



**Annual Financial Report**  
for the Fiscal Year Ended June 30, 2014

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

**Wichita State University  
Fiscal Year 2014 Annual GASB Financial Report**

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**Kansas Board of Regents and University Officers**

**Kansas Board of Regents**

Andy Tompkins, President/CEO  
Kenny Wilk, Chairman  
Shane Bangerter, Vice Chairman  
Ann Brandau-Murguia  
Bill Feuerborn  
Fred Logan  
Robba Moran  
Zoe Newton  
Helen Van Etten  
Joe Bain

**University Officers**

**Officer Reporting**

Mary L. Herrin, Vice President for Administration and Finance

**Executive Administration**

John W. Bardo, President  
Anthony J. Vizzini, Provost and Senior Vice President  
Mary L. Herrin, Vice President for Administration and Finance  
Ted D. Ayres, Vice President and General Counsel  
Lou Heldman, Vice President for Strategic Communications  
John Tomblin, Vice President for Research and Technology Transfer

**Fiscal Year 2014 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 2014 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 as amended by GASB No. 61, the Financial Reporting entity**, 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 Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The notes to the financial statements present additional information to support the financial statements. Their purpose is to clarify and expand on the information in the financial statements. The University implemented **GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments and Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis for Public Colleges** during fiscal year 2004. These new standards changed the focus of the financial statements to a comprehensive one-look at the University as a whole, as opposed to the traditional presentation of fund groups. Other significant changes to the financial statements included:

- GASB Statement No. 35 categorizes the Statement of Net Position into a classified format of current and non-current. The Statement of Revenues, Expenses and Changes in Net Position categorizes revenues and expenses into operating and non-operating. Significant recurring sources of revenue are now shown as non-operating, including State appropriations, certain federal grants, and investment income. This represented 37.1% of the total University revenue for FY 2014. 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 resources.
- GASB Statement No. 35 requires the University to report accumulated depreciation on its capital assets.

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**Management's Discussion and Analysis**

- GASB Statement No. 39, as amended by GASB Statement No. 61 requires the University to discretely display in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the data for component units. The three component units are: Wichita State University Intercollegiate Athletic Association, Inc., Wichita State University Union Corporation, and Wichita State University Board of Trustees. As noted earlier, management, at the request of the WSU Foundation Board, has elected to exclude the Wichita State University Foundation.

**STATEMENT OF NET POSITION**

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

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

Net Position is divided into three categories:

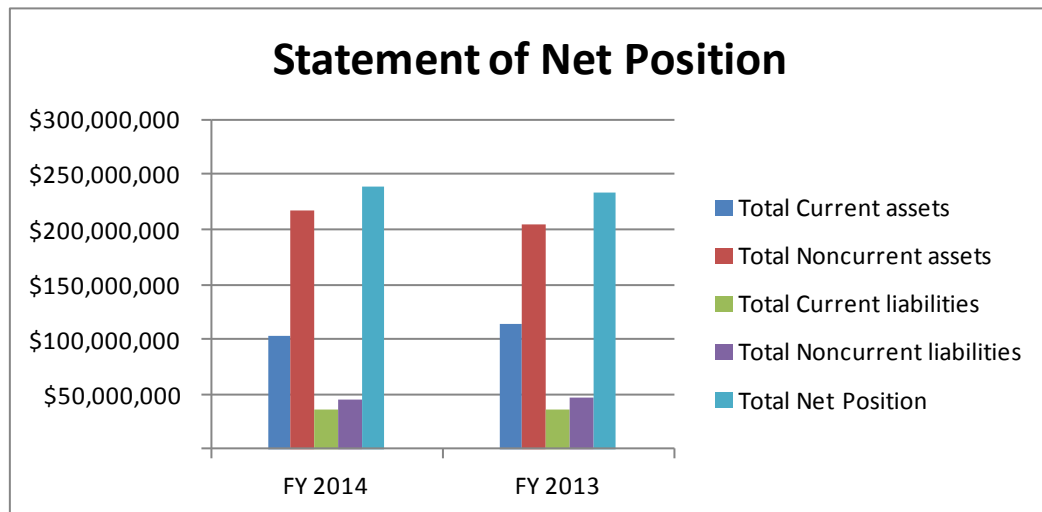
1. Net Investment in Capital Assets indicates the University's equity in property, plant and equipment owned by the University.
2. Restricted Net Position is further divided into two subcategories, non-expendable and expendable. The corpus of non-expendable restricted resources is only available for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

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**Management's Discussion and Analysis**

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

	2014	2013
Current Assets	\$ 102,724,607	\$ 113,382,260
Noncurrent Assets	217,177,534	204,216,874
Total Assets	\$ 319,902,141	\$ 317,599,134
Current Liabilities	\$ 35,960,156	\$ 36,177,389
Noncurrent Liabilities	44,912,463	46,907,488
Total Liabilities	\$ 80,872,619	\$ 83,084,877
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 172,777,541	\$ 153,317,458
Restricted Net Position	17,162,834	29,369,557
Unrestricted Net Position	49,089,147	51,827,242
Total Net Position	\$ 239,029,522	\$ 234,514,257



**Comparative Analysis of Fiscal Years 2014 and 2013**

Current assets were \$102.7 million at June 30, 2014, a decrease of \$10.7 million compared to \$113.4 million at June 30, 2013. The decrease is attributed to capital project expenditures for the Rhatigan Student Center remodeling project. This project was completed in fiscal year 2014.

Noncurrent assets increased \$13.0 million at June 30, 2014. This increase is due to a large number of construction projects in process, and projects completed in fiscal year 2014.

Current liabilities were \$36.0 million at June 30, 2014, a decrease of \$0.2 million from \$36.2 million at June 30, 2013. This decrease is immaterial.

Noncurrent liabilities decreased \$2.0 million at June 30, 2014. This is attributed to a decrease in revenue bonds payable.



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**Management's Discussion and Analysis**

Total Net Position at June 30, 2014 was \$239.0 million, a \$4.5 million increase over the prior year, or a 1.9% increase. This is comprised of unrestricted of \$49.1 million; invested in capital of \$172.8 million; \$6.8 million restricted for loans; \$9.6 million restricted for capital projects, and \$0.7 million restricted for debt service.

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

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

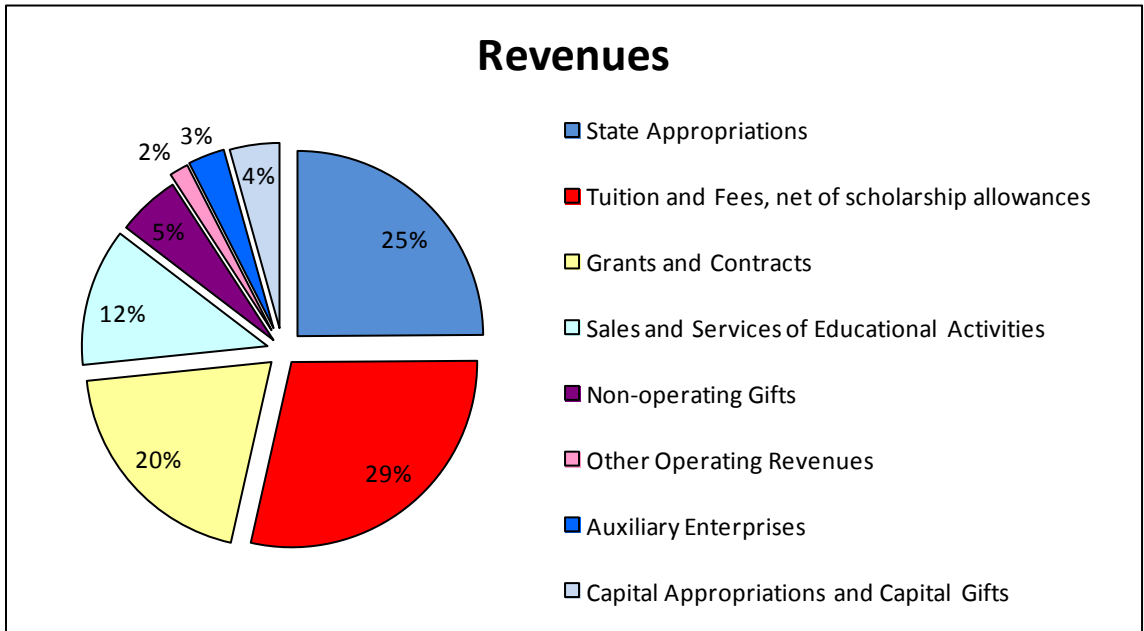
	<u>2014</u>	<u>2013</u>
Operating Revenue	\$ 156,489,673	\$ 150,572,497
Operating Expenses	261,155,083	252,287,273
Operating Loss	<u>\$ (104,665,410)</u>	<u>\$ (101,714,776)</u>
Non-operating Revenue (Expense)	\$ 97,669,766	\$ 102,308,775
Other Revenue (Expense)	11,510,909	14,979,359
Total Increase in Net Position	<u>\$ 4,515,265</u>	<u>\$ 15,573,358</u>
Net Position - Beginning of Year	\$ 234,514,257	\$ 218,940,899
Net Position - End of Year	<u><u>\$ 239,029,522</u></u>	<u><u>\$ 234,514,257</u></u>

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

**REVENUES**

Total revenues by source for the year ended June 30, 2014 are shown below:



**Comparative Analysis of Fiscal Years 2014 and 2013**

Total operating revenues at the University as of June 30, 2014, increased \$5.9 million or 3.9% over the previous year. The following is a brief summary of the significant changes:

- Tuition and fee revenues, after scholarship allowances, were \$76.2 million in FY 2014 compared to \$68.8 million in FY 2013. The \$7.4 million increase is attributed to an increase in tuition and fee rates in Fiscal Year 2014. In addition, there was an increase in non-resident student credit hours which resulted in an overall increase in tuition and fees.
- Operating federal grants and contracts decreased \$2.4 million over the previous fiscal year. This decrease is from an overall decline in the availability of federal grants.
- State and local contracts and grants decreased by \$7.6 million from FY 2013. This decrease is due to the closure of a large research educational center at the end of FY 2013.
- Sales and services of educational activities increased \$7.7 million or 32% from the previous fiscal year. This is attributed to increased lab activities in the National Institute for Aviation Research and other educational centers across campus.

Total Non-operating revenues (expenses) at the University as of June 30, 2014, decreased \$5 million or 5% over the previous year.

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**Management's Discussion and Analysis**

Total Other revenues (expenses) at the University as of June 30, 2014, decreased \$3.5 million over the previous year.

- Gifts for Capital Projects decreased \$2.6 million from FY 2013. This decrease is attributed to the completion of the capital campaign and gifts in support of the Advanced Education in General Dentistry building.

**OPERATING EXPENSES**

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

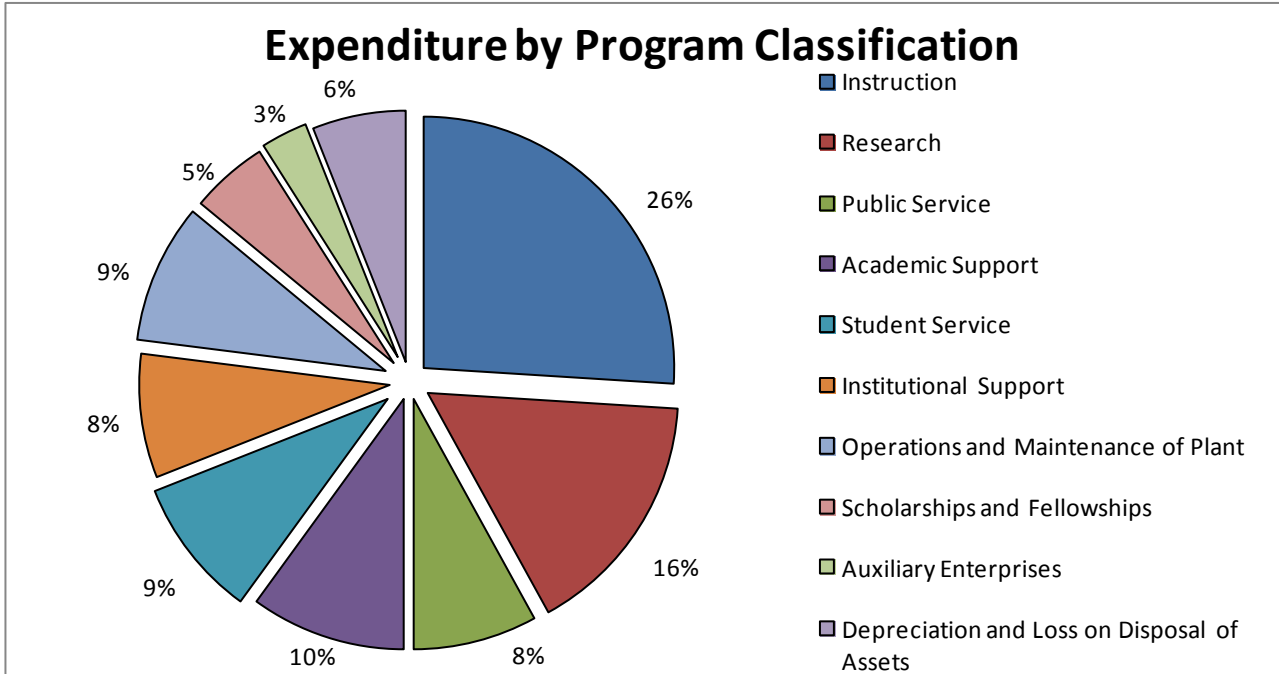
	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Total</u>
<b>Salaries and Wages</b>				
FY 2014	\$ 62,517,577	\$ 24,194,194	\$ 14,701,049	\$ 101,412,820
FY 2013	<u>61,357,832</u>	<u>21,796,237</u>	<u>13,168,272</u>	<u>96,322,341</u>
<b>Increase (Decrease)</b>	<u>\$ 1,159,745</u>	<u>\$ 2,397,957</u>	<u>\$ 1,532,777</u>	<u>\$ 5,090,479</u>
<b>Contractual and Commodities, other</b>				
FY 2014	\$ 4,388,440	\$ 16,449,252	\$ 6,034,496	\$ 26,872,188
FY 2013	<u>3,595,193</u>	<u>12,024,439</u>	<u>5,944,234</u>	<u>21,563,866</u>
<b>Increase (Decrease)</b>	<u>\$ 793,247</u>	<u>\$ 4,424,813</u>	<u>\$ 90,262</u>	<u>\$ 5,308,322</u>
<b>Capital Equipment</b>				
FY 2014	\$ 555,602	\$ 1,130,907	\$ 111,038	\$ 1,797,547
FY 2013	<u>649,888</u>	<u>6,718,516</u>	<u>408,830</u>	<u>7,777,234</u>
<b>Increase (Decrease)</b>	<u>\$ (94,286)</u>	<u>\$ (5,587,609)</u>	<u>\$ (297,792)</u>	<u>\$ (5,979,687)</u>
<b>Totals for FY 2014</b>	\$ 67,461,619	\$ 41,774,353	\$ 20,846,583	\$ 130,082,555
<b>Totals for FY 2013</b>	<u>65,602,913</u>	<u>40,539,192</u>	<u>19,521,336</u>	<u>125,663,441</u>
<b>Increase (Decrease)</b>	<u>\$ 1,858,706</u>	<u>\$ 1,235,161</u>	<u>\$ 1,325,247</u>	<u>\$ 4,419,114</u>

Expenses related to the University's mission of instruction, research and public service increased \$4.4 million in FY 2014. Increases in Salaries, Wages and related fringe benefits for faculty and unclassified staff accounted for the major changes.

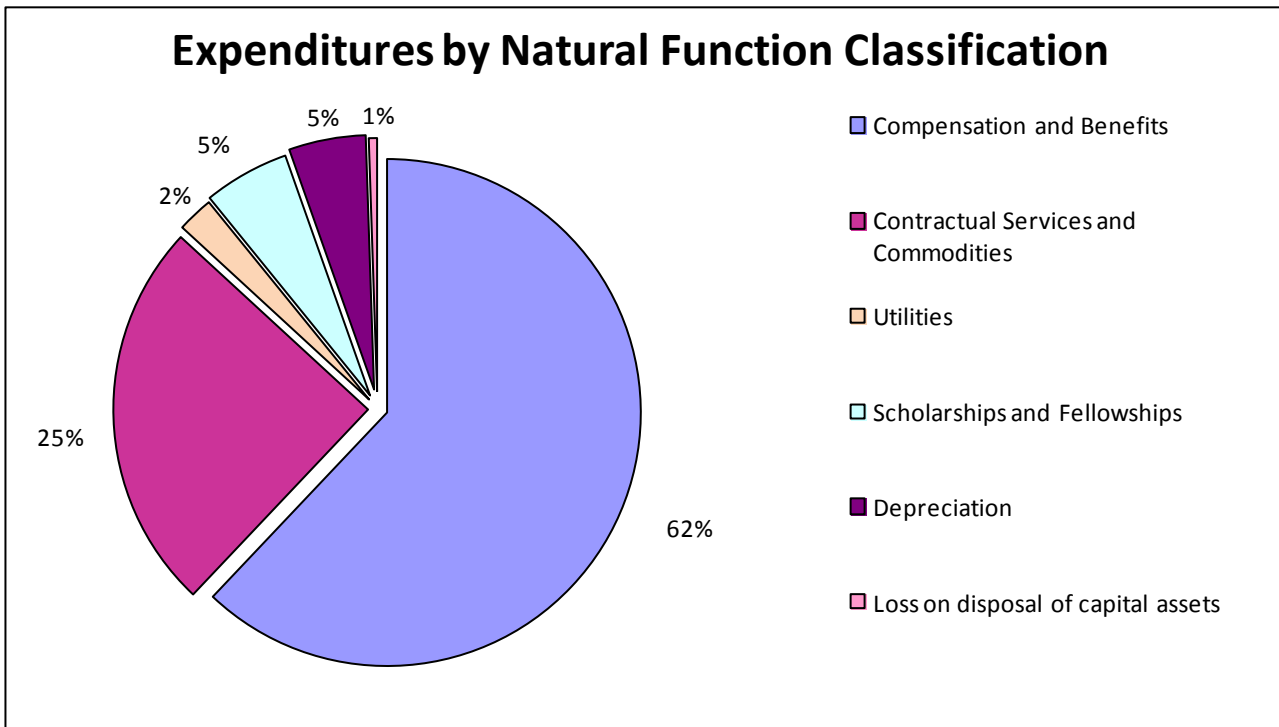
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**Management's Discussion and Analysis**

Total expenditures for the year ended June 30, 2014 by program, including operating and non-operating, are displayed below:



Expenditures for the year ended June 30, 2014 by natural function classification, including operating and non-operating, are displayed below:



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**Management's Discussion and Analysis**

**NET POSITION**

Overall, Net Position increased \$4.5 million in FY 2014 compared to an increase of \$15.6 million in FY 2013.

**STATEMENT OF CASH FLOWS**

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

**SUMMARY OF THE STATEMENT OF CASH FLOWS**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Net cash provided (used by):		
Operating activities	\$ (88,558,741)	\$ (90,452,169)
Non-capital financing activities	98,316,311	103,264,599
Capital and related financing/appropriations	(22,867,737)	(23,836,683)
Investing activities	<u>85,458</u>	<u>217,264</u>
Net increase (decrease) in cash	\$ <u>(13,024,709)</u>	\$ <u>(10,806,989)</u>
Beginning cash and cash equivalent balances	\$ <u>100,186,042</u>	\$ <u>110,993,031</u>
<b>Ending Cash and Cash Equivalent Balances</b>	<b>\$ <u>87,161,333</u></b>	<b>\$ <u>100,186,042</u></b>

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

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**Management's Discussion and Analysis**

**CAPITAL ASSETS**

The University continued to make investments in capital during FY 2014. Detailed information regarding capital asset additions, retirements and depreciation is available in Note 3 to the financial statements.

The following construction projects were completed during the current fiscal year: Ahlberg Hall classroom reconfiguration, Aircraft Structural Testing and Evaluation Center (ASTEC) leasehold improvement, Campus Exterior Lighting upgrade, Campus Parking Lot #5 expansion, Charles Koch Arena locker room upgrade, Charles Koch Arena scoreboard system replacement, Clinton Hall exterior window replacement, Devlin Hall classroom and lecture hall remodeling, Duerksen Fine Arts Center HVAC system replacement, Eck Stadium sound system replacement, Engineering Building aluminum storefront system replacement, Human Resources Center interior improvements, McKinley Hall psychology laboratory construction, National Institute for Aviation Research hydronic piping replacement, Steam and Chilled Water Lines replacement, Wilner Auditorium air handler unit replacement, Wilner Auditorium heat pump cooling system installation and Wilner Auditorium roof replacement.

The following projects are underway/committed: AEGD Building remodel, Alumni Drive Pedestrian Plaza conversion, Beggs Hall NetApp Center for Excellence construction, Beggs Hall roof replacement, Campus Electrical Meters addition, Campus Parking construction, Campus Bathroom remodel, Campus Wayfinding and Signage System addition, Charles Koch Arena boiler replacement, Clinton Hall exterior storefront and entry door replacement, Clinton Hall Koch Global Trading Center construction, Duerksen Fine Arts Center ADA compliant ramp addition, Duerksen Fine Arts Center exterior wall insulation, Engineering Building roof replacement, Engineering Building office renovation, Fiske Hall elevator and stairwell additions, Fiske Hall HVAC replacement, Geology Building air handler replacement, Grace Wilkie Hall HVAC replacement, Heskett Center HVAC replacement, Hubbard Hall Roof replacement, Hubbard Hall window replacement, Hughes Metropolitan Complex emergency generation installation, Hughes Metropolitan Complex playing field expansion and construction, Jabara Hall HVAC replacement, Jardine Hall office renovation, Lindquist Hall classroom remodeling, McKnight Arts Center roof replacement, Neff Hall HVAC replacement, National Institute of Aviation Research laboratory construction, Perimeter Road relocation, Steam Chilled Water Lines phase II replacement, Rhatigan Student Center building renovation and expansion, Technology Transfer Building construction, and Wilkins Stadium roof replacement.

**DEBT ADMINISTRATION**

At June 30, 2014, the University had \$29.3 million in long-term revenue debt outstanding as shown in Note 7-Long Term Liabilities.

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

**Wichita State University**  
**Fiscal Year 2014 Annual GASB Financial Report**

**Management's Discussion and Analysis**

**ECONOMIC OUTLOOK**

Wichita State University outlined a major expansion of the WSU campus to support job creation and a university strategy based on innovation. These changes are tied to the University's mission as "an essential educational, cultural and economic driver for Kansas and the greater public good". This expansion includes plan to begin construction in Fiscal Year 2015 of an Experiential Engineering Building tied to the University's strategic vision of being "internationally recognized for applied learning and research". It will include engineering laboratories and a maker space open to paying members which is part of a national trend toward providing expensive high end technology equipment in a center that can be accessed by students and the public to develop their ideas for inventions. Future plans include one or more partnership buildings, constructed with private funds by developers who will lease space to companies that want to work with WSU students and faculty, a new home for the W. Frank Barton School of Business with an adjacent Innovation Center, and other mixed use buildings. Funding for these projects will be attained from private developers, Mill Levy bonds, Capital Outlay Foundation campaigns, and other fees. WSU's Innovation Campus will change the way we educate and integrate with the community and the State of Kansas.

The official revenue estimate from the State of Kansas Division of Budget will not be available until November 2014, however, the current revenue collections are trending downward.

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

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

## **Financial Statements with Notes**



**WICHITA STATE UNIVERSITY  
STATEMENT OF NET POSITION  
As of June 30, 2014 and 2013**

	<u>University Funds</u>		<u>Component Units</u>	
	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2013</u>
<b><u>ASSETS</u></b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 87,161,333	\$ 100,186,042	\$ 21,644,554	\$ 17,564,532
Accounts receivable, net	11,989,199	9,803,626	5,518,762	7,886,267
Investments	166,463	166,463	24,162,000	855,810
Loans to students, net	2,058,926	1,895,708	-	-
Inventories	531,009	533,253	1,292,696	2,339,971
Prepaid expenses	817,677	797,168	189,997	112,573
Other current assets	-	-	12,493	18,046
<b>Total Current Assets</b>	<b><u>\$ 102,724,607</u></b>	<b><u>\$ 113,382,260</u></b>	<b><u>\$ 52,820,502</u></b>	<b><u>\$ 28,777,199</u></b>
<b>Noncurrent Assets</b>				
Restricted cash and cash equivalents	\$ -	\$ -	\$ -	\$ 10,176
Investments	40,000	40,000	7,861,122	10,189,531
Loans to students, net	4,788,575	5,114,314	-	-
Other assets	-	-	792,348	1,500
Capital assets, net	212,348,959	199,062,560	50,129,338	7,468,549
<b>Total Noncurrent Assets</b>	<b><u>\$ 217,177,534</u></b>	<b><u>\$ 204,216,874</u></b>	<b><u>\$ 58,782,808</u></b>	<b><u>\$ 17,669,756</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 319,902,141</u></b>	<b><u>\$ 317,599,134</u></b>	<b><u>\$ 111,603,310</u></b>	<b><u>\$ 46,446,955</u></b>

**WICHITA STATE UNIVERSITY  
STATEMENT OF NET POSITION  
As of June 30, 2014 and 2013**

	<u>University Funds</u>		<u>Component Units</u>	
	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2013</u>
<b><u>LIABILITIES</u></b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 11,789,173	\$ 9,069,037	\$ 1,769,919	\$ 2,573,497
Unearned revenue	9,246,356	9,970,965	6,005,021	5,749,119
Loan payable	-	-	1,281,050	26,055
Accrued interest	-	-	251,573	-
Revenue bonds payable	3,229,052	4,929,052	485,523	1,470,000
Lease payable	821,090	789,632	1,476,691	-
Accrued compensated absences	9,642,799	10,107,028	469,564	494,492
Deposits held in custody for others	1,231,686	1,311,675	-	-
<b>Total Current Liabilities</b>	<b>\$ 35,960,156</b>	<b>\$ 36,177,389</b>	<b>\$ 11,739,341</b>	<b>\$ 10,313,163</b>
<b>Noncurrent Liabilities</b>				
Lease payable	\$ 6,195,349	\$ 7,016,440	\$ 2,981,839	\$ -
Other postemployment healthcare benefits	6,873,000	6,032,000	-	-
Accrued compensated absences	2,518,187	849,069	-	-
Revenue bonds payable	29,325,927	33,009,979	65,187,487	5,165,000
<b>Total Noncurrent Liabilities</b>	<b>\$ 44,912,463</b>	<b>\$ 46,907,488</b>	<b>\$ 68,169,326</b>	<b>\$ 5,165,000</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 80,872,619</b>	<b>\$ 83,084,877</b>	<b>\$ 79,908,667</b>	<b>\$ 15,478,163</b>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	\$ 172,777,541	\$ 153,317,458	\$ 1,952,351	\$ 1,599,270
Restricted for:				
Nonexpendable	-	-	4,394,630	4,380,522
Expendable				
Loans	6,791,459	8,891,564	-	-
Capital projects	9,612,934	19,874,533	-	-
Debt service	758,441	603,460	188,210	855,810
Other purposes	-	-	9,055,864	8,214,519
Unrestricted	49,089,147	51,827,242	16,103,588	15,918,671
<b>TOTAL NET POSITION</b>	<b>\$ 239,029,522</b>	<b>\$ 234,514,257</b>	<b>\$ 31,694,643</b>	<b>\$ 30,968,792</b>

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**As of June 30, 2014 and 2013**

	University Funds		Component Units	
	FY 2014	FY 2013	FY 2014	FY 2013
<b>Operating Revenues:</b>				
Tuition and fees, net of scholarship allowances of \$20,547,060 in 2014 and \$19,506,419 in 2013	\$ 76,220,448	\$ 68,838,457	\$ 6,013,557	\$ 5,022,078
Federal grants and contracts	22,603,939	25,017,137	-	-
State and local grants and contracts	12,699,935	20,294,669	-	-
Sales and services of educational activities	31,994,989	24,288,611	15,353,936	15,637,016
Auxiliary enterprises				
Housing revenues (revenues are pledged as security for bonds)	6,497,722	6,572,898	-	-
Parking revenues	1,968,580	1,575,201	-	-
Interest earned on loans to students	136,825	120,075	128,784	74,123
Other operating revenues	4,367,235	3,865,449	893,795	331,249
<b>Total Operating Revenues</b>	<b>\$ 156,489,673</b>	<b>\$ 150,572,497</b>	<b>\$ 22,390,072</b>	<b>\$ 21,064,466</b>
<b>Operating Expenses:</b>				
Instruction	\$ 67,461,619	\$ 65,602,913	\$ -	\$ -
Research	41,774,353	40,539,192	-	-
Public Service	20,846,583	19,521,335	624,004	799,793
Academic Support	25,792,331	26,838,937	-	-
Student Service	24,410,806	23,649,144	20,487,780	21,455,920
Institutional Support	21,643,465	16,161,933	-	-
Operations and Maintenance of Plant	24,038,868	23,560,489	1,827,092	1,830,884
Scholarships and Fellowships	14,225,958	17,069,622	7,441,132	7,187,311
Auxiliary Enterprises	6,537,064	6,104,151	-	-
Other Expenses	317,466	378,153	2,072,712	1,656,890
Depreciation	12,736,612	12,861,404	1,359,626	1,353,969
Loss on disposal of capital assets	1,369,958	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 261,155,083</b>	<b>\$ 252,287,273</b>	<b>\$ 33,812,346</b>	<b>\$ 34,284,767</b>
<b>Total Operating Income (Loss)</b>	<b>\$ (104,665,410)</b>	<b>\$ (101,714,776)</b>	<b>\$ (11,422,274)</b>	<b>\$ (13,220,301)</b>
<b>Non-operating Revenues (Expenses)</b>				
State appropriations	\$ 66,279,677	\$ 70,047,423	\$ -	\$ -
Federal grants and contracts	17,573,026	17,979,571	-	-
Gifts	14,543,597	15,119,952	7,456,893	6,977,898
Investment income	85,458	139,484	1,552,645	1,039,395
Interest expense	(811,992)	(977,655)	(226,114)	(390,920)
County tax subsidy	-	-	7,084,310	7,108,426
Other nonoperating revenues (expenses)	-	-	(1,744,685)	(1,498,285)
<b>Total Non-operating Revenues (Expenses)</b>	<b>\$ 97,669,766</b>	<b>\$ 102,308,775</b>	<b>\$ 14,123,049</b>	<b>\$ 13,236,514</b>
<b>Total Income (Loss) Before Other Revenues, Expenses, Gains and Losses</b>	<b>\$ (6,995,644)</b>	<b>\$ 593,999</b>	<b>\$ 2,700,775</b>	<b>\$ 16,213</b>
<b>Other Revenue (Expenses)</b>				
Capital appropriations	\$ 5,490,674	\$ 6,396,697	\$ -	\$ -
Gifts for capital projects	2,620,389	5,197,616	22,500	568,060
Student fees for capital projects	3,399,846	3,385,046	165,000	527,011
Capital assets transferred to other entities	-	-	(2,162,424)	-
<b>Total Other Revenue (Expenses)</b>	<b>\$ 11,510,909</b>	<b>\$ 14,979,359</b>	<b>\$ (1,974,924)</b>	<b>\$ 1,095,071</b>
<b>Total Increase in Net Position</b>	<b>\$ 4,515,265</b>	<b>\$ 15,573,358</b>	<b>\$ 725,851</b>	<b>\$ 1,111,284</b>
<b>Net Position</b>				
<b>Net Position - Beginning of Year</b>	<b>\$ 234,514,257</b>	<b>\$ 218,940,899</b>	<b>\$ 30,968,792</b>	<b>\$ 29,857,508</b>
<b>Net Position - End of Year</b>	<b>\$ 239,029,522</b>	<b>\$ 234,514,257</b>	<b>\$ 31,694,643</b>	<b>\$ 30,968,792</b>

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF CASH FLOWS**  
For the Years Ended June 30, 2014 and 2013

	<b>University Funds</b>	
	<b>FY 2014</b>	<b>FY 2013</b>
<b>Cash Flows from Operating Activities</b>		
Tuition and fees	\$ 76,536,019	\$ 68,680,623
Sales and services of educational activities	32,003,718	24,289,102
Auxiliary enterprise charges		
Housing	6,528,338	6,449,400
Parking	1,968,580	1,575,201
Research grants and contracts	32,038,776	42,681,805
Payments to suppliers	(64,737,368)	(61,701,969)
Payments for utilities	(6,004,716)	(5,693,584)
Payments for scholarships and benefits	(14,225,958)	(17,069,622)
Compensation and benefits	(157,332,711)	(153,894,353)
Loans issued to students	(1,088,121)	(930,945)
Collections on loans issued to students	1,250,642	1,176,649
Other receipts	4,504,060	3,985,524
	<hr/>	<hr/>
<b>Net Cash Flows from Operating Activities</b>	<b>\$ (88,558,741)</b>	<b>\$ (90,452,169)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
State appropriations	\$ 66,279,677	\$ 70,047,423
Federal Grants	17,573,026	17,979,571
Gifts	14,543,597	15,119,952
Net decrease (increase) in funds held for others	(79,989)	117,653
	<hr/>	<hr/>
<b>Net Cash Flows from Noncapital Financing Activities</b>	<b>\$ 98,316,311</b>	<b>\$ 103,264,599</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital appropriations	\$ 5,490,674	\$ 6,396,697
Capital gifts	2,137,045	5,197,616
Student fees for capital projects	3,399,846	3,385,046
Purchase of capital assets	(27,392,969)	(32,364,956)
Principal paid on capital debt and leases	(5,690,341)	(5,473,430)
Interest paid on capital debt and leases	(811,992)	(977,656)
	<hr/>	<hr/>
<b>Net Cash Flows from Capital and Related Financing Activities</b>	<b>\$ (22,867,737)</b>	<b>\$ (23,836,683)</b>

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF CASH FLOWS**  
**For the Years Ended June 30, 2014 and 2013**

	University Funds	
	FY 2014	FY 2013
<b>Cash Flows from Investing Activities</b>		
Investment income	\$ 85,458	\$ 139,484
Proceeds from sales and maturities of investments	-	77,780
<b>Net Cash Flows from Investing Activities</b>	<b>\$ 85,458</b>	<b>\$ 217,264</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>\$ (13,024,709)</b>	<b>\$ (10,806,989)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>100,186,042</b>	<b>110,993,031</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 87,161,333</b>	<b>\$ 100,186,042</b>
<b>Reconciliation</b>		
Operating loss	\$ (104,665,410)	\$ (101,714,776)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	12,736,612	12,861,404
Loss on sale of assets	1,369,958	-
Changes in assets and liabilities:		
Accounts receivable, net	(2,185,573)	2,274,291
Loans to students, net	162,521	245,704
Other post employment healthcare benefits	841,001	866,000
Accrued salaries and wages	2,675,131	269,888
Inventories	2,244	23,413
Prepaid expenses	(20,509)	(36,148)
Accounts payable and accrued liabilities	45,004	(82,670)
Unearned revenue	(724,609)	(5,185,596)
Accrued compensated absences	1,204,889	26,321
<b>Net Cash Flows from Operating Activities</b>	<b>\$ (88,558,741)</b>	<b>\$ (90,452,169)</b>
<b>Supplemental Cash Flow Information</b>		
Capitalization of interest for capital assets in construction	\$ 656,823	\$ 727,835
Bond principal payments made on behalf of Wichita State University by Wichita State University Union Corporation (see Note 10)	483,343	-

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2014 and 2013**

**Notes to the Financial Statements**

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

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

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

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

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

The University conducts classes at four locations. The main campus is located at 1845 Fairmount, Wichita, Kansas. There are three satellite campuses: the West Campus is located at 3801 North Walker Avenue, Maize, Kansas, the WSU Downtown Campus is located at 358 N. Main Street, Wichita, Kansas, and the South Campus is located at 200 W. Greenway Street, Suite 15A, Derby, Kansas.

**Financial Reporting Entity.** As required by the accounting principles generally accepted by the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), these financial statements present the financial position and financial activities of the University and its component units: the WSU Intercollegiate Athletic Association, WSU Union Corporation and WSU Board of Trustees. Management, at the request of the WSU Foundation Board, has elected not to include financial statements from its component unit, Wichita State University Foundation. This election is not in conformity with generally accepted accounting principles as stated in **GASB Statement No. 14 The Financial Reporting Entity, paragraph 64, page 27, "Primary Government Separate Financial Statements" and GASB Statement No. 39 Determining Whether Certain Organizations are Component Units, as amended by GASB Statement No. 61, The Financial Reporting Entity.**

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2014 and 2013**

**Notes to the Financial Statements**

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, as amended by GASB Statement No. 61, The Financial Reporting Entity.**

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

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

**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 Position.

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

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

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

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

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

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

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2014 and 2013**

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

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

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

**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 Position, and as a component of compensation and as an expense in the Statement of Revenues, Expenses, and Changes in Net Position. The expenses are also a component of compensation and benefit expense in Note 12, "Operating Expenses by Natural Classification". (See Note 11)

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

**Noncurrent Liabilities.** Noncurrent liabilities include principal amounts of revenue bonds with contractual maturities greater than one year and certain liabilities associated with employee benefits. (See Notes 7 and 8) Also included are lease principal amounts for energy saving projects on University buildings (See Note 7). Bond premiums are capitalized and amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium.

**Deferred Inflows/Outflows.** Deferred outflows and deferred inflows result from the consumption or acquisition of net assets in one period that is applicable to future periods. These items are reported separately from assets and liabilities. Deferred outflows at June 30, 2014 and 2013 were not material to the Statement of Net Position or in the Statement of Revenues, Expenses and Changes in Net Position. There were no deferred inflows at June 30, 2014 or 2013.

**Net Position.** In accordance with GASB 63, **The Statement of Net Position** replaces **the Statement of Net Assets** and is presented in a format that displays *assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position.*

The University's net position is classified as follows:

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



**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2014 and 2013**

**Notes to the Financial Statements**

**Restricted net position - nonexpendable:** Restricted nonexpendable net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. 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 position - expendable:** Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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

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

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

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

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

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2014 and 2013**

**Notes to the Financial Statements**

**Scholarship Discounts and Allowances.** Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on behalf of the students. Certain governmental grants, such as Pell Grants, and other Federal, State or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

**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 2013 summer session are reported in the Statement of Revenues, Expenses and Changes in Net Position as revenues and expenses for FY 2014. Summer session revenues received prior to June 30, 2014, are reported as unearned revenues in the Statement of Net Position. Expenses for the summer session paid prior to June 30, 2014, 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.

**Reclassification.** Certain reclassifications have been made to the 2013 financial statements to conform to the current year's presentation. These reclassifications had no impact on total net position as previously reported.

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

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

<u>Carrying Value</u>	<u>FY 2014</u>	<u>FY 2013</u>
Cash deposits with State Treasury	\$ 85,714,039	\$ 99,165,394
Cash deposits with financial institutions	729,476	222,433
Certificates of deposit	403,815	484,212
Funds held at Pooled Money Investment Board	520,466	520,466
	<u>\$ 87,367,796</u>	<u>\$ 100,392,505</u>

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

<u>Deposits and Investments</u>	<u>FY 2014</u>	<u>FY 2013</u>
Cash and cash equivalents	\$ 87,161,333	\$ 100,186,042
Investments	206,463	206,463
	<u>\$ 87,367,796</u>	<u>\$ 100,392,505</u>

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2014 and 2013**

**Notes to the Financial Statements**

**Deposits**

The University's deposits with the State Treasurer are pooled with the funds of other State agencies and then, in accordance with statutory limitations, placed in short-term investments with the exception of bond funds. All bond proceeds are invested in conjunction with specifications stated in the bond resolutions.

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

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

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

**Investments**

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

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

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

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

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2014 and 2013**

**Notes to the Financial Statements**

As of June 30, 2014 and 2013 the University had the following investments:

<u>Investment Type</u>	<u>FY 2014</u>	<u>FY 2013</u>
Certificates of Deposit	\$ 403,815	\$ 484,212

**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 the State Treasurer and PMIB.

**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. Information about concentrations of investments with a single issuer is not provided by the State Treasurer or PMIB and therefore the University cannot provide this information.

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

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2014 and 2013**

**Notes to the Financial Statements**

**Note 3 - CAPITAL ASSETS**

Capital asset activity for the University for the years ended June 30, 2014 and 2013 are summarized as follows:

	<b>2014</b>			
	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
<b>Capital Assets, Not Depreciable</b>				
Land	\$ 3,148,519	\$ -	\$ -	\$ 3,148,519
Construction-in-Progress	23,692,836	20,902,961	11,965,448	32,630,349
<b>Total Capital Assets, Not Depreciable</b>	<b>\$ 26,841,355</b>	<b>\$ 20,902,961</b>	<b>\$ 11,965,448</b>	<b>\$ 35,778,868</b>
<b>Capital Assets, Depreciable</b>				
Leasehold Improvements	\$ 2,014,359	\$ 4,131,211	\$ -	\$ 6,145,570
Infrastructure	17,678,800	831,057	-	18,509,857
Land Improvements	9,895,037	545,863	-	10,440,900
Buildings	110,817,559	-	485,757	110,331,802
Building Improvements	119,188,565	6,301,939	1,122,100	124,368,404
Equipment & Furnishings	70,830,173	6,604,419	1,756,996	75,677,596
Intangibles, software	4,058,124	-	-	4,058,124
Vehicles	3,323,782	91,796	10,495	3,405,083
<b>Total Capital Assets, Depreciable</b>	<b>\$ 337,806,399</b>	<b>\$ 18,506,285</b>	<b>\$ 3,375,348</b>	<b>\$ 352,937,336</b>
<b>Less Accumulated Depreciation</b>				
Leasehold Improvements	\$ 1,003,260	\$ 201,309	\$ -	\$ 1,204,569
Infrastructure	5,767,421	677,990	-	6,445,411
Land Improvements	4,719,817	317,461	-	5,037,278
Buildings	63,746,196	2,404,224	448,003	65,702,417
Building Improvements	36,048,348	2,949,729	187,466	38,810,611
Equipment & Furnishings	47,452,490	5,955,399	1,308,597	52,099,292
Intangibles, software	3,693,588	179,609	-	3,873,197
Vehicles	3,154,074	50,891	10,495	3,194,470
<b>Total Accumulated Depreciation</b>	<b>\$ 165,585,194</b>	<b>\$ 12,736,612</b>	<b>\$ 1,954,561</b>	<b>\$ 176,367,245</b>
<b>Capital Depreciable Assets - Net</b>	<b>\$ 172,221,205</b>	<b>\$ 5,769,673</b>	<b>\$ 1,420,787</b>	<b>\$ 176,570,091</b>
<b>Total Capital Assets - Net</b>	<b>\$ 199,062,560</b>	<b>\$ 26,672,634</b>	<b>\$ 13,386,235</b>	<b>\$ 212,348,959</b>

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2014 and 2013**

**Notes to the Financial Statements**

	<b>2013</b>			
	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013
<b>Capital Assets, Not Depreciable</b>				
Land	\$ 3,148,519	\$ -		\$ 3,148,519
Construction-in-Progress	8,207,162	25,037,080	9,551,406	23,692,836
<b>Total Capital Assets, Not Depreciable</b>	<b>\$ 11,355,681</b>	<b>\$ 25,037,080</b>	<b>\$ 9,551,406</b>	<b>\$ 26,841,355</b>
<b>Capital Assets, Depreciable</b>				
Leasehold Improvements	\$ 2,014,359	\$ -	\$ -	\$ 2,014,359
Infrastructure	17,678,800	-	-	17,678,800
Land Improvements	9,846,862	779,431	731,256	9,895,037
Buildings	105,883,422	4,934,137	-	110,817,559
Building Improvements	115,270,164	3,946,396	27,995	119,188,565
Equipment & Furnishings	64,456,969	7,195,944	822,740	70,830,173
Intangibles, software	4,058,124	-	-	4,058,124
Vehicles	3,315,360	22,910	14,488	3,323,782
<b>Total Capital Assets, Depreciable</b>	<b>\$ 322,524,060</b>	<b>\$ 16,878,818</b>	<b>\$ 1,596,479</b>	<b>\$ 337,806,399</b>
<b>Less Accumulated Depreciation</b>				
Leasehold Improvements	\$ 801,951	\$ 201,309		\$ 1,003,260
Infrastructure	5,079,969	687,452		5,767,421
Land Improvements	4,697,161	753,912	731,256	4,719,817
Buildings	61,341,972	2,404,224	-	63,746,196
Building Improvements	33,277,114	2,799,229	27,995	36,048,348
Equipment & Furnishings	42,649,914	5,625,315	822,739	47,452,490
Intangibles, software	3,438,464	255,124		3,693,588
Vehicles	3,033,724	134,839	14,489	3,154,074
<b>Total Accumulated Depreciation</b>	<b>\$ 154,320,269</b>	<b>\$ 12,861,404</b>	<b>\$ 1,596,479</b>	<b>\$ 165,585,194</b>
<b>Capital Depreciable Assets - Net</b>	<b>\$ 168,203,791</b>	<b>\$ 4,017,414</b>	<b>\$ -</b>	<b>\$ 172,221,205</b>
<b>Total Capital Assets - Net</b>	<b>\$ 179,559,472</b>	<b>\$ 29,054,494</b>	<b>\$ 9,551,406</b>	<b>\$ 199,062,560</b>

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

**WICHITA STATE UNIVERSITY**  
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**Notes to the Financial Statements**

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable are shown in the accompanying Statement of Net Position. At June 30, 2014 and 2013 accounts receivable net of allowance for doubtful accounts consisted of the following:

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Student Tuition and Fees	\$ 7,110,588	\$ 5,871,309
Student Housing Contracts	937,097	967,713
Service Clearing and Other Operating Activities	89,599	98,328
Federal, State, and Private Grants and Contracts	8,167,875	6,576,907
Less: Allowance for doubtful accounts	(4,315,959)	(3,710,631)
<b>Total Accounts Receivable</b>	<b>\$ 11,989,199</b>	<b>\$ 9,803,626</b>

**NOTE 5 - LOANS TO STUDENTS**

Student loans made through the Federal Perkins Loan Program comprise substantially all of the loans to students at June 30, 2014 and 2013. The Programs provide for cancellation of a loan at rates from 15% to 30% per year up to a maximum of 100% if the participant complies with certain provisions.

As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans are written off and assigned to the U. S. Department of Education.

**NOTE 6 - UNEARNED REVENUES**

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

<b>Unearned Revenues</b>	<b>FY 2014</b>	<b>FY 2013</b>
Summer Session	\$ 6,436,612	\$ 6,024,045
Grants and Contracts	2,809,744	3,946,920
<b>Total Unearned Revenue</b>	<b>\$ 9,246,356</b>	<b>\$ 9,970,965</b>

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**NOTE 7 - LONG-TERM LIABILITIES**

Bond premiums are capitalized and amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums. Long-term liabilities for the years ended June 30, 2014 and 2013, consisted of the following:

	2014					
	Total		Additions	Total	Current	Long-Term
	Outstanding	Deletions	June 30, 2014	Outstanding	Liabilities as of	Liabilities as of
<b>Liabilities</b>	June 30, 2013	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014
Capital Leases Payable						
Energy efficiency lease purchase agreement	\$ 7,806,072	\$ 789,632	\$ -	\$ 7,016,440	\$ 821,090	\$ 6,195,350
Other post employment healthcare benefits	6,032,000	219,000	1,060,000	6,873,000	-	6,873,000
Accrued compensated absences	10,956,097	-	1,204,889	12,160,986	9,642,799	2,518,187
Revenue Bonds Payable:						
National Institute for Aviation Research - Research and Development Facilities Projects - 2005D	1,610,000	1,610,000	-	-	-	-
Housing System Energy Improvement Bonds Series 2010	680,000	680,000	-	-	-	-
WSU Research and Development Facilities Projects - Series 2005D	3,960,000	720,000	-	3,240,000	750,000	2,490,000
WSU Research and Development Facilities Projects - Series 2003C	2,305,000	-	-	2,305,000	-	2,305,000
WSU Revenue Bonds Series 2012A-2 (Housing 2002P Refunding)	5,350,000	560,000	-	4,790,000	590,000	4,200,000
WSU Revenue Bonds - Rhatigan Student Center Renovation Series 2012A-1	20,365,000	1,435,000	-	18,930,000	1,510,000	17,420,000
Plus Bond Premiums (Discounts)						
Unamortized Bond Premiums	3,669,031	379,052	-	3,289,979	379,052	2,910,927
<b>Total Liabilities</b>	<b>\$ 62,733,200</b>	<b>\$ 6,392,684</b>	<b>\$ 2,264,889</b>	<b>\$ 58,605,405</b>	<b>\$ 13,692,941</b>	<b>\$ 44,912,464</b>
	2013					
	Total		Additions	Total	Current	Long-Term
	Outstanding	Deletions	June 30, 2013	Outstanding	Liabilities as of	Liabilities as of
<b>Liabilities</b>	June 30, 2012	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013
Capital Leases Payable						
Energy efficiency lease purchase agreement	\$ 8,565,451	\$ 759,379	-	\$ 7,806,072	\$ 789,632	\$ 7,016,440
Other post employment healthcare benefits	5,166,000	216,000	1,082,000	6,032,000	-	6,032,000
Accrued compensated absences	10,929,775	-	26,322	10,956,097	10,107,028	849,069
Revenue Bonds Payable:						
National Institute for Aviation Research - Research and Development Facilities Projects - 2005D	3,145,000	1,535,000	-	1,610,000	1,610,000	-
Housing System Energy Improvement Bonds Series 2010	900,000	220,000	-	680,000	225,000	455,000
WSU Research and Development Facilities Projects - Series 2005D	4,645,000	685,000	-	3,960,000	720,000	3,240,000
WSU Research and Development Facilities Projects - Series 2003C	2,305,000	-	-	2,305,000	-	2,305,000
WSU Revenue Bonds Series 2012A-2 (Housing 2002P Refunding)	5,880,000	530,000	-	5,350,000	560,000	4,790,000
WSU Revenue Bonds - Rhatigan Student Center Renovation Series 2012A-1	21,730,000	1,365,000	-	20,365,000	1,435,000	18,930,000
Plus Bond Premiums (Discounts)						
Unamortized Bond Premiums	4,048,082	379,051	-	3,669,031	379,052	3,289,979
<b>Total Liabilities</b>	<b>\$ 67,314,308</b>	<b>\$ 5,689,430</b>	<b>\$ 1,108,322</b>	<b>\$ 62,733,200</b>	<b>\$ 15,825,712</b>	<b>\$ 46,907,488</b>



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**Notes to the Financial Statements**

**Revenue Bonds Payable**

Revenue bonds payable consisted of the following as of June 30, 2014:

	\$	<b>Principal Outstanding <u>June 30, 2014</u></b>
<p><b><u>WSU Research and Development Facilities Projects-Revenue Bonds Series 2005D for the Engineering Research Laboratory Building</u></b></p> <ul style="list-style-type: none"> <li>- Issued by Kansas Development Finance Authority on June 2, 2005</li> <li>- Original amount of \$12,180,000. In April 2006, \$4,000,000 for an icing tunnel research project was canceled due to construction bids exceeding funding. These funds were returned to K DFA for reallocation to another University in the amount of \$3,000,000 and early redemption of bond principal of \$1,000,000.</li> <li>- Due in annual installments with final maturity on October 1, 2017</li> <li>- Interest ranging from 3.79% to 4.95%, payable semi-annually</li> <li>- Collateralized by University funds and State of Kansas appropriations</li> <li>- FY 2015 principal payment due: \$750,000</li> </ul>	\$	3,240,000
<p><b><u>WSU Research and Development Facilities Projects-Revenue Bonds Series 2003C for the Engineering Research Laboratory Building</u></b></p> <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>	\$	2,305,000
<p><b><u>WSU Revenue Bonds Series 2012A-2 (Housing 2002P Refunding)</u></b></p> <ul style="list-style-type: none"> <li>- Issued by Kansas Development Finance Authority on May 31, 2014</li> <li>- Original amount of \$5,880,000 (Premium \$1,000,153)</li> <li>- Due in annual installments with final maturity on June 1, 2021</li> <li>- Interest 5.00%, payable semi-annually</li> <li>- Secured by WSU revenues, excluding restricted revenues</li> <li>- FY 2015 principal payment due: \$590,000</li> </ul>	\$	4,790,000
<p><b><u>WSU Revenue Bonds Series 2012A-1 (Rhatigan Student Center Renovation)</u></b></p> <ul style="list-style-type: none"> <li>- Issued by Kansas Development Finance Authority on May 31, 2014</li> <li>- Original amount of \$21,730,000.00 (Premium \$3,047,929)</li> <li>- Due in annual installments with final maturity on June 1, 2024</li> <li>- Interest ranging from 3.00% to 5.00%, payable semi-annually</li> <li>- Secured by WSU revenues, excluding restricted revenues</li> <li>- FY 2015 principal payment due: \$1,510,000</li> </ul>	\$	18,930,000
	\$	29,265,000

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Future debt service requirements for all bonds outstanding at June 30, 2014, are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2015	\$ 2,850,000	\$ 1,360,218	\$ 4,210,218
2016	2,995,000	1,208,445	4,203,445
2017	3,145,000	1,058,900	4,203,900
2018	3,290,000	901,283	4,191,283
2019	2,550,000	758,750	3,308,750
2020	2,675,000	631,250	3,306,250
2021	2,810,000	497,500	3,307,500
2022	2,495,000	347,625	2,842,625
2023	3,170,000	208,750	3,378,750
2024	3,285,000	93,600	3,378,600
Unamortized Bond Premiums	<u>3,289,979</u>	<u>-</u>	<u>3,289,979</u>
<b>Total Debt Service Requirements</b>	<u><u>\$ 32,554,979</u></u>	<u><u>\$ 7,066,321</u></u>	<u><u>\$ 39,621,300</u></u>

**Capital Leases Payable**

The University, on February 22, 2006, entered into a lease-purchase agreement and performance contract with Custom Energy Services, L.L.C. for a period of fifteen years that totaled \$12,316,635. The agreement was duly approved and authorized by the Kansas Board of Regents on February 16, 2006. The annual effective interest rate is 3.945%. The first payment was due October 1, 2006. Rental payments are due semi-annually on October 1 and April 1. The final rental payment is due October 1, 2021. Payments are to be made from University annual budget allocations. An energy audit identified over 100 energy saving measures resulting in a projected annual utility savings of \$1,173,811. These projects included lighting retrofit, water retrofit, replacement of boilers, cooling tower improvements, steam trap replacement, expansion of the energy management system and others. Custom Energy Services, L.L.C. guarantees annual savings to be at least \$1,118,277. This amount is greater than the cost of energy conservation measures, including financing cost, over the financing period. Savings from utilities are used to pay the debt service expenditures.

Future Lease-Purchase (Rental) requirements at June 30, 2014, are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Rental Total</u>
2015	\$ 821,090	\$ 268,780	\$ 1,089,870
2016	853,802	236,068	1,089,870
2017	887,817	202,053	1,089,870
2018	923,186	166,684	1,089,870
2019	959,965	129,905	1,089,870
2020-2022	<u>2,570,580</u>	<u>154,095</u>	<u>2,724,675</u>
	<u><u>\$ 7,016,440</u></u>	<u><u>\$ 1,157,585</u></u>	<u><u>\$ 8,174,025</u></u>

**WICHITA STATE UNIVERSITY**  
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**Notes to the Financial Statements**

**NOTE 8 - 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, 2014, active KPERS members who were participating prior to July 1, 2009 were required by statute to contribute 4% and the University to contribute 8.77% of the employee's covered payroll. KPERS dates effective July 1, 2009 and greater are now considered a Tier 2 KPERS member. They are required to contribute 6% and the University match is 8.77%. The Kansas Legislature establishes and may amend active plan members' and the University's contribution rates. The following table provides a summary of contributions made to the KPERS plan:

	KPERS Contributions		KPERS Tier 2 Contributions	
	Employee	Employer	Employee	Employer
2012	\$ 681,905	\$ 1,497,645	\$ 168,439	\$ 244,949
2013	622,115	1,466,515	231,567	366,449
2014	636,275	1,486,784	263,934	452,503

**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.

For the year ended June 30, 2014, active KP&F members were required by statute to contribute 7% and the University to contribute 16.43% of the employee's covered payroll. The Kansas Legislature establishes and may amend active plan members' and the University's contribution rates. The following table provides a summary of contributions made to the KP&F plan:

	KP&F Contributions		KP&F Tier 2 Contributions	
	Employee	Employer	Employee	Employer
2012	\$ 77,619	\$ 160,120	\$ -	\$ -
2013	68,691	161,227	-	-
2014	16,026	38,504	54,079	129,819

**WICHITA STATE UNIVERSITY**  
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**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, 2014, active members were required by State statute to contribute 5.5% and the University to contribute 8.5% of the employees' covered payroll. The Kansas Legislature establishes and may amend active plan members' and the University's contribution rates. The following table provides a summary of contributions made to the defined contribution plan:

	Defined Contribution Plan Contributions	
	Employee	Employer
	-----	-----
2012	\$ 4,180,323	\$ 6,574,009
2013	4,325,987	6,782,476
2014	4,465,702	6,995,951

**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 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS**

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

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

**WICHITA STATE UNIVERSITY**  
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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 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.

<b>Annual OPEB Cost for Fiscal Year 2014</b>	
Amortization of Unfunded Actuarial	
Accrued Liability (UAAL)	\$ 505,000
Normal Cost (with Interest)	<u>666,000</u>
Annual Required Contribution (ARC)	1,171,000
Interest on Net OPEB Obligation	232,000
Adjustment to the ARC	<u>(343,000)</u>
Annual OPEB Cost	<u><u>1,060,000</u></u>
<b>Employer Contributions for Fiscal Year 2014</b>	
Claims Plus Administration Costs Paid on	
Behalf of Retirees	547,000
Retiree Contributions	<u>328,000</u>
Net Employer Contributions	<u><u>219,000</u></u>
<b>Net OPEB Obligation</b>	
Net OPEB Obligation July 1, 2013	6,032,000
Annual OPEB Cost	1,060,000
Net Employer Contributions	<u>(219,000)</u>
Net OPEB Obligation June 30, 2014	<u><u>\$ 6,873,000</u></u>

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

Fiscal Year	Annual OPEB Cost	Net Employer Contributions	Percentage Contributed	End of Year Net OPEB Obligation
2012	\$ 1,032,000	\$ 235,000	23%	\$ 5,166,000
2013	1,082,000	216,000	20%	6,032,000
2014	1,060,000	219,000	21%	6,873,000

**WICHITA STATE UNIVERSITY**  
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**Notes to the Financial Statements**

**Funded Status and Funding Progress – Rounded**

As of June 30, 2014, the most recent actuarial valuation date, the actuarial liability for benefits was \$9,602,000.

The University’s policy is to fund the benefits on a pay-as-you-go basis that is paid implicitly through rate subsidization, resulting in an unfunded actuarial accrued liability of \$9,602,000. The covered payroll (annual payroll of active employees covered by the plan) was \$125,914,000, and the ratio of the UAAL to the covered payroll was 8.0%.

**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)
2011	\$ -	\$ 9,597,000	\$ 9,597,000	-%	\$ 117,932,000	8%
2013	-	9,616,000	9,616,000	-%	120,137,000	8%
2014	-	9,602,000	9,602,000	-%	125,914,000	8%

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, 2014 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 5.65% 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.

**WICHITA STATE UNIVERSITY**  
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**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

The University, as a State educational institution of Kansas, is subject to the State of Kansas self-insurance program with regard to comprehensive general liability and personal injury insurance. The University is covered by the State's umbrella insurance policies for automobile liability and the Board of Regents building, contents and business interruption insurance policy. The State of Kansas does not insure State owned automobiles for bodily injury and property damages. Also, as a State educational institution, the University is self-insured relative to worker's compensation, medical and unemployment insurance. The University does maintain specific insurance coverage as allowed by the State of Kansas and as required by outstanding revenue bond issues. The University is not aware of any significant outstanding insurance claims as of June 30, 2014.

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.

On August 1, 2013, the University entered into a management agreement with the Wichita State University Union Corporation (Union) whereby the University is to manage and operate a new housing and dining facility constructed and owned by the Union. Under the terms of the agreement, the University is obligated to make payments to the Union sufficient to cover the Union's debt service obligations on the loans used by the Union to finance the construction of the housing and dining facility. As part of this agreement, the Union also provided \$483,343 of funding to refund the remaining principal balance on the University's 2010 Housing System Energy Improvement Bonds. Commencement of this lease will occur upon completion of the facility's construction in August of 2014, at which time the University will account for this agreement as a capital lease. Lease payments will occur through fiscal year 2046, which is the term of the loan. As of June 30, 2014, anticipated future lease payments total \$128,919,510.

In Fiscal Year 2015, the Sedgwick County Public Building Commission will issue taxable and non-taxable revenue bonds on behalf of the Wichita State University Board of Trustees to assist with the construction, furnishing and equipping of portions of the Wichita State University Innovation Campus consisting of the following:

	<u>Estimated Cost (in Millions)</u>	
Experiential Engineering Learning Building Including Maker Space	\$	42.50
Razing of Wheatshocker Apartments		0.60
Road and Parking		4.60
Total (Not Including Costs for Bond Issuance)		47.70

**WICHITA STATE UNIVERSITY**  
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**Notes to the Financial Statements**

**NOTE 11 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS**

The University's operating expenses for the years ended June 30, 2014 and 2013 by functional and natural classification are as follows:

<u>Classifications</u>	2014					<u>Total</u>
	<u>Compensation and Benefits</u>	<u>Contractual Services and Commodities</u>	<u>Utilities</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	
Instruction	\$ 62,517,577	\$ 4,939,641	\$ 4,401	\$ -	\$ -	\$ 67,461,619
Research	24,194,194	17,330,456	249,703	-	-	41,774,353
Public Service	14,701,049	6,143,905	1,629	-	-	20,846,583
Academic Support	17,921,924	7,870,407	-	-	-	25,792,331
Student Services	14,037,690	10,372,997	119	-	-	24,410,806
Institutional Support	11,925,553	9,679,539	38,373	-	-	21,643,465
Operation and Maintenance of Plant	14,467,100	4,396,789	5,174,979	-	-	24,038,868
Depreciation	-	-	-	-	12,736,612	12,736,612
Scholarships and Fellowships	-	-	-	14,225,958	-	14,225,958
Auxiliary Enterprises	2,030,160	3,971,432	535,472	-	-	6,537,064
Other	256,658	60,768	40	-	-	317,466
Loss on Disposal of Assets	-	1,369,958	-	-	-	1,369,958
<b>Total</b>	<b>\$ 162,051,905</b>	<b>\$ 66,135,892</b>	<b>\$ 6,004,716</b>	<b>\$ 14,225,958</b>	<b>\$ 12,736,612</b>	<b>\$ 261,155,083</b>

<u>Classifications</u>	2013					<u>Total</u>
	<u>Compensation and Benefits</u>	<u>Contractual Services and Commodities</u>	<u>Utilities</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	
Instruction	\$ 61,357,832	\$ 4,244,693	\$ 388	\$ -	\$ -	\$ 65,602,913
Research	21,796,238	18,540,096	202,858	-	-	40,539,192
Public Service	13,168,271	6,347,751	5,313	-	-	19,521,335
Academic Support	17,776,131	9,061,734	1,072	-	-	26,838,937
Student Services	13,743,386	9,905,240	518	-	-	23,649,144
Institutional Support	11,761,810	4,400,123	-	-	-	16,161,933
Operation and Maintenance of Plant	13,627,206	4,965,791	4,967,492	-	-	23,560,489
Depreciation	-	-	-	-	12,861,404	12,861,404
Scholarships and Fellowships	-	-	-	17,069,622	-	17,069,622
Auxiliary Enterprises	1,804,807	3,783,401	515,943	-	-	6,104,151
Other	20,882	357,271	-	-	-	378,153
<b>Total</b>	<b>\$ 155,056,563</b>	<b>\$ 61,606,100</b>	<b>\$ 5,693,584</b>	<b>\$ 17,069,622</b>	<b>\$ 12,861,404</b>	<b>\$ 252,287,273</b>



**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2014 and 2013**

**Notes to the Financial Statements**

**NOTE 12 - COMPONENT UNITS**

The following disclosure meets the requirements in **GASB Statement 14, The Financial Reporting Entity - paragraph 61 and GASB Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments - paragraph 128**. 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.

The Athletic Association prepares its financial statements according to Financial Accounting Standards Board (FASB) pronouncements including **Accounting Standard Codification Topic 958, Not-for-profit entities**. The Athletic Association is recognized by the Internal Revenue Service as tax exempt under Section 501(c)(3) of the Internal Revenue Code. The State of Kansas also recognizes the exemption. The Athletic Association is reported as a component unit by the University.

All land and structures, pertinent to the operation of the Athletic Association, are owned by the State of Kansas and have not been reflected as assets of the Athletic Association. The Student Government Association, through the University, allocates annually a portion of the student fees collected for support of the Athletic Association. This revenue amount was reflected on the financial statements in the amount of \$2,945,501 for operations and \$165,000 for capital debt retirement in FY 2014. The State of Kansas, through the University, pays directly the salaries and fringe benefits of certain Athletic Association personnel. The financial statements reflect \$2,756,547 in FY 2014 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 \$1,647,188 in FY 2014 and have been reflected in the Athletic Association's financial statements as indirect facilities and administrative support.

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2014 and 2013**

**Notes to the Financial Statements**

The Wichita State University Foundation (the Foundation) coordinates fund-raising for and manages investments on behalf of the University and the Athletic Association. Funds held by the Foundation, which are designated for Athletics and controlled by the Athletic Association, are included in the Athletic Association's financial statements. The Foundation holds certain funds designated for athletics, which are not controlled by the Athletic Association. Such funds are comprised primarily of endowed scholarship funds. The Athletic Association records contributions when such funds are disbursed to the Athletic Association for their restricted use.

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

**Wichita State University Union Corporation**

Wichita State University Union Corporation (the Union) serves as the student union for Wichita State University. It is a component unit of Wichita State University. It provides a bookstore, recreation, student activities, and an outsourced dining service to benefit the faculty, staff, students and alumni of the University. It also rents meeting room space to the University for student, faculty, and staff groups. The Union Corporation will also own and operate, through a management agreement with the University, Shocker Hall, a 332 unit, 784 bed, student housing and dining facility on the campus of the University. Construction on Shocker Hall will be complete in August 2014.

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

The Union prepares its financial statements according to Financial Accounting Standards Board (FASB) pronouncements including **FASB Accounting Standard Codification Topic 958, Not-for-profit entities**. The organization is recognized by the Internal Revenue Service as tax exempt under Section 501(c)(3) of the Internal Revenue Code. The State of Kansas also recognizes the exemption.

For the year ended June 30, 2014, 56% of the organization's support and revenue came from student fees, 30% from gross profit on sales and 14% from other sources. Contributions are recognized when the donor makes an in-substance, unconditional pledge or outright cash gift. Donor wishes and restrictions dictate classification of the gifts as unrestricted, temporarily restricted or permanently restricted.

The Union buildings became the property of the State of Kansas when the University became a part of the State system on July 1, 1964. The Union does not recognize the buildings as assets on its financial statements. Building improvements, furniture and equipment are depreciated and recorded on the University financial statements. Methods of depreciation follow the guidelines established by the universities in the State of Kansas Regents System.

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

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2014 and 2013**

**Notes to the Financial Statements**

**Wichita State University Board of Trustees**

The Wichita State University Board of Trustees (the Board of Trustees) is a governmental entity created by the State of Kansas Legislature in the 1963 Session when WSU became a part of the State’s higher educational system. The Board of Trustees was established for educational enrichment purposes of Wichita State University. The Board of Trustees is reported as a component unit of Wichita State University.

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

The Board of Trustees' financial Statements are prepared in accordance with generally accepted accounting principles (GAAP). **The Governmental Accounting Standards Board (GASB) Statements No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended by GASB Statement No. 35 Basis Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities and with GASB Statement No. 39 Determining Whether Certain Organizations are Component Units, as amended by GASB Statement No. 61, The Financial Reporting Entity** are incorporated in the Board of Trustees’ statements.

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

The Board of Trustees furnishes support to Wichita State University from the 1.5 mill levy funding. During FY 2014, it furnished to the University \$4,459,095 for student support, and \$624,004 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.

**NOTE 13 – OPERATING LEASES**

Within the normal course of operations, the University has entered into various lease agreements considered to be operating leases under accounting standards. The following table summarizes future minimum lease obligations under these leases at June 30, 2014:

<u>Year Ending June 30:</u>	<u>Lease Obligation</u>
2015	\$ 1,454,216
2016	1,149,769
2017	1,066,302
2018	998,161
2019	543,900
2020-2024	1,471,600
2025-2029	47,700
TOTAL	<u>\$ 6,731,647</u>

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2014 and 2013**

**Notes to the Financial Statements**

**NOTE 14 – NEW GASB STATEMENTS**

Wichita State University has adopted the following three newly enacted GASB (Governmental Accounting Standards Board) Statements:

1. **GASB 62**, (*Codification of Accounting and Financial Reporting Guidance...*) – Effective fiscal year 2013
2. **GASB 63**, (*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*) – Effective fiscal year 2013
3. **GASB 65**, (*Items Previously Reported as Assets and Liabilities*) – Effective fiscal year 2014

**GASB 62.** One of the main focuses of this statement includes the Capitalization of Interest related to on-going construction. The University has adopted this statement beginning in FY 2014. As a result, \$.7 million of interest payments are capitalized as part of construction in progress.

**GASB 63.** This statement focuses on two new elements of the Financial Statement, deferred outflows and deferred inflows, which are reported separately from assets and liabilities. Deferred outflows and deferred inflows result from the consumption or acquisition of net assets in one period that are applicable to future periods. **The Statement of Net Position** replaces **the Statement of Net Assets** and should present the Statement of Net Position in a format that displays *assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position*. FY 2013 Financials have been restated to display the new format.

**GASB 65.** This Statement establishes accounting and financial reporting standards that reclassify items that were previously reported as assets and liabilities, as deferred outflows or deferred inflows.

**Debt issuance costs** should no longer be reported as an asset and recognized as an expense over the life of the related debt. Instead, GASB concluded that these costs should be recognized as an expense in the reporting period in which they are incurred.

**Losses/gains related to the refunding of debt** should no longer be reported as an asset/liability, but instead reported as a deferred outflow/inflow. The loss/gain is still the difference between the reacquisition price and the net carrying amount of the old debt and should be recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Deferred Outflows at June 30, 2014 and June 30, 2013 were not material to the Statement of Net Position or to the Statement of Revenues, Expenses and Changes in Net Position. There were no Deferred Inflows at June 30, 2014 or June 30, 2013.

## **APPENDICES**

### **COMPONENT UNITS**

**Appendix 1**  
**WICHITA STATE UNIVERSITY**  
**STATEMENT OF NET POSITION**  
**For The Years Ended June 30, 2014 and 2013**

	<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 2014</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2013</u>
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	\$ 21,644,554	\$ 17,564,532	\$ 10,155,824	\$ 10,294,431	\$ 5,150,274	\$ 4,333,385	\$ 6,338,456	\$ 2,936,716
Accounts receivable, net	5,518,762	7,886,267	3,969,028	3,844,209	608,315	635,676	941,419	3,406,382
Investments	24,162,000	855,810	188,210	183,201	20,653,984	-	3,319,806	672,609
Loans to students, net	-	-	-	-	-	-	-	-
Inventories	1,292,696	2,339,971	-	-	1,292,696	2,339,971	-	-
Prepaid expenses	189,997	112,573	162,652	75,163	27,345	37,410	-	-
Other current assets	12,493	18,046	12,493	18,046	-	-	-	-
<b>Total Current Assets</b>	<b>\$ 52,820,502</b>	<b>\$ 28,777,199</b>	<b>\$ 14,488,207</b>	<b>\$ 14,415,050</b>	<b>\$ 27,732,614</b>	<b>\$ 7,346,442</b>	<b>\$ 10,599,681</b>	<b>\$ 7,015,707</b>
<b>Noncurrent Assets</b>								
Restricted cash and cash equivalents	\$ -	\$ 10,176	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,176
Investments	7,861,122	10,189,531	-	-	-	-	7,861,122	10,189,531
Other assets	792,348	1,500	-	-	792,348	1,500	-	-
Capital assets, net	50,129,338	7,468,549	407,741	487,772	44,207,287	484,116	5,514,310	6,496,661
<b>Total Noncurrent Assets</b>	<b>\$ 58,782,808</b>	<b>\$ 17,669,756</b>	<b>\$ 407,741</b>	<b>\$ 487,772</b>	<b>\$ 44,999,635</b>	<b>\$ 485,616</b>	<b>\$ 13,375,432</b>	<b>\$ 16,696,368</b>
<b>TOTAL ASSETS</b>	<b>\$ 111,603,310</b>	<b>\$ 46,446,955</b>	<b>\$ 14,895,948</b>	<b>\$ 14,902,822</b>	<b>\$ 72,732,249</b>	<b>\$ 7,832,058</b>	<b>\$ 23,975,113</b>	<b>\$ 23,712,075</b>
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Accounts payable and accrued liabilities	\$ 1,769,919	\$ 2,573,497	\$ 1,420,849	\$ 1,867,895	\$ 281,070	\$ 587,378	\$ 68,000	\$ 118,224
Deferred revenue	6,005,021	5,749,119	5,973,319	5,392,430	31,702	356,689	-	-
Loan payable	1,281,050	26,055	1,195,321	-	-	-	85,729	26,055
Accrued interest	251,573	-	-	-	251,573	-	-	-
Revenue bonds payable	485,523	1,470,000	144,000	140,000	341,523	-	-	1,330,000
Lease payable	1,476,691	-	-	-	-	-	1,476,691	-
Accrued compensated absences	469,564	494,492	-	-	469,564	494,492	-	-
<b>Total Current Liabilities</b>	<b>\$ 11,739,341</b>	<b>\$ 10,313,163</b>	<b>\$ 8,733,489</b>	<b>\$ 7,400,325</b>	<b>\$ 1,375,432</b>	<b>\$ 1,438,559</b>	<b>\$ 1,630,420</b>	<b>\$ 1,474,279</b>
<b>Noncurrent Liabilities</b>								
Lease payable	\$ 2,981,839	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,981,839	\$ -
Revenue bonds payable	65,187,487	5,165,000	626,000	770,000	64,561,487	-	-	4,395,000
<b>Total Noncurrent Liabilities</b>	<b>\$ 68,169,326</b>	<b>\$ 5,165,000</b>	<b>\$ 626,000</b>	<b>\$ 770,000</b>	<b>\$ 64,561,487</b>	<b>\$ -</b>	<b>\$ 2,981,839</b>	<b>\$ 4,395,000</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 79,908,667</b>	<b>\$ 15,478,163</b>	<b>\$ 9,359,489</b>	<b>\$ 8,170,325</b>	<b>\$ 65,936,919</b>	<b>\$ 1,438,559</b>	<b>\$ 4,612,259</b>	<b>\$ 5,869,279</b>
<b>NET POSITION</b>								
Net investment in capital assets	\$ 1,952,351	\$ 1,599,270	\$ 407,741	\$ 487,772	\$ 574,559	\$ 484,116	\$ 970,051	\$ 627,382
Restricted for:								
Nonexpendable	4,394,630	4,380,522	-	-	-	-	4,394,630	4,380,522
Expendable								
Debt service	188,210	855,810	188,210	183,201	-	-	-	672,609
Other purposes	9,055,864	8,214,519	2,693,744	3,393,645	-	-	6,362,120	4,820,874
Unrestricted	16,103,588	15,918,671	2,246,764	2,667,879	6,220,771	5,909,383	7,636,053	7,341,409
<b>TOTAL NET POSITION</b>	<b>\$ 31,694,643</b>	<b>\$ 30,968,792</b>	<b>\$ 5,536,459</b>	<b>\$ 6,732,497</b>	<b>\$ 6,795,330</b>	<b>\$ 6,393,499</b>	<b>\$ 19,362,854</b>	<b>\$ 17,842,796</b>

**Appendix 2**  
**WICHITA STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For The Years Ended June 30, 2014 and 2013**

	<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 2014</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2013</u>
<b>Operating Revenues:</b>								
Student fees	\$ 6,013,557	\$ 5,022,078	\$ 2,945,501	\$ 2,400,501	\$ 3,068,056	\$ 2,621,577	\$ -	\$ -
Sales and services of educational activities	15,353,936	15,637,016	13,098,552	13,473,418	2,255,384	2,163,598	-	-
Interest earned on loans to students	128,784	74,123	-	-	-	-	128,784	74,123
Other operating revenues	893,795	331,249	832,682	272,764	48,613	28,485	12,500	30,000
<b>Total Operating Revenue</b>	<b>\$ 22,390,072</b>	<b>\$ 21,064,466</b>	<b>\$ 16,876,735</b>	<b>\$ 16,146,683</b>	<b>\$ 5,372,053</b>	<b>\$ 4,813,660</b>	<b>\$ 141,284</b>	<b>\$ 104,123</b>
<b>Operating Expenses:</b>								
Public Service	\$ 624,004	\$ 799,793	\$ -	\$ -	\$ -	\$ -	\$ 624,004	\$ 799,793
Academic Support	-	-	-	-	-	-	-	-
Student Service	20,487,780	21,455,920	16,040,103	17,331,909	4,447,677	4,124,011	-	-
Institutional Support	-	-	-	-	-	-	-	-
Operations & Maintenance of Plant	1,827,092	1,830,884	667,533	761,923	358,575	268,961	800,984	800,000
Depreciation	1,359,626	1,353,969	148,305	193,177	228,970	182,144	982,351	978,648
Scholarships & Fellowships	7,441,132	7,187,311	2,897,210	2,732,273	84,827	84,227	4,459,095	4,370,811
Other Expenses	2,072,712	1,656,890	2,072,712	1,656,890	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 33,812,346</b>	<b>\$ 34,284,767</b>	<b>\$ 21,825,863</b>	<b>\$ 22,676,172</b>	<b>\$ 5,120,049</b>	<b>\$ 4,659,343</b>	<b>\$ 6,866,434</b>	<b>\$ 6,949,252</b>
<b>Operating Income (Loss)</b>	<b>\$ (11,422,274)</b>	<b>\$ (13,220,301)</b>	<b>\$ (4,949,128)</b>	<b>\$ (6,529,489)</b>	<b>\$ 252,004</b>	<b>\$ 154,317</b>	<b>\$ (6,725,150)</b>	<b>\$ (6,845,129)</b>
<b>Nonoperating Revenues (Expenses)</b>								
Property tax	\$ 7,084,310	\$ 7,108,426	\$ -	\$ -	\$ -	\$ -	\$ 7,084,310	\$ 7,108,426
Gifts	7,456,893	6,977,898	7,295,736	6,238,754	147,049	123,368	14,108	615,776
Investment income	1,552,645	1,039,395	143,651	185,241	2,778	3,842	1,406,216	850,312
Interest expense	(226,114)	(390,920)	(36,132)	(84,469)	-	-	(189,982)	(306,451)
Other nonoperating revenues (expenses)	(1,744,685)	(1,498,285)	(1,652,741)	(1,372,069)	-	-	(91,944)	(126,216)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 14,123,049</b>	<b>\$ 13,236,514</b>	<b>\$ 5,750,514</b>	<b>\$ 4,967,457</b>	<b>\$ 149,827</b>	<b>\$ 127,210</b>	<b>\$ 8,222,708</b>	<b>\$ 8,141,847</b>
<b>Income (Loss) Before Other Revenues, (Expenses)</b>	<b>\$ 2,700,775</b>	<b>\$ 16,213</b>	<b>\$ 801,386</b>	<b>\$ (1,562,032)</b>	<b>\$ 401,831</b>	<b>\$ 281,527</b>	<b>\$ 1,497,558</b>	<b>\$ 1,296,718</b>
<b>Other Revenue (Expenses)</b>								
Gifts for capital projects	\$ 22,500	\$ 568,060	\$ -	\$ 545,560	\$ -	\$ -	\$ 22,500	\$ 22,500
Student fees for capital projects	165,000	527,011	165,000	527,011	-	-	-	-
Capital assets transferred to other entities	(2,162,424)	-	(2,162,424)	-	-	-	-	-
<b>Net Other Revenue (Expenses)</b>	<b>\$ (1,974,924)</b>	<b>\$ 1,095,071</b>	<b>\$ (1,997,424)</b>	<b>\$ 1,072,571</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,500</b>	<b>\$ 22,500</b>
<b>Increase in Net Position</b>	<b>\$ 725,851</b>	<b>\$ 1,111,284</b>	<b>\$ (1,196,038)</b>	<b>\$ (489,461)</b>	<b>\$ 401,831</b>	<b>\$ 281,527</b>	<b>\$ 1,520,058</b>	<b>\$ 1,319,218</b>
<b>Net Position</b>								
<b>Net Position - Beginning of Year</b>	<b>30,968,792</b>	<b>29,857,508</b>	<b>6,732,497</b>	<b>7,221,958</b>	<b>6,393,499</b>	<b>6,111,972</b>	<b>17,842,796</b>	<b>16,523,578</b>
<b>Net Position - End of Year</b>	<b>\$ 31,694,643</b>	<b>\$ 30,968,792</b>	<b>\$ 5,536,459</b>	<b>\$ 6,732,497</b>	<b>\$ 6,795,330</b>	<b>\$ 6,393,499</b>	<b>\$ 19,362,854</b>	<b>\$ 17,842,796</b>

**Appendix 3**  
**WICHITA STATE UNIVERSITY FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 10,207,569	\$ 9,025,134
Pledges receivable, less allowance for uncollectible pledges (2014, \$167,692; 2013, \$165,733)	6,123,181	6,005,256
Contributions receivable	-	3,000,000
Investments	227,633,268	205,986,613
Mortgage receivable	43,752	46,025
Real estate	597,175	597,175
Buildings, equipment and software, at cost, less accumulated depreciation	169,377	176,602
Cash surrender value of life insurance	3,984,207	3,788,218
Collections	15,867,188	15,421,595
Other assets	1,004,615	251,983
<b>TOTAL ASSETS</b>	<b>\$ 265,630,332</b>	<b>\$ 244,298,601</b>
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued liabilities	\$ 433,948	\$ 389,998
Annuities payable	831,405	918,993
Due to WSU Alumni Association	1,588,844	1,441,274
Due to WSU Board of Trustees	6,959,244	6,439,939
Due to WSU Departments	1,144,685	1,664,344
Due to WSU Intercollegiate Athletic Association, Inc	6,161,864	6,588,405
<b>TOTAL LIABILITIES</b>	<b>\$ 17,119,990</b>	<b>\$ 17,442,953</b>
<b><u>NET ASSETS</u></b>		
Unrestricted		
Unrestricted	\$ 6,146,005	\$ 5,717,882
Designated by the Board for endowment purposes	450,000	450,000
Total unrestricted	6,596,005	6,167,882
Temporarily restricted	82,514,764	66,891,907
Permanently restricted	159,399,573	153,795,859
<b>TOTAL NET ASSETS</b>	<b>\$ 248,510,342</b>	<b>\$ 226,855,648</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 265,630,332</b>	<b>\$ 244,298,601</b>



**Appendix 3**  
**WICHITA STATE UNIVERSITY FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**For The Years Ended June 30, 2014 and 2013**

	2014			2013	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>					
Contributions	\$ 396,655	\$ 5,487,920	\$ 5,603,714	\$ 11,488,289	\$ 14,152,844
Net investment return	1,760,455	21,805,834	-	23,566,289	14,459,718
(Loss) gain on property	(5,500)	-	-	(5,500)	2,500
Other income	2,715,360	-	-	2,715,360	2,929,333
Net assets released from restriction	11,670,897	(11,670,897)	-	-	-
<b>TOTAL REVENUE, GAINS, AND OTHER SUPPORT</b>	<b>\$ 16,537,867</b>	<b>\$ 15,622,857</b>	<b>\$ 5,603,714</b>	<b>\$ 37,764,438</b>	<b>\$ 31,544,395</b>
<b>EXPENSES</b>					
Program services:					
Scholarships	4,995,173	-	-	4,995,173	4,884,319
University Support	6,675,724	-	-	6,675,724	6,180,330
Support activities:					
Management and general	2,354,125	-	-	2,354,125	2,254,933
Fund raising	2,084,722	-	-	2,084,722	1,936,549
<b>TOTAL EXPENSES</b>	<b>\$ 16,109,744</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,109,744</b>	<b>\$ 15,256,131</b>
<b>Change In Net Assets</b>	<b>428,123</b>	<b>15,622,857</b>	<b>5,603,714</b>	<b>21,654,694</b>	<b>16,288,264</b>
<b>Net Assets, Beginning Of Year</b>	<b>\$ 6,167,882</b>	<b>\$ 66,891,907</b>	<b>\$ 153,795,859</b>	<b>\$ 226,855,648</b>	<b>\$ 210,567,384</b>
<b>Net Assets, End Of Year</b>	<b>\$ 6,596,005</b>	<b>\$ 82,514,764</b>	<b>\$ 159,399,573</b>	<b>\$ 248,510,342</b>	<b>\$ 226,855,648</b>