in the valuation of the OPEB liability includes members enrolled in a PEBB program as well as other active employees who were eligible to enroll but waived coverage.

The table below shows the University's PEBB membership data as of June 30, 2024:

| NUMBER OF PARTICIPANTS | **2024** *(Measurement Date: 2023)* |
|---|---|
| ACTIVE EMPLOYEES | 37,498 |
| INACTIVE EMPLOYEES RECEIVING BENEFITS | 10,845 |
| INACTIVE EMPLOYEES ENTITLED TO, BUT NOT RECEIVING, BENEFITS | N/A * |

- Data not available from Washington State Health Care Authority (HCA)

### ACTUARIAL ASSUMPTIONS

Accounting requirements dictate the use of assumptions to best estimate the impact that OPEB obligations will have on the University. The professional judgments used by the Washington State Office of the State Actuary (OSA) in determining the assumptions used to value the state of Washington OPEB liability are important and can significantly impact the resulting actuarial estimates. Differences in actual results compared to these assumptions could have a significant impact on the University's financial statements. The following table shows significant assumptions used to measure the total OPEB liability (TOL) as of June 30, 2024:

**SIGNIFICANT ASSUMPTIONS USED TO MEASURE THE TOTAL OPEB LIABILITY (TOL)** *(Dollars in thousands)*

| | **2024** |
|---|---|
| INFLATION | 2.35% |
| HEALTHCARE COST TREND | INITIAL RATE RANGES FROM 2% - 11%, REACHING AN ULTIMATE RATE OF 3.80% IN 2080. |
| SALARY INCREASE | 3.25% PLUS SERVICE-BASED SALARY INCREASES |
| SOURCE OF MORTALITY ASSUMPTIONS | SOCIETY OF ACTUARIES' PUB.H-2010 MORTALITY RATES, WITH APPLICATION OF THE LONG-TERM MP-2017 GENERATIONAL IMPROVEMENT SCALE AND UPDATED BASED ON RESULTS OF THE 2013-2018 DEMOGRAPHIC EXPERIENCE STUDY REPORT AND THE 2019 REPORT ON FINANCIAL CONDITION AND ECONOMIC EXPERIENCE STUDY. |
| DATE OF EXPERIENCE STUDY | 2013-2018 EXPERIENCE STUDY REPORT |
| DISCOUNT RATE | 3.65% |
| SOURCE OF DISCOUNT RATE | BOND BUYER GENERAL OBLIGATION 20-BOND MUNICIPAL BOND INDEX AS OF 6/30/23 (MEASUREMENT DATE) |
| POST-RETIREMENT PARTICIPATION PERCENTAGE | 60.00% |
| TOL MEASUREMENT AT DISCOUNT RATE | $1,277,506 |
| TOL DISCOUNT RATE INCREASED 1% | $1,102,742 |
| TOL DISCOUNT RATE DECREASED 1% | $1,494,768 |
| TOL MEASUREMENT AT HEALTHCARE COST TREND RATE | $1,277,506 |
| TOL HEALTHCARE COST TREND RATE INCREASED 1% | $1,540,089 |
| TOL HEALTHCARE COST TREND RATE DECREASED 1% | $1,073,493 |

Material assumption changes during the measurement period ending June 30, 2023 include updating the discount rate, as required by GASB 75.

### CHANGES IN THE TOTAL OPEB LIABILITY

The TOL for the state of Washington as of June 30, 2024 was determined by an actuarial valuation, conducted by the OSA, using data as of June 30, 2022, with the results rolled forward to the measurement date of June 30, 2023. OPEB implicit and explicit subsidies are funded by required contributions made by participating employers, such as the University. These contributions are made on behalf of all active, healthcare-eligible employees regardless of enrollment status. As such, the allocation method used to determine the University's proportionate share of the statewide TOL is the relationship of University active, healthcare-eligible employee headcount to the corresponding statewide total.

The University's proportionate share percentage was 29.2% as of June 30, 2024.

The OPEB plan is funded on a pay-as-you-go basis. Accordingly, contributions from employers to the HCA occur only when benefits become due (after retirement). No qualified trust fund has been established dedicated to paying these benefits and there are no associated assets. As a result, the University reports a proportionate share of the state's total OPEB liability.

| SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (TOL) *(Dollars in thousands)* | | |
|---|---|---|
| **BALANCE AS OF JUNE 30, 2023** | | **1,246,057** |
| SERVICE COST | | 44,755 |
| INTEREST ON TOL | | 44,957 |
| CHANGE IN ASSUMPTIONS | | (21,618) |
| BENEFIT PAYMENTS | | (31,314) |
| CHANGE IN PROPORTIONATE SHARE | | (5,331) |
| **BALANCE AS OF JUNE 30, 2024** | **$** | **1,277,506** |

### OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The tables below summarize the University's OPEB expense, deferred outflows of resources and deferred inflows of resources related to the OPEB plan, together with the related future year impacts to OPEB expense from amortization of those deferred amounts. Note that deferred outflows of resources related to University contributions subsequent to the measurement date are recognized as a reduction of the total OPEB liability in the following year, and are not amortized to OPEB expense.

| PROPORTIONATE SHARE OF OPEB EXPENSE *(Dollars in Thousands)* | | |
|---|---|---|
| YEAR ENDED JUNE 30, 2024 | $ | (29,444) |

| DEFERRED OUTFLOWS OF RESOURCES *(Dollars in Thousands)* | | |
|---|---|---|
| **2024** | | |
| DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY | $ | 19,398 |
| CHANGE IN ASSUMPTIONS | | 83,013 |
| UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE TOTAL OPEB LIABILITY | | 32,192 |
| CHANGE IN PROPORTIONATE SHARE | | 120,958 |
| **TOTAL** | **$** | **255,561** |

| DEFERRED INFLOWS OF RESOURCES *(Dollars in Thousands)* | | |
|---|---|---|
| **2024** | | |
| DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY | $ | 37,937 |
| CHANGE IN ASSUMPTIONS | | 765,408 |
| CHANGE IN PROPORTIONATE SHARE | | 17,105 |
| **TOTAL** | **$** | **820,450** |

Amounts reported as deferred outflows and deferred inflows of resources will be recognized as a component of the University's OPEB expense as follows:

| AMORTIZATION OF DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES *(a) (Dollars in Thousands)* | | |
|---|---|---|
| **YEAR** | | |
| 2025 | $ | (119,156) |
| 2026 | | (119,156) |
| 2027 | | (88,916) |
| 2028 | | (48,803) |
| 2029 | | (60,360) |
| THEREAFTER | | (160,690) |
| **TOTAL** | **$** | **(597,081)** |

(a) Negative amounts shown in the table above represent a reduction of expense

**NOTE 12:**

## Deferred Outflows and Deferred Inflows of Resources

The composition of deferred outflows and deferred inflows of resources as of June 30, 2024 is summarized as follows:

| DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES *(Dollars in thousands)* | | | | |
|---|---|---|---|---|
| **2024** | | **DEFERRED OUTFLOWS OF RESOURCES** | | **DEFERRED INFLOWS OF RESOURCES** |
| Pensions | $ | 705,308 | $ | 671,599 |
| Leases | | — | | 536,626 |
| OPEB | | 255,561 | | 820,450 |
| Split-Interest Agreements | | — | | 20,270 |
| Public-Private Partnership | | — | | 17,627 |
| Unamortized Gain on Refinancing | | — | | 31,405 |
| Other | | 6,544 | | — |
| **Total** | **$** | **967,413** | **$** | **2,097,977** |

## NOTE 13:

### Commitments and Contingencies

Authorized expenditures for construction projects unexpended as of June 30, 2024 were $218.8 million. These expenditures will be funded from institutional reserves, debt proceeds and state appropriations.

The University receives and expends substantial amounts under federal and state grants, contracts and programs. This funding is used for research, student aid, UWMC operations and other programs, and is subject to audit by governmental granting agencies. Certain grant and contract costs billed to the federal government are subject to audit under 2 CFR 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."

The University is also involved in various other claims and legal actions arising in the ordinary course of business. University management believes that any liabilities arising from these matters will not have a material impact on the University's financial statements.

The University is exposed to risk of loss related to tort liability, injuries to employees and loss of property. The University purchases insurance protection for workers' compensation as well as marine, foreign liability and certain other risks. The University also purchases insurance protection for loss of property at self-sustaining units, bond-financed buildings and when otherwise required by contract; otherwise, the risk of property loss is retained, unfunded. For medical professional liability, general liability, educator's legal liability including employment practices liability, and automobile liability, the University maintains a program of self-insurance reserves and excess insurance coverage through PBI. The University's self-insurance reserve (see note 7) represents the estimated ultimate cost of settling all self-insured claims resulting from events that have occurred on or before the Statement of Net Position date. The reserve includes the undiscounted amounts that will be required for future payments of claims that have been reported, and claims related to events that have occurred but have not yet been reported.

The self-insurance reserve is estimated using an actuarial calculation. The reserve is included in long-term liabilities in the Statement of Net Position. Changes in the self-insurance reserve for the year ended June 30, 2024 are noted below:

| *(Dollars in thousands)* | | **2024** |
|---|---|---|
| RESERVE AT BEGINNING OF FISCAL YEAR | $ | 230,104 |
| INCURRED CLAIMS AND CHANGES IN ESTIMATES | | 95,321 |
| CLAIM PAYMENTS | | (69,970) |
| **RESERVE AT END OF FISCAL YEAR** | **$** | **255,455** |

#### REGULATORY ENVIRONMENT

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, governmental healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government agencies are actively conducting investigations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Through its compliance program, UW Medicine strives to maintain an effective and safe program for reporting and addressing potential regulatory concerns. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions known or unasserted at this time.

**NOTE 14:**

## Operating Expenses by Function

Operating expenses by functional classification for the year ended June 30, 2024 are summarized as follows:

| **OPERATING EXPENSES** *(Dollars in thousands)* | | **2024** |
|---|---|---|
| INSTRUCTION | $ | 1,160,032 |
| RESEARCH | | 1,250,935 |
| PUBLIC SERVICE | | 296,788 |
| ACADEMIC SUPPORT | | 838,236 |
| STUDENT SERVICE | | 44,858 |
| INSTITUTIONAL SUPPORT | | 343,414 |
| OPERATION & MAINTENANCE OF PLANT | | 249,893 |
| SCHOLARSHIPS & FELLOWSHIPS | | 208,881 |
| AUXILIARY ENTERPRISES | | 372,928 |
| MEDICAL-RELATED | | 3,195,545 |
| DEPRECIATION/AMORTIZATION | | 507,400 |
| **TOTAL OPERATING EXPENSES** | **$** | **8,468,910** |

**NOTE 15:**

## Related Parties

**Harborview Medical Center (HMC)**, a hospital and Level I adult and pediatric trauma center located in Seattle, is a component unit of King County, Washington. It has been managed by the University under a management contract between King County and the University since 1967. In February 2016, the University and King County entered into a Hospital Services Agreement. The agreement has an initial ten-year term and may be renewed for two successive ten-year terms with the consent of both parties.

Under the Hospital Services Agreement, King County retains title to all real and personal properties acquired for King County with HMC capital or operating funds. These real and personal properties are recorded on HMC's books, and facility revenues for the operation of HMC are deposited in a King County account that is separate from general King County accounts.

The University is responsible for the operations of HMC, including the provision of medical, dental and management services. All of the individuals employed at HMC, including physicians, are employees of the University. HMC expenses, including payroll, are reimbursed to the University from HMC fund sources.

HMC revenues and expenses are not recognized in the University's financial statements as the University serves in an agency function. As of June 30, 2024, the University's financial statements included accounts receivable and long-term receivables from HMC of $72.4 million and $19.2 million, respectively, and current accrued liabilities of $34.2 million related to HMC.

Under an annual agreement, HMC provides strategic funding to UW Medicine Primary Care. Funding from HMC to UW Medicine Primary Care was $17.1 million during fiscal year 2024, and is included in other operating revenue in the Statement of Revenues, Expenses and Changes in Net Position.

UW Medicine information technology operates as a self-sustaining activity of the University (ITS department). The ITS department records enterprise-wide information technology capital assets that are purchased for use by UW Medicine entities. The HMC ITS funding reflected in the current portion and non-current portion of long-term liabilities (see note 7) of $8.4 million and $13.4 million, respectively at June 30, 2024, represents HMC's funding of the enterprise-wide information technology capital assets that will be included in the recharge rates of the ITS department over the useful life of the assets.

**The University of Washington Foundation (UWF)** is a nonprofit organization that performs fundraising activities on behalf of the University. The UWF is not included in the University's financial statements as a component unit because gifts and grants that are made to the UWF are immediately transferred to the University. In fiscal year 2024, the UWF transferred $181.6 million to the University in gifts and grants received on its behalf; these are included in the financial statements of the University. The remaining amounts retained by the UWF are not significant to the University's financial statements.

**The University of Washington Alumni Association** is a tax-exempt entity that was established to connect and celebrate alumni and to support the University's mission. The Alumni Association received $6.1 million from the University in support of its operations in fiscal year 2024. These amounts were expensed by the University.

**NOTE 16:**

## Blended Component Units

Condensed combining statement for the University and its blended component units is shown below:

| *(Dollars in thousands)* **Statement of Net Position – June 30, 2024** | **Combined Entities** | **Eliminations** | **University of Washington** | **Total Blended Component Units** | **Medical Entities** | **Real Estate Entities** | **Portage Bay Insurance** |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| TOTAL CURRENT ASSETS | $ 3,062,190 | $ (556,694) | $ 3,279,419 | $ 339,465 | $ 103,245 | $ 6,030 | $ 230,190 |
| NONCURRENT ASSETS: | | | | | | | |
| TOTAL OTHER ASSETS | 9,144,695 | (5,733) | 8,889,789 | 260,639 | 248,071 | 12,568 | — |
| CAPITAL ASSETS, NET | 6,281,755 | (6,965) | 5,981,854 | 306,866 | 48,552 | 258,314 | — |
| TOTAL ASSETS | 18,488,640 | (569,392) | 18,151,062 | 906,970 | 399,868 | 276,912 | 230,190 |
| DEFERRED OUTFLOWS OF RESOURCES | 967,413 | — | 967,413 | — | — | — | — |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | **$ 19,456,053** | **$ (569,392)** | **$ 19,118,475** | **$ 906,970** | **$ 399,868** | **$ 276,912** | **$ 230,190** |
| **LIABILITIES** | | | | | | | |
| TOTAL CURRENT LIABILITIES | $ 1,825,087 | $ (556,694) | $ 1,855,023 | $ 526,758 | $ 355,864 | $ 24,968 | $ 145,926 |
| TOTAL NONCURRENT LIABILITIES | 5,294,829 | (5,733) | 4,843,790 | 456,772 | 29,202 | 254,080 | 173,490 |
| TOTAL LIABILITIES | 7,119,916 | (562,427) | 6,698,813 | 983,530 | 385,066 | 279,048 | 319,416 |
| DEFERRED INFLOWS OF RESOURCES | 2,097,977 | (6,965) | 2,104,942 | — | — | — | — |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 9,217,893 | (569,392) | 8,803,755 | 983,530 | 385,066 | 279,048 | 319,416 |
| **NET POSITION** | | | | | | | |
| NET INVESTMENT IN CAPITAL ASSETS | 3,060,366 | — | 3,056,391 | 3,975 | 12,930 | (8,955) | — |
| RESTRICTED: | | | | | | | |
| NONEXPENDABLE | 2,365,225 | — | 2,365,225 | — | — | — | — |
| EXPENDABLE | 3,389,617 | — | 3,389,582 | 35 | 35 | — | — |
| UNRESTRICTED | 1,422,952 | — | 1,503,522 | (80,570) | 1,837 | 6,819 | (89,226) |
| TOTAL NET POSITION | 10,238,160 | — | 10,314,720 | (76,560) | 14,802 | (2,136) | (89,226) |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION** | **$ 19,456,053** | **$ (569,392)** | **$ 19,118,475** | **$ 906,970** | **$ 399,868** | **$ 276,912** | **$ 230,190** |

*(Dollars in thousands)*

| **Statement of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2024** | **Combined Entities** | **Eliminations** | **University of Washington** | **Total Blended Component Units** | **Medical Entities** | **Real Estate Entities** | **Portage Bay Insurance** |
|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | |
| OPERATING REVENUES: | | | | | | | |
| PATIENT SERVICES | $ 3,046,075 | $ 181,301 | $ 2,427,392 | $ 437,382 | $ 437,382 | $ — | $ — |
| STUDENT TUITION AND FEES | 1,173,727 | — | 1,173,727 | — | — | — | — |
| GRANT REVENUE | 1,693,793 | — | 1,693,431 | 362 | 362 | — | — |
| OTHER OPERATING REVENUE | 1,544,711 | (445,300) | 1,744,822 | 245,189 | 111,992 | 49,728 | 83,469 |
| **TOTAL OPERATING REVENUES** | **7,458,306** | **(263,999)** | **7,039,372** | **682,933** | **549,736** | **49,728** | **83,469** |
| **EXPENSES** | | | | | | | |
| OPERATING EXPENSES: | | | | | | | |
| OTHER OPERATING EXPENSES | 7,961,510 | (262,218) | 7,567,218 | 656,510 | 566,603 | 23,675 | 66,232 |
| DEPRECIATION / AMORTIZATION | 507,400 | (1,781) | 482,070 | 27,111 | 8,947 | 18,164 | — |
| **TOTAL OPERATING EXPENSES** | **8,468,910** | **(263,999)** | **8,049,288** | **683,621** | **575,550** | **41,839** | **66,232** |
| **OPERATING (LOSS) INCOME** | **(1,010,604)** | **—** | **(1,009,916)** | **(688)** | **(25,814)** | **7,889** | **17,237** |
| **NONOPERATING REVENUES (EXPENSES)** | | | | | | | |
| STATE APPROPRIATIONS | 604,140 | — | 604,140 | — | — | — | — |
| GIFTS | 178,400 | — | 178,362 | 38 | 38 | — | — |
| INVESTMENT INCOME | 763,826 | — | 739,901 | 23,925 | 23,925 | — | — |
| OTHER NONOPERATING REVENUES (EXPENSES) | 235,875 | 1,576 | 245,617 | (11,318) | (1,096) | (10,222) | — |
| **NET NONOPERATING REVENUES (EXPENSES)** | **1,782,241** | **1,576** | **1,768,020** | **12,645** | **22,867** | **(10,222)** | **—** |
| **INCOME (LOSS) BEFORE OTHER REVENUES** | **771,637** | **1,576** | **758,104** | **11,957** | **(2,947)** | **(2,333)** | **17,237** |
| CAPITAL APPROPRIATIONS, GRANTS, GIFTS AND OTHER | 114,213 | (1,576) | 113,819 | 1,970 | 1,970 | — | — |
| GIFTS TO PERMANENT ENDOWMENTS | 104,609 | — | 104,609 | — | — | — | — |
| **TOTAL OTHER REVENUES (EXPENSES)** | **218,822** | **(1,576)** | **218,428** | **1,970** | **1,970** | **—** | **—** |
| **INCREASE (DECREASE) IN NET POSITION** | **990,459** | **—** | **976,532** | **13,927** | **(977)** | **(2,333)** | **17,237** |
| **NET POSITION** | | | | | | | |
| NET POSITION – BEGINNING OF YEAR | 9,247,701 | — | 9,338,188 | (90,487) | 15,779 | 197 | (106,463) |
| **NET POSITION – END OF YEAR** | **$ 10,238,160** | **$ —** | **$ 10,314,720** | **$ (76,560)** | **$ 14,802** | **$ (2,136)** | **$ (89,226)** |

| *(Dollars in thousands)* **Statement of Cash Flows - Year Ended June 30, 2024** | **Combined Entities** | **Eliminations** | **University of Washington** | **Total Blended Component Units** | **Medical Entities** | **Real Estate Entities** | **Portage Bay Insurance** |
|---|---|---|---|---|---|---|---|
| **NET CASH PROVIDED (USED) BY:** | | | | | | | |
| OPERATING ACTIVITIES | $ (593,081) | $ — | $ (652,001) | $ 58,920 | $ 14,670 | $ 14,661 | $ 29,589 |
| NONCAPITAL FINANCING ACTIVITIES | 1,261,024 | — | 1,196,891 | 64,133 | 64,133 | — | — |
| CAPITAL AND RELATED FINANCING ACTIVITIES | (680,584) | — | (640,461) | (40,123) | (12,164) | (27,959) | — |
| INVESTING ACTIVITIES | 59,358 | — | 139,285 | (79,927) | (50,338) | — | (29,589) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **46,717** | **—** | **43,714** | **3,003** | **16,301** | **(13,298)** | **—** |
| CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR | 149,493 | — | 67,140 | 82,353 | 66,194 | 16,159 | — |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | **$ 196,210** | **$ —** | **$ 110,854** | **$ 85,356** | **$ 82,495** | **$ 2,861** | **$ —** |

**NOTE 17:**

## Discrete Component Units

Condensed combining statement for the University's discrete component units is shown below:

| (Dollars in thousands)<br>**Statement of Net Position** | **June 30, 2024**<br>**Total Discrete Component Units** | **Valley Medical Center** | **Fred Hutchinson Cancer Center** |
|---|---|---|---|
| **ASSETS** | | | |
| TOTAL CURRENT ASSETS | $ 1,261,319 | $ 323,972 | $ 937,347 |
| NONCURRENT ASSETS: | | | |
| TOTAL OTHER ASSETS | 1,468,851 | 96,598 | 1,372,253 |
| CAPITAL ASSETS, NET | 1,590,121 | 458,192 | 1,131,929 |
| TOTAL ASSETS | 4,320,291 | 878,762 | 3,441,529 |
| DEFERRED OUTFLOWS OF RESOURCES | 10,689 | 10,689 | — |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | **$ 4,330,980** | **$ 889,451** | **$ 3,441,529** |
| **LIABILITIES** | | | |
| TOTAL CURRENT LIABILITIES | $ 528,747 | $ 200,313 | $ 328,434 |
| TOTAL NONCURRENT LIABILITIES | 2,022,140 | 357,348 | 1,664,792 |
| TOTAL LIABILITIES | 2,550,887 | 557,661 | 1,993,226 |
| DEFERRED INFLOWS OF RESOURCES | 46,461 | 46,461 | — |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 2,597,348 | 604,122 | 1,993,226 |
| **NET POSITION** | | | |
| NET INVESTMENT IN CAPITAL ASSETS | 245,768 | 79,262 | 166,506 |
| RESTRICTED: | | | |
| NONEXPENDABLE | 131,506 | — | 131,506 |
| EXPENDABLE | 559,444 | 2,454 | 556,990 |
| UNRESTRICTED | 796,914 | 203,613 | 593,301 |
| TOTAL NET POSITION | 1,733,632 | 285,329 | 1,448,303 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION** | **$ 4,330,980** | **$ 889,451** | **$ 3,441,529** |

| (Dollars in thousands)<br>**Statement of Revenues, Expenses and Changes in Net Position** | **Year ended June 30, 2024**<br>**Total Discrete Component Units** | **Valley Medical Center** | **Fred Hutchinson Cancer Center** |
|---|---|---|---|
| **REVENUES** | | | |
| OPERATING REVENUES: | | | |
| PATIENT SERVICES | $ 2,157,311 | $ 855,509 | $ 1,301,802 |
| OTHER OPERATING REVENUE | 743,597 | 52,162 | 691,435 |
| **TOTAL OPERATING REVENUES** | **2,900,908** | **907,671** | **1,993,237** |
| **EXPENSES** | | | |
| OPERATING EXPENSES: | | | |
| OTHER OPERATING EXPENSES | 2,878,758 | 901,070 | 1,977,688 |
| DEPRECIATION / AMORTIZATION | 129,524 | 49,349 | 80,175 |
| **TOTAL OPERATING EXPENSES** | **3,008,282** | **950,419** | **2,057,863** |
| **OPERATING LOSS** | **(107,374)** | **(42,748)** | **(64,626)** |
| **NONOPERATING REVENUES (EXPENSES)** | | | |
| PROPERTY TAX REVENUE | 26,144 | 26,144 | — |
| INVESTMENT INCOME | 153,228 | 7,235 | 145,993 |
| OTHER NONOPERATING REVENUES | 15,417 | 59,564 | (44,147) |
| **NET NONOPERATING REVENUES** | **194,789** | **92,943** | **101,846** |
| **INCOME BEFORE OTHER REVENUES** | **87,415** | **50,195** | **37,220** |
| CAPITAL GRANTS, GIFTS AND OTHER | 36,583 | — | 36,583 |
| **INCREASE IN NET POSITION** | **123,998** | **50,195** | **73,803** |
| **NET POSITION** | | | |
| NET POSITION – BEGINNING OF YEAR | 1,609,634 | 235,134 | 1,374,500 |
| **NET POSITION – END OF YEAR** | **$ 1,733,632** | **$ 285,329** | **$ 1,448,303** |

# Schedules of Required Supplementary Information

# SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

## PERS 1 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

| *(Dollars in thousands)* | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY | 8.86% | 8.87% | 8.80% | 8.17% | 8.05% |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | $ 202,252 | $ 246,895 | $ 107,461 | $ 288,564 | $ 309,671 |
| UNIVERSITY'S COVERED PAYROLL | $ 1,573,579 | $ 1,437,993 | $ 1,343,149 | $ 1,227,868 | $1,116,298 |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL | 12.85% | 17.17% | 8.00% | 23.50% | 27.74% |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY | 80.16% | 76.56% | 88.74% | 68.64% | 67.12% |

| *(Dollars in thousands)* | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY | 8.20% | 8.44% | 8.46% | 8.33% | 8.28 % |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | $ 366,403 | $ 400,426 | $ 454,341 | $ 435,853 | $ 417,231 |
| UNIVERSITY'S COVERED PAYROLL | $ 1,074,943 | $ 1,043,335 | $ 987,405 | $ 927,002 | $ 882,215 |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL | 34.09% | 38.38% | 46.01% | 47.02% | 47.29 % |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY | 63.22% | 61.24% | 57.03% | 59.10% | 61.19 % |

(Amounts determined as of the measurement date)

## PERS 1 - SCHEDULE OF CONTRIBUTIONS

| *(Dollars in thousands)* | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| CONTRACTUALLY REQUIRED CONTRIBUTION | $ 332 | $ 392 | $ 443 | $ 710 | $ 970 |
| CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION | $ 332 | $ 392 | $ 442 | $ 710 | $ 971 |
| CONTRIBUTION DEFICIENCY (EXCESS) | $ — | $ — | $ 1 | $ — | $ (1) |
| UNIVERSITY'S COVERED PAYROLL | $ 1,844,603 | $ 1,573,579 | $ 1,437,993 | $ 1,343,149 | $ 1,227,868 |
| CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL | 0.02% | 0.02% | 0.03% | 0.05% | 0.08% |

| *(Dollars in thousands)* | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| CONTRACTUALLY REQUIRED CONTRIBUTION | $ 1,231 | $ 1,582 | $ 1,788 | $ 2,155 | $ 2,058 |
| CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION | $ 1,234 | $ 1,578 | $ 1,769 | $ 2,155 | $ 2,059 |
| CONTRIBUTION DEFICIENCY (EXCESS) | $ (3) | $ 4 | $ 19 | $ — | $ (1) |
| UNIVERSITY'S COVERED PAYROLL | $ 1,116,298 | $ 1,074,943 | $ 1,043,335 | $ 987,405 | $ 927,002 |
| CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL | 0.11% | 0.15% | 0.17% | 0.22 % | 0.22 % |

(Amounts determined as of the fiscal year end)

## PERS 2/3 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

| *(Dollars in thousands)* | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY | 11.36% | 11.47% | 11.18% | 10.47% | 10.18% |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY | $ (465,417) | $ (425,399) | $(1,114,120) | $ 133,891 | $ 98,901 |
| UNIVERSITY'S COVERED PAYROLL | $ 1,569,796 | $ 1,433,725 | $1,337,667 | $1,220,321 | $1,106,678 |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL | (29.65)% | (29.67)% | (83.29)% | 10.97% | 8.94% |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY | 107.02% | 106.73% | 120.29 % | 97.22 % | 97.77 % |

## PERS 2/3 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (continued)

| *(Dollars in thousands)* | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY | 10.24% | 10.48% | 10.36% | 10.20% | 10.00% |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | $ 174,913 | $ 364,073 | $ 521,777 | $ 364,303 | $ 202,225 |
| UNIVERSITY'S COVERED PAYROLL | $ 1,062,415 | $ 1,027,338 | $ 967,955 | $ 904,661 | $ 856,839 |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL | 16.46% | 35.44% | 53.91% | 40.27% | 23.60% |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY | 95.77% | 90.97% | 85.82% | 89.20 % | 93.29 % |

(Amounts determined as of the measurement date)

## PERS 2/3 - SCHEDULE OF CONTRIBUTIONS

| *(Dollars in thousands)* | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| CONTRACTUALLY REQUIRED CONTRIBUTION | $ 175,695 | $ 162,654 | $ 148,636 | $ 173,198 | $ 156,919 |
| CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION | $ 175,671 | $ 162,738 | $ 147,638 | $ 173,204 | $ 157,000 |
| CONTRIBUTION DEFICIENCY (EXCESS) | $ 24 | $ (84) | $ 998 | $ (6) | $ (81) |
| UNIVERSITY'S COVERED PAYROLL | $ 1,841,127 | $ 1,569,796 | $ 1,433,725 | $ 1,337,667 | $ 1,220,321 |
| CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL | 9.54% | 10.36% | 10.37% | 12.95% | 12.86% |

| *(Dollars in thousands)* | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| CONTRACTUALLY REQUIRED CONTRIBUTION | $ 141,681 | $ 134,239 | $ 114,852 | $ 107,424 | $ 83,323 |
| CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION | $ 141,618 | $ 134,366 | $ 114,968 | $ 108,413 | $ 83,342 |
| CONTRIBUTION DEFICIENCY (EXCESS) | $ 63 | $ (127) | $ (116) | $ (989) | $ (19) |
| UNIVERSITY'S COVERED PAYROLL | $ 1,106,678 | $ 1,062,415 | $ 1,027,338 | $ 967,955 | $ 904,661 |
| CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL | 12.80% | 12.64% | 11.18% | 11.10 % | 9.21 % |

(Amounts determined as of the fiscal year end)

## TRS 1 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

| *(Dollars in thousands)* | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY | 0.43% | 0.37% | 0.35% | 0.28% | 0.25% |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | $ 5,426 | $ 6,956 | $ 2,337 | $ 6,800 | $ 6,200 |
| UNIVERSITY'S COVERED PAYROLL | $ 35,776 | $ 28,990 | $ 25,479 | $ 20,153 | $ 16,677 |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL | 15.17% | 23.99% | 9.17% | 33.74% | 37.18% |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY | 85.09% | 78.24% | 91.42% | 70.55 % | 70.37 % |

| *(Dollars in thousands)* | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY | 0.24% | 0.20% | 0.16% | 0.13% | 0.10% |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | $ 7,061 | $ 6,076 | $ 5,463 | $ 4,049 | $ 2,881 |
| UNIVERSITY'S COVERED PAYROLL | $ 13,986 | $ 10,967 | $ 7,813 | $ 5,790 | $ 3,905 |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL | 50.49% | 55.40% | 69.92% | 69.93% | 73.78% |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY | 66.52% | 65.58% | 62.07% | 65.70 % | 68.77 % |

(Amounts determined as of the measurement date)

## TRS 1 - SCHEDULE OF CONTRIBUTIONS

| *(Dollars in thousands)* | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| CONTRACTUALLY REQUIRED CONTRIBUTION | $ 17 | $ 30 | $ 42 | $ 56 | $ 55 |
| CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION | $ 17 | $ 30 | $ 42 | $ 56 | $ 55 |
| CONTRIBUTION DEFICIENCY (EXCESS) | $ — | $ — | $ — | $ — | $ — |
| UNIVERSITY'S COVERED PAYROLL | $ 43,737 | $ 35,776 | $ 28,990 | $ 25,479 | $ 20,153 |
| CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL | 0.04% | 0.09% | 0.15% | 0.22% | 0.27% |

| *(Dollars in thousands)* | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| CONTRACTUALLY REQUIRED CONTRIBUTION | $ 52 | $ 48 | $ 39 | $ 38 | $ 44 |
| CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION | $ 52 | $ 48 | $ 40 | $ 38 | $ 42 |
| CONTRIBUTION DEFICIENCY (EXCESS) | $ — | $ — | $ (1) | $ — | $ 2 |
| UNIVERSITY'S COVERED PAYROLL | $ 16,677 | $ 13,986 | $ 10,967 | $ 7,813 | $ 5,790 |
| CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL | 0.31% | 0.34% | 0.36% | 0.49% | 0.76% |

(Amounts determined as of the fiscal year end)

## TRS 2/3 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

| *(Dollars in thousands)* | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY | 0.42% | 0.36% | 0.34% | 0.28% | 0.25% |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY | $ (520) | $ (712) | $ (9,301) | $ 4,233 | $ 1,487 |
| UNIVERSITY'S COVERED PAYROLL | $ 35,569 | $ 28,704 | $ 25,124 | $ 19,800 | $ 16,337 |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL | (1.46)% | (2.48)% | (37.02)% | 21.38% | 9.10% |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY | 100.49% | 100.86% | 113.72% | 91.72% | 96.36% |

| *(Dollars in thousands)* | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY | 0.24% | 0.19% | 0.15% | 0.12% | 0.08% |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | $ 1,066 | $ 1,796 | $ 2,077 | $ 969 | $ 252 |
| UNIVERSITY'S COVERED PAYROLL | $ 13,664 | $ 10,669 | $ 7,507 | $ 5,367 | $ 3,391 |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL | 7.80% | 16.83% | 27.67% | 18.05% | 7.43% |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY | 96.88% | 93.14% | 88.72% | 92.48% | 96.81% |

(Amounts determined as of the measurement date)

## TRS 2/3 - SCHEDULE OF CONTRIBUTIONS

| *(Dollars in thousands)* | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| CONTRACTUALLY REQUIRED CONTRIBUTION | $ 4,589 | $ 5,210 | $ 4,202 | $ 3,945 | $ 3,068 |
| CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION | $ 4,588 | $ 5,212 | $ 4,198 | $ 3,943 | $ 3,029 |
| CONTRIBUTION DEFICIENCY (EXCESS) | $ 1 | $ (2) | $ 4 | $ 2 | $ 39 |
| UNIVERSITY'S COVERED PAYROLL | $ 43,585 | $ 35,569 | $ 28,704 | $ 25,124 | $ 19,800 |
| CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL | 10.53% | 14.65% | 14.64% | 15.70% | 15.49% |

| *(Dollars in thousands)* | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| CONTRACTUALLY REQUIRED CONTRIBUTION | $ 2,511 | $ 2,036 | $ 1,401 | $ 956 | $ 558 |
| CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION | $ 2,470 | $ 2,029 | $ 1,410 | $ 985 | $ 555 |
| CONTRIBUTION DEFICIENCY (EXCESS) | $ 42 | $ 7 | $ (9) | $ (29) | $ 3 |
| UNIVERSITY'S COVERED PAYROLL | $ 16,337 | $ 13,664 | $ 10,669 | $ 7,507 | $ 5,367 |
| CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL | 15.37% | 14.90% | 13.13% | 12.73% | 10.40% |

(Amounts determined as of the fiscal year end)

Unaudited – see accompanying independent auditors' report

## LEOFF 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET

| *(Dollars in thousands)* | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| UNIVERSITY'S PROPORTION OF THE NET PENSION ASSET | 0.11% | 0.15% | 0.18% | 0.22% | 0.23% |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET | $ 2,722 | $ 4,212 | $ 10,480 | $ 4,535 | $ 5,365 |
| UNIVERSITY'S COVERED PAYROLL | $ 3,004 | $ 3,760 | $ 4,187 | $ 5,059 | $ 4,882 |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET AS A PERCENTAGE OF ITS COVERED PAYROLL | 90.64% | 112.01% | 250.30% | 89.64% | 109.91% |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION ASSET | 113.17% | 116.09% | 142.00% | 115.83% | 119.43% |

| *(Dollars in thousands)* | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| UNIVERSITY'S PROPORTION OF THE NET PENSION ASSET | 0.23% | 0.22% | 0.25% | 0.20% | 0.21% |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET | $ 4,590 | $ 2,995 | $ 1,430 | $ 2,083 | $ 2,844 |
| UNIVERSITY'S COVERED PAYROLL | $ 4,487 | $ 4,061 | $ 4,474 | $ 3,534 | $ 3,581 |
| UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET AS A PERCENTAGE OF ITS COVERED PAYROLL | 102.30% | 73.74% | 31.97% | 58.94% | 79.42% |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION ASSET | 118.50% | 113.36% | 106.04% | 111.67% | 116.75% |

(Amounts determined as of the measurement date)

## LEOFF 2 - SCHEDULE OF CONTRIBUTIONS

| *(Dollars in thousands)* | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| CONTRACTUALLY REQUIRED CONTRIBUTION | $ 297 | $ 262 | $ 328 | $ 367 | $ 444 |
| CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION | $ 297 | $ 262 | $ 327 | $ 367 | $ 446 |
| CONTRIBUTION DEFICIENCY (EXCESS) | $ — | $ — | $ 1 | $ — | $ (2) |
| UNIVERSITY'S COVERED PAYROLL | $ 3,398 | $ 3,004 | $ 3,760 | $ 4,187 | $ 5,059 |
| CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL | 8.73% | 8.71% | 8.72% | 8.77% | 8.78% |

| *(Dollars in thousands)* | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| CONTRACTUALLY REQUIRED CONTRIBUTION | $ 436 | $ 400 | $ 348 | $ 384 | $ 303 |
| CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION | $ 435 | $ 403 | $ 352 | $ 384 | $ 300 |
| CONTRIBUTION DEFICIENCY (EXCESS) | $ 1 | $ (3) | $ (4) | $ — | $ 3 |
| UNIVERSITY'S COVERED PAYROLL | $ 4,882 | $ 4,487 | $ 4,061 | $ 4,474 | $ 3,534 |
| CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL | 8.93% | 8.91% | 8.57% | 8.58% | 8.57% |

(Amounts determined as of the fiscal year end)

## UNIVERSITY OF WASHINGTON SUPPLEMENTAL RETIREMENT PLAN (UWSRP) SCHEDULE OF CHANGES IN NET PENSION LIABILITY (NPL)

| *(Dollars in thousands)* | 2024 (*) | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| **TOTAL PENSION LIABILITY - BEGINNING** | $ 274,309 | $ 316,127 | $ 216,672 | $ 781,829 |
| SERVICE COST | — | 5,068 | 3,699 | 22,877 |
| INTEREST ON TPL | — | 22,106 | 15,933 | 17,677 |
| DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE | — | (31,360) | 67,986 | (372,651) |
| CHANGE IN ASSUMPTIONS | — | (26,643) | 22,150 | (223,327) |
| BENEFIT PAYMENTS | — | (10,989) | (10,313) | (9,733) |
| NET CHANGE IN TOTAL PENSION LIABILITY | — | (41,818) | 99,455 | (565,157) |
| **TOTAL PENSION LIABILITY - ENDING (a)** | **274,309** | **274,309** | **316,127** | **216,672** |
| **PLAN FIDUCIARY NET POSITION - BEGINNING** | **112,536** | **96,989** | **90,341** | **60,961** |
| EMPLOYER CONTRIBUTIONS | — | 8,358 | 6,548 | 7,105 |
| NET INVESTMENT INCOME | — | 7,189 | 100 | 22,275 |
| NET CHANGE IN PLAN FIDUCIARY NET POSITION | — | 15,547 | 6,648 | 29,380 |
| **PLAN FIDUCIARY NET POSITION - ENDING (b)** | **112,536** | **112,536** | **96,989** | **90,341** |
| **UWSRP NET PENSION LIABILITY (a) minus (b)** | **$ 161,773** | **$ 161,773** | **$ 219,138** | **$ 126,331** |
| PLAN FIDUCIARY NET POSITION AS PERCENTAGE OF THE TOTAL PENSION LIABILITY | 41.03 % | 41.03 % | 30.68 % | 41.69 % |
| UWRP COVERED PAYROLL | $ 2,199,526 | $ 2,199,526 | $ 1,723,087 | $ 1,733,240 |
| NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL | 7.35 % | 7.35 % | 12.72 % | 7.29 % |

* In fiscal year 2024, the University elected to transition to a measurement date that lags the financial report date by one year. As a result, the June 30, 2024 NPL is based on a measurement date of June 30, 2023. There was no material impact associated with this change.

## UNIVERSITY OF WASHINGTON SUPPLEMENTAL RETIREMENT PLAN (UWSRP) SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY (TPL)

| *(Dollars in thousands)* | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| TOTAL PENSION LIABILITY - BEGINNING | $ 594,040 | $ 412,481 | $ 438,753 | $ 512,372 |
| SERVICE COST | 16,698 | 11,823 | 14,788 | 19,892 |
| INTEREST ON TPL | 21,232 | 16,277 | 16,127 | 15,097 |
| DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE | 31,426 | 102,713 | (33,952) | (74,919) |
| CHANGE IN ASSUMPTIONS | 126,749 | 58,228 | (17,105) | (28,553) |
| BENEFIT PAYMENTS | (8,316) | (7,482) | (6,130) | (5,136) |
| **TOTAL PENSION LIABILITY - ENDING** | **$ 781,829** | **$ 594,040** | **$ 412,481** | **$ 438,753** |
| UWSRP COVERED-EMPLOYEE PAYROLL | $ 744,634 | $ 787,384 | $ 759,688 | $ 801,161 |
| TOTAL PENSION LIABILITY AS PERCENTAGE OF COVERED-EMPLOYEE PAYROLL | 105.00% | 75.44% | 54.30% | 54.76% |

## UNIVERSITY OF WASHINGTON SUPPLEMENTAL RETIREMENT PLAN (UWSRP) SCHEDULE OF UWSRP CONTRIBUTIONS

| *(Dollars in thousands)* | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| CONTRACTUALLY REQUIRED CONTRIBUTION | $ 8,371 | $ 8,358 | $ 6,548 | $ 6,586 |
| CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION | $ 8,371 | $ 8,358 | $ 6,548 | $ 7,105 |
| CONTRIBUTION DEFICIENCY (EXCESS) | $ — | $ — | $ — | $ (519) |
| UWRP COVERED PAYROLL | $ 2,216,600 | $ 2,199,526 | $ 1,723,087 | $ 1,733,240 |
| CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL | 0.38 % | 0.38 % | 0.38 % | 0.41 % |

| SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (TOL) | | | | | | | |
|---|---|---|---|---|---|---|---|
| *(Dollars in thousands)* | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** |
| TOTAL OPEB LIABILITY - BEGINNING | $ 1,246,057 | $ 1,861,478 | $ 1,696,027 | $ 1,541,654 | $ 1,354,177 | $ 1,565,213 | $ 1,685,909 |
| SERVICE COST | 44,755 | 91,921 | 93,039 | 70,380 | 62,422 | 84,665 | 106,112 |
| INTEREST ON TOL | 44,957 | 42,650 | 40,211 | 58,874 | 54,148 | 58,207 | 49,703 |
| DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE | — | (42,238) | — | (9,022) | — | 53,132 | — |
| CHANGE IN ASSUMPTIONS | (21,618) | (713,147) | 17,180 | 38,164 | 100,838 | (370,652) | (242,454) |
| BENEFIT PAYMENTS | (31,314) | (31,335) | (30,635) | (28,031) | (24,769) | (24,584) | (25,330) |
| CHANGE IN PROPORTIONATE SHARE | (5,331) | 36,728 | 45,656 | 83,976 | (5,162) | (11,804) | (8,727) |
| OTHER | — | — | — | (59,968) | — | — | — |
| **TOTAL OPEB LIABILITY - ENDING** | **$ 1,277,506** | **$ 1,246,057** | **$ 1,861,478** | **$ 1,696,027** | **$ 1,541,654** | **$ 1,354,177** | **$ 1,565,213** |
| OPEB COVERED-EMPLOYEE PAYROLL | $ 3,565,520 | $ 3,231,736 | $ 3,092,943 | $ 2,895,664 | $ 2,724,791 | $ 2,493,991 | $ 2,529,127 |
| TOTAL OPEB LIABILITY AS PERCENTAGE OF COVERED-EMPLOYEE PAYROLL | 35.83% | 38.56% | 60.18% | 58.57% | 56.58% | 54.30% | 61.89% |

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2024

### Plans administered by DRS

The Office of the State Actuary (OSA) calculates the actuarially determined contributions (ADC) based on the results of an actuarial valuation consistent with the state's funding policy defined in Chapter 41.45 RCW. Consistent with the state's contribution-rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. For example, the actuarial valuation with a June 30, 2021 valuation date, completed in the fall of 2022, plus any supplemental contribution rates from the preceding legislative session, determines the ADC for the period beginning July 1, 2023, and ending June 30, 2025.

Additional Considerations on ADC for All Plans:

OSA calculates the ADC consistent with the methods described above. Adopted contribution rates could be different pending the actions of the governing bodies.

For cost-sharing plans, OSA calculates the contractually required contributions (CRC) using the same assumptions and methods as the ADC, except the CRC reflect the adopted contribution rates for the time period shown, which might differ from the contribution rates produced for the ADC.

### Plans administered by the University

Washington State's House Bill 1661, effective July 1, 2020, created a trust arrangement for the UWSRP and resulted in the transfer of all funds previously contributed by the University into the account dedicated to paying benefits to the plan's beneficiaries. This arrangement meets the criteria in GASB code P20, paragraph 101 and resulted in a significant change in the accounting for the plan.

Covered payroll for the fiscal years ending June 30, 2024, 2023, 2022 and 2021 is based on the payroll of participants in the University's 403(b) defined contribution UWRP. Covered payroll for the fiscal year ending June 30, 2020 and preceding years is based on the payroll of the participants of the UWSRP.

The source for the discount rate changed in 2021 from the bond rate required of plans with no assets, to the investment return for plans with assets, due to the change in the plan on July 1, 2020, which led to a change in the appropriate accounting guidance.

The June 30, 2024 TPL and NPL is based on an actuarial valuation performed as of January 1, 2023 with update procedures performed by the OSA to roll forward the TPL to the measurement date of June 30, 2023. Some of the larger experience items that impacted the TPL were salaries generally lower than assumed and SRP benefits for new retirees were lower than estimated. OSA's model estimates the SRP benefit of future retirees by relying on assumptions for the benefit calculation performed by Teachers Insurance and Annuity Association of America (TIAA). The valuation was prepared using the entry age actuarial cost method.

**OPEB Plan administered by the Healthcare Authority of Washington State**

The OPEB Plan has no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits.

Material assumption changes in fiscal year 2024 relate to an increase in the Bond Buyer General Obligation 20-Bond Municipal Bond Index, from 3.54% for the June 30, 2022 measurement date, to 3.65% for the June 30, 2023 measurement date. This Change in Assumption resulted in a decrease in the TOL.

This publication was prepared by UW Finance, Planning & Budgeting. Published November 2024.

The 2024 UW Financial Report and reports from previous years are available at annualreport.uw.edu

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DESIGN, PRODUCTION, AND PRINT COORDINATION: UW Creative Communications

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