

# WICHITA STATE UNIVERSITY ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30th 2020



**Annual Financial Report  
for the Fiscal Year Ended June 30, 2020**

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

**Wichita State University  
Fiscal Year 2020 Annual GASB Financial Report**

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**Kansas Board of Regents and University Officers**

**Kansas Board of Regents**

Blake Flanders, President/CEO  
Shane Bangerter, Chair  
Bill Feuerborn, Vice Chair  
Ann Brandau-Murguia  
Cheryl Harrison-Lee  
Mark Hutton  
Shellaine Kiblinger  
John Rolph  
Allen Schmidt  
Helen Van Etten

**University Officers**

**Officer Reporting**

Werner Golling, Vice President for Finance and Administration

**Executive Administration**

Jay Golden, President  
Richard Muma, Executive Vice President and Provost  
Werner Golling, Vice President for Finance and Administration  
Sheree Utash, President of WSU Tech and Vice President of Workforce Development  
Andrew Schlapp, Executive Director of Government Relations and Strategy  
Shelly Coleman-Martins, Vice President for Strategic Communications  
John Tomblin, Senior Vice President, Executive Director of the National Institute for Aviation Research  
Marché Fleming-Randle, Vice President and Chief Diversity Officer  
Teri Hall, Vice President for Student Affairs  
Stacia Boden, General Counsel  
Darron Boatright, Director of Athletics

**Fiscal Year 2020 Financial Information**  
**Prepared in Accordance with Government Accounting Standards Board**  
**(GASB) Principles**

## **Management's Discussion and Analysis**

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

As management of Wichita State University (WSU), we offer you this discussion and analysis of the financial activities of WSU for the fiscal year ended June 30, 2020. This information is designed to identify and explain significant financial issues, changes in WSU's financial position and deviations from the prior fiscal year. In accordance with GASB Statement No. 39 as amended by GASB Statement No. 61, WSU is required to include its component units within the financial report. Wichita State Innovation Alliance (WSIA) and Wichita State Innovation Alliance Investment Corporation (WSIAC) are component units with blended presentation within WSU's Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position. Wichita State University Intercollegiate Athletic Association, Inc., Wichita State University Union Corporation, Wichita State University Board of Trustees, Wichita State University Campus of Applied Sciences and Technology (WSU Tech) and Wichita State University Foundation are presented discretely within the financial report. Due to differences in reporting models, the Wichita State University Foundation is presented separately from the other discrete component units. We encourage you to consider this information in conjunction with the financial statements and the notes to the financial statements. These financial statements are prepared in accordance with Government Accounting Standards Board (GASB) principles.

**FINANCIAL HIGHLIGHTS**

- Net Position increased \$22.4 million (9.6%) compared to 2019.
- Cash fell \$10.9 million (15.4%) while accounts receivable increased \$16.5 million (60.8%).
- Operating revenue increased \$30.8 million (13.4%) driven by a \$22.6 million increase in Federal grants and contracts and a \$5.6 million increase in sales and services of educational activities.
- Operating expense increased \$28.1 million (8.1%). Research expenses increased \$19.7 million, Scholarships and Fellowships increased \$6.7 million.

**USING THE FINANCIAL STATEMENTS**

This report consists of three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The notes to the financial statements present additional information to support the financial statements. Their purpose is to clarify and expand on the information in the financial statements. The University implemented GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments and Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis for Public Colleges during fiscal year 2004. These standards changed the focus of the financial statements to a comprehensive one-look at the University as a whole, as opposed to the traditional presentation of fund groups. For fiscal year 2015, the University implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The primary objective of this new standard is to improve accounting and financial reporting by state and local governments for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and pension expense.

**STATEMENT OF NET POSITION**

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

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

Net Position is divided into three categories:

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

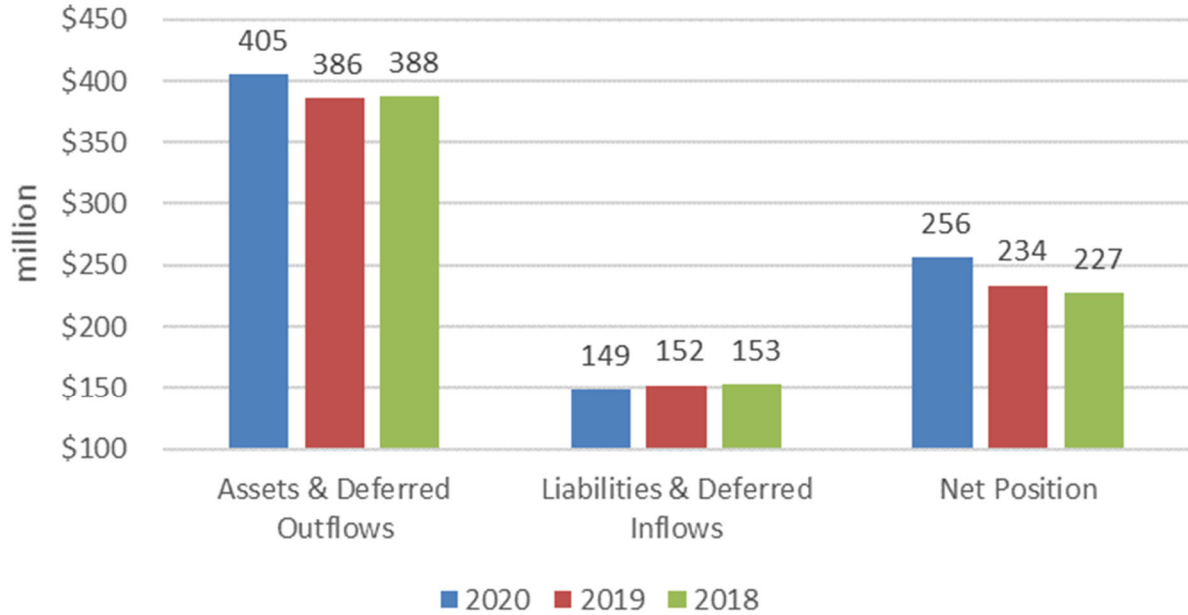
The following is a summary of the University's assets, liabilities, and net position at June 30:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current Assets	\$ 107,496,860	\$ 101,962,838	\$ 97,129,249
Noncurrent Assets	<u>293,342,490</u>	<u>279,508,401</u>	<u>285,372,341</u>
Total Assets	\$ <u>400,839,350</u>	\$ <u>381,471,239</u>	\$ <u>382,501,590</u>
Deferred outflows	3,959,452	4,573,553	5,227,470
Current Liabilities	\$ 38,201,982	\$ 33,518,493	\$ 31,780,405
Noncurrent Liabilities	<u>102,786,399</u>	<u>110,656,872</u>	<u>115,513,210</u>
Total Liabilities	\$ <u>140,988,381</u>	\$ <u>144,175,365</u>	\$ <u>147,293,615</u>
Deferred Inflows	7,602,921	8,077,027	6,084,998
Net Position			
Net Investment in Capital Assets	\$ 212,073,145	\$ 191,487,254	\$ 190,073,180
Restricted Net Position	12,152,545	12,564,378	11,032,799
Unrestricted Net Position	<u>31,981,810</u>	<u>29,740,768</u>	<u>25,967,089</u>
Total Net Position	\$ <u>256,207,500</u>	\$ <u>233,792,400</u>	\$ <u>227,073,068</u>



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**Statement of Net Position**



**Assets**

At June 30, 2020, total assets were \$400.8 million, an increase of \$19.4 million compared to 2019. Current assets increased \$5.5 million and consist of cash and cash equivalents, short-term investments, and accounts receivable. Cash and cash equivalents decreased \$10.9 million and accounts receivable increased \$16.5 million due to receivables from the aerospace industry associated with work performed by engineering labs and increased receivables related to reimbursement grants. Non-current assets increased \$13.8 million during 2020. Loans to students fell \$1.3 million as the Federal Perkins Loan program is no longer making loans to students. Capital assets, net of depreciation, increased \$15.1 million.

At June 30, 2019, total assets were \$381.5 million, a decrease of \$1.0 million compared to 2018. Current assets increased \$4.8 million and consist of cash and cash equivalents, short-term investments, and accounts receivable. Cash and cash equivalents increased nearly \$3.0 million and accounts receivable increased \$1.9 million due to receivables from the aerospace industry associated with work performed by engineering labs at Wichita State. Non-current assets decreased \$5.9 million during 2019. Loans to students fell \$2.0 million as the Federal Perkins Loan program is no longer making loans to students. The reduction is the result of students making \$1.0 million in payments on outstanding loans and Wichita State assigning \$0.8 million of loans back to the Department of Education and cancelling \$0.2 million outstanding loans as directed by the Department of Education. Capital assets, net of depreciation, declined \$3.9 million. Wichita State removed \$4.4 million of undepreciated assets with the razing of Blake Hall and Fairmount Towers.

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**Liabilities**

At June 30, 2020, total liabilities were \$141.0 million, a decrease of \$3.2 million compared to 2019. Current liabilities increased \$4.7 million (14.0%) because of (1) accounts payable and accrued liabilities increased nearly \$2.0 million, (2) unearned revenue increased \$3.2 million because of increased grant activity and (3) accrued compensated absences decreased \$0.8 million.

2020 non-current liabilities decreased \$7.9 million (7.1%) compared to 2019 because (1) Wichita State's net pension liability fell \$2.3 million, (2) outstanding lease payable on Shocker Hall and energy conservation improvements dropped \$2.2 million, (3) revenue bonds payable decreased \$3.5 million, (4) the non-current portion of the Federal government's contribution for Perkins Loans was reduced by \$1.1 million and (5) accrued compensated absences increased \$1.6 million.

At June 30, 2019, total liabilities were \$144.2 million, a decrease of \$3.1 million compared to 2018. Current liabilities increased \$1.3 million because of (1) the current portion of the Federal government's contribution for Perkins Loans increased \$1.1 million, (2) accrued compensated absences increased \$0.8 million, (3) accounts payable increased \$0.9 million and (4) unearned revenue decreased \$1.7 million as deferred grant revenue fell in 2019.

2019 non-current liabilities decreased \$11.9 million (9.8%) compared to 2018 because (1) Wichita State's net pension liability fell \$5.1 million, (2) outstanding lease payable on Shocker Hall and energy conservation improvements dropped \$2.1 million, (3) revenue bonds payable decreased \$3.4 million, (4) the non-current portion of the Federal government's contribution for Perkins Loans was reduced by \$1.7 million and (5) accrued compensated absences increased \$0.5 million.

**Deferred Outflows and Inflows of Resources**

Total deferred outflows at June 30, 2020 were \$4.0 million, a decrease of \$0.6 million compared to 2019 primarily due to changes of assumptions and a change of WSU's proportion of the total State of Kansas KPERS plan. Total deferred outflows at June 30, 2019 were \$4.6 million, a decrease of \$0.6 million compared to 2018 primarily associated with differences incurred between actual and projected earnings of the pension plan.

Total deferred inflows at June 30, 2020 were \$7.6 million, a decrease of \$0.4 million compared to 2019 primarily due to changes of assumptions and a change of WSU's proportion of the total State of Kansas KPERS plan. Total deferred inflows at June 30, 2019 were \$8.0 million, an increase of \$1.9 million compared to 2018 primarily due to changes of assumptions and a change of WSU's proportion of the total State of Kansas KPERS plan.

**Net Position**

Net position is divided into three categories:

1. Net investment in capital assets shows WSU's equity in property, plant and equipment net of accumulated depreciation and related debt.
2. Restricted net position is divided into two categories, non-expendable and expendable. Non-expendable restricted resources are available only for investment purposes. Expendable restricted net position is available for expenditure but must be spent as determined by donors or external entities who have placed restrictions on the use of the assets.

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3. Unrestricted net position is available to WSU for any lawful purpose of the university.

At June 30, 2020, total net position was \$256.2 million, an increase of \$22.4 million (9.6%) compared to 2019. \$212.1 million is invested in capital assets net of depreciation and debt. \$11.4 million is restricted for capital projects and \$0.7 million is restricted for loans. The remaining \$32.0 million is unrestricted and may be used for any lawful purpose of the institution.

At June 30, 2019, total net position was \$233.8 million, an increase of \$6.7 million (3.0%) compared to 2018. \$191.5 million is invested in capital assets net of depreciation and debt. \$11.7 million is restricted for capital projects and \$0.9 million is restricted for loans. The remaining \$29.7 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 presents the total revenues earned and expenses incurred by the University for operating, non-operating and other related activities during a period of time. Its purpose is to assess the University's operating results.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenue	\$ 261,539,758	\$ 230,728,367	\$ 197,493,282
Operating expenses	375,343,287	347,211,617	301,304,427
Operating loss	\$ <u>(113,803,529)</u>	\$ <u>(116,483,250)</u>	\$ <u>(103,811,145)</u>
Non-operating revenue	126,744,971	115,227,137	96,567,431
Other revenue	9,473,658	7,975,445	12,690,024
Total increase in net position	\$ <u>22,415,100</u>	\$ <u>6,719,332</u>	\$ <u>5,446,310</u>
Net position, beginning of year	\$ 233,792,400	\$ 227,073,068	\$ 223,322,001
Restatement		-	(1,695,243)
Net position, beginning of year restated	<u>233,792,400</u>	<u>227,073,068</u>	<u>221,626,758</u>
Net position end of year	\$ <u><u>256,207,500</u></u>	\$ <u><u>233,792,400</u></u>	\$ <u><u>227,073,068</u></u>

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**Revenues**

*Operating Revenue*

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

	2020	2019	2018
Tuition and fees	\$ 102,929,442	\$ 100,621,930	\$ 101,225,002
Grants and contracts	76,534,673	53,538,495	37,423,410
Sales and services	56,883,391	51,322,522	36,897,330
Auxiliary enterprises	14,755,015	15,363,907	13,675,422
Other operating revenues	10,437,237	9,881,513	8,272,118
Total operating revenues	<u>\$ 261,539,758</u>	<u>\$ 230,728,367</u>	<u>\$ 197,493,282</u>

For the year ended June 30, 2020, operating revenues at WSU increased \$30.8 million (13.4%) compared to 2019. The increase in operating revenues is a result of:

- Revenue from Federal grants and contracts increased \$22.6 million (47.5%) from 2019 to 2020. Research revenue from Federal grants and contracts accounted for the entire increase as research revenues increased \$23.1 million and were primarily related to aerospace contracts with the U.S. Department of Defense.
- Revenue from sales and services of educational activities increased \$5.6 million (10.8%) from 2019 to 2020. Of the \$5.6 million increase, \$5.3 million is related to engineering services related to the aerospace industry.

Total operating revenues for the year ended June 30, 2019, increased \$33.2 million (16.8%) over 2018. The following is a brief summary of the significant changes:

- Revenue from Federal grants and contracts increased \$16.9 million (55.6%) from 2018 to 2019. Revenue for Public Service increased \$6.7 million primarily due to a \$5.2 million increase in GEAR UP. GEAR UP is a college access program that is federally funded through the U.S. Department of Education designed to increase the number of low-income students who are prepared to enter and succeed in post-secondary education. Research revenue from Federal grants and contracts increased \$10.0 million in 2019 primarily related to aerospace contracts with the U.S. Department of Defense.
- Revenue from sales and services of educational activities increased \$14.4 million (39.1%) from 2018 to 2019. Of the \$14.4 million increase, \$12.4 million is related to research and more specifically, engineering services related to the aerospace industry.

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*Non-operating Revenue*

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

	2020	2019	2018
State appropriations	\$ 85,042,359	\$ 79,069,679	\$ 71,060,543
Non-operating federal grants and contracts	22,643,941	18,065,675	17,427,834
Gifts	20,354,129	19,826,034	18,850,774
Investment income	1,027,284	1,197,091	546,318
Other non-operating revenues	1,372,359	667,658	3,956
Total non-operating revenues	<u>\$ 130,440,072</u>	<u>\$ 118,826,137</u>	<u>\$ 107,889,425</u>

Non-operating revenues for the year ended June 30, 2020, increased \$11.6 million (9.8%) compared to 2019. The increase in non-operating revenues is primarily the result of:

- State appropriations increased \$6.0 million (7.5%) in 2020. Of the \$6.0 million increase; \$4.0 million is general operations and includes the final restoration of FY 2017 budget reductions. \$1.9 million is the Kansas Aviation Research and Technology Growth Initiative (KART). The \$85,042,359 in state appropriations is broken down as follows; General Operations \$66,933,966, NCAT \$5,200,000, KART \$10,908,393, and WSU's Innovation Campus \$2,000,000.
- Federal grants and contracts increased \$4.6 million (25.3%). This increase was due to the Federal CARES Act aid to students in the amount of \$4.4 million. The remaining difference represents a small increase in Pell grants.

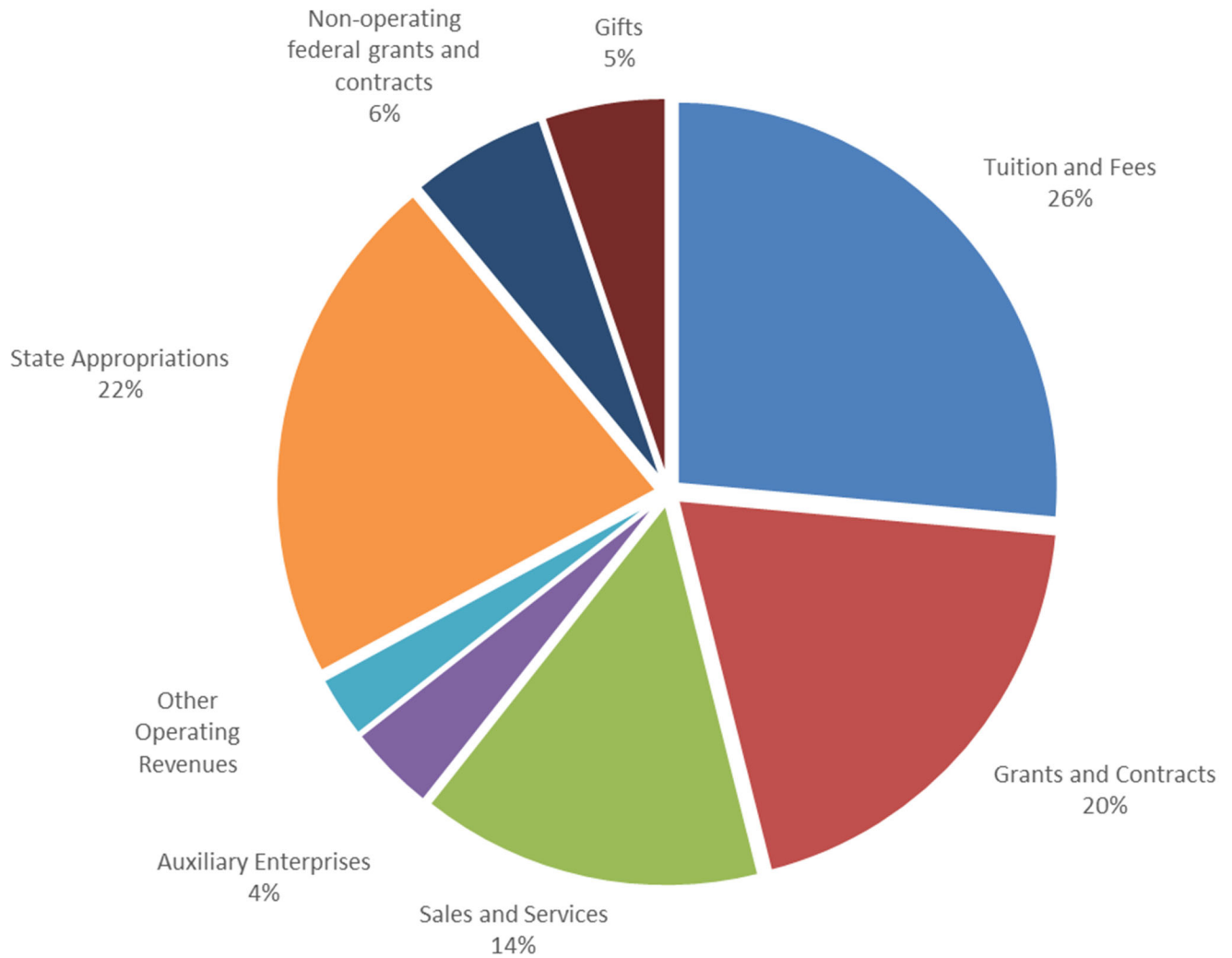
Non-operating revenues for the year ended June 30, 2019, increased \$10.9 million (10.1%) compared to 2018. The increase in non-operating revenues is primarily the result of:

- State appropriations increased \$8.0 million (11.3%) in 2019. Of the \$8.0 million increase; \$1.9 million is a partial restoration of FY 2017 budget reductions, \$1.8 million is the National Center for Aviation Training (NCAT), and \$4.2 million is the Kansas Aviation Research and Technology Growth Initiative (KART). The \$79,069,679 in state appropriations is broken down as follows; General Operations \$62,895,123, NCAT \$5,161,231, KART \$9,035,691, and WSU's Innovation Campus \$1,977,634.
- Gifts to WSU increased \$1.0 million compared to 2018.

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*Total revenues*

Total revenues, including operating and non-operating, for the year ended June 30, 2020 is displayed in the following chart.



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**EXPENSES**

*Operating Expenses*

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

	2020	2019	2018
Instruction	\$ 83,926,151	\$ 81,922,190	\$ 76,210,344
Research	96,975,578	77,325,468	58,840,938
Public Service	26,422,490	27,210,806	20,363,388
Academic Support	32,917,767	31,680,468	29,773,426
Student Service	32,827,004	33,884,220	31,230,170
Institutional Support	24,613,827	24,854,250	22,139,754
Operations and Maintenance of Plant	25,404,644	23,610,761	22,421,404
Scholarships and Fellowships	22,009,736	15,295,605	14,843,757
Auxiliary Enterprises	10,475,909	9,295,948	8,057,291
COVID-19	441,554	-	-
Depreciation and Loss on Disposal of Assets	19,328,627	22,131,901	17,423,955
Total operating expenses	<u>\$ 375,343,287</u>	<u>\$ 347,211,617</u>	<u>\$ 301,304,427</u>

For the year ended June 30, 2020, operating expenses were \$375.3 million, an increase of \$28.1 million (8.1%) compared to 2019. The increase in operating expenses are primarily a result of:

- Research expenses increased \$19.7 million (25.4%) compared to 2019. The increase is a result of NIAR's work with the U.S. Air Force Life Cycle Management Center and U.S. Army Aviation and Missile Command for projects focused on sustainability efforts for the B-1 Bomber and Black Hawk helicopter fleets.
- Scholarships and Fellowships increased \$6.7 million (43.9%) from 2019. The Federal CARES Act provided \$4.4 million in aid to students and the university contributed an additional \$1.4 million in for scholarships from general revenues of the university.
- Expenses for depreciation and loss on disposal of assets decreased \$2.8 million (12.7%) compared to 2019. In 2019, Wichita State removed \$4.4 million of undepreciated assets with the razing of Blake Hall and Fairmount Towers.

Looking at operating expenses categorically, compensation and benefits increased \$12.7 million (6.6%), with salaries and wages increasing \$10.4 million and benefits \$2.3 million. Compensation and benefits account for 54.5% of all operating expenses, down from 56.3% in 2019. Contractual and commodity expenses increased \$8.0 million (6.9%). This increase is related to the increase in research contracts.

For the year ended June 30, 2019, operating expenses were \$347.2 million, an increase of \$45.9 million (15.2%) compared to 2018. The increase in operating expenses are primarily a result of:

- Research expenses increased \$18.5 million (31.4%) compared to 2018. The increase is a result of NIAR's work with the U.S. Army Combat Capabilities Development Command Aviation & Missile Center for a

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project focused on emerging materials for high-speed missile applications. NIAR is also working with the U.S. Air Force Research Laboratory for Modeling for Affordable, Sustainable Composites, aimed at developing a certification framework for enabling advanced materials and structural concepts for automated manufacturing.

- Public Service expenses increased \$6.8 million (33.6%) compared to 2018. The increase is directly related to a \$5.2 million increase in expenses for GEAR UP, a college access program funded by the U.S. Department of Education, designed to increase the number of low-income students who are prepared to enter and succeed in post-secondary education.
- Expenses for depreciation and loss on disposal of assets increased \$4.7 million (27.0%) compared to 2018. Wichita State removed \$4.4 million of undepreciated assets with the razing of Blake Hall and Fairmount Towers.

Looking at operating expenses categorically, compensation and benefits increased \$12.0 million (6.7%), with salaries and wages increasing \$9.2 million and benefits \$2.8 million. Compensation and benefits account for 56.3% of all operating expenses, down from 58.8% in 2018. Contractual and commodity expenses increased \$29.0 million (35.3%). This large increase is related to the increase in research and public service grants and contracts. The loss on disposal of assets of \$4.4 million, relating to the razing of Fairmount Towers and Blake Hall, explains the remaining increase in operating expenses.

*Non-operating expenses*

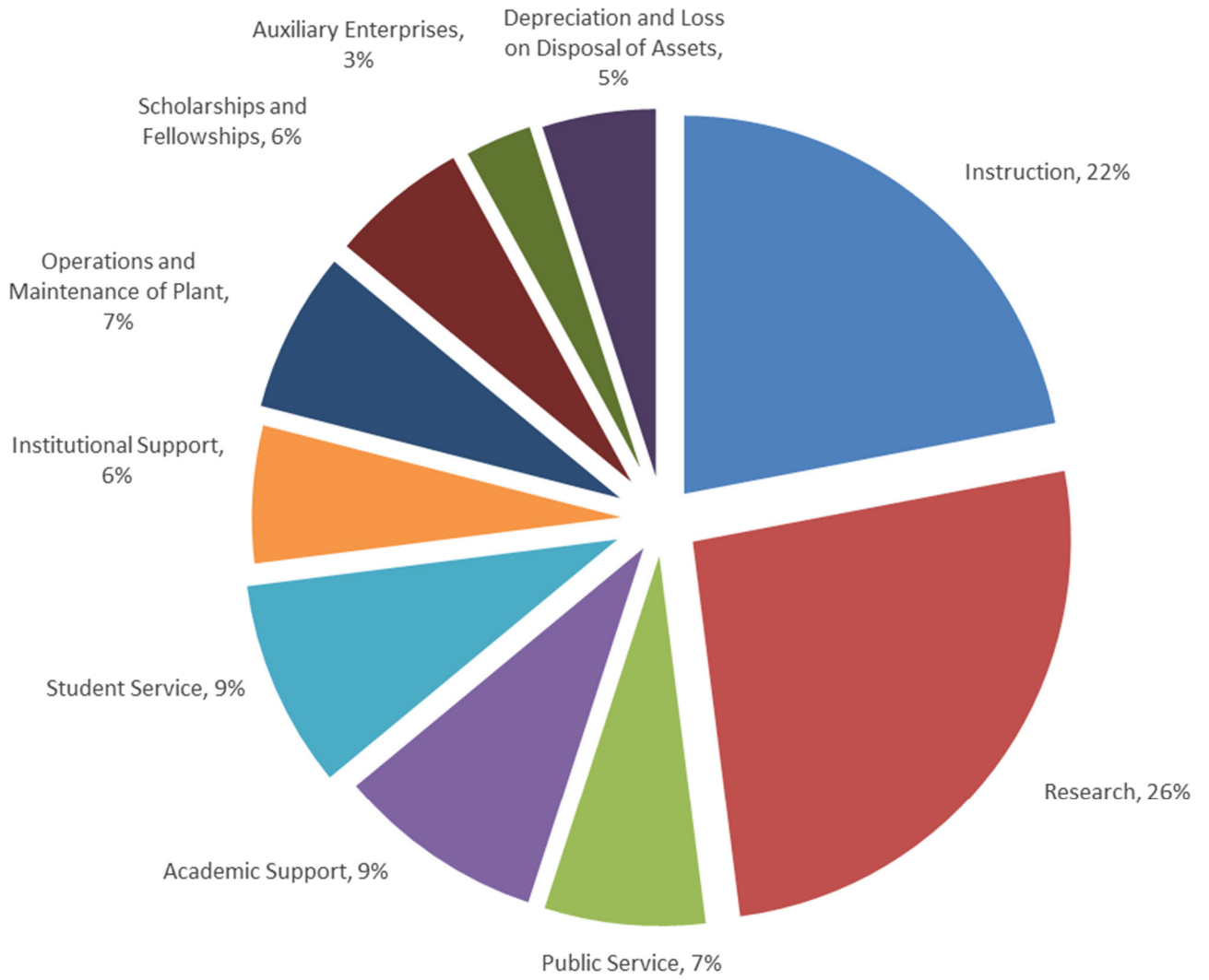
For the year ended June 30, 2020, interest expense on outstanding bonds and leases decreased \$0.2 million (5.8%).

For the year ended June 30, 2019, interest expense on outstanding bonds and leases decreased \$0.2 million (5.8%). Total non-operating expenses fell \$7.7 million (68%) as a one-time charge for the Federal share of the Perkins loan program was expensed in 2018.



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The composition of total expenses, including operating and non-operating, for the year ended June 30, 2020 is displayed in the following chart:



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**STATEMENT OF CASH FLOWS**

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

**SUMMARY OF THE STATEMENT OF CASH FLOWS**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Net cash provided (used by):			
Operating activities	\$ (105,871,817)	\$ (96,113,220)	\$ (87,372,882)
Non-capital financing activities	128,063,776	116,962,869	107,381,707
Capital and related financing/appropriations	(34,135,961)	(19,169,530)	(19,505,017)
Investing activities	<u>1,025,918</u>	<u>1,277,329</u>	<u>545,647</u>
Net increase (decrease) in cash	\$ <u>(10,918,084)</u>	\$ <u>2,957,448</u>	\$ <u>1,049,455</u>
Beginning cash and cash equivalent balances	\$ <u>70,900,363</u>	\$ <u>67,942,915</u>	\$ <u>66,893,460</u>
<b>Ending Cash and Cash Equivalent Balances</b>	<b>\$ <u>59,982,279</u></b>	<b>\$ <u>70,900,363</u></b>	<b>\$ <u>67,942,915</u></b>

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

**CAPITAL ASSETS**

The University made significant investments in capital during FY 2020. 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 placed in service during the current fiscal year:

- Ablah Library: Remodeled the 24-Hour Study Hall restrooms in the building. The project cost of \$201 thousand was paid with remodeling and improvement funds and university resources.
- Campus Parking: Resurfaced parking lots 13, 14 and 15. The project cost of \$318 thousand was paid with parking funds.

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- Heskett Center: Remodeled the first-floor lobby of the building. The project cost of \$117 thousand was paid with rehabilitation and repair funds and university resources.
- Heskett Center: Created an eSports gaming area in the building. The project cost of \$209 thousand was paid with university resources.
- Hubbard Hall: Replaced the windows in the building. The project cost of \$850 thousand was paid with rehabilitation and repair funds.
- McKnight Arts Center: Replaced the sloped window in the building. The project cost of \$447 thousand was paid with rehabilitation and repair funds.
- Partnership Building II: Leasehold improvements were made to the building for Firepoint. The project cost of \$120 thousand was paid with university resources.
- Partnership Building II: Leasehold improvements were made to the building for the Machine Learning Lab. The project cost of \$214 thousand was paid with federal funds and university resources.
- Shocker Store – Braeburn Square: Leasehold improvements were made to the building. The project cost of \$201 thousand was paid with Wichita State Innovation Alliance (WSIA) funds.
- Wallace Hall Phases I and II: Remodeled the first and second floors of the building. The project cost of \$993 thousand was paid with Kan-Grow Engineering and rehabilitation and repair funds and university resources.

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

- Ablah Library: Replace the roof. The project cost to date of \$455 thousand has been paid with rehabilitation and repair funds.
- Ahlberg Hall: Remodel the building to accommodate a Play Therapy-Psychology Clinic. The project cost to date of \$45 thousand has been paid with rehabilitation and repair funds.
- Air Capital Flight Line: Leasehold improvements are being made to this facility. The project cost to date of \$615 thousand has been paid with university resources.
- ATLAS Building: The Visual Communications Building was demolished and a new building is being constructed for the Automated Technologies Lab for Advanced Structures (ATLAS). The project cost to date of \$1.5 million has been paid with federal funds and university resources.
- Cessna Stadium: Conduct a cost study of the building. The project cost to date of \$7 thousand has been paid with university resources.
- Duerksen Fine Arts Center: Conduct a HVAC temperature study of the building. The project cost to date of \$7 thousand has been paid with rehabilitation and repair funds.

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- Henrion Hall: Renovate the building. The project cost to date of \$1.1 million has been paid with rehabilitation and repair funds, deferred maintenance funds and university resources.
- Hubbard Hall: Remodel two biology labs in the building. The project cost to date of \$97 thousand has been paid with deferred maintenance funds.
- Hubbard Hall: Remodel the animal care facility in the building. The project cost to date of \$40 thousand has been paid with university resources.
- Innovation Campus: Various projects whose combined costs to date of \$3.1 million have been paid with Wichita State Innovation Alliance (WSIA) funds.
- Media Resource Center: Replace the Liebert unit in the building. The project cost to date of \$167 thousand has been paid with rehabilitation and repair funds.
- National Institute for Aviation Research (NIAR): A new crash test lab building is being constructed. The project cost to date of \$7.5 million has been paid with university resources.
- National Institute for Aviation Research (NIAR): Remodel the building after the Crash Lab moved into its own building. The project cost to date of \$2.5 million has been paid with university resources.
- Shocker Hall: Leasehold improvements are being made to the dormitory office. The project cost to date of \$27 thousand has been paid with housing funds.
- Shocker Studios: Leasehold improvements are being made to space in the former Wichita Mall to relocate selective College of Fine Arts studios. The project cost to date of \$68 thousand has been paid with remodeling and improvement funds and university resources.
- Wallace Hall: The project includes the replacement of the electrical distribution system and the remodeling of the third floor. The project cost to date of \$306 thousand has been paid with rehabilitation and repair funds, university resources and general fees.
- Wallace Hall: Remodel the building to accommodate the water tunnel from the Visual Communications Building. The project cost to date of \$1 thousand has been paid with university resources.

**DEBT ADMINISTRATION**

At June 30, 2020, revenue bond debt outstanding was \$19.1 million and capital lease payable totaled \$60.5 million. Detailed information about WSU's outstanding debt is available in Note 7 (page 37).

At June 30, 2019, revenue bond debt outstanding was \$22.5 million and capital lease payable totaled \$62.5 million. Detailed information about WSU's outstanding debt is available in Note 7 (page 37).

At June 30, 2018, the University had \$25.8 million in revenue bond debt outstanding and \$64.6 million of capital leases payable.

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**ECONOMIC OUTLOOK**

The original fiscal year 2021 state appropriation was \$85,725,911. This represented an increase of \$1,591,945 (1.9%) over fiscal year 2020. Shortly afterward the Governor reduced the appropriation by \$3,388,081 for a current appropriated budget of \$82,337,830. This represents a decrease of \$1,796,136 (2.1%) from fiscal year 2020. The Governor also increased coronavirus funding by \$2,997,749 to help reduce the impact of the appropriation reduction.

During the fall 2020 semester 15,550 students were enrolled at WSU, which is a decrease of 508 students (3.2%) compared to fall 2019. The number of students enrolling at WSU from Sedgwick County and the surrounding Metropolitan Statistical Area (MSA) has gradually declined over the last several years. Specifically, 5.2% fewer students enrolled at WSU in fall 2020 compared to fall 2016 from the Wichita MSA. The two main causes are shrinking high school graduating class sizes and declining population of transfer students available at area community colleges. With a declining population locally, recruitment efforts have been amplified in areas outside of Wichita, particularly in other areas of Kansas and elsewhere along the I-35 corridor. While staff and resources remain largely deployed in Wichita to reach all parts of the state, new efforts exist in the regional communities of Overland Park (KS), Kansas City (MO), Oklahoma City/Tulsa (OK), Dallas/Ft. Worth and Houston (TX). Since 2016, the university has experienced growth of more than 123 percent in undergraduates enrolled from I-35 communities of Texas, Oklahoma and Missouri. Enrollment from other parts of Kansas has grown from 2016 to 2020, with increases of 42.2% from northeastern Kansas, 67.5% from northwestern Kansas and 27.1% from southwestern Kansas. 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.

WSU continues to work with private developers, industry and government entities to build out and occupy 120 acres of developable land on the east side of campus. NetApp is building a permanent new home for its Wichita operations and it is expected to open in early 2022. While the new building is under construction, NetApp has leased Campus Partnership Building 3 as a temporary home. Deloitte has created The Smart Factory at Wichita State, which combines additive manufacturing, collaborative robotics, advanced materials and composites, automation, reverse engineering, and augmented and virtual reality prototyping simulators in one space. Bonds were issued in July and construction has begun on Woolsey Hall which will house the W. Frank Barton School of Business

Overall, the financial position of the University remains strong.

**REQUEST 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.

## **Financial Statements with Notes**

**WICHITA STATE UNIVERSITY  
STATEMENT OF NET POSITION  
As of June 30, 2020 and 2019**

	<u>University Funds</u>		<u>Component Units</u>	
	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2019</u>
<b><u>ASSETS</u></b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 59,982,279	\$ 70,900,363	\$ 49,168,729	\$ 45,753,359
Accounts receivable, net	43,587,647	27,109,799	4,440,806	9,306,520
Investments	130,669	129,303	2,117,425	5,279,784
Loans to students	3,074,654	3,074,654	-	-
Inventories	706,511	526,800	1,113,690	1,158,130
Prepaid expenses	15,100	221,919	608,762	679,810
Other current assets	-	-	1,163,026	1,107,546
<b>Total Current Assets</b>	<b>\$ 107,496,860</b>	<b>\$ 101,962,838</b>	<b>\$ 58,612,438</b>	<b>\$ 63,285,149</b>
<b>Noncurrent Assets</b>				
Restricted cash and cash equivalents	\$ -	\$ -	\$ 1,290,818	\$ 1,279,001
Investments	-	-	15,493,241	12,211,786
Loans to students	1,703,053	2,975,620	-	-
Other assets	-	-	1,684,845	-
Capital Lease Receivable	-	-	57,796,207	58,959,231
Capital assets, net	291,639,437	276,532,781	53,961,641	54,275,286
<b>Total Noncurrent Assets</b>	<b>\$ 293,342,490</b>	<b>\$ 279,508,401</b>	<b>\$ 130,226,752</b>	<b>\$ 126,725,304</b>
<b>TOTAL ASSETS</b>	<b>\$ 400,839,350</b>	<b>\$ 381,471,239</b>	<b>\$ 188,839,190</b>	<b>\$ 190,010,453</b>
<b><u>DEFERRED OUTFLOWS</u></b>				
Deferred OPEB costs	\$ 452,936	\$ 507,627	\$ -	\$ -
Deferred pension costs	3,506,516	4,065,926	-	-
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>\$ 3,959,452</b>	<b>\$ 4,573,553</b>	<b>\$ -</b>	<b>\$ -</b>

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF NET POSITION**  
**As of June 30, 2020 and 2019**

	<u>University Funds</u>		<u>Component Units</u>	
	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2019</u>
<b><u>LIABILITIES</u></b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 15,617,074	\$ 13,651,531	\$ 5,275,461	\$ 4,967,108
Unearned revenue	7,166,758	3,918,930	9,190,216	9,710,222
Loan payable	-	-	218,366	3,163,291
Accrued interest	306,265	-	239,344	242,204
Refundable advances from government grants	1,231,773	1,477,960	-	-
Revenue bonds payable	3,544,309	3,394,309	1,180,000	1,145,000
Lease payable	2,155,910	2,084,926	593,450	593,450
Accrued compensated absences	6,856,469	7,690,760	366,686	408,978
Deposits held in custody for others	1,323,424	1,300,077	-	-
<b>Total Current Liabilities</b>	<b>\$ 38,201,982</b>	<b>\$ 33,518,493</b>	<b>\$ 17,063,523</b>	<b>\$ 20,230,253</b>
<b>Noncurrent Liabilities</b>				
Lease payable	\$ 58,298,537	\$ 60,454,447	\$ 99,998	\$ -
Other postemployment benefit liability	1,416,336	1,709,829	-	-
Net pension liability	19,890,530	22,240,346	120,120	124,774
Refundable advances from government grants	4,228,090	5,354,264	-	-
Accrued compensated absences	3,385,370	1,786,141	-	-
Revenue bonds payable	15,567,536	19,111,845	101,141,318	102,965,994
<b>Total Noncurrent Liabilities</b>	<b>\$ 102,786,399</b>	<b>\$ 110,656,872</b>	<b>\$ 101,361,436</b>	<b>\$ 103,090,768</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 140,988,381</b>	<b>\$ 144,175,365</b>	<b>\$ 118,424,959</b>	<b>\$ 123,321,021</b>
<b><u>DEFERRED INFLOWS</u></b>				
Deferred OPEB costs	\$ 195,581	\$ 64,599	\$ -	\$ -
Deferred pension costs	7,407,340	8,012,428	-	-
Deferred gain on refunding	-	-	708,944	729,796
<b>TOTAL DEFERRED INFLOWS</b>	<b>\$ 7,602,921</b>	<b>\$ 8,077,027</b>	<b>\$ 708,944</b>	<b>\$ 729,796</b>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	\$ 212,073,145	\$ 191,487,254	\$ 8,061,296	\$ 6,277,084
Restricted for:				
Nonexpendable	-	-	6,548,261	6,545,877
Expendable				
Loans	709,739	888,133	-	-
Capital projects	11,442,806	11,676,245	-	-
Other purposes	-	-	8,130,684	8,433,697
Unrestricted	31,981,810	29,740,768	46,965,046	44,702,978
<b>TOTAL NET POSITION</b>	<b>\$ 256,207,500</b>	<b>\$ 233,792,400</b>	<b>\$ 69,705,287</b>	<b>\$ 65,959,636</b>



**WICHITA STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**As of June 30, 2020 and 2019**

	University Funds		Component Units	
	FY 2020	FY 2019	FY 2020	FY 2019
<b>Operating Revenues:</b>				
Tuition and fees, net of scholarship allowances of \$25,331,747 in 2020 and \$26,218,050 in 2019	\$ 102,929,442	\$ 100,621,930	\$ 19,420,513	\$ 19,136,181
Federal grants and contracts	70,222,826	47,602,469	2,600,365	1,652,788
State and local grants and contracts	6,311,847	5,936,026	4,401,419	5,855,679
Sales and services of educational activities	56,883,391	51,322,522	21,865,573	22,191,092
Auxiliary enterprises				
Housing revenues (revenues are pledged as security for bonds)	13,209,980	13,443,928	-	-
Parking revenues	1,545,035	1,919,979	-	-
Interest earned on loans to students	132,399	119,396	20,852	20,851
Other operating revenues	10,304,838	9,762,117	1,965,617	2,052,506
<b>Total Operating Revenues</b>	<b>\$ 261,539,758</b>	<b>\$ 230,728,367</b>	<b>\$ 50,274,339</b>	<b>\$ 50,909,097</b>
<b>Operating Expenses:</b>				
Instruction	\$ 83,926,151	\$ 81,922,190	\$ -	\$ -
Research	96,975,578	77,325,468	-	-
Public Service	26,422,490	27,210,806	597,513	578,934
Academic Support	32,917,767	31,680,468	-	-
Student Service	32,827,004	33,884,220	54,209,348	56,030,991
Institutional Support	24,613,827	24,854,250	2,441,984	3,103,209
Operations and Maintenance of Plant	25,404,644	23,610,761	5,156,531	4,824,251
Scholarships and Fellowships	22,009,736	15,295,605	8,556,541	9,036,787
Auxiliary Enterprises	10,475,909	9,295,948	-	-
Other Expenses	-	-	3,670,371	4,390,104
COVID-19 Expenses	441,554	-	-	-
Depreciation	18,290,291	17,689,259	2,460,558	2,421,941
Loss on disposal of capital assets	1,038,336	4,442,642	-	-
<b>Total Operating Expenses</b>	<b>\$ 375,343,287</b>	<b>\$ 347,211,617</b>	<b>\$ 77,092,846</b>	<b>\$ 80,386,217</b>
<b>Total Operating Loss</b>	<b>\$ (113,803,529)</b>	<b>\$ (116,483,250)</b>	<b>\$ (26,818,507)</b>	<b>\$ (29,477,120)</b>
<b>Non-operating Revenues (Expenses)</b>				
State appropriations	\$ 85,042,359	\$ 79,069,679	\$ 10,210,500	\$ 9,079,087
Federal grants and contracts	22,643,941	18,065,675	5,945,786	6,576,907
Gifts	20,354,129	19,826,034	8,452,848	7,631,619
Investment income	1,027,284	1,197,091	673,576	1,501,309
Direct Finance Lease Income	-	-	2,939,717	2,993,870
Interest expense	(3,388,836)	(3,599,000)	(4,751,049)	(4,794,196)
County tax subsidy	-	-	8,323,920	8,037,828
Perkins	1,372,359	667,658	-	-
Other nonoperating revenues (expenses)	(306,265)	-	(117,919)	(387,891)
<b>Total Non-operating Revenues (Expenses)</b>	<b>\$ 126,744,971</b>	<b>\$ 115,227,137</b>	<b>\$ 31,677,379</b>	<b>\$ 30,638,533</b>
<b>Total Income (Loss) Before Other Revenues, Expenses, Gains and Losses</b>	<b>\$ 12,941,442</b>	<b>\$ (1,256,113)</b>	<b>\$ 4,858,872</b>	<b>\$ 1,161,413</b>
<b>Other Revenue (Expenses)</b>				
Capital appropriations	\$ 5,158,201	\$ 4,611,600	\$ -	\$ -
Gifts for capital projects	1,768,457	820,095	2,371,244	2,723,979
Student fees for capital projects	2,547,000	2,543,750	-	-
Capital assets transferred to other entities	-	-	(3,484,465)	-
<b>Total Other Revenue (Expenses)</b>	<b>\$ 9,473,658</b>	<b>\$ 7,975,445</b>	<b>\$ (1,113,221)</b>	<b>\$ 2,723,979</b>
<b>Total Increase in Net Position</b>	<b>\$ 22,415,100</b>	<b>\$ 6,719,332</b>	<b>\$ 3,745,651</b>	<b>\$ 3,885,392</b>
<b>Net Position</b>				
<b>Net Position - Beginning of Year</b>	<b>\$ 233,792,400</b>	<b>\$ 227,073,068</b>	<b>\$ 65,959,636</b>	<b>\$ 62,074,244</b>
<b>Net Position - End of Year</b>	<b>\$ 256,207,500</b>	<b>\$ 233,792,400</b>	<b>\$ 69,705,287</b>	<b>\$ 65,959,636</b>

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF CASH FLOWS**  
**For the Years Ended June 30, 2020 and 2019**

	<u>University Funds</u>	
	<u>FY 2020</u>	<u>FY 2019</u>
<b>Cash Flows from Operating Activities</b>		
Tuition and fees	\$ 102,856,734	\$ 100,357,335
Sales and services of educational activities	56,491,842	51,100,051
Auxiliary enterprise charges		
Housing	13,153,222	13,130,551
Parking	1,545,035	1,919,979
Research grants and contracts	63,573,535	50,646,924
Payments to suppliers	(121,788,681)	(110,664,123)
Payments for utilities	(6,770,146)	(6,571,715)
Payments for scholarships and benefits	(22,009,736)	(15,295,605)
Compensation and benefits	(204,885,557)	(192,661,654)
Collections on loans issued to students	1,272,565	1,962,499
Other receipts	10,689,369	9,962,538
	<u>102,856,734</u>	<u>100,357,335</u>
<b>Net Cash Flows from Operating Activities</b>	<b>\$ (105,871,817)</b>	<b>\$ (96,113,220)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
State appropriations	\$ 85,042,359	\$ 79,069,679
Federal Grants	22,643,941	18,065,675
Gifts	20,354,129	19,826,034
Other payments	(306,265)	-
Change in funds held for others	23,347	1,481
	<u>127,757,511</u>	<u>116,962,869</u>
<b>Net Cash Flows from Noncapital Financing Activities</b>	<b>\$ 127,757,511</b>	<b>\$ 116,962,869</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital appropriations	\$ 5,158,201	\$ 4,611,600
Capital gifts	1,768,457	820,095
Student fees for capital projects	2,547,000	2,543,750
Purchase of capital assets	(34,435,283)	(18,270,862)
Principal paid on capital debt and leases	(5,479,235)	(5,275,113)
Interest paid on capital debt and leases	(3,388,836)	(3,599,000)
	<u>5,158,201</u>	<u>4,611,600</u>
<b>Net Cash Flows from Capital and Related Financing Activities</b>	<b>\$ (33,829,696)</b>	<b>\$ (19,169,530)</b>

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF CASH FLOWS**  
**For the Years Ended June 30, 2020 and 2019**

	<u>University Funds</u>	
	<u>FY 2020</u>	<u>FY 2019</u>
<b>Cash Flows from Investing Activities</b>		
Investment income	\$ 1,025,918	\$ 1,277,329
<b>Net Cash Flows from Investing Activities</b>	<u>\$ 1,025,918</u>	<u>\$ 1,277,329</u>
<b>Net Change in Cash and Cash Equivalents</b>	\$ (10,918,084)	\$ 2,957,448
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>70,900,363</u>	<u>67,942,915</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 59,982,279</u>	<u>\$ 70,900,363</u>
<b>Reconciliation</b>		
Operating loss	\$ (113,803,529)	\$ (116,483,250)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	18,290,291	17,689,259
Loss on sale of assets	1,038,336	4,442,642
Changes in assets and liabilities:		
Accounts receivable, net	(16,477,848)	(1,927,403)
Loans to students, net	1,272,567	1,962,499
Other post employment benefits	(107,820)	(265,003)
Net pension obligation	(2,395,494)	(2,057,733)
Accrued salaries and wages	1,519,365	389,186
Inventories	(179,711)	17,457
Other current assets	206,819	(6,031)
Accounts payable and accrued liabilities	752,443	522,840
Refundable advance	(2)	-
Unearned revenue	3,247,828	(1,683,586)
Accrued compensated absences	<u>764,938</u>	<u>1,285,903</u>
<b>Net Cash Flows from Operating Activities</b>	<u>\$ (105,871,817)</u>	<u>\$ (96,113,220)</u>

**WICHITA STATE UNIVERSITY FOUNDATION  
STATEMENT OF NET ASSETS  
For the Years Ended June 30, 2020 and 2019**

	Foundation Funds	
	FY 2020	FY 2019
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 6,770,213	\$ 19,076,972
Pledges receivable, less allowance for uncollectible pledges (2020, \$642,309; 2019, \$758,628)	23,492,076	27,754,267
Investments	286,039,128	286,982,415
Investment at equity	2,824,646	2,922,529
Real estate	653,075	597,175
Buildings, equipment and software, at cost less accumulated depreciation	623,550	634,647
Cash surrender value of life insurance	4,933,998	4,485,292
Collections	17,361,095	16,064,075
Other assets	839,820	3,195,433
<b>Total Assets</b>	<b>\$ 343,537,601</b>	<b>\$ 361,712,805</b>
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 592,200	\$ 670,515
Annuities payable	925,342	933,723
Due to WSU Alumni Association	1,751,755	1,803,198
Due to WSU Board of Trustees	7,466,590	7,771,685
Due to WSU Departments	148,771	149,523
Due to Intercollegiate Athletic Association, Inc.	6,777,189	9,275,177
Note payable	491,400	-
<b>Total Liabilities</b>	<b>\$ 18,153,247</b>	<b>\$ 20,603,821</b>
<b><u>NET ASSETS</u></b>		
Net assets without donor restrictions:		
Undesignated	\$ 11,786,049	\$ 10,243,759
Board designated quasi-endowment	782,775	846,725
Total net assets without donor restrictions	12,568,824	11,090,484
Net assets with donor restrictions	312,815,530	330,018,500
<b>Total Net Assets</b>	<b>\$ 325,384,354</b>	<b>\$ 341,108,984</b>

**WICHITA STATE UNIVERSITY FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**For the Years Ended June 30, 2020 and 2019**

	<b>2020</b>			<b>2019</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>				
Contributions	\$ 487,707	\$ 13,065,718	\$ 13,553,425	\$ 24,361,074
Net investment return	2,317,759	(2,381,311)	(63,552)	11,803,076
Other income	894,653	1,211,373	2,106,026	2,930,838
Net assets released from restriction	<u>30,598,750</u>	<u>(30,598,750)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUE, GAINS, AND OTHER SUPPORT</b>	<u>\$ 34,298,869</u>	<u>\$ (18,702,970)</u>	<u>\$ 15,595,899</u>	<u>\$ 39,094,988</u>
<b>EXPENSES</b>				
Program services:				
Scholarships	6,015,509	-	6,015,509	5,811,337
University Support	21,358,700	-	21,358,700	9,902,621
Support activities:				
Management and general	2,549,369	-	2,549,369	2,498,700
Fund raising	<u>2,896,951</u>	<u>-</u>	<u>2,896,951</u>	<u>2,807,903</u>
<b>TOTAL EXPENSES</b>	<u>\$ 32,820,529</u>	<u>\$ -</u>	<u>\$ 32,820,529</u>	<u>\$ 21,020,561</u>
<b>Increase in Net Assets Before Transfers From Wichita State University</b>	1,478,340	(18,702,970)	(17,224,630)	18,074,427
<b>Transfers from Wichita State University Increase in Net Assets</b>	<u>-</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>4,000,000</u>
<b>Net Assets, Beginning Of Year</b>	<u>\$ 11,090,484</u>	<u>\$ 330,018,500</u>	<u>\$ 341,108,984</u>	<u>\$ 319,034,557</u>
<b>Net Assets, End Of Year</b>	<u>\$ 12,568,824</u>	<u>\$ 312,815,530</u>	<u>\$ 325,384,354</u>	<u>\$ 341,108,984</u>

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

The accompanying financial statements and related supplemental information 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. Separately audited statements from component units, prepared in FASB format, are Wichita State University Intercollegiate Athletic Association, Wichita State University Foundation and Wichita State University Union Corporation. Two additional component units, the Wichita State University Board of Trustees and the Wichita State University Campus of Applied Sciences and Technology d/b/a WSU Tech have 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 research institution providing undergraduate, graduate and professional education in a variety of academic programs. The University serves both traditional and nontraditional student bodies. The University is accredited by the Higher Learning Commission formerly the North Central Association of Colleges and Schools.

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

The University conducts classes at 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 North Walker Avenue, Maize, Kansas, the South Campus is located at 3805 E. Harry, 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.** 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: Wichita State Innovation Alliance (WSIA), Wichita State Innovation Alliance Investment Corporation (WSIAC), the Wichita State University Foundation, the Wichita State University Intercollegiate Athletic Association, Wichita State University Union Corporation, Wichita State University Board of Trustees, and the Wichita State University Campus of Applied Sciences and Technology (WSU Tech).

WSIA and WSIAC, in conformity with GASB Statement No. 35 Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities and with GASB Statement No. 39 Determining Whether Certain Organizations are Component Units, as amended by GASB Statement No. 61, The Financial Reporting Entity are considered blended component units.

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Each discretely presented component unit is independently audited and received an unmodified opinion. Financial activities and balances of component units have been discretely presented on the University's financial statements. This discrete display presentation is in conformity with GASB Statement No. 35 Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities and with GASB Statement No. 39 Determining Whether Certain Organizations are Component Units, as amended by GASB Statement No. 61, The Financial Reporting Entity.

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

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

**Investments.** Investments in equity securities, fixed income securities and mutual funds are carried at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposits and external investment pools 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)

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

**Loans to Students.** The University makes loans to students under various federal and other loan programs. Such loans receivable is recorded net of estimated uncollectible amounts. (See Note 5)

**Prepaid Expenses.** Prepaid expenses primarily consist of rent.

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

**Capital Assets.** Capital assets are recorded at cost at the date of acquisition, or 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 is 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,

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

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

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

**Compensated Absences.** Employee vacation 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 also a component of compensation and benefit expense in "Operating Expenses by Natural Classification". (See Note 11)

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

**Noncurrent Liabilities.** Noncurrent liabilities include principal amounts of revenue bonds with contractual maturities greater than one year and certain liabilities associated with employee benefits. (See Notes 7, 8 and 9) Also included are lease principal amounts for Shocker Hall and energy saving projects on University buildings (See Note 7).

Bond premiums are capitalized and amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium.

**Deferred Inflows/Outflows.** Deferred outflows and deferred inflows result from the consumption or acquisition of net position in one period that is applicable to future periods. These items are reported separately from assets and liabilities.

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial element represents the consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial element represents the acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until then.

**Pensions.** For the year ended June 30, 2015, the University implemented the provisions of GASB 68, Accounting and Financial Reporting for Pension's. 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.



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**OPEB.** For the year ended June 30, 2018, the University implemented the provisions of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB plan, and OPEB expense an actuarial valuation was completed. As the OPEB plan was measured at June 30, 2018, the current year contributions to the Plan by the University are recorded as deferred outflows.

**Refundable Advances From Governmental Grants.** In accordance with GASB 33, 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.

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 inviolate and 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 departments. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also included auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. The auxiliary enterprises included here are student housing and parking operations.

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

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

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

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

**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.

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

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

<u>Carrying Value</u>	<u>FY 2020</u>	<u>FY 2019</u>
Cash deposits with State Treasury	\$ 58,192,410	\$ 68,859,620
Cash deposits with financial institutions	1,085,103	1,342,213
Certificates of deposit	293,133	291,087
Funds held at Pooled Money Investment Board	542,302	536,746
	<u>\$ 60,112,948</u>	<u>\$ 71,029,666</u>

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

<u>Deposits and Investments</u>	<u>FY 2020</u>	<u>FY 2019</u>
Cash and cash equivalents	\$ 59,982,279	\$ 70,900,363
Investments	130,669	129,303
	<u>\$ 60,112,948</u>	<u>\$ 71,029,666</u>

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**Deposits**

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

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

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

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

**Investments**

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

- Direct obligations of, or obligations except mortgage backed securities, that are insured as to principal and interest by the U.S. Government, or any direct agency thereof, with maturities up to four years
- Repurchase agreements with Kansas banks or with primary government securities dealers
- Interfund loans to various State agencies as mandated by the Kansas Legislature limited to not more than the lesser of 10% or \$140,000,000 of State monies
- Certain Kansas agency and SKILL Act projects and bonds
- High grade commercial paper not to exceed 270 days to maturity
- High grade corporate bonds not to exceed 2 years to maturity

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

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

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As of June 30, 2020, and 2019 the University had the following investments:

<u>Investment Type</u>	<u>FY 2020</u>	<u>FY 2019</u>
Certificates of Deposit	\$ 293,133	\$ 291,087

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the University. The University investments may have credit risk, since the underlying securities may include securities other than those that take the form of U.S. Treasuries or obligations explicitly guaranteed by the U.S. Government. The investments are unrated and certain investments have an underlying collateral agreement.

**Custodial Credit Risk.** 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 of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer that exceeds 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. Information about concentrations of investments with a single issuer is not provided by the State Treasurer or PMIB and therefore the University cannot provide this information.

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

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**Note 3 - CAPITAL ASSETS**

Capital asset activity for the University for the years ended June 30, 2020 and 2019 are summarized as follows:

	2020			
	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
<b>Capital Assets, Not Depreciable</b>				
Land	\$ 5,580,903	\$ -	\$ -	\$ 5,580,903
Construction-in-Progress	13,087,212	21,435,783	9,040,672	27,482,323
<b>Total Capital Assets, Not Depreciable</b>	<b>\$ 20,668,115</b>	<b>\$ 21,435,783</b>	<b>\$ 9,040,672</b>	<b>\$ 33,063,226</b>
<b>Capital Assets, Depreciable</b>				
Leasehold Improvements	\$ 11,775,691	\$ 1,070,435	\$ -	\$ 12,846,126
Infrastructure	24,697,502	-	-	24,697,502
Land Improvements	13,090,094	318,071	137,548	13,270,617
Buildings	167,566,645	-	-	167,566,645
Building Improvements	161,008,821	4,743,370	1,056,645	164,695,546
Equipment & Furnishings	100,762,518	15,640,479	1,226,888	115,176,109
Intangible, software	4,058,124	-	138,000	3,920,124
Vehicles	3,795,323	267,817	99,690	3,963,450
<b>Total Capital Assets, Depreciable</b>	<b>\$ 486,754,718</b>	<b>\$ 22,040,172</b>	<b>\$ 2,658,771</b>	<b>\$ 506,136,119</b>
<b>Less Accumulated Depreciation</b>				
Leasehold Improvements	\$ 4,006,017	\$ 1,435,979	\$ -	\$ 5,441,996
Infrastructure	10,168,694	946,733	-	11,115,427
Land Improvements	6,894,258	463,805	99,739	7,258,324
Buildings	77,170,060	3,917,162	-	81,087,222
Building Improvements	51,172,267	3,905,966	247,244	54,830,989
Equipment & Furnishings	74,031,631	7,470,412	1,035,762	80,466,281
Intangibles, software	4,058,123	-	138,000	3,920,123
Vehicles	3,389,001	150,234	99,690	3,439,545
<b>Total Accumulated Depreciation</b>	<b>\$ 230,890,052</b>	<b>\$ 18,290,291</b>	<b>\$ 1,620,435</b>	<b>\$ 247,559,908</b>
<b>Capital Assets, Depreciable - Net</b>	<b>\$ 255,864,666</b>	<b>\$ 3,749,881</b>	<b>\$ 1,038,336</b>	<b>\$ 258,576,211</b>
<b>Total Capital Assets - Net</b>	<b>\$ 276,532,781</b>	<b>\$ 25,185,664</b>	<b>\$ 10,079,008</b>	<b>\$ 291,639,437</b>

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	2019			
	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
<b>Capital Assets, Not Depreciable</b>				
Land	\$ 5,580,903	\$ -	\$ -	\$ 5,580,903
Construction-in-Progress	7,285,530	13,927,780	6,126,098	15,087,212
<b>Total Capital Assets, Not Depreciable</b>	<b>\$ 12,866,433</b>	<b>\$ 13,927,780</b>	<b>\$ 6,126,098</b>	<b>\$ 20,668,115</b>
<b>Capital Assets, Depreciable</b>				
Leasehold Improvements	\$ 10,555,520	\$ 1,220,171	\$ -	\$ 11,775,691
Infrastructure	24,697,502	-	-	24,697,502
Land Improvements	12,867,517	222,577	-	13,090,094
Buildings	169,908,542	-	2,341,897	167,566,645
Building Improvements	163,142,301	4,476,801	6,610,281	161,008,821
Equipment & Furnishings	99,253,099	4,693,806	3,184,387	100,762,518
Intangibles, software	4,058,124	-	-	4,058,124
Vehicles	3,769,361	73,477	47,515	3,795,323
<b>Total Capital Assets, Depreciable</b>	<b>\$ 488,251,966</b>	<b>\$ 10,686,832</b>	<b>\$ 12,184,080</b>	<b>\$ 486,754,718</b>
<b>Less Accumulated Depreciation</b>				
Leasehold Improvements	\$ 2,836,419	\$ 1,169,598	\$ -	\$ 4,006,017
Infrastructure	9,219,382	949,312	-	10,168,694
Land Improvements	6,437,306	456,952	-	6,894,258
Buildings	75,586,948	3,917,162	2,334,050	77,170,060
Building Improvements	49,696,443	3,829,175	2,353,351	51,172,267
Equipment & Furnishings	69,682,483	7,138,020	2,788,872	74,031,631
Intangibles, software	4,058,123	-	-	4,058,123
Vehicles	3,207,474	229,040	47,513	3,389,001
<b>Total Accumulated Depreciation</b>	<b>\$ 220,724,579</b>	<b>\$ 17,689,259</b>	<b>\$ 7,523,786</b>	<b>\$ 230,890,052</b>
<b>Capital Depreciable Assets - Net</b>	<b>\$ 267,527,387</b>	<b>\$ (7,002,427)</b>	<b>\$ 4,660,294</b>	<b>\$ 255,864,666</b>
<b>Total Capital Assets - Net</b>	<b>\$ 280,393,820</b>	<b>\$ 6,925,353</b>	<b>\$ 10,786,392</b>	<b>\$ 276,532,781</b>

The University elected not to capitalize certain 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.

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**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable are shown in the accompanying Statement of Net Position. At June 30, 2020 and 2019 accounts receivable net of allowance for doubtful accounts consisted of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Student Tuition and Fees	\$ 14,617,341	\$ 13,534,946
Student Housing Contracts	2,354,926	2,298,168
Unspent State Appropriations	5,353,330	5,605,462
Service Clearing and Other Operating Activities	1,247,883	856,334
Federal, State, and Private Grants and Contracts	30,519,920	14,715,357
Less: Allowance for Doubtful Accounts	<u>(10,505,753)</u>	<u>(9,900,468)</u>
<b>Total Accounts Receivable</b>	<u>\$ 43,587,647</u>	<u>\$ 27,109,799</u>

**NOTE 5 - LOANS TO STUDENTS**

Student loans made through the Federal Perkins Loan Program comprise substantially all the loans to students at June 30, 2020 and 2019. 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 recent 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.

Based on the University's estimate that the return of these resources is probable, a liability of \$5,459,863 and \$6,832,224 has been recorded in the fiscal years ended June 30, 2020 and 2019, respectively, on the University's financial statements.

**NOTE 6 - UNEARNED REVENUES**

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

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<u>Unearned Revenues</u>	<u>FY 2020</u>	<u>FY 2019</u>
Summer Session	\$ 5,064,351	\$ 4,659,949
Grants and Contracts	2,102,406	(741,019)
<b>Total Unearned Revenue</b>	<b>\$ 7,166,758</b>	<b>\$ 3,918,930</b>

**NOTE 7 - LONG-TERM LIABILITIES**

Bond premiums are capitalized and amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums. Long-term liabilities for the years ended June 30, 2020 and 2019, consisted of the following:

	2020						
	Total				Total	Current	Long-Term
	Outstanding	Deletions	Additions	Outstanding	Liabilities as of	Liabilities as of	
<u>Liabilities</u>	June 30, 2019	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	
Capital Leases Payable							
Energy efficiency lease purchase agreement	\$ 2,472,597	\$ 977,379	\$ -	\$ 1,495,218	\$ 992,884	\$ 502,334	
Union Corp Shocker Hall lease agreement	60,066,776	1,107,546	-	58,959,230	1,163,026	57,796,204	
Other post employment benefits liability	1,709,829	293,493	-	1,416,336	-	1,416,336	
Net Pension Liability	22,240,346	2,349,816	-	19,890,530	-	19,890,530	
Refundable advances from government grants	6,832,224	1,372,360	-	5,459,864	1,231,773	4,228,091	
Accrued compensated absences	9,476,901	-	764,935	10,241,836	6,856,469	3,385,367	
Revenue Bonds Payable:							
WSU Revenue Bonds							
Series 2012A-2 (Housing 2002P Refunding)	1,540,000	750,000	-	790,000	790,000	-	
WSU Revenue Bonds - Rhatigan Student Center							
Renovation Series 2012A-1	10,590,000	1,925,000	-	8,665,000	2,020,000	6,645,000	
WSU Revenue Bonds							
Parking Garage - Series 2016J	6,510,000	275,000	-	6,235,000	290,000	5,945,000	
WSU Revenue Bonds							
Parking Garage - Series 2016J Refunding	2,065,000	-	-	2,065,000	-	2,065,000	
Plus Bond Premiums (Discounts)							
Unamortized Bond Premiums	1,801,154	444,308	-	1,356,846	444,309	912,537	
<b>Total Liabilities</b>	<b>\$ 125,304,827</b>	<b>\$ 9,494,902</b>	<b>\$ 764,935</b>	<b>\$ 116,574,860</b>	<b>\$ 13,788,461</b>	<b>\$ 102,786,399</b>	



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	2019						
	Total		Deletions	Additions	Total		Long-Term
	Outstanding	June 30, 2018			Outstanding	Liabilities as of	
<b>Liabilities</b>	June 30, 2018	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019	
<b>Capital Leases Payable</b>							
Energy efficiency lease purchase agreement	\$ 3,434,715	\$ 962,118	\$ -	\$ 2,472,597	\$ 977,380	\$ 1,495,217	
Union Corp Shocker Hall lease agreement	61,120,463	1,053,687	-	60,066,776	1,107,546	58,959,230	
Other post employment healthcare benefits	1,754,307	44,478	-	1,709,829	-	1,709,829	
Net Pension Liability	27,387,053	5,146,707	-	22,240,346	-	22,240,346	
Refundable advances from government grants	7,499,882	667,658	-	6,832,224	1,477,960	5,354,264	
Accrued compensated absences	8,190,998	-	1,285,903	9,476,901	7,690,760	1,786,141	
<b>Revenue Bonds Payable:</b>							
<b>WSU Revenue Bonds</b>							
Series 2012A-2 (Housing 2002P Refunding)	2,255,000	715,000	-	1,540,000	750,000	790,000	
<b>WSU Revenue Bonds - Rhatigan Student Center</b>							
Renovation Series 2012A-1	12,425,000	1,835,000	-	10,590,000	1,925,000	8,665,000	
<b>WSU Revenue Bonds</b>							
Parking Garage - Series 2016J	6,775,000	265,000	-	6,510,000	275,000	6,235,000	
<b>WSU Revenue Bonds</b>							
Parking Garage - Series 2016J Refunding	2,065,000	-	-	2,065,000	-	2,065,000	
<b>Plus Bond Premiums (Discounts)</b>							
Unamortized Bond Premiums	2,245,462	444,308	-	1,801,154	444,309	1,356,845	
<b>Total Liabilities</b>	<b>\$ 135,152,880</b>	<b>\$ 11,133,956</b>	<b>\$ 1,285,903</b>	<b>\$ 125,304,827</b>	<b>\$ 14,647,955</b>	<b>\$ 110,656,872</b>	

On December 20, 2016, Wichita State University issued \$2,065,000 in 2016J Series revenue bonds at a premium of \$338,000. The average coupon rate of the bonds is 5.00% with a true interest cost of 2.50%. The proceeds of the issuance of \$2,403,000 were used to redeem the 2003C Series bonds with an outstanding balance of \$2,305,000. The gain incurred on this refunding is \$268,725.

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**Revenue Bonds Payable**

Revenue bonds payable consisted of the following as of June 30, 2020:

	\$	<u>Principal Outstanding June 30, 2020</u>
<p><b><u>WSU Revenue Bonds Series 2012A-2 (Housing 2002P Refunding)</u></b></p> <ul style="list-style-type: none"> <li>- Issued by Kansas Development Finance Authority on May 31, 2014</li> <li>- Original amount of \$5,880,000 (Premium \$1,000,153)</li> <li>- Due in annual installments with final maturity on June 1, 2021</li> <li>- Interest 5.00%, payable semi-annually</li> <li>- Secured by WSU revenues, excluding restricted revenues</li> <li>- FY 2020 principal payment due: \$750,000</li> </ul>	\$	790,000
<p><b><u>WSU Revenue Bonds Series 2012A-1 (Rhatigan Student Center Renovation)</u></b></p> <ul style="list-style-type: none"> <li>- Issued by Kansas Development Finance Authority on May 31, 2014</li> <li>- Original amount of \$21,730,000 (Premium \$3,047,929)</li> <li>- Due in annual installments with final maturity on June 1, 2024</li> <li>- Interest ranging from 3.00% to 5.00%, payable semi-annually</li> <li>- Secured by WSU revenues, excluding restricted revenues</li> <li>- FY 2020 principal payment due: \$1,925,000</li> </ul>	\$	8,665,000
<p><b><u>WSU Revenue Bonds Series 2016J Parking Garage</u></b></p> <ul style="list-style-type: none"> <li>- Issued by Kansas Development Finance Authority on December 20, 2016</li> <li>- Original amount of \$7,180,000 (Premium of \$218,090)</li> <li>- Due in annual installments with final maturity on June 1, 2036</li> <li>- Interest ranging from 2.00% - 5.00%, payable semi-annually</li> <li>- Secured by WSU revenues, excluding restricted revenues</li> <li>- FY 2020 principal payment due: \$275,000</li> </ul>	\$	6,235,000
<p><b><u>WSU Revenue Bonds Series 2016J Parking Garage (Refunded Series 2003C)</u></b></p> <ul style="list-style-type: none"> <li>- Issued by Kansas Development Finance Authority on December 20, 2016</li> <li>- Original amount of \$2,065,000 (Premium of \$337,971)</li> <li>- Due in annual installments with final maturity on June 1, 2024</li> <li>- Interest 5.00%, payable semi-annually</li> <li>- Secured by WSU revenues, excluding restricted revenues</li> <li>- Principal payments will not commence until FY 2022</li> </ul>	\$	2,065,000
	\$	17,755,000

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Future debt service requirements for all bonds outstanding at June 30, 2020, are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 3,100,000	\$ 710,706	\$ 3,810,706
2022	2,725,000	562,956	3,287,956
2023	3,395,000	426,706	3,821,706
2024	3,525,000	301,556	3,826,556
2025	345,000	171,206	516,206
2025-2036	4,665,000	1,010,757	5,675,757
Unamortized Bond Premiums	<u>1,356,846</u>	<u>-</u>	<u>1,356,846</u>
<b>Total Debt Service Requirements</b>	<b><u>\$ 19,111,846</u></b>	<b><u>\$ 3,183,887</u></b>	<b><u>\$ 22,295,733</u></b>

**Acceleration of Maturity in Event of Default**

If an Event of Default shall have occurred and be continuing, the Kansas Development Finance Authority (Authority) 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 the Authority 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 the Authority shall either be paid or provision shall be made for such payment, then and in every such case the Authority 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.

**Capital Leases Payable**

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

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Future Lease-Purchase (Rental) requirements at June 30, 2020, are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Rental Total</u>
2021	\$ 992,884	\$ 19,718	\$ 1,012,602
2022	502,334	6,968	509,302
	<u>\$ 1,495,218</u>	<u>\$ 26,686</u>	<u>\$ 1,521,904</u>

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

As of June 30, 2020, future lease payments are as follows.

<u>Year Ending June 30:</u>	<u>Future Minimum Lease Payments</u>	<u>Interest</u>	<u>Principal</u>
2021	\$ 5,064,724	\$ 2,908,814	\$ 1,163,026
2022	4,561,893	2,838,533	1,221,026
2023	4,053,672	2,771,190	1,282,482
2024	4,053,962	2,707,826	1,346,136
2025	4,053,212	2,641,488	1,411,724
2026-2030	20,275,912	12,091,419	8,184,493
2031-2035	20,271,487	9,864,548	10,406,939
2036-2040	20,273,937	7,035,373	13,238,564
2041-2045	20,264,875	3,438,579	16,826,296
2046-2050	4,053,000	174,456	3,878,544
	<u>\$ 106,926,674</u>	<u>\$46,472,226</u>	<u>\$ 58,959,230</u>

WSIA leases land and building space to tenants under various operating leases with initial terms that range from month to month to 25 years. Total income for the rental of land and building space was \$2,923,975 and \$2,823,398 for the years ended June 30, 2020 and 2019, respectively.

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The future minimum annual rental income under these agreements as of June 30, 2020, is as follows:

Year Ending June 30:	Rental Income
2021	\$ 2,416,163
2022	2,209,102
2023	2,143,209
2024	2,132,343
2025	2,183,834
Thereafter	3,371,503
	\$ 14,456,154

**NOTE 8 - 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 (Regents) defined contribution retirement plan, which was authorized by K.S.A. 74-4925. The Regents have selected the following companies to provide investment options to participants: (1) Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF), and (2) ING Financial Advisors. Benefits under these plans depend solely on the contributed amounts and the returns earned on the investment of those contributions. All contributions are fully vested with the first contribution.

For the year ended June 30, 2020, active members were required by State statute to contribute 6% and the University to contribute 9% of the employees' covered payroll. The Kansas Legislature establishes and may amend active plan members' and the University's contribution rates. The following table provides a summary of contributions made to the defined contribution plan:

Defined Contribution Plan Contributions		
Year	Employee	Employer
2015	\$ 4,984,360	\$ 7,776,914
2016	5,138,092	7,988,343
2017	5,556,839	8,633,102
2018	5,524,009	8,586,825
2019	5,808,887	9,013,077
2020	6,387,260	9,916,058

**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

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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 Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or 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 with ten or more years of credited service, may retire as early as age 55, 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".

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 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. Effective July 1, 2009, KPERS has two benefit structures and contribution rates depend on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing member hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 6% of covered salary for Tier 1 member and 7.15% of covered salary for Tier 2 members for the years ending June 30, 2020 and 2019. Member employee's contributions are withheld by their 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 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

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including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rate was 12.01% for the fiscal year ended June 30, 2019 and 12.01% for the fiscal year ended June 30, 2020. Contributions to the pension plan from the University were \$2,008,468 and \$1,985,419 for the years ended June 30, 2020 and 2019, respectively.

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

At June 30, 2020 and 2019, the University reported a liability of \$19,890,530 and \$22,240,346, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019.

The University proportion of the net pension liability was based on the ratio of the University actual contributions to KPERS, relative to the total employer and nonemployer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2019.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019 the University proportion was 0.27%, which was decrease of 0.04% from its proportion measured as of June 30, 2018. As of June 30, 2019, the University proportion of the total contributions made to the Police and Fire group within KPERS was 0.23%, which was a 0.01% increase from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the University recognized a pension expense of \$232,518. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 285,319	\$ 457,947
Net difference between projected and actual earnings on pension plan investments	338,848	-
Change in assumptions	554,343	9,055
Change in proportion	476,163	6,940,338
University contributions subsequent to measurement date	<u>1,851,843</u>	-
Total	<u>\$ 3,506,516</u>	<u>\$ 7,407,340</u>

\$1,851,843 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

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for the year ended June 30, 2021. 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 Ended June 30:	
2020	\$ (1,548,511)
2021	(2,233,824)
2022	(1,447,532)
2023	(482,302)
2024	<u>(40,498)</u>
Total	<u>\$ (5,752,667)</u>

**Actuarial Assumptions**

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Inflation	2.75%
Salary Increases, including wage increases	3.50 to 12.00%, including price inflation
Long-term Investment Rate of Return, net of investment expense, and including price inflation	7.75%

Mortality rates were based on the RP-2014 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2016.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the period beginning January 1, 2013 and ending December 31, 2015. The experience study is dated November 18, 2016.

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 included in the pension plan's target asset allocations as of June 30, 2018 are summarized in the following table:



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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	6.85%
Fixed income	13%	1.25%
Yield driven	8%	6.55%
Real return	11%	1.71%
Real estate	11%	5.05%
Alternatives	8%	9.85%
Short-term investments	2%	-0.25%
Total	<u>100%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from The University will be made at contractually required rates, actuarially determined. Based on those assumptions, 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 of the University's proportionate share of the net pension liability to changes in the discount rate**

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.75%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
University's proportionate share of the net pension liability	\$ 27,343,606	\$ 19,890,530	\$ 13,638,048

**Pension Fiduciary Net Position**

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

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**NOTE 9 – Postemployment Benefits Other Than Pensions (OPEB)**

**General Information about the OPEB Plan**

**Plan Description.** As a component unit of the State of Kansas, Wichita State University (WSU) 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. 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. 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. 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. If the disability begins before age 60, benefits are payable while disability continues until the member’s 65<sup>th</sup> 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.

**Funding Policy.** WSU pays the cost of the long-term disability and life insurance premiums throughout each fiscal year for eligible members.

**Employees Covered By Benefit Terms.** At June 30, 2019, the following employees were covered by the benefit terms:

Disabled employees receiving benefits	25
Active employees	<u>327</u>
	<u><u>352</u></u>

**Total OPEB Liability**

The University’s total OPEB liability of \$1,416,336 was based on an actuarial valuation as of December 31, 2018 rolled forward to a measurement date as of June 30, 2019.

**Actuarial assumptions and other inputs.** The total OPEB liability in the June 30, 2019 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	3.5 to 10%, including price inflation
Discount rate	3.50%
Healthcare cost trend rates	N/A
Retiree share of benefit cost	N/A

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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-2018.

The actuarial assumptions used in the valuation rolled forward to June 30, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2015.

**Changes in the Total OPEB Liability**

Balance as of June 30, 2019	\$ 1,709,829
Changes for the year:	
Service Cost	58,437
Interest	63,051
Changes of benefit terms	—
Differences between expected and actual experience	(155,050)
Changes in assumptions	20,800
Benefit payments	<u>(280,731)</u>
Net Changes	<u>(293,493)</u>
Balance as of June 30, 2020	<u>\$ 1,416,336</u>

There were no changes in benefit terms for the current year.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87 percent for the year-end June 30, 2018 to 3.50 percent for the year-ended June 30, 2019.

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the University, 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 1,474,784	\$ 1,416,336	\$ 1,361,104

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The healthcare cost trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS, therefore there is no change in the OPEB liability for any increase or decrease in the healthcare cost trend rate.

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

For the year ended June 30, 2020, the University recognized OPEB expense of \$119,525. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (139,115)	\$ 153,543
Changes of assumptions	(56,466)	18,662
Employer contributions subsequent to measurement date	—	280,731
Total	\$ (195,581)	\$ 452,936

\$280,731 reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. 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 ended June 30:

2020	\$ (1,963)
2021	(1,963)
2022	(1,963)
2023	(1,963)
2024	(963)
Thereafter	(14,561)
Total	\$ (23,376)

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

The University, as a State educational institution of Kansas, is subject to the State of Kansas self-insurance program with regard to comprehensive general liability and personal injury insurance. The University is covered by the State's umbrella insurance policies for automobile liability and the Board of Regents building, contents and business interruption insurance policy. The State of Kansas does not insure State owned automobiles for bodily injury and property damages. Also, as a State educational institution, the University is self-insured relative to worker's compensation, medical and unemployment insurance. The University does maintain specific insurance coverage as allowed by the State of Kansas and as required by outstanding revenue bond issues. The University is not aware of any significant outstanding insurance claims as of June 30, 2020.

In the normal course of operations, the University receives grants, contracts and other forms of reimbursement from various local Federal and State agencies. These activities are subject to audit and disallowance by the agencies to ensure compliance with conditions precedent to such funds being provided. University officials believe that the liability, if any, for any reimbursement that may arise as the result of any audits, would not have a material effect on the University's financial position.

During 2015, the Board of Trustees of Wichita State University 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 has pledged a portion of the funds received from the Kansas Department of Commerce EEG grant to pay a portion of these revenue bonds.

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2020 and 2019**  
**Notes to the Financial Statements**

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

The University's operating expenses for the years ended June 30, 2020 and 2019 by functional and natural classification are as follows:

<u>Classifications</u>	2020					<u>Total</u>
	<u>Compensation and Benefits</u>	<u>Contractual Services and Commodities</u>	<u>Utilities</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	
Instruction	\$ 75,385,559	\$ 8,539,933	\$ 659	\$ -	\$ -	\$ 83,926,151
Research	43,408,725	53,060,491	506,362	-	-	96,975,578
Public Service	14,145,449	12,265,117	11,924	-	-	26,422,490
Academic Support	23,326,918	9,590,849	-	-	-	32,917,767
Student Services	18,875,606	13,949,518	1,880	-	-	32,827,004
Institutional Support	15,563,663	9,050,063	101	-	-	24,613,827
Operation and Maintenance of Plant	11,964,705	7,850,605	5,589,334	-	-	25,404,644
Depreciation	-	-	-	-	18,290,291	18,290,291
Scholarships and Fellowships	-	-	-	22,009,736	-	22,009,736
Auxiliary Enterprises	1,995,921	7,820,102	659,886	-	-	10,475,909
Covid-19	-	441,554	-	-	-	441,554
Loss on Disposal of Assets	-	1,038,336	-	-	-	1,038,336
<b>Total</b>	<b>\$ 204,666,546</b>	<b>\$ 123,606,568</b>	<b>\$ 6,770,146</b>	<b>\$ 22,009,736</b>	<b>\$ 18,290,291</b>	<b>\$ 375,343,287</b>

<u>Classifications</u>	2019					<u>Total</u>
	<u>Compensation and Benefits</u>	<u>Contractual Services and Commodities</u>	<u>Utilities</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	
Instruction	\$ 72,672,058	\$ 9,249,825	\$ 307	\$ -	\$ -	\$ 81,922,190
Research	37,143,671	39,748,816	432,981	-	-	77,325,468
Public Service	13,246,182	13,951,845	12,779	-	-	27,210,806
Academic Support	21,848,772	9,831,696	-	-	-	31,680,468
Student Services	18,353,481	15,528,702	2,037	-	-	33,884,220
Institutional Support	14,849,074	10,000,229	4,947	-	-	24,854,250
Operation and Maintenance of Plant	11,991,143	6,109,171	5,510,447	-	-	23,610,761
Depreciation	-	-	-	-	17,689,259	17,689,259
Scholarships and Fellowships	-	-	-	15,295,605	-	15,295,605
Auxiliary Enterprises	1,909,627	6,778,105	608,216	-	-	9,295,948
Other	-	-	-	-	-	-
Loss on Disposal of Assets	-	4,442,642	-	-	-	4,442,642
<b>Total</b>	<b>\$ 192,014,008</b>	<b>\$ 115,641,031</b>	<b>\$ 6,571,714</b>	<b>\$ 15,295,605</b>	<b>\$ 17,689,259</b>	<b>\$ 347,211,617</b>

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2020 and 2019**  
**Notes to the Financial Statements**

**NOTE 12 - COMPONENT UNITS**

The following disclosure meets the requirements in GASB Statement 14, The Financial Reporting Entity - paragraph 61 and GASB Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments - paragraph 128. It also complies with Statement No. 39 of GASB - Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14. Buildings and improvements, constructed, or purchased by the WSU Foundation or component units, become the property of the State of Kansas and Wichita State University. Generally, revenue bonded debt remains the liability of the component unit. Operating equipment and vehicles, purchased with component unit funds, remains an asset of the component unit.

**Wichita State University Intercollegiate Athletic Association, Inc.**

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

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

All land and structures, pertinent to the operation of the Athletic Association, are owned by the State of Kansas and have not been reflected as assets of the Athletic Association. The Student Government Association, through the University, allocates annually a portion of the student fees collected for support of the Athletic Association. This revenue amount was reflected on the financial statements in the amount of \$4,269,016 for operations in FY 2020. The State of Kansas, through the University, pays directly the salaries and fringe benefits of certain Athletic Association personnel. The financial statements reflect \$3,123,302 in FY 2020 of direct institutional support as revenue, and a like amount of salaries as expenses. The University also provides full maintenance, custodial, utilities and certain other costs on all athletic facilities. These expenses totaled \$1,191,984 in FY 2020 and have been reflected in the Athletic Association's financial statements as indirect institutional support.

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2020 and 2019**  
**Notes to the Financial Statements**

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

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

**Wichita State University Union Corporation**

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

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

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

For the year ended June 30, 2020, the Union's revenue came from student fees assessed by the University in the amount of \$2,533,440, rental income from the University related to Shocker Hall in the amount of \$2,939,717 as well as other retail and rental income.

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

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

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2020 and 2019**  
**Notes to the Financial Statements**

**Wichita State University Board of Trustees**

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

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

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

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

The Board of Trustees furnishes support to Wichita State University from the 1.5 mill levy funding. During FY 2020, it furnished to the University \$4,587,035 for student support, and \$597,513 for economic community development.

**Investments.** The Board of Trustee’s investment portfolio at June 30, 2020 is composed of the following:

	2020			
	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 220,801	\$ 220,801	\$ -	\$ -
Fixed income mutual funds	1,222,929	1,222,929	-	-
Fixed income credit investments	297,717	297,717	-	-
Pooled investment	7,407,557	-	7,407,557	-
Equity mutual funds	1,957,494	1,957,494	-	-
Preferred stock	17,144	17,144	-	-
Common stock	698,471	698,471	-	-
	<b>\$ 11,822,113</b>	<b>\$ 4,414,556</b>	<b>\$ 7,407,557</b>	<b>\$ -</b>

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



**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2020 and 2019**  
**Notes to the Financial Statements**

**Wichita State University Foundation**

The Wichita State University Foundation (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.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in a way that provides relevant information about the interrelationships, liquidity, and financial flexibility. As a result, the Foundation is required to report information regarding its financial position and activities according to the following 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 organization. These net assets may be used at the discretion of management and the 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.

**Investments.** The Foundation's investment portfolio at June 30, 2020 is composed of the following:

	2020			
	Fair Value	Level 1	Level 2	Level 3
Equity stocks				
Domestic	\$ 7,407,412	\$ 7,407,412	\$ -	\$ -
International	2,098,838	2,098,838	-	-
Mutual Funds				
Treasury	18,976,756	18,976,756	-	-
Diversified	2,119,392	2,119,392	-	-
Domestic equities	3,183,625	3,183,625	-	-
International equities	11,477,204	11,477,204	-	-
Fixed income securities				
U.S. Government Treasury and agency	9,259,401	9,259,401	-	-
Corporate bonds and debentures	46,894,427	-	46,894,427	-
Municipal bonds	4,124,230	-	4,124,230	-
Mortgage and asset-backed securities	5,840,006	-	5,840,006	-
Futures contracts				
Commodity index	18,014	18,014	-	-
Beneficial interests in trusts	20,780,641	-	-	20,780,641
	<u>\$ 132,179,946</u>	<u>\$ 54,540,642</u>	<u>\$ 56,858,663</u>	<u>\$ 20,780,641</u>
Investments at NAV (Practical Expedient)				
Hedge funds	81,539,708			
Venture Capital / Private equity	72,319,474			
Total Investments	<u>\$ 286,039,128</u>			

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2020 and 2019**  
**Notes to the Financial Statements**

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

	<b>2020</b>	<b>2019</b>
Due in less than one year	\$ 9,018,512	\$ 8,461,245
Due in one to five years	12,166,978	17,164,615
Due in more than five years	4,507,200	4,750,000
	<hr/>	<hr/>
	25,692,690	30,375,860
Less:		
Allowance for uncollectible pledges	642,309	758,628
Unamortized discount (at effective rate of 3%)	1,558,305	1,862,965
	<hr/>	<hr/>
	2,200,614	2,621,593
	<hr/>	<hr/>
	\$ 23,492,076	\$ 27,754,267
	<hr/> <hr/>	<hr/> <hr/>

**Wichita State University Campus of Applied Sciences and Technology**

Wichita State University Campus of Applied Sciences and Technology d/b/a WSU Tech (the College) is a public, state-supported institution providing secondary and postsecondary technical education programs operating under the jurisdiction of the Kansas Board of Regents. Major federally funded student financial aid programs in which the College participates include the Federal Pell Grant and Federal Direct Student Loan programs. The College extends unsecured credit to students. State appropriations for WSU Tech in the amount of \$5.1 million flow through Wichita State and are recorded on each entity's statement of revenues, expenses and changes in net position.

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.

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.

**NOTE 13 – OPERATING LEASES**

Within the normal course of operations, the University has entered into various lease agreements considered to be operating leases under accounting standards. The current year operating lease expense was approximately \$7,236,260. The following table summarizes future minimum lease obligations under these leases at June 30, 2020:

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2020 and 2019**  
**Notes to the Financial Statements**

Year Ending June 30:	Lease Obligation
2021	\$ 6,497,475
2022	5,738,588
2023	4,774,821
2024	4,802,397
2025	4,830,207
2026-2030	29,499,444
2031-2035	8,907,844
Thereafter	2,401,628
	\$ 67,452,404

**NOTE 14 – NEW GASB STATEMENTS**

In June 2017, the GASB issued Statement No. 87, *Leases*, which will require governmental lessees to recognize a lease liability and a right-to-use asset and will require a governmental lessor to recognize a lease receivable and a deferred inflow of resources for substantially all leases with terms greater than 12 months in length. This will result in the University recognizing certain leases that are currently recognized as operating leases differently as currently no liability or asset is recorded for operating leases and expenses are recorded on a pay-as-you-go basis for operating leases. This statement is effective for the year ending June 30, 2022.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which eliminates the requirement for governments to capitalize interest costs on long-term construction projects. As interest costs would no longer be allowed to be capitalized, interest expense reported on the statement of revenue, expenses, and changes in net position will be more consistent with the actual interest costs incurred during the year than in years in which interest costs were capitalized. This statement is effective for the year ending June 30, 2022.

**NOTE 15 – Risks and Uncertainties**

The outbreak of 2019 coronavirus (COVID-19), which was recognized as a global pandemic by the World Health Organization, has prompted governmental entities, businesses, organizations, and Universities to implement preventative and protective measures, including how business activities are conducted. The pandemic has resulted in a widespread economic downturn and created significant uncertainty, volatility and disruption in financial and business activities. The extent of the pandemic’s impact on the University’s operations and financial condition will depend on future developments, which are uncertain, including, but not limited to, the duration and severity of the pandemic, the effects of the pandemic on the economy, the remedial actions and stimulus measures adopted by the federal government, and to what extent normal economic and business activities can resume.

**NOTE 16 – Subsequent Events**

On July 14, 2020, the University issued \$79,465,000 in 2020P Series revenue bonds at a premium of \$5,109,113. The proceeds of the bond issuance were used to refund the 2012A-1 Series Bonds and to fund the construction of Woolsey Hall (business building) and finance the purchase of The Flats and Suites (on campus housing).

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2020 and 2019**  
**Schedules of Required Supplementary Information**

**Schedule of Changes in the University's Total OPEB Liability and Related Ratios**

	Fiscal Year * 2020	Fiscal Year * 2019	Fiscal Year * 2018
	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability</b>			
Service cost	\$ 58,437	\$ 57,794	\$ 63,171
Interest cost	63,051	58,945	54,056
Changes of benefit terms	—	—	—
Differences between expected and actual experience	(155,050)	193,477	—
Changes of assumptions or other inputs	20,800	(20,577)	(58,164)
Benefit payments	(280,731)	(334,117)	(274,657)
Net change in total OPEB liability	(293,493)	(44,478)	(215,594)
Total OPEB liability - beginning	1,709,829	1,754,307	1,969,901
Total OPEB liability - ending	<u>\$ 1,416,336</u>	<u>\$ 1,709,829</u>	<u>\$ 1,754,307</u>
Covered-employee payroll	\$ 11,392,594	\$ 14,022,432	\$ 14,235,175
Total OPEB liability as a percentage of covered payroll	12.43%	12.19%	12.32%

\*GASB 75 requires presentation of ten years of data. Additional years will be displayed as they become available.

**Notes to Schedule:**

*Changes of benefit terms.* There were no changes in benefit terms.

*Changes of Assumptions.* Changes of assumptions and other input reflect the effects of changes in the discount rate each period. The following are the discount rates used in each valuation dated:

<u>Year Ended June 30:</u>	
2019	3.50%
2018	3.87%
2017	3.58%

## **APPENDICES**

### **COMPONENT UNITS**

**Appendix 1**  
**WICHITA STATE UNIVERSITY**  
**STATEMENT OF NET POSITION**  
**For The Years Ended June 30, 2020 and 2019**

	Total Component Units		Intercollegiate Athletic Association Component Unit	
	FY 2020	FY 2019	FY 2020	FY 2019
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 49,168,729	\$ 45,753,359	\$ 12,174,279	\$ 14,400,143
Accounts receivable, net	4,440,806	9,306,520	1,648,120	6,236,930
Investments	2,117,425	5,279,784	-	3,527,549
Loans to students, net	-	-	-	-
Inventories	1,113,690	1,158,130	-	-
Prepaid expenses	608,762	679,810	152,352	128,934
Other current assets	1,163,026	1,107,546	-	-
<b>Total Current Assets</b>	<b>\$ 58,612,438</b>	<b>\$ 63,285,149</b>	<b>\$ 13,974,751</b>	<b>\$ 24,293,556</b>
<b>Noncurrent Assets</b>				
Restricted cash and cash equivalents	\$ 1,290,818	\$ 1,279,001	\$ -	\$ -
Investments	15,493,241	12,211,786	3,671,128	-
Other assets	1,684,845	-	1,684,845	-
Capital lease receivable	57,796,207	58,959,231	-	-
Capital assets, net	53,961,641	54,275,286	2,058,286	1,801,919
<b>Total Noncurrent Assets</b>	<b>\$ 130,226,752</b>	<b>\$ 126,725,304</b>	<b>\$ 7,414,259</b>	<b>\$ 1,801,919</b>
<b>TOTAL ASSETS</b>	<b>\$ 188,839,190</b>	<b>\$ 190,010,453</b>	<b>\$ 21,389,010</b>	<b>\$ 26,095,475</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 5,275,461	\$ 4,967,108	\$ 1,449,332	\$ 1,113,145
Deferred revenue	9,190,216	9,710,222	7,387,093	8,575,480
Loan payable	218,366	3,163,291	218,366	3,163,291
Accrued interest	239,344	242,204	-	-
Revenue bonds payable	1,180,000	1,145,000	-	-
Lease payable	593,450	593,450	-	-
Accrued compensated absences	366,686	408,978	-	-
<b>Total Current Liabilities</b>	<b>\$ 17,063,523</b>	<b>\$ 20,230,253</b>	<b>\$ 9,054,791</b>	<b>\$ 12,851,916</b>
<b>Noncurrent Liabilities</b>				
Revenue bonds payable	\$ 56,861,731	\$ 58,092,957	\$ -	\$ -
Lease payable	44,379,585	44,873,037	99,998	-
Net pension liability	120,120	124,774	-	-
<b>Total Noncurrent Liabilities</b>	<b>\$ 101,361,436</b>	<b>\$ 103,090,768</b>	<b>\$ 99,998</b>	<b>\$ -</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 118,424,959</b>	<b>\$ 123,321,021</b>	<b>\$ 9,154,789</b>	<b>\$ 12,851,916</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 708,944</b>	<b>\$ 729,796</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 8,061,296	\$ 6,277,084	\$ 1,739,922	\$ -
Restricted for:				
Nonexpendable	6,548,261	6,545,877	-	-
Expendable			-	-
Debt service	-	-	-	-
Other purposes	8,130,684	8,433,697	1,309,757	1,295,209
Unrestricted	46,965,046	44,702,978	9,184,542	11,948,350
<b>TOTAL NET POSITION</b>	<b>\$ 69,705,287</b>	<b>\$ 65,959,636</b>	<b>\$ 12,234,221</b>	<b>\$ 13,243,559</b>

**Appendix 1**  
**WICHITA STATE UNIVERSITY**  
**STATEMENT OF NET POSITION**  
**For The Years Ended June 30, 2020 and 2019**

W.S.U Union Corporation		W.S.U. Board of Trustees		W.S.U. Tech	
Component Unit		Component Unit		Component Unit	
FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
\$ 5,447,736	\$ 5,110,537	\$ 8,868,006	\$ 7,710,530	\$ 22,678,708	\$ 18,532,149
738,678	562,959	-	-	2,054,008	2,506,631
13	2,911	-	74,729	2,117,412	1,674,595
	-	-	-	-	-
1,113,690	1,158,130	-	-	-	-
28,839	138,499	-	-	427,571	412,377
1,163,026	1,107,546	-	-	-	-
<u>\$ 8,491,982</u>	<u>\$ 8,080,582</u>	<u>\$ 8,868,006</u>	<u>\$ 7,785,259</u>	<u>\$ 27,277,699</u>	<u>\$ 23,125,752</u>
\$ -	\$ -	\$ 1,140,818	\$ 1,129,001	\$ 150,000	\$ 150,000
-	-	11,822,113	12,211,786	-	-
-	-	-	-	-	-
57,796,207	58,959,231	-	-	-	-
415,379	518,337	46,971,242	48,280,213	4,516,734	3,674,817
<u>\$ 58,211,586</u>	<u>\$ 59,477,568</u>	<u>\$ 59,934,173</u>	<u>\$ 61,621,000</u>	<u>\$ 4,666,734</u>	<u>\$ 3,824,817</u>
<u>\$ 66,703,568</u>	<u>\$ 67,558,150</u>	<u>\$ 68,802,179</u>	<u>\$ 69,406,259</u>	<u>\$ 31,944,433</u>	<u>\$ 26,950,569</u>
\$ 359,918	\$ 186,856	\$ 779,972	\$ 785,901	\$ 2,686,239	\$ 2,881,206
184,247	69,018	-	-	1,618,876	1,065,724
-	-	-	-	-	-
239,344	242,204	-	-	-	-
1,180,000	1,145,000	-	-	-	-
-	-	593,450	593,450	-	-
357,304	391,139	-	-	9,382	17,839
<u>\$ 2,320,813</u>	<u>\$ 2,034,217</u>	<u>\$ 1,373,422</u>	<u>\$ 1,379,351</u>	<u>\$ 4,314,497</u>	<u>\$ 3,964,769</u>
\$ 56,861,731	\$ 58,092,957	\$ -	\$ -	\$ -	\$ -
-	-	44,279,587	44,873,037	-	-
-	-	-	-	120,120	124,774
<u>\$ 56,861,731</u>	<u>\$ 58,092,957</u>	<u>\$ 44,279,587</u>	<u>\$ 44,873,037</u>	<u>\$ 120,120</u>	<u>\$ 124,774</u>
<u>\$ 59,182,544</u>	<u>\$ 60,127,174</u>	<u>\$ 45,653,009</u>	<u>\$ 46,252,388</u>	<u>\$ 4,434,617</u>	<u>\$ 4,089,543</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 708,944</u>	<u>\$ 729,796</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 415,379	\$ 518,337	\$ 1,389,261	\$ 2,083,930	\$ 4,516,734	\$ 3,674,817
-	-	5,648,261	5,645,877	900,000	900,000
-	-	-	-	-	-
-	-	5,701,412	6,168,198	1,119,515	970,290
7,105,645	6,912,639	9,701,292	8,526,070	20,973,567	17,315,919
<u>\$ 7,521,024</u>	<u>\$ 7,430,976</u>	<u>\$ 22,440,226</u>	<u>\$ 22,424,075</u>	<u>\$ 27,509,816</u>	<u>\$ 22,861,026</u>

**Appendix 2**  
**WICHITA STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For The Years Ended June 30, 2020 and 2019**

	Total Component Units		Intercollegiate Athletic Association Component Unit	
	FY 2020	FY 2019	FY 2020	FY 2019
	Operating Revenues:			
Student fees	\$ 19,420,513	\$ 19,136,181	\$ 4,269,016	\$ 4,168,992
Sales and services of educational activities	21,865,573	22,191,092	16,244,435	15,998,600
Federal grants and contracts	2,600,365	1,652,788	-	-
State and local grants and contracts	4,401,419	5,855,679	-	-
Other operating revenues	<u>1,986,469</u>	<u>2,073,357</u>	<u>1,725,266</u>	<u>1,647,416</u>
Total Operating Revenue	<u>\$ 50,274,339</u>	<u>\$ 50,909,097</u>	<u>\$ 22,238,717</u>	<u>\$ 21,815,008</u>
Operating Expenses:				
Public Service	\$ 597,513	\$ 578,934	\$ -	\$ -
Student Service	54,209,348	56,030,991	18,903,327	20,982,492
Institutional Support	2,441,984	3,103,209	1,191,984	1,253,209
Operations & Maintenance of Plant	5,156,531	4,824,251	1,259,459	883,878
Depreciation	2,460,558	2,421,941	-	-
Scholarships & Fellowships	8,556,541	9,036,787	3,892,863	3,958,886
Other Expenses	<u>3,670,371</u>	<u>4,270,549</u>	<u>2,311,490</u>	<u>2,312,441</u>
Total Operating Expenses	<u>\$ 77,092,846</u>	<u>\$ 80,266,662</u>	<u>\$ 27,559,123</u>	<u>\$ 29,390,906</u>
Operating Income (Loss)	<u>\$ (26,818,507)</u>	<u>\$ (29,357,565)</u>	<u>\$ (5,320,406)</u>	<u>\$ (7,575,898)</u>
Nonoperating Revenues (Expenses)				
Property tax	\$ 8,323,920	\$ 8,037,828	\$ -	\$ -
Gifts	8,452,848	7,631,619	7,629,822	7,060,684
State appropriations	10,210,500	9,079,087	-	-
Federal grants and contracts	5,945,786	6,576,907	-	-
Investment income	673,576	1,501,309	168,601	367,827
Direct Finance Lease Income	2,939,717	2,993,870	-	-
Interest expense	(4,751,049)	(4,794,196)	(2,890)	(5,134)
Other nonoperating revenues (expenses)	<u>(117,919)</u>	<u>(507,446)</u>	<u>-</u>	<u>(419,555)</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 31,677,379</u>	<u>\$ 30,518,978</u>	<u>\$ 7,795,533</u>	<u>\$ 7,003,822</u>
Income (Loss) Before Other Revenues, (Expenses)	<u>\$ 4,858,872</u>	<u>\$ 1,161,413</u>	<u>\$ 2,475,127</u>	<u>\$ (572,076)</u>
Other Revenues (Expenses)				
Gifts for capital projects	\$ 2,371,244	\$ 2,723,979	\$ -	\$ 646,567
Student fees for capital projects	-	-	-	-
Capital assets transferred to other entities	<u>(3,484,465)</u>	<u>-</u>	<u>(3,484,465)</u>	<u>-</u>
Net Other Revenues (Expenses)	<u>\$ (1,113,221)</u>	<u>\$ 2,723,979</u>	<u>\$ (3,484,465)</u>	<u>\$ 646,567</u>
Increase in Net Position	<u>\$ 3,745,651</u>	<u>\$ 3,885,392</u>	<u>\$ (1,009,338)</u>	<u>\$ 74,491</u>
Net Position				
Net Position - Beginning of Year	<u>65,959,636</u>	<u>62,074,244</u>	<u>13,243,559</u>	<u>13,169,068</u>
Net Position - End of Year	<u>\$ 69,705,287</u>	<u>\$ 65,959,636</u>	<u>\$ 12,234,221</u>	<u>\$ 13,243,559</u>



**Appendix 2**  
**WICHITA STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For The Years Ended June 30, 2020 and 2019**

W.S.U Union Corporation		W.S.U. Board of Trustees		W.S.U. Tech	
Component Unit		Component Unit		Component Unit	
FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
\$ 2,533,440	\$ 2,639,000	\$ -	\$ -	\$ 12,618,057	\$ 12,328,189
5,621,138	6,192,492	-	-	-	-
-	-	-	-	2,600,365	1,652,788
-	-	-	-	4,401,419	5,855,679
5,486	62,905	20,852	20,851	234,865	342,185
<u>\$ 8,160,064</u>	<u>\$ 8,894,397</u>	<u>\$ 20,852</u>	<u>\$ 20,851</u>	<u>\$ 19,854,706</u>	<u>\$ 20,178,841</u>
\$ -	\$ -	\$ 597,513	\$ 578,934	\$ -	\$ -
8,053,711	8,913,240	-	-	27,252,310	26,135,259
-	-	1,250,000	1,850,000	-	-
99,041	141,301	800,000	800,000	2,998,031	2,999,072
167,178	180,028	1,308,971	1,308,971	984,409	932,942
76,643	115,136	4,587,035	4,962,765	-	-
-	-	-	-	1,358,881	1,958,108
<u>\$ 8,396,573</u>	<u>\$ 9,349,705</u>	<u>\$ 8,543,519</u>	<u>\$ 9,500,670</u>	<u>\$ 32,593,631</u>	<u>\$ 32,025,381</u>
<u>\$ (236,509)</u>	<u>\$ (455,308)</u>	<u>\$ (8,522,667)</u>	<u>\$ (9,479,819)</u>	<u>\$ (12,738,925)</u>	<u>\$ (11,846,540)</u>
\$ -	\$ -	\$ 8,323,920	\$ 8,037,828	\$ -	\$ -
155,968	117,902	27,511	66,337	639,547	386,696
-	-	-	-	10,210,500	9,079,087
-	-	-	-	5,945,786	6,576,907
83,256	73,873	66,049	738,284	355,670	321,325
2,939,717	2,993,870	-	-	-	-
(2,852,384)	(2,873,200)	(1,895,775)	(1,915,862)	-	-
-	-	(117,919)	(89,930)	-	2,039
<u>\$ 326,557</u>	<u>\$ 312,445</u>	<u>\$ 6,403,786</u>	<u>\$ 6,836,657</u>	<u>\$ 17,151,503</u>	<u>\$ 16,366,054</u>
<u>\$ 90,048</u>	<u>\$ (142,863)</u>	<u>\$ (2,118,881)</u>	<u>\$ (2,643,162)</u>	<u>\$ 4,412,578</u>	<u>\$ 4,519,514</u>
\$ -	\$ -	\$ 2,135,032	\$ 1,852,376	\$ 236,212	\$ 225,036
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,135,032</u>	<u>\$ 1,852,376</u>	<u>\$ 236,212</u>	<u>\$ 225,036</u>
\$ 90,048	\$ (142,863)	\$ 16,151	\$ (790,786)	\$ 4,648,790	\$ 4,744,550
<u>7,430,976</u>	<u>7,573,839</u>	<u>22,424,075</u>	<u>23,214,861</u>	<u>22,861,026</u>	<u>18,116,476</u>
<u>\$ 7,521,024</u>	<u>\$ 7,430,976</u>	<u>\$ 22,440,226</u>	<u>\$ 22,424,075</u>	<u>\$ 27,509,816</u>	<u>\$ 22,861,026</u>

