

# **WRIGHT STATE UNIVERSITY**

## **FINANCE COMMITTEE**

November 18, 2016

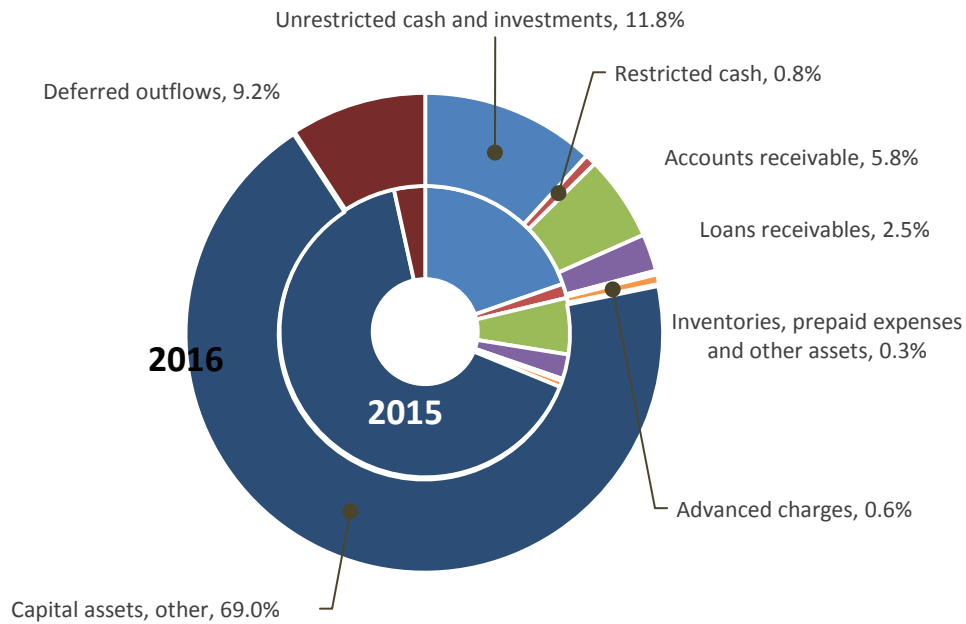
### **Financial Statement Summary**

Fiscal Year Ended June 30, 2016

**WRIGHT STATE UNIVERSITY**  
**Statements of Net Position**  
**June 30, 2016 and 2015**

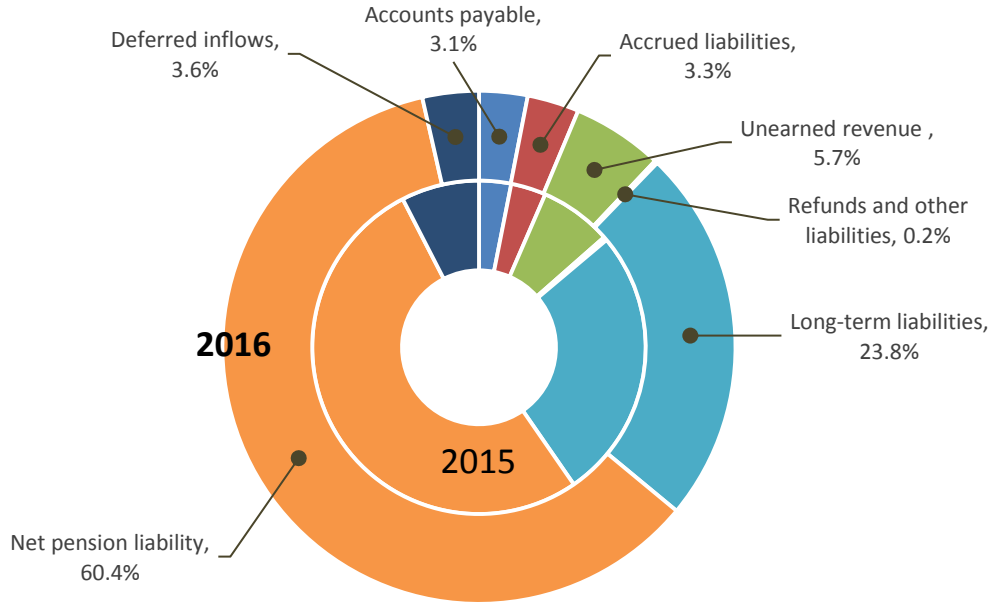
|   | <u>2016</u>                  | <u>2015</u>                  |
|---|------------------------------|------------------------------|
| Current assets:   |                              |                              |
| Cash and cash equivalents   | \$ 16,967,812                | \$ 20,785,641                |
| Restricted cash and cash equivalents  | 4,133,030                    | 8,857,966                    |
| Short-term investments  | 3,764,610                    | 20,344,411                   |
| Accounts receivable (net of allowance for doubtful accounts<br>of \$1,655,000 in 2016 and \$1,696,000 in 2015 - Note 3) | 31,497,887                   | 35,081,395                   |
| Loans receivable (net of allowance for doubtful loans<br>of \$3,369,000 in 2016 and \$3,574,000 in 2015)                | 4,350,723                    | 4,370,739                    |
| Inventories   | 124,873                      | 113,893                      |
| Prepaid expenses  | 1,151,299                    | 1,125,006                    |
| Advanced charges  | 3,505,693                    | 3,779,654                    |
| Total current assets  | <u>65,495,927</u>            | <u>94,458,705</u>            |
| Noncurrent assets:  |                              |                              |
| Loans receivable (net of allowance for doubtful loans<br>of \$95,000 in 2016 and \$111,000 in 2015)                     | 9,412,710                    | 10,996,599                   |
| Other assets  | 169,568                      | 146,669                      |
| Other long-term investments   | 43,649,395                   | 69,102,854                   |
| Capital assets, net (Note 4)  | 375,898,675                  | 365,995,112                  |
| Total noncurrent assets   | <u>429,130,348</u>           | <u>446,241,234</u>           |
| Total assets  | 494,626,275                  | 540,699,939                  |
| Deferred outflows of resources:   |                              |                              |
| Bond refunding  | 383,594                      | 413,101                      |
| Pension related (Note 7)  | 49,849,147                   | 18,908,861                   |
| <b>Total assets and deferred outflows of resources</b>  | <b><u>\$ 544,859,016</u></b> | <b><u>\$ 560,021,901</u></b> |
| Current liabilities:  |                              |                              |
| Accounts payable trade and other  | \$ 14,062,116                | \$ 13,614,401                |
| Accrued liabilities   | 15,047,433                   | 14,912,152                   |
| Unearned revenue (Note 1)   | 24,428,669                   | 28,455,914                   |
| Refunds and other liabilities   | 854,071                      | 1,525,078                    |
| Current portion of long-term liabilities (Note 5)   | 12,202,633                   | 12,995,963                   |
| Total current liabilities   | <u>66,594,922</u>            | <u>71,503,508</u>            |
| Noncurrent liabilities:   |                              |                              |
| Unearned revenue (Note 1)   | 1,921,211                    | 2,241,412                    |
| Net pension liability (Note 7)  | 278,245,869                  | 228,135,876                  |
| Long-term liabilities (Note 5)  | 97,233,544                   | 103,136,177                  |
| Total noncurrent liabilities  | <u>377,400,624</u>           | <u>333,513,465</u>           |
| Deferred inflows of resources (Note 7)  | 16,361,428                   | 33,120,016                   |
| <b>Total liabilities and deferred inflows of resources</b>  | <u>460,356,974</u>           | <u>438,136,989</u>           |
| Net position:   |                              |                              |
| Net investment in capital   | 287,556,322                  | 275,425,521                  |
| Restricted - expendable:  |                              |                              |
| Instruction and departmental research   | 8,461                        | 8,122                        |
| Loans   | 16,812,605                   | 17,565,242                   |
| Unrestricted  | (219,875,346)                | (171,113,973)                |
| Total net position  | <u>84,502,042</u>            | <u>121,884,912</u>           |
| <b>Total liabilities, deferred inflows, and net position</b>  | <b><u>\$ 544,859,016</u></b> | <b><u>\$ 560,021,901</u></b> |

**Wright State University  
Assets and Deferred Outflows of Resources  
Fiscal Years 2016 and 2015**



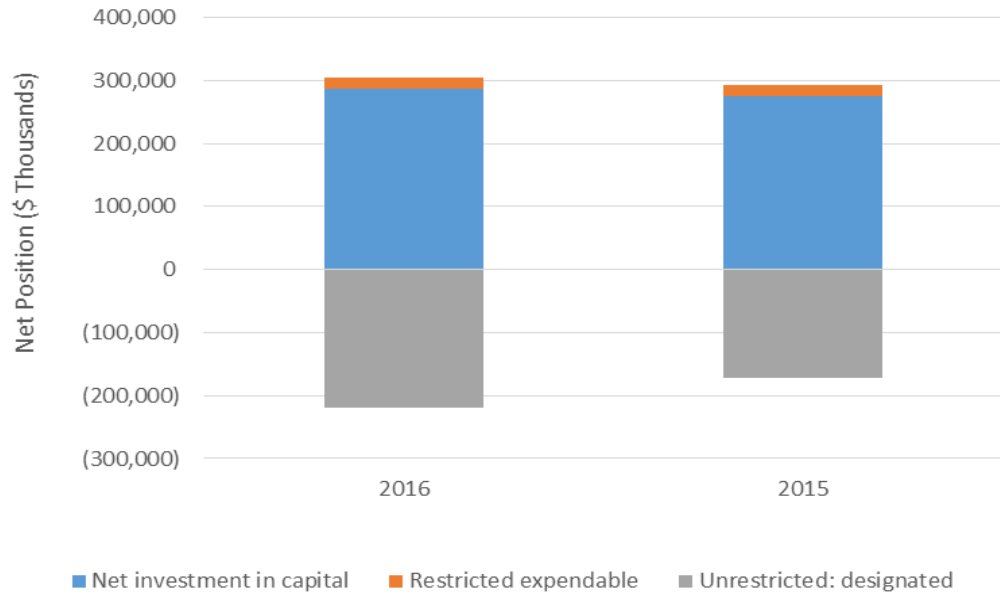
| Description                                    | 2016                  |               | 2015                  |               |
|--|-----------------------|---------------|-----------------------|---------------|
|  | Amount                | % of total    | Amount                | % of total    |
| Unrestricted cash and investments              | \$ 64,381,817         | 11.8%         | \$ 110,232,906        | 19.7%         |
| Restricted cash                                | 4,133,030             | 0.8%          | 8,857,966             | 1.6%          |
| Accounts receivable                            | 31,497,887            | 5.8%          | 35,081,395            | 6.3%          |
| Loans receivables                              | 13,763,433            | 2.5%          | 15,367,338            | 2.7%          |
| Inventories, prepaid expenses and other assets | 1,445,740             | 0.3%          | 1,385,568             | 0.2%          |
| Advanced charges                               | 3,505,693             | 0.6%          | 3,779,654             | 0.7%          |
| Capital assets, other                          | 375,898,675           | 69.0%         | 365,995,112           | 65.4%         |
| Deferred outflows                              | 50,232,741            | 9.2%          | 19,321,962            | 3.5%          |
| <b>Total</b>                                   | <b>\$ 544,859,016</b> | <b>100.0%</b> | <b>\$ 560,021,901</b> | <b>100.0%</b> |

**Wright State University  
Liabilities and Deferred Inflow of Resources  
Fiscal Years 2016 and 2015**



| Description                   | 2016                  |               | 2015                  |               |
|-------------------------------|-----------------------|---------------|-----------------------|---------------|
|                               | Amount                | % of total    | Amount                | % of total    |
| Accounts payable              | \$ 14,062,116         | 3.1%          | \$ 13,614,401         | 3.1%          |
| Accrued liabilities           | 15,047,433            | 3.3%          | 14,912,152            | 3.4%          |
| Unearned revenue              | 26,349,880            | 5.7%          | 30,697,326            | 7.0%          |
| Refunds and other liabilities | 854,071               | 0.2%          | 1,525,078             | 0.3%          |
| Long-term liabilities         | 109,436,177           | 23.8%         | 116,132,140           | 26.5%         |
| Net pension liability         | 278,245,869           | 60.4%         | 228,135,876           | 52.1%         |
| Deferred inflows              | 16,361,428            | 3.6%          | 33,120,016            | 7.6%          |
| <b>Total</b>                  | <b>\$ 460,356,974</b> | <b>100.0%</b> | <b>\$ 438,136,989</b> | <b>100.0%</b> |

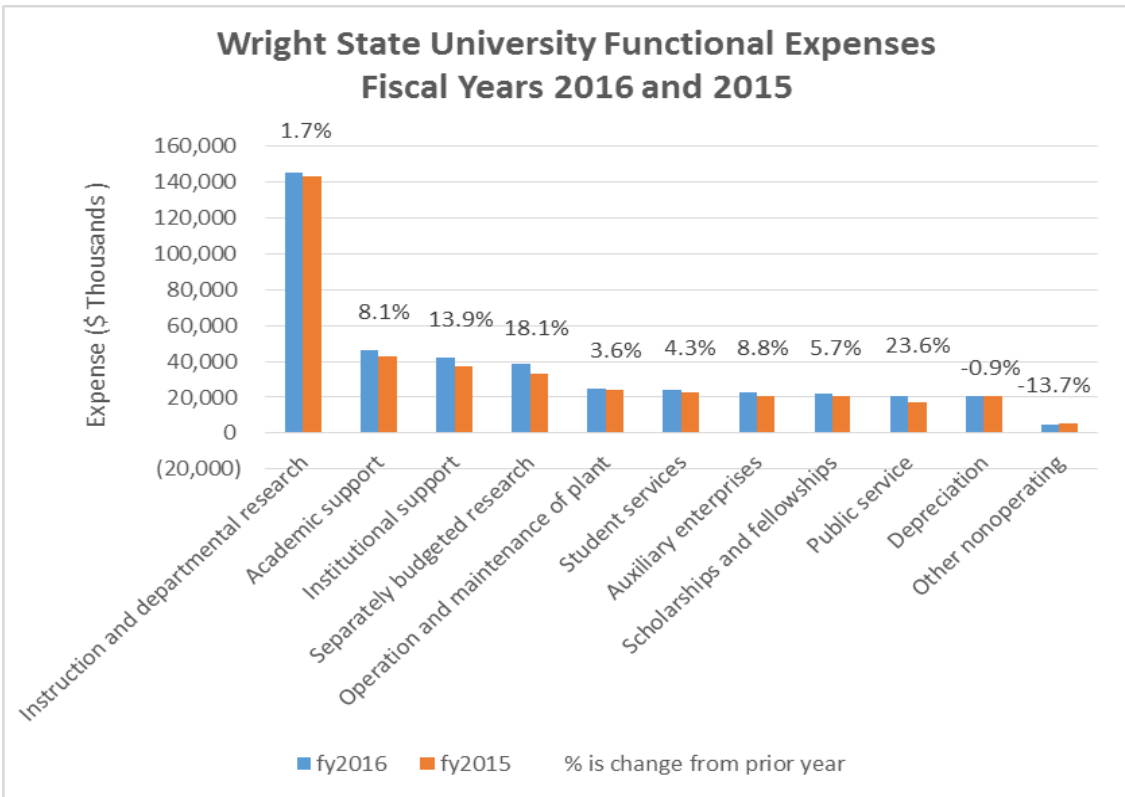
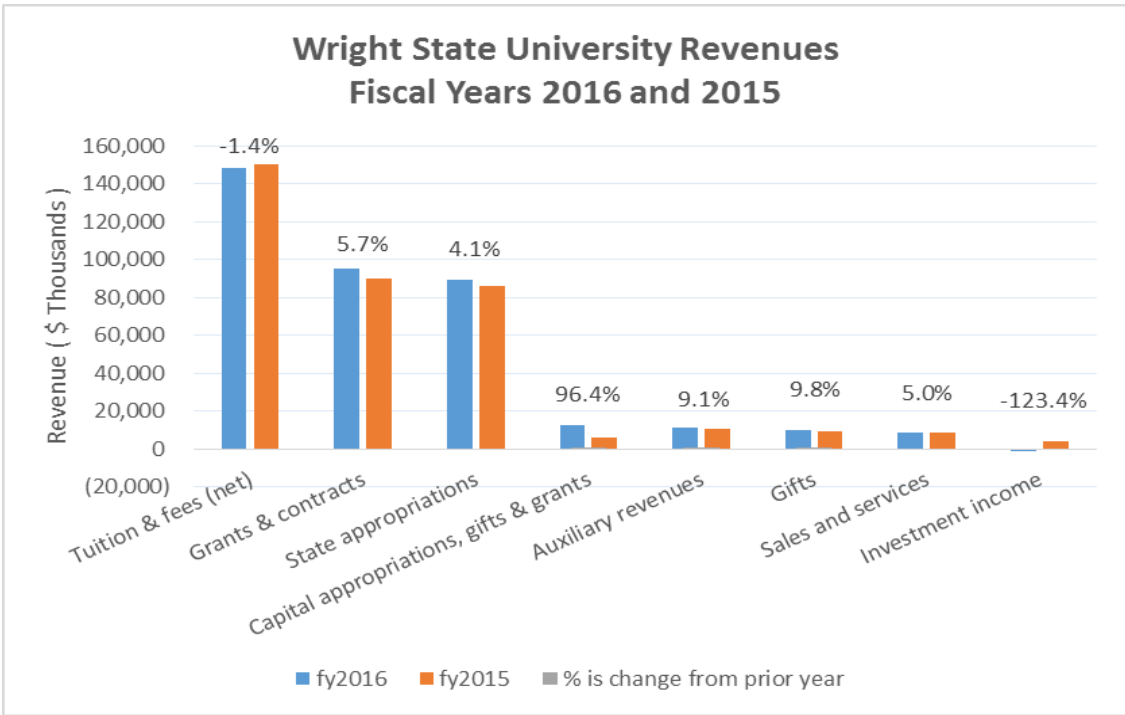
### Wright State University Net Position Fiscal Years 2016 and 2015



|                           | <u>2016</u>                 | <u>2015</u>                  |
|---------------------------|-----------------------------|------------------------------|
| Net investment in capital | \$ 287,556,322              | \$ 275,425,521               |
| Restricted expendable     | 16,821,066                  | 17,573,364                   |
| Unrestricted              | (219,875,346)               | (171,113,973)                |
| <b>Total net position</b> | <b><u>\$ 84,502,042</u></b> | <b><u>\$ 121,884,912</u></b> |

**WRIGHT STATE UNIVERSITY**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2016 and 2015**

|   | 2016                 | 2015                  |
|---|----------------------|-----------------------|
| <b>OPERATING REVENUES</b>   |                      |                       |
| Student tuition and fees (net of scholarship allowances<br>of \$46,960,000 in 2016 and \$42,595,000 in 2015)  | \$ 148,459,847       | \$ 150,582,031        |
| Federal grants and contracts  | 29,560,722           | 29,043,070            |
| State grants and contracts  | 5,446,520            | 4,009,806             |
| Local grants and contracts  | 544,873              | 300,599               |
| Nongovernmental grants and contracts  | 33,745,355           | 30,491,789            |
| Sales and services  | 4,942,974            | 5,570,593             |
| Auxiliary enterprises sales (net of scholarship allowances<br>of \$2,361,000 in 2016 and \$2,271,000 in 2015) | 11,435,491           | 10,481,929            |
| Other operating revenues  | 4,037,397            | 2,984,769             |
| <b>Total operating revenues</b>   | <b>238,173,179</b>   | <b>233,464,586</b>    |
| <b>OPERATING EXPENSES</b>   |                      |                       |
| Educational and general:  |                      |                       |
| Instruction and departmental research   | 145,334,728          | 142,835,248           |
| Separately budgeted research  | 38,949,072           | 32,992,379            |
| Public service  | 21,008,075           | 16,994,932            |
| Academic support  | 45,920,598           | 42,463,976            |
| Student services  | 23,992,085           | 23,001,854            |
| Institutional support   | 42,321,373           | 37,150,009            |
| Operation and maintenance of plant  | 24,708,558           | 23,852,758            |
| Scholarships and fellowships  | 22,220,978           | 21,016,542            |
| Total educational and general   | 364,455,467          | 340,307,698           |
| Auxiliary enterprises   | 22,829,464           | 20,988,375            |
| Depreciation  | 20,768,503           | 20,948,678            |
| <b>Total operating expenses</b>   | <b>408,053,434</b>   | <b>382,244,751</b>    |
| <b>Operating (loss)</b>   | (169,880,255)        | (148,780,165)         |
| <b>NONOPERATING REVENUES (EXPENSES):</b>  |                      |                       |
| State appropriations  | 89,548,056           | 85,982,652            |
| Federal grants  | 21,329,254           | 22,776,829            |
| State grants  | 4,454,101            | 3,342,629             |
| Gifts   | 10,000,042           | 9,110,129             |
| Investment (loss) (net of investment expenses of<br>\$420,000 in 2016 and \$511,000 in 2015)                  | (1,007,093)          | 4,304,237             |
| Interest on capital asset-related debt  | (3,231,964)          | (3,176,637)           |
| Other nonoperating (expenses)   | (1,269,215)          | (2,037,468)           |
| Net nonoperating revenues (expenses) before capital<br>appropriations and capital grants                      | 119,823,181          | 120,302,371           |
| Capital appropriations from the State of Ohio   | 8,499,639            | 5,505,336             |
| Capital grants and gifts  | 4,174,565            | 947,537               |
| <b>Total nonoperating revenues (expenses), net</b>  | <b>132,497,385</b>   | <b>126,755,244</b>    |
| <b>(Decrease) increase in net position</b>  | <b>(37,382,870)</b>  | <b>(22,024,921)</b>   |
| <b>NET POSITION</b>   |                      |                       |
| Net position - beginning of year  | 121,884,912          | 389,968,220           |
| Effect of adoption of GASB 68   |                      | (246,058,387)         |
| Net position - beginning of year, as restated   | 121,884,912          | 143,909,833           |
| <b>Net position - end of year</b>   | <b>\$ 84,502,042</b> | <b>\$ 121,884,912</b> |



**WRIGHT STATE UNIVERSITY**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2016 and 2015**

|   | 2016           | 2015           |
|---|----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                |                |
| Student tuition and fees  | \$ 147,481,060 | \$ 150,291,745 |
| Federal, state, local, and nongovernmental grants and contracts     | 66,449,371     | 61,019,417     |
| Sales and services of educational and other departmental activities | 4,943,392      | 5,692,188      |
| Payments to employees   | (212,663,091)  | (208,080,503)  |
| Payments for benefits   | (62,978,926)   | (59,777,731)   |
| Payments to suppliers   | (80,220,672)   | (72,810,054)   |
| Payments for scholarships and fellowships                           | (22,367,547)   | (21,304,810)   |
| Student loans issued  | (1,380,539)    | (2,688,275)    |
| Student loans collected   | 2,984,444      | 3,310,655      |
| Student loan interest and fees collected                            | 439,811        | 545,960        |
| Auxiliary enterprise sales  | 11,194,439     | 12,313,970     |
| Net cash (used) by operating activities                             | (146,118,258)  | (131,487,438)  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>              |                |                |
| State appropriations  | 89,548,056     | 85,982,652     |
| Direct lending receipts   | 96,119,114     | 99,881,132     |
| Direct lending disbursements  | (96,182,433)   | (98,476,818)   |
| Grants for noncapital purposes                                      | 25,783,355     | 26,119,458     |
| Gifts   | 9,963,178      | 9,340,500      |
| Net cash provided by noncapital financing activities                | 125,231,270    | 122,846,924    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>     |                |                |
| Capital appropriations from the State of Ohio                       | 7,766,347      | 10,104,511     |
| Capital grants and gifts received                                   | 2,821,135      | 861,897        |
| Purchases of capital assets   | (29,393,285)   | (58,369,348)   |
| Sales of capital assets   | 48,530         | 36,938         |
| Principal paid on capital debt and leases                           | (6,682,255)    | (6,527,321)    |
| Interest paid on capital debt and leases                            | (3,545,672)    | (3,486,344)    |
| Bond interest subsidy   | 329,730        | 343,100        |
| Net cash (used) by capital and related financing activities         | (28,655,470)   | (57,036,567)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                |                |
| Proceeds from sales and maturities of investments                   | 108,619,135    | 347,852,176    |
| Interest on investments   | 130,470        | 29,658,858     |
| Purchase of investments   | (67,749,912)   | (326,545,982)  |
| Net cash provided by investing activities                           | 40,999,693     | 50,965,052     |
| <b>Net (Decrease) in Cash and Cash Equivalents</b>                  | (8,542,765)    | (14,712,029)   |
| Cash and Cash Equivalents - Beginning of Year                       | 29,643,607     | 44,355,636     |
| <b>Cash and Cash Equivalents - End of Year</b>                      | \$ 21,100,842  | \$ 29,643,607  |



**WRIGHT STATE UNIVERSITY**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2016 and 2015**

|   | 2016             | 2015             |
|---|------------------|------------------|
| <b>Reconciliation of net operating (loss)<br/>to net cash (used) by operating activities:</b> |                  |                  |
| Operating loss  | \$ (169,880,255) | \$ (148,780,165) |
| Depreciation and amortization   | 20,477,808       | 20,657,983       |
| Provision for doubtful accounts   | 677,695          | 1,247,785        |
| Provision for doubtful loans  | (37,654)         | 343,509          |
| Pension expense   | 2,411,119        | (3,711,356)      |
| Changes in assets and liabilities:  |                  |                  |
| Accounts receivable   | 3,713,224        | (6,534,831)      |
| Inventory   | (10,980)         | 123,695          |
| Prepaid expenses  | (11,719)         | (406,791)        |
| Advanced charges  | 273,961          | 313,680          |
| Other assets  | (22,899)         | (10,669)         |
| Accounts payable  | (1,087,147)      | (529,252)        |
| Accrued liabilities   | 135,281          | 691,812          |
| Unearned revenue  | (4,027,244)      | 4,443,606        |
| Compensated absences  | 300,000          | (400,000)        |
| Refunds and other liabilities   | (671,007)        | 784,685          |
| Loans to students and employees   | 1,641,559        | 278,871          |
| Net cash (used) by operating activities   | \$ (146,118,258) | \$ (131,487,438) |
| <b>Noncash Transactions:</b>  |                  |                  |
| Donated Capital Assets  | \$ 1,344,195     | \$ 1,064,053     |
| Total Noncash Transactions  | \$ 1,344,195     | \$ 1,064,053     |

**WRIGHT STATE UNIVERSITY**  
**Statements of Net Position**  
**June 30, 2016 and 2015**

|  | 2016          | 2015          |
|--|---------------|---------------|
| <b>Current Assets:</b>   |               |               |
| (1) Cash and Cash Equivalents  | \$ 16,967,812 | \$ 20,785,641 |
| (1) Restricted Cash and Cash Equivalents   | 4,133,030     | 8,857,966     |
| (1) Short-Term Investments   | 3,764,610     | 20,344,411    |
| (2) Accounts Receivable, Less Allowance for<br>Doubtful Accounts of \$1,665,000 in 2016<br>and \$1,696,000 in 2015 | 31,497,887    | 35,081,395    |
| (3) Loans Receivable, Less Allowance for<br>Doubtful Loans of \$3,369,000 in 2016<br>and \$3,574,000 in 2015       | 4,350,723     | 4,370,739     |
| (4) Inventories  | 124,873       | 113,893       |
| (5) Prepaid Expenses   | 1,151,299     | 1,125,006     |
| (6) Advanced Charges   | 3,505,693     | 3,779,654     |
| Total Current Assets   | 65,495,927    | 94,458,705    |

**NOTES**

(1) Investments are managed both internally and by external investment managers. Restricted cash and cash equivalents represent unspent proceeds from bond issuances. Investments with a maturity of three months or less at the time of purchase are considered "cash equivalents" by the GASB. Cash, cash equivalents, and short-term current investments are as follows:

|                                  | Fair Value 2016 | Fair Value 2015 |
|----------------------------------|-----------------|-----------------|
| STAROhio                         | 1,082,946       | 7,142,063       |
| Money Market Funds               | 46,178          | 3,881,912       |
| Demand and Time Deposit Accounts | 19,931,911      | 18,582,834      |
| Cash on Hand                     | 39,807          | 36,798          |
| Bond Mutual Funds                | 279,790         | 20,344,411      |
| Alternative Assets:              |                 |                 |
| Private Real Estate              | 3,484,820       |                 |
|                                  | \$ 24,865,452   | \$ 49,988,018   |

|  | 2016          | 2015          |
|--|---------------|---------------|
| (2) Accounts Receivable balances detail: |               |               |
| Sponsor Receivables                      | \$ 16,144,074 | \$ 20,403,091 |
| Student & Student-Related Accounts       | 13,943,220    | 14,508,479    |
| State Appropriations Receivables         | 1,264,605     | 257,845       |
| Interest Receivable                      | 52,127        | 76,252        |
| Other, Primarily Dept Sales & Services   | 1,748,861     | 1,531,728     |
| Total                                    | 33,152,887    | 36,777,395    |
| Less: Allowance for Doubtful Accounts    | 1,655,000     | 1,696,000     |
| Net Accounts Receivable                  | \$ 31,497,887 | \$ 35,081,395 |

(3) Current loans receivable represent the portion of student loans that are due within the next 12 months. The largest portion of loans receivable is due subsequent to the next 12 months and classified as noncurrent assets.

(4) Primary inventories include Lab stores and Vending.

(5) Current prepaids were relatively unchanged overall. Fiscal year 2016 amounts include \$.5 million to Ebsco Publishing for the libraries and \$.4 million to Double Bowler Properties.

(6) Advanced charges are fiscal 2017 expenses paid in fiscal 2016, mainly student financial aid and fee waivers. It also includes summer faculty salaries and benefits. The \$.3 million decrease occurred primarily in the unrestricted funds due to slightly lower summer faculty payroll expense (-\$.1 million) and a 2% increase in the percentage of 2016 summer semester fee waivers expensed in 2016 due to an increase in the number of calculated class days occurring prior to 6/30 in 2016 compared to 2015.

**WRIGHT STATE UNIVERSITY**  
**Statements of Net Position**  
**June 30, 2016 and 2015**

|   | 2016           | 2015           |
|---|----------------|----------------|
| <b>Noncurrent Assets:</b>   |                |                |
| (1) Loans Receivable, Less Allowance for Doubtful Loans of \$95,000 in 2016 and \$111,000 in 2015 | 9,412,710      | 10,996,599     |
| (2) Other Assets  | 169,568        | 146,669        |
| (3) Other Long-Term Investments   | 43,649,395     | 69,102,854     |
| (4) Capital Assets, Net   | 375,898,675    | 365,995,112    |
| Total Noncurrent Assets   | 429,130,348    | 446,241,234    |
| <b>Deferred Outflows of Resources:</b>  |                |                |
| (5) Bond Refunding  | 383,594        | 413,101        |
| (5) Pension Related   | 49,849,147     | 18,908,861     |
| Total Assets and Deferred Outflows  | \$ 544,859,016 | \$ 560,021,901 |

**NOTES**

(1) Loans Receivable are amounts owed the University for various internal and external loan programs administered by the University. The majority of the balances is for the federal Perkins loan program.

(2) Other Assets includes prepaid and advanced charges applicable to years beyond 2017.

(3) Other Long-Term Investments are comprised totally of externally managed investments. The composition of such investments is:

|                            | Fair Value 2016 | Fair Value 2015 |
|----------------------------|-----------------|-----------------|
| Common and Preferred Stock | 779,013         | 821,444         |
| Bond Mutual Funds          | 8,645,798       | 11,623,039      |
| Equity Mutual Funds        | 15,291,205      | 38,922,420      |
| Alternative Assets:        |                 |                 |
| Hedge funds                | 6,831,933       | 7,600,748       |
| Private equity             | 5,760,937       | 3,412,357       |
| Distress debt              | 6,337,309       | 6,719,646       |
| Other                      | 3,200           | 3,200           |
|                            | \$ 43,649,395   | \$ 69,102,854   |

(4) The University had approximately \$375.9 million invested in capital assets, net of accumulated depreciation of \$302.4 million. A summary of capital assets for the years ended June 30, 2016 and 2015 is as follows:

|  | Capital Assets, net |                |
|--|---------------------|----------------|
|  | 2016                | 2015           |
| Land, Land Improvements and Infrastructure | \$ 42,427,086       | \$ 43,025,025  |
| Buildings                                  | 282,198,604         | 275,849,451    |
| Machinery and Equipment                    | 18,336,800          | 20,487,575     |
| Library Books and Publications             | 15,130,821          | 15,801,653     |
| Construction in Progress                   | 17,805,364          | 10,831,408     |
|  | \$ 375,898,675      | \$ 365,995,112 |

Land, Improvements, and Infrastructure decreased \$.5 million, largely due to higher depreciation in 2016 resulting from 2015's high energy performance improvements.

The \$.63 million increase in Buildings included the Creative Arts Center (\$.9 million), Salt Storage (\$.33 million), Classroom Modernization (\$.12 million), Rey Rey Café (\$.9 million), and additional NEC (\$.9 million) as well as other smaller improvements, partially offset by depreciation. Machinery and Equipment decreased \$2.2 million, largely due to a decrease in equipment related to major building projects. Library Books and Publications decreased \$.7 million as depreciation expense exceeded newly capitalized acquisitions. The Creative Arts Center project (\$12.4 million) represents the largest portion of the Construction in Progress balance.

(5) Deferred Outflows of Resources includes the unamortized loss on refunding of debt, and amounts related to new the pension standard implemented in 2015.

**WRIGHT STATE UNIVERSITY**  
**Statements of Net Position**  
**June 30, 2016 and 2015**

|  | 2016           | 2015           |
|--|----------------|----------------|
| <b>Current Liabilities:</b>                  |                |                |
| (1) Accounts Payable Trade and Other         | \$ 14,062,116  | \$ 13,614,401  |
| (2) Accrued Liabilities                      | 15,047,433     | 14,912,152     |
| (3) Unearned Revenue                         | 24,428,669     | 28,455,914     |
| (4) Refunds and Other Liabilities            | 854,071        | 1,525,078      |
| (6) Current Portion of Long-Term Liabilities | 12,202,633     | 12,995,963     |
| Total Current Liabilities                    | 66,594,922     | 71,503,508     |
| <b>Noncurrent Liabilities:</b>               |                |                |
| (5) Unearned Revenue                         | 1,921,211      | 2,241,412      |
| (7) Net Pension Liability                    | 278,245,869    | 228,135,876    |
| (6) Long-Term Liabilities                    | 97,233,544     | 103,136,177    |
| Total Noncurrent Liabilities                 | 377,400,624    | 333,513,465    |
| Deferred Inflows of Resources                | 16,361,428     | 33,120,016     |
| Total Liabilities and Deferred Inflows       | \$ 460,356,974 | \$ 438,136,989 |

**NOTES**

- (1) Accounts Payable represents all amounts owed to vendors for unrestricted, restricted, and capital purposes.
- (2) Accrued Liabilities is almost entirely composed of payroll and related liabilities and withholdings.
- (3) Unearned revenue has two major components, student fees for the summer term and contract and grant income from outside sponsors. Sponsor balances decreased \$2.8 million. Awards related to student fees decreased \$.4 million. Additionally, Nutter Center advanced ticket sales decreased \$.9 million.
- (4) Other Liabilities represent deposits held in agency funds in custody for others. The \$.7M decrease occurred in the agency funds representing state pass-through joint use agreements.
- (5) Noncurrent unearned revenue represents the unamortized portion of the value of building improvements, moveable equipment, and other expenditures made by our hospitality services vendor Chartwells. If the University terminates its contract before completion, WSU will be obligated to reimburse Chartwells for these expenses, so they are being amortized over the 10 year term contract entered into on 7/1/2013.
- (6) Long-Term Liabilities consist of bonds and notes payable, equipment lease purchase obligations, and compensated absences.  
 Activity for long-term liabilities for the year ended June 30, 2016 is as follows:

|                                | Beginning<br>Balance<br>7/1/2015 | Additions    | Reductions    | Ending<br>Balance<br>6/30/2016 | Current<br>Portion |
|--------------------------------|----------------------------------|--------------|---------------|--------------------------------|--------------------|
| Bonds, Notes & Equipment Lease |                                  |              |               |                                |                    |
| Purchase Obligations:          |                                  |              |               |                                |                    |
| General Obligation Bonds       | \$ 77,447,271                    | \$           | \$ 5,413,708  | \$ 72,033,563                  | \$ 5,615,295       |
| Notes Payable                  | 22,462,192                       |              | 1,559,578     | 20,902,614                     | 1,587,338          |
| Equipment Leases               | 22,677                           |              | 22,677        |                                |                    |
| Subtotal                       | 99,932,140                       | 0            | 6,995,963     | 92,936,177                     | 7,202,633          |
| Other Liabilities:             |                                  |              |               |                                |                    |
| Compensated Absences           | 16,200,000                       | 5,087,314    | 4,787,314     | 16,500,000                     | 5,000,000          |
| Total Long-Term Liabilities    | \$ 116,132,140                   | \$ 5,087,314 | \$ 11,783,277 | \$ 109,436,177                 | \$ 12,202,633      |

- (7) Net Pension Liability and Deferred Inflows relate to the new pension standard implemented in 2015.

**WRIGHT STATE UNIVERSITY**  
**Statements of Net Position**  
**June 30, 2016 and 2015**

|                                       | 2016           | 2015           |
|---------------------------------------|----------------|----------------|
| <b>NET POSITION:</b>                  |                |                |
| (1) <b>Net Investment in Capital</b>  | \$ 287,556,322 | \$ 275,425,521 |
| (2) <b>Restricted - Expendable:</b>   |                |                |
| Instruction and Departmental Research | 8,461          | 8,122          |
| Loans                                 | 16,812,605     | 17,565,242     |
| (3) <b>Unrestricted</b>               | (219,875,346)  | (171,113,973)  |
| Total Net Position                    | \$ 84,502,042  | \$ 121,884,912 |

**NOTES**

- (1) Net Investment in Capital represents the net book value of capital assets less any debt related to the financing of those assets. There was an increase of \$12.1 million after the effect of depreciation. Work continued in 2016 on various capital projects including the Creative Arts Center.
- (2) Restricted-Expendable represents net assets restricted by external grantors or donors to specific purposes.
- (3) Unrestricted net position represents net assets not restricted as to use by any external parties. \$2.4 million of the \$48.8 million decrease is attributable to GASB68 pension proportions assigned to Wright State.

Total net position decreased \$37.4 million in 2016 largely as a result of increased salaries and benefits as well as student financial aid and scholarships aimed at increasing enrollment, retention, student success and programming. Net position was also impacted by negative variances in budgeted to actual revenues from state appropriations, tuition revenue and investment income. Net investment in capital increased \$12.1 million as a result of the progress in campus capital projects. Unrestricted net position fell by \$48.8 million primarily as a result of the use of unrestricted resources to fund some of the capital projects as well as the revenue shortfalls and expense overages mentioned previously.

**WRIGHT STATE UNIVERSITY**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2016 and 2015**

|  | 2016           | 2015           |
|--|----------------|----------------|
| <b>Operating Revenues:</b>   |                |                |
| (1) Student Tuition and Fees (Net of scholarship allowances of \$46,960,000 in 2016 and \$42,595,000 in 2015)  | \$ 148,459,847 | \$ 150,582,031 |
| (2) Federal Grants and Contracts   | 29,560,722     | 29,043,070     |
| (2) State Grants and Contracts   | 5,446,520      | 4,009,806      |
| (2) Local Grants and Contracts   | 544,873        | 300,599        |
| (2) Nongovernmental Grants and Contracts   | 33,745,355     | 30,491,789     |
| (3) Sales and Services   | 4,942,974      | 5,570,593      |
| (4) Auxiliary Enterprises Sales (Net of scholarship allowances of \$2,631,000 in 2016 and \$2,271,000 in 2015) | 11,435,491     | 10,481,929     |
| (5) Other Operating Revenues   | 4,037,397      | 2,984,769      |
| Total Operating Revenues   | 238,173,179    | 233,464,586    |

**NOTES**

- (1) Gross tuition and fee revenue increased \$2.2 million. This increase was partially due to the approximate 2.3% increase in graduate I&G Fee rates. A 1.0% increase in graduate student credit hours also contributed to the higher tuition revenues. In addition, the .5% increase in undergraduate student credit hours contributed to the revenue gain, despite undergraduate tuition rates remaining at the FY15 level. Changes in the year-end summer accruals offset these increases by \$.5 million.
- (2) Grants and contracts increased \$4.4 million from 2015 to 2016. State grants increased \$1.4 million, with the largest increase in the Five Year Strategic Plan for Ohio Federal and Military Jobs Commission (+ \$.5 million). Nongovernmental grants increased \$3.3 million, with the largest increases in subcontracts from WSARC (+\$1.3 million) and Premier Health awards (+\$.8 million).
- (3) Sales and Services revenues are comprised of departmental services to the outside community with more than half generated by the Boonshoft School of Medicine and Telecommunications. Fiscal 2016 saw a \$.6 million decrease, largely driven by a Boonshoft School of Medicine program being outsourced to a third party in 2015.
- (4) Auxiliary Enterprise Sales increased \$1.0 million. The largest portion of the increase occurred in the Nutter Center (\$.5 million) due to an increase in events held at the venue in 2016 as the Nutter Center celebrated its 25th anniversary. Residence Life & Housing increased \$.3 million due to increased occupancy in both Hamilton Hall and AM properties. Intercollegiate Athletics increased \$.2 million due largely to increased Athletics Guarantees for Men's Basketball and Athletic Conference income from the Horizon League and NCAA tournaments.
- (5) Other operating revenues include rebates, administrative fees, and other miscellaneous revenues. The increase of \$1.1 million included insurance proceeds for July 2015 storm damage of \$.4 million.

**WRIGHT STATE UNIVERSITY**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2016 and 2015**

|   | 2016                    | 2015                    |
|---|-------------------------|-------------------------|
| <b>Operating Expenses:</b>                |                         |                         |
| (1) Instruction and Departmental Research | \$ 145,334,728          | \$ 142,835,248          |
| (2) Separately Budgeted Research          | 38,949,072              | 32,992,379              |
| (3) Public Service                        | 21,008,075              | 16,994,932              |
| (4) Academic Support                      | 45,920,598              | 42,463,976              |
| (5) Student Services                      | 23,992,085              | 23,001,854              |
| (6) Institutional Support                 | 42,321,373              | 37,150,009              |
| (7) Operation and Maintenance of Plant    | 24,708,558              | 23,852,758              |
| (8) Scholarships and Fellowships          | 22,220,978              | 21,016,542              |
| Total Educational and General             | <u>364,455,467</u>      | <u>340,307,698</u>      |
| (9) Auxiliary Enterprises                 | 22,829,464              | 20,988,375              |
| (10) Depreciation                         | 20,768,503              | 20,948,678              |
| Total Operating Expenses                  | <u>408,053,434</u>      | <u>382,244,751</u>      |
| <b>Operating (Loss)</b>                   | <u>\$ (169,880,255)</u> | <u>\$ (148,780,165)</u> |

**NOTES**

- (1) Instructional expenditures increased \$2.5 million, primarily in the restricted funds for the Foundation gifts for the Department of Neurology Program Fund and \$1.7 million in GASB68 pension expense.
- (2) Separately Budgeted Research expenses increased \$6.0 million in 2016. The Unrestricted fund increase of \$4.4 million was primarily the result of a one time year-end write off of \$4.5 million of accounts receivable from WSARC. Restricted fund research also saw increased expenses in awards from WSARC (+\$1.4 million). These increased expenses were partially offset by decreased expenses in various other funds (-\$.8 million).
- (3) Public Service expenses include unrestricted activities such as Boonshoft School of Medicine, Event Services, and non-credit instruction. Public Service expenses increased \$4.0 million in 2016. The increase occurred primarily in the restricted funds which included Southwest Ohio Region from Department of Defense Office of Economic Adjustment (+\$.9 million), and Five Year Strategic Plan for Ohio Federal and Military Jobs Commission (+\$.5 million), as well as a number of other projects totaling a \$3.4 million increase in restricted fund expenses over 2015.
- (4) Academic Support is comprised of unrestricted activities such as libraries, deans' offices, Center for Teaching and Learning and Computer-based Classrooms, University College, and Research and Sponsored Programs. \$2.0 million of the \$3.5 million increase occurred primarily in the unrestricted funds for the Boonshoft School of Medicine (+\$1.0 million), and WSRI Administration (+\$.4 million), along with other smaller increases and decreases. There was also a \$.5 million increase in the restricted funds, including a Student Success Center Foundation fund (+\$.3 million) and a Veteran's Nursing Program award (\$.2 million). GASB68 pension expenses increased \$.9 million.
- (5) Student Services expenses include activities such as Enrollment Management, Disability Services, University Center for International Education (UCIE), Registrar, and Student Affairs and Admissions. The \$1.0 million increase resulted largely from GASB68 pension expenses (\$.5 million) and efforts related to our international students (\$.3 million).
- (6) Institutional Support expenses include the administrative offices, bursar, accounting, budget, telecommunications, public safety, etc. These expenses increased \$5.2 million in 2016 and can be largely attributed to increases in CaTS (+\$1.9 million), General Counsel (+\$.7 million), and Communications & Marketing (+\$.6 million). The increase in CaTS expenses is related to a lower allocation of computing costs to colleges and divisions as well as an increase in software maintenance costs.
- (7) Operation and maintenance of plant costs increased \$.9 million in 2016. GASB68 pension expense was up \$.4 million, and the remainder was split about evenly between plant and unrestricted funds. The impact in unrestricted funds was largely related to repair of buildings (+\$.7 million).
- (8) Scholarships and Fellowships increased \$1.2 million, however when taking into account the increase in scholarship allowances, total student aid increased by \$5.6 million primarily in the unrestricted funds.
- (9) Auxiliary expenses increased \$1.8 million in 2016. Athletics increased \$.8 million due to an increases in coaches salaries and team travel expenses. Nutter Center increased \$.6 million, which mirrors the increase in revenues due to more events occurring in 2016. GASB68 pension expenses increased \$.3 million.
- (10) Depreciation expense remained relatively flat from 2015 to 2016.

**WRIGHT STATE UNIVERSITY**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2016 and 2015**

|  | 2016          | 2015           |
|--|---------------|----------------|
| <b>NONOPERATING REVENUES (EXPENSES)</b>  |               |                |
| (1) State Appropriations   | 89,548,056    | 85,982,652     |
| (2) Federal Grants   | 21,329,254    | 22,776,829     |
| (2) State Grants   | 4,454,101     | 3,342,629      |
| (3) Gifts  | 10,000,042    | 9,110,129      |
| (4) Investment (Loss) (Net of investment expenses<br>of \$420,000 in 2016 and \$511,000 in 2015) | (1,007,093)   | 4,304,237      |
| Interest on Capital Asset-Related Debt   | (3,231,964)   | (3,176,637)    |
| (5) Other Nonoperating (Expenses)  | (1,269,215)   | (2,037,468)    |
| Net Nonoperating Revenues Before Capital<br>Appropriations and Capital Grants                    | 119,823,181   | 120,302,371    |
| (6) Capital Appropriations from the State of Ohio  | 8,499,639     | 5,505,336      |
| (7) Capital Grants and Gifts   | 4,174,565     | 947,537        |
| Total Nonoperating Revenues, net   | 132,497,385   | 126,755,244    |
| <b>(Decrease) in Net Position</b>  | (37,382,870)  | (22,024,921)   |
| Net Position - Beginning of Year, as restated  | 121,884,912   | 143,909,833    |
| Net Position - End of Year   | \$ 84,502,042 | \$ 121,884,912 |

**NOTES**

- (1) State appropriations increased \$3.6 million due to a \$2.8 million increase in state share of instruction, along with a \$.7 million increase in restricted funding which included support for the WSU Public Policy Institute (+\$.5 million) and Debate 2016 Security Upgrades (+\$.2 million).
- (2) Federal Grants and State Grants represent revenues received from federal and state sources for Pell, SEOG, and OCOG grants to students. They decreased \$.3 million in 2016 in total, with increases in OCOG (+\$1.1 million) and SEOG (+\$.1 million) more than offset by decreases in PELL (-\$1.5 million).
- (3) Gifts increased \$.9 million, all of which are received through the Foundation.
- (4) Investment returns decreased \$5.3 million from 2015 due to investment performance and a smaller investment base. Actual earnings fell short of the 2016 budgeted amount (\$6.5 million) by \$7.5 million.
- (5) Other Nonoperating Expenses decreased \$.8 million largely due to \$1.3 million expense in 2016 on disposition of specialized software, compared to the 2015 \$2.1 million writeoff of the Calamityville facility when Double Bowler Properties acquired it.
- (6) Capital Appropriations from the State of Ohio increased \$3.0 million. Two of the larger project appropriations were for the Creative Arts Center (\$3.7 million) and Classroom Modernization & Maintenance (\$2.0 million). Smaller appropriations were received for several other projects.
- (7) Capital Grants and Gifts increased \$3.2 million in 2016. One of the larger 2016 items was \$1.3 million for software.