
WASHBURN UNIVERSITY OF TOPEKA

FINANCIAL STATEMENTS

JUNE 30, 2015

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Independent Auditors' Report

Board of Regents
Washburn University of Topeka
Topeka, Kansas

Report On The Financial Statements

We have audited the accompanying financial statements of Washburn University of Topeka and its discretely presented component units as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise Washburn University of Topeka's financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Washburn University Foundation, a discretely presented component unit of Washburn University of Topeka, which statements reflect total assets of \$181,124,582 and \$184,875,451 as of June 30, 2015 and 2014, respectively, and total revenues of \$12,468,297 and 28,954,386, respectively, for the years then ended or the Washburn Law School Foundation, a discretely presented component unit of Washburn University of Topeka, which statements reflect total assets of \$7,386,969 and \$8,316,966 as of June 30, 2015 and 2014, respectively, and total revenues of \$172,959 and \$1,469,366, respectively, for the years then ended. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for Washburn University Foundation and the Washburn Law School Foundation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the applicable provisions of the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Washburn University Foundation and Washburn Law School Foundation, which comprise the financial statements of the discretely presented component units, were not audited in accordance with *Government Auditing Standards* and the applicable provisions of the Kansas Municipal Audit Guide.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Washburn University of Topeka as of June 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis on pages 4 – 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise Washburn University of Topeka's financial statements. The accompanying schedules required for revenue bonds and revenue refunding bonds as identified in the table of contents and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedules required for revenue bonds and revenue refunding bonds have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, on our consideration of Washburn University of Topeka's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Washburn University of Topeka's internal control over financial reporting and compliance.

RubinBrown LLP

December 14, 2015

WASHBURN UNIVERSITY OF TOPEKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

The following Management's Discussion and Analysis (MD&A) provides a discussion and analysis of the financial position and activities of Washburn University (the University) during the fiscal year ended June 30, 2015 and comparative data for the fiscal years ended June 30, 2014 and 2013. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with them. Management is responsible for the objectivity and integrity of the accompanying financial statements and notes, and for this discussion and analysis.

Management is also responsible for maintaining the University's system of internal control, which includes careful selection and development of employees, proper division of duties, and written accounting and operating policies and procedures. Although there are inherent limitations to the effectiveness of any system of accounting controls, management believes the University's system provides reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and the accounting records are sufficiently reliable to permit the preparation of financial statements that conform in all material respects with generally accepted accounting principles.

The Reporting Entity

The financial statements of the University include the operations of the University and the following component units:

- Washburn Institute of Technology (Washburn Tech);
- Washburn University Foundation (the Foundation); and
- Washburn Law School Foundation (the Law Foundation).

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*; GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*; and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, Washburn Tech is included in the University's financial statements as a blended component unit because the University's Board of Regents is also the governing body of Washburn Tech and the University's management has operational responsibility for Washburn Tech.

Throughout this MD&A, references to "the University" refer to the blended reporting entity unless the reference specifically or contextually relates only to Washburn University.

The Foundation and the Law Foundation are reported as discretely-presented component units of the University in compliance with GASB Statements No. 14, No. 39, and No. 61. Neither of these component units is addressed in this MD&A.

WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (*Continued*)

Using The Financial Statements

The University's financial statements are presented in a "business type activity" format, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities – an amendment of GASB Statement No. 34*. In addition to the MD&A, these pronouncements require the following in a financial report:

- Statement of Net Position;
- Statement of Revenues, Expenses and Changes in Net Position;
- Statement of Cash Flows; and
- Notes to Financial Statements.

One of the most important questions asked about the University's finances is whether the University as a whole is better off or worse off as a result of the year's activities. The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows provide information on the University as a whole and present a long-term view of the University's finances. These statements present financial information in a form similar to that used by private corporations.

Over time, increases or decreases in net position (the residual of assets, deferred outflows of resources, liabilities, and deferred inflows of resources) are one indicator of the improvement or erosion of the University's financial health, when considered with non-financial facts such as enrollment levels and the condition of the University's facilities. In addition to the required information noted above, this report contains required supplementary information and other supplementary schedules.

Financial Highlights For The Fiscal Year Ended June 30, 2015

The discussion below addresses financial highlights for both the University and Washburn Tech, based on the information presented in the notes to the financial statements.

Washburn University

The University's financial position remained strong at June 30, 2015, with total assets of \$235.5 million, deferred outflows of resources of \$603,000, and liabilities of \$66.6 million, compared to total assets of \$204.3 million, deferred outflows of resources of \$658,000 and liabilities of \$41.1 million at June 30, 2014. Net position was \$169.6 million at June 30, 2015. This is a 3.5 percent increase from last fiscal year's net position of \$163.9 million. Primary contributors to the increase in net position were increased tuition revenue, lower education and general expenses and lower nonoperating expenses, offset by lower investment income and increased financial aid expenses.

WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (*Continued*)

Financial operations were in accordance with the budget plan approved by the University's Board of Regents. Operating revenues were \$38.3 million and operating expenses were \$91.8 million, resulting in a loss from operations of \$53.5 million. GASB Statement No. 35 requires state and local appropriations, gifts and investment income to be classified as nonoperating revenues. As a result, the University reports a net operating loss. This net operating loss does not present a complete picture of the University's operations.

Such a complete picture of operations requires consideration of net nonoperating revenues. For the year ended June 30, 2015, nonoperating revenues were \$59.0 million, which, when combined with other revenue sources and the loss from operations, resulted in an overall increase in net position of \$5.7 million compared to an increase of \$10.4 million for the year ended June 30, 2014.

Washburn Tech

Washburn Tech's financial position was also strong at June 30, 2015, with total assets of \$11.2 million and liabilities of approximately \$869,000, compared to total assets of \$11.3 million and liabilities of \$755,000 at June 30, 2014. Net position was \$11.2 million, a 6.5% increase from net position of \$10.6 million at June 30, 2014. This increase is primarily the result of increased revenues from state appropriations resulting from increased enrollment and increased gifts, both monetary and nonmonetary (donations of large equipment and engines received from local industry). These were offset to some extent by increased operating expenses resulting from increased enrollment, as well as depreciation on prior year capital additions relating to new instructional facilities.

Washburn Tech's operating revenues were \$1.5 million and operating expenses were \$11.8 million, resulting in a loss from operations of \$10.3 million. Net nonoperating revenues, made up predominantly of state appropriations and grants, were \$10.6 million, which, when combined with other revenue sources and the loss from operations, resulted in an increase in net position of \$685,000 for the year ended June 30, 2015, compared to an increase of \$49,000 in the prior fiscal year.

Statement Of Net Position

The Statement of Net Position is the University's balance sheet, presenting the financial position of the University at the end of the fiscal year. It includes all assets, liabilities, deferred outflows and inflows, and net position of the University. Net position is one indicator of the current financial condition of the University, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets, liabilities and deferred outflows and inflows are generally measured using current values. The primary exception is capital assets, which are stated at historical cost, net of accumulated depreciation.

WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (*Continued*)

A condensed comparison of the University's assets, deferred outflows of resources, liabilities and net position as of June 30, 2015, 2014 and 2013 is presented below:

Condensed Statements Of Net Position As of June 30, 2015, 2014 And 2013

	2015	2014	2013
Assets			
Current assets	\$ 38,132,135	\$ 46,074,451	\$ 47,764,004
Capital assets, net	112,496,003	101,413,175	93,741,958
Other assets	97,024,656	68,080,623	64,405,463
Total Assets	247,652,794	215,568,249	205,911,425
Deferred Outflows Of Resources	602,938	658,440	821,364
Liabilities			
Current liabilities	15,006,859	14,326,236	12,219,860
Noncurrent liabilities	52,441,089	27,476,761	30,572,044
Total Liabilities	67,447,948	41,802,997	42,791,904
Net Position			
Net investment in capital assets	81,684,436	72,508,045	69,586,768
Restricted - nonexpendable	31,109,667	33,374,041	30,617,879
Restricted - expendable	43,538,709	41,121,580	37,167,886
Unrestricted	24,474,972	27,420,026	26,568,352
Total Net Position	\$ 180,807,784	\$ 174,423,692	\$ 163,940,885

Assets

Significant assets consist of cash and cash equivalents, short-term investments, accounts and taxes receivable, receivables from and equity in net assets of Washburn University Foundation, and capital assets.

WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (*Continued*)

Current assets, which consist primarily of cash and receivables, totaled \$38.1 million at June 30, 2015. Total current assets at June 30, 2015 cover current liabilities 2.5 times, an indicator of good liquidity. Capital assets, net of related debt, which comprises 45.2 percent of total net position at June 30, 2015, represents the assets' historical cost, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

The other assets line includes \$33.4 million of restricted cash and cash equivalents. This is comprised of \$23.6 million of unexpended bond proceeds relating to the construction of a new student housing and dining facility, \$6.1 million of cash in the health self-insurance fund, \$3.5 million restricted for debt service and/or capital projects, and \$287,000 of cash and cash equivalents which is restricted for use in an energy efficiency project.

Deferred Outflows Of Resources

GASB Statement No. 65 requires that the excess of the reacquisition price of new debt over the net carrying value of refunded debt must be reported as a deferred outflow of resources. During the year ended June 30, 2014, the University issued \$9.655 million of bonds to refund the Series 2004 bonds. In connection with that transaction, the remaining deferred outflows relating to the Series 2004 bonds (\$589,000) were written off, while \$534,000 of deferred outflows was recorded relating to the Series 2014 bonds. The remaining change in the balance from June 30, 2013 to June 30, 2014 is the result of annual amortization of the original balances. There were no additions to deferred outflows of resources during the years ended June 30, 2015 and 2013.

Liabilities

Significant liabilities include accounts payable and accrued liabilities, long-term bonded debt, a capital lease, capital loans from the state, compensated absences and unearned revenue.

Noncurrent liabilities, comprised primarily of bonds payable and a capital lease obligation, increased by \$25.0 million from June 30, 2014. This increase is the result of the issuance of \$27.2 million of bonds to finance the construction of a new housing and dining facility. Principal payments on bonds, capital leases and loans were \$3.0 million during 2015.

Net Position

Net position is divided into three major categories. The first category, net investment in capital assets, provides the University's equity in capital assets - the property, plant and equipment owned by the University, net of the indebtedness relating to capital assets.

The next category is restricted net position, which is further divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources (endowment funds) is only available for investment purposes.

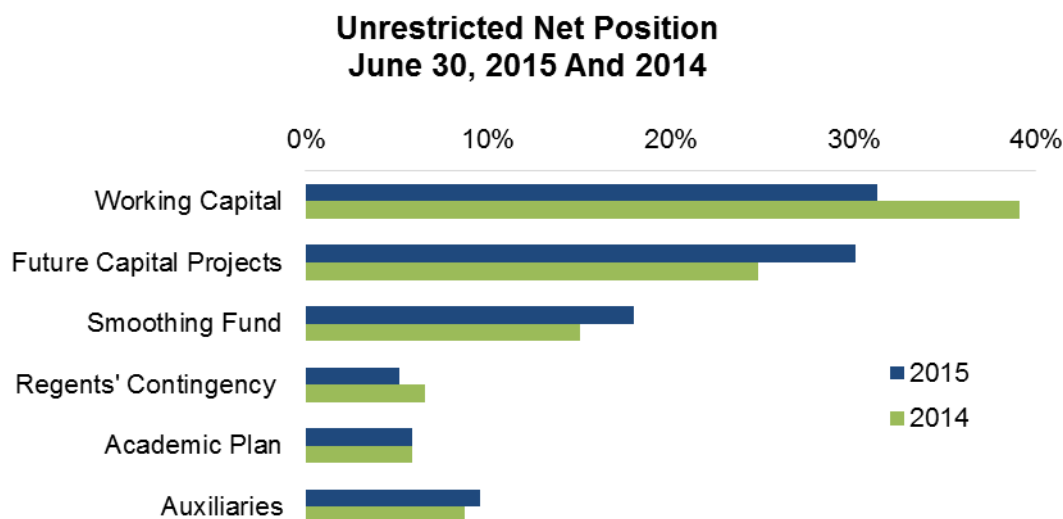
Expendable restricted net position is subject to externally-imposed restrictions governing its use. This category of net position includes earnings from permanent endowment funds that can be reinvested to protect future purchasing power or spent, but only in accordance with restrictions

WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (*Continued*)

imposed by donors and/or external parties that have placed time or purpose restrictions on the use of the assets.

Although unrestricted net position is not subject to externally imposed stipulations, a portion of the University's unrestricted net position has been designated or reserved for specific purposes such as repairs and replacement of equipment, smoothing fund allocation, capital projects and Regents' contingency. The following graph shows the allocations at June 30, 2015 and 2014:



The decrease in the portion of unrestricted net position available for working capital purposes, as well as the increase in the portion earmarked for future capital projects, is due to a higher level of transfers from “Future Capital Projects” to capital projects in fiscal 2015 compared to fiscal year 2014. The increase in the “Smoothing Fund” allocation is the result of sales tax receipts during the year in excess of the amount budgeted.

Fiscal Year 2014 Compared To Fiscal Year 2013

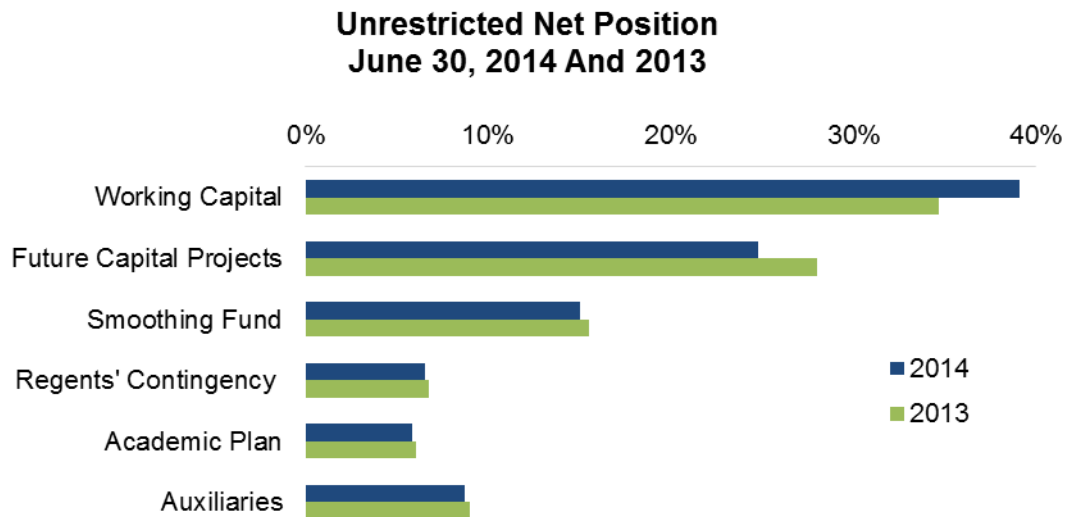
Current assets, which consist primarily of cash and receivables, totaled \$46.1 million at June 30, 2014. Total current assets at June 30, 2014 covered current liabilities 3.2 times, an indicator of excellent liquidity. Capital assets, net of related debt, which comprised 41.6 percent of total net assets at June 30, 2014, represents the assets' historical cost, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted expendable net position is subject to externally imposed restrictions governing their use. This category of net position includes earnings from permanent endowment funds that can be reinvested to protect future purchasing power or spent, but only in accordance with restrictions imposed by external parties.

WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (*Continued*)

Although unrestricted net position is not subject to externally imposed stipulations, a portion of the University's unrestricted net position has been designated or reserved for specific purposes such as repairs and replacement of equipment, smoothing fund allocation, capital projects and Regents' contingency. The following graph shows the allocations at June 30, 2014 and 2013:



The increase in the portion of unrestricted net position available for working capital purposes, as well as the decrease in the portion earmarked for future capital projects, is due to a lower level of transfers from "Future Capital Projects" to capital projects in fiscal 2014 compared to fiscal year 2013. The slight decrease in the "Smoothing Fund" allocation is the result of a transfer of \$400,000 for capital purposes, offset by sales tax receipts during the year in excess of the amount budgeted.

Statement Of Revenues, Expenses And Changes In Net Position

Changes in total net position presented on the Statement of Net Position result from the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues earned and the expenses incurred by the University, both operating and nonoperating, and any other revenues, expenses, gains and losses earned or incurred by the University. Under the accrual basis of accounting, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Generally speaking, operating revenues are received for providing goods and services to the students and various constituencies of the University. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Nonoperating revenues are revenues earned for which goods and services are not provided. For example, the state operating grant and sales tax collections are nonoperating because they represent revenue provided to the University for which no goods or services are provided directly by the University to the state or Shawnee County.

WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (*Continued*)

One of the University's strengths is its diverse streams of revenue, which allow it the flexibility to weather difficult economic times. The statements below provide an illustration of revenues by source (both operating and nonoperating), which were used to fund the University's operating activities for the years ended June 30, 2015, 2014 and 2013.

Condensed Statement Of Revenues, Expenses And Changes In Net Position For The Years Ended June 30, 2015, 2014 And 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 39,817,777	\$ 39,105,052	\$ 39,118,066
Operating expenses	103,603,484	103,903,680	104,199,342
	(63,785,707)	(64,798,628)	(65,081,276)
Nonoperating revenues and expenses	69,589,003	74,426,004	77,270,539
Income before other revenues	5,803,296	9,627,376	12,189,263
Other revenues	580,796	855,431	377,239
Increase in net position	6,384,092	10,482,807	12,566,502
Net position at beginning of year	174,423,692	163,940,885	151,374,383
Net position at end of year	\$ 180,807,784	\$ 174,423,692	\$ 163,940,885

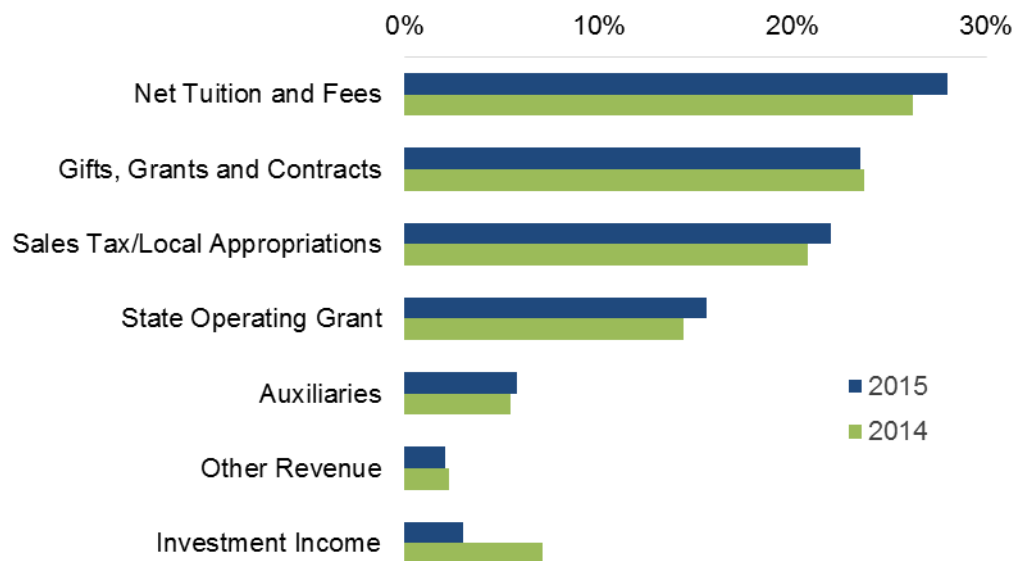
Fiscal Year 2015 Compared To Fiscal Year 2014

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase in net position of \$6.4 million during the year ended June 30, 2015 compared to an increase of \$10.5 million during fiscal year 2014. Some highlights of the information provided in these statements follow.

Revenues

The following graphic illustration of revenues by source (both operating and nonoperating) represents revenues used to fund the University's operating activities for the years ended June 30, 2015 and 2014.

**Revenues By Source
Years Ended June 30, 2015 And 2014**



Sales tax/local appropriations and the state operating grant comprise 37.6 percent of the University's revenue for the year ended June 30, 2015 compared to 35.2 percent for the year ended June 30, 2014. The next largest revenue source was net tuition and fees, comprising 28.0 percent of revenue for the year ended June 30, 2015 compared to 26.2 percent for the year ended June 30, 2014. Excluding investment income, sales tax/local appropriations and the state operating grants account for 38.8 percent of revenue in fiscal year 2015, compared to 37.9 percent in fiscal year 2014, while net tuition and fees represent 29.0 percent of revenue, compared to 28.3 percent in the prior fiscal year.

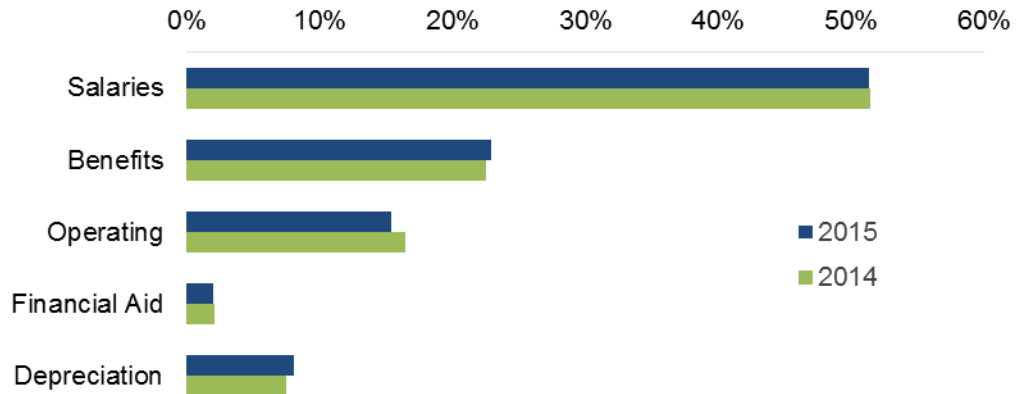
WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (Continued)

Expenses

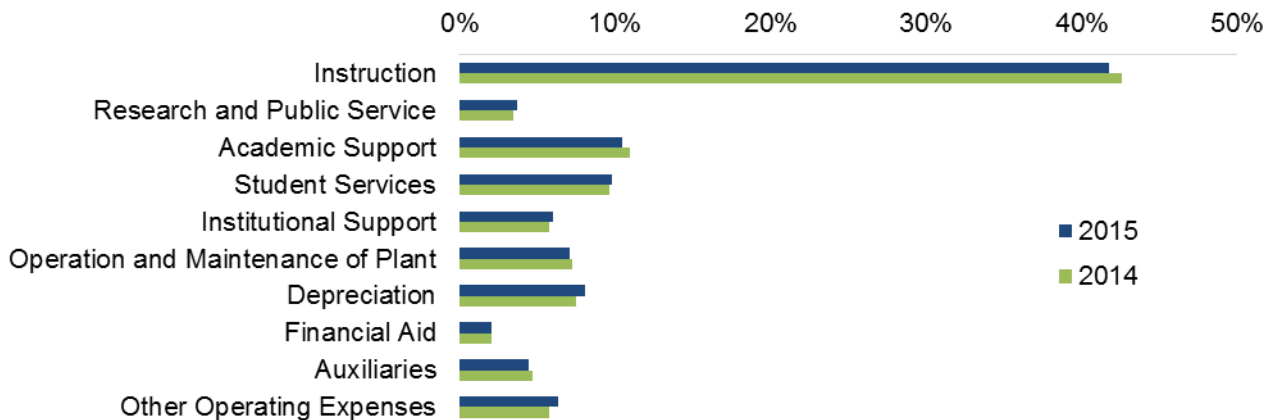
Operating expenses in both natural (object) classification and functional classification are graphically displayed for the years ended June 30, 2015 and 2014.

**Operating Expenses By Natural Classification
Years Ended June 30, 2015 And 2014**



Salaries and benefits comprise 74.4 percent of expenses by natural classification for the year ended June 30, 2015 compared to 73.9 percent for the year ended June 30, 2014. Operating expenses represent 15.4 percent of total expenses for the year ended June 30, 2015 compared to 16.5 percent for the year ended June 30, 2014. Financial aid and depreciation represent the remaining 10.2 percent of expenses for the year ended June 30, 2015 compared to 9.6 percent for the year ended June 30, 2014.

**Operating Expenses by Function
Years Ended June 30, 2015 and 2014**



WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (Continued)

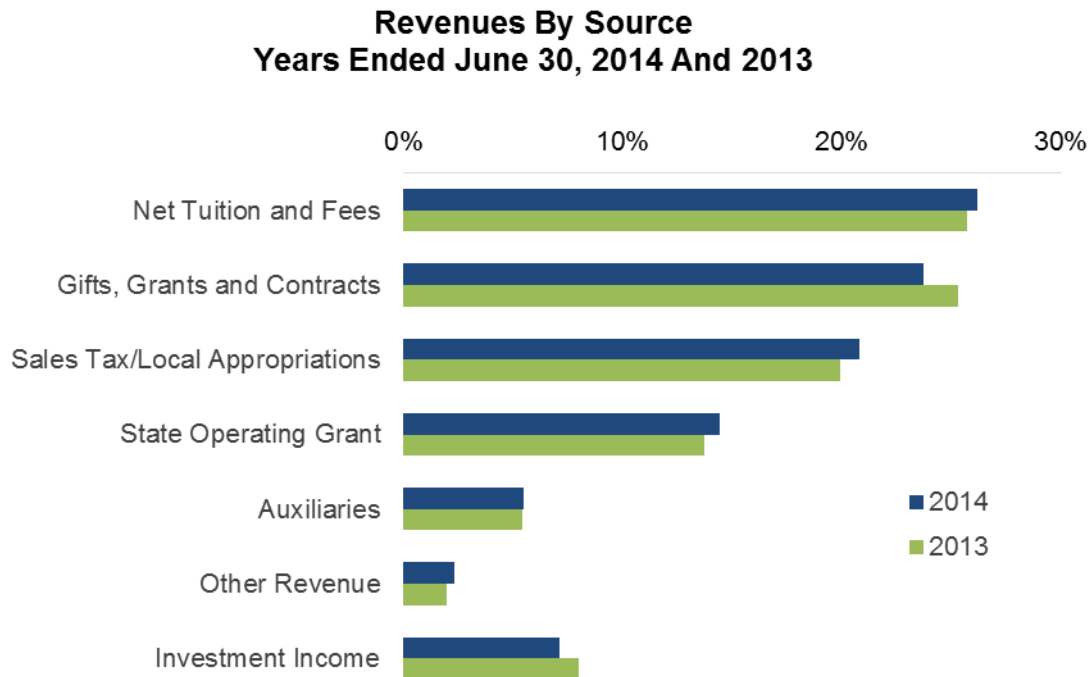
Instruction expenses accounted for 41.8 percent of operating expenses by function for the year ended June 30, 2015 compared to 42.6 percent for the year ended June 30, 2014. The percentages for the remaining operating expenses by functional area range from 10.5 percent for academic support to 2.1 percent for financial aid for the year ended June 30, 2015 compared to 11.0 percent for academic support to 2.1 percent for financial aid for the year ended June 30, 2014.

Fiscal Year 2014 Compared To Fiscal Year 2013

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase in net position of \$10.5 million during the year ended June 30, 2014 compared to an increase of \$12.6 million during fiscal year 2013. Some highlights of the information provided in these statements follow.

Revenues

The following graphic illustration of revenues by source (both operating and nonoperating) represents revenues used to fund the University's operating activities for the years ended June 30, 2014 and 2013.



Sales tax/local appropriations and the state operating grant comprise 35.2 percent of the University's revenue for the year ended June 30, 2014 compared to 33.6 percent for the year ended June 30, 2013. The next largest revenue source was net tuition and fees, comprising 26.2 percent of revenue for the year ended June 30, 2014 compared to 25.7 percent for the year ended June 30, 2013. Excluding investment income, sales tax/local appropriations and the state operating grants account for 37.9 percent of revenue in fiscal year 2014, compared to 36.5 percent in fiscal year 2013, while net tuition and fees represent 28.3 percent of revenue, compared to 28.0 percent in the prior fiscal year.

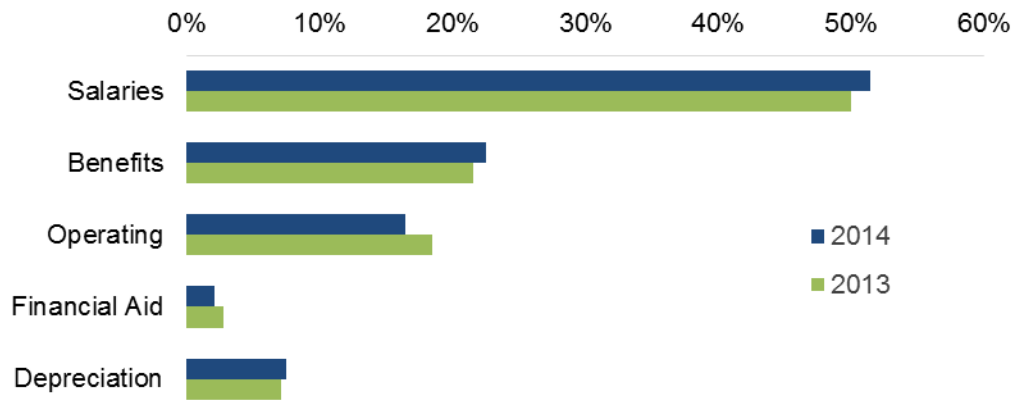
WASHBURN UNIVERSITY OF TOPEKA

Management’s Discussion And Analysis (*Continued*)

Expenses

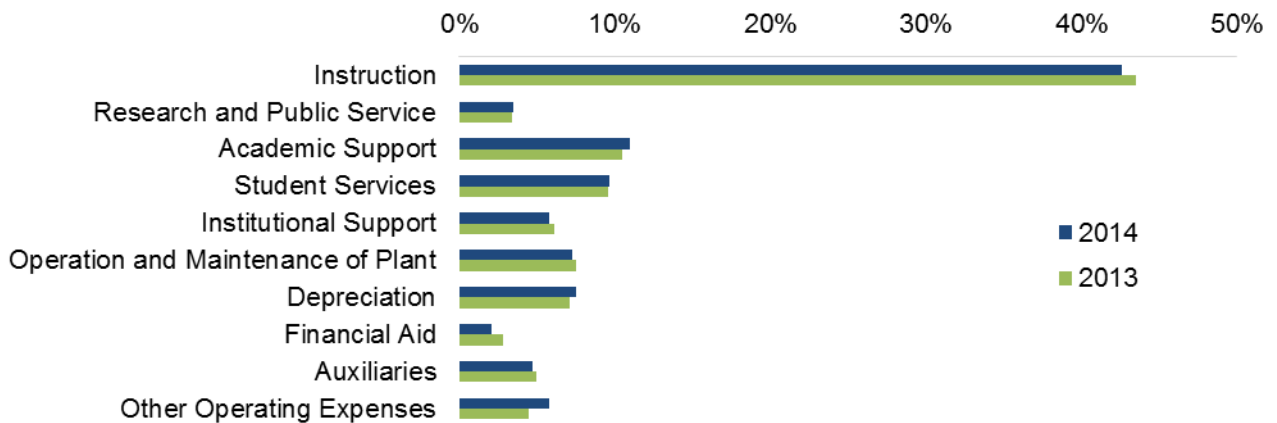
Operating expenses can be displayed in two formats, natural (object) classification and functional classification. Both formats are graphically displayed for the years ended June 30, 2014 and 2013.

**Operating Expenses By Natural Classification
Years Ended June 30, 2014 And 2013**



Salaries and benefits comprise 73.9 percent of expenses by natural classification for the year ended June 30, 2014 compared to 71.7 percent for the year ended June 30, 2013. Operating expenses represent 16.5 percent of total expenses for the year ended June 30, 2014 compared to 18.5 percent for the year ended June 30, 2013. Financial aid and depreciation represent the remaining 9.6 percent of expenses for the year ended June 30, 2014 compared to 9.9 percent for the year ended June 30, 2013.

**Operating Expenses by Function
Years Ended June 30, 2014 and 2013**



WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (*Continued*)

Instruction expense accounted for 43.1 percent of operating expenses by function for the year ended June 30, 2014 compared to 43.5 percent for the year ended June 30, 2013. The percentages for the remaining operating expenses by functional area range from 11.0 percent for academic support to 2.1 percent for financial aid for the year ended June 30, 2014 compared to 10.5 percent for academic support to 2.8 percent for financial aid for the year ended June 30, 2013.

Note that financial aid expense does not reflect total financial aid awarded to students. It reflects only the portion of financial aid awards in excess of the portion applied to student charges.

Statement Of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also assists users in assessing the University's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

The Statement of Cash Flows is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the University. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section reports the cash used in the acquisition, construction and financing of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Even though GASB No. 35 treats the state operating grant, sales tax collections, gifts and investment income as nonoperating revenues, for higher education institutions, these cash inflows are critical to funding the operations of the University.

Condensed Statement Of Cash Flows For The Years Ended June 30, 2015, 2014 And 2013

	2015	2014	2013
Cash provided by (used by):			
Operating activities	\$ (56,117,821)	\$ (58,408,973)	\$ (59,672,606)
Noncapital financing activities	65,402,800	59,717,860	65,704,739
Capital and related financing activities	5,796,870	(14,950,048)	(4,955,083)
Investing activities	4,453,352	4,892,761	5,216,058
Net increase (decrease) in cash	19,535,201	(8,748,400)	6,293,108
Cash - beginning of year	38,214,143	46,962,543	40,669,435
Cash - end of year	\$ 57,749,344	\$ 38,214,143	\$ 46,962,543

WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (*Continued*)

Fiscal Year 2015 Compared To Fiscal Year 2014

Significant sources of cash included sales tax revenues, the state operating grant, tuition and fees, and the issuance of bonds in June 2015. Significant uses of cash were for payments to suppliers and vendors, payments to employees (including benefits), payments for scholarships and fellowships, capital assets and self-insurance claims paid.

The cash position of the University increased by approximately \$19.5 million for the fiscal year ended June 30, 2015 compared to a decrease of approximately \$8.7 million for the fiscal year ended June 30, 2014.

Fiscal Year 2014 Compared To Fiscal Year 2013

Significant sources of cash included sales tax revenues, the state operating grant, tuition and fees. Significant uses of cash were for payments to suppliers and vendors, payments to employees (including benefits), payments for scholarships and fellowships, capital assets and self-insurance claims paid.

The cash position of the University decreased by approximately \$8.7 million for the fiscal year ended June 30, 2014 compared to an increase of approximately \$6.3 million for the fiscal year ended June 30, 2013.

Capital Asset And Debt Administration

Major Maintenance Funding/Deferred Maintenance

Each year the University prepares a report entitled, *Major Maintenance Funding Requirements, Five Year Estimate*, to identify the anticipated needs for replacement of major components, and major maintenance needs of buildings and campus infrastructure for a five-year period. These items are prioritized and funded through a combination of sources such as the sales tax capital improvement fund, the debt retirement and construction fund, donor contributions and general fund allocations. As a result of this process, the University actively manages its deferred maintenance issues.

In 2008, the Kansas Legislature enacted the State Educational Institution Long-Term Infrastructure Maintenance Program. One of the Program's provisions is the issuance by the Kansas Development Finance Authority of \$20 million in bonds each fiscal year from fiscal year 2010 through fiscal year 2013. Bond proceeds were allocated to participating institutions in the form of interest-free loans from the state to finance approved infrastructure improvement projects. Principal and interest on the bonds is paid from the state's general fund, and participating institutions reimburse the state for the principal payments each year.

The University submitted four projects to the Kansas Board of Regents for consideration under the Program. Of these projects, two were approved for loan funding, for a total of \$3.4 million. These two projects began in fiscal year 2010. The University is required to pay \$425,625 per year for eight years under the terms of the loan; the initial annual payment was made in October 2008. Funding for these payments comes from property taxes assessed by the University's Debt Retirement and Construction Fund. The final payment on this loan was made in November 2015.

Capital Assets

The University made significant investments in capital assets during fiscal years 2015 and 2014. At June 30, 2015, the University had \$112.5 million invested in capital assets, net of accumulated depreciation, compared to \$101.4 million and \$93.7 million at June 30, 2014 and 2013, respectively. Depreciation charges totaled \$8.4 million for the fiscal year ended June 30, 2015 compared to \$7.8 million and \$7.4 million for the fiscal years ended June 30, 2014 and 2013, respectively.

WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (*Continued*)

Details of these assets are as follows:

Condensed Statement Of Capital Assets, Net Of Depreciation For The Years Ended June 30, 2015, 2014 And 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Land	\$ 1,444,104	\$ 1,444,104	\$ 1,444,104
Buildings, improvements and infrastructure	74,599,708	69,488,399	69,642,644
Furniture, fixtures and equipment	8,402,313	8,645,545	9,265,465
Computers and electronic equipment	1,779,607	1,731,581	2,018,025
Books and collections	1,082,611	1,098,776	892,961
Broadcasting tower, antenna and equipment	1,415,088	1,544,260	1,602,448
Vehicles	623,593	631,835	126,826
Works of art and historical treasures	2,650,354	2,571,714	2,975,953
Construction in progress	20,498,625	14,256,961	5,773,532
	<u>\$ 112,496,003</u>	<u>\$ 101,413,175</u>	<u>\$ 93,741,958</u>

Major additions during the fiscal year ended June 30, 2015 included completion of the majority of the remaining portions of an energy efficiency project, replacement of hail-damaged roofs and a new scoreboard for Moore Bowl.

The major projects classified as construction in progress at June 30, 2015 were the Morgan Hall welcome center, a new student housing and dining facility, parking lots and improvements, the School of Law, and remodeling of instructional spaces at Washburn Tech.

Major additions during the fiscal year ended June 30, 2014 included completed portions of the energy efficiency project, replacement of hail-damaged roofs and remodeled automotive instructional spaces at Washburn Tech.

The major projects classified as construction in progress at June 30, 2014 were the energy efficiency project and construction projects relating to Morgan Hall and the School of Law.

During fiscal 2010, KTWU received a loan from the state of Kansas for \$456,348 to purchase digital television equipment and to provide matching funds for grants used for that purpose. This loan is payable over 10 years, with payments due each July 31, beginning in 2009 (fiscal year 2010). The note bears a variable interest rate based on the highest rate at which state funds can be invested for one year. The interest rate resets February 1 of each year. The current interest rate is 0.25%, and will reset on February 1, 2016. Annual debt service is funded via KTWU's general fund budget.

WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (*Continued*)

Debt

At June 30, 2015, the University had \$53.3 million in outstanding debt compared to \$28.6 million at June 30, 2014 and \$31.3 million at June 30, 2013. The table below summarizes the University's outstanding debt amounts by type of debt instrument.

Outstanding Debt Schedule As Of June 30, 2015, 2014 And 2013

	2015	2014	2013
Bonds			
Series 2004	\$ —	\$ —	\$ 10,695,000
Series 2010	8,510,000	9,550,000	10,575,000
Series 2014	8,785,000	9,655,000	—
Series 2015A	20,105,000	—	—
Series 2015B	7,070,000	—	—
Total Bonds	44,470,000	19,205,000	21,270,000
Capital Lease Liability	8,852,155	9,432,488	10,000,000
Total Outstanding Debt	\$ 53,322,155	\$ 28,637,488	\$ 31,270,000

On June 25, 2015, the University issued \$20,105,000 in Revenue Bonds, Series 2015A ("Series 2015A"), with interest rates of 3.00% to 5.00%. The Series 2015A bonds are due in annual principal payments ranging from \$140,000 to \$1,340,000, and mature between July 1, 2017 and July 1, 2041. Interest payments begin on January 1, 2016. The 2015A Series bonds maturing in the years 2026 and thereafter are subject to optional redemption and payment prior to maturity on any date on or after July 1, 2025.

Also on June 25, 2015, the University issued \$7,070,000 in Revenue Bonds, Series 2015B ("Series 2015B"). The interest rate on the Series 2015B bonds is fixed at 2.1515% through June 30, 2025. Annual principal payments begin on July 1, 2017, ranging from \$305,000 to \$360,000 between then and July 1, 2025. The University may prepay the Series 2015B bonds at any time, subject under certain circumstances to a prepayment penalty not to exceed 2%, declining over time to 0% on and after July 1, 2024.

The interest rate will reset for an additional term to be negotiated on July 1, 2025. The reset rate will equal the sum of (a) 65% of the applicable term Constant Maturity Treasury rate, and (b) 1.00%. The remaining principal balance of \$4,080,000 as of that date will be paid in annual installments ranging from \$370,000 to \$450,000, with a final maturity date of July 1, 2035.

Moody's Investors Service issued an underlying municipal bond rating of A1, with a stable outlook, to the Series 2015A bonds; the Series 2015B bonds are unrated. At the same time, Moody's affirmed the A1 underlying rating of the Series 2014 and 2010 bonds (see below). The Series 2010 bonds have an insured rating of Aa3; the Series 2014, Series 2015A and Series 2015B

WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (*Continued*)

bonds are not insured. The underlying rating indicates that the University's bonds are considered upper-medium grade and are subject to low credit risk. Further, the insured rating on the Series 2010 bonds indicates that when taking bond insurance into account, the bonds are considered to be high-quality credits, subject to very low credit risk.

On June 30, 2014, the University issued \$9,655,000 of Refunding Revenue Bonds, Series 2014, to currently refund the \$9,935,000 then-outstanding Series 2004 bonds. The Series 2004 bonds were called for redemption and payment on July 1, 2014. The refunding of these bonds did not extend the University's debt service payments, and resulted in an economic gain (the difference between the present value of the old and new debt service payments) of \$1,462,639.

On June 28, 2013, the University entered into a \$10 million, 15-year capital lease to partially fund the energy efficiency project. This capital lease bears interest at 2.236%. The first annual lease payment of \$793,418 was made on June 28, 2014. The lease obligation will be serviced via utility expense savings.

On June 30, 2010, the University issued \$13,500,000 of Refunding Revenue Bonds, Series 2010, to currently refund the \$13,210,000 then-outstanding Series 2001A, Series 2001B and Series 2003 bonds. The Series 2001A, Series 2001B and Series 2003 bonds were called for redemption and payment on July 1, 2010. The refunding of these bonds did not extend the University's debt service payments, and resulted in an economic gain (the difference between the present value of the old and new debt service payments) of \$960,943.

Economic Outlook

University management believes the University is well positioned to maintain its strong financial condition and to continue providing a quality education to its students and excellent service to its stakeholders. The University's financial position, as evidenced by its A1 rating from Moody's, provides a high degree of flexibility in obtaining funds on competitive terms. This flexibility, along with ongoing efforts toward revenue enhancements and cost containment, will enable the University to obtain the necessary resources to sustain excellence and to continue to execute its long-range plan to modernize and expand its complement of older facilities with a balance of new construction. This strategy addresses the University's growth and the expanding role of technology in teaching and research methodologies.

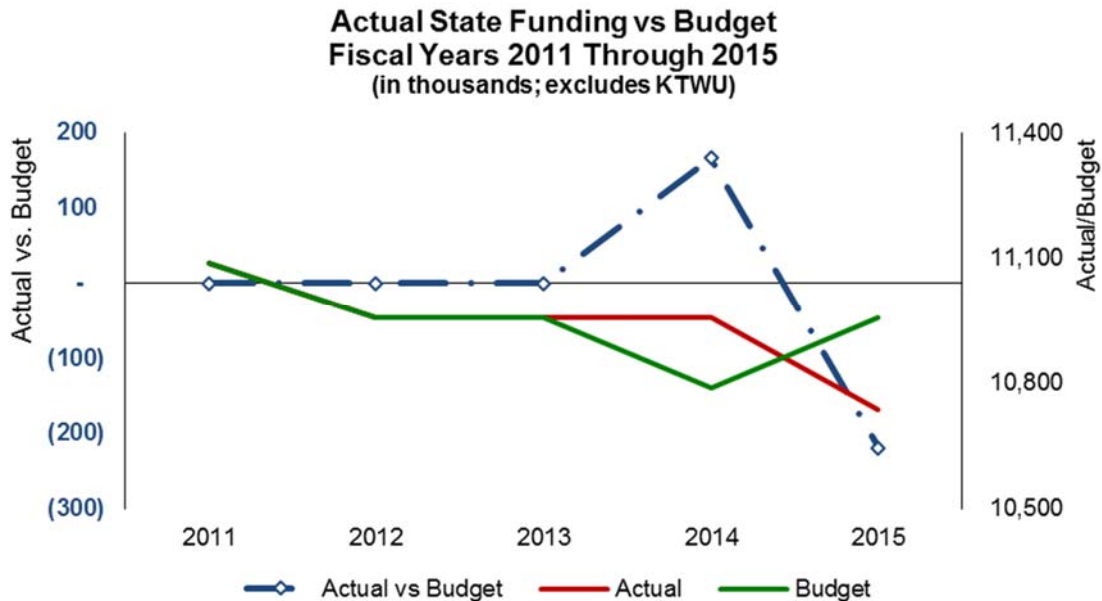
State Operating Grant

Over the past several years, the University has had to deal with shrinking state appropriations. This experience has been shared with virtually every other public university in the nation. However, due to the relatively small portion of the University's operations funded via the state operating grant, the impact on the University has not been as severe as it has been on other institutions.

Excluding KTWU, actual state funding received declined each year from fiscal year 2008 through fiscal year 2010, inched upwards by a few thousand dollars in fiscal year 2011, then dropped again in fiscal 2012. Funding for fiscal years 2013 and 2014 was level with fiscal 2012. In fiscal 2015, although the budgeted state appropriation increased to approximately the level of fiscal 2014 actual appropriations, the amount actually received fell, to the lowest level in the past six years.

WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (*Continued*)



In response to the ongoing funding trend, the University has extended its annual budget cycle in order to get more timely information relating to state funding. As the chart above shows, until fiscal 2015, the extended budget cycle resulted in actual state appropriations equaling or exceeding budgeted appropriations.

For fiscal year 2011, the University budgeted for a slight (0.3%) increase in the state operating grant. For fiscal 2012, having more timely information about state funding allowed for a timely reduction of budgeted expenses to absorb the 1.2% drop in the operating grant. In fiscal year 2013, both budgeted and actual state funding remained unchanged from fiscal 2012.

After much discussion and negotiation between the legislature and Governor Sam Brownback, the state appropriation for fiscal year 2014 was cut by 1.5%, with an additional cut to come in fiscal year 2015. The University budgeted for a corresponding drop in funding. However, later in the fiscal year, the state restored the cut, returning funding to the fiscal 2013 level. As a result, actual receipts exceeded budget by \$167,000.

Although the possibility of a mid-year budget cut was recognized at the time the University set its fiscal 2015 budget, the budgeted state appropriation was set at the same level as actual fiscal 2014 receipts. At the same time, the University began making contingency plans for expense reductions in the event of a budget cut. In the event, when the budget cut became a reality, the University was able to make budget adjustments in a targeted manner.

Although the state of Kansas continues to experience tax revenue shortfalls, for fiscal 2016, the University has budgeted just under \$1 million of additional state appropriations. This is due to a state budget that slightly increased appropriations, plus an additional appropriation for the University to help fund the new forensics center being established with the opening of the Kansas Bureau of Investigation crime lab facility on the University's campus. Due to the ongoing

WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (Continued)

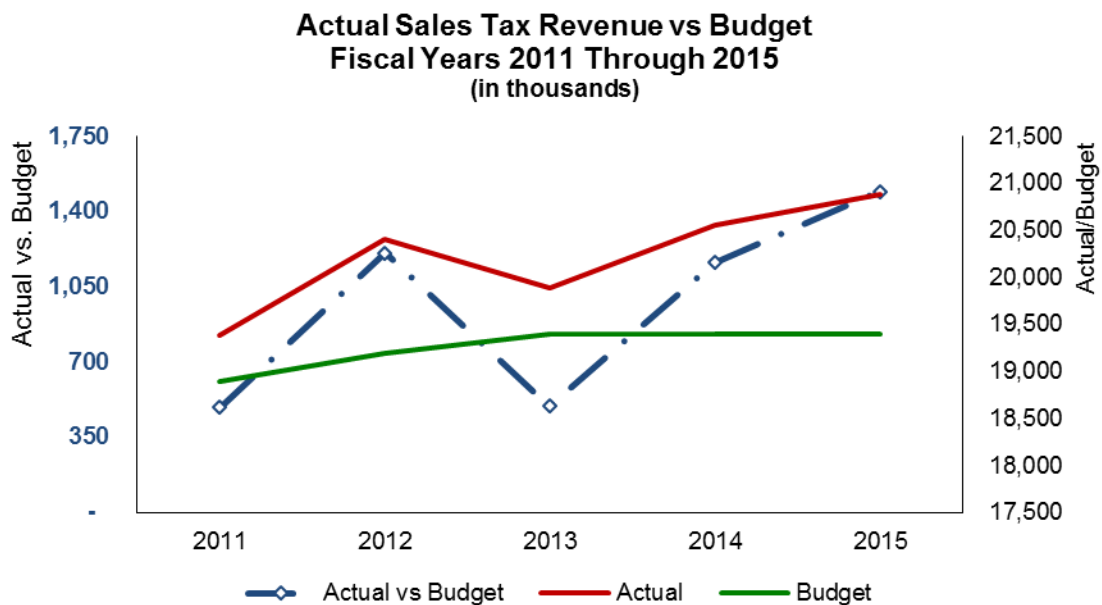
uncertainty surrounding state funding, the University continues to aggressively explore cost-reduction options, as well as possible revenue enhancements.

KTWU, the University's PBS-affiliated television station, was hit harder by state budget cuts than the University as a whole. From fiscal year 2008 through fiscal 2011, KTWU received between \$200,000 and \$300,000 per year in state funding. In fiscal 2012, state funding dropped to zero, and only \$54,000 was later restored for fiscal years 2013 and 2014. In fiscal 2015, KTWU received \$60,000 in state funding. However, in fiscal 2016, no state appropriation for KTWU has been budgeted. This loss of state funding has been made up through a combination of other revenue sources, primarily increased fundraising from the public, and expense reductions.

Sales Taxes

Sales tax revenues are susceptible to fluctuations beyond the University's ability to control, or, to some extent, anticipate. As a result, the University's practice has been to budget sales tax revenues conservatively.

The chart below shows the budgeted and actual sales tax revenues for fiscal years 2011 through 2015.



Because sales tax collections for three of the four previous fiscal years were less than budgeted, and because of the uncertainty about the economic outlook for fiscal year 2011, the University budgeted a 1.5% (\$393,000) reduction from actual prior year revenues. Collections actually increased by approximately \$192,000 from the previous year.

Reflecting the University's conservative approach to budgeting sales tax revenue, the fiscal year 2012 budget was increased to equal the amount of actual revenues in fiscal year 2010. This reflected a belief that the economy had improved enough to increase the sales tax revenue budget,

WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (*Continued*)

but lingering concerns kept the University from increasing the budget to the amount of actual fiscal year 2011 revenues.

Sales tax revenues during fiscal year 2012 were significantly more than budgeted. Revenues were also higher than what had been budgeted each year in the five years prior to fiscal 2011, and represented the highest level of receipts since fiscal 2008. With further evidence that consumer confidence, at least as shown by sales taxes, was returning to pre-recession levels, the University increased the fiscal year 2013 budget, while actually budgeting a 5.0% decrease from actual fiscal year 2012 revenues.

The actual sales tax revenue for fiscal year 2013 exceeded budget by \$494,000. Reflecting its conservative budgeting principles, the University did not change the sales tax budget for fiscal year 2014, budgeting for a 2.5% decrease from actual fiscal year 2013 revenue. Actual revenue again substantially exceeded the budgeted amount, and also were a significant increase over actual fiscal 2013 revenues.

In fiscal 2015, this upward trend in sales tax revenues continued. The University chose to keep the budget for fiscal 2015 at the same level as 2013 and 2014. For the fifth consecutive year, actual sales tax receipts exceeded the amount budgeted, and were just under the highest level of receipts since the University changed from a property tax assessment for operating purposes to a sales tax.

With continuing concerns about the stability of state appropriation levels, sales tax revenues have become even more important as a hedge against a loss of state funding. Although sales tax revenues have been strong over the past few years, the University has chosen to remain conservative in budgeting sales tax revenues. Budgeted sales taxes for fiscal 2016 are \$100,000 higher than in the three previous fiscal years. Should state funding be cut further, the University anticipates its conservative budgeting of sales tax revenue will help absorb the reduction.

Tuition

For fiscal year 2012, a 4.3% base tuition rate increase was approved, again to offset expected reductions in state appropriations and relatively flat sales tax revenues. Reflecting strong enrollment in fiscal 2011, an increase of 0.5% in student credit hours was budgeted. Enrollment in fall 2011 increased by approximately 1% compared to fall 2010.

For fiscal year 2013, the Board of Regents approved a 4.2% increase in the base tuition rate, reflecting expected declines in sales tax revenue and in state funding. Budgeted student credit hours were slightly below both actual and budgeted fiscal year 2012 credit hours. Actual fall 2012 enrollment was down slightly compared to fall 2011. Taking the tuition rate increase and budgeted flat credit hours into account, gross tuition revenues were budgeted to be 2.4% higher in fiscal 2013 than what was budgeted in fiscal 2012, and slightly higher than actual fiscal 2012 tuition revenue.

For fiscal year 2014, the Regents approved a 5.3% increase in the base tuition rate. As in previous years, the increase reflects expected declines in sales tax revenue and in state funding. Budgeted student credit hours were 2.4% below budgeted fiscal year 2013 credit hours, and equal to actual

WASHBURN UNIVERSITY OF TOPEKA

Management's Discussion And Analysis (*Continued*)

fiscal year 2013 credit hours. Actual fall 2013 enrollment was down 3.6% from fall 2012. Taking the tuition rate increase and budgeted lower credit hours into account, gross tuition revenues are budgeted to be 1.3% higher in fiscal 2014 than what was budgeted in fiscal 2013, and slightly higher than actual fiscal 2013 tuition revenue.

The University's Board of Regents approved a 4.6% increase in the base tuition rate for fiscal year 2015. Reflecting a loss of student credit hours in fiscal 2014, the fiscal 2015 budget also contemplated a 3.7% decline in credit hours relative to the prior year's budget. The combined effect of these changes is an increase of 1.56% in budgeted tuition revenue compared to the fiscal 2014 budget, and an increase of 8.9% over actual fiscal 2014 tuition revenue.

In fiscal 2015, the University experienced another modest decline in enrollment. This led to a small budgeted reduction in tuition revenue for fiscal 2016. Because of this, the University has budgeted a 4.8% increase in base tuition rates for fiscal 2016, which is anticipated to make up almost all of the budgeted decline in tuition and fee revenue resulting from the enrollment declines.

Recognizing the distinct possibility of additional state funding reductions during fiscal year 2016, the chance for continued economic uncertainty and to guard against further declines in credit hours, the University continues to explore cost-reduction measures and possible revenue enhancements. Cost reallocations of approximately \$2.4 million are included in the fiscal 2016 budget, reflecting the University's willingness and ability to adjust its cost structure in response to revenue shortfalls.

Other than the foregoing, the University is not aware of any currently known facts, decisions, or conditions expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.

As management wrestles with today's uncertain economic factors, the University's prudent use of resources, cost containment efforts and enhancement of other revenue sources will strengthen the University and ensure it is well positioned to take advantage of future opportunities.

Requests For Information

This financial report is designed to provide the reader a general overview of the University's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to Chris Leach, Associate Vice President for Finance, Washburn University, Morgan Hall 211-A, 1700 SW College Ave., Topeka, Kansas 66621.

WASHBURN UNIVERSITY OF TOPEKA

STATEMENTS OF NET POSITION

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Assets And Deferred Outflows Of Resources

	June 30,	
	2015	2014
Current Assets		
Cash and cash equivalents	\$ 24,337,647	\$ 31,365,351
Short-term investments	46,000	46,000
Taxes receivable	3,563,418	3,806,175
Accounts receivable, net of allowance of \$1,874,817 and \$1,513,882 in 2015 and 2014, respectively	7,594,375	7,157,260
Receivable from Washburn University Foundation	158,794	1,099,961
Other current receivables	300,000	300,000
Inventories	1,085,017	1,067,718
Other assets	1,046,884	1,231,986
Total Current Assets	38,132,135	46,074,451
Noncurrent Assets		
Restricted cash and cash equivalents	33,411,697	6,848,792
Perkins loans receivable	801,585	832,226
Receivable from Washburn University Foundation	34,379,368	36,764,998
Equity in the net assets of Washburn University Foundation	28,127,159	23,324,517
Endowment investments	264,150	259,803
Prepaid insurance costs	40,697	50,287
Capital assets, net	112,496,003	101,413,175
Total Noncurrent Assets	209,520,659	169,493,798
Total Assets	247,652,794	215,568,249
Deferred Outflows Of Resources		
Excess of bond reacquisition costs over carrying value	602,938	658,440

WASHBURN UNIVERSITY OF TOPEKA

STATEMENTS OF NET POSITION

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Liabilities And Net Position

	June 30,	
	2015	2014
Current Liabilities		
Accounts payable and accrued liabilities	\$ 9,048,293	\$ 8,262,807
Accrued compensated absences, current portion	1,481,884	1,573,559
Unearned revenue	1,243,625	1,288,218
Capital lease obligation, current portion	593,443	580,333
Loans payable, current portion	57,577	57,168
Loan with Kansas Board of Regents, current portion	425,625	425,625
Building revenue bonds, current portion	1,950,000	1,910,000
Deposits held in custody for others	206,412	228,526
Total Current Liabilities	15,006,859	14,326,236
Noncurrent Liabilities		
Accrued compensated absences	299,392	258,041
Accrued postemployment benefits	103,160	87,752
Capital lease obligation	8,258,712	8,852,155
Loans payable	149,270	206,847
Loan with Kansas Board of Regents	—	425,625
Building revenue bonds	43,630,555	17,646,341
Total Noncurrent Liabilities	52,441,089	27,476,761
Total Liabilities	67,447,948	41,802,997
Net Position		
Net investment in capital assets	81,684,436	72,508,045
Restricted		
Nonexpendable		
Endowments	31,109,667	33,374,041
Expendable		
Scholarships, tuition and other	28,656,259	24,127,250
Loans	1,239,287	1,242,701
Self-insurance	5,600,083	5,512,155
Capital projects	2,628,878	6,352,000
Debt service	1,076,175	—
Other	4,338,027	3,887,474
Unrestricted	24,474,972	27,420,026
Total Net Position	\$ 180,807,784	\$ 174,423,692

WASHBURN UNIVERSITY OF TOPEKA

STATEMENTS OF FINANCIAL POSITION – WASHBURN UNIVERSITY FOUNDATION

Assets

	June 30,	
	2015	2014
Assets		
Cash and cash equivalents	\$ 1,939,957	\$ 2,319,627
Investments	159,469,983	163,833,273
Bequests receivable	135,736	151,956
Pledges receivable	10,710,293	9,104,870
Accrued investment income receivable	37,845	40,819
Beneficial interests in trusts	8,744,434	9,327,785
Furniture and equipment, net of accumulated depreciation of \$287,691 and \$268,225 in 2015 and 2014, respectively	86,334	97,121
Total Assets	\$ 181,124,582	\$ 184,875,451

Liabilities And Net Assets

Liabilities		
Accounts payable and accrued liabilities	\$ 266,716	\$ 460,407
Due to Washburn University of Topeka	131,795	1,099,962
Charitable gift liabilities	375,697	395,180
Funds managed on behalf of Washburn University of Topeka	34,379,368	36,764,998
Funds managed on behalf of Washburn Law School Foundation School of Law	7,386,969	8,316,966
Total Liabilities	42,540,545	47,037,513
Net Assets		
Unrestricted	9,901,670	13,307,256
Temporarily restricted	58,401,309	57,804,017
Permanently restricted	70,281,058	66,726,665
Total Net Assets	138,584,037	137,837,938
Total Liabilities And Net Assets	\$ 181,124,582	\$ 184,875,451

WASHBURN UNIVERSITY OF TOPEKA

STATEMENTS OF FINANCIAL POSITION – WASHBURN LAW SCHOOL FOUNDATION

Assets

	June 30,	
	2015	2014
Investments held at Washburn University Foundation	\$ 7,386,969	\$ 8,316,966

Liabilities And Net Assets

Net Assets

Unrestricted	\$ 1,907,357	\$ 2,856,900
Temporarily restricted	365,638	400,407
Permanently restricted	5,113,974	5,059,659
Total Net Assets	7,386,969	8,316,966

Total Liabilities And Net Assets

\$ 7,386,969 **\$ 8,316,966**

WASHBURN UNIVERSITY OF TOPEKA

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

Page 1 Of 2

	For The Years Ended June 30,	
	2015	2014
Operating Revenues		
Tuition and fees (net of scholarship allowances of \$17,553,336 and \$17,636,334 in 2015 and 2014, respectively)	\$ 31,281,717	\$ 30,581,487
Federal grants and contracts	3,130	575
Sales and services of educational departments	1,288,630	1,320,174
Auxiliary enterprises		
Residential Living (net of scholarship allowances of \$274,267 and \$239,535 in 2015 and 2014, respectively; revenues are used as security for revenue bonds Series 2010, 2014, 2015A and 2015B)	2,603,380	2,537,647
Memorial Union (revenues are used as security for revenue bonds Series 2010)	3,721,266	3,890,450
Other operating revenues	919,654	774,719
Total Operating Revenues	39,817,777	39,105,052
Operating Expenses		
Educational and general		
Instruction	43,251,141	44,309,046
Research	371,981	132,649
Public service	3,461,034	3,548,484
Academic support	10,906,750	11,385,894
Student services	10,105,993	10,065,440
Institutional support	6,265,482	6,061,358
Operation and maintenance of plant	7,405,200	7,533,597
Depreciation	8,377,826	7,811,884
Financial aid	2,127,373	2,155,978
Auxiliary enterprises		
Residential Living	1,205,208	1,122,266
Memorial Union	3,502,580	3,709,889
Self-insurance claims, net of premiums	6,622,916	6,067,195
Total Operating Expenses	103,603,484	103,903,680
Operating Loss	(63,785,707)	(64,798,628)

WASHBURN UNIVERSITY OF TOPEKA

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

Page 2 Of 2

	For The Years Ended June 30,	
	2015	2014
Nonoperating Revenues (Expenses)		
State appropriations	\$ 17,351,051	\$ 16,772,838
Local appropriations	24,518,023	24,254,890
Federal grants and contracts	16,491,537	17,523,675
State and local grants and contracts	1,748,291	845,445
Nongovernmental grants and contracts	60,442	165,893
Gifts	7,438,889	8,724,091
Investment income	3,351,869	8,223,334
Interest on indebtedness	(294,108)	(909,227)
Other nonoperating expenses	(1,076,991)	(1,174,935)
Net Nonoperating Revenues	69,589,003	74,426,004
Income Before Other Revenues	5,803,296	9,627,376
Capital Grants And Gifts - Non-Federal	431,399	307,290
Additions To Permanent Endowments	149,397	548,141
Increase In Net Position	6,384,092	10,482,807
Net Position - Beginning Of Year	174,423,692	163,940,885
Net Position - End Of Year	\$ 180,807,784	\$ 174,423,692

WASHBURN UNIVERSITY OF TOPEKA

STATEMENT OF ACTIVITIES - WASHBURN UNIVERSITY FOUNDATION For The Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support And Revenues				
Support				
Contributions	\$ 1,885,107	\$ 5,530,006	\$ 3,060,006	\$ 10,475,119
Change in beneficial interest	—	368,737	(144,028)	224,709
Total support	1,885,107	5,898,743	2,915,978	10,699,828
Revenues				
Investment income (loss)	(37,874)	108,185	164,272	234,583
Administration	1,224,231	—	—	1,224,231
Events	122,186	—	—	122,186
Other	150,106	56,217	(18,854)	187,469
Total revenues	1,458,649	164,402	145,418	1,768,469
Net assets released from restrictions	7,435,839	(7,435,839)	—	—
Total Support And Revenue	10,779,595	(1,372,694)	3,061,396	12,468,297
Expenses				
Program services	7,081,570	—	—	7,081,570
Management and general	1,781,584	—	—	1,781,584
Fundraising	2,859,044	—	—	2,859,044
Total Expenses	11,722,198	—	—	11,722,198
Excess Of Revenues Over Expenses	(942,603)	(1,372,694)	3,061,396	746,099
Net Interfund Transfer Related To Market Values Of Endowed Funds Below Original Donor Contributions	(2,004,782)	2,004,782	—	—
Other Fund Transfers, Net	(458,201)	(34,796)	492,997	—
Change In Net Assets	(3,405,586)	597,292	3,554,393	746,099
Net Assets - Beginning Of Year	13,307,256	57,804,017	66,726,665	137,837,938
Net Assets - End Of Year	\$ 9,901,670	\$ 58,401,309	\$ 70,281,058	\$ 138,584,037

WASHBURN UNIVERSITY OF TOPEKA

STATEMENT OF ACTIVITIES - WASHBURN LAW SCHOOL FOUNDATION For The Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support And Revenues				
Contributions	\$ 109,008	\$ (106)	\$ 34,996	\$ 143,898
Return on investments	3,495	3,195	17,819	24,509
Nongift and other income	(1,448)	4,500	1,500	4,552
Net assets released from restriction	358,978	(358,978)	—	—
Total Support And Revenues	470,033	(351,389)	54,315	172,959
Expenses				
Program expenses				
Scholarships	787,653	—	—	787,653
General support of Law School	72,192	—	—	72,192
Management and general	243,111	—	—	243,111
Total Expenses	1,102,956	—	—	1,102,956
Excess (Deficit) Of Revenues Over Expenses	(632,923)	(351,389)	54,315	(929,997)
Net Interfund Transfer Related To Market Values Of Endowed Funds Below Original Donor Contributions	(321,890)	321,890	—	—
Other Interfund Transfers, Net	5,270	(5,270)	—	—
Change In Net Assets	(949,543)	(34,769)	54,315	(929,997)
Net Assets - Beginning Of Year	2,856,900	400,407	5,059,659	8,316,966
Net Assets - End Of Year	\$ 1,907,357	\$ 365,638	\$ 5,113,974	\$ 7,386,969

WASHBURN UNIVERSITY OF TOPEKA

STATEMENT OF ACTIVITIES – WASHBURN UNIVERSITY FOUNDATION For The Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support And Revenues				
Support				
Contributions	\$ 1,584,596	\$ 8,145,986	\$ 2,298,164	\$ 12,028,746
Change in beneficial interest	—	539,429	313,669	853,098
Total support	1,584,596	8,685,415	2,611,833	12,881,844
Revenues				
Investment income	2,296,878	12,165,627	174,078	14,636,583
Administration	1,189,478	—	—	1,189,478
Events	119,885	—	—	119,885
Other	107,223	38,578	(19,205)	126,596
Total revenues	3,713,464	12,204,205	154,873	16,072,542
Net assets released from restrictions	6,961,673	(6,961,673)	—	—
Total Support And Revenue	12,259,733	13,927,947	2,766,706	28,954,386
Expenses				
Program services	6,743,592	—	—	6,743,592
Management and general	1,825,253	—	—	1,825,253
Fundraising	2,702,667	—	—	2,702,667
Total Expenses	11,271,512	—	—	11,271,512
Excess Of Revenues Over Expenses	988,221	13,927,947	2,766,706	17,682,874
Net Interfund Transfer Related To Market Values Of Endowed Funds Below Original Donor Contributions				
	1,938,865	(1,938,865)	—	—
Other Fund Transfers, Net	(90,351)	(156,661)	247,012	—
Change In Net Assets	2,836,735	11,832,421	3,013,718	17,682,874
Net Assets - Beginning Of Year	10,470,521	45,971,596	63,712,947	120,155,064
Net Assets - End Of Year	\$13,307,256	\$ 57,804,017	\$ 66,726,665	\$ 137,837,938

WASHBURN UNIVERSITY OF TOPEKA

STATEMENT OF ACTIVITIES - WASHBURN LAW SCHOOL FOUNDATION For The Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support And Revenues				
Contributions	\$ 123,759	\$ 50,811	\$ 44,657	\$ 219,227
Return on investments	482,819	724,026	17,307	1,224,152
Nongift and other income	17,762	1,500	6,725	25,987
Net assets released from restriction	376,582	(376,582)	—	—
Total Support And Revenues	1,000,922	399,755	68,689	1,469,366
Expenses				
Program expenses				
Scholarships	692,915	—	—	692,915
General support of Law School	87,546	—	—	87,546
Management and general	247,624	—	—	247,624
Total Expenses	1,028,085	—	—	1,028,085
Excess (Deficit) Of Revenues Over Expenses	(27,163)	399,755	68,689	441,281
Net Interfund Transfer Related To Market Values Of Endowed Funds Below Original Donor Contributions	303,071	(303,071)	—	—
Other Interfund Transfers, Net	(17,358)	—	17,358	—
Change In Net Assets	258,550	96,684	86,047	441,281
Net Assets - Beginning Of Year	2,598,350	303,723	4,973,612	7,875,685
Net Assets - End Of Year	\$ 2,856,900	\$ 400,407	\$ 5,059,659	\$ 8,316,966

WASHBURN UNIVERSITY OF TOPEKA

STATEMENTS OF CASH FLOWS

Page 1 Of 2

	For The Years	
	Ended June 30,	
	2015	2014
Cash Flows From Operating Activities		
Tuition and fees	\$ 31,192,418	\$ 30,074,474
Grants and contracts	3,130	13,075
Auxiliary enterprise charges		
Residential Living	2,184,114	2,505,949
Memorial Union	3,643,778	3,595,789
Sales and services of educational departments	1,392,098	1,308,931
Collection of loans issued to students	212,396	142,633
Other receipts	577,093	229,197
Self-insurance premiums	990,678	349,219
Payments to suppliers	(14,896,868)	(19,722,428)
Payments to employees	(71,137,392)	(67,449,231)
Payments for scholarships and fellowships	(2,127,373)	(2,155,978)
Loans issued to students	(309,399)	(152,299)
Payments for self-insurance claims and administrative fees	(7,842,494)	(7,148,304)
Net Cash Used In Operating Activities	(56,117,821)	(58,408,973)
Cash Flows From Investing Activities		
Interest on investments	4,453,352	4,892,761
Net Cash Provided By Investing Activities	4,453,352	4,892,761
Cash Flows From Noncapital Financing Activities		
State appropriations	17,351,051	16,772,838
Local appropriations	24,760,780	24,231,487
Gifts and grants for other than capital purposes	22,443,695	19,866,213
Federal Family Education loan receipts	39,693,862	40,520,917
Federal Family Education loan disbursements	(38,829,369)	(41,541,226)
Agency account transactions	(17,219)	(132,369)
Net Cash Provided By Noncapital Financing Activities	65,402,800	59,717,860
Cash Flows From Capital And Related Financing Activities		
Proceeds from issuance of debt	27,862,606	7,284
Issue costs paid on debt	(194,884)	(66,675)
Capital grants and gifts received	361,087	228,087
Purchase of capital assets	(18,484,571)	(11,258,498)
Principal paid on capital loans	(471,260)	(482,397)
Principal paid on capital lease	(581,824)	(557,978)
Principal paid on long-term debt	(1,920,042)	(1,785,000)
Interest paid on long-term debt	(774,242)	(1,034,871)
Net Cash Provided By (Used In) Capital And Related Financing Activities	5,796,870	(14,950,048)
Increase (Decrease) In Cash And Cash Equivalents	19,535,201	(8,748,400)
Cash And Cash Equivalents - Beginning Of Year	38,214,143	46,962,543
Cash And Cash Equivalents - End Of Year	\$ 57,749,344	\$ 38,214,143

See the accompanying notes to financial statements.

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WASHBURN UNIVERSITY OF TOPEKA

STATEMENTS OF CASH FLOWS

Page 2 Of 2

	For The Years Ended June 30,	
	2015	2014
Reconciliation Of Operating Loss To Net Cash Used In Operating Activities		
Operating loss	\$ (63,785,707)	\$ (64,798,628)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	8,377,826	7,811,884
Provision for uncollectible accounts receivable	413,286	208,216
Write-off of Perkins loans	18,316	26,849
Changes in assets and liabilities:		
Receivables, net	(1,524,187)	(735,449)
Inventories	(17,299)	(237,399)
Receivables from Washburn University Foundation	(24,955)	40
Other assets	733,322	(568,259)
Perkins loans receivable	5,954	(10,441)
Accounts payable	(251,398)	93,914
Compensated absences	(50,324)	14,982
Postemployment benefits	15,408	(53,015)
Unearned revenue	(28,063)	(161,667)
Net Cash Used In Operating Activities	\$ (56,117,821)	\$ (58,408,973)
Noncash Investing And Financing Transactions		
Change in fair value of investments	\$ (2,533,475)	\$ 2,619,247
Refunding of Series 2004 bonds	—	9,935,000
Bond issuance costs reducing proceeds of capital debt	115,604	55,516
Capitalization of interest	503,953	237,472
Capital gifts	411,613	5,000
Capital additions included in accounts payable	3,401,280	2,827,546

WASHBURN UNIVERSITY OF TOPEKA

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 And 2014

1. Organization And Summary Of Significant Accounting Policies

The accounting policies of Washburn University of Topeka (the University) conform to U.S. generally accepted accounting principles applicable to public institutions engaged only in business-type activities, as adopted by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The University is a municipal university governed by an appointed nine-member Board of Regents. The Board of Regents is comprised of the mayor of Topeka, three members appointed by the mayor, one member appointed by the Shawnee County Commission, three members appointed by the governor of Kansas, and one member appointed by the Kansas Board of Regents. The mayor of Topeka and the regent appointed by the Kansas Board of Regents serve as long as they are in their respective positions. All other regents are appointed for four-year terms.

Washburn Institute of Technology (Washburn Tech) is a technical school providing vocational and technical education to both high school students and post-secondary students. Students may participate in programs ranging from single courses to certificate programs to associate degree programs. The associate degree programs allow students to take general education courses from the University to complete the non-technical requirements of the degree.

Component Units

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, the University has identified three component units to be included in the accompanying financial statements. Because the University's Board of Regents is also the governing body of Washburn Tech, and because the University's management has operational responsibility for Washburn Tech, the financial statements present the University and Washburn Tech as a blended entity. The University's discretely-presented component units are reported in separate basic financial statements to emphasize that they are legally separate from the University. References in these financial statements and notes to "the University" refer to the blended entity unless otherwise noted.

Discretely-Presented Component Units

The University's discretely-presented component units, Washburn University Foundation (the Foundation) and Washburn Law School Foundation (the Law Foundation), receive funds primarily through donations, and contribute funds to the University to support various programs. The economic resources received or held by the foundations are almost entirely for the direct benefit of the University or Washburn Tech. Further, the University is entitled to a majority of such economic resources, and such economic resources are significant to the University.

Washburn University Foundation is a Kansas not-for-profit organization created to assist in the promotion, development and enhancement of the financial resources for Washburn University of Topeka, as well as to receive and hold in trust any assets given for the benefit of the University. The Foundation manages primarily endowment or trust funds, the income from which is used for the benefit of the University. The Foundation is responsible for the fund raising activities of the University.

Washburn Law School Foundation is a Kansas not-for-profit organization created to promote, maintain, improve and support the School of Law of Washburn University of Topeka, as well as to provide scholarships to students attending the law school.

The financial statements of the Foundation and Law Foundation follow Financial Accounting Standards Board (FASB) standards. Certain FASB revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the foundations' financial information included in the University's financial statements for these differences. Complete audited financial statements for these component units may be obtained at their administrative offices at 1729 MacVicar Avenue, Topeka, KS 66604.

Measurement Focus, Basis Of Accounting And Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred or a benefit has been received, regardless of the timing of related cash flows. All significant intra-University transactions have been eliminated.

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements *(Continued)*

The University distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions, such as payments received for providing goods and services and payments made for goods and services received. The University's primary operating revenues include student tuition and fees, sales and services of auxiliary enterprises and sales and services of educational departments. Almost all of the University's expenses result from exchange transactions. Operating expenses include the costs of providing education and auxiliary services, administrative expenses and depreciation on capital assets.

Certain significant revenues relied upon for operations, such as sales and property taxes (included in local appropriations), state appropriations, most grants and other contributions, do not result from exchange transactions, and are recorded as nonoperating revenues. The primary nonoperating expense is interest on indebtedness. Other significant nonoperating expenses are uncapitalized capital asset expenditures and bond issuance costs.

On an accrual basis, sales tax revenue is recognized at the time of the underlying transaction. Revenue from property taxes is recognized in the period which the levy is intended to finance. Revenue from grants, state appropriations and other contributions is recognized in the year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, where the University must provide local resources to be used for a specified purpose; and expenditure requirements, where the resources are provided to the University on a reimbursement basis.

Cash And Cash Equivalents

The University considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents which are restricted by external entities for capital expenditures, health insurance claims, or debt service are reported as restricted cash.

Accounts Receivable

Accounts receivable are recorded net of an allowance for estimated uncollectible amounts. Receivables are charged off against the allowance when deemed uncollectible. Recoveries of receivables previously charged off are recorded as revenue when received.

Inventories

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

Investments

Investments, with the exception of certificates of deposit, are recorded at fair value based on quoted market prices. Certificates of deposit are recorded at cost because they are not affected by market rate changes.

Bond Issuance Costs

Bond issuance costs are generally expensed when incurred, as they represent an outflow of resources. Prepaid bond insurance costs are capitalized and amortized over the life of the bonds using the effective interest method.

Capital Assets

Capital assets include land, buildings, furniture, equipment, vehicles, books and collections, works of art and construction in progress. Capital assets are defined as assets with an initial individual cost of more than \$100,000 for buildings, improvements and infrastructure, and \$5,000 for all other assets, and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major additions and improvements are capitalized. When assets are sold, the gain or loss on the sale is recorded as nonoperating gains or losses. The University capitalizes interest on the construction of capital assets when material. The amount of interest capitalized was \$516,329 and \$237,472 for the years ended June 30, 2015 and 2014, respectively.

The University's capital assets are depreciated using the straight-line method over the estimated useful lives of the capital assets. Certain works of art and historical treasures, which are deemed to be inexhaustible, are assets whose economic lives are used up so slowly their useful lives are extraordinarily long and are not depreciated. The estimated useful lives are:

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (*Continued*)

Buildings, improvements and infrastructure	3 - 60 years
Furniture, fixtures and equipment	3 - 25 years
Computers and electronic equipment	3 - 7 years
Books and collections	5 - 7 years
Broadcasting tower, antenna and equipment	5 - 40 years
Vehicles	3 - 15 years

Equipment purchased with grant proceeds, for which the granting agency has a reversionary interest, is capitalized. These assets must be used for the purpose set forth in the grant agreement between the University and the granting agency.

The University's works of art and historical treasures that meet the following criteria have not been capitalized and, therefore, are not recorded:

- The collection is held for public exhibition, education or research in furtherance of public service, rather than financial gain.
- The collection is kept protected, kept unencumbered, cared for and preserved.
- The collection is subject to an organizational policy that requires the proceeds from the sales of collection items to be used to acquire other items for the collection.

Unearned Revenue

Tuition and fees billed to or received from students before year-end which relate to subsequent periods are shown as unearned revenue on the statements of net position.

Compensated Absences

The University provides paid vacation and sick leave to employees on an annual basis. The provision for and accumulation of vacation and sick leave is based upon employment classification. Employees are paid for accumulated vacation leave when employment is terminated. Employees are not paid for accumulated sick leave upon termination.

Other Postemployment Benefits

Certain current and retired Washburn Tech employees are participants in the Topeka Public Schools (TPS) early retirement plan. The University assumed the liability for postemployment benefits of these employees at the time of the affiliation with Washburn Tech. Because the amount of the assumed liability is not available from TPS, the University calculated its liability of \$103,160 and \$87,752 at June 30, 2015 and 2014, respectively, using the alternative measurement method allowed by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, using demographic information provided by TPS. For purposes of applying GASB No. 45, the early retirement plan is treated as if it is a single-employer plan with fewer than 100 employees.

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 accumulated depreciation and related debt.

Restricted Net Position - Nonexpendable

This represents gifts that have been received for endowment purposes, the corpus of which cannot be expended.

Restricted Net Position - Expendable

This includes resources the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the University's policy to use restricted first, and then unrestricted resources, as they are needed.

Unrestricted Net Position

This includes resources derived from student tuition and fees, state and local appropriations and sales and services of educational departments and auxiliary enterprises. 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 Board of Regents to meet current expenses for any purpose.

Property Taxes

The lien date for property taxes is January 1. Property taxes are levied on November 1. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. Billing and collection is done by Shawnee County. Assessed values are established by the Shawnee County appraiser's office.

Income Taxes

The University is a municipal entity and is not subject to income taxes. However, income from certain activities not directly related to the University's tax exempt purpose is subject to taxation as unrelated business income.

Use Of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain 2014 amounts have been reclassified to conform to the 2015 presentation. These reclassifications had no effect on total net position.

2. Budgetary Information

Kansas statutes require an annual operating budget be legally adopted for the general fund, certain restricted funds and debt service funds (unless specifically exempted by statute). The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding year on or before August 1.
2. Publication in local newspaper on or before August 5 of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15, but at least 10 days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time.

On March 20, 2015, notice was published of a public hearing to be held on March 30, 2015 to amend the University's originally adopted budget. The University's Board of Regents approved the budget amendment at that time. There were no such budget amendments for the year ended June 30, 2014.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

3. Cash And Investments

The University maintains a cash and investment pool that is available for use by all funds.

Deposits

At June 30, 2015 and 2014, the University's cash and cash equivalents consisted of the following:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 24,337,647	\$ 31,365,351
Restricted cash and cash equivalents	<u>33,411,697</u>	<u>6,848,792</u>
	<u>\$ 57,749,344</u>	<u>\$ 38,214,143</u>

Restricted cash and cash equivalents represents amounts which are restricted, by statute or contractually, for use in capital projects, for payment of self-insured health insurance claims, or for debt service.

Custodial credit risk is the risk that, in the event of a bank failure, an entity's deposits may not be returned to it. The University's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Kansas; bonds of any city, county school district or special road district of the state of Kansas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2015 and 2014, the University's cash and cash equivalents were held in the following institutions:

	<u>2015</u>	<u>2014</u>
Deposits at financial institutions	\$ 9,830,340	\$ 11,630,009
Deposits in State of Kansas		
Municipal Investment Pool	<u>47,919,004</u>	<u>26,584,134</u>
	<u>\$ 57,749,344</u>	<u>\$ 38,214,143</u>

The University had no bank balances exposed to custodial credit risk at June 30, 2015 or 2014.

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

At June 30, 2015 and 2014, the University had the following short-term investments (which have an original maturity date of one year or less):

	<u>2015</u>	<u>2014</u>
Certificates of deposit	<u>\$ 46,000</u>	<u>\$ 46,000</u>

Investments

The University may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements and in mutual funds. It may also invest to a limited extent in corporate bonds and equity securities.

Custodial credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The University had no investments exposed to custodial credit risk at June 30, 2015 and 2014. The University currently does not maintain a formal investment policy that addresses interest rate or credit risks. However, management believes the University has complied with the State of Kansas' statutes and regulations regarding investment activity.

Endowment investments reported by the University at June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Preferred stocks, carried at fair value (cost of \$0 for 2015 and 2014)	\$ 150	\$ 150
Mutual funds, carried at fair value (cost of \$214,615 and \$217,742 for 2015 and 2014, respectively)	<u>264,000</u>	<u>259,653</u>
	<u>\$ 264,150</u>	<u>\$ 259,803</u>

Interest rate risk is the risk that the University's investments will decrease as a result of an increase in interest rates. The University's mutual funds are due in less than one year. Credit risk is the risk that the University will not recover its investments due to the ability of the counterparty to fulfill their obligation. As of June 30, 2015, the mutual funds were unrated.

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

The University also maintains deposits with the State of Kansas Municipal Investment Pool (KMIP) throughout the year. Deposits in the amount of \$47,919,004 and \$26,584,134, which approximates fair value, at June 30, 2015 and 2014, respectively, were held in the KMIP Overnight Municipal Investment Pool (OMIP). Deposits in the OMIP are invested nightly by the KMIP in a transaction similar to a repurchase agreement with a bank. The University does not have securities specifically listed in its name as part of its participation in the OMIP, and money can be withdrawn without penalty daily. The KMIP is included within the Kansas Pooled Money Investment Portfolio, which is rated AAA by Standard & Poor's. The pool is managed and overseen by the Pooled Money Investment Board.

4. Receivable From Washburn University Foundation

Receivables from the Foundation consist of the University's participation in the investments managed by the Foundation. As the University does not have title to these investments and their participation is not evidenced by a security agreement that can be exchanged or sold in an open market, its share of the Foundation's investments is recorded as a receivable from the Foundation. Receivables from the Foundation consisted of the following items held by the Foundation as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Contributions for scholarships and other activities	\$ 1,499,894	\$ 1,420,244
Held pledges receivable	26,301	20,434
Restricted endowment income	1,581,510	1,664,224
Unreimbursed operating expenses of the Foundation due to the University	158,794	1,099,961
University endowment funds managed by the Foundation (see activity below)	31,271,663	33,660,096
	<u>\$ 34,538,162</u>	<u>\$ 37,864,959</u>

Receivables from the Foundation are presented in the statements of net position as follows:

	<u>2015</u>	<u>2014</u>
Current receivable from Washburn University Foundation	\$ 158,794	\$ 1,099,961
Noncurrent receivable from Washburn University Foundation	34,379,368	36,764,998
	<u>\$ 34,538,162</u>	<u>\$ 37,864,959</u>

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

The University has transferred to the Washburn University Foundation certain assets of the endowment fund for management purposes only, under terms of an agreement executed by the University and the Foundation. The activity of these assets at June 30, 2015 and 2014 and for the years then ended is as follows:

	<u>2015</u>	<u>2014</u>
<u>Beginning principal transferred</u>	<u>\$ 23,364,886</u>	<u>\$ 23,364,886</u>
Post-transfer additions, beginning of year	3,864,025	3,146,067
Charitable remainder trust assets transferred	—	8,611
Earnings added to corpus during the year	171,890	161,206
Gifts received during the year	149,397	548,141
End of year, at cost	27,550,198	27,228,911
Cumulative net unrealized gains	3,721,465	6,431,185
End of year, at fair value	<u>\$ 31,271,663</u>	<u>\$ 33,660,096</u>

5. Equity In The Net Assets Of Washburn University Foundation

Contributions for specific capital projects, scholarships and other activities are being held and invested by the Foundation until the University requests the funds be transferred to the University. The University had a claim on the net assets of the Foundation in the amount of \$28,127,159 and \$23,324,517 as of June 30, 2015 and 2014, respectively.

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

6. Capital Assets

The following is a summary of capital assets for the years ended June 30, 2015 and 2014:

	2015				Balance - June 30, 2015
	Balance - July 1, 2014	Additions	Retirements	Construction In Progress Placed In Service	
Capital assets, not being depreciated					
Land	\$ 1,444,104	\$ —	\$ —	\$ —	\$ 1,444,104
Works of art and historical treasures	2,571,714	83,500	(4,860)	—	2,650,354
Construction in progress	14,256,961	16,828,762	—	(10,587,098)	20,498,625
Total capital assets, not being depreciated	18,272,779	16,912,262	(4,860)	(10,587,098)	24,593,083
Capital assets, being depreciated					
Buildings, improvements and infrastructure	136,284,396	10,290,394	(12,600)	—	146,562,190
Furniture, fixtures and equipment	25,274,514	1,526,234	(169,210)	—	26,631,538
Computers and electronic equipment	16,546,387	947,796	(224,637)	—	17,269,546
Books and collections	20,494,623	334,826	—	—	20,829,449
Broadcasting tower, antenna and equipment	8,323,251	—	(76,497)	—	8,246,754
Vehicles	1,415,113	78,300	—	—	1,493,413
Total capital assets, being depreciated	208,338,284	13,177,550	(482,944)	—	221,032,890
Less accumulated depreciation for					
Buildings, improvements and infrastructure	(66,795,997)	(5,179,085)	12,600	—	(71,962,482)
Furniture, fixtures and equipment	(16,628,969)	(1,732,266)	132,010	—	(18,229,225)
Computers and electronic equipment	(14,814,806)	(899,770)	224,637	—	(15,489,939)
Books and collections	(19,395,847)	(350,991)	—	—	(19,746,838)
Broadcasting tower, antenna and equipment	(6,778,991)	(129,172)	76,497	—	(6,831,666)
Vehicles	(783,278)	(86,542)	—	—	(869,820)
Total accumulated depreciation	(125,197,888)	(8,377,826)	445,744	—	(133,129,970)
Total capital assets being depreciated, net	83,140,396	4,799,724	(37,200)	—	87,902,920
Total capital assets	\$ 101,413,175	\$ 21,711,986	\$ (42,060)	\$ (10,587,098)	\$ 112,496,003

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

	2014				Balance - June 30, 2014
	Balance - July 1, 2013	Additions	Retirements	Construction In Progress Placed In Service	
Capital assets, not being depreciated					
Land	\$ 1,444,104	\$ —	\$ —	\$ —	\$ 1,444,104
treasures	2,975,953	5,000	(409,239)	—	2,571,714
Construction in progress	5,773,532	13,105,940	—	(4,622,511)	14,256,961
Total capital assets, not being depreciated	10,193,589	13,110,940	(409,239)	(4,622,511)	18,272,779
Capital assets, being depreciated					
Buildings, improvements and infrastructure	131,742,064	4,542,332	—	—	136,284,396
Furniture, fixtures and equipment	24,402,592	1,055,784	(183,862)	—	25,274,514
Computers and electronic equipment	16,112,731	557,444	(123,788)	—	16,546,387
Books and collections	19,902,045	592,578	—	—	20,494,623
Broadcasting tower, antenna and equipment	8,300,054	96,848	(73,651)	—	8,323,251
Vehicles	844,100	580,352	(9,339)	—	1,415,113
Total capital assets, being depreciated	201,303,586	7,425,338	(390,640)	—	208,338,284
Less accumulated depreciation for					
Buildings, improvements and infrastructure	(62,099,420)	(4,696,577)	—	—	(66,795,997)
Furniture, fixtures and equipment	(15,137,127)	(1,656,703)	164,861	—	(16,628,969)
Computers and electronic equipment	(14,094,706)	(843,905)	123,805	—	(14,814,806)
Books and collections	(19,009,084)	(386,763)	—	—	(19,395,847)
Broadcasting tower, antenna and equipment	(6,697,606)	(155,035)	73,650	—	(6,778,991)
Vehicles	(717,274)	(72,901)	6,897	—	(783,278)
Total accumulated depreciation	(117,755,217)	(7,811,884)	369,213	—	(125,197,888)
Total capital assets being depreciated, net	83,548,369	(386,546)	(21,427)	—	83,140,396
Total capital assets	\$ 93,741,958	\$ 12,724,394	\$ (430,666)	\$ (4,622,511)	\$ 101,413,175

The University had approximately \$27,487,000 and \$2,316,000, respectively, at June 30, 2015 and 2014 in commitments for building construction and other contracts.

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

7. Noncurrent Liabilities

The following is a summary of changes in noncurrent liabilities for the years ended June 30, 2015 and 2014:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Current Portion	Noncurrent Portion
Bonds, capital leases and loans						
Building revenue bonds	\$ 19,205,000	\$ 27,175,000	\$ 1910,000	\$ 44,470,000	\$ 1,950,000	\$ 42,520,000
Capital lease	9,432,488	—	580,333	8,852,155	593,443	8,258,712
Loans payable	1,115,265	—	482,793	632,472	483,202	149,270
Total bonds, capital leases and loans	29,752,753	27,175,000	2,973,126	53,954,627	3,026,645	50,927,982
Other noncurrent liabilities						
Unamortized bond premium	351,341	803,210	43,996	1,110,555	—	1,110,555
Compensated absences	1,831,600	—	50,324	1,781,276	1,481,884	299,392
Postemployment benefits	87,752	126,414	111,006	103,160	—	103,160
Total other noncurrent liabilities	2,270,693	929,624	205,326	2,994,991	1,481,884	1,513,107
Total noncurrent liabilities	\$ 32,023,446	\$ 28,104,624	\$ 3,178,452	\$ 56,949,618	\$ 4,508,529	\$ 52,441,089

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Current Portion	Noncurrent Portion
Bonds, capital leases and loans						
Building revenue bonds	\$ 21,270,000	\$ 9,655,000	\$ 11,720,000	\$ 19,205,000	\$ 1,910,000	\$ 17,295,000
Capital lease	10,000,000	—	567,512	9,432,488	580,333	8,852,155
Loans payable	1,597,662	—	482,397	1,115,265	482,793	632,472
Total bonds, capital leases and loans	32,867,662	9,655,000	12,769,909	29,752,753	2,973,126	26,779,627
Other noncurrent liabilities						
Unamortized bond premium	142,226	342,800	133,685	351,341	—	351,341
Compensated absences	1,816,617	14,983	—	1,831,600	1,573,559	258,041
Postemployment benefits	140,767	99,660	152,675	87,752	—	87,752
Total other noncurrent liabilities	2,099,610	457,443	286,360	2,270,693	1,573,559	697,134
Total noncurrent liabilities	\$ 34,967,272	\$ 10,112,443	\$ 13,056,269	\$ 32,023,446	\$ 4,546,685	\$ 27,476,761

Building Revenue Bonds

Revenue Bonds – Series 2015A

On June 25, 2015, the University issued \$20,105,000 in Revenue Bonds, Series 2015A (the “2015A Series”), with interest rates of 3.00% to 5.00%. The 2015A Series bonds are due in annual principal payments ranging from \$140,000 to \$1,340,000, and mature between July 1, 2017 and July 1, 2041. Interest payments on the 2015A Series begin on January 1, 2016.

The 2015A Series bonds maturing in the years 2026 and thereafter are subject to optional redemption and payment prior to maturity on any date on or after July 1, 2025.

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements *(Continued)*

Revenue Bonds – Series 2015B

On June 25, 2015, the University issued \$7,070,000 in Revenue Bonds, Series 2015B (the “2015B Series”). The interest rate on the 2015B Series is fixed at 2.1515% through June 30, 2025. Annual principal payments begin on July 1, 2017, ranging from \$305,000 to \$360,000 between then and July 1, 2025. The University may prepay the 2015B Series at any time, subject under certain circumstances to a prepayment penalty not to exceed 2%, declining over time to 0% on and after July 1, 2024.

The interest rate will reset for an additional term to be negotiated on July 1, 2025. The reset rate will equal the sum of (a) 65% of the applicable term Constant Maturity Treasury rate, and (b) 1.00%. The remaining principal balance of \$4,080,000 as of that date will be paid in annual installments ranging from \$370,000 to \$450,000, with a final maturity date of July 1, 2035.

Refunding Revenue Bonds – Series 2014

On June 30, 2014, the University issued \$9,655,000 in Refunding Revenue Bonds (the “2014 Series”), with interest rates of 2.00% to 4.00%, to currently refund \$9,935,000 of Series 2004 bonds (the “2004 Series”). The 2004 Series was called for redemption and payment on July 1, 2014. Annual principal payments on the 2014 Series range from \$435,000 to \$965,000.

The current refunding of the 2014 Series bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$534,130, which is being amortized over the remaining life of the original bonds (through July 1, 2029). Amortization of this refunding cost during the year ended June 30, 2015 was \$31,795; there was no amortization during the year ended June 30, 2014.

Upon completion of this refunding, the University did not extend its debt service payments. The original maturity of the 2004 Series bonds was July 1, 2029. The refunding resulted in a cash flow savings of \$1,655,054 and an economic gain (the difference between the present values of the old and new debt service payments) of \$1,462,639.

Building Refunding Revenue Bonds - Series 2004

The 2004 Series bonds were currently refunded on July 1, 2014 through the issuance of the 2014 Series bonds, as discussed above.

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements *(Continued)*

Refunding Revenue Bonds - Series 2010

The 2010 Series bonds consist of serial bonds due in annual principal payments ranging from \$495,000 to \$1,255,000 and mature between July 1, 2016 and July 1, 2023. The 2010 Series bonds bear interest at rates ranging from 2.55% to 3.70% payable semi-annually.

The 2010 Series bonds maturing in the years 2021 and thereafter are subject to optional redemption and payment prior to maturity on any date on or after July 1, 2020.

Capital Lease

On June 28, 2013, the University entered into a capital lease agreement to fund equipment purchases relating to a campus-wide energy efficiency project. The lease has an original amount of \$10,000,000 with a net interest cost of 2.236%. The lease term is 15 years, with annual principal payments of \$793,418 due each year on June 28. Prior to the end of the term, the University may terminate the lease at any time by making a payment equal to 103% of the then-outstanding principal balance.

Under the provisions of the lease, \$10,000,000 was placed into an escrow account held by the lessor. Cash in the escrow fund may be used only for expenditures relating to the energy efficiency project. Restricted cash of \$287,024 and \$1,183,269, respectively, is included in restricted cash and cash equivalents on the statement of net position on June 30, 2015 and 2014. Equipment capitalized under this lease agreement totaled \$10,019,295 and \$9,825,854, respectively, at June 30, 2015 and 2014. The related accumulated depreciation totaled \$518,351 and \$122,550, respectively, at June 30, 2015 and 2014.

Loans

State Educational Institution Long-Term Infrastructure Maintenance Program

In fiscal year 2010, the University received \$3.4 million under this program. Bond proceeds were allocated to participating institutions through the Kansas Board of Regents (KBOR) in the form of interest-free loans from the state to finance approved infrastructure improvement projects. Principal and interest on the bonds is paid from the state's general fund; participating institutions reimburse the state for the principal payments each year. The University is required to pay \$425,625 per year for eight years under the terms of the loan; the initial annual payment was made in October 2009. The balance of the loan was \$425,625 and \$851,250 on June 30, 2015 and 2014, respectively.

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

Digital Television Equipment

During fiscal year 2009, the University received a loan from the state of Kansas for \$456,348 to purchase digital television equipment and to provide matching funds for grants used for that purpose. This loan is payable over 10 years, with payments due each July 31, beginning in 2009. The note bears a variable interest rate based on the highest rate at which state funds can be invested for one year. The interest rate resets February 1 of each year. The interest rate at June 30, 2015 and 2014 was 0.25% and 0.21%, respectively, and will reset on February 1, 2016. The balance of the loan was \$182,539 and \$228,174 on June 30, 2015 and 2014, respectively.

Other Equipment

During fiscal year 2012, Washburn Tech financed the purchase of equipment through a bank loan in the amount of \$64,149. The loan matures on February 17, 2017 and carries a fixed annual interest rate of 3.55%. Annual principal and interest payments are due on February 1, beginning in 2012. The loan is collateralized with a security interest in the purchased equipment. The balance of the loan was \$24,308 and \$35,841 on June 30, 2015 and 2014, respectively.

The annual requirements to repay all bonds, capital leases and loans outstanding at June 30, 2015, including interest payments, are as follows:

For The Year Ending June 30,	Principal	Interest	Total
2016	\$ 3,026,645	\$ 1,746,357	\$ 4,773,002
2017	3,104,850	1,670,863	4,775,713
2018	3,236,193	1,595,623	4,831,816
2019	3,410,211	1,511,978	4,922,189
2020	2,978,912	1,409,974	4,388,886
2021-2025	13,636,188	5,631,409	19,267,597
2026-2030	10,351,628	3,739,724	14,091,352
2031-2035	6,915,000	2,338,423	9,253,423
2036-2040	5,955,000	1,001,000	6,956,000
2041	1,340,000	53,600	1,393,600
	<u>\$ 53,954,627</u>	<u>\$ 20,698,951</u>	<u>\$ 74,653,578</u>

8. Pension Plan

The University provides retirement benefits for substantially all employees through individual annuities with TIAA-CREF (the Plan). Retirement benefits equal the amount accumulated to each employee's credit at the date of retirement. The costs of the Plan are shared by the University and the employee. The University contributes 10% of an employee's salary once the employee has one year of service at the University or any other institution that previously offered a TIAA-CREF plan. The employee's contribution into the Plan is at the discretion of the employee. Certain employees are required to contribute a fixed percentage to the Plan; the percentage is dependent on the employee's annual salary. The Plan cost to the University for the years ended June 30, 2015 and 2014 was approximately \$4,364,000 and \$4,265,000 (net of participant forfeitures of \$30,000 and \$178,000), respectively.

9. Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses, natural disasters and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

Self-Insurance Fund

The University has established a self-insurance fund for health insurance. The health insurance program began in October 2002 for all University employees. The health insurance fund is funded with contributions made during each payroll period from the University, its employees and retirees. The rates are based on past historical costs for individual and family coverage and expected future claims. The plan is administered by a third party, which accumulates claims. During 2015 and 2014, the maximum amount the University was responsible for was a \$100,000 stop loss limit per individual. Any expenses incurred above the maximum were reimbursed by the insurance company. The claims liability reported at June 30, 2015 and 2014 is based on the requirements of GASB Statement No 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements *(Continued)*

The changes in health care claims payable for the years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Claims payable - beginning of year	\$ 511,523	\$ 180,714
Incurred claims	6,724,837	6,472,825
Claim payments	<u>(6,544,041)</u>	<u>(6,142,016)</u>
Claims payable - end of year	<u>\$ 692,319</u>	<u>\$ 511,523</u>

Claims payable is included in accounts payable and accrued liabilities on the statements of net position.

10. Litigation

The University is a party to litigation matters and claims which are normal in the course of its operations. While the results of litigation and claims cannot be predicted with certainty, based on advice of counsel and considering insurance coverage, management believes the final outcome of such matters will not have a material adverse effect on the University's financial position.

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

11. Condensed Combining Statements

Condensed combining statements for the University and its blended component unit, Washburn Tech, are presented on the following pages for the years ended June 30, 2015 and 2014.

Condensed Combining Statements Of Net Position June 30, 2015

	University	Washburn Tech	Eliminations	Combined
Assets				
Current assets	\$ 34,406,825	\$ 3,725,310	\$ —	\$ 38,132,135
Noncurrent assets	201,129,397	8,391,262	—	209,520,659
Total Assets	235,536,222	12,116,572	—	247,652,794
Deferred Outflows Of Resources	602,938	—	—	602,938
Liabilities				
Current liabilities	14,447,592	559,267	—	15,006,859
Noncurrent liabilities	52,131,843	309,246	—	52,441,089
Total Liabilities	66,579,435	868,513	—	67,447,948
Net Position				
Net investment in capital assets	73,131,518	8,552,918	—	81,684,436
Restricted - nonexpendable	31,109,667	—	—	31,109,667
Restricted - expendable	42,798,655	740,054	—	43,538,709
Unrestricted	22,519,885	1,955,087	—	24,474,972
Total Net Position	\$ 169,559,725	\$ 11,248,059	\$ —	\$ 180,807,784

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

Condensed Combining Statements Of Net Position June 30, 2014

	University	Washburn Tech	Eliminations	Combined
Assets				
Current assets	\$ 42,752,424	\$ 3,322,027	\$ —	\$ 46,074,451
Noncurrent assets	161,497,595	7,996,203	—	169,493,798
Total Assets	204,250,019	11,318,230	—	215,568,249
Deferred Outflows Of Resources	658,440	—	—	658,440
Liabilities				
Current liabilities	13,857,668	468,568	—	14,326,236
Noncurrent liabilities	27,190,466	286,295	—	27,476,761
Total Liabilities	41,048,134	754,863	—	41,802,997
Net Position				
Net investment in capital assets	64,907,507	7,600,538	—	72,508,045
Restricted - nonexpendable	33,374,041	—	—	33,374,041
Restricted - expendable	40,849,512	272,068	—	41,121,580
Unrestricted	24,729,265	2,690,761	—	27,420,026
Total Net Position	\$ 163,860,325	\$ 10,563,367	\$ —	\$ 174,423,692

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

Condensed Combining Statements Of Revenues, Expenses And Changes In Net Position For The Year Ended June 30, 2015

	University	Washburn Tech	Eliminations	Combined
Operating Revenues				
Tuition and fees	\$ 29,933,304	\$ 1,348,538	\$ (125)	\$ 31,281,717
Auxiliary enterprises	6,325,214	—	(568)	6,324,646
Other operating revenues	2,059,769	166,368	(14,723)	2,211,414
Total Operating Revenues	38,318,287	1,514,906	(15,416)	39,817,777
Operating Expenses				
Education and general	72,435,908	10,067,241	(735,568)	81,767,581
Depreciation	7,163,529	1,214,297	—	8,377,826
Financial aid	1,641,406	485,967	—	2,127,373
Auxiliary enterprises	4,707,788	—	—	4,707,788
Self-insurance claims, net of premiums	5,899,846	—	723,070	6,622,916
Total Operating Expenses	91,848,477	11,767,505	(12,498)	103,603,484
Operating Loss	(53,530,190)	(10,252,599)	(2,918)	(63,785,707)
Nonoperating Revenues (Expenses)				
State and local appropriations	35,486,693	6,382,381	—	41,869,074
Grants and contracts	14,443,755	3,856,515	—	18,300,270
Gifts	7,131,172	307,717	—	7,438,889
Investment income	3,331,296	20,573	—	3,351,869
Interest on indebtedness	(291,385)	(2,723)	—	(294,108)
Other nonoperating expenses	(1,124,624)	44,715	2,918	(1,076,991)
Total Nonoperating Revenues	58,976,907	10,609,178	2,918	69,589,003
Other Revenues				
Capital grants and gifts	103,286	328,113	—	431,399
Additions to permanent endowments	149,397	—	—	149,397
Total Other Revenues	252,683	328,113	—	580,796
Change In Net Position	5,699,400	684,692	—	6,384,092
Net Position - Beginning Of Year	163,860,325	10,563,367	—	174,423,692
Net Position - End Of Year	\$ 169,559,725	\$ 11,248,059	\$ —	\$ 180,807,784

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

Condensed Combining Statements Of Revenues, Expenses And Changes In Net Position For The Year Ended June 30, 2014

	University	Washburn Tech	Eliminations	Combined
Operating Revenues				
Tuition and fees	\$ 27,845,002	\$ 2,736,485	\$ —	\$ 30,581,487
Auxiliary enterprises	6,428,097	—	—	6,428,097
Other operating revenues	1,921,321	174,147	—	2,095,468
Total Operating Revenues	36,194,420	2,910,632	—	39,105,052
Operating Expenses				
Education and general	73,678,181	9,996,960	(638,673)	83,036,468
Depreciation	6,741,802	1,070,082	—	7,811,884
Financial aid	364,563	1,791,415	—	2,155,978
Auxiliary enterprises	4,832,155	—	—	4,832,155
Self-insurance claims, net of premiums	5,428,522	—	638,673	6,067,195
Total Operating Expenses	91,045,223	12,858,457	—	103,903,680
Operating Loss	(54,850,803)	(9,947,825)	—	(64,798,628)
Nonoperating Revenues (Expenses)				
State and local appropriations	35,442,132	5,585,596	—	41,027,728
Grants and contracts	15,047,646	3,487,367	—	18,535,013
Gifts	8,544,805	179,286	—	8,724,091
Investment income	8,203,810	19,524	—	8,223,334
Interest on indebtedness	(905,839)	(3,388)	—	(909,227)
Other nonoperating expenses	(1,735,428)	560,493	—	(1,174,935)
Total Nonoperating Revenues	64,597,126	9,828,878	—	74,426,004
Other Revenues				
Capital grants and gifts	139,066	168,224	—	307,290
Additions to permanent endowments	548,141	—	—	548,141
Total Other Revenues	687,207	168,224	—	855,431
Change In Net Position	10,433,530	49,277	—	10,482,807
Net Position - Beginning Of Year	153,426,795	10,514,090	—	163,940,885
Net Position - End Of Year	\$ 163,860,325	\$ 10,563,367	\$ —	\$ 174,423,692

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

Condensed Combining Statements Of Cash Flows For The Year Ended June 30, 2015

	University	Washburn Tech	Eliminations	Combined
Net Cash Provided (Used) By:				
Operating Activities	\$ (47,170,336)	\$ (8,947,485)	\$ —	\$ (56,117,821)
Investing Activities	4,471,900	(18,548)	—	4,453,352
Noncapital Financing Activities	55,095,359	10,307,441	—	65,402,800
Capital and Related Financing Activities	6,881,646	(1,084,776)	—	5,796,870
Increase (Decrease) In Cash And Cash Equivalents	19,278,569	256,632	—	19,535,201
Cash And Cash Equivalents - Beginning Of Year	35,223,090	2,991,053	—	38,214,143
Cash And Cash Equivalents - End Of Year	\$ 54,501,659	\$ 3,247,685	\$ —	\$ 57,749,344

Condensed Combining Statements Of Cash Flows For The Year Ended June 30, 2014

	University	Washburn Tech	Eliminations	Combined
Net Cash Provided (Used) By:				
Operating Activities	\$ (50,070,554)	\$ (8,338,419)	\$ —	\$ (58,408,973)
Investing Activities	4,965,922	(73,161)	—	4,892,761
Noncapital Financing Activities	50,005,078	9,712,782	—	59,717,860
Capital and Related Financing Activities	(13,709,390)	(1,240,658)	—	(14,950,048)
Increase (Decrease) In Cash And Cash Equivalents	(8,808,944)	60,544	—	(8,748,400)
Cash And Cash Equivalents - Beginning Of Year	44,032,034	2,930,509	—	46,962,543
Cash And Cash Equivalents - End Of Year	\$ 35,223,090	\$ 2,991,053	\$ —	\$ 38,214,143

12. Washburn University Foundation - Accounting Policies And Disclosures

Basis Of Presentation

The Foundation uses the accrual method of accounting. The Foundation's financial statements present information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Fair Value Measurement

Assets recorded at fair value on the statement of financial position are categorized based upon the level of observability associated with the inputs used to measure their fair value. Fair value is defined as the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The availability of observable inputs is affected by a variety of factors, including the type of asset and the transparency of market transactions. To the extent that fair value is based on inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

The three-level hierarchy for fair value measurements is defined as follows:

- Level 1 - Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs are other than quoted prices in active markets that are observable for the asset, either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs are unobservable and significant to the asset, and include situations where there is little, if any, market activity.

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements *(Continued)*

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants used to make valuation decisions, including assumptions about risk. Inputs may include market price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. The classification of a financial asset within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by management. Management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by multiple, independent sources that are actively involved in the relevant market. The categorization of a fund within the hierarchy is based upon the pricing transparency of that fund and does not necessarily correspond to management’s perceived risk of that fund.

Investments

Investments are presented in the financial statements at fair market value except for private placements, which are presented at cost. The Foundation has a policy for pooling assets for investment purposes, unless donor restrictions prohibit such pooling. Income received from pooled assets of the Foundation’s endowment fund is allocated to various funds calculated on the market value of the entire pool. A portion of the investment return is allocated to the funds in accordance with the Foundation’s spending policy.

Investment securities are exposed to various risks such as interest rate, market fluctuation and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect investments and the amounts reported in the statement of financial position.

Pledges Receivable

Pledges receivable include the following unconditional promises to give at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Unrestricted	\$ 37,059	\$ 46,543
Temporarily restricted	12,320,988	11,086,756
Permanently restricted	2,091,762	1,843,955
Agency	107,333	105,602
	<hr/>	<hr/>
Pledges receivable - end of year	\$ 14,557,142	\$ 13,082,856

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements *(Continued)*

The Foundation estimates the above pledges receivable will be collected as follows:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 2,074,885	\$ 2,333,519
Receivable in one to five years	5,210,510	3,997,245
Thereafter	7,271,747	6,752,092
	<u>14,557,142</u>	<u>13,082,856</u>
Less: allowance for uncollectible pledges	194,802	183,173
Less: unamortized discount	3,652,047	3,794,813
	<u> </u>	<u> </u>
Pledges receivable - end of year	<u>\$ 10,710,293</u>	<u>\$ 9,104,870</u>

The Foundation considers pledges receivable to be classified as Level 3 within the fair value hierarchy. The following table provides a summary of changes in the fair value of the Foundation's pledges receivable:

	<u>2015</u>	<u>2014</u>
Pledges receivable, beginning	\$ 9,104,870	\$ 5,768,330
New pledges	6,037,691	6,411,968
Pledge payments	(4,409,642)	(2,859,715)
Pledges written off	(65,817)	(63,842)
Reclassifications and change in value	43,191	(151,871)
	<u> </u>	<u> </u>
Pledges receivable, ending	<u>\$ 10,710,293</u>	<u>\$ 9,104,870</u>

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements *(Continued)*

Investments

Investments are reflected in the financial statements at fair value or cost in accordance with applicable accounting standards. As of June 30, 2015, total investments were \$159,469,983, of which \$137,714,919 were carried at fair value and \$21,755,064 were carried at cost. As of June 30, 2014, total investments were \$163,833,273, of which \$143,417,911 were carried at fair value and \$20,415,362 were carried at cost.

	<u>2015</u>	<u>2014</u>
Investments carried at fair value:		
Large cap equities	\$ 13,853,675	\$ 21,183,818
Foreign equities	27,296,511	30,012,448
U.S. government securities	4,853,530	4,858,316
Small cap equities	3,429,212	5,783,273
Mid cap equities	17,575,164	14,053,162
Hedge funds	10,075,798	9,646,484
Bond funds	19,644,997	18,058,194
Market neutral equities	16,319,137	13,072,856
Natural resources	9,486,515	12,693,706
Realty funds	13,162,344	11,714,926
Short-term money market funds	454,596	881,513
Life insurance policies	1,164,018	1,061,195
Other	399,422	398,020
	<hr/>	<hr/>
Total	\$ 137,714,919	\$ 143,417,911

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

The following is a summary of investments carried at fair value by fair value hierarchy level. Level 3 inputs include hedge funds and other investments.

	2015			
	Level 1	Level 2	Level 3	Total
Investments	\$ 122,386,169	\$ 4,853,530	\$ 10,475,220	\$ 137,714,919

	2014			
	Level 1	Level 2	Level 3	Total
Investments	\$ 128,515,091	\$ 4,858,316	\$ 10,044,504	\$ 143,417,911

The following table provides a summary of changes in the fair value of the Foundation's Level 3 investments:

	2015	2014
Beginning fair value	\$ 10,044,504	\$ 4,203,156
Net realized (loss) gain	(7,479)	653,651
Additions and sales, net	(137,800)	4,695,517
Net change in unrealized appreciation (depreciation)	575,995	492,180
Ending fair value	\$ 10,475,220	\$ 10,044,504

Gains and losses (realized and unrealized) are included in investment income in the statement of activities.

	2015	2014
Investments carried at cost:		
Private equity investments	\$ 20,938,433	\$ 19,201,121
Private real estate investments	816,631	1,214,241
Total	\$ 21,755,064	\$ 20,415,362

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

The Foundation's private placement investments are susceptible to changes in the U.S. and foreign economies and their estimated fair values have been adversely affected by the economic downturn. Management has evaluated the near-term prospects of the investees and the Foundation's ability and intent to hold the investments for a reasonable period of time sufficient for a forecasted recovery of fair value. As a result of this evaluation, the Foundation determined that the value of two of the private real estate investments was permanently impaired and, accordingly, wrote down these investments in the amount of \$1,518,375 during 2013. Subsequent to the write-down, the Foundation has received distributions in excess of the book value; thus, the balance of these investments is zero at June 30, 2015 and the Foundation recognized approximately \$330,000 in investment income during 2015 related to these investments. The Foundation does not consider the remaining investments to be permanently impaired at June 30, 2015.

The following shows the gross unrealized losses and fair value of the Foundation's private placement investments with unrealized losses that are not deemed to be permanently impaired, aggregated by investment category and length of time that individual investments have been in a continuous unrealized loss position at June 30, 2015:

	1 - 7 Years	
	Fair Value	Unrealized Losses
Private equity - Buyout	\$ 3,287,882	\$ (966,987)
Private equity - Venture capital	2,393,354	(31,276)
Private equity - Secondary	1,209,207	(87,129)
Private debt	1,682,685	(1,813)
Private natural resources	3,316,397	(778,253)

The Foundation has committed a total of \$41,500,000 to the private placement investment funds above. Unfunded commitments were approximately \$5,700,000 at June 30, 2015.

Amounts included in net investment income for the years ended June 30, 2015 and 2014 were:

	2015	2014
Dividends and interest	\$ 6,509,624	\$ 5,538,042
Net realized gain	4,032,775	4,075,898
Change in net unrealized gains	(10,075,719)	5,273,831
Investment expense	(232,097)	(251,188)
	<u>\$ 234,583</u>	<u>\$ 14,636,583</u>

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

Beneficial Interests In Trusts

The following is a summary of beneficial interests in trusts. The Foundation considers all of these trusts to be classified as Level 3 within the fair value hierarchy.

	<u>2015</u>	<u>2014</u>
Perpetual trusts	\$ 5,127,668	\$ 5,391,827
Charitable remainder trusts	895,802	971,077
Charitable lead trust	2,720,964	2,964,881
	<u>\$ 8,744,434</u>	<u>\$ 9,327,785</u>

The following table provides a summary of changes in the fair value of the Foundation's beneficial interest in trusts:

	<u>2015</u>	<u>2014</u>
Beginning fair value	\$ 9,327,785	\$ 9,364,695
Distributions to Foundation	(597,196)	(624,922)
Change in value in beneficial interest	13,845	588,012
Ending fair value	<u>\$ 8,744,434</u>	<u>\$ 9,327,785</u>

Net Assets And Agency Funds

Net assets and agency funds by purpose at June 30 are as follows:

	<u>2015</u>					
	<u>Permanently</u>	<u>Temporarily</u>	<u>Unrestricted</u>	<u>Foundation</u>		<u>Total</u>
<u>Restricted</u>	<u>Restricted</u>	<u>Total</u>		<u>Agency</u>		
	<u>Assets</u>	<u>Funds</u>	<u>Assets</u>	<u>Funds</u>	<u>Assets</u>	<u>Funds</u>
Scholarship	\$ 42,091,780	\$ 19,801,715	\$ —	\$ 61,893,495	\$ 27,471,840	\$ 89,365,335
Student support	712,692	434,407	—	1,147,099	80,440	1,227,539
Program support	9,257,194	11,810,162	—	21,067,356	3,374,595	24,441,951
Faculty support	3,691,439	2,006,368	—	5,697,807	236,696	5,934,503
Professorship/Chairs	7,984,900	3,179,254	—	11,164,154	4,629,379	15,793,533
Capital	1,506,445	12,245,337	—	13,751,782	114,433	13,866,215
Area of greatest need	5,036,608	8,924,066	9,901,670	23,862,344	5,858,954	29,721,298
	<u>\$ 70,281,058</u>	<u>\$ 58,401,309</u>	<u>\$ 9,901,670</u>	<u>\$ 138,584,037</u>	<u>\$ 41,766,337</u>	<u>\$ 180,350,374</u>

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

	2014					
	Permanently	Temporarily		Foundation	Agency	
	Restricted	Restricted	Unrestricted	Total	Funds	Total
				Net Assets		
Scholarship	\$ 39,171,680	\$ 22,381,803	\$ —	\$ 61,553,483	\$ 29,262,420	\$ 90,815,903
Student support	687,125	424,844	—	1,111,969	82,050	1,194,019
Program support	9,327,483	11,477,475	—	20,804,958	3,571,729	24,376,687
Faculty support	3,389,562	2,038,522	—	5,428,084	250,358	5,678,442
Professorship/Chairs	7,618,276	3,553,035	—	11,171,311	5,067,207	16,238,518
Capital	1,498,774	8,616,437	—	10,115,211	114,248	10,229,459
Area of greatest need	5,033,765	9,311,901	13,307,256	27,652,922	6,733,952	34,386,874
	\$ 66,726,665	\$ 57,804,017	\$ 13,307,256	\$ 137,837,938	\$ 45,081,964	\$ 182,919,902

Endowment Funds

The Foundation's endowment consists of approximately 650 funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds that the Foundation must hold in perpetuity. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Kansas has enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which provides guidance and authority for the management of endowment funds.

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Foundation and the donor-restricted endowment fund;
- (3) General economic conditions;

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Foundation; and,
- (7) The investment policies of the Foundation.

Endowment net asset composition by type of fund:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ (4,239,012)	\$ 23,207,629	\$ 60,745,672	\$ 79,714,289

Changes in endowment net assets for the year ended June 30, 2015:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ (2,312,890)	\$ 26,104,657	\$ 56,810,057	\$ 80,601,824
Investment return:				
Investment income	51,229	4,441,830	164,272	4,657,331
Net depreciation	(2,015,106)	(2,369,699)	—	(4,384,805)
Total investment return	(1,963,877)	2,072,131	164,272	272,526
Contributions	—	—	3,771,343	3,771,343
Appropriation of endowment assets for expenditure	(412,199)	(4,519,205)	—	(4,931,404)
Other changes:				
Release from time restriction	449,954	(449,954)	—	—
Endowment net assets, end of year	\$ (4,239,012)	\$ 23,207,629	\$ 60,745,672	\$ 79,714,289

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements (Continued)

Endowment net asset composition by type of fund:

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ (2,312,890)	\$ 26,104,657	\$ 56,810,057	\$ 80,601,824

Changes in endowment net assets for the year ended June 30, 2014:

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ (4,629,118)	\$ 22,427,801	\$ 54,184,195	\$ 71,982,878
Investment return:				
Investment income	45,708	3,391,500	174,078	3,611,286
Net appreciation	1,952,193	5,000,260	—	6,952,453
Total investment return	1,997,901	8,391,760	174,078	10,563,739
Contributions	—	—	2,451,784	2,451,784
Appropriation of endowment assets for expenditure	(117,178)	(4,279,399)	—	(4,396,577)
Other changes:				
Release from time restriction	435,505	(435,505)	—	—
Endowment net assets, end of year	\$ (2,312,890)	\$ 26,104,657	\$ 56,810,057	\$ 80,601,824

A reconciliation of endowment net assets to permanently restricted net assets is as follows:

	2015	2014
Permanently restricted endowment net assets	\$ 60,745,672	\$ 56,810,057
Permanently restricted pledges receivable	1,654,709	1,527,854
Permanently restricted beneficial interests in trusts	7,880,677	8,388,754
	\$ 70,281,058	\$ 66,726,665

WASHBURN UNIVERSITY OF TOPEKA

Notes to Financial Statements *(Continued)*

Related Party

The Foundation and the University have a management agreement designating the Foundation as the fundraising organization that solicits, receives, manages and disburses charitable contributions on behalf of the University. Distribution of amounts held in the funds of the Foundation is subject to the approval of the Foundation and the availability of monies and are in accordance with the terms of the donor-gifting agreement. Accordingly, the accompanying financial statements generally reflect expenditures for which appropriate documentation has been submitted to and approved by the Foundation as of the financial reporting date.

The Foundation holds and manages certain assets of the University and Law School Foundation under the terms of separate management agreements. Combined agency transactions were as follows:

	<u>2015</u>	<u>2014</u>
Fair market value of agency accounts - beginning of year	\$ 45,081,964	\$ 41,922,365
Contributions	401,391	630,869
Non-gift income and transfers	26,043	64,306
Net investment income	246,928	6,287,911
Distributions	(2,765,759)	(2,634,009)
Expense allocation for administration	(1,224,230)	(1,189,478)
Fair market value of agency accounts - end of year	<u>\$ 41,766,337</u>	<u>\$ 45,081,964</u>

13. Washburn Law School Foundation - Accounting Policies And Disclosures

Basis Of Presentation

The Law Foundation uses the accrual method of accounting. The Law Foundation's financial statements present information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Investments Held At Washburn University Foundation

The Law Foundation has an agreement with Washburn University Foundation (the Foundation) whereby the Foundation provides administration and investment services to the Law Foundation. Investments held at the Foundation consist of investments and earnings held at the Foundation for the benefit of the Law Foundation. These amounts are pooled with other funds held by the Foundation for investment purposes.

Amounts included in return on investments for the years ended June 30, 2015 and 2014 were:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 497,478	\$ 425,338
Net realized gain	299,579	339,274
Net unrealized (loss) gain	(772,548)	459,540
	<u>\$ 24,509</u>	<u>\$ 1,224,152</u>

Net Assets

The Law Foundation's temporarily restricted net assets are restricted to expenditures related to scholarships and support of the Law School. Accordingly, net assets were released from restrictions during the year by incurring expenses satisfying scholarship and Law School support.

Permanently restricted net assets consist of endowment funds.

WASHBURN UNIVERSITY OF TOPEKA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2015
Page 1 Of 3**

Cluster/Program	Federal Agency/ Pass-Through Entity	Grant Number	CFDA Number	Amount
Student Financial Aid Cluster				
Washburn University				
Federal Direct Student Loans	U.S. Department of Education		84.268	\$ 34,074,526
Federal Supplemental Educational Opportunity Grant Program	U.S. Department of Education		84.007	247,685
Federal Work-Study Program	U.S. Department of Education		84.033	292,465
Federal Perkins Loan Program	U.S. Department of Education		84.038	103,759
Federal Pell Grant Program	U.S. Department of Education		84.063	8,580,914
Teacher Education Assistance for College and Higher Education (TEACH) Grants	U.S. Department of Education		84.379	24,101
Washburn Institute Of Technology				
Federal Direct Student Loans	U.S. Department of Education		84.268	2,336,027
Federal Work-Study Program	U.S. Department of Education		84.033	11,598
Federal Pell Grant Program	U.S. Department of Education		84.063	1,735,468
Total Student Financial Aid Cluster				<u>47,406,543</u>

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)* For The Year Ended June 30, 2015 Page 2 Of 3

Cluster/Program	Federal Agency/ Pass-Through Entity	Grant Number	CFDA Number	Amount
Research And Development Cluster				
Kansas Biomedical Research Infrastructure Network Project	U.S. Department of Health and Human Services / University of Kansas Medical Center	2 P20 GM103418-14	93.389	\$ 168,087
Terrestrial Impact of Nearby Supernovae	NASA	NNX14AK22G	43.001	123,462
Total Research And Development Cluster				291,549
Other				
Washburn University				
Perkins IV Program Improvement	U.S. Department of Education/ Kansas Board of Regents	V048A140016	84.048	51,873
Trans-Atlantic Double Degree in Nursing	U.S. Department of Education	P116J090062	84.116J	847
TRAC-7 DOLETA Grant	U.S. Department of Labor	TC225131160A20	17.282	1,718,042
KanTRAIN DOLETA Grant	U.S. Department of Labor	TC26477-14-60-A-20	17.282	751,629
Serving Young Adult Ex-Offenders	U.S. Department of Labor/ Fort Scott Community College	PE-23310-12-60-A-20	17.270	68,176
LinCing the Community	Center for Community Services/ Kansas Volunteer Commission	10VGHKS001	94.021	
Small Business Development Center	Small Business Administration/ Fort Hays State University	SBAHQ-15-B-0001/0001	59.037	77,000

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*

For The Year Ended June 30, 2015

Page 3 Of 3

Cluster/Program	Federal Agency/ Pass-Through Entity	Grant Number	CFDA Number	Amount
Mulvane Art Museum: Outreach Support	Institute of Museum & Library Services	MA-04-11-0382-11	45.301	\$ 44,566
AmeriCorps *VISTA Project Support	Corporation for National Service	08VSWKS003	94.013	40,237
AmeriCorps *VISTA Cost Share	Corporation for National Service	08VSWKS003	94.013	72,876
Advanced Education Nursing Traineeship (AENT)	U.S. Department of Health and Human Services - HRSA Department	2A10HP25112-03-00	93.358	310,202
Law School: Georgia Project	USAID passed-through the East-West Management Institute	AID-114-A-10-00008	98.011	41,066
Washburn Institute Of Technology Second Chance Grant	U.S. Department of Justice/ Kansas Department of Commerce	2014-RV-BX-0002	16.812	283,862
KanTRAIN DOLETA Grant	U.S. Department of Labor	TC26477-14-60-A-20	17.282	204,911
TRAC-7 DOLETA Grant	U.S. Department of Labor	TC225131160A20	17.282	859,607
Perkins IV Program Improvement and Perkins Reserve Fund	U.S. Department of Education/ Kansas Board of Regents	V048A140016	84.048	166,029
Perkins Leadership Fund	U.S. Department of Education/ Kansas Board of Regents	V048A140016	84.048	43,790
Total Other				<u>4,734,713</u>
Total				<u><u>\$ 52,432,805</u></u>

WASHBURN UNIVERSITY OF TOPEKA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended June 30, 2015

1. This schedule includes the federal awards activity of Washburn University of Topeka and of Washburn Institute of Technology and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.
2. The federal student loan programs listed in the schedule of expenditures of federal awards are administered directly by Washburn University of Topeka or Washburn Institute of Technology, and balances and transactions relating to these programs are included in the Washburn University of Topeka's basic financial statements (which include Washburn Institute of Technology as a blended component unit). Loans made during the year are included in the federal expenditures presented in the schedule. The balance of loans outstanding related to the Perkins Loan Program was \$801,585 for the year ended June 30, 2015.

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Program and, accordingly, it is not practical to determine the balance of loans outstanding to students and former students of the University under this program at June 30, 2015.

3. Of the federal expenditures presented in this schedule, Washburn University of Topeka and Washburn Institute of Technology provided federal awards to subrecipients as follows:

<u>Program</u>	<u>Subrecipient</u>	<u>CFDA</u>	
		<u>Number</u>	<u>Amount</u>
Terrestrial Impact of Nearby Supernovae	University of Kansas	43.001	\$ 62,132
Terrestrial Impact of Nearby Supernovae	MidAmerica Nazarene University	43.001	30,935
KanTRAIN DOLETA Grant	Flint Hills Technical College	17.282	249,661
KanTRAIN DOLETA Grant	Garden City Community College	17.282	422,884
KanTRAIN DOLETA Grant	Wichita Area Technical College	17.282	4,103



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**Independent Auditors' Report On Internal
Control Over Financial Reporting
And On Compliance And Other Matters
Based On An Audit Of The Financial
Statements Performed In Accordance
With *Government Auditing Standards***

Board of Regents
Washburn University of Topeka
Topeka, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Washburn University of Topeka and its discretely presented component units as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Washburn University of Topeka's basic financial statements, and have issued our report thereon dated December 14, 2015.

Our report includes a reference to other auditors who audited the financial statements of Washburn University Foundation and Washburn Law School Foundation, discretely presented component units of Washburn University of Topeka, as described in our report on the University's financial statements. The financial statements of Washburn University Foundation and Washburn Law School Foundation were not audited in accordance with *Governmental Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Washburn University Foundation or Washburn Law School Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washburn University of Topeka's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Washburn University of Topeka's internal control. Accordingly, we do not express an opinion on the effectiveness of Washburn University of Topeka's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Washburn University of Topeka's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose Of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Washburn University of Topeka internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

December 14, 2015



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**Independent Auditors' Report On
Compliance For Each Major Federal
Program And A Report On Internal
Control Over Compliance Required By
OMB Circular A-133**

Board of Regents
Washburn University of Topeka
Topeka, Kansas

Report On Compliance For Each Major Federal Program

We have audited Washburn University of Topeka's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Washburn University of Topeka's major federal programs for the year ended June 30, 2015. Washburn University of Topeka's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Washburn University of Topeka's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Washburn University of Topeka's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Washburn University of Topeka's compliance.

Opinion On Each Major Federal Programs

In our opinion, Washburn University of Topeka complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001. Our opinion on each major federal program is not modified with respect to these matters.

Washburn University of Topeka's response to the noncompliance finding identified in our audit is described in accompanying Schedule of Findings and Questioned Costs. Washburn University of Topeka's response is not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report On Internal Control Over Compliance

Management of Washburn University of Topeka is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Washburn University of Topeka's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Washburn University of Topeka's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

Washburn University of Topeka's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Washburn University of Topeka's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

RubinBrown LLP

December 14, 2015

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For The Year Ended June 30, 2015

Summary of Auditor's Results

1. The opinion expressed in the independent auditors' report was:
 Unmodified Qualified Adverse Disclaimed

2. The independent auditors' report on internal control over financial reporting described:
 Significant deficiency(ies) noted considered material weakness(es)? Yes No

 Significant deficiency(ies) noted that are not considered to be a material weakness? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

4. The independent auditors' report on internal control over compliance with requirements applicable to major federal awards programs described:
 Significant deficiency(ies) noted considered material weakness(es)? Yes No

 Significant deficiency(ies) noted that are not considered to be a material weakness? Yes No

5. The opinion expressed in the independent auditors' report on compliance with requirements applicable to major federal awards was:
 Unmodified Qualified Adverse Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133? Yes No

7. The University's major programs were:

Cluster/Program	CFDA Number
Student Financial Aid Cluster	
Federal Direct Student Loans	84.268
Federal Supplemental Educational Opportunity Grant Program	84.007
FFEL – Lenders	84.032
Federal Work-Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Teacher Education Assistance for College and Higher Education (TEACH)	84.379
TRAC-7 and KanTRAIN DOLETA Grants	17.282
Second Chance Grant	16.812
Advanced Education Nursing Traineeship	93.358

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.

9. The University qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For The Year Ended June 30, 2015 (*Continued*)

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings And Questioned Costs

Finding 2015-001 – Significant Deficiency

Federal Award No. 84.268, 84.007, 84.033, 84.038, 84.063, 84.379
Student Financial Aid Cluster

Criteria: According to the Federal Student Aid Handbook, Volume 2, Chapter 6, a University must confirm that the student has completed face-to-face or online counseling, or that the student has been mailed exit loan counseling material within 30 days of learning that the student has withdrawn or failed to participate in an exit counseling session.

Condition: The University did not conduct exit interviews or provide loan counseling materials within the 30 day timeframe for five graduating students from a sample of 40 withdrawing or graduating students tested.

Effect: Students may not be informed in a timely manner of their responsibilities for the repayment of loans.

Questioned Costs: None

Cause: Graduating students are identified through reports periodically generated from the financial aid system. There were individual instances where these reports were either not generated on a timely basis, or not generated at all.

Recommendation: We recommend that the University consider changes to its procedures and related internal controls over the monitoring of student enrollment status and loan counseling requirements.

Corrective Action Plan: The University has taken or will take the following steps:

- Population selection rules have been updated in the financial aid system. Population selection rules will be reviewed and updated, as needed, on at least an annual basis.
- System processes relating to exit interviews will be automated to the extent possible.
- Until the automation has been put in place, these processes have been added to the Financial Aid Office calendar and scheduled to be run every 28 days. Responsibility for specific portions of the process have been assigned to multiple staff to ensure any one individual's failure to complete their portion of the process does not result in failure of the total process.
- System output information will be saved on a network folder accessible to all members of the Financial Aid Office staff, as documentation that the processes have been run on a timely basis.

Contact: Washburn Student Financial Aid Office

Completion Date: January 1, 2016

WASHBURN UNIVERSITY OF TOPEKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended June 30, 2015

Finding No.	CFDA No.	Program	Condition	Current Year Status
2014-001	93.358	Advanced Education Nursing Traineeship	The University's staff did not properly document review of determination of students' eligibility to receive financial aid.	RESOLVED
2014-002	93.358	Advanced Education Nursing Traineeship	The University's staff did not formally document review of the required semi-annual performance report.	RESOLVED

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE 1 - REVENUES, EXPENDITURES AND COMPARISON WITH BUDGET

General Fund

For The Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Revised And Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Tuition and fees	\$ 47,991,558	\$ 47,991,558	\$ 45,157,670	\$ (2,833,888)
Income from endowment fund	1,095,187	1,095,187	539,757	(555,430)
Sales tax and other taxes	18,251,719	18,251,719	18,251,719	—
State aid	10,955,683	10,955,683	10,736,302	(219,381)
Other income	3,165,008	3,165,008	4,110,690	945,682
Use of reserves	2,407,016	2,407,016	—	(2,407,016)
Transfer from smoothing fund	—	—	—	—
Auxiliary enterprises	7,019,244	7,019,244	6,682,540	(336,704)
Total Revenues	<u>90,885,415</u>	<u>90,885,415</u>	<u>85,478,678</u>	<u>(5,406,737)</u>
Expenditures				
Instruction	40,425,011	40,425,011	38,122,522	(2,302,489)
Public service, academic support and research	14,662,397	14,662,397	12,926,722	(1,735,675)
Student services	8,890,144	8,890,144	8,112,322	(777,822)
Institutional support	6,491,111	6,491,111	5,746,561	(744,550)
Maintenance of plant	7,908,132	7,908,132	6,633,660	(1,274,472)
Scholarships and fellowships	2,552,337	2,552,337	2,155,877	(396,460)
Other expenses and transfers	2,937,039	2,937,039	8,333,915	5,396,876
Contingency	4,000,000	8,000,000	—	(8,000,000)
Auxiliary enterprises	7,619,244	9,019,244	6,814,231	(2,205,013)
Total Expenditures	<u>95,485,415</u>	<u>100,885,415</u>	<u>88,845,810</u>	<u>\$ 12,039,605</u>
Decrease In Fund Balance	<u>\$ (4,600,000)</u>	<u>\$ (10,000,000)</u>	(3,367,132)	
Fund Balance - Beginning Of Year			<u>19,157,504</u>	
Fund Balance - End Of Year			<u>\$ 15,790,372</u>	

WASHBURN UNIVERSITY OF TOPEKA

**SCHEDULE 2 - REVENUES, EXPENDITURES AND
COMPARISON WITH BUDGET
Debt Retirement And Construction Fund
For The Year Ended June 30, 2015**

	Original And Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem property and other taxes	\$ 3,730,984	\$ 3,533,861	\$ (197,123)
Investment income	350	—	(350)
Issuance of Series 2015A and 2015B bonds	—	1,178,210	1,178,210
Transfer from other funds	500,000	—	(500,000)
Transfer from other funds - debt service	2,956,218	2,942,179	(14,039)
	<u>7,187,552</u>	<u>7,654,250</u>	<u>466,698</u>
Total Revenues	<u>7,187,552</u>	<u>7,654,250</u>	<u>466,698</u>
Expenditures			
Bond principal	1,910,000	1,910,000	—
Lease principal	580,333	580,333	—
Interest and commissions on bonds	778,238	774,241	3,997
Issuance costs for Series 2015A and 2015B bonds	—	310,446	(310,446)
Transfers for construction, repairs or equipping of new or existing buildings	3,334,500	2,963,815	370,685
State deferred maintenance loan repayment	425,625	425,625	—
Other	2,192	2,170	22
Contingency	—	—	—
	<u>7,030,888</u>	<u>6,966,630</u>	<u>\$ 64,258</u>
Total Expenditures	<u>7,030,888</u>	<u>6,966,630</u>	<u>\$ 64,258</u>
Increase (Decrease) In Fund Balance	<u>\$ 156,664</u>	687,620	
Fund Balance - Beginning Of Year		<u>(1,648)</u>	
Fund Balance - End Of Year		<u>\$ 685,972</u>	

WASHBURN UNIVERSITY OF TOPEKA

**SCHEDULE 3 - REVENUES, EXPENDITURES AND
COMPARISON WITH BUDGET
Employee Benefits Contribution Fund
For The Year Ended June 30, 2015**

	Original And Final Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes	\$ —	\$ —	\$ —
Expenditures			
Payment to the general fund	—	—	\$ —
Increase In Fund Balance	<u>\$ —</u>	—	
Fund Balance - Beginning Of Year		—	
Fund Balance - End Of Year		<u>\$ —</u>	

WASHBURN UNIVERSITY OF TOPEKA

**SCHEDULE 4 - REVENUES, EXPENDITURES AND
COMPARISON WITH BUDGET
Tort Claim Liability Fund
For The Year Ended June 30, 2015**

	Original And Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem property and other taxes	\$ 369,479	\$ 350,026	\$ (19,453)
Investment income	5,000	—	(5,000)
Total Revenues	<u>374,479</u>	<u>350,026</u>	<u>(24,453)</u>
Expenditures			
Insurance premium	330,000	236,997	93,003
Litigation expense	250,000	—	250,000
Miscellaneous expense	80,000	61,261	18,739
Contingency	350,000	—	350,000
Total Expenditures	<u>1,010,000</u>	<u>298,258</u>	<u>\$ 711,742</u>
Increase (Decrease) In Fund Balance	<u>\$ (635,521)</u>	51,768	
Fund Balance - Beginning Of Year		<u>1,255,202</u>	
Fund Balance - End Of Year		<u>\$ 1,306,970</u>	

WASHBURN UNIVERSITY OF TOPEKA

**SCHEDULE 5 - REVENUES, EXPENDITURES AND
COMPARISON WITH BUDGET**

**Sales Tax Smoothing Fund
For The Year Ended June 30, 2015**

	Original And Final Budget	Actual	Variance Positive (Negative)
Revenues			
Sales tax and other taxes	\$ 500,000	\$ 1,492,417	\$ 992,417
Expenditures			
Transfer to building construction fund	1,200,000	950,000	250,000
Transfer to general fund	500,000	—	500,000
Transfer to capital improvement fund	500,000	—	500,000
Transfer to debt retirement & construction fund	500,000	—	500,000
Contingency	300,000	—	300,000
Total Expenditures	<u>3,000,000</u>	<u>950,000</u>	<u>\$ 2,050,000</u>
Increase (Decrease) In Fund Balance	<u>\$ (2,500,000)</u>	542,417	
Fund Balance - Beginning Of Year		<u>4,395,557</u>	
Fund Balance - End Of Year		<u>\$ 4,937,974</u>	

WASHBURN UNIVERSITY OF TOPEKA

**SCHEDULE 6 - REVENUES, EXPENDITURES AND
COMPARISON WITH BUDGET**

Capital Improvement Fund

For The Year Ended June 30, 2015

	Original And Final Budget	Actual	Variance Positive (Negative)
Revenues			
Sales tax revenue transfers	\$ 890,000	\$ 890,000	\$ —
Interest income	—	—	—
Transfer from smoothing fund	500,000	—	(500,000)
Transfer from general fund	250,000	—	(250,000)
Total Revenues	<u>1,640,000</u>	<u>890,000</u>	<u>(750,000)</u>
Expenditures			
Capital expenses	250,000	—	250,000
Non-mandatory transfers	890,000	890,000	—
Contingency	500,000	—	500,000
Total Expenditures	<u>1,640,000</u>	<u>890,000</u>	<u>\$ 750,000</u>
Decrease In Fund Balance	<u>\$ —</u>	—	
Fund Balance - Beginning Of Year		<u>116,332</u>	
Fund Balance - End Of Year		<u>\$ 116,332</u>	

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE 7 - REVENUES, EXPENDITURES AND COMPARISON WITH BUDGET

Washburn Institute Of Technology For The Year Ended June 30, 2015

	Original And Final Budget	Actual	Variance Positive (Negative)
Revenues			
Tuition and fees	\$ 2,831,974	\$ 2,648,777	\$ (183,197)
Vocational state aid	5,678,566	6,232,898	554,332
Vocational capital outlay	154,000	149,483	(4,517)
Interest on investments	30,000	18,079	(11,921)
Other sales and services	180,000	273,316	93,316
Use of reserves	750,000	—	(750,000)
Total Revenues	9,624,540	9,322,553	(301,987)
Expenditures			
Instruction	5,231,059	5,189,701	41,358
Academic support	706,607	687,387	19,220
Student services	965,407	928,496	36,911
Institutional support	366,356	337,317	29,039
Maintenance of plant	1,301,774	1,320,090	(18,316)
Other expenses and transfers	1,053,337	1,787,375	(734,038)
Contingency	800,000	—	800,000
Total Expenditures	10,424,540	10,250,366	\$ 174,174
Decrease In Fund Balance	\$ (800,000)	(927,813)	
Fund Balance - Beginning Of Year		3,023,580	
Fund Balance - End Of Year		\$ 2,095,767	

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE 8 - CASH RECEIPTS AND EXPENDITURES -

2010 BOND ISSUE

For The Year Ended June 30, 2015

And Since Project Inception

	For The Year Ended June 30, 2015	Project Inception To June 30, 2015
Revenues And Other Additions		
Bond proceeds	\$ —	\$ 13,500,000
Transfer for debt service	293,670	1,335,115
Original issue premium on bonds	—	16,170
Total Revenues And Other Additions	<u>293,670</u>	<u>14,851,285</u>
Expenditures And Other Deductions		
Bond issuance costs	—	202,380
Bond insurance	—	95,210
Amount paid to refund Series 2001A, 2001B and 2003 bonds	—	13,210,000
Interest expense paid	293,670	1,335,115
Total Expenditures And Other Deductions	<u>293,670</u>	<u>14,842,705</u>
Cash Receipts Over Expenditures	—	<u>\$ 8,580</u>
Cash And Investments - Beginning Of Year	<u>8,580</u>	
Cash And Investments - End Of Year	<u>\$ 8,580</u>	

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE 9 - CASH RECEIPTS AND EXPENDITURES -

2014 BOND ISSUE

For The Year Ended June 30, 2015

And Since Project Inception

	For The Year Ended June 30, 2015	Project Inception To June 30, 2015
Revenues And Other Additions		
Bond proceeds	\$ —	\$ 9,655,000
Transfers for debt service	271,483	271,483
Cash provided to refund Series 2004 Bonds	—	63,625
Transfer from Series 2004 Bonds	—	2,231
Original issue premium on bonds	—	342,800
Total Revenues And Other Additions	<u>271,483</u>	<u>10,335,139</u>
Expenditures And Other Deductions		
Bond issuance costs	—	122,668
Amount paid to refund Series 2004 bonds	—	9,935,000
Interest expense paid	271,483	271,483
Total Expenditures And Other Deductions	<u>271,483</u>	<u>10,329,151</u>
Cash Receipts Over Expenditures	—	<u>\$ 5,988</u>
Cash And Investments - Beginning Of Year	<u>5,988</u>	
Cash And Investments - End Of Year	<u>\$ 5,988</u>	

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE 10 - CASH RECEIPTS AND EXPENDITURES -

2015 SERIES A BOND ISSUE For The Year Ended June 30, 2015 And Since Project Inception

	For The Year Ended June 30, 2015	Project Inception To June 30, 2015
Revenues And Other Additions		
Bond proceeds	\$ 20,105,000	\$ 20,105,000
Original issue premium on bonds	803,210	803,210
Total Revenues And Other Additions	<u>20,908,210</u>	<u>20,908,210</u>
Expenditures And Other Deductions		
Bond issuance costs	239,969	239,969
Transfer to project fund	19,800,000	19,800,000
Interest capitalized to bond principal	865,811	865,811
Interest expense paid	<u>—</u>	<u>—</u>
Total Expenditures And Other Deductions	<u>20,905,780</u>	<u>20,905,780</u>
Cash Receipts Over Expenditures	2,430	<u>\$ 2,430</u>
Cash And Investments - Beginning Of Year	<u>—</u>	
Cash And Investments - End Of Year	<u>\$ 2,430</u>	

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE 11 - CASH RECEIPTS AND EXPENDITURES -

2015 SERIES B BOND ISSUE For The Year Ended June 30, 2015 And Since Project Inception

	For The Year Ended June 30, 2015	Project Inception To June 30, 2015
Revenues And Other Additions		
Bond proceeds	\$ 7,070,000	\$ 7,070,000
Total Revenues And Other Additions	<u>7,070,000</u>	<u>7,070,000</u>
Expenditures And Other Deductions		
Bond issuance costs	68,983	68,983
Transfer to project fund	7,000,000	7,000,000
Interest expense paid	—	—
Total Expenditures And Other Deductions	<u>7,068,983</u>	<u>7,068,983</u>
Cash Receipts Over Expenditures	1,017	<u>\$ 1,017</u>
Cash And Investments - Beginning Of Year	<u>—</u>	
Cash And Investments - End Of Year	<u>\$ 1,017</u>	

WASHBURN UNIVERSITY OF TOPEKA

SCHEDULE 12 - OPERATIONS OF THE LIVING LEARNING CENTER For The Year Ended June 30, 2015

Revenues

Room rental	\$ 1,466,868
Less: vacancy loss	(31,624)
Net income from room rental	<u>1,435,244</u>
Receipts from coin machines, forfeited initial pay, guests, etc.	<u>74,534</u>
Total Revenues	<u><u>1,509,778</u></u>

Expenditures

Salaries, director and resident assistants	74,396
Salaries, custodial	118,458
Benefits	19,180
Scholarships	52,167
Insurance	21,701
Utilities, telephone and cable	270,848
Repairs and operating supplies	14,369
Contracted services	<u>6,009</u>
Total Expenditures	<u><u>577,128</u></u>

Net Operating Income 932,650

Debt Service - Transfer To Debt Retirement And Construction Fund (536,375)

Excess Of Cash Receipts Over Expenditures \$ 396,275