

University of Central Missouri
A Component Unit of the State of Missouri
Accountants' Report and Financial Statements
June 30, 2011 and 2010

University of Central Missouri
A Component Unit of the State of Missouri
June 30, 2011 and 2010

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Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Governors
University of Central Missouri
Warrensburg, Missouri

We have audited the accompanying basic financial statements of University of Central Missouri and its discretely presented component unit, collectively a component unit of the State of Missouri, as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the component unit as of and for the year ended June 30, 2010, as listed in the table of contents. The financial statements of the component unit are presented for informational purposes only and are not audited by us.

Board of Governors
University of Central Missouri
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In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2011, on our consideration of the University'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

University of Central Missouri
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2011 and 2010

Overview

Established in 1871, the University of Central Missouri (UCM) was originally known as the State Normal School for the Second Normal District, an institutio

College, which is one of the oldest honors colleges in the Midwest, and The School of Graduate and Extended Studies.

In addition to opportunities on the Warrensburg campus, a number of degree programs can be taken at the University's main extended campus location, the 40,000-square-foot UCM Summit Center in Lee's Summit, Missouri, which serves more than 1,000 students in the Kansas City metropolitan area. Many undergraduate courses and programs also are offered online. Including its airport and other special facilities, the University occupies more than 1,000 acres and offers over 150 graduate and undergraduate programs for approximately 11,750 students.

UCM offers the following undergraduate degrees: Bachelor of Arts, Bachelor of Fine Arts, Bachelor of Music, Bachelor of Music Education, Bachelor of Science, Bachelor of Science in Business Administration, Bachelor of Science in Education and Bachelor of Science in Social Work. It offers Master of Arts, Master of Arts in Teaching, Master of Business Administration, Master of Science and Master of Science in Education degrees.

The University provides additional graduate-level study for Education Specialist degrees in the areas of School Administration, Curriculum and Instruction and Human Services, in addition to cooperating with two other institutions on doctoral programs. The Ed.D. in Educational Leadership is conferred by the University of Missouri-Columbia, and the Ph.D. in Technology Management is conferred by Indiana State University.

Awards and Accomplishments

In the summer of 2011, the University of Central Missouri was named to two national lists that help guide students in their college selection process. UCM was recognized by The Princeton Review as one of the best colleges and universities in the Midwest for the sixth consecutive year, and was also ranked by *U.S. News & World Report* among the nation's best Midwestern institutions. *U.S. News & World Report* rankings are included in the *2011 Best Colleges* guidebook.

The Princeton Review selected UCM as one of its "Best in the Midwest" colleges and universities. As such, UCM is one of 152 Midwestern schools named in the nationally known education services company's edition of "Best Colleges: Region by Region." Selection is based on a qualitative evaluation of academic excellence as well as results from student surveys, school visits and opinions of independent high school-based college advisers whose recommendations are invited. The Princeton Review does not numerically rank institutions.

University Foundation

The University of Central Missouri Foundation (Foundation) is a legally separate, tax-exempt component unit of the University. The Foundation's primary function is to raise and hold funds to support the University and its programs. Although the University does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the University. The Foundation is considered a component unit of the University because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University. During the years ended June 30, 2011 and 2010, the Foundation provided support to the University of \$3,780,624 and \$2,353,794, respectively.

Management Discussion and Analysis

This discussion and analysis of the University of Central Missouri's (the "University") financial statements provides a comparative overview of the University's financial performance during the years ended June 30, 2011, 2010 and 2009. Since the management's discussion and analysis is designed to

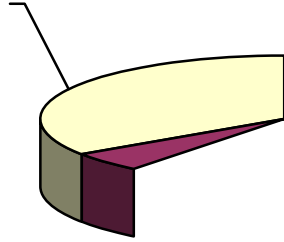
focus on current activities, resulting changes and current known facts, please read it in conjunction with the University's basic financial statements and the footnotes. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements.

Effective July 1, 2004, the University adopted GASB Statement No. 39,

A summary of the University's assets, liabilities and net assets at June 30, 2011 and 2010:

Statements of Net Assets
As of June 30, 2011 and 2010
(In Millions)

| | <u>June 30, 2011</u> | <u>June 30, 2010</u> |
|--------------------------|----------------------|----------------------|
| Current Assets | \$ 60.4 | \$ 88.3 |
| Noncurrent Assets | <u>225.7</u> | <u>188.5</u> |
| Total Assets | <u>\$ 286.1</u> | <u>\$ 276.8</u> |



University's operating margin. Comparative summary statements of revenue, expenses and changes in net assets for the years ended June 30, 2011 and 2010, are as follows:

Comparative Analysis of Fiscal Years 2011 and 2010

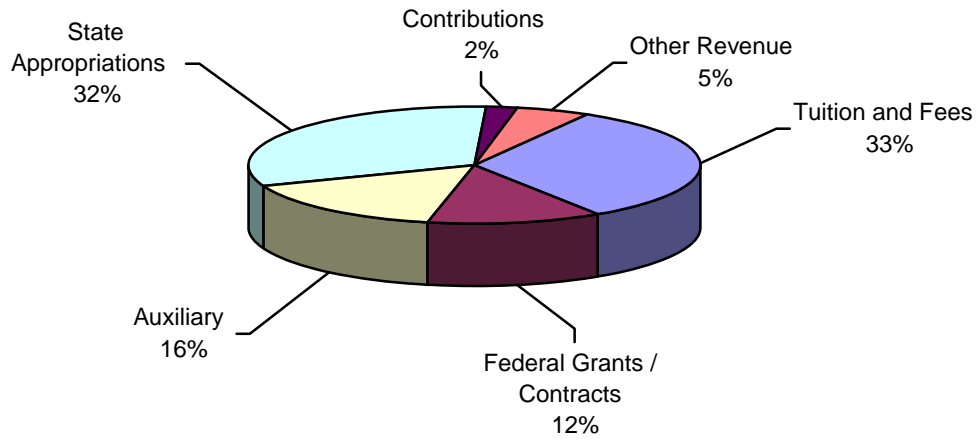
Operating Revenues – For the year ended June 30, 2011, tuition and fee revenues (net of scholarship allowances and bad debt expense) increased approximately \$2.4 million or approximately 4% compared to Fiscal Year 2010. The increase in tuition and fees is primarily attributed to an increase in enrollment; in addition to a minimal tuition increase in graduate level courses, and the implementation of an additional \$2.75 per credit hour fee for the operation of the new fitness and wellness center. GASB accounting standards require Federal Pell Grants to be included in the scholarship allowance calculation. Pell Grants increased approximately \$2.8 million in Fiscal Year 2011 which accounts for the increase in Scholarship Allowances. Fiscal Year 2010 Tuition and Fees were approximately \$1.3 million above the year ended June 30, 2009, as the result of increased credit hour production as there was no tuition and fee increase during that fiscal year.

Auxiliary enterprises experienced an increase of \$2.3 million above Fiscal Year 2010 which is attributed to a Student Housing rate increase of 8.1% for Fiscal Year 2011. Student Housing rates had remained flat over the prior two fiscal years.

Nonoperating Revenues – Although state appropriations are considered part of the University's budgeting process and specifically included as general operating funds, the Governmental Accounting Standards Board (GASB) require state appropriations to be separately reported as nonoperating revenue.

The University's financial position is closely tied to

The following graph summarizes the University's Fiscal Year 2011 revenue sources:



Operating Expenses
Years Ended June 30, 2011 and 2010

| | June 30, 2011 | June 30, 2010 |
|---------------------------|---------------|---------------|
| Compensation and benefits | \$ 102.6 | \$ 100.0 |
| Contractual services | 11.9 | 12.1 |
| Supplies and materials | 14.6 | 13.0 |

Cash Flows
Years Ended June 30, 2011 and 2010
(In Millions)

| | June 30, 2011 | June 30, 2010 |
|---|-----------------------|----------------------|
| Cash Provided By (Used In) | | |
| Operating activities | \$ (58.9) | \$ (55.9) |
| Noncapital financing activities | 80.0 | 82.6 |
| Capital and related financing activities | (24.2) | (24.8) |
| Investing activities | <u>11.3</u> | <u>(2.6)</u> |
| Increase (Decrease) in Cash and Cash Equivalents | 8.2 | (0.7) |
| Cash and Cash Equivalents, Beginning of Year | <u>5.2</u> | <u>5.9</u> |
| Cash and Cash Equivalents, End of Year | \$ <u><u>13.4</u></u> | \$ <u><u>5.2</u></u> |

The Statement of Cash Flows shows the sources and uses of University cash. The statement presents a beginning and ending cash balance only and does not include the University's investment in CD's, Treasury or Government Securities or Corporate Bonds.

During the year ended June 30, 2011, cash used in operating activities amounted to (\$58.9) million, which resulted from tuition and fees, grants and contracts, sales and services of educational activities and auxiliary enterprises and associated collections that were offset by payments to suppliers, utilities, employees, scholarships and fellowships and other payments. Cash provided by noncapital financing activities of \$80.0 million includes state appropriations, gifts and grants for other than capital purposes and other receipts.

Cash used for capital and related financing activities was (\$24.2) million. The University had capital expenditures of \$20.4 million including; \$0.2 million in land acquisitions, \$5.4 million Student Recreation and Wellness Center, \$4.1 million Morrow/Garrison Renovation, \$6.6 million ESCO and nts to

University of Central Missouri
A Component Unit of the State of Missouri
Statements of Net Assets
June 30, 2011 and 2010

Assets

| | 2011 | 2010 |
|--|----------------|----------------|
| Current assets | | |
| Cash and cash equivalents | \$ 12,614,895 | \$ 3,349,631 |
| Restricted cash and investments - current | 3,039,233 | 13,096,321 |
| Short-term investments | 32,171,337 | 58,207,473 |
| Accounts receivable, net of allowance; 2011 - \$5,089,716; 2010 - \$4,389,315 | 5,800,876 | 5,247,766 |
| Interest receivable | 118,024 | 161,711 |
| Federal and state grants receivable | 1,098,730 | 1,085,840 |
| State appropriations receivable | - | 1,342,290 |
| Due from Foundation - current portion | 50,000 | 50,000 |
| Inventories | 3,040,926 | 3,251,859 |
| Loans to students, net | 1,343,797 | 1,374,170 |
| Prepaid expenses | 1,095,777 | 1,105,275 |
| Total current assets | 60,373,595 | 88,272,336 |
| Noncurrent assets | | |
| Noncurrent cash and investments | 28,110,777 | 4,000,000 |
| Loans to students, net | 6,007,230 | 5,911,886 |
| Due from Foundation | 470,577 | 499,916 |
| Capital assets, net | 190,459,443 | 177,364,062 |
| Deferred bond issue costs, net | 690,469 | 771,218 |
| Total noncurrent assets | 225,738,496 | 188,547,082 |
| Total assets | \$ 286,112,091 | \$ 276,819,418 |

Liabilities

| | 2011 | 2010 |
|--|---------------|---------------|
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 17,156,439 | \$ 18,850,329 |
| Accrued compensated absences | 2,095,113 | 2,162,308 |
| Deferred revenue | 2,829,420 | 2,875,524 |
| Interest payable | | |

University of Central Missouri Foundation
 Statements of Financial Position
 June 30, 2011 and 2010

Assets

| | 2011 | 2010 |
|--|---------------|---------------|
| Cash and cash equivalents | \$ 2,406,933 | \$ 3,240,301 |
| Investments | 34,777,863 | 29,416,651 |
| Contributions receivable, net | 537,890 | 1,146,203 |
| Accrued investment income | 142,982 | 158,687 |
| Cash surrender value of life insurance | 315,966 | 297,061 |
| Prepaid expenses | 5,371 | - |
| Total assets | \$ 38,187,005 | \$ 34,258,903 |

Liabilities and Net Assets

Liabilities

| | | |
|-------------------|--------------|--------------|
| Annuities payable | \$ 1,422,624 | \$ 1,390,167 |
| Accrued expenses | 226,663 | 234,446 |
| | 1,649,287 | 1,624,613 |

Net Assets

| | | |
|----------------------------------|---------------|---------------|
| Unrestricted | 7,695,565 | 3,578,158 |
| Temporarily restricted | 11,419,574 | 13,101,228 |
| Permanently restricted | 17,422,579 | 15,954,904 |
| Total net assets | 36,537,718 | 32,634,290 |
| Total liabilities and net assets | \$ 38,187,005 | \$ 34,258,903 |

University of Central Missouri
A Component Unit of the State of Missouri
Statements of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2011 and 2010

| | 2011 | 2010 |
|--|---------------|---------------|
| Operating Revenues | | |
| Tuition and fees, net of scholarship allowances; 2011 - \$15,129,177, 2010 - \$13,593,347 and bad debt expense; 2011 - \$642,717, 2010 - \$745,373 | \$ 56,722,687 | \$ 54,280,160 |
| Federal grants and contracts | 1,815,209 | 1,443,791 |
| State grants and contracts | 32,347 | 72,344 |
| Interest on student receivables | 529,905 | 571,485 |
| Sales and services of educational activities | 1,548,216 | 1,826,755 |
| Auxiliary enterprises | | |
| Housing, net of scholarship allowances; 2011 - \$4,367,642; 2010 - \$3,839,724 | 16,734,947 | 14,833,927 |
| Bookstore | 6,180,485 | 6,005,675 |
| Other auxiliaries | 4,664,702 | 4,464,854 |
| Other operating revenues | 5,130,392 | 5,839,974 |
| Total operating revenues | 93,358,890 | 89,338,965 |
| Operating Expenses | | |
| Compensation and benefits | 102,570,791 | 100,026,331 |
| Contractual services | 11,916,173 | 12,135,674 |
| Supplies and materials | 14,691,431 | 12,985,568 |
| Scholarships and fellowships | 7,683,090 | 6,513,128 |
| Depreciation | 11,074,930 | 10,664,219 |
| Utilities | 5,412,356 | 5,471,297 |
| Other | 12,094,269 | 11,943,547 |
| Total operating expenses | 165,443,040 | 159,739,764 |
| Operating Loss | (72,084,150) | (70,400,799) |
| Nonoperating Revenues (Expenses) | | |
| State appropriations | 54,873,873 | 59,066,637 |
| Federal grants and contracts | 19,875,928 | 17,266,770 |
| State grants and contracts | 623,419 | 1,961,383 |
| Other grants and contracts | 1,174,307 | 1,042,407 |
| Contributions | C | |

O

University of Central Missouri
A Component Unit of the State of Missouri
Statements of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2011 and 2010

| | 2011 | 2010 |
|--|----------------|----------------|
| Income Before Other Revenues, Expenses, Gains or Losses | \$ 7,845,489 | \$ 10,557,888 |
| Capital Appropriations - State | 3,899,412 | 7,591,648 |
| Capital Grants and Gifts | 248,458 | 2,323,819 |
| Increase in Net Assets | 11,993,359 | 20,473,355 |
| Net Assets, Beginning of Year | 176,783,562 | 156,310,207 |
| Net Assets, End of Year | \$ 188,776,921 | \$ 176,783,562 |

University of Central Missouri Foundation
Statement of Activities

University of Central Missouri Foundation
Statement of Activities
For the Year Ended June 30, 2010

Revenue and Other Support

| | | | | |
|--|------------|--------------|------------|--------------|
| Gifts | \$ 281,394 | \$ 2,669,159 | \$ 570,104 | \$ 3,520,657 |
| In-kind gifts | 602 | 380,399 | - | 381,001 |
| Other income | 7,351 | 34,479 | - | 41,830 |
| Investment income | 184,500 | 556,957 | 4,972 | 746,429 |
| Net realized and unrealized gain on investments | 2,251,926 | 683 | 62,361 | 2,314,970 |
| Net assets released from restrictions | 2,253,128 | (2,253,128) | - | - |
| Total revenue and other support | 4,978,901 | 1,388,549 | 637,437 | 7,004,887 |

Expenses

| | | | | |
|---------------------------------|---------|---|---|---------|
| Foundation expenses | | | | |
| General administrative expenses | 416,024 | - | - | 416,024 |
| Fundraising expenses | 305,275 | - | - | 305,275 |
| Total Foundation expenses | 721,299 | - | - | 721,299 |

Contributions to the University for the following purposes

| | | | | |
|---|-----------|---|---|-----------|
| Program expenses | | | | |
| Scholarships | 764,103 | - | - | 764,103 |
| Academic support - TV/Radio | 408,821 | - | - | 408,821 |
| Student services - athletics | 562,622 | - | - | 562,622 |
| Instruction and other departmental | 384,781 | - | - | 384,781 |
| Support services | | | | |
| Institutional support - plant facilities | 80,949 | - | - | 80,949 |
| Total contributions to the University | 2,201,276 | - | - | 2,201,276 |
| Total expenses | 2,922,575 | - | - | 2,922,575 |

Increase in Net Assets Before

| | | | | |
|----------------------|-----------|-----------|---------|-----------|
| Other Changes | 2,056,326 | 1,388,549 | 637,437 | 4,082,312 |
|----------------------|-----------|-----------|---------|-----------|

Other Changes

| | | | | |
|--|----------|----------|----------|-----------|
| Adjustments to actuarial liability of annuities payable | - | (21,654) | 184,153 | 162,499 |
| Other | (58,967) | (12,166) | (53,867) | (125,000) |
| | (58,967) | (33,820) | 130,286 | 37,499 |

| | | | | |
|--|-----------|-----------|---------|---------------------|
| Increase (Decrease) in Net Assets | 1,997,359 | 1,354,729 | 767,723 | 4,185,458.5071 0 TI |
|--|-----------|-----------|---------|---------------------|

University of Central Missouri
A Component Unit of the State of Missouri
Statements of Cash Flows
Years Ended June 30, 2011 and 2010

| | 2011 | 2010 |
|--|---------------|---------------|
| Operating Activities | | |
| Tuition and fees | \$ 58,538,583 | \$ 52,971,349 |
| Grants and contracts | 1,847,556 | 1,516,135 |
| Sales and services of educational activities | 1,548,216 | 1,826,755 |
| Payments to suppliers | (25,573,386) | (22,316,211) |
| Payments for utilities | (5,412,356) | (5,471,297) |
| Payments to employees | (100,888,829) | (99,929,908) |
| Payments for scholarships and fellowships | (7,683,090) | (6,513,128) |
| Loans issued to students | (1,381,979) | (1,186,633) |
| Collection of loans to students | 1,846,913 | 2,066,821 |

University of Central Missouri
A Component Unit of the State of Missouri
Statements of Cash Flows
Years Ended June 30, 2011 and 2010

2011

2010

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Notes to Financial Statements
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Notes to Financial Statements
June 30, 2011 and 2010

Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2011 and 2010, cash equivalents consisted primarily of money market funds.

Investments and Investment Income

Investments in U.S. Treasury obligations and U.S. agencies obligations are carried at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit are carried at cost.

Investment income consists of interest income and the net change for the year in the fair value of investments carried at fair value.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable are recorded net of estimated uncollectible amounts.

Deferred Bond Issue Costs

Bond issue costs incurred on outstanding revenue bond issues have been deferred and are being amortized over the life of the bonds using the straight-line method. Total amortization was \$80,749 and \$265,746 for the years ended June 30, 2011 and 2010, respectively.

Inventories

Inventories include bookstore merchandise, golf equipment and consumable supplies. Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Loans to Students

The University makes loans to students under various federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts. The allowance for uncollectible loans netted against loans to students was \$991,381 at June 30, 2011 and 2010.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

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Deferred Revenue

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Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Deposits, Investments and Investment Return

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The University's deposit policy for custodial credit risk must comply with the provisions of state policy which requires all deposits placed in financial institutions to be at least 100% collateralized with securities that are acceptable to the Missouri State Governor, Missouri State Treasurer and the Missouri State Auditor. All securities, which serve as collateral against the deposits of a depository institution, must be safe kept at a nonaffiliated custodial facility. Depository institutions pledging collateral against deposits must, in conjunction with the custodial agent, furnish the necessary custodial receipts.

At June 30, 2011 and 2010, respectively, the University's bank balances were \$27,956,190 and \$41,895,967. None of these deposits were exposed to custodial credit risk at June 30, 2011 or 2010.

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. It may also invest to a limited extent in corporate bonds and equity securities.

At June 30, 2011 and 2010, the University had the following investments and maturities:

| Type | Fair Value | June 30, 2011 Maturities in Years | | | |
|---------------------------|----------------------|--------------------------------------|----------------------|-------------|--------------|
| | | Less than 1 | 1-5 | 6-10 | More than 10 |
| U.S. Treasury obligations | \$ 40,204,332 | \$ 20,140,648 | \$ 20,063,684 | \$ - | \$ - |
| U.S. agencies obligations | <u>8,094,527</u> | <u>4,047,434</u> | <u>4,047,093</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 48,298,859</u> | <u>\$ 24,188,082</u> | <u>\$ 24,110,777</u> | <u>\$ -</u> | <u>\$ -</u> |

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| Type | Fair Value | June 30, 2010 | | | |
|---------------------------|-----------------------------|-----------------------------|---------------------|--------------------|--------------------|
| | | Less than 1 | Maturities in Years | | More than 10 |
| | | | 1-5 | 6-10 | |
| U.S. Treasury obligations | <u>\$ 38,171,142</u> | <u>\$ 38,171,142</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | <u><u>\$ 38,171,142</u></u> | <u><u>\$ 38,171,142</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

Interest Rate Risk – Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The University’s investment policy does not address interest rate risk.

Credit Risk – Credit risk is the risk that the issu

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Notes to Financial Statements
June 30, 2011 and 2010

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the statements of net assets as follows:

| | <u>2011</u> | <u>2010</u> |
|---|----------------------|----------------------|
| Carrying value | | |
| Deposits | \$ 27,637,383 | \$ 40,482,283 |
| Investments | <u>48,298,859</u> | <u>38,171,142</u> |
| | <u>\$ 75,936,242</u> | <u>\$ 78,653,425</u> |
| Included in the following statements of net assets captions | | |
| Cash and cash equivalents | \$ 12,614,895 | \$ 3,349,631 |
| Restricted cash and investments – current | 3,039,233 | 13,096,321 |
| Short-term investments | 32,171,337 | 58,207,473 |
| Noncurrent cash and investments | <u>28,110,777</u> | <u>4,000,000</u> |
| | <u>\$ 75,936,242</u> | <u>\$ 78,653,425</u> |

Investment Income

Investment income for the years ended June 30, 2011 and 2010, consisted of:

| | <u>2011</u> | <u>2010</u> |
|--|-------------------|-------------------|
| Interest and dividend income | \$ 268,823 | \$ 588,576 |
| Net increase (decrease) in fair value of investments | <u>73,093</u> | <u>(12,185)</u> |
| | <u>\$ 341,916</u> | <u>\$ 576,391</u> |

University of Central Missouri
A Component Unit of the State of Missouri
 Notes to Financial Statements
 June 30, 2011 and 2010

Note 3: Capital Assets

Capital assets activity for the years ended June 30, 2011 and 2010, were:

| | | 2011 | | |
|----------------------|-----------|-----------|-----------|--------------------|
| Beginning Balance | Additions | Disposals | Transfers | Endiosals.0004egin |

University of Central Missouri

University of Central Missouri
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2011 and 2010

| | Beginning Balance | Additions | Deductions | Ending Balance | Current Portion |
|---|----------------------|------------|--------------|-------------------|--------------------|
| Revenue bonds | | | | | |
| Student Housing System, Series 2002A | \$ 9,560,000 | \$ - | \$ 9,560,000 | \$ - | \$ - |
| Student Housing System, Series 2009A | - | 9,715,000 | 1,565,000 | 8,150,000 | 1,490,000 |
| Education Facility, Series 1999 | 1,165,000 | - | 565,000 | 600,000 | 600,000 |
| Stadium Facility, Series 1999 | 1,730,000 | - | 260,000 | 1,470,000 | 270,000 |
| Advance Refunding of Library Facility, Series 1995 Bond Issue, 15-Year Alternative, Series 2002 | 4,535,000 | - | 435,000 | 4,100,000 | 450,000 |
| Student Housing System, Energy Savings Program, Series 2002 | 5,095,000 | - | 490,000 | 4,605,000 | 505,000 |
| Education Facility, Series 2007 | 1,053,490 | - | 102,851 | 950,639 | 107,952 |
| Student Recreation Center, Series 2009 | 20,500,000 | - | - | 20,500,000 | 755,000 |
| Capital lease obligations | 5,756,687 | 26,576,217 | 199,899 | 32,133,005 | 1,669,260 |
| | 49,395,177 | 36,291,217 | 13,177,750 | 72,508,644 | 5,847,212 |
| Unamortized discount on bonds payable | (445,036) | - | (58,176) | (386,860) | - |
| Total long-term debt | 48,950,141 | 36,291,217 | 13,119,574 | 72,121,784 | 5,847,212 |
| Other noncurrent liabilities | | | | | |
| Accrued compensated absences | 3,680,397 | 2,176,019 | 2,090,026 | 3,766,390 | 2,162,308 |
| Accrued settlement | 578,262 | - | 28,346 | 549,916 | 50,000 |
| Other long-term liabilities | 699,430 | 137,003 | - | 836,433 | - |
| Total other noncurrent | | | | | |

University of Central Missouri
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Revenue Bonds Payable

On July 29, 2009, the University issued \$9,715,000 of bonds to refund the Student Housing System Refunding Revenue Series 2002 Bonds. The bonds bear interest payable semiannually, at rates of 0.9% to 3.5%, which began September 1, 2009. Principal maturities began September 1, 2009, and continue until 2015. The bonds are secured by the net revenues available for debt service of the housing system of the University.

On January 29, 2009, the University issued \$20,500,000 of revenue bonds. The bonds bear interest, payable semiannually, at rates of 1.5% to 5.05%, which began October 1, 2009. Principal maturities begin October 1, 2010, and continue until 2029. Proceeds from the issuance of these bonds are being used to renovate the Morrow-Garrison Complex and to construct a new student recreation and wellness center. The bonds are secured by the net revenues available for debt service of the University and other funds pledged to the payment of the bonds.

On October 1, 2007, the University issued \$1,200,000 of insured Educational Facilities Revenue Bond, Series 2007. These bonds bear interest, payable semiannually, at 4.9% which began April 1, 2008. Principal maturities began April 1, 2008, and continue until 2017. Proceeds from issuance of these bonds were used to finance the demolition of the Pertle Springs Clubhouse and swimming pool, installation of a new sewer system, expansion

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complying with the FCC requirements that public television stations convert from analog transmissions to digital transmissions and (3) an extension instruction facility in Lee's Summit, Missouri. The bonds are secured by the net revenues available for debt service of the University and other funds pledged to the payment of the bonds. Payments of bond principal are also secured by an insurance policy issued by a commercial insurer.

On February 5, 1999, the University issued \$3,915,000 of bonds. The bonds bear interest, payable semiannually, at rates of 3.0% to 4.5% and are due in semiannual installments, which began April 1, 1999. Principal maturities began October 1, 1999, and continue until 2014. Proceeds from the issuance of these bonds were used to reconstruct, renovate and equip the stadium facility. The bonds are secured by the net revenues available for debt service of the stadium facility, including a designated portion of student fees. Payments of bond principal are also secured by an insurance policy issued by a commercial insurer.

The University is also required to maintain certain rate covenants related to the bonds.

The debt service requirements as of June 30, 2011, are as follows:

| Year Ending June 30, | Total to be Paid | Principal | Interest |
|-------------------------|----------------------|----------------------|----------------------|
| 2012 | \$ 5,036,565 | \$ 3,668,306 | \$ 1,368,259 |
| 2013 | 5,028,128 | 3,768,927 | 1,259,201 |
| 2014 | 5,041,990 | 3,904,825 | 1,137,165 |
| 2015 | 4,491,196 | 3,486,017 | 1,005,179 |
| 2016 | 3,855,159 | 2,977,515 | 877,644 |
| 2017 – 2021 | 10,527,287 | 7,262,097 | 3,265,190 |
| 2022 – 2026 | 7,678,513 | 5,600,000 | 2,078,513 |
| 2027 – 2030 | 6,104,323 | 5,530,000 | 574,323 |
| | <u>\$ 47,763,161</u> | <u>\$ 36,197,687</u> | <u>\$ 11,565,474</u> |

Capital Lease Obligations

The University is obligated under leases accounted for as capital leases. Assets under capital lease at June 30, 2011 and 2010, totaled \$38,665,780 and \$32,868,383, respectively, net of accumulated depreciation of \$615,244 and \$614,336, respectively. The following is a schedule by year of future minimum lease payments under the capital lease including interest at rates of 0% to 7% together with the present value of the future minimum lease payments as of June 30, 2011:

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Note 6: Pension Plans

MOSERS

The University contributes to the Missouri State Employees' Retirement System (MOSERS), a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of Missouri. Pension expense is recorded for the amount the University is contractually required to contribute for the year. The plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. State law assigns the authority to establish and amend benefit provisions to the plan's Board of Trustees, which is appointed by the governor with the approval of the state legislature. The plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by writing to the plan at P.O. Box 209, Jefferson City, Missouri 65102, or by calling 573.632.6100 or 800.827.1063.

The authority to establish and amend requirements of plan members and the University is set forth in state law and is vested in the plan's Board of Trustees. The University is required to contribute at an actuarially determined rate; the rate was 13.81% and 12.75% of annual covered payroll for 2011 and 2010, respectively. The University made 100%, 100% and 100% of the required contributions of \$7,527,292, \$7,173,741 and \$6,818,601 in 2011, 2010 and 2009, respectively. The MOSERS funded status ratio was 80.4% and 83.0% as of June 30, 2010 and 2009, respectively.

The MOSERS funding policy provides for actuarially determined and Board approved, employer contributions using the entry-age normal cost method, consisting of normal cost and amortization of any unfunded accrued liabilities over an open 30-year period. Actuarially determined rates, expressed as percentages of annual covered payroll, provide for amounts sufficient to fund those benefits designated by State statute to be funded in advance. Employees hired prior to January 1, 2011, do not contribute to MOSERS. Employees hired after January 1, 2011, or thereafter, are required to contribute 4% to the plan via a pre-tax withholding. Any amendments to the plan are established by changes in State statute.

CURP

As of July 1, 2002, all faculty on full-time, regular appointment were enrolled in the College and University Retirement Plan (CURP) if they had not previously been enrolled in MOSERS. CURP is a noncontributory 401(a) defined contribution retirement plan that uses TIAA-CREF as its third-party administrator. In 2011 and 2010, the University contributed 7.77% and 7.71%, respectively, of the participant's salary to CURP each month. The University's contributions to the plan for the years ended June 30, 2011, 2010 and 2009, were \$980,399, \$888,937 and \$840,886, respectively. CURP provides a retirement program, which offers interstate portability, immediate vesting and no minimum service requirement. Contributions made by the University are self-directed by participants into their selected individual accounts. After participating in CURP for at least six years, a faculty member may elect to become a member of MOSERS.

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Note 7: Health Care Benefits

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that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the state's net OPEB obligation to the plan:

| | |
|--|-----------|
| Normal cost | \$ 25,300 |
| Amortization payment | 1,200,089 |
| Annual required contribution (ARC) | 1,225,389 |
| Interest on normal cost and amortization payment | 33,457 |
| Adjustment to ARC | (180,659) |
| Annual OPEB cost | 1,078,187 |

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The actuarial methods and assumptions utilized in the valuation were as follows:

Actuarial Assumptions

| | |
|---------------------------------------|------------------------------------|
| Actuarial cost method | Projected Unit Credit |
| UAAL amortization method | Level dollar amount |
| UAAL amortization period, closed/open | 5 years, open |
| Investment return (discount rate) | 4.00% |
| Healthcare cost trend rate | 8.5% decreasing to 5.5% in 2016 |

Note 8: Commitments and Contingencies

Claims and Litigation

The University is currently involved in various claims and pending legal acti

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Current economic conditions could make it difficult for some donors to continue to contribute to universities and their foundations. Changes in contribution levels could impact the University's ability to provide scholarships or fund programs. State funding may also change as states have fewer resources to allocate. Universities in the state of Missouri entered into an agreement with the governor to hold tuition rates steady in exchange for steady state appropriations. Recent legislions.isl.5(Retl7x.0hch

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Investments

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Contributions Receivable

Contributions receivable consists of unconditional gifts and bequests to be received in future periods and have been discounted to their present value based on anticipated payment streams. The present value of the annual amount of contributions receivable to be realized at June 30, 2011 and 2010, is as follows:

| | June 30, 2011 | June 30, 2010 |
|---|------------------|------------------|
| Due within one year | \$ 149,364 | \$ 1,082,842 |
| Due in one to five years | 151,550 | 170,400 |
| Due in more than five years | 275,658 | 30,289 |
| | 576,572 | 1,283,531 |
| Less | | |
| Allowance for uncollectible contributions | 28,641 | 124,213 |
| Unamortized discount | 10,041 | 13,115 |
| | \$ 537,890 | \$ 1,146,203 |

Net Assets

Endowment net assets at June 30, 2011 and 2010, by type of fund consisted of the following:

| | | 2011 | | |
|-------------------------------------|--------------|---------------------------|---------------------------|---------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Donor-restricted endowment funds | \$ - | \$ - | \$ 17,282,853 | \$ 17,282,853 |
| Board-designated endowment funds | 3,802,581 | 6,740,474 | - | 10,543,055 |
| | \$ 3,802,581 | \$ 6,740,474 | \$ 17,282,853 | \$ 27,825,908 |

Required Supplementary Information

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