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**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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**Wichita State University
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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

Wichita State University
Fiscal Year 2020 Annual GASB Financial Report
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

Wichita State University
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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 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:

	2020	2019	2018
Current Assets	\$ 107,496,860	\$ 101,962,838	\$ 97,129,249
Noncurrent Assets	293,342,490	279,508,401	285,372,341
Total Assets	\$ 400,839,350	\$ 381,471,239	\$ 382,501,590
Deferred outflows	3,959,452	4,573,553	5,227,470
Current Liabilities	\$ 38,201,982	\$ 33,518,493	\$ 31,780,405
Noncurrent Liabilities	102,786,399	110,656,872	115,513,210
Total Liabilities	\$ 140,988,381	\$ 144,175,365	\$ 147,293,615
Deferred Inflows	7,602,921	8,077,027	6,084,998
Net Position	110,656,872	\$ 34,207,417	(293,145,340)

Wichita State University
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Management's Discussion and Analysis

Assets

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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

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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>

Wichita State University
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Revenues

Operating Revenue

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

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

Wichita State University
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Management's Discussion and Analysis

Non operating Revenue

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

Non operating revenues

Wichita State University
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Management's Discussion and Analysis

EXPENSES

Operating Expenses

The following breakout

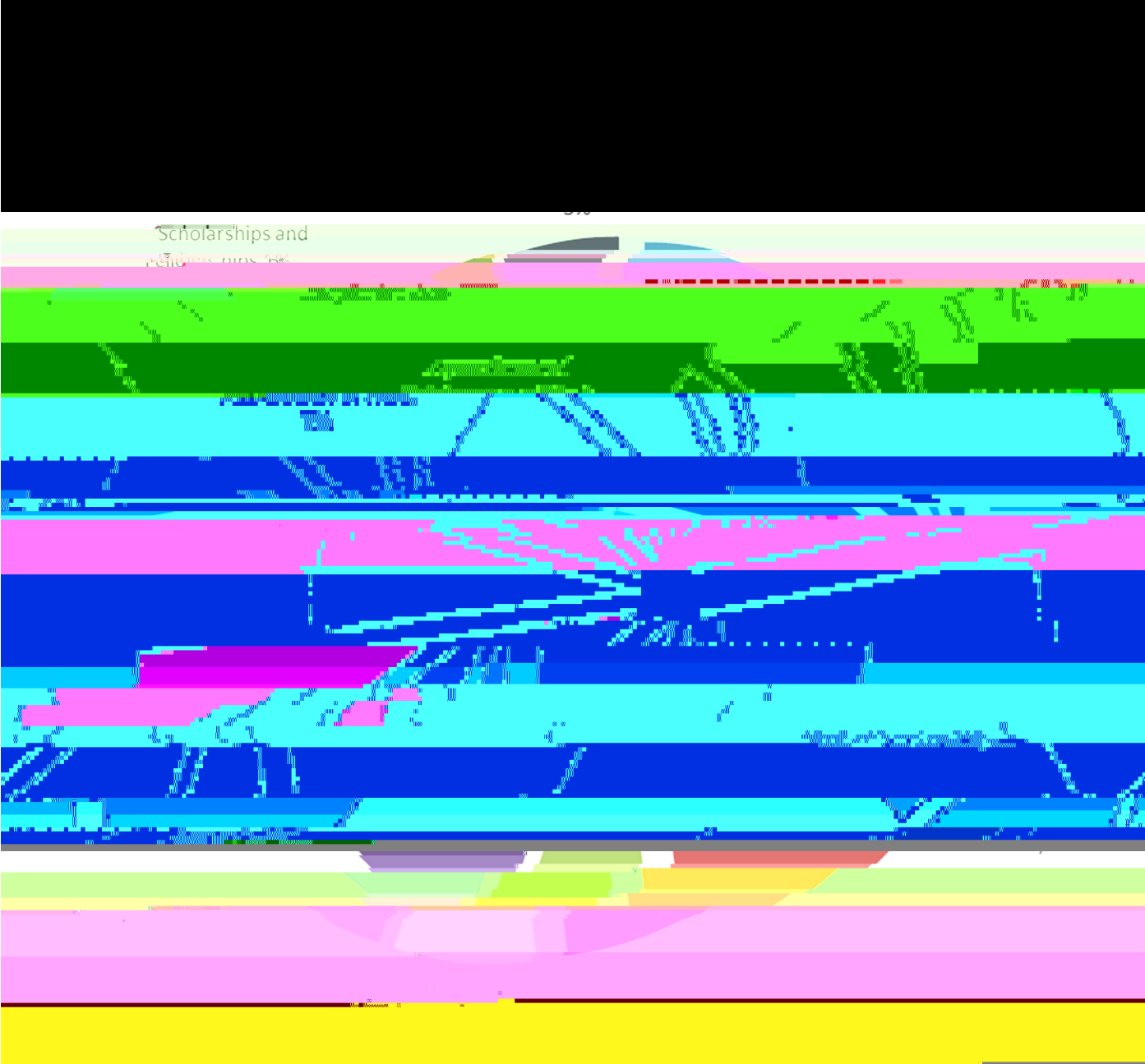
Wichita State University
Fiscal Year 2020 Annual GASB Financial Report
Management's Discussion and Analysis

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 framework

Wichita State University
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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:



Wichita State University
Fiscal Year 2020 Annual GASB Financial Report
Management's Discussion and Analysis

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

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

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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

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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

**Wichita State University
Fiscal Year 2020 Annual GASB Financial Report
Management's Discussion and Analysis**

ECONOMIC OUTLOOK

The original fiscal year 2021 state appropriation

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>
<u>ASSETS</u>				
Current Assets				
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
Total Current Assets	\$ 107,496,860	\$ 101,962,838	\$ 58,612,438	\$ 63,285,149
Noncurrent Assets				
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
Total Noncurrent Assets	\$ 293,342,490	\$ 279,508,401	\$ 130,226,752	\$ 126,725,304
TOTAL ASSETS	\$ 400,839,350	\$ 381,471,239	\$ 188,839,190	\$ 190,010,453
<u>DEFERRED OUTFLOWS</u>				
Deferred OPEB costs	\$ 452,936	\$ 507,627	\$	\$
Deferred pension costs	3,506,516	4,065,926		
TOTAL DEFERRED OUTFLOWS	\$ 3,959,452	\$ 4,573,553	\$	\$

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

<u>LIABILITIES</u>	FY 2020	FY 2019	FY 2020	FY 2019
Current Liabilities				
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		
Total Current Liabilities	\$ 38,201,982	\$ 33,518,493	\$ 17,063,523	\$ 20,230,253
Noncurrent Liabilities				
Lease payable	\$ 58,298,537	\$ 60,454,447	\$ 99,998	\$
Other postemployment benefit				

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

Operating	FY 2020	FY 2019	FY 2020	FY 2019
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WICHITA STATE UNIVERSITY
STATEMENT OF CASH FLOWS

For

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

	FY 2020	FY 2019
<u>ASSETS</u>		
Current Assets		
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
Total Assets	\$ 343,537,601	\$ 361,712,805
 <u>LIABILITIES</u>		
Current Liabilities		
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	
Total Liabilities	\$ 18,153,247	\$ 20,603,821
 <u>NET ASSETS</u>		
Net assets without donor restrictions:		
Undesignated	\$ 11,786,049	\$ 10,243,759
Designated	225,751,552	251,469,046
Total Net Assets	\$ 343,537,601	\$ 361,712,805

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

	Without Donor Restrictions	With Donor Restrictions	Total	2019 Total
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WICHITA STATE UNIVERSITY
For the Years Ended June 30, 2020 and 2019
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. 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

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

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 construction expense. (See Note 7)

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WICHITA STATE UNIVERSITY
For the Years Ended June 30, 2020 and 2019
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WICHITA STATE UNIVERSITY
For the Years Ended June 30, 2020 and 2019
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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.

exceptions ê

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

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

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

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

Note 3 CAPITAL ASSETS

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

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Capital Assets, Not Depreciable				
Land	\$ 5,580,903	\$	\$	\$ 5,580,903
Construction in Progress	15,087,212	21,435,783	9,040,672	27,482,323
Total Capital Assets, Not Depreciable	\$ 20,668,115	\$ 21,435,783	\$ 9,040,672	\$ 33,063,226

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

	2019			
	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Capital Assets, Not Depreciable				
Land	\$ 5,580,903	\$	\$	\$ 5,580,903
Construction in Progress	7,285,530	13,927,780	6,126,098	15,087,212
Total Capital Assets, Not Depreciable	\$ 12,866,433	\$ 13,927,780	\$ 6,126,098	\$ 20,668,115
Capital Assets, Depreciable				
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
Total Capital Assets, Depreciable	\$ 488,251,966	\$ 10,686,832	\$ 12,184,080	\$ 486,754,718
Less Accumulated Depreciation				
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
Total Accumulated Depreciation	\$ 220,724,579	\$ 17,689,259	\$ 7,523,786	\$ 230,890,052
Capital Depreciable Assets Net	\$ 267,527,387	\$ (7,002,427)	\$ 4,660,294	\$ 255,864,666
Total Capital Assets Net	\$ 280,393,820	\$ 6,925,353	\$ 10,786,392	\$ 276,532,781

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.

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

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:

NOTE 5 LOANS TO STUDENTS

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

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

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:

<u>Liabilities</u>	Total Outstanding June 30, 2019	Deletions June 30, 2020	Additions June 30, 2020	Total Outstanding June 30, 2020	Current Liabilities as of June 30, 2020	Long Term Liabilities as of 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

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

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

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

Revenue Bonds Payable

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

		<u>Principal Outstanding June 30, 2020</u>
<p><u>WSU Revenue Bonds Series 2012A 2 (Housing 2002P Refunding)</u></p> <p>Issued by Kansas Development Finance Authority on May 31, 2014 Original amount of \$5,880,000 (Premium \$1,000,153) Due in annual installments with final maturity on June 1, 2021 Interest 5.00%, payable semi annually Secured by WSU revenues, excluding restricted revenues FY 2020 principal payment due: \$750,000</p>	\$	790,000
<p><u>WSU Revenue Bonds Series 2012A 1 (Rhatigan Student Center Renovation)</u></p> <p>Issued by Kansas Development Finance Authority on May 31, 2014 Original amount of \$21,730,000 (Premium \$3,047,929) Due in annual installments with final maturity on June 1, 2024 Interest ranging from 3.00% to 5.00%, payable semi annually Secured by WSU revenues, excluding restricted revenues FY 2020 principal payment due: \$1,925,000</p>	\$	8,665,000
<p><u>WSU Revenue Bonds Series 2016J Parking Garage</u></p> <p>Issued by Kansas Development Finance Authority on May 31, 2016 Original amount of \$11,710,000 (Premium \$1,000,000) Due in annual installments with final maturity on June 1, 2041 Interest ranging from 3.00% to 5.00%, payable semi annually Secured by WSU revenues, excluding restricted revenues FY 2020 principal payment due: \$1,171,000</p>	\$	10,865,000

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

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

Acceleration of Maturity in Event of Default

If an Event of Default shall have

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For the Years Ended June 30, 2020 and 2019
Notes to the Financial Statements

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

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

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

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

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

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:

<u>Year Ended June 30:</u>	
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

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:

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

Discount Rate

The discount

WICHITA STATE UNIVERSITY
For the Years Ended June 30, 2020 and 2019
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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 65th birthday or retirement date, whichever first occurs. If the disability occurs at or after age 60, benefits are payable while disability continues, for a period of five years or until the date of the member's retirement, whichever first occurs.

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:

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 based on the following assumptions: mortality - 2010 CAGS; disability - 2010 CAGS; withdrawal - 2010 CAGS; interest - 4.50%; cost of living - 2.50%; salary increases - 3.50%; and investment return - 7.50%.

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

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	(280,731)
Net Changes	(293,493)
Balance as of June 30, 2020	\$ 1,416,336

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:

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

\$280,731 reported as deferred outflows of resources related to OPEB resulting from 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:

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 and the

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

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

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

Wichita State

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:

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

For WICHITA STATE UNIVERSITY

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
Total OPEB Liability			
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	\$ 1,416,336	\$ 1,709,829	\$ 1,754,307
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. employeeio30T10.6(ee)25400j4.56cm00m270.60ISQQ265.400f.33340TD.0025Tc(em)

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:

APPENDICES

COMPONENT UNITS

Appendix 1
WICHITA STATE UNIVERSITY
STATEMENT OF NET

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

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

	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	1,986,469	2,073,357	1,725,266	1,647,416
Total Operating Revenue	\$ 50,274,339	\$ 50,909,097	\$ 22,238,717	\$ 21,815,008
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	0	0
Scholarships & Fellowships	8,556,541	9,036,787	3,892,863	3,958,886
Other Expenses	3,670,371	4,270,549	2,311,490	2,312,441
Total Operating Expenses	\$ 77,092,846	\$ 80,266,662	\$ 27,559,123	\$ 29,390,906
Operating Income (Loss)	\$ (26,818,507)	\$ (29,357,565)	\$ (5,320,406)	\$ (7,575,898)
Nonoperating Revenues (Expenses)				
Property tax	\$ 8,323,920	\$ 8,027,828	\$ (5,134)	\$ 578,934
Gifts	8,452,848	7,631,619	7,629,822	7,060,684
State appropriations	\$ (28,934,038)	\$ 1,280,010	\$ (1,000,000)	\$ (6,400,000)
Federal grants and contracts	10,210,500	9,079,087		
Investment income	5,945,786	6,576,907		
Direct Finance Lease Income	673,576	1,501,309	168,601	367,827
Interest expense	2,939,717	2,993,870		
	(4,751,049)	(4,794,196)	(2,890)	(5,134)
			Nonoperating	Operating

Appendix 2
WICHITA STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For The Year ~~2014~~ 2015

