

# 2015 Financial Report



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### Cover photos, top to bottom

On April 13, 2015, the University of Missouri-Columbia (MU) broke ground on the \$38.5 million renovation and reconstruction of the 1935 and 1944 additions of Lafferre Hall, the campus’ main engineering building.

The MU Health System opened doors to the 85,500-square-foot South Providence Medical Park on January 20, 2016. The park is home to three outpatient clinics, including family medicine, general pediatrics and psychiatry.

Designed specifically for second-year students and higher, the Hospital Hill Apartments were dedicated October 2, 2014, and marks the first-ever student housing on Hospital Hill at the University of Missouri-Kansas City (UMKC). The \$22.2 million facility houses 245 students.

Missouri University of Science and Technology (S&T) dedicated James E. Bartelsmeyer Hall on October 17, 2014. The \$22.3 million building houses teaching and research activities for S&T’s chemical and biochemical engineering program.

The Recreation and Wellness Center at the University of Missouri-St. Louis (UMSL) opened on July 28, 2015, providing 100,000 square feet of dedicated recreation space for the campus community, including an elevated track, climbing wall and aquatics center.

# Message from the President

As Missouri's land-grant institution and largest public four-year research university, the University of Missouri System is a vital driving force for the state's economy. We remain focused on our priorities of improving the well being of all six million Missourians and fulfilling our mission of research, teaching, service and economic development.

We advocate proudly for our university and are appreciative of the support of the General Assembly. Most recent commitments by the state legislature include \$124 million in state capital appropriations and \$28 million in increased operating appropriations for FY15 and FY16. These combined increases reflect the largest two-year state investment in the UM System in more than three decades. Like us, our lawmakers understand the value of higher education. As a result, the capital improvements and new construction projects that will take place on each of our four campuses equal more than 562,000 square feet of classroom and laboratory space, enhancing the learning experiences of more than 32,600 students.

We take great pride in our responsibility of being good stewards of state resources. As you'll see in the following pages, our fiscal position and health remains strong and sound. Looking ahead, the UM System will continue to make decisions that will help ensure our financial stability well into the future, closely adhering to our strategic plan while continuing efficient and effective practices that optimize the use of our valued resources.

We invite you to learn more about the entire UM System and the reach we have across our great state of Missouri. This information and more is available on our website at [www.umsystem.edu](http://www.umsystem.edu).

Sincerely,



Timothy M. Wolfe  
President, University of Missouri System



# Curators of the University of Missouri

The University of Missouri Board of Curators is a nine-member board appointed by the governor of Missouri and confirmed by the Missouri Senate. Curators serve six-year terms. No more than two curators are appointed from each congressional district. Members must be citizens of the United States and residents of Missouri for a minimum of two years prior to appointment. No more than five curators may belong to any one political party. One position is currently vacant. A student representative serves a two-year term, and is also appointed by the governor and confirmed by the senate.



**Donald L. Cupps**  
District 7, Chairman  
Cassville  
Term expires Jan. 1, 2017



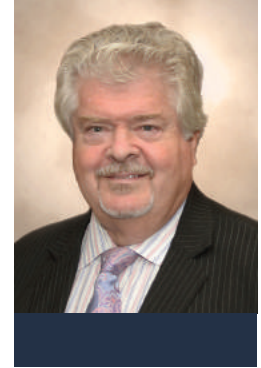
**Pamela Quigg Henrickson**  
District 3, Vice Chairwoman  
Jefferson City  
Term expires Jan. 1, 2017



**Ann K. Covington**  
District 4  
Columbia  
Term expires Jan. 1, 2019



**Maurice B. Graham**  
District 2  
Clayton  
Term expires Jan. 1, 2021



**John R. Phillips**  
District 5  
Kansas City  
Term expires Jan. 1, 2019



**Phillip H. Snowden**  
District 6  
Kansas City  
Term expires Jan. 1, 2021



**David L. Steelman**  
District 8  
Rolla  
Term expires Jan. 1, 2019



**David L. Steward**  
District 2  
St. Louis  
Term expires Jan. 1, 2017



**Tracy Mulderig**  
Student Representative  
UMSL  
Term expires Jan. 1, 2016



# University of Missouri System General Officers



**Timothy M. Wolfe**  
President



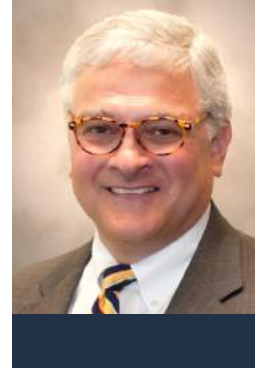
**Stephen J. Owens, JD**  
General Counsel



**Gary K. Allen, DVM, PhD**  
Vice President for Information  
Technology



**Brian D. Burnett, PhD**  
Vice President for Finance and  
Chief Financial Officer



**Henry C. Foley, PhD**  
Executive Vice President for  
Academic Affairs, Research  
and Economic Development



**Stephen C. Knorr**  
Vice President for University  
Relations



**Elizabeth Rodriguez, PhD**  
Vice President for Human  
Resources



**Thomas F. George, PhD**  
Chancellor,  
University of Missouri-St. Louis



**R. Bowen Loftin, PhD**  
Chancellor,  
University of Missouri-  
Columbia



**Leo E. Morton**  
Chancellor,  
University of Missouri-  
Kansas City



**Cheryl B. Schrader, PhD**  
Chancellor,  
Missouri University of Science  
and Technology

## Finance Staff

**Brian D. Burnett**, Vice President for Finance and Chief Financial Officer

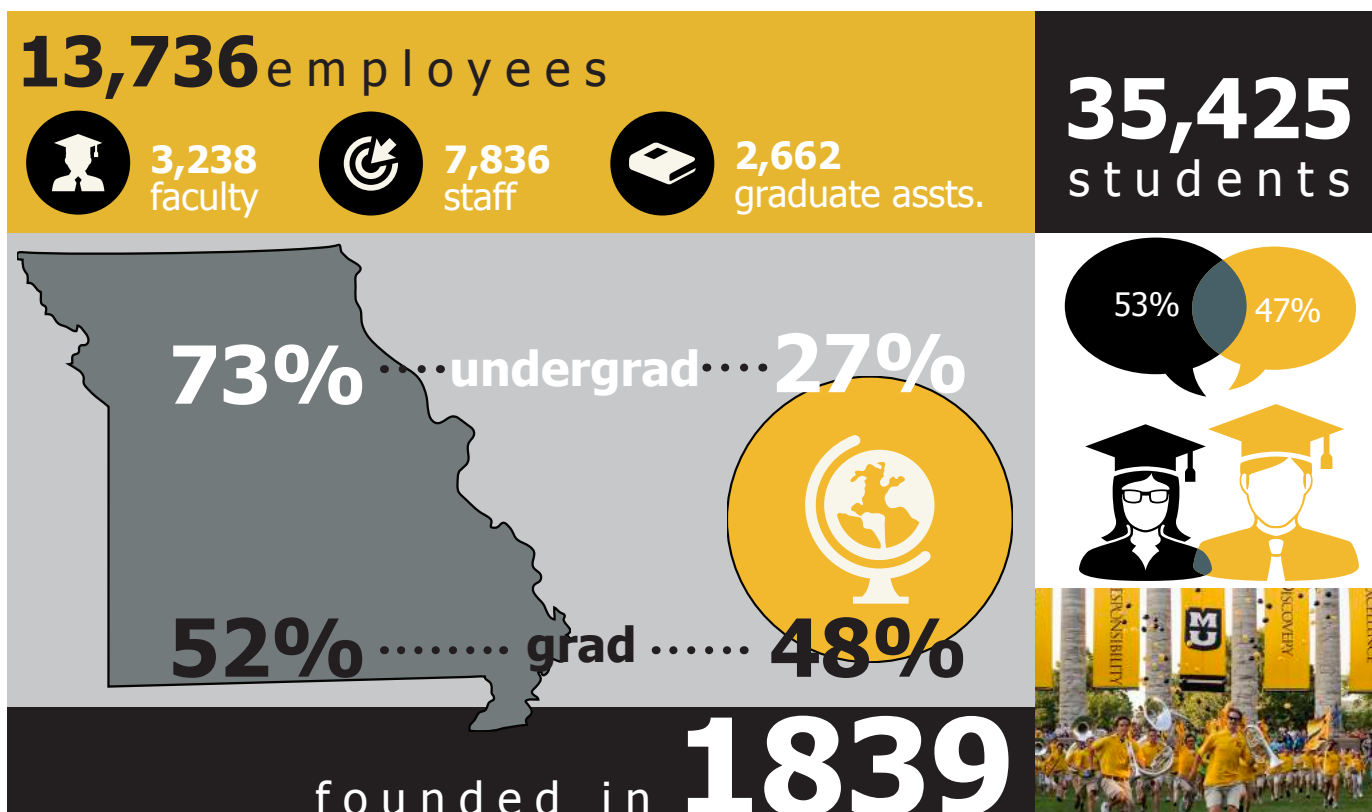
**Eric Vogelweid**, Interim Controller

**Cuba Plain**, Assistant Vice President for Budget Planning and Development

# University of Missouri-Columbia

The University of Missouri-Columbia (MU) was the first public university west of the Mississippi River. Today, with enrollment of more than 35,000 students, 13,700 employees and 258,000 alumni worldwide, Missouri's flagship university is a nearly \$2 billion enterprise and an important investment for the state and nation. MU is one of only 34 public U.S. universities and Missouri's only public institution to be selected for membership in the Association of American Universities.

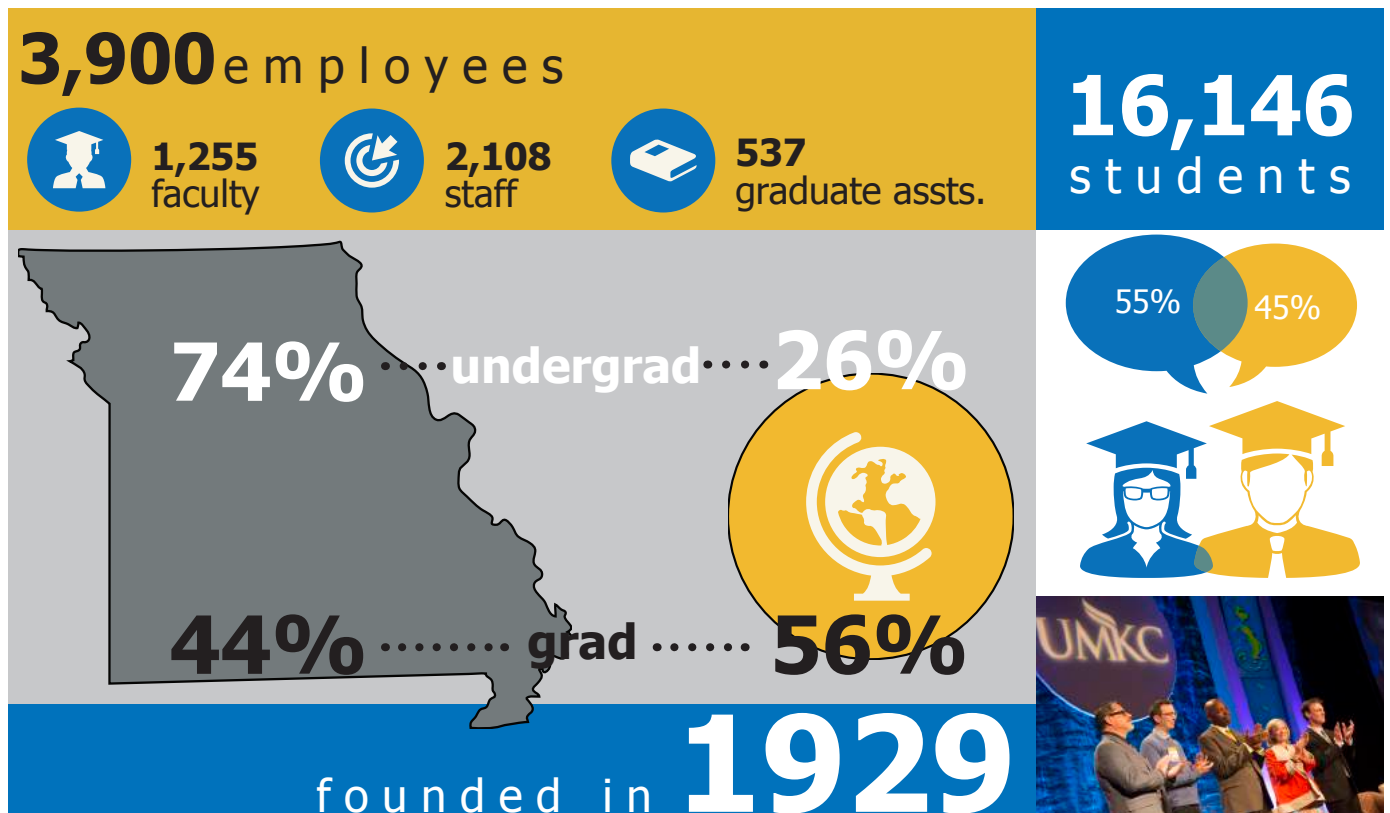
Although many states fund separate research and land-grant universities, these roles are combined on MU's 1,250-acre campus. As Missouri's major public research university, the hallmark of MU is collaborative discovery where faculty from multiple disciplines solve problems and improve lives. In its capacity as a land-grant institution, MU reaches more than two million citizens each year through extension programs that promote health and success for youth, families, communities and businesses.



# University of Missouri-Kansas City

The University of Missouri-Kansas City (UMKC) serves more than 16,000 students on its Volker and Hospital Hill campuses. Four critical areas encompass UMKC's mission: life and health sciences; visual and performing arts; urban issues and education; and a vibrant learning and campus-life experience. The School of Medicine's Master of Science in Anesthesiology program is one of only five offered in the nation. The UMKC Conservatory of Music and Dance is nationally recognized as a center for artistic excellence, innovation and engagement.

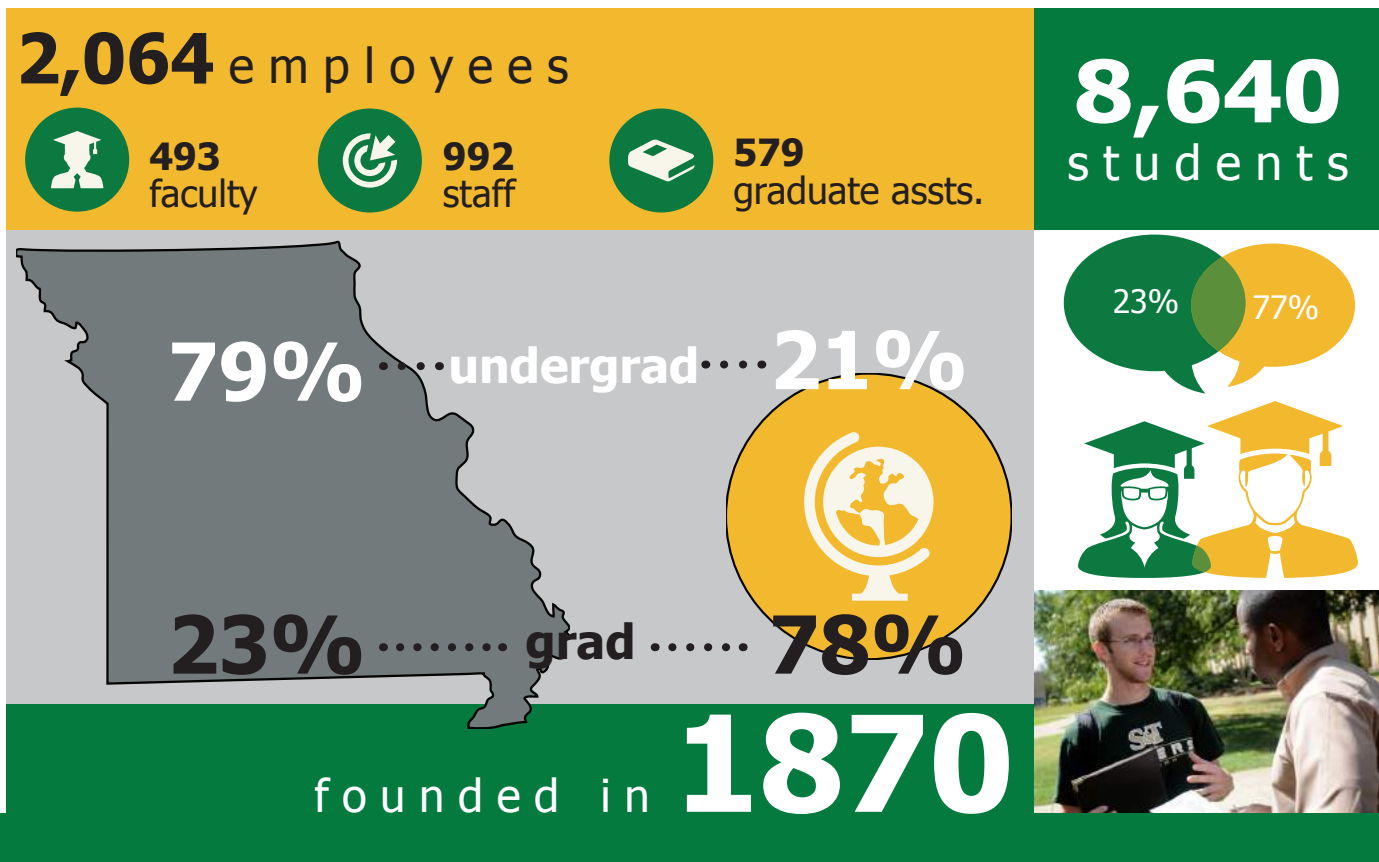
The university supports underserved Missourians through medical, nursing and dental care; legal services; counseling; and music therapy. The Institute for Urban Education answers the unique needs and concerns of the urban classroom. Students commit to four years teaching in an urban classroom in exchange for a four-year scholarship. The UMKC Innovation Center links researchers and industries, helping to move UMKC technologies into the marketplace.



# Missouri University of Science & Technology

Missouri University of Science and Technology (Missouri S&T) is a leading technological research institution. The university has 15 accredited undergraduate engineering programs, as well as a number of other programs in science, mathematics, computing and information systems, business, humanities and social sciences, and liberal arts. Graduates are highly sought by the business community, with the seventh highest starting salaries among all public universities in the nation.

Missouri S&T conducts nationally recognized research, and develops and integrates new technologies in a broad variety of areas that improve societal well-being. Among other accomplishments, the university was the first in the U.S. to attain ISO 14001 environmental management certification, is home to the Midwest's only rural hydrogen fueling station, and has won awards in solar home design and the design of both solar and human-powered cars.

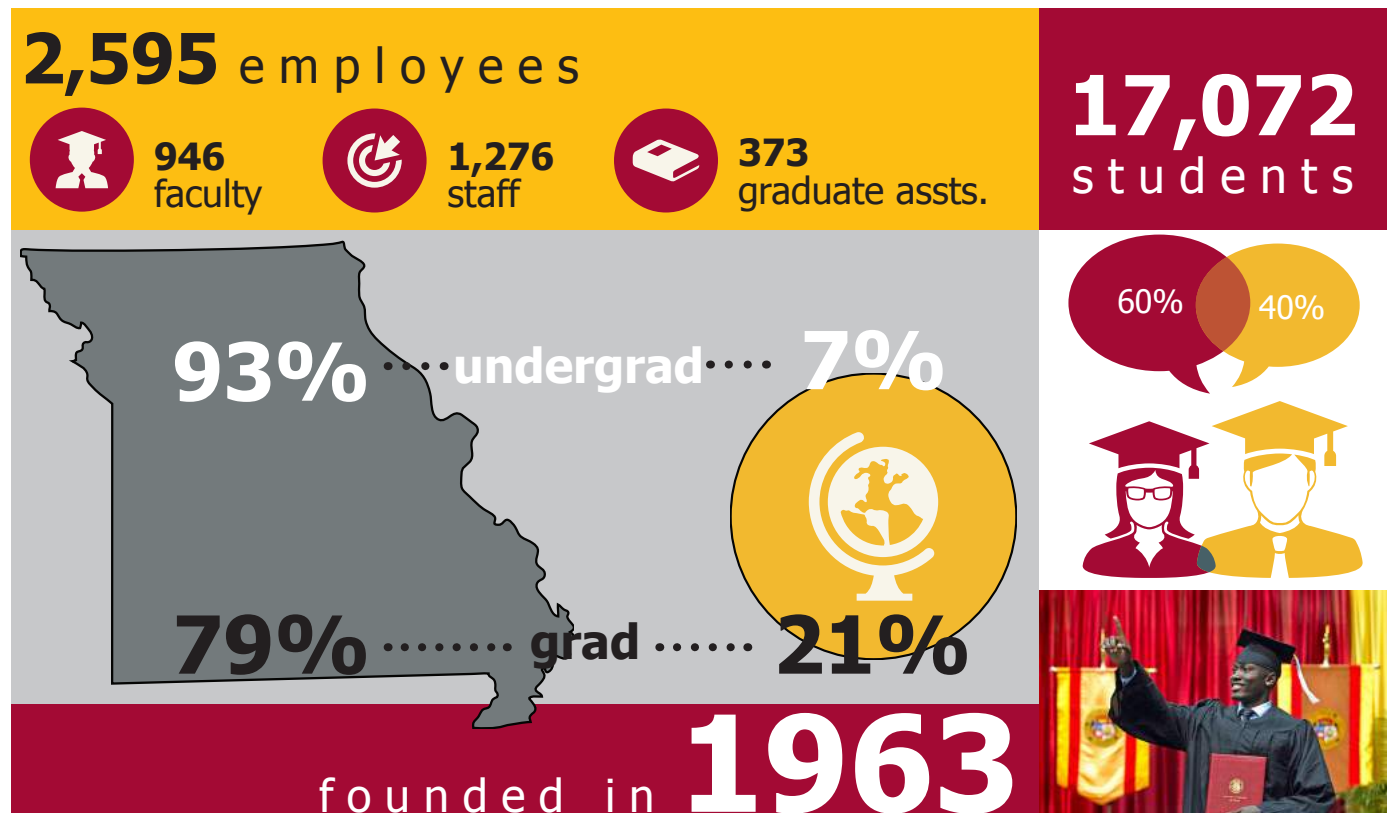




# University of Missouri-St. Louis

The University of Missouri-St. Louis (UMSL) serves more than 17,000 students and employs more than 2,500 faculty, staff and graduate assistants. UMSL is a public research university in the state's most populous and economically important metropolitan area. The largest university in St. Louis, UMSL provides excellent learning experiences and leadership opportunities for a diverse student body through its outstanding faculty, nationally ranked programs, innovative research, and regional, national and international partnerships.

In 2015, nine of UMSL's graduate programs ranked among the best in the country in *U.S. News and World Report*. The programs included education, public policy administration, clinical psychology, nursing, social work, biology, chemistry and biochemistry, and criminology and criminal justice. Of special note, the UMSL Department of Criminology and Criminal Justice doctoral program retained its ranking as the fourth best program in the nation.

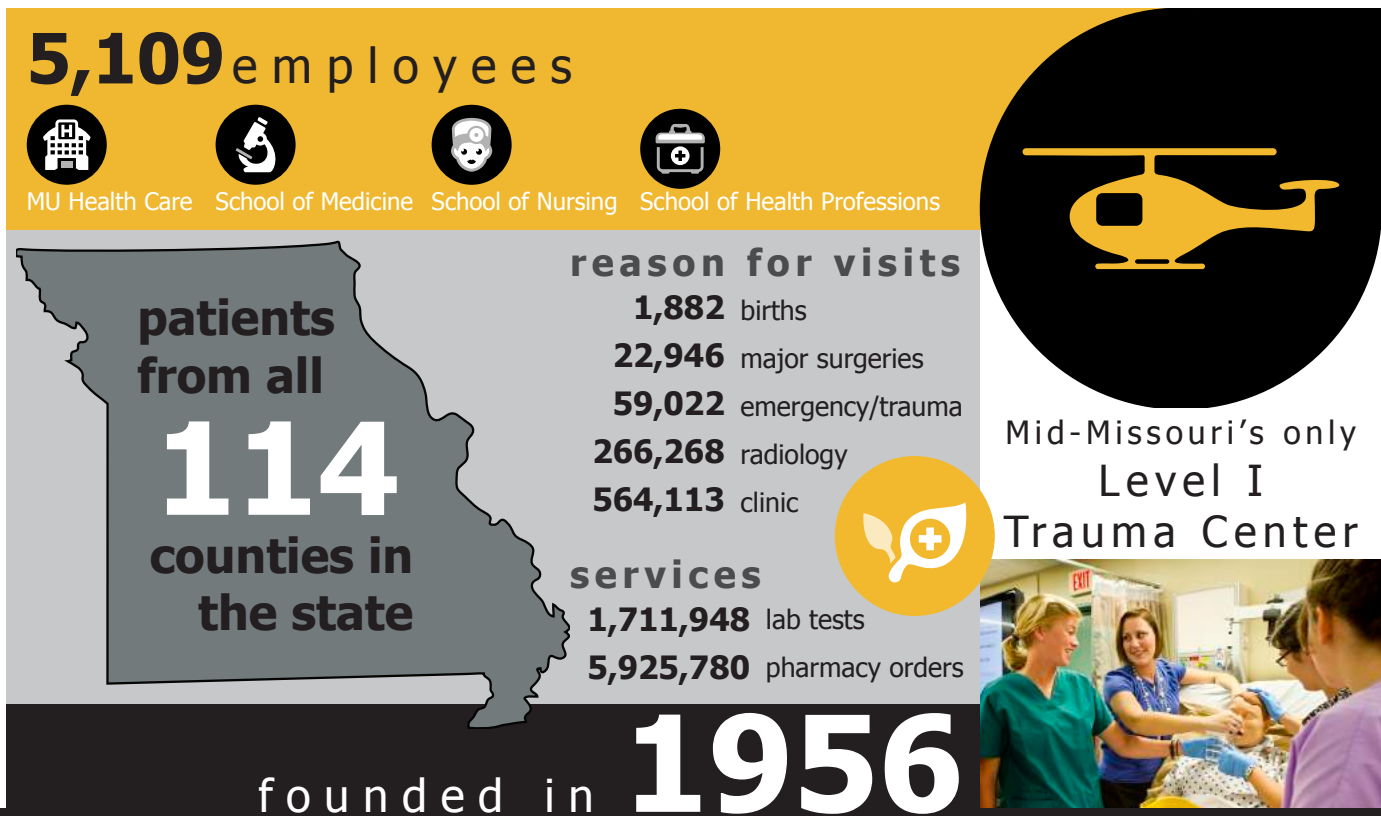


**UMSL**

# University of Missouri Health System

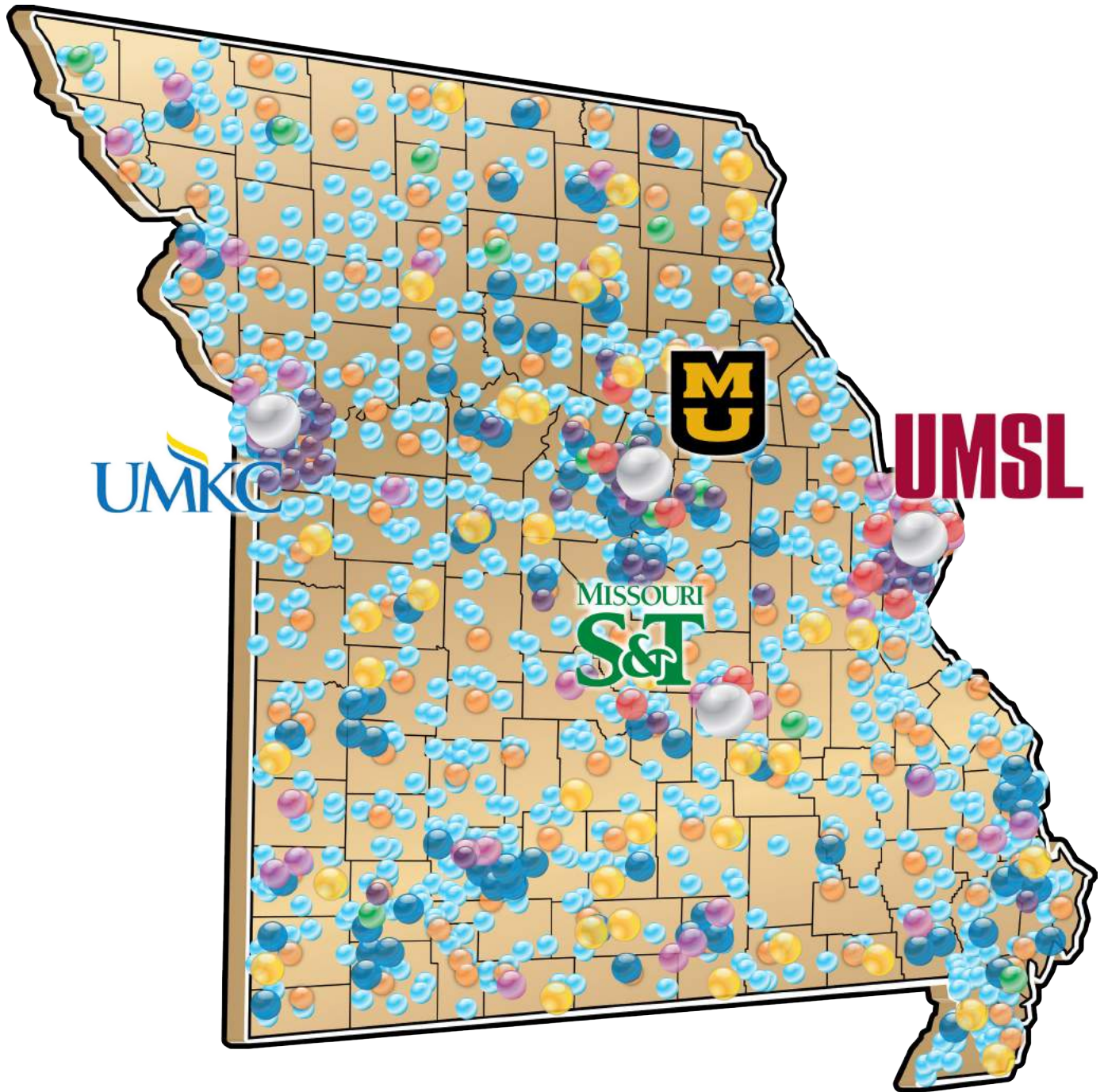
The University of Missouri Health System (MUHS) serves patients from all 114 Missouri counties, plus several states and foreign countries. This year, care included over 22,000 major surgeries, 59,000 emergency and trauma visits, and a half million clinic visits. A main component of MUHS is MU Health Care, composed of University Hospital and Clinics, Ellis Fischel Cancer Center, Rusk Rehabilitation Center, University Physicians, Missouri Orthopaedic Institute, Missouri Psychiatric Institute, and Women's and Children's Hospital. MUHS operates the Columbia-region's only Level I Trauma Center, only burn and wound intensive care unit, and only kidney transplant program.

The MU School of Health Professions educates students in rehabilitation and diagnostic sciences. The MU Sinclair School of Nursing provides bachelor's, master's, and doctoral degrees. And, the MU School of Medicine offers undergraduate and graduate medical education, plus doctoral and master's degree programs in the basic sciences, health management and informatics.



Source for all infographics: University of Missouri System. Fall 2014 data from "Student Demographics" and "Faculty & Staff Headcount Demographics" on *Institutional Research and Planning* webpage (<http://www.umsystem.edu/ums/aa/planning>), and from "Facts and Figures" on *MU Health Care* webpage (<http://www.muhealth.org/about/health-system>). Retrieved August 28, 2015.

# University of Missouri System Statewide Reach



- 4** UM System Campuses
- 10** Research Parks / Business Incubators
- 19** Agricultural Research Stations

- 38** School Districts Served by eMINTS Investing in Innovation (i3) Project
- 39** Small Business & Technology Development Centers
- 56** Health Centers & Affiliates

- 787** MOREnet Sites
- 200** Missouri Telehealth Network Sites
- 114** Counties Served by Extension Centers

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# MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

October 9, 2015

The management of the University of Missouri System (the "University") is responsible for the preparation, integrity, and fair presentation of the financial statements. The financial statements, presented on pages 32 to 79, have been prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on judgments and estimates by management.

The financial statements have been audited by the independent accounting firm KPMG LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Curators. The University believes that all representations made to the independent auditors during their audit were valid and appropriate. KPMG's audit opinion is presented on pages 30-31.

The University maintains a system of internal controls over financial reporting, which is designed to provide reasonable assurance to the University's management and Board of Curators regarding the preparation of reliable published financial statements. Such controls are maintained by the establishment and communication of accounting and financial policies and procedures, by the selection and training of qualified personnel, and by an internal audit program designed to identify internal control weaknesses in order to permit management to take appropriate corrective action on a timely basis. There are, however, inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls.

The Board of Curators, through its Audit Committee, is responsible for engaging the independent auditors and meeting regularly with management, internal auditors, and the independent auditors to ensure that each is carrying out their responsibilities and to discuss auditing, internal control, and financial reporting matters. Both internal auditors and the independent auditors have full and free access to the Audit Committee.

Based on the above, I certify that the information contained in the accompanying financial statements fairly presents, in all material respects, the financial condition, changes in net position and cash flows of the University.



Brian D. Burnett  
Vice President for Finance and Chief Financial Officer



MISSOURI



# Financial Information



## University of Missouri System

COLUMBIA | KANSAS CITY | ROLLA | ST. LOUIS

# UNIVERSITY OF MISSOURI SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014 (unaudited)

Management's Discussion and Analysis provides an overview of the financial position and activities of the University of Missouri System (the "University") for the fiscal year ended June 30, 2015 and 2014, and should be read in conjunction with the financial statements and notes. The University is a component unit of the state of Missouri and an integral part of the State's Comprehensive Annual Financial Report.

This report includes five financial statements

- The three financial statements for the University of Missouri, its Blended Component Unit, and its Discretely Presented Component Unit include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows, where applicable.
- The two financial statements for the University's fiduciary fund, which includes the Retirement and the Other Postemployment Benefits Trust Funds, are the Statement of Plan Net Position and the Statement of Changes in Plan Net Position.

The University's financial statements are prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which

establishes financial reporting standards for public colleges and Universities. The University's significant accounting policies are summarized in Note 1 of the financial statements of this report, including further information on the financial reporting entity. In addition, a more detailed unaudited financial report that includes campus-level financial statements is available at the University of Missouri, 118 University Hall Columbia, Mo 65211, and at [www.umsystem.edu](http://www.umsystem.edu).

### FINANCIAL HIGHLIGHTS

At June 30, 2015, the University's financial position remained solid, with Total Assets and Deferred Outflow of Resources of \$7.5 billion. Net Position, which represents the residual value of the University's assets and deferred outflow of resources after deducting liabilities and deferred inflow of resources, totaled \$4.2 billion. When operating and non-operating changes are included, Net Position increased by approximately \$109.4 million as compared to fiscal year (FY) 2014, driven primarily by increased state appropriations and softer investment and endowment income. The decrease between FY 2014 and FY 2013 was primarily driven by the net pension liability related to the implementation of GASB Statement No. 68.

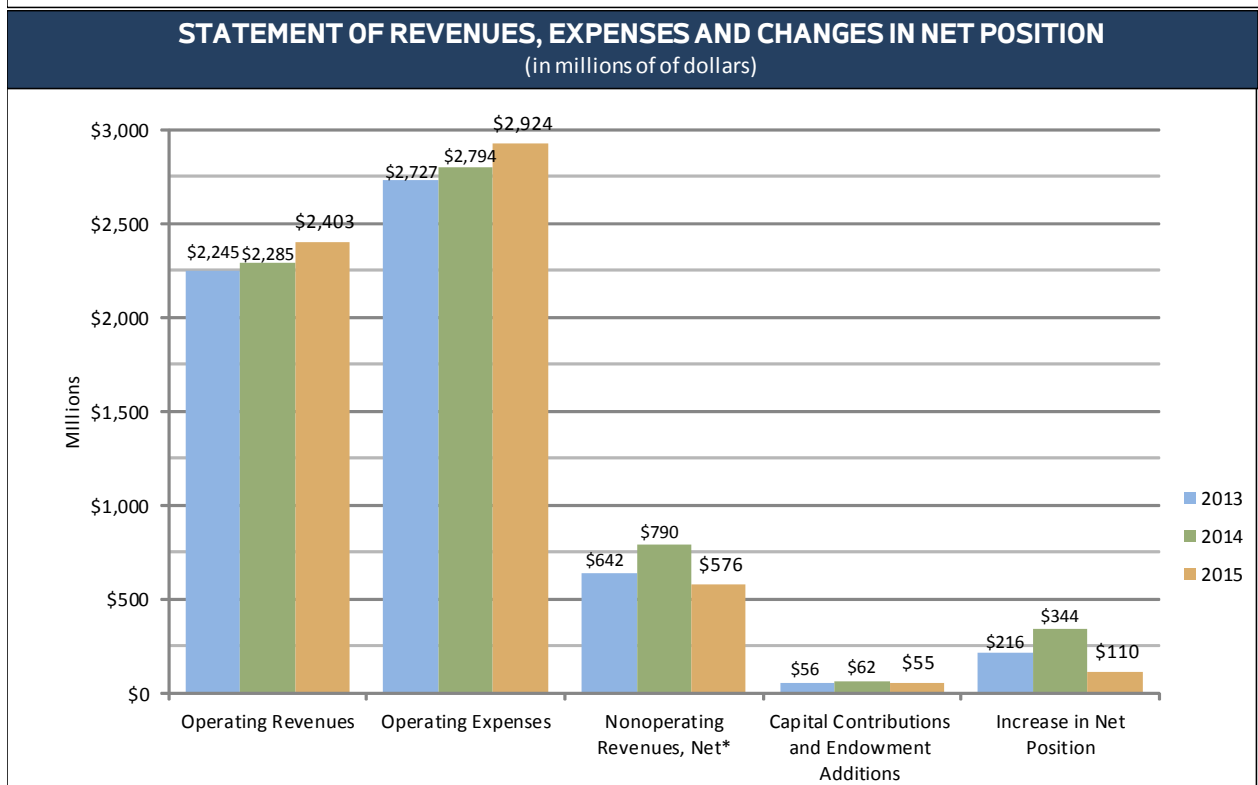
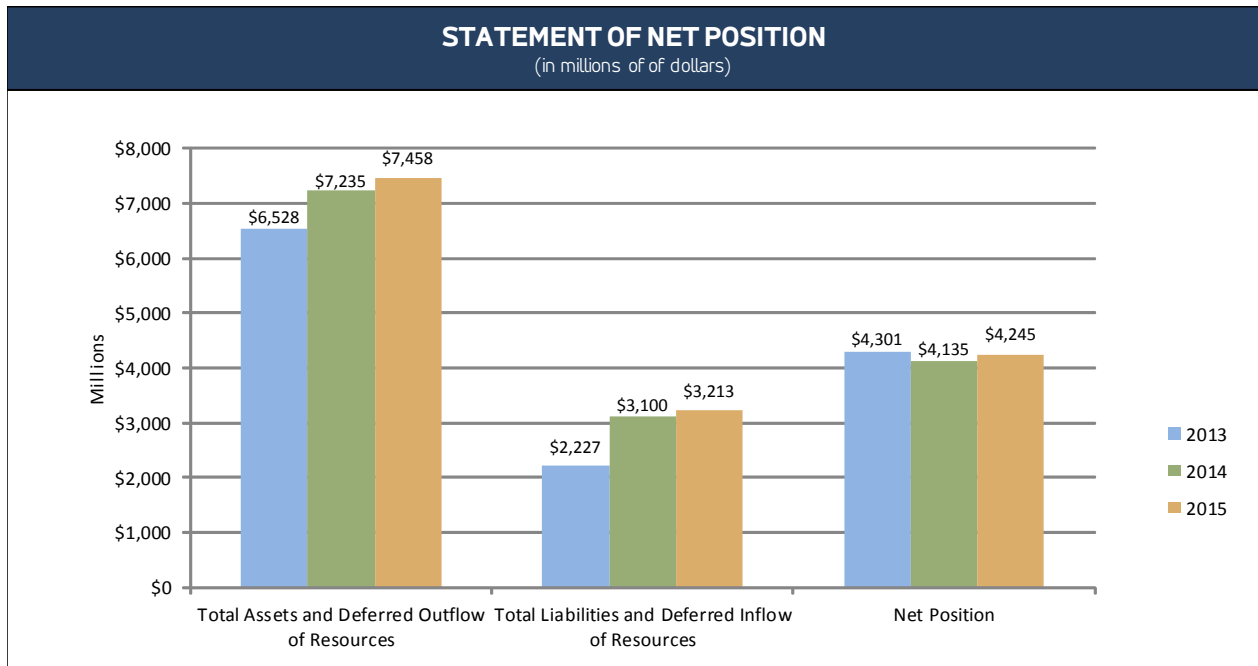


# UNIVERSITY OF MISSOURI SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014 (unaudited)

The following charts compare Total Assets and Deferred Outflow of Resources, Liabilities and Deferred Inflow of Resources, and Net Position at June 30, 2015, 2014 and 2013, and the major components of changes in Net Position for the years ended June 30, 2015, 2014, and 2013:



\*Includes State Appropriations

# UNIVERSITY OF MISSOURI SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014 (unaudited)

### CONDENSED STATEMENT OF NET POSITION

The Statement of Net Position presents the University's financial position at the end of the fiscal year, including all assets and deferred outflow of resources and liabilities and deferred inflow of resources of the University, segregating them into current and noncurrent components. Total Net Position is an indicator of financial condition and changes in Total Net Position indicate if the overall

financial condition has improved or worsened. Assets and deferred outflow of resources and liabilities and deferred inflow of resources are generally measured using current values with certain exceptions, such as capital assets which are stated at cost less accumulated depreciation, and long-term debt which is stated at cost.

The following table summarizes the University's assets and deferred outflow of resources, liabilities and deferred inflow of resources and net position at June 30, 2015, 2014, and 2013:

<b>CONDENSED STATEMENT OF NET POSITION</b>			
(in thousands of dollars)			
<b>As of June 30,</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Assets</b>			
Current Assets	\$ 1,108,951	\$ 1,110,174	\$ 950,039
Noncurrent Assets			
Endowment and Other Long-Term Investments	2,936,609	2,827,084	2,442,510
Capital Assets, Net	3,198,011	3,123,172	2,997,508
Other	116,642	122,208	116,475
<b>Deferred Outflow of Resources</b>	<b>97,615</b>	<b>52,417</b>	<b>21,736</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 7,457,828</b>	<b>\$ 7,235,055</b>	<b>\$ 6,528,268</b>
<b>Liabilities</b>			
Current Liabilities			
Commercial Paper and Current Portion of Long-Term Debt	\$ 71,022	\$ 92,433	\$ 203,295
Long-Term Debt Subject to Remarketing Agreements	96,320	99,445	99,895
Other	725,367	770,196	582,292
Noncurrent Liabilities			
Long-Term Debt	1,527,661	1,411,225	1,103,004
Other	793,061	540,926	238,843
<b>Deferred Inflow of Resources</b>	<b>-</b>	<b>185,860</b>	<b>-</b>
<b>Total Liabilities &amp; Deferred Inflow of Resources</b>	<b>3,213,431</b>	<b>3,100,085</b>	<b>2,227,329</b>
<b>Net Position</b>			
Net Investment in Capital Assets	1,613,846	1,626,371	1,636,334
Restricted -			
Nonexpendable	1,010,357	998,947	858,820
Expendable	490,839	477,728	415,128
Unrestricted	1,129,355	1,031,924	1,390,657
<b>Total Net Position</b>	<b>4,244,397</b>	<b>4,134,970</b>	<b>4,300,939</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 7,457,828</b>	<b>\$ 7,235,055</b>	<b>\$ 6,528,268</b>



# UNIVERSITY OF MISSOURI SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014 (unaudited)

### ASSETS AND DEFERRED OUTFLOW OF RESOURCES

**Total Assets and Deferred Outflow of Resources** increased by \$222.7 million, or 3.1%, to \$7.5 billion as of June 30, 2015 compared to the prior year. The increase during FY 2015 and FY 2014 was driven primarily by a \$109.5 million increase and \$384.6 million increase, respectively, in **Endowment and Other Long-Term Investments**. At the same time, the University continued to expand **Capital Assets** across all of its campuses to meet housing, educational, and patient care needs. At June 30, 2015, the University's working capital, which is current assets less current

liabilities, was \$216.2 million, an increase of \$68.1 million from the previous year. The largest driver of the increase was a \$177.5 million increase in **Cash and Cash Equivalents**. At June 30, 2014, the University's working capital was \$148.1 million, an increase of \$83.5 million over FY 2013. As a measurement of actual liquidity, working capital is adversely impacted by the inclusion, per accounting guidelines, of Long-Term Debt Subject to Remarketing. If Long-Term Debt Subject to Remarketing were excluded from Current Liabilities, working capital would be \$312.6 million and \$247.5 million at June 30, 2015 and 2014, respectively, also expressed as Current Assets of 1.39 and 1.29 times Current Liabilities.

The following table illustrates actual working capital, as well as working capital adjusted for Long-Term Debt Subject to Remarketing:

SUMMARY OF WORKING CAPITAL			
(in thousands of dollars)			
As of June 30,	2015	2014	2013
Current Assets	\$ 1,108,951	\$ 1,110,174	\$ 950,039
Current Liabilities	892,709	962,074	885,482
<b>Working Capital</b>	<b>\$ 216,242</b>	<b>\$ 148,100</b>	<b>\$ 64,557</b>
<b>Ratio of Current Assets to Current Liabilities</b>	<b>1.24</b>	<b>1.15</b>	<b>1.07</b>
Current Assets	1,108,951	1,110,174	950,039
Current Liabilities	892,709	962,074	885,482
Less: Long-Term Debt Subject to Remarketing	(96,320)	(99,445)	(99,895)
Current Liabilities, As Adjusted	796,389	862,629	785,587
<b>Working Capital, As Adjusted</b>	<b>\$ 312,562</b>	<b>\$ 247,545</b>	<b>\$ 164,452</b>
<b>Ratio of Current Assets to Current Liabilities (As Adjusted)</b>	<b>1.39</b>	<b>1.29</b>	<b>1.21</b>





# UNIVERSITY OF MISSOURI SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014 (unaudited)

At June 30, 2015, the University held \$384.9 million in **Cash and Cash Equivalents**, an increase of \$238.0 million from June 30, 2014. At June 30, 2014, the University held \$146.9 million in cash and cash equivalents, a decrease of \$111.5 million from June 30, 2013. The increase in cash at June 30, 2015 is largely due to timing differences as less working capital was invested at June 30, 2015 as compared to June 30, 2014. **Short-Term and Long-Term Investments** totaled \$3.1 billion as of June 30, 2015 and 2014, representing no increase over FY 2014 as

compared to an increase of 11.7% from FY 2014 to FY 2013. The financial markets softened during FY 2015; net realized and unrealized gains and losses decreased by \$243.6 million, going from a net gain of \$281.8 million in FY 2014 to a net gain of \$38.2 million in FY 2015. The Endowment Pool and General Pool experienced a net gain (loss) of 1.9% and (1.0%) in FY 2015. For comparison, the Endowment Pool, Fixed Income Pool and General Pool experienced a net gain of 16.7%, 7.5% and 6.2% in FY 2014, respectively.

Composition and returns of the University's various investment pools for the years ended June 30, 2015 and 2014 were as follows:

CASH, CASH EQUIVALENTS AND INVESTMENTS							
(in thousands of dollars)							
	June 30, 2015					June 30, 2014	
	Cash and Cash Equivalents	Short-Term and Long-Term	Total	Total Return	Benchmark Index Return (A)	Total	Total Return
General Pool	\$ 309,380	\$ 1,605,908	\$ 1,915,288	-1.0%	0.8%	\$ 1,693,992	6.2%
Endowment Funds							
Endowment Pool	73,073	1,332,380	1,405,453	1.9%	2.5%	1,326,526	16.7%
Fixed Income Pool <sup>(B)</sup>	-	-	-	-	-	73,465	7.5%
Other	2,461	130,670	133,131	N/A	N/A	133,970	N/A
<b>Total</b>	<b>\$ 384,914</b>	<b>\$ 3,068,958</b>	<b>\$ 3,453,872</b>			<b>\$ 3,227,953</b>	

(A) Benchmark index returns are calculated by independent investment consultants based on returns of market indices.

(B) As of January 1, 2015 the majority of the Fixed Income Pool was transferred into the Endowment Pool in accordance with section 402.134 RSMo Supp. 2014



# UNIVERSITY OF MISSOURI SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014 (unaudited)

At June 30, 2015, the University's investment in **Capital Assets** totaled \$3.2 billion compared to \$3.1 billion at June 30, 2014. The University added \$268.9 million in capital assets, net of retirements, during FY

2015, offset by depreciation of \$194.1 million for the year. FY 2014 capital asset additions of \$308.9 million, net of retirements, were offset by \$183.3 million in depreciation.

Note 6 presents additional information by asset classification. Major capital projects either substantially completed in FY 2015 or ongoing are show in the following table.

### SELECTED CAPITAL PROJECTS

(Fiscal Year Ended June 30, 2015)

Campus	Project Budget	Expenditures		Source of Funding
		Through June 30, 2015		
Columbia:				
	Virginia Avenue South Renovation of Johnston and Wolpers	\$28,400,000	\$22,871,000	Revenue Bonds, Campus Reserves
	Dobbs Dining Replacement Project	42,800,000	39,998,000	Revenue Bonds, Campus Reserves
	Lafferre Hall Renovation	139,603,000	36,026,000	Revenue Bonds, Campus Reserves
	E. Campus Chilled Water Phase 2	44,785,000	2,707,000	State Appropriations, Campus Reserves
	Medical Science Addition SOM Expansion	20,639,000	19,545,000	Revenue Bonds
	Swallow Hall Renovation & Reconstruction	42,500,000	2,375,000	Campus Reserves
		17,364,000	8,185,000	Campus Reserves
Hospital:				
	MUHC -4th & 5th Floor - Renovation	19,080,000	5,355,000	Reserves
	MO Orthopaedic Institute	35,334,000	5,535,000	Revenue Bonds, Reserves
Kansas City:				
	Spencer Chemistry Building	18,950,000	4,000	State Appropriations, Campus Reserves
Missouri S&T:				
	Residential Housing	31,765,000	2,483,000	Revenue Bonds
St. Louis:				
	Benton Stadler Hall Renovation	25,312,000	4,275,000	State Appropriations, Reserves
	Benton Science Learning Building	30,000,000	10,967,000	Revenue Bonds, Campus Reserves
	College of Business Building	20,000,000	751,000	State Appropriations, Gifts
	Optometry Building	18,300,000	2,435,000	Revenue Bonds, Campus Reserves

### LIABILITIES AND DEFERRED INFLOW OF RESOURCES

**Total Liabilities and Deferred Inflow of Resources** were \$113.3 million higher at June 30, 2015 as compared to June 30, 2014. Significant changes in **Current Liabilities** at June 30, 2015 include a \$69.6 million decrease in **Collateral Held for Securities Lending**; a \$21.4 million decrease in **Commercial Paper and Current Portion of Long-Term Debt** and a \$27.9 million increase in **Accrued Liabilities**.

**Current Liabilities** include long-term variable rate demand bonds subject to remarketing agreements

totaling \$96.3 million, \$99.4 million and \$99.9 million at June 30, 2015, 2014 and 2013, respectively. The variable rate demand bond has a final contractual maturity in fiscal year 2032. Despite contractual maturities beyond one year, this variable rate demand bond is classified as a current liability because the University is ultimately the sole source of liquidity should the option to tender be exercised by the bondholder.

The University's Commercial Paper Program can issue up to an aggregate outstanding principal amount of \$375 million. During FY 2015, the University repaid the \$45.0 million of commercial paper issued for

# UNIVERSITY OF MISSOURI SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014 (unaudited)

working capital and issued an additional \$14.6 million for capital projects. During fiscal year 2014, the University refunded \$147.5 million of Commercial Paper with bond issuances and issued \$45.0 million of commercial paper to fund working capital needs.

**Noncurrent Liabilities** represent those commitments beyond one year. One new bond was issued in FY 2015. On November 6, 2014, the University issued \$150.0 million in Series 2014B Taxable System Facilities Revenue Bonds. Proceeds from the issuance of the 2014B bonds are being used to fund additions, improvements, and renovations to system facilities. The all-in-true interest cost of the Series 2014B bonds is 4.3%.

Three new bonds were issued in FY 2014. On November 26, 2013 the University issued \$11.3 million and \$150.0 million in Series 2013A System

Facilities Revenue Bonds and 2013B Taxable System Facilities Revenue Bonds, respectively. Proceeds from issuance of the Series 2013A and 2013B Bonds were used to refund the Series 2003B bonds, finance construction projects across multiple campuses and the health system, and finance the cost of issuance of the Series 2013A and 2013B bonds. The all-in-true interest cost of the Series 2013A and 2013B bonds is 2.2% and 4.9%, respectively.

On May 22, 2014, the University issued \$294.5 million in Series 2014A System Facilities Revenue Bonds. Proceeds from the issuance of the Series 2014A bonds were used to refund a portion of series 2007A bonds, repaying outstanding Commercial Paper Notes and paying the cost of issuance of the Series 2014A bonds. The all-in-true interest cost of the Series 2014A bonds is 3.2%.

The following is a summary of long-term debt by type of instrument:

<b>LONG-TERM DEBT</b>			
(in thousands of dollars)			
<b>As of June 30,</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
System Facilities Revenue Bonds	\$ 1,551,330	\$ 1,420,420	\$ 1,185,400
Unamortized Premium and Loss on Defeasance	65,604	72,556	23,489
<b>Total Bonds Payable</b>	<b>1,616,934</b>	<b>1,492,976</b>	<b>1,208,889</b>
Notes Payable	32,499	33,389	14,130
Capital Lease Obligations	4,347	5,166	5,920
Commercial Paper	41,223	71,572	177,255
<b>Total Long-Term Debt</b>	<b>\$ 1,695,003</b>	<b>\$ 1,603,103</b>	<b>\$ 1,406,194</b>
<b>Contractual Maturities Within One Year</b>			
Bonds Payable - Fixed Rate	\$ 24,890	\$ 18,640	\$ 23,890
Bonds Payable - Variable Rate Demand	3,125	450	435
Notes Payable	894	951	960
Capital Lease Obligations	890	820	755
Commercial Paper	41,223	71,572	177,255
<b>Total Contractual Maturities Within One Year</b>	<b>\$ 71,022</b>	<b>\$ 92,433</b>	<b>\$ 203,295</b>



**UNIVERSITY OF MISSOURI SYSTEM**  
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The following is a summary of outstanding revenue bonds and commercial paper by campus and project type:

<b>Revenue Bonds and Commercial Paper</b>							
(in thousands of dollars)							
	June 30, 2015						
	MU	UMKC	UMSL	Missouri S&T	University Health Care	Unallocated Bond Cost	Total
Athletics	\$ 87,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,225
Campus Utilities	151,841	10,303	-	30,341	-	-	192,485
Classroom & Research	54,946	25,835	32,665	15,030	-	-	128,476
Critical Repairs/Maintenance	16,986	7,243	4,471	5,030	-	-	33,730
Housing	288,403	104,092	19,774	76,909	-	-	489,178
Health Care	-	-	-	-	326,418	-	326,418
Parking	44,347	45,103	19,770	-	-	-	109,220
Recreational Facilities	38,425	7,085	35,848	1,002	-	-	82,360
Student Centers	27,229	39,616	16,578	9,636	-	-	93,059
Other	737	927	-	-	-	34,098	35,762
Commercial Paper Issued	-	-	-	-	-	14,640	14,640
Unamortized Premium	-	-	-	-	-	65,604	65,604
<b>Total</b>	<b>\$ 710,139</b>	<b>\$ 240,204</b>	<b>\$ 129,106</b>	<b>\$ 137,948</b>	<b>\$ 326,418</b>	<b>\$ 114,342</b>	<b>\$ 1,658,157</b>

In addition to the increases in long term debt during FY 2015, the University realized a \$206.9 million increase in the **Net Pension Liability**. The increase was largely driven by differences in actual and projected earnings on investments within the Pension Trust Fund.

**Deferred Inflow Resources** represent an acquisition of net position by the University that is applicable to a future period. During FY 2014, the University recognized \$185.9 million of deferred inflow resources representing the difference between actual and expected earnings on pension plan investments.

### NET POSITION

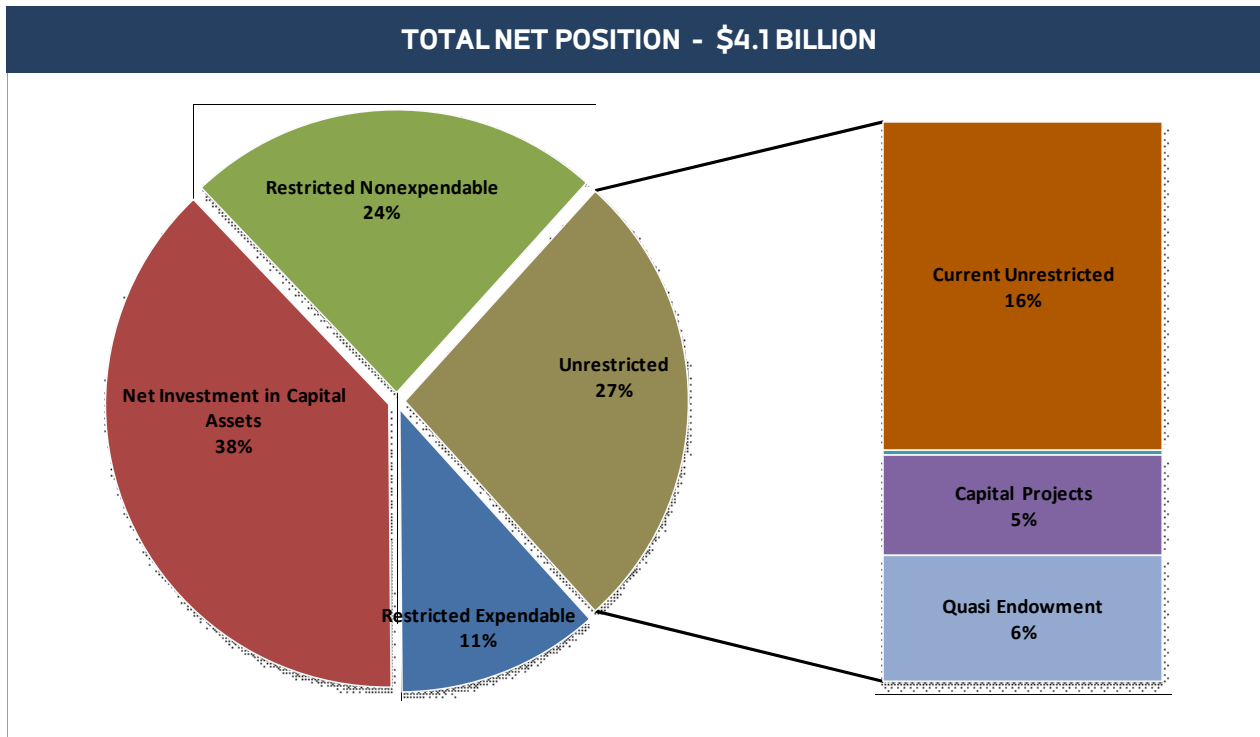
**Net Position** represents the value of the University's assets after liabilities are deducted. The University's total **Net Position** decreased by \$166.0 million during the year ended June 30, 2014 to \$4.1 billion and increased by \$109.4 million to \$4.2 billion for the year ended June 30, 2015.

# UNIVERSITY OF MISSOURI SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014 (unaudited)

The distribution of the Net Position balances, including additional details on unrestricted net position by fund type, as of June 30, 2015, are as follows:



Total **Net Position** is reflected in the four component categories as follows.

**Net Investment in Capital Assets**, represents the University's investment in capital assets, net of accumulated depreciation and outstanding debt related to acquisition, construction or improvement of those assets. This category decreased by \$12.5 million in FY 2015 and \$10.0 million in FY 2014. This decrease was driven by increased debt funding of capital assets.

**Restricted Nonexpendable Net Position** includes endowment assets that are subject to externally imposed stipulations for the principal to be maintained in perpetuity by the University. In FY 2015, growth in Restricted Nonexpendable Net Position slowed to 1.1% or \$11.4 million on softer investment returns compared to FY 2014. Favorable market experience led to a \$140.1 million, or 16.3%, increase in Restricted Nonexpendable Net Position during FY 2014 over FY 2013.

**Restricted Expendable Net Position** represents resources that are subject to externally imposed stipulations regarding their use, but are not required to be maintained in perpetuity. This category increased by \$13.1 million, or 2.7%, during FY 2015 and \$62.6 million, or 15.1%, during FY 2014. As of June 30, 2015, this category includes:

- \$367.8 million of net position restricted for operations and giving purposes compared to \$349.6 million at June 30, 2014;
- \$83.5 million for student loan programs compared to \$81.8 million at June 30, 2014; and
- \$39.5 million for facilities compared to \$46.3 million at June 30, 2014.

**Unrestricted Net Position** is not subject to externally imposed stipulations although these resources may be designated for specific purposes by the University's management or Board of Curators. This category increased by \$97.4 million or 9.4% to \$1.1





# UNIVERSITY OF MISSOURI SYSTEM

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billion in FY 2015 and decreased by \$358.7 million, or 25.8%, to \$1.0 billion at June 30, 2014. A (\$509.9) million cumulative effect of a change in accounting principle from the implementation of GASB 68 was the primary driver of the decrease in FY 2014. Maintaining adequate levels of unrestricted net position is one of several key factors that have enabled the University to maintain its Aa1 credit rating. As of June 30, 2015 and 2014, University Health Care designated funds totaled \$367.8 million and \$351.8 million, respectively; capital project-

designated funds totaled \$254.6 million and \$221.3 million, respectively; student loan program-designated funds totaled \$8.8 million and \$8.8 million, respectively; and unrestricted funds functioning as endowments totaled \$202.4 million and \$204.3 million, respectively. The remaining Unrestricted Net Position is available for the University's instructional and public service missions and its general operations totaled \$295.7 million and \$245.7 million at June 30, 2015 and 2014, respectively.



**UNIVERSITY OF MISSOURI SYSTEM**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

The Statement of Revenues, Expenses, and Changes in Net Position presents the University's results of operations. The Statement distinguishes revenues and expenses between operating and non-operating categories, and provides a view of the University's operating margin.

<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>			
(in thousands of dollars)			
Fiscal Year Ended June 30,	2015	2014	2013
<b>Operating Revenues</b>			
Net Tuition and Fees	\$ 652,989	\$ 627,273	\$ 592,805
Grants and Contracts	280,019	286,987	309,683
Patient Medical Services, Net	944,161	873,638	847,681
Other Auxiliary Enterprises	433,437	409,184	412,351
Other Operating Revenues	91,923	88,174	82,308
Total Operating Revenues	2,402,529	2,285,256	2,244,828
<b>Operating Expenses</b>			
Salaries, Wages and Benefits	1,804,314	1,709,706	1,729,656
Supplies, Services and Other Operating Expenses	858,939	833,799	766,624
Other Operating Expenses	260,935	250,169	230,257
Total Operating Expenses	2,924,188	2,793,674	2,726,537
<b>Operating Loss Before State Appropriations</b>	<b>(521,659)</b>	<b>(508,418)</b>	<b>(481,709)</b>
State Appropriations	435,511	412,650	401,400
<b>Loss after State Appropriations, before Nonoperating Revenues (Expenses)</b>	<b>(86,148)</b>	<b>(95,768)</b>	<b>(80,309)</b>
<b>Nonoperating Revenues (Expenses)</b>			
Investment and Endowment Income, Net of Fees	38,187	281,837	147,433
Private Gifts	68,615	66,780	64,103
Interest Expense	(67,651)	(59,916)	(55,256)
Other Nonoperating Revenues, Net	101,443	88,928	84,249
Net Nonoperating Revenues (Expenses)	140,594	377,629	240,529
<b>Income before Capital Contributions and Additions to Permanent Endowments</b>	<b>54,446</b>	<b>281,861</b>	<b>160,220</b>
State Capital Appropriations	3,610	-	745
Capital Gifts and Grants	21,083	14,727	20,244
Private Gifts for Endowment Purposes	30,288	47,390	35,113
<b>Increase in Net Position</b>	<b>109,427</b>	<b>343,978</b>	<b>216,322</b>
<b>Net Position, Beginning of Year</b>	<b>4,134,970</b>	<b>4,300,939</b>	<b>4,084,617</b>
Cumulative Effect of a Change in Accounting Principle	-	(509,947)	-
<b>Net Position, Beginning of Year, Restated</b>	<b>4,134,970</b>	<b>3,790,992</b>	<b>4,084,617</b>
<b>Net Position, End of Year</b>	<b>\$ 4,244,397</b>	<b>\$ 4,134,970</b>	<b>\$ 4,300,939</b>

**OPERATING REVENUES**

**Operating Revenues** represent resources generated by the University in fulfilling its instruction, research, and public service missions. Total **Operating Revenues** increased \$117.2 million, or 5.1% in FY 2015 and \$40.4 million, or 1.8%, in FY 2014. **Net**

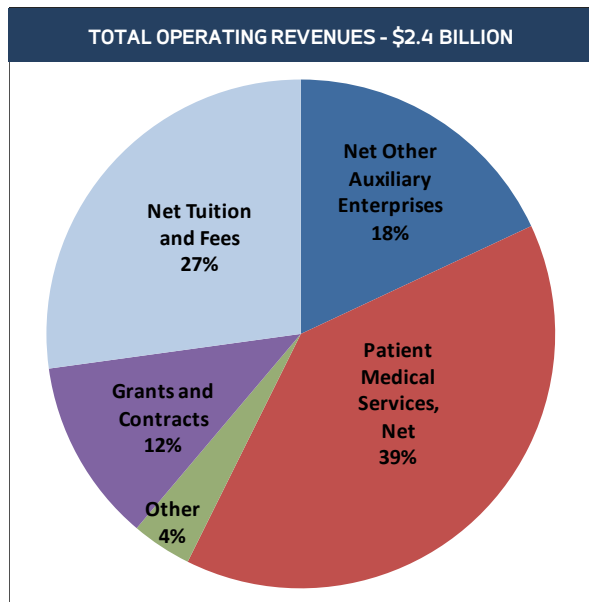
**Tuition and Fees** and **Patient Medical Services** had the greatest growth over FY 2015, continuing the trend from the previous year. **Grants and Contracts** decreased in both FY 2015 and FY 2014 over the previous year. The following is a graphic illustration of operating revenues by source for FY 2015:



# UNIVERSITY OF MISSOURI SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Tuition and Fees**, net of **Scholarship Allowances**, increased by \$25.7 million, or 4.1%, in FY 2015 and \$34.5 million, or 5.8% in FY 2014 over a total of \$592.8 million in FY 2013. The increase in FY 2015 was driven by increases in non-resident tuition. The increase in FY 2014 was driven by a 1% growth in full-time equivalent enrollment and increases of 1.7% in resident and between 1.7% and 6.8% in non-resident tuition rates varying by campus.

As a research institution, the University receives a substantial amount of funding through **Federal, State and Private Grants and Contracts**. Overall, sponsored funding decreased by \$7.0 million, or 2.4%, in FY 2015 compared to a decrease of \$22.7 million, or 7.3%, in FY 2014 over a total of \$309.6 million in FY 2013. A decrease in private grants and contracts was the primary driver of the FY 2015 decrease.

The University's auxiliary enterprises include University Health Care, Housing and Dining Services, campus Bookstores, and other such supplemental activities. Total operating revenues generated by these auxiliary enterprises increased by \$94.8 million, or 7.4% in FY 2015 and \$22.8 million, or 1.8% in FY 2014 over a total of \$1.3 billion in FY 2013. **Patient Medical Services**, which includes fees for services provided by University Health Care, had the largest increase among auxiliaries at \$70.5 million in FY 2015

and \$26.0 million in FY 2014. This was largely driven by growth in both inpatient and outpatient areas with increases in discharges, surgeries, and clinic visits.

### NONOPERATING REVENUES

**Nonoperating Revenues** are those not generated by the University's core missions and include such funding sources as State and Federal Appropriations, Pell Grants, Private Gifts and Investment and Endowment Income.

Total **State Appropriations** received for University operations, University Health Care operations, and other special programs increased by \$22.9 million, or 5.5% in FY 2015 and \$11.3 million, or 2.8%, in FY 2014 over a total of \$401.4 million in FY 2013. For FY 2015, the increase in appropriations was driven by the University's performance on state-specified metrics. In FY 2014, the increase was not as high as expected as the State's lottery revenue fell short of expectations, resulting in increased withholdings.

As one of the more volatile sources of non-operating revenues, **Investment and Endowment Income** includes interest and dividend income as well as realized and unrealized gains and losses. Realized and unrealized market value gains, losses and other activity affecting **Investment and Endowment Income** resulted in a net gain of \$38.2 million in FY 2015 as compared to a net gain of \$281.8 million in FY 2014, a decrease of \$243.7 million for the year ended June 30, 2015, as compared to a \$134.4 million increase for the year ended June 30, 2014. As of June 30, 2013, Investment and Endowment Income was \$147.4 million.

Gift income is reflected in three categories: **Private Gifts, Capital Gifts and Grants** (which are restricted for adding or improving capital assets) and **Private Gifts for Endowments** (which are restricted for establishing endowments). Private Gifts and Grants can fluctuate significantly from year to year due to the voluntary nature of donors' gifts. In FY 2015, the University received gifts totaling \$120.0 million, as compared to \$128.9 million and \$119.5 million for FY 2014 and FY 2013, respectively.

# UNIVERSITY OF MISSOURI SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Total **Interest Expense** for the year ended June 30, 2015, 2014 and 2013 was \$76.6 million, \$67.9 million, and \$64.4 million, respectively. Interest expense associated with financing projects during construction, net of any investment income earned on bond proceeds during construction, is capitalized.

For the years ended June 30, 2015, 2014, and 2013, capitalization of interest earned on unspent bond proceeds totaled \$8.9 million, \$8.0 million, and \$9.2 million, respectively, resulting in net interest expense of \$67.7 million, \$59.9 million, and \$55.2 million, respectively.

The following is a summary of interest expense associated with Long-Term Debt:

<b>INTEREST EXPENSE</b>			
(in thousands of dollars)			
<b>Fiscal Year Ended June 30,</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
System Facilities Revenue Bonds	\$ 68,117	\$ 59,401	\$ 56,208
Net Payment on Interest Rate Swaps	7,157	7,176	7,104
<b>Total System Facilities Revenue Bonds</b>	<b>75,274</b>	<b>66,577</b>	<b>63,312</b>
Capitalized Lease Obligations	822	807	867
Notes Payable	471	385	35
Commercial Paper	28	150	255
<b>Total Interest Expense Before Capitalization of Interest</b>	<b>76,595</b>	<b>67,919</b>	<b>64,469</b>
Capitalization of Interest, Net of Interest Earned on Unspent Bond Proceeds	(8,944)	(8,003)	(9,213)
<b>Total Interest Expense</b>	<b>\$ 67,651</b>	<b>\$ 59,916</b>	<b>\$ 55,256</b>

In FY 2015, **Other Nonoperating Revenues, Net** of \$101.4 million increased \$12.5 million over FY 2014. The increase is primarily due to a one-time recovery related to a patent infringement lawsuit in FY 2015. In FY 2015 and FY 2014, Federal Appropriations

include cash subsidy payments from the United States Treasury totaling \$9.7 and \$9.8 million respectively, for designated Build America Bonds outstanding. Pell Grants were flat in FY 2015.



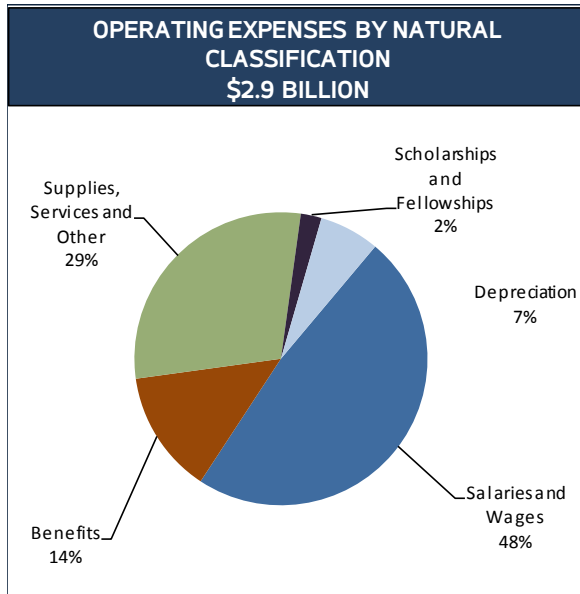
# UNIVERSITY OF MISSOURI SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014 (unaudited)

### OPERATING EXPENSES

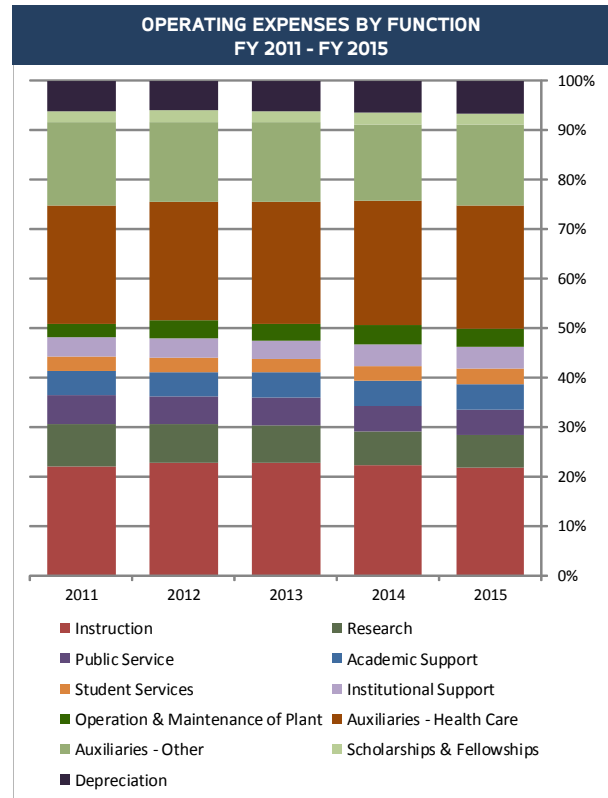
**Total Operating Expenses** increased by \$130.5 million, or 4.7%, in FY 2015 compared to an increase of \$67.1 million, or 2.5%, in FY 2014. For the year ended June 30, 2013, total operating expenses amounted to \$2.7 billion. The following graph illustrates the University's operating expenses by natural classification for FY 2015:



During FY 2015, **Salaries, Wages and Benefits** increased by approximately 5.5% as compared to a 1.2% decrease in the prior fiscal year. Salaries and Wages increased by \$43.9 million, or 3.2%, driven by merit increases. Staff Benefits in FY 2015 increased \$50.6 million, or 14.6%, over FY 2014 primarily due to investment performance falling below expectation on the pension plan.

In FY 2015 and FY 2014, the University's **Supplies, Services, and Other Operating** expenses of \$858.9 million and \$833.8 million increased by \$25.1 million, or 3.1%, and \$67.2 million, or 8.8%, respectively, over the prior fiscal year. The slower growth in FY 2015 was due to cost containment measures.

The following illustrates the University's operating expenses by function for FY 2011 through FY 2015:



The core missions of instruction, research, and public service account for the largest proportion of Operating Expenses at 33.6% and 34.3% for FY 2015 and FY 2014, respectively. University Health Care, included in auxiliary, constitutes the next highest proportion at 25.0% and 25.2% of expenses for FY 2015 and FY 2014, respectively. Excluding University Health Care, instruction, research, and public service account for 44.8% of Operating Expenses for FY 2015. Institutional support, which represents the core administrative operations of the University, was less than 5 cents of each dollar spent during this 5-year period.

# UNIVERSITY OF MISSOURI SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about the University's sources and uses of cash and cash equivalents during the fiscal year. The following summarizes sources and uses of cash and cash equivalents for the three years ended June 30, 2015, 2014 and 2013:

CONDENSED STATEMENT OF CASH FLOWS			
(in thousands of dollars)			
Fiscal Year Ended June 30,	2015	2014	2013
Net Cash Used in Operating Activities	\$ (303,355)	\$ (366,936)	\$ (251,188)
Net Cash Provided from Noncapital Financing Activities	652,461	621,579	581,032
Net Cash Used in Capital and Related Financing Activities	(229,324)	(202,284)	(356,843)
Net Cash Used in Investing Activities	118,197	(163,876)	(77,329)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>237,979</b>	<b>(111,517)</b>	<b>(104,328)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>146,935</b>	<b>258,452</b>	<b>362,780</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 384,914</b>	<b>\$ 146,935</b>	<b>\$ 258,452</b>

**Net Cash Used in Operating Activities** reflects the continued need for funding from the state of Missouri, as funding received from tuition and fees and related sales and services of auxiliary and educational activities are not sufficient to cover operational needs. In FY 2015, cash used in operating activities decreased by \$63.6 million primarily due to increased collections from patient service revenues. In FY 2014, cash used in operating activities increased by \$115.7 million as compared to FY 2013 due primarily to increased payments to employees and suppliers.

The University's most significant source of cash, **Net Cash Provided from Noncapital Financing Activities**, includes funding from State and Federal appropriations, Pell grants and noncapital private gifts. Cash from these sources totaling \$652.5 million, \$621.6 million, and \$581.0 million in FY 2015, FY 2014, and FY 2013, respectively, directly offset the additional cash needs resulting from operations.

**Net Cash Used In Capital and Related Financing Activities** increased by \$27.0 million in FY 2015 due largely to increased principal payments on capital debt. Net Cash Used in Capital and Related Financing Activities decreased by \$154.6 million in FY 2014 due largely to new issuances of debt to fund capital projects. Net Cash Used in Capital and Related Financing Activities of \$356.8 million in FY 2013 was

due largely to the spend down of bond proceeds for capital projects.

**Net Cash Used in Investing Activities** reflects a net inflow of 118.2 million in 2015 as compared to cash outflow of \$163.9 million in FY 2014. The difference is largely driven by the purchase and sale of investments by the University. The change of \$86.5 million from FY 2014 to FY 2013 was largely driven by increased purchases of investments over the prior year as the University invested more working capital outside of cash.

### ECONOMIC OUTLOOK

The University of Missouri is the state's premier public research university contributing to the economic development and vitality of the state through ground-breaking research, educating more than 75,000 students, delivering quality healthcare to the citizens of Missouri, and providing extension services throughout the state.

The University has experienced 24% enrollment growth over the past 10 years. Approximately 98% of the state's growth in undergraduate enrollment among public four-year institutions over the last 10 years has occurred within the University of Missouri System. This growth has occurred during the challenging economy of the past decade without growth in state support and modest annual average





# UNIVERSITY OF MISSOURI SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014 (unaudited)

increases in tuition. The University remains focused on cost containment measures, knowing that revenue growth will remain constrained moving forward. The University formed a task force to address benefit costs over the coming years.

State appropriations for operations increased by 5.5% in FY 2015 as the University performed well on state performance measures and received money to start additional programs. For FY 2016, the University expects to receive a small increase in state appropriations based on the University's performance. In addition, the University will receive capital appropriations in FY 2016 and FY 2017 from the state for several building projects approved last budget cycle. However, without significant increases in general revenues, the state will continue to be challenged to increase on-going funding for higher education for FY 2017 and beyond.

Despite the challenges generated by relatively flat state funding and limited tuition increases, the University has been able to maintain its strong financial position due to diversified revenue sources, system-wide cost containment measures and historically low borrowing costs.

The University is aware of its fiduciary responsibility to control costs in order to provide an affordable education for Missourians. The University has continued to implement shared services and business process redesign to achieve cost savings and efficiencies and to identify resources for strategic investment. This is an on-going process critical to future performance.

For FY 2015, University Health Care continues focus on advancing the health of all people, especially Missourians. For the future, University Health Care continues to pursue growth and its academic mission.

During FY 2015, the University of Missouri Health System (MU Health Care) continued to develop collaborative arrangements in central Missouri in an effort to improve patient outcomes and access to care, share best practices, create efficiencies and lower healthcare costs to communities served by the network. In FY 2015, MU Health Care also completed construction on a new replacement outpatient facility in Columbia.

The University continues to monitor the changing environment surrounding State and Federal health care programs and the corresponding legislation, including the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act, collectively referred to as 'Health Care Reform.' This legislation will significantly impact the future of healthcare. MU Health Care management continues to respond to the effects of the legislation.

Strong student demand, highly successful capital campaigns, robust research funding, economic development programs and a financially stable and growing healthcare system are all factors in the positive outlook for the University of Missouri. However, the state economy, limited increases in tuition, and flat state support will continue to pose budgetary challenges for the University in the future.





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## **INDEPENDENT AUDITORS' REPORT**

The Board of Curators  
University of Missouri System:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the University of Missouri System, a component unit of the State of Missouri, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the University of Missouri System's basic 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 U.S. generally accepted accounting principles; 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 opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the University of Missouri System as of June 30, 2015 and 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.



## INDEPENDENT AUDITORS' REPORT

### *Emphasis of Matter*

Effective July 1, 2013 the University of Missouri System implemented Government Accounting Standards Board (GASB) No. 65, *Items Previously Reported as Assets and Liabilities*, GASB No. 67, *Financial Reporting for Pension Plans*, and GASB No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis on pages 14 through 29, and the schedule of changes in the net pension liability, the schedule of contributions, the schedule of annual money-weighted rate of return on pension plan investments, the notes to required supplementary information, the OPEB plan schedule of funding progress, and the OPEB plan schedule of employer contributions on pages 75 through 78 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University of Missouri System's basic financial statements. The introductory section and the statistical section presented on pages 2 through 13 and 80 through 94, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 October 9, 2015 on our consideration of the University of Missouri System's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of Missouri System's internal control over financial reporting and compliance.

**KPMG LLP**

St. Louis, Missouri  
October 9, 2015



# UNIVERSITY OF MISSOURI SYSTEM

## STATEMENT OF NET POSITION

As of June 30, 2015 and 2014 (in thousands)

	University		Discretely Presented Component Unit	
	2015	2014	2015	2014
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 268,211	\$ 90,750	\$ 6,756	\$ 7,245
Restricted Cash and Cash Equivalents	116,703	56,185	-	-
Short-Term Investments	105,587	217,758	-	-
Restricted Short-Term Investments	26,762	36,176	-	-
Investment of Cash Collateral	43,902	113,477	-	-
Accounts Receivable, Net	277,373	292,854	17,038	17,289
Pledges Receivable, Net	16,958	15,930	-	-
Investment Settlements Receivable	185,576	224,423	-	-
Notes Receivable, Net	8,781	8,490	-	-
Due (To) From Component Unit	(9,469)	(8,107)	9,469	8,107
Inventories	37,872	35,354	3,786	3,602
Prepaid Expenses and Other Current Assets	30,695	26,884	3,011	2,781
<b>Total Current Assets</b>	<b>1,108,951</b>	<b>1,110,174</b>	<b>40,060</b>	<b>39,024</b>
<b>Noncurrent Assets</b>				
Restricted Cash and Cash Equivalents	-	-	4,322	4,347
Pledges Receivable, Net	34,845	40,004	-	-
Notes Receivable, Net	79,418	79,961	-	-
Other Assets	2,379	2,243	4,262	5,138
Restricted Other Assets	-	-	4,297	3,368
Long-Term Investments	1,614,799	1,526,603	55,601	72,254
Restricted Long-Term Investments	1,321,810	1,300,481	-	-
Capital Assets, Net	3,198,011	3,123,172	82,958	59,656
<b>Total Noncurrent Assets</b>	<b>6,251,262</b>	<b>6,072,464</b>	<b>151,440</b>	<b>144,763</b>
<b>Deferred Outflow of Resources</b>	<b>97,615</b>	<b>52,417</b>	<b>-</b>	<b>-</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$7,457,828</b>	<b>\$7,235,055</b>	<b>\$ 191,500</b>	<b>\$ 183,787</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 110,231	\$ 137,956	\$ 9,570	\$ 5,408
Accrued Liabilities	187,149	159,209	13,237	14,087
Unearned Revenue	90,554	89,318	-	-
Funds Held for Others	77,021	78,787	-	-
Investment Settlements Payable	216,510	191,449	-	-
Collateral Held for Securities Lending	43,902	113,477	-	-
Commercial Paper and Current Portion of Long-Term Debt	71,022	92,433	1,992	1,795
Long-Term Debt Subject to Remarketing Agreements	96,320	99,445	-	-
<b>Total Current Liabilities</b>	<b>892,709</b>	<b>962,074</b>	<b>24,799</b>	<b>21,290</b>

(continued)



# UNIVERSITY OF MISSOURI SYSTEM

## STATEMENT OF NET POSITION

As of June 30, 2015 and 2014 (in thousands)

	University		Discretely Presented Component Unit	
	2015	2014	2015	2014
<b>Liabilities, Continued</b>				
<b>Noncurrent Liabilities</b>				
Unearned Revenue	13,119	9,859	-	-
Long-Term Debt	1,527,661	1,411,225	27,939	27,585
Derivative Instrument Liability	42,353	39,571	-	-
Other Postemployment Benefits Liability	209,793	177,040	-	-
Net Pension Liability	460,723	253,804	-	-
Other Noncurrent Liabilities	67,073	60,652	7,006	4,728
<b>Total Noncurrent Liabilities</b>	<b>2,320,722</b>	<b>1,952,151</b>	<b>34,945</b>	<b>32,313</b>
<b>Deferred Inflow of Resources</b>	<b>-</b>	<b>185,860</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>3,213,431</b>	<b>3,100,085</b>	<b>59,744</b>	<b>53,603</b>
<b>Net Position</b>				
Net Investment in Capital Assets	1,613,846	1,626,371	53,270	30,400
Restricted				
Nonexpendable -				
Endowment	1,010,357	998,947	-	-
Expendable -				
Scholarship, Research, Instruction and Other	367,832	349,560	4,297	3,368
Loans	83,546	81,805	-	-
Capital Projects	39,461	46,363	-	-
Unrestricted	1,129,355	1,031,924	74,189	96,416
<b>Total Net Position</b>	<b>4,244,397</b>	<b>4,134,970</b>	<b>131,756</b>	<b>130,184</b>
<b>Total Liabilities, Deferred Inflow of Resources and Net Position</b>	<b>\$7,457,828</b>	<b>\$ 7,235,055</b>	<b>\$ 191,500</b>	<b>\$ 183,787</b>

*See notes to the financial statements*

**UNIVERSITY OF MISSOURI SYSTEM**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the Years Ended June 30, 2015 and 2014 (in thousands)

	University		Discretely Presented Component Unit	
	2015	2014	2015	2014
<b>Operating Revenues</b>				
Tuition and Fees (Net of Provision for Doubtful Accounts of \$8,208 in 2015 and \$7,908 in 2014)	\$ 870,637	\$ 829,920	\$ -	\$ -
Less Scholarship Allowances	217,648	202,647	-	-
<b>Net Tuition and Fees</b>	<b>652,989</b>	<b>627,273</b>	<b>-</b>	<b>-</b>
Federal Grants and Contracts	155,797	160,582	-	-
State and Local Grants and Contracts	53,926	49,538	-	-
Private Grants and Contracts	70,296	76,867	-	-
Sales and Services of Educational Activities	25,074	24,137	-	-
Auxiliary Enterprises -				
Patient Medical Services, Net	944,161	873,638	172,238	164,211
Housing and Dining Services (Net of Scholarship Allowance of \$739 in 2015 and \$1,317 in 2014)	114,361	106,818	-	-
Bookstores	55,941	54,444	-	-
Other Auxiliary Enterprises (Net of Scholarship Allowance of \$8,826 in 2015 and \$11,166 in 2014)	263,135	247,922	-	-
Other Operating Revenues	66,849	64,037	-	-
<b>Total Operating Revenues</b>	<b>2,402,529</b>	<b>2,285,256</b>	<b>172,238</b>	<b>164,211</b>
<b>Operating Expenses</b>				
Salaries and Wages	1,407,428	1,363,449	74,868	69,401
Benefits	396,886	346,257	18,622	17,092
Supplies, Services and Other Operating Expenses	858,939	833,799	68,141	64,799
Scholarships and Fellowships	66,860	66,919	-	-
Depreciation	194,075	183,250	9,895	9,817
<b>Total Operating Expenses</b>	<b>2,924,188</b>	<b>2,793,674</b>	<b>171,526</b>	<b>161,109</b>
<b>Operating Income (Loss) before State</b>				
<b>Appropriations</b>	<b>(521,659)</b>	<b>(508,418)</b>	<b>712</b>	<b>3,102</b>
State Appropriations	435,511	412,650	-	-
<b>Operating Income (Loss) after State Appropriations, before Nonoperating Revenues (Expenses)</b>	<b>(86,148)</b>	<b>(95,768)</b>	<b>712</b>	<b>3,102</b>
<b>Nonoperating Revenues (Expenses)</b>				
Federal Appropriations	28,399	27,675	-	-
Federal Pell Grants	59,072	59,776	-	-
Investment and Endowment Income, Net of Fees	38,187	281,837	499	520
Private Gifts	68,615	66,780	-	-
Interest Expense	(67,651)	(59,916)	(609)	(1,111)
Other Nonoperating Revenues (Expenses)	13,972	1,477	970	510
<b>Net Nonoperating Revenues (Expenses)</b>	<b>140,594</b>	<b>377,629</b>	<b>860</b>	<b>(81)</b>

(continued)





**UNIVERSITY OF MISSOURI SYSTEM**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the Years Ended June 30, 2015 and 2014 (in thousands)

	University		Discretely Presented Component Unit	
	2015	2014	2015	2014
<b>Income before Capital Contributions, and Additions</b>				
<b>to Permanent Endowments</b>	54,446	281,861	1,572	3,021
State Capital Appropriations	3,610	-	-	-
Capital Gifts and Grants	21,083	14,727	-	-
Private Gifts for Endowment Purposes	30,288	47,390	-	-
<b>Increase in Net Position</b>	<b>109,427</b>	<b>343,978</b>	<b>1,572</b>	<b>3,021</b>
<b>Net Position, Beginning of Year</b>	<b>4,134,970</b>	<b>4,300,939</b>	<b>130,184</b>	<b>127,163</b>
Cumulative Effect of Change in Accounting Principle	-	(509,947)	-	-
<b>Net Position, Beginning of Year, Adjusted</b>	<b>4,134,970</b>	<b>3,790,992</b>	<b>130,184</b>	<b>127,163</b>
<b>Net Position, End of Year</b>	<b>\$4,244,397</b>	<b>\$ 4,134,970</b>	<b>\$ 131,756</b>	<b>\$ 130,184</b>

*See notes to the financial statements*

# UNIVERSITY OF MISSOURI SYSTEM

## STATEMENT OF CASH FLOWS

For the Years Ended June 30, 2015 and 2014 (in thousands)

	2015	2014
<b>Cash Flows from Operating Activities</b>		
Tuition and Fees	\$ 663,453	\$ 631,335
Federal, State and Private Grants and Contracts	281,879	291,060
Sales and Services of Educational Activities and Other Auxiliaries	298,716	256,724
Patient Care Revenues	941,315	869,862
Student Housing Fees	114,158	106,747
Bookstore Collections	60,162	50,038
Payments to Suppliers	(888,288)	(833,665)
Payments to Employees	(1,384,114)	(1,361,741)
Payments for Benefits	(391,536)	(374,136)
Payments for Scholarships and Fellowships	(66,860)	(66,919)
Student Loans Issued	(9,791)	(12,077)
Student Loans Collected	9,964	8,864
Student Loan Interest and Fees	2,000	5,301
Other Receipts, Net	65,587	61,671
<b>Net Cash Used in Operating Activities</b>	<b>(303,355)</b>	<b>(366,936)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
State Educational Appropriations	435,511	412,650
Federal Appropriations and Pell Grants	89,205	86,438
Private Gifts	72,747	69,559
Endowment and Similar Funds Gifts	30,288	47,390
Direct Lending Receipts	325,555	332,603
Direct Lending Disbursements	(325,555)	(332,603)
PLUS Loan Receipts	83,279	83,357
PLUS Loan Disbursements	(83,279)	(83,357)
Other Receipts, Net	26,476	(2,076)
Deposits (Receipts) of Affiliates	(1,766)	7,618
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>652,461</b>	<b>621,579</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital Gifts and Grants	21,083	13,623
Proceeds from Sales of Capital Assets	4,970	9,795
Purchase of Capital Assets	(276,481)	(317,168)
Proceeds from Issuance of Capital Debt, Net	164,701	546,038
Principal Payments on Capital Debt	(65,029)	(28,349)
Payments on Capital Lease	(820)	(754)
Payments on Debt Defeasance	-	(348,264)
Payments of Bond Issuance Costs	(1,044)	(1,315)
Interest Payments on Capital Debt	(77,892)	(61,510)
Payments to Leveraged Loan	-	(14,380)
State Capital Appropriations	1,188	-
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(229,324)</b>	<b>(202,284)</b>

*(continued)*



**UNIVERSITY OF MISSOURI SYSTEM**  
**STATEMENT OF CASH FLOWS**  
For the Years Ended June 30, 2015 and 2014 (in thousands)

	2015	2014
<b>Cash Flows from Investing Activities</b>		
Interest and Dividends on Investments, Net	29,875	47,660
Purchase of Investments, Net of Sales and Maturities	86,960	(211,817)
Other Investing Activities	1,362	281
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>118,197</b>	<b>(163,876)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>237,979</b>	<b>(111,517)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>146,935</b>	<b>258,452</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 384,914</b>	<b>\$ 146,935</b>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating Loss	\$ (521,659)	\$ (508,418)
Adjustments to Net Cash Used in Operating Activities		
Depreciation Expense	194,075	183,250
Changes in Assets and Liabilities:		
Accounts Receivable, Net	16,169	(36,759)
Inventory, Prepaid Expenses and Other Assets	(6,465)	2,612
Notes Receivable	1,018	919
Accounts Payable	(29,454)	6,498
Accrued Liabilities	65,869	33,818
Unearned Revenue	4,495	13,855
Pension Liability	(27,403)	(62,711)
<b>Net Cash Used in Operating Activities</b>	<b>\$ (303,355)</b>	<b>\$ (366,936)</b>
<b>Supplemental Disclosure of Noncash Activities</b>		
Net Increase (Decrease) in Fair Value of Investments	\$ (140,525)	\$ 184,538
Noncash Gifts	19,817	24,635

*See notes to the financial statements*

**UNIVERSITY OF MISSOURI SYSTEM**  
**STATEMENT OF PLAN NET POSITION**  
For the Years Ended June 30, 2015 and 2014 (in thousands)

	2015	2014
<b>Assets</b>		
Cash and Cash Equivalents	\$ 124,740	\$ 92,512
Investment of Cash Collateral	135,813	263,048
Investment Settlements Receivable	75,732	44,920
Investments:		
Debt Securities	409,975	525,129
Equity Securities	536,992	707,632
Commingled Funds	1,931,695	1,839,054
Nonmarketable Alternative Investments	360,270	297,450
<b>Total Assets</b>	<b>3,575,217</b>	<b>3,769,745</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	1,985	279
Collateral Held for Securities Lending	135,813	263,048
Investment Settlements Payable	99,745	122,092
<b>Total Liabilities</b>	<b>237,543</b>	<b>385,419</b>
<b>Net Position Held in Trust for Retirement and OPEB</b>	<b>\$ 3,337,674</b>	<b>\$ 3,384,326</b>

**UNIVERSITY OF MISSOURI SYSTEM**  
**STATEMENT OF CHANGES IN PLAN NET POSITION**  
For the Years Ended June 30, 2015 and 2014 (in thousands)

	2015	2014
<b>Net Revenues and Other Additions</b>		
Investment Income:		
Interest & Dividend Income	\$ 52,655	\$ 61,364
Net Appreciation (Depreciation) in Fair Value of Investments	(8,371)	410,958
Less investment expense	(8,746)	(11,091)
Net Investment Income	35,538	461,231
Contributions:		
University	129,604	138,782
Members	30,698	28,618
Total Contributions	160,302	167,400
<b>Total Net Revenues and Other Additions</b>	<b>195,840</b>	<b>628,631</b>
<b>Expenses and Other Deductions</b>		
Administrative Expenses	3,153	3,043
Payments to Retirees and Beneficiaries	239,339	209,102
<b>Total Expenses and Other Deductions</b>	<b>242,492</b>	<b>212,145</b>
<b>(Decrease) Increase in Net Position Held in Trust for Retirement and OPEB</b>	<b>(46,652)</b>	<b>416,486</b>
<b>Net Position Held in Trust for Retirement and OPEB, Beginning of Year</b>	<b>3,384,326</b>	<b>2,967,840</b>
<b>Net Position Held in Trust for Retirement and OPEB, End of Year</b>	<b>\$ 3,337,674</b>	<b>\$ 3,384,326</b>

See notes to the financial statements



# UNIVERSITY OF MISSOURI SYSTEM

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### UNIVERSITY OF MISSOURI SYSTEM

**Organization** – The University of Missouri System (the “University”), a Federal land grant institution, conducts education, research, public service, and related activities, which includes University of Missouri Health System (“MU Health Care”) and related facilities, principally at its four campuses in Columbia, Kansas City, Rolla and St. Louis. The University also administers a statewide cooperative extension service with centers located in each county in the State of Missouri (the “State”). The University is a component unit of the State and is governed by a nine-member Board of Curators appointed by the State’s Governor.

The income generated by the University, as an instrumentality unit of the State, is generally excluded from federal income taxes under Section 115 of the Internal Revenue Code. However, the University remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it is exempt. No income tax provision has been recorded as the net income, if any, from unrelated trade or business income, is not material to the financial statements.

**Reporting Entity** – As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (“GASB”), the financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or the nature and significance of their relationships with the primary government are such that exclusion would cause the primary government’s financial statements to be misleading or incomplete.

The University of Missouri-Columbia Medical Alliance (the “Medical Alliance”) is considered a component unit of the University according to the criteria in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*, and is discretely presented in the University’s financial statements.

The Medical Alliance, a not-for-profit corporation, provides an integrated health care delivery system for mid-Missouri by establishing affiliations with various medical facilities. The purpose of the Medical Alliance is to develop a network of health care providers to support the missions of MU Health Care and provide medical services to the community. The Medical Alliance follows generally accepted accounting principles under the Financial Accounting Standards Board (FASB) and utilizes the full accrual basis of accounting. The Capital Region Medical Center (“CRMC”) in Jefferson City, Missouri, operates as an affiliate of the Medical Alliance and provides inpatient, outpatient, and emergency care services to the surrounding community. CRMC, a not-for-profit corporation that follows generally accepted accounting principles under the Financial Accounting Standards Board (“FASB”), is a subsidiary of the Medical Alliance. The University appoints the Board of Directors of the Medical Alliance and can impose its will on the organization. Separately audited financial statements for the Medical Alliance are not available.

The Missouri Renewable Energy Corporation (MREC) is considered a component unit of the University, for financial reporting purposes, according to the criteria in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*, and is included in the University’s financial statements using the blended method. MREC is a for-profit corporation, and the University holds the majority equity interest. MREC provides green energy facilities exclusively to the University. At June 30, 2015, the University was the majority owner of MREC. Financial statements for MREC are available at the University of Missouri System Controller’s Office. Condensed combining information regarding MREC is provided in Note 14.

The University operates the University of Missouri Retirement, Disability, and Death Benefit Plan (the “Retirement Plan”) and the University of Missouri Other Postemployment Benefits Plan (the “OPEB Plan,” which collectively with the Retirement Plan represent the “Pension Trust Funds”), which are single employer, defined benefit plans. The assets of the Retirement Plan and OPEB Plan are held in the Retirement Trust and OPEB Trust, respectively.

**Financial Statement Presentation** – University follows all applicable GASB pronouncements.



# UNIVERSITY OF MISSOURI SYSTEM

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

Pursuant to GASB Statement No. 35, *Basic Financial Statement-and Management's Discussion and Analysis-for Public Colleges and Universities*, the University's activities are considered to be a single business-type activity and accordingly, are reported in a single column in the financial statements. Business-type activities are those that are financed in whole or part by funds received by external parties for goods or services.

**Basis of Accounting** – The University's financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, regardless of the timing of cash flows.

On the Statement of Revenues, Expenses and Changes in Net Position, the University defines operating activities as those generally resulting from an exchange transaction. Nearly all of the University's expenses are from exchange transactions, which involve the exchange of equivalent values such as payments for goods or services. Non-operating revenues or expenses are those in which the University receives or gives value without directly giving or receiving equal value, such as State and Federal appropriations, Federal Pell grants, private gifts, and investment income.

The financial statements for the Pension Trust Funds have been prepared using the accrual basis of accounting. Benefits and refunds are recognized when due and payable. Investments are reported at fair value. Combining financial statements for these funds are presented in Note 16.

**Cash, Cash Equivalents and Investments** – Cash and cash equivalents consist of the University's bank deposits, repurchase agreements, money market funds, and other investments with original maturities of three months or less. Investment assets are carried at fair value based primarily on market quotations. Purchases and sales of investments are accounted for on the trade date basis. Investment settlements receivable and investment settlements payable represent investment transactions occurring on or before June 30, which settle after that date. Investment income is recorded on the accrual basis. Net unrealized gains (losses) are included in

investment and endowment income in the Statement of Revenues, Expenses and Changes in Net Position.

Nonmarketable alternative investments and certain commingled funds are recorded based on valuations provided by the general partners of the respective partnerships. The University believes that the carrying value of these investments is a reasonable estimate of fair value. Because alternative investments are not readily marketable, the estimated value is subject to uncertainty and therefore may differ materially from the value that would have been used had a ready market for investments existed.

Derivative instruments such as forward foreign currency contracts are recorded at fair value. The University enters into forward foreign currency contracts to reduce the foreign exchange rate exposure of its international investments. These contracts are marked to market, with the changes in market value being reported in investment and endowment income on the Statement of Revenues, Expenses, and Changes in Net Position.

**Pledges Receivable** – The University receives unconditional promises to give through private donations (pledges) from corporations, alumni and various other supporters of the University. Revenue is recognized when a pledge is received and all eligibility requirements, including time requirements, are met. These pledges have been recorded as pledges receivable on the Statement of Net Position and as private or capital gift revenues on the Statement of Revenues, Expenses, and Changes in Net Position, at the present value of the estimated future cash flows. An allowance of \$6,776,000 and \$5,416,000 as of June 30, 2015 and 2014, respectively, has been made for uncollectible pledges based upon management's expectations regarding the collection of the pledges and the University's historical collection experience.

**Inventories** – These assets are stated at the lower of cost or market. Cost is determined on an average cost basis except for MU Health Care's inventories, for which cost is determined using the first-in, first-out method.

**Capital Assets** – If purchased, these assets are carried at cost or, if donated, at fair value at the date of gift. The University capitalizes assets with useful lives





# UNIVERSITY OF MISSOURI SYSTEM

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

greater than one year and acquisition cost greater than or equal to \$5,000. Depreciation expense is computed using the straight-line method over the assets' estimated useful lives – generally ten to forty years for buildings and improvements, eight to twenty-five years for infrastructure, three to fifteen years for equipment and twenty years for library materials. Net interest expense incurred during the construction of debt-financed facilities is included when capitalizing resulting assets. The University capitalizes works of art, as these collections generally consist of historical artifacts and artworks, they are considered inexhaustible and not subject to depreciation. The University does not capitalize collections of historical treasures held for public exhibition, education, research, and public service. These collections are not disposed of for financial gain and, accordingly, are not capitalized for financial statement purposes. Proceeds from the sale, exchange, or other disposal of such items must be used to acquire additional items for the same collection. Land is considered inexhaustible and is not subject to depreciation.

**Unearned Revenue** – Unearned revenues are recognized for amounts received prior to the end of the fiscal year but related to the subsequent period, including certain tuition, fees, and auxiliary revenues. Unearned revenues also include grant and contract amounts that have been received but not yet earned.

**Pension Trust Funds** - Pension related items, including: net pension liability, deferred outflow of resources, deferred inflow of resources, net pension expense, fiduciary net assets, additions to and deductions from fiduciary net assets have been determined on the same basis as they are reported by the University of Missouri. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position** – The University's net position is classified as follows:

*Net Investment in Capital Assets* represents capital assets, net of accumulated depreciation and outstanding principal debt balances related to the acquisition, construction or improvement of those assets.

*Restricted Nonexpendable* net position is subject to externally imposed stipulations that the principal be maintained in perpetuity, such as the University's permanent endowment funds. The University's policy permits any realized and unrealized appreciation to remain with these endowments after the spending distribution discussed in Note 3. *Restricted Expendable* net position is subject to externally imposed stipulations on the University's use of the resources.

*Unrestricted* net position is not subject to externally imposed stipulations, but may be designated for specific purposes by the University's management or the Board of Curators. Unrestricted net position is derived from tuition and fees, sales and services, unrestricted gifts, investment income, and other such sources, and are used for academics and the general operation of the University. When both restricted and unrestricted resources are available for expenditure, the University's policy is to first apply restricted resources, and then the unrestricted resources.

**Tuition and Fees, Net of Scholarship Allowances** – Student tuition and fees, housing, dining, and other similar auxiliary revenues are reported net of any related scholarships and fellowships applied to student accounts. However, scholarships and fellowships paid directly to students are separately reported as scholarship and fellowship expenses.

**Patient Medical Services, Net** – Patient medical services are primarily provided through University of Missouri Hospitals and Clinics, Ellis Fischel Cancer Research Center, Women's and Children's Hospital, and University Physicians. The University has agreements with third-party payors that provide for payments at amounts different from established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discount charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as estimates are refined and final settlements are determined. Net patient service revenue is also shown net of



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estimated uncollectible accounts. Amounts receivable under Medicare and Tricare/Champus reimbursement agreements are subject to examination and certain retroactive adjustments by the related programs. These adjustments increased net patient services revenues by \$2,972,000 and \$621,000 for the years ended June 30, 2015 and 2014, respectively.

The Medicaid program reimburses inpatient services on a prospective established per diem rate. The Medicaid program reimburses outpatient services under a combination of prospective and fee schedule amounts. For the years ended June 30, 2015 and 2014, the MU Health Care's percentage of gross patient accounts receivable classified by major payor is as follows:

Table 1.1 - Percentage of Gross Patient Accounts Receivable (by Major Payor)

	2015	2014
Medicare	29%	28%
Commercial Insurance	11%	13%
Medicaid	24%	19%
Self Pay & Other	16%	18%
Managed Care Agreements	20%	22%
	100%	100%

Patient services revenue includes the State of Missouri Federal Reimbursement Allowance Program (FRA Program) for uncompensated care. MU Health Care recognizes FRA Program revenue in the period earned.

The Statement of Revenues, Expenses and Changes in Net Position reflect the gross to net patient medical services revenue as follows:

Table 1.2 - Gross to Net Patient Medical Services Revenue (in thousands)

	2015	2014
Patient Medical Services		
Revenue, Gross	\$2,272,219	\$2,050,850
Deductions for Contractuals	(1,238,876)	(1,091,815)
Deductions for Bad Debt	(89,182)	(85,397)
<b>Patient Medical Services</b>		
<b>Revenue, Net</b>	<b>\$ 944,161</b>	<b>\$ 873,638</b>

**Uncompensated Care** - The University provides some services to patients without regard to their ability to

pay for those services. For some of its patient services, the University receives no payment or payment that is less than the full cost of providing the services.

The estimated costs of providing these services are as follows:

Table 1.3 - Uncompensated Care

Revenue (in thousands)	2015	2014
Cost of Charity Care	\$ 22,846	\$ 23,082
Unreimbursed cost under state and local government assistance programs, net of Medicaid disproportionate share funding, less Medicaid provider taxes	1,823	3,820
Cost of uncollectible accounts	34,878	36,075
<b>Total Uncompensated Care</b>	<b>\$ 59,547</b>	<b>\$ 62,977</b>

**New Accounting Pronouncements** – Effective for fiscal year 2015, the University adopted GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, which intends to improve financial reporting by establishing standards for reporting government combinations and disposals of government operations. Adoption of GASB Statement No. 69 had no effect on the University's financial statements.

In February 2015, GASB issued GASB Statement No. 72, *Fair Value Measurement and Application*, which intends to improve financial reporting by requiring governments to measure certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The Statement also enhances related fair value disclosures in order to provide information on the impact of fair value measurements on a government's financial position. The University has not yet determined the effect that implementing GASB Statement No. 72 will have on its financial statements.

In June 2015, GASB issued GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which intends to improve financial reporting by establishing as single



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framework for the presentation of information about pensions. The University has not yet determined the effect that implementing GASB Statement No. 73 will have on its financial statements.

In June 2015, GASB issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which intends to improve financial reporting by state and local governmental postemployment benefit plans other than pension plans. Also, in June 2015, GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which intends to improve financial reporting by requiring recognition of the entire Other Postemployment Benefits (OPEB) liability and a more comprehensive measure of OPEB expense. The adoption of Statements No. 74 and 75 will require the University to record a Net Postemployment Benefits Liability on its Statement of Net Position. The University has determined adoption will have a significant impact on its financial statements and reduce its unrestricted net position when implemented.

In June of 2015, GASB issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which intends to improve financial reporting by reducing the variation in which governments apply financial reporting guidance. The University has not yet determined the effect that implementing GASB Statement No. 76 will have on its financial statements.

Effective for fiscal year 2014, the University Adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. In adopting this standard, the University recognized the effect of a change in accounting principle, which decreased net position by \$7.6 million for prior periods' capitalized bond issue costs. The University also changed the classification of the difference between the carrying value of defeased debt and the offsetting new debt to a deferred outflow of resources from long-term debt. The Statement also limited the use of the term deferred to deferred outflow resources and deferred inflow resources. To comply with this naming convention, the University changed "Deferred Revenue" to "Unearned Revenue" in the current liabilities section of the Statement of Net Position and "Deferred Charges and Other Assets" to "Other

Assets" in the non-current asset section of the Statement of Net Position.

Effective for fiscal year 2014, the University adopted GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. Effective for fiscal year 2014, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27*. In adopting these standards, the University recognized the effect of a change in accounting principle in the amount of \$502.3 million for the net pension liability at the beginning of fiscal year 2014, with no impact to Deferred Inflow of Resources or Deferred Outflow of Resources for any prior year. The University recognizes a long-term liability for the net pension liability in the Statement of Net Position. The University reports pension expense as a component of benefits expense. The amount of expense reported now includes the overall change in the pension liability. See Note 12 for additional details on the University's pension plan.

Effective for fiscal year 2014, the University adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Adoption of GASB Statement No. 71 had no effect on the University's financial statements.

Effective for fiscal year 2014, the University adopted GASB Statement No. 66, *Technical Corrections – 2012* which improves financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Adoption of GASB Statement No. 66 had no effect on the University's financial statements.

Effective for fiscal year 2014, the University adopted GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Adoption of GASB Statement No. 70 had no effect on the University's financial statements.

**Use of Estimates** – The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions



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that affect the reported amounts of assets, deferred outflow of resources, liabilities, deferred inflow of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications** – Certain prior year amounts have been reclassified to conform to current year amounts.

### *DISCRETELY PRESENTED COMPONENT UNIT – MEDICAL ALLIANCE*

**Nature of Operations** – The Curators of the University of Missouri, for and on behalf of MU Health Care and CRMC entered into an Affiliation Agreement dated August 5, 1997. Pursuant to the Affiliation Agreement, the University created the Medical Alliance. The Medical Alliance then became the sole member of CRMC. The Medical Alliance’s purpose is to develop a network of healthcare providers to support the missions of MU Health Care and provide medical services to the community.

CRMC operates as a two-hospital system, which consists of the Southwest Campus and Madison Campus complemented by community medical clinics. CRMC primarily earns revenues by providing inpatient, outpatient, and emergency care services to patients in Jefferson City, Missouri. It also operates medical clinics in the surrounding communities. The operating results of the facilities and clinics are included in these financial statements. CRMC is served by a group of admitting physicians that account for a significant portion of CRMC’s net revenues. Additionally, CRMC is also associated with the Capital Region Medical Foundation, which is intended to support the interest of CRMC through its fundraising activities.

**Net Position** – As a not-for-profit organization, the Medical Alliance records its net position in accordance with Financial Accounting Standards Board Accounting Standards Codification 958-205, *Not-for-Profit Entities Presentation of Financial Statements*. For presentation within the accompanying basic financial statements, the net position is redistributed amongst the net position components defined by GASB Statement No. 63.

**Capital Assets** – Capital Assets are recorded at cost and depreciated on a straight-line basis over the estimated useful life of each asset following guidelines of the American Hospital Association. Equipment under capital lease obligations is amortized on the straight-line basis over the shorter period of the lease term or the estimated useful life of the equipment. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a cost of acquiring those assets.

**Net Patient Medical Service Revenue** – Net patient medical service revenue is reported at the net amounts to be realized from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments for reimbursement agreements with third-party payers. Retroactive adjustments are estimated and accrued in the period the related services are provided, and these amounts are adjusted in future periods as final settlements are determined.

## 2. CASH AND CASH EQUIVALENTS

**Custodial Credit Risk** – The custodial credit risk for deposits is the risk that in the event of bank failure, the University’s deposits may not be recovered. State law requires collateralization of all deposits with federal depository insurance, bonds and other obligations of the U.S. Treasury, U.S. Agencies and instrumentalities of the state of Missouri; bonds of any city, county, school district or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. The University’s cash deposits were fully insured or collateralized at June 30, 2015 and 2014, respectively.

## 3. INVESTMENTS

Investment policies are established by the Board of Curators (“the Board”). The policies ensure that funds are managed in accordance with Section 105.688 of the Revised Statutes of Missouri and prudent investment practices. Additionally, investment policies established by the Board with respect to the Retirement Trust and Other Postemployment Benefit (“OPEB”) Trust (collectively referred to as “Pension Trust Funds”) and the Endowment Funds specifically recognize the fiduciary duties set forth in Section 105.688 of the Revised



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Statutes of Missouri. The use of external investment managers has been authorized by the Board.

Substantially all University cash and investments are managed centrally, generally in the following investment pools:

**General Pool** – General Pool contains short-term University funds, including but not limited to cash and reserves, operating funds, bond funds, and plant funds. Subject to various limitations contained within the corresponding investment policy, the University's internally managed component of the General Pool may be invested in the following instruments: U.S. Government securities; U.S. Government Agency securities; U.S. Government guaranteed securities; money market funds; certificates of deposit; repurchase agreements; commercial paper; and other similar short-term investment instruments of like or better quality. The externally managed component of the General Pool is allowed to invest in the following asset sectors: fixed income, absolute return and risk parity strategies. The General Pool's total return (loss), including unrealized gains and losses, was (1.0%) and 6.2% for the years ended June 30, 2015 and 2014, respectively.

**Endowment Funds** – When appropriate and permissible, endowment and similar funds are pooled for investment purposes, with the objective of achieving long-term returns sufficient to preserve principal by protecting against inflation and to meet endowment spending targets.

The Endowment Pool, which is externally managed, is the primary investment vehicle for endowment funds. Subject to various limitations contained within the corresponding investment policy, the Endowment Pool is allowed to invest in the following asset sectors: global equity, absolute return strategies, private equity, real estate, global fixed income, high-yield fixed income, floating rate bank loans, global inflation-linked bonds, emerging markets debt, and risk parity strategies. The Endowment Pool's total return (loss), including unrealized gains and losses, was 1.9% and 16.7% for the years ended June 30, 2015 and 2014, respectively.

The Fixed Income Pool is an additional investment vehicle for endowment funds. The Fixed Income Pool, as required by investment policy, is invested in externally managed U.S. core plus bond funds. The

Fixed Income Pool's total return, including unrealized gains and losses, was 7.5% for the year ended June 30, 2014. Effective January 1, 2015, fixed income pool endowment funds transitioned into the Endowment Pool in accordance with Section 402.134 of the Revised Statutes of Missouri.

If a donor has not provided specific restrictions, state law permits the Board to appropriate an amount of the Endowment Funds' net appreciation, realized and unrealized, as the Board considers to be prudent. In establishing this amount, the Board is required to consider the University's long- and short-term needs, present and anticipated financial requirements, expected total return on investments, price level trends, and general economic conditions. Further, any expenditure of net appreciation is required to be for the purposes for which the endowment was established. Inclusive of both realized and unrealized gains and losses on investments, donor-restricted endowments experienced net appreciation of approximately \$8,790,000 and \$117,930,000 in fiscal years 2015 and 2014, respectively.

The Board has adopted the total return concept (yield plus change in market value) in determining the spendable return for endowments and similar funds. The spending formula was revised in fiscal year 2012 to distribute 4.5% of a trailing 28-quarter average of the endowment's total market value, with the understanding that this spending rate over the long term will not exceed the total real return (net of inflation).

However, the change from 5% to 4.5% is being phased in over several years to ensure a decrease in distributions year over year is not due solely to the lower rate. In addition, the University distributes 1% of the trailing 28-quarter average of the endowment's total market value to support internal endowment and development administration.

### **PENSION TRUST FUNDS**

The Retirement Trust and the OPEB Trust hold the assets of the Retirement Plan and OPEB Plan, respectively. Subject to various limitations contained within the corresponding investment policy, the externally-managed Retirement Trust is allowed to invest in the following asset sectors: global equity,





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absolute return strategies, private equity, real estate, global fixed income, high-yield fixed income, floating rate bank loans, global inflation-like bonds, emerging markets debt and risk parity strategies. The Retirement Trust's total return, including unrealized gains and losses, was 1.1% and 16.2% for the years ended June 30, 2015 and 2014, respectively.

The OPEB Trust held \$34,823,000 and \$51,631,000 of net position at June 30, 2015 and 2014, respectively. Subject to various limitations contained within the corresponding investment policy, the externally-managed OPEB Trust is allowed to invest in the following asset sectors: global fixed income, global equity, and absolute return strategies.

Table 3.1 - Investments by Type (in thousands)

As of June 30, 2015	University of Missouri		University of Missouri Pension Trust Funds	
	2015	2014	2015	2014
<b>Debt Securities:</b>				
U.S. Treasury Obligations	\$ 156,269	\$ 191,473	\$ 136,757	\$ 34,064
U.S. Agency Obligations	474,004	514,011	-	1,141
Asset-Backed Securities	232,940	32,599	(11,770)	35,251
Government - Foreign	90,111	95,970	37,372	186,076
Corporate - Domestic	195,639	288,550	152,426	180,118
Corporate - Foreign	86,044	174,190	95,190	88,479
<b>Equity Securities:</b>				
Domestic	128,529	206,354	270,455	393,991
Foreign	78,655	90,025	266,537	313,641
<b>Commingled Funds:</b>				
Absolute Return	622,998	175,256	283,275	268,950
Risk Parity	84,457	440,146	86,422	68,832
Debt Securities - Global	26,358	41,981	98,881	19,553
Debt Securities - Domestic	169,237	130,673	213,255	223,683
Debt Securities - Foreign	68,626	77,309	194,655	177,340
Equity Securities - Domestic	133,266	115,345	358,133	270,410
Equity Securities - Foreign	96,029	251,142	461,714	544,761
Equity Securities - Global	206,557	77,803	195,758	231,146
Real Estate	14,253	13,253	39,602	34,379
<b>Nonmarketable Alternative Investments:</b>				
Real Estate	62,175	50,235	129,135	102,438
Private Equity	106,677	83,771	231,135	195,012
Other	36,134	30,932	-	-
<b>Total Investments</b>	<b>3,068,958</b>	<b>3,081,018</b>	<b>3,238,932</b>	<b>3,369,265</b>
Money Market Funds	205,880	105,785	73,619	84,675
Commercial Paper	-	13,300	-	-
Other	179,034	27,850	51,121	7,837
<b>Total Cash and Cash Equivalents</b>	<b>384,914</b>	<b>146,935</b>	<b>124,740</b>	<b>92,512</b>
<b>Total Investments and Cash and Cash Equivalents</b>	<b>\$3,453,872</b>	<b>\$3,227,953</b>	<b>\$3,363,672</b>	<b>\$3,461,777</b>

**Custodial Credit Risk** - For investments, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the University will not be able to recover the value of the investments held by an outside party. In accordance with its policy, the University minimizes custodial credit risk by

establishing limitations on the types of instruments held with qualifying institutions. Repurchase agreements must be collateralized by U.S. Government issues and/or U.S. Government Agency issues. All University and Pension Trust Fund investments are insured or registered and are held by





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the University, the Pension Trust Funds or an agent in its name.

**Concentration of Credit Risk** – Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments. The investment policies for the General Pool, Endowment Funds, and Retirement Trust all specify diversification requirements across asset sectors. The investment policy for the General Pool has specific single issuer limits in place for corporate bonds and commercial paper.

As of June 30, 2015 and 2014, of the University's total investments and cash and cash equivalents, 8.0% and 10.0%, respectively, are issues of the Federal Home Loan Bank (FHLB). At June 30, 2015 and 2014 the Pension Trust Funds did not contain investments from any single issuer that exceeded 5% of the total portfolio.

Investments issued or guaranteed by the U.S. government as well as investments in mutual funds and other pooled investments are excluded from consideration when evaluating concentration risk.

**Credit Risk** – Debt securities are subject to credit risk, which is the chance that an issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline.

These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments. Certain debt securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk.

Nationally recognized statistical rating organizations, such as Moody's and Standard & Poor's (S&P) assign credit ratings to security issues and issuers that indicate a measure of potential credit risk to investors. Debt securities considered investment grade are those rated at least Baa by Moody's and BBB by S&P. For General Pool investments, the following minimum credit ratings have been established to manage credit risk: minimum long-term rating of A or better by S&P, with minimum rating of A-1/P-1 for commercial paper and other short-term securities. For Endowment Funds and Retirement Trust investments, the respective investment policies allow for a blend of different credit ratings, subject to certain restrictions by asset sector. In all cases, disposition of securities whose ratings have been downgraded after purchase is generally left to the discretion of the respective investment manager after consideration of individual facts and circumstances.

All holdings of commercial paper were rated A-1/P-1 or better at June 30, 2014. All holdings of money market funds were rated AAA at June 30, 2015 and 2014.



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Based on investment ratings provided by Moody's or S&P, the University's and Pension Trust Funds' credit risk exposure as of June 30, 2015 and 2014, is as follows:

Table 3.2 - Debt Securities by Type and Credit Rating (*in thousands*)

As of June 30,	University of Missouri		University of Missouri Pension Trust Funds	
	2015	2014	2015	2014
U.S. Treasury Obligations	\$ 156,269	\$ 191,473	\$ 136,757	\$ 34,064
U.S. Agency Obligations	474,004	514,011	-	1,141
Asset-Backed Securities				
Mortgage Backed Securities				
Guaranteed by U.S. Agencies	(38,385)	(95,374)	(17,419)	4,912
Aaa/AAA	40,857	1,670	3,028	8,494
Aa/AA	4,061	2,753	592	10,425
A/A	9,483	3,389	498	3,053
Baa/BBB	9,526	3,482	584	230
Ba/BB and lower	197,884	115,285	492	6,264
Unrated	9,514	1,394	455	1,873
Government - Foreign				
Aaa/AAA	5,174	2,952	1,656	24,324
Aa/AA	-	1,923	2,876	28,145
A/A	7,718	9,095	5,469	22,719
Baa/BBB	39,608	58,973	8,365	55,153
Ba/BB and lower	13,229	2,951	1,917	2,230
Unrated	24,382	20,076	17,089	53,505
Corporate - Domestic				
Aaa/AAA	1,035	4,693	307	367
Aa/AA	2,661	4,278	-	-
A/A	9,786	17,957	1,322	2,812
Baa/BBB	16,572	51,528	3,447	5,569
Ba/BB and lower	125,623	171,524	155,158	163,376
Unrated	39,962	38,570	(7,808)	7,994
Corporate - Foreign				
Aaa/AAA	8	11,712	7,225	6,504
Aa/AA	873	21,209	3,462	9,016
A/A	6,960	32,795	5,570	16,002
Baa/BBB	9,346	36,510	3,466	17,324
Ba/BB and lower	52,370	44,501	33,818	25,537
Unrated	16,487	27,463	41,649	14,096
<b>Total</b>	<b>\$1,235,007</b>	<b>\$ 1,296,793</b>	<b>\$ 409,975</b>	<b>\$ 525,129</b>

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. Debt securities with longer maturities are likely to be subject to more variability in their fair values as a result of future changes in interest rates. Neither the University nor the Pension Trust Funds have a formal policy that

addresses interest rate risk; rather, such risk is managed by each individual investment manager, as applicable.

The University and Pension Trust Funds have investments in asset-backed securities, which consist primarily of mortgage-backed securities guaranteed



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by U.S. agencies and corporate collateralized mortgage obligations. These securities are based on cash flows from principal and interest payments on the underlying securities. An asset-backed security may have repayments that vary significantly with changes in market interest rates.

The University and Pension Trust Funds invest in forward settling To Be Announced (TBA) Mortgage Backed Securities (MBS). TBA MBS with notional amounts totaling \$73,500,000 and \$18,000,000 and

fair values of (\$77,451,000) and (\$19,137,000) were in place at June 30, 2015 for the University and Pension Trust Funds, respectively. TBA MBS with notional amounts totaling \$110,000,000 and \$4,000,000 and fair values of (\$119,916,000) and (\$4,553,000) were in place at June 30, 2014 for the University and Pension Trust Funds, respectively. The forward settling MBS instruments expose the University to interest rate risk of mortgage backed securities.

Table 3.3 presents the modified durations of the University's and Pension Trust Funds' debt securities as of June 30, 2015 and 2014, respectively:

Table 3.3 - Debt Securities by Type and Modified Duration (in thousands)

As of June 30,	University of Missouri			
	2015		2014	
		Duration (in years)		Duration (in years)
U.S. Treasury Obligations	\$ 156,269	8.0	\$ 191,473	8.3
U.S. Agency Obligations	474,004	3.4	514,011	3.3
Asset-Backed Securities	232,941	5.4	32,599	7.3
Government - Foreign	90,111	7.7	95,970	5.8
Corporate - Domestic	195,638	3.1	288,550	4.5
Corporate - Foreign	86,044	5.0	174,190	5.2
<b>Total Debt Securities</b>	<b>\$ 1,235,007</b>	<b>4.7</b>	<b>\$ 1,296,793</b>	<b>4.8</b>

As of June 30,	University of Missouri Pension Trust			
	2015		2014	
		Duration (in years)		Duration (in years)
U.S. Treasury Obligations	\$ 136,757	6.2	\$ 34,064	10.5
U.S. Agency Obligations	-	-	1,141	3.1
Asset-Backed Securities	(11,770)	7.2	35,251	4.9
Government - Foreign	37,372	10.2	186,076	7.2
Corporate - Domestic	152,426	5.3	180,118	5.0
Corporate - Foreign	95,190	3.0	88,479	4.0
<b>Total Debt Securities</b>	<b>\$ 409,975</b>	<b>5.5</b>	<b>\$ 525,129</b>	<b>6.0</b>

**Foreign Exchange Risk** – Foreign exchange risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies.

University and Retirement Trust investment policies allow for exposure to non-U.S. dollar denominated equities and fixed income securities, which may be fully or partially hedged using forward foreign currency exchange contracts.

At June 30, 2015 and 2014, 16.8% and 20.7%, respectively, of the University's total investments and cash and cash equivalents were denominated in foreign currencies. Forward foreign currency contracts with notional amounts totaling \$558,660,000 and \$519,207,000 were in place at June 30, 2015 and 2014, respectively. At June 30, 2015 and 2014, 37.6% and 41.8%, respectively, of the Pension Trust Funds' total investments and cash equivalents were denominated in foreign currencies. Forward foreign currency contracts with notional amounts totaling \$212,644,000 and \$337,390,000 were in place at June 30, 2015 and 2014, respectively.

# UNIVERSITY OF MISSOURI SYSTEM

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

The University's and Pension Trust Funds' exposure to foreign exchange risk as of June 30, 2015 and 2014:

Table 3.4 - Foreign Exchange Risk *(in thousands)*

As of June 30,	University of Missouri		University of Missouri Pension Trust Funds	
	2015	2014	2015	2014
<b>Debt Securities</b>				
Euro	\$ 68,384	\$ 80,086	\$ 59,001	\$ 104,144
Australian Dollar	3,233	3,428	2,812	14,844
Canadian Dollar	-	494	1,936	7,657
British Pound Sterling	18,031	21,104	7,875	22,783
Japanese Yen	163	1,026	1,831	4,275
Danish Krone	25	436	6,177	2,672
New Zealand Dollar	97	773	-	8,365
Brazil Real	27,190	37,423	(166)	16,966
Mexican New Peso	1,115	2,350	(148)	14,845
Polish Zloty	-	288	80	1,561
Other	(1)	1,419	2,799	9,621
	118,237	148,827	82,197	207,733
<b>Equity Securities</b>				
Euro	6,747	5,426	34,805	39,081
Japanese Yen	11,855	11,376	44,845	47,363
British Pound Sterling	8,754	13,401	40,031	56,094
Australian Dollar	1,887	3,030	8,255	13,544
Canadian Dollar	1,488	1,282	4,254	3,648
Swiss Franc	8,587	10,570	27,951	34,104
Hong Kong Dollar	6,955	7,232	20,849	21,420
Swedish Krona	3,093	4,306	9,942	14,391
Other	7,453	7,585	25,389	29,462
	56,819	64,208	216,321	259,107
<b>Commingled Funds</b>				
Various currency denominations:				
Debt Securities - Global	26,358	41,981	98,881	19,553
Debt Securities - Foreign	68,626	77,309	194,655	177,340
Equity Securities - Global	206,557	77,803	195,758	231,146
Equity Securities - Foreign	96,029	251,142	461,714	544,761
	397,570	448,235	951,008	972,800
<b>Cash and Cash Equivalents</b>				
Euro	76	3,174	698	5,928
Hong Kong Dollar	33	-	85	9
Mexican New Peso	2,138	1,454	4,522	86
Japanese Yen	3,980	110	10,670	673
British Pound Sterling	525	111	250	235
Other	572	1,326	198	835
	7,324	6,175	16,423	7,766
<b>Total Exposure to Foreign Exchange Risk</b>	<b>\$ 579,950</b>	<b>\$ 667,445</b>	<b>\$1,265,949</b>	<b>\$1,447,406</b>



# UNIVERSITY OF MISSOURI SYSTEM

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

**Commingled Funds** - Includes Securities and Exchange Commission regulated mutual funds and externally managed funds, limited partnerships, and corporate structures which are generally unrated and unregulated. Certain commingled funds may use derivatives, short positions and leverage as part of their investment strategy. These investments are structured to limit risk exposure to the amount of invested capital. Commingled funds have liquidity (redemption) provisions, which enable the University and Pension Trust Funds to make full or partial withdrawals with notice, subject to restrictions on the timing and amount.

Of the University's and Pension Trust Funds' commingled funds at June 30, 2015, approximately 87% and 82%, respectively, are redeemable within 90 days, with the remaining redeemable within one year.

**Nonmarketable Alternative Investments** - Consists of limited partnerships involving an advance commitment of capital called by the general partner as needed and distributions of capital and return on invested capital as underlying strategies are concluded during the life of the partnership. The committed but unpaid obligation to these limited partnerships is further discussed in Note 11.

**Securities Lending Transactions** – The University and Pension Trust Funds each participate in an external investment pool securities lending program to augment income. The program is administered by the custodial agent bank, which lends equity, government and corporate securities for a predetermined period of time to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U.S. Government securities, defined letters of credit or other collateral approved by the University or Pension Trust Funds. Loaned domestic securities are initially collateralized at 102% of their fair value, while loaned international securities are collateralized at 105% of fair value. Exposure to credit risk from borrower default has been minimized by having the custodial agent bank determine daily that required collateral meets a minimum of 100% of the fair value of loaned domestic securities and 105% for loaned international securities.

For the University, at June 30, 2015 and 2014, there were a total of \$49,946,000 and \$113,148,000, respectively, of securities out on loan to borrowers.

The value of collateral received from the borrower for these securities consisted of \$43,902,000 and \$113,477,000 in cash and \$7,320,000 and \$2,692,000 noncash collateral at June 30, 2015 and 2014, respectively.

For the Pension Trust Funds, at June 30, 2015 and 2014, there was a total of \$175,453,000 and \$263,023,000 of securities out on loan to borrowers. The value of collateral received from the borrower for these securities consisted of \$135,813,000 and \$263,048,000 in cash and \$44,450,000 and \$6,953,000 noncash collateral at June 30, 2015 and 2014, respectively.

Cash collateral received from the borrower is invested by the custodial agent bank in commingled collateral investment pools in the name of the University and Pension Trust Funds, with guidelines approved by each. These investments are shown as Investment of Cash Collateral in the Statement of Net Position and reported at fair value, with changes in market value recorded in Investment and Endowment Income on the Statement of Revenues, Expenses, and Changes in Net Position. Noncash collateral received for securities lending activities is not recorded as an asset because the University and Pension Trust Funds do not have the ability to pledge or sell such collateral unless the borrower defaults.

The University and Pension Trust Funds continue to receive interest and dividends during the loan period. The maturities of the investments made with the cash collateral generally match the maturities of the securities lent. At June 30, 2015 and 2014, neither the University nor the Pension Trust Funds have any credit risk exposure arising from the actual securities lending transactions since the collateral received from the borrower exceeds the value of the securities lent. Further, the University and Pension Trust Funds are fully indemnified by the custodial bank against any losses incurred as a result of borrower default.

### *DISCRETELY PRESENTED COMPONENT UNIT – MEDICAL ALLIANCE*

**Investments** – The investment policies of Medical Alliance are established by its board of directors. The policies are established to ensure that Medical Alliance funds are managed in accordance with the "Prudent Man Rule."



# UNIVERSITY OF MISSOURI SYSTEM

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

Medical Alliance investments are presented at fair value in accordance with FASB Accounting Standards Codification 820, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to measurements involving significant unobservable inputs. The three levels of the fair value hierarchy are as follows: Level 1 - Quoted prices in active markets for identical assets that the Medical Alliance has the ability to access at the measurement date; Level 2 - Inputs other than quoted market prices included in Level 1, that are observable for the asset, either directly or indirectly; and, Level 3 - Inputs that are unobservable for the asset. The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

At June 30, 2015 and 2014, Medical Alliance held the following investments:

Table 3.5 - Medical Alliance Cash, Cash Equivalents, and Investments *(in thousands)*

As of June 30, 2015	2015	2014
Fair Value - Level 1		
Money Market Accounts	\$ 23,939	\$ 40,579
U.S. Treasury Obligations	74	73
Certificates of Deposit	21,604	26,599
Cash and Other Cash Equivalents	4,740	5,265
Total Fair Value - Level 1	50,357	72,516
Fair Value - Level 2		
Mortgage-Backed Securities	12,908	7,898
Corporate Bonds	3,415	3,432
Total Fair Value - Level 2	16,323	11,330
<b>Total Cash, Cash Equivalents, and Investments</b>	<b>\$ 66,680</b>	<b>\$ 83,846</b>

### 4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015 and 2014, are summarized as follows:

Table 4.1 - Accounts Receivable *(in thousands)*

	2015	2014
Grants and Contracts	\$ 58,359	\$ 62,576
Federal Appropriations	10,189	11,923
State Appropriations and State Bond Funds	2,422	431
Student Fees and Other Academic Charges	113,008	130,452
Patient Services, Net of Contractual Allowances	121,613	116,832
Subtotal	305,591	322,214
Less Provisions for Loss:		
Grants & Contracts	1,121	1,131
University Health Care Patient Services	18,889	20,321
Student Fees and Other Academic Charges	8,208	7,908
Subtotal	28,218	29,360
<b>Total Accounts Receivable, Net</b>	<b>\$ 277,373</b>	<b>\$ 292,854</b>

### 5. NOTES RECEIVABLE

Notes receivable generally consist of resources available for financial loans to students. These resources are provided through Federal loan programs and University loan programs generally funded by external sources. Notes receivable at June 30, 2015 and 2014, are summarized as follows:

Table 5.1 - Notes Receivable *(in thousands)*

	2015	2014
Federal Health Profession Loans	\$ 19,484	\$ 17,829
Carl D. Perkins National Loans	29,831	31,201
University Loan Programs	16,380	17,352
Other	27,240	26,474
Subtotal	92,935	92,856
Less Provisions for Loss	4,736	4,405
<b>Total Notes Receivable, Net</b>	<b>\$ 88,199</b>	<b>\$ 88,451</b>



# UNIVERSITY OF MISSOURI SYSTEM

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

### 6. CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2015 and 2014, is summarized as follows:

Table 6.1 - Capital Assets *(in thousands)*

	2015				2015		
	Beginning Balance	Additions/ Transfers	Retirements		Ending Balance		
Capital Assets, Nondepreciable:							
Land	\$ 81,261	\$ 2,087	\$ (22)	\$	83,326		
Artwork and Historical Artifacts	14,358	455	-		14,813		
Construction in Progress	234,949	(77,705)	-		157,244		
<b>Total Capital Assets, Nondepreciable</b>	<b>330,568</b>	<b>(75,163)</b>	<b>(22)</b>		<b>255,383</b>		
Capital Assets, Depreciable:							
Buildings and Improvements	3,462,383	215,322	(36,912)		3,640,793		
Infrastructure	452,890	87,544	(558)		539,876		
Equipment	807,401	50,598	(45,076)		812,923		
Library Materials	263,068	4,172	-		267,240		
<b>Total Capital Assets, Depreciable</b>	<b>4,985,742</b>	<b>357,636</b>	<b>(82,546)</b>		<b>5,260,832</b>		
Less Accumulated Depreciation:							
Buildings and Improvements	1,286,695	99,864	(27,031)		1,359,528		
Infrastructure	172,325	20,072	(1,391)		191,006		
Equipment	555,928	68,487	(40,587)		583,828		
Library Materials	178,190	5,652	-		183,842		
<b>Total Accumulated Depreciation</b>	<b>2,193,138</b>	<b>194,075</b>	<b>(69,009)</b>		<b>2,318,204</b>		
<b>Total Capital Assets, Depreciable, Net</b>	<b>2,792,604</b>	<b>163,561</b>	<b>(13,537)</b>		<b>2,942,628</b>		
<b>Total Capital Assets, Net</b>	<b>\$ 3,123,172</b>	<b>\$ 88,398</b>	<b>\$ (13,559)</b>		<b>\$ 3,198,011</b>		

	2014				2014		
	Beginning Balance	Additions/ Transfers	Retirements		Ending Balance		
Capital Assets, Nondepreciable:							
Land	\$ 80,549	\$ 727	\$ (15)	\$	81,261		
Artwork and Historical Artifacts	13,424	934	-		14,358		
Construction in Progress	240,960	(6,011)	-		234,949		
<b>Total Capital Assets, Nondepreciable</b>	<b>334,933</b>	<b>(4,350)</b>	<b>(15)</b>		<b>330,568</b>		
Capital Assets, Depreciable:							
Buildings and Improvements	3,296,382	171,027	(5,026)		3,462,383		
Infrastructure	369,213	84,361	(684)		452,890		
Equipment	770,851	57,657	(21,107)		807,401		
Library Materials	256,653	6,415	-		263,068		
<b>Total Capital Assets, Depreciable</b>	<b>4,693,099</b>	<b>319,460</b>	<b>(26,817)</b>		<b>4,985,742</b>		
Less Accumulated Depreciation:							
Buildings and Improvements	1,189,096	98,127	(528)		1,286,695		
Infrastructure	154,883	17,442	-		172,325		
Equipment	515,611	60,425	(20,108)		555,928		
Library Materials	170,934	7,256	-		178,190		
<b>Total Accumulated Depreciation</b>	<b>2,030,524</b>	<b>183,250</b>	<b>(20,636)</b>		<b>2,193,138</b>		
<b>Total Capital Assets, Depreciable, Net</b>	<b>2,662,575</b>	<b>136,210</b>	<b>(6,181)</b>		<b>2,792,604</b>		
<b>Total Capital Assets, Net</b>	<b>\$ 2,997,508</b>	<b>\$ 131,860</b>	<b>\$ (6,196)</b>		<b>\$ 3,123,172</b>		



# UNIVERSITY OF MISSOURI SYSTEM

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

The estimated cost to complete construction in progress at June 30, 2015, is \$700,553,000 of which \$379,577,000 is available from unrestricted net position. The remaining costs are expected to be funded from \$67,816,000 of gifts and \$253,160,000 of debt proceeds and state appropriations.

Capital assets include a building facility under a capital lease of \$10,364,000 and related accumulated depreciation of \$7,491,000 and \$6,815,000 at June 30, 2015 and 2014, respectively.

### DISCRETELY PRESENTED COMPONENT UNIT – MEDICAL ALLIANCE

Capital assets at June 30, 2015 and 2014 are summarized as follows:

Table 6.2 - Medical Alliance - Capital Assets  
(in thousands)

	2015	2014
Land & Improvements	\$ 8,070	\$ 7,876
Buildings	120,821	115,563
Movable Equipment	80,238	78,751
Construction in Progress	27,190	4,116
	<u>236,319</u>	<u>206,306</u>
Less Accumulated Depreciation	153,361	146,650
<b>Total Capital Assets, Net</b>	<b>\$ 82,958</b>	<b>\$ 59,656</b>

## 7. ACCRUED SHORT-TERM LIABILITIES

Accrued liabilities at June 30, 2015 and 2014 are summarized as follows:

Table 7.1 - Accrued Liabilities (in thousands)

	2015	2014
Accrued Salaries, Wages & Benefits	\$ 83,721	\$ 62,159
Accrued Vacation	48,093	47,719
Accrued Self Insurance Claims	41,444	36,686
Accrued Interest Payable	13,891	12,645
<b>Total Accrued Liabilities</b>	<b>\$ 187,149</b>	<b>\$ 159,209</b>

During FY 2015, the University implemented a Voluntary Separation Program for tenured faculty and academic administrators who are retirement eligible and at least 62 years old as of August 31, 2015. Participating employees will receive a one-time payment of 1.5 times their base salary, not to exceed \$200,000 in the fall of 2015. Eligible participants are allowed to be reemployed by the University on a part-time basis. As of June 30, 2015, accrued liabilities included \$18,271,000 for 111 tenured faculty and administrators who elected to participate in the program. The accrued liability represents the undiscounted amount of payments that will be made to eligible participants in the fall of 2015.

## 8. OTHER NONCURRENT LIABILITIES

Table 8.1 - Other Noncurrent Liabilities (in thousands)

Fiscal Year 2015	Beginning of			Total End of	Less Current	Noncurrent
	Year	Additions	Payments			
Accrued Vacation	\$ 67,113	\$ 45,297	\$ (43,546)	\$ 68,864	\$ (48,093)	\$ 20,771
Accrued Self-Insurance Claims	77,944	234,966	(225,164)	87,746	(41,444)	46,302
	<b>\$ 145,057</b>	<b>\$ 280,263</b>	<b>\$ (268,710)</b>	<b>\$ 156,610</b>	<b>\$ (89,537)</b>	<b>\$ 67,073</b>

Fiscal Year 2014	Beginning of			Total End of	Less Current	Noncurrent
	Year	Additions	Payments			
Accrued Vacation	\$ 64,467	\$ 45,226	\$ (42,580)	\$ 67,113	\$ (47,719)	\$ 19,394
Accrued Self-Insurance Claims	80,665	231,121	(233,842)	77,944	(36,686)	41,258
	<b>\$ 145,132</b>	<b>\$ 276,347</b>	<b>\$ (276,422)</b>	<b>\$ 145,057</b>	<b>\$ (84,405)</b>	<b>\$ 60,652</b>



# UNIVERSITY OF MISSOURI SYSTEM

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

### 9. LONG-TERM DEBT

The University's outstanding debt at June 30, 2015 and 2014, with corresponding activity, is as follows:

Table 9.1 - Long-Term Debt (in thousands)

<b>As of June 30, 2015</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
System Facilities Revenue Bonds - Fixed	\$ 1,320,525	\$ 150,000	\$ (18,640)	\$ 1,451,885	\$ 24,890
System Facilities Revenue Bonds - Variable	99,895	-	(450)	99,445	3,125
Unamortized Premium	72,556	-	(6,952)	65,604	-
<b>Net System Facilities Revenue Bonds</b>	<b>1,492,976</b>	<b>150,000</b>	<b>(26,042)</b>	<b>1,616,934</b>	<b>28,015</b>
Notes Payable	33,389	61	(951)	32,499	894
Capital Lease Obligations	5,166	-	(819)	4,347	890
Commercial Paper	71,572	14,640	(44,989)	41,223	41,223
<b>Total Long-Term Debt</b>	<b>\$ 1,603,103</b>	<b>\$ 164,701</b>	<b>\$ (72,801)</b>	<b>\$ 1,695,003</b>	<b>\$ 71,022</b>

<b>As of June 30, 2014</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
System Facilities Revenue Bonds - Fixed	\$ 1,085,070	\$ 455,835	\$ (220,380)	\$ 1,320,525	\$ 18,640
System Facilities Revenue Bonds - Variable	100,330	-	(435)	99,895	450
Unamortized Premium	41,612	41,755	(10,811)	72,556	-
<b>Net System Facilities Revenue Bonds</b>	<b>1,227,012</b>	<b>497,590</b>	<b>(231,626)</b>	<b>1,492,976</b>	<b>19,090</b>
Notes Payable	14,130	20,061	(802)	33,389	951
Capital Lease Obligations	5,920	-	(754)	5,166	820
Commercial Paper	177,255	44,989	(150,672)	71,572	71,572
<b>Total Long-Term Debt</b>	<b>\$ 1,424,317</b>	<b>\$ 562,640</b>	<b>\$ (383,854)</b>	<b>\$ 1,603,103</b>	<b>\$ 92,433</b>

#### System Facilities Revenue Bonds

System Facilities Revenue Bonds have provided financing for capital expansion or renovation of various University facilities. The principal and interest of the bonds are payable from, and secured by a first lien on and pledge of, designated revenues which include the following: a portion of tuition and fees, sales and services from the financed facilities, such as bookstore collections, housing and dining charges, patient services, and parking collections, as well as certain assessed fees, such as the recreational facility fees, stadium surcharges, and student center fees.

On November 26, 2013, the University issued \$11,325,000 and \$150,000,000 in Series 2013A System Facilities Revenue Bonds and Series 2013B Taxable System Facilities Revenue Bonds, respectively. Proceeds from issuance of the Series 2013 Bonds are being used to refund all of Series 2003B bonds in the outstanding principal amount of \$13,035,000, finance construction or renovation of housing facilities on the Columbia and

Kansas City campuses, energy management improvements on the Columbia campus, renovations and construction to Memorial Stadium and other athletic projects, construction of a wellness center on the St. Louis campus, construction and renovations of academic buildings on the St. Louis and Missouri S&T campuses, expansion of the Missouri Orthopedic Institute, and paying cost of issuance of the Series 2013 bonds. The all-in-true interest cost of the Series 2013A and 2013B bonds is 2.2% and 4.9%, respectively.

On May 22, 2014, the University issued \$294,510,000 in Series 2014A System Facilities Revenue Bonds. Proceeds from issuance of the Series 2014A bonds are being used to refund \$183,455,000 principal amount of the Series 2007A Bonds, repaying \$128,600,000 principal amount of the University's outstanding Commercial Paper Notes, and paying the cost of issuance of the Series 2014A bonds. The all-in-true interest cost of the Series 2014A bonds is 3.2%.



# UNIVERSITY OF MISSOURI SYSTEM

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

On November 6, 2014, the University issued \$150,000,000 in Series 2014B Taxable System Facilities Revenue Bonds. Proceeds from issuance of the Series 2014B bonds are being used to fund additions, improvements and renovations to System Facilities, including housing, athletic, recreational and health care facilities, and paying the cost of issuance. The all-in-true interest cost of the Series 2014B bonds is 4.3%.

Interest expense associated with financing projects during construction, net of any investment income earned on bond proceeds during construction, is capitalized. Total interest expense during the years ended June 30, 2015 and 2014 was \$76,595,000 and \$67,919,000, respectively. Interest expense associated

with financing projects during construction, net of any investment income earned on bond proceeds during construction, is capitalized. For the years ended June 30, 2015 and 2014, capitalization of interest earned on unspent bond proceeds totaled \$8,944,000 and \$8,003,000, respectively, resulting in net interest expense of \$67,651,000 and \$59,916,000, respectively. For the year ended June 30, 2015 and 2014, the University earned cash subsidy payments from the United States Treasury totaling \$9,697,000 and \$9,709,000, respectively, for designated Build America Bonds outstanding, which was recorded as Federal Appropriations on the Statement of Revenues, Expenses, and Changes in Net Position.

Table 9.2 - System Facilities Revenue Bonds (in thousands)

Series	Type	Weighted Avg. Cost of Capital at		Original Issue	Balance June 30,	
		June 30, 2015	Final Maturity		2015	2014
2006A	Fixed	4.39%	11/1/2026	260,975	\$ 118,590	\$ 127,540
2007A	Fixed	4.20%	11/1/2037	262,970	17,480	17,480
2009A (1)	Fixed	3.87%	11/1/2039	256,300	256,300	256,300
2009B	Fixed	3.38%	11/1/2021	75,760	48,340	53,925
2010A (1)	Fixed	3.76%	11/1/2041	252,285	252,285	252,285
2011	Fixed	3.40%	11/1/2027	54,125	47,900	52,005
2012A	Fixed	1.58%	11/1/2019	105,155	105,155	105,155
2013A	Fixed	2.15%	11/1/2023	11,325	11,325	11,325
2013B	Fixed	4.87%	11/1/2043	150,000	150,000	150,000
2014A	Fixed	3.21%	11/1/2037	294,510	294,510	294,510
2014B	Fixed	4.24%	11/1/2054	150,000	150,000	-
<b>Total Fixed Rate Bonds</b>				<b>1,873,405</b>	<b>1,451,885</b>	<b>1,320,525</b>
2007B	Variable	0.06% (2)	11/1/2031	102,250	99,445	99,895
<b>Total Variable Rate Demand Bonds</b>				<b>102,250</b>	<b>99,445</b>	<b>99,895</b>
<b>Total System Facilities Revenue Bonds</b>				<b>\$ 1,975,655</b>	<b>\$1,551,330</b>	<b>\$1,420,420</b>

(1) Taxable issue designated as Build America Bonds under the Internal Revenue Code of 1986, as amended.

(2) As of June 30, 2015; rates are determined daily or weekly by the remarketing agents. The rate is usually within a range at or near the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA Index) rate, which resets weekly.

System Facilities Revenue Bond Series 2007B is a variable rate demand bond with remarketing features which allow bondholders to put debt back to the University. Because the University is the sole source of liquidity should the option to tender be exercised by the bondholder, these variable rate demand bonds are classified in their entirety as current liabilities on the Statement of Net Position, with the balance in excess of actual current principal maturities reported as Long-Term Debt Subject to Remarketing.

In-substance defeased bonds aggregating \$290,105,000 and \$315,230,000 are outstanding at June 30, 2015 and 2014, respectively.

### Interest Rate Swap Agreements

With an objective of lowering the University's borrowing costs, when compared against fixed-rate debt, the University entered into interest rate swap agreements in connection with certain variable-rate System Facilities Revenue Bonds and commercial paper. Under each of the swap agreements, the University pays the swap counterparty a fixed interest rate



# UNIVERSITY OF MISSOURI SYSTEM

## NOTES TO FINANCIAL STATEMENTS

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payment and receives a variable rate interest rate payment that effectively changes a component of the University's variable interest rate debt to fixed rate debt. The University assumed a 2006 interest rate swap with a negative fair market value of \$9,799,000 on March 21, 2012 to which the counterparty was Bank of

America, N.A. The 2006 swap was acquired in conjunction with the purchase of a housing and parking facility at the Kansas City campus. Table 9.3 presents the terms of the outstanding swaps and their fair values at June 30, 2015.

Table 9.3 - Interest Rate Swaps (in thousands)

Type	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value	Counterparty Credit Rating
Pay fixed; receive variable	\$ 40,000	7/18/2002	11/1/2032	Pay 3.950%; receive SIFMA Index	\$ (11,537)	Aa3 / A+
Pay fixed; receive variable	50,005	12/14/2006	8/1/2026	Pay 3.902%; receive SIFMA Index	(9,845)	Baa2 / A-
Pay fixed; receive variable	99,445	7/26/2007	11/1/2031	Pay 3.798%; receive 68% of 1-Month LIBOR	(20,971)	Aa3 / A+
<b>Total</b>	<b>\$ 189,450</b>				<b>\$ (42,353)</b>	

The 2002 and 2006 swaps do not specifically hedge any currently outstanding debt; rather, they serve to reduce the overall exposure to interest rate risk on the University's variable rate debt not otherwise specifically hedged. The notional amount of the 2002 swap is fixed over the life of the agreement. The notional amount of the 2006 swap decreases annually over the life of the swap. The 2007 swap specifically hedges System Facilities Revenue Bond Series 2007B, the effectiveness of which has been determined using

the synthetic instrument method. The notional amount of the 2007 swap is equal to the outstanding balance of the Series 2007B bonds.

The University recognizes the fair value and corresponding changes in fair value of the outstanding swaps in the University's financial statements. Changes in fair value of the outstanding swaps, with respective financial statement presentation, are presented in Table 9.4:

Table 9.4 - Interest Rate Swaps - Change in Fair Value (in thousands)

Type	Fair Value at June 30,		Fair Value on Acquisition	Change in Fair Value	Presentation of Change in Fair Value
	2015	2014			
2002 Swap - Investment Derivative	\$ (11,537)	\$ (9,977)	N/A	\$ (1,560)	Investment and Endowment Income, Net
2006 Swap - Investment Derivative	(9,845)	(8,725)	N/A	(1,120)	Investment and Endowment Income, Net
2007 Swap - Cash Flow Hedge	(20,971)	(20,869)	N/A	(102)	Deferred Outflow of Resources
<b>Total</b>	<b>\$ (42,353)</b>	<b>\$ (39,571)</b>		<b>\$ (2,782)</b>	

**Fair Value.** There is a risk that the fair value of a swap could be adversely affected by changing market conditions. The fair values, developed using the zero coupon method with proprietary models, were prepared by the counterparties, JPMorgan Chase Bank, N.A., and Bank of America, N.A., major U.S. financial institutions. The zero coupon method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon

bonds due on the date of each net settlement of the swap. The fair value of the interest rate swaps is the estimated amount the University would have either (paid) or received if the swap agreements were terminated on June 30, 2015.

**Credit Risk.** Although the University has entered into the interest rate swaps with creditworthy financial institutions, there is credit risk for losses in the event of non-performance by the counterparties. Subject to applicable netting arrangements, swap contracts with positive fair values are exposed to credit risk. The University faces a maximum possible loss equivalent



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to the amount of the derivative's fair value. Subject to applicable netting arrangements, swaps with negative fair values are not exposed to credit risk. Collateral requirements apply to both parties for the 2002 and 2007 swaps and for the 2006 swap collateral requirements only apply to the counterparty. The collateral requirements are determined by a combination of credit ratings and the aggregate fair value of swaps outstanding with each counterparty as presented in Table 9.5:

Table 9.5 - Swap Collateral Requirements

Credit Rating (S&P / Moody's)	Fair Value Threshold (in thousands)
AAA/Aaa	\$ 50,000
AA+/Aa1	30,000
AA/Aa2	30,000
AA-/Aa3	20,000
A+/A1	20,000
A/A2	10,000
A-/A3	10,000
BBB+/Baa1	5,000

If the aggregate fair value of swaps outstanding with each counterparty is positive and exceeds the fair value threshold for the applicable credit rating, the counterparties are required to post collateral. If the aggregate fair value of the 2002 and 2007 swaps is negative and exceeds the fair value threshold for the applicable credit rating, the University is required to post collateral. Permitted collateral for either party includes U.S. Treasuries, U.S. government agencies, cash, and commercial paper rated A1/P1 by S&P or Moody's, respectively. As the negative aggregate fair value of the 2002 and 2007 swaps exceeded \$30,000,000 on June 30, 2015, which is the current fair value threshold for the University given a Moody's rating of Aa1, the University had collateral posted with the counterparty as required.

**Basis Risk.** The variable-rate payments received by the University on the 2007 swap are determined by 68% of one month LIBOR, whereas the interest rates paid by the University on its variable-rate bonds correspond to the SIFMA Index. The University is exposed to basis risk only to the extent that the historical relationship between these variable market rates changes going forward, resulting in a variable-rate payment received on the 2007 swap that is significantly less than the variable-rate interest payment on the bonds.

**Termination Risk.** The University is exposed to termination risk for the 2002 and 2007 interest rate swaps as the counterparty has the right to terminate the agreements in certain circumstances. For the 2002 swap, the counterparty has a contractual right to terminate the agreement if the daily weighted average of the SIFMA Index for the preceding 30 calendar day period is greater than 7.00%. With regard to the 2007 swap, the counterparty has a contractual right to terminate the agreement if the daily weighted average of the SIFMA Index for the preceding 180 days is greater than 6.00%. The 2006 interest rate swap is not exposed to termination risk. The SIFMA Index was .07% at June 30, 2015.

### **Debt-Related Items Presented as Deferred Outflows of Resources**

As required by GASB, the University recognizes certain debt-related items as deferred outflows of resources. The detail of the debt related items recognized as deferred outflow resources is presented in Table 9.6.

Table 9.6 - Debt-Related Deferred Outflow of Resources (in thousands)

	2015	2014
Swaps - Cash Flow Hedge	\$ 20,971	\$ 20,869
Loss on Bond Defeasance	28,182	31,548
<b>Deferred Outflow of Resources</b>	<b>\$ 49,153</b>	<b>\$ 52,417</b>

For the year ended June 30, 2014, the University increased the Loss on Bond Defeasance by \$16,602,000 for the issuance of the 2014A and 2013A bonds. For the year ended June 30, 2015 and 2014 the amortization of the Loss on Bond Defeasance totaled \$3,366,000 and \$2,791,000, respectively, which reduces interest expense.



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### **Pledged Revenues and Debt Service Requirements**

For fiscal year 2015 and 2014, annual debt service, including net payments on associated interest rate swaps, totaled \$140,822,000 and \$95,086,000, respectively. Principal and interest payments on commercial paper amounted to \$45,017,000 and \$3,372,000 for fiscal year 2015 and 2014, respectively, with the remaining payments of \$95,805,000 and \$91,714,000 for System Facilities. For fiscal year 2015 and 2014, System Facilities Pledged Revenue was twelve times greater than the annual debt service. Pledged Revenue was 128% and 149% of annual debt service including commercial paper for fiscal year 2015 and 2014, respectively. Pledged Revenue was 188% and 155% of annual debt service for System Facilities for fiscal year 2015 and 2014, respectively.

Table 9.7 provides the System Facilities pledged revenues and operating expenses.

Table 9.7 - System Facilities Pledged Revenues and Operating Expenses  
(in thousands)

	2015	2014
<b>Pledged Revenues:</b>		
Net Patient Revenue	\$942,160	\$ 873,638
Housing and Food Service	115,097	107,547
Bookstores	56,010	54,503
Net Tuition and Fees	23,761	23,900
Other Operating Revenue	33,973	35,749
<b>Pledged Revenues</b>	<b>1,171,001</b>	<b>1,095,337</b>
Operating Expenses	990,892	953,372
<b>Net Revenues</b>	<b>\$ 180,109</b>	<b>\$ 141,965</b>

Table 9.8 provides future debt service requirements for the System Facilities Revenue Bonds, including the impact of both interest rate swap agreements. With respect to the inclusion of variable rate bond interest payments and net payments on swaps, the following data was based upon variable rates in effect at June 30, 2015. As market rates vary, variable rate bond interest payments and net swap payments will vary.

Table 9.8 - Future Debt Service - System Facilities Revenue Bonds (in thousands)

Fiscal Year	Principal	Interest	Hedging Derivatives, Net	Total Before Investment Derivatives	Investment Derivatives, Net	Total Future Debt Service
2016	28,015	72,428	3,576	104,019	3,450	107,469
2017	43,440	71,026	3,458	117,924	3,421	121,345
2018	39,370	69,390	3,262	112,022	3,387	115,409
2019	39,485	67,730	3,172	110,387	3,349	113,736
2020	146,355	63,677	3,076	213,108	3,307	216,415
2021-2025	204,995	281,634	13,142	499,771	15,713	515,484
2026-2030	208,920	232,143	7,012	448,075	14,620	462,695
2031-2035	154,725	196,413	578	351,716	10,457	362,173
2036-2040	217,835	156,118	-	373,953	6,835	380,788
2041-2045	318,190	67,108	-	385,298	456	385,754
2046-2050	-	31,778	-	31,778	-	31,778
2051-2055	150,000	28,600	-	178,600	-	178,600
	<b>\$ 1,551,330</b>	<b>\$ 1,338,045</b>	<b>\$ 37,276</b>	<b>\$ 2,926,651</b>	<b>\$ 64,995</b>	<b>\$ 2,991,646</b>

### **Commercial Paper**

During fiscal year 2015, the University issued \$14,640,000 of commercial paper to allow for refunding of outstanding debt. During fiscal year 2014, the University issued \$44,989,000 of commercial paper to fund working capital and finance capital projects.

the University's Commercial Paper Program ("CP Program"). The CP Program authorizes the periodic issuance of up to an aggregate outstanding principal amount of \$375 million in Commercial Paper Notes. The initial term of the authorization is approximately fifteen years.

On October 21, 2011, the Board adopted a flexible financing program for the University referred to as

The Commercial Paper Notes are limited obligations of the University secured by a pledge of the University's Unrestricted Revenues. "Unrestricted





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Revenues” includes state appropriations for general operations, student fee revenues, and all other operating revenues of the University other than System Facilities Revenues. The primary objective of the CP Program is to provide flexibility in managing the University’s overall debt program to meet its various financial needs including: (a) financing capital projects, (b) allowing for the refunding/refinancing of outstanding debt, and (c) providing a readily accessible source of funds for various working capital purposes.

### Notes Payable

Notes payable consist of loans from the state Department of Natural Resources Energy Efficiency Leveraged Loan Program. Interest is payable semiannually and ranges from 2.0% to 3.2%.

Rolla Renewable Energy Company, LLC, a wholly owned subsidiary of MREC, holds Qualified Low-Income Community Investment loan agreements with CCM Community Development LV, LLC (CCM) and Midwest Renewable Capital XIII, LLC (MRC). The proceeds of these notes are to develop, construct, own and lease the geothermal construction project. Interest is payable quarterly at 1.3% on the CCM note and 1.6% on the MRC note.

The future payments on all notes payable at June 30, 2015, are as follows:

Table 9.9 - Future Notes Payable Payments

<b>Year Ending June 30</b>	<b>Amount</b> <i>(in thousands)</i>
2016	1,093
2017	1,152
2018	1,153
2019	1,082
2020	1,336
2021-2025	7,960
2026-2030	7,201
2031-2035	7,201
2036-2040	7,201
2041-2045	4,144
Total Future Notes Payable Payments	39,523
Less: Amount Representing Interest	(7,024)
<b>Future Notes Payable</b>	
<b>Principal Payments</b>	<b>\$ 32,499</b>

### Capital Lease Obligations

The University leases various facilities and equipment through capital leases. Facilities and equipment under capitalized leases are recorded at the present value of future minimum lease payments.

The future minimum payments on all capital leases at June 30, 2015, are as follows:

Table 9.10 - Future Capital Lease Payments

<b>Year Ending June 30</b>	<b>Amount</b> <i>(in thousands)</i>
2016	1,563
2017	1,563
2018	1,563
2019	1,563
2020	392
Total Future Minimum Payments	6,644
Less: Amount Representing Interest	(2,297)
<b>Present Value of Future Minimum</b>	
<b>Lease Payments</b>	<b>\$ 4,347</b>

### Discretionary Line of Credit

The University maintains a \$40,000,000 line of credit to finance short term working capital needs. There was no activity on this line of credit for the years ended June 30, 2015 and 2014.





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### DISCRETELY PRESENTED COMPONENT UNIT – MEDICAL ALLIANCE

The Medical Alliance’s outstanding debt at June 30, 2015 and 2014, with corresponding activity, is as follows:

Table 9.11 - Long-Term Debt - Medical Alliance (*in thousands*)

<b>As of June 30, 2015</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Health Facilities Revenue Bonds Series 2011	\$ 29,380	\$ -	\$ (1,795)	\$ 27,585	\$ 1,840
Total Bonds Payable	29,380	-	(1,795)	27,585	1,840
Guaranteed Debt Outstanding	-	2,346	-	2,346	152
<b>Total Long-Term Debt</b>	<b>\$ 29,380</b>	<b>\$ 2,346</b>	<b>\$ (1,795)</b>	<b>\$ 29,931</b>	<b>\$ 1,992</b>

<b>As of June 30, 2014</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Health Facilities Revenue Bonds Series 2011	\$ 31,120	\$ -	\$ (1,740)	\$ 29,380	\$ 1,795
Total Bonds Payable	31,120	-	(1,740)	29,380	1,795
Capital Lease Obligations	325	-	(325)	-	-
<b>Total Long-Term Debt</b>	<b>\$ 31,445</b>	<b>\$ -</b>	<b>\$ (2,065)</b>	<b>\$ 29,380</b>	<b>\$ 1,795</b>

#### Bonds Payable

Tax-exempt revenue bonds (Series 2011 Bonds) in the principal amount of \$32,835,000 were issued by the Health and Education Facilities Authority of the State of Missouri (the Authority) on behalf of the Medical Alliance dated November 1, 2011. The proceeds were used to refund all of the outstanding Series 1998 and 2004 Bonds and costs of issuance. The premium and the deferred financing costs on the Series 2011 Bonds are amortized on the effective interest method over the life of the respective bonds. The Series 2011 Bonds are secured by the unrestricted receivables of the Medical Alliance. Under the terms of the Master Indenture, the Medical Alliance is required to make payments of principal, premium, if any, and interest on the bonds. In addition, the Master Indenture contains certain restrictions on the operations and activities of the Medical Alliance, including, among other things, covenants restricting the incurrence of additional indebtedness and the creation of liens on property, except as permitted by the Master Indenture.

The Master Indenture has mandatory sinking fund redemption requirements in which funds are required to be set aside beginning in 2021 for the Series 2011 bonds. Interest expense incurred on the bonds during the years ended June 30, 2015 and 2014 was \$1,111,000 and \$1,145,000, respectively, of

which \$503,000 and \$32,000, respectively, in interest was capitalized.

As of June 30, 2015, the total of principal and interest due on bonds during the next five years and in subsequent five-year periods is as follows:

Table 9.12 - Future Debt Service -  
Medical Alliance (*in thousands*)

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	1,840	1,038	2,878
2017	1,885	992	2,877
2018	1,930	939	2,869
2019	1,995	877	2,872
2020	2,055	809	2,864
2021-2025	11,510	2,767	14,277
2026-2029	6,370	395	6,765
	<b>\$ 27,585</b>	<b>\$ 7,817</b>	<b>\$ 35,402</b>

#### Debt Guarantee of Related Entity

During 2015, the University acquired a minority ownership interest in Fulton Medical Center, LLC. As a part of the acquisition, The Medical Alliance agreed to guarantee a portion of Fulton Medical Center’s outstanding debt, which amounted to \$2,346,000 as of June 30, 2015. This amount is reflected as a liability on the Medical Alliance’s Statement of Net

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Position. The maximum amount of the guaranty is \$2,751,000 and the guaranty expires with maturity of each debt instrument, with \$350,000 for a revolving line of credit due in FY 2016 and 2,401,000 for a mortgage and equipment loan due in FY 2020. The mortgage is secured by the property and the equipment loan is secured by the hospital's related equipment, however, the Medical Alliance is unable to estimate the extent to which the collateral would cover the guarantee.

### 10. RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; natural disasters; and various medically related benefit programs for employees. The University funds these losses through a combination of self-insured retentions and commercially purchased insurance. The amount of self-insurance funds and commercial insurance maintained are based upon analysis of historical information and actuarial estimates. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The liability for self-insurance claims at June 30, 2015 and of \$87,746,000 and \$77,944,000, respectively, represents the present value of amounts estimated to have been incurred by those dates, using discount rates ranging from 1.0% to 3.8%, based on expected future investment yield assumptions.

Changes in the self-insurance liability during fiscal years 2015 and 2014 were as follows:

Table 10.1 - Self-Insurance Claims

Liability (in thousands)				
Fiscal Year	Beginning of Year	New Claims		End of Year
		and Changes in Estimates	Claim Payments	
2015	\$ 77,944	\$ 234,966	\$ (225,164)	\$87,746
2014	\$ 80,665	\$ 231,121	\$ (233,842)	\$77,944

### 11 COMMITMENTS AND CONTINGENCIES

#### Endowment and Pension Trust Funds

The University Endowment Fund and Pension Trust Funds have made commitments to make investments in certain investment partnerships pursuant to provisions in the various partnership agreements.

These commitments totaled \$196,052,000 and \$377,968,000 for the University and the Pension Trust Funds, respectively, at June 30, 2015. These commitments totaled \$106,321,000 and \$215,224,000 for the University and the Pension Trust Funds, respectively, at June 30, 2014.

#### University Operating Leases

The University leases various facilities and equipment under agreements recorded as operating leases. Operating lease expense for the years ended June 30, 2015 and 2014 were \$23,479,000 and \$22,575,000, respectively. Future minimum payments on all significant operating leases with initial or remaining terms of one year or more at June 30, 2015, are as follows:

Table 11.1 - Future Operating Lease Payments

Fiscal Year	Amount (in thousands)
2016	7,985
2017	5,730
2018	2,880
2019	1,751
2020	513
2021-2025	1,005
<b>Total Future Lease Payments</b>	<b>\$ 19,864</b>

In addition to the above lease obligations, the University has outstanding commitments for the usage and ongoing support of MU Health Care's information technology environment. As of January 2010, MU Health Care began contracting for software usage and maintenance fees, as well as, labor costs for approximately 100 full-time equivalent employees, with the Cerner Corporation. This agreement, called IT Works, represents the labor and software component of a cooperative relationship between MU Health Care and Cerner Corporation referred to as the Tiger Institute for Health Innovation (the Tiger Institute). The Tiger Institute is not a legally separate entity and is included within the financial statements of the University. The Tiger Institute provides continued development of information technology within the clinical areas, as well as developing new technology initiatives in health information systems.



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As of June 30, 2015, this contracted commitment totaled \$88,200,000 and will be paid in the following amounts: \$18,583,000 in 2016, \$19,140,000 in 2017, \$19,714,000 in 2018, \$20,306,000 in 2019 and \$10,457,000 in 2020.

### Pollution Remediation

The University has been working with the Voluntary Cleanup Program of the Missouri Department of Natural Resources (MDNR) to characterize subsurface contamination on a University owned property. The University is awaiting a cost estimate to perform the additional evaluation requested by MDNR. Long term costs will depend on the results of a sampling process that began in 2013. As a result, the University is unable to estimate future costs on cleanup of the site at this time. The University has not commenced any actions requiring the recognition of a liability for this property.

### Radiology and Other Health Care Matters

Since November 2011, the University has been investigating allegations of improper billings after learning that a federal investigation led by the U.S. Attorney's Office was under way. The University's investigation has identified indications that two radiologists improperly certified that they had performed services that were actually performed by resident physicians. The University is cooperating with the investigation of the U.S. Attorney's Office in an effort to achieve a resolution of the matter. The University has estimated minimum likely exposure including penalties of \$2,200,000. Also, the University has reviewed other potential federal health program reimbursement issues contemporaneous with the radiology investigation noted above. The University is in the process of self-disclosure and has estimated minimum likely exposure including penalties of \$5,900,000 in aggregate for these matters. Because the federal government could assess additional penalties or assert alternative theories or analysis concerning amounts of liability, the potential for additional exposure for these issues exists but cannot be estimated at this time, as these matters have not yet been resolved.

### Charitable Gift Annuities

A charitable gift annuity is a contractual agreement between one or two donors (typically husband and wife) and a charity. The donor(s) transfers assets as a gift to the charity, and in return the charity is obligated to pay a fixed annuity to one or two annuitants, of the donor(s)' choosing, for the life of the donor(s). As part of the University's "Planned Giving" program, the University enters into Charitable Gift Annuity contracts with donors. The University's liability related to the annuity obligations was \$6,694,000 and \$6,512,000 at June 30, 2015 and 2014, respectively.

### Settlement Agreement

In September of 2014, the University of Missouri, Santarus, Inc., Salix Pharmaceuticals, Inc., and Par Pharmaceutical, Inc. entered into a settlement agreement regarding Santarus, Inc. et al v. Par Pharmaceutical, Inc. (the "Zegerid® Patent Litigation"). The Zegerid® Patent Litigation consisted of civil actions for infringement of patents covering certain Zegerid® products brought by the University and Santarus against Par in the U.S. District Court. As a part of the Settlement Agreement, Par made a one-time payment of \$100 million to an escrow account approved by Santarus and the University, and these funds were allocated between Santarus and the University pursuant to the terms of the Exclusive License Agreement between Santarus and the University. For the year ended June 30, 2015, the University recognized a gain for the net amount of the settlement in other non-operating revenues.

## 12. RETIREMENT, DISABILITY, AND DEATH BENEFIT PLAN

### DEFINED BENEFIT PLAN

**Plan Description** – the Retirement Plan is a single-employer, defined benefit plan for all qualified employees. As authorized by Section 172.300, Revised Statutes of Missouri, the University's Board of Curators administers the Retirement Plan and establishes its terms.

**Benefits provided** - Full-time employees vest in the Retirement Plan after five years of credited service and become eligible for benefits based on age and years of service. A vested employee who retires at age 65 or older is eligible for a lifetime annuity calculated at a certain rate times the credited service



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years times the compensation base (average compensation for the five highest consecutive salary years). The rate is 2.2% if the employee was hired before October 1, 2012, or 1.0% if the employee was hired after September 30, 2012. Academic members who provide summer teaching and research service receive additional summer service credit. The Board of Curators may periodically approve increases to the benefits paid to existing pensioners. However, vested members who leave the University prior to eligibility for retirement are not eligible for these pension increases.

Table 12.1 - Retirement Plan Membership

	2015	2014
Active Vested Members	18,407	18,335
Inactive Vested Members	4,305	4,221
Pensioners and Beneficiaries	8,320	7,975
Total Members	31,032	30,531

Vested employees who are at least age 55 and have ten years or more of credited service or age 60 with at least five years of service may choose early retirement with a reduced benefit. However, if the employee retires at age 62 and has at least 25 years of credited service, the benefit is not reduced. Up to 30% of the retirement annuity can be taken in a lump sum payment. In addition, the standard annuity can be exchanged for an actuarially-equivalent annuity selected from an array of options with joint and survivor, period certain, and guaranteed annual increase features.

Vested employees who terminate prior to retirement eligibility may elect to transfer the actuarial equivalent of their benefit to an Individual Retirement Account or into another employer's qualified plan that accepts such rollovers. The actuarial equivalent may also be taken in the form of a lump sum payment.

In addition, the Retirement Plan allows vested employees who become disabled to continue accruing service credit until they retire. It also provides a pre-retirement death benefit for vested employees.

The Retirement Plan provides a minimum value feature for vested employees who terminate or

retire. The minimum value is calculated as the actuarial equivalent of 5% of the employee's eligible compensation invested at 7.5% per credited service year or the regularly calculated benefit.

**Basis of Accounting** – The Retirement Plan's accounting records are prepared using the accrual basis of accounting. Employer contributions to the Retirement Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with terms of the Retirement Plan. The Retirement Plan does not issue a separate financial report.

**Investment Valuation** – Investments are reported at fair value.

**Contributions** – The University's contributions to the Retirement Plan are equal to the actuarially determined employer contribution requirement (ARC). The ARC for those employees hired before October 1, 2012 averaged 10.0% and 10.8% of covered payroll for the years ending June 30, 2015 and 2014, respectively. The ARC for those employees hired after September 30, 2012 averaged 6.1% and 6.8% of covered payroll for the years ended June 30, 2015 and 2014, respectively. Employees are required to contribute 1% of their salary up to \$50,000 in a calendar year and 2% of their salary in excess of \$50,000. An actuarial valuation of the Plan is performed annually and the University's contribution rate is updated at the beginning of the University's fiscal year on July 1, to reflect the actuarially determined funding requirement from the most recent valuation, as of the preceding October 1. This actuarial valuation reflects the adoption of any Retirement Plan amendments during the previous fiscal year.

**Net Pension Liability** – The Retirement Plan's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014. For the years ended June 30 2015 and 2014, fiduciary net position as a percentage of the total pension liability amounted to 87.76% and 92.92%, respectively.



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Table 12.2 Changes in the Net Pension Liability (*In Thousands*)

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) - (b)
<b>Balances at June 30, 2014</b>	<b>\$3,586,499</b>	<b>\$3,332,695</b>	<b>\$253,804</b>
Changes for the year:			
Service cost	70,574	-	70,574
Interest	275,762	-	275,762
Differences between expected and actual experience	13,226	-	13,226
Contributions – employer	-	103,895	(103,895)
Contributions – employee	-	14,486	(14,486)
Net investment income	-	36,412	(36,412)
Benefit payments, including refunds of employee contributions	(182,488)	(182,488)	-
Other changes	-	(2,150)	2,150
Net changes	177,074	(29,845)	206,919
<b>Balances at June 30, 2015</b>	<b>\$3,763,573</b>	<b>\$3,302,850</b>	<b>\$460,723</b>

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) - (b)
<b>Balances at June 30, 2013</b>	<b>\$3,420,930</b>	<b>\$2,918,556</b>	<b>\$502,374</b>
Changes for the year:			
Service cost	71,995	-	71,995
Interest	263,566	-	263,566
Differences between expected and actual experience	-	-	-
Contributions – employer	-	113,688	(113,688)
Contributions – employee	-	14,113	(14,113)
Net investment income	-	458,884	(458,884)
Benefit payments, including refunds of employee contributions	(169,992)	(169,992)	-
Other changes	-	(2,554)	2,554
Net changes	165,569	414,139	(248,570)
<b>Balances at June 30, 2014</b>	<b>\$3,586,499</b>	<b>\$3,332,695</b>	<b>\$253,804</b>



# UNIVERSITY OF MISSOURI SYSTEM

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

**Actuarial Methods and Assumptions** – The October 1, 2014 actuarial valuation utilized the entry age actuarial cost method. Actuarial assumptions included:

<b>Inflation</b>	<b>2.75%</b>
<b>Rate of Investment Return net of administrative expenses (including inflation)</b>	<b>7.75%</b>
<b>Projected salary increases (Including inflation)</b>	<b>4.1- 4.9%</b>
<b>Cost-of-living adjustments</b>	<b>0%</b>

For purposes of determining actuarially required contributions, the actuarial value of assets was determined using techniques that spread effects of short-term volatility in the market value of investments over a 5-year period. The underfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over 29 years from the October 1, 2014 valuation date. Mortality rates were based on the RP-2000 Combined Health Mortality Table projected to 2023 using Scale BB.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results the most recent quinquennial study of the University's own experience covering 2008 to 2012.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that University contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the October 1, 2014 actuarial valuation, a 7.75% discount rate was used.

Table 12.3 Sensitivity of the Net Liability to Changes in the Discount (in Thousands)

		<b>2015 Net Pension Liability</b>	<b>2014 Net Pension Liability</b>
1% Decrease	6.75%	\$922,713	\$711,800
Current Rate	7.75%	460,723	253,804
1% Increase	8.75%	69,412	(127,799)

**Rate of Return-** The annual money-weighted rate of return is calculated as the internal rate of return on pension investments, net of pension plan investment expense. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on pension plan investments for the years ended June 30, 2015 and 2014 was 0.7% and 16.2%, respectively. The following table provides long-term expected rates of real return on a geometric basis:

Table 12.4 - Asset Class Allocation

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Domestic large cap equity	18%	6.5%
Domestic small cap equity	2%	6.5%
Domestic fixed income	3%	1.7%
International equity	19%	6.7%
Emerging markets equity	6%	9.3%
International fixed income	4%	1.8%
Real estate	6%	4.3%
Private equity	10%	11.6%
Absolute return strategies	8%	4.1%
High yield fixed income	10%	4.1%
Emerging markets fixed income	6%	4.5%
Treasury inflation protection	2%	1.7%
Floating rate bank loans	4%	2.6%
Global inflation-linked bonds	2%	1.7%
	<b>100%</b>	





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**Pension Expense-** For the years ended June 30, 2015 and 2014, the Retirement Plan recognized pension expense of \$76,492,000 and \$50,979,000, respectively. Annual pension expense consists of service cost and interest on the pension liability less employee contributions and projected earnings on

pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources and recognized in pension expense over a five year period.

The pension expense for the years ended June 30, 2015 and 2014 is summarized as follows:

Table 12.5 Pension Expense *(In Thousands)*

	2015	2014
Service cost	\$70,574	\$71,995
Interest	275,762	263,566
Recognized portion of current-period difference between expected and actual experience	2,127	--
Contributions – employee	(14,486)	(14,113)
Projected earnings on pension plan investments	(255,210)	(224,004)
Recognized portion of current-period difference between projected and actual earnings on pension plan investments	44,190	(46,465)
Recognition of deferred outflows of resources	--	--
Recognition of deferred inflows of resources	(46,465)	--
<b>Pension expense for fiscal year ended June 30,</b>	<b>\$76,492</b>	<b>\$50,979</b>

**Deferred Outflows/Inflows of Resources-** In accordance with GASB Statements No. 67 and 68, the University recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, and the

difference between actual and expected investment returns as Deferred Outflows/Inflows of Resources. At June 30, 2015 and 2014, the Retirement Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Table 12.6 Deferred outflows/inflows of resources related to pensions *(In Thousands)*

	Deferred Outflows of Resources	Deferred Inflows of Resources
	2015	2014
<b>As of June 30,</b>		
Differences between expected and actual experience	11,099	-
Changes of assumptions	-	-
Changes of benefit terms	-	-
Net difference between projected and actual earnings on pension plan investments	37,363	185,860
<b>Total</b>	<b>48,462</b>	<b>185,860</b>

The University recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected

remaining service life of the University's employees. The following table summarizes the future recognition of these items:



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Table 12.7 Projected recognition of deferred outflows/(inflows) *(In Thousands)*

Year Ended June 30, 2015	Recognition
2016	(149)
2017	(149)
2018	(149)
2019	46,316
2020	2,127
Thereafter	466

### DEFINED CONTRIBUTION PLAN

**Plan Description** - Employees hired after September 30, 2012 participate in a single employer, defined contribution plan. Each year the University contributes 2% of each employee’s eligible salary to a 401(a) plan. Employees are able to contribute to a 457(b) plan. The University will match up to 3% of that 457(b) plan contribution with those funds going into the 401(a) plan. Employees are immediately 100% vested in their contributions. The University’s base contribution and matching contributions vest following three years of consecutive or nonconsecutive service. The defined contribution plan recognized \$8,621,000 and \$4,829,000 of pension expense and \$582,000 and \$138,000 of forfeitures for the years ended June 30, 2015 and 2014, respectively.

### 13. OTHER POSTEMPLOYMENT BENEFITS

**Plan Description** – In addition to the pension benefits described in Note 12, the University operates a single-employer, defined benefit postemployment plan. The University’s Other Postemployment Benefits (OPEB) Plan provides postemployment medical, dental, and life insurance benefits to employees who retire from the University after attaining age 55 and before reaching age 60 with ten or more years of service, or after attaining age 60 with five or more years of service. As of June 30, 2015 and 2014, 7,081 and 6,764 retirees, respectively, were receiving benefits, and an estimated 18,373 active University employees may become eligible to receive future benefits under the plan. Postemployment medical, dental and life insurance benefits are also provided to long-term disability claimants who were vested in the University’s Retirement Plan at the date the disability began, provided the onset date of the disability was on or after September 1, 1990. As of June 30, 2015 and 2014, 210 and 223 long-term disability claimants, respectively, met those eligibility requirements.

The terms and conditions governing the postemployment benefits to which employees are entitled are at the sole authority and discretion of the University’s Board of Curators.

**Plan Change in Fiscal Year 2015-** In January of 2015, the University moved from a self-funded plan to a fully insured plan for long-term disability (LTD) with a separate carrier. As a part of the change, the University also moved existing claimants to the same vendor. In the Statement of Changes in Plan Net Position for the Years Ended June 30 2015, the expense of \$15,934,000 to move to a fully insured plan is reflected in “Payments to Retirees and Beneficiaries.”

**Basis of Accounting** – The OPEB Plan’s accounting records are prepared using the accrual basis of accounting, in accordance with GASB Statements No. 43 and No. 45, which established requirements for financial reporting for postemployment benefits other than pension plans. The assets of the OPEB Trust Fund are irrevocable and legally protected from creditors and dedicated to providing postemployment benefits in accordance with terms of the plan. The OPEB Plan does not issue a separate financial report.

**Contributions and Reserves** – Contribution requirements of employees and the University are established and may be amended by the University’s Board of Curators. For employees retiring prior to September 1, 1990, the University contributes 2/3 of the medical benefits premium and 1/2 of the dental plan premium. For employees who retired on or after September 1, 1990, the University contributes toward premiums based on the employee’s length of service and age at retirement.

The University makes available two group term life insurance options. Option A coverage is equal to the retiree’s salary at the date of retirement, while Option B is equal to two times that amount. For each Option, graded decreases in coverage are made when the retiree attains specific age levels. The University pays the full cost of Option A and approximately 91% of the cost of Option B coverage. Coverage for group term life insurance ends on January 1 following the retiree’s 70th birthday.

For the year ended June 30, 2015 and 2014, participants contributed \$16,212,000 and \$14,505,000, or approximately 45.3% and 35.5%, respectively, of total

# UNIVERSITY OF MISSOURI SYSTEM

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premiums through their required contributions, which vary depending on the plan and coverage selection.

The University makes available two long-term disability options to its employees. Option A coverage is equal to 60% of the employee's salary on the date the disability began, when integrated with benefits from all other sources. Option B coverage is equal to 66-2/3% of the employee's salary, integrated so that benefits from all sources will not exceed 85% of the employee's salary. Both options have a 149-day waiting period and provide benefits until age 65. The University pays the full cost of the Option A premium, while employees enrolled in Option B pay the additional cost over the Optional A premium.

The Annual Required Contribution (ARC) represents a level of funding that an employer is projected to need in order to prefund its obligations for postemployment benefits over its employees' years of service. The University has no obligation to make contributions in advance of when insurance premiums or claims are due for payment and currently funds postemployment benefits at a level no less than the pay-as-you-go basis. In fiscal years 2015 and 2014, the University contributed \$25,709,000 and \$25,094,000, or 44.0% and 41.9% of the ARC, respectively. The ARC, which was \$58,512,000 and \$59,966,000 for fiscal years 2015 and 2014, represented 5.3% and 5.4% of annual covered payroll, respectively.

Table 13.1 presents the OPEB cost for the year, the amount contributed, and changes in the OPEB obligation for fiscal year 2015:

Table 13.1 - Changes in Net OPEB Obligation  
(in thousands)

	2015	2014
Annual Required Contribution	\$ 58,512	\$ 59,966
Interest on Existing Net OPEB Obligation	7,082	5,688
ARC Adjustment	(7,132)	(5,729)
Annual OPEB Cost	58,462	59,925
Contributions Made	(25,709)	(25,094)
Increase in net OPEB obligation	32,753	34,831
Net OPEB obligation - beginning of year	177,040	142,209
Net OPEB obligation - June 30, 2015	\$ 209,793	\$ 177,040

**Funding Status and Funding Progress** – As of July 1, 2013, the date of the last valuation, the OPEB Plan was 7.6% funded. The actuarial accrued liability (AAL) for postemployment benefits was \$650,307,000, with \$49,285,000 in actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$601,022,000. The covered payroll (annual payroll of active employees covered by the plan) was \$1,103,558,000, and the ratio of UAAL to covered payroll was 54.5%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision of actual results, are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Benefit projections for financial reporting purposes are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and the historical pattern of cost sharing between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the University and plan members in the future.



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The University's annual OPEB cost and net OPEB obligation to the OPEB Plan for the current year, along with three-year trend information, were as follows:

Table 13.2 - OPEB Plan Three-Year Trend Information *(in thousands)*

<b>Fiscal Year Ending</b>	<b>Annual Required Contribution</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Contributions Made</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
6/30/2015	\$ 58,512	\$ 58,462	\$ 25,709	44.0%	\$ 209,793
6/30/2014	59,965	59,925	25,094	41.9%	177,040
6/30/2013	50,954	51,890	19,177	37.0%	142,209

**Actuarial Methods and Assumptions** - Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The projected unit credit actuarial cost method was used in the July 1, 2013 actuarial valuation.

Actuarial assumptions included a 4.0% investment rate of return, net of administrative expenses. The projected annual healthcare trend rate is 5.0% to 8.0% initially, reduced by 0.5% decrements to an ultimate rate of 5.0%. The UAAL is being amortized as a level dollar amount on an open basis, level percent of pay, over a 30-year amortization period.



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For the Years Ended June 30, 2015 and 2014

### 14. BLENDED COMPONENT UNIT

Condensed combining information for the University's blended component unit as of and for the year ended June 30, 2014 is presented as follows:

Table 14.1 - Missouri Renewable Energy Corporation Condensed Financial Statements (*in thousands*)

Condensed Statement of Net Position	2015			2014		
	MREC	Eliminations	Total	MREC	Eliminations	Total
Assets:						
Current Assets	\$ 483	\$ -	\$ 483	\$ 25,333	\$ (4,132)	\$ 21,201
Non Current Other Assets	2,420	20,982	\$ 23,402	-	20,982	\$ 20,982
Capital Assets, Net	124,642	(11,105)	113,537	124,894	(13,305)	111,589
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 127,545</b>	<b>\$ 9,877</b>	<b>\$ 137,422</b>	<b>\$ 150,227</b>	<b>\$ 3,545</b>	<b>\$ 153,772</b>
Liabilities:						
Current Liabilities	\$ 1,848	\$ (1,309)	\$ 539	\$ 3,780	\$ (3,422)	\$ 358
Noncurrent Liabilities	115,154	(72,494)	42,660	131,102	(92,740)	38,362
<b>Total Liabilities</b>	<b>117,002</b>	<b>(73,803)</b>	<b>43,199</b>	<b>134,882</b>	<b>(96,162)</b>	<b>38,720</b>
Net Position:						
Net Investment in Capital Assets	22,275	62,698	84,973	3,650	75,303	78,953
Restricted -						
Nonexpendable	-	-	-	-	-	-
Expendable	(11,732)	20,982	9,250	11,695	24,404	36,099
Unrestricted	-	-	-	-	-	-
<b>Total Net Position</b>	<b>10,543</b>	<b>83,680</b>	<b>94,223</b>	<b>15,345</b>	<b>99,707</b>	<b>115,052</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 127,545</b>	<b>\$ 9,877</b>	<b>\$ 137,422</b>	<b>\$ 150,227</b>	<b>\$ 3,545</b>	<b>\$ 153,772</b>

#### Condensed Statement of Revenues, Expenses and Changes in Net Position

	2015			2014		
	MREC	Eliminations	Total	MREC	Eliminations	Total
Operating Revenues:						
Other Operating Revenue	\$ 6,271	\$ (5,784)	\$ 487	\$ 2,276	\$ (1,922)	\$ 354
<b>Total Operating Revenues</b>	<b>6,271</b>	<b>(5,784)</b>	<b>487</b>	<b>2,276</b>	<b>(1,922)</b>	<b>354</b>
Operating Expenses:						
Depreciation	4,364	-	4,364	1,772	-	1,772
All Other Operating Expenses	4,765	(4,183)	582	2,180	(2,134)	46
<b>Total Operating Expenses</b>	<b>9,129</b>	<b>(4,183)</b>	<b>4,946</b>	<b>3,952</b>	<b>(2,134)</b>	<b>1,818</b>
Operating Income (Loss)	(2,858)	(1,601)	(4,459)	(1,676)	212	(1,464)
Provision for Income Tax Benefit (Expense)	936	-	936	-	-	-
Capital Contribution (Distribution)	(2,880)	(14,426)	(17,306)	7,418	35,084	42,502
<b>Increase in Net Position</b>	<b>(4,802)</b>	<b>(16,027)</b>	<b>(20,829)</b>	<b>5,742</b>	<b>35,296</b>	<b>41,038</b>
Net Position, Beginning of Year	15,345	99,707	115,052	9,603	64,411	74,014
<b>Net Position, End of Year</b>	<b>\$ 10,543</b>	<b>\$ 83,680</b>	<b>\$ 94,223</b>	<b>\$ 15,345</b>	<b>\$ 99,707</b>	<b>\$ 115,052</b>

#### Condensed Statement of Cash Flows

	2015			2014		
	MREC	Eliminations	Total	MREC	Eliminations	Total
Net Cash Flows Provided by (Used in) Operating Activities	\$ 4,441	\$ (4,597)	\$ (156)	\$ 1,610	\$ (1,662)	\$ (52)
Net Cash Flows Provided by (Used in) Capital and Related Financing Activities	(14,675)	4,597	(10,078)	8,447	1,662	10,109
Net Increase in Cash and Cash Equivalents	(10,234)	-	(10,234)	10,057	-	10,057
Cash and Cash Equivalents, Beginning of Year	10,717	-	10,717	660	-	660
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 483</b>	<b>\$ -</b>	<b>\$ 483</b>	<b>\$ 10,717</b>	<b>\$ -</b>	<b>\$ 10,717</b>



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For the Years Ended June 30, 2015 and 2014

### 15. OPERATING EXPENSES BY FUNCTION

The operating expenses of the University are presented based on natural expenditure classifications. The University's operating expenses by functional classification are as follows:

Table 15.1 - Operating Expenses by Functional and Natural Classifications (*in thousands*)

Fiscal Year Ended June 30, 2015	Salaries and		Supplies,	Scholarships	Depreciation	Total
	Wages	Benefits	Services and	and		
			Other	Fellowships		
Instruction	\$ 436,751	\$ 114,929	\$ 87,237	\$ -	\$ -	\$ 638,917
Research	100,292	23,032	66,015	-	-	189,339
Public Service	80,897	22,952	49,643	-	-	153,492
Academic Support	82,257	24,296	40,850	-	-	147,403
Student Services	48,980	13,580	30,069	-	-	92,629
Institutional Support	114,210	41,050	(26,487)	-	-	128,773
Operation and Maintenance of Plant	38,383	11,934	53,888	-	-	104,205
Auxiliary Enterprises	505,658	145,113	557,724	-	-	1,208,495
Scholarships and Fellowships	-	-	-	66,860	-	66,860
Depreciation	-	-	-	-	194,075	194,075
<b>Total Operating Expenses</b>	<b>\$ 1,407,428</b>	<b>\$ 396,886</b>	<b>\$ 858,939</b>	<b>\$ 66,860</b>	<b>\$ 194,075</b>	<b>\$ 2,924,188</b>

Fiscal Year Ended June 30, 2014	Salaries and		Supplies,	Scholarships	Depreciation	Total
	Wages	Benefits	Services and	and		
			Other	Fellowships		
Instruction	\$ 441,841	\$ 96,041	\$ 84,802	\$ -	\$ -	\$ 622,684
Research	102,064	19,322	69,020	-	-	190,406
Public Service	77,378	18,550	49,701	-	-	145,629
Academic Support	82,559	20,822	35,737	-	-	139,118
Student Services	47,486	10,996	26,305	-	-	84,787
Institutional Support	106,067	32,401	(14,817)	-	-	123,651
Operation and Maintenance of Plant	38,224	10,192	56,267	-	-	104,683
Auxiliary Enterprises	467,830	137,933	526,784	-	-	1,132,547
Scholarships and Fellowships	-	-	-	66,919	-	66,919
Depreciation	-	-	-	-	183,250	183,250
<b>Total Operating Expenses</b>	<b>\$ 1,363,449</b>	<b>\$ 346,257</b>	<b>\$ 833,799</b>	<b>\$ 66,919</b>	<b>\$ 183,250</b>	<b>\$ 2,793,674</b>



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For the Years Ended June 30, 2015 and 2014

### 16. FIDUCIARY FUNDS – PENSION TRUST FUNDS COMBINING STATEMENTS

Combining financial statements for the Fiduciary Funds – Pension Trust Funds, which encompass the Retirement Trust and OPEB Trust, are as follows:

Table 16.1 - Statement of Plan Net Position *(in thousands)*

	2015			2014		
	Retirement	OPEB	Total	Retirement	OPEB	Total
<b>Assets</b>						
Cash and Cash Equivalents	\$ 112,763	\$ 11,977	\$ 124,740	\$ 67,325	\$ 25,187	\$ 92,512
Investment of Cash Collateral	135,813	-	135,813	263,048	-	263,048
Investment Settlements Receivable	75,732	-	75,732	44,920	-	44,920
Investments:						
Debt Securities	409,975	-	409,975	525,129	-	525,129
Equity Securities	536,992	-	536,992	707,632	-	707,632
Commingled Funds	1,906,828	24,867	1,931,695	1,772,610	66,444	1,839,054
Nonmarketable Alternative Investments	360,270	-	360,270	297,450	-	297,450
<b>Total Assets</b>	<b>3,538,373</b>	<b>36,844</b>	<b>3,575,217</b>	<b>3,678,114</b>	<b>91,631</b>	<b>3,769,745</b>
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	-	1,985	1,985	279	-	279
Collateral Held for Securities Lending	135,813	-	135,813	263,048	-	263,048
Investment Settlements Payable	99,710	35	99,745	82,092	40,000	122,092
<b>Total Liabilities</b>	<b>235,523</b>	<b>2,020</b>	<b>237,543</b>	<b>345,419</b>	<b>40,000</b>	<b>385,419</b>
<b>Net Position Held in Trust for</b>						
<b>Retirement and OPEB</b>	<b>\$ 3,302,850</b>	<b>\$ 34,824</b>	<b>\$ 3,337,674</b>	<b>\$ 3,332,695</b>	<b>\$ 51,631</b>	<b>\$ 3,384,326</b>

# UNIVERSITY OF MISSOURI SYSTEM

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For the Years Ended June 30, 2015 and 2014

Table 16.2 - Statement of Changes in Plan Net Position *(in thousands)*

	2015			2014		
	Retirement	OPEB	Total	Retirement	OPEB	Total
<b>Net Revenues and Other Additions</b>						
Investment Income:						
Interest and Dividend Income	\$ 51,883	\$ 772	\$ 52,655	\$ 60,721	\$ 643	\$ 61,364
Net Appreciation (Depreciation) in						
Fair Value of Investments	(6,729)	(1,642)	(8,371)	409,250	1,708	410,958
Less Investment Expense	(8,742)	(4)	(8,746)	(11,087)	(4)	(11,091)
Net Investment Income	36,412	(874)	35,538	458,884	2,347	461,231
Contributions:						
University	103,895	25,709	129,604	113,688	25,094	138,782
Members	14,486	16,212	30,698	14,113	14,505	28,618
Total Contributions	118,381	41,921	160,302	127,801	39,599	167,400
<b>Total Net Revenues and Other Additions</b>	<b>154,793</b>	<b>41,047</b>	<b>195,840</b>	<b>586,685</b>	<b>41,946</b>	<b>628,631</b>
<b>Expenses and Other Deductions</b>						
Administrative Expenses	2,150	1,003	3,153	2,554	489	3,043
Payments to Retirees and Beneficiaries	182,488	56,851	239,339	169,992	39,110	209,102
<b>Total Expenses and Other Deductions</b>	<b>184,638</b>	<b>57,854</b>	<b>242,492</b>	<b>172,546</b>	<b>39,599</b>	<b>212,145</b>
<b>Increase (decrease) in Net Position Held in Trust for Retirement and OPEB</b>	<b>(29,845)</b>	<b>(16,807)</b>	<b>(46,652)</b>	<b>414,139</b>	<b>2,347</b>	<b>416,486</b>
Net Position Held in Trust for						
Retirement & OPEB, Beginning of Year	3,332,695	51,631	3,384,326	2,918,556	49,284	2,967,840
<b>Net Position Held in Trust for Retirement and OPEB, End of Year</b>	<b>\$ 3,302,850</b>	<b>\$ 34,824</b>	<b>\$ 3,337,674</b>	<b>\$ 3,332,695</b>	<b>\$ 51,631</b>	<b>\$ 3,384,326</b>

## 17. SUBSEQUENT EVENTS

In July of 2015, MU Health Care and Cerner extended the IT Works agreement through 2025. This agreement is discussed in Footnote 11. The contracted commitment, based on the extended agreement, totaled \$232,212,000 and will be paid in the following amounts: \$19,888,000 in 2016, \$20,564,000 in 2017, \$21,264,000 in 2018,

\$21,986,000 in 2019, \$22,733,000 in 2020 and \$125,777,000 between 2021 and 2025.

In October of 2015, the University gave notice to Series 2006A System Facilities Revenue Bond holders that it intends to redeem \$108,685,000 of outstanding principal on November 1, 2015. The bonds are being called pursuant to the optional redemption provisions.





# UNIVERSITY OF MISSOURI SYSTEM

## REQUIRED SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2015 and 2014

(unaudited)

### Schedule of Changes in the Net Pension Liability - Last Ten Fiscal Years *(In Thousands)*

	Fiscal Year End June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Total pension liability</b>										
Service cost	\$70,574	\$71,995								
Interest	275,762	263,566								
Differences between expected and actual experience	13,226	--								
Changes of assumptions	--	--	(Historical information prior to implementation of GASB 67/68 is not required)							
Changes of benefit terms	--	--								
Benefit payments, including refunds of employee contributions	(182,488)	(169,992)								
Net change in total pension liability	177,074	165,569								
Total pension liability - beginning	3,586,499	3,420,930								
<b>Total pension liability - ending (a)</b>	<b>\$3,763,573</b>	<b>\$3,586,499</b>								
<b>Plan fiduciary net position</b>										
Contributions - employer	\$103,895	\$113,688								
Contributions - employee	14,486	14,113								
Net investment income	36,412	458,884								
Benefit payments, including refunds of employee contributions	(182,488)	(169,992)	(Historical information prior to implementation of GASB 67/68 is not required)							
Other	(2,150)	(2,554)								
Net change in fiduciary net position	(29,845)	414,139								
Plan fiduciary net position - beginning	3,332,695	2,918,556								
<b>Plan fiduciary net position - ending (b)</b>	<b>\$3,302,850</b>	<b>\$3,332,695</b>								



# UNIVERSITY OF MISSOURI SYSTEM

## REQUIRED SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2015 and 2014

(unaudited)

### Schedule of Changes in the Net Pension Liability – Last Ten Fiscal Years *(In Thousands)*

	Fiscal Year End June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Net pension liability – ending: (a)-(b)</b>	<b>\$460,723</b>	<b>\$253,804</b>								
Plan's fiduciary net position as a percentage of the total pension liability	87.76%	92.92%	(Historical information prior to implementation of GASB 67/68 is not required)							
Covered-employee payroll	\$1,109,431*	\$1,078,347*								
Net pension liability as a percentage of covered-employee payroll	41.53%	23.54%								

\*Covered-employee payroll as reported in the October 1, 201X funding valuation report

### Schedule of Contributions – Last Ten Fiscal Years *(In Thousands)*

Fiscal Year Ended June 30,	Covered Employee Payroll		Contributions as % of covered-employee payroll**		Actuarially determined contribution**		Contributions in relation to the actuarially determined contribution**		Contribution deficiency (excess)	
			Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2
2015	\$ 928,088	\$ 181,343	9.99%	6.05%	9.99%	6.05%	9.99%	6.05%	-	-
2014	984,787	93,560	10.78%	6.77%	10.78%	6.77%	10.78%	6.77%	-	-
2013	1,046,075	-	8.88%	4.87%	8.88%	4.87%	8.88%	4.87%	-	-
2012	1,031,891	-	7.07%	-	7.07%	-	7.07%	-	-	-
2011	979,888	-	5.74%	-	5.74%	-	5.74%	-	-	-
2010	970,060	-	4.88%	-	4.88%	-	4.88%	-	-	-
2009	954,430	-	5.87%	-	5.87%	-	5.87%	-	-	-
2008	891,648	-	7.78%	-	7.78%	-	7.78%	-	-	-
2007	846,884	-	8.69%	-	8.69%	-	8.69%	-	-	-
2006	795,758	-	7.80%	-	7.80%	-	7.80%	-	-	-

\* Covered-employee payroll as reported in the October 1 funding valuation report

\*\* Net of employee contributions



# UNIVERSITY OF MISSOURI SYSTEM

## REQUIRED SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2015 and 2014  
(unaudited)

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Schedule of Annual Money-Weighted Rate of Return on Pension Plan Investments -  
Last Ten Fiscal Years

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	Fiscal Year End June 30,								
	2015	2014	2012	2011	2010	2009	2008	2007	2006
Money-Weighted Rate of Return	0.7%	16.2%	(Historical information prior to implementation of GASB 67/68 is not required)						

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Notes to Required Supplementary Information for Contributions

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Valuation Date	Actuarial determined contribution rates are calculated as of September 30, 21 months prior to the end of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar, Closed
Amortization Period	30 years for 2014, 29 years for 2015
Asset Valuation Method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period. The actuarial value is further adjusted, if necessary, to be within 20% of the market value.
Actuarial Assumptions:	The actuarial assumptions used in the October 1, 2014 and 2013 actuarial valuations were based on the results of an experience study for the period October 1, 2007 to September 30, 2012.
Investment Rate of Return	7.75%, net of expenses
Inflation	2.75%
Projected Salary Increases	4.9% average (including inflation) for academic and administrative; 4.1% average (including inflation) for clerical and service
Cost-of-living Adjustments	No future retiree ad-hoc increases assumed
Retirement Age	Retirement rates vary between 5% at 55 to 100% at age 72.
Mortality	
Healthy lives	95% of the RP-2000 Combined Health Mortality Table projected to 2023 using Scale BB
Disabled lives	RP-2000 Disabled Retiree Mortality Table projected to 2023 using Scale BB

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**UNIVERSITY OF MISSOURI SYSTEM**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
For the Years Ended June 30, 2015 and 2014  
(unaudited)

OPEB Plan - Schedule of Funding Progress *(in thousands)*

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial		Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ([b-a] / c)
		Accrued Liability (AAL) (b)	Unfunded AAL (b-a)			
7/1/2009	37,171	646,655	609,484	5.7%	1,009,800	60.4%
7/1/2011	45,745	542,844	497,099	8.4%	1,041,413	47.7%
7/1/2013 (a)(b)	49,285	650,307	601,022	7.6%	1,103,558	54.5%

(a) The 7/1/2013 Actuarial Valuation was revised based on a change in the discount rate from 5.75% to 4.00%.

(b) The 7/1/2013 valuation was revised to reflect the University's plan change to move to a fully insured Long-Term Disability (LTD) plan

OPEB Plan - Schedule of Employer Contributions *(in thousands)*

Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed	Net Pension Obligation (Asset)
6/30/2013	7/1/2011	50,954	38%	142,209
6/30/2014	7/1/2013(a)	59,965	42%	177,040
6/30/2015	7/1/2013(b)	58,512	44%	209,793

(a) The 7/1/2013 Actuarial Valuation was revised based on a change in the discount rate from 5.75% to 4.00%.

(b) The 7/1/2013 Actuarial Valuation was updated to reflect the full insurance of LTD benefits for the year ended June 30, 2015



# Statistical Section



**University of Missouri System**  
COLUMBIA | KANSAS CITY | ROLLA | ST. LOUIS

# STATEMENT OF NET POSITION

## Statistical Section

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 268,211	\$ 90,750	\$ 177,722	\$ 228,639	\$ 44,249
Restricted Cash and Cash Equivalents	116,703	56,185	80,730	134,141	177,038
Short-Term Investments	105,587	217,758	272,839	126,054	151,070
Restricted Short-Term Investments	26,762	36,176	43,087	32,092	49,264
Investment of Cash Collateral	43,902	113,477	24,428	32,032	101,047
Accounts Receivable, Net	277,373	292,854	255,081	274,100	255,589
Pledges Receivable, Net	16,958	15,930	14,803	11,898	12,374
Investment Settlements Receivable	185,576	224,423	16,176	37,316	15,634
Notes Receivable, Net	8,781	8,490	8,068	8,151	8,532
Due To Component Units	(9,469)	(8,107)	(7,826)	(7,029)	(6,658)
Inventories	37,872	35,354	37,398	36,022	35,193
Prepaid Expenses and Other Current Assets	30,695	26,884	27,533	27,332	25,759
<b>Total Current Assets</b>	<b>1,108,951</b>	<b>1,110,174</b>	<b>950,039</b>	<b>940,748</b>	<b>869,091</b>
<b>Noncurrent Assets</b>					
Pledges Receivable, Net	34,845	40,004	43,911	41,708	14,895
Notes Receivable, Net	79,418	79,961	62,829	54,698	54,015
Deferred Charges and Other Assets	2,379	2,243	9,735	10,253	13,218
Long-Term Investments	1,614,799	1,526,603	1,338,894	1,363,827	1,357,918
Restricted Long-Term Investments	1,321,810	1,300,481	1,103,616	1,066,915	1,161,184
Capital Assets, Net	3,198,011	3,123,172	2,997,508	2,848,993	2,642,196
<b>Total Noncurrent Assets</b>	<b>6,251,262</b>	<b>6,072,464</b>	<b>5,556,493</b>	<b>5,386,394</b>	<b>5,243,426</b>
<b>Deferred Outflow of Resources</b>	<b>97,615</b>	<b>52,417</b>	<b>39,859</b>	<b>51,214</b>	<b>28,185</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 7,457,828</b>	<b>\$ 7,235,055</b>	<b>\$ 6,546,391</b>	<b>\$ 6,378,356</b>	<b>\$ 6,140,702</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 110,231	\$ 137,956	\$ 131,410	\$ 140,274	\$ 130,803
Accrued Liabilities	187,149	159,209	162,779	150,971	143,347
Deferred Revenue	90,554	89,318	85,323	84,923	78,209
Funds Held for Others	77,021	78,787	71,169	65,643	62,951
Investment Settlements Payable	216,510	191,449	107,183	177,988	47,319
Collateral Held for Securities Lending	43,902	113,477	24,428	32,032	101,047
Commercial Paper and Current Portion of Long-Term Debt	71,022	92,433	203,295	183,226	29,107
Long-Term Debt Subject to Remarketing	96,320	99,445	99,895	100,330	220,885
<b>Total Current Liabilities</b>	<b>892,709</b>	<b>962,074</b>	<b>885,482</b>	<b>935,387</b>	<b>813,668</b>
<b>Noncurrent Liabilities</b>					
Unearned Revenue	13,119	9,859	-	-	1,519
Long-Term Debt	1,527,661	1,411,225	1,121,127	1,143,111	1,150,096
Derivative Instrument Liability	42,353	39,571	39,869	57,856	26,702
Other Postemployment Benefits Liability	209,793	177,040	142,209	109,496	83,306
Net Pension Liability	460,723	253,804	-	-	-
Other Noncurrent Liabilities	67,073	60,652	56,765	47,889	49,167
<b>Total Noncurrent Liabilities</b>	<b>2,320,722</b>	<b>1,952,151</b>	<b>1,359,970</b>	<b>1,358,352</b>	<b>1,310,790</b>
<b>Deferred Inflow Resources</b>	<b>-</b>	<b>185,860</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>\$ 3,213,431</b>	<b>\$ 3,100,085</b>	<b>\$ 2,245,452</b>	<b>\$ 2,293,739</b>	<b>\$ 2,124,458</b>
<b>Net Position</b>					
Net Investment in Capital Assets	1,613,846	1,626,371	1,636,334	1,545,227	1,516,095
<b>Restricted</b>					
<b>Nonexpendable -</b>					
Endowment	1,010,357	998,947	858,820	771,146	788,876
<b>Expendable -</b>					
Scholarship, Research, Instruction & Other	367,832	349,560	323,473	299,789	264,605
Loans	83,546	81,805	80,436	79,091	77,300
Capital Projects	39,461	46,363	42,357	29,063	18,438
Unrestricted	1,129,355	1,031,924	1,359,519	1,360,301	1,350,930
<b>Total Net Position</b>	<b>4,244,397</b>	<b>4,134,970</b>	<b>4,300,939</b>	<b>4,084,617</b>	<b>4,016,244</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 7,457,828</b>	<b>\$ 7,235,055</b>	<b>\$ 6,546,391</b>	<b>\$ 6,378,356</b>	<b>\$ 6,140,702</b>

# CHANGES IN NET POSITION

Statistical Section

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
<b>Operating Revenues</b>					
Tuition and Fees, Net	\$ 870,637	\$ 829,920	\$ 791,319	\$ 736,074	\$ 671,419
Less: Scholarship Allowances	217,648	202,647	198,514	190,798	175,917
Net Tuition and Fees	652,989	627,273	592,805	545,276	495,502
Federal Grants and Contracts	155,797	160,582	183,654	184,882	196,122
State and Local Grants and Contracts	53,926	49,538	54,298	55,837	57,375
Private Grants and Contracts	70,296	76,867	71,731	71,023	67,025
Sales and Services of Educational Activities	25,074	24,137	24,129	23,106	21,671
Auxiliary Enterprises -					
Patient Medical Services, Net	944,161	873,638	847,681	795,302	741,626
Housing and Dining Services, Net	114,361	106,818	105,794	99,667	93,724
Bookstores	55,941	54,444	55,582	57,566	58,591
Other Auxiliary Enterprises, Net	263,135	247,922	250,975	217,590	238,270
Other Operating Revenues	66,849	64,037	58,179	55,312	55,811
<b>Total Operating Revenues</b>	<b>2,402,529</b>	<b>2,285,256</b>	<b>2,244,828</b>	<b>2,105,561</b>	<b>2,025,717</b>
<b>Operating Expenses</b>					
Salaries and Wages	1,407,428	1,363,449	1,343,889	1,318,349	1,272,226
Benefits	396,886	346,257	385,767	359,595	328,340
Supplies, Services and Other Operating Expenses	858,939	833,799	766,624	762,700	716,044
Scholarships and Fellowships	66,860	66,919	62,461	60,380	58,790
Depreciation	194,075	183,250	167,796	160,915	155,103
<b>Total Operating Expenses</b>	<b>2,924,188</b>	<b>2,793,674</b>	<b>2,726,537</b>	<b>2,661,939</b>	<b>2,530,503</b>
<b>Operating Loss before State Appropriations</b>	<b>(521,659)</b>	<b>(508,418)</b>	<b>(481,709)</b>	<b>(556,378)</b>	<b>(504,786)</b>
State Appropriations	435,511	412,650	401,400	397,629	437,631
<b>Operating Income (Loss) after State Appropriations, Before Nonoperating Revenues (Expenses)</b>	<b>(86,148)</b>	<b>(95,768)</b>	<b>(80,309)</b>	<b>(158,749)</b>	<b>(67,155)</b>
<b>Nonoperating Revenues (Expenses)</b>					
Federal Appropriations	28,399	27,675	29,154	28,222	28,416
Federal Pell Grants	59,072	59,776	59,917	62,311	57,951
Investment and Endowment Income (Losses), Net	38,187	281,837	147,433	30,855	266,633
Private Gifts	68,615	66,780	64,103	90,346	52,564
Interest Expense	(67,651)	(59,916)	(55,256)	(53,923)	(49,507)
Other Nonoperating Revenues (Expenses)	13,972	1,477	(4,822)	(10,214)	(3,279)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>140,594</b>	<b>377,629</b>	<b>240,529</b>	<b>147,597</b>	<b>352,778</b>
<b>Income (Loss) before Capital Contributions, Additions to Permanent Endowments, Extraordinary and Special Items</b>	<b>54,446</b>	<b>281,861</b>	<b>160,220</b>	<b>(11,152)</b>	<b>285,623</b>
State Capital Appropriations	3,610	-	745	937	8,043
Capital Gifts and Grants	21,083	14,727	20,244	11,788	15,466
Private Gifts for Endowment Purposes	30,288	47,390	35,113	24,484	26,376
Special Item	-	-	-	42,316	-
<b>Increase (Decrease) in Net Position</b>	<b>109,427</b>	<b>343,978</b>	<b>216,322</b>	<b>68,373</b>	<b>335,508</b>
<b>Net Position, Beginning of Year</b>	<b>4,134,970</b>	<b>4,300,939</b>	<b>4,084,617</b>	<b>4,016,244</b>	<b>3,680,736</b>
Cumulative Effect of Change in Accounting Principles	-	(509,947)	-	-	-
<b>Net Position, Beginning of Year, as Adjusted</b>	<b>4,134,970</b>	<b>3,790,992</b>	<b>4,084,617</b>	<b>4,016,244</b>	<b>3,680,736</b>
<b>Net Position, End of Year</b>	<b>\$ 4,244,397</b>	<b>\$ 4,134,970</b>	<b>\$ 4,300,939</b>	<b>\$ 4,084,617</b>	<b>\$ 4,016,244</b>



## CHANGES IN NET POSITION

(% increase / decrease from prior year)

Statistical Section

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
<b>Operating Revenues</b>					
Tuition and Fees, Net	4.9%	4.9%	7.5%	9.6%	6.5%
Less: Scholarship Allowances	7.4%	2.1%	4.0%	8.5%	7.1%
Net Tuition and Fees	4.1%	5.8%	8.7%	10.0%	6.3%
Federal Grants and Contracts	-3.0%	-12.6%	-0.7%	-5.7%	6.7%
State and Local Grants and Contracts	8.9%	-8.8%	-2.8%	-2.7%	-13.3%
Private Grants and Contracts	-8.5%	7.2%	1.0%	6.0%	-1.5%
Sales and Services of Educational Activities	3.9%	0.0%	4.4%	6.6%	-3.9%
Auxiliary Enterprises -					
Patient Medical Services, Net	8.1%	3.1%	6.6%	7.2%	3.0%
Housing and Dining Services, Net	7.1%	1.0%	6.1%	6.3%	4.4%
Bookstores	2.7%	-2.0%	-3.4%	-1.7%	-1.2%
Other Auxiliary Enterprises, Net	6.1%	-1.2%	15.3%	-8.7%	10.6%
Other Operating Revenues	4.4%	10.1%	5.2%	-0.9%	13.3%
<b>Total Operating Revenues</b>	<b>5.1%</b>	<b>1.8%</b>	<b>6.6%</b>	<b>3.9%</b>	<b>4.4%</b>
<b>Operating Expenses</b>					
Salaries and Wages	3.2%	1.5%	1.9%	3.6%	2.9%
Benefits	14.6%	-10.2%	7.3%	9.5%	8.3%
Supplies, Services and Other Operating Expenses	3.0%	8.8%	0.5%	6.5%	5.9%
Scholarships and Fellowships	-0.1%	7.1%	3.4%	2.7%	6.0%
Depreciation	5.9%	9.2%	4.3%	3.7%	5.7%
<b>Total Operating Expenses</b>	<b>4.7%</b>	<b>2.5%</b>	<b>2.4%</b>	<b>5.2%</b>	<b>4.6%</b>
<b>Operating Loss before State Appropriations</b>	<b>-2.6%</b>	<b>-5.5%</b>	<b>13.4%</b>	<b>-10.2%</b>	<b>-5.6%</b>
State Appropriations	5.5%	2.8%	0.9%	-9.1%	-12.2%
<b>Operating Income (Loss) after State Appropriations, Before Nonoperating Revenues (Expenses)</b>	<b>10.0%</b>	<b>-19.2%</b>	<b>49.4%</b>	<b>-136.4%</b>	<b>-430.3%</b>
<b>Nonoperating Revenues (Expenses)</b>					
Federal Appropriations	2.6%	-5.1%	3.3%	-0.7%	32.4%
Federal Pell Grants	-1.2%	-0.2%	-3.8%	7.5%	20.0%
Investment and Endowment Income (Losses), Net	-86.5%	91.2%	377.8%	-88.4%	54.3%
Private Gifts	2.7%	4.2%	-29.0%	71.9%	7.9%
Interest Expense	-12.9%	-8.4%	-2.5%	-8.9%	-7.4%
Other Nonoperating Revenues (Expenses)	846.0%	130.6%	52.8%	-211.5%	-97.6%
<b>Net Nonoperating Revenues (Expenses)</b>	<b>-62.8%</b>	<b>57.0%</b>	<b>63.0%</b>	<b>-58.2%</b>	<b>44.9%</b>
<b>Income (Loss) before Capital Contributions, Additions to Permanent Endowments and Extraordinary Item</b>					
State Capital Appropriations	100.0%	-100.0%	-20.5%	-88.4%	-43.4%
Capital Gifts and Grants	43.2%	-27.3%	71.7%	-23.8%	-20.2%
Private Gifts for Endowment Purposes	-36.1%	35.0%	43.4%	-7.2%	6.8%
Special Item	-	-	-	-	-
<b>Increase (Decrease) in Net Position</b>	<b>-68.2%</b>	<b>59.0%</b>	<b>216.4%</b>	<b>-79.6%</b>	<b>4.2%</b>
<b>Net Position, Beginning of Year</b>	<b>-3.9%</b>	<b>5.3%</b>	<b>1.7%</b>	<b>9.1%</b>	<b>9.4%</b>
Cumulative Effect of Change in Accounting Principles	100.0%	-100%	0.0%	0.0%	100.0%
<b>Net Position, Beginning of Year, as Adjusted</b>	<b>9.1%</b>	<b>-7.2%</b>	<b>1.7%</b>	<b>9.1%</b>	<b>9.6%</b>
<b>Net Position, End of Year</b>	<b>2.6%</b>	<b>-3.9%</b>	<b>5.3%</b>	<b>1.7%</b>	<b>9.1%</b>

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
<b>+ Primary Reserve Ratio</b>	0.54	0.53	0.65	0.65	0.67
/ Conversion Factor	0.133	0.133	0.133	0.133	0.133
= Strength Factor	4.06	3.95	4.88	4.92	5.05
x Weighting Factor	35%	35%	35%	35%	35%
= Ratio Subtotal	1.42	1.38	1.71	1.72	1.77

**Primary Reserve Ratio** - measures the financial strength of the institution by indicating how long the institution could function using its reserves to cover operations should additional net position not be available. A positive ratio and an increasing amount over time denotes

<b>+ Return on Net Position Ratio</b>	2.6%	8.7%	5.2%	1.7%	8.7%
/ Conversion Factor	0.020	0.020	0.020	0.020	0.020
= Strength Factor	1.31	4.34	2.58	0.84	4.36
x Weighting Factor	20%	20%	20%	20%	20%
= Ratio Subtotal	0.26	0.87	0.52	0.17	0.87

**Return on Net Position Ratio** - measures total economic return. While an increasing trend reflects strength, a decline may be appropriate if it represents a strategy on the part of the institution to fulfill its mission.

<b>+ Net Operating Revenues Ratio</b>	5.1%	5.1%	5.6%	3.5%	5.1%
/ Conversion Factor	0.013	0.013	0.013	0.013	0.013
= Strength Factor	3.95	3.92	4.30	2.68	3.96
x Weighting Factor	10%	10%	10%	10%	10%
= Ratio Subtotal	0.40	0.39	0.43	0.27	0.40

**Net Operating Revenues Ratio** - measures whether the institution is living within available resources. A positive ratio and an increasing time generally reflects strength.

<b>+ Viability Ratio</b>	0.93	0.91	1.24	1.22	1.21
/ Conversion Factor	0.417	0.417	0.417	0.417	0.417
= Strength Factor	2.24	2.19	2.97	2.92	2.90
x Weighting Factor	35%	35%	35%	35%	35%
= Ratio Subtotal	0.78	0.77	1.04	1.02	1.01

**Viability Ratio** - measures the ability of the institution to cover its debt as of the balance sheet date, should the institution need to do so. A ratio greater than 1.00 generally denotes strength.

<b>Composite Financial Index</b>	<b>2.86</b>	<b>3.41</b>	<b>3.69</b>	<b>3.18</b>	<b>4.05</b>
<b>Composite Financial Index - Three Year Average</b>	<b>3.32</b>	<b>3.43</b>	<b>3.64</b>	<b>3.80</b>	<b>3.65</b>

**Composite Financial Index (CFI)** - provides a methodology for a single overall financial measurement of the institution's health based on ratios. The CFI uses a reasonable weighting plan and allows for a weakness or strength in a specific ratio to be offset by another ratio to provide a more balanced measure. The CFI provides a more holistic approach to understanding the financial health of the institution. They are not intended to be precise measures; they are indicators of ranges of financial health that can be indicators of overall institutional well-being when combined with non-financial indicators.

*Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report*

**Net Tuition per Student**

<b>Fiscal Year Ended June 30,</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Gross Tuition and Fees	\$ 870,637	\$ 829,920	\$ 791,319	\$ 736,074	\$ 671,419
Less: Scholarship Discounts / Allowances	(217,648)	(202,647)	(198,514)	(190,798)	(175,917)
Less: Scholarship / Fellowship Expenses	(66,860)	(66,919)	(62,461)	(60,380)	(58,790)
<b>Net Tuition</b>	<b>\$ 586,129</b>	<b>\$ 560,354</b>	<b>\$ 530,344</b>	<b>\$ 484,896</b>	<b>\$ 436,712</b>
<b>Net Tuition</b>	<b>\$ 586,129</b>	<b>\$ 560,354</b>	<b>\$ 530,344</b>	<b>\$ 484,896</b>	<b>\$ 436,712</b>
Number of Students - Fall Semester (FTEs)	59,565	58,163	57,806	56,843	55,272
<b>Net Tuition per Student</b>	<b>\$ 9,840</b>	<b>\$ 9,634</b>	<b>\$ 9,175</b>	<b>\$ 8,530</b>	<b>\$ 7,901</b>

**State Appropriations per Student**

<b>Fiscal Year Ended June 30,</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
State Appropriations	\$ 435,511	\$ 412,650	\$ 401,400	\$ 397,629	\$ 437,631
Number of Students - Fall Semester (FTEs)	59,565	58,163	57,806	56,843	55,272
<b>State Appropriations per Student</b>	<b>\$ 7,312</b>	<b>\$ 7,095</b>	<b>\$ 6,944</b>	<b>\$ 6,995</b>	<b>\$ 7,918</b>

**Educational Expenses per Student**

<b>Fiscal Year Ended June 30,</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total Operating Expenses	\$ 2,924,188	\$ 2,793,674	\$ 2,726,537	\$ 2,661,939	\$ 2,530,503
Less: Scholarships / Fellowships Expense	(66,860)	(66,919)	(62,461)	(60,380)	(58,790)
Less: Auxiliary Operating Expenses	(1,205,871)	(1,130,729)	(1,109,157)	(1,067,820)	(1,028,491)
Less: Grants and Contracts Expenses	(280,019)	(286,987)	(309,683)	(311,742)	(320,522)
Interest Expense	67,651	59,916	55,256	53,923	49,507
Less: Auxiliary Interest Expense	(12,981)	(12,538)	(9,753)	(8,427)	(9,006)
<b>Net Educational Expenses</b>	<b>\$ 1,426,108</b>	<b>\$ 1,356,417</b>	<b>\$ 1,290,739</b>	<b>\$ 1,267,493</b>	<b>\$ 1,163,201</b>
<b>Net Educational Expenses</b>	<b>\$ 1,426,108</b>	<b>\$ 1,356,417</b>	<b>\$ 1,290,739</b>	<b>\$ 1,267,493</b>	<b>\$ 1,163,201</b>
Number of Students - Fall Semester (FTEs)	59,565	58,163	57,806	56,843	55,272
<b>Educational Expenses per Student</b>	<b>\$ 23,942</b>	<b>\$ 23,321</b>	<b>\$ 22,329</b>	<b>\$ 22,298</b>	<b>\$ 21,045</b>

**Total Tuition Discount**

<b>Fiscal Year Ended June 30,</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Scholarship Allowances	\$ 217,648	\$ 202,647	\$ 198,514	\$ 190,798	\$ 175,917
Scholarships / Fellowships Expense	66,860	66,919	62,461	60,380	58,790
<b>Total Tuition Discounts (\$)</b>	<b>\$ 284,508</b>	<b>\$ 269,566</b>	<b>\$ 260,975</b>	<b>\$ 251,178</b>	<b>\$ 234,707</b>
<b>Total Tuition Discounts (\$)</b>	<b>\$ 284,508</b>	<b>\$ 269,566</b>	<b>\$ 260,975</b>	<b>\$ 251,178</b>	<b>\$ 234,707</b>
Gross Tuition and Fees	\$ 870,637	\$ 829,920	\$ 791,319	\$ 736,074	\$ 671,419
<b>Total Tuition Discount (%)</b>	<b>32.7%</b>	<b>32.5%</b>	<b>33.0%</b>	<b>34.1%</b>	<b>35.0%</b>

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Unrestricted Financial Resources to Direct Debt

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Current Portion of Long-Term Debt	\$ 71,022	\$ 92,433	\$ 203,295	\$ 183,226	\$ 29,107
Long-Term Debt Subject to Remarketing	96,320	99,445	99,895	100,330	220,885
Long-Term Debt	1,527,661	1,411,225	1,121,127	1,143,111	1,150,096
<b>Total Direct Debt</b>	<b>\$ 1,695,003</b>	<b>\$ 1,603,103</b>	<b>\$ 1,424,317</b>	<b>\$ 1,426,667</b>	<b>\$ 1,400,088</b>
Net Position - Unrestricted	\$ 1,129,355	\$ 1,031,924	\$ 1,359,519	\$ 1,360,301	\$ 1,350,930
<b>Total Direct Debt</b>	<b>\$ 1,695,003</b>	<b>\$ 1,603,103</b>	<b>\$ 1,424,317</b>	<b>\$ 1,426,667</b>	<b>\$ 1,400,088</b>

**Unrestricted Financial Resources  
to Direct Debt**

**0.67      0.64      0.95      0.95      0.96**

Expendable Financial Resources to Direct Debt (*Viability Ratio*)

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Net Position - Unrestricted	\$ 1,129,355	\$ 1,031,924	\$ 1,359,519	\$ 1,360,301	\$ 1,350,930
Net Position - Restricted Expendable - Scholarships, Research, Instruction and Other	367,832	349,560	323,473	299,789	264,605
Net Position - Restricted Expendable - Loans	83,546	81,805	80,436	79,091	77,300
<b>Expendable Net Position</b>	<b>\$ 1,580,733</b>	<b>\$ 1,463,289</b>	<b>\$ 1,763,428</b>	<b>\$ 1,739,181</b>	<b>\$ 1,692,835</b>
Expendable Net Position	\$ 1,580,733	\$ 1,463,289	\$ 1,763,428	\$ 1,739,181	\$ 1,692,835
<b>Total Direct Debt</b>	<b>\$ 1,695,003</b>	<b>\$ 1,603,103</b>	<b>\$ 1,424,317</b>	<b>\$ 1,426,667</b>	<b>\$ 1,400,088</b>

**Viability Ratio**

**0.93      0.91      1.24      1.22      1.21**

Total Financial Resources to Direct Debt

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Net Position - Unrestricted	\$ 1,129,355	\$ 1,031,924	\$ 1,359,519	\$ 1,360,301	\$ 1,350,930
Net Position - Restricted Expendable - Scholarships, Research, Instruction and Other	367,832	349,560	323,473	299,789	264,605
Net Position - Restricted Expendable - Loans	83,546	81,805	80,436	79,091	77,300
Net Position - Restricted Nonexpendable	1,010,357	998,947	858,820	771,146	788,876
<b>Total Financial Resources</b>	<b>\$ 2,591,090</b>	<b>\$ 2,462,236</b>	<b>\$ 2,622,248</b>	<b>\$ 2,510,327</b>	<b>\$ 2,481,711</b>
Total Financial Resources	\$ 2,591,090	\$ 2,462,236	\$ 2,622,248	\$ 2,510,327	\$ 2,481,711
<b>Total Direct Debt</b>	<b>\$ 1,695,003</b>	<b>\$ 1,603,103</b>	<b>\$ 1,424,317</b>	<b>\$ 1,426,667</b>	<b>\$ 1,400,088</b>

**Total Financial Resources  
to Direct Debt**

**1.53      1.54      1.84      1.76      1.77**

Direct Debt per Student

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Total Direct Debt	\$ 1,695,003	\$ 1,603,103	\$ 1,424,317	\$ 1,426,667	\$ 1,400,088
Number of Students - End of Fiscal Year (FTEs)	59,816	59,565	58,163	57,806	56,843

**Direct Debt per Student**

**\$ 28,337    \$ 26,914    \$ 24,488    \$ 24,680    \$ 24,631**

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

## Actual Debt Service to Operations

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Debt Service - Principal	\$ 19,090	\$ 24,325	\$ 24,849	\$ 26,393	\$ 29,010
Debt Service - Interest	67,651	59,916	55,256	53,923	49,507
<b>Total Debt Service</b>	<b>\$ 86,741</b>	<b>\$ 84,241</b>	<b>\$ 80,105</b>	<b>\$ 80,316</b>	<b>\$ 78,517</b>
Operating Expenses	\$ 2,924,188	\$ 2,793,674	\$ 2,726,537	\$ 2,661,939	\$ 2,530,503
Less: Scholarships & Fellowships Expense	(66,860)	(66,919)	(62,461)	(60,380)	(58,790)
Interest Expense	67,651	59,916	55,256	53,923	49,507
<b>Adjusted Total Operating Expense</b>	<b>\$ 2,924,979</b>	<b>\$ 2,786,671</b>	<b>\$ 2,719,332</b>	<b>\$ 2,655,482</b>	<b>\$ 2,521,220</b>
<b>Total Debt Service</b>	<b>\$ 86,741</b>	<b>\$ 84,241</b>	<b>\$ 80,105</b>	<b>\$ 80,316</b>	<b>\$ 78,517</b>
<b>Adjusted Total Operating Expense</b>	<b>\$ 2,924,979</b>	<b>\$ 2,786,671</b>	<b>\$ 2,719,332</b>	<b>\$ 2,655,482</b>	<b>\$ 2,521,220</b>

**Actual Debt Service to Operations** **3.0%** **3.0%** **2.9%** **3.0%** **3.1%**

## Capital Expense to Operations

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Depreciation Expense	\$ 194,075	\$ 183,250	\$ 167,796	\$ 160,915	\$ 155,103
Interest Expense	67,651	59,916	55,256	53,923	49,507
<b>Total Capital Expense</b>	<b>\$ 261,726</b>	<b>\$ 243,166</b>	<b>\$ 223,052</b>	<b>\$ 214,838</b>	<b>\$ 204,610</b>
Operating Expenses	\$ 2,924,188	\$ 2,793,674	\$ 2,726,537	\$ 2,661,939	\$ 2,530,503
Less: Scholarships & Fellowships Expense	(66,860)	(66,919)	(62,461)	(60,380)	(58,790)
Interest Expense	67,651	59,916	55,256	53,923	49,507
<b>Adjusted Total Operating Expense</b>	<b>\$ 2,924,979</b>	<b>\$ 2,786,671</b>	<b>\$ 2,719,332</b>	<b>\$ 2,655,482</b>	<b>\$ 2,521,220</b>
<b>Total Capital Expense</b>	<b>\$ 261,726</b>	<b>\$ 243,166</b>	<b>\$ 223,052</b>	<b>\$ 214,838</b>	<b>\$ 204,610</b>
<b>Adjusted Total Operating Expense</b>	<b>\$ 2,924,979</b>	<b>\$ 2,786,671</b>	<b>\$ 2,719,332</b>	<b>\$ 2,655,482</b>	<b>\$ 2,521,220</b>

**Capital Expense to Operations** **8.9%** **8.7%** **8.2%** **8.1%** **8.1%**

## BALANCE SHEET RATIOS

Statistical Section

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

### Unrestricted Financial Resources to Operations

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Net Position - Unrestricted	\$ 1,129,355	\$ 1,031,924	\$ 1,359,519	\$ 1,360,301	\$ 1,350,930
Operating Expenses	\$ 2,924,188	\$ 2,793,674	\$ 2,726,537	\$ 2,661,939	\$ 2,530,503
Less: Scholarships & Fellowships Expense	(66,860)	(66,919)	(62,461)	(60,380)	(58,790)
Interest Expense	67,651	59,916	55,256	53,923	49,507
Adjusted Total Operating Expense	\$ 2,924,979	\$ 2,786,671	\$ 2,719,332	\$ 2,655,482	\$ 2,521,220
Net Position - Unrestricted	\$ 1,129,355	\$ 1,031,924	\$ 1,359,519	\$ 1,360,301	\$ 1,350,930
Adjusted Total Operating Expense	\$ 2,924,979	\$ 2,786,671	\$ 2,719,332	\$ 2,655,482	\$ 2,521,220

### Unrestricted Financial Resources to Operations

**0.39      0.37      0.50      0.51      0.54**

### Expendable Financial Resources to Operations (Primary Reserve Ratio)

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Net Position - Unrestricted	\$ 1,129,355	\$ 1,031,924	\$ 1,359,519	\$ 1,360,301	\$ 1,350,930
Net Position - Restricted Expendable - Scholarships, Research, Instruction and Other	367,832	349,560	323,473	299,789	264,605
Net Position - Restricted Expendable - Loans	83,546	81,805	80,436	79,091	77,300
Expendable Net Position	\$ 1,580,733	\$ 1,463,289	\$ 1,763,428	\$ 1,739,181	\$ 1,692,835
Operating Expenses	\$ 2,924,188	\$ 2,793,674	\$ 2,726,537	\$ 2,661,939	\$ 2,530,503
Less: Scholarships & Fellowships Expense	(66,860)	(66,919)	(62,461)	(60,380)	(58,790)
Interest Expense	67,651	59,916	55,256	53,923	49,507
Adjusted Total Operating Expense	\$ 2,924,979	\$ 2,786,671	\$ 2,719,332	\$ 2,655,482	\$ 2,521,220
Expendable Net Position	\$ 1,580,733	\$ 1,463,289	\$ 1,763,428	\$ 1,739,181	\$ 1,692,835
Adjusted Total Operating Expense	\$ 2,924,979	\$ 2,786,671	\$ 2,719,332	\$ 2,655,482	\$ 2,521,220

### Primary Reserve Ratio

**0.54      0.53      0.65      0.65      0.67**

### Total Financial Resources per Student

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Net Position - Unrestricted	\$ 1,129,355	\$ 1,031,924	\$ 1,359,519	\$ 1,360,301	\$ 1,350,930
Net Position - Restricted Expendable - Scholarships, Research, Instruction and Other	367,832	349,560	323,473	299,789	264,605
Net Position - Restricted Expendable - Loans	83,546	81,805	80,436	79,091	77,300
Net Position - Restricted Nonexpendable	1,010,357	998,947	858,820	771,146	788,876
Total Financial Resources	\$ 2,591,090	\$ 2,462,236	\$ 2,622,248	\$ 2,510,327	\$ 2,481,711
Total Financial Resources	\$ 2,591,090	\$ 2,462,236	\$ 2,622,248	\$ 2,510,327	\$ 2,481,711
Number of Students - End of Fiscal Year (FTE)	59,816	59,565	58,163	57,806	56,843

### Total Financial Resources per Student

**\$ 43,318    \$ 41,337    \$ 45,084    \$ 43,427    \$ 43,659**

# OPERATING RATIOS

Statistical Section

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

## Annual Operating Margin (Net Operating Revenues Ratio)

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Operating Inc (Loss) After State Appropriations	\$ (86,148)	\$ (95,768)	\$ (80,309)	\$ (158,749)	\$ (67,155)
Federal Appropriations	28,399	27,675	29,154	28,222	28,416
Federal Pell Grants	59,072	59,776	59,917	62,311	57,951
Normalized Investment Income	156,107	151,113	143,305	127,497	114,592
Private Gifts	68,615	66,780	64,103	90,346	52,564
Interest Expense	(67,651)	(59,916)	(55,256)	(53,923)	(49,507)
<b>Net Operating Surplus (Deficit)</b>	<b>\$ 158,394</b>	<b>\$ 149,660</b>	<b>\$ 160,914</b>	<b>\$ 95,704</b>	<b>\$ 136,861</b>
Total Operating Revenues	\$ 2,402,529	\$ 2,285,256	\$ 2,244,828	\$ 2,105,561	\$ 2,025,717
Less: Scholarship & Fellowships Expense	(66,860)	(66,919)	(62,461)	(60,380)	(58,790)
State Appropriations	435,511	412,650	401,400	397,629	437,631
Federal Appropriations	28,399	27,675	29,154	28,222	28,416
Federal Pell Grants	59,072	59,776	59,917	62,311	57,951
Normalized Investment Income (a)	156,107	151,113	143,305	127,497	114,592
Private Gifts	68,615	66,780	64,103	90,346	52,564
<b>Total Operating Revenues</b>	<b>\$ 3,083,373</b>	<b>\$ 2,936,331</b>	<b>\$ 2,880,246</b>	<b>\$ 2,751,186</b>	<b>\$ 2,658,081</b>

(a) Normalized investment income is equal to 5% of the rolling average balance of total cash and investments over the previous three fiscal years.

Net Operating Surplus (Deficit)	\$ 158,394	\$ 149,660	\$ 160,914	\$ 95,704	\$ 136,861
Total Operating Revenues	\$ 3,083,373	\$ 2,936,331	\$ 2,880,246	\$ 2,751,186	\$ 2,658,081

**Net Operating Revenues Ratio** **5.1%** **5.1%** **5.6%** **3.5%** **5.1%**

## Debt Service Coverage

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Total Debt Service	\$ 86,741	\$ 84,241	\$ 80,105	\$ 80,316	\$ 78,517
Net Operating Surplus (Deficit)	\$ 158,394	\$ 149,660	\$ 160,914	\$ 95,704	\$ 136,861
Add Back: Interest Expense	67,651	59,916	55,256	53,923	49,507
Add Back: Depreciation Expense	194,075	183,250	167,796	160,915	155,103
<b>Adjusted Net Operating Surplus (Deficit)</b>	<b>\$ 420,120</b>	<b>\$ 392,826</b>	<b>\$ 383,966</b>	<b>\$ 310,542</b>	<b>\$ 341,471</b>
Adjusted Net Operating Surplus (Deficit)	\$ 420,120	\$ 392,826	\$ 383,966	\$ 310,542	\$ 341,471
Total Debt Service	\$ 86,741	\$ 84,241	\$ 80,105	\$ 80,316	\$ 78,517

**Debt Service Coverage** **4.84** **4.66** **4.79** **3.87** **4.35**

## Return on Net Position

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Change in Net Position	\$ 109,427	\$ 343,978	\$ 216,322	\$ 68,373	\$ 335,508
Average Net Position	\$ 4,189,684	\$ 3,962,981	\$ 4,192,778	\$ 4,050,431	\$ 3,848,490

**Return on Net Position Ratio** **2.6%** **8.7%** **5.2%** **1.7%** **8.7%**



# CONTRIBUTION RATIOS

Statistical Section

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

## Contribution Ratios

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
State Appropriations	\$ 435,511	\$ 412,650	\$ 401,400	\$ 397,629	\$ 437,631
Tuition and Fees, Net of Scholarship Allow/Exp	586,129	560,354	530,344	484,896	436,712
Auxiliary Enterprises	433,437	409,184	412,351	374,823	390,585
Grants and Contracts	280,019	286,987	309,683	311,742	320,522
Federal Pell Grants	59,072	59,776	59,917	62,311	57,951
Gifts	68,615	66,780	64,103	90,346	52,564
Normalized Investment Income (a)	156,107	151,113	143,305	127,497	114,592
Patient Care	944,161	873,638	847,681	795,302	741,626
Other	120,322	115,849	111,462	106,640	105,898
<b>Total</b>	<b>\$ 3,083,373</b>	<b>\$ 2,936,331</b>	<b>\$ 2,880,246</b>	<b>\$ 2,751,186</b>	<b>\$ 2,658,081</b>
State Appropriations	14.1%	14.1%	13.9%	14.5%	16.5%
Tuition and Fees, Net of Scholarship Allow/Exp	19.0%	19.1%	18.4%	17.6%	16.4%
Auxiliary Enterprises	14.1%	13.9%	14.3%	13.6%	14.7%
Grants and Contracts	9.1%	9.8%	10.8%	11.3%	12.1%
Federal Pell Grants	1.9%	2.0%	2.1%	2.3%	2.2%
Gifts	2.2%	2.3%	2.2%	3.3%	2.0%
Normalized Investment Income (a)	5.1%	5.1%	5.0%	4.6%	4.3%
Patient Care	30.6%	29.8%	29.4%	28.9%	27.9%
Other	3.9%	3.9%	3.9%	3.9%	4.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(a) Normalized investment income is equal to 5% of the rolling average balance of total cash and investments over the previous three fiscal years.

## Operating Expenses by Functional Classifications

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Instruction	\$ 638,917	\$ 622,684	\$ 623,843	\$ 604,695	\$ 557,081
Research	189,339	190,406	205,970	210,418	219,903
Public Service	153,492	145,629	148,755	147,308	143,546
Academic Support	147,403	139,118	139,413	133,742	127,856
Student Services	92,629	84,787	77,025	75,207	69,992
Institutional Support	128,773	123,651	100,453	102,565	97,934
Operation and Maintenance of Plant	104,205	104,683	89,385	97,114	69,982
Auxiliary Enterprises	1,208,495	1,132,557	1,111,436	1,069,595	1,030,316
Scholarships and Fellowships	66,860	69,919	62,461	60,380	58,790
Depreciation	194,075	183,250	167,796	160,915	155,103
<b>Total Operating Expenses</b>	<b>\$ 2,924,188</b>	<b>\$ 2,796,684</b>	<b>\$ 2,726,537</b>	<b>\$ 2,661,939</b>	<b>\$ 2,530,503</b>
Instruction	21.8%	22.3%	22.9%	22.7%	22.0%
Research	6.5%	6.8%	7.6%	7.9%	8.7%
Public Service	5.2%	5.2%	5.5%	5.5%	5.7%
Academic Support	5.0%	5.0%	5.1%	5.0%	5.1%
Student Services	3.2%	3.0%	2.8%	2.8%	2.8%
Institutional Support	4.4%	4.4%	3.7%	3.9%	3.9%
Operation and Maintenance of Plant	3.6%	3.7%	3.3%	3.6%	2.8%
Auxiliary Enterprises	41.3%	40.5%	40.8%	40.2%	40.7%
Scholarships and Fellowships	2.3%	2.5%	2.3%	2.3%	2.3%
Depreciation	6.6%	6.6%	6.2%	6.0%	6.1%
<b>Total Operating Expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

*Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report*

**Enrollment**

<b>Fall Semester</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Undergraduate Students (Head Count)	58,489	56,869	56,750	54,936	53,358
Graduate Students (Head Count)	15,614	15,224	15,130	15,562	15,232
Professional Students (Head Count)	3,180	3,179	3,164	3,067	3,006
<b>Total Students (Head Count)</b>	<b>77,283</b>	<b>75,272</b>	<b>75,044</b>	<b>73,565</b>	<b>71,596</b>
Undergraduate Students (FTE)	47,443	46,334	46,107	44,940	43,737
Graduate Students (FTE)	8,986	8,696	8,576	8,877	8,571
Professional Students (FTE)	3,137	3,133	3,123	3,026	2,964
<b>Total Students (FTE)</b>	<b>59,566</b>	<b>58,163</b>	<b>57,806</b>	<b>56,843</b>	<b>55,272</b>
Acceptance Rate - First-time Freshmen	75%	76%	78%	79%	80%
Acceptance Rate - Undergraduate Transfers	68%	67%	71%	73%	73%
Matriculation - First-time Freshmen	40%	39%	39%	41%	42%
Matriculation - Undergraduate Transfers	68%	67%	66%	67%	68%

**Demographics**

<b>Fall Semester</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Male	48%	48%	48%	47%	47%
Female	52%	52%	52%	53%	53%
Undergraduate Residence - Missouri	78%	79%	80%	82%	83%
Undergraduate Residence - Out of State	22%	21%	20%	18%	17%
Undergraduate Full-Time	76%	77%	76%	77%	77%
Undergraduate Part-Time	24%	23%	24%	23%	23%
Graduate Full-Time	49%	47%	46%	45%	45%
Graduate Part-Time	51%	53%	54%	55%	55%
White	72.5%	73.7%	74.7%	75.4%	76.5%
Black or African American	9.4%	9.7%	9.9%	10.0%	9.8%
Non-Resident Alien	8.0%	7.1%	6.5%	6.4%	6.2%
Asian / Pacific Is.	3.8%	3.7%	3.6%	3.6%	3.5%
Hispanic	3.7%	3.4%	3.2%	3.0%	2.8%
Other	2.6%	2.4%	2.1%	1.6%	1.2%

**Degrees Awarded**

<b>Fiscal Year Ended June 30,</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Baccalaureate	11,360	10,733	10,545	10,319	9,703
Graduate Certificate	780	740	781	623	539
Master's	4,204	4,013	3,919	4,069	3,870
Educational Specialist	122	113	115	104	100
Doctoral	712	640	660	610	557
First Professional Degree	876	837	847	790	818
<b>Total</b>	<b>18,054</b>	<b>17,076</b>	<b>16,867</b>	<b>16,515</b>	<b>15,587</b>

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

## Enrollment

Fall Semester	2014	2013	2012	2011	2010
Undergraduate Students (Head Count)	27,642	26,928	26,960	25,992	24,834
Graduate Students (Head Count)	6,561	6,434	6,473	6,534	6,310
Professional Students (Head Count)	1,222	1,254	1,271	1,236	1,197
<b>Total Students (Head Count)</b>	<b>35,425</b>	<b>34,616</b>	<b>34,704</b>	<b>33,762</b>	<b>32,341</b>
Undergraduate Students (FTE)	25,371	24,753	24,677	23,840	22,899
Graduate Students (FTE)	3,959	3,894	3,921	3,966	3,765
Professional Students (FTE)	1,202	1,228	1,248	1,215	1,174
<b>Total Students (FTE)</b>	<b>30,532</b>	<b>29,875</b>	<b>29,846</b>	<b>29,021</b>	<b>27,838</b>
Acceptance Rate - First-time Freshmen	78%	79%	81%	82%	83%
Acceptance Rate - Undergraduate Transfers	65%	66%	67%	67%	67%
Matriculation - First-time Freshmen	40%	38%	39%	41%	42%
Matriculation - Undergraduate Transfers	60%	59%	61%	62%	66%

## Demographics

Fall Semester	2014	2013	2012	2011	2010
Male	47%	47%	47%	47%	47%
Female	53%	53%	53%	53%	53%
Undergraduate Residence - Missouri	73%	75%	77%	79%	81%
Undergraduate Residence - Out of State	27%	25%	23%	21%	19%
Undergraduate Full-Time	94%	94%	93%	94%	94%
Undergraduate Part-Time	6%	6%	7%	6%	6%
Graduate Full-Time	59%	60%	60%	58%	58%
Graduate Part-Time	41%	40%	40%	42%	42%
White	77.4%	78.2%	79.0%	80.3%	81.8%
Black or African American	7.3%	7.2%	7.2%	6.9%	6.6%
Non-Resident Alien	6.9%	6.6%	6.3%	5.9%	5.4%
Asian / Pacific Is.	2.3%	2.3%	2.3%	2.4%	2.4%
Hispanic	3.3%	3.1%	2.9%	2.7%	2.5%
Other	2.8%	2.6%	2.3%	1.8%	1.3%

## Degrees Awarded

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Baccalaureate	5,995	5,769	5,692	5,528	5,087
Graduate Certificate	239	226	225	179	162
Master's	1,571	1,580	1,515	1,631	1,513
Educational Specialist	82	65	63	43	53
Doctoral	435	390	411	367	365
First Professional Degree	346	339	332	299	306
<b>Total</b>	<b>8,668</b>	<b>8,369</b>	<b>8,238</b>	<b>8,047</b>	<b>7,486</b>

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

## Enrollment

Fall Semester	2014	2013	2012	2011	2010
Undergraduate Students (Head Count)	10,453	10,227	10,614	10,122	9,850
Graduate Students (Head Count)	3,911	3,738	3,651	3,692	3,771
Professional Students (Head Count)	1,782	1,753	1,725	1,659	1,638
<b>Total Students (Head Count)</b>	<b>16,146</b>	<b>15,718</b>	<b>15,990</b>	<b>15,473</b>	<b>15,259</b>
Undergraduate Students (FTE)	7,575	7,590	7,715	7,586	7,395
Graduate Students (FTE)	2,218	2,069	1,965	2,032	2,030
Professional Students (FTE)	1,759	1,733	1,707	1,638	1,618
<b>Total Students (FTE)</b>	<b>11,552</b>	<b>11,392</b>	<b>11,387</b>	<b>11,256</b>	<b>11,043</b>
Acceptance Rate - First-time Freshmen	64%	65%	68%	71%	71%
Acceptance Rate - Undergraduate Transfers	68%	66%	72%	80%	72%
Matriculation - First-time Freshmen	38%	37%	37%	39%	39%
Matriculation - Undergraduate Transfers	73%	68%	63%	64%	65%

## Demographics

Fall Semester	2014	2013	2012	2011	2010
Male	45%	44%	42%	43%	43%
Female	55%	56%	58%	57%	57%
Undergraduate Residence - Missouri	74%	73%	75%	74%	75%
Undergraduate Residence - Out of State	26%	27%	25%	26%	25%
Undergraduate Full-Time	65%	67%	65%	68%	68%
Undergraduate Part-Time	35%	33%	35%	32%	32%
Graduate Full-Time	43%	37%	33%	34%	33%
Graduate Part-Time	57%	63%	67%	66%	67%
White	62.2%	64.6%	67.2%	67.9%	67.7%
Black or African American	11.2%	12.2%	12.4%	12.6%	12.6%
Non-Resident Alien	10.2%	7.5%	6.3%	6.5%	7.1%
Asian / Pacific Is.	6.7%	6.8%	6.4%	6.5%	6.4%
Hispanic	6.1%	5.7%	5.2%	4.7%	4.7%
Other	3.6%	3.1%	2.5%	1.8%	1.5%

## Degrees Awarded

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Baccalaureate	1,812	1,803	1,759	1,749	1,523
Graduate Certificate	50	33	33	29	24
Master's	1,197	1,028	954	999	972
Educational Specialist	26	35	24	35	25
Doctoral	98	116	93	99	77
First Professional Degree	489	459	475	444	468
<b>Total</b>	<b>3,672</b>	<b>3,474</b>	<b>3,338</b>	<b>3,355</b>	<b>3,089</b>

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

## Enrollment

Fall Semester	2014	2013	2012	2011	2010
Undergraduate Students (Head Count)	6,520	6,145	5,841	5,671	5,503
Graduate Students (Head Count)	2,120	1,984	1,804	1,850	1,702
Professional Students (Head Count)	-	-	-	-	-
<b>Total Students (Head Count)</b>	<b>8,640</b>	<b>8,129</b>	<b>7,645</b>	<b>7,521</b>	<b>7,205</b>
Undergraduate Students (FTE)	5,947	5,559	5,352	5,236	5,127
Graduate Students (FTE)	1,332	1,234	1,101	1,141	1,036
Professional Students (FTE)	-	-	-	-	-
<b>Total Students (FTE)</b>	<b>7,279</b>	<b>6,793</b>	<b>6,453</b>	<b>6,377</b>	<b>6,163</b>
Acceptance Rate - First-time Freshmen	86%	87%	88%	88%	87%
Acceptance Rate - Undergraduate Transfers	70%	67%	65%	65%	68%
Matriculation - First-time Freshmen	42%	48%	44%	44%	47%
Matriculation - Undergraduate Transfers	75%	77%	77%	76%	83%

Note: Rolla's pre-application advising process encourages unqualified students to apply elsewhere, thereby producing misleading acceptance rate figures.

## Demographics

Fall Semester	2014	2013	2012	2011	2010
Male	77%	77%	77%	78%	78%
Female	23%	23%	23%	22%	22%
Undergraduate Residence - Missouri	79%	79%	79%	79%	80%
Undergraduate Residence - Out of State	21%	21%	21%	21%	20%
Undergraduate Full-Time	89%	89%	90%	91%	91%
Undergraduate Part-Time	11%	11%	10%	9%	9%
Graduate Full-Time	61%	60%	58%	59%	59%
Graduate Part-Time	39%	40%	42%	41%	41%
White	70.0%	72.4%	74.8%	74.6%	75.7%
Black or African American	3.5%	4.1%	4.3%	4.9%	4.6%
Non-Resident Alien	18.2%	16.3%	14.3%	14.4%	13.9%
Asian / Pacific Is.	2.9%	2.6%	2.4%	2.4%	2.5%
Hispanic	3.1%	2.5%	2.5%	2.5%	2.4%
Other	2.3%	2.0%	1.7%	1.2%	0.9%

## Degrees Awarded

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Baccalaureate	1,307	1,141	1,118	1,079	1,001
Graduate Certificate	404	401	435	319	282
Master's	675	551	579	567	517
Educational Specialist	-	-	-	-	-
Doctoral	95	70	95	70	65
First Professional Degree	-	-	-	-	-
<b>Total</b>	<b>2,481</b>	<b>2,163</b>	<b>2,227</b>	<b>2,035</b>	<b>1,865</b>

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

## Enrollment

Fall Semester	2014	2013	2012	2011	2010
Undergraduate Students (Head Count)	13,874	13,569	13,335	13,151	13,171
Graduate Students (Head Count)	3,022	3,068	3,202	3,486	3,449
Professional Students (Head Count)	176	172	168	172	171
<b>Total Students (Head Count)</b>	<b>17,072</b>	<b>16,809</b>	<b>16,705</b>	<b>16,809</b>	<b>16,791</b>
Undergraduate Students (FTE)	8,550	8,432	8,364	8,279	8,317
Graduate Students (FTE)	1,477	1,499	1,589	1,738	1,740
Professional Students (FTE)	176	172	168	172	171
<b>Total Students (FTE)</b>	<b>10,203</b>	<b>10,103</b>	<b>10,121</b>	<b>10,189</b>	<b>10,228</b>
Acceptance Rate - First-time Freshmen	56%	55%	54%	54%	58%
Acceptance Rate - Undergraduate Transfers	69%	69%	73%	75%	78%
Matriculation - First-time Freshmen	39%	37%	41%	42%	39%
Matriculation - Undergraduate Transfers	68%	69%	71%	71%	69%

## Demographics

Fall Semester	2014	2013	2012	2011	2010
Male	40%	40%	40%	40%	39%
Female	60%	60%	60%	60%	61%
Undergraduate Residence - Missouri	93%	93%	93%	93%	93%
Undergraduate Residence - Out of State	7%	7%	7%	7%	7%
Undergraduate Full-Time	44%	44%	46%	46%	46%
Undergraduate Part-Time	56%	56%	54%	54%	54%
Graduate Full-Time	25%	25%	26%	26%	28%
Graduate Part-Time	75%	75%	74%	74%	72%
White	72.8%	73.1%	72.6%	72.3%	73.7%
Black or African American	15.2%	15.2%	15.8%	16.7%	16.4%
Non-Resident Alien	3.2%	3.5%	3.6%	3.8%	3.7%
Asian / Pacific Is.	4.5%	4.3%	4.3%	3.9%	3.2%
Hispanic	2.5%	2.4%	2.4%	2.3%	2.1%
Other	1.8%	1.5%	1.3%	1.0%	0.9%

## Degrees Awarded

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Baccalaureate	2,246	2,020	1,976	1,963	2,092
Graduate Certificate	87	80	88	96	71
Master's	761	854	871	872	868
Educational Specialist	14	13	28	26	22
Doctoral	84	64	61	74	50
First Professional Degree	41	39	40	47	44
<b>Total</b>	<b>3,233</b>	<b>3,070</b>	<b>3,064</b>	<b>3,078</b>	<b>3,147</b>

# Office of Finance

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