

Annual Financial Report  
for the Fiscal Year Ended June 30, 2016

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

Wichita State University  
Fiscal Year 2016 Annual GASB Financial Report

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Wichita State University  
Fiscal Year 2016 Annual GASB Financial Report  
Kansas Board of Regents and University Officers

Kansas Board of Regents

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Fiscal Year 2016 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 (University), we offer you this discussion and analysis of the financial activities of the University for the fiscal year ended June 30, 2016. 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 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 statement.

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Management's Discussion and Analysis

Within the Statement of Net Position, assets and liabilities are further classified as current or non current.  
The current

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**Management's Discussion and Analysis**

Noncurrent assets decreased \$2.2 million during the year as asset retirements and depreciation exceeded asset additions.

Current liabilities increased \$3.0 million. \$1.7 million of the increase was in accounts payable and accrued liabilities due to an increase in accrued salaries and wages. Lease payable increased \$1.1 million as principle due on the University's residence hall lease increases in FY 2017.

Noncurrent liabilities decreased \$6.7 million at June 30, 2016. This is due to a \$7.4 million decrease in other postemployment healthcare benefits. Beginning January 1, 2017, retirees who purchase healthcare coverage will



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Management's Discussion and Analysis

REVENUES

Total revenues by source for the year ended June 30, 2016 are shown below:

Comparative Analysis of Fiscal Years 2016 and 2015

Total operating revenues at the University as of June 30, 2016, increased \$6.1 million or 3.7%. The following is a brief summary of changes: 40TD1002Tc3.190TD0Tc8003Tj/TT3251.22TD0003Tj/TTT4441Tf.2240TD.0016Tc (changes: 40

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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:

	Instruction	Research	Public Service	Total
<b>Salaries and Wages</b>				
FY 2016	\$ 65,958,857	\$ 25,140,673	\$ 14,302,532	\$ 105,402,062
FY 2015	68,206,135	26,098,185	15,144,234	109,448,554
Increase(Decrease)	\$ (2,247,278)	\$ (957,512)	\$ (841,702)	\$ (4,046,492)
<b>Contractual and Commodities, other</b>				
FY 2016	\$ 6,549,755	\$ 11,154,805	\$ 7,204,649	\$ 24,909,209
FY 2015	6,061,544	12,980,222	6,324,811	25,366,577
Increase(Decrease)	\$ 488,211	\$ (1,825,417)	\$ 879,838	\$ (657,368)
		Increase(Decrease)		FY

E.11

Expenses related to the University's mission of instruction, research and public service decreased \$1.0 million in FY 2016 compared to an increase of \$9.7 million in FY 2015. The University implemented a mid year hiring freeze except for critical positions and tightened spending in response to a State of Kansas budget reduction.

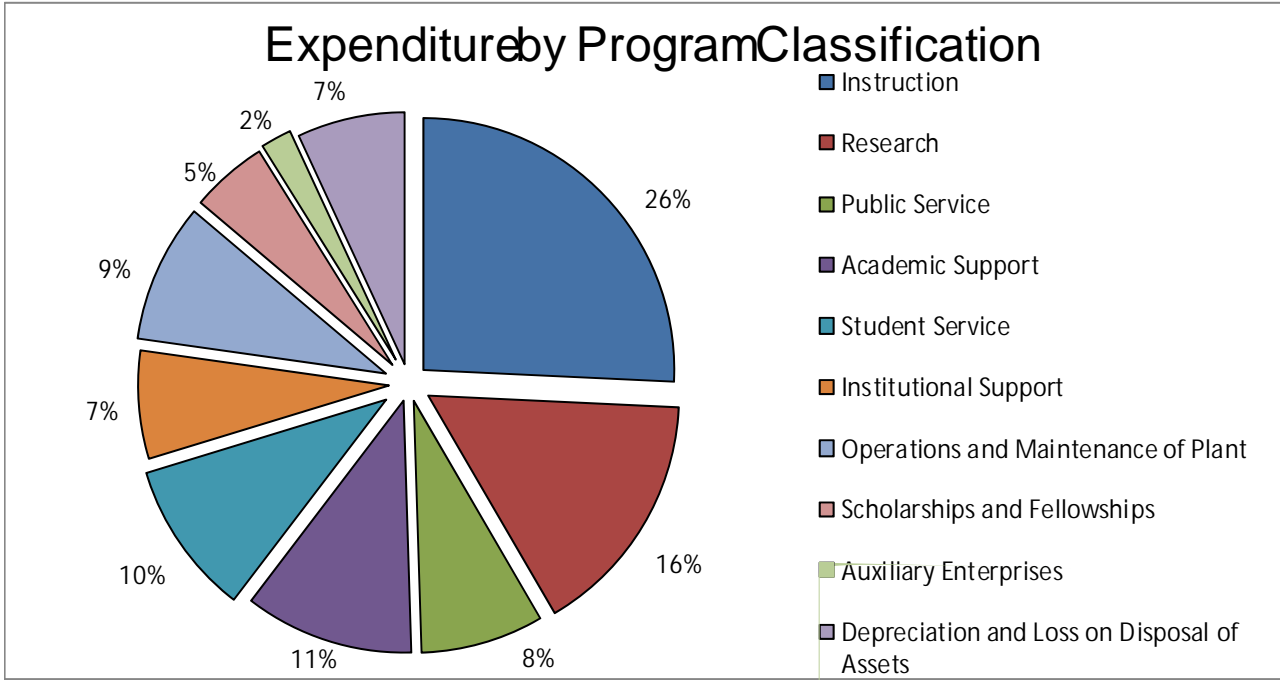
The Statement of Revenues, Expenses and Changes in Net Position shows operating expenses decreased \$19.9 million over the prior year. Every expense category decreased except Research and Public Service.

- Institutional Support decreased \$5.3 million with nearly all of the decrease in contractual services and commodities.
- Auxiliary Services decreased \$3.4 million in FY 2016 as a result of higher than normal expenses in FY 2015 when the University spent nearly \$3.0 in parking lot improvements and shuttle service enhancements.
- Loss on disposal of capital assets decreased \$6.5 million in FY 2016 as the University incurred a \$6.4 million loss on the disposal of Wheatshocker Apartments in FY 2015.

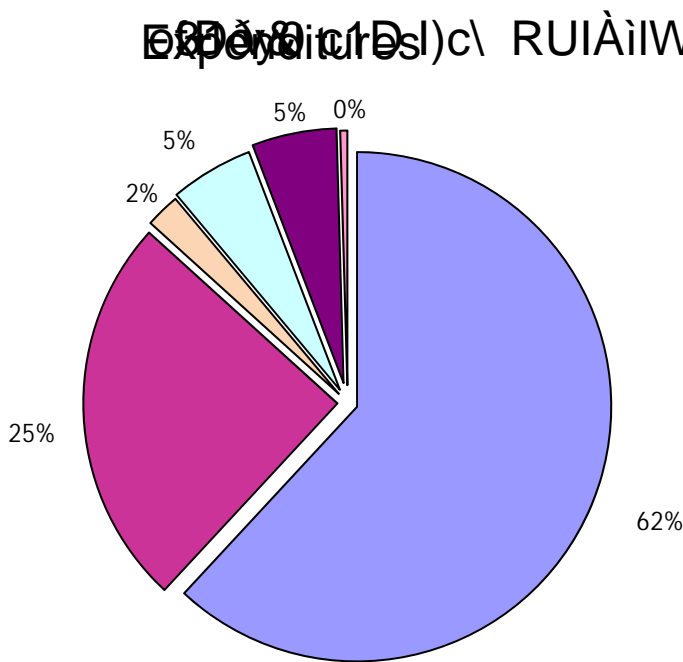
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Total expenditures for the year ended June 30, 2016 by program, including operating and non operating, are displayed below:



Expenditures for the year ended June 30, 2016 by natural function classification, including operating and non operating, are displayed below:



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Management's Discussion and Analysis

NET POSITION

Overall, Net Position increased \$8.2 million in FY 2016 compared to a restated decrease of \$15.1 million in FY 2015. This \$23.3 million improvement in the financial health of the University was the result of expenses decreasing \$19.7 million and revenues increasing \$3.6 million.

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, 2016</u>	<u>June 30, 2015</u>
Net cash provided (used by):		
Operating activities	\$ (86,847,378)	\$ (104,430,273)
Non capital financing activities	104,320,509	105,657,652
Capital and related financing/appropriations	(13,595,113)	(17,873,646)
Investing activities	<u>229,461</u>	<u>102,581</u>
Net increase (decrease) in cash	\$ <u>4,107,479</u>	\$ <u>(16,543,685)</u>
Beginning cash and cash equivalent balances	\$ <u>64,852,264</u>	\$ <u>81,395,949</u>
Ending Cash and Cash Equivalent Balances	\$ <u><u>68,959,743</u></u>	\$ <u><u>64,852,264</u></u>

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

Wichita State University  
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Management's Discussion and Analysis

CAPITAL ASSETS

The University

Wichita State University  
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Management's Discussion and Analysis

ECONOMIC OUTLOOK

For 2017, WSU's Center for Economic Development and Business Research (CEDBR) forecasts that overall employment in Kansas will increase by 0.9%, approximately 12,000 jobs to the Kansas economy. Much of this growth is expected to be in the service sector, which is forecast to add more than 10,000 jobs. The other set of sectors expected to have substantial employment growth is the trade, transportation and utilities sectors, with 0.6% growth. The production sectors are expected to grow by 0.1 %, while government employment is forecast to be flat.

Total Kansas aggregate wages are forecast to increase 2.2% in 2017, outpacing employment growth. Due to weak employment growth in the manufacturing sector, total manufacturing wages are projected to grow more slowly with 1.1% growth.

For FY 2017, the Governor and Legislature appropriated a total State General Fund budget for University operations of \$61,617,393. This represents a decrease of 2.4% compared to the original State General Fund appropriations for operations for FY 2016. The original FY 2016 appropriation was \$63,140,000.00. The FY 2017 appropriation is \$61,617,393.00.

Wichita State University is proceeding with a major expansion of the WSU campus to support job creation and a university strategy based on innovation.

## Financial Statements with Notes

WICHITA STATE UNIVERSITY  
STATEMENT OF NET POSITION  
As of June 30, 2016 and 2015

	FY2016	Restated FY2015	FY2016	FY2015
<b><u>ASSETS</u></b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 68,959,743	\$ 64,852,264	\$ 30,398,996	\$ 27,327,346
Accounts receivable, net	18,005,721	20,703,354	5,174,727	5,010,779
Investments	168,040	167,067	26,792,333	51,864,486
Loans to students	2,619,712	2,339,799		
Inventories	500,423	530,454	1,042,344	1,058,528
Prepaid expenses	247,038		267,825	256,437
Other current assets			963,735	6,940
<b>Total</b>		A \$820,58(8)7.2(64,)1090003000300030003011Tf1.36190TD-045Tc00030003000300030003Tj/TT41Tf6.9980TD.036		
	2,619,712	168,040		







WICHITA STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
For the Years Ended June 30, 2016 and 2015

	FY2016	Restated FY2015
<b>Cash Flows from Operating Activities</b>		
Tuition and fees	\$ 96,168,622	\$ 89,264,270
Sales and services of educational activities	31,261,177	27,757,605
Auxiliary enterprise charges		
Housing	10,648,820	10,931,726
Parking	1,504,131	1,398,875
Research grants and contracts	27,458,022	27,596,790
Payments to suppliers	(67,640,368)	(71,205,747)
Payments for utilities	(5,937,887)	(6,248,036)
Payments for scholarships and benefits	(14,424,262)	(16,486,784)
Compensation and benefits	(173,879,774)	(172,911,093)
Loans issued to students	(1,866,086)	(1,872,489)
Collections on loans issued to students	1,276,737	1,456,392

WICHITA STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
For the Years Ended June 30, 2016 and 2015

	FY2016	Restated FY2015
<b>Cash Flows from Investing Activities</b>		
Investment income	\$ 229,461	\$ 102,581
<b>Net Cash Flows from Investing Activities</b>	<b>\$ 229,461</b>	<b>\$ 102,581</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>\$ 4,107,479</b>	<b>\$ (16,543,685)</b>
Cash and Cash Equivalents Beginning of Year	64,852,264	81,395,949
Cash and Cash Equivalents End of Year	\$ 68,959,743	\$ 64,852,264
<b>Reconciliation</b>		
Operating loss	\$ (99,326,875)	\$ (125,318,395)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
	14,655,921	14,885,121
Loss on sale of assets	1,224,653	7,724,992
Accounts receivable, net	2,697,633	(2,844,156)
Loans to students, net	(589,349)	(416,097)
Other post employment healthcare benefits	(7,405,069)	691,000
Net pension obligation	162,662	(254,684)
Accrued salaries and wages	1,567,736	operatae 1,202,001
Net pension	prf4.8203oTc(1h)6J16.90322.ymassey 689rY0	(u)66.9(s)98.1(e)80.1(2)5

Net pension

WICHITA STATE UNIVERSITY FOUNDATION  
STATEMENT OF NET ASSETS  
For the Years Ended June 30, 2016 and 2015

	FY2016	FY2015
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 13,607,651	\$ 7,572,530
Pledges receivable, less allowance for uncollectible pledges (2015, \$653,194; 2014, \$167,692)	23,571,586	23,702,942
Investments	214,601,236	226,354,993
Investment at equity	3,145,000	
Mortgage receivable	38,644	41,297
Real estate	597,175	597,175
Buildings, equipment and software, at cost less accumulated depreciation	379,296	199,690
Cash surrender value of life insurance	4,405,440	4,314,517
Collections	16,022,930	15,966,615
Other assets	737,329	881,412
<b>Total Assets</b>	<b>\$ 277,106,287</b>	<b>\$ 279,631,171</b>

**LIABILITIES**

**Current Liabilities**  
Accounts payable and accrued

WICHITA STATE UNIVERSITY FOUNDATION  
STATEMENT OF ACTIVITIES  
For the Years Ended June 30, 2016 and 2015

	2016				2015
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>REVENUE, GAINS AND OTHER SUPPORT</b>					
Contributions	\$ 899,783	\$ 10,962,840	\$ 4,129,559	\$ 15,992,182	\$ 28,325,909
Net investment return	2,602,852	(5,863,780)		(3,260,928)	(118,381)
(Loss) gain on property	(80,500)			(80,500)	(3,900)
Other income	3,459,359			3,459,359	3,068,169
Net assets released from restriction	13,652,814	(13,652,814)			
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<b>\$ 20,534,308</b>	<b>\$ (8,553,754)</b>	<b>\$ 4,129,559</b>	<b>\$ 16,110,113</b>	<b>\$ 31,271,797</b>
<b>EXPENSES</b>					
Program services:					
Scholarships	5,779,181			5,779,181	5,668,900
University Support	7,873,633			7,873,633	8,221,371
Support activities:					
Management and general	2,970,607			2,970,607	2,849,673
Fund raising	2,474,102			2,474,102	2,087,839
<b>TOTAL EXPENSES</b>	<b>\$ 19,097,523</b>			<b>\$ 19,097,523</b>	<b>\$ 18,827,783</b>
Change in Net Assets	1,436,785	(8,553,754)	4,129,559	(2,987,410)	12,444,014
Net Assets Beginning Of Year	\$ 5,764,650	\$ 83,717,522	\$ 171,472,184	\$ 260,954,356	\$ 248,510,342
Net Assets End Of Year	<u>\$ 7,201,435</u>	<u>\$ 75,163,768</u>	<u>\$ 175,601,743</u>	<u>\$ 257,966,946</u>	<u>\$ 260,954,356</u>

WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2016 and 2015

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 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. Another component unit, the Wichita State University Board of Trustees, has been audited and presented in the GASB format.

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

Organization. Wichita State University

WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2016 and 2015

Notes to the Financial Statements

Each discrete UNIVERSITY



WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2016 and 2015

Notes to the Financial Statements

The implementation of GASB 72 did not have a significant impact on the University's 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

WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2016 and 2015

**Notes to the Financial Statements**

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 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 Pensions. 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 purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at same as reported by KPERs. For the year ended June 30, 2015, the University implemented the provisions of GASB 68, Accounting and Financial Reporting for Pensions. 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 purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at same as reported by KPERs. For the year ended June 30, 2015, the University implemented the provisions of GASB 68, Accounting and Financial Reporting for Pensions. 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 purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at same as reported by KPERs.

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Notes to the Financial Statements

**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

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For the Years Ended June 30, 2016 and 2015

Notes to the Financial

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For the Years Ended June 30, 2016 and 2015

Notes to the Financial Statements

- x 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
- x Repurchase agreements with Kansas banks or with primary government securities dealers
- x 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
- x Certain Kansas agency and SKILL Act projects and bonds
- x High grade commercial paper not to exceed 270 days to maturity
- x 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 as

**WICHITA STATE UNIVERSITY**  
**For the Years Ended June 30, 2016 and 2015**

**Notes to the Financial Statements**

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.

**Note 3 CAPITAL ASSETS**

Capital asset activity for the University for the years ended June 30, 2016 and 2015 are summarized as follows:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
<b>Capital Assets, Not Depreciable</b>				
Land	\$ 4,753,281	\$	\$	\$ 4,753,281
Construction in Progress	7,612,603	7,020,036	10,117,221	4,515,418
<b>Total Capital Assets, Not Depreciable</b>	<b>\$ 12,365,884</b>	<b>\$ 7,020,036</b>	<b>\$ 10,117,221</b>	<b>\$ 9,268,699</b>
<b>Capital Assets, Depreciable</b>				
Leasehold Improvements	\$ 6,692,375	\$ 2,122,949	\$ 578,050	\$ 8,237,274
Infrastructure	19,066,235	3,301,402	937,000	21,430,637
Land Improvements	11,257,669	562,204		11,819,873
Buildings	159,668,266		97,901	159,570,365
Building Improvements	155,285,957	3,059,017	457,721	157,887,253
Equipment & Furnishings	76,267,648	7,698,950	1,654,815	82,311,783
Intangibles, software	4,058,124			4,058,124
Vehicles	3,715,709			
3,715,709				

WICHITA STATE UNIVERSITY  
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WICHITA STATE UNIVERSITY  
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Notes to the



WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2016 and 2015

Notes to the Financial Statements

NOTE 7 LONG TERM LIABILITIES

Bond premiums

WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2016 and 2015

WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2016 and 2015

Notes to the Financial Statements

Future debt service requirements for all bonds outstanding at June 30, 2016, are as follows:

**Capital Lease 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

WICHITA STATE UNIVERSITY  
For the Years Ended

WICHITA STATE UNIVERSITY  
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Notes to the Financial Statements

For the year ended June 30, 2016, 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:

Voluntary Tax

WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2016 and 2015

Notes to the Financial Statements

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

WICHITA

WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2016 and 2015

Notes to the Financial Statements

**Actuarial Assumptions.** The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality rates were based on the RP 2000 Combined Mortality Table for Males or Females, as



WICHITA STATE UNIVERSITY  
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Notes to the Financial Statements

**Discount Rate.** The discount rate used to measure the total pension liability was 8.00%. 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 8.00%, 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 (7.00%) or 1 percentage point higher (9.00%) than the current rate:

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

**NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS**

**Description** As a component unit of the State of Kansas, Wichita State University (WSU) participates in the State's health insurance benefit plan. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements. The health insurance benefit payments are based on the employee's age and years of service.

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For the Years Ended June 30, 2016 and 2015

Notes to the Financial Statements

Annual



WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2016 and 2015

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 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, 2016.

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

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 board the

WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2016 and 2015

Notes to the



WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2016 and 2015

**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

WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2016 and 2015

Notes to the Financial





WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2016 and 2015

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 \$2,092,385. The following table summarizes future minimum lease obligations under these leases at June 30, 2016:

NOTE 14 – NEW GASB STATEMENTS

In June 2015, the GASB issued Statement No. 75 Accounting and Financial

WICHITA STATE UNIVERSITY  
For the Years Ended June 30, 2016 and 2015

Notes to the Financial Statements

**Other Restatements.** Wichita State University evaluated the method in which unearned tuition revenue and the subsequent expense were reported. Additionally, the University determined that Student Fees receivable and allowance had been incorrectly excluded from previous years. This evaluation and recalculation had impacted the following financial statement line items:

Financial Statement Line	Impact of Restatement Increase (Decrease)
Other Current Assets	\$ (255,030)
Accounts receivable fees	1,168,339
Accounts receivable fees allowance	(1,753,155)
Capital Assets	(194,127)
Unearned tuition revenue	(380,640)
Due to other State agencies	(255,030)
Tuition revenue	745,023
Other operating reincorrectly	

APPENDICES  
COMPONENTS

Appendix 1  
WICHITA STATE UNIVERSITY  
STATEMENT OF NET POSITION  
For The Years Ended June 30, 2016 and 2015

	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
<b>ASSETS</b>								
Current Assets								
Cash and cash equivalents	\$ 30,398,996	\$ 27,327,346	\$ 15,034,236	\$ 12,472,196	\$ 5,954,414	\$ 5,960,913	\$ 9,410,346	\$ 8,894,237
Accounts receivable, net	5,174,727	5,010,779	4,558,008	4,576,347	616,719	434,432	(6)117( )11,416,117	5,174,727

Appendix 2  
WICHITA STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
For The Years Ended June 30, 2016 and 2015

	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Operating Revenues:								
Student fees	\$ 5,511,138	\$ 5,529,895	\$ 2,917,600	\$ 2,803,123	\$ 2,593,538	\$ 2,726,772	\$ -	\$ -
Sales and services of educational activities	17,761,565	18,868,523	15,452,377	14,358,285	2,309,188	2,510,238	-	2,000,000
Interest earned on loans to students	107,012	67,386	-	-	-	-	107,012	67,386
Other operating revenues	780,673	622,843	623,442	595,193	157,231	27,650	-	-
Total Operating Revenue	\$ 24,160,388	\$ 25,088,647	\$ 18,993,419	\$ 17,756,601	\$ 5,059,957	\$ 5,264,660	\$ 107,012	\$ 2,067,386
Operating Expenses:								
Public Service	\$ 825,939	\$ 558,386	\$ -	\$ -	\$ -	\$ -		