



**Annual Financial Report**  
for the Fiscal Year Ended June 30, 2011

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

**Wichita State University**  
**Fiscal Year 2011 Annual GASB Financial Report**

**Table of Contents**

	<u>Page Number</u>
Kansas Board of Regents and University Officers	1
Fiscal Year 2011 Financial Information	
<u>Management's Discussion and Analysis</u>	2
<u>Financial Statements with Notes</u>	
Statement of Net Assets	14
Statement of Revenues, Expenses and Changes in Net Assets	15
Statement of Cash Flows	16
Notes to the Financial Statements	17
Appendices – Component Units	
<u>Appendix 1-Statement of Net Assets of Component Units</u>	
<u>Appendix 2-Statement of Revenues, Expenses and Changes in</u> <u>Net Assets of Component Units</u>	

**Wichita State University**  
**Fiscal Year 2011 Annual GASB Financial Report**  
**Kansas Board of Regents and University Officers**

**Kansas Board of Regents**

Gary Sherrer, Chair  
Ed McKechnie, Vice Chair  
Jerry Boettcher  
Christine Downey-Schmidt  
Dick Hedges  
Dan Lykins  
Janie Perkins  
Andy Tompkins  
Mildred A. Edwards  
Tim Emert

**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 2011 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 2011 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 33.9% of the total University revenue for FY 2011. 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 d/b/a Rhatigan Student Center, 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.

**Wichita State University**  
**Fiscal Year 2011 Annual GASB Financial Report**

**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, 2011, were \$277.3 million, an increase of \$17.2 million over June 30, 2010. Capital net assets comprised 64.1% or \$177.8 million of the assets.

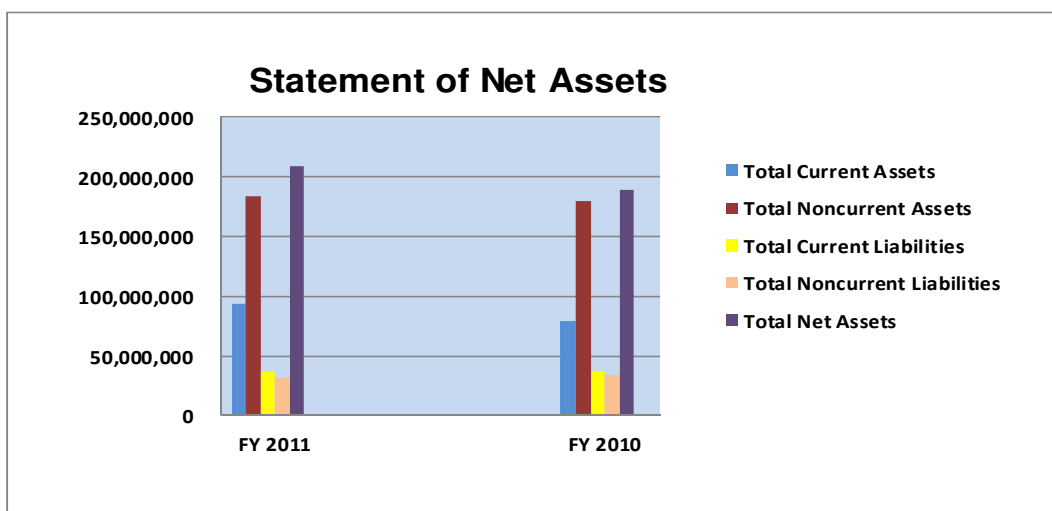
Total liabilities were \$68.4 million at June 30, 2011, a decrease of \$2.4 million. This is compared to \$70.8 million total liabilities at June 30, 2010. Long-term liabilities comprised 46.2%, or \$31.6 million of the liabilities.

**Wichita State University  
Fiscal Year 2011 Annual GASB Financial Report**

**Management's Discussion and Analysis**

Total net assets at June 30, 2011 were \$208.9 million, a \$19.7 million increase over the prior year, or a 10.4% increase in net assets. The summary of net assets is shown below:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Capital Assets, net of related debt	\$ 147,075,407.23	\$ 139,831,407.40
Restricted net assets	24,205,361.10	22,401,211.95
Unrestricted net assets	<u>37,609,846.79</u>	<u>26,948,156.93</u>
<b>Total net assets</b>	<b>\$ <u>208,890,615.12</u></b>	<b>\$ <u>189,180,776.28</u></b>



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

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

**REVENUES**

Total operating revenues at the University as of June 30, 2011, increased by \$15.4 million or 10.4% over the previous year. The following is a brief summary of the significant changes:

- Tuition and fee revenues, after scholarship allowances, were \$64.1 million in FY 2011 compared to \$59.6 million in FY 2010. The \$4.5 million increase is a direct result of tuition increase of \$2.9 million. In addition, students also approved a fee increase to remodel the Rhatigan Student Center (RSC) that resulted in additional restricted fees. Tuition rates increased by \$7.50 per credit hour in FY 2011 compared to FY 2010. Student fees increased by \$6.60 per credit hour over the previous year.



**Wichita State University**  
**Fiscal Year 2011 Annual GASB Financial Report**

**Management's Discussion and Analysis**

- Federal grants and contracts increased \$8.9 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: Pell Grant revenue increased by \$2.7 million, Federal Higher Education Fiscal Stabilization revenue increased by \$1.9 million, Gear Up State Award increased by \$2.6 million, Teacher Quality Partnership increased by \$.7 million, and WSU Combined Core Facility Renovation Project increased by \$.8 million.
- State and local contracts and grants increased by \$1.2 million from FY 2010. The Technical Support Center increased by \$2.1 million and the Next Generation Ice Protection Technologies for Unmanned Aerial Vehicles decreased by \$.4 million. Various contracts and grants comprised the remainder of the variance from FY 2010 to FY 2011.
- Sales and services of educational activities increased \$.4 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 National Institute for Aviation Research (NIAR) projects accounted for the major portion of the increase.
- Other operating revenue increased by \$.4 million from FY 2010. A major factor for the increase was the result of additional revenue by the Center for Storage Networking Research.

Total non-operating revenues increased by \$4.3 million compared to the prior fiscal year from \$85.6 million to \$89.9 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, increased by \$5.5 million. State appropriations for FY 2011 were \$76.4 million versus \$70.8 million in FY 2010. This was primarily the result of the State Economic Development Initiative Fund changing from a "flow-through" appropriation to University accountability. In prior years, funds were received by WSU and transferred to the Wichita Area Technical College (WATC) equally on a quarterly basis. This year, the University did not transfer the funds to WATC, but paid all invoices directly. This accounted for \$5.0 million of the increase from FY 2010. Non-capital State appropriations represent 28.8% of the FY 2011 total revenue.
- Gifts for scholarships, research and faculty support decreased by \$1.1 million. Gifts were \$12.8 million for FY 2011 versus \$13.9 million for FY 2010. General scholarship funds decreased by \$1.0 million.
- Investment income results were from short-term investments of tuition and fees and bond funds held in reserve accounts or awaiting project completion. Interest income, excluding bond funds, is used for deferred maintenance. Investment income decreased in FY 2011 by \$.2 million. The decline was primarily the result of declining short-term interest rates.

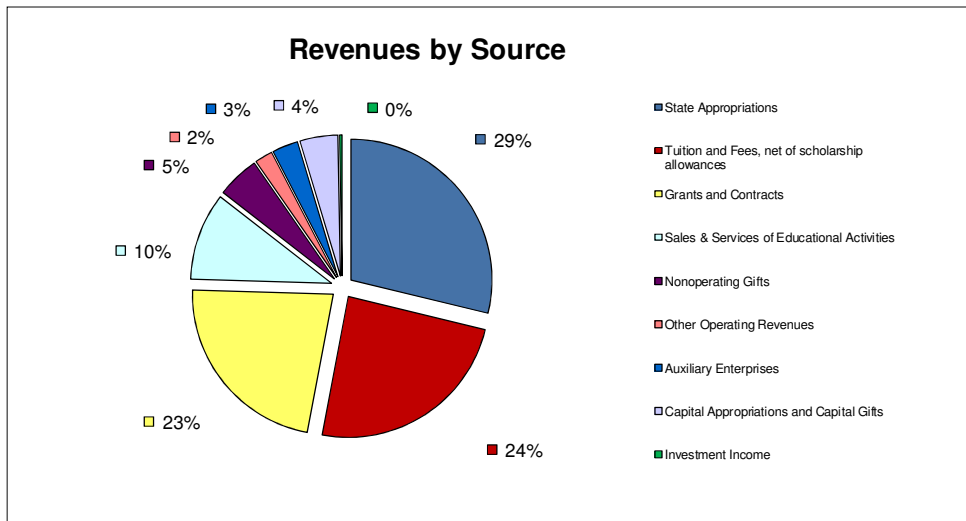
**Wichita State University  
Fiscal Year 2011 Annual GASB Financial Report**

**Management's Discussion and Analysis**

Other revenues included the following:

- Capital appropriations increased by \$.7 million. These funds were used for rehabilitation and repair of facilities and bond debt payment. Capital appropriations were \$4.3 million in FY 2011 versus \$3.6 million in FY 2010. The primary reason for the increase was that no principal payments for Aviation Research Bonds were made in FY 2010. Therefore, the related appropriation for FY 2011 was increased to meet the principal payment for the Series 2005D National Institute for Aviation Research and Development Facilities Projects Bonds.
- Gifts for capital projects increased from \$2.0 million in FY 2010 to \$3.9 million in FY 2011. The increase was primarily related to construction of the Advanced Education in General Dentistry Building.
- Student fees for capital projects increased from \$.9 million in FY 2010 to \$3.4 million in FY 2011. The increase resulted from a vote by WSU students to increase fees to provide funding for the Rhatigan Student Center remodeling project.

Sources of total revenues are displayed in the following chart:



**OPERATING EXPENSES**

Operating expenses were \$244.1 million for FY 2011 versus \$227.6 million in FY 2010. This was an increase of \$16.5 million or 7.2%. The following is a brief summary of the significant changes:

- Expenses related to the University's mission of instruction, research and public service increased \$8.5 million in FY 2011. Research increased by \$5.6 million, and Public Service by \$3.1 million. Research expenses increased largely as a result of the continued expansion of NIAR through numerous additional grants. In

**Wichita State University  
Fiscal Year 2011 Annual GASB Financial Report**

**Management's Discussion and Analysis**

addition, Research increased as a result of the State Economic Development Initiative Fund changing from a "flow-through" appropriation in prior years to University accountability. Public Service expenses increased primarily as a result of more Federal Grants. In addition, the Gear Up State Award increased funding for Public Service.

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

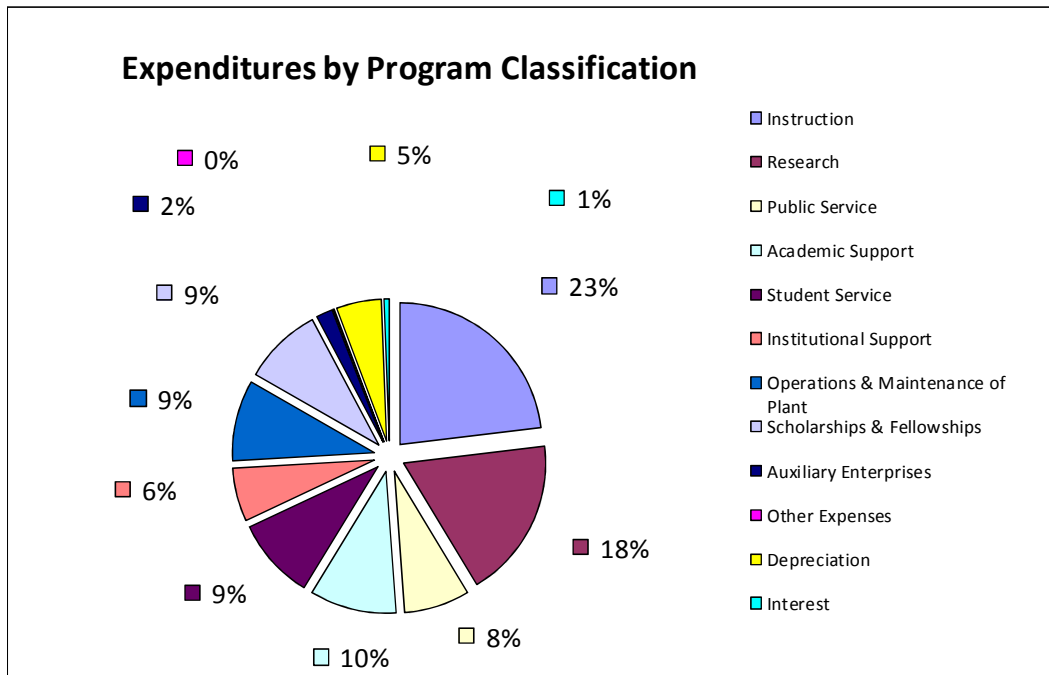
	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Total</u>
<b>Salaries and Wages</b>				
Fy 2011	\$ 53,122,116.13	\$ 24,123,799.48	\$ 12,167,121.59	\$ 89,413,037.20
FY 2010	<u>53,802,357.86</u>	<u>21,063,892.51</u>	<u>11,535,450.54</u>	<u>86,401,700.91</u>
<b>Increase (Decrease)</b>	<u>\$ (680,241.73)</u>	<u>\$ 3,059,906.97</u>	<u>\$ 631,671.05</u>	<u>\$ 3,011,336.29</u>
<b>Contractual and Commodities, other</b>				
Fy 2011	\$ 2,848,775.18	\$ 19,420,603.05	\$ 5,655,040.38	\$ 27,924,418.61
FY 2010	<u>2,777,572.02</u>	<u>16,476,287.84</u>	<u>3,576,812.87</u>	<u>22,830,672.73</u>
<b>Increase (Decrease)</b>	<u>\$ 71,203.16</u>	<u>\$ 2,944,315.21</u>	<u>\$ 2,078,227.51</u>	<u>\$ 5,093,745.88</u>
<b>Capital Equipment</b>				
Fy 2011	\$ 706,755.83	\$ 1,346,091.48	\$ 539,247.39	\$ 2,592,094.70
FY 2010	<u>320,664.45</u>	<u>1,755,790.44</u>	<u>134,153.54</u>	<u>2,210,608.43</u>
<b>Increase (Decrease)</b>	<u>\$ 386,091.38</u>	<u>\$ (409,698.96)</u>	<u>\$ 405,093.85</u>	<u>\$ 381,486.27</u>
<b>Totals for FY 2011</b>	\$ 56,677,647.14	\$ 44,890,494.01	\$ 18,361,409.36	\$ 119,929,550.51
<b>Totals for FY 2010</b>	<u>56,900,594.33</u>	<u>39,295,970.79</u>	<u>15,246,416.95</u>	<u>111,442,982.07</u>
<b>Increase (Decrease)</b>	<u>\$ (222,947.19)</u>	<u>\$ 5,594,523.22</u>	<u>\$ 3,114,992.41</u>	<u>\$ 8,486,568.44</u>

- Academic Support increased by \$1.3 million in FY 2011 versus FY 2010. This was primarily due to increases in contractual services and commodities due to additions in the Sponsored Research Overhead Fund that increased due to enhanced grant activity.
- Student Services increased by \$1.1 million in FY 2011 versus FY 2010. Costs increased for salaries, but the major change occurred in contractual services and commodities. Many of the expanded costs were due to additional departmentally generated sales that resulted in increased costs as well as additional Federal grant funds.
- Operation and Maintenance of Plant increased by \$1.6 million in FY 2011 versus FY 2010. Costs increased for salaries for additional staffing, contractual services and commodities for building maintenance. In addition, utility costs continue to rise due to rate increases.
- Scholarships and Fellowships increased \$5.0 million in FY 2011 as a result of the University continuing to invest in students by increasing scholarships and fellowships to enhance enrollment and to provide educational opportunities to deserving students.
- Auxiliary Enterprises include the routine operating expenses for the housing and parking functions. These expenses decreased \$1.8 million in FY 2011 versus FY 2010. The decrease was primarily due to needed repairs and maintenance in FY 2010 compared to FY 2011.

**Wichita State University  
Fiscal Year 2011 Annual GASB Financial Report**

**Management's Discussion and Analysis**

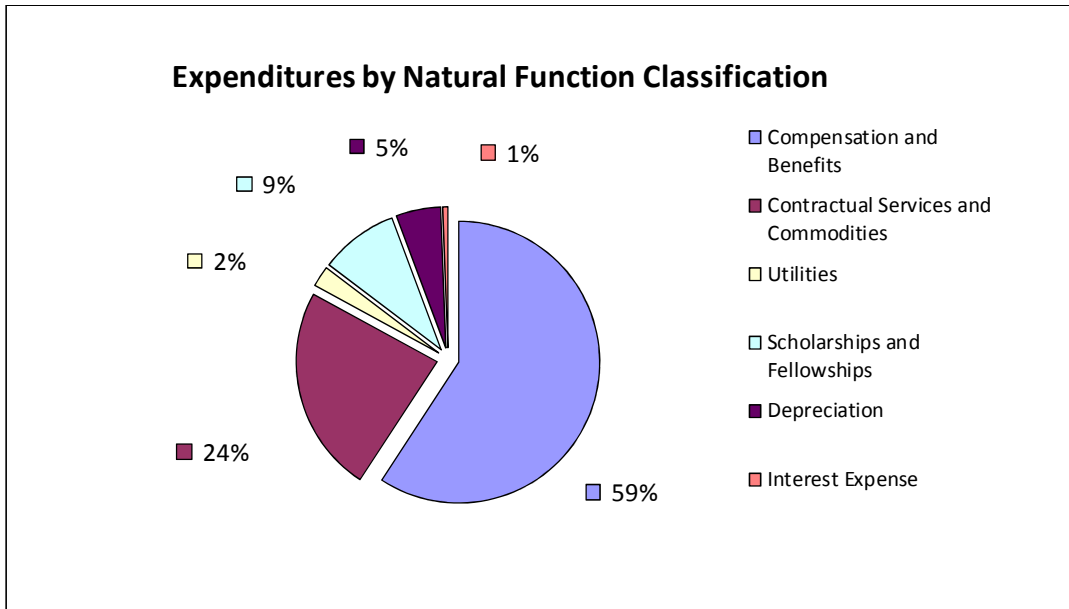
- Depreciation expense increased from \$12.0 million in FY 2010 to \$12.6 million in FY 2011.
- Total expenditures by program, including operating and non-operating, are displayed below:



**Wichita State University  
Fiscal Year 2011 Annual GASB Financial Report**

**Management's Discussion and Analysis**

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



**NET ASSETS**

Overall, net assets increased \$19.7 million in FY 2011 versus FY 2010, which generally indicates that the financial condition has improved over the year. There were many offsetting variances, but the increase is primarily due to an increase in capital assets, net of depreciation, as well as increases in tuition and fees and Federal contracts and grants.

**Wichita State University  
Fiscal Year 2011 Annual GASB Financial Report**

**Management's Discussion and Analysis**

**STATEMENT OF CASH FLOWS**

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

**SUMMARY OF THE STATEMENT OF CASH FLOWS**

	June 30, 2011	June 30, 2010
Net cash provided (used by):		
Operating activities	\$ (68,212,403.56)	\$ (61,316,407.15)
Non-capital financing activities	90,543,984.43	\$ 85,768,740.16
Capital and related financing/appropriations	(9,854,330.44)	\$ (9,809,847.22)
Investing activities	738,660.44	\$ 4,031,971.03
Net increase (decrease) in cash	\$ 13,215,910.87	\$ 18,674,456.82
 Beginning cash and cash equivalent balances	 67,193,481.98	 48,519,025.16
 <b>Ending cash and cash equivalent balances</b>	 \$ 80,409,392.85	 \$ 67,193,481.98

Cash provided by operating activities includes tuition and fees, and grant and contract revenues. Cash used for operating activities includes payments to employees and suppliers. Cash provided by non-capital financing activities includes State appropriations, gifts, and the receipt and disbursement of the Federal Family Education Loan Programs (Stafford, Perkins and Plus Loans). Cash provided for capital and related financing activities represents 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 \$13.2 million. This was primarily the result of increases of tuition and fees, and research grants and contracts.

**CAPITAL ASSETS**

The University continued to make investments in capital during FY 2011. 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:

- Child Development Center: A storm shelter was added to the building. The project cost of \$244 thousand was paid from remodeling and improvement funds.

**Wichita State University**  
**Fiscal Year 2011 Annual GASB Financial Report**

**Management's Discussion and Analysis**

- Engineering Building: The building's HVAC system was replaced. The project cost of \$1.25 million was paid by \$1.1 million from deferred maintenance funds, \$145 thousand from infrastructure maintenance funds, and \$6 thousand from repair and rehabilitation funds.
- Hawker Beechcraft Building 40: The second floor was remodeled in this building which was leased from Hawker Beechcraft. The project cost of \$335 thousand was paid from University Federal funds.
- Jardine Hall: The windows in the building were replaced. The project cost of \$150 thousand was paid from general fees.
- Jardine Hall: The third floor was remodeled to accommodate the Language Lab and the Music Library in the same area. The project cost of \$139 thousand was paid by \$138 thousand from restricted fees and \$1 thousand from general fees.
- Wheatshocker Apartments: The roof of the building was replaced. The project cost of \$176 thousand was paid from housing system funds.
- Dormitories: The elevators in Fairmount Towers North, Fairmount Towers South and Wheatshocker Apartments were upgraded. The project cost of \$230 thousand was paid from housing system funds.
- Dormitories: The lighting and water systems were upgraded in all dormitories, the HVAC occupancy control system was upgraded in Fairmount Towers and Brennan Hall, and a geothermal heat pump system was installed for Brennan Hall. The project cost of \$1.48 million was paid from housing system funds.
- Eck Stadium Phase V: The Bombardier Learjet Practice Facility was constructed and new field turf and a batter's eye were installed in Eck Stadium. The project cost of \$3.2 million was paid from private donations.

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

- AEGD Building: The Advanced Education in General Dentistry Building is being constructed. The project's \$4.4 million cost to date has been paid from private donations through the WSU Foundation.
- Campus Exterior Lighting: The exterior lighting for the campus is being upgraded. The project cost of \$326 thousand to date has been paid by \$265 thousand from repair and rehabilitation funds, \$57 thousand from repair and improvement funds and \$4 thousand from restricted fees.
- Duerksen Fine Arts Center: The building's HVAC system is being replaced. The project cost of \$2.9 million to date has been paid by \$2.2 million from ARRA Federal Stimulus funds, \$680 thousand from State deferred maintenance funds, and \$20 thousand from rehabilitation and repair funds.
- Duerksen Fine Arts Center: The building's windows are being replaced. The project cost of \$44 thousand to date has been paid from ARRA Federal Stimulus funds.

**Wichita State University  
Fiscal Year 2011 Annual GASB Financial Report**

**Management's Discussion and Analysis**

- Elliott Hall: The roof of the building is being replaced. The project cost of \$14 thousand to date has been paid from ARRA Federal Stimulus funds.
- Engineering Research Laboratory Building: The building is being remodeled. The project cost of \$41 thousand to date has been paid from University funds.
- Fairmount Towers: The boiler in the Commons building is being replaced. The project cost of \$214 thousand to date has been paid from housing system funds.
- Geology Building: The roof of the building is being replaced. The project cost of \$12 thousand to date has been paid from ARRA Federal Stimulus 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.
- Hawker Beechcraft Building 86: This building leased from Hawker Beechcraft is being remodeled. The project cost of \$49 thousand to date has been paid by \$17 thousand from University Federal funds and \$32 thousand from restricted fees.
- Hubbard Hall: The Biology labs in the building are being remodeled. The project cost of \$95 thousand to date has been paid from ARRA Federal grant funds.
- Hughes Metropolitan Complex: The Evelyn Hendren Cassat Speech-Language-Hearing Clinic is being remodeled. The project cost of \$64 thousand to date has been paid from University funds.
- Jardine Hall: The roof of the building is being replaced. The project cost of \$15 thousand to date has been paid from ARRA Federal Stimulus funds.
- Lindquist Hall: The building's windows are being replaced. The project cost of \$22 thousand to date has been paid from ARRA Federal Stimulus funds.
- McKinley Hall: The roof of the building is being replaced. The project cost of \$21 thousand to date has been paid from ARRA Federal Stimulus funds.
- McKnight Arts Center: The air handling unit is being replaced in the north building. The project cost of \$11 thousand to date has been paid from repair and rehabilitation funds.
- Morrison Hall: The roof of the building is being replaced. The project cost of \$9 thousand to date has been paid by \$7 thousand from remodeling and improvement funds and \$2 thousand from general fees.
- Police and Motor Pool Parking Lot Replacement: The project cost of \$14 thousand to date has been paid from remodeling and improvement funds.



**Wichita State University  
Fiscal Year 2011 Annual GASB Financial Report**

**Management's Discussion and Analysis**

- Police Building: The HVAC system is being replaced in the building. The project cost of \$7 thousand to date has been paid from remodeling and improvement funds.
- Rhatigan Student Center: The building is being remodeled. The project cost of \$339 thousand to date has been paid from student fees.
- Ulrich Museum of Art: The HVAC system is being replaced in the building. The project cost of \$32 thousand to date has been paid from repair and rehabilitation funds.

**DEBT ADMINISTRATION**

At June 30, 2011, the University had \$18.5 million in long-term revenue bond debt outstanding. Revenue bonds were approved by the Kansas Board of Regents and issued by the Kansas Development Finance Authority for the benefit of Wichita State University to finance housing renovation, WSU research and development facilities projects, and the NIAR projects. In addition, \$8.6 million in long-term leases was outstanding as of June 30, 2011.

Standard & Poors issued its A+ rating on the Wichita State University Housing System Refunding Revenue Bonds, Series 2002P.

Standard and Poors issued its A+ rating on the Wichita State University Intercollegiate Athletic Association, Inc. Project Revenue Bonds, Series 2002D.

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

**ECONOMIC OUTLOOK**

The State of Kansas Division of Budget revenue estimate as of September 9, 2011, reflects State General Fund receipts were 3.2% over the FY 2012 consensus estimate as of April 15, 2011. Tax revenues were 4.9% 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 effect 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, 2011 and 2010**

	<u>University Funds</u>		<u>Component Units (1)</u>	
	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>
<b><u>ASSETS</u></b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 80,409,392.85	\$ 67,193,481.98	\$ 17,229,423.00	\$ 15,011,407.00
Accounts receivable, net	10,054,769.91	9,807,858.29	6,849,535.00	6,288,539.00
Investments	203,432.93	201,251.83	5,697,131.00	5,962,861.00
Loans to students, net	1,624,148.67	1,504,075.32	0.00	0.00
Inventories	521,227.51	496,034.20	1,372,384.00	1,839,702.00
Prepaid expenses	847,636.98	468,059.50	165,034.00	90,483.00
Other current assets	0.00	0.00	133,704.00	148,762.00
<b>Total Current Assets</b>	<b>\$ 93,660,608.85</b>	<b>\$ 79,670,761.12</b>	<b>\$ 31,447,211.00</b>	<b>\$ 29,341,754.00</b>
<b>Noncurrent Assets</b>				
Restricted cash and cash equivalents	\$ -	\$ -	\$ 1,476.00	\$ 2,120.00
Investments	-	-	9,999,436.00	8,611,544.00
Loans to students, net	5,755,644.66	6,264,577.55	0.00	0.00
Other assets	0.00	0.00	500.00	500.00
Capital assets, net	177,836,143.22	174,084,449.35	9,555,687.00	13,728,745.00
<b>Total Noncurrent Assets</b>	<b>\$ 183,591,787.88</b>	<b>\$ 180,349,026.90</b>	<b>\$ 19,557,099.00</b>	<b>\$ 22,342,909.00</b>
<b>TOTAL ASSETS</b>	<b>\$ 277,252,396.73</b>	<b>\$ 260,019,788.02</b>	<b>\$ 51,004,310.00</b>	<b>\$ 51,684,663.00</b>
<b><u>LIABILITIES</u></b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 7,813,719.57	\$ 6,856,190.30	\$ 1,592,753.00	\$ 1,571,794.00
Deferred revenue	12,271,453.89	13,567,589.90	4,754,298.00	4,292,473.00
Loan payable	0.00	0.00	56,865.00	75,614.00
Revenue bonds payable	2,915,000.00	2,790,000.00	1,585,000.00	1,570,000.00
Lease payable	730,285.18	702,305.96	0.00	0.00
Accrued compensated absences	11,847,796.47	11,843,771.71	252,831.00	228,019.00
Deposits held in custody for others	1,189,618.69	1,036,141.88	0.00	0.00
<b>Total Current Liabilities</b>	<b>\$ 36,767,873.80</b>	<b>\$ 36,795,999.75</b>	<b>\$ 8,241,747.00</b>	<b>\$ 7,737,900.00</b>
<b>Noncurrent Liabilities</b>				
Lease payable	\$ 8,565,450.81	\$ 9,295,735.99	\$ 0.00	\$ 0.00
Other postemployment healthcare benefits	4,478,457.00	3,282,276.00	0.00	0.00
Revenue bonds payable	18,550,000.00	21,465,000.00	13,607,829.00	15,647,617.00
<b>Total Noncurrent Liabilities</b>	<b>\$ 31,593,907.81</b>	<b>\$ 34,043,011.99</b>	<b>\$ 13,607,829.00</b>	<b>\$ 15,647,617.00</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 68,361,781.61</b>	<b>\$ 70,839,011.74</b>	<b>\$ 21,849,576.00</b>	<b>\$ 23,385,517.00</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	\$ 147,075,407.23	\$ 139,831,407.40	\$ 1,128,488.00	\$ 4,189,106.00
Restricted for:				
Nonexpendable	0.00	0.00	3,528,843.00	3,430,863.00
Expendable				
Loans	9,127,047.07	9,220,796.50	0.00	0.00
Capital projects	11,799,629.41	10,096,499.43	0.00	0.00
Debt service	1,217,502.22	969,085.28	5,697,131.00	5,962,861.00
Other purposes	2,061,182.40	2,114,830.74	3,299,584.00	(2,147,405.00)
Unrestricted	37,609,846.79	26,948,156.93	15,500,688.00	16,863,721.00
<b>TOTAL NET ASSETS</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>

(1) See Appendix 1

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

	University Funds		Component Units (1)	
	FY 2011	FY 2010	FY 2011	FY 2010
<b>Operating Revenues:</b>				
Tuition and fees, net of scholarship allowances of \$14,905,085 in 2011 and \$14,862,733 in 2010	\$ 64,134,960.68	\$ 59,594,015.43	\$ 4,587,551.00	\$ 4,507,591.00
Federal grants and contracts	52,080,871.40	43,188,858.90	0.00	0.00
State and local grants and contracts	7,587,863.15	6,372,226.05	0.00	0.00
Sales and services of educational activities	26,629,768.83	26,233,447.13	13,821,627.00	12,923,463.00
Auxiliary enterprises				
Housing revenues (revenues are pledged as security for bonds)	6,255,168.15	6,181,690.44	0.00	0.00
Parking revenues (revenues are pledged as security for bonds)	1,608,400.75	1,637,196.53	0.00	0.00
Interest earned on loans to students	129,636.64	158,524.68	14,634.00	18,606.00
Other operating revenues	5,289,400.13	4,938,395.22	577,957.00	471,906.00
<b>Total Operating Revenues</b>	<b>\$ 163,716,069.73</b>	<b>\$ 148,304,354.38</b>	<b>\$ 19,001,769.00</b>	<b>\$ 17,921,566.00</b>
<b>Operating Expenses:</b>				
Instruction	\$ 56,677,647.14	\$ 56,900,594.33	\$ 0.00	\$ 0.00
Research	44,890,494.01	39,295,970.79	0.00	0.00
Public Service	18,361,409.36	15,246,416.95	632,924.00	455,407.00
Academic Support	24,262,305.65	22,928,252.30	0.00	0.00
Student Service	22,774,661.65	21,668,996.35	16,823,601.00	15,892,729.00
Institutional Support	14,933,402.41	14,673,318.17	0.00	310,605.00
Operations and Maintenance of Plant	22,593,969.98	20,981,958.41	1,617,899.00	780,625.00
Scholarships and Fellowships	22,021,930.72	16,999,109.52	6,344,073.00	6,384,865.00
Auxiliary Enterprises	4,581,778.90	6,395,952.94	0.00	0.00
Other Expenses	386,447.84	485,484.91	1,782,162.00	1,111,628.00
Depreciation	12,570,990.22	12,046,005.10	1,403,905.00	1,565,991.00
<b>Total Operating Expenses</b>	<b>\$ 244,055,037.88</b>	<b>\$ 227,622,059.77</b>	<b>\$ 28,604,564.00</b>	<b>\$ 26,501,850.00</b>
<b>Total Operating Income (Loss)</b>	<b>\$ (80,338,968.15)</b>	<b>\$ (79,317,705.39)</b>	<b>\$ (9,602,795.00)</b>	<b>\$ (8,580,284.00)</b>
<b>Non-operating Revenues (Expenses)</b>				
State appropriations	\$ 76,352,911.00	\$ 70,825,622.00	\$ 0.00	\$ 0.00
Gifts	12,841,415.62	13,887,483.10	6,112,006.00	8,496,339.00
Investment income	740,841.54	929,472.89	1,853,444.00	(1,347,875.00)
Interest expense	(1,453,134.67)	(1,733,024.08)	(746,364.00)	(848,554.00)
County tax subsidy	0.00	0.00	6,899,782.00	7,019,546.00
Other nonoperating revenues (expenses)	0.00	0.00	(1,398,886.00)	(1,449,631.00)
<b>Total Non-operating Revenues (Expenses)</b>	<b>\$ 88,482,033.49</b>	<b>\$ 83,909,553.91</b>	<b>\$ 12,719,982.00</b>	<b>\$ 11,869,825.00</b>
<b>Total Income (Loss) Before Other Revenues, Expenses, Gains and Losses</b>	<b>\$ 8,143,065.34</b>	<b>\$ 4,591,848.52</b>	<b>\$ 3,117,187.00</b>	<b>\$ 3,289,541.00</b>
<b>Other Revenue</b>				
Capital appropriations	\$ 4,300,885.22	\$ 3,587,478.80	\$ 0.00	\$ 0.00
Gifts for capital projects	3,876,442.28	1,970,474.97	230,305.00	386,155.00
Student fees for capital projects	3,389,446.00	867,000.00	749,702.00	622,673.00
Other additions, net	0.00	0.00	(3,241,606.00)	(198,951.00)
<b>Total Other Revenue</b>	<b>\$ 11,566,773.50</b>	<b>\$ 6,424,953.77</b>	<b>\$ (2,261,599.00)</b>	<b>\$ 809,877.00</b>
<b>Total Increase in Net Assets</b>	<b>\$ 19,709,838.84</b>	<b>\$ 11,016,802.29</b>	<b>\$ 855,588.00</b>	<b>\$ 4,099,418.00</b>
<b>Net Assets</b>				
<b>Net Assets - Beginning of Year</b>	<b>\$ 189,180,776.28</b>	<b>\$ 178,163,973.99</b>	<b>\$ 28,299,146.00</b>	<b>\$ 24,199,728.00</b>
<b>Net Assets - End 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>

(1) See Appendix 2

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2011**

	University Funds	
	FY 2011	FY 2010
<b>Cash Flows from Operating Activities</b>		
Tuition and fees	\$ 64,199,458.95	\$ 60,074,179.52
Sales and services of educational activities	26,600,335.20	26,153,627.18
Auxiliary enterprise charges		
Housing	6,255,168.15	6,181,690.44
Parking	1,532,236.04	1,499,667.39
Research grants and contracts	58,296,423.63	52,264,225.34
Payments to suppliers	(58,503,728.75)	(51,993,597.58)
Payments for utilities	(5,844,713.16)	(5,353,488.35)
Payments for scholarships and benefits	(22,021,930.72)	(16,999,109.52)
Compensation & benefits	(144,560,916.55)	(140,099,560.59)
Loans issued to students	(800,489.00)	(752,306.40)
Collections on loans issued to students	1,189,348.54	1,348,984.26
Other receipts (payments)	5,446,404.11	6,359,281.16
	<u>\$ (68,212,403.56)</u>	<u>\$ (61,316,407.15)</u>
<b>Net Cash Flows from Operating Activities</b>		
<b>Cash Flows from Noncapital Financing Activities</b>		
State appropriations	\$ 76,352,911.00	\$ 70,825,622.00
Gifts	12,841,415.62	13,887,483.10
Funds held for others	153,476.81	(32,535.94)
Other post employment healthcare benefits	1,196,181.00	1,088,171.00
Federal family education loan receipts	66,842,626.00	63,825,280.13
Federal family education loan disbursements	(66,842,626.00)	(63,825,280.13)
	<u>\$ 90,543,984.43</u>	<u>\$ 85,768,740.16</u>
<b>Net Cash Flows from Noncapital Financing Activities</b>		
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital appropriations	\$ 4,300,885.22	\$ 3,587,478.80
Capital gifts	3,876,442.28	1,970,474.97
Student fees for capital projects	3,389,446.00	867,000.00
Purchase of capital assets	(16,322,684.09)	(9,599,470.95)
Principal paid on capital debt and leases	(3,645,285.18)	(6,217,305.96)
Proceeds from long term debt	-	1,315,000.00
Interest paid on capital debt and leases	(1,453,134.67)	(1,733,024.08)
	<u>\$ (9,854,330.44)</u>	<u>\$ (9,809,847.22)</u>
<b>Net Cash Flows from Capital and Related Financing Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Investment income	\$ 740,841.54	\$ 929,472.89
Proceeds from sales and maturities of investments	(2,181.10)	3,102,498.14
	<u>\$ 738,660.44</u>	<u>\$ 4,031,971.03</u>
<b>Net Cash Flows from Investing Activities</b>		
<b>Net change in cash and cash equivalents</b>	<u>\$ 13,215,910.87</u>	<u>\$ 18,674,456.82</u>
<b>Cash and cash equivalents - beginning of year</b>	<u>67,193,481.98</u>	<u>48,519,025.16</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 80,409,392.85</u>	<u>\$ 67,193,481.98</u>
<b>Reconciliation</b>		
Operating income (loss)	\$ (80,338,968.15)	\$ (79,317,705.39)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	12,570,990.22	12,046,005.10
Changes in assets and liabilities:		
Accounts receivable, net	(246,911.62)	(2,496,954.86)
Loans to students, net	388,859.54	596,677.86
Current portion of long term debt	125,000.00	(60,000.00)
Current portion of long lease payable	27,979.22	26,907.26
Inventories	(25,193.31)	34,024.49
Prepaid expenses	(379,577.48)	66,007.38
Accounts payable and accrued liabilities	957,529.27	1,030,266.76
Deferred revenue	(1,296,136.01)	5,304,385.57
Accrued compensated absences	4,024.76	1,453,978.68
	<u>\$ (68,212,403.56)</u>	<u>\$ (61,316,407.15)</u>
<b>Net Cash Used in Operating Activities - Cash Flow</b>		

**Wichita State University**  
**For the Years Ended June 30, 2011 and 2010**

**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, d/b/a Rhatigan Student Center. Another component unit, the Wichita State University Board of Trustees, has been audited and presented in the GASB format.

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

**Organization.** Wichita State University (the "University") is an urban 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 (d/b/a Rhatigan Student Center), 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, 2011 and 2010**

**Notes to the Financial Statements**

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

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

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

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

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

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

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

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

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

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

**Wichita State University**  
**For the Years Ended June 30, 2011 and 2010**

**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)

**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, 2011 and 2010**

**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 2010 summer session are reported in the Statement of Revenues, Expenses and Changes in Net Assets as revenues and expenses for FY 2011. Summer session revenues received prior to June 30, 2011, are reported as deferred revenues in the Statement of Net Assets. Expenses for the summer session paid prior to June 30, 2011, 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, 2011 and 2010**

**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 2011</u>	<u>FY 2010</u>
Cash deposits with State Treasury	\$ 79,357,508.38	\$ 63,396,662.14
Cash deposits with financial institutions	257,141.13	2,997,929.70
Certificates of deposit	203,432.93	201,251.83
Repurchase agreements	794,743.34	798,890.14
	<u>\$ 80,612,825.78</u>	<u>\$ 67,394,733.81</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 2011</u>	<u>FY 2010</u>
Cash and cash equivalents	\$ 80,409,392.85	\$ 67,193,481.98
Investments (current)	203,432.93	201,251.83
	<u>\$ 80,612,825.78</u>	<u>\$ 67,394,733.81</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, 2011 and 2010**

**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 (K DFA).** 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. K DFA 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 K DFA, due to the tax-exempt status of the bonds, the general practice is that K DFA 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, K DFA 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**  
**For the Years Ended June 30, 2011 and 2010**

**Notes to the Financial Statements**

As of June 30, 2011 the University had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Certificates of Deposit	\$ 203,432.93	\$ 203,432.93
Repurchase Agreements	794,743.34	794,743.34
<b>Total</b>	<b>\$ 998,176.27</b>	<b>\$ 998,176.27</b>

**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**  
**For the Years Ended June 30, 2011 and 2010**

**Notes to the Financial Statements**

**Note 3 - CAPITAL ASSETS**

Capital asset activity for the University for the year ended June 30, 2011 is summarized as follows:

	Primary Institution			
	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011
<b>Capital Assets (Not Depreciable)</b>				
Land	\$ 3,097,702.65	\$ 50,816.14	\$ 0.00	\$ 3,148,518.79
Construction-in-Progress	5,310,606.22	10,866,652.02	7,388,054.21	8,789,204.03
<b>Total Assets - Not Depreciable</b>	<b>\$ 8,408,308.87</b>	<b>\$ 10,917,468.16</b>	<b>\$ 7,388,054.21</b>	<b>\$ 11,937,722.82</b>
<b>Intangible Assets (Being Amortized)</b>				
Software	\$ 4,032,073.64	\$ 26,050.00	\$ 0.00	\$ 4,058,123.64
<b>Capital Assets (Being Depreciated)</b>				
<b>University:</b>				
Leasehold Improvements	\$ 1,536,649.00	\$ 334,988.00	\$ 0.00	\$ 1,871,637.00
Infrastructure	17,339,766.58	0.00	0.00	17,339,766.58
Land Improvements	9,458,936.59	116,174.75	0.00	9,575,111.34
Buildings	103,561,470.56	2,328,468.25	0.00	105,889,938.81
Building Improvements	103,189,080.57	4,608,223.21	628,873.75	107,168,430.03
Equipment & Furnishings	56,521,805.77	5,315,687.73	1,612,454.45	60,225,039.05
Vehicles	2,989,859.82	63,678.20	29,177.63	3,024,360.39
<b>Subtotal University</b>	<b>\$ 294,597,568.89</b>	<b>\$ 12,767,220.14</b>	<b>\$ 2,270,505.83</b>	<b>\$ 305,094,283.20</b>
<b>Service Clearing:</b>				
Equipment	\$ 252,440.08	\$ 0.00	\$ 201,897.88	\$ 50,542.20
Vehicles	311,936.15	0.00	0.00	311,936.15
<b>Subtotal Service Clearing</b>	<b>\$ 564,376.23</b>	<b>\$ 0.00</b>	<b>\$ 201,897.88</b>	<b>\$ 362,478.35</b>
<b>Total Assets - Depreciable Basis</b>	<b>\$ 299,194,018.76</b>	<b>\$ 12,793,270.14</b>	<b>\$ 2,472,403.71</b>	<b>\$ 309,514,885.19</b>
<b>Gross Total Capital Assets</b>	<b>\$ 307,602,327.63</b>	<b>\$ 23,710,738.30</b>	<b>\$ 9,860,457.92</b>	<b>\$ 321,452,608.01</b>
<b>Accumulated Amortization</b>				
Intangible Assets (Software)	\$ 2,423,933.08	\$ 507,265.57	\$ 0.00	\$ 2,931,198.65
<b>Accumulated Depreciation</b>				
<b>University:</b>				
Leasehold Improvements	\$ 489,919.60	\$ 139,266.25	\$ 0.00	\$ 629,185.85
Infrastructure	3,727,822.37	673,537.08	0.00	4,401,359.45
Land Improvements	4,038,474.03	323,908.52	0.00	4,362,382.55
Buildings	56,848,113.87	2,161,683.94	0.00	59,009,797.81
Building Improvements	28,060,446.27	3,232,254.34	628,873.75	30,663,826.86
Equipment & Furnishings	34,826,277.86	5,343,142.87	1,612,454.45	38,556,966.28
Vehicles	2,641,326.51	139,760.75	29,177.63	2,751,909.63
<b>Subtotal University</b>	<b>\$ 130,632,380.51</b>	<b>\$ 12,013,553.75</b>	<b>\$ 2,270,505.83</b>	<b>\$ 140,375,428.43</b>
<b>Service Clearing:</b>				
Equipment	\$ 214,686.46	\$ 6,317.78	\$ 201,897.88	\$ 19,106.36
Vehicles	246,878.23	43,853.12	0.00	290,731.35
<b>Subtotal Service Clearing</b>	<b>\$ 461,564.69</b>	<b>\$ 50,170.90</b>	<b>\$ 201,897.88</b>	<b>\$ 309,837.71</b>
<b>Total Accumulated Depreciation</b>	<b>\$ 133,517,878.28</b>	<b>\$ 12,570,990.22</b>	<b>\$ 2,472,403.71</b>	<b>\$ 143,616,464.79</b>
<b>Capital Depreciable Assets - Net</b>	<b>\$ 165,676,140.48</b>	<b>\$ 222,279.92</b>	<b>\$ 0.00</b>	<b>\$ 165,898,420.40</b>
<b>Total Capital Assets - Net</b>	<b>\$ 174,084,449.35</b>	<b>\$ 11,139,748.08</b>	<b>\$ 7,388,054.21</b>	<b>\$ 177,836,143.22</b>

**Wichita State University**  
**For the Years Ended June 30, 2011 and 2010**

**Notes to the Financial Statements**

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

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable are shown in the accompanying Statement of Net Assets. The University has established an allowance for doubtful accounts for FY 2011. At June 30, 2011, net accounts receivable consisted of the following:

<u>Accounts Receivable</u>	<u>June 30, 2011 Net</u>	<u>June 30, 2010 Net</u>
Student Tuition and Fees	\$ 2,183,193.24	\$ 1,748,941.50
Student Housing Contracts	613,883.68	552,218.97
Service Clearing and Other Operating Activities	165,689.59	136,255.96
Imprest Fund	4,432.76	4,432.76
Federal, State, and Private Grants and Contracts	<u>7,087,267.94</u>	<u>7,366,009.10</u>
<b>Total Accounts Receivable</b>	<u>\$ 10,054,467.21</u>	<u>\$ 9,807,858.29</u>

**NOTE 5 - LOANS TO STUDENTS**

Student loans made through the Federal Perkins Loan Program and the Health Professions Student Loan Program comprise substantially all of the loans to students at June 30, 2011 and 2010. 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, 2011.

**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, 2011</u>	<u>June 30, 2010</u>
Summer Session	\$ 5,598,489.03	\$ 5,190,814.71
Grants and Contracts	<u>6,672,964.86</u>	<u>8,376,775.19</u>
<b>Total Deferred Revenue</b>	<u>\$ 12,271,453.89</u>	<u>\$ 13,567,589.90</u>

**Wichita State University**  
**For the Years Ended June 30, 2011 and 2010**

**Notes to the Financial Statements**

**NOTE 7 - LONG-TERM LIABILITIES**

Long-term liabilities as of June 30, 2011, consisted of the following:

<u>Liabilities</u>	<u>Total Revenue Bonds Outstanding June 30, 2010</u>	<u>Principal Payment June 30, 2011</u>	<u>Principal Additions June 30, 2011</u>	<u>Total Revenue Bonds Outstanding June 30, 2011</u>	<u>Current Liabilities as of June 30, 2011</u>	<u>Long-Term Liabilities as of June 30, 2011</u>
Revenue Bonds Payable:						
Housing System Renovation Project - Refunding Revenue Bonds Series 2002P	\$ 8,695,000.00	\$ 560,000.00	\$ 0.00	\$ 8,135,000.00	\$ 580,000.00	\$ 7,555,000.00
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
Housing System Energy Improvement Bonds Series 2010	1,315,000.00	200,000.00	0.00	1,115,000.00	215,000.00	900,000.00
WSU Research and Development Facilities Projects - Series 2005D	5,925,000.00	625,000.00	0.00	5,300,000.00	655,000.00	4,645,000.00
National Institute for Aviation Research - Research and Development Facilities Projects - Series 2005D	<u>6,015,000.00</u>	<u>1,405,000.00</u>	<u>0.00</u>	<u>4,610,000.00</u>	<u>1,465,000.00</u>	<u>3,145,000.00</u>
<b>Total Liabilities</b>	<u>\$ 24,255,000.00</u>	<u>\$ 2,790,000.00</u>	<u>\$ 0.00</u>	<u>\$ 21,465,000.00</u>	<u>\$ 2,915,000.00</u>	<u>\$ 18,550,000.00</u>

**NOTE 8 - REVENUE BONDS OUTSTANDING**

Revenue bonds payable consisted of the following as of June 30, 2011:

	<b><u>Principal Outstanding June 30, 2011</u></b>
<b><u>Housing System Revenue Project-Refunding Revenue Bonds Series 2002P</u></b>	<b>\$8,135,000.00</b>
<ul style="list-style-type: none"> <li>• Issued by Kansas Development Finance Authority on December 2, 2002</li> <li>• Original amount of \$12,150,000</li> <li>• Due in annual installments with final maturity on June 1, 2021</li> <li>• Interest ranging from 3.00% to 5.00%, payable semi-annually</li> <li>• Collateralized by dormitory fees from residential students</li> <li>• FY 2012 Principal Payment due: \$580,000</li> </ul>	
<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>	

**Wichita State University  
For the Years Ended June 30, 2011 and 2010**

**Notes to the Financial Statements**

**Kansas Development Finance Authority Revenue Bonds** **\$1,115,000.00**  
**Series 2011D, Wichita State University Housing System**  
**Energy Conservation Improvements**

- Issued by the Kansas Development Finance Authority on April 28, 2011
- Original Amount \$1,315,000
- Due in annual installments with final maturity on June 1, 2015
- Interest is 3.12% for the entire life of the issue
- Collateralized by Housing System fees assessed to residential students
- FY 2012 Principal Payment due: \$215,000

**WSU Research and Development Facilities Projects-Revenue Bonds Series 2005D** **\$5,300,000.00**  
**for the Engineering Research Laboratory Building**

- Issued by Kansas Development Finance Authority on June 2, 2005
- Original amount of \$12,180,000. In April 2006, \$4,000,000 for an icing tunnel research project was canceled due to construction bids exceeding funding. These funds were returned to KDFA for reallocation to another University in the amount of \$3,000,000 and early redemption of bond principal of \$1,000,000.
- Due in annual installments with final maturity on October 1, 2017
- Interest ranging from 3.79% to 4.95%, payable semi-annually
- Collateralized by University funds and State of Kansas appropriations
- FY 2012 Principal Payment due: \$655,000

**National Institute for Aviation Research -Research and Development Facilities-** **\$4,610,000.00**  
**Revenue Bonds Series 2005D for Aviation Research Equipment**

- Issued by Kansas Development Finance Authority on June 2, 2005
- Original amount of \$6,240,000
- Due in annual installments with final maturity on October 1, 2013
- Interest ranging from 3.79% to 4.68%, payable semi-annually
- Collateralized by State of Kansas appropriations
- FY 2012 Principal Payment due: \$1,465,000



**Wichita State University**  
**For the Years Ended June 30, 2011 and 2010**

**Notes to the Financial Statements**

Future debt service requirements for all bonds outstanding at June 30, 2011, are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	\$ 2,915,000.00	\$ 943,475.50	\$ 3,858,475.50
2013	3,040,000.00	817,204.50	3,857,204.50
2014	3,185,000.00	674,980.50	3,859,980.50
2015	1,870,000.00	564,126.00	2,434,126.00
2016	1,490,000.00	479,907.50	1,969,907.50
2017	1,565,000.00	405,612.50	1,970,612.50
2018	1,630,000.00	331,588.76	1,961,588.76
2019	795,000.00	276,806.26	1,071,806.26
2020	835,000.00	241,031.26	1,076,031.26
2021	1,835,000.00	202,412.50	2,037,412.50
2022	375,000.00	105,875.00	480,875.00
2023	940,000.00	73,000.00	1,013,000.00
2024	<u>990,000.00</u>	<u>24,750.00</u>	<u>1,014,750.00</u>
<b>Total Debt Service Requirements</b>	<b><u>\$ 21,465,000.00</u></b>	<b><u>\$ 5,140,770.28</u></b>	<b><u>\$ 26,605,770.28</u></b>

**NOTE 9 - RETIREMENT PLANS**

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

**Defined Benefit Plan**

**Kansas Public Employees Retirement System**

Classified employees participate in the Kansas Public Employees Retirement System (KPERS). Benefit provisions are established by State statute and provide retirement, disability, and death benefits to benefits 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, 2011, active KPERS members who were participating prior to July 1, 2009 were required by statute to contribute 4% and the University to contribute 8.17% 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 8.17%. The Kansas Legislature establishes and may amend active plan members' and the University's contribution rates. The University contributed \$1,502,272.92 during fiscal year 2011 and individual employees contributed \$734,366.04. On KPERS Tier 2, the University contributed \$139,144.66 and the employees contributed \$102,186.71.

**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.

**Wichita State University**  
**For the Years Ended June 30, 2011 and 2010**

**Notes to the Financial Statements**

For the year ended June 30, 2011, active KP&F members were required by statute to contribute 7% and the University to contribute 12.72% 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 \$131,158.79 during fiscal year 2011 and individual employees contributed \$72,688.93.

**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, 2011, 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 \$6,320,201.77 during fiscal year 2011 and individual employees contributed \$4,015,410.68.

**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**  
**For the Years Ended June 30, 2011 and 2010**

**Notes to the Financial Statements**

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.

Amortization of Unfunded Actuarial Accrued Liability (UAAL)	\$	537,930
Normal Cost (with Interest)		718,256
Annual Required Contribution (ARC)	\$	1,256,186
Interest on Net OPEB Obligation		126,368
Adjustment to the ARC		(186,373)
Contributions Made		0
Increase in Net OPEB Obligation	\$	1,196,181
Net OPEB Obligation July 1, 2010		3,282,276
Net OPEB Obligation June 30, 2011	\$	4,478,457

**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
2009	\$ 904,665	\$ 0	\$ 0	\$ 2,194,105
2010	1,088,171	0	0	3,282,276
2011	1,196,181	0	0	4,478,457

**Funded Status and Funding Progress – Rounded**

As of June 30, 2011, the most recent actuarial valuation date, the actuarial liability for benefits was \$10,467,765. 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 \$10,467,765. The covered payroll (annual payroll of active employees covered by the plan) was \$115,070,025, and the ratio of the UAAL to the covered payroll was 9.0%.

**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)
6/30/2009	\$ 0	\$ 7,781,981	\$ 7,781,981	\$ 0	\$ 111,697,365	7.0%
6/30/2010	0	9,424,744	9,424,744	0	111,834,381	8.0%
6/30/2011	0	10,467,765	10,467,765	0	115,070,025	9.0%

**Wichita State University**  
**For the Years Ended June 30, 2011 and 2010**

**Notes to the Financial Statements**

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, 2011 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 is currently a defendant in one lawsuit. However, University officials are of the opinion, based on the advice of in-house legal counsel, that the ultimate outcome of this litigation will not have a material effect on the future operations or financial position of the University. The University is represented in the lawsuit by the Kansas Attorney General's Office through the Kansas Tort Claims Act.

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, 2011.

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, 2011 and 2010**

**Notes to the Financial Statements**

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

The University's operating expenses for Fiscal Year 2011 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	\$ 53,122,116.13	\$ 3,552,746.38	\$ 2,784.63	\$ 0.00	\$ 0.00	\$ 56,677,647.14
Research	24,123,799.48	20,726,199.63	40,494.90	0.00	0.00	44,890,494.01
Public Service	12,167,121.59	6,175,087.60	19,200.17	0.00	0.00	18,361,409.36
Academic Support	16,848,302.24	7,414,003.41	0.00	0.00	0.00	24,262,305.65
Student Services	13,309,080.09	9,461,281.49	4,300.07	0.00	0.00	22,774,661.65
Institutional Support	10,815,585.03	4,117,817.38	0.00	0.00	0.00	14,933,402.41
Operation and Maintenance of Plant	13,507,548.35	3,817,320.05	5,269,101.58	0.00	0.00	22,593,969.98
Depreciation	0.00	507,265.57	0.00	0.00	12,063,724.65	12,570,990.22
Scholarships and Fellowships	0.00	0.00	0.00	22,021,930.72	0.00	22,021,930.72
Auxiliary Enterprises	1,397,641.19	2,675,305.90	508,831.81	0.00	0.00	4,581,778.90
Other	90,402.28	296,045.56	0.00	0.00	0.00	386,447.84
<b>Total</b>	<u>\$ 145,381,596.38</u>	<u>\$ 58,743,072.97</u>	<u>\$ 5,844,713.16</u>	<u>\$ 22,021,930.72</u>	<u>\$ 12,063,724.65</u>	<u>\$ 244,055,037.88</u>

**NOTE 13 - COMPONENT UNITS**

The following disclosure meets the requirements in **GASB Statement 14, The Financial Reporting Entity - paragraph 61 and GASB Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments - paragraph 128**. With one exception, it also complies with **Statement No. 39 of GASB - Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14**. The exception is that the University, 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, 2011 and 2010**

**Notes to the Financial Statements**

Although incorporated as a not-for-profit organization, exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, the Athletic Association is considered a governmental organization for financial reporting purposes because its governing body is appointed by Wichita State University. In the event of unilateral dissolution, its net assets revert to Wichita State University. The Athletic Association has elected to report under Financial Accounting Standards Board (FASB) pronouncements, including **FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations**. The differences between FASB and GASB reporting do not have a significant effect on net assets or the changes in net assets as of or for the year ending June 30, 2011. 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 \$749,702 for capital debt retirement in FY 2011. The State of Kansas, through the University, pays directly the salaries and fringe benefits of certain Athletic Association personnel. The financial statements reflect \$2,254,106 in FY 2011 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 \$1,247,729 in FY 2011 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 d/b/a Rhatigan Student Center (the Union) serves as the student union for Wichita State University. It is a component unit of Wichita State University. It provides a bookstore, recreation, 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, 2011, 50% of the organization's support and revenue came from student fees, 34% from gross profit on sales and 16% 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.

**Wichita State University**  
**For the Years Ended June 30, 2011 and 2010**

**Notes to the Financial Statements**

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 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 Business Office at 1845 Fairmount, Campus Box 56, Wichita, Kansas, 67260-0056.

**Wichita State University Board of Trustees**

The Wichita State University Board of Trustees (the Board of Trustees) is a governmental entity 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 2011, it furnished to the University \$3,625,235 for student support, and \$632,924 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, 2011 and 2010**

**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 totals \$12,316,635. The agreement was duly approved and authorized by the Kansas Board of Regents on February 16, 2006. The annual effective interest rate is 3.945%. The first payment was due October 1, 2006. Rental payments are due semi-annually on October 1 and April 1. 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 these 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, 2011, are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Rental Total</u>
2012	\$ 730,285.18	\$ 359,584.70	\$ 1,089,869.88
2013	759,379.07	330,490.81	1,089,869.88
2014	789,632.03	300,237.85	1,089,869.88
2015	821,090.24	268,779.64	1,089,869.88
2016	853,801.72	236,068.16	1,089,869.88
2017	887,816.39	202,053.49	1,089,869.88
2018	923,186.18	166,683.70	1,089,869.88
2019	959,965.06	129,904.82	1,089,869.88
2020	998,209.19	91,660.69	1,089,869.88
2021	1,037,976.91	51,892.97	1,089,869.88
2022	534,394.02	10,540.92	544,934.94
	<u>\$ 9,295,735.99</u>	<u>\$ 2,147,897.75</u>	<u>\$ 11,443,633.74</u>



# **APPENDICES**

## **COMPONENT UNITS**

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

	<u>Total Component Units</u>		<u>Intercollegiate Athletic Association Component Unit</u>		<u>W.S.U. Union Corporation Component Unit</u>		<u>W.S.U. Board of Trustees Component Unit</u>	
	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	\$ 17,229,423.00	\$ 15,011,407.00	\$ 9,833,376.00	\$ 8,779,224.00	\$ 3,969,765.00	\$ 3,040,010.00	\$ 3,426,282.00	\$ 3,192,173.00
Accounts receivable, net	6,849,535.00	6,288,539.00	2,969,148.00	3,095,447.00	502,083.00	322,224.00	3,378,304.00	2,870,868.00
Investments	5,697,131.00	5,962,861.00	5,024,291.00	5,154,088.00	0.00	0.00	672,840.00	808,773.00
Loans to students, net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	1,372,384.00	1,839,702.00	0.00	0.00	1,372,384.00	1,839,702.00	0.00	0.00
Prepaid expenses	165,034.00	90,483.00	120,644.00	28,619.00	44,390.00	61,864.00	0.00	0.00
Other current assets	133,704.00	148,762.00	133,704.00	148,762.00	0.00	0.00	0.00	0.00
<b>Total Current Assets</b>	<b>\$ 31,447,211.00</b>	<b>\$ 29,341,754.00</b>	<b>\$ 18,081,163.00</b>	<b>\$ 17,206,140.00</b>	<b>\$ 5,888,622.00</b>	<b>\$ 5,263,800.00</b>	<b>\$ 7,477,426.00</b>	<b>\$ 6,871,814.00</b>
<b>Noncurrent Assets</b>								
Restricted cash and cash equivalents	\$ 1,476.00	\$ 2,120.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,476.00	\$ 2,120.00
Investments	9,999,436.00	8,611,544.00	0.00	0.00	0.00	0.00	9,999,436.00	8,611,544.00
Other assets	500.00	500.00	0.00	0.00	500.00	500.00	0.00	0.00
Capital assets, net	9,555,687.00	13,728,745.00	674,151.00	4,002,803.00	738,996.00	632,851.00	8,142,540.00	9,093,091.00
<b>Total Noncurrent Assets</b>	<b>\$ 19,557,099.00</b>	<b>\$ 22,342,909.00</b>	<b>\$ 674,151.00</b>	<b>\$ 4,002,803.00</b>	<b>\$ 739,496.00</b>	<b>\$ 633,351.00</b>	<b>\$ 18,143,452.00</b>	<b>\$ 17,706,755.00</b>
<b>TOTAL ASSETS</b>	<b>\$ 51,004,310.00</b>	<b>\$ 51,684,663.00</b>	<b>\$ 18,755,314.00</b>	<b>\$ 21,208,943.00</b>	<b>\$ 6,628,118.00</b>	<b>\$ 5,897,151.00</b>	<b>\$ 25,620,878.00</b>	<b>\$ 24,578,569.00</b>
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Accounts payable and accrued liabilities	\$ 1,592,753.00	\$ 1,571,794.00	\$ 807,100.00	\$ 817,033.00	\$ 620,319.00	\$ 569,927.00	\$ 165,334.00	\$ 184,834.00
Deferred revenue	4,754,298.00	4,292,473.00	4,652,243.00	4,183,215.00	102,055.00	109,258.00	0.00	0.00
Loan payable	56,865.00	75,614.00	0.00	0.00	0.00	0.00	56,865.00	75,614.00
Revenue bonds payable	1,585,000.00	1,570,000.00	415,000.00	400,000.00	0.00	0.00	1,170,000.00	1,170,000.00
Accrued compensated absences	252,831.00	228,019.00	0.00	0.00	252,831.00	228,019.00	0.00	0.00
<b>Total Current Liabilities</b>	<b>\$ 8,241,747.00</b>	<b>\$ 7,737,900.00</b>	<b>\$ 5,874,343.00</b>	<b>\$ 5,400,248.00</b>	<b>\$ 975,205.00</b>	<b>\$ 907,204.00</b>	<b>\$ 1,392,199.00</b>	<b>\$ 1,430,448.00</b>
<b>Noncurrent Liabilities</b>								
Revenue bonds payable	\$ 13,607,829.00	\$ 15,647,617.00	\$ 6,572,829.00	\$ 7,442,617.00	\$ 0.00	\$ 0.00	\$ 7,035,000.00	\$ 8,205,000.00
<b>Total Noncurrent Liabilities</b>	<b>\$ 13,607,829.00</b>	<b>\$ 15,647,617.00</b>	<b>\$ 6,572,829.00</b>	<b>\$ 7,442,617.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 7,035,000.00</b>	<b>\$ 8,205,000.00</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 21,849,576.00</b>	<b>\$ 23,385,517.00</b>	<b>\$ 12,447,172.00</b>	<b>\$ 12,842,865.00</b>	<b>\$ 975,205.00</b>	<b>\$ 907,204.00</b>	<b>\$ 8,427,199.00</b>	<b>\$ 9,635,448.00</b>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	\$ 1,128,488.00	\$ 4,189,106.00	\$ 674,151.00	\$ 4,002,803.00	\$ 738,996.00	\$ 728,660.00	\$ (284,659.00)	\$ (542,357.00)
Restricted for:								
Nonexpendable	3,528,843.00	3,430,863.00	0.00	0.00	0.00	0.00	3,528,843.00	3,430,863.00
Expendable								
Debt service	5,697,131.00	5,962,861.00	5,024,291.00	5,154,088.00	0.00	0.00	672,840.00	808,773.00
Other purposes	3,299,584.00	(2,147,405.00)	(2,499,645.00)	(6,521,433.00)	0.00	0.00	5,799,229.00	4,374,028.00
Unrestricted	15,500,688.00	16,863,721.00	3,109,345.00	5,730,620.00	4,913,917.00	4,261,287.00	7,477,426.00	6,871,814.00
<b>TOTAL NET ASSETS</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>

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

	<u>Total Component Units</u>		<u>Intercollegiate Athletic Association Component Unit</u>		<u>W.S.U. Union Corporation Component Unit</u>		<u>W.S.U. Board of Trustees Component Unit</u>	
	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>
<b>Operating Revenues:</b>								
Student fees	\$ 4,587,551.00	\$ 4,655,694.00	\$ 2,178,419.00	\$ 2,328,419.00	\$ 2,409,132.00	\$ 2,327,275.00	\$ 0.00	\$ 0.00
Sales and services of educational activities	13,821,627.00	12,985,678.00	11,433,902.00	10,679,703.00	2,387,725.00	2,305,975.00	0.00	0.00
Interest earned on loans to students	14,634.00	33,479.00	0.00	0.00	0.00	0.00	14,634.00	33,479.00
Other operating revenues	577,957.00	634,302.00	497,550.00	562,500.00	7,940.00	37,053.00	72,467.00	34,749.00
<b>Total Operating Revenue</b>	<b>\$ 19,001,769.00</b>	<b>\$ 18,309,153.00</b>	<b>\$ 14,109,871.00</b>	<b>\$ 13,570,622.00</b>	<b>\$ 4,804,797.00</b>	<b>\$ 4,670,303.00</b>	<b>\$ 87,101.00</b>	<b>\$ 68,228.00</b>
<b>Operating Expenses:</b>								
Public Service	\$ 632,924.00	\$ 482,124.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 632,924.00	\$ 482,124.00
Academic Support	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Student Service	16,823,601.00	16,268,563.00	13,144,185.00	12,539,202.00	3,679,416.00	3,729,361.00	0.00	0.00
Institutional Support	0.00	223,492.00	0.00	0.00	0.00	0.00	0.00	223,492.00
Operations & Maintenance of Plant	1,617,899.00	657,848.00	483,219.00	329,251.00	334,680.00	328,597.00	800,000.00	0.00
Depreciation	1,403,905.00	1,366,227.00	248,248.00	227,695.00	185,418.00	170,363.00	970,239.00	968,169.00
Scholarships & Fellowships	6,344,073.00	7,399,446.00	2,626,271.00	2,441,202.00	92,567.00	97,253.00	3,625,235.00	4,860,991.00
Other Expenses	1,782,162.00	1,207,915.00	1,782,162.00	1,207,915.00	0.00	0.00	0.00	0.00
<b>Total Operating Expenses</b>	<b>\$ 28,604,564.00</b>	<b>\$ 27,605,615.00</b>	<b>\$ 18,284,085.00</b>	<b>\$ 16,745,265.00</b>	<b>\$ 4,292,081.00</b>	<b>\$ 4,325,574.00</b>	<b>\$ 6,028,398.00</b>	<b>\$ 6,534,776.00</b>
<b>Operating Income (Loss)</b>	<b>\$ (9,602,795.00)</b>	<b>\$ (9,296,462.00)</b>	<b>\$ (4,174,214.00)</b>	<b>\$ (3,174,643.00)</b>	<b>\$ 512,716.00</b>	<b>\$ 344,729.00</b>	<b>\$ (5,941,297.00)</b>	<b>\$ (6,466,548.00)</b>
<b>Nonoperating Revenues (Expenses)</b>								
Property tax	\$ 6,899,782.00	\$ 7,434,398.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 6,899,782.00	\$ 7,434,398.00
Gifts	6,112,006.00	5,310,349.00	5,863,120.00	5,164,473.00	147,206.00	139,698.00	101,680.00	6,178.00
Investment income	1,853,444.00	1,324,020.00	182,446.00	189,509.00	3,044.00	2,510.00	1,667,954.00	1,132,001.00
Interest expense	(746,364.00)	(822,495.00)	(341,010.00)	(367,421.00)	0.00	0.00	(405,354.00)	(455,074.00)
Other nonoperating revenues (expenses)	(1,398,886.00)	(1,740,334.00)	(1,304,179.00)	(1,588,117.00)	0.00	0.00	(94,707.00)	(152,217.00)
<b>Net Nonoperating Revenues</b>	<b>\$ 12,719,982.00</b>	<b>\$ 11,505,938.00</b>	<b>\$ 4,400,377.00</b>	<b>\$ 3,398,444.00</b>	<b>\$ 150,250.00</b>	<b>\$ 142,208.00</b>	<b>\$ 8,169,355.00</b>	<b>\$ 7,965,286.00</b>
<b>Income (Loss) Before Other Revenues, Expenses, Gains and Losses</b>	<b>\$ 3,117,187.00</b>	<b>\$ 2,209,476.00</b>	<b>\$ 226,163.00</b>	<b>\$ 223,801.00</b>	<b>\$ 662,966.00</b>	<b>\$ 486,937.00</b>	<b>\$ 2,228,058.00</b>	<b>\$ 1,498,738.00</b>
<b>Other Revenue</b>								
Gifts for capital projects	\$ 230,305.00	\$ 338,570.00	\$ 207,805.00	\$ 316,070.00	\$ 0.00	\$ 0.00	22,500.00	\$ 22,500.00
Student fees for capital projects	749,702.00	602,216.00	749,702.00	602,216.00	0.00	0.00	0.00	0.00
Other additions (deductions), net	(3,241,606.00)	0.00	(3,241,606.00)	0.00	0.00	0.00	0.00	0.00
<b>Net Other Revenue</b>	<b>\$ (2,261,599.00)</b>	<b>\$ 940,786.00</b>	<b>\$ (2,284,099.00)</b>	<b>\$ 918,286.00</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>\$ 855,588.00</b>	<b>\$ 3,150,262.00</b>	<b>\$ (2,057,936.00)</b>	<b>\$ 1,142,087.00</b>	<b>\$ 662,966.00</b>	<b>\$ 486,937.00</b>	<b>\$ 2,250,558.00</b>	<b>\$ 1,521,238.00</b>
<b>Net Assets</b>								
<b>Net Assets - Beginning of Year</b>	<b>28,299,146.00</b>	<b>25,148,884.00</b>	<b>8,366,078.00</b>	<b>7,223,991.00</b>	<b>4,989,947.00</b>	<b>4,503,010.00</b>	<b>14,943,121.00</b>	<b>13,421,883.00</b>
<b>Net Assets - End 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>