2024

ANNUAL **FINANCIAL REPORT**

FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

WASHINGTON STATE
UNIVERSITY

2024 | ANNUAL FINANCIAL REPORT

CONTENTS

For information about the financial data included in this report, contact:

Business Services/Controller
Washington State University
PO Box 641025
Pullman, Washington 99164-1025
509-335-2022

You may view the financial report at genacct.wsu.edu/financial-statements.

For information about enrollment, degrees awarded, research, or academic programs at WSU, contact:

Institutional Research
Washington State University
PO Box 641043
Pullman, Washington 99164-1043
509-335-4553

or Visit the WSU home page at wsu.edu.

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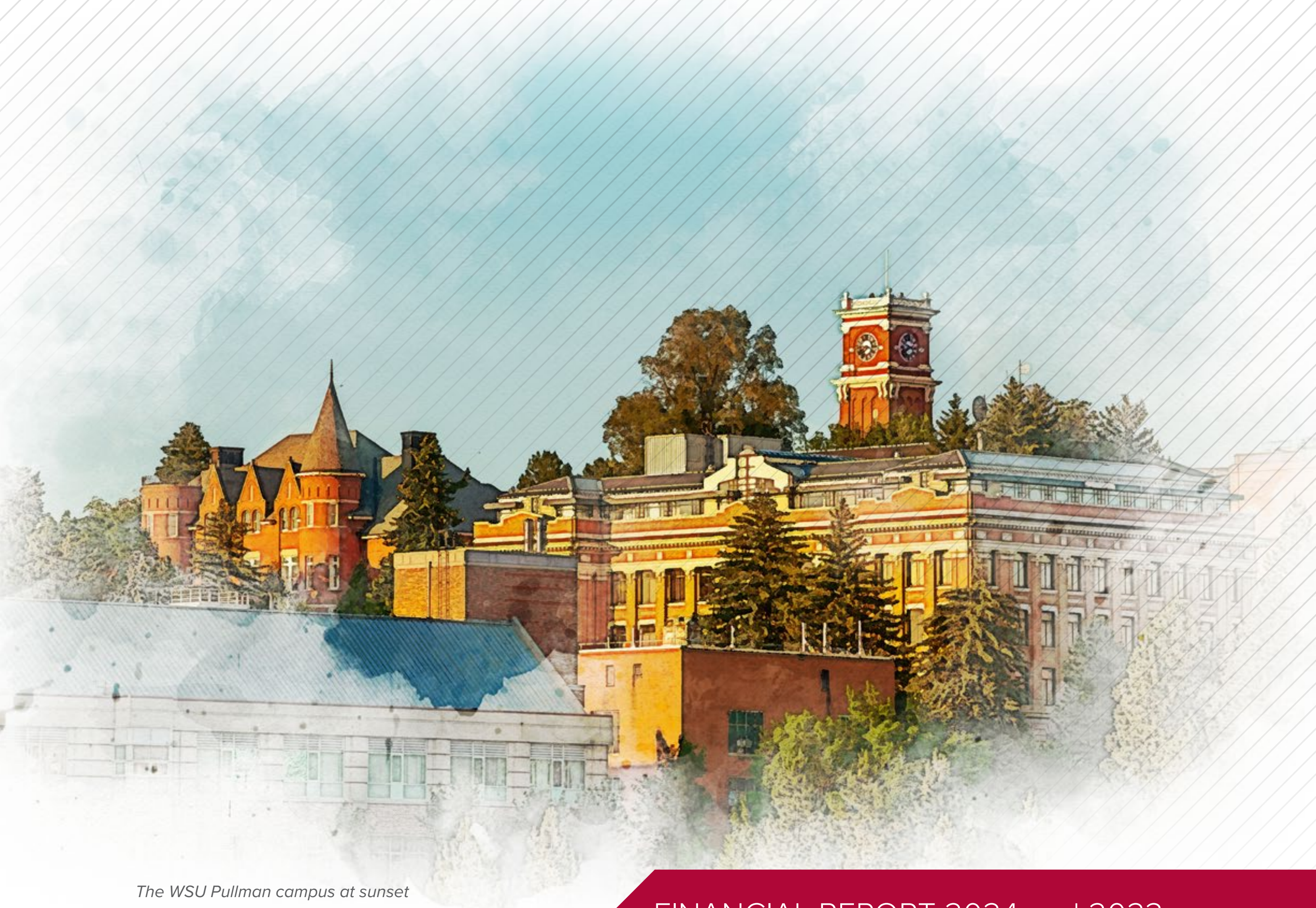


The WSU Pullman campus at sunset

FINANCIAL REPORT 2024 and 2023

INTRODUCTION

Regents and Administrative Officers

BOARD OF REGENTS

Lisa Keohokalole Schauer, Chair of the Board

Jenette Ramos, Vice Chair of the Board

Marty Dickinson, Past Chair of the Board

Kassandra Vogel, Student Regent

Judi McDonald, Faculty Regent

Brett Blankenship

Enrique Cerna

Doug Picha

Lura J. Powell

Kirk H. Schulz, Secretary Ex-Officio

Leslie Brunelli, Treasurer Ex-Officio

Jay Inslee, Governor, State of Washington, Advisory Member Ex-Officio

EXECUTIVE OFFICERS

Kirk H. Schulz, President

T. Chris Riley-Tillman, Provost and Executive Vice President

Leslie Brunelli, Executive Vice President for Finance and Administration, and Chief Financial Officer

Daryll DeWald, Executive Vice President for Health Sciences and Chancellor, WSU Spokane

David R. Cillay, Vice President for Academic Outreach and Innovation, and Chancellor, WSU Global Campus, Interim Chancellor, WSU Pullman

Paul Whitney, Interim Vice President for International Programs

Anne McCoy, Director of Athletics

Mike Connell, Vice President, Advancement and CEO, WSU Foundation

Jennifer Klein, Interim Vice President and Chief Human Resource Officer

Christine R. Hoyt, Vice President for Strategy, Planning and Analysis

Michael Wolcott, Interim Vice President for Research

Glynda Becker-Fenter, Vice President for External Affairs and Government Relations

Tony Opheim, Vice President of Information Technology Services and Chief Information Officer

Phil Weiler, Vice President for Marketing and Communications

ADMINISTRATIVE OFFICERS

Angie Dobbins, Executive Director/Controller, Business Services

Sharyl Kammerzell, Chief Compliance and Risk Officer

Heather Lopez, Chief Audit Executive

Matthew Skinner, Senior Associate Vice President for Finance and Administration, Deputy Chief Financial Officer

Michael Walters, Interim Chief Information Security Officer

CHANCELLORS

WSU PULLMAN

David R Cillay, Interim Chancellor

Lisa Guerrero, Vice Chancellor for Equity and Inclusive Excellence

Romando Nash, Vice Chancellor for Student Affairs

WSU SPOKANE

Daryll DeWald, Executive Vice President for Health Sciences and Chancellor

Dan DeNike, Vice Chancellor for Finance and Budget

Peter Gitau, Vice Chancellor for Student Affairs

Craig Parks, Vice Chancellor for Academic Affairs

Nicole Pratapas, Vice Chancellor for Advancement

WSU TRI-CITIES

Sandra Haynes, Chancellor

Kathleen McAteer, Vice Chancellor for Academic and Student Affairs

Damien Sinnott, Vice Chancellor for Finance and Administration

WSU VANCOUVER

Mel Netzhammer, Chancellor

Jenny Chambers-Taube, Vice Chancellor for Finance and Operations

Renny Christopher, Vice Chancellor for Academic Affairs

Christine Portfors, Vice Chancellor for Research and Graduate Studies

Domanic Vanthom, Vice Chancellor for Student Affairs and Enrollment

WSU GLOBAL CAMPUS

David R. Cillay, Vice President for Academic Outreach and Innovation, and Chancellor

Debbie O'Donnell, Vice Chancellor for Student Affairs

WSU EVERETT

Paul E. Pitre, Chancellor

Jacob Murray, Vice Chancellor for Academic Affairs

Sergey Lapin, Vice Chancellor, Research / Associate Director, Data Analytics

Xiaopeng Bi, Vice Chancellor, Student Success / Professor and Program Coordinator of Mechanical Engineering

DEANS

Trevor Bond, Interim Dean, Libraries

Dori Borjesson, Dean, College of Veterinary Medicine

Deborah (Debbie) Compeau, Interim Dean, Carson College of Business

Mary Koithan, Dean, College of Nursing

Mark Leid, Dean, College of Pharmacy and Pharmaceutical Sciences

Courtney Meehan, Interim Dean, College of Arts and Sciences

M. Grant Norton, Dean, Honors College

Partha Pande, Interim Dean, Voiland College of Engineering and Architecture

Bruce Pinkleton, Dean, Edward R. Murrow College of Communication

Wendy Powers, Dean, College of Agricultural, Human, and Natural Resource Sciences

James Record, Dean, Elson S. Floyd College of Medicine

Karen Thomas-Brown, Dean, College of Education

LEGAL COUNSEL

Nathan Deen, Senior Assistant Attorney General and WSU Division Chief, Washington State Office of the Attorney General

Officer list effective 11/1/24

MESSAGE FROM THE PRESIDENT

It is my pleasure to share Washington State University's annual financial report for the 2024 fiscal year. This publication provides detailed information about the University's fiscal health and operations during the period beginning July 1, 2023, and concluding on June 30, 2024.

As I write this, the end of 2024 is rapidly coming to a close. Students are in the middle of preparing for exams, faculty are grading final projects, and staff are ensuring that the university continues to run smoothly amid all that energy. It's a familiar frenzy for many of us in higher education and a thrilling way to wrap up another successful term.

For me, this fall semester holds special significance – it will be my last fall serving as president of this great university. I will retire in June 2025 after nine remarkable years of service to WSU. Before I set off into the great unknown, though, I've dedicated this year to making improvements in several key areas that will position the university for continued success:

- **Stabilize total undergraduate student enrollment and grow new student enrollment.**
  For the second year in a row, we welcomed more first-years than we did the previous year, a 2.4% increase systemwide. This kind of sustained growth is a vital step to reversing the enrollment declines we've experienced since 2020 and securing a more stable fiscal future for our university.
- **Expand outreach and engagement efforts, broaden WSU's donor base, and maximize philanthropic support.**
  By the end of FY24, the WSU Foundation had received over $154M in private gifts. This marks the third consecutive year WSU fundraising topped $150M and is the second-best fundraising year in WSU history. This fall, we've found new ways to engage our donors and are continuing to build on the momentum we've generated in recent years.
- **Continue efforts to secure a strong conference affiliation for Cougar Athletics that charts a clear and promising path forward.**
  In the wake of the Pac-12 dissolution last August, we explored every viable path forward for Cougar Athletics. After robust discussions with various consultants, it quickly became clear that rebuilding the Pac-12 was our most promising course of action. As of September, the new Pac-12 includes seven football-sponsoring universities set to compete in the fall of 2026. Negotiations for a media deal are ongoing, but conversations with potential new conference members will resume once the deal is finalized. The completed deal and the result of those conversations will provide much-needed clarity for our student-athletes, coaches, and fans on what they can come to expect from the conference moving forward.

Throughout my presidency, WSU has navigated significant challenges and celebrated extraordinary milestones. Together, we stood up a new medical school in the state of Washington for the first time in over sixty years, resolved a $30M annual deficit to ensure responsible budgets and sound management of working capital, weathered a global pandemic, set records for philanthropic giving, and expanded the physical infrastructure at each of our campuses. These achievements were made possible by our shared commitment to the university's mission and values.

While there are significant headwinds facing higher education – from the looming demographic enrollment cliff and continued skepticism around the value of a college degree to evolving threats to free speech and uncertainty surrounding federal education policies—I know that WSU is well-prepared to address these issues with the same resilience and innovation that have defined its 135-year history.

It has been the honor of a lifetime to serve as president of this incredible university, and I look forward to supporting WSU's continued success in the years ahead.

Best regards,
Kirk H. Schulz President

MISSION

Washington State University is a public land-grant research university that is committed to the principles of practical education for all, scholarly inquiry that benefits society, and the sharing of expertise to positively impact the state and communities.

VISION

Washington State University will deepen and expand its impact by building on the strengths of each campus and location for a stronger Washington state and global community.

GOALS

1. Research, Innovation, and Creativity

WSU will be recognized for embracing risk and bold thinking to serve the needs of its communities through innovative research, scholarship, and creative activities.

2023-2024 Annual Objectives:

- Increase research competitiveness and national standing
- Advance equity, diversity, and inclusion through continuation of the Cluster Hire in Racism and Social Inequality in the Americas Program

2. Student Experience

WSU students will engage in scholarship, research, and experiential learning activities to prepare future leaders, scholars, and global citizens.

2023-2024 Annual Objectives:

- Leverage the OneWSU system by establishing flexible and cost-effective solutions for the benefit of our students and faculty that more effectively utilize all our campus resources
- Improve the recognition of WSU's brand and enhance its reputation on a national level by implementing a sustainable marketing program
- Find a new conference home for Cougar Athletics
- Stabilize total undergraduate student enrollment and grow new student enrollment
- Decrease undergraduate retention gap between the overall university student population and first-generation, low-income, and people of color

3. Outreach, Extension, Service, & Engagement

WSU will be a national leader in advancing quality of life, economic development, sustainability, and equity through meaningful engagement in discovery, education, and service with partners throughout the state, nation, and world.

2023-2024 Annual Objectives:

- Support WSU's application and recognition as a Carnegie Classified Community-Engaged Institution
- Expand WSU's presence in East Africa

4. Institutional Effectiveness & Infrastructure

WSU will advance a culture of engagement and collaboration across its multi-campus system that values and invests in resources: physical, financial, human, and intellectual, leveraging these to become the social and economic drivers for the community, the state, and the world.

2023-2024 Annual Objectives:

- Raise $150M in new philanthropic funds
- Reduce faculty and staff race/ethnicity data reporting unknowns
- Improve financial planning and resource allocation process through implementation of a system-wide budget planning process
- Develop a long-term financial plan for Intercollegiate Athletics and achieve a balanced operating budget
- Increase access to actionable data that empowers WSU staff to gain valuable insights and make informed and timely decision-making
- Create a strategic sustainability plan for the university system

For current objectives and progress, visit strategicplan.wsu.edu

MESSAGE FROM THE EXECUTIVE VICE PRESIDENT FOR FINANCE AND ADMINISTRATION

January 10, 2025

To President Schulz, Members of the Board of Regents, and the Washington State University community:

I respectfully submit the Washington State University financial statements for the fiscal year ended June 30, 2024. This document includes the Management's Discussion and Analysis (MD&A) and the basic financial statements, as well as other supplemental information to provide a transparent understanding of the university's financial position. Responsibility for the accuracy, completeness, and fairness of the information and presentation, including all disclosures, rests with the University's management. We believe, to the best of our knowledge, that information is accurate in all material respects and fairly presents the University's financial position, revenues, expenses, and other changes in net position.

The University is responsible for implementing and maintaining an internal control structure to protect and prevent misuse of the University's assets. To that end, we believe our system of internal controls is sound and sufficient to disclose material deficiencies in controls to the auditors and to the Board of Regents. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide a reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited each year. For the fiscal year ended June 30, 2024, the University contracted with independent certified public accounting firm Eide Bailly, LLP to perform the University's annual audit. The auditors have issued an unmodified opinion, the most favorable outcome of the audit process. The University's internal auditors and the Office of the Washington State Auditor perform fiscal, compliance and performance audits. The reports resulting from these audits are shared with University administration. Internal and external audit reports are provided to the Board of Regents.

The University's financial statement is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting as established by the Governmental Accounting Standards Board (GASB). The MD&A is unaudited and is presented to supplement the financial statements by providing the necessary information for the reader to gain a broad understanding of the University's financial position and results of operations. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditors' Report.

Profile of the University

Washington State University (WSU) is a state supported, land-grant, coeducational institution of high education. Founded in 1890, WSU provides more than 200 academic majors, minors, certificates, and specializations as well as more than 140 graduate programs and certificates. As of fall 2024, Washington State University serves nearly 26,000 students across six campuses and celebrates more than 240,000 alumni worldwide. The University is committed to the principles of practical education for all, scholarly inquiry that benefits society, and the sharing of expertise to positively impact the state and communities.

Washington State University is governed by the Board of Regents in accordance with the Revised Code of Washington (RCW) Title 28B, Chapter 30, Section 150. The eleven Regents are selected by the Governor of Washington and include a faculty member and a student. The University President serves as Secretary of the Board. The Executive Vice President for Finance and Administration serves as the Treasurer. Primary responsibilities of the Board of Regents include employing the President of the University, establishing entrance requirements for students, grant certificates and degrees, adopt plans for capital improvement, accept gifts, and direct the disposition of funds belonging to the University. Additionally, with the assistance of the faculty of the University, the Regents prescribe courses of instruction in the various colleges, schools and departments.

MESSAGE FROM THE EXECUTIVE VICE PRESIDENT FOR FINANCE AND ADMINISTRATION (Cont.)

The financial statement entity is the entirety of the Washington State University system including all six campuses in Pullman, Spokane, Vancouver, the Tri-Cities, and Everett as well as the online Global campus. Included in the financial statements is the University's discretely presented component unit, the Washington State University Foundation. Established in 1979, the WSU Foundation is the preferred mechanism through which private support is raised and managed for the sole benefit of Washington State University. Since its inception, the WSU Foundation has raised more than $1.7 billion in private commitments in support of programs and initiatives across Washington State University.

The University conducts business under a comprehensive set of policies and procedures to improve communication, promote administrative consistency and efficiency and ensure compliance with state and federal laws as well as accreditation requirements. The University maintains administrative manuals that provide policies and procedures for Board of Regents governance, university executive officers, business operations and safety operations. Financial policies are in place for management of WSU funds, accounts receivable, sponsored programs, tuition and fee assessment and collection, payroll, purchasing, records retention, information security and property management. Following the implementation of new administrative finance systems, policies have been updated to conform to revised practices.

Washington State University is responsible for controlling its budget and using all funds to fulfill its mission for education, research and service. Effective budget management requires planning, development and control of limited resources in accordance with University, state and federal policies and procedures. Our commitment is to enhance future budget development through a defined calendar that includes evaluation of enrollment trends and net tuition revenue, returns unit budget hearings, assesses alignment of funding to meet strategic plans, and results in the implementation of an all-funds budget. As a means to communicate the annual financial plan, a comprehensive budget document is in development to provide transparency and encourage accountability over the financial assets of the University.

Acknowledgements

Preparation of the financial statements in a timely manner is possible through the dedicated efforts of the University Controller's Office and the coordinated work across all units in Business and Financial Services and Finance and Administration. Each day, offices throughout the University system participate in financial activity mindful of established policies and procedures. Additionally, we recognize the valuable contributions from the Office of Strategy, Planning and Analysis and University Marketing and Communications. I wish to thank the Board of Regents and the President for their commitment to increased financial transparency and to sound fiscal management of Washington State University.

During this period of leadership transition as we search for the 12th president of Washington State University, we are committed to level-setting the financial expectations for future strategic planning and to championing the four strategic focus areas outlined by the Board of Regents.

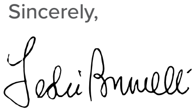
- OneWSU
- Fiscal Transparency and Sustainability
- Reputation Strength
- Stabilizing Cougar Athletics

Advancing each of these objectives requires the knowledge, skills and expertise of the staff across the Finance and Administration Division and will help level-set the financial expectations for future strategic planning. Our collective mission emphasizes this critical support role the Division plays in helping achieve the mission as a public land-grant research university that is committed to the principles of practical education for all, scholarly inquiry that benefits society, and the sharing of expertise to positively impact the state and communities.

"We provide outstanding stewardship and enhancement of the University's financial and physical resources while providing a safe, enriching, and sustainable environment in which our stakeholders live, learn and work."

Special thanks to this committed group of professionals who support our University's students, faculty and staff, community and the State.

Sincerely,



Leslie Brunelli
Executive Vice President for Finance and Administration
& Chief Financial Officer

Fall color behind the Beasley Cougar Sculpture on the WSU Pullman campus.

FINANCIAL REPORT 2024 and 2023

FINANCIAL SECTION

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Board of Regents
Washington State University
Pullman, Washington

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Washington State University (the University), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of June 30, 2024, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Washington State University Foundation (the Foundation), which represents 100% of the assets and net assets and 100% of the revenue of the discretely presented component unit as of June 30, 2024 and 2023. Those statements were audited by other auditors whose report has been furnished to us and in our opinion, insofar as it relates to the amounts included for Foundation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Correction of an Error

As discussed in Note 21 to the financial statements, there were certain errors identified associated with internal sales transactions that were not properly eliminated. This led to an overstatement of previously reported operating revenue and expenses for the year ended June 30, 2023. Accordingly, a restatement has been made to the University's operating revenues and expenses for the year ended June 30, 2023. There was no impact on the net position as of June 30, 2023, to correct the error. Our opinions are not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 1, 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 cash flows of only that portion of the business-type activities of the state of Washington that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2024 and 2023, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are 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 accounting principles generally accepted in the United States of America, 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of WSU contributions, schedule of WSU's proportionate share of net pension liability/(asset), schedule of changes in total pension liability, schedule of changes in net pension liability and related ratios, and schedule of changes in total OPEB liability (required supplementary information) 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 audits 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

Management is responsible for the other information included in the annual report. The other information comprises the introduction and the statistical section (other information) but does not include the basic financial statements and our auditor's report thereon. 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.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2025, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Eide Bailly LLP

Boise, Idaho
January 10, 2025

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Management's Discussion and Analysis

Washington State University (the "University" or "WSU") was founded by the State Legislature in 1890 as the State's land grant research university. WSU's main campus is in Pullman, while the Spokane campus is the University's health sciences campus which includes the Elson S. Floyd College of Medicine. System campus locations serve other regions of the state in Vancouver, the Tri-Cities and Everett. The University's sixth campus, the WSU Global Campus, offers online access to the University's degrees across the state, nation and world. The University's 11 academic colleges span across all campuses and WSU operates extension offices in all 39 counties in the State, with four agricultural research stations.

Management's Discussion and Analysis provides an overview of the University's financial performance for the fiscal years ended June 30, 2024, 2023, and 2022. Management has prepared this summary to be read in conjunction with the financial statements and accompanying notes. The financial reporting entity for the financial statements is comprised of the University and its component units. The discussion and analysis are intended to support greater understanding and transparency of WSU's financial activities based on currently-known facts, decisions, and conditions.

Using the Financial Statements

The University's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The financial statements are presented on a consolidated basis to focus on the University as a whole. The full scope of the University's activities is a single business-type activity and is reported within a single column in the basic financial statements.

The financial statements presented in this report encompass the University and its discretely presented component unit, the Washington State University Foundation. The University's financial reports include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The University provides the discretely presented component unit information on pages immediately following the statements of the University. Fiscal years 2024, 2023, and 2022 condensed data is presented in Management's Discussion and Analysis to illustrate certain increases and decreases compared with the prior year data.

These financial statements include the following components:

- Independent Auditors' Report presents an unmodified opinion prepared by the University's auditors, Eide Bailly.
- 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 and 2023). 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 years ended June 30, 2024 and 2023). 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 years ended June 30, 2024 and 2023). Its purpose is to assess the University's ability to generate net cash flows and meet its obligations as they come due.

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 Component Unit, comprised of a supporting foundation, the Washington State University Foundation, is discretely presented in the financial statements and in Note 4.

Financial Highlights

The University's overall net financial position as of June 30, 2024, increased by $140 million (7%) over the previous year, resulting in a year-end net position of $2.1 billion. Fiscal years 2023 and 2022 have been restated due to an error correction which adjusts operating revenues and expenses for the elimination of internal sales and expenses (see Note 21). The net position of the University is stronger, as evidenced through various ratios, even as the university faces consecutive years of enrollment decline. Cash and investment management and the maintenance of adequate working capital have been enhanced. The days cash on hand metric has declined from 135 to 112 for this year due to the investment strategy to convert more investments to long term to optimize returns. The accumulation of net position requires careful planning for eventual use as those resources are not recurring and cannot replace base budgets. Enrollment declines leading to net tuition revenue reductions, inflationary concerns, and an aging capital and Information Technology infrastructure demand strategic focus as expenditure requirements exceed the scarce funds available.

Key Financial Results

(in millions)	2024	Restated 2023	$ Change	% Change	Restated 2022
Total operating revenues	$ 897	$ 876	$ 21	2%	$ 828
Total operating expenses	(1,321)	(1,264)	(57)	5%	(1,145)
Operating loss	**(424)**	**(388)**	**(36)**	**9%**	**(317)**
State and federal appropriations	338	307	31	10%	284
Gifts	50	59	(9)	(15)%	56
Investment income, net	123	87	36	41%	(64)
Other non-operating revenues, net	53	98	(45)	(46)%	99
Increase (decrease) in net position	**140**	**163**	**(23)**	**(14)%**	**58**
Net position, beginning of year	1,974	1,811	163	9%	1,759
Change in accounting principle	-	-	-	-	(6)
Change in net position	140	163	(23)	(14)%	58
Net position, end of year	**$ 2,114**	**$ 1,974**	**$ 140**	**7%**	**$ 1,811**

Operating Revenues

Operating revenues increased $21 million, or 2%, in 2024. Net tuition and fees declined by $1 million as overall enrollment declined by 3%. The University's auxiliary operations, which include student housing and food services and intercollegiate athletics, among others, showed revenue increases totaling $19 million over the prior year. Offsetting changes were realized with grants and contracts down $1 million, and other operating revenues up $4 million.

Operating Expenses

Operating expenses rose by $57 million, or 5%, in 2024. Staff salaries and benefits accounted for a $43 million increase during the year, driven by a planned general salary increase, rising employer benefit costs, and overall growth in employees. Additionally, scholarship expenses increased by $8 million, primarily due to higher Washington College Grant amounts and increased gift and grant awards.

Non-operating Revenues

Revenues from non-operating and other sources, net of interest on capital-related debt, grew $65 million or 14%, in 2024. Investment income increased by $36 million from unrealized gains and interest income due to favorable interest rates and investment market performance. State and federal appropriations increased $31 million.

Condensed Financial Information and Analysis

The following chart summarizes WSU's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (in millions) for the years ending June 30, 2024, 2023 and 2022.

Condensed Statements of Net Position (*in millions*)

	2024	2023	$ Change	% Change	2022
Assets					
Current assets	$ 535	$ 648	$ (113)	(17)%	$ 577
Non-current assets:					
Long-term investments	259	119	140	118%	137
Endowment and other restricted investments	733	678	55	8%	635
Capital and right-to-use assets, net	1,687	1,675	12	1%	1,675
Pension and other non-current assets	75	72	3	4%	163
Total assets	**$ 3,289**	**$ 3,192**	**$ 97**	**3%**	**$ 3,187**
Deferred outflows of resources	**118**	**119**	**(1)**	**(1)%**	**99**
Total assets and deferred outflows of resources	**$ 3,407**	**$ 3,311**	**$ 96**	**3%**	**$ 3,286**
Liabilities					
Current liabilities	$160	$131	$ 29	22%	$ 123
Non-current liabilities:					
Accrued leave (Note 9)	35	39	(4)	(10%)	38
Long-term liabilities (Note 14)	547	580	(33)	(6)%	619
Pension and other post employment benefits liabilities (Notes 16 & 17)	268	263	5	2%	366
Other non-current liabilities	23	23	-	-	20
Total liabilities	**$ 1,033**	**$ 1,036**	**$ (3)**	**-**	**$ 1,166**
Deferred inflows of resources	**260**	**301**	**(41)**	**(14)%**	**309**
Total liabilities and deferred inflows of resources	**$ 1,293**	**$ 1,337**	**$ (44)**	**(3)%**	**$ 1,475**
Net position					
Net investment in capital assets	$ 1,138	$ 1,101	$ 37	3%	$ 1,065
Restricted nonexpendable	671	621	50	8%	581
Restricted loans	16	18	(2)	(11)%	23
Restricted expendable	266	272	(6)	(2)%	235
Restricted for pension asset, net	72	54	18	33%	29
Unrestricted	(49)	(92)	43	(47)%	(122)
Total net position	**$ 2,114**	**$ 1,974**	**$ 140**	**7 %**	**$ 1,811**

Comparison of fiscal year 2024 to fiscal year 2023

Total assets and deferred outflows of resources increased $96 million, or 3%.

Current assets are the resources that the University expects to be available within the next twelve months. During fiscal year 24, current assets decreased by $113 million, or 17%, primarily due to:

- Current cash and cash equivalents, along with the current portion of investments, declined by $93 million, or 18% as the University moved operating cash into longer-term investments to maintain investment earnings.
- Net accounts receivable decreased by approximately $20 million or 20%, primarily due to the timing of collection differences year over year with declines in receivables from other state agencies and the Office of the State Treasurer.

Non-current assets increased by 8% or $210 million. This increase was driven by:

- Long-term investments grew by $140 million as part of the University's overall investment strategy.
- Endowment investment increased by $55 million, or 8%. This growth was driven by a $50 million rise in land grant permanent funds due to improved equity returns and a $4 million increase in WSU's legacy endowment.
- Right-to-use leased assets increased by $7 million (40%) due to new and extended lease agreements.
- Subscription-based information technology arrangements (SBITA) decreased by $3 million due to amortization and terminations.
- Capital assets, net increased by $8 million, with additions just outpacing depreciation. Notable projects include Clark Hall Lab Renovation for $5 million, Eastlick Lab Renovation for $3 million, Vancouver Life Sciences Building for $65 million, and $15 million for the Spokane Health Science Building Phase 1.
- Pension assets increased by $8 million (19%) due to updated actuarial assumptions and an increased proportionate share.

Deferred outflows decreased by 1% or $1 million. (Note 1 displays a schedule by component)

Total liabilities and deferred inflows of resources decreased by 3% or $44 million during fiscal year 24.

Current liabilities increased by $29 million or 22%, largely due to an increase in accounts payable due to the timing of billing and payments.

Non-current liabilities decreased $32 million as:

- Long-term liabilities dropped $33 million from principal payments on long-term debt offset in part by an increase in lease liability.
- Total pension liabilities decreased by $3 million or 6% due to actuarial valuation changes. These liabilities include the University's pro-rata share of the state government's liability for future pension payments for the three state pension plans and the WSU Supplemental Retirement Plan (WSUSRP). The state is responsible for funding and benefit management within the three state pension plans. The University has no financial control over these plans. The WSUSRP is currently WSU's responsibility. The WSUSRP plan is closed and payments to eligible retirees are made on a pay as you go basis.
- The Other Post-Employment Benefit (OPEB) liability increased by $4 million, or 4%, primarily due to a rise in the discount rate. This amount reflects the University's proportional share of the total OPEB liability for the state of Washington. The University does not have financial control over this liability.

Deferred inflows resources decreased by $41 million or 14% driven by actuarial adjustments to state pension and OPEB. (Note 1 displays a schedule by component)

Total Net Position

Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The change in net position is one indicator of whether the financial condition has improved or declined during the fiscal year and over time. The table below illustrates how the composition of net position has changed during the reporting period:

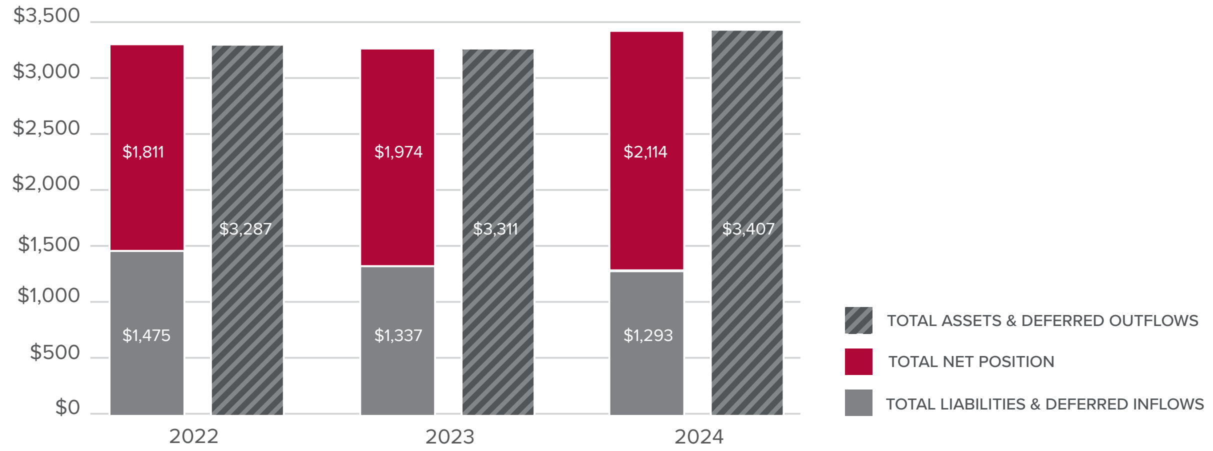
Total net position (*In millions*)

	2024	2023	$ Change	% Change	2022
Net investment in capital assets	$ 1,138	$ 1,101	$ 37	3%	$ 1,065
Restricted nonexpendable	671	621	50	8%	581
Restricted loans	16	18	(2)	(11)%	23
Restricted expendable	266	272	(6)	(2)%	235
Restricted for pension asset, net	72	54	18	33%	29
Unrestricted	(49)	(92)	43	47%	(122)
Total net position	**$ 2,114**	**$ 1,974**	**$140**	**7%**	**$ 1,811**

Total net position increased by $140 million or 7% during 2024.

- **Net investment in capital assets** grew by $37 million or 3% during the year. Debt repayment is the key driver of this improvement.
- **Restricted nonexpendable net position** increased $50 million or 8% during the year from unrealized gains on restricted investments from improved market conditions.
- **Restricted expendable net position** decreased by $6 million or 2% due to the fluctuations in grant fund balance, earnings from endowment, and federal appropriations.
- **Restricted loans** decreased by $2 million or 11% during the year primarily due to continued return of the Perkins loan program proceeds to the federal government. The Perkins loan program was discontinued by the federal government in 2017. Since then, the University has been returning funds at the amount determined by the government each year.
- **Restricted pension asset net position** increased by $18 million or 33% during the year. The University has no financial control over pension assets.
- **Unrestricted net position** increased by $43 million or 47%.

Net Position and Assets compared to Liabilities (*in millions)*



Comparison of fiscal year 2023 to fiscal year 2022

In fiscal year 2023, total assets and deferred outflows of resources increased slightly by $25 million (1%). Current assets increased by $71 million (12%) due to higher cash and receivables. Non-current assets decreased by $66 million (3%), mainly due to a drop in pension assets. Deferred outflows of resources grew by $20 million (20%) due to changes in pension plans and OPEB. In fiscal year 2023, total liabilities and deferred inflows of resources decreased by $138 million (9%). Current liabilities increased by $10 million (8%) due to higher accounts payable and unearned revenue. Non-current Liabilities fell by $140 million (13%) due to debt service payments and fluctuations in pension and OPEB liabilities.

Total net position increased by $163 million (9%), with gains in capital assets, restricted net positions, and unrestricted net position.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues and expenses incurred during the year with activities reported as either operating or non-operating. GASB requires state appropriations, federal Pell grants, Higher Education Emergency Funds (HEERF), and gifts to be classified as non-operating revenues resulting in operating deficits before these revenues are considered. The utilization of long-lived assets, capital assets, right-to-use leased assets, and subscription-based technology assets are included in the financial statements as depreciation/amortization, which amortizes the cost of an asset over its expected useful life. The University corrected an error related to its internal sales elimination, which resulted in changes to operating revenues and expenses. The error was corrected and applied to fiscal years 2023 and 2022 for comparability to 2024. Note 21 contains a table outlining the adjustments for 2023.

Condensed Statements of Revenues, Expenses and Changes in Net Position (*In millions*)

	2024	Restated 2023	$ Change	% Change	Restated 2022
Operating revenues (expenses)					
Tuition and fees, net	$ 284	$ 285	$ (1)	-	$ 297
Grants and contracts	366	367	(1)	-	317
Auxiliaries and Sales and services, net	208	189	19	10%	180
Other operating revenues	39	35	4	11%	34
Total operating revenues	**897**	**876**	**21**	**2%**	**828**
Operating expenses	(1,321)	(1,264)	(57)	5%	(1,145)
Operating loss	**(424)**	**(388)**	**(36)**	**9%**	**(317)**
Non-operating revenues (expenses)					
State and federal appropriations	338	307	31	10%	284
Federal financial aid	35	31	4	13%	32
Gifts and contributions	50	59	(9)	(15)%	56
Investment income, net	123	87	36	41%	(64)
Higher Education Emergency Relief Fund (HEERF)	-	-	-	-	55
Other non-operating revenues (expenses)	(16)	(19)	3	(16)%	(17)
Net non-operating revenues (expenses)	**530**	**465**	**65**	**14%**	**346**
Income (loss) before other changes	107	77	29	38%	29
Capital appropriations	24	68	(44)	(65)%	14
Capital gifts and grants	1	1	-	-	1
Additions to permanent endowments	9	17	(8)	(47)%	14
Total other additions	**34**	**86**	**(52)**	**(60)%**	**29**
Increase (decrease) in net position	140	163	(23)	(14)%	58
Net position, beginning of year	1,974	1,811	163	9%	1,759
Change in accounting principle	-	-	-	-	(6)
Change in net position	140	163	(23)	(14)%	58
Net position, end of year	**$ 2,114**	**$ 1,974**	**$ 140**	**7%**	**$ 1,811**

Comparison of fiscal year 2024 to fiscal year 2023

Revenues

Operating revenues

Operating revenues are resources generated through the University in fulfilling its instruction, research, and public service mission. While some revenue sources, such as state general fund appropriations, are recorded as non-operating revenue under GASB, these funds are used solely to support the operations of the University. Because of this treatment, public institutions show an operating loss. Overall, operating revenues increased by $21 million in fiscal year 24 to a total of $897 million, a 2% increase over fiscal year 23. Significant changes include:

- Net student tuition and fees decreased by $1 million from last year driven by a 3% enrollment decline that was partially offset by a 3% tuition increase for undergraduate and graduate students.
- Grants and contracts revenue slightly decreased. Federal grants and contracts increased by $3 million, while state and local grants and contracts fell by $3 million and $1 million, respectively.
- Auxiliary, Sales, and service revenues rose by $19 million, or 10%. PAC-12 conference revenue grew by $16 million, while Housing and Dining revenues increased by $3 million.

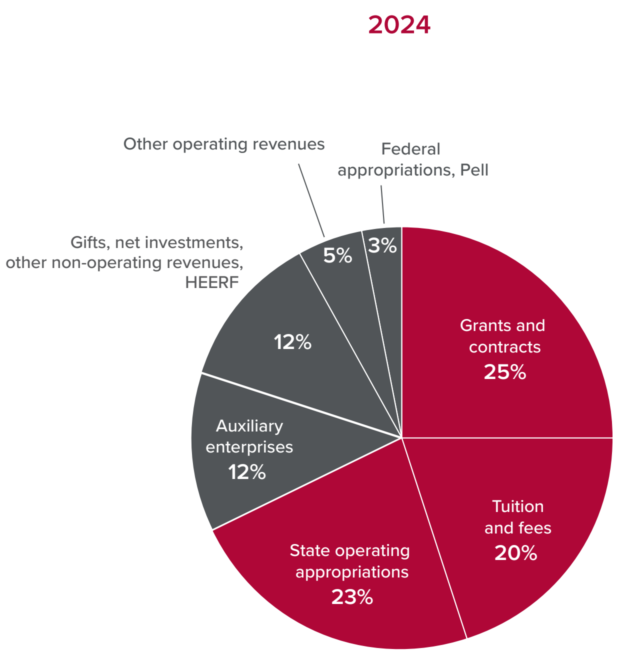
Net non-operating revenues increased by $65 million to $530 million, a 14% increase for fiscal year 24. The additional revenue was generated from:

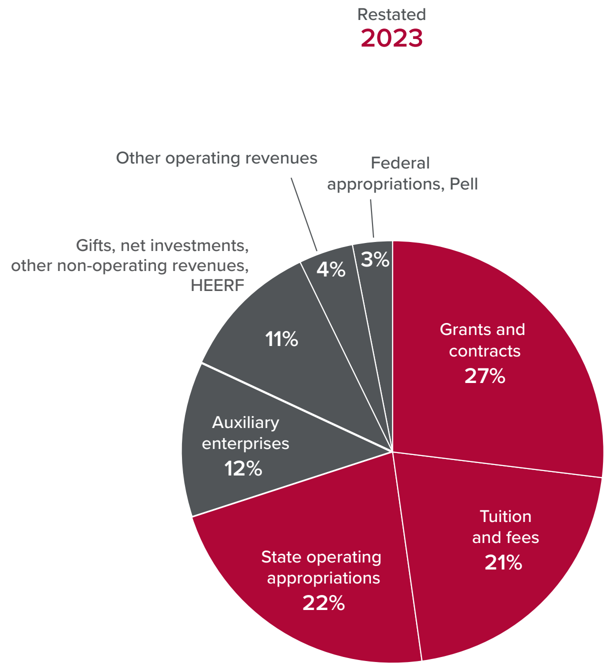
- State appropriations increased by $28 million for fiscal year 2024. The 2023-25 biennial budget included $7.9 million for faculty and staff wage increases, $3.8 million for the establishment of the Institute for Northwest Energy Futures at the Tri-Cities campus, and $1.9 million to improve nursing educator salaries. The 2024 supplemental budget added $4.2 million for carbon allowances under the Climate Commitment Act and $0.5 million for a bargaining agreement with academic student employees effective May 2024.
- Federal appropriations increased approximately $3 million, driven by funding for Smith-Lever and Hatch.
- Investment income, net of expense, grew by $36 million in fiscal year 24 as market conditions improved, generating significant realized and unrealized investment income.

Collaboration Hall on the campus of WSU Tri-Cities

Revenue from All Sources

For the years ended June 30, 2024 and 2023





Operating Expenses

Operating expenses are incurred to carry out the mission of the institution. WSU expenses are incurred and reported on the financial statements by natural classification and also presented by functional classification in note 18.

Operating Expenses by Natural Classification (*In millions*)

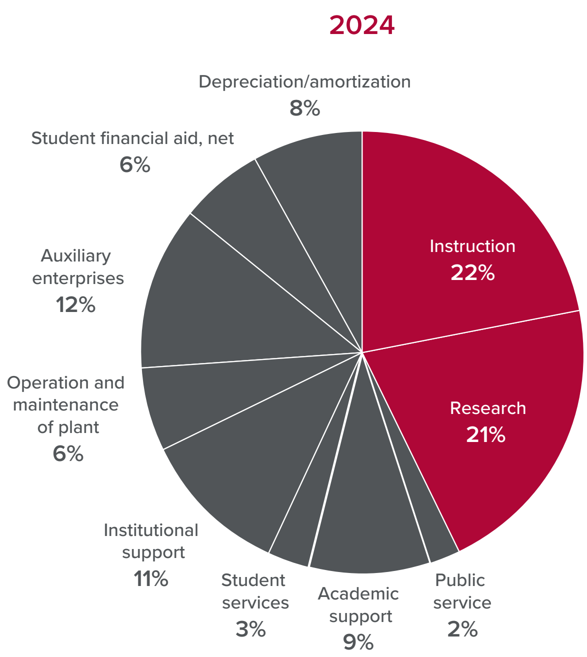
	2024	Restated 2023	$ Change	% Change	Restated 2022
Salaries and wages	$ 633	$ 599	$ 34	6%	$ 558
Benefits	164	155	9	6%	117
Scholarships and fellowships	84	76	8	11%	86
Utilities	30	35	(5)	(14)%	28
Payments to suppliers	175	167	8	5%	159
Purchased services	131	125	6	5%	92
Depreciation	104	107	(3)	(3)%	105
Total operating expenses	**$ 1,321**	**$1,264**	**$ 57**	**5%**	**$1,145**

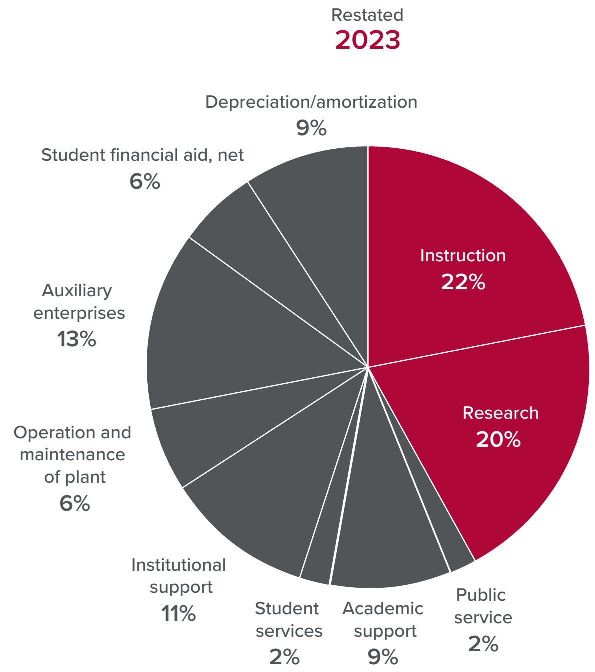
The University's operating expenses for the year were $1,321 million, representing an increase of 5% from last year. The increase is mainly due to:

- Salaries and wages increased by $34 million, about 6% over fiscal year 23, totaling $633 million for the year, making them the University's largest operating expense. Classified staff salaries rose by $12 million due to a 4% salary increase and a 6% growth in filled positions. Exempt administrative professional staff saw an increase of $13 million, or 8%, from a 2.5% salary hike and a similar rise in filled positions. Faculty salaries grew by $10 million, or 5%, resulting from a 1% increase in faculty numbers, a 2.5% salary increase, and a full-year impact of an investment for salary equity effective January 2023. Conversely, wages for temporary hourly students and other wages declined by $1 million.
- Benefit expenses include the employer's contributions to health, retirement, and other employee benefits, as well as accrued leave and pension obligations. These expenses rose by $9 million, or 6%, from the previous year, driven by a 3% increase in filled positions and higher health costs. Offset adjustments to pension and Other Post-Employment Benefits (OPEB) also impacted benefit expenses in fiscal year 24.
- Scholarship and fellowships expense increased $8 million for fiscal year 24, driven by a $5 million increase in the Washington College Grant and a $2 million increase in gift and other grant awards.
- Utilities decreased $5 million from fiscal year 23 to fiscal year 24. Reductions in heating fuel and natural gas expenditures were offset in part by increases in electric expenditures.
- Payments to suppliers increased $8 million or 5% over the fiscal year 23 level. Notable changes include increases in grant-related expenditures of $2 million, housing and dining services expenditures of $1 million, and resale merchandise of $2 million.
- Purchased services totaled $131 million for the year, up 5% or $6 million from fiscal year 23. Subcontract expenditures rose by $9 million, or 19%. These increases were partially offset by a $1 million decline in travel expenditures and a $2 million decrease in purchased services.
- Depreciation and amortization expenses declined $3 million due to the rate of depreciation and amortization. Depreciation expense decreased by $2 million or 2% from last year, while amortization expense decreased by $1 million.

Operating Expenses by Function

For the years ending June 30, 2024 and 2023





Comparison of fiscal year 2023 to fiscal year 2022

In fiscal year 2023, operating revenues rose by $48 million (6%) to $876 million, driven by a $50 million (15%) increase in grants and contracts revenue and a 5% rise in Auxiliary and Sales and service revenues. This was offset by a $12 million decline in net student tuition and fees.

The University's operating expenses rose by 10% to $1,264 million. Key factors included a $41 million (7%) increase in salaries and wages, a $38 million (32%) rise in benefits expenses, and higher costs for utilities and purchased services. Scholarships and fellowships expenses decreased, while depreciation and amortization expenses fell slightly.

Net non-operating revenues increased by $119 million (34%), totaling $465 million, primarily due to a $21 million rise in state appropriations and an $87 million gain in investment income.

Capital Assets and Long-Term Liabilities

Capital assets

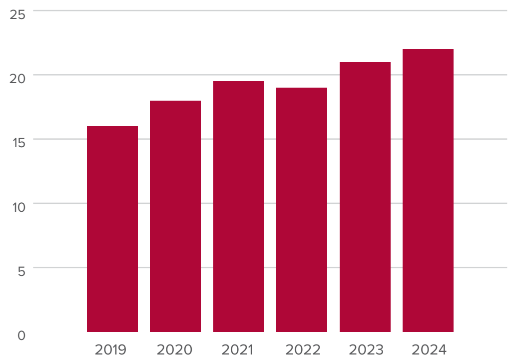
The University's net capital assets remained consistent with the prior year with modest new investment and renovation occurring across the system. As measured by the Age of Plant Ratio, WSU's capital assets are aging, exposing the need for viable space optimization and for additional deferred maintenance funding.

Capital Assets *(in millions)*

	2024	2023	$ Change	% Change	2022
Beginning balance	$ 1,627	$ 1,618	$ 9	1%	$ 1,697
Additions	105	108	(3)	(3)%	52
Retirements	(9)	(19)	10	(53)%	(33)
Depreciation/amortization	(88)	(80)	(8)	10%	(98)
Ending balance	**$ 1,635**	**$ 1,627**	**$ 8**	-	**$ 1,618**

The age of plant ratio indicates the financial average age of total plant facilities in years by measuring the relationship of current depreciation to total accumulated depreciation. It provides a general sense of the age of facilities and the impact of deferred maintenance.

Age of Plant (number of years)



In fiscal year 24, net capital assets increased by $8 million, with total additions of $137 million including $95 million for completed buildings, $18 million for infrastructure improvements, $20 million for machinery and equipment, and $4 million for library resources. Construction in progress declined by $34 million to $70 million as buildings were completed. These gains were partially offset by $88 million in annual depreciation and $8 million in disposals.

In fiscal year23, net capital assets rose by $9 million compared to fiscal year22, with $13 million in additions for buildings and other improvements, including student housing renovations. Construction in progress totaled $80 million, including a new Life Sciences Building and $17 million in equipment purchases. Offsetting these increases were $80 million in depreciation and $21 million in disposals, including the demolition of Johnson Hall and reclassification of certain assets to SBITA.

Capital Assets (*in millions)*

See Note 8	**2024**	**2023**	**$ Change**	**% Change**	**2022**
Land	$ 33	$ 33	$ -	-	$ 33
Buildings, net	1,295	1,263	32	3%	1,325
Construction in progress	70	104	(34)	(33)%	24
Equipment, net	41	38	3	8%	37
Library, net	59	61	(2)	(3)%	64
Other improvements and infrastructure, net	137	128	9	7%	135
Total capital assets, net	**$ 1,635**	**$ 1,627**	**$ 8**	-	**$ 1,618**

Right-to-use assets

In fiscal year 24, right-to-use assets rose by $4 million due to four new lease agreements and the remeasurement of two existing contracts with significant changes. In fiscal year 23, these assets decreased by $9 million, mainly from $8 million in subscription amortization and $1 million for land and buildings additions. The University implemented GASB 96 for Subscription-Based Information Technology Arrangements, leading to the first-time recognition of the long-term portion of right-to-use subscription assets and the reclassification of Oracle and Workday infrastructure assets.

Right-To-Use Leased assets (*In millions*)

	2024	**2023**	**$ Change**	**% Change**	**2022**
Land	$ 1	$ 1	-	-	$ 1
Building, net	25	17	8	47%	18
Subscription, net	26	30	(4)	(13)%	38
Total right-to-use lease assets, net	**$ 52**	**$ 48**	**$ 4**	**8%**	**$ 57**

Debt administration

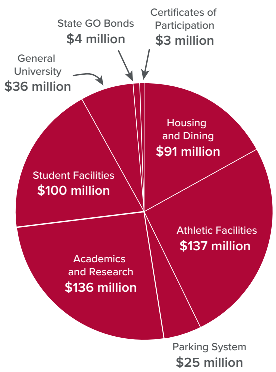
Two bond refundings were completed in fiscal year 24. Rating agencies maintained current bond ratings at Aa3 with Stable Outlook from Moody's Investors Services and A+ with Stable Outlook from S&P Global.

- In September 2023, the University issued General Revenue Refunding Bonds, 2023 at a par value of $20,275,000 plus a premium of $1,798,928. These 2023 bonds maintain fixed annual coupon rates of 5% with a true interest cost of 3.42%. The 2023 bonds funded a defeasance escrow to redeem the University's General Revenue Bonds, 2013 on December 5, 2023 for the outstanding principal balance of $22,915,000. This refunding resulted in $1.37 million, or 5.97% net present value savings while maintaining the same final maturity of October 1, 2038.
- In June 2024, the University issued General Revenue Refunding Bonds, 2024 at a par value of $12,605,000 plus a premium of $1,076,584.45. These 2024 bonds maintain fixed annual coupon rates of 5% with a true interest cost of 3.84%. The 2024 bonds funded a defeasance escrow to redeem the University's General Revenue Bonds, 2014 on September 13, 2024 for the outstanding principal balance of $13,375,000. This refunding resulted in $1.04 million, or 7.51% net present value savings while maintaining the same final maturity of April 1, 2039.

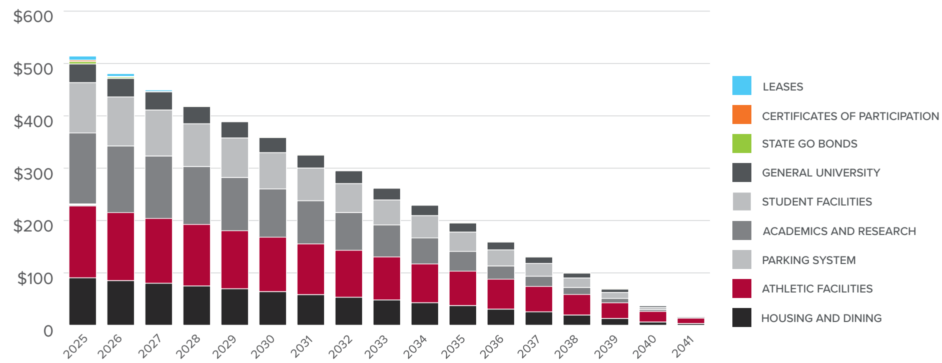
The University did not engage in financing activities in fiscal year 23. In fiscal year 22, WSU issued General Revenue Refunding Bonds 2022 to refund the General Revenue Bonds 2012B Series. The refunding generated average annual debt savings of $258,000, or a 17% net present value debt service savings. Rating agencies maintained current bond ratings at Aa3 with Stable Outlook from Moody's Investors Services and A+ with Stable Outlook from S&P Global.

WSU considers debt capacity a limited resource to be used strategically to advance the mission of the University. WSU has taken a balanced approach to the use of debt to support growth across the organization, including in housing and dining, athletics, parking, academics and research, and student facilities.

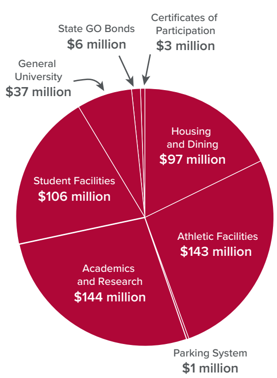
Outstanding Principal by Purpose for June 30, 2024



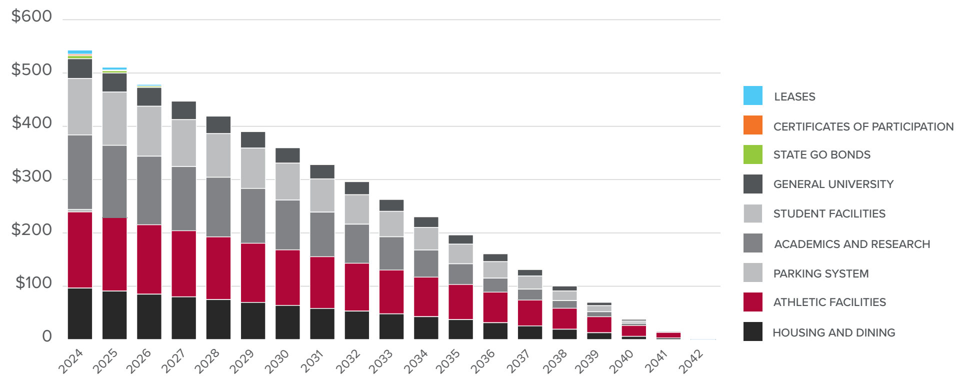
Outstanding Principal by Purpose



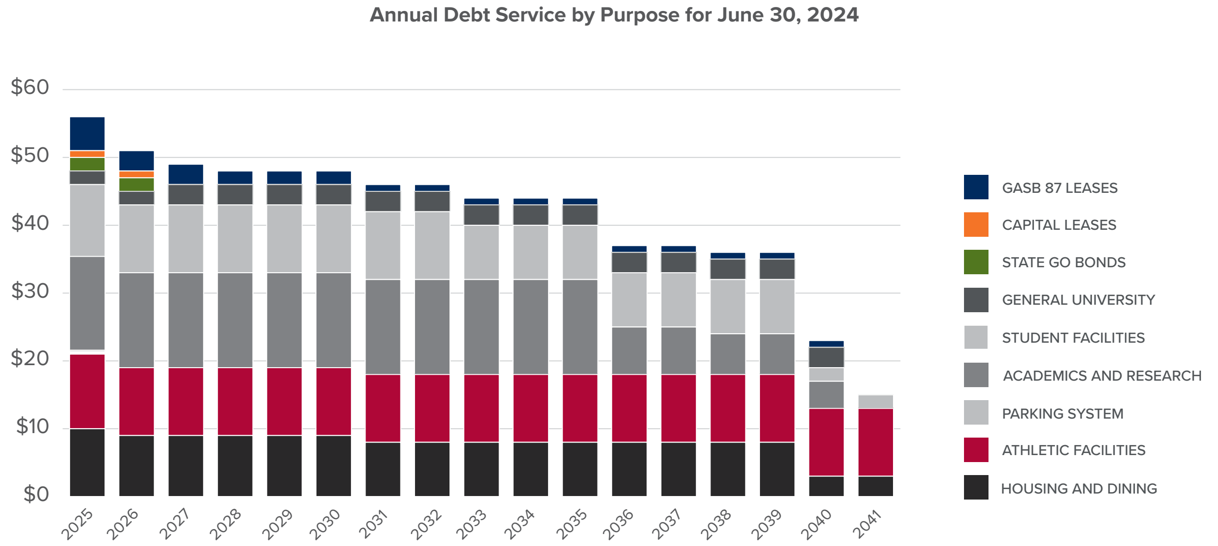
Outstanding Principal by Purpose for June 30, 2023

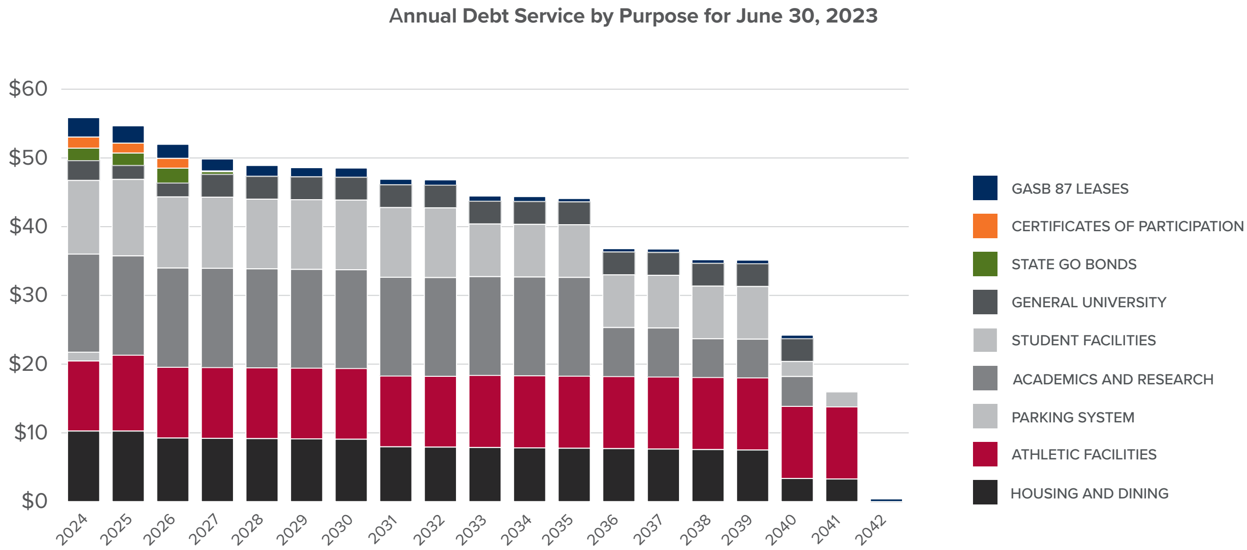


Outstanding Principal by Purpose



WSU has managed annual debt service levels to create consistency from a planning and budgeting perspective.





Long-term liabilities

Long-term liabilities are analyzed without unearned revenues and accrued leave. In fiscal year 24, the long-term liabilities of the University totaled $873 million, a decrease of $32 million due to bond refunding activity and payment of principal during the year. In fiscal year 23, the long-term liabilities of the University totaled $900 million, a decrease of $140 million due to reductions in pension liabilities, long-term liabilities, and lease obligations. Other post-employment benefits and pension liabilities continue to fluctuate year after year to accommodate changes in actuarial assumptions and discount rates.

Revenue and refunding bonds, lease obligations, State of Washington general obligation bonds, and notes payable decreased due to payments on principal. With the implementation of the GASB 96 accounting standard regarding financial liabilities related to subscriptions, financial statements for fiscal year 22 were restated. See notes 12, 14 and 15 for more information.

The table below summarizes outstanding liabilities:

Long-Term Liabilities (*In millions*)

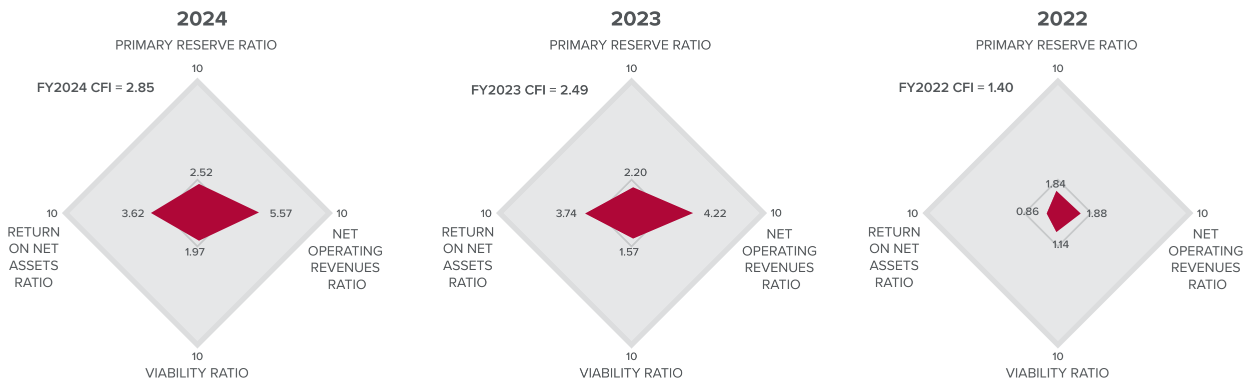
	2024	2023	$ Change	% Change	2022
Revenue and refundings bonds payable	$539	$571	$(32)	(6)%	$ 600
Note payable	1	1	-	-	2
State of Washington General Obligation Bonds	4	6	(2)	(33)%	8
Certificates of participation	3	5	(2)	(40)%	6
Lease liability	24	19	5	26%	20
Subscription IT liability	13	14	(1)	(7)%	17
Pension obligation liability	56	59	(3)	(5)%	51
Other post-employment benefits	212	204	8	4%	316
Asset retirement obligation	21	21	-	-	20
Total long-term liabilities	**$873**	**$900**	**$(27)**	**(3)%**	**$ 1,040**

Financial Health and Flexibility

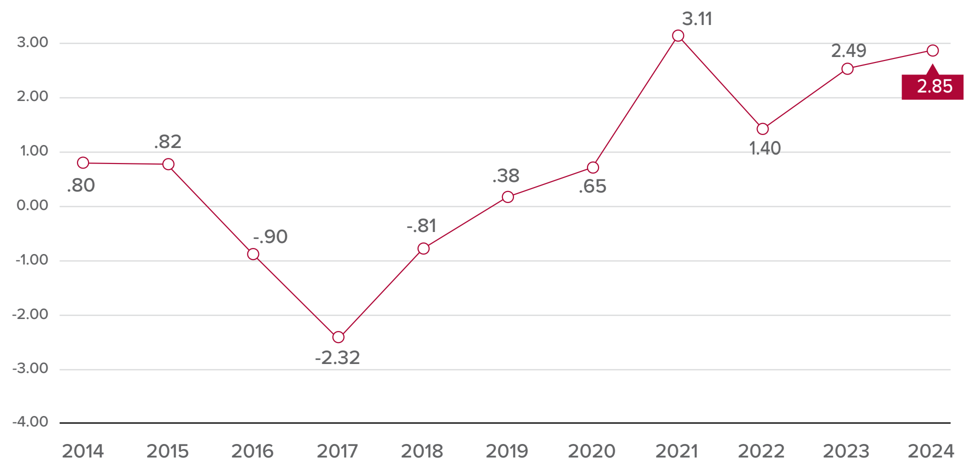
The University calculates and analyzes several ratios to measure financial performance. The composite financial index (CFI) is a sophisticated tool designed to provide a comprehensive picture of the University's financial strengths and weaknesses by combining four core ratios into a single measure. Two of the four ratios consider the performance of the University's balance sheet – the Statement of Net Position. The primary reserve ratio measures the University's financial health by comparing accumulated reserves to operating demands. The viability ratio compares these same reserves to facilities-related debt to measure the University's ability to repay debt from reserves only. These two ratios have a longer time horizon, beyond a year. The other two ratios consider the performance of the University's income statement – the Statement of Revenues, Expenses, and Changes in Net Position. The return on net assets ratio uses a one-year look to show the extent of overall net asset growth, or decline. The net operating revenue ratio, also focusing on a one-year time horizon, measures an institution's ability to conduct activities while relying only on the current year's operating revenues, and to accumulate additional reserves. These four ratios are weighted and push and pull upon one another to highlight the need to use University funds to cover costs and invest in initiatives that will bolster future net revenues. Blending the four key measures of financial health into a single number provides a more balanced view of the state of the institution's finances. A weakness in one measure may be offset by the strength of another measure.

The four core ratios are the primary reserve ratio, the net operating revenues ratio, the return on net assets ratio and the viability ratio. Each of these ratios is converted to a strength factor using a common scale then multiplied by specific weighting factors and combined to form the composite financial index. The scale is from -4 to 10, with adequate performance equaling 3 and vibrant at 5. The top scale of 10 is considered superb. Yet, higher CFI scores may expose a risk averse institution that manages well within financial resources, but does not focus on competing in a future state. The accumulation of wealth is not a strategic financial goal for higher education. The ability to deploy resources to meet educational, research and service needs is the highest and best use of funds. For context, public higher education institution ratios are negatively affected by inclusion of pension and post employment benefit liabilities. Baseline financial stability for WSU would expect a CFI between 2.5 and 3 with higher scores indicating financial flexibility to consider transformation and experimentation to support long-term mission success. Lower scores signal need for programmatic adjustment and financial remediation. A rolling average of CFI scores over three years will smooth any single year change and be a better indicator of overall financial health.

Composite Financial Index



Composite Financial Index



The graph above shows Washington State University's Composite Financial Index calculation over the past ten years. Historically, the CFI increases align with periods of enrollment growth and higher investment returns. In the period 2015-2017, the ratio reduced both due to changes in accounting pronouncements to recognize pension and other benefit liabilities and as the University's expenditures exceeded annual revenues. Following significant work to resize the University's budget through the three-year financial recovery plan, the ratio rose until 2021 when the impact of the pandemic and global economic downturn reduced operating budgets and investment returns. The highest CFI score, achieved in 2021, results from strong student enrollment entering WSU in 2018 and 2019, the Higher Education Emergency Relief Funds from the federal government, and managed expenditures throughout the pandemic as well as record-high investment returns. In 2023 the CFI improved year-over-year as WSU reacted to declining revenues from enrollment losses by reducing unit budgets. For fiscal year 24, the CFI improved year-over-year as WSU realized an increase in revenues.

The University's near-term budget outlook considers increased costs and challenges with additional revenue generation. Effective financial management demands maintenance of liquidity and efficiencies in operations. As financial reporting at WSU is enhanced through budget variance analysis and development of quarterly financial statements, forecasting financial performance will mature to include robust ratio analysis of other metrics and ultimately support directing scarce resources to strategic plan priorities.

Economic Outlook

Washington State University remains a viable financial entity evidenced by maintenance of debt ratings by Moody's Investors Service (Aa3; Stable Outlook) and S&P Global (A+; Stable Outlook). As the land-grant institution for the State of Washington, WSU's operating budget is closely tied to the economic condition in the state. The Washington State Economic and Revenue Forecast Council's (ERFC) September 2024 forecast showed expansion of the state's economy through the second quarter of 2024, as indicated by higher-than-expected employment growth, increases in Washington exports, and price inflation that outpaces the national average; however, the forecast estimates a lower growth rate of nominal personal income going forward. The ERFC's estimates of state general fund revenues include a decrease of $49.2 million for the current 2023-25 biennium and an increase of $79.1 million in the 2025-27 biennium.

WSU has benefitted from the state's economic success through increased appropriations for the 2023-25 biennium. Significant funding items include $27.2 million for employee compensation and $7.7 million to establish the Institute for Northwest Energy Futures (INEF) on the WSU Tri-Cities Campus. In the 2024 Supplemental Operating Budget, the state appropriated an additional $6.8 million for WSU to purchase carbon allowances per the state's Climate Commitment Act and $2.5 million to partially fund a bargaining agreement with Academic Student Employees.

The University is classified at the highest level of research - as an R1 University - Very High Research Activity by the Carnegie Classification of Institutions of Higher Education. Total sponsored project awards were $332 million in the 2024 fiscal year an increase of $25 million over the prior year. Notable new awards included a number of new awards in Agricultural Sciences, Engineering, Biomed Sciences, and Health Sciences.

Tuition and fee revenue continues to be impacted by lower student enrollment. Undergraduate and graduate tuition rates were increased 3.0% for the 2024-25 academic year, but five consecutive years of enrollment declines are expected to offset any increase in net tuition revenue associated with the rate increase. Non-tuition student fees, such as those supporting self-sustaining enterprises and student-centered facilities, saw only modest increases overall; those operations continue to adapt to reduced revenues while serving a smaller student population.

Washington State University continued its fundraising success with more than $154.3 million in philanthropic activity during Fiscal Year 2024. WSU realized its second-best fundraising year ever and the third straight year topping $150 million. Among the highlights of philanthropic support was for the establishment of the Phyllis J. Campbell Endowed Deanship in the Carson College of Business. This is the university's second-ever endowed deanship.

WSU is one of two members of the Pac-12 conference for the 2024-25 and 2025-26 Academic years. During this two-year period, WSU will be affiliate members of other conferences in specific sports, while retaining its Pac-12 membership. On September 12, 2024, the Pac-12 conference announced the invitation and acceptance of new members beginning in 2026-27, solidifying the future of the Pac-12 conference. Beyond acquiring additional members, the Pac-12 is actively engaged in securing a long-term media rights agreement. While this number is not yet known, the announcement of additional members adds security and stability for WSU Athletics as a Pac-12 Conference member.

The University has addressed fiscal challenges from lower enrollment by reducing unit operating budgets for the fifth consecutive year, by proactive expense management, and with refocusing efforts to grow enrollment. The state has made significant investments in college affordability and accessibility to Washington residents through the Washington College Grant program. Legislation in 2023 expanded the eligibility requirements for this robust financial aid program so that even more students could benefit; further legislation in 2024 expanded student eligibility from five to six years to align with the federal Pell Grant. As WSU continues its efforts to recruit students to its five physical campuses and the WSU Global Campus, it does so with its land grant mission in the forefront – to provide practical education to students from all backgrounds, support scholarly inquiry that benefits society, and sharing expertise to positively impact the state and communities.

Bryan Tower Hall on the WSU Pullman campus.

Washington State University

Statements of Net Position for the years ending June 30

Current assets	2024	2023
Cash and cash equivalents *(Note 2)*	$ 379,656,723	$ 438,272,743
Prepaid expenses	4,985,606	4,891,187
Inventories *(Note 5)*	20,518,286	20,737,175
Accounts receivable, current portion *(Note 6)*	81,246,191	101,123,737
Investments, current portion *(Note 3)*	48,925,281	83,341,044
Subtotal current assets	**535,332,087**	**648,365,886**
Non-current assets		
Long-term accounts receivable, net	15,486,465	17,990,859
Long-term investments *(Note 3)*	258,508,069	118,468,483
Endowment investments *(Note 3)*	732,895,276	678,336,062
Loans receivable, net *(Note 7)*	9,766,879	11,216,000
Capital assets, net of accumulated depreciation/amortization *(Note 8)*	1,686,621,935	1,674,789,485
Pension assets, net *(Note 16)*	50,857,248	42,630,940
Subtotal non-current assets	2,754,135,872	2,543,431,829
Total assets	**3,289,467,959**	**3,191,797,715**
Deferred outflows of resources	117,975,613	119,211,418
Current liabilities		
Accounts payable and accrued liabilities *(Note 9)*	95,805,832	65,680,024
Due to Washington State University Foundation	5,301,888	7,518,667
Deposits	4,285,071	4,123,756
Unearned revenue, current portion *(Note 10)*	16,590,808	17,737,703
Long-term liabilities, current portion *(Note 14)*	37,916,209	35,693,151
Subtotal current liabilities	**159,899,808**	**130,753,301**
Non-current liabilities		
Accrued leave *(Note 9)*	35,427,794	39,359,010
Unearned revenue *(Note 10)*	1,532,253	2,254,361
Long-term liabilities *(Note 15)*	547,363,284	580,409,424
Asset retirement obligation *(Note 13)*	21,191,408	20,562,344
Pension liability, net *(Note 16)*	55,869,971	59,145,495
Other post-employment benefits liability *(Note 17)*	211,713,135	204,175,546
Subtotal non-current liabilities	873,097,845	905,906,180
Total liabilities	**1,032,997,653**	**1,036,659,481**
Deferred inflows of resources *(Note 10)*	260,370,673	300,640,120
Net investment in capital assets	1,138,598,286	1,101,155,265
Restricted nonexpendable	670,693,642	620,623,409
Restricted loans	16,297,638	18,449,730
Restricted expendable	265,775,637	272,001,565
Restricted pension asset, net	72,072,629	53,538,170
Unrestricted	(49,362,586)	(92,058,607)
Total net position	**$ 2,114,075,246**	**$ 1,973,709,532**

The footnote disclosures are an integral part of the financial statements.

Washington State University Foundation (A Nonprofit Corporation)

Consolidated Statements of Financial Position
June 30

Assets	2024	2023
Cash and cash equivalents	$ 609,027	$ 57,897
Due from Washington State University	5,301,888	7,518,667
Bequests and other receivables	1,509,677	1,719,306
Pledges receivable, net	47,708,657	52,455,965
Endowment investment securities	650,182,888	591,964,356
Notes receivable, net	268,253	317,701
Furniture, fixtures, and equipment (net of accumulated depreciation of $1,608,653 and $1,583,944, respectively)	60,916	85,625
Land and real estate	530,000	530,000
Right-to-use – lease	1,800,328	1,916,305
Assets held in charitable trusts	23,869,902	22,370,837
Contributions receivable from charitable trusts	5,373,159	6,098,530
Beneficial interest in perpetual trusts	40,340,546	37,644,058
Total assets	777,555,241	722,679,247
Liabilities		
Accounts payable and accrued liabilities	2,577,264	2,574,621
Lease liability	1,863,870	1,916,305
Annuities payable	11,614,195	10,820,414
Remainder interest payable	177,881	20,850
Total liabilities	16,233,210	15,332,190
Net Assets		
Without donor restrictions	4,638,062	6,995,772
With donor restrictions	756,683,969	700,351,285
Total net assets	761,322,031	707,347,057
Total liabilities and net assets	**$ 777,555,241**	**$ 722,679,247**

The footnote disclosures are an integral part of the financial statements.

Washington State University

Statements of Revenues, Expenses, and Changes in Net Position for the Years Ended June 30

Revenues	2024	Restated 2023
Operating revenues		
Tuition and fee revenue, net	$ 283,682,496	$ 284,784,322
Federal grants and contracts	203,512,939	200,187,094
State grants and contracts	115,813,457	118,915,470
Local grants and contracts	46,606,109	47,824,101
Sales and services of educational departments	27,478,160	26,972,833
Auxiliary enterprises	180,841,459	161,659,298
Other operating revenues	39,227,099	35,422,736
Total operating revenues	897,161,719	875,765,854
Expense		
Operating expenses		
Salaries and wages	633,316,773	598,675,774
Benefits	163,981,022	155,036,919
Scholarships and fellowships	84,011,090	75,915,387
Utilities	30,416,981	34,698,540
Payments to suppliers	174,497,583	167,198,523
Purchased services	130,468,867	125,366,298
Depreciation/amortization	104,201,006	106,771,222
Total operating expenses	1,320,893,322	1,263,662,663
Net operating loss	**(423,731,603)**	**(387,896,809)**
Non-operating revenues (expenses)		
State appropriations	328,001,500	300,307,500
Federal appropriations	9,883,925	6,824,822
Federal pell grants	34,950,650	30,723,971
Interest on capital assets—related debt	(23,445,635)	(25,281,656)
Federal bond interest subsidy	849,959	849,959
Gifts and contributions	49,845,199	59,699,228
Investment income, net of expense	123,416,175	86,728,273
Higher education emergency relief fund (HEERF)	-	2,634
Other non-operating revenues (expenses)	6,152,941	5,259,644
Total non-operating revenues (expenses)	529,654,714	465,114,375
Income before capital appropriations and additions to permanent endowment	**105,923,111**	**77,217,566**
Capital appropriations	23,997,202	68,131,522
Capital grants and gifts	909,870	445,307
Additions to permanent endowments	9,535,531	16,528,603
Total other additions	34,442,603	85,105,432
Increase (decrease) in net position	**140,365,714**	**162,322,998**
Net Position		
Net position, beginning of year	1,973,709,532	1,817,166,530
Change in accounting principle as a result of GASB 96	-	(5,779,996)
Net position, beginning of year restated	1,973,709,352	1,811,386,534
Increase (decrease) in net position	140,365,714	162,322,998
Net position, end of year	**$ 2,114,075,246**	**$ 1,973,709,532**

The footnote disclosures are an integral part of the financial statements.

Washington State University Foundation (A Nonprofit Corporation)

Consolidated Statements of Activities
Years Ended June 30

2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions of cash and other financial assets	$ 129,128	$ 67,797,369	$ 67,926,497
Contributions of nonfinancial assets	—	2,572,148	2,572,148
Investment return (loss), net of expenses	(31,721)	71,056,607	71,024,886
Advancement fee	2,929,434	—	2,929,434
Management and advancement fees	9,825,569	—	9,825,569
Change in value of split-interest agreements	—	(5,662,844)	(5,662,844)
Support provided by Washington State University	5,716,185	—	5,716,185
Other income	270,855	4,063,974	4,334,829
Total revenue and support	18,839,450	139,827,254	158,666,704
Net assets released from restrictions	83,494,570	(83,494,570)	—
Expenses:			
Support provided to/for Washington State University:			
Restricted distributions	51,039,637	—	51,039,637
Endowment income distributions	23,651,102	—	23,651,102
Endowment administration fees	8,791,262	—	8,791,262
Fundraising	11,633,321	—	11,633,321
General and administrative expenses	9,576,408	—	9,576,408
Total expenses	104,691,730	—	104,691,730
Change in net assets	(2,357,710)	56,332,684	53,974,974
Net assets – beginning of year	6,995,772	700,351,285	707,347,057
Net assets – end of year	**$ 4,638,062**	**$ 756,683,969**	**$ 761,322,031**

2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions of cash and other financial assets	$ 127,710	$ 62,119,438	$ 62,247,148
Contributions of nonfinancial assets	—	1,013,505	1,013,505
Investment return (loss), net of expenses	(45,712)	48,837,251	48,791,539
Advancement fee	2,618,920	—	2,618,920
Management and advancement fees	9,227,366	—	9,227,366
Change in value of split-interest agreements	—	(2,483,228)	(2,483,228)
Support provided by Washington State University	5,313,491	—	5,313,491
Other income	1,484,492	1,556,629	3,041,121
Total revenue and support	18,726,267	111,043,595	129,769,862
Net assets released from restrictions	85,010,356	(85,010,356)	—
Expenses:			
Support provided to/for Washington State University:			
Restricted distributions	55,440,830	—	55,440,830
Endowment income distributions	22,468,341	—	22,468,341
Endowment administration fees	8,254,590	—	8,254,590
Fundraising	11,212,427	—	11,212,427
General and administrative expenses	8,141,740	—	8,141,740
Total expenses	105,517,928	—	105,517,928
Change in net assets	(1,781,305)	26,033,239	24,251,934
Net assets – beginning of year	8,777,077	674,318,046	683,095,123
Net assets – end of year	**$ 6,995,772**	**$ 700,351,285**	**$ 707,347,057**

The footnote disclosures are an integral part of the financial statements.

Washington State University

Statements of Cash Flows for the Years Ended June 30

Cash flows from operating activities	2024	Restated 2023
Tuition and fees	$ 282,143,339	$ 293,703,520
Grants and contracts	375,317,763	360,853,115
Payments to suppliers	(145,384,574)	(159,430,846)
Payments for utilities	(30,416,981)	(34,698,540)
Purchased services	(130,468,867)	(125,366,298)
Payments to employees	(636,218,164)	(602,335,586)
Payments for benefits	(206,466,517)	(196,574,809)
Payments for scholarships and fellowships	(84,011,090)	(75,915,387)
Loans issued to students	(1,968,966)	(791,056)
Collection of loans to students	3,418,087	4,039,626
Auxiliary enterprise receipts	178,809,845	158,813,490
Sales and service of educational departments	27,478,160	26,972,833
Other receipts	39,227,438	35,432,267
Net cash used by operating activities	**(328,540,527)**	**(315,297,671)**
Cash flows from noncapital financing activities		
State appropriations	328,001,500	300,307,500
Federal appropriations	9,883,925	6,824,822
Private gifts	49,845,199	59,699,228
Additions to permanent endowment	9,535,531	16,528,603
Federal direct loan receipts	145,140,687	140,925,801
Federal direct loan disbursements	(145,087,407)	(140,954,417)
Change in deposits	161,316	781,155
Federal pell grants	34,950,650	30,723,971
Higher Education Emergency relief grants	-	2,634
Other non-operating income (expense)	3,680,575	(450,954)
Net cash provided by noncapital financing activities	**436,111,976**	**414,388,343**
Cash flows from capital and related financing activities		
Proceeds of capital debt	35,755,513	-
Capital appropriations	35,993,509	58,414,370
Capital grants and gifts received	909,870	445,306
Purchases of capital assets	(104,892,012)	(109,300,229)
Principal received on leases	3,278,923	2,560,050
Interest received on leases	464,491	287,613
Principal paid on capital debt and leases	(76,087,436)	(35,377,227)
Interest paid on capital debt and leases	(24,585,311)	(25,749,103)
Net cash used by capital and related financing activities	**(129,162,453)**	**(108,719,220)**
Cash flows from investing activities		
Proceeds from sales of investments	1,490,651,040	1,868,036,648
Purchases of investments	(1,650,834,077)	(1,869,242,577)
Investment income	123,158,021	87,578,231
Net cash provided by (used by) investing activities	**(37,025,016)**	**86,372,302**
Net increase/(decrease) in cash and cash equivalents	(58,616,020)	76,743,754
Cash - beginning of year	438,272,743	361,528,989
Cash - end of year	**$ 379,656,723**	**$ 438,272,743**

The footnote disclosures are an integral part of the financial statements.

Statements of Cash Flows—*continued*
Reconciliation of Net Loss to Net Cash Used by Operating Activities for the years ended June 30

	2024	Restated 2023
Operating loss	**$ (423,731,603)**	**$ (387,896,809)**
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization expense	104,201,006	106,771,222
Changes in assets and deferred outflows of resources		
Inventories	218,889	(1,782,198)
Prepaid expenses	(94,419)	(298,985)
Net accounts receivable	9,132,950	(2,558,583)
Pension asset	(8,226,308)	87,955,005
Pension and OPEB related deferred outflows of resources	45,334	(21,832,402)
Asset retirement obligation deferred outflows	629,064	457,216
Changes in liabilities and deferred inflows of resources		
Accounts payable and accrued liabilities	30,240,622	6,833,373
Unearned revenue	(1,869,003)	5,816,527
Accrued leave	(3,931,216)	970,449
Pension liabilities	(3,275,524)	8,167,196
OPEB liability	7,537,589	(111,616,591)
ARO liability	629,064	825,917
Pension and OPEB related deferred inflows of resources	(40,046,972)	(7,109,008)
Net cash used by operating activities	**$ (328,540,527)**	**$ (315,297,671)**
Significant Noncash Transactions		
Loss on disposal of capital assets	$ 2,332,473	$ 3,560,764
New lease as lessor	-	2,071,485
New lease as lessee	10,318,541	3,307,254
New SBITAs	3,155,376	-
Re-measurement of lease/discontinuation	-	1,182,343

The footnote disclosures are an integral part of the financial statements.

Washington State University Foundation (A Nonprofit Corporation)

Consolidated Statements of Cash Flows
Years ended June 30

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 53,974,974	$ 24,251,934
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	24,709	24,943
Noncash operating leases	63,541	—
Net realized and unrealized (gains) losses on investments	(68,057,110)	(41,899,283)
Decrease in value of split-interest agreements	5,662,844	2,483,228
Contributions and income restricted for investments in endowments and trusts	(31,737,010)	(17,718,450)
Changes in operating assets and liabilities:		
Due from Washington State University	2,216,779	2,215,873
Bequests and other receivables	209,629	(397,975)
Pledges receivable	4,747,308	5,789,525
Contribution receivable from charitable trusts	22,495	22,495
Accounts payable and accrued liabilities	25,995	321,231
Net cash used by operating activities	(32,845,846)	(24,906,479)
Cash flows from investing activities:		
Purchases of investments	(207,739,859)	(103,918,179)
Sales of investments	222,137,187	102,150,116
Proceeds of principal payments on notes receivable	49,447	16,939
Net cash (used by)/provided by investing activities	**14,446,775**	**(1,751,124)**
Cash flows from financing activities:		
Contributions and income restricted for investments in endowments and trusts	31,737,010	17,718,450
Net cash provided by financing activities	31,737,010	17,718,450
Net (decrease)/increase in cash and cash equivalents	13,337,939	(8,939,153)
Cash and cash equivalents – beginning of year	9,142,058	18,081,211
Cash and cash equivalents – end of year	**$ 22,479,997**	**$ 9,142,058**
Supplemental cash flow information:		
New leases acquired	$ 364,255	$ 2,624,666

The footnote disclosures are an integral part of the financial statements.

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FINANCIAL REPORT 2024 and 2023

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements

June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Washington State University (WSU or the University) is an agency of the State of Washington and is part of the public system of higher education. It is included as an integral part of the State's Annual Comprehensive Financial Report. Washington State University issues separate financial statements which encompass the University and its affiliated operations. These financial statements present only the activities of the University and are not intended to and do not present either the financial position or changes in financial position of the State of Washington.

The accompanying financial statements include individual colleges and departments of the University and its component units. Component units are organizations which are legally separate, related organizations that the University is financially accountable for and meet the criteria for inclusion in the financial statements as defined by Governmental Accounting Standards Board (GASB) Codification Section 2100, *Defining the Financial Reporting Entity* and Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure.* 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 burden from the organization or the organization is fiscally dependent on the University. Depending on their relationship to the University, component units are reported as either blended with the amount reported by the University, or they may be discretely presented on the pages following the University's statements.

Discretely Presented Component Unit

The WSU Foundation (the Foundation) is a legally separate, tax-exempt entity, and serves contractual asset management functions in support of the University's mission. Due to its significance, this report presents the Foundation's financial condition and activities as a discretely presented separate component unit in the University's financial statements.

The Foundation reports its financial results in accordance with Financial Accounting Standards Board (FASB) pronouncements and guidance. As such, certain revenue recognition criteria and presentation features are different from GASB. No modifications have been made to the Foundation's financial information in the University's financial statements for these differences. The Foundation presents information about its financial position and activities according to the following two classes of net assets, depending on the existence and nature of donor restrictions. Under FASB, the Foundation's net assets are described as follows:

- Without Donor Restrictions-Net assets without donor restrictions represent resources which are not subject to donor restrictions and over which the trustees of the Foundation retain control to use the funds to achieve the Foundation's purpose.
- With Donor Restrictions-Net assets with donor restrictions represent resources subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that are restricted by the donor for a particular purpose and that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are to maintain resources in perpetuity. This consists predominantly of endowment funds and charitable trusts. Donor-restricted endowment funds represent funds that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. Also included are trust funds that represent donor contributions of irrevocable trusts and other instruments wherein the Foundation has a remainder interest in the trust assets upon the death of the last surviving income beneficiary.

For clearer presentation purposes, the University has included the Foundations statements and selected notes in this report.

The Foundation's full financial statements can be acquired at the following address:
WSU Foundation
P.O. Box 641925
Pullman, WA 99164-1925

Blended Component Units

Blended component units are legally separate but are so intertwined with WSU that they are in substance, the same as the University. These component units are reported as part of the University and blended into its financial statements.

The Washington State University Alumni Association (WSUAA) is a 501(c)3 corporation that is presented as a blended component unit of WSU. Condensed financial information can be found in note 19. The WSUAA's full financial statements can be obtained by contacting the Lewis Alumni Centre on the WSU Pullman campus or calling (509) 335-2586.

The Students Book Corporation (SBC) is a legally separate entity, owned by the students of Washington State University which operates bookstores on each of the WSU campuses. This report presents SBC's financial condition and activities as a blended component unit in the University's financial statements. Condensed financial information can be found in note 19. The Students Book Corporation issues separate financial statements which may be obtained by contacting the Business Services/Controller's Office at 220 French Administration Bldg., P. O. Box 641025, Pullman, WA 99164-1025 or by calling (509) 335-2022.

Basis of Presentation

The financial statements of the University have been prepared in accordance with the standards set by the Governmental Accounting Standards Board (GASB), which constitute Generally Accepted Accounting Principles (GAAP) for governmental entities. The University is considered a special purpose government engaged in business-type activities. Accordingly, the University presents statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows, and notes to the financial statements. The financial statement presentation provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, deferred outflows, deferred inflows, changes in net position, and cash flows.

Basis of Accounting

The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows. All significant intra-agency transactions have been eliminated.

Non-exchange transactions, in which the University receives (or gives) value without directly giving (or receiving) equal value in exchange, includes state and federal appropriations, and certain grants and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

Bond premiums/discounts and insurance costs are deferred and amortized over the term of the bonds using the straight-line interest method. Unamortized balances are presented as additions or reductions of the face amount of bonds payable. Related amortization is included in interest expense in the statements of revenues, expenses and changes in net position.

Gains or losses on bond refundings are deferred and amortized over the term of the bonds using the effective interest method. Unamortized balances are presented as deferred outflows or inflows of resources.

New Accounting Standards

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* which will be effective for the fiscal years ending June 30, 2023 and 2024. On July 1, 2022, the University implemented requirements related to leases, PPPs, and SBITAs with no impact because of Statement No. 99. Requirements related to financial guarantees and the classification and reporting of derivative instruments are effective for fiscal year ending June 30, 2024 and the University determined it has no impact on its financial statements.

On July 1, 2022, the University implemented GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement improves accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for decision making and assessing accountability. Accounting changes, as defined in this standard, include 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 principles 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.

In June 2022, 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 to a unified model. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and 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 disclosure of only the net change in the liability. The University is still analyzing this GASB statement and related guidance to determine what impact implementation may have on the financial statements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures* which will be effective for the fiscal year ending June 30, 2025. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The University is still analyzing this GASB statement and related guidance to determine what impact implementation may have on the financial statements.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements* which will be effective for the fiscal year ending June 30, 2026. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The University is still analyzing this GASB statement and related guidance to determine what impact implementation may have on the financial statements.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* which will be effective for the fiscal year ending June 30, 2026. State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The University is still analyzing this GASB statement and related guidance to determine what impact implementation may have on the financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows/inflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

WSU estimates the asset retirement obligation liability (see note 13) by reviewing the status of known assets and developing estimates for retirement costs. These estimates are subject to change due to improvements in technology and inflation.

Allowances (see notes 6 and 7) 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.

Cash, Cash Equivalents and Investments

Cash balances in excess of current requirements are pooled and may be invested in Treasury securities, time deposits, deposits with the Washington State Local Government Investment Pool (LGIP), federal agency bills, notes, commercial paper and high-quality short-term corporate notes. Cash equivalents are short-term, highly liquid investments convertible to known amounts of cash without change in value or risk of loss. Interest income earned on the investment pool is distributed on a quarterly basis based on daily cash balances in various funds. In accordance with GASB *codification section 150: Investments*, cash equivalents and investments are stated at fair value.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. This also includes amounts due from the federal government, state and local governments or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's sponsored agreements. Accounts receivable are shown net of estimated uncollectible amounts.

Lease Receivables

Lease receivables are recorded as the present value of future lease payments expected to be received from the lessee during the term of the lease, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the incremental borrowing rates as determined by the University's bond council by using Bloomberg's BVAL curve for similar rated AA- and A+ bonds. The University's financials are rated by Moody's Investors Service.

Inventories

Inventories, consisting primarily of supplies and merchandise for resale, are valued at cost using various methods. See note 5.

Capital Assets

Land, buildings and equipment are recorded at cost, or if acquired by gift, at acquisition value at the date of the gift. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs.

Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy, only fixed assets with a unit cost of $5,000 or greater are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and components, 20 to 25 years for infrastructure and land improvements, 20 years for library resources, and 5 to 7 years for equipment.

In accordance with GASB codification section 1400: *Reporting Capital Assets*, the University reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At June 30, 2024 and 2023 no assets have been written down.

Right-to-use leased assets, are recognized at the lease commencement date and represent WSU's right-to-use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the asset into service. Right-to-use leased assets are amortized over the lease term using the straight-line method. Amortization periods vary from 1 to 26 years.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent WSU's right-to-use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any initial implementation costs, that can be capitalized, necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 1 to 6 years. See note 8.

Deferred Outflows of Resources

Deferred outflow of resources are a consumption of net assets by the University that are applicable to future reporting periods. Similar to assets, they have a positive effect on the University's net position. See note 15.

Deferred outflows of resources (*in millions*)

	2024	2023
Deferred outflows | bond refunding	$ 4	$ 5
Deferred outflows | state pension	56	58
Deferred outflows | OPEB	25	26
Deferred outflows | supplemental retirement	26	22
Deferred outflows | asset retirement obligation	7	8
Total deferred outflows of resources	**$ 118**	**$ 119**

Unearned Revenues

Unearned revenues include funds that have been collected in advance of an event, such as summer semester tuition and certain auxiliary activities prior to the end of the fiscal year but are related to the subsequent fiscal year. See note 10.

Deferred Inflows of Resources

Deferred inflows of resources are an acquisition of net position that is applicable to future reporting periods. Similar to liabilities, they have a negative effect on net position. See note 10.

Deferred inflows of resources (*In millions*)

	2024	2023
Deferred inflows | state pensions	$ 32	$ 45
Deferred inflows | bond refunding	6	4
Deferred inflows | supplemental retirement	50	50
Deferred inflows | OPEB	155	182
Deferred inflows | right-to-use leases	17	20
Total deferred inflows of resources	**$ 260**	**$301**

Asset Retirement Obligation (ARO)

An ARO is a legal obligation associated with the retirement of a tangible asset. AROs are measured at the current value of the estimated cost required to dispose of the asset. They are included in long-term liabilities on the University's Statement of Net Position. See note 13.

Compensated Absences

The 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 and 2023 was $45.5 million and $45 million, respectively. Sick leave accrued at June 30, 2024 and 2023 was $9.7 million and $9 million, respectively. The current portion is included in accounts payable and accrued liabilities, while the long-term portion is included in non-current liabilities in the University's Statements of Net Position. See note 9.

Cost-Sharing Pension Plans (WSU Retirement Plan)

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 measured at fair value, 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. 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 (WSU Supplemental Retirement Plan)

Legislation signed into law on July 1, 2020, amended the RCW applicable to the WSUSRP 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 (DRS) 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 WSUSRP. 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.

Effective for fiscal year 2024, OSA moved the valuation date of the Supplemental Retirement Plan (SRP) from June 30 to January 1 at the request of finance departments for Washington higher education institutions. Moving forward WSUSRP will be reported on a one year lag similar to DRS plans. Due to the change in valuation dates during fiscal year 2024, SRP will have no change in liability or deferred inflows. Deferred outflows will include fiscal year 2024 benefit payments and employer contributions.

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 of the prior fiscal year, reflects the expected rate of return on investments measured at fair value, to the extent that plan assets are available to pay retiree benefits. The WSUSRP liability as of June 30 of the prior fiscal year, represents the total pension liability less the plan's fiduciary net position. 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. The measurement date for the WSUSRP liability is the same as the Statement of Net Position date. Investments are reported at fair value.

Other Post Employment Benefits (OPEB)

The total OPEB liability is measured as the University's proportionate share of the state of Washington's 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.

Long-Term Liabilities

Lease liability represents the University's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of future lease payments expected to be made during the lease term. The present values of lease payments are discounted based on the University's bond council by using Bloomberg's BVAL curve for similar rated AA- and A+ bonds.

Subscription liabilities represent WSU's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on the University's bond council by using Bloomberg's BVAL curve for similar rated AA- and A+ bonds.

Tax Exemption

The University is a tax-exempt organization under the provisions of Section 115(a) of the Internal Revenue Code and is exempt from federal income taxes on related income. However, WSU remains subject to income taxes on any income that is derived from a trade or business regularly carried on and not in furtherance of the purpose for which it was granted exemption from income taxes. No income tax is recorded for the years ended June 30, 2024 and 2023 because there is no significant income from unrelated business.

Net Position

The University's net position is classified as follows.

- *Net Investment in Capital Assets*. This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. Unspent bond proceeds incurred for capital assets are excluded from the amount.
- *Restricted—nonexpendable*. This consists of endowment and similar type funds for which donors or other outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to the principal.
- *Restricted—loans*. The loan funds are established for the explicit purpose of providing student support as prescribed by statute or granting authority.
- *Restricted—expendable*. These include resources for which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by third parties.
- *Restricted—pension asset.* These are assets bought with the contributions to the DRS pension plan for the exclusive purpose of financing pension plan benefits.
- *Unrestricted*. These represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises.

Restricted/Unrestricted Resources

The University has no formal policy addressing which resources to use when both restricted and unrestricted net position are available for the same purpose. University personnel decide which resources to use at the time expenses are incurred. Factors used to determine which resources to use include relative priorities of the University in accordance with the University's strategic initiatives and externally imposed matching requirements of certain restricted funds. Major capital purchases are often split funded from multiple restricted and unrestricted funding sources.

Classification of Revenues

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

Operating Revenues. This includes activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, and (3) most federal, state and local grants and contracts.

Non-operating Revenues. This includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, Pell grants, state appropriations and investment income. The State of Washington appropriates funds on an annual and biennial basis. Appropriations are recognized as revenue when the related expenses are incurred.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the published charge for goods and services provided by the University and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that revenues are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and an allowance. Discounts and allowances for the years ending June 30, 2024 and 2023 were $146,855,537 and $147,936,768, respectively.

2. CASH, CASH EQUIVALENTS

Cash

Cash includes cash on hand, petty cash and bank deposits. Cash equivalents include treasury securities that are readily convertible to known amounts of cash and present insignificant risk of value changes due to interest rate changes. As of June 30, 2024 and as of June 30, 2023 the carrying amount of the University's cash funds, were $379,656,723 and $438,727,743, respectively and are represented in the table below.

Cash and cash equivalents

	2024	2023
Cash	$ 124,105,404	$ 151,576,318
Cash equivalents	255,528,714	286,673,820
Deposits with fiscal agents	22,605	22,605
Cash and cash equivalents	**$ 379,656,723**	**$ 438,272,743**

Custodial Credit Risks—Deposits

Custodial credit risk for bank demand deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. All cash, except for change funds and petty cash held by the University, is insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the Washington Public Deposit Protection Commission (PDPC). The majority of the University's demand deposits are held at Bank of America.

3. INVESTMENTS

(A) University Investments

University investments are classified as cash equivalents, current investments, or non-current, long-term investments. Cash equivalents include investments in Rule 2a-7 type funds, commercial paper, discount notes, repurchase agreements and Treasury bills. Current investments include short-term debt securities with less than one year to maturity and do not fit the University's definition of cash equivalents. Non-current, long-term investments include debt securities with more than one year to maturity.

Cash Equivalents, Current and Non-Current, Long-Term Investments

University invested assets include operating funds, current use gift funds, and proceeds from bond issues dedicated to specific capital projects. As of June 30, 2024 and 2023, the University had the following investments, maturities, credit ratings and effective durations:

Table 1: Cash equivalents, current and non-current, long-term investments

2024

University investments	Fair value	Less than 1 year	1-5 years	6-10 years	More than 10 years	Effective duration	Credit rating
Cash equivalents							
Commercial paper	$ 30,378,691	$ 30,378,691				0.21	A1/P1
U.S. Treasury	15,004,635	15,004,635				0.10	AAA
Agency discount notes	6,181,483	6,181,483				0.07	AAA
Other- bank short-term investment fund	1,296	1,296				0.01	NR
Local Government Investment Pool	203,962,609	203,962,609				0.05	NR
Total cash equivalents	**255,528,714**						
Current, short-term investments							
U.S. Treasury	41,954,695	41,954,695				0.68	AAA
Mortgage-backed securities	6,970,586	6,970,586				0.50	AAA
Total current investments	**48,925,281**						
Non-Current, long-term investments							
U.S. Treasury	181,904,156		$181,904,156			1.70	AAA
Mortgage-backed securities	66,971,052		10,083,356	$10,515,854	$46,371,842	1.16	AAA
Fixed income mutual fund	9,286,671		9,286,671			1.82	NR
Subtotal non-current operating funds investments	**258,161,879**						
Non-marketable equity/patronage	346,190						
Total non-current, long-term investments	**258,508,069**						
Total University Investments	**$ 562,962,064**						

**Valued at amortized costs per GASB 79*

Table 1: Cash equivalents, current and non-current, long-term investments

2023

University investments	**Fair value**	**Less than 1 year**	**1-5 years**	**6-10 years**	**More than 10 years**	**Effective duration**	**Credit rating**
Cash equivalents							
Commercial paper	$ 7,472,250	$ 7,472,250				0.57	A1/P1
U.S. Treasury	98,831,083	98,831,083				0.24	AAA
Agency discount notes	6,083,530	6,083,530				0.31	AAA
Other- bank short-term investment fund	1,867	1,867				0.01	NR
Local Government Investment Pool	174,285,090	174,285,090				0.09	NR
Total cash equivalents	**286,673,820**						
Current, short-term investments							
U.S. Treasury	30,506,874	30,506,874				0.21	AAA
Agency bonds	26,587,450	26,587,450				0.30	AAA
Mortgage-backed securities	26,246,720	26,246,720				0.30	AAA
Total current investments	**83,341,044**						
Non-Current, long-term investments							
U.S. Treasury	55,924,791		$55,924,791			1.79	AAA
Mortgage-backed securities	53,062,906		11,448,233	$13,671,862	$27,942,811	2.04	AAA
Fixed income mutual fund	9,134,596		9,134,596			1.48	NR
Subtotal non-current operating funds investments	**118,122,293**						
Non-marketable equity/patronage	346,190						
Total non-current, long-term investments	**118,468,483**						
Total University Investments	**$ 488,483,347**						

**Valued at amortized costs per GASB 79*

Investments in Local Government Investment Pool (LGIP)

The University is a participant in the Local Government Investment Pool that was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool, reviewing the policy annually, and proposes changes that are reviewed by the LGIP Advisory Committee.

Investments in LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASB Codification code section I50: *Investment Pools (External),* for external investments pools that elect to measure investments at amortized cost, for financial reporting purposes. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption rates on participant withdrawals.

Interest Rate Risk—Investments

Through its investment policies, the University manages exposure to fair value losses arising from increasing interest rates by limiting the modified duration of the operating portfolio to 1.2 years and by cash matching the dedicated bond portfolios to the anticipated construction schedules of the underlying projects.

Current use gift funds are segmented into short-term, intermediate-term and long-term pools. University policies limit the portfolio average maturity of the short-term pool to one year or less, the portfolio average maturity of the intermediate-term pool to three years or less, and the portfolio average maturity of the long-term pool to ten years or less.

Concentration of Credit Risk—Investments

State law limits University operating investments to obligations of the U.S. government, obligations of U.S. government agencies, bonds issued by state or local governments, registered warrants, supranational institution obligations, bankers' acceptances, highest quality commercial paper and highest quality corporate notes. University policy does not limit the amount the University may invest in any one issuer.

Custodial Credit Risk—Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At June 30, 2024 and 2023, $349,365,298 and $304,715,604, respectively, of the University's operating fund investments, held by Principal Custody Solutions in Principal's name as agency for the University, and $461,332 and $476,637, respectively, of endowment assets, held in street name by E*TRADE for the account of the University, are exposed to custodial credit risk as follows:

Table 2: Investments exposed to custodial credit risk

University investment type	2024	2023
Commercial paper	$ 30,378,691	$ 7,472,250
U.S. Treasury	238,863,486	185,262,748
Agency bonds	-	26,587,450
Agency discount notes	6,181,483	6,083,530
Mortgage-backed securities	73,941,638	79,309,626
Subtotal	349,365,298	304,715,604
Marketable global equities	461,332	476,637
Total investments exposed to custodial credit risk	**$ 349,826,630**	**$ 305,192,241**

Investment Expenses

Under implementation of GASB 35, investment income for the University is shown net of investment expenses. The investment expenses incurred for the fiscal years ended June 30, 2024 and 2023 was $664,483 and $729,280, respectively.

South entrance of the campus of WSU Everett,

(B) University Investments Measured By Fair Value Level

Investments are measured at fair value on a recurring basis. The three-tier hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows.

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- **Level 2** – Pricing inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- **Level 3** – Pricing inputs that are generally unobservable from objective sources for an asset or liability.

Table 3: Investments by fair value hierarchy

2024

Investments by fair value level	Fair value	Level 1	Level 2	Level 3
U.S. Treasury	$ 238,863,486	$ 238,863,486	-	-
Mortgage-backed securities	73,941,638	-	$ 73,941,638	-
Fixed income mutual fund	9,286,671	9,286,671	-	-
Agency discount notes	6,181,483	6,181,483	-	-
Commercial paper	30,378,691	-	30,378,691	-
Total fixed income investments	**358,651,969**	**254,331,640**	**104,320,329**	**-**
Equity				
Non-marketable equities	346,190	-	-	346,190
Total equity investments	346,190	-	-	346,190
Total fair value by level investments	**358,998,159**			
Cash equivalents at amortized cost	203,963,905			
Total investments	**$ 562,962,064**			

2023

Investments by fair value level	Fair value	Level 1	Level 2	Level 3
U.S. Treasury	$ 185,262,748	$185,262,748	-	-
Agency bonds	26,587,450	-	$26,587,450	-
Mortgage-backed securities	79,309,626	-	79,309,626	-
Fixed income mutual fund	9,134,596	9,134,596	-	-
Agency discount notes	6,083,530	6,083,530	-	-
Commercial paper	7,472,250	-	7,472,250	-
Total fixed income investments	**313,850,200**	**200,480,874**	**113,369,326**	**-**
Equity				
Non-marketable equities	346,190	-	-	346,190
Total equity investments	346,190	-	-	346,190
Total fair value by level investments	**314,196,390**			
Cash equivalents at amortized cost	174,286,957			
Total investments	**$ 488,483,347**			

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 observable inputs including quoted prices for similar securities and interest rates. Private equity, real assets and other investments classified in Level 3 are valued using either discounted cash flow or market comparable techniques.

(C) Land Grant and Permanent Fund

The University has two land grant endowments and two permanent funds established by legislation. The University's two land grant endowments total 155,393 acres of timber, agricultural and grazing lands managed by the Washington State Department of Natural Resources. The income from this land is distributed to the Agricultural College Permanent Fund, established under RCW 43.79.136, and the Scientific School Permanent Fund, established under RCW 43.79.110. The Washington State Investment Board manages these two permanent funds for the sole benefit of the University. All distributed income is used for capital projects, facility maintenance, or debt service. The fair value of these funds after settlement of all pending transactions, receivables and payables, is shown in the table below.

Table 4: Permanent fund

2024

University permanent fund investments	Fair value	Effective duration	Credit rating
Cash and cash equivalents	$ 802,741	-	-
Commingled monthly bond fund	371,537,621	6.60	Aa3
Commingled monthly equity fund	281,911,386	-	-
Cash at state treasurer	454,032	-	-
Pending transactions, receivables, and payables	(454,032)	-	-
Total permanent fund investments	**$ 654,251,748**		

2023

University permanent fund investments	Fair value	Effective duration	Credit rating
Cash and cash equivalents	$ 1,041,363	-	-
Commingled monthly bond fund	345,824,790	6.78	Aa3
Commingled monthly equity fund	257,590,352	-	-
Cash at state treasurer	1,155,875	-	-
Pending transactions, receivables, and payables	(1,155,875)	-	-
Total permanent fund investments	**$ 604,456,505**		

Cougar Banner on the campus of WSU Pullman.

(D) University Endowments

Total University endowed investments consist of University-held endowments valued at June 30, 2024 were $78,643,528 and $73,879,557, as of June 30, 2023 (as detailed below in table 5), and permanent fund endowment of $654,251,748 and $604,456,505, respectively, (as detailed above in table 4). The total as of June 30, 2024 was $732,895,276 and as of June 30, 2023 $678,336,062 are noted on the Statement of Net Position.

As of June 30, 2024 and 2023, the University had the following endowment investments, maturities, credit ratings and effective durations:

Table 5: University endowments by classification

2024

University endowments	Fair value	Less than 1 year	1-5 years	6-10 years	10 + years	Effective duration	Credit rating
Fixed income mutual funds	$ 4,014,253			$4,014,253		6.92	AA+/Aa3
Marketable global equities	6,645,227						
Non-marketable equities	17,137,562						
Equity funds	8,915,357						
Fixed income funds	2,070,892		$2,070,892			1.76	A
Hedge funds	14,236,524						
Illiquid real assets	7,816,500						
Private equity funds	15,223,788						
Cash equivalents at amortized cost	2,583,424						
Total endowment investments	**$ 78,643,527**						

2023

University endowments	Fair value	Less than 1 year	1-5 years	6-10 years	10 + years	Effective duration	Credit rating
Fixed income mutual funds	$ 4,030,514			$4,030,514		7.00	AA
Marketable global equities	6,838,483						
Marketable liquid real assets	3,482,650						
Non-marketable equities	9,434,936						
Equity funds	9,860,627						
Fixed income funds	2,025,033		$2,025,033			1.70	A+
Hedge funds	14,203,745						
Illiquid real assets	7,206,359						
Private equity funds	15,587,737						
Cash equivalents at amortized cost	1,209,473						
Total endowment investments	**$ 73,879,557**						

Foreign Currency Risk—Investments

Foreign currency 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 Washington State University Foundation (Foundation) invests the University's endowed assets. As such the Foundation's investment policy controls foreign currency exposure by limiting foreign equity and fixed income investments to 24%-36% of the total endowment with a current target of 21%. University endowment exposure to foreign currency risk at June 30, 2024 and 2023, is described in the table below.

Table 6: University foreign currency risk

	2024	2023
Japan - Yen	$ 2,736,083	$ 2,743,489
Euro	2,563,113	2,297,186
UK - Pound	1,497,554	1,351,380
China - Yuan	788,670	775,242
S. Korea - Won	784,071	860,138
Swiss Franc	721,261	737,303
All other (less than 5%)	4,061,062	4,246,935
Total foreign currency	**$ 13,151,814**	**$ 13,011,673**

Consolidated Endowment Investment Pool

The University contracts with the Foundation for the management of the consolidated endowment investment pool. University and Foundation endowment assets are pooled and invested with the objectives of long-term capital appreciation and stable but growing income stream. The total amount of the consolidated endowment pool as of June 30, 2024 and 2023 was $728,826,416 and $665,843,913, respectively. See note 4(A) for information on the Foundation's endowment investment securities. The fair values of the University's equity in the consolidated endowment pool at June 30, 2024 and 2023 was $78,643,528 and $73,879,557, respectively. See table below:

Table 7: Consolidated endowment pool

	2024	2024	2023	2023
University endowments	$ 78,643,527	11%	$ 73,879,557	11%
Foundation endowments	650,182,888	89%	591,964,356	89%
Total pooled endowment	**$ 728,826,415**	**100%**	**$ 665,843,913**	**100%**

Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments. At June 30, 2024 and 2023 net appreciation of the University's portion of the consolidated endowment pool of $12,542,938 and $11,236,672, respectively, and was available to be spent. All of which is restricted to specific purposes and is included in restricted expendable net position.

(E) University Endowments Measured By Fair Value Level

The Foundation reports their results of the consolidated endowment pool in accordance with FASB pronouncements and guidance. As such, certain revenue recognition criteria and presentation features are different from GASB. No modifications have been made to the Foundation presentation of the internal endowment pool. See note 4 (B) for information on the Foundation's endowments measured at fair value.

Investments are measured at fair value on a recurring basis. The three-tier hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows.

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- **Level 2** – Pricing inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- **Level 3** – Pricing inputs that are generally unobservable from objective sources for an asset or liability.

Brelsford Visitors Center near the campus of WSU Pullman.

Table 8: University endowment investments by fair value hierarchy

2024

Investments by fair value level		**Level 1**	**Level 2**	**Level 3**
Fixed income				
Fixed income mutual funds	$ 4,014,253	$ 4,014,253	-	-
Total fixed income investments	**4,014,253**	**4,014,253**	**-**	**-**
Equity				
Marketable global equities	6,645,227	6,645,227	-	-
Marketable liquid real assets	-	-	-	-
Non-marketable equities	17,137,562	-	17,137,562	-
Total equity investments	**23,782,789**	**6,645,227**	**17,137,562**	**-**
Total fair value by level investments	**27,797,042**			
Investments by net asset value (NAV)				
Equity funds	8,915,357			
Fixed income funds	2,070,892			
Hedge funds	14,236,524			
Illiquid real assets	7,816,500			
Private equity funds	15,223,788			
Total NAV investments	**48,263,062**			
Total investments at fair value	76,060,104			
Cash equivalents at amortized cost	2,583,424			
Total investments	**$ 78,643,527**			

2023

Investments by fair value level		**Level 1**	**Level 2**	**Level 3**
Fixed income				
Fixed income mutual funds	$ 4,030,514	$ 4,030,514	-	-
Fixed income funds	2,025,033	2,025,033	-	-
Total fixed income investments	**6,055,547**	**6,055,547**	**-**	**-**
Equity				
Marketable global equities	6,838,482	6,838,482	-	-
Marketable liquid real assets	3,482,650	3,482,650	-	-
Non-marketable equities	9,434,936	-	9,434,936	-
Total equity investments	**19,756,068**	**10,321,132**	**9,434,936**	**-**
Total fair value by level investments	**25,811,615**			
Investments by net asset value (NAV)				
Equity funds	9,860,629			
Hedge funds	14,203,745			
Illiquid real assets	7,206,359			
Private equity funds	15,587,737			
Total NAV investments	**46,858,470**			
Total investments at fair value	72,670,085			
Cash equivalents at amortized cost	1,209,472			
Total investments	**$ 73,879,557**			

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. Equity securities classified in Level 2 are valued using observable inputs including quoted prices for similar securities and interest rates.

The University's interest in certain non-readily marketable alternative investments, such as hedge funds and private equity funds, are stated at fair value based on net asset values (NAV) estimates reported by investment fund managers.

The valuation method for investments measured using the NAV for June 30, 2024 and 2023 is presented below:

Table 9: University endowment Investments measured using NAV

2024

	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Equity funds	$ 9,860,629	-	Daily to semimonthly	5-30 days
Fixed income funds	2,070,892	-	Daily	5 days
Hedge Funds	14,236,524	-	Monthly to biennially	30-90 days
Illiquid real assets and private equity funds	23,040,289	8,001,847	Years: 2024-2034	End of agreement
Total NAV investments	**$ 48,263,062**	**$8,001,847**		

2023

	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Equity funds	$ 9,860,629	-	Daily to semimonthly	5-30 days
Hedge Funds	14,203,745	-	Monthly to biennially	30-90 days
Illiquid real assets and private equity funds	22,794,096	6,643,090	Years: 2023-2034	End of agreement
Total NAV investments	**$ 46,858,470**	**$6,643,090**		

- **Equities, fixed income, and hedge funds** - Certain common stock securities, U.S. government securities, and mutual funds for which market prices are not readily available or for which market prices do not represent the value at the time of pricing are fair valued by the investment manager based upon other inputs. These inputs include valuations of services that are comparable in coupon, rating, maturity, and industry. The investments cover a broad range of risk and diversification by industry with the dual objectives of generating income and providing long-term growth.
- **Illiquid real assets and private equities** – Multiple limited partnerships that invest in securities designed for generating current income and/or long-term growth using conservative, moderate and aggressive risk strategies, and real estate. Risk strategies for private equities range from moderate to aggressive with growth of capital being the primary objective.
  Hedge fund investments allow for monthly, quarterly, annual and biennial redemptions. Illiquid real assets and private equities investments do not allow for periodic redemptions, but rather liquidate upon the termination date as stated in the partnership agreement.

4. WASHINGTON STATE UNIVERSITY FOUNDATION ENDOWMENTS

The following notes are an excerpt of the Foundations published financial statements. The Foundation reports their results in accordance with FASB pronouncements and guidance. As such, certain revenue recognition criteria and presentation features are different from GASB. No modifications have been made to the Foundation's presentation of the notes below. The full set of notes and other financial information for the Foundation can be acquired at the following address:

WSU Foundation
PO Box 641925
Pullman, WA 99164-1925

Endowment Investment Securities

The Foundation's endowment consists of 2,912 individual funds, established for a variety of purposes, which are jointly managed with the University's endowments. Of the total value of the investments managed, the Foundation's endowment funds represent 89.20% and 88.90% of that total at June 30, 2024 and 2023, respectively. The remainder of the pool comprises the University's true endowments and the University's funds functioning as endowments (quasi-endowments), which are not recorded in the Foundation's financial statements.
As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including quasi-funds that function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation has no board designated endowments.

Interpretation of Relevant Law

The Board of Directors of the Foundation, on the advice of legal counsel and the Foundation's Investment Committee, has interpreted Washington State's Uniform Prudent Management of Institutional Funds Act (WA-UPMIFA) as requiring the prudent management of donor-restricted gifts based on the spending and other investment policies of the organization, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classified the following amounts as net assets with donor restrictions in the accompanying consolidated financial statements:

- The fair value of the gifts donated to the donor-restricted endowment.
- Accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument or statute at the time the accumulation is added to the fund.
- The remaining portion of the donor-restricted endowment funds that is not required to be held in perpetuity consisting of accumulated investment gains and losses, which are included in net assets with donor restrictions until those amounts are appropriated to WSU in a manner consistent with the donors' stipulations.

In accordance with WA-UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- The fund's special relationship or value to the Foundation's and WSU's mission
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

WASHINGTON STATE UNIVERSITY FOUNDATION

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or WA-UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature are classified in net assets with donor restrictions. Deficiencies of this nature totaled $129,063 and $885,027 at June 30, 2024 and 2023, respectively, and are included in the accumulated investment gains (losses) in the tables below.

These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new donor-restricted contributions and continued appropriation for certain programs. These appropriations were made under the terms of the gift use agreement executed between the donor and the Foundation or in accordance with the Board of Director’s prudent interpretation of WA-UPMIFA.
The Board allows for continued appropriations to sustain programs with a moratorium on distributions if an endowment’s market value is 30% or more below contributions to the fund. Continued appropriation by the Board was deemed prudent during the year ended June 30, 2024.

	Year ended June 30, 2024			
	Without donor restrictions	**With donor restrictions**		
		Original gift	**Accumulated gains/(losses)**	**Total**
Donor-restricted funds:				
Underwater funds	-	$ 8,980,879	$ (129,063)	$ 8,851,816
Other funds	-	509,377,649	131,953,423	641,331,072
Total endowment funds	**-**	**$ 518,358,528**	**$ 131,824,360**	**$ 650,182,888**

	Year ended June 30, 2023			
	Without donor restrictions	**With donor restrictions**		
		Original gift	**Accumulated gains/(losses)**	**Total**
Donor-restricted funds:				
Underwater funds	-	$ 19,502,622	$ (885,027)	$ 18,617,595
Other funds	-	474,225,820	99,120,941	573,346,761
Total endowment funds	**-**	**$ 493,728,442**	**$ 98,235,914**	**$ 591,964,356**

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as quasi-endowments (funds functioning as endowments). Under this policy, as approved by the Investment Committee of the Foundation, the endowment assets are invested in a manner that is intended to produce a relatively predictable and stable payout stream each year and maintain purchasing power of the assets over the investment horizon.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy allows for the fund to distribute 5.5% per year (4.0% for individual accounts and 1.5% for the endowment administration fees) computed quarterly based on the average market value for the 36 months preceding and including the quarter ended prior to the distribution date, adjusted for new gifts on the first day of the distribution quarter.

In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Endowment Net Asset Composition, by Type of Fund

	Year ended June 30, 2024		
	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount	-	$ 518,358,528	$ 518,358,528
Accumulated investment gains	-	131,824,360	131,824,360
Total	-	**$ 650,182,888**	**$ 650,182,888**

	Year ended June 30, 2023		
	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount	-	$ 493,728,442	$ 493,728,442
Accumulated investment gains	-	98,235,914	98,235,914
Total	-	**$ 591,964,356**	**$ 591,964,356**

Changes in Endowment Net Assets

	Year ended June 30, 2024		
	Without donor restrictions	With donor restrictions	Total
Net asset balance – beginning of year	-	$ 591,964,356	$ 591,964,356
Investment return	-	65,998,217	65,998,217
Contributions	-	24,662,679	24,662,679
Distribution of endowment assets to/for WSU	-	(32,442,364)	(32,442,364)
Total	-	**$ 650,182,888**	**$ 650,182,888**

	Year ended June 30, 2023		
	Without donor restrictions	With donor restrictions	Total
Net asset balance – beginning of year	-	$ 561,278,881	$ 561,278,881
Investment return	-	45,925,826	45,925,826
Contributions	-	15,482,580	15,482,580
Distribution of endowment assets to/for WSU	-	(30,722,931)	(30,722,931)
Total	-	**$ 591,964,356**	**$ 591,964,356**

Endowments Managed at Fair Value

The Foundation's endowment funds are jointly managed with certain endowments of the University. The University's endowment funds are excluded on the Foundation's financial statements as they are not an agent nor a principal in these endowments. The breakout of the jointly managed funds of the University and the Foundation for the years ended June 30 is as follows:

Jointly managed endowment funds:	2024	2023
Cash and short-term investments	$ 25,114,592	$ 10,430,996
Accrued interest and dividends	232,587	847,720
Managed investments	703,479,236	654,565,199
Endowment investments at fair value	728,826,415	665,843,915
Less University endowment funds	(78,643,527)	(73,879,559)
Managed endowment funds recorded by the Foundation	**$ 650,182,888**	**$ 591,964,356**

Fair Value Measurements

The Foundation adopted the provisions of FASB guidance on fair value related to its financial assets measured at fair value on a recurring basis. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- *Level 1* – Quoted prices are available in active markets for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- *Level 2* – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.
- *Level 3* – Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments include those that may be more structured or otherwise tailored to the endowment's needs.

As required by FASB guidance on fair value, financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of assets and their placement within the fair value hierarchy levels.

Investments are stated at fair value according to U.S. GAAP, which requires that the valuation of investments reported at fair value be made in the context of market conditions as of the valuation date. Whenever available, quotations from organized securities exchanges are used as the basis for fair value. For investments not traded on organized exchanges, fair value estimates are provided by investment managers.
For applicable investments, manager-reported net asset value (NAV) is used as a practical expedient to estimate fair value. Valuations provided by fund managers consider variables such as the financial performance and sales of underlying investments and other pertinent information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price. The Foundation reviews valuations and assumptions provided by fund managers for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of the fair value. Investments are stated at fair value, which is determined by using market quotations and other information available at the valuation date.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table discloses by level, within the fair value hierarchy, investment assets measured at fair value on a recurring basis as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Endowment investments:				
Cash and equivalents	$ 22,642,578	-	-	$ 22,642,578
Marketable equities:				
Equities	53,913,115	-	-	53,913,115
Fixed income mutual funds	33,172,780	-	-	33,172,780
Total marketable equities	**$ 87,085,895**	-	-	**$ 87,085,895**
Market index common trust fund equities	-	**$141,620,530**	**-**	**$ 141,620,530**
Investments measured at NAV:				
Equity funds	-	-	-	73,674,283
Fixed income funds	-	-	-	17,113,331
Hedge funds	-	-	-	117,647,079
Illiquid real assets	-	-	-	64,593,613
Private equities funds	-	-	-	125,805,579
Total investments measured at NAV	**-**	**-**	**-**	**398,833,885**
Total endowment investments	**-**	**-**	**-**	**$ 650,182,888**

	Level 1	Level 2	Level 3	Total
Gift annuities and charitable remainder trusts:				
Cash and equivalents	$ 729,674	-	-	$729,674
Marketable equities:				
Equities	12,446,875	-	-	12,446,875
Fixed income mutual funds	7,368,108	-	-	7,368,108
Liquid real assets	3,325,245	-	-	3,325,245
Total marketable equities	**23,140,228**	-	-	**23,140,228**
Total gift annuities and charitable remainder trusts	**$ 23,869,902**	-	-	**$ 23,869,902**
Other:				
Beneficial interest in perpetual trusts	-	-	$40,340,546	$ 40,340,546

WASHINGTON STATE UNIVERSITY FOUNDATION

The following table discloses by level, within the fair value hierarchy, investment assets measured at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Endowment investments:				
Cash and equivalents	$ 10,069,242	-	-	$ 10,069,242
Marketable equities:				
Equities	67,551,911	-	-	67,551,911
Fixed income mutual funds	32,273,751	-	-	32,273,751
Liquid real assets	27,886,809	-	-	27,886,809
Total marketable equities	**$ 127,712,471**	-	-	**$ 127,712,471**
Market index common trust fund equities	-	**$75,548,873**	-	**$ 75,548,873**
Investments measured at NAV:				
Equity funds	-	-	-	66,163,794
Fixed income funds	-	-	-	16,215,153
Hedge funds	-	-	-	113,734,417
Illiquid real assets	-	-	-	57,703,872
Private equities funds	-	-	-	124,816,534
Total investments measured at NAV	-	-	-	**378,633,770**
Total endowment investments	-	-	-	**$ 591,964,356**

	Level 1	Level 2	Level 3	Total
Gift annuities and charitable remainder trusts:				
Cash and equivalents	$ 449,776	-	-	$ 449,776
Marketable equities:				
Equities	12,538,042	-	-	12,538,042
Fixed income mutual funds	6,175,391	-	-	6,175,391
Liquid real assets	3,207,628	-	-	3,207,628
Total marketable equities	**21,921,061**	-	-	**21,921,061**
Total gift annuities and charitable remainder trusts	**$ 22,370,837**	-	-	**$ 22,370,837**
Other:				
Beneficial interest in perpetual trusts	-	-	$37,644,058	$ 37,644,058

The following table presents the change in fair value measurements for the Level 3 investments during the years ended June 30, 2024 and 2023:

Other:	**Beneficial interest in perpetual trusts**
Balance – June 30, 2022	$ 36,918,664
Distribution from the funds	(419,408)
Change in value, net	1,144,802
Balance – June 30, 2023	**$ 37,644,058**
Distribution from the funds	(873,315)
Change in value, net	3,569,803
Balance – June 30, 2024	**$ 40,340,546**

Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)

Equities, Fixed Income, and Hedge Funds

Certain common stock securities, U.S. government securities, and mutual funds for which market prices are not readily available or for which market prices do not represent the value at the time of pricing are fair valued by the investment manager based upon other inputs (including valuations of securities that are comparable in coupon, rating, maturity, and industry). These investments cover a broad range of risk and diversification by industry with the dual objectives of generating income and providing long-term growth.

Illiquid Real Assets and Private Equities

Multiple limited partnerships that invest in securities designed for generating current income and/or long-term growth using conservative, moderate, and aggressive risk strategies, and real estate. Risk strategies for private equities range from moderate to aggressive with growth of capital being the primary objectives.

Hedge fund investments allow for monthly, quarterly, annual, and biennial redemptions. Illiquid real assets and private equities investments do not allow for periodic redemptions but rather liquidate upon the termination date as stated in the partnership agreement.

The following table presents the redemption frequency for investments measured at net asset value at June 30, 2024 and 2023, respectively.

	2024	2023	Unfunded Commitments	Redemption schedule	Redemption notice period
Equity Funds	$ 73,674,283	$ 66,163,794	-	Daily to semimonthly	5-30 days
Fixed income funds	17,113,331	16,216,153	-	Monthly	30 days
Hedge funds	117,647,079	113,734,417	-	Monthly to biennially	30-90 days
Illiquid real assets and private equity funds	190,399,192	182,520,406	$ 74,127,114		End of agreement
	$ 398,833,885	$ 378,633,770	$ 74,127,114		

Gift Annuities and Charitable Remainder Trusts

	2024	2023
Charitable remainder unitrusts	$ 13,651,567	$ 12,923,193
Charitable remainder annuity trusts	1,133,391	1,186,604
Gift annuities	9,084,944	8,261,040
	$ 23,869,902	$ 22,370,837

Gift Annuities and Charitable Remainder Trusts

Gift annuities and charitable remainder trusts consisted of the following types of trusts at June 30:

	2024	2023
Charitable remainder unitrusts	$ 13,651,567	$ 12,923,193
Charitable remainder annuity trusts	1,133,391	1,186,604
Gift annuities	9,084,944	8,261,040
	$ 23,869,902	$ 22,370,837

The State of Washington under RCW 48.38.010 mandates that charities obtain a certificate of exemption to issue charitable gift annuities. Sections 38.010 and 38.020 of the code, respectively, require the charity to 1) have at least $500,000 in net assets without donor restrictions and 2) maintain a separate reserve fund adequate to meet the future payments under its charitable gift annuity contracts. The reserve fund amount is calculated at the end of the fiscal year and must be performed by an independent third party. The State of Washington reserve fund requirement as determined by the actuary was $2,926,644 and $2,642,706 at June 30,2024 and 2023, respectively, and the charitable gift payable at June 30, 2024 and 2023 was $4,163,355 and $3,618,375, respectively, included in annuities payable on the consolidated statements of financial position.

5. INVENTORIES

Inventories as of June 30, 2024 and 2023 were as follows:

Location	Method	2024	2023
Athletics	FIFO	$ 2,025,058	$ 1,941,250
Bulletin office	FIFO	348,294	126,452
Facilities services	FIFO	1,381,886	1,472,029
Ferdinand's	FIFO	8,298,795	8,037,945
Housing and dining	LIFO	661,703	424,615
Telecommunications	FIFO	425,300	578,725
Design and printing services	FIFO	528,339	505,193
Veterinary hospital and pharmacy	FIFO	1,509,966	2,057,651
Veterinary microbiology/pathology	FIFO	2,042,050	2,042,575
WADDL	FIFO	867,732	915,419
Other inventory	Various	2,429,165	2,635,321
Inventories		**$ 20,518,286**	**$ 20,737,175**

6. ACCOUNTS RECEIVABLE

At June 30, 2024 and 2023, accounts receivable were as follows:

Current accounts receivable	2024	2023
Student tuition and fees	$ 35,650,030	$ 33,726,482
Due from the federal government	33,440,000	37,267,996
Due from the office of the state treasurer	3,050,838	15,047,145
Due from other state agencies	18,820,152	23,161,920
Interest and dividends receivable	294,005	294,005
Auxiliary enterprises	12,945,439	11,780,821
Due from other governments	8,836,490	10,050,453
Lease receivables (current portion)	2,262,515	2,459,925
Other	3,056	3,394
Subtotal	115,302,525	133,792,141
Less allowance for doubtful accounts	(34,056,334)	(32,668,404)
Accounts receivable, net	**$ 81,246,191**	**$ 101,123,737**

7. LOANS RECEIVABLE

Loans receivable consisted of the following at June 30, 2024 and 2023:

	2024	2023
Federal programs	$ 9,752,786	$ 11,247,120
Institutional loans	314,221	314,221
Subtotal	10,067,007	11,561,341
Less allowance for doubtful accounts	(300,128)	(345,341)
Loans receivable, net	**$ 9,766,879**	**$ 11,216,000**

8. CAPITAL ASSETS

A summary of changes in the capital, leased and subscription based IT assets for the year ended June 30, 2024 is presented as follows:

Capital assets, non-depreciable	**Beginning balance June 30, 2023**	**Additions/ transfers**	**Retirements**	**Ending balance June 30, 2024**
Land	$ 32,691,355	$ 1,132,670	$ (1,186,320)	$ 32,637,705
Construction in progress	103,676,380	(33,092,585)	(466,858)	70,116,937
Total capital assets, non-depreciable	**136,367,735**	**(31,959,915)**	**(1,653,178)**	**102,754,642**
Capital assets, depreciable				
Buildings	2,558,142,588	95,118,929	-	2,653,261,517
Other improvements and infrastructure	363,072,487	17,872,040	-	380,944,527
Machinery and equipment	378,920,597	19,482,248	(7,036,734)	391,366,111
Library resources	201,792,501	4,159,610	(184,550)	205,767,561
Total capital assets, depreciable	**3,501,928,173**	**136,632,827**	**(7,221,284)**	**3,631,339,716**
Less accumulated depreciation				
Buildings	1,295,042,943	63,237,285	-	1,358,280,228
Other improvements and infrastructure	234,808,821	9,568,539	-	244,377,360
Machinery and equipment	340,805,878	15,273,950	(6,357,439)	349,722,389
Library resources	141,144,092	6,107,126	(184,550)	147,066,668
Total accumulated depreciation	**2,011,801,734**	**94,186,900**	**(6,541,989)**	**2,099,446,645**
Total capital assets, depreciable, net	**1,490,126,439**	**42,445,927**	**(679,295)**	**1,531,893,071**
Capital assets, net	**$ 1,626,494,174**	**$ 10,486,012**	**$ (2,332,473)**	**$ 1,634,647,713**
Right-to-use lease assets, amortized				
Land	$ 751,341	$ -	$ (55,115)	$ 696,226
Buildings	22,689,984	10,318,542	(546,113)	32,462,413
Equipment	271,567	-	-	271,567
Total right-to-use lease assets, amortized	**23,712,892**	**10,318,542**	**(601,228)**	**33,430,206**
Less accumulated amortization				
Land	204,736	102,368	(55,115)	251,989
Buildings	5,095,157	2,815,173	(546,113)	7,364,217
Equipment	97,277	48,639	-	145,916
Total accumulated amortization	5,397,170	2,966,180	(601,228)	7,762,122
Total right-to-use lease assets, net	**$ 18,315,722**	**$ 7,352,362**	**$ -**	**$ 25,668,084**
Right-to-use subscription assets, amortized				
Software agreements	$ 37,737,741	$ 3,374,476	$ (2,634,927)	$ 38,477,290
Less accumulated amortization				
Software agreements	7,758,152	7,047,927	(2,634,297)	12,171,152
Total right-to-use subscription assets, net	**29,979,589**	**(3,673,451)**	**-**	**26,306,138**
Total capital assets, net	**$ 1,674,789,485**	**$ 14,164,923**	**$ (2,332,473)**	**$ 1,686,621,935**

June 30, 2024 depreciation and amortization expense was $104,201,006.

A summary of changes in the capital, leased and subscription based IT assets for the year ended June 30, 2023 is presented as follows:

Capital assets, non-depreciable	**Beginning balance June 30, 2022**	**Additions/ transfers**	**Retirements**	**Ending balance June 30, 2023**
Land	$ 32,658,629	$ 222,800	$ (190,074)	$ 32,691,355
Construction in progress	23,978,632	79,714,247	(16,499)	103,676,380
Total capital assets, non-depreciable	**56,637,261**	**79,937,047**	**(206,573)**	**136,367,735**
Capital assets, depreciable				
Buildings	2,563,340,043	5,839,917	(11,037,372)	2,558,142,588
Other improvements and infrastructure	360,670,818	2,401,669	-	363,072,487
Machinery and equipment	369,635,065	16,895,544	(7,610,012)	378,920,597
Library resources	198,914,844	3,182,399	(304,742)	201,792,501
Total capital assets, depreciable	**3,492,560,770**	**28,319,529**	**(18,952,126)**	**3,501,928,173**
Less accumulated depreciation				
Buildings	1,237,777,571	65,141,013	(7,875,641)	1,295,042,943
Other improvements and infrastructure	225,594,949	9,213,872	-	234,808,821
Machinery and equipment	332,896,762	15,326,669	(7,417,553)	340,805,878
Library resources	135,304,136	6,144,698	(304,742)	141,144,092
Total accumulated depreciation	**1,931,573,418**	**95,826,252**	**(15,597,936)**	**2,011,801,734**
Total capital assets, depreciable, net	**1,560,987,352**	**(67,506,723)**	**(3,354,190)**	**1,490,126,439**
Capital assets, net	**$ 1,617,624,613**	**12,430,324**	**$ (3,560,763)**	**$ 1,626,494,174**
Right-to-use lease assets, amortized				
Land	$ 747,799	$ 4,848	$ (1,306)	$ 751,341
Buildings	21,745,516	3,337,641	(2,393,173)	22,689,984
Equipment	271,353	214	-	271,567
Total right-to-use lease assets, amortized	**22,764,668**	**3,342,703**	**(2,394,479)**	**23,712,892**
Less accumulated amortization				
Land	94,368	110,368	-	204,736
Buildings	3,268,694	3,027,773	(1,201,310)	5,095,157
Equipment	48,600	48,677	-	97,277
Total accumulated amortization	3,411,662	3,186,818	(1,201,310)	5,397,170
Total right-to-use lease assets, net	**$ 19,353,006**	**$ 155,885**	**$ (1,193,169)**	**$ 18,315,722**
Right-to-use subscription assets, amortized				
Software agreements	$ 37,560,101	$ 177,640	$ -	$ 37,737,741
Less accumulated amortization				
Software agreements	-	7,758,152	-	7,758,152
Total right-to-use subscription assets, net	**37,560,101**	**(7,580,512)**	**-**	**29,979,589**
Total capital assets, net	**$ 1,674,537,720**	**$ 5,005,697**	**$ (4,753,932)**	**$ 1,674,789,485**

June 30, 2023 depreciation and amortization expense was $106,771,222.

9: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At June 30, 2024 and 2023, account payable and accrued liabilities were as follows:

Current accounts payable and accrued liabilities	**2024**	**2023**
Accounts payable	$ 52,653,952	$ 25,038,355
Payroll	22,982,997	25,884,388
Accrued leave, current portion	20,168,883	14,757,281
Subtotal	95,805,832	65,680,024
Non-current accounts payable and accrued liabilities		
Accrued annual leave	28,877,369	32,718,861
Accrued sick leave	6,419,622	6,558,612
Accrued compensatory leave	130,803	81,537
Subtotal	35,427,794	39,359,010
Total accounts payable and accrued liabilities	**$ 131,233,626**	**$ 105,039,034**

10: UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES

Unearned revenue is comprised of receipts which have not yet met revenue recognition criteria as of June 30, 2024 and 2023:

Current unearned revenue	**2024**	**2023**
Athletics	$ 2,650,321	$ 3,237,157
ALIVE! program	130,460	341,730
Pre-paid Tri-Cities BSEL building rent	500,000	500,000
Students Book Corporation signing bonus	-	100,000
Housing and dining services	833,250	589,245
Summer session	9,562,575	10,566,113
Federal fixed price awards	2,421,746	2,198,107
Parking	492,456	205,351
Subtotal	16,590,808	17,737,703
Non-current unearned revenue		
Pre-paid Tri-Cities BSEL building rent	1,440,278	1,940,277
Federal fixed price awards	91,975	314,084
Subtotal	**1,532,253**	**2,254,361**
Total unearned revenue	**$ 18,123,061**	**$ 9,992,064**

Deferred inflows of resources include gains on refunding, which are the excess of the net carrying amount of the refunded debt over its reacquisition price, pension, and OPEB as of June 30, 2024 and 2023:

General obligation bond refunding's	2024	2023
R2011A(2002A)	$ 26,333	$ 52,666
R2011B(2002A)	5,000	7,500
R2017C(R2007A(2001A))	194,828	318,717
R2020A(R2010B(2001C))	74,404	133,571
R2020C(R2011B(2002A))	42,638	61,209
R2021B(R-2011A(2002A))	15,753	47,003
Subtotal general obligation bonds	358,956	620,666
General revenue bond refunding		
GRB 2020A	1,615,766	1,725,919
GRB 2022	1,205,059	1,301,327
GRB 2023A	1,633,012	-
GRB 2023B	630,011	-
GRB 2024	1,038,684	-
Subtotal general revenue bonds	6,122,532	3,027,246
Certificate of participation refunding		
0381-1	16,351	24,527
Subtotal certificate of participation	16,351	24,527
Pension		
Pension net difference between projected and actual experience	28,487,986	28,855,242
Pension changes in proportion	3,942,883	1,009,569
Pension net difference between projected and actual investment	23,182,790	37,298,012
Pension changes in assumption	26,730,671	28,180,299
Subtotal pension	82,344,330	95,343,122
OPEB		
Differences between expected and actual experience	6,287,074	7,183,967
OPEB changes in assumption	126,846,370	148,020,299
OPEB changes in agency proportion	21,800,888	26,778,244
Subtotal OPEB	154,934,332	181,982,510
Right-to-use leases	16,594,172	19,642,049
Total deferred inflows of resources	**$ 260,370,673**	**$ 300,640,120**

11. RISK MANAGEMENT

The University is exposed to risk of loss related to tort liability, injuries to employees, loss of property and from failure to be in compliance with laws and regulations. In accordance with state policy, the University self-insures unemployment compensation for all eligible employees. Buildings that were acquired with bond proceeds are insured through WSU's commercial insurance program, according to each covenant. The University assumes its potential property losses for most other buildings and contents. Other risk liabilities including professional, general, employment practices, automobile liability, information security and privacy protection are either or both insured through the State of Washington Self-Insurance Liability Program (SILP) as covered by the tort Claims Act (RCW 4.92 et seq.), or WSU commercial policies to provide adequate coverage as determined.

Payments made for unemployment compensation claims and cash reserve balances are as follows:

Fiscal year ending	Claims paid	Cash reserves
June 30, 2024	$ 493,253	$ 5,598,725
June 30, 2023	$ 461,750	$ 5,068,076
June 30, 2022	$ 470,415	$ 3,938,772
June 30, 2021	$ 836,552	$ 4,485,224

For all other insurance settlements, the settlements did not exceed the coverages for the last three fiscal years.

12. LEASES

Lessee Agreements

The University leases land, building space and equipment from external parties for various terms under long-term lease agreements.

The leases expire at various dates between 2024 and 2049. 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. In fiscal years 2024 and 2023 ended June 30, the total value of all right-to-use assets resulting from lessee agreements was $25,688,084, net of $7,762,122 of accumulated amortization and $18,315,772, net of $5,397,170 accumulated amortization respectively. The total remaining liabilities resulting from lessee agreements was $24,825,402 in 2024 and $18,966,778 in 2023.

The expected payments are discounted using the University's incremental borrowing rate as determined by the University's bond council by using Bloomberg's BVAL curve for similar rated AA- and A+ bonds. The University's financials are rated by Moody's Investors Service. The discount rates range from 0.70% to 4.34% depending on the term of the lease.

The University entered into four new lease agreements as a lessee, and remeasured two agreements due to material change in the contract. These agreements are described below.

A new agreement between the University and Vine Street Associates commenced on September 1, 2023. The lease allows the University to use approximately 9,722 square feet of office space in Olympia, WA in exchange for monthly fixed rent of $19,039. The lease term will conclude on December 31, 2033, including all extension options considered likely to be exercised. An initial right-to-use asset and corresponding liability were recorded at $2,024,745. The interest rate of the lease is 3.12%.

A new agreement between the University and Kadlec Regional Medical Center commenced on August 1, 2023. The sublease allows the University to use approximately 5,138 square feet of space at Columbia Basin College in Richland, WA in exchange for monthly fixed rent of $9,206 increasing 3% annually. The lease term will conclude on May 31, 2029, including all extension options considered likely to be exercised. An initial right-to-use asset and corresponding liability were recorded at $546,789. The interest rate of the lease is 2.82%.

A new agreement between the University and Innovation Center TCRD LLC commenced on February 1, 2024. The sublease allows the University to use the Innovation Center Building in Richland, WA in exchange for annual fixed rent of $1,890,000. The lease term will conclude on December 1, 2026 including all extension options considered likely to be exercised. An initial right-to-use asset and corresponding liability were recorded at $5,249,500. The interest rate of the lease is 2.94%.

A new agreement between the University and RS Holdings LLC commenced on January 1, 2024. The lease allows the University to use approximately 6,000 square feet of office space in Vancouver, WA in exchange for monthly fixed rent of $14,500 increasing 3% annually. The lease term will conclude on February 28, 2039, including all extension options considered likely to be exercised. An initial right-to-use asset and corresponding liability were recorded at $2,472,657. The interest rate of the lease is 3.87%.

An existing agreement between the University and FQ Building LLC was remeasured due to an amendment setting the end date of the lease to September 30, 2025. The agreement allows the University to use two office suites within a larger complex in Wenatchee, WA. The lease was previously expected to terminate on September 30, 2024. Current monthly fixed rent of $954 will increase by 3% on January 1, 2025. This remeasurement resulted in an increase of right-to-use asset and corresponding liability balances of $11,402. The interest rate of the lease is 3.17%.

An existing agreement between the University and the State of Idaho was remeasured due to an amendment extending the end date to December 31, 2029. The lease was previously expected to terminate December 31, 2023. Current annual fixed rent of $2,400 is unchanged. The remeasurement resulted in an increase of right-to-use asset and corresponding liability balances of $13,447. The interest rate of the lease is 2.82%.

A summary of the changes in lessee agreement liabilities as of June 30, 2024 and 2023, is as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Buildings	$18,227,634	$ 10,318,541	$ 4,317,472	$ 24,228,703
Land	563,343	-	93,985	469,358
Equipment	175,801	-	48,460	127,341
Total lessee	**$18,966,778**	**$10,318,541**	**$ 4,459,917**	**$ 24,825,402**

	Restated Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Buildings	$18,819,349	$ 3,307,254	$3,898,969	$ 18,227,634
Land	653,514	-	90,171	563,343
Equipment	223,804	-	48,003	175,801
Total lessee	**$19,696,667**	**$ 3,307,254**	**$ 4,037,143**	**$ 18,966,778**

As of June 30, 2024 the total future annual lease payments are as follows:

	Lessee future payments		
Year	Principal	Interest	Total
2025	$ 4,244,667	$ 691,830	$ 4,936,497
2026	2,799,998	604,797	3,404,795
2027	2,578,066	538,326	3,116,392
2028	1,694,085	472,622	2,166,707
2029	1,635,468	431,110	2,066,578
2030-2034	5,928,268	1,579,032	7,507,300
2035-2039	3,970,532	773,866	4,744,398
2040-2044	1,248,212	249,968	1,498,180
2045-2049	726,106	67,547	793,653
	$ 24,825,402	**$ 5,409,098**	**$ 30,234,500**

Lessor Agreements

The University leases building and ground space to external parties. The leases expire at various dates between 2024 and 2039. The University records lease receivables and deferred inflows of resources based on the present value of expected receipts over the lease term. In fiscal years 2024 and 2023, the total value of receivables associated with lessor agreements was $13,105,350 and $15,792,808, respectively. The value of deferred inflows of resources associated with lessor agreements was $12,364,843 in 2024 and $15,210,393 in 2023. The University recorded receipts of $2,720,476 in 2024 and $2,817,299 in 2023.

The expected payments are discounted using the University's incremental borrow rate as determined by the University's bond council by using Bloomberg's BVAL curve for similar rated AA- and A+ bonds. The University's financials are rated by Moody's Investors Service. The discount rates range from 0.38% to 3.50% depending on the term of the lease.

The University remeasured one lessor agreement, and terminated two lessor agreements early. These agreements are described below:

An agreement between Innovate Washington and the University was remeasured due to an amendment extending the end date to June 30, 2026. The agreement was set to terminate on June 30, 2024. The agreement provides Innovate Washington with warehouse space on the University's Spokane campus, in exchange for monthly fixed payments of $20,804. As a result of the remeasurement, the lease receivable and corresponding deferred inflow of resources were increased by $483,636. The interest rate of the lease is 3.08%.

An agreement between Cougar Country, LLC and the University was terminated early due to the lessee abandoning the premises and defaulting on rent payments. The agreement had allowed Cougar Country, LLC to operate a quick-service restaurant within the Compton Union Building on the University's campus. The lessee was determined to have abandoned the premises in September 2023, and the lease was terminated as of that date. This termination resulted in a decrease in lease receivable of $450,618, and a decrease in deferred inflow of resources of $434,014.

An agreement between JW Links, LLC and the University was terminated early due to the agreement being amended to require fully variable rent payments based on monthly sales. The agreement had allowed JW Links, LLC to operate a restaurant at Palouse Ridge Golf Course on the University's campus. The lease was amended effective April 2024 and terminated as of that date. This termination resulted in a decrease in lease receivable of $227,213, and a decrease in deferred inflow of resources of $269,063.

A summary of the changes in lessor agreement receivables during the year ended June 30, 2024 and 2023 is as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Buildings	$ 13,251,735	$483,636	$3,012,883	$ 10,722,488
Land	2,541,073	-	158,211	2,382,862
Total Lessor	**$15,792,808**	**$483,636**	**$3,171,094**	**$ 13,105,350**

	Restated Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Buildings	$ 15,359,017	$265,366	$2,372,648	$ 13,251,735
Land	3,012,194	-	471,121	2,541,073
Total Lessor	**$ 18,371,211**	**$265,366**	**$2,843,769**	**$15,792,808**

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

	Lessor agreements		
Year	Principal	Interest	Total
2025	$ 2,421,745	$ 260,438	$ 2,682,183
2026	2,443,757	216,976	2,660,733
2027	1,218,319	181,250	1,399,569
2028	1,149,711	157,476	1,307,187
2029	1,199,213	132,943	1,332,156
2030-2034	4,164,039	301,363	4,465,402
2035-2039	508,566	36,554	545,120
	$ 13,105,350	**$1,287,000**	**$14,392,350**

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Subscription based information technology arrangements

The University licenses software from external parties for various terms under long-term subscription agreements. The subscriptions expire at various dates through 2034. In accordance with GASB Statement No. 96, the University records right-to-use assets and subscription liabilities based on the present value of expected payments over the subscription term. The expected payments are discounted using the University's incremental borrowing rate as determined by the University's bond council by using Bloomberg's BVAL curve for similar rated AA- and A+ bonds. The University's financials are rated by Moody's Investors Service. The discount rates range from 1.86% to 4.44% depending on the term of the subscription.

The University measured two new subscription agreements and remeasured one agreement in accordance with GASB 96, the details of which are as follows:

An agreement between Washington State University and Instructure, Inc. was remeasured due to an extension of the term. The agreement gives Washington State University a license to use the Canvas Cloud educational software, in exchange for fixed payments of $431,237 annually which will increase by 3% per year. The new end date for the agreement is June 2027. As a result of the remeasurement, the subscription liability and corresponding right-to-use asset balances were increased by $1,294,340. The interest rate of the agreement is 2.94%.

On July 1, 2023, Washington State University entered into a 60 month subscription for the use of Explorance Blue. An initial subscription liability was recorded in the amount of $410,190. As of June 30, 2024, the value of the subscription liability is $338,115, and the value of the short-term subscription liability is $82,077. Washington State University is required to make monthly fixed payments of $72,075. The subscription has an interest rate of 2.82%. The value of the right-to-use asset as of June 30, 2024 is $410,190 with accumulated amortization of $82,038.

On January 1, 2024, Washington State University entered into a 126 month subscription for the use of Workday XTND Module. An initial subscription liability was recorded in the amount of $742,811. As of June 30, 2024, the value of the subscription liability is $706,336, and the value of the short-term subscription liability is $62,791. WSU is required to make semi-annual fixed payments of $36,475. The subscription has an interest rate of 2.82%. The value of the right-to-use asset as of June 30, 2024 is $742,811 with accumulated amortization of $35,372.

A summary of the changes in subscription IT liabilities during the years ended June 30, 2024 and 2023 are as follows:

Subscription based information technology liabilities

Balance July 1, 2024	Additions	Reduction	Balance June 30, 2024	Due within one year
$13,501,231	$ 3,155,376	$ 3,677,336	$12,979,271	$3,136,900

Restated Balance July 1, 2023	Additions	Reductions	Balance June 30, 2023	Due within one year
$17,025,998	$ 177,640	$ 3,702,408	$13,501,231	$ 3,591,191

As of June 30, 2024 the total future annual subscription payments are as follows:

Subscription based information technology future payments

Year	Principal	Interest	Total
2025	$ 3,136,900	$ 255,656	$ 3,392,556
2026	2,811,774	227,150	3,038,924
2027	2,431,537	160,359	2,591,896
2028	2,095,750	103,409	2,199,159
2029	2,110,125	57,113	2,167,238
2030-2034	393,185	34,351	427,536
	$12,979,271	**$ 838,038**	**$13,817,309**

Public-Private Partnerships (PPP) agreements

The University has entered into two PPPs as a transferor for the construction and operation of student housing and apartment complexes. These partnership agreements extend through 2083 and 2108 for the Tri-Cities and Pullman campuses, respectively. In accordance with GASB Statement No. 94, the University records an initial receivable equal to the present value of expected payments discounted by the University's incremental borrowing rate as determined by the University's bond council by using Bloomberg's BVAL curve for similar rated AA- and A+ bonds. The discount rates are 4.44% and 3.50% for the Tri-Cities and Pullman campus partnerships, respectively.

Both of the University's PPP agreements involve construction of student-focused housing developments with mixed-use commercial spaces. GASB 94 requires transferors to recognize a receivable for the value of buildings constructed by the operator over the course of the agreement, based on the expected residual value of the buildings at the termination date. The University depreciates buildings over a 50-year lifespan, and does not expect any residual value to remain in the constructed buildings at the termination of either PPP, as both agreements exceed 50 years.

A summary of the changes in public-private partnership transferor receivables during the years ended June 30, 2024 and 2023 is as follows:

Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
$ 4,657,976	$ 93,482	$107,828	$ 4,643,630

Restated Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
$2,580,598	$ 2,081,273	$ 3,895	$ 4,657,976

As of June 30, 2024 the total future minimum payments to be received under these agreements are as follows:

Public-private partnership agreement future payments

Year	Principal	Interest	Total
2025	$ (132,052)	$ 180,912	$ 48,860
2026	(135,542)	185,868	50,326
2027	(139,111)	190,947	51,836
2028	(142,759)	196,150	53,391
2029	(146,487)	201,479	54,992
2030-2034	(791,227)	1,091,948	300,721
2035-2039	(845,757)	1,245,543	399,786
2040-2044	(388,524)	1,367,075	978,551
2045-2049	(336,896)	1,437,257	1,100,361
2050-2054	(255,831)	1,493,999	1,238,168
2055-2059	(136,138)	1,530,317	1,394,179
2060-2064	33,859	1,537,059	1,570,918
2065-2069	268,972	1,502,304	1,771,276
2070-2074	587,940	1,410,620	1,998,560
2075-2079	1,014,438	1,242,124	2,256,562
2080-2084	1,100,175	987,741	2,087,916
2085-2089	495,627	858,794	1,354,421
2090-2094	733,718	756,145	1,489,863
2095-2099	1,031,001	607,848	1,638,849
2100-2104	1,400,039	402,695	1,802,734
2105-2109	1,428,185	127,115	1,555,300
	$ 4,643,630	**$ 18,553,940**	**$ 23,197,570**

13. ASSET RETIREMENT OBLIGATION

The University has identified several legally enforceable liabilities associated with the retirement of tangible capital assets due to requirements included in state laws and contracts. As of June 30, 2024 and 2023, the University recorded an asset retirement obligation of $21,191,408 and $20,562,344, respectively.

Following is a list of assets identified as having an asset retirement obligation:

Nuclear Radiation Center (NRC) -The Nuclear Regulatory Commission and other oversight agencies such as Department of Health in the State of Washington require a decommissioning report valuing the cost of decommissioning the nuclear radiation center. A license was acquired in 2010 along with the decommissioning report and is good for 20 years. The decommissioning cost estimate was provided by the Nuclear and Advanced Technology Division of the Westinghouse Electric Corporation. In 2010 the NRC staff reevaluated the waste disposal cost estimate using methodology described in NUREG-1307 to estimate a more reasonable bracket for decommissioning costs, including an update to the estimated labor costs and the addition of a 25% contingency. The original value of the decommissioning was $14,600,000. Each year the value is reassessed with a current inflation rate based on the consumer price index. For fiscal years 2024 and 2023, the inflation rate is 3.1% and 4.3%, bringing the estimate for decommissioning to $20,458,383 and $19,841,522, respectively. The remaining useful life for the nuclear radiation center is 6 years. This was determined based on the remaining years of the decommissioning report.

Magnetic Resonance Imaging Machine (MRI) – This machine contains heavy metals such as lead, gold, silver or mercury for which state and federal hazardous waste regulations apply. The disposal of these metals is regulated by the Department of Ecology in the State of Washington. The cost of dismantling and disposing of this machine was estimated at $6,300 based on an estimate given at trade in. It has a total useful life of 5 years with fiscal year 24 being the last year of its useful life.

Cell Tower Contracts – The University has entered into multiple cell tower contracts that require the removal of equipment once the lease is terminated. Each year the value is reassessed with a current inflation rate based on the consumer price index. For fiscal years 2024 and 2023, the inflation rate is 3.1% and 4.3%, respectively. The total estimated cost of equipment removal based on the engineer's prior experience is $726,725. The remaining life of these contracts range from 1 to 9 years.

The University has no assets restricted for payment of these obligations. Funds will be requested from the state to fund the decommissioning. No obligation has been recognized for costs that would be incurred in the event that the University removes these assets.

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Nuclear Radiation Center	$ 19,841,522	$ 616,861	-	$ 20,458,383
Magnetic Resonance Imaging Machine (MRI)	6,300	-	-	6,300
Cell tower contracts	714,522	12,203	-	726,725
Total	**$20,562,344**	**$629,064**	-	**$ 21,191,408**

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Nuclear Radiation Center	$ 19,031,627	$ 809,895	-	$ 19,841,522
Magnetic Resonance Imaging Machine (MRI)	6,300	-	-	6,300
Cell tower contracts	698,500	16,022	-	714,522
Total	**$ 19,736,427**	**$ 825,917**	-	**$ 20,562,344**

14. BONDS PAYABLE, NOTES PAYABLE AND RELATED DEBT

Bonds and Notes payable consist of specific, general revenue bonds and notes issued by the University for construction and renovation of University buildings, for Housing and Dining System Facilities, for the Student Recreation Center, Parking Services, Compton Union Building, Athletics and the modernization of the University's Finance and Human Resources systems, as well as the University's share of Washington State General Obligation Bonds issued for the construction of academic buildings. Washington State General Obligation Bonds are backed by the full faith, credit and taxing power of the State of Washington. A portion of tuition and matriculation fees paid to the University are pledged for the payment of principal and interest on the University's share of these bonds.

Revenue bonds issued by the University include certain restrictive covenants. Certain revenue bonds have a specific revenue stream pledged to pay them. General revenue bonds are special fund obligations of the University, payable from general revenues which include non-appropriated, unrestricted income and revenues, including available auxiliary system revenues.

The Housing and Dining System is required to generate net revenue, as defined in the 2010B bond series covenants, equal to at least 125% of the annual debt service requirements during each fiscal year. As of June 30, 2024, Housing and Dining Systems complied with the debt service covenant of the 2010B bond series.

Bond Refunding Activity

The scheduled liabilities as of June 30, 2024 do not include revenue bonds that were advance refunded. Government obligations in amounts, maturities and interest rates sufficient to fund retirement of these bonds are held in irrevocable trusts.

For the fiscal year ending June 30, 2024 the following bonds were refunded:

On September 6, 2023, the University issued $20,275,000 in General Revenue Bonds to defease $21,850,000 in Series 2013A Athletics and 2013B Housing & Dining Systems Facilities bonds. The refunding resulted in an aggregate debt service decrease of $1,413,782 and an economic gain of $1,367,579.

On June 18, 2024, the University issued $12,605,000 in General Revenue Bonds to defease $13,375,000 in Series 2014A for the PACCAR Building. The refunding resulted in an aggregate debt service decrease of $1,306,803 and an economic gain of $1,004,726.

Fall Color in front of the Jordan Schnitzer Museum of Art on the WSU Pullman campus.

Related Debt

The University does not hold any direct borrowings or direct placements as a form of debt. The University also does not hold any lines of credit. As of June 30, 2024 and 2023, the University was indebted for bonds and notes payable for the purposes shown in the following tables:

2024

Purpose	Series	Interest rate/ ranges	Final maturity date	Principal outstanding	Current portion	See table below
Housing and Dining	2010B	7.1% - 7.4%	2041	$ 35,305,000	$ -	
Compton Union Building	2006B	5% - 6%	2028	9,205,000	2,810,000	1
Trust and Building Fee Revenue Bonds	2019	5%	2035	51,930,000	3,685,000	2
General revenue bonds	2013A & B	3% - 5%	2039	11,165,000	-	
	2015	3% - 5%	2040	116,005,000	4,395,000	
	2016	3%-5%	2042	66,800,000	4,385,000	
	2018	3%-5%	2041	30,755,000	300,000	
	2020A	0.505%-5.0%	2039	91,960,000	6,855,000	
	2021	2.271%-2.999%	2041	37,815,000	-	
	2022	4% - 5%	2037	14,515,000	820,000	
	2023 A&B	5%	2039	20,275,000	2,520,000	
	2024	5%	2039	12,605,000	725,000	
General revenue note	2020	1.78%	2025	735,000	735,000	
State of Washington General Obligation Bonds	2001A	5% - 5.6%	2026	2,215,000	1,075,000	
	2001C	5% - 5.3%	2026	1,160,000	565,000	
	2002A	4% - 6%	2027	1,070,000	345,000	
				503,515,000	$29,215,000	
Less: unamortized insurance costs				(23,327)		
Plus: unamortized premiums				40,918,285		
Net bonds payable				**$ 544,409,958**		

2023

Purpose	Series	Interest rate/ ranges	Final maturity date	Principal outstanding	Current portion	See table below
Housing and Dining	2010B	7.1% - 7.4%	2041	$ 35,305,000	$ -	
Compton Union Building	2006B	5% - 6%	2028	11,850,000	2,645,000	1
Trust and Building Fee Revenue Bonds	2019	5%	2035	55,440,000	3,510,000	2
General revenue bonds	2013A & B	3% - 5%	2039	34,080,000	2,420,000	
	2014A & B	1.75% - 5%	2039	15,165,000	1,790,000	
	2015	3% - 5%	2040	120,860,000	4,855,000	
	2016	3%-5%	2042	70,965,000	4,165,000	
	2018	3%-5%	2041	31,045,000	290,000	
	2020A	0.505%-5.0%	2039	96,650,000	4,690,000	
	2020B	0.505%-5.0%	2024	850,000	850,000	
	2021	2.271%-2.999%	2041	37,815,000	-	
	2022	4% - 5%	2037	15,300,000	785,000	
General revenue note	2020	1.78%	2025	1,458,000	723,000	
State of Washington General Obligation Bonds	2001A	5% - 5.6%	2026	3,245,000	1,030,000	
	2001C	5% - 5.3%	2026	1,700,000	540,000	
	2002A	4% - 6%	2027	1,395,000	325,000	
				533,123,000	$ 28,618,000	
Less: unamortized insurance costs				(29,991)		
Plus: unamortized premiums				45,829,608		
Net bonds payable				**$ 578,922,617**		

The University has pledged future revenues, net of specific operating expenses, to repay the principal and interest on revenue bonds. The following is a schedule of pledged revenues and related debt, as of June 30, 2024:

		Total future pledged revenues	Current year revenues, net of expenses	Current year principal and interest
1	Compton Union Building (2006B)	$ 10,083,284	$ 5,647,717	$ 3,275,597
2	Trust & Building Fee (2019 Green Bonds)	67,454,000	36,849,603	6,194,250

The following is a schedule of pledged revenues and related debt, as of June 30, 2023:

		Total future pledged revenues	Current year revenues, net of expenses	Current year principal and interest
1	Compton Union Building (2006B)	$ 13,358,881	$ 6,371,248	$ 3,274,391
2	Trust & Building Fee (2019 Green Bonds)	73,648,250	33,987,285	6,200,625

Annual Debt Service Requirements

Future debt service requirements at June 30, 2024 are as follows:

	Revenue bond and note obligations			State of Washington General Obligation Bonds		
Fiscal year	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2025	$ 27,230,000	$ 21,591,537	$ 48,821,537	$ 1,985,000	$ 195,375	$ 2,180,375
2026	25,610,000	20,640,196	46,250,196	2,085,000	85,750	2,170,750
2027	28,065,000	19,449,174	47,514,174	375,000	9,375	384,375
2028	28,965,000	18,253,862	47,218,862	-	-	-
2029	30,200,000	16,946,528	47,146,528	-	-	-
2030-2034	163,090,000	63,105,241	226,195,241	-	-	-
2035-2039	158,050,000	26,891,863	184,941,863	-	-	-
2040-2041	37,860,000	1,783,624	39,643,624	-	-	-
Subtotal	**499,070,000**	**188,662,025**	**687,732,025**	**4,445,000**	**290,500**	**4,735,500**
Less: unamortized costs	(23,327)	-	(23,327)	-	-	-
Plus: unamortized premiums	40,918,285	-	40,918,285	-	-	-
Total	**$ 539,964,958**	**$ 188,662,025**	**$ 728,626,983**	**$ 4,445,000**	**$ 290,500**	**$ 4,735,500**

Certificates of Participation

Fiscal year	**Principal**	**Interest**	**Total**
2025	$ 1,319,643	$ 128,053	$ 1,447,696
2026	1,355,679	63,865	1,419,544
2027	101,664	2,033	103,697
Subtotal	**2,776,986**	**193,951**	**2,970,937**
Plus: unamortized premiums	287,875	-	287,875
Total	**$ 3,064,861**	**$ 193,951**	**$ 3,258,812**

15. DEFERRED OUTFLOWS OF RESOURCES AND SCHEDULE OF LONG-TERM LIABILITIES

Following are the changes in refunding of debt (representing the difference between the reacquisition price and the net carrying amount of the old debt), bonds payable, notes payable, and right-to-use leases for the years ending June 30, 2024 and 2023.

2024

Deferred outflows of resources Issued Revenue bonds	Total amount issued	Balance outstanding June 30, 2023	Additions	Reductions	Balance outstanding June 30, 2024	Current portion	Long-term Portion
Student recreation series 2009	-	$ 656,489	-	$ (73,729)	$ 582,760	-	-
Student fee 2006A refunding (CUB)	-	1,362,629	-	(86,813)	1,275,816	-	-
General revenue bonds Athletics	-	519,557	-	(58,350)	461,207	-	-
Parking series 2005	-	4,907	-	(4,907)	-	-	-
General revenue bonds series	-	107,668	-	(61,524)	46,144	-	-
Housing and Dining Services (HDS)	-	70,227	-	(10,488)	59,739	-	-
General revenue bond 2016 HDS	-	1,208,509	-	(75,987)	1,132,522	-	-
Trust & building 2019B refunding 2020	-	825,805	-	(74,793)	751,012	-	-
Total revenue bonds	**-**	**$ 4,755,791**	**-**	**$ (446,591)**	**$ 4,309,200**	**-**	**-**
Schedule of long-term liabilities							
Revenue and refunding bonds, net	$ 695,520,000	$ 571,124,317	$ 35,755,513	$ 67,649,871	$ 539,229,959	$ 26,495,000	$ 512,734,959
Note payable	3,544,000	1,458,000	-	723,000	735,000	735,000	-
State of Washington General Obligation Bonds		6,340,000	-	1,895,000	4,445,000	1,985,000	2,460,000
Certificates of participation		4,712,248	-	1,647,387	3,064,861	1,319,643	1,745,218
Total	**$ 699,064,000**	**$ 583,634,565**	**$ 35,755,513**	**$ 71,915,258**	**$ 547,474,820**	**$ 30,534,643**	**$ 516,940,177**

2023

Deferred outflows of resources Issued Revenue bonds	Total amount issued	Balance outstanding June 30, 2022	Additions	Reductions	Balance outstanding June 30, 2023	Current portion	Long-term Portion
Student recreation series 2009	-	$ 730,218	-	$ (73,729)	$ 656,489	-	-
Student fee 2006A refunding (CUB)	-	1,449,444	-	(86,815)	1,362,629	-	-
General revenue bonds Athletics	-	577,908	-	(58,351)	519,557	-	-
Parking series 2005	-	11,956	-	(7,049)	4,907	-	-
General revenue bonds series	-	169,192	-	(61,524)	107,668	-	-
Housing and Dining Services (HDS)	-	80,715	-	(10,488)	70,227	-	-
General revenue bond 2016 HDS	-	1,284,497	-	(75,988)	1,208,509	-	-
Trust & building 2019B refunding 2020	-	900,599	-	(74,794)	825,805	-	-
Total revenue bonds	**-**	**$ 5,204,529**	**-**	**$ (448,738)**	**$ 4,755,791**	**-**	**-**
Schedule of long-term liabilities							
Revenue and refunding bonds, net	$ 695,520,000	$ 599,944,770	-	$ 28,820,453	$ 571,124,317	$ 26,000,000	$ 545,124,317
Note payable	3,544,000	2,168,000	-	710,000	1,458,000	723,000	735,000
State of Washington General Obligation Bonds	-	8,135,000	-	1,795,000	6,340,000	1,895,000	4,445,000
Certificates of participation	-	6,288,831	-	1,576,583	4,712,248	1,415,822	3,296,426
Total	**$ 699,064,000**	**$ 616,536,601**	**-**	**$ 32,902,036**	**$ 583,634,565**	**$ 30,033,822**	**$ 553,600,743**

16. PENSION PLANS

The University offers four contributory pension plans: the Washington State Public Employees Retirement System (PERS) plan, the Washington State Teachers Retirement System (TRS) plan, the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) plan, and the Washington State University Supplemental Retirement Plan (WSUSRP). PERS, TRS, and LEOFF are cost sharing multiple-employer defined benefit pension plans administered by the Washington State Department of Retirement Systems (DRS). WSUSRP is a defined contribution pension plan with a supplemental defined benefit plan component (SRP) and is administered by the University.

Legislation signed into law on July 1, 2020 amended the RCW relevant to WSUSRP, disabling the University from modifying terms to the plan. The legislation defined plan provisions including limits on member eligibility, benefit payments, contribution rates, and vesting terms. The University remains responsible for administering benefit calculations and payments until the Pension Funding Council determines there are sufficient assets in the trust, at which time DRS will assume those duties in accordance with RCW 41.50.280. The University does not perform the duties of a board nor hold any of the substantive powers that would make the plan a fiduciary component of the University. Other agencies of the state of Washington perform the duties of a board and hold the substantive powers in relation to WSUSRP.

As of June 30, 2024 and 2023, the University's aggregate share of the unfunded liabilities associated with the defined benefit pension plans administered by DRS was $23,577,660 and $26,853,184, respectively. The aggregate share of plan assets as of June 30, 2024 and 2023 was $50,857,248 and $42,630,940, respectively. The liability associated with WSUSRP was $32,292,311 for fiscal years 2024 and 2023. For the years ended June 30, 2024 and 2023, total pension expense offset for the University and DRS plans was ($25,424,925) and $(33,494,394), respectively.

Plans Administered By DRS

The state of Washington, through the Department of Retirement Systems, administers the PERS, TRS, and LEOFF plans. Pension plans administered by the state are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed, investment gains and losses are recognized as incurred, and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable plan. For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all plans, and additions to/deductions from all plan fiduciary net positions have been determined in all material respects on the same basis as they are reported by the plans.

The authority to establish and amend benefit provisions resides with the legislature. Effective July 1, 2003, LEOFF Plan 2 Retirement Board was established to provide governance. The Board can adopt contribution rates and recommend policy changes to the legislature. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW, TRS retirement benefit provisions are established in chapters 41.32 and 41.34 RCW and LEOFF retirement benefits provisions are established in chapter 41.26 RCW. DRS issues a publicly available financial report that includes financial statements and required supplementary information for PERS, TRS, and LEOFF. The report is available at https://www.drs.wa.gov/wp-content/uploads/2023/10/2023-PEFI-Document.pdf.

Plan Descriptions and Benefits Provided

PERS provides retirement, disability, and death benefits to eligible nonacademic employees not enrolled in other higher education retirement plans. PERS is a cost sharing, multiple employer retirement system comprised of three separate plans. Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. For reporting purposes, Plan 2/3 is considered a single defined benefit plan. Plan 1 is closed to new entrants. Members are vested after five years of eligible service. The monthly benefit is calculated as two percent of average final compensation (AFC), the average of the member's 24 highest consecutive service months, per year of service up to 60 percent. Members are eligible for retirement after 30 years of service, at age 60 with five years of service, or at age 55 with 25 years of service. Members retiring prior to age 65 may receive actuarially reduced benefits. Members may elect to receive an optional cost of living adjustment (COLA) based on the consumer price index. Plan 2 members are vested after five years of eligible service and eligible for retirement at age 65. The monthly benefit is two percent of the AFC per year of service with no cap on years of service credit and a COLA based on the consumer price index capped at three percent annually. For Plan 2 the AFC is the average of the member's 60 highest paid consecutive months. Members are eligible to retire early with reduced benefits. Plan 3 members are vested in the defined benefit portion after 10 years of service, or after 5 years of service if 12 months of that service are earned after age 44. The monthly benefit is 1 percent of the AFC per year of service with no cap on service years. The AFC and COLA are the same as Plan 2.

TRS provides retirement, disability, and death benefits to certified public school employees working in an instructional, administrative, or supervisory capacity. Similar to PERS, TRS Plan 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. For reporting purposes Plan 2/3 is considered a single defined benefit plan. Plan 1 is closed to new entrants. Members are vested after five years of eligible service and can retire at any age after 30 years of service, at age 60 after 5 years of service, or age 55 with 25 years of service. The monthly benefit is calculated as two percent of the AFC (total earnable compensation for two consecutive highest paid fiscal years divided by two) for year of service up to 60 percent. Plan 1 members may elect to receive an optional COLA amount based on the consumer price index capped at 3 percent annually, reducing the benefit. Plan 2 members are vested after 5 years of eligible service. Members are eligible for retirement at age 65 with 5 years of service. The monthly benefit is 2 percent of the AFC, the average of the member's 60 highest paid consecutive months, per year of service. A COLA is granted based on the consumer price index capped at 3 percent annually. Members can retire early with reduced benefits. Plan 3 members are vested after 10 years of service or after 5 years of service if 12 months of that service is earned after age 44. The defined benefit portion provides members a monthly benefit of 1 percent of the AFC per year of service, with the same AFC as Plan 2. The same COLA is used as Plan 2 and members can retire early with reduced benefits.

LEOFF 2 provides retirement disability, and death benefits to full time, fully compensated local law enforcement commissioned officers, fire fighters, and as of July 24, 2005 emergency medical technicians. Plan 2 members are vested after 5 years of eligible service. Members are eligible for retirement at age 53 with five years of service or age 50 with 20 years of service. The monthly benefit is 2 percent of the FAS (final average salary), based on the highest consecutive 60 months, per year of service. A COLA is granted based on the consumer price index capped at 3 percent annually. Members can retire early with reduced benefits.

Funding Policy. Each biennium, the state Pension Funding Council adopts PERS and TRS Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute. Under LEOFF, employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund the plan. All employers are required to contribute at the level established by state law.

Contributions for DRS Plans The University's contribution rates and required contributions for the above retirement plans for the years ending June 30, 2024 and 2023 are as follows:

Contribution Rates				
PERS		**2024**		**2023**
Plan 1	10.39%	$ 5,229,736	10.25%	$ 6,328,314
Plan 2	10.39%	6,450,349	10.25%	6,097,328
Plan 3	10.39%	4,586,983	10.25%	4,323,562
TRS				
Plan 1	14.69%	386,709	14.42%	1,013,557
Plan 2	14.69%	-	14.42%	-
Plan 3	14.69%	1,415,625	14.42%	1,254,598
LEOF				
Plan 2	8.71%	209,010	8.71%	192,934

Actuarial Assumptions The total State pension liability was determined by an actuarial valuation performed by the Washington State Office of the State Actuary (OSA) as of June 30, 2022 with the results rolled forward to the measurement date of June 30, 2023. Likewise, the University's 2023 pension liabilities are based on a valuation performed as of June 30, 2021 with the results rolled forward to the measurement date of June 30, 2022. Following are the actuarial assumptions applied to all periods included in the measurement:

	2024	2023
Inflation	2.75%	2.75%
Salary increases	3.25%	3.25%
Investment rate of return	7.00%	7.00%
Discount rate	7.00%	7.00%

Mortality rates were based on the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status, as the base table. The Office of the State Actuary applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan.

OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2022 and 2021 valuation were based on the results of OSA's 2013-2018 Demographic Experience Study and the 2021 Economic Experience Study. Additional assumptions are current for subsequent events and law changes as of the 2022 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined 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) are developed for each major asset class by the Washington State Investment Board (WSIB). These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of the measurement date of June 30, 2023 and 2022 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	20.0%	1.5%
Tangible assets	7.0%	4.7%
Real estate	18.0%	5.4%
Global equity	32.0%	5.9%
Private equity	23.0%	8.9%
Total	**100%**	

Discount Rate. The discount rate used to measure the total State pension liability was 7 percent, the same as the previous measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long- term expected rate of return, a 7 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plans 2 and 3 and TRS Plans 2 and 3 whose rates include a component for the PERS/TRS Plan 1 liability). 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 plan members. Therefore, the long-term expected rate of return of 7 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following presents the net pension liability/(asset) of the University as an employer, calculated using the discount rate of 7 percent as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the rate for fiscal years 2024 and 2023.

Discount rate sensitivity on net pension liability/(asset)

2024

Plan	1% Decrease	Current discount rate	1 % Increase
PERS 1	$29,616,925	$ 21,199,230	$ 13,852,560
PERS 2/3	5,283,678	(48,579,312)	(131,898,257)
TRS 1	3,620,373	2,378,430	1,292,812
TRS 2/3	7,352,411	(227,710)	(6,390,234)
LEOFF 2	339,462	(2,050,226)	(4,005,980)

2023

Plan	1% Decrease	Current discount rate	1 % Increase
PERS 1	$30,882,522	$ 23,115,898	$ 16,337,457
PERS 2/3	46,550,706	(39,529,115)	(110,249,130)
TRS 1	5,074,769	3,737,286	2,568,156
TRS 2/3	7,025,122	(387,769)	(6,414,339)
LEOFF 2	(124,979)	(2,714,056)	(4,832,994)

Proportionate Share. 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 net pension liabilities and assets for the university as of June 30, 2023 and June 30, 2022. The basis for determining the proportionate share was the amount of employer contributions processed by DRS during the fiscal years ended June 30, 2023 and 2022. The following table presents the University's proportionate share for each DRS plan:

	Plan	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
2024	Proportionate share	0.93%	1.19%	0.19%	0.19%	0.09%
2023	Proportionate share	0.83%	1.07%	0.20%	0.20%	0.10%
2022	Proportionate share	0.95%	1.20%	0.20%	0.20%	0.10%

The following table represents the aggregate pension amounts for each plan subject to the requirements of GASB Statement No. 68 for the University as an employer for the fiscal years ended June 30, 2024 and 2023:

2024

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Pension liability	$21,199,230	-	$2,378,430	-	-	$ 23,577,660
Pension asset	-	$ 48,579,312	-	$ 227,710	$ 2,050,226	$ 50,857,248
Pension expense	$ (2,194,504)	$ (16,756,711)	$(1,057,406)	$ (795,907)	$ (302,445)	$ (21,106,973)

2023

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Pension liability	$23,115,898	-	$ 3,737,286	-	-	$ 26,853,184
Pension asset	-	$ 39,529,115	-	$ 387,769	$ 2,714,056	$ 42,630,940
Pension expense	$ 1,193,120	$(22,754,967)	$ 1,013,304	$(1,313,902)	$ 128,968	$ (21,733,477)

Deferred Outflows and Deferred Inflows of Resources

The below tables detail the University's deferred outflows and deferred inflows of resources as well as the schedule of future impacts to pension expense from the deferred amounts amortization. The $18,278,413 reported in 2024 and $19,210,293 reported in 2023 as deferred outflows of resources related to state pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending June 30, 2025 and for the prior year recognized in the year ending June 30, 2024.

2024
Deferred outflows of resources

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Differences between expected and actual experience	-	$ 9,895,551	-	$ 1,982,921	$ 837,459	$ 12,715,931
Changes in assumption	-	20,395,275	-	1,808,933	523,723	22,727,931
Changes in proportion	-	1,531,760	-	228,753	510,332	2,270,845
Contributions paid subsequent to the measurement date	5,229,737	11,037,333	386,708	1,415,625	209,010	18,278,413
Total	**$ 5,229,737**	**$ 42,859,919**	**$ 386,708**	**$ 5,436,232**	**$ 2,080,524**	**$ 55,993,120**

2023
Deferred outflows of resources

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Differences between expected and actual experience	-	$ 9,794,390	-	$ 1,932,098	$ 644,905	$ 12,371,393
Changes in assumption	-	22,032,025	-	2,184,535	687,547	24,904,107
Changes in proportion	-	1,858,534	-	140,474	159,407	2,158,415
Contributions paid subsequent to the measurement date	6,328,314	10,420,890	1,013,557	1,254,598	192,934	19,210,293
Total	**$ 6,328,314**	**$ 44,105,839**	**$ 1,013,557**	**$ 5,511,705**	**$ 1,684,793**	**$ 58,644,208**

2024
Deferred inflows of resources

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Differences between expected and actual experience	-	$ 542,780	-	$ 32,083	$ 16,867	$ 591,730
Changes in assumption	-	4,445,367	-	179,277	168,410	4,793,054
Net difference between projected and actual earnings	2,391,365	18,307,621	344,316	1,092,182	433,823	22,569,307
Changes in proportion -	-	3,820,931	-	34,773	87,179	3,942,883
Total	**$ 2,391,365**	**$ 27,116,699**	**$ 344,316**	**$ 1,338,315**	**$ 706,279**	**$ 31,896,974**

2023
Deferred inflows of resources

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Differences between expected and actual experience	-	$ 894,838	-	$ 38,968	$ 25,182	$ 958,988
Changes in assumption	-	5,768,773	-	237,589	236,320	6,242,682
Net difference between projected and actual earnings	3,830,984	29,224,166	669,677	2,050,932	908,770	36,684,529
Changes in proportion -	-	860,683	-	42,334	106,552	1,009,569
Total	**$ 3,830,984**	**$ 36,748,460**	**$ 669,677**	**$ 2,369,823**	**$ 1,276,824**	**$ 44,895,768**

Deferred inflows and outflows will be recognized in pension expense/expense offset with the exception of contributions made after the measurement date as follows:

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	TOTAL
2025	$ (1,626,984)	$ (9,218,620)	$ (240,614)	$ (220,084)	$ (126,055)	$ (11,432,357)
2026	(2,046,126)	(10,927,743)	(304,186)	(390,832)	(196,112)	(13,864,999)
2027	1,261,609	14,887,373	194,403	1,147,741	421,213	17,912,339
2028	20,136	5,209,673	6,081	504,451	180,066	5,920,407
2029	-	5,055,980	-	486,928	199,151	5,742,059
Thereafter	-	(300,775)	-	1,154,088	686,971	1,540,284
Total	**$ (2,391,365)**	**$ 4,705,888**	**$ (344,316)**	**$ 2,682,292**	**$ 1,165,234**	**$ 5,817,733**

Plans Administered by Washington State University

Washington State University Supplemental Retirement Plan (WSUSRP)

Plan Description WSUSRP, a single-employer 403(b) defined-contribution plan, is administered by the University. Faculty, librarians, and professional staff are eligible to participate in WSUSRP. The Teacher's Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF) are the companion organizations through which individual retirement annuities are purchased. Employees have at all times a 100% vested interest in their accumulations. WSURP was closed to new participants effective March 1, 2011.

Effective for fiscal year 2024, OSA moved the valuation date of the Supplemental Retirement Plan from June 30 to January 1 at the request of finance departments for Washington higher education institutions. Moving forward SRP will be reported on a one year lag similar to DRS plans. Due to the change in valuation dates during fiscal year 2024, SRP will have no change in liability or deferred inflows. Deferred outflows will include the fiscal year 2024 benefit payments and employer contributions.

Funding Policy Employee contribution rates are based on age and are 5%, 7.5%, or 10% of salary. The University matches 100% of employee contributions. The University's Board of Regents are authorized to amend benefit provisions under RCW 28B.10.400.

Supplemental Retirement Plan (SRP)

SRP, a single-employer 401(a) defined-benefit retirement plan administered by the University, operates along with the 403(b) plan to supplement the defined-contribution savings accumulated under SRP.

In 2011, the plan was amended to eliminate the supplemental benefit provision for all employees hired after June 30, 2011. Members are eligible for a non-reduced supplemental payment after the age of 62 with ten years of full-time service. SRP has a payment component that guarantees a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date when a member's goal income is greater than their assumed income. Assumed income must be calculated by an independent actuary. The minimum retirement benefit goal is 2% of the average annual salary for each year of full-time service up to a maximum of 25 years. However, if the participant does not elect to make the 10% TIAA-CREF contribution after age 49, the benefit goal is 1.5% for each year of full-time service for those years the lower contribution rate is selected.

Benefit Payments made during the fiscal years ended June 30, 2024 and 2023 were $3,253,301 and $3,227,855, respectively.

Employer Contributions State legislation which became effective on July 1, 2020 created an employer contribution rate for the SRP. OSA determines the rate in accordance with RCW 41.45 which provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates. For the fiscal years ended June 30, 2024 and 2023, the SRP contribution rate was 0.30% of covered salaries per RCW 28B.10.423. Contributions made in the fiscal years ended June 30, 2024 and 2023 were $1,096,820 and $1,040,319, respectively.

Plan Investments The WSIB has been authorized by statute as having investment management responsibility for the SRP funds. The WSIB manages retirement fund assets to maximize return with limited risks.

Footnote 3.B of the Washington ACFR contains information regarding the investment of SRP funds by WSIB including the valuation, concentration, classifications, and maturities.

Actuarial Assumptions The discount rate remained at 7.00 percent from FY23 to FY24. A material assumption change during the measurement period was reflecting the new January 1, 2023 participant data file. The update changed the valuation date from June 30 to January 1. The new data file decreased the total pension liability (TPL). Some of the larger experience items that impacted the TPL was actual salary growth being lower than assumed and SRP benefits for new retirees being lower than estimated. Another material assumption change was updating assumptions used to estimate SRP benefits for future retirees based on input from TIAA and professional judgment. These assumption changes decreased the TPL.

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 are developed for each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation for June 30, 2024 and 2023 are summarized in the following table:

Asset Class	Target allocation	Long-term expected real rate of return
Fixed income	20.0%	1.5%
Tangible assets	7.0%	4.7%
Real estate	18.0%	5.4%
Global equity	32.0%	5.9%
Private equity	23.0%	8.9%
Total	**100%**	

The following table shows significant assumptions used to measure the net pension liability as of June 30, 2024 and 2023:

	2024 and 2023
Discount rate	7.00%
Source of mortality assumptions	Pub.H-2010 tables with the MP-2017 mortality improvement scale
Date of experience study	August 2021
Salary changes	3.50%
Source of discount rate	2021 report on financial condition and economic experience study

The following table presents the net pension liability using a discount rate of 7 percent as well as what the pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2024 and 2023

Discount rate sensitivity on WSUSRP net pension liability

1% Decrease	Current discount rate	1% Increase
$37,566,239	$32,292,311	$27,743,165

Net Pension Liability. The net pension liability for fiscal years 2024 and 2023 is based on an actuarial valuation performed as of January 1, 2023 using the entry age normal cost method and the TPL is projected forward to the measurement date of June 30, 2023.

As of July 1, 2020, legislation was signed into law creating a trust arrangement for assets dedicated to paying SRP benefits to members. Contributions previously paid to DRS were transferred into the trust. As a result, the University is now applying accounting guidance for single employer plans that have trusted assets and reports the net pension liability net of plan assets as of June 30, 2024 and 2023.

2024 and 2023

Schedule of changes in net pension liability

	Total pension liability	Plan fiduciary net position	Net pension liability
Beginning balance	$ 56,679,048	$ 18,643,123	$38,035,925
Service cost	857,213	-	857,213
Interest on TPL	3,916,474	-	3,916,474
Differences between expected and actual experience in the measurement of TPL	(668,669)	-	(668,669)
Changes of assumptions	(4,222,404)	-	(4,222,404)
Benefit payments	(3,227,855)	-	(3,227,855)
Employment contributions	-	1,040,319	(1,040,319)
Investment income	-	1,358,138	(1,358,138)
Other	-	(84)	84
Ending balance	**$ 53,333,807**	**$ 21,041,496**	**$ 32,292,311**

Pension expense offset for SRP for the years ended June 30, 2024 and 2023 was $4,350,103 and $(11,760,917), respectively.

Deferred Inflows and Outflows of Resources

The following tables detail the deferred inflows and outflows of resources for fiscal years 2024 and 2023:

2024

	Deferred inflows	Deferred outflows
Differences between expected and actual experience	$ 27,896,256	$ 10,001,504
Changes in assumptions	21,937,617	11,972,781
Differences between projected and actual earnings on plan investments	613,483	-
Contributions subsequent to the measurement date	-	4,350,103
Total	**$ 50,447,356**	**$26,324,388**

2023

	Deferred inflows	Deferred outflows
Differences between expected and actual experience	$ 27,896,256	$ 10,001,504
Changes in assumptions	21,937,617	11,972,781
Differences between projected and actual earnings on plan investments	613,483	-
Contributions subsequent to the measurement date	-	-
Total	**$ 50,447,356**	**$ 21,974,285**

Deferred inflows and outflows amortization amounts for future periods:

Amortization of deferred inflows and outflows of resources

Year	
2025	$ (8,316,569)
2026	(7,621,510)
2027	(8,409,042)
2028	(4,756,355)
2029	630,405
Total	**$ (28,473,071)**

17. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The University is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a single employer defined benefit plan administered by the Washington State Health Care Authority (HCA). The PEBB is authorized to design benefits and determine terms and conditions of employee and retired employee participation and coverage per RCW 41.05.065. The OPEB plan provides medical, dental, prescription drug, vision, life insurance, disability, and long-term care insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis.

The OPEB relationship between PEBB employers and employees is not formalized in a contract or plan document. Instead, the benefits are provided in accordance with a substantive plan in which the plan terms are understood by the employers and plan members based on communications between employers and members and the historical pattern of practice with regard to the sharing of benefits costs.

The OPEB plan provides benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. This set dollar amount is recommended by PEBB and approved by the state Legislature annually and was set at $183 per member per month for fiscal years 2024 and 2023. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately.

For information on the actuarial valuation of the employer provided subsidies, refer to the Office of the State Actuary's website: https://leg.wa.gov/about-the-legislature/legislative-agencies/osa/.

Employees covered by benefit terms- The table below shows the University's PEBB membership as of June 30, 2024 and 2023:

	2024	2023
Active employees	6,214	6,171
Inactive employees or beneficiaries currently receiving benefits	1,797	1,785
Inactive employees entitled to but not yet receiving benefits*	NA	NA

**HCA doesn't have data on this group and OSA doesn't have the methodology to reasonably estimate it. For fiscal years 2023 and 2024, there are no options, but to report this as not available*

Cougar logo on the Chinook building of the WSU Pullman campus

Funding Status and Actuarial Methods and Assumptions:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare trends. The differences between these assumptions and actual results could have a significant effect on the University's financial report.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information. However, the plan operates on a pay-as-you-go basis and contributions from employers to the HCA only occur when benefits become due, so the actuarial value of the plan asset is zero.

Projections of benefits for financial reporting purposes are based on the terms of the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Significant methods and assumptions used in the current valuation for fiscal years 2024 and 2023 are as follows:

2024

Inflation rate	2.35%
Health care trend rate	2.00-11.00% initial rate, 3.8% ultimate rate in 2080
Projected salary increases	3.25% plus service-based salary increases
Discount rate	3.65%
Source of mortality assumptions	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	2023 PEBB OPEB Demographic Experience Study Report
Source of discount rate	Bond buyer general obligation 20-bond municipal bond index as of June 30, 2023

2023

Inflation rate	2.35%
Health care trend rate	2.00-11.00% initial rate, 3.8% ultimate rate in 2080
Projected salary increases	3.25% plus service-based salary increases
Discount rate	3.54%
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
Source of discount rate	Bond buyer general obligation 20-bond municipal bond index as of June 30, 2022

A material assumption change for the measurement period of June 30, 2023 was updating the discount rate from 3.54 to 3.65.
A material assumption change for the measurement period of June 30, 2022 was updating the discount rate from 2.16 to 3.54.

Sensitivity of the OPEB Liability on the Healthcare Cost Trend Rate and Discount Rate

The following presents the total OPEB liability calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it were calculated using a rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

Healthcare Cost Trend Rate Sensitivity on OPEB Liability

2024

	1% Decrease	Current healthcare cost trend rate	1% Increase
Total OPEB Liability	$177,903,406	$211,713,135	$255,229,453

Healthcare Cost Trend Rate Sensitivity on OPEB Liability

2023

	1% Decrease	Current healthcare cost trend rate	1% Increase
Total OPEB Liability	$172,872,164	$204,175,546	$244,222,925

The following presents the total OPEB liability of the State calculated using the discount rate of 3.65 percent for fiscal year 2024 and 3.54 percent for fiscal year 2023, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

Discount rate sensitivity on OPEB liability
2024

	1% Decrease	Current discount rate	1% Increase
Total OPEB liability	$247,718,686	$211,713,135	$182,750,602

Discount rate sensitivity on OPEB liability
2023

	1% Decrease	Current discount rate	1% Increase
Total OPEB liability	$239,243,877	$204,175,546	$175,956,987

Total OPEB Liability (TOL)

The TOL for the State of Washington was determined by an actuarial valuation, conducted by the Office of the State Actuary, using data as of June 30, 2022 with a measurement date of June 30, 2023 for fiscal year 2024 and a measurement date of June 30, 2022 for fiscal year 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 based on the proportionate share of the state's total active health care eligible employee headcount.

The following is a schedule of the changes in the total OPEB liability for fiscal years 2024 and 2023:

	2024	2023
Total OPEB liability at July 1	$204,175,546	$ 315,792,137
Service cost	7,416,962	15,061,923
Interest	7,450,381	6,988,534
Differences between expected and actual experience	-	(6,920,924)
Change of assumptions	(3,582,692)	(116,854,331)
Benefit payments	(5,189,465)	(5,134,498)
Changes in proportionate share	1,442,403	(4,757,295)
Total OPEB liability at June 30	**$ 211,713,135**	**$ 204,175,546**

OPEB Costs

WSU reported a liability of $211,713,135 and $204,175,546 for its proportionate share of the state's OPEB liability for the years ended June 30, 2024 and 2023, respectively. For fiscal years 2024 and 2023, the OPEB values were measured as of June 30, 2022 by an actuarial valuation with values rolled forward to the measurement date of June 30, 2023 for fiscal year 2024. WSU's share of the liability was 4.84% as of June 30, 2024, compared to 4.81% as of June 30, 2023. For the years ended June 30, 2024 and 2023, OPEB expense offset was $(17,668,842) and $(9,849,060), respectively.

For fiscal years 2024 and 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2024

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ 3,214,789	$ 6,287,074
Changes in proportion	2,092,584	21,800,888
Changes of assumptions	13,757,182	126,846,370
Payments subsequent to the measurement date	5,334,937	-
Total	**$ 24,399,492**	**$ 154,934,332**

2023

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ 4,256,316	$ 7,183,967
Changes in proportion	-	26,778,244
Changes of assumptions	16,734,464	148,020,299
Payments subsequent to the measurement date	5,153,061	-
Total	**$ 26,143,841**	**$ 181,982,510**

Deferred outflows of resources of $5,334,937 and $5,153,061, respectively, resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense/(expense offset) as follows:

	Year-ended June 30
2025	$ (27,298,644)
2026	(27,298,643)
2027	(21,796,412)
2028	(14,234,824)
2029	(15,637,512)
Thereafter	(29,603,742)
Total	**$ (135,869,777)**

18. OPERATING EXPENSES BY FUNCTION

2024

	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation/ amortization	Total
Instruction	$ 264,029,372	$ 24,300,062	-	-	$ 288,329,434
Research	170,585,125	103,944,952	-	-	274,530,077
Public service	21,439,940	6,748,742	-	-	28,188,682
Academic support	88,383,841	25,638,775	-	-	114,022,616
Student services	30,441,667	7,144,183	-	-	37,585,850
Institutional support	87,978,558	56,298,795	-	-	144,277,353
Operation and maintenance of plant	32,360,583	41,121,428	-	-	73,482,011
Auxiliary enterprises	102,078,709	70,186,494	-	-	172,265,203
Student financial aid	-	-	$84,011,090	-	84,011,090
Depreciation/amortization	-	-	-	$104,201,006	104,201,006
	$ 797,297,795	**$ 335,383,431**	**$84,011,090**	**$104,201,006**	**$ 1,320,893,322**

Restated

2023

	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation/ amortization	Total
Instruction	$ 250,327,121	$ 27,807,334	-	-	$ 278,134,455
Research	164,785,391	92,512,862	-	-	257,298,253
Public service	23,187,794	6,266,731	-	-	29,454,525
Academic support	83,639,411	24,049,412	-	-	107,688,823
Student services	20,928,750	6,181,544	-	-	27,110,294
Institutional support	83,475,311	52,968,169	-	-	136,443,480
Operation and maintenance of plant	30,559,595	41,382,512	-	-	71,942,107
Auxiliary enterprises	96,809,320	76,094,797	-	-	172,904,117
Student financial aid	-	-	$75,915,387	-	75,915,387
Depreciation/amortization	-	-	-	$106,771,222	106,771,222
	$753,712,693	**$ 327,263,361**	**$75,915,387**	**$106,771,222**	**$ 1,263,662,663**

19. BLENDED COMPONENT UNIT

Alumni Association

Statement of net position	2024	2023
Assets		
Current assets		
Cash	$ 2,389,626	$ 2,300,161
Receivables	59,074	123,993
Prepaid expenses	123,975	131,446
Inventory	93,796	93,437
Subtotal current assets	2,666,471	2,649,037
Non-current assets		
Pooled endowment investment securities	13,705,780	12,964,704
Subtotal non-current assets	13,705,780	12,964,704
Total assets	**16,372,251**	**15,613,741**
Liabilities		
Current liabilities		
Accounts payable	60,004	28,198
Accrued expense	418,884	149,751
Subtotal current liabilities	478,888	177,949
Non-current liabilities		
Deferred revenue	100,951	111,678
Subtotal non-current liabilities	100,951	111,678
Total liabilities	**579,839**	**289,627**
Net position		
Unrestricted	13,614,829	12,995,240
Restricted expendable	2,177,583	2,328,874
Total net position	**$ 15,792,412**	**$ 15,324,114**
Statement of revenues, expense, and changes in net position		
Revenue		
Operating revenue		
University support	$ 921,326	$ 1,039,919
Foundation support	288,350	366,664
Fundraising	966,480	1,157,108
In-Kind contributions	16,500	-
Special events	254,549	324,987
Total operating revenue	2,447,205	2,888,678
Operating expense		
Program services	2,619,618	2,468,979
Support services	1,199,020	1,202,912
Total operating expense	3,818,638	3,671,891
Net operating loss	**(1,371,433)**	**(783,213)**
Non operating revenues (expenses)		
Income (loss) from assets held by WSU foundation	1,310,762	876,532
Other non operating revenue	528,969	649,287
Total non operating revenue	1,839,731	1,525,819
Increase in net position	**468,298**	**742,606**
Net position		
Net position, beginning of year	15,324,114	14,581,508
Increase in net position	468,298	742,606
Net position, end of year	**$ 15,792,412**	**$ 15,324,114**

Students Book Corporation

Statement of net position	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 11,979,967	$ 11,957,716
Receivables	253,713	323,009
Inventory	279,899	320,004
Prepaid rent	145,337	141,282
Subtotal current assets	12,658,916	12,742,011
Non-current assets		
Prepaid rent	2,754,223	2,899,561
Lease assets, net of accumulated amortization	11,207,930	12,033,847
Capital assets, net of accumulated depreciation	1,112,775	1,186,712
Subtotal non-current assets	15,074,928	16,120,120
Total assets	**27,733,844**	**28,862,131**
Liabilities		
Current liabilities		
Accounts payable	42,078	208,126
Lease liability, current portion	663,144	663,934
Unearned revenue, current portion	-	100,000
Subtotal current liabilities	705,222	972,060
Non-current liabilities		
Lease liability, net of current portion	11,056,624	11,719,769
Unearned revenue	-	-
Subtotal non-current labilities	11,056,624	11,719,769
Total liabilities	**11,761,846**	**12,691,829**
Net position		
Net investment in capital assets	600,937	836,857
Unrestricted	15,371,061	15,333,445
Total net position	**$ 15,971,998**	**$ 16,170,302**

Statement of revenues, expenses and changes in net position		
Revenue		
Operating revenue		
Contract revenue	$ 837,996	$ 838,397
Sales and services	1,222,893	191,860
First day revenue	3,153,608	2,663,062
Total operating revenue	5,214,497	3,693,319
Cost of Goods Sold	1,088,234	-
Gross Profit	4,126,263	3,693,319
Operating expense		
General and administrative expense	156,717	207,434
First day expense	3,123,109	2,670,007
Depreciation and amortization	899,854	873,150
Support	294,692	248,829
Scholarships	13,500	12,500
Total operating expense	4,487,872	4,011,920
Net operating loss	**(361,609)**	**(318,601)**
Non-operating revenue (expense)		
Interest income	585,707	372,964
Interest expense	(422,402)	(444,510)
Total non-operating expense	163,305	(71,546)
Decrease in net position	**(198,304)**	**(390,147)**
Net position		
Net position, beginning of year	16,170,302	16,560,449
Net position, end of year	**$ 15,971,998**	**$ 16,170,302**

20. COMMITMENTS AND CONTINGENCIES

The University is engaged in various legal actions in the normal course of business. Management does not believe the ultimate outcome of these actions will have a material adverse effect on the financial statements.

WSU is one of two members of the Pac-12 conference for the 2024-25 and 2025-26 Academic years. During this two-year period, WSU will be an affiliate members of other conferences in specific sports, while retaining its Pac-12 membership. On September 12, 2024, the Pac-12 conference announced the invitation and acceptance of new members beginning in 2026-27, solidifying the future of the Pac-12 conference. Beyond acquiring additional members, the Pac-12 is actively engaged in securing a long-term media rights agreement. While this number is not yet known, the announcement of additional members adds security and stability for WSU Athletics as a Pac-12 Conference member.

In October 2024, the University priced general revenue refunding bonds, 2025 (delayed delivery) for issuance in January 2025 at a par value of $106,240,000 plus a premium of $13,275,863. These 2025 bonds maintain fixed annual coupon rates of 5% with a true interest cost of 3.39% The 2025 bonds funded a defeasance escrow to redeem the University's general revenue bonds, 2015 on January 7, 2025 for the outstanding principal balance of $116,005,000. This refunding resulted in approximately $12.73 million or 11% net present value savings while maintaining the same final maturity of April 1, 2040.

The University has commitments of $58,697,681 for various capital improvement projects that include construction and completion of new buildings and renovations of existing buildings.

21. CORRECTION OF AN ERROR

During fiscal year 24 the University corrected an error related to internal sales eliminations. The correction was implemented to ensure accuracy, completeness, and adherence to accounting principles in elimination of internal sales. The error correction had no impact on overall Net Position or Net Cash used by operating activities

The following table on the next page summarizes the effects of the error correction in the University's June 30, 2023 Statement of Expenses, Revenues, and Changes in Net Position and Statement of Cash Flows.

Central view of the WSU Vancouver Campus with the Firstenburg fountain.

Corrections

For the Year Ended June 30, 2023

Statement of Revenues, Expenses, and Changes to Net Position

Revenues	**2023**	**Internal Sales/ Cost Elimination Corrections**	**Restated 2023**
Operating revenues		$ -	
Tuition and fee revenue, net	$ 284,784,322	-	$ 284,784,322
Federal grants and contracts	200,187,094	-	200,187,094
State grants and contracts	118,915,470	-	118,915,470
Local grants and contracts	48,035,355	(211,254)	47,824,101
Sales and services of educational departments	36,389,846	(9,417,013)	26,972,833
Auxiliary enterprises	167,728,807	(6,069,509)	161,659,298
Other operating revenues	45,700,479	(10,277,743)	35,422,736
Total operating revenues	901,741,373	(25,975,519)	$ 875,765,854
Expense			
Operating expenses			
Salaries and wages	590,297,507	8,378,267	598,675,774
Benefits	152,965,568	2,071,351	155,036,919
Scholarships and fellowships	76,543,567	(628,180)	75,915,387
Utilities	36,009,617	(1,311,077)	34,698,540
Payments to suppliers	195,952,392	(28,753,869)	167,198,523
Purchased services	131,098,309	(5,732,011)	125,366,298
Depreciation/amortization	106,771,222	-	106,771,222
Total operating expenses	1,289,638,182	(25,975,519)	1,263,662,663
Net operating loss	**(387,896,809)**	-	**(387,896,809)**
Non-operating revenues (expenses)			
Total non-operating revenues (expenses)	465,114,375	-	465,114,375
Income before capital additions and additions to permanent endowment	**77,217,566**		**77,217,566**
Capital additions (deductions)			
Increase (decrease) in net position	**162,322,998**	-	**162,322,998**
Net Position			
Net position, beginning of year	1,817,166,530	-	1,817,166,530
Change in accounting principle as a result of GASB 96	(5,779,996)	-	(5,779,996)
Net position, beginning of year restated	1,811,386,534	-	1,811,386,534
Increase (decrease) in net position	**162,322,998**	-	**162,322,998**
Net position, end of year	**$ 1,973,709,532**	$ -	**$ 1,973,709,532**

Statement of Cash Flows

Cash flows from operating activities	**2023**	**Internal Sales/ Cost Elimination Corrections**	**Restated 2023**
Tuition and fees	$ 293,703,520	$ -	$ 293,703,520
Grants and contracts	361,064,369	(211,254)	360,853,115
Payments to suppliers	(188,184,715)	28,753,869	(159,430,846)
Payments for utilities	(36,009,617)	1,311,077	(34,698,540)
Purchased services	(131,098,309)	5,732,011	(125,366,298)
Payments to employees	(593,957,319)	(8,378,267)	(602,335,586)
Payments for benefits	(194,503,458)	(2,071,351)	(196,574,809)
Payments for scholarships and fellowships	(76,543,567)	628,180	(75,915,387)
Loans issued to students	(791,056)	-	(791,056)
Collection of loans to students	4,039,626	-	4,039,626
Auxiliary enterprise receipts	164,882,997	(6,069,507)	158,813,490
Sales and service of educational departments	36,389,846	(9,417,013)	26,972,833
Other receipts	45,710,012	(10,277,745)	35,432,267
Net cash used by operating activities	**$ (315,297,671)**	**$ -**	**$ (315,297,671)**

A College of Pharmacy and Pharmaceutical Sciences student walks through the WSU Spokane campus.

FINANCIAL REPORT 2024 and 2023

REQUIRED SUPPLEMENTAL INFORMATION

Schedule of WSU Contributions

Public Employees' Retirement System Plan 1 Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Contractually required contributions	$ 5,229,737	$ 6,328,314	$ 5,088,006	$ 7,075,580	$ 6,679,211
Contributions in relation to the contractually required contribution	(5,229,737)	(6,328,314)	(5,088,006)	(7,075,580)	(6,679,211)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	174,043,581	164,455,976	133,971,289	144,295,033	137,784,157
Contributions as a percentage of covered payroll	3.00%	3.85%	3.80%	4.90%	4.85%

	2019	2018	2017	2016	2015
Contractually required contributions	$ 6,645,224	$ 6,354,037	$ 5,873,872	$ 5,739,650	$ 4,445,539
Contributions in relation to the contractually required contribution	(6,645,224)	(6,354,037)	(5,873,872)	(5,739,650)	(4,445,539)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	128,281,013	124,750,748	120,938,855	120,186,698	107,767,738
Contributions as a percentage of covered payroll	5.18%	5.09%	4.86%	4.78%	4.13%

Schedule of WSU Contributions

Public Employees' Retirement System (PERS) Plan 2/3 Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Contractually required contributions	$ 11,037,333	$ 10,420,890	$ 8,562,525	$ 11,343,628	$ 10,788,830
Contributions in relation to the contractually required contribution	(11,037,333)	(10,420,890)	(8,562,525)	(11,343,628)	(10,788,830)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	173,538,282	163,740,248	133,201,284	143,228,492	136,667,675
Contributions as a percentage of covered payroll	6.36%	6.36%	6.43%	7.92%	7.89%

	2019	2018	2017	2016	2015
Contractually required contributions	$ 9,548,591	$ 9,135,929	$ 7,429,172	$ 7,202,615	$ 5,285,672
Contributions in relation to the contractually required contribution	(9,548,591)	(9,135,929)	(7,429,172)	(7,202,615)	(5,285,672)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	127,047,653	123,376,553	119,248,641	118,023,229	105,292,307
Contributions as a percentage of covered payroll	7.52%	7.40%	6.23%	6.10%	5.02%

See notes to the Required Supplemental Information.

Schedule of WSU Contributions

Teachers Retirement System Plan 1 Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Contractually required contributions	$ 386,708	$ 1,013,557	$ 1,008,387	$ 1,095,510	$ 986,500
Contributions in relation to the contractually required contribution	(386,708)	(1,013,557)	(1,008,387)	(1,095,510)	(986,500)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	17,566,943	15,676,529	15,695,536	14,806,809	13,614,880
Contributions as a percentage of covered payroll	2.20%	6.47%	6.42%	7.40%	7.25%

	2019	2018	2017	2016	2015
Contractually required contributions	$ 925,684	$ 806,421	$ 659,336	$ 402,431	$ 292,813
Contributions in relation to the contractually required contribution	(925,684)	(806,421)	(659,336)	(402,431)	(292,813)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	12,505,211	11,393,621	10,512,086	8,871,010	6,390,188
Contributions as a percentage of covered payroll	7.40%	7.08%	6.27%	4.54%	4.58%

Schedule of WSU Contributions

Teachers' Retirement System (TRS) Plan 2/3 Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Contractually required contributions	$ 1,415,625	$ 1,254,598	$ 1,260,368	$ 1,202,540	$ 1,098,399
Contributions in relation to the contractually required contribution	(1,415,625)	(1,254,598)	(1,260,368)	(1,202,540)	(1,098,399)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	17,566,943	15,584,916	15,625,070	14,755,937	13,564,384
Contributions as a percentage of covered payroll	8.06%	8.05%	8.07%	8.15%	8.10%

	2019	2018	2017	2016	2015
Contractually required contributions	$ 974,731	$ 868,149	$ 701,980	$ 712,476	$ 359,625
Contributions in relation to the contractually required contribution	(974,731)	(868,149)	(701,980)	(712,476)	(359,625)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	12,448,690	11,338,800	10,446,117	8,802,686	6,327,223
Contributions as a percentage of covered payroll	7.83%	7.66%	6.72%	8.09%	5.68%

See notes to the Required Supplemental Information.

Schedule of WSU Contributions

Law Enforcement Officers' Retirement System Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Contractually required contributions	$ 209,010	$ 192,934	$ 206,753	$ 200,190	$ 209,016
Contributions in relation to the contractually required contribution	(209,010)	(192,934)	(206,753)	(200,190)	(209,016)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	2,450,296	2,177,248	2,423,101	2,330,470	2,429,109
Contributions as a percentage of covered payroll	8.53%	8.86%	8.53%	8.59%	8.60%

	2019	2018	2017	2016	2015
Contractually required contributions	$ 199,047	$ 189,919	$ 143,426	$ 145,308	$ 136,419
Contributions in relation to the contractually required contribution	(199,047)	(189,919)	(143,426)	(145,308)	(136,419)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	2,274,829	2,261,802	1,705,430	1,691,590	1,638,448
Contributions as a percentage of covered payroll	8.75%	8.53%	8.41%	8.59%	8.33%

Schedule of WSU Contributions

WSUSRP Supplemental Retirement Plan as of June 30*

	2024	2023	2022	2021
Contractually required contributions	$ 1,096,820	$ 1,040,319	$ 975,365	$ 481,599
Contributions in relation to the contractually required contribution	(1,096,803)	(1,040,199)	(975,000)	(919,000)
Contribution deficiency (excess)	(1)	120	365	(437,401)
Covered payroll	365,601,000	346,733,000	325,121,564	160,533,073
Contributions as a percentage of covered payroll	0.30%	0.30%	0.30%	0.57%

	2020	2019	2018	2017
Contractually required contributions	$ 25,986,853	$ 25,478,226	$ 25,552,852	$ 25,429,397
Contributions in relation to the contractually required contribution	(25,986,853)	(25,478,226)	(25,552,852)	(25,429,397)
Contribution deficiency (excess)	-	-	-	-
Covered payroll	160,533,073	171,012,253	186,365,000	196,596,000
Contributions as a percentage of covered payroll	16.19%	14.90%	13.71%	12.93%

***This schedule is to be built prospectively until it contains ten years of data.**

See notes to the Required Supplemental Information.

Schedule of WSU's Proportionate Share of the Net Pension Liability

Public Employees' Retirement System (PERS) Plan 1
Measurement Date of June 30*

	2023	2022	2021	2020	2019
PERS 1 employers' proportion of the net pension liability	0.93%	0.83%	0.95%	0.92%	0.93%
PERS 1 employers' proportionate share of the net pension liability	$ 21,199,230	$ 23,115,898	$ 11,600,343	$ 32,537,245	$ 35,637,058
PERS 1 employers' covered payroll	164,455,976	133,971,289	144,295,033	137,784,157	128,281,013
PERS 1 employers' proportionate share of the net pension liability as a percentage of its covered payroll	12.89%	17.25%	8.04%	23.61%	27.78%
Plan fiduciary net position as a percentage of the total pension liability	80.16%	76.56%	88.74%	68.64%	67.12%

	2018	2017	2016	2015	2014
PERS 1 employers' proportion of the net pension liability	0.95%	0.98%	1.01%	0.97%	0.93%
PERS 1 employers' proportionate share of the net pension liability	$ 42,454,119	$ 46,335,497	$ 54,355,128	$50,597,060	$ 46,759,620
PERS 1 employers' covered payroll	124,750,748	120,938,855	120,186,698	107,767,738	99,541,744
PERS 1 employers' proportionate share of the net pension liability as a percentage of its covered payroll	34.03%	38.31%	45.23%	46.95%	46.97%
Plan fiduciary net position as a percentage of the total pension liability	63.22%	61.24%	57.03%	59.10%	61.19%

***As of June 30; this schedule is to be built prospectively until it contains ten years of data.**

Schedule of WSU's Proportionate Share of the Net Pension Liability (Assets)

Public Employees' Retirement System (PERS) Plan 2/3
Measurement Date of June 30*

	2023	2022	2021	2020	2019
PERS 2 employers' proportion of the net pension liability (asset)	1.19%	1.07%	1.20%	1.17%	1.17%
PERS 2 employers' proportionate share of the net pension liability (asset)	$(48,579,312)	$ (39,529,115)	$(119,290,666)	$ 14,978,098	$ 11,356,082
PERS 2 employers' covered payroll	163,740,248	133,201,284	143,228,492	136,667,675	127,047,653
PERS 2 employers' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(29.67)%	(29.68)%	(83.29)%	10.96%	8.94%
Plan fiduciary net position as a percentage of the total pension liability (asset)	107.02%	106.73%	120,29%	97.77%	97.44%

	2018	2017	2016	2015	2014
PERS 2 employers' proportion of the net pension liability (asset)	1.18%	1.22%	1.25%	1.19%	1.12%
PERS 2 employers' proportionate share of the net pension liability (asset)	$ 20,215,832	$ 42,261,445	$ 62,818,595	$ 42,397,358	$ 22,694,083
PERS 2 employers' covered payroll	123,376,553	119,248,641	118,023,229	105,292,307	96,729,193
PERS employers' proportionate share of the net pension liability (asset)as a percentage of its covered payroll	16.39%	35.44%	53.23%	40.27%	23.46%
Plan fiduciary net position as a percentage of the total pension liability (asset)	95.77%	90.97%	85.82%	89.20%	93.29%

*** As of June 30; this schedule is to be built prospectively until it contains ten years of data.**

See notes to the Required Supplemental Information.

Schedule of WSU's Proportionate Share of the Net Pension Liability

Teachers' Retirement System (TRS) Plan 1
Measurement Date of June 30*

	2023	2022	2021	2020	2019
TRS 1 employers' proportion of the net pension liability	0.19%	0.20%	0.20%	0.19%	0.19%
TRS 1 employers' proportionate share of the net pension liability	$ 2,378,430	$ 3,737,286	$ 1,342,031	$ 4,524,929	$ 4,614,748
TRS 1 employers' covered payroll	15,676,529	15,695,536	14,806,809	105,292,307	12,505,211
TRS 1 employers' proportionate share of the net pension liability as a percentage of its covered payroll	15.17%	23.81%	9.06%	33.24%	36.90%
Plan fiduciary net position as a percentage of the total pension liability	85.09%	78.24%	91.42%	70.55%	70.37%

	2018	2017	2016	2015	2014
TRS 1 employers' proportion of the net pension liability	0.19%	0.19%	0.18%	0.13%	0.08%
TRS 1 employers' proportionate share of the net pension liability	$ 5,696,321	$ 42,261,445	$ 6,014,486	$ 4,144,932	$ 2,452,825
TRS 1 employers' covered payroll	11,393,621	10,512,086	8,871,010	6,390,188	3,741,023
TRS 1 employers' proportionate share of the net pension liability as a percentage of its covered payroll	49.70%	54.19%	67.80%	64.86%	65.57%
Plan fiduciary net position as a percentage of the total pension liability	66.52%	65.58%	62.07%	65.70%	68.77%

*** As of June 30; this schedule is to be built prospectively until it contains ten years of data.**

Schedule of the WSU's Proportionate Share of the Net Pension Liability/(Asset)

Teachers' Retirement System (TRS) Plan 3
Measurement Date of June 30*

	2023	2022	2021	2020	2019
TRS 3 employers' proportion of the net pension liability/asset	0.19%	0.20%	0.20%	0.19%	0.19%
TRS 3 employers' proportionate share of the net pension liability/(asset)	$ (227,710)	$ (387,769)	$ (5,462,237)	$ 2,899,625	$ 1,123,636
TRS 3 employers' covered payroll	15,584,916	15,625,070	14,755,937	13,564,384	12,448,690
TRS 3 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	(1.46)%	(2.48)%	(37.02)%	21.38%	9.03%
Plan fiduciary net position as a percentage of the total pension liability/asset	100.49%	100.86%	113.72%	91.72%	96.36%

	2018	2017	2016	2015	2014
TRS 3 employers' proportion of the net pension liability/asset	0.20%	0.19%	0.18%	0.14%	0.08%
TRS 3 employers' proportionate share of the net pension liability/(asset)	$ 878,956	$ 1,758,409	$ 2,438,303	$ 1,141,883	$ 272,606
TRS 3 employers' covered payroll	11,338,800	10,446,117	8,802,686	6,327,223	3,642,005
TRS 3 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	7.75%	16.83%	27.70%	18.05%	7.49%
Plan fiduciary net position as a percentage of the total pension liability/asset	96.88%	93.14%	88.72%	92.48%	96.81%

*** As of June 30; this schedule is to be built prospectively until it contains ten years of data.**

See notes to the Required Supplemental Information.

Schedule of WSU's Proportionate Share of the Net Pension Asset

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2
Measurement Date of June 30*

	2023	2022	2021	2020	2019
LEOFF 2 employers' proportion of the net pension asset	0.09%	0.10%	0.10%	0.11%	0.11%
LEOFF 2 employers' proportionate share of the net pension asset	$ 2,050,226	$ 2,714,056	$ 5,833,042	$ 2,179,543	$ 2,501,102
LEOFF 2 employers' covered payroll	2,261,802	2,423,101	2,330,470	2,429,109	2,274,829
LEOFF 2 employers' proportionate share of the net pension asset as a percentage of its covered payroll	90.65%	112.01%	250.29%	89.73%	109.95%
Plan fiduciary net position as a percentage of the total pension asset	113.17%	116.09%	142.00%	115.83%	119.43%

	2018	2017	2016	2015	2014
LEOFF 2 employers' proportion of the net pension asset	0.11%	0.09%	0.09%	0.09%	0.09%
LEOFF 2 employers' proportionate share of the net pension asset	$ 2,223,495	$ 1,259,899	$ 552,438	$ 956,615	$ 1,152,604
LEOFF 2 employers' covered payroll	2,177,248	1,705,430	1,694,590	1,638,448	1,461,750
LEOFF 2 employers' proportionate share of the net pension asset as a percentage of its covered payroll	102.12%	73.88%	32.60%	58.39%	78.85%
Plan fiduciary net position as a percentage of the total pension asset	118.50%	113.36%	106.04%	111.67%	116.75%

*** As of June 30; this schedule is to be built prospectively until it contains ten years of data.**

See notes to the Required Supplemental Information.

The University District Gateway Bridge connecting to the WSU Spokane campus.

Schedule of Changes in Total Pension Liability and Related Ratios

WSUSRP Supplemental Retirement Plan
as of June 30*

	2024	2023	2022	2021
Total Pension Liability - Beginning	$ 53,333,807	$ 56,679,048	$ 41,101,896	$ 118,942,000
Service Costs	-	857,213	604,024	3,114,000
Interest on TPL	-	3,916,474	2,968,221	2,666,000
Differences between expected and actual experience	-	(668,669)	11,481,121	(47,565,000)
Changes in assumptions	-	(4,222,404)	3,771,379	(33,228,000)
Benefit payments	-	(3,227,855)	(3,247,593)	(2,827,000)
Other	-	-	-	(104)
Net change in total pension liability	**-**	**(3,345,241)**	**15,577,152**	**(77,840,104)**
Total Pension Liability Ending (a)	**53,333,807**	**53,333,807**	**56,679,048**	**41,101,896**
Plan Fiduciary Net Position Beginning	**21,041,496**	**18,643,123**	**17,645,508**	**12,304,870**
Employer Contributions	-	1,040,319	975,412	919,024
Net Investment Income	-	1,358,138	22,203	4,421,531
Other	-	(84)	-	84
Net Change in Plan Fiduciary Net Position	**-**	**2,398,373**	**997,615**	**5,340,639**
Plan Fiduciary Net Position Ending (b)	**21,041,496**	**21,041,496**	**18,643,123**	**17,645,509**
WSUSRP Net Pension Liability (a) minus (b)	**$ 32,292,311**	**$ 32,292,311**	**$ 38,035,925**	**$ 23,456,387**
Plan Fiduciary Net Position as Percentage of the TPL	39.45%	39.45%	32.89%	42.93%
WSUSRP Covered Payroll	$ 346,733,000	$ 346,733,000	$ 325,121,564	$ 160,533,000
Net Pension Liability as a Percentage of Covered Payroll	9.31%	9.31%	11.70%	14.61%

Schedule of Changes in Total Pension Liability and Related Ratios

WSUSRP Supplemental Retirement Plan
As of June 30*

	2020	2019	2018	2017
Total Pension Liability				
Service Costs	$ 2,282,208	$ 2,111,920	$ 2,763,000	$ 3,803,000
Interest	3,281,815	3,240,556	3,261,000	3,140,000
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	5,496,235	(1,022,479)	(7,171,000)	(16,390,000)
Changes in assumptions	17,655,000	7,997,446	(3,255,000)	(6,574,000)
Benefit payments	(2,493,145)	(2,438,920)	(2,181,000)	(1,890,000)
Other	-	-	1,268	-
Net Change in Total pension Liability	26,222,113	9,888,523	(6,581,732)	(17,911,000)
Total Pension Liability-Beginning	**92,719,791**	**82,831,268**	**89,413,000**	**107,324,000**
Total Pension Liability-Ending	**$ 118,941,904**	**$ 92,719,791**	**$ 82,831,268**	**$ 89,413,000**
Total Pension Liability as a percentage of covered-employee payroll	74.09%	54.22%	44.45%	45.48%
Covered-employee payroll	$ 160,533,073	$ 171,012,253	$ 186,365,000	$ 196,596,000

- Indicates data not available.

** As of June 30; this schedule is to be built prospectively until it contains ten years of data.*

Note: Figures may not total due to rounding

Source: Washington State Office of the State Actuary

See notes to the Required Supplemental Information.

Schedule of Changes in Total OPEB Liability

As of June 30*

	2024	2023	2022	2021
Total OPEB Liability				
Service Cost	$ 7,416,962	$ 15,061,923	$ 15,783,611	$ 12,480,593
Interest Cost	7,450,381	6,988,534	6,821,580	10,440,211
Differences Between Expected and Actual Experience	-	(6,920,924)	-	(1,599,865)
Changes in Assumption	(3,582,691)	(116,854,331)	2,914,545	6,767,586
Changes of Benefit Terms	-	-	-	-
Benefits Payments	(5,189,465)	(5,134,498)	(5,197,099)	(4,970,743)
Changes in Proportionate Share	1,442,403	(4,757,295)	(5,289,296)	(9,783,783)
Other	(1)	-	-	(10,634,123)
Net Changes in Total OPEB Liability	**7,537,589**	**(111,616,591)**	**15,033,341**	**2,699,876**
Total OPEB Liability- Beginning	**204,175,546**	**315,792,137**	**300,758,796**	**298,058,920**
Total OPEB Liability- Ending	**211,713,135**	**204,175,546**	**315,792,137**	**300,758,796**
Covered Employee Payroll	**$ 623,809,284**	**$ 590,297,507**	**$ 550,371,846**	**$ 540,541,810**
Total OPEB Liability as a percentage of covered-employee payroll	34%	35%	56%	54%

	2020	2019	2018
Total OPEB Liability			
Service Cost	$ 12,068,578	$ 16,577,178	$ 21,249,263
Interest Cost	10,468,799	11,396,717	9,953,285
Differences Between Expected and Actual Experience	-	10,402,988	-
Changes in Assumption	19,495,659	(72,572,455)	(48,552,300)
Changes of Benefit Terms	-	-	-
Benefits Payments	(4,788,847)	(4,813,404)	(5,072,353)
Changes in Proportionate Share	(4,328,719)	(9,286,729)	(5,931,607)
Other	-	-	-
Net Changes in Total OPEB Liability	**32,915,470**	**(48,295,705)**	**(28,353,712)**
Total OPEB Liability- Beginning	**265,143,450**	**313,439,155**	**341,792,867**
Total OPEB Liability- Ending	**298,058,920**	**265,143,450**	**313,439,155**
Covered Employee Payroll	**$ 539,452,345**	**$ 523,908,013**	**$ 524,282,994**
Total OPEB Liability as a percentage of covered-employee payroll	55%	50%	60%

***As of June 30; this schedule is to be built prospectively until it contains ten years of data.**

See notes to the Required Supplemental Information.

Notes to Required Supplementary Information for the Year ended June 30, 2024

DRS Administered Plans

The actuarially determined contributions are calculated by the Office of the State Actuary based on the results of an actuarial valuation. The actuarial valuation is performed biennially, on odd numbered years. The results of the valuation determine the actuarially determined contributions for the biennium beginning two years later. Depending on the governing bodies' actions, adopted contribution rates can vary.

The Office of the State Actuary uses the same methods and assumptions to calculate the contractually required contributions for cost-sharing plans as the actuarially determined contributions, with the difference being the contractually required contributions reflect the adopted contribution rates for the time period shown. These rates may differ from the actuarially determined contribution rates.

University Administered Plans

Effective July 1, 2020 Washington State's House Bill 1661 created a trust arrangement for the WSUSRP. All funds previously contributed by the University were transferred to the trust to pay benefits to the plan's beneficiaries. This arrangement significantly changed the accounting for the plan.

Covered payroll for fiscal year 2024 is based on the payroll of participants in the University's 403(b) defined contribution plan.

Effective for fiscal year 2023 the office of the state actuary is using a valuation date of January 1 instead of June 30. Historically, final investments were not posted by WSIB until mid-September causing time constraints because the valuation cannot be done until these have been posted. Higher education institutions requested a valuation date of January 1 so these plans could be reported on a one year lag. Because of this change fiscal year 2023 and fiscal year 2024 data did not change. Starting in fiscal year 2025 there will be a one year lag.

Health Care Authority Administered OPEB Plan

The OPEB plan has no assets accumulated in a trust meeting the criteria of GASB 75 to pay related benefits.

A material assumption change for fiscal year 2024 was an update to the discount rate from 3.54 to 3.65. This caused a decrease in the OPEB liability.

Cosmic Crisp Apples on the Mother Tree near Wenatchee Washington.

CONTENTS

FINANCIAL REPORT 2024 AND 2023

STATISTICAL SECTION

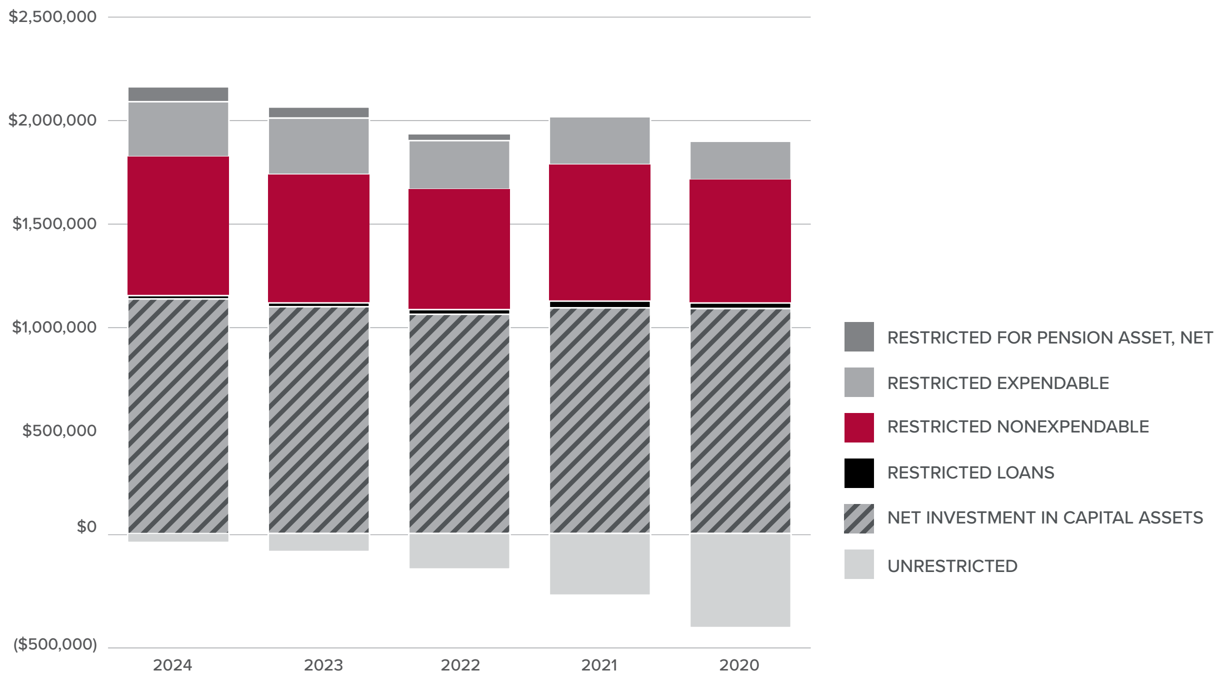
The University corrected an error related to its internal sales elimination, which resulted in changes to operating revenues and expenses. The error was corrected and was applied to fiscal years 2023 and 2022 for comparability to 2024. The University has determined that it is not practicable to restate information for years prior to 2022 due to the change in accounting systems and complexity of sourcing data from the legacy system.

Net Position by Component

Last Ten Fiscal Years

In Thousands

Fiscal year ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net investment in capital assets	$ 1,138,598	$ 1,101,155	$ 1,064,602	$ 1,095,711	$ 1,092,415	$ 1,072,810	$ 1,051,011	$ 1,074,755	$ 950,875	$ 931,982
Restricted loans	16,297	18,450	22,706	32,750	26,790	28,650	29,153	32,504	28,364	28,145
Restricted nonexpendable	670,694	620,623	580,867	659,432	594,574	565,038	534,361	522,143	504,301	481,183
Restricted expendable	265,776	272,002	235,333	231,065	186,588	168,525	154,849	157,238	232,127	250,389
Restricted for pension asset, net	72,073	53,538	28,783	-	-	-	-	-	-	-
Unrestricted	(49,363)	(92,059)	(120,902)	(260,192)	(383,585)	(436,418)	(473,347)	(477,284)	(115,217)	(7,461)
Total net position	**$ 2,114,075**	**$ 1,973,709**	**$ 1,811,387**	**$ 1,758,766**	**$ 1,516,782**	**$ 1,398,605**	**$ 1,296,027**	**$ 1,309,356**	**$ 1,600,450**	**$ 1,684,238**



Expressed as a Percent of Total

Fiscal year ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net investment in capital assets	53.8	55.8	58.8	62.3	72.0	76.7	81.1	82.1	59.4	55.3
Restricted nonexpendable	31.7	31.4	32.1	37.5	39.2	40.4	41.2	39.9	31.5	28.5
Restricted loans	0.8	0.9	1.2	1.9	1.8	2.1	2.3	2.5	1.8	1.7
Restricted expendable	12.6	13.8	13.0	13.1	12.3	12.0	11.9	12.0	14.5	14.9
Restricted for pension asset, net	3.4	2.7	1.6	-	-	-	-	-	-	-
Unrestricted	(2.3)	(4.6)	(6.7)	(14.8)	(25.3)	(31.2)	(36.5)	(36.5)	(7.2)	(0.4)
Total net position	**100.0%**	**100.0%**	**100.0 %**	**100.0 %**	**100.0%**	**100.0%**	**100.0 %**	**100.0 %**	**100.0%**	**100.0 %**

Changes in Net Position

Last Ten Fiscal Years

In Thousands

Fiscal Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating revenues	$ 897,162	$ 875,765	$ 827,136	$ 731,144	$ 803,427	$ 799,949	$ 750,028	$ 751,046	$ 731,044	$ 712,520
Operating expenses	1,320,893	1,263,633	1,144,658	1,106,425	1,157,140	1,133,434	1,134,068	1,440,092	1,139,105	1,048,104
Operating loss	(423,731)	(387,897)	(317,522)	(375,281)	(353,713)	(333,485)	(384,040)	(689,046)	(408,061)	(335,584)
Non-operating revenues (expenses)										
State appropriations	328,001	300,308	279,671	275,715	261,693	245,923	232,903	224,658	198,805	178,718
Federal appropriations	9,884	6,825	4,112	10,122	9,485	7,990	9,770	10,068	11,008	10,559
Federal Pell Grants	34,951	30,724	32,565	33,477	36,141	38,324	38,623	33,477	36,821	35,506
Interest on capital assets-related debt	(23,445)	(25,282)	(24,082)	(25,976)	(28,524)	(30,015)	(31,089)	(28,813)	(26,762)	(26,299)
Federal bond interest subsidy	850	850	850	850	1,350	2,549	2,596	2,646	2,685	2,702
Gifts and contributions	49,845	59,699	56,033	43,875	39,535	44,489	35,494	35,913	37,332	37,397
Investment income, net of expense	123,416	86,728	(64,175)	118,441	65,207	64,603	48,314	51,846	27,294	45,296
HEERF Relief Funds	-	3	55,353	43,344	19,052	-	-	-	-	-
Other non-operating revenues/expenses	6,153	5,260	5,904	10,805	5,831	6,393	15,809	5,892	13	924
Settlement of Lawsuit	-	-	-	-	-	-	-	-	(6,688)	-
Net non-operating revenues	529,655	465,115	346,231	510,653	409,770	380,256	352,420	335,687	280,508	284,803
Income before other revenues	105,924	77,218	28,709	135,372	56,057	46,771	(31,620)	(353,359)	(127,553)	(50,781)
Capital appropriations	23,997	68,132	14,174	46,607	51,730	45,082	5,401	52,381	28,231	32,992
Capital grants and gifts	910	445	1,560	1,643	2,150	370	1,566	1,280	3,696	6,837
Additions to permanent endowments	9,535	16,529	13,957	9,614	8,239	10,355	11,324	8,606	11,838	136
Increase (decrease) in net position	**$ 140,366**	**$ 162,324**	**$ 58,400**	**$ 193,236**	**$ 118,176**	**$ 102,578**	**$ (13,329)**	**$ (291,092)**	**$ (83,788)**	**$ (10,816)**

Schedule of Operating Expenses by Use

Last Ten Fiscal Years

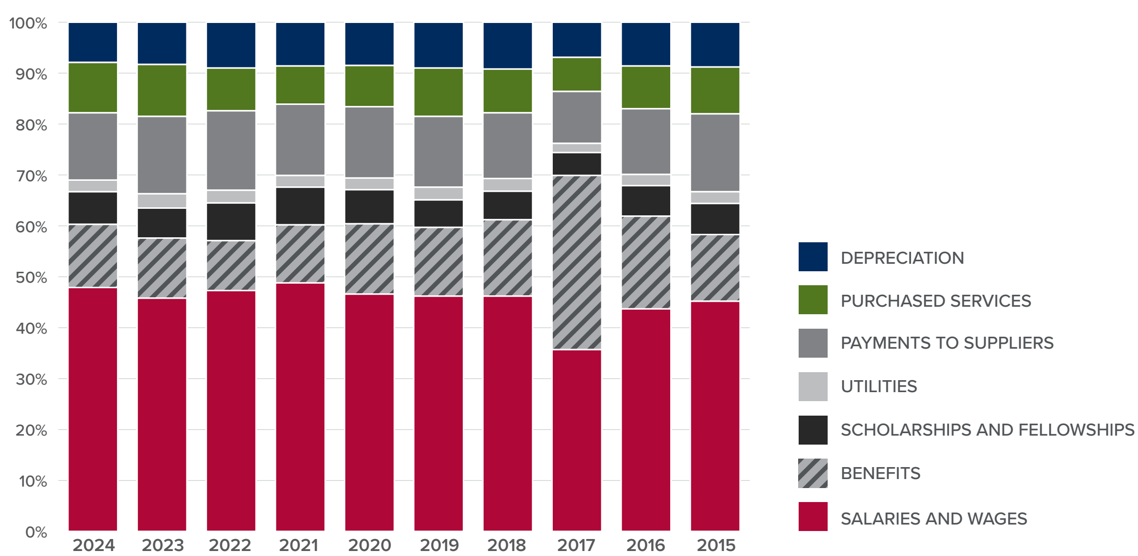
In Thousands

Fiscal year ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating expense										
Salaries and wages	$ 633,317	$ 598,676	$ 557,633	$ 540,542	$ 539,452	$ 523,908	$ 524,283	$ 513,460	$ 498,000	$ 473,929
Benefits	163,981	155,037	116,682	125,812	159,576	152,770	170,025	492,260	207,124	136,895
Scholarships and fellowships	84,011	75,915	86,267	81,770	77,152	61,616	63,481	65,496	67,958	63,702
Utilities	30,417	34,699	28,248	25,092	26,828	28,591	27,732	25,935	25,519	24,628
Payments to suppliers	174,497	167,199	158,888	155,111	161,863	156,874	146,357	147,080	146,611	160,138
Purchased services	130,469	125,366	92,289	83,009	94,418	107,357	97,875	97,006	95,533	96,147
Depreciation	104,201	106,771	104,651	95,089	97,851	102,318	104,315	98,855	98,360	92,665
Total operating expenses	**$ 1,320,893**	**$ 1,263,663**	**$1,144,658**	**$ 1,106,425**	**$ 1,157,140**	**$ 1,133,434**	**$ 1,134,068**	**$ 1,440,092**	**$1,139,105**	**$1,048,104**

Expressed as a Percent of Total

Fiscal year ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating expense										
Salaries and wages	47.9	47.4	48.7	48.8	46.6	46.2	46.2	35.7	43.7	45.2
Benefits	12.4	12.4	10.2	11.4	13.8	13.5	15.0	34.2	18.2	13.1
Scholarships and fellowships	6.4	6.0	7.5	7.4	6.7	5.4	5.6	4.5	6.0	6.1
Utilities	2.3	2.7	2.5	2.3	2.3	2.5	2.5	1.8	2.2	2.3
Payments to suppliers	13.2	13.2	13.9	14.0	14.0	13.9	12.9	10.2	12.9	15.3
Purchased services	9.9	9.9	8.1	7.5	8.1	9.5	8.6	6.7	8.4	9.2
Depreciation	7.9	8.4	9.1	8.6	8.5	9.0	9.2	6.9	8.6	8.8
Total operating expenses	**100.0%**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

Operating Expenses by Use Percentage



Schedule of Revenues by Source

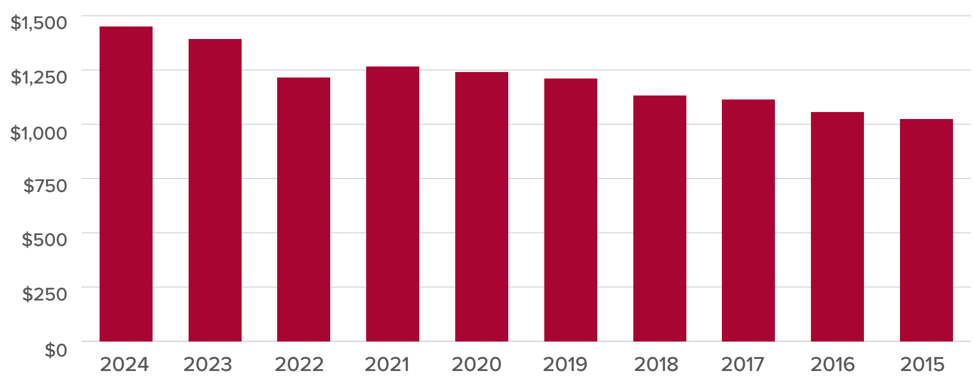
Last Ten Fiscal Years

In Thousands

Fiscal year ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating Revenues										
Tuition and fee revenue, net	$ 283,683	$ 284,784	$ 296,411	$ 314,052	$ 312,717	$ 294,861	$ 279,746	$ 286,137	$ 286,292	$ 292,867
Federal grants and contracts	203,513	200,187	173,124	158,255	145,935	151,921	141,354	135,290	130,114	123,912
State grants and contracts	115,814	118,915	98,902	113,516	92,495	87,884	86,413	90,501	91,328	89,536
Local grants and contracts	46,606	47,824	45,404	18,099	35,561	34,796	30,442	30,600	29,745	23,945
Sales and services of educational departments	27,478	26,973	23,929	28,612	26,321	25,221	25,617	24,875	24,082	22,320
Auxiliary enterprises	180,841	161,659	155,688	68,984	164,020	173,789	163,828	160,269	153,800	144,926
Other operating revenues	39,227	35,423	33,678	29,626	26,379	31,477	22,629	23,375	15,681	15,015
Total operating revenues	**897,162**	**875,765**	**827,136**	**731,144**	**803,428**	**799,949**	**750,029**	**751,047**	**731,042**	**712,521**
Non-operating revenues										
State appropriations	328,001	300,308	279,671	275,715	261,693	245,923	232,903	224,658	198,805	178,718
Federal appropriations	9,884	6,825	4,112	10,122	9,485	7,990	9,770	10,068	11,008	10,559
Federal Pell Grants	34,951	30,724	32,565	33,477	36,141	38,324	38,623	33,477	36,821	35,506
Federal bond interest subsidy	850	850	850	850	1,350	2,549	2,596	2,646	2,685	2,702
Gifts and contributions	49,845	59,699	56,033	43,875	39,535	44,489	35,494	35,913	37,332	37,397
Investment income, net of expense	123,416	86,728	(64,175)	118,440	65,207	64,603	48,314	51,846	38,994	45,296
HEERF Relief Funds	-	3	55,353	43,344	19,052	-	-	-	-	-
Other non-operating revenues/ expenses	6,153	5,260	5,904	10,805	5,831	6,393	15,809	5,892	13	924
Net non-operating revenues	**553,100**	**490,397**	**370,313**	**536,628**	**438,294**	**410,271**	**383,509**	**364,500**	**325,658**	**311,102**
Total revenue	**$1,450,262**	**$1,366,162**	**$1,197,449**	**$1,267,772**	**$1,241,722**	**$1,210,220**	**$1,133,538**	**$1,115,547**	**$1,056,700**	**$1,023,623**

Revenue from All Sources

(in millions)



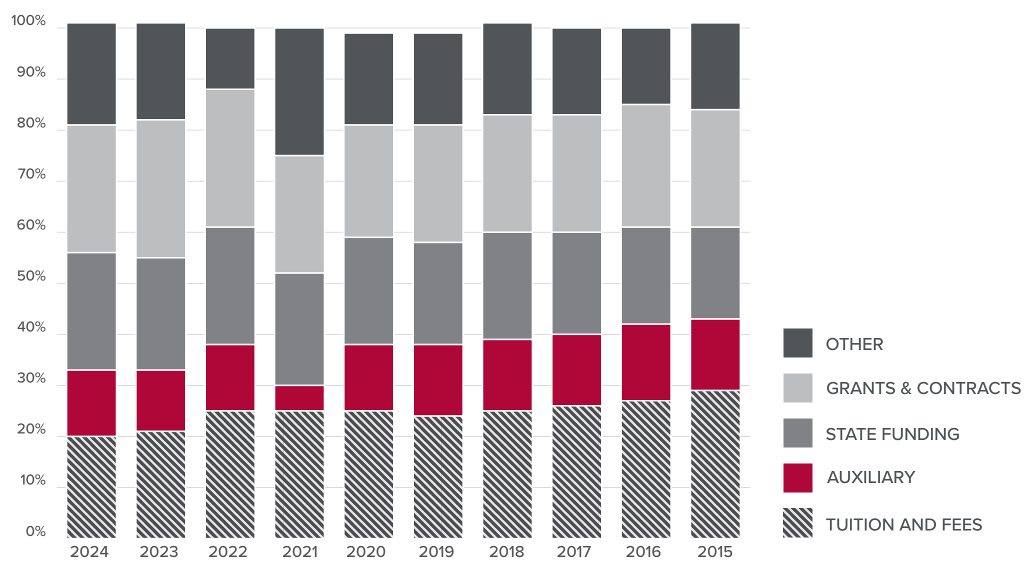
Schedule of Revenues by Source

Last Ten Fiscal Years

Expressed as a Percent of Total

Fiscal Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating revenues										
Tuition and fee revenue, net	19.7	20.8	24.8	24.8	25.2	24.4	24.7	25.7	27.1	28.6
Federal grants and contracts	14.0	14.7	14.5	12.5	11.8	12.5	12.5	12.1	12.3	12.1
State grants and contracts	7.9	8.7	8.3	9.0	7.4	7.3	7.6	8.1	8.6	8.7
Local grants and contracts	3.2	3.5	3.7	1.4	2.9	2.9	2.7	2.7	2.8	2.3
Sales and services of educational departments	1.9	2.0	2.0	2.3	2.1	2.1	2.3	2.2	2.3	2.2
Auxiliary enterprises	12.5	11.8	13.0	5.4	13.2	14.4	14.4	14.4	14.6	14.2
Other operating revenues	2.7	2.6	2.8	2.3	2.1	2.6	2.0	2.1	1.5	1.5
Total operating revenues	**61.9**	**64.1**	**69.1**	**57.7**	**64.7**	**66.2**	**66.2**	**67.3**	**69.2**	**69.6**
Non-operating revenues										
State appropriations	22.6	22.0	23.4	21.7	21.1	20.3	20.5	20.1	18.8	17.5
Federal appropriations	0.7	0.5	0.3	0.8	0.8	0.6	0.9	0.9	1.0	1.0
Federal Pell Grants	2.4	2.2	2.7	2.6	2.9	3.2	3.4	3.0	3.5	3.5
Federal bond interest subsidy	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.3
Gifts and contributions	3.4	4.4	4.7	3.5	3.2	3.7	3.1	3.2	3.5	3.6
Investment income, net of expense	8.5	6.3	(5.4)	9.3	5.2	5.3	4.3	4.7	3.7	4.4
HEERF Relief Funds	-	-	4.6	3.4	1.5	-	-	-	-	-
Other non-operating revenues/ expenses	0.4	0.4	0.5	0.9	0.5	0.5	1.4	0.5	0.0	0.1
Net non-operating revenues	**38.1**	**35.9**	**30.9**	**42.3**	**35.3**	**33.8**	**33.8**	**32.7**	**30.8**	**30.4**
Total revenue	**100.0%**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0%**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

Revenues by Source



Schedule of Capital Asset Information by Assigned Square Feet for WSU System

Fiscal Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Rooms by Use/Function											
Classroom	582	549	537	562	560	561	567	549	514	522	547
Laboratory	4,221	4,186	4,150	4,388	4,331	4,334	4,316	4,340	4,304	4,237	4,211
Office	8,714	8,731	8,786	9,128	9,010	9,000	8,966	8,921	8,741	8,495	8,197
Auxiliary	23,102	22,983	23,038	22,976	22,846	22,852	22,813	22,638	22,273	21,339	21,329
Total	**36,619**	**36,449**	**36,511**	**37,054**	**36,747**	**36,747**	**36,662**	**36,448**	**35,832**	**34,593**	**34,284**
Total Square Feet by Use/Function											
Classroom	422,150	413,252	407,828	409,330	407,992	407,665	409,839	402,131	358,018	347,469	365,886
Laboratory	1,702,211	1,729,118	1,710,079	1,789,944	1,695,183	1,694,513	1,696,181	1,715,782	1,672,571	1,636,380	1,621,623
Office	1,843,531	1,846,808	1,854,247	1,783,396	1,746,637	1,744,415	1,722,399	1,710,249	1,673,723	1,619,292	1,556,361
Auxiliary	5,687,079	5,662,243	5,701,594	5,632,274	5,625,965	5,628,840	5,586,523	5,530,843	5,499,149	5,388,931	5,357,925
Total	**9,654,971**	**9,651,421**	**9,673,748**	**9,614,944**	**9,475,777**	**9,475,433**	**9,414,942**	**9,359,005**	**9,203,461**	**8,992,072**	**8,901,795**

Nursing Building on the WSU Spokane campus.

Admissions, Enrollment, and Degrees Earned

Last Ten Fiscal Years (Fall Enrollment)

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Admissions - Freshmen									
Applications	26,166	19,401	18,197	21,198	21,434	22,773	22,565	23,223	19,766
Accepted	22,335	16,123	15,607	16,947	16,247	17,579	16,487	16,731	15,742
Enrolled	4,250	3,993	4,007	4,191	4,812	5,168	4,612	4,527	4,728
Accepted as a percentage of applications	85.4%	83.1%	85.8%	79.9%	75.8%	77.2%	73.1%	72.0%	79.6%
Enrolled as a percentage of accepted	19.0%	24.8%	25.7%	24.7%	29.6%	29.4%	28.0%	27.1%	30.0%

Admissions, Enrollment, and Degrees Earned

Last Ten Fiscal Years (Fall Enrollment)

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Enrollment									
Undergraduate, graduate, and professional (headcount)	26,490	27,539	29,843	31,159	31,607	31,478	30,614	30,142	29,686
Men (headcount)	12,183	12,687	13,634	14,215	14,792	14,875	14,632	14,452	14,353
Percentage of total	46.0%	46.1%	45.7%	45.6%	46.8%	47.3%	47.8%	47.9%	48.3%
Women (headcount)	14,307	14,852	16,209	16,944	16,815	16,603	15,982	15,690	15,333
Percentage of total	54.0%	53.9%	54.3%	54.4%	53.2%	52.7%	52.2%	52.1%	51.7%

Admissions, Enrollment, and Degrees Earned

Last Ten Fiscal Years (Fall Enrollment)

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Degrees Earned									
Baccalaureate	5,579	5,788	6,178	6,228	6,058	5,827	5,518	5,597	5,475
Master's	1,022	1,070	1,152	925	937	923	899	960	892
Doctoral	259	252	279	292	356	312	336	315	322
Professional	349	365	397	350	284	273	261	216	238
Total earned	7,249	7,475	8,006	7,795	7,635	7,335	7,014	7,088	6,927

Faculty and Staff

Last Ten Fiscal Years

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Faculty and Staff (FTE)									
Faculty	2,069	2,046	2,090	2,212	2,233	2,226	2,315	2,316	2,317
Graduate assistant	748	781	802	795	850	840	884	887	902
Administrative professional	2,358	2,205	2,073	2,051	2,044	1,999	2,026	2,007	1,963
Classified staff	2,074	1,941	1,903	2,027	2,046	2,021	2,058	2,071	2,043
Total faculty and staff	7,250	6,973	6,868	7,085	7,173	7,086	7,283	7,281	7,225

Demographic Data

	2023	2022	2021	2020	2019	2018	2017
State of Washington Economic Information							
Washington Total Population (April 1)	7,951,150	7,864,400	7,766,925	7,656,200	7,546,400	7,427,570	7,310,300
Per capital personal income	$ 79,659	$ 75,698	$ 78,373	$ 75,504	$ 71,738	$ 68,307	$ 66,340
Unemployment rate	4.1%	4.2%	5.2%	8.5%	4.2%	4.5%	4.7%

** Inflation-adjusted to 2023 dollars*

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Regents
Washington State University
Pullman, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*, the financial statements of the business-type activities and the discretely presented component unit of Washington State University (the University), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated January 10, 2025. Our report includes a reference to other auditors who audited the financial statements of Washington State University Foundation (the Foundation), as described in our report on the University's financial statements. The audit of the financial statements of the Foundation were not performed in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance that are reported on separately by those auditors of the Foundation.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as finding 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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The University's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Boise, Idaho

January 10, 2025

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2024-001 Year-End Closing and Review

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria:
As part of the financial reporting process, all internal sales transactions should be eliminated from the associated revenue and expense accounts to accurately reflect the revenue and expenses of the University.

Condition:
During our audit procedures, we noted instances where internal sales transactions were not being properly eliminated. Upon further investigation, it was noted that the income and expenses of the University were overstated by $23.6 million in the current year and $26.0 million in the prior year. There was no net effect on the overall change in net position.

Cause:
Under the current process, management focused on eliminating the internal sales associated with certain funds; however, this did not incorporate all internal sales transactions as there were internal sales taking place outside of these funds under the journal source code "Internal Service Delivery" (ISD).

Effect:
The income and expense of the University was overstated by $23.6 million in the current year and $26.0 million in the prior year. There was no net effect on the change in net position as this was a gross up of the operating income and expense of the University.

Recommendation:
Management tracks internal sales transactions through the "Internal Service Delivery" (ISD) journal source code. When eliminating internal sale transactions, they should focus on eliminating the entries within the ISD journal source code. Management should also ensure that all internal sales transactions are recorded using this journal source code. This will allow for completeness over the internal sales that are eliminated each year.

Views of Responsible Officials:
Management agrees with the recommendations regarding the elimination of internal sale transactions. University Accounting will ensure that internal service revenues and expenses are properly eliminated in accordance with generally accepted accounting principles and will use the Internal Service Delivery functionality and journal source. Management acknowledges that communication across the system, ensuring all entries utilize the ISD journal source code, will add to the completeness over the internal sales eliminations each year.

2024 Annual Financial Report

Fiscal year ended June 30, 2024

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We would like to acknowledge the following staff responsible for the content of this report:

Tami Bidle, Rick Combs, Jennifer Druffel, Amberly Marino, Arthur Whitten, Angie Dobbins, and Matt Skinner