



Wichita State University

Annual Financial Information

2005 Financial Information

WICHITA STATE UNIVERSITY
2005 ANNUAL GASB FINANCIAL REPORT

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Wichita State University

For the Year Ended June 30, 2005

Administrative Officers

Kansas Board of Regents

Richard Bond, Chairperson
Janice B. DeBauge
Lewis L. Ferguson
Nelson D. Galle
Daryl W. Wynn

Donna Shank, Vice Chairperson
William R. Docking
Frank D. Gaines
James R. Grier, III

Officers Reporting

Roger D. Lowe
Steven D. LaFever

Vice President for Administration and Finance
Controller

Executive Administration

Donald L. Beggs
Roger D. Lowe
Ted D. Ayres
John J. Hutchinson
Elizabeth H. King
Ronald R. Kopita

President
Vice President for Administration and Finance
Vice President and General Counsel
Vice President for Academic Affairs and Research
Vice President for Advancement
Vice President for Student Affairs

Academic Administration

John M. Beehler
Jon M. Engelhardt
Walter J. Horn
Rodney E. Miller
Peter A. Cohen
William D. Bishoff

Susan K. Kovar

Dean of the W. Frank Barton School of Business
Dean of the College of Education
Dean of the College of Engineering
Dean of the College of Fine Arts
Dean of the College of Health Professions
Dean of the Fairmount College of Liberal Arts
and Sciences
Dean of the Graduate School

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2005 Financial Information

Prepared in Accordance with Government Accounting Standards Board

(GASB) Principles, with exceptions as noted

Management's Discussion and Analysis

Wichita State University Management's Discussion and Analysis For the Year Ended June 30, 2005

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial performance of Wichita State University (University) based on currently known facts, decisions and conditions. It is designed to assist readers in understanding the accompanying financial statements. These financial statements are prepared in accordance with Government Accounting Standards Board (GASB) principles. This discussion - along with the financial statements and related footnote disclosures - has been prepared by management and should be read in conjunction with the statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of management.

USING THE FINANCIAL STATEMENTS

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

- * GASB Statement No. 35 categorizes the Statement of Net Assets into a classified format of current and non-current. The Statement of Revenues, Expenses and Changes in Net Assets categorizes revenues and expenses are classified into operating and non-operating. Significant recurring sources of revenue are now shown as non-operating, including state appropriations and investment income. This represented 35.91% of the total University revenue for 2005. Public universities depend heavily on these revenues to fund their programs and services. As a result, the University will normally report a loss from operating activities.
- * Student tuition and fees are now reported net of scholarships funded by Federal and State grants as well as University's resources. Prior to 2004, all scholarships were reported as a scholarship expense.
- * GASB Statement No. 35 requires the University to report accumulated depreciation on its capital assets.
- * GASB Statement No. 39 requires the University to discretely display in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets, the data for Component Units. The four Component Units are: Wichita State University Intercollegiate Athletic Association, Inc., Wichita State University Union Corporation d/b/a Rhatigan Student Center, Wichita State University Foundation and Wichita State University - Board of Trustees.

STATEMENT OF NET ASSETS

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

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

**Wichita State University
Management's Discussion and Analysis
For the Year Ended June 30, 2005**

Net assets are divided into three categories:

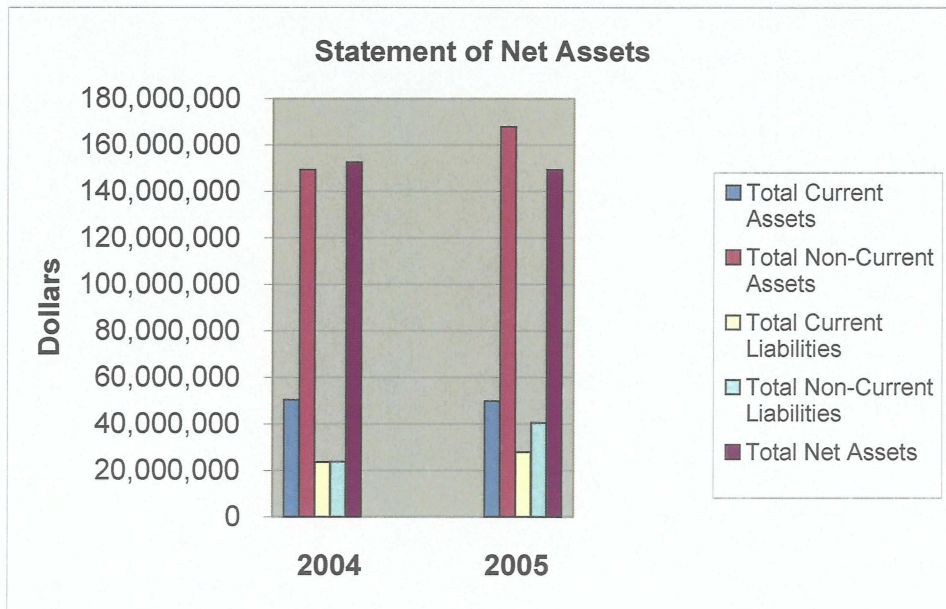
1. **Invested in capital assets, net of debt** - indicates the University's equity in property, plant and equipment owned by the University.
2. **Restricted net assets** - are further divided into two subcategories, non-expendable and expendable. The corpus of non-expendable restricted resources is only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

Total assets at June 30, 2005 were \$217.4 million, an increase of \$17.7 million (11.2%) over 2004. Capital net assets comprised 66% or \$143.3 million of the assets.

Total liabilities were \$68.1 million at June 30, 2005, an increase of \$20.9 million (44.2%). This is compared to \$47.3 million at June 30, 2004. Long-term liabilities comprised 59.2%, or \$40.34 million of the liabilities.

Total net assets at June 30, 2005 were \$149.3 million, a \$3.1 million decrease over the prior year, or a 2.0% decrease in net assets. The summary of net assets is shown below:

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Capital Assets, net of related debt	\$ 101,153,150	\$ 117,713,136
Restricted net assets	39,028,477	22,900,368
Unrestricted net assets	9,102,689	11,785,434
Total net assets	<u>\$ 149,284,316</u>	<u>\$ 152,398,938</u>



**Wichita State University
Management's Discussion and Analysis
For the Year Ended June 30, 2005**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

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

REVENUES

Total revenues at the University as of June 30, 2005, increased by \$20.9 million or 11.4% over the previous year. The following is a brief summary of the significant charges:

- * Tuition and fee revenues, after scholarship allowances, were \$48.9 million in 2005 compared to \$46.6 million in 2004. This increase is a direct result of a tuition increase approved by the Kansas Board of Regents for fiscal year 2005. The goal of the tuition increase, which was the result of collaboration between University administration and University students, was to provide additional funds to the University to improve or enhance student education. The increase was used for specific expenses including faculty and staff salary increases, instructional and technological upgrades and scholarships.

- * Grants and contracts (federal, state, local and non-governmental) increased \$6 million over the previous fiscal year. This category of revenue includes funds received from the federal government for financial aid as well as other sponsored research revenue. In conjunction with this increase in grants and contracts revenue, the revenue from the University's facilities and administrative overhead reimbursement increased \$558 thousand from the prior year.

- * Sales and services of educational activities increased \$2.9 million from the previous fiscal year. These experience related revenues are generated by activities that are related incidentally or exist primarily to afford hands-on experience related to providing instruction, research and public service. Student Health Services was reclassified from Auxiliary Enterprises to an educational activity within Student Services in fiscal year 2005.

- * Auxiliary enterprises increased \$187 thousand from the previous fiscal year, including Student Health Services which was reclassified as a department within the Student Services in 2005. Auxiliary Enterprises is comprised of Housing and Parking activities. The net effect of the reclassification is a reduction in revenues of \$164 thousand in 2005. However, the remaining Auxiliary Enterprises - Housing and Parking - increased from 2004 to 2005 by \$355 thousand.

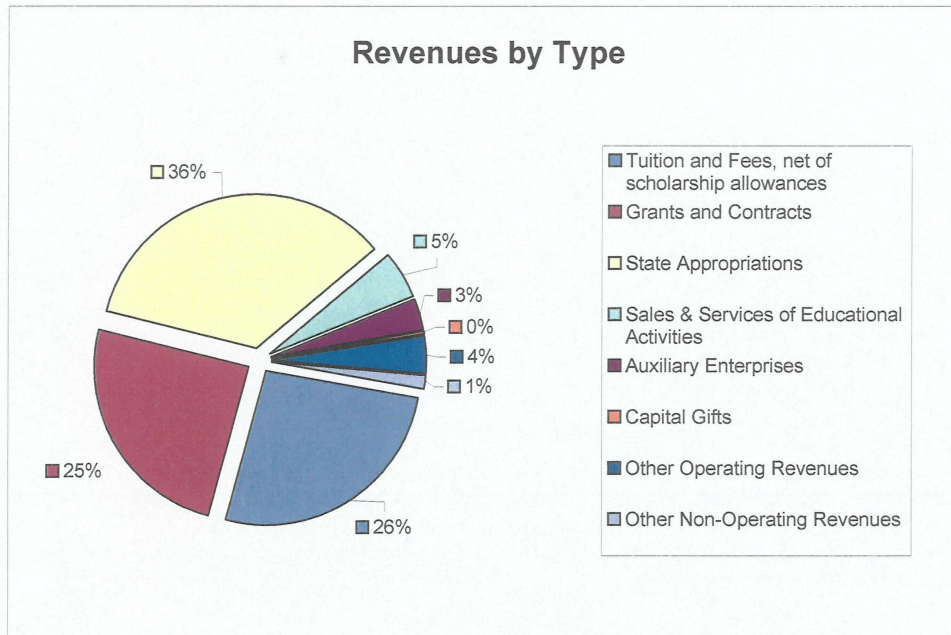
Total non-operating revenues increased \$1.8 over the prior fiscal year from \$67.0 million to \$68.8 million. The following is a brief summary of the significant changes:

- * State appropriations, the largest single source of revenue at the University, increased slightly, .81% or \$518 thousand. State appropriations for fiscal year 2005 were \$64.9 million and for fiscal year 2004 were \$64.4 million.

- * Capital appropriations increased by \$687 thousand. These funds were used for rehabilitation and repair of facilities. In addition, in fiscal year 2005, the University received \$18.2 million from bond sales for remodeling and equipping of specific facilities. The University received \$12.2 million for construction and remodeling of scientific aviation facilities. An additional amount of \$6 million was received for specific aviation research equipment.

**Wichita State University
Management's Discussion and Analysis
For the Year Ended June 30, 2005**

The compositions of the total revenues are displayed in the following chart:



EXPENSES

Operating expenses were \$187.5 million for the 2005 fiscal year. This was an increase over the prior year of \$14.7 million, or 8.5%. The following is a brief summary of the significant changes:

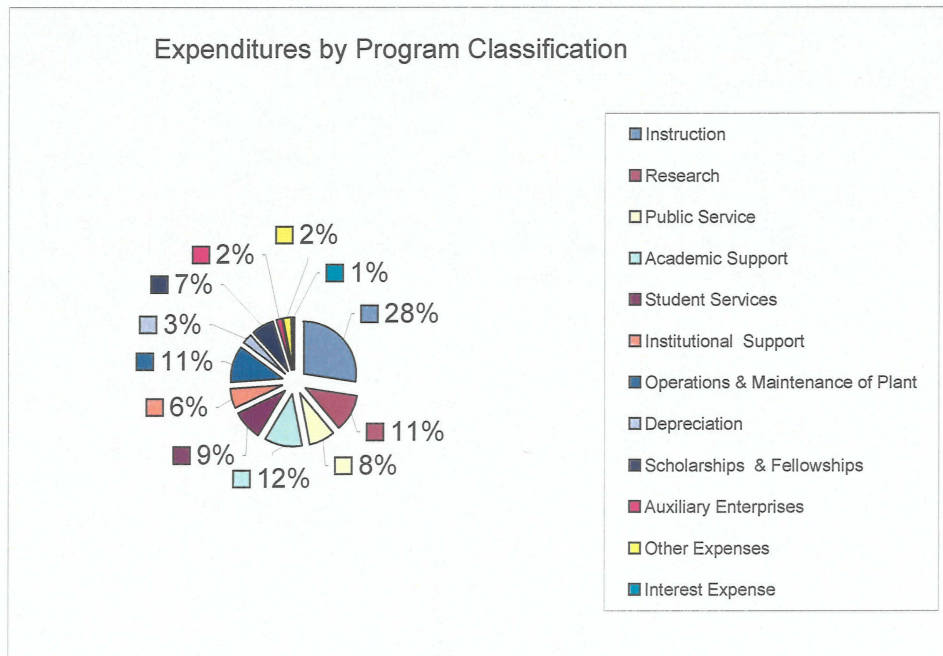
* Expenses related to the University's mission of instruction, research and public service increased \$7.8 million or 10.8% in 2004. Research activities are 58% of the increase. This is detailed as follows:

	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Total</u>
Salaries				
2005	\$ 48,742,911	\$ 9,780,733	\$ 8,470,489	\$ 66,994,133
2004	45,080,153	8,262,062	7,571,915	60,914,130
Increase (Decrease)	\$ 3,662,758	\$ 1,518,671	\$ 898,574	\$ 6,080,003
Contractual and Commodities, other				
2005	\$ 2,432,189	\$ 9,700,977	\$ 6,594,424	\$ 18,727,590
2004	2,811,975	8,481,102	3,776,276	15,069,353
Increase (Decrease)	\$ (379,786)	\$ 1,219,875	\$ 2,818,148	\$ 3,658,237
Capital Equipment				
2005	\$ 714,352	\$ 1,871,833	\$ 272,273	\$ 2,858,458
2004	1,053,485	2,708,394	219,952	3,981,831
Increase (Decrease)	\$ (339,133)	\$ (836,561)	\$ 52,321	\$ (1,123,373)
Totals for 2005	\$ 51,889,452	\$ 21,353,543	\$ 15,337,186	\$ 88,580,181
Totals for 2004	48,945,612	19,451,558	11,568,143	79,965,313
Increase (Decrease)	\$ 2,943,840	\$ 1,901,985	\$ 3,769,043	\$ 8,614,868

**Wichita State University
Management's Discussion and Analysis
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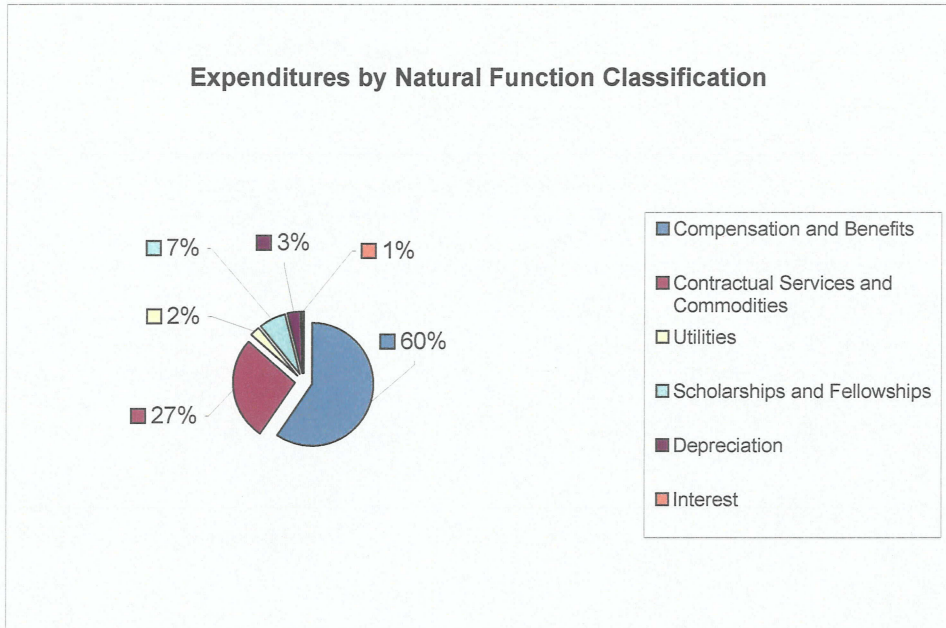
- * Academic Support increased by \$1.03 million. This increase is directly related to additional funding of the Libraries, Health Professions administrative support and support of Research Administration by the University.
- * Student Services increased \$1.09 million. This increase is largely the result of reclassification of Student Health Services, a campus medical service for students, faculty and staff, from an auxiliary enterprise to the Division of Student Services.
- * Institutional Support increased by \$877 thousand. Salaries and benefits increased \$1 million and capital equipment decreased \$123 thousand. The University contracted with SunGard SCT in FY 2004 for planning and implementation of an Enterprise Resource Program. This ERP is known as "Banner". The finance module went live on September 1, 2005. Additional modules for Student Enrollment and Records and for Human Resources and Payroll are currently being developed for implementation in fiscal years 2006 and 2007.
- * Operations and Maintenance of Physical Plant increased by \$1.24 million. This increase is directly related to the University's buildings and facilities remodeling and repair efforts. Additionally, through two Kansas Development Finance Authority bond issues, the National Institute for Aviation Research is being renovated and modernized by \$14.5 million and the University Aviation Research facilities equipment projects in the amount of \$13.1 million.

The composition of total expenses, including operating and non-operating by program are displayed below:



**Wichita State University
Management's Discussion and Analysis
For the Year Ended June 30, 2005**

The composition of total expenses, including operating and non-operating by natural classification are displayed below:



Extraordinary Items

The University continues with the design and implementation with SunGard SCT of an Enterprise Resource Project over the next three years in various modules. The Finance module went live on September 1, 2005. Additional modules for Student Enrollment and Records and for Human Resources and Payroll are currently being developed for implementation in fiscal years 2006 and 2007.

Net Assets

Net assets decreased \$3.1 million in 2005 compared to 2004. This decrease in net assets can be attributed to the increase in bonded indebtedness. This bond debt increase is for additional facilities, remodeling and equipment for the National Institute of Aviation Research.

**Wichita State University
Management's Discussion and Analysis
For the Year Ended June 30, 2005**

STATEMENT OF CASH FLOWS

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

SUMMARY OF THE STATEMENT OF CASH FLOWS (in thousands of dollars):

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Net cash provided (used by):		
Operating activities	\$ (56,697,677)	\$ (52,137,737)
Non-capital financing activities	64,660,479	64,917,268
Capital and related financing/appropriations	8,634,498	(12,885,954)
Investing activities	<u>(17,613,989)</u>	<u>(4,824,608)</u>
Net increase (decrease) in cash	\$ (1,016,688)	\$ (4,931,030)
Beginning cash and cash equivalent balances	<u>37,561,090</u>	<u>42,492,120</u>
Ending cash and cash equivalent balances	<u>\$ 36,544,402</u>	<u>\$ 37,561,090</u>

Cash provided by operating activities includes tuition and fee and grant and contract revenues. Cash used for operating activities includes payments to employees and suppliers. Cash provided by non-capital financing/appropriations includes state appropriations 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 proceeds from debt, capital appropriations and grants. This cash is used for construction and remodel and repair of University facilities as well as purchase of capital assets and debt servicing. Detailed information regarding the University's capital assets is available in Note 3 to the financial statements. Cash provided by investing activities includes purchases and sales of investments as well as investment income earnings and losses realized.

The University's overall liquidity decreased by \$1.02 million consisting primarily of the payments to employees and purchases from suppliers.

CAPITAL ASSETS

The University continued to make investments in capital during the 2004-2005 fiscal year. Detailed information regarding capital asset additions, retirements and depreciation is available in Note 3 to the financial statements.

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

- * Beech Wind Tunnel remodeling is approximately \$2 million. This project is funded by bond debt through the Board of Regents and Kansas Development Finance Authority.
- * National Institute for Aviation Research Crash Dynamics Laboratory is being remodeled and equipped at a cost of approximately \$500 thousand. This project is funded by bond debt through the Board of Regents and Kansas Development Finance Authority.
- * National Institute for Aviation Research roof is being replaced at a cost of approximately \$131 thousand. This project is funded by state funds.
- * Duerksen Hall Chiller is being replaced at a cost of approximately \$278 thousand. This project is funded by State funds.

**Wichita State University
Management's Discussion and Analysis
For the Year Ended June 30, 2005**

Additionally, the University was involved in several construction projects that were in physical construction at year end.

- * Charles Koch Arena was being remodeled and expanded to include Devlin Court, the Taylor Concourse, the Preferred Health Systems Multi Purpose Center, Geist Student Services Building, the Downing Academic Learning Center and the Via Christi Sports Medicine Complex. The estimated cost is \$26 million and will be funded through private gifts, bond debt, student fees and Champions Club memberships.
- * Engineering Research Laboratory Building equipping is approximately \$10 million. This project is funded by bond debt through the Board of Regents and Kansas Development Finance Authority.
- * Marcus Welcome Center is being constructed at a cost of approximately \$6 million. This project is funded by private funds.
- * WSU Brick Entrance Signage is being constructed as a cost of approximately \$700 thousand. This project is being funded by private funds.

DEBT ADMINISTRATION

At June 30, 2005, the University had \$42.170 million in debt outstanding. Revenue bonds were issued by the Kansas Board of Regents for the benefit of Wichita State University to finance housing renovation, parking renovation, WSU research and development facilities projects and the National Institute for Aviation Research, research and development facilities projects.

Moody's Investors Service currently rates the University "AAA". Detailed information regarding the University's long-term liabilities is available in Note 7 and Note 8 to the financial statements.

ECONOMIC OUTLOOK

The State of Kansas revenues appear to have stabilized in fiscal year 2005 and collections for fiscal year 2006 are expected to grow by approximately 7%. Budget cuts similar to those experienced in fiscal year 2002 and 2003 were avoided in fiscal years 2004, 2005, 2006 and are not expected in 2007. Due to the State and University's bi-weekly payroll process, both entities will incur a 27th pay period in fiscal year 2006. Funding for this additional pay period will be provided by the state general fund with the expectation that the University will reimburse the State over eleven years. Pressing issues with K-12 education and one-time funding mechanisms used to balance the budget in the past few years will prevent significant increases in State funding for higher education without significant new sources of funds. The near term for State funding appears to be steady with marginal increases. The State of Kansas is expected to provide approximately 36% of the general operating resources for the University during fiscal year 2006. General Use appropriations for fiscal year 2006 are currently set at \$67.234 million, an increase of 2.65% from fiscal year 2005.

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

Overall, the financial position of the University continues to be strong. However, enrollment for fall 2004 (fiscal year 2005) was 14,298, a decrease of 4.02% from fall 2003. Students enrolled in 142,732 credit hours, a decline of 3.27% from fall 2003 (fiscal year 2004). This is the result of an overall decline in student enrollment.

Financial Statements with Notes

**WICHITA STATE UNIVERSITY
STATEMENT OF NET ASSETS
For the Year Ended June 30, 2005**

	University Funds		Component Units (1)	
	2005	2004	2005	2004
ASSETS				
Current Assets				
Cash and cash equivalents	36,544,401.85	37,561,090.27	17,766,972.00	14,781,865.00
Accounts receivable, net	4,940,288.19	4,782,314.16	4,421,920.00	6,618,978.00
Pledges receivable	0.00	0.00	2,885,004.00	3,966,427.00
Mortgage receivable	0.00	0.00	1,225.00	1,134.00
Investments	6,591,240.44	6,742,680.03	45,193,142.00	37,557,849.00
Loans to students, net	1,107,428.40	1,081,673.11	653,234.00	969,483.00
Inventories	446,117.84	146,915.94	1,398,056.00	1,482,529.00
Prepaid expenses	25,074.16	0.00	107,175.00	99,668.00
Other current assets	0.00	0.00	2,960,290.00	2,689,906.00
Total Current Assets	49,654,550.88	50,314,673.51	75,387,018.00	68,167,839.00
Noncurrent Assets				
Restricted cash and cash equivalents	0.00	0.00	109,766.00	79,045.00
Pledges receivable	0.00	0.00	4,709,650.00	5,823,512.00
Mortgage receivable	0.00	0.00	57,844.00	59,069.00
Investments	18,169,234.69	0.00	75,464,066.00	76,736,998.00
Loans to students, net	6,275,427.59	6,129,481.00	0.00	0.00
Cash surrender value of life insurance	0.00	0.00	3,106,922.00	2,927,699.00
Other assets	0.00	0.00	500.00	500.00
Collections	0.00	0.00	12,767,984.00	12,549,431.00
Capital assets, net	143,323,149.97	143,213,136.35	17,680,760.00	18,009,639.00
Total Noncurrent Assets	167,767,812.25	149,342,617.35	113,897,492.00	116,185,893.00
TOTAL ASSETS	217,422,363.13	199,657,290.86	189,284,510.00	184,353,732.00
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	11,242,437.92	7,723,406.04	1,687,523.00	1,596,356.00
Deferred revenue	1,955,368.23	1,597,246.18	3,149,664.00	2,595,113.00
Loan payable	0.00	0.00	500,822.00	525,071.00
Revenue bonds payable	1,830,000.00	1,750,000.00	1,840,628.00	1,789,641.00
Accrued compensated absences	8,254,519.81	7,727,206.45	220,946.00	211,624.00
Deposits held in custody for others	4,515,720.84	4,710,493.56	14,711,461.00	16,332,144.00
Total Current Liabilities	27,798,046.80	23,508,352.23	22,111,044.00	23,049,949.00
Noncurrent Liabilities				
Revenue bonds payable	40,340,000.00	23,750,000.00	23,130,888.00	27,133,559.00
Total Noncurrent Liabilities	40,340,000.00	23,750,000.00	23,130,888.00	27,133,559.00
TOTAL LIABILITIES	68,138,046.80	47,258,352.23	45,241,932.00	50,183,508.00
NET ASSETS				
Invested in capital assets, net of related debt	101,153,149.97	117,713,136.35	105,589.00	(481,012.00)
Restricted for:				
Nonexpendable	0.00	0.00	70,884,042.00	66,578,806.00
Expendable				
Scholarships, research, instruction, public service & other	0.00	0.00	53,327,254.00	53,087,518.00
Loans	8,823,144.35	8,688,003.76	0.00	0.00
Capital projects	26,386,307.77	10,851,174.72	1,198,170.00	1,894,551.00
Debt service	1,917,653.87	1,862,119.85	1,430,000.00	1,400,000.00
Other purposes	1,901,371.06	1,499,069.75	6,508,573.00	5,386,100.00
Unrestricted	9,102,689.31	11,785,434.20	10,588,950.00	6,304,261.00
TOTAL NET ASSETS	149,284,316.33	152,398,938.63	144,042,578.00	134,170,224.00

(1) See Appendix 1

WICHITA STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2005

	University Funds		Component Units (1)	
	2005	2004	2005	2004
Operating Revenues:				
Tuition and fees, net of scholarship allowances of \$9,621,048 in 2005 and \$8,771,988 in 2004	48,888,023.79	46,554,986.92	3,343,639.00	3,444,932.00
Federal grants and contracts	29,153,322.49	25,203,412.84	0.00	0.00
State and local grants and contracts	16,769,496.14	14,859,063.69	0.00	0.00
Sales and services of educational activities	9,525,627.95	6,652,379.25	8,997,563.00	7,150,885.00
Auxiliary enterprises				
Housing revenues (revenues are pledged as security for bonds)	4,382,202.01	3,975,295.29	0.00	0.00
Parking revenues (revenues are pledged as security for bonds)	1,506,688.19	1,528,693.78	0.00	0.00
Student Health Services	0.00	193,508.97	0.00	0.00
Interest earned on loans to students	108,285.97	120,101.29	55,809.00	49,955.00
Other operating revenues	7,114,206.76	6,502,068.11	4,305,692.00	3,326,118.00
Contributions	0.00	0.00	11,489,658.00	7,976,392.00
Total Operating Revenues	117,447,853.30	105,589,510.14	28,192,361.00	21,948,282.00
Operating Expenses:				
Instruction	51,889,451.70	48,765,612.15	0.00	0.00
Research	21,353,542.73	18,271,968.51	118,535.00	181,779.00
Public Service	15,337,186.03	10,737,943.09	219,538.00	202,586.00
Academic Support	22,012,267.04	20,983,799.94	10,483,056.00	5,447,982.00
Student Service	17,376,896.20	16,292,027.36	17,826,589.00	16,226,473.00
Institutional Support	11,394,025.33	10,516,976.40	75,568.00	77,751.00
Operations & Maintenance of Plant	21,429,706.11	20,190,534.95	305,680.00	0.00
Depreciation	6,177,107.83	6,650,774.87	1,718,608.00	1,648,690.00
Scholarships & Fellowships	13,147,062.61	13,083,214.67	2,422,632.00	2,240,727.00
Auxiliary Enterprises	3,074,534.66	3,803,852.74	0.00	0.00
Other Expenses	4,423,672.19	3,500,504.10	2,156,099.00	2,527,752.00
Total Operating Expenses	187,615,452.43	172,797,208.78	35,326,305.00	28,553,740.00
Operating Income (Loss)	(70,167,599.13)	(67,207,698.64)	(7,133,944.00)	(6,605,458.00)
Nonoperating Revenues (Expenses)				
State appropriations	65,498,585.00	64,401,332.79	921,916.00	976,979.00
State Mandated Transfer Reserved for State General Fund	(578,984.00)	0.00	0.00	0.00
County tax subsidy	0.00	0.00	5,710,265.00	5,450,518.00
Gifts	0.00	0.00	2,802,986.00	3,508,812.00
Gifts for capital projects	0.00	0.00	740,449.00	876,947.00
Investment income	408,415.74	295,559.46	7,893,730.00	14,199,430.00
Interest expense	(1,183,965.91)	(1,306,736.16)	(1,197,386.00)	(1,037,372.00)
Gain on disposal of assets	0.00	0.00	115,501.00	(766,082.00)
Student fees for capital projects	720,000.00	749,781.00	678,133.00	719,781.00
Other nonoperating revenues (expenses)	0.00	0.00	(573,896.00)	37,242.00
Net Nonoperating Revenues	64,864,050.83	64,139,937.09	17,091,698.00	23,966,255.00
Income (Loss) Before Other Revenues, Expenses, Gains and Losses	(5,303,548.30)	(3,067,761.55)	9,957,754.00	17,360,797.00
Other Revenue				
Capital appropriations	2,188,926.00	1,501,500.00	0.00	0.00
Capital bond proceeds	0.00	0.00	0.00	0.00
Other additions, net	0.00	11,002,063.17	(85,400.00)	(4,347,462.00)
Increase in Net Assets	(3,114,622.30)	9,435,801.62	9,872,354.00	13,013,335.00
Net Assets				
Net Assets - Beginning of Year	152,398,938.63	142,963,137.01	134,170,224.00	121,156,889.00
Net Assets - End of Year	149,284,316.33	152,398,938.63	144,042,578.00	134,170,224.00

(1) See Appendix 2

WICHITA STATE UNIVERSITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2005

	University Funds	
	2005	2004
Cash Flows from Operating Activities		
Tuition and fees	49,905,515.68	47,580,668.62
Sales and services of educational activities	9,525,627.95	6,652,379.25
Auxiliary enterprise charges		
Housing	4,382,202.01	3,975,295.29
Parking	1,506,688.19	1,528,693.78
Other	0.00	193,508.97
Research Grants and contracts	45,712,755.63	39,863,021.53
Payments to suppliers	(64,367,965.38)	(53,743,326.01)
Compensation & benefits	(110,319,975.83)	(101,752,334.41)
Loans issued to students	(1,095,580.72)	(1,178,501.72)
Collections on loans issued to students	1,004,234.03	1,408,171.78
Other receipts (payments)	7,048,821.54	3,334,686.18
	<u>(56,697,676.90)</u>	<u>(52,137,736.74)</u>
Net Cash Flows from Operating Activities		
Cash Flows from Noncapital Financing Activities		
State appropriations	65,498,585.00	64,401,332.79
Funds held for others	176,796.34	304,235.77
Federal family education loan receipts	40,879,115.28	42,570,144.70
Federal family education loan disbursements	(41,894,018.00)	(42,358,445.00)
	<u>64,660,478.62</u>	<u>64,917,268.26</u>
Net Cash Flows from Noncapital Financing Activities		
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	18,169,234.69	0.00
Capital appropriations	2,188,926.00	1,501,500.00
Student fees for capital projects	720,000.00	749,781.00
Purchase of capital assets	(7,729,757.75)	(10,447,937.01)
Principal paid on capital debt and leases	(1,750,000.00)	(720,000.00)
Interest paid on capital debt and leases	(1,183,965.91)	(1,306,736.16)
Other	(1,779,938.63)	(2,662,561.85)
	<u>8,634,498.40</u>	<u>(12,885,954.02)</u>
Net Cash Flows from Capital and Related Financing Activities		
Cash Flows from Investing Activities		
Investing income	408,415.74	295,559.46
Proceeds from sales and maturities of investments	9,613,862.20	4,862,040.93
Purchase of investments	(27,636,266.48)	(9,982,207.92)
	<u>(17,613,988.54)</u>	<u>(4,824,607.53)</u>
Net Cash Flows from Investing Activities		
Net change in cash and cash equivalents	(1,016,688.42)	(4,931,030.03)
Cash and cash equivalents - beginning of year	37,561,090.27	42,492,120.30
Cash and cash equivalents - end of year	<u>36,544,401.85</u>	<u>37,561,090.27</u>
Reconciliation		
Operating income (loss) - SCECNA	(70,078,690.19)	(67,207,698.64)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	6,177,107.83	6,650,774.87
Changes in assets and liabilities:		
Accounts receivable, net	250,096.63	(211,809.24)
Loans to students, net	171,701.88	65,334.86
Inventories	(299,201.90)	(10,009.58)
Prepaid expenses	(25,074.16)	0.00
Accounts payable and accrued liabilities	6,220,947.60	8,463,643.48
Deferred revenue	358,122.05	130,556.31
Accrued compensated absences	527,313.36	(18,528.80)
	<u>(56,697,676.90)</u>	<u>(52,137,736.74)</u>
Net cash used in operating activities - Cash Flow		

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WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The financial statements for the University have not been audited. The component units, Wichita State University Intercollegiate Athletic Association, Wichita State University Union Corporation and Wichita State University Foundation been audited and presented in FASB format. The Wichita State University Board of Trustees has been audited and presented in the GASB format.

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

Organization. Wichita State University (the "University") is an urban comprehensive 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 North Central Association of Colleges and Schools.

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

The University conducts classes at two locations in Wichita. The main campus is at 1845 Fairmount and a satellite Westside Center is at 7011 West Central. (See Note 14)

Undergraduate enrollment for fall 2004, fiscal year 2005, was 11,200 with a total credit hours of 123,285, and graduate enrollment was 3,098 with a total credit hours of 19,447.

Financial Reporting Entity. As required by the accounting principles generally accepted by the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), these financial statements present the financial position and financial activities of the University and its component units: the WSU Intercollegiate Athletic Association, WSU Union Corporation (Student Union), WSU Foundation and WSU Board of Trustees. Each have independent audits with unqualified opinions. Component unit financial activities and balances have been discretely presented on the University's financial statements.

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

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

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

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

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

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2005 and 2004

Inventories. Inventories are carried at cost.

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

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

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

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

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

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

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

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

Deposits Held In Custody For Others. Deposits held in custody for others consist primarily of student organizations' monies administered by the University.

Noncurrent Liabilities. Noncurrent liabilities include principal amounts of revenue bonds with contractual maturities greater than one year.

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

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

Restricted net assets - nonexpendable: Restricted nonexpendable net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The Wichita State University Foundation is discretely presented with other component units of the University.

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

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

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2005 and 2004

Tax Status. As a state institution of higher education, the income of the University is generally exempt for federal and state income taxes under Section 115(a) of the Internal revenue code; however, income generated from activities unrelated to the University's exempt purpose is subject to income taxes under Internal Revenue code section 511(a)(2)(b). The University attempts to comply with this requirement by filing form 990-T through the Board of Regents office.

Classification of Revenues. The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

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

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

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

Summer Session. Revenues and expenses for the summer session are reported within the fiscal year in which the summer session is predominately conducted. Accordingly, revenues and expenses for the 2004 summer session are reported in the Statement of Revenues, Expenses and Changes in Net Assets as revenue and expenses for 2005. Summer session revenues received prior to June 30, 2005, are reported as deferred revenues in the Statement of Net Assets. Expenses for the summer session paid prior to June 30, 2005, are reported as prepaid expenses. Kansas Board of Regents officials determined this methodology and believe the departure from generally accepted accounting principles will not have a material effect on the University's financial position.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents. The carrying amount of the University's deposits with the State Treasurer and other financial institutions at June 30, 2005, were \$36,544,401.85. The University's deposits with the State Treasurer, are pooled with the funds of other State Agencies and then, in accordance with statutory limitations, placed in short-term investments with the exception of the bond funds. All bond proceeds are invested in conjunction with specifications stated in the bond resolutions.

Investments. The University's investments are categorized, as to credit risk, as either (1) insured or registered, or securities held by the university or its agent in the University's name, (2) uninsured and unregistered, with securities held by the counter party's trust department or agent in the University's name, or (3) uninsured and unregistered, with securities held by the counter part, or by its trust department or agent, but not in the University's name. At June 30, 2005, the University's investments consisted of the following:

	Categories			Fair Value
	1	2	3	
U. S. Government Securities	4,968,883.73	0.00	0.00	4,968,883.73
Certificates of Deposit	105,116.71	0.00	0.00	105,116.71
Guaranteed Investment Contracts	19,686,474.69	0.00	0.00	19,686,474.69
Total Investments	24,760,475.13	0.00	0.00	24,760,475.13

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2005 and 2004

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the University for the year ended June 30, 2005, is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets (not depreciated)				
Land	2,966,850.70	0.00	0.00	2,966,850.70
Construction-in-Progress	28,114,778.29	1,616,270.93	3,578,902.94	26,152,146.28
Total Assets - not depreciated	31,081,628.99	1,616,270.93	3,578,902.94	29,118,996.98
Capital Assets (being depreciated)				
Infrastructure	3,034,367.96	485,358.96	36,613.88	3,483,113.04
Land Improvements	8,150,897.30	490,167.96	7,642.50	8,633,422.76
Buildings	88,006,677.40	0.00	40,200.00	87,966,477.40
Building Improvements	60,278,828.16	2,910,700.37	346,573.64	62,842,954.89
Equipment and Furnishings	32,910,125.45	6,816,285.87	2,028,280.18	37,698,131.14
Vehicles	2,428,250.85	15,649.50	0.00	2,443,900.35
Service Clearing:				
Equipment	249,450.32	0.00	9,099.00	240,351.32
Vehicles	471,507.65	0.00	0.00	471,507.65
Total Assets - depreciable basis	195,530,105.09	10,718,162.66	2,468,409.20	203,779,858.55
Accumulated Depreciation				
Infrastructure	998,590.78	120,350.70	36,613.88	1,082,327.60
Land Improvements	2,414,966.25	295,776.19	7,642.50	2,703,099.94
Buildings	44,306,845.41	1,919,305.37	40,200.00	46,185,950.78
Building Improvements	15,527,722.58	1,802,130.48	346,573.64	16,983,279.42
Equipment and Furnishings	17,508,615.96	4,285,211.21	2,028,280.18	19,765,546.99
Vehicles	2,055,445.22	162,759.30	0.00	2,218,204.52
Service Clearing:				
Equipment	232,883.67	7,592.66	9,099.00	231,377.33
Vehicles	353,527.86	52,391.12	0.00	405,918.98
Total Accumulated Depreciation	83,398,597.73	8,645,517.03	2,468,409.20	89,575,705.56
Capital Depreciable Assets - Net	112,131,507.36	2,072,645.63	0.00	114,204,152.99
Total Capital Assets - Net	143,213,136.35	3,688,916.56	3,578,902.94	143,323,149.97

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

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2005 and 2004

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable are shown in the accompanying Statement of Net Assets. The University has not established an allowance for doubtful accounts as of June 30, 2005. At June 30, 2005, accounts receivable consisted of the following:

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Student tuition and fees	4,208.95	107,460.55
Student Housing Contracts	462,625.83	0.00
Auxiliary enterprises and other operating activities	37,984.88	36,210.07
Federal, state, and private grants and contracts	<u>4,435,468.53</u>	<u>4,638,643.54</u>
	<u><u>4,940,288.19</u></u>	<u><u>4,782,314.16</u></u>

NOTE 5 - LOANS TO STUDENTS

Student loans made through the Federal Perkins Loan Program and the Health Profession Student Loan Program comprise substantially all of the loans to students at June 30, 2005, and 2004. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal government reimburses the University for a portion of the amounts canceled under these provisions.

As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans are written off and assigned to the U. S. Department of Education. The University has not established an allowance for uncollectible loans at June 30, 2005.

NOTE 6 - DEFERRED REVENUE

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

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Tuition and fees	0.00	12,226.89
Student housing contracts	44,845.11	31,802.54
Summer session	297,491.89	383,361.25
Grants and contracts	<u>1,613,031.23</u>	<u>1,169,855.50</u>
Total Deferred Revenue	<u><u>1,955,368.23</u></u>	<u><u>1,597,246.18</u></u>

NOTE 7 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2005, consists of the following:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Liability
Revenue Bonds Payable:					
Housing System Renovation Project - Refunding Revenue Bonds Series 2002P	11,235,000.00	0.00	480,000.00	10,755,000.00	480,000.00
Parking System Project Revenue Bonds - Series 2000B	4,395,000.00	0.00	300,000.00	4,095,000.00	300,000.00
WSU Research and Development Facilities Projects - Series 2003C	2,305,000.00	0.00	0.00	2,305,000.00	0.00
National Institute for Aviation Research - Research and Development Facilities Projects - Series 2003C	5,815,000.00	0.00	1,050,000.00	4,765,000.00	1,050,000.00
WSU Research and Development Facilities Projects - Series 2005D	0.00	12,180,000.00	0.00	12,180,000.00	0.00
National Institute for Aviation Research - Research and Development Facilities Projects - Series 2005D	0.00	6,240,000.00	0.00	6,240,000.00	0.00
Total Long-Term Liabilities	<u><u>23,750,000.00</u></u>	<u><u>18,420,000.00</u></u>	<u><u>1,830,000.00</u></u>	<u><u>40,340,000.00</u></u>	<u><u>1,830,000.00</u></u>

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2005 and 2004

NOTE 8 - REVENUE BONDS OUTSTANDING

Revenue bonds payable consisted of the following at June 30, 2005:

	Outstanding 6/30/05
<p>Kansas Development Finance Authority Refunding Revenue Bonds - Series 2002P (The Kansas Board of Regents - Wichita State University Housing System Renovation Project) issued on December 1, 2002, in the original amount of \$12,150,000.00. Due in annual installments with final maturity on June 1, 2021. Interest ranging from 3.00% to 4.75% payable semi-annually. Collateralized by dormitory fees from residential students.</p>	11,235,000.00
<p>Kansas Development Finance Authority Revenue Bonds - Series 2000B (The Kansas Board of Regents - Wichita State University Parking System Renovation Project) issued on May 15, 2000, in the original amount of \$5,705,000.00. Due in annual installments with final maturity on April 1, 2015. Interest ranging from 4.70% to 5.90% payable semi-annually. Collateralized by parking fees from students, faculty and staff.</p>	4,395,000.00
<p>Kansas Development Finance Authority Revenue Bonds - Series 2003C (The Kansas Board of Regents - Wichita State University Research and Development Facilities Projects - WSU) issued on February 11, 2003, in the original amount of \$2,305,000.00. Due in annual installments with final maturity on October 1, 2023. Interest rate is 5.00% payable semi-annually. Interest payments are to be made from earned and capitalized interest from 10-1-03 to 4-1-07. Interest payments are to be made from State of Kansas Appropriations from 4-1-07 to 4-1-12. University funds are to be used for principal and interest payments from 4-1-12 to 10-1-23 (maturity).</p>	2,305,000.00
<p>Kansas Development Finance Authority Revenue Bonds - Series 2003C (The Kansas Board of Regents - Wichita State University Research and Development Facilities Projects - Aviation Research Facilities Fund) issued on February 11, 2003, in the original amount of \$6,815,000.00. Due in annual installments with final maturity on June 30, 2010. Interest ranging from 4.672% to 5.00% payable semi-annually. Principal and interest payments are to be made from earned and capitalized interest from 10-1-03 to 4-1-04. Principal and interest payments are to be made from earned interest and State of Kansas appropriation from 10-4-04 to 10-1-05. Principal and interest payments are to be made by State of Kansas appropriation from 4-1-06 to 10-1-09 (maturity).</p>	5,815,000.00
<p>Kansas Development Finance Authority Revenue Bonds - Series 2005D (The Kansas Board of Regents - Wichita State University Research and Development Facilities Projects - WSU) issued on June 2, 2005, in the original amount of \$12,180,000.00. Due in annual installments with final maturity on October 1, 2021. Interest ranging from 3.790% to 5.180% payable semi-annually. Interest payments are to be made from earned interest and University funds from 10-1-05 to 4-1-06. Principal and Interest payments are to be made from earned interest, University funds and State of Kansas appropriations from 10-1-06 to 4-1-11. Principal and Interest payments are to be made from earned interest and University funds from 10-1-11 to 10-1-21 (maturity). (See note 14.)</p>	12,180,000.00
<p>Kansas Development Finance Authority Revenue Bonds - Series 2005D (The Kansas Board of Regents - Wichita State University Research and Development Facilities Projects - Aviation Research Facilities Fund) issued on June 2, 2005, in the original amount of \$6,240,000.00. Due in annual installments with final maturity on October 1, 2013. Interest ranging from 3.790% to 4.680% payable semi-annually. Principal and interest payments are to be made from capitalized interest from 10-1-05 to 4-1-06. Principal and interest payments are to be made from University funds from 10-1-06 to 10-1-13 (maturity).</p>	6,240,000.00

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2005 and 2004

Future debt service requirements for all bonds outstanding at June 30, 2005, are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	1,830,000.00	1,889,708.97	3,719,708.97
2007	2,495,000.00	1,868,302.75	4,363,302.75
2008	2,610,000.00	1,757,685.00	4,367,685.00
2009	2,720,000.00	1,642,285.00	4,362,285.00
2010	2,850,000.00	1,518,101.50	4,368,101.50
2011-2015	15,210,000.00	5,518,229.50	20,728,229.50
2016-2020	8,400,000.00	2,665,144.78	11,065,144.78
2021-2023	6,055,000.00	494,486.00	6,549,486.00
Totals	<u>42,170,000.00</u>	<u>17,353,943.50</u>	<u>59,523,943.50</u>

NOTE 9 - RETIREMENT PLANS

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

Defined Benefit Plan

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

For the year ended June 30, 2005, active KPERs members were required by statute to contribute 4% and the university to contribute 4.87% of the employee's covered payroll. The Kansas Legislature establishes and may amend active plan members' and the University's contribution rates. The University contributed \$839,098.00 during fiscal year 2005 and individual employees contributed \$673,910.27.

Defined Contribution Plan

Eligible unclassified employees are required to participate in the Kansas Board of Regents (Regents) defined contribution retirement plan, which was authorized by K.S.A. 74-4925. The regents have selected the following companies to provide investment options to participants: (1) Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF), (2) Lincoln National Life Insurance Company, (3) ING Financial Advisers and (4) Security Benefit Life Insurance Company. 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, 2005, active members were required by state statute to contribute 5.5% and the university to contribute 8.5% of the employees' covered payroll. The Kansas Legislature establishes and may amend active plan members' and the University's contribution rates. The University contributed \$5,180,477.25 during fiscal year 2005 and individual employees contributed \$3,042,231.52.

Voluntary Tax-Sheltered Annuity Program

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

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2005 and 2004

NOTE 10 - POSTEMPLOYMENT BENEFITS

In addition to pension benefits, the State provides post-employment health care benefits to eligible retired employees. The benefits are provided in accordance with the rules and regulations of the Kansas State Employees Health Care Commission. The Commission is responsible for the determination of the allocation of premium costs between the participants and the State. These allocations are subject to change each contract year. The University funds the benefits on a pay-as-you-go basis.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The University is not currently a defendant in any litigation.

The University, as a state educational institution of Kansas, is subject to the State of Kansas' self-insurance program with regard to comprehensive general liability and personal injury insurance. The University is covered by the State's umbrella insurance policies for automobile liability and property insurance. Also, the University is self-insured relative to workers' compensation, medical and unemployment insurance. The University does maintain specific insurance coverage as allowed by the State of Kansas and as required by outstanding bond issues. The University is not aware of any significant outstanding claims as of June 30, 2005.

The State of Kansas does not insure buildings and contents valued under \$500,000 and does not insure State-owned automobiles for bodily injury and property damages. State buildings valued over \$500,000 are insured against catastrophic loss with a \$5 million deductible per occurrence and a maximum annual liability of \$100 million per occurrence.

In the normal course of operations, the University receives grants, contracts and other forms of reimbursement from various federal and state agencies as well as private industry. 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.

At June 30, 2005, the University had outstanding commitments on various construction projects and contracts for repairs and renovation of facilities of approximately \$26,152,146 in construction in progress (See note 3).

NOTE 12 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The University's operating expenses by functional and natural classification are as follows:

	Compensation and Benefits	Contractual Services and Commodities	Utilities	Scholarships and Fellowships	Depreciation	Total
Educational and general						
Instruction	48,742,911.00	3,146,540.70				51,889,451.70
Research	9,780,732.99	11,572,809.74				21,353,542.73
Public Service	8,470,489.30	6,866,696.73				15,337,186.03
Academic Support	14,855,479.31	7,156,787.73				22,012,267.04
Student Services	10,352,542.48	7,024,353.72				17,376,896.20
Institutional Support	9,013,869.94	2,380,155.39				11,394,025.33
Operation and Maintenance of Plant	10,471,077.23	6,521,690.75	4,436,938.13			21,429,706.11
Depreciation					6,177,107.83	6,177,107.83
Scholarships and Fellowships				13,147,062.61		13,147,062.61
Auxiliary Enterprises	803,909.86	2,270,624.80				3,074,534.66
Other		4,423,672.19				4,423,672.19
Totals	112,491,012.11	51,363,331.75	4,436,938.13	13,147,062.61	6,177,107.83	187,615,452.43

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2005 and 2004

NOTE 13 - COMPONENT UNITS

The following disclosure meets the requirements in GASB Statement 14, *The Financial Reporting Entity* - paragraph 61 and GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* - paragraph 128. It also complies with *Statement No. 39 of the Governmental Accounting Standards Board - Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14.*

Buildings and improvements, constructed or purchased become the property of the State of Kansas and Wichita State University. Generally, revenue bond debt, remains the liability of the component unit.

Operating equipment and vehicles, purchases with component unit funds, remain an asset of the component unit.

Wichita State University Intercollegiate Athletic Association, Inc.

Wichita State University Intercollegiate Athletic Association, Inc. (the Athletic Association) was incorporated to schedule, manage and promote athletic contests of Wichita State University in harmony with the general education policy of the University. The Athletic Association has eight women's and seven men's sports which compete in Division I of the National Collegiate Athletic Association and in the Missouri Valley conference.

The Athletic Board of Directors serves as an advisory body to the President of the University and the Director of Athletics. The Athletic Board consists of nineteen members who are appointed by the President from the following constituencies: twelve University personnel, three students, and four persons from the community. The Athletic Board provides the President and the Director of Athletics with its views on all significant questions relating to Athletic Association policies and activities. The management functions of the Athletic Association are delegated to the Director of Athletics by the President. The Director of Athletics serves at the pleasure of the University President.

Although incorporated as a not-for-profit organization, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, The Athletic Association is considered a governmental organization for financial reporting purposes because its governing body is appointed by Wichita state university and in the event of unilateral dissolution, its net assets revert to Wichita State University. While required to report under the GASB pronouncements, the Athletic Association has elected to report under Financial Accounting Standards Board (FASB) pronouncements, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. However, the differences do not have a significant effect on net assets or the changes in net assets as of or for the year ending June 30, 2005. The Athletic Association is reported as a component unit by the University.

All land and structures, pertinent to the operation of the Athletic Association, are owned by the State of Kansas and have not been reflected as assets of the Athletic Association. The Student Government through the University allocates annually a portion of the Student Fees collected for support of the Athletic Association. This revenue amount was reflected on the financial statements in the amount of \$2,429,889 in 2005. The State of Kansas through the University pays directly the salaries of certain Athletic Association personnel. The financial statements reflect \$1,164,629 in 2005 of state appropriations as revenue and a like amount of salaries as expenses. The Athletic Association pays expenses to various University departments. These expenses are primarily for facility maintenance, telephone service, media service, tuition, fees and housing totalling \$1,339,061 in 2005. Utilities and certain other costs of all facilities are also paid by the University. Operating costs paid by the University have been reflected in the Athletic Association's financial statements as indirect facilities and administrative support.

The Wichita State University Foundation (the Foundation) coordinates fund-raising for and manages investments on behalf of the University and the Athletic Association. Funds held by the Foundation which are designated for athletics and controlled by the Athletic Association, are included in the Athletic Association's financial statements. The Athletic Association is not a party to the revenue bonds or the lease agreement related to the Eck Stadium Phase IV project. Accordingly, funds held by the Foundation for the Eck Stadium Phase IV are not included in the Athletic Association's financial statements. The Foundation holds other funds designated for athletics which are not controlled by the Athletic Association. Such funds are comprised primarily of endowed scholarship funds. The Athletic Association records contributions when such funds are disbursed to the Athletic Association for their restricted use.

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

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2005 and 2004

Wichita State University Union Corporation d/b/a Rhatigan Student Center

Wichita State University Union Corporation d/b/a Rhatigan Student Center (the Union) serves as the student union for Wichita State University. It is a component unit of Wichita State University. It provides a bookstore, recreation, other activities and dining services contracted through the University with an unrelated third party to the faculty, staff, students and alumni of the University. It also rents meeting room space to students and faculty groups. The Union does not advertise its services outside the University "family".

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

The Union prepares its financial statements according to Financial Accounting Standards Board (FASB) pronouncements including FASB Statement No. 117, Financial Reporting for Not-For-Profit Organizations. The organization is recognized by Internal Revenue Service as tax exempt under Section 501(c)(3) of the Internal Revenue Code. The State of Kansas also recognized the exemption.

For the year ended June 30, 2005, approximately 37% (\$1,591,883) of the organization's support and revenue came from student fees: 44% came from gross profit on sales: 3% came from contributions and 16% from other sources. Contributions are recognized when the donor makes an in-substance, unconditional pledge or outright cash gift. Donor wishes and restrictions dictate classification of the gifts as unrestricted, temporarily restricted or permanently restricted.

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

The organization was a beneficiary of a portion of the proceeds from bonds payable issued by the State of Kansas through Wichita State University during the year ended June 30, 1999. The proceeds were used for energy conserving building renovations and equipment replacements. As of June 30, 2005, the organization is obligated to repay \$314,661 principal on the bonds, plus interest at rates ranging from 4.4% to 5.4%. Interest expense of \$26,349 was recorded for 2005. Principal of \$69,641 was retired in 2005. The Union is reported as a component unit by the University.

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

Wichita State University Foundation

Wichita State University Foundation (the Foundation) provides support for the educational undertakings of Wichita State University and all related beneficial activities. Its mission is to raise and steward funds to be used for scholarships, faculty support, programs, etc. for the University. It derives most of its revenue from contributions and earnings on investments.

The twenty-one member governing board of directors is selected by a nominating committee and come from the donor group, the National Advisory Council. The Board of Directors is a fiduciary board. The National Advisory Council is an advisory board of approximately one hundred ten members.

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, 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).

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Foundation's policy is to prepare its financial statements on the accrual basis of accounting; consequently, the financial statements reflect all significant receivables, payables, and other liabilities.

The Foundation furnishes support funds to Wichita State University. During the fiscal year 2005, it furnished \$2,068,117 for scholarships and \$10,409,349 for university support. The Foundation is reported as a component unit by the University.

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

WICHITA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2005 and 2004

Wichita State University Board of Trustees

Wichita State University - Board of Trustees (the Board of Trustees) is a governmental entity established for the education enrichment purposes of Wichita State University as a whole, including all the colleges and branches or divisions thereof as well as all the facilities and activities thereof, consistent with the objectives, operation and management of Wichita State University. It is reported as a component unit of Wichita State University.

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

The Board of Trustees financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) Statements No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 35 *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities* and as amended by GASB Statement No. 39 *Determining Whether Certain Organizations are Component Units*. Pronouncements of the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 (when applicable) and do not conflict with or contradict GASB pronouncements are followed.

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

The Board of Trustees furnishes support to Wichita State University. During the fiscal year 2005, it furnished to the University \$2,305,565 for student support, \$219,538 for community support, \$73,707 for faculty and program support and \$1,489,179 for university support. The Board of Trustees is reported as a component unit by the University.

Complete financial statements for The Board of Trustees can be obtained from the Business Office at 1845 Fairmount, Campus Box 2, Wichita, Kansas 67260-0002.

NOTE 14 - SUBSEQUENT EVENTS

Revenue Bonds Outstanding:

The Kansas Development Finance Authority, (KDFA), on June 2, 2005, on behalf of Kansas Board of Regents -Wichita State University, issued revenue bonds - series 2005D, for Wichita State University Research and Development Facilities Projects - WSU. The original principal amount was \$12,180,000. (See note 8). Included within this issue is \$4 million for construction of an Icing Tunnel for aviation research. Subsequent construction bids for the Icing Tunnel vastly exceeded available funds provided by this bond issue. The aviation industry advised cancellation of the construction of the Icing Tunnel at this time. The University has requested, and Kansas Board of Regents and KDFA have taken action to assign \$3 million of the funds to another Regents' university and call \$1 million of the bonds on April 1, 2006. This action will result in \$4 million reduction in the long-term debt for the University. The debt amortization schedule will be adjusted to reflect this principal and interest decrease.

West Campus:

On January 1, 2006, the University closed the Westside Center located at 7011 West Central, Wichita, Kansas. A new West Campus, northwest of Wichita, at 37th and Maize Road in Maize, Kansas opened for classes January 17, 2006. This new facility and land are leased for twelve years. At the end of the lease, the building and land will be deeded to the University at no cost. The West Campus has a 24,000 gross square feet building on an 8.83 acre site. The facility has 13 classrooms, a general teaching laboratory, a computer lab, an IDL room and Bookstore. Other amenities include a library-book return service, faculty offices, and general education and financial aid advising. More than 150 classes currently are meeting at the new location. Both undergraduate and graduate classes are offered at the West Campus. The site presently has 746 parking spaces and at full occupancy will serve 719 students, faculty and staff.

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APPENDICES

COMPONENT UNITS

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**WICHITA STATE UNIVERSITY
 COMPONENT UNITS
 STATEMENT OF NET ASSETS
 For the Year Ended June 30, 2005**

	Combined Component Units		Intercollegiate Athletic Assn.	
	2005	2004	2005	2004
ASSETS				
Current Assets				
Cash and cash equivalents	17,766,972.00	14,781,865.00	6,037,898.00	5,741,897.00
Accounts receivable, net	4,421,920.00	6,618,978.00	3,633,313.00	5,895,234.00
Pledges receivable	2,885,004.00	3,966,427.00	0.00	0.00
Mortgage receivable	1,225.00	1,134.00	0.00	0.00
Investments	45,193,142.00	37,557,849.00	1,027,203.00	1,273,421.00
Loans to students, net	653,234.00	969,483.00	0.00	0.00
Inventories	1,398,056.00	1,482,529.00	0.00	0.00
Prepaid expenses	107,175.00	99,668.00	71,309.00	52,230.00
Other current assets	2,960,290.00	2,689,906.00	161,582.00	0.00
Total Current Assets	75,387,018.00	68,167,839.00	10,931,305.00	12,962,782.00
Noncurrent Assets				
Restricted cash and cash equivalents	109,766.00	79,045.00	0.00	0.00
Pledges receivable	4,709,650.00	5,823,512.00	0.00	0.00
Mortgage receivable	57,844.00	59,069.00	0.00	0.00
Investments	75,464,066.00	76,736,998.00	0.00	0.00
Cash surrender value of life insurance	3,106,922.00	2,927,699.00	0.00	0.00
Other assets	500.00	500.00	0.00	0.00
Collections	12,767,984.00	12,549,431.00	0.00	0.00
Capital assets, net	17,680,760.00	18,009,639.00	737,103.00	417,561.00
Total Noncurrent Assets	113,897,492.00	116,185,893.00	737,103.00	417,561.00
TOTAL ASSETS	189,284,510.00	184,353,732.00	11,668,408.00	13,380,343.00
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	1,687,523.00	1,596,356.00	380,740.00	429,996.00
Deferred revenue	3,149,664.00	2,595,113.00	2,899,809.00	2,400,191.00
Loan payable	500,822.00	525,071.00	0.00	0.00
Revenue bonds payable	1,840,628.00	1,789,641.00	330,000.00	320,000.00
Accrued compensated absences	220,946.00	211,624.00	0.00	0.00
Deposits held in custody for others	14,711,461.00	16,332,144.00	0.00	0.00
Total Current Liabilities	22,111,044.00	23,049,949.00	3,610,549.00	3,150,187.00
Noncurrent Liabilities				
Revenue bonds payable	23,130,888.00	27,133,559.00	8,476,292.00	10,939,974.00
Total Noncurrent Liabilities	23,130,888.00	27,133,559.00	8,476,292.00	10,939,974.00
TOTAL LIABILITIES	45,241,932.00	50,183,508.00	12,086,841.00	14,090,161.00
NET ASSETS				
Invested in capital assets, net of related debt	105,589.00	(481,012.00)	737,103.00	417,561.00
Restricted for:				
Nonexpendable	70,884,042.00	66,578,806.00	0.00	0.00
Expendable				
Scholarships, research, instruction, public service & other	53,327,254.00	53,087,518.00	0.00	0.00
Capital projects	1,198,170.00	1,894,551.00	0.00	0.00
Debt service	1,430,000.00	1,400,000.00	0.00	0.00
Other purposes	6,508,573.00	5,386,100.00	826,271.00	910,868.00
Unrestricted	10,588,950.00	6,304,261.00	(1,981,807.00)	(2,038,247.00)
TOTAL NET ASSETS	144,042,578.00	134,170,224.00	(418,433.00)	(709,818.00)

Appendix 1

WSU Union Corporation		WSU Foundation		Board of Trustees	
2005	2004	2005	2004	2005	2004
1,653,432.00	2,150,862.00	5,567,435.00	4,215,209.00	4,508,207.00	2,673,897.00
704,279.00	545,505.00	0.00	0.00	84,328.00	178,239.00
0.00	0.00	2,885,004.00	3,966,427.00	0.00	0.00
0.00	0.00	1,225.00	1,134.00	0.00	0.00
0.00	0.00	42,793,905.00	34,925,080.00	1,372,034.00	1,359,348.00
0.00	0.00	0.00	0.00	653,234.00	969,483.00
1,398,056.00	1,482,529.00	0.00	0.00	0.00	0.00
35,866.00	47,438.00	0.00	0.00	0.00	0.00
0.00	0.00	4,906.00	26,900.00	2,793,802.00	2,663,006.00
<u>3,791,633.00</u>	<u>4,226,334.00</u>	<u>51,252,475.00</u>	<u>43,134,750.00</u>	<u>9,411,605.00</u>	<u>7,843,973.00</u>
0.00	0.00	0.00	0.00	109,766.00	79,045.00
0.00	0.00	4,709,650.00	5,823,512.00	0.00	0.00
0.00	0.00	57,844.00	59,069.00	0.00	0.00
0.00	0.00	63,000,000.00	64,500,000.00	12,464,066.00	12,236,998.00
0.00	0.00	3,106,922.00	2,927,699.00	0.00	0.00
500.00	500.00	0.00	0.00	0.00	0.00
0.00	0.00	12,767,984.00	12,549,431.00	0.00	0.00
<u>2,984,816.00</u>	<u>2,184,187.00</u>	<u>339,675.00</u>	<u>418,081.00</u>	<u>13,619,166.00</u>	<u>14,989,810.00</u>
<u>2,985,316.00</u>	<u>2,184,687.00</u>	<u>83,982,075.00</u>	<u>86,277,792.00</u>	<u>26,192,998.00</u>	<u>27,305,853.00</u>
<u>6,776,949.00</u>	<u>6,411,021.00</u>	<u>135,234,550.00</u>	<u>129,412,542.00</u>	<u>35,604,603.00</u>	<u>35,149,826.00</u>
398,776.00	290,898.00	506,453.00	484,493.00	401,554.00	390,969.00
249,855.00	192,522.00	0.00	0.00	0.00	2,400.00
0.00	0.00	0.00	0.00	500,822.00	525,071.00
80,628.00	69,641.00	0.00	0.00	1,430,000.00	1,400,000.00
220,946.00	211,624.00	0.00	0.00	0.00	0.00
0.00	0.00	14,711,461.00	16,332,144.00	0.00	0.00
<u>950,205.00</u>	<u>764,685.00</u>	<u>15,217,914.00</u>	<u>16,816,637.00</u>	<u>2,332,376.00</u>	<u>2,318,440.00</u>
<u>234,033.00</u>	<u>314,662.00</u>	<u>0.00</u>	<u>0.00</u>	<u>14,420,563.00</u>	<u>15,878,923.00</u>
<u>234,033.00</u>	<u>314,662.00</u>	<u>0.00</u>	<u>0.00</u>	<u>14,420,563.00</u>	<u>15,878,923.00</u>
<u>1,184,238.00</u>	<u>1,079,347.00</u>	<u>15,217,914.00</u>	<u>16,816,637.00</u>	<u>16,752,939.00</u>	<u>18,197,363.00</u>
1,952,560.00	1,734,129.00	0.00	0.00	(2,584,074.00)	(2,632,702.00)
0.00	0.00	64,999,924.00	60,170,798.00	5,884,118.00	6,408,008.00
0.00	0.00	53,327,254.00	53,087,518.00	0.00	0.00
1,198,170.00	1,894,551.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	1,430,000.00	1,400,000.00
0.00	0.00	450,000.00	0.00	5,232,302.00	4,475,232.00
<u>2,441,981.00</u>	<u>1,702,994.00</u>	<u>1,239,458.00</u>	<u>(662,411.00)</u>	<u>8,889,318.00</u>	<u>7,301,925.00</u>
<u>5,592,711.00</u>	<u>5,331,674.00</u>	<u>120,016,636.00</u>	<u>112,595,905.00</u>	<u>18,851,664.00</u>	<u>16,952,463.00</u>

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WICHITA STATE UNIVERSITY
COMPONENT UNITS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2005

	Combined Component Units		WSU Intercollegiate Athletic Assn.	
	2005	2004	2005	2004
Operating Revenues:				
Tuition and fees, net of scholarship allowances of \$9,621,048 in 2005 and \$8,771,988 in 2004	3,343,639.00	3,444,932.00	1,869,533.00	1,827,500.00
Sales and services of educational activities	8,997,563.00	7,150,885.00	6,541,376.00	4,681,637.00
Interest earned on loans to students	55,809.00	49,955.00	0.00	0.00
Other operating revenues	4,305,692.00	3,326,118.00	335,977.00	94,472.00
Contributions	11,489,658.00	7,976,392.00	0.00	0.00
Total Operating Revenues	28,192,361.00	21,948,282.00	8,746,886.00	6,603,609.00
Operating Expenses:				
Research	118,535.00	181,779.00	0.00	0.00
Public Service	219,538.00	202,586.00	0.00	0.00
Academic Support	10,483,056.00	5,447,982.00	0.00	0.00
Student Service	17,826,589.00	16,226,473.00	12,402,267.00	10,792,654.00
Institutional Support	75,568.00	77,751.00	0.00	0.00
Operations & Maintenance of Plant	305,680.00	0.00	0.00	0.00
Depreciation	1,718,608.00	1,648,690.00	102,394.00	32,129.00
Scholarships & Fellowships	2,422,632.00	2,240,727.00	0.00	0.00
Other Expenses	2,156,099.00	2,527,752.00	0.00	0.00
Total Operating Expenses	35,326,305.00	28,553,740.00	12,504,661.00	10,824,783.00
Operating Income (Loss)	(7,133,944.00)	(6,605,458.00)	(3,757,775.00)	(4,221,174.00)
Nonoperating Revenues (Expenses)				
State appropriations	921,916.00	976,979.00	921,916.00	976,979.00
County tax subsidy	5,710,265.00	5,450,518.00	0.00	0.00
Gifts	2,802,986.00	3,508,812.00	2,802,986.00	3,508,812.00
Gifts for capital projects	740,449.00	876,947.00	169,489.00	279,941.00
Investment income	7,893,730.00	14,199,430.00	188,409.00	98,029.00
Interest expense	(1,197,386.00)	(1,037,372.00)	(460,769.00)	(240,900.00)
Gain on disposal of assets	115,501.00	(766,082.00)	0.00	0.00
Student fees for capital projects	678,133.00	719,781.00	560,356.00	594,962.00
Other nonoperating revenues (expenses)	(573,896.00)	37,242.00	(47,827.00)	(2,598.00)
Net Nonoperating Revenues	17,091,698.00	23,966,255.00	4,134,560.00	5,215,225.00
Income (Loss) Before Other Revenues, Expenses, Gains and Losses	9,957,754.00	17,360,797.00	376,785.00	994,051.00
Other Revenue				
Other additions, net	(85,400.00)	(4,347,462.00)	(85,400.00)	(4,347,462.00)
Increase in Net Assets	9,872,354.00	13,013,335.00	291,385.00	(3,353,411.00)
Net Assets				
Net Assets - Beginning of Year	134,170,224.00	121,156,889.00	(709,818.00)	2,643,593.00
Net Assets - End of Year	144,042,578.00	134,170,224.00	(418,433.00)	(709,818.00)

Appendix 2

WSU Union Corporation		WSU Foundation		WSU Board of Trustees	
2005	2004	2005	2004	2005	2004
1,474,106.00	1,617,432.00	0.00	0.00	0.00	0.00
2,456,187.00	2,469,248.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	55,809.00	49,955.00
0.00	0.00	3,896,697.00	3,202,764.00	73,018.00	28,882.00
213,904.00	216,992.00	11,268,608.00	7,753,054.00	7,146.00	6,346.00
<u>4,144,197.00</u>	<u>4,303,672.00</u>	<u>15,165,305.00</u>	<u>10,955,818.00</u>	<u>135,973.00</u>	<u>85,183.00</u>
0.00	0.00	0.00	0.00	118,535.00	181,779.00
0.00	0.00	0.00	0.00	219,538.00	202,586.00
0.00	0.00	10,409,349.00	5,358,835.00	73,707.00	89,147.00
3,407,569.00	3,711,121.00	0.00	0.00	2,016,753.00	1,722,698.00
0.00	0.00	0.00	0.00	75,568.00	77,751.00
305,680.00	0.00	0.00	0.00	0.00	0.00
245,570.00	246,292.00	0.00	0.00	1,370,644.00	1,370,269.00
65,703.00	60,347.00	2,068,117.00	1,910,664.00	288,812.00	269,716.00
0.00	0.00	2,156,099.00	1,858,724.00	0.00	669,028.00
<u>4,024,522.00</u>	<u>4,017,760.00</u>	<u>14,633,565.00</u>	<u>9,128,223.00</u>	<u>4,163,557.00</u>	<u>4,582,974.00</u>
<u>119,675.00</u>	<u>285,912.00</u>	<u>531,740.00</u>	<u>1,827,595.00</u>	<u>(4,027,584.00)</u>	<u>(4,497,791.00)</u>
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	5,710,265.00	5,450,518.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	570,960.00	597,006.00
23,585.00	2,938.00	6,773,490.00	12,264,694.00	908,246.00	1,833,769.00
0.00	0.00	0.00	0.00	(736,617.00)	(796,472.00)
0.00	8,648.00	115,501.00	(584,751.00)	0.00	(189,979.00)
117,777.00	124,819.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	(526,069.00)	39,840.00
<u>141,362.00</u>	<u>136,405.00</u>	<u>6,888,991.00</u>	<u>11,679,943.00</u>	<u>5,926,785.00</u>	<u>6,934,682.00</u>
<u>261,037.00</u>	<u>422,317.00</u>	<u>7,420,731.00</u>	<u>13,507,538.00</u>	<u>1,899,201.00</u>	<u>2,436,891.00</u>
0.00	0.00	0.00	0.00	0.00	0.00
<u>261,037.00</u>	<u>422,317.00</u>	<u>7,420,731.00</u>	<u>13,507,538.00</u>	<u>1,899,201.00</u>	<u>2,436,891.00</u>
<u>5,331,674.00</u>	<u>4,909,357.00</u>	<u>112,595,905.00</u>	<u>99,088,367.00</u>	<u>16,952,463.00</u>	<u>14,515,572.00</u>
<u>5,592,711.00</u>	<u>5,331,674.00</u>	<u>120,016,636.00</u>	<u>112,595,905.00</u>	<u>18,851,664.00</u>	<u>16,952,463.00</u>