

**NEW ISSUE  
BOOK-ENTRY ONLY**

**Rating: Moody's "Aa3"**

**See "BOND RATING" herein**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, (2) the interest on the Bonds is exempt from all Kansas state, county and municipal taxes, including income and property taxes (provided, however, that no opinion is expressed with respect to the applicability of the privilege tax imposed on banking institutions pursuant to K.S.A. 79-1107 and 79-1108), and (3) the Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See the caption "TAX MATTERS."*



**\$13,075,000**

**KANSAS DEVELOPMENT FINANCE AUTHORITY**

**Revenue Bonds**

**Series 2022G**

**(Wichita State University Project)**

**Dated: Date of Delivery**

**Due: June 1, as shown on the inside cover page**

The Series 2022G Bonds (the "Bonds") referenced above will be issued by the Kansas Development Finance Authority (the "Authority") as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form. See "THE BONDS—Book-Entry Only System" herein.

Principal will be payable upon presentation and surrender of the Bonds by the Owners thereof at the office of the Treasurer of the State of Kansas, Topeka, Kansas, as bond registrar and paying agent (the "Bond Registrar" and "Paying Agent"). Interest on the Bonds will be payable on June 1 and December 1, beginning December 1, 2022, by check or draft of the Paying Agent mailed to the persons who are the Owners of the Bonds as of the close of business on the fifteenth day (whether or not a Business Day) of the calendar month preceding each Interest Payment Date (the "Record Date"). The Owner of Bonds in the principal amount of \$500,000 or more may request the payments of principal, redemption premium, if any, and interest on the Bonds to be made by electronic transfer upon written request of the Owner received by the Paying Agent no later than the Business Day preceding the Record Date for such Payment Date. Principal and semiannual interest on the Bonds will be paid directly to DTC by the Paying Agent, so long as DTC or its nominee, Cede & Co., is the Owner of the Bonds.

The Bonds will be issued pursuant to Bond Resolution No. 402 adopted by the Authority on July 12, 2022 (the "Bond Resolution").

**MATURITY SCHEDULE LISTED ON INSIDE COVER PAGE**

The principal of, redemption premium, if any, and interest on the Bonds are payable solely and only from the Trust Estate (as defined in the Bond Resolution), which includes, but is not limited to, all amounts and receipts derived by the Authority from Wichita State University (the "University") under the provisions of a Pledge of Revenues Agreement, dated as of August 1, 2022 (the "Pledge Agreement"), between the Authority and the University. Amounts paid to the Authority will be derived from the Revenues (as defined herein) of the University pledged pursuant to the Pledge Agreement.

THE BONDS SHALL NOT BE A DEBT OR GENERAL OBLIGATION OF THE AUTHORITY, THE BOARD OF REGENTS OF THE STATE OF KANSAS (THE "BOARD"), THE STATE OF KANSAS (THE "STATE") OR ANY MUNICIPAL CORPORATION OR POLITICAL SUBDIVISION THEREOF, AND NEITHER THE BONDS, THE INTEREST THEREON, NOR ANY JUDGMENT THEREON OR WITH RESPECT THERETO, ARE PAYABLE IN ANY MANNER FROM UNLIMITED TAX REVENUES OF ANY KIND OR CHARACTER. THE BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS OR A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, THE BOARD, THE STATE OR ANY MUNICIPAL CORPORATION OR POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER.

The Bonds are subject to redemption as described under the caption "THE BONDS—Redemption" herein.

The Bonds are offered when, as and if issued by the Authority, subject to the approval of legality by Gilmore & Bell, P.C., Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its counsel and disclosure counsel, Kutak Rock LLP, and for the University by its Office of General Counsel. It is expected that the Bonds will be available for delivery in New York, New York through the facilities of DTC on or about August 2, 2022.

The date of this Official Statement is July 19, 2022.

## MATURITY SCHEDULE

**\$13,075,000**  
**KANSAS DEVELOPMENT FINANCE AUTHORITY**  
**Revenue Bonds**  
**Series 2022G**  
**(Wichita State University Project)**

### SERIAL BONDS

<b>Maturity June 1</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP<sup>(1)</sup></b>
2023	\$385,000	5.000%	1.650%	102.749%	48542R VQ4
2024	315,000	5.000	2.000	105.363	48542R VR2
2025	330,000	5.000	2.150	107.783	48542R VS0
2026	345,000	5.000	2.300	109.842	48542R VT8
2027	360,000	5.000	2.350	112.031	48542R VU5
2028	380,000	5.000	2.500	113.482	48542R VV3
2029	400,000	5.000	2.700	114.255	48542R VW1
2030	420,000	5.000	2.750	115.750	48542R VX9
2031	440,000	4.000	2.850	108.017 <sup>(2)</sup>	48542R VY7
2032	460,000	4.000	2.900	107.653 <sup>(2)</sup>	48542R VZ4
2033	475,000	3.000	3.200	98.178	48542R WA8
2034	490,000	3.125	3.350	97.814	48542R WB6
2035	505,000	3.250	3.500	97.430	48542R WC4
2036	525,000	3.375	3.650	97.030	48542R WD2
2037	540,000	3.625	3.800	98.026	48542R WE0
2038	560,000	3.625	3.850	97.347	48542R WF7
2039	580,000	4.000	3.900	100.664 <sup>(2)</sup>	48542R WG5
2040	605,000	4.000	3.950	100.329 <sup>(2)</sup>	48542R WH3
2041	625,000	4.000	4.000	100.000	48542R WJ9
2042	655,000	4.000	4.050	99.318	48542R WK6

### TERM BONDS

\$1,385,000.00 4.000% Term Bonds Due June 1, 2044 Yield: 4.130% Price: 98.137% CUSIP<sup>(1)</sup>: 48542R WM2

\$2,295,000.00 4.000% Term Bonds Due June 1, 2047 Yield: 4.150% Price: 97.684% CUSIP<sup>(1)</sup>: 48542R WQ3

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<sup>(1)</sup> The Authority and the University shall not be responsible for the use of the CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of readers of this Official Statement.

<sup>(2)</sup> Price and yield calculated to first optional call date of June 1, 2030 and call price of 100%.



No dealer, broker, salesman or other person has been authorized by the University or the Authority to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor will there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the University or the Authority since the date hereof.

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#### FORWARD-LOOKING STATEMENTS

This Official Statement, including under the headings “PLAN OF FINANCE” and “INVESTMENT CONSIDERATIONS” herein and in Appendices A and B hereto, contains forward looking statements. These statements relate to future events or future financial performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward looking statements. You can identify forward looking statements by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “potential,” “continues,” or the negative of these terms or other comparable terminology. Although the Authority and the University believe the expectations reflected in the forward looking statements to be reasonable, neither the Authority nor the University can guarantee future results, levels of activity, performance or achievements. The Authority and the University do not plan to issue any updates or revisions to those forward looking statements if or when the expectations on which such statements are based occur or fail to occur. Certain risks and other factors with respect to such events include those listed under the headings “PLAN OF FINANCE” and “INVESTMENT CONSIDERATIONS” herein and in Appendices A and B hereto and elsewhere in this Official Statement.

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THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS ANY DOCUMENT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE TERMS OF THE OFFERING. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE ORIGINAL PURCHASERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The University maintains a website and certain social media accounts. The University’s website and social media accounts are not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds, and are not part of this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended and in effect on the date hereof (“Rule 15c2-12”). References to website addresses presented herein are for informational purposes only and may be in the

form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12.

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(UNAUDITED)

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**\$13,075,000**  
**KANSAS DEVELOPMENT FINANCE AUTHORITY**  
**Revenue Bonds**  
**Series 2022G**  
**(Wichita State University Project)**

**INTRODUCTION**

This Official Statement, including the cover page and appendices hereto (the “Official Statement”), is provided to furnish information with respect to the Kansas Development Finance Authority (the “Authority”) and the issuance and delivery of its \$13,075,000 aggregate original principal amount Revenue Bonds, Series 2022G (Wichita State University Project) (the “Bonds”). The Bonds are being issued pursuant to Bond Resolution No. 402 adopted by the Authority on July 12, 2022 (the “Bond Resolution”).

The Bonds are being issued for the purpose of (i) paying a portion of the costs of the renovation and equipping of Clinton Hall on the campus of the University (the “Project”) and (ii) paying certain costs of issuance of the Bonds. See the caption “PLAN OF FINANCE – The Project” herein.

The Authority is a public body, politic and corporate, and an independent instrumentality of the State, exercising essential public functions, created in 1987 by K.S.A. 74-8901 et seq., as amended. The Authority is authorized pursuant to Kansas law and the Bond Resolution to issue its revenue bonds to finance the costs of the Project. See the caption “THE AUTHORITY” herein.

Pursuant to the Pledge of Revenues Agreement, dated as of August 1, 2022 (the “Pledge Agreement”), between the Authority and Wichita State University (the “University”), the University has pledged the Revenues (defined herein) to the Authority and, pursuant to the Bond Resolution, the Authority has pledged to pay the principal of, redemption premium, if any, and interest on the Bonds from the Trust Estate, which includes, but is not limited to, all right, title and interest of the Authority in, to and under the Pledge Agreement, including the payments by the University to the Authority from the Revenues pledged under the Pledge Agreement. The Bonds are payable solely and only from the Trust Estate and not from any other fund or source of the Authority or the University.

The University has covenanted that it will transfer or cause to be transferred Revenues in an aggregate amount necessary to pay principal and interest on the Bonds for deposit to the credit of the Principal and Interest Account not later than five Business Days prior to each Interest Payment Date, after giving effect to any amounts then on deposit in the Principal and Interest Account.

*Certain capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings given to such terms under the caption “DEFINITIONS” in Appendix D attached hereto.*

**PLAN OF FINANCE**

**The Bonds**

The proceeds of the Bonds will be used by the University to (i) finance a portion of the costs of the Project and (ii) pay certain expenses incurred in connection with the issuance of the Bonds. See the caption “ESTIMATED SOURCES AND USES OF FUNDS” herein.

## **The Project**

The University is using the proceeds of the Bonds to partially finance the renovation of Clinton Hall into the Clinton Hall Shocker Success Center on the campus of the University, referred to herein as the “Project.” The \$18.5 million Project is being financed with proceeds of the Bonds, and also by private gifts.

Clinton Hall, an existing 55,265 square foot four level concrete structure built in 1969, currently houses the W. Frank Barton School of Business. With the School of Business moving into the newly constructed Woolsey Hall, Clinton Hall will be vacated, renovated and repurposed as the Clinton Hall Shocker Success Center. The centrally located building, adjacent to both the Rhatigan Student Center and Ablah Library, is planned to be fully renovated to house a multitude of supportive student services which are currently dispersed, and decentralized across campus. The facility will house help and assistance services offered directly to students.

The following programs/department suites will be located in the Clinton Hall Shocker Success Center:

- One Stop Student Services
- Office of Disability Services & Testing
- Tutoring Center / Shocker Learning Center
- Student Success
- Trio Programs (Disability Support Services and Student Support Services)
- Tech Help Desk
- Student Military & Veterans Services
- CARE Team
- Office of Adult Learning
- Shocker Support Locker + Career Closet

All of the programs being relocated into Clinton Hall are focused on creating successful student outcomes and collectively become the Clinton Hall Shocker Success Center. Co-locating these departments within one building will not only better serve students, but will enable efficiency in shared workspaces, provide student lounge and study spaces adjacent to program offices, and enable collaboration among programs and services.

Entryway additions will be included at the southwest and northeast sides of the building to address the current accessibility challenge of entering the building by long exterior ramps. The additions will create an accessible connection point from the Rhatigan Student Center through the building to the Ablah Library. A total of 6,160 square feet will be renovated as shell space at the building’s basement level. These spaces can be built-out and used for future expansion within Clinton Hall. Following the renovation, the Clinton Hall Shocker Success Center will be a 58,115 square foot building.

The building’s renovation and expansion will address outdated building systems, finishes, fixtures, and equipment to create an energy efficient and fully accessible academic support environment. Replacing the building systems will create a more energy efficient building including a high efficiency mechanical system, occupancy sensors for light fixtures, LED lighting, and low-flow plumbing fixtures. The concrete exterior of the building will be softened by adding a significant amount of exterior glazing and staining the concrete a lighter color to better coordinate with the modern building materials in recent campus building projects.



The University has obtained design plans for the Project from Clark Huesemann. Bids for construction of the Project are expected to be received following the pricing of the Bonds. The Project is also being partially financed with private gifts. Adjustments to the Project may be made by the University based on the bid results received in August 2022. Construction of the Project is anticipated to begin following the award of contracts in September 2022 and is estimated to be complete in January 2024.

## **ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds to be received from the sale of the Bonds are estimated to be applied as follows:

	<b>Total</b>
<b>Sources of Funds</b>	
Principal Amount of the Bonds	\$13,075,000.00
Net Original Issue Premium	<u>224,274.20</u>
<b>TOTAL</b>	<u><b>\$13,299,274.20</b></u>
<b>Uses of Funds</b>	
Project Fund	\$12,850,000.00
Costs of Issuance	225,440.56
Underwriting Discount	<u>223,833.64</u>
<b>TOTAL</b>	<u><b>\$13,299,274.20</b></u>

## **THE BONDS**

### **General**

The Bonds will be issued as fully registered Bonds in the denomination of \$5,000 each or integral multiples thereof. The Bonds will be dated the date of issuance and will mature, subject to prior redemption, in the years and amounts as shown on the inside cover page hereof and will bear interest from their dated date at the rates shown on the inside cover page. The principal of, redemption premium, if any, and interest on the Bonds will be payable in lawful money of the United States of America at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the “Paying Agent” and “Bond Registrar”) and shall be paid (1) by check or draft of the Paying Agent mailed to such Owner, or (2) at the written request addressed to the Paying Agent by any Owner of the Bonds in the aggregate principal amount of at least \$500,000 of Bonds, by electronic transfer to the bank for credit to the account number filed with the Paying Agent no later than the Business Day preceding the Record Date. The principal of each Bond will be payable at maturity or earlier redemption upon presentation and surrender at the principal office of the Paying Agent. Interest on the Bonds will be payable on June 1 and December 1, beginning December 1, 2022 (each, an “Interest Payment Date”), by the Paying Agent to the persons who are the Owners of the Bonds as of the Record Date preceding each Interest Payment Date. Interest on each Bond will be payable to the Owners of the Bonds at the address of each Owner shown on the registration records maintained by the Bond Registrar as of the Record Date.

The Bonds will be transferable at the office of the Bond Registrar. The Authority has agreed to pay the fees, charges and expenses of the Bond Registrar, which fees, charges and expenses shall include all costs incurred in connection with the issuance, transfer, exchange, registration, redemption or payment of the Bonds, except (a) the reasonable fees and expenses in connection with the replacement of any Bond or Bonds mutilated, stolen, lost or destroyed, or (b) any tax or other governmental charge imposed in

relation to the transfer, exchange, registration, redemption or payment of the Bonds. Such additional costs shall be paid by the Owners. Neither the Authority nor the Bond Registrar shall be required to make any such exchange or transfer of Bonds during the 15 days immediately preceding a Payment Date or, in the case of any proposed redemption of Bonds, during the 15 days immediately preceding the selection of Bonds for such redemption or after such Bonds or any portion thereof has been selected for redemption.

### **Book-Entry Only System**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. Information with respect to the book-entry only system is contained in Appendix G attached hereto.

### **Security for the Bonds**

***The Trust Estate.*** The Bonds and the interest thereon shall be special, limited obligations of the Authority payable solely and only from, and are secured as to the payment of principal of, redemption premium, if any, and interest by a pledge by the Authority of, the Trust Estate, which consists of:

(a) All right, title and interest of the Authority in, to and under the Pledge Agreement; provided that the pledge and assignment thereby made shall not impair or diminish the obligations of the Authority under the provisions of the Pledge Agreement; and

(b) All moneys and securities from time to time held under the terms of the Bond Resolution (excluding funds held in or accruing to the Rebate Account), including, without limitation, Bond proceeds and income from the temporary investment thereof and proceeds from insurance and condemnation awards, and any and all other real or personal property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security for the Bonds by the Authority.

***The Pledge Agreement.*** Pursuant to the Pledge Agreement, the University has pledged to the Authority the Revenues and not any other fund or source, as security for the Bonds.

The “Revenues” consist of all revenues of the University, excluding Restricted Revenues. “Restricted Revenues” means (i) fees, funds and other revenues restricted to a use other than payment of debt service on the Bonds by enactment of the Legislature, (ii) fees, funds and other revenues specifically pledged to secure the payment of revenue obligations of the Board or the University that are not available for payment of debt service on the Bonds and (iii) gifts, fees and other revenues restricted by the donor, the Board or the University to a use other than payment of debt service on the Bonds.

Pursuant to the Pledge Agreement, the University has covenanted that it will transfer Revenues in an aggregate amount necessary to pay principal of and interest on the Bonds for deposit to the credit of the Principal and Interest Account not later than five Business Days prior to each Interest Payment Date, after giving effect to any amounts then on deposit in the Principal and Interest Account.

In addition to the Bonds, the University has issued prior revenue obligations payable from the Revenues pledged to the payment of the Bonds. For a description of such prior revenue obligations, see the caption “FINANCIAL INFORMATION OF THE UNIVERSITY—University Debt Obligations—Obligations Payable from Revenues Pledged” in Appendix A to this Official Statement. The University may incur future obligations payable from the Revenues as described at the caption “INVESTMENT

CONSIDERATIONS—Revenues May Be Further Pledged or Restricted; No Security Interest in Revenues” herein.

THE BONDS SHALL NOT BE A DEBT OR GENERAL OBLIGATION OF THE AUTHORITY, THE BOARD, THE STATE OR ANY MUNICIPAL CORPORATION OR POLITICAL SUBDIVISION THEREOF, AND NEITHER THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, NOR ANY JUDGMENT THEREON OR WITH RESPECT THERETO, ARE PAYABLE IN ANY MANNER FROM UNLIMITED TAX REVENUES OF ANY KIND OR CHARACTER. THE BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS OR A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, THE BOARD, THE STATE OR ANY MUNICIPAL CORPORATION OR POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER.

### **Redemption**

***Optional Redemption.*** The Bonds maturing in the years 2023 to 2030 inclusive shall become due without option of prior payment. At the option of the Authority upon instructions from the University, the Bonds maturing in the year 2031 and thereafter may be called for redemption and payment prior to maturity on June 1, 2030 or thereafter in whole or in part (selection of Bonds to be designated by the Authority in such equitable manner as it may determine) on any date at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the date of redemption.

***Extraordinary Optional Redemption.*** The Bonds shall be subject to redemption and payment prior to the stated maturity thereof (1) in the event of a Change of Circumstances, at the option of the Authority upon instructions from the University, or (2) if an Event of Default under the Pledge Agreement has occurred, at the option of the Authority with notice to the University, on any date, at the redemption price of 100% (expressed as a percentage of the principal amount) plus accrued interest thereon to the date of redemption, provided all of the Bonds are so redeemed and paid according to their terms.

***Mandatory Redemption.*** The Bonds maturing on June 1, 2044 shall be subject to mandatory redemption and payment prior to maturity at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption, on June 1 in each of the following years in the following principal amounts:

#### 2044 Term Bond

<b>Year</b>	<b>Principal Amount</b>
2043	\$680,000.00
2044 <sup>†</sup>	\$705,000.00

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<sup>†</sup> Maturity date.

The Bonds maturing on June 1, 2047 shall be subject to mandatory redemption and payment prior to maturity at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption, on June 1 in each of the following years in the following principal amounts:

2047 Term Bond

<b>Year</b>	<b>Principal Amount</b>
2045	\$735,000.00
2046	\$765,000.00
2047 <sup>†</sup>	\$795,000.00

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<sup>†</sup> Maturity date.

The Authority shall cause the Paying Agent, in each year in which the above-referenced Bonds (the “Term Bonds”) are to be redeemed pursuant to the above-described mandatory redemption provisions of the Bond Resolution, to make timely selection of such Term Bonds or portions thereof to be so redeemed by lot in \$5,000 units of principal amount in such equitable manner as the Paying Agent may determine and to give notice thereof as provided in the Bond Resolution without further instructions from the Authority. At the option of the Authority, pursuant to written instructions from the University, such option to be exercised on or before the 45th day next preceding each mandatory redemption date, the Authority may: (1) deliver to the Paying Agent for cancellation, Term Bonds in the aggregate principal amount desired; or (2) furnish to the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any of said Term Bonds from any Owner thereof in the open market at a price not in excess of 100% of the principal amount thereof; whereupon the Authority shall cause the Paying Agent to expend such funds for such purposes to such extent as may be practical; or (3) elect to receive a credit in respect to the mandatory redemption obligation described above for any Term Bonds of the same maturity which prior to such date have been redeemed (other than through the operation of the mandatory redemption requirements described above) and cancelled by the Paying Agent and not theretofore applied as a credit against any mandatory redemption obligation described above. Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the Authority to redeem Term Bonds of the same maturity on the next mandatory redemption date applicable to Term Bonds of such maturity that is at least 45 days after receipt by the Paying Agent of such instructions from the Authority, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same maturity in chronological order or such other order as the Authority may designate, and the principal amount of Term Bonds of the same maturity to be redeemed by operation of the requirements of the mandatory redemption requirements shall be reduced accordingly.

**Selection of Bonds to be Redeemed**

Bonds shall be redeemed only in the principal amount of \$5,000 or integral multiples thereof. If less than all of the Outstanding Bonds are to be redeemed and paid prior to maturity, such Bonds shall be redeemed in such equitable manner as the Authority shall determine.

In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than \$5,000 are then Outstanding, then for all purposes in connection with such redemption each \$5,000 of face value shall be treated as though it was a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Bond is selected for redemption, then the Owner of such Bond or such Owner's attorney or legal representative shall forthwith present and surrender such Bond to the Paying Agent for payment of the redemption price (including the redemption premium, if any, and interest to the redemption date) of the \$5,000 unit or units of face value called for redemption, and to the Bond Registrar for exchange, without charge to the Owner thereof, for a new Bond or Bonds in the aggregate principal amount of the unredeemed portion of the principal amount

of such Bond. If the Owner of any such Bond of a denomination greater than \$5,000 shall fail to present such Bond to the Paying Agent and Bond Registrar for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date only to the extent of the principal amount thereof called for redemption.

### **Paying Agent's and Bond Registrar's Duties to Redeem Bonds**

The Paying Agent shall call Bonds for redemption and payment and shall give notice of redemption as provided in the Bond Resolution upon receipt by the Bond Registrar at least 30 days prior to the redemption date of a written request of the Authority together with the consent or request of the University, provided funds are on deposit with the Paying Agent and are available for such redemption on or prior to such redemption date. Such request shall specify the principal amount of and the respective maturities of the Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of the Bond Resolution pursuant to which such Bonds are to be called for redemption.

### **Notice of Redemption**

Notice of the call for any redemption identifying the Bonds or portions thereof to be redeemed shall be given by the Bond Registrar, in the name of the Authority, by mailing a copy of the redemption notice at least 20 days prior to the date fixed for redemption to the Original Purchaser and to the Owner of each Bond to be redeemed at the address shown on the registration books maintained by the Bond Registrar; provided, however, that failure to give such notice by mailing as aforesaid, or any defect therein, shall not affect the validity of any proceedings for the redemption of the Bonds. Any notice of redemption shall state the date of redemption, the place or places at which such Bonds shall be presented for payment, the maturities and numbers of the Bonds or portions of Bonds to be redeemed and the principal amount thereof being redeemed, the redemption price, whether or not funds for the redemption are on deposit with the Paying Agent or the redemption is contingent upon the deposit of such funds, and shall state that interest on the Bonds described in such notice will cease to accrue from and after the redemption date if the conditions described herein under the caption "THE BONDS—Effect of Call for Redemption" are met.

### **Effect of Call for Redemption**

Prior to the date fixed for redemption, funds or Defeasance Obligations shall be deposited with the Paying Agent in an amount sufficient to provide for the payment of the Bonds called for redemption, accrued interest thereon to the redemption date and the redemption premium, if any. Upon the deposit of such funds or Defeasance Obligations, and notice having been given as provided in the Bond Resolution, the Bonds or portions of Bonds thus called for redemption shall cease to bear interest on the specified redemption date and shall no longer be entitled to the protection, benefit or security of the Bond Resolution and shall not be deemed to be Outstanding under the provisions of the Bond Resolution.

### **Debt Service Requirements**

Schedules of the principal and interest payable annually on the Bonds and on other debt obligations of the University payable from the Revenues of the University are set forth in Appendix C hereto. For a description of other debt obligations of the University payable from the Revenues, see the caption "FINANCIAL INFORMATION OF THE UNIVERSITY—University Debt Obligations—*Obligations Payable from Revenues Pledged*" in Appendix A hereto.

## THE AUTHORITY

The Authority is a public body, politic and corporate, and an independent instrumentality of the State, exercising essential public functions, created in 1987 by K.S.A. 74-8901 *et seq.*, as amended (the “KDFA Act”). The Authority was created for the primary purposes of enhancing the ability of the State to finance capital improvements and improving access to long-term financing for State agencies, political subdivisions, public and private organizations and businesses.

The powers of the Authority are vested in the Board of Directors, consisting of five public members appointed by the Governor subject to confirmation by the State Senate. The Governor also appoints a President who serves at the pleasure of the Governor. The President is an ex-officio, non-voting member of the Board of Directors. Not less than three members of the Board of Directors must be representative of the general public and not more than three members may be members of the same political party.

The names, offices, principal occupations and places of business of the voting members of the Authority’s Board of Directors and their terms are as follows:

NAME	OFFICE	TERM	PRINCIPAL OCCUPATION AND PLACE OF BUSINESS
K. Alan Deines	Chair	2/15/21 to 1/15/23	Managing Director, Co-Head of Fiduciary Financial Institutions, Beneficient Fiduciary Financial Hays, Kansas
	Vice Chair	3/1/20 to 2/15/21	
	Member	1/16/20 to 1/15/23	
Suchitra Padmanabhan	Vice Chair	2/15/21 to 1/15/23	President, CBW Bank Topeka, Kansas
	Chair	3/1/20 to 2/15/21	
	Vice Chair	4/4/13 to 12/31/19	
	Member	2/2/10 to 1/15/25	
Chris Donnelly	Member	9/2/15 to 1/15/25	Bank of the Prairie, Retired Tonganoxie, Kansas
Moniqueka Holloway	Member	6/26/21 to 1/15/25	Senior Director of Compliance and Quality Improvement, Heartspring Wichita, Kansas
Jonathan P. Small	Member	10/22/21 to 1/15/23	Attorney Topeka, Kansas

Members of the Board of Directors serve until their successors are appointed by the Governor and confirmed by the State Senate. Rebecca Floyd serves as President and Executive Director to the Authority.

The Authority has the rights, powers and privileges and is subject to the duties provided by the KDFA Act creating it, including the acquisition and disposal of real and personal property for its corporate purposes; the borrowing of money and issuance of notes, bonds and other obligations; the making of secured or unsecured loans for any of the purposes for which it may issue bonds (except making loans directly to individuals to finance housing developments); the provision of technical assistance and advice to the State or political subdivisions of the State; and entering into contracts with the State or political subdivisions thereof to provide such services.



*The Bonds offered hereby are separately secured from all other bonds and notes issued by the Authority. See the caption “THE BONDS—Security for the Bonds” herein. No recourse shall be had for the payment of the principal of, redemption premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Bond Resolution or any other Authority document contained, against any past, present or future officer, director, member, trustee, employee or agent of the Authority, or any officer, director, member, trustee, employee or agent of any successor corporation or body politic, as such, either directly or through the Authority or any successor corporation or body politic, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, trustees, members, employees or agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Bond Resolution and the issuance of any of the Bonds.*

Except for information concerning the Authority under the captions “THE AUTHORITY” and “LITIGATION—The Authority” herein, none of the information in this Official Statement has been supplied or verified by the Authority and the Authority makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

### **WICHITA STATE UNIVERSITY**

Information regarding the University is set forth in Appendix A. The unaudited Annual Financial Report of the University for the fiscal year ended June 30, 2021 is set forth in Appendix B.

### **FINANCIAL INFORMATION OF THE UNIVERSITY**

The Annual Financial Report of the University for the fiscal year ended June 30, 2021, which was prepared by the University and has not been audited, is set forth as Appendix B hereto. Information from the Annual Financial Report of the University is included in certain audited financial statements of the State of Kansas which are a part of the State of Kansas’s Annual Comprehensive Financial Report (the “State ACFR”). However, the State ACFR does not separately state financial information for the University. No separate audited financial statements have been prepared by the University in the past and none are anticipated to be available in the future.

Certain summary financial information of the University, including preliminary summary information regarding revenues for the 11-month period ended May 31, 2022 is included in Appendix A hereto. Such summary financial information should not be considered indicative of the results that may be expected for any other interim period or for the full fiscal year. Such information should be read in connection with the Annual Financial Report of the University for the fiscal year ended June 30, 2021 set forth in Appendix B hereto.

### **INVESTMENT CONSIDERATIONS**

**THE PURCHASE OF THE BONDS IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE BONDS IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, AND TO GIVE PARTICULAR ATTENTION TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF DEBT SERVICE ON THE BONDS, AND WHICH COULD ALSO AFFECT THE MARKET PRICE OF THE BONDS TO AN EXTENT THAT CANNOT BE DETERMINED. THIS DISCUSSION OF RISK FACTORS IS NOT, AND IS NOT INTENDED TO BE, EXHAUSTIVE.**

## **Business Disruption Risk; Coronavirus (COVID-19)**

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the University's ability to conduct its operations. A prolonged disruption in the University's operations could have an adverse effect on the University's financial condition.

One such external event is the global outbreak of COVID-19 ("COVID-19"), a respiratory disease caused by a new strain of coronavirus. In March 2020, the World Health Organization declared a pandemic following the outbreak of COVID-19. Later that month, then President Trump declared a national emergency and federal legislation was enacted in response to the pandemic to, among other things, provide federal funds to help states and local governments and private parties to fight the pandemic. State and local governments and private organizations also took measures that significantly impacted their operations and financial condition. Measures taken by Kansas Governor Kelly and the Kansas Department of Health and the Environment included the suspension or closing of primary and secondary schools, a prohibition on mass gatherings and the quarantine or isolation of travelers, close contacts and those being tested for COVID-19. Governor Kelly issued a stay-at-home order for the entire state of Kansas, effective from March 30 through May 3, 2020. Governor Kelly lifted the state-wide stay-at-home order on May 4, 2020 and allowed many businesses to reopen subject to certain social distancing requirements. Local officials were allowed to impose stricter rules as necessary. On May 26, 2020, Governor Kelly lifted statewide restrictions on businesses and public gatherings and left decisions to the State's 105 counties, although guidance was provided for the gradual lifting of limits on mass gatherings and other COVID-19 related restrictions in phases. The Governor issued a series of mask mandates, the last being on April 1, 2021, which was revoked soon thereafter. There is no mask mandate in Kansas as of the date of this Official Statement, although local officials can impose stricter rules. As and if the pandemic develops further, such governmental authorities and others may announce new actions or changes to existing declarations and actions, depending on the nature of the development. The spread of COVID-19 altered and is altering the behavior of businesses and people in a manner that may have negative effects on economic activity, and therefore adversely affect the financial condition of the University, either directly or indirectly.

The University's operations were significantly impacted by the outbreak and spread of COVID-19. For a description of the University's response to the outbreak, see the caption "GENERAL INFORMATION—Response to Coronavirus (COVID-19)" in Appendix A hereto.

The University was able to complete the 2020-2021 and 2021-2022 academic years with students on campus. As of the date of this Official Statement, the University continues to have confirmed cases of COVID-19 among its faculty, staff and students. During the 2020-2021 academic year the University invoked remote work practices and moved many courses to either fully remote or partially remote delivery. During the fall 2021 term the University resumed pre-pandemic operations while continuing health and safety protocols.

Future increases in cases or potential cases at or involving the University could result in the resumption of measures to mitigate risk of the spread of the virus and additional financial impact on the University and its operations, the extent of which cannot be predicted. The University continues to monitor the situation closely while planning for additional responses to the outbreak, if needed, and the possible consequences thereof. In addition to measures taken voluntarily by the University, the University and its faculty, staff and students may be required to take actions by local, State or federal health or other governmental agencies (and in the case of its foreign operations—foreign governments), the nature and effect on the University of which cannot be predicted by management of the University.

Developments with respect to COVID-19 may continue to occur and further spread of the virus could adversely impact local, state and national economies. During the pandemic, University operating revenues increased 22.0% and 13.4% in fiscal years 2021 and 2020, respectively. The University has been awarded in excess of \$65.5 million since the start of the pandemic in March of 2020 to assist in offsetting the financial impacts of COVID-19 as described at the caption “GENERAL INFORMATION—Response to Coronavirus (COVID-19)” in Appendix A hereto. Future adverse developments arising from COVID-19 could adversely affect Revenues to the University, including the willingness or ability of the State to appropriate funds for the University. See the caption “State Appropriations May Be Reduced” below.

### **No Pledge of Real or Personal Property**

The pledge of the Trust Estate does not constitute a pledge of any real or personal property and the payment of debt service on the Bonds is not secured by a mortgage or any other security interest in the projects or assets financed or refinanced with proceeds of the Bonds. In the event of a default by the University under the Pledge Agreement, there is no right or ability of the Authority or any party on behalf of the holders of the Bonds to take possession of the projects or assets financed or refinanced with proceeds of the Bonds or terminate the rights of the University to possession of the projects or assets financed or refinanced with proceeds of the Bonds.

### **Revenues May be Further Pledged or Restricted; No Security Interest in Revenues**

The Revenues pledged by the University to payment of debt service requirements on the Bonds consist of all revenues of the University, excluding Restricted Revenues. The amount of Revenues of the University for the 11 months ended May 31, 2022 and for the fiscal year ended June 30, 2021 and fiscal year ended June 30, 2020 are described at the caption “FINANCIAL INFORMATION OF THE UNIVERSITY—Revenues Pledged” in Appendix A hereto.

The Revenues may be pledged by the University to the payment of any other future indebtedness of the Board or the University, which additional indebtedness may be on a parity with the Bonds. For a description of certain additional indebtedness expected to be incurred by the University, and to which the Revenues may be pledged, see the caption “FINANCIAL INFORMATION OF THE UNIVERSITY—Capital Projects with Planned Additional Debt Obligations” in Appendix A hereto. There is no covenant or other restriction on the amount of additional debt to which the Revenues may in the future be pledged by the Board or the University.

The amount of Revenues may be reduced in the future by any increase in the amount of Restricted Revenues. Restricted Revenues of the University include (i) fees, funds and other revenues restricted to a use other than payment of debt service on the Bonds by enactment of the Kansas Legislature, (ii) fees, funds and other revenues specifically pledged to secure the payment of revenue obligations of the Board or the University that are not available for payment of debt service on the Bonds, and (iii) gifts, fees and other revenues restricted by the donor, the Board or the University to a use other than payment of debt service on the Bonds. The amount of Restricted Revenues can be increased by an act of the Kansas Legislature restricting the use of State appropriations for the benefit of the University or any other moneys to a purpose other than the payment of debt service on the Bonds. The amount of Restricted Revenues can also be increased by a pledge by the Board or the University of any specific portion of current or future funds or revenues to revenue obligations of the Board or the University or by any other action of the Board or the University restricting any amount of existing or future fees or other revenues to a use other than the payment of debt service on the Bonds. In addition, donors may restrict the use of gifts to the University to purposes other than payment of debt service on the Bonds. There is no statute, law or contractual obligation of the State with respect to any amount of future State appropriations that would prevent the Kansas Legislature from restricting future appropriations. Neither the Board nor the University is obligated to maintain any

amount of Revenues free of restrictions that would cause revenues or receipts of the University to be included in Restricted Revenues and thereby excluded from the amount of Revenues pledged to the payment of the Bonds.

While the University has pledged its Revenues to the payment of debt service requirements on the Bonds as described at the caption “THE BONDS—Security for the Bonds—*The Pledge Agreement*,” the obligations of the University under the Pledge Agreement are not secured by a security interest in the Revenues of the University or any other revenues or funds of the University. In the event of a default by the University under the Pledge Agreement, the remedies available to the Authority or any party on behalf of the holders of the Bonds will be limited to contractual remedies under the Pledge Agreement and other remedies available in law or equity.

### **State Appropriations May Be Reduced**

The State is not obligated in any manner to make future appropriations to the University in the amounts that have been appropriated in the past. See the caption “FINANCIAL INFORMATION OF THE UNIVERSITY—Overview” in Appendix A hereto for a description of recent State appropriations for the University. The amount of annual State appropriations to the University has been reduced in the past and may be reduced in the future, which would in turn reduce the amount of Revenues pledged to the payment of the Bonds.

During the 2022 legislative session direct State General Fund support to the University for FY 2023 increased by 17.5%, or \$14.7 million from the FY 2022 adopted budget. The new appropriations include a distribution of \$4,920,453 from the Kansas Board of Regents Operating Grant. The Board of Regents received a total increase of \$37.5 million for FY 2023, with the allocations to each university adopted after completion of the legislative session. This funding is first distributed to the Kansas Board of Regents, and the Board of Regents then adopts the specific allocations to each state university. A new direct appropriation of \$7 million was also included for the purpose of advancing digital transformation through the University’s WERX Maintenance, Repair, and Overhaul hanger, which provides aviation testing and performs passenger-to-freighter conversions. Finally, an estimated allocation of \$2.8 million from the State’s compensation plan is expected to be adopted in late June.

The 2022 Legislature also adopted additional, nonrecurring appropriations to both the Kansas Board of Regents and the University. These include allocations to the Kansas Board of Regents of \$35.0 million for campus capital renewal efforts, \$10.0 million for building demolition, \$20.0 million for information technology projects, \$19.0 million for financial aid through the Kansas Comprehensive Grant program, and \$75.0 million for economic development projects with matching requirements. The university is also allocated \$10.0 million in one-time federal American Rescue Plan Act funding dedicated to digital transformation, and \$25.0 million to assist in construction of a new Health Sciences Education Center in Wichita. The \$25.0 million to assist in the construction of a new Health Sciences Education Center in Wichita is a joint appropriation with the University of Kansas.

The Legislature could take additional budget action for the current or future fiscal years, which could reduce current or future appropriations to the University. In addition, as described at the caption “FINANCIAL INFORMATION OF THE UNIVERSITY—State Appropriations and the Budget Process” in Appendix A to this Official Statement, other executive or allotment action could reduce State appropriations received by the University.

## **General Factors Affecting Revenues**

No assurance can be given that demand for the University's educational programs will continue at current levels or will not decrease. A significant decrease in the University's enrollment for any reason could adversely affect the University's financial position and results of operations, including the amount of revenues available from tuition.

A substantial percentage of the University's students receive some financial support in the form of state or federally supported loans and grants and institutional assistance. See the caption "FACULTY, ENROLLMENT, TUITION, FEES AND FINANCIAL ASSISTANCE—Financial Aid Assistance" in Appendix A hereto. There can be no assurance that the number of federally supported loans or the amounts of moneys available under these programs will remain stable or increase in the future. Any significant change in the availability of financial aid could adversely affect the University's enrollment and, in turn, the University's ability to pay principal of, premium, if any, and interest on the Bonds.

A significant portion of the University's current revenues is provided through tuition and related fees. See the caption "FINANCIAL INFORMATION OF THE UNIVERSITY—Overview" in Appendix A hereto. There can be no assurance that the University will be able to raise tuition if needed in the future to cover any reductions in other sources of revenues or increases in the costs of its operations. Tuition changes require approval of the Board. In addition, legislation is from time to time introduced in the State Legislature (including in the 2022 legislative session) that, if enacted, would restrict the ability of the University to raise tuition rates or mandate changes to the existing tuition rate structures that could materially affect tuition revenues of the University. During the 2022 legislative session the appropriations bill included a proviso which prohibited an increase in tuition rates at all four-year state institutions.

The University faces competition for students, faculty, and funding from other public and private higher education institutions in Kansas, nationally and internationally. No assurance can be given that such competition will not adversely affect the operations or financial condition of the University. In addition, circumstances which could affect resident and non-resident (including international) student enrollment include economic conditions both within and outside the State of Kansas and the United States and domestic and foreign governmental policies. Conditions or policies affecting international travel may impact international student enrollment at the University.

Other circumstances or events may adversely affect the operations of the University, including circumstances both within and beyond the control of the University. These factors may include, but are not limited to, matters affecting the general environment in which the University operates, such as the state, local and global economic conditions and climate change and the effects thereof, such as flood, drought or severe storms, and events that may affect the operations of the University specifically, such as a breach of cyber or information security interrupting the University's information technology operations.

## **Information Technology Security**

The University is increasingly reliant on information technology in all aspects of its operations, both on campus and off campus, including for online classes. The reliance on information technology imposes new expectations on faculty and staff to be adept in using and managing electronic systems. It also introduces risks to the security of systems and information of the University and its students.

Organizations such as the University have been the victims of ransomware attacks, in which hackers compromise an organization's computer network or information systems in an attempt to extort money in exchange for returning the organization's systems to normal. Organizations subject to breaches may be liable for potential regulatory fines and penalties, costs of remediating breaches, damages to

individuals (or classes) whose information has been breached, reputational damage and business loss, and damage to the information technology infrastructure. These risks may be mitigated with periodic review of potential vulnerabilities and the ongoing implementation of security processes and updates when deemed appropriate by the University and within the limits of resources of the University made available for such purposes. However, standards and practices for security of information technology continue to change and there can be no assurance that the University will be successful in protecting its information technology from security breaches. The University currently maintains cyber and information technology insurance. See the caption “LITIGATION, INSURANCE, UNIONS AND DEFERRED MAINTENANCE—Insurance” in Appendix A hereto.

### **Risk of Flood and Climate Change**

Some areas in Wichita, Kansas lie in a flood plain and have experienced flooding in the past. The campus is currently in an area of minimal flood hazard. While the risk of a flood event is unknown, it may be affected by climate change and the effects thereof, which effects may include increased risk of flood, drought or tornados and other severe storms. A flood may result in damage to the University’s campus and facilities and adversely affect the operations of the University. The University does not carry flood insurance.

In addition, the effects of climate change may include increased risk of extreme heat and drought or tornados and other severe storms. To the extent that climate change may increase incidents of extreme heat or drought affecting the University’s campuses, the University could see higher energy usage and costs.

### **Limitation of Liability**

The Kansas Tort Claims Act (K.S.A. 75-6101 *et seq.*), limits the liability of the State of Kansas, its boards, commissions, departments, agencies, bureaus and institutions for damages caused by the negligent or wrongful act or omission of any of their employees while acting within the scope of their employment. Subject to certain exceptions contained within the Kansas Tort Claims Act, liability for claims within the scope of said Act cannot exceed \$500,000 for any number of claims arising out of a single occurrence or event. The directors, employees and officers of the Authority are also protected from personal liability, under K.S.A. 74-8910, for any reason arising from the issuance of bonds unless such person acted with willful, wanton or fraudulent misconduct or intentionally tortious conduct.

### **Construction Risks**

No assurance can be given that the construction of the Project will be completed on schedule, within budget, or without material errors and defects. Risks that could affect the timely completion or costs of construction include defaults, bankruptcies or failures in performance of contractors and subcontractors, strikes, shortages or unavailability of materials, adverse weather conditions, delays, inflation, increased and unexpected costs, unknown subsurface conditions such as rock or environmental contaminants, adverse effects on adjacent facilities and other operations and other factors and contingencies unknown to or beyond the control of the University. There can be no assurance that the contractors under construction contracts will be able to comply with the terms of such contracts or that compliance by the contractors can be enforced without costly or time-consuming litigation. Any failure to complete the Project on schedule and within budget could adversely affect the operating results of the University.

For a description of plans for construction of the Project, see the caption “PLAN OF FINANCE—The Project” herein.



## **Special Obligations**

The Bonds are special, limited obligations of the Authority. Neither the principal of, redemption premium, if any, nor interest on the Bonds constitutes a general obligation or indebtedness of, nor is the payment thereof guaranteed by the Authority, the Board, the State or any municipal corporation or political subdivision thereof. The Bonds are not payable in any manner from unlimited tax revenues of any kind or character. The Authority has no taxing power.

## **Taxation of Interest on the Bonds**

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Bonds is excludable from gross income for federal income tax purposes under current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the Bonds includable in gross income for federal income tax purposes.

The Authority and the University have covenanted in the Bond Resolution and the Pledge Agreement, respectively, and in other documents and certificates to be delivered in connection with the issuance of the Bonds, to comply with the provisions of the Code, including those which require the Authority or the University to take or omit to take certain actions after the issuance of the Bonds. Because the existence and continuation of the excludability of the interest on the Bonds depends upon events occurring after the date of issuance of the Bonds, the opinion of Bond Counsel described under “TAX MATTERS” assumes the compliance by the Authority and the University with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Bonds in the event of noncompliance with such provisions. The failure of the Authority or the University to comply with the provisions described above may cause the interest on the Bonds to become includable in gross income for federal income tax purposes as of the date of issuance.

## **Market for the Bonds**

There is no established secondary market for the Bonds, and there is no assurance that a secondary market will develop for the purchase and sale of the Bonds. Prices of Bonds traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in the operations and financial results of the University. From time to time it may be necessary to suspend indefinitely secondary market trading in the Bonds as a result of the financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information regarding the Bonds, whether or not the Bonds are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

The University has covenanted to comply with the provisions of Rule 15c2-12, as amended, (the “SEC Rule”) of the Securities and Exchange Commission (the “SEC”). A failure by the University to comply with the SEC Rule will not constitute an Event of Default under the Bond Resolution (although the Authority may in its discretion proceed to protect and enforce compliance by a suit or suits in equity or at law). Nevertheless, such a failure must be reported in accordance with the SEC Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

## **Tax Legislation and Other Matters**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

## **Legal Matters**

Various State and Federal laws, regulations and constitutional provisions apply to the operations of the Authority and the University. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Authority and the University.

## **Limitations on Remedies Available to Owners of the Bonds**

The enforceability of the rights and remedies of the Owners of Bonds against the Authority or the University or of the Authority against the University, are subject to the following: applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of Kansas and its governmental subdivisions in the interest of serving a legitimate and significant public purpose.

Because Kansas law is silent as to whether public entities in Kansas may file a petition under the municipal bankruptcy provisions (Chapter 9) of Title 11 of the United States Code (the "Bankruptcy Code"), the University and the Authority would not be eligible under the Bankruptcy Code to file a municipal bankruptcy petition. However, no assurance can be made that Kansas Law will not be changed in the future by authorizing a bankruptcy filing by municipalities, including, potentially, the University or the Authority. In addition, it is possible that in the future the Bankruptcy Code could be amended in a manner that would permit the University or the Authority to file for bankruptcy. Bankruptcy proceedings, or the exercise of powers by the Federal or State government, if initiated against the University or the Authority, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights and Owners of the Bonds could suffer losses. See the caption "SUMMARY OF PRINCIPAL FINANCING DOCUMENTS—DEFINITIONS—Event of Default" in Appendix D hereto for events which would constitute an event of default under the Pledge Agreement with respect to such matters.

## **Premium on Bonds**

Any person who purchases a Bond in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Bonds are subject to redemption at par under the various circumstances described under the caption "THE BONDS—Redemption" herein.

## **Suitability of Investment**

An investment in the Bonds involves a certain degree of risk. The interest rate borne by the Bonds (as compared to prevailing interest rates on more secure bonds, such as those which constitute general obligations of fiscally sound municipalities) is intended to compensate the investor for assuming this element of risk. Furthermore, the tax exempt feature of the Bonds is more valuable to high income tax

bracket investors than to investors who are in low income tax brackets, and so the value of the interest compensation to any particular investor will vary with income tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment.

**NO REPRESENTATION OR ASSURANCE CAN BE MADE OR GIVEN THAT REVENUES WILL BE REALIZED BY THE AUTHORITY IN AMOUNTS SUFFICIENT TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS.**

**THE FOREGOING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE BONDS.**

Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement and additional information in the form of the complete documents summarized herein, copies of which are available from the Authority.

## **LITIGATION**

### **The Authority**

There is not now pending against the Authority any litigation restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or any proceedings or authority under which the Bonds are to be issued or the transactions contemplated by the Pledge Agreement or the Bond Resolution.

### **The University**

No litigation, proceedings or investigations are pending or, to the knowledge of the University, threatened against the University, except litigation involving claims which, if adversely determined, will not, in the opinion of the counsel to the University, materially and adversely affect the financial condition of, the operations of, or revenues generated by, the University, or the transactions contemplated by the Pledge Agreement or the validity of the Bonds or the Pledge Agreement.

## **BOND RATING**

Moody's Investors Service, Inc. has assigned a rating to the Bonds of "Aa3" with a stable outlook. A report outlining the basis for the rating by the rating agency will be issued by such rating agency in connection with the issuance of such rating and a copy may be obtained by contacting the rating agency. Such rating reflects only the view of the issuing rating agency, and an explanation of the significance of the rating may be obtained from the rating agency.

The rating is not a recommendation to buy, sell or hold the Bonds. There is no assurance that the rating will remain in effect for any given period of time or that the rating will not be revised, either downward or upward, or withdrawn entirely, by the rating agency if, in its judgment, circumstances warrant. Any downward revisions or withdrawal of the rating may have an adverse effect on the secondary market price and liquidity of the Bonds.

## **CONTINUING DISCLOSURE**

Pursuant to the Continuing Disclosure Undertaking, the form of which is attached hereto as Appendix E (the “Disclosure Undertaking”), the University will agree to provide certain financial information and operating data of the University within 190 days after the end of each Fiscal Year beginning with the fiscal year ended June 30, 2021. Generally, such financial information will consist of the financial information and operating data included in this Official Statement in Appendices A and B attached hereto, updated annually. Such financial information, including the Wichita State University Annual Financial Report (June 30, 2021) attached as Appendix B hereto, has not been audited and the Annual Financial Reports for future years are not expected to be audited. In addition, as set forth in the Disclosure Undertaking, the University will agree to give notice of the occurrence of material events relating to the Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission (the “SEC Rule”). The University will agree to transmit, or cause a dissemination agent to transmit, the financial information and operating data, together with notice of the occurrence of material events relating to the Bonds as provided in the Disclosure Undertaking, in an electronic format as prescribed by the Municipal Securities Rulemaking Board (the “MSRB”). The MSRB has designated its Electronic Municipal Market Access system, found at <http://emma.msrb.org>, as the repository for such information. The University will make such agreements in order to assist the original purchasers or underwriters of the Bonds in complying with the SEC Rule.

In the previous five years, the University has not fully complied with certain previous undertakings pursuant to the SEC Rule as described below (which information below is presented irrespective of materiality).

Certain filings made by the University were not made against all required CUSIP numbers. The University has subsequently updated its filings to include the required CUSIP numbers.

For the form of the Disclosure Undertaking, see Appendix E to this Official Statement.

In order to facilitate compliance with continuing disclosure undertakings, the University has designated personnel responsible for compliance with such undertakings and has designated Gilmore & Bell, P.C., as dissemination agent.

## **LEGAL MATTERS**

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Bond Counsel to the Authority. The factual and financial information appearing herein and in the Appendices hereto has been supplied or reviewed by certain officials of the Authority and the University, as referred to herein, and Bond Counsel expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned “THE BONDS,” “TAX MATTERS” and Appendix D and Appendix F hereto. The proposed form of Bond Counsel’s opinion is attached as Appendix F.

Certain legal matters will be passed upon for the Authority by its counsel and disclosure counsel, Kutak Rock LLP, and for the University by its Office of General Counsel.

## **TAX MATTERS**

*The following is a summary of the material federal and State of Kansas income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary*

*does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for certain tax laws of the State of Kansas, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.*

### **Opinion of Bond Counsel Regarding the Bonds**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Authority, under the law existing as of the issue date of the Bonds:

**Federal Tax Exemption.** The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

**Alternative Minimum Tax.** Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

**Kansas Tax Exemption.** The stated interest on the Bonds is exempt from all Kansas state, county and municipal taxes, including income and property taxes; provided, however, that no opinion is expressed with respect to the applicability of the privilege tax imposed on banking institutions pursuant to K.S.A. 79-1107 and 79-1108.

**Bank Qualification.** The Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the Authority and the University comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority and the University have each covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds, but has reviewed the discussion under the heading “TAX MATTERS—Other Tax Consequences.”

The proposed form of Bond Counsel’s opinion is attached as Appendix F.

### **Other Tax Consequences**

**Original Issue Discount.** For federal income tax purposes, original issue discount (“OID”) is the excess of the stated redemption price at maturity of a bond over its issue price. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, OID on tax exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield

to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

***Original Issue Premium.*** For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than "qualified stated interest" (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Bond is generally the first price at which a substantial amount of Bonds of that maturity has been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

***Sale, Exchange or Retirement of Bonds.*** Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property actually or constructively received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and the owner's adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

***Reporting Requirements.*** In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

***Collateral Federal Income Tax Consequences.*** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

## **FINANCIAL ADVISOR**

Columbia Capital Management, LLC, Merriam, Kansas, a registered municipal advisor, is serving as financial advisor to the Authority with respect to the Bonds. Columbia Capital Management, LLC, is a



financial and investment advisory and consulting organization and is not engaged in the underwriting, marketing or trading of municipal securities or other negotiable instruments. Columbia Capital Management, LLC has assisted in various matters relating to the planning, structuring and issuance of the Bonds, including advice in the preparation of this Official Statement, but has not verified the accuracy or completeness of the factual information contained in this Official Statement.

### **UNDERWRITING**

On July 19, 2022 the Authority received six (6) bids for the Bonds. The Bonds have been sold at public sale by the Authority to The Baker Group LP (the “Original Purchaser”) on the basis of lowest true interest cost. The Original Purchaser has agreed, subject to certain conditions, to purchase the Bonds at a purchase price equal to the initial offering prices shown on the inside cover page hereof, less an underwriter’s discount of \$223,833.64.

### **MISCELLANEOUS**

The University has furnished all information in this Official Statement relating to its operations.

Except for information concerning the Authority under the captions “THE AUTHORITY” and “LITIGATION—The Authority” herein, none of the information in this Official Statement has been supplied or verified by the Authority and the Authority makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

The summaries or descriptions of provisions of the Bonds, the Bond Resolution, the Pledge Agreement and the Disclosure Undertaking, and all references to other materials not purporting to be quoted in full, are only brief outlines of provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials for the complete provisions thereof.

Any statement made in this Official Statement including all appendices hereto, involving matters of opinion or of estimates, whether or not expressly so stated, are set forth as such and not as representation of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Authority, the University, the Original Purchaser and the purchasers or Owners of any Bonds.

Requests for additional information with respect to the Authority and the Bonds may be addressed to the Kansas Development Finance Authority, 534 South Kansas Avenue, Suite 800, Topeka, KS 66603, Attention: Senior Vice President Finance.

The preparation of this Official Statement and its distribution has been authorized by the Authority and the University as of the date on the cover page hereof.

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## APPENDIX A

### WICHITA STATE UNIVERSITY

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## GENERAL INFORMATION

### History and Academic Development

Since 1895, Wichita State University (the “University” or “Wichita State”) has been the linchpin of higher education in south central Kansas by combining a traditional college experience with the advantages of being located in the City of Wichita, Sedgwick County, Kansas, the state’s cultural and industrial hub. Together with local government and the Wichita business community, the University has built a unique partnership in Kansas. Although the University’s first commitment is to excellence in instruction, it has an equally strong commitment to excellence in research and public service as integral parts of its educational mission.

Wichita State University began in 1895 as Fairmount College, a Congregational institution. In 1926, Fairmount College became the Municipal University of Wichita, the first municipal university west of the Mississippi. After 38 years as a municipal university, the University entered the state system of higher education in 1964 and is now under the control and supervision of the Board of Regents.

The University is located in the largest city in Kansas, within a diverse metropolitan area with a population of approximately 650,000. The metropolitan area location enhances the traditional classroom experience by providing students with greater opportunities for employment and internships, and interaction with business and government leaders. The economic base of the region is in technology-based manufacturing, aviation and health care. In 2017, the Wichita metropolitan area ranked third highest in terms of exports as a share of GDP, according to The Brookings Institution. The University has taken a leadership role in diversifying the region’s economy and enhancing its quality of life.

Wichita hosts a variety of social and cultural events and is home to an established and vibrant theater, symphony and arts community. Being located in the cultural, educational, health care, financial and business hub of the State allows the University to expand the students’ experience from the classroom to the workplace. The University’s enrollment for fall of 2021 was 16,097 students. There were 12,722 undergraduate students and 3,375 graduate students.

The 330-acre campus is modern and accessible and, at the same time, retains the flavor of the University’s heritage, combining distinctive Georgian-style architecture with more modern buildings of brick and stone accentuated by attractive landscaping and a world-renowned outdoor sculpture collection. In the fall of 2014, Shocker Hall, a new residence hall opened its doors to bring 782 students to live in the heart of campus. In 2017, The Flats added 369 beds to campus and The Suites followed in 2019 to add 220 beds arranged in suites to campus.

The Innovation Campus continues to support job creation and the University strategy based on innovation. These changes are tied to the University’s mission as “an essential educational, cultural and economic driver for Kansas and the greater public good.” (See “**Planning Process – Strategic Planning Initiative**” below.)

The Innovation Campus is home to the John Bardo Center, a project-based experiential engineering learning environment and a 3D print center, business incubator and accelerator spaces, and a technology transfer office to offer advice on patents and marketing. GoCreate, a Koch Collaborative, is also located in the Bardo Center. GoCreate is a maker space open to paying members that is part of a national trend toward providing expensive high-end technology equipment in a center that can be accessed by students and the public to develop their ideas for inventions.

The Innovation Campus continues to grow and diversify the types of partners contributing to the goals of collaboration and collision of ideas and disciplines.

NetApp, a data services and data management company, opened their permanent new home for its Wichita operations in January 2022. NetApp, a world leading solutions provider in digital transformation, is already one of the largest employers of Wichita State students and alumni.

Airbus Americas houses more than 300 employees at its Wichita Engineering Center in a 90,000-square-foot building on the Innovation Campus. Around 40 Textron Aviation employees share space on the Innovation Campus with Wichita State students to advance product innovation and help students better understand career opportunities within general aviation.

Deloitte created The Smart Factory at Wichita State, which combines additive manufacturing, collaborative robotics, advanced materials and composites, automation, reverse engineering, and augmented and virtual reality (AR/VR) prototyping simulators in one space. The grand opening was held June 7, 2022.

Dassault Systèmes, the 3DEXPERIENCE Company, provides business and people with virtual universes to imagine sustainable innovations. At Wichita State, Dassault developed its North American 3DEXPERIENCE Center to work with companies to implement new technology and accelerate innovation in advanced product development and manufacturing.

The Law Enforcement Training Center also houses Wichita State's Criminal Justice program, allowing students to interact daily with professionals in the field.

The Innovation Campus has added amenities for gathering and leisure with the Braeburn Square restaurant/retail area and a 106-room Hyatt Place hotel. The Steve Clark YMCA and Student Wellness Center serves students, faculty and staff and the community.

Woolsey Hall, a \$50 million, 136,000-square-foot facility is being built in the heart of the Innovation Campus and will house the W. Frank Barton School of Business. (Proceeds of the Authority's Series 2020P Bonds are paying a portion of the cost of Woolsey Hall.) Woolsey Hall is expected to open in July 2022.

These projects were funded from private developers, revenue bonds, capital outlay Foundation campaigns, and other fees.

The National Institute for Aviation Research (NIAR) at the University supports the aviation industry by providing research, development, and testing and certification services to manufacturers, government agencies and education entities. NIAR gives University students access to nearly 20 cutting-edge laboratories. The University remains first among all U.S. universities in business-financed aerospace engineering research and development and ranks fourth in overall aerospace engineering research and development.

In 2020, NIAR completed construction on a facility to house the newly established Advanced Virtual Engineering and Testing Labs (AVET), a combined facility for NIAR's Crash Dynamics and Virtual Engineering labs. The new space and equipment will enable the institute to expand its work volume, hire more employees and provide more precise testing for its clients.

NIAR's relationships with various units of the U.S. Department of Defense (DoD) continue to increase. Wichita State has conducted teardown investigations for the DoD for more than 15 years and has

been performing digital-twin programs with the commercial industry over the last decade. In 2018, it began digital-twin work for the DoD, and disassembly of the Air Force's B-1 bomber and Army's Black UH-60L Hawk began this summer. These programs will resolve challenges and boost efficiencies for our military fleet.

The Advanced Testing Lab for Aerospace Systems (ATLAS) is a collection of labs that were recently established on the University's main campus. The labs are focused on the most modern automation technology for nondestructive inspection and manufacturing of composites and advanced materials. ATLAS has developed strategic partnerships with NASA, the DoD and various certification agencies, manufacturers and academia to provide a neutral ground for advanced manufacturing research and development with state-of-the-art equipment, software and processing options.

As an NCAA Division I institution, the University fields teams in basketball, cross country, golf, tennis, track and field, men's baseball, women's softball and volleyball. In 2017, Wichita State joined the American Athletic Conference to upgrade its level of competition and athletic and academic national profile.

The men's basketball program advanced to post-season play every season from 2009-2021, except for 2020 when the COVID-19 pandemic canceled the 2020 season. That stretch is highlighted by an appearance in seven straight NCAA Tournaments, the 2013 Final Four and the 2011 National Invitation Tournament title.

The University is unique in having an internationally recognized bowling program that has won 12 national championships for men and 10 for women.

### **Response to Coronavirus (COVID-19)**

***Online-Only Classes and Transition to Hybrid and In-Person Classes.*** In response to guidance from the Kansas Department of Health and Environment and local health officials regarding the 2019 novel coronavirus (COVID-19), on March 16, 2020 the University announced that all University classes would be transitioned to online-only delivery effective on March 30, 2020, following the University's spring break and would remain online indefinitely. Summer 2020 classes were also delivered online. On May 7, 2020, the University announced its intent to resume face-to-face classes and open residence halls for fall 2020, subject to compliance with federal, State and local guidance. The fall 2020 term was resumed with a strategy that provided remote, in-person and hybrid class offerings. This strategy continued through the spring 2021 term.

On April 2, 2021, following Sedgwick County's rescission of all local COVID health orders, the University rescinded all mandates requiring masks, social distancing and mass gathering limitations on campus while strongly encouraging the entire campus community to engage in these practices whenever possible. The University also encouraged everyone to get the vaccine when they became eligible. As of June 1, 2021, all faculty and staff who worked on campus prior to the pandemic returned to on-campus work. The fall 2021 and spring 2022 terms provided students the options of remote, in-person and hybrid class offerings as this is considered the new normal.

***Campus Housing.*** In March 2020, the University requested all students residing on campus to return to their homes during spring break and remain at home during the period of online delivery of classes, unless they did not have other living options. Housing occupancy for the 2020 spring semester prior to spring break was 1,380 beds, out of 1,404 available at University facilities. Management considers this a typical spring occupancy following a 2019 fall housing occupancy of 1,464 beds. (See "**Overview of University Housing System**" below for a discussion of available bed numbers.) 417 beds are considered

apartments, which were included in the March 2020 direction to leave University housing. However, the University did consolidate all students that remained on campus after the 2020 spring break into the University's apartment area to allow for great flexibility to cook their own meals. Approximately 160 students, which included international students, remained in University housing after the 2020 spring break. Based on estimates by management, occupancy for the last half of the 2020 spring semester declined by approximately 1,220 beds. Prior to the pandemic, fall 2020 was on pace to have the highest occupancy in ten years. Due to the uncertainty of the pandemic, housing cancellations increased during the summer of 2020 and fall occupancy stood at 1,235 students on the 20<sup>th</sup> day of the fall semester. Fall housing contracts were reduced by 21 days as most students did not return after the Thanksgiving break. The University reduced contract days for spring 2021 by 14 days as the spring semester began on February 1, 2021. Spring occupancy was 1,040 on February 1<sup>st</sup> compared to 1,382 a year earlier. By the end of the spring 2021 semester, 1,023 students resided in campus housing. Students residing in campus housing returned to pre pandemic levels in the fall 2021 semester with 1,443 students living in campus housing. Housing refunds are described in the section below titled "*Revenue Loss and Additional Expenses.*"

***Other University Operations and Activities.*** From the outset of the pandemic through the spring 2021 semester, University housing (as described above), computing services, food service (in a limited capacity in spring 2020), health clinics and counseling services, and all other aspects of the University remained operational. The University suspended University-sponsored travel and University-sponsored campus events. Athletics was subject to decisions by the American Athletic Conference and the National Collegiate Athletic Association, as well as University health protocols, and all or most major activities were suspended or canceled in spring 2020. Academic support units adapted to provide online services for new student recruitment, advising, tutoring, library service, financial assistance, and numerous other functions. After the rescission of all local COVID health orders on April 2, 2021, the University held in-person commencement and returned campus operations to pre-pandemic conditions as of June 1, 2021.

#### ***Revenue Loss and Additional Expenses.***

The spring 2020 move to all online classes resulted in the loss of some tuition or fee revenue, as described below. The amount was not material to the overall financial results of the University. See the table titled "Wichita State University Revenues Pledged and Restricted Revenues, Year Ended June 30, 2020 Actual" under the caption "FINANCIAL INFORMATION OF THE UNIVERSITY—Revenues Pledged" in this Appendix A and in the Annual Financial Report for the fiscal year ended June 30, 2021 attached as Appendix B to the Official Statement.

A loss of housing revenues occurred as a result of students not living on campus for the second half of the 2020 spring semester. The decline of 1,220 beds for one half of the spring semester, as described above, resulted in refunds and therefore lost room revenue of \$1,722,789 and lost dining revenue of \$930,013. (The categories of revenues from which the refunds were made are identified as Revenues for "Auxiliaries" in the table of Wichita State University Revenues Pledged and Restricted Revenues, Year Ended June 30, 2021 (Actual) under the caption "FINANCIAL INFORMATION OF THE UNIVERSITY—Revenues Pledged" in this Appendix A). There was a reduction in operating expenses of approximately \$660,000 as a result of the reduction in occupied student housing.

The University's move to online delivery of classes and other impacts of COVID-19 resulted in an increase in one-time expenses such as course development costs, travel change expenses and lost deposits, equipment and supplies. The University also has lost revenues from events, rents and commissions, and other auxiliary services. The amount of these one-time expenses and lost revenues was approximately \$5 million during the fiscal year ended June 30, 2020, which includes the amounts described in the preceding paragraph. The University's one-time expenses and lost revenue was covered by State and federal funds. See "*Reimbursements of Expenses and Lost Revenues*" below. The University experienced an immaterial



reduction in revenue and one-time expenses of \$7.4 million for FY 2020 due to COVID-19. These one-time expenses were covered by State or federal funds. Additional expenses may be identified in the future. In determining its estimated reduction in revenue and developing its budget for FY 2021, the University assumed a 2.9% reduction in total credit hours in FY 2021 from FY 2020. The actual reduction in credit hours was 2.8%. The University experienced growth of 1.3% in total credit hours in FY 2022 with the most significant growth occurring with international graduate students.

***Impact to Fundraising.*** The staff of the Foundation is optimistic the fundraising challenges experienced due to COVID-19 are waning. Development staff have been traveling for nearly a full year, and donors are willing to meet in-person once again. Although some businesses/corporations continue to struggle with financial cutbacks due to the pandemic, others have survived this critical time very well. The University does not expect there will be any adverse effect on meeting FY 2023 fundraising goals due to issues relating to COVID-19.

***Reimbursements of Expenses and Lost Revenues.*** The United States Congress enacted several COVID-19-related bills, including the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), signed into law on March 27, 2020, which provides over \$2 trillion of emergency economic relief, the Consolidated Appropriations Act, 2021 (the “Appropriations Act”), signed into law on December 27, 2020, which provides over \$900 billion of economic stimulus and additional COVID-19 relief and the American Rescue Plan Act (the “ARPA Act”), signed into law on March 11, 2021, which provides over \$1.9 trillion of economic stimulus and additional COVID-19 relief.

The University was allocated \$9.2 million in emergency aid pursuant to the CARES Act to assist in offsetting the financial impacts of COVID-19. Of this amount, approximately \$4.8 million was provided as direct emergency aid to students. The institutional portion of CARES, approximately \$4.4 million, was used to provide COVID-19 testing, and to provide financial assistance to auxiliary operations described in “*Revenue Loss and Additional Expenses*” above.

The University was allocated \$15.6 million pursuant to the Appropriations Act (CRRSA), to assist in offsetting the financial impacts of COVID-19; similar to the initial CARES Act Higher Education Emergency Relief Funding, approximately \$5.0 million was provided as direct emergency aid to students and the offset was used to improve the University’s ability to deliver distance learning and telework infrastructure. In addition, \$7.4 million was used to relieve the outstanding debts incurred by students from March to December 2020. These payments allowed students to continue their Higher Education pursuits.

The University was allocated \$26.9 million pursuant to the ARPA Act. \$14.4 million was provided as direct aid to students, \$1.8 million was used to provide academic and mental health support systems, and \$7.3 million was used to prevent and mitigate the spread of COVID-19. As of June 7, 2022 the University has drawn \$23,795,055 of ARPA Act moneys and plans to draw the remaining balance of \$3,130,550 over the next several months. The remaining balance will be drawn down to provide approximately \$1.5 million in student aid for fall 2022 and \$1.6 million to prevent and mitigate the spread of Covid-19.

The State of Kansas has been allocated approximately \$26 million pursuant to the CARES Act to be directed to education. In June, following completion of the 2020 legislative session, the State Finance Council allocated \$26.0 million from the Federal Government’s “Governor’s Emergency Education Relief Fund” to the Kansas Board of Regents, with \$2,997,749 allocated to the University. The Governor removed \$2,997,749 from the University’s FY 2021 State General Fund appropriation through an allotment, in exchange for that amount of the federal funds described above. The State’s federal Coronavirus Relief Fund has provided funding directly to the University of approximately \$225,000 to finance COVID-19 related costs incurred in FY 2020. The State Strengthening People and Revitalizing Kansas (SPARK) task force allocated additional Coronavirus Relief Funds to the University through the Kansas Board of Regents in

the amount of \$5.2 million. Funds received were for use in FY 2021 to support the costs for re-opening campuses in the fall. Funding supports costs incurred such as personal protection equipment, cleaning supplies, testing members of the campus community, quarantine and isolation costs, and technology support for remote teaching and learning and remote work costs.

The University received \$4 million in coronavirus relief funds from Sedgwick County and \$600,000 from the Kansas Department of Commerce to create the Molecular Diagnostics Laboratory. The lab has partnered with over 500 community organizations and businesses that are offering free community COVID-19 testing. The lab serves Sedgwick County and 21 additional counties in the State of Kansas.

In total, as of the date of this Official Statement, the University has received \$62,596,194 in state, local and federal government funding, with \$37,770,661 used for institutional purposes and \$24,825,533 used for direct aid to students.

***COVID-19 at the University.*** The University has experienced cases of COVID-19 among its faculty, staff and students on the University's campus in Wichita, Kansas. The University offers free COVID-19 testing to all students, faculty and staff. Campus student health administers free vaccinations to students and employees and their families. On April 2, 2021, following Sedgwick County's rescission of all local COVID health orders, the University rescinded all mandates requiring masks, social distancing and mass gathering limitations on campus while strongly encouraging the entire campus community to engage in these practices whenever possible. The University also encouraged everyone to get the vaccine when they became eligible. As of June 1, 2021, all faculty and staff who worked on campus prior to the pandemic returned to on-campus work. Beginning with the fall 2021 term, the University provided students the options of remote, in-person and hybrid class offerings. Future increases in cases at or involving the University could result in additional measures to mitigate risk of the spread of the virus and additional financial impact on the University and its operations. See the caption "INVESTMENT CONSIDERATIONS—Business Disruption Risk; Coronavirus (COVID-19)" in the Official Statement.

The University and its faculty, staff and students may be required to take actions by local, State or federal health or other governmental agencies (and in the case of its foreign operations—foreign governments), the nature and effect on the University of which cannot be predicted by management of the University.

## **Planning Process**

***Strategic Planning Initiative.*** The University's strategic plan establishes goals based on a new vision, mission, and values. The plan is a strategic management tool to assist the University in administration, academic programs, student services, support services, and other operational departments to evaluate initiatives and allocate resources to reach the University's goals.

The ultimate purpose of the strategic plan is to keep University members working toward the goals that the Wichita State University Strategic Planning Steering Committee (the "Steering Committee") identified as important for the transformation of the University. The Steering Committee's work is based on data gathered from meetings with University faculty, staff, and students, the Wichita State University Alumni Association members, and the larger community of the city of Wichita and the state of Kansas.

The following new mission statement for the University is a product of the beginning work of the Steering Committee:

*“The mission of Wichita State University is to be an essential educational, cultural, and economic driver for Kansas and the greater public good.”*

**Campus Facilities Master Plan.** The University campus facilities master plan was developed in 2013 and updated in 2017 to incorporate the rapidly developing Innovation Campus on the site of the former 120-acre Braeburn Golf Course. The campus facilities master plan aligns the University’s mission and vision with its physical environment. The master plan was developed in collaboration with a consultant team led by the design and planning firm Sasaki Associates from Watertown, Massachusetts in collaboration with GLMV Architecture in Wichita, Kansas, and provides a framework for the future development of the campus. Through numerous stakeholder meetings with the local community, academic programs, faculty, staff, and students, a clear picture of the needs specific to the Wichita State community emerged. This information, coupled with an analysis of data provided by the University, generated strategic goals that drove the plan’s development. Providing architecture, landscape, and infrastructure solutions, the campus facilities master plan strategically balances immediate needs with long-term proposals. The University is set to update the master plan again in fall 2022.

## **Accreditation**

Wichita State University is a member of or accredited by the following associations, boards, councils and other agencies:

AACSB – International: The Association to Advance Collegiate Schools of Business  
Accreditation Board of Engineering & Technology  
Accreditation Review Commission on Education for the Physician Assistant  
American Chemical Association  
American Dental Education Association  
American Psychological Association  
American Speech Language & Hearing Association  
Commission on Accreditation of Athletic Training Education (CAATE)  
Commission on Accreditation for Physical Therapy Education  
Commission on Collegiate Nursing Education (CCNE)  
Commission on Dental Accreditation of the American Dental Association  
Commission on Sport Management Accreditation  
Council for the Accreditation of Educator Preparation  
Council on Social Work Education  
Higher Learning Commission of the Central Association of Colleges and Schools  
Human Factors and Ergonomics Society  
Kansas State Board of Nursing  
Kansas State Department of Education  
National Accrediting Agency for Clinical Laboratory Sciences  
National Association of School Psychologists  
National Association of Schools of Art and Design  
National Association of Schools of Dance  
National Association of Schools of Music  
Network of Schools of Public Policy, Affairs, and Administration  
The Council for the Accreditation of Counseling and Related Educational Programs (CACREP)

## **External Relationships**

***Wichita State University Board of Trustees.*** The Wichita State University Board of Trustees (the “Board of Trustees”) was organized by Kansas statute during the 1963 session of the Legislature, in preparation for the University’s induction into the Board system on July 1, 1964. With respect to endowment property, the Board of Trustees succeeded to all the rights, powers and authority of the municipal university board of regents which it replaced. The Board of Trustees consists of nine members, who are appointed by the Governor for three-year terms.

The purpose of the Board of Trustees is to support the educational undertakings of the University. To that end, the Board of Trustees succeeded to ownership and management of all the endowment property held by the University of Wichita as a municipal university, and to the revenues produced from a tax of one and one half mills levied on all taxable, tangible property in the City of Wichita, Kansas and Sedgwick County (the “Tax Levy”). Currently, the Board of Trustees supports the University with approximately \$9.0 million annually in the form of scholarships, fellowships, professional development and community service activities, and debt service requirements on outstanding revenue bonds, and for operational costs of the Board of Trustees.

The Board of Trustees has the authority to enter into lease agreements with the Sedgwick County Public Building Commission to support revenue bonds sold on behalf of the Board of Regents. In the case of lease agreements for facilities located on the University campus, the Board of Trustees must obtain the approval of the Board of Regents for each bond issue. The Tax Levy budget is subject to approval of the Wichita City Council, the Sedgwick County Commission and the Board of Regents.

***Wichita State University Foundation.*** The Wichita State University Foundation (formerly the Wichita State University Endowment Association) (the “Foundation”) was incorporated in 1965. The Foundation is a separate entity from the University and is not obligated with respect to the Bonds. As the private fundraising organization for the University, it seeks to advance the mission of the University by identifying, cultivating and soliciting private support from individuals, corporations and foundations. The Foundation is comprised of a 112-member National Advisory Council with the fiduciary and legal responsibilities held by an 18-member Board of Directors. The executive committee of the Board of Directors includes the chair, immediate past chair, chair elect, secretary and treasurer. The total assets of the Foundation as of June 30, 2021 are \$395,573,939 with total liabilities of \$18,949,621. The Foundation provided approximately \$17.8 million and \$21.3 million for the fiscal years 2021 and 2020 respectively to support the educational undertakings of the University. In addition, scholarships of \$6.2 million and \$6.0 million were provided through the Foundation for the fiscal years 2021 and 2020.

## **Website Information**

The University and the Foundation each maintain public websites on which they periodically post certain financial and other information, including annual financial reports of the University (available at [http://www.wichita.edu/services/controller/fobt\\_financials.php](http://www.wichita.edu/services/controller/fobt_financials.php)) and information regarding the Foundation (available at <http://foundation.wichita.edu/audited-financials/>). None of the information included on these Internet pages, or on the University’s or the Foundation’s website generally, is incorporated by reference into the Official Statement.

## GOVERNANCE AND ADMINISTRATION

### Governing Board

The Board of Regents of the State of Kansas (the “Board”) consists of nine regents appointed by the Governor and confirmed by the State Senate. The term of office for each regent is four years, with appointments staggered. Not more than five regents may be of the same political party. The Board is a constitutionally established board, responsible for formulating policy under which the State universities operate and for recommending to the State Legislature the amount of new State funds to be made available to each institution. With respect to State universities, the Board has the power to make and execute contracts; acquire property; pledge or assign revenues; issue revenue bonds; construct, acquire or improve properties; fix, charge and collect rents, tuition and other fees; contract for services; and execute all acts necessary to the performance of its duties.

### University Administration

***Dr. Richard Muma, President.*** Dr. Richard Muma was appointed as President of the University on May 6, 2021. Dr. Richard Muma had been serving as Interim President since September of 2020. He was previously appointed Provost in May 2018 and promoted to Executive Vice President and Provost on June 14, 2020. He earned a Bachelor of Science in Physician Assistant Studies from the University of Texas Medical Branch-Galveston, an MPH in Community Health from the University of Texas Health Science Center-Houston, and a PhD in higher education administration from the University of Missouri-St. Louis. Before assuming the Provost position, he served as the Senior Associate Vice President for Academic Affairs and Strategic Enrollment Management. While at the University he has also served as Chair and Professor in the Departments of Public Health Sciences and Physician Assistant. Prior to joining the WSU faculty, Dr. Muma served as Chair for Saint Louis University’s Department of PA Education and an Assistant Professor at the University of Texas Medical Branch-Galveston, Department of PA Studies.

***Dr. Shirley Lefever, Executive Vice President and Provost.*** Dr. Shirley Lefever was appointed Executive Vice President and Provost on April 14, 2022. She had been serving as Interim Executive Vice President and Provost since October 2020. Dr. Shirley Lefever joined the faculty at Wichita State in 2005. In 2013 she was named Interim Dean for the College of Applied Studies (formerly College of Education) and the following year took over as Dean. She received her Ph.D. from Kansas State University in 1991 and her M.S. Ed. from Kansas State University in 1988, in Curriculum and Instruction. She received her B.S. from Kansas State University in 1984, in Elementary Education. Prior to coming to the University, she was most recently an Associate Professor in the Department of Curriculum and Instruction at the University of Arkansas.

***Dr. Sheree Utash, President of WSU Tech and Vice President of Workforce Development.*** Dr. Sheree Utash has served as president of Wichita Area Technical College (WATC) since 2015 and has overseen the transition of the college to the WSU Campus of Applied Sciences and Technology (WSU Tech). Prior to that she served eight years at the college as vice president of academic affairs. Dr. Utash earned her Ed.D. in Community College Leadership at National American University, her Master of Arts in Liberal Studies in Communication / Education / Sociology from Wichita State University and her Bachelor of Science in Journalism / Marketing from Kansas State University.

***Dr. John S. Tomblin, Senior Vice President, Industry and Defense Programs and Executive Director of the National Institute for Aviation Research.*** Dr. John S. Tomblin earned his Ph.D., master’s degree and bachelor’s degree from West Virginia University. He is a Bloomfield Distinguished Professor of Aerospace Engineering. As NIAR executive director, Dr. Tomblin oversees eighteen laboratories in four locations encompassing over 900,000 square feet, 750 employees and a yearly budget of \$100+ million.

Under his leadership, NIAR has gained worldwide recognition in composites and advanced materials, full-scale testing and structural teardown, advanced manufacturing, reverse engineering, as well as greatly expanded its capabilities and footprint.

***Werner Golling, Vice President for Finance and Administration.*** Werner Golling was named the University's vice president for finance and administration in January of 2017 and serves as chief financial officer of the University. Serving as the chief financial officer, he is responsible for developing, implementing and assessing the financial management plans and activities of the University, and also provides leadership and support to the University community in the planning and management of the budget office, facilities planning, facilities services, police, financial services and business technology, human resources, financial reporting and debt management, ITS and information security, and auxiliary services. Mr. Golling served as vice president for Administration and Finance at Emporia State University from 2014 prior to joining the University. Mr. Golling earned a bachelor's in management from Shippensburg University and a master's in business administration from Boston University.

***Dr. Marché Fleming-Randle, Vice President and Chief Diversity Officer.*** Dr. Marché Fleming-Randle's academic interests include mental health, child and youth programs, educational leadership, diversity and military and veterans' affairs. She is an author, motivational speaker and public intellectual. Dr. Fleming-Randle earned her associate degree in science from the University of Maryland, bachelor's degree in elementary education, her master's in adult and continuing education and her doctorate in education leadership from Kansas State University. She holds diversity certifications from Nova Southeastern University and Columbia University.

***Dr. Teri Hall, Vice President of Student Affairs.*** Dr. Teri Hall was appointed in January 2017. She received her bachelor's degree in speech communication and public relations from Southern Illinois University-Carbondale, her master's degree in college student personnel from Western Illinois University and her Ph.D. in higher education administration from Indiana University. She also attended the Management Development Program at Harvard. Dr. Hall previously worked with fraternity and sorority life and Student Affairs research at Southeast Missouri University, as the Associate Director of the Student Activities Office and as coordinator for the Higher Education and Student Affairs master's program at Indiana University and as Director of Student Activities and Associate Vice President for Campus Life at Townson University.

***Shelly Coleman-Martins.*** Shelly Coleman-Martins is the University's vice president for marketing and strategic communications and has been with the university since 2016. She leads her team of writers and visual artists in creating a common voice and telling the story of Wichita State University. She wears many hats in her pursuit to build the university's brand: communicator, advocate, strategist, educator, mediator, and leader. Coleman-Martins has served on numerous committees to promote the university and its brand, including the University Marketing Enrollment Team as founder and chair, the Strategic Planning Committee, WSU Foundation's National Advisory Council Marketing Committee, the Council on Strategic Communications for the Association of Public Land-Grant Universities, the committee to celebrate quasiquicentennial (125th year) of the university, and the Free Expression Committee. Before coming to Wichita State University, Coleman-Martins worked toward a thriving Wichita economy in her roles at the Coleman Company and Koch Industries. Coleman-Martins earned a bachelor's degree from Newman University, a master's in business administration from Baker University, and is currently pursuing a doctorate at Wichita State.

***Stacia Boden, General Counsel.*** Stacia Boden was appointed on January 21, 2020 to serve as general counsel. She earned her bachelor's degree in political science from Fort Hays State University and her juris doctorate degree from the University of Kansas School of Law. She also serves as general counsel to the Wichita State University Foundation and the Wichita State University Intercollegiate Athletic Association, Inc. Ms. Boden joined the University after serving almost five years as general counsel for a private, nonprofit college, and was previously a partner at the Kutak Rock LLP law firm in its Wichita office.

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## **FACULTY, ENROLLMENT, TUITION, FEES AND FINANCIAL ASSISTANCE**

### **Faculty**

The following table presents some historical information concerning the faculty at the University for fall semesters 2017 through 2021.

**Schedule of Faculty Data  
Fall Semesters 2017-2021**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Number Full-Time Equivalent Faculty	515	547	563	567	550
Number Full-Time Faculty	489	526	541	546	534
Number Part-Time Faculty	40	30	33	31	21
Full-Time Percent Terminal Degrees	73%	72%	72%	73%	74%
Student/Faculty Ratio*	22:1	21:1	21:1	21:1	22:1

\*This ratio is derived by dividing total FTE students by FTE faculty.

Source: Office of Planning and Analysis

### **Student Body and Enrollment**

Based on fall 2021 semester headcount, the University's student body consists of 74% having resident status and 26% having nonresident status. The following tables reflect headcount information, full time equivalent (FTE) student information, and applications and admissions information for the fall semesters of the years indicated.

**Student Headcount Fall Semesters 2017-2021**

<b>Fall Semester</b>	<b>Total Students</b>	<b>Residents</b>	<b>Nonresidents</b>	<b>Undergraduate</b>	<b>Graduate</b>
2017	15,081	12,227	2,854	12,398	2,683
2018	15,784	12,437	3,347	13,006	2,778
2019	16,058	12,410	3,648	13,217	2,841
2020	15,550	11,961	3,589	12,406	3,144
2021	16,097	11,907	4,190	12,722	3,375

Source: Office of Planning and Analysis

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## Full Time Equivalent Student Enrollment

The following table is a history of full-time equivalent (FTE) students for the fall semesters 2017 through 2021.

**Full-Time Equivalent Student Enrollment  
Fall Semesters 2017-2021**

<b>Fall Semester</b>	<b>Total FTE Students</b>	<b>FTE Undergraduates</b>	<b>FTE Graduates</b>
2017	11,678	9,402	2,275
2018	11,848	9,597	2,250
2019	11,957	9,714	2,243
2020	11,646	9,231	2,414
2021	11,996	9,164	2,832

FTE hours based on 15 (undergraduate) and 9 (graduate)

Source: Office of Planning and Analysis

## Projected Student Headcount

The following table is a projection of student headcount for the Fall semesters 2022 through 2026, as of May 27, 2022, and takes into account applications and returning students registering for the 2022 Fall semester as of such date among other factors.

**Projected Student Headcount  
Fall Semesters 2022-2026**

<b>Fall Semester</b>	<b>Projected Headcount</b>
2022	16,185
2023	16,231
2024	16,284
2025	16,345
2026	16,386

Forecast as of 05/27/2022 based on current day 53 of a 169-day pre-census registration cycle for fall 2022

Source: Office of Planning and Analysis

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## Student Admissions

The following table sets forth a five-year history of the undergraduate applications received by the University, the number of accepted applications, and the number of new undergraduates registered at the University for fall semesters 2017 through 2021. Also shown are the composite American College Testing (ACT) scores.

### Applications, Admissions, and American College Testing (ACT) Composite Scores Fall Semesters 2017-2021

Fall Semester	Undergraduate Applications	Undergraduates Accepted	New Undergraduates	ACT Composite Score
2017	7,865	7,700	3,148	23.0
2018	8,961	8,716	4,336	23.0
2019	8,542	8,299	4,092	22.9
2020	8,906	8,608	3,683	22.9
2021	9,657	9,509	4,207	22.4

Source: Office of Planning and Analysis

## Tuition and Fees

The following table shows a history of the changes in tuition and student fees of full-time students enrolled at the University for the fiscal years 2018 through 2022.

### Schedule of Student Tuition and Fees for Fiscal Years Ending June 30, 2018-2022

Fiscal Year	Undergraduate (15 Hours)		Graduate (12 Hours)	
	Resident	Nonresident	Resident	Nonresident
2018	\$4,047	\$8,526	\$4,286	\$9,433
2019	\$4,135	\$8,726	\$4,381	\$9,657
2020	\$4,150	\$8,741	\$4,395	\$9,671
2021	\$4,217	\$8,899	\$4,468	\$9,849
2022	\$4,400	\$9,083	\$4,612	\$9,993

Source: Office of Vice President for Finance and Administration

The tuition and fees of the six Board of Regents Institutions are shown in the following table.

**Kansas Board of Regents Institutions  
Comparison Schedule of Tuition and Fees for each Semester  
Effective for Fiscal Year Ending June 30, 2022**

	<b>Wichita State University</b>	<b>University of Kansas</b>	<b>Kansas State University</b>	<b>Emporia State University</b>	<b>Pittsburg State University</b>	<b>Fort Hays State University</b>
<b>Resident</b>						
Undergraduate (15 Hrs)	\$4,400.01	\$5,582.95	\$5,209.98	\$3,500.39	\$3,872.00	\$2,721.90
Graduate (12 Hrs)	\$4,612.17	\$5,522.35	\$5,612.28	\$4,398.24	\$4,364.00	\$2,998.08
<b>Nonresident</b>						
Undergraduate (15 Hrs)	\$9,082.71	\$14,016.70	\$13,245.48	\$7,458.89	\$9,544.00	\$7,945.20
Graduate (12 Hrs)	\$9,992.97	\$12,503.35	\$11,974.68	\$9,308.64	\$9,780.00	\$7,580.52

Source: Kansas Board of Regents

**Financial Aid Assistance**

The following table provides information about the recipients and amounts of financial aid assistance to students for fiscal years ending June 30, 2019-2021, as well as year-to-date amounts for Fiscal Year 2022 as of June 3, 2022. Due to the fact that some students receive financial aid from more than one source, the total number of students receiving financial aid assistance may be duplicated in part.

**Schedule of Financial Aid Assistance to Students  
Fiscal Years Ending June 30, 2019-2022**

<b>Students Receiving Financial Aid Assistance by Category</b>	<b>FY 2019 Actual</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Actual</b>	<b>FY 2022 As of June 3, 2022</b>
Federal Assistance Recipients	8,535	8,466	8,147	7,753
State Assistance Recipients	1,295	1,380	1,495	2,652
Institutional Scholarship Recipients	7,495	7,531	5,953	6,280
Other Scholarship Recipients	<u>835</u>	<u>870</u>	<u>1,821</u>	<u>1,257</u>
Total Assistance Recipients	18,160	18,247	17,416	17,942

**Amount of Assistance by Category**

Federal Assistance	\$80,704,236	\$78,692,424	\$74,205,440	\$69,827,302
State Assistance	1,607,052	1,855,131	1,756,812	4,594,721
Institutional Scholarships	19,326,631	20,267,888	21,375,722	22,800,391
Other Scholarships	<u>2,021,387</u>	<u>2,324,644</u>	<u>3,650,349</u>	<u>3,605,126</u>
Total Assistance to Students	\$103,659,306	\$103,140,087	\$100,988,323	\$100,827,540

Source: Office of Financial Aid

## Overview of University Housing System

The University currently houses approximately 1,443 students in its on-campus residence hall facilities. The table below summarizes the number of beds available in the University's residence halls.

Hall	Year Built	Designed Beds Capacity	FY 2021 Number of Beds	FY 2022 Number of Beds
Shocker Hall	2014	776	815	806
The Flats	2017	286	374	447
The Suites	2019	<u>220</u>	<u>219</u>	<u>219</u>
Total		1,282	1,408	1,443

The following table shows the number of spaces available and the number of residence hall spaces occupied in the Housing System for the past five fiscal years.

### Wichita State University Historical Utilization and Charges, 2018-2022

Fiscal Year Ended June 30	Fall Spaces Available*	Fall Spaces Occupied	System Design Occupancy	Beds Available Occupancy
2018	1,230	1,230	115.8%	100.0%
2019	1,396	1,319	124.2%	94.5%
2020	1,464	1,464	114.2%	100.0%
2021	1,408	1,235	96.3%	87.7%
2022	1,443	1,443	112.6%	100.0%

\* Beds off-line are not included in these totals.

Source: Wichita State University Office of Housing and Residential Life

Presented below are the actual and projected gross revenues derived by the University from the Housing System and the student housing fee. No assurance is given that the projected gross revenues will be realized in the amounts set forth below.

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**Wichita State University  
Actual and Projected (Housing System) Gross Revenues, 2018-2022**

<b>Fiscal Year</b>	<b>Amount</b>
2018	\$12,387,528
2019	13,951,358
2020	13,722,435
2021	13,248,110
2022*	14,300,000

\*Estimated

Source: Wichita State University Office of Housing and Residential Life

Presented below are the room and board rates of the University's Housing System for the academic years indicated. The housing rates included in the following tables are for both semesters of the academic year (including an unlimited meal plan).

**Wichita State University  
Schedule of Room and Board Rates, 2018-2022**

<b>Academic Years Ending June 30</b>	<b>Room and Board Rates</b>
2018	\$10,830
2019	10,980
2020	11,260
2021	11,260
2022	11,260

Source: Wichita State University Office of Housing and Residential Life

In the following table, room and board rates for the academic years ending June 30, 2021 and June 30, 2022 are set forth for the six Board of Regents Institutions. These rates are considered by the Board of Regents to be the standard rate for a typical double room with a standard meal plan. Variations on these rates may occur depending on the selection of an alternate meal plan, a single room, or another deviation from the norm.

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**Kansas Board of Regents Institutions**  
**Schedule of Room and Board Rates, Academic Years Ending June 30**

	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
<b>University Name</b>	<b>Standard Double Limited Dining</b>	<b>Standard Double Limited Dining</b>	<b>Renovated Room Unlimited Dining</b>	<b>Renovated Room Unlimited Dining</b>
Wichita State University	\$11,110	\$11,110	\$11,110	\$12,660
University of Kansas	9,700	9,700	13,025	13,025
Kansas State University	9,480	9,480	12,450	12,450
Emporia State University	9,156	9,252	9,952	9,952
Pittsburg State University	7,538	7,956	9,196	9,196
Fort Hays State University	8,182	8,182	8,694	8,694
Source: Kansas Board of Regents				

The following table sets forth the rental rates for the University. All spaces are furnished. All residents are required to purchase a meal plan. Shocker dollars may be used to purchase meals at various locations around campus.

**Wichita State University**  
**Schedule of Rental Rates for The Flats, The Suites and Shocker Hall**  
**Academic Year Ending June 30, 2022**

**The Flats**

	<b>Double Occupancy</b>	<b>Single Occupancy</b>
1,000 Dining Dollars	\$7,900	\$9,120
1,500 Dining Dollars	8,400	9,620
2,000 Dining Dollars	8,900	10,120
Unlimited Meal Plan + 150 Dining Dollars	11,330	12,550
Unlimited Meal Plan + 500 Dining Dollars	11,680	12,900
Unlimited Meal Plan + 800 Dining Dollars	11,980	13,200

	<b>The Suites</b>				
	<b>Single 1 bed 1 bath</b>	<b>Single 2 bed 1 bath</b>	<b>Single 4 bed 2 bath</b>	<b>Single 2 bed Hybrid 1 bath</b>	<b>Double 2 bed Hybrid 1 bath</b>
Unlimited Meal Plan + 150 Dining Dollars	\$13,790	\$12,810	\$12,380	\$12,280	\$11,260
Unlimited Meal Plan +500 Dining Dollars	14,140	13,160	13,180	12,630	11,610
Unlimited Meal Plan + 800 Dining Dollars	14,440	13,460	13,480	12,930	11,910

	<b>Shocker Hall</b>				
	<b>Single 1 bed 1 bath</b>	<b>Single 3 bed 1 bath</b>	<b>Double 2 bed 1 bath</b>	<b>Single 2 bed 1 bath</b>	<b>Single 4 bed 2 bath</b>
Unlimited Meal Plan + 150 Dining Dollars	\$13,790	\$12,050	\$11,260	\$12,810	\$12,380
Unlimited Meal Plan +500 Dining Dollars	14,140	12,400	11,610	13,160	13,180
Unlimited Meal Plan + 800 Dining Dollars	14,440	12,700	11,910	13,460	13,480

Source: Wichita State University Office of Housing and Residential Life

## **FINANCIAL INFORMATION OF THE UNIVERSITY**

### **Overview**

Fiscal operations of the University constitute an extensive business operation. Tuition revenues and state appropriations for University operations from the State General Fund are the main sources of funds for general University operations. The total general use budget for the fiscal year ending June 30, 2022 is \$172,197,474. Total general use revenues for the University for the fiscal year ended June 30, 2021 was \$167,293,889. The total operating budget for the University, including Federal grants and contracts and auxiliary enterprises for the fiscal year ending June 30, 2022 is \$491,400,000. Total revenues for the University, including tuition and fees, state appropriations, sales and services, grants and contracts, auxiliary enterprises, other operating revenues, gifts, capital appropriations, other non-operating revenues and fees and gifts for capital projects for the fiscal year ended June 30, 2021 on a GAAP basis was \$494,607,456.

Appropriations from state tax revenues are made to four unique State General Funds: Operating Expenditures, Technology Transfer Facility, Aviation Infrastructure and Aviation Research. Appropriations for operating expenditures in FY 2022 and FY 2021 were approved at \$69,207,847 and \$68,525,976 million, respectively.

In June 2022, the Kansas Board of Regents approved flat tuition rates with no tuition increase at the University and a \$1.00 increase to the Campus Infrastructure and Support Fee, bringing the fee to \$20.00 per credit hour. The fee increase will be dedicated to partially fund the debt service on the Bonds related to the renovation of Clinton Hall and is expected to generate \$290,000 in fiscal year 2023. The table set forth below under the caption “Sources of Revenue Summary” provides a comparison of revenue sources

including tuitions and fees, as well as state appropriations and all other sources of revenue, for FY 2018 through FY 2022 (2022 amounts are budgeted amounts). The “All Other Sources” column set forth in the “Sources of Revenue Summary” table below include sales and services, grants and contracts, auxiliary enterprises, other receipts, gifts, capital appropriations and investment income.

## **Annual Financial Report**

The University is one of six universities operated under the direction of the Board. An independent audit of the State of Kansas includes the operations of these universities. The University prepares an Annual Financial Report each year, which is not currently audited and is not expected to be audited in the future.

The Wichita State University Annual Financial Report for the fiscal year ended June 30, 2021 is attached as Appendix B to the Official Statement. Such Annual Financial Report has not been audited and is not expected to be audited. See the caption “FINANCIAL INFORMATION OF THE UNIVERSITY” in the Official Statement.

*This financial information is provided for background information only. Not all revenues of the University are pledged to the repayment of the Bonds. Only the Revenues, as defined in the Bond Resolution, are pledged to the payment of the Bonds. See the caption “Revenues Pledged” below.*

**Component Units Included in the Annual Financial Report.** Information for certain component units of the University described at “Note 12—Component Units” in the Wichita State University Annual Financial Report for the fiscal year ended June 30, 2021 attached as Appendix B to this Official Statement are presented within the Wichita State University Annual Financial Report. The summary financial information of the Wichita State University Intercollegiate Athletic Association, Inc. (“WSUICAA”), the Wichita State Union Corporation (the “Union Corporation”), the Board of Trustees, the Wichita State University Campus of Applied Sciences and Technology d/b/a WSU Tech (the “College”) and the Wichita State University Foundation (the “Foundation”) are presented under the column “Discretely Presented Component Units” on the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position in the Wichita State University Annual Financial Report for the fiscal year ended June 30, 2021 attached as Appendix B to this Official Statement. The assets and revenues of such component units are not available for the payment of debt service on the Bonds.

WSUICAA was incorporated to schedule, manage and promote athletic contests of the University in harmony with the general education policy of the University. The revenues and assets of WSUICAA are not available for the payment of debt service on the Bonds.

The Union Corporation was formed to operate the Rhatigan Student Center and other facilities at the University. Following the refunding of all of the outstanding Series 2013F-1 Bonds with proceeds of the Kansas Development Finance Authority Revenue Bonds, Series 2021L, the long-term obligations of the Union Corporation include the Series 2013F-2 Bonds described at the caption “University Debt Obligations—Obligations Payable from Revenues Pledged” below. The revenues and assets of the Union Corporation are not available for the payment of debt service on the Bonds.

The Board of Trustees is a governmental entity responsible for the management of the mill levy moneys arising out of the tax levy upon the citizens of Sedgwick County, Kansas and was established for the education enrichment purposes of the University. See the heading “GENERAL INFORMATION—External Relationships” above. The long term obligations of the Board of Trustees include the \$38,895,000 original aggregate principal amount of Sedgwick County Public Building Commission Revenue Bonds (Board of Trustees of Wichita State University - Experiential Education Projects) Series 2014-3 and \$6,050,000 original aggregate principal amount of Sedgwick County Public Building Commission Taxable Revenue Bonds (Board of Trustees of Wichita State University - Experiential Education Projects) Series



2014-4 (collectively, the “Series 2014 Bonds”) issued on December 30, 2014. Debt service on the Series 2014 Bonds is payable from lease payments made by the Board of Trustees from a special tax levy and sublease payments made by the University from unrestricted revenues. Pursuant to a Sublease Agreement between the Board of Trustees and the University dated as of December 1, 2014 (the “Sublease”), the University was obligated to make rental payments of \$2 million on December 30, 2014, August 1, 2015 and August 1, 2016. Pursuant to the Sublease, the University is also obligated for the payment of all taxes and assessments and all costs and expenses of operating and maintaining the facilities financed by the Series 2014 Bonds. The Board of Trustees has also entered into an agreement to make annual contributions to the University that cover approximately 85% of annual debt service on that portion of the Series 2021L Bonds that financed the convergence sciences building which houses the National Institute for Research and Digital Transformation (NIRDT) described herein under the caption “**University Debt Obligations – Obligations Payable from Revenues Pledged – Series 2021L Bonds**”. The revenues and assets of the Board of Trustees are not available for the payment of debt service on the Bonds.

The College is a public, state-supported institution providing secondary and postsecondary technical education programs operating under the jurisdiction of the Kansas Board of Regents. Major federally funded student financial aid programs in which the College participates include the Federal Pell Grant and Federal Direct Student Loan programs. The College extends unsecured credit to students. State appropriations for the College in the amount of \$5.1 million flow through the University and are recorded on each entity’s statement of revenues, expenses and changes in net position. The State of Kansas authorized the affiliation of the College, formerly known as Wichita Area Technical College, with the University effective July 1, 2018. The revenues and assets of the College are not available for the payment of debt service on the Bonds.

The Foundation provides support for the educational undertakings of the University and all related beneficial activities. See the heading “GENERAL INFORMATION—External Relationships” above. The revenues and assets of the Foundation are not available for the payment of debt service on the Bonds.

### **State Appropriations and the Budget Process**

The State of Kansas operates on a fiscal year basis, beginning on July 1 and ending the following June 30, and numbered for the calendar year in which it ends. The Legislature meets annually in early January and typically adjourns in May. The budget process is designed to provide the Legislature with accurate and detailed revenue projections, along with professionally prepared expenditure budgets for each State agency for the current and succeeding fiscal years.

The Higher Education Coordination Act provides that the Board of Regents shall “serve as the representative of the public postsecondary educational system before the Governor and the Kansas Legislature.” K.S.A. 74-3202c(b)(2). This provision provides the foundation for an approach to state funding that reflects the recurring theme of maintaining a unified state budget request for new resources and a system-wide focus on requesting and advocating for increases in State General Fund appropriations for public postsecondary education.

In September of each year, the Board of Regents submits the unified budget request to the Department of Administration, Division of Budget, that reflects increases (or decreases) to the budget for operating grants and enhancements for each of the six universities governed by the Board of Regents. In September, the state universities also submit a budget request document for their base budget to the Department of Administration, Division of the Budget, for the succeeding fiscal year. Professional staff at the Division of the Budget analyze and review the budget requests of the universities and other State agencies and presents the budgets to the Governor for preliminary gubernatorial approval. The Governor then presents a complete State budget, with funding recommendations, to the Legislature in January, during the first week of the legislative session.

During the legislative session, both the Senate Ways and Means Committee and the House Appropriations Committee review individual agency budgets, including the state universities, and make final recommendations for legislative approval. Staff support for the Legislature also includes professional budget analysts who again scrutinize the proposed budgets.

Once the complete, proposed State budget is approved by the Legislature, it is again presented to the Governor for passage into law. The Governor has line-item veto power. The Governor's veto can only be overridden by a two-thirds majority vote of both the House and Senate. This portion of the budget process is completed prior to the beginning of the succeeding fiscal year.

The Kansas Constitution mandates that budgeted expenditures are limited to available funds from current revenue, or a combination of current revenue and available reserves. Once the budget is approved by the Legislature and Governor, State agencies, including the universities, have flexibility within their particular budgets to change line item amounts appropriately to compensate for necessary modifications due to internal or external reasons. This flexibility allows State agencies to react appropriately to either revenue variances or changing operational needs.

During the fiscal year for which the budget has been prepared, the Governor and Legislature review the budget in progress and have the ability to make necessary adjustments. Continuous expenditure review is performed by each university and other State agencies, as well as by the Department of Administration. Also, current state general fund revenues are monitored by the Department of Administration, Division of the Budget; Department of Revenue; the Legislative Research Department; the Governor; and three economists from the State's three largest Board of Regents' universities, to ensure fiscal responsibility. An executive branch allotment system is applicable to reduce expenditures under certain circumstances for any fiscal year in which the resources of the state general fund or any special revenue fund appear likely to be insufficient to cover appropriations.

### Sources of Revenue Summary

The following table sets forth a comparison of State appropriations to tuition and fees and other revenue for the four most recent fiscal years and budgeted figures for the current fiscal year, Fiscal Year 2022, for the University. Examples of other revenue sources include revenues from auxiliary operations, sponsored research overhead, grants and contracts, and other miscellaneous sales and service activities.

#### Comparison of State Appropriations to Tuition and Fees and Other Revenue Sources FY 2018 – FY 2022

Fiscal Year Ended June 30,	Revenue (in millions)				Percent of Total Revenue		
	State Appropriations	Tuition & Fees	All Other Sources	Total Revenue	State Appropriations	Tuition & Fees	All Other Sources
2018	71.1	101.2	145.8	318.1	22.4	31.8	45.8
2019	79.1	100.6	177.8	357.5	22.1	28.1	49.7
2020	85.0	102.9	213.6	401.5	21.2	25.6	53.2
2021	82.3	104.9	307.4	494.6	16.6	21.2	62.2
2022 <sup>(1)</sup>	86.1	128.3	277.0	491.4	17.5	26.1	56.4

<sup>(1)</sup> 2022 amounts are budgeted. Capital improvement project funds are not included in above budget figures. Tuition and Fees for fiscal years 2018-2021 are shown net of allowances while fiscal year 2022 figure is not net of allowances.

## **Revenues Pledged**

The tables below present the University's revenue budget for fiscal year 2022, certain summary financial information regarding revenues for the 11-month period ended May 31, 2022, and the University's actual revenues for the years ending June 30, 2021 and 2020, modified to identify certain funds that are not included in Revenues pledged to the payment of the Bonds.

The budgeted figures for the fiscal year ending June 30, 2022 and the summary financial information regarding revenues for the 11-month period ended May 31, 2022 presented below are preliminary. The summary financial information should not be considered indicative of the results that may be expected for any other interim period or for the full fiscal year. The financial information for the fiscal year ending June 30, 2021 and June 30, 2020 which follows is excerpted from the Wichita State University Annual Financial Report for the fiscal year ended June 30, 2021 attached as Appendix B to the Official Statement.

The Revenues, as defined in the Bond Resolution, include the amounts identified in the "Revenues" columns of the tables below. Amounts in the "Restricted Revenues" columns are a part of Restricted Revenues, as defined in the Bond Resolution, and are not pledged to the payment of the Bonds.

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**Wichita State University****Revenues Pledged and Restricted Revenues  
Year Ended June 30, 2022 (Budget)**

	<b>Total</b>	<b>Restricted Revenues<sup>(1)</sup></b>	<b>Revenues<sup>(2)</sup></b>
Tuition and Fees <sup>(3)</sup>	\$128,300,000	\$42,843,718	\$85,456,282
State Appropriations	86,062,047	16,854,200	69,207,847
State Appropriations – Capital	4,831,200	4,831,200	-
Auxiliaries			
Housing <sup>(4)</sup>	14,339,698	14,339,698	-
Parking <sup>(4)</sup>	1,702,850	1,702,850	-
All Other Sources	<u>254,239,827</u>	<u>254,239,827</u>	<u>-</u>
<b>Total</b>	<b>\$489,475,622</b>	<b>\$334,811,493</b>	<b>\$154,664,129</b>

(1) These amounts are Restricted Revenues (as defined in the Bond Resolution).

(2) These amounts are the Revenues (as defined in the Bond Resolution) pledged by the University pursuant to the Pledge Agreement.

(3) Tuition and Fees are not shown net of allowances. Allowances are estimated and shown in Restricted Revenues.

(4) To the extent University revenues pledged to specific bonds (such as housing and parking revenues) are transferred to a surplus fund that permits use of moneys for any lawful purpose, such excess portion of the revenues transferred to the surplus fund are presented as Revenues.

**Wichita State University****Revenues Pledged and Restricted Revenues  
11-Month Period Ended May 31, 2022  
(Preliminary Information)**

	<b>Total</b>	<b>Restricted Revenues<sup>(1)</sup></b>	<b>Revenues<sup>(2)</sup></b>
Tuition and Fees <sup>(3)</sup>	\$128,376,663	\$42,623,647	\$85,753,016
State Appropriations	86,062,047	16,854,200	69,207,847
State Appropriations – Capital	4,831,200	4,831,200	-
Auxiliaries			
Housing <sup>(4)</sup>	16,310,194	16,310,194	-
Parking <sup>(4)</sup>	1,621,334	1,621,334	-
All Other Sources	<u>204,173,540</u>	<u>204,173,540</u>	<u>-</u>
<b>Total</b>	<b>\$441,374,978</b>	<b>\$286,414,115</b>	<b>\$154,960,863</b>

(1) These amounts are Restricted Revenues (as defined in the Bond Resolution).

(2) These amounts are the Revenues (as defined in the Bond Resolution) pledged by the University pursuant to the Pledge Agreement.

(3) Tuition and Fees are not shown net of allowances. Allowances are estimated and shown in Restricted Revenues.

(4) To the extent University revenues pledged to specific bonds (such as housing and parking revenues) are transferred to a surplus fund that permits use of moneys for any lawful purpose, such excess portion of the revenues transferred to the surplus fund are presented as Revenues.

**Wichita State University**  
**Revenues Pledged and Restricted Revenues**

<b>Year Ended June 30, 2021 Actual</b>	<b>Total <sup>(1)</sup></b>	<b>Restricted Revenues<sup>(2)</sup></b>	<b>Revenues<sup>(3)</sup></b>
Tuition and Fees	\$104,876,072	\$14,700,093	\$90,175,979
State Appropriations	82,337,830	17,198,646	65,139,184
State Appropriations – Capital	4,515,534	4,515,534	-
Sales and Services	76,333,132	76,333,132	-
Other Operating Revenues	13,558,141	13,558,141	-
Gifts	22,598,823	22,598,823	-
Grants and Contracts – Federal State & Nongov	150,516,639	150,516,639	-
Auxiliaries:			
Housing <sup>(4)</sup>	13,880,057	13,880,057	-
Parking <sup>(4)</sup>	1,207,257	1,207,257	-
All Other Auxiliaries	-	-	-
Other Non-Operating Revenues	1,242,296	1,242,296	-
Other Revenue – Fees and Gifts for Capital Projects	23,541,675	23,541,675	-
<b>Total</b>	<b>\$494,607,456</b>	<b>\$339,292,296</b>	<b>\$155,315,163</b>

- (1) Total revenues of the University from the Statement of Revenues, Expenses and Changes in Net Position on page 18 of the Wichita State University Annual Financial Report for the fiscal year ended June 30, 2021 attached as Appendix B to the Official Statement.
- (2) These amounts are Restricted Revenues (as defined in the Bond Resolution).
- (3) These amounts are the Revenues (as defined in the Bond Resolution) pledged by the University pursuant to the Pledge Agreement.
- (4) To the extent University revenues pledged to specific bonds (such as housing and parking revenues) are transferred to a surplus fund that permits use of moneys for any lawful purpose, such excess portion of the revenues transferred to the surplus fund are presented as Revenues.

**Wichita State University**  
**Revenues Pledged and Restricted Revenues**

<b>Year Ended June 30, 2020 Actual</b>	<b>Total <sup>(1)</sup></b>	<b>Restricted Revenues<sup>(2)</sup></b>	<b>Revenues<sup>(3)</sup></b>
Tuition and Fees	\$102,929,442	\$11,450,516	\$91,478,926
State Appropriations	85,042,359	18,108,393	66,933,966
State Appropriations – Capital	5,158,201	5,158,201	-
Sales and Services	56,883,391	56,883,391	-
Other Operating Revenues	10,437,237	10,437,237	-
Gifts	20,354,129	20,354,129	-
Grants and Contracts – Federal State & Nongov	99,178,614	99,178,614	-
Auxiliaries:			
Housing <sup>(4)</sup>	13,209,980	13,209,980	-
Parking <sup>(4)</sup>	1,545,035	1,545,035	-
All Other Auxiliaries	-	-	-
Other Non-Operating Revenues	2,399,643	2,399,643	-
Other Revenue – Fees and Gifts for Capital Projects	4,315,457	4,315,457	-
<b>Total</b>	<b>\$401,453,488</b>	<b>\$243,040,586</b>	<b>\$158,412,892</b>

- (1) Total revenues of the University from the Statement of Revenues, Expenses and Changes in Net Position on page 18 of the Wichita State University Annual Financial Report for the fiscal year ended June 30, 2021 attached as Appendix B to the Official Statement.
- (2) These amounts are Restricted Revenues (as defined in the Bond Resolution).
- (3) These amounts are the Revenues (as defined in the Bond Resolution) pledged by the University pursuant to the Pledge Agreement.
- (4) To the extent University revenues pledged to specific bonds (such as housing and parking revenues) are transferred to a surplus fund that permits use of moneys for any lawful purpose, such excess portion of the revenues transferred to the surplus fund are presented as Revenues.

**University Debt Obligations**

**General Description of University Debt Obligations.** Information regarding outstanding long-term debt obligations of the University is set forth in the Wichita State University Annual Financial Report for the fiscal year ended June 30, 2021 attached as Appendix B to the Official Statement. For a schedule of the annual debt service payable on the Bonds, see Appendix C to the Official Statement.

Subsequent to June 30, 2021, the University has not incurred any additional long-term obligations other than the Series 2021L Bonds described below.

**Obligations Payable from Revenues Pledged.** In addition to the Bonds, obligations payable from the Revenues of the University include the following:

**Series 2013F-2 Bonds.** The \$8,275,000 original aggregate principal amount of Kansas Development Finance Authority Taxable Revenue Bonds, Series 2013F-2 (Wichita State University Union Corporation Student Housing Project) (the “Series 2013F-2 Bonds”) were issued on August 15, 2013. Proceeds of the Series 2013F-2 Bonds were used to partially fund the construction and equipping of Shocker

Hall. The Series 2013F-2 Bonds are currently outstanding in the principal amount of \$445,000. The expected source of payment on the Series 2013F-2 Bonds are the gross receipts and other operating revenues of Shocker Hall. However, the University covenanted to make available the unrestricted revenues of the University.

Series 2016J Bonds. The \$9,245,000 original aggregate principal amount of Kansas Development Finance Authority Revenue Bonds, Series 2016J (Wichita State University Projects) (the “Series 2016J Bonds”) were issued on December 21, 2016. Proceeds of the Series 2016J Bonds in the amount of \$7,200,000 were used to finance a portion of the costs of the construction and equipping of a parking facility located on the campus of the University and proceeds of the Series 2016J Bonds in the amount of \$2,344,697 were used to refund the Kansas Development Finance Authority Refunding Revenue Bonds, Series 2003C (Kansas Board of Regents — Scientific Research and Development Facilities Projects). The Series 2016J Bonds are currently outstanding in the principal amount of \$7,405,000. Debt service on the Series 2016J Bonds is payable from the Revenues pledged by the University.

Series 2020P Bonds. The \$79,465,000 original aggregate principal amount of Kansas Development Finance Authority Revenue Bonds, Series 2020P (Wichita State University Projects) (the “Series 2020P Bonds”) were issued on July 28, 2020. Proceeds of the Series 2020P Bonds in the amount of \$25,000,000 were used to partially fund the construction and equipping of a new school of business building on the innovation campus of the University to be known as Woolsey Hall, proceeds of the Series 2020P Bonds in the amount of \$49,000,000 were used to purchase the student housing units commonly known as the Flats and the Suites, and proceeds of the Series 2020P Bonds in the amount of \$9,516,584 were used to refund the Kansas Development Finance Authority Revenue Bonds, Series 2012A (Wichita State University Projects). The Series 2020P Bonds are currently outstanding in the principal amount of \$75,175,000. Debt service on the Series 2020P Bonds is payable from the Revenues pledged by the University.

Series 2021L Bonds. The \$65,210,000 original aggregate principal amount of Kansas Development Finance Authority Revenue Bonds, Series 2021L (Wichita State University Projects) (the “Series 2021L Bonds”) were issued on July 27, 2021. Proceeds of the Series 2021L Bonds in the amount of \$13,230,000 were used to partially fund the construction and equipping of a new convergence sciences building on the innovation campus of the University. The building will house the National Institute for Research and Digital Transformation (NIRDT), and proceeds of the Series 2021L Bonds in the amount of \$51,980,000 were used to refund the Kansas Development Finance Authority Revenue Bonds, Series 2013F-1 (Wichita State University Union Corporation Student Housing Project). The Series 2021L Bonds are currently outstanding in the principal amount of \$64,565,000. Debt service on the Series 2021L Bonds is payable from the Revenues pledged by the University.

### **Capital Projects with Planned Additional Debt Obligations**

The University currently has several capital improvement projects in various stages of planning and construction. For a description of certain projects, see the captions “GENERAL INFORMATION—History and Academic Development” in this Appendix A and “CAPITAL ASSETS” in the Management’s Discussion and Analysis contained at the beginning of the University’s Annual Financial Report set forth in Appendix B to the Official Statement. The University has no planned capital projects that will require the issuance of debt, except as follows. The construction of the Project described at the caption “PLAN OF FINANCE—The Project” in the Official Statement will be financed in part with proceeds of the Bonds.

### **Potential Capital Projects**

The University is currently in conversations with the State of Kansas, City of Wichita, Sedgwick County, University of Kansas, and WSU Tech to create a Health Sciences Education Center to be located

in downtown Wichita. A 310,000 square foot facility will potentially house shared spaces for advanced laboratories, clinical research and technology. The University, University of Kansas, and WSU Tech have several strong health science academic programs and pooling the collective resources and successes of these institutions on one campus will bring about remarkable opportunities for collaboration, innovation and research. As indicated in the Official Statement under the caption “INVESTMENT CONSIDERATIONS – State Appropriations May Be Reduced,” in the 2022 legislative session the University was allocated \$10.0 million in one-time federal American Rescue Plan Act funding dedicated to digital transformation, and \$25.0 million to assist in construction of the new Health Sciences Education Center in Wichita. The \$25.0 million to assist in the construction of the new Health Sciences Education Center is a joint appropriation with the University of Kansas.

The University is exploring options to replace Cessna Stadium with a new facility to modernize and transform University track and field programs and possibly accommodate a future Shocker soccer program. Beyond athletics, the new stadium will double as a state-of-the-art entertainment venue for live concerts from artists in the campus community and notable national entertainers.

### **Pension Obligations and OPEB**

***Pension Obligations.*** Certain University employees, representing approximately one-fourth of University benefit employees, participate in the Kansas Public Employees Retirement System (“KPERS”), an umbrella organization which administers defined benefit plans funded through contributions by employers and the individual employees. The employer rate of contributions is determined under State law and the University, as a participating employer, pays the statutorily mandated contribution amount. Kansas law places a cap on employer contributions to the KPERS plans, which has resulted in a statutory contribution rate for employers that has been below the actuarial required contribution rate for many years. Under current law, the employer contribution rate for the KPERS State/School group was 14.23% of covered compensation for FY 2021, and for FY 2022 is 13.33%. The employer contribution rate for the Kansas Police & Firemen’s Retirement System (“KP&F”) was 21.93% of covered compensation for FY 2021, and for FY 2022 is 22.80%. The University made contributions to the KPERS and KP&F plans of \$1,846,747 and \$2,045,251 for fiscal years ended June 30, 2021 and 2020, respectively.

For more information regarding KPERS’s funded status (pursuant to the KPERS Valuation Report as of December 31, 2020, the KPERS funded ratio was 73% on an actuarial basis and 76% on a market value basis), the University’s proportionate share of KPERS’ net pension liability and information regarding where additional information and financial reports of KPERS can be obtained, see “Note 9— Retirement Plans” in the Wichita State University Annual Financial Report for the fiscal year ended June 30, 2021 attached as Appendix B to this Official Statement.

***Other Post-employment Benefits.*** For information regarding the University’s other post-employment benefit obligations related to post-employment healthcare benefits, see “Note 10— Postemployment Benefits Other Than Pensions (OPEB)” in the Wichita State University Annual Financial Report for the fiscal year ended June 30, 2021, attached as Appendix B to this Official Statement.

### **LITIGATION, INSURANCE, UNIONS AND DEFERRED MAINTENANCE**

#### **Litigation**

No litigation, proceedings or investigations are pending or, to the knowledge of the University, threatened against the University, except litigation and certain administrative proceedings involving claims which, if adversely determined, will not, in the opinion of the counsel to the University, materially and adversely affect the financial condition of, the operations of, or revenues generated by, the University. The



Kansas Tort Claims Act, K.S.A. 75-6101 et seq., limits the liability of the State of Kansas, its boards, commissions, departments, agencies, bureaus and institutions for damages caused by the negligent or wrongful act or omission of any of their employees while acting within the scope of their employment. Subject to certain exceptions contained within the Kansas Tort Claims Act, liability for claims within the scope of the Kansas Tort Claims Act cannot exceed \$500,000 for any number of claims arising out of a single occurrence or event. The University's exposure is further limited by insurance coverage as stated below.

### **Insurance**

The University maintains various insurance coverage with regard to its employees, operations and property. The University benefits from a comprehensive commercial property policy and an excess property policy both maintained by the Kansas Board of Regents with a limit of \$1,000,000,000 subject to \$1,000,000 per occurrence, with a deductible of \$250,000. Coverage extends to buildings, machinery & equipment and other contents (contents of buildings are typically covered at approximately 10% of the value of the building) as well as business interruption. Such insurance is currently provided by FM Global and expires on July 1, 2023. Cyberliability insurance group policy, up to \$10,000,000 total policy coverage with a per claim cap of \$5,000,000 per Regent institution, is provided by Arthur J Gallagher Risk Management Services Inc. and expires on March 1, 2023.

### **Unions**

The University maintains Memoranda of Agreement with two employee collective bargaining organizations: the American Federation of Teachers (AFT) representing approximately 170 maintenance and service employees; and the Kansas Association of Public Employees (KAPE) representing approximately 20 police and parking personnel.

### **Deferred Maintenance**

The Kansas Board of Regents recently approved a Maintenance Assessment policy which addresses deferred maintenance. Under the policy, beginning in FY 2023, and each year thereafter, each of the Board of Regents universities are to calculate a maintenance assessment as a percentage of the professionally estimated replacement cost of mission critical buildings of their campuses according to an assessment schedule culminating in a sustainable 2% of current replacement value ("CRV") as approved by the Board of Regents on an annual basis. Each university has six (6) years to reach the 2% CRV. The University has developed information about its deferred maintenance needs and associated costs and how best to implement and ramp up the Board of Regents' Maintenance Assessment plan over the next six years to reach the 2% CRV. Based on the Kansas Board of Regent's 2020 Report on State University Building Inventory, Space Utilization, and Facilities Condition report released in January 2021, the CRV of the University's mission critical buildings is nearly \$750.0 million. As currently written, the Maintenance Assessment policy will require the University to spend approximately \$11.2 million per year on deferred maintenance by 2029. The State has provided additional funding to assist Board of Regents universities with deferred maintenance. The University has included funding for deferred maintenance in the amount of \$519,921 in its budget for FY 2023.

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**APPENDIX B**

**WICHITA STATE UNIVERSITY ANNUAL FINANCIAL REPORT (JUNE 30, 2021)  
(UNAUDITED)**

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# WICHITA STATE UNIVERSITY

## ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30th 2021





**A COMPONENT UNIT OF THE STATE OF KANSAS  
ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEARS ENDED  
JUNE 30, 2021 AND JUNE 30, 2020

Prepared by: Department of Finance & Administration

## **INTRODUCTORY SECTION**



**WICHITA STATE UNIVERSITY**  
**Annual Financial Report**  
**For the Fiscal Years Ended**  
**June 30, 2021 and 2020**

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**WICHITA STATE UNIVERSITY**  
**Annual Financial Report**  
**For the Fiscal Years Ended**  
**June 30, 2021 and 2020**

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WICHITA STATE  
UNIVERSITY

FINANCE AND  
ADMINISTRATION

December 6, 2021

Dear Shocker Nation:

It is with great pleasure that we present to you the annual financial report for Wichita State University (University or Wichita State) for the year ended June 30, 2021. The University is governed by the Kansas Board of Regents and is an agency of the State of Kansas. As such, the University's financial statements are consolidated into the State University System and included as a discretely presented component unit in the annual comprehensive financial report (ACFR) of the State of Kansas.

For the year ended June 30, 2021, the State of Kansas contracted with the independent public accounting firm of CliftonLarsonAllen LLP to perform the State's audit. Although the accompanying financial statements have not been audited, the University's financial information, which is incorporated into the State's financial report, is subject to audit procedures as part of the State's "other discretely presented component units" opinion unit. For additional information about the results of the State of Kansas audit for the year ended June 30, 2021, please refer to the separately issued ACFR for the State of Kansas available at: <https://admin.ks.gov/offices/oar/annual-comprehensive-financial-report---acfr>.

This report is prepared by the University's Division of Finance and Administration. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management's discussion and analysis (MD&A) is presented in the Financial Section of this report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this transmittal letter and should be read in conjunction with it.

### **Profile of the University**

Wichita State University serves as the Kansas urban-based research university, enrolling more than 16,000 students from every state in the U.S. and more than 100 countries. Wichita State and WSU Tech are recognized for being student centered and innovation driven.

Located in the largest city in the state with one of the highest concentrations in the United States of jobs involving science, technology, engineering and math (STEM), Wichita State University provides uniquely distinctive and innovative pathways of applied learning, applied research and career opportunities for all our students.

The Innovation Campus, which is a physical extension of the Wichita State University main campus, is one of the nation's largest and fastest-growing research/innovation parks, encompassing over 120 acres and is home to a number of global companies and organizations.

## **Enrollment**

Hopefully by now you've heard the good news about the University's fall 2021 enrollment numbers, which show strong growth and the highest head count in 30-plus years. More than 16,000 students are working toward achieving their goals and finding success at Wichita State.

In particular, there is a 38.7% growth in Black non-Hispanic first-time-in-college students, an 84% increase in international students, and we're up almost 25% in Hispanic first-time-in-college students. We're also bringing in more students from out of state, which is reflected in the 16.9% growth in students from along the I-35 corridor.

While these numbers are noteworthy on their own, they're especially impressive when put into the state and national landscapes, which are reporting declining enrollment numbers. It proves that word is getting out that a Wichita State education consistently provides the highest value and strongest outcomes for the students we serve.

## **Campus infrastructure**

As Wichita State's enrollment grows and evolves, so must our campus. Several construction projects are in the works, including the Wayne and Kaye Woolsey Hall, which will be the new home of the W. Frank Barton School of Business.

The 125,000-square-foot, three-story, state-of-the-art building is truly a sight to behold. It's a cutting-edge facility that includes collaborative workspaces and advanced classroom technology that demonstrates a significant investment in our students and will be a beacon to prospective students to let them know Wichita State is devoted to their success.

When the Barton School of Business moves into its new building, Clinton Hall will turn into the all-inclusive Shocker Success Center. This center will house 16 services — including tutoring, adult learning, the Care Team, military and veteran's affairs, and disability services. Students will be able to easily find the help they need along their pathway to achieve their academic goals, earn a degree, and become successful graduates of Wichita State.

Finally, we're making improvements and expanding on the Marcus Welcome Center. In 2020, the late Howard Marcus and his wife Rose gifted Wichita State \$1 million to create the Millie Marcus Annex, named after Howard's late mother. The annex will house the important services that support students throughout their Shocker lifecycle: admissions, the Career Development Center, the Office of Applied and Experiential Learning, the Alumni Association, and the WSU Foundation.

## **Major initiatives**

Within the pages of this report, you'll find evidence for what we've known all along: Wichita State is growing, thriving, and flourishing in its role as Kansas' only urban-serving public research university. Though the past year has presented its fair share of challenges, our students, faculty and staff have risen to the occasion, doing what Shockers do best: learning, adapting, and innovating. There are several initiatives and priorities that have picked up momentum this past year, and we would like to share some of those with you here.

## **Increasing access and affordability**

With the help of WSU Foundation and our generous donors, we're ramping up our efforts to increase the level of need-based student financial aid. As a public university, there's no more crucial imperative than breaking down the barriers that preclude the students we serve from achieving their educational and career goals.

In 2021, the University initiated the Shocker Neighborhood Promise, which guarantees last-dollar funding for students with a demonstrated need who live in neighborhoods near the Wichita State campus. We've recently announced that we're extending that program in 2022 to all residents of Sedgwick County. It's our hope that eventually we will be able to offer the same promise to all families in the State of Kansas.

Financial obstacles should never be a barrier to achievement and success. At Wichita State, we want to send the message that our doors are open to those who have the determination to earn a degree and achieve their career goals.

### **Fueling the talent pipeline**

The students recruited by Wichita State eventually become the professionals who help grow our Kansas business. Through our rigorous academic curriculum, student support programs, and research opportunities, we help ensure Shocker graduates are ready to hit the ground running when they begin their careers.

Wichita State's extensive applied learning opportunities give students the opportunity to work under the mentorship of seasoned professionals to gain an understanding, make a real contribution, build a network of industry professionals, and get practical experience in their chosen careers.

Not only that, but they get a paycheck while they're learning! In 2020, more than 5,000 of our students earned more than \$27 million in paid applied learning opportunities that directly related to their future careers. This not only helps to prepare our students when they accept their first post-graduation job, but it also helps cover some of the expense of attending college.

### **Growing research and innovation**

The diligent and innovative work of our researchers and faculty has established Wichita State as a premier, urban-serving research university. In particular, we're gaining recognition as a leader in digital transformation — a broad and inclusive field that both supports our state's current industries and diversifies and attracts new jobs and industry through infusing the technology of today into the practices of yesterday.

Since establishing the National Institute for Research and Digital Transformation last year, we've hit the ground running with research, applied learning opportunities, and job creation. Digital transformation touches all our lives and every single degree program we offer, and we believe it is the path forward for Wichita State and Kansas.

Additionally, the National Science Foundation announced that Wichita State has leapt to 27th in the nation in overall engineering research and expenditures for a total of \$109 million — more than four times our peer institutions in the state. Wichita State ranked 17th in the nation for three-year growth in research-and-development expenditures for 2015-18 at U.S. public institutions without a medical school. We're consistently No. 1 in the country for industry-funded aeronautical research and development; and, overall, as an institution, we're closing in on \$200 million in total grant awards.

### **Looking forward**

Wichita State is embarking on two exciting projects that directly benefit Kansans. The first is the Maintenance, Repair, and Overhaul (MRO) program, which presents a tremendous applied-learning opportunity for the University's engineering students and WSU Tech's aircraft maintenance students. Through the MRO, the National Institute for Aviation Research (NIAR) is working to transform a Boeing 777 (the world's largest passenger plane) into a huge cargo plane. It's quite literally a massive undertaking, and it promises to be an exciting success story for Wichita State University.

The second project we're working on is establishing a health science center in downtown Wichita in collaboration with the University of Kansas. As a regional healthcare hub, we have a responsibility to our communities to grow and advance medical offerings, as well as open new doors for aspiring and existing health care professionals to address current and future labor shortages.

The health sciences center will also help us continue meeting the needs of our employers and improving the economic vitality of our region. It will offer new opportunities that attract and retain talent. The healthcare sector has tremendous growth potential – one that is clearly critical to the economic success of Wichita and its surrounding counties.

As Wichita State moves boldly forward, our future is brighter than ever. We will continue to honor and build on our mission to serve our community and our state through initiatives that increase the prosperity of the people we serve.

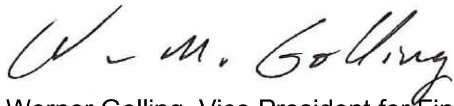
### **Acknowledgements**

The preparation of this report would not have been possible without the skill, effort and dedication of the staff of the Division of Finance and Administration. We would also like to thank all University departments for their assistance in providing the data necessary to prepare this report.

Respectfully submitted,



Dr. Richard D. Muma, President



Werner Golling, Vice President for Finance and Administration

## **FINANCIAL SECTION**

**WICHITA STATE UNIVERSITY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

As management of Wichita State University (University), we offer readers of the University's financial statements this narrative overview and analysis of the financial activities of the University for the fiscal year ended June 30, 2021. We encourage readers to consider this information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on Pages iii-vi of this report.

**FINANCIAL HIGHLIGHTS**

- Net Position increased \$59.0 million (23.0%) compared to 2020.
- Cash increased \$41.7 million (69.6%) while accounts receivable increased \$4.1 million (9.3%).
- Operating revenue increased \$57.6 million (22.0%) driven by a \$27.5 million increase in federal grants and contracts and a \$19.5 million (34.2%) increase in sales and services of educational activities.
- Operating expense increased \$54.0 million (14.4%). Research expenses increased \$33.4 million (34.5%), Scholarships and Fellowships increased \$4.2 million (19.0%) and COVID-19 expenses increased by \$21.1 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements of the University as of and for the year ended June 30, 2021 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35 (GASB 35), *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. For reporting purposes, the University is considered a special-purpose government engaged in business-type activities.

This discussion and analysis is intended to serve as an introduction to the University's basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The financial statements are designed to provide readers with a broad overview of the University's finances from all revenue sources, in a manner similar to the private sector. The University's discretely presented component units are presented in a separate column to enable the reader to distinguish between the University and these separate but related not-for-profit organizations. Combining statements for the University's discretely presented component units are presented immediately following the required supplementary information Pages 69-80 of this report. Additional information about the University's discretely presented component units is available in Note 13 to the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the University's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on Pages 63-67.

**STATEMENT OF NET POSITION**

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



**WICHITA STATE UNIVERSITY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

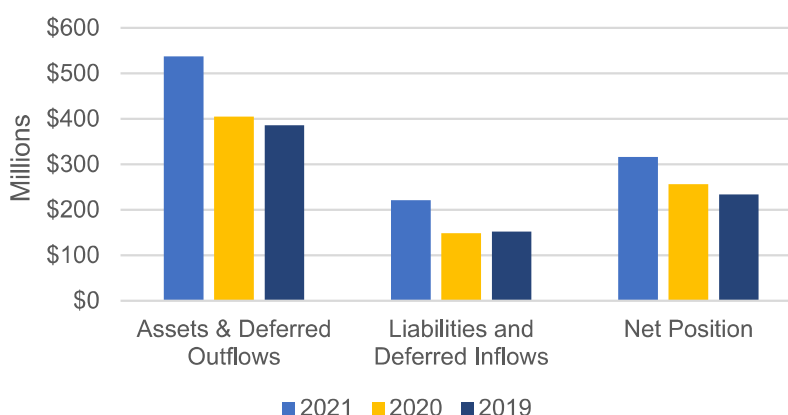
Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the University. Net Position is divided into three categories:

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 as of June 30:

	June 30, 2021	June 30, 2020	June 30, 2019
Current assets	\$ 134,910,663	\$ 107,496,860	\$ 101,962,838
Noncurrent assets	395,964,394	293,342,490	279,508,401
Total assets	530,875,057	400,839,350	381,471,239
Deferred outflows of resources	6,097,627	3,959,452	4,573,553
Current liabilities	40,377,035	37,757,673	33,074,184
Noncurrent liabilities	174,371,460	103,230,708	111,101,181
Total liabilities	214,748,495	140,988,381	144,175,365
Deferred inflows of resources	7,033,858	7,602,921	8,077,027
Net position			
Net investment in capital assets	244,791,630	212,073,145	191,487,254
Restricted	32,598,325	12,152,545	12,564,378
Unrestricted	37,800,376	31,981,810	29,740,768
Total net position	\$ 315,190,331	\$ 256,207,500	\$ 233,792,400

Statement of Net Position



**WICHITA STATE UNIVERSITY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**Assets**

As of June 30, 2021, total assets were \$530.9 million, an increase of \$130.0 million compared to 2020. Current assets increased \$27.4 million and consist primarily of cash and cash equivalents, short-term investments, and accounts receivable. Cash and cash equivalents increased \$22.1 million and accounts receivable increased \$4.1 million due to receivables from the aerospace industry associated with work performed by engineering labs and increased receivables related to reimbursement grants. Non-current assets increased \$102.6 million during 2021. Restricted cash and cash equivalents increased \$19.7 million, which is related to unspent bond proceeds for the construction of Woolsey Hall. Loans to students decreased \$1.1 million as the Federal Perkins Loan Program is no longer making loans to students. Capital assets, net of depreciation, increased \$82.1 million, a significant portion of which was related to the purchase of the Flats & Suites residence halls.

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

**Liabilities**

As of June 30, 2021, total liabilities were \$214.7 million, an increase of \$73.8 million compared to 2020. Current liabilities increased \$2.6 million (6.9%), driven by an increase in accounts payable and accrued liabilities of \$5.3 million, with offsetting decreases in other line items including a decrease of \$1.5 million in unearned revenue. Non-current liabilities increased \$71.1 million (69.0%) compared to 2020, primarily due to the issuance of \$79.5 million in revenue bonds with related premiums of \$5.1 million. This was offset by refunding and repayment of long-term liabilities totaling \$17.2 million.

As of June 30, 2020, total liabilities were \$141.0 million, a decrease of \$3.2 million compared to 2019. Current liabilities increased \$4.7 million (14.2%) because of (1) accounts payable and accrued liabilities increased nearly \$2.0 million, (2) unearned revenue increased \$3.2 million because of increased grant activity and (3) accrued compensated absences decreased \$0.8 million. Non-current liabilities decreased \$7.9 million (7.1%) compared to 2019 because (1) Wichita State's net pension liability fell \$2.3 million, (2) outstanding lease payable on Shocker Hall and energy conservation improvements dropped \$2.2 million, (3) revenue bonds payable decreased \$3.5 million, (4) the non-current portion of the federal government's contribution for Perkins Loans was reduced by \$1.1 million and (5) accrued compensated absences increased \$1.6 million.

**Deferred Outflows and Deferred Inflows of Resources**

Total deferred outflows as of June 30, 2021 were \$6.1 million, an increase of \$2.1 million compared to 2020 primarily due to differences between projected and actual earnings of the pension plan investments and changes of assumptions. Total deferred outflows as of June 30, 2020 were \$4.0 million, a decrease of \$0.6 million compared to 2019 primarily due to changes of assumptions and a change of WSU's proportion of the total State of Kansas KPERS plan.

**WICHITA STATE UNIVERSITY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

Total deferred inflows as of June 30, 2021 were \$7.0 million, a decrease of \$0.6 million compared to 2020 primarily due to changes in WSU's proportionate share of the total State of Kansas KPERS plan. In addition, the University recorded a deferred gain on refunding related to the 2020P bonds. Total deferred inflows as of June 30, 2020 were \$7.6 million, a decrease of \$0.5 million compared to 2019 primarily due to changes of assumptions and changes in WSU's proportionate share of the total State of Kansas KPERS plan.

**Net Position**

As of June 30, 2021, total net position was \$315.2 million, an increase of \$59.0 million (23.0%) compared to 2020. \$244.8 million is invested in capital assets net of depreciation and related debt. \$32.0 million is restricted for capital projects and \$0.6 million is restricted for loans. The remaining \$37.8 million is unrestricted and may be used for any lawful purpose of the institution.

As of 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.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The Statement of Revenues, Expenses, and Changes in Net Position is the University's income statement. Revenues earned and expenses incurred during the fiscal year on an accrual basis are classified as either operating or nonoperating. This distinction results in operating deficits, as the GASB 35 reporting model requires classification of state appropriations, a significant revenue stream to fund current operations, as nonoperating revenue.

	For the Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Operating revenue	\$ 319,121,593	\$ 261,539,758	\$ 230,728,367
Operating expenses	428,352,873	374,304,951	342,768,975
Operating loss	(109,231,280)	(112,765,193)	(112,040,608)
Non-operating revenue (expenses)	140,156,902	125,706,635	110,784,495
Capital contributions and operating transfers	28,057,209	9,473,658	7,975,445
Change in net position	58,982,831	22,415,100	6,719,332
Net position, beginning of year	256,207,500	233,792,400	227,073,068
Net position, end of year	<u>\$ 315,190,331</u>	<u>\$ 256,207,500</u>	<u>\$ 233,792,400</u>

**WICHITA STATE UNIVERSITY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**Operating Revenues**

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

	For the Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Tuition and fees	\$ 104,876,072	\$ 102,929,442	\$ 100,621,930
Grants and contracts	109,266,934	76,534,673	53,538,495
Sales and services	76,333,132	56,883,391	51,322,522
Auxiliary enterprises	15,087,314	14,755,015	15,363,907
Other operating revenues	13,558,141	10,437,237	9,881,513
Total operating revenues	<u>\$ 319,121,593</u>	<u>\$ 261,539,758</u>	<u>\$ 230,728,367</u>

Total operating revenues for the year ended June 30, 2021, increased \$57.6 million (22.0%) over 2020. The following is a brief summary of the significant changes:

- Revenue from federal grants and contracts increased \$27.5 million (39.2%) from 2020 to 2021. COVID-19 relief funds contributed \$4.6 million to this increase. Revenue for research increased \$23.9 million primarily related to aerospace contracts with the U.S. Department of Defense.
- Revenue from sales and services of educational activities increased \$19.5 million (34.2%) from 2020 to 2021. Of the \$19.5 million increase, \$9.1 million is related to engineering services for the aerospace industry and \$10.4 million is from the molecular diagnostics lab for COVID-19 testing services.

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

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

**WICHITA STATE UNIVERSITY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**Operating Expenses**

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

	For the Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Instruction	\$ 85,250,514	\$ 83,926,151	\$ 81,922,190
Research	130,403,130	96,975,578	77,325,468
Public service	24,587,640	26,422,490	27,210,806
Academic support	32,847,330	32,917,767	31,680,468
Student service	33,743,518	32,827,004	33,884,220
Institutional support	21,371,281	24,613,827	24,854,250
Operations and maintenance of plant	22,906,769	25,404,644	23,610,761
Scholarships and fellowships	26,204,613	22,009,736	15,295,605
Auxiliary enterprises	7,897,863	10,475,909	9,295,948
COVID-19 expenses	21,534,694	441,554	--
Depreciation	21,605,521	18,290,291	17,689,259
Total operating expenses	<u>\$ 428,352,873</u>	<u>\$ 374,304,951</u>	<u>\$ 342,768,975</u>

For the year ended June 30, 2021, operating expenses were \$428.4 million, an increase of \$54.0 million (14.4%) compared to 2020. The increase in operating expenses is primarily a result of:

- Research expenses increased \$33.4 million (34.5%) compared to 2020. The increase is a result of NIAR's continued growth in supporting the DoD's Digital Twin and Aircraft Sustainment efforts as well as the addition of the new NIAR WERX Maintenance, Repair, and Operations (MRO) Center.
- Scholarships and Fellowships increased \$4.2 million (19.0%) from 2020. Federal funding under the Education Stabilization Fund provided \$4.6 in aid to students.
- The University reported \$21.5 million in COVID-19 expenses during 2021, an increase of \$21.1 million from 2020. In May 2021, the University utilized \$7.5 million in institutional funds under the Higher Education Emergency Relief Fund (HEERF II) to pay off student debts to allow students to reenroll in courses.
- Depreciation expense increased \$3.3 million (18.1%) compared to 2020. In fiscal year 2021, the University purchased the Flats & Suites residence halls, which contributed to this increase.

Looking at operating expenses by natural classification, compensation and benefits increased \$8.1 million (4.0%), with salaries and wages increasing \$8.6 million and benefits decreasing \$0.5 million. Compensation and benefits account for 49.7% of all operating expenses. The decrease in the cost of benefits is primarily related to actuarial changes in the University's net pension liability and total other postemployment benefit liability. Contractual and commodity expenses increased \$38.1 million (31.1%). This increase is primarily related to the increase in research contracts, but COVID-19 expenses also made a significant contribution. Those increases were offset in other functional categories.

# WICHITA STATE UNIVERSITY

## MANAGEMENT'S DISCUSSION & ANALYSIS

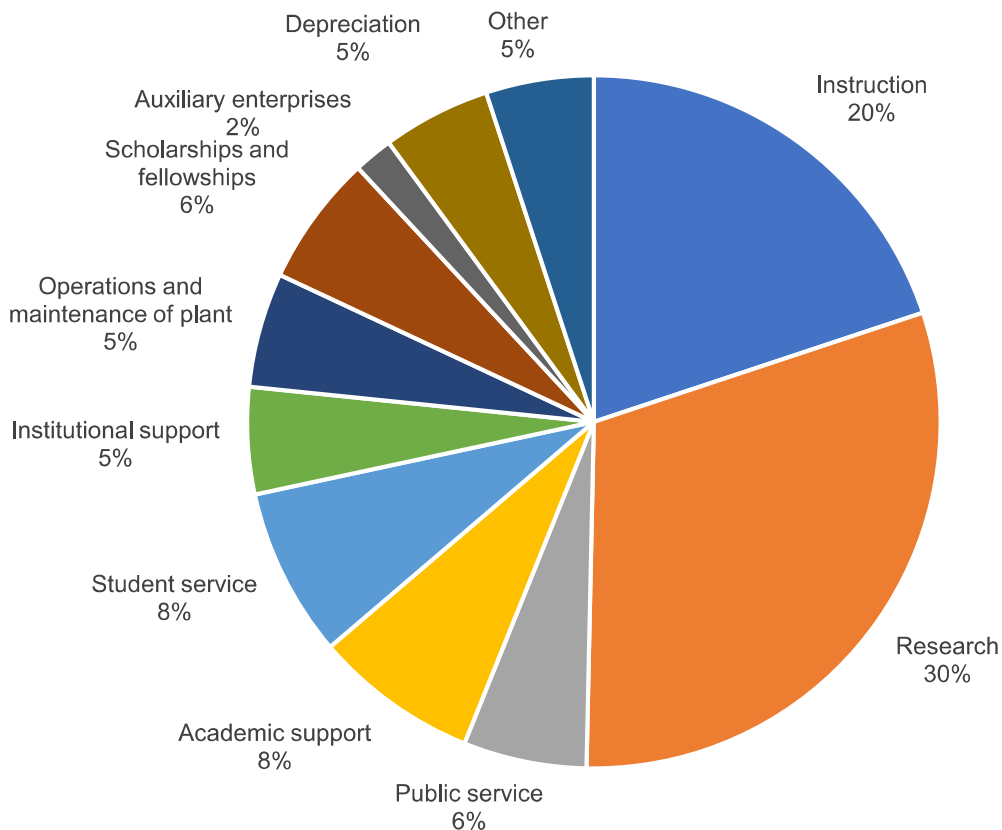
### For the Fiscal Years Ended June 30, 2021 and 2020

For the year ended June 30, 2020, operating expenses were \$374.3 million, an increase of \$31.5 million (9.2%) compared to 2019. The increase in operating expenses is primarily a result of:

- Research expenses increased \$19.7 million (25.4%) compared to 2019. The increase is a result of NIAR's work with the U.S. Air Force Life Cycle Management Center and U.S. Army Aviation and Missile Command for projects focused on sustainability efforts for the B-1 Bomber and Black Hawk helicopter fleets.
- Scholarships and Fellowships increased \$6.7 million (43.9%) from 2019. The Federal CARES Act provided \$4.4 million in aid to students and the University contributed an additional \$1.4 million in for scholarships from general revenues of the University.
- Depreciation expense increased \$0.6 million (3.4%) compared to 2019. In 2019, Wichita State removed \$4.4 million of undepreciated assets with the razing of Blake Hall and Fairmount Towers.

Looking at operating expenses categorically, compensation and benefits increased \$12.7 million (6.6%), with salaries and wages increasing \$10.4 million and benefits \$2.3 million. Compensation and benefits account for 54.5% of all operating expenses, down from 56.0% in 2019. Contractual and commodity expenses increased \$11.4 million (10.2%). This increase is related to the increase in research contracts.

The composition of operating expenses for the year ended June 30, 2021 is displayed in the following chart:



**WICHITA STATE UNIVERSITY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**Non-Operating Revenues and Expenses**

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

	For the Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
State appropriations	\$ 82,337,830	\$ 85,042,359	\$ 79,069,679
Non-operating grants and contracts	41,249,705	22,643,941	18,065,675
Gifts	22,598,823	20,354,129	19,826,034
Investment income	98,903	1,027,284	1,197,091
Interest expense	(4,839,471)	(3,388,836)	(3,599,000)
Loss on disposal of capital assets	(578,388)	(1,038,336)	(4,442,642)
Other non-operating revenue (expenses)	(710,500)	1,066,094	667,658
Total operating revenues	<u>\$ 140,156,902</u>	<u>\$ 125,706,635</u>	<u>\$ 110,784,495</u>

Non-operating revenues and expenses for the year ended June 30, 2021, increased \$14.5 million (11.5%) compared to 2020. The increase in non-operating activities is primarily the result of:

- State appropriations decreased \$2.7 million (3.1%) in 2021. Of the \$2.7 million decrease; \$1.8 million is general operations and \$0.9 million is the Kansas Aviation Research and Technology Growth Initiative (KART). The \$82,337,830 in state appropriations is broken down as follows; General Operations \$65,139,184, NCAT \$5,200,000, KART \$9,998,646, and WSU's Innovation Campus \$2,000,000. The original fiscal year 2021 state appropriation was \$85,725,976. This represented an increase of \$1.6 million (1.9%) over fiscal year 2020, excluding the \$0.9 million in KART carryforward funds included in the 2020 budget. Shortly afterward the Governor reduced the appropriation by \$3,388,146. However, the Governor also increased coronavirus funding by \$2,997,749 to help reduce the impact of the appropriation reduction.
- Federal grants and contracts increased \$18.6 million (82.2%). Driving this change was the receipt \$23.9 million in federal funds related to COVID-19 relief, primarily through the Education Stabilization Fund.
- Gifts to WSU increased \$2.2 million compared to 2020.
- Interest expense on outstanding bonds and leases increased \$1.5 million (42.8%) and other non-operating expenses increased \$1.5 million, which was related to cost of issuance for the \$79.5 million in 2020P bonds issued during fiscal year 2021.

Non-operating revenues and expenses for the year ended June 30, 2020, increased \$14.9 million (13.5%) compared to 2019. The increase in non-operating revenues is primarily the result of:

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

**WICHITA STATE UNIVERSITY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**STATEMENT OF CASH FLOWS**

The Statement of Cash Flows presents the changes in the University's cash and cash equivalents during the most recent fiscal year. This Statement is prepared using the direct method. The Statement breaks out the sources and uses of the University's cash and cash equivalents into four categories:

- Operating activities
- Noncapital financing activities
- Capital and related financing activities
- Investing activities

The Statement of Cash Flows does not include the cash flows of the discretely presented component units.

	For the Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Net cash provided by (used in)			
Operating activities	\$ (91,705,391)	\$ (105,871,818)	\$ (96,113,220)
Noncapital financing activities	146,308,016	128,063,777	116,962,869
Capital and related financing activities	(12,971,248)	(34,135,961)	(19,169,530)
Investing activities	97,871	1,025,918	1,277,329
Net change in cash and cash equivalents	41,729,248	(10,918,084)	2,957,448
Cash and cash equivalents, beginning of year	59,982,279	70,900,363	67,942,915
Cash and cash equivalents, end of year	<u>\$ 101,711,527</u>	<u>\$ 59,982,279</u>	<u>\$ 70,900,363</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 4 to the financial statements. Cash provided by investing activities includes purchases and sales of investments, as well as investment income earnings and losses realized.

**CAPITAL ASSETS**

The University made significant investments in capital during the year ended June 30, 2021. Some of the most significant investments in the University's campus infrastructure include the following:

**Flats & Suites Residence Hall**

In July 2020, the University issued \$49 million in Series 2020P bonds to finance the purchase of the Flats & Suites residence halls, which are located on the University's Innovation Campus. Prior to the purchase, the residence halls were owned by a private developer and leased to the University. In addition to significant financial savings, the University's purchase of these buildings will allow for exclusive control over occupancy, housing rates for students and the ability to conduct renovations or expansion as needed or desired.



**WICHITA STATE UNIVERSITY**  
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**Wayne and Kay Woolsey Hall**

In July 2020, the University issued \$25 million in Series 2020P bonds to finance the construction of Woolsey Hall, a new building on the Innovation Campus, which will house the W. Frank Barton School of Business. Construction is anticipated to be completed in summer 2022. Construction expenses during the year ended June 30, 2021 totaled \$5.3 million. Woolsey Hall will replace the existing Clinton Hall, built in 1970, providing a stronger and new image for the School of Business; enhanced technology; greater accessibility; increased quantity and quality of classrooms and faculty offices, increased parking for visitors to the Centers; and the flexibility for future growth. The building will be approximately 125,000 square feet and will include multiple flexible and tiered classrooms, a 300-seat auditorium, a global trading center, faculty offices, the offices of student success and career services for the college (including the advising center), graduate and Executive MBA offices/classrooms, break-out areas/rooms for student collaboration, and multiple business centers with public programs. The project is aiming for LEED Silver Certification for the building.

**Promise Bridge**

A new pedestrian bridge is also being constructed, which will link the Innovation Campus to the main campus. The new 300-foot-long pedestrian bridge will span across the water feature south of Woolsey Hall and will be a major campus landmark and a gathering spot not only for students, but also for the entire community. A variety of functions can be held on the prow of the bridge including outdoor classes, musical performances, and other gathering opportunities for groups up to 50+ people. The WSU Foundation and its campus/community partners raised private funds to pay for the entire cost of the Promise Bridge.

**Clinton Hall Shocker Success Center**

With the construction of Woolsey Hall for the W. Frank Barton School of Business, the 56,770 gross square foot Clinton Hall will be vacated. The current structural systems and building envelope of Clinton Hall are solid and the location and proximity to the Rhatigan Student Center and Ablah Library make it an ideal location for reaching as many students as possible. A full renovation is planned to address outdated HVAC, electrical, and life safety systems, finishes, fixtures, and equipment to provide an energy efficient, modern and fully accessible student services environment. An addition on the southwest and northeast side of the building is planned to increase visibility of the main entrances, address accessibility to multiple levels of the facility, increase access to natural light, and provide necessary square footage to accommodate all the desired services. Currently there are a series of departments and centers scattered across multiple buildings that each serve students in similar and related ways. Bringing these departments together into one building will not only better serve students with the ultimate goal of increasing student retention, but will enable efficiency in shared workspaces, provide student work and study spaces adjacent to program offices, and enable collaboration in programs and services. The anticipated cost of the project including construction and soft costs is approximately \$16.4 million. The project will be funded by a combination of private funds, student fees, and revenue bond funds.

**National Institute for Research and Digital Transformation (NIRDT)**

In July 2021, the University issued \$13.8 million in Series 2021L bonds to finance the construction of the National Institute for Digital Research and Transformation (NIRDT) building, (formerly referred to as Convergence Sciences 2 Facility for Digital Transformation). Project expenses during the year ended June 30, 2021 totaled approximately \$760 thousand. Based on the model and strengths of NIAR, NIRDT will focus on developing technology that can transform other industries, including aviation, to drive economic development and support new ventures in Kansas. Digital transformation and convergence science research will provide Wichita State students with an opportunity to conduct research in various disciplines supporting multiple industry sectors. The knowledge and competencies acquired by students will be vital to

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Kansas industry as well as the student's transition to employment. Industry partners, in collaboration with University teams, will conduct development and certification programs in the facility enabling increased speed to market for launch of new globally competitive products, processes and businesses. This industry participation will provide income required for operation and maintenance. The building will be approximately 37,000 gross square feet and is anticipated to be complete in early 2023.

**Marcus Welcome Center Addition**

This building addition will bring together the work of three offices into one central location: the Offices of Admissions, Career Development and Applied and Experiential Learning. Having the offices in one unified space will allow prospective students and their families to get a comprehensive view of how Wichita State University will engage with students starting from their first year at WSU providing assistance in resume and LinkedIn profile-building, career counseling and skill development in networking and interviewing. The support builds toward Innovation-Campus sourced internships, real-world learning experiences with major Wichita employers, and ultimately post-college job placement with companies. This suite of services to be housed within the Marcus Welcome Center is termed the Shocker Career Accelerator. As part of the project, multiple spaces within the Marcus Welcome Center (lobby, auditorium, and pre-function corridor) will be updated. The visibility of a new Career Center combined with student recruitment will connect the history of the University (with relocated pieces of Shocker memorabilia in the new Shocker History Corridor), the entrepreneurial beacon of the Pizza Hut Museum next door, and the adjacent Innovation Campus – all leading to the future experience of a Wichita State student. The project consists of approximately 5,500 square feet of renovated space and an 8,000 gross square foot building addition. The estimated total cost of the project is \$4.0 million and will be funded with private gifts.

In addition to these major projects, the following is a brief summary of other significant construction projects placed in service during the current fiscal year:

- ***Ablah Library roof replacement:*** The project cost of \$553 thousand was paid with rehabilitation and repair funds.
- ***Henrion Hall renovation:*** The project cost of \$1.1 million was paid with rehabilitation and repair funds, deferred maintenance funds and University resources.
- ***Hubbard Hall biology lab renovation:*** The project cost of \$619 thousand was paid with deferred maintenance funds.
- ***National Institute for Aviation Research (NIAR) Crash Lab:*** The project cost of \$7.6 million was paid with University resources derived from charges for services.

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

- ***Air Capital Flight Line leasehold improvements:*** The project cost to date of \$2.5 million has been paid with University resources derived from charges for services.
- ***ATLAS Building:*** The Visual Communications Building was demolished and a new building was constructed for the Automated Technologies Lab for Advanced Structures (ATLAS). The project cost of \$2.0 million for Sector C has been paid with federal funds and University resources. Construction of Sectors A and E are ongoing and expenses to date have totaled \$2.0 million.
- ***Innovation Campus:*** Various projects whose combined costs to date of \$3.1 million have been paid with Wichita State Innovation Alliance (WSIA) funds.

**WICHITA STATE UNIVERSITY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

Detailed information regarding capital asset additions, retirements and depreciation is available in Note 4 to the financial statements.

**DEBT ADMINISTRATION**

Generally, the University issues bonds through the Kansas Development Finance Authority (KDFA), which is a public body politic and corporate, constituting an independent instrumentality of the State of Kansas. It was created to enhance the ability of the state to finance capital improvements and improve access to long-term financing for state agencies, political subdivisions, public and private organizations, and businesses.

As of June 30, 2021, the University had \$84.9 million in revenue bond debt outstanding and \$58.3 million of capital leases payable. During fiscal year 2021, the University issued \$79.5 million in Series 2020P bonds, with premiums of \$5.1 million. This increase was offset by retirements and refundings of \$14.4 million of long-term debt.

As of June 30, 2020, revenue bond debt outstanding was \$17.8 million and capital lease payable totaled \$60.5 million. Detailed information about WSU's outstanding debt is available in Note 7.

**ECONOMIC OUTLOOK**

During the fall 2021 semester 16,095 students were enrolled at WSU, which is an increase of 547 students (3.5%) compared to fall 2020, and the highest student headcount since Fall 1990. The number of students enrolling at WSU from Sedgwick County and the surrounding Metropolitan Statistical Area (MSA) has gradually declined over the last several years. Specifically, 8.2% fewer students enrolled at WSU in fall 2021 compared to fall 2017 from the Wichita MSA. The two main causes are shrinking high school graduating class sizes and declining population of transfer students available at area community colleges. With a declining population locally, recruitment efforts have been amplified in areas outside of Wichita, particularly in other areas of Kansas and elsewhere along the I-35 corridor. While staff and resources remain largely deployed in Wichita to reach all parts of the state, new efforts exist in the regional communities of Overland Park (KS), Kansas City (MO), Oklahoma City/Tulsa (OK), Dallas/Ft. Worth and Houston (TX). Since 2017, the University has experienced growth of more than 109 percent in undergraduates enrolled from I-35 communities of Texas, Oklahoma and Missouri. Enrollment from other parts of Kansas has grown from 2017 to 2021, with increases of 32.6% from northeastern Kansas, 69.5% from northwestern Kansas and 7.4% from southwestern Kansas.

In terms of retention of existing students, significant work has occurred to improve success rates amongst all students, but in particular those who hail from underserved backgrounds. Resources and data-driven strategies have been identified and dedicated to help academic and first-year advisors and faculty members deliver deliberate and more intrusive assistance to students. Meanwhile more coordinated financial aid strategy, mental health awareness and ample access to student success resources has helped make a difference for many students.

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

**WICHITA STATE UNIVERSITY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of WSU's finances for all those with an interest in Wichita State University. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Werner Golling, Vice President for Finance and Administration, at 316.978.3030.

## **BASIC FINANCIAL STATEMENTS**

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2021 and 2020**

	<b>University</b>		<b>Discretely Presented Component Units</b>	
	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2020</b>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 82,045,139	\$ 59,982,279	\$ 56,629,262	\$ 52,350,177
Accounts receivable, net	47,660,135	43,587,647	11,050,420	11,955,739
Investments	131,701	130,669	13,789,217	13,310,061
Loans to students	1,061,000	3,074,654	--	--
Inventories	477,447	706,511	744,180	1,113,690
Prepaid expenses	3,535,241	15,100	1,011,778	608,762
Other current assets	--	--	1,221,028	1,163,026
Total current assets	<u>134,910,663</u>	<u>107,496,860</u>	<u>84,445,885</u>	<u>80,501,455</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	19,666,388	--	1,142,151	1,140,818
Accounts receivable, net	--	--	11,975,605	12,788,719
Investments	--	--	339,455,959	284,749,109
Loans to students	2,587,541	1,703,053	--	--
Other assets	--	--	6,117,423	7,455,297
Capital lease receivable	--	--	56,575,177	57,796,207
Nondepreciable capital assets	33,196,751	33,063,226	239,300	327,381
Depreciable capital assets, net	340,513,714	258,576,211	56,244,838	54,257,810
Total noncurrent assets	<u>395,964,394</u>	<u>293,342,490</u>	<u>471,750,453</u>	<u>418,515,341</u>
Total assets	<u>530,875,057</u>	<u>400,839,350</u>	<u>556,196,338</u>	<u>499,016,796</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	5,444,921	3,506,516	--	--
Deferred outflows related to OPEB	652,706	452,936	--	--
Total deferred outflows of resources	<u>6,097,627</u>	<u>3,959,452</u>	<u>--</u>	<u>--</u>

*The accompanying notes are an integral part of these financial statements.*

	University		Discretely Presented Component Units	
	FY 2021	FY 2020	FY 2021	FY 2020
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	20,892,856	15,617,074	8,806,728	6,957,920
Unearned revenue	5,713,349	7,166,758	9,147,799	9,190,216
Accrued interest payable	458,942	306,265	236,049	239,344
Accrued compensated absences	6,590,721	6,856,469	191,296	192,387
Refundable advances from government grants	1,087,724	1,231,773	--	--
Loans payable	100,000	--	--	706,400
Lease payable	1,723,362	2,155,910	647,098	613,155
Revenue bonds payable	2,365,000	3,100,000	1,220,000	1,180,000
Deposits held in custody for others	1,445,081	1,323,424	146,078	148,771
Total current liabilities	40,377,035	37,757,673	20,395,048	19,228,193
Noncurrent liabilities:				
Other postemployment benefit liability	1,231,682	1,416,336	--	--
Net pension liability	21,356,766	19,890,530	113,070	120,120
Accrued compensated absences	4,157,404	3,385,370	672	9,382
Refundable advances from government grants	3,228,747	4,228,090	--	--
Other liabilities	--	--	5,102,560	--
Loans payable	200,000	--	--	99,998
Lease payable	56,575,175	58,298,537	43,612,784	44,259,882
Revenue bonds payable	87,621,686	16,011,845	56,207,904	57,503,908
Total noncurrent liabilities	174,371,460	103,230,708	105,036,990	101,993,290
Total liabilities	214,748,495	140,988,381	125,432,038	121,221,483
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	6,114,107	7,407,340	--	--
Deferred inflows related to OPEB	171,515	195,581	--	--
Deferred gain on refunding	748,236	--	688,093	708,944
Total deferred inflows of resources	7,033,858	7,602,921	688,093	708,944
<b>NET POSITION</b>				
Net investment in capital assets	244,791,630	212,073,145	11,536,163	8,684,846
Restricted for:				
Nonexpendable	--	--	220,962,616	212,435,253
Expendable				
Loans	561,217	709,739	--	--
Capital projects	32,037,108	11,442,806	--	--
Other purposes	--	--	156,962,536	115,059,222
Unrestricted	37,800,376	31,981,810	40,614,892	40,907,048
Total net position	\$ 315,190,331	\$ 256,207,500	\$ 430,076,207	\$ 377,086,369

*The accompanying notes are an integral part of these financial statements.*



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**WICHITA STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

	<b>University</b>		<b>Discretely Presented Component Units</b>	
	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2020</b>
Operating Revenues:				
Tuition and fees, net of scholarship allowances	\$ 104,876,072	\$ 102,929,442	\$ 17,945,558	\$ 19,420,513
Federal grants and contracts	97,718,340	70,222,826	7,418,982	2,600,365
State and local grants and contracts	11,548,594	6,311,847	6,574,061	4,401,419
Sales and services of educational activities	76,333,132	56,883,391	13,806,481	21,865,573
Auxiliary enterprises				
Housing revenues	13,880,057	13,209,980	--	--
Parking revenues	1,207,257	1,545,035	--	--
Interest earned on loans to students	157,264	132,399	--	--
Other operating revenues	13,400,877	10,304,838	4,651,142	4,092,495
Total operating revenues	<u>319,121,593</u>	<u>261,539,758</u>	<u>50,396,224</u>	<u>52,380,365</u>
Operating Expenses:				
Instruction	85,250,514	83,926,151	11,230,710	12,527,480
Research	130,403,130	96,975,578	--	--
Public service	24,587,640	26,422,490	871,467	597,513
Academic support	32,847,330	32,917,767	5,655,913	5,625,630
Student service	33,743,518	32,827,004	33,252,037	31,279,040
Institutional support	21,371,281	24,613,827	31,330,816	32,091,989
Operations and maintenance of plant	22,906,769	25,404,644	6,686,696	4,792,703
Scholarships and fellowships	26,204,613	22,009,736	15,032,847	14,895,955
Auxiliary enterprises	7,897,863	10,475,909	137,178	107,652
Other expenses	--	--	1,638,929	2,126,544
COVID-19 expenses	21,534,694	441,554	--	--
Depreciation	21,605,521	18,290,291	3,158,624	2,701,076
Total operating expenses	<u>428,352,873</u>	<u>374,304,951</u>	<u>108,995,217</u>	<u>106,745,582</u>
Total operating loss	<u>(109,231,280)</u>	<u>(112,765,193)</u>	<u>(59,598,993)</u>	<u>(54,365,217)</u>
Non-Operating Revenue (Expenses):				
State appropriations	82,337,830	85,042,359	10,189,049	9,410,500
Federal grants and contracts	41,249,705	22,643,941	5,213,294	5,945,786
Gifts	22,598,823	20,354,129	26,175,327	20,709,253
Investment income	98,903	1,027,284	61,483,817	610,024
Direct finance lease income	--	--	2,889,067	2,939,717
Interest expense	(4,839,471)	(3,388,836)	(4,660,042)	(4,726,270)
County tax subsidy	--	--	8,812,271	8,323,920
Perkins	1,143,393	1,372,359	--	--
Loss on disposal of capital assets	(578,388)	(1,038,336)	9,836	--
Other non-operating revenue (expenses)	<u>(1,853,893)</u>	<u>(306,265)</u>	<u>(1,051,060)</u>	<u>(985,711)</u>
Total non-operating revenue (expenses)	<u>140,156,902</u>	<u>125,706,635</u>	<u>109,061,559</u>	<u>42,227,219</u>
Excess (deficiency) of revenues over (under) expenses before capital contributions and transfers	<u>30,925,622</u>	<u>12,941,442</u>	<u>50,462,566</u>	<u>(12,137,998)</u>
Capital contributions and transfers:				
Capital appropriations	4,515,534	5,158,201	298,391	236,212
Capital contributions	20,995,925	1,768,457	2,340,352	2,135,031
Student fees for capital projects	2,545,750	2,547,000	--	--
Capital assets transferred to other entities	--	--	(111,471)	(3,484,465)
Total capital contributions and transfers	<u>28,057,209</u>	<u>9,473,658</u>	<u>2,527,272</u>	<u>(1,155,523)</u>
Change in net position	<u>58,982,831</u>	<u>22,415,100</u>	<u>52,989,838</u>	<u>(13,251,220)</u>
Net position, beginning of year	<u>256,207,500</u>	<u>233,792,400</u>	<u>377,086,369</u>	<u>390,337,589</u>
Net position, end of year	<u>\$ 315,190,331</u>	<u>\$ 256,207,500</u>	<u>\$ 430,076,207</u>	<u>\$ 377,086,369</u>

*The accompanying notes are an integral part of these financial statements.*

**WICHITA STATE UNIVERSITY**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

	<b>University</b>	
	<b>FY 2021</b>	<b>FY 2020</b>
Cash flows from operating activities		
Tuition and fees	\$ 107,913,454	\$ 102,856,734
Sales and services of educational activities	76,779,811	56,491,842
Auxiliary enterprises		
Housing	14,219,127	13,153,222
Parking	1,207,257	1,545,035
Research grants and contracts	99,833,395	63,573,535
Payments to suppliers	(158,705,372)	(121,788,681)
Payments for utilities	(7,106,688)	(6,770,146)
Payments for scholarships and benefits	(26,204,613)	(22,009,736)
Compensation and benefits	(214,413,580)	(204,885,557)
Collections on loans issued to students	1,129,166	1,272,565
Other receipts	13,642,652	10,689,369
Net cash flows from operating activities	<u>(91,705,391)</u>	<u>(105,871,818)</u>
Cash flows from noncapital financing activities		
State appropriations	82,337,830	85,042,359
Federal grants	41,249,705	22,643,941
Gifts	22,598,823	20,354,129
Net increase in funds held for others	121,658	23,348
Net cash flows from noncapital financing activities	<u>146,308,016</u>	<u>128,063,777</u>
Cash flows from capital and related financing activities		
Capital appropriations	4,515,534	5,158,201
Student fees for capital projects	2,545,750	2,547,000
Purchase or construction of capital assets	(82,759,012)	(32,666,826)
Proceeds from issuance of long-term debt	84,574,114	--
Cost of issuance	(1,853,893)	--
Principal payments	(14,630,910)	(5,479,235)
Interest payments	(5,362,831)	(3,695,101)
Net cash flows from capital financing activities	<u>(12,971,248)</u>	<u>(34,135,961)</u>
Cash flows from investing activities		
Investment income	97,871	1,025,918
Net cash flows from investing activities	<u>97,871</u>	<u>1,025,918</u>
Net change in cash and cash equivalents	41,729,248	(10,918,084)
Cash and cash equivalents, beginning of year	59,982,279	70,900,363
Cash and cash equivalents, end of year	<u>\$ 101,711,527</u>	<u>\$ 59,982,279</u>
Cash and cash equivalents	\$ 82,045,139	\$ 59,982,279
Restricted cash and cash equivalents	19,666,388	--
	<u>\$ 101,711,527</u>	<u>\$ 59,982,279</u>

*The accompanying notes are an integral part of these financial statements.*

	University	
	FY 2021	FY 2020
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	(109,231,280)	(112,765,193)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	21,605,521	18,290,291
(Increase) decrease in assets:		
Accounts receivable, net	(4,072,488)	(16,477,848)
Loans to students	1,129,166	1,272,567
Inventories	229,064	(179,711)
Prepaid expenses	(3,520,141)	206,819
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	5,275,782	2,271,808
Unearned revenue	(1,453,409)	3,247,828
Accrued compensated absences	506,286	764,938
Other postemployment benefit liability	(408,490)	(107,820)
Net pension liability	(1,765,402)	(2,395,497)
Net cash flows from operating activities	<u>\$ (91,705,391)</u>	<u>\$ (105,871,818)</u>
Non-cash investing and financing activities:		
Capital contributions	\$ 20,995,925	\$ 1,768,457

*The accompanying notes are an integral part of these financial statements.*



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**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

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

The accompanying financial statements of Wichita State University (the University) have been prepared in conformity with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). The financial statements for the University have not been audited.

**Organization**

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 conducts classes at five locations. The main campus is located at 1845 Fairmount, Wichita, Kansas. There are four satellite campuses: WSU Haysville is located at 106 Steward Avenue, Haysville, KS, the West Campus is located at 3801 North Walker Avenue, Maize, Kansas, the South Campus is located at 3805 E. Harry, Wichita, Kansas, and the Old Town Campus is located at 121 N. Mead, 213 N. Mead and 238 N. Mead, Wichita, Kansas.

**Financial Reporting Entity**

The University is an agency of the State of Kansas and is governed by the Kansas Board of Regents. As such, the University's financial statements are consolidated into the State University System and included as a discretely presented component unit in the annual comprehensive financial report (ACFR) of the State of Kansas.

The University has examined its relationship to other legally separate organizations (potential component units) to determine if their inclusion in the University's basic financial statements is necessary to fairly present the financial position of the University. The criteria used in this determination included an examination of the nature and significance of the organization's relationship with the University, financial benefit or burden to the University, the ability of the University to appoint members of the entity's governing board, and the level of influence the University has over the activities of the organization. Based on these criteria, the Wichita State Innovation Alliance, Inc. (WSIA) has been included in the accompanying basic financial statements as a blended component unit. In addition, the following organizations are reported as discretely presented component units:

- Wichita State University Foundation (Foundation)
- Wichita State University Intercollegiate Athletic Association (ICAA)
- Wichita State University Union Corporation (Union Corp)
- Wichita State University Board of Trustees (Board of Trustees)
- Wichita State University Campus of Applied Sciences and Technology (WSU Tech)

Each of these component units is separately audited and received unmodified opinions for the years ended June 30, 2021 and June 30, 2020. Additional information about the component units is included in Note 13 to the financial statements and in the combining schedules included as supplementary information.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus and Basis of Accounting**

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

**Cash Equivalents**

For purposes of the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Statement of Cash Flows does not include the cash flows of the discretely presented component units.

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

**Investments**

Investments in equity securities, fixed income securities and mutual funds are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in nonnegotiable certificates of deposits and external investment pools are carried at cost.

**Accounts Receivable**

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts (see Note 3).

**Inventories**

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

**Prepaid Expenses**

Prepaid expenses primarily consist of rent.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

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

Depreciation is computed using the straight-line, modified half-year convention method over the estimated useful lives of the assets. Useful life is 40 years for buildings, 25 years for infrastructure and land improvements, 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 4).

**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 included as a component of compensation and benefit expense (see Note 12).

**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, certain liabilities associated with employee benefits and lease principal amounts for Shocker Hall and energy saving projects on University buildings (see Notes 7, 8, 9 and 10).

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.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflows and Outflows of Resources**

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The University has two items that qualify for reporting in this category: deferred outflows related to pensions and deferred outflows related to OPEB (see Notes 9 and 10).

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The University has three items that qualify for reporting in this category: deferred inflows related to pensions, deferred inflows related to OPEB, and deferred gain on refunding (see Notes 7, 9 and 10). A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**Pensions and Other Postemployment Benefits**

In accordance with the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the University has reported its proportional share of the Kansas Public Employees Retirement System (KPERS) pension liability. The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of employee service and the plan's net fiduciary position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expense, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liability.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The total other post-employment benefit (OPEB) liability is the portion of the actuarial present value of projected benefit payments that is attributable to past periods of member service using acceptable methods in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Total OPEB liability is recognized on the Statement of Net Position while changes in the total OPEB liability are immediately recognized as OPEB expense on the Statement of Activities or reported as deferred inflows/outflows of resources depending on the nature of the change. The total OPEB expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total OPEB liability, current year benefit changes, and other changes in plan fiduciary net position. Additionally, the total OPEB expense includes the annual recognition of outflows and inflows of resources due to other postemployment benefits.



**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Refundable Advances from Government Grants**

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the University has recognized a liability for the federal portion of its Perkins Loan portfolio that is expected to be repaid to the Department of Education. Given that the Perkins Loan Program was not renewed and the wind-down procedures for the program require that the federal funds be returned on an annual basis for the Department of Education's portion of the cash received each year, a liability has been recognized and an allocation is made between current and noncurrent based on expected repayment requirements in accordance with the current Department of Education guidelines.

**Net Position**

The University's net position is classified as follows:

- **Net investment in capital assets:** This represents the University's total investment in capital assets, net of depreciation less outstanding debt obligations used to acquire those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- **Restricted net position - nonexpendable:** Restricted nonexpendable net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.
- **Restricted net position - expendable:** Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- **Unrestricted net position:** Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also included auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. The auxiliary enterprises included here are student housing and parking operations.

When both restricted and unrestricted resources are available for use, generally it is the University's policy to use restricted resources first, then unrestricted resources as they are needed.

**Tax Status**

As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code; however, income generated from activities unrelated to the University's exempt purpose is subject to income taxes under Internal Revenue Code Section 511(a)(2)(b).

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Classification of Revenue and Expense**

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

- ***Operating Revenues and Operating Expenses:*** Operating revenues and expenses include activities that have the characteristics of exchange transactions, including nearly all of the University's expenses and certain revenues such as (1) student tuition and fees, (2) sales and services of educational activities, (3) certain federal, state and local grants and contracts, (4) interest on institutional student loans and (5) auxiliary enterprises.
- ***Non-Operating Revenues (Expenses):*** Non-operating revenues or expenses are those in which the University receives or gives value without directly giving or receiving equal value, such as state and local appropriations, certain federal grants and contracts, private gifts, and investment income.

**Scholarship Discounts and Allowances**

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

**Reclassifications**

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 financial statement presentation.

**Use of Estimates**

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.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pending Governmental Accounting Standards**

The effect on the University's financial statements of the following statements issued, but not yet adopted, has not yet been determined.

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Provisions of this statement were originally effective for financial statements for the University's fiscal year ending June 30, 2021 and now are postponed until June 30, 2022 per GASB Statement No. 95.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Provisions of this statement were originally effective for financial statements for the University's year ending June 30, 2022 and now are postponed until June 30, 2023 per GASB Statement No. 95.

GASB Statement No. 92, *Omnibus 2020*, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including: effective date of GASB 87 for interim financial reports; intra-entity transfers between primary governments and component unit pension or OPEB plans; applicability of Statements No. 73 and 74 for reporting assets accumulated for postemployment benefits; applicability of certain requirements of GASB 84 to postemployment benefit arrangements; measurement of asset retirement obligations in government acquisitions; reporting by public entity risk pools for amounts recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements in authoritative literature and terminology used related to derivative instruments. Certain provisions of this statement were effective upon issuance and did not impact the University's financial reporting, other provisions of this statement were originally effective for financial statements for the University's fiscal year ending June 30, 2021 and now postponed until June 30, 2022 per GASB Statement No. 95.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance where some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The provisions of this statement were originally effective for financial statements for the University's fiscal year ending June 30, 2021 and now postponed until June 30, 2022 per GASB Statement No. 95.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for financial statements for the University's fiscal year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. GASB 96 is based on the standards established in GASB 87, *Leases*. The new statement defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The provisions of this statement will be effective for financial statements for the University's fiscal year ending June 30, 2023.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, provides the following guidance: 1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and 3) addresses relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefit provided through those plans. The first two provisions of this statement are effective immediately. The last provision will be effective for financial statements for the University's fiscal year ending June 30, 2022.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

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

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

<u>Carrying value</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Cash deposits with State Treasury	\$ 99,017,437	\$ 58,192,410
Cash deposits with financial institutions	2,151,757	1,247,567
Certificates of deposit	131,701	130,669
Funds held at Pooled Money Investment Board	542,333	542,302
	<u>\$ 101,843,228</u>	<u>\$ 60,112,948</u>

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Cash and cash equivalents	\$ 82,045,139	\$ 59,982,279
Restricted cash and cash equivalents	19,666,388	--
Investments	131,701	130,669
	<u>\$ 101,843,228</u>	<u>\$ 60,112,948</u>

**Deposits**

In accordance with K.S.A 72-4215, the University is required to remit substantially all cash balances to 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 exception to this requirement is any funds held by the University as permitted by K.S.A. 75-4214 including the University's imprest fund and organizational safekeeping fund, as well as any funds held by external entities on behalf of the University, including bond proceeds.

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 needs are pooled for short-term investment purposes by the PMIB and are reported at fair value, based on quoted market prices. In the University's financial statements, all deposits with the State Treasurer are reported as cash and cash equivalents.

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the University will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For cash deposits with financial institutions, the State Treasurer requires that its depository banks pledge collateral that has a market value equal to or greater than the deposits. As of June 30, 2021, the University has deposits with financial institutions totaling \$3,846,529 with assets pledged as collateral with a fair value of \$9,368,884.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments**

Investments held directly by the University include certificates of deposit totaling \$131,701 and \$130,669, as of June 30, 2021, and 2020, respectively. Investments held by University component units totaled \$353,245,176 and \$298,059,170 as of June 30, 2021 and June 30, 2020, respectively (see Note 13).

***Pooled Money Investment Board (PMIB)***

The investment policy of the PMIB is governed by state statutes. The primary objectives are to attain safety, liquidity, and yield. Allowable investments for state pooled moneys not held in Kansas financial institutions are as follows:

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

***Interest Rate Risk***

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

The State Treasurer and PMIB minimize interest rate risk by structuring its investment portfolio so that securities mature to meet cash requirement for scheduled disbursement and ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2021 and June 30, 2020, the only investments reported by the University were certificates of deposit, which were fully insured.

The University indirectly holds a position in the Kansas Municipal Investment Pool (KMIP), which restricts its investments to those rated A1/P1 or better. The KMIP is no longer rated by S&P based on a cost-benefit decision by the PMIB.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

***Custodial Credit Risk***

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of the investments that are in the possession of an outside party.

The University's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the University's name, and are held by either the counterparty or the counterparty's trust department or agent.

The University does not have a formal investment policy that addresses custodial credit risk. However, the University's custodial credit risk is estimated to be minimal based on the expressed investment policies of the State Treasurer and PMIB.

***Concentration of Credit Risk***

Concentration risk is the risk of loss resulting from an over concentration of assets in a specific maturity, specific user, or specific class of securities. 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.

***Fair Value Measurements***

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance requires three levels of fair value measurement based on the respective inputs.

- **Level 1:** Quoted prices in active markets for identical assets or liabilities
- **Level 2:** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- **Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equity stocks, mutual funds, and actively traded debt securities. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

As of June 30, 2021 and June 30, 2020, the University does not have any investments reported at fair value. For additional information about investments reported at fair value held by the University's discretely presented component units, see Note 13.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 3 – ACCOUNTS RECEIVABLE**

As of June 30, 2021 and 2020 accounts receivable net of allowance for doubtful accounts consisted of the following:

	June 30, 2021	June 30, 2020
Student tuition and fees	\$ 10,656,811	\$ 14,617,341
Student housing contracts	2,015,856	2,354,926
Unspent state appropriations	5,268,819	5,353,330
Service clearing and other operating activities	801,204	1,247,883
Federal, state and private grants and contracts	38,814,283	30,519,920
Less: allowance for doubtful accounts	(9,896,838)	(10,505,753)
Total accounts receivable, net	<u>\$ 47,660,135</u>	<u>\$ 43,587,647</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the University for the years ended June 30, 2021 and 2020 are summarized as follows:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Non-depreciable capital assets				
Land	\$ 5,580,903	\$ --	\$ --	\$ 5,580,903
Construction in progress	27,482,323	23,700,259	23,566,734	27,615,848
Total non-depreciable capital assets	<u>33,063,226</u>	<u>23,700,259</u>	<u>23,566,734</u>	<u>33,196,751</u>
Depreciable capital assets				
Leasehold improvements	12,846,126	829,645	--	13,675,771
Infrastructure	24,697,502	--	--	24,697,502
Land improvements	13,270,617	516,907	354,021	13,433,503
Buildings	167,566,645	75,010,622	6,517	242,570,750
Building improvements	164,695,546	7,988,595	480,236	172,203,905
Equipment and furnishings	115,176,109	19,592,454	707,657	134,060,906
Intangible software	3,920,124	--	--	3,920,124
Vehicles	3,963,450	123,638	85,808	4,001,280
Total depreciable capital assets	<u>506,136,119</u>	<u>104,061,861</u>	<u>1,634,239</u>	<u>608,563,741</u>
Accumulated depreciation				
Leasehold improvements	5,441,996	1,500,041	--	6,942,037
Infrastructure	11,115,427	946,732	--	12,062,159
Land improvements	7,258,324	470,321	113,287	7,615,358
Buildings	81,087,222	5,146,628	--	86,233,850
Building improvements	54,830,989	4,101,092	227,994	58,704,087
Equipment and furnishings	80,466,281	9,272,960	688,316	89,050,925
Intangible software	3,920,124	--	--	3,920,124
Vehicles	3,439,545	167,747	85,805	3,521,487
Total accumulated depreciation	<u>247,559,908</u>	<u>21,605,521</u>	<u>1,115,402</u>	<u>268,050,027</u>
Total depreciable assets, net	<u>258,576,211</u>	<u>82,456,340</u>	<u>518,837</u>	<u>340,513,714</u>
Total capital assets, net	<u>\$ 291,639,437</u>	<u>\$ 106,156,599</u>	<u>\$ 24,085,571</u>	<u>\$ 373,710,465</u>



**WICHITA STATE UNIVERSITY**  
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**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
Non-depreciable capital assets				
Land	\$ 5,580,903	\$ --	\$ --	\$ 5,580,903
Construction in progress	15,087,212	21,435,783	9,040,672	27,482,323
Total non-depreciable capital assets	<u>20,668,115</u>	<u>21,435,783</u>	<u>9,040,672</u>	<u>33,063,226</u>
Depreciable capital assets				
Leasehold improvements	11,775,691	1,070,435	--	12,846,126
Infrastructure	24,697,502	--	--	24,697,502
Land improvements	13,090,094	318,071	137,548	13,270,617
Buildings	167,566,645	--	--	167,566,645
Building improvements	161,008,821	4,743,370	1,056,645	164,695,546
Equipment and furnishings	100,762,518	15,640,479	1,226,888	115,176,109
Intangible software	4,058,124	--	138,000	3,920,124
Vehicles	3,795,323	267,817	99,690	3,963,450
Total depreciable capital assets	<u>486,754,718</u>	<u>22,040,172</u>	<u>2,658,771</u>	<u>506,136,119</u>
Accumulated depreciation				
Leasehold improvements	4,006,017	1,435,979	--	5,441,996
Infrastructure	10,168,694	946,733	--	11,115,427
Land improvements	6,894,258	463,805	99,739	7,258,324
Buildings	77,170,060	3,917,162	--	81,087,222
Building improvements	51,172,267	3,905,966	247,244	54,830,989
Equipment and furnishings	74,031,631	7,470,412	1,035,762	80,466,281
Intangible software	4,058,124	--	138,000	3,920,124
Vehicles	3,389,001	150,234	99,690	3,439,545
Total accumulated depreciation	<u>230,890,052</u>	<u>18,290,291</u>	<u>1,620,435</u>	<u>247,559,908</u>
Total depreciable assets, net	<u>255,864,666</u>	<u>3,749,881</u>	<u>1,038,336</u>	<u>258,576,211</u>
Total capital assets, net	<u>\$ 276,532,781</u>	<u>\$ 25,185,664</u>	<u>\$ 10,079,008</u>	<u>\$ 291,639,437</u>

The University elected not to capitalize certain collections, including library books and art 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**  
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**NOTE 5 – REFUNDABLE ADVANCES FROM GOVERNMENT GRANTS**

Student loans made through the Federal Perkins Loan Program comprise substantially all the loans to students as of June 30, 2021 and 2020. The Programs provide for cancellation of a loan at rates from 15% to 30% per year up to a maximum of 100% if the participant complies with certain provisions.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U. S. Department of Education.

Effective October 1, 2017, the United States Department of Education (ED) did not renew the Federal Perkins Loan Program. As a result, after a brief transition period, no new loans can be disbursed to students. The current guidance provided by ED stipulates that as cash is collected by the University from loans disbursed prior to October 1, 2017, such funds are to be remitted back to ED on a proportional basis (the Perkins program was originally funded by ED with a small percentage matched by the University). Given this guidance, the University has determined that it is probable that ED, as the provider of the original resource, will require the University to return all the resources originally received under this program. At the time of the receipt of the resources, the University recorded nonexchange revenues, and thereby, the balance of the resources provided by ED resides in the University's net position.

Based on the University's estimate that the return of these resources is probable, a liability of \$4,316,471 and \$5,459,863 has been recorded in the fiscal years ended June 30, 2021 and 2020, respectively, on the University's financial statements.

**NOTE 6 – UNEARNED REVENUES**

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Summer session	\$ 4,750,118	\$ 5,064,351
Grants and contracts	963,231	2,102,407
Total unearned revenue	<u>\$ 5,713,349</u>	<u>\$ 7,166,758</u>

**WICHITA STATE UNIVERSITY**  
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**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 7 – LONG-TERM LIABILITIES**

Long-term liabilities for the years ended June 30, 2021 and 2020, consisted of the following:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
Revenue bonds payable	\$ 17,755,000	\$ 79,465,000	\$ 12,275,000	\$ 84,945,000	\$ 2,365,000
Unamortized premium	1,356,845	5,109,114	1,424,273	5,041,686	--
Capital leases payable	60,454,447	--	2,155,910	58,298,537	1,723,362
Loans payable *	--	500,000	200,000	300,000	100,000
Refundable advances from government grants	5,459,863	--	1,143,392	4,316,471	1,087,724
Net pension liability	19,890,530	5,828,001	4,361,765	21,356,766	--
Total OPEB liability	1,416,336	211,896	396,550	1,231,682	--
Compensated absences	10,241,839	7,791,996	7,285,710	10,748,125	6,590,721
	<u>\$ 116,574,860</u>	<u>\$ 98,906,007</u>	<u>\$ 29,242,600</u>	<u>\$ 186,238,267</u>	<u>\$ 11,866,807</u>
	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
Revenue bonds payable	\$ 20,705,000	\$ --	\$ 2,950,000	\$ 17,755,000	3,100,000
Unamortized premium	1,801,154	--	444,309	1,356,845	--
Capital leases payable	62,539,373	--	2,084,926	60,454,447	2,155,910
Refundable advances from government grants	6,832,224	--	1,372,361	5,459,863	1,231,773
Net pension liability	22,240,346	--	2,349,816	19,890,530	--
Total OPEB liability	1,709,829	--	293,493	1,416,336	--
Compensated absences	9,476,901	764,938	--	10,241,839	6,856,469
	<u>\$ 125,304,827</u>	<u>\$ 764,938</u>	<u>\$ 9,494,905</u>	<u>\$ 116,574,860</u>	<u>\$ 13,344,152</u>

\* Loans payable represent private placement debt.

**Current refunding**

In July 2020, the University issued \$79,465,000 in Series 2020P revenue bonds at a premium of \$5,109,114 with interest rates ranging from 2.0% to 5.0% and a true interest cost of 2.17%. Of the total proceeds from the Series 2020P bonds, \$8,080,000 of principal proceeds and \$829,168 of premium proceeds along with University contributed cash of \$796,364 were used to refund the Series 2012J bonds with an outstanding balance of \$9,455,000 and a carrying value of \$10,452,650. The carrying amount of the old debt exceeded the reacquisition price by \$997,648. This amount is reported as a deferred inflow of resources and amortized over the remaining life of the refunding debt, which is the same as the life of the refunded debt. The current refunding reduced total debt service payments by \$1,258,450 and resulted in an economic gain of \$462,086.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)**

**Revenue Bonds Payable**

Revenue bonds payable consisted of the following as of June 30, 2021:

<b>WSU Revenue Bonds Series 2016J Parking Garage</b>	\$ 5,945,000
<ul style="list-style-type: none"> <li>- Issued by Kansas Development Finance Authority on December 20, 2016</li> <li>- Original amount of \$7,180,000 (Premium of \$218,090)</li> <li>- Due in annual installments with final maturity on June 1, 2036</li> <li>- Interest ranging from 2.00% - 5.00%, payable semi-annually</li> <li>- Secured by WSU revenues, excluding restricted revenues</li> <li>- FY 2021 principal payment: \$290,000</li> </ul>	
<b>WSU Revenue Bonds Series 2016J Parking Garage (Refunded Series 2003C)</b>	2,065,000
<ul style="list-style-type: none"> <li>- Issued by Kansas Development Finance Authority on December 20, 2016</li> <li>- Original amount of \$2,065,000 (Premium of \$337,971)</li> <li>- Due in annual installments with final maturity on June 1, 2024</li> <li>- Interest 5.00%, payable semi-annually</li> <li>- Secured by WSU revenues, excluding restricted revenues</li> <li>- Principal payments will not commence until FY 2022</li> </ul>	
<b>WSU Revenue Bonds Series 2020P Rhatigan Student Center (Refunded Series 2012A)</b>	5,550,000
<ul style="list-style-type: none"> <li>- Issued by Kansas Development Finance Authority on July 28, 2020</li> <li>- Original amount of \$8,080,000 (Premium of \$829,168)</li> <li>- Due in annual installments with final maturity on June 1, 2024</li> <li>- Interest 5.00%, payable semi-annually</li> <li>- Secured by WSU revenues, excluding restricted revenues</li> <li>- FY 2021 principal payment: \$2,530,000</li> </ul>	
<b>WSU Revenue Bonds Series 2020P Woolsey Hall</b>	24,355,000
<ul style="list-style-type: none"> <li>- Issued by Kansas Development Finance Authority on July 28, 2020</li> <li>- Original amount of \$24,355,000 (Premium of \$1,216,877)</li> <li>- Due in annual installments with final maturity on June 1, 2050</li> <li>- Interest ranging from 2.00% - 5.00%, payable semi-annually</li> <li>- Secured by WSU revenues, excluding restricted revenues</li> <li>- Principal payments will not commence until FY 2023</li> </ul>	
<b>WSU Revenue Bonds Series 2020P Flats &amp; Suites</b>	47,030,000
<ul style="list-style-type: none"> <li>- Issued by Kansas Development Finance Authority on July 28, 2020</li> <li>- Original amount of \$47,030,000 (Premium of \$3,063,069)</li> <li>- Due in annual installments with final maturity on June 1, 2045</li> <li>- Interest ranging from 2.00% - 5.00%, payable semi-annually</li> <li>- Secured by WSU revenues, excluding restricted revenues</li> <li>- Principal payments will not commence until FY 2023</li> </ul>	
	\$ 84,945,000

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)**

Future debt service requirements for all bonds outstanding as of June 30, 2021, are as follows:

Year Ending June 30:	Principal	Interest	Total
2022	\$ 2,365,000	\$ 2,646,987	\$ 5,011,987
2023	4,895,000	2,528,737	7,423,737
2024	5,145,000	2,283,987	7,428,987
2025	2,420,000	2,026,738	4,446,738
2026	2,540,000	1,909,188	4,449,188
2027-2031	14,535,000	7,688,781	22,223,781
2032-2036	16,935,000	5,285,981	22,220,981
2037-2041	16,170,000	3,482,363	19,652,363
2042-2046	15,355,000	1,565,113	16,920,113
2047-2051	4,585,000	290,125	4,875,125
	<u>\$ 84,945,000</u>	<u>\$ 29,708,000</u>	<u>\$ 114,653,000</u>

**Acceleration of Maturity in Event of Default**

If an Event of Default shall have occurred and be continuing, the Kansas Development Finance Authority (Authority) may, and shall upon the written request of the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding by notice in writing delivered to the Authority and the University, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. An Owner means the registered owner of any Bond as shown on the bond register maintained by the Bond Registrar.

If, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of principal and interest on the Bonds, together with the reasonable and proper expenses of the Bond Registrar and Paying Agent, and all other sums then payable by the Authority shall either be paid or provision shall be made for such payment, then and in every such case the Authority shall, but only with the approval of the Owners of not less than 50% in aggregate principal amount of the Bonds Outstanding, rescind such declaration and annul such default in its entirety.

**Pledged Revenues**

The University has pledged all revenues of the University, excluding restricted revenues, for the repayment of \$84,945,000 in revenue bonds. The various issues and maturity dates are listed in the preceding tables in Note 7. The bonds are payable solely from the revenues derived by the University. Annual principal and interest payments on the bonds are expected to require approximately 2.6% of unrestricted revenues on average over the next 29 years. The total principal and interest remaining to be paid on the bonds is \$114,653,000. Principal and interest paid for the year ended June 30, 2021 and total unrestricted revenues were \$5,274,044 and \$155,315,163, respectively.

During 2015, the Board of Trustees of Wichita State University (Board of Trustees) issued Sedgwick County Public Building Commission Revenue Bonds for the construction of the Experiential Engineering Project. These bonds mature annually on February 1 with semiannual interest payments. The University has pledged a portion of the funds received from the Kansas Department of Commerce Engineering Expansion Grant (EEG) grant to pay a portion of these revenue bonds. For the year ended June 30, 2021, the total revenue received by the University under the EEG amounted to \$3.5 million. Of this amount, \$2,340,352 was paid by the University to the Board of Trustees to support the repayment of these bonds.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)**

**Loans Payable**

During fiscal year 2019, the University entered into an agreement with the Foundation to borrow \$500,000 to finance the renovation and expansion of the Dorothy and Bill Cohen Honor's College located in Shocker Hall. The non-interest bearing loan is to be repaid in annual installments over a period of five years. During the year ended June 30, 2021, the construction of the Honor's College improvements was completed and capitalized by the University. As of June 30, 2021, the outstanding principal balance of the loan was \$300,000.

**NOTE 8 – LEASES**

**Capital Leases as a Lessor**

The University, on February 22, 2006, entered into a lease-purchase agreement and performance contract with Custom Energy Services, L.L.C. for a period of fifteen years that totaled \$12,316,635. The agreement was duly approved and authorized by the Kansas Board of Regents on February 16, 2006. The annual effective interest rate is 3.945%. The first payment was due October 1, 2006. Rental payments are due semi-annually on October 1 and April 1. The final rental payment is due October 1, 2021. Payments are to be made from University annual budget allocations. An energy audit identified over 100 energy saving measures resulting in a projected annual utility savings of \$1,173,811. These projects included lighting retrofit, water retrofit, replacement of boilers, cooling tower improvements, steam trap replacement, expansion of the energy management system and others. Custom Energy Services, L.L.C. guarantees annual savings to be at least \$1,118,277. This amount is greater than the cost of energy conservation measures, including financing cost, over the financing period. Savings from utilities are used to pay the debt service expenditures. The final installment of \$506,301 including a principal balance of \$502,333 is due on October 1, 2021.

On August 1, 2013, the University entered into a management agreement with the Wichita State University Union Corporation (Union Corp) whereby the University is to manage and operate a new housing and dining facility constructed and owned by the Union, referred to as Shocker Hall. Under the terms of the agreement, the University is obligated to make payments to the Union sufficient to cover the Union's debt service obligations on the loans used by the Union to finance the construction of the housing and dining facility. As part of this agreement, the Union also provided \$483,343 of funding to refund the remaining principal balance on the University's 2010 Housing System Energy Improvement Bonds. Commencement of this lease occurred upon completion of the facility's construction in August of 2014, at which time the University accounted for this agreement as a capital lease. Lease payments are scheduled to occur through fiscal year 2046, which is the term of the lease. The capitalized value of Shocker Hall included in the University's capital assets is \$61,103,108 and accumulated depreciation totaled \$13,008,279 and \$14,859,888 as of June 30, 2021 and June 30, 2020, respectively.

**WICHITA STATE UNIVERSITY**  
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**NOTE 8 – LEASES (CONTINUED)**

As of June 30, 2021, future lease payments are as follows.

Year Ending June 30:	Principal	Interest	Total Future Minimum Total
2022	\$ 1,221,029	\$ 2,646,987	\$ 3,868,016
2023	1,282,481	2,528,737	3,811,218
2024	1,346,136	2,283,987	3,630,123
2025	1,411,724	2,026,738	3,438,462
2026	1,482,300	1,909,188	3,391,488
2027-2031	8,586,408	7,688,781	16,275,189
2032-2036	10,920,187	5,285,981	16,206,168
2037-2041	13,890,704	3,482,363	17,373,067
2042-2046	17,655,235	1,565,113	19,220,348
	<u>\$ 57,796,204</u>	<u>\$ 29,417,875</u>	<u>\$ 87,214,079</u>

**Operating Leases as a Lessee**

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 \$6,714,012. The following table summarizes future minimum lease obligations under these leases as of June 30, 2021:

Year Ending June 30:	University	WSIA	Total
2022	\$ 6,183,026	\$ 2,072,450	\$ 8,255,476
2023	4,931,829	1,983,492	6,915,321
2024	3,438,609	1,997,280	5,435,889
2025	3,096,136	2,011,205	5,107,341
2026	2,663,031	1,707,809	4,370,840
2027-2031	9,491,933	8,610,684	18,102,617
2032-2036	8,961,363	8,961,363	17,922,726
2037-2041	--	596,700	596,700
	<u>\$ 38,765,927</u>	<u>\$ 27,940,983</u>	<u>\$ 66,706,910</u>

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 8 – LEASES (CONTINUED)**

**Operating Leases as a Lessor**

WSIA leases land and building space to tenants under various operating leases with initial terms that range from month to month to 25 years. Total income for the rental of land and building space was \$2,870,305 and \$2,923,975 for the years ended June 30, 2021 and 2020, respectively. The future minimum annual rental income under these agreements as of June 30, 2021, is as follows:

Year Ending June 30:	<u>Rental Income</u>
2022	\$ 1,930,560
2023	1,772,159
2024	1,816,463
2025	1,861,874
2026	1,908,421
2027-2031	<u>966,031</u>
	<u>\$ 10,255,508</u>

**NOTE 9 – 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 (KBOR) defined contribution retirement plan established pursuant to Section 403(b) of the Internal Revenue Code, which was authorized by K.S.A. 74-4925, *et seq.* The Regents have selected the following companies to provide investment options to participants: (1) Teachers Insurance and Annuity Association (TIAA), and (2) Voya Financial. Benefits under these plans depend solely on the contributed amounts and the returns earned on the investment of those contributions. All contributions are fully vested with the first contribution.

For the year ended June 30, 2021, active members were required by state statute to contribute 5.5% and the University to contribute 8.5% of the employees' covered payroll. The Kansas Legislature establishes and may amend active plan members' and the University's contribution rates. The following table provides a summary of contributions made to the defined contribution plan:

	<u>FY 2021</u>	<u>FY 2020</u>
Employee 403b contributions	\$ 6,578,260	\$ 6,387,260
Employer 403b contributions	\$ 10,166,402	\$ 9,916,058

**Voluntary Retirement Plan**

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



**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 9 – RETIREMENT PLANS (CONTINUED)**

**Defined Benefit Pension Plan**

The University participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et. seq.* Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org), by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

***Benefits Provided***

KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. Member employees (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credit service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 "points" (Police and Firemen's normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. The accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees chose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump-sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current member employees and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 years with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 9 – RETIREMENT PLANS (CONTINUED)**

***Contributions***

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contributions rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by the employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1.00 percent contribution rate for the Death and Disability Program) and the statutory contribution rates for the years ending June 30, 2021 and June 30, 2020 are shown in the table below:

	FY 2021	FY 2020
KPERS State/School group		
Actuarial employer rate	14.23%	14.74%
Statutory employer capped rate	14.23%	14.41%
KP&F		
Actuarial employer rate	21.93%	22.11%
Statutory employer capped rate	21.93%	22.13%

Contributions to the pension plan from the University were \$1,846,747 and \$2,045,251 for the years ended June 30, 2021 and 2020, respectively.

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

Although KPERS administers one cost sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each group of the plan. The University participates in the State/School group (KPERS) and the police and firemen group (KP&F).

As of June 30, 2021 and 2020, the University reported a liability of \$21,356,766 and \$19,890,530, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 9 – RETIREMENT PLANS (CONTINUED)**

The University's proportion of the net pension liability was based on the ratio of the University actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of the respective subgroup within KPERS for the fiscal year ended June 30, 2020. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. As of June 30, 2021 the University's proportion and change from its proportion measured as of June 30, 2020 were as follows:

	Net Pension Liability as of June 30, 2021	Proportion as of June 30, 2020	Increase (decrease) in Proportion from June 30, 2020
KPERS State/School group	\$ 18,341,353	0.245470%	(0.025679%)
KP&F	3,015,413	0.244532%	0.012012%
	<u>\$ 21,356,766</u>		

For the years ended June 30, 2021 and 2020, the University recognized a pension expense of \$81,345 and \$232,518, respectively. As of June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2021		June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 343,556	\$ 201,596	\$ 285,319	\$ 457,947
Differences between projected and actual earnings				
on pension plan investments	1,918,045	--	338,848	--
Changes of assumptions	1,145,338	--	554,343	9,055
Changes in proportionate share	191,235	5,912,511	476,163	6,940,338
Contributions subsequent to the measurement date	1,846,747	--	1,851,843	--
	<u>\$ 5,444,921</u>	<u>\$ 6,114,107</u>	<u>\$ 3,506,516</u>	<u>\$ 7,407,340</u>

The \$1,846,747 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows (Inflows) of Resources
2022	(1,795,731)
2023	(1,031,377)
2024	(67,698)
2025	385,216
2026	(6,343)
Thereafter	-
	<u>\$ (2,515,933)</u>

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 9 – RETIREMENT PLANS (CONTINUED)**

***Actuarial Assumptions***

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Price inflation	2.75%
Salary increases	3.25% to 11.75%, including price inflation
Investment rate of return	7.50%, compounded annually, net of investment expense, and including price inflation

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The actuarial assumptions used in the calculation of the total pension liability were based on the results of the most recent actuarial experience study. It covered the three-year period of January 1, 2016 through December 31, 2018 and was dated January 7, 2020.

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the actuarial valuation performed as of December 31, 2019 were as follows:

- Investment rate of return assumption was lowered from 7.75% to 7.50%
- General wage growth assumption was lowered from 3.50% to 3.25%
- Payroll growth assumption was lowered from 3.00% to 2.75%

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 as of the most recent experience study, dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

Asset class	Long-term Target Allocation	Long-term Expected Rate of Return
U.S. Equities	23.50%	5.20%
Non-U.S. Equities	23.50%	6.40%
Private Equity	8.00%	9.50%
Private Real Estate	11.00%	4.45%
Yield Driven	8.00%	4.70%
Real Return	11.00%	3.25%
Fixed Income	11.00%	1.55%
Short Term Investments	4.00%	0.25%
	<u>100.00%</u>	

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 9 – RETIREMENT PLANS (CONTINUED)**

***Discount Rate***

The discount rate used to measure the total pension liability as of June 30, 2020 was 7.5%. The discount rate used to measure the total pension liability at the prior measurement date of June 30, 2019 was 7.75%. The discount rate used to measure the total pension liability at the prior measurement date of June 30, 2019 was 7.75%. The projection of cash flows used to determine the discount rate was based on member and employer contributions. In KPERS, the State/School group does not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board of Trustees of KPERS may not increase by more than the statutory cap. The statutory cap for fiscal year 2020 was 1.2%.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School statutory rate for fiscal year 2015 of 11.27% was reduced to 8.65% for the last half of the fiscal year as part of the Governor's allotment. That same session, SB 228 recertified statutory rates for the State/School group to 10.91% for fiscal year 2016 and 10.81% for fiscal year 2017 in anticipation of the issuance of \$1 billion in pension obligation bonds. Legislation in the 2016 session (SB 161) provided for the delay of up to \$100 million in State and School contributions to the Pension Plan. Legislation passed by the 2017 Legislature removed the repayment provisions included in SB 161.

In addition, 2017 Senate Sub for Sub HB 2052 delayed \$64.1 million in fiscal year 2017 State/School contributions, to be repaid over 20 years in level dollar installments. The first payment of \$6.4 million was paid in full at the beginning of fiscal year 2019, and appropriations for fiscal year 2019 were made at the statutory contribution rate of 12.01% for the State/School group. Additional legislation in the 2017 Session (Senate Sub for HB 2002) provided for a reduction of \$194 million from the previously certified contribution rate of 13.21% in the State/School contributions for fiscal year 2019. Like the fiscal year 2017 reduction, it is to be paid back over a 20-year period, beginning in fiscal year 2020. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan. The 2019 Legislature passed House Sub for Sen Bill 109, which directed on-behalf payments of \$56 million and \$82 million be made to KPERS. The \$56 million payment was received by KPERS on June 30, 2018 and recorded as fiscal year 2018 contributions. The \$82 million was received July 1, 2019 and was recorded as fiscal year 2019 contributions. The 2019 Legislative session passed Senate Bill 9 which authorized a transfer of \$115 million to KPERS, received in March 2020. House Sub for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS School group in fiscal year 2020 of \$51 million.

Based on employer contribution history as described above, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years, between 11-12%. Using this assumption, actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date. The KP&F group is contributing at the full actuarial contribution rate.

Based on the assumptions described in the preceding paragraph, 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.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 9 – RETIREMENT PLANS (CONTINUED)**

***Sensitivity Analysis***

The following presents the University's proportionate share of the net pension liability as of June 30, 2021 calculated using the discount rate of 7.50%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
University's proportionate share of the net pension liability			
KPERS	\$ 24,319,438	\$ 18,341,353	\$ 13,301,338
KP&F	4,127,174	3,015,413	2,086,936
Total	<u>\$ 28,446,612</u>	<u>\$ 21,356,766</u>	<u>\$ 15,388,274</u>

***Fiduciary Net Position***

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

**NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

***Plan Description***

As an agency of the State of Kansas, the University 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.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

***Benefits Provided***

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.

- ***Long-term Disability Benefit:*** 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, which include Social Security primary disability or retirement benefits, worker’s compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment.

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.

- ***Group Life Waiver of Premium Benefit:*** Upon the death of a member who is receiving monthly disability benefits, the plan will pay a lump sum benefit to eligible beneficiaries. The benefit amount will be 150% of the greater of (a) the member’s annual rate of compensation at the time of disability, or (b) the member’s previous 12 months of compensation at the time of the last date on payroll. If the member had been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed before the life insurance benefit is computed. The indexing is based on the consumer price index, less one percentage point.

If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, he or she may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary.

***Employees Covered by Benefit Terms***

As of June 30, 2021, the following employees were covered by the benefit terms:

Disabled employees receiving benefits	317
Active employees	18
	<hr/>
	335
	<hr/>

***Total OPEB Liability***

The University’s total OPEB liability of \$1,231,682 was based on an actuarial valuation as of December 31, 2019 rolled forward to a measurement date of June 30, 2020.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Price inflation	2.75%
Payroll growth	3.00%
Salary increases	3.50% to 10.00%, including price inflation
Discount rate	2.21%
Healthcare cost trend rates	N/A
Retiree share of benefit cost	N/A

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-2020.

The actuarial assumptions used in the December 31, 2019 actuarial were based on actuarial experience for the three-year period beginning January 1, 2016. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2019 KPERS pension valuation.

***Changes in the Total OPEB Liability***

	For the Year Ended	
	June 30, 2021	June 30, 2020
Balance, beginning of year	\$ 1,416,336	\$ 1,709,829
Service cost	49,489	58,437
Interest on total OPEB liability	44,424	63,051
Effect of plan changes	--	--
Effect of economic/ demographic gains or losses	55,923	(155,050)
Effect of assumption change or inputs	62,060	20,800
Benefit payments	(396,550)	(280,731)
Balance, end of year	<u>\$ 1,231,682</u>	<u>\$ 1,416,336</u>

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period and demographic assumption updates based on the most recent KPERS experience study. The discount rate decreased from 3.50% on June 30, 2019 to 2.21% on June 30, 2020.



**WICHITA STATE UNIVERSITY**  
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**NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

***Sensitivity Analysis***

The following presents the total OPEB liability of the University as of June 30, 2021, 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 (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease 1.21%	Current Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	\$ 1,281,792	\$ 1,231,682	\$ 1,183,920

The healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS. Therefore, there is no sensitivity to a change in healthcare trend rates.

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

For the years ended June 30, 2021 and 2020, the University recognized OPEB expense of \$103,879 and \$119,525, respectively. As of June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2021		June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 183,846	\$ 123,179	\$ 153,543	\$ 139,115
Changes of assumptions	72,310	48,336	18,662	56,466
Benefit payments subsequent to the measurement date	396,550	--	280,731	--
	<u>\$ 652,706</u>	<u>\$ 171,515</u>	<u>\$ 452,936</u>	<u>\$ 195,581</u>

The \$396,550 reported as deferred outflows of resources related to OPEB resulting from University benefit payments subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows (Inflows) of Resources
2022	\$ 9,966
2023	9,966
2024	9,966
2025	9,966
2026	9,966
Thereafter	34,811
	<u>\$ 84,641</u>

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

The University, as a state educational institution of Kansas, is subject to the Kansas Tort Claims Act, K.S.A. 75-6101 *et seq.* (KTCA) with regard to general liability and personal injury. As such, the University shall bear the risk of any loss or damage to any real or personal property caused by the negligence of the University or its employees or invitees performing in the course of their employment or direction or authority of the University. The University is subject to the liability limitations and immunities under the KTCA.

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. As a state educational institution, the University is self-insured relative to worker's compensation, medical and unemployment insurance. The University maintains specific insurance coverage as allowed by the State of Kansas and as required by outstanding revenue bond covenants. The University is not aware of any significant outstanding insurance claims as of June 30, 2021. Insurance settlements have not exceeded insurance coverage in for the past three fiscal years.

In the normal course of operations, the University receives grants, contracts and other forms of reimbursement from various federal, state and local 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.

**NOTE 12 – NATURAL CLASSIFICATIONS OF EXPENSE**

The University's operating expenses for the year June 30, 2021 by functional and natural classification are as follows:

	Compensation and Benefits	Contractual Services and Commodities	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 76,444,839	\$ 8,805,536	\$ 139	\$ --	\$ --	\$ 85,250,514
Research	51,025,100	78,866,500	511,530	--	--	130,403,130
Public service	13,332,805	11,244,571	10,264	--	--	24,587,640
Academic support	23,627,964	9,219,191	175	--	--	32,847,330
Student service	19,190,223	14,551,840	1,455	--	--	33,743,518
Institutional support	15,039,421	6,331,860	--	--	--	21,371,281
Operations and maintenance of plant	11,814,917	5,186,796	5,905,056	--	--	22,906,769
Scholarships and fellowships	--	--	--	26,204,613	--	26,204,613
Auxiliary enterprises	1,737,646	5,483,155	677,062	--	--	7,897,863
COVID-19 expenses	533,059	21,000,628	1,007	--	--	21,534,694
Depreciation	--	--	--	--	21,605,521	21,605,521
<b>Total</b>	<b>\$ 212,745,974</b>	<b>\$ 160,690,077</b>	<b>\$ 7,106,688</b>	<b>\$ 26,204,613</b>	<b>\$ 21,605,521</b>	<b>\$ 428,352,873</b>

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 12 – NATURAL CLASSIFICATIONS OF EXPENSE (CONTINUED)**

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

	Compensation and Benefits	Contractual Services and Commodities	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 75,385,559	\$ 8,539,933	\$ 659	\$	\$ --	\$ 83,926,151
Research	43,408,725	53,060,491	506,362		--	96,975,578
Public service	14,145,449	12,265,117	11,924		--	26,422,490
Academic support	23,326,918	9,590,849	--		--	32,917,767
Student service	18,875,606	13,949,518	1,880		--	32,827,004
Institutional support	15,563,663	9,050,063	101		--	24,613,827
Operations and maintenance of plant	11,964,705	7,850,605	5,589,334		--	25,404,644
Scholarships and fellowships	--	--	--	22,009,736	--	22,009,736
Auxiliary enterprises	1,995,921	7,820,102	659,886		--	10,475,909
COVID-19 expenses	--	441,554			--	441,554
Depreciation	--				18,290,291	18,290,291
<b>Total</b>	<b>\$ 204,666,546</b>	<b>\$ 122,568,232</b>	<b>\$ 6,770,146</b>	<b>\$ 22,009,736</b>	<b>\$ 18,290,291</b>	<b>\$ 374,304,951</b>

**NOTE 13 – COMPONENT UNITS**

The following disclosure fulfills the requirements in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, paragraph 11. It also complies with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14*.

Buildings and improvements constructed or purchased by the University's component units become the property of the University. Generally, revenue-backed bonded debt remains the liability of the component unit. Operating equipment and vehicles, purchased with component unit funds, remain an asset of the component unit.

**Wichita State University Innovation Alliance**

The Wichita State Innovation Alliance, Inc. (WSIA) and Wichita State Innovation Alliance Investment Corporation (WSIAIC) are presented as a blended component unit of the University. WSIA manages key parts of the Wichita State University Innovation Campus (Campus). The Campus creates jobs, innovation and partnerships with private businesses. WSIA supports the University and the Campus through:

- Overseeing and managing relationships with public and private organizations who engage in innovation-based partnerships;
- Facilitate intellectual property development, dissemination, and licensing;
- Provide a gateway for the use and improvement of University research facilities and capabilities;
- Facilitating the co-location of organizations to support the University's mission of experiential learning;
- Enhancing the University's entrepreneurial culture and the local entrepreneurial ecosystem; and
- Encouraging and facilitating the formation of new public-private ventures involving University related ideas, knowledge or technology.

**WICHITA STATE UNIVERSITY**  
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**NOTE 13 – COMPONENT UNITS (CONTINUED)**

WSIA prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). Condensed combining financial statements for the University and its blended component unit WSIA as of and for the year ended June 30, 2021 are presented below:

	University	WSIA	Eliminating	Total
Current assets	\$ 135,283,422	\$ 1,453,159	\$ (1,825,918)	\$ 134,910,663
Noncurrent assets	395,939,414	24,980	--	395,964,394
Total assets	<u>531,222,836</u>	<u>1,478,139</u>	<u>(1,825,918)</u>	<u>530,875,057</u>
Deferred outflows of resources	<u>6,097,627</u>	<u>--</u>	<u>--</u>	<u>6,097,627</u>
Current liabilities	39,013,128	3,189,825	(1,825,918)	40,377,035
Noncurrent liabilities	174,371,460	--	--	174,371,460
Total liabilities	<u>213,384,588</u>	<u>3,189,825</u>	<u>(1,825,918)</u>	<u>214,748,495</u>
Deferred outflows of resources	<u>7,033,858</u>	<u>--</u>	<u>--</u>	<u>7,033,858</u>
Net position				
Net investment in capital assets	244,791,630	--	--	244,791,630
Restricted	32,598,325	--	--	32,598,325
Unrestricted	39,512,062	(1,711,686)	--	37,800,376
Total net position	<u>\$ 316,902,017</u>	<u>\$ (1,711,686)</u>	<u>\$ --</u>	<u>\$ 315,190,331</u>
Operating revenue	\$ 317,096,516	\$ 3,005,850	\$ (980,773)	\$ 319,121,593
Operating expenses	425,970,509	3,363,137	(980,773)	428,352,873
Operating loss	<u>(108,873,993)</u>	<u>(357,287)</u>	<u>--</u>	<u>(109,231,280)</u>
Non-operating revenue (expenses)	140,156,902	--	--	140,156,902
Capital contributions and operating transfers	<u>27,490,952</u>	<u>566,257</u>	<u>--</u>	<u>28,057,209</u>
Change in net position	<u>58,773,861</u>	<u>208,970</u>	<u>--</u>	<u>58,982,831</u>
Net position, beginning of year	258,128,156	(1,920,656)	--	256,207,500
Net position, end of year	<u>\$ 316,902,017</u>	<u>\$ (1,711,686)</u>	<u>\$ --</u>	<u>\$ 315,190,331</u>

**Wichita State University Foundation**

The Wichita State University Foundation (Foundation) provides support for the educational undertakings of the University and all related beneficial activities. It derives most of its revenue from contributions and earnings on investments.

The Foundation's financial statements are prepared in accordance Financial Accounting Standards Board (FASB) Accounting Standards, including Accounting Standards Codification (ASC) Section 958-205, *Financial Statements of Not-for-Profit Organizations*.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 13 – COMPONENT UNITS (CONTINUED)**

Under FASB ASC 958-205, the Foundation is required to report information regarding its financial position and activities in two classes of net assets:

- **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of management and the Foundation's Board of Trustees.
- **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

***Pledges receivable***

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

	June 30, 2021	June 30, 2020
Due in less than one year	\$ 7,439,258	\$ 9,018,512
Due in one to five years	9,885,562	12,166,978
Due in more than five years	3,927,000	4,507,200
	<u>21,251,820</u>	<u>25,692,690</u>
Less:		
Allowance for uncollectible pledges	531,165	642,309
Unamortized discount (at effective rate of 3%)	1,305,792	1,558,305
	<u>1,836,957</u>	<u>2,200,614</u>
	<u>\$ 19,414,863</u>	<u>\$ 23,492,076</u>

Pledges held on behalf of the Intercollegiate Athletics Association (ICAA) totaling \$2,183,410 and \$3,188,424 for the years ended June 30, 2021 and 2020, respectively are included in the amounts above. In the combining schedule for the University's discretely presented component units a reduction in current accounts receivable and in other long-term assets, with an offsetting amount in deposits held in custody of others is shown in the eliminations column to remove the duplication of these amounts.

***Collections***

All collections of works of art and similar assets are capitalized by the Foundation. Items added to the collections are capitalized at cost, if purchased, or at estimated fair value at the date of acquisition, if donated. Collection items have cultural, aesthetic, or historical value that is worth preserving perpetually, and the Foundation is protecting and preserving essentially undiminished the service potential of the collection items, therefore, they are not being depreciated. Contributions of art are donor restricted and may be disposed of with the proceeds received being restricted as to use. Accessions and deaccessions for collections during the years ended June 30, 2021 and 2020 are summarized as follows:

	For the Year Ended	
	June 30, 2021	June 30, 2020
Collections, beginning of year	\$ 17,361,095	\$ 16,064,075
Accessions	362,744	1,297,020
Deaccessions	--	--
Collections, end of year	<u>\$ 17,723,839</u>	<u>\$ 17,631,095</u>

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 13 – COMPONENT UNITS (CONTINUED)**

The University's accounting policy is not to capitalize collections (see Note 4). In the combining schedule for the University's discretely presented component units, a reduction in long-term assets and related net position is shown in the eliminations column to remove the collections held by the Foundation from the University's financials statements to increase comparability of the financial statements due to a perspective difference.

***Investments***

The classification of investments by level within the valuation hierarchy as of June 30, 2021 is as follows:

	Fair Value	Level 1	Level 2	Level 3
Equity stocks				
Domestic	\$ 7,586,275	\$ 7,586,275	\$ --	\$ --
International	37,232	37,232	--	--
Mutual funds				
Treasury	16,703,718	16,703,718	--	--
Diversified	2,611,720	2,611,720	--	--
Domestic equities	11,038,607	11,038,607	--	--
International equities	15,483,725	15,483,725	--	--
Fixed income securities				
U.S. Government Treasury and Agency	15,295,322	15,295,322	--	--
Corporate bonds and debentures	53,596,698	--	53,596,698	--
Municipal bonds	7,176,971	--	7,176,971	--
Mortgage and asset-backed securities	5,352,598	--	5,352,598	--
Beneficial interest in trusts	25,999,674	--	--	25,999,674
	<u>160,882,540</u>	<u>\$ 68,756,599</u>	<u>\$ 66,126,267</u>	<u>\$ 25,999,674</u>
Investments at NAV (practical expedient)				
Hedge funds	73,229,842			
Venture capital/ private equity	105,710,044			
Total investments	<u>339,822,426</u>			
Investments not measured at fair value:				
Equity method investments	2,758,722			
Investment in real estate	597,175			
	<u>\$ 343,178,323</u>			
Reconciliation to the Combining Schedule:				
Investments, current	\$ 12,992,676			
Investments, noncurrent	330,185,647			
	<u>\$ 343,178,323</u>			

The Foundation's beneficial interest in trusts is valued based on estimates of the underlying investments of the fund as provided by fund managers and other market data. Because the Foundation has an undivided interest in the trusts, its unit of account for the fair value measurement purposes is the fund. The fund is classified as Level 3 in the fair value hierarchy because no observable inputs exist for an undivided interest in the fund.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 13 – COMPONENT UNITS (CONTINUED)**

Included in the amounts above are \$3,780,952 in investments held on behalf of ICAA, and \$8,758,906 in investments held on behalf of the Board of Trustees, which are also reported as discretely presented component units of the University. Additionally, the amounts above include \$2,154,355 of investments held on behalf of the Wichita State University Alumni Association (Alumni Association) in a custodial capacity.

In the combining schedule for the University's discretely presented component units a reduction in current investments, with an offsetting amount in deposits held in custody of others is shown in the eliminations column to remove the duplication of the amounts related to ICAA and Board of Trustees. The amounts held on behalf of the Alumni Association are considered a fiduciary activity, and are therefore also eliminated in the same manner due to a perspective difference.

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

**Wichita State University Intercollegiate Athletics Association, Inc. (ICAA)**

Wichita State University Intercollegiate Athletic Association, Inc. (ICAA) was incorporated to schedule, manage and promote athletic contests of the University in harmony with the general education policy of the University. ICAA 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 ICAA policies and activities. The management functions of the ICAA are delegated to the Director of Athletics by the President.

ICAA prepares its financial statements as a business-type activity in conformity with the applicable pronouncements of the Governmental Accounting Standards Board (GASB). Accordingly, ICAA's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting.

ICAA is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law on income related to its exempt purpose. Under Revenue Procedure 95-48, ICAA is exempt from filing the Form 990. Annual federal and state tax returns are filed for ICAA's unrelated business income related to advertising.

***Related Parties***

The Student Government Association, through the University, allocates annually a portion of the student fees collected for support of ICAA. For the years ended June 30, 2021 and 2020, respectively, ICAA's financial statements reflected \$4,473,172 and \$4,269,016 of student fees as revenue.

The State of Kansas, through the University, pays directly the salaries and fringe benefits of certain ICAA personnel. For the years ended June 30, 2021 and 2020, respectively, ICAA's financial statements reflect \$3,068,846 and \$3,123,302 of direct institutional support as revenue, with a like amount of salaries reflected as expenses.

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 13 – COMPONENT UNITS (CONTINUED)**

The University also provides full maintenance, custodial, utilities and certain other costs on all athletic facilities. For the years ended June 30, 2021 and 2020, respectively, ICAA's financial statements reflect \$1,258,344 and \$1,191,984 as indirect institutional support, with a like amount reflected as part of management and administrative expenses. All land and structures pertinent to the operation of the ICAA, are owned by the State of Kansas and have not been reflected as assets in the financial statements of ICAA.

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

***Commitments and Contingencies***

ICAA has entered into various long-term contracts (employment agreements) with certain coaches. The contracts provide for the payment of various amounts of damages should the contracts be terminated without good cause prior to their expiration dates.

Salaries and benefits under such contracts are accrued and recorded to expense as services are provided. Following separation of service, future salaries and benefits payable under such contracts are accrued and expensed at the time no future services are required. Future payments are discounted at a rate of 3%. Severance payable consists of the following as of June 30, 2021:

Gross severance payable	\$ 6,778,846
Unamortized discount (at effective rate of 3%)	<u>(426,286)</u>
	<u>\$ 6,352,560</u>

No such amounts were reported as severance payable for the year ended June 30, 2020. Future payments under the terms of the agreement are as follows:

Year Ending June 30:	
2022	\$ 1,250,000
2023	1,250,000
2024	1,250,000
2025	1,250,000
2026	1,250,000
Thereafter	<u>528,846</u>
	<u>\$ 6,778,846</u>

In the combining schedules included as supplementary information, the amount due within one year is reported in accounts payable and accrued liabilities. The amount due in more than one year is reported as an other long-term liability.

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



**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 13 – COMPONENT UNITS (CONTINUED)**

**Wichita State University Union Corporation**

Wichita State University Union Corporation (Union Corp) operates the Rhatigan Student Center at the University. It provides a bookstore, recreation, student activities and an outsourced dining service to benefit the faculty, staff, students and alumni of the University. Meeting room space is made available to students, faculty, and staff and is available for rent to non-University groups.

The Union Corporation also owns and operates, through a management agreement with the University, Shocker Hall, a 332-unit, 784 bed, student housing and dining facility on the campus of the University. Construction on Shocker Hall was completed in August 2014.

The Union Corp financial statements are prepared in accordance with FASB Accounting Standards, including ASC Section 958-205, *Financial Statements of Not-for-Profit Organizations*. The Union Corp has received a determination letter from the Internal Revenue Service that recognizes it as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The federal exemption from income tax is recognized by state authorities.

***Related Parties***

The Union Corp's transactions with the University are summarized in table below:

	For the Year Ended	
	June 30, 2021	June 30, 2020
Revenues:		
Direct financing lease	\$ 2,889,067	\$ 2,939,717
Student fees assessed by the University	2,622,522	2,533,440
University space rental and reservations	274,038	274,038
Maintenance of Shocker ID card system	85,469	85,594
Use of graphics service	15,500	15,500
Total revenues	<u>5,886,596</u>	<u>5,848,289</u>
Expenses:		
Repairs and maintenance	19,365	--
Information technology	11,131	--
Utilities	281,713	290,536
Total expenses	<u>312,209</u>	<u>290,536</u>
	<u>\$ 5,574,387</u>	<u>\$ 5,557,753</u>

The Student Center building became the property of the State of Kansas when the University became a part of the State University System on July 1, 1964. The Union does not recognize the building as an asset on its financial statements. Furniture and equipment are capitalized and depreciated in the Union Corp's financial statements. Building improvements are transferred to the University and expensed as incurred.

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

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 13 – COMPONENT UNITS (CONTINUED)**

**Wichita State University Board of Trustees**

The Wichita State University Board of Trustees (Board of Trustees) is a governmental entity responsible for the management of the mill levy monies arising out of the tax levy upon the citizens of Sedgwick County, Kansas and was established for the education enrichment purposes of the University as a whole, including all colleges and branches or divisions thereof as well as all the facilities and activities thereof, consistent with the objectives, operation and management of the University. The Board of Trustees is also responsible for the endowed funds of the University of Wichita before the University became a state institution in 1964.

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

The Board of Trustees prepares its financial statements in conformity with the applicable pronouncements of the Governmental Accounting Standards Board (GASB). The activities of the Board of Trustees are considered governmental activities, which are normally supported by taxes and intergovernmental revenues. Accordingly, the government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, while the governmental fund financial statements are reported using the current resources measurement focus and the modified accrual basis of accounting. The Board of Trustees' financial statements are reported in the combining schedules included in the supplementary information of this report at the government-wide level.

The Board of Trustees is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and similar provisions of state law.

***Investments***

The Board of Trustees' investment portfolio as of June 30, 2021 is composed of the following:

	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 30,169	\$ 30,169	\$ --	\$ --
Fixed income mutual funds	1,304,965	1,304,965	--	--
Fixed income credit investments	266,704	266,704	--	--
Pooled investment held by Foundation	8,758,906	--	8,758,906	--
Equity mutual funds	2,734,750	2,734,750	--	--
Preferred stock	15,342	15,342	--	--
Common stock	967,477	967,477	--	--
	<u>\$ 14,078,313</u>	<u>\$ 5,319,407</u>	<u>\$ 8,758,906</u>	<u>\$ --</u>

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 13 – COMPONENT UNITS (CONTINUED)**

The Board of Trustees' investment portfolio as of June 30, 2020 is composed of the following:

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

**Capital Assets**

Capital asset activity for the Board of Trustees for the years ended June 30, 2021 and 2020 are summarized as follows:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Depreciable capital assets				
Buildings	3,781,454	--	--	3,781,454
Furniture and fixtures	78,515	--	--	78,515
Infrastructure	2,461,870	--	--	2,461,870
Capitalized lease properties	72,631,455	--	--	72,631,455
Total depreciable capital assets	78,953,294	--	--	78,953,294
Less accumulated depreciation	31,982,052	1,307,664	--	33,289,716
Total capital assets, net	<u>\$ 46,971,242</u>	<u>\$ (1,307,664)</u>	<u>\$ --</u>	<u>\$ 45,663,578</u>
	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
Depreciable capital assets				
Buildings	3,781,454	--	--	3,781,454
Furniture and fixtures	78,515	--	--	78,515
Infrastructure	2,461,870	--	--	2,461,870
Capitalized lease properties	72,631,455	--	--	72,631,455
Total depreciable capital assets	78,953,294	--	--	78,953,294
Less accumulated depreciation	30,673,081	1,308,971	--	31,982,052
Total capital assets, net	<u>\$ 48,280,213</u>	<u>\$ (1,308,971)</u>	<u>\$ --</u>	<u>\$ 46,971,242</u>

**WICHITA STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTE 13 – COMPONENT UNITS (CONTINUED)**

***Related Parties***

The Board of Trustees furnishes support to Wichita State University from the 1.5 mill levy funding. During the years ended June 30, 2021 and 2020, respectively, it furnished to the University \$4,631,989 and \$4,587,035 for student support, and \$150,000 in both years for economic community development. Additionally, during the years ended June 30, 2021 and 2020, the Board of Trustees provided \$800,000 in both years in support to WSU Tech.

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

**Wichita State University Campus of Applied Science and Technology (WSU Tech)**

Wichita State University Campus of Applied Sciences and Technology d/b/a WSU Tech (WSU Tech) is a public, state-supported institution providing secondary and postsecondary technical education programs operating under the jurisdiction of the Kansas Board of Regents. The State of Kansas authorized the affiliation of the College, formerly known as Wichita Area Technical College, with Wichita State University pursuant to K.S.A. 74-32,459 effective July 1, 2018.

***Related Parties***

State appropriations for WSU Tech in the amount of \$5.2 million flow through the University and are recorded on each entity's Statement of Revenues, Expenses and Changes in Net Position.

Complete financial statements for the Wichita State University Campus of Applied Sciences and Technology can be obtained from the National Center for Aviation Training Finance Office at 4004 N Webb Rd, Wichita, Kansas 67226.

**NOTE 14 – RISKS AND UNCERTAINTIES**

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

**NOTE 15 – SUBSEQUENT EVENTS**

On July 27, 2021, the University issued \$65,210,000 in Series 2021L revenue bonds at a premium of \$5,290,913. The proceeds of the bond issuance were used to refund the Series 2013F-1 bonds held by the Union Corporation, which is reflected on the University's financial statements as a capital lease payable, and to fund the construction of a new convergence sciences building on the innovation Campus to house the National Institute of Research and Digital Transformation (NIRDT).



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**WICHITA STATE UNIVERSITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

UNIVERSITY'S SHARE OF THE COLLECTIVE NET PENSION LIABILITY  
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Seven Fiscal Years\*

	2021 June 30, 2020	2020 June 30, 2019
Measurement date		
University's proportion of the collective net pension liability		
KPERs State/School group	0.245470%	0.271149%
KP&F	0.244532%	0.232520%
University's proportionate share of the collective net pension liability	\$ 21,356,766	\$ 19,890,530
University's covered payroll	\$ 13,507,325	\$ 14,568,836
University's proportionate share of the collective net pension liability as a percentage of its covered payroll	158.11%	136.53%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	69.88%

\* GASB 68 requires presentation of ten years. As of June 30, 2021, only seven years of information is available

SCHEDULE OF UNIVERSITY'S CONTRIBUTIONS  
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Seven Fiscal Years\*

	2021 June 30, 2020	2020 June 30, 2019
Contractually required contribution	\$ 1,846,747	\$ 2,045,251
Contributions in relation to the contractually required contribution	1,846,747	2,045,251
Contribution deficiency (excess)	\$ --	\$ --
Covered payroll	\$ 12,289,053	\$ 13,507,325
Contributions as a percentage of covered payroll	15.03%	15.14%

\* GASB 68 requires presentation of ten years. As of June 30, 2021, only seven years of information is available

**WICHITA STATE UNIVERSITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

<u>2019</u> June 30, 2018	<u>2018</u> June 30, 2017	<u>2017</u> June 30, 2016	<u>2016</u> June 30, 2015	<u>2015</u> June 30, 2014
0.308553%	0.374138%	0.439806%	0.456211%	0.424398%
0.219490%	0.239802%	0.229499%	0.206875%	0.197883%
\$ 22,240,346	\$ 27,387,053	\$ 31,691,132	\$ 33,092,303	\$ 28,416,413
\$ 15,764,753	\$ 17,834,141	\$ 20,049,093	\$ 20,835,255	\$ 19,899,713
141.08%	153.57%	158.07%	158.83%	142.80%
68.88%	67.12%	65.10%	64.95%	66.60%

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 2,008,468	\$ 1,985,419	\$ 2,091,215	\$ 2,283,351	\$ 2,176,202
<u>2,008,468</u>	<u>1,985,419</u>	<u>2,091,215</u>	<u>2,283,351</u>	<u>2,176,202</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 14,568,836	\$ 15,764,753	\$ 17,834,141	\$ 20,049,093	\$ 20,835,255
13.79%	12.59%	11.73%	11.39%	10.44%

**WICHITA STATE UNIVERSITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Changes in benefit terms**

In the state fiscal year 2014, the KP&F group had a change in benefit terms. The Legislature increased this group's employee contributions to 7.15 percent and eliminated the reduction of employee contributions to 2.0 percent after 32 years of service. In addition, the maximum retirement benefit increased to 90 percent of final average salary (reached at 36 years of service). Before this change the maximum retirement benefit was limited to 80 percent of final average salary (reached at 32 years of service).

Effective January 1, 2014, KPERS 1 member's employee contribution rate increased to 5.0 percent and then on January 1, 2015, increase to 6.0 percent, with an increase in benefit multiplier to 1.85 percent for future years of service. For KPERS 2 members retired after July 1, 2012, the cost of living adjustment (COLA) is eliminated, but members will receive a 1.85 percent multiplier for all years of service.

On January 1, 2015, the KPERS 3 cash balance plan became effective. Members enrolled in this plan are ones first employed in a KPERS covered position on or after January 1, 2015, or KPERS 1 or KPERS 2 members who left employment before vesting and returned to employment on or after January 1, 2015. The retirement benefit is an annuity based on the account balance at retirement.

For the state fiscal year 2017, the KP&F group had a change in benefit terms. The Legislature changed the duty-related death benefit for KP&F members to the greater of 50% of Final Average Salary and member's accrued retirement benefit under the 100% joint and survivor option, payable to the member's spouse. Including any benefits that may be due to child beneficiaries, the total monthly benefits may not exceed 90% of the member's Final Average Salary. Prior to this bill, the duty-related spousal death benefit for KP&F member was 50% of the Final Average Salary, and the maximum available to the family was 75% of the member's Final Average Salary.

For the state fiscal year 2017, the Legislature changed the working after retirement rules for members who retire on or after January 1, 2018. The key provisions of the bill were to lengthen the waiting period for KPERS members to return to work from 60 days to 180 days for members who retire before attaining age 62, remove the earnings limitation for all retirees and establish a single-employer contribution schedule for all retirees.

**Changes in assumptions**

As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2016 and include:

- The price inflation assumption was lowered from 3.00% to 2.75%.
- The investment return assumption was lowered from 8.00% to 7.75%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The payroll growth assumption was lowered from 4.00% to 3.00%.



**WICHITA STATE UNIVERSITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Changes from the November 2016 experience study that impacted individual groups are listed below:

KPERS:

- The post-retirement healthy mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
- The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
- The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
- Disability rates were decreased for all three groups.
- The termination of employment assumption was increased for all three groups.
- The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

KP&F:

- The post-retirement healthy mortality assumption was changed to the RP-2014 Mortality Table with 1-year age set forward and the MP-2016, is used to anticipate future mortality improvements.
- The mortality assumption for disabled members was changed to the RP-2014 Disabled Lives Table (generational using MP-2016) with a 1-year age set forward.
- The active member mortality assumption was modified to the RP-2014 Employee Mortality Table with a 1-year age set forward with a 90% scaling factor.
- The retirement rates for Tier 1 were lowered and the ultimate assumed retirement age was changed from 63 to 65 for Tier 2.
- The termination of employment rates for Tier 2 were increased to better match the observed experience.

As a result of the experience study completed in January 2020, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2019 and include:

- The investment return assumption was lowered from 7.75% to 7.50%.
- The general wage growth assumption was lowered from 3.50% to 3.25%.
- The payroll growth assumption was lowered from 3.00% to 2.75%.

Changes from the January 2020 experience study that impacted individual groups are listed below:

KPERS:

- Retirement rates were adjusted to partially reflect observed experience.
- Termination rates were increased for most KPERS groups.
- Disability rates were reduced.
- Factors for the state group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

**WICHITA STATE UNIVERSITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

KP&F:

- Retirement rates were adjusted to partially reflect observed experience.
- Factors for the KP&F group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

SCHEDULE OF CHANGES IN THE UNIVERSITY'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
Last four fiscal years\*

	2021	2020	2019	2018
Changes in total OPEB liability				
Service cost	\$ 49,489	\$ 58,437	\$ 57,794	\$ 63,171
Interest on total OPEB liability	44,424	63,051	58,945	54,056
Changes of benefit terms	--	--	--	--
Effect of economic/ demographic gains or losses	55,923	(155,050)	193,477	--
Effect of assumption changes or inputs	62,060	20,800	(20,577)	(58,164)
Benefit payments	(396,550)	(280,731)	(334,117)	(274,657)
Net change in total OPEB liability	(184,654)	(293,493)	(44,478)	(215,594)
Total OPEB liability, beginning	1,416,336	1,709,829	1,754,307	1,969,901
Total OPEB liability, ending	<u>\$ 1,231,682</u>	<u>\$ 1,416,336</u>	<u>\$ 1,709,829</u>	<u>\$ 1,754,307</u>
Covered payroll	11,547,636	11,392,594	14,022,432	14,235,175
Total OPEB liability as a percentage of covered payroll	10.67%	12.43%	12.19%	12.32%

\*GASB 75 requires presentation of ten years. As of June 30, 2021, only four years of information is available.

There are no assets accumulated in the trust to pay related benefits.

**Changes in assumptions**

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period:

- The discount rate increased from 2.85% on June 30, 2016 to 3.58% on June 30, 2017.
- The discount rate increased from 3.58% on June 30, 2017 to 3.87% on June 30, 2018.
- The discount rate decreased from 3.87% on June 30, 2018 to 3.50% on June 30, 2019.
- The discount rate decreased from 3.50% on June 30, 2019 to 2.21% on June 30, 2020.

## **SUPPLEMENTARY INFORMATION**

**WICHITA STATE UNIVERSITY**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING SCHEDULE OF NET POSITION**  
**June 30, 2021**

	<b>WSU Foundation</b>	<b>Intercollegiate Athletics Association</b>	<b>WSU Union Corporation</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 8,576,146	\$ 10,334,422	\$ 6,462,838
Restricted cash and cash equivalents	--	685,756	--
Accounts receivable, net	7,439,258	1,271,054	855,314
Investments	12,992,676	--	41
Inventories	--	--	744,180
Prepaid expenses	--	81,037	22,529
Other current assets	--	--	1,221,028
Total current assets	<u>29,008,080</u>	<u>12,372,269</u>	<u>9,305,930</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	--	--	--
Accounts receivable, net	11,975,605	--	--
Investments	330,185,647	3,950,905	--
Other assets	23,841,262	1,026,640	--
Capital lease receivable	--	--	56,575,177
Nondepreciable capital assets	--	--	--
Depreciable capital assets, net	563,345	1,626,033	375,478
Total noncurrent assets	<u>366,565,859</u>	<u>6,603,578</u>	<u>56,950,655</u>
Total assets	<u>395,573,939</u>	<u>18,975,847</u>	<u>66,256,585</u>

<b>WSU Board of Trustees</b>	<b>WSU Tech</b>	<b>Eliminations</b>	<b>Total</b>
\$ 8,121,230	\$ 26,229,822	\$ (3,095,196)	\$ 56,629,262
--	--	(685,756)	--
--	2,641,564	(1,156,770)	11,050,420
--	2,950,855	(2,154,355)	13,789,217
--	--	--	744,180
--	908,212	--	1,011,778
--	--	--	1,221,028
<u>8,121,230</u>	<u>32,730,453</u>	<u>(7,092,077)</u>	<u>84,445,885</u>
1,142,151	--	--	1,142,151
--	--	--	11,975,605
14,078,313	--	(8,758,906)	339,455,959
--	--	(18,750,479)	6,117,423
--	--	--	56,575,177
--	239,300	--	239,300
<u>45,663,578</u>	<u>8,016,404</u>	<u>--</u>	<u>56,244,838</u>
<u>60,884,042</u>	<u>8,255,704</u>	<u>(27,509,385)</u>	<u>471,750,453</u>
<u>69,005,272</u>	<u>40,986,157</u>	<u>(34,601,462)</u>	<u>556,196,338</u>

*Continued on next page.*

**WICHITA STATE UNIVERSITY**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING SCHEDULE OF NET POSITION (CONTINUED)**  
**June 30, 2021**

	<b>WSU Foundation</b>	<b>Intercollegiate Athletics Association</b>	<b>WSU Union Corporation</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	1,925,920	2,269,233	699,257
Unearned revenue	--	7,694,119	240,360
Accrued interest payable	--	--	236,049
Accrued compensated absences	--	--	191,296
Lease payable	--	--	--
Revenue bonds payable	--	--	1,220,000
Deposits held in custody for others	17,023,701	--	--
Total current liabilities	<u>18,949,621</u>	<u>9,963,352</u>	<u>2,586,962</u>
Noncurrent liabilities:			
Net pension liability	--	--	--
Accrued compensated absences	--	--	--
Other liabilities	--	5,102,560	--
Lease payable	--	--	--
Revenue bonds payable	--	--	55,590,505
Total noncurrent liabilities	<u>--</u>	<u>5,102,560</u>	<u>55,590,505</u>
Total liabilities	<u>18,949,621</u>	<u>15,065,912</u>	<u>58,177,467</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred gain on refunding	--	--	--
Total deferred inflows of resources	<u>--</u>	<u>--</u>	<u>--</u>
<b>NET POSITION</b>			
Net investment in capital assets	563,345	1,626,033	375,478
Restricted for:			
Nonexpendable	214,373,183	--	--
Expendable			
Other purposes	146,046,896	1,598,146	--
Unrestricted	<u>15,640,894</u>	<u>685,756</u>	<u>7,703,640</u>
Total net position	<u>\$ 376,624,318</u>	<u>\$ 3,909,935</u>	<u>\$ 8,079,118</u>

<b>WSU Board of Trustees</b>	<b>WSU Tech</b>	<b>Eliminations</b>	<b>Total</b>
788,866	3,123,452	--	8,806,728
--	1,213,320	--	9,147,799
--	--	--	236,049
--	--	--	191,296
647,098	--	--	647,098
--	--	--	1,220,000
--	--	(16,877,623)	146,078
<u>1,435,964</u>	<u>4,336,772</u>	<u>(16,877,623)</u>	<u>20,395,048</u>
--	113,070	--	113,070
--	672	--	672
--	--	--	5,102,560
43,612,784	--	--	43,612,784
--	--	617,399	56,207,904
<u>43,612,784</u>	<u>113,742</u>	<u>617,399</u>	<u>105,036,990</u>
<u>45,048,748</u>	<u>4,450,514</u>	<u>(16,260,224)</u>	<u>125,432,038</u>
688,093	--	--	688,093
<u>688,093</u>	<u>--</u>	<u>--</u>	<u>688,093</u>
715,603	8,255,704	--	11,536,163
5,650,808	938,625	--	220,962,616
7,672,642	1,644,852	--	156,962,536
<u>9,229,378</u>	<u>25,696,462</u>	<u>(18,341,238)</u>	<u>40,614,892</u>
<u>\$ 23,268,431</u>	<u>\$ 36,535,643</u>	<u>\$ (18,341,238)</u>	<u>\$ 430,076,207</u>

**WICHITA STATE UNIVERSITY**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING SCHEDULE OF NET POSITION**  
**June 30, 2020**

	<b>WSU Foundation</b>	<b>Intercollegiate Athletics Association</b>	<b>WSU Union Corporation</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 6,770,213	\$ 11,275,688	\$ 5,447,736
Restricted cash and cash equivalents	--	898,591	--
Accounts receivable, net	9,018,512	1,648,120	738,678
Investments	12,944,391	--	13
Inventories	--	--	1,113,690
Prepaid expenses	--	152,352	28,839
Other current assets	--	--	1,163,026
Total current assets	<u>28,733,116</u>	<u>13,974,751</u>	<u>8,491,982</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	--	--	--
Accounts receivable, net	14,473,564	--	--
Investments	276,572,458	3,671,128	--
Other assets	23,134,913	1,684,845	--
Capital lease receivable	--	--	57,796,207
Nondepreciable capital assets	--	--	--
Depreciable capital assets, net	623,550	2,058,286	415,379
Total noncurrent assets	<u>314,804,485</u>	<u>7,414,259</u>	<u>58,211,586</u>
Total assets	<u>343,537,601</u>	<u>21,389,010</u>	<u>66,703,568</u>



<b>WSU Board of Trustees</b>	<b>WSU Tech</b>	<b>Eliminations</b>	<b>Total</b>
\$ 8,868,006	\$ 22,678,708	\$ (2,690,174)	\$ 52,350,177
--	--	(898,591)	--
--	2,054,008	(1,503,579)	11,955,739
--	2,117,412	(1,751,755)	13,310,061
--	--	--	1,113,690
--	427,571	--	608,762
--	--	--	1,163,026
<u>8,868,006</u>	<u>27,277,699</u>	<u>(6,844,099)</u>	<u>80,501,455</u>
1,140,818	--	--	1,140,818
--	--	(1,684,845)	12,788,719
11,822,113	150,000	(7,466,590)	284,749,109
--	--	(17,364,461)	7,455,297
--	--	--	57,796,207
--	327,381	--	327,381
<u>46,971,242</u>	<u>4,189,353</u>	<u>--</u>	<u>54,257,810</u>
<u>59,934,173</u>	<u>4,666,734</u>	<u>(26,515,896)</u>	<u>418,515,341</u>
<u>68,802,179</u>	<u>31,944,433</u>	<u>(33,359,995)</u>	<u>499,016,796</u>

*Continued on next page.*

**WICHITA STATE UNIVERSITY**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING SCHEDULE OF NET POSITION (CONTINUED)**  
**June 30, 2020**

	<b>WSU Foundation</b>	<b>Intercollegiate Athletics Association</b>	<b>WSU Union Corporation</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	1,517,542	1,449,332	524,835
Unearned revenue	--	7,387,093	184,247
Accrued interest payable	--	--	239,344
Accrued compensated absences	--	--	192,387
Loans payable	491,400	218,366	--
Lease payable	--	--	--
Revenue bonds payable	--	--	1,180,000
Deposits held in custody for others	16,144,305	--	--
Total current liabilities	<u>18,153,247</u>	<u>9,054,791</u>	<u>2,320,813</u>
Noncurrent liabilities:			
Net pension liability	--	--	--
Accrued compensated absences	--	--	--
Loans payable	--	99,998	--
Lease payable	--	--	--
Revenue bonds payable	--	--	56,861,731
Total noncurrent liabilities	<u>--</u>	<u>99,998</u>	<u>56,861,731</u>
Total liabilities	<u>18,153,247</u>	<u>9,154,789</u>	<u>59,182,544</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred gain on refunding	--	--	--
Total deferred inflows of resources	<u>--</u>	<u>--</u>	<u>--</u>
<b>NET POSITION</b>			
Net investment in capital assets	623,550	1,739,922	415,379
Restricted for:			
Nonexpendable	205,886,992	--	--
Expendable			
Other purposes	106,928,538	1,309,757	--
Unrestricted	<u>11,945,274</u>	<u>9,184,542</u>	<u>7,105,645</u>
Total net position	<u>\$ 325,384,354</u>	<u>\$ 12,234,221</u>	<u>\$ 7,521,024</u>

<b>WSU Board of Trustees</b>	<b>WSU Tech</b>	<b>Eliminations</b>	<b>Total</b>
779,972	2,686,239	--	6,957,920
--	1,618,876	--	9,190,216
--	--	--	239,344
--	--	--	192,387
--	--	(3,366)	706,400
613,155	--	--	613,155
--	--	--	1,180,000
--	--	(15,995,534)	148,771
<u>1,393,127</u>	<u>4,305,115</u>	<u>(15,998,900)</u>	<u>19,228,193</u>
--	120,120	--	120,120
--	9,382	--	9,382
--	--	--	99,998
44,259,882	--	--	44,259,882
--	--	642,177	57,503,908
<u>44,259,882</u>	<u>129,502</u>	<u>642,177</u>	<u>101,993,290</u>
<u>45,653,009</u>	<u>4,434,617</u>	<u>(15,356,723)</u>	<u>121,221,483</u>
708,944	--	--	708,944
<u>708,944</u>	<u>--</u>	<u>--</u>	<u>708,944</u>
1,389,261	4,516,734	--	8,684,846
5,648,261	900,000	--	212,435,253
5,701,412	1,119,515	--	115,059,222
<u>9,701,292</u>	<u>20,973,567</u>	<u>(18,003,272)</u>	<u>40,907,048</u>
<u>\$ 22,440,226</u>	<u>\$ 27,509,816</u>	<u>\$ (18,003,272)</u>	<u>\$ 377,086,369</u>

**WICHITA STATE UNIVERSITY**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING SCHEDULE OF REVENUE,**  
**EXPENSES AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2021**

	<b>WSU Foundation</b>	<b>Intercollegiate Athletics Association</b>	<b>WSU Union Corporation</b>
Operating Revenues:			
Tuition and fees, net of scholarship allowances	\$ --	\$ 4,473,172	\$ 2,622,522
Federal grants and contracts	--	--	--
State and local grants and contracts	--	--	--
Sales and services of educational activities	--	8,561,585	5,244,896
Other operating revenues	2,934,488	1,455,824	2,035
Total operating revenues	<u>2,934,488</u>	<u>14,490,581</u>	<u>7,869,453</u>
Operating Expenses:			
Instruction	--	--	--
Public service	--	--	--
Academic support	--	--	--
Student service	--	21,733,605	7,145,442
Institutional support	20,195,578	1,258,344	--
Operations and maintenance of plant	1,827,772	678,275	114,777
Scholarships and fellowships	6,531,862	3,802,229	66,767
Auxiliary enterprises	--	--	--
Other expenses	--	1,638,929	--
Depreciation	60,205	272,585	169,211
Total operating expenses	<u>28,615,417</u>	<u>29,383,967</u>	<u>7,496,197</u>
Total operating loss	<u>(25,680,929)</u>	<u>(14,893,386)</u>	<u>373,256</u>
Non-Operating Revenue (Expenses)			
State appropriations	--	--	--
Federal grants and contracts	1,000,000	--	--
Gifts	19,201,741	6,386,092	106,365
Investment income	57,585,565	294,545	11,219
Direct finance lease income	--	--	2,889,067
Interest expense	--	(66)	(2,817,602)
County tax subsidy	--	--	--
Loss on disposal of capital assets	--	--	(4,211)
Other non-operating revenue (expenses)	(866,413)	--	--
Total non-operating revenue (expenses)	<u>76,920,893</u>	<u>6,680,571</u>	<u>184,838</u>
Excess (deficiency) of revenues over (under) expenses before capital contributions and transfers	<u>51,239,964</u>	<u>(8,212,815)</u>	<u>558,094</u>
Capital contributions and transfers:			
Capital appropriations	--	--	--
Capital contributions	--	--	--
Capital assets transferred to other entities	--	(111,471)	--
Total capital contributions and transfers	<u>--</u>	<u>(111,471)</u>	<u>--</u>
Change in net position	<u>51,239,964</u>	<u>(8,324,286)</u>	<u>558,094</u>
Net position, beginning of year	325,384,354	12,234,221	7,521,024
Net position, end of year	<u>\$ 376,624,318</u>	<u>\$ 3,909,935</u>	<u>\$ 8,079,118</u>

<b>WSU Board of Trustees</b>	<b>WSU Tech</b>	<b>Eliminations</b>	<b>Total</b>
\$ --	\$ 10,849,864	\$ --	\$ 17,945,558
--	7,418,982	--	7,418,982
--	6,574,061	--	6,574,061
--	--	--	13,806,481
20,851	287,431	(49,487)	4,651,142
20,851	25,130,338	(49,487)	50,396,224
--	11,230,710	--	11,230,710
871,467	--	--	871,467
--	5,655,913	--	5,655,913
--	4,422,477	(49,487)	33,252,037
3,700,000	7,176,894	(1,000,000)	31,330,816
800,000	4,065,872	(800,000)	6,686,696
4,631,989	--	--	15,032,847
--	137,178	--	137,178
--	--	--	1,638,929
1,307,664	1,348,959	--	3,158,624
11,311,120	34,038,003	(1,849,487)	108,995,217
(11,290,269)	(8,907,665)	1,800,000	(58,598,993)
--	10,189,049	--	10,189,049
--	5,213,294	(1,000,000)	5,213,294
15,180	1,628,693	(1,162,744)	26,175,327
3,002,470	590,018	--	61,483,817
--	--	--	2,889,067
(1,867,152)	--	24,778	(4,660,042)
8,812,271	--	--	8,812,271
--	14,047	--	9,836
(184,647)	--	--	(1,051,060)
9,778,122	17,635,101	(2,137,966)	109,061,559
(1,512,147)	8,727,436	(337,966)	50,462,566
--	298,391	--	298,391
2,340,352	--	--	2,340,352
--	--	--	(111,471)
2,340,352	298,391	--	2,527,272
828,205	9,025,827	(337,966)	52,989,838
22,440,226	27,509,816	(18,003,272)	377,086,369
\$ 23,268,431	\$ 36,535,643	\$ (18,341,238)	\$ 430,076,207

**WICHITA STATE UNIVERSITY**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING SCHEDULE OF REVENUE,**  
**EXPENSES AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2020**

	<b>WSU Foundation</b>	<b>Intercollegiate Athletics Association</b>	<b>WSU Union Corporation</b>
Operating Revenues:			
Tuition and fees, net of scholarship allowances	\$ --	\$ 4,269,016	\$ 2,533,440
Federal grants and contracts	--	--	--
State and local grants and contracts	--	--	--
Sales and services of educational activities	--	16,244,435	5,621,138
Other operating revenues	2,106,026	1,725,266	5,486
Total operating revenues	<u>2,106,026</u>	<u>22,238,717</u>	<u>8,160,064</u>
Operating Expenses:			
Instruction	--	--	--
Public service	--	--	--
Academic support	--	--	--
Student service	--	18,903,560	8,053,711
Institutional support	24,848,660	1,191,984	--
Operations and maintenance of plant	708,857	1,259,459	99,041
Scholarships and fellowships	6,339,414	3,892,863	76,643
Auxiliary enterprises	--	--	--
Other expenses	--	2,126,544	--
Depreciation	55,805	184,713	167,178
Total operating expenses	<u>31,952,736</u>	<u>27,559,123</u>	<u>8,396,573</u>
Total operating loss	<u>(29,846,710)</u>	<u>(5,320,406)</u>	<u>(236,509)</u>
Non-Operating Revenue (Expenses)			
State appropriations	--	--	--
Federal grants and contracts	1,500,000	--	--
Gifts	13,553,425	7,629,822	155,968
Investment income	(63,552)	168,601	83,256
Direct finance lease income	--	--	2,939,717
Interest expense	--	(2,890)	(2,852,384)
County tax subsidy	--	--	--
Other non-operating revenue (expenses)	(867,793)	--	--
Total non-operating revenue (expenses)	<u>14,122,080</u>	<u>7,795,533</u>	<u>326,557</u>
Excess (deficiency) of revenues over (under) expenses before capital contributions and transfers	<u>(15,724,630)</u>	<u>2,475,127</u>	<u>90,048</u>
Capital appropriations	--	--	--
Capital contributions	--	--	--
Capital assets transferred to other entities	--	(3,484,465)	--
	<u>--</u>	<u>(3,484,465)</u>	<u>--</u>
Change in net position	<u>(15,724,630)</u>	<u>(1,009,338)</u>	<u>90,048</u>
Net position, beginning of year	341,108,984	13,243,559	7,430,976
Net position, end of year	<u>\$ 325,384,354</u>	<u>\$ 12,234,221</u>	<u>\$ 7,521,024</u>

<b>WSU Board of Trustees</b>	<b>WSU Tech</b>	<b>Eliminations</b>	<b>Total</b>
\$ --	\$ 12,618,057	\$ --	\$ 19,420,513
--	2,600,365	--	2,600,365
--	4,401,419	--	4,401,419
--	--	--	21,865,573
20,852	234,865	--	4,092,495
20,852	19,854,706	--	52,380,365
--	12,527,480	--	12,527,480
597,513	--	--	597,513
--	5,625,630	--	5,625,630
--	4,321,769	--	31,279,040
1,250,000	6,301,345	(1,500,000)	32,091,989
800,000	2,725,346	(800,000)	4,792,703
4,587,035	--	--	14,895,955
--	107,652	--	107,652
--	--	--	2,126,544
1,308,971	984,409	--	2,701,076
8,543,519	32,593,631	(2,300,000)	106,745,582
(8,522,667)	(12,738,925)	2,300,000	(54,365,217)
--	9,410,500	--	9,410,500
--	5,945,786	(1,500,000)	5,945,786
27,511	1,439,547	(2,097,020)	20,709,253
66,049	355,670	--	610,024
--	--	--	2,939,717
(1,895,775)	--	24,779	(4,726,270)
8,323,920	--	--	8,323,920
(117,918)	--	--	(985,711)
6,403,787	17,151,503	(3,572,241)	42,227,219
(2,118,880)	4,412,578	(1,272,241)	(12,137,998)
--	236,212	--	236,212
2,135,031	--	--	2,135,031
--	--	--	(3,484,465)
2,135,031	236,212	--	(1,113,222)
16,151	4,648,790	(1,272,241)	(13,251,220)
22,424,075	22,861,026	(16,731,031)	390,337,589
\$ 22,440,226	\$ 27,509,816	\$ (18,003,272)	\$ 377,086,369



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## APPENDIX C

### DEBT SERVICE REQUIREMENTS

The table below shows the principal and interest payable annually, net of capitalized interest, on the debt obligations of the University that are or may be payable from Revenues, including the Bonds.

Fiscal Year Ending June 30,	Prior Obligations <sup>(1)</sup>		Series 2022G Bonds		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	
2023	\$ 6,530,000.00	\$ 4,477,416.28	\$ 385,000.00	\$ 441,954.19	\$ 11,834,370.47
2024	6,860,000.00	4,156,256.28	315,000.00	512,868.76	11,844,125.04
2025	4,220,000.00	3,813,256.28	330,000.00	497,118.76	8,860,375.04
2026	4,430,000.00	3,605,706.28	345,000.00	480,618.76	8,861,325.04
2027	4,590,000.00	3,444,506.28	360,000.00	463,368.76	8,857,875.04
2028	4,815,000.00	3,222,506.28	380,000.00	445,368.76	8,862,875.04
2029	5,040,000.00	2,989,456.28	400,000.00	426,368.76	8,855,825.04
2030	5,260,000.00	2,770,556.28	420,000.00	406,368.76	8,856,925.04
2031	5,465,000.00	2,563,700.02	440,000.00	385,368.76	8,854,068.78
2032	5,655,000.00	2,375,500.02	460,000.00	367,768.76	8,858,268.78
2033	5,825,000.00	2,208,218.78	475,000.00	349,368.76	8,857,587.54
2034	5,995,000.00	2,034,768.78	490,000.00	335,118.76	8,854,887.54
2035	6,140,000.00	1,881,793.78	505,000.00	319,806.26	8,846,600.04
2036	6,305,000.00	1,724,343.78	525,000.00	303,393.76	8,857,737.54
2037	5,925,000.00	1,590,200.02	540,000.00	285,675.00	8,340,875.02
2038	6,050,000.00	1,471,700.02	560,000.00	266,100.00	8,347,800.02
2039	6,200,000.00	1,317,893.78	580,000.00	245,800.00	8,343,693.78
2040	6,355,000.00	1,160,156.28	605,000.00	222,600.00	8,342,756.28
2041	6,490,000.00	1,024,806.28	625,000.00	198,400.00	8,338,206.28
2042	6,625,000.00	886,568.78	655,000.00	173,400.00	8,339,968.78
2043	6,770,000.00	741,150.02	680,000.00	147,200.00	8,338,350.02
2044	6,920,000.00	592,512.52	705,000.00	120,000.00	8,337,512.52
2045	7,060,000.00	440,556.26	735,000.00	91,800.00	8,327,356.26
2046	4,520,000.00	281,306.26	765,000.00	62,400.00	5,628,706.26
2047	1,670,000.00	181,225.00	795,000.00	31,800.00	2,678,025.00
2048	1,710,000.00	140,887.50	-	-	1,850,887.50
2049	1,750,000.00	99,587.50	-	-	1,849,587.50
2050	1,795,000.00	57,312.50	-	-	1,852,312.50
2051	620,000.00	13,950.00	-	-	633,950.00
<b>Total</b>	<b>\$147,590,000.00</b>	<b>\$51,267,798.12</b>	<b>\$13,075,000.00</b>	<b>\$7,580,035.57</b>	<b>\$219,512,833.69</b>

Certain amounts shown rounded to the nearest dollar. Totals may not sum due to rounding to the nearest dollar.

<sup>(1)</sup> The Prior Obligations included in this column (the Series 2013F-2 Bonds, the Series 2016J Bonds, the Series 2020P Bonds and the Series 2021L Bonds) are expected to be paid from Revenues. See the caption "FINANCIAL INFORMATION OF THE UNIVERSITY—University Debt Obligations—*Obligations Payable from Revenues Pledged*" in Appendix A to the Official Statement.

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## **APPENDIX D**

### **SUMMARY OF PRINCIPAL FINANCING DOCUMENTS**

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## APPENDIX D

### SUMMARY OF PRINCIPAL FINANCING DOCUMENTS

*The following are summaries of certain provisions of the Bond Resolution and the Pledge Agreement, as well as definitions of certain terms used therein and in this Official Statement. The summaries do not purport to be complete, and reference is made to the full text of the Bond Resolution and the Pledge Agreement, respectively, for a complete recital of their terms, as well as a complete recital of the defined terms used therein.*

### DEFINITIONS

In addition to the words and terms defined elsewhere in this Official Statement, the following words and terms as used in the Bond Resolution, the Pledge Agreement and the Disclosure Undertaking shall have the following meanings, unless some other meaning is plainly intended:

**"Act"** means K.S.A. 74-8901 et seq., and Chapter 81, Section 159(c) of the 2022 Session Laws of Kansas, all as may be amended and supplemented.

**"Annual Budget"** means the budget required by the Pledge Agreement.

**"Authority"** means the Kansas Development Finance Authority, a public body politic and corporate and an independent instrumentality of the State organized and existing under the laws of the State.

**"Authorized University Representative"** means the President or the Vice President for Finance and Administration of the University, or such other person at the time designated by the President to act on behalf of the University.

**"Beneficial Owner"** of the Bonds includes any Owner of the Bonds and any other Person who directly or indirectly has the investment power with respect to such Bonds.

**"Board"** means the Board of Regents of the State of Kansas, as provided for in Article 6 of the Constitution and in the statutes of the State, or, if said Board shall be abolished, the board, body, commission or authority succeeding to the principal functions thereof or to whom the powers given under K.S.A. 76-6a12 to 76-6a25, inclusive, or K.S.A. 74-3201a et seq. to the Board shall be given by law.

**"Bond"** or **"Bonds"** means the Kansas Development Finance Authority Revenue Bonds, Series 2022G (Wichita State University Project) dated the Closing Date, authorized and delivered under the Bond Resolution.

**"Bond Counsel"** means the firm of Gilmore & Bell, P.C. or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the Authority.

**"Bond Registrar"** means the State Treasurer, and any successors and assigns.

**"Bond Resolution"** means jointly, Bond Resolution No. 402, as amended and supplemented, and any Supplemental Bond Resolutions adopted in accordance with the provisions of Bond Resolution No. 402.

**"Business Day"** means a day which is not a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature and on which banks in the State are not authorized to be closed.

**"Change of Circumstances"** means that as a result of changes in the Constitution, or legislation adopted or imposed by the State or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Pledge Agreement shall become void or unenforceable, or impossible of performance without unreasonable delay, or in any other way, by reason of such changes of circumstances, unreasonable burdens or excessive liabilities are imposed upon the University.

**"Closing Date"** means the date of delivery of and payment for the Bonds.

**"Code"** means the Internal Revenue Code of 1986, as amended, including, when appropriate, the statutory predecessor of the Code, and all applicable regulations (whether proposed, temporary or final) under the Code and the statutory predecessor of the Code, and any successor provisions to the provisions of the Code and those regulations and any official rulings, announcements, notices, procedures and judicial determinations under the foregoing applicable to the Bonds.

**"Costs of Issuance"** means any and all expenses of whatever nature incurred in connection with the issuance and sale of the Bonds, including but not limited to bond and other printing expenses, costs associated with obtaining bond insurance, administrative fees, fees of the Bond Registrar and Paying Agent, legal fees and expenses of Bond Counsel and other legal counsel, underwriting discount and any other fees of the original purchaser, fees of the financial advisor and any expenses incurred in connection with determining yield on the Bonds, or investment of the proceeds of the Bonds.

**"Costs of Issuance Account"** means the Costs of Issuance Account for Kansas Development Finance Authority Revenue Bonds, Series 2022G (Wichita State University Project) authorized and established in the Bond Resolution.

**"Debt Service Requirements"** means, for the period of time for which calculated, the aggregate principal payments (whether at maturity, or upon mandatory sinking fund redemption, mandatory prepayment or otherwise) and interest payments required to be made during such period on Outstanding Indebtedness; provided that such payments shall be excluded from Debt Service Requirements to the extent that such payments were paid or are payable from Escrowed Deposits deposited in trust, escrowed or otherwise set aside for such payment or are payable from the proceeds of refunding Indebtedness or other Indebtedness (e.g., accrued and capitalized interest).

**"Defeasance Obligations"** means:

- (a) cash; or
- (b) Investment Obligations described in *Sections (a), (f), (j)(1), (j)(2) and (j)(3)* of the definition thereof, which are not subject to redemption or repayment in whole or in part in advance of their maturity, except at the option of the holder thereof.

**"Disclosure Undertaking"** means the Continuing Disclosure Undertaking dated as of August 1, 2022, executed and delivered by the University, as may be amended from time to time, relating to certain matters within the scope of the SEC Rule, in accordance with its terms.

**"DTC"** means the Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depository duly appointed.

**"Escrowed Deposits"** means Defeasance Obligations (including, where appropriate, the earnings or other increment to accrue thereon) that are irrevocably deposited in trust or in escrow with the Paying Agent or a third party escrow agent and are required to be applied to pay all or a portion of the principal of, redemption premium, if any, and interest on, as the same shall become due, any Indebtedness which would otherwise be considered Outstanding and provided that such amounts so required to be applied are sufficient to pay such principal, redemption premium, if any, and interest on such Indebtedness.

**"Event of Default"** with respect to the Bond Resolution means one of the following events:

- (a) Default by the Authority in the due and punctual payment of any interest on any Bond;



(b) Default by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any Bond;

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Authority in the Bond Resolution or in the Bonds contained, and the continuance thereof for a period of 30 days after written notice thereof shall have been given to the Authority by (1) the University or (2) the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding; provided, however, if any default shall be such that it cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is initiated by the Authority within such period and diligently pursued until such default is corrected; or

(d) An Event of Default (as defined in the Pledge Agreement) by the University has occurred.

**"Event of Default"** with respect to the Pledge Agreement, means one of the following events:

(a) the transfers required to be made to the Principal and Interest Account pursuant to the Pledge Agreement shall not be made as required; or

(b) the University shall for any reason be rendered incapable of fulfilling its obligations under the Pledge Agreement; or

(c) failure of the University to pay any installment of interest or principal, or any redemption premium, on any Indebtedness when the same shall become due and payable, whether at maturity or upon any date fixed for prepayment or by acceleration or otherwise; or

(d) failure of the University to observe or perform any of the other covenants, conditions or provisions of the Pledge Agreement (other than the covenants relating to continuing disclosure) or to make any other payment required to be made under the Pledge Agreement and failure to remedy such default after written notice thereof from the Authority to the University; provided that if such default is correctable, it shall not constitute an Event of Default if corrective action is promptly instituted by the University and diligently pursued until the default is corrected, provided that such default is remedied in not more than 180 days, unless an extension is approved by the Authority, which approval shall not be unreasonably withheld; or

(e) any representation or warranty made by the University in the Pledge Agreement or any other Transaction Document or in any statement or certificate furnished by the University to the Authority or the original purchaser in connection with the sale of any Bonds, or furnished by the University pursuant to the Pledge Agreement, which proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 180 days after written notice thereof to the University by the Authority; or

(f) default (other than the payment of any installment of interest or principal, or any redemption premium) under any mortgage, agreement or other instrument under or pursuant to which any Indebtedness in excess of \$500,000 is issued, and continuance of such default beyond the period of grace, if any, allowed with respect thereto; or

(g) admission by the University of insolvency or bankruptcy or its inability or failure to pay its debts as they become due, or the University makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for the University; or

(h) appointment by a court of competent jurisdiction of a trustee, custodian or receiver for the University and failure to obtain discharge of such within 60 days after such appointment; or

(i) institution of bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, proceedings under Title 11 of the United States Code, as amended, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors by or against the University (other than bankruptcy

proceedings instituted by the University against third parties), and, if instituted against the University, allowance against the University or the University consents to such proceedings or fails to obtain dismissal, stay or other nullification within 60 days after such institution.

**"Fiscal Year"** means the period commencing on July 1 of any year and ending on June 30 of the following year, and numbered for the year in which it ends.

**"Funds and Accounts"** means any of the funds and accounts authorized and established in the Bond Resolution, or authorized and established by any Supplemental Bond Resolution.

**"Government Obligations"** means obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America.

**"Indebtedness"** means (a) the Bonds and (b) all other indebtedness or obligations payable from the Revenues; provided that Indebtedness shall not include any portion of any Indebtedness that is payable from Escrowed Deposits and is deemed to be discharged or defeased in accordance with the terms of the instrument or instruments creating or evidencing such Indebtedness.

**"Interest Payment Dates"** means June 1 and December 1 of each year, commencing December 1, 2022.

**"Investment Obligations"** means,

- (a) Government Obligations;
- (b) Obligations of government-sponsored agencies that are not backed by the full faith and credit of the U.S. government including, but not limited to:
  - (1) Federal Home Loan Mortgage Corp. (FHLMC)  
Senior debt obligations
  - (2) Federal National Mortgage Association (FNMA)  
Senior debt obligations
  - (3) Federal Home Loan Banks (FHL Banks)  
Senior debt obligations
  - (4) Resolution Funding Corp. (REFCORP)  
Debt obligations;
- (c) Federal funds, unsecured certificates of deposit, time deposits, and banker's acceptances (having maturities of not more than 360 days after date of purchase) of any domestic commercial bank, the short-term obligations of which are rated not lower than "A-1" by S&P or not lower than "P-1" by Moody's;
- (d) Deposits that are fully insured by the Federal Deposit Insurance Corp. (FDIC), including Bank Insurance Fund (BIF) and Savings Association Insurance Fund (SAIF) or collateralized by Government Obligations;
- (e) State or municipal debt obligations rated in the same or higher Rating Category as Government Obligations by Moody's and S&P (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

(f) Pre-refunded municipal obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and which are rated based on an irrevocable escrow account or fund (the "escrow"), in the same or higher Rating Category as the full faith and credit of the United States of America by S&P and Moody's or any successors thereto;

(g) Commercial paper rated not lower than "A-1" by S&P or not lower than "P-1" by Moody's, maturing in not more than 270 days after the date of purchase;

(h) Investment in money market funds rated in one of the two highest categories by at least one nationally recognized statistical rating organization;

(i) Repurchase agreements:

(1) with a term of not more than 365 days with any transferor which has an unsecured, uninsured and unguaranteed short-term obligation rating not lower than "A-1" by S&P or not lower than "P-1" by Moody's, or guaranteed by a parent corporation or holding company of the transferor with an uninsured, unsecured and unguaranteed short-term obligation rating meeting such requirements; or

(2) with a term of greater than 365 days with any transferor which has an unsecured, uninsured and unguaranteed short-term obligation rating not lower than "AA-" by S&P or not lower than "Aa3" by Moody's, or guaranteed by a parent corporation or holding company of the transferor with an uninsured, unsecured and unguaranteed short-term obligation rating meeting such requirements;

(j) Stripped securities:

(1) United States Treasury STRIPS,

(2) REFCORP STRIPS (stripped by the Federal Reserve Bank of New York),

(3) Financing Corp. (FICO) STRIPS (stripped by the Federal Reserve Bank of New York which have CUSIP prefixes 317705, 31771J, and 31771K) and

(4) Any stripped securities assessed or rated "AAA" by S&P or "Aaa" by Moody's;

(k) Investments in the Municipal Investment Pool Fund pursuant to K.S.A. 12-1677a;

(l) Investment agreements with a financial institution or entity, government securities dealer, insurance company, financial corporation or similar organization (jointly, a "Provider"), which has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated not lower than "AA-" by S&P or not lower than "Aa3" by Moody's, or guaranteed by a parent corporation or holding company of the Provider with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements; and

(m) Any other investments authorized by State law that will not adversely affect the then current ratings on the Bonds by S&P and Moody's, if any.

**"Legislature"** means the Legislature of the State created in Article 2 of the Kansas Constitution.

**"Moody's"** means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority with notice to the University.

**"Outstanding"** means:

(a) when used with reference to Bonds, as of a particular date, all Bonds theretofore authenticated and delivered, except:

(1) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation pursuant to the Bond Resolution;

(2) Bonds for the payment or redemption of which moneys or investments have been deposited with the Paying Agent in accordance with the provisions of the Bond Resolution;

(3) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Bond Resolution;

(4) for purposes of any consent or other action to be taken by the Owners of a specified percentage of Bonds under the Bond Resolution or the Pledge Agreement, Bonds owned or held by or for the account of the Authority, the University or any Person controlling, controlled by or under common control with either of them; and

(5) Bonds for which Defeasance Obligations have been deposited in accordance with the Bond Resolution;

(b) when used in connection with Indebtedness other than Bonds, all Indebtedness except Indebtedness with respect to which the obligation to make payments has been discharged in accordance with the terms of the instrument or instruments creating or evidencing such Indebtedness.

**"Owner"** means the registered owner of any Bond as shown on the bond register maintained by the Bond Registrar.

**"Participant"** means brokers, dealers, banks and other financial institutions and other Persons for whom from time to time DTC effects book-entry transfers and pledges of securities deposited with DTC.

**"Paying Agent"** means the State Treasurer, and any successors and assigns.

**"Payment Date"** means each Principal Payment Date and each Interest Payment Date.

**"Pledge Agreement"** means the Pledge of Revenues Agreement dated as of August 1, 2022 between the University and the Authority, and any agreement or agreements duly executed by the University and the Authority amending or supplementing the Pledge Agreement.

**"Pooled Money Investment Board"** means the pooled money investment board of the State of Kansas established pursuant to K.S.A. 75-4221a.

**"Principal and Interest Account"** means the Principal and Interest Account for Kansas Development Finance Authority Revenue Bonds, Series 2022G (Wichita State University Project) authorized and established in the Bond Resolution.

**"Principal Payment Date"** means June 1 of each year, including each June 1 on which principal shall have been called for mandatory sinking fund payment, commencing June 1, 2023.

**"Project"** means the renovation and equipping of Clinton Hall on the campus of the University, as authorized by Chapter 81, Section 159(c) of the 2022 Session Laws of Kansas.

**"Project Account"** means the Project Account for Kansas Development Finance Authority Revenue Bonds, Series 2022G (Wichita State University Project) authorized and established in the Bond Resolution.

**"Project Costs"** means costs permitted under the Act (and the Code, if applicable) to be paid out of proceeds of the Bonds or other available funds with respect to the Project, including the total of all reasonable or necessary expenses incidental to the acquisition, construction, reconstruction, repair, alteration, equipping, improvement and extension of the Project, including without limitation: the expenses of studies and surveys, land title and mortgage title policies, architectural and engineering services and the cost of legal, organization or marketing services; financial and underwriting fees and expenses; the cost of acquiring or demolishing existing structures and developing the site of and constructing and equipping new facilities constituting a part of the Project; rehabilitating, reconstructing, repairing, remodeling or equipping existing facilities, including removal of any hazardous materials, constituting a part of the Project; and all other necessary and incidental expenses, including interest during construction on Bonds issued to finance the Project to a date not greater than six months subsequent to the estimated date of completion thereof, and any other costs permitted by the Act.

**"Rating Agency"** means Moody's and any other company, agency or entity that provides ratings for the Bonds.

**"Rating Category"** shall mean a generic securities rating category assigned by a Rating Agency, without regard, in the case of a long-term rating category, to any refinement or gradation of such long-term rating category by a numerical modifier or otherwise.

**"Rebate Account"** means the Rebate Account for Kansas Development Finance Authority Revenue Bonds, Series 2022G (Wichita State University Project) authorized and established in the Bond Resolution.

**"Record Date"** means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on any Bond is to be made.

**"Restricted Revenues"** means (i) fees, funds and other revenues restricted to a use other than payment of debt service on the Bonds by enactment of the Legislature, (ii) fees, funds and other revenues specifically pledged to secure the payment of revenue obligations of the Board or the University that are not available for payment of debt service on the Bonds, and (iii) gifts, fees and other revenues restricted by the donor, the Board or the University to a use other than payment of debt service on the Bonds.

**"Revenues"** means all revenues of the University, excluding Restricted Revenues.

**"S&P"** means S&P Global Ratings, a division of S&P Global Inc., and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority with notice to the University.

**"SEC Rule"** means Rule 15c2-12 of the Securities and Exchange Commission, an agency of the United States Government.

**"State"** means the State of Kansas.

**"State Treasurer"** means the Treasurer of the State of Kansas or, if the functions and duties of the State Treasurer under the Bond Resolution shall be given by law to any other person or entity, such person or entity.

**"Supplemental Bond Resolution"** means any resolution supplemental or amendatory to the Bond Resolution adopted by the Authority pursuant to the Bond Resolution.

**"Supplemental Pledge Agreement"** means any agreement supplemental or amendatory to the Pledge Agreement executed by the Authority and the University pursuant to the terms of the Pledge Agreement.

**"Tax Compliance Agreement"** means the Tax Compliance Agreement, dated as of August 1, 2022, between the Authority and the University, relating to certain matters within the scope of the Code, as the same may be amended or supplemented in accordance with its terms.

**"Transaction Documents"** means the Bond Resolution, the Bonds, the Pledge Agreement, the Official Statement, the Tax Compliance Agreement, the Disclosure Undertaking and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Bond Resolution or in this Official Statement or contemplated by the Bond Resolution or this Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words "Transaction Documents" are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a party thereto, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

**"Trust Estate"** means:

(a) All right, title and interest of the Authority in, to and under the Pledge Agreement; provided that the pledge and assignment made by the Bond Resolution shall not impair or diminish the obligations of the Authority under the provisions of the Pledge Agreement; and

(b) All moneys and securities from time to time held under the terms of the Bond Resolution (excluding funds held in or accruing to the Rebate Account), including, without limitation, Bond proceeds and income from the temporary investment thereof and proceeds from insurance and condemnation awards, any and all other real or personal property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security for the Bonds by the Authority.

**"University"** means Wichita State University.

## **SUMMARY OF THE BOND RESOLUTION**

*The following is a summary of certain provisions of the Bond Resolution. This summary does not purport to be complete, and reference is made to the full text of the Bond Resolution for a complete recital of its terms, as well as a complete recital of the defined terms used therein.*

### **Security for the Bonds; Limited Nature of Obligations**

The principal of, redemption premium, if any, and the interest on the Bonds shall be special limited obligations of the Authority payable solely and only from, and are secured as to the payment of principal of, redemption premium, if any, and interest on the Bonds by a pledge by the Authority of, the Trust Estate, in favor of the Owners of the Bonds, as provided in the Bond Resolution.

The Bonds are equally and ratably secured with respect to the payment of principal of, redemption premium, if any, and interest from the Trust Estate and in all other respects with any other Bonds issued under the Bond Resolution. The covenants and agreements of the University and the Authority contained in the Bond Resolution, the Pledge Agreement and in the Bonds shall be for the equal benefit, protection, and security of the legal Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority

of one Bond over any other Bond in the application of the funds pledged in the Bond Resolution to the payment of the principal of, redemption premium, if any, and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Bond Resolution.

The principal of, redemption premium, if any, and the interest on the Bonds shall not be a debt or general obligation of the Authority, the Board, the State or any municipal corporation or political subdivision thereof, and neither the Bonds, the interest thereon, nor any judgment thereon or with respect thereto, are payable in any manner from unlimited tax revenues of any kind or character. The principal of, redemption premium, if any, and interest on the Bonds shall not constitute an indebtedness or a pledge of the faith and credit of the Authority, the Board, the State or any municipal corporation or political subdivision thereof, within the meaning of any constitutional or statutory limitation or restriction. The Authority has no taxing power.

No provision, covenant or agreement contained in the Bond Resolution, the Pledge Agreement or the Bonds, or any obligation therein imposed upon the Authority, or the breach thereof, shall constitute or give rise to or impose upon the Authority a pecuniary liability or a charge upon its general credit. In making the agreements, provisions and covenants set forth in the Bond Resolution, the Authority has not obligated itself except with respect to the Pledge Agreement and the application of the Revenues and receipts therefrom as provided in the Bond Resolution. Neither the officers, directors, agents or employees of the Authority nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

#### **Pledge of Trust Estate**

The Authority pledges the Trust Estate for the payment of the principal of, redemption premium, if any, and interest on the Bonds.

#### **Funds and Accounts**

There have been authorized and established pursuant to the Bond Resolution, with the State Treasurer, the following separate Funds and Accounts:

- (1) Principal and Interest Account for Kansas Development Finance Authority Revenue Bonds, Series 2022G (Wichita State University Project), which shall constitute a special revenue fund pursuant to the Act.
- (2) Costs of Issuance Account for Kansas Development Finance Authority Revenue Bonds, Series 2022G (Wichita State University Project).
- (3) Project Account for Kansas Development Finance Authority Revenue Bonds, Series 2022G (Wichita State University Project).

There has also been authorized and established pursuant to the Bond Resolution in the name of the Authority, the Rebate Account for Kansas Development Finance Authority Revenue Bonds, Series 2022G (Wichita State University Project).

The Funds and Accounts established pursuant to the Bond Resolution described in the first paragraph above shall be maintained and administered by the State in the custody of the State Treasurer on behalf of the University and the Authority solely for the purposes and in the manner as provided in the Bond Resolution. The Rebate Account established pursuant to the Bond Resolution described in the second paragraph above shall be maintained and administered by the Authority in accordance with the provisions of the Bond Resolution.

#### **Disbursements from the Project Account**

The moneys in the Project Account shall be disbursed for the payment of Project Costs in accordance with the provisions of the Pledge Agreement.

Pursuant to the Pledge Agreement, the Authority shall cause the University to keep and maintain adequate records pertaining to the Project Account and all receipts into and disbursements therefrom, and upon the request of the Authority shall make such records available to the Authority. After the Project has been completed and payment of all costs and expenses incident thereto shall be evidenced by the filing of a certificate of completion as provided in the Pledge Agreement, the Authority shall cause the University to make available a final statement of receipts and disbursements for the Project Account.

### **Disposition of Moneys in the Project Account Upon Completion of the Project**

The completion of the Project and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Authority by the University of the certificate of completion required by the Pledge Agreement. As soon thereafter as practicable, any balance remaining in the Project Account (other than amounts retained by the University referred to in said certificate and amounts required to be deposited into the Rebate Account), without further authorization, shall be deposited in the Principal and Interest Account.

### **Principal and Interest Account**

Except as provided in the two immediately succeeding paragraphs, moneys in the Principal and Interest Account shall be expended solely for the payment of the principal of, redemption premium, if any, and interest on the Bonds as the same mature and become due or upon the redemption thereof prior to maturity and to provide sufficient funds to pay the fees of the Bond Registrar and Paying Agent when the same become due. The Authority authorizes and directs the withdrawal of sufficient funds from the Principal and Interest Account for the purposes set forth in this paragraph not later than the Business Day preceding the Payment Date and to make said funds so withdrawn available to the Paying Agent for such purposes.

The Authority, upon written direction of the University, shall use any moneys in the Principal and Interest Account to redeem all or part of the Bonds Outstanding, and to pay interest accrued thereon prior to such redemption, in accordance with and to the extent permitted by the Bond Resolution so long as the University is not in default with respect to any payments under the Pledge Agreement and to the extent said moneys are in excess of the amount required for payment of such Bonds theretofore matured or called for redemption and any unpaid past due interest in all cases when such Bonds have not been presented for payment. The University may cause such excess money in the Principal and Interest Account or such part thereof or other moneys of the University to be applied by the Authority for the purchase of Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of delivery for cancellation.

Any amount remaining in the Principal and Interest Account after the payments on the Bonds shall have been paid in full or provision made therefor in accordance with the provisions of the Bond Resolution, shall be transferred to the University.

### **Costs of Issuance Account**

Moneys held in the Costs of Issuance Account shall be used by the Authority on behalf of the University to pay Costs of Issuance. Any moneys remaining in the Costs of Issuance Account 30 days prior to the initial Payment Date shall be transferred to the Principal and Interest Account, as provided in the Bond Resolution.

### **Rebate Account**

There shall be deposited in the Rebate Account such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All money at any time deposited in the Rebate Account shall be held in trust, to the extent required to pay rebatable arbitrage to the United States. No Owner of any Bonds shall have any rights in or claim to such money. Computations of rebatable arbitrage shall be performed by or on behalf of the Authority in accordance with the Tax Compliance Agreement. Pursuant to the Tax Compliance Agreement, the Authority shall remit rebate installments and the final rebate payments to the United States. Any moneys



remaining in the Rebate Account after redemption and payment of the Bonds and payment and satisfaction of any rebatable arbitrage, or provision made therefor, shall be applied for any lawful purpose at the direction of the University.

### **Investment of Moneys**

Except as hereinafter provided under this caption "Investment of Moneys", moneys held for the credit of the Funds and Accounts authorized and established in the Bond Resolution shall, pursuant to the written approval of the Authorized University Representative be invested and reinvested by the Authority in Investment Obligations which shall mature, or which shall be subject to redemption by the owner thereof at the option of such owner, not later than the dates when the moneys held for the credit of said Funds or Accounts will be required for the purposes intended; provided, however, that such moneys shall not be invested in such manner as will violate the provisions of the Bond Resolution.

Investment Obligations so purchased as an investment of money in any such Fund or Account shall be deemed at all times to be a part of such Fund or Account. Investment earnings on all Funds and Accounts (except the Project Account, the Costs of Issuance Account and amounts required to be deposited into the Rebate Account in accordance with the Tax Compliance Agreement) shall be credited to such Fund or Account, except required deposits to any rebate account established pursuant to a Supplemental Bond Resolution, and any loss resulting from any such investment shall be charged to such Fund or Account. Investment earnings on investments held in the Project Account and the Costs of Issuance Account (except required deposits to the Rebate Account) shall be transferred to the Principal and Interest Account. Whenever the cash balance in any Fund or Account is insufficient for the purposes of such Fund or Account, a sufficient amount of Investment Obligations therein shall be sold and reduced to cash. In determining the balance in any Fund or Account, the Authority shall determine the Value of Investment Obligations in such Fund or Account as frequently as deemed necessary by the Authority, but not less frequently than annually nor more frequently than monthly. Neither the State Treasurer, the Authority, the University, the Pooled Money Investment Board nor any member, employee or officer thereof shall be liable or responsible for any loss resulting from any such investment.

Money held for the credit of the Funds and Accounts authorized and established in the Bond Resolution may be invested in conformity with any applicable statute through the Pooled Money Investment Board or other instrumentality of the State, subject to the provisions of the Bond Resolution to the extent such provisions are not in conflict with any such statute.

### **Tax Covenants**

The Authority covenants and agrees that to the extent within its power and control, (1) it will comply with all applicable provisions of the Code, including §§103 and 141 through 150, necessary to maintain the excludability from gross income for federal income tax purposes of the interest on the Bonds, and (2) it will not use or permit the use of any proceeds of Bonds or any other funds of the Authority nor take or permit any other action, or fail to take any action, if any such action or failure to take action would adversely affect the excludability from federal gross income of the interest on the Bonds. The Authority will, in addition, adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Bonds will remain excludable from federal gross income, to the extent any such actions can be taken by the Authority.

The Authority covenants and agrees that to the extent within its power and control, (1) it will comply with all requirements of Code §148 to the extent applicable to the Bonds, (2) it will use the proceeds of the Bonds as soon as practicable and with all reasonable dispatch for the purposes for which the Bonds are issued, and (3) it will not invest or directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Authority in any manner, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Code §148(a).

The Authority covenants and agrees that to the extent within its power and control, it will not use any portion of the proceeds of the Bonds, including any investment earnings on such proceeds, directly or indirectly, in a manner that would cause any Bond to be a "private activity bond" within the meaning of Code §141(a).

The Authority covenants and agrees that to the extent within its power and control, it will pay or otherwise provide for the payment from moneys available in the Rebate Account from time to time of all amounts required to be rebated to the United States pursuant to Code §148(f) and any Treasury Regulations applicable to the Bonds from time to time. The Authority specifically covenants to pay or cause to be paid to the United States, the required amounts of rebatable arbitrage at the times and in the amounts as determined by the Tax Compliance Agreement. Notwithstanding anything to the contrary contained in the Bond Resolution, the Tax Compliance Agreement may be amended or replaced if, in the opinion of Bond Counsel such amendment or replacement will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Bonds. This covenant shall survive payment in full or defeasance of the Bonds.

#### **Enforcement of Rights Under Pledge Agreement**

The Authority covenants and agrees that it shall enforce all of its rights and all of the obligations of the University (at the expense of the University) under the Pledge Agreement to the extent necessary to protect the rights of the Owners under the Bond Resolution with respect to the pledge and assignment of the Revenues and receipts coming due under the Pledge Agreement.

#### **Notice of Default and Acceleration of Maturity in Event of Default**

If an Event of Default shall have occurred and be continuing, the Authority shall request the Bond Registrar to promptly notify the Owners of such default.

If an Event of Default shall have occurred and be continuing, the Authority may, and shall upon the written request of the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding by notice in writing delivered to the Authority and the University, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

If, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of principal and interest on the Bonds, together with the reasonable and proper expenses of the Bond Registrar and Paying Agent, and all other sums then payable by the Authority under the Bond Resolution shall either be paid or provision shall be made for such payment, then and in every such case the Authority shall, but only with the approval of the Owners of not less than 50% in aggregate principal amount of the Bonds Outstanding, rescind such declaration and annul such default in its entirety.

In case of any rescission, then and in every such case the Authority, the University and the Owners shall be restored to their former position and rights under the Bond Resolution respectively, but no such rescission shall extend to any subsequent Event of Default or impair any right consequent thereon.

#### **Remedies**

Upon the happening and continuance of any Event of Default, then and in every such case, any Owner may proceed, subject to the provisions of this section, to protect and enforce the rights of the Owners by a suit, action or special proceeding in equity, or at law, either for the specific performance of any covenant or agreement contained in the Bond Resolution, or in aid or execution of any power granted in the Bond Resolution, or for the enforcement of any proper legal or equitable remedy as such Owner shall deem most effectual to protect and enforce such rights.

Anything in the Bond Resolution to the contrary notwithstanding, if at any time the moneys in the Principal and Interest Account shall not be sufficient to pay the principal of and interest on the Bonds as the same shall

become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this section or otherwise, shall be applied as follows:

(a) If the principal of all the Bonds shall not have become due and payable, all such moneys shall be applied:

*first:* to the payment to the Persons entitled thereto of all installments of interest then due and payable on the Bonds in the order in which such installments became due and payable, and, if the amount available shall not be sufficient to pay in full any particular installments, then to the payment, ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

*second:* to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Bond Resolution), in the order of their due dates, with interest on the principal amount of such Bonds at the respective rates specified therein from the respective dates upon which such Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference.

(b) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

*first:* to the payment to the Persons entitled thereto of all installments of interest due and payable on or prior to maturity of Bonds, if any, in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds, and then to the payment of any interest due and payable after maturity on the Bonds, ratably, to the Persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

*second:* to the payment of the principal of the Bonds, ratably, to the Persons entitled thereto, without preference or priority of any Bond over any other Bond.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys shall be applied at such times, and from time to time, as the Authority in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the Paying Agent in trust for the proper purpose shall constitute proper application by the Authority; and the Authority shall incur no liability whatsoever to any Owner or to any other Persons for any delay in applying any such moneys, so long as the Authority acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Bond Resolution as may be applicable at the time of such application. Whenever the Authority shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Authority shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Authority shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the Owner of any unpaid Bond until such Bond shall be surrendered to the Paying Agent for appropriate endorsement, or for cancellation if fully paid.

In case any proceeding taken by any Owner on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the Authority and the Owners shall be restored to their former positions and rights under the Bond Resolution, respectively, and all rights and remedies of the Owners shall continue as though no such proceedings had been taken.

No Owner of any of the Bonds shall have any right in any manner whatever to affect, disturb or prejudice the security of the Bond Resolution or to enforce any right under the Bond Resolution, except in the manner provided in the Bond Resolution. All proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners.

No remedy conferred in the Bond Resolution on the Owners is intended to be exclusive of any other remedy or remedies, and each and every remedy conferred shall be cumulative and shall be in addition to every other remedy given under the Bond Resolution and under the Act or now or hereafter existing at law or in equity or by statute.

No delay or omission of any Owner to exercise any right or power accruing upon any default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Bond Resolution to the Owners may be exercised from time to time and as often as may be deemed expedient.

### **Exercise of Remedies**

If an Event of Default shall have occurred and be continuing, the Authority shall pursue and exercise any available remedy at law or in equity by suit, action, mandamus or other proceeding, or exercise such one or more of the rights and powers conferred by the Bond Resolution as the Authority, being advised by counsel, shall deem most expedient in the interests of the Owners to enforce the payment of the principal of and interest on the Bonds then Outstanding.

All rights of action under the Bond Resolution or under any of the Bonds may be enforced by the Bond Registrar without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Authority shall be brought in its name without necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall be for the equal benefit of all the Owners of the Outstanding Bonds.

### **Limitation on Exercise of Remedies by Owners**

No Owner of any Bond shall have any right (other than granted in the Bond Resolution) to institute any suit, action or proceeding in equity or at law for the enforcement of the Bond Resolution or for the execution of any trust under the Bond Resolution or for the appointment of a receiver or any other remedy under the Bond Resolution, unless (a) an Event of Default shall have occurred, (b) the Owners of 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Authority, shall have offered it reasonable opportunity either to proceed to exercise the powers granted in the Bond Resolution or to institute such action, suit or proceeding in its own name, and (c) the Authority shall thereafter fail or refuse to exercise the powers granted in the Bond Resolution or to institute such action, suit or proceeding in its own name; and such actions or events are declared in every case, at the option of the Authority, to be conditions precedent to the execution of the powers and trusts of the Bond Resolution, and to any action or cause of action for the enforcement of the Bond Resolution, or for the appointment of a receiver or for any other remedy under the Bond Resolution, it being understood and intended that no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the Bond Resolution by its, his or their action or to enforce any right thereunder except in the manner provided in the Bond Resolution, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Bond Resolution and for the equal benefit of the Owners of all Bonds then Outstanding. Notwithstanding anything in this paragraph to the contrary, no suit, action or proceeding shall be undertaken with respect to the Bonds unless the Owners of 25% in aggregate principal amount of the Bonds then Outstanding shall act as described in *clause (b)* above. Nothing in the Bond Resolution contained shall, however,

affect or impair the right of any Owner to payment of the principal of, redemption premium, if any, and interest on any Bond at and after the maturity thereof; or the obligation of the Authority to pay the principal of, redemption premium, if any, and interest on each of the Bonds issued under the Bond Resolution to the respective Owners thereof at the time, place, from the source and in the manner expressed in the Bond Resolution and in the Bonds.

### **Right of Owners to Direct Proceedings**

Anything in the Bond Resolution to the contrary notwithstanding, the Owners of 50% in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Bond Registrar, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Bond Resolution, or for the appointment of a receiver or any other proceedings under the Bond Resolution; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Bond Resolution.

### **Supplemental Bond Resolutions Not Requiring Consent of Owners**

The Authority may from time to time, without the consent of or notice to any of the Owners, adopt such Supplemental Bond Resolution or Supplemental Bond Resolutions as shall not be inconsistent with the terms and provisions of the Bond Resolution, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Bond Resolution or to make any other change that shall not materially adversely affect the rights of the Owners under the Bond Resolution;
- (b) To grant to or confer upon the Bond Registrar for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners;
- (c) To more precisely identify the Project or add additional property thereto; and
- (d) To subject to the Bond Resolution additional revenues, properties or collateral.

### **Supplemental Bond Resolutions Requiring Consent of Owners**

Exclusive of Supplemental Bond Resolutions described above under the heading "Supplemental Bond Resolutions Not Requiring Consent of Owners," and subject to the terms and provisions contained in the Bond Resolution, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Bond Resolution to the contrary notwithstanding, to consent to and approve the adoption by the Authority of such other Supplemental Bond Resolution or Supplemental Bond Resolutions as shall be deemed necessary and desirable by the Authority for the purpose of modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Resolution or in any Supplemental Bond Resolution; provided, however, that nothing contained in the Bond Resolution shall permit or be construed as permitting (1) an extension of the maturity of the principal of or the interest on any Bond issued under the Bond Resolution, or (2) a reduction in the principal amount of any Bond or the rate of interest thereon, or (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (4) a reduction in the percentage of the aggregate principal amount of Outstanding Bonds for which the Owners are required to consent with respect to any Supplemental Bond Resolution without the written consent of the Owners of 100% in aggregate principal amount of Bonds outstanding. Any provision of the Bond Resolution may be amended with the written consent of the Owners of 100% in aggregate principal amount of Bonds Outstanding.

### **University Consent to Supplemental Bond Resolutions**

Anything in the Bond Resolution to the contrary notwithstanding, a Supplemental Bond Resolution which affects any rights of the University shall not become effective unless and until the University shall have consented in writing to the execution and delivery of such Supplemental Bond Resolution.

## **Opinion of Bond Counsel**

Notwithstanding anything to the contrary in the Bond Resolution, before the Authority adopts any Supplemental Bond Resolution pursuant to the Bond Resolution, there shall have been delivered to the Authority and University an opinion of Bond Counsel stating that such Supplemental Bond Resolution is authorized or permitted by the Bond Resolution and the Act, complies with their respective terms, will upon the execution and delivery thereof be valid and binding upon the Authority in accordance with its terms, and will not adversely affect the validity of the Bonds or the excludability from Federal gross income of interest on the Bonds.

## **Satisfaction and Discharge of the Bond Resolution**

When the principal of, redemption premium, if any, and interest on all the Bonds shall have been paid in accordance with their terms, or provision has been made for such payment as provided in the Bond Resolution, and provision shall also be made for paying all other sums payable under the Bond Resolution, including the fees and expenses of the Bond Registrar and Paying Agent to the date of retirement of the Bonds and any rebatable arbitrage to the United States as required by the Bond Resolution, then the right, title and interest of the Owners under the Bond Resolution shall thereupon cease, determine and be void, and thereupon the Authority shall cancel, discharge and release the covenants of the Bond Resolution and shall execute, acknowledge and deliver such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and the satisfaction and discharge and shall assign and deliver to the University any property at the time subject to the Bond Resolution which may then be in its possession, except funds or securities in which such funds are invested and held by the Authority for the payment of the principal of, redemption premium, if any, and interest on the Bonds or held in the Rebate Account for payment of rebatable arbitrage to the United States.

## **Bonds Deemed to be Paid**

Bonds shall be deemed to be paid within the meaning of the Bond Resolution when payment of the principal of, redemption premium, if any, on such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Bond Resolution, or otherwise), either (1) shall have been made or caused to be made in accordance with the terms of the Bond Resolution, or (2) shall have been provided for by depositing with the Paying Agent, or a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and subject to supervision or examination by federal or state authority at or prior to the maturity or redemption date of said Bonds, in trust for and irrevocably set aside exclusively for such payment, Defeasance Obligations insuring the availability of sufficient moneys without reinvestment to make such payment. At such time as a Bond shall be deemed to be paid under the Bond Resolution, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Bond Resolution, except for the purposes of any such payment from such Defeasance Obligations.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to the stated maturities thereof, no deposit under clause (2) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until, as to all such Bonds which are to be redeemed prior to their respective stated maturities, proper notice of such redemption shall have been given in accordance with the Bond Resolution, or irrevocable instructions shall have been given to the Bond Registrar and Paying Agent to give such notice.

Notwithstanding any provision of the Bond Resolution which may be contrary to the provisions of this section, all Defeasance Obligations set aside and held in trust pursuant to the provisions of this section for the payment of Bonds (including redemption premium thereon, if any) and interest thereon shall be applied to and used solely for the payment of the particular Bonds (including redemption premium thereon, if any) and interest thereon with respect to which such Defeasance Obligations have been so set aside in trust.

## **SUMMARY OF THE PLEDGE OF REVENUES AGREEMENT**

*The following is a summary of certain provisions of the Pledge Agreement. This summary does not purport to be complete, and reference is made to the full text of the Pledge Agreement for a complete recital of its terms, as well as a complete recital of the defined terms used therein.*

### **Pledge of Revenues**

The University pledges the Revenues and not any other fund or source, to the Authority, as security for the payment of the Debt Service Requirements on the Bonds and certain fees, expenses and deposits of the Authority relating to the Bonds as described in the Pledge Agreement and the Bond Resolution. By this pledge the University acknowledges that the Authority intends to pledge its rights under the Pledge Agreement to the Owners of the Bonds.

The University may pledge the Revenues as security for the payment of future indebtedness of the Board or the University, including, without limitation, bonds issued by the Authority on behalf of the Board or the University under one or more separate bond resolutions, which additional indebtedness may be on a parity with the Bonds.

### **Application of Moneys in the Project Account**

Moneys in the Project Account shall be used by the University for the sole purpose of paying Project Costs in accordance with the provisions of the Act.

The University agrees to cause the Project to be diligently and continuously prosecuted and to be completed with reasonable dispatch.

The Authority shall cause the State Treasurer to disburse moneys on deposit in the Project Account from time to time to pay, or as reimbursement for payment made for, Project Costs, after receipt of documentation prepared and processed in accordance with procedures established by the State for payment of costs of State projects, for which payment is being requested.

### **Annual Budget**

The University covenants that on or before the commencement of each Fiscal Year it shall adopt an Annual Budget, together with a schedule for Debt Service Requirements for such ensuing Fiscal Year, copies of which shall be made available to the Authority. The University may at any time adopt an amended or supplemental Annual Budget for the remainder of the then current Fiscal Year. The Annual Budget so amended or supplemented shall be treated as the Annual Budget under the provisions of this paragraph. Copies of any such amended or supplemental Annual Budget as adopted shall be filed with and furnished to the same entities as the original Annual Budget.

### **Principal and Interest Account**

Not later than five (5) Business Days prior to each Interest Payment Date, the University covenants that it will transfer or cause to be transferred to the credit of the Principal and Interest Account Revenues in an aggregate amount necessary to pay principal of and interest on the Bonds on such Interest Payment Date, after giving effect to any amounts then on deposit in the Principal and Interest Account. Moneys in the Principal and Interest Account shall, pending disbursement, be held in the custody of the State Treasurer and shall be accounted for separate and apart from all other funds of the University and the State. Moneys in the Principal and Interest Account shall be expended and used only in the manner and order specified in the Pledge Agreement and in the Bond Resolution. All moneys in the Principal and Interest Account shall be held by the State Treasurer in trust and applied as provided in the Pledge Agreement and in the Bond Resolution, and pending such application, shall be subject to a prior lien

and charge in favor of the Owners of the Bonds and for the further security of such Owners until paid out or withdrawn as provided in the Pledge Agreement.

### **Tax Covenants**

The University covenants and agrees that to the extent within its power and control, (A) it will comply with all applicable provisions of the Code, including §§103 and 141 through 150, necessary to maintain the excludability from gross income for federal income tax purposes of the interest on the Bonds, and (B) it will not use or permit the use of any proceeds of any Bonds or any other funds of the Authority nor take or permit any other action, or fail to take any action, if any such action or failure to take action would adversely affect the excludability from federal gross income of the interest on the Bonds. In addition, the University will take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Bonds will remain excludable from federal gross income, to the extent any such actions can be taken by the University.

The University covenants and agrees that to the extent within its power and control, (A) it will comply with all requirements of Code § 148 to the extent applicable to the Bonds, (B) it will use the proceeds of the Bonds as soon as practicable and with all reasonable dispatch for the purposes for which the Bonds are issued, and (C) it will not invest or directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Authority or the University in any manner, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Code § 148(a).

The University covenants and agrees that to the extent within its power and control, it will not use any portion of the proceeds of the Bonds, including any investment earnings on such proceeds, directly or indirectly, in a manner that would cause any Bond to be a "private activity bond" within the meaning of Code § 141(a).

The University covenants and agrees that so long as any of the Bonds remain Outstanding, except as otherwise provided in the Tax Compliance Agreement, the University will not enter into or renew any management contract or service contract for a term of more than 50 days with any person or entity other than a state or local government unit with respect to the management or operation of all or any portion of the Project financed or refinanced with the proceeds of the Bonds, without first obtaining and delivering to the Authority an opinion of Bond Counsel addressed to the University and the Authority that such management contract will not adversely affect the excludability of interest on the Bonds from gross income for federal tax purposes.

The University covenants and agrees that so long as the Bonds remain Outstanding, except as otherwise provided in the Tax Compliance Agreement, the University will not enter into or renew a lease of all or any portion of the facilities financed or refinanced with proceeds of the Bonds with any tenant that is not a state or local government unit without first obtaining and delivering to the Authority an opinion of Bond Counsel addressed to the University and the Authority that such lease will not adversely affect the tax-exempt status of the interest on the Bonds. To the extent provided in the Code, the provisions of this paragraph shall not apply to the portions of such facilities used by members of the general public who occupy such facilities on a short-term basis in the ordinary course of the University's business.

The University shall cause to be paid to the Authority from time to time all amounts required to be rebated to the United States pursuant to Code § 148(f) and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds from time to time in accordance with the Tax Compliance Agreement. The Authority covenants to deposit such moneys into the Rebate Account and to administer the same in accordance with the Tax Compliance Agreement.

### **Contract Impairments**

The University covenants that no contract or contracts will be entered into or any action taken by which the Revenues shall be reduced below the amount required under the Pledge Agreement or by which the rights of



the Authority under the Pledge Agreement or the rights of the Owners under the Bond Resolution or the Bonds might be impaired or diminished.

### **Payment of Taxes, Charges and Assessments**

The University covenants and agrees to pay promptly all lawful taxes, governmental charges and assessments at any time levied or assessed and due upon or against it; provided, however, that the University shall have the right to contest in good faith by appropriate proceedings any such taxes, charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof, provided that the University shall have set aside on its books adequate reserves with respect to such contest and such contest shall not materially impair the ability of the University to meet its obligations under the Pledge Agreement.

### **Continuing Disclosure; Notice of Material Events**

The University agrees to provide and disseminate certain information delineated in the Disclosure Undertaking for purposes of complying with the SEC Rule, as more fully set forth in the Disclosure Undertaking.

To the extent the Authority becomes aware of any Material Event with respect to the Bonds (excluding any Material Event relating to Financial Obligations), the Authority agrees to provide notice to the University and the Dissemination Agent, if any, in a timely manner not in excess of five (5) business days after it obtains knowledge of such Material Event. Capitalized terms used in this section and not defined in the Pledge Agreement shall have the meanings given to such terms in the Disclosure Undertaking.

### **Remedies Upon Default**

Upon the occurrence and during continuance of any Event of Default under the Pledge Agreement, unless the same shall have been waived as provided in the Pledge Agreement, the Authority shall have the following rights and remedies, in addition to any other remedies provided in the Pledge Agreement or by law:

(a) ***Right to Bring Suit, Etc.*** The Authority, with or without entry, personally or by attorney, may in its discretion, without notice or demand: (1) proceed to protect and enforce its rights by a suit or suits in equity or at law, whether for damages or for the specific performance of any covenant or agreement contained in the Pledge Agreement, or in aid of the execution of any power granted in the Pledge Agreement, or for any foreclosure, or for the enforcement of any other appropriate legal or equitable remedy, as the Authority shall deem effectual to protect and enforce any of its rights or duties under the Pledge Agreement; or (2) avail itself of all other rights or remedies available to it.

(b) ***Appointment of Receiver.*** The Authority shall be entitled as a matter of right if it shall so elect, upon the commencement of any other proceedings, judicial or otherwise, to enforce any right of the Authority, to institute such actions or proceedings at law or in equity for the appointment of a receiver or receivers and all the earnings, revenues, rents, issues, profits and income thereof, with such powers as the court making such appointment shall confer.

Any amounts collected by the Authority pursuant to action taken under the Pledge Agreement shall be applied in accordance with the provisions of the Bond Resolution.

### **Remedies Cumulative**

No remedy conferred upon or reserved to the Authority in the Pledge Agreement is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Pledge Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission of the Authority to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or

an acquiescence therein; and every power and remedy given by the Pledge Agreement to the Authority may be exercised from time to time and as often as may be deemed expedient by the Authority.

#### **Authority's Right to Perform Certain University Covenants**

In the event the University shall fail to: (a) make provision for payment of principal of, redemption premium, if any, and interest on the Bonds as the same shall become due and payable; or (b) pay any amount required to be rebated to the United States Government pursuant to the requirements of Code §148(f) when due, then and in each such case the Authority, with prior written notice to the University, may remedy such default for the account of the University and make advances for that purpose; provided that the Authority shall be entitled to indemnity in an amount and form deemed adequate in the discretion of the Authority prior to making any such advances. No such performance or advance shall operate to release the University from any such default or prejudice any rights of the Authority or the Owners arising under any of the Transaction Documents in consequence of such failure. The Authority shall be reimbursed by the University for any advances and costs and expenses related to making such advances, subject to and dependent upon appropriation of the Legislature being made to the University, which may be lawfully utilized to pay such obligation.

#### **Amendments to Pledge Agreement**

Except as otherwise provided in the Pledge Agreement or in the Bond Resolution, the Pledge Agreement may not be amended, changed or modified except by an agreement in writing executed by the Authority and the University, and upon the same terms and conditions as the Bond Resolution may be amended. Prior to the execution of any such amendment, the Authority and the University shall furnish the original purchaser of the Bonds with a copy of the amendment, change or modification proposed to be made.

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

**KANSAS DEVELOPMENT FINANCE  
AUTHORITY  
Revenue Bonds  
Series 2022G  
(Wichita State University Project)**

**THIS CONTINUING DISCLOSURE UNDERTAKING** dated as of August 1, 2022 (this “Disclosure Undertaking”), is executed and delivered by **WICHITA STATE UNIVERSITY** (the “University”) in connection with the issuance of the above-referenced bonds (the “Bonds”) pursuant to the hereinafter-defined Bond Resolution for the purpose of providing certain information with respect to the Bonds in order to assist the original underwriters of the Bonds in complying with the provisions of the Rule (as hereinafter defined).

**Section 1. Definitions.** In addition to the definitions set forth in the hereinafter defined Bond Resolution, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report described in Section 2(a) of this Disclosure Undertaking.

“*Authority*” means the Kansas Development Finance Authority.

“*Beneficial Owner*” means any registered owner of any Bonds and any Person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including Persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the Owner of any Bonds for federal income tax purposes.

“*Bond Resolution*” means the Bond Resolution No. 402 adopted on July 12, 2022, as the same may be amended from time to time.

“*Dissemination Agent*” means any entity designated in writing by the University to serve as dissemination agent pursuant to this Disclosure Undertaking, as set forth in Section 5.

“*EMMA*” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB ([www.emma.msrb.org](http://www.emma.msrb.org)).

“*Financial Information*” means the financial information of the University described in Section 2(a)(i) hereof.

“*Financial Obligation*” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*Fiscal Year*” means the one-year period commencing on July 1 of any year and ending on June 30 of the following year, and numbered for the year in which it ends, or such other date or dates as may be adopted by the Board of Regents of the State of Kansas for its general accounting purposes.

“*GAAP*” means generally accepted accounting principles, as applied to governmental units as in effect at the time of the preparation of the Annual Report.

“*Material Events*” means any of the events listed in Section 3(a) hereof.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Official Statement*” means the Official Statement dated July 19, 2022 for the Bonds.

“*Operating Data*” means the operating data of the University described in Section 2(a)(ii) hereof.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*SEC*” means the Securities and Exchange Commission of the United States.

“*State*” means the State of Kansas.

“*University*” means Wichita State University.

## **Section 2. Provision of Annual Reports.**

(a) The University, as an “obligated person” for purposes of the Rule agrees to provide, or cause to be provided, to the MSRB as soon as practicable after they are available, but in no event more than 190 days after the end of each Fiscal Year, commencing with the Fiscal Year ended June 30, 2022, the Financial Information and the Operating Data (jointly, the “Annual Report”) as follows:

(i) *Financial Information.* Financial Information shall consist of the financial statements of the University for the prior Fiscal Year, beginning with the Fiscal Year ending June 30, 2022, of the type and in substantially the format contained in the Wichita State University Annual Financial Report contained in Appendix B to the Official Statement. The method of preparation and basis of accounting of the Financial Information shall be as set forth in said Appendix B to the Official Statement or otherwise in conformance with State laws or regulations. If the Financial Information in the Annual Report is not prepared in accordance with GAAP, but such Financial Information in accordance with GAAP is available, such Financial Information shall also be provided in accordance with GAAP. The Financial Information in the Annual Report may be unaudited; provided, however, that if audited Financial Information is available, such audited Financial Information shall be provided for inclusion in the Annual Report when available. If the basis of accounting is changed to a basis less comprehensive than contained in the Official Statement, the University shall provide, or cause to be provided, notice of such change in the same manner as for a Material Event under Section 3(b) hereof.

(ii) *Operating Data.* Operating Data with respect to the University shall consist of the information and data regarding the University in substantially the scope and form contained in each of the following tables of information regarding the University in

Appendix A to the Official Statement, each updated as of the end of the prior Fiscal Year, beginning with the Fiscal Year ending June 30, 2022:

1. Schedule of Faculty Data
2. Student Headcount
3. Full Time Equivalent Student Enrollment
4. Applications, Admissions and American College Testing (ACT) Composite Scores
5. Schedule of Student Tuition and Fees
6. Kansas Board of Regents Institutions Comparison Schedule of Tuition and Fees
7. Schedule of Financial Aid Assistance to Students
8. Overview of University Housing System
9. Historical Utilization and Charges
10. Actual (Housing System) Gross Revenues
11. University Schedule of Room and Board Rates
12. Kansas Board of Regents Institutions Schedule of Room and Board Rates
13. Schedule of Rental Rates
14. Comparison of State Appropriations to Tuition and Fees and Other Revenue Sources
15. Revenues Pledged and Restricted Revenues

Such information shall include actual information for such Fiscal Year but need not include revised estimates or projections for future Fiscal Years.

(iii) Any or all of the Annual Report may be incorporated by reference from other documents, including official statements of debt issues with respect to the University that have been filed with the MSRB or the SEC and, in the case of a final official statement, that is available from the MSRB. The University shall clearly identify each document incorporated by reference and the source from which it is available. The Financial Information and Operating Data may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if it is not available by that date. If the Fiscal Year changes, the University shall provide, or cause to be provided, notice of such change in the same manner as for a Material Event under Section 3(b).

(b) The University shall file, or cause to be filed, the Annual Report specified by Section 2(a) hereof with the MSRB, or if the Annual Report is not filed within the time period specified in Section 2(a) hereof, the University shall send, or cause to be sent, a notice to the MSRB in a timely manner in substantially the form attached as Exhibit A to this Disclosure Undertaking.

### **Section 3. Reporting of Material Events.**

(a) The University agrees that it will file, or cause to be filed, pursuant to Section 3(b) below, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;

- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the University\*;
- (xiii) the consummation of a merger, consolidation or acquisition involving the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of the University, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the University, any of which affect security holders, if material; or

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\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the University in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the University, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the University.

- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the University, any of which reflect financial difficulties.

(b) The University shall file, or cause to be filed, a notice of such occurrence in a timely manner, not in excess of 10 business days after the occurrence of the event with the MSRB. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds need not be given under this Disclosure Undertaking any earlier than the notice of such redemption is given to the Owners of affected Bonds pursuant to the Bond Resolution.

**Section 4. Filing.** Submission of material event notices, Annual Reports, or any other filing required by this Disclosure Undertaking shall be effected by sending the filing or notice to the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org) (or such other address or addresses as the MSRB may from time to time specify), in such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

**Section 5. Dissemination Agent.** The University may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The appointment of a Dissemination Agent shall be effective upon the delivery to the University of written acceptance of such designation. The Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the University. The Dissemination Agent shall, promptly upon receipt of the Annual Report or notice of the occurrence of an event described in Section 3(a), provide the Annual Report or notice, as applicable, to the MSRB and provide a report to the University certifying the Annual Report or notice, as applicable, has been provided pursuant to the Disclosure Undertaking. The Dissemination Agent shall not be responsible in any manner for the content of the Annual Report or any notice prepared by the University pursuant to this Disclosure Undertaking.

**Section 6. Termination of Reporting Obligation.** The obligations of the University under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the University's obligations hereunder are assumed in full by some other entity, such other entity shall be responsible for compliance with this Disclosure Undertaking in the same manner as if it were the signatory hereto, and the assignor shall have no further responsibility hereunder. If such termination or assignment and assumption occurs prior to the final maturity of the Bonds, notice of such termination or assignment and assumption shall be given in the same manner as for a Material Event under Section 3(b).

**Section 7. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Undertaking, the University may amend this Disclosure Undertaking and any provision of this Disclosure Undertaking may be waived, provided that (a) Bond Counsel or other counsel experienced in federal securities law matters provides the University (with a copy to the Authority) with its opinion that the undertakings contained herein, as so amended or after giving effect to such waiver, are in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Disclosure Undertaking; (b) if the amendment or waiver relates to Section 2(a) or 3(a), it may be made only in connection with a change in circumstances that arises from a change in law or legal requirements, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; and (c) the amendment or waiver is either (i) approved by the Owners of the Bonds in the same manner as provided in the Bond Resolution for amendments of the Bond Resolution with consent of the Owners or (ii) does not in the opinion of Bond Counsel (provided to the University with a copy to the Authority) materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, such amendment or waiver shall be described in the next Annual Report, which shall include a narrative explanation of the reason for the amendment or waiver and its impact on such Annual Report. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (a) notice of such change shall be given in the same manner as for a Material Event under Section 3(b) and (b) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 8. Additional Information.** Nothing in this Disclosure Undertaking shall be deemed to prevent the University from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Undertaking. If the University chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Disclosure Undertaking, the University shall not have any obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

**Section 9. Noncompliance.** In the event of a failure of the University or the Dissemination Agent, if any, to comply with any provision of this Disclosure Undertaking, any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the University or the Dissemination Agent, if any, as the case may be, to comply with its obligations under this Disclosure Undertaking. Noncompliance with the provisions of this Disclosure Undertaking shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Dissemination Agent, if any, to comply with this Disclosure Undertaking shall be an action to compel performance.

**Section 10. Beneficiaries.** This Disclosure Undertaking shall inure solely to the benefit of the parties hereto and Beneficial Owners from time to time of the Bonds and shall create no rights in any other Person.

**Section 11. Severability.** If any provision in this Disclosure Undertaking shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 12. Electronic Transactions.** The transactions described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 13. Governing Law.** This Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State and any suits and actions arising out of this Disclosure Undertaking shall be instituted in a court of competent jurisdiction in the State.

WICHITA STATE UNIVERSITY

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**Exhibit A**  
**to**  
**Continuing Disclosure Undertaking**

**Notice To Repositories Of Failure To File Annual Report**

Name of Issuer: Kansas Development Finance Authority (the “Authority”)  
Name of Bond Issue: Kansas Development Finance Authority Revenue Bonds, Series 2022G  
(Wichita State University Project)  
Name of Obligated Person: Wichita State University  
Date of Issuance: August 2, 2022

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Undertaking dated as of the Date of Issuance. The Obligated Person anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated \_\_\_\_\_

WICHITA STATE  
UNIVERSITY/[DISSEMINATION AGENT]

By \_\_\_\_\_,

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## **APPENDIX F**

### **PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL**

August 2, 2022

Kansas Development Finance Authority  
Topeka, Kansas

Wichita State University  
Wichita, Kansas

Re: \$13,075,000 Kansas Development Finance Authority Revenue Bonds, Series 2022G  
(Wichita State University Project)

We have acted as Bond Counsel to the Kansas Development Finance Authority (the "Authority") in connection with the issuance of the above-referenced bonds (the "Bonds"). The Bonds have been authorized and issued pursuant to the Constitution and laws of the State of Kansas, including K.S.A. 74-8901 et seq. and Chapter 81, Section 159(c) of the 2022 Session Laws of Kansas, all as may be amended and supplemented (the "Act"), and Bond Resolution No. 402 adopted by the Authority on July 12, 2022 (the "Bond Resolution"). Capitalized terms contained herein shall have the meanings ascribed thereto in the Bond Resolution.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds are in proper form and have been duly authorized and issued in accordance with the Act.
2. The Bonds are valid and legally binding special obligations of the Authority, payable solely and only from, and secured as to the payment of principal of, redemption premium, if any, and interest on the Bonds by a pledge of, the Trust Estate. The principal of, redemption premium, if any, and the interest on the Bonds shall not be a debt or general obligation of the Authority, the Board, the State or any municipal corporation or political subdivision of the State, and neither the principal of, redemption premium, if any, and the interest on the Bonds, nor any judgment thereon or with respect thereto, are payable in any manner from unlimited tax revenues of any kind or character. The Bonds shall not constitute an indebtedness or a pledge of the faith and credit of the Authority, the Board, the State or any municipal corporation or political subdivision of the State, within the meaning of any constitutional or statutory limitation or restriction.
3. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Authority and the University comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority and the University have covenanted to comply with all such

requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have *not* been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

4. The Bonds and the interest thereon are exempt from all Kansas state, county and municipal taxes, including income and property taxes; provided, however, that no opinion is expressed with respect to the applicability of the privilege tax imposed on banking institutions pursuant to K.S.A. 79-1107 and 79-1108.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Very truly yours,

## **APPENDIX G**

### **BOOK-ENTRY ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each series of the Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). S&P Global Ratings has assigned a rating of AA+ to DTC. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal or redemption price of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or Paying Agent, on the Payment Date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its nominee, the Paying Agent, or Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or Paying Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Authority or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

THE INFORMATION IN THIS APPENDIX CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC. NEITHER THE AUTHORITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED

OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE BOND RESOLUTION; OR  
(4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER.

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