

**Submitted by: Richard J. Nork, Vice President, Finance and Business Operations**

## **Audited Financial Report for Fiscal Year 2014**

In accordance with Board of Governors Statutes, the Administration is submitting the Combined Financial Statements, along with additional information reflecting the individual fund statements of Wayne State University as of September 30, 2014 and for the year then ended, together with the report of Plante Moran, L.L.P.

The statements were presented to the Board's Audit Subcommittee on January 26, 2015, were approved at that meeting, and are transmitted in the attached.

### **Discussion**

The financial statements, as prepared by Finance and Business Operations and audited by Plante Moran, L.L.P., are attached. The auditors have again issued an unmodified opinion that the financial statements present fairly the financial position of the University at September 30, 2014 and its financial operations for the year then ended.

The firm of Alan Young P.C. assisted Plante Moran, L.L.P. with the audit as a subcontractor. Representatives of Plante Moran, L.L.P. are in attendance and will respond to questions as needed.

# Fiscal Year 2014 Financial Statements

Rick Nork

## Independent Auditor's Report

- ❑ **Clearly identifies responsibilities for the Financial Statements**
  - *WSU – “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.....”.*
  - *Auditors – “Our responsibility is to express an opinion on these financial statements based on our audits”.*
  
- ❑ **WSU financial statements have been audited by the external audit firm Plante & Moran, PLLC. We received an Unmodified Opinion.**
  - *Highest level of assurance provided by external audit firms: “In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of Wayne State University and its discretely presented component unit, as of September 30, 2014 and 2013, and the respective changes in its financial position, and, where applicable, cash flows, for the years then ended, in accordance with accounting principles generally accepted in the United States of America”.*

**Consolidated summary of Revenue, Expenses and Change in Net Position - FY 2014**  
**compared with FY 2013:**

(in millions) Fiscal Year	Year ended September 30, 2013			Year ended September 30, 2014			Change Consolidated
	University	Foundation	Consolidated	University	Foundation	Consolidated	
Operating Revenues	\$554.9	\$0.0	\$554.9	\$546.6	\$0.0	\$546.6	(\$8.3)
Nonoperating and Other Revenues	263.6	35.8	299.4	262.4	28.0	290.4	(9.0)
<b>Total Revenues</b>	<b>\$818.5</b>	<b>\$35.8</b>	<b>\$854.3</b>	<b>\$809.0</b>	<b>\$28.0</b>	<b>\$837.0</b>	<b>(\$17.3)</b>
Operating Expenses	\$823.1	\$0.0	\$823.1	\$817.7	\$0.0	\$817.7	(\$5.4)
Nonoperating and Other Expenses	20.5	10.9	31.4	20.5	9.5	30.0	(1.4)
<b>Total Expenses</b>	<b>\$843.6</b>	<b>\$10.9</b>	<b>\$854.5</b>	<b>\$838.2</b>	<b>\$9.5</b>	<b>\$847.7</b>	<b>(\$6.8)</b>
<b>Increase (Decrease) in Net Position</b>	<b>(\$25.1)</b>	<b>\$24.9</b>	<b>(\$0.2)</b>	<b>(\$29.2)</b>	<b>\$18.5</b>	<b>(\$10.7)</b>	<b>(\$10.5)</b>

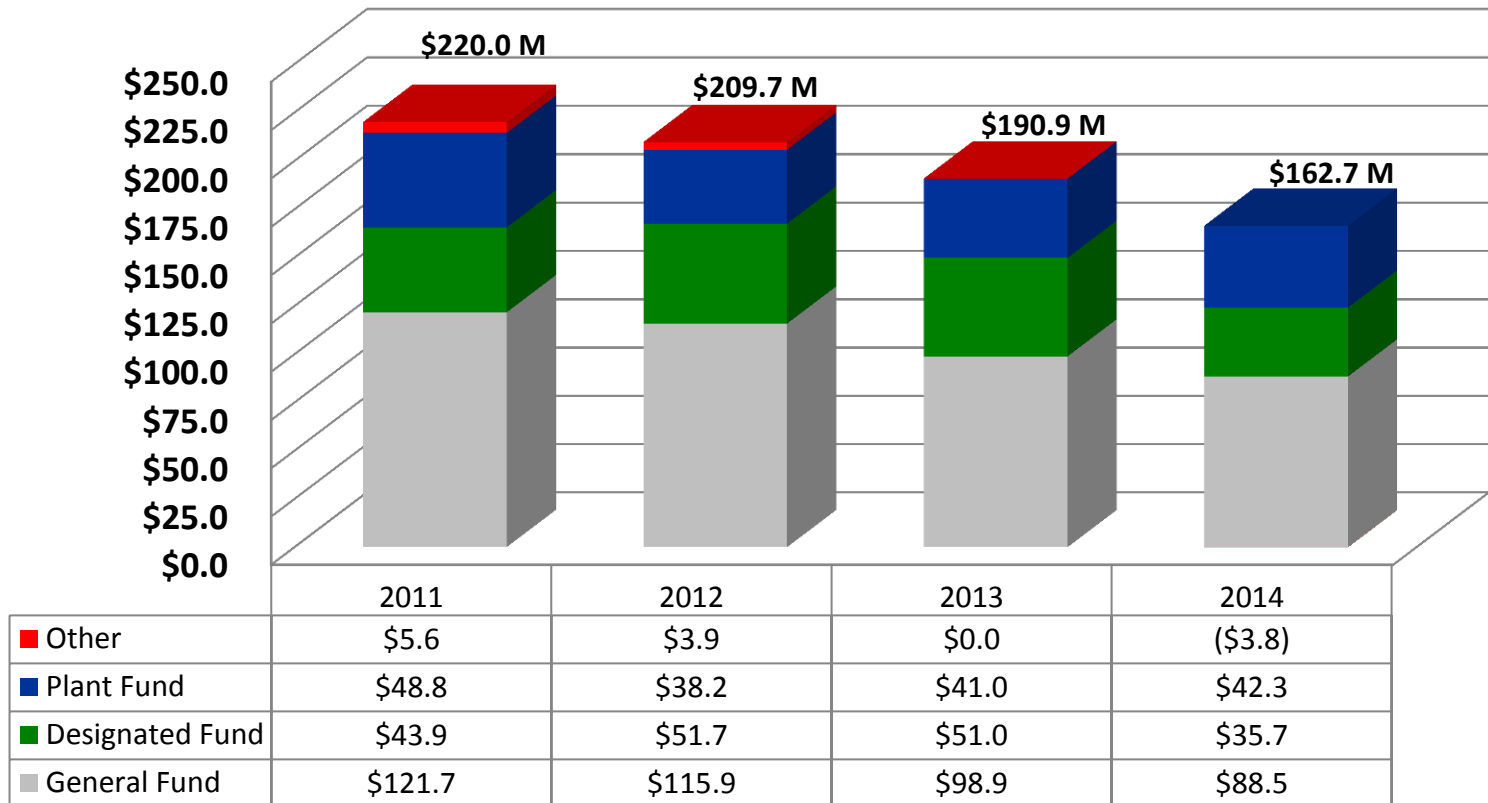
## **Statement of Revenues and Expenses – FY 2014 compared with FY 2013**

- **Operating Revenues decreased \$8.3M**
  - Net Tuition and Fees (+\$13.1M)
  - Grants and Contracts (-\$25.3M): Federal (-\$7.4M), State & Local (-\$12.1M), Nongovernmental (-\$5.8M)
  - Auxiliaries, Department, and Other (+\$3.9M): Non-Tuition Student Fees (+\$2.4M), Auxiliaries (+\$1.0M), Other (+\$.5M)
  
- **Non-operating and Other Revenues decreased \$9.0M**
  - Decreased Pell Grants (-\$1.9M)
  - Higher Investment Income (+\$9.0M): Unrealized gains (\$+7.8M) and Derivatives (+\$1.2M)
  - Decreased University Gifts (-\$6.9M)
  - Other (-\$1.4M)
  - Foundation revenues decreased (-\$7.8M): Investment Income (-\$3.8M), Gifts (-\$4.0M)
  
- **Operating Expenses decreased \$5.4M**
  - Increased Compensation & Benefits (+\$1.1M) attributable to inflationary increases in salary and benefit costs, offset partially by a reduction in employee headcount
  - Decreased Depreciation Expense (-\$4.9M) attributable principally to certain construction and renovation projects which were fully depreciated in 2013
  - Other (-\$1.6M)

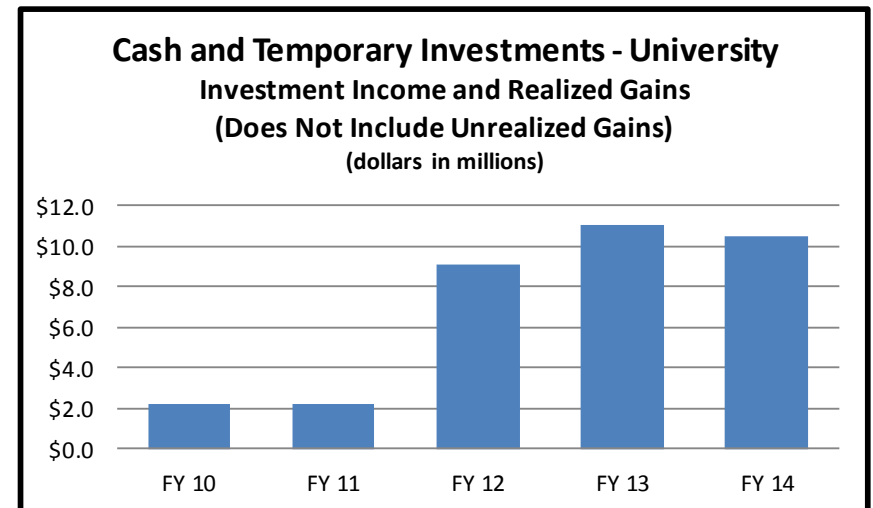
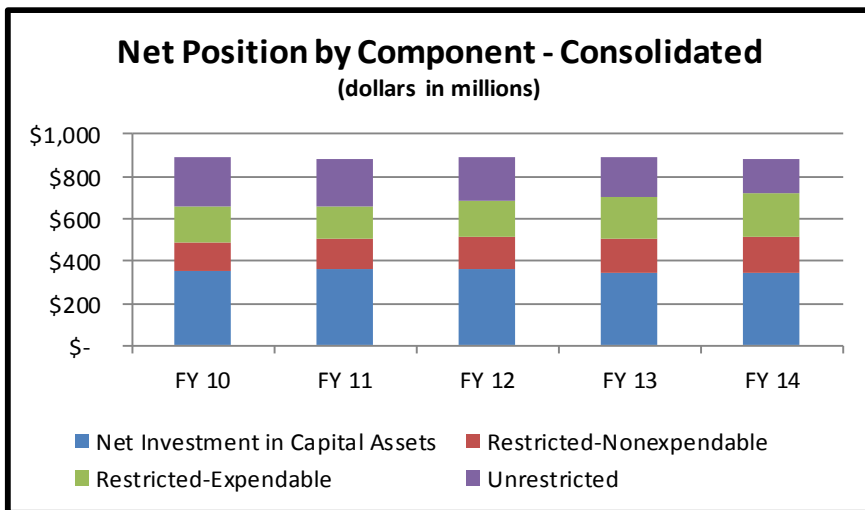
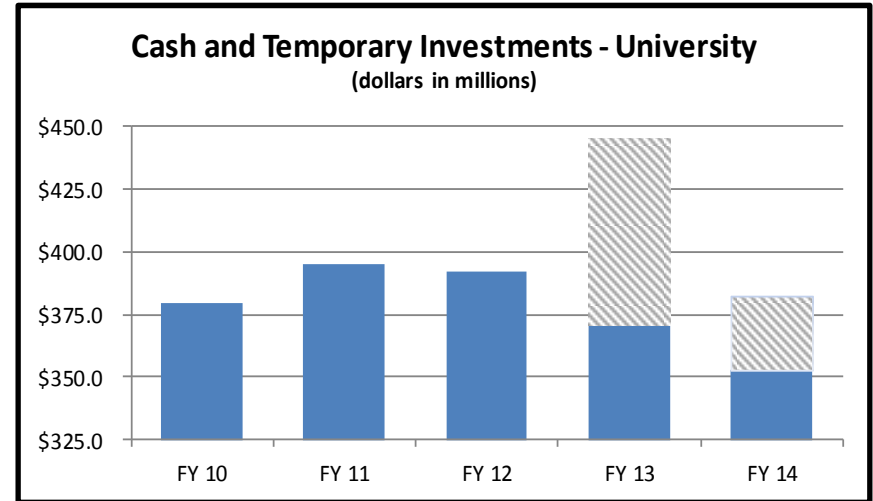
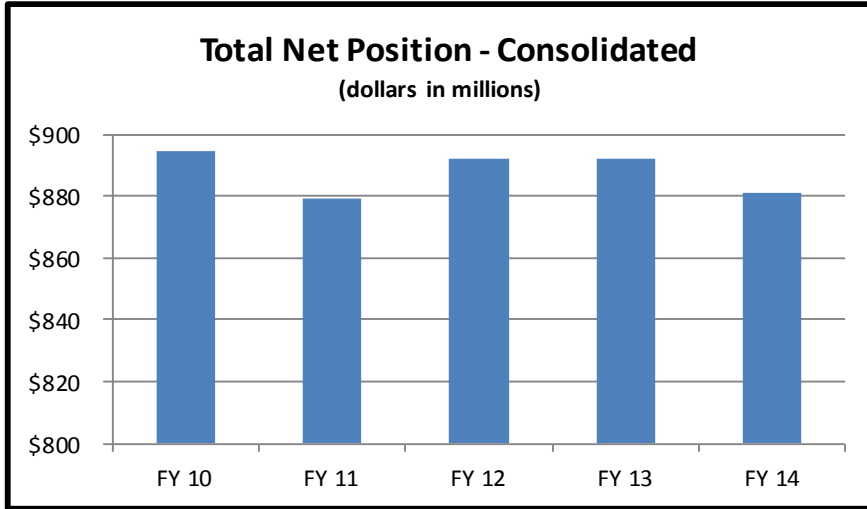
**Total net position decreased \$10.7 million in 2014. The Foundation's net position increased \$18.5M, while the University's net position decreased by \$29.2M (\$10.4M General Fund).**

## Unrestricted Net Position (Net Assets)

- ❑ The majority of the unrestricted net assets are committed or designated for specific programs, projects and/or functions.
- ❑ The chart below summarizes unrestricted net assets by fund for the past four fiscal years (in millions):



## ➤ Financial Performance Summary



Series 2013A Unexpended Bond Proceeds