

2025

ANNUAL FINANCIAL REPORT

Fiscal years ended June 30, 2025 and 2024



WASHINGTON STATE
UNIVERSITY



2025 | ANNUAL FINANCIAL REPORT

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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 www.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 www.wsu.edu.



FINANCIAL REPORT 2025 and 2024

INTRODUCTION

Regents and University Officers

BOARD OF REGENTS

Jenette Ramos, Chair of the Board
Enrique Cerna, Vice Chair of the Board
Lisa Keohokalole Schauer, Past Chair of the Board
Brett Blankenship
Marty Dickinson
Sam Hunt
Amina Hussein, Student Regent
Tracy Klein, Faculty Regent
Douglas T. Picha
Howard Wright
Elizabeth Cantwell, Secretary Ex-Officio
Leslie Brunelli, Treasurer Ex-Officio
Bob Ferguson, Governor, State of Washington,
Advisory Member Ex-Officio

EXECUTIVE OFFICERS

Elizabeth Cantwell, President
T. Chris Riley-Tillman, Provost and Executive Vice President
Leslie Brunelli, Executive Vice President for Finance
and Operations, and Chief Financial Officer
Glynda Becker-Fenter, Vice President for External Affairs
and Government Relations
Kim Christen, Vice President for Research
Mike Connell, Vice President, Advancement and CEO, WSU
Foundation
Kerri Davidson, Chief Administrative Officer & Vice President for
Institutional Affairs
Jon Haarlow, Interim Athletic Director
Jennifer Klein, Vice President and Chief Human Resources Officer
Tony Opheim, Vice President for Information Technology Services
and Chief Information Officer
Pam Scott, Vice President of System Communications and Strategy
Matt Skinner, Vice President for Finance and Business Services and
Deputy CFO
Paul Whitney, Interim Vice President for International Programs

ADMINISTRATIVE OFFICERS

Angie Dobbins, Executive Director/Controller, Business
Services
Sharyl Kammerzell, Chief Compliance and Risk Officer
Heather Lopez, Chief Audit Executive

VICE PROVOSTS

Douglas Call, Senior Vice Provost
Tammy Barry, Dean of the Graduate School and Vice Provost for
Graduate Education
William B. Davis, Vice Provost for Academic Engagement and
Student Achievement and Accreditation Liaison Officer
Lisa Guerrero, Vice Provost for Access and Opportunity
Romando Nash, Vice Provost for Student Affairs
Saichi Oba, Vice Provost for Enrollment Management
Kristina Peterson-Wilson, Vice Provost for Academic Administration
and Chief of Staff

SYSTEM CAMPUSES

WSU SPOKANE

Senior Vice Provost for Health Sciences, Vacant
Nicole Pratapas, Vice Chancellor for Development
Peter Gitau, Vice Chancellor for Student Affairs

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

Sandra Haynes, Interim Chancellor
Obie Ford III, Vice Chancellor for Community and
Collaboration
Christine Portfors, Vice Chancellor for Academic Affairs,
Research and Graduate Education
Domanic Vanthom, Vice Chancellor for Student Affairs

WSU GLOBAL CAMPUS

David R. Cillay, Chancellor
Jennifer Thigpen, Vice Chancellor for Academic Affairs and
Director of Learning Innovations

WSU EVERETT

Paul E. Pitre, Chancellor
Xiaopeng Bi, Vice Chancellor, Student Success
Sergey Lapin, Vice Chancellor, Research
Jacob Murray, Vice Chancellor for Academic Affairs

DEANS

Julie Akers, Interim Dean, College of Pharmacy and Pharmaceutical
Sciences
Trevor Bond, Dean, Libraries
Dori Borjesson, Dean, College of Veterinary Medicine
Deborah (Debbie) Compeau, Dean, Carson College of Business
Raj Khosla, Dean, College of Agricultural, Human, and Natural
Resource Sciences
Anne Mason, Interim Dean, College of Nursing
Courtney Meehan, Dean, College of Arts and Sciences
M. Grant Norton, Dean, Honors College
Partha Pande, Dean, Voiland College of Engineering and
Architecture
Bruce Pinkleton, Dean, Edward R. Murrow College of
Communication
James M. Record, Dean, Elson S. Floyd College of Medicine
Karen Thomas-Brown, Dean, College of Education, Sport, and
Human Sciences

LEGAL COUNSEL

Adam Malcom, Senior Assistant Attorney General, Division Chief,
Washington State Office of the Attorney General

Dear Colleagues and Friends,

As we close out FY25 and reflect on the first six months of my presidency, I want to share my gratitude and growing optimism about the direction of Washington State University. From day one, I have been guided by a simple but powerful premise: WSU is a university built for the future.



Together, we've taken bold first steps to strengthen our systemwide enterprise, realign our finances, and reimagine how we deliver on our land-grant mission. The work has been fast-paced and often challenging, but the result is unmistakable. We have momentum that is both data- and mission-driven.

This year's financial report reflects our commitment to long-term sustainability and fiscal transparency. While we are still navigating headwinds, including a \$17M base budget reduction driven by state mandates and rising costs, we have made significant progress toward a balanced budget. Our newly implemented budget controls, including position control and variance tracking, now provide greater clarity and accountability across the system.

But this report is about more than numbers. It's about progress and real, impactful change that positions WSU for a decade of renewal and innovation. Over the past six months, we have begun to transform how WSU operates, engages, and delivers impact:

Key Initiatives in 2025:

- **Academic Innovation & Student Success**
 - Launched a systemwide engagement with the National Institute for Student Success to improve retention and enrollment strategies.
 - Initiated the Academic Affairs Program Optimization process and dashboard to better align academic programs with mission and fiscal goals.
 - Advanced a new system-wide faculty workload policy to ensure fairness and transparency in how teaching, research, and service are valued.
- **Systemwide Redesign**
 - Established a new Vice President for System Administration to lead efficiency efforts across campuses.
 - Launched the *Design Central* initiative with public input, strategic listening sessions, and discovery visits statewide to inform the structure of a future-focused and unified WSU.
- **Research with Consequence**
 - Surpassed \$400 million in HERD research expenditures for the first time in WSU history.
 - Finalized a Space Act Agreement with NASA and advanced major public-private partnerships in Sustainable Aviation Fuels and Agrivoltaics.
 - Increased royalty revenue from research commercialization to \$12M in the first half of 2025.
- **Financial Stewardship**
 - Completed 41 budget hearings in 2.5 days to review every unit's financial plan.
 - Managed centralized financial performance for improved fiscal oversight.
 - Reorganized administrative structures to eliminate silos and improve efficiency.
- **Athletics & Brand Visibility**
 - Completed donor-funded Taylor Indoor Practice Facility and Champions Center.
 - Launched innovative fan engagement and NIL strategies, increasing scholarships and expanding brand reach.
 - Achieved record academic performance among student-athletes (3.36 GPA average).
- **Tribal Relations & Equity**
 - Signed a new MOU with the Upper Skagit Indian Tribe and launched a presidential-level tribal liaison position to enhance partnership and accountability.
 - Maintained nation-leading Native student retention rates and expanded culturally relevant support programs.
- **External Engagement**
 - Conducted more than 22 strategic donor engagements and 15 legislative meetings.
 - Strengthened WSU's visibility in Bellevue, Seattle, and Spokane through new partnerships and public forums.
 - Elevated our digital and statewide brand presence through bilingual outreach and video campaigns, generating millions of impressions.

WSU was built for moments like this that require courage, clarity, and collective effort. The path forward will demand continued focus and creativity, but our foundation is strong. I remain exceedingly optimistic about our capacity to lead as Washington's modern land-grant university.

Thank you for your continued partnership and dedication to the future of WSU.

With gratitude,
Elizabeth Cantwell
President, Washington State University

WSU System Strategic Plan



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.

WSU Strategic Pillars (2025 – 2035)

1. Access and Student Success

Building on its land-grant mission, WSU is dedicated to ensuring every student in Washington has an opportunity for higher education,

WSU's land-grant mission is rooted in **access** – ensuring every aspiring student across our state has the opportunity to pursue higher education. This commitment extends beyond mere enrollment; it encompasses providing **affordable pathways, reaching communities statewide, cultivating a genuine sense of belonging for every student, and, critically, preparing them comprehensively for successful lives and careers beyond graduation.** We are dedicated to positioning WSU as a lifelong educational partner, supporting individuals through their high school journeys, adult learning, and professional advancement.

WSU will ensure that all students, and especially those with special needs like first-generation students, have the resources to stay on track for graduation. The university will evaluate and improve student progression and retention by analyzing data on grades, time to degree, and graduation rates. This includes deploying strategies to improve post-graduation employment.

Focus areas:

- Expanding enrollment pathways
- Improving retention and graduation rates
- Reimagining advising and career services
- Offering flexible degree and credential models
- Deepening our statewide and tribal engagement

2. Academic Excellence and Modernization

WSU will modernize its academic core by developing a dedicated strategy focused on digital and virtual learning with real-world relevance.

WSU will develop a dedicated strategy centered on digital education and virtual learning. A strong academic core is essential to WSU's long-term success. This pillar commits to high standards in teaching and learning, while modernizing curriculum and instruction to prepare students for the world ahead. It emphasizes excellence in faculty, innovation in pedagogy, and alignment with emerging knowledge and technologies. WSU aims to deliver an academic experience defined by **unparalleled excellence and cutting-edge modernization**, making it as personalized and dynamic as the lives of our students themselves. This means seamlessly **integrating diverse learning locations, modalities, credentialing options, and real-world experiential relevance across all WSU campuses and instructional modes.** WSU will evolve into the state's premier lifelong learning partner, a powerful talent engine for industry, and an undeniable catalyst for individual transformation, all while upholding the highest standards of academic rigor.

Focus areas:

- Supporting and retaining top-tier faculty
- Fostering continuous curricular innovation and modernization
- Expanding experiential and interdisciplinary learning opportunities
- Pioneering teaching innovation, including strategic integration of AI-enhanced learning tools
- Regular review and adaptation of academic programs, ensuring their ongoing relevance and excellence

3. Innovation and Use-Inspired Research

WSU will elevate its public mission through entrepreneurship and innovation, by securing external funding, fostering interdisciplinary and industry partnerships, and solving global challenges.

WSU will continue to secure sustained external funding and foster collaborative research initiatives to elevate its research profile. WSU is a research powerhouse with a deep-rooted public mission: dedicated to solving global challenges through groundbreaking discovery and real-world application. This pillar prioritizes research that not only improves lives but also strengthens key industries and propels both economic and environmental progress across Washington. **Our focus is sharply honed on strategic areas critical to the state's future, including health, agriculture, data science, energy, and climate solutions**, with particular emphasis on **climate, ag-tech, and wildfire mitigation, alongside cutting-edge AI-infrastructure development.**

Efforts involve fostering robust **interdisciplinary research on grand challenges** and significantly expanding our **industry, tribal, and community-based partnerships**. We are committed to aggressively driving **entrepreneurship and tech transfer**, including strategically partnering with leading entities like **Microsoft, Amazon, and various startups to build AI solution hubs** directly tied to state needs, and expanding WSU's role as a vital R&D partner for sectors such as **agriculture, forestry, bio-manufacturing, and aerospace.**

Focus areas:

- Interdisciplinary research on grand challenges to tackle global issues like climate change, food security, and health disparities, as well as breakthroughs in team science
- Industry, tribal, and community-based partnerships ensuring our research is directly relevant to real-world problems and translates into tangible benefits for the people and industries of Washington
- Entrepreneurship and tech transfer to move discoveries from the lab to the marketplace, commercializing existing patents, fostering faculty startups, and creating new ventures that contribute to Washington's innovation economy
- Modern research infrastructure to provide our researchers with the cutting-edge tools necessary for groundbreaking discovery
- Student participation in research, providing invaluable hands-on experience and preparing the next generation of innovators and problem-solvers
- Building innovation ecosystems that grow Washington's economy – with WSU as a central hub for enterprise solutions to accelerate economic growth across the state

4. Systemwide Integration and Institutional Agility

Building on its land-grant legacy, WSU's system-wide redesign will implement a new framework to enhance fiscal transparency and strategic alignment, ensuring the university operates as a unified, highly efficient, and adaptable system dedicated to access, excellence, and purpose.

WSU's systemwide redesign will develop and implement a roadmap to enhance fiscal transparency and strategic alignment. WSU is a single university system with many interconnected parts—including multiple campuses, extension offices, and sophisticated digital platforms. To truly serve the diverse needs of Washington effectively, this system must operate in a unified, highly efficient, and adaptable manner, balancing strong local identities with a reinforced shared strategy, smart governance, and a culture of service.

WSU is focused on impact over prestige, ensuring our efforts translate directly into tangible benefits. It honors our land-grant origins, reconnecting us to our historical roots, while boldly updating this legacy for future-facing relevance. This approach reinforces WSU's unwavering commitment to access, excellence, and purpose, expanding beyond traditional degrees to embrace lifelong learning, practical research, and holistic community wellbeing. WSU is "the university built for what's next—next in education, next in research, and next in the lives of the people we serve."

Focus areas:

- Identifying and addressing diverse regional needs
- Coordinating across campuses with shared strategic priorities
- Digital transformation and implementing tech-enabled services
- Shared administrative systems for streamlined operations
- Fiscal discipline to ensure long-term sustainability
- Developing governance structures that empower fast and flexible decision-making

5. WSU as the 21st Century Land-Grant

WSU is committed to improving the health and well-being of Washington's communities.

WSU is deeply connected to the health and wellbeing of Washington communities that it serves, especially in rural and underserved areas. In addition to community health, our public service commitment drives us to improve health service access, advance public and mental health, and foster social resilience. It reflects WSU's public service commitment and the power of locally-driven impact.

Focus areas:

- Develop leadership in health sciences education and research - both in educating the next generation of healthcare professionals and in conducting transformative research
- Expanding rural and tribal health access particularly for the nearly 800,000 people living in rural Washington and within our tribal communities
- Mental health support for students and communities
- Strengthening Extension's role in community health and education to serve communities across the state
- Integrating global perspectives into local solutions through active integration of global health themes into its curriculum and research, preparing students to address health disparities both at home and abroad

6. Elevate the Cougar Identity and Brand

WSU will strengthen its brand by integrating athletics communications into its broader university strategy, with a focus on cultivating a competitive athletics program and lifelong Coug identity.

Being a Cougar is more than attending a university—it's a lifelong identity built on pride, excellence, and belonging. WSU's mission is anchored on **impact over prestige**, honoring our land-grant origins while powerfully updating them for contemporary relevance. WSU will integrate athletics communications into the broader university brand strategy to leverage its Pac-12 membership. This pillar focuses on strengthening WSU's brand across all campuses and digital platforms, with a focus on national visibility, unifying shared values, and amplifying the transformational experience of being part of the Cougar family.

Focus areas:

- Cultivating a nationally competitive and character-driven athletics program
- Enhancing the student and alumni experience across all WSU locations
- Broadening the impact of the Cougar brand through outreach, digital presence, and storytelling
- Aligning our internal culture with our external messaging
- Fostering lifelong engagement with WSU—from prospective students exploring educational offerings, through their academic journey, and well into their lives as dedicated alumni and valued donors.

MESSAGE FROM THE EXECUTIVE VICE PRESIDENT FOR FINANCE AND OPERATIONS

January 12, 2026

To President Cantwell, Members of the Board of Regents, and the Washington State University Community:

We respectfully submit the Washington State University financial statements for the fiscal year ended June 30, 2025. This document includes the Management's Discussion and Analysis (MD&A) and the basic financial statements, as well as other pertinent 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, accreditation standards, and certain bond covenants require that the University's accounting and financial records be audited each year. For the fiscal year ended June 30, 2025, 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 higher 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 2025, Washington State University serves more than 25,000 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 Operations 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.

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. The WSU Foundation manages the Consolidated Endowment Fund which was valued at \$794 million at June 30, 2025. Since its inception, the WSU Foundation has raised more than \$1.85 billion in private commitments in support of programs and initiatives across Washington State University.

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

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. With the 2026 fiscal year now underway, our commitment to enhance budget planning and development has been fulfilled with the first Regent approval of the annual financial plan. Future enhancements include the development of a defined calendar that includes evaluation of enrollment trends and net tuition revenue, expects robust unit meetings throughout the year, 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 now available 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 Finance and Business Services and Finance and Operations. Each day, offices throughout the University system participate in financial activity mindful of established policies and procedures. Additionally, we recognize the valuable contributions from Institutional Research. We wish to thank the Board of Regents and the President for their commitment to the sound fiscal management of Washington State University.

Finance and Operations is committed to level-setting 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 Operations & Chief Financial Officer

Matt Skinner
Vice President for Finance and Business Services & Deputy CFO



FINANCIAL REPORT 2025 and 2024

FINANCIAL SECTION



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, 2025 and 2024, 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, 2025 and 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, 2025 and 2024. 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 the 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.

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, 2025 and 2024, 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.

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 12, 2026, 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.



Boise, Idaho

January 12, 2026

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, 2025, 2024, and 2023. 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 2025, 2024, and 2023 condensed data is presented in Management's Discussion and Analysis to illustrate certain increases and decreases compared with 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, 2025 and 2024). Its purpose is to present a financial snapshot of the University. This statement aids the reader in determining the assets available to continue the University's operations, how much the University owes to employees and vendors, whether the University has any deferred outflows or inflows other than assets or liabilities, and provides a picture of net position and its availability for expenditure by the University.
- Statement of Revenues, Expenses and Changes in Net Position presents the total revenues earned and expenses incurred by the University for operating, nonoperating and other related activities, during a period of time (the fiscal year ended June 30, 2025 and 2024). Its purpose is to assess the University's operating and nonoperating activities.
- Statement of Cash Flows presents cash receipts and payments of the University during a period of time (the fiscal year ended June 30, 2025 and 2024). 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 provide 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, 2025, increased by \$222 million (11%) over the previous year, resulting in a year-end net position of \$2.3 billion. Although the net position of the University is stronger, as evidenced through various financial ratios, the increase in net position is primarily the result of increased capital appropriations and investment income. Cash and investment management and the maintenance of adequate working capital have been enhanced despite persistent enrollment decline. The days cash on hand metric, which includes cash and current investments, grew slightly from 129 to 143 as the University realized an increase in the portion of current investments while also seeking to capture increased yield on shorter term investments. The accumulation of net position resources at the unit level 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, changing landscape of federal research funding, and an aging capital and information technology infrastructure demand strategic focus as expenditure requirements exceed the scarce funds available.

Key Financial Results

(in millions)	2025	2024	\$ Change	% Change	2023
Total operating revenues	\$ 910	\$ 897	\$ 13	1%	\$ 876
Total operating expenses	(1,365)	(1,321)	(44)	3%	(1,264)
Operating Loss	(455)	(424)	(31)	7%	(388)
State and federal appropriations	354	338	16	5%	307
Gifts	54	50	4	8%	59
Investment income, net	135	123	12	10%	87
Other non-operating revenues, net	134	53	81	153%	98
Increase (decrease) in net position	222	140	82	59%	163
Net position, beginning of year	2,114	1,974	140	7%	1,811
Change in net position	222	140	82	59%	163
Net position, end of year	\$ 2,336	\$ 2,114	\$ 222	11%	\$ 1,974

Change in Accounting Standards

On July 1, 2024, the University adopted GASB Statement No. 101, "*Compensated Absences*". This Statement updates the recognition and measurement guidance for compensated absences. It 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. Due to the immateriality of the overall impact of adopting GASB 101 to the overall University financials, the University elected to run the adjustments resulting from the remeasurement through fiscal year 2025 and not restate prior years.

Operating Revenues

Operating revenues increased \$13 million, or 1%, in 2025. Net tuition and fees declined by \$22 million, reflecting an overall decrease in enrollment combined with higher waivers and scholarship discounts and allowances. Enrollment fell by 2.4% in full-time equivalent enrollment and 3% in headcount enrollment. Scholarship discounts and allowances grew as eligibility changes to Federal Pell Grants and Washington College Grants increased the number of students awarded aid, reflecting the portion of their assistance applied directly to tuition and fees. The University's auxiliary operations and sales and services of educational departments, which include student housing and food services and intercollegiate athletics, among others, showed revenue decreases totaling \$12 million over the prior year. On the positive side grants and contracts increased by \$31 million, an 8% gain, and other operating revenues increased \$16 million, a 41% change, primarily driven by growth in licensed royalty generation from proprietary agricultural products, including the Cosmic Crisp® apple cultivar and five wheat varieties.

Operating Expenses

Operating expenses rose by \$44 million, or 3%, in 2025. Staff salaries and benefits accounted for a \$21 million increase during the year, driven by rising employer benefits costs and a planned general salary increase of 3% for the University's classified employees and 2% for faculty and administrative professional employees. Staffing comparisons between Fall 2024 and Fall 2023 show an overall increase of 42.5 FTE, with faculty remaining essentially flat at 2,068 vs. 2,069, administrative professional positions increasing from 2,358 to 2,429, and classified positions declining from 2,074 to 2,047. Increases in benefit costs of \$5 million were offset by an accounting methodology change in accrued leave due to the implementation of GASB 101 compensated absences of \$7 million, which netted to a \$2 million decline. Additionally, scholarship expenses increased by \$11 million, primarily due to higher Federal Pell and Washington College Grant amounts and increased gift and grant awards. Eligibility changes to these programs resulted in more students qualifying for aid. Pell awards grew from 6,540 to 8,138 recipients, with the average award per student rising slightly from \$5,340 to \$5,825. Washington College Grants also increased from 8,398 to 8,873 recipients, with the average award per student up from \$8,339 to \$8,879.

Nonoperating Revenues

Revenues from nonoperating and other sources, net of interest on capital-related debt, grew \$50 million or 9%, in 2025. Investment income increased by \$12 million from unrealized gains and interest income due to favorable interest rates and investment market performance. State and federal appropriations increased \$16 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, 2025, 2024 and 2023.

Condensed Statements of Net Position (in millions)

Assets	2025	2024	\$ Change	% Change	2023
Current assets	\$ 593	\$ 535	\$ 58	11%	\$ 648
<i>Non-current assets:</i>					
Long-term investments	228	259	(31)	-12%	119
Endowment and other restricted investments	792	733	59	8%	678
Capital and right-to-use assets, net	1,744	1,687	57	3%	1,675
Pension and other non-current assets	61	75	(14)	-19%	72
Total assets	\$ 3,418	\$ 3,289	\$ 129	4%	\$ 3,192
Deferred outflows of resources	120	118	2	2%	119
Total assets and deferred outflows of resources	\$ 3,538	\$ 3,407	\$ 131	4%	\$ 3,311
Liabilities					
Current liabilities	\$ 120	\$ 140	\$ (20)	-14%	\$ 131
<i>Non-current liabilities:</i>					
Accrued leave (Note 9)	49	55	(6)	-11%	39
Long-term liabilities (Note 14)	529	547	(18)	-3%	580
Pension and other post-employment benefits liabilities (Notes 16 & 17)	246	268	(22)	-8%	263
Other non-current liabilities	23	23	-	0%	23
Total liabilities	\$ 967	\$ 1,033	\$ (66)	-6%	\$ 1,036
Deferred inflows of resources	235	260	(25)	-10%	301
Total liabilities and deferred inflows of resources	\$ 1,202	\$ 1,293	\$ (91)	-7%	\$ 1,337
Net position					
Net investment in capital assets	\$ 1,216	\$ 1,138	\$ 78	7%	\$ 1,101
Restricted nonexpendable	725	671	54	8%	621
Restricted loans	17	16	1	6%	18
Restricted expendable	287	266	21	8%	272
Restricted for pension asset, net	87	72	15	21%	54
Unrestricted	4	(49)	53	108%	(92)
Total net position	\$ 2,336	\$ 2,114	\$ 222	11%	\$ 1,974

*Prior year amounts have been reclassified to match current year presentation.

Comparison of fiscal year 2025 to fiscal year 2024

Total Assets and Deferred Outflows of Resources increased \$131 million, or 4%.

Current assets are the resources that the University expects to be available within the next twelve months. During FY25, current assets increased by \$58 million, or 11%, primarily due to:

- Current cash and cash equivalents, along with the current portion of investments, increased by \$60 million, or 14% as the University realized an increase in the portion of current investments while also seeking to capture increased yield on shorter term investments.
- Net accounts receivable decreased by approximately \$5 million or 6%, primarily due to the timing of collection differences year over year with declines in receivables from federal, other state agencies and the Office of the State Treasurer.

Non-current assets increased by 3% or \$71 million. This increase was driven by:

- Long-term investments declined by \$31 million as a result of efforts to capture higher rates in shorter-term investments due to an inverted yield curve.
- Endowment investment increased by \$59 million, or 8%. This growth was driven by a \$54 million rise in land-grant permanent funds due to improved equity returns and a \$5 million increase in WSU's legacy endowment.
- Right-to-use leased assets decreased by \$7 million (28%) due to amortization offset in part by existing lease remeasurements.

Management's Discussion and Analysis

- Subscription-based information technology arrangements (SBITA) increased by \$18 million with the extension and revaluation of agreements offsetting amortization and terminations.
- Capital Assets, Net increased by \$46 million, with additions outpacing depreciation. Notable projects include Bustad Renovation for \$8 million, Eastlick Lab Renovation for \$23 million, Johnson Hall renovations \$9 million, Knott Dairy Infrastructure improvements, and \$8 million for the Champions Center.
- Pension assets decreased by \$12 million (24%) due to updated actuarial assumptions and a decrease in proportionate share.
- Other non-current assets decreased by \$2 million (13%) due to changes in right-to-use leased asset receivables, due to updates in lease agreements.

Deferred Outflows increased by 2% or \$2 million. (Footnote 1 displays a schedule by component)

Total liabilities and deferred inflows of resources decreased by 7% or \$91 million during FY25.

Current liabilities

Decreased by \$20 million or 14%, largely due to the timing of billing and payments in other payables for the University.

Non-current Liabilities decreased \$46 million as:

- Long-term liabilities dropped \$18 million from principal payments on long-term debt offset in part by an increase in lease liability.
- Total pension liabilities decreased by \$14 million or 25% 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 decreased by \$8 million, or 4%, primarily due to actuarial changes of assumptions and proportionate share. 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.
- Accrued leave decreased \$6 million due to adjustments in compensated absences liability.

Deferred Inflows Resources decreased by \$25 million or 10% driven by actuarial adjustments to state pension and OPEB. (Footnote 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.

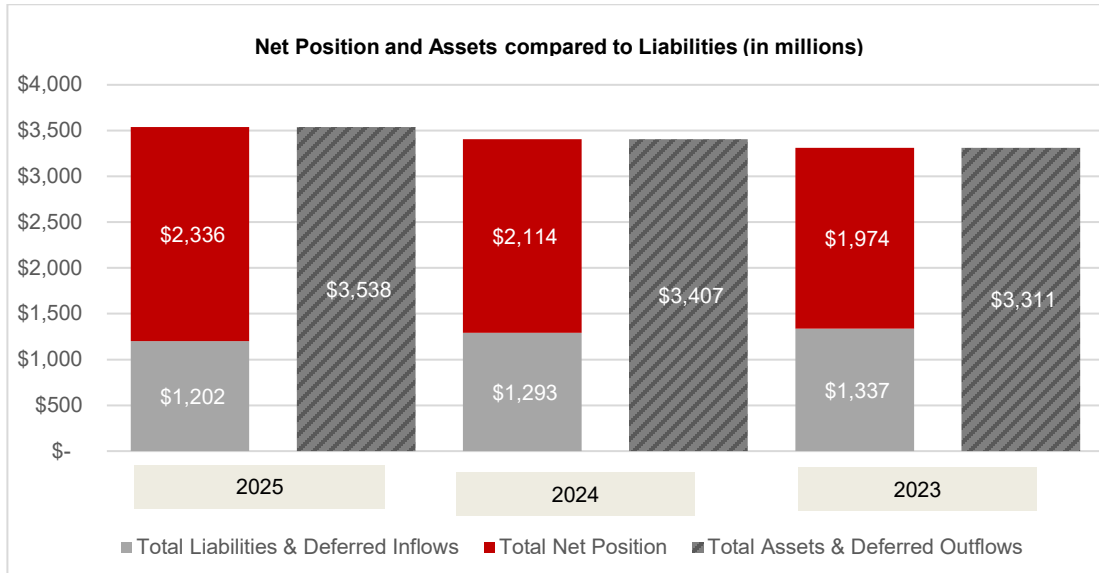
Total Net Position (in millions)							
	2025	2024	\$ Change	% Change	2023		
Net investment in capital assets	\$ 1,216	\$ 1,138	\$ 78	7%	\$ 1,101		
Restricted nonexpendable	725	671	54	8%	621		
Restricted loans	17	16	1	6%	18		
Restricted expendable	287	266	21	8%	272		
Restricted for pension asset, net	87	72	15	21%	54		
Unrestricted	4	(49)	53	108%	(92)		
Total net position	\$ 2,336	\$ 2,114	\$ 222	11%	\$ 1,974		

Total net position increased by \$222 million or 11% during 2025.

- Net investment in capital assets grew by \$78 million or 7% during the year. Completion of building renovations is the key driver of this improvement.
- Restricted nonexpendable net position increased \$54 million or 8% during the year from unrealized gains on restricted investments from improved market conditions.
- Restricted expendable net position increased by \$21 million or 8% due to the fluctuations in grant fund balance, earnings from endowment, and federal appropriations.

Management's Discussion and Analysis

- Restricted loans increased by \$1 million or 6% during the year, health profession loans increased, offset in part by the 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 back by the amount determined by the government each year.
- Restricted pension asset net position increased by \$15 million or 21% during the year. The University has no financial control over pension assets.
- Unrestricted net position increased by \$53 million or 108%. Unrestricted investment income grew by \$20 million. Much of the improvement came from changes in assets, deferred outflows, liabilities and deferred inflows that do not translate to increased liquid resources to support the rising operating cost of the university. For example, this includes \$33 million in adjustments related to pension, accrued leave, leases, subscription based software, and other post-employment benefit plans.



Summary comparison of fiscal year 2024 to fiscal year 2023

In fiscal year 2024, Total Assets and Deferred Outflows of Resources increased \$96 million (3%). Current assets decreased by \$113 million (17%) due to lower cash and receivables, as the University moved operating cash into longer-term investments to maintain investment earnings. Non-current assets increased by \$210 million (8%), mainly due to a growth in long-term investments. Deferred Outflows of Resources declined by \$1 million (1%) due to actuarial changes in pension and OPEB valuations. In fiscal year 2024, total liabilities and deferred inflows of resources decreased by \$44 million (3%). Current Liabilities increased by \$9 million (7%) due to higher accounts payable. Non-current Liabilities fell by \$12 million (1%) due to debt service payments and fluctuations in pension and OPEB liabilities. Total Net Position increased by \$140 million (7%), 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, 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.

Management's Discussion and Analysis

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

Operating revenues (expenses)	2025	2024	\$ Change	% Change	2023
Tuition and fees, net	\$ 262	\$ 284	\$ (22)	-8%	\$ 285
Grants and contracts	397	366	31	8%	367
Auxiliaries and sales and services, net	196	208	(12)	-6%	189
Other operating revenues	55	39	16	41%	35
Total operating revenues	910	897	13	1%	876
Operating expenses	(1,365)	(1,321)	(44)	3%	(1,264)
Operating loss	(455)	(424)	(31)	7%	(388)
Non-operating revenues (expenses)					
State and federal appropriations	354	338	16	5%	307
Federal financial aid	47	35	12	34%	31
Gifts and contributions	54	50	4	8%	59
Investment income, net	135	123	12	10%	87
Other non-operating revenues (expenses)	(10)	(16)	6	-38%	(19)
Net non-operating revenues (expenses)	580	530	50	9%	465
Income (loss) before other changes	125	106	19	18%	77
Capital appropriations	87	24	63	263%	68
Capital gifts and grants	-	1	(1)	-100%	1
Additions to permanent endowments	10	9	1	11%	17
Total other additions	97	34	63	185%	86
Increase (decrease) in net position	222	140	82	59%	163
Net position, beginning of year	2,114	1,974	140	7%	1,811
Change in net position	222	140	82	59%	163
Total net position	\$ 2,336	\$ 2,114	\$ 222	11%	\$ 1,974

Comparison of fiscal year 2025 to fiscal year 2024

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 \$13 million in FY25 to a total of \$910 million, a 1% increase over FY24. Significant changes include:

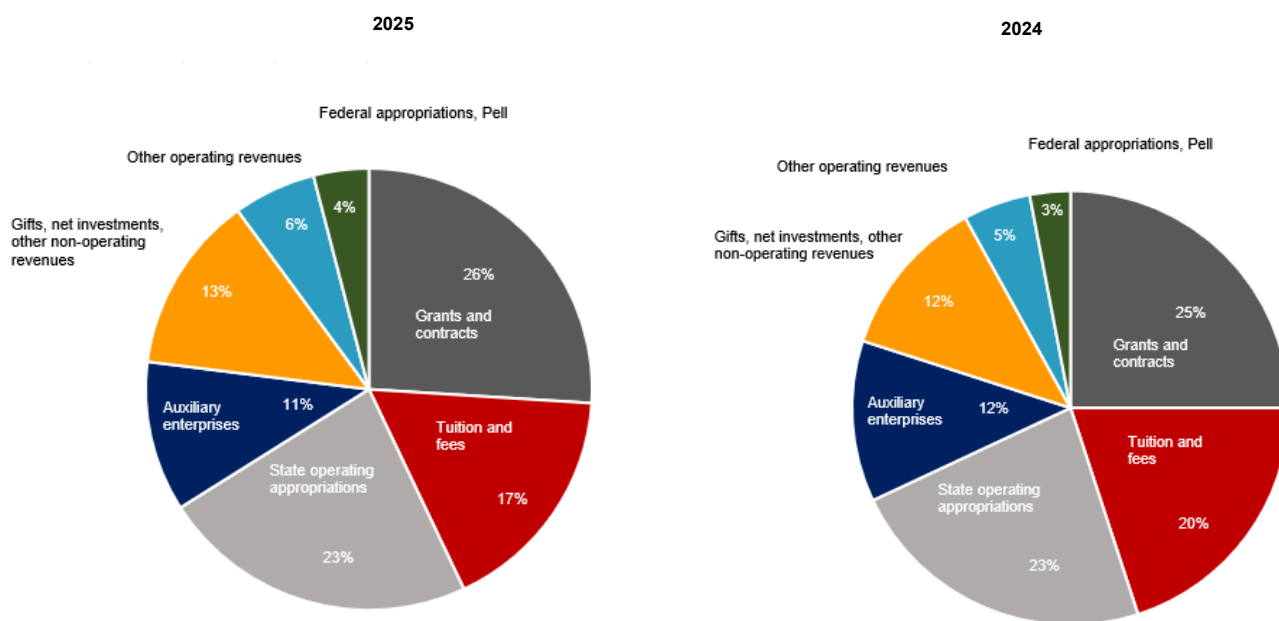
- Net student tuition and fees decreased by \$22 million from last year reflecting a 2.4% full time equivalent enrollment decline combined with higher waivers and scholarship discounts and allowances. These decreases were partially offset by a 3.3% tuition increase for undergraduate and graduate students. Scholarship discounts and allowances grew as eligibility changes to Federal Pell Grants and Washington College Grants increased the number of students awarded aid by 24% and 6%, respectively, reflecting the portion of their assistance applied directly to tuition and fees.
- Grants and contracts revenue increased by \$31 million in FY25 to \$397 million. Federal grants and contracts increased by \$8 million, state grants and contracts increased by \$24 million, while local grants and contracts fell by \$1 million. The largest sponsors of federal grant revenue include USDA, Health and Human Services, Department of Energy, and the National Science Foundation. USDA was a key contributor to the increase over FY24. State grant growth is primarily driven by increases in Washington College grant awards of \$9 million as the number of eligible recipients increased by 6%, Department of Commerce \$2 million, Department of Agriculture \$2 million, Conservation Commission \$1 million, with the remainder spread across numerous other Washington agency awards.
- Auxiliary sales and sales and services revenues declined \$12 million, or 6%. Primary driver is the reduction of PAC-12 conference revenue of \$19 million. Housing and Dining revenues increased by \$6 million.
- Operating revenues increased by \$16 million, or 41%, primarily driven by growth in licensed royalty generation from proprietary agricultural products, including the Cosmic Crip® apple cultivar and five wheat varieties.

Net Non-operating Revenues increased by \$50 million to \$580 million, a 9% increase for FY25. The additional revenue was generated from:

- State and federal appropriations increased by \$16 million for fiscal year 2025, with state funding increases driving most of the change. Highlights of the change in state funding include compensation increases, carbon emission allowances, central government services, and Native American scholarship
- Federal financial aid increased by \$12 million, representing the revenue offset of student aid. The primary driver of this growth was eligibility changes in Federal Pell Grants, which offset the increase in scholarship expense and scholarships discounts and allowances.
- Investment income, net of expense, grew by \$12 million in FY25 as market conditions improved, generating significant realized and unrealized investment income.
- Other non-operating revenues which is primarily interest on capital assets, along with gifts and contributions, increased by \$6 million and \$4 million, respectively.

Revenue from All Sources

For the years ended June 30, 2025 and 2024



Operating Expenses

Operating expenses enable the University to carry out its mission. WSU expenses are incurred and reported on the financial statements by natural classification and also presented by functional classification in footnote 18.

Operating Expenses by Natural Classification (in millions)

	2025	2024	\$ Change	% Change	2023
Salaries and wages	\$ 654	\$ 633	\$ 21	3%	\$ 599
Benefits	162	164	(2)	-1%	155
Scholarships and fellowships	95	84	11	13%	76
Utilities	34	30	4	13%	35
Payments to suppliers	173	175	(2)	-1%	167
Purchased services	132	131	1	1%	125
Depreciation	115	104	11	11%	107
Total operating expenses	\$ 1,365	\$ 1,321	\$ 44	3%	\$ 1,264

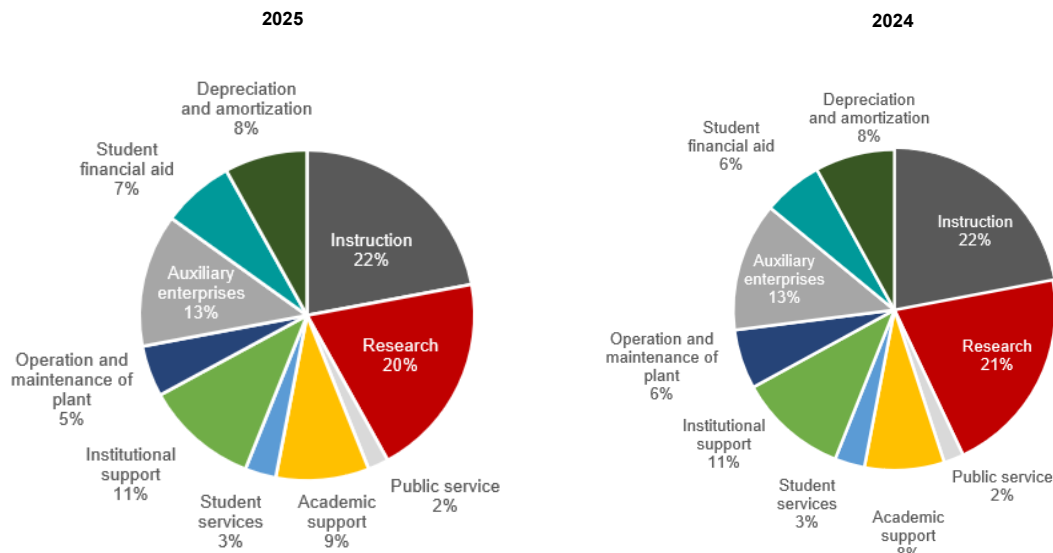
Management's Discussion and Analysis

The University's operating expenses for the year were \$1,365 million, an increase of 3% from last year. The increase is mainly due to:

- Salaries and wages increased by \$21 million, about 3% over FY24, totaling \$654 million for the year, making them the University's largest operating expense. Classified staff salaries rose by \$4 million due to a 3% general salary increase offset in part by a small decline in filled positions. Exempt administrative professional staff saw an increase of \$8 million, or 5%, from a 2% salary increase and a 3% change in filled positions. Faculty salaries grew by \$3 million, or 1%, resulting from a 2% salary increase. Wages for temporary hourly students and other wages increased by \$2 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 declined by \$2 million, or 1%, from the previous year. Increases in benefit costs of \$5 million were offset by the GASB 101 compensated absences implementation.
- Scholarship and fellowships expense increased \$11 million for FY25, driven by increases in Pell and the Washington College Grant. Eligibility changes to these programs resulted in more students qualifying for aid driving an increase in the number of students receiving aid combined with an increase in the average award amount. These expenses are offset by increases in Federal Pell Grant revenue and state grant revenue.
- Utilities increased \$4 million from FY24 to FY25. Reductions in heating fuel and natural gas expenditures were offset by increases in electric expenditures.
- Payments to suppliers decreased \$2 million or 1% over the FY24 level. Notable change include a decrease in uncapitalized project expense.
- Purchased services totaled \$132 million for the year, up 1% or \$1 million from FY24. A reduction in subcontract expenditures was offset by increases in support costs for the College of Business MBA program transition to new support model, medical and health consulting, and veterinary services. Travel expense totaled \$28.8 million, down slightly from FY24.
- Depreciation and amortization expenses increased \$11 million due to the rate of depreciation and amortization, increases of \$7 million and \$4 million, respectively.

Operating Expenses by Function

For the years ending June 30, 2025 and 2024



Comparison of fiscal year 2024 to fiscal year 2023

In fiscal year 2024, operating revenues rose by \$21 million (2%) to \$897 million, driven by a \$19 million (10%) increase in Auxiliary and Sales and Service revenues and a \$4 million (11%) increase in other operating revenues. This was offset by a \$1 million decline in net student tuition and fees and grants and contracts.

The University's operating expenses rose by 5% to \$1,321 million. Key factors included a \$34 million (6%) increase in salaries and wages, a \$9 million (6%) rise in benefits expenses, and higher costs for payments to suppliers and purchased services, up \$8 million (5%) and \$6 million, (5%), respectively. Scholarships and fellowships expenses increased \$8 million (11%), while depreciation and utilities expenses fell \$3 million (3%) and \$5 million (14%), respectively. Net non-operating revenues increased by \$65 million (14%), totaling \$530 million, primarily due to a \$28 million rise in state appropriations and a \$36 million gain in investment income.

Capital Assets and Long-Term Liabilities

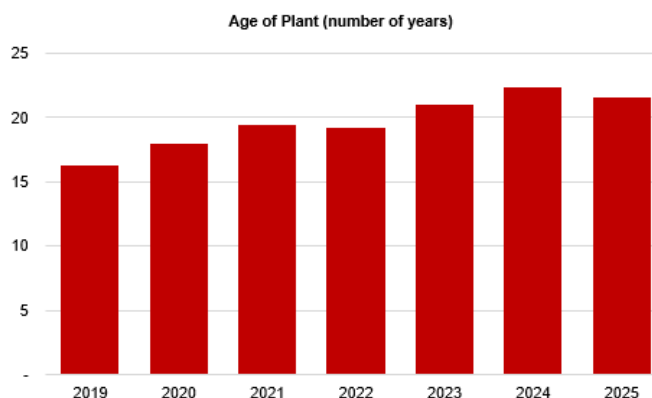
Capital Assets

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. See footnote 8.

Capital Assets (in millions)

	2025	2024	\$ Change	% Change	2023
Beginning Balance	\$ 1,635	\$ 1,627	\$ 8	0%	\$ 1,618
Additions	150	105	45	43%	108
Retirements	(13)	(9)	(4)	44%	(19)
Depreciation/Amortization	(91)	(88)	(3)	3%	(80)
Ending Balance	\$ 1,681	\$ 1,635	\$ 46	3%	\$ 1,627

The age of plant ratio improved in FY25 due to the completion of several building projects. This ratio measures the financial average age of total plant facilities in years by comparing current depreciation expense to accumulated depreciation, providing insight into the age of facilities and the impact of deferred maintenance. While the improvement reflects recent capital investments, the ratio remains high, indicating ongoing deferred maintenance challenges related to aging infrastructure.



In FY25, net capital assets increased by \$46 million, with total additions of \$150 million including \$65 million for completed buildings, \$24 million for infrastructure improvements, \$23 million for machinery and equipment, \$2 million for land, and \$6 million for library resources. Construction in progress increased by \$30 million to \$100 million as spending on building capital projects in the 2nd year of the state's biennium exceeded completions. These gains were partially offset by \$102 million in annual depreciation and \$11 million in disposals.

Capital Assets (in millions)

	2025	2024	\$ Change	% Change	2023
Land	\$ 33	\$ 33	\$ -	0%	\$ 33
Buildings, net	1,290	1,295	(5)	0%	1,263
Construction in progress	100	70	30	43%	104
Equipment, net	49	41	8	20%	38
Library, net	58	59	(1)	-2%	61
Other improvements and infrastructure, net	151	137	14	10%	128
Total capital assets, net	\$ 1,681	\$ 1,635	\$ 46	3%	\$ 1,627

Right-to-Use Assets

In FY25, right-to-use assets rose by \$11 million due to one new lease agreement, seven new SBITA agreements, the remeasurement of four existing lease contracts, and three existing SBITA agreements with significant changes.

In FY24, right-to-use assets rose by \$4 million due to four new lease agreements, two new SBITA agreements, the remeasurement of two existing lease contracts, and one existing SBITA agreement with significant changes.

Right-to-use leased assets (in millions)

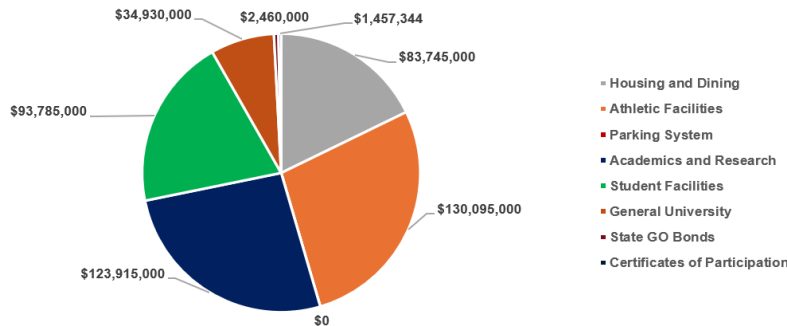
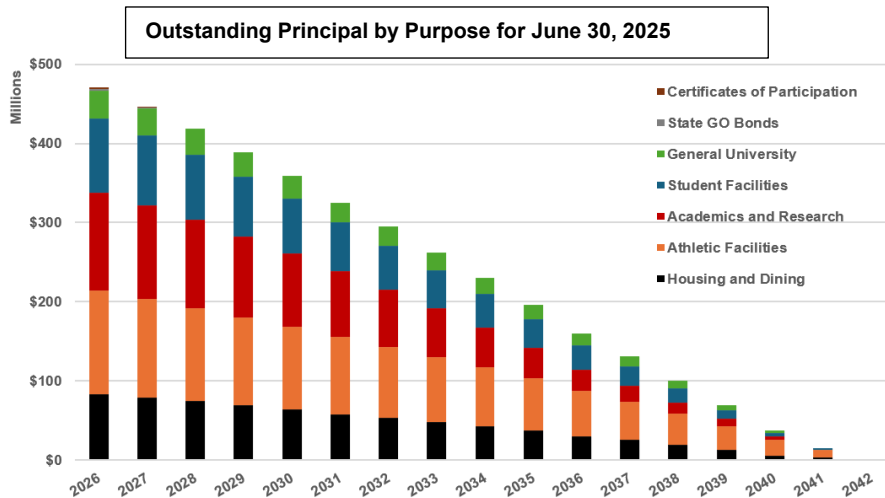
	2025	2024	\$ Change	% Change	2023
Land, net	\$ 1	\$ 1	\$ -	0%	\$ 1
Building, net	18	25	(7)	-28%	17
Equipment, net	44	26	18	69%	30
Total right-to-use leased assets, net	\$ 63	\$ 52	\$ 11	21%	\$ 48

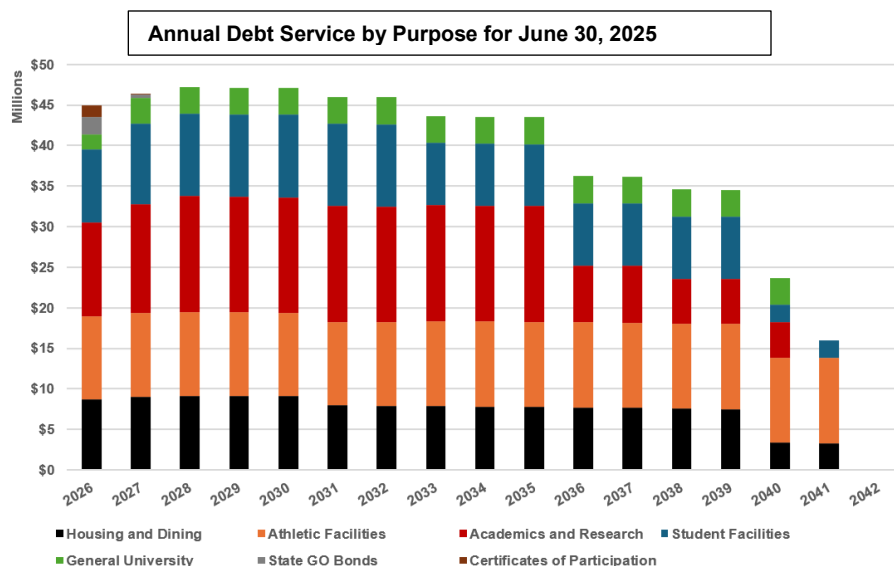
Debt Administration

One bond refunding was completed in FY25. 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.

Two bond refundings were completed in FY24. 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. WSU has managed annual debt service levels to create consistency from a planning and budget perspective.





Long-Term Liabilities

Long-term liabilities are analyzed without unearned revenues and accrued leave. In FY25, the long-term liabilities of the University totaled \$828 million, a decrease of \$45 million due to bond refunding activity and payment of principal during the year. In FY24, the long-term liabilities of the University totaled \$873 million, a decrease of \$27 million due to bond refunding activity and payment of principal during the year. 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. See notes 12, 14 and 15 for more information.

The table below summarizes outstanding liabilities:

Long-term Liabilities (in millions)

	2025	2024	\$ Change	% Change	2023
Revenue and refundings bonds payable	\$ 504	\$ 539	\$ (35)	-6%	\$ 571
Note Payable	-	1	(1)	-100%	1
State of Washington general obligation bonds	2	4	(2)	-50%	6
Capital leases	1	3	(2)	-67%	5
Lease Liability	21	24	(3)	-13%	19
Subscription IT liability	32	13	19	146%	14
Pension obligation liability	42	56	(14)	-25%	59
Other post-employment benefits	204	212	(8)	-4%	204
Asset retirement obligation	22	21	1	5%	21
Total long-term liabilities	\$ 828	\$ 873	\$ (45)	-5%	\$ 900

Financial Health and Flexibility

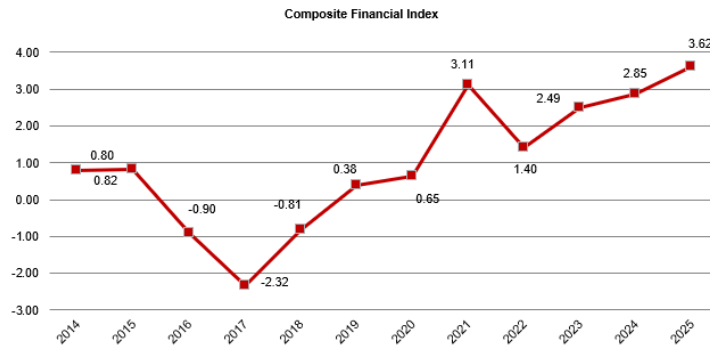
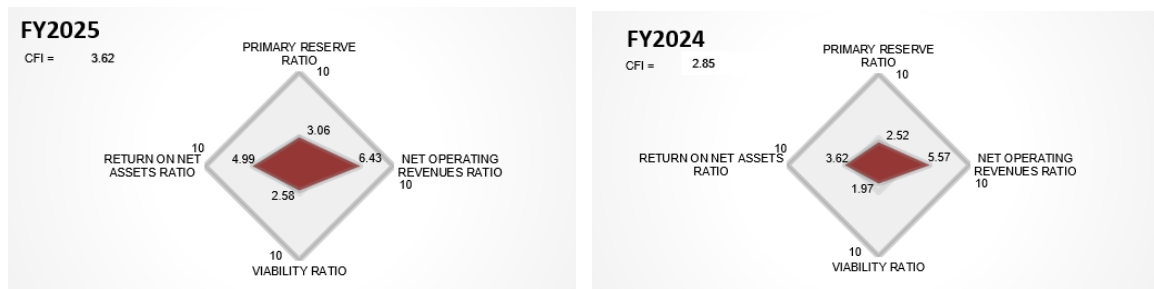
The University calculates and analyzes several ratios to measure financial performance. The composite financial index (CFI) is a tool designed to provide a comprehensive picture of the University's financial strengths and weaknesses by combining four core ratios into a single measure. Two of the four 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

Management's Discussion and Analysis

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. Additionally, public higher education institution ratios are affected by inclusion of pension and post-employment benefit liabilities.

Each of these four 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. 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



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 rise in the 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. In 2024 and 2025, the CFI improved year-over-year as WSU realized an increase in revenues. A challenge is that the ratio includes investment income and gifts that may not be available for immediate operating needs. WSU's operating revenues, state appropriations, and federal financial aid are not growing at a rate to sustain the increase in operating expenses.

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

Forward-looking statements in this report are based on current assumptions and expectations, and actual results may differ materially due to changing conditions and factors beyond the University's control. The University does not undertake to update these statements to reflect future events or changes in assumptions.

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), and is facing many of the same opportunities and challenges as the higher education sector.

As the land-grant institution for the State of Washington, WSU's operating budget is closely tied to the economic conditions in the state. State operating appropriations made up approximately 23% of university revenues in FY25. WSU has benefited from the state's economic success through increased appropriations in recent years.

Recent forecasts from the Washington State Economic and Revenue Forecast Council (EFRC) signal a more constrained economic outlook ahead, with slower growth in sales and real estate excise tax collections, inflationary pressures, and a weaker labor market. The EFRC projects that state revenues will remain roughly flat to a decline of \$412 million for the 2025–27 biennium (fiscal years 2026 and 2027). These trends suggest a more cautious fiscal environment heading into FY2026, where WSU experienced a 1.5% reduction in state operating appropriations. The state also reduced the proportion of funding it provides for the University's salary and benefit costs for state employees. The 2026 legislative session, where supplemental budget decisions will be made, begins in January 2026. WSU continues to monitor these developments closely and remains committed to prudent financial management in alignment with its mission and strategic priorities.

State policy restricts tuition rate increases, providing that undergraduate resident tuition ties the maximum allowable increase percentage to the rolling average of median hourly wages in the state of Washington. The WSU Board of Regents retains broad authority to set tuition rates for categories other than resident undergraduate tuition. The Board authorized increases of 3.3% in undergraduate and graduate tuition rates for the 2025-26 academic year. A small enrollment decline attributed to retention is expected to offset most of the increase in net tuition revenue from the rate increase in FY26. Non-tuition student fees, such as those supporting self-sustaining enterprises and student-centered facilities, saw only modest increases overall; those operations have adapted to reduced revenues while serving a smaller student population. The rate of enrollment decline is expected to slow in FY26 to under 1%, and with stabilization in the level of first-time attendees.

The University is classified at the highest level of research—as a Research 1: Very High Research Spending and Doctorate Production (R1) university—by the Carnegie Classification of Institutions of Higher Education. Uncertainty in the Federal funding environment began midway through FY25, however, thanks in large part to a strong first quarter for awards, the University ended the 2025 fiscal year with \$249.7 million in new Federal awards, a 1% increase over FY24. Total awards received during the year were \$317 million, down about 4% over FY24. Not counting awards later reinstated, by the end of FY25, 26 federal awards were terminated due to shifting federal priorities, resulting in an estimated \$4.7 million reduction in funding over the current and future fiscal years. In addition, future changes to the federal government's method for calculating and awarding facilities and administrative costs (indirect cost recovery) may affect funding. The University continues to monitor developments in the dynamic federal policy environment and is actively forecasting scenarios in which total research funding or indirect cost recovery rates change, to inform planning for actions in response.

Washington State University continued its fundraising success with more than \$142 million in philanthropic activity during Fiscal Year 2025. WSU realized its fourth straight year of topping \$140 million in philanthropy. Among the highlights of philanthropic support was 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 2025-26 Academic year. During the 2025-2026 year, WSU will be an affiliate member of other conferences in specific sports, while retaining its Pac-12 membership. Beginning July 1, 2026, Washington State and Oregon State will be joined by seven new Pac-12 Conference members, solidifying the future of the Pac-12 Conference. Additionally, the Pac-12 has secured long-term media rights agreements through the 2030-2031 Academic year. Completing the membership and the establishment of long-term media rights agreements brings security and stability for WSU Athletics as a Pac-12 Conference member.

The University has addressed fiscal challenges from lower enrollment and state reductions by reducing unit operating budgets for the sixth consecutive year, by proactive expense management, and by refocusing efforts to grow enrollment. In March 2025, WSU announced a strategic pause—a set of cost-containment strategies for hiring, travel, and goods and services designed to address financial uncertainty stemming from anticipated reductions in state and federal funding. In creating the FY26 University Operating Budget, WSU used strategic, differential budget reductions to reallocate \$17.1 million to address state appropriation reductions,

Management's Discussion and Analysis

compensation increases for faculty and staff, and rising operational costs in utilities and insurance. The impact of these reductions varied by unit category, ranging from 2.9% for colleges—which account for 49% of the core funds baseline budget—to 8.3% for campus budgets that make up 20% of the total.

The state has made significant investments in college affordability and accessibility to Washington residents through the Washington College Grant program. 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 share expertise to positively impact the state and communities.

Assets and Deferred Outflows of Resources	2025	2024
Current assets		
Cash and cash equivalents (Note 2)	\$ 374,452,615	\$ 379,656,723
Prepaid expenses	5,193,249	4,985,606
Inventories (Note 5)	22,464,713	20,518,286
Accounts receivable, current portion (Note 6)	76,080,876	81,246,191
Investments, current portion (Note 3)	114,428,914	48,925,281
Subtotal current assets	592,620,367	535,332,087
Non-current assets		
Long-term accounts receivable (Note 6)	13,509,807	15,486,465
Long-term investments (Note 3)	228,228,498	258,508,069
Endowment investment (Note 3)	791,746,208	732,895,276
Loans receivable, net (Note 7)	8,903,422	9,766,879
Capital assets, net of accumulated depreciation (Note 8)	1,743,768,419	1,686,621,935
Pension Assets, net (Note 16)	38,563,939	50,857,248
Subtotal non-current assets	2,824,720,293	2,754,135,872
Total assets	3,417,340,660	3,289,467,959
Deferred outflows of resources (Note 15)	119,805,274	117,975,613
Total Assets and Deferred Outflows of Resources	\$ 3,537,145,934	\$ 3,407,443,572
Liabilities and Deferred Inflows of Resources		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 64,116,935	\$ 75,817,508
Due to Washington State University Foundation	5,216,564	5,301,888
Deposits	4,275,051	4,285,071
Unearned revenue, current portion (Note 10)	14,950,130	16,590,808
Long-term liabilities, current portion (Note 15)	31,129,825	37,916,209
Subtotal current liabilities	119,688,505	139,911,484
Non-current liabilities		
Accrued leave (Note 9)	49,106,871	55,416,118
Unearned revenue (Note 10)	962,649	1,532,253
Long-term liabilities (Note 15)	528,987,940	547,363,284
Asset retirement Obligation (Note 13)	21,781,475	21,191,408
Pension liability (Note 16)	42,137,248	55,869,971
Other post-employment benefits liability (Note 17)	204,094,705	211,713,135
Subtotal non-current liabilities	847,070,888	893,086,169
Total liabilities	966,759,393	1,032,997,653
Deferred inflows of resources (Note 10)	234,776,582	260,370,673
Total Liabilities and Deferred Inflows of Resources	\$ 1,201,535,975	\$ 1,293,368,326
Net Position		
Net Investment in Capital Assets	1,216,329,098	1,138,598,286
Restricted nonexpendable	724,857,000	670,693,642
Restricted loans	16,873,496	16,297,638
Restricted expendable	287,335,958	265,775,637
Restricted Pension Asset, Net	86,423,978	72,072,629
Unrestricted	3,790,429	(49,362,586)
Total net position	2,335,609,959	2,114,075,246
Total Liabilities and Deferred Inflows of Resources and Net Position	\$ 3,537,145,934	\$ 3,407,443,572

The footnote disclosures are an integral part of the financial statements

Assets	2025	2024
Cash	\$ 779,911	\$ 609,027
Due from Washington State University	5,216,564	5,301,888
Bequests and other receivables	1,090,309	1,509,677
Pledges receivable, net	37,225,587	47,708,657
Endowment investment securities	716,750,667	650,182,888
Notes receivable, net	259,791	268,253
Furniture, fixtures, and equipment (net of accumulated depreciation of \$1,446,648 and \$1,608,653, respectively)	37,415	60,916
Land and real estate	530,000	530,000
Right of use – lease	1,342,665	1,800,328
Gift annuities and charitable remainder trusts	22,705,585	23,869,902
Contributions receivable from charitable trusts	7,385,194	5,373,159
Beneficial interest in perpetual trusts	47,572,791	40,340,546
Total assets	\$ 840,896,479	\$ 777,555,241
Liabilities		
Accounts payable and accrued liabilities	\$ 1,970,962	\$ 2,577,264
Lease liability	1,406,451	1,863,870
Annuities payable	10,759,798	11,614,195
Remainder interest payable	25,467	177,881
Total liabilities	14,162,678	16,233,210
Net Assets		
Without donor restrictions	4,892,686	4,638,062
With donor restrictions	821,841,115	756,683,969
Total net assets	826,733,801	761,322,031
Total liabilities and net assets	\$ 840,896,479	\$ 777,555,241

**Prior year amounts have been reclassified to match current year presentation*

The footnote disclosures are an integral part of the financial statements

Revenues	2025	2024
Operating revenues		
Tuition and fee revenue, net	\$ 262,221,196	\$ 283,682,496
Federal grants and contracts	211,412,014	203,512,939
State grants and contracts	139,837,008	115,813,457
Local grants and contracts	45,508,429	46,606,109
Sales and services of educational departments	28,447,643	27,478,160
Auxiliary enterprises	167,197,843	180,841,459
Other operating revenues	55,543,148	39,227,099
Total operating revenues	910,167,281	897,161,719
Expenses		
Operating expenses		
Salaries and wages	653,732,222	633,316,773
Benefits	161,806,101	163,981,022
Scholarships and fellowships	95,457,129	84,011,090
Utilities	33,998,976	30,416,981
Payments to suppliers	172,597,304	174,497,583
Purchased services	132,023,272	130,468,867
Depreciation/amortization	115,459,257	104,201,006
Total operating expenses	1,365,074,261	1,320,893,322
Net operating loss	(454,906,980)	(423,731,603)
Non-operating revenues (expenses)		
State appropriations	343,919,738	328,001,500
Federal appropriations	10,265,231	9,883,925
Federal Pell Grants	47,239,740	34,950,650
Interest on capital assets—related debt	(17,485,542)	(23,445,635)
Federal bond interest subsidy	849,959	849,959
Gifts and contributions	54,095,686	49,845,199
Investment income, net of expense	134,785,948	123,416,175
Other nonoperating revenues (expenses)	5,902,936	6,152,941
Total non-operating revenues (expenses)	579,573,696	529,654,714
Income before capital additions and additions to permanent endowment	124,666,716	105,923,111
Capital additions (deductions)		
Capital appropriations	86,697,633	23,997,202
Capital grants and gifts	277,235	909,870
Additions to permanent endowments	9,893,129	9,535,531
Total capital additions	96,867,997	34,442,603
Increase (decrease) in net position	221,534,713	140,365,714
Net Position		
Net position, beginning of year	2,114,075,246	1,973,709,532
Increase (decrease) in net position	221,534,713	140,365,714
Net position, end of year	\$ 2,335,609,959	\$ 2,114,075,246

The footnote disclosures are an integral part of the financial statements

2025			
	Without donor restrictions	With donor restrictions	Total
Revenue and support:			
Contributions of cash and other financial assets	\$ 103,616	\$ 74,685,950	\$ 74,789,566
Contributions of nonfinancial assets	-	2,870,651	2,870,651
Investment return (loss), net of expenses	(10,571)	80,497,889	80,487,318
Advancement fee	2,948,979	-	2,948,979
Management and advancement fees	10,387,728	-	10,387,728
Change in value of split-interest agreements	-	(1,865,070)	(1,865,070)
Support provided by Washington State University	5,981,666	-	5,981,666
Other income	353,102	1,977,514	2,330,616
Total revenue and support	19,764,520	158,166,934	177,931,454
Net assets released from restrictions	93,009,788	(93,009,788)	-
Expenses:			
Support provided to/for Washington State University:			
Restricted distributions	57,192,758	-	57,192,758
Endowment income distributions	25,100,549	-	25,100,549
Endowment administration fees	9,315,904	-	9,315,904
Fundraising	10,408,527	-	10,408,527
General and administrative expenses	10,501,946	-	10,501,946
Total expenses	112,519,684	-	112,519,684
Change in net assets	254,624	65,157,146	65,411,770
Net assets – beginning of year	4,638,062	756,683,969	761,322,031
Net assets – end of year	\$ 4,892,686	\$ 821,841,115	\$ 826,733,801

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

The footnote disclosures are an integral part of the financial statements

Cash flows from operating activities	2025	2024
Tuition and fees	\$ 262,590,537	\$ 282,143,339
Grants and contracts	407,623,813	375,317,763
Payments to suppliers	(189,135,378)	(145,384,574)
Payments for utilities	(33,998,976)	(30,416,981)
Purchased services	(132,023,272)	(130,468,867)
Payments to employees	(652,978,801)	(636,218,164)
Payments for benefits	(211,485,240)	(206,466,517)
Payments for scholarships and fellowships	(95,457,129)	(84,011,090)
Loans issued to students	(44,240)	(1,968,966)
Collection of loans to students	907,697	3,418,087
Auxiliary enterprise receipts	165,878,010	178,809,845
Sales and service of educational departments	28,447,643	27,478,160
Other receipts	55,540,687	39,227,438
Net cash used by operating activities	(394,134,649)	(328,540,527)
Cash flows from noncapital financing activities		
State appropriations	343,919,738	328,001,500
Federal appropriations	10,265,231	9,883,925
Private gifts	54,095,686	49,845,199
Additions to permanent endowment	9,893,129	9,535,531
Change in deposits	(10,020)	161,316
Federal direct loan receipts	138,544,238	145,140,687
Federal direct loan disbursements	(138,544,238)	(145,087,407)
Federal Pell Grants	47,239,740	34,950,650
Other nonoperating income	4,520,871	3,680,575
Net cash provided by noncapital financing activities	469,924,375	436,111,976
Cash flows from capital and related financing activities		
Proceeds of capital debt	-	35,755,513
Capital appropriations	82,304,298	35,993,509
Capital grants and gifts received	277,235	909,870
Purchases of capital assets	(148,059,853)	(104,892,012)
Principal received on leases	2,716,370	3,278,923
Interest received on leases	445,847	464,491
Principal paid on capital debt and leases	(46,180,757)	(76,087,436)
Interest paid on capital debt and leases	(11,619,272)	(24,585,311)
Net cash used by capital and related financing activities	(120,116,132)	(129,162,453)
Cash flows from investing activities		
Proceeds from sales of investments	832,790,078	1,490,651,040
Purchases of investments	(926,865,072)	(1,650,834,077)
Investment income	133,197,292	123,158,021
Net cash provided by (used by) investing activities	39,122,298	(37,025,016)
Net increase/(decrease) in cash and cash equivalents	(5,204,108)	(58,616,020)
Cash - beginning of year	379,656,723	438,272,743
Cash - end of year	\$ 374,452,615	379,656,723

	2025	2024
Operating loss	\$ (454,906,980)	\$ (423,731,603)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization expense	115,459,257	104,201,006
Changes in assets and deferred outflows of resources		
Inventories	(1,946,427)	218,889
Prepaid expenses	(207,643)	(94,419)
Net accounts receivable	12,987,148	9,132,950
Pension asset	12,293,309	(8,226,308)
Pension and OPEB related deferred outflows of resources	(2,018,606)	45,334
Asset Retirement Obligation deferred outflows	879,974	629,064
Changes in liabilities and deferred inflows of resources		
Accounts payable and accrued liabilities	(34,356,661)	30,240,622
Unearned revenue	(2,210,282)	(1,869,003)
Accrued leave	13,679,077	(3,931,216)
Pension liabilities	(13,732,723)	(3,275,524)
OPEB liability	(7,618,430)	7,537,589
ARO liability	590,067	629,064
Pension and OPEB related deferred inflows of resources	(33,025,729)	(40,046,972)
Net cash used by operating activities	\$ (394,134,649)	\$ (328,540,527)
Significant noncash transactions		
New lease as lessor	\$ 866,138	\$ 577,119
New lease as lessee	943,539	10,318,541
New SBITAs	23,887,901	3,155,376

The footnote disclosures are an integral part of the financial statements

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FINANCIAL REPORT 2025 and 2024

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements

June 30, 2024

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 that 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 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 issuance costs are deferred and amortized over the term of the bonds using the effective 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.

Change in Accounting Principle

On July 1, 2024, the University adopted GASB Statement No. 101, "*Compensated Absences*". This Statement updates the recognition and measurement guidance for compensated absences. It 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. Due to the immateriality of the overall impact of adopting GASB 101 to the overall University financials, the University elected to run the adjustments resulting from the remeasurement through fiscal year 2025 and not restate prior years. Current and non-current prior year amounts have been reclassified to match current year presentation.

New Accounting Standards Impacting the Future

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 counsel by using Bloomberg's BVAL curve for similarly 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, 2025 and 2024 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 24 years. See note 8.

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 12 years. See note 8.

Notes to the Financial Statements

Deferred Outflows of Resources

Deferred outflow of resources are a consumption of net position 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)		
	2025	2024
Deferred Outflows Bond Refunding	\$ 5	\$ 4
Deferred Outflows State Pension	71	56
Deferred Outflows OPEB	23	25
Deferred Outflows Supplemental Retirement	15	26
Deferred Outflows Asset Retirement Obligation	6	7
Total Deferred Outflows	\$ 120	\$ 118

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)		
	2025	2024
Deferred Inflows State Pension	\$ 19	\$ 32
Deferred Inflows Bond Refunding	16	6
Deferred Inflows Supplemental Retirement	40	50
Deferred Inflows OPEB	145	155
Deferred Inflows Right-to-Use Leases	15	17
Total deferred inflows of resources	\$ 235	\$ 260

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

Compensated absence liability is recognized when the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used. University employees accrue annual leave at rates based on length of service, sick leave at the rate of one day per month, and personal holiday at one day per calendar year. 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. The current portion and non-current portion of compensated absence are reported within accounts payable and accrued liabilities, and non-current liabilities, respectively. There was not a significant effect on the University's financial statements as a result of the implementation of this standard. Changes in compensated absences during the fiscal years ended June 30, 2025 and 2024 are summarized below and are presented in millions:

Compensated Absences* (in millions)						
	2024	Additions/ Deletions	2025	Current portion	Long- term portion	
Annual leave	\$ 46	\$ (6)	\$ 40	\$ -	\$ 40	
Sick leave	10	(1)	9	-	9	
Comp and other leave	-	1	1	1	-	
Total Compensated Absences	\$ 56	\$ (6)	\$ 50	\$ 1	\$ 49	
	2023	Additions/ Deletions	2024	Current portion	Long- term portion	
Annual leave	\$ 45	\$ 1	\$ 46	\$ -	\$ 46	
Sick leave	9	1	10	-	10	
Comp and other leave	-	-	-	-	-	
Total Compensated Absences	\$ 54	\$ 2	\$ 56	\$ -	\$ 56	

* The roll-forward schedule only reports the net change in the compensated absences liability.

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 asset/liability, less the fiduciary net position, of the cost-sharing pension plans in which the University participates. The total pension asset/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 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 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.

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, and are recognized over five years. 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.

Lease and Subscription 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 counsel by using Bloomberg's BVAL curve for similarly 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 counsel by using Bloomberg's BVAL curve for similarly 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, 2025 and 2024 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 less accumulated depreciation/amortization, 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 year ending June 30, 2025 and 2024 were \$161,980,846 and \$146,855,537, 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, 2025 and 2024, the carrying amount of these University's cash funds, are represented in the table below.

	2025	2024
Cash	\$ 146,811,689	\$ 124,105,404
Cash Equivalents	227,618,321	255,528,714
Deposits with fiscal agents	22,605	22,605
Cash and cash equivalents	\$ 374,452,615	\$ 379,656,723

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, 2025 and 2024, the University had the following investments, maturities, credit ratings, and effective durations:

	2025					Effective	Credit
	Fair Value	Less than 1 year	1-5 years	6-10 years	More than 10 years	Duration	Rating
University investments:							
Cash equivalents							
Commercial paper	\$ 46,221,837	\$46,221,837	\$ -	\$ -	\$ -	0.12	A1/P1
Other: Bank Short-Term Investments	123,358	123,358	-	-	-	0.01	NR
Local Government Investment Pool	181,273,126	181,273,126	-	-	-	0.08	NR
Total cash equivalents	227,618,321						
Current, short-term investments							
U.S. Treasury	106,865,172	106,865,172	-	-	-	0.55	Aa1
Mortgage-backed securities	7,563,742	7,563,742	-	-	-	0.67	Aa1
Total current investments	114,428,914						
Non-Current, long-term investments							
U.S. Treasury	152,167,555	-	152,167,555	-	-	1.75	Aa1
Mortgage-backed securities	66,255,733	-	8,270,826	6,997,998	50,986,909	2.09	Aa1
Fixed income mutual fund	9,459,022	-	9,459,022	-	-	2.22	NR
Subtotal non-current operating funds investments	227,882,310						
Non-marketable equity/patronage	346,188	-	-	-	-	-	-
Total non-current, long-term investments	228,228,498						
Total University Investments	\$ 570,275,733						

Notes to the Financial Statements

	Fair Value	2024				Effective Duration	Credit Rating
		Less than 1 year	1-5 years	6-10 years	More than 10 years		
University investments:							
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 Investments	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	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						

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 and reviews the policy annually, and proposed changes 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 150: *Investment Pools (External)*, for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates 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, 2025 and 2024, \$379,074,039 and \$349,365,298, respectively, of the University's operating fund investments, held by Principal Custody Solutions in Principal's name as agency for the University, and \$544,753 and \$461,332, 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	2025	2024
Commercial Paper	\$ 46,221,837	\$ 30,378,691
U.S. Treasury	259,032,727	238,863,486
Agency discount notes	-	6,181,483
Mortgage-backed securities	73,819,475	73,941,638
Subtotal	379,074,039	349,365,298
Marketable global equities	544,753	461,332
Total investments exposed to custodial credit risk	\$ 379,618,792	\$ 349,826,630

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 year ended June 30, 2025 and 2024 was \$697,882 and \$664,483, respectively.

(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

Investments by fair value level	2025			
	Fair value	Level 1	Level 2	Level 3
U.S. Treasury	\$ 259,032,727	\$ 259,032,727	\$ -	\$ -
Mortgage-backed securities	73,819,475	-	73,819,475	-
Fixed income mutual fund	9,459,022	9,459,022	-	-
Commercial Paper	46,221,837	-	46,221,837	-
Total Fixed income investments	388,533,061	268,491,749	120,041,312	-
Equity				
Non-marketable equities	346,188	-	-	346,188
Total equity investments	346,188	-	-	346,188
Total fair value by level investments	388,879,249			
Cash equivalents at amortized cost	181,396,484			
Total investments	\$ 570,275,733			
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			

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
2025**

University permanent fund investments	Fair value	Effective duration	Credit rating
Cash and cash equivalents	\$ 1,464,315	-	-
Commingled monthly bond fund	402,530,307	6.8	Aa3
Commingled monthly equity fund	304,220,563	-	-
Cash at state treasurer	671,125	-	-
Pending transactions, receivables, and payables	(671,125)	-	-
Total permanent fund investments	\$ 708,215,185		

2024

University permanent fund investments	Fair value	Effective duration	Credit rating
Cash and cash equivalents	\$ 802,741	-	-
Commingled monthly bond fund	371,537,621	6.6	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		

(D) University Endowments

Total University endowed investments consist of University-held endowments valued at June 30, 2025 and 2024 of \$83,531,024 and \$78,643,527, respectively, (as detailed below in table 5), and permanent fund endowment of \$708,215,185 and \$654,251,748, respectively, (as detailed above in table 4). The total as of June 30, 2025 and 2024 was \$791,746,208 and \$732,895,276, respectively, as noted on the Statement of Net Position, the University had the following endowment investments, maturities, credit ratings, and effective durations:

Table 5: University endowments by classification

2025

University endowments	Fair value	Less than 1				Effective duration	Credit rating
		year	1-5 years	6-10 years	10+ years		
Fixed income mutual funds	\$ 5,739,535	\$ -	\$ -	\$ 5,739,535	\$ -	6.46	A1
Marketable global equities	7,390,727	-	-	-	-	-	-
Non-marketable equities	19,082,402	-	-	-	-	-	-
Equity funds	10,211,670	-	-	-	-	-	-
Fixed income funds	2,123,557	-	2,123,557	-	-	1.72	A
Hedge funds	13,836,203	-	-	-	-	-	-
Illiquid real assets	7,450,937	-	-	-	-	-	-
Private equity funds	13,600,056	-	-	-	-	-	-
Cash equivalents at amortized cost	4,095,937	-	-	-	-	-	-
Total endowment investments	\$ 83,531,024	-	\$ 2,123,557	\$ 5,739,535	-		

2024

University endowments	Fair value	Less than 1				Effective duration	Credit rating
		year	1-5 years	6-10 years	10+ years		
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	-	\$ 2,070,892	\$ 4,014,253	-		

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, 2025 and 2024, is described in the table below.

Table 6: University foreign currency risk

	2025		2024	
Japan-Yen	\$	2,920,830	\$	2,736,083
Euro		3,243,201		2,563,113
UK-Pound		1,733,650		1,497,554
China-Yuan		847,153		788,670
S. Korea-Won		791,844		784,071
Swiss Franc		773,666		721,261
All other (less than 5%)		4,899,211		4,061,062
Total foreign currency:	\$	15,209,555	\$	13,151,814

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, 2025 and 2024 was \$800,281,691 and \$728,826,415, respectively. See note 4(A) for information on the Foundations endowment investment securities. The fair values of the University's equity in the consolidated endowment pool at June 30, 2025 and 2024 was \$83,531,024 and \$78,643,527, respectively. See table below:

Table 7: Consolidated endowment pool

	2025		2024		
University endowments	\$	83,531,024	10%	\$ 78,643,527	11%
Foundation endowments		716,750,667	90%	650,182,888	89%
Total pooled endowment	\$	800,281,691	100%	\$ 728,826,415	100%

Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments.

At June 30, 2025 and 2024 net appreciation of the University's portion of the consolidated endowment pool of \$14,406,196 and \$12,542,938, respectively 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.

Table 8: University endowment investments by fair value hierarchy

2025				
Investments by fair value level		Level 1	Level 2	Level 3
Fixed income				
Fixed income mutual funds	\$ 5,739,535	\$ 5,739,535	\$ -	\$ -
Total fixed income investments	5,739,535	5,739,535	-	-
Equity				
Marketable global equities	7,390,727	7,390,727	-	-
Non-marketable equities	19,082,402	-	19,082,402	-
Total equity investments	26,473,129	7,390,727	19,082,402	-
Total fair value by level investments	32,212,664			
Investments by net asset value (NAV)				
Equity funds	10,211,670	-	-	-
Fixed income funds	2,123,557	-	-	-
Hedge funds	13,836,203	-	-	-
Illiquid real assets	7,450,937	-	-	-
Private equity funds	13,600,056	-	-	-
Total NAV investments	47,222,423	-	-	-
Total investments at fair value	79,435,087	-	-	-
Cash equivalents at amortized cost	4,095,937	-	-	-
Total investments	\$ 83,531,024	-	-	-
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	-	-
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	48,263,061	-	-	-
Total investments at fair value	76,060,103	-	-	-
Cash equivalents at amortized cost	2,583,424	-	-	-
Total investments	\$ 78,643,527	-	-	-

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, 2025 and 2024 is presented below:

**Table 9: University endowment investments measured using NAV
2025**

	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Equity funds	\$ 10,211,670	-	Daily to semimonthly	5-30 days
Fixed income funds	2,123,557	-	Daily	5 days
Hedge funds	13,836,203	-	In liquidation to annually	In liquidation to 90 days
Illiquid real assets and private equity funds	21,050,993	6,440,849	2025-2034	End of agreement
Total NAV investments	\$ 47,222,423	\$ 6,440,849		

2024

	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Equity funds	\$ 8,915,357	-	Daily to semimonthly	5-30 days
Fixed income funds	2,070,892	-	Daily	5 days
Hedge funds	14,236,524	-	In liquidation to annually	In liquidation to 90 days
Illiquid real assets and private equity funds	23,040,289	8,001,847	2024-2034	End of agreement
Total NAV investments	\$ 48,263,062	\$ 8,001,847		

- 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.

Washington State University Foundation

4. Washington State University Foundation Endowments

The following notes are an excerpt of the Foundation's 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 2,971 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 89.56% and 89.20% of that total at June 30, 2025 and 2024, 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 consolidated 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

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 \$0 and \$129,063 at June 30, 2025 and 2024, 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, 2025 and 2024.

		2025			
		Without donor restrictions	With donor restrictions		
			Original gift	Accumulated gains/(losses)	Total
Donor-restricted funds:					
Underwater funds	\$	-	\$ -	\$ -	\$ -
Other funds		-	545,131,239	171,619,428	716,750,667
Total endowment funds	\$	-	\$ 545,131,239	\$ 171,619,428	\$ 716,750,667

		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

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.

Notes to the Financial Statements

Endowment Net Asset Composition, by Type of Fund

2025			
	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount	\$ -	\$ 545,131,239	\$ 545,131,239
Accumulated investment gains	-	171,619,428	171,619,428
Total	\$ -	\$ 716,750,667	\$ 716,750,667

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

Changes in Endowment Net Assets

2025			
	Without donor restrictions	With donor restrictions	Total
Net asset balance – beginning of year	\$ -	\$ 650,182,888	\$ 650,182,888
Investment return	-	73,953,240	73,953,240
Contributions	-	27,030,992	27,030,992
Distribution of endowment assets	-	(34,416,453)	(34,416,453)
Total	\$ -	\$ 716,750,667	\$ 716,750,667

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	-	(32,442,364)	(32,442,364)
Total	\$ -	\$ 650,182,888	\$ 650,182,888

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:

	2025	2024
Jointly managed endowment funds:		
Cash and short-term investments	\$ 31,445,479	\$ 25,114,592
Accrued interest and dividends	9,007,608	232,587
Managed investments	759,828,604	703,479,236
Endowment investments at fair value	800,281,691	728,826,415
Less University endowment funds	(83,531,024)	(78,643,527)
Managed endowment funds recorded by the Foundation	\$ 716,750,667	\$ 650,182,888

Gift Annuities and Charitable Remainder Trusts

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

	2025		2024	
Charitable remainder unitrusts	\$	12,937,416	\$	13,651,567
Charitable remainder annuity trusts		-		1,133,391
Gift annuities		9,768,169		9,084,944
Total	\$	22,705,585	\$	23,869,902

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 \$2,944,981 and \$2,926,644 at June 30, 2025 and 2024, respectively, and the charitable gift payable at June 30, 2025 and 2024 was \$4,128,558 and \$4,163,355, respectively, included in annuities payable on the consolidated statements of financial position.

5. Inventories

Inventories as of June 30, 2025 and 2024 were as follows:

Location	Method	2025		2024	
Athletics	FIFO	\$	2,085,901	\$	2,025,058
Bulletin office	FIFO		88,259		348,294
Facilities Services	FIFO		1,408,422		1,381,886
Ferdinand's	FIFO		9,539,845		8,298,795
Housing and Dining	LIFO		557,481		661,703
Telecommunications	FIFO		498,927		425,300
University Publishing	FIFO		578,204		528,339
Veterinary hospital and pharmacy	FIFO		2,308,690		1,509,966
Veterinary microbiology/pathology	FIFO		2,042,862		2,042,050
WAADL	FIFO		987,457		867,732
Other inventory	Various		2,368,665		2,429,163
Inventories		\$	22,464,713	\$	20,518,286

6. Accounts Receivable

At June 30, 2025 and 2024, accounts receivable were as follows:

Current accounts receivable	2025		2024	
Student tuition and fees	\$	38,687,302	\$	35,650,030
Due from the federal government		27,026,838		33,440,000
Due from the Office of the State Treasurer		7,444,173		3,050,838
Due from other state agencies		15,689,967		18,820,152
Interest and dividends receivable		2,732,620		294,005
Auxiliary enterprises		13,202,565		12,945,439
Due from other governments		7,134,304		8,836,490
Lease Receivables (current portion)		2,388,941		2,262,515
Other		5,516		3,056
Subtotal		114,312,226		115,302,525
Less allowance for doubtful accounts		(38,231,350)		(34,056,334)
Current accounts receivable, net	\$	76,080,876	\$	81,246,191

Non-current accounts receivable	2025		2024	
Lease Receivables (non-current portion)		13,509,807		15,486,465
Non-current accounts receivable	\$	13,509,807	\$	15,486,465

7. Loans Receivable

Loans receivable consisted of the following at June 30, 2025 and 2024:

	2025		2024	
Federal programs	\$	8,624,181	\$	9,752,786
Institutional loans		343,708		314,221
Subtotal		8,967,889		10,067,007
Less allowance for doubtful accounts		(64,467)		(300,128)
Loans receivable, net	\$	8,903,422	\$	9,766,879

8. Capital Assets

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

	2025			
	Beginning Balance June 30, 2024	Additions/ Transfers	Retirements	Ending Balance June 30, 2025
Capital assets, non-depreciable				
Land	\$ 32,637,705	\$ 1,777,235	\$ (1,500,000)	\$ 32,914,940
Construction in progress	70,116,937	31,106,539	(877,591)	100,345,885
Total capital assets, non-depreciable	102,754,642	32,883,774	(2,377,591)	133,260,825
Capital assets, depreciable				
Buildings	2,653,261,517	65,043,848	-	2,718,305,365
Other improvements and infrastructure	380,944,527	23,763,796	(93,167)	404,615,156
Machinery and equipment	391,366,111	23,434,369	(10,878,993)	403,921,487
Library resources	205,767,561	5,593,729	(107,620)	211,253,670
Total capital assets, depreciable	3,631,339,716	117,835,742	(11,079,780)	3,738,095,678
Less accumulated depreciation				
Buildings	1,358,280,228	70,114,974	-	1,428,395,202
Other improvements and infrastructure	244,377,360	9,558,227	-	253,935,587
Machinery and equipment	349,722,389	15,839,082	(10,496,838)	355,064,633
Library resources	147,066,668	6,111,371	(107,620)	153,070,419
Total accumulated depreciation	2,099,446,645	101,623,654	(10,604,458)	2,190,465,841
Total capital assets, depreciable, net	1,531,893,071	16,212,088	(475,322)	1,547,629,837
Capital assets, net	\$ 1,634,647,713	\$ 49,095,862	\$ (2,852,913)	\$ 1,680,890,662
Right-to-use lease assets, amortized				
Land	\$ 696,226	\$ 275,731	\$ -	\$ 971,957
Buildings	32,462,413	667,808	(7,129,339)	26,000,882
Equipment	271,567	-	-	271,567
Total right-to-use lease assets, amortized	33,430,206	943,539	(7,129,339)	27,244,406
Less accumulated amortization				
Land	251,989	86,272	-	338,261
Buildings	7,364,217	7,937,673	(7,129,339)	8,172,551
Equipment	145,916	48,639	-	194,555
Total accumulated amortization	7,762,122	8,072,584	(7,129,339)	8,705,367
Total right-to-use lease assets, net	\$ 25,668,084	\$ (7,129,045)	\$ -	\$ 18,539,039
Right-to-use subscription assets, amortized				
Software agreements	\$ 38,477,289	\$ 23,887,902	\$ (1,140,674)	\$ 61,224,518
Less accumulated amortization				
Software agreements	12,171,151	5,763,019	(1,048,371)	16,885,800
Total right-to-use subscription assets, net	26,306,138	18,124,883	(92,303)	44,338,718
Total capital assets, net	\$ 1,686,621,935	\$ 60,091,700	\$ (2,945,216)	\$ 1,743,768,419

June 30, 2025 depreciation and amortization expense was \$115,459,257.

Notes to the Financial Statements

2024				
	Beginning Balance June 30, 2023	Additions/ Transfers	Retirements	Ending Balance June 30, 2024
Capital assets, non-depreciable				
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	\$ 3,374,475	\$ (2,634,927)	\$ 38,477,289
Less accumulated amortization				
Software agreements	7,758,152	7,047,926	(2,634,926)	12,171,151
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.

9: Accounts Payable and Accrued Liabilities

At June 30, accounts payable and accrued liabilities were as follows:

Current Accrued Liabilities	2025	2024
Accounts payable	\$ 39,459,568	\$ 52,653,952
Payroll	23,736,419	22,982,997
Accrued compensatory leave, current portion	920,948	180,559
Subtotal	64,116,935	75,817,508
Non-current accrued liabilities		
Accrued annual leave	39,901,821	45,541,786
Accrued sick leave	9,205,050	9,743,529
Accrued compensatory leave	-	130,803
Subtotal	49,106,871	55,416,118
Total accrued liabilities	\$ 113,223,806	\$ 131,233,626

Accrued leave current and non-current portions in 2024 reclassified for comparability to 2025.

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:

	2025		2024	
Current unearned revenue				
Athletics	\$	2,016,590	\$	2,650,321
New Cougar Orientation Program		124,717		130,460
Prepaid Tri-Cities BSEL building rent		500,000		500,000
Bookie signing bonus		-		-
Housing and Dining Services		906,745		833,250
Summer Session		8,794,171		9,562,575
Federal fixed price awards		546,295		2,421,746
Non federal fixed price awards		1,565,884		
Parking		495,728		492,456
Subtotal		14,950,130		16,590,808
Non-current unearned revenue				
Prepaid Tri-Cities BSEL building rent		940,278		1,440,278
Federal fixed price awards		22,371		91,975
Subtotal		962,649		1,532,253
Total unearned revenue	\$	15,912,779	\$	18,123,061

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:

	2025		2024	
General obligation bond refundings				
R2011A(2002A)	\$	-	\$	26,333
R2011B(2002A)		2,500		5,000
R2017C(R2007A(2001A))		70,939		194,828
R2020A(R2010B(2001C))		15,237		74,404
R2020C(R2011B(2002A))		24,066		42,638
R2021B(R-2011A(2002A))		-		15,753
Subtotal General Obligation Bonds		112,742		358,956
General revenue bond refunding				
GRB 2020A		1,505,614		1,615,766
GRB 2022		1,108,792		1,205,059
GRB 2023A		1,520,529		1,633,012
GRB 2023B		-		630,011
GRB 2024		969,274		1,038,684
GRB 2025		10,850,914		-
Subtotal general revenue bonds		15,955,123		6,122,532
Certificate of participation refunding				
0381-1		8,176		16,351
Subtotal certificate of participation		8,176		16,351
Pension				
Pension net difference between projected and actual experience		24,292,615		28,487,986
Pension changes in proportion		3,215,220		3,942,883
Pension net difference between projected and actual investment		13,383,371		23,182,790
Pension changes in assumption		18,185,400		26,730,671
Subtotal Pension		59,076,606		82,344,330
OPEB				
Differences between expected and actual experience		5,145,199		6,287,074
OPEB changes in assumption		112,778,380		126,846,370
OPEB changes in agency proportion		27,252,748		21,800,888
Subtotal OPEB		145,176,327		154,934,332
Right-to-Use leases				
		14,447,608		16,594,172
Total deferred inflows of resources	\$	234,776,582	\$	260,370,673

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, 2025	\$ 822,191	\$ 5,888,149
June 30, 2024	493,253	5,598,725
June 30, 2023	461,750	5,068,076
June 30, 2022	470,415	3,938,772

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 2025 and 2024 ended June 30, the total value of all right-to-use assets resulting from lessee agreements was \$18,539,039, net of \$8,705,367 of accumulated amortization and \$25,668,084, net of \$7,762,122 accumulated amortization, respectively. The total remaining liabilities resulting from lessee agreements was \$19,887,017 in 2025 and \$24,825,402 in 2024.

The expected payments are discounted using the University's incremental borrowing rate as determined by the University's bond counsel by using Bloomberg's BVAL curve for similarly 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 no new lease agreements as a lessee, and remeasured three agreements due to material change in the contract. These agreements are described below:

An existing agreement between the University and LN Blackriver LLC was remeasured due to an amendment extending the end date to May 31, 2033, where the lease was previously expected to terminate April 30, 2025. Current monthly rent of \$6,387 is based on an annual rate of \$16.00 per square foot and will increase to \$16.50 per square foot on May 1, 2026 – each subsequent 12-month period of the lease will also carry a \$0.50 per square foot annual increase. The remeasurement resulted in an increase of right-to-use asset and corresponding liability balances of \$600,917.

An existing agreement between the University and Kamiak Butte Farm LLC was remeasured due to an amendment extending the end date to December 31, 2030, where the lease was previously expected to terminate December 31, 2024. The current monthly rent of \$3,629 will increase by 3% on January 1, 2026, and on each subsequent January 1 during the extension term. The remeasurement resulted in an increase of right-to-use asset and corresponding liability balances of \$275,731.

In the year ended June 30, 2024, the University entered into four new lease agreements as 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%.

Notes to the Financial Statements

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, 2025 and 2024, is as follows:

2025						
Category	Balance		Additions	Reductions	Balance	
	July 1, 2024				June 30, 2025	
Buildings	\$ 24,228,703	\$ 667,808	\$ 5,755,168	\$ 19,141,343		
Land	469,358	275,731	77,833	667,256		
Equipment	127,341	-	48,923	78,418		
Total Lessee	\$ 24,825,402	\$ 943,539	\$ 5,881,924	\$ 19,887,017		

2024						
Category	Balance		Additions	Reductions	Balance	
	July 1, 2023				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		

As of June 30, 2025 the total future annual lease payments are as follows:

Year	Principal	Interest	Total
2026	\$ 2,100,180	\$ 565,844	\$ 2,666,024
2027	1,910,274	521,074	2,431,348
2028	1,817,868	477,556	2,295,424
2029	1,764,036	435,060	2,199,096
2030	1,708,805	393,260	2,102,065
2031 - 2035	5,370,913	1,403,288	6,774,201
2036 - 2040	3,891,826	632,176	4,524,002
2041 - 2045	763,139	208,681	971,820
2046 - 2049	559,976	39,313	599,289
Total	\$ 19,887,017	\$ 4,676,252	\$ 24,563,269

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 2025 and 2024 ended June 30, the total value of receivables associated with lessor agreements was \$11,123,064 and \$13,105,350, respectively. The value of deferred inflows of resources associated with lessor agreements was \$10,277,821 in 2025 and \$12,364,843 in 2024. The University recorded receipts of \$2,505,412 in 2025 and \$2,720,476 in 2024.

The expected payments are discounted using the University's incremental borrowing rate as determined by the University's bond counsel by using Bloomberg's BVAL curve for similarly rated AA- and A+ bonds. The University's financials are rated by Moody's Investors Service. The discount rates range from 0.38% to 4.34% depending on the term of the lease.

The University entered into one new lessor agreement and remeasured two lessor agreements. These agreements are described below:

An agreement between the University and the Washington State Employment Security Department commenced on November 1, 2024. This lease allows the use of office space in Pullman, WA in exchange for monthly fixed rent of \$3,632. The lease term will conclude on October 31, 2034, including all extension options considered likely to be exercised. An initial right-to-use asset and corresponding liability were recorded at \$380,334. The interest rate of the lease is 2.82%.

An agreement between the University and Community Colleges of Spokane regarding the Cleveland Hall premises was remeasured due to an amendment extending the end date to June 30, 2028. The agreement provides Community Colleges of Spokane with office space on the University's Pullman campus in exchange for monthly fixed payments of \$1,664 excepting the months of July and August. As a result of the remeasurement, the lease receivable and corresponding deferred inflow of resources increased by \$66,058. The interest rate of the lease is 0.38%.

An agreement between the University and Community Colleges of Spokane regarding the Math Annex premises was remeasured due to an amendment extending the end date to June 30, 2028. The agreement was set to terminate on June 30, 2024. The agreement provides Community Colleges of Spokane with office space on the University's Pullman campus in exchange for monthly fixed payments of \$6,038. As a result of the remeasurement, the lease receivable and corresponding deferred inflow of resources increased by \$287,693. The interest rate of the lease is 0.38%.

In the year ended June 30, 2024, 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 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, 2025 and 2024 is as follows:

	Balance				Balance
July 1, 2024	July 1, 2024	Additions	Reductions	June 30, 2025	
Buildings	\$ 10,722,488	\$ 734,085	\$ 2,553,339	\$ 8,903,234	
Land	2,382,862	-	163,032	2,219,830	
Total Lessor	\$ 13,105,350	\$ 734,085	\$ 2,716,371	\$ 11,123,064	

	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

As of June 30, 2025 future minimum lease payments to be received under lessor agreements are as follows:

Year	Principal	Interest	Total
2026	\$ 2,524,483	\$ 225,354	\$ 2,749,837
2027	1,299,812	188,860	1,488,672
2028	1,231,995	164,296	1,396,291
2029	1,193,055	139,102	1,332,157
2030	1,271,448	112,646	1,384,094
2031-2035	3,238,020	220,034	3,458,054
2036-2040	364,251	22,070	386,321
Total	\$ 11,123,064	\$ 1,072,362	\$ 12,195,426

Subscription Based Information Technology Arrangements (SBITA)

The University licenses software from external parties for various terms under long-term subscription agreements. The subscriptions expire at various dates through 2037. 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 similarly rated AA- and A+ bonds. The University's financials are rated by Moody's Investors Service. The discount rates range from 2.16% to 2.94% depending on the term of the subscription.

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

On July 15, 2024, the University entered into a 60-month subscription for the use of Zoom. An initial subscription liability and right-to-use asset was recorded in the amount of \$1,101,760. As of June 30, 2025, the value of the subscription liability is \$868,897 and the short-term subscription liability is \$208,186. The University is required to make annual fixed payments of \$232,863. The subscription has an interest rate of 2.84%.

On July 9, 2024, the University entered into a 60-month subscription for the use of Zoom Phone. An initial subscription liability and right-to-use asset was recorded in the amount of \$375,095. As of June 30, 2025, the value of the subscription liability is \$284,982 and the value of the short-term subscription liability is \$92,347. The University is required to make annual fixed payments of \$100,440. The subscription has an interest rate of 2.84%.

On March 19, 2025, the University entered into a 39-month subscription for the use of Elsmere Education EPaSS. An initial subscription liability and right-to-use asset was recorded in the amount of \$890,659. As of June 30, 2025, the value of the subscription liability is \$775,659, and the value of the short-term subscription liability is \$253,912. The University is required to make annual fixed payments of \$260,000. The subscription has an interest rate of 2.77%.

On July 1, 2024, the University entered into a 60-month subscription for the use of Zap Solutions AMP. An initial subscription liability and right-to-use asset was recorded in the amount of \$276,051. As of June 30, 2025, the value of the subscription liability is \$224,001, and the value of the short-term subscription liability is \$56,815. The University is required to make annual fixed payments of \$52,050. The subscription has an interest rate of 2.82%.

On October 25, 2024, the University entered into a 60-month subscription for the use of Accruent. An initial subscription liability was recorded in the amount of \$562,748. As of June 30, 2025, the value of the subscription liability is \$450,548, and the value of the short-term subscription liability is \$102,770. The University is required to make annual fixed payments of \$112,200. The subscription has an interest rate of 2.84%.

On February 14, 2025, the University entered into a 52-month subscription for the use of Teamworks. An initial subscription liability and right-to-use asset was recorded in the amount of \$499,573. As of June 30, 2025, the value of the subscription liability is \$415,762, and the value of the short-term subscription liability is \$123,484. The University is required to make annual subscription payments ranging from \$88,000 to \$157,000. The subscription has an interest rate of 2.77%.

On October 28, 2024, the University entered into a 60-month subscription for the use of StarRez Housing Management Solution. An initial subscription liability was recorded in the amount of \$756,315. As of June 30, 2025, the value of the subscription liability is \$613,525, and the value of the short-term subscription liability is \$136,151. The annual subscription payment for the year ended June 30, 2025 totaled \$142,790 and will increase by 8% the following year, with subsequent annual payments increasing by 5% each year. The subscription has an interest rate of 2.84%.

On July 26, 2024, the University entered into a 36-month subscription for the use of Adobe software. An initial subscription liability was recorded in the amount of \$845,186. As of June 30, 2025, the value of the subscription liability is \$555,256, and the value of the short-term subscription liability is \$273,606. The University is required to make annual fixed payments of \$289,930. The subscription has an interest rate of 2.94%.

An existing agreement between the University and Touchnet Information Systems, Inc. was remeasured due to an extension of the term to July 31, 2029. The agreement was previously expected to terminate on July 30, 2026. The University is required to make annual payments of \$251,698 which will increase by 4% each year. As a result of the remeasurement, the SBITA liability and corresponding asset balances were increased by \$736,075. The interest rate of the agreement is 2.54%.

An existing agreement between the University and SkillSoft Corporation was remeasured due to an extension of the term to June 30, 2027. The agreement was previously expected to terminate on April 29, 2025. The University is required to make annual payments of \$138,872. As a result of the remeasurement, the SBITA liability and corresponding asset balances were increased by \$296,517. The interest rate of the agreement is 2.33%.

An existing agreement between the University and Workday, Inc. was remeasured due to an extension of the term to June 30, 2034. The agreement was previously expected to terminate on July 30, 2024. The University is required to make annual payments of \$138,872, increasing at a yearly rate of 3%. As a result of the remeasurement, the SBITA liability and corresponding asset balances were increased by \$17,547,921. The interest rate of the agreement is 2.16%.

In the year ended June 30, 2024 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 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 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 was \$338,115, and the value of the short-term subscription liability was \$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 was \$410,190 with accumulated amortization of \$82,038.

On January 1, 2024, Washington State University entered 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 was \$706,336, and the value of the short-term subscription liability was \$62,791. Washington State University 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 was \$742,811 with accumulated amortization of \$35,372.

Notes to the Financial Statements

A summary of the changes in subscription IT liabilities during the years ended June 30, 2025 and 2024 are as follows:

Balance			Balance		Due Within One Year
July 1, 2024	Additions	Reductions	June 30, 2025	June 30, 2024	
\$ 12,979,271	\$ 23,887,901	\$ 4,486,495	\$ 32,380,677	\$ 32,380,677	\$ 3,823,965

Balance			Balance		Due Within One Year
July 1, 2023	Additions	Reductions	June 30, 2024	June 30, 2023	
\$ 13,501,231	\$ 3,155,376	\$ 3,677,336	\$ 12,979,271	\$ 12,979,271	\$ 3,136,900

As of June 30, 2025 the total future annual subscription payments are as follows:

Year	Principal	Interest	Total
2026	\$ 3,823,965	\$ 720,037	\$ 4,544,002
2027	3,803,483	632,799	4,436,282
2028	3,104,618	551,700	3,656,318
2029	2,621,434	475,581	3,097,015
2030	1,894,312	413,582	2,307,894
2031 - 2035	11,597,776	1,385,302	12,983,078
2036 - 2037	5,535,089	180,878	5,715,967
Total	\$ 32,380,677	\$ 4,359,879	\$ 36,740,556

Public-Private Partnerships 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 recorded 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 counsel by using Bloomberg's BVAL curve for similarly 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, 2025 and 2024 is as follows:

Balance			Balance	
July 1, 2024	Additions	Reductions	June 30, 2025	June 30, 2024
\$ 4,643,630	\$ 132,052	\$ -	\$ 4,775,682	\$ 4,643,630

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

As of June 30, 2025 the total future minimum payments to be received under these agreements are as follows:

Year	Principal	Interest	Total
2026	\$ (135,543)	\$ 185,868	\$ 50,325
2027	(139,111)	190,947	51,836
2028	(142,759)	196,150	53,391
2029	(146,487)	201,479	54,992
2030	(150,297)	206,939	56,642
2031 - 2035	(811,519)	1,121,262	309,743
2036 - 2040	(753,760)	1,276,633	522,873
2041 - 2045	(379,974)	1,381,912	1,001,938
2046 - 2050	(323,071)	1,449,877	1,126,806
2051 - 2055	(235,064)	1,503,154	1,268,090
2056 - 2060	(106,310)	1,534,369	1,428,059
2061 - 2065	75,441	1,533,865	1,609,306
2066 - 2070	325,714	1,489,087	1,814,801
2071 - 2075	664,149	1,383,793	2,047,942
2076 - 2080	1,115,550	1,197,077	2,312,627
2081 - 2085	917,625	946,120	1,863,745
2086 - 2090	539,531	841,447	1,380,978
2091 - 2095	788,611	730,465	1,519,076
2096 - 2100	1,099,221	571,763	1,670,984
2101 - 2105	1,484,388	353,694	1,838,082
2106 - 2109	1,089,347	77,129	1,166,476
Total	\$ 4,775,682	\$ 18,373,030	\$ 23,148,712

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, 2025 and 2024, the University recorded an asset retirement obligation of \$21,781,475 and \$21,191,408, 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 the Washington State Department of Health 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 Corp. 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 2025 and 2024, the inflation rate is 2.8% and 3.1%, bringing the estimate for decommissioning to \$21,037,003 and \$20,458,383, respectively. The remaining useful life for the nuclear radiation center is 5 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 FY24 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 2025 and 2024, the inflation rate is 2.8% and 3.1%. The total estimated cost of equipment removal based on the engineer's prior experience is \$738,172. The remaining life of these contracts range from 1 to 8 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			Balance	
	June 30, 2024		Additions	Reductions	June 30, 2025
Nuclear radiation center	\$ 20,458,383	\$	578,620	-	\$ 21,037,003
Magnetic Resonance Imaging Machine (MRI)	6,300		-	-	6,300
Cell tower contracts	726,725		11,447	-	738,172
Total	\$ 21,191,408	\$	590,067	-	\$ 21,781,475

	Balance			Balance	
	June 30, 2023		Additions	Reductions	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

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, 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. 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, 2025, Housing and Dining Systems complied with the debt service covenant of the 2010B bond series.

Bond Refunding Activity

One refunding was completed in FY25. 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.

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's System Facility and 2013B Housing & Dining Systems 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.

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 line of credit. As of June 30, 2025 and 2024, the University was indebted for bonds and notes payable for the purposes shown in the following table:

Notes to the Financial Statements

2025						
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	\$ 1,530,000	
Compton Union Building	2006B	5% - 6%	2028	6,395,000	2,980,000	1
Trust and Building Fee Revenue Bonds	2019	5%	2035	48,245,000	3,865,000	2
General revenue bonds	2013A	3% - 5%	2039	11,165,000	-	
	2016	3%-5%	2042	62,415,000	4,600,000	
	2018	3%-5%	2041	30,455,000	310,000	
	2020A	0.505%-5.0%	2039	85,105,000	5,525,000	
	2021	2.271%-2.999%	2041	37,815,000	-	
	2022	4% - 5%	2037	13,695,000	865,000	
	2023A	5%	2039	17,755,000	1,485,000	
	2024	5%	2039	11,880,000	605,000	
	2025	5%	2040	106,240,000	-	
State of Washington General Obligation Bonds	2001A	5% - 5.6%	2026	1,140,000	1,140,000	
	2001C	5% - 5.3%	2026	595,000	595,000	
	2002A	4% - 6%	2027	725,000	350,000	
				468,930,000	\$ 23,850,000	
Less: unamortized issuance costs				(16,662)		
Plus: unamortized premiums				37,401,565		
Net bonds payable				\$ 506,314,903		

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	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	
	2023A&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 issuance costs				(23,327)		
Plus: unamortized premiums				40,918,285		
Net bonds payable				\$ 544,409,958		

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, 2025.

Ref	Total future pledged revenues	Current year revenues, net of expenses	Current year principal and interest
1 Compton Union Building (2006B)	\$ 6,806,064	\$ 5,339,317	\$ 3,277,220
2 Trust & Building Fee (2019 Green Bonds)	61,264,625	39,901,163	6,189,375

Notes to the Financial Statements

The following is a schedule of pledged revenues and related debt, as of June 30, 2024.

Ref		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

Annual Debt Service Requirements

Fiscal year	Revenue bond and note obligations			State of Washington General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2026*	\$ 21,765,000	\$ 20,371,697	\$ 42,136,697	\$ 2,085,000	\$ 85,750	\$ 2,170,750
2027	26,540,000	19,372,924	45,912,924	375,000	9,375	384,375
2028	28,965,000	18,253,862	47,218,862	-	-	-
2029	30,200,000	16,946,527	47,146,527	-	-	-
2030	31,530,000	15,560,645	47,090,645	-	-	-
2031-2035	166,930,000	51,825,577	218,755,577	-	-	-
2036-2040	145,020,000	23,959,988	168,979,988	-	-	-
2041	15,520,000	434,508	15,954,508	-	-	-
Subtotal	466,470,000	166,725,728	633,195,728	2,460,000	95,125	2,555,125
Less: unamortized costs	(16,662)		(16,662)			
Plus: unamortized premiums	37,401,565		37,401,565			
Total	\$ 503,854,903	\$ 166,725,728	\$ 670,580,631	\$ 2,460,000	\$ 95,125	\$ 2,555,125

* FY2026 Interest includes \$38,454 Escrow Balance Funds, and \$753,375 WA Bldg Set Aside Funds.

Fiscal year	Certificates of Participation		
	Principal	Interest	Total
2026	\$ 1,355,679	\$ 63,865	\$ 1,419,544
2027	101,664	2,033	103,697
Subtotal	1,457,343	65,898	1,523,241
Plus: unamortized premiums	265,041		265,041
Total	\$ 1,722,384	\$ 65,898	\$ 1,788,282

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 year ending June 30, 2025 and 2024.

2025

Deferred outflows of resources Issued Revenue Bonds	Total Amount Issued	Balances outstanding 6/30/2024	Additions	Reductions	Balance outstanding 6/30/2025	Current portion	Long-term portion
Student Recreation Series 2009	\$ -	\$ 582,760	\$ -	\$ (73,728)	\$ 509,032	\$ -	\$ -
Student fee 2006A refunding (CUB)	-	1,275,816	-	(86,816)	1,189,000	-	-
General revenue bonds series 2015 refunding (CUB)	-	-	1,157,002	(39,397)	1,117,605	-	-
General revenue bonds Athletics 2007 refunding	-	461,207	-	(58,351)	402,856	-	-
General revenue bonds series 2013 refunding	-	46,144	-	(46,144)	-	-	-
Housing and Dining Services (HDS) series 2005	-	59,739	-	(10,488)	49,251	-	-
General Revenue bond 2016 HDS 2008 refunding	-	1,132,522	-	(75,987)	1,056,535	-	-
Trust & Building 2019B Refunding FY20	-	751,012	-	(74,793)	676,219	-	-
Total revenue bonds	\$ -	\$ 4,309,200	\$ 1,157,002	\$ (465,704)	\$ 5,000,498	\$ -	\$ -

Schedule of long-term liabilities

Revenue and refunding bonds, net	\$632,614,400	\$539,229,959	\$116,712,528	\$(152,087,582)	\$503,854,905	\$23,850,000	\$480,004,905
Note Payable	3,544,000	735,000	-	(735,000)	-	-	-
State of Washington general obligation bonds, net	-	4,445,000	-	(1,985,000)	2,460,000	2,085,000	375,000
Capital leases	-	3,064,861	-	(1,529,695)	1,535,166	1,431,131	104,035
Total	\$636,158,400	\$547,474,820	\$116,712,528	\$(156,337,277)	\$507,850,071	\$27,366,131	\$480,483,940

2024

Deferred outflows of resources Issued Revenue Bonds	Total Amount Issued	Balances outstanding 6/30/2023	Additions	Reductions	Balance outstanding 6/30/2024	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 2007 refunding	-	519,557	-	(58,350)	461,207	-	-
Parking series 2005	-	4,907	-	(4,907)	-	-	-
General revenue bonds series 2013 refunding	-	107,668	-	(61,524)	46,144	-	-
Housing and Dining Services (HDS) series 2005	-	70,227	-	(10,488)	59,739	-	-
General Revenue bond 2016 HDS 2008 refunding	-	1,208,509	-	(75,987)	1,132,522	-	-
Trust & Building 2019B Refunding FY20	-	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, net	-	6,340,000	-	1,895,000	4,445,000	1,985,000	2,460,000
Capital leases	-	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

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 or 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, 2025 and 2024, the University's aggregate share of the unfunded liabilities associated with the defined benefit pension plans administered by DRS was \$17,846,919 and \$23,577,660, respectively. The aggregate share of plan assets as of June 30, 2025 and 2024 was \$38,563,939 and \$50,857,248, respectively. The liability associated with WSUSRP was \$24,290,329 and \$32,292,311 for fiscal years 2025 and 2024, respectively. For the year ended June 30, 2025 and 2024, total pension expense offset for the University and DRS plans was (\$28,124,650) and (\$26,199,641), 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/2024/10/2024-PEFI-Document-for-Website.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,

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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 year ending June 30, 2025 and 2024 are as follows:

Contribution Rates				
PERS	2025	2025	2024	2024
Plan 1	9.53%	\$ 4,636,578	10.39%	\$ 5,229,736
Plan 2	9.53%	6,588,261	10.39%	6,450,349
Plan 3	9.53%	4,862,566	10.39%	4,586,983
TRS				
Plan 1	9.70%	339,146	14.69%	386,709
Plan 2	9.70%	-	14.69%	-
Plan 3	9.70%	1,736,782	14.69%	1,415,625
LEOFF				
Plan 2	8.73%	205,304	8.71%	209,010

Actuarial Assumptions The total State pension liability was determined by an actuarial valuation performed by the Washington State Office of the State Actuary (OSA). The University's 2025 pension liabilities are based on an OSA valuation performed as of June 30, 2023 with the results rolled forward to the measurement date of June 30, 2024. Likewise, the University's 2024 pension liabilities are based on a valuation performed as of June 30, 2022 with the results rolled forward to the measurement date of June 30, 2023. Following are the actuarial assumptions applied to all periods included in the measurement:

	2025	2024
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, 2023 and 2022 valuation were based on the results of OSA's 2013-2018 Demographic Experience Study and the 2023 Economic Experience Study and the 2021 Economic Experience Study. Additional assumptions are current for subsequent events and law changes as of the 2023 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

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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 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, 2025 and 2024 are summarized in the following table:

Asset class	2025	2025	2024	2024
	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Fixed income	19.0%	2.1%	20.0%	1.5%
Tangible assets	8.0%	4.5%	7.0%	4.7%
Real estate	18.0%	4.8%	18.0%	5.4%
Global equity	30.0%	5.6%	32.0%	5.9%
Private equity	25.0%	8.6%	23.0%	8.9%
Total	100.0%		100.0%	

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 2025 and 2024.

Discount rate sensitivity on net pension liability/(asset)

2025

Plan	1% Decrease	Current discount rate	1% Increase
PERS 1	\$ 22,833,928	\$ 15,522,990	\$ 9,111,122
PERS 2/3	66,638,845	(36,966,319)	(122,055,082)
TRS 1	2,979,102	1,924,209	996,704
TRS 2/3	9,340,820	399,720	(6,865,548)
LEOFF 2	1,058,445	(1,597,620)	(3,770,201)

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)

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, 2024 for 2025 and June 30, 2023 for 2024. The basis for determining the proportionate share was the amount of employer contributions processed by DRS during the fiscal year ended June 30, 2024 and 2023. 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
2025	Proportionate share	0.87%	1.12%	0.17%	0.20%	0.09%
2024	Proportionate share	0.93%	1.19%	0.19%	0.19%	0.09%

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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, 2025 and 2024:

	2025					
	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Pension liability	\$ 15,522,990	\$ -	\$ 1,924,209	\$ 399,720	\$ -	\$ 17,846,919
Pension asset	-	36,966,319	-	-	1,597,620	38,563,939
Pension expense/(expense offset)	(6,232,338)	(13,322,210)	(569,758)	(842,569)	(186,569)	(21,153,444)

	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/(expense offset)	(2,194,504)	(16,756,711)	(1,057,406)	(795,907)	(302,445)	(21,106,973)

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 \$18,368,637 reported in 2025 and \$18,278,413 reported in 2024 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, 2026 and for the prior year recognized in the year ending June 30, 2025.

Deferred Outflows of Resources

2025

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Differences between expected and actual experience	\$ -	\$ 21,005,051	\$ -	\$ 2,733,402	\$ 1,175,818	\$ 24,914,271
Changes in assumption	-	20,412,872	-	2,040,309	657,679	23,110,860
Changes in proportion	-	3,766,379	-	188,418	451,721	4,406,518
Contributions paid subsequent to the measurement date	4,636,579	11,450,827	339,146	1,736,782	205,303	18,368,637
Total	\$ 4,636,579	\$ 56,635,129	\$ 339,146	\$ 6,698,911	\$ 2,490,521	\$ 70,800,286

2024

	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

Deferred Inflows of Resources

	2025					
	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Differences between expected and actual experience	\$ -	\$ 85,587	\$ -	\$ 29,585	\$ 12,158	\$ 127,330
Changes in assumption	-	2,342,179	-	145,241	134,289	2,621,709
Net difference between projected and actual earnings	1,242,109	10,593,494	181,216	744,200	262,850	13,023,869
Changes in proportion	-	2,935,445	-	211,969	67,806	3,215,220
Total	\$ 1,242,109	\$ 15,956,705	\$ 181,216	\$ 1,130,995	\$ 477,103	\$ 18,988,128

	2024					
	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

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
2026	\$ (2,055,600)	\$ (8,050,489)	\$ (302,329)	\$ (393,162)	\$ (156,553)	\$ (10,958,133)
2027	1,056,067	16,378,526	158,211	1,262,321	459,566	19,314,691
2028	(111,817)	7,221,719	(15,741)	571,239	218,886	7,884,286
2029	(130,759)	7,073,047	(21,357)	552,434	237,949	7,711,314
2030	-	3,328,180	-	588,266	285,066	4,201,512
Thereafter	-	3,276,614	-	1,250,036	763,201	5,289,851
Total	\$ (1,242,109)	\$ 29,227,597	\$ (181,216)	\$ 3,831,134	\$ 1,808,115	\$ 33,443,521

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. SRP is now reported on a one year lag similar to DRS plans.

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

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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 year ended June 30, 2025 and 2024 were \$3,394,737 and \$3,253,301, 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 year ended June 30, 2025 and 2024, the SRP contribution rate was 0.30% of covered salaries per RCW 28B.10.423. Contributions made in the fiscal years ended June 30, 2025 and 2024 was \$1,096,802 for each year.

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 FY24 to FY25. There were no changes to the assumptions for the measurement period.

The long-term expected rate of return on pension plan investments was determined based on the 2023 Economic Experience Study for the Washington State Retirement Plans since the SRP assets are invested in the same Commingled Trust Fund. 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, 2025 and 2024 are summarized in the following table:

Asset class	Target allocation	2025	Target allocation	2024
		Long-term expected real rate of return		Long-term expected real rate of return
Fixed income	19.0%	2.1%	20.0%	1.5%
Tangible assets	8.0%	4.5%	7.0%	4.7%
Real estate	18.0%	4.8%	18.0%	5.4%
Global equity	30.0%	5.6%	32.0%	5.9%
Private equity	25.0%	8.6%	23.0%	8.9%
Total	100.0%		100.0%	

The following table shows significant assumptions used to measure the net pension liability as of June 30, 2025 and 2024:

2025	
Discount rate	7.00%
Source of mortality assumptions	Pub.H-2010 tables with the MP-2017 mortality improvement scale
Date of experience study	August 2023
Salary changes	3.50%
Source of discount rate	2023 report on financial condition and economic experience study
2024	
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

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The following table presents the net pension liability using a discount rate of 7.00 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:

Discount rate sensitivity on WSUSRP liability/(asset)			
2025			
	1% Decrease	Current discount rate	1% Increase
\$	28,721,728	\$ 24,290,329	\$ 20,451,261
2024			
	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 2025 and 2024 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, 2024 and June 30, 2023, respectively.

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, 2025 and 2024.

Schedule of changes in net pension liability

	2025		
	Total Pension Liability	Plan fiduciary net position	Net Pension Liability
Beginning balance	\$ 53,333,807	\$ 21,041,496	\$ 32,292,311
Service cost	577,260	-	577,260
Interest on TPL	3,661,835	-	3,661,835
Differences between expected and actual experience in the measurement of TPL	(6,153,834)	-	(6,153,834)
Changes of assumptions	-	-	-
Benefit payments	(3,253,301)	-	(3,253,301)
Employment contributions	-	1,096,802	(1,096,802)
Investment income	-	1,737,140	(1,737,140)
Other	-	-	-
Ending balance	\$ 48,165,767	\$ 23,875,438	\$ 24,290,329
	2024		
	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 year ended June 30, 2024 and 2023 was \$6,971,206 and \$4,350,103, respectively.

Deferred Inflows and Outflows of Resources

The following tables detail the deferred inflows and outflows of resources for fiscal years 2025 and 2024:

2025				
	Deferred outflows		Deferred inflows	
Differences between expected and actual experience	\$	7,346,341	\$	24,165,284
Changes in assumptions		7,588,393		15,563,691
Differences between projected and actual earnings on plan investments		-		359,503
Contributions subsequent to the measurement date		-		-
Total	\$	14,934,734	\$	40,088,478

2024				
	Deferred outflows		Deferred inflows	
Differences between expected and actual experience	\$	10,001,504	\$	27,896,256
Changes in assumptions		11,972,781		21,937,617
Differences between projected and actual earnings on plan investments		-		613,483
Contributions subsequent to the measurement date		4,350,103		-
Total	\$	26,324,388	\$	50,447,356

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

Amortization of deferred inflows and outflows of resources		
Year		
2026	\$	(9,004,599)
2027		(9,792,131)
2028		(6,139,444)
2029		(217,570)
Total	\$	(25,153,744)

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 2025 and 2024. 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/studies-audits-and-reports/actuarial-reporting/other-postemployment-benefits-opeb/>.

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Employees covered by benefit terms The table below shows the University's PEBB membership as of June 30, 2025 and 2024:

	2025	2024
Active employees	6,645	6,214
Inactive employees or beneficiaries currently receiving benefits	1,743	1,797
Inactive employees entitled to but not yet receiving benefits*	NA	NA

* HCA doesn't have data on this group and OSA doesn't have methodology to reasonably estimate it. For fiscal years 2025 and 2024, there are no options, but to report this as not available.

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 year 2025 and 2024 are as follows:

2025

Inflation rate	2.40%
Health care trend rate	(4.5%)-9.50% initial rate, 3.8% ultimate rate in 2080
Projected salary increases	3.25% plus service-based salary increases
Discount rate	3.93%
Source of mortality assumptions	2023 PEBB OPEB Demographic 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, 2024

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	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	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

A material assumption change for the measurement period of June 30, 2024 was updating the discount rate from 3.65 to 3.93

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

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				
2025				
	1% Decrease	Current healthcare cost trend rate		1% Increase
Total OPEB Liability	\$ 172,170,224	\$ 204,094,705	\$	245,262,965

2024				
	1% Decrease	Current healthcare cost trend rate		1% Increase
Total OPEB Liability	\$ 177,903,406	\$ 211,713,135	\$	255,229,453

The following presents the total OPEB liability of the State calculated using the discount rate of 3.93 percent for fiscal year 2025 and 3.65 percent for fiscal year 2024, 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				
2025				
	1% Decrease	Current discount rate		1% Increase
Total OPEB Liability	\$ 240,116,086	\$ 204,094,705	\$	175,333,305

2024				
	1% Decrease	Current discount rate		1% Increase
Total OPEB Liability	\$ 247,718,686	\$ 211,713,135	\$	182,750,602

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, 2024 with a measurement date of June 30, 2024 for fiscal year 2025 and a measurement date of June 30, 2022 for fiscal year 2024. 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 head count.

Changes in the total OPEB liability

The following is a schedule of the changes in the total OPEB liability for fiscal year 2025 and 2024:

	2025	2024
Total OPEB Liability at July 1	\$ 211,713,135	\$ 204,175,546
Service cost	6,621,849	7,416,962
Interest	7,595,146	7,450,381
Differences between expected and actual experience	3,886,239	-
Change of assumptions	(17,336,202)	(3,582,692)
Changes of benefit terms	4,456,793	-
Benefit payments	(5,140,870)	(5,189,465)
Changes in proportionate share	(7,701,385)	1,442,403
Total OPEB Liability at June 30	\$ 204,094,705	\$ 211,713,135

OPEB Costs

WSU reported a liability of \$204,094,705 and \$211,713,135 for its proportionate share of the state’s OPEB liability for the year ended June 30, 2025 and 2024, respectively. For fiscal years 2025 and 2024, the OPEB values were measured as of June 30, 2024 with the same measurement date. For fiscal year 2024 the OPEB values were measured as of June 30, 2022, with values rolled forward to the measurement date of June 30, 2023. WSU’s share of the liability was 4.66% as of June 30, 2025, compared to 4.84% as of June 30, 2024. For the years ended June 30, 2025 and 2024, OPEB expense offset was \$(15,977,529) and \$(17,766,240), respectively.

Notes to the Financial Statements

For fiscal years 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025	
	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 5,519,666	\$ 5,145,199
Changes of assumptions	10,273,843	112,778,380
Changes in proportion	1,831,011	27,252,748
Payments subsequent to the measurement date	5,376,066	-
Total	\$ 23,000,586	\$ 145,176,327

	2024	
	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 3,214,789	\$ 6,287,074
Changes of assumptions	13,757,182	126,846,370
Changes in proportion	2,092,584	21,800,888
Payments subsequent to the measurement date	5,334,937	-
Total	\$ 24,399,492	\$ 154,934,332

Deferred outflows of resources of \$5,376,066 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, 2026. 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	
2026	\$	(29,275,250)
2027		(23,949,558)
2028		(16,620,924)
2029		(17,949,348)
2030		(17,197,214)
Thereafter		(22,559,513)
Total	\$	(127,551,807)

18. Operating Expenses by Function

2025

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation / amortization	Total
Instruction	\$ 269,604,990	\$ 28,588,167	\$ -	\$ -	\$ 298,193,157
Research	177,055,797	93,623,967	-	-	270,679,764
Public service	21,677,312	7,558,062	-	-	29,235,374
Academic support	88,960,133	28,590,846	-	-	117,550,979
Student services	30,461,488	6,362,095	-	-	36,823,583
Institutional support	91,692,441	57,729,043	-	-	149,421,484
Operation and maintenance of plant	32,364,766	44,515,660	-	-	76,880,426
Auxiliary enterprises	103,721,396	71,651,712	-	-	175,373,108
Student financial aid	-	-	95,457,129	-	95,457,129
Depreciation/amortization	-	-	-	115,459,257	115,459,257
Total	\$ 815,538,323	\$ 338,619,552	\$ 95,457,129	\$ 115,459,257	\$ 1,365,074,261

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
Total	\$ 797,297,795	\$ 335,383,431	\$ 84,011,090	\$ 104,201,006	\$ 1,320,893,322

19. Blended Component Unit

Washington State University Alumni Association				
Statement of Net Position				
Assets	2025		2024	
Current assets				
Cash	\$	2,650,757	\$	2,389,626
Receivables		87,893		59,074
Prepaid expenses		131,306		123,975
Inventory		74,168		93,796
Subtotal current assets		2,944,124		2,666,471
Non-current assets				
Pooled endowment investment securities		14,533,967		13,705,780
Subtotal non-current assets		14,533,967		13,705,780
Total Assets	\$	17,478,091	\$	16,372,251
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$	216,878	\$	203,388
Scholarship payable		267,500		275,500
Subtotal current liabilities		484,378		478,888
Non-current liabilities				
Deferred revenue		93,796		100,951
Subtotal non-current liabilities		93,796		100,951
Total Liabilities	\$	578,174	\$	579,839
Net Position				
Restricted nonexpendable		2,311,862		2,177,583
Unrestricted		14,588,055		13,614,829
Total net position		16,899,917		15,792,412
Total Liabilities and Net Position	\$	17,478,091	\$	16,372,251

Statement of Revenues, Expenses, and Changes in Net Position

Revenues	2025		2024	
Operating revenues				
University support	\$	918,045	\$	921,326
Foundation support		293,211		288,350
Fundraising		899,674		966,480
In-Kind contributions		7,500		16,500
Special events		242,582		254,549
Total operating revenues		2,361,012		2,447,205
Expenses				
Operating expenses				
Program services		2,196,482		2,619,618
Support services		1,055,837		1,199,020
Total operating expenses		3,252,319		3,818,638
Net operating loss		(891,307)		(1,371,433)
Non-operating revenues (expenses)				
Income (loss) from assets held by WSU foundation		1,397,035		1,310,762
Other non-operating revenue		601,777		528,969
Total non-operating revenues (expenses)		1,998,812		1,839,731
Increase (decrease) in net position		1,107,505		468,298
Net Position				
Net position, beginning of year		15,792,412		15,324,114
Increase (decrease) in net position		1,107,505		468,298
Net position, end of year	\$	16,899,917	\$	15,792,412

Student Book Corporation		
Statement of Net Position		
Assets	2025	2024
Current assets		
Cash and cash equivalents	\$ 12,537,295	\$ 11,979,967
Receivables	174,256	253,713
Inventory	240,576	279,899
Prepaid rent	149,507	145,337
Subtotal current assets	13,101,634	12,658,916
Non-current assets		
Prepaid rent	2,604,716	2,754,223
Lease assets, net of accumulated amortization	10,466,611	11,207,930
Capital assets, net of accumulated depreciation	1,039,040	1,112,775
Subtotal non-current assets	14,110,367	15,074,928
Total Assets	\$ 27,212,001	\$ 27,733,844
Liabilities		
Current liabilities		
Accounts payable	\$ 310,621	\$ 42,078
Lease liability, current portion	710,305	663,144
Subtotal current liabilities	1,020,926	705,222
Non-current liabilities		
Lease liability, net of current portion	10,407,882	11,056,624
Subtotal non-current liabilities	10,407,882	11,056,624
Total Liabilities	\$ 11,428,808	\$ 11,761,846
Net Position		
Net investment in capital assets	387,464	600,937
Unrestricted	15,395,729	15,371,061
Total net position	15,783,193	15,971,998
Total Liabilities and Net Position	\$ 27,212,001	\$ 27,733,844

Statement of Revenues, Expenses, and Changes in Net Position		
Revenues	2025	2024
Operating revenues		
Contract revenue	\$ 831,395	\$ 837,996
Sales and services	1,474,070	1,222,893
First day revenue	3,743,969	3,153,608
Total operating revenues	6,049,434	5,214,497
Cost of Goods Sold	1,357,618	1,088,234
Gross profit	4,691,816	4,126,263
Expenses		
Operating expenses		
General and administrative expense	171,540	156,717
First day expense	3,613,911	3,123,109
Depreciation and amortization	900,228	899,854
Support	309,580	294,692
Scholarships	14,000	13,500
Total operating expenses	5,009,259	4,487,872
Net operating loss	(317,443)	(361,609)
Non-operating revenues (expenses)		
Interest income	528,535	585,707
Interest expense	(399,897)	(422,402)
Total non-operating revenues (expenses)	128,638	163,305
Increase (decrease) in net position	(188,805)	(198,304)
Net Position		
Net position, beginning of year	15,971,998	16,170,302
Increase (decrease) in net position	(188,805)	(198,304)
Net position, end of year	\$ 15,783,193	\$ 15,971,998

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 member of other conferences in specific sports, while retaining its Pac-12 membership. The Pac-12 continues to secure multiple media rights agreements and partnerships. Based on information available as of the date of this report, the full athletics revenue picture for FY27 is evolving. WSU is actively forecasting financial scenarios related to media and other athletics revenues for FY27 and beyond.

On September 30, 2025, the Federal government entered a shutdown while Congress worked on continuing funding legislation. The shutdown ended on November 12, 2025, following enactment of a funding package. This event, combined with evolving federal research priorities, has introduced uncertainty in the federal funding environment.

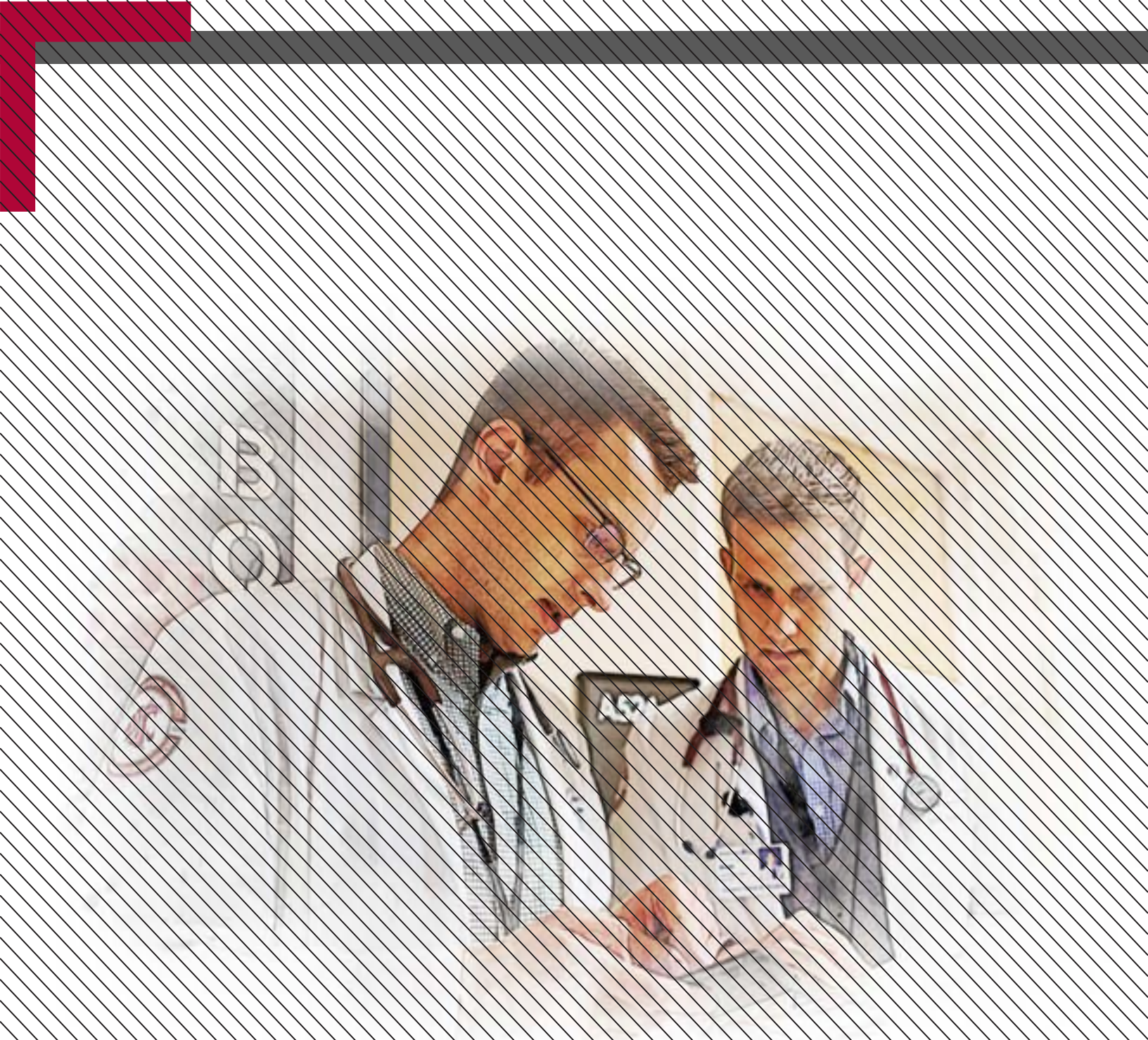
During FY25, 26 federal awards were terminated due to shifting priorities, resulting in an estimated \$4.7 million reduction in funding across current and future fiscal years. The University closed fiscal year 2025 with \$249.7 million in new federal awards, a 1% increase over FY24, and total awards of \$317 million, a 4% decrease from FY24.

As of the date of this report, the University is experiencing a slowdown in new federally sponsored awards, attributable to the shutdown and broader changes in federal research funding. Additionally, potential changes to the federal methodology for calculating indirect cost recovery may affect future funding for essential research facilities and administrative infrastructure. The University continues to monitor these developments and evaluate potential impacts on research funding and indirect cost recovery rates.

In August 2025, the University opened a \$50 million revolving line of credit, secured by general revenues, to be used for unanticipated liquidity needs. The agreement with U.S. Bank expires August 2028. The applicable rates are as follows: taxable draws accrue interest at the monthly reset term SOFR rate plus 71 basis points; tax-exempt draws accrue interest at 80% of the monthly reset term SOFR rate plus 87 basis points; and the commitment fee rate is 25 basis points. Additional details are available via the EMMA posting.

The University regularly monitors its outstanding debt portfolio for refunding opportunities that meet the savings thresholds designated by the Board of Regents Debt Management Policy. The University anticipates completing a current refunding of its outstanding General Revenue Bonds 2016 in the last half of FY2026. The outstanding General Revenue Bonds 2016 have a call date of April 1, 2026.

The University has commitments of \$77,999,711 for various capital improvement projects that include the construction and completion of new buildings and renovations of existing buildings.



FINANCIAL REPORT 2025 and 2024

REQUIRED SUPPLEMENTAL INFORMATION

Schedule of WSU Contributions

Public Employees Retirement System Plan 1 Last 10 Fiscal Years

	2025	2024	2023	2022	2021
Contractually required contributions	\$ 4,636,578	\$ 5,229,737	\$ 6,328,314	\$ 5,088,006	\$ 7,075,580
Contributions in relation to the contractually required contribution	(4,636,578)	(5,229,737)	(6,328,314)	(5,088,006)	(7,075,580)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	180,477,915	174,043,581	164,455,976	133,971,289	144,295,033
Contributions as a percentage of covered payroll	2.57%	3.00%	3.85%	3.80%	4.90%

	2020	2019	2018	2017	2016
Contractually required contributions	\$ 6,679,211	\$ 6,645,224	\$ 6,354,037	\$ 5,873,872	\$ 5,739,650
Contributions in relation to the contractually required contribution	(6,679,211)	(6,645,224)	(6,354,037)	(5,873,872)	(5,739,650)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	137,784,157	128,281,013	124,750,748	120,938,855	120,186,698
Contributions as a percentage of covered payroll	4.85%	5.18%	5.09%	4.86%	4.78%

Schedule of WSU Contributions

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

	2025	2024	2023	2022	2021
Contractually required contributions	\$ 11,450,827	\$ 11,037,332	\$ 10,420,890	\$ 8,562,525	\$ 11,343,628
Contributions in relation to the contractually required contribution	(11,450,827)	(11,037,332)	(10,420,890)	(8,562,525)	(11,343,628)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	180,043,541	173,538,282	163,740,248	133,201,284	143,228,492
Contributions as a percentage of covered payroll	6.36%	6.36%	6.36%	6.43%	7.92%

*See notes to the Required Supplemental Information.

Required Supplemental Information

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

	2020	2019	2018	2017	2016
Contractually required contributions	\$ 10,788,830	\$ 9,548,591	\$ 9,135,929	\$ 7,429,172	\$ 7,202,615
Contributions in relation to the contractually required contribution	(10,788,830)	(9,548,591)	(9,135,929)	(7,429,172)	(7,202,615)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	136,667,675	127,047,653	123,376,553	119,248,641	118,023,229
Contributions as a percentage of covered payroll	7.89%	7.52%	7.40%	6.23%	6.10%

Schedule of WSU Contributions

Teachers Retirement System Plan 1 Last 10 Fiscal Years

	2025	2024	2023	2022	2021
Contractually required contributions	\$ 339,146	\$ 386,709	\$ 1,013,557	\$ 1,008,387	\$ 1,095,510
Contributions in relation to the contractually required contribution	(339,146)	(386,709)	(1,013,557)	(1,008,387)	(1,095,510)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	21,548,156	17,566,943	15,676,529	15,695,536	14,806,809
Contributions as a percentage of covered payroll	1.57%	2.20%	6.47%	6.42%	7.40%

	2020	2019	2018	2017	2016
Contractually required contributions	\$ 986,500	\$ 925,684	\$ 806,421	\$ 659,336	\$ 402,431
Contributions in relation to the contractually required contribution	(986,500)	(925,684)	(806,421)	(659,336)	(402,431)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	13,614,880	12,505,211	11,393,621	10,512,086	8,871,010
Contributions as a percentage of covered payroll	7.25%	7.40%	7.08%	6.27%	4.54%

*See notes to the Required Supplemental Information.

Required Supplemental Information

Schedule of WSU Contributions

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

	2025	2024	2023	2022	2021
Contractually required contributions	\$ 1,736,782	\$ 1,415,625	\$ 1,254,598	\$ 1,260,368	\$ 1,202,540
Contributions in relation to the contractually required contribution	(1,736,782)	(1,415,625)	(1,254,598)	(1,260,368)	(1,202,540)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	21,548,156	17,566,943	15,584,916	15,625,070	14,755,937
Contributions as a percentage of covered payroll	8.06%	8.06%	8.05%	8.07%	8.15%

	2020	2019	2018	2017	2016
Contractually required contributions	\$ 1,098,399	\$ 974,731	\$ 868,149	\$ 701,980	\$ 712,476
Contributions in relation to the contractually required contribution	(1,098,399)	(974,731)	(868,149)	(701,980)	(712,476)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	13,564,384	12,448,690	11,338,800	10,446,117	8,802,686
Contributions as a percentage of covered payroll	8.10%	7.83%	7.66%	6.72%	8.09%

Schedule of WSU Contributions

Law Enforcement Officers' Retirement System Last 10 Fiscal Years

	2025	2024	2023	2022	2021
Contractually required contributions	\$ 205,304	\$ 209,010	\$ 192,934	\$ 206,753	\$ 200,190
Contributions in relation to the contractually required contribution	(205,304)	(209,010)	(192,934)	(206,753)	(200,190)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	2,406,838	2,450,296	2,261,802	2,423,101	2,330,470
Contributions as a percentage of covered payroll	8.53%	8.53%	8.53%	8.53%	8.59%

*See notes to the Required Supplemental Information.

Required Supplemental Information

Schedule of WSU Contributions

Law Enforcement Officers' Retirement System Last 10 Fiscal Years (continued)

	2020	2019	2018	2017	2016
Contractually required contributions	\$ 209,016	\$ 199,047	\$ 189,919	\$ 143,426	\$ 145,308
Contributions in relation to the contractually required contribution	(209,016)	(199,047)	(189,919)	(143,426)	(145,308)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	2,429,109	2,274,829	2,261,802	1,705,430	1,691,590
Contributions as a percentage of covered payroll	8.60%	8.75%	8.53%	8.41%	8.59%

Schedule of WSU Contributions

WSUSRP Supplemental Retirement System Last 10 Fiscal Years*

	2025	2024	2023	2022	2021
Contractually required contributions	\$ 1,096,802	\$ 1,096,802	\$ 1,040,319	\$ 975,365	\$ 481,599
Contributions in relation to the contractually required contribution	(1,096,803)	(1,096,803)	(1,040,199)	(975,000)	(919,000)
Contribution deficiency (excess)	(1)	(1)	120	365	(437,401)
Covered payroll	365,601,000	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%	0.30%	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 data.

*See notes to the Required Supplemental Information.

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

	2024	2023	2022	2021	2020
PERS 1 employers proportion of the net pension liability	0.87%	0.93%	0.83%	0.95%	0.92%
PERS 1 employers proportionate share of the net pension liability	\$ 15,522,990	\$ 21,199,230	\$ 23,115,898	\$ 11,600,343	\$ 32,537,245
PERS 1 employers covered payroll	174,043,581	164,455,976	133,971,289	144,295,033	137,784,157
PERS 1 employers proportionate share of the net pension liability as a percentage of its covered payroll	8.92%	12.89%	17.25%	8.04%	23.61%
Plan fiduciary net position as a percentage of the total pension liability	84.05%	80.16%	76.56%	88.74%	68.64%

	2019	2018	2017	2016	2015
PERS 1 employers proportion of the net pension liability	0.93%	0.95%	0.98%	1.01%	0.97%
PERS 1 employers proportionate share of the net pension liability	\$ 35,637,058	\$ 42,454,119	\$ 46,335,497	\$ 54,355,128	\$ 50,597,060
PERS 1 employers covered payroll	128,281,013	124,750,748	120,938,855	120,186,698	107,767,738
PERS 1 employers proportionate share of the net pension liability as a percentage of its covered payroll	27.78%	34.03%	38.31%	45.23%	46.95%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	63.22%	61.24%	57.03%	59.10%

*See notes to the Required Supplemental Information.

Required Supplemental Information

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

	2024	2023	2022	2021	2020
PERS 2 employers proportion of the net pension liability/asset	1.12%	1.19%	1.07%	1.20%	1.17%
PERS 2 employers proportionate share of the net pension liability/(asset)	\$ (36,966,319)	\$ (48,579,312)	\$ (39,529,115)	\$ (119,290,666)	\$ 14,978,098
PERS 2 employers covered payroll	173,538,282	163,740,248	133,201,284	143,228,492	136,667,675
PERS 2 employers proportionate share of the net pension liability/asset as a percentage of its covered payroll	-21.30%	-29.67%	-29.68%	-83.29%	10.96%
Plan fiduciary net position as a percentage of the total pension liability/asset	105.17%	107.02%	106.73%	120.29%	97.22%

	2019	2018	2017	2016	2015
PERS 2 employers proportion of the net pension liability/asset	1.17%	1.18%	1.22%	1.25%	1.19%
PERS 2 employers proportionate share of the net pension liability/(asset)	\$ 11,356,082	\$ 20,215,832	\$ 42,261,445	\$ 62,818,595	\$ 42,397,358
PERS 2 employers covered payroll	127,047,653	123,376,553	119,248,641	118,023,229	105,292,307
PERS 2 employers proportionate share of the net pension liability/asset as a percentage of its covered payroll	8.94%	16.39%	35.44%	53.23%	40.27%
Plan fiduciary net position as a percentage of the total pension liability/asset	97.77%	95.77%	90.97%	85.82%	89.20%

*See notes to the Required Supplemental Information.

Required Supplemental Information

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

Teachers Retirement System Plan 1

Measurement Date of June 30 *

	2024	2023	2022	2021	2020
TRS 1 employers proportion of the net pension liability	0.17%	0.19%	0.20%	0.20%	0.19%
TRS 1 employers proportionate share of the net pension liability	\$ 1,924,209	\$ 2,378,430	\$ 3,737,286	\$ 1,342,031	\$ 4,524,929
TRS 1 employers covered payroll	17,566,943	15,676,529	15,695,536	14,806,809	13,614,880
TRS 1 employers proportionate share of the net pension liability as a percentage of its covered payroll	10.95%	15.17%	23.81%	9.06%	33.24%
Plan fiduciary net position as a percentage of the total pension liability	86.53%	85.09%	78.24%	91.42%	70.55%

	2019	2018	2017	2016	2015
TRS 1 employers proportion of the net pension liability	0.19%	0.19%	0.19%	0.18%	0.13%
TRS 1 employers proportionate share of the net pension liability	\$ 4,614,748	\$ 5,663,057	\$ 5,696,321	\$ 6,014,486	\$ 4,144,932
TRS 1 employers covered payroll	12,505,211	11,393,621	10,512,086	8,871,010	6,390,188
TRS 1 employers proportionate share of the net pension liability as a percentage of its covered payroll	36.90%	49.70%	54.19%	67.80%	64.86%
Plan fiduciary net position as a percentage of the total pension liability	70.37%	66.52%	65.58%	62.07%	65.70%

*See notes to the Required Supplemental Information.

Required Supplemental Information

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

Teachers Retirement System (TRS) Plan 3

Measurement Date of June 30

	2024	2023	2022	2021	2020
TRS 3 employers proportion of the net pension liability/asset	0.20%	0.19%	0.20%	0.20%	0.19%
TRS 3 employers proportionate share of the net pension liability/(asset)	\$ 399,720	\$ (227,710)	\$ (387,769)	\$ (5,462,237)	\$ 2,899,625
TRS 3 employers covered payroll	17,566,943	15,584,916	15,625,070	14,755,937	13,564,384
TRS 3 employers proportionate share of the net pension liability/asset as a percentage of its covered payroll	2.28%	-1.46%	-2.48%	-37.02%	21.38%
Plan fiduciary net position as a percentage of the total pension liability/asset	99.27%	100.49%	100.86%	113.72%	91.72%

	2019	2018	2017	2016	2015
TRS 3 employers proportion of the net pension liability/asset	0.19%	0.20%	0.19%	0.18%	0.14%
TRS 3 employers proportionate share of the net pension liability/(asset)	\$ 1,123,636	\$ 878,956	\$ 1,758,409	\$ 2,438,303	\$ 1,141,883
TRS 3 employers covered payroll	12,448,690	11,338,800	10,446,117	8,802,686	6,327,223
TRS 3 employers proportionate share of the net pension liability/asset as a percentage of its covered payroll	9.03%	7.75%	16.83%	27.70%	18.05%
Plan fiduciary net position as a percentage of the total pension liability/asset	96.36%	96.88%	93.14%	88.72%	92.48%

*See notes to the Required Supplemental Information.

Required Supplemental Information

Schedule of the 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

	2024	2023	2022	2021	2020
LEOFF 2 employers proportion of the net pension asset	0.09%	0.09%	0.10%	0.10%	0.11%
LEOFF 2 employers proportionate share of the net pension asset	\$ 1,597,620	\$ 2,050,226	\$ 2,714,056	\$ 5,833,042	\$ 2,179,543
LEOFF 2 employers covered payroll	2,450,296	2,261,802	2,423,101	2,330,470	2,429,109
LEOFF 2 employers proportionate share of the net pension asset as a percentage of its covered payroll	65.20%	90.65%	112.01%	250.29%	89.73%
Plan fiduciary net position as a percentage of the total pension asset	109.27%	113.17%	116.09%	142.00%	115.83%

	2019	2018	2017	2016	2015
LEOFF 2 employers proportion of the net pension asset	0.11%	0.11%	0.09%	0.09%	0.09%
LEOFF 2 employers proportionate share of the net pension asset	\$ 2,501,102	\$ 2,223,495	\$ 1,259,899	\$ 552,438	\$ 956,615
LEOFF 2 employers covered payroll	2,274,829	2,177,248	1,705,430	1,691,590	1,638,448
LEOFF 2 employers proportionate share of the net pension asset as a percentage of its covered payroll	109.95%	102.12%	73.88%	32.66%	58.39%
Plan fiduciary net position as a percentage of the total pension asset	119.43%	118.50%	113.36%	106.04%	111.67%

*See notes to the Required Supplemental Information.

Required Supplemental Information

Schedule of Changes in Net Pension Liability and Related Ratios

WSUSRP Supplemental Retirement Plan

as of June 30*

	2025	2024	2023	2022	2021
Total Pension Liability - Beginning	\$ 53,333,807	\$ 53,333,807	\$ 56,679,048	\$ 41,101,896	\$ 118,942,000
Service Costs	577,260	-	857,213	604,024	3,114,000
Interest on TPL	3,661,835	-	3,916,474	2,968,221	2,666,000
Differences between expected and actual experience	(6,153,834)	-	(668,669)	11,481,121	(47,565,000)
Changes in assumptions	-	-	(4,222,404)	3,771,379	(33,228,000)
Benefit payments	(3,253,301)	-	(3,227,855)	(3,247,593)	(2,827,000)
Other	-	-	-	-	(104)
Net change in total pension liability	(5,168,040)	-	(3,345,241)	15,577,152	(77,840,104)
Total Pension Liability Ending (a)	48,165,767	53,333,807	53,333,807	56,679,048	41,101,896
Plan Fiduciary Net Position Beginning	21,041,496	21,041,496	18,643,123	17,645,508	12,304,870
Employer Contributions	1,096,802	-	1,040,319	975,412	919,024
Net Investment Income	1,737,140	-	1,358,138	22,203	4,421,531
Other	-	-	(84)	-	84
Net Change in Plan Fiduciary Net Position	2,833,942	-	2,398,373	997,615	5,340,639
Plan Fiduciary Net Position Ending (b)	23,875,438	21,041,496	21,041,496	18,643,123	17,645,509
WSUSRP Net Pension Liability (a) minus (b)	\$ 24,290,329	\$ 32,292,311	\$ 32,292,311	\$ 38,035,925	\$ 23,456,387
Plan Fiduciary Net Position as Percentage of the TPL	49.57%	39.45%	39.45%	32.89%	42.93%
WSUSRP Covered Payroll	\$ 365,601,000	\$ 346,733,000	\$ 346,733,000	\$ 325,121,564	\$ 160,533,000
Net Pension Liability as a Percentage of Covered Payroll	6.64%	9.31%	9.31%	11.70%	14.61%

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

*See notes to the Required Supplemental Information.

Schedule of Changes in Net 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

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

*See notes to the Required Supplemental Information.

Required Supplemental Information

Schedule of Changes in Total OPEB Liability

As of June 30*

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service Cost	\$ 6,621,849	\$ 7,416,962	\$ 15,061,923	\$15,783,611	\$ 12,480,593
Interest Cost	7,595,146	7,450,381	6,988,534	6,821,580	10,440,211
Differences Between Expected and Actual Experience	3,886,239	-	(6,920,924)	-	(1,599,865)
Changes in Assumption	(17,336,202)	(3,582,691)	(116,854,331)	2,914,545	6,767,586
Changes of Benefit Terms	4,456,793	-	-	-	-
Benefits Payments	(5,140,870)	(5,189,465)	(5,134,498)	(5,197,099)	(4,970,743)
Changes in Proportionate Share	(7,701,385)	1,442,403	(4,757,295)	(5,289,296)	(9,783,783)
Other	-	(1)	-	-	(10,634,123)
Net Changes in Total OPEB Liability	(7,618,430)	7,537,589	(111,616,591)	15,033,341	2,699,876
Total OPEB Liability- Beginning	211,713,135	204,175,546	315,792,137	300,758,796	298,058,920
Total OPEB Liability- Ending	\$204,094,705	\$ 211,713,135	\$204,175,546	\$315,792,137	\$ 300,758,796
Total OPEB Liability as a percentage of covered-employee payroll	31%	34%	35%	56%	54%
Covered Employee Payroll	\$653,732,222	\$ 623,809,284	\$590,297,507	\$550,371,846	\$540,541,810

*See notes to the Required Supplemental Information.

Required Supplemental Information

	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

Total OPEB Liability as a percentage of covered-employee payroll	55%	50%	60%
Covered Employee Payroll	\$ 539,452,345	\$ 523,908,013	\$ 524,282,994

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

*See notes to the Required Supplemental Information.

Notes to Required Supplementary Information for the Year ended June 30, 2025

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 2025 and 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 causing the plans to be reported on a one year lag in fiscal year 2025. The valuation was prepared using the entry age actuarial cost method. There were no changes of assumptions used for the measurement period. In 2023, College Retirement Equities Fund (CREF) had an actual investment return of 22.37% compared to the assumed investment return of 6.25%. This resulted in a favorable difference between expected and actual return experience for fiscal years 2025 and 2024.

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 2025 was an update to the discount rate from 3.65 to 3.93. There was also an update to the forecast of the healthcare cost trend and aging factor assumptions. All of these changes decreased the total OPEB liability.



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FINANCIAL REPORT 2025 and 2024

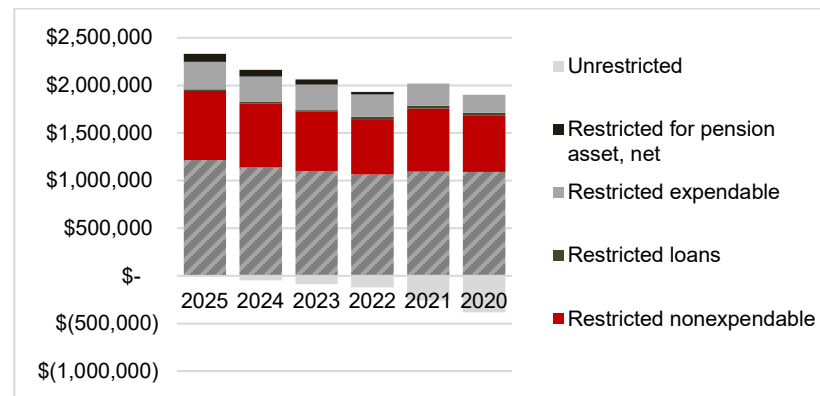
STATISTICAL SECTION

Statistical Section

Net Position by Component Last Ten Fiscal Years

In Thousands

Fiscal year ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net investment in capital assets	\$ 1,216,329	\$ 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
Restricted nonexpendable	724,857	670,694	620,623	580,867	659,432	594,574	565,038	534,361	522,143	504,301
Restricted loans	16,873	16,297	18,450	22,703	32,750	26,790	28,650	29,153	32,504	28,364
Restricted expendable	287,336	265,776	272,002	235,333	231,065	186,588	168,525	154,849	157,238	232,127
Restricted for pension asset, net	86,425	72,073	53,538	28,783	-	-	-	-	-	-
Unrestricted	3,790	(49,363)	(92,059)	(120,902)	(260,192)	(383,585)	(436,418)	(473,347)	(477,284)	(115,217)
Total net position	\$ 2,335,610	\$ 2,114,075	\$ 1,973,709	\$ 1,811,386	\$ 1,758,766	\$ 1,516,782	\$ 1,398,605	\$ 1,296,027	\$ 1,309,356	\$ 1,600,450



Expressed as a Percent of Total

Fiscal year ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net investment in capital assets	52.1	53.8	55.8	58.8	62.3	72.0	76.7	81.1	82.1	59.4
Restricted nonexpendable	31.0	31.7	31.4	32.1	37.5	39.2	40.4	41.2	39.9	31.5
Restricted loans	0.7	0.8	0.9	1.2	1.9	1.8	2.1	2.3	2.5	1.8
Restricted expendable	12.3	12.6	13.8	13.0	13.1	12.3	12.0	11.9	12.0	14.5
Restricted for pension asset, net	3.7	3.4	2.7	1.6	-	-	-	-	-	-
Unrestricted	0.2	(2.3)	(4.6)	(6.7)	(14.8)	(25.3)	(31.2)	(36.5)	(36.5)	(7.2)
Total net position	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Statistical Section

Changes in Net Position

Last Ten Fiscal Years

In Thousands

Fiscal Year Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating revenues	\$ 910,167	\$ 897,162	\$ 875,765	\$ 827,136	\$ 731,144	\$ 803,428	\$ 799,949	\$ 750,029	\$ 751,047	\$ 731,044
Operating expenses	1,365,074	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
Operating loss	(454,907)	(423,731)	(387,898)	(317,522)	(375,281)	(353,712)	(333,485)	(384,039)	(689,045)	(408,061)
Non-operating revenues (expenses)										
State appropriations	343,920	328,001	300,308	279,671	275,715	261,693	245,923	232,903	224,658	198,805
Federal appropriations	10,265	9,884	6,825	4,112	10,122	9,485	7,990	9,769	10,067	11,008
Federal Pell Grants	47,240	34,951	30,724	32,565	33,477	36,141	38,324	38,623	33,477	36,821
Interest on capital assets-related debt	(17,486)	(23,445)	(25,281)	(24,082)	(25,976)	(28,524)	(30,015)	(31,089)	(28,813)	(26,762)
Federal bond interest subsidy	850	850	850	850	850	1,350	2,549	2,596	2,646	2,685
Gifts and contributions	54,096	49,845	59,699	56,033	43,875	39,535	44,489	35,494	35,913	37,332
Investment income, net of expense	134,786	123,416	86,728	(64,175)	118,440	65,207	64,603	48,314	51,846	27,294
COVID Relief Funds	-	-	3	55,353	43,345	19,051	-	-	-	-
Other non-operating revenues/expenses	5,903	6,153	5,260	5,904	10,805	5,831	6,393	15,809	5,892	13
Settlement of Lawsuit	-	-	-	-	-	-	-	-	-	(6,688)
Net non-operating revenues	579,574	529,655	465,116	346,231	510,653	409,769	380,256	352,419	335,686	280,508
Income before other revenues	124,667	105,924	77,218	28,709	135,372	56,057	46,771	(31,620)	(353,359)	(127,553)
Capital appropriations	86,698	23,997	68,132	14,174	46,607	51,730	45,082	5,401	52,381	28,231
Capital grants and gifts	277	910	445	1,560	1,643	2,151	370	1,566	1,280	3,696
Additions to permanent endowments	9,893	9,535	16,529	13,957	9,614	8,238	10,355	11,324	8,606	11,838
Increase (decrease) in net position	\$ 221,535	\$ 140,366	\$ 162,324	\$ 58,400	\$ 193,236	\$ 118,176	\$ 102,578	\$ (13,329)	\$ (291,092)	\$ (83,788)

Schedule of Operating Expenses by Use

Last Ten Fiscal Years

In Thousands

Fiscal year ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating expense										
Salaries and wages	\$ 653,732	\$ 633,317	\$ 598,676	\$ 557,633	\$ 540,542	\$ 539,452	\$ 523,908	\$ 524,283	\$ 513,460	\$ 498,000
Benefits	161,806	163,981	155,037	116,682	125,812	159,576	152,770	170,025	492,260	207,124
Scholarships and fellowships	95,457	84,011	75,915	86,267	81,770	77,152	61,616	63,481	65,496	67,958
Utilities	33,999	30,417	34,699	28,248	25,092	26,828	28,591	27,732	25,935	25,519
Payments to suppliers	172,597	174,497	167,199	158,888	155,111	161,863	156,874	146,357	147,080	146,611
Purchased services	132,024	130,469	125,366	92,289	83,009	94,418	107,357	97,875	97,006	95,533
Depreciation	115,459	104,201	106,771	104,651	95,089	97,851	102,318	104,315	98,855	98,360
Total operating expenses	\$ 1,365,074	\$ 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

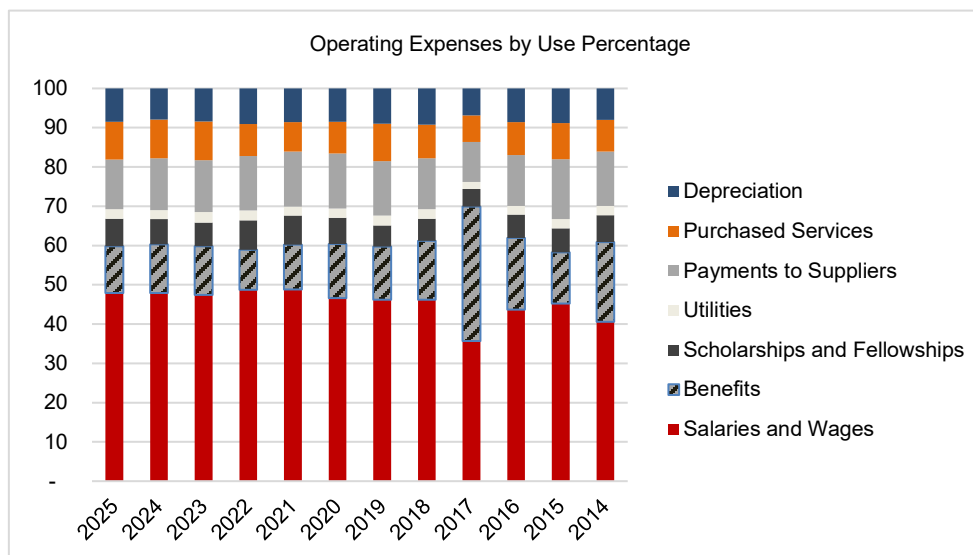
Statistical Section

Schedule of Operating Expenses by Use Last Ten Fiscal Years

Expressed as a Percent of Total

Fiscal year ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating expense										
Salaries and wages	47.9	47.9	47.4	48.7	48.8	46.6	46.2	46.2	35.7	43.7
Benefits	11.9	12.4	12.4	10.2	11.4	13.8	13.5	15.0	34.2	18.2
Scholarships and fellowships	7.0	6.4	6.0	7.5	7.4	6.7	5.4	5.6	4.5	6.0
Utilities	2.5	2.3	2.7	2.5	2.3	2.3	2.5	2.5	1.8	2.2
Payments to suppliers	12.6	13.2	13.2	13.9	14.0	14.0	13.9	12.9	10.2	12.9
Purchased services	9.6	9.9	9.9	8.1	7.5	8.1	9.5	8.6	6.7	8.4
Depreciation	8.5	7.9	8.4	9.1	8.6	8.5	9.0	9.2	6.9	8.6
Total operating expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

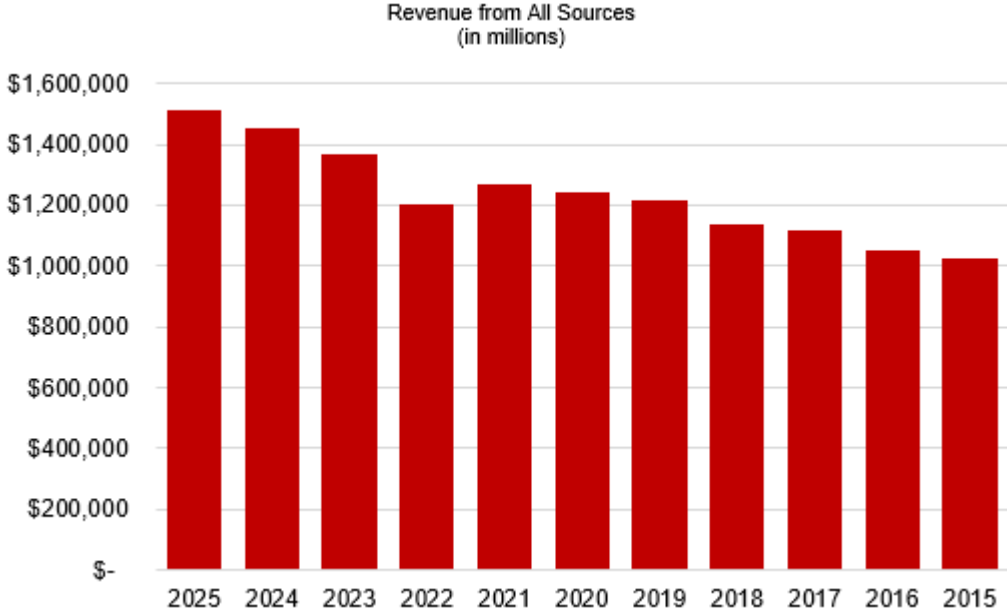
The University corrected an error related to its internal sales elimination, which resulted in changes to operating revenues and expenses. The error was corrected and was applied to fiscal years 2023 and 2023 for comparability to 2024. The University has determined that it is not practicable to restate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



Statistical Section

Schedule of Revenues by Source Last Ten Fiscal Years

Fiscal year ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017
Operating Revenues									
Tuition and fee revenue, net	\$ 262,221	\$ 283,683	\$ 284,784	\$ 296,411	\$ 314,052	\$ 312,717	\$ 294,861	\$ 279,746	\$ 286,137
Federal grants and contracts	211,412	203,513	200,187	173,124	158,255	145,935	151,921	141,354	135,290
State grants and contracts	139,837	115,814	118,915	98,902	113,516	92,495	87,884	86,413	90,501
Local grants and contracts	45,508	46,606	47,824	45,404	18,099	35,561	34,796	30,442	30,600
Sales and services of educational departments	28,448	27,478	26,973	23,929	28,612	26,321	25,221	25,617	24,875
Auxiliary enterprises	167,198	180,841	161,659	155,688	68,984	164,020	173,789	163,828	160,269
Other operating revenues	55,543	39,227	35,423	33,678	29,626	26,379	31,477	22,629	23,375
Total operating revenues	910,167	897,162	875,765	827,136	731,144	803,428	799,949	750,029	751,047
Non-operating revenues									
State appropriations	343,920	328,001	300,308	279,671	275,715	261,693	245,923	232,903	224,658
Federal appropriations	10,265	9,884	6,825	4,112	10,122	9,485	7,990	9,769	10,067
Federal Pell Grants	47,240	34,951	30,724	32,565	33,477	36,141	38,324	38,623	33,477
Federal bond interest subsidy	850	850	850	850	850	1,350	2,549	2,596	2,646
Gifts and contributions	54,096	49,845	59,699	56,033	43,875	39,535	44,489	35,494	35,913
Investment income, net of expense	134,786	123,416	86,728	(64,175)	118,440	65,207	64,603	48,314	51,846
COVID Relief Funds	-	-	3	55,353	43,345	19,051	-	-	-
Other non-operating revenues/expenses	5,903	6,153	5,260	5,904	10,805	5,831	6,393	15,809	5,892
Net non-operating revenues	597,060	553,100	490,397	370,313	536,629	438,293	410,271	383,508	364,499
Total revenue	\$ 1,507,227	\$ 1,450,262	\$ 1,366,162	\$ 1,197,449	\$ 1,267,773	\$ 1,241,721	\$ 1,210,220	\$ 1,133,537	\$ 1,115,546



Statistical Section

Schedule of Revenues by Source Last Ten Fiscal Years

Expressed as a Percent of Total

Fiscal Year Ended June 30	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating revenues										
Tuition and fee revenue, net	17.4	19.7	20.8	24.8	24.8	25.2	24.4	24.7	25.7	27.1
Federal grants and contracts	14.0	14.0	14.7	14.5	12.5	11.8	12.5	12.5	12.1	12.3
State grants and contracts	9.3	7.9	8.7	8.3	9.0	7.4	7.3	7.6	8.1	8.6
Local grants and contracts	3.0	3.2	3.5	3.7	1.4	2.9	2.9	2.7	2.7	2.8
Sales and services of educational departments	1.9	1.9	2.0	2.0	2.3	2.1	2.1	2.3	2.2	2.3
Auxiliary enterprises	11.1	12.5	11.8	13.0	5.4	13.2	14.4	14.4	14.4	14.6
Other operating revenues	3.7	2.7	2.6	2.8	2.3	2.1	2.6	2.0	2.1	1.5
Total operating revenues	60.4	61.9	64.1	69.1	57.7	64.7	66.2	66.2	67.3	69.2
Non-operating revenues										
State appropriations	22.8	22.6	22.0	23.4	21.7	21.1	20.3	20.5	20.1	18.8
Federal appropriations	0.7	0.7	0.5	0.3	0.8	0.8	0.6	0.9	0.9	1.0
Federal Pell Grants	3.1	2.4	2.2	2.7	2.6	2.9	3.2	3.4	3.0	3.5
Federal bond interest subsidy	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3
Gifts and contributions	3.6	3.4	4.4	4.7	3.5	3.2	3.7	3.1	3.2	3.5
Investment income, net of expense	8.9	8.5	6.3	(5.4)	9.3	5.2	5.3	4.3	4.7	3.7
COVID Relief Funds	-	-	-	4.6	3.4	1.5	-	-	-	-
Other non-operating revenues/expenses	0.4	0.4	0.4	0.5	0.9	0.5	0.5	1.4	0.5	-
Net non-operating revenues	39.6	38.1	35.9	30.9	42.3	35.3	33.8	33.8	32.7	30.8
Total revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Statistical Section

Schedule of Capital Asset Information by Assigned Square Feet

Fiscal Year Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Rooms by Use/Function										
Classroom	579	582	549	537	562	560	561	567	549	514
Laboratory	4,186	4,221	4,186	4,150	4,388	4,331	4,334	4,316	4,340	4,304
Office	8,670	8,714	8,731	8,786	9,128	9,010	9,000	8,966	8,921	8,741
Auxiliary	22,916	23,102	22,983	23,038	22,976	22,846	22,852	22,813	22,638	22,273
Total	36,351	36,619	36,449	36,511	37,054	36,747	36,747	36,662	36,448	35,832
Total Square Feet by Use/Function										
Classroom	421,846	422,150	413,252	407,828	409,330	407,992	407,665	409,839	402,131	358,018
Laboratory	1,707,055	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
Office	1,818,764	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
Auxiliary	5,681,687	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
Total	9,629,352	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

Admissions, Enrollment, and Degrees Earned Last 10 Fiscal Years (Fall Enrollment)

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Admissions - Freshmen									
Applications	25,462	26,166	19,401	18,197	21,198	21,434	22,773	22,565	23,223
Accepted	22,060	22,335	16,123	15,607	16,947	16,247	17,579	16,487	16,731
Enrolled	4,353	4,250	3,993	4,007	4,191	4,812	5,168	4,612	4,527
Accepted as a percentage of applications	86.6%	85.4%	83.1%	85.8%	79.9%	75.8%	77.2%	73.1%	72.0%
Enrolled as a percentage of accepted	19.7%	19.0%	24.8%	25.7%	24.7%	29.6%	29.4%	28.0%	27.1%

Statistical Section

Admissions, Enrollment, and Degrees Earned Last 10 Fiscal Years (Fall Enrollment)

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Enrollment									
Undergraduate, graduate, and professional Headcount	25,685	26,490	27,539	29,843	31,159	31,607	31,478	30,614	30,142
Men (headcount)	11,714	12,183	12,687	13,634	14,215	14,792	14,875	14,632	14,452
Percentage of total	45.6%	46.0%	46.1%	45.7%	45.6%	46.8%	47.3%	47.8%	47.9%
Women (headcount)	13,971	14,307	14,852	16,209	16,944	16,815	16,603	15,982	15,690
Percentage of total	54.4%	54.0%	53.9%	54.3%	54.4%	53.2%	52.7%	52.2%	52.1%

Admissions, Enrollment, and Degrees Earned Last 10 Fiscal Years (Fall Enrollment)

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Degrees Earned									
Baccalaureate	5,178	5,579	5,788	6,178	6,228	6,058	5,827	5,518	5,597
Master's	850	1,022	1,070	1,152	925	937	923	899	960
Doctoral	221	259	252	279	292	356	312	336	315
Professional	334	349	365	397	350	284	273	261	216
Total earned	6,583	7,209	7,475	8,006	7,795	7,635	7,335	7,014	7,088

Faculty and Staff

Last 10 Fiscal Years

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Faculty and Staff (FTE)									
Faculty	2,068	2,069	2,046	2,090	2,212	2,233	2,226	2,315	2,316
Graduate assistant	688	748	781	802	795	850	840	884	887
Administrative professional	2,429	2,358	2,205	2,073	2,051	2,044	1,999	2,026	2,007
Classified staff	2,047	2,074	1,941	1,903	2,027	2,046	2,021	2,058	2,071
Total faculty and staff	7,232	7,249	6,973	6,868	7,085	7,173	7,086	7,283	7,281

Statistical Section

State of Washington Economic Information

Demographic Data

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
State of Washington Economic Information										
Washington Total Population (April 1)	8,035,700	7,951,150	7,864,400	7,766,925	7,656,200	7,546,400	7,427,570	7,310,300	7,183,700	7,061,410
Per capita personal income*	\$ 83,938	\$ 79,659	\$ 75,698	\$ 78,373	\$ 75,504	\$ 71,738	\$ 68,307	\$ 66,340	\$ 66,510	\$ 64,849
Unemployment rate	4.5%	4.1%	4.2%	5.2%	8.5%	4.2%	4.5%	4.6%	5.2%	5.4%

* Inflation-adjusted to 2023 dollars



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, 2025, 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 12, 2026. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified .

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*.

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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed name and date.

Boise, Idaho
January 12, 2026



2025 Annual Financial Report
Fiscal year ended June 30, 2025

PULLMAN | SPOKANE | TRI-CITIES | VANCOUVER | GLOBAL CAMPUS | EXTENSION | EVERETT

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

Tami Bidle, Rick Combs, Jennifer Druffel, Amberly Marino,
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