



WICHITA STATE UNIVERSITY

# BOARD OF TRUSTEES

Independent Auditor's Report and Annual Financial Statements For Fiscal Year Ended June 30, 2023







**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
A COMPONENT UNIT OF WICHITA STATE UNIVERSITY**

**INDEPENDENT AUDITOR'S REPORT AND BASIC FINANCIAL STATEMENTS**

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023

Prepared by: Wichita State University Financial Services





**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**For the Fiscal Year Ended June 30, 2023**

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## Independent Auditor's Report

Board of Trustees  
Board of Trustees of Wichita State University  
Wichita, Kansas

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and each major fund of the Board of Trustees of Wichita State University (Board), a component unit of Wichita State University, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Board, as of June 30, 2023, and the respective changes in financial position and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As discussed in *Note 8* to the financial statements, beginning net position has been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

As discussed in *Note 8* to the financial statements, in 2023, the entity changed its accounting treatment of a deferred gain on sale-leaseback. Our opinions are not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Board' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements,



Board of County Commissioners  
Sedgwick County, Kansas

and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Debt Service Fund Budget and Actual – Budgetary Basis, Combining Balance Sheet – General Fund, and Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – General Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the identify accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**FORVIS, LLP**

Wichita, Kansas  
October 30, 2023

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended June 30, 2023**

Our discussion and analysis of the Board of Trustees of Wichita State University (Board) financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information provided in the basic financial statements.

The Board is a governmental entity responsible for the management of the mill levy monies arising out of the tax levy upon the citizens of Sedgwick County, Kansas and was established for the education enrichment purposes of Wichita State University (WSU) as a whole, including all the colleges and branches or divisions thereof as well as all the facilities and activities thereof, consistent with the objectives, operation and management of WSU. The Board is also responsible for the endowed funds of the University of Wichita (University) before the University became a state institution in 1964.

**FINANCIAL HIGHLIGHTS**

- The Board's net position increased by \$1.4 million or approximately 6.6% from 2022.
- During the year, the Board received total revenue of \$11.7 million and expended \$10.2 million.
- Expenses decreased \$3.8 million from 2022, primarily due to the \$1.8 million loss on disposal of the Woodman building recognized in 2022 and the \$1.6 decrease in University support related to the innovation campus due to 2022 being the final year of the \$4 million commitment.
- Revenues increased \$478 thousand, primarily due to an increase in property tax revenue of \$1.8 million and an increase in investment return of \$1.5 million, which was offset by the reduction in program revenue related to the Experiential Engineering building grant of \$2.7 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. These basic financial statements are composed of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Board's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the Board's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating. The statement of activities presents information showing how the Board's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flow changes only in future fiscal periods.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Board maintains three governmental funds: a general fund, a debt service fund, and a permanent fund. The Board adopts an annual mill levy budget, which encompasses the general fund and the debt service fund. A budgetary comparison statement has been provided for general fund as part of the basic financial statements and a budgetary comparison schedule has been provided for debt service fund as supplementary information.

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Years Ended June 30, 2022 and 2021**

**Notes to Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**STATEMENT OF NET POSITION**

The Statement of Net Position presents the assets, liabilities, deferred inflows of resources and net position of the Board at a point in time (at the end of the fiscal year). Its purpose is to present a financial snapshot of the Board. The Statement of Net Position includes all assets, liabilities, and deferred inflows of resources 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 the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Within the Statement of Net Position, assets and liabilities are further classified as current or non-current. The current classification distinguishes those assets that are highly liquid and available for immediate and unrestricted use by the Board and those liabilities likely to be settled in the next twelve months.

Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the Board. Net Position is divided into three categories:

1. Net Investment in Capital Assets represents the value of the Board's capital assets, including right-to-use lease assets, net of related debt.
2. Restricted Net Position is further divided into two subcategories, non-expendable and expendable. The corpus of non-expendable restricted resources is only available for investment purposes. Expendable Restricted Net Position is available for expenditure but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.
3. Unrestricted Net Position is available for any lawful purpose of the Board.

The following is a summary of the Board's assets, liabilities, and net position as of June 30 (in thousands):

	June 30, 2023	June 30, 2022	Increase (Decrease)
Current assets	\$ 25,317	\$ 23,344	\$ 1,973
Capital assets	44,347	45,827	(1,480)
Total assets	<u>69,664</u>	<u>69,171</u>	<u>493</u>
Current liabilities	1,584	1,517	67
Noncurrent liabilities	42,204	43,152	(948)
Total liabilities	<u>43,788</u>	<u>44,669</u>	<u>(881)</u>
Deferred outflows of resources	<u>--</u>	<u>667</u>	<u>(667)</u>
Net position			
Net investment in capital assets	1,420	801	(106)
Restricted	13,355	11,846	1,509
Unrestricted	11,101	11,188	87
Total net position	<u>\$ 25,876</u>	<u>\$ 23,835</u>	<u>\$ 2,041</u>

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Years Ended June 30, 2022 and 2021**

As previously noted, net position may serve over time as a useful indicator of the Board's financial position. In the case of the Board, as of June 30, 2023, net position increased by \$2 million. Total assets increased \$493 thousand while total liabilities decreased \$881 thousand and deferred inflows decreased \$667 thousand from June 30, 2022.

The increase in assets was primarily related to an increase of \$2.7 million in cash, which was offset by the increase in accumulated depreciation and amortization of capital assets. The decrease in liabilities was primarily related to principal payments on the lease liability.

**STATEMENT OF ACTIVITIES**

The Statement of Activities is the Board's income statement. Revenues earned and expenses incurred during the fiscal year on an accrual basis are classified as either operating or nonoperating. This distinction results in operating deficits, as the GASB 35 reporting model requires classification of state appropriations, a significant revenue stream to fund current operations, as nonoperating revenue.

	For the Fiscal Year Ended		Increase (Decrease)
	June 30, 2023	June 30, 2022	
General revenues	\$ 11,658	\$ 8,485	\$ 3,173
Program revenues	--	2,595	(2,595)
Total revenues	<u>11,658</u>	<u>11,080</u>	<u>578</u>
Expenses	<u>10,284</u>	<u>14,059</u>	<u>(3,775)</u>
Change in net position	1,374	(2,979)	4,353
Net position, beginning	20,735	23,268	(2,533)
Prior period adjustment	3,767	3,546	221
Net position, ending	<u>\$ 25,876</u>	<u>\$ 23,835</u>	<u>\$ 2,041</u>

Revenues increased \$478 thousand, primarily due to an increase in property tax revenue of \$1.8 million and an increase in investment return of \$1.5 million, which was offset by the reduction in program revenue related to the Experiential Engineering building grant of \$2.6 million.

Expenses decreased \$3.8 million from 2022, primarily due to the \$1.8 million loss on disposal of the Woodman building recognized in 2022 and the \$1.6 decrease in University support related to the innovation campus.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

For the year ended June 30, 2023, revenue exceeded budgeted amounts by \$138 thousand due to increased property valuation driving an increase in property tax revenues and changes in the market resulting in interest income significantly higher than budgeted amounts.

Significant budgetary variances for expenses are summarized as follows:

- Building insurance expense was eliminated during fiscal year 2023 due to the transfer of the Woodman Alumni center, which occurred at the end of fiscal year 2022.
- Undergraduate support exceeded budget by \$55 thousand due to spending of remaining balances authorized in previous fiscal years.



**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Years Ended June 30, 2022 and 2021**

- No expenses were reported for City and County interns on a budgetary basis in fiscal year 2023 because the amounts were not invoiced until fiscal year 2024. Those amounts are accrued as accounts payable on a modified accrual basis.
- City government services exceeded budget by \$46 thousand due to spending of remaining balances authorized in previous fiscal years.
- County government services were under budget by \$70 thousand due to a lower volume of projects approved and completed during the fiscal year. The County will have the ability to utilize the remaining budget in future fiscal years.
- No expenses were reported for Board initiatives during fiscal year 2023 because no initiative projects were proposed during the fiscal year.
- Transfers were not specifically itemized in the budget approved by the Board. However, net transfers included a transfer in of \$452 thousand from the permanent fund due to the transfer of the Woodman Alumni Center and a transfer out of \$4 thousand to the debt service fund to pay administrative costs. The remaining transfers are intra-fund transfers within the general fund. Additional information about these intra-fund transfers is available in the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund

**CAPITAL ASSETS**

Capital assets, including lease assets, are improvements used to support the operations of WSU. The improvements were made utilizing proceeds from current or prior bond obligations. Leases on these improvements serve as collateral for outstanding long-term obligations. Capital assets are summarized by class in the following table:

	For the Fiscal Year Ended	
	June 30, 2023	June 30, 2022
Depreciable capital assets		
Infrastructure	\$ 2,461,870	\$ 2,461,870
Buildings	24,662,089	24,662,089
Furniture & fixtures	78,515	78,515
Lease assets	45,021,024	45,021,024
	72,223,498	72,223,498
Less accumulated depreciation	27,876,554	26,396,884
Depreciable capital assets, net	\$ 44,346,944	\$ 45,826,614

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Years Ended June 30, 2022 and 2021**

**DEBT ADMINISTRATION**

During the year ended June 30, 2023, the Board's lease liability decreased \$694 thousand due to scheduled principal payments. The total lease liability outstanding as of June 30 is presented in the table below:

	For the Fiscal Year Ended	
	June 30, 2023	June 30, 2022
Lease liability		
Due within one year	\$ 722,761	\$ 469,022
Due beyond one year	42,203,663	43,152,121
Total long-term obligations	\$ 42,926,424	\$ 43,621,143

**ECONOMIC OUTLOOK**

The Board's appointed trustees considered many factors prior to adopting the fiscal year 2024 budget. A new change from previous years is the fact that the Board has transferred all responsibilities for the Woodman building to Wichita State Foundation, which means that building insurance has been removed for the 2024 budget. A new item affecting the 2024 budget is the debt service for the University Stadium capital project that the board has agreed to in 2023. Debt service payments increased from \$3.0M to \$3.9M in 2024. Another major factor that influences the budget for fiscal year 2024 is the anticipated level of tax revenue received from Sedgwick County. The source of the tax revenue is property taxes from the 1.5 mill levy assessed on the valuation of taxable property in Sedgwick County. The executive director of the Board of Trustees works with officials of the City of Wichita and Sedgwick County to determine the estimated revenue for the next budget year.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the Board. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Troy Bruun, Associate Vice President for Financial Services, at (316) 978-3030.

## **BASIC FINANCIAL STATEMENTS**

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**STATEMENT OF NET POSITION**

**June 30, 2023**

**ASSETS**

Cash	\$ 6,419,781
Cash available from county treasurer	5,542,000
Cash held by county treasurer in escrow	1,168,422
Investments	12,187,041
Lease assets	45,021,024
Accumulated amortization	(2,813,814)
Depreciable capital assets	
Infrastructure	2,461,870
Building	24,662,089
Equipment and furnishings	78,515
Accumulated depreciation	<u>(25,062,740)</u>
Total assets	<u>69,664,188</u>

**LIABILITIES**

Accounts payable	136,000
Accrued interest payable	725,187
Lease payable	
Due within one year	722,761
Due in more than one year	<u>42,203,663</u>
Total liabilities	<u>43,787,611</u>

**NET POSITION**

Net investment in capital assets	1,420,520
Restricted	
Nonexpendable	5,658,104
Expendable	
Scholarships and student support	6,528,937
Debt service	1,168,422
Unrestricted	<u>11,100,594</u>
Total net position	<u>\$ 25,876,577</u>

*The accompanying notes are an integral part of these financial statements.*



**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2023**

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue</u>
Governmental Activities			
Scholarships and other student support	\$ 4,888,132	\$ --	\$ (4,888,132)
Economic and community development	507,577	--	(507,577)
General and administrative	236,616	--	(236,616)
University support	2,059,000	--	(2,059,000)
WSU Tech support	800,000	--	(800,000)
Interest	1,792,488	--	(1,792,488)
Total governmental activities	<u>10,283,813</u>	<u>--</u>	<u>(10,283,813)</u>
General revenues:			
Gifts and contributions			\$ 2,830
Property taxes			10,725,287
Investment earnings			930,160
Total general revenues			<u>11,658,277</u>
Change in net position			1,374,464
Net position, beginning			20,734,871
Prior period adjustment			<u>3,767,242</u>
Net position, ending			<u>\$ 25,876,577</u>

*The accompanying notes are an integral part of these financial statements.*

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)  
BALANCE SHEET – GOVERNMENTAL FUNDS  
June 30, 2023**

	General Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
<b>ASSETS</b>				
Current Assets:				
Cash	\$ 6,419,781	\$ --	\$ --	\$ 6,419,781
Cash available from county treasurer	5,542,000	--	--	5,542,000
Cash held by county treasurer in escrow	--	1,168,422	--	1,168,422
Investments	--	--	12,187,041	12,187,041
Total assets	<u>\$ 11,961,781</u>	<u>\$ 1,168,422</u>	<u>\$ 12,187,041</u>	<u>\$ 25,317,244</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 136,000	\$ --	\$ --	\$ 136,000
Total liabilities	<u>136,000</u>	<u>--</u>	<u>--</u>	<u>136,000</u>
<b>FUND BALANCES</b>				
Nonspendable				
Endowment fund principal	--	--	5,658,104	5,658,104
Restricted				
Scholarships and student support	--	--	6,528,937	6,528,937
Debt service	--	1,168,422	--	1,168,422
Assigned	6,283,781	--	--	6,283,781
Unassigned	5,542,000	--	--	5,542,000
Total Fund Balances	<u>11,825,781</u>	<u>1,168,422</u>	<u>12,187,041</u>	<u>25,181,244</u>
Total liabilities and fund balances	<u>\$ 11,961,781</u>	<u>\$ 1,168,422</u>	<u>\$ 12,187,041</u>	<u>\$ 25,317,244</u>

*The accompanying notes are an integral part of these financial statements.*

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2023**

Total fund balances - governmental funds	\$	25,181,244
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Lease assets, net of accumulated amortization	\$	42,207,210
Depreciable capital assets, net of accumulated depreciation	<u>2,139,734</u>	44,346,944
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Lease payable	(42,926,424)	
Accrued interest payable on long-term debt	<u>(725,187)</u>	<u>(43,651,611)</u>
Net position - governmental activities	\$	<u><u>25,876,577</u></u>

*The accompanying notes are an integral part of these financial statements.*

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2023**

	General Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
<b>REVENUES</b>				
Gifts and contributions	\$ --	\$ --	\$ 2,830	\$ 2,830
Property tax	8,226,394	2,498,893	--	10,725,287
Investment return and rentals, net	226,747	25,708	677,705	930,160
Total revenues	<u>8,453,141</u>	<u>2,524,601</u>	<u>680,535</u>	<u>11,658,277</u>
<b>EXPENDITURES</b>				
Current:				
Scholarships and other student support	4,526,889	--	361,243	4,888,132
Economic and community development	465,799	--	41,778	507,577
General and administrative	40,580	4,240	191,796	236,616
University support	532,000	--	47,330	579,330
WSU Tech support	800,000	--	--	800,000
Debt service:				
Principal payments	--	694,719	--	694,719
Interest payments	--	1,804,508	--	1,804,508
Total expenditures	<u>6,365,268</u>	<u>2,503,467</u>	<u>642,147</u>	<u>9,510,882</u>
Revenues over expenditures	<u>2,087,873</u>	<u>21,134</u>	<u>38,388</u>	<u>2,147,395</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	452,194	4,240	--	456,434
Transfers out	(4,240)	--	(452,194)	(456,434)
Total other financing sources (uses)	<u>447,954</u>	<u>4,240</u>	<u>(452,194)</u>	<u>--</u>
Net change in fund balances	2,535,827	25,374	(413,806)	2,147,395
Total fund balances, beginning	10,433,002	--	12,600,847	23,033,849
Prior period adjustment	(1,143,048)	1,143,048	--	--
Total fund balances, ending	<u>\$ 11,825,781</u>	<u>\$ 1,168,422</u>	<u>\$ 12,187,041</u>	<u>\$ 25,181,244</u>

*The accompanying notes are an integral part of these financial statements.*

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2023**

Net change in fund balances - governmental funds	\$ 2,147,395
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization expense in the current period.	(1,479,670)
Bonds and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.	
Lease principal paid	694,719
Some expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Accrued interest on long-term debt	<u>12,020</u>
Change in net position of governmental activities	<u><u>\$ 1,374,464</u></u>

*The accompanying notes are an integral part of these financial statements.*

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GENERAL FUND  
BUDGET AND ACTUAL – BUDGETARY BASIS**

**For the Fiscal Year Ended June 30, 2023**

	Original and Final Budget Amounts	Actual Amounts	Variance with Budget Positive (Negative)	Percent of Budget
<b>REVENUES</b>				
Mill levy	\$ 6,746,532	\$ 6,959,965	\$ 213,433	103.16%
Interest	2,000	226,747	224,747	11337.35%
Contingent mill levy	300,000	--	(300,000)	0.00%
Total revenues	<u>7,048,532</u>	<u>7,186,712</u>	<u>138,180</u>	<u>101.96%</u>
<b>EXPENDITURES</b>				
Capital related				
Contribution to NIRDT debt service	532,000	532,000	--	100.00%
Building insurance	27,000	--	27,000	0.00%
Total capital related	<u>559,000</u>	<u>532,000</u>	<u>27,000</u>	<u>95.17%</u>
Student support/ workforce development				
WSU Tech support	800,000	800,000	--	100.00%
Undergraduate support	4,028,699	4,084,220	(55,521)	101.38%
Graduate support	403,134	403,134	--	100.00%
PPMC support	39,535	39,535	--	100.00%
Total student support/ workforce development	<u>5,271,368</u>	<u>5,326,889</u>	<u>(55,521)</u>	<u>101.05%</u>
Economic and community development				
City/ County interns	138,720	--	138,720	0.00%
Business and economic research	153,000	150,000	3,000	98.04%
City government services	102,000	147,925	(45,925)	145.02%
County government services	102,000	31,874	70,126	31.25%
Total economic and community development	<u>495,720</u>	<u>329,799</u>	<u>165,921</u>	<u>66.53%</u>
General operating and board initiatives				
General administrative	58,140	40,580	17,560	69.80%
Board initiatives	364,304	--	364,304	0.00%
Total general operating and board initiatives	<u>422,444</u>	<u>40,580</u>	<u>381,864</u>	<u>9.61%</u>
Contingency				
Contingency	300,000	--	300,000	0.00%
Total contingency	<u>300,000</u>	<u>--</u>	<u>300,000</u>	<u>0.00%</u>
Total expenditures	<u>7,048,532</u>	<u>6,229,268</u>	<u>819,264</u>	<u>88.38%</u>
Excess (deficiency) of revenues over (under) expenditures	--	957,444	957,444	0.00%
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	--	7,594,086	7,594,086	0.00%
Transfers to other funds	--	(7,146,132)	(7,146,132)	0.00%
Total other financing sources (uses)	<u>--</u>	<u>447,954</u>	<u>447,954</u>	<u>0.00%</u>
Net change in fund balance	--	1,405,398	1,405,398	0.00%
Unencumbered fund balance, beginning	5,014,383	5,014,383	--	100.00%
Unencumbered fund balance, ending	<u>\$ 5,014,383</u>	<u>\$ 6,419,781</u>	<u>\$ 1,405,398</u>	<u>\$ 128.03%</u>

*The accompanying notes are an integral part of these financial statements.*



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**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023**

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

The accompanying financial statements of the Board of Trustees of Wichita State University (Board) have been prepared in conformity with accounting principles generally accepted in the United States of America and promulgated by the Governmental Accounting Standards Board (GASB).

**Organization**

The Board is a governmental entity responsible for the management of the mill levy monies arising out of the tax levy upon the citizens of Sedgwick County, Kansas and was established for the education enrichment purposes of Wichita State University (WSU) as a whole, including all the colleges and branches or divisions thereof as well as all the facilities and activities thereof, consistent with the objectives, operation and management of WSU. The Board is also responsible for the endowed funds of the University of Wichita (University) before the University became a state institution in 1964.

**Financial Reporting Entity**

The Board was established under State of Kansas statute 76-3a16 and for accounting purposes is a component unit of WSU which is a component unit of the State of Kansas. The Board is not financially accountable for any other organizations. The financial statements reflect the operations of the Board and do not reflect the complete operations of WSU or the State of Kansas. As such, the Board's financial statements are included as a discretely presented component unit of WSU. The University's financial statements are in turn consolidated into the State University System and included as a discretely presented component unit in the Annual Comprehensive Financial Report (ACFR) of the State of Kansas.

The Board follows the GASB accounting pronouncements, which provide guidance for determining the governmental activities, organizations and functions that should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's governing body as the basic criterion for including a possible component governmental organization in the primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred and is expected to be paid from available resources.



**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The board presents the following major governmental funds:

- The General Fund is the principal fund of the Board that accounts for all financial transactions not accounted for in other funds.
- The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the Board.
- The permanent fund is used to report resources that are restricted for endowments and similar funds, the corpus of which is to remain intact with only the income available for expenditure. Restricted funds are expendable for scholarships and other student funds.

**Budgetary Compliance**

An annual budget is adopted on a basis consistent with budgetary basis. The budget is based on receipts from the property tax mill levy and includes only the general fund and the debt service fund included in the Supplementary Information.

WSU prepares the annual budget for the mill levy and presents it to the Board for review and approval. During the year ended June 30, 2023, the budget for the mill levy had been approved by the Board, the City of Wichita, Sedgwick County and the Kansas Board of Regents. Total expenditures for the mill levy may not legally exceed the amount appropriated. A reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund; Budget and Actual - Budgetary Basis to the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds is presented below.

Net change in fund balance, general fund - budgetary basis	\$ 1,405,398
Amounts reported for the general fund in the Statement of Revenues, Expenditures and Changes in Fund Balances on a modified accrual basis are different because:	
Budgetary basis revenues have been adjusted to a GAAP basis	1,266,429
Budgetary basis expenditures have been adjusted to a GAAP basis	<u>(136,000)</u>
Net change in fund balance, general fund – modified accrual basis	<u>\$ 2,535,827</u>

**Cash Available from County Treasurer**

Cash available from county treasurer represents mill levy monies collected by Sedgwick County and expected to be distributed to the Board by the end of calendar year 2023.

**Investments**

Investments in equity securities, fixed income securities and mutual funds are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment earnings (losses) consist of interest and dividend income and the net change in the fair value of investments.

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Amortization is provided on the straight-line method over the lease term for right-to-use lease assets. Depreciation on all other capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Improvements	7-40 years
Equipment and furnishings	5-10 years

**Net Position**

In the government-wide financial statements, net position is classified as follows:

- **Net investment in capital assets:** Represents the Board's total investment in capital assets, including right-to-use lease assets, net of depreciation and amortization, less outstanding debt obligations used to acquire those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- **Restricted net position - nonexpendable:** Consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.
- **Restricted net position - expendable:** Includes resources in which the Board is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- **Unrestricted net position:** Represents resources derived from mill levy revenue and investment income. These resources may be used at the discretion of the Board to meet current expenses for any purpose.

When both restricted and unrestricted resources are available for use, generally it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance**

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how the fund balance can be spent. The governmental fund types classify fund balance as follows:

- ***Nonspendable Fund Balance:*** includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.
- ***Restricted Fund Balance:*** includes amounts that are restricted to specific purposes externally imposed by creditors, grantors, contributors, or laws and regulations of other governments imposed by law through state statute.
- ***Committed Fund Balance:*** includes amounts that can only be used for the specific purposes determined by a formal action of the Board's highest level of decision-making authority.
- ***Assigned Fund Balance:*** is the portion of the fund balance which the Board intends to use for a specified purpose as directed by the Board of Trustees.
- ***Unassigned Fund Balance:*** represents the portion of fund balance that has not otherwise been restricted, committed or assigned to specific purposes. The General Fund is the only fund that may report a positive unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Board considers to have spent restricted funds first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Board considers amounts to have been spent first from the committed funds, then assigned funds and finally unassigned funds, unless the Board has provided otherwise in its commitment or assignment action.

**Tax Status**

The income of the Board is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. Accordingly, no provision for income taxes is included in the financial statements.

**Risk Management**

The Board is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. No claims have exceeded the amounts of coverage provided by these policies in any of the past three fiscal years.

**Use of Estimates**

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.

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023**

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

**Custodial Credit Risk for Deposits**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Board will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For cash deposits with financial institutions, state law requires that its depository banks pledge collateral that has a market value equal to or greater than the deposits. As of June 30, 2023, the Board has deposits with financial institutions totaling \$6,419,781 with assets pledged as collateral with a fair value of \$12,963,885.

**Investments**

The Board may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

At June 30, 2023, the Board had the following investments and maturities:

Investment Type	Fair Value	Maturities in Years		
		Less than 1	1-5	Greater than 5
Money market funds	\$ 231,991	\$ 231,991	\$ --	\$ --
Fixed income mutual funds	1,355,443	--	766,897	588,546
Treasury	150,796	--	150,796	--
Global bonds	47,554	--	47,554	--
		<u>\$ 231,991</u>	<u>\$ 965,247</u>	<u>\$ 588,546</u>
Pooled investment (managed by related party)	7,615,304			
Equity mutual funds	1,933,826			
Common stock	619,560			
Alternative - hedge fund	232,567			
	<u>\$ 12,187,041</u>			

The following classifies investment type by purpose at June 30, 2023.

Investment Type	Endowed Funds	Gore Trust	Total
Money market	\$ --	\$ 231,991	\$ 231,991
Fixed income mutual funds	--	1,355,443	1,355,443
Treasury	--	150,796	150,796
Global Bonds	--	47,554	47,554
Pooled investment	7,615,304	--	7,615,304
Equity mutual funds	--	1,933,826	1,933,826
Common stock	--	619,560	619,560
Alternative - hedge fund	--	232,567	232,567
Total Investment	<u>\$ 7,615,304</u>	<u>\$ 4,571,737</u>	<u>\$ 12,187,041</u>

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023**

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

The investment related risks outlined below are mitigated by adherence to the Wichita State University Foundation (Foundation) investment policy.

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation investment policy includes ongoing assessment of the composition of fixed income investments to total investments.

***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

***Custodial Credit Risk***

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of the investments that are in the possession of an outside party. The Board's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Board's name, and are held by either the counterparty or the counterparty's trust department or agent.

Of the Board's \$12.19 million of investments, \$12.19 million (including \$7.6 million managed by a related party) of the underlying securities are held by the investment's counterparty, not in the name of the Board, and are therefore exposed to custodial credit risk.

***Concentration of Credit Risk***

Concentration risk is the risk of loss resulting from an over concentration of assets in a specific maturity, specific user, or specific class of securities. The Board places no limit on the amount that may be invested in any one issuer. At June 30, 2023, the Board's investment in a pooled investment managed by a related party constituted 62.5% of its total investments.

**NOTE 3 – ENDOWMENTS AND SIMILAR FUNDS**

The Board has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. It is the goal of the Board to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently established at 4.25%, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings. As of June 30, 2023, the Board had a total of \$299,268 of net appreciation from investment of donor-restricted endowments available for expenditure. This amount is reported in expendable restricted net position on the statement of net position. The laws of the State of Kansas do not currently restrict the Board's ability to spend net appreciation on donor-restricted endowment funds.

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023**

**NOTE 4 – FAIR VALUE MEASUREMENTS**

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance requires three levels of fair value measurement based on the respective inputs.

- **Level 1:** Quoted prices in active markets for identical assets or liabilities
- **Level 2:** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- **Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equity stocks, mutual funds, and actively traded debt securities. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2023:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Money market funds	\$ 231,991	\$ 231,991	\$ --	\$ --
Fixed income mutual funds	1,355,443	1,355,443	--	--
Treasury	150,796	150,796	--	--
Global bonds funds	47,554	--	47,554	--
Pooled investment	7,615,304	--	7,615,304	--
Equity mutual funds	1,933,826	1,933,826	--	--
Common stock	619,560	619,560	--	--
Alternative - hedge fund	232,567	232,567	--	--
	<u>\$ 12,187,041</u>	<u>\$ 4,524,183</u>	<u>\$ 7,662,858</u>	<u>\$ --</u>

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the University for the year ended June 30, 2023 is summarized as follows:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023
Depreciable capital assets				
Infrastructure	\$ 2,461,870	\$ --	\$ --	\$ 2,461,870
Buildings and improvements	24,662,089	--	--	24,662,089
Equipment and furnishings	78,515	--	--	78,515
Leased facility	45,021,024	--	--	45,021,024
Total depreciable capital assets	<u>72,223,498</u>	<u>--</u>	<u>--</u>	<u>72,223,498</u>
Accumulated depreciation and amortization				
Infrastructure	277,412	61,547	--	338,959
Building and improvements	24,662,089	--	--	24,662,089
Equipment and furnishings	50,476	11,216	--	61,692
Leased facility	1,406,907	1,406,907	--	2,813,814
Total accumulated depreciation and amortization	<u>26,396,884</u>	<u>1,479,670</u>	<u>--</u>	<u>27,876,554</u>
Total capital assets, net	<u>\$ 45,826,614</u>	<u>\$ (1,479,670)</u>	<u>\$ --</u>	<u>\$ 44,346,944</u>

Depreciation expenses is reported within the University Support functional classification and is not allocated to the other functions because all capital assets owned by the Board are held for the direct benefit of the University.

**NOTE 6 – LEASES**

During 2015, Sedgwick County Public Building Commission (PBC) issued Series 2014-3 and Series 2014-4 revenue bonds in the amounts of \$38,895,000 and \$6,050,000, respectively, to finance the construction of the John Bardo Center (JBC) on WSU's Innovation Campus. Under a facility lease agreement with the PBC, the Board agreed to repay the principal and interest on the bonds from its share of the mill levy. As a result, a liability related to the JBC facility lease is reported on the Board's Statement of Net Position. The following table summarizes the changes related to this lease liability during the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Current Portion
Lease liability	<u>\$ 46,621,143</u>	<u>\$ --</u>	<u>\$ (694,719)</u>	<u>\$ 42,926,424</u>	<u>\$ 722,761</u>

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023**

**NOTE 6 – LEASES (CONTINUED)**

The commitment for future minimum rental payments under this agreement as of June 30, 2023 is as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 722,761	\$ 1,775,666	\$ 2,498,427
2025	745,100	1,750,556	2,495,656
2026	781,416	1,714,760	2,496,176
2027	817,388	1,682,351	2,499,739
2028	847,195	1,648,464	2,495,659
2029-2033	4,801,377	7,693,476	12,494,853
2034-2038	5,876,265	6,608,294	12,484,559
2039-2043	7,195,955	5,287,677	12,483,632
2044-2048	8,813,074	3,671,126	12,484,200
2049-2053	10,793,753	1,690,147	12,483,900
thereafter	1,532,140	982,761	2,514,901
	<u>\$ 42,926,424</u>	<u>\$ 34,505,278</u>	<u>\$ 77,431,702</u>

WSU subleases a portion of the John Bardo Center from the Board. WSU made sublease payments in fiscal years 2015 through 2017 totaling \$6 million, which is the only consideration WSU has paid to date. The sublease commenced in 2014 and states that WSU has use of the John Bardo Center until the end of the lease term in 2054. Because the consideration paid by WSU was considerably less than the value of the facility, the transaction was considered non-exchange. Therefore, the sublease payments were treated as inflows of resources at the time they were made.

**NOTE 7 – RELATED PARTY TRANSACTIONS**

Certain assets related to endowed funds were transferred to the Foundation for management in accordance with a management services agreement. Cash and certain investments were combined with Foundation accounts. The amount of the investments, pooled with Foundation accounts totaled \$7,615,304 at June 30, 2023.

**NOTE 8 – PRIOR PERIOD ADJUSTMENTS**

**Correction of an Error**

When GASB Statement No. 87, *Leases* (GASB 87) was implemented for the year ended June 30, 2022, the sublease of the John Bardo Center to WSU was treated as a lease and the sublease payments from WSU were deferred and amortized over the term of the agreement. During fiscal year 2023, the substance of the transaction was re-evaluated and it was determined that the value of consideration given by WSU constituted a non-exchange transaction and therefore, the transaction did not meet the definition of a lease. As a result, the beginning balance of the deferred inflow was eliminated in the accompanying financial statements. The net effect of the adjustment was an increase of \$3.1 million to net position.



**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023**

**NOTE 8 – PRIOR PERIOD ADJUSTMENT (CONTINUED)**

**Change in Accounting Principle**

In addition, previously issued financial statements reported a \$667,242 deferred gain on sale-leaseback, which originated when construction was completed on the John Bardo Center and the Board capitalized the asset related to the facility. The deferred gain was previously recorded based on non-authoritative Financial Accounting Standards Board guidance for this type of transaction. When the transaction was re-evaluated based on the guidance now available in GASB 87, it was determined that the change in accounting principle is preferable to the accounting principle applied before the change. As a result, the beginning balance of the deferred inflow was eliminated in the accompanying financial statements. The net effect of the adjustment was an increase of \$667 thousand to net position.

**Change in Reporting Entity**

Beginning in 2023, the financial statements include a debt service fund, which is used to report resources accumulated and payments made for principal and interest on long-term debt of the Board. These resources are held in a trust account and restricted as to use for the future principal and interest payments on the Series 2014-3 and 2014-4 bonds. A prior period adjustment is included to show the reclassification of this amount from the general fund to the debt service fund. This adjustment has no net impact on fund balance for the governmental funds in total.



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## **SUPPLEMENTARY INFORMATION**



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**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – DEBT SERVICE FUND  
BUDGET AND ACTUAL – BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2023**

	Budget Amounts	Actual Amounts	Variance with Budget Positive (Negative)	Percent of Budget
<b>REVENUES</b>				
Mill levy	\$ 2,503,468	\$ 2,498,893	\$ (4,575)	99.82%
Investment Income	--	25,708	25,708	0.00%
Total revenue	<u>2,503,468</u>	<u>2,524,601</u>	<u>21,133</u>	<u>100.84%</u>
<b>EXPENDITURES</b>				
Debt service - WSIA series 2014-3(2054)	1,748,359	1,748,358	1	100.00%
Debt service - WSIA series 2014-4(2027)	750,869	750,869	--	100.00%
Debt service admin fees	4,240	4,240	--	100.00%
Total expenditures	<u>2,503,468</u>	<u>2,503,467</u>	<u>1</u>	<u>100.00%</u>
Excess (deficiency) of revenues over (under) expenditures	--	21,134	21,134	0.00%
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	--	4,240	4,240	0.00%
Total other financing sources (uses)	<u>--</u>	<u>4,240</u>	<u>4,240</u>	<u>0.00%</u>
Net change in fund balance	--	25,374	25,374	0.00%
Unencumbered fund balance, beginning	1,143,048	1,143,048	--	100.00%
Unencumbered fund balance, ending	<u>\$ 1,143,048</u>	<u>\$ 1,168,422</u>	<u>\$ 25,374</u>	<u>\$ 102.22%</u>

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)  
COMBINING BALANCE SHEET – GENERAL FUND  
June 30, 2023**

	General Operating Fund	Student Support Fund	University Support Fund
<b>ASSETS</b>			
Current Assets:			
Cash	\$ --	\$ --	\$ --
Cash available from county treasurer	5,542,000	--	--
Total assets	\$ 5,542,000	\$ --	\$ --
<b>LIABILITIES</b>			
Accounts payable	\$ --	\$ --	\$ --
Total liabilities	--	--	--
<b>FUND BALANCES</b>			
Assigned	--	--	--
Unassigned	5,542,000	--	--
Total Fund Balances	5,542,000	--	--
Total liabilities and fund balances	\$ 5,542,000	\$ --	\$ --

City/ County Government Support Fund	Board Initiatives Fund	General Fund Reserve	Total General Fund
\$ 383,414	\$ 3,136,367	\$ 2,900,000	\$ 6,419,781
--	--	--	5,542,000
<u>\$ 383,414</u>	<u>\$ 3,136,367</u>	<u>\$ 2,900,000</u>	<u>\$ 11,961,781</u>
\$ 136,000	\$ --	\$ --	\$ 136,000
<u>136,000</u>	<u>--</u>	<u>--</u>	<u>136,000</u>
247,414	3,136,367	2,900,000	6,283,781
--	--	--	5,542,000
<u>247,414</u>	<u>3,136,367</u>	<u>2,900,000</u>	<u>11,825,781</u>
<u>\$ 383,414</u>	<u>\$ 3,136,367</u>	<u>\$ 2,900,000</u>	<u>\$ 11,961,781</u>

**BOARD OF TRUSTEES OF WICHITA STATE UNIVERSITY  
(A COMPONENT UNIT OF WICHITA STATE UNIVERSITY)  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GENERAL FUND  
For the Fiscal Year Ended June 30, 2023**

	General Operating Fund	Student Support Fund	University Support Fund
<b>REVENUES</b>			
Property tax	\$ 8,226,394	\$ --	\$ --
Investment return and rentals, net	226,747	--	--
Total revenues	<u>8,453,141</u>	<u>--</u>	<u>--</u>
<b>EXPENDITURES</b>			
Scholarships and other student support	--	4,526,889	--
Economic and community development	--	--	--
General and administrative	40,580	--	--
University support	--	--	532,000
WSU Tech support	--	--	800,000
Total expenditures	<u>40,580</u>	<u>4,526,889</u>	<u>1,332,000</u>
Revenue over (under) expenditures	<u>8,412,561</u>	<u>(4,526,889)</u>	<u>(1,332,000)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	--	4,471,368	1,332,000
Transfers out	(7,146,132)	--	--
Total other financing sources (uses)	<u>(7,146,132)</u>	<u>4,471,368</u>	<u>1,332,000</u>
Net change in fund balances	1,266,429	(55,521)	--
Total fund balances, beginning	5,418,619	55,521	--
Prior period adjustment	(1,143,048)	--	--
Total fund balances, ending	<u>\$ 5,542,000</u>	<u>\$ --</u>	<u>\$ --</u>



City/ County Government Support Fund	Board Initiatives Fund	General Fund Reserve	Total General Fund
\$ --	\$ --	\$ --	8,226,394
--	--	--	226,747
--	--	--	8,453,141
--	--	--	4,526,889
465,799	--	--	465,799
--	--	--	40,580
--	--	--	532,000
--	--	--	800,000
465,799	--	--	6,365,268
(465,799)	--	--	2,087,873
495,720	1,294,998	--	7,594,086
--	--	--	(7,146,132)
495,720	1,294,998	--	447,954
29,921	1,294,998	--	2,535,827
217,493	1,841,369	2,900,000	10,433,002
--	--	--	(1,143,048)
\$ 247,414	\$ 3,136,367	\$ 2,900,000	11,825,781





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WICHITA STATE  
UNIVERSITY