

2012

FINANCIAL
REPORT



WASHINGTON STATE
 UNIVERSITY

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Financial Report 2012

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

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

You may view the financial report at www.wsu.edu/genacct/finstat.htm.

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 www.wsu.edu.

Regents and Administrative Officers

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Theodor P. Baseler, Past Chair of the Board
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and Natural Resource Sciences
Anson W. Fatland, Associate Vice President for Economic
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Colleen E. Kerr, Associate Vice President for Legislative Affairs
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Brian Pitcher, Chancellor, WSU Spokane
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Terry L. Ely, Executive Director of Business Services/Controller

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and Natural Resource Sciences
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and Executive Director, Global Campus
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Daryll B. DeWald, Dean, College of Arts and Sciences
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College of Communication
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College of Pharmacy
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Eric R. Spangenberg, Dean, College of Business
Joseph A. "Jay" Starratt, Dean of Libraries
Mary F. Wack, Vice Provost for Undergraduate Education and Dean
of the University College
Elizabeth A. Walker, Dean, University Honors College

LEGAL COUNSEL

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

Officer list effective as of September 30, 2012



Message from the President

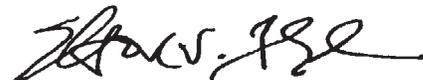
It is an honor for me to share with you Washington State University's annual report for the 2012 fiscal year. This publication provides in-depth information about the fiscal health and operations of WSU during the period beginning on July 1, 2011, and concluding on June 30, 2012.

The year provided many indicators of our university's current strength and our focus upon an even brighter future. Some of the highlights include:

- Demand for a WSU education remains strong. Fall enrollment set another record, with 27,239 students enrolled at our four campuses and through distance education. Our Pullman campus saw a record influx of freshmen with an entering class of 4,079, just short of last year's record 4,176. Enrollment remained stable on WSU's urban campuses.
- The University continues to make impressive progress in fundraising through The Campaign for Washington State University: Because the World Needs Big Ideas. Since the \$1 billion campaign began in July 2006, more than 165,000 generous donors have committed more than \$744.2 million to support the broad academic, research, and outreach priorities of the University. During the effort, the University has received the four largest private commitments in school history—three of which are valued at more than \$25 million each. With little more than a quarter of the goal remaining, the campaign remains ahead of the pace necessary to achieve its \$1 billion goal by 2015, the 125th anniversary of the University's founding.
- WSU faculty and researchers continue to attract increasing shares of grant funding. From 2008 to 2012, grant funding at WSU has grown from \$154 million to \$223 million, an increase of 45 percent. In the past five years, the Agricultural Research Center (ARC) and WSU Extension have nearly doubled their grant funding. In addition, in fiscal year 2012, the ARC and College of Engineering and Architecture received the largest grant in WSU history, a \$39.6 million USDA grant for the Northwest Advanced Renewables Alliance (NARA), a project that aims to create a sustainable industry to produce aviation biofuels and important co-products from a variety of feedstocks.
- On our Pullman campus this fall, we dedicated the Paul G. Allen Center for Global Animal Health. In early July, WSU launched its fifth campus, the Global Campus, a virtual technology-based campus created to deliver premiere educational, research and training opportunities to people around the world. In late 2013, we will break ground on the Wine Science Center at WSU Tri-Cities, a public-private partnership. And we welcomed 25 mechanical engineering students in Everett where we partner with Everett Community College.

The state's legislature halted further cuts to higher education this past spring, recognizing the role of the state's universities as a part of the solution to the long-term economic problems facing our society. Washington State University remains dedicated to its mission as a leading land-grant research university to advance knowledge through creative research and scholarship, extend knowledge through innovative education, and apply knowledge through local and global engagement. Through our research and scholarly endeavors, WSU enhances the lives of people around the globe and contributes to the economic and academic vitality of the state, nation, and world.

Sincerely,



Elson S. Floyd, Ph.D.

President

Washington State University

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, 2012, with comparative information for the fiscal year ended June 30, 2011. This overview has been prepared by management and should be read in conjunction with the University's financial statements and accompanying note disclosures.

Founded in Pullman in 1890 as the state's land-grant research university, Washington State University today has campuses in Pullman, Spokane, Tri-Cities and Vancouver. An award-winning online program offers access to the University's degrees statewide and around the world. Enrollment exceeds 27,300 students who are served by over 2,100 faculty and 3,400 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 96 U.S. public and private universities with very high research activity. *U.S. News and World Report* consistently ranks the University among the top 60 public universities. A 2010 *Wall Street Journal* survey ranked the University among the nation's top 25 colleges and universities that best prepare their 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 businesses in the state by the *Seattle Business* magazine.

The University has eleven academic colleges, the Graduate School and the Global Campus. The colleges include: Agricultural, Human, and Natural Resource Sciences; Arts and Sciences; Business; Communication; Education; Engineering and Architecture; Honors; Nursing; Pharmacy; University College; and Veterinary 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, 6,479 degrees, including bachelor's, master's, and 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.



Using the Financial Statements

The financial statements presented in this report encompass the University and its discretely presented component units. The University's financial reports include the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows.

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 Assets and the Statement of Revenues, Expenses and Changes in Net Assets.

Financial Highlights

The University's financial position at June 30, 2012, reflects improvement over the previous fiscal year. The improvements have been the result of management's continuing efforts to reduce costs.

- Assets increased by \$142 million to end the year at \$2.4 billion.
- Liabilities increased by \$92 million to end the year at \$676 million.
- Capital assets, net of related debt and depreciation totaled \$1.4 billion, an increase of \$117 million.
- Net assets, which is the residual of assets after deducting liabilities, increased by \$50 million to end the year at \$1.7 billion.

Other significant changes to operations were as follows:

- Operating revenues totaled \$639 million, an increase of \$57 million over fiscal year 2011.
- Operating expenses totaled \$866 million, an increase of \$8 million over fiscal year 2011.

Condensed Financial Information and Analysis

Financial Position—Statement of Net Assets

The Statement of Net Assets 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 assets (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 assets are divided into five categories:

- **Invested in capital assets—net of related debt:** represent 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—non expendable net assets:** 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 net assets:** funds that are subject to externally imposed restrictions governing their use, such as scholarships, fellowships, research, loans, professorships, capital projects and debt service.
- **Unrestricted net assets:** represent those assets that are available to the University for any lawful purpose.

Summarized Statement of Net Assets

Assets	June 30, 2012	June 30, 2011	Change
Current assets	\$ 305,591,567	\$ 311,685,620	\$ (6,094,053)
Non-current assets	656,391,977	625,697,490	30,694,487
Capital assets, net of depreciation	1,399,126,342	1,281,882,762	117,243,580
Total assets	2,361,109,886	2,219,265,872	141,844,014
Liabilities			
Current liabilities	94,410,950	76,773,320	17,637,630
Non-current liabilities	581,866,036	507,331,316	74,534,720
Total liabilities	676,276,986	584,104,636	92,172,350
Net assets			
Invested in capital assets, net of debt	940,198,281	944,849,939	(4,651,658)
Restricted nonexpendable	434,223,919	418,321,473	15,902,446
Restricted loans	28,211,402	27,493,129	718,273
Restricted expendable	181,044,466	152,762,382	28,282,084
Unrestricted	101,154,832	91,734,313	9,420,519
	\$ 1,684,832,900	\$ 1,635,161,236	\$ 49,671,664

Significant Changes in the Statements of Net Assets

- Total assets increased by \$141 million. Cash and investments, current and non-current, increased by \$12 million. Tuition increases, investment income increases and the proceeds from a bond issuance offset bond funded construction expenditures and small increases in other expenditures. Accounts receivable decreased by \$9 million as the University collected a \$9 million receivable from the State Treasurer for the costs of implementing the new student system. Endowment investments increased \$19 million owing to increased investment earnings.
- Capital assets increased by \$117 million as a result of several major construction projects underway on campus: the Paul G. Allen Global Animal Health building, the Veterinary Medical Research building, the Biomedical & Health Sciences Building in Spokane, and the addition of press boxes and premium seating at Martin Stadium as well as several major residence hall renovations.
- Current liabilities increased by \$17 million. Increases in construction spending toward the end of the fiscal year resulted in a \$13 million increase in accounts payable at year end. Deferred revenues increased by \$1 million as a result of more freshmen participating in the orientation program over the summer. Deposits held in custody increased by \$2 million. The current portion of long term debt increased by \$1 million reflecting the new bonds and certificates of participation issued in FY2011.
- Non-current liabilities increased by \$74 million. The University issued \$84 million in general revenue bonds to fund the upgrade to Martin Stadium, the long term portion of which is \$74 million.
- Net assets increased by \$49 million. Restricted - nonexpendable net assets increased by \$16 million, the result of increased investment earnings on the land grant endowment. Restricted - expendable net assets increased by \$29 million reflecting unspent bond proceeds received in August of 2012. Unrestricted net assets increased by \$9 million as a result of tuition increases and increased auxiliary enterprise revenue offset by increases in operating expenses. Net assets invested in Capital Assets, net of related debt, decreased by \$5 million due to increased depreciation on new buildings brought on-line and by the write-off of project design costs which were not used.

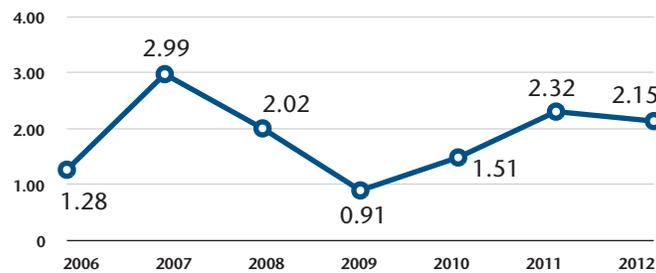
Financial Health and Flexibility

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 the University's Composite Financial Index over the past seven years. The ratio was climbing until the global economic downturn reduced operating budgets and investment returns. However, the University's proactive responses to the economic crisis have met the challenges and the rate has increased in 2010 and 2011, dropping slightly in 2012 as result of decreased nonoperating revenue, primarily state appropriations, and decreases in capital appropriations and capital gifts which resulted in a smaller increase in net assets as compared with the prior year.

Composite Financial Index



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

The Statement of Revenues, Expenses and Changes in Net Assets 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 Statement of Revenues, Expenses and Changes in Net Assets

	June 30, 2012	June 30, 2011	Change
Operating revenues(expenses)			
Operating revenues	\$ 638,806,526	\$ 581,762,406	\$ 57,044,120
Operating expenses	(866,230,006)	(858,242,366)	(7,987,640)
Net operating income (loss)	(227,423,480)	(276,479,960)	49,056,480
Non-operating revenues (expenses)			
Non-operating revenues	271,516,405	303,156,358	(31,639,953)
Non-operating expenses	(17,817,563)	(16,546,689)	(1,270,874)
Net non-operating revenues (expenses)	253,698,842	286,609,669	(32,910,827)
Income (loss) before other revenues, expenses, gains or losses	26,275,362	10,129,709	16,145,653
Other revenues	23,396,302	75,423,617	(52,027,315)
Increase in net assets	49,671,664	85,553,326	(35,881,662)
Net assets, beginning of year	1,635,161,236	1,549,607,910	85,553,326
Net assets, end of year	\$ 1,684,832,900	\$ 1,635,161,236	49,671,664

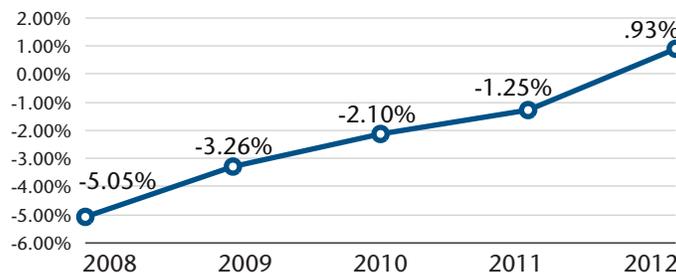
Significant Changes in the Statement of Revenues, Expenses and Changes in Net Assets:

- Operating revenues increased by \$57 million. Planned enrollment increases coupled with a 16% increase in the tuition rate resulted in \$33 million more dollars in Tuition and Fees. Auxiliary enterprises revenue increased by \$13 million, as Housing and Dining increased its rates by 4%. Increases in grant revenues as well as other revenues were \$11 million.
- Operating expenses increased overall by \$8 million. Salaries decreased by \$.1 million while benefits increased by \$1.4 million, a \$1.3 million increase in all. The increase is largely due to health care premium increases. Scholarship and fellowship costs increased by \$1.2 million, a result of meeting the increased need of students due to tuition increases. Payments for goods and services increased by \$4.7 million, while utilities expenditures went down by \$2.2 million. Depreciation increased by \$3 million.
- Net non-operating revenues decreased by \$33 million. State operating appropriations were lower by \$35.8 million as a result of the State's budget reductions. Federal appropriations increased by \$.5 million. Federal PELL grant revenues increased by \$1.5 million. Gifts and contributions increased by \$1.1 million, a continuing result of new gifts brought in by the WSU Foundation's Campaign for WSU. Investment income increased by \$3.3 million. Other non-operating revenues decreased by \$3.3 million as a result of writing off design costs for a building plan that wasn't used. Interest expense increased by \$.2 million, net of the Federal bond interest subsidy on Build America Bonds.
- Other revenues decreased by \$52 million. State capital appropriations decreased by \$21 million. Capital grants decreased by \$31 million compared to FY2010 which saw the receipt of the \$35 million gift from the Gates Foundation to fund the new Global Animal Health building.

Operating Performance

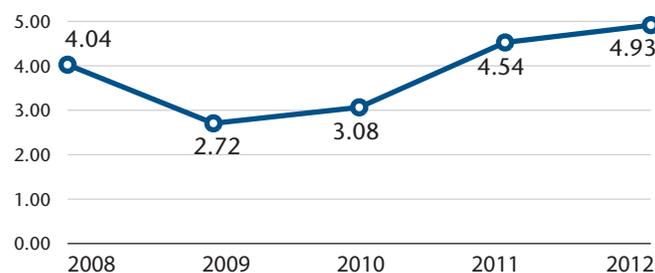
Rating agencies use a number of ratios to assess operating performance. One of the ratios more commonly used by Moody's is annual operating margin, which compares the operating surplus (or deficit) to operating revenues. Moody's definition of operating revenues includes several non-operating revenues 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. In spite of the continuing difficult economic conditions and the budget cuts sustained, the University's annual operating margin in 2012 was .93% reflecting a continuing upward trend from its low in 2008 of -5.05%.

Annual Operating Margin



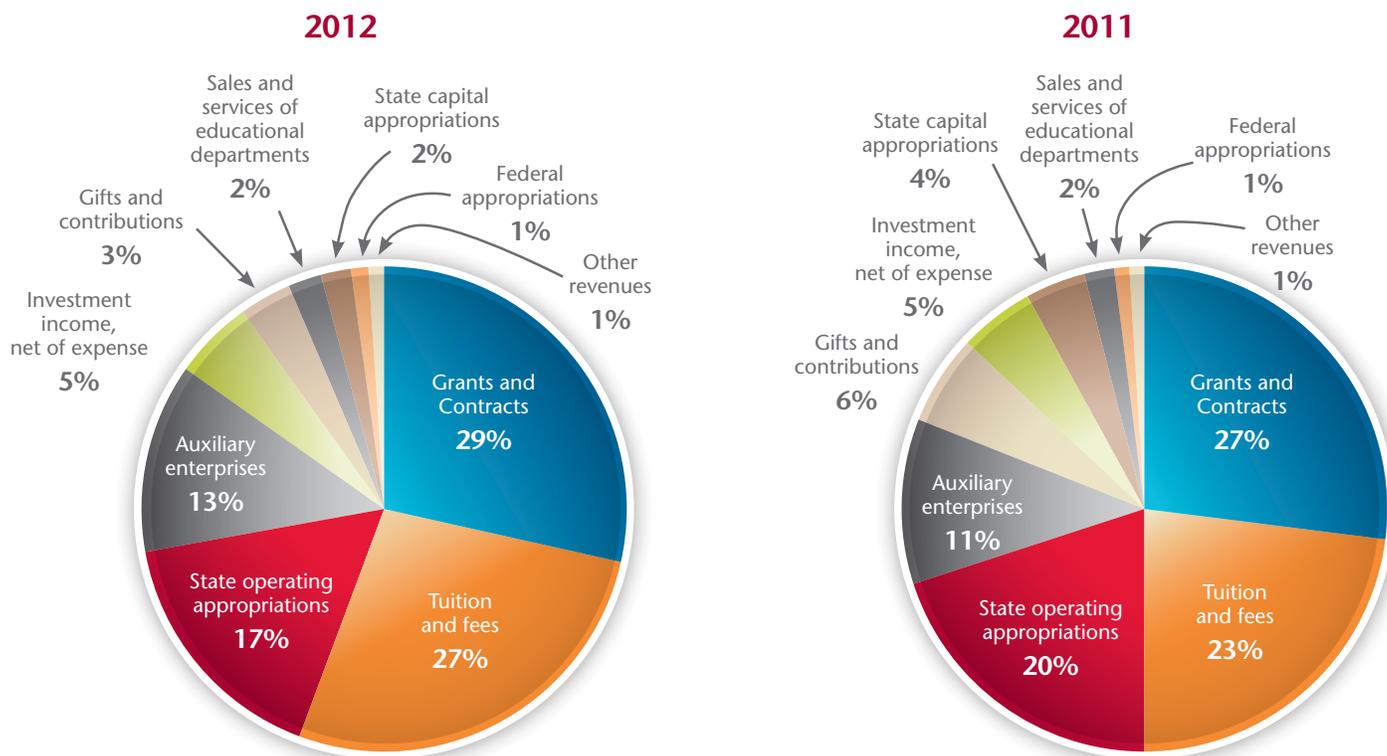
The ratio of expendable financial resources to operations (as defined by Moody's) measures the strength of net assets. This ratio, illustrated in the chart below, shows that in 2012, the University had enough expendable resources from various sources to fund operations for a period of 4.9 months.

Expendable Financial Resources to Operations



Revenues from all Sources

For the Years Ended June 30, 2012 and 2011



As the above graphs show, the University has a diversified revenue base. No single source of revenue generated more than 29% of the total fiscal year revenues. In fiscal year 2012 grant and contracts revenues remained the largest single revenue source, followed by tuition and fees at 27% while State appropriations dropped to 17%, a historic low, following several years of State budget reductions. The University relies on this state funding which subsidizes its instructional activities allowing for lower tuition rates; however, in 2011 and 2012, the University had to raise tuition by 14% and 16% respectively to help bridge the funding gap.

Grants and contracts generated \$265 million or 29% 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 \$252 million or 27% of total revenue. State appropriations revenue generated \$153 million or 17% of total revenue.

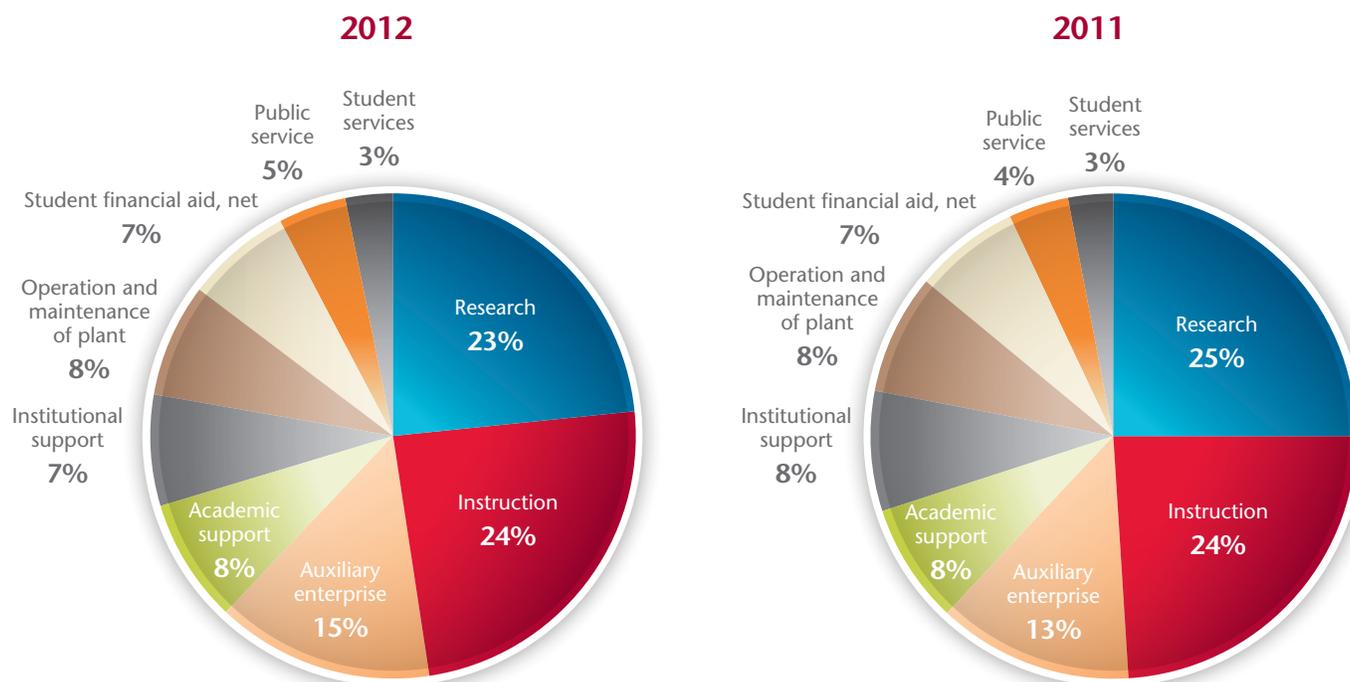
Investment income, net of expenses, remained steady at 5% of total revenue. Gifts and contributions dropped to a more consistent 3% of total revenue following the prior year's receipt of several large gifts. State capital appropriations decreased as construction on new approved projects was just getting started in FY2012.

Auxiliary enterprises generated \$117 million in revenues representing 13% of the total revenue, an increase of 2%. 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, 2012 and 2011

(Note: for the purposes of these graphs, depreciation has been allocated to the programs.)



Research costs decreased as several large grants terminated in 2011 and new grants were just beginning. Research expenses were nearly equal to instruction expenses in 2012. Operation and maintenance of plant costs remained steady helped by a decrease in utility costs. Institutional support costs decreased slightly. Auxiliary enterprise costs increased primarily in University Residences as a result of increased enrollment.

Capital Assets and Long-Term Debt Activities

Capital Assets

At June 30, 2012, the University had \$1.4 billion invested in capital assets, net of accumulated depreciation. This represents an increase of \$117 million from last year, as shown in the table below:

	June 30, 2012	June 30, 2011	Change
Land	\$ 39,183,385	\$ 39,669,701	\$ (486,316)
Construction in progress	195,531,172	94,472,198	101,058,974
Buildings, net	899,185,788	893,984,104	5,201,684
Other improvements and infrastructure, net	155,114,583	144,871,598	10,242,985
Equipment, net	58,675,736	59,427,140	(751,404)
Library resources, net	51,435,678	49,458,021	1,977,657
Total capital assets, net	\$ 1,399,126,342	\$ 1,281,882,762	\$ 117,243,580

The increase is a result of construction in progress as work progressed on the Global Animal Health Building, the Veterinary Medical Research Building, the Martin Stadium Press Boxes & Premium Seating addition, the Biomedical and Health Sciences Building in Spokane and major renovations of several residence halls. Depreciation on completed buildings resulted in a decrease in net book value on buildings. The University wrote off design costs for a project that went forward but not as originally conceived.

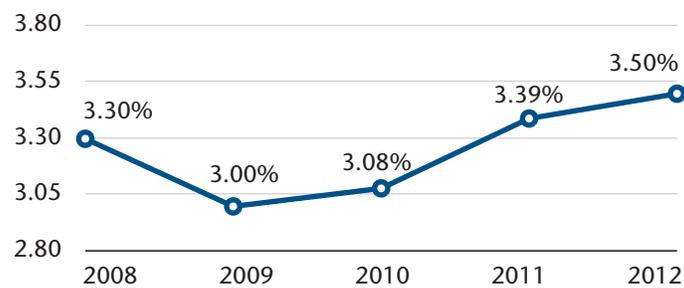
Long-Term Debt

At June 30, 2012, the University had \$504 million in outstanding debt, representing an increase of \$70 million over the prior year. The University issued \$84 million in general revenue bonds to finance the addition of press boxes and premium seating to Martin Stadium in August of 2012. The State refunded \$5 million in State general obligation bonds. Principal payments reduced outstanding debt by \$10 million.

	June 30, 2012	June 30, 2011	Change
Revenue and refunding bonds payable	\$ 438,479,515	\$ 363,890,023	\$ 74,589,492
State of Washington general obligation bonds	38,087,332	40,836,166	(2,748,834)
Capital leases	27,864,679	30,118,482	(2,253,803)
Total	\$ 504,431,526	\$ 434,844,671	\$ 69,586,855

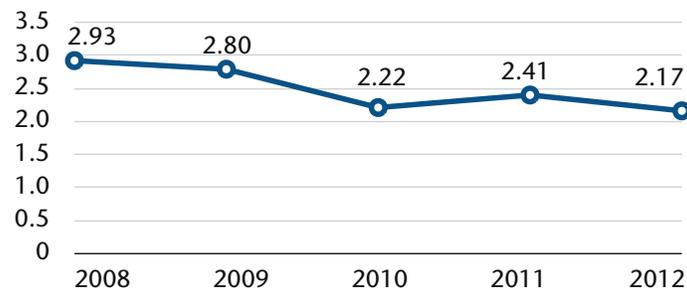
The debt service to operations ratio provides an indicator of the University's ability to repay annual principal and interest relative to its overall operating expenses. The graph below shows the University's debt service ratio for the past five years.

Debt Service to Operations



The 2012 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 2.1 times over.

Financial Resources to Direct Debt



Economic Outlook

While the University has experienced significant budget cuts on state general funds due to the lagging state and national economies in the past four years, that trend has been halted for the current 2011-13 biennium. The 2012 supplemental budget passed by the Legislature in the spring of 2012 had no further reductions to the general fund support for the University. Also, the Washington State Economic and Revenue Forecast Council's September estimate of state general revenues indicated a small increase over the June forecast or an additional \$29 million projected for the current biennium. If these forecasts hold, the University doesn't expect the general fund support from the state to be reduced this biennium. There are remaining state-wide budgetary issues that will need to be addressed when the budget is formulated and passed by the Governor and legislature in 2013. As a result, there is still uncertainty regarding the next biennium's general fund support for the WSU budget. The University's other, non-state appropriated operating revenue sources are expected to be stable or increase in the coming fiscal year.

Capital appropriations and bonding authority have been approved for the two-year biennial period at \$351.2 million. Federal appropriations for the University's land grant programs are expected to remain near a \$10 million funding level in 2013.

As in prior years, student tuition and fees will be increased for the 2012-2013 academic year with a portion of the incremental revenue used for financial aid. Tuition rates were increased by 16% for undergraduate and graduate resident students, resident WSU Online students, and undergraduate non-resident students. Tuition rates for professional and other resident and non-resident student categories increased between 4% and 8% for the 2012-2013 academic year. Enrollment is expected to be slightly higher than 2012, at approximately 25,460 annual average full time equivalents for the four-campus system. Overall, the University expects net tuition and fee revenues to provide \$283 million to support operations, a 12.1% increase over 2012.

Federally sponsored research and other programs are the largest portion of externally funded grant expenditures. 65% of University projects were supported by federal funding and 35% by non-federal funding in 2012. Federal and non-federal funded project expenditures grew slightly over FY 2011, by about 1%. Sponsored programs continue to be expended slightly above the FY 2012 level based on the first four months of fiscal year 2013, at 1.3% growth over 2012. The longer-term outlook is more uncertain due to possible federal funding constraints and deficits and the economic conditions nationwide, which could constrain both federal and non-federal project activities.





Washington State Auditor Brian Sonntag

INDEPENDENT AUDITOR'S REPORT

December 21, 2012

Washington State University
Pullman, Washington

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 year ended June 30, 2012, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Washington State University Foundation. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Washington State University Foundation, is based on the report of the other auditors.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of Washington State University are intended to present the financial position, and the changes in financial position, and, where applicable, cash flows of only the portion of the business-type activities of the state of Washington that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2012, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our report 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

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business-type activities and the aggregate discretely presented component units of the Washington State University, Washington, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 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 the 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.

The information identified in the table of contents as the Enrollment and Degrees Conferred is presented for purposes of additional analysis and is not a required part of the basic financial statements of the University. 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

Washington State University
Statement of Net Assets
As of June 30, 2012

Assets	University 2012	Foundation 2012
Current assets		
Cash and cash equivalents	\$ 188,452,730	\$ 747,840
Prepaid expenses	328,216	
Inventories	15,673,275	
Accounts receivable, net	52,955,966	151,752
Pledges receivable		47,404,282
Due from Washington State University		1,251,260
Investments, current portion	48,181,380	
Subtotal current assets	305,591,567	49,555,134
Non-current assets		
Long-term investments	149,953,777	
Endowment investment	455,667,614	281,759,973
Deposits in escrow	4,416,203	
Assets held in trust by Washington State University Foundation	17,737,390	
Assets held in trust for agencies	2,388,608	
Long-term notes receivable from charitable trusts		6,983,493
Assets held in charitable and beneficial trusts		41,856,078
Loans receivable, net	26,228,385	
Capital assets, net of accumulated depreciation	1,399,126,342	2,662,767
Subtotal non-current assets	2,055,518,319	333,262,311
Total assets	\$ 2,361,109,886	\$ 382,817,445
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 61,398,406	\$ 15,945,957
Due to Washington State University Foundation	1,251,260	
Due to Washington State University		17,737,390
Deposits	6,705,267	
Assets held for other organizations		486,476
Deferred revenue, current portion	9,531,972	
Long-term debt, current portion	15,524,045	
Subtotal current liabilities	94,410,950	34,169,823
Non-current liabilities		
Accrued leave	37,532,214	
Deferred compensation	1,209,696	
Deposits held in custody for others	20,921,795	
Deferred revenue	7,440,278	
Long-term debt	514,762,053	
Subtotal non-current liabilities	581,866,036	
Total liabilities	\$ 676,276,986	\$ 34,169,823
Net Assets		
Invested in capital assets, net of related debt	\$ 940,198,281	
Restricted nonexpendable	434,223,919	\$ 319,980,992
Restricted loans	28,211,402	
Restricted expendable	181,044,466	26,451,926
Unrestricted	101,154,832	2,214,704
Total net assets	\$ 1,684,832,900	\$ 348,647,622

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

Washington State University
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2012

Revenues	University 2012	Foundation 2012
Operating revenues		
Tuition and fee revenue, net	\$ 252,694,580	
Federal grants and contracts	129,360,028	
State grants and contracts	73,095,049	
Local grants and contracts	32,237,941	
Gifts and contributions		\$ 37,209,827
Sales and services of educational departments	20,660,335	
Auxiliary enterprises	117,421,596	
Other operating revenues	13,336,997	
Total operating revenues	638,806,526	37,209,827
Expenses		
Operating expenses		
Salaries and wages	392,581,541	
Benefits	124,271,637	
Scholarships and fellowships	55,203,994	
Utilities	25,105,021	
Payments to suppliers	119,197,551	
Purchased services	72,256,184	
Depreciation	77,614,078	
Total operating expenses	866,230,006	
Net operating loss	(227,423,480)	37,209,827
Non-operating revenues (expenses)		
State appropriations	153,353,614	
Federal appropriations	10,760,415	
Federal Pell Grants	30,467,170	
Interest on capital assets—related debt	(17,108,299)	
Federal bond interest subsidy	2,912,759	
Gifts and contributions	27,679,349	
Investment income, net of expense	49,255,857	(1,701,770)
Support provided to/for Washington State University, net		(36,458,388)
Fund raising		(5,943,252)
General and administrative expenses		(3,399,821)
Other non-operating revenues (expenses)	(3,622,023)	557,358
Total non-operating revenues (expenses)	253,698,842	(46,945,873)
Income before other revenues, expenses, gains or losses	26,275,362	(9,736,046)
Capital additions (deductions)		
Capital appropriations	18,674,458	
Capital grants and gifts	4,535,129	
Additions to permanent endowments	186,715	37,028,507
Total other revenues	23,396,302	37,028,507
Increase in net assets	49,671,664	27,292,461
Net assets		
Net assets, beginning of year	1,635,161,236	321,355,161
Increase in net assets	49,671,664	27,292,461
Net assets, end of year	\$ 1,684,832,900	\$ 348,647,622

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

Washington State University
Statement of Cash Flows
For the Year Ended June 30, 2012

Cash flows from operating activities	2012
Tuition and fees	\$ 289,878,642
Grant and contracts	267,223,195
Payments to suppliers	(116,482,711)
Payments for utilities	(25,400,322)
Purchased services	(71,251,503)
Payments to employees	(394,896,446)
Payments for benefits	(118,512,421)
Payments for scholarships and fellowships	(94,194,278)
Loans issued to students	(4,160,079)
Collection of loans to students	4,055,929
Auxiliary enterprise receipts	118,655,556
Sales and service of educational departments	19,949,543
Other receipts	13,607,287
Net cash used by operating activities	(111,527,608)
Cash Flows from Noncapital Financing Activities	
State appropriations	152,743,561
Federal appropriations	10,375,631
Gifts for other than capital purposes	
Private gifts	31,003,521
Additions to permanent endowment	186,715
Agency fund receipts	29,249,209
Agency fund disbursements	(28,900,957)
Federal Direct Loan receipts	35,196,390
Federal Direct Loan disbursements	(35,301,052)
Other nonoperating revenues	1,545,931
Net cash provided by noncapital financing activities	196,098,949
Cash flows from capital and related financing activities	
Proceeds of capital debt	83,927,731
Capital appropriations	20,308,779
Capital grants and gifts received	1,088,648
Purchases of capital assets	(173,899,525)
Principal paid on capital debt and leases	(14,559,370)
Interest paid on capital debt and leases	(19,542,108)
Net cash used by capital and related financing activities	(102,675,845)
Cash flows from investing activities	
Proceeds from sales of investments	254,771,566
Purchases of investments	(247,968,661)
Investment income	28,494,222
Net cash provided by investing activities	35,297,127
Net increase (decrease) in cash and cash equivalents	17,192,623
Cash—beginning of year	171,260,107
Cash—end of year	\$ 188,452,730

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

	2012
Operating loss	\$ (227,423,480)
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation expense	77,614,078
Changes in assets and liabilities	
Changes in assets	
Deposits in escrow	(2,642,512)
Prepaid expenses	(81,264)
Inventories	(13,473)
Accounts receivable, net	8,671,807
Investments	14,709,606
Changes in liabilities	
Accounts payable and accrued liabilities	13,138,651
Deferred revenue	1,263,824
Due to Washington State University Foundation	556,679
Deposits	1,859,224
Long term debt—current portion	819,252
Net cash used by operating activities	<u><u>\$ (111,527,608)</u></u>
Significant noncash transactions	
Gain on capital assets	\$ 5,684,992
Donated capital assets	\$ 946,481
Amortization expense	\$ (431,223)



Notes to the Financial Statements

June 30, 2012

These notes form an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

Washington State University (“the University”), an agency of the State of Washington, is a comprehensive degree-granting research university. It is governed by a ten member Board of Regents appointed by the Governor and confirmed by the State senate. The University is included in the general-purpose financial statements of the State. The accompanying financial statements present all funds belonging to the University and its component units.

The University was created as a land-grant public university by the Washington State Legislature in 1890. Today, Washington State University has campuses in Pullman, Spokane, the Tri-Cities and Vancouver, with extension offices and learning centers across the state. The award-winning online program offers access to the University’s degrees statewide and around the world. Washington State University’s 27,329 undergraduate, graduate and professional students have the opportunity to work one-on-one with internationally acclaimed professors and researchers. The primary missions of the University are instruction, research and public service.

Discretely Presented Component Unit The Washington State University Foundation (“the Foundation”) is a legally separate, tax-exempt entity that provides contractual asset management and fund raising functions in support of the University’s mission. The Foundation is a significant component unit based on the criteria of Governmental Accounting Standards Board (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 presentation purposes, in the University’s financial statements, temporarily restricted net assets have been shown as expendable net assets and permanently restricted net assets have been shown as nonexpendable net assets.

The Foundation’s financial statements can be acquired at the following address:

WSU Foundation
PO Box 641925
Pullman, WA 99164-1925

Basis of Presentation

The financial statements are presented in accordance with generally accepted accounting principles and the GASB pronouncements.

For financial reporting purposes following the provisions of GASB Statement No. 34, the University is considered a special-purpose government engaged in Business Type Activities (BTA). In accordance with BTA reporting, the University presents a Management’s Discussion and Analysis; a Statement of Net Assets; a Statement of Revenues, Expenses and Changes in Net Assets; a Statement of Cash Flows; and Notes to the Financial Statements. Pursuant to GASB Statement 20, the University has elected not to apply any FASB pronouncements issued after November 20, 1989.

Basis of Accounting

The financial statements of the University have been prepared in accordance with 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 is reporting as 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 assets, statements of revenues, expenses and changes in net assets, statements of cash flows and notes to the financial statements. 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, include 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, issuance costs and gains or losses on refundings 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.

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 2012 was \$5,250,317.

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.

Designated auxiliary enterprises have revenue and expense transactions, which are treated as though the University were dealing with private vendors. For all other funds, transactions that are reimbursements of expenses are recorded as reductions of expense.

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. 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 market value at the date of the gift. Capital additions, replacements and major renovations are reflected as expenditures and capitalized. The value of assets constructed includes all material direct and indirect construction costs. Interest costs incurred are capitalized during the period of construction. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy, only fixed assets with a unit cost of \$5,000 or greater are capitalized. Depreciation is computed using the straight line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and components, 20 to 25 years for infrastructure and land improvements, 20 years for library resources and 5 to 7 years for equipment.

In accordance with GASB 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, 2012, no assets had been written down.

Deferred Revenues

Deferred revenues occur when funds 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 related to the subsequent fiscal year.

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 Assets

The University's net assets are classified as follows.

- *Invested in Capital Assets—Net of Related Debt.* 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 Net Assets—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 principle.
- *Restricted Net Assets—Loans.* The loan funds are established for the explicit purpose of providing student support as prescribed by statute or granting authority.
- *Restricted Net Assets—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 Net Assets.* 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 Assets. 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, 2012 are \$93,638,045.

Reclassifications

For comparative purposes in the Management's Discussion and Analysis section, certain accounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

2. Cash, Cash Equivalents and Investments

Cash

As of June 30, 2012, the carrying amount of the University's change funds, petty cash and bank demand deposit accounts with financial institutions was \$37,010,888 as represented in the table below.

Table 1: Cash and cash equivalents

	2012
Cash	\$ 37,010,888
Cash equivalents	151,379,925
Deposits with fiscal agents	61,917
Cash and cash equivalents	<u>\$ 188,452,730</u>

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. The fair market values of the University endowment investments at June 30, 2012 were \$35,122,949.

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	Average duration	Credit rating
Money market fund	\$ 1,464,556	0	N/A
Commingled monthly bond fund	369,352,893	4.3	AA3
Commingled monthly equity fund	49,387,705		
Cash at state treasurer	1,202,313		
Pending transactions, receivables and payables	(862,802)		
Total permanent fund investments	<u>\$ 420,544,665</u>		

Endowment investments consist of University-held endowments valued at \$35,122,949 (as noted in the paragraph above and detailed in Table 3), and the permanent fund of \$420,544,665, for a total of \$455,667,614 as of June 30, 2012.

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

University investments	Fair value	Maturity				Effective duration	Credit rating
		Less than 1 year	1-5 years	6-10 years	More than 10 years		
Cash equivalents							
Commercial paper	\$ 3,998,664	\$ 3,998,664				0.09	A1/P1
US Agency obligations—Discount notes	70,244,674	70,244,674				0.23	AAA
Other—Bank short term investment funds	8,869,725	8,869,725				0.01	NR
Local Government Investment Pool	68,266,862	68,266,862				0.11	NR
Total cash equivalents	151,379,925						
Current Investments							
US Government Treasury	20,043,750	20,043,750				0.50	AAA
Temporary Liquidity Guarantee Program	14,244,518	14,244,518				0.40	AAA
US Agency obligations	13,893,112	13,893,112				0.54	AAA
Total current investments	48,181,380						
Non-current investments							
Operating funds							
US Government Treasury	42,086,200		\$ 42,086,200			2.14	AAA
US Agency obligations	88,641,856		88,641,856			2.09	AAA
Mortgage pass throughs	7,649,655			\$ 7,649,655		0.44	AAA
Fixed income mutual funds	10,624,917		10,624,917			2.80	AA
Subtotal non-current operating fund investments	149,002,628						
Miscellaneous	951,149						
Total non-current investments	149,953,777						
University endowments							
US stocks	166,527						
-US fixed income	3,414,352	392,094		\$ 3,022,258		2.83	AA
-Foreign fixed income	1,727,837				1,727,837	6.46	A+
-US equity	4,672,703						
-Foreign equity	5,793,811						
-Private equity	7,364,303						
-Hedge funds	7,012,604						
-Timber	338,651						
-Real estate	2,465,172						
-Oil and gas	2,166,989						
Total endowment investments	35,122,949						
Total university investments	\$ 384,638,031						

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 policies, which employ 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, 2012, \$260,802,429 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 \$166,527 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
Commercial paper	\$ 3,998,664
US agency discount notes	70,244,674
US government treasuries	62,129,950
US agency obligations	102,534,968
Temporary Liquidity Guarantee Program	14,244,518
Mortgage pass throughs	7,649,655
Subtotal	260,802,429
US common stock	166,527
Total investments exposed to custodial credit risk	\$ 260,968,956

Foreign Currency Risk—Investments

University endowment exposure to foreign currency risk at June 30, 2012, is described in the table below and is limited by Foundation investment policy.

Table 5: University foreign currency risk

Foreign currency	Fair value
Euro	\$ 1,096,110
Japan - Yen	1,044,512
UK - Pound	968,217
Switzerland - Francs	405,767
Other (less than 5%)	3,037,305
Total foreign currency	\$ 6,551,911

Investment Expenses

Under implementation of GASB 35, investment income for the University is shown net of investment expenses. The investment expenses incurred for the fiscal year ended June 30, 2012 were \$361,645.

3. Inventories

Inventories stated at cost using the first in, first out (FIFO) method except for Facilities operations which uses the weighted average method. Inventories as of June 30, 2012 are as follows.

Location	Amount
Athletics	\$ 795,250
Bulletin office	330,666
Central stores	381,329
Facilities operations	1,420,195
Ferdinand's	4,210,356
Housing and dining	715,945
Telecommunications	932,594
University publishing	1,792,235
Veterinary hospital and pharmacy	1,199,288
Veterinary microbiology/pathology	2,044,300
Other inventory	1,851,117
Inventories	\$15,673,275

4. Accounts Receivable

At June 30, 2012, accounts receivable are as follows.

Student tuition and fees	\$ 22,576,079
Due from the federal government	11,652,092
Due from the office of the state treasurer	10,523,751
Due from other state agencies	7,558,982
Interest and dividends receivable	498,332
Auxiliary enterprises	5,567,590
Due from other governments	300,151
Other	593,946
Subtotal accounts receivable	59,270,923
Less allowance for doubtful accounts	(6,314,957)
Accounts receivable, net	\$ 52,955,966

5. Loans Receivable

Loans receivable consisted of the following as of June 30, 2012.

Federal programs	\$ 22,235,722
Institutional loans	309,860
Agency funds long-term receivable	4,357,574
Subtotal	26,903,156
Less allowance for doubtful accounts	(674,771)
Loans receivable, net	\$26,228,385

6. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2012 is presented as follows.

	Beginning balance	Additions/ transfers	Retirements	Ending balance
Nondepreciable capital assets				
Land	\$ 39,669,701	\$ 600,000	\$ (1,086,316)	\$ 39,183,385
Construction in progress	94,472,198	104,914,309	(3,855,335)	195,531,172
Total nondepreciable capital assets	134,141,899	105,514,309	(4,941,651)	234,714,557
Depreciable capital assets				
Buildings	1,518,519,829	48,634,112	(461,977)	1,566,691,964
Other improvements and infrastructure	257,769,902	19,910,729	(1,966,777)	275,713,854
Equipment	231,087,224	19,664,834	(7,740,865)	243,011,193
Library resources	128,311,454	6,818,665	(265,373)	134,864,746
Subtotal depreciable capital assets	2,135,688,409	95,028,340	(10,434,992)	2,220,281,757
Less accumulated depreciation				
Buildings	624,535,725	43,121,949	(151,498)	667,506,176
Other improvements and infrastructure	112,898,304	9,665,318	(1,964,351)	120,599,271
Equipment	171,660,084	19,985,803	(7,310,430)	184,335,457
Library resources	78,853,433	4,841,008	(265,373)	83,429,068
Total accumulated depreciation	987,947,546	77,614,078	(9,691,652)	1,055,869,972
Total depreciable capital assets	1,147,740,863	17,414,262	(743,340)	1,164,411,785
Capital assets, net of accumulated depreciation	\$1,281,882,762	\$ 122,928,571	\$ (5,684,991)	\$ 1,399,126,342

The current year depreciation expense was \$77,614,078.

7. Accounts Payable and Accrued Liabilities

At June 30, 2012, accrued liabilities were as follows.

Accounts payable	\$ 38,263,270
Contract retainage	4,416,203
Payroll	18,718,933
	\$ 61,398,406

8. Deferred Revenue

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

Current deferred revenue	
Athletics	\$ 2,688,379
ALIVE! program	1,214,247
Pre-paid Tri-Cities BSEL building rent	500,000
Housing and dining services	1,612,747
Summer session	3,300,208
Parking	215,851
Future student deposits	540
Subtotal	9,531,972
Non-current deferred revenue	
Pre-paid Tri-Cities BSEL building rent	7,440,278
Total deferred revenue	\$16,972,250

9. Accrued Leave

The accrued leave liability balance as of June 30, 2012 is \$37,532,214. The components of this liability include vacation leave earned and unused for exempt professionals, civil service employees and faculty on annual appointments; sick leave earned and unused limited to an estimate of fifteen times the prior three-year average of the amount paid at the time of separation; and earned and unused compensated leave for civil service employees.

University employees accrue annual leave at rates based on length of service and sick leave at the rate of one day per month for full time employees.

For reporting purposes, all vacation leave is shown as a non-current liability. Employees are limited by statute as to how many hours they may carry forward.

Accrued annual leave	\$ 27,150,432
Accrued sick leave	10,138,114
Accrued compensatory leave	243,668
Accrued leave liability	\$ 37,532,214

10. Deferred Compensation

The University administers a limited number of contractual deferred agreements. The deferred compensation obligation for these agreements as of June 30, 2012 was \$1,209,696.

The University offers all employees qualified deferred compensation plans created under Internal Revenue Code Sections 403b and 457. The plans are available to all state employees and permit them to defer a portion of their salary until future years. The State of Washington administers these plans on behalf of the University's employees; the University does not have legal access to these funds.

11. Risk Management

The University, in accordance with state policy, self-insures unemployment compensation for all employees. The University assesses all funds a monthly payroll expense for unemployment compensation for all employees. Payments made for claims from July 1, 2011 through June 30, 2012, were \$1,183,542. Cash reserves for unemployment compensation for all employees at June 30, 2012, were \$3,201,833.

The University purchases commercial insurance 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.)

12. Leases Payable

The University finances some capital asset purchases through the Washington State Treasurer's leasing program. These are classified as capital leases. The University also has leases for office equipment with various vendors. These leases are classified as operating leases. As of June 30, 2012, the minimum lease payments under capital leases and operating leases consist of the following.

Leases Payable

Fiscal year	Capital leases	Operating leases
2013	\$ 4,091,513	\$ 1,934,916
2014	3,935,534	1,688,848
2015	3,368,740	1,458,144
2016	2,781,798	1,194,278
2017	2,842,520	823,148
2018-2022	8,582,747	2,743,901
2023-2027	6,343,217	532,713
2028-2032	1,142,704	
2033-2037	1,142,704	
2038-2042	799,893	
Total minimum lease payments	35,031,370	10,375,948
Amount representing interest	(7,166,691)	
Net present value	\$ 27,864,679	\$ 10,375,948

13. Bonds Payable

In fiscal year 2012, the University issued general revenue bonds for the first time. The bonds are special fund obligations of the University, payable from general revenues which include nonappropriated, unrestricted income and revenues, including available auxiliary system revenues. The bonds are issued to fund various construction projects and to refund bonds. If the bonds are issued for an auxiliary system project or refunding, that system will be responsible for making the debt payments for that issue or portion thereof.

Bonds payable consist of 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. Bonds payable also consist of the University's share of Washington State General Obligation bonds issued for construction of academic buildings.

During fiscal year 2012, the University's Board of Regents approved the Series Resolution authorizing the issuance of General Revenue Bonds Series 2012 in the amount of \$73,835,000 to fund renovation of Martin Stadium on the Pullman campus. The bonds were issued on February 23, 2012 with an average interest rate of 4.748%. The premium on the bonds issued was \$10,310,399 and issue costs were \$465,446. Interest on the bonds is payable semiannually on April 1 and October 1, commencing October 1, 2012. Principal is due on October 1, commencing October 1, 2013.

Advance Refundings

The scheduled liabilities as of June 30, 2012 do not include revenue bonds which 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 November 9, 2011 the State of Washington issued \$4,605,000 in Washington General Obligation Bonds Series R-2012A on behalf of the University to defease \$5,010,000 in Washington General Obligation Bonds Series R-2003A. 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 payments on the bonds. The refunding resulted in an aggregate debt service decrease over the next 8 years of \$763,885 and an economic gain of \$669,722. The principal outstanding on the refunded bonds on June 30, 2012 is zero.

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

As of June 30, 2012, the University was indebted for bonds payable for the purposes shown in the following table.

Bonds Payable

Purpose	Series	Interest rate/ ranges	Final maturity date	Principal outstanding	Current portion	See table below
Housing and dining system	2004	1.5–5%	2024	\$ 12,425,000	\$ 725,000	1
	2005	3–4.5%	2030	14,800,000	570,000	
	2008	3.5–5%	2038	24,785,000	500,000	
	2010	3–5%	2024	14,180,000	890,000	
	2010B	7.1–7.4%	2041	35,305,000	-	
Student recreation center	2009	3–5.3%	2032	35,065,000	1,155,000	2
Compton union building	2006A&B	5–6%	2038	86,015,000	1,390,000	3
Athletics system	2007	4–5.5%	2032	21,305,000	670,000	4
Parking system	2005	3–4.4%	2024	7,185,000	480,000	5
Trust and building fee revenue bonds	2009	3–6.4%	2034	106,095,000	2,950,000	6
General revenue bonds 2012	2012	2–5%	2037	73,835,000		
State of Washington general obligation bonds	1991B	5.4–5.7%	2015	590,000	140,000	
	HE-WSU	3.5–6.4%	2022	12,065,000	1,255,000	
	2001A	5–5.6%	2025	13,285,000	680,000	
	2001C	5–5.3%	2026	6,870,000	350,000	
	2002A	4–5%	2026	4,540,000	210,000	
Total bonds payable (principal only)				468,345,000	11,965,000	
Less: unamortized issuance costs				(4,380,349)	(239,033)	
Plus: unamortized premiums				15,441,990	896,252	
Less: unamortized costs of refunding				(2,839,794)	(203,067)	
Net Bonds Payable				\$ 476,566,847	\$ 12,419,152	

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

Pledged Revenue

Ref		Total future revenues pledged	Current year revenues net of expenses	Current year principal and interest
1	Housing and dining system	\$ 181,653,455	\$ 15,698,696	\$ 6,316,982
2	Student recreation center	57,755,600	3,498,581	2,747,775
3	Compton union building	166,466,891	6,031,820	5,947,057
4	Athletics system	33,310,397	2,921,023	1,588,044
5	Parking system	10,088,153	1,893,400	777,101
6	Trust and building fee bonds	169,466,434	31,547,042	7,059,427

Annual Debt Service Requirements

Future debt service requirements at June 30, 2012 are as follows:

Schedule of Debt Service

Fiscal Year	Revenue bond obligations			State of Washington general obligation bonds		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 9,330,000	\$ 19,722,188	\$ 29,052,188	\$ 2,635,000	\$ 1,824,395	\$ 4,459,395
2014	11,440,000	18,954,968	30,394,968	2,840,000	1,701,190	4,541,190
2015	11,920,000	18,471,395	30,391,395	2,945,000	1,564,175	4,509,175
2016	12,405,000	17,982,581	30,387,581	3,105,000	1,413,395	4,518,395
2017	12,885,000	17,503,187	30,388,187	3,085,000	1,262,625	4,347,625
2018-2022	72,855,000	79,079,969	151,934,969	13,595,000	4,141,450	17,736,450
2023-2027	86,265,000	60,944,894	147,209,894	9,145,000	1,185,825	10,330,825
2028-2032	100,005,000	39,777,815	139,782,815			
2033-2037	65,675,000	18,957,075	84,632,075			
2038-2042	48,215,000	2,694,564	50,909,564			
Subtotal	430,995,000	294,088,636	725,083,636	37,350,000	13,093,055	50,443,055
Less other adjustments:						
Bond discounts and issue costs	(4,380,349)		(4,380,349)			
Bond premiums	15,441,990		15,441,990			
Deferred costs of refunding	(3,577,126)		(3,577,126)	737,332		737,332
Total	\$ 438,479,515	\$ 294,088,636	\$ 732,568,151	\$ 38,087,332	\$ 13,093,055	\$ 51,180,387

14. Schedule of Long Term Debt

	Total amount issued	Balance outstanding 6/30/11	Additions	Reductions	Balance outstanding 6/30/12	Current portion
Revenue and refunding bonds payable	\$ 456,045,000	\$ 363,890,023	\$ 83,679,952	\$ (9,090,460)	\$ 438,479,515	\$ 9,710,318
State of Washington general obligation bonds	65,790,000	40,836,166	5,010,000	(7,758,834)	38,087,332	2,708,834
Capital leases		30,118,482	868,821	(3,122,624)	27,864,679	3,104,893
Net pension obligation		20,033,576	7,002,000	(1,181,004)	25,854,572	
Total	\$ 521,835,000	\$ 454,878,247	\$ 96,560,773	\$ (21,152,922)	\$ 530,286,098	\$ 15,524,045

15. Pension Plans

The University offers four contributory pension plans: the Washington State Public Employees Retirement System (PERS) plan, the Washington State Teachers Retirement System (TRS), 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.

The University employs approximately 5,846 full-time employees eligible for participation in one of the four retirement plans.

For the year ended June 30, 2012, the payroll for employees covered by PERS was \$91,677,562, the payroll for employees covered by TRS was \$812,922, the payroll for employees covered by LEOFF was \$1,356,453 and the payroll for employees covered by the Washington State University Retirement Plan was \$231,449,976.

PERS, TRS and LEOFF

Plan Descriptions. PERS Plan 1 provides retirement and disability benefits and minimum benefit increases 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 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.

The authority to establish and amend benefit provisions resides with the legislature. PERS 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 <http://www.dr.s.wa.gov/administration>.

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, 2012 the University had 11 employees enrolled in the plan.

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, 2012 the University had 11 employees enrolled in the plan.

Contribution Rates and Required Contributions

The University's contribution rates and required contributions for the above retirement plans for the year ending June 30, 2012 are as follows.

	Contribution rates at June 30, 2012		Required contributions	
	Employee	University	Employee	Employer
PERS				
Plan 1	6.00%	7.08%	\$ 199,560	\$ 319,371
Plan 2	4.64%	7.08%	2,808,701	4,362,727
Plan 3	5.0–15.0%	7.08%	1,719,227	1,963,515
TRS				
Plan 1	6.00%	8.04%	9,174	21,354
Plan 2	4.69%	8.04%	0	0
Plan 3	5.0–15.0%	8.04%	50,666	53,065
LEOFF				
Plan 2	8.46%	8.62%	114,756	116,926
FED Plans				
CSRS	7.00%	7.00%	81,278	81,278
FERS	0.80%	11.90%	\$ 6,462	\$ 95,689

Washington State University Retirement Plan

Plan Description. Faculty, professional and other staff are eligible to participate in WSURP. 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 in another institution which participates in TIAA-CREF.

The Plan 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 non-reduced 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, 2012 were each \$19,431,402. Supplemental payments made by the University for the year ended June 30, 2012 were \$1,181,004.

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, 2011. The actuarial assumptions for the evaluation included an investment rate of return of 4.25% and projected salary increases of 2% per year for two years and 4% per year thereafter. Based on assumptions made regarding expected benefit payments, the actuary present a cash flow projection rather than an actuarial funding plan to liquidate any 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, 2011 was \$45,172,000 under the plan's entry age normal method and is amortized over a 14.5 year period. The Annual Required Contribution (ARC) is projected at \$7,002,000. 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, 2012 is \$25,854,572.

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 Other Post-Employment Benefits (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 state-wide 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 Actuarial Accrued Liability (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 \$58,814,050 for healthcare expenses in 2012, which included its pay-as-you-go portion of the OPEB liability.

16. Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Assets, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2012.

Instruction	\$ 191,044,022
Research	184,353,721
Public service	35,685,750
Academic support	65,197,796
Student services	24,976,257
Institutional support	58,399,463
Operation and maintenance of plant	59,629,585
Auxiliary enterprises	114,125,340
Scholarships and other student financial aid	55,203,994
Depreciation	77,614,078
Total operating expenses	\$866,230,006

17. Commitments and Contingencies

There is a class action filed against the State of Washington on behalf of certain employees alleging improper denial of healthcare benefits. Although WSU has not been named as a defendant in the lawsuit, some of the class members are current or former employees of the University. Potentially, the state could assess the University with a material share of any amount paid in the event of a settlement or judgment. Due to the status of the lawsuit, the impact upon the University cannot be assessed with reasonable certainty at present.

Additionally, 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 University has commitments of \$103,029,888 for various capital improvement projects that include construction and completion of new buildings and renovations of existing buildings.

18. Subsequent Events

On July 1, 2012 the note payable from WSU to the Students Book Corporation (SBC) has been forgiven in exchange for a reduction of rent paid by the SBC to WSU.

On August 15, 2012, the University issued General Revenue Bonds Series 2012B in the amount of \$27,355,000 to partially fund construction of the Biomedical and Health Sciences Building on the WSU Spokane campus. The average interest rate on the bonds is 4.066%. The premium on the bonds issued was \$2,642,573 and issue costs were \$218,960. Interest on the bonds is payable semiannually on April 1 and October 1, commencing April 1, 2013. Principal is due on April 1, commencing April 1, 2013.

On November 16, 2012, the Board of Regents authorized the issuance of General Revenue bonds in the amount of \$46,000,000. Proceeds of the bonds will be for the construction of the Football Operations Building at Martin Stadium.

On November 16, 2012, the Board of Regents authorized the issuance of General Revenue refunding bonds to refinance the University's outstanding Housing and Dining System Revenue Bonds Series 2004. The outstanding principal on the 2004 Bonds at June 30, 2012 was \$12,425,000.



Supplementary Information Enrollment and Degrees Conferred

	Academic year				
	2012	2011	2010	2009	2008
Fall enrollment (headcount)					
Undergraduate headcount	22,763	21,816	21,726	21,149	20,282
Graduate headcount	3,777	3,685	3,573	3,396	3,330
Professional headcount	789	807	802	807	784
Total headcount	27,329	26,308	26,101	25,352	24,396
Fall enrollment (full-time equivalent)					
Undergraduate	20,452	19,541	19,545	18,904	17,898
Graduate	5,494	5,423	5,215	5,193	5,086
Full-time equivalent	25,946	24,964	24,760	24,097	22,984
Freshman admission information					
Applications	13,886	12,427	12,478	11,983	10,853
Acceptances	11,493	8,634	9,489	8,677	8,240
Matriculants	4,473	3,288	3,668	3,714	3,477
Degrees Conferred					
Baccalaureate	5,297	5,221	4,779	4,907	4,818
Master's	802	763	748	711	724
Doctoral	203	211	185	195	189
Professional	177	196	188	191	188

Source: Washington State University Institutional Research

Tuition and Fees, Undergraduate

Academic year	Resident ¹	Non-Resident ¹	Room and Board ²
2012-13	\$ 11,386	\$24,468	\$9,994
2011-12	\$ 9,886	\$21,164	\$9,662
2010-11	\$ 8,592	\$19,634	\$9,644
2009-10	\$ 7,600	\$18,676	\$8,886
2008-09	\$ 6,720	\$17,756	\$8,054
2007-08	\$ 6,290	\$16,604	\$7,316

¹WSU Pullman has additional mandatory fees (health, student recreation, CUB, stadium, transit) not included in these institution-wide figures

²Standard room including double occupancy plus level 3 meal plan (level 2 until FY 2009 restructuring of rates)

Source: Washington State University Institutional Research



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