

2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2016

An agency of the State of Washington

2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2016
Prepared by the Controller's Office



WSU embraces a high-access mission, consistent with its land-grant ideals. The fall 2016 freshman class included 36 percent first-generation college students and 35 percent minority students.

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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
genacct.wsu.edu/finstat.html.

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

Institutional Research
Washington State University
PO Box 641009
Pullman, Washington 99164-1009
509-335-4553

or

Visit the WSU home page at wsu.edu.

Introduction

The WSU Vancouver campus, founded in 1989, offers 20 bachelor's degree programs and 11 graduate degrees. First-generation students make up 43% of its student body.



Regents and Administrative Officers

BOARD OF REGENTS

Lura J. Powell, Chair of the Board
Theodor Baseler, Vice Chair of the Board
T. Ryan Durkan, Past Chair of the Board
Narek Danielyan, Student Regent
Donald K. Barbieri
Brett Blankenship
Scott E. Carson
Laura M. Jennings
Ron Sims
Michael C. Worthy

Kirk H. Schulz, Secretary Ex-Officio
Joan King, Treasurer Ex-Officio
Jay Inslee, Governor, State of Washington,
Advisory Member Ex-Officio

EXECUTIVE OFFICERS & CHANCELLORS

Kirk H. Schulz, President
Daniel J. Bernardo, Provost and Executive Vice President
Asif Chaudhry, Vice President for International Programs
David R. Cillay, Vice President of Global Campus
John Gardner, Vice President for Development and
CEO of the WSU Foundation
Melynda Huskey, Interim Vice President for Student Affairs
and Dean of Students
Christopher Keane, Vice President for Research
Colleen E. Kerr, Vice President for External Affairs
and Government Relations
Joan King, Associate Vice President
and Chief University Budget Officer
Heather Lopez, Director of Internal Audit
William H. Moos, Director of Intercollegiate Athletics
Sasi K. Pillay, Vice President of Information Technology Services
and Chief Information Officer
Olivia Yang, Interim Vice President for
Finance and Administration

Lisa Brown, Chancellor, WSU Spokane
H. Keith Moo-Young, Chancellor, WSU Tri-Cities
Mel Netzhammer, Chancellor, WSU Vancouver
Paul E. Pitre, Chancellor, WSU Everett

ADMINISTRATIVE OFFICERS

Matthew Skinner, Associate Vice President for
Finance and Administration
Joy Morton, Director/Interim Controller, Business Services

ACADEMIC DEANS

William Andrefsky, Jr. , Dean, Graduate School
Donald A. Bender, Interim Dean, Voiland College
of Engineering and Architecture
Daryll B. DeWald, Dean, College of Arts and Sciences
Joyce P. Griffin-Sobel, Dean, College of Nursing
Larry W. (Chip) Hunter, Dean, Carson College of Business
Ronald C. Mittelhammer, Dean, College of Agricultural,
Human, and Natural Resource Sciences
M. Grant Norton, Dean, Honors College
Bruce Pinkleton, Interim Dean, Murrow College
of Communication
Gary M. Pollack, Dean, College of Pharmacy
Bryan K. Slinker, Dean, College of Veterinary Medicine
Joseph (Jay) A. Starratt, Dean of Libraries
John M. Tomkowiak, Dean, Elson S. Floyd College of Medicine
Michael S. Trevisan, Dean, College of Education

LEGAL COUNSEL

Danielle A. Hess, Division Chief, WSU Division of the Washington
State Office of the Attorney General

Officer list effective as of 10/1/16

Message from the President



Transforming lives and bettering society

It is my great pleasure to share Washington State University's annual report for the 2016 fiscal year. This report provides detailed information about the University's fiscal health and operations during the period beginning on July 1, 2015, and concluding on June 30, 2016.

During the past 12 months, the University continued to accelerate its progress toward becoming one of the nation's leading land-grant institutions. In fact, shortly after I joined WSU as the University's 11th president in June, we made an institutional commitment to achieving recognized status as one of the nation's top 25 public research universities by 2030.

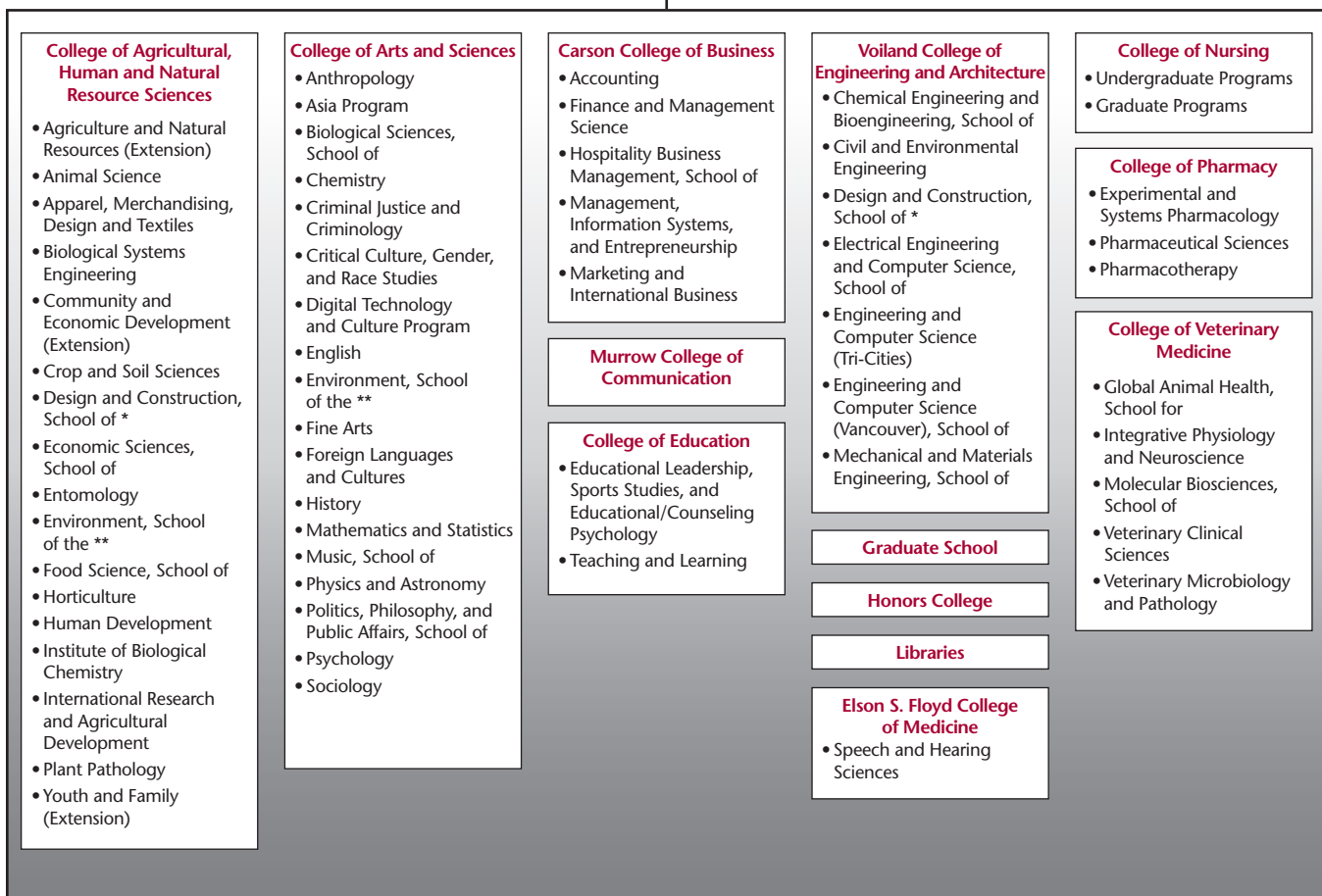
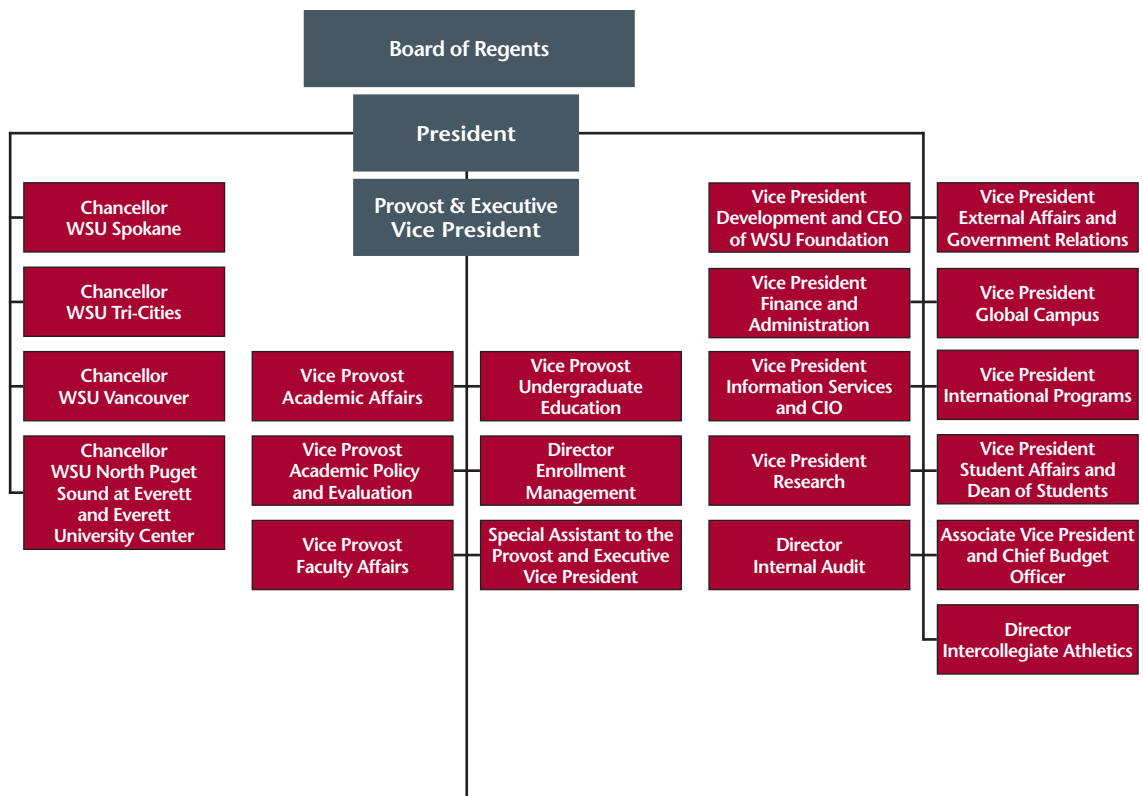
There's no doubt that Washington State transforms lives and betters society. The evidence from 2016 is abundant.

- In October, the Elson S. Floyd College of Medicine received preliminary accreditation—a major milestone for the state's second publicly funded medical school—which was only created in April 2015. We are on track to admit our inaugural class of 60 students in August.
- In November, biofuel created by the WSU-led Northwest Advanced Renewables Alliance powered the world's first commercial flight using biomass from branches, treetops, and other timber harvest leftovers. The achievement—the culmination of a five-year, \$40 million grant from the U.S. Department of Agriculture—advances our efforts to help the nation shed its reliance on fossil fuels and build a green economy in the Pacific Northwest.
- Cosmic Crisp, a new apple developed by our tree fruit breeders, is projected for plantings of 3.5 million trees in Washington during the first three years of its release—which would make Cosmic Crisp the largest launch of any apple variety in the world.
- Money.com last summer ranked WSU number one nationally among public universities for the value it adds to the student experience through academic and cocurricular opportunities. The ranking reflects our emphasis on providing a transformational student experience.

I am inspired each and every day by the talented men and women at Washington State University. Their talent, ingenuity, and dedication to serving the needs of our stakeholders leave me proud—and humbled—to lead our statewide enterprise.

Best regards,

Kirk H. Schulz
President, Washington State University



*Jointly administered by VCEA and CAHNRS

**Jointly administered by CAS and CAHNRS

Last Updated 12/17/16

Letter of Transmittal

December 23, 2016

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

We are pleased to present this *Comprehensive Annual Financial Report* (CAFR) of Washington State University for the year ended June 30, 2016. The report includes the audited financial statements as well as other useful information that helps ensure the University's accountability to the public. Responsibility for the accuracy of the information and for the completeness and fairness of its presentation, including all disclosures, rests with the University's management. We believe the information is accurate in all material respects and fairly presents the University's financial position, revenues, expenses, and other changes in net position.

We believe our system of internal controls is sound and sufficient to disclose material deficiencies in controls to the auditors and the audit committee and to provide management with reasonable, although not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition.

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited by the Office of the State Auditor or a certified public accountant each year. The University's internal auditors also perform fiscal, compliance, and performance audits. The reports resulting from these audits are shared with University management. Internal and external audit reports are provided to the Finance and Audit Committee of the Board of Regents. The audit of the University's federal financial assistance programs is performed by the Office of the State Auditor in conjunction with the statewide Single Audit.

The CAFR includes Management's Discussion and Analysis and all disclosures necessary for the reader to gain a broad understanding of the University's financial position and results of operations for the fiscal year ended June 30, 2016.

PROFILE OF THE UNIVERSITY

Founded in Pullman in 1890 as the state's land-grant research university, Washington State University today has campuses in Pullman, Spokane, Tri-Cities, Vancouver, and Everett. An award-winning Global Campus online program offers access to the University's degrees statewide and around the world. Enrollment exceeds 29,600 students who are served by over 2,000 faculty and 4,000 staff members. Among the University's faculty are eight members of the National Academy of Sciences, National Academy of Engineering, and the Institute of Medicine.

The Carnegie Foundation classifies the University as one of 115 U.S. public and private universities with very high research activity. *U.S. News and World Report* consistently ranks the University among the top 75 public universities. A 2010 *Wall Street Journal* survey ranked the University among the nation's top 25 colleges and universities that best prepare its students for workforce success. WSU Pullman has the safest campus among the six public universities and colleges in the state of Washington. It was also named one of the 50 greenest institutions in the state by *Seattle Business* magazine and also won the Clean Tech Achievement Award in 2015.

The University has eleven academic colleges plus the Graduate School and WSU Online Global Campus. The colleges include: Agricultural, Human, and Natural Resource Sciences; Business; Communication; Education; Engineering and Architecture; Honors; Arts and Sciences; Nursing; Pharmacy; Veterinary Medicine, and the newly formed College of Medicine. The University offers more than 200 fields of study including more than 95 majors, 66 master's degree programs, and 47 doctoral degree programs. Professional degrees are offered in pharmacy and veterinary medicine. Last year, 6,927 degrees, including bachelor's, master's, professional, and doctoral degrees, were conferred.

The University is known for research strengths in such diverse areas as biotechnology, reproductive biology, shock physics, viticulture, sleep research, wood technology, computer chips, and advertising's impact on healthy decision-making. Research stations are located in Lind, Long Beach, Mount Vernon, Othello, Prosser, Puyallup, and Wenatchee. There are extension offices in all 39 Washington counties.

The accompanying financial statements present all funds belonging to the University and its component units. The University is an agency of the state of Washington. It is governed by a ten member Board of Regents appointed by the governor and confirmed by the state senate. The financial reporting entity for the financial statements is comprised of the University and its component unit, the Washington State University Foundation (WSU Foundation). The WSU Foundation is a legally separate, nonprofit, tax-exempt organization and is reported as a discretely presented component unit based on the nature and significance of its relationship to the University. There are five legally separate entities that are reported as if they were part of the University. They are the Washington State University Alumni Association, the Students Book Corporation, the Washington State University Global Operations, Leadership and Development Corporation, and Washington State University's Global Animal Health—Tanzania.

The University is responsible for controlling its budget and using the funds to fulfill its educational, research, and public service missions. It is responsible for planning, developing, and controlling budgets and expenditures within authorized allocations in accordance with University, state, and federal policies and procedures. The University maintains budgetary controls to ensure compliance with provisions embodied in the biennial budget approved by the legislature of the state of Washington.

The state of Washington enacts biennial budgets beginning July 1 of odd-numbered years. The current biennial budget contained an increase in operating appropriations for higher education for the first time in several years. This increase made it possible for the University to lower tuition rates. Supplemental budgets may result in revisions to the biennial budget in even-numbered years.

Annually, the University's Board of Regents approves operating and capital budget requests which are then submitted to the governor. Once the budget is enacted by the legislature and signed by the governor, the University is responsible for the planning, analysis, and implementation of approved policies and programs within the budgetary limits imposed by legislation.

The operating budget includes resources available for allocation in support of the University's fundamental missions of instruction, research, and public service. Operating budget allocations are provided to each campus, college, or budget area which in turn determines the distribution of funding to their departments. Capital funds are budgeted on a project-by-project basis.

Budgeted funds, both operating and capital, are monitored at the University level to ensure compliance with state authorized expenditure authority. Budget control is accomplished at the campus, college, and budget area level through monthly budget statements.

ECONOMIC CONDITION

The state of Washington contributed 2.4% of the national Gross Domestic Product (GDP) in 2015. Real GDP growth in Washington was 2.9% from 2014 to 2015, higher than the U.S. growth rate of 2.4%. Private industries in the state made up 86% of GDP in 2015, with the largest contributors being the real estate, manufacturing, and information industries.

The U.S. Census reports that Washington had an estimated population of 7.2 million in 2015, making it the 13th most populous state in the United States. The median household income of Washingtonians was \$64,129 in 2015, compared to a national median of \$55,775. Approximately 34.2% of Washington's population had attained a bachelor's degree or higher in 2015, compared to 30.6% of the U.S. population.

Two business sectors important to Washington's economy and WSU's mission are agriculture and aerospace technology. There were 185 aerospace products and parts manufacturing firms across Washington in 2015, producing total wages of \$10.1 billion. The aerospace manufacturing industry produced 59% of Washington's exports in 2015, or \$51.1 billion, and employed 93,800 workers. Crop production firms in Washington employed an average of 68,100 workers during the year, with total annual wages at \$1.7 billion. The USDA National Agriculture Statistics Service estimates the value of all land and buildings on Washington farms at \$39.7 billion for 2015.

Washington's unemployment rate increased slightly to 5.8% from June 2015 to June 2016, compared to a national average of 4.9%. The Washington economy continues to grow at a solid pace; positive signs include higher than expected total employment growth and increased housing costs and single-family construction in the Seattle area. Total nonfarm employment was slightly above 3.2 million in June 2016, an increase of 2.9% over the previous year.

ACKNOWLEDGMENTS

Preparation of the CAFR in a timely manner would not have been possible without the coordinated efforts of the staff of the Business Services/Controller's Office and the staff of University Communications. Each member has our sincere appreciation for their contributions in the preparation of the report.

Sincerely,

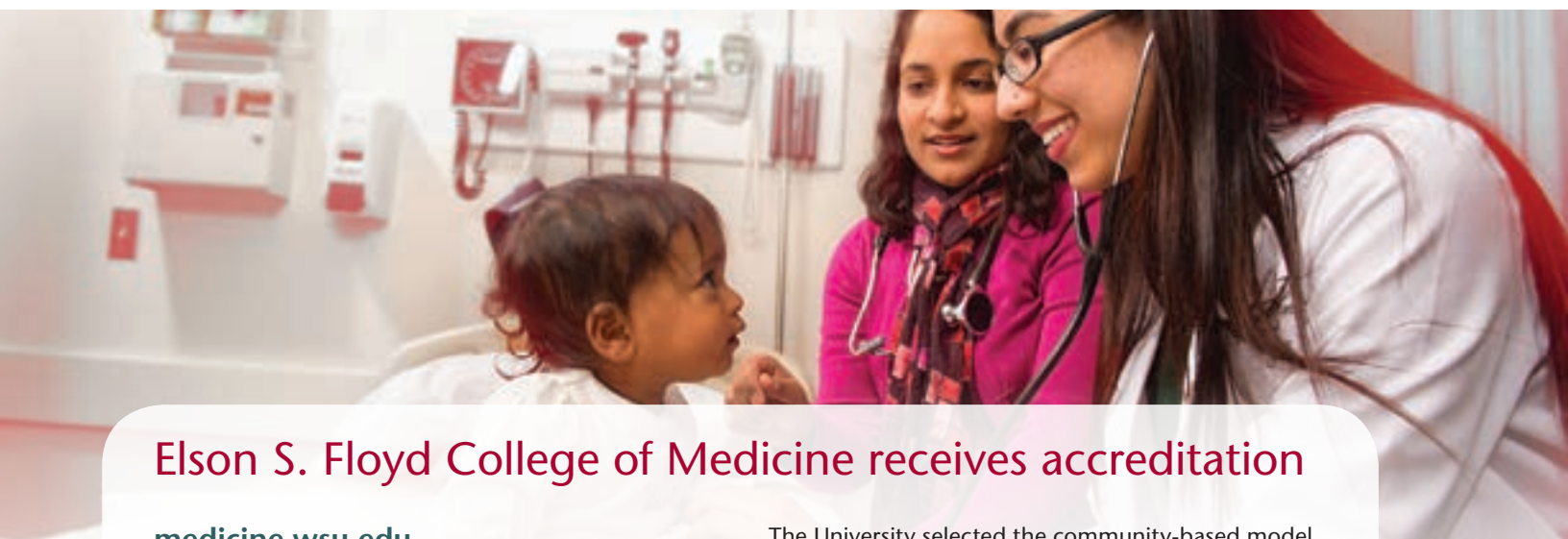


Olivia Yang

Vice President for Finance and Administration

Progress and Major Initiatives

Founded in 1890, Washington State University fulfills its mission as a land-grant university by transforming lives through teaching, research, and community outreach. The University's extraordinary commitment to educational access—nearly 40% of students are the first in their family to attend college—and its excellence in research have earned it a reputation as one of the most influential and admired institutions in the world.



Elson S. Floyd College of Medicine receives accreditation

medicine.wsu.edu

The Elson S. Floyd College of Medicine is on track to enroll its inaugural class of students in August 2017 after receiving preliminary accreditation in October 2016. The Floyd College of Medicine is the second publicly funded medical school in the state and is the first to be established in 70 years.

"This is a significant moment in Washington State University's 126-year history," said Washington State University president Kirk Schulz. "It puts us one step closer to educating physicians who will provide health care for Washington's underserved communities and furthers the University's land-grant mission to serve the needs of the state."

A healthier future for the state of Washington

The Elson S. Floyd College of Medicine was created to fill critical health care gaps in rural Washington. The community-based model of medical education will be offered at WSU campuses and clinics in or near Everett, Spokane, Tri-Cities, and Vancouver, making medical education more accessible to Washington students.

The University selected the community-based model because it has been shown to be cost-effective and results in medical students building relationships within communities and gaining knowledge through an array of clinical experiences. In this model, medical students will be based in their assigned communities, located near the system of WSU campuses and learning skills as taught by local clinical faculty.

Since physicians are more likely to practice in areas where they receive their medical training, this increases the chance that students will choose to provide health care for patients located in rural or underserved communities after graduation.

"We envision that our effort will significantly change the face of health care in Washington," Schulz said. In addition to the benefits to patients and aspiring medical students, he noted the medical school will create new research funding opportunities, provide economic stimulus, and boost the University's overall reputation.

Applications for the charter class recently closed, with over 700 applications received. The college will welcome the first class of 60 medical students in August 2017.

Protecting health worldwide



Professor Yeuhe Lin's research team developed a portable biosensor that makes it easier to detect *E. coli*.

Tracking pathogens and improving vaccines

Keeping track of the most infectious offenders in the bacterial world—and developing vaccines to stop them—is easier and more accurate thanks to software developed by an interdisciplinary team of WSU researchers. The software, called RepeatAnalyzer, can track, manage, analyze, and catalog the short, repeating sequences of DNA that identify various bacteria.

Its database visualization tool also lets researchers track strains on a world map, allowing them to more accurately trace the origins and vectors of infectious diseases.

Improved biosensors to detect *E. coli*

The presence of *E. coli* bacteria is usually only discovered after people get sick. But now, thanks to a team of WSU materials science and food science researchers, these harmful pathogens can be quickly detected before they reach infectious levels. The team created a unique nanoscale particle—a “nanoflower”—that traps enzymes and allows a handheld meter to identify the pathogen’s chemical signature.

Improving human health



REM sleep essential for brain development

WSU researchers have discovered that REM sleep acts like the chemical developer in old-fashioned photography to make traces of experience more permanent and focused in the brain.

A research team in WSU's Sleep and Performance Research Center found that the neural circuits in the visual cortex changed—in effect, were rewired—when the young animals in their study explored the world and gained new experiences. These changes are made permanent by the enzyme ERK, which is only active during REM sleep.

The study, which was funded by the National Institute of Health, has interesting implications for sleep in children.

The evidence that REM sleep is critical to the development of vision, speech, language, and motor skills in young brains calls into question giving children compounds that affect sleep and brain activity.

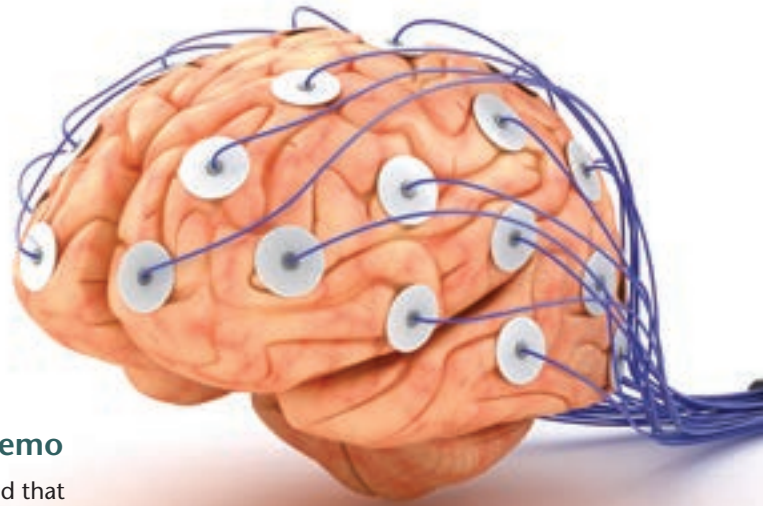
The future of sleep research

The University's Sleep and Performance Research Center connects sleep-related research programs across the disciplines into one unified program. The center investigates the effects of sleep on behavior and cognition, circadian rhythms, metabolism, neurobiology, and task performance.

Located on the WSU Spokane medical sciences campus, it is the only integrated sleep/wake/work facility in the world. It features four sleeping suites, which allow scientists to collect data on subjects in realistic simulated scenarios.

Exposing inaccuracies in head impact sensors

It's common practice nowadays for athletes to wear electronic sensors to measure head impacts. If they're struck with potentially dangerous force, the coach will be notified and the player can be treated immediately. However, a study done by the WSU Sports Science Laboratory shows that sensors for nonhelmeted sports don't accurately measure serious, angular hits.



Combating the negative effects of chemo

A doctor of pharmacy student at WSU has discovered that kidneys, just like people, are on a schedule. His research suggests there may be benefits to timing chemotherapy to the patient's circadian rhythm. The biggest limitation of the chemotherapy drug, cisplatin, is its poisonous effect on kidneys. Administering treatments when the body is most "awake" may help the kidneys counteract these negative effects.

Human skin cells can "walk" to wounds

WSU researchers have discovered something right out of a science fiction novel: human skin cells can walk. Researchers in the School of Molecular Biosciences discovered that skin cells can dissolve the proteins holding them in place so they can move to seal wounds.

Using high-resolution microscopes, scientists watched cells shift from side to side using their outer edges as "feet." Researchers think the cells use muscle-related proteins to generate the force needed to move. The discovery opens up huge possibilities for future wound treatment techniques.

Reducing infections in stroke patients

Research out of WSU has found that statin drugs, which are used to lower cholesterol levels, can dramatically lower the risk of infections in stroke patients. About one-third to almost one-half of stroke patients develop infections during treatment.

After reviewing the records of more than 1,600 hospitalized patients, a professor in the Floyd College of Medicine discovered that patients who had been administered statin early in their stay were at a lower risk of infection after an ischemic stroke.

Elucidating a mechanism of infection

A partnership between WSU and Harvard University has discovered the mechanism that allows pathogens to infect intestinal cells. Researchers in WSU's Paul G. Allen School of Global Animal Health co-led the study, which will help future scientists treat illnesses caused by *Salmonella*, *Shigella*, and *E. coli*.

The pathogens use a syringe-like device to invade the intestinal cells. This cellular device also acts as a traffic cop, directing bacteria where to go. This discovery will help future scientists treat antibiotic-resistant strains of gastrointestinal diseases.

Assistant professor Leigh Knodler (left) led research that discovered how infectious bacteria invade intestinal cells.



In November 2016, biofuel created by the WSU-led Northwest Advanced Renewables Alliance powered the world's first commercial flight using biomass from forest residuals. The achievement—the culmination of a five-year, \$40 million grant from the U.S. Department of Agriculture—advances our efforts to help the nation shed its reliance on fossil fuels and build a green economy in the Pacific Northwest.





A new era in astrophysics

One of the major predictions of Albert Einstein's 1915 general theory of relativity has finally been confirmed, and WSU researchers were part of the momentous achievement. For the first time, scientists have observed gravitational waves—ripples in the fabric of space-time that spread across the universe after a distant cataclysmic event.

Two LIGO (Laser Interferometer Gravitational-wave Observatory) detectors, one in Hanford, Washington and one in Livingston, Louisiana, worked together to observe the gravitational wave. WSU's faculty and student researchers helped staff the Hanford observatory, worked with collaborators to improve the detectors' effectiveness, and devised methods of combining data from multiple detectors.

The detection and analysis of gravitational waves yields information not only about their dramatic origin—in this case, the collision of two black holes—but about the nature of gravity itself. Combined with electromagnetic observation, gravitational waves allow us to observe events in the distant universe that until now were impossible to verify.

"In addition to dramatically confirming Einstein's general theory of relativity, this marks the beginning of a new era in astrophysics," said Matt McCluskey, WSU physics and astronomy chair. "We now have a working gravitational wave observatory, and WSU is in on the ground floor."



Combating invaders with an "alien" wasp

It's an insect version of the movie *Alien*: a hidden parasite eats its host alive from the inside out, then bursts out of its victim's lifeless body as a fully formed adult. But unlike the terrifying fictional alien, this parasite is being cheered on by entomologists. And its host is no innocent victim.

Trissolcus japonicus, a tiny parasitic wasp, feeds on brown marmorated stinkbugs, an invasive insect that has spread across most of the United States. The crop-wrecking invader has no natural enemies in North America. But WSU researchers who were studying how to harness *T. japonicus* to combat the invasion made a surprise discovery—their potential ally was already on the job in a few isolated locales.

They're currently investigating its habits to make sure it won't harm beneficial native insects. If this tiny "alien" turns out to be on our side (so to speak), it can be unleashed against the invaders nationwide.



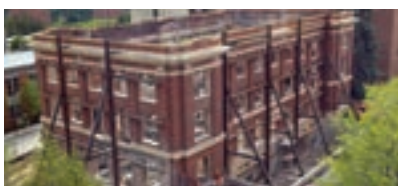
Capital projects 2016

In the last twelve months, the University has continued its drive to create state-of-the-art facilities to address student and faculty needs.



Chinook Student Center, WSU Pullman

Construction of the \$32 million Chinook Student Center began January 2016 and is projected to last through January 2017. The project will convert the building that previously housed The Bookie into a student center with study and social spaces, exercise areas, and food vendors.



Troy Hall, WSU Pullman

After six years of vacancy, Troy Hall will reopen February 2017. After a \$32.3 million renovation, the building will provide over 50,000 square feet of academic instruction and research space.



Digital Classroom Building, WSU Pullman

Opening fall 2017, the Digital Classroom Building will feature innovative technology to engage students in learning. The 80,000 square foot building will feature flexible academic spaces, which will be easy to modify to fit varying class sizes and teaching styles.



Floyd Cultural Center, WSU Pullman

Named for the University's late president, Dr. Elson S. Floyd, the Floyd Cultural Center will be a gateway to the Pullman campus and a symbol of the campus's "Cougar culture." The center will feature a large indoor living room and four connecting rooms devoted to the state's four largest underrepresented populations: African Americans, Asian Pacific Americans, Chicanos/Latinos, and Native Americans.



Academic Center, WSU North Puget Sound at Everett

Located on land leased from Everett Community College, the Everett Academic Building will house classrooms, laboratories, faculty offices, and student services for the Everett University Center, a WSU-led consortium of seven universities offering more than 20 bachelor's degree completion programs. It will open fall 2017.



Student Union Building, WSU Tri-Cities

Scheduled for completion in 2017, this will be the first building on the Tri-Cities campus to be solely designed around the student experience. Founded by students, for students, the new Student Union Building will feature food vendors, recreation spaces, social areas, and more.

Additional 2016 projects

PACCAR Environmental Technology Building
Spokane Teaching Health Clinic
Pullman Public Safety Building



Financial Section





WSU Spokane, established in 1989, is a hub of health science education offering degree programs in pharmacy, nursing, medicine, and more.



Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Washington State University July 1, 2014 through June 30, 2016

December 23, 2016

Board of Regents
Washington State University
Pullman, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Washington State University, Whitman County, Washington, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Washington State University Foundation (the Foundation), which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose

report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Washington State University, as of June 30, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1, the financial statements of the Washington State University, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the University and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2016 and 2015, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with

auditing principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

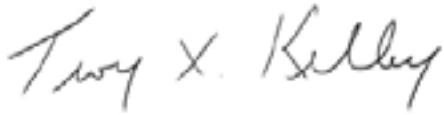
Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2016 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing,

and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

Management's Discussion and Analysis

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Washington State University (the University) for the fiscal year ended June 30, 2016, with comparative information for the fiscal years 2015 and 2014. This overview has been prepared by management and should be read in conjunction with the University's financial statements and accompanying footnote disclosures.

Using the Financial Statements

Washington State University is pleased to present its financial statements for fiscal year 2016. Condensed operations and financial position data for the year will be presented alongside audited data for fiscal years 2015 and 2014 in this section in order to illustrate certain increases and decreases. The emphasis of discussions about these statements will be on current year data.

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 presents component unit information on pages immediately following the statements of the University.

The financial statements are prepared in accordance with generally accepted accounting principles 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 considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

Management's discussion and analysis provides additional information regarding the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position.

Financial Highlights

The University's financial position as of June 30, 2016, reflects a decrease over the previous year due in part to the continuing impact of the implementation of GASB Statement 68, which changed how pension liabilities were computed. The University restated its net position for fiscal year 2014 as required by generally accepted accounting standards to reflect a change in accounting principle. This resulted in an \$85 million decrease in unrestricted net assets for 2014 and an additional \$14 million decrease in 2015. In the current year:

- Assets decreased by \$4.6 million to end the year at \$2.7 billion.
- Liabilities increased by \$60 million to end the year at \$1 billion.
- Capital assets, net of accumulated depreciation, totaled \$1.7 billion, an increase of \$48 million.
- Net position, which is the residual of assets after deducting liabilities, decreased \$35.4 million to end the year at \$1.65 billion.

Other significant changes to operations were as follows:

- Operating revenues totaled \$731 million, an increase of \$18.5 million.
- Operating expenses totaled \$1.1 billion, an increase of \$42.6 million.
- Non-operating revenues, net of expense, totaled \$292 million, an increase of \$7.4 million.

Condensed Financial Information and Analysis

Financial Position—Statement of Net Position

The Statement of Net Position is a snapshot of the University's financial position at fiscal year-end. It lists the University's assets (economic resources), liabilities (creditors' claims), and net position (residual interest in assets after paying creditors) based on end-of-year data.

Assets are classified as current, non-current, or capital. Current assets are expected to benefit the University within 12 months and include cash, accounts receivable, inventories, prepaid expenses, and investments that can easily be converted into cash to meet University expenses. Non-current assets include endowment fund assets, student loans receivable, and investments expected to be held more than one year. Capital assets include construction in progress, library materials, furniture and equipment, land, buildings, and improvements and are reported net of accumulated depreciation.

Liabilities are classified as current or non-current. Current liabilities are claims that are due and payable within 12 months and include payroll and benefits, amounts payable to suppliers for goods and services received, and debt principal payments due within one year. Non-current liabilities are obligations payable beyond one year and include bond obligations, installment contracts, leases, and earned but unused vacation and sick leave.

Net position is divided into five categories:

- **Net investment in capital assets:** represents the University's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted—nonexpendable:** University endowment funds, Land-Grant Endowment funds, and similar funds for which donors or outside sources have stipulated as a condition of the gift that the principal be maintained in perpetuity.
- **Restricted—loans:** funds that have been established for the explicit purpose of providing student support as prescribed by statute or granting authority.
- **Restricted—expendable:** funds that are subject to externally imposed restrictions governing their use, such as scholarships, fellowships, research, loans, professorships, capital projects, and debt service.
- **Unrestricted:** represents those assets that are available to the University for any lawful purpose.



WSU Tri-Cities is the University's most diverse campus, with 35% minority students. The Tri-Cities area has been ranked as the 6th best place for STEM graduates in the U.S.

Summarized Statement of Net Position

	June 30, 2016	June 30, 2015	Restated June 30, 2014
Assets			
Current assets	\$ 215,251,620	\$ 325,451,640	\$ 256,199,389
Non-current assets:			
Long-term investments	209,337,581	160,994,873	214,507,165
Endowment investments	528,459,093	518,231,277	503,991,331
Other non-current assets	47,074,725	47,990,811	53,714,730
Capital assets, net of accumulated depreciation	1,669,599,783	1,621,637,839	1,555,948,639
Total assets	2,669,722,802	2,674,306,440	2,584,361,254
Deferred outflows of resources	28,445,750	15,982,114	\$16,925,239
Liabilities			
Current liabilities	126,404,858	116,964,042	104,898,773
Non-current liabilities:			
Accrued leave	30,312,292	30,271,337	38,192,150
Unearned revenue	9,249,795	9,865,694	10,478,361
Long-term liabilities and pension liability	845,047,737	792,294,277	699,324,131
Other non-current liabilities	22,376,539	24,234,118	21,692,677
Total liabilities	1,033,391,221	973,629,468	874,586,092
Deferred inflows of resources	15,974,353	32,420,928	31,646,552
Net position			
Net investment in capital assets	950,874,978	931,981,850	948,421,251
Restricted nonexpendable	504,300,813	481,182,685	471,364,261
Restricted loans	28,363,946	28,145,314	27,527,323
Restricted expendable	232,126,994	250,389,405	236,173,174
Unrestricted	(66,863,753)	(7,461,096)	11,567,840
Total net position	\$1,648,802,978	\$1,684,238,158	\$1,695,053,849

Significant Changes in the Statements of Net Position

- Current assets increased by \$69 million from 2014 to 2015 due primarily to rise in the short term investment of the 2015 bond proceeds in anticipation of construction cash flow requirements. In 2016, current assets decreased by \$110 million, cash equivalents increased by \$8 million, while current investments decreased by \$130 million due to increased cash needs for construction projects, primarily the Everett University Center, the Digital Classroom Building, the PACCAR Environmental Technology Building, and the Spokane Teaching Health Center. Accounts receivable increased by \$13 million. The amount due from the Office of the State Treasurer rose \$7 million while federal government receivables were \$3 million more than last year and local and state grant receivables were \$3 million more than last year.
- Non-current assets, other than capital assets, decreased by \$45 million from 2014 to 2015 as funds were moved from long-term into short-term investments (a \$59 million decrease) to prepare for the cash needs of construction projects. Also in 2015 a review of documents by the WSU Foundation resulted in a transfer of \$19 million in quasi-endowments from the Foundation, which increased University endowment assets by \$19 million. In 2016 non-current assets, other than capital assets, increased by \$58 million, which included an increase of endowment investments of \$10 million owing to an increase in endowment earnings and an increase in long term investments of \$48 million.
- Capital assets net of accumulated depreciation increased by \$66 million from 2014 to 2015 as the Wine Science Center in Tri-Cities, the Northside Residence Hall, and the Football Operations Building were all completed. In 2016, capital assets net of accumulated depreciation increased by \$48 million, as the PACCAR Environmental Technology Building, the Spokane Teaching Health Center, the Global Scholars residence hall, the Chief Joseph Village, and the Washington Building Pharmacy were completed.

- Current liabilities increased in 2015 by \$12 million due to reclassification of the current portion of accrual leave into current liabilities. Current liabilities increased by \$9 million in 2016 due to a \$4 million increase in accounts payable and accrued liability a \$3 million increase in unearned revenue due to the timing of summer session, and a \$2 million increase in the current portion due on new bond issues.
- Non-current liabilities increased by \$87 million in 2015, primarily due to the issue of General Revenue Bonds to build a new multicultural center, digital classroom, the new Spokane Teaching Health Center, a new facility for the Police Department, and for renovations on the Pullman Health and Wellness Center facility. In 2016, non-current liabilities increased by \$50 million. General Revenue Bonds were issued in the amount of \$31 million to remodel the Chinook Building and construct a new WSU Tri-Cities Student Union Building, at a premium of \$6 million. \$58 million in General Revenue Bonds were issued to refund \$65 million in series 2007, 2008, and 2009 bonds. The net pension obligation on the University's pension plans increased by \$35 million. Other non-current liabilities decreased by \$2 million.
- Net position decreased by \$10 million in 2015 due primarily to the implementation of GASB 68. During 2016, net position decreased by \$35 million. Net investment in capital assets increased by \$19 million due to the completion of several construction projects, including the PACCAR Environmental Technology Building, the Spokane Teaching Health Center, the Global Scholars Residence Hall, the Chief Joseph Village, and the Washington Building Pharmacy offset by depreciation and normal retirements. Restricted nonexpendable net position increased by \$23 million, the result of increased earnings in the endowment investments. Restricted expendable net position decreased by \$18 million reflecting use of cash from bond proceeds, decreased capital appropriations, and decreased capital gifts. Overall, unrestricted net position decreased by \$59 million. Of that decrease, \$7 million represents WSU's portion of the settlement of the Moore vs. HCA lawsuit. The court ruled that the state wrongly omitted certain class members from employer-paid health insurance under the "nonpermanent" employee category.

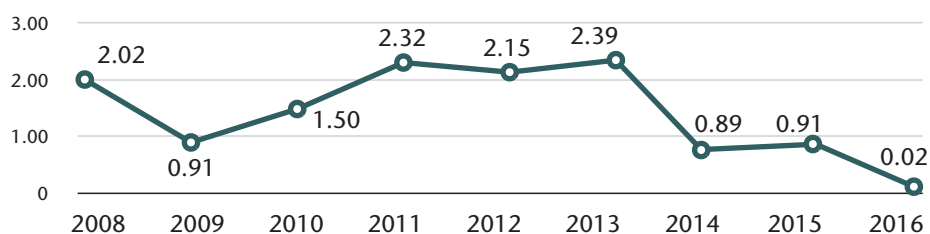
Financial Health and Flexibility

There are a number of ratios used to gauge financial health and flexibility. Each ratio measures one aspect of performance. The Composite Financial Index (CFI), recommended in the book, *Strategic Financial Analysis for Higher Education, Seventh Edition*, combines four core ratios into a single measure. Blending the four key measures of financial health into a single number provides a more balanced view of the state of the institution's finances. A weakness in one measure may be offset by the strength of another measure.

The four core ratios are the primary reserve ratio, the net operating revenues ratio, the return on net assets ratio, and the viability ratio. Each of these ratios is converted to a strength factor using a common scale then multiplied by specific weighting factors and combined to form the Composite Financial Index.

The graph below shows Washington State University's Composite Financial Index over the past nine years. The ratio was climbing until the global economic downturn reduced operating budgets and investment returns. The University put proactive measures in place to generate greater diversity of revenues and combined that with strategic spending increases. The rate dropped dramatically for 2014 as a result of recognizing WSU's share of the state's pension liability. It increased again slightly in 2015, then dipped in 2016 due to a spending down of reserves.

Composite Financial Index



Results of Operations—Statements of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position is the University's equivalent of an income statement. It shows the sources and amounts of revenues earned and nature and amount of expenses incurred during the year, classified as operating, non-operating, or other.

Operating revenues are the inflows of funds from providing goods and services to the University's customers. They include tuition and fees; grant and contract payments; and sales and service revenue generated by student housing, student dining, and other University enterprises. Operating expenses are the funds used up in generating operating revenues and in carrying out the University's mission.

Non-operating revenues are revenues earned for which goods and services are not provided and include state appropriations, current-use gifts and grants that are designated for purposes other than capital construction, land-grant endowment income, endowment distributions, and investment income. Non-operating expenses include interest expense on long-term debt.

Other revenues and expenses include capital appropriations, capital gifts or grants, additions to permanent endowments, and gains or losses on the disposal of capital assets.

Summarized Statements of Revenues, Expenses, and Changes in Net Position

	June 30, 2016	June 30, 2015	Restated June 30, 2014
Operating revenues (expenses)			
Student tuition and fees, net	\$ 286,292,496	\$ 292,867,105	\$ 290,508,398
Grants and contracts	251,187,759	237,393,082	248,903,143
Sales and services, net	177,882,770	167,245,337	154,089,274
Other operating revenues	15,681,211	15,014,923	9,305,921
Total operating revenues	731,044,236	712,520,447	702,806,736
Operating expenses	(1,090,752,042)	(1,048,103,906)	(1,080,893,163)
Operating loss	(359,707,806)	(335,583,459)	(378,086,427)
Non-operating revenues (expenses)			
State and federal appropriations	209,813,173	189,277,010	186,767,133
Federal financial aid	36,820,890	35,506,235	33,746,385
Non-capital gifts and grants	37,331,743	37,397,111	35,840,676
Investment income, net	38,994,303	45,295,886	73,309,420
Interest on debt	(26,761,921)	(26,298,696)	(25,071,064)
Federal interest subsidy on debt	2,685,298	2,701,584	2,681,195
Settlement of lawsuit	(6,688,000)		
Other non-operating revenues (expenses)	12,508	924,046	895,588
Net non-operating revenues (expenses)	292,207,994	284,803,176	308,169,333
Income (loss) before other changes	(67,499,812)	(50,780,283)	(69,917,094)
Capital appropriations	28,230,835	32,992,075	8,724,921
Capital gifts and grants	3,695,683	6,836,860	13,370,360
Additions to permanent endowments	138,114	135,657	91,532
	32,064,632	39,964,592	22,186,813
Decrease in net position	(35,435,180)	(10,815,691)	(47,730,281)
Net position, beginning of year	1,684,238,158	1,695,053,849	1,742,784,130
Net position, end of year	\$ 1,648,802,978	\$ 1,684,238,158	\$ 1,695,053,849

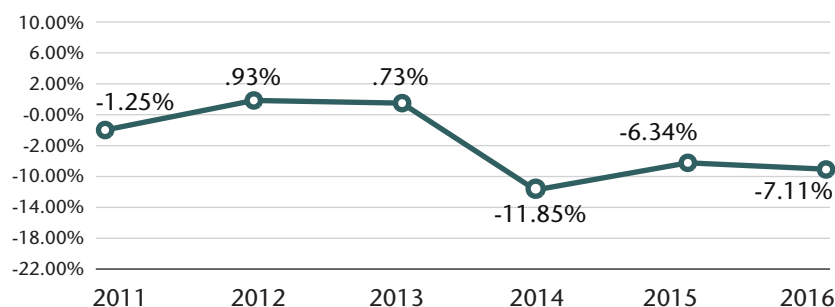
Significant Changes in the Statement of Revenues, Expenses, and Changes in Net Position:

- Current operating revenues increased by \$19 million compared to an increase of \$10 million in 2015. For 2016, tuition and fees had a reduction of \$6 million caused by increased waivers of \$4 million and increased scholarship allowance of \$2 million. Federal, state, and local grant revenues increased by \$14 million. Sales and services net increased by \$11 million, a result of increased enrollment. This includes Housing and Dining Services revenue, which increased by \$4.5 million, and Athletics revenue, which increased by \$5.6 million.
- Due to the implementation of GASB 68, benefits expense increased by \$85 million in 2015. This large increase reflected the cumulative effect of the change in accounting principle. For 2016, benefits expense increased by \$22 million due to an increase in the state health insurance rate and an increase in enrolled employees. Salaries increased by \$24 million as a result of a 1.8% pay increase for faculty, graduate assistants, and administrative employees and also an increase in employee headcount. Payments for goods, services, and utilities decreased by \$13 million as purchases of non-capital equipment slowed, for completed new buildings, costs associated with the medical school, and other new programs. Depreciation expense increased by \$6 million due to new buildings and equipment. Scholarship expense increased by \$4 million as a result of increased state support.
- In 2015, non-operating revenues decreased by \$23 million due primarily to a loss in investment income. In 2016, non-operating revenues increased by \$7 million. State operating appropriations increased by \$20 million. Federal Pell Grant revenues increased by \$1 million. Investment income decreased by \$6 million and the settlement of the Moore vs. HCA lawsuit amounted to \$7 million.
- Overall, other revenues increased by \$17 million in 2015, as expenditures drove up capital appropriation reimbursement in the second year of the biennium. Capital appropriations are budgeted over two years. In the first year, expenditure amounts are lower as projects are just beginning. As expected, in 2016, capital appropriations decreased by \$5 million. Capital gifts and grants decreased by \$3 million.

Operating Performance

Rating agencies use a number of ratios to assess operating performance. One of the ratios more commonly used by Moody's is annual operating margin, which compares the operating surplus (or deficit) to operating revenues. Moody's definition of operating revenues includes several non-operating revenues in determining margin and an estimated spending rate of the University's investments rather than actual investment income. This ratio indicates the extent to which the University is balancing revenues with expenses and growing its resource base. GASB 68 was implemented in 2015 which required a restatement of the 2014 Statement of Net Position to record the University's share of the state's net pension obligation. The result of that change in accounting principle caused operating expenses to increase by \$85 million. In 2015, additional pension expense was recognized that increased operating expenses by \$14 million. In 2016 the margin dips as expenses outpace revenue.

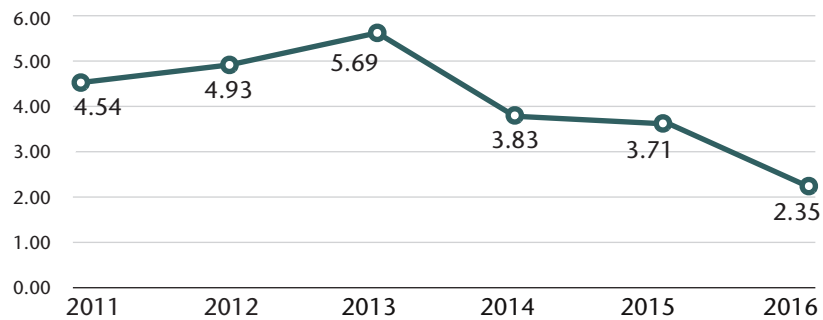
Annual Operating Margin



Management's Discussion and Analysis

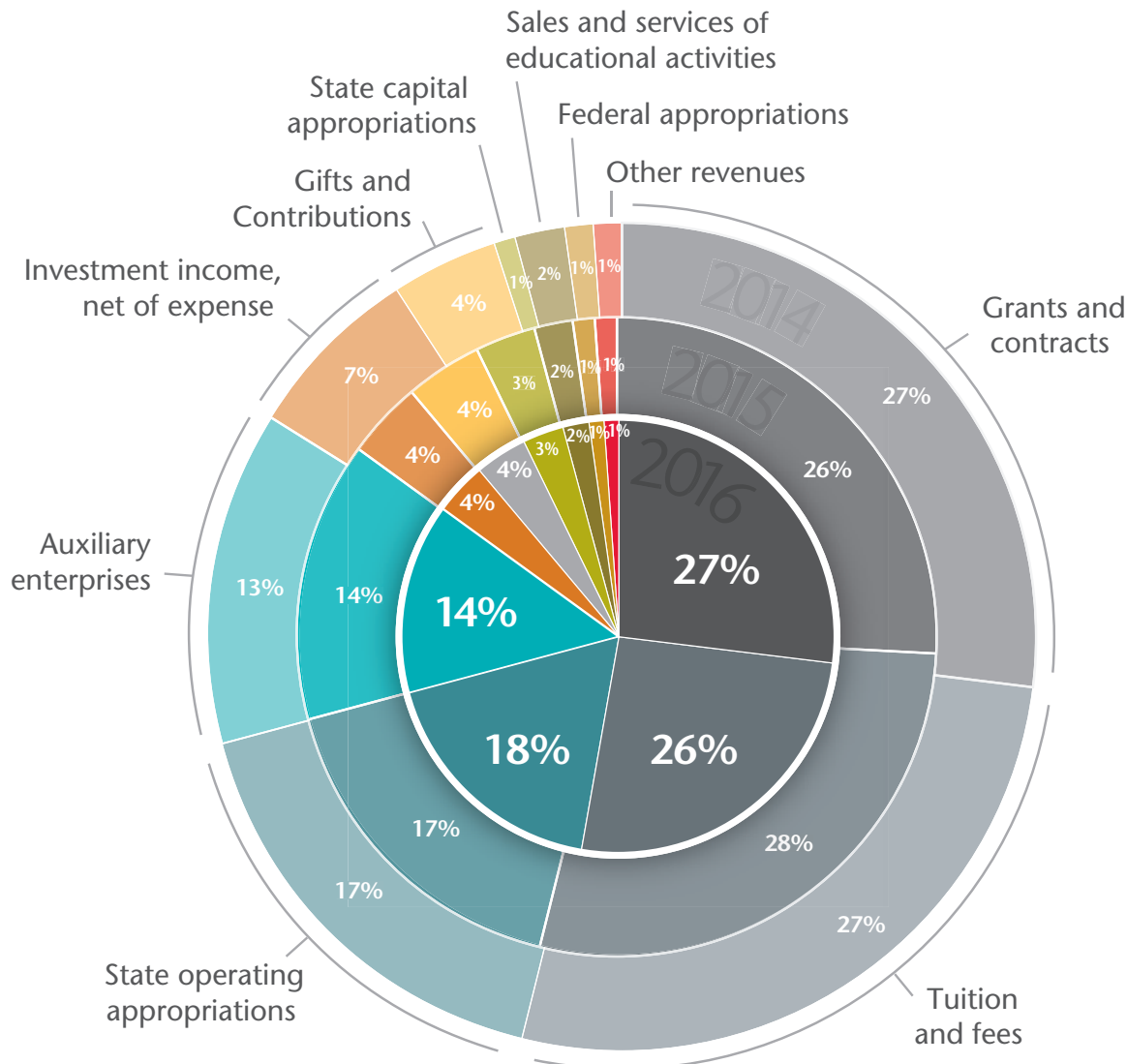
The ratio of expendable financial resources to operations (as defined by Moody's) measures the strength of net position. This ratio, illustrated in the chart below, shows that in 2014, the University recorded its share of the state's pension liability in accordance with GASB pronouncement 68. This restatement reduced expendable resources by \$85 million. In 2016, the ratio declined, reflecting the decrease in expendable net position. For 2016, the University has resources available to fund operations for 2.35 months.

Expendable Financial Resources to Operations



Revenues from all Sources

For the Years Ended June 30, 2016, 2015, and 2014



As the above graphs show, the University has a diversified revenue base. No single source of revenue generated more than 27% of the total fiscal year revenues. In 2015, tuition revenues and grant revenues were the largest source of revenue at 28% and 26% respectively, followed by state appropriations at 17%. In 2016, grants and contracts and tuition and fees remained the largest sources of revenue at 27% and 26% respectively, followed by state appropriations at 18%. The University relies on this state funding, which subsidizes its instructional activities, allowing for lower tuition rates. In 2016, state appropriations increased as the University made a 5% decrease in tuition rates.

In 2016, grants and contracts, including Pell Grants, generated \$288 million, or 27% of total revenue. These funds support the University's research activities, which allow students to work with nationally recognized faculty as part of their educational experience. Tuition and fees generated \$286 million, or 26%, in 2016. The state legislature sets tuition rates for all public universities in Washington. State appropriations revenue increased in an effort to offset the decrease in tuition rates and generated \$199 million, or 18% of total revenue.

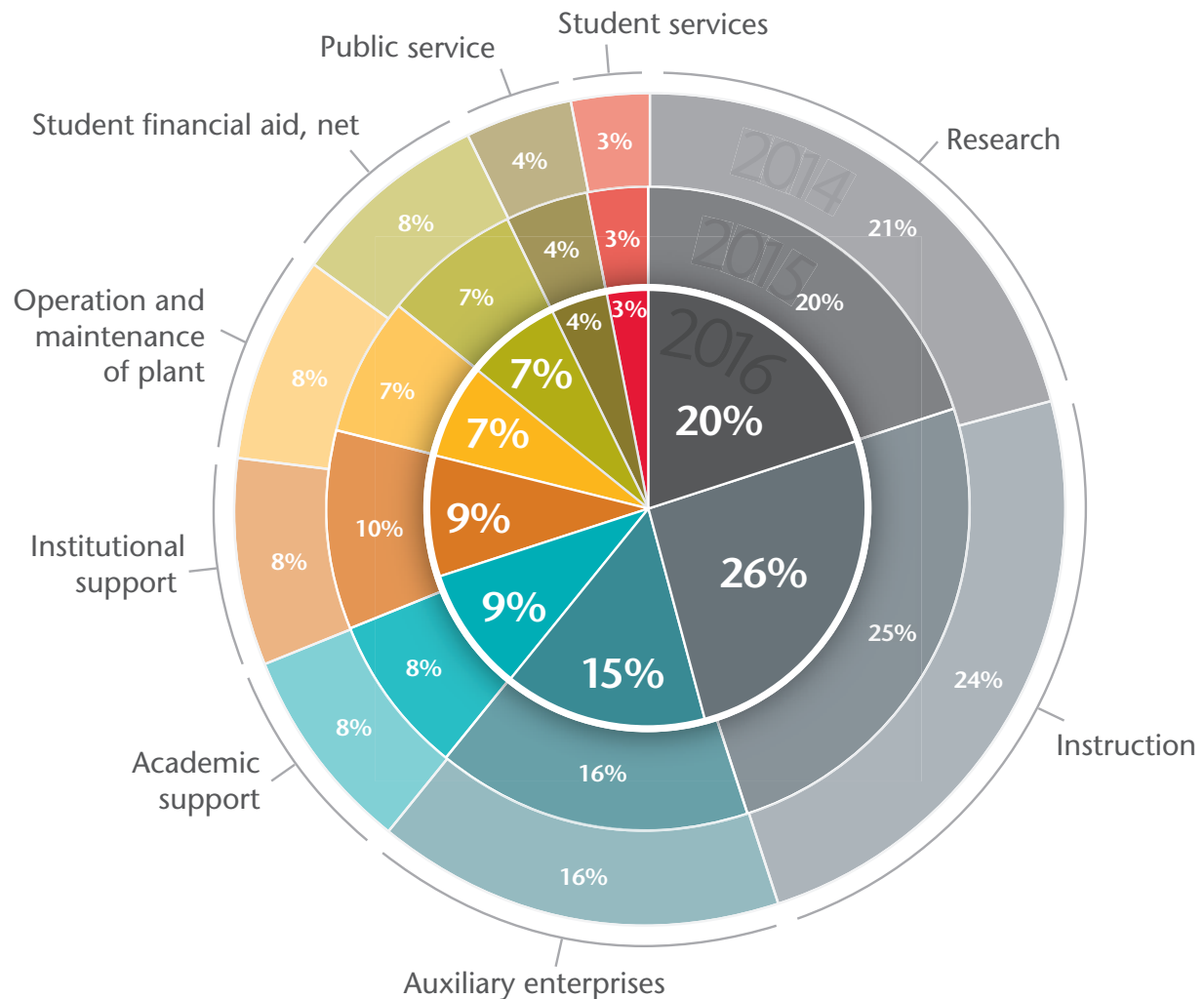
Investment income, net of expenses, remained 4% of total revenue. Gifts and contributions also remained steady at 4% of revenue.

Auxiliary enterprises generated \$154 million in revenues representing 14% of the total, the same as last year. Auxiliary enterprises, such as university residences, intercollegiate athletics, and the student union are essential supporting activities.

Operating Expenditures by Functional Classification

For the Years Ended June 30, 2016, 2015, and 2014

(Note: for the purposes of these graphs, depreciation and pension expense have been allocated to the programs.)



The percentage of research costs remained the same for 2016 at 20%. Instruction costs increased slightly in comparison. The percentage of auxiliary expenses dropped by 1%. Financial aid and operation and maintenance of plant costs both remained steady at 7% in 2016. Institutional and academic support each decreased by 1% and all other costs remained steady.

Capital Assets and Long-Term Liabilities

Capital Assets

Capital assets increased by \$66 million in 2015. At June 30, 2016, the value of the University's net investment in capital assets was \$1.7 billion. This represents an increase of \$48 million over 2015, as shown in the table below:

	June 30, 2016	June 30, 2015	June 30, 2014
Land	\$ 34,517,614	\$ 34,126,588	\$ 41,075,811
Construction in process	93,914,857	118,988,436	110,587,406
Buildings, net	1,232,998,860	1,149,307,573	1,087,856,845
Other improvements and infrastructure, net	180,707,532	186,316,776	192,443,439
Equipment, net	72,021,158	78,230,441	70,294,644
Library resources, net	55,439,762	54,668,025	53,690,493
Total capital assets, net	\$ 1,669,599,783	\$ 1,621,637,839	\$ 1,555,948,638

The increase is a result of continued construction on multiple campuses. In 2016, construction in process decreased by \$25 million as construction concluded on the PACCAR Environmental Technology Building, the Spokane Teaching Health Center, the Global Scholars Residence Hall, the Chief Joseph Village, and the Washington Building Pharmacy. A detailed schedule of changes in capital assets is disclosed in Note 6.

Long-Term Liabilities

At June 30, 2015, the University's long-term liabilities totaled \$814 million. At June 30, 2016, long-term liabilities were \$868 million, an increase of \$54 million.

The University had \$711 million in outstanding bond debt and leases, representing an increase of \$19 million over the prior year. The University issued \$31 million in general revenue bonds to finance the construction of a new WSU Tri-Cities Student Union Building and remodel the Chinook Building. The bonds were issued at a premium of \$6 million. Principal payments during 2016 decreased revenue bonds outstanding by \$17 million. General obligation bonds decreased by \$3 million as a result of principal payments. The University issued \$58 million in general revenue bonds to defease \$65 million in Housing and Dining, Student Recreation, and Athletics bonds, for an aggregate debt service decrease of \$11 million. Capital leases increased by \$1 million.

In 2015, the University implemented GASB 68, requiring WSU to record its proportionate share of the state's pension liabilities, which totaled \$72 million. In 2016, the net pension obligation for the University's pension plan increased by \$35 million based on the most recent, 2015, actuarial study.

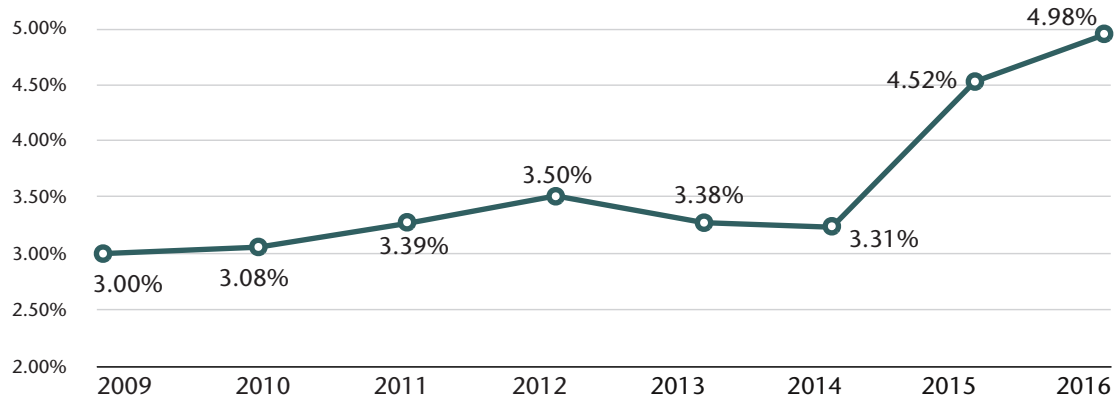
The table below summarizes outstanding liabilities:

	June 30, 2016	June 30, 2015	Restated June 30, 2014
Revenue and refunding bonds payable	\$ 668,164,010	\$ 646,692,893	\$ 558,037,787
State of Washington general obligation bonds	25,470,000	28,525,000	31,625,000
Capital leases	17,689,468	16,721,538	17,864,600
Pension obligation liability	157,253,132	122,354,878	110,948,605
Total long-term liabilities	\$ 868,576,610	\$ 814,294,309	\$ 718,475,992

Debt Ratios

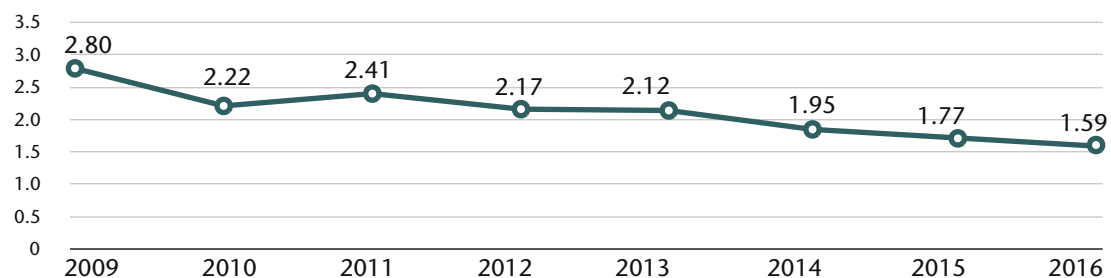
The debt service to operations ratio provides an indicator of the University's ability to repay annual principal and interest relative to its overall operating expenses. A higher ratio gives a level of comfort that the institution has a net revenue stream available to meet its debt burden. The graph below shows the University's debt service ratio for the past eight years.

Debt Service to Operations



The 2016 ratio of financial resources to debt (as defined by Moody's) shows that the University has sufficient expendable resources to pay its long-term debt obligations 1.6 times over.

Financial Resources to Direct Debt



The reduction in state capital funding has required the University to issue debt to finance necessary new buildings. This has reduced the ratio, but it remains well above Moody's median for Aa2 rated entities.

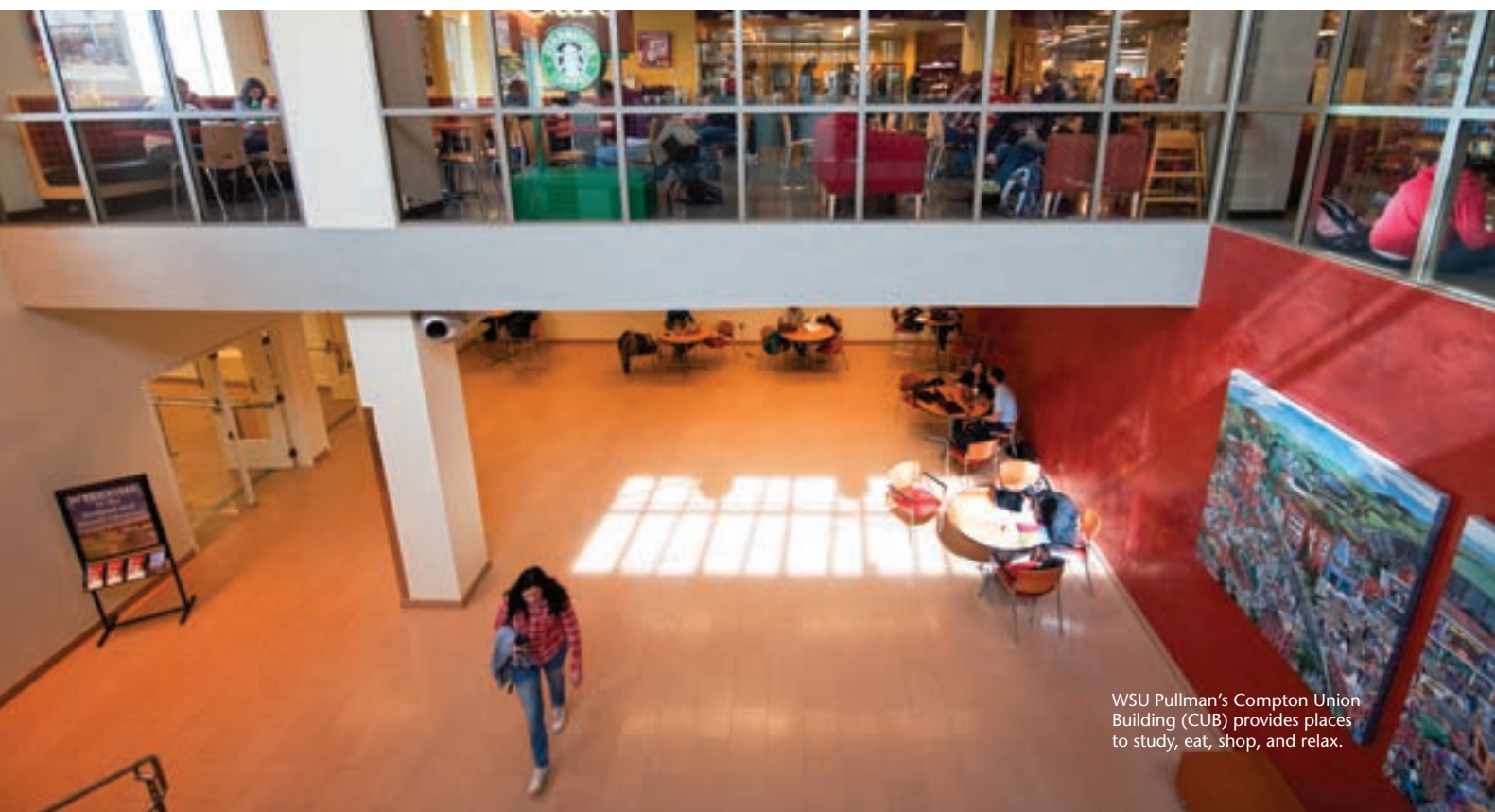
Economic Outlook

The University's 2017 state biennial budget reflects further reinvestment in higher education. The Washington legislature provided new state funding to offset mandatory reductions in undergraduate resident tuition and funded wage increases for state employees. Compared with the 2015 biennial budget, Washington State University's state appropriations for fiscal year 2016 increased by \$24.2 million over fiscal year 2014 and appropriations for fiscal year 2017 are \$50.8 million greater than fiscal year 2015. During the 2016 supplemental budget, the legislature provided an additional \$2.9 million in state appropriations for fiscal year 2017. The Washington State Economic and Revenue Forecast Council September 2016 estimate of state general fund revenues indicated growth of \$336 million for the current biennium. The forecast for the upcoming 2019 biennium was increased by \$134 million, consistent with the long slow improvement in the state economy. The University's other, nonstate appropriated operating revenue sources are expected to be stable or increase in the coming fiscal year, except for resident undergraduate tuition as described below.

Resident undergraduate tuition was decreased by 5% in 2015-2016 and an additional 10% in 2016-2017 by the Washington legislature. Tuition for other student categories remained the same as the prior academic period and other student fees either remained flat or increased slightly. Enrollment is expected to be about 26,300 annual average full-time equivalent students in the 2016-17 academic year for the four-campus system, a slight increase over the prior year. Due to the mandatory tuition reduction, net tuition and fee revenues for 2017 will be lower than the fiscal year 2016 level of \$285 million. The legislature provided approximately \$18.1 million dollars in new state appropriation funding to offset the 10% mandatory tuition reduction in fiscal year 2017.

Capital appropriations and bonding authority have been approved for the 2017 biennium at \$329 million. Federal appropriations for the University's land-grant programs are expected to remain near the \$10 million funding level in 2017.

Federally sponsored research programs are the largest portion of externally funded grant expenditures. 67% of University sponsored projects were supported by federal funding and 33% by nonfederal funding in 2016. Federal and nonfederal funded project expenditures in 2016 were down about 1.3% from fiscal year 2015. The first three months of fiscal year 2017 indicate that sponsored program expenditures will be about the same as the fiscal year 2016 levels. The longer-term outlook is uncertain, due to possible federal funding constraints and economic conditions nationwide, which could constrain both federal and nonfederal project activities.



WSU Pullman's Compton Union Building (CUB) provides places to study, eat, shop, and relax.

Washington State University
Statement of Net Position as of June 30, 2016, and June 30, 2015

Assets	2016	2015
Current assets		
Cash and cash equivalents (Note 2)	\$ 92,098,086	\$ 83,747,718
Prepaid expenses	811,216	744,366
Inventories (Note 3)	15,051,579	16,172,420
Accounts receivable, net (Note 4)	74,668,087	61,925,500
Investments, current portion (Note 2)	32,622,652	162,861,636
Subtotal current assets	215,251,620	325,451,640
Non-current assets		
Long-term investments (Note 2)	209,337,581	160,994,873
Endowment investment (Note 2)	528,459,093	518,231,277
Deposits in escrow	4,101,580	5,139,309
Assets held in trust by Washington State University Foundation	13,427,968	15,061,215
Assets held in trust for agencies	5,410,794	5,320,452
Loans receivable, net (Note 5)	23,177,768	21,317,232
Capital assets, net of accumulated depreciation (Note 6)	1,669,599,783	1,621,637,839
Pension assets, net (Note 13)	956,615	1,152,603
Subtotal non-current assets	2,454,471,182	2,348,854,800
Total assets	2,669,722,802	2,674,306,440
Deferred outflows of resources (Note 12)	28,445,750	15,982,114
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	81,364,395	77,528,819
Due to Washington State University Foundation	3,286,647	2,142,302
Deposits	5,418,326	5,453,537
Unearned revenue, current portion (Note 8)	12,735,517	9,839,352
Long-term liabilities, current portion (Note 12)	23,528,873	22,000,032
Pollution remediation obligation	71,100	
Subtotal current liabilities	126,404,858	116,964,042
Non-current liabilities		
Accrued leave (Note 7)	30,312,292	30,271,337
Deposits held in custody for others	22,376,539	24,234,118
Unearned revenue (Note 8)	9,249,795	9,865,694
Long-term liabilities (Note 12)	687,794,605	669,939,399
Pension liability (Note 13)	157,253,132	122,354,878
Subtotal non-current liabilities	906,986,363	856,665,426
Total liabilities	1,033,391,221	973,629,468
Deferred inflows of resources (Note 8)	15,974,353	32,420,928
Net Position		
Net investment in capital assets	950,874,978	931,981,850
Restricted nonexpendable	504,300,813	481,182,685
Restricted loans	28,363,946	28,145,314
Restricted expendable	232,126,994	250,389,405
Unrestricted	(66,863,753)	(7,461,096)
Total net position	\$ 1,648,802,978	\$ 1,684,238,158

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

Washington State University Foundation (A Nonprofit Corporation)

Consolidated Statements of Financial Position as of June 30, 2016, and June 30, 2015

	2016	2015
Assets		
Cash and cash equivalents	\$ 333,665	\$ 620,944
Due from Washington State University	3,286,647	2,142,302
Other receivables	891,347	17,269,177
Pledges receivable, net	36,087,529	44,684,068
Endowment investment securities (including assets held for Washington State University of \$13,427,968 and \$15,061,215, respectively)	379,368,772	367,669,219
Notes receivable, net	593,786	621,506
Furniture, fixtures, and equipment (net of accumulated depreciation of \$1,502,106 and \$1,409,192, respectively)	242,027	308,526
Land, Cougar property holdings	35,000	35,000
Land and real estate	1,578,250	2,188,250
Assets held in charitable trusts	32,669,629	35,147,227
Contributions receivable from charitable trusts	6,215,049	5,889,968
Beneficial interest in perpetual trusts	30,051,856	30,410,761
Total assets	491,353,557	506,986,948
Liabilities		
Accounts payable and accrued liabilities	926,590	949,992
Annuities payable	14,728,565	16,157,823
Remainder interest payable	1,665,540	1,711,962
Assets held for other organizations	—	290,389
Assets held for Washington State University	13,427,968	15,061,215
Total liabilities	30,748,663	34,171,381
Net Assets		
Unrestricted:		
Other	3,727,223	2,727,448
Funds with deficiencies	(9,010,811)	(1,510,630)
Total unrestricted net assets	(5,283,588)	1,216,818
Temporarily restricted	46,565,795	67,112,929
Permanently restricted	419,322,687	404,485,820
Total net assets	460,604,894	472,815,567
Total liabilities and net assets	\$491,353,557	\$ 506,986,948

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

Washington State University
Statement of Revenues, Expenses, and Changes in Net Position
for the Years Ended June 30, 2016, and June 30, 2015

Revenues	2016	2015
Operating revenues		
Tuition and fee revenue, net	\$ 286,292,496	\$ 292,867,105
Federal grants and contracts	130,114,394	123,912,036
State grants and contracts	91,328,486	89,536,301
Local grants and contracts	29,744,879	23,944,745
Sales and services of educational departments	24,082,341	22,319,611
Auxiliary enterprises	153,800,429	144,925,726
Other operating revenues	15,681,211	15,014,923
Total operating revenues	731,044,236	712,520,447
Expenses		
Operating expenses		
Salaries and wages	497,999,719	473,928,844
Benefits	158,771,444	136,894,874
Scholarships and fellowships	67,957,820	63,701,593
Utilities	25,518,460	24,628,118
Payments to suppliers	146,611,113	160,137,755
Purchased services	95,533,031	96,147,164
Depreciation	98,360,455	92,665,558
Total operating expenses	1,090,752,042	1,048,103,906
Net operating loss	(359,707,806)	(335,583,459)
Non-operating revenues (expenses)		
State appropriations	198,805,066	178,717,955
Federal appropriations	11,008,107	10,559,055
Federal Pell Grants	36,820,890	35,506,235
Interest on capital assets—related debt	(26,761,921)	(26,298,696)
Federal bond interest subsidy	2,685,298	2,701,583
Gifts and contributions	37,331,743	37,397,111
Investment income, net of expense	38,994,303	45,295,886
Statewide settlement, WSU's portion	(6,688,000)	
Other non-operating revenues (expenses)	12,508	924,047
Total non-operating revenues (expenses)	292,207,994	284,803,176
Income before other revenues, expenses, gains, or losses	(67,499,812)	(50,780,283)
Capital additions (deductions)		
Capital appropriations	28,230,835	32,992,075
Capital grants and gifts	3,695,683	6,836,860
Additions to permanent endowments	138,114	135,657
Total other revenues	32,064,632	39,964,592
Increase (decrease) in net position	(35,435,180)	(10,815,691)
Net position		
Net position, beginning of year	1,684,238,158	1,780,811,216
Change in accounting principle as a result of GASB 68		(85,757,367)
Net position, beginning of year restated	1,684,238,158	1,695,053,849
Increase (decrease) in net position	(35,435,180)	(10,815,691)
Net position, end of year	\$ 1,648,802,978	\$ 1,684,238,158

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

Washington State University Foundation (A Nonprofit Corporation)

Consolidated Statements of Activities for the Year Ended June 30, 2016, and June 30, 2015

Revenue and support	2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Contributions	\$ 3,679	\$ 33,269,976	\$ 17,195,769	\$ 50,469,424
Investment income	634	2,364,184	963,285	3,328,103
Gain (loss) on investments	(7,500,180)	715,434	(1,155,978)	(7,940,724)
Management and advancement fees	6,549,270	—	—	6,549,270
Change in value of split-interest agreements	—	14,262	(2,651,083)	(2,636,821)
Support provided by Washington State University	4,645,265	—	—	4,645,265
Other income	219,862	—	2,726,068	2,945,930
Total revenue and support	3,918,530	36,363,856	17,078,061	57,360,447
Net assets released from restrictions	59,152,184	(56,910,990)	(2,241,194)	—
Expenses				
Support provided to/for Washington State University:				
Restricted distributions	38,375,513	—	—	38,375,513
Endowment income distributions	15,576,023	—	—	15,576,023
Management and advancement fees	5,074,825	—	—	5,074,825
Fundraising	6,827,354	—	—	6,827,354
General and administrative expenses	3,717,405	—	—	3,717,405
Total expenses	69,571,120	—	—	69,571,120
Change in net assets	(6,500,406)	(20,547,134)	14,836,867	(12,210,673)
Net assets—beginning of year	1,216,818	67,112,929	404,485,820	472,815,567
Net assets—end of year	\$ (5,283,588)	\$ 46,565,795	\$ 419,322,687	\$ 460,604,894

Revenue and support	2015			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Contributions	\$ 1,683	\$ 36,543,302	\$ 51,311,323	\$ 87,856,308
Investment income	632	1,760,069	913,348	2,674,049
Gain (loss) on investments	(790,956)	8,981,706	(612,397)	7,578,353
Management and advancement fees	5,774,439	—	—	5,774,439
Change in value of split-interest agreements	—	—	(7,021,184)	(7,021,184)
Support provided by Washington State University	4,296,542	—	—	4,296,542
Other income (loss)	200,547	(1,334)	4,070,067	4,269,280
Total revenue and support	9,482,887	47,283,743	48,661,157	105,427,787
Net assets released from restrictions	62,063,728	(59,877,386)	(2,186,342)	—
Expenses				
Support provided to/for Washington State University:				
Restricted distributions	42,541,750	—	—	42,541,750
Endowment income distributions	14,956,332	—	—	14,956,332
Management and advancement fees	4,737,272	—	—	4,737,272
Fundraising	6,499,730	—	—	6,499,730
General and administrative expenses	3,113,059	—	—	3,113,059
Total expenses	71,848,143	—	—	71,848,143
Change in net assets	(301,528)	(12,593,643)	46,474,815	33,579,644
Net assets—beginning of year	1,518,346	79,706,572	358,011,005	439,235,923
Net assets—end of year	\$ 1,216,818	\$ 67,112,929	\$ 404,485,820	\$ 472,815,567

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

Washington State University
Statement of Cash Flows
for the Years Ended June 30, 2016, and June 30, 2015

	2016	2015
Cash flows from operating activities		
Tuition and fees	\$ 341,558,580	\$ 342,266,231
Grant and contracts	245,972,681	246,961,597
Payments to suppliers	(142,884,642)	(147,904,466)
Payments for utilities	(24,295,076)	(26,038,073)
Purchased services	(96,433,607)	(95,689,868)
Payments to employees	(498,097,575)	(473,929,338)
Payments for benefits	(146,968,710)	(124,475,461)
Payments for scholarships and fellowships	(124,708,060)	(118,736,980)
Loans issued to students	(5,869,730)	(4,792,099)
Collection of loans to students	4,524,196	4,829,551
Auxiliary enterprise receipts	154,101,016	145,034,887
Sales and service of educational departments	24,183,240	22,306,567
Other receipts	15,179,239	18,619,335
Net cash used by operating activities	(253,738,448)	(211,548,117)
Cash flows from noncapital financing activities		
State appropriations	204,212,794	169,755,096
Federal appropriations	8,820,403	15,952,260
Gifts for other than capital purposes		
Private gifts	36,491,928	36,885,262
Additions to permanent endowment	138,115	135,658
Agency fund receipts	35,998,588	35,459,997
Agency fund disbursements	(37,206,700)	(33,918,326)
Federal Direct Loan receipts	166,552,858	229,407,492
Federal Direct Loan disbursements	(165,575,718)	(229,042,467)
Federal Pell Grants	36,776,005	35,506,235
Cash received from property	2,084,586	(5,431,635)
Net cash provided by noncapital financing activities	288,292,859	254,709,572
Cash flows from capital and related financing activities		
Proceeds of capital debt	36,991,674	101,905,162
Capital appropriations	31,632,955	39,055,282
Capital grants and gifts received	1,671,776	6,794,504
Purchases of capital assets	(139,270,020)	(154,486,844)
Principal paid on capital debt and leases	(19,107,703)	(17,644,667)
Interest paid on capital debt and leases	(33,307,354)	(28,363,295)
Net cash used by capital and related financing activities	(121,388,672)	(52,739,858)
Cash flows from investing activities		
Proceeds from sales of investments	477,962,782	265,538,970
Purchases of investments	(412,118,854)	(295,158,273)
Investment income	29,340,701	36,089,702
Net cash provided by investing activities	95,184,629	6,470,399
Net increase (decrease) in cash and cash equivalents	8,350,368	(3,108,004)
Cash—beginning of year	83,747,718	86,855,722
Cash—end of year	\$ 92,098,086	\$ 83,747,718

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

Washington State University
Statement of Cash Flows—continued
Reconciliation of Net Loss to Net Cash Used by Operating Activities

	2016	2015
Operating loss	\$ (359,707,806)	\$ (335,583,459)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation expense	98,360,455	92,665,558
Changes in assets and liabilities		
Changes in assets		
Deposits in escrow	(1,037,729)	(885,428)
Prepaid expenses	66,850	110,475
Inventories	(1,120,841)	31,183
Accounts receivable, net	12,742,587	(12,883,695)
Investments	59,081,212	54,243,021
Changes in liabilities		
Accounts payable and accrued liabilities	(3,835,576)	327,287
Deferred revenue	(2,896,165)	(1,807,538)
Due to Washington State University Foundation	(1,144,345)	400,920
Deposits	35,211	295,928
Long-term debt-current portion	(19,384,047)	(2,848,164)
Pension obligation	(34,898,254)	(5,614,205)
Net cash used by operating activities	\$(253,738,448)	\$(211,548,117)
Significant noncash transactions		
Loss on disposal of capital assets	\$ (3,450,615)	\$ (602,602)
Amortization expense	\$ 1,353,876	\$ 642,323
Capital assets acquired through gifts	\$ 82,460	\$ 233,120



A student bikes across campus at WSU Pullman.

Washington State University Foundation
(A Nonprofit Corporation)

Consolidated Statements of Cash Flows for Years Ended June 30, 2016, and June 30, 2015

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ (12,210,673)	\$ 33,579,644
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	92,914	153,543
Net realized and unrealized losses (gains) on investments	7,940,724	(7,578,353)
Noncash donations of land and real estate	—	(530,000)
Decrease in value of split-interest agreements	2,636,821	7,021,184
Contributions and income restricted for investments in endowments and trusts	(33,800,911)	(40,059,187)
Changes in assets and liabilities:		
Due from Washington State University	(1,144,345)	(400,921)
Other receivables	16,377,830	(13,046,015)
Pledges receivable	8,596,539	5,346,348
Contribution receivable from charitable trusts	22,495	—
Accounts payable and accrued liabilities	18,310	365,299
Assets held on behalf of other organizations	(290,389)	20,036
Assets held for Washington State University	(1,633,247)	(4,848,192)
Net cash used in operating activities	(13,393,932)	(19,976,614)
Cash flows from investing activities		
Purchases of investments	(143,852,742)	(195,490,575)
Sales of investments	122,547,179	175,296,794
Purchase of property and equipment	(26,415)	—
Proceeds from sale of land	610,000	—
Proceeds of principal payments on notes receivable	27,720	124,846
Net cash used in investing activities	(20,694,258)	(20,068,935)
Cash flows from financing activities:		
Contributions and income restricted for investments in endowments and trusts	33,800,911	40,059,187
Net increase (decrease) in cash and cash equivalents	(287,279)	13,638
Cash and cash equivalents—beginning of year	620,944	607,306
Cash and cash equivalents—end of year	\$ 333,665	\$ 620,944

See accompanying notes to consolidated financial statements.

Notes to the Financial Statements

June 30, 2016

These notes form an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. Washington State University (WSU) is a constituent agency of the state of Washington and is included as an integral part of the state's Comprehensive Annual Financial Report. Washington State University issues separate financial statements which encompass the University and its discretely presented component unit, the Washington State University Foundation.

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Codification Section 2100, *Defining the Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statement to be misleading or incomplete. The accompanying financial statements present all funds belonging to WSU, including individual colleges and departments of the University. WSU's component unit is discretely presented in the University's financial statements. Legally separate, related organizations are included in WSU's operations if they meet the criteria for blending or discrete presentation as set forth in GASB Codification Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*.

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. The Foundation is a significant component unit based on the criteria of GASB Statement 39. 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 three classes of net assets, depending on the existence and nature of donor restrictions. Under FASB, the Foundation's net assets are described as follows:

- Unrestricted net assets—Support received that is not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control.
- Temporarily restricted net assets—Support received subject to donor-imposed use restrictions or time restrictions.
- Permanently restricted net assets—Support received subject to donor-imposed restrictions stipulating that funds be invested in perpetuity.

For clearer presentation purposes, the University has included the Foundation's statements 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

Affiliated Organizations

The Washington State University Alumni Association (WSUAA) and the Students Book Corporation are both legally separate 501(c)(3) corporations, for whom the University acts as the fiscal agent. Their balances and transactions are reported within agency funds of the University and reported as assets and liabilities held in trust by the University.

Financial statements for these entities, the Students Book Corporation and the WSUAA, may be obtained by contacting the Business Services/Controller's Office at 240 French Administration Building, 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 Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis, as amended by GASB Statement No. 35 for Public Colleges and Universities. The University, along with its discretely presented component unit, is considered a special purpose government engaged in business type activities (BTA). In accordance with BTA reporting, the University presents management's discussion and analysis; statement of net position; statements of revenues, expenses, and changes in net position; statements 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, 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.

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.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Bond premiums/discounts and insurance costs are deferred and amortized over the term of the bonds using the effective interest method. Unamortized balances are presented as 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 assets.

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.

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered, or interfund loans. For the financial statements, the interfund receivables and payables have been eliminated. Both revenue and expenses relating to internal services, such as central stores, printing and publications, and information technology, have been eliminated.

New Accounting Pronouncements

GASB has issued Statement No. 72, Fair Value Measurement and Application, which would generally require state and local governments to measure investments at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. The requirements are effective for financial statements for periods beginning after June 15, 2015, with early application encouraged. The University has determined that our valuation of these assets already complies with this pronouncement.

GASB has issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68—effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016.

GASB has issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans—effective for fiscal years beginning after June 15, 2016. This statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43. This will not apply to the University.

GASB has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions—effective for fiscal years beginning after June 15, 2017. This statement applies to government employers who provide OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45.

GASB has issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments—effective for fiscal years beginning after June 15, 2015, this statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB technical bulletins and implementation guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB.

Cash, Cash Equivalents, and Investments

Cash balances in excess of current requirements are pooled and invested in treasury securities, time deposits, deposits with the Washington State Local Government Investment Pool (LGIP), federal agency bills, and 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 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, cash, 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.

Inventories

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

Capital Assets

Land, buildings, and equipment are recorded at cost, or if acquired by gift, at fair 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.

Interest is capitalized on assets acquired or constructed with tax-exempt financing. The amount of interest to be capitalized is calculated by offsetting interest expense incurred while activities necessary to get the asset ready for its intended use are in progress, with interest earned on invested proceeds over the same period. The net capitalized interest for fiscal year 2016 and 2015 was \$4,988,121 and \$4,012,922 respectively.

In accordance with GASB Statement 42, 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, 2016, and at June 30, 2015, no assets had been written down.

Deferred Outflows of Resources

Deferred outflows 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 positions.

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.

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 positions.

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.

Net Position

The University's net position is classified as follows:

- *Net Investment in Capital Assets.* This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of capital assets.
- *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.
- *Unrestricted.* These represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises.

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, state appropriations, and investment income.

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, 2016, and June 30, 2015, were \$127,279,120 and \$121,372,715 respectively.

Reclassifications

In fiscal year 2016 the University's statements have been expanded to include two years of comparison financial information. In doing this, certain accounts in the prior year's financial statements have been reclassified to conform to the presentation of the current year. For comparative purposes in the Management's Discussion and Analysis section, the financial information has been increased to three years also causing certain accounts in the prior year's financial statements to be reclassified to conform to the presentation in the current year's financial statements.

2. Cash, Cash Equivalents, and Investments

Cash

As of June 30, 2016, and as of June 30, 2015, the carrying amount of the University's change funds, petty cash, and bank demand deposit accounts with financial institutions was \$34,929,282 and \$34,854,251 respectively as represented in the table below.

Table 1: Cash and Cash Equivalents

	2016	2015
Cash	\$ 34,929,282	\$ 34,854,251
Cash equivalents	57,146,199	48,870,862
Deposits with fiscal agents	22,605	22,605
Cash and cash equivalents	\$92,098,086	\$83,747,718

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 with the Bank of America.

University Endowments

The University contracts with the Foundation for the management of privately endowed assets. University and Foundation endowments are pooled and invested with the objectives of long-term capital appreciation and stable but growing income stream. As of June 30, 2016, an endowment in the amount of \$4,415,621 was held in the Foundation's endowment totals. This amount will be moved to University in fiscal year 2017. The fair values of the University endowment investments at June 30, 2016, were \$41,174,889 and \$49,979,291 at June 30, 2015.

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 151,188 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 2: Permanent Fund

University permanent fund investments	Fair value 2016	Effective duration	Credit rating
Cash and cash equivalents	\$ 1,348,778		
Commingled monthly bond fund	340,930,528	6.4	Aa3
Commingled monthly equity fund	145,634,412		
Cash at state treasurer	1,070,096		
Pending transactions, receivables, and payables	(1,699,610)		
Total permanent fund investments	\$ 487,284,204		

Endowment investments consist of University-held endowments valued at \$41,174,889 (as noted in the paragraph above and detailed in Table 3), and the permanent fund of \$487,284,204 for a total of \$528,459,093 as of June 30, 2016.

University permanent fund investments	Fair value 2015	Effective duration	Credit rating
Cash and cash equivalents	\$ 1,350,914		
Commingled monthly bond fund	317,539,796	5.44	Aa3
Commingled monthly equity fund	150,946,149		
Cash at state treasurer	546,849		
Pending transactions, receivables, and payables	(2,131,722)		
Total permanent fund investments	\$ 468,251,986		

Endowment investments consist of University-held endowments valued at \$49,979,291 (as noted in the paragraph above and detailed in Table 3), and the permanent fund of \$468,251,986 for a total of \$518,231,277 as of June 30, 2015.

Investments

Investments are classified as cash equivalents, short- or long-term investments, or endowment investments. University invested assets include operating funds, current use gift funds, proceeds from bond issues dedicated to specific capital projects, and University endowment and trust funds. The carrying amount of University invested assets includes cash equivalents and permanent fund investments as represented below.

Table 3: University Investments by Type

		2016 Maturity					
University investments	Fair value	Less than 1 year	1-5 years	6-10 years	More than 10 years	Effective duration	Credit rating
Cash equivalents							
Commercial paper	\$ 19,464,656	\$19,464,656				0.57	A1/P1
U.S. Government Treasury	\$ 12,710,748	\$12,710,748				0.98	AAA
Other—Bank short-term investment funds	4,194	4,194				0.01	NR
Local Government Investment Pool	24,966,601	24,966,601				0.10	NR
Total cash equivalents	57,146,199						
Current investments							
U.S. Government Treasury	19,795,197	19,795,197				0.98	AAA
U.S. Agency obligations	12,517,750	12,517,750				0.65	AAA
Mortgage pass through	309,705	309,705				0.07	AAA
Total current investments	32,622,652						
Non-current investments							
Operating funds							
U.S. Government Treasury	141,292,556		\$141,292,556			1.41	AAA
Mortgage pass through	57,077,249		14,810,348	\$1,116,369	\$41,150,532	0.37	AAA
Fixed income mutual funds	10,016,627		10,016,627			1.99	
Subtotal non-current operating fund investments	208,386,432						
Miscellaneous	951,149						
Total non-current investments	209,337,581						
University endowments							
U.S. stocks	2,613,351						
Mutual and commingled funds							
-U.S. fixed income	2,503,624	487,467	-	\$2,017,157		4.98	A
-Foreign fixed income	1,660,421				1,660,421	6.15	A+
-U.S. equity	5,254,937						
-Foreign equity	7,721,636						
-Private equity	7,370,055						
-Hedge funds	10,102,217						
-Timber	278,135						
-Real estate	1,879,887						
-Oil and gas	1,790,626						
Total endowment investments	41,174,889						
Total University investments	\$340,281,321						

		2015 Maturity					
University investments	Fair value	Less than 1 year	1-5 years	6-10 years	More than 10 years	Effective duration	Credit rating
Cash equivalents							
Commercial paper	\$ 21,977,110	\$ 21,977,110				0.31	A1/P1
Other—Bank short term investment funds	3,982	3,982				0.01	NR
Local Government Investment Pool	26,889,770	26,889,770				0.10	NR
Total cash equivalents	48,870,862						
Current investments							
U.S. Government Treasury	91,589,143	91,589,143				0.78	AAA
U.S. Agency obligations	71,272,493	71,272,493				0.41	AAA
Total current investments	162,861,636						
Non-current investments							
Operating funds							
U.S. Government Treasury	80,961,709		\$ 80,961,709			1.49	AAA
U.S. Agency obligations	12,495,500		12,495,500			1.64	AAA
Mortgage pass through	56,438,090		15,340,831	\$1,339,212	\$39,758,047	0.45	AAA
Fixed income mutual funds	10,148,425		10,148,425			1.01	
Subtotal non-current operating fund investments	160,043,724						
Miscellaneous	951,149						
Total non-current investments	160,994,873						
University endowments							
U.S. stocks	2,383,448						
Mutual and commingled funds							
-U.S. fixed income	7,553,329	5,183,498		\$2,369,831		2.00	A
-Foreign fixed income	1,960,875				1,960,875	5.75	A+
-U.S. equity	5,652,409						
-Foreign equity	9,439,194						
-Private equity	9,035,960						
-Hedge funds	9,018,335						
-Timber	372,794						
-Real estate	2,716,253						
-Oil and gas	1,846,694						
Total endowment investments	49,979,291						
Total University investments	\$ 422,706,662						

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 1.1 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.

University endowments fall under the Foundation investment policy, which employs broad asset class diversification to control overall endowment fund volatility, and limits fixed income investments to a maximum of 15% of total endowment fund assets.

Concentration of Credit Risk—Investments

State law limits University operating investments to the highest quality sectors of the domestic fixed income market and specifically excludes corporate stocks, corporate and foreign bonds, futures contracts, commodities, real estate, limited partnerships, and negotiable certificates of deposit. 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, 2016, and June 30, 2015, \$263,384,357 and \$335,021,413 of the University's operating fund investments, held by Bank of New York Mellon in the bank's name as agent for the University, and \$234,496 and 287,368 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 4: Investments Exposed to Custodial Credit Risk

University investment type	Fair value 2016	Fair value 2015
Commercial paper	\$ 19,464,656	\$ 21,977,110
U.S. Government Treasury	173,798,501	172,550,852
U.S. agency obligations	12,517,750	83,767,993
Mortgage pass throughs	57,368,954	56,438,090
Subtotal	263,149,861	334,734,045
U.S. common stock	234,496	287,368
Total investments exposed to custodial credit risk	\$ 263,384,357	\$ 335,021,413

Foreign Currency Risk—Investments

University endowment exposure to foreign currency risk at June 30, 2016, and June 30, 2015, is described in the table below and is limited by Foundation investment policy.

Table 5: University Foreign Currency Risk

Foreign currency	Fair value 2016	Fair value 2015
Euro	\$ 1,580,441	\$ 2,124,725
Japan—Yen	1,544,400	1,996,098
UK—Pound	1,173,861	1,358,237
S. Korea—Won		669,421
Switzerland—Francs		669,279
China—Yuan		518,292
Other (less than 5%)	4,672,367	3,723,337
Total foreign currency	\$ 8,971,069	\$ 11,059,389

Investment Expenses

Under implementation of GASB 35, investment income for the University is shown net of investment expenses. The investment expenses incurred for the fiscal years ended June 30, 2016, and June 30, 2015, were \$418,972 and \$464,136 respectively.

3. Inventories

Inventories as of June 30, 2016, and June 30, 2015, were as follows:

Location	Method	2016	2015
Athletics	FIFO	\$ 1,452,671	\$ 1,153,952
Bulletin office	FIFO	109,484	148,894
University stores	FIFO	275,855	388,655
Facilities services	FIFO	1,299,700	1,566,351
Ferdinand's	FIFO	4,803,320	5,044,245
Housing and dining	LIFO	714,451	655,989
Telecommunications	FIFO	351,843	464,380
University publishing	FIFO	474,207	1,322,760
Veterinary hospital and pharmacy	LIFO	1,368,579	1,275,457
Veterinary microbiology/pathology	FIFO	2,078,400	2,060,225
Other inventory	Various	2,123,069	2,091,512
Inventories		\$15,051,579	\$16,172,420

4. Accounts Receivable

At June 30, 2016, and June 30, 2015, accounts receivable were as follows:

	2016	2015
Student tuition and fees	\$ 37,777,522	\$ 33,588,724
Due from the federal government	12,361,897	9,131,322
Due from the office of the state treasurer	16,668,297	9,242,917
Due from other state agencies	12,874,049	10,318,563
Interest and dividends receivable	412,998	477,946
Auxiliary enterprises	13,749,332	13,776,161
Due from other governments	651,078	455,709
Other	1,893,756	1,447,278
Subtotal accounts receivable	96,388,929	78,438,620
Less allowance for doubtful accounts	(21,720,842)	(16,513,120)
Accounts receivable, net	\$ 74,668,087	\$ 61,925,500

5. Loans Receivable

Loans receivable consisted of the following at June 30, 2016, and June 30, 2015:

	2016	2015
Federal programs	\$ 23,426,191	\$ 21,471,166
Institutional loans	466,688	503,418
Subtotal	23,892,879	21,974,584
Less allowance for doubtful accounts	(715,111)	(657,352)
Loans receivable, net	\$23,177,768	\$21,317,232

6. Capital Assets

2016				
Capital assets, non-depreciable	Beginning balance	Additions/transfers	Retirements	Ending balance
Land	\$ 34,126,588	\$ 2,403,022	\$ (2,011,996)	\$ 34,517,614
Construction in progress	118,988,436	111,050,293	(136,123,872)	93,914,857
Total capital assets, non-depreciable	153,115,024	113,453,315	(138,135,868)	128,432,471
Capital assets, depreciable				
Buildings	1,964,458,169	141,943,911	(1,185,481)	2,105,216,599
Other improvements and infrastructure	343,759,199	6,192,512	(12,632)	349,939,079
Machinery and equipment	300,342,375	19,517,593	(7,636,281)	312,223,687
Library resources	151,768,214	6,203,037	(159,004)	157,812,247
Total capital assets, depreciable	2,760,327,957	173,857,053	(8,993,398)	2,925,191,612
Less accumulated depreciation				
Buildings	815,150,596	57,092,618	(25,475)	872,217,739
Other improvements and infrastructure	157,442,423	11,789,124		169,231,547
Machinery and equipment	222,111,934	24,047,413	(5,956,818)	240,202,529
Library resources	97,100,189	5,431,300	(159,004)	102,372,485
Total accumulated depreciation	1,291,805,142	98,360,455	(6,141,297)	1,384,024,300
Total capital assets, depreciable, net	1,468,522,815	75,496,598	(2,852,101)	1,541,167,312
Capital assets, net	\$1,621,637,839	\$188,949,913	\$(140,987,969)	\$1,669,599,783

The current year depreciation expense was \$98,360,455. Total interest expense was \$26,761,921 of which \$4,988,121 was capitalized.

2015				
Capital assets, non-depreciable	Beginning balance	Additions/transfers	Retirements	Ending balance
Land	\$ 41,075,811	\$ 1,164,432	\$ (8,113,655)	\$ 34,126,588
Construction in progress	110,587,406	121,490,634	(113,089,604)	118,988,436
Total capital assets, non-depreciable	151,663,217	122,655,066	(121,203,259)	153,115,024
Capital assets, depreciable				
Buildings	1,850,623,463	115,391,341	(1,556,635)	1,964,458,169
Other improvements and infrastructure	337,645,709	6,113,490		343,759,199
Machinery and equipment	276,469,704	31,013,426	(7,140,755)	300,342,375
Library resources	146,491,399	6,276,710	(999,895)	151,768,214
Total capital assets, depreciable	2,611,230,275	158,794,967	(9,697,285)	2,760,327,957
Less accumulated depreciation				
Buildings	762,766,618	53,825,366	(1,441,388)	815,150,596
Other improvements and infrastructure	145,202,270	12,240,153		157,442,423
Machinery and equipment	206,175,060	21,300,861	(5,363,987)	222,111,934
Library resources	92,800,906	5,299,178	(999,895)	97,100,189
Total accumulated depreciation	1,206,944,854	92,665,558	(7,805,270)	1,291,805,142
Total capital assets, depreciable, net	1,404,285,421	66,129,409	(1,892,015)	1,468,522,815
Capital assets, net	\$1,555,948,638	\$188,784,475	\$(123,095,274)	\$1,621,637,839

The current year depreciation expense was \$92,665,558. Total interest expense was \$26,298,700 of which \$4,012,922 was capitalized.

7. Accounts Payable and Accrued Liabilities

At June 30, 2016, and June 30, 2015, accrued liabilities were as follows:

Current accrued liabilities	2016	2015
Accounts payable	\$ 39,068,144	\$ 39,117,526
Contract retainage	4,199,889	5,167,350
Payroll	24,385,435	23,136,318
Accrued leave, current portion	13,710,927	10,107,625
Subtotal	81,364,395	77,528,819
Non-current accrued liabilities		
Accrued annual leave	25,633,485	27,465,358
Accrued sick leave	4,458,550	2,727,968
Accrued compensatory leave	220,257	78,011
Subtotal	30,312,292	30,271,337
Total accrued liabilities	\$ 111,676,687	\$ 107,800,156

8. Unearned Revenue and Deferred Inflow of Resources

Unearned revenue is comprised of receipts which have not yet met revenue recognition criteria

Current unearned revenue	2016	2015
Athletics	\$ 3,086,976	\$ 2,206,781
ALIVE! program	593,261	479,027
Pre-paid Tri-Cities BSEL building rent	500,000	500,000
Bookie building	115,899	112,666
Housing and dining services	1,530,623	1,462,211
Summer session	6,589,551	4,794,363
Parking	319,207	284,304
Subtotal	12,735,517	9,839,352
Non-current unearned revenue		
Pre-paid Tri-Cities BSEL building rent	5,440,278	5,940,277
Bookie building	3,809,517	3,925,417
Subtotal	9,249,795	9,865,694
Total unearned revenue	\$ 21,985,312	\$ 19,705,046

Notes to the Financial Statements

Deferred inflows of resources include revenue received that is intended for future periods and deferred inflows related to pensions.

Deferred inflows of resources	2016	2015
General obligation bonds		
R2011A (2002A)	\$ 236,997	\$ 263,330
R2011B (2002A)	25,000	27,500
R2012A (R2002A(1995A-HE-WSU))	180,000	225,000
R2014A (2004) (1995C)	74,284	92,856
R2014 (2004) (1996A)	68,571	85,714
R2015C (R2005A(1997A-HE-WSU))	133,738	158,024
Subtotal general obligation bonds	718,590	852,424
Pension		
Pension net difference between projected and actual	15,126,000	31,568,504
Pension changes in proportion	129,763	
Subtotal pension	15,255,763	31,568,504
Total deferred inflows of resources	\$ 15,974,353	\$ 32,420,928

9. Risk Management

The University, in accordance with state policy, self-insures unemployment compensation for all eligible employees. The University assesses all funds a monthly payroll expense for unemployment compensation for all employees. Payments made for claims from July 1, 2015, through June 30, 2016, were \$613,725 and for July 1, 2014, through June 30, 2015, were \$727,750. Cash reserves for unemployment compensation for all employees at June 30, 2016, and June 30, 2015, were \$4,893,275 and \$4,392,973 respectively. The University purchases commercial property insurance for auxiliary enterprise buildings that were acquired with bond proceeds when the bond agreement requires the University to insure property and earnings. The University assumes its potential property losses for most other buildings and contents. Liability exposures are insured through the State of Washington Self-Insurance Liability Program as covered by the Tort Claims Act (RCW 4.92 et seq.).

10. Leases Payable

The University finances some capital asset purchases through the Washington State Treasurer's leasing program. Under this program, the interest rates range from .7% to 19.3% and the lease periods range from 4 to 15 years. As of June 30, 2016, the University had \$27,427,003 and as of June 30, 2015, the University had \$21,007,770 in machinery, software, and equipment acquired under capital lease. Depreciation for the capital assets associated with capital leases is included in depreciation expense. The University also has leases for office equipment with various vendors. These leases are classified as operating leases. As of June 30, 2016, the minimum lease payments under capital leases and operating leases consisted of the following:

<i>Leases Payable</i>		
Fiscal year	Capital leases	Operating leases
2017	\$ 3,183,175	\$ 2,974,491
2018	3,041,902	2,691,289
2019	2,242,420	1,838,896
2020	2,147,544	1,506,980
2021	2,048,535	1,388,300
2022-2026	8,326,685	4,935,332
2027-2031	-	3,088,098
Total minimum lease payments	20,990,261	18,423,386
Amount representing interest	(3,300,792)	-
Net present value	\$ 17,689,469	\$ 18,423,386

11. Bonds Payable

Bonds Payable consists of specific and general revenue bonds issued by the University for construction and renovation of University buildings, for Housing and Dining System Facilities, for the Student Recreation Center, Parking Services, Compton Union Building, and Athletics, 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.

On May 25, 2016, the University issued \$30,980,000 in General Revenue Bonds, Series 2016. \$27.3 million will be used to remodel the Chinook building, as approved by the Board of Regents on May 8, 2016, pursuant to Resolution 150508-510. \$3.6 million will be used to construct a new WSU Tri-Cities Student Union Building, approved by the Board of Regents on May 8, 2016, pursuant to Resolution 150508-510. The bonds were issued at a premium of \$6,011,675. The issue costs were \$186,327. The average interest rate is 4.86%. Interest is payable semiannually on April 1 and October 1, commencing October 1, 2016. Principal payments are due annually on October 1.

On March 11, 2015, the University issued \$87,370,000 in General Revenue Bonds, Series 2015. \$13.8 million will be used to build a new Multicultural Center, as approved by the Board of Regents on February 11, 2015, pursuant to Resolution 150211-504. \$47.4 million will be used to construct a new Digital Classroom, \$13.7 million will be used to construct the new Spokane Teaching Health Center, and \$6.5 million will be used to construct a new facility for the Police Department, all approved by the Board of Regents on September 12, 2014, pursuant to Resolution 140912-491. \$6 million will be used to renovate the Pullman Health and Wellness Center facility, as approved on March 20, 2014, pursuant to Resolution 140328-478. The bonds were issued at a premium of \$14,535,161. The issue costs were \$442,471. The average interest rate is 4.98%. Interest is payable semiannually on April 1 and October 1, commencing October 1, 2015. Principal payments are due annually on April 1.

Bond Refunding Activity

The scheduled liabilities as of June 30, 2016, do not include revenue bonds that were advance refunded. Government obligations in amounts, maturities, and bearing interest rates sufficient to fund retirement of these bonds are held in irrevocable trusts.

On May 25, 2016, the University issued \$58,130,000 in General Revenue Bonds, Series 2016 (refunding portion) to defease \$17,585,000 in Series 2007 Athletics Bonds, \$21,505,000 in Series 2008 Housing and Dining Bonds, and \$26,150,000 in Series 2009 Student Recreation Center Fees Bonds. The net proceeds were used to purchase U.S. Government securities that were deposited to an irrevocable trust with an escrow agent to provide for all future debt service payment on the bonds. The refunding resulted in an aggregate debt service decrease of \$10,952,333 and an economic gain of \$8,360,440. The outstanding par value on the refunded bonds on June 30, 2016, is \$65,240,000.

On March 11, 2015, the University issued \$64,470,000 in General Revenue Bonds, Series 2015 (refunding portion) to defease \$13,020,000 in Series 2005 Housing and Dining Services Bonds, \$5,695,000 in Series 2005 Parking Services Bonds, and \$53,405,000 in Series 2006A Student Fees Bonds. The net proceeds were used to purchase U.S. Government securities that were deposited to an irrevocable trust with an escrow agent to provide for all future debt service payment on the bonds. The refunding resulted in an aggregate debt service decrease of \$11,033,807 and an economic gain of \$8,449,464. The principal outstanding on the refunded bonds on June 30, 2015, is \$72,635,000.

Neither the assets of these trusts, nor their outstanding obligations, are included in the Statement of Net Position.

Notes to the Financial Statements

As of June 30, 2016, the University was indebted for bonds payable for the purposes shown in the following table:

Purpose	Series	Interest rate/ ranges	Final maturity date	Principal outstanding 2016	Principal outstanding 2015	Current portion 2016	See table below
Housing and Dining System	2008	3.2%–5.25%	2017	\$ 1,175,000	\$ 23,235,000	\$ 575,000	1
	2010	3%–5%	2024	10,465,000	11,430,000	1,005,000	
	2010B	7.1%–7.4%	2041	35,305,000	35,305,000	-	
Student Recreation Center	2009	3%–5.25%	2019	4,095,000	31,505,000	1,310,000	2
Compton Union Building	2006B	5%–6%	2038	26,545,000	28,195,000	1,750,000	3
Intercollegiate Athletics	2007	4%–4.25%	2017	820,000	19,190,000	820,000	4
Trust and building fee revenue bonds	2009B	3%–6.41%	2034	93,445,000	96,815,000	3,460,000	5
General revenue bonds	2012A & B	2%–5%	2037	92,930,000	95,480,000	2,640,000	
	2013A & B	3%–5%	2038	48,110,000	49,785,000	1,735,000	
	2014A & B	1.75%–5%	2039	52,785,000	54,045,000	1,320,000	
	2015	3%–5%	2045	149,100,000	151,840,000	3,520,000	
	2016	3%–5%	2041	89,110,000		-	
State of Washington General Obligation bonds	HE-WSU	3.5%–6.4%	2022	6,110,000	7,575,000	1,525,000	
	1991B	5.4%–5.7%	2015		160,000		
	2001A	5%–5.6%	2025	10,360,000	11,145,000	820,000	
	2001C	5%–5.3%	2026	5,355,000	5,760,000	425,000	
	2002A	4%–6%	2026	3,645,000	3,885,000	255,000	
				629,355,000	625,350,000	21,160,000	
Less: unamortized insurance costs				(76,646)	(565,221)		
Less: unamortized discounts					(76,370)		
Plus: unamortized premiums				64,355,656	50,509,486		
Net bonds payable				\$ 693,634,010	\$ 675,217,895		

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, 2016.

Ref		Total future pledged revenues	2016 revenues, net of expenses	2016 principal and interest	2015 revenues, net of expenses	2015 principal and interest
1	Housing and Dining System (2008 & 2010)	\$ 46,410,035	\$ 27,800,194	\$ 3,073,593	\$ 24,691,419	\$ 3,082,680
2	Student Recreation Center (2009)	39,999,150	2,269,783	2,929,475	3,622,509	2,749,125
3	Compton Union Building (2006B)	36,282,923	6,112,215	3,275,836	6,275,571	3,273,145
4	Intercollegiate Athletics (2007)	22,860,523	(3,596,789)	1,587,281	(3,432,487)	1,584,219
5	Trust and Building Fee Bonds (2009B)	\$ 156,083,103	\$ 30,889,557	\$ 9,050,706	\$ 32,381,210	\$ 5,746,926

Annual Debt Service Requirements

Future debt service requirements at June 30, 2016, are as follows:

Fiscal year	Revenue bond obligations			State of Washington General Obligation bonds		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 18,135,000	\$ 27,381,402	\$ 45,516,402	\$ 3,025,000	\$ 1,237,725	\$ 4,262,725
2018	19,405,000	27,321,855	46,726,855	2,785,000	1,086,975	3,871,975
2019	20,115,000	26,532,336	46,647,336	2,865,000	947,100	3,812,100
2020	20,815,000	25,640,688	46,455,688	3,015,000	803,600	3,818,600
2021	21,790,000	24,666,017	46,456,017	2,455,000	668,850	3,123,850
2022–2026	122,505,000	106,538,053	229,043,053	10,885,000	1,732,250	12,617,250
2026–2031	142,375,000	75,471,957	217,846,957	440,000	8,800	448,800
2032–2036	130,240,000	41,414,843	171,654,843	-	-	-
2037–2041	108,505,000	11,919,671	120,424,671	-	-	-
Subtotal	603,885,000	366,886,822	970,771,822	25,470,000	6,485,300	31,955,300
Less: unamortized issuance costs	(76,646)		(76,646)			
Less: unamortized discounts			-			
Plus: unamortized premiums	64,355,655		64,355,655			
Total	\$ 668,164,009	\$ 366,886,822	\$ 1,035,050,831	\$ 25,470,000	\$ 6,485,300	\$ 31,955,300

12. 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), deferred outflows of resources related to pensions, bond payable, capital leases, and other post-employment benefit obligations for the years ending June 30, 2016, and June 30, 2015.

Deferred outflows of resources	Total amount issued	Balance outstanding 6/30/2015	2016			Balance outstanding 6/30/2016	Current portion	
			Additions	Reductions				
Revenue bonds								
Student recreation series 2009	\$	1,020,400	\$	1,179,660	\$	(1,027,470)	\$	1,172,590
Student fee 2006A refunding (CUB)		2,057,148				(86,816)		1,970,332
General revenue bonds Athletics 2007 refunding				933,604		(5,595)		928,009
Parking series 2005		61,300				(7,049)		54,251
General revenue bonds series 2013 refunding		599,860				(61,524)		538,336
Housing and Dining Services (HDS) series 2005		154,131				(10,488)		143,643
Housing and Dining Services (HDS) series 2010		865,847				(96,205)		769,642
General revenue bond 2016 HDS 2008 refunding				1,747,707		(7,286)		1,740,421
Subtotal revenue bonds		4,758,686		3,860,971		(1,302,433)		7,317,224
Pension								
								-
Pension differences between expected and actual expense				4,771,373				4,771,373
Pension changes in assumption				70,934				70,934
Pension changes in proportion		995,523		1,555,897				2,551,420
Pension contributions		10,227,905		3,506,894				13,734,799
Subtotal pension		11,223,428		9,905,098		-		21,128,526
Total	\$	15,982,114	\$	13,766,069	\$	(1,302,433)	\$	28,445,750

Notes to the Financial Statements

Schedule of long-term liabilities

Revenue and refunding bonds, net	\$ 542,265,000	\$ 646,692,893	\$ 107,795,635	\$ (86,324,519)	\$ 668,164,009	\$ 18,135,000
State of Washington General Obligation bonds, net	37,275,000	28,525,000		(3,055,000)	25,470,000	3,025,000
Capital leases		16,721,538	3,223,052	(2,255,121)	17,689,469	2,368,873
Net pension obligation		122,354,878	36,411,716	(1,513,462)	157,253,132	
Total	\$ 579,540,000	\$ 814,294,309	\$ 147,430,403	\$ (93,148,102)	\$ 868,576,610	\$ 23,528,873

2015

Deferred outflows of resources	Total amount issued	Balance outstanding 6/30/2014	Additions	Reductions	Balance outstanding 6/30/2015	Current portion
Revenue bonds						
Student recreation series 2009		\$ 1,081,320		\$ (60,920)	\$ 1,020,400	
Student fee 2006A refunding (CUB)			\$ 2,083,549	(26,401)	2,057,148	
Parking series 2005		249,166	63,443	(251,309)	61,300	
General revenue bonds series 2013 refunding		661,385		(61,525)	599,860	
Housing and Dining Services (HDS) series 2005		736,411	157,320	(739,600)	154,131	
Housing and Dining Services (HDS) series 2010		962,052		(96,205)	865,847	
Subtotal revenue bonds		3,690,334	2,304,312	(1,235,960)	4,758,686	
Pension						-
Pension differences between expected and actual expense						-
Pension changes in assumption						-
Pension changes in proportion			995,523		995,523	
Pension contributions			10,227,905		10,227,905	
Subtotal pension		-	11,223,428	-	11,223,428	
Total		\$ 3,690,334	\$ 13,527,740	\$ (1,235,960)	\$ 15,982,114	

Schedule of long-term liabilities

Revenue and refunding bonds, net	\$ 630,970,000	\$ 558,037,787	\$ 176,859,386	\$ (88,204,280)	\$ 646,692,893	\$ 16,810,000
State of Washington General Obligation bonds, net	38,465,000	31,625,000	1,605,000	(4,705,000)	28,525,000	3,055,000
Capital leases		17,864,600	1,501,928	(2,644,990)	16,721,538	2,135,032
Pension obligation, net		41,210,245	122,822,368	(41,677,735)	122,354,878	
Total	\$ 669,435,000	\$ 648,737,632	\$ 302,788,682	\$ (137,232,005)	\$ 814,294,309	\$ 22,000,032

13. Pension Plans

The University implemented Statement No. 68 of the Governmental Accounting Standards Board (GASB) *Accounting and Financial Reporting for Pensions* for the fiscal year 2015 financial reporting. This change in accounting principle changed how pension liabilities are computed, and required entities that prepare a separate financial statement to record their share of the primary government's pension liability on their books. In accordance with Statement No. 68, the University has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities.

The University offers four contributory pension plans: the Washington State Public Employees Retirement System (PERS) plan, the Washington State Teachers Retirement System (TRS), the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF), cost sharing multiple-employer defined benefit pension plans administered by the State of Washington Department of Retirement Services, and the Washington State University Retirement Plan (WSURP), a defined contribution pension plan with a supplemental payment to beneficiaries when required.

WSURP is not administered through a trust and is not subject to GASB 68. The pension liabilities herein calculated are consistent with prior years.

The University employs approximately 7,130 full-time employees eligible for participation in one of the various retirement plans.

For the year ended June 30, 2016, the payroll for employees covered by PERS was \$116,436,525, the payroll for employees covered by TRS was \$8,491,291, the payroll for employees covered by LEOFF was \$1,691,590 and the payroll for employees covered by the WSURP was \$299,602,574.

PERS, TRS, and LEOFF

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, 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 position 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. 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. The plans may be amended only by the legislature. The Washington State Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS, TRS, and LEOFF. The report may be obtained by writing to the Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380 or online at www.drs.wa.gov/administration.

Plan Descriptions. PERS Plan 1 provides retirement and disability benefits and minimum benefit increases beginning at age 66 to eligible nonacademic plan members hired prior to October 1, 1977. PERS Plans 2 and 3 provide retirement and disability benefits and a cost-of-living adjustment to eligible nonacademic plan members hired on or after October 1, 1977. Retirement benefits are vested after five years of eligible service. PERS Plan 3 has a defined contribution component that members may elect to self-direct as established by the Employee Retirement Benefits Board. PERS 3 defined benefit plan benefits are vested after an employee completes five year of eligible service.

TRS 1 provides retirement and disability benefits, a lump sum death benefit, and minimum benefits increases beginning at age 65 to certain eligible faculty hired prior to October 1, 1977. TRS 2 and 3 provide retirement benefits, and cost-of-living adjustment to certain eligible faculty hired on or after October 1, 1977. In addition, TRS 3 has a defined contribution component which is fully funded by employee contributions. Defined benefit plan benefits are vested after an employee completes five years of eligible service.

LEOFF 2 provides retirement benefits and a cost-of-living adjustment for eligible law enforcement officers. LEOFF system benefits are vested after an employee completes five years of eligible service.

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.

The required contribution rates expressed as a percentage of current year covered payroll are shown on the next page. The University and the employees made the required contributions.

Federal Retirement Plans

Selected positions related to the College of Agricultural, Human, and Natural Resource Sciences are eligible to participate in two federal retirement systems maintained by the Office of Personnel Management.

Civil Service Retirement System

Civil Service Retirement System (CSRS) is a defined benefit retirement plan for employees with federal appointments hired prior to January 1, 1984, and who chose not to transfer to Federal Employees Retirement System (FERS). Retirement benefits are vested after an employee completes five years of eligible service.

As of June 30, 2016, the University had six employees enrolled in the plan.

Notes to the Financial Statements

Federal Employees Retirement System

The Federal Employees Retirement System (FERS) is a defined benefit retirement plan for employees with federal appointments hired after December 31, 1983, and those Civil Service Retirement System (CSRS) employees choosing to transfer into this system. Retirement benefits are vested after an employee completes five years of eligible service.

As of June 30, 2016, the University had 15 employees enrolled in the plan.

The University's contribution rates and required contributions for the above retirement plans for the year ending June 30, 2016, are as follows:

	Contribution rates		Required employer contributions	
	Employee	University	2016	2015
PERS				
Plan 1	6.00%	11.18%	\$ 5,510,422	\$ 4,445,539
Plan 2	6.12%	11.18%	4,437,691	3,516,411
Plan 3	5.00–15.00%	11.18%	2,520,119	1,769,260
TRS				
Plan 1	6.00%	13.13%	407,063	292,813
Plan 2	5.95%	13.13%	0.00	0.00
Plan 3	5.00–15.00%	13.13%	726,804	359,624
LEOFF				
Plan 2	8.41%	8.59%	132,697	136,418
FED Plans				
CSRS	7.00%	7.00%	30,486	38,001
FERS	0.80%	13.20%	\$ 89,758	\$ 82,557

The University's actual retirement contributions to the above plans for the fiscal years ended June 30, 2016, 2015, and 2014 were:

Fiscal year ended		PERS	TRS	LEOFF	CSRS	FERS
2016	Rate	11.18%	13.13%	8.59%	7.00%	13.20%
2016	Contribution	\$13,158,266	\$ 1,130,870	\$ 148,413	\$ 30,486	\$ 89,758
2015	Rate	9.21%	10.39%	8.59%	7.00%	13.20%
2015	Contribution	\$ 9,490,454	\$ 670,476	\$ 140,742	\$ 38,001	\$ 82,557
2014	Rate	9.21%	10.39%	8.59%	7.00%	11.90%
2014	Contribution	\$ 9,103,599	\$ 386,605	\$ 125,517	\$ 50,740	\$ 72,689

Pension costs. At June 30, 2016, WSU reported a liability of \$98,281,763 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2015, by an actuarial valuation as of that date. WSU's share was .967% for PERS 1, 1.19% for PERS 2/3, .13% for TRS 1, .135% for TRS 2, and .093% for LEOFF 2 of Washington State's proportionate share of Department of Retirement Systems (DRS) liability.

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68 for WSU as an employer for the fiscal year 2016, expressed in thousands.

Aggregate Pension Amounts—All Plans

2016	2015	Aggregate Pension Amounts—All Plans
\$ 98,281,815	\$ 72,179,099	Pension liabilities
956,615	1,152,603	Pension assets
21,128,526	11,223,428	Deferred outflows of resources related to pensions
15,255,763	31,568,504	Deferred inflows of resources related to pensions
\$ 91,452,438	\$ 91,371,572	Pension expense/expenditures (current year \$80,866)

The University reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred outflows	Deferred inflows
Differences between expected and actual experiences	\$ 4,771,373	
Changes in assumption	70,934	
Net difference between projected and actual earnings on investments		\$ 15,126,000
Changes in proportion	2,551,420	129,763
Contributions paid subsequent to the measurement date	13,734,799	
Total	\$ 21,128,526	\$ 15,255,763

The \$13,734,799 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year	
2016	\$ 5,153,753
2017	5,153,753
2018	5,206,917
2019	(2,344,680)
2020–2021	11,237
Total	\$ 13,180,980

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2014, with the results rolled forward to the June 30, 2015, measurement date using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year throughout their lifetime.

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period 2007–2012. Additional assumptions are current for subsequent events and law changes as of the 2014 report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the 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 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	20%	1.70%
Tangible assets	5%	4.40%
Real estate	15%	5.80%
Global equity	37%	6.60%
Private equity	23%	9.60%
Total	100%	

Notes to the Financial Statements

Discount Rate. The discount rate used to measure the total pension liability was 7.5%, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's 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 and assumed a 7.7% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.5% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 whose rates include a component for the PERS 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 7.50% 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 state as an employer, calculated using the discount rate of 7.50%, as well as what the net pension liability/asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the rate.

	Employers' proportionate share net pension liability (asset)	
	2016	2015
1% decrease (6.50%)	\$ 196,574,758	\$ 158,319,673
Current discount rate	\$ 97,325,201	\$ 71,026,496
1% increase (8.50%)	\$ 20,303,127	\$ 1,659,445

Washington State University Retirement Plan

Plan Description. Faculty and professional and other staff are eligible to participate in the Washington State University Retirement Plan (WSURP), a 403b defined contribution plan. 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.

TIAA-CREF benefits are payable upon termination at the member's option unless the participant is re-employed at another institution which participates in TIAA-CREF.

WSURP has a supplemental payment component that guarantees a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. The University makes direct payments to qualifying retirees when the retirement benefit provided by TIAA-CREF does not meet the benefit goal. Employees are eligible for a nonreduced supplemental payment after the age of 65 with ten years of full-time service.

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.

The University's Board of Regents are authorized to amend benefit provisions under RCW 28B.10.400. In 2011, the plan was amended to eliminate the supplemental benefit provisions for all employees hired after June 30, 2011.

Contributions. Contribution rates for the WSURP (TIAA-CREF), which are based upon age, are 5%, 7.5%, or 10% of salary and are matched by the University. Employee and employer contributions for the year ended June 30, 2016, were each \$24,738,242. Supplemental payments made by the University for the year ended June 30, 2016, were \$1,513,462.

The University's actual retirement contributions to the plan for the years ended June 30, 2016, 2015, and 2014 were:

Fiscal year ended	Rate	Contributions	Supplemental payments
2016	5%–10%	\$ 24,738,272	\$ 1,513,432
2015	5%–10%	\$ 23,765,816	\$ 1,343,466
2014	5%–10%	\$ 21,897,849	\$ 1,275,987

The WSURP supplemental pension benefits are unfunded and charged to operations in the years in which they are paid. The University makes no contributions other than benefit payments and there are no plan assets. An actuarial study of the supplemental pension benefits was performed as of July 1, 2015. The actuarial assumptions for the evaluation included an investment rate of return of 4.00% and projected salary increases of 3.75% per year. Based on assumptions made regarding expected benefit payments, the actuary presents a cash flow projection rather than an actuarial funding plan to liquidate unfunded liabilities. The University uses this cash flow projection to budget annual amounts to provide funds for these benefits. The unfunded actuarial accrued liability calculated at July 1, 2015, was \$73,930,000 under the plan's entry age normal method and is amortized over a 10 year period. The annual required contribution (ARC) is projected at \$10,309,000. The net pension obligation is the cumulative excess, if any, of the ARC over the actual benefit payments and is reported as a liability on the University's financial statements. The net pension obligation as of June 30, 2016, is \$58,971,316.

Other Post-Employment Benefits

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

State of Washington retirees may elect coverage through state health and life insurance plans, for which they pay less than the full cost of the benefits, based on their age and other demographic factors. The health care premiums for active employees, which are paid by the agency during the employees' working careers, subsidize the "underpayments" of retirees. An additional factor in the OPEB obligation is a payment that is required by the State Legislature to reduce the premiums for retirees covered by Medicare (an "explicit" subsidy). This explicit subsidy is also passed through to state agencies via active employee rates charged to the agency. There is no formal state or University plan that underlies the subsidy of retiree health and life insurance.

The state of Washington funds OPEB obligations at a statewide level on a pay-as-you-go basis. Disclosure information, as required under GASB Statement No. 45, does not exist at department levels, and as a result, the AAL is not available for the University. The state of Washington's Comprehensive Annual Financial Report (CAFR) includes the state's measurement and recognition of OPEB expense/expenditures, liabilities, note disclosures, and required supplementary information specified by GASB Statement No. 45. The State Actuary's report is available at http://osa.leg.wa.gov/Actuarial_Services/OPEB/OPEB.htm.

The University paid \$66.3 million for health care expenses in 2016, which included its pay-as-you-go portion of the OPEB liability, calculated by the actuary at \$3.1 million for 2016.



Students walk past Wilmer-Davis Hall, a women-only residence hall at WSU Pullman.

14. Operating Expenses by Program

2016

	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation	Total
Instruction	\$ 234,432,096	\$ 19,037,319			\$ 253,469,415
Research	130,670,975	67,044,620			197,715,595
Public service	32,919,066	8,248,900			41,167,966
Academic support	67,442,255	20,227,979			87,670,234
Student services	26,135,292	5,377,428			31,512,720
Institutional support	60,634,581	32,856,778			93,491,359
Operation and maintenance of plant	27,692,563	40,089,068			67,781,631
Auxiliary enterprises	76,844,336	74,780,511			151,624,847
Student financial aid			\$ 67,957,820		67,957,820
Depreciation				\$ 98,360,455	98,360,455
Total operating expenses	\$ 656,771,164	\$ 267,662,603	\$ 67,957,820	\$ 98,360,455	\$ 1,090,752,042

2015

	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation	Total
Instruction	\$ 219,150,244	\$ 23,464,142			\$ 242,614,386
Research	127,226,180	64,749,947			191,976,127
Public service	32,018,586	8,343,724			40,362,310
Academic support	57,654,651	18,490,285			76,144,936
Student services	25,805,196	6,039,152			31,844,348
Institutional support	51,264,372	41,180,011			92,444,383
Operation and maintenance of plant	25,131,332	42,470,656			67,601,988
Auxiliary enterprises	72,573,157	76,175,120			148,748,277
Student financial aid			\$ 63,701,593		63,701,593
Depreciation				\$ 92,665,558	92,665,558
Total operating expenses	\$ 610,823,718	\$ 280,913,037	\$ 63,701,593	\$ 92,665,558	\$ 1,048,103,906

15. Commitments and Contingencies

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

The class action filed against the state of Washington on behalf of certain employees alleging improper denial of health care benefits was settled in fiscal year 2016. The University's portion of this settlement was \$6,668,000.

The University has commitments of \$135,079,795 for various capital improvement projects that include construction and completion of new buildings and renovations of existing buildings.

A photograph of a student in a red hoodie sitting at a long, curved wooden table in a modern student union building. The student is wearing white earbuds and is looking at a laptop screen. On the table, there is an open notebook, a pen, and a water bottle. In the background, other students are sitting at tables, and the ceiling is decorated with string lights and modern pendant lights. The overall atmosphere is bright and contemporary.

Required Supplemental Information

Reunion, located in WSU Pullman's Compton Union Building (the CUB), provides space for students to eat, study, and socialize.

2016 Schedule of WSU Contributions to Pensions

Schedule of WSU Contributions Public Employees Retirement System Last 10 Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contributions	\$ 9,860,335	\$ 9,103,597	\$ 6,777,706	\$ 6,645,613	\$ 4,986,926	\$ 5,019,056	\$ 7,946,450	\$ 5,775,034	\$ 4,078,209	\$ 2,181,194
Contributions in relation to the contractually required contribution	(9,860,335)	(9,103,597)	(6,777,706)	(6,645,613)	(4,986,926)	(5,019,056)	(7,946,450)	(5,775,034)	(4,078,209)	(2,181,194)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered-employee payroll	108,182,777	98,779,796	94,004,251	91,677,562	92,912,231	94,520,827	95,625,154	117,616,162	89,043,875	89,393,199
Contributions as a percentage of covered-employee payroll	9.11%	9.22%	7.21%	7.25%	5.37%	5.31%	8.31%	4.91%	4.58%	2.44%

Schedule of WSU Contributions

Teachers Retirement System Last 10 Fiscal Years *

	2015	2014	2013	2012	2011
Contractually required contributions	\$ 670,477	\$ 386,605	\$ 136,907	\$ 74,419	\$ 36,143
Contributions in relation to the contractually required contribution	(670,477)	386,605	(136,907)	(74,419)	(36,143)
Contribution deficiency (excess)	0	773,210			
Covered-employee payroll	6,453,097	3,791,772	1,700,705	812,922	204,167
Contributions as a percentage of covered-employee payroll	10.39%	10.20%	8.05%	9.15%	17.70%

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

Schedule of WSU Contributions

Law Enforcement Officers Retirement System Last 10 Fiscal Years*

	2015	2014	2013	2012	2011
Contractually required contributions	\$ 140,742	\$ 125,517	\$ 119,947	\$ 116,926	\$ 118,809
Contributions in relation to the contractually required contribution	(140,742)	(125,517)	(119,947)	(116,926)	(118,809)
Contribution deficiency (excess)	0				
Covered-employee payroll	1,638,448	1,461,750	1,391,502	1,356,453	1,297,086
Contributions as a percentage of covered-employee payroll	8.59%	8.59%	8.62%	8.62%	9.16%

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

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

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

	2015	2014
PERS 1 employers' proportion of the net pension liability	0.97%	0.93%
PERS 1 employers' proportionate share of the net pension liability	\$50,597,060	\$46,759,620
PERS 1 employers' covered-employee payroll	\$ 2,163,469	\$ 2,812,551
PERS 1 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	23.39%	16.63%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	61.19%

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

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

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

	2015	2014
WSU PERS 2 employers' proportion of the net pension liability	1.19%	1.12%
WSU PERS 2 employers' proportionate share of the net pension liability	\$ 42,397,358	\$ 22,694,083
WSU PERS 2 employers' covered-employee payroll	\$118,023,228	\$ 64,557,213
WSU PERS 2 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	36%	35%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	93.29%

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

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

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

	2015	2014
WSU TRS 1 employers' proportion of the net pension liability	0.131%	0.083%
WSU TRS 1 employers' proportionate share of the net pension liability	\$ 4,144,932	\$ 2,452,825
WSU TRS 1 employers' covered-employee payroll	\$ 68,324	\$ 99,017
WSU TRS 1 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.67%	24.77%
Plan fiduciary net position as a percentage of the total pension liability	65.70%	68.77%

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

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

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

	2015	2014
WSU TRS 3 employers' proportion of the net pension liability	0.14%	0.08%
WSU TRS 3 employers' proportionate share of the net pension liability	\$1,141,883	\$ 272,606
WSU TRS 3 employers' covered-employee payroll	\$8,802,685	\$3,642,005
WSU TRS 3 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.97%	7.49%
Plan fiduciary net position as a percentage of the total pension liability	92.48%	96.81%

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

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

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2

Measurement Date of June 30*

	2015	2014
WSU LEOFF 2 employers' proportion of the net pension asset	0.093%	0.09%
WSU LEOFF 2 employers' proportionate share of the net pension asset	\$ 956,615	\$ 1,152,604
WSU LEOFF 2 employers' covered-employee payroll	\$ 1,727,663	\$ 1,450,990
WSU LEOFF 2 employers' proportionate share of the net pension asset as a percentage of its covered-employee payroll	55.37%	79.44%
Plan fiduciary net position as a percentage of the total pension asset	111.67%	116.75%

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

Statistical Section

WSU Pullman is located on more than 620 acres among the rolling hills of southeastern Washington. The University maintains a close relationship with the University of Idaho, eight miles to the east.



Students walk through the snow at WSU Pullman. Enrollment at Pullman increased to 20,193 in fall 2016—a new record. System-wide, WSU enrolls more than 30,000 students.

Financial Trends

These schedules contain trend information to help the reader understand how the University's financial performance has changed over time.

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Narrative to the Statistical Section

Revenue Capacity

These schedules contain information to help the reader assess the University's revenue sources.

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- 83 Revenue from All Sources
- 84 Principal Revenue Payers
- 84 Tuition and Fees

Debt Capacity

These schedules present information to help the reader assess the University's current levels of outstanding debt.

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Demographic Data

These schedules offer demographic and economic indicators to help the reader understand the environment within which the University's financial activities take place.

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- 100 Faculty and Staff
- 100 Demographic Data

Net Position by Component

Last Ten Fiscal Years

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Net investment in capital assets	\$ 950,875	\$ 931,982	\$ 948,421	\$ 921,456	\$ 937,138	\$ 944,850	\$ 940,143	\$ 954,112	\$ 875,094	\$ 839,086
Restricted nonexpendable	504,301	481,183	471,364	443,585	434,224	418,321	415,394	384,439	371,530	348,845
Restricted loans	28,364	28,145	27,527	26,913	28,211	27,493	28,050	26,936	25,743	25,043
Restricted expendable	232,127	250,389	236,173	227,027	181,044	152,762	84,230	72,704	97,040	87,044
Unrestricted	(66,864)	(7,461)	11,568	123,803	101,155	91,734	81,791	72,032	69,686	67,029
Total net position	\$1,648,803	\$1,684,238	\$1,695,054	\$1,742,788	\$1,681,772	\$1,635,160	\$1,549,608	\$1,510,223	\$1,439,093	\$1,367,048

EXPRESSED AS A PERCENT OF THE TOTAL

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	%	%	%	%	%	%	%	%	%	%
Invested in capital assets, net of debt	57.7	55.3	56.0	52.9	55.8	57.8	60.7	63.1	60.8	61.4
Restricted nonexpendable	30.6	28.6	27.8	25.5	25.8	25.6	26.8	25.5	25.8	25.5
Restricted loans	1.7	1.7	1.6	1.5	1.7	1.7	1.8	1.8	1.8	1.8
Restricted expendable	14.1	14.9	13.9	13.0	10.7	9.3	5.4	4.8	6.7	6.4
Unrestricted	(4.1)	(0.4)	0.7	7.1	6.0	5.6	5.3	4.8	4.9	4.9
Total net position	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

PERCENTAGE INCREASE (DECREASE) FROM PRIOR YEAR

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	%	%	%	%	%	%	%	%	%	%
Invested in capital assets, net of debt	2.0	(1.7)	2.9	(1.7)	(0.5)	0.8	(1.5)	9.0	4.3	7.9
Restricted nonexpendable	4.8	2.1	6.3	2.2	3.8	0.7	8.1	3.5	6.5	4.5
Restricted loans	0.8	2.2	2.3	(4.6)	2.6	(2.0)	4.1	4.6	2.8	0.1
Restricted expendable	(7.3)	6.0	4.0	25.4	18.5	81.4	15.9	(25.1)	11.5	25.5
Unrestricted	796.2	(164.5)	(90.7)	22.4	10.3	12.2	13.5	3.4	4.0	9.5
Total net position	(2.1)	(0.6)	(2.7)	3.4	3.0	5.5	2.6	4.9	5.3	7.9

Some figures may not total due to rounding.

Changes in Net Position

Last Ten Fiscal Years

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Revenues										
Operating revenues										
Tuition and fee revenue, net	\$ 286,292	\$ 292,867	\$ 290,508	\$ 277,447	\$ 252,695	\$ 219,672	\$ 194,836	\$ 173,288	\$ 155,785	\$ 143,481
Federal grants and contracts	130,114	123,912	125,505	132,106	129,360	126,127	117,239	98,599	111,917	108,412
State grants and contracts	91,328	89,536	94,111	86,698	73,095	61,472	56,178	50,118	45,724	46,691
Local grants and contracts	29,745	23,945	29,287	31,522	32,238	38,690	31,971	34,674	32,017	30,769
Sales and services of educational departments	24,082	22,320	20,199	19,220	20,660	18,981	18,635	18,909	17,782	15,564
Auxiliary enterprises	153,800	144,926	133,891	131,852	117,422	104,438	107,875	101,126	95,146	87,824
Other operating revenues	15,681	15,015	9,306	10,698	13,337	12,383	15,148	19,600	21,011	20,652
Total operating revenues	731,044	712,520	702,807	689,543	638,807	581,762	541,883	496,315	479,383	453,393
Expenses										
Operating expenses										
Salaries and wages	498,000	473,929	438,173	412,203	392,582	392,810	389,495	396,068	382,877	354,581
Benefits	158,771	136,895	134,052	126,895	124,272	122,793	114,148	104,431	109,312	93,656
Scholarships and fellowships	67,958	63,702	73,030	55,097	55,204	54,094	51,651	45,473	41,735	39,418
Utilities	25,518	24,628	25,977	25,688	25,105	27,340	26,634	27,566	32,508	28,532
Payments to suppliers	146,611	160,138	149,030	132,921	119,198	118,133	121,200	127,320	130,494	115,649
Purchased services	95,533	96,147	87,927	86,197	72,256	68,597	53,233	50,925	50,031	47,325
Other operating expenses	0	0	0	0	0	0	0	1,381	1,743	1,780
Depreciation	98,360	92,666	86,946	84,701	77,614	74,475	73,516	68,493	64,558	50,595
Total operating expenses	1,090,752	1,048,104	995,136	923,702	866,230	858,242	829,878	821,658	813,258	731,536
Operating loss	(359,708)	(335,583)	(292,329)	(234,159)	(227,423)	(276,480)	(287,996)	(325,343)	(333,875)	(278,142)
Non-operating revenues (expenses)										
State appropriations	198,805	178,718	176,034	151,004	153,354	189,243	206,284	246,599	245,464	221,288
Federal appropriations	11,008	10,559	10,733	10,256	10,760	10,213	8,685	8,611	10,859	9,213
Federal Pell Grants	36,821	35,506	33,746	31,136	30,467	29,009	25,812	17,403	0	0
Interest on capital assets-related debt	(26,762)	(26,299)	(25,071)	(16,925)	(17,108)	(16,266)	(13,860)	(13,870)	(15,132)	(11,711)
Federal bond interest subsidy	2,685	2,702	2,681	2,913	2,913	2,259	0	0	0	0
Gifts and contributions	37,332	37,397	35,841	29,997	27,679	26,513	19,834	21,037	26,743	19,241
Investment income, net of expense	38,994	45,296	73,309	46,150	49,256	45,919	56,556	19,675	66,786	57,233
Other non-operating revenues (expenses)	13	924	896	167	(3,622)	(281)	775	(4,721)	4,016	9,878
Statewide settlement, WSU's portion	(6,688)	0	0	0	0	0	0	0	0	0
Net non-operating revenues	292,208	284,803	308,169	254,698	253,699	286,610	304,087	294,735	338,735	305,142
Income before other revenues	(67,500)	(50,780)	15,839	20,539	26,275	10,130	16,092	(30,608)	4,860	26,999
Capital appropriations	28,231	32,992	8,725	34,357	18,674	40,099	19,542	94,290	59,763	72,324
Capital grants and gifts	3,696	6,837	13,370	5,987	4,535	35,133	3,354	7,059	7,203	201
Additions to permanent endowments	138	136	92	129	187	192	397	388	219	544
Increase (decrease) in net position	\$ (35,435)	\$ (10,816)	\$ 38,027	\$ 61,012	\$ 49,672	\$ 85,553	\$ 39,385	\$ 71,130	\$ 72,045	\$ 100,069

Changes in Net Position-continued

Last Ten Fiscal Years

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
			AS RESTATED	AS RESTATED						
Total revenues	\$1,088,767	\$1,063,587	\$1,058,234	\$1,001,639	\$ 936,632	\$ 960,342	\$ 883,123	\$ 911,378	\$ 900,435	\$ 843,315
Total expenses	1,124,202	1,074,403	1,105,964	940,627	886,960	874,789	843,738	840,249	828,390	743,247
Increase (decrease) in net position	(35,435)	(10,816)	(47,730)	\$ 61,012	\$ 49,672	\$ 85,553	\$ 39,385	\$ 71,129	\$ 72,045	\$ 100,068

EXPRESSED AS A PERCENT OF TOTAL REVENUES/TOTAL EXPENSES

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	%	%	%	%	%	%	%	%	%	%

Revenues

Operating revenues

Tuition and fee revenue, net	26.5	27.5	27.5	27.7	27.0	22.9	22.1	19.0	17.3	17.0
Federal grants and contracts	12.0	11.7	11.9	13.2	13.8	13.1	13.3	10.8	12.4	12.9
State grants and contracts	8.4	8.4	8.9	8.7	7.8	6.4	6.4	5.5	5.1	5.5
Local grants and contracts	2.7	2.3	2.8	3.1	3.4	4.0	3.6	3.8	3.6	3.6
Sales and services of educational departments	2.2	2.1	1.9	1.9	2.2	2.0	2.1	2.1	2.0	1.8
Auxiliary enterprises	14.2	13.6	12.7	13.2	12.5	10.9	12.2	11.1	10.6	10.4
Other operating revenues	1.4	1.4	0.9	1.1	1.4	1.3	1.7	2.2	2.3	2.4
Total operating revenues	67.6	67.0	66.5	68.9	68.2	60.6	61.4	54.5	53.2	53.8

Expenses

Operating expenses

Salaries and wages	44.6	44.1	39.6	43.8	44.3	44.9	46.2	47.1	46.2	47.7
Benefits	14.2	12.7	12.1	13.5	14.0	14.0	13.5	12.4	13.2	12.6
Scholarships and fellowships	6.1	5.9	6.6	5.9	6.2	6.2	6.1	5.4	5.0	5.3
Utilities	2.3	2.3	2.3	2.7	2.8	3.1	3.2	3.3	3.9	3.8
Payments to suppliers	13.1	14.9	13.5	14.1	13.4	13.5	14.4	15.2	15.8	15.6
Purchased services	8.5	8.9	8.0	9.2	8.1	7.8	6.3	6.1	6.0	6.4
Other operating expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2
Depreciation	8.8	8.6	7.9	9.0	8.8	8.5	8.7	8.2	7.8	6.8
Total operating expenses	97.6	97.6	90.0	98.2	97.7	98.1	98.4	97.8	98.2	98.4
Operating loss	(30.0)	(30.6)	(23.5)	(29.3)	(29.5)	(37.5)	(37.0)	(43.3)	(44.9)	(44.7)

Non-operating revenues (expenses)

State appropriations	18.4	16.8	16.6	15.1	16.4	19.7	23.4	27.1	27.3	26.2
Federal appropriations	1.0	1.0	1.0	1.0	1.1	1.1	1.0	0.9	1.2	1.1
Federal Pell Grants	3.4	3.3	3.2	3.1	3.3	3.0	2.9	1.9	0.0	0.0
Interest on capital assets-related debt	(2.4)	(2.4)	(2.3)	(1.8)	(1.9)	(1.9)	(1.6)	(1.7)	(1.8)	(1.6)
Federal bond interest subsidy	0.2	0.3	0.3	0.3	0.3	0.2	0.0	0.0	0.0	0.0
Gifts and contributions	3.5	3.5	3.4	3.0	3.0	2.8	2.2	2.3	3.0	2.3
Investment income, net of expense	3.6	4.3	6.9	4.6	5.3	4.8	6.4	2.2	7.4	6.8
Other non-operating revenues (expenses)	0.0	0.1	0.1	(0.0)	(0.4)	(0.0)	0.1	(0.6)	0.4	1.2
Statewide settlement, WSU's portion	(.6)									
Net non-operating revenues	27.7	26.8	29.2	25.3	27.0	29.7	34.4	32.2	37.5	36.0
Income before other revenues	(2.3)	(3.8)	(4.0)	(4.0)	(2.5)	(7.9)	(2.6)	(11.2)	(7.5)	(8.7)
Capital appropriations	2.6	3.1	0.8	3.4	2.0	4.2	2.2	10.3	6.6	8.6
Capital grants and gifts	0.3	0.6	1.3	0.6	0.5	3.7	0.4	0.8	0.8	0.0
Additions to permanent endowments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Increase (decrease) in net position	(2.3)	(3.8)	5.8	(3.9)	(2.5)	(7.9)	(2.6)	(11.2)	(7.5)	(8.7)

Some figures may not total due to rounding.

Changes in Net Position-continued

Last Ten Fiscal Years

PERCENTAGE INCREASE (DECREASE) FROM PRIOR YEAR

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
	%	%	%	%	%	%	%	%	%	%
Revenues										
Operating revenues										
Tuition and fee revenue, net	(2.7)	0.8	4.7	9.8	15.0	12.7	12.4	11.2	8.6	7.4
Federal grants and contracts	5.0	(1.3)	(5.0)	2.1	2.6	7.6	18.9	(11.9)	3.2	2.8
State grants and contracts	2.0	(4.9)	8.6	18.6	18.9	9.4	12.1	9.6	(2.1)	12.2
Local grants and contracts	24.2	(18.2)	(7.1)	(2.2)	(16.7)	21.0	(7.8)	8.3	4.1	21.0
Sales and services of educational departments	10.3	10.5	5.1	(7.0)	8.8	1.9	(1.4)	6.3	14.3	3.7
Auxiliary enterprises	6.1	8.2	1.5	12.3	12.4	(3.2)	6.7	6.3	8.3	4.4
Other operating revenues	0.9	(61.3)	(13.0)	(19.8)	7.7	(18.3)	(22.7)	(6.7)	1.7	8.7
Total operating revenues	2.4	1.4	1.9	7.9	9.8	7.4	9.2	3.5	5.7	6.9
Expenses										
Operating expenses										
Salaries and wages	5.1	8.0	6.3	5.0	(0.1)	0.9	(1.7)	3.4	8.0	5.9
Benefits	16.0	2.1	5.6	2.1	1.2	7.6	9.3	(4.5)	16.7	2.2
Scholarships and fellowships	6.7	(12.8)	32.5	(0.2)	2.1	4.7	13.6	9.0	5.9	17.3
Utilities	3.6	(5.2)	1.1	2.3	(8.2)	2.7	(3.4)	(15.2)	13.9	(5.5)
Payments to suppliers	(8.5)	7.5	12.1	11.5	0.9	(2.5)	(4.8)	(2.4)	12.8	6.8
Purchased services	(0.6)	9.3	2.0	19.3	5.3	28.9	4.5	1.8	5.7	12.0
Other operating expenses	n/a	n/a	n/a	n/a	n/a	n/a	(100.0)	(20.8)	(2.0)	(5.7)
Depreciation	6.1	6.6	2.7	9.1	4.2	1.3	7.3	6.1	27.6	(10.1)
Total operating expenses	4.1	5.3	7.7	6.6	0.9	3.4	1.0	1.0	11.2	4.7
Operating loss	7.6	14.8	24.8	3.0	(17.7)	(4.0)	(11.5)	(2.6)	20.0	1.3
Non-operating revenues (expenses)										
State appropriations	12.8	1.5)	16.6	(1.5)	(19.0)	(8.3)	(16.3)	0.5	10.9	5.5
Federal appropriations	4.3	(1.6)	4.6	(4.7)	5.4	17.6	0.9	(20.7)	17.9	(5.3)
Federal Pell Grants	3.7	5.2	8.4	2.2	5.0	12.4	48.3	n/a	n/a	n/a
Interest on capital assets-related debt	1.8	4.9	48.1	(1.1)	5.2	17.4	(0.1)	(8.3)	29.2	6.0
Federal bond interest subsidy	(0.6)	0.8	(7.9)	0.0	28.9	100.0	n/a	n/a	n/a	n/a
Gifts and contributions	(0.2)	4.3	19.5	8.4	4.4	33.7	(5.7)	(21.3)	39.0	4.8
Investment income, net of expense	(14.4)	(38.2)	58.8	(6.3)	7.3	(18.8)	187.4	(70.5)	16.7	92.4
Other non-operating revenues (expenses)	(98.6)	3.2	437.9	(104.6)	98.7	(136.2)	(116.4)	(217.5)	(59.3)	(2,261.4)
Statewide settlement, WSU's portion	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net non-operating revenues	3.5	(7.6)	21.0	0.4	(11.5)	(5.7)	3.2	(13.0)	11.0	19.2
Income before other revenues	30.5	(420.6)	(22.9)	(21.8)	159.4	(37.0)	(152.6)	(729.8)	(82.0)	(244.6)
Capital appropriations	(22.6)	278.1	(74.6)	84.0	(53.4)	105.2	(79.3)	57.8	(17.4)	74.7
Capital grants and gifts	(45.9)	(48.9)	123.3	32.0	(87.1)	947.5	(52.5)	(2.0)	3,479.8	(36.7)
Additions to permanent endowments	1.8	48.2	(29.2)	(30.8)	(2.9)	(51.6)	2.4	77.6	(59.8)	302.0
Increase (decrease) in net position	(241.2)	(128.4)	(37.7)	22.8	(41.9)	117.2	(44.6)	(1.3)	(28.0)	331.6

Some figures may not total due to rounding.

Schedule of Expenses by Function

Last Ten Fiscal Years

FOR THE FISCAL YEAR (AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating expenses by function	AS RESTATED			AS RESTATED						
Instruction	\$ 253,469	\$ 242,614	\$ 213,458	\$ 198,807	\$ 191,044	\$ 187,534	\$ 190,349	\$ 198,926	\$ 192,010	\$ 175,712
Research	197,716	191,976	193,520	200,773	184,354	195,357	110,202	165,829	156,425	144,594
Public service	41,168	40,362	39,827	36,843	35,686	36,592	103,485	41,104	42,055	37,624
Academic support	87,670	76,145	72,765	66,323	65,198	63,386	59,979	59,750	60,727	54,489
Student services	31,513	31,844	29,586	27,996	24,976	23,652	21,872	21,561	22,115	20,737
Institutional support	93,491	92,444	71,080	68,619	58,399	60,788	55,367	46,625	47,511	40,763
Operation and maintenance of plant	67,782	67,602	72,758	61,123	59,630	60,493	54,049	41,529	50,622	46,465
Other operating expenses	0	0	0	0	0	0	0	36,817	42,352	39,825
Auxiliary enterprises	151,625	148,748	142,166	123,420	114,125	101,871	109,408	100,837	98,092	85,671
Scholarships and other student financial aid	67,958	63,702	73,030	55,097	55,204	54,094	51,651	40,186	36,791	35,062
Depreciation	98,360	92,666	86,946	84,701	77,614	74,475	73,516	68,493	64,558	50,595
Total expenses by function	\$ 1,090,752	\$ 1,048,104	\$ 995,136	\$ 923,702	\$ 866,230	\$ 858,242	\$ 829,878	\$ 821,658	\$ 813,258	\$ 731,536

FOR THE FISCAL YEAR (PERCENT OF TOTAL EXPENSE)

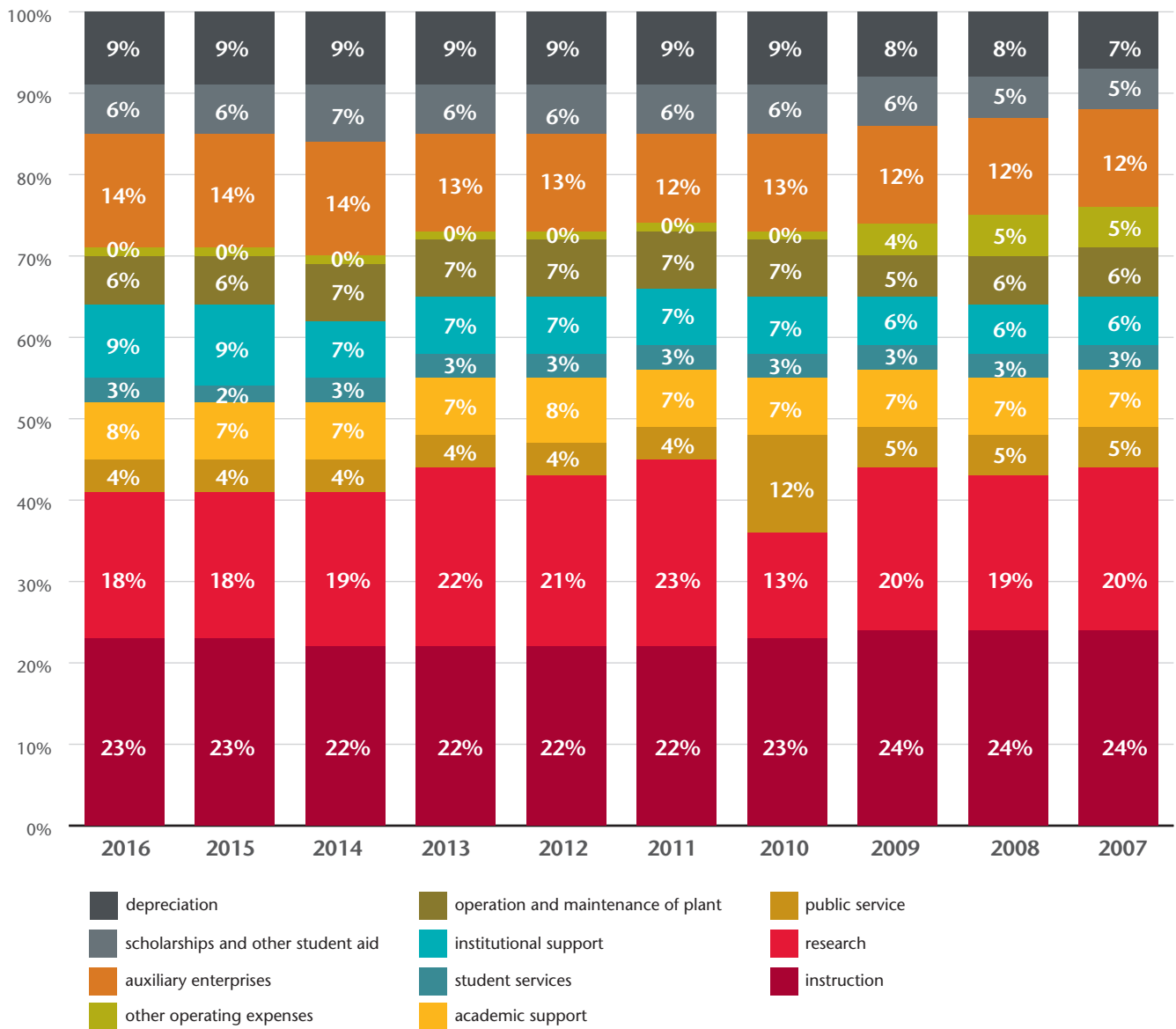
Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating expenses by function	%	%	%	%	%	%	%	%	%	%
Instruction	23.2	23.1	21.5	21.5	22.1	21.9	22.9	24.2	23.6	24.0
Research	18.1	18.3	19.4	21.7	21.3	22.8	13.3	20.2	19.2	19.8
Public service	3.8	3.9	4.0	4.0	4.1	4.3	12.5	5.0	5.2	5.1
Academic support	8.0	7.3	7.3	7.2	7.5	7.4	7.2	7.3	7.5	7.4
Student services	2.9	3.0	3.0	3.0	2.9	2.8	2.6	2.6	2.7	2.8
Institutional support	8.6	8.8	7.1	7.4	6.7	7.1	6.7	5.7	5.8	5.6
Operation and maintenance of plant	6.2	6.4	7.3	6.6	6.9	7.0	6.5	5.1	6.2	6.4
Other operating expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.5	5.2	5.4
Auxiliary enterprises	13.9	14.2	14.3	13.4	13.2	11.9	13.2	12.3	12.1	11.7
Scholarships and other student financial aid	6.2	6.1	7.3	6.0	6.4	6.3	6.2	4.9	4.5	4.8
Depreciation	9.0	8.8	8.7	9.2	9.0	8.7	8.9	8.3	7.9	6.9
Total expenses by function	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

FOR THE FISCAL YEAR (PERCENT INCREASE (DECREASE) FROM PRIOR YEAR)

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating expenses by function	%	%	%	%	%	%	%	%	%	%
Instruction	4.5	13.7	7.4	4.1	1.9	(1.5)	(4.3)	3.6	9.3	6.3
Research	3.0	(0.8)	(3.6)	8.9	(5.6)	77.3	(33.5)	6.0	8.2	5.3
Public service	2.0	1.3	8.1	3.2	(2.5)	(64.6)	151.8	(2.3)	11.8	8.5
Academic support	15.1	4.6	9.7	1.7	2.9	5.7	0.4	(1.6)	11.4	8.9
Student services	(1.0)	7.6	5.7	12.1	5.6	8.1	1.4	(2.5)	6.6	6.7
Institutional support	1.1	30.1	3.6	17.5	(3.9)	9.8	18.7	(1.9)	16.6	2.8
Operation and maintenance of plant	0.3	(7.1)	19.0	2.5	(1.4)	11.9	30.1	(18.0)	8.9	2.9
Other operating expenses	n/a	n/a	n/a	0	0	0	0	(13.1)	6.3	11.3
Auxiliary enterprises	1.9	4.6	15.2	8.1	12.0	(6.9)	8.5	2.8	14.5	1.4
Scholarships and other student financial aid	6.7	(12.8)	32.5	(0.2)	2.1	4.7	28.5	9.2	4.9	13.5
Depreciation	6.1	6.6	2.7	9.1	4.2	1.3	7.3	6.1	27.6	(10.1)
Total expenses by function	4.1	5.3	7.7	6.6	0.9	3.4	1.0	1.0	11.2	4.7

Some figures may not total due to rounding.

Expenses by Function to Total Operating Expenses



Schedule of Operating Expenses by Use

Last Ten Fiscal Years

IN THOUSANDS

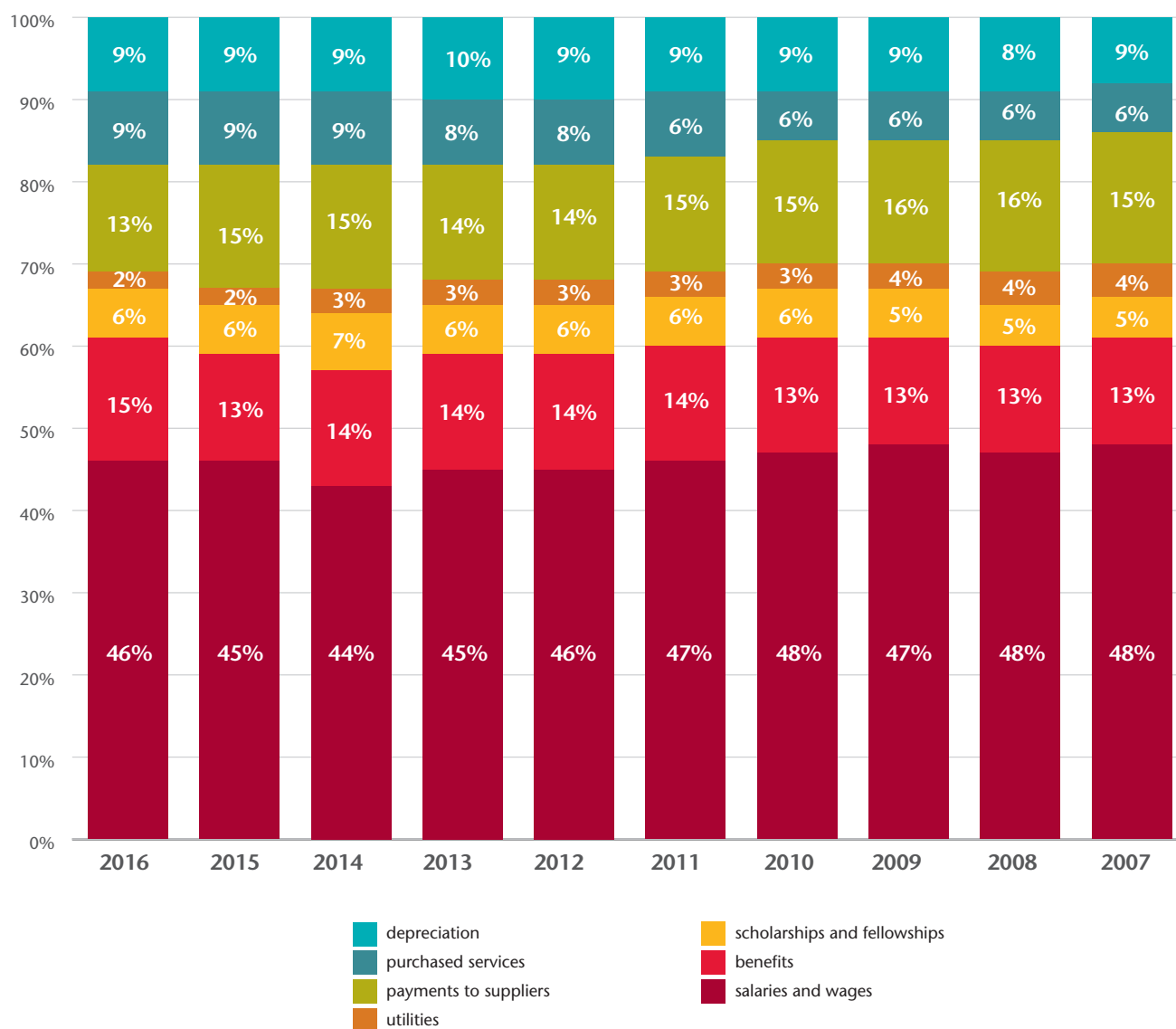
Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Expenses										
Operating expenses										
Salaries and wages	\$ 498,000	\$ 473,929	\$ 438,173	\$ 412,203	\$ 392,582	\$ 392,810	\$ 389,495	\$ 396,068	\$ 382,877	\$ 354,581
Benefits	158,771	136,895	134,052	126,895	124,272	122,793	114,148	104,431	109,312	93,656
Scholarships and fellowships	67,958	63,702	73,030	55,097	55,204	54,094	51,651	45,473	41,735	39,418
Utilities	25,518	24,628	25,977	25,688	25,105	27,340	26,634	27,566	32,508	28,532
Payments to suppliers	146,611	160,137	149,030	132,921	119,198	118,133	121,200	127,320	130,494	115,649
Purchased services	95,533	96,147	87,927	86,197	72,256	68,597	53,233	50,925	50,031	47,325
Other operating expenses	0	0	0	0	0	0	0	1,381	1,743	1,780
Depreciation	98,360	92,666	86,946	84,701	77,614	74,475	73,516	68,493	64,558	50,595
Total operating expenses	\$1,090,752	\$1,048,104	\$ 995,136	\$ 923,702	\$ 866,230	\$ 858,242	\$ 829,878	\$ 821,658	\$ 813,258	\$ 731,536

FOR THE FISCAL YEAR (PERCENT OF TOTAL EXPENSE)

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	%	%	%	%	%	%	%	%	%	%
Expenses										
Operating expenses										
Salaries and wages	45.7	45.2	44.0	44.6	45.3	45.8	46.9	48.2	47.1	48.5
Benefits	14.6	13.1	13.5	13.7	14.3	14.3	13.8	12.7	13.4	12.8
Scholarships and fellowships	6.2	6.1	7.3	6.0	6.4	6.3	6.2	5.5	5.1	5.4
Utilities	2.3	2.3	2.6	2.8	2.9	3.2	3.2	3.4	4.0	3.9
Payments to suppliers	13.4	15.3	15.0	14.4	13.8	13.8	14.6	15.5	16.0	15.8
Purchased services	8.8	9.2	8.8	9.3	8.3	8.0	6.4	6.2	6.2	6.5
Other operating expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2
Depreciation	9.0	8.8	8.7	9.2	9.0	8.7	8.9	8.3	7.9	6.9
Total operating expenses	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Some figures may not total due to rounding.

Operating Expenses by Use Percentage



Schedule of Revenues by Source

Last Ten Fiscal Years

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Revenues										
Operating revenues										
Tuition and fee revenue, net	\$ 286,292	\$ 292,867	\$ 290,508	\$ 277,447	\$ 252,695	\$ 219,672	\$ 194,836	\$ 173,288	\$ 155,785	\$ 143,481
Federal grants and contracts	130,114	123,912	125,505	132,106	129,360	126,127	117,239	98,599	111,917	108,412
State grants and contracts	91,328	89,536	94,111	86,698	73,095	61,472	56,178	50,118	45,724	46,691
Local grants and contracts	29,745	23,945	29,287	31,522	32,238	38,690	31,971	34,674	32,017	30,769
Sales and services of educational departments	24,082	22,320	20,199	19,220	20,660	18,981	18,635	18,909	17,782	15,564
Auxiliary enterprises	153,800	144,926	133,891	131,852	117,422	104,438	107,875	101,126	95,146	87,824
Other operating revenues	15,681	15,015	9,306	10,698	13,337	12,383	15,148	19,600	21,011	20,652
Total operating revenues	731,044	712,520	702,807	689,543	638,807	581,762	541,883	496,315	479,383	453,393
State appropriations	198,805	178,718	176,034	151,004	153,354	189,243	206,284	246,599	245,464	221,288
Federal appropriations	11,008	10,559	10,733	10,256	10,760	10,213	8,685	8,611	10,859	9,213
Federal Pell Grants	36,821	35,506	33,746	31,136	30,467	29,009	25,812	17,403	0	0
Federal bond interest subsidy	2,685	2,702	2,681	2,913	2,913	2,259	0	0	0	0
Gifts and contributions	37,332	37,397	35,841	29,997	27,679	26,513	19,834	21,037	26,743	19,241
Investment income, net of expense	38,994	45,296	73,309	46,150	49,256	45,919	56,556	19,675	66,786	57,233
Other non-operating revenues	13	924	896	167	0	0	775	0	4,016	9,878
Net non-operating revenues	325,658	311,102	333,240	271,624	274,429	303,156	317,947	313,326	353,868	316,852
Total revenues	\$1,056,702	\$1,023,622	\$1,036,047	\$ 961,167	\$ 913,236	\$ 884,919	\$ 859,829	\$ 809,641	\$ 833,250	\$ 770,246

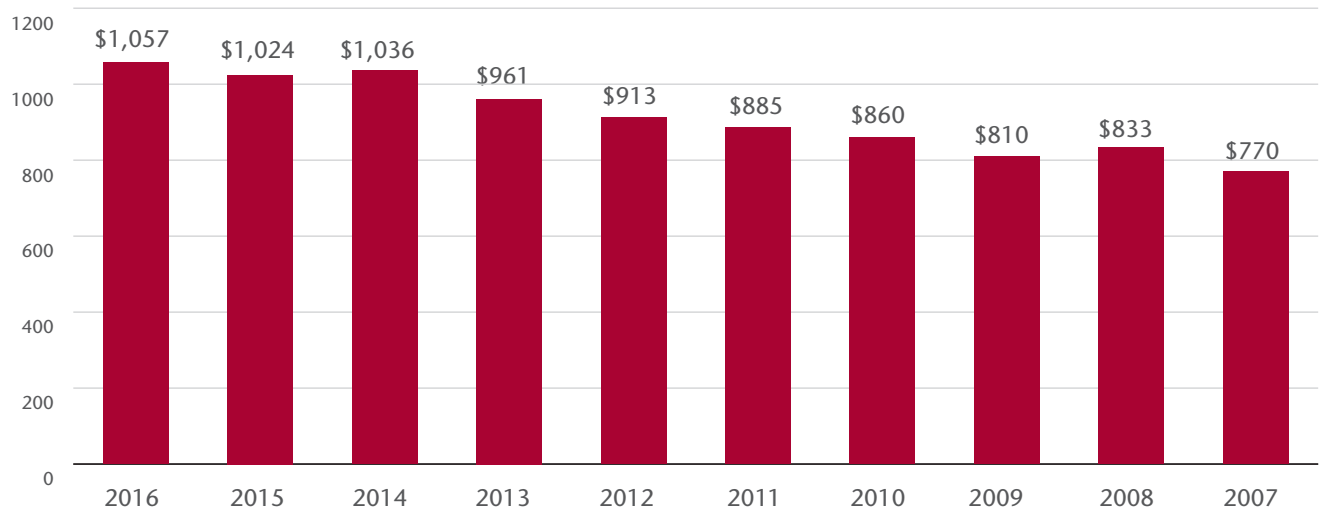
FOR THE FISCAL YEAR (PERCENT OF TOTAL INCOME)

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	%	%	%	%	%	%	%	%	%	%
Revenues										
Operating revenues										
Tuition and fee revenue, net	27.1	28.6	28.0	28.9	27.7	24.8	22.7	21.4	18.7	18.6
Federal grants and contracts	12.3	12.1	12.1	13.7	14.2	14.3	13.6	12.2	13.4	14.1
State grants and contracts	8.6	8.7	9.1	9.0	8.0	6.9	6.5	6.2	5.5	6.1
Local grants and contracts	2.8	2.3	2.8	3.3	3.5	4.4	3.7	4.3	3.8	4.0
Sales and services of educational departments	2.3	2.2	1.9	2.0	2.3	2.1	2.2	2.3	2.1	2.0
Auxiliary enterprises	14.6	14.2	12.9	13.7	12.9	11.8	12.5	12.5	11.4	11.4
Other operating revenues	1.5	1.5	0.9	1.1	1.5	1.4	1.8	2.4	2.5	2.7
Total operating revenues	69.2	69.6	67.8	71.8	69.9	65.7	63.0	61.3	57.5	58.9
State appropriations	18.8	17.5	17.0	15.7	16.8	21.4	24.0	30.5	29.5	28.7
Federal appropriations	1.0	1.0	1.0	1.1	1.2	1.2	1.0	1.1	1.3	1.2
Federal Pell Grants	3.5	3.5	3.3	3.2	3.3	3.3	3.0	2.1	0.0	0.0
Federal bond interest subsidy	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.0	0.0	0.0
Gifts and contributions	3.5	3.7	3.5	3.1	3.0	3.0	2.3	2.6	3.2	2.5
Investment income, net of expense	3.7	4.4	7.1	4.8	5.4	5.2	6.6	2.4	8.0	7.4
Other non-operating revenues	0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.5	1.3
Net non-operating revenues	30.8	30.4	32.2	28.2	30.1	34.3	37.0	38.7	42.5	41.1
Total revenues	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

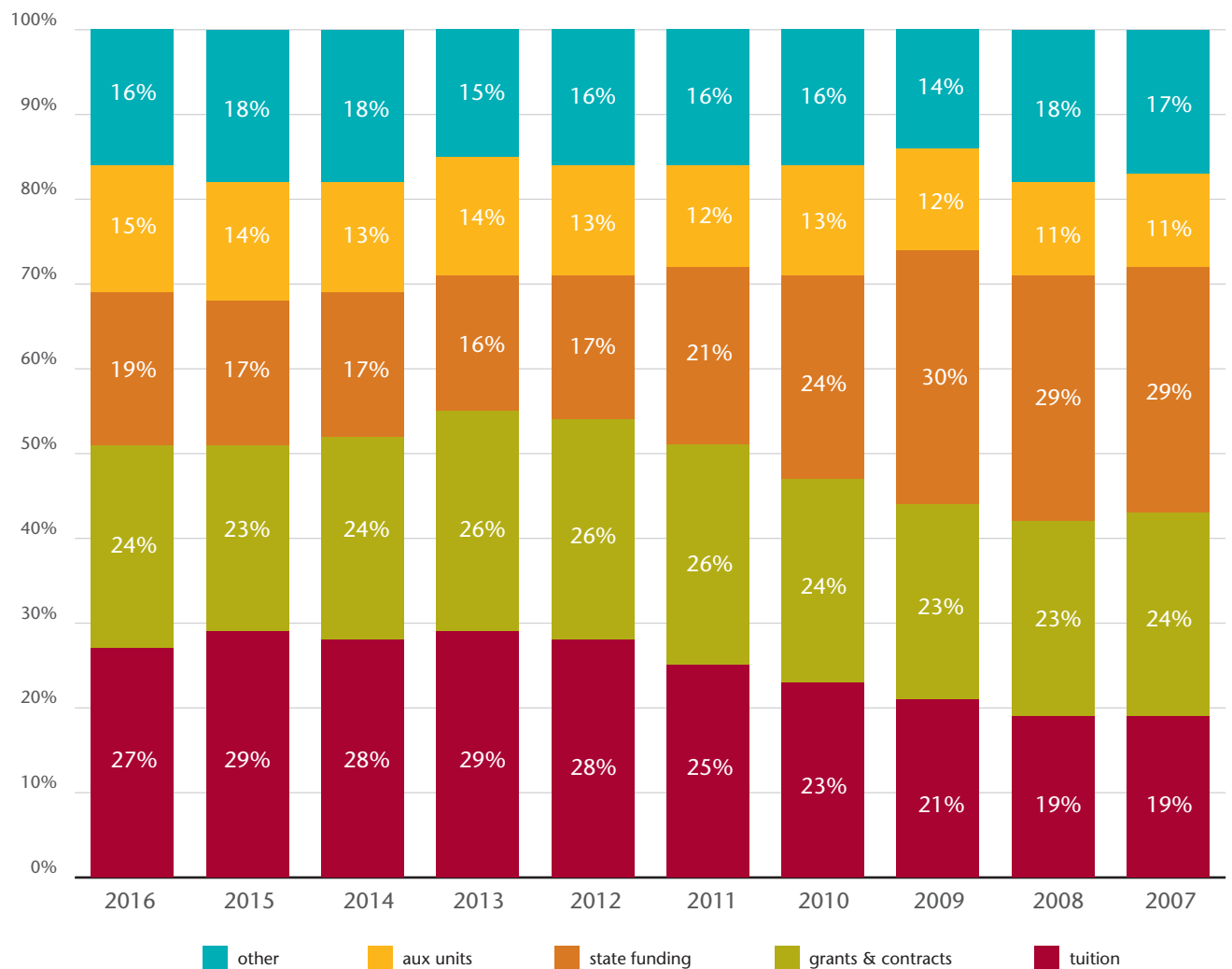
Some figures may not total due to rounding.

Revenue from All Sources

(in millions)



Revenues by Source



Principal Revenue Payers

Last Ten Fiscal Years

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
State and local grants and contracts	\$ 121,073	\$ 113,481	\$ 123,398	\$ 118,220	\$ 105,333	\$ 100,162	\$ 88,149	\$ 84,792	\$ 77,741	\$ 77,460
State appropriations	198,805	178,718	176,034	151,005	153,354	189,243	206,284	246,599	245,464	221,288
Capital appropriations	28,231	32,992	8,725	34,357	18,674	40,099	19,542	94,290	59,763	72,324
Capital grants	3,696	6,837	13,370	5,987	4,535	35,133	3,354	7,059	7,203	201
WA State Government	\$ 351,805	\$ 332,028	\$ 321,527	\$ 309,569	\$ 281,896	\$ 364,636	\$ 317,330	\$ 432,741	\$ 390,171	\$ 371,273
Percent increase (decrease) from prior year	6.0%	3.3%	3.9%	9.8%	(22.7%)	14.9%	(26.7%)	10.9%	5.1%	16.6%
Federal grants and contracts	\$ 166,935	\$ 159,418	\$ 159,251	\$ 163,242	\$ 159,827	\$ 155,136	\$ 143,051	\$ 116,002	\$ 111,917	\$ 108,412
Federal appropriations	11,008	10,559	10,733	10,257	10,760	10,213	8,685	8,611	10,859	9,213
Federal Government	\$ 177,943	\$ 169,977	\$ 169,985	\$ 173,498	\$ 170,588	\$ 165,349	\$ 151,736	\$ 124,614	\$ 122,776	\$ 117,624
Percent increase (decrease) from prior year	4.7%	0.0%	(2.0%)	1.7%	3.2%	9.0%	21.8%	1.5%	4.4%	2.2%

Tuition and Fees

Last Ten Fiscal Years

Undergraduate

TOTAL DOLLARS

Academic year	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Resident	10,916	11,418	11,396	11,386	9,886	8,592	7,600	6,720	6,290	5,887
Non-resident	24,516	24,500	24,478	24,468	21,164	19,634	18,676	17,756	16,604	15,527
Room and board	11,356	11,276	10,868	9,994	9,662	9,644	8,886	8,054	7,316	6,590

PERCENTAGE INCREASE (DECREASE) FROM PRIOR YEAR

Academic year	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Resident	(4.40%)	0.19%	0.00%	15.2%	15.1%	13.1%	13.1%	6.8%	6.8%	6.9%
Non-resident	0.07%	0.09%	0.00%	15.6%	7.8%	5.1%	5.2%	6.9%	6.9%	7.0%
Room and board	0.71%	3.75%	8.70%	3.4%	0.2%	8.5%	10.3%	10.1%	11.0%	4.9%

Some figures may not total due to rounding.

Long-Term Debt

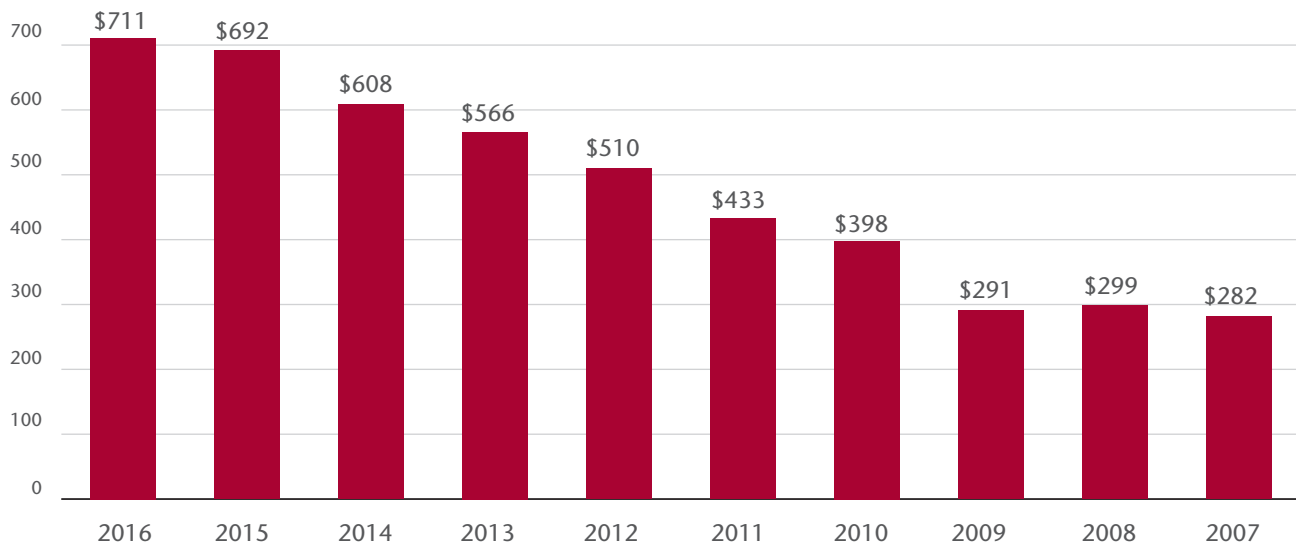
Last Ten Fiscal Years

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
			AS RESTATED	AS RESTATED						
General obligation bond debt	\$ 25,470	\$ 28,525	\$ 31,625	\$ 34,715	\$ 37,350	\$ 40,430	\$ 43,778	\$ 47,125	\$ 51,468	\$ 56,803
Unamortized gain on refunding	0	0	0	0	0	406	0	0	0	0
General obligation bond debt, net	25,470	28,525	31,625	34,715	37,350	40,836	43,778	47,125	51,468	56,803
Revenue bonds	171,850	397,515	327,165	336,885	357,160	363,890	339,400	236,270	240,010	217,225
Unamortized discount/premium/refunding	42,788	28,296	3,538	3,564	3,750	(2,240)	(1,947)	(5,222)	(5,549)	(5,635)
Revenue bonds, net	214,638	425,811	330,703	340,449	360,910	361,650	337,453	231,048	234,461	211,590
General revenue bonds	432,035	199,310	203,675	151,735	73,835	0	0	0	0	0
Unamortized discount/premium	21,491	21,572	23,660	18,625	10,178	0	0	0	0	0
General revenue bonds, net	453,526	220,882	227,335	170,360	84,013	0	0	0	0	0
Total bonds payable	\$ 693,634	\$ 675,218	\$ 589,663	\$ 545,523	\$ 482,273	\$ 402,486	\$ 381,231	\$ 278,173	\$ 285,929	\$ 268,392
Capital leases payable	\$ 17,689	\$ 16,722	\$ 17,865	\$ 20,790	\$ 28,058	\$ 30,118	\$ 16,673	\$ 12,400	\$ 13,436	\$ 14,026
Total long-term debt	\$ 711,323	\$ 691,939	\$ 607,527	\$ 566,313	\$ 510,331	\$ 432,605	\$ 397,904	\$ 290,573	\$ 299,365	\$ 282,418
Total long-term debt	\$ 711,323	\$ 691,939	\$ 607,527	\$ 566,313	\$ 510,331	\$ 432,605	\$ 397,904	\$ 290,573	\$ 299,365	\$ 282,418
Total long-term debt (whole dollars)										
per student FTE	\$ 26,337	\$ 25,655	\$ 23,314	\$ 21,617	\$ 19,669	\$ 17,329	\$ 16,070	\$ 12,058	\$ 13,025	\$ 12,816
per dollar of total grants and contracts	2.47	2.54	2.15	2.01	1.92	1.69	1.72	1.45	1.58	1.52
per dollar of State appropriations	3.58	3.87	3.45	3.75	3.33	2.29	1.93	1.18	1.22	1.28
Total General Revenue Debt	\$ 453,526	\$ 220,882	\$ 227,335	\$ 170,360	\$ 84,013	0	0	0	0	0
General revenue debt (whole dollars)										
per student FTE	\$ 16.79	\$ 8.19	\$ 8.72	\$ 6.50	\$ 3.24	0.00	0.00	0.00	0.00	0.00
per dollar of total grants and contracts	\$ 1.57	\$ 0.81	\$ 0.80	\$ 0.61	\$ 0.32	0.00	0.00	0.00	0.00	0.00
per dollar of State appropriations	\$ 2.28	\$ 1.24	\$ 1.29	\$ 1.13	\$ 0.55	0.00	0.00	0.00	0.00	0.00
Data used in the above calculations										
Total student FTE	\$ 27,009	26,971	26,059	26,198	25,946	24,964	24,760	24,097	22,984	22,037
State appropriations	\$ 198,805	\$ 178,718	\$ 176,034	\$ 151,005	\$ 153,354	\$ 189,243	\$ 206,284	\$ 246,599	\$ 245,464	\$ 221,288
Federal grants and contracts	\$ 130,114	\$ 123,912	\$ 125,505	\$ 132,106	\$ 129,360	\$ 126,127	\$ 117,239	\$ 98,599	\$ 111,917	\$ 108,412
State grants and contracts	91,328	89,536	94,111	86,698	73,095	61,472	56,178	50,118	45,724	46,691
Local grants and contracts	29,745	23,945	29,287	31,522	32,238	38,690	31,971	34,674	32,017	30,769
Federal Pell grants	36,821	35,506	33,746	31,136	30,467	29,009	25,812	17,403	0	0
Total grants and contracts	\$ 288,009	\$ 272,899	\$ 282,650	\$ 281,462	\$ 265,160	\$ 255,298	\$ 231,200	\$ 200,795	\$ 189,658	\$ 185,872

Some figures may not total due to rounding.

Long-Term Debt (in millions)



Summary of Ratios

Last Ten Fiscal Years

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Composite Financial Index										
+Primary reserve ratio	0.20	0.30x	0.31x	0.42x	0.36x	0.34x	0.23x	0.21x	0.30x	0.34x
/Strength factor	0.133	0.133	0.133	0.133	0.133	0.133	0.133	0.133	0.133	0.133
=Ratio/strength factor	1.50	2.25	2.31	3.19	2.74	2.54	1.74	1.60	2.28	2.55
*Weighting factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
=Ratio subtotal	0.53	0.79	0.81	1.12	0.96	0.89	0.61	0.56	0.80	0.89
=Ratio 10.0 cap subtotal	0.53	0.79	0.81	1.12	0.96	0.89	0.61	0.56	0.80	0.89
+Return on net positions ratio	(2.21%)	1%	0.71%	4.38%	3.93%	7.36%	3.13%	0.92%	4.50%	10.47%
/Strength factor	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
=Ratio/strength factor	(1.10)	0.53	0.35	2.19	1.97	3.68	1.57	0.46	2.25	5.24
*Weighting factor	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
=Ratio subtotal	(0.22)	0.11	0.07	0.44	0.39	0.74	0.31	0.09	0.45	1.05
=Ratio 10.00 cap subtotal	(0.22)	0.11	0.07	0.44	0.39	0.74	0.31	0.09	0.45	1.05
+Net operating revenues ratio	(7.27%)	(5.12%)	(6.33%)	2.23%	3.25%	1.20%	1.88%	(-3.66%)	0.34%	3.48%
/Strength factor	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
=Ratio/strength factor	(5.59)	(3.94)	(4.87)	1.72	2.50	0.92	1.45	(2.81)	0.26	2.68
*Weighting factor	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
=Ratio subtotal	(0.56)	(0.39)	(0.49)	0.17	0.25	0.09	0.14	(0.28)	0.03	0.27
=Ratio 10.00 cap subtotal	(0.56)	(0.39)	(0.49)	0.17	0.25	0.09	0.14	(0.28)	0.03	0.27
+Viability ratio	0.33	0.49x	0.59x	0.74x	0.67x	0.71x	0.51x	0.64x	0.89x	0.94x
/Strength factor	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417
=Ratio/strength factor	0.79	1.18	1.41	1.77	1.61	1.71	1.23	1.54	2.12	2.24
*Weighting factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
=Ratio subtotal	0.28	0.41	0.49	0.61	0.56	0.60	0.43	0.54	0.74	0.79
=Ratio 10.00 cap subtotal	0.28	0.41	0.49	0.61	0.56	0.60	0.43	0.54	0.74	0.79
Composite financial index	0.02	0.91	0.89	2.35	2.15	2.32	1.51	0.91	2.02	2.99
Composite financial index with 10.00 cap	0.02	0.91	0.89	2.35	2.15	2.38	1.51	0.91	2.02	2.99

The Composite Financial Index (CFI) provides a methodology for a single overall financial measurement of the institution's health based on the four core ratios. The CFI uses a reasonable weighting plan and allows a weakness or strength in a specific ratio to be offset by another ratio result, which provides a more balanced measure. The CFI provides a more holistic approach to understanding the financial health of the institution. The CFI scores are not intended to be precise measures; they are indicators of ranges of financial health that can be indicators of overall institutional well being when combined with non-financial indicators. Ratio/Strength are capped at a maximum of 10 before the weighting factors are applied so that a higher CFI does not unduly mask a weakness in a component ratio.

Summary of Ratios

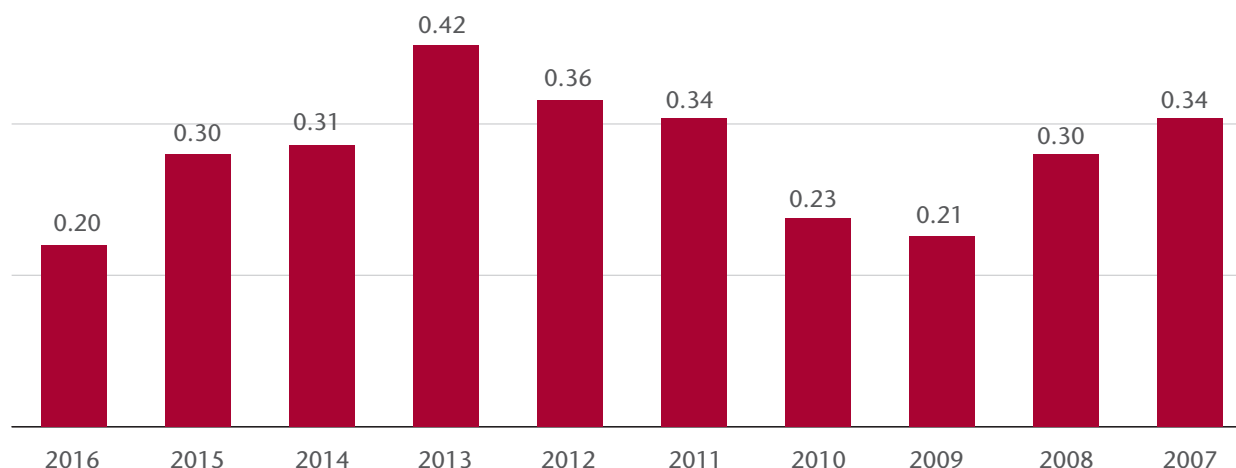
Last Ten Fiscal Years

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Primary Reserve Ratio										
Expendable loans	\$ 28,364	\$ 28,145	\$ 27,527	\$ 26,913	\$ 28,211	\$ 27,493	\$ 28,050	\$ 26,936	\$ 25,743	\$ 25,043
Restricted expendable	278,693	317,502	315,880	264,647	207,496	188,589	91,813	86,039	169,514	169,900
Unrestricted	(72,147)	(6,244)	13,086	126,610	103,370	93,682	83,437	73,813	69,842	69,299
Expendable net position	\$ 234,909	\$ 339,403	\$ 356,493	\$ 418,170	\$ 339,077	\$ 309,765	\$ 203,300	\$ 186,788	\$ 265,100	\$ 264,242
Operating expenses	\$1,090,752	\$1,048,104	\$ 1,080,893	\$ 923,702	\$ 866,230	\$ 858,242	\$ 829,878	\$ 821,658	\$ 813,258	\$ 731,536
Interest expense	24,077	23,597	22,390	14,012	14,196	14,007	13,860	13,870	15,132	11,711
Other expenses	0	0	0	2,894	3,622	281	0	4,721	0	0
Support to WSU	49,306	53,202	43,681	37,396	36,458	35,396	25,364	28,427	36,848	28,460
Fund raising	6,827	6,500	6,349	6,570	5,943	6,530	7,264	7,474	6,174	6,049
G&A expenses	3,717	3,113	5,113	2,565	3,400	2,624	2,716	3,030	3,615	2,045
Total expenses	\$1,174,680	\$1,134,515	\$ 1,158,427	\$ 987,139	\$ 929,849	\$ 917,079	\$ 879,082	\$ 879,180	\$ 875,028	\$ 779,801
Ratio	0.20	0.30	0.31	0.42	0.36	0.34	0.23	0.21	0.30	0.34

Measures the financial strength of the institution by indicating how long the institution could function using its expendable reserves to cover operations should additional net assets not be available. A positive ratio and an increasing amount over time denote strength.

Primary Reserve Ratio



Summary of Ratios

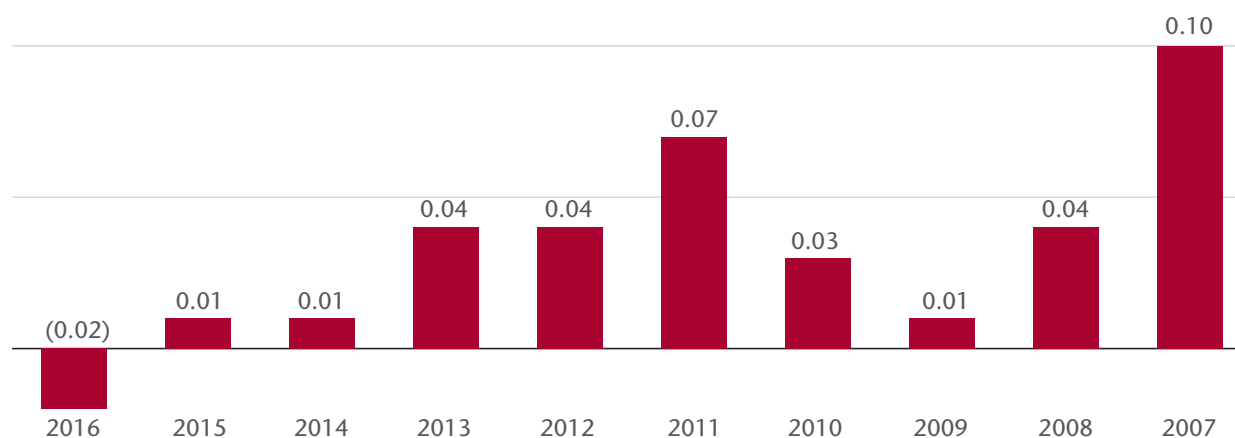
Last Ten Fiscal Years

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Return On Net Position Ratio										
Change in net position	\$ (47,646)	\$ 22,764	\$ 15,012	\$ 88,858	\$ 76,964	\$ 134,097	\$ 55,339	\$ 16,194	\$ 75,318	\$ 158,852
Total net position (beginning of year)	\$ 2,157,054	\$ 2,134,290	\$ 2,119,278	\$ 2,030,420	\$ 1,956,516	\$ 1,822,419	\$ 1,767,062	\$ 1,750,868	\$ 1,675,551	\$ 1,516,699
Ratio	(0.02)	0.01	0.01	0.04	0.04	0.07	0.03	0.01	0.04	0.10

Measures total economic return. While an increasing trend reflects strength, a decline may be appropriate and even warranted if it represents a strategy on the part of the institution to fulfill its mission.

Return On Net Position Ratio



Summary of Ratios

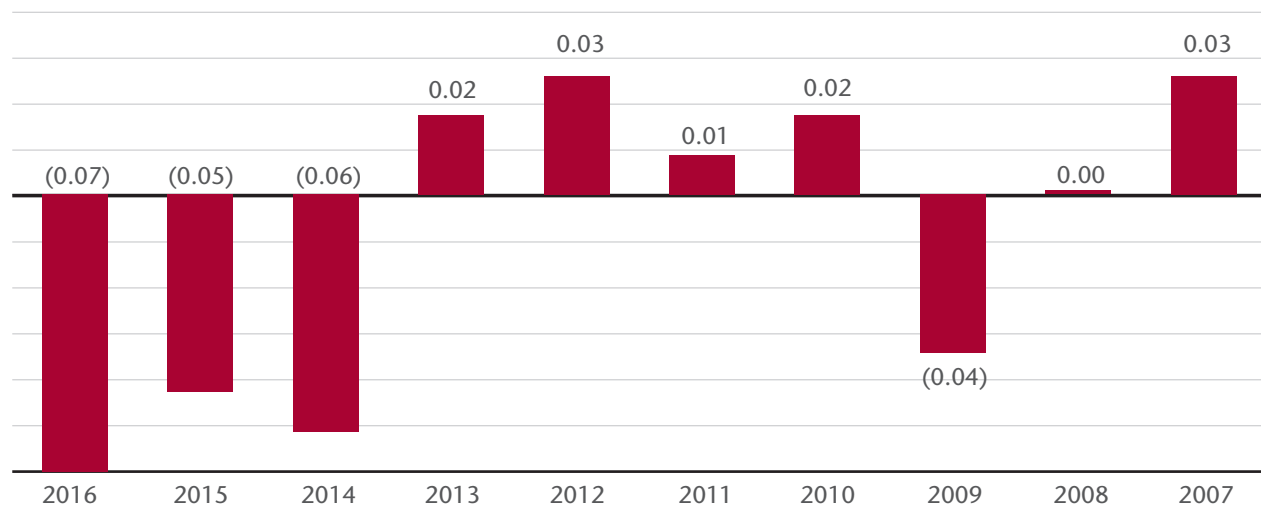
Last Ten Fiscal Years

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Net Operating Revenues Ratio										
Operating loss, net	\$ (359,708)	\$ (335,583)	\$ (378,066)	\$ (234,160)	\$ (227,423)	\$ (276,480)	\$ (288,006)	\$ (325,343)	\$ (333,875)	\$ (278,142)
Nonoperating revenues, net	292,208	284,803	308,169	254,698	253,699	286,610	304,079	294,735	338,735	305,142
Change in unrestricted net position—component unit	(6,500)	(302)	5,851	592	2,807	302	(135)	1,624	(2,114)	(519)
Net operating income	\$ (74,000)	\$ (51,082)	\$ (64,046)	\$ 21,131	\$ 29,082	\$ 10,432	\$ 15,938	\$ (28,984)	\$ 2,746	\$ 26,480
Total operating revenues	\$ 731,044	\$ 712,520	\$ 702,807	\$ 689,543	\$ 638,807	\$ 581,762	\$ 541,845	\$ 496,315	\$ 479,383	\$ 453,393
Total nonoperating revenues	292,208	284,803	308,169	254,698	253,699	286,610	304,079	294,735	338,735	305,142
Total unrestricted net position—component unit	(5,284)	1,217	1,518	2,807	2,215	1,948	1,646	1,780	156	2,270
Total operating revenues	\$1,017,969	\$ 998,540	\$1,012,494	\$ 947,048	\$ 894,720	\$ 870,320	\$ 847,570	\$ 792,831	\$ 818,275	\$ 760,805
Net operating income (divided by)	(74,000)	(51,082)	(64,046)	21,131	29,082	10,432	15,938	(28,984)	2,746	26,480
Total operating revenues	1,017,969	998,540	1,012,494	947,048	894,720	870,320	847,570	792,831	818,275	760,805
Ratio	(0.07)	(0.05)	(0.06)	0.02	0.03	0.01	0.02	(0.04)	0.00	0.03

Measures whether the institution is living within available resources. A positive ratio and an increasing amount over time generally reflect strength.

Net Operating Revenues Ratio



Summary of Ratios

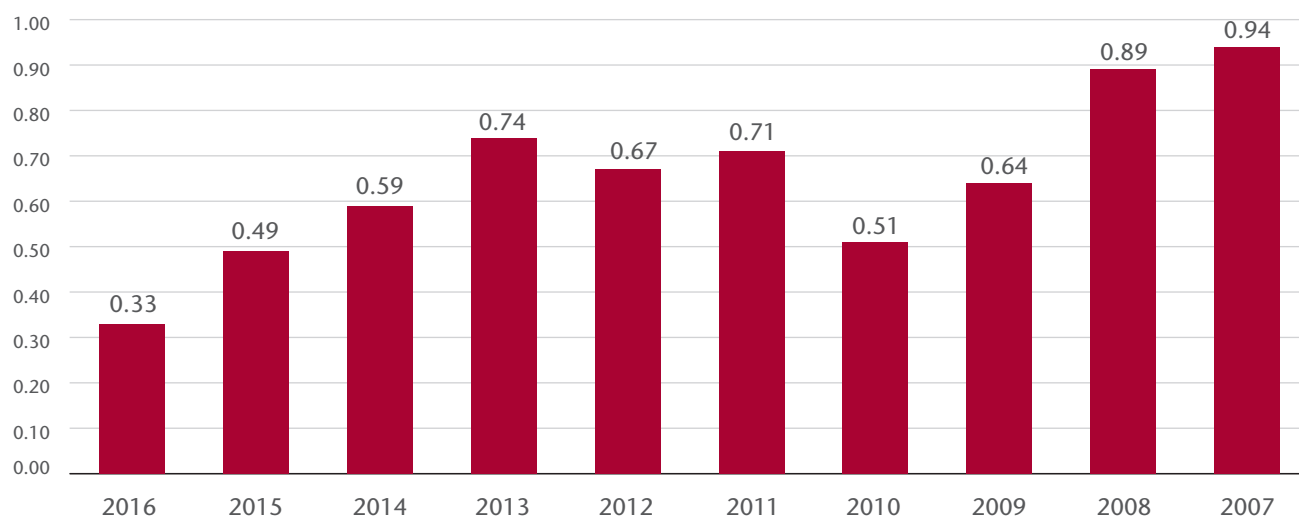
Last Ten Fiscal Years

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Viability Ratio										
Expendable loans	\$ 28,364	\$ 28,145	\$ 27,527	\$ 26,913	\$ 28,211	\$ 27,493	\$ 28,050	\$ 26,936	\$ 25,743	\$ 25,043
Restricted expendable	278,693	317,502	315,879	264,647	207,496	188,589	91,813	86,039	169,514	169,900
Unrestricted	(72,147)	(6,244)	13,086	126,610	103,370	93,682	83,437	73,813	69,842	69,299
Expendable net position	\$234,909	\$339,403	\$356,493	\$418,170	\$339,077	\$309,765	\$203,300	\$186,788	\$265,100	\$264,242
Total long-term debt	\$711,323	\$691,939	\$607,527	\$566,313	\$504,432	\$434,845	\$397,904	\$290,573	\$299,365	\$282,418
Ratio	0.33	0.49	0.59	0.74	0.67	0.71	0.51	0.64	0.89	0.94

Measures the ability of the institution to cover its debt as of the balance sheet date, should the institution need to do so. A positive ratio of greater than 1:1 generally denotes strength.

Viability Ratio



Summary of Ratios

Last Ten Fiscal Years

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Operating Margin Excluding Gifts										
Income (loss) before other revenues, expenses, gains, or losses	\$ (67,500)	\$ (50,780)	\$ (69,917)	\$ 20,539	\$ 26,275	\$ 10,130	\$ 16,092	\$ (30,608)	\$ 4,860	\$ 26,999
Less: non-capital gifts	(37,332)	(37,397)	(35,841)	(29,997)	(27,679)	(26,513)	(19,834)	(21,037)	(26,743)	(19,241)
Adjusted income (loss) before other revenues, expenses, gains or losses	(104,832)	(88,177)	(105,758)	(9,458)	(1,404)	(16,384)	(3,743)	(51,645)	(21,882)	7,758
Total operating revenues	731,044	712,520	702,807	689,543	638,807	581,762	541,883	496,315	479,383	453,393
State appropriations	198,805	178,718	176,034	151,005	153,354	189,243	206,284	246,599	245,464	221,288
Federal appropriations	11,008	10,559	10,733	10,257	10,760	10,213	8,685	8,611	10,859	9,213
Federal bond interest subsidy	2,685	2,702	2,681	2,913	2,913	2,259	-	-	-	-
Investment income	38,994	45,296	73,309	46,150	49,256	45,919	56,556	19,675	66,786	57,233
Adjusted operating revenues less gifts	982,537	949,795	965,564	899,867	855,089	829,396	813,408	771,200	802,492	741,127
Adjusted income (loss) before other revenues, expenses, gains or losses	(104,832)	(88,177)	(105,758)	(12,519)	(1,404)	(16,384)	(3,743)	(51,645)	(21,882)	7,758
Adjusted operating revenues less gifts	982,537	949,795	965,564	899,867	855,089	829,396	813,408	771,200	802,492	741,127
Ratio	(0.11)	(0.09)	(0.11)	(0.01)	0.00	(0.02)	0.00	(0.07)	(0.03)	0.01

A more restrictive measure of whether the institution is living within available resources. A positive ratio and an increasing amount over time generally reflect strength.

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Expendable Resources to Debt										
Unrestricted net position	\$ (66,864)	\$ 23,049	\$ 11,568	\$ 123,803	\$ 101,155	\$ 91,734	\$ 81,791	\$ 72,032	\$ 69,686	\$ 67,029
Unrestricted net position-component unit	(5,284)	1,217	1,518	2,807	2,215	1,948	1,646	1,780	156	2,270
Expendable restricted net position	232,127	219,879	236,173	227,027	181,044	152,762	84,230	72,704	97,040	87,044
Expendable restricted net position-component unit	46,566	67,113	79,707	37,620	26,452	35,827	7,583	5,804	72,474	82,855
Expendable net position	\$ 206,545	\$ 311,258	\$ 328,966	\$ 391,257	\$ 310,866	\$ 282,272	\$ 175,249	\$ 152,321	\$ 239,357	\$ 239,199
Expendable net position (divided by)	\$ 206,545	\$ 311,258	\$ 328,966	\$ 391,257	\$ 310,866	\$ 282,272	\$ 175,249	\$ 152,321	\$ 239,357	\$ 239,199
Total Adjusted University Debt	711,323	691,939	607,527	566,313	504,432	434,845	397,904	290,573	299,365	282,418
Ratio	0.29	0.45	0.54	0.69	0.62	0.65	0.44	0.52	0.80	0.85

A broader measure of the ability of the institution to cover its debt as of the balance sheet date.

Summary of Ratios

Last Ten Fiscal Years

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Total Financial Resources to Direct Debt										
Unrestricted net position	\$ (66,864)	\$ (7,461)	\$ 11,568	\$ 123,803	\$ 101,155	\$ 91,734	\$ 81,791	\$ 72,032	\$ 69,686	\$ 67,029
Unrestricted net position-component unit	(5,284)	1,217	1,518	2,807	2,215	1,948	1,646	1,780	156	2,270
Expendable restricted net position	232,127	278,535	263,700	227,027	181,044	152,762	84,230	72,704	97,040	87,044
Expendable restricted net position-component unit	46,566	67,113	79,707	37,620	26,452	35,827	7,583	5,804	72,474	82,855
Non-expendable restricted net position	504,301	481,183	471,364	443,585	434,224	418,321	415,394	384,439	371,530	348,845
Non-expendable restricted net position-component unit	419,323	404,486	358,011	336,066	319,981	283,580	263,582	249,255	239,145	223,377
Total financial resources	\$1,130,169	\$1,225,072	\$1,185,869	\$1,170,909	\$1,065,071	\$984,173	\$854,226	\$786,014	\$850,031	\$811,421
Total financial resources (divided by)	1,130,169	1,225,072	1,158,342	1,170,909	1,065,071	984,173	854,226	786,014	850,031	811,421
Total notes, bonds, capital leases	711,323	691,939	607,527	566,313	504,432	434,845	397,904	290,573	299,365	282,418
Ratio	1.59	1.77	1.95	2.07	2.11	2.26	2.15	2.71	2.84	2.87

A broader measure of the ability of the institution to cover its debt as of balance sheet date.

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Direct Debt to Adjusted Cash Flow										
Net cash used by operating activities	\$ (253,738)	\$ (211,548)	\$ (191,107)	\$ (155,945)	\$ (111,528)	\$ (170,805)	\$ (194,195)	\$ (235,315)	\$ (254,821)	\$ (228,255)
State appropriations	204,213	169,755	176,034	151,005	153,354	189,243	206,284	246,599	245,464	221,288
Federal appropriations	8,820	15,952	10,733	10,257	10,760	10,213	8,685	8,611	10,859	9,213
Federal Pell Grants	36,776	35,506	33,746	31,136	30,467	29,009	25,812	17,403	-	-
Gifts and contributions	36,491	36,885	35,841	29,997	27,679	26,513	19,834	21,037	26,743	19,241
Adjusted cash flow from operations	\$ 32,563	\$ 46,551	\$ 65,248	\$ 66,449	\$ 110,733	\$ 84,173	\$ 66,421	\$ 58,335	\$ 28,244	\$ 21,487
Total notes, bonds, capital leases (divided by)	711,323	691,939	607,527	566,313	504,432	434,845	397,904	290,773	299,365	282,418
Adjusted cash flow from operations	32,563	46,551	65,248	66,449	110,733	84,173	66,421	58,335	28,244	21,487
Ratio	21.84	14.28	9.31	8.52	4.56	5.17	5.99	4.98	10.60	13.14

Measures the financial strength of the institution by indicating how long the institution would take to repay the debt using the cash provided by its operations. A decreasing ratio over time denotes strength.

Summary of Ratios

Last Ten Fiscal Years

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Debt Burden Ratio										
Interest and fees paid on debt and leases	\$ 34,920	\$ 25,298	\$ 22,390	\$ 14,012	\$ 14,196	\$ 14,007	\$ 13,860	\$ 13,870	\$ 15,132	\$ 11,711
Principal paid on debt and leases	17,576	16,268	15,051	15,790	14,724	13,737	10,566	9,853	10,797	13,264
Debt service	\$ 52,496	\$ 41,567	\$ 37,441	\$ 29,802	\$ 28,919	\$ 27,744	\$ 24,426	\$ 23,723	\$ 25,929	\$ 24,974
Operating expenses	\$ 1,090,752	\$ 1,048,104	\$ 1,080,893	\$ 923,702	\$ 866,230	\$ 858,242	\$ 829,878	\$ 821,658	\$ 813,258	\$ 731,536
Interest on capital assets-related debt	-	-	-	14,012	14,196	14,007	13,860	13,870	15,132	11,711
Less: depreciation expense	(98,360)	(92,666)	(86,946)	(84,701)	(77,614)	(74,475)	(73,516)	(68,493)	(64,558)	(50,595)
Plus: principal paid on debt and leases	17,576	16,268	15,051	15,790	14,724	13,737	10,566	9,853	10,797	13,264
Total expenditures	\$ 1,009,967	\$ 971,707	\$ 1,008,997	\$ 868,803	\$ 817,535	\$ 811,511	\$ 780,788	\$ 776,888	\$ 774,629	\$ 705,915
Debt service (divided by)	52,496	41,567	37,441	29,802	28,919	27,744	24,426	23,723	25,929	24,974
Total expenditures	1,009,967	971,707	1,008,997	868,803	817,535	811,511	780,788	776,888	774,629	705,915
Ratio	5.2%	4.3%	3.7%	3.4%	3.5%	3.4%	3.1%	3.1%	3.3%	3.5%

Measures the institution's dependence on borrowed funds as a source of financing its mission and the relative cost of borrowing to overall expenditures.

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Debt Service to Operations										
Interest and fees paid on debt and leases	\$ 34,920	\$ 25,298	\$ 22,390	\$ 14,012	\$ 14,196	\$ 14,007	\$ 13,860	\$ 13,870	\$ 15,132	\$ 11,711
Principal paid on debt and leases	17,576	16,268	15,051	15,790	14,724	13,737	10,566	9,853	10,797	13,264
Debt service	\$ 52,496	\$ 41,567	\$ 37,441	\$ 29,802	\$ 28,919	\$ 27,744	\$ 24,426	\$ 23,723	\$ 25,929	\$ 24,974
Debt service (divided by)	\$ 52,496	\$ 41,567	\$ 37,441	\$ 29,802	\$ 28,919	\$ 27,744	\$ 24,426	\$ 23,723	\$ 25,929	\$ 24,974
Operating expenses	\$1,090,752	\$1,048,104	\$1,080,893	\$ 923,702	\$ 866,230	\$ 858,242	\$ 829,878	\$ 821,658	\$ 813,258	\$ 731,536
Ratio	4.8%	4.0%	3.5%	3.2%	3.4%	3.8%	3.1%	3.0%	3.0%	3.1%

Measures the financial strength of the institution.

Summary of Ratios

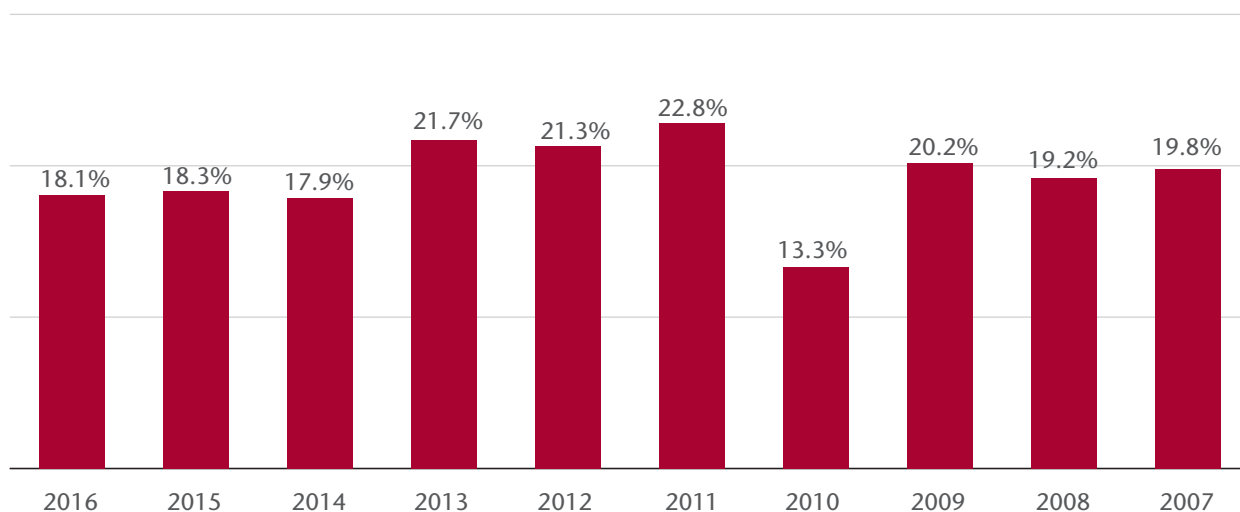
Last Ten Fiscal Years

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	AS RESTATED			AS RESTATED						
Research Expenses to Total Operating Expenses										
Operating expenses	\$ 1,090,752	\$ 1,048,104	\$ 1,080,893	\$ 923,702	\$ 866,230	\$ 858,242	\$ 829,878	\$ 821,658	\$ 813,258	\$ 731,536
Research expenses	197,716	191,976	193,520	200,773	184,354	195,357	110,202	165,829	156,425	144,594
Ratio	18.1%	18.3%	17.9%	21.7%	21.3%	22.8%	13.3%	20.2%	19.2%	19.8%

Measures the institution's research expenses to the total operating expenses.

Research Expenses to Total Operating Expenses



Summary of Ratios

Last Ten Fiscal Years

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net Tuition Per Student										
Student tuition and fees, net	\$ 286,292	\$ 292,867	\$ 290,508	\$ 277,447	\$ 252,695	\$ 219,672	\$ 194,836	\$ 173,288	\$ 155,785	\$ 143,481
Less: scholarships and fellowships	(67,958)	(63,702)	(73,030)	(55,097)	(55,204)	(54,094)	(51,651)	(45,473)	(41,735)	(39,418)
Net tuition and fees	\$ 218,334	\$ 229,165	\$ 217,478	\$ 222,350	\$ 197,491	\$ 165,578	\$ 143,185	\$ 127,815	\$ 114,050	\$ 104,063
Net tuition and fees (divided by)	\$ 218,334	\$ 229,165	\$ 217,478	\$ 222,350	\$ 197,491	\$ 165,578	\$ 143,185	\$ 127,815	\$ 114,050	\$ 104,063
Undergraduate, graduate and professional FTE	27,009	26,578	26,059	26,198	25,946	24,964	24,760	24,097	22,984	22,037
Net tuition per student	\$ 8,084	\$ 8,622	\$ 8,346	\$ 8,487	\$ 7,612	\$ 6,633	\$ 5,783	\$ 5,304	\$ 4,962	\$ 4,722

Measures the institution's net student tuition and fees received per student.

IN THOUSANDS

Fiscal year ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
State Appropriations Per Student										
State appropriations (divided by)	\$198,805	\$178,718	\$176,034	\$151,005	\$153,354	\$189,243	\$206,284	\$246,599	\$245,464	\$221,288
Undergraduate, graduate and professional FTE	27,009	26,578	26,059	26,198	25,946	24,964	24,760	24,097	22,984	22,037
State appropriation per student	\$ 7,361	\$ 6,724	\$ 6,755	\$ 5,764	\$ 5,911	\$ 7,581	\$ 8,331	\$ 10,234	\$ 10,680	\$ 10,042

Measures the institution's dependency on State appropriations.

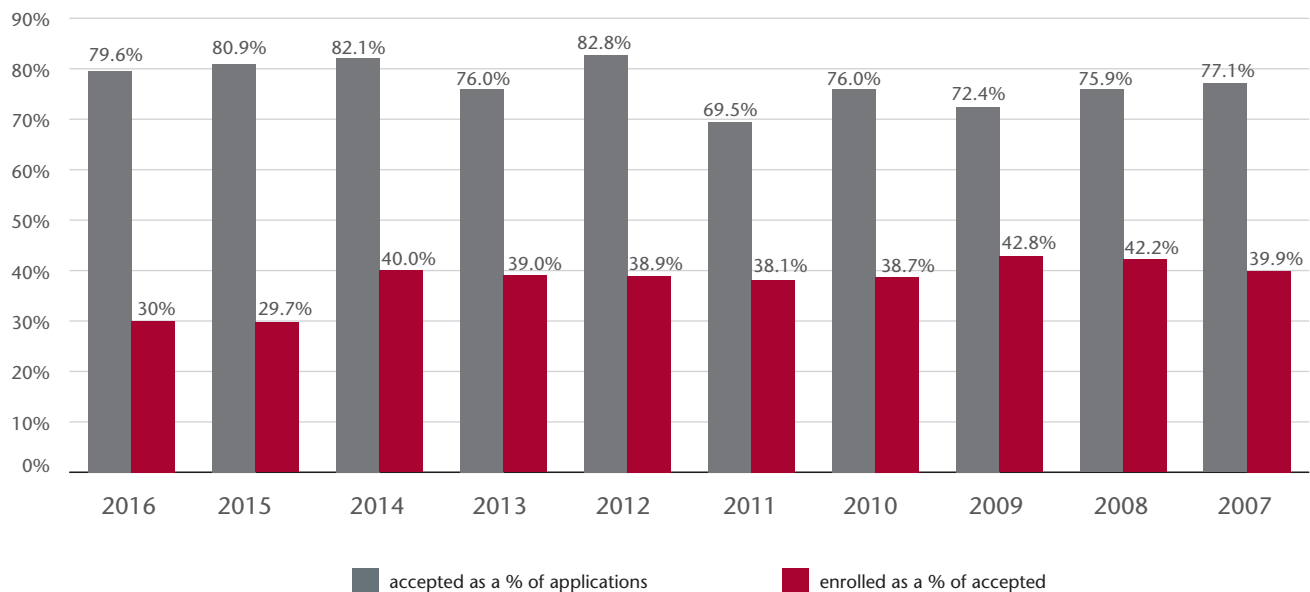
Admissions, Enrollment, and Degrees Earned

Last Ten Fiscal Years (Fall Enrollment)

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Admissions—Freshmen										
Applications	19,766	18,563	14,887	14,825	13,886	12,427	12,478	11,983	10,853	9,314
Accepted	15,742	15,017	12,219	11,268	11,493	8,634	9,489	8,677	8,240	7,177
Enrolled	4,728	4,458	4,163	4,389	4,473	3,288	3,668	3,710	3,477	2,856
Accepted as a percentage of applications	79.6%	80.9%	82.1%	76.0%	82.8%	69.5%	76.0%	72.4%	75.9%	77.1%
Enrolled as a percentage of accepted	30.0%	29.7%	34.1%	39.0%	38.9%	38.1%	38.7%	42.8%	42.2%	39.8%

Source: Washington State University Office of Institutional Research

Percent of Accepted and Enrolled



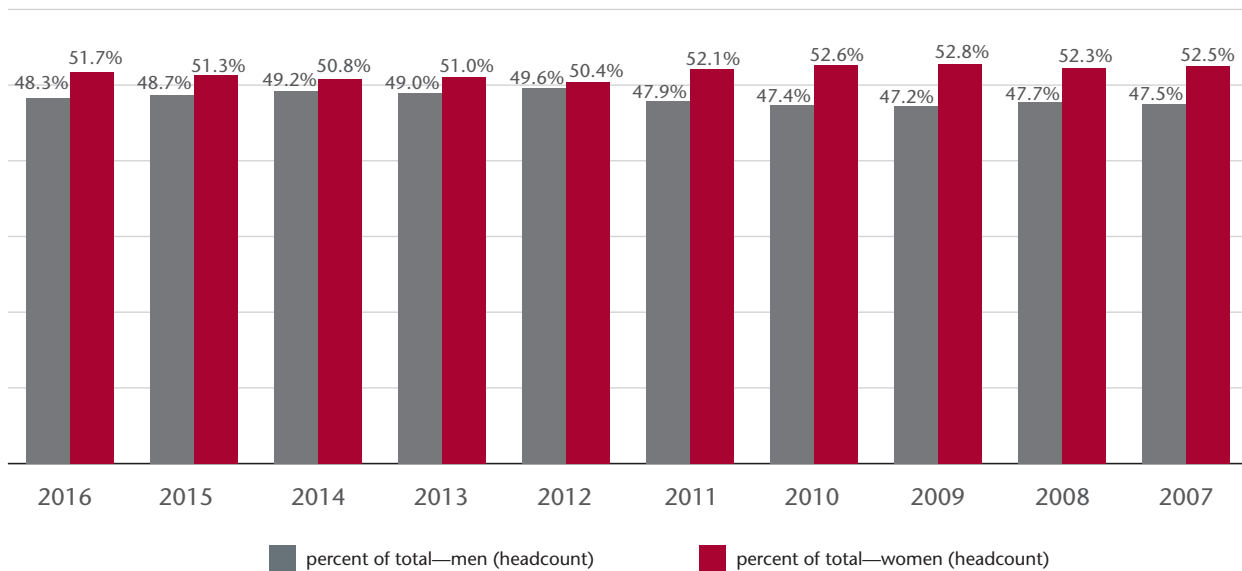
Admissions, Enrollment, and Degrees Earned

Last Ten Fiscal Years (Fall Enrollment)

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Enrollment										
Undergraduate, graduate and professional headcount	29,686	28,686	27,642	27,679	27,329	26,308	26,101	25,352	24,396	23,655
Men (headcount)	14,353	13,958	13,607	13,564	13,564	12,597	12,360	11,970	11,635	11,228
Percentage of total	48.3%	48.7%	49.2%	49.0%	49.6%	47.9%	47.4%	47.2%	47.7%	47.5%
Women (headcount)	15,333	14,728	14,035	14,115	13,765	13,711	13,741	13,382	12,761	12,427
Percentage of total	51.7%	51.3%	50.8%	51.0%	50.4%	52.1%	52.6%	52.8%	52.3%	52.5%

Source: Washington State University Office of Institutional Research

Percent of Men and Women—Headcount



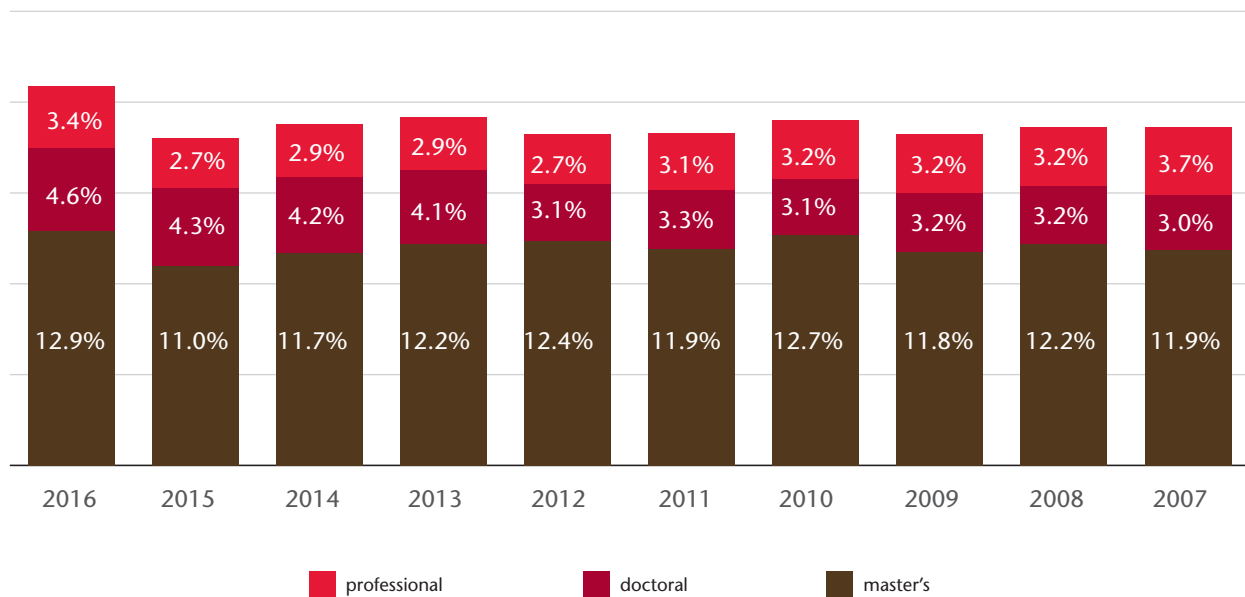
Admissions, Enrollment, and Degrees Earned

Last Ten Fiscal Years (Fall Enrollment)

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Degrees Earned										
Baccalaureate	5,475	5,513	5,054	5,276	5,297	5,221	4,779	4,907	4,818	4,797
Master's	892	741	731	800	802	763	748	711	724	702
Doctoral	322	290	260	268	203	211	185	195	189	175
Professional	238	183	178	189	177	196	188	191	188	219
Total earned	6,927	6,727	6,223	6,533	6,479	6,391	5,900	6,004	5,919	5,893

Source: Washington State University Office of Institutional Research

Percent of Upper Degrees to Total Earned



Faculty and Staff

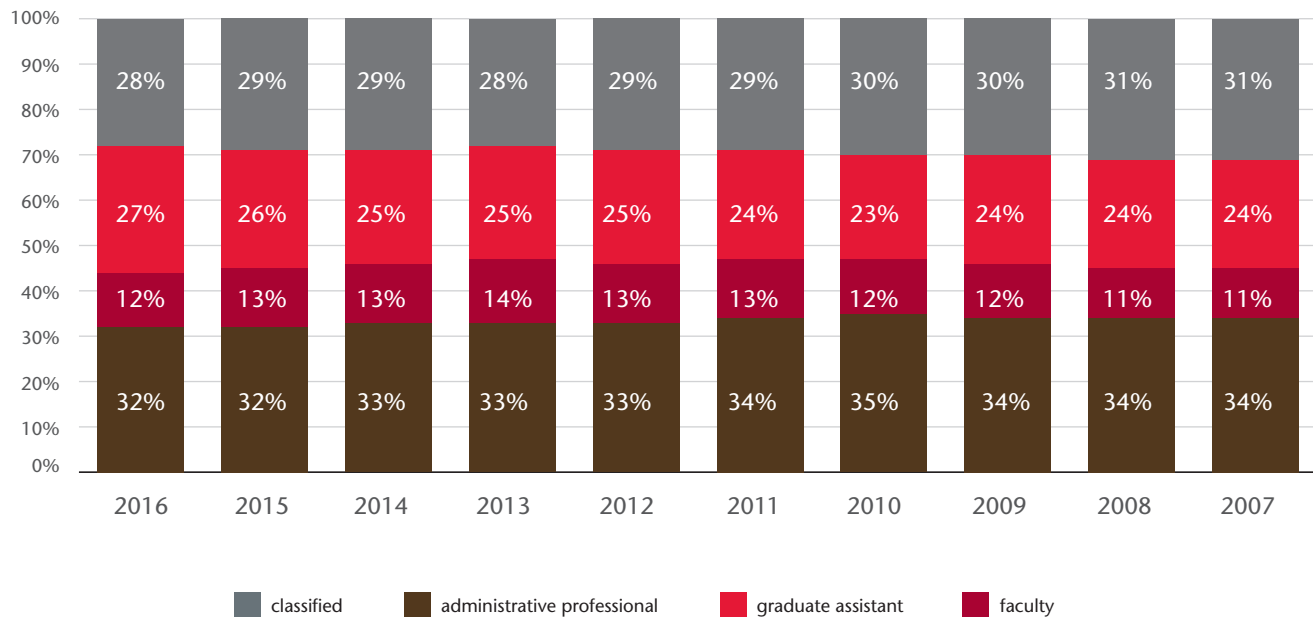
Last Ten Fiscal Years

FULL-TIME EQUIVALENT

Fall employment of fiscal year—FTE	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Faculty	2,317	2,262	2,196	2,127	2,126	2,195	2,229	2,279	2,245	2,144
Graduate assistant	902	892	887	881	842	821	792	776	744	710
Administrative professional	1,964	1,837	1,693	1,641	1,571	1,523	1,500	1,581	1,583	1,489
Classified staff	2,043	1,998	1,897	1,834	1,811	1,905	1,939	2,036	1,964	1,970
Total faculty and staff	7,226	6,989	6,673	6,483	6,350	6,444	6,460	6,672	6,536	6,313

Source: Washington State University Office of Institutional Research

Faculty and Staff



Demographic Data

Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Washington population	7,238,148	7,116,919	7,029,431	6,971,406	6,897,000	6,767,900	6,724,500	6,672,200	6,608,200	6,525,100
Personal income (in billions)	\$ 384	\$ 360	\$ 342	N/A	\$ 313.2	\$ 299.7	\$ 283.4	\$ 276.7	\$ 289.4	\$ 272.6
Per capita personal income	\$ 53,036	\$ 50,691	\$ 48,780	\$ 47,031	\$ 45,413	\$ 43,878	\$ 42,024	\$ 41,504	\$ 44,106	\$ 42,192
Washington unemployment rate	5.6%	5.30%	6.30%	7.0%	8.2%	9.2%	9.9%	9.4%	5.4%	4.6%

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

Tami Bidle, Karen Breese, Rick Combs, Jennifer Druffel,
Jeanette Jones, Karen Kellerman, Joy Morton, Robert Wright

2016 Comprehensive Annual Financial Report
Fiscal year ended June 30, 2016

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