



WICHITA STATE
UNIVERSITY



ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2023





**A COMPONENT UNIT OF THE STATE OF KANSAS
ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEARS ENDED
JUNE 30, 2023 AND JUNE 30, 2022

Prepared by: Department of Finance & Administration

INTRODUCTORY SECTION

WICHITA STATE UNIVERSITY
Annual Financial Report
For the Fiscal Years Ended
June 30, 2023 and 2022

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Introductory Section

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**WICHITA STATE UNIVERSITY
Annual Financial Report
For the Fiscal Years Ended
June 30, 2023 and 2022**

PRINCIPAL OFFICIALS

KANSAS BOARD OF REGENTS

Blake Flanders, President and CEO

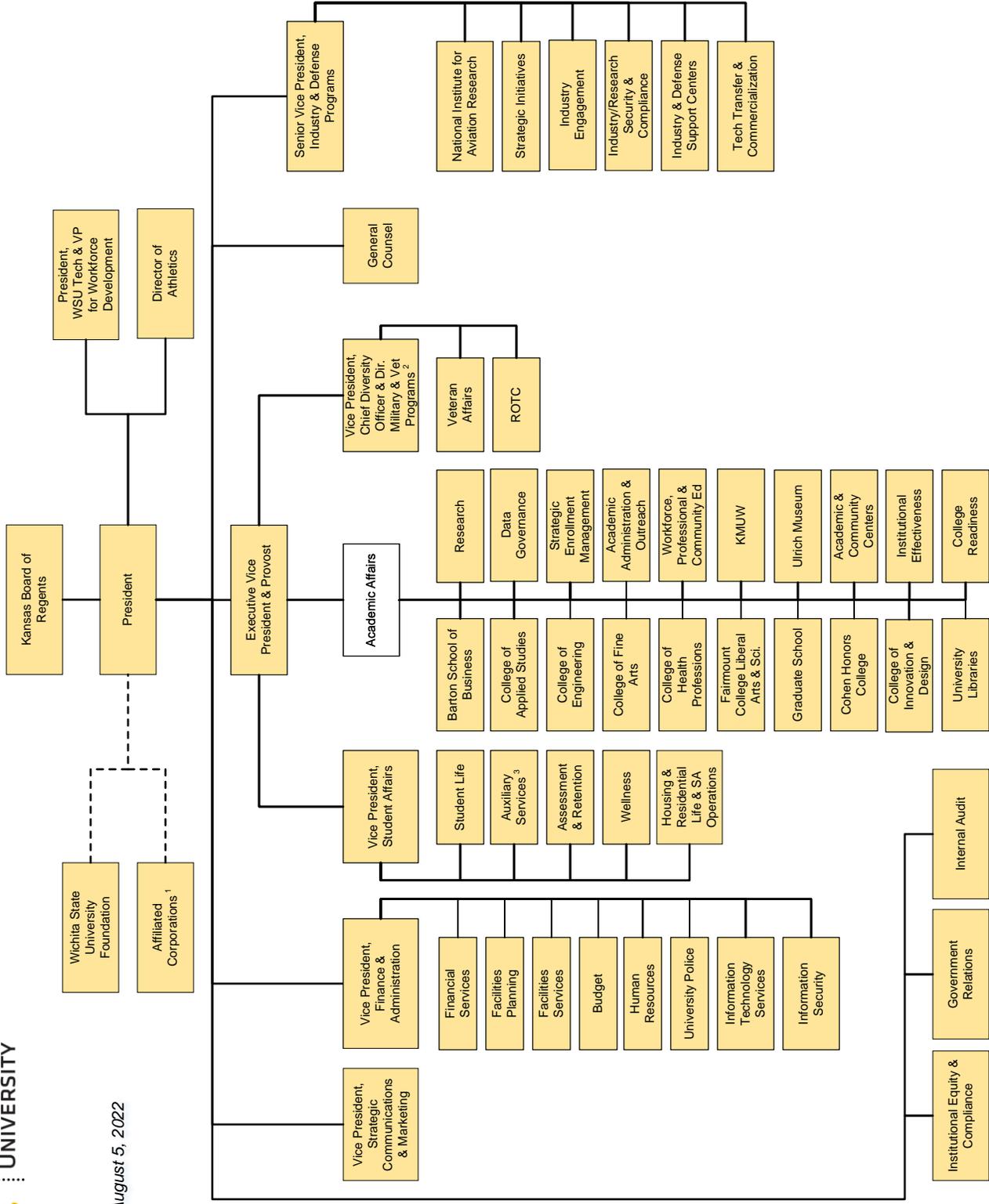
Jon Rolph, Chair
Carl Ice, Vice Chair
Blake Benson
John Dicus
Alysia Johnston
Cynthia Lane
Diana Mendoza
Neelima Parasker
Wint Winter

UNIVERSITY OFFICIALS

Executive Administration

Richard Muma, President
Shirley Lefever, Executive Vice President and Provost
Sheree Utash, President of WSU Tech and Vice President of Workforce Development for WSU
Werner Golling, Vice President for Finance and Administration
John Tomblin, Senior Vice President for Industry and Defense Programs, WSU NIAR Executive Director
Marché Fleming-Randle, Vice President and Chief Diversity Officer
Teri Hall, Vice President for Student Affairs
Stacia Boden, General Counsel
Shelly Coleman-Martins, Vice President for Strategic Communications and Marketing
Andrew Schlapp, Vice President of Strategy and Government Relations
Zach Gearhart, Chief of Staff and Executive Director of Government Relations
Kevin Saal, Director of Athletics
Vicki Whisenhan, Chief Human Resources Officer

Revised August 5, 2022



1 = Affiliated Corporations, as defined in WSU Policy 1.06, includes: Wichita State Intercollegiate Athletic Association, Inc., Wichita State Union Corporation, Wichita State University Innovation Alliance, WSIA Investments Corporation.

2 = Vice President Chief Diversity Officer also reports to the President regarding university diversity efforts.

3 = Auxiliary Services includes oversight of operations of Wichita State University Union Corporation.



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December 15, 2023

Dear Shocker Nation:

It is with great pleasure that we present to you the annual financial report for Wichita State University (University or Wichita State) for the year ended June 30, 2023. The University is governed by the Kansas Board of Regents and is an agency of the State of Kansas. As such, the University's financial statements are consolidated into the State University System and included as a discretely presented component unit in the annual comprehensive financial report (ACFR) of the State of Kansas.

For the year ended June 30, 2023, the State of Kansas (State) contracted with the independent public accounting firm of CliftonLarsonAllen LLP to perform the State's audit. Although the accompanying financial statements have not been audited, the University's financial information, which is incorporated into the State's financial report, is subject to audit procedures as part of the State's "other discretely presented component units" opinion unit. For additional information about the results of the State of Kansas audit for the year ended June 30, 2023, please refer to the separately issued ACFR for the State of Kansas available at: <https://admin.ks.gov/offices/oar/annual-comprehensive-financial-report---acfr>.

This report is prepared by the University's Division of Finance and Administration. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management's discussion and analysis (MD&A) is presented in the Financial Section of this report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this transmittal letter and should be read in conjunction with it.

Profile of the University

Wichita State University is Kansas' only urban public research university, enrolling more than 23,000 students between its main campus and WSU Tech, including students from every state in the United States and more than 100 countries. Wichita State and WSU Tech are recognized for being student-centered and innovation-driven.

Wichita State provides distinctive and innovative pathways of applied learning, applied research and career opportunities for all of our students. As the largest city in Kansas, Wichita has one of the highest concentrations in the United States of jobs in science, technology, engineering and math.

The Innovation Campus, which is a physical extension of the Wichita State University main campus, is one of the nation's largest and fastest-growing research/innovation parks, encompassing more than 120 acres and is home to a number of global companies and organizations.

Highlights for 2023

Wichita State University had much to celebrate during the 2023 academic year, and perhaps the biggest news is our enrollment numbers. While many universities across the state and nation are reporting declines, Wichita State and WSU Tech are bucking the trend. The combined enrollment of the two campuses is a whopping 23,203 students!

What does this mean for Shocker Nation? It means that word is spreading that Wichita State is breaking barriers and creating opportunities. We've also engaged with the National Institute for Student Success to identify strengths and challenges and learn how we can help more Shockers achieve their academic goals.

As our enrollment expands, so does our campus. We're keeping construction crews busy with several building projects across Wichita State.

- We're rounding the corner on the transformation of Clinton Hall into the Shocker Success Center, which will house 17 student services that are currently scattered across campus in 10 buildings. This project is slated to be completed in summer 2024.
- Construction is underway for the Millie Marcus Annex, which is an addition to the Marcus Welcome Center. The annex will make room for the Career Development Center and Applied and Experiential Learning offices — all together with undergraduate admissions.
- The Bureau of Alcohol, Tobacco, Firearms and Explosives — or ATF — has moved into the Innovation Campus' Partnership Building 3, and in March plans were announced that the ATF will be investing \$75 million in a forensic laboratory that will utilize the latest DNA processing of firearms and ballistic evidence.
- The University Stadium project is underway and will replace the existing Cessna Stadium. Stadium improvements are being implemented in several phases with a total cost for all phases of approximately \$78 million. Phase 1A & 1B, with an estimated cost of \$11.8 million, includes improvements on the east side of the existing track as well as widening the grass field to accommodate a regulation-sized soccer field and new seating at the north and south side of the track. Phase 1A and Phase 1B are scheduled to be complete by May 2025.
- Design for the NIAR Hub for Advanced Manufacturing Research building is under way and is expected to break ground soon on the Innovation Campus. The 150,000-square-foot building is partly funded by an EDA grant and will house advanced manufacturing research labs and associated offices.
- Also on the Innovation Campus, Braeburn Square welcomed four new tenants: Sesame Mediterranean Kitchen, Jersey Mike's, Two Hands Corn Dogs and Pedego Wichita. The shopping center is fully occupied and fast becoming a hub for all Wichitans to gather, eat and shop.
- The success of the Shocker softball team is leading fund-raising for additions and improvements to Wilkins Stadium. In September, John and Gail Wadsworth donated \$1.5 million for the Softball Team Operations Facility, which includes locker rooms, offices and more. In August, the Board of Trustees voted to invest \$3 million to fund the project's indoor practice facility.
- The Wichita Biomedical Campus is cruising along and picking up steam. The state has allocated \$164 million of the total anticipated allocation of \$205 million for phase 1 of the project. Locating the facility in the heart of the city will create an educational and research synergy never before seen in Wichita, and it will solidify Wichita as a health care hub for our region. Construction on the facility will begin in 2024, with a target completion date of fall 2026.

As you leaf through the pages of this report, you'll see that Wichita State is clearly doing the right things for the right reasons. As Kansas' only urban public research university, we're growing on a trajectory that not only fosters, but accelerates the prosperity of the people and industries of our state.

As we introduce new programs, curriculum, and initiatives, we hold true to our values and use our strategic priorities as guide posts.

- Make higher education affordable and accessible to Kansas families.
- Support Kansas businesses with a talent pipeline that meets employers' needs.
- Increase economic prosperity with higher education that benefits the Kansas economy.

As we move forward on our mission to be an essential educational, cultural and economic driver Kansas and the greater public good, we will continue to honor and build on our vision to serve our community and our state through initiatives that increase the prosperity of the people we serve.

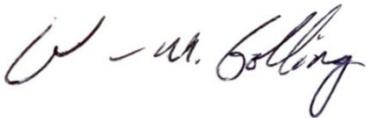
Acknowledgements

The preparation of this report would not have been possible without the skill, effort and dedication of the staff of the Division of Finance and Administration. We would also like to thank all University departments for their assistance in providing the data necessary to prepare this report.

Respectfully submitted,



Dr. Richard D. Muma, President



Werner M. Golling, Vice President for Finance and Administration

FINANCIAL SECTION

WICHITA STATE UNIVERSITY
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Years Ended June 30, 2023 and 2022

Management of Wichita State University (University) offers readers of the University's financial statements this narrative overview and analysis of the financial activities of the University for the fiscal year ended June 30, 2023. We encourage readers to consider this information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on Pages v-vii of this report.

FINANCIAL HIGHLIGHTS

- Net Position increased \$44.7 million (12.2%) compared to 2022.
- Cash decreased \$27.6 million (23.7%) while accounts receivable increased \$27.0 million (40.0%).
- Operating revenue increased \$52.0 million (13.6%) driven by a \$51.5 million (45.2%) increase in federal grants and contracts and a \$9.6 million (164.2%) increase in State, local and private grants and contracts.
- Operating expenses increased \$67.0 million (13.5%). Research expenses increased \$64.4 million (36.3%), operations and maintenance of plant increased by \$9.8 million (45.6%), while scholarships and fellowships decreased \$21.6 million (51.8%).

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of the University as of and for the year ended June 30, 2023 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35 (GASB 35), *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. For reporting purposes, the University is considered a special-purpose government engaged in business-type activities.

This discussion and analysis is intended to serve as an introduction to the University's basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The financial statements are designed to provide readers with a broad overview of the University's finances from all revenue sources, in a manner similar to the private sector. The University's discretely presented component units are presented in a separate column to enable the reader to distinguish between the University and these separate but related not-for-profit organizations. Combining statements for the University's discretely presented component units are presented immediately following the required supplementary information on Pages 78-90 of this report. Additional information about the University's discretely presented component units is available in Note 14 to the financial statements. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the University's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on Pages 68-76.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources 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, liabilities, deferred outflows and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector enterprises. Under the accrual basis of accounting, all the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Within the Statement of Net Position, assets and liabilities are further classified as current or non-current. The current classification distinguishes those assets that are highly liquid and available for immediate and unrestricted use by the University and those liabilities likely to be settled in the next twelve months.

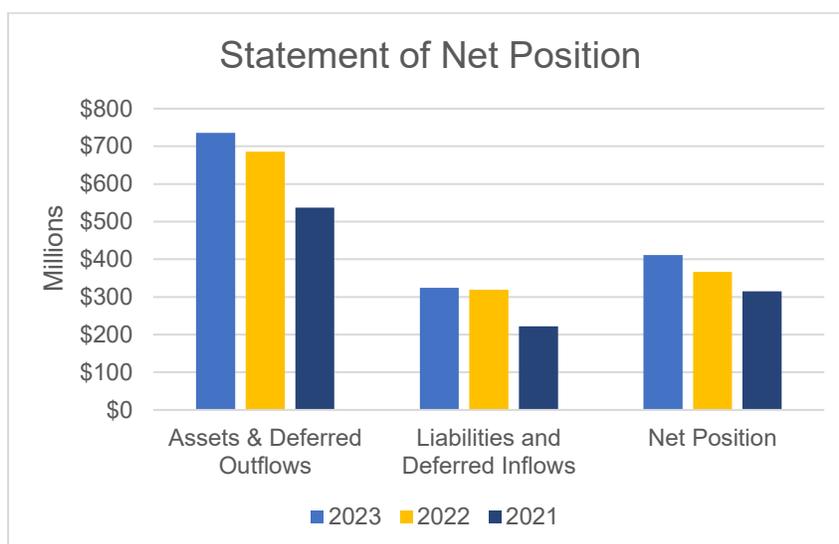
WICHITA STATE UNIVERSITY
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Years Ended June 30, 2023 and 2022

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

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

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Current assets	\$ 172,938,222	\$ 169,042,937	\$ 134,910,663
Capital assets	532,463,200	478,613,329	373,710,465
Other noncurrent assets	23,598,602	33,418,469	22,253,929
Total assets	<u>729,000,024</u>	<u>681,074,735</u>	<u>530,875,057</u>
Deferred outflows of resources	<u>6,668,991</u>	<u>4,805,354</u>	<u>6,097,627</u>
Current liabilities	71,213,628	63,797,901	40,377,035
Noncurrent liabilities	237,332,826	233,116,409	174,371,460
Total liabilities	<u>308,546,454</u>	<u>296,914,310</u>	<u>214,748,495</u>
Deferred outflows of resources	<u>15,880,284</u>	<u>22,453,292</u>	<u>7,033,858</u>
Net position			
Net investment in capital assets	316,038,078	269,047,958	244,791,630
Restricted	20,113,187	29,888,641	32,598,325
Unrestricted	74,991,012	67,575,888	37,800,376
Total net position	<u>\$ 411,242,277</u>	<u>\$ 366,512,487</u>	<u>\$ 315,190,331</u>



WICHITA STATE UNIVERSITY
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Years Ended June 30, 2023 and 2022

Assets

As of June 30, 2023, total assets were \$729.0 million, an increase of \$47.9 million (7.0%) compared to 2022. Current assets increased 3.9 million (2.3%) and consist primarily of cash and cash equivalents, and accounts receivable. Cash and cash equivalents decreased \$21.7 million (22.3%) and accounts receivable increased \$27.0 million (40.0%) due primarily to receivables from the aerospace industry associated with work performed by engineering labs and increased receivables related to reimbursement grants. Capital assets increased \$53.9 million (11.3%). The most significant capital asset addition during fiscal year 2023 was Wayne and Kay Woolsey Hall, the new home of the Barton School of Business with a total value of \$33 million.

As of June 30, 2022, total assets were \$681.1 million, an increase of \$150.1 million (28.3%) compared to 2021. Current assets increased 34.1 million (25.3%) and consist primarily of cash and cash equivalents, and accounts receivable. Cash and cash equivalents increased \$15.3 million (18.7%) and accounts receivable increased \$19.9 million (41.7%) due primarily to receivables from the aerospace industry associated with work performed by engineering labs and increased receivables related to reimbursement grants. Noncurrent lease receivable increased to \$10.6 million due to the implementation of GASB 87. Total capital assets increased \$104.9 million (28.1%), of which \$76.6 million was related to right-to-use assets recorded as a result of GASB 87 (see Note 5). Other non-current assets increased \$11.2 million (50.2%).

Deferred Outflows of Resources

Total deferred outflows as of June 30, 2023 were \$6.7 million, an increase of \$1.8 million (38.8%) compared to 2022 primarily due to differences between projected and actual earnings of the pension plan investments and changes of assumptions. Total deferred outflows as of June 30, 2022 were \$4.8 million, an increase of \$1.3 million (21.2%) compared to 2021 primarily due to differences between projected and actual earnings of the pension plan investments.

Liabilities

As of June 30, 2023, total liabilities were \$308.5 million, an increase of \$11.6 million (3.9%) compared to 2022. Current liabilities increased \$7.4 million (11.6%), driven by an increase in accounts payable and accrued liabilities of \$4.4 million (15.7%), an increase in unearned revenue of \$2.1 million (24.0%) and an increase in accrued compensated absences of \$2.6 million (32.9%). Non-current liabilities increased \$4.2 million (1.8%) compared to 2022, primarily due to the issuance of \$13.1 million in revenue bonds with related premiums of \$224 thousand, which was offset by principal payments of \$6.5 million.

As of June 30, 2022, total liabilities were \$296.9 million, an increase of \$82.2 million (38.3%) compared to 2021. Current liabilities increased \$23.4 million (58.0%), driven by an increase in accounts payable and accrued liabilities of \$7.0 million, and an increase in current lease liability of \$5.5 million due to the implementation of GASB 87. Non-current liabilities increased \$58.7 million (33.7%) compared to 2021, primarily due to the issuance of \$65.2 million in revenue bonds with related premiums of \$5.3 million and the lease liability of \$68.8 million related to GASB 87 implementation (see Note 15). These increases were offset by refunding and repayment of long-term liabilities totaling \$69.4 million.

WICHITA STATE UNIVERSITY
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Years Ended June 30, 2023 and 2022

Deferred Inflows of Resources

Total deferred inflows or resources as of June 30, 2023 were \$15.9 million, a decrease of \$6.6 million (29.3%) compared to 2022 primarily due a decrease in to deferred inflows related to pension in the amount \$4.6 million due to differences between projected and actual earnings of the pension plan investments. Total deferred inflows or resources as of June 30, 2022 were \$22.5 million, an increase of \$15.4 million (219.2%) compared to 2021 primarily due to deferred inflows related to leases in the amount of \$13.3 million, which were recorded due to GASB 87 implementation (see Note 15).

Net Position

As of June 30, 2023, total net position was \$411.2 million, an increase of \$44.7 million (12.2%) compared to 2022. \$316.1 million is invested in capital assets net of depreciation and related debt. \$16.9 million is restricted for capital projects, \$0.3 million is restricted for loans, and \$3.0 million is restricted for other purposes. The remaining \$75.0 million is unrestricted and may be used for any lawful purpose of the institution.

As of June 30, 2022, total net position was \$366.5 million, an increase of \$51.3 million (16.3%) compared to 2021. \$269.0 million is invested in capital assets net of depreciation and related debt. \$29.5 million is restricted for capital projects and \$0.4 million is restricted for loans. The remaining \$67.6 million is unrestricted and may be used for any lawful purpose of the institution.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	For the Year Ended		
	June 30, 2023	June 30, 2022	June 30, 2021
Operating revenue	\$ 433,961,286	\$ 381,964,903	\$ 319,121,593
Operating expenses	562,336,036	495,288,753	427,209,480
Operating loss	<u>(128,374,750)</u>	<u>(113,323,850)</u>	<u>(108,087,887)</u>
Non-operating revenue (expenses)	152,398,731	150,838,544	139,013,509
Capital contributions and operating transfers	<u>23,805,809</u>	<u>8,980,110</u>	<u>28,057,209</u>
Change in net position	<u>47,829,790</u>	<u>46,494,804</u>	<u>58,982,831</u>
Net position, beginning of year	366,512,487	315,190,331	256,207,500
Change in accounting principle	<u>(3,100,000)</u>	<u>4,827,352</u>	<u>--</u>
Net position, end of year	<u>\$ 411,242,277</u>	<u>\$ 366,512,487</u>	<u>\$ 315,190,331</u>

WICHITA STATE UNIVERSITY
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Years Ended June 30, 2023 and 2022

Operating Revenues

The following breakout represents the composition of operating revenues for the years ended June 30:

	For the Year Ended		
	June 30, 2023	June 30, 2022	June 30, 2021
Tuition and fees	\$ 106,749,340	\$ 109,708,910	\$ 104,876,072
Grants and contracts	180,675,718	119,651,103	109,266,934
Sales and services	124,214,089	125,434,386	76,333,132
Auxiliary enterprises	17,471,739	18,008,532	15,087,314
Other operating revenues	4,850,400	9,161,972	13,558,141
Total operating revenues	\$ 433,961,286	\$ 381,964,903	\$ 319,121,593

Total operating revenues for the year ended June 30, 2023, increased \$52.0 million (13.6%) over 2022. The following is a brief summary of the significant changes:

- Revenue from federal grants and contracts increased \$51.5 million (45.2%) from 2022. Approximately \$38 million of this increase was related to federal awards with the U.S. Department of Defense.
- State, local and private grants and contracts increased \$9.6 million (164.3%) from 2022. This is due primarily to an a few major aerospace engineering. contracts with private industry sponsors.

Total operating revenues for the year ended June 30, 2022, increased \$62.8 million (19.7%) over 2021. The following is a brief summary of the significant changes:

- Revenue from federal grants and contracts increased \$16.1 million (16.5%) from 2021. A significant amount of this increase was related to aerospace contracts with the U.S. Department of Defense.
- Revenue from sales and services of educational activities increased \$49.1 million (64.3%) from 2021. Of the \$49.1 million increase, \$14.9 million is related to the NIAR WERX Maintenance, Repair, and Operations (MRO) Center, \$16.2 million is related to engineering services for the aerospace industry and \$12.0 million is from the molecular diagnostics lab for COVID-19 testing services.

WICHITA STATE UNIVERSITY
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Years Ended June 30, 2023 and 2022

Operating Expenses

The following breakout represents the composition of operating expenses for the years ended June 30:

	For the Year Ended		
	June 30, 2023	June 30, 2022	June 30, 2021
Instruction	\$ 91,065,039	\$ 84,942,751	\$ 85,250,514
Research	241,993,165	177,571,752	130,403,130
Public service	30,236,522	26,776,591	24,587,640
Academic support	36,696,542	35,294,098	32,847,330
Student service	38,749,145	35,977,697	33,743,518
Institutional support	26,077,710	22,717,474	21,371,281
Operations and maintenance of plant	31,308,132	21,502,204	22,906,769
Scholarships and fellowships	20,045,480	41,625,984	25,061,220
Auxiliary enterprises	10,403,789	10,067,587	7,897,863
COVID-19 expenses	292,769	6,480,453	21,534,694
Depreciation	35,467,743	32,332,162	21,605,521
Total operating revenues	<u>\$ 562,336,036</u>	<u>\$ 495,288,753</u>	<u>\$ 427,209,480</u>

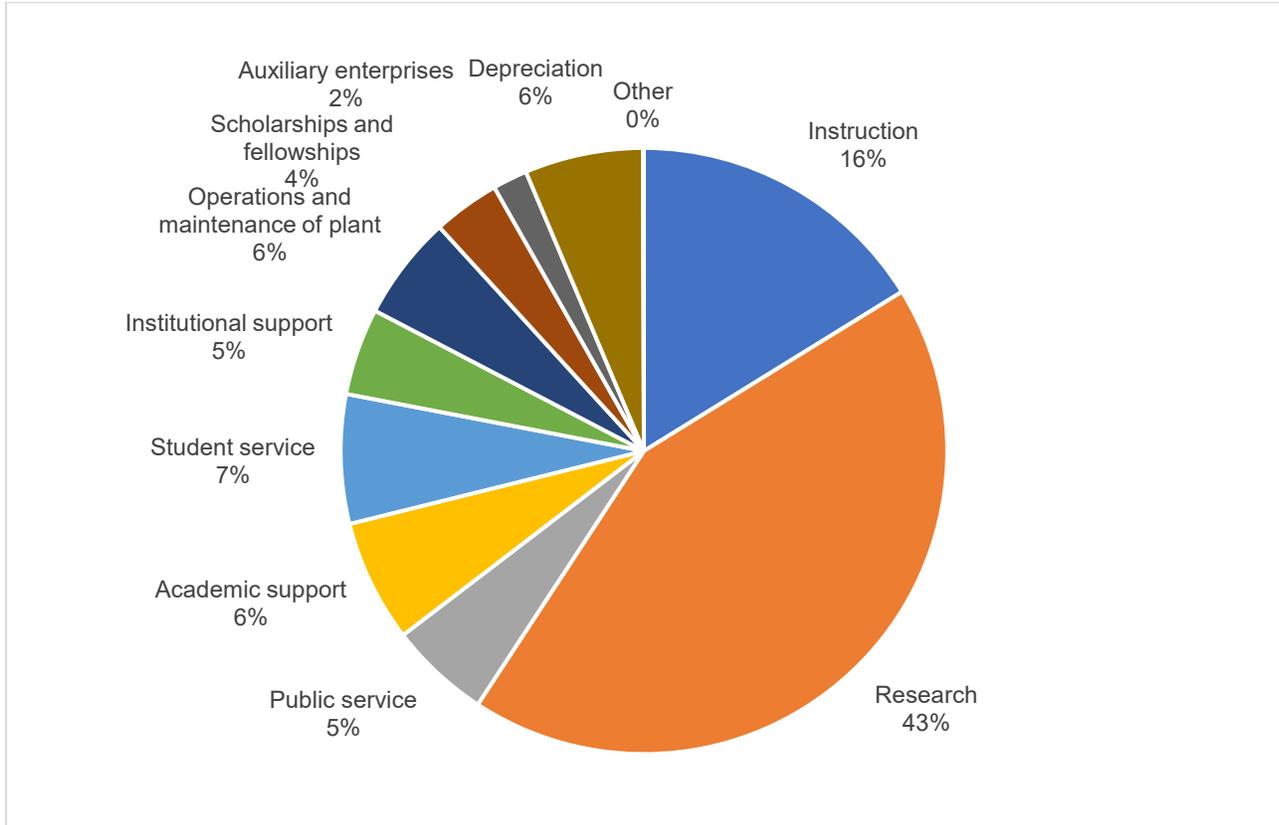
For the year ended June 30, 2023, operating expenses were \$562.3 million, an increase of \$67.0 million (13.5%) compared to 2022. The increase in operating expenses is primarily a result of:

- Research expenses increased \$64.4 million (36.3%) from 2022. The increase is a result of NIAR's continued growth in supporting the DoD's Digital Twin and Aircraft Sustainment efforts as well as the continued expansion of the NIAR WERX Maintenance, Repair, and Operations (MRO) Center.
- Operations and maintenance of plant increased \$9.8 million (45.6%) from 2022. This was primarily due to an increase in spending on non-capital maintenance projects.
- Scholarships and Fellowships decreased \$21.6 million (51.8%) from 2022. This was primarily due to one-time Federal funding under the Education Stabilization Fund, which provided \$16.4 in aid to students during fiscal year 2022.
- The University reported \$0.3 million in COVID-19 expenses during 2023, a decrease of \$6.2 million from 2022. During fiscal year 2023, the University has fully expended its HEERF funding as of the date of this report.

Looking at operating expenses by natural classification, compensation and benefits increased \$39.9 million (17.4%), with salaries and wages increasing \$33.7 million and benefits increasing \$6.2 million. Compensation and benefits account for 47.8% of all operating expenses. Contractual and commodity expenses increased \$44.2 million (24.1%). This increase is primarily related to the increase in research contracts, but there were increase in nearly all other functional areas, except Instruction services, which decreased by \$1.2 million (12.3%), auxiliary enterprises, which decreased \$0.8 million (11.3%) and COVID-19 expenses, which decreased by \$6.0 million (99.2%) as the pandemic related stimulus funding received under HEERF finished winding down in fiscal year 2023.

WICHITA STATE UNIVERSITY
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Years Ended June 30, 2023 and 2022

The composition of operating expenses for the year ended June 30, 2023 is displayed in the following chart:



For the year ended June 30, 2022, operating expenses were \$495.3 million, an increase of \$68.1 million (15.9%) compared to 2021. The increase in operating expenses is primarily a result of:

- Research expenses increased \$47.2 million (36.2%) compared to 2021. The increase is a result of NIAR's continued growth in supporting the DoD's Digital Twin and Aircraft Sustainment efforts as well as the continued expansion of the NIAR WERX Maintenance, Repair, and Operations (MRO) Center.
- Scholarships and Fellowships increased \$16.6 million (66.1%) from 2021. Federal funding under the Education Stabilization Fund provided \$16.4 in aid to students.
- The University reported \$6.5 million in COVID-19 expenses during 2022, a decrease of \$15.1 million from 2021. During fiscal year 2022, The Department of Education disbursed funds under the Higher Education Emergency Relief Fund III (HEERF III), which was authorized by the American Rescue Plan (ARP). The University has fully expended its HEERF funding as of the date of this report. In May 2021, the University utilized \$7.5 million in institutional funds under the Higher Education Emergency Relief Fund (HEERF II) to pay off student debts to allow students to reenroll in courses. Additionally, in fiscal year 2021, the University expended \$4.0 million in CARES funds passed through Sedgwick County for COVID-19 testing.

WICHITA STATE UNIVERSITY
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Years Ended June 30, 2023 and 2022

- Depreciation and amortization expense increased \$10.7 million (49.7%) compared to 2021. In fiscal year 2022, the University recognized \$9.1 million in amortization of right-to-use assets due to the implementation of GASB 87 (see Note 15).

Looking at operating expenses by natural classification, compensation and benefits increased \$16.3 million (7.7%), with salaries and wages increasing \$13.1 million and benefits increasing \$3.2 million. Compensation and benefits account for 46.3% of all operating expenses. Contractual and commodity expenses increased \$22.5 million (14.0%). This increase is primarily related to the increase in research contracts, but there were increase in nearly all other functional areas, except COVID-19 expenses, which decreased by \$15.0 million (71.2%) as the pandemic related stimulus funding received under HEERF began to wind down in fiscal year 2022.

Non-Operating Revenues and Expenses

The following table represents the composition of non-operating revenues for the years ended June 30:

	For the Year Ended		
	June 30, 2023	June 30, 2022	June 30, 2021
State appropriations	\$ 104,772,072	\$ 86,062,047	\$ 82,337,830
Non-operating grants and contracts	21,637,134	41,689,765	41,249,705
Gifts	28,918,435	27,735,932	22,598,823
Investment income	2,451,133	176,842	98,903
Interest expense	(4,808,446)	(4,562,990)	(4,839,471)
Loss on disposal of capital assets	(134,543)	(19,738)	(578,388)
Other non-operating revenue (expenses)	(437,054)	(243,314)	(1,853,893)
Total operating revenues	<u>\$ 152,398,791</u>	<u>\$ 150,838,544</u>	<u>\$ 139,013,509</u>

Non-operating revenues and expenses for the year ended June 30, 2023, increased \$1.5 million (1.0%) compared to 2022. The increase in non-operating activities is primarily the result of:

- State appropriations increased \$18.7 million (21.7%) compared to 2022. Special appropriations received in 2023 included \$7 million for digital transformation, which is anticipated to be a recurring appropriation for the next four fiscal years. A detailed breakdown of state appropriations is included in the table in the following section of this analysis.
- Investment income increased \$2.3 million (1,286.1%) compared to 2022 due to improving market conditions and a higher rate of return on cash held in the state treasury.
- The increase in state appropriations and investment income was offset by a \$20.1 million (48.1%) decrease in non-operating grants and contracts. This decrease was attributable to the winding down of the HEERF program. HEERF III revenue for 2023 amounted to \$2.9 million, compared to \$23.8 million for 2022. This represents a decrease of \$20.9 million (87.7%).

Non-operating revenues and expenses for the year ended June 30, 2022, increased \$11.8 million (8.5%) compared to 2021. The increase in non-operating activities is primarily the result of:

- State appropriations increased \$3.7 million (4.5%) compared to 2021. A detailed breakdown of state appropriations is included in the table in the following section of this analysis.
- Gifts to WSU increased \$5.1 million compared to 2021.

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- Other non-operating expenses decreased \$1.6 million, which was related to a lower cost of issuance for the \$65.2 million in 2021L Bonds issued during fiscal year 2022.

The following table represents the composition of state appropriation revenues revenues for the years ended June 30:

	For the Year Ended		
	June 30, 2023	June 30, 2022	June 30, 2021
State appropriations			
General operations	\$ 75,127,579	\$ 69,207,847	\$ 65,139,184
Information Technology Infrastructure	3,033,986	--	--
Innovation campus	2,000,000	1,959,700	2,000,000
National Center for Aviation Training (NCAT)	5,200,000	5,095,500	5,200,000
Kansas Aviation Research and Technology (KART)	5,000,000	4,899,500	5,000,000
National Aviation Research Plan (NARP)	3,067,507	4,899,500	4,998,646
Digital transformation	7,000,000	--	--
Capital renewal	3,843,000	--	--
Building demolition	500,000	--	--
Total state appropriations	<u>\$ 104,772,072</u>	<u>\$ 86,062,047</u>	<u>\$ 82,337,830</u>

STATEMENT OF CASH FLOWS

The Statement of Cash Flows presents the changes in the University's cash and cash equivalents during the most recent fiscal year. This Statement is prepared using the direct method and does not include the cash flows of the discretely presented component units.

	For the Year Ended		
	June 30, 2023	June 30, 2022	June 30, 2021
Net cash provided by (used in)			
Operating activities	\$ (111,997,555)	\$ (93,918,280)	\$ (91,705,391)
Noncapital financing activities	151,839,276	157,115,989	146,308,016
Capital and related financing activities	(71,133,342)	(47,111,224)	(12,971,248)
Investing activities	3,726,104	(1,498,488)	97,871
Net change in cash and cash equivalents	<u>(27,565,517)</u>	<u>14,587,997</u>	<u>41,729,248</u>
Cash and cash equivalents, beginning of year	116,299,524	101,711,527	59,982,279
Cash and cash equivalents, end of year	<u>\$ 88,734,007</u>	<u>\$ 116,299,524</u>	<u>\$ 101,711,527</u>

Cash provided by operating activities includes tuition and fees, certain grant and contract revenues, and sales and services of educational activities. Cash used for operating activities includes payments to employees and suppliers. Cash provided by non-capital financing activities includes State appropriations, Federal Pell Grants, gifts, and the receipt and disbursement of the Federal Family Education Loan Programs (Stafford, Perkins and Plus Loans). Cash provided for capital and related financing activities represents capital appropriations, gifts and grants. This cash is used for construction, remodeling and repair of University facilities, as well as purchases of capital assets and debt servicing. Detailed information regarding the University's capital assets is available in Note 5 to the financial statements. Cash provided by investing activities includes purchases and sales of investments, as well as investment income earnings and losses realized.

WICHITA STATE UNIVERSITY
MANAGEMENT'S DISCUSSION & ANALYSIS
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CAPITAL ASSETS

The University made significant investments in capital during the year ended June 30, 2023. Some of the most significant investments in the University's campus infrastructure include the following:

Innovation Campus New School of Business (Woolsey Hall)

In July 2020, the University issued \$25 million in Series 2020P Bonds to finance the construction of Woolsey Hall, a new building on the Innovation Campus, which houses the W. Frank Barton School of Business. Construction was completed and the building opened for classes in August 2022. Total capitalizable project costs amounted to \$33.1 million. Woolsey Hall replaces Clinton Hall, built in 1970, providing a stronger and new image for the School of Business; enhanced technology; greater accessibility; increased quantity and quality of classrooms and faculty offices, increased parking for visitors to the Centers; and the flexibility for future growth. The building is approximately 125,000 square feet and includes multiple flexible and tiered classrooms, a 300-seat auditorium, a global trading center, faculty offices, the offices of student success and career services for the college (including the advising center), graduate and Executive MBA offices/classrooms, break-out areas/rooms for student collaboration, and multiple business centers with public programs. The project is attained a LEED Silver Certification for the building.

Promise Bridge

As part of the Woolsey Hall project, a new pedestrian bridge was also constructed, which links the Innovation Campus to the main campus. The new 300-foot-long pedestrian bridge spans across the water feature south of Woolsey Hall and has become a major campus landmark and a gathering spot not only for students, but also for the entire community. Designed as a flexible space, a variety of functions can be held on the bridge including outdoor classes, musical performances, and other gathering opportunities for groups up to 100+ people. The WSU Foundation and its campus/community partners raised private funds to pay for the entire cost of the Promise Bridge.

Digital Research and Transformation Hub

In July 2021, the University issued \$13.8 million in Series 2021L Bonds to finance the construction of the new Convergence Sciences building, which will house the Digital Research and Transformation Hub. Construction expenses through June 30, 2023 totaled approximately \$14.4 million. Construction on the 37,000 gross square foot facility was completed and the building was opened in July 2023. Based on the model and strengths of NIAR, the Digital Research and Transformation Hub will focus on developing technology that can transform other industries, including aviation, to drive economic development and support new ventures in Kansas. Digital transformation and convergence science research will provide Wichita State students with an opportunity to conduct research in various disciplines supporting multiple industry sectors. The knowledge and competencies acquired by students will be vital to Kansas industry as well as the student's transition to employment. Industry partners, in collaboration with University teams, will conduct development and certification programs in the facility enabling increased speed to market for launch of new globally competitive products, processes and businesses.

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Marcus Welcome Center Addition

This building addition will bring together the work of three offices into one central location: the Offices of Admissions, Career Development and Applied and Experiential Learning. Having the offices in one unified space will allow prospective students and their families to get a comprehensive view of how Wichita State University will engage with students starting from their first year at WSU providing assistance in resume and LinkedIn profile-building, career counseling and skill development in networking and interviewing. The support builds toward Innovation-Campus sourced internships, real-world learning experiences with major Wichita employers, and ultimately post-college job placement with companies. This suite of services to be housed within the Marcus Welcome Center is termed the Shocker Career Accelerator. As part of the project, multiple spaces within the Marcus Welcome Center (lobby, auditorium, and pre-function corridor) will be updated. The visibility of a new Career Center combined with student recruitment will connect the history of the University (with relocated pieces of Shocker memorabilia in the new Shocker History Corridor), the entrepreneurial beacon of the Pizza Hut Museum next door, and the adjacent Innovation Campus – all leading to the future experience of a Wichita State student. The project consists of approximately 5,500 square feet of renovated space and an 8,000 gross square foot building addition. Interior renovations will be completed in phases to keep the building operational during construction. The estimated total cost of the project is \$5.3 million and will be funded with private gifts. The project is anticipated to be complete in early Summer 2024.

Clinton Hall Student Success Center

In July 2022, the University issued \$13.1 million in Series 2022G Bonds to finance the renovation of Clinton Hall to house the new Student Success Center. With the construction of Woolsey Hall for the W. Frank Barton School of Business, the 56,770 gross square foot Clinton Hall will be vacated. The current structural systems and building envelope of Clinton Hall are solid and the location and proximity to the Rhatigan Student Center and Ablah Library make it an ideal location for reaching as many students as possible. A full renovation is planned to address outdated HVAC, electrical, and life safety systems, finishes, fixtures, and equipment to provide an energy efficient, modern and fully accessible student services environment. Additions on the southwest and northeast corners are planned to increase visibility of the main entrance, address accessibility to multiple levels of the facility, increase access to natural light, and provide necessary square footage to accommodate all the desired services. Currently there are a series of departments and centers scattered across multiple buildings that each serve students in similar and related ways. Bringing these departments together into one building will not only better serve students with the ultimate goal of increasing student retention, but will enable efficiency in shared workspaces, provide student work and study spaces adjacent to program offices, and enable collaboration in programs and services. The anticipated cost of the project including construction and soft costs is approximately \$18.5 million. The project will be funded by a combination of private funds, student fees, and revenue bond funds. The project is anticipated to be completed in early Summer 2024.

In addition to these major projects, the following is a brief summary of other significant construction projects placed in service during the current fiscal year:

- **Residential housing locks and improvements:** The project cost of \$1.2 million was paid with housing funds.
- **Innovation Campus infrastructure projects:** The project cost of \$698 thousand was paid primarily with contributions from WSIA and gifts.

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- **Firepoint remodel:** The project cost of \$975 thousand was paid primarily with sponsored research overhead funds.

Additionally, Wichita State University had several construction projects that are under construction or in the design phases at the end of the fiscal year, which include the following:

- **Air Capital Flight Line leasehold improvements:** The project cost to date of \$4.5 million has been paid with University resources.
- **Bonded projects:** The University issued Series 2021L Bonds for the construction of NIRDT. As of June 30, 2023, \$13.3 million in bond proceeds have been expended for the project. The University issued Series 2022G bonds for the renovation of Clinton Hall as the new home to the Student Success Center. As of June 30, 2023, \$3.5 million in bond proceeds have been expended for the project.
- **Innovation Campus:** Various projects whose combined costs to date of \$3.1 million have been paid with Wichita State Innovation Alliance (WSIA) funds.

Detailed information regarding capital asset additions, retirements and depreciation is available in Note 5 to the financial statements.

DEBT ADMINISTRATION

Generally, the University issues bonds through the Kansas Development Finance Authority (KDFA), an agency of the State of Kansas which promotes economic development for Kansas by facilitating long-term financing for capital projects and programs via the issuance of taxable and tax-exempt bonds or other securities. The 1987 Kansas Legislature created KDFA through its enabling statutes (K.S.A. 74-8901 et seq.) to access the capital markets on behalf of state agencies, the Regents Institutions, and to provide conduit finance services to other public and private entities.

As of June 30, 2023, the University had \$153.8 million in revenue bond debt outstanding and \$65.6 million of leases payable. During fiscal year 2023, the University issued \$13.1 million in Series 2022G Bonds, with premiums of \$224 thousand and entered into new or amended lease agreements valued at \$4.1 million. This increase was offset by retirements of \$15.4 million of long-term debt.

As of June 30, 2022, the University had \$147.1 million in revenue bond debt outstanding and \$68.8 million of leases payable. During fiscal year 2022, the University issued \$65.2 million in Series 2021L Bonds, with premiums of \$5.3 million. This increase was offset by retirements and refundings of \$59.4 million of long-term debt.

ECONOMIC OUTLOOK

During the fall 2023 semester Wichita State and WSU Tech reported a combined enrollment of 23,203 students. For the Wichita State campus, the numbers represent an increase of 3.7% in fall student headcount from 16,921 in 2022 to 17,548 in 2023. That's the largest number of students ever choosing to enroll at Wichita State. At WSU Tech, student headcount increased 12.6% from 5,021 last year to 5,655 this year — also the highest headcount ever for WSU Tech.

WICHITA STATE UNIVERSITY
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For the Fiscal Years Ended June 30, 2023 and 2022

In terms of retention of existing students, significant work has occurred to improve success rates amongst all students, but in particular those who hail from underserved backgrounds. Resources and data-driven strategies have been identified and dedicated to help academic and first-year advisors and faculty members deliver deliberate and more intrusive assistance to students. Meanwhile more coordinated financial aid strategy, mental health awareness and ample access to student success resources has helped make a difference for many students. Additionally, Wichita State has begun transforming the former Clinton Hall (which was recently vacated by the Barton Business School as it moved to its new home in Woolsey Hall) into the Shocker Success Center, which will centralize 17 student support offices from 10 buildings across campus into one all-inclusive home.

WSU continues to work with private developers, industry and government entities to build out and occupy the Innovation Campus on the northeast end of campus. The Bureau of Alcohol, Tobacco, Firearms and Explosives — or ATF — has moved into the Innovation Campus' Partnership Building 3, and in March plans were announced that the ATF will be investing \$75 million in a forensic laboratory that will utilize the latest DNA processing of firearms and ballistic evidence. Design for the NIAR Hub for Advanced Manufacturing Research building is under way and is expected to break ground soon on the Innovation Campus. The 150,000-square-foot building is partly funded by an EDA grant and will house advanced manufacturing research labs and associated offices. Also on the Innovation Campus, Braeburn Square welcomed four new tenants: Sesame Mediterranean Kitchen, Jersey Mike's, Two Hands Corn Dogs and Pedego Wichita. The shopping center is fully occupied and fast becoming a hub for all Wichitans to gather, eat and shop.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of WSU's finances for all those with an interest in Wichita State University. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Werner Golling, Vice President for Finance and Administration, at (316) 978-3030.

BASIC FINANCIAL STATEMENTS

WICHITA STATE UNIVERSITY
STATEMENT OF NET POSITION
June 30, 2023 and 2022

	University		Discretely Presented Component Units	
	FY 2023	FY 2022	FY 2023	FY 2022
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 75,667,658	\$ 97,368,360	\$ 60,860,116	\$ 63,443,269
Accounts receivable, net	94,545,195	67,521,503	9,965,321	11,418,173
Investments	133,601	132,031	33,738,813	15,571,376
Lease receivable	1,768,342	1,800,704	--	457,914
Accrued interest receivable	8,377	27,919	--	--
Loans to students	496,000	684,000	--	--
Inventories	218,227	501,077	757,122	662,719
Prepaid expenses	100,822	1,007,343	748,653	1,128,349
Total current assets	<u>172,938,222</u>	<u>169,042,937</u>	<u>106,070,025</u>	<u>92,681,800</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	13,066,349	18,931,164	1,168,422	1,143,048
Accounts receivable, net	--	--	8,955,484	11,485,137
Investments	--	--	313,892,710	319,451,875
Loans to students	1,259,840	2,173,880	--	--
Equity interest in joint venture	398,459	1,675,000	--	--
Other noncurrent assets	--	--	6,142,999	6,257,523
Lease receivable	8,873,954	10,638,425	--	--
Nondepreciable capital assets	73,201,124	54,424,370	1,206,867	81,348
Depreciable capital assets, net	459,262,076	424,188,959	64,283,840	63,021,134
Total noncurrent assets	<u>556,061,802</u>	<u>512,031,798</u>	<u>395,650,322</u>	<u>401,440,065</u>
Total assets	<u>729,000,024</u>	<u>681,074,735</u>	<u>501,720,347</u>	<u>494,121,865</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	6,138,214	4,204,374	--	--
Deferred outflows related to OPEB	530,777	600,980	--	--
Total deferred outflows of resources	<u>6,668,991</u>	<u>4,805,354</u>	<u>--</u>	<u>--</u>

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

	University		Discretely Presented Component Units	
	FY 2023	FY 2022	FY 2023	FY 2022
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	32,279,528	27,908,401	11,986,673	9,158,250
Unearned revenue	11,000,663	8,873,501	7,265,392	7,452,606
Accrued interest payable	441,512	425,611	725,187	738,618
Accrued compensated absences	10,458,472	7,871,918	204,799	198,083
Refundable advances from government grants	531,991	723,920	--	--
Loans payable	100,000	545,000	--	--
Lease liability	6,848,778	7,227,764	1,699,552	1,210,683
Subscription liability	562,062	--	--	--
Revenue bonds payable	7,175,000	6,085,000	--	445,000
Deposits held in custody for others	1,815,622	4,136,786	143,672	145,206
Total current liabilities	<u>71,213,628</u>	<u>63,797,901</u>	<u>22,025,275</u>	<u>19,348,446</u>
Noncurrent liabilities:				
Other postemployment benefit liability	1,145,804	1,347,238	--	--
Net pension liability	17,024,510	14,641,456	121,615	94,265
Accrued compensated absences	2,903,062	2,156,934	--	--
Refundable advances from government grants	1,553,819	2,529,091	--	--
Other liabilities	--	--	5,404,509	4,005,637
Loans payable	--	100,000	--	--
Lease liability	58,795,947	61,581,921	46,646,661	46,747,536
Subscription liability	52,442	--	--	--
Revenue bonds payable	155,857,242	150,759,769	--	--
Total noncurrent liabilities	<u>237,332,826</u>	<u>233,116,409</u>	<u>52,172,785</u>	<u>50,847,438</u>
Total liabilities	<u>308,546,454</u>	<u>296,914,310</u>	<u>74,198,060</u>	<u>70,195,884</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	3,884,739	8,457,655	--	--
Deferred inflows related to OPEB	220,696	147,447	--	--
Deferred inflows related to leases	11,525,437	13,349,366	--	3,100,000
Deferred gain on refunding	249,412	498,824	--	667,242
Total deferred inflows of resources	<u>15,880,284</u>	<u>22,453,292</u>	<u>--</u>	<u>3,767,242</u>
NET POSITION				
Net investment in capital assets	316,138,078	269,047,958	15,912,739	13,078,198
Restricted for:				
Nonexpendable	--	--	214,218,231	223,538,116
Expendable				
Loans	271,189	422,900	--	--
Capital projects	16,855,824	29,452,578	--	--
Other purposes	2,986,174	13,163	125,698,470	141,461,425
Unrestricted	<u>74,991,012</u>	<u>67,575,888</u>	<u>71,692,847</u>	<u>42,081,000</u>
Total net position	<u>\$ 411,242,277</u>	<u>\$ 366,512,487</u>	<u>\$ 427,522,287</u>	<u>\$ 420,158,739</u>

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



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WICHITA STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Years Ended June 30, 2023 and 2022

	University		Discretely Presented Component Units	
	FY 2023	FY 2022	FY 2023	FY 2022
Operating Revenues:				
Tuition and fees, net of scholarship allowances	\$ 106,749,340	\$ 109,708,910	\$ 16,539,294	\$ 11,588,513
Federal grants and contracts	165,285,872	113,827,703	5,136,471	1,909,609
State, local and private grants and contracts	15,389,846	5,823,400	6,472,197	5,354,001
Sales and services of educational activities	124,214,089	125,434,386	19,415,543	20,518,779
Auxiliary enterprises				
Housing revenues	15,681,413	16,348,834	--	--
Parking revenues	1,790,326	1,659,698	45,164	2,387
Interest earned on loans to students	80,222	284,212	--	--
Other operating revenues	4,770,178	8,877,760	5,055,876	5,246,253
Total operating revenues	<u>433,961,286</u>	<u>381,964,903</u>	<u>52,664,545</u>	<u>44,619,542</u>
Operating Expenses:				
Instruction	91,065,039	84,942,751	18,087,067	11,606,170
Research	241,993,165	177,571,752	--	--
Public service	30,236,522	26,776,591	507,577	784,796
Academic support	36,696,542	35,294,098	5,387,074	5,966,015
Student service	38,749,145	35,977,697	36,570,509	30,296,954
Institutional support	26,077,710	22,717,474	38,752,579	40,716,388
Operations and maintenance of plant	31,308,132	21,502,204	8,389,088	6,044,909
Scholarships and fellowships	20,045,480	41,625,984	16,855,229	15,438,297
Auxiliary enterprises	10,403,789	10,067,587	665,900	180,971
Other expenses	--	--	2,737,045	2,103,362
COVID-19 expenses	292,769	6,480,453	--	--
Depreciation and amortization	35,467,743	32,332,162	5,213,674	4,648,036
Total operating expenses	<u>562,336,036</u>	<u>495,288,753</u>	<u>133,165,742</u>	<u>117,785,898</u>
Total operating loss	<u>(128,374,750)</u>	<u>(113,323,850)</u>	<u>(80,501,197)</u>	<u>(73,166,356)</u>
Non-Operating Revenue (Expenses):				
State appropriations	104,772,072	86,062,047	16,525,840	10,560,177
Grants and contracts	21,637,134	41,689,765	11,412,297	21,405,949
Gifts	28,918,435	27,735,932	33,262,374	29,999,973
Investment income	2,451,133	176,842	15,243,884	(5,840,393)
Direct finance lease income	--	--	3,996	15,420
Interest expense	(4,808,446)	(4,562,990)	(1,930,259)	(2,080,440)
County tax subsidy	--	--	10,725,287	8,966,904
Gain (loss) on disposal of capital assets	(134,543)	(19,738)	92,569	(1,882,540)
Other non-operating revenue (expenses)	(437,054)	(243,314)	(1,889,293)	(1,711,114)
Total non-operating revenue (expenses)	<u>152,398,731</u>	<u>150,838,544</u>	<u>83,446,695</u>	<u>59,433,936</u>
Excess (deficiency) of revenues over (under) expenses before capital contributions and transfers	<u>24,023,981</u>	<u>37,514,694</u>	<u>2,945,498</u>	<u>(13,732,420)</u>
Capital contributions and transfers:				
Capital appropriations	4,501,800	4,831,200	650,808	876,698
Capital contributions	17,206,912	2,081,410	--	2,595,464
Student fees for capital projects	2,097,097	2,067,500	--	--
Total capital contributions and transfers	<u>23,805,809</u>	<u>8,980,110</u>	<u>650,808</u>	<u>3,472,162</u>
Change in net position	<u>47,829,790</u>	<u>46,494,804</u>	<u>3,596,306</u>	<u>(10,260,258)</u>
Net position, beginning of year	366,512,487	315,190,331	420,158,739	430,076,207
Prior period adjustment	(3,100,000)	4,827,352	3,767,242	342,790
Net position, end of year	<u>\$ 411,242,277</u>	<u>\$ 366,512,487</u>	<u>\$ 427,522,287</u>	<u>\$ 420,158,739</u>

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

WICHITA STATE UNIVERSITY
STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2023 and 2022

	<u>University</u>	
	<u>FY 2023</u>	<u>FY 2022</u>
Cash flows from operating activities		
Tuition and fees	\$ 106,302,829	\$ 112,043,261
Sales and services of educational activities	123,980,246	125,877,158
Auxiliary enterprises		
Housing	16,424,748	15,542,973
Parking	1,790,326	1,659,698
Research grants and contracts	157,031,112	101,420,084
Payments to suppliers	(221,776,063)	(177,438,258)
Payments for utilities	(10,469,265)	(9,101,043)
Payments for scholarships and benefits	(20,045,480)	(41,625,984)
Compensation and benefits	(269,865,989)	(232,787,789)
Collections on loans issued to students	1,102,040	790,661
Other receipts	3,527,941	9,700,959
Net cash flows from operating activities	<u>(111,997,555)</u>	<u>(93,918,280)</u>
Cash flows from noncapital financing activities		
State appropriations	104,772,072	86,062,047
Federal grants	21,637,134	41,689,765
Gifts	28,918,435	27,735,932
Net increase (decrease) in funds held for others	(3,488,365)	1,628,245
Net cash flows from noncapital financing activities	<u>151,839,276</u>	<u>157,115,989</u>
Cash flows from capital and related financing activities		
Capital appropriations	4,501,800	4,831,200
Student fees for capital projects	2,097,097	2,067,500
Purchase or construction of capital assets	(70,141,833)	(55,661,499)
Proceeds from issuance of long-term debt	13,299,274	76,128,371
Cost of issuance	(437,054)	(243,314)
Principal payments	(14,768,868)	(68,754,919)
Interest payments	(5,683,758)	(5,478,563)
Net cash flows from noncapital financing activities	<u>(71,133,342)</u>	<u>(47,111,224)</u>
Cash flows from investing activities		
Acquisition of investment in joint venture	(325,000)	(1,675,000)
Investment income	4,051,104	176,512
Net cash flows from investing activities	<u>3,726,104</u>	<u>(1,498,488)</u>
Net change in cash and cash equivalents	(27,565,517)	14,587,997
Cash and cash equivalents, beginning of year	116,299,524	101,711,527
Cash and cash equivalents, end of year	<u>\$ 88,734,007</u>	<u>\$ 116,299,524</u>
Cash and cash equivalents	\$ 75,667,658	\$ 97,368,360
Restricted cash and cash equivalents	13,066,349	18,931,164
	<u>\$ 88,734,007</u>	<u>\$ 116,299,524</u>

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

	University	
	FY 2023	FY 2022
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	(128,374,750)	(113,323,850)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	35,467,743	32,332,162
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable, net	(27,023,692)	(19,611,563)
Lease receivable	1,796,833	1,829,224
Accrued interest receivable	19,542	(27,919)
Loans to students	1,102,040	790,661
Inventories	282,850	(23,630)
Prepaid expenses	906,521	(982,363)
Deferred outflows related to pensions	(1,933,840)	1,240,547
Deferred outflows related to OPEB	70,203	51,726
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and accrued liabilities	4,371,127	6,716,784
Unearned revenue	2,127,162	3,981,973
Accrued compensated absences	3,332,682	(719,273)
Other postemployment benefit liability	(201,434)	115,556
Net pension liability	2,383,054	(6,715,310)
Deferred inflows related to pensions	(4,572,916)	2,343,548
Deferred inflows related to OPEB	73,249	(24,068)
Deferred inflows related to leases	(1,823,929)	(1,892,485)
Net cash flows from operating activities	<u>\$ (111,997,555)</u>	<u>\$ (93,918,280)</u>
Non-cash investing and financing activities:		
Capital contributions	\$ 17,206,912	\$ 2,081,410
Lease issuance	\$ 4,129,897	\$ 5,627,485
Net income (loss) from joint venture	\$ (1,601,541)	\$ --

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



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WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Wichita State University (the University) have been prepared in conformity with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). The financial statements for the University have not been audited.

Organization

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 seven colleges: College of Applied Studies; College of Engineering; College of Fine Arts; College of Health Professions; College of Innovation and Design; Fairmount College of Liberal Arts and Sciences; and W. Frank Barton School of Business.

The University conducts classes at five locations. The main campus is located at 1845 Fairmount, Wichita, Kansas. There are four satellite campuses: WSU Haysville is located at 106 Steward Avenue, Haysville, KS, the West Campus is located at 3801 N. Walker Avenue, Wichita, Kansas, the South Campus is located at 3805 E. Harry, Suite B105 Wichita, Kansas, and the Old Town Campus is located at 121 N. Mead, 213 N. Mead and 238 N. Mead, Wichita, Kansas.

Financial Reporting Entity

The University is an agency of the State of Kansas and is governed by the Kansas Board of Regents. As such, the University's financial statements are consolidated into the State University System and included as a discretely presented component unit in the annual comprehensive financial report (ACFR) of the State of Kansas.

The University has examined its relationship to other legally separate organizations (potential component units) to determine if their inclusion in the University's basic financial statements is necessary to fairly present the financial position of the University. The criteria used in this determination included an examination of the nature and significance of the organization's relationship with the University, financial benefit or burden to the University, the ability of the University to appoint members of the entity's governing board, and the level of influence the University has over the activities of the organization. Based on these criteria, the Wichita State Innovation Alliance, Inc. (WSIA) has been included in the accompanying basic financial statements as a blended component unit. In addition, the following organizations are reported as discretely presented component units:

- Wichita State University Foundation (Foundation)
- Wichita State University Intercollegiate Athletic Association (ICAA)
- Wichita State University Union Corporation (Union Corp)
- Wichita State University Board of Trustees (Board of Trustees)
- Wichita State University Campus of Applied Sciences and Technology (WSU Tech)

Each of these component units is separately audited and received unmodified opinions for the years ended June 30, 2023 and June 30, 2022. Additional information about the component units is included in Note 14 to the financial statements and in the combining schedules included as supplementary information.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and 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.

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. The Statement of Cash Flows does not include the cash flows of the discretely presented component units.

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.

Investments

Investments in equity securities, fixed income securities and mutual funds are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in non-negotiable certificates of deposits, external investment pools and joint ventures are carried at cost.

Accounts Receivable

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

Lease Receivable

Lease receivables are reported for arrangements under which the University provides the right to use its nonfinancial assets as specified in a contract for a period of time in an exchange or exchange-like transaction. Management determines the allowance for uncollectible leases by identifying specific leases that may not be collected. As of June 30, 2023, management estimates that all lease receivables are collectible.

Inventories

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

Prepaid Expenses

Prepaid expenses primarily consist of lease payments made before the commencement of the lease term.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

Depreciation and amortization are computed using the straight-line, modified 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. Useful lives for right-to-use lease assets are based on the shorter of the lease term or the useful life of the respective category of capital asset. Useful lives for right-to-use assets associated with Subscription Based Information Technology Arrangements (SBITAs) are based on the subscription term. 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 5).

Unearned Revenue

Unearned revenues consist primarily of summer school tuition not earned during the current year and advance payments from grant and contract sponsors that have not yet been earned (see Note 7).

Compensated Absences

Employee vacation is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded as accrued compensated absences in the Statement of Net Position, and as a component of operating expenses by University function in the Statement of Revenues, Expenses, and Changes in Net Position. The expenses are included as a component of compensation and benefit expense (see Note 13).

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, notes payable, lease liabilities and subscription liabilities with contractual maturities greater than one year, certain liabilities associated with employee benefits, and amounts due to the federal government related to the Federal Perkins Loan Program (see Notes 6, 8, 9, 10 and 11).

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.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense) until then. The University has two items that qualify for reporting in this category: deferred outflows related to pensions and deferred outflows related to OPEB (see Notes 10 and 11).

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The University has four items that qualify for reporting in this category: deferred inflows related to pensions, deferred inflows related to OPEB, deferred inflows related to leases and deferred gain on refunding (see Notes 8, 9, 10 and 11). A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pensions and Other Postemployment Benefits

In accordance with the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the University has reported its proportional share of the Kansas Public Employees Retirement System (KPERS) pension liability. The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of employee service and the plan's net fiduciary position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expense, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liability.

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

The total other post-employment benefit (OPEB) liability is the portion of the actuarial present value of projected benefit payments that is attributable to past periods of member service using acceptable methods in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Total OPEB liability is recognized on the Statement of Net Position while changes in the total OPEB liability are immediately recognized as OPEB expense on the Statement of Activities or reported as deferred inflows or deferred outflows of resources depending on the nature of the change. The total OPEB expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total OPEB liability, current year benefit changes, and other changes in plan fiduciary net position. Additionally, the total OPEB expense includes the annual recognition of outflows and inflows of resources due to other postemployment benefits.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Advances from Government Grants

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the University has recognized a liability for the federal portion of its Perkins Loan portfolio that is expected to be repaid to the Department of Education. Given that the Perkins Loan Program was not renewed and the wind-down procedures for the program require that the federal funds be returned on an annual basis for the Department of Education's portion of the cash received each year, a liability has been recognized and an allocation is made between current and noncurrent based on expected repayment requirements in accordance with the current Department of Education guidelines.

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.
- **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 in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.
- **Restricted net position - expendable:** 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 activities. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of management 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.

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

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).

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenue and Expense

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, (2) sales and services of educational activities, (3) certain federal, State, local and private grants and contracts, (4) interest on institutional student loans and (5) 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 local appropriations, certain federal grants and contracts, private gifts, and investment income.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on behalf of the students. Certain governmental grants, such as Pell Grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. Tuition discounts for the years ended June 30, 2023 and 2022 were \$34,242,840 and \$22,914,597, respectively.

Reclassifications

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 financial statement presentation.

Use of Estimates

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

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Governmental Accounting Standards

The effect on the University’s financial statements of the following statements issued, but not yet adopted, has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in the absence of specific transition provisions in the new pronouncement. The provisions of this statement will be effective for financial statements for the University’s fiscal year ending June 30, 2025.

GASB Statement No. 101, *Compensated Absences*, provides updated recognition and measurement guidance for compensated absences. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The provisions of this statement will be effective for financial statements for the University’s fiscal year ending June 30, 2025.

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>June 30, 2023</u>	<u>June 30, 2022</u>
Cash deposits with State Treasury	\$ 81,650,143	\$ 110,980,085
Cash deposits with financial institutions	6,526,388	4,776,475
Certificates of deposit	133,601	132,031
Funds held at Pooled Money Investment Board	557,476	542,964
	<u>\$ 88,867,608</u>	<u>\$ 116,431,555</u>

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Cash and cash equivalents	\$ 75,667,658	\$ 97,368,360
Restricted cash and cash equivalents	13,066,349	18,931,164
Current investments	133,601	132,031
	<u>\$ 88,867,608</u>	<u>\$ 116,431,555</u>

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

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

Deposits

In accordance with K.S.A 72-4215, the University is required to remit substantially all cash balances to 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 exception to this requirement is any funds held by the University as permitted by K.S.A. 75-4214 including the University's imprest fund and organizational safekeeping fund, as well as any funds held by external entities on behalf of the University, including bond proceeds.

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 needs are pooled for short-term investment purposes by the PMIB and are reported at fair value, based on quoted market prices. In the University's financial statements, all deposits with the State Treasurer are reported as cash and cash equivalents.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the University will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For cash deposits with financial institutions, the State Treasurer requires that its depository banks pledge collateral that has a market value equal to or greater than the deposits. As of June 30, 2023 and 2022, the University has deposits with financial institutions totaling \$9,558,182 and \$3,529,335, respectively, with assets pledged as collateral with a fair value of \$12,963,885 and \$11,471,402, respectively.

Investments

Investments held directly by the University totaled \$133,601 and \$132,031, as of June 30, 2023, and 2022, respectively. This amount included only certificates of deposit.

Investments held by University component units totaled \$347,631,523 and \$335,023,251 as of June 30, 2023 and June 30, 2022, respectively (see Note 14).

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 that are insured as to principal and interest by the U.S. Government, or any agency thereof
- Obligations and securities of United States sponsored enterprises that under federal law may be accepted as security for public funds, excluding mortgaged backed securities of such enterprises
- Repurchase and reverse repurchase agreements with Kansas banks or with primary government securities dealers
- Interfund loans to various state agencies as mandated by the Kansas Legislature limited to not more than the lesser of 10% or \$140,000,000 of state monies
- Certain Kansas agency and SKILL Act projects and bonds
- High grade commercial paper not to exceed 270 days to maturity
- High grade corporate bonds not to exceed 2 years to maturity

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

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

Interest Rate Risk

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

The State Treasurer and PMIB minimize interest rate risk by structuring its investment portfolio so that securities mature to meet cash requirement for scheduled disbursement and ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2023 and June 30, 2022, the certificates of deposit held by the University were fully insured.

The University indirectly holds a position in the Kansas Municipal Investment Pool (KMIP), which restricts its investments to those rated A1/P1 or better. The KMIP is no longer rated by S&P based on a cost-benefit decision by the PMIB.

Custodial Credit Risk

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

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

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

Concentration of Credit Risk

Concentration risk is the risk of loss resulting from an over concentration of assets in a specific maturity, specific user, or specific class of securities. The financial statements of the State of Kansas provide additional information about the risk associated with the State Treasurer's and PMIB's investment portfolio.

Fair Value Measurements

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

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

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

The guidance requires three levels of fair value measurement based on the respective inputs.

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

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

As of June 30, 2023 and June 30, 2022, the University does not have any investments reported at fair value. For additional information about investments reported at fair value held by the University's discretely presented component units, see Note 14.

NOTE 3 – EQUITY INTEREST IN JOINT VENTURE

During 2022, the University invested in two joint venture arrangements for the ownership and leasing of aircraft. The University has an equity interest in the joint ventures based on its initial capital contributions, is entitled to allocations of profit or loss, and may be responsible for additional contributions to cover operating deficits, to make capital expenditures or for any other purpose incidental to the conduct of the business of the companies. As of June 30, 2023 and June 30, 2022, the University's equity interest in these companies was \$398,459 and \$1,675,000, respectively. For the year ended, June 30, 2023, net loss from joint ventures totaled \$1,601,541. For the year ended, June 30, 2022, there was no net income or loss from joint ventures to report. The companies associated with these joint venture arrangements do not issue separate financial statements.

NOTE 4 – ACCOUNTS RECEIVABLE

As of June 30, 2023 and 2022 accounts receivable net of allowance for doubtful accounts consisted of the following:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Student tuition and fees	\$ 13,527,203	\$ 13,133,177
Student housing contracts	2,078,382	2,821,717
Unspent state appropriations	6,302,096	4,979,637
Service clearing and other operating activities	1,315,362	1,089,073
Federal, state and private grants and contracts	84,509,760	59,041,710
Less: allowance for doubtful accounts	(13,187,608)	(13,543,811)
Total accounts receivable, net	<u>\$ 94,545,195</u>	<u>\$ 67,521,503</u>

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the University for the years ended June 30, 2023 and 2022 are summarized as follows:

	Balance June 30, 2022 <u>Restated</u>	Additions	Retirements	Balance June 30, 2023
Non-depreciable capital assets				
Land	\$ 5,580,903	\$ --	\$ --	\$ 5,580,903
Construction in progress	48,843,467	51,644,158	32,867,404	67,620,221
Total non-depreciable capital assets	<u>54,424,370</u>	<u>51,644,158</u>	<u>32,867,404</u>	<u>73,201,124</u>
Depreciable capital assets				
Leasehold improvements	14,572,209	2,868,691	--	17,440,900
Infrastructure	25,551,274	--	--	25,551,274
Land improvements	15,404,246	1,010,079	--	16,414,325
Buildings	244,543,450	33,091,740	--	277,635,190
Building improvements	178,922,321	2,572,326	--	181,494,647
Equipment and furnishings	150,461,903	27,103,490	154,092	177,411,301
Intangible software	3,920,124	--	--	3,920,124
Vehicles	4,578,147	1,005,480	--	5,583,627
Right-to-use buildings	83,485,990	2,590,498	4,362,711	81,713,777
Right-to-use equipment	2,135,000	2,963,805	--	5,098,805
Right-to-use vehicles	20,654	--	--	20,654
Right-to-use SBITAs	1,073,515	--	--	1,073,515
Total depreciable capital assets	<u>724,668,833</u>	<u>73,206,109</u>	<u>4,516,803</u>	<u>793,358,139</u>
Accumulated depreciation				
Leasehold improvements	8,329,798	1,629,713	--	9,959,511
Infrastructure	13,042,061	979,901	--	14,021,962
Land improvements	8,153,575	560,400	--	8,713,975
Buildings	91,903,873	6,497,316	--	98,401,189
Building improvements	63,008,120	4,316,426	--	67,324,546
Equipment and furnishings	98,305,087	12,078,942	138,420	110,245,609
Intangible software	3,920,124	--	--	3,920,124
Vehicles	3,673,379	350,981	--	4,024,360
Right-to-use buildings	8,622,688	8,151,634	639,619	16,134,703
Right-to-use equipment	427,000	427,000	--	854,000
Right-to-use vehicles	20,654	--	--	20,654
Right-to-use SBITAs	--	475,430	--	475,430
Total accumulated depreciation	<u>299,406,359</u>	<u>35,467,743</u>	<u>778,039</u>	<u>334,096,063</u>
Total depreciable assets, net	<u>425,262,474</u>	<u>37,738,366</u>	<u>3,738,764</u>	<u>459,262,076</u>
Total capital assets, net	<u>\$ 479,686,844</u>	<u>\$ 89,382,524</u>	<u>\$ 36,606,168</u>	<u>\$ 532,463,200</u>

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
Non-depreciable capital assets				
Land	\$ 5,580,903	\$ --	\$ --	\$ 5,580,903
Construction in progress	27,615,848	40,936,708	19,709,089	48,843,467
Total non-depreciable capital assets	<u>33,196,751</u>	<u>40,936,708</u>	<u>19,709,089</u>	<u>54,424,370</u>
Depreciable capital assets				
Leasehold improvements	13,675,771	896,438	--	14,572,209
Infrastructure	24,697,502	853,772	--	25,551,274
Land improvements	13,433,503	1,970,743	--	15,404,246
Buildings	242,570,750	1,972,700	--	244,543,450
Building improvements	172,203,905	6,718,416	--	178,922,321
Equipment and furnishings	134,060,906	17,336,792	935,795	150,461,903
Intangible software	3,920,124	--	--	3,920,124
Vehicles	4,001,280	636,636	59,769	4,578,147
Right-to-use buildings	79,353,032	4,132,958	--	83,485,990
Right-to-use equipment	2,135,000	--	--	2,135,000
Right-to-use vehicles	20,654	--	--	20,654
Total depreciable capital assets	<u>690,072,427</u>	<u>34,518,455</u>	<u>995,564</u>	<u>723,595,318</u>
Accumulated depreciation				
Leasehold improvements	6,942,037	1,387,761	--	8,329,798
Infrastructure	12,062,159	979,902	--	13,042,061
Land improvements	7,615,358	538,217	--	8,153,575
Buildings	86,233,850	5,670,023	--	91,903,873
Building improvements	58,704,087	4,304,033	--	63,008,120
Equipment and furnishings	89,050,925	10,170,223	916,061	98,305,087
Intangible software	3,920,124	--	--	3,920,124
Vehicles	3,521,487	211,661	59,769	3,673,379
Right-to-use buildings	--	8,622,688	--	8,622,688
Right-to-use equipment	--	427,000	--	427,000
Right-to-use vehicles	--	20,654	--	20,654
Total accumulated depreciation	<u>268,050,027</u>	<u>32,332,162</u>	<u>975,830</u>	<u>299,406,359</u>
Total depreciable assets, net	<u>422,022,400</u>	<u>2,186,293</u>	<u>19,734</u>	<u>424,188,959</u>
Total capital assets, net	<u>\$ 455,219,151</u>	<u>\$ 43,123,001</u>	<u>\$ 19,728,823</u>	<u>\$ 478,613,329</u>

The University elected not to capitalize certain collections, including library books and art collections. Those collections adhere to the University's policy to (1) maintain them for public exhibition, education, or research; (2) protect, keep encumbered, care for and preserve them; and (3) 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
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 6 – REFUNDABLE ADVANCES FROM GOVERNMENT GRANTS

Student loans made through the Federal Perkins Loan Program comprise substantially all the loans to students as of June 30, 2023 and 2022. 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.

Effective October 1, 2017, the United States Department of Education (ED) did not renew the Federal Perkins Loan Program. As a result, after a brief transition period, no new loans can be disbursed to students. The current guidance provided by ED stipulates that as cash is collected by the University from loans disbursed prior to October 1, 2017, such funds are to be remitted back to ED on a proportional basis (the Perkins program was originally funded by ED with a small percentage matched by the University). Given this guidance, the University has determined that it is probable that ED, as the provider of the original resource, will require the University to return all the resources originally received under this program. At the time of the receipt of the resources, the University recorded nonexchange revenues, and thereby, the balance of the resources provided by ED resides in the University's net position.

As of June 30, 2023 and 2022, a liability of \$2,085,810 and \$3,253,011, respectively has been recorded in University's financial statements, based on the probable return of these resources.

NOTE 7 – UNEARNED REVENUES

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Summer session	\$ 6,217,580	\$ 5,913,862
Grants and contracts	4,783,083	2,959,639
Total unearned revenue	<u>\$ 11,000,663</u>	<u>\$ 8,873,501</u>

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 8 – LONG-TERM LIABILITIES

Long-term liabilities for the years ended June 30, 2023 and 2022, consisted of the following:

	Balance June 30, 2022, Restated	Additions	Retirements	Balance June 30, 2023	Current Portion
Revenue bonds payable	\$ 147,145,000	\$ 13,075,000	\$ 6,470,000	\$ 153,750,000	\$ 7,175,000
Unamortized premium	9,699,769	224,274	641,801	9,282,242	--
Lease liability *	68,809,685	4,129,897	7,294,857	65,644,725	6,848,778
Subscription liability *	1,073,515	--	459,011	614,504	562,062
Loans payable *	645,000	--	545,000	100,000	100,000
Refundable advances from government grants	3,253,011	--	1,167,201	2,085,810	531,991
Net pension liability	14,641,456	7,972,713	5,589,659	17,024,510	--
Total OPEB liability	1,347,238	75,244	276,678	1,145,804	--
Compensated absences	10,028,852	11,639,399	8,306,717	13,361,534	10,458,472
	<u>\$ 256,643,526</u>	<u>\$ 37,116,527</u>	<u>\$ 30,750,924</u>	<u>\$ 263,009,129</u>	<u>\$ 25,676,303</u>
	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Current Portion
Revenue bonds payable	\$ 84,945,000	\$ 65,210,000	\$ 3,010,000	\$ 147,145,000	6,085,000
Unamortized premium	5,041,686	5,290,913	632,830	9,699,769	--
Lease liability *	72,527,146	5,627,458	9,344,919	68,809,685	7,227,764
Loans payable *	57,045,000	--	56,400,000	645,000	545,000
Refundable advances from government grants	4,316,471	--	1,063,460	3,253,011	723,920
Net pension liability	21,356,766	2,553,679	9,268,989	14,641,456	--
Total OPEB liability	1,231,682	298,750	183,194	1,347,238	--
Compensated absences	10,748,125	7,810,344	8,529,617	10,028,852	7,871,918
	<u>\$ 257,211,876</u>	<u>\$ 86,791,144</u>	<u>\$ 88,433,009</u>	<u>\$ 255,570,011</u>	<u>\$ 22,453,602</u>

* Lease liability, subscription liability and loans payable represent private placement debt.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds Payable

Revenue bonds payable consisted of the following as of June 30, 2023:

WSU Revenue Bonds Series 2016J Parking Garage	\$ 5,340,000
<ul style="list-style-type: none"> - Issued by Kansas Development Finance Authority on December 20, 2016 - Original amount of \$7,180,000 (Premium of \$218,090) - Due in annual installments with final maturity on June 1, 2036 - Interest ranging from 2.00% - 5.00%, payable semi-annually - Secured by WSU revenues, excluding restricted revenues - FY 2023 principal payment: \$310,000 	
WSU Revenue Bonds Series 2016J Parking Garage (Refunded Series 2003C)	900,000
<ul style="list-style-type: none"> - Issued by Kansas Development Finance Authority on December 20, 2016 - Original amount of \$2,065,000 (Premium of \$337,971) - Due in annual installments with final maturity on June 1, 2024 - Interest 5.00%, payable semi-annually - Secured by WSU revenues, excluding restricted revenues - FY 2023 principal payment: \$855,000 	
WSU Revenue Bonds Series 2020P Rhatigan Student Center (Refunded Series 2012A)	1,940,000
<ul style="list-style-type: none"> - Issued by Kansas Development Finance Authority on July 28, 2020 - Original amount of \$8,080,000 (Premium of \$829,168) - Due in annual installments with final maturity on June 1, 2024 - Interest 5.00%, payable semi-annually - Secured by WSU revenues, excluding restricted revenues - FY 2023 principal payment: \$1,940,000 	
WSU Revenue Bonds Series 2020P Woolsey Hall	23,820,000
<ul style="list-style-type: none"> - Issued by Kansas Development Finance Authority on July 28, 2020 - Original amount of \$24,355,000 (Premium of \$1,216,877) - Due in annual installments with final maturity on June 1, 2050 - Interest ranging from 2.00% - 5.00%, payable semi-annually - Secured by WSU revenues, excluding restricted revenues - FY 2023 principal payment: \$535,000 	
WSU Revenue Bonds Series 2020P Flats & Suites	45,685,000
<ul style="list-style-type: none"> - Issued by Kansas Development Finance Authority on July 28, 2020 - Original amount of \$47,030,000 (Premium of \$3,063,069) - Due in annual installments with final maturity on June 1, 2045 - Interest ranging from 2.00% - 5.00%, payable semi-annually - Secured by WSU revenues, excluding restricted revenues - FY 2023 principal payment: \$1,345,000 	

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

WSU Revenue Bonds Series 2021L Convergence Sciences	\$ 12,665,000
<ul style="list-style-type: none"> - Issued by Kansas Development Finance Authority on July 27, 2021 - Original amount of \$13,800,000 (Premium of \$814,627) - Due in annual installments with final maturity on June 1, 2046 - Interest ranging from 4.00% - 5.25%, payable semi-annually - Secured by WSU revenues, excluding restricted revenues - FY 2023 principal payment: \$260,000 	
 WSU Revenue Bonds Series 2021L Shocker Hall (Refunded Series 2013F-1)	 50,710,000
<ul style="list-style-type: none"> - Issued by Kansas Development Finance Authority on July 27, 2021 - Original amount of \$51,980,000 (Premium of \$4,476,286) - Due in annual installments with final maturity on June 1, 2046 - Interest ranging from 2.00% - 5.00%, payable semi-annually - Secured by WSU revenues, excluding restricted revenues - FY 2022 principal payment: \$930,000 	
 WSU Revenue Bonds Series 2022G Clinton Hall	 12,690,000
<ul style="list-style-type: none"> - Issued by Kansas Development Finance Authority on July 19, 2022 - Original amount of \$13,075,000 (Premium of \$224,274) - Due in annual installments with final maturity on June 1, 2047 - Interest ranging from 3.00% - 5.00%, payable semi-annually - Secured by WSU revenues, excluding restricted revenues - FY 2023 principal payment: \$385,000 	
	\$ 153,750,000

Future debt service requirements for all bonds outstanding as of June 30, 2023, are as follows:

Year Ending June 30:	Principal	Interest	Total
2024	\$ 7,175,000	\$ 4,669,125	\$ 11,844,125
2025	4,550,000	4,310,375	8,860,375
2026	4,775,000	4,086,325	8,861,325
2027	4,950,000	3,907,875	8,857,875
2028	5,195,000	3,667,875	8,862,875
2029-2033	29,440,000	14,842,675	44,282,675
2034-2038	33,035,000	10,212,900	43,247,900
2039-2043	35,585,000	6,117,975	41,702,975
2044-2048	24,880,000	1,942,488	26,822,488
2049-2053	4,165,000	170,850	4,335,850
	\$ 153,750,000	\$ 53,928,463	\$ 207,678,463

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

Acceleration of Maturity in Event of Default

If an Event of default shall have occurred and be continuing, the Kansas Development Finance Authority (KDFA) may, and shall upon the written request of the owners of not less than 25% in aggregate principal amount of bonds then outstanding by notice in writing delivered to KDFA and the University, declare the principal of all bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. An owner means the registered owner of any bond as shown on the bond register maintained by the bond registrar.

If, at any time after such declaration, but before the bonds shall have matured by their terms, all overdue installments of principal and interest on the bonds, together with the reasonable and proper expenses of the bond registrar and paying agent, and all other sums then payable by KDFA shall either be paid or provision shall be made for such payment, then and in every such case KDFA shall, but only with the approval of the owners of not less than 50% in aggregate principal amount of the bonds outstanding, rescind such declaration and annul such default in its entirety.

Pledged Revenues

The University has pledged all revenues of the University, excluding restricted revenues, for the repayment of \$153,750,000 in revenue bonds. The various issues and maturity dates are listed in the preceding tables in Note 8. The bonds are payable solely from the revenues derived by the University. Annual principal and interest payments on the bonds are expected to require approximately 4.3% of unrestricted revenues on average over the next 28 years. The total principal and interest remaining to be paid on the bonds is \$207,678,463. Principal and interest paid for the year ended June 30, 2023 and total unrestricted revenues were \$11,372,460 and \$173,554,086, respectively. Principal and interest paid for the year ended June 30, 2022 and total unrestricted revenues were \$7,315,592 and \$161,296,857, respectively.

During 2015, the Board of Trustees of Wichita State University (Board of Trustees) issued Sedgwick County Public Building Commission Revenue Bonds for the construction of the Experiential Engineering Project. These bonds mature annually on February 1 with semiannual interest payments. The University made a four year commitment to pledge a portion of the funds received from the Kansas Department of Commerce Engineering Expansion Grant (EEG) grant to pay a portion of these revenue bonds. This commitment ended in fiscal year 2022. For the year ended June 30, 2022, the total revenue received by the University under the EEG amounted to \$3.5 million. Of this amount, \$2,595,464 was paid by the University to the Board of Trustees to support the repayment of these bonds.

Loans Payable

During fiscal year 2019, the University entered into an agreement with the Foundation to borrow \$500,000 to finance the renovation and expansion of the Dorothy and Bill Cohen Honor's College located in Shocker Hall. The non-interest bearing loan is to be repaid in annual installments over a period of five years. During the year ended June 30, 2021, the construction of the Honor's College improvements was completed and capitalized by the University. As of June 30, 2023 and 2022, the outstanding principal balance of the loan was \$100,000 and \$200,000, respectively.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

On August 1, 2013, the University entered into a management agreement with the Wichita State University Union Corporation (Union Corp) whereby the University is to manage and operate a new housing and dining facility constructed and owned by the Union, referred to as Shocker Hall. 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. Construction of the facility was completed in August of 2014, at which time the University accounted for this agreement as a capital lease.

As a result of implementation of GASB 87, effective July 1, 2021, the University reclassified the capital lease liability related to the 2013F-1 and 2013F-2 bonds as note payable, reflecting the transaction as a financed purchase. The beginning balance of the loans payable as of July 1, 2021 was \$56,745,000, with accrued interest payable of \$236,049. On July 27, 2021, the University issued Series 2021L Bonds to refund the 2031F-1 bonds, leaving \$1,665,000 of the Series 2013F-2 Bonds outstanding. As of June 30, 2022 the outstanding principal balance of the loan was \$445,000. During the year ended June 30, 2023, the debt was fully retired.

NOTE 9 – LEASES

Leases as a Lessor

The University and its blended component unit Wichita State Innovation Alliance (WSIA) lease land and building space to tenants under various leases with initial terms that range from month-to-month to 63 years. Total lease income for the rental of land and building space was \$2,903,426 and \$2,872,636 for the years ended June 30, 2023 and 2022, respectively, which includes variable lease payments and common area maintenance in accordance with the respective lease agreements.

The University reports variable lease revenue, which is based on occupancy or gross revenues. Certain lease revenues do not meet the criteria for inclusion in the lease receivable, including short-term leases, variable lease payments and common area maintenance charges. Revenues related to leasing activities is recognized in the Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2023 and 2022 are summarized as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Deferred inflows recognized	\$ 1,968,520	\$ 2,106,763
Variable payments		
Building leases	323,829	265,265
Ground leases	147,597	88,260
Common area maintenance charges	310,787	264,348
Lease interest revenue	152,693	148,000
	<u>\$ 2,903,426</u>	<u>\$ 2,872,636</u>

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 9 – LEASES (CONTINUED)

Future minimum annual lease income under these agreements as of June 30, 2023 is as follows:

Year Ending June 30:	Principal	Interest	Total
2024	\$ 1,768,342	\$ 143,541	\$ 1,911,883
2025	1,979,061	128,737	2,107,798
2026	2,031,474	115,586	2,147,060
2027	1,057,935	103,728	1,161,663
2028	40,044	101,460	141,504
2029-2033	192,070	490,833	682,903
2034-2038	217,258	465,885	683,143
2039-2043	246,232	437,442	683,674
2044-2048	279,855	405,160	685,015
2049-2053	318,071	367,741	686,812
2054-2058	361,895	325,104	686,999
2059-2063	377,704	276,826	654,530
2064-2068	340,190	228,333	568,523
2069-2073	390,795	179,107	569,902
2074-2078	449,769	121,919	571,688
2079-2083	498,005	55,136	553,141
2084-2088	93,596	12,614	106,210
	<u>\$ 10,642,296</u>	<u>\$ 3,959,152</u>	<u>\$ 14,601,448</u>

Leases as a Lessee

Within the normal course of operations, the University and WSIA have entered into various lease agreements for the use of land, buildings, vehicles and equipment. WSIA subleases the land and buildings it leases to various tenants. The initial terms of the leases range from month-to-month to 20 years, with additional options to extend. Total expense for the amortization of the right-to-use assets was \$9,054,064 and \$9,070,342 for the years ended June 30, 2023 and June 30, 2022, respectively. Additional expenses for common area maintenance were incurred in accordance with the agreements and totaled \$1,117,563 and \$316,044 for the years ended June 30, 2023 and June 30, 2022, respectively. The commitment for future minimum rental payments under these agreements as of June 30, 2023 is as follows:

Year Ending June 30:	Principal	Interest	Total
2024	\$ 6,848,778	\$ 799,215	7,647,993
2025	7,381,088	705,980	8,087,068
2026	6,227,952	613,608	6,841,560
2027	5,313,099	521,801	5,834,900
2028	5,082,214	746,695	5,828,909
2029-2033	19,362,932	1,409,147	20,772,079
2034-2038	15,428,662	316,427	15,745,089
	<u>\$ 65,644,725</u>	<u>\$ 5,112,873</u>	<u>\$ 70,757,598</u>

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 10 – RETIREMENT PLANS

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

Defined Contribution Plan

Eligible faculty and unclassified employees are required to participate in the Kansas Board of Regents (KBOR) defined contribution retirement plan established pursuant to Section 403(b) of the Internal Revenue Code, which was authorized by K.S.A. 74-4925, *et seq.* The Regents have selected the following companies to provide investment options to participants: (1) Teachers Insurance and Annuity Association (TIAA), and (2) Voya Financial. 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, 2023, 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:

	FY 2023	FY 2022
Employee 403b contributions	\$ 7,821,670	\$ 6,742,109
Employer 403b contributions	\$ 12,088,036	\$ 10,419,623

Voluntary Retirement Plan

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

Defined Benefit Pension Plan

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

Benefits Provided

KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. Member employees (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credit service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 "points" (Police and Firemen's' normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10 – RETIREMENT PLANS (CONTINUED)

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

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

The 2012 Legislature made changes affecting new hires, current member employees and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 years with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contributions rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by the employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1.00 percent contribution rate for the Death and Disability Program) and the statutory contribution rates for the years ending June 30, 2023 and June 30, 2022 are shown in the table below:

	<u>FY 2023</u>	<u>FY 2022</u>
KPERS State/School group		
Actuarial employer rate	13.86%	13.33%
Statutory employer capped rate	13.86%	13.33%
KP&F		
Actuarial employer rate	22.99%	22.80%
Statutory employer capped rate	22.99%	22.80%

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 10 – RETIREMENT PLANS (CONTINUED)

Contributions to the pension plan from the University were \$1,708,737 and \$1,656,623 for the years ended June 30, 2023 and 2022, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

Although KPERS administers one cost sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each group of the plan. The University participates in the State/School group (KPERS) and the police and firemen group (KP&F).

As of June 30, 2023 and 2022, the University reported a liability of \$17,024,510 and \$14,641,456, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022.

The University's proportion of the net pension liability was based on the ratio of the University actual contributions to KPERS and KP&F, relative to the total employer and non-employer contributions of the respective subgroup within KPERS for the fiscal year ended June 30, 2022. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. The University's proportion and change from its proportion measured as of the previous fiscal year end were as follows:

	Net Pension Liability as of June 30, 2023	Proportion as of June 30, 2023	Increase (decrease) in Proportion from June 30, 2022
KPERS State/School group	\$ 13,763,624	0.192622%	(0.027576)%
KP&F	3,260,886	0.226100%	(0.008167)%
	<u>\$ 17,024,510</u>		
	Net Pension Liability as of June 30, 2022	Proportion as of June 30, 2022	Increase (decrease) in Proportion from June 30, 2021
KPERS State/School group	\$ 12,405,976	0.220198%	0.025272%
KP&F	2,235,480	0.234267%	0.010265%
	<u>\$ 14,641,456</u>		

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 10 – RETIREMENT PLANS (CONTINUED)

For the years ended June 30, 2023 and 2022, the University recognized a pension expense of (\$2,414,965) and (\$1,474,592), respectively. As of June 30, 2023 and 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2023		June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
KPERS State/School Group				
Differences between expected and actual experience	\$ 305,073	\$ 5,980	\$ 184,227	\$ 57,867
Differences between projected and actual earnings on pension plan investments	1,159,142	-	-	3,060,285
Changes of assumptions	2,115,728	-	1,785,805	-
Changes in proportionate share	-	3,742,742	-	4,632,478
Contributions subsequent to the measurement date	1,342,057	-	1,349,185	-
	<u>4,922,000</u>	<u>3,748,722</u>	<u>3,319,217</u>	<u>7,750,630</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
KP&F				
Differences between expected and actual experience	138,379	-	176,396	-
Differences between projected and actual earnings on pension plan investments	223,799	-	-	586,481
Changes of assumptions	419,045	-	284,356	-
Changes in proportionate share	68,311	136,017	116,967	120,544
Contributions subsequent to the measurement date	366,680	-	307,438	-
	<u>1,216,214</u>	<u>136,017</u>	<u>885,157</u>	<u>707,025</u>
	<u>\$ 6,138,214</u>	<u>\$ 3,884,739</u>	<u>\$ 4,204,374</u>	<u>\$ 8,457,655</u>

The \$1,708,737 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources Recognized in Pension Expense		
	Total	KPERS	KP&F
2024	\$ (384,437)	\$ (613,533)	\$ 229,096
2025	96,781	(91,775)	188,556
2026	(160,041)	(227,709)	67,668
2027	991,405	770,031	221,374
2028	1,030	(5,793)	6,823
	<u>\$ 544,738</u>	<u>\$ (168,779)</u>	<u>\$ 713,517</u>

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 10 – RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Price inflation	2.75%
Salary increases	3.50% to 12.00%, including price inflation
Investment rate of return	7.00%, compounded annually, net of investment expense, and including price inflation

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The actuarial assumptions used in the calculation of the total pension liability were based on the results of the most recent actuarial experience study. It covered the three-year period of January 1, 2016 through December 31, 2018 and was dated January 7, 2020.

The actuarial assumption changes adopted by the Pension Plan for all groups based on the actuarial valuation performed as of December 31, 2020 included a decrease in the investment rate of return assumption from 7.25% to 7.00%. For the KPERS group, the interest crediting rate assumption for KPERS 3 members was lowered from 6.25% to 6.00% and the annuity interest rate assumption for KPERS 3 members was lowered from 5.75% to 5.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

Asset class	<u>Long-term Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
U.S. Equities	23.50%	5.20%
Non-U.S. Equities	23.50%	6.40%
Private Equity	8.00%	9.50%
Private Real Estate	11.00%	4.45%
Yield Driven	8.00%	4.70%
Real Return	11.00%	3.25%
Fixed Income	11.00%	1.55%
Short Term Investments	4.00%	0.25%
	<u>100.00%</u>	

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 10 – RETIREMENT PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2022 was 7.00%. The discount rate used to measure the total pension liability at the prior measurement date of June 30, 2021 was 7.25%. The projection of cash flows used to determine the discount rate was based on member and employer contributions. In KPERS, the State/School group does not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board of Trustees of KPERS may not increase by more than the statutory cap. The statutory cap for fiscal year 2022 was 1.2%.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School statutory rate for fiscal year 2015 of 11.27% was reduced to 8.65% for the last half of the fiscal year as part of the Governor's allotment. That same session, SB 228 recertified statutory rates for the State/School group to 10.91% for fiscal year 2016 and 10.81% for fiscal year 2017 in anticipation of the issuance of \$1 billion in pension obligation bonds. Legislation in the 2016 session (SB 161) provided for the delay of up to \$100 million in State and School contributions to the Retirement System for fiscal year 2016. Concurrently, 2016 house Sub for sb 249 provided that delayed contributions would be repaid in full, with interest at 8%, by June 30, 2018. However, legislation passed by the 2017 Legislature removed the repayment provisions included in SB 161.

In addition, 2017 Senate Sub for Sub HB 2052 delayed \$64.1 million in fiscal year 2017 State/School contributions, to be repaid over 20 years in level dollar installments. The first two years of the \$6.4 million have been paid in full, as scheduled. In addition, appropriations for fiscal year 2018 fully funded the state/School group statutory contribution rate of 12.01%. Additional legislation in the 2017 Session (Senate Sub for HB 2002) provided for a reduction of \$194 million from the previously certified contribution rate of 13.21% in the State/School contributions for fiscal year 2019. Like the fiscal year 2017 reduction, it is to be paid back over a 20-year period, beginning in fiscal year 2020. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan. The 2018 Legislature passed House Sub for SB 109, which directed on-behalf payments of \$56 million and \$82 million be made to KPERS. The \$56 million payment was received by KPERS on June 30, 2018 and recorded as fiscal year 2018 contributions. The \$82 million was received July 1, 2019 and was recorded as fiscal year 2019 contributions. The 2019 Legislative session passed SB 9 which authorized a transfer of \$115 million to KPERS, received in March 2020. House Sub for SB 25 from the 2019 Legislative session authorized additional funding for the KPERS School group in fiscal year 2020 of \$51 million. In 2021, the Legislature passed HB 2405, which authorizes the state of Kansas to issue bonds with net proceeds of \$500 million to fund a portion of the School unfunded actuarial liability, assuming certain criteria are met. As a result, the State/School contribution rates for fiscal year 2022 were recertified from 14.09% to 13.33% and for fiscal year 2023 from 13.86% to 13.11%. The bond proceeds were received by KPERS on August 26, 2021 and are accounted for as FY 2022 contributions.

The 2022 Legislature passed Senate Bille 421, which provided \$253.9 million for the repayment of the delayed contributions for FY2017 and 2019, as well as additional contributions of \$871.1 million for the School group. These contributions are to be made in four payments. \$553.9 million was received May 19, 2022, with \$253.9 million earmarked for the repayment of the delayed contributions and \$300 million is accounted for as FY 2022 contributions. \$300 million was received June 1, 2022 and is accounted for as FY 2022 contributions. Additional contributions of \$146.1 million (received August 1, 2022) and \$125 million (received December 1, 2022) are reflected on projected cash flows in determining the SEIR.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 10 – RETIREMENT PLANS (CONTINUED)

Typically, when additional contributions have been made by the state, the statutory employer contribution rates for the following two fiscal years have been recertified by the legislature, i.e., the revised contribution rates are lower, reflecting the additional funding. Such recertification has not yet occurred, but is reflected in the projected cash flows as a conservative approach to the projection of fiduciary net position.

Based on the results of the December 31, 2021 actuarial valuation, the statutory contribution rate for the State/School group is equal to the actuarially required rate (ARC rate) in FY25 with an ARC rate of 11.42 (statutory contribution rate was first equal to the ARC rate in FY21 at 14.23%). Projections based on the same valuation, and assuming annual returns of 7.0%, indicate that the contribution rate will decline for a few years while deferred gains are recognized, then remain fairly stable until 2040.

Based on employer contribution history as described above, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years. Using this assumption, actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date. The KP&F group is contributing at the full actuarial contribution rate.

Based on the assumptions described in the preceding paragraph, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following presents the University's proportionate share of the net pension liability as of June 30, 2023 and 2022 calculated using the discount rate of 7.00% and 7.25%, respectively, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
University's proportionate share of the net pension liability			
KPERS	\$ 19,457,618	\$ 13,763,624	\$ 9,005,109
KP&F	4,472,783	3,260,886	2,252,518
Total	<u>\$ 23,930,401</u>	<u>\$ 17,024,510</u>	<u>\$ 11,257,627</u>
	June 30, 2022		
	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
University's proportionate share of the net pension liability			
KPERS	\$ 18,223,328	\$ 12,405,976	\$ 7,510,541
KP&F	3,355,241	2,235,480	1,298,799
Total	<u>\$ 21,578,569</u>	<u>\$ 14,641,456</u>	<u>\$ 8,809,340</u>

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 10 – RETIREMENT PLANS (CONTINUED)

Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

As an agency of the State of Kansas, the University participates in the state's long-term disability program. Participating employers pay the cost of the long-term disability and life insurance coverage for their eligible members. The long-term disability plan is considered to be a single employer long-term disability plan. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. Because the trust's assets are used to pay employee benefits other than OPEB, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. There is no stand-alone financial report for the plan.

Eligible employees consist of all individuals who are: (1) currently active members of KPERS, (2) employees of an educational institution under the Kansas Board of Regents as defined in K.S.A. 74-4925, (3) eligible employees of University of Kansas Hospital Authority as defined in K.S.A. 76-3322, or elected officials.

Benefits Provided

The plan provides a group life benefit for active members through a fully-insured program with Standard Insurance Company. Because this benefit is fully insured, it is not included in the scope of the actuarial valuation. The plan also provides a self-funded LTD benefit and a self-funded life insurance benefit for disabled members (referred to as "group life waiver of premium") which is included in the actuarial valuation.

- ***Long-term Disability Benefit:*** The monthly benefit is 60% of the member's monthly rate of compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, worker's compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment.
- ***Maximum Benefit Period:*** If the disability begins before age 60, benefits are payable while disability continues until the member's 65th birthday or retirement date, whichever first occurs. If the disability occurs at or after age 60, benefits are payable while disability continues, for a period of five years or until the date of the member's retirement, whichever first occurs.
- ***Limitation for Mental Illnesses and Substance Abuse:*** Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically-based mental illnesses are limited to the term of the disability or 24 months per lifetime, whichever is less.
- ***Group Life Waiver of Premium Benefit:*** Upon the death of a member who is receiving monthly disability benefits, the plan will pay a lump sum benefit to eligible beneficiaries. The benefit amount will be 150% of the greater of (a) the member's annual rate of compensation at the time of disability, or (b) the member's previous 12 months of compensation at the time of the last date on payroll. If the member had been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed before the life insurance benefit is computed. The indexing is based on the consumer price index, less one percentage point.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

- **Accelerated Death Benefit:** If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, he or she may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary.

Employees Covered by Benefit Terms

As of June 30, the following employees were covered by the benefit terms:

	<u>2023</u>	<u>2022</u>
Disabled employees receiving benefits	258	262
Active employees	21	20
	<u>279</u>	<u>282</u>

Total OPEB Liability

The University's total OPEB liability of \$1,145,804 was based on an actuarial valuation as of December 31, 2021 rolled forward to a measurement date of June 30, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Price inflation	2.75%
Payroll growth	3.00%
Salary increases	3.50% to 10.00%, including price inflation
Discount rate	3.54%
Healthcare cost trend rates	N/A
Retiree share of benefit cost	N/A

The discount rate was based upon the Bond Buyer General Obligation 20-Year Municipal Bond Index as of the measurement date.

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on MP-2021.

The long-term disability incidence and claim termination rate assumptions that determined the total OPEB liability as of June 30, 2021 and June 30, 2022 were based on the actual KPERS experience. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the most recent KPERS pension valuation as of the measurement date.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Changes in the Total OPEB Liability

	For the Year Ended	
	June 30, 2023	June 30, 2022
Balance, beginning of year	\$ 1,347,238	\$ 1,231,682
Service cost	46,941	55,064
Interest on total OPEB liability	28,303	26,424
Effect of plan changes	--	--
Effect of economic/ demographic gains or losses	(11,642)	214,711
Effect of assumption change or inputs	(96,415)	2,551
Benefit payments	(168,621)	(183,194)
Balance, end of year	<u>\$ 1,145,804</u>	<u>\$ 1,347,238</u>

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period and demographic assumption updates based on the most recent KPERS experience study. The discount rate increased from 2.16% on June 30, 2021 to 3.54% on June 30, 2022.

Sensitivity Analysis

The following presents the total OPEB liability of the University as of June 30, 2023 and 2022, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	June 30, 2023		
	1% Decrease	Current Rate	1% Increase
	2.54%	3.54%	3.16%
Total OPEB Liability	\$ 1,188,035	\$ 1,145,804	\$ 1,106,099

	June 30, 2022		
	1% Decrease	Current Rate	1% Increase
	1.16%	2.16%	3.16%
Total OPEB Liability	\$ 1,399,631	\$ 1,347,238	\$ 1,297,319

The healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS. Therefore, there is no sensitivity to a change in healthcare trend rates.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Expense Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2023 and 2022, the University recognized OPEB expense of \$96,066 and \$113,051, respectively. As of June 30, 2023 and 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2023		June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 304,628	\$ 101,794	\$ 351,592	\$ 107,244
Changes of assumptions	57,528	118,902	66,194	40,203
Benefit payments subsequent to the measurement date	168,621	--	183,194	--
	<u>\$ 530,777</u>	<u>\$ 220,696</u>	<u>\$ 600,980</u>	<u>\$ 147,447</u>

The \$168,621 reported as deferred outflows of resources related to OPEB resulting from University benefit payments subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2024	\$ 20,822
2025	20,822
2026	20,822
2027	22,748
2028	21,301
Thereafter	34,945
	<u>\$ 141,460</u>

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The University, as a state educational institution of Kansas, is subject to the Kansas Tort Claims Act, K.S.A. 75-6101 *et seq.* (KTCA) with regard to general liability and personal injury. As such, the University shall bear the risk of any loss or damage to any real or personal property caused by the negligence of the University or its employees or invitees performing in the course of their employment or direction or authority of the University. The University is subject to the liability limitations and immunities under the KTCA.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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. As a state educational institution, the University is self-insured relative to worker's compensation, medical and unemployment insurance. The University maintains specific insurance coverage as allowed by the State of Kansas and as required by outstanding revenue bond covenants. The University is not aware of any significant outstanding insurance claims as of June 30, 2023. Insurance settlements have not exceeded insurance coverage in for the past three fiscal years.

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

Outstanding encumbrances as of June 30, 2023 are summarized in the table below:

	Original Amount	Remaining Amount
State General Fund	\$ 7,956,089	\$ 3,999,863
Tuition and Fees	1,567,633	1,171,991
Infrastructure Maintenance Fund	27,405	1,161
Restricted Fees Fund	23,719,697	14,405,559
Sponsored Research Overhead Fund	4,809,774	2,908,128
University Federal Fund	55,047,106	19,803,169
Housing System Revenue Fund	49,700	49,700
Parking System Revenue Fund	6,110	3,055
Parking System Maintenance Fund	100,000	100,000
Service Clearing Funds	120,677	83,116
Educational Building Fund	2,193,705	1,206,008
KDFA Funds (2021L)	13,220,953	421,289
KDFA Funds (2022G)	11,945,838	8,784,345
Total	<u>\$ 120,764,687</u>	<u>\$ 52,937,384</u>

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 13 – NATURAL CLASSIFICATIONS OF EXPENSE

The University's operating expenses for the year June 30, 2023 by functional and natural classification are as follows:

	Compensation and Benefits	Contractual Services and Commodities	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 82,210,424	\$ 8,853,051	\$ 1,564	\$ --	\$ --	\$ 91,065,039
Research	96,811,772	143,824,452	1,356,941	--	--	241,993,165
Public service	13,786,357	16,435,168	14,997	--	--	30,236,522
Academic support	24,552,467	12,143,752	323	--	--	36,696,542
Student service	20,454,334	18,291,974	2,837	--	--	38,749,145
Institutional support	14,853,658	11,176,006	48,046	--	--	26,077,710
Operations and maintenance of plant	12,808,957	10,441,053	8,058,122	--	--	31,308,132
Scholarships and fellowships	--	--	--	20,045,480	--	20,045,480
Auxiliary enterprises	3,293,893	6,123,461	986,435	--	--	10,403,789
COVID-19 expenses	245,125	47,644	--	--	--	292,769
Depreciation	--	--	--	--	35,467,743	35,467,743
Total	<u>\$ 269,016,987</u>	<u>\$ 227,336,561</u>	<u>\$ 10,469,265</u>	<u>\$ 20,045,480</u>	<u>\$ 35,467,743</u>	<u>\$ 562,336,036</u>

The University's operating expenses for the year June 30, 2022 by functional and natural classification are as follows:

	Compensation and Benefits	Contractual Services and Commodities	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 74,846,461	\$ 10,096,283	\$ 7	\$ --	\$ --	\$ 84,942,751
Research	70,755,149	105,946,054	870,549	--	--	177,571,752
Public service	12,978,149	13,785,450	12,992	--	--	26,776,591
Academic support	23,252,243	12,038,244	3,611	--	--	35,294,098
Student service	19,385,445	16,590,379	1,873	--	--	35,977,697
Institutional support	13,471,250	9,245,924	300	--	--	22,717,474
Operations and maintenance of plant	11,672,258	2,503,304	7,326,642	--	--	21,502,204
Scholarships and fellowships	--	--	--	41,625,984	--	41,625,984
Auxiliary enterprises	2,277,341	6,905,177	885,069	--	--	10,067,587
COVID-19 expenses	442,219	6,038,234	--	--	--	6,480,453
Depreciation	--	--	--	--	32,332,162	32,332,162
Total	<u>\$ 229,080,515</u>	<u>\$ 183,149,049</u>	<u>\$ 9,101,043</u>	<u>\$ 41,625,984</u>	<u>\$ 32,332,162</u>	<u>\$ 495,288,753</u>

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 14 – COMPONENT UNITS

The following disclosure fulfills the requirements in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, paragraph 11. It also complies with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14*.

Buildings and improvements constructed or purchased by the University's component units become the property of the University. Generally, revenue-backed bonded debt remains the liability of the component unit. Operating equipment and vehicles, purchased with component unit funds, remain an asset of the component unit.

Wichita State University Innovation Alliance

The Wichita State Innovation Alliance, Inc. (WSIA) and Wichita State Innovation Alliance Investment Corporation (WSIAC) are presented as a blended component unit of the University. WSIA manages key parts of the Wichita State University Innovation Campus (Campus). The Campus creates jobs, innovation and partnerships with private businesses. WSIA supports the University and the Campus through:

- Overseeing and managing relationships with public and private organizations who engage in innovation-based partnerships;
- Facilitate intellectual property development, dissemination, and licensing;
- Provide a gateway for the use and improvement of University research facilities and capabilities;
- Facilitating the co-location of organizations to support the University's mission of applied learning;
- Enhancing the University's entrepreneurial culture and the local entrepreneurial ecosystem; and
- Encouraging and facilitating the formation of new public-private ventures involving University related ideas, knowledge or technology.

The WSIA Investments Corporation (WSIAC), a wholly owned subsidiary of WSIA, was formed in 2014 as part of the University's initiative to support area economic development, including its innovation campus. WSIAC aids entrepreneurs, students and faculty interested in commercializing ideas by negotiating an equity position in their business in exchange for University resources and support.

WSIAC uses the equity method of accounting for its investments in limited liability companies (LLCs) because WSIAC has the ability to exercise significant influence over these companies. Under the equity method, investments are carried at cost and increased or decreased by WSIAC's pro rata share of earnings or losses. Given the structure of the LLC investments, losses in excess of the investment are only recorded when WSIAC has committed to provide additional financial support to the respective LLC. The carrying values of these investments are also adjusted to reflect additional contributions or withdrawals of capital.

WSIA prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 14 – COMPONENT UNITS (CONTINUED)

Condensed combining statements for the University and its blended component unit WSIA as of and for the year ended June 30, 2023 are presented below:

Condensed Combining Statement of Net Position

	University	WSIA	Eliminating	Total
Current assets	\$ 167,168,512	\$ 8,801,923	\$ (3,032,213)	\$ 172,938,222
Capital assets	506,843,729	25,619,471	--	532,463,200
Other noncurrent assets	12,998,612	11,286,054	(686,064)	23,598,602
Total assets	<u>687,010,853</u>	<u>45,707,448</u>	<u>(3,718,277)</u>	<u>729,000,024</u>
Deferred outflows of resources	6,668,991	--	--	6,668,991
Current liabilities	68,304,144	5,233,475	(2,323,991)	71,213,628
Noncurrent liabilities	213,817,354	23,515,472	--	237,332,826
Total liabilities	<u>282,121,498</u>	<u>28,748,947</u>	<u>(2,323,991)</u>	<u>308,546,454</u>
Deferred inflows of resources	4,397,401	15,038,558	(3,555,675)	15,880,284
Net position				
Net investment in capital assets	316,138,078	--	--	316,138,078
Restricted	20,113,187	--	--	20,113,187
Unrestricted	70,909,680	1,919,943	2,161,389	74,991,012
Total net position	<u>\$ 407,160,945</u>	<u>\$ 1,919,943</u>	<u>\$ 2,161,389</u>	<u>\$ 411,242,277</u>

**Condensed Combining Statement of Revenue,
Expenses and Changes in Net Position**

	University	WSIA	Eliminating	Total
Operating revenue	\$ 431,019,029	\$ 5,944,922	\$ (3,002,665)	\$ 433,961,286
Operating expenses	561,284,341	6,106,041	(5,054,346)	562,336,036
Operating loss	<u>(130,265,312)</u>	<u>(161,119)</u>	<u>2,051,681</u>	<u>(128,374,750)</u>
Non-operating revenue (expenses)	153,304,309	996,443	(1,902,021)	152,398,731
Capital contributions and operating transfers	23,880,026	--	(74,217)	23,805,809
Change in net position	46,919,023	835,324	75,443	47,829,790
Net position, beginning of year	363,341,922	1,084,619	2,085,946	366,512,487
Prior Period Adjustment	(3,100,000)	--	--	(3,100,000)
Net position, end of year	<u>\$ 407,160,945</u>	<u>\$ 1,919,943</u>	<u>\$ 2,161,389</u>	<u>\$ 411,242,277</u>

Condensed Combining Statement of Cash Flows

	University	WSIA	Eliminating	Total
Net cash provided by (used in)				
Operating activities	\$ (112,827,958)	830,403	--	(111,997,555)
Noncapital financing activities	150,670,948	1,168,328	--	151,839,276
Capital and related financing activities	(70,961,457)	(171,885)	--	(71,133,342)
Investing activities	3,726,104	--	--	3,726,104
Net change in cash and cash equivalents	<u>(29,392,363)</u>	<u>1,826,846</u>	<u>--</u>	<u>(27,565,517)</u>
Cash and cash equivalents, beginning of year	112,490,566	3,808,958	--	116,299,524
Cash and cash equivalents, end of year	<u>\$ 83,098,203</u>	<u>\$ 5,635,804</u>	<u>--</u>	<u>\$ 88,734,007</u>

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 14 – COMPONENT UNITS (CONTINUED)

Condensed combining statements for the University and its blended component unit WSIA as of and for the year ended June 30, 2022 are presented below:

Condensed Combining Statement of Net Position

	University	WSIA	Eliminating	Total
Current assets	\$ 162,601,433	\$ 7,828,307	\$ (1,386,803)	\$ 169,042,937
Capital assets	449,897,894	28,715,435		478,613,329
Other noncurrent assets	22,762,167	14,359,331	(3,703,029)	33,418,469
Total assets	<u>635,261,494</u>	<u>50,903,073</u>	<u>(5,089,832)</u>	<u>681,074,735</u>
Deferred outflows of resources	4,805,354	--	--	4,805,354
Current liabilities	60,452,031	5,196,725	(1,850,855)	63,797,901
Noncurrent liabilities	207,116,890	26,318,799	(319,280)	233,116,409
Total liabilities	<u>267,568,921</u>	<u>31,515,524</u>	<u>(2,170,135)</u>	<u>296,914,310</u>
Deferred inflows of resources	9,155,976	18,302,930	(5,005,614)	22,453,292
Net position				
Net investment in capital assets	269,047,958	--	--	269,047,958
Restricted	29,888,641	--	--	29,888,641
Unrestricted	64,405,352	1,084,619	2,085,917	67,575,888
Total net position	<u>\$ 363,341,951</u>	<u>\$ 1,084,619</u>	<u>\$ 2,085,917</u>	<u>\$ 366,512,487</u>

**Condensed Combining Statement of Revenue,
Expenses and Changes in Net Position**

	University	WSIA	Eliminating	Total
Operating revenue	\$ 378,166,194	\$ 5,276,362	\$ (1,477,653)	\$ 381,964,903
Operating expenses	493,574,337	5,576,095	(3,861,679)	495,288,753
Operating loss	<u>(115,408,143)</u>	<u>(299,733)</u>	<u>2,384,026</u>	<u>(113,323,850)</u>
Non-operating revenue (expenses)	150,838,544	--	--	150,838,544
Capital contributions and operating transfers	6,116,275	2,863,835	--	8,980,110
Change in net position	41,546,676	2,564,102	2,384,026	46,494,804
Net position, beginning of year	316,902,017	(1,711,686)	--	315,190,331
Change in accounting principle	4,893,258	232,203	(298,109)	4,827,352
Net position, end of year	<u>\$ 363,341,951</u>	<u>\$ 1,084,619</u>	<u>\$ 2,085,917</u>	<u>\$ 366,512,487</u>

Condensed Combining Statement of Cash Flows

	University	WSIA	Eliminating	Total
Net cash provided by (used in)				
Operating activities	\$ (92,688,046)	(302,017)	(928,217)	(93,918,280)
Noncapital financing activities	157,115,989	3,159,562	(3,159,562)	157,115,989
Capital and related financing activities	(47,075,224)	(295,727)	259,727	(47,111,224)
Investing activities	(1,498,488)	--	--	(1,498,488)
Net change in cash and cash equivalents	<u>15,854,231</u>	<u>2,561,818</u>	<u>(3,828,052)</u>	<u>14,587,997</u>
Cash and cash equivalents, beginning of year	100,464,387	1,247,140	--	101,711,527
Cash and cash equivalents, end of year	<u>\$ 116,318,618</u>	<u>\$ 3,808,958</u>	<u>(3,828,052)</u>	<u>\$ 116,299,524</u>

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 14 – COMPONENT UNITS (CONTINUED)

Wichita State University Foundation

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

WSUF Real Estate Holdings, LLC is a wholly owned subsidiary formed during 2016. It derives its revenue from donated real estate. All activities from the Wichita State University Foundation and WSUF Real Estate Holdings, LLC have been included within the Foundation's consolidated financial statements.

Effective July 1, 2022, the Organization started doing business as Wichita State University Foundation and Alumni Engagement after the assets, liabilities, net assets and operations of the Wichita State University Alumni Association were assumed by the Organization.

The Foundation's financial statements are prepared in accordance Financial Accounting Standards Board (FASB) Accounting Standards, including Accounting Standards Codification (ASC) Section 958-205, *Financial Statements of Not-for-Profit Organizations*.

Under FASB ASC 958-205, the Foundation is required to report information regarding its financial position and activities in two classes of net assets:

- **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of management and the Foundation's Board of Trustees.
- **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Foundation is subject to federal income tax on any unrelated business taxable income. WSUF Real Estate Holdings, LLC does not incur income taxes; instead, its earnings are included in the Foundation's income tax return and taxed depending on the Foundation's tax situation.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 14 – COMPONENT UNITS (CONTINUED)

Pledges receivable

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Due in less than one year	\$ 5,280,904	\$ 8,004,525
Due in one to five years	6,839,407	9,617,215
Due in more than five years	3,360,000	3,600,000
	<u>15,480,311</u>	<u>21,221,740</u>
Less:		
Allowance for uncollectible pledges	231,468	530,273
Unamortized discount (at effective rate of 3%)	1,012,455	1,201,805
	<u>1,243,923</u>	<u>1,732,078</u>
	<u>\$ 14,236,388</u>	<u>\$ 19,489,662</u>

Pledges held on behalf of the Intercollegiate Athletics Association (ICAA) totaling \$1,203,000 and \$1,726,998 for the years ended June 30, 2023 and 2022, respectively, are included in the amounts above. In the combining schedule for the University's discretely presented component units a reduction in current accounts receivable and in other long-term assets, with an offsetting amount in deposits held in custody of others is shown in the eliminations column to remove the duplication of these amounts.

Collections

All collections of works of art and similar assets are capitalized by the Foundation. Items added to the collections are capitalized at cost, if purchased, or at estimated fair value at the date of acquisition, if donated. Collection items have cultural, aesthetic, or historical value that is worth preserving perpetually, and the Foundation is protecting and preserving essentially undiminished the service potential of the collection items, therefore, they are not being depreciated. Contributions of art are donor restricted and may be disposed of with the proceeds received being restricted as to use. Accessions and deaccessions for collections during the years ended June 30, 2023 and 2022 are summarized as follows:

	<u>For the Year Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collections, beginning of year	\$ 18,445,694	\$ 17,723,839
Accessions	389,171	721,855
Deaccessions	(37,690)	--
Collections, end of year	<u>\$ 18,797,175</u>	<u>\$ 18,445,694</u>

The University's accounting policy is not to capitalize collections (see Note 5). In the combining schedule for the University's discretely presented component units, a reduction in long-term assets and related net position is shown in the eliminations column to remove the collections held by the Foundation from the University's financials statements to increase comparability of the financial statements due to a perspective difference.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 14 – COMPONENT UNITS (CONTINUED)

Investments

The Foundation provides support for the educational undertakings of Wichita State University and all related beneficial activities. It derives most of its revenue from contributions and earnings on investments. As such, the Foundation has a significantly expanded investment authority relative to the University. The Foundation manages its investments in accordance with the Investment Policy Statement approved by the Board of Directors, which can be found on the Foundation’s website at <https://foundation.wichita.edu/investments/> or by calling 1-316-978-3040.

The classification of investments by level within the valuation hierarchy as of June 30, 2023 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity stocks				
Domestic	\$ 9,108,252	\$ 9,108,252	\$ --	\$ --
International	48,259	48,259	--	--
Mutual funds				
Treasury	10,266,646	10,266,646	--	--
Diversified	2,454,256	2,454,256	--	--
Domestic equities	15,048,450	15,048,450	--	--
International equities	10,400,613	10,400,613	--	--
Fixed income securities				
U.S. Government Treasury and Agency	7,403,736	7,403,736	--	--
Corporate bonds and debentures	31,181,056	--	31,181,056	--
Municipal bonds	3,274,248	--	3,274,248	--
Mortgage and asset-backed securities	2,776,528	--	2,776,528	--
Beneficial interest in trusts	22,106,083	--	--	22,106,083
	<u>114,068,127</u>	<u>\$ 54,730,212</u>	<u>\$ 37,231,832</u>	<u>\$ 22,106,083</u>
Investments at NAV (practical expedient)	<u>202,920,355</u>			
Total investments measured at fair value	<u>316,988,482</u>			
Investments not measured at fair value:				
Equity method investments	2,481,342			
Investment in real estate	597,175			
	<u>\$ 320,066,999</u>			
Reconciliation to the Combining Schedule:				
Investments, current	\$ 14,933,458			
Investments, noncurrent	305,133,541			
	<u>\$ 320,066,999</u>			

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 14 – COMPONENT UNITS (CONTINUED)

The classification of investments by level within the valuation hierarchy as of June 30, 2022 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity stocks				
Domestic	\$ 5,545,794	\$ 5,545,794	\$ --	\$ --
International	500	500	--	--
Mutual funds				
Treasury	13,758,149	13,758,149	--	--
Diversified	2,309,796	2,309,796	--	--
Domestic equities	9,493,106	9,493,106	--	--
International equities	8,963,721	8,963,721	--	--
Fixed income securities				
U.S. Government Treasury and Agency	10,054,949	11,054,949	--	--
Corporate bonds and debentures	42,137,339	--	42,137,339	--
Municipal bonds	6,423,996	--	6,423,996	--
Mortgage and asset-backed securities	3,554,140	--	3,554,140	--
Beneficial interest in trusts	<u>21,031,106</u>	<u>--</u>	<u>--</u>	<u>21,031,106</u>
	123,272,596	<u>\$ 50,126,015</u>	<u>\$ 52,115,475</u>	<u>\$ 21,031,106</u>
Investments at NAV (practical expedient)	<u>198,828,943</u>			
Total investments measured at fair value	<u>322,101,539</u>			
Investments not measured at fair value:				
Equity method investments	2,626,079			
Investment in real estate	597,175			
	<u>\$ 325,324,793</u>			
Reconciliation to the Combining Schedule:				
Investments, current	\$ 14,246,953			
Investments, noncurrent	311,077,840			
	<u>\$ 325,324,793</u>			

The Foundation's beneficial interest in trusts is valued based on estimates of the underlying investments of the fund as provided by fund managers and other market data. Because the Foundation has an undivided interest in the trusts, its unit of account for the fair value measurement purposes is the fund. The fund is classified as Level 3 in the fair value hierarchy because no observable inputs exist for an undivided interest in the fund.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 14 – COMPONENT UNITS (CONTINUED)

Included in the amounts above are \$4,778,917 in investments held on behalf of ICAA, and \$7,615,304 in investments held on behalf of the Board of Trustees, which are also reported as discretely presented component units of the University.

In the combining schedule for the University's discretely presented component units a reduction in cash and cash equivalents, restricted cash and cash equivalents, and current investments, with an offsetting amount in deposits held in custody of others is shown in the eliminations column to remove the duplication of the amounts related to ICAA and Board of Trustees.

Complete financial statements for the Foundation can be obtained from the WSU Foundation Office at 1845 Fairmount, Campus Box 2, Wichita, Kansas, 67260-0002.

Wichita State University Intercollegiate Athletics Association, Inc. (ICAA)

Wichita State University Intercollegiate Athletic Association, Inc. (ICAA) was incorporated to schedule, manage and promote athletic contests of the University in harmony with the general education policy of the University. ICAA has eight women's and seven men's sports which compete in Division I of the National Collegiate Athletic Association and in the American Athletic 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 ICAA policies and activities. The management functions of the ICAA are delegated to the Director of Athletics by the President.

ICAA prepares its financial statements as a business-type activity in conformity with the applicable pronouncements of the Governmental Accounting Standards Board (GASB). Accordingly, ICAA's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting.

ICAA is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law on income related to its exempt purpose. Under Revenue Procedure 95-48, ICAA is exempt from filing the Form 990. Annual federal and state tax returns are filed for ICAA's unrelated business income related to advertising.

Related Parties

The Student Government Association, through the University, allocates annually a portion of the student fees collected for support of ICAA. For the years ended June 30, 2023 and 2022, respectively, ICAA's financial statements reflected \$4,470,505 and \$4,271,768 of student fees as revenue.

The State of Kansas, through the University, pays directly the salaries and fringe benefits of certain ICAA personnel. For the years ended June 30, 2023 and 2022, respectively, ICAA's financial statements reflect \$3,090,100 and \$3,531,812 of direct institutional support as revenue, with a like amount of salaries reflected as expenses.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 14 – COMPONENT UNITS (CONTINUED)

The University also provides full maintenance, custodial, utilities and certain other costs on all athletic facilities. For the years ended June 30, 2023 and 2022, respectively, ICAA’s financial statements reflect \$1,986,303 and \$1,612,406 as indirect institutional support, with a like amount reflected as part of management and administrative expenses. All land and structures pertinent to the operation of the ICAA, are owned by the State of Kansas and have not been reflected as assets in the financial statements of ICAA.

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

Commitments and Contingencies

ICAA has entered into various long-term contracts (employment agreements) with certain coaches. The contracts provide for the payment of various amounts of damages should the contracts be terminated without good cause prior to their expiration dates.

Salaries and benefits under such contracts are accrued and recorded to expense as services are provided. Following separation of service, future salaries and benefits payable under such contracts are accrued and expensed at the time no future services are required. Future payments are discounted at a rate of 3%. Severance payable consists of the following as of June 30:

	June 30, 2023	June 30, 2022
Gross severance payable	\$ 8,675,371	\$ 5,838,971
Unamortized discount (at effective rate of 3%)	(268,116)	(273,209)
	\$ 8,407,255	\$ 5,565,762

Future payments under the terms of the agreements are as follows:

Year Ending June 30:		
2024	\$	3,002,746
2025		2,547,415
2026		2,596,363
2027		528,847
	\$	8,675,371

In the combining schedules included as supplementary information, the amount due within one year is reported in accounts payable and accrued liabilities. The amount due in more than one year is reported as an other long-term liability.

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

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 14 – COMPONENT UNITS (CONTINUED)

Wichita State University Union Corporation

Wichita State University Union Corporation (Union Corp) operates the Rhatigan Student Center at the University. It provides a bookstore, recreation, student activities and an outsourced dining service to benefit the faculty, staff, students and alumni of the University. Meeting room space is made available to students, faculty, and staff and is available for rent to non-University groups.

The Union Corp financial statements are prepared in accordance with FASB Accounting Standards, including ASC Section 958-205, *Financial Statements of Not-for-Profit Organizations*.

The Union Corp has received a determination letter from the Internal Revenue Service that recognizes it as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The federal exemption from income tax is recognized by state authorities.

Related Parties

The Union Corp's transactions with the University are summarized in table below:

	For the Year Ended	
	June 30, 2023	June 30, 2022
Revenues:		
Direct financing lease	\$ 3,996	\$ 15,420
Student fees assessed by the University	2,687,635	2,510,822
University space rental and reservations	274,038	274,038
Maintenance of Shocker ID card system	85,469	85,469
Use of graphics service	5,581	7,000
Access Now revenue	1,246,648	360,545
Total revenues	<u>4,303,367</u>	<u>3,253,294</u>
Expenses:		
Repairs and maintenance	17,113	18,048
Information technology	12,059	11,131
Utilities	405,323	331,086
Total expenses	<u>434,495</u>	<u>360,265</u>
	<u>\$ 3,868,872</u>	<u>\$ 2,893,029</u>

The Student Center building became the property of the State of Kansas when the University became a part of the State University System on July 1, 1964. The Union does not recognize the building as an asset on its financial statements. Furniture and equipment are capitalized and depreciated in the Union Corp's financial statements. Building improvements are transferred to the University and expensed as incurred.

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
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 14 – COMPONENT UNITS (CONTINUED)

Wichita State University Board of Trustees

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

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 prepares its financial statements in conformity with the applicable pronouncements of the Governmental Accounting Standards Board (GASB). The activities of the Board of Trustees are considered governmental activities, which are normally supported by taxes and intergovernmental revenues. Accordingly, the government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, while the governmental fund financial statements are reported using the current resources measurement focus and the modified accrual basis of accounting. The Board of Trustees' financial statements are reported in the combining schedules included in the supplementary information of this report at the government-wide level.

The Board of Trustees is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and similar provisions of state law.

Investments

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

The Board of Trustees' investment portfolio as of June 30, 2023 is composed of the following:

	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 231,991	\$ 231,991	\$ --	\$ --
Fixed income mutual funds	1,355,443	1,355,443	--	--
Fixed income treasury	150,796	150,796	--	--
Fixed income global bonds	47,554	--	47,554	--
Pooled investment held by Foundation	7,615,304	--	7,615,304	--
Equity mutual funds	1,933,826	1,933,826	--	--
Common stock	619,560	619,560	--	--
Alternative – Hedge fund	232,567	232,567	--	--
	<u>\$ 12,187,041</u>	<u>\$ 4,524,183</u>	<u>\$ 7,662,858</u>	<u>\$ --</u>

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 14 – COMPONENT UNITS (CONTINUED)

The Board of Trustees' investment portfolio as of June 30, 2022 is composed of the following:

	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 26,009	\$ 26,009	\$ --	\$ --
Fixed income mutual funds	1,185,010	1,185,010	--	--
Fixed income credit investments	64,008	64,008	--	--
Fixed income treasury	69,850	69,850	--	--
Fixed income global bonds	47,751	47,751	--	--
Pooled investment held by Foundation	8,507,202	--	8,507,202	--
Equity mutual funds	1,940,555	1,940,555	--	--
Common stock	677,632	677,632	--	--
Alternative – hedge funds	392,977	392,977	--	--
	<u>\$ 12,910,994</u>	<u>\$ 4,403,792</u>	<u>\$ 8,507,202</u>	<u>\$ --</u>

Capital Assets

Capital asset activity for the Board of Trustees for the years ended June 30, 2023 and 2022 are summarized as follows:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023
Depreciable capital assets				
Buildings	\$ 24,662,089	\$ --	\$ --	\$ 24,662,089
Furniture and fixtures	78,515	--	--	78,515
Infrastructure	2,461,870	--	--	2,461,870
Right to use assets, net	45,021,024	--	--	45,021,024
Total depreciable capital assets	72,223,498	--	--	72,223,498
Less accumulated depreciation	26,396,882	1,479,672	--	27,876,554
Total capital assets, net	<u>\$ 45,826,616</u>	<u>\$ (1,479,672)</u>	<u>\$ --</u>	<u>\$ 44,346,944</u>

	Balance June 30, 2021 Restated	Additions	Retirements	Balance June 30, 2022
Depreciable capital assets				
Buildings	\$ 29,676,229	\$ --	\$ 5,014,140	\$ 24,662,089
Furniture and fixtures	78,515	--	--	78,515
Infrastructure	2,461,870	--	--	2,461,870
Capitalized lease properties	45,021,024	--	--	45,021,024
Total depreciable capital assets	77,237,638	--	5,014,140	72,223,498
Less accumulated depreciation	28,031,840	1,543,540	3,178,498	26,396,882
Total capital assets, net	<u>\$ 49,205,798</u>	<u>\$ (1,543,540)</u>	<u>\$ 1,835,642</u>	<u>\$ 45,826,616</u>

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 14 – COMPONENT UNITS (CONTINUED)

Related Parties

The Board of Trustees furnishes support to Wichita State University from the 1.5 mill levy funding. During the years ended June 30, 2023 and 2022, respectively, it furnished to the University \$4,888,132 and \$4,683,871 for student support, and \$150,000 in both years for economic community development. Additionally, during the years ended June 30, 2023 and 2022, the Board of Trustees provided \$800,000 in both years in support to WSU Tech.

Change in Accounting Principle

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

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

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

Wichita State University Campus of Applied Science and Technology (WSU Tech)

Wichita State University Campus of Applied Sciences and Technology d/b/a WSU Tech (WSU Tech) is a public, state-supported institution providing secondary and postsecondary technical education programs operating under the jurisdiction of the Kansas Board of Regents. The State of Kansas authorized the affiliation of the College, formerly known as Wichita Area Technical College, with Wichita State University pursuant to K.S.A. 74-32,459 effective July 1, 2018.

Related Parties

State appropriations for WSU Tech in the amount of \$5.2 million flow through the University and are recorded on each entity's Statement of Revenues, Expenses and Changes in Net Position.

Complete financial statements for the Wichita State University Campus of Applied Sciences and Technology can be obtained from the National Center for Aviation Training Finance Office at 4004 N Webb Rd, Wichita, Kansas 67226.

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLE

The University implemented GASB Statement No. 96, *Subscription Based Information Technology Arrangements*, effective July 1, 2023. GASB 96 requires recognition of certain right-to-use assets and subscription liabilities for arrangements that previously were recognized as outflows of resources based on the payment provisions of the contract. The beginning balances of both the right-to-use asset and the subscription liability were \$1,073,515. Therefore, there is no impact to beginning net position.

When GASB Statement No. 87, *Leases* (GASB 87) was implemented for the year ended June 30, 2022, the sublease of the John Bardo Center to WSU was treated as a lease and the sublease payments from WSU were deferred and amortized over the term of the agreement. During fiscal year 2023, the substance of the transaction was re-evaluated and it was determined that the value of consideration given by WSU constituted a non-exchange transaction and therefore, the transaction did not meet the definition of a lease. As a result, the beginning balance of the right-to-use lease asset was eliminated in the accompanying financial statements. The net effect of the adjustment was an decrease of \$3.1 million to net position. An offsetting adjustment is included in the financial statements for the Board of Trustees, which reflects a decrease to the deferred inflows of resources, as described in Note 14.

NOTE 16 – SUBSEQUENT EVENTS

On December 12, 2023, the Board of Trustees issued \$11,040,000 in Series 2023J Bonds at a premium of \$890,418 and a true interest cost of 3.64%. The proceeds of the bond issuance will be used to partially finance Phase 1 of a new stadium facility on the University campus. Stadium improvements are being implemented in several phases with a total cost for all phases of approximately \$78 million. The University Stadium Project is a replacement for the existing stadium and at completion of the phased construction project, will seat approximately 12,500-14,000 spectators.

REQUIRED SUPPLEMENTARY INFORMATION

WICHITA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Years Ended June 30, 2023 and 2022

UNIVERSITY'S SHARE OF THE COLLECTIVE NET PENSION LIABILITY
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Nine Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020
University's proportion of the collective net pension liability			
KPERs State/School group	0.192622%	0.220198%	0.245470%
KP&F	0.226100%	0.234267%	0.244532%
University's proportionate share of the collective net pension liability	\$ 17,024,510	\$ 14,641,456	\$ 21,356,766
University's covered payroll	\$ 11,525,852	\$ 12,289,053	\$ 13,507,325
University's proportionate share of the collective net pension liability as a percentage of its covered payroll	147.71%	119.14%	158.11%
Plan fiduciary net position as a percentage of the total pension liability	69.75%	76.40%	66.30%

* GASB 68 requires presentation of ten years. As of June 30, 2023, only nine years of information is available.

SCHEDULE OF UNIVERSITY'S CONTRIBUTIONS
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Nine Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 1,708,737	\$ 1,656,623	\$ 1,846,747
Contributions in relation to the contractually required contribution	<u>1,708,737</u>	<u>1,656,623</u>	<u>1,846,747</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Covered payroll	\$ 11,919,184	\$ 11,525,852	12,289,053
Contributions as a percentage of covered payroll	14.34%	14.37%	15.03%

* GASB 68 requires presentation of ten years. As of June 30, 2023, only nine years of information is available.

WICHITA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Years Ended June 30, 2023 and 2022

<u>2020</u> June 30, 2019	<u>2019</u> June 30, 2018	<u>2018</u> June 30, 2017	<u>2017</u> June 30, 2016	<u>2016</u> June 30, 2015	<u>2015</u> June 30, 2014
0.271149%	0.308553%	0.374138%	0.439806%	0.456211%	0.424398%
0.232520%	0.219490%	0.239802%	0.229499%	0.206875%	0.197883%
\$ 19,890,530	\$ 22,240,346	\$ 27,387,053	\$ 31,691,132	\$ 33,092,303	\$ 28,416,413
\$ 14,568,836	\$ 15,764,753	\$ 17,834,141	\$ 20,049,093	\$ 20,835,255	\$ 19,899,713
136.53%	141.08%	153.57%	158.07%	158.83%	142.80%
69.88%	68.88%	67.12%	65.10%	64.95%	66.60%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 2,045,251	\$ 2,008,468	\$ 1,985,419	\$ 2,091,215	\$ 2,283,351	\$ 2,176,202
<u>2,045,251</u>	<u>2,008,468</u>	<u>1,985,419</u>	<u>2,091,215</u>	<u>2,283,351</u>	<u>2,176,202</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
\$ 13,507,325	\$ 14,568,836	\$ 15,764,753	\$ 17,834,141	\$ 20,049,093	\$ 20,835,255
15.14%	13.79%	12.59%	11.73%	11.39%	10.44%

WICHITA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Years Ended June 30, 2023 and 2022

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes in benefit terms

In the state fiscal year 2014, the KP&F group had a change in benefit terms. The Legislature increased this group's employee contributions to 7.15 percent and eliminated the reduction of employee contributions to 2.0 percent after 32 years of service. In addition, the maximum retirement benefit increased to 90 percent of final average salary (reached at 36 years of service). Before this change the maximum retirement benefit was limited to 80 percent of final average salary (reached at 32 years of service).

Effective January 1, 2014, KPERS 1 member's employee contribution rate increased to 5.0 percent and then on January 1, 2015, increase to 6.0 percent, with an increase in benefit multiplier to 1.85 percent for future years of service. For KPERS 2 members retired after July 1, 2012, the cost of living adjustment (COLA) is eliminated, but members will receive a 1.85 percent multiplier for all years of service.

On January 1, 2015, the KPERS 3 cash balance plan became effective. Members enrolled in this plan are ones first employed in a KPERS covered position on or after January 1, 2015, or KPERS 1 or KPERS 2 members who left employment before vesting and returned to employment on or after January 1, 2015. The retirement benefit is an annuity based on the account balance at retirement.

For the state fiscal year 2017, the KP&F group had a change in benefit terms. The Legislature changed the duty-related death benefit for KP&F members to the greater of 50% of Final Average Salary and member's accrued retirement benefit under the 100% joint and survivor option, payable to the member's spouse. Including any benefits that may be due to child beneficiaries, the total monthly benefits may not exceed 90% of the member's Final Average Salary. Prior to this bill, the duty-related spousal death benefit for KP&F member was 50% of the Final Average Salary, and the maximum available to the family was 75% of the member's Final Average Salary.

For the state fiscal year 2017, the Legislature changed the working after retirement rules for members who retire on or after January 1, 2018. The key provisions of the bill were to lengthen the waiting period for KPERS members to return to work from 60 days to 180 days for members who retire before attaining age 62, remove the earnings limitation for all retirees and establish a single-employer contribution schedule for all retirees.

For the state fiscal year 2021, the Legislature provided an increased benefit for disabled members who pass away prior to retirement if the disability was service-connected. The monthly benefit is equal to 50% of the member's final average salary at disability plus 10% for each dependent child up to a maximum of 75% or the retirement benefit the member would have received if the member had retired on the date of death if there are no dependent children.

Changes in assumptions

As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2016 and include:

- The price inflation assumption was lowered from 3.00% to 2.75%.
- The investment return assumption was lowered from 8.00% to 7.75%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The payroll growth assumption was lowered from 4.00% to 3.00%.

WICHITA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Years Ended June 30, 2023 and 2022

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Changes from the November 2016 experience study that impacted individual groups are listed below:

KPERS:

- The post-retirement healthy mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
- The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
- The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
- Disability rates were decreased for all three groups.
- The termination of employment assumption was increased for all three groups.
- The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

KP&F:

- The post-retirement healthy mortality assumption was changed to the RP-2014 Mortality Table with 1-year age set forward and the MP-2016, is used to anticipate future mortality improvements.
- The mortality assumption for disabled members was changed to the RP-2014 Disabled Lives Table (generational using MP-2016) with a 1-year age set forward.
- The active member mortality assumption was modified to the RP-2014 Employee Mortality Table with a 1-year age set forward with a 90% scaling factor.
- The retirement rates for Tier 1 were lowered and the ultimate assumed retirement age was changed from 63 to 65 for Tier 2.
- The termination of employment rates for Tier 2 were increased to better match the observed experience.

As a result of the experience study completed in January 2020, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2019 and include:

- The investment return assumption was lowered from 7.75% to 7.50%.
- The general wage growth assumption was lowered from 3.50% to 3.25%.
- The payroll growth assumption was lowered from 3.00% to 2.75%.

Changes from the January 2020 experience study that impacted individual groups are listed below:

KPERS:

- Retirement rates were adjusted to partially reflect observed experience.
- Termination rates were increased for most KPERS groups.
- Disability rates were reduced.
- Factors for the state group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

WICHITA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Years Ended June 30, 2023 and 2022

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

KP&F:

- Retirement rates were adjusted to partially reflect observed experience.
- Factors for the KP&F group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

December 31, 2020 assumption changes included a decrease of the investment return assumption from 7.75% to 7.25% and an increase in general wage growth assumption from 3.25% to 3.50%.

December 31, 2021 assumption changes included a decrease in the investment rate of return assumption from 7.25% to 7.00%. For the KPERS group, the interest crediting rate assumption for KPERS 3 members was lowered from 6.25% to 6.00% and the annuity interest rate assumption for KPERS 3 members was lowered from 5.75% to 5.00%.



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WICHITA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Years Ended June 30, 2023 and 2022

SCHEDULE OF CHANGES IN THE UNIVERSITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
Last six fiscal years*

	2023	2022	2021
Changes in total OPEB liability			
Service cost	\$ 46,941	\$ 55,064	\$ 49,489
Interest on total OPEB liability	28,303	26,424	44,424
Changes of benefit terms	--	--	--
Effect of economic/ demographic gains or losses	(11,642)	214,711	55,923
Effect of assumption changes or inputs	(96,415)	2,551	62,060
Benefit payments	(168,621)	(183,194)	(396,550)
Net change in total OPEB liability	(201,434)	115,556	(184,654)
Total OPEB liability, beginning	<u>1,347,238</u>	<u>1,231,682</u>	<u>1,416,336</u>
Total OPEB liability, ending	<u>\$ 1,145,804</u>	<u>\$ 1,347,238</u>	<u>\$ 1,231,682</u>
Covered payroll	\$ 9,553,000	\$ 9,618,000	\$ 11,547,636
Total OPEB liability as a percentage of covered payroll	11.99%	14.01%	10.67%

*GASB 75 requires presentation of ten years. As of June 30, 2023, only six years of information is available.

There are no assets accumulated in the trust to pay related benefits.

Changes in assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period:

- The discount rate increased from 2.85% on June 30, 2016 to 3.58% on June 30, 2017.
- The discount rate increased from 3.58% on June 30, 2017 to 3.87% on June 30, 2018.
- The discount rate decreased from 3.87% on June 30, 2018 to 3.50% on June 30, 2019.
- The discount rate decreased from 3.50% on June 30, 2019 to 2.21% on June 30, 2020.
- The discount rate decreased from 2.21% on June 30, 2020 to 2.16% on June 30, 2021.
- The discount rate increased from 2.16% on June 30, 2021 to 3.54% on June 30, 2022.

WICHITA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Years Ended June 30, 2023 and 2022

<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 58,437	\$ 57,794	\$ 63,171
63,051	58,945	54,056
--	--	--
(155,050)	193,477	--
20,800	(20,577)	(58,164)
<u>(280,731)</u>	<u>(334,117)</u>	<u>(274,657)</u>
(293,493)	(44,478)	(215,594)
<u>1,709,829</u>	<u>1,754,307</u>	<u>1,969,901</u>
<u>\$ 1,416,336</u>	<u>\$ 1,709,829</u>	<u>\$ 1,754,307</u>
\$ 11,392,594	\$ 14,022,432	\$ 14,235,175
12.43%	12.19%	12.32%



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SUPPLEMENTARY INFORMATION

WICHITA STATE UNIVERSITY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING SCHEDULE OF NET POSITION
June 30, 2023

	<u>WSU Foundation</u>	<u>Intercollegiate Athletics Association</u>	<u>WSU Union Corporation</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 13,957,835	\$ 7,423,944	\$ 1,817,726
Restricted cash and cash equivalents	--	1,290,483	--
Accounts receivable, net	5,848,588	985,840	403,449
Investments	14,933,458	--	5,041,195
Inventories	--	--	757,122
Prepaid expenses	--	89,844	61,834
Total current assets	<u>34,739,881</u>	<u>9,790,111</u>	<u>8,081,326</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	--	--	--
Accounts receivable, net	8,955,484	304,739	--
Investments	305,133,541	4,201,124	--
Other assets	24,940,174	--	--
Nondepreciable capital assets	--	--	--
Depreciable capital assets, net	566,636	1,917,280	629,104
Total noncurrent assets	<u>339,595,835</u>	<u>6,423,143</u>	<u>629,104</u>
Total assets	<u>374,335,716</u>	<u>16,213,254</u>	<u>8,710,430</u>

WSU Board of Trustees	WSU Tech	Eliminations	Total
\$ 11,961,781	\$ 29,173,572	\$ (3,474,742)	\$ 60,860,116
--	--	(1,290,483)	--
--	3,625,705	(898,261)	9,965,321
--	13,764,160	--	33,738,813
--	--	--	757,122
--	596,975	--	748,653
<u>11,961,781</u>	<u>47,160,412</u>	<u>(5,663,486)</u>	<u>106,070,025</u>
1,168,422	--	--	1,168,422
--	--	(304,739)	8,955,484
12,187,041	--	(7,628,996)	313,892,710
--	--	(18,797,175)	6,142,999
--	1,206,867	--	1,206,867
<u>44,346,944</u>	<u>16,823,876</u>	<u>--</u>	<u>64,283,840</u>
<u>57,702,407</u>	<u>18,030,743</u>	<u>(26,730,910)</u>	<u>395,650,322</u>
<u>69,664,188</u>	<u>65,191,155</u>	<u>(32,394,396)</u>	<u>501,720,347</u>

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WICHITA STATE UNIVERSITY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING SCHEDULE OF NET POSITION (CONTINUED)
June 30, 2023

	WSU Foundation	Intercollegiate Athletics Association	WSU Union Corporation
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	2,261,048	4,335,319	490,814
Unearned revenue	--	5,685,303	250,298
Accrued interest payable	--	--	--
Accrued compensated absences	--	--	204,799
Lease liability	--	1,067	52,220
Deposits held in custody for others	13,740,893	--	--
Total current liabilities	<u>16,001,941</u>	<u>10,021,689</u>	<u>998,131</u>
Noncurrent liabilities:			
Net pension liability	--	--	--
Other liabilities	--	5,404,509	--
Lease liability	--	47,142	63,172
Total noncurrent liabilities	<u>--</u>	<u>5,451,651</u>	<u>63,172</u>
Total liabilities	<u>16,001,941</u>	<u>15,473,340</u>	<u>1,061,303</u>
NET POSITION			
Net investment in capital assets	566,636	1,870,878	513,712
Restricted for:			
Nonexpendable	225,957,102	--	--
Expendable			
Other purposes	114,542,540	1,290,483	--
Unrestricted	<u>17,267,497</u>	<u>(2,421,447)</u>	<u>7,135,415</u>
Total net position	<u>\$ 358,333,775</u>	<u>\$ 739,914</u>	<u>\$ 7,649,127</u>

WSU Board of Trustees	WSU Tech	Eliminations	Total
136,000	4,763,492	--	11,986,673
--	1,329,791	--	7,265,392
725,187	--	--	725,187
--	--	--	204,799
722,761	923,504	--	1,699,552
--	--	(13,597,221)	143,672
<u>1,583,948</u>	<u>7,016,787</u>	<u>(13,597,221)</u>	<u>22,025,275</u>
--	121,615	--	121,615
--	--	--	5,404,509
<u>42,203,663</u>	<u>4,332,684</u>	<u>--</u>	<u>46,646,661</u>
<u>42,203,663</u>	<u>4,454,299</u>	<u>--</u>	<u>52,172,785</u>
<u>43,787,611</u>	<u>11,471,086</u>	<u>(13,597,221)</u>	<u>74,198,060</u>
1,420,520	11,540,993	--	15,912,739
5,658,104	1,400,200	(18,797,175)	214,218,231
7,697,359	2,168,088	--	125,698,470
<u>11,100,594</u>	<u>38,610,788</u>	<u>--</u>	<u>71,692,847</u>
<u>\$ 25,876,577</u>	<u>\$ 53,720,069</u>	<u>\$ (18,797,175)</u>	<u>\$ 427,522,287</u>

WICHITA STATE UNIVERSITY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING SCHEDULE OF NET POSITION
June 30, 2022

	<u>WSU Foundation</u>	<u>Intercollegiate Athletics Association</u>	<u>WSU Union Corporation</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 7,812,978	\$ 10,725,763	\$ 7,117,439
Restricted cash and cash equivalents	--	657,275	--
Accounts receivable, net	8,004,525	1,390,754	437,188
Investments	14,246,953	--	85
Lease receivable	--	--	457,914
Inventories	--	--	662,719
Prepaid expenses	--	81,554	88,978
Total current assets	<u>30,064,456</u>	<u>12,855,346</u>	<u>8,764,323</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	--	--	--
Accounts receivable, net	11,485,137	778,246	--
Investments	311,077,840	3,970,243	--
Other assets	24,703,217	--	--
Nondepreciable capital assets	--	--	--
Depreciable capital assets, net	513,714	1,696,148	364,726
Total noncurrent assets	<u>347,779,908</u>	<u>6,444,637</u>	<u>364,726</u>
Total assets	<u>377,844,364</u>	<u>19,299,983</u>	<u>9,129,049</u>

<u>WSU Board of Trustees</u>	<u>WSU Tech</u>	<u>Eliminations</u>	<u>Total</u>
\$ 9,289,954	\$ 32,042,713	\$ (3,545,578)	\$ 63,443,269
--	--	(657,275)	--
--	2,534,458	(948,752)	11,418,173
--	3,414,122	(2,089,784)	15,571,376
--	--	--	457,914
--	--	--	662,719
--	957,817	--	1,128,349
<u>9,289,954</u>	<u>38,949,110</u>	<u>(7,241,389)</u>	<u>92,681,800</u>
1,143,048	--	--	1,143,048
--	--	(778,246)	11,485,137
12,910,994	--	(8,507,202)	319,451,875
--	--	(18,445,694)	6,257,523
--	81,348	--	81,348
<u>45,826,616</u>	<u>14,619,930</u>	<u>--</u>	<u>63,021,134</u>
<u>59,880,658</u>	<u>14,701,278</u>	<u>(27,731,142)</u>	<u>401,440,065</u>
<u>69,170,612</u>	<u>53,650,388</u>	<u>(34,972,531)</u>	<u>494,121,865</u>

Continued on next page.

WICHITA STATE UNIVERSITY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING SCHEDULE OF NET POSITION (CONTINUED)
June 30, 2022

	<u>WSU Foundation</u>	<u>Intercollegiate Athletics Association</u>	<u>WSU Union Corporation</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	2,227,655	2,615,127	838,565
Unearned revenue	--	5,777,389	242,680
Accrued interest payable	--	--	1,409
Accrued compensated absences	--	--	198,083
Lease liability	--	1,043	--
Revenue bonds payable	--	--	434,079
Deposits held in custody for others	16,361,896	--	--
Total current liabilities	<u>18,589,551</u>	<u>8,393,559</u>	<u>1,714,816</u>
Noncurrent liabilities:			
Net pension liability	--	--	--
Other liabilities	--	4,005,637	--
Lease liabilities	--	48,209	--
Total noncurrent liabilities	<u>--</u>	<u>4,053,846</u>	<u>--</u>
Total liabilities	<u>18,589,551</u>	<u>12,447,405</u>	<u>1,714,816</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	--	--	--
Deferred gain on refunding	--	--	--
Total deferred inflows of resources	<u>--</u>	<u>--</u>	<u>--</u>
NET POSITION			
Net investment in capital assets	513,714	1,646,896	364,726
Restricted for:			
Nonexpendable	217,537,762	--	--
Expendable			
Other purposes	128,082,518	4,547,490	--
Unrestricted	<u>13,120,819</u>	<u>658,192</u>	<u>7,049,507</u>
Total net position	<u>\$ 359,254,813</u>	<u>\$ 6,852,578</u>	<u>\$ 7,414,233</u>

<u>WSU Board of Trustees</u>	<u>WSU Tech</u>	<u>Eliminations</u>	<u>Total</u>
310,147	3,476,903	(310,147)	9,158,250
--	1,432,537	--	7,452,606
737,209	--	--	738,618
--	--	--	198,083
469,022	740,618	--	1,210,683
--	--	10,921	445,000
--	--	(16,216,690)	145,206
<u>1,516,378</u>	<u>5,650,058</u>	<u>(16,515,916)</u>	<u>19,348,446</u>
--	94,265	--	94,265
--	--	--	4,005,637
<u>43,152,121</u>	<u>3,547,206</u>	<u>--</u>	<u>46,747,536</u>
<u>43,152,121</u>	<u>3,641,471</u>	<u>--</u>	<u>50,847,438</u>
<u>44,668,499</u>	<u>9,291,529</u>	<u>(16,515,916)</u>	<u>70,195,884</u>
3,100,000	--	--	3,100,000
<u>667,242</u>	<u>--</u>	<u>--</u>	<u>667,242</u>
<u>3,767,242</u>	<u>--</u>	<u>--</u>	<u>3,767,242</u>
801,022	9,751,840	--	13,078,198
4,903,241	1,097,113	--	223,538,116
6,942,743	1,888,674	--	141,461,425
<u>8,087,865</u>	<u>31,621,232</u>	<u>(18,456,615)</u>	<u>42,081,000</u>
<u>\$ 20,734,871</u>	<u>\$ 44,358,859</u>	<u>\$ (18,456,615)</u>	<u>\$ 420,158,739</u>

WICHITA STATE UNIVERSITY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING SCHEDULE OF REVENUE,
EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2023

	WSU Foundation	Intercollegiate Athletics Association	WSU Union Corporation
Operating Revenues:			
Tuition and fees, net of scholarship allowances	\$ --	\$ 4,470,505	\$ 2,687,635
Federal grants and contracts	--	--	--
State, local and private grants and contracts	--	--	--
Sales and services of educational activities	--	14,349,280	5,066,263
Auxiliary enterprises			
Parking revenues	--	--	--
Other operating revenues	2,999,134	1,747,284	55,677
Total operating revenues	<u>2,999,134</u>	<u>20,567,069</u>	<u>7,809,575</u>
Operating Expenses:			
Instruction	--	--	--
Public service	--	--	--
Academic support	--	--	--
Student service	--	23,949,857	7,363,649
Institutional support	27,825,143	1,986,303	--
Operations and maintenance of plant	2,855,456	1,829,016	139,332
Scholarships and fellowships	8,097,761	3,796,406	72,930
Auxiliary enterprises	--	--	--
Other expenses	--	2,737,045	--
Depreciation	34,016	296,569	170,191
Total operating expenses	<u>38,812,376</u>	<u>34,595,196</u>	<u>7,746,102</u>
Total operating loss	<u>(35,813,242)</u>	<u>(14,028,127)</u>	<u>63,473</u>
Non-Operating Revenue (Expenses):			
State appropriations	--	--	--
Grants and contracts	--	--	--
Gifts	23,803,554	7,647,217	111,398
Investment income	12,741,327	269,403	67,542
Direct finance lease income	--	--	3,996
Interest expense	--	(1,157)	(26,515)
County tax subsidy	--	--	--
Loss on disposal of capital assets	--	--	15,000
Other non-operating revenue (expenses)	(1,652,677)	--	--
Total non-operating revenue (expenses)	<u>34,892,204</u>	<u>7,915,463</u>	<u>171,421</u>
Excess (deficiency) of revenues over (under) expenses before capital contributions and transfers	<u>(921,038)</u>	<u>(6,112,664)</u>	<u>234,894</u>
Capital contributions and transfers:			
Capital appropriations	--	--	--
Total capital contributions and transfers	<u>--</u>	<u>--</u>	<u>--</u>
Change in net position	<u>(921,038)</u>	<u>(6,112,664)</u>	<u>234,894</u>
Net position, beginning of year	359,254,813	6,852,578	7,414,233
Prior period adjustment	--	--	--
Net position, end of year	<u>\$ 358,333,775</u>	<u>\$ 739,914</u>	<u>\$ 7,649,127</u>

WSU Board of Trustees	WSU Tech	Eliminations	Total
\$ --	\$ 9,381,154	\$ --	\$ 16,539,294
--	5,136,471	--	5,136,471
--	6,472,197	--	6,472,197
--	--	--	19,415,543
--	45,164	--	45,164
--	253,781	--	5,055,876
--	21,288,767	--	52,664,545
--	18,087,067	--	18,087,067
507,577	--	--	507,577
--	5,387,074	--	5,387,074
--	5,257,003	--	36,570,509
579,330	8,361,803	--	38,752,579
--	3,565,284	--	8,389,088
4,888,132	--	--	16,855,229
--	665,900	--	665,900
800,000	--	(800,000)	2,737,045
1,479,670	3,233,228	--	5,213,674
8,254,709	44,557,359	(800,000)	133,165,742
(8,254,709)	(23,268,592)	800,000	(80,501,197)
--	16,525,840	--	16,525,840
--	11,412,297	--	11,412,297
2,830	2,848,856	(1,151,481)	33,262,374
930,160	1,235,452	--	15,243,884
--	--	--	3,996
(1,792,488)	(121,020)	10,921	(1,930,259)
10,725,287	--	--	10,725,287
--	77,569	--	92,569
(236,616)	--	--	(1,889,293)
9,629,173	31,978,994	(1,140,560)	83,446,695
1,374,464	8,710,402	(340,560)	2,945,498
--	650,808	--	650,808
--	650,808	--	650,808
1,374,464	9,361,210	(340,560)	3,596,306
20,734,871	44,358,859	(18,456,615)	420,158,739
3,767,242	--	--	3,767,242
\$ 25,876,577	\$ 53,720,069	\$ (18,797,175)	\$ 427,522,287

WICHITA STATE UNIVERSITY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING SCHEDULE OF REVENUE,
EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2022

	WSU Foundation	Intercollegiate Athletics Association	WSU Union Corporation
Operating Revenues:			
Tuition and fees, net of scholarship allowances	\$ --	\$ 4,271,768	\$ 2,510,822
Federal grants and contracts	--	--	--
State, local and private grants and contracts	--	--	--
Sales and services of educational activities	--	15,299,527	5,119,252
Auxiliary enterprises			
Parking revenues	--	--	--
Other operating revenues	2,824,174	2,254,255	19,827
Total operating revenues	<u>2,824,174</u>	<u>21,825,550</u>	<u>7,649,901</u>
Operating Expenses:			
Instruction	--	--	--
Public service	--	--	--
Academic support	--	--	--
Student service	--	16,998,814	7,216,215
Institutional support	28,770,485	1,612,406	--
Operations and maintenance of plant	791,321	1,146,080	258,011
Scholarships and fellowships	7,162,556	3,521,614	70,256
Auxiliary enterprises	--	--	--
Other expenses	--	2,103,362	--
Depreciation	49,631	285,658	153,036
Total operating expenses	<u>36,773,993</u>	<u>25,667,934</u>	<u>7,697,518</u>
Total operating loss	<u>(33,949,819)</u>	<u>(3,842,384)</u>	<u>(47,617)</u>
Non-Operating Revenue (Expenses)			
State appropriations	--	--	--
Federal grants and contracts	500,000	--	--
Gifts	22,180,462	7,246,752	106,717
Investment income	(4,522,912)	(460,741)	3,283
Direct finance lease income	--	--	15,420
Interest expense	--	(984)	(742,688)
County tax subsidy	--	--	--
Loss on disposal of capital assets	--	--	--
Other non-operating revenue (expenses)	(1,577,236)	--	--
Total non-operating revenue (expenses)	<u>16,580,314</u>	<u>6,785,027</u>	<u>(617,268)</u>
Excess (deficiency) of revenues over (under) expenses before capital contributions and transfers	<u>(17,369,505)</u>	<u>2,942,643</u>	<u>(664,885)</u>
Capital contributions and transfers:			
Capital appropriations	--	--	--
Capital contributions	--	--	--
Total capital contributions and transfers	<u>--</u>	<u>--</u>	<u>--</u>
Change in net position	<u>(17,369,505)</u>	<u>2,942,643</u>	<u>(664,885)</u>
Net position, beginning of year	376,624,318	3,909,935	8,079,118
Change in accounting principle	--	--	--
Net position, end of year	<u>\$ 359,254,813</u>	<u>\$ 6,852,578</u>	<u>\$ 7,414,233</u>

WSU Board of Trustees	WSU Tech	Eliminations	Total
\$ --	\$ 4,805,923	\$ --	\$ 11,588,513
--	1,909,609	--	1,909,609
--	5,354,001	--	5,354,001
100,000	--	--	20,518,779
--	2,387	--	2,387
20,851	131,446	(4,300)	5,246,253
<u>120,851</u>	<u>12,203,366</u>	<u>(4,300)</u>	<u>44,619,542</u>
--	11,606,170	--	11,606,170
784,796	--	--	784,796
--	5,966,015	--	5,966,015
--	6,086,225	(4,300)	30,296,954
2,132,000	8,701,497	(500,000)	40,716,388
--	3,849,497	--	6,044,909
4,683,871	--	--	15,438,297
--	180,971	--	180,971
1,110,147	--	(1,110,147)	2,103,362
1,543,540	2,616,171	--	4,648,036
<u>10,254,354</u>	<u>39,006,546</u>	<u>(1,614,447)</u>	<u>117,785,898</u>
<u>(10,133,503)</u>	<u>(26,803,180)</u>	<u>1,610,147</u>	<u>(73,166,356)</u>
--	10,560,177	--	10,560,177
--	21,405,949	(500,000)	21,405,949
20,180	2,277,864	(1,832,002)	29,999,973
(523,742)	(336,281)	--	(5,840,393)
--	--	--	15,420
(1,835,464)	(107,782)	606,478	(2,080,440)
8,966,904	--	--	8,966,904
(1,835,642)	(46,898)	--	(1,882,540)
(133,878)	--	--	(1,711,114)
<u>4,658,358</u>	<u>33,753,029</u>	<u>(1,725,524)</u>	<u>59,433,936</u>
<u>(5,475,145)</u>	<u>6,949,849</u>	<u>(115,377)</u>	<u>(13,732,420)</u>
--	876,698	--	876,698
2,595,464	--	--	2,595,464
<u>2,595,464</u>	<u>876,698</u>	<u>--</u>	<u>3,472,162</u>
<u>(2,879,681)</u>	<u>7,826,547</u>	<u>(115,377)</u>	<u>(10,260,258)</u>
23,268,431	36,535,643	(18,341,238)	430,076,207
346,121	(3,331)	--	342,790
<u>\$ 20,734,871</u>	<u>\$ 44,358,859</u>	<u>\$ (18,456,615)</u>	<u>\$ 420,158,739</u>



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WICHITA STATE
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