



HLC Accreditation 2016-2017

## **Evidence Document**

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Wichita State University

Administration and Finance

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### **Annual Financial Report: FY 2007**

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**Additional information:**



# **Wichita State University**

**Annual Financial Report**  
for the Fiscal Year Ended June 30, 2007

**Prepared in Accordance with  
Government Accounting Standards  
Board (GASB) Principles**

**Wichita State University  
Fiscal Year 2007 Annual GASB Financial Report**

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**Wichita State University**  
**Fiscal Year 2007 Annual GASB Financial Report**  
**Kansas Board of Regents and University Officers**

**Kansas Board of Regents**

Nelson D. Galle, Chairperson  
Christine Downey-Schmidt, Vice Chairperson  
Richard Bond  
Janice B. DeBauge  
Frank D. Gaines  
James R. Grier, III  
Dan Lykins  
Janie Perkins  
Donna Shank

**University Officers**

**Officers Reporting**

Roger D. Lowe, Vice President for Administration and Finance  
Mary L. Herrin, Associate Vice President for Administration and Finance  
Steven D. LaFever, Controller

**Executive Administration**

Donald L. Beggs, President  
Roger D. Lowe, Vice President for Administration and Finance  
Ted D. Ayres, Vice President and General Counsel  
Ronald R. Kopita, Vice President for Campus Life and University Relations  
Gary L. Miller, Provost and Vice President for Academic Affairs and Research

# **Fiscal Year 2007 Financial Information**

**Prepared in Accordance with Government Accounting Standards Board**

**(GASB) Principles, with exceptions as noted**

# **Management's Discussion and Analysis**

**Wichita State University**  
**Fiscal Year 2007 Annual GASB Financial Report**

**Management's Discussion and Analysis**

The following Management's Discussion and Analysis (MDA) provides an overview of the financial performance of Wichita State University (University) based on currently known facts, decisions and conditions. It is designed to assist readers in understanding the accompanying financial statements. These financial statements are prepared in accordance with Government Accounting Standards Board (GASB) principles, with one exception. Due to the privacy of the Wichita State University Foundation, management elected to exclude a major component unit, Wichita State University Foundation, from these financial statements, and footnotes. **GASB Statement No. 39, Determining Whether Certain Organizations are Component Units**, requires the inclusion of this entity.

This MDA discussion should be read in conjunction with the University's financial statements and footnotes which have been prepared by management. The financial statements, footnotes and this discussion are the responsibility of management.

**USING THE FINANCIAL STATEMENTS**

This report consists of the three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. The notes to the financial statements present additional information to support the financial statements. Their purpose is to clarify and expand on the information in the financial statements. The University implemented **GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis for Public Colleges and Universities and GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units** during fiscal year 2004. These new standards changed the focus of our financial statements to a comprehensive one-look at the University as a whole as opposed to the traditional presentation of fund groups. Other significant changes to the financial statements included:

- GASB Statement No. 35 categorizes the Statement of Net Assets into a classified format of current and non-current. The Statement of Revenues, Expenses and Changes in Net Assets categorizes revenues and expenses into operating and non-operating. Significant recurring sources of revenue are now shown as non-operating, including state appropriations and investment income. This represented 42.50% of the total University revenue for 2007. Public universities depend heavily on these revenues to fund their programs and services. As a result, the University will normally report a loss from operating activities.
- Student tuition and fees are now reported net of scholarships funded by Federal and State grants as well as University's resources. Prior to 2004, all scholarships were reported as scholarship expenses.
- GASB Statement No. 35 requires the University to report accumulated depreciation on its capital assets.

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- GASB Statement No. 39 requires the University to discretely display in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets, the data for component units. The three component units are: Wichita State University Intercollegiate Athletic Association, Inc., Wichita State University Union Corporation d/b/a Rhatigan Student Center, and Wichita State University Board of Trustees. As noted earlier, management has elected to exclude the Wichita State University Foundation.

**STATEMENT OF NET ASSETS**

The Statement of Net Assets presents the assets, liabilities, and net assets of the University at a point in time (at the end of the fiscal year). Its purpose is to present a financial snapshot of the University. The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector enterprises. Under the accrual basis of accounting all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Within the Statement of Net Assets, assets and liabilities are further classified as current or non-current. The current classification distinguishes those assets that are highly liquid and available for immediate and unrestricted use by the University, and those liabilities likely to be settled in the next twelve months.

Net Assets are divided into three categories:

1. Invested in Capital Assets, Net of Related Debt indicates the University's equity in property, plant and equipment owned by the University.
2. Restricted Net Assets are further divided into two subcategories, non-expendable and expendable. The corpus of non-expendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.
3. Unrestricted Net Assets are available to the University for any lawful purpose of the institution.

Total assets at June 30, 2007 were \$237.7 million, an increase of \$19.2 million (8.79%) over June 30, 2006. Capital net assets comprised 72% or \$170.8 million of the assets.

Total liabilities were \$74.9 million at June 30, 2007, an increase of \$12.8 million (20.61%). This is compared to \$62.1 million total liabilities at June 30, 2006. Long-term liabilities comprised 56.79%, or \$42.6 million of the liabilities.

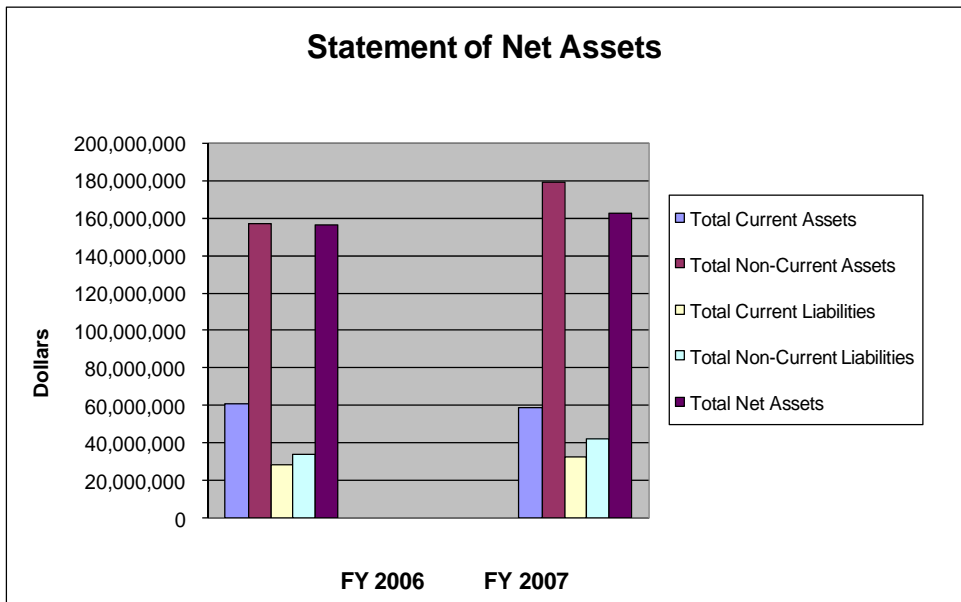


**Wichita State University  
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**Management's Discussion and Analysis**

Total net assets at June 30, 2007 were \$162.8 million, a \$6.4 million increase over the prior year, or a 4.1% increase in net assets. The summary of net assets is shown below:

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Capital Assets, Net of Related Debt	\$ 125,020,157	\$ 113,264,527
Restricted Net Assets	21,879,712	30,103,995
Unrestricted Net Assets	<u>15,884,761</u>	<u>13,015,353</u>
<b>Total Net Assets</b>	<b><u>\$ 162,784,630</u></b>	<b><u>\$ 156,383,875</u></b>



**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

The Statement of Revenues, Expenses and Changes in Net Assets presents the total revenues earned and expenses incurred by the University for operating, non-operating and other related activities during a period of time. Its purpose is to assess the University's operating results.

**Wichita State University**  
**Fiscal Year 2007 Annual GASB Financial Report**

**Management's Discussion and Analysis**

**REVENUES**

Total operating revenues at the University as of June 30, 2007, increased by \$11.66 million or 11.34% over the previous year. The following is a brief summary of the significant changes:

- Tuition and fee revenues, after scholarship allowances, were \$46 million in FY 2007 compared to \$41.6 million in FY 2006. This increase is a direct result of a tuition increase approved by the Kansas Board of Regents for FY 2007, and an increase of 222 students enrolling in 2,440 additional credit hours. International student enrollment increased by 51 students with an additional 662 credit hours. These funds provided additional resources to the University to improve or enhance student education. The increase was used for specific expenses including faculty and staff salary increases, instructional and technological upgrades and scholarships.
- Grants and contracts (federal, state, local and non-governmental) increased \$6.3 million over the previous fiscal year. This category of revenue includes funds received from the federal government for financial aid as well as other sponsored research revenue. However, with this increase in grants and contracts revenue, the revenue from the University's facilities and administrative overhead reimbursement decreased \$596 thousand from the prior fiscal year.
- Sales and services of educational activities increased \$743 thousand from the previous fiscal year. These revenues are generated by activities that are related incidentally or exist primarily to afford hands-on experience in providing instruction, research and public service.
- Auxiliary enterprises increased \$444 thousand from the previous fiscal year. Auxiliary Enterprises is comprised of housing and parking activities.

Total non-operating revenues increased \$2.5 million over the prior fiscal year from \$82.1 million to \$84.6 million. The following is a brief summary of the significant changes:

- State appropriations, the largest single source of revenue at the University, increased by 1.96% or \$1.38 million. State appropriations for FY 2007 were \$71.74 million and \$70.36 million for FY 2006. Non-capital state appropriations represent 34% of the FY 2007 funding.
- Gifts for scholarships, research and faculty support increased by 1.02% or \$1.02 million. These gifts were \$11.02 million for FY 2007 and \$10 million for FY 2006.
- Investment income results were from short term investing of funds from tuition and fees, and bond funds held in reserve accounts or awaiting project completion. Investment income increased in FY 2007 by \$97.1 thousand or 1%. Investment income for FY 2007 was \$1.131 million and was \$1.034 million in FY 2006.

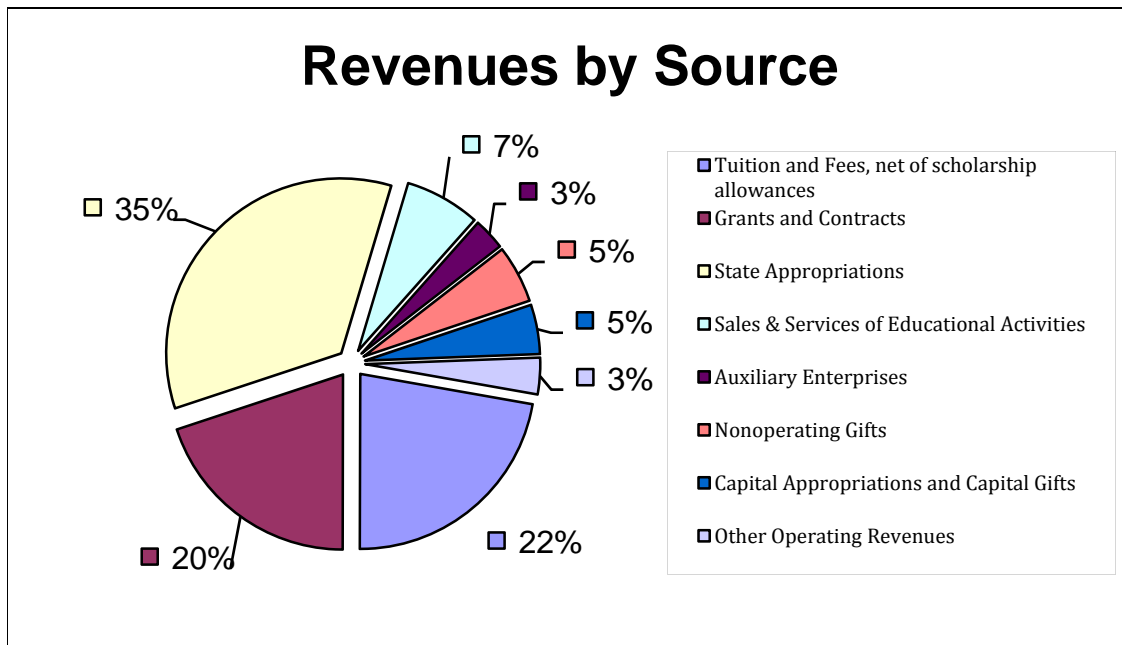
**Wichita State University  
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**Management's Discussion and Analysis**

Other revenues included the following:

- Capital appropriations decreased by \$42.7 thousand. These funds were used for rehabilitation and repair of facilities and bond debt payment. Capital appropriations were \$3.05 million in FY 2007 and \$3.1 million in FY 2006.
- Gifts for capital projects were \$5.65 million in 2007, which were primarily for the Marcus Welcome Center that were received through the Foundation on behalf of the University. None were received in FY 2006.

Sources of total revenues are displayed in the following chart:



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Fiscal Year 2007 Annual GASB Financial Report**

**Management's Discussion and Analysis**

**OPERATING EXPENSES**

Operating expenses were \$199.6 million for FY 2007. This was an increase over the prior year of \$19.5 million, or 10.8%. The following is a brief summary of the significant changes:

- Expenses related to the University's mission of instruction, research and public service increased \$7.8 million or 8.6% in FY 2007. The increase consists of Instruction of 31.15%, Research of 57.85%, and Public Service of 11.00%. This is detailed as follows:

	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Total</u>
<b>Salaries and Wages</b>				
FY 2007	\$ 52,161,579	\$ 14,790,077	\$ 9,617,059	\$ 76,568,714
FY 2006	<u>50,084,608</u>	<u>13,222,816</u>	<u>9,455,501</u>	<u>72,762,925</u>
Increase (Decrease)	<u>\$ 2,076,971</u>	<u>\$ 1,567,261</u>	<u>\$ 161,558</u>	<u>\$ 3,805,789</u>
<b>Contractual and Commodities, other</b>				
FY 2007	\$ 2,946,663	\$ 11,892,091	\$ 5,591,628	\$ 20,430,382
FY 2006	<u>1,489,283</u>	<u>8,060,317</u>	<u>4,950,673</u>	<u>14,500,273</u>
Increase (Decrease)	<u>\$ 1,457,380</u>	<u>\$ 3,831,774</u>	<u>\$ 640,955</u>	<u>\$ 5,930,109</u>
<b>Capital Equipment</b>				
FY 2007	\$ 199,871	\$ 1,445,602	\$ 560,640	\$ 2,206,114
FY 2006	<u>1,300,922</u>	<u>2,325,815</u>	<u>503,393</u>	<u>4,130,130</u>
Increase (Decrease)	<u>\$ (1,101,051)</u>	<u>\$ (880,213)</u>	<u>\$ 57,247</u>	<u>\$ (1,924,016)</u>
<b>Total for FY 2007</b>	<b>\$ 55,308,113</b>	<b>\$ 28,127,770</b>	<b>\$ 15,769,327</b>	<b>\$ 99,205,210</b>
<b>Total for FY 2006</b>	<b><u>52,874,813</u></b>	<b><u>23,608,948</u></b>	<b><u>14,909,567</u></b>	<b><u>91,393,328</u></b>
<b>Increase (Decrease)</b>	<b><u>\$ 2,433,300</u></b>	<b><u>\$ 4,518,822</u></b>	<b><u>\$ 859,760</u></b>	<b><u>\$ 7,811,882</u></b>

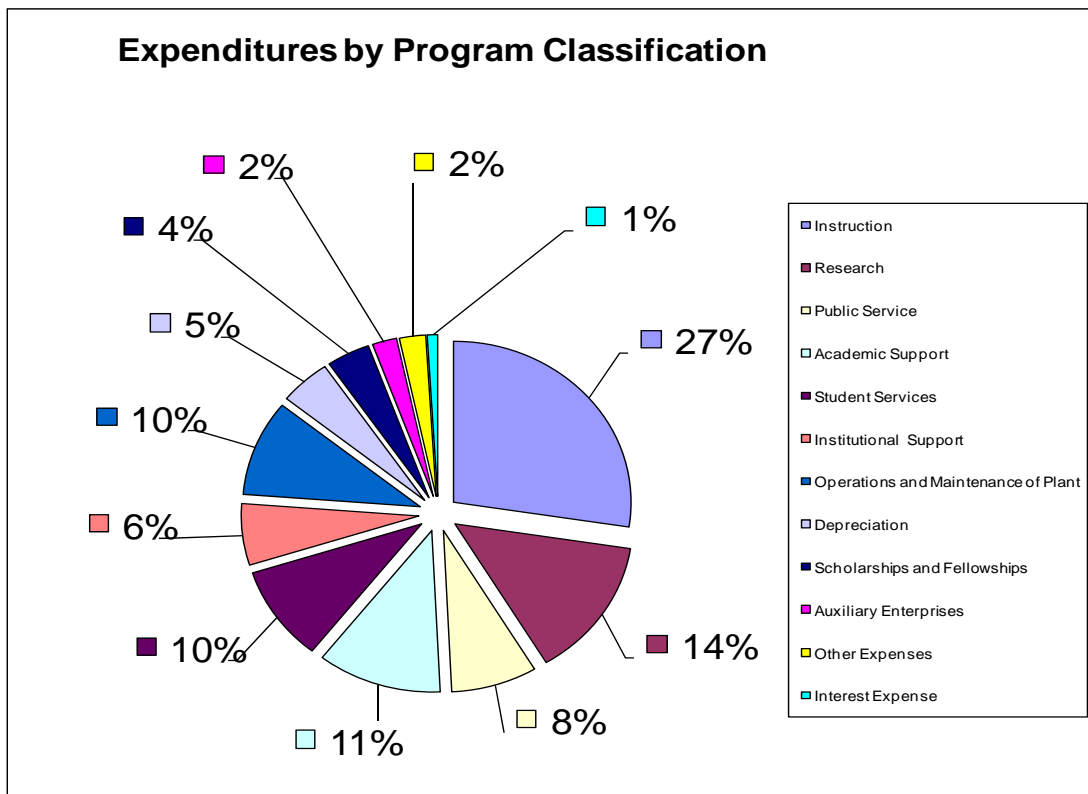
- Academic Support increased by \$1.33 million. This increase is directly related to funding of libraries, administrative support in the College of Health Professions, and support of research administration by the University.
- Student Services increased \$1.13 million. Salaries and benefits increased by \$476 thousand, and capital equipment and technology increased by \$395 thousand. The balance was for increased operating expenses.
- Institutional Support increased by \$528 thousand. Capital equipment and purchases related to the implementation of new technology systems continued to increase by \$499 thousand in FY 2007.
- Operation and Maintenance of Physical Plant increased by \$1.2 million. Utilities decreased by \$254 thousand due to an aggressive energy conservation program. Repair and maintenance projects, salaries and benefits, and equipment purchases account for the increase in this area.
- Scholarships and Fellowships increased from \$3.4 million in FY 2006 to \$7.95 million in FY 2007. This is a \$4.45 million or 134% increase, largely resulting from the difference in accounting for scholarships between the old legacy system and the new SunGard SCT Banner Accounts Receivable module.

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- Auxiliary Enterprises include the routine operating expenses for the housing and parking functions. These expenses increased \$1.10 million in FY 2007 over FY 2006. Food service, utilities, capital equipment replacements and parking lot repairs account for the increased cost.
- Depreciation expense increased from \$8.52 million in FY 2006 to \$9.44 million in FY 2007. This increase of \$921 thousand is a direct result in capitalization of \$25.5 million in new depreciable assets.

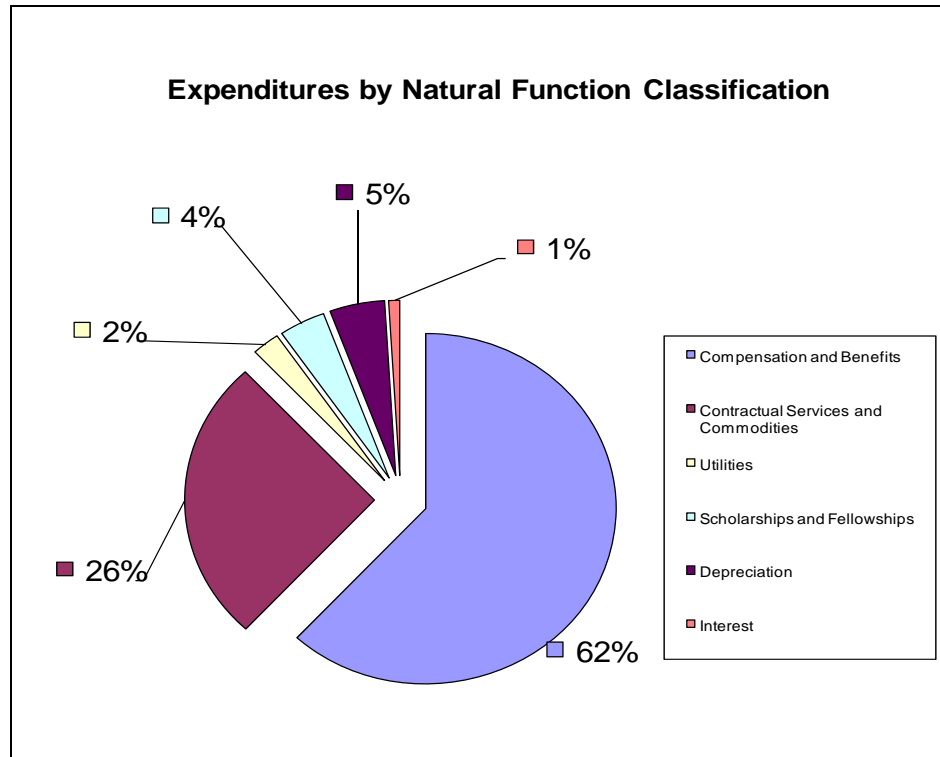
Total expenditures by program, including operating and non-operating, are displayed below:



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**Management's Discussion and Analysis**

Expenditures by natural function classification, including operating and non-operating, are displayed below:



**Extraordinary Items**

The University continues with the implementation of SunGard SCT, an Enterprise Resource Planning software (ERP), over the next year in various modules. The finance module went live on September 1, 2005. The student enrollment and records module went live July 1, 2006, and the human resources and payroll module went live January 1, 2007. The fixed assets with depreciation module also went live in FY 2007. The alumni and workflow modules will be implemented in FY 2008.

**Net Assets**

Net assets increased \$6.4 million in FY 2007 compared to FY 2006. This increase in net assets can be attributed to net capitalization of new assets, new construction spending, and a loan equity increase. The unrestricted net assets balance increased \$2.9 million, the result of an increase in non-operating revenues of \$2.5 million. New gifts for capital projects of \$5.65 million were received in FY 2007.

**Wichita State University  
Fiscal Year 2007 Annual GASB Financial Report**

**Management's Discussion and Analysis**

**STATEMENT OF CASH FLOWS**

The Statement of Cash Flows presents cash receipts and payments of the University during a period of time. Its purpose is to assess the University's ability to generate future new cash flows and meet its obligations as they come due.

**SUMMARY OF THE STATEMENT OF CASH FLOWS**

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Net Cash Provided (used by):		
Operating Activities	\$ (69,640,554)	\$ (77,159,762)
Non-capital Financing Activities	82,781,562	81,158,467
Capital and Related Financing/Appropriations	(14,390,601)	(19,351,576)
Investing Activities	18,663,414	6,412,437
Net Increase (Decrease) in Cash	<u>\$ 17,413,821</u>	<u>\$ (8,940,434)</u>
Beginning Cash and Cash Equivalent Balances	<u>28,593,462</u>	<u>37,533,896</u>
<b>Ending Cash and Cash Equivalent Balances</b>	<u>\$ 46,007,282</u>	<u>\$ 28,593,462</u>

Cash provided by operating activities includes tuition and fees, and grant and contract revenues. Cash used for operating activities includes payments to employees and suppliers. Cash provided by non-capital financing activities includes state appropriations, gifts, and the receipt and disbursement of the Federal Family Education Loan Programs (Stafford, Perkins and Plus Loans). Cash provided for capital and related financing activities represents proceeds from debt, capital appropriations, and gifts and grants. This cash is used for construction, and remodel and repair of University facilities as well as purchases of capital assets and debt servicing. Detailed information regarding the University's capital assets is available in Note 3 to the financial statements. Cash provided by investing activities includes purchases and sales of investments as well as investment income earnings and losses realized.

The University's overall liquidity increased by \$17.4 million. This consisted primarily of gifts by individuals through the Wichita State University Foundation for students, faculty and research.

**CAPITAL ASSETS**

The University continued to make investments in capital during FY 2007. Detailed information regarding capital asset additions, retirements and depreciation is available in Note 3 to the financial statements.

The following is a brief summary of the construction projects that were completed during the current fiscal year:

- Fairmount Towers Dormitory Commons Area Remodeling: Dormitory repair and maintenance funds of \$675,200 were used to fund this project.

**Wichita State University**  
**Fiscal Year 2007 Annual GASB Financial Report**

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- Reconstruction of Parking Lots: Parking Maintenance and Construction funds totaling \$498,000 were used to fund these projects.
- Update of Ablah Library Fire Alarm System: This project was funded by a State of Kansas repair and maintenance appropriation of \$147,000.

Additionally, the University is involved in several ongoing construction projects. They are:

- Construction of Engineering Research Laboratory Building: This project is funded by \$10 million of bonded debt authorized by the Kansas Board of Regents, and sold by the Kansas Development Finance Authority, plus \$2 million of other University funds.
- President's Residence: This addition for large gatherings, entertaining and fund raising is under construction. The cost of \$908,400 is funded by private donations through the WSU Foundation.
- Wallace Hall: Restrooms are being remodeled at a cost of \$110,200. Funding is provided by the State of Kansas repair and maintenance appropriation.
- Corbin Education Center: Steam and chilled water lines are being replaced at a cost of \$510,550. Funding is provided by the State of Kansas repair and maintenance appropriation.

**DEBT ADMINISTRATION**

At June 30, 2007, the University had \$33.845 million in debt outstanding. Revenue bonds were approved by the Kansas Board of Regents and issued by the Kansas Development Finance Authority for the benefit of Wichita State University to finance housing renovation, parking renovation, WSU research and development facilities projects and the National Institute for Aviation Research projects.

Standard and Poors Rating Service currently rates the University "AAA" as the bonds are insured. Detailed information regarding the University's long-term liabilities is available in Note 7 and Note 8 to the financial statements.



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Fiscal Year 2007 Annual GASB Financial Report**

**Management's Discussion and Analysis**

**ECONOMIC OUTLOOK**

The State of Kansas Division of Budget revenue estimate as of November 5, 2007 of \$5,717 billion represents a 1.6 percent reduction below final FY 2007 receipts. Some areas affecting this decrease in revenue are retail sales and corporate income taxes as a result of various tax cuts.

Other than the above, the University is not aware of any currently known facts, decisions, or conditions that are expected to have significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.

Overall, the financial position of the University continues to be strong and credit hours continue to increase.

	<b>Student Enrollment and Credit Hour Production</b>			
	<b>FY 2007</b>	<b>FY 2006</b>	<b>Amount Change</b>	<b>% Change</b>
<b>Total Students - Head Count</b>				
Fall Semester	14,298	14,076	222	1.58%
Spring Semester	14,045	14,229	(184)	-1.29%
<b>Total Credit Hours</b>				
Fall Semester	144,380	141,940	2,440	1.72%
Spring Semester	139,266	138,527	739	0.53%
<b>Full Time Equivalents (F.T.E.)</b>				
Fall Semester	12,609	12,396	213	1.72%
Spring Semester	12,166	12,099	67	0.55%

# **Financial Statements with Notes**

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF NET ASSETS**  
**For the Year Ended June 30, 2007**

	University Funds		Component Units (1)	
	FY 2007	FY 2006	FY 2007	FY 2006
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 46,007,282.45	\$ 28,593,461.91	\$ 10,861,691.00	\$ 10,252,709.00
Accounts receivable, net	10,320,979.51	13,064,666.87	6,224,376.00	8,155,660.00
Interest receivable	196,502.24	0.00	0.00	0.00
Investments	136,670.57	17,865,140.99	4,862,566.00	3,994,685.00
Loans to students, net	1,182,208.39	1,112,569.42	37,676.00	552,139.00
Inventories	461,428.50	441,718.95	1,211,554.00	1,368,810.00
Prepaid expenses	391,411.50	15,195.47	154,682.00	169,697.00
Other current assets	0.00	0.00	142,572.00	152,077.00
<b>Total Current Assets</b>	<b>\$ 58,696,483.16</b>	<b>\$ 61,092,753.61</b>	<b>\$ 23,495,117.00</b>	<b>\$ 24,645,777.00</b>
<b>Noncurrent Assets</b>				
Restricted cash and cash equivalents	\$ 0.00	\$ 0.00	\$ 442,818.00	\$ 1,162,682.00
Investments	1,517,240.00	1,517,240.00	10,105,367.00	8,154,079.00
Loans to students, net	6,699,180.86	6,304,560.00	0.00	0.00
Other assets	0.00	0.00	500.00	500.00
Capital assets, net	170,812,757.28	149,604,527.19	16,215,177.00	16,936,291.00
<b>Total Noncurrent Assets</b>	<b>\$ 179,029,178.14</b>	<b>\$ 157,426,327.19</b>	<b>\$ 26,763,862.00</b>	<b>\$ 26,253,552.00</b>
<b>TOTAL ASSETS</b>	<b>\$ 237,725,661.30</b>	<b>\$ 218,519,080.80</b>	<b>\$ 50,258,979.00</b>	<b>\$ 50,899,329.00</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 5,842,901.01	\$ 7,971,922.08	\$ 1,769,887.00	\$ 1,219,757.00
Deferred revenue	8,359,821.03	3,668,792.27	3,985,869.00	3,571,004.00
Loan payable	0.00	0.00	123,451.00	551,549.00
Lease Payable	624,637.36	0.00	0.00	0.00
Revenue bonds payable	2,610,000.00	2,495,000.00	1,458,004.00	1,886,779.00
Accrued compensated absences	9,609,372.74	8,839,267.57	229,163.00	220,700.00
Deposits held in custody for others	5,336,337.00	5,315,223.84	0.00	0.00
<b>Total Current Liabilities</b>	<b>\$ 32,383,069.14</b>	<b>\$ 28,290,205.76</b>	<b>\$ 7,566,374.00</b>	<b>\$ 7,449,789.00</b>
<b>Noncurrent Liabilities</b>				
Lease Payable	\$ 11,322,962.98	\$ 0.00	\$ 0.00	\$ 0.00
Revenue bonds payable	31,235,000.00	33,845,000.00	18,697,734.00	20,177,171.00
<b>Total Noncurrent Liabilities</b>	<b>\$ 42,557,962.98</b>	<b>\$ 33,845,000.00</b>	<b>\$ 18,697,734.00</b>	<b>\$ 20,177,171.00</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 74,941,032.12</b>	<b>\$ 62,135,205.76</b>	<b>\$ 26,264,108.00</b>	<b>\$ 27,626,960.00</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related de	\$ 125,020,156.94	\$ 113,264,527.19	\$ 3,088,474.00	\$ 2,195,190.00
Restricted for:				
Nonexpendable	0.00	0.00	3,519,799.00	3,316,587.00
Expendable				
Scholarships, research, instruction, public service & other	0.00	0.00	0.00	0.00
Loans	9,185,578.34	8,954,326.04	0.00	0.00
Capital projects	9,067,625.34	17,902,696.40	1,556,291.00	1,784,686.00
Debt service	1,620,916.64	1,674,612.93	4,392,352.00	3,418,840.00
Other purposes	2,005,591.22	1,572,359.09	2,581,922.00	5,920,165.00
Unrestricted	15,884,760.70	13,015,353.39	8,856,033.00	6,721,115.00
<b>TOTAL NET ASSETS</b>	<b>\$ 162,784,629.18</b>	<b>\$ 156,383,875.04</b>	<b>\$ 23,994,871.00</b>	<b>\$ 23,356,583.00</b>

(1) See Appendix 1

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2007**

	University Funds		Component Units (1)	
	FY 2007	FY 2006	FY 2007	FY 2006
<b>Operating Revenues:</b>				
Tuition and fees, net of scholarship allowances of \$11,194,644 in 2007 and \$11,496,869 in 2006	\$ 46,025,246.64	\$ 41,625,361.24	\$ 3,731,177.00	\$ 3,477,560.00
Federal grants and contracts	31,362,637.28	31,280,509.80	0.00	0.00
State and local grants and contracts	9,716,797.46	3,513,109.64	0.00	0.00
Sales and services of educational activities	14,365,439.78	13,622,462.38	12,484,782.00	11,549,595.00
Auxiliary enterprises				
Housing revenues (revenues are pledged as security for bonds)	4,585,545.23	4,167,077.02	0.00	0.00
Parking revenues (revenues are pledged as security for bonds)	1,491,468.44	1,466,371.63	0.00	0.00
Interest earned on loans to students	113,667.51	109,852.11	68,589.00	102,148.00
Other operating revenues	6,857,132.13	7,071,963.16	852,249.00	349,275.00
	<u>\$ 114,517,934.47</u>	<u>\$ 102,856,706.98</u>	<u>\$ 17,136,797.00</u>	<u>\$ 15,478,578.00</u>
<b>Total Operating Revenues</b>				
<b>Operating Expenses:</b>				
Instruction	\$ 55,308,112.98	\$ 52,874,813.12	\$ 0.00	\$ 0.00
Research	28,127,770.40	23,608,947.76	0.00	0.00
Public Service	15,769,326.59	14,909,567.42	340,932.00	348,141.00
Academic Support	22,845,317.09	21,516,125.94	24,805.00	34,152.00
Student Service	19,138,516.09	18,007,631.77	15,337,941.00	12,990,763.00
Institutional Support	12,377,842.31	11,850,099.99	1,950,038.00	857,792.00
Operations and Maintenance of Plant	19,317,326.65	18,119,782.70	675,225.00	916,855.00
Depreciation	9,436,928.71	8,515,869.74	1,906,991.00	1,851,328.00
Scholarships and Fellowships	7,948,904.05	3,400,334.68	5,952,091.00	5,117,553.00
Auxiliary Enterprises	4,471,321.02	3,369,939.64	0.00	0.00
Other Expenses	4,809,303.47	3,907,507.48	1,422,683.00	1,151,712.00
	<u>\$ 199,550,669.36</u>	<u>\$ 180,080,620.24</u>	<u>\$ 27,610,706.00</u>	<u>\$ 23,268,296.00</u>
<b>Total Operating Expenses</b>				
<b>Total Operating Income (Loss)</b>				
	<u>\$ (85,032,734.89)</u>	<u>\$ (77,223,913.26)</u>	<u>\$ (10,473,909.00)</u>	<u>\$ (7,789,718.00)</u>
<b>Non-operating Revenues (Expenses)</b>				
State appropriations	\$ 71,739,177.00	\$ 70,359,749.00	\$ 0.00	\$ 0.00
County tax subsidy	0.00	0.00	6,378,552.00	6,524,947.00
Gifts	11,021,271.75	9,999,215.40	4,326,333.00	4,332,226.00
Investment income	1,131,445.83	1,034,342.69	2,178,351.00	1,317,157.00
Interest expense	(1,901,495.52)	(1,878,618.80)	(970,002.00)	(1,062,905.00)
Other nonoperating revenues (expenses)	0.00	0.00	(1,764,496.00)	(1,530,989.00)
	<u>\$ 81,990,399.06</u>	<u>\$ 79,514,688.29</u>	<u>\$ 10,148,738.00</u>	<u>\$ 9,580,436.00</u>
<b>Total Non-operating Revenues (Expenses)</b>				
<b>Total Income (Loss) Before Other Revenues, Expenses, Gains and Losses</b>				
	<u>\$ (3,042,335.83)</u>	<u>\$ 2,290,775.03</u>	<u>\$ (325,171.00)</u>	<u>\$ 1,790,718.00</u>
<b>Other Revenue</b>				
Capital Appropriations	\$ 3,052,649.50	\$ 3,095,309.45	\$ 0.00	\$ 0.00
Gifts for capital projects	5,652,040.47	0.00	488,865.00	1,117,276.00
Student fees for capital projects	738,400.00	723,979.70	724,889.00	712,491.00
Transfer assets to WSU Foundation, Inc.	0.00	0.00	(35,400.00)	(4,004,895.00)
Other additions, net	0.00	0.00	(214,895.00)	(284,949.00)
	<u>\$ 9,443,089.97</u>	<u>\$ 3,819,289.15</u>	<u>\$ 963,459.00</u>	<u>\$ (2,460,077.00)</u>
<b>Total Other Revenue</b>				
<b>Total Increase in Net Assets</b>				
	<u>\$ 6,400,754.14</u>	<u>\$ 6,110,064.18</u>	<u>\$ 638,288.00</u>	<u>\$ (669,359.00)</u>
<b>Net Assets</b>				
<b>Net Assets - Beginning of Year</b>	<u>\$ 156,383,875.04</u>	<u>\$ 150,273,810.86</u>	<u>\$ 23,356,583.00</u>	<u>\$ 24,025,942.00</u>
<b>Net Assets - End of Year</b>	<u>\$ 162,784,629.18</u>	<u>\$ 156,383,875.04</u>	<u>\$ 23,994,871.00</u>	<u>\$ 23,356,583.00</u>

(1) See Appendix 2

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2007**

	University Funds	
	FY 2007	FY 2006
<b>Cash Flows from Operating Activities</b>		
Tuition and fees	\$ 47,812,973.37	\$ 41,636,602.63
Sales and services of educational activities	13,086,303.01	13,622,462.38
Auxiliary enterprise charges		
Housing	4,662,455.23	3,834,660.14
Parking	1,413,967.69	895,445.80
Research Grants and contracts	48,119,819.16	28,101,512.25
Payments to suppliers	(55,693,933.86)	(43,434,393.47)
Payments for utilities	(4,744,510.65)	(5,882,327.62)
Payments for Scholarships and Benefits	(7,948,904.05)	(3,400,334.68)
Compensation & benefits	(124,251,338.74)	(122,103,932.99)
Loans issued to students	(1,689,240.17)	(1,409,564.36)
Collections on loans issued to students	1,224,980.34	1,192,690.30
Other receipts (payments)	8,366,874.66	9,787,417.53
	<u>\$ (69,640,554.01)</u>	<u>\$ (77,159,762.09)</u>
<b>Net Cash Flows from Operating Activities</b>		
<b>Cash Flows from Noncapital Financing Activities</b>		
State appropriations	\$ 71,739,177.00	\$ 70,359,749.00
Gifts	11,021,271.75	9,999,215.40
Funds held for others	21,113.16	799,503.00
Federal family education loan receipts	45,923,533.27	43,189,951.00
Federal family education loan disbursements	(45,923,533.27)	(43,189,951.00)
	<u>\$ 82,781,561.91</u>	<u>\$ 81,158,467.40</u>
<b>Net Cash Flows from Noncapital Financing Activities</b>		
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Capital Debt	\$ 11,322,962.98	\$ 0.00
Capital appropriations	3,052,649.50	3,095,309.45
Capital gifts	5,652,040.47	0.00
Student fees for capital projects	738,400.00	723,979.70
Purchase of capital assets	(30,645,158.80)	(14,797,246.96)
Principal paid on capital debt and leases	(2,610,000.00)	(6,495,000.00)
Interest paid on capital debt and leases	(1,901,495.52)	(1,878,618.80)
Other	0.00	0.00
	<u>\$ (14,390,601.37)</u>	<u>\$ (19,351,576.61)</u>
<b>Net Cash Flows from Capital and Related Financing Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Investment income	\$ 1,131,445.83	\$ 1,034,342.69
Interest receivable	(196,502.24)	0.00
Proceeds from sales and maturities of investments	17,728,470.42	14,316,147.07
Purchase of investments	0.00	(8,938,052.93)
	<u>\$ 18,663,414.01</u>	<u>\$ 6,412,436.83</u>
<b>Net Cash Flows from Investing Activities</b>		
<b>Net change in cash and cash equivalents</b>	\$ 17,413,820.54	\$ (8,940,434.47)
<b>Cash and cash equivalents - beginning of year</b>	<u>28,593,461.91</u>	<u>37,533,896.38</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 46,007,282.45</u>	<u>\$ 28,593,461.91</u>
<b>Reconciliation</b>		
Operating income (loss)	\$ (85,032,734.89)	\$ (77,223,913.26)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	9,436,928.71	8,515,869.74
Changes in assets and liabilities:		
Accounts receivable, net	2,743,687.36	(8,124,378.68)
Loans to students, net	(464,259.83)	(34,273.43)
Current Portion of Long Term Debt	115,000.00	665,000.00
Current Portion of Long Lease Payable	624,637.36	-
Inventories	(19,709.55)	4,398.89
Prepaid expenses	(376,216.03)	9,878.69
Accounts payable and accrued liabilities	(2,129,021.07)	(3,270,515.84)
Deferred revenue	4,691,028.76	1,713,424.04
Accrued compensated absences	770,105.17	584,747.76
	<u>\$ (69,640,554.01)</u>	<u>\$ (77,159,762.09)</u>
<b>Net Cash Used in Operating Activities - Cash Flow</b>		

**Wichita State University**  
**For the Years Ended June 30, 2007 and 2006**

**Notes to the Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements do not include the data of the Wichita State University Foundation, a major component unit of this primary government. Therefore, the accompanying financial statements and related supplemental information have not been prepared in conformity with accounting principles generally accepted in the United States of America. The financial statements for the University have not been audited. Separately audited component unit's statements, prepared in FASB format, are Wichita State University Intercollegiate Athletic Association and Wichita State University Union Corporation, d/b/a Rhatigan Student Center. Another component unit, the Wichita State University Board of Trustees, has been audited and presented in the GASB format.

Otherwise, in preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, the 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.

**Organization.** Wichita State University (the "University") is an urban comprehensive institution providing undergraduate, graduate and professional education in a variety of academic programs. The University serves both traditional and nontraditional student bodies. The University is accredited by the Higher Learning Commission (North Central Association of Colleges and Schools).

Undergraduate and graduate degrees are available from six colleges: Fairmount College of Liberal Arts and Sciences; W. Frank Barton School of Business; College of Education; College of Engineering; College of Fine Arts and College of Health Professions. The University is governed by the Kansas Board of Regents and is an agency of the State of Kansas. As an agency of the State of Kansas, the University is included in the comprehensive annual financial report (CAFR) of the State of Kansas.

The University conducts classes at two locations in Wichita. The main campus is at 1845 Fairmount, Wichita, Kansas. A satellite West Campus is located at 3801 North Walker Avenue, Maize, Kansas.

**Financial Reporting Entity.** As required by the accounting principles generally accepted by the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), these financial statements present the financial position and financial activities of the University and its component units: the WSU Intercollegiate Athletic Association, WSU Union Corporation (d/b/a Rhatigan Student Center), and WSU Board of Trustees. Management has elected not to include financial statements from its component unit, Wichita State University Foundation. This election is not in conformity with generally accepted accounting principles as stated in **GASB Statement No. 14 The Financial Reporting Entity, paragraph 64, page 27, "Primary Government Separate Financial Statements"** and **GASB statement No. 39 Determining Whether Certain Organizations are Component Units.**

Each component unit is independently audited and received an unqualified certified opinion. Those component unit's financial activities and balances that are included, have been discretely presented on the University's financial statements. This discrete display presentation is in conformity with **GASB Statement No 35 Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities** and with **GASB Statement No 39 Determining Whether Certain Organizations are Component Units.**

**Wichita State University**  
**For the Years Ended June 30, 2007 and 2006**

**Notes to the Financial Statements**

**Basis of Accounting.** For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented 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. All significant intra-agency transactions have been eliminated except for the component units. Since the component units are displayed discretely, inter-agency transactions have not been eliminated in accordance with GASB guidelines.

The University has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after the applicable date.

**Cash Equivalents.** For purposes of the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Investments.** The University accounts for its investments at fair value in accordance with **GASB Statement No. 31 Accounting and Financial Reporting for Certain Investments and for External Investment Pools**. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Assets.

**Accounts Receivable.** Accounts receivable consists of tuition and fee charges to students, and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include 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 grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. (See Note 4)

**Inventories.** Inventories are carried at cost.

**Loans to Students.** Loans to students consist of loans from the Federal Perkins Loan Fund and the Health Professions Student Assistance Loan Program. Loans receivable are allocated into current and noncurrent based upon sampled and historical balances collectible in less than one year and collectible in more than one year. (See Note 5)

**Prepaid Expenses.** Prepaid expenses consist of deferred summer school expenses.

**Noncurrent Cash and Investments.** Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as non-current in the Statement of Net Assets.

**Capital Assets.** Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if the related project cost exceeds \$100,000. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line, half-year convention method over the estimated useful lives of the assets. Useful life is 40 years for buildings, 25 years for infrastructure and land improvements, 8 years for equipment and 5 years for vehicles. The University reserves the discretion to modify the useful life of an asset in an unusual circumstance.

**Wichita State University**  
**For the Years Ended June 30, 2007 and 2006**

**Notes to the Financial Statements**

Costs incurred during construction of long-lived assets are recorded as construction-in-progress and are not depreciated until placed in service. (See Note 3)

**Deferred Revenue.** Deferred revenues consist primarily of summer school tuition not earned during the current year and amounts received from grant and contract sponsors that have not yet been earned. (See Note 6)

**Compensated Absences.** Employee vacation and sick pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded as accrued compensated absences in the Statement of Net Assets, and as a component of compensation and as an expense in the Statement of Revenues, Expenses, and Changes in Net Assets. The expenses are also a component of compensation and benefit expense in Note 12, "Operating Expenses by Natural Classification".

**Deposits Held In Custody For Others.** Deposits held in custody for others consist primarily of student organizations' monies administered by the University.

**Noncurrent Liabilities.** Noncurrent liabilities include principal amounts of revenue bonds with contractual maturities greater than one year. (See Notes 7 and 8) Also included are lease principal amounts for an energy saving project on University buildings. (See Note 14)

**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 depreciation and 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 invested in capital assets, net of related debt.

**Restricted net assets - nonexpendable:** Restricted nonexpendable net assets consist of endowment and similar type funds in 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 principal. The Wichita State University Foundation data is not presented in this financial statement with other component units of the University, as noted above.

**Restricted net assets - expendable:** Restricted expendable net assets include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

**Unrestricted net assets:** Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also included auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. The auxiliary enterprises included here are student housing and parking operations.

**Tax Status.** As a state institution of higher education, the income of the University is generally exempt from Federal and State income taxes under Section 115(a) of the Internal Revenue Code; however, income generated from activities unrelated to the University's exempt purpose is subject to income taxes under Internal Revenue Code Section 511(a)(2)(b). The University attempts to comply with this requirement by annually filing form 990-T through the Kansas Board of Regents Office.



**Wichita State University**  
**For the Years Ended June 30, 2007 and 2006**

**Notes to the Financial Statements**

**Classification of Revenues.** The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

**Operating Revenues:** Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarships discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state and local grants and contracts, and (4) interest on institutional student loans and auxiliary enterprises.

**Non-Operating Revenues:** Non-operating revenues include state appropriations, restricted funds set aside per State of Kansas Mandate for transfer to General Fund, and income from investments. These revenues are from activities that have the characteristics of non-exchange transactions as defined as non-operating revenues by **GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary fund Accounting, GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments as amended by GASB Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities.**

**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 stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell Grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

**Summer Session.** Revenues and expenses for the summer session are reported within the fiscal year in which the summer session is predominately conducted. Accordingly, revenues and expenses for the 2006 summer session are reported in the Statement of Revenues, Expenses and Changes in Net Assets as revenues and expenses for FY 2007. Summer session revenues received prior to June 30, 2007, are reported as deferred revenues in the Statement of Net Assets. Expenses for the summer session paid prior to June 30, 2007, are reported as prepaid expenses. Kansas Board of Regents officials determined this methodology and believe the departure from generally accepted accounting principles will not have a material effect on the University's financial position.

**NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS**

**Cash and Cash Equivalents.** The carrying amount of the University's deposits with the State Treasurer and other financial institutions at June 30, 2007, was \$46,007,282.45. The University's deposits with the State Treasurer are pooled with the funds of other State Agencies and then, in accordance with statutory limitations, placed in short-term investments with the exception of the bond funds. All bond proceeds are invested in conjunction with specifications stated in the bond resolutions.

**Investments.** The University's investments are categorized, as to credit risk, as either (1) insured or registered, or securities held by the University or its agent in the University's name, (2) uninsured and unregistered, with securities held by the counter party's trust department or agent in the University's name, or (3) uninsured and unregistered, with securities held by the counter-part, or by its trust department or agent, but not in the University's name. At June 30, 2007, the University's investments consisted of the following:

**Wichita State University**  
**For the Years Ended June 30, 2007 and 2006**

**Notes to the Financial Statements**

<u>Type of Investment</u>	<u>Categories of Investments</u>			<u>Fair Value</u>
	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	
U. S. Government Securities	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Certificates of Deposit	136,670.57	0.00	0.00	136,670.57
Guaranteed Investment Contracts	1,517,240.00	0.00	0.00	1,517,240.00
<b>Total Investments</b>	<b>\$ 1,653,910.57</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 1,653,910.57</b>

**Note 3 - CAPITAL ASSETS**

Capital asset activity for the University for the year ended June 30, 2007 is summarized as follows:

	<u>Primary Institution</u>			
	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2007</u>
<b>Capital assets (not depreciated)</b>				
Land	\$ 2,966,850.70	\$ 0.00	\$ 0.00	\$ 2,966,850.70
Construction-in-progress	8,451,728.23	5,851,610.95	2,727,023.19	11,576,315.99
<b>Total Assets - not depreciable</b>	<b>\$ 11,418,578.93</b>	<b>\$ 5,851,610.95</b>	<b>\$ 2,727,023.19</b>	<b>\$ 14,543,166.69</b>
<b>Capital Assets (being depreciated)</b>				
Leasehold Improvements	\$ 0.00	\$ 100,340.00	\$ 0.00	\$ 100,340.00
Infrastructure	3,483,113.04	12,415,886.54	18,176.00	15,880,823.58
Land improvements	9,209,565.76	497,796.45	248,425.62	9,458,936.59
Buildings	88,521,574.20	4,886,639.79	0.00	93,408,213.99
Building Improvements	88,259,171.55	2,955,233.53	211,271.75	91,003,133.33
Equipment & Furnishings	41,878,342.98	6,387,242.52	1,402,472.43	46,863,113.07
Vehicles	2,558,043.83	213,968.21	14,332.99	2,757,679.05
Sub-Total University	\$ 233,909,811.36	\$ 27,457,107.04	\$ 1,894,678.79	\$ 259,472,239.61
Service Clearing:				
Equipment	\$ 247,103.97	\$ 20,000.00	\$ 20,000.00	\$ 247,103.97
Vehicles	362,051.11	43,464.00	99,562.96	305,952.15
Sub-Total Service Clearing	\$ 609,155.08	\$ 63,464.00	\$ 119,562.96	\$ 553,056.12
<b>Total Assets - depreciable basis</b>	<b>\$ 234,518,966.44</b>	<b>\$ 27,520,571.04</b>	<b>\$ 2,014,241.75</b>	<b>\$ 260,025,295.73</b>
<b>Gross Total Capital Assets</b>	<b>\$ 245,937,545.37</b>	<b>\$ 33,372,181.99</b>	<b>\$ 4,741,264.94</b>	<b>\$ 274,568,462.42</b>
<b>Accumulated Depreciation</b>				
Infrastructure	\$ 1,201,598.55	\$ 615,906.40	\$ 18,176.00	\$ 1,799,328.95
Land Improvements	2,987,112.64	340,446.13	248,425.62	3,079,133.15
Buildings	48,111,064.40	2,062,810.03	0.00	50,173,874.43
Building Improvements	18,508,303.27	1,717,740.87	211,271.75	20,014,772.39
Equipment & Furnishings	22,692,653.34	4,551,135.35	1,402,472.43	25,841,316.26
Vehicles	2,434,138.05	82,418.45	14,332.99	2,502,223.51
Sub-Total University	\$ 95,934,870.25	\$ 9,370,457.23	\$ 1,894,678.79	\$ 103,410,648.69
Service Clearing:				
Equipment	\$ 232,701.18	\$ 4,895.14	\$ 20,000.00	\$ 217,596.32
Vehicles	165,446.75	61,576.34	99,562.96	127,460.13
Sub-Total Service Clearing	\$ 398,147.93	\$ 66,471.48	\$ 119,562.96	\$ 345,056.45
<b>Total Accumulated Depreciation</b>	<b>\$ 96,333,018.18</b>	<b>\$ 9,436,928.71</b>	<b>\$ 2,014,241.75</b>	<b>\$ 103,755,705.14</b>
<b>Capital Depreciable Assets - Net</b>	<b>\$ 138,185,948.26</b>	<b>\$ 18,083,642.33</b>	<b>\$ 0.00</b>	<b>\$ 156,269,590.59</b>
<b>Total Capital Assets - Net</b>	<b>\$ 149,604,527.19</b>	<b>\$ 23,935,253.28</b>	<b>\$ 2,727,023.19</b>	<b>\$ 170,812,757.28</b>

**Wichita State University**  
**For the Years Ended June 30, 2007 and 2006**

**Notes to the Financial Statements**

The University elected not to capitalize its library book collections. Those collections adhere to the University's policy to (a) maintain them for public exhibition, education, or research; (b) protect, keep encumbered, care for and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at the time of purchase rather than be capitalized.

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable are shown in the accompanying Statement of Net Assets. The University has established an allowance for doubtful accounts for FY 2007. At June 30, 2007, net accounts receivable consisted of the following:

<u>Accounts Receivable</u>	<u>June 30, 2007 Net</u>	<u>June 30, 2006</u>
Student Tuition and Fees	\$ 2,142,136.12	\$ 1,235,222.87
Student Housing Contracts	82,385.19	288,644.00
Service Clearing and Other Operating Activities	61,504.83	56,055.00
Imprest Fund	58,876.79	0.00
Federal, State, and Private Grants and Contracts	<u>7,976,076.58</u>	<u>11,484,745.00</u>
<b>Total Accounts Receivable</b>	<u><u>\$ 10,320,979.51</u></u>	<u><u>\$ 13,064,666.87</u></u>

**NOTE 5 - LOANS TO STUDENTS**

Student loans made through the Federal Perkins Loan Program and the Health Professions Student Loan Program comprise substantially all of the loans to students at June 30, 2007 and 2006. The Programs provide for cancellation of a loan at rates from 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal government reimburses the University for a portion of the amounts canceled under these provisions.

As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans are written off and assigned to the U. S. Department of Education. The University has established an allowance for uncollectible loans at June 30, 2007.

**Wichita State University**  
**For the Years Ended June 30, 2007 and 2006**

**Notes to the Financial Statements**

**NOTE 6 - DEFERRED REVENUES**

Deferred revenues consist primarily of summer session tuition and fees and advance collections on grants and contracts. The breakdown of deferred revenues is as follows:

<u>Deferred Revenues</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Tuition and Fees	\$ 0.00	\$ 63,238.31
Student Housing Contracts	77,118.00	208.00
Summer Session	4,168,811.56	242,514.85
Grants and Contracts	4,113,891.47	3,362,831.11
<b>Total Deferred Revenues</b>	<b>\$ 8,359,821.03</b>	<b>\$ 3,668,792.27</b>

**NOTE 7 - LONG-TERM LIABILITIES**

Long-term liabilities as of June 30, 2007, consisted of the following:

<u>Liabilities</u>	<u>Principal Outstanding June 30, 2007</u>	<u>Additions</u>	<u>FY 2008 Principal Payment</u>	<u>Long-Term Liabilities as of June 30, 2007</u>	<u>Current Liabilities as of June 30, 2007</u>
Revenue Bonds Payable:					
Housing System Renovation Project - Refunding Revenue Bonds Series 2002P	\$ 10,265,000.00	\$ 0.00	\$ 510,000.00	\$ 9,755,000.00	\$ 510,000.00
Parking System Project Revenue Bonds - Series 2000B	3,780,000.00	0.00	335,000.00	3,445,000.00	335,000.00
WSU Research and Development Facilities Projects - Series 2003C	2,305,000.00	0.00	0.00	2,305,000.00	0.00
National Institute for Aviation Research - Research and Development Facilities Projects - Series 2003C	3,660,000.00	0.00	1,160,000.00	2,500,000.00	1,160,000.00
WSU Research and Development Facilities Projects - Series 2005D	7,650,000.00	0.00	550,000.00	7,100,000.00	550,000.00
National Institute for Aviation Research - Research and Development Facilities Projects - Series 2005D	6,185,000.00	0.00	55,000.00	6,130,000.00	55,000.00
<b>Total Liabilities</b>	<b>\$ 33,845,000.00</b>	<b>\$ 0.00</b>	<b>\$ 2,610,000.00</b>	<b>\$ 31,235,000.00</b>	<b>\$ 2,610,000.00</b>

**NOTE 8 - REVENUE BONDS OUTSTANDING**

Revenue bonds payable consisted of the following as of June 30, 2007:

	<b><u>Principal Outstanding June 30, 2007</u></b>
<b><u>Housing System Revenue Project-Refunding Revenue Bonds Series 2002P</u></b>	<b>\$10,265,000.00</b>

- Issued by Kansas Development Finance Authority on December 2, 2002
- Original amount of \$12,150,000
- Due in annual installments with final maturity on June 1, 2021
- Interest ranging from 3.00% to 4.75%, payable semi-annually
- Collateralized by dormitory fees from residential students
- FY 2008 Principal Payment: \$510,000

**Wichita State University  
For the Years Ended June 30, 2007 and 2006**

**Notes to the Financial Statements**

**Parking System Renovation Project-Revenue Bonds Series 2000B**

- Issued by Kansas Development Finance Authority on May 15, 2000 **\$3,780,000.00**
- Original amount of \$5,705,000
- Due in annual installments with final maturity on April 1, 2015
- Interest ranging from 4.70% to 5.90%, payable semi-annually
- Collateralized by parking fees from student, faculty and staff
- FY 2008 Principal Payment: \$335,000

**WSU Research and Development Facilities Projects-Revenue Bonds Series 2003C  
for the Engineering Research Laboratory Building**

**\$2,305,000.00**

- Issued by Kansas Development Finance Authority on February 11, 2003
- Original amount of \$2,305,000
- Due in annual installments with final maturity on October 1, 2023
- Interest rate is 5.00%, payable semi-annually
- Collateralized by restricted use and sponsored research overhead funds from Wichita State University and interest earned
- Principal payments will not commence until FY 2022 due to the structuring of the debt service payments of the 2005D bond issue

**National Institute for Aviation Research –Research and Development Facilities-  
Revenue Bonds Series 2003C for Aviation Research Equipment**

**\$3,660,000.00**

- Issued by Kansas Development Finance Authority on February 11, 2003
- Original amount of \$6,815,000
- Due in annual installments with final maturity on June 30, 2010
- Interest rate ranging from 4.672% to 5.00%, payable semi-annually
- Collateralized by State of Kansas appropriations and capitalized interest
- FY 2008 Principal Payment: \$1,160,000

**WSU Research and Development Facilities Projects-Revenue Bonds Series 2005D  
for the Engineering Research Laboratory Building**

**\$7,650,000.00**

- Issued by Kansas Development Finance Authority on June 2, 2005
- Original amount of \$12,180,000. In April 2006, \$4,000,000 for an icing tunnel research project was cancelled due to construction bids exceeding funding. These funds were returned to K DFA for reallocation to another university in the amount of \$3,000,000 and early redemption of bond principal of \$1,000,000.
- Due in annual installments with final maturity on October 1, 2021
- Interest ranging from 3.79% to 4.95%, payable semi-annually
- Collateralized by interest earnings, University funds and State of Kansas appropriations
- FY 2008 Principal Payment: \$550,000

**Wichita State University**  
**For the Years Ended June 30, 2007 and 2006**

**Notes to the Financial Statements**

**National Institute for Aviation Research –Research and Development Facilities-  
Revenue Bonds Series 2005D for Aviation Research Equipment** **\$6,185,000.00**

- Issued by Kansas Development Finance Authority on June 2, 2005
- Original amount of \$6,240,000
- Due in annual installments with final maturity on October 1, 2013
- Interest ranging from 3.79% to 4.68%, payable semi-annually
- Collateralized by State of Kansas appropriations
- FY 2008 Principal Payment: \$55,000

Future debt service requirements for all bonds outstanding at June 30, 2007, are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	\$ 2,610,000.00	\$ 1,550,485.00	\$ 4,160,485.00
2009	2,720,000.00	1,435,085.00	4,155,085.00
2010	2,850,000.00	1,310,901.50	4,160,901.50
2011	2,980,000.00	1,180,703.00	4,160,703.00
2012	3,110,000.00	1,046,452.50	4,156,452.50
2013-2017	12,175,000.00	3,140,594.00	15,315,594.00
2018-2022	5,470,000.00	1,157,713.78	6,627,713.78
2023-2024	1,930,000.00	97,750.00	2,027,750.00
<b>Total Debt Service Requirements</b>	<b><u>\$ 33,845,000.00</u></b>	<b><u>\$ 10,919,684.78</u></b>	<b><u>\$ 44,764,684.78</u></b>

**NOTE 9 - RETIREMENT PLANS**

The University participates in two cost-sharing multiple-employer defined benefit pension plans and one defined contribution pension plan.

**Defined Benefit Plan**

**Kansas Public Employees Retirement System**

Classified employees participate in the Kansas Public Employees Retirement System (KPERs). Benefit provisions are established by state statute and provide retirement, disability, and death benefits to eligible employees. KPERs issues an annual financial report that includes financial statements and required supplementary information. The report is available upon request from KPERs.

For the year ended June 30, 2007, active KPERs members were required by statute to contribute 4% and the university to contribute 5.77% of the employee's covered payroll. The Kansas Legislature establishes and may amend active plan members' and the University's contribution rates. The University contributed \$913,799.01 during fiscal year 2007 and individual employees contributed \$632,197.68.

**Kansas Police and Fireman's Fund**

Certain classified employees, due to their job types, participate in the Kansas Police and Fireman's Fund (KP&FF). Benefit provisions are established by state statute and provide retirement, disability, and death benefits to benefit eligible employees. KP&FF issues an annual financial report that includes financial statements and required supplementary information. The report is available upon request from KP&FF.

**Wichita State University**  
**For the Years Ended June 30, 2007 and 2006**

**Notes to the Financial Statements**

For the year ended June 30, 2007, active KP&FF members were required by statute to contribute 7% and the university to contribute 12.52% of the employee's covered payroll. The Kansas Legislature establishes and may amend active plan members' and the University's contribution rates. The University contributed \$121,151.03 during fiscal year 2007 and individual employees contributed \$67,736.38.

**Defined Contribution Plan**

Eligible faculty and unclassified employees are required to participate in the Kansas Board of Regents (Regents) defined contribution retirement plan, which was authorized by K.S.A. 74-4925. The Regents have selected the following companies to provide investment options to participants: (1) Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF), and (2) ING Financial Advisors. Benefits under these plans depend solely on the contributed amounts and the returns earned on the investment of those contributions. All contributions are fully vested with the first contribution.

For the year ended June 30, 2007, active members were required by state statute to contribute 5.5% and the university to contribute 8.5% of the employees' covered payroll. The Kansas Legislature establishes and may amend active plan members' and the University's contribution rates. The University contributed \$5,543,349.19 during fiscal year 2007 and individual employees contributed \$3,537,573.24.

**Voluntary Tax-Sheltered Annuity Program**

Employees may also elect to participate, up to the maximum dollar amount permitted by the Internal Revenue Code, in a voluntary tax-sheltered annuity program. This voluntary plan permits employees to designate a part of their earnings into tax-sheltered investments and thus defer federal and state income taxes on their contributions and the accumulated earnings under the plan. Participation and the level of employee contributions are voluntary. The employer is not required to make contributions to the plan.

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

In addition to pension benefits, the State provides post-employment health care benefits to eligible retired employees. The benefits are provided in accordance with the rules and regulations of the Kansas State Employees Health Care Commission. The Commission is responsible for the determination of the allocation of premium costs between the participants and the State. These allocations are subject to change each contract year.

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

The University is currently a defendant in two lawsuits. However, University officials are of the opinion, based on the advice of in-house legal counsel, that the ultimate outcome of this litigation will not have a material effect on the future operations or financial position of the University. The University is represented by the Foulston & Siefkin law firm through the Kansas Tort Claims Act as coordinated by the Attorney General's office.

The University, as a state educational institution of Kansas, is subject to the State of Kansas self-insurance program with regard to comprehensive general liability and personal injury insurance. The University is covered by the State's umbrella insurance policies for automobile liability and property insurance. Also, the University is self-insured relative to worker's compensation, medical and unemployment insurance. The university does maintain specific insurance coverage as allowed by the State of Kansas and as required by outstanding revenue bond issues. The university is not aware of any significant outstanding insurance claims as of June 30, 2007.

**Wichita State University**  
**For the Years Ended June 30, 2007 and 2006**

**Notes to the Financial Statements**

The State of Kansas does not insure buildings and contents, valued under \$500,000, and does not insure State-owned automobiles for bodily injury and property damages. State buildings valued over \$500,000 are insured against catastrophic loss with a \$5 million deductible per occurrence and a maximum annual liability of \$100 million per occurrence.

In the normal course of operations, the University receives grants, contracts and other forms of reimbursement from various federal and state agencies. These activities are subject to audit and disallowance by the agencies to ensure compliance with conditions precedent to such funds being provided. University officials believe that the liability, if any, for any reimbursement that may arise as the result of any audits, would not have a material effect on the University's financial position.

**NOTE 12 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS**

The University's operating expenses by functional and natural classification are as follows:

<u>Classifications</u>	<u>Compensation and Benefits</u>	<u>Contractual Services and Commodities</u>	<u>Utilities</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$ 52,161,578.51	\$ 3,146,534.47	\$ 0.00	\$ 0.00	\$ 0.00	\$ 55,308,112.98
Research	14,790,076.94	13,337,693.46	0.00	0.00	0.00	28,127,770.40
Public Service	9,617,058.81	6,152,267.78	0.00	0.00	0.00	15,769,326.59
Academic Support	14,799,684.69	8,045,632.40	0.00	0.00	0.00	22,845,317.09
Student Services	11,162,751.28	7,975,764.81	0.00	0.00	0.00	19,138,516.09
Institutional Support	9,180,659.26	3,197,183.05	0.00	0.00	0.00	12,377,842.31
Operation and Maintenance of Plant	11,001,800.21	3,571,015.79	4,744,510.65	0.00	0.00	19,317,326.65
Depreciation	0.00	0.00	0.00	0.00	9,436,928.71	9,436,928.71
Scholarships and Fellowships	0.00	0.00	0.00	7,948,904.05	0.00	7,948,904.05
Auxiliary Enterprises	861,386.02	3,609,935.00	0.00	0.00	0.00	4,471,321.02
Other	1,012,582.22	3,796,721.25	0.00	0.00	0.00	4,809,303.47
<b>Total</b>	<u>\$ 124,587,577.94</u>	<u>\$ 52,832,748.01</u>	<u>\$ 4,744,510.65</u>	<u>\$ 7,948,904.05</u>	<u>\$ 9,436,928.71</u>	<u>\$ 199,550,669.36</u>

**NOTE 13 - COMPONENT UNITS**

The following disclosure meets the requirements in **GASB Statement 14, The Financial Reporting Entity - paragraph 61 and GASB Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments - paragraph 128**. With one exception, it also complies with **Statement No. 39 of GASB - Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14**. The exception is that the University elected not to include the financial information of the Wichita State University Foundation, a component unit of the University, as a part of its financial statements. Buildings and improvements, constructed, or purchased, become the property of the State of Kansas and Wichita State University. Generally, revenue bonded debt remains the liability of the component unit. Operating equipment and vehicles, purchased with component unit funds, remain an asset of the component unit.

**Wichita State University Intercollegiate Athletic Association, Inc.**

Wichita State University Intercollegiate Athletic Association, Inc. (the Athletic Association) was incorporated to schedule, manage and promote athletic contests of Wichita State University in harmony with the general education policy of the University. The Athletic Association has eight women's and seven men's sports which compete in Division I of the National Collegiate Athletic Association and in the Missouri Valley Conference.



**Wichita State University**  
**For the Years Ended June 30, 2007 and 2006**

**Notes to the Financial Statements**

The Athletic Board of Directors serves as an advisory body to the President of the University and the Director of Athletics. The Athletic Board consists of nineteen members who are appointed by the President from the following constituencies: twelve University personnel, three students, and four persons from the community. The Athletic Board provides the President and the Director of Athletics with its views on all significant questions relating to Athletic Association policies and activities. The management functions of the Athletic Association are delegated to the Director of Athletics by the President.

Although incorporated as a not-for-profit organization, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, the Athletic Association is considered a governmental organization for financial reporting purposes because its governing body is appointed by Wichita State University. In the event of unilateral dissolution, its net assets revert to Wichita State University. The Athletic Association has elected to report under Financial Accounting Standards Board (FASB) pronouncements, including **FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations**. The differences between FASB and GASB reporting do not have a significant effect on net assets or the changes in net assets as of or for the year ending June 30, 2007. The Athletic Association is reported as a component unit by the University.

All land and structures, pertinent to the operation of the Athletic Association, are owned by the State of Kansas and have not been reflected as assets of the Athletic Association. The Student Government Association, through the University, allocates annually a portion of the student fees collected for support of the Athletic Association. This revenue amount was reflected on the financial statements in the amount of \$2,078,419 for operations and \$576,889 for capital debt retirement in FY 2007. The State of Kansas, through the University, pays directly the salaries of certain Athletic Association personnel. The financial statements reflect \$1,886,223 in FY 2007 of state appropriations as revenue, and a like amount of salaries as expenses. The University also provides full maintenance, custodial, utilities and certain other costs on all athletic facilities. These expenses totaled \$983,136 in FY 2007 and have been reflected in the Athletic Association's financial statements as indirect facilities and administrative support.

The Wichita State University Foundation (the Foundation) coordinates fund-raising for and manages investments on behalf of the University and the Athletic Association. Funds held by the Foundation which are designated for athletics and controlled by the Athletic Association, are included in the Athletic Association's financial statements. The Athletic Association is not a party to the revenue bonds or the lease agreement related to the Eck Stadium Phase IV project. Accordingly, funds held by the Foundation for the Eck Stadium Phase IV are not included in the Athletic Association's financial statements. The Foundation holds other funds designated for athletics which are not controlled by the Athletic Association. Such funds are comprised primarily of endowed scholarship funds. The Athletic Association records contributions when such funds are disbursed to the Athletic Association for their restricted use.

Complete financial statements for the Athletic Association can be obtained from the WSU Athletic Association Business Office at 1845 Fairmount, Campus Box 18, Wichita, Kansas, 67260-0018.

**Wichita State University Union Corporation d/b/a Rhatigan Student Center**

Wichita State University Union Corporation d/b/a Rhatigan Student Center (the Union) serves as the student union for Wichita State University. It is a component unit of Wichita State University. It provides a bookstore, recreation, other activities, and outsourced dining services to benefit the faculty, staff, students and alumni of the University. It also rents meeting room space to the University for student, faculty, and staff groups.

**Wichita State University**  
**For the Years Ended June 30, 2007 and 2006**

**Notes to the Financial Statements**

The Union has an advisory board of directors to assist staff management. The sixteen person board of directors consists of five senior management and staff of the University, the Union Director, an Alumni Association representative and nine students.

The Union prepares its financial statements according to Financial Accounting Standards Board (FASB) pronouncements including **FASB Statement No. 117, Financial Reporting for Not-For-Profit Organizations**. The organization is recognized by Internal Revenue Service as tax exempt under Section 501(c)(3) of the Internal Revenue Code. The State of Kansas also recognized the exemption.

For the year ended June 30, 2007, 38.1% of the organization's support and revenue came from student fees, 44% from gross profit on sales, .4% from contributions, and 17.5% from other sources. Contributions are recognized when the donor makes an in-substance, unconditional pledge or outright cash gift. Donor wishes and restrictions dictate classification of the gifts as unrestricted, temporarily restricted or permanently restricted.

The Union buildings became the property of the State of Kansas when the University became a part of the state system. The Union does not recognize the buildings as assets on its financial statements. Building improvements, furniture and equipment are depreciated and recorded on the financial statements. Methods of depreciation follow the guidelines established by the universities in the State of Kansas Regents System.

The Union was a beneficiary of a portion of the proceeds from bonds payable issued by the State of Kansas through Wichita State University during the year ended June 30, 1999. The proceeds were used for energy conserving building renovations and equipment replacements. As of June 30, 2007, the organization is obligated to repay \$147,255 principal on the bonds, plus interest at rates ranging from 4.4% to 5.4%. Interest expense of \$16,046 was recorded for FY 2007. Principal of \$86,779 was retired in FY 2007. The Union is reported as a component unit by the University.

Complete financial statements for the Union Corporation can be obtained from the Rhatigan Student Center Business Office at 1845 Fairmount, Campus Box 56, Wichita, Kansas, 67260-0056.

**Wichita State University Board of Trustees**

The Wichita State University Board of Trustees (the Board of Trustees) is a governmental entity established for the education enrichment purposes of Wichita State University as a whole, including all the colleges and branches or divisions thereof as well as all the facilities and activities thereof, consistent with the objectives, operation and management of Wichita State University. The Board of Trustees is reported as a component unit of Wichita State University.

The Board of Trustees is a separate corporation governed by section 115 of the Internal Revenue Code. The Board of Trustees is a governmental instrumentality exempt from income tax. A nine member board of directors is appointed by the Governor of the State of Kansas. It was formed to manage endowments, and the 1.5 mill levy in place at the time Wichita State University became a state institution in 1964.

The Board of Trustees' financial statements are prepared in accordance with generally accepted accounting principles (GAAP). **The Governmental Accounting Standards Board (GASB) Statements No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended by GASB Statement No. 35 Basis Financial Statements - and Management's Discussion and analysis - for Public Colleges and Universities A20 and as amended by GASB Statement No. 39 Determining Whether Certain Organizations are Component Units.**

**Wichita State University**  
**For the Years Ended June 30, 2007 and 2006**

**Notes to the Financial Statements**

The Board of Trustees basic financial statements are prepared on a government-wide basis. All activities of the Board of Trustees are considered a single governmental type activity and for this reason the government-wide and fund financial statements are combined.

The Board of Trustees furnishes support to Wichita State University from the 1.5 mill levy funding. During FY 2007, it furnished to the University \$3,909,224 for student support, \$340,932 for community support, \$24,805 for faculty and program support, and \$1,950,038 for university support. Complete financial statements for the Board of Trustees can be obtained from the Board of Trustees Business Office at 1845 Fairmount, Campus Box 2, Wichita, Kansas, 67260-0002.

**NOTE 14 - Lease Purchase Agreement**

The University, on February 22, 2006, entered into a lease-purchase agreement and performance contract with Custom Energy Services, L.L.C. for a period of fifteen years that totals \$12,316,635. The agreement was duly approved and authorized by the Kansas Board of Regents on February 16, 2006. The annual effective interest rate is 3.945%. The first payment was due October 1, 2006. Rental payments are due semi-annually on October 1 and April 1. Final rental payment is due October 1, 2021. Payments are to be made from University annual budget allocations. An energy audit identified over 100 energy saving measures resulting in a projected annual utility savings of \$1,173,811. These projects included lighting retrofit, water retrofit, replacement of boilers, cooling tower improvements, steam trap replacement, expansion of the energy management system and others. Custom Energy Services, L.L.C. will guarantee these savings to be more than the cost of energy conservation measures including financing cost, over the financing period.

Future Lease-Purchase (Rental) requirements at June 30, 2007, are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Rental Total</u>
2008	\$ 624,637.36	\$ 465,232.52	\$ 1,089,869.88
2009	649,522.33	440,347.55	1,089,869.88
2010	675,398.70	414,471.18	1,089,869.88
2011	702,305.96	387,563.92	1,089,869.88
2012	730,285.18	359,584.70	1,089,869.88
2013-2017	4,111,719.45	1,337,629.95	5,449,349.40
2018-2022	<u>4,453,731.36</u>	<u>450,683.10</u>	<u>4,904,414.46</u>
<b>Total</b>	<u>\$ 11,947,600.34</u>	<u>\$ 3,855,512.92</u>	<u>\$ 15,803,113.26</u>

**NOTE 15 - Funding for Deferred Maintenance of Buildings and Infrastructure**

The Kansas Board of Regents has worked with the six public universities, over the past year, to develop a formal request to the Governor and the Legislature for funding to eliminate the backlog of deferred maintenance. The results of that study showed that there was a buildup of deferred maintenance on the six campuses that totaled \$727 million. The amount identified at WSU totaled \$44 million. Knowing that the entire amount would not be funded and knowing that the universities could not spend the entire amount in the first year, the Board of Regents asked for a "down payment" to start addressing the problem. After much discussion and debate in the legislature, they finally appropriated \$90 million over five years, starting in Fiscal Year 2008. The allocations are as follows with WSU's portion being identified by year.

**Wichita State University**  
**For the Years Ended June 30, 2007 and 2006**

**Notes to the Financial Statements**

<b>Fiscal Year</b>	<b>Total Appropriation</b>	<b>WSU Portion of Appropriation</b>
2008	\$ 30,000,000.00	\$ 3,093,000.00
2009	20,000,000.00	2,062,000.00
2010	15,000,000.00	1,546,500.00
2011	15,000,000.00	1,546,500.00
2012	10,000,000.00	1,031,000.00
<b>Total</b>	<b>\$ 90,000,000.00</b>	<b>\$ 9,279,000.00</b>

In addition to these new funds, Wichita State University will receive \$1.5 million in revenue from another source that has been allocated annually for such purposes over the past several years. In addition, the Legislature has approved, for the first time in history, that the six universities will be permitted to retain the interest earnings on their tuition, restricted fees and sponsored research overhead revenues beginning in FY 2008. In the case of WSU, it is anticipated that an additional revenue totaling \$1.1 million will come from this source. Through these three sources of revenue, Wichita State University will be able to make significant progress on its deferred maintenance problems.

# **APPENDICES**

## **COMPONENT UNITS**

**APPENDIX 1**  
**WICHITA STATE UNIVERSITY**  
**STATEMENT OF NET ASSETS OF COMPONENT UNITS**  
**For the Year Ended June 30, 2007**

	Total Component Units		Intercollegiate Athletic Association		W.S.U. Union Corporation		W.S.U. Board of Trustees	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	\$ 10,861,691.00	\$ 10,252,709.00	\$ 6,745,230.00	\$ 5,476,647.00	\$ 2,015,991.00	\$ 1,762,838.00	\$ 2,100,470.00	\$ 3,013,224.00
Accounts receivable, net	6,224,376.00	8,155,660.00	2,540,650.00	3,272,993.00	840,755.00	734,693.00	2,842,971.00	4,148,496.00
Investments	4,862,566.00	3,994,685.00	3,884,625.00	2,896,457.00	0.00	0.00	977,941.00	1,088,228.00
Loans to students, net	37,676.00	552,139.00	0.00	0.00	0.00	0.00	37,676.00	552,139.00
Inventories	1,211,554.00	1,368,810.00	0.00	0.00	1,211,554.00	1,368,810.00	0.00	0.00
Prepaid expenses	154,682.00	169,697.00	116,949.00	119,189.00	37,733.00	48,319.00	0.00	2,189.00
Other current assets	142,572.00	152,077.00	142,572.00	152,077.00	0.00	0.00	0.00	0.00
<b>Total Current Assets</b>	<b>\$ 23,495,117.00</b>	<b>\$ 24,645,777.00</b>	<b>\$ 13,430,026.00</b>	<b>\$ 11,916,673.00</b>	<b>\$ 4,106,033.00</b>	<b>\$ 3,914,626.00</b>	<b>\$ 5,959,058.00</b>	<b>\$ 8,814,278.00</b>
<b>Noncurrent Assets</b>								
Restricted cash and cash equivalents	\$ 442,818.00	\$ 1,162,682.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 442,818.00	\$ 1,162,682.00
Investments	10,105,367.00	8,154,079.00	0.00	0.00	0.00	0.00	10,105,367.00	8,154,079.00
Other assets	500.00	500.00	0.00	0.00	500.00	500.00	0.00	0.00
Capital assets, net	16,215,177.00	16,936,291.00	1,178,618.00	1,013,829.00	2,754,225.00	2,769,113.00	12,282,334.00	13,153,349.00
<b>Total Noncurrent Assets</b>	<b>\$ 26,763,862.00</b>	<b>\$ 26,253,552.00</b>	<b>\$ 1,178,618.00</b>	<b>\$ 1,013,829.00</b>	<b>\$ 2,754,725.00</b>	<b>\$ 2,769,613.00</b>	<b>\$ 22,830,519.00</b>	<b>\$ 22,470,110.00</b>
<b>TOTAL ASSETS</b>	<b>\$ 50,258,979.00</b>	<b>\$ 50,899,329.00</b>	<b>\$ 14,608,644.00</b>	<b>\$ 12,930,502.00</b>	<b>\$ 6,860,758.00</b>	<b>\$ 6,684,239.00</b>	<b>\$ 28,789,577.00</b>	<b>\$ 31,284,388.00</b>
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Accounts payable and accrued liabilities	\$ 1,769,887.00	\$ 1,219,757.00	\$ 1,259,650.00	\$ 558,179.00	\$ 236,397.00	\$ 341,411.00	\$ 273,840.00	\$ 320,167.00
Deferred revenue	3,985,869.00	3,571,004.00	3,928,443.00	3,496,963.00	57,426.00	74,051.00	0.00	0.00
Loan payable	123,451.00	551,549.00	0.00	0.00	0.00	0.00	123,451.00	551,549.00
Revenue bonds payable	1,458,004.00	1,886,719.00	365,000.00	340,000.00	93,004.00	86,779.00	1,010,000.00	1,460,000.00
Accrued compensated absences	229,163.00	220,700.00	0.00	0.00	229,163.00	220,700.00	0.00	0.00
<b>Total Current Liabilities</b>	<b>\$ 7,566,374.00</b>	<b>\$ 7,449,789.00</b>	<b>\$ 5,543,093.00</b>	<b>\$ 4,395,132.00</b>	<b>\$ 615,990.00</b>	<b>\$ 722,941.00</b>	<b>\$ 1,407,291.00</b>	<b>\$ 2,331,716.00</b>
<b>Noncurrent Liabilities</b>								
Revenue bonds payable	\$ 18,697,734.00	\$ 20,177,171.00	\$ 6,947,875.00	\$ 7,297,259.00	\$ 54,251.00	\$ 147,255.00	\$ 11,695,608.00	\$ 12,732,657.00
<b>Total Noncurrent Liabilities</b>	<b>\$ 18,697,734.00</b>	<b>\$ 20,177,171.00</b>	<b>\$ 6,947,875.00</b>	<b>\$ 7,297,259.00</b>	<b>\$ 54,251.00</b>	<b>\$ 147,255.00</b>	<b>\$ 11,695,608.00</b>	<b>\$ 12,732,657.00</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 26,264,108.00</b>	<b>\$ 27,626,960.00</b>	<b>\$ 12,490,968.00</b>	<b>\$ 11,692,391.00</b>	<b>\$ 670,241.00</b>	<b>\$ 870,196.00</b>	<b>\$ 13,102,899.00</b>	<b>\$ 15,064,373.00</b>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	\$ 3,088,474.00	\$ 2,195,190.00	\$ 1,178,618.00	\$ 1,013,829.00	\$ 2,606,970.00	\$ 2,535,079.00	\$ (697,114.00)	\$ (1,353,718.00)
Restricted for:								
Nonexpendable	3,519,799.00	3,316,587.00	0.00	0.00	0.00	0.00	3,519,799.00	3,316,587.00
Expendable	1,556,291.00	1,784,686.00	0.00	0.00	1,556,291.00	1,514,531.00	0.00	270,155.00
Scholarships, research, instruction,	4,392,352.00	3,418,840.00	3,414,411.00	2,590,767.00	0.00	0.00	977,941.00	828,073.00
Capital projects	2,561,922.00	5,920,165.00	(3,468,523.00)	934,005.00	0.00	0.00	6,050,445.00	4,986,160.00
Debt service	8,656,033.00	6,721,115.00	993,170.00	(3,300,290.00)	2,027,256.00	1,764,433.00	5,835,607.00	8,256,972.00
Other purposes	23,994,871.00	23,356,565.00	2,117,676.00	1,236,311.00	6,190,517.00	5,814,043.00	15,686,678.00	16,304,229.00
Unrestricted	23,994,871.00	23,356,565.00	2,117,676.00	1,236,311.00	6,190,517.00	5,814,043.00	15,686,678.00	16,304,229.00
<b>TOTAL NET ASSETS</b>	<b>\$ 23,994,871.00</b>	<b>\$ 23,356,565.00</b>	<b>\$ 2,117,676.00</b>	<b>\$ 1,236,311.00</b>	<b>\$ 6,190,517.00</b>	<b>\$ 5,814,043.00</b>	<b>\$ 15,686,678.00</b>	<b>\$ 16,304,229.00</b>

**APPENDIX 2**  
**WICHITA STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS OF COMPONENT UNITS**  
**For the Year Ended June 30, 2007**

	Total Component Units		Intercollegiate Athletic Association Component Unit		W.S.U. Union Corporation Component Unit		W.S.U. Board of Trustees Component Unit	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
<b>Operating Revenues:</b>								
Student fees	\$ 3,731,177.00	\$ 3,477,560.00	\$ 2,078,419.00	\$ 1,889,853.00	\$ 1,652,758.00	\$ 1,588,027.00	\$ 0.00	\$ 0.00
Sales and services of educational activities	12,484,782.00	11,549,595.00	9,819,426.00	8,891,156.00	2,665,356.00	2,658,439.00	0.00	0.00
Interest earned on loans to students	68,589.00	102,148.00	0.00	0.00	0.00	0.00	68,589.00	102,148.00
Other operating revenues	852,249.00	349,275.00	807,262.00	324,166.00	32,487.00	109.00	12,500.00	25,000.00
<b>Total Operating Revenue</b>	<b>\$ 17,136,797.00</b>	<b>\$ 15,478,578.00</b>	<b>\$ 12,705,107.00</b>	<b>\$ 11,104,855.00</b>	<b>\$ 4,350,601.00</b>	<b>\$ 4,246,575.00</b>	<b>\$ 81,089.00</b>	<b>\$ 127,148.00</b>
<b>Operating Expenses:</b>								
Public Service	\$ 340,932.00	\$ 348,141.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 340,932.00	\$ 348,141.00
Academic Support	24,805.00	34,152.00	0.00	0.00	0.00	0.00	24,805.00	34,152.00
Student Service	15,337,941.00	12,980,763.00	11,770,006.00	9,431,287.00	3,567,935.00	3,559,476.00	0.00	0.00
Institutional Support	1,950,038.00	857,792.00	0.00	0.00	0.00	0.00	1,950,038.00	857,792.00
Operations & Maintenance of Plant	675,225.00	916,855.00	356,926.00	513,091.00	318,299.00	403,784.00	0.00	0.00
Depreciation	1,906,951.00	1,851,328.00	188,838.00	160,554.00	347,138.00	319,758.00	1,371,015.00	1,371,016.00
Scholarships & Fellowships	5,952,091.00	5,117,553.00	1,961,955.00	1,876,865.00	80,912.00	72,835.00	3,909,224.00	3,167,853.00
Other Expenses	1,422,683.00	1,151,712.00	1,422,683.00	1,151,712.00	0.00	0.00	0.00	0.00
<b>Total Operating Expenses</b>	<b>\$ 27,610,706.00</b>	<b>\$ 23,268,296.00</b>	<b>\$ 15,700,408.00</b>	<b>\$ 13,133,509.00</b>	<b>\$ 4,314,284.00</b>	<b>\$ 4,355,833.00</b>	<b>\$ 7,596,014.00</b>	<b>\$ 5,778,954.00</b>
<b>Operating Income (Loss)</b>	<b>\$ (10,473,909.00)</b>	<b>\$ (7,789,718.00)</b>	<b>\$ (2,995,301.00)</b>	<b>\$ (2,028,654.00)</b>	<b>\$ 36,317.00</b>	<b>\$ (109,258.00)</b>	<b>\$ (7,514,925.00)</b>	<b>\$ (5,651,806.00)</b>
<b>Nonoperating Revenues (Expenses)</b>								
County tax subsidy	\$ 6,378,552.00	\$ 6,524,947.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 6,378,552.00	\$ 6,524,947.00
Gifts	4,326,333.00	4,332,226.00	4,222,278.00	4,210,292.00	99,005.00	117,334.00	5,050.00	4,600.00
Investment income	2,178,351.00	1,317,157.00	504,108.00	284,560.00	93,152.00	65,755.00	1,581,091.00	966,842.00
Interest expense	(970,002.00)	(1,062,905.00)	(359,879.00)	(376,282.00)	0.00	0.00	(610,123.00)	(686,623.00)
Student fees for capital projects	724,889.00	712,491.00	576,889.00	564,990.00	148,000.00	147,501.00	0.00	0.00
Other nonoperating revenues (expenses)	(1,784,496.00)	(1,530,989.00)	(1,058,995.00)	(1,092,589.00)	0.00	0.00	(705,500.00)	(438,400.00)
<b>Net Nonoperating Revenues</b>	<b>\$ 10,873,627.00</b>	<b>\$ 10,292,927.00</b>	<b>\$ 3,884,400.00</b>	<b>\$ 3,590,871.00</b>	<b>\$ 340,157.00</b>	<b>\$ 330,590.00</b>	<b>\$ 6,649,070.00</b>	<b>\$ 6,371,366.00</b>
<b>Income (Loss) Before Other Revenues, Expenses, Gains and Losses</b>	<b>\$ 389,718.00</b>	<b>\$ 2,503,209.00</b>	<b>\$ 889,099.00</b>	<b>\$ 1,562,317.00</b>	<b>\$ 376,474.00</b>	<b>\$ 221,332.00</b>	<b>\$ (865,855.00)</b>	<b>\$ 719,560.00</b>
<b>Other Revenue</b>								
Gifts for capital projects	\$ 488,865.00	\$ 1,117,276.00	\$ 240,561.00	\$ 379,376.00	\$ 0.00	\$ 0.00	\$ 248,304.00	\$ 737,900.00
Transfer assets to WSU Foundation	(35,400.00)	(4,004,895.00)	(35,400.00)	0.00	0.00	0.00	0.00	(4,004,895.00)
Other additions, net	(214,895.00)	(284,949.00)	(214,895.00)	(284,949.00)	0.00	0.00	0.00	0.00
<b>Increase in Net Assets</b>	<b>\$ 638,288.00</b>	<b>\$ (669,359.00)</b>	<b>\$ 879,365.00</b>	<b>\$ 1,656,744.00</b>	<b>\$ 376,474.00</b>	<b>\$ 221,332.00</b>	<b>\$ (617,551.00)</b>	<b>\$ (2,547,435.00)</b>
<b>Net Assets</b>								
<b>Net Assets - Beginning of Year</b>	<b>\$ 23,356,583.00</b>	<b>\$ 24,025,942.00</b>	<b>\$ 1,236,311.00</b>	<b>\$ (418,433.00)</b>	<b>\$ 5,814,043.00</b>	<b>\$ 5,592,711.00</b>	<b>\$ 16,304,229.00</b>	<b>\$ 18,851,664.00</b>
<b>Net Assets - End of Year</b>	<b>\$ 23,994,871.00</b>	<b>\$ 23,356,583.00</b>	<b>\$ 2,117,676.00</b>	<b>\$ 1,238,311.00</b>	<b>\$ 6,190,517.00</b>	<b>\$ 5,814,043.00</b>	<b>\$ 15,686,678.00</b>	<b>\$ 16,304,229.00</b>

# Supplemental Financial Information

**Note:** The following financial statements have been prepared on a modified accrual basis of accounting and represent the historical format of the University's financial statements prior to GASB 34/35. These financial statements have been prepared for historical purposes and are to be used for internal management purposes only.



**WICHITA STATE UNIVERSITY  
SCHEDULE OF INVESTMENTS  
June 30, 2007**

**SCHEDULE A-1**

FUND	TYPE OF INVESTMENT	INVESTMENT DATE	MATURITY DATE	COST	MATURITY VALUE
<b>A. RENEWAL AND REPLACEMENT FUNDS</b>					
1. On Campus Parking System Maintenance and Construction Fund	5.06% Pooled Money Investment Board	07/10/06	Overnight Pool	\$ 1,799,400.00	\$ 1,799,400.00
2. WSU Housing System Surplus Fund	5.06% Pooled Money Investment Board	07/10/06	Overnight Pool	\$ 1,328,515.00	\$ 1,328,515.00
3. WSU Housing System Depreciation and Replacement Fund	5.06% Pooled Money Investment Board	07/10/06	Overnight Pool	\$ 421,350.00	\$ 421,350.00
<b>TOTAL RENEWAL AND REPLACEMENT FUND INVESTMENTS</b>					
<b>B. RETIREMENT OF INDEBTEDNESS FUNDS</b>					
1. WSU Housing System Bond Reserve Fund	6.47% MBIA Investment Management Corporation	11/18/02	06/01/21	\$ 961,962.50	\$ 961,962.50
2. Parking System Bond Reserve Fund	6.83% AIG - IMF L.L.C.	06/15/00	04/01/15	\$ 555,277.50	\$ 555,277.50
<b>TOTAL RETIREMENT OF INDEBTEDNESS FUND INVESTMENTS</b>					
<b>C. OTHER INVESTMENTS</b>					
1. Student and Faculty Service Fund	3.26% Certificate of Deposit Bank of America 0.25% Credit Union Shares 5.00% Credit Union Share Certificate	08/16/06 12/04/01 12/04/06	08/14/07 Continuous 12/04/07	\$ 137,508.88 27.40 110,872.80	\$ 137,508.88 27.40 110,872.80
2. Employees Association	0.50% Credit Union Shares 3.00% Credit Union Share Certificate	03/09/73 09/10/06	Continuous 09/10/07	\$ 856.06 4,879.66	\$ 856.06 4,879.66
3. Student Publications - Sunflower Operations	1.26% Credit Union Shares	07/07/00	Continuous	\$ 122,381.63	\$ 122,381.63
4. Student Publications - Sunflower Capital Equipment	1.26% Credit Union Shares 3.15% Certificate of Deposit-Commerce Bank	06/20/03 12/13/06	Continuous 12/13/07	\$ 4,748.53 25,797.77	\$ 4,748.53 25,797.77
<b>TOTAL OTHER INVESTMENTS - Agency Funds</b>					
<b>TOTAL INVESTMENTS</b>					
				\$ 407,072.73	\$ 407,072.73
				\$ 5,473,577.73	\$ 5,473,577.73

**WICHITA STATE UNIVERSITY**  
**SCHEDULE OF BONDED INDEBTEDNESS - HOUSING**  
 June 30, 2007

**SCHEDULE A-2**

**HOUSING SYSTEM RENOVATION PROJECT - REFUNDING REVENUE BONDS SERIES 2002P**

YEAR ENDED JUNE 30	BONDS PAYABLE	INTEREST	ANNUAL DEBT SERVICE REQUIREMENT
2008	\$ 510,000.00	\$ 448,997.50	\$ 958,997.50
2009	520,000.00	433,697.50	953,697.50
2010	540,000.00	416,797.50	956,797.50
2011	560,000.00	397,897.50	957,897.50
2012	580,000.00	377,737.50	957,737.50
2013	600,000.00	356,712.50	956,712.50
2014	630,000.00	326,712.50	956,712.50
2015	665,000.00	295,212.50	960,212.50
2016	700,000.00	261,962.50	961,962.50
2017	735,000.00	226,962.50	961,962.50
2018	760,000.00	194,806.26	954,806.26
2019	795,000.00	161,556.26	956,556.26
2020	835,000.00	125,781.26	960,781.26
2021	1,835,000.00	87,162.50	1,922,162.50
TOTAL	\$ 10,265,000.00	\$ 4,111,996.28	\$ 14,376,996.28

REVENUES FROM STUDENT HOUSING FACILITIES ARE PLEDGED FOR PAYMENT OF THE HOUSING SYSTEM RENOVATION PROJECT REVENUE BONDS. THE INTEREST RATE VARIES FROM 3.000% TO 4.750%.

**WICHITA STATE UNIVERSITY**  
**SCHEDULE OF BONDED INDEBTEDNESS - PARKING**  
 June 30, 2007

**SCHEDULE A-3**

**PARKING SYSTEM PROJECT REVENUE BONDS - SERIES 2000B**

YEAR ENDED JUNE 30	BONDS PAYABLE	INTEREST	ANNUAL DEBT SERVICE REQUIREMENT
2008	\$ 335,000.00	218,370.00	553,370.00
2009	350,000.00	199,945.00	549,945.00
2010	370,000.00	180,520.00	550,520.00
2011	390,000.00	159,800.00	549,800.00
2012	410,000.00	137,765.00	547,765.00
2013	435,000.00	113,575.00	548,575.00
2014	460,000.00	87,910.00	547,910.00
2015	1,030,000.00	60,770.00	1,090,770.00
TOTAL	<u>\$ 3,780,000.00</u>	<u>\$ 1,158,655.00</u>	<u>\$ 4,938,655.00</u>

REVENUES FROM PARKING FEES ARE PLEDGED FOR PAYMENT OF THE PARKING SYSTEM PROJECT REVENUE BONDS.  
 THE INTEREST RATE VARIES FROM 4.700% TO 5.900%.

**WICHITA STATE UNIVERSITY**  
**SCHEDULE OF BONDED INDEBTEDNESS**  
 June 30, 2007

**SCHEDULE A-4**

**RESEARCH AND DEVELOPMENT FACILITIES PROJECTS - WSU SERIES 2003C**  
 (Engineering Research Laboratory Building)

YEAR ENDED JUNE 30	BONDS PAYABLE	INTEREST	ANNUAL DEBT SERVICE REQUIREMENT
2008	0.00	115,250.00	115,250.00
2009	0.00	115,250.00	115,250.00
2010	0.00	115,250.00	115,250.00
2011	0.00	115,250.00	115,250.00
2012	0.00	115,250.00	115,250.00
2013	0.00	115,250.00	115,250.00
2014	0.00	115,250.00	115,250.00
2015	0.00	115,250.00	115,250.00
2016	0.00	115,250.00	115,250.00
2017	0.00	115,250.00	115,250.00
2018	0.00	115,250.00	115,250.00
2019	0.00	115,250.00	115,250.00
2020	0.00	115,250.00	115,250.00
2021	0.00	115,250.00	115,250.00
2022	375,000.00	105,875.00	480,875.00
2023	940,000.00	73,000.00	1,013,000.00
2024	990,000.00	24,750.00	1,014,750.00
<b>TOTAL</b>	<b>\$ 2,305,000.00</b>	<b>\$ 1,817,125.00</b>	<b>\$ 4,122,125.00</b>

Revenue Bonds have an interest rate of 5.000%. Principal Payments will not commence until FY 2022 due to the structuring of the debt service payments of the 2005D bond issue.

**WICHITA STATE UNIVERSITY**  
**SCHEDULE OF BONDED INDEBTEDNESS**  
 June 30, 2007

**SCHEDULE A-5**

**RESEARCH AND DEVELOPMENT FACILITIES PROJECTS - SERIES 2003C**  
**AVIATION RESEARCH EQUIPMENT**

YEAR ENDED JUNE 30	BONDS PAYABLE	INTEREST	ANNUAL DEBT SERVICE REQUIREMENT
2008	\$ 1,160,000.00	149,000.00	\$ 1,309,000.00
2009	1,220,000.00	92,500.00	1,312,500.00
2010	1,280,000.00	32,000.00	1,312,000.00
TOTAL	<u>\$ 3,660,000.00</u>	<u>\$ 273,500.00</u>	<u>\$ 3,933,500.00</u>

REVENUE BONDS INTEREST RATE VARIES FROM 4.672% TO 5.000%

**WICHITA STATE UNIVERSITY**  
**SCHEDULE OF BONDED INDEBTEDNESS**  
 June 30, 2007  
**SCHEDULE A-6**

**RESEARCH AND DEVELOPMENT FACILITIES PROJECTS - WSU - SERIES 2005D**  
**(ENGINEERING RESEARCH LABORATORY BUILDING)**

YEAR ENDED JUNE 30	BONDS PAYABLE	INTEREST	ANNUAL DEBT SERVICE REQUIREMENT
2008	\$ 550,000.00	\$ 339,919.00	\$ 889,919.00
2009	575,000.00	316,985.25	891,985.25
2010	600,000.00	292,066.50	892,066.50
2011	625,000.00	265,480.25	890,480.25
2012	655,000.00	237,086.50	892,086.50
2013	685,000.00	206,662.50	891,662.50
2014	720,000.00	174,128.00	894,128.00
2015	750,000.00	139,467.50	889,467.50
2016	790,000.00	102,695.00	892,695.00
2017	830,000.00	63,400.00	893,400.00
2018	870,000.00	21,532.50	891,532.50
<b>TOTAL</b>	<b>\$ 7,650,000.00</b>	<b>\$ 2,159,423.00</b>	<b>\$ 9,809,423.00</b>

REVENUE BONDS INTEREST RATE VARIES FROM 3.790% TO 4.950%

**WICHITA STATE UNIVERSITY**  
**SCHEDULE OF BONDED INDEBTEDNESS**  
 June 30, 2007

**SCHEDULE A-7**

**RESEARCH AND DEVELOPMENT FACILITIES PROJECTS - SERIES 2005D**  
**AVIATION RESEARCH EQUIPMENT**

<u>YEAR ENDED JUNE 30</u>	<u>BONDS PAYABLE</u>	<u>INTEREST</u>	<u>ANNUAL DEBT SERVICE REQUIREMENT</u>
2008	\$ 55,000.00	\$ 278,948.50	\$ 333,948.50
2009	55,000.00	276,707.25	331,707.25
2010	60,000.00	274,267.50	334,267.50
2011	1,405,000.00	242,275.25	1,647,275.25
2012	1,465,000.00	178,613.50	1,643,613.50
2013	1,535,000.00	110,499.50	1,645,499.50
2014	1,610,000.00	37,674.00	1,647,674.00
<b>TOTAL</b>	<b>\$ 6,185,000.00</b>	<b>\$ 1,398,985.50</b>	<b>\$ 7,583,985.50</b>

REVENUE BONDS INTEREST RATE VARIES FROM 3.790% TO 4.680%

**WICHITA STATE UNIVERSITY**  
**SCHEDULE OF BONDED INDEBTEDNESS**  
 June 30, 2007  
**SCHEDULE A-8**

**CUSTOM ENERGY SERVICES, L.L.C.**  
**ENERGY CONSERVATION LEASE PURCHASE**

<u>YEAR ENDED JUNE 30</u>	<u>PRINCIPAL PAYABLE</u>	<u>INTEREST</u>	<u>ANNUAL LEASE PURCHASE REQUIREMENT</u>
2008	\$ 624,637.36	\$ 465,232.52	\$ 1,089,869.88
2009	649,522.33	440,347.55	1,089,869.88
2010	675,398.70	414,471.18	1,089,869.88
2011	702,305.96	387,563.92	1,089,869.88
2012	730,285.18	359,584.70	1,089,869.88
2013	759,379.07	330,490.81	1,089,869.88
2014	789,632.03	300,237.85	1,089,869.88
2015	821,090.24	268,779.64	1,089,869.88
2016	853,801.72	236,068.16	1,089,869.88
2017	887,816.39	202,053.49	1,089,869.88
2018	923,186.18	166,683.70	1,089,869.88
2019	959,965.06	129,904.82	1,089,869.88
2020	998,209.19	91,660.69	1,089,869.88
2021	1,037,976.91	51,892.97	1,089,869.88
2022	534,394.02	10,540.92	544,934.94
TOTAL	<u>\$ 11,947,600.34</u>	<u>\$ 3,855,512.92</u>	<u>\$ 15,803,113.26</u>

Interest Rate is 3.945%



**WICHITA STATE UNIVERSITY**  
**STATEMENT OF CURRENT FUNDS OPERATING REVENUE**  
**For the Fiscal Year Ended June 30, 2007**

**SCHEDULE B-1**

DESCRIPTION	TOTAL	UNRESTRICTED		
		GENERAL	DESIGNATED	RESTRICTED
<b>I. TUITION AND FEES</b>				
Incidental Fees - Regular Term	\$ 42,317,005.29	\$ 42,317,005.29	\$ 0.00	\$ 0.00
Incidental Fees - Summer School	4,202,078.88	4,202,078.88	0.00	0.00
Student Fees	7,888,370.20	0.00	7,888,370.20	0.00
Late Registration Fees	1,505.25	0.00	1,505.25	0.00
Transaction Fees	299,490.23	0.00	299,490.23	0.00
Special Course Fees	1,944,408.29	943.03	1,943,465.26	0.00
Credit by Examination	7,489.42	0.00	7,489.42	0.00
Library Fees	29,543.43	0.00	29,543.43	0.00
Identification Fees	6.10	0.00	6.10	0.00
Extension Fees	485,455.98	0.00	485,455.98	0.00
Orientation Fees	1,505.00	0.00	1,505.00	0.00
Other Student Fees	1,282,714.43	0.00	1,282,714.43	0.00
<b>TOTAL STUDENT FEES</b>	<b>\$ 58,459,572.50</b>	<b>\$ 46,520,027.20</b>	<b>\$ 11,939,545.30</b>	<b>\$ 0.00</b>
<b>II. STATE APPROPRIATIONS</b>				
Operating Expenditures	\$ 71,739,177.00	\$ 71,739,177.00	\$ 0.00	\$ 0.00
<b>TOTAL STATE APPROPRIATIONS</b>	<b>\$ 71,739,177.00</b>	<b>\$ 71,739,177.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>III. FEDERAL GRANTS AND CONTRACTS</b>				
Federal Sponsored Program Grants	\$ 21,632,204.97	\$ 0.00	\$ 2,450,791.25	\$ 19,181,413.72
Work Study Program	527,125.32	0.00	57,345.55	469,779.77
Education Opportunity Grants	337,709.00	0.00	0.00	337,709.00
Pell Grants	7,913,601.78	0.00	0.00	7,913,601.78
Gifts for Education and General	34,908.85	0.00	34,908.85	0.00
Repayments on Pell Grants and SEOG	16,421.27	0.00	0.00	16,421.27
<b>TOTAL FEDERAL GRANTS AND CONTRACTS</b>	<b>\$ 30,461,971.19</b>	<b>\$ 0.00</b>	<b>\$ 2,543,045.65</b>	<b>\$ 27,918,925.54</b>
<b>IV. STATE GRANTS AND CONTRACTS</b>				
Sponsored Programs from State Agencies	\$ 1,170,369.53	\$ 0.00	\$ 1,151,341.09	\$ 19,028.44
<b>TOTAL STATE GRANTS AND CONTRACTS</b>	<b>\$ 1,170,369.53</b>	<b>\$ 0.00</b>	<b>\$ 1,151,341.09</b>	<b>\$ 19,028.44</b>

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF CURRENT FUNDS OPERATING REVENUE**  
**For the Fiscal Year Ended June 30, 2007**  
**SCHEDULE B-1**

DESCRIPTION	TOTAL	UNRESTRICTED		RESTRICTED
		GENERAL	DESIGNATED	
<b>V. PRIVATE GIFTS, GRANTS AND CONTRACTS</b>				
Gifts for Educational and General	\$ 16,919,459.96	\$ 8,811,936.31	\$ 4,163,903.66	\$ 3,943,619.99
<b>TOTAL PRIVATE GIFTS, GRANTS AND CONTRACTS</b>	\$ 16,919,459.96	\$ 8,811,936.31	\$ 4,163,903.66	\$ 3,943,619.99
<b>VI. OVERHEAD RECOVERY ON GRANTS AND CONTRACTS</b>				
Overhead Recovery on Grants and Contracts	\$ 2,517,908.48	\$ 0.00	\$ 2,517,908.48	\$ 0.00
<b>TOTAL OVERHEAD RECOVERY ON GRANTS AND CONTRACTS</b>	\$ 2,517,908.48	\$ 0.00	\$ 2,517,908.48	\$ 0.00
<b>VII. SALES AND SERVICES OF EDUCATIONAL ACTIVITIES</b>				
Labor and Professional Charges	\$ 11,529,667.26	\$ 20.00	\$ 11,529,647.26	\$ 0.00
Overhead Administration	145,964.22	0.00	145,964.22	0.00
Rental Charges	224,688.89	0.00	224,688.89	0.00
Admission Charges	92,046.58	0.00	92,046.58	0.00
Duplicating Services	97,104.79	0.00	97,104.79	0.00
Sale of Equipment and Supplies	421,904.65	0.00	421,904.65	0.00
Sale of Educational Course Supplies and Materials	7,328.55	0.00	7,328.55	0.00
Clinic Fees	553,209.28	0.00	553,209.28	0.00
Childcare Fees	366,693.53	0.00	366,693.53	0.00
Community Services	654,385.51	0.00	654,385.51	0.00
Taxes	28,997.21	0.00	28,997.21	0.00
Other Educational Charges	85,788.13	0.00	85,788.13	0.00
<b>TOTAL SALES AND SERVICES OF EDUCATIONAL ACTIVITIES</b>	\$ 14,207,778.60	\$ 20.00	\$ 14,207,758.60	\$ 0.00
<b>VIII. SALES AND SERVICES OF AUXILIARY ENTERPRISES</b>				
On Campus Parking Revenue	\$ 1,491,468.44	\$ 0.00	\$ 1,491,468.44	\$ 0.00
Housing Revenue	6,103,404.10	0.00	6,103,404.10	0.00
<b>TOTAL SALES AND SERVICES OF AUXILIARY ENTERPRISES</b>	\$ 7,594,872.54	\$ 0.00	\$ 7,594,872.54	\$ 0.00

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF CURRENT FUNDS OPERATING REVENUE**  
For the Fiscal Year Ended June 30, 2007

**SCHEDULE B-1**

DESCRIPTION	TOTAL	UNRESTRICTED		RESTRICTED
		GENERAL	DESIGNATED	
<b>IX. OTHER SOURCES</b>				
Interest on Investments	\$ 75,303.65	\$ 0.00	\$ 75,303.65	\$ 0.00
Recovery of Expenditures	1,253,526.04	411.10	1,160,465.94	92,649.00
Miscellaneous	51,818.09	0.00	51,818.09	0.00
<b>TOTAL OTHER SOURCES</b>	<b>\$ 1,380,647.78</b>	<b>\$ 411.10</b>	<b>\$ 1,287,587.68</b>	<b>\$ 92,649.00</b>
<b>TOTAL OPERATING REVENUE BEFORE INTERFUND TRANSFERS</b> (To Schedule C-1)	<b>\$ 204,451,757.58</b>	<b>\$ 127,071,571.61</b>	<b>\$ 45,405,963.00</b>	<b>\$ 31,974,222.97</b>
<b>TRANSFERS WITHIN CURRENT FUNDS</b>	<b>\$ 7,411,123.35</b>	<b>\$ 0.00</b>	<b>\$ 6,318,199.71</b>	<b>\$ 1,092,923.64</b>
<b>TOTAL OPERATING REVENUE OF CURRENT FUNDS</b>	<b>\$ 211,862,880.93</b>	<b>\$ 127,071,571.61</b>	<b>\$ 51,724,162.71</b>	<b>\$ 33,067,146.61</b>

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF CURRENT FUNDS OPERATING EXPENDITURES AND TRANSFERS**  
**SCHEDULE B-2**

For the Fiscal Year Ended June 30, 2007

DESCRIPTION	EXPENDITURES BY CLASSIFICATION						FUNDING TYPE		
	TOTALS	SALARIES AND WAGES	CONTRACTUAL SERVICES AND COMMODITIES	CAPITAL OUTLAY	OTHER EXPENDITURES		UNRESTRICTED		RESTRICTED
							GENERAL	DESIGNATED	
<b>I. EDUCATIONAL AND GENERAL</b>									
Instruction	\$ 7,718,458.47	\$ 7,184,673.96	\$ 303,489.31	\$ 92,771.50	\$ 137,523.70	\$ 6,445,514.98	\$ 1,271,340.93	\$ 1,602.56	
W. Frank Barton School of Business	4,723,567.42	4,486,476.58	186,050.10	45,955.69	6,085.05	4,603,536.82	118,473.98	1,556.82	
College of Education	5,772,988.93	4,967,562.94	309,839.13	381,574.80	113,962.06	5,314,492.07	451,226.04	7,240.82	
College of Engineering	747,060.70	746,060.70	0.00	0.00	1,000.00	610,237.97	136,822.73	0.00	
Graduate School	5,997,640.09	5,557,786.10	315,051.56	83,932.21	40,870.22	5,575,452.38	411,764.82	10,422.89	
College of Fine Arts	7,892,131.25	6,824,694.77	639,394.12	159,930.03	268,112.33	6,548,965.06	1,096,245.59	246,920.60	
College of Health Professions	22,441,722.59	21,400,248.54	785,396.67	246,193.50	9,883.88	21,857,830.31	566,903.75	16,988.53	
Fairmount College of Liberal Arts and Sciences	830,386.04	486,973.39	102,390.55	25,522.10	215,500.00	605,215.69	220,687.04	4,483.31	
Academic Affairs	455,137.96	394,644.69	60,493.27	0.00	0.00	453,547.16	1,590.80	0.00	
Undergraduate Studies									
Total Instruction	\$ 56,579,063.45	\$ 52,048,141.67	\$ 2,702,104.71	\$ 1,035,879.83	\$ 792,937.24	\$ 52,014,792.24	\$ 4,275,056.68	\$ 289,215.53	
Research	\$ 28,842,585.15	\$ 14,662,251.74	\$ 9,359,200.76	\$ 2,304,172.33	\$ 2,516,960.32	\$ 3,810,971.41	\$ 13,247,560.71	\$ 11,784,063.03	
Public Service	16,537,075.34	9,532,507.84	4,646,699.60	560,600.58	1,797,267.32	2,834,806.21	2,901,920.14	10,800,348.99	
Academic Support	24,953,100.23	14,669,102.55	6,441,465.83	2,428,432.32	1,414,099.53	19,371,241.23	5,534,923.49	46,935.51	
Student Services	20,043,631.57	11,063,801.22	3,067,305.10	427,398.04	5,485,127.21	8,905,674.62	9,387,286.37	1,750,670.58	
Institutional Support	13,417,250.17	9,606,708.64	2,612,714.70	745,778.44	452,048.39	11,618,013.90	1,283,127.86	516,108.41	
Operation and Maintenance of Physical Plant	20,848,097.14	10,905,007.15	8,166,320.61	652,153.40	1,124,615.98	18,377,313.84	2,470,783.30	0.00	
Scholarships and Fellowships	17,701,866.03	4,159.42	33,077.21	0.00	17,664,629.40	9,454,634.72	30,617.14	8,216,614.17	
<b>TOTAL EDUCATION AND GENERAL</b>	\$ 198,922,669.08	\$ 122,491,680.23	\$ 37,028,888.52	\$ 8,154,414.94	\$ 31,247,685.39	\$ 126,387,448.17	\$ 39,132,264.69	\$ 33,402,956.22	
<b>II. AUXILIARY ENTERPRISES</b>									
Dormitory Operations Fund	\$ 5,659,791.26	\$ 568,918.01	\$ 2,873,619.75	\$ 14,310.52	\$ 2,202,942.98	\$ 0.00	\$ 5,659,791.26	\$ 0.00	
On Campus Parking Revenue Fund	1,329,081.81	284,889.60	52,165.07	0.00	992,027.14	0.00	1,329,081.81	0.00	
Outside Workstudy Agencies	157,562.41	65,950.02	10,748.51	0.00	80,863.88	0.00	17,154.07	140,408.34	
Non-Expense Transfers	2,663,511.79	0.00	27,928.68	1,925,648.17	709,934.94	709,934.94	1,953,576.85	0.00	
<b>TOTAL AUXILIARY ENTERPRISES</b>	\$ 9,809,947.27	\$ 919,757.63	\$ 2,964,462.01	\$ 1,939,958.69	\$ 3,985,768.94	\$ 709,934.94	\$ 8,959,603.99	\$ 140,408.34	
<b>TOTAL CURRENT FUNDS OPERATING EXPENDITURES AND TRANSFERS</b>	\$ 208,732,616.35	\$ 123,411,437.86	\$ 39,993,350.53	\$ 10,094,373.63	\$ 35,233,454.33	\$ 127,097,383.11	\$ 48,091,868.68	\$ 33,543,364.56	

Note: The expenditures are not on a GAAP basis because encumbrances are included as a current year expense. Current year payments of prior year encumbrances and accrued expenditures are not included. Expenditures also include transfers among funds which would be eliminated if they were on a GAAP basis.