



HLC Accreditation 2016-2017

## **Evidence Document**

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Wichita State University

Administration and Finance

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### **Annual Financial Report: FY 2012**

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**Additional information:**



**Annual Financial Report**  
for the Fiscal Year Ended June 30, 2012

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

**Wichita State University  
Fiscal Year 2012 Annual GASB Financial Report**

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**Kansas Board of Regents and University Officers**

**Kansas Board of Regents**

Ed McKechnie, Chair  
Tim Emert, Vice Chair  
Christine Downey-Schmidt  
Mildred A. Edwards  
Fred Logan  
Dan Lykins  
Robba Moran  
Janie Perkins  
Kenny Wilk  
Andy Tompkins

**University Officers**

**Officers Reporting**

Mary L. Herrin, Vice President for Administration and Finance  
Steven D. LaFever, Director of Financial Reporting, Financial Data Analysis and Investments

**Executive Administration**

Donald L. Beggs, President  
Mary L. Herrin, Vice President for Administration and Finance  
Ted D. Ayres, Vice President and General Counsel  
Wade A. Robinson, Vice President for Campus Life and University Relations  
Keith H. Pickus, Interim Provost and Vice President for Academic Affairs and Research

# **Fiscal Year 2012 Financial Information**

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

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

# **Management's Discussion and Analysis**

**Wichita State University**  
**Fiscal Year 2012 Annual GASB Financial Report**

**Management's Discussion and Analysis**

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

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

**USING THE FINANCIAL STATEMENTS**

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

- GASB Statement No. 35 categorizes the Statement of Net Assets into a classified format of current and non-current. The Statement of Revenues, Expenses and Changes in Net Assets categorizes revenues and expenses into operating and non-operating. Significant recurring sources of revenue are now shown as non-operating, including State appropriations and investment income. This represented 32.6% of the total University revenue for FY 2012. Public universities depend heavily on these revenues to fund their programs and services. As a result, the University will normally report a loss from operating activities.
- Student tuition and fees are now reported net of scholarships funded by Federal and State grants as well as University's resources.
- GASB Statement No. 35 requires the University to report accumulated depreciation on its capital assets.
- GASB Statement No. 39 requires the University to discretely display in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets, the data for component units. The three component units are: Wichita State University Intercollegiate Athletic Association, Inc., Wichita State University Union Corporation, and Wichita State University Board of Trustees. As noted earlier, management, at the request of the WSU Foundation Board, has elected to exclude the Wichita State University Foundation.

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**Management's Discussion and Analysis**

**STATEMENT OF NET ASSETS**

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

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

Net Assets are divided into three categories:

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

Total assets at June 30, 2012, were \$311.5 million, an increase of \$34.2 million over June 30, 2011. Capital net assets comprised 57.6% or \$179.6 million of the assets.

Total liabilities were \$92.5 million at June 30, 2012, an increase of \$24.2 million. This is compared to \$68.4 million total liabilities at June 30, 2011. Long-term liabilities comprised 55.4%, or \$51.3 million of the liabilities.

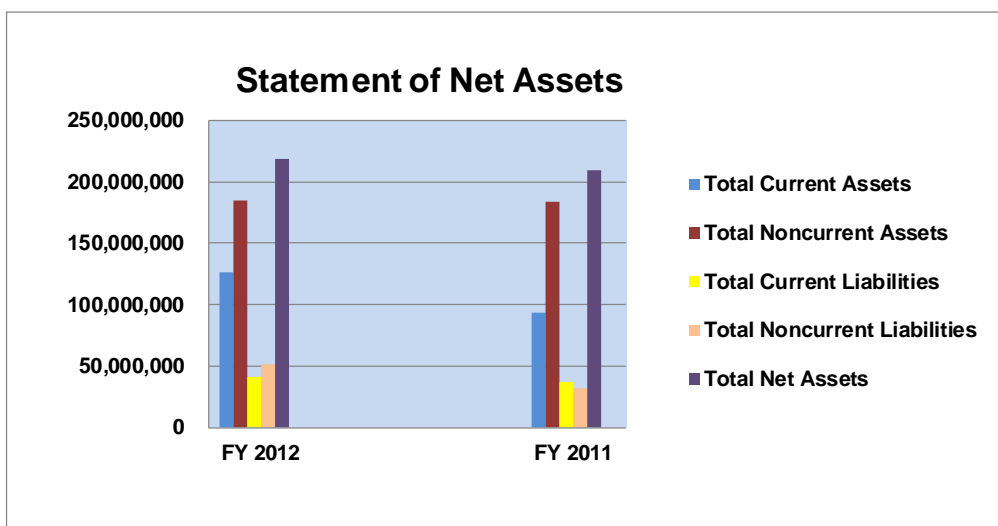


**Wichita State University  
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**Management's Discussion and Analysis**

Total net assets at June 30, 2012 were \$218.9 million, a \$10.1 million increase over the prior year, or a 4.8% increase in net assets. The summary of net assets is shown below:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Capital Assets, Net of Related Debt	\$ 128,340,938.40	\$ 147,075,407.23
Restricted Net Assets	46,874,993.42	24,205,361.10
Unrestricted Net Assets	43,724,967.49	37,609,846.79
<b>Total Net Assets</b>	<b>\$ 218,940,899.31</b>	<b>\$ 208,890,615.12</b>



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

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

**REVENUES**

Total operating revenues at the University as of June 30, 2012, increased by \$2.1 million or 1.3% over the previous year. The following is a brief summary of the significant changes:

- Tuition and fee revenues, after scholarship allowances, were \$67.5 million in FY 2012 compared to \$64.1 million in FY 2011. The \$3.3 million increase is a result of an increase in tuition rates and changes in enrollment.
- Federal grants and contracts decreased \$4.1 million over the previous fiscal year. This category of revenue includes funds received from the Federal government for financial aid as well as other sponsored research revenue. The major changes are: Training and Resource Support for Medical

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

Providers decreased by \$2.3 million, Federal Higher Education Fiscal Stabilization revenue decreased by \$1.0 million, and Federal American Recovery Reinvestment Act grant funds decreased by \$.7 million.

- State and local contracts and grants increased by a net amount of \$.6 million from FY 2011. Revenue from other state agencies increased by \$4.8 million, but the increases were offset by decreases in state grants that include: Technical Support Center decreased by \$2.5 million, NASA Icing Wind Tunnel grants decreased by \$.5 million, and the Advanced Education in General Dentistry decreased by \$.5 million. Various contracts and grants comprised the remaining \$.7 million of the variance from FY 2011 to FY 2012.
- Sales and services of educational activities increased \$2.1 million from the previous fiscal year. These revenues are generated by activities that are related incidentally or exist primarily to afford hands-on experience in providing instruction, research and public service. Numerous WSU National Institute for Aviation Research (NIAR) projects accounted for the major portion of the increase.

Total non-operating revenues decreased by \$4.5 million compared to the prior fiscal year from \$89.9 million to \$85.4 million or 5.0%. The following is a brief summary of the significant changes:

- State appropriations, the largest single source of revenue at the University, decreased by \$6.3 million. State appropriations for FY 2012 were \$70.1 million versus \$76.4 million in FY 2011. This was primarily the result of the State Economic Development Initiative Fund that decreased by \$5.0 million. In addition, the State General Fund decreased by \$1.3 million in FY 2012. Non-capital State appropriations represent 26.8% of the FY 2012 total revenue.
- Gifts for scholarships, research and faculty support increased by \$2.0 million. Gifts were \$14.8 million for FY 2012 versus \$12.8 million for FY 2011. General scholarship funds increased by \$1.8 million. Various other departmental scholarships accounted for the remaining \$.2 million increase.

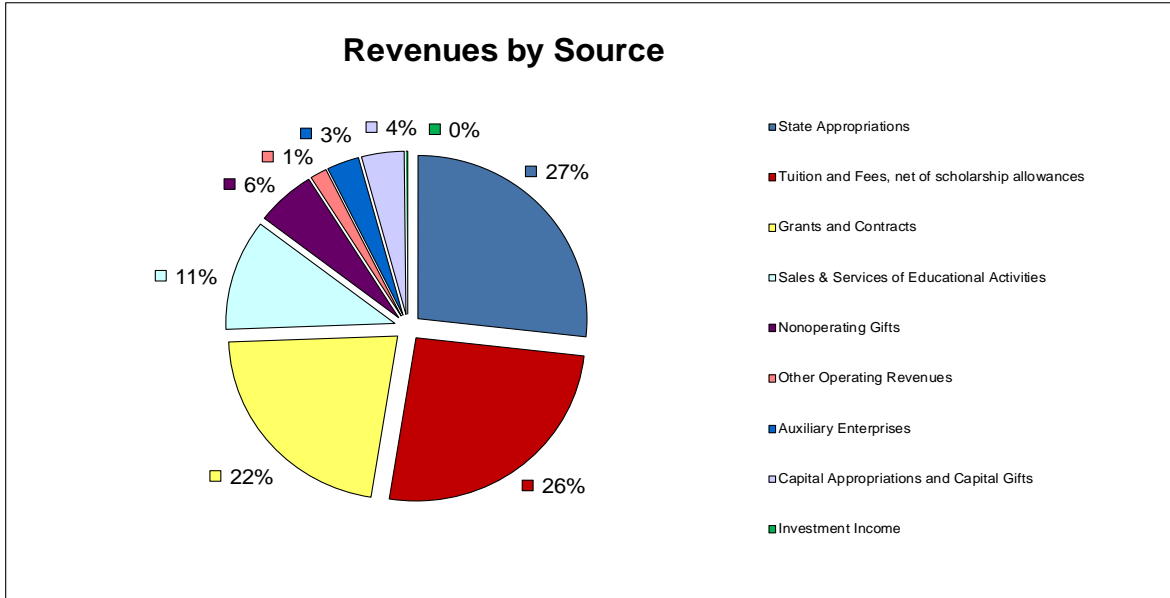
Other revenues included the following:

Other revenues decreased by \$.9 million. This was primarily due to a \$.9 million decrease in gifts for capital projects.

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**Management's Discussion and Analysis**

Sources of total revenues are displayed in the following chart:



**OPERATING EXPENSES**

Operating expenses were \$250.5 million for FY 2012 versus \$244.0 million in FY 2011. This was an increase of \$6.5 million or 2.6%. The following is a brief summary of the significant changes:

- Expenses related to the University's mission of instruction, research and public service increased \$5.9 million in FY 2012. Instruction increased by \$4.1 million, Research increased by \$2.9 million, and Public Service decreased by \$1.1 million.

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**Management's Discussion and Analysis**

- Following is a summary of expenses related to the primary mission of the University:

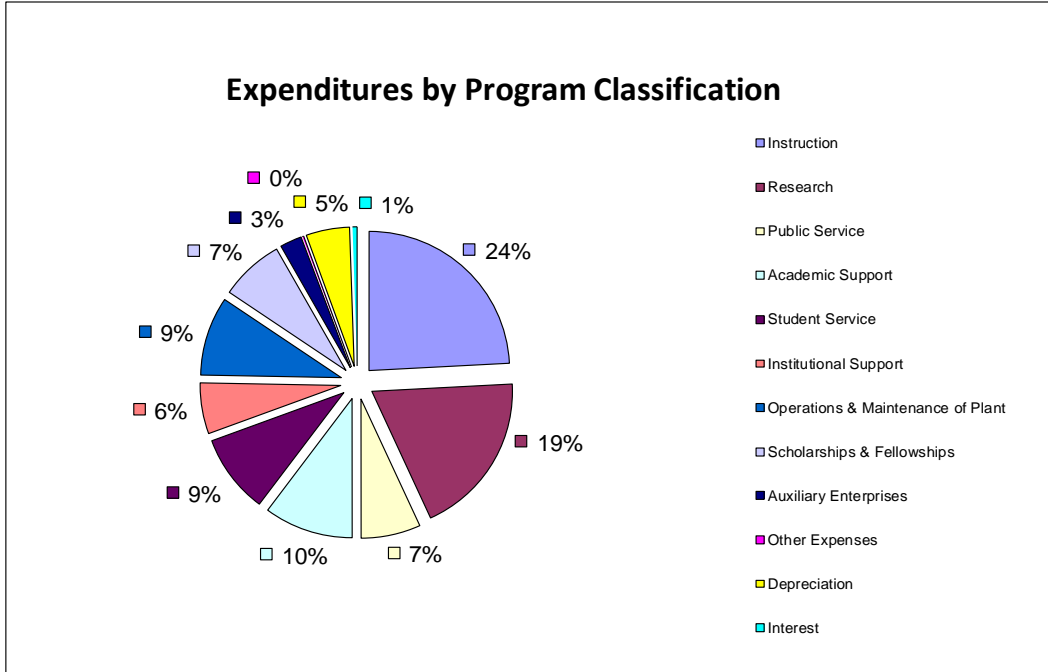
	Instruction	Research	Public Service	Total
<b>Salaries and Wages</b>				
FY 2012	\$ 56,893,316.34	\$ 23,592,885.62	\$ 11,962,566.81	\$ 92,448,768.77
FY 2011	<u>53,122,116.13</u>	<u>24,123,799.48</u>	<u>12,167,121.59</u>	<u>89,413,037.20</u>
<b>Increase (Decrease)</b>	<u>\$ 3,771,200.21</u>	<u>\$ (530,913.86)</u>	<u>\$ (204,554.78)</u>	<u>\$ 3,035,731.57</u>
<b>Contractual and Commodities, other</b>				
FY 2012	\$ 3,144,366.30	\$ 19,956,745.81	\$ 5,063,344.74	\$ 28,164,456.85
FY 2011	<u>2,848,775.18</u>	<u>19,405,175.05</u>	<u>5,655,040.38</u>	<u>27,908,990.61</u>
<b>Increase (Decrease)</b>	<u>\$ 295,591.12</u>	<u>\$ 551,570.76</u>	<u>\$ (591,695.64)</u>	<u>\$ 255,466.24</u>
<b>Capital Equipment</b>				
FY 2012	\$ 784,369.18	\$ 4,261,515.15	\$ 183,480.87	\$ 5,229,365.20
FY 2011	<u>706,755.83</u>	<u>1,346,091.48</u>	<u>539,247.39</u>	<u>2,592,094.70</u>
<b>Increase (Decrease)</b>	<u>\$ 77,613.35</u>	<u>\$ 2,915,423.67</u>	<u>\$ (355,766.52)</u>	<u>\$ 2,637,270.50</u>
<b>Totals for FY 2012</b>	<u>\$ 60,822,051.82</u>	<u>\$ 47,811,146.58</u>	<u>\$ 17,209,392.42</u>	<u>\$ 125,842,590.82</u>
<b>Totals for FY 2011</b>	<u>56,677,647.14</u>	<u>44,875,066.01</u>	<u>18,361,409.36</u>	<u>119,914,122.51</u>
<b>Increase (Decrease)</b>	<u>\$ 4,144,404.68</u>	<u>\$ 2,936,080.57</u>	<u>\$ (1,152,016.94)</u>	<u>\$ 5,928,468.31</u>

- Academic Support increased by \$1.6 million in FY 2012 versus FY 2011.
- Operation and Maintenance of Plant increased by \$.5 million in FY 2012 versus FY 2011.
- Scholarships and Fellowships decreased \$3.5 million in FY 2012 compared to FY 2011. Although gross scholarships increased during the year, the net scholarship amount reported decreased. This was primarily driven by an increase in Stafford Loans that resulted in a substantial change in the amount of tuition discounting required by **GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"**.
- Auxiliary Enterprises include the routine operating expenses for the housing and parking functions. These expenses increased \$1.7 million in FY 2012 versus FY 2011. The increase was primarily due to needed repairs and maintenance in FY 2012 compared to FY 2011.

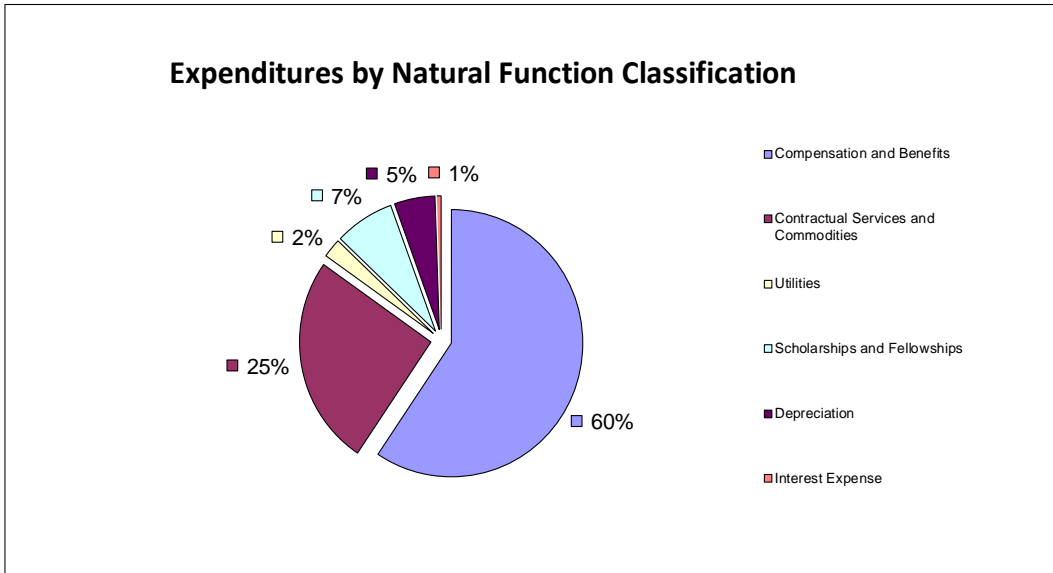
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- Total expenditures by program, including operating and non-operating, are displayed below:



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



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**Management's Discussion and Analysis**

**NET ASSETS**

Overall, net assets increased \$10.1 million in FY 2012 compared to an increase in net assets of \$19.7 million in FY 2011. However, FY 2011 reflected an unusually large increase compared to earlier years.

**STATEMENT OF CASH FLOWS**

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

**SUMMARY OF THE STATEMENT OF CASH FLOWS**

	June 30, 2012	June 30, 2011
Net cash provided (used by):		
Operating activities	\$ (69,542,312.37)	\$ (68,212,403.56)
Non-capital financing activities	85,746,693.72	\$ 90,543,984.43
Capital and related financing/appropriations	13,987,676.82	\$ (9,854,330.44)
Investing activities	471,580.13	\$ 738,660.44
Net increase (decrease) in cash	\$ 30,663,638.30	\$ 13,215,910.87
Beginning cash and cash equivalent balances	80,409,392.85	67,193,481.98
<b>Ending Cash and Cash Equivalent Balances</b>	<b>\$ 111,073,031.15</b>	<b>\$ 80,409,392.85</b>

Cash provided by operating activities includes tuition and fees, 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, 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.

The University's overall liquidity increased by \$30.7 million. This was primarily the result of increases of tuition and fees, and research grants and contracts.

**Wichita State University  
Fiscal Year 2012 Annual GASB Financial Report**

**Management's Discussion and Analysis**

**CAPITAL ASSETS**

The University continued to make investments in capital during FY 2012. Detailed information regarding capital asset additions, retirements and depreciation is available in Note 3 to the financial statements.

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

- **Ablah Library:** All four floors of the building were carpeted. The project cost of \$172 thousand was paid by \$122 thousand from rehabilitation and repair funds and \$50 thousand from remodeling and improvement funds.
- **Campus Exterior Lighting Upgrade:** The project cost of \$348 thousand was paid by \$270 thousand from rehabilitation and repair funds, \$74 thousand from remodeling and improvement funds, and \$4 thousand from restricted fees.
- **Duerksen Fine Arts Center:** The HVAC system in the building's C Wing was replaced. The project cost of \$4.03 million was paid by \$3.33 million from ARRA Federal Stimulus funds, \$678 thousand from state deferred maintenance funds, \$20 thousand from rehabilitation and repair funds, \$3 thousand from state infrastructure maintenance funds, and \$2 thousand from general fees.
- **Duerksen Fine Arts Center:** The building's windows were replaced. The project cost of \$213 thousand was paid from ARRA Federal Stimulus funds.
- **Elliott Hall:** The roof of the building was replaced. The project cost of \$123 thousand was paid from ARRA Federal Stimulus funds.
- **Engineering Research Laboratory Building:** The building was remodeled. The project cost of \$260 thousand was paid from University funds.
- **Fairmount Towers:** The boiler in the Commons building was replaced. The project cost of \$225 thousand was paid from housing system funds.
- **Fairmount Towers:** The hydronic piping in the South Tower was replaced. The project cost of \$179 thousand was paid from housing system funds.
- **Geology Building:** The roof of the building was replaced. The project cost of \$142 thousand was paid from ARRA Federal Stimulus funds.
- **Hawker Beechcraft Building 86:** The second floor of this building leased from Hawker Beechcraft was remodeled. The project cost of \$143 thousand was paid by \$141 thousand from University federal funds and \$2 thousand from restricted fees.
- **Henrion Hall:** The roof of the building was replaced. The project cost of \$120 thousand was paid from rehabilitation and repair funds.

**Wichita State University**  
**Fiscal Year 2012 Annual GASB Financial Report**

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- Hughes Metropolitan Complex: Brick signage was built at complex entrances to match main campus entrance signage. The project cost of \$130 thousand was paid from remodeling and improvement funds.
- Hughes Metropolitan Complex: The Evelyn Hendren Cassat Speech-Language-Hearing Clinic was remodeled. The project cost of \$609 thousand was paid by \$544 thousand in private donations through the WSU Foundation and \$65 thousand in University funds.
- Jardine Hall: The roof of the building was replaced. The project cost of \$252 thousand was paid by \$239 thousand from ARRA Federal Stimulus funds and \$13 thousand from repair and rehabilitation funds.
- Lindquist Hall: The building's windows were replaced. The project cost of \$413 thousand was paid from ARRA Federal Stimulus funds.
- McKinley Hall: The roof of the building was replaced. The project cost of \$669 thousand was paid from ARRA Federal Stimulus funds.
- McKnight Arts Center: The air handling unit and penthouse were replaced in the north building. The project cost of \$244 thousand was paid from rehabilitation and repair funds.
- Police and Motor Pool Parking Lot Replacement: The project cost of \$143 thousand was paid by \$128 thousand from parking system funds and \$15 thousand from remodeling and improvement funds.
- Wallace Hall: The roof of the building was replaced. The project cost of \$312 thousand was paid from rehabilitation and repair funds.
- Wheatshocker Apartments: The carpeting was replaced in the building's fourth, fifth and sixth floor rooms. The project cost of \$178 thousand was paid from housing system funds.

Additionally, the University is involved in several ongoing construction projects. The major projects include:

- AEGD Building: The Advanced Education in General Dentistry building was completed during FY 2012. The project cost of \$4.93 million was paid by \$4.85 million in private donations through the WSU Foundation and \$80 thousand from University funds. The building was transferred from ownership by the WSU Foundation to WSU in December 2012.
- Brennan Hall I Parking Lot Replacement: The project cost of \$28 thousand to date has been paid from parking system funds.
- Campus Restrooms: The restrooms in Henrion Hall, the Police Building and Lindquist Hall are being refurbished. The project cost of \$10 thousand to date has been paid from rehabilitation and repair funds.



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- Clinton Hall: The building's exterior storefront, entry doors and north and south entrances are being replaced. The project cost of \$6 thousand to date has been paid from remodeling and improvement funds.
- Clinton Hall: The building's exterior windows are being replaced. The project cost of \$12 thousand to date has been paid from remodeling and improvement funds.
- Central Energy Plant: The building's cooling tower is being waterproofed. The project cost of \$95 thousand to date has been paid from remodeling and improvement funds.
- Cessna Stadium South Parking Lot Reconstruction: The project cost of \$37 thousand to date has been paid from parking system funds.
- Duerksen Fine Arts Center: The band room in the building is being refurbished. The project cost of \$11 thousand to date has been paid from remodeling and improvement funds.
- Duerksen Fine Arts Center: The HVAC system in the building's A and B wings is being replaced. The project cost of \$28 thousand to date has been paid from state infrastructure maintenance funds.
- Duerksen Fine Arts Center: The ticket booth in the Miller Lobby is being remodeled. The project cost of \$8 thousand to date has been paid from remodeling and improvement funds.
- Engineering Building: The aluminum storefront system in the east stairwell of the building is being replaced. The project cost of \$12 thousand to date has been paid from remodeling and improvement funds.
- Engineering Building: The windows on the south side of the building are being replaced. The project cost of \$16 thousand to date has been paid from remodeling and improvement funds.
- Gaddis Physical Plant: The roofs of buildings C and D in the complex are being replaced. The project cost of \$8 thousand to date has been paid from remodeling and improvement funds.
- Gaddis Physical Plant Parking Lot and Service Road Replacement: The project cost of \$107 thousand to date has been paid from remodeling and improvement funds.
- Grace Wilkie Hall: The building's HVAC system is being replaced. The project cost of \$93 thousand to date has been paid from infrastructure maintenance funds.
- Hubbard Hall: The biology labs in the building are being remodeled. The project cost of \$400 thousand to date has been paid from NIH/ARRA federal grant funds.
- Hubbard Hall: The motor control center in the basement of the building is being replaced. The project cost of \$6 hundred to date has been paid from remodeling and improvement funds.
- Lindquist Hall: The building's south entry vestibule is being remodeled. The project cost of \$6 thousand to date has been paid from remodeling and improvement funds.

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- Morrison Hall: The roof of the building is being replaced. The project cost of \$15 thousand to date has been paid from remodeling and improvement funds.
- Police Building: The HVAC system is being replaced in the building. The project cost of \$357 thousand to date has been paid from remodeling and improvement funds.
- Rhatigan Student Center: The building is being expanded and renovated. The project cost of \$1.5 million to date has been paid from student fees.
- Steam and Chilled Water Lines: The steam and chilled water lines between Morrison Hall and McKnight Art Center are being replaced. The project cost of \$19 thousand to date has been paid from remodeling and improvement funds.
- Ulrich Museum of Art: The HVAC system is being replaced in the building. The project cost of \$465 thousand to date has been paid from rehabilitation and repair funds.
- Visual Communications Building Expansion: The project cost of \$15 thousand to date has been paid from remodeling and improvement funds.
- Wilner Auditorium: The air handler unit in the building is being replaced. The project cost of \$11 thousand to date has been paid from remodeling and improvement funds.

**DEBT ADMINISTRATION**

At June 30, 2012, the University had \$38.3 million in long-term revenue debt outstanding as shown in Note 7-Long Term Liabilities. In addition, there is \$8.6 million related to a long-term lease purchase as shown in Note 14-Lease Purchase Agreement.

Standard & Poors issued its A+ rating on the Wichita State University Housing System Refunding Revenue Bonds, Series 2002P, on April 5, 2011. The University refunded this issue in May 2012 in the new Kansas Development Finance Authority Revenue Bonds, Series 2012A (Wichita State University Projects), that also provided funding for additions to, and refurbishing of, the Student Union Building. These new bonds were rated by Moody's Investors Service on May 8, 2012 in their Rating Action Opinion which reads "Moody's Investors Service has assigned an initial Aa3 rating to Wichita State University's (KS) \$29.0 million Revenue Bonds, Series 2012A. The bonds will be issued by the Kansas Development Finance Authority. The outlook is stable."

Standard and Poors issued its A+ rating on the Wichita State University Intercollegiate Athletic Association, Inc. Project Revenue Bonds, Series 2002D, on April 5, 2011. All outstanding bonds of this bond issue were called in advance of their regular maturities on September 4, 2012.

Detailed information regarding the University's long-term liabilities is available in Note 7 and Note 8 to the financial statements.

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**Management's Discussion and Analysis**

**ECONOMIC OUTLOOK**

The State of Kansas Division of Budget revenue estimate as of October 4, 2012, reflects State General Fund receipts were 2.9% over the FY 2013 consensus estimate as of April 13, 2012. Tax revenues were 1.1% over the April estimate.

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 ASSETS  
As of June 30, 2012 and 2011**

	University Funds		Component Units (1)	
	FY 2012	FY 2011	FY 2012	FY 2011
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 111,073,031.15	\$ 80,409,392.85	\$ 16,849,854.00	\$ 17,229,423.00
Accounts receivable, net	12,077,917.86	10,054,769.91	7,230,166.00	6,849,535.00
Investments	204,242.35	203,432.93	5,920,707.00	5,697,131.00
Loans to students, net	1,756,066.17	1,624,148.67	0.00	0.00
Inventories	556,666.03	521,227.51	1,440,085.00	1,372,384.00
Prepaid expenses	761,019.72	847,636.98	312,867.00	165,034.00
Other current assets	0.00	0.00	118,646.00	133,704.00
<b>Total Current Assets</b>	<b>\$ 126,428,943.28</b>	<b>\$ 93,660,608.85</b>	<b>\$ 31,872,325.00</b>	<b>\$ 31,447,211.00</b>
<b>Noncurrent Assets</b>				
Restricted cash and cash equivalents	\$ -	\$ -	\$ 6,823.00	\$ 1,476.00
Investments	-	-	9,506,458.00	9,999,436.00
Loans to students, net	5,499,659.18	5,755,644.66	0.00	0.00
Other assets	0.00	0.00	1,500.00	500.00
Capital assets, net	179,559,471.26	177,836,143.22	8,416,970.00	9,555,687.00
<b>Total Noncurrent Assets</b>	<b>\$ 185,059,130.44</b>	<b>\$ 183,591,787.88</b>	<b>\$ 17,931,751.00</b>	<b>\$ 19,557,099.00</b>
<b>TOTAL ASSETS</b>	<b>\$ 311,488,073.72</b>	<b>\$ 277,252,396.73</b>	<b>\$ 49,804,076.00</b>	<b>\$ 51,004,310.00</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 8,882,283.29	\$ 7,923,176.57	\$ 1,339,191.00	\$ 1,592,753.00
Deferred revenue	15,156,560.88	12,271,453.89	4,852,765.00	4,754,298.00
Loan payable	0.00	0.00	40,237.00	56,865.00
Revenue bonds payable	4,335,000.00	2,915,000.00	1,700,000.00	1,585,000.00
Lease payable	759,379.07	730,285.18	0.00	0.00
Accrued compensated absences	10,929,775.32	11,847,796.47	278,685.00	252,831.00
Deposits held in custody for others	1,194,022.06	1,189,618.69	0.00	0.00
<b>Total Current Liabilities</b>	<b>\$ 41,257,020.62</b>	<b>\$ 36,877,330.80</b>	<b>\$ 8,210,878.00</b>	<b>\$ 8,241,747.00</b>
<b>Noncurrent Liabilities</b>				
Lease payable	\$ 7,806,071.74	\$ 8,565,450.81	\$ 0.00	\$ 0.00
Other postemployment healthcare benefits	5,166,000.00	4,369,000.00	0.00	0.00
Revenue bonds payable	38,318,082.05	18,550,000.00	11,735,690.00	13,607,829.00
<b>Total Noncurrent Liabilities</b>	<b>\$ 51,290,153.79</b>	<b>\$ 31,484,450.81</b>	<b>\$ 11,735,690.00</b>	<b>\$ 13,607,829.00</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 92,547,174.41</b>	<b>\$ 68,361,781.61</b>	<b>\$ 19,946,568.00</b>	<b>\$ 21,849,576.00</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 128,340,938.40	\$ 147,075,407.23	\$ 1,242,155.00	\$ 1,128,488.00
Restricted for:				
Nonexpendable	0.00	0.00	3,795,394.00	3,528,843.00
Expendable				
Loans	9,006,501.50	9,127,047.07	0.00	0.00
Capital projects	35,196,879.89	11,799,629.41	0.00	0.00
Debt service	311,214.22	1,217,502.22	5,920,707.00	5,697,131.00
Other purposes	2,360,397.81	2,061,182.40	2,045,754.00	3,299,584.00
Unrestricted	43,724,967.49	37,609,846.79	16,853,498.00	15,500,688.00
<b>TOTAL NET ASSETS</b>	<b>\$ 218,940,899.31</b>	<b>\$ 208,890,615.12</b>	<b>\$ 29,857,508.00</b>	<b>\$ 29,154,734.00</b>

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**For the Years Ended June 30, 2012 And 2011**

	University Funds		Component Units (1)	
	FY 2012	FY 2011	FY 2012	FY 2011
<b>Operating Revenues:</b>				
Tuition and fees, net of scholarship allowances of \$17,541,323 in 2012 and \$14,905,085 in 2011	\$ 67,472,024.38	\$ 64,134,960.68	\$ 4,588,065.00	\$ 4,587,551.00
Federal grants and contracts	48,001,667.54	52,080,871.40	0.00	0.00
State and local grants and contracts	9,305,772.70	8,713,678.07	0.00	0.00
Sales and services of educational activities	28,751,004.37	26,629,768.83	14,020,029.00	13,821,627.00
Auxiliary enterprises				
Housing revenues (revenues are pledged as security for bonds)	6,481,702.56	6,255,168.15	0.00	0.00
Parking revenues	1,601,686.78	1,608,400.75	0.00	0.00
Interest earned on loans to students	106,968.72	129,636.64	5,467.00	14,634.00
Other operating revenues	4,062,209.62	4,158,334.05	485,214.00	577,957.00
<b>Total Operating Revenues</b>	<b>\$ 165,783,036.67</b>	<b>\$ 163,710,818.57</b>	<b>\$ 19,098,775.00</b>	<b>\$ 19,001,769.00</b>
<b>Operating Expenses:</b>				
Instruction	\$ 60,822,051.82	\$ 56,677,647.14	\$ 0.00	\$ 0.00
Research	47,811,146.58	44,875,066.01	0.00	0.00
Public Service	17,209,392.42	18,361,409.36	761,842.00	632,924.00
Academic Support	25,831,878.07	24,262,305.65	0.00	0.00
Student Service	23,044,365.92	22,774,661.65	18,335,925.00	16,823,601.00
Institutional Support	14,858,540.69	14,943,579.25	0.00	0.00
Operations and Maintenance of Plant	23,102,638.28	22,593,969.98	1,553,313.00	1,617,899.00
Scholarships and Fellowships	18,479,379.61	22,021,930.72	7,675,347.00	6,344,073.00
Auxiliary Enterprises	6,292,495.33	4,581,778.90	0.00	0.00
Other Expenses	400,845.54	386,447.84	1,607,119.00	1,782,162.00
Depreciation	12,622,873.45	12,570,990.22	1,385,930.00	1,403,905.00
<b>Total Operating Expenses</b>	<b>\$ 250,475,607.71</b>	<b>\$ 244,049,786.72</b>	<b>\$ 31,319,476.00</b>	<b>\$ 28,604,564.00</b>
<b>Total Operating Income (Loss)</b>	<b>\$ (84,692,571.04)</b>	<b>\$ (80,338,968.15)</b>	<b>\$ (12,220,701.00)</b>	<b>\$ (9,602,795.00)</b>
<b>Non-operating Revenues (Expenses)</b>				
State appropriations	\$ 70,088,129.00	\$ 76,352,911.00	\$ 0.00	\$ 0.00
Gifts	14,857,161.35	12,841,415.62	7,405,961.00	6,112,006.00
Investment income	472,389.55	740,841.54	(47,598.00)	1,853,444.00
Interest expense	(1,309,974.90)	(1,453,134.67)	(675,914.00)	(746,364.00)
County tax subsidy	0.00	0.00	7,041,272.00	6,899,782.00
Other nonoperating revenues (expenses)	0.00	0.00	(1,789,563.00)	(1,398,886.00)
<b>Total Non-operating Revenues (Expenses)</b>	<b>\$ 84,107,705.00</b>	<b>\$ 88,482,033.49</b>	<b>\$ 11,934,158.00</b>	<b>\$ 12,719,982.00</b>
<b>Total Income (Loss) Before Other Revenues, Expenses, Gains and Losses</b>	<b>\$ (584,866.04)</b>	<b>\$ 8,143,065.34</b>	<b>\$ (286,543.00)</b>	<b>\$ 3,117,187.00</b>
<b>Other Revenue</b>				
Capital appropriations	\$ 4,293,408.83	\$ 4,300,885.22	\$ 0.00	\$ 0.00
Gifts for capital projects	2,956,695.40	3,876,442.28	233,989.00	230,305.00
Student fees for capital projects	3,385,046.00	3,389,446.00	755,328.00	749,702.00
Other additions, net	0.00	0.00	0.00	(3,241,606.00)
<b>Total Other Revenue</b>	<b>\$ 10,635,150.23</b>	<b>\$ 11,566,773.50</b>	<b>\$ 989,317.00</b>	<b>\$ (2,261,599.00)</b>
<b>Total Increase in Net Assets</b>	<b>\$ 10,050,284.19</b>	<b>\$ 19,709,838.84</b>	<b>\$ 702,774.00</b>	<b>\$ 855,588.00</b>
<b>Net Assets</b>				
<b>Net Assets - Beginning of Year</b>	<b>\$ 208,890,615.12</b>	<b>\$ 189,180,776.28</b>	<b>\$ 29,154,734.00</b>	<b>\$ 28,299,146.00</b>
<b>Net Assets - End of Year</b>	<b>\$ 218,940,899.31</b>	<b>\$ 208,890,615.12</b>	<b>\$ 29,857,508.00</b>	<b>\$ 29,154,734.00</b>

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF CASH FLOWS**  
**For the Years Ended June 30, 2012 And 2011**

	University Funds	
	FY 2012	FY 2011
<b>Cash Flows from Operating Activities</b>		
Tuition and fees	\$ 66,742,630.63	\$ 64,199,458.95
Sales and services of educational activities	28,822,308.05	26,600,335.20
Auxiliary enterprise charges		
Housing	6,481,702.56	6,255,168.15
Parking	1,485,855.61	1,532,236.04
Research grants and contracts	59,050,289.24	59,422,238.55
Payments to suppliers	(63,374,413.22)	(58,498,477.59)
Payments for utilities	(5,787,921.82)	(5,844,713.16)
Payments for scholarships and benefits	(18,479,379.61)	(22,021,930.72)
Compensation and benefits	(149,200,734.15)	(144,560,916.55)
Loans issued to students	(879,450.00)	(800,489.00)
Collections on loans issued to students	1,003,517.98	1,189,348.54
Other receipts (payments)	4,593,282.36	4,315,338.03
	<u>4,593,282.36</u>	<u>4,315,338.03</u>
<b>Net Cash Flows from Operating Activities</b>	<b>\$ (69,542,312.37)</b>	<b>\$ (68,212,403.56)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
State appropriations	\$ 70,088,129.00	\$ 76,352,911.00
Gifts	14,857,161.35	12,841,415.62
Funds held for others	4,403.37	153,476.81
Other post employment healthcare benefits	797,000.00	1,196,181.00
Federal family education loan receipts	69,358,746.00	66,842,626.00
Federal family education loan disbursements	(69,358,746.00)	(66,842,626.00)
	<u>(69,358,746.00)</u>	<u>(66,842,626.00)</u>
<b>Net Cash Flows from Noncapital Financing Activities</b>	<b>\$ 85,746,693.72</b>	<b>\$ 90,543,984.43</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital appropriations	\$ 4,293,408.83	\$ 4,300,885.22
Capital gifts	2,956,695.40	3,876,442.28
Student fees for capital projects	3,385,046.00	3,389,446.00
Purchase of capital assets	(14,346,201.49)	(16,322,684.09)
Principal paid on capital debt and leases	(12,649,379.07)	(3,645,285.18)
Proceeds from long term debt	31,658,082.05	-
Interest paid on capital debt and leases	(1,309,974.90)	(1,453,134.67)
	<u>(1,309,974.90)</u>	<u>(1,453,134.67)</u>
<b>Net Cash Flows from Capital and Related Financing Activities</b>	<b>\$ 13,987,676.82</b>	<b>\$ (9,854,330.44)</b>
<b>Cash Flows from Investing Activities</b>		
Investment income	\$ 472,389.55	\$ 740,841.54
Proceeds from sales and maturities of investments	(809.42)	(2,181.10)
	<u>(809.42)</u>	<u>(2,181.10)</u>
<b>Net Cash Flows from Investing Activities</b>	<b>\$ 471,580.13</b>	<b>\$ 738,660.44</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>\$ 30,663,638.30</b>	<b>\$ 13,215,910.87</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>80,409,392.85</b>	<b>67,193,481.98</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 111,073,031.15</b>	<b>\$ 80,409,392.85</b>
<b>Reconciliation</b>		
Operating income (loss)	\$ (84,692,571.04)	\$ (80,338,968.15)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	12,622,873.45	12,570,990.22
Changes in assets and liabilities:		
Accounts receivable, net	(2,023,147.95)	(246,911.62)
Loans to students, net	124,067.98	388,859.54
Current portion of long term debt	1,420,000.00	125,000.00
Current portion of long lease payable	29,093.89	27,979.22
Inventories	(35,438.52)	(25,193.31)
Prepaid expenses	86,617.26	(379,577.48)
Accounts payable and accrued liabilities	959,106.72	957,529.27
Deferred revenue	2,885,106.99	(1,296,136.01)
Accrued compensated absences	(918,021.15)	4,024.76
	<u>(918,021.15)</u>	<u>4,024.76</u>
<b>Net Cash Used in Operating Activities - Cash Flow</b>	<b>\$ (69,542,312.37)</b>	<b>\$ (68,212,403.56)</b>

**Wichita State University**  
**For the Years Ended June 30, 2012 and 2011**

**Notes to the Financial Statements**

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

Due to privacy reasons, the accompanying financial statements do not include the data of the Wichita State University Foundation, a major component unit of this primary government. Therefore, the accompanying financial statements and related supplemental information have not been prepared in conformity with accounting principles generally accepted in the United States of America. The financial statements for the University have not been audited. Separately audited statements from component units, prepared in FASB format, are Wichita State University Intercollegiate Athletic Association 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.

Otherwise, in preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Organization.** Wichita State University (the "University") is an urban 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 four locations. The main campus is located at 1845 Fairmount, Wichita, Kansas. There are three 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, and the South Campus is located at 200 W. Greenway Street, Suite 15A, Derby, Kansas.

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

Each component unit is independently audited and received an unqualified certified opinion. 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.**



**Wichita State University**  
**For the Years Ended June 30, 2012 and 2011**

**Notes to the Financial Statements**

**Basis of Accounting.** For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated except for the component units. Since the component units are displayed discretely, inter-agency transactions have not been eliminated in accordance with GASB guidelines.

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

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

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

**Accounts Receivable.** Accounts receivable consists of tuition and fee charges to students, and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, State and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. (See Note 4)

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

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

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

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

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

**Wichita State University**  
**For the Years Ended June 30, 2012 and 2011**

**Notes to the Financial Statements**

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

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

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

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

**Deposits Held in Custody for Others.** Deposits held in custody for others consist primarily of 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. (See Notes 7 and 8) Also included are lease principal amounts for energy saving projects on University buildings. (See Note 14) 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.

**Net Assets.** The University's net assets are classified as follows:

**Invested in capital assets, net of related debt:** This represents the University's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

**Restricted net assets - nonexpendable:** Restricted nonexpendable net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The Wichita State University Foundation data is not presented in this Financial Statement with other component units of the University, as noted above.

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

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

**Wichita State University**  
**For the Years Ended June 30, 2012 and 2011**

**Notes to the Financial Statements**

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

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

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

**Scholarship Discounts and Allowances.** Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on 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.

**Summer Session.** Revenues and expenses for the summer session are reported within the fiscal year in which the summer session is predominately conducted. Accordingly, revenues and expenses for the 2011 summer session are reported in the Statement of Revenues, Expenses and Changes in Net Assets as revenues and expenses for FY 2012. Summer session revenues received prior to June 30, 2012, are reported as deferred revenues in the Statement of Net Assets. Expenses for the summer session paid prior to June 30, 2012, are reported as prepaid expenses. Kansas Board of Regents officials determined this methodology and believe the departure from generally accepted accounting principles will not have a material effect on the University's financial position.

**Wichita State University**  
**For the Years Ended June 30, 2012 and 2011**

**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 Assets as follows:

<u>Carrying Value:</u>	<u>FY 2012</u>	<u>FY 2011</u>
Cash deposits with State Treasury	\$ 110,082,394.71	\$ 79,357,508.38
Cash deposits with financial institutions	194,899.17	257,141.13
Certificates of deposit	204,242.35	203,432.93
Repurchase agreements	795,737.27	794,743.34
	<u>\$ 111,277,273.50</u>	<u>\$ 80,612,825.78</u>

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

<u>Deposits and Investments</u>	<u>FY 2012</u>	<u>FY 2011</u>
Cash and cash equivalents	\$ 111,073,031.15	\$ 80,409,392.85
Investments (current)	204,242.35	203,432.93
	<u>\$ 111,277,273.50</u>	<u>\$ 80,612,825.78</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, 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 Pooled Money Investment Board and are reported at fair value, based on quoted market prices.

The majority of deposit balances not maintained by the State Treasurer 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.

**Wichita State University**  
**For the Years Ended June 30, 2012 and 2011**

**Notes to the Financial Statements**

**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
- 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 percent 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

**Kansas Development Finance Authority (KDFA).** For investments related to the University's revenue bonds, State statutes permit cash balances to be invested as permitted by bond documents and bond covenants. KDFA manages the University's revenue bond investments. Allowable investments include:

- U.S. Government obligations
- Obligations of government-sponsored agencies
- Federal funds, unsecured certificates of deposit, time deposits and bankers acceptances
- Deposits – fully insured by the FDIC
- Certain State or municipal debt obligations
- Certain pre-refunded municipal obligations
- Commercial paper
- Investments in money market funds
- Repurchase agreements
- Stripped securities
- Investments in the Municipal Investment Pool Fund
- Investment agreements
- Guaranteed investment contracts

**Interest Rate Risk** is the risk where 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.

PMIB minimizes interest rate risk 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.

For revenue bond investments managed by KDFA, due to the tax-exempt status of the bonds, the general practice is that KDFA and the University match reserve fund interest rates to the arbitrage yield on the bonds and the term of the investments to the maturity of the bonds. For invested loan funds, KDFA generally invests to maximize the interest rate and set a term of investment based on estimated expenditures, which is generally 3 – 5 years.

**Wichita State University**  
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**Notes to the Financial Statements**

As of June 30, 2012 the University had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Certificates of Deposit	\$ 204,242.35	\$ 204,242.35
Repurchase Agreements	795,737.27	795,737.27
<b>Total</b>	<u>\$ 999,979.62</u>	<u>\$ 999,979.62</u>

**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** 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 PMIB and K DFA.

**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 percent 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.

**Wichita State University**  
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**Note 3 - CAPITAL ASSETS**

Capital asset activity for the University for the year ended June 30, 2012 is summarized as follows:

	Primary Institution			
	Balance			Balance
	June 30, 2011	Additions	Retirements	June 30, 2012
<b>Capital Assets (Not Depreciable)</b>				
Land	\$ 3,148,518.79	\$ 0.00	\$ 0.00	\$ 3,148,518.79
Construction-in-Progress	8,789,204.03	8,324,586.40	8,906,628.33	8,207,162.10
<b>Total Assets - Not Depreciable</b>	<b>\$ 11,937,722.82</b>	<b>\$ 8,324,586.40</b>	<b>\$ 8,906,628.33</b>	<b>\$ 11,355,680.89</b>
<b>Intangible Assets (Being Amortized)</b>				
Software	\$ 4,058,123.64	\$ 0.00	\$ 0.00	\$ 4,058,123.64
<b>Capital Assets (Being Depreciated)</b>				
<b>University:</b>				
Leasehold Improvements	\$ 1,871,637.00	\$ 142,722.00	\$ 0.00	\$ 2,014,359.00
Infrastructure	17,339,766.58	347,875.14	8,842.05	17,678,799.67
Land Improvements	9,575,111.34	271,751.00	0.00	9,846,862.34
Buildings	105,889,938.81	0.00	6,516.99	105,883,421.82
Building Improvements	107,168,430.03	8,152,307.18	50,573.65	115,270,163.56
Equipment & Furnishings	60,225,039.05	5,857,393.60	1,688,615.79	64,393,816.86
Vehicles	3,024,360.39	143,584.75	164,520.68	3,003,424.46
<b>Subtotal University</b>	<b>\$ 305,094,283.20</b>	<b>\$ 14,915,633.67</b>	<b>\$ 1,919,069.16</b>	<b>\$ 318,090,847.71</b>
<b>Service Clearing:</b>				
Equipment	\$ 50,542.20	\$ 12,609.75	\$ 0.00	\$ 63,151.95
Vehicles	311,936.15	0.00	0.00	311,936.15
<b>Subtotal Service Clearing</b>	<b>\$ 362,478.35</b>	<b>\$ 12,609.75</b>	<b>\$ -</b>	<b>\$ 375,088.10</b>
<b>Total Assets - Depreciable Basis</b>	<b>\$ 309,514,885.19</b>	<b>\$ 14,928,243.42</b>	<b>\$ 1,919,069.16</b>	<b>\$ 322,524,059.45</b>
<b>Gross Total Capital Assets</b>	<b>\$ 321,452,608.01</b>	<b>\$ 23,252,829.82</b>	<b>\$ 10,825,697.49</b>	<b>\$ 333,879,740.34</b>
<b>Accumulated Amortization</b>				
Intangible Assets (Software)	\$ 2,931,198.65	\$ 507,265.51	\$ 0.00	\$ 3,438,464.16
<b>Accumulated Depreciation</b>				
<b>University:</b>				
Leasehold Improvements	\$ 629,185.85	\$ 172,765.05	\$ 0.00	\$ 801,950.90
Infrastructure	4,401,359.45	687,452.09	8,842.05	5,079,969.49
Land Improvements	4,362,382.55	334,778.56	0.00	4,697,161.11
Buildings	59,009,797.81	2,338,691.09	6,516.99	61,341,971.91
Building Improvements	30,663,826.86	2,663,860.95	50,573.65	33,277,114.16
Equipment & Furnishings	38,556,966.28	5,756,139.11	1,688,615.79	42,624,489.60
Vehicles	2,751,909.63	140,654.51	164,520.68	2,728,043.46
<b>Subtotal University</b>	<b>\$ 140,375,428.43</b>	<b>\$ 12,094,341.36</b>	<b>\$ 1,919,069.16</b>	<b>\$ 150,550,700.63</b>
<b>Service Clearing:</b>				
Equipment	\$ 19,106.36	\$ 6,317.78	\$ 0.00	\$ 25,424.14
Vehicles	290,731.35	14,948.80	0.00	305,680.15
<b>Subtotal Service Clearing</b>	<b>\$ 309,837.71</b>	<b>\$ 21,266.58</b>	<b>\$ 0.00</b>	<b>\$ 331,104.29</b>
<b>Total Accumulated Depreciation</b>	<b>\$ 143,616,464.79</b>	<b>\$ 12,622,873.45</b>	<b>\$ 1,919,069.16</b>	<b>\$ 154,320,269.08</b>
<b>Capital Depreciable Assets - Net</b>	<b>\$ 165,898,420.40</b>	<b>\$ 2,305,369.97</b>	<b>\$ 0.00</b>	<b>\$ 168,203,790.37</b>
<b>Total Capital Assets - Net</b>	<b>\$ 177,836,143.22</b>	<b>\$ 10,629,956.37</b>	<b>\$ 8,906,628.33</b>	<b>\$ 179,559,471.26</b>

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

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable are shown in the accompanying Statement of Net Assets. The University has established an allowance for doubtful accounts for FY 2012. At June 30, 2012, net accounts receivable consisted of the following:

<u>Accounts Receivable</u>	<u>June 30, 2012 Net</u>	<u>June 30, 2011 Net</u>
Student Tuition and Fees	\$ 3,213,302.75	\$ 2,092,117.55
Student Housing Contracts	744,214.85	628,383.68
Service Clearing and Other Operating Activities	94,385.91	165,689.59
Imprest Fund	4,432.76	4,432.76
Federal, State, and Private Grants and Contracts	8,021,581.59	7,164,146.33
<b>Total Accounts Receivable</b>	<b>\$ 12,077,917.86</b>	<b>\$ 10,054,769.91</b>

**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, 2012 and 2011. The Programs provide for cancellation of a loan at rates from 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal government reimburses the University for a portion of the amounts canceled under these provisions.

As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans are written off and assigned to the U. S. Department of Education. The University has established an allowance for uncollectible loans at June 30, 2012.



**Wichita State University**  
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**NOTE 6 - DEFERRED REVENUES**

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

<u>Deferred Revenues</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Summer Session	\$ 5,990,280.48	\$ 5,598,489.03
Grants and Contracts	9,166,280.40	6,672,964.86
<b>Total Deferred Revenue</b>	<b>\$ 15,156,560.88</b>	<b>\$ 12,271,453.89</b>

**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 as of June 30, 2012, consisted of the following:

<u>Liabilities</u>	<u>Total Revenue Bonds Outstanding June 30, 2011</u>	<u>Deletions June 30, 2012</u>	<u>Additions June 30, 2012</u>	<u>Total Revenue Bonds Outstanding June 30, 2012</u>	<u>Current Liabilities as of June 30, 2012</u>	<u>Long-Term Liabilities as of June 30, 2012</u>
Revenue Bonds Payable:						
Housing System Renovation Project - Refunding Revenue Bonds Series 2002P	\$ 8,135,000.00	\$ 8,135,000.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
National Institute for Aviation Research - Research and Development						
Facilities Projects - Series 2005D	4,610,000.00	1,465,000.00	0.00	3,145,000.00	1,535,000.00	1,610,000.00
Housing System Energy Improvement Bonds Series 2010	1,115,000.00	215,000.00	0.00	900,000.00	220,000.00	680,000.00
WSU Research and Development						
Facilities Projects - Series 2005D	5,300,000.00	655,000.00	0.00	4,645,000.00	685,000.00	3,960,000.00
WSU Research and Development						
Facilities Projects - Series 2003C	2,305,000.00	0.00	0.00	2,305,000.00	0.00	2,305,000.00
WSU Revenue Bonds						
Series 2012A-2 (Housing 2002P Refunding)	0.00	0.00	5,880,000.00	5,880,000.00	530,000.00	5,350,000.00
WSU Revenue Bonds - Rhatigan Student Center Renovation Series 2012A-1	0.00	0.00	21,730,000.00	21,730,000.00	1,365,000.00	20,365,000.00
Plus Bond Premiums (Discounts)						
Unamortized Bond Premiums	0.00	0.00	4,048,082.05	4,048,082.05	0.00	4,048,082.05
<b>Total Liabilities</b>	<b>\$ 21,465,000.00</b>	<b>\$ 10,470,000.00</b>	<b>\$ 31,658,082.05</b>	<b>\$ 42,653,082.05</b>	<b>\$ 4,335,000.00</b>	<b>\$ 38,318,082.05</b>

**Wichita State University  
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**Notes to the Financial Statements**

**NOTE 8 - REVENUE BONDS OUTSTANDING**

Revenue bonds payable consisted of the following as of June 30, 2012:

	<b>Principal Outstanding <u>June 30, 2012</u></b>
<b><u>Housing System Revenue Project-Refunding Revenue Bonds Series 2002P</u></b>	<b>\$ 0.00</b>
<ul style="list-style-type: none"> <li>• Bonds were refunded with Series 2012A-1-2002P in FY 2012</li> </ul>	
<b><u>National Institute for Aviation Research-Research and Development Facilities- Revenue Bonds Series 2005D for Aviation Research Equipment</u></b>	<b>\$3,145,000.00</b>
<ul style="list-style-type: none"> <li>• Issued by Kansas Development Finance Authority on June 2, 2005</li> <li>• Original amount of \$6,240,000</li> <li>• Due in annual installments with final maturity on October 1, 2013</li> <li>• Interest ranging from 3.79% to 4.68%, payable semi-annually</li> <li>• Collateralized by State of Kansas appropriations</li> <li>• FY 2013 principal payment due: \$1,535,000</li> </ul>	
<b><u>Kansas Development Finance Authority Revenue Bonds Series 2010D, Wichita State University Housing System Energy Conservation Improvements</u></b>	<b>\$ 900,000.00</b>
<ul style="list-style-type: none"> <li>• Issued by the Kansas Development Finance Authority on April 28, 2010</li> <li>• Original Amount \$1,315,000</li> <li>• Due in annual installments with final maturity on June 1, 2015</li> <li>• Interest is 3.12% for the entire life of the issue</li> <li>• Collateralized by Housing System fees assessed to residential students</li> <li>• FY 2013 principal payment due: \$220,000</li> </ul>	
<b><u>WSU Research and Development Facilities Projects-Revenue Bonds Series 2005D for the Engineering Research Laboratory Building</u></b>	<b>\$4,645,000.00</b>
<ul style="list-style-type: none"> <li>• Issued by Kansas Development Finance Authority on June 2, 2005</li> <li>• 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.</li> <li>• Due in annual installments with final maturity on October 1, 2017</li> <li>• Interest ranging from 3.79% to 4.95%, payable semi-annually</li> <li>• Collateralized by University funds and State of Kansas appropriations</li> <li>• FY 2013 principal payment due: \$685,000</li> </ul>	

**Wichita State University  
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	<b>Principal Outstanding <u>June 30, 2012</u></b>
<b><u>WSU Research and Development Facilities Projects-Revenue Bonds Series 2003C for the Engineering Research Laboratory Building</u></b>	<b>\$2,305,000.00</b>
<ul style="list-style-type: none"><li>• Issued by Kansas Development Finance Authority on February 11, 2003</li><li>• Original amount of \$2,305,000</li><li>• Due in annual installments with final maturity on October 1, 2023</li><li>• Interest rate is 5.00%, payable semi-annually</li><li>• Collateralized by restricted use and sponsored research overhead funds from Wichita State University</li><li>• Principal payments will not commence until FY 2022 due to the structuring of the debt service payments of the 2005D bond issue</li></ul>	
<b><u>WSU Revenue Bonds Series 2012A-2 (Housing 2002P Refunding)</u></b>	<b>\$5,880,000.00</b>
<ul style="list-style-type: none"><li>• Issued by Kansas Development Finance Authority on May 31, 2012</li><li>• Original amount of \$5,880,000 (Premium \$1,000,153)</li><li>• Due in annual installments with final maturity on June 1, 2021</li><li>• Interest 5.00%, payable semi-annually</li><li>• Secured by WSU revenues, excluding restricted revenues</li><li>• FY 2013 principal payment due: \$530,000</li></ul>	
<b><u>WSU Revenue Bonds Series 2012A-1 (Rhatigan Student Center Renovation)</u></b>	<b>\$21,730,000.00</b>
<ul style="list-style-type: none"><li>• Issued by Kansas Development Finance Authority on May 31, 2012</li><li>• Original amount of \$21,730,000.00 (Premium \$3,047,929)</li><li>• Due in annual installments with final maturity on June 1, 2024</li><li>• Interest ranging from 3.00% to 5.00%, payable semi-annually</li><li>• Secured by WSU revenues, excluding restricted revenues</li><li>• FY 2013 principal payment due: \$1,365,000</li></ul>	

**Wichita State University**  
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Future debt service requirements for all bonds outstanding at June 30, 2012, are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 4,335,000.00	\$ 1,744,075.34	\$ 6,079,075.34
2014	4,550,000.00	1,543,518.00	6,093,518.00
2015	3,305,000.00	1,374,413.50	4,679,413.50
2016	2,995,000.00	1,208,445.00	4,203,445.00
2017	3,145,000.00	1,058,900.00	4,203,900.00
2018	3,290,000.00	901,282.50	4,191,282.50
2019	2,550,000.00	758,750.00	3,308,750.00
2020	2,675,000.00	631,250.00	3,306,250.00
2021	2,810,000.00	497,500.00	3,307,500.00
2022	2,495,000.00	347,625.00	2,842,625.00
2023	3,170,000.00	208,750.00	3,378,750.00
2024	3,285,000.00	93,600.00	3,378,600.00
Unamortized Bond Premiums	4,048,082.05	0.00	4,048,082.05
<b>Total Debt Service Requirements</b>	<b>\$ 42,653,082.05</b>	<b>\$ 10,368,109.34</b>	<b>\$ 53,021,191.39</b>

**NOTE 9 - RETIREMENT PLANS**

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

**Defined Benefit Plan**

**Kansas Public Employees Retirement System**

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

For the year ended June 30, 2012, active KPERS members who were participating prior to July 1, 2009 were required by statute to contribute 4% and the University to contribute 8.77% of the employee's covered payroll. KPERS dates effective July 1, 2009 and greater are now considered a Tier 2 KPERS member. They are required to contribute 6% and the University match is 8.77%. The Kansas Legislature establishes and may amend active plan members' and the University's contribution rates. The University contributed \$1,497,664.99 during Fiscal Year 2012 and individual employees contributed \$681,905.20. On KPERS Tier 2, the University contributed \$244,949.14 and the employees contributed \$168,439.42.

**Kansas Police and Fireman's Fund**

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

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For the year ended June 30, 2012, active KP&F members were required by statute to contribute 7% and the University to contribute 16.43% of the employee's covered payroll. The Kansas Legislature establishes and may amend active plan members' and the University's contribution rates. The University contributed \$160,119.80 during fiscal year 2012 and individual employees contributed \$77,619.90.

**Defined Contribution Plan**

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

For the year ended June 30, 2012, active members were required by State statute to contribute 5.5% and the University to contribute 8.5% of the employees' covered payroll. The Kansas Legislature establishes and may amend active plan members' and the University's contribution rates. The University contributed \$6,574,008.75 during fiscal year 2012 and individual employees contributed \$4,180,322.76.

**Voluntary Tax-Sheltered Annuity Program**

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

**NOTE 10 – 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 determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an

**Wichita State University**  
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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 State's net OPEB obligation.

**Annual OPEB Cost for Fiscal Year 2012**

Amortization of Unfunded Actuarial Accrued Liability (UAAL)	\$	510,000
Normal Cost (with Interest)		<u>602,000</u>
Annual Required Contribution (ARC)	\$	1,112,000
Interest on Net OPEB Obligation		168,000
Adjustment to the ARC		<u>(248,000)</u>
Annual OPEB Cost	\$	<u><u>1,032,000</u></u>

**Employer Contributions for Fiscal Year 2012**

Claims Plus Administrative Costs Paid on Behalf of Retirees	\$	561,000
Retiree Contributions		<u>326,000</u>
Net Employer Contributions	\$	<u><u>235,000</u></u>

**Net OPEB Obligation**

Net OPEB Obligation July 1, 2011	\$	4,369,000
Annual OPEB Cost		1,032,000
Net Employer Contributions		<u>(235,000)</u>
Net OPEB Obligation June 30, 2012	\$	<u><u>5,166,000</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
2010	\$ 1,088,000	\$ -	0%	\$ 3,282,000
2011	1,247,000	160,000	13%	4,369,000
2012	1,032,000	235,000	23%	5,166,000

**Funded Status and Funding Progress – Rounded**

As of June 30, 2012, the most recent actuarial valuation date, the actuarial liability for benefits was \$9,597,000. 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 \$9,597,000. The covered payroll (annual payroll of active employees covered by the plan) was \$117,932,000, and the ratio of the UAAL to the covered payroll was 8.0%.

**Wichita State University**  
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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)
6/30/2010	\$ 0	\$ 9,425,000	\$ 9,425,000	0%	\$ 111,834,000	8.0%
6/30/2011	0	11,229,000	11,229,000	0%	115,070,000	10.0%
6/30/2012	0	9,597,000	9,597,000	0%	117,932,000	8.0%

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, 2012 actuarial valuation, the projected unit credit 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. The valuation assumed annual healthcare cost trend rates of 6.75% to 9.00% in the first ten years and 5.00% to 6.50% after ten years. The valuation followed generally accepted actuarial methods and included tests as considered necessary to assure the accuracy of the results. The UAAL is being amortized over a 30-year open period in level dollar amounts.

**NOTE 11 - 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, 2012.

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

**Wichita State University**  
**For the Years Ended June 30, 2012 and 2011**

**Notes to the Financial Statements**

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

The University's operating expenses for Fiscal Year 2012 by functional and natural classification are as follows:

<u>Classifications</u>	<u>Compensation and Benefits</u>	<u>Contractual Services and Commodities</u>	<u>Utilities</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	<u>Total</u>
Educational and General:						
Instruction	\$ 56,893,316.34	\$ 3,927,017.52	\$ 1,717.96	\$ 0.00	\$ 0.00	\$ 60,822,051.82
Research	23,592,885.62	24,125,097.47	93,163.49	0.00	0.00	47,811,146.58
Public Service	11,962,566.81	5,231,846.34	14,979.27	0.00	0.00	17,209,392.42
Academic Support	17,386,271.59	8,444,943.36	663.12	(0.00)	0.00	25,831,878.07
Student Services	13,750,785.19	9,289,896.55	3,684.18	0.00	0.00	23,044,365.92
Institutional Support	10,936,087.28	3,922,453.41	0.00	0.00	0.00	14,858,540.69
Operation and Maintenance of Plant	13,211,733.13	4,692,440.92	5,198,464.23	0.00	0.00	23,102,638.28
Depreciation	0.00	0.00	0.00	0.00	12,622,873.45	12,622,873.45
Scholarships and Fellowships	0.00	0.00	0.00	18,479,379.61	0.00	18,479,379.61
Auxiliary Enterprises	1,800,303.34	4,016,942.42	475,249.57	0.00	0.00	6,292,495.33
Other	69,807.24	331,038.30	0.00	0.00	0.00	400,845.54
<b>Total</b>	<b>\$ 149,603,756.54</b>	<b>\$ 63,981,676.29</b>	<b>\$ 5,787,921.82</b>	<b>\$ 18,479,379.61</b>	<b>\$ 12,622,873.45</b>	<b>\$ 250,475,607.71</b>

**NOTE 13 - COMPONENT UNITS**

The following disclosure meets the requirements in **GASB Statement 14, The Financial Reporting Entity - paragraph 61 and GASB Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments - paragraph 128**. With one exception, it also complies with **Statement No. 39 of GASB - Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14**. The exception is that the University, at the request of the WSU Foundation Board, elected not to include the financial information of the Wichita State University Foundation, a component unit of the University, as a part of its financial statements. Buildings and improvements, constructed, or purchased 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.



**Wichita State University**  
**For the Years Ended June 30, 2012 and 2011**

**Notes to the Financial Statements**

The Athletic Association prepares its financial statements according to Financial Accounting Standards Board (FASB) pronouncements including **FASB Statement No. 117, Financial Reporting for Not-For-Profit Organizations**. The 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 \$2,178,419 for operations and \$755,328 for capital debt retirement in FY 2012. The State of Kansas, through the University, pays directly the salaries and fringe benefits of certain Athletic Association personnel. The financial statements reflect \$2,342,184 in FY 2012 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 \$1,638,884 in FY 2012 and have been reflected in the Athletic Association's financial statements as indirect facilities and administrative support.

The Wichita State University Foundation (the Foundation) coordinates fund-raising for and manages investments on behalf of the University and the Athletic Association. Funds held by the Foundation, which are designated for Athletics and controlled by the Athletic Association, are included in the Athletic Association's financial statements. The 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 d/b/a Rhatigan Student Center**

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

The Union prepares its financial statements according to Financial Accounting Standards Board (FASB) pronouncements including **FASB Statement No. 117, Financial Reporting for Not-For-Profit Organizations**. The organization is recognized by 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, 2012, 51% of the organization's support and revenue came from student fees, 24% from gross profit on sales and 25% 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.

**Wichita State University**  
**For the Years Ended June 30, 2012 and 2011**

**Notes to the 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 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 A20 and as amended by GASB Statement No. 39 Determining Whether Certain Organizations are Component Units** 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 2012, it furnished to the University \$4,802,896 for student support, and \$761,842 for economic community development. 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.

**Wichita State University**  
**For the Years Ended June 30, 2012 and 2011**

**Notes to the Financial Statements**

**NOTE 14 - Lease Purchase Agreement**

The University, on February 22, 2006, entered into a lease-purchase agreement and performance contract with Custom Energy Services, L.L.C. for a period of fifteen years that 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, 2012, are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Rental Total</u>
2013	\$ 759,379.07	\$ 330,490.81	\$ 1,089,869.88
2014	789,632.03	300,237.85	1,089,869.88
2015	821,090.24	268,779.64	1,089,869.88
2016	853,801.72	236,068.16	1,089,869.88
2017	887,816.39	202,053.49	1,089,869.88
2018	923,186.18	166,683.70	1,089,869.88
2019	959,965.06	129,904.82	1,089,869.88
2020	998,209.19	91,660.69	1,089,869.88
2021	1,037,976.91	51,892.97	1,089,869.88
2022	534,394.02	10,540.92	544,934.94
	<u>\$ 8,565,450.81</u>	<u>\$ 1,788,313.05</u>	<u>\$ 10,353,763.86</u>

# **APPENDICES**

## **COMPONENT UNITS**

**APPENDIX 1  
WICHITA STATE UNIVERSITY  
STATEMENT OF NET ASSETS OF COMPONENT UNITS  
For the Years Ended June 30, 2012 And 2011**

	Total Component Units		Intercollegiate Athletic Association Component Unit		W.S.U. Union Corporation Component Unit		W.S.U. Board of Trustees Component Unit	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	\$ 16,849,854.00	\$ 17,229,423.00	\$ 9,406,622.00	\$ 9,833,376.00	\$ 4,486,812.00	\$ 3,969,765.00	\$ 2,956,420.00	\$ 3,426,282.00
Accounts receivable, net	7,230,166.00	6,849,535.00	3,539,734.00	2,969,148.00	307,943.00	502,083.00	3,382,489.00	3,378,304.00
Investments	5,920,707.00	5,697,131.00	5,246,813.00	5,024,291.00	0.00	0.00	673,894.00	672,840.00
Loans to students, net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	1,440,085.00	1,372,384.00	0.00	0.00	1,440,085.00	1,372,384.00	0.00	0.00
Prepaid expenses	312,867.00	165,034.00	272,495.00	120,644.00	40,372.00	44,390.00	0.00	0.00
Other current assets	118,646.00	133,704.00	118,646.00	133,704.00	0.00	0.00	0.00	0.00
<b>Total Current Assets</b>	<b>\$ 31,872,325.00</b>	<b>\$ 31,447,211.00</b>	<b>\$ 18,584,310.00</b>	<b>\$ 18,081,163.00</b>	<b>\$ 6,275,212.00</b>	<b>\$ 5,888,622.00</b>	<b>\$ 7,012,803.00</b>	<b>\$ 7,477,426.00</b>
<b>Noncurrent Assets</b>								
Restricted cash and cash equivalents	\$ 6,823.00	\$ 1,476.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 6,823.00	\$ 1,476.00
Investments	9,506,458.00	9,999,436.00	0.00	0.00	0.00	0.00	9,506,458.00	9,999,436.00
Other assets	1,500.00	500.00	0.00	0.00	1,500.00	500.00	0.00	0.00
Capital assets, net	8,416,970.00	9,555,687.00	632,987.00	674,151.00	611,674.00	738,996.00	7,172,309.00	8,142,540.00
<b>Total Noncurrent Assets</b>	<b>\$ 17,931,751.00</b>	<b>\$ 19,557,099.00</b>	<b>\$ 632,987.00</b>	<b>\$ 674,151.00</b>	<b>\$ 613,174.00</b>	<b>\$ 739,496.00</b>	<b>\$ 16,685,590.00</b>	<b>\$ 18,143,452.00</b>
<b>TOTAL ASSETS</b>	<b>\$ 49,804,076.00</b>	<b>\$ 51,004,310.00</b>	<b>\$ 19,217,297.00</b>	<b>\$ 18,755,314.00</b>	<b>\$ 6,888,386.00</b>	<b>\$ 6,628,118.00</b>	<b>\$ 23,698,393.00</b>	<b>\$ 25,620,878.00</b>
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Accounts payable and accrued liabilities	\$ 1,339,191.00	\$ 1,592,753.00	\$ 779,998.00	\$ 807,100.00	\$ 414,615.00	\$ 620,319.00	\$ 144,578.00	\$ 165,334.00
Deferred revenue	4,852,765.00	4,754,298.00	4,769,651.00	4,652,243.00	83,114.00	102,055.00	0.00	0.00
Loan payable	40,237.00	56,865.00	0.00	0.00	0.00	0.00	40,237.00	56,865.00
Revenue bonds payable	1,700,000.00	1,585,000.00	435,000.00	415,000.00	0.00	0.00	1,265,000.00	1,170,000.00
Accrued compensated absences	278,685.00	252,831.00	0.00	0.00	278,685.00	252,831.00	0.00	0.00
<b>Total Current Liabilities</b>	<b>\$ 8,210,878.00</b>	<b>\$ 8,241,747.00</b>	<b>\$ 5,984,649.00</b>	<b>\$ 5,874,343.00</b>	<b>\$ 776,414.00</b>	<b>\$ 975,205.00</b>	<b>\$ 1,449,815.00</b>	<b>\$ 1,392,199.00</b>
<b>Noncurrent Liabilities</b>								
Revenue bonds payable	\$ 11,735,690.00	\$ 13,607,829.00	\$ 6,010,690.00	\$ 6,572,829.00	\$ 0.00	\$ 0.00	\$ 5,725,000.00	\$ 7,035,000.00
<b>Total Noncurrent Liabilities</b>	<b>\$ 11,735,690.00</b>	<b>\$ 13,607,829.00</b>	<b>\$ 6,010,690.00</b>	<b>\$ 6,572,829.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 5,725,000.00</b>	<b>\$ 7,035,000.00</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 19,946,568.00</b>	<b>\$ 21,849,576.00</b>	<b>\$ 11,995,339.00</b>	<b>\$ 12,447,172.00</b>	<b>\$ 776,414.00</b>	<b>\$ 975,205.00</b>	<b>\$ 7,174,815.00</b>	<b>\$ 8,427,199.00</b>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	\$ 1,242,155.00	\$ 1,128,488.00	\$ 632,987.00	\$ 674,151.00	\$ 611,674.00	\$ 738,996.00	\$ (2,506.00)	\$ (284,659.00)
Restricted for:								
Nonexpendable	3,795,394.00	3,528,843.00	0.00	0.00	0.00	0.00	3,795,394.00	3,528,843.00
Expendable								
Debt service	5,920,707.00	5,697,131.00	5,246,813.00	5,024,291.00	0.00	0.00	673,894.00	672,840.00
Other purposes	2,045,754.00	3,299,584.00	(2,496,244.00)	(2,499,645.00)	0.00	0.00	4,541,998.00	5,799,229.00
Unrestricted	16,853,498.00	15,500,688.00	3,838,402.00	3,109,345.00	5,500,298.00	4,913,917.00	7,514,798.00	7,477,426.00
<b>TOTAL NET ASSETS</b>	<b>\$ 29,857,508.00</b>	<b>\$ 29,154,734.00</b>	<b>\$ 7,221,958.00</b>	<b>\$ 6,308,142.00</b>	<b>\$ 6,111,972.00</b>	<b>\$ 5,652,913.00</b>	<b>\$ 16,523,578.00</b>	<b>\$ 17,193,679.00</b>

**APPENDIX 2**  
**WICHITA STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS OF COMPONENT UNITS**  
**For the Years Ended June 30, 2012 And 2011**

	Total Component Units		Intercollegiate Athletic Association Component Unit		W.S.U. Union Corporation Component Unit		W.S.U. Board of Trustees Component Unit	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
<b>Operating Revenues:</b>								
Student fees	\$ 4,588,065.00	\$ 4,587,551.00	\$ 2,178,419.00	\$ 2,178,419.00	\$ 2,409,646.00	\$ 2,409,132.00	\$ 0.00	\$ 0.00
Sales and services of educational activities	14,020,029.00	13,821,627.00	11,681,521.00	11,433,902.00	2,338,508.00	2,387,725.00	0.00	0.00
Interest earned on loans to students	5,467.00	14,634.00	0.00	0.00	0.00	0.00	5,467.00	14,634.00
Other operating revenues	485,214.00	577,957.00	454,559.00	497,550.00	15,655.00	7,940.00	15,000.00	72,467.00
<b>Total Operating Revenue</b>	<b>\$ 19,098,775.00</b>	<b>\$ 19,001,769.00</b>	<b>\$ 14,314,499.00</b>	<b>\$ 14,109,871.00</b>	<b>\$ 4,763,809.00</b>	<b>\$ 4,804,797.00</b>	<b>\$ 20,467.00</b>	<b>\$ 87,101.00</b>
<b>Operating Expenses:</b>								
Public Service	\$ 761,842.00	\$ 632,924.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 761,842.00	\$ 632,924.00
Academic Support	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Student Service	18,335,925.00	16,823,601.00	14,525,528.00	13,144,185.00	3,810,397.00	3,679,416.00	0.00	0.00
Institutional Support	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operations & Maintenance of Plant	1,553,313.00	1,617,899.00	397,323.00	483,219.00	355,990.00	334,680.00	800,000.00	800,000.00
Depreciation	1,385,930.00	1,403,905.00	227,553.00	248,248.00	188,146.00	185,418.00	970,231.00	970,239.00
Scholarships & Fellowships	7,675,347.00	6,344,073.00	2,793,885.00	2,626,271.00	78,566.00	92,567.00	4,802,896.00	3,625,235.00
Other Expenses	1,607,119.00	1,782,162.00	1,607,119.00	1,782,162.00	0.00	0.00	0.00	0.00
<b>Total Operating Expenses</b>	<b>\$ 31,319,476.00</b>	<b>\$ 28,604,564.00</b>	<b>\$ 19,551,408.00</b>	<b>\$ 18,284,085.00</b>	<b>\$ 4,433,099.00</b>	<b>\$ 4,292,081.00</b>	<b>\$ 7,334,969.00</b>	<b>\$ 6,028,398.00</b>
<b>Operating Income (Loss)</b>	<b>\$ (12,220,701.00)</b>	<b>\$ (9,602,795.00)</b>	<b>\$ (5,236,909.00)</b>	<b>\$ (4,174,214.00)</b>	<b>\$ 330,710.00</b>	<b>\$ 512,716.00</b>	<b>\$ (7,314,502.00)</b>	<b>\$ (5,941,297.00)</b>
<b>Nonoperating Revenues (Expenses)</b>								
Property tax	\$ 7,041,272.00	\$ 6,899,782.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 7,041,272.00	\$ 6,899,782.00
Gifts	7,405,961.00	6,112,006.00	6,998,370.00	5,863,120.00	124,411.00	147,206.00	283,180.00	101,680.00
Investment income	(47,598.00)	1,853,444.00	198,790.00	182,446.00	3,938.00	3,044.00	(250,326.00)	1,667,954.00
Interest expense	(675,914.00)	(746,364.00)	(316,495.00)	(341,010.00)	0.00	0.00	(359,419.00)	(405,354.00)
Other nonoperating revenues (expenses)	(1,789,563.00)	(1,398,886.00)	(1,696,757.00)	(1,304,179.00)	0.00	0.00	(92,806.00)	(94,707.00)
<b>Net Nonoperating Revenues</b>	<b>\$ 11,934,158.00</b>	<b>\$ 12,719,982.00</b>	<b>\$ 5,183,908.00</b>	<b>\$ 4,400,377.00</b>	<b>\$ 128,349.00</b>	<b>\$ 150,250.00</b>	<b>\$ 6,621,901.00</b>	<b>\$ 8,169,355.00</b>
<b>Income (Loss) Before Other Revenues, Expenses, Gains and Losses</b>	<b>\$ (286,543.00)</b>	<b>\$ 3,117,187.00</b>	<b>\$ (53,001.00)</b>	<b>\$ 226,163.00</b>	<b>\$ 459,059.00</b>	<b>\$ 662,966.00</b>	<b>\$ (692,601.00)</b>	<b>\$ 2,228,058.00</b>
<b>Other Revenue</b>								
Gifts for capital projects	\$ 233,989.00	\$ 230,305.00	\$ 211,489.00	\$ 207,805.00	\$ 0.00	\$ 0.00	22,500.00	\$ 22,500.00
Student fees for capital projects	755,328.00	749,702.00	755,328.00	749,702.00	0.00	0.00	0.00	0.00
Other additions (deductions), net	0.00	(3,241,606.00)	0.00	(3,241,606.00)	0.00	0.00	\$ 0.00	0.00
<b>Net Other Revenue</b>	<b>\$ 989,317.00</b>	<b>\$ (2,261,599.00)</b>	<b>\$ 966,817.00</b>	<b>\$ (2,284,099.00)</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 22,500.00</b>	<b>\$ 22,500.00</b>
<b>Increase in Net Assets</b>	<b>\$ 702,774.00</b>	<b>\$ 855,588.00</b>	<b>\$ 913,816.00</b>	<b>\$ (2,057,936.00)</b>	<b>\$ 459,059.00</b>	<b>\$ 662,966.00</b>	<b>\$ (670,101.00)</b>	<b>\$ 2,250,558.00</b>
<b>Net Assets</b>								
<b>Net Assets - Beginning of Year</b>	<b>29,154,734.00</b>	<b>28,299,146.00</b>	<b>6,308,142.00</b>	<b>8,366,078.00</b>	<b>5,652,913.00</b>	<b>4,989,947.00</b>	<b>17,193,679.00</b>	<b>14,943,121.00</b>
<b>Net Assets - End of Year</b>	<b>\$ 29,857,508.00</b>	<b>\$ 29,154,734.00</b>	<b>\$ 7,221,958.00</b>	<b>\$ 6,308,142.00</b>	<b>\$ 6,111,972.00</b>	<b>\$ 5,652,913.00</b>	<b>\$ 16,523,578.00</b>	<b>\$ 17,193,679.00</b>