

**Annual Financial Report  
for the Fiscal Year Ended June 30, 2017**

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

Wichita State University  
Fiscal Year 2017 Annual GASB Financial Report

Table of Contents

	<u>Page Number</u>
Kansas Board of Regents and University Officers	1
Fiscal Year 2017 Financial Information	
<u>Management's Discussion and Analysis</u>	4
<u>Financial Statements with Notes</u>	
Statement of Net Position	16
Statement of Revenues, Expenses and Changes in Net Position	18
Statement of Cash Flows	19
WSU Foundation Statement of Net Assets	21
WSU Foundation Statement of Activities, Expenses and Changes	

Wichita State University  
Fiscal Year 2017 Annual GASB Financial Report

Kansas Board of Regents and University Officers

Kansas Board of Regents

Blake Flanders, President/CEO  
Dave Murfin, Chair  
Dennis Mullin, Vice Chair  
Joe Bain  
Shane Bangerter  
Ann Brandau Murguia  
Bill Feuerborn  
Zoe Newton  
Daniel J. Thomas  
Helen Van Etten

University Officers

Officer Reporting

Werner Golling, Vice President for Finance and Administration

Executive Administration

John W. Bardo, President  
Anthony J. Vizzini, Provost and Senior Vice President  
Werner Golling, Vice President for Finance and Administration  
Andrew Schlapp, Executive Director of Government Relations  
Lou Heldman, Vice President for Strategic Communications  
John Tomblin, Vice President for Research and Technology Transfer  
Marché Fleming Randle, Vice President for Diversity and Community Engagement  
Teri Hall, Vice President for Student Affairs  
Richard Muma, Sr. Associate Vice President for Academic Affairs and Strategic Enrollment Management  
David Moses, General Counsel  
Darron Boatright, Director of Athletics

**Fiscal Year 2017 Financial Information**  
**Prepared in Accordance with Government Accounting Standards Board**  
**(GASB) Principles**

## Management's Discussion and Analysis

**Wichita State University**  
**Fiscal Year 2017 Annual GASB Financial Report**  
**Management's Discussion and Analysis**

As management of Wichita State University (University), we offer you this discussion and analysis of the financial activities of the University for the fiscal year ended June 30, 2017. This information is designed to identify and explain significant financial issues, changes in the University's financial position and deviations from the prior fiscal year. In accordance with GASB Statement No. 39 as amended by GASB Statement No. 61, the University 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 the University'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 and s ñBb University ... Ö !† ò,, Læ 5W'

Wichita State University  
Fiscal Year 2017 Annual GASB Financial Report  
Management's Discussion and Analysis

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 due within the next twelve months.

Net Position is divided into three categories:

1. **Net Investment in Capital Assets** indicates the University's investment in property, plant and equipment less accumulated depreciation and amortization. Net Investment in Capital Assets is further divided into two subcategories: non-expendable restricted resources and expendable restricted resources. The corpus of non-expendable restricted resources is not available for expenditure. Expendable Restricted Net Position is available for expenditure by the University, but is 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**

**Wichita State University**  
**Fiscal Year 2017 Annual GASB Financial Report**  
**Management's Discussion and Analysis**

Current liabilities decreased \$0.9 million. Accounts payable and accrued liabilities fell 20.3% or \$3.5 million due to the final payroll of FY2017 occurring on June 30<sup>th</sup>. Accrued compensated absences increased \$0.8 million and deferred revenue increased \$1.5 million. The increase in deferred revenue is related to grants.

Noncurrent liabilities decreased \$0.5 million at June 30, 2017. Revenue bonds payable increased \$3.4 million. This increase was offset by a \$2.0 million decrease in lease payable, a \$0.4 million decrease in accrued compensated absences and a decrease of \$1.4 million in net pension obligation.

Total Net Position at June 30, 2017 was \$223.3 million, a \$17.5 million increase over the prior year.

**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





**Wichita State University**  
**Fiscal Year 2017 Annual GASB Financial Report**  
**Management's Discussion and Analysis**

**OPERATING EXPENSES**

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

	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Total</u>
<b>Salaries and Wages</b>				
FY2017	\$ 64,885,427	\$ 28,709,436	\$ 12,005,174	\$ 105,600,037
FY2016	<u>65,958,857</u>	<u>25,140,673</u>	<u>14,302,532</u>	<u>105,402,062</u>
Increase (Decrease)	<u>\$ (1,073,430)</u>	<u>\$ 3,568,763</u>	<u>\$ (2,297,358)</u>	<u>\$ 197,975</u>
<b>Contractual and Commodities, other</b>				
FY2017	\$ 7,961,939	\$ 12,937,958	\$ 6,986,664	\$ 27,886,561
FY2016	<u>6,549,755</u>	<u>11,154,805</u>	<u>7,204,649</u>	<u>24,909,209</u>
Increase (Decrease)	<u>\$ 1,412,184</u>	<u>\$ 1,783,153</u>	<u>\$ (217,985)</u>	<u>\$ 2,977,352</u>
<b>Capital Equipment</b>				
FY2017	\$ (124,153)	\$ 6,269,029	\$ 131,888	\$ 6,276,764
FY2016	<u>663,601</u>	<u>7,086,957</u>	<u>388,141</u>	<u>8,138,699</u>
Increase (Decrease)	<u>\$ (787,754)</u>	<u>\$ (817,928)</u>	<u>\$ (256,253)</u>	<u>\$ (1,861,935)</u>
<b>Totals for FY 2017</b>	<u>\$ 72,723,213</u>	<u>\$ 47,916,423</u>	<u>\$ 19,123,726</u>	<u>\$ 139,763,362</u>
<b>Totals for FY 2016</b>	<u>73,172,213</u>	<u>43,382,435</u>	<u>21,895,322</u>	<u>138,449,970</u>
<b>Increase (Decrease)</b>	<u>\$ (449,000)</u>	<u>\$ 4,533,988</u>	<u>\$ (2,771,596)</u>	<u>\$ 1,313,392</u>

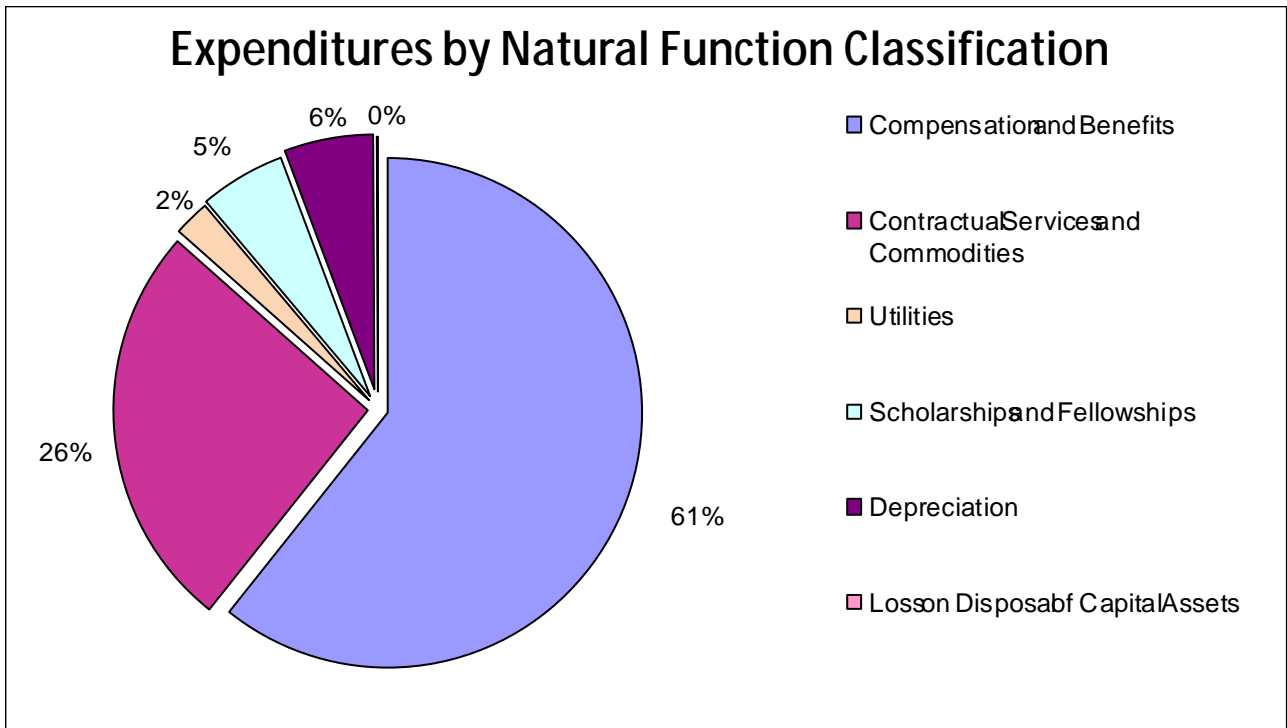
Expenses related to the University's mission of instruction, research and public service increased \$1.3 million in FY2017. Increases in contractual and commodity expenses in Instruction and Research outpaced the decrease in capital expenses when compared to FY2016.

Overall, operating expenses increased \$7.2 million or 2.6% over the prior year.

- Research expenses increased \$4.5 million or 10.5%, with \$3.6 million in increased compensation and benefits and a \$1.8 million increase in contractual and commodity expenses and a decrease of \$0.8 million in capital equipment.
- Expenses for Public Service fell \$2.8 million overall with a \$2.3 million

Wichita State University

Wichita State University  
 Fiscal Year 2017 Annual GASB Financial Report  
 Management's Discussion and Analysis



#### SUMMARY OF THE STATEMENT OF CASH FLOWS

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Net cash provided (used by):		
Operating activities	\$ (87,775,276)	\$ (86,847,378)
Non capital financing activities	104,870,910	104,320,509
Capital and related financing/appropriations	(19,431,212)	(13,595,113)
Investing activities	269,295	229,461
Net increase (decrease) in cash	<u>\$ (2,066,283)</u>	<u>\$ 4,107,479</u>
Beginning cash and cash equivalent balances	<u>\$ 68,959,743</u>	<u>\$ 64,852,264</u>
Ending Cash and Cash Equivalent Balances	<u>\$ 66,893,460</u>	<u>\$ 68,959,743</u>

Cash provided by operating activities includes tuition and fees, certain grant and contract revenues, and sales and services of educational activities. Cash used for operating activities includes payments to employees and suppliers. Cash provided by non capital financing activities includes State appropriations, Federal Pell grants, gifts, and the receipt and disbursement of the Federal Family Education Loan Programs (Stafford, Perkins and Plus Loans). Cash provided for capital and related financing activities represents capital appropriations, gifts and grants. This cash is used for construction, remodeling and repair of University facilities, as well as

Wichita State University  
Fiscal Year 2017 Annual GASB Financial Report  
Management's Discussion and Analysis

CAPITAL ASSETS

The University continued to make investments in capital during FY2017. Detailed information regarding capital asset additions, retirements and depreciation is available in Note 3 to the financial statements.

The following construction projects were completed during the current fiscal year: Linquist Hall 2nd & 3rd Floor Restroom Remodel, Butler College Front Entrance Door, Butler Hall Elevator, Butler College Front Entrance

**Wichita State University  
Fiscal Year 2017 Annual GASB Financial Report  
Management's Discussion and Analysis**

**ECONOMIC OUTLOOK**

For 2018, WSU's Center for Economic Development and Business Research (CEDBR) forecasts that overall

## Financial Statements with Notes

WICHITA STATE UNIVERSITY  
STATEMENT OF NET POSITION  
As of June 30, 2017 and 2016

FY 2017

FY 2016

FY 2017

FY 2016

ASSETS

Current Assets  
Cash and cash



**WICHITA STATE UNIVERSITY  
STATEMENT OF NET POSITION  
As of June 30, 2017 and 2016**

	FY 2017	FY 2016	FY 2017	FY 2016
<b><u>LIABILITIES</u></b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 13,771,596	\$ 17,279,934	\$ 1,357,674	\$ 7,099,579
Unearned revenue	6,168,540	4,627,044	9,698,382	7,601,061
Loan payable			4,490,641	2,518,984

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**As of June 30, 2017 and 2016**

	FY 2017	FY 2016	FY 2017	FY 2016
<b>Operating Revenues:</b>				
Tuition and fees, net of scholarship allowances of \$21,249,219 in 2017 and \$19,026,630 in 2016	\$ 97,657,573	\$ 93,188,443	\$ 5,386,209	\$ 5,511,138
Federal grants and contracts	32,698,640	21,602,674		
State and local grants and contracts	7,537,152	8,204,039		
Sales and services of educational activities	31,920,073	31,504,123	17,288,176	17,761,565
Auxiliary enterprises				
Housing revenues (revenues are pledged as security for bonds)	11,296,830	11,056,413		
Parking revenues	1,437,771	1,504,131		
Interest earned on loans to students	117,901	122,771	65,415	107,012
Other operating revenues	6,670,348	6,128,269	662,496	780,673
<b>Total Operating Revenues</b>	<b>\$ 189,336,288</b>	<b>\$ 173,310,863</b>	<b>\$ 23,402,296</b>	<b>\$ 24,160,388</b>
<b>Operating Expenses:</b>				
Instruction	\$ 72,723,213	\$ 73,172,213	\$	\$
Research	47,916,423	43,382,435		
Public Service	19,123,726	21,895,322	605,237	825,939
Academic Support	29,069,806	28,801,941		
Student Service	28,777,389	27,390,873	21,502,002	22,165,534
Institutional Support	20,424,636	18,889,585	1,598,877	
Operations and Maintenance of Plant	22,495,278	23,312,452	1,817,526	1,715,008
Scholarship and Fellowships	15,373,453	14,424,262	10,874,464	7,448,620
Auxiliary Enterprises	7,522,850	5,588,079		
Other Expenses	212,559	(99,998)	2,194,295	2,159,570
Depreciation	15,959,466	14,655,921	1,334,945	1,253,702
Loss on disposal of capital assets	222,094	1,224,653		
<b>Total Operating Expenses</b>	<b>\$ 279,820,893</b>	<b>\$ 272,637,738</b>	<b>\$ 39,927,346</b>	<b>\$ 35,568,373</b>
<b>Total Operating Loss</b>	<b>\$ (90,484,605)</b>	<b>\$ (99,326,875)</b>	<b>\$ (16,525,050)</b>	<b>\$ (11,407,985)</b>
<b>Non operating Revenues (Expenses)</b>				
State appropriations	\$ 71,717,391	\$ 72,537,302	\$	\$
Federal grants and contracts	16,114,678	16,342,346		
Gifts	17,145,871	15,378,298	8,067,450	9,216,102
Investment income	269,924	230,535	1,360,366	16,159
Direct Financial Lease Income			3,093,408	3,077,624
Interest expense	(4,013,018)	(3,983,988)	(1,039,008)	(1,039,008)

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\$ (90,484,605)

WICHITA STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
For the Years Ended June 30, 2017 and 2016

FY

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF CASH FLOWS**  
**For the Years Ended June 30, 2017 and 2016**

	FY 2017	FY 2016
<b>Cash Flows from Investing Activities</b>		
Investment income	\$ 269,295	\$ 229,461
Net Cash Flows from Investing Activities	\$ 269,295	\$ 229,461
Net Change in Cash and Cash Equivalents	\$ (2,066,283)	\$ 4,107,479
Cash and Cash Equivalents Beginning of Year	68,959,743	64,852,264
Cash and Cash Equivalents End of Year	\$ 66,893,460	\$ 68,959,743
<b>Reconciliation</b>		
Operating loss	\$ (90,484,605)	\$ (99,326,875)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Loss on sale of assets	15,959,466	14,655,921
	222,094	1,224,653

Accounts receivable net \$224,65 (7,953) <0<0003>-7.8<0009m (to)Tj /TT1 1 Tf .9117 0 TD  
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WICHITA STATE UNIVERSITY FOUNDATION  
STATEMENT OF NET ASSETS  
For the Years Ended June 30, 2017 and 2016

FY 2017

FY 2016

ASSETS

**WICHITA STATE UNIVERSITY FOUNDATION  
STATEMENT OF ACTIVITIES  
For the Years Ended June 30, 2017 and 2016**

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**Notes to the Financial Statements**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements and related supplemental information have been prepared in conformity

with generally accepted accounting principles applicable to the operations of colleges and universities. The financial statements have been prepared on the accrual basis of accounting and are prepared in accordance with the requirements of the Department of Education, Higher Education, and the State Board of Education.

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**Notes to the Financial Statements**

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,



**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**Notes to the Financial Statements**

**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.**





WICHITA STATE UNIVERSITY  
 For the Years Ended June 30, 2017 and 2016  
 Notes to the Financial Statements

RECEIVABLES, DEFERRED CONTRIBUTIONS, AND INVESTMENTS

Receivables and investments shown below are included in the Statement of Net Position as of June 30:

	FY 2017	FY 2016
Treasury	\$ 63,766,367	\$ 66,533,647
Financial institutions	2,431,487	1,705,817
Wichita State University Investment Board	382,405	407,781
	522,071	520,739
	<u>\$ 67,102,330</u>	<u>\$ 69,167,984</u>

Receivables and investments to the Statement of Net Position as of June 30 is as follows:

	FY 2017	FY 2016
Receivables	\$ 66,893,460	\$ 68,959,743
Investments	208,870	208,241
	<u>\$ 67,102,330</u>	<u>\$ 69,167,984</u>

WICHITA STATE UNIVERSITY  
For the Years Ended

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**Notes to the Financial Statements**

**Note 3 CAPITAL ASSETS**

Capital asset activity for the University for the years ended June 30, 2017 and 2016 are summarized as follows:

	2017			Balance June 30, 2017
	Balance July 1, 2016	Additions	Retirements	
<b>Capital Assets, Not Depreciable</b>				
Land	\$ 4,753,281	\$	\$	\$ 4,753,281
Construction in Progress	4,515,418	14,482,997	5,487,440	13,510,975
<b>Total Capital Assets, Not Depreciable</b>	<b>\$ 9,268,699</b>	<b>\$ 14,482,997</b>	<b>\$ 5,487,440</b>	<b>\$ 18,264,256</b>
<b>Capital Assets, Depreciable</b>				
Leasehold Improvements	\$ 8,237,274	\$	\$	\$ 8,237,274
Infrastructure	21,430,637	1,716,340		23,146,977
Land Improvements	11,819,873	612,644		12,432,517
Buildings	159,570,365		191,614	159,378,751
Building Improvements	157,887,253	2,654,805	32,607	160,509,451
Equipment & Furnishings	82,311,783	10,162,810	1,169,443	91,305,150
Intangible, software	4,058,124			4,058,124
Vehicles	3,524,598	101,901		3,626,499
<b>Total Capital Assets, Depreciable</b>	<b>\$ 448,839,907</b>	<b>\$ 15,248,500</b>	<b>\$ 1,393,664</b>	<b>\$ 462,694,743</b>
<b>Less Accumulated Depreciation</b>				
Leasehold Improvements	\$ 2,049,016	\$ 803,513	\$	\$ 2,852,529
Infrastructure	7,486,937	837,602		8,324,539
Land Improvements	5,556,740	422,980		5,979,720
Buildings	67,607,397	4,091,013	38,284	71,660,126
Building Improvements	41,928,418	3,853,948	15,489	45,766,877
Equipment & Furnishings	59,080,034	5,731,131	964,468	63,846,697
Intangibles, software	3,995,361	31,381		4,026,742
Vehicles	2,934,288	187,898		3,122,186
<b>Total Accumulated Depreciation</b>	<b>\$ 190,638,191</b>	<b>\$ 15,959,466</b>	<b>\$ 1,018,241</b>	<b>\$ 205,579,416</b>
<b>Capital Assets, Depreciable Net</b>	<b>\$ 258,201,716</b>	<b>\$ (710,966)</b>	<b>\$ 375,423</b>	<b>\$ 257,115,327</b>
<b>Total Capital Assets Net</b>	<b>\$ 267,470,415</b>	<b>\$ 13,772,031</b>	<b>\$ 5,862,863</b>	<b>\$ 275,379,583</b>

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**Notes to the Financial Statements**

	Balance July1, 2015	Additions	Retirements	Balance June30, 2016
Capital Assets, Not Depreciable				
Land	\$ 4,753,281	\$	\$	\$ 4,753,281
Constructionin				

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**Notes to the Financial Statements**

**NOTE 4 ACCOUNTS RECEIVABLE**

Accounts receivable are shown in the accompanying Statement of Net Position. At June 30, 2017 and 2016 accounts receivable net of allowance for doubtful accounts consisted of the following:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Student Tuition and Fees	\$ 10,928,438	\$ 9,507,920
Student Housing Contracts	1,854,203	1,910,816
Unspent State Appropriations	4,401,280	4,299,879
Service Clearing and Other Operating Activities	715,490	363,764
Federal, State, and Private Grants and Contracts	15,708,524	8,465,836
Less Allowance for Doubtful Accounts	<u>(7,646,926)</u>	<u>(6,542,493)</u>
<b>Total Accounts Receivable</b>	<b><u>\$ 25,961,009</u></b>	<b><u>\$ 18,005,721</u></b>

**NOTE 5 LOANS TO STUDENTS**

Student loans made through the Federal Perkins Loan Program comprises substantially all of the loans to students at June 30, 2017



**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**Notes to the Financial Statements**

**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, 2017 and 2016, consisted of the following:

<u>Liabilities</u>	Total Outstanding June 30, 2016	Deletions June 30, 2017	Additions June 30, 2017	Total Outstanding June 30, 2017	Current Liabilities as of June 30, 2017	Long Term Liabilities as of June 30, 2017
Capital Lease Payable						
Energy						

WICHITA STATE UNIVERSITY  
 For the Years Ended June 30, 2017 and 2016  
 Notes to the Financial Statements

Principal  
 Outstanding  
June 30, 2017

<p><u>WSU Research and Development Facilities Projects Revenue Bonds          Series 2005D for the Engineering Research Laboratory Building</u>          Issued by Kansas Development Finance Authority on June 2, 2005          Original amount of \$12,180,000. In April 2006, \$4,000,000 for an          Icing Tunnel Research project was canceled due to construction bids          exceeding funding. These funds were returned to KDF for reallocation to          another University in the amount of \$3,000,000 and early redemption of          bond principal of \$1,000,000.          Due in annual      in</p>	\$	870,000
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WICHITA STATE UNIVERSITY  
For the Years Ended June

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**Notes to the Financial Statements**

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 t

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**Notes to the Financial Statements**

**NOTE 8 RETIREMENT PLANS**

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

**Defined 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.



**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**Notes to the Financial Statements**

to the Police and Fire group within KPER as 0.23%, which was a 0.02% increase from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the University recognized a pension credit of \$3,680,783. At June 30, 2017, the University reported deferred outflows of resources and deferred inflows of resources related to

WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2017 and 2016  
Notes to the Financial Statements

Actuarial



WICHITA STATE

WICHITA STATE UNIVERSITY  
For the

WICHITA STATE UNIVERSITY  
For the Years Ended June 30,

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**Notes to the Financial Statements**

**NOTE 10 COMMITMENTS AND CONTINGENCIES**

The University, as a State educational institution of Kansas is subject to the State of Kansas self

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**Notes to the Financial Statements**

**NOTE 11 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS**

The University's operating expenses for the years ended June 30, 2017 and 2016 by functional and natural classification are as follows:

Classifications	2017					
	Compensation and Benefits	Contractual Services and Commodities	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 64,885,427	\$ 7,833,717	\$ 4,069	\$	\$	\$ 72,723,213
Research	28,709,436	18,852,290	354,697			47,916,423
Public Service	12,005,174	7,099,595	18,957			19,123,726
Academic Support	19,672,300	9,397,506				29,069,806
Student Services	15,817,858	12,959,177	354			28,777,389
Institutional Support	13,097,965	7,326,671				20,424,636
Operation and Maintenance of Plant	12,729,580	4,320,143	5,445,555			22,495,278
Depreciation					15,959,466	15,959,466
Scholarships and Fellowships				15,373,453		15,373,453
Auxiliary Enterprises	1,808,315	5,066,755	647,780			7,522,850
Other	53,579	158,980				212,559
Loss on Disposal of Assets		222,094				222,094
<b>Total</b>	<b>\$ 168,779,634</b>	<b>\$ 73,236,928</b>	<b>\$ 6,471,412</b>	<b>\$ 15,373,453</b>	<b>\$ 15,959,466</b>	<b>\$ 279,820,893</b>

Classifications	2016					
	Compensation and Benefits	Contractual Services and Commodities	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 65,958,857	\$ 7,212,620	\$ 736	\$	\$	\$ 73,172,213
Research	25,140,673	17,956,662	285,100			43,382,435
Public Service	14,302,532	7,588,652	4,138			21,895,322
Academic Support	19,480,844	9,321,054	43			28,801,941
Student Services						
Operation and Maintenance of Plant						
Depreciation						
Scholarships and Fellowships						
Auxiliary Enterprises						
Other						
Loss on Disposal of Assets						
<b>Total</b>	<b>\$ 124,862,906</b>	<b>\$ 44,579,386</b>	<b>\$ 1,163</b>	<b>\$</b>	<b>\$</b>	<b>\$ 169,443,455</b>

Student Services 604718(04) \$5.68 .66 re f q 1:23000300030003000300.B1445(1)-8(.8(r)-7.1(16 1/TT1TD .0047 Tc37-53(5)-45(9)-53(,4)-53(6)-45(6))TJ -1.5435 0 T

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**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 boots

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**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

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**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 17-15

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**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**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.

The financial statements are prepared according to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, Financial Statements for Not for Profit Organizations. Under FASB ASC 958-205, the Foundation is required to report information regarding its financial position and activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets are those which have been limited by donors to a specified time period or purpose. Permanently restricted net assets are restricted by donors to be maintained in perpetuity by the Foundation.

**Investments.** The Foundation's investment portfolio at June 30, 2017 is composed of the following:

	Fair Value	Level 1	Level 2	Level 3	Investments at NAV (Practical Expedient)
	\$	\$	\$	\$	\$
Certificates of deposit					
Common & preferred stocks	42,801,397	42,801,397			
Foreign stocks	42,308,463	42,308,463			
Corporate bonds	33,054,119		33,054,119		
Exchange traded funds	744,771	744,771			
Mortgage backed securities	9,701,959		9,701,959		
U.S. Government securities	13,958,408	13,958,408			
Foreign bonds	623,777		623,777		
Savings bonds	51,188		51,188		
Zero coupon bonds	490,802		490,802		
Commodity	221,985	221,985			
Real estate					
Hedge funds	49,655,440				49,655,440
Venture Capital/Private equity	42,807,618				42,807,618

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2017 and 2016**  
**Notes to the Financial Statements**

**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 \$2,082,346. The following table summarizes future minimum lease obligations under these leases at June 30, 2017:

<u>Year Ending June 30:</u>	<u>Lease Obligation</u>
2018	\$ 4,208,837
2019	3,480,538
2020	3,356,566
2021	3,290,842
2022	3,114,752
2023-2027	<u>12,005,296</u>
TOTAL	<u>\$ 29,456,831</u>

**NOTE 14 – NEW GASB STATEMENTS**

In June 2015, the GASB issued Statement No. 75 Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions, which will require governments providing defined other post employment benefits (OPEB) plans to recognize their long term obligations for benefits as a liability for the first time, and will expand required disclosures. This statement will be effective for the University's fiscal year ending June 30, 2018. The University has not yet determined the effect that the adoption of this Statement will have on its financial statements.

**APPENDICES**

**COMPONENT UNITS**

Appendix 1  
WICHITA STATE UNIVERSITY  
STATEMENT

**Appendix 2**  
**WICHITA STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For The Years Ended June 30, 2017 and 2016**

	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Operating Reve26 -2.73(i)-25P99								