



WASHINGTON STATE
UNIVERSITY

WSU Annual Financial Performance Report



Fiscal Year Ended June 30, 2024



WSU Annual Financial Performance Report

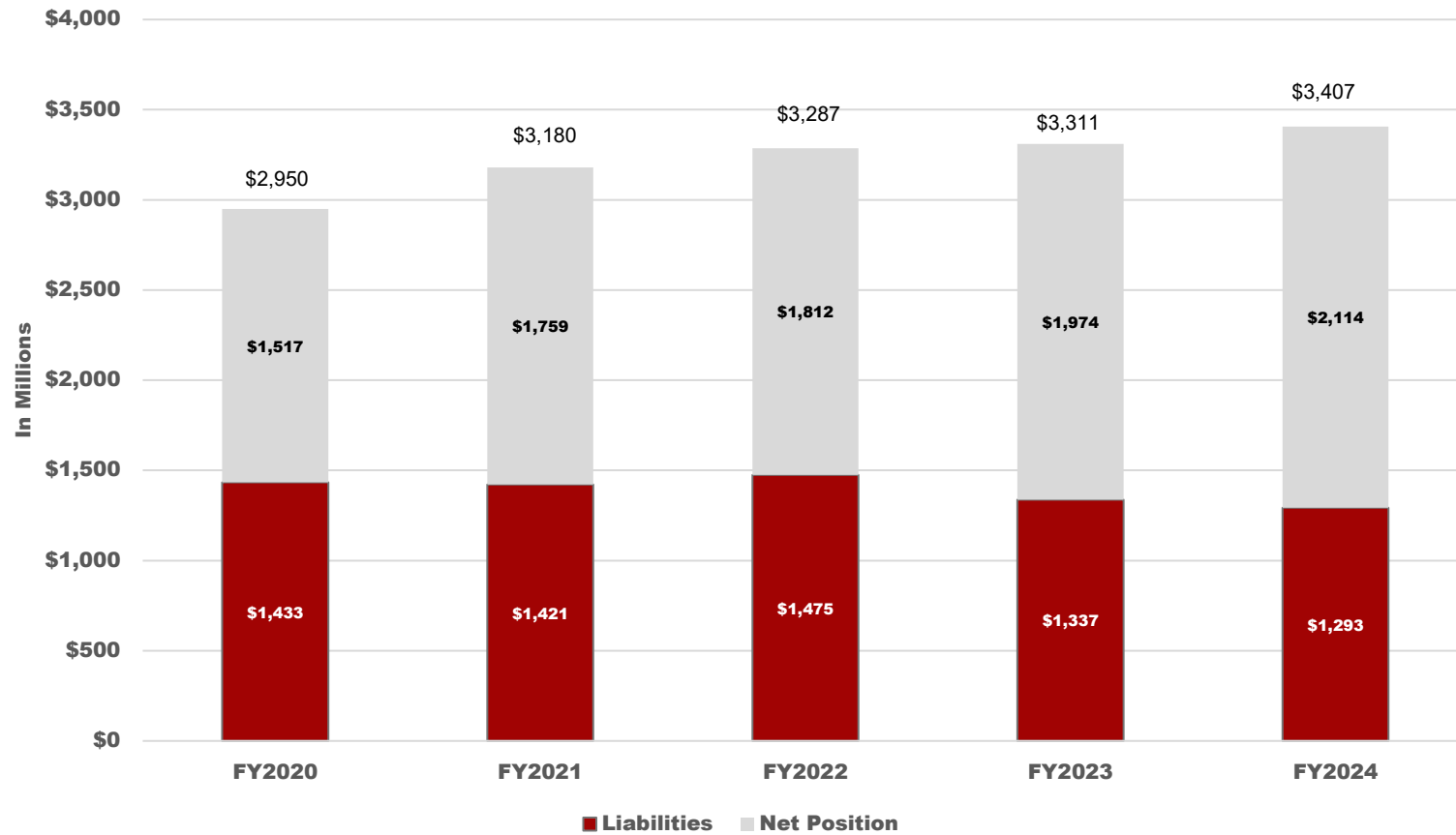
- FY24 Financial Statement Summary
- Key Trends, Financial Highlights and Benchmarking
- FY24 Debt Profile & Bond Rating Update



FY24 Financial Statement Summary



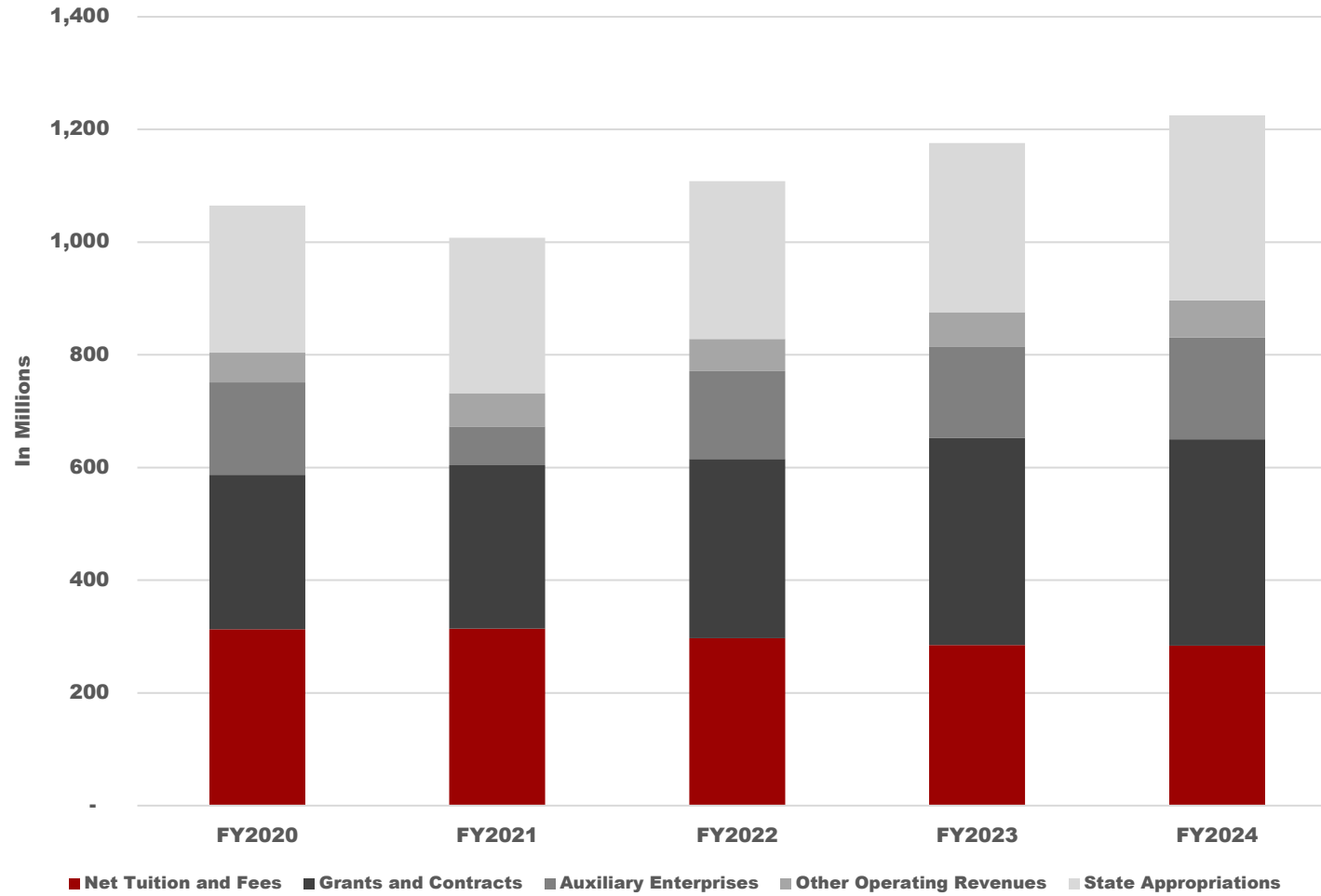
FY24 Results – Statement of Net Position



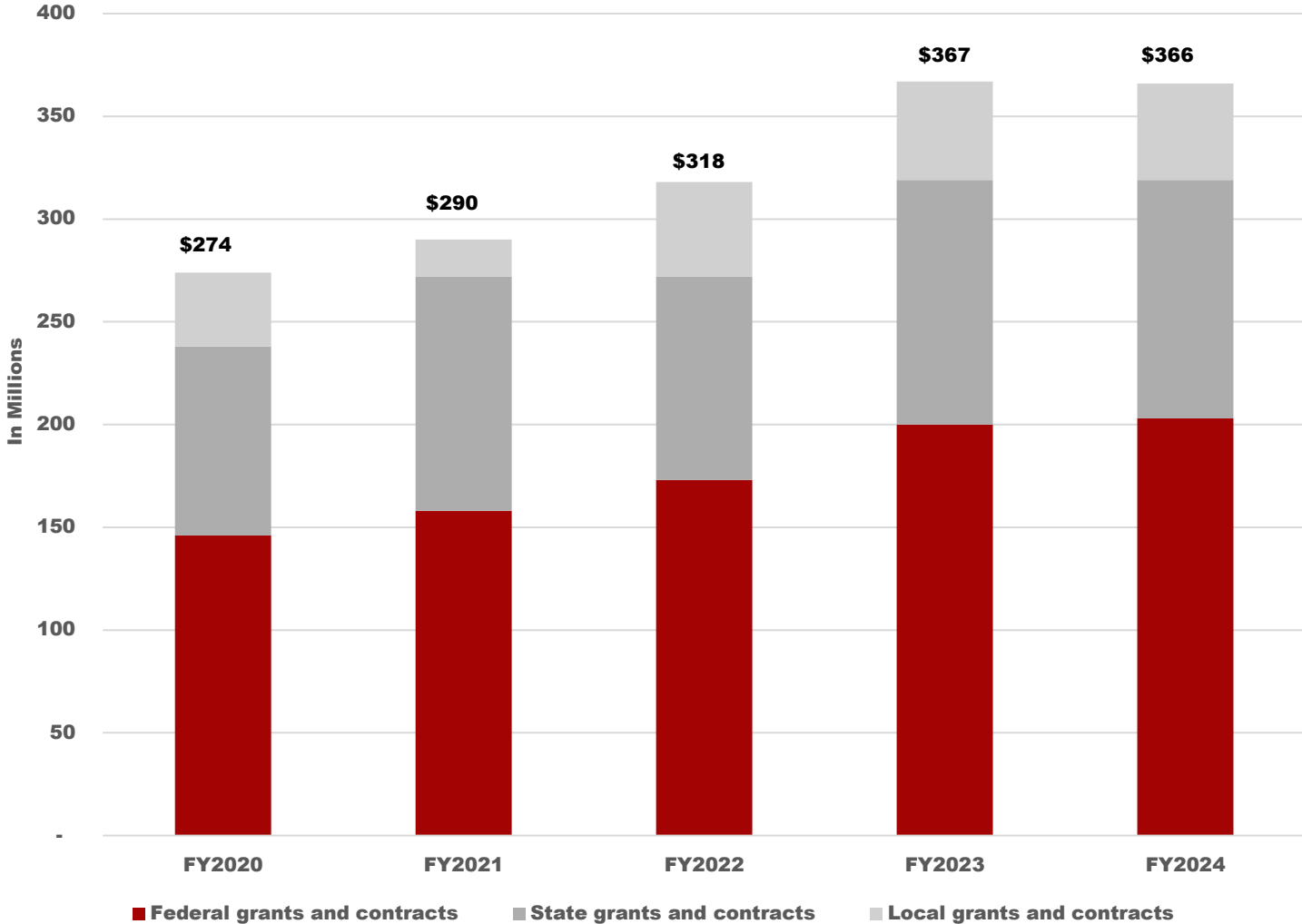
Annual Change						
	2020	2021	2022	2023	2024	5- Year Change
Assets	4%	8%	3%	1%	4%	15%
Liabilities	0%	-1%	4%	-9%	-12%	-10%
Net Position	8%	14%	3%	9%	17%	39%



FY24 Results – Operating Revenue + State Appropriations



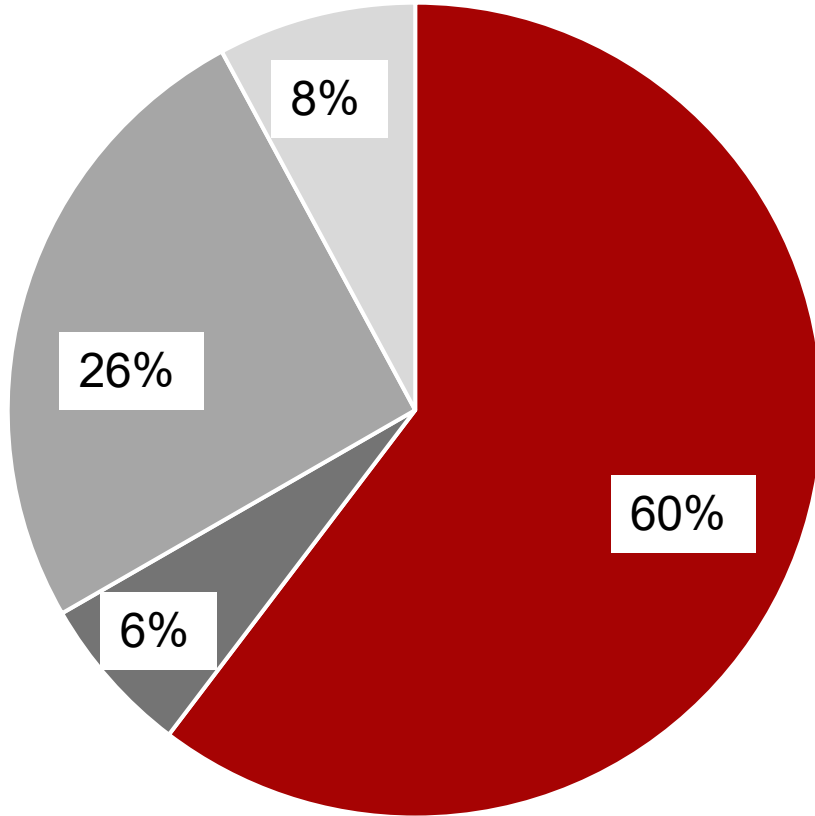
FY24 Results – Grants and Contracts*



* State Grants include: State grants and contracts, state work study programs, and Washington college grants



FY24 Results – Operating Expenses (in millions)

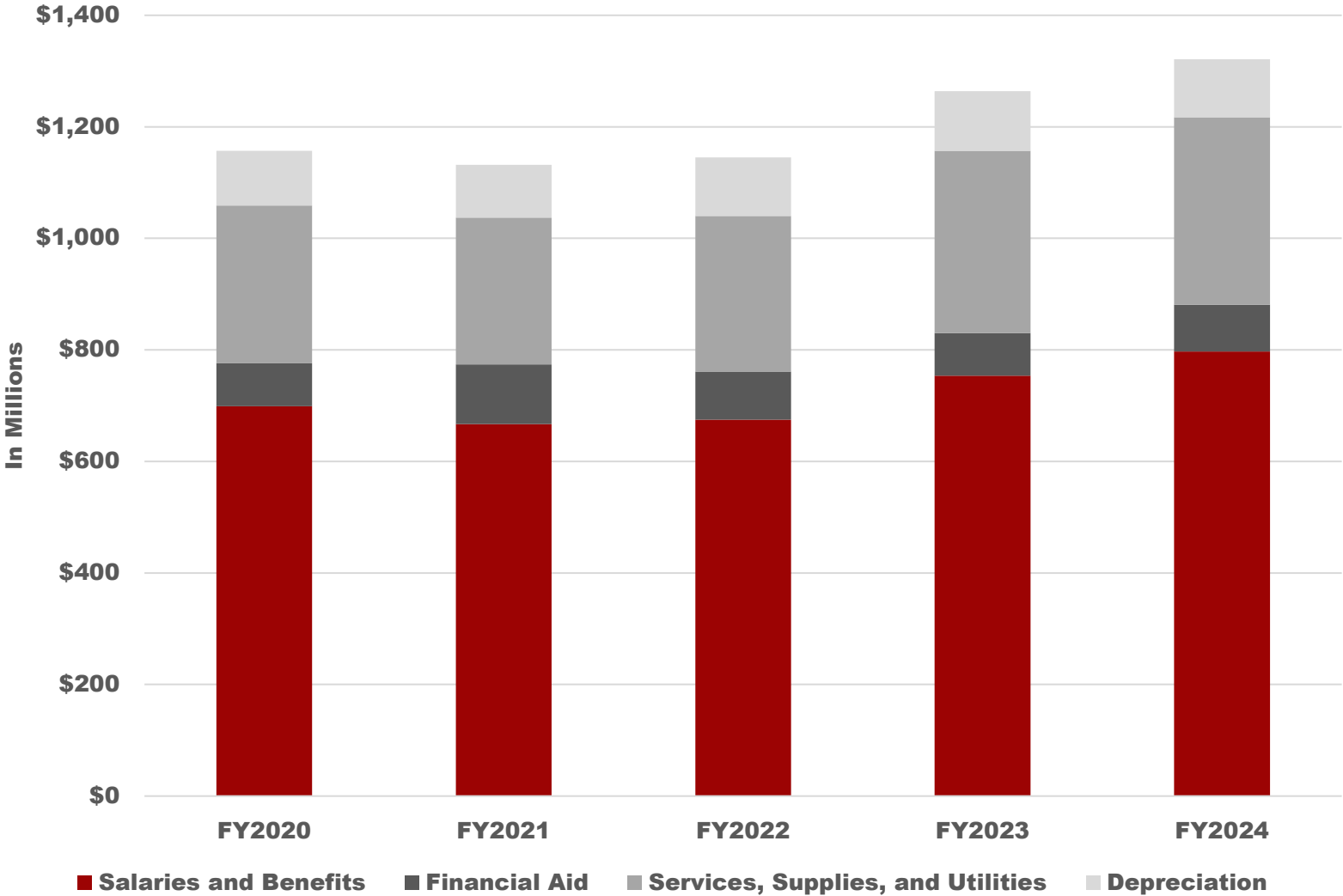


Salaries and Benefits	\$797
Financial Aid	\$84
Services, Suppliers, and Utilities	\$336
Depreciation	\$104
Total Expenses	\$1,321

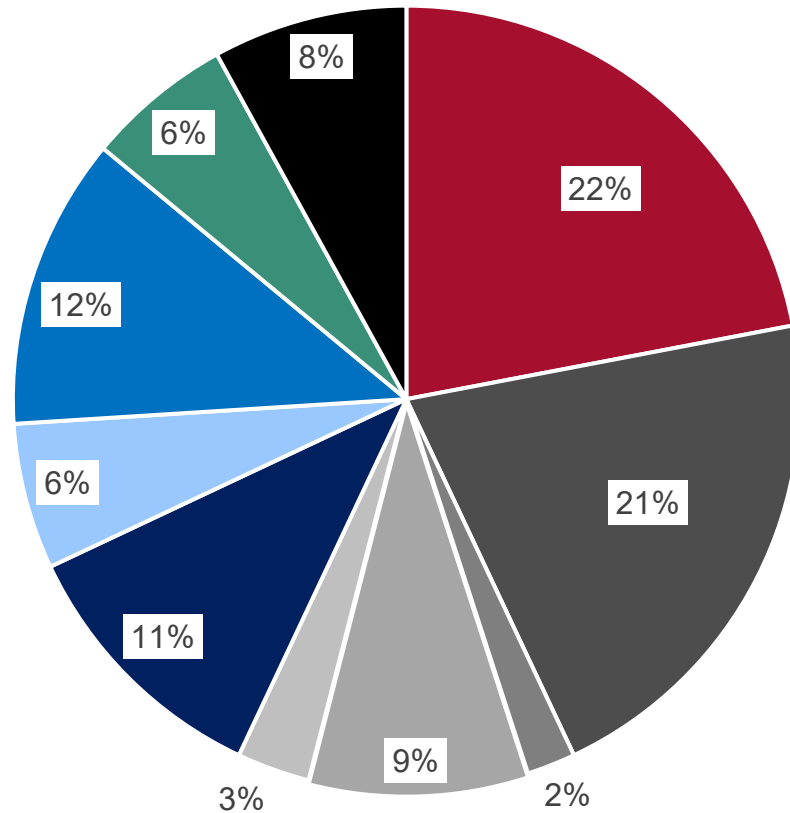
- Salaries and Benefits
- Financial Aid
- Services, Suppliers, and Utilities
- Depreciation



FY24 Results – Operating Expenses



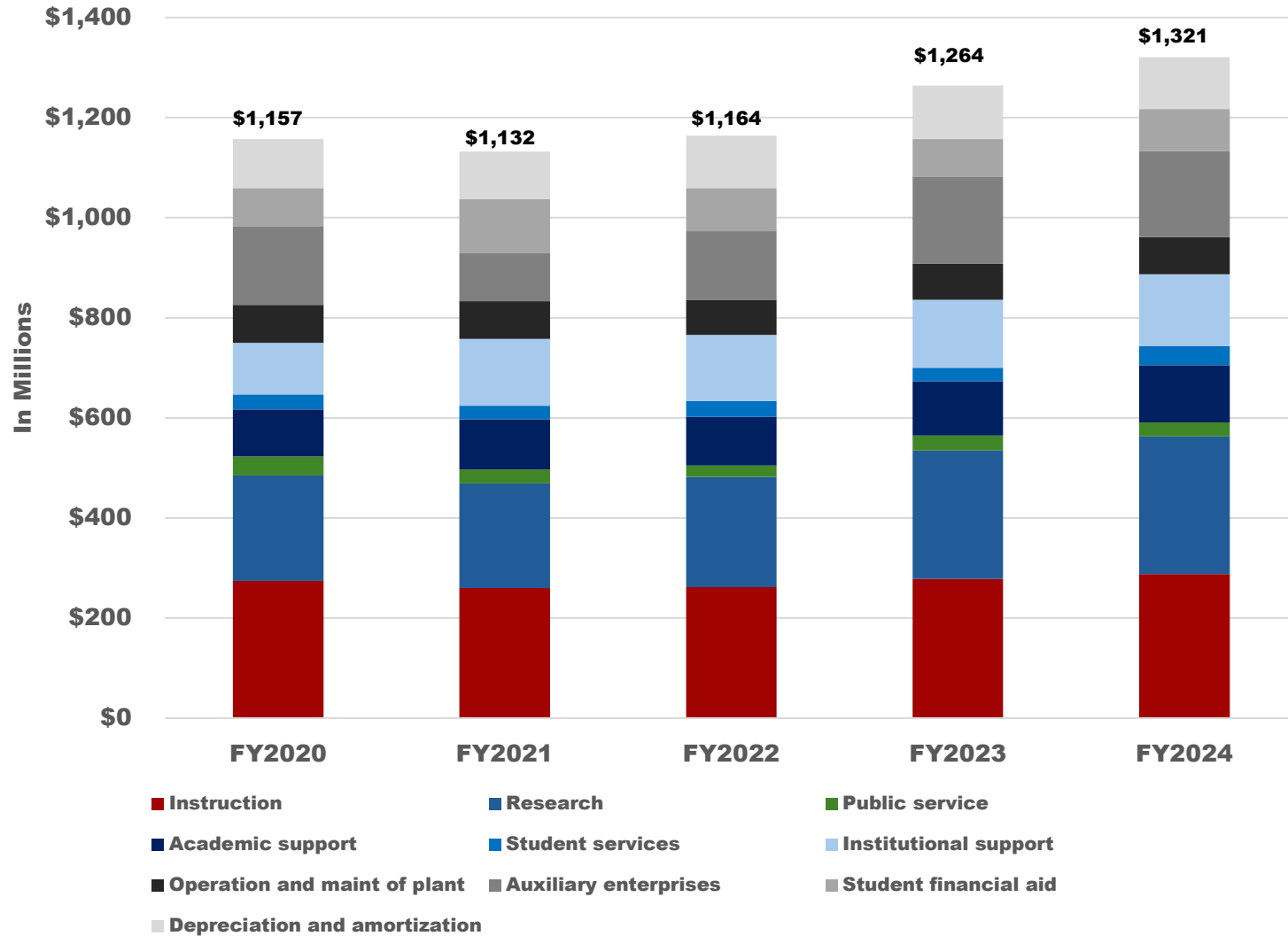
FY24 Results – Functional Expenses (in millions)



Instruction	\$288
Research	\$275
Public Service	\$28
Academic Support	\$114
Student Services	\$38
Institutional Support	\$144
Operation and Maint of Plant	\$74
Auxiliary Enterprises	\$172
Student Financial Aid	\$84
Depreciation	\$104
Total Expenses	\$1,321



FY24 Results – Expenses by Functional Class – Financial Statements





FY24 Financial Takeaways

Strengths:

- Operating revenues increased by 2%.
- State funding support remained strong with 9% growth.

Challenges:

- Operating expenses outpaced the increase in operating revenues and state appropriations.
- State appropriations target specific new activities or purposes and much of the revenue growth is in designated funds that cannot be used for general university operations
- Tuition revenue continues to decline with enrollment.

All combined, growing costs and declining undesignated revenue sources continue to create the budgetary pressures underlying budget reductions put in place for FY25. These factors, combined with declining state revenue forecasts are creating additional pressures on FY26.

The impact of changes in pension and OPEB significantly impacts financial performance.



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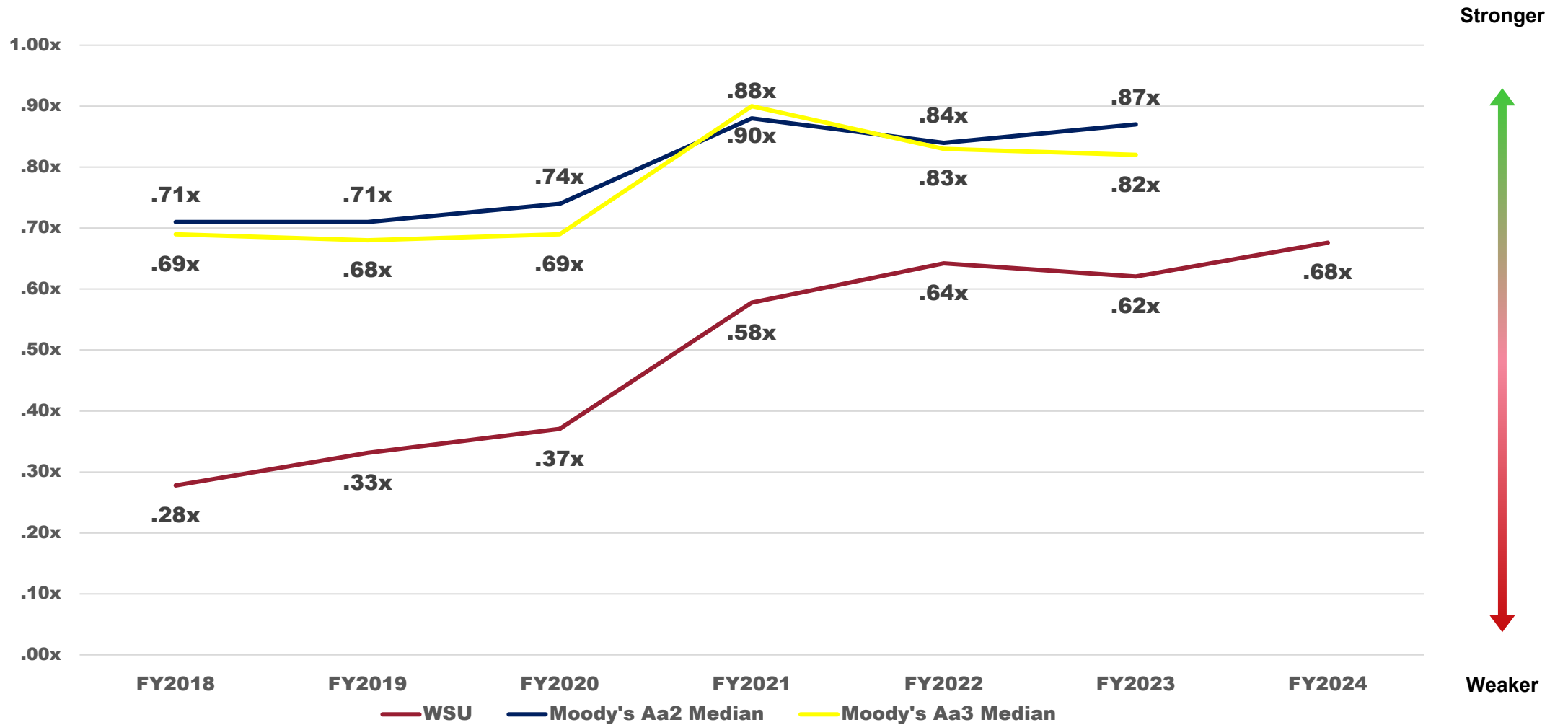
Key Trends, Financial Highlights & Benchmarking

Sources: WSU Financial Statements, Moody's MFRA & Medians Report (as of June 6, 2024)

- (1) Moody's Aa2 & Aa3 median data from "Medians – Public universities' operating performance softens as pandemic aid ends", June 6, 2024
- (2) WSU FY 2018-23 data is from audited financial statements and Moody's MFRA Database, which may not include any accounting changes or restatements
- (3) FY 2024 includes preliminary calculations based on unaudited WSU financial statements
- (4) Includes CFI ratios , data sourced form WSU Finance and Administration

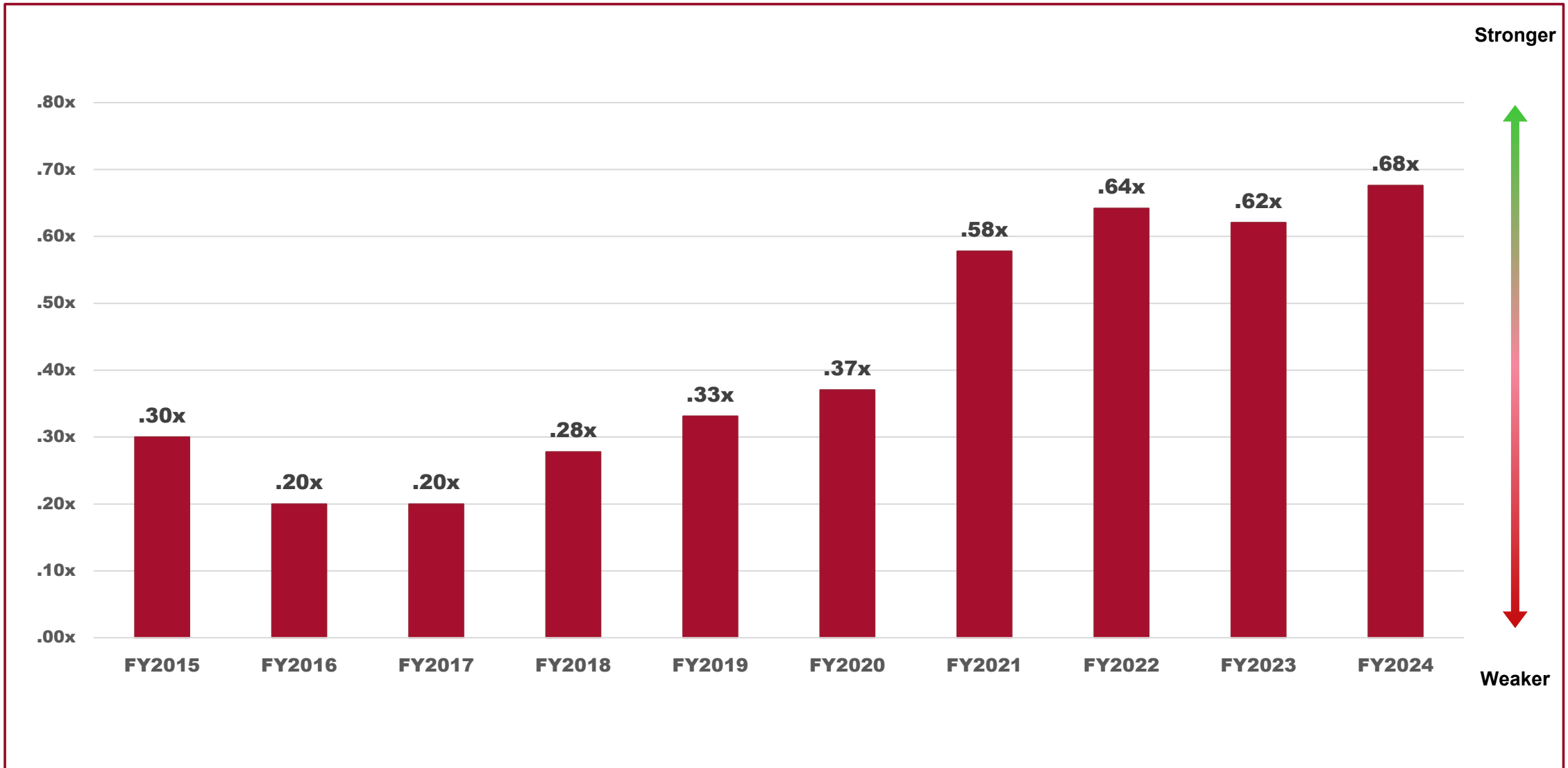
Key Trends and Highlights – Reserves and Liquidity

Spendable Cash & Investments to Operating Expenses (Moody's)



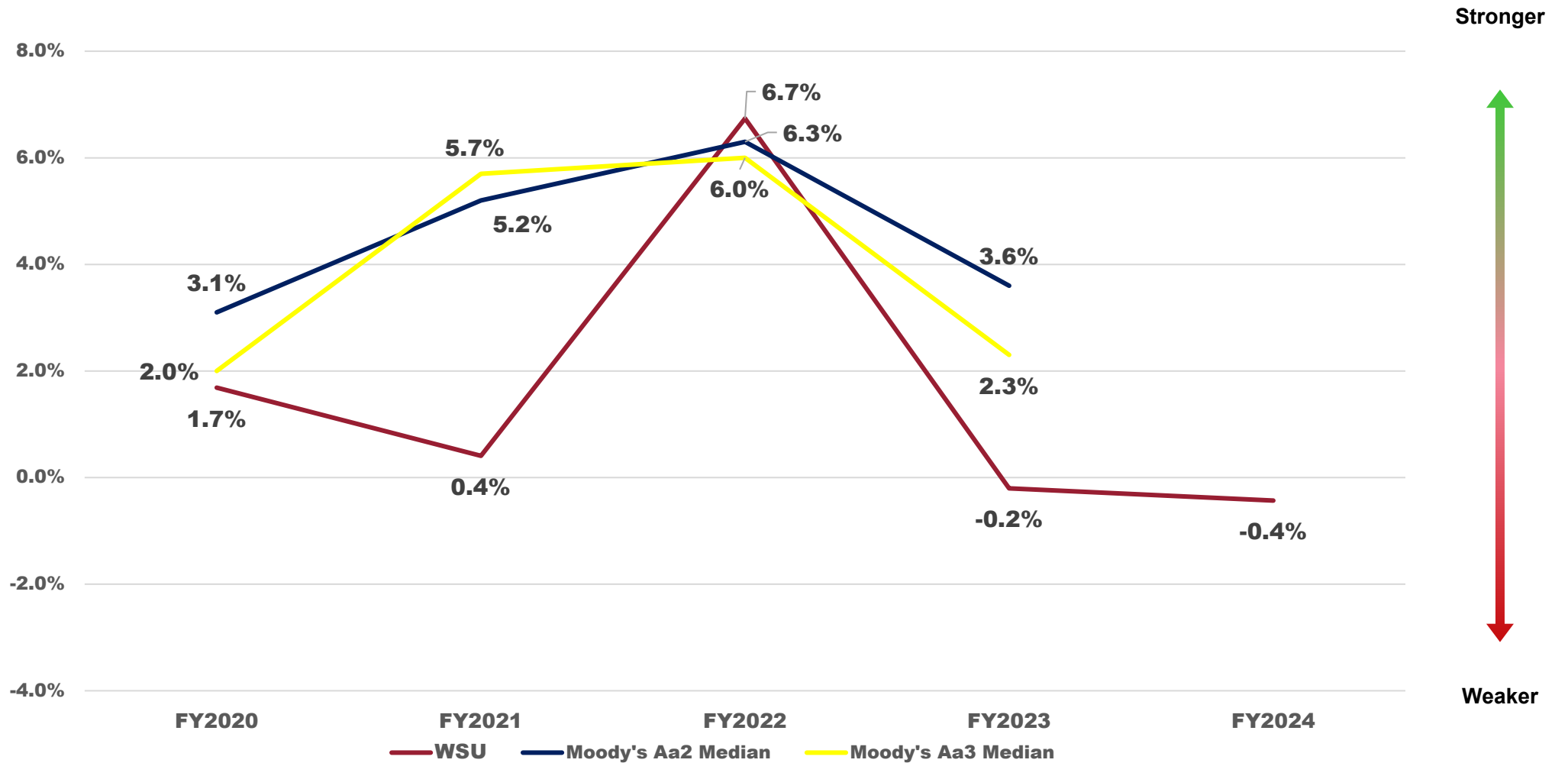
Key Trends and Highlights – Reserves and Liquidity

**Spendable Cash & Investments to Operating Expenses (Moody's)
10 Year Trend (FY2015-FY2024)**



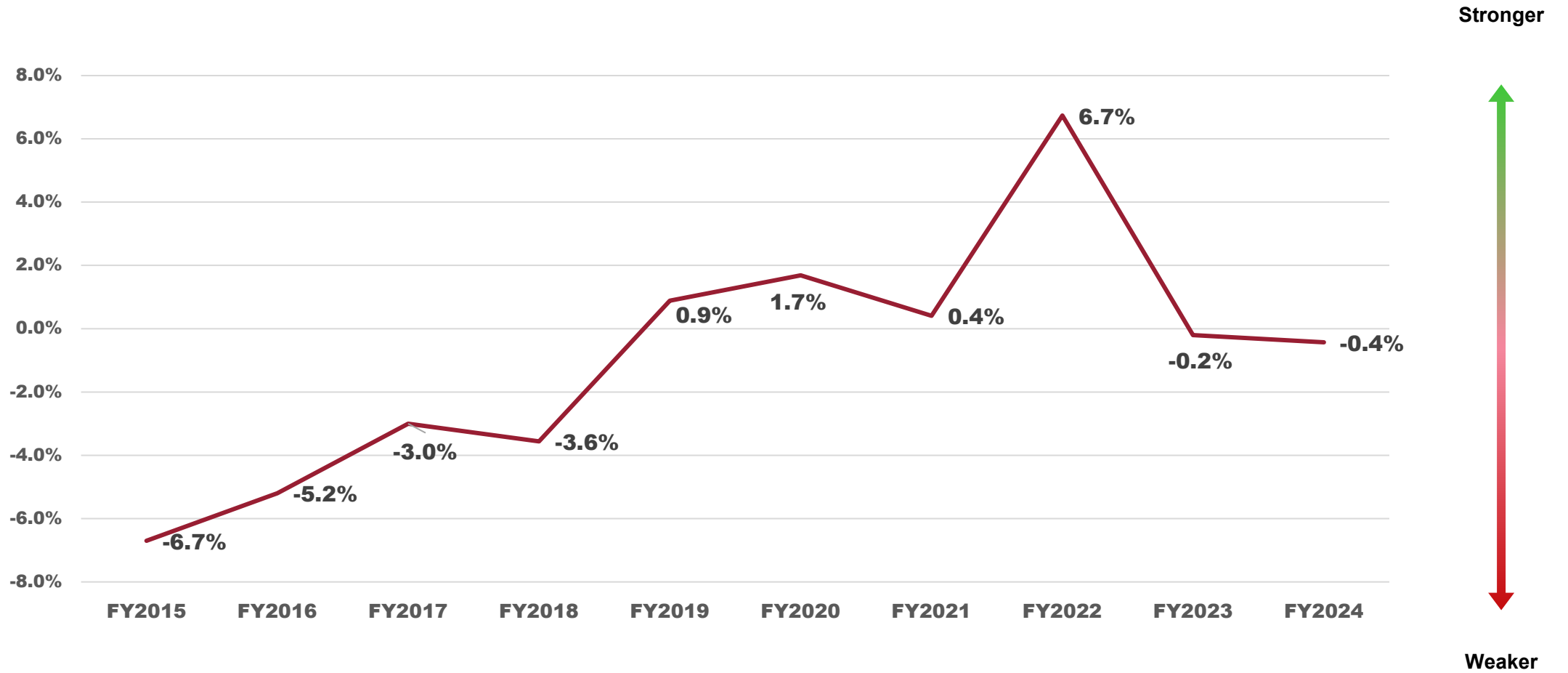
Key Trends and Highlights – Operating Performance

Operating Margin (Moody's)



Key Trends and Highlights – Operating Performance

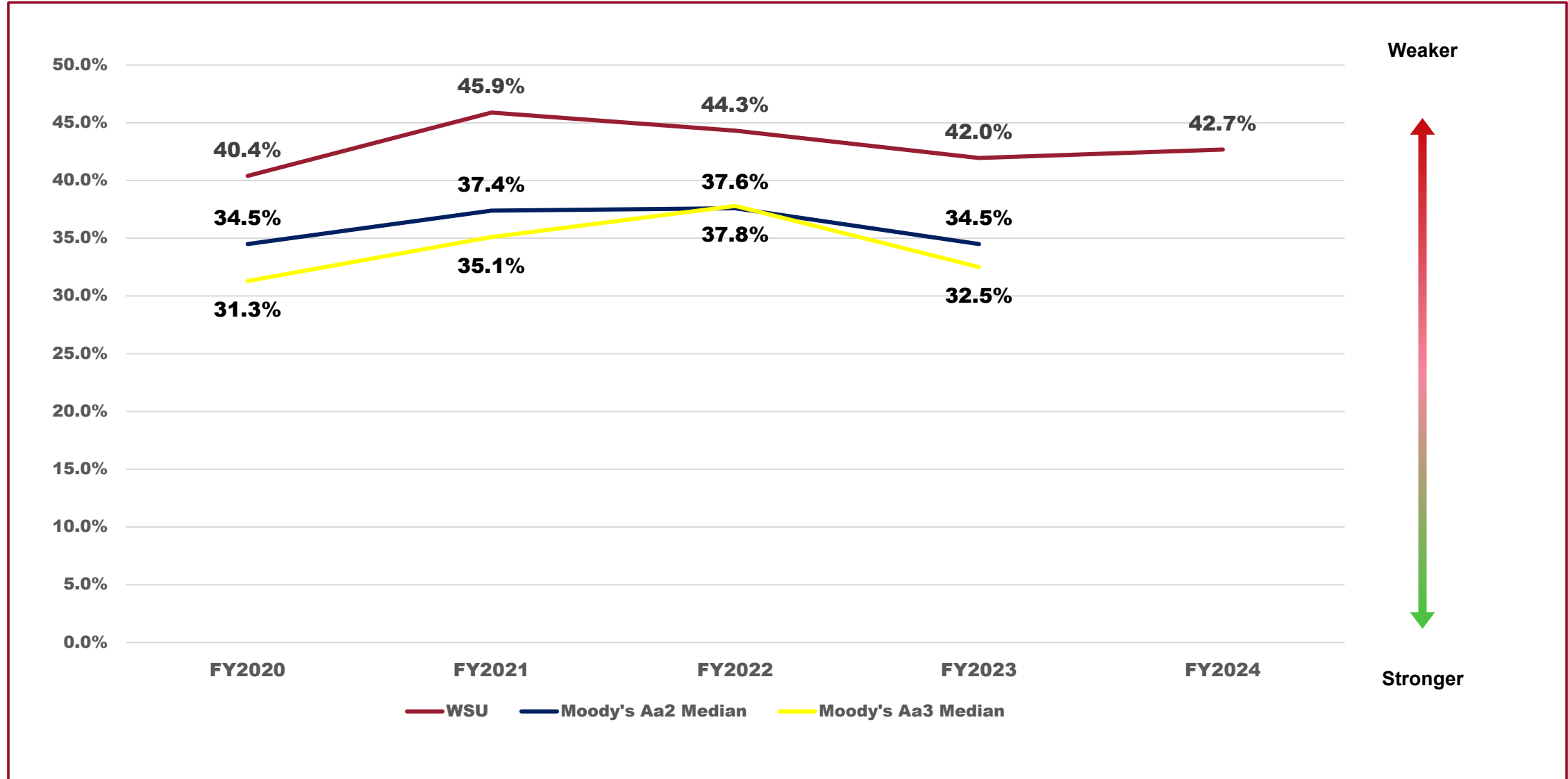
Operating Margin (Moody's) 10 Year Trend (FY2015-FY2024)





Key Trends and Highlights – Operating Performance

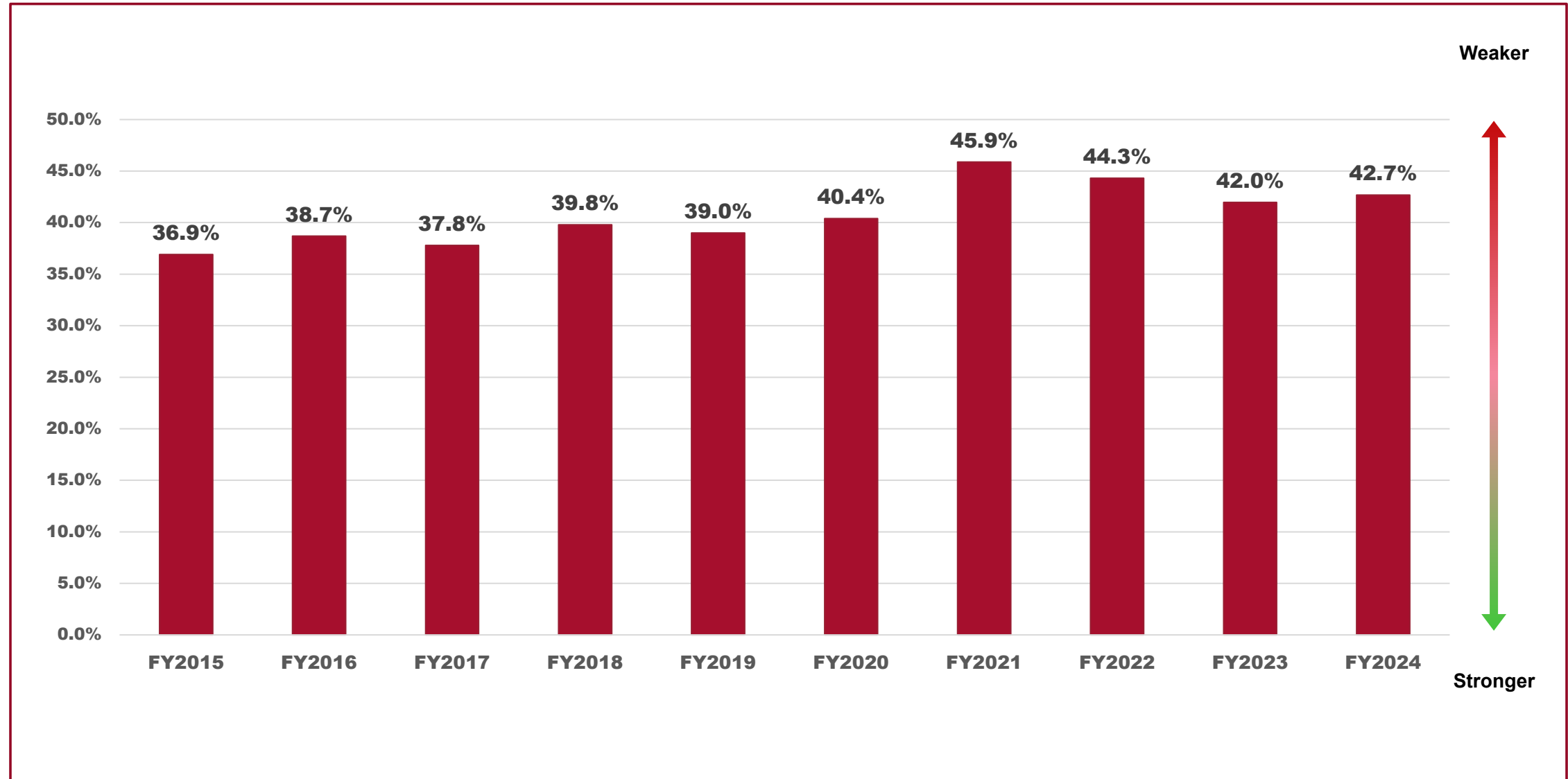
Total Tuition Discount (Moody's)





Key Trends and Highlights – Operating Performance

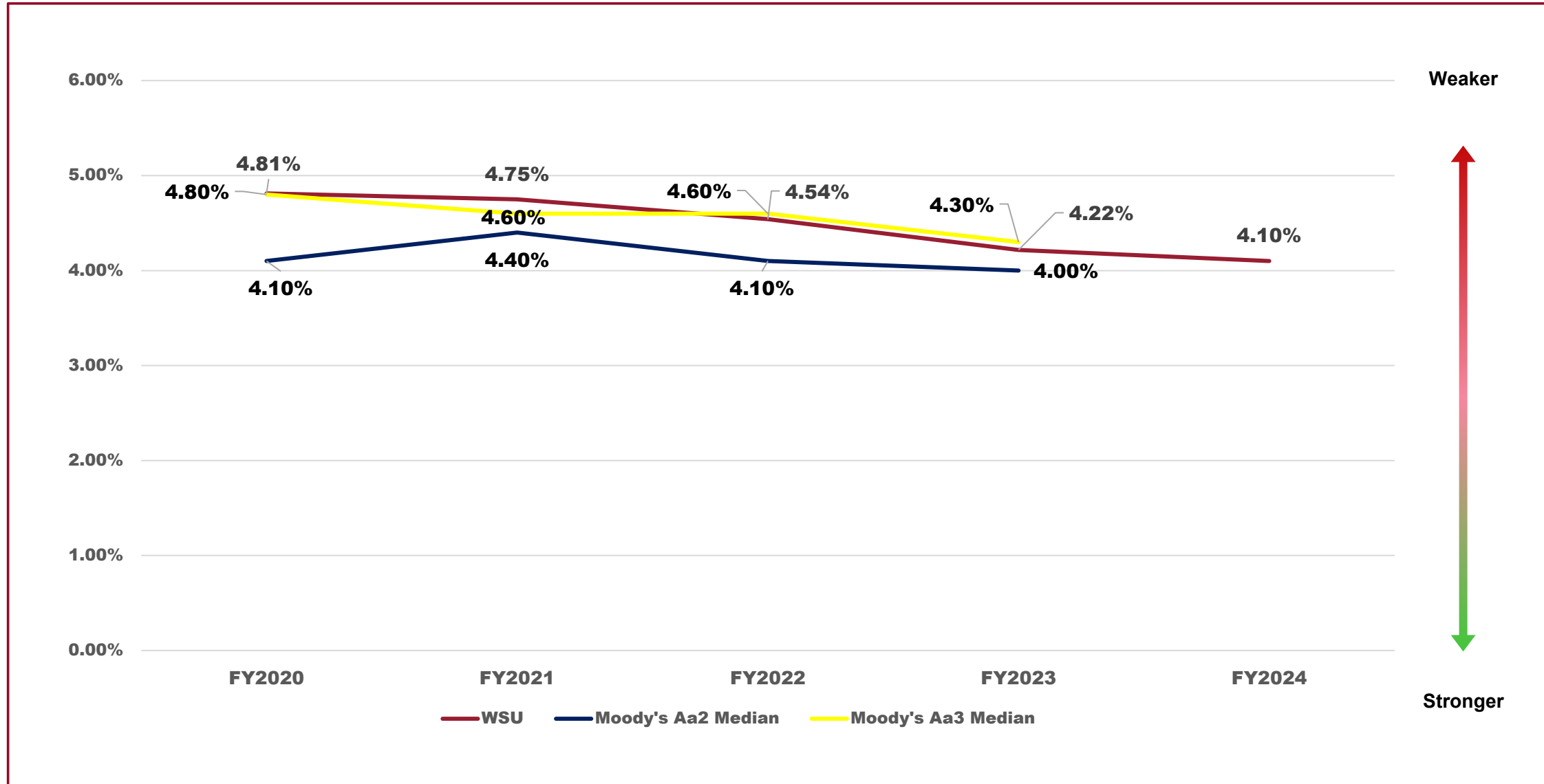
Total Tuition Discount (Moody's) 10 Year Trend (FY2015-FY2024)





Key Trends and Highlights – Debt Affordability

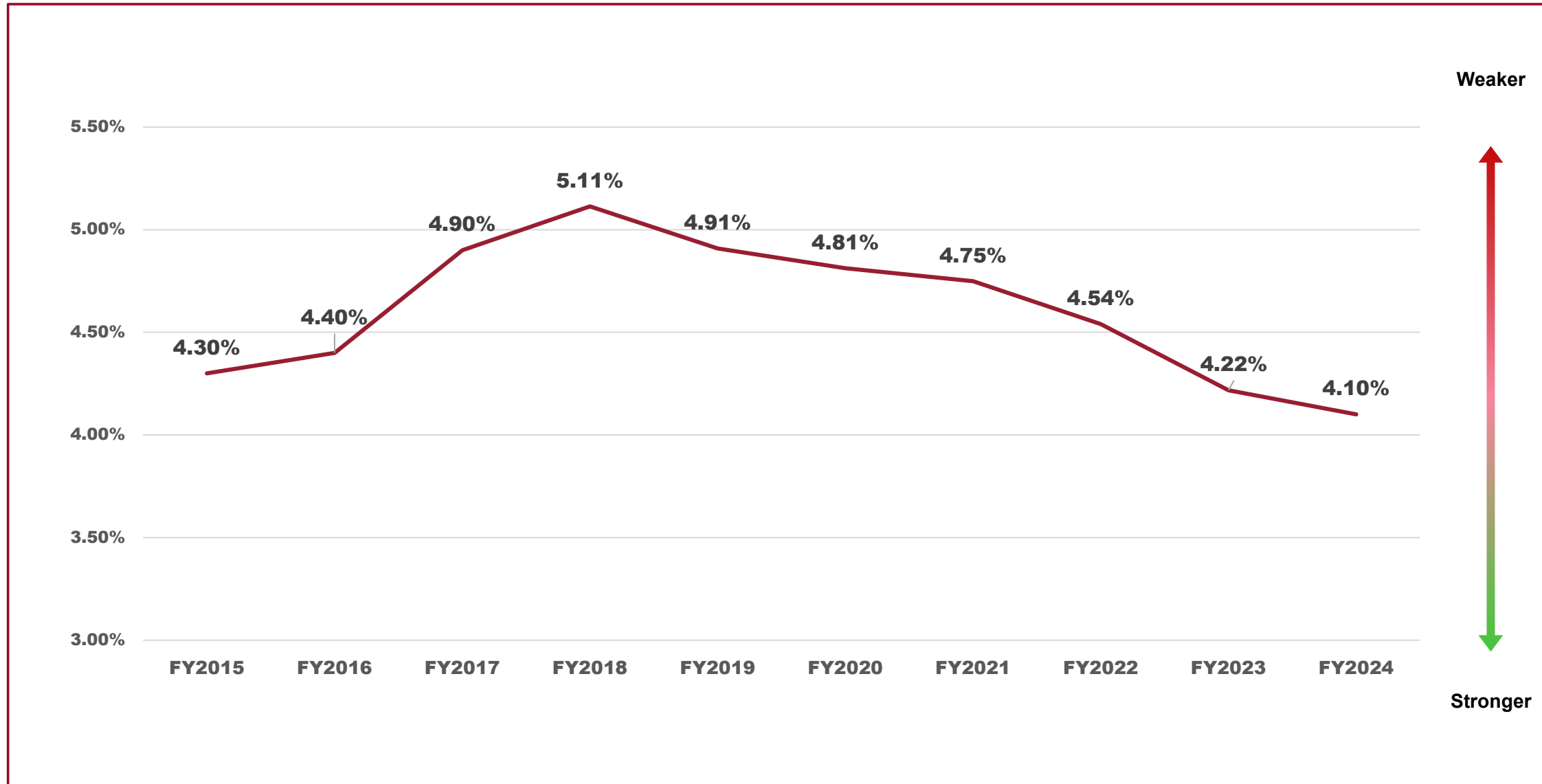
Debt Burden Ratio (Moody's)





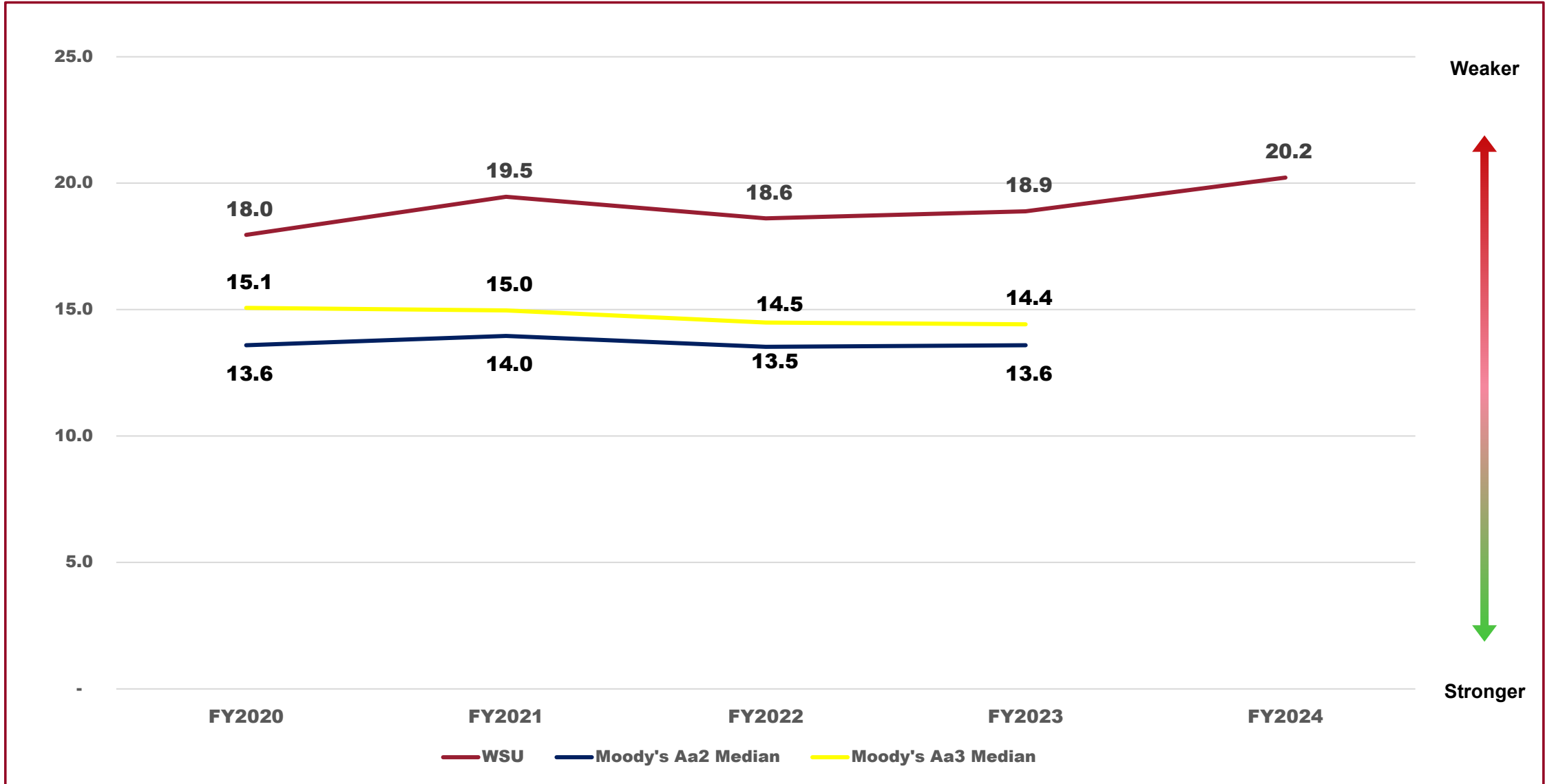
Key Trends and Highlights – Debt Affordability

Debt Burden Ratio (Moody's) 10 Year Trend (FY2015-FY2024)



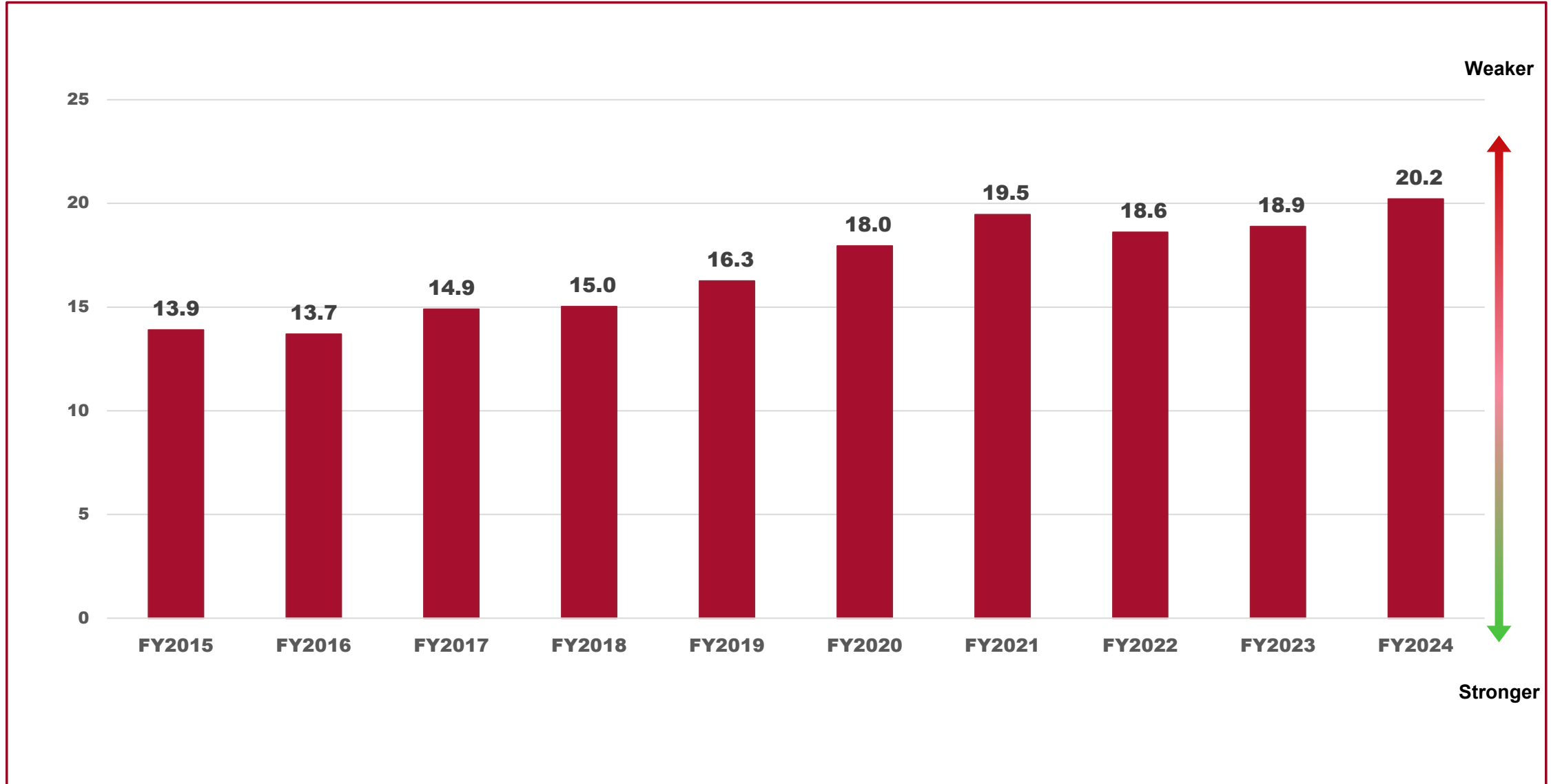
Key Trends and Highlights – Facilities & Infrastructure

Age of Plant (Years) (Moody's)



Key Trends and Highlights – Facilities & Infrastructure

**Age of Plant (Years) (Moody's)
10 Year Trend (FY2015-FY2024)**





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FY24 Debt Profile & Bond Rating Update



Debt Policy Governing Principles (BOR Policy #5)



- BOR Policy #5 requires an annual debt report to include overall debt status and outlook.
- Debt is not issued without prior approval of the Regents.
- The University will comply with all applicable laws, regulations, and bond covenants.
- Debt is a limited resource that will be used to fund only capital projects that are consistent with the University's mission, strategic priorities, and capital plan.
- The maturity and term of debt repayment will be determined on the basis of: expected availability of resources; other long-term goals and obligations of the borrowing unit and the University; useful life of the assets being financed; and market conditions at the time of financing.



Debt Activities During Fiscal Year 2024



- The University completed two current refunding transactions in fiscal year 2024.
- **General Revenue Refunding Bonds 2023** was issued September 2023 to partially refund General Revenue Bonds 2013 at a par value of \$20.28 million and true interest cost of 3.42%. The refunding resulted in **\$1.37 million or 5.97% net present value savings**.
- **General Revenue Refunding Bonds 2024** was issued June 2024 to fully refund General Revenue Bonds 2014 at a par value of \$12.61 million and true interest cost of 3.84%. The refunding resulted in **\$1.00 million or 7.51% net present value savings**.



Subsequent Debt Activity Following Fiscal Year 2024



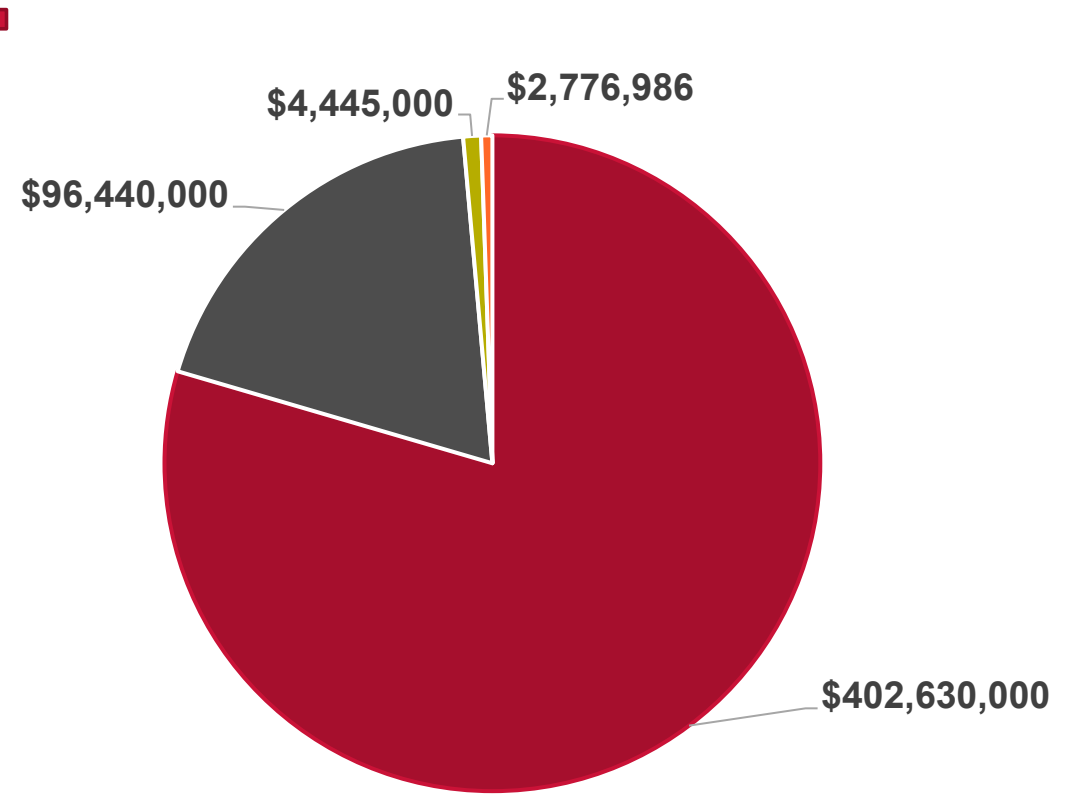
- The University priced **General Revenue Refunding Bonds 2025 (Delayed Delivery)** in October 2024 with final settlement in January 2025.
- The refunding bonds defeased General Revenue Bonds 2015 at a par value of \$106.24 million and true interest cost of 3.39%. Net present **value savings totaled \$12.73 million or 10.97%**.
- WSU Treasury Services solicited proposals to refresh the University's underwriter pool.
 - Bank of America, Barclays, Ramirez & Co, Stifel, and Wells Fargo were selected to serve in the underwriter pool
 - Barclays served as Senior Manager with Co-Managers Ramirez & Co. and Wells Fargo on the 2025 refunding series



Current Bond Debt Profile

(As of June 30, 2024)

- \$506 million in outstanding principal as of June 30, 2024.
- WSU will pay off approximately 61% of outstanding debt principal in the next 10 years (2024-2033).



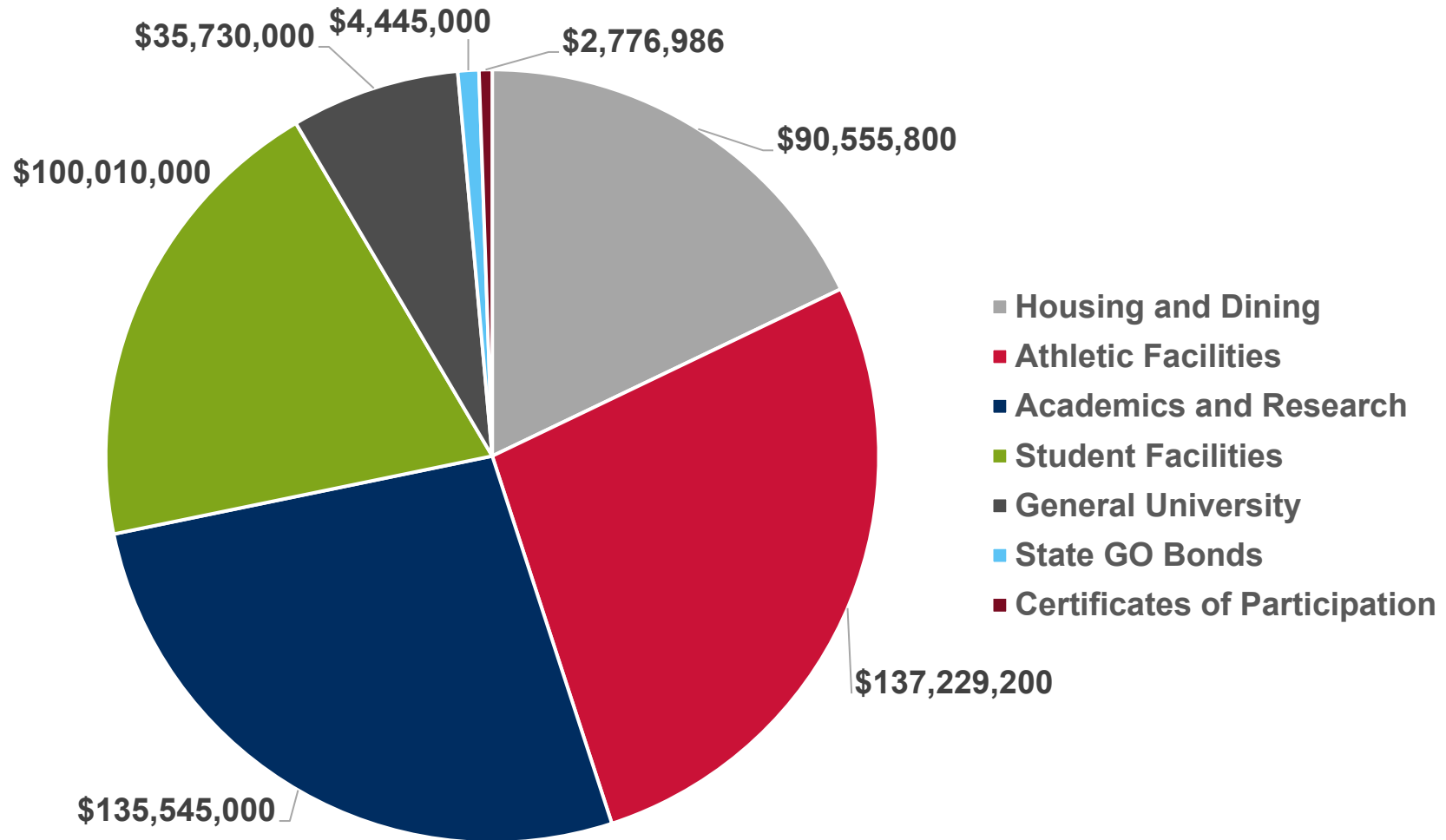
■ General Revenue Bonds
 ■ Auxiliary Revenue Bonds
■ State-Issued Reimbursable Bonds
 ■ Certificates of Participation





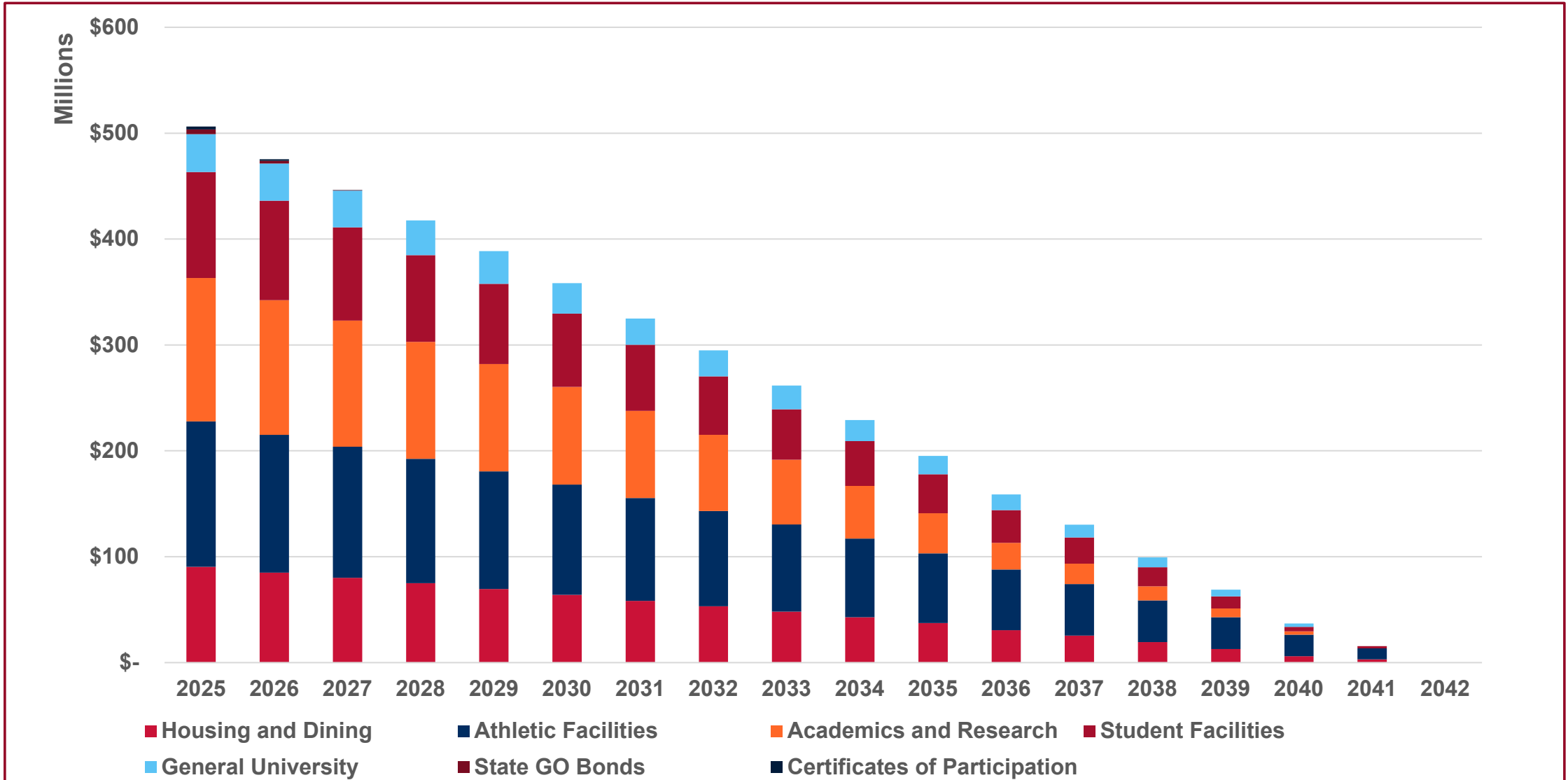
Outstanding Principal By Use

(As of June 30, 2024)





Outstanding Principal By Use





Recent Rating Activities

- WSU utilizes both Moody's Investors Service and S&P Global for bond rating services.
- On September 23, 2024 Moody's assigned a rating of Aa3 (stable) for the University's General Revenue Refunding Bonds, 2025 (Delayed Delivery).
- On September 26, 2024 S&P Global assigned a rating of A+ to the University's General Revenue Refunding Bonds, 2025 (Delayed Delivery).

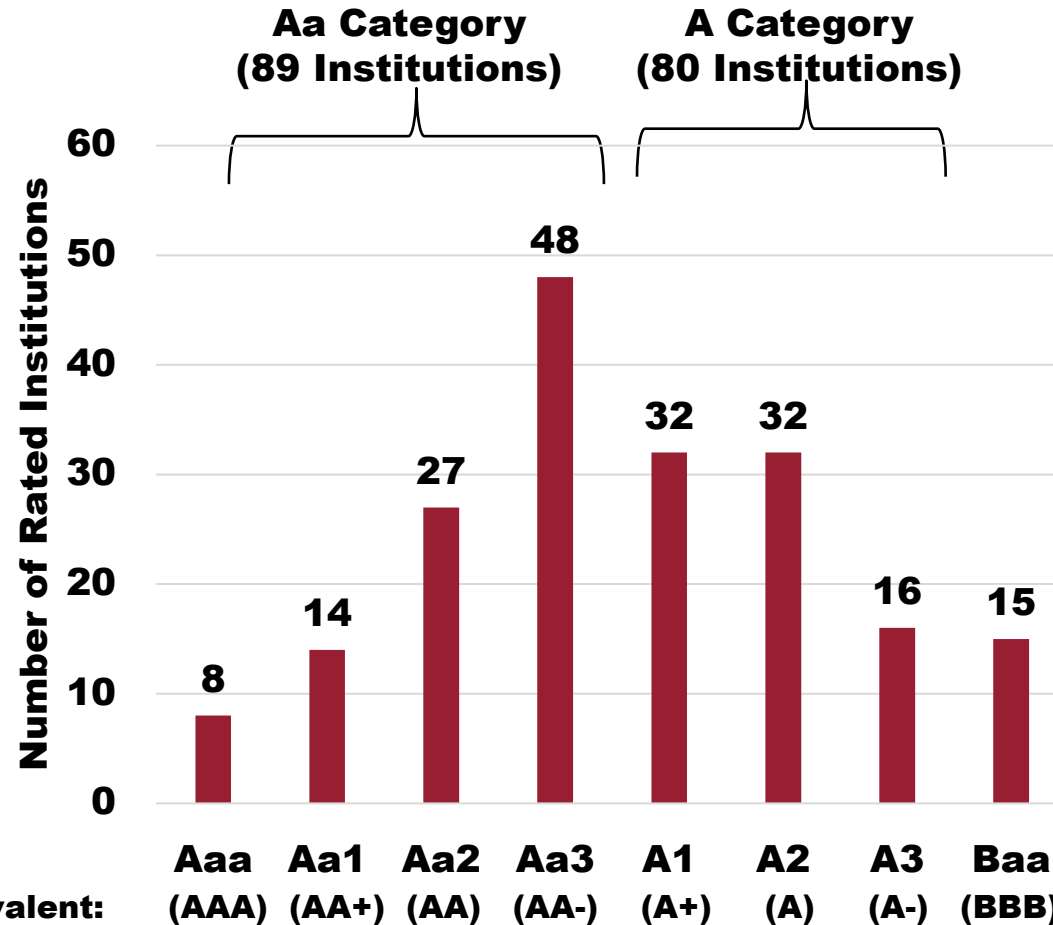


Moody's Rating Distribution of Public Higher Education Institutions

Moody's	S&P
Aaa	AAA
Aa1	AA+
Aa2	AA
Aa3 	AA-
A1	A+ 
A2	A
A3	A-
Baa	BBB

Both Moody's and S&P's WSU ratings carry a stable outlook

S&P Equivalent:



Debt Report Takeaways

- WSU achieved over \$15 million in debt service savings over the three recent refunding transactions.
- Recent credit agency reviews affirmed WSU's bond ratings with a stable outlook.
- Any consideration of new debt must have a new and sustainable revenue stream to support repayment.





Appendix



Peers and Benchmarking Groups



Benchmark Group – Moody's

Aa2 Category Comprehensive Public University

Arizona State University

Auburn University

California State University

City University of New York

Clemson University

Florida State University

Iowa State University of Science and Technology

Michigan State University

Mississippi Institutions of Higher Learning

Nevada System of Higher Education

State University System of Florida

Texas State University System

University of Alabama at Birmingham

University of Alabama

University of Arizona

University of Arkansas

University of California

University of Florida

University of Houston System

University of Illinois

University of Kansas

University of Kentucky

University of Massachusetts

University of North Texas System

University of South Carolina



Benchmark Group – Moody's

Aa3 Category Comprehensive Public University

Board of Regents of The University System of Georgia

Colorado State University

East Carolina University

Florida International University

Georgia Institute of Technology

Georgia State University

Kansas State University

Kent State University

Montana State University

Ohio University

Oregon State University

Rutgers, the State University of New Jersey

South Dakota Board of Regents

State System of Higher Education, PA

State University of New York

Temple University

University of Central Florida

University of Cincinnati

University of Connecticut

University of Georgia

University of Hawaii

University of Montana

University of New Mexico

University of North Carolina at Charlotte

University of North Dakota

University of South Florida

University of Vermont & State Agricultural College

University System of New Hampshire

Virginia Commonwealth University & Health System

Washington State University

Wayne State University

West Virginia Higher Education Policy Commission

West Virginia University

