



HLC Accreditation 2020-2021

Evidence Document

Finance and Administration

Financial Operations and Business
Technology (FOBT)

Wichita State University Annual Financial Report FY 2017

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

Additional information: See GABS reports on the WSU web
site: https://www.wichita.edu/services/controller/fobt_financials.php
(accessed April 5, 2021).



**Annual Financial Report
for the Fiscal Year Ended June 30, 2017**

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

**Wichita State University
Fiscal Year 2017 Annual GASB Financial Report**

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**Wichita State University
Fiscal Year 2017 Annual GASB Financial Report**

Kansas Board of Regents and University Officers

Kansas Board of Regents

Blake Flanders, President/CEO
Dave Murfin, Chair
Dennis Mullin, Vice Chair
Joe Bain
Shane Bangerter
Ann Brandau-Murguia
Bill Feuerborn
Zoe Newton
Daniel J. Thomas
Helen Van Etten

University Officers

Officer Reporting

Werner Golling, Vice President for Finance and Administration

Executive Administration

John W. Bardo, President
Anthony J. Vizzini, Provost and Senior Vice President
Werner Golling, Vice President for Finance and Administration
Andrew Schlapp, Executive Director of Government Relations
Lou Heldman, Vice President for Strategic Communications
John Tomblin, Vice President for Research and Technology Transfer
Marché Fleming-Randle, Vice President for Diversity and Community Engagement
Teri Hall, Vice President for Student Affairs
Richard Muma, Sr. Associate Vice President for Academic Affairs and Strategic Enrollment Management
David Moses, General Counsel
Darron Boatright, Director of Athletics

Fiscal Year 2017 Financial Information
Prepared in Accordance with Government Accounting Standards Board
(GASB) Principles

Management's Discussion and Analysis

Wichita State University
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Management's Discussion and Analysis

As management of Wichita State University (University), we offer you this discussion and analysis of the financial activities of the University for the fiscal year ended June 30, 2017. This information is designed to identify and explain significant financial issues, changes in the University's financial position and deviations from the prior fiscal year. In accordance with GASB Statement No. 39 as amended by GASB Statement No. 61, the University is required to include its component units within the financial report. Wichita State Innovation Alliance (WSIA) and Wichita State Innovation Alliance Investment Corporation (WSIAC) are component units with blended presentation within the University's Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position. Wichita State University Intercollegiate Athletic Association, Inc., Wichita State University Union Corporation, Wichita State University Board of Trustees and Wichita State University Foundation are presented discretely within the financial report. Due to differences in reporting models, the Wichita State University Foundation is presented separately from the other discrete component units. We encourage you to consider this information in conjunction with the financial statements and the notes to the financial statements. These financial statements are prepared in accordance with Government Accounting Standards Board (GASB) principles.

FINANCIAL HIGHLIGHTS

- Net Assets increased \$17.5 million or 8.4% compared to June 30, 2016.
- Operating revenue increased \$16.0 million or 9.2% driven by an \$11.1 million increase in Federal grants and contracts.
- Operating expenses increased \$7.2 million or 2.6% over fiscal year 2016. Research expenses increased \$4.5 million, accounting for 63.1% of the increase in operating expenses.

USING THE FINANCIAL STATEMENTS

This report consists of three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, 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 and Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis for Public Colleges during fiscal year 2004. These standards changed the focus of the financial statements to a comprehensive one-look at the University as a whole, as opposed to the traditional presentation of fund groups. For Fiscal Year 2015, the University implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The primary objective of this new standard is to improve accounting and financial reporting by state and local governments for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and pension expense.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, liabilities, and net position 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 Position 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.

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Within the Statement of Net Position, 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 Position is divided into three categories:

1. Net Investment in Capital Assets indicates the University's equity in property, plant and equipment owned by the University.
2. Restricted Net Position is 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 Position is 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 Position is available to the University for any lawful purpose of the institution.

The following is a summary of the University's assets, liabilities, and net position at June 30:

	2017	2016
Current Assets	\$ 96,678,068	\$ 90,500,677
Noncurrent Assets	280,456,998	272,744,319
Total Assets	\$ 377,135,066	\$ 363,244,996
Deferred outflows	6,659,408	4,142,971
Current Liabilities	\$ 34,140,861	\$ 35,034,450
Noncurrent Liabilities	123,001,821	123,482,055
Total Liabilities	\$ 157,142,682	\$ 158,516,505
Deferred Inflows	3,329,791	3,092,966
Net Position		
Net Investment in Capital Assets	\$ 179,120,251	\$ 173,090,353
Restricted Net Position	12,159,701	16,774,288
Unrestricted Net Position	32,042,049	15,913,855
Total Net Position	\$ 223,322,001	\$ 205,778,496

Comparative Analysis of Fiscal Years 2017 and 2016

Current assets increased \$6.2 million in FY 2017. The increase is attributed to an \$8.0 million increase in accounts receivable, net which was slightly offset by a decrease of \$2.1 million in cash and cash equivalents. The increase in accounts receivable is driven by an increase of \$6.8 million in research receivables compared to FY 2016.

Noncurrent assets increased \$7.7 million. University asset additions were \$0.7 million less than depreciation and net retirements removed another \$0.4 million. Loans to students also fell by \$0.2 million. The increase in noncurrent assets was a result of an increase of \$9.0 million in construction in progress. Wichita State's first parking garage was nearly complete at the end of FY 2017.

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Current liabilities decreased \$0.9 million. Accounts payable and accrued liabilities fell 20.3% or \$3.5 million due to the final payroll of FY 2017 occurring on June 30th. Accrued compensated absences increased \$0.8 million and deferred revenue increased \$1.5 million. The increase in deferred revenue is related to grants.

Noncurrent liabilities decreased \$0.5 million at June 30, 2017. Revenue bonds payable increased \$3.4 million. This increase was offset by a \$2.0 million decrease in lease payable, a \$0.4 million decrease in accrued compensated absences and a decrease of \$1.4 million in net pension obligation.

Total Net Position at June 30, 2017 was \$223.3 million, a \$17.5 million increase over the prior year.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

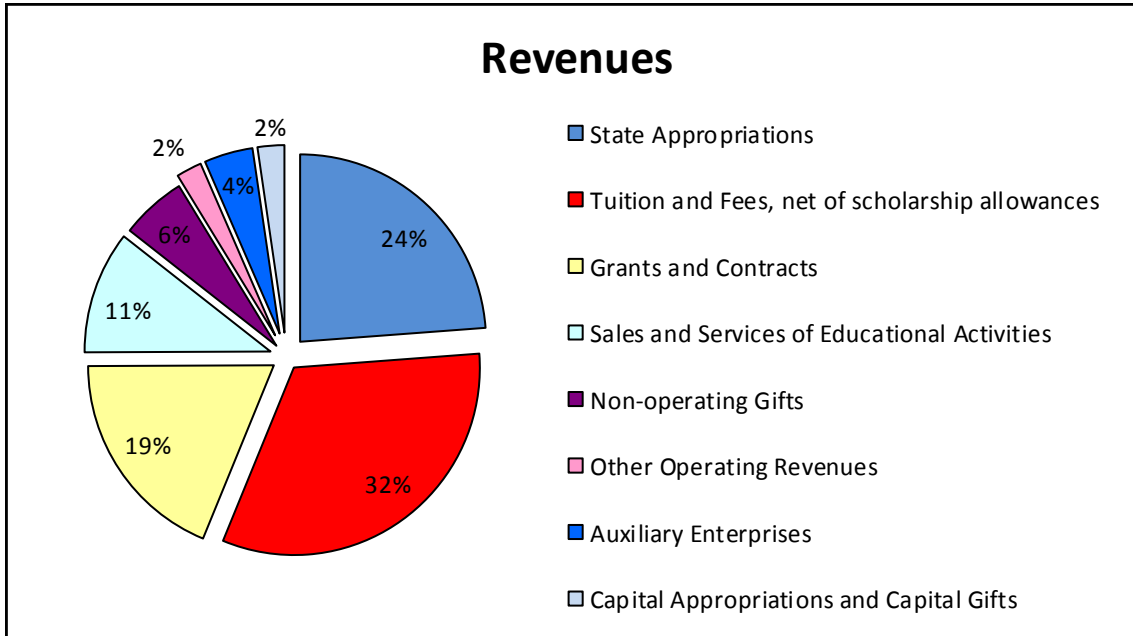
The Statement of Revenues, Expenses and Changes in Net Position presents the total revenues earned and expenses incurred by the University for operating, non-operating and other related activities during a period of time. Its purpose is to assess the University's operating results.

	<u>2017</u>	<u>2016</u>
Operating Revenue	\$ 189,336,288	\$ 173,310,863
Operating Expenses	279,820,893	272,637,738
Operating Loss	<u>\$ (90,484,605)</u>	<u>\$ (99,326,875)</u>
Non-operating Revenue	\$ 100,997,158	\$ 100,388,139
Other Revenue	7,030,952	7,148,240
Total Increase in Net Position	<u>\$ 17,543,505</u>	<u>\$ 8,209,504</u>
Net Position - Beginning of Year	\$ 205,778,496	\$ 197,568,992
Net Position - End of Year	<u><u>\$ 223,322,001</u></u>	<u><u>\$ 205,778,496</u></u>

**Wichita State University
Fiscal Year 2017 Annual GASB Financial Report
Management's Discussion and Analysis**

REVENUES

Total revenues by source for the year ended June 30, 2017 are shown below:



Comparative Analysis of Fiscal Years 2017 and 2016

Total operating revenues at the University as of June 30, 2017, increased \$16.0 million or 9.2% over the previous year. The following is a brief summary of the significant changes:

- Tuition and fee revenues, after scholarship allowances, were \$97.7 million in FY 2017 compared to \$93.2 million in FY 2016. The \$4.5 million increase is attributed to an increase in tuition of \$2.7 million and the remaining increase due to a new Barton School of Business fee that generated \$1.8 million.
- Federal operating grants and contracts increased \$11.1 million over the previous fiscal year. The University experienced a decrease of \$1.0 million in Federal research associated with Community Education and an increase of \$12.0 million in Federal research associated with individuals or project research in Public Service.
- The remaining categories of operating revenues combined for an increase of \$1.1 million or 2.2%.

Total non-operating revenues (expenses) at the University as of June 30, 2017, increased \$0.6 million over the previous year. Gifts increased \$1.8 million while State appropriations fell \$0.4 million, Pell grants decreased \$0.2 million and the University paid \$0.2 million in bond issuance costs to finance the construction of a new parking garage. Total other revenues (expenses) at the University as of June 30, 2017, decreased \$0.1 million or 1.6% due to a decrease in gifts for capital projects.

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OPERATING EXPENSES

Included in the total operating expenses of the University are the following activities which relate to the University's primary mission:

	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Total</u>
Salaries and Wages				
FY 2017	\$ 64,885,427	\$ 28,709,436	\$ 12,005,174	\$ 105,600,037
FY 2016	<u>65,958,857</u>	<u>25,140,673</u>	<u>14,302,532</u>	<u>105,402,062</u>
Increase (Decrease)	<u>\$ (1,073,430)</u>	<u>\$ 3,568,763</u>	<u>\$ (2,297,358)</u>	<u>\$ 197,975</u>
Contractual and Commodities, other				
FY 2017	\$ 7,961,939	\$ 12,937,958	\$ 6,986,664	\$ 27,886,561
FY 2016	<u>6,549,755</u>	<u>11,154,805</u>	<u>7,204,649</u>	<u>24,909,209</u>
Increase (Decrease)	<u>\$ 1,412,184</u>	<u>\$ 1,783,153</u>	<u>\$ (217,985)</u>	<u>\$ 2,977,352</u>
Capital Equipment				
FY 2017	\$ (124,153)	\$ 6,269,029	\$ 131,888	\$ 6,276,764
FY 2016	<u>663,601</u>	<u>7,086,957</u>	<u>388,141</u>	<u>8,138,699</u>
Increase (Decrease)	<u>\$ (787,754)</u>	<u>\$ (817,928)</u>	<u>\$ (256,253)</u>	<u>\$ (1,861,935)</u>
Totals for FY 2017	\$ 72,723,213	\$ 47,916,423	\$ 19,123,726	\$ 139,763,362
Totals for FY 2016	<u>73,172,213</u>	<u>43,382,435</u>	<u>21,895,322</u>	<u>138,449,970</u>
Increase (Decrease)	<u>\$ (449,000)</u>	<u>\$ 4,533,988</u>	<u>\$ (2,771,596)</u>	<u>\$ 1,313,392</u>

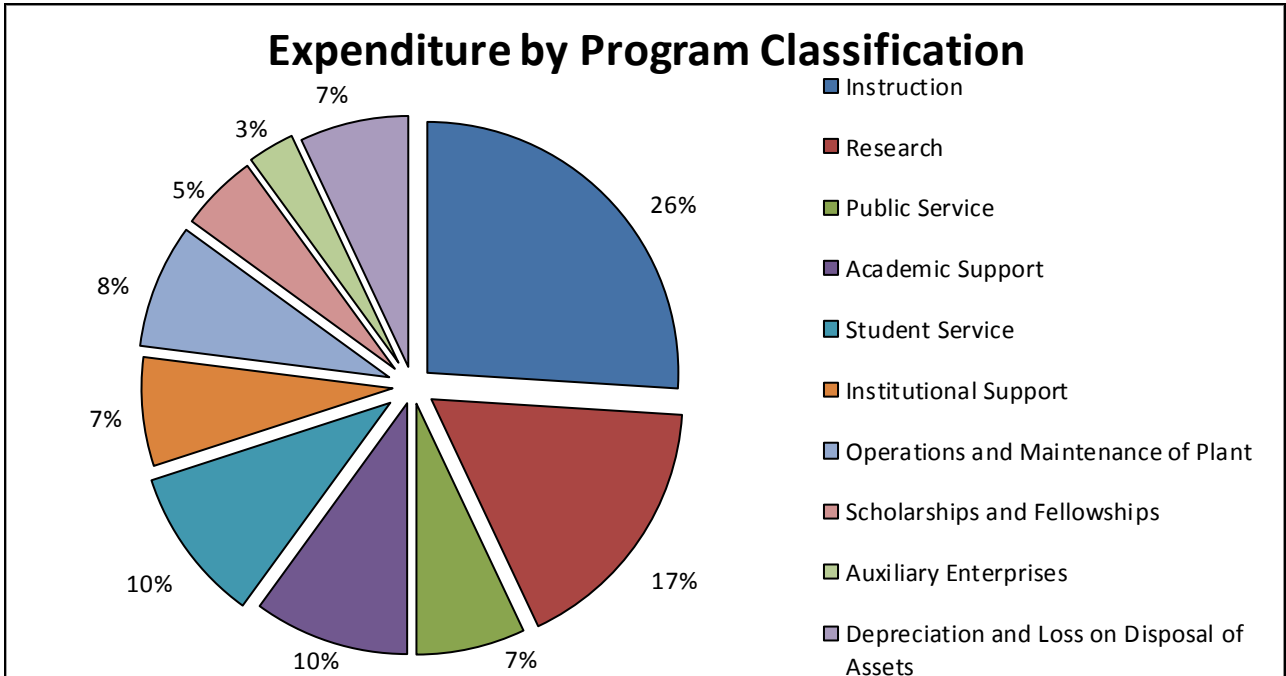
Expenses related to the University's mission of instruction, research and public service increased \$1.3 million in FY 2017. Increases in contractual and commodity expenses in Instruction and Research outpaced the decrease in capital expenses when compared to FY 2016.

Overall, operating expenses increased \$7.2 million or 2.6% over the prior year.

- Research expenses increased \$4.5 million or 10.5%, with \$3.6 million in increased compensation and benefits and a \$1.8 million increase in contractual and commodity expenses and a decrease of \$0.8 million in capital equipment.
- Expenses for Public Service fell \$2.8 million overall with a \$2.3 million decrease in salaries and wages.
- Student Service increased \$1.4 million, scholarships and fellowships increased \$0.9 million, Institutional Support increased \$1.5 million and Auxiliary Services expenses rose \$1.9 million when compared to FY 2016.

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Total expenditures for the year ended June 30, 2017 by program, including operating and non-operating, are displayed below:



Expenditures for the year ended June 30, 2017 by natural function classification, including operating and non-operating, are displayed below:

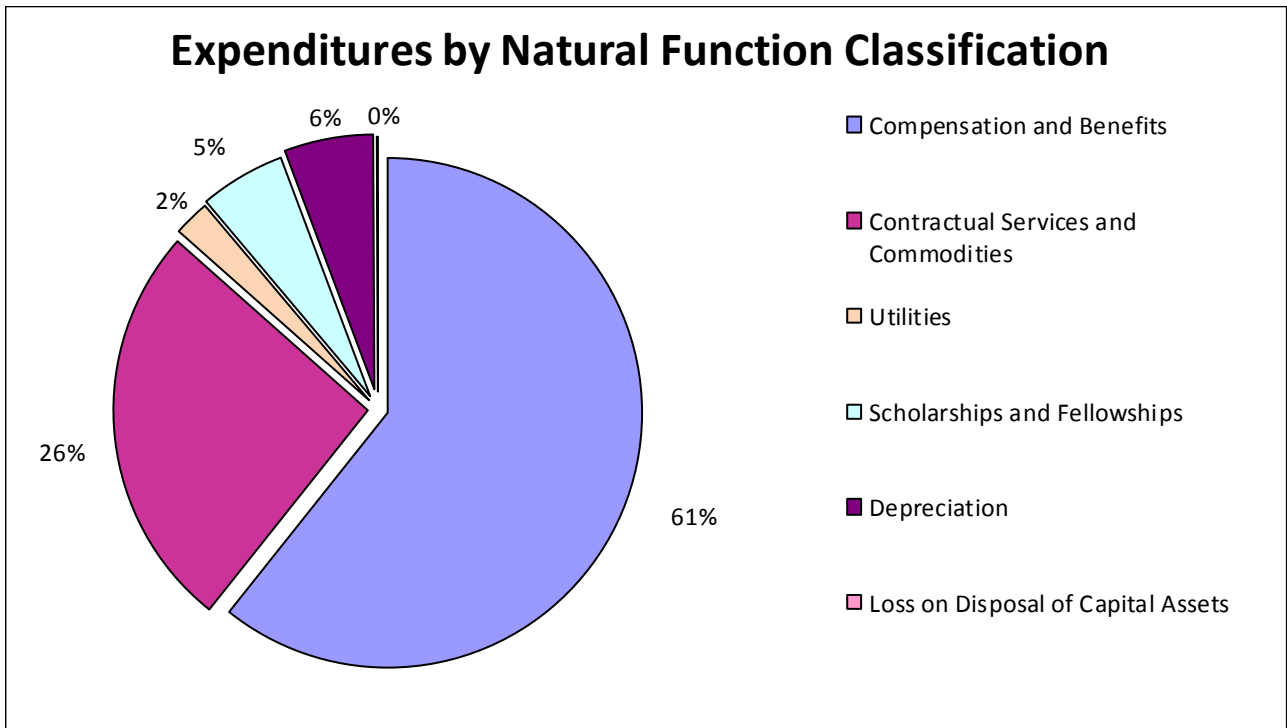
NET POSITION

Overall, Net Position increased \$17.5 million or 8.4% in FY 2017 compared to an increase of \$8.2 million in FY 2016. As previously stated on page six, an increase in Federal grants and contracts of \$11.2 million was the main reason for the increase in Net Position.

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.

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SUMMARY OF THE STATEMENT OF CASH FLOWS

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Net cash provided (used by):		
Operating activities	\$ (87,775,276)	\$ (86,847,378)
Non-capital financing activities	104,870,910	104,320,509
Capital and related financing/appropriations	(19,431,212)	(13,595,113)
Investing activities	269,295	229,461
Net increase (decrease) in cash	<u>\$ (2,066,283)</u>	<u>\$ 4,107,479</u>
Beginning cash and cash equivalent balances	<u>\$ 68,959,743</u>	<u>\$ 64,852,264</u>
Ending Cash and Cash Equivalent Balances	<u>\$ 66,893,460</u>	<u>\$ 68,959,743</u>

Cash provided by operating activities includes tuition and fees, certain grant and contract revenues, and sales and services of educational activities. Cash used for operating activities includes payments to employees and suppliers. Cash provided by non-capital financing activities includes State appropriations, Federal Pell grants, 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 capital appropriations, gifts and grants. This cash is used for construction, remodeling 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.

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Management's Discussion and Analysis

CAPITAL ASSETS

The University continued to make investments in capital during FY 2017. Detailed information regarding capital asset additions, retirements and depreciation is available in Note 3 to the financial statements.

The following construction projects were completed during the current fiscal year: Lindquist Hall 2nd & 3rd Floor Restroom Remodel, Duerksen Fine Arts Center Roof, Fiske Hall Elevator & Stairwell, Central Energy Plant Boiler Upgrades, Jabara Hall Lecture Rooms 127 & 128 Remodel, Beggs Hall Roof, Alumni Dr Ped Plaza - Phase III - Ped Walk So of Plaza, MH-JH-MK Steam & Chilled Water Lines - Phase III and Campus Wayfinding and Signage System.

The following projects are underway/committed: Fiske Hall HVAC, McKnight Arts Center Roof, Duerksen Fine Arts Center Practice Room Wall, Dental Hygiene Relocation, HC, MRC, CDC Fire Alarm System Upgrades, Jabara Hall 4th Floor Psychology Remodel, Ablah Library & Fiske Hall Restroom Remodels, Ahlberg Hall & Fiske Hall Classroom Remodels, ASTEC Bird Strike Facility Leasehold Improvement, Henrion Hall IDEAS Lab, Old Town 213 N. Mead - Leasehold Improvement, Ennovar Office Remodel, Parking Garage, Fiske Hall Ceilings & Floor Structure, Jardine Hall OneStop Remodel, Heskett Center Roof, Charles Koch Arena LED Lighting and WSU Studio - Wichita Mall Leasehold Improvement.

DEBT ADMINISTRATION

At June 30, 2017, the University had \$29.8 million in revenue bond debt outstanding including bond premiums and \$66.5 million of capital leases payable outstanding as shown in Note 7-Long Term Liabilities.

During FY 2017, the University issued new revenue bonds to fund the construction of a parking garage located near the Rhatigan Student Center and also refunded Series 2003C for a net present value benefit of \$268,725. Detailed information regarding all of the University's long-term liabilities is available in Note 7 to the financial statements.

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ECONOMIC OUTLOOK

For 2018, WSU's Center for Economic Development and Business Research (CEDBR) forecasts that overall employment in Kansas will increase by 0.1%, adding approximately 1,500 new jobs to the Kansas economy. Much of this growth is expected to be in the service sector, which is forecast to add nearly 2,700 jobs while growing 0.4%. Production sector is projected to decrease by 0.3 % and government employment is forecast to decrease by 0.4%.

Total Kansas inflation-adjusted wages are forecast to increase 1.8% in 2018, outpacing employment growth. Total inflation-adjusted retail sales are projected to decline 0.3%, as the retail sector continues to shift away from local stores.

For FY 2018, the Governor and Legislature appropriated a total State General Fund budget for University operations of \$60,960,439. This represents a decrease of 1.1% compared to the original State General Fund appropriation for operations for FY 2017. Kansas legislators approved a tax measure that will raise \$1.2 billion over two years by increasing income tax rates and ending an income tax exemption for more than 330,000 farmers and business owners.

Wichita State University is proceeding with a major expansion of the WSU campus to support job creation and a university strategy based on innovation. These changes are tied to the University's mission as "an essential educational, cultural and economic driver for Kansas and the greater public good". The Experiential Engineering Building tied to the University's strategic vision of being "internationally recognized for applied learning and research" opened in August 2016. It includes engineering laboratories and a maker space open to paying members which is part of a national trend toward providing expensive high end technology equipment in a center that can be accessed by students and the public to develop their ideas for inventions. The second Partnership Building, financed with private funds, is under construction and will lease space to companies that want to work with WSU students and faculty. Future plans include a new home for the W. Frank Barton School of Business with an adjacent Innovation Center, and other mixed use buildings. Funding for these projects will be attained from private developers, Mill Levy bonds, Capital Outlay Foundation campaigns, and other fees. WSU's Innovation Campus will change the way we educate and integrate with the community and the State of Kansas.

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 impact on virtually all types of business operations.

Overall, the financial position of the University continues to be strong.

Financial Statements with Notes

**WICHITA STATE UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2017 and 2016**

	<u>University Funds</u>		<u>Component Units</u>	
	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2016</u>
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$ 66,893,460	\$ 68,959,743	\$ 30,443,157	\$ 30,398,996
Accounts receivable, net	25,961,009	18,005,721	5,203,909	5,174,727
Investments	168,569	168,040	2,839,450	26,792,333
Loans to students	2,880,928	2,619,712	-	-
Inventories	536,790	500,423	1,300,571	1,042,344
Prepaid expenses	237,312	247,038	2,767,563	267,825
Other current assets	-	-	1,007,069	963,735
Total Current Assets	<u>\$ 96,678,068</u>	<u>\$ 90,500,677</u>	<u>\$ 43,561,719</u>	<u>\$ 64,639,960</u>
Noncurrent Assets				
Restricted cash and cash equivalents	\$ -	\$ -	\$ 1,055,995	\$ 630,000
Investments	40,301	40,201	10,444,117	7,501,649
Loans to students	5,037,114	5,233,703	-	-
Other assets	-	-	1,500	742,791
Capital Lease Receivable	-	-	61,120,464	62,126,761
Capital assets, net	275,379,583	267,470,415	49,429,716	34,240,266
Total Noncurrent Assets	<u>\$ 280,456,998</u>	<u>\$ 272,744,319</u>	<u>\$ 122,051,792</u>	<u>\$ 105,241,467</u>
TOTAL ASSETS	<u>\$ 377,135,066</u>	<u>\$ 363,244,996</u>	<u>\$ 165,613,511</u>	<u>\$ 169,881,427</u>
<u>DEFERRED OUTFLOWS</u>				
Deferred pension costs	\$ 6,659,408	4,142,971	-	-

WICHITA STATE UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2017 and 2016

	<u>University Funds</u>		<u>Component Units</u>	
	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2016</u>
<u>LIABILITIES</u>				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 13,771,596	\$ 17,279,934	\$ 1,357,674	\$ 7,099,579
Unearned revenue	6,168,540	4,627,044	9,698,382	7,601,061
Loan payable	-	-	4,490,641	2,518,984
Accrued interest	-	-	249,827	251,173
Revenue bonds payable	3,929,052	3,524,052	1,080,000	1,306,101
Lease payable	1,953,393	1,919,615	698,138	1,497,920
Accrued compensated absences	7,062,240	6,251,097	438,897	435,279
Due to other state agencies	-	69,638	-	-
Deposits held in custody for others	1,256,040	1,363,070	-	-
Total Current Liabilities	\$ 34,140,861	\$ 35,034,450	\$ 18,013,559	\$ 20,710,097
Noncurrent Liabilities				
Lease payable	\$ 64,555,178	\$ 66,508,571	\$ -	\$ -
Other postemployment healthcare benefits	-	158,931	-	-
Net pension obligation	31,691,132	33,092,303	-	-
Accrued compensated absences	933,802	1,294,426	-	-
Revenue bonds payable	25,821,709	22,427,824	106,830,568	110,193,449
Total Noncurrent Liabilities	\$ 123,001,821	\$ 123,482,055	\$ 106,830,568	\$ 110,193,449
TOTAL LIABILITIES	\$ 157,142,682	\$ 158,516,505	\$ 124,844,127	\$ 130,903,546
<u>DEFERRED INFLOWS</u>				
Deferred pension costs	\$ 3,329,791	3,092,966	-	-
<u>NET POSITION</u>				
Net investment in capital assets	\$ 179,120,251	\$ 173,090,353	\$ 2,897,579	\$ 7,751,572
Restricted for:				
Nonexpendable	-	-	4,404,180	4,401,045
Expendable				
Loans	5,551,710	6,131,666	-	-
Capital projects	4,984,793	9,126,115	-	-
Debt service	1,623,198	1,516,507	195,582	194,042
Other purposes	-	-	9,037,572	10,722,079
Unrestricted	32,042,049	15,913,855	24,234,471	15,909,143
TOTAL NET POSITION	\$ 223,322,001	\$ 205,778,496	\$ 40,769,384	\$ 38,977,881

WICHITA STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
As of June 30, 2017 and 2016

	University Funds		Component Units	
	FY 2017	FY 2016	FY 2017	FY 2016
Operating Revenues:				
Tuition and fees, net of scholarship allowances of \$21,249,219 in 2017 and \$19,026,630 in 2016	\$ 97,657,573	\$ 93,188,443	\$ 5,386,209	\$ 5,511,138
Federal grants and contracts	32,698,640	21,602,674	-	-
State and local grants and contracts	7,537,152	8,204,039	-	-
Sales and services of educational activities	31,920,073	31,504,123	17,288,176	17,761,565
Auxiliary enterprises				
Housing revenues (revenues are pledged as security for bonds)	11,296,830	11,056,413	-	-
Parking revenues	1,437,771	1,504,131	-	-
Interest earned on loans to students	117,901	122,771	65,415	107,012
Other operating revenues	6,670,348	6,128,269	662,496	780,673
Total Operating Revenues	\$ 189,336,288	\$ 173,310,863	\$ 23,402,296	\$ 24,160,388
Operating Expenses:				
Instruction	\$ 72,723,213	\$ 73,172,213	\$ -	\$ -
Research	47,916,423	43,382,435	-	-
Public Service	19,123,726	21,895,322	605,237	825,939
Academic Support	29,069,806	28,801,941	-	-
Student Service	28,777,389	27,390,873	21,502,002	22,165,534
Institutional Support	20,424,636	18,889,585	1,598,877	-
Operations and Maintenance of Plant	22,495,278	23,312,452	1,817,526	1,715,008
Scholarships and Fellowships	15,373,453	14,424,262	10,874,464	7,448,620
Auxiliary Enterprises	7,522,850	5,588,079	-	-
Other Expenses	212,559	(99,998)	2,194,295	2,159,570
Depreciation	15,959,466	14,655,921	1,334,945	1,253,702
Loss on disposal of capital assets	222,094	1,224,653	-	-
Total Operating Expenses	\$ 279,820,893	\$ 272,637,738	\$ 39,927,346	\$ 35,568,373
Total Operating Loss	\$ (90,484,605)	\$ (99,326,875)	\$ (16,525,050)	\$ (11,407,985)
Non-operating Revenues (Expenses)				
State appropriations	\$ 71,717,391	\$ 72,537,302	\$ -	\$ -
Federal grants and contracts	16,114,678	16,342,346	-	-
Gifts	17,145,871	15,378,298	8,067,450	9,216,102
Investment income	269,924	230,535	1,360,366	16,159
Direct Finance Lease Income	-	-	3,093,408	3,077,624
Interest expense	(4,013,018)	(4,100,342)	(4,607,052)	(4,886,222)
County tax subsidy	-	-	7,568,904	7,357,128
Other nonoperating revenues (expenses)	(237,688)	-	(225,674)	(1,301,179)
Total Non-operating Revenues (Expenses)	\$ 100,997,158	\$ 100,388,139	\$ 15,257,402	\$ 13,479,612
Total Income (Loss) Before Other Revenues, Expenses, Gains and Losses	\$ 10,512,553	\$ 1,061,264	\$ (1,267,648)	\$ 2,071,627
Other Revenue (Expenses)				
Capital appropriations	\$ 3,513,600	\$ 3,184,200	\$ -	\$ -
Gifts for capital projects	803,102	1,250,540	2,982,333	2,455,104
Student fees for capital projects	2,714,250	2,713,500	165,000	165,000
Capital assets transferred to other entities	-	-	(88,182)	(930,852)
Total Other Revenue (Expenses)	\$ 7,030,952	\$ 7,148,240	\$ 3,059,151	\$ 1,689,252
Total Increase (Decrease) in Net Position	\$ 17,543,505	\$ 8,209,504	\$ 1,791,503	\$ 3,760,879
Net Position				
Net Position - Beginning of Year	\$ 205,778,496	\$ 197,568,992	\$ 38,977,881	\$ 35,217,002
Net Position - End of Year	\$ 223,322,001	\$ 205,778,496	\$ 40,769,384	\$ 38,977,881

WICHITA STATE UNIVERSITY
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

	University Funds	
	FY 2017	FY 2016
Cash Flows from Operating Activities		
Tuition and fees	\$ 97,460,076	\$ 96,168,622
Sales and services of educational activities	31,498,709	31,261,177
Auxiliary enterprise charges		
Housing	11,353,442	10,648,820
Parking	1,437,771	1,504,131
Research grants and contracts	34,416,012	27,458,022
Payments to suppliers	(70,633,989)	(67,640,368)
Payments for utilities	(6,471,412)	(5,937,887)
Payments for scholarships and benefits	(15,373,453)	(14,424,262)
Compensation and benefits	(178,084,653)	(173,879,774)
Loans issued to students	(1,741,440)	(1,866,086)
Collections on loans issued to students	1,676,813	1,276,737
Other receipts	6,686,848	8,583,490
	<u>\$ (87,775,276)</u>	<u>\$ (86,847,378)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations	\$ 71,717,391	\$ 72,537,302
Federal Grants	16,114,678	16,342,346
Gifts	17,145,871	15,378,298
Net decrease (increase) in funds held for others	(107,030)	62,563
	<u>\$ 104,870,910</u>	<u>\$ 104,320,509</u>
Cash Flows from Capital and Related Financing Activities		
Capital appropriations	\$ 3,513,600	\$ 3,184,200
Capital gifts	803,102	1,250,540
Student fees for capital projects	2,714,250	2,713,500
Purchase of capital assets	(24,090,728)	(12,415,157)
Redemption of bonds payable	(2,305,000)	-
Principal paid on capital debt and leases	(5,060,730)	(4,227,854)
Proceeds from long term debt	9,245,000	-
Interest paid on capital debt and leases	(4,250,706)	(4,100,342)
	<u>\$ (19,431,212)</u>	<u>\$ (13,595,113)</u>

WICHITA STATE UNIVERSITY
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

	University Funds	
	FY 2017	FY 2016
Cash Flows from Investing Activities		
Investment income	\$ 269,295	\$ 229,461
Net Cash Flows from Investing Activities	\$ 269,295	\$ 229,461
Net Change in Cash and Cash Equivalents	\$ (2,066,283)	\$ 4,107,479
Cash and Cash Equivalents - Beginning of Year	68,959,743	64,852,264
Cash and Cash Equivalents - End of Year	\$ 66,893,460	\$ 68,959,743
Reconciliation		
Operating loss	\$ (90,484,605)	\$ (99,326,875)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	15,959,466	14,655,921
Loss on sale of assets	222,094	1,224,653
Changes in assets and liabilities:		
Accounts receivable, net	(7,955,288)	2,697,633
Loans to students, net	(64,627)	(589,349)
Other post employment healthcare benefits	(158,931)	(7,405,069)
Net pension obligation	(3,680,783)	162,662
Accrued salaries and wages	(5,915,824)	1,567,736
Inventories	(36,367)	30,031
Other current assets	9,726	(247,038)
Accounts payable and accrued liabilities	2,407,486	174,503
Due to other state agencies	(69,638)	69,638
Unearned revenue	1,541,496	(453,872)
Accrued compensated absences	450,519	592,048
Net Cash Flows from Operating Activities	\$ (87,775,276)	\$ (86,847,378)
Supplemental Cash Flow Information		
Capitalization of interest for capital assets in construction	\$ -	\$ -
Capital assets acquired through capital lease	-	1,227,243
Bond principal payments made on behalf of Wichita State University by Wichita State University Union Corporation	-	-

WICHITA STATE UNIVERSITY FOUNDATION
STATEMENT OF NET ASSETS
For the Years Ended June 30, 2017 and 2016

	Foundation Funds	
	FY 2017	FY 2016
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 13,463,255	\$ 13,607,651
Pledges receivable, less allowance for uncollectible pledges (2017, \$619,565; 2016, \$633,247)	23,240,296	23,571,586
Investments	236,419,927	214,601,236
Investment at equity	3,145,000	3,145,000
Mortgage receivable	35,779	38,644
Real estate	597,175	597,175
Buildings, equipment and software, at cost less accumulated depreciation	336,162	379,296
Cash surrender value of life insurance	4,791,958	4,405,440
Collections	15,834,823	16,022,930
Other assets	3,134,562	737,329
	\$ 300,998,937	\$ 277,106,287
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 469,542	\$ 536,869
Annuities payable	817,257	918,365
Due to WSU Alumni Association	1,809,283	1,517,567
Due to WSU Board of Trustees	6,314,153	5,968,813
Due to WSU Departments	387,725	754,305
Due to Intercollegiate Athletic Association, Inc.	10,149,830	9,443,422
	\$ 19,947,790	\$ 19,139,341
<u>NET ASSETS</u>		
Unrestricted		
Undesignated	\$ 6,903,928	\$ 6,382,098
Designated by Board for endowment purposes	845,983	819,337
Temporarily restricted	93,203,005	75,163,768
Permanently restricted	180,098,231	175,601,743
	\$ 281,051,147	\$ 257,966,946

WICHITA STATE UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>			<u>2016</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
REVENUE, GAINS, AND OTHER SUPPORT					
Contributions	\$ 517,436	\$ 10,833,009	\$ 4,496,488	\$ 15,846,933	\$ 15,992,182
Net investment return	2,183,853	19,260,101	-	21,443,954	(3,260,928)
Loss on property	(255,000)	-	-	(255,000)	(80,500)
Other income	3,630,603	1,165,147	-	4,795,750	3,459,359
Net assets released from restriction	<u>13,219,020</u>	<u>(13,219,020)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	<u>\$ 19,295,912</u>	<u>\$ 18,039,237</u>	<u>\$ 4,496,488</u>	<u>\$ 41,831,637</u>	<u>\$ 16,110,113</u>
EXPENSES					
Program services:					
Scholarships	5,972,148	-	-	5,972,148	5,779,181
University Support	7,246,872	-	-	7,246,872	7,873,633
Support activities:					
Management and general	3,129,184	-	-	3,129,184	2,970,607
Fund raising	<u>2,399,232</u>	<u>-</u>	<u>-</u>	<u>2,399,232</u>	<u>2,474,102</u>
TOTAL EXPENSES	<u>\$ 18,747,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,747,436</u>	<u>\$ 19,097,523</u>
Change In Net Assets	548,476	18,039,237	4,496,488	23,084,201	(2,987,410)
Net Assets, Beginning Of Year	<u>\$ 7,201,435</u>	<u>\$ 75,163,768</u>	<u>\$ 175,601,743</u>	<u>\$ 257,966,946</u>	<u>\$ 260,954,356</u>
Net Assets, End Of Year	<u>\$ 7,749,911</u>	<u>\$ 93,203,005</u>	<u>\$ 180,098,231</u>	<u>\$ 281,051,147</u>	<u>\$ 257,966,946</u>

WICHITA STATE UNIVERSITY
For the Years Ended June 30, 2017 and 2016
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements and related supplemental information have 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 statements from component units, prepared in FASB format, are Wichita State University Intercollegiate Athletic Association, Wichita State University Foundation and Wichita State University Union Corporation. Another component unit, the Wichita State University Board of Trustees, has been audited and presented in the GASB format.

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 research 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 formerly the 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 five locations. The main campus is located at 1845 Fairmount, Wichita, Kansas. There are four satellite campuses: the West Campus is located at 3801 North Walker Avenue, Maize, Kansas, the WSU Downtown Campus is located at 358 N. Main Street, Wichita, Kansas, the South Campus is located at 200 W. Greenway Street, Suite 15A, Derby, Kansas, and the Old Town Campus is located at 213 N. Mead and 238 N. Mead, Wichita, 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: Wichita State Innovation Alliance (WSIA), Wichita State Innovation Alliance Investment Corporation (WSIAC), the Wichita State University Foundation, the Wichita State University Intercollegiate Athletic Association, Wichita State University Union Corporation and Wichita State University Board of Trustees.

WSIA and WSIAC, 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, as amended by GASB Statement No. 61, The Financial Reporting Entity are considered blended component units.

WICHITA STATE UNIVERSITY
For the Years Ended June 30, 2017 and 2016
Notes to the Financial Statements

Each discretely presented component unit is independently audited and received an unmodified opinion. Financial activities and balances of component units 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, as amended by GASB Statement No. 61, The Financial Reporting Entity.

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 discretely presented component units. Since the component units are displayed discretely, inter-agency transactions have not been eliminated in accordance with GASB guidelines.

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.

Recent Accounting Pronouncements. GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the University and Component Units have the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the University's and Component Units' own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the University's and Component Units' own data.

When available, quoted prices are used to determine fair value by the University and Component Units. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. The University's and Component Units' Level 1 investments primarily consist of investments in mutual funds, cash equivalents and equity securities.

The implementation of GASB 72 did not have a significant impact on the University's financial statements.

WICHITA STATE UNIVERSITY
For the Years Ended June 30, 2017 and 2016
Notes to the Financial Statements

Investments. Investments in equity securities, fixed income securities and mutual funds are carried at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposits and external investment pools are carried at cost.

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 recorded at the lower of cost, using the first in first out method, or market.

Loans to Students. The University makes loans to students under various federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts. (See Note 5)

Prepaid Expenses. Prepaid expenses primarily consist of rent.

Restricted Cash Equivalents 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 Position.

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 non-information technology equipment, 5 years for vehicles and 3 years for information technology equipment. The University reserves the discretion to modify the useful life of an asset in an unusual circumstance.

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)

Unearned Revenue. Unearned 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)

WICHITA STATE UNIVERSITY
For the Years Ended June 30, 2017 and 2016
Notes to the Financial Statements

Compensated Absences. Employee vacation 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 Position, and as a component of operating expenses by University function in the Statement of Revenues, Expenses, and Changes in Net Position. The expenses are also a component of compensation and benefit expense in "Operating Expenses by Natural Classification". (See Note 11)

Deposits Held in Custody for Others. Deposits held in custody for others consist primarily of funds for student organizations that are administered by the University.

Noncurrent Liabilities. Noncurrent liabilities include principal amounts of revenue bonds with contractual maturities greater than one year and certain liabilities associated with employee benefits. (See Notes 7, 8 and 9) Also included are lease principal amounts for energy saving projects on University buildings. (See Note 7)

Bond premiums are capitalized and amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium.

Deferred Inflows/Outflows. Deferred outflows and deferred inflows result from the consumption or acquisition of net position in one period that is applicable to future periods. These items are reported separately from assets and liabilities.

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial element represents the consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial element represents the acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until then.

Pensions. For the year ended June 30, 2015, the University implemented the provisions of GASB 68, Accounting and Financial Reporting for Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The University's net position is classified as follows:

Net investment in capital assets: This represents the University's total investment in capital assets, net of depreciation less outstanding debt obligations used to acquire 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 net investment in capital assets.

Restricted net position - nonexpendable: Restricted nonexpendable net position consists 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.

WICHITA STATE UNIVERSITY
For the Years Ended June 30, 2017 and 2016
Notes to the Financial Statements

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

Unrestricted net position: Unrestricted net position represents 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 complies with this requirement by annually filing form 990-T through the Kansas Board of Regents Office.

Classification of Revenues and Expenses. The University has classified the activity on the Statement of Revenues, Expenses, and Changes in Net Position as either operating or non-operating revenues according to the following criteria:

Operating Revenues and Operating Expenses: Operating revenues and expenses include activities that have the characteristics of exchange transactions, including nearly all of the University's expenses and certain revenues such as (1) student tuition and fees, net of scholarships discounts and allowances, (2) sales and services of auxiliary enterprises, (3) certain Federal, State and local grants and contracts, and (4) interest on institutional student loans and auxiliary enterprises.

Non-Operating Revenues (Expenses): Non-operating revenues or expenses are those in which the University receives or gives value without directly giving or receiving equal value, such as State and Federal appropriations, Federal Pell grants, private gifts, and investment income.

Scholarship Discounts and Allowances. Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the 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 behalf of the students. 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.

WICHITA STATE UNIVERSITY
For the Years Ended June 30, 2017 and 2016
Notes to the Financial Statements

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

The carrying values of deposits and investments shown below are included in the Statement of Net Position as follows:

<u>Carrying Value</u>	<u>FY 2017</u>	<u>FY 2016</u>
Cash deposits with State Treasury	\$ 63,766,367	\$ 66,533,647
Cash deposits with financial institutions	2,431,487	1,705,817
Certificates of deposit	382,405	407,781
Funds held at Pooled Money Investment Board	522,071	520,739
	<u>\$ 67,102,330</u>	<u>\$ 69,167,984</u>

A reconciliation of deposits and investments to the Statement of Net Position as of June 30 is as follows:

<u>Deposits and Investments</u>	<u>FY 2017</u>	<u>FY 2016</u>
Cash and cash equivalents	\$ 66,893,460	\$ 68,959,743
Investments	208,870	208,241
	<u>\$ 67,102,330</u>	<u>\$ 69,167,984</u>

Deposits

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 bond funds. All bond proceeds are invested in conjunction with specifications stated in the bond resolutions.

State law requires the University to deposit the majority of its cash balances with the State Treasurer, who holds and invests the funds. The investments are managed by the Pooled Money Investment Board (PMIB), which maintains a published Investment Policy. The exceptions to this are any funds maintained in the University's imprest fund, organizational safekeeping fund, and any funds held by external entities on behalf of the University.

Cash balances maintained by the State Treasurer are pooled and are held in a general checking account and other special purpose bank accounts. The available cash balances beyond immediate need are pooled for short-term investments purposes by the PMIB and are reported at fair value, based on quoted market prices.

The majority of deposit balances maintained by the State Treasurer and PMIB are covered by FDIC or collateralized. The University does not have a formal deposit policy regarding custodial credit risk. However, management has evaluated the financial stability of the financial institutions involved and feels the deposit custodial credit risk is minimal.

Investments

Pooled Money Investment Board (PMIB). The investment policy of the PMIB is governed by State statutes. The primary objectives are to attain safety, liquidity, and yield. Allowable investments for State pooled moneys not held in Kansas financial institutions are as follows:

- Direct obligations of, or obligations except mortgage backed securities, that are insured as to principal and interest by the U.S. Government, or any direct agency thereof, with maturities up to four years

WICHITA STATE UNIVERSITY
For the Years Ended June 30, 2017 and 2016
Notes to the Financial Statements

- Repurchase agreements with Kansas banks or with primary government securities dealers
- Interfund loans to various State agencies as mandated by the Kansas Legislature limited to not more than the lesser of 10% or \$140,000,000 of State monies
- Certain Kansas agency and SKILL Act projects and bonds
- High grade commercial paper not to exceed 270 days to maturity
- High grade corporate bonds not to exceed 2 years to maturity

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The State Treasurer and PMIB minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirement for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities.

As of June 30, 2017 and 2016 the University had the following investments:

<u>Investment Type</u>	<u>FY 2017</u>	<u>FY 2016</u>
Certificates of Deposit	\$ 382,405	\$ 407,781

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the University. The University investments may have credit risk, since the underlying securities may include securities other than those that take the form of U.S. Treasuries or obligations explicitly guaranteed by the U.S. Government. The investments are unrated and certain investments have an underlying collateral agreement.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of the investments that are in the possession of an outside party.

The University's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the University's name, and are held by either the counterparty or the counterparty's trust department or agent.

The University does not have a formal investment policy that addresses custodial credit risk. However, the University's custodial credit risk is estimated to be minimal based on the expressed investment policies of the State Treasurer and PMIB.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer that exceeds 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. Information about concentrations of investments with a single issuer is not provided by the State Treasurer or PMIB and therefore the University cannot provide this information.

The financial statements of the State of Kansas provide additional information about the risk associated with the State Treasurer's and PMIB's investment portfolio.

WICHITA STATE UNIVERSITY
For the Years Ended June 30, 2017 and 2016
Notes to the Financial Statements

Note 3 - CAPITAL ASSETS

Capital asset activity for the University for the years ended June 30, 2017 and 2016 are summarized as follows:

	2017			Balance June 30, 2017
	Balance July 1, 2016	Additions	Retirements	
Capital Assets, Not Depreciable				
Land	\$ 4,753,281	\$ -	\$ -	\$ 4,753,281
Construction-in-Progress	4,515,418	14,482,997	5,487,440	13,510,975
Total Capital Assets, Not Depreciable	\$ 9,268,699	\$ 14,482,997	\$ 5,487,440	\$ 18,264,256
Capital Assets, Depreciable				
Leasehold Improvements	\$ 8,237,274	\$ -	\$ -	\$ 8,237,274
Infrastructure	21,430,637	1,716,340	-	23,146,977
Land Improvements	11,819,873	612,644	-	12,432,517
Buildings	159,570,365	-	191,614	159,378,751
Building Improvements	157,887,253	2,654,805	32,607	160,509,451
Equipment & Furnishings	82,311,783	10,162,810	1,169,443	91,305,150
Intangible, software	4,058,124	-	-	4,058,124
Vehicles	3,524,598	101,901	-	3,626,499
Total Capital Assets, Depreciable	\$ 448,839,907	\$ 15,248,500	\$ 1,393,664	\$ 462,694,743
Less Accumulated Depreciation				
Leasehold Improvements	\$ 2,049,016	\$ 803,513	\$ -	\$ 2,852,529
Infrastructure	7,486,937	837,602	-	8,324,539
Land Improvements	5,556,740	422,980	-	5,979,720
Buildings	67,607,397	4,091,013	38,284	71,660,126
Building Improvements	41,928,418	3,853,948	15,489	45,766,877
Equipment & Furnishings	59,080,034	5,731,131	964,468	63,846,697
Intangibles, software	3,995,361	31,381	-	4,026,742
Vehicles	2,934,288	187,898	-	3,122,186
Total Accumulated Depreciation	\$ 190,638,191	\$ 15,959,466	\$ 1,018,241	\$ 205,579,416
Capital Assets, Depreciable - Net	\$ 258,201,716	\$ (710,966)	\$ 375,423	\$ 257,115,327
Total Capital Assets - Net	\$ 267,470,415	\$ 13,772,031	\$ 5,862,863	\$ 275,379,583

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	2016			
	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
Capital Assets, Not Depreciable				
Land	\$ 4,753,281	\$ -	\$ -	\$ 4,753,281
Construction-in-Progress	7,612,603	7,020,036	10,117,221	4,515,418
Total Capital Assets, Not Depreciable	\$ 12,365,884	\$ 7,020,036	\$ 10,117,221	\$ 9,268,699
Capital Assets, Depreciable				
Leasehold Improvements	\$ 6,692,375	\$ 2,122,949	\$ 578,050	\$ 8,237,274
Infrastructure	19,066,235	3,301,402	937,000	21,430,637
Land Improvements	11,257,669	562,204	-	11,819,873
Buildings	159,668,266	-	97,901	159,570,365
Building Improvements	155,285,957	3,059,017	457,721	157,887,253
Equipment & Furnishings	76,267,648	7,698,950	1,654,815	82,311,783
Intangibles, software	4,058,124	-	-	4,058,124
Vehicles	3,715,709	152,145	343,256	3,524,598
Total Capital Assets, Depreciable	\$ 436,011,983	\$ 16,896,667	\$ 4,068,743	\$ 448,839,907
Less Accumulated Depreciation				
Leasehold Improvements	\$ 1,819,000	\$ 529,916	\$ 299,900	\$ 2,049,016
Infrastructure	7,151,378	822,799	487,240	7,486,937
Land Improvements	5,158,027	398,713	-	5,556,740
Buildings	63,882,956	3,746,469	22,028	67,607,397
Building Improvements	38,319,567	3,776,088	167,237	41,928,418
Equipment & Furnishings	55,266,332	5,181,049	1,367,347	59,080,034
Intangibles, software	3,963,979	31,382	-	3,995,361
Vehicles	3,108,039	169,505	343,256	2,934,288
Total Accumulated Depreciation	\$ 178,669,278	\$ 14,655,921	\$ 2,687,008	\$ 190,638,191
Capital Depreciable Assets - Net	\$ 257,342,705	\$ 2,240,746	\$ 1,381,735	\$ 258,201,716
Total Capital Assets - Net	\$ 269,708,589	\$ 9,260,782	\$ 11,498,956	\$ 267,470,415

The University elected not to capitalize certain 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.

WICHITA STATE UNIVERSITY
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NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable are shown in the accompanying Statement of Net Position. At June 30, 2017 and 2016 accounts receivable net of allowance for doubtful accounts consisted of the following:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Student Tuition and Fees	\$ 10,928,438	\$ 9,507,920
Student Housing Contracts	1,854,203	1,910,816
Unspent State Appropriations	4,401,280	4,299,879
Service Clearing and Other Operating Activities	715,490	363,764
Federal, State, and Private Grants and Contracts	15,708,524	8,465,836
Less: Allowance for Doubtful Accounts	<u>(7,646,926)</u>	<u>(6,542,493)</u>
Total Accounts Receivable	<u>\$ 25,961,009</u>	<u>\$ 18,005,721</u>

NOTE 5 - LOANS TO STUDENTS

Student loans made through the Federal Perkins Loan Program comprise substantially all of the loans to students at June 30, 2017 and 2016. The Programs provide for cancellation of a loan at rates from 15% to 30% per year up to a maximum of 100% if the participant complies with certain 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.

NOTE 6 - UNEARNED REVENUES

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

<u>Unearned Revenues</u>	<u>FY 2017</u>	<u>FY 2016</u>
Summer Session	\$ 4,367,744	\$ 4,249,156
Grants and Contracts	<u>1,800,797</u>	<u>377,888</u>
Total Unearned Revenue	<u>\$ 6,168,540</u>	<u>\$ 4,627,044</u>

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NOTE 7 - LONG-TERM LIABILITIES

Bond premiums are capitalized and amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums. Long-term liabilities for the years ended June 30, 2017 and 2016, consisted of the following:

<u>Liabilities</u>	2017					
	Total Outstanding June 30, 2016	Deletions June 30, 2017	Additions June 30, 2017	Total Outstanding June 30, 2017	Current Liabilities as of June 30, 2017	Long-Term Liabilities as of June 30, 2017
Capital Leases Payable						
Energy efficiency lease purchase agreement	\$ 5,341,547	\$ 959,736	\$ -	\$ 4,381,811	\$ 947,096	\$ 3,434,715
Union Corp Shocker Hall lease agreement	63,086,639	959,879	-	62,126,760	1,006,297	61,120,463
Other post employment healthcare benefits	158,931	158,931	-	-	-	-
Net Pension Liability	33,092,303	1,401,171	-	31,691,132	-	31,691,132
Accrued compensated absences	7,545,523	-	450,519	7,996,042	7,062,240	933,802
Revenue Bonds Payable:						
WSU Research and Development Facilities Projects - Series 2005D	1,700,000	830,000	-	870,000	870,000	-
WSU Research and Development Facilities Projects - Series 2003C	2,305,000	2,305,000	-	-	-	-
WSU Revenue Bonds Series 2012A-2 (Housing 2002P Refunding)	3,580,000	650,000	-	2,930,000	675,000	2,255,000
WSU Revenue Bonds - Rhatigan Student Center Renovation Series 2012A-1	15,835,000	1,665,000	-	14,170,000	1,745,000	12,425,000
WSU Revenue Bonds Parking Garage - Series 2016J	-	145,000	7,180,000	7,035,000	260,000	6,775,000
WSU Revenue Bonds Parking Garage - Series 2016J Refunding	-	-	2,065,000	2,065,000	-	2,065,000
Plus Bond Premiums (Discounts)						
Unamortized Bond Premiums	2,531,876	407,176	556,061	2,680,761	379,052	2,301,709
Total Liabilities	\$ 135,176,819	\$ 9,481,893	\$ 10,251,580	\$ 135,946,506	\$ 12,944,685	\$ 123,001,821

On December 20, 2016, Wichita State University issued \$2,065,000 in 2016J Series revenue bonds at a premium of \$338,000. The average coupon rate of the new bonds is 5.00% with a true interest cost of 2.50%. The proceeds of the issuance of \$2,403,000 were used to redeem the 2003C Series bonds with an outstanding balance of \$2,305,000. The gain incurred on this refunding is \$268,725.

Revenue Bonds Payable

Revenue bonds payable consisted of the following as of June 30, 2017:

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	Principal Outstanding <u>June 30, 2017</u>
<p><u>WSU Research and Development Facilities Projects-Revenue Bonds</u></p> <p><u>Series 2005D for the Engineering Research Laboratory Building</u></p> <ul style="list-style-type: none"> - 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 canceled due to construction bids exceeding funding. These funds were returned to KDFA 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, 2017 - Interest ranging from 3.79% to 4.95%, payable semi-annually - Collateralized by University funds and State of Kansas appropriations - FY 2018 principal payment due: \$870,000 	<p>\$ 870,000</p>
<p><u>WSU Revenue Bonds Series 2012A-2 (Housing 2002P Refunding)</u></p> <ul style="list-style-type: none"> - Issued by Kansas Development Finance Authority on May 31, 2014 - Original amount of \$5,880,000 (Premium \$1,000,153) - Due in annual installments with final maturity on June 1, 2021 - Interest 5.00%, payable semi-annually - Secured by WSU revenues, excluding restricted revenues - FY 2018 principal payment due: \$675,000 	<p>\$ 2,930,000</p>
<p><u>WSU Revenue Bonds Series 2012A-1 (Rhatigan Student Center Renovation)</u></p> <ul style="list-style-type: none"> - Issued by Kansas Development Finance Authority on May 31, 2014 - Original amount of \$21,730,000 (Premium \$3,047,929) - Due in annual installments with final maturity on June 1, 2024 - Interest ranging from 3.00% to 5.00%, payable semi-annually - Secured by WSU revenues, excluding restricted revenues - FY 2018 principal payment due: \$1,745,000 	<p>\$ 14,170,000</p>
<p><u>WSU Revenue Bonds Series 2016J Parking Garage</u></p> <ul style="list-style-type: none"> - Issued by Kansas Development Finance Authority on December 20, 2016 - Original amount of \$7,180,000 (Premium of \$218,090) - Due in annual installments with final maturity on June 1, 2036 - Interest ranging from 2.00% - 5.00%, payable semi-annually - Secured by WSU revenues, excluding restricted revenues - FY 2018 principal payment due: \$260,000 	<p>\$ 7,035,000</p>
<p><u>WSU Revenue Bonds Series 2016J Parking Garage (Refunded Series 2003C)</u></p> <ul style="list-style-type: none"> - Issued by Kansas Development Finance Authority on December 20, 2016 - Original amount of \$2,065,000 (Premium of \$337,971) - Due in annual installments with final maturity on June 1, 2024 - Interest 5.00%, payable semi-annually - Secured by WSU revenues, excluding restricted revenues - Principal payments will not commence until FY 2022 	<p>\$ 2,065,000</p>
	<p>\$ 27,070,000</p>

WICHITA STATE UNIVERSITY
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Future debt service requirements for all bonds outstanding at June 30, 2017, are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 3,550,000	\$ 1,146,689	\$ 4,696,689
2019	2,815,000	998,956	3,813,956
2020	2,950,000	858,206	3,808,206
2021	3,100,000	710,706	3,810,706
2022	2,725,000	562,956	3,287,956
2023-2036	11,930,000	1,910,224	13,840,224
Unamortized Bond Premiums	<u>2,680,761</u>	<u>-</u>	<u>2,680,761</u>
Total Debt Service Requirements	<u><u>\$ 29,750,761</u></u>	<u><u>\$ 6,187,737</u></u>	<u><u>\$ 35,938,498</u></u>

Capital Leases Payable

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 totaled \$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. The 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. guarantees annual savings to be at least \$1,118,277. This amount is greater than the cost of energy conservation measures, including financing cost, over the financing period. Savings from utilities are used to pay the debt service expenditures.

Future Lease-Purchase (Rental) requirements at June 30, 2017, are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Rental Total</u>
2018	\$ 947,096	\$ 65,506	\$ 1,012,602
2019	962,119	50,483	1,012,602
2020	977,380	35,222	1,012,602
2021	992,884	19,718	1,012,602
2022	<u>502,332</u>	<u>6,968</u>	<u>509,300</u>
	<u><u>\$ 4,381,811</u></u>	<u><u>\$ 177,897</u></u>	<u><u>\$ 4,559,708</u></u>

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On August 1, 2013, the University entered into a management agreement with the Wichita State University Union Corporation (Union) whereby the University is to manage and operate a new housing and dining facility constructed and owned by the Union. Under the terms of the agreement, the University is obligated to make payments to the Union sufficient to cover the Union's debt service obligations on the loans used by the Union to finance the construction of the housing and dining facility. As part of this agreement, the Union also provided \$483,343 of funding to refund the remaining principal balance on the University's 2010 Housing System Energy Improvement Bonds. Commencement of this lease occurred upon completion of the facility's construction in August of 2014, at which time the University accounted for this agreement as a capital lease. Lease payments will occur through fiscal year 2046, which is the term of the lease.

As of June 30, 2017, future lease payments are as follows.

<u>Year Ending June 30:</u>	<u>Future Minimum Lease Payments</u>	<u>Interest</u>	<u>Principal</u>
2018	\$ 4,052,173	\$ 3,045,876	\$ 1,006,297
2019	4,049,773	2,996,086	1,053,687
2020	4,051,473	2,943,926	1,107,547
2021	4,052,123	2,889,097	1,163,026
2022	4,052,593	2,831,565	1,221,028
2023-2027	20,271,773	13,191,270	7,080,503
2028-2032	20,272,863	11,264,231	9,008,632
2033-2037	20,271,937	8,813,560	11,458,377
2038-2042	20,273,484	5,699,213	14,574,271
<u>2043-2046</u>	<u>16,210,000</u>	<u>1,756,608</u>	<u>14,453,392</u>
	<u>\$ 117,558,192</u>	<u>\$55,431,432</u>	<u>\$ 62,126,760</u>

WSIA leases land and building space to tenants under various operating leases with initial terms that range from month to month to 25 years. Total income for the rental of land and building space was \$1,511,490 and \$351,014 for the years ended June 30, 2017 and 2016, respectively.

The future minimum annual rental income under these agreements as of June 30, 2017, is as follows:

<u>Year Ending June 30:</u>	<u>Rental Income</u>
2018	\$ 3,141,155
2019	4,034,459
2020	4,031,915
2021	4,031,915
2022	3,781,782
2023-2027	17,176,088
TOTAL	<u>\$ 36,197,314</u>

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NOTE 8 - RETIREMENT PLANS

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

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) Voya Financial, (formerly 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, 2017, 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 following table provides a summary of contributions made to the defined contribution plan:

Defined Contribution Plan		
Contributions		
Year	Employee	Employer
2014	\$ 4,465,702	\$ 6,995,951
2015	4,984,360	7,776,914
2016	5,138,092	7,988,343
2017	5,556,839	8,633,102

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.

Defined Benefit Pension Plan

The University participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Benefits Provided. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. Member employees with ten or more years of credited service, may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 "points".

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Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. The accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees chose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump-sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. The retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contributions rates. Effective July 1, 2009, KPERS has two benefit structures and contribution rates depend on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing member hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 member and 6% of covered salary for Tier 2 members through December 31, 2014. On January 1, 2015, Kansas law increased the KPERS member-employee contribution rate to 6% of covered salary for Tier 1 members; however, the Tier 2 member-employee contribution rate remained at 6% of covered salary. Member employee's contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rate was 10.91% for the fiscal year ended June 30, 2016. The actuarially determined employer contribution rate was 11.44% for the fiscal year ended June 30, 2016. The statutory contribution rate was 11.27% from July 1, 2014 through December 31, 2014 and 8.65% from January 1, 2015 through June 30, 2015. Contributions to the pension plan from the University were \$1,717,061 and \$2,153,044 for the years ended June 30, 2017 and 2016, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension. At June 30, 2017, the University reported a liability of \$31,691,132 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016.

The University proportion of the net pension liability was based on the ratio of the University actual contributions to KPERS, relative to the total employer and nonemployer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2016.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2016 the University proportion was 0.44%, which was decrease of 0.02% from its proportion measured as of June 30, 2015. As of June 30, 2016 the University proportion of the total contributions made

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to the Police and Fire group within KPERS was 0.23%, which was a 0.02% increase from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the University recognized a pension credit of \$3,680,783. At June 30, 2017, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 112,498	\$ 1,417,550
Net difference between projected and actual earnings on pension plan investments	2,948,925	-
Change in assumptions	-	66,588
Change in proportion	1,699,739	1,845,653
University contributions subsequent to measurement date	<u>1,898,246</u>	-
Total	<u>\$ 6,659,408</u>	<u>\$ 3,329,791</u>

\$1,717,061 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2017	\$ (46,768)
2018	(46,768)
2019	950,535
2020	749,087
2021	<u>(174,715)</u>
Total	<u>\$ 1,431,371</u>

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Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	3.00%
Wage inflation	4.00%
Salary increases, including wage increases	4.00 to 16.00%, including inflation
Long-term rate of return net of investment expense, and including price inflation	8.00%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for the three year period beginning December 31, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	6.30%
Fixed income	13%	1.25%
Yield driven	8%	6.55%
Real return	11%	1.71%
Real estate	11%	5.05%
Alternatives	8%	9.85%
Short-term investments	2%	-0.25%
Total	<u>100%</u>	

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Discount Rate. The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from The University will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University’s proportionate share of the net pension liability to changes in the discount rate. The following presents the University’s proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
University's proportionate share of the net pension liability	\$ 41,360,803	\$ 31,691,132	\$ 23,480,998

Pension Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued KPERS financial report.

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

Description. As a component unit of the State of Kansas, Wichita State University (WSU) participates in the State’s health insurance benefit plan. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements. The health insurance benefit generally provides the same coverage for retirees and their dependants as for active employees and their dependents. The health insurance benefit plan is a single employer defined benefit plan administered by the Kansas Health Policy Authority. The benefit is available for selection at retirement and is extended to retirees and their dependents for life. Non-Medicare participants are subsidized by WSU, thus resulting in a liability to WSU. At the State level, the accounting for health insurance for retirees is included in the State’s Self-Insurance Health Fund, with the subsidy provided from the Self-Insurance Health Fund.

Funding Policy. WSU provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the State Legislature, established that participating retirees contribute to the employee group health fund benefits plan, including administrative costs.

The University does not pay retiree benefits directly; they are paid implicitly over time through employer subsidization of active employee premiums that would be lower if retirees were not part of the experience group.

Annual WSU Cost and Net WSU Obligation. WSU’s annual Other Post Employment Benefits (OPEB) cost is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially

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determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table (rounded amounts) presents the components of WSU's annual OPEB cost for the year, the contribution to the plan, and changes in the University's net OPEB obligation.

Annual OPEB Cost for Fiscal Year 2017	
Annual Required Contribution (ARC)	\$ 158,931
Interest on Net OPEB Obligation	6,119
Adjustment to the ARC	<u>(165,050)</u>
Annual OPEB Cost	<u><u>-</u></u>
Employer Contributions for Fiscal Year 2017	
Claims Plus Administration Costs Paid on Behalf of Retirees	333,160
Retiree Contributions	<u>174,229</u>
Net Employer Contributions	<u><u>158,931</u></u>
Net OPEB Obligation	
Net OPEB Obligation July 1, 2016	158,931
Annual OPEB Cost	-
Net Employer Contributions	<u>(158,931)</u>
Net OPEB Obligation June 30, 2017	<u><u>\$ -</u></u>

Schedule of Employer Contributions – Rounded (for fiscal year ended)

Fiscal Year	Annual OPEB Cost	Net Employer Contributions	Percentage Contributed	End of Year Net OPEB Obligation
2013	\$ 1,082,000	\$ 216,000	20%	\$ 6,032,000
2014	1,060,000	219,000	21%	6,873,000
2015	959,000	268,000	28%	7,564,000
2016	(7,134,841)	270,228	0%	158,931
2017	—	158,931	N/A	—

Funded Status and Funding Progress – Rounded. As of June 30, 2017, the most recent actuarial valuation date, the actuarial liability for benefits was \$0.

The University's policy is to fund the benefits on a pay-as-you-go basis that is paid implicitly through rate subsidization, resulting in an unfunded actuarial accrued liability of \$0. The covered payroll (annual payroll of active employees covered by the plan) was \$142,297,611 and the ratio of the UAAL to the covered payroll was 0.00%.

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Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
2013	\$ -	\$ 9,616,000	\$ 9,616,000	0%	\$ 120,137,000	8%
2014	-	9,602,000	9,602,000	0%	125,914,000	8%
2015	-	8,222,000	8,222,000	0%	131,078,000	6%
2016	-	158,931	158,931	0%	142,623,409	0%
2017	-	-	-	0%	142,297,611	0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation includes, for example, assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present in time, multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for reporting purposes are based on the substantive plan and include the types of benefits provided at the time of valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2016 actuarial valuation, the entry age normal, level dollar method was applied. The actuarial assumptions included a 3.85% investment rate of return, which is a blended rate of the expected long-term investment returns on the State's pooled funds and investments. Since the plan is becoming employee-pay-all in 2017, the trend rates for Medical, Prescription Drug and Administrative costs was assumed to be -100% in 2017 and 0% thereafter. The valuation followed generally accepted actuarial methods and included tests as considered necessary to assure the accuracy of the results. As the subsidy ends December 31, 2016, the amortization is set to equal the benefit payments for the period.

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NOTE 10 - COMMITMENTS AND CONTINGENCIES

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 the Board of Regents building, contents and business interruption insurance policy. The State of Kansas does not insure State owned automobiles for bodily injury and property damages. Also, as a State educational institution, 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, 2017.

In the normal course of operations, the University receives grants, contracts and other forms of reimbursement from various local 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.

During 2015, the Board of Trustees of Wichita State University issued Sedgwick County Public Building Commission Revenue Bonds for the construction of the Experiential Engineering Project. These bonds mature annually on February 1 with semiannual interest payments. The University has pledged a portion of the funds received from the Kansas Department of Commerce EEG grant to pay a portion of these revenue bonds.

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NOTE 11 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The University's operating expenses for the years ended June 30, 2017 and 2016 by functional and natural classification are as follows:

<u>Classifications</u>	2017					<u>Total</u>
	<u>Compensation and Benefits</u>	<u>Contractual Services and Commodities</u>	<u>Utilities</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	
Instruction	\$ 64,885,427	\$ 7,833,717	\$ 4,069	\$ -	\$ -	\$ 72,723,213
Research	28,709,436	18,852,290	354,697	-	-	47,916,423
Public Service	12,005,174	7,099,595	18,957	-	-	19,123,726
Academic Support	19,672,300	9,397,506	-	-	-	29,069,806
Student Services	15,817,858	12,959,177	354	-	-	28,777,389
Institutional Support	13,097,965	7,326,671	-	-	-	20,424,636
Operation and Maintenance of Plant	12,729,580	4,320,143	5,445,555	-	-	22,495,278
Depreciation	-	-	-	-	15,959,466	15,959,466
Scholarships and Fellowships	-	-	-	15,373,453	-	15,373,453
Auxiliary Enterprises	1,808,315	5,066,755	647,780	-	-	7,522,850
Other	53,579	158,980	-	-	-	212,559
Loss on Disposal of Assets	-	222,094	-	-	-	222,094
Total	\$ 168,779,634	\$ 73,236,928	\$ 6,471,412	\$ 15,373,453	\$ 15,959,466	\$ 279,820,893

<u>Classifications</u>	2016					<u>Total</u>
	<u>Compensation and Benefits</u>	<u>Contractual Services and Commodities</u>	<u>Utilities</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	
Instruction	\$ 65,958,857	\$ 7,212,620	\$ 736	\$ -	\$ -	\$ 73,172,213
Research	25,140,673	17,956,662	285,100	-	-	43,382,435
Public Service	14,302,532	7,588,652	4,138	-	-	21,895,322
Academic Support	19,480,844	9,321,054	43	-	-	28,801,941
Student Services	15,483,569	11,907,134	170	-	-	27,390,873
Institutional Support	13,296,162	5,593,423	-	-	-	18,889,585
Operation and Maintenance of Plant	13,369,693	4,924,306	5,018,453	-	-	23,312,452
Depreciation	-	-	-	-	14,655,921	14,655,921
Scholarships and Fellowships	-	-	-	14,424,262	-	14,424,262
Auxiliary Enterprises	1,761,122	3,197,734	629,223	-	-	5,588,079
Other	3,699	(103,721)	24	-	-	(99,998)
Loss on Disposal of Assets	-	1,224,653	-	-	-	1,224,653
Total	\$ 168,797,151	\$ 68,822,517	\$ 5,937,887	\$ 14,424,262	\$ 14,655,921	\$ 272,637,738

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NOTE 12 - 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**. It also complies with **Statement No. 39 of GASB - Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14**. Buildings and improvements, constructed, or purchased by the WSU Foundation or component units, 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, remains 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.

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.

The Athletic Association prepares its financial statements according to Financial Accounting Standards Board (FASB) pronouncements including **Accounting Standard Codification Topic 958, Not-for-profit entities**. The Athletic Association is recognized by the Internal Revenue Service as tax exempt under Section 501(c)(3) of the Internal Revenue Code. The State of Kansas also recognizes the exemption. 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 \$2,907,048 for operations and \$165,000 for capital debt retirement in FY 2017. The State of Kansas, through the University, pays directly the salaries and fringe benefits of certain Athletic Association personnel. The financial statements reflect \$3,208,392 in FY 2017 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 \$1,598,877 in FY 2017 and have been reflected in the Athletic Association's financial statements as indirect facilities and administrative support.

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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 Foundation holds certain 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

Wichita State University Union Corporation (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, student activities, and an outsourced dining service 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. The Union Corporation will also own and operate, through a management agreement with the University, Shocker Hall, a 332 unit, 784 bed, student housing and dining facility on the campus of the University. Construction on Shocker Hall was completed in August 2014.

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 Accounting Standard Codification Topic 958, Not-for-profit entities**. The organization is recognized by the Internal Revenue Service as tax exempt under Section 501(c)(3) of the Internal Revenue Code. The State of Kansas also recognizes the exemption.

For the year ended June 30, 2017, 32% of the organization's support and revenue came from student fees, 16% from gross profit on sales, 39% from income direct financing lease and 13% 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 on July 1, 1964. The Union does not recognize the buildings as assets on its financial statements. Building improvements, furniture and equipment are depreciated and recorded on the University financial statements. Methods of depreciation follow the guidelines established by the universities in the State of Kansas Regents System.

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

WICHITA STATE UNIVERSITY
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Wichita State University Board of Trustees

The Wichita State University Board of Trustees (the Board of Trustees) is a governmental entity created by the State of Kansas Legislature in the 1963 Session when WSU became a part of the State's higher educational system. The Board of Trustees was established for educational enrichment purposes 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 and with GASB Statement No. 39 Determining Whether Certain Organizations are Component Units, as amended by GASB Statement No. 61, The Financial Reporting Entity** are incorporated in the Board of Trustees' 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 2017, it furnished to the University \$6,837,374 for student support, and \$605,237 for economic community development.

Investments. The Board of Trustee's investment portfolio at June 30, 2017 is composed of the following:

	2017			
	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 2,588,017	\$ 2,588,017	\$ -	\$ -
Fixed income mutual funds	1,162,726	1,162,726	-	-
Fixed income credit investments	274,871	274,871	-	-
Pooled investments	6,313,052	-	6,313,052	-
Equity mutual funds	2,229,749	2,229,749	-	-
Common stock	519,381	519,381	-	-
	<u>\$ 13,087,796</u>	<u>\$ 6,774,744</u>	<u>\$ 6,313,052</u>	<u>\$ -</u>

Complete financial statements for the Board of Trustees can be obtained from the Board of Trustees Business Office at 1845 Fairmount, Campus Box 47, Wichita, Kansas, 67260-0047.

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Wichita State University Foundation

The Wichita State University Foundation (the Foundation) provides support for the educational undertakings of Wichita State University and all related beneficial activities. It derives most of its revenue from contributions and earnings on investments.

The financial statements are prepared according to **Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, Financial Statements for Not-for-Profit Organizations**. Under FASB ASC 958-205, the Foundation is required to report information regarding its financial position and activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets are those which have been limited by donors to a specified time period or purpose. Permanently restricted net assets are restricted by donors to be maintained in perpetuity by the Foundation.

Investments. The Foundation's investment portfolio at June 30, 2017 is composed of the following:

	2017				Investments at
	Fair Value	Level 1	Level 2	Level 3	NAV (Practical Expedient)
Certificates of deposit	\$ -	\$ -	\$ -	\$ -	\$ -
Common & preferred stocks	42,801,397	42,801,397	-	-	-
Foreign stocks	42,308,463	42,308,463	-	-	-
Corporate bonds	33,054,119	-	33,054,119	-	-
Exchange-traded funds	744,771	744,771	-	-	-
Mortgage-backed securities	9,701,959	-	9,701,959	-	-
U.S. Government securities	13,958,408	13,958,408	-	-	-
Foreign bonds	623,777	-	623,777	-	-
Savings bonds	51,188	-	51,188	-	-
Zero coupon bonds	490,802	-	490,802	-	-
Commodity	221,985	221,985	-	-	-
Real estate	-	-	-	-	-
Hedge funds	49,655,440	-	-	-	49,655,440
Venture Capital/ Private equity	42,807,618	-	-	-	42,807,618
	<u>\$ 236,419,927</u>	<u>\$ 100,035,024</u>	<u>\$ 43,921,845</u>	<u>\$ -</u>	<u>\$ 92,463,058</u>

Pledge Receivables. Pledge receivables consist of unconditional promises to give as summarized below:

	2017	2016
Due in less than one year	\$ 11,130,395	\$ 9,790,465
Due in one to five years	12,108,574	13,664,417
Due in more than five years	1,576,425	1,900,573
	<u>24,815,394</u>	<u>25,355,455</u>
Less:		
Allowance for uncollectible pledges	619,565	633,247
Unamortized discount (at effective rate of 3%)	955,533	1,150,622
	<u>1,575,098</u>	<u>1,783,869</u>
	<u>\$ 23,240,296</u>	<u>\$ 23,571,586</u>

WICHITA STATE UNIVERSITY
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NOTE 13 – OPERATING LEASES

Within the normal course of operations, the University has entered into various lease agreements considered to be operating leases under accounting standards. The current year operating lease expense was approximately \$2,082,346. The following table summarizes future minimum lease obligations under these leases at June 30, 2017:

<u>Year Ending June 30:</u>	<u>Lease Obligation</u>
2018	\$ 4,208,837
2019	3,480,538
2020	3,356,566
2021	3,290,842
2022	3,114,752
2023-2027	<u>12,005,296</u>
TOTAL	<u>\$ 29,456,831</u>

NOTE 14 – NEW GASB STATEMENTS

In June 2015, the GASB issued **Statement No. 75 Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions**, which will require governments providing defined other postemployment benefits (OPEB) plans to recognize their long-term obligations for benefits as a liability for the first time, and will expand required disclosures. This statement will be effective for the University’s fiscal year ending June 30, 2018. The University has not yet determined the effect that the adoption of this Statement will have on its financial statements.

APPENDICES

COMPONENT UNITS

Appendix 1
WICHITA STATE UNIVERSITY
STATEMENT OF NET POSITION
For The Years Ended June 30, 2017 and 2016

	Total Component Units		Intercollegiate Athletic Association Component Unit		W.S.U. Union Corporation Component Unit		W.S.U. Board of Trustees Component Unit	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
ASSETS								
Current Assets								
Cash and cash equivalents	\$ 30,443,157	\$ 30,398,996	\$ 17,279,134	\$ 15,034,236	\$ 5,741,190	\$ 5,954,414	\$ 7,422,833	\$ 9,410,346
Accounts receivable, net	5,203,909	5,174,727	4,475,099	4,558,008	728,810	616,719	-	-
Investments	2,839,450	26,792,333	195,582	194,041	189	79	2,643,679	26,598,213
Loans to students, net	-	-	-	-	-	-	-	-
Inventories	1,300,571	1,042,344	384,588	-	915,983	1,042,344	-	-
Prepaid expenses	2,767,563	267,825	2,691,944	252,614	75,619	15,211	-	-
Other current assets	1,007,069	963,735	772	3,856	1,006,297	959,879	-	-
Total Current Assets	\$ 43,561,719	\$ 64,639,960	\$ 25,027,119	\$ 20,042,755	\$ 8,468,088	\$ 8,588,646	\$ 10,066,512	\$ 36,008,559
Noncurrent Assets								
Restricted cash and cash equivalents	\$ 1,055,995	\$ 630,000	\$ -	\$ -	\$ -	\$ -	\$ 1,055,995	\$ 630,000
Investments	10,444,117	7,501,649	-	-	-	-	10,444,117	7,501,649
Other assets	1,500	1,500	-	-	1,500	1,500	-	-
Capital Lease Receivable	61,120,464	62,126,761	-	-	61,120,464	62,126,761	-	-
Capital assets, net	49,429,716	34,240,266	662,348	702,527	366,442	349,858	48,400,926	33,187,881
Total Noncurrent Assets	\$ 122,051,792	\$ 104,500,176	\$ 662,348	\$ 702,527	\$ 61,488,406	\$ 62,478,119	\$ 59,901,038	\$ 41,319,530
TOTAL ASSETS	\$ 165,613,511	\$ 169,140,136	\$ 25,689,467	\$ 20,745,282	\$ 69,956,494	\$ 71,066,765	\$ 69,967,550	\$ 77,328,089
LIABILITIES								
Current Liabilities								
Accounts payable and accrued liabilities	\$ 1,357,674	\$ 7,099,579	\$ 1,065,969	\$ 1,451,562	\$ 291,705	\$ 311,157	\$ -	\$ 5,336,860
Deferred revenue	9,698,382	7,601,061	8,892,532	7,563,205	34,352	37,856	771,498	-
Loan payable	4,490,641	2,518,984	3,845,675	1,683,225	-	-	644,966	835,759
Accrued interest	249,827	251,173	2,146	-	247,681	251,173	-	-
Revenue bonds payable	1,080,000	1,213,000	-	153,000	1,080,000	1,060,000	-	-
Lease Payable	698,138	1,497,920	-	-	-	-	698,138	1,497,920
Accrued compensated absences	438,897	435,279	-	-	438,897	435,279	-	-
Total Current Liabilities	\$ 18,013,559	\$ 20,616,996	\$ 13,806,322	\$ 10,850,992	\$ 2,092,635	\$ 2,095,465	\$ 2,114,602	\$ 7,670,539
Noncurrent Liabilities								
Lease Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue bonds payable	106,830,568	110,193,449	316,000	316,000	60,476,027	62,272,541	46,038,541	47,604,908
Total Noncurrent Liabilities	\$ 106,830,568	\$ 110,193,449	\$ 316,000	\$ 316,000	\$ 60,476,027	\$ 62,272,541	\$ 46,038,541	\$ 47,604,908
TOTAL LIABILITIES	\$ 124,844,127	\$ 130,810,445	\$ 14,122,322	\$ 11,166,992	\$ 62,568,662	\$ 64,368,006	\$ 48,153,143	\$ 55,275,447
NET POSITION								
Net investment in capital assets	\$ 2,897,579	\$ 7,751,572	\$ -	\$ -	\$ 366,442	\$ 349,858	\$ 2,531,137	\$ 7,401,714
Restricted for:								
Nonexpendable	4,404,180	4,401,045	-	-	-	-	4,404,180	4,401,045
Expendable								
Debt service	195,582	194,042	195,582	194,042	-	-	-	-
Other purposes	9,037,572	10,722,079	3,236,482	5,450,806	-	-	5,801,090	5,271,273
Unrestricted	24,234,471	15,909,143	8,135,081	3,933,442	7,021,390	6,997,091	9,078,000	4,978,610
TOTAL NET POSITION	\$ 40,769,384	\$ 38,977,881	\$ 11,567,145	\$ 9,578,290	\$ 7,387,832	\$ 7,346,949	\$ 21,814,407	\$ 22,052,642

Appendix 2
WICHITA STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For The Years Ended June 30, 2017 and 2016

	Total Component Units		Intercollegiate Athletic Association Component Unit		W.S.U. Union Corporation Component Unit		W.S.U. Board of Trustees Component Unit	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Operating Revenues:								
Student fees	\$ 5,386,209	\$ 5,511,138	\$ 2,907,048	\$ 2,917,600	\$ 2,479,161	\$ 2,593,538	\$ -	\$ -
Sales and services of educational activities	17,288,176	17,761,565	15,165,918	15,452,377	2,122,258	2,309,188	-	-
Interest earned on loans to students	65,415	107,012	-	-	-	-	65,415	107,012
Other operating revenues	662,496	780,673	610,983	623,442	51,513	157,231	-	-
Total Operating Revenue	\$ 23,402,296	\$ 24,160,388	\$ 18,683,949	\$ 18,993,419	\$ 4,652,932	\$ 5,059,957	\$ 65,415	\$ 107,012
Operating Expenses:								
Public Service	\$ 605,237	\$ 825,939	\$ -	\$ -	\$ -	\$ -	\$ 605,237	\$ 825,939
Academic Support	-	-	-	-	-	-	-	-
Student Service	21,502,002	22,165,534	17,358,700	17,889,488	4,143,302	4,276,046	-	-
Institutional Support	1,598,877	-	1,598,877	-	-	-	-	-
Operations & Maintenance of Plant	1,817,526	1,715,008	650,869	587,093	366,657	326,704	800,000	801,211
Depreciation	1,334,945	1,253,702	-	101,384	150,322	182,067	1,184,623	970,251
Scholarships & Fellowships	10,874,464	7,448,620	3,870,179	3,513,622	166,911	215,238	6,837,374	3,719,760
Other Expenses	2,194,295	2,159,570	2,194,295	2,159,570	-	-	-	-
Total Operating Expenses	\$ 39,927,346	\$ 35,568,373	\$ 25,672,920	\$ 24,251,157	\$ 4,827,192	\$ 5,000,055	\$ 9,427,234	\$ 6,317,161
Operating Income (Loss)	\$ (16,525,050)	\$ (11,407,985)	\$ (6,988,971)	\$ (5,257,738)	\$ (174,260)	\$ 59,902	\$ (9,361,819)	\$ (6,210,149)
Nonoperating Revenues (Expenses)								
Property tax	\$ 7,568,904	\$ 7,357,128	\$ -	\$ -	\$ -	\$ -	\$ 7,568,904	\$ 7,357,128
Gifts	8,067,450	9,216,102	7,936,914	9,096,735	127,236	117,599	3,300	1,768
Investment income	1,360,366	16,159	235,563	195,882	4,239	3,194	1,120,564	(182,917)
Direct Finance Lease Income	3,093,408	3,077,624	-	-	3,093,408	3,077,624	-	-
Interest expense	(4,607,052)	(4,886,222)	(19,612)	(25,861)	(2,921,558)	(2,938,005)	(1,665,882)	(1,922,356)
Other nonoperating revenues (expenses)	(225,674)	(1,301,179)	(109,872)	(1,201,422)	-	-	(115,802)	(99,757)
Total Nonoperating Revenues (Expenses)	\$ 15,257,402	\$ 13,479,612	\$ 8,042,993	\$ 8,065,334	\$ 303,325	\$ 260,412	\$ 6,911,084	\$ 5,153,866
Income (Loss) Before Other Revenues, (Expenses)	\$ (1,267,648)	\$ 2,071,627	\$ 1,054,022	\$ 2,807,596	\$ 129,065	\$ 320,314	\$ (2,450,735)	\$ (1,056,283)
Other Revenue (Expenses)								
Gifts for capital projects	\$ 2,982,333	\$ 2,455,104	\$ 769,833	\$ -	\$ -	\$ -	\$ 2,212,500	\$ 2,455,104
Student fees for capital projects	165,000	165,000	165,000	165,000	-	-	-	-
Capital assets transferred to other entities	(88,182)	(930,852)	-	(836,200)	(88,182)	(94,652)	-	-
Net Other Revenue (Expenses)	\$ 3,059,151	\$ 1,689,252	\$ 934,833	\$ (671,200)	\$ (88,182)	\$ (94,652)	\$ 2,212,500	\$ 2,455,104
Increase in Net Position	\$ 1,791,503	\$ 3,760,879	\$ 1,988,855	\$ 2,136,396	\$ 40,883	\$ 225,662	\$ (238,235)	\$ 1,398,821
Net Position								
Net Position - Beginning of Year	38,977,881	35,217,002	9,578,290	7,441,894	7,346,949	7,121,287	22,052,642	20,653,821
Net Position - End of Year	\$ 40,769,384	\$ 38,977,881	\$ 11,567,145	\$ 9,578,290	\$ 7,387,832	\$ 7,346,949	\$ 21,814,407	\$ 22,052,642