
UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF
THE STATE OF MISSOURI
FINANCIAL STATEMENTS
JUNE 30, 2018

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Independent Auditors' Report

Board of Governors
University of Central Missouri
A Component Unit of the State of Missouri
Warrensburg, Missouri

Report On The Financial Statements

We have audited the accompanying financial statements of University of Central Missouri and its discretely presented component unit, collectively, a component unit of the State of Missouri, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the University of Central Missouri's financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 an opinion on these financial statements based on our audit. We did not audit the financial statements of University of Central Missouri Foundation, a discretely presented component unit of the University of Central Missouri, which statements reflect total assets of \$58,760,045 and \$55,949,840 as of June 30, 2018 and 2017, respectively, and total revenues of \$7,825,468 and \$9,691,656, respectively, for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for University of Central Missouri Foundation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of University of Central Missouri Foundation, which comprise the financial statements of the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

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 and the reports of the other accountants are sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Central Missouri as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2018 the University of Central Missouri adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in OPEB liability and related ratios, schedule of University of Central Missouri's proportionate share of the net pension liability and schedule of University of Central Missouri's contributions on pages 5 through 19, 69 and 70, respectively, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the University of Central Missouri's financial statements. The Stadium Bonds - Series 1999 And Series 2013B; Condensed Statement Of Revenues, Expenses And Changes In Net Position - Student Housing System; Insurance Coverage - Student Housing System Bonds; and Enrollment And Occupancy Statistics - Student Housing System Bonds, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018, on our consideration of the University of Central Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of Central Missouri's internal control over financial reporting and compliance.

RubinBrown LLP

October 15, 2018

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Years Ended June 30, 2018 And 2017

Overview

Established in 1871, the University of Central Missouri (the University) was originally known as the State Normal School for the Second Normal District, an institution created by the Missouri General Assembly to educate teachers for the state's public schools. Building upon this tradition, the University has evolved to meet academic and career needs of new generations of Missouri students and beyond as a major comprehensive institution with four academic colleges and 150 areas of study. The University has achieved national recognition for many of its academic programs, including aviation, criminal justice and education, and it is a leader among Missouri's public universities in program-specific accreditations.

The University takes ongoing pride in providing a student-centered learning environment where tenured professors teach the majority of classes. The University boasts a 16:1 student-faculty ratio and a graduate job placement rate above 90 percent, exceeding the national average for 23 consecutive years. The University's 2018 fall enrollment is 11,487 and students are served by 495 full-time faculty members. Sixty-six percent of the faculty members have earned doctorates.

The University is also well known for its culture of friendship and service that extends far outside its campus boundaries. It has 33 international exchange agreements with institutions worldwide, and more than 658 international students contribute to a diverse student body. Students from nearly every county in Missouri, 46 states and 55 countries from around the globe attend the University. Through our International Center, students can study in over 60 countries at a variety of institutions.

The University is the only public university in Missouri to own and operate its own airport. Other special facilities which contribute to a quality learning environment include its 322,000-watt public broadcasting facilities - KMOS-TV, the Prussing Research Farm, and the Missouri Safety Center.

Academic Programs

The academic programs at the University are organized under four colleges: the College of Arts, Humanities, and Social Sciences; the Harmon College of Business and Professional Studies; the College of Education; and the College of Health, Science and Technology. The University also has the Honors College, which is one of the oldest honors colleges in the Midwest, and the Graduate School.

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Management's Discussion And Analysis (*Continued*)

In addition to opportunities on the Warrensburg campus, a number of degree programs can be taken at the University of Central Missouri – Lee's Summit, UCM's main extended campus location in Lee's Summit, Missouri, which serves more than 2,000 students in the Kansas City metropolitan area. Many undergraduate courses and programs also are offered online. Including its airport and other special facilities, the University occupies more than 1,500 acres.

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

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

Awards And Accomplishments

In 2018, UCM was named to two national lists that help guide students in their college selection process. The University was recognized by The Princeton Review as one of the best colleges and universities in the Midwest for the ninth consecutive year, and was also ranked by U.S. News & World Report among the nation's best regional institutions in the Midwest category. Released in fall 2018, U.S. News & World Report rankings are included in the 2019 Best Colleges Guidebook. UCM climbed from the 21st spot among Top Public Schools to 17th, and was ranked 50th (tie) among Best Colleges for Veterans, and 63rd as a Best Value School.

In publishing results online, Princeton Review, which does not provide numerical rankings, notes comments from students among factors contributing to the school's inclusion as a Best College. Included is student input recognizing the University's welcoming campus. It notes, "Typical UCM students are friendly, hard-working warm-hearted people from surprisingly diverse backgrounds (for a Midwestern school) and most hail from working class or middle-class families." Also included in the student comments are statements such as, "There is a large population of non-traditional students and the school goes out of its way to make sure those students have access to all the necessary resources."

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)

University Foundation

The University of Central Missouri Foundation (Foundation) is a legally separate, tax-exempt component unit of the University. The Foundation's primary function is to raise and hold funds to support the University and its programs. Although the University does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the University. The Foundation is considered a component unit of the University because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University. During the years ended June 30, 2018 and 2017, the Foundation provided support to the University of \$3,287,699 and \$3,821,269, respectively.

Management Discussion And Analysis

This discussion and analysis of the University's financial statements provides a comparative overview of the University's financial performance during the years ended June 30, 2018, 2017 and 2016. Since the management's discussion and analysis is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the University's basic financial statements and the footnotes. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements.

Effective July 1, 2004, the University adopted GASB Statement No. 39, Determining Whether Certain Organizations are Component Units - An Amendment of GASB Statement No. 14. The Foundation meets the criteria set forth for component units under GASB Statement No. 39. Thus, the University's Annual Report includes audited University Foundation financial statements which are prepared in accordance with Financial Accounting Standards Board (FASB) standards.

Effective July 1, 2015, the University implemented GASB Statement No. 72, Fair Value Measurement and Application. This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement also provides guidance for determining a fair value measurement for financial reporting purposes. Additionally, this Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Please see Note 2 of the financial statements for further details.

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)

Statement Of Net Position

The Statement of net position presents the consolidated financial position of the University at a point in time. The statement of net position has five major components which include 1.) Assets, 2.) Deferred Outflows of Resources, 3.) Liabilities, 4.) Deferred Inflows of Resources and 5.) Net Position. A description of each component is as follows:

Assets - Current assets are those anticipated to be liquidated within one year or less and include items such as cash and cash equivalents, investments, accounts receivable, inventories, loans to students and prepaid expenses. Non-current assets include that portion of accounts receivable, investments, loans to students and prepaid expenses not expected to liquidate within one year plus capital assets such as buildings, building improvements, infrastructure, equipment, etc.

Deferred Outflows Of Resources - Deferred Outflows are the consumption of net position applicable to a future reporting period. These balances are attributable to the deferred amount on debt refunding and pension expense.

Liabilities - Current liabilities are those anticipated to be recognized within one year or less and include items such as accounts payable and accrued liabilities, accrued compensated absences, unearned revenue, interest payable, student deposits, the current portion of long-term debt and accrued settlements. Non-current liabilities include that portion of accrued liabilities, compensated absences, long-term debt and settlements that are not due within one year.

Deferred Inflows Of Resources - Deferred Inflows are the acquisition of net position applicable to a future reporting period. These balances are attributable to the future period pension liabilities.

Net Position - Net position represents the University's total assets, plus deferred outflows of resources, less total liabilities. Net position is classified in three major categories which include 1.) Net Investment in Capital Assets, 2.) Restricted, and 3.) Unrestricted.

1.) Net Investment in Capital Assets represents buildings, building improvements, equipment, etc. that is net of accumulated depreciation and related debt.

2.) Restricted net positions are those whose purpose has been determined by an outside party for a specific use such as scholarships, loans and capital projects.

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)

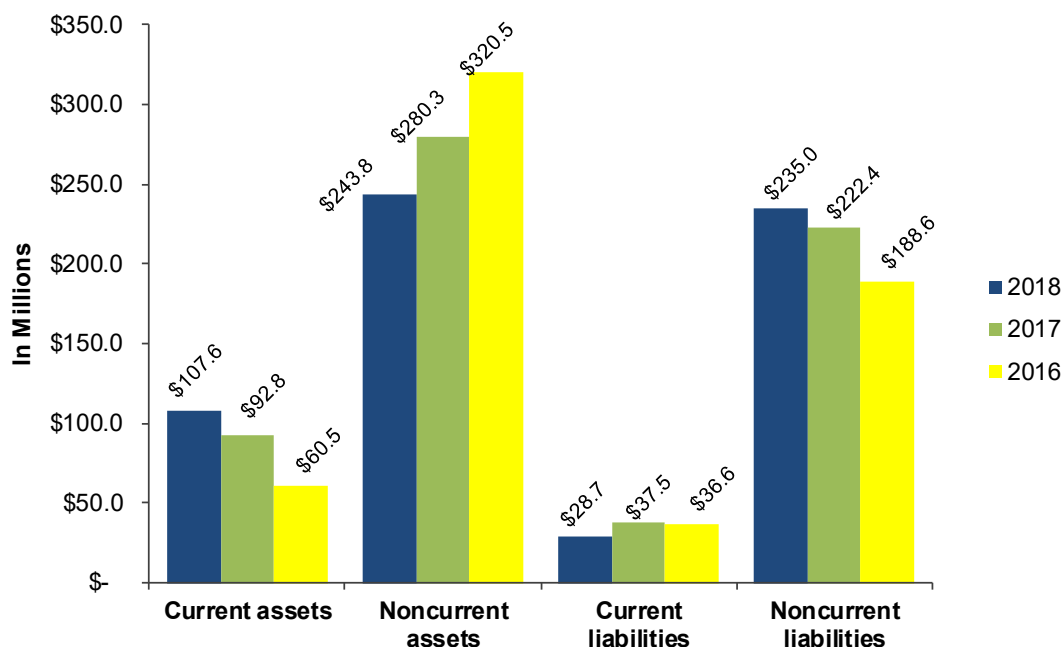
3.) Unrestricted net position represent balances from operational activities that have not been restricted by parties external to the University. This includes funds that have been designated for specific purposes as well as amounts that have been contractually committed for goods and services not yet received.

Following is a summary of the University's assets, deferred out(in)flows of resources, liabilities and net position at June 30 (in millions):

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Current assets	\$ 107.6	\$ 92.8	\$ 60.5
Noncurrent assets	243.8	280.3	320.5
Total assets	351.4	373.1	381.0
Deferred outflows of resources	51.7	48.9	19.4
Current liabilities	28.7	37.5	36.6
Noncurrent liabilities	235.0	222.4	188.6
Total liabilities	263.7	259.9	225.2
Deferred inflows of resources	2.8	1.2	1.8
Net position			
Net investment in capital assets	146.3	153.4	139.6
Restricted	7.4	10.1	9.8
Unrestricted	(17.1)	(2.5)	24.0
Total Net Position	\$ 136.6	\$ 161.0	\$ 173.4

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)



Comparative Analysis Of Fiscal Years 2018 And 2017

Current Assets - Current assets for Fiscal Year 2018 totaled \$107.6 million, which is an increase of \$14.8 million from Fiscal Year 2017 current assets of \$92.8 million. This increase is attributed to an increase in total cash of \$4.4 million, an increase in short-term investments of \$18.2 million primarily as a result of a decrease in long-term investments at year end, bond capital expenditures, and a decrease in net accounts receivable of \$7.4 million due the collection of the State Appropriation Receivable for the W.C Morris Renovation of \$11.6 million and an increase in federal grant receivable of \$3.2 million and student tuition receivable of \$1.0 million at year end. In addition, there was a decrease in inventories of \$0.7 million, and an increase of \$0.3 million in prepaid expenses, interest receivable, foundation receivable and loans to students at year-end.

Non-Current Assets - Total non-current assets decreased approximately \$36.6 million. The decrease is primarily due to the increase in short term investments, a decrease of \$1.5 million in non-current loans to students and a decrease in capital assets of approximately \$8.7 million mostly due to the reduction in capital projects under construction compared to 2017. Refer to Note 3 for additional information on capital asset activity.

Deferred Outflows Of Resources - Total deferred outflows of resources had an increase of \$2.8 million due to an increase of \$2.9 million in deferred pension expense associated with GASB 68 and a decrease of \$0.1 from amortization of advanced refunding of Series 2009 Student Recreation Center bond issuance that capitalized on lower interest rates.

UNIVERSITY OF CENTRAL MISSOURI
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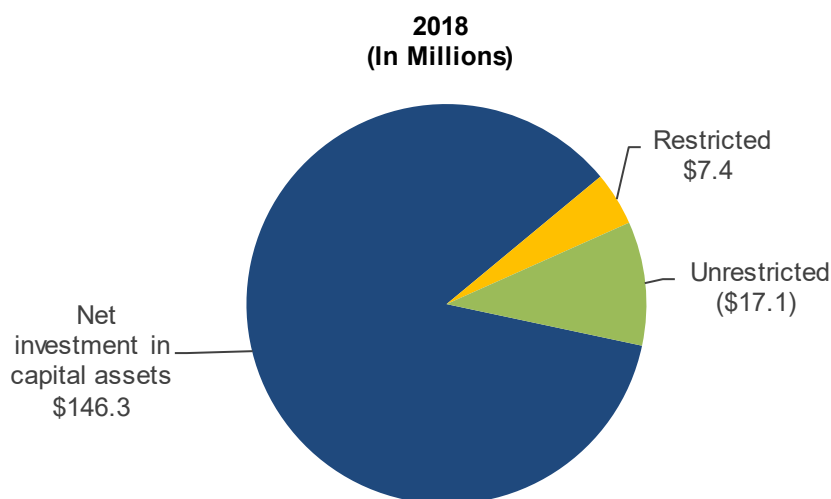
Management's Discussion And Analysis (*Continued*)

Current Liabilities - Current liabilities totaled \$28.7 million decreasing by approximately \$8.8 million compared to the prior year total of \$37.5 million. This is attributed primarily to a decrease in accounts payable and accrued liabilities of \$7.6 million and a decrease in the current portion of long-term debt of \$1 million primarily from the debt payment associated with the 2013-C bonds. In addition, there was an increase in unearned revenue of \$0.2 million and a decrease in accrued compensated absences of \$0.1 million.

Non-Current Liabilities - Total non-current liabilities increased approximately \$12.5 million. This increase is primarily attributed to the \$18.1 million increase in pension liability. In addition, long-term debt decreased \$6.2 million due to annual debt service payments and continued savings incurred from the advance refunding of debt in fiscal year 2014. In addition, other long term liability decreased by \$0.7 million related to the liability increase of \$1.2 million in post-employment benefit obligations and a decrease in the non-current portion of accrued compensated absences of \$0.5 million.

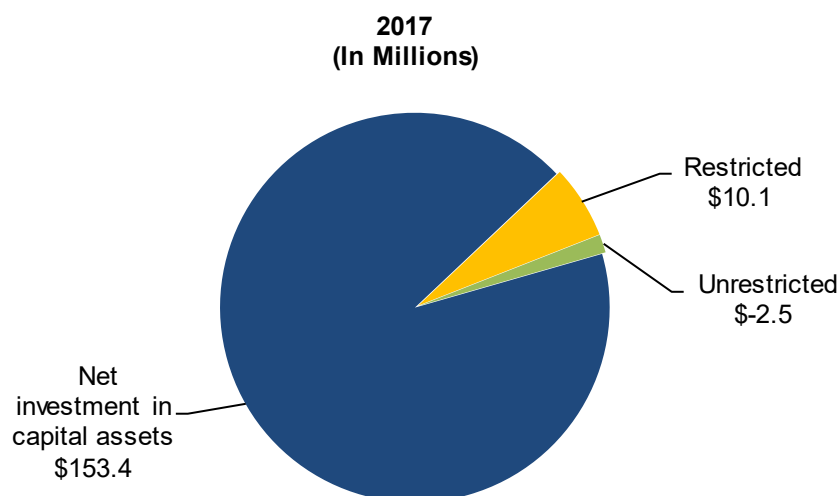
Deferred Inflows Of Resources - Total deferred inflows of resources had an increase of \$1.6 million due to adjustment of the University's proportionate share of MOSERS deferred inflows related to GASB Statement No. 68.

Net Position - At June 30, 2018, the University's net position was \$136.6 million. This was comprised of unrestricted - \$(17.1) million; net investment in capital assets - \$146.3 million; restricted for loans - \$5.3 million and other restricted - \$2.1 million.



UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Management's Discussion And Analysis (*Continued*)



Comparative Analysis Of Fiscal Years 2017 And 2016

Current Assets - Current assets for Fiscal Year 2017 totaled \$92.8 million, which is an increase of \$32.3 million from Fiscal Year 2016 current assets of \$60.5 million. This increase is attributed to a decrease in total cash of \$5.2 million offset by an increase in short-term investments of \$25.9 million primarily as a result of a decrease in long-term investments at year end, bond capital expenditures, and a net increase in accounts receivable of \$12.5 million due to a State Appropriation Receivable for the W.C Morris Renovation of \$11.6 million and an increase in federal grant receivable of \$0.5 million at year end. In addition, there was a decrease in inventories of \$0.7 million, prepaid expenses of \$0.4 million and an increase of \$0.5 million in interest receivable, foundation receivable and loans to students at year-end.

Non-Current Assets - Total non-current assets decreased approximately \$40.2 million. The decrease is primarily due to the increase in short term investments, a decrease of \$1.5 million in non-current loans to students and an increase in capital assets of approximately \$5.5 million. These capital assets include the Mules National Golf Course, Fitzgerald Window Replacement and Westside Parking Project. Refer to Note 3 for additional information on capital asset activity.

Deferred Outflows Of Resources - Total deferred outflows of resources had an increase of \$29.4 million due to increase of \$29.5 million in deferred pension expense associated with GASB 68 and a decrease of \$0.1 from amortization of advanced refunding of Series 2009 Student Recreation Center bond issuance that capitalized on lower interest rates.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Management's Discussion And Analysis (*Continued*)

Current Liabilities - Current liabilities totaled \$37.5 million increasing by approximately \$0.9 million compared to the prior year total of \$36.6 million. This is primarily attributed to an increase in accounts payable and accrued liabilities of \$0.3 million and an increase in the current portion of long-term debt of \$0.1 million primarily from the debt payment associated with the 2013-C bonds. In addition, there was a decrease in unearned revenue of \$0.1 million and an increase in accrued compensated absences of \$0.5 million.

Non-Current Liabilities - Total non-current liabilities increased approximately \$33.8 million. This increase is primarily attributed to the \$41.4 million increase in pension liability. In addition, long-term debt decreased \$7.7 million due to annual debt service payments and continued savings incurred from the advance refunding of debt in fiscal year 2014. In addition, other long term liability increased by \$0.5 million related to the liability increase in post-employment benefit obligations and a decrease in the non-current portion of accrued compensated absences of \$0.4 million.

Deferred Inflows Of Resources - Total deferred inflows of resources had a decrease of \$0.6 million due to adjustment of the University's proportionate share of MOSERS deferred inflows related to GASB Statement No. 68.

Net Position - At June 30, 2017, the University's net position was \$161.0 million. This was comprised of unrestricted - \$(2.5) million; net investment in capital assets - \$153.4 million; restricted for loans - \$8.3 million and other restricted - \$1.8 million.

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)

Operating Results

The statement of revenues, expenses and changes in net position (SRECNP) present the operating results of the University as a whole. The statements, prepared in accordance with GASB, distinguish revenues and expenses between operating and non-operating categories, and provide a view of the University's operating margin. Comparative summary statements of revenue, expenses and changes in net position for the years ended June 30, are as follows (in millions):

	2018	2017	2016
Operating Revenues			
Tuition and fees	\$ 85.6	\$ 92.4	\$ 103.3
Scholarship allowances	(19.2)	(18.0)	(18.0)
Net tuition and fees	66.4	74.4	85.3
Federal grants and contracts	2.2	2.0	1.4
Auxiliary enterprises	41.2	42.9	44.8
Scholarship allowances	(5.4)	(5.0)	(5.2)
Net auxiliary enterprises	35.8	37.9	39.6
Other	9.7	9.7	8.9
Total Operating Revenues	114.1	124.0	135.2
Operating Expenses	207.1	220.7	198.2
Operating Loss	(93.0)	(96.7)	(63.0)
Non-Operating Revenues (Expenses)			
State appropriation	52.7	53.8	55.7
Federal grants and contracts	17.0	16.3	18.0
State grants and contracts	0.7	0.7	0.4
Other grants and contracts	1.0	0.9	1.0
Contributions	2.8	3.3	2.9
Investment income	1.3	0.5	0.9
Interest on capital asset-related debt	(3.2)	(3.2)	(2.4)
Other non-operating expenses	(2.9)	(0.8)	(0.1)
Net Non-Operating Revenues	69.4	71.5	76.4
Increase (Decrease) In Net Position	(23.6)	(25.2)	13.4
Capital Grants And Gifts	0.5	12.8	1.7
Increase (Decrease) In Net Position	(23.1)	(12.4)	15.1
Net Position - Beginning Of Year Before Restatement	161.0	173.4	158.3
Cummulative Effect Of Change In Accounting Principle	(1.2)	—	—
Net Position - Beginning Of Year, As Restated	159.7	173.4	158.3
Net Position - End Of Year	\$ 136.6	\$ 161.0	\$ 173.4

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)

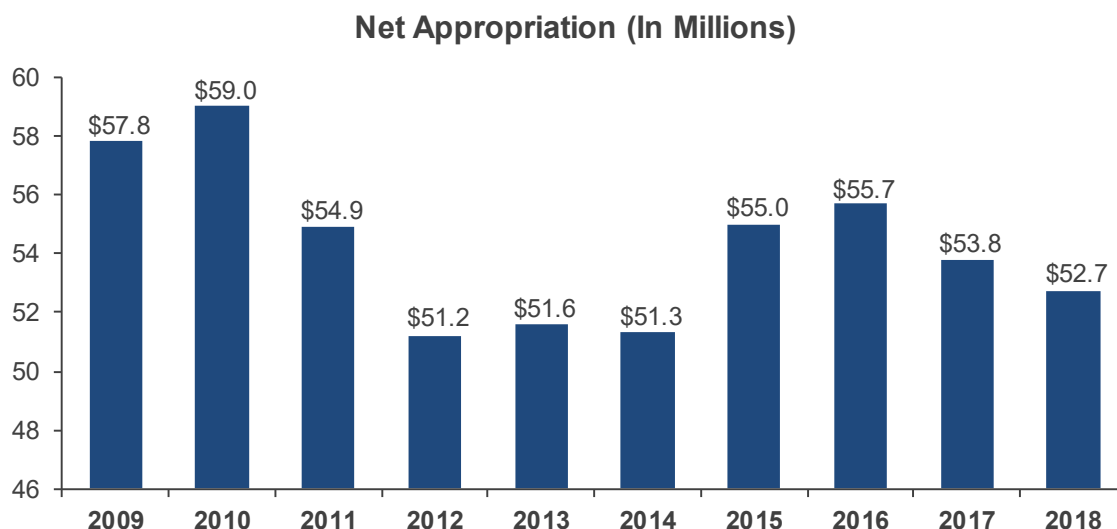
Comparative Analysis Of Fiscal Years 2018 And 2017

Operating Revenues - For the year ended June 30, 2018, tuition and fee revenues (net of scholarship allowances) decreased approximately \$8 million compared to fiscal year 2017 mostly as a result of a decrease in international enrollment. Fiscal year 2017 tuition and fees were approximately \$10.9 million below the year ended June 30, 2016 as a result of the decrease in international student enrollment.

Auxiliary enterprises experienced a decrease of \$1.7 million below fiscal year 2017 which is primarily attributed to a reduction in enrollment for fiscal year 2018.

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

The University's financial position is closely tied to the State of Missouri and the associated general revenue and lottery proceeds appropriated by the Legislature. State appropriation revenue decreased by \$1.1 million in fiscal year 2018 compared to fiscal year 2017. Following is a historical trend of the University's state appropriation funding (net of withholdings).

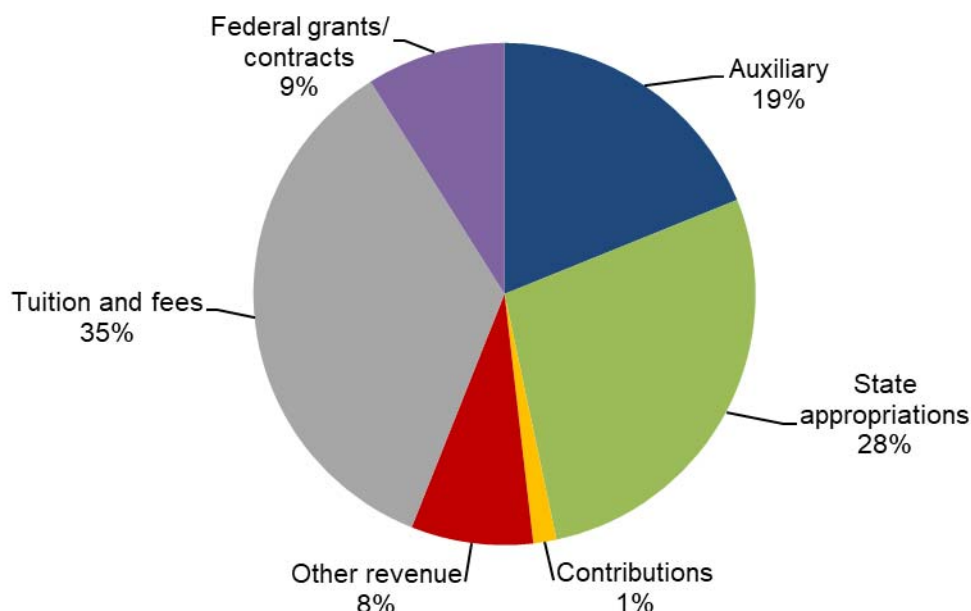


Fiscal Year 2018 other operating revenues remained constant with those of fiscal year 2017. Federal grants and contracts revenue increased by \$0.2 million over the fiscal year 2017 amount of \$0.6 million primarily due to an increase in awarded federal financial aid program revenues.

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)

The following graph summarizes the University's fiscal year 2018 revenue sources:



Operating Expenses
For the Years Ended June 30,
(In Millions)

	2018	2017	2016
Compensation and benefits	\$ 127.9	\$ 133.9	\$ 113.9
Contractual services	18.6	23.0	22.6
Supplies and materials	14.5	16.7	15.4
Scholarships and fellowships	6.8	7.3	6.7
Depreciation	16.2	16.5	15.5
Utilities	6.0	5.8	5.6
Other	17.1	17.5	18.5
	\$ 207.1	\$ 220.7	\$ 198.2

Operating Expenses - Total operating expenses decreased \$13.6 million from \$220.7 million in fiscal year 2017 to \$207.1 million in fiscal year 2018.

Fiscal year 2018 Compensation and Benefits decreased \$6.0 million from the prior year primarily due to an increase in MOSERS accrual of \$5.9 million, offset by the reduction in salaries and benefits of \$11.8 million associated with the 2017 Voluntary Retirement Incentive Plan and the 2018 reduction in force.

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)

Contractual services decreased \$4.4 million over fiscal year 2017 primarily due to an increase in building maintenance (\$0.3 million) and telephone service (\$0.3 million) and a decrease in food service (\$0.3 million), in architect/engineering (\$0.3 million), hazardous waste removal (\$1.3 million) food and beverage service (\$0.4 million), other contracted services (\$1.6 million), marketing consultant (\$0.4 million), as well as a (\$0.8 million) decrease in non-capital improvements.

Depreciation expense decreased \$0.3 million over fiscal year 2017 primarily due to fully depreciated assets removed from the calculation. The University experienced a decrease in scholarships and fellowships of \$0.5 million and other expenses \$0.4 million over fiscal year 2017.

For the year ended June 30, 2017 operating expenses increased by approximately \$22.5 million above the year ended June 30, 2016. This increase was primarily related to an increase of \$11.2 million in MOSERS Accrual, the voluntary retirement incentive of \$3.1 million and an increase in faculty positions to accommodate growth in academic programs and staff positions to support student services coupled with a 2% across the board salary increase with a \$600 minimum (\$2.6 million).

Contractual services increased \$0.4 million primarily due to an increase in food service expenses (\$0.1 million), an increase in architect/engineering (\$0.3 million), increase in information systems and technology (\$0.2 million), and a decrease in aviation contracted services (\$0.1 million) as well as a (\$0.1 million decrease in non-capital improvements.

Cash Flows
For the Years Ended June 30,
(In Millions)

	2018	2017	2016
Cash Provided By (Used In)			
Operating activities	\$ (67.6)	\$(68.4)	\$(51.4)
Noncapital financing activities	68.0	73.4	78.8
Capital and related financing activities	(5.5)	(28.8)	(23.1)
Investing activities	9.5	18.6	(21.2)
Increase In Cash And Cash Equivalents	4.4	(5.2)	(16.9)
Cash And Cash Equivalents - Beginning Of Year	5.5	10.7	27.6
Cash And Cash Equivalents - End Of Year	\$ 9.9	\$ 5.5	\$ 10.7

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Management's Discussion And Analysis (*Continued*)

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

During the year ended June 30, 2018, cash used in operating activities amounted to (\$67.6) million, which resulted from tuition and fees, grants and contracts, sales and services of educational activities and auxiliary enterprises, and associated collections that were offset by payments to suppliers, utilities, employees, scholarships and fellowships and other payments. Cash provided by non-capital financing activities of \$68.0 million includes state appropriations, gifts and grants for other than capital purposes and other receipts.

Cash used for capital and related financing activities was (\$5.5) million. The University had capital expenditures of \$6.7 million including: \$0.4 million Kennedy Football Stadium Turf, \$1.4 million WC Morris Science Renovations, \$0.04 million Foster Knox improvements, \$0.8 million Skyhaven Airport Improvements, \$0.4 million Pertle Springs Outdoor Recreation Improvements. Additional other capital expenditures totaling approximately \$3.3 million include parking lot improvements, various building improvements and capital equipment purchases. Capital related financing included principal and interest on capital debt and leases of \$7.2 million. Cash and cash equivalents at June 30, 2018, were \$9.9 million, which increased \$4.4 million from June 30, 2017. This increase is attributed to a reduction in capital activities.

During the year ended June 30, 2017, cash used in operating activities amounted to (\$68.4) million, which resulted from tuition and fees, grants and contracts, sales and services of educational activities and auxiliary enterprises, and associated collections that were offset by payments to suppliers, utilities, employees, scholarships and fellowships and other payments. Cash provided by non-capital financing activities of \$73.4 million included state appropriations, gifts and grants for other than capital purposes and other receipts. Capital and related financing activities was \$28.8 million. This included the purchase of capital assets (\$9.6) million, principal and interest on capital debt and leases (\$7.4 million) which were partially offset by the University's foundation note for Pertle Springs Renovation of \$2.3 million. Cash and cash equivalents at June 30, 2017, were \$5.5 million, which decreased \$5.2 million from June 30, 2016.

Capital Assets

Information on capital assets can be found in Note 3. Net capital assets totaled \$231,907,734, which consisted of a cost of \$487,273,734 and accumulated depreciation of \$255,366,000.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Management's Discussion And Analysis (*Continued*)

Debt

Information on debt can be found in Note 4. Long-term debt totaled \$93,268,198 at June 30, 2018. In 2018, the University entered into a note agreement with the University of Central Missouri Foundation (\$431,170) for the Kennedy Field turf replacement and in 2016, the University entered into a note agreement with the University of Central Missouri Foundation (\$2.3 million) and a short-term loan for the purchase of additional airplane for the aviation program (\$0.5 million). Long-term debt decreased in total by \$6,684,658 for 2018, primarily due to scheduled principal repayments.

Economic Outlook

Management believes that the University is well positioned to maintain its strong financial condition and to continue providing excellent service to its students, the community and the state of Missouri. The University's ongoing efforts toward enrollment growth and operating cost containment coupled with the continuing financial support from the State of Missouri will enable the University to obtain the necessary resources to sustain excellence.

Contact Information

Questions or comments about this report may be addressed to Sondra Moore, Controller, at University of Central Missouri, Administration 316B, Warrensburg, MO 64093

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

STATEMENT OF NET POSITION

Page 1 Of 2

June 30, 2018 And 2017

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 7,464,607	\$ 1,540,571
Restricted cash and cash equivalents	2,504,683	3,994,803
Short-term investments	78,103,972	59,903,134
Accounts receivable, net of allowance; 2018 - \$6,319,576; 2017 - \$5,306,967	6,888,693	5,881,828
Interest receivable	562,200	510,477
State appropriation receivable	—	11,616,905
Federal and grants receivable	5,667,174	2,483,590
Due from foundation	703,212	551,429
Inventories	2,432,233	3,089,203
Loans to students, net	1,500,866	1,476,909
Prepaid expenses	1,778,986	1,729,375
Total Current Assets	107,606,626	92,778,224
Noncurrent Assets		
Investments	7,619,327	34,040,000
Loans to students, net	3,888,369	5,379,110
Due from foundation	341,974	351,450
Capital assets, net	231,907,734	240,592,761
Total Noncurrent Assets	243,757,404	280,363,321
Total Assets	351,364,030	373,141,545
Deferred Outflows Of Resources		
Deferred amount on debt refundings	395,343	490,577
Proportionate share of collective deferred outflows of resources - pension	51,274,993	48,426,326
Deferred amount on OPEB liability	29,295	—
Total Deferred Outflows Of Resources	51,699,631	48,916,903

**UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI**

STATEMENT OF NET POSITION

Page 2 Of 2

June 30, 2018 And 2017

	2018	2017
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 14,652,750	\$ 22,295,957
Accrued compensated absences	2,404,474	2,535,716
Unearned revenue	3,847,800	3,671,261
Interest payable	716,806	763,669
Long-term debt	6,634,480	7,651,453
Accrued settlement	50,000	50,000
Student deposits	414,533	487,304
Total Current Liabilities	28,720,843	37,455,360
Noncurrent Liabilities		
Accrued compensated absences	1,346,723	1,818,095
Accrued settlement	341,974	351,450
Other long-term liability	3,926,692	2,745,351
MOSERS pension liability	150,787,953	132,717,900
Long-term debt	78,563,855	84,800,791
Total Noncurrent Liabilities	234,967,197	222,433,587
Total Liabilities	263,688,040	259,888,947
Deferred Inflows Of Resources		
Proportionate share of collective deferred inflows of resources - pension	2,753,291	1,185,491
Net Position		
Net investment in capital assets	146,351,089	153,401,928
Restricted for		
Nonexpendable		
Loans	4,060,991	7,016,637
Expendable		
Scholarships and fellowships	176,830	49,696
Loans	1,247,847	1,287,091
Other	1,946,781	1,743,600
Unrestricted	(17,161,208)	(2,514,942)
Total Net Position	\$ 136,622,330	\$ 160,984,010

UNIVERSITY OF CENTRAL MISSOURI FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2018 And 2017

	2018	2017
Assets		
Cash	\$ 123,167	\$ 1,263,412
Investments	53,290,258	49,295,748
Contributions receivable, net	1,156,179	1,502,358
Accrued investment income	226,555	233,674
Notes receivable	2,577,275	2,270,215
Cash surrender value or life insurance	442,078	424,997
Beneficial interest in trusts	930,711	937,846
Prepaid expenses	13,822	21,590
<hr/>		
Total Assets	\$ 58,760,045	\$ 55,949,840
<hr/>		
Liabilities		
Annuities payable	\$ 1,356,475	\$ 1,432,416
Accrued expenses and due to University	285,314	244,288
Deferred revenue	11,882	11,882
<hr/>		
Total Liabilities	1,653,671	1,688,586
<hr/>		
Net Assets		
Unrestricted	7,191,092	6,648,562
Temporarily restricted	23,147,417	21,311,447
Permanently restricted	26,767,865	26,301,245
<hr/>		
Total Net Assets	57,106,374	54,261,254
<hr/>		
	\$ 58,760,045	\$ 55,949,840
<hr/>		

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

Page 1 Of 2

For The Years Ended June 30, 2018 And 2017

	2018	2017
Operating Revenues		
Tuition and fees, net of scholarship allowances; 2018 - \$19,185,992; 2017 - \$17,999,989	\$ 66,391,770	\$ 74,447,372
Federal grants and contracts	2,169,666	1,974,234
Interest on student receivables	778,881	761,803
Sales and services of educational activities	2,183,602	1,980,498
Auxiliary enterprises		
Housing, net of scholarship allowances; 2018 - \$5,370,847; 2017 - \$4,990,922	22,567,008	23,042,010
Bookstore	4,578,456	5,377,799
Other auxiliary enterprises	8,667,308	9,476,902
Other operating revenues	6,775,749	6,997,359
Total Operating Revenues	114,112,440	124,057,977
Operating Expenses		
Compensation and benefits	127,922,855	133,878,651
Contractual services	18,626,656	22,962,463
Supplies and services	14,541,015	16,711,340
Scholarships and fellowships	6,760,964	7,324,569
Depreciation	16,162,993	16,496,792
Utilities	6,047,838	5,839,170
Other	17,069,535	17,514,492
Total Operating Expenses	207,131,856	220,727,477
Operating Loss	(93,019,416)	(96,669,500)

**UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI**

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

Page 2 Of 2

For The Years Ended June 30, 2018 And 2017

	2018	2017
Nonoperating Revenues (Expenses)		
State appropriations	\$ 52,708,206	\$ 53,770,433
Federal grants and contracts	16,993,921	16,344,885
State grants and contracts	745,704	764,859
Other grants and contracts	992,023	917,971
Contributions	2,826,360	3,264,934
Loss on disposal of capital assets	(19,282)	(59,263)
Investment income	1,286,511	544,698
Interest on capital asset - related debt	(3,192,808)	(3,209,076)
Other nonoperating expenses	(2,915,371)	(851,309)
Net Nonoperating Revenues	69,425,264	71,488,132
 Loss Before Other Revenues And Expenses, Gains Or Losses	 (23,594,152)	 (25,181,368)
 Capital Grants And Gifts	 468,029	 12,754,801
Decrease In Net Position	(23,126,123)	(12,426,567)
 Net Position - Beginning Of Year, Before Restatement	 160,984,010	 173,410,577
 Cumulative Effect Of Change In Accounting Principle	 (1,235,557)	 —
Net Position - Beginning Of Year, As Restated	159,748,453	—
Net Position - End Of Year	\$ 136,622,330	\$ 160,984,010

UNIVERSITY OF CENTRAL MISSOURI FOUNDATION

STATEMENTS OF ACTIVITIES For The Year Ended June 30, 2018

	Unrestricted	Temporarily Unrestricted	Permanently Restricted	Total
Revenue, Gains And Other Support				
Gifts	\$ 344,398	\$ 2,107,684	\$ 920,877	\$ 3,372,959
In-kind gifts	913,631	202,824	—	1,116,455
Other income	12,963	130,848	—	143,811
Investment income	247,955	902,515	57,120	1,207,590
Net realized and unrealized gain (loss) on investments and beneficial interests in trusts	818,250	1,625,273	(458,870)	1,984,653
Change in donor restrictions	24,868	(34,768)	9,900	—
Net assets realeased from restrictions	3,028,516	(3,028,516)	—	—
Total revenues, gains and other support	5,390,581	1,905,860	529,027	7,825,468
Expenses and Losses				
Foundation expenses				
General administrative expenses	749,633	—	—	749,633
Fundraising expenses	1,179,720	—	—	1,179,720
Total Foundation expenses	1,929,353	—	—	1,929,353
Expenses for University advancement				
Program expenses				
Scholarships	1,304,079	—	—	1,304,079
Academic support - TV	346,013	—	—	346,013
Student services - athletics	519,337	—	—	519,337
Instruction and other departmental	363,590	—	—	363,590
Support services				
Institutional support - plant facilities	385,679	—	—	385,679
Total expenses for University advancement	2,918,698	—	—	2,918,698
Actuarial loss on annuity obligations	—	69,890	62,407	132,297
Total Expenses And Losses	4,848,051	69,890	62,407	4,980,348
Change In Net Assets	542,530	1,835,970	466,620	2,845,120
Net Assets, Beginning Of Year	6,648,562	21,311,447	26,301,245	54,261,254
Net Assets, End Of Year	\$ 7,191,092	\$ 23,147,417	\$ 26,767,865	\$ 57,106,374

UNIVERSITY OF CENTRAL MISSOURI FOUNDATION

STATEMENTS OF ACTIVITIES For The Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Unrestricted</u>	<u>Permanently Unrestricted</u>	<u>Total</u>
Revenue, Gains And Other Support				
Gifts	\$ 386,159	\$ 1,759,345	\$ 1,605,503	\$ 3,751,007
In-kind gifts	877,655	683,365	—	1,561,020
Other income	12,962	107,012	—	119,974
Investment income	156,229	924,908	—	1,081,137
Net realized and unrealized gain (loss) on investments and beneficial interests in trusts	285,730.00	2,823,168	69,620	3,178,518
Net assets released from restrictions	4,124,796	(4,124,796)	—	—
Total Revenues, Gains And Other Support	5,843,531	2,173,002	1,675,123	9,691,656
Expenses and Losses				
Foundation expenses				
General administrative expenses	712,744	—	—	712,744
Fundraising expenses	1,200,229	—	—	1,200,229
Total Foundation expenses	1,912,973	—	—	1,912,973
Expenses for University advancement				
Program expenses:				
Scholarships	1,265,857	—	—	1,265,857
Academic support - TV	340,363	—	—	340,363
Student services - athletics	868,881	—	—	868,881
Instruction and other departmental	863,730	—	—	863,730
Support services				
Institutional support - plant facilities	680,453	—	—	680,453
Total expenses for University advancement	4,019,284	—	—	4,019,284
Actuarial gain on annuity obligations	—	(53,363)	(119,332)	(172,695)
Other expense (revenue)	(329,257)	402,521	(67,185)	6,079
Total Expenses And Losses	5,603,000	349,158	(186,517)	5,765,641
Change In Net Assets	240,531	1,823,844	1,861,640	3,926,015
Net Assets, Beginning Of Year	6,408,031	19,487,603	24,439,605	50,335,239
Net Assets, End Of Year	\$ 6,648,562	\$ 21,311,447	\$ 26,301,245	\$ 54,261,254

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

STATEMENT OF CASH FLOWS

Page 1 Of 2

For The Years Ended June 30, 2018 And 2017

	2018	2017
Cash Flows From Operating Activities		
Tuition and fees	\$ 65,561,444	\$ 74,276,772
Grants and contracts	2,169,666	1,974,234
Sales and services of educational activities	2,183,602	1,980,498
Payments to suppliers	(40,571,305)	(41,109,591)
Payments for utilities	(6,047,838)	(5,839,170)
Payments to employees	(111,819,794)	(121,992,097)
Payments for scholarships and fellowships	(6,760,964)	(7,324,569)
Loans issued to students	(194,231)	(595,643)
Collection of loans to students	2,439,896	2,847,285
Sales and services of auxiliary enterprises	35,740,001	37,905,861
Other payments	(10,293,786)	(10,517,133)
Net Cash Used In Operating Activities	(67,593,309)	(68,393,553)
Cash Flows From Noncapital Financing Activities		
State appropriations	52,708,206	53,770,433
Gifts and grants for other than capital purposes	18,374,424	20,809,426
Other payments	(3,057,678)	(1,164,420)
Net Cash Provided By Noncapital Financing Activities	68,024,952	73,415,439
Cash Flows From Capital And Related Financing Activities		
Capital appropriations - state	11,616,905	(11,616,905)
Proceeds from issuance of capital debt	—	—
Proceeds from sale of capital assets	47,834	30,397
Purchase of capital assets	(6,718,743)	(6,565,331)
Principal paid on capital debt and leases	(7,253,909)	(7,523,237)
Interest paid on capital debt and leases	(3,144,437)	(3,171,172)
Net Cash Used In And Related Financing Activities	(5,452,350)	(28,846,248)

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

STATEMENT OF CASH FLOWS

Page 2 Of 2

For The Years Ended June 30, 2018 And 2017

	2018	2017
Cash Flows From Investing Activities		
Investment income	\$ 1,616,019	\$ 627,589
Proceeds from sales and maturities of investments	64,250,000	34,000,000
Purchases of investments	(56,411,396)	(16,000,000)
Net Cash Provided By Investing Activities	9,454,623	18,627,589
Net Increase (Decrease) In Cash And Cash Equivalents	4,433,916	(5,196,773)
Cash And Cash Equivalents - Beginning Of Year	5,535,374	10,732,147
Cash And Cash Equivalents - End Of Year	\$ 9,969,290	\$ 5,535,374
Reconciliation Of Operating Loss To Net		
Cash Used In Operating Activities		
Adjustments to reconcile operating loss		
to net cash used in operating activities:		
Operating loss	\$ (93,019,416)	\$ (96,669,500)
Depreciation	16,162,993	16,496,792
Changes in deferred amounts related to pension	(1,280,867)	(30,216,402)
Changes in deferred amounts on OPEB liability	(29,295)	—
Changes in assets and liabilities:		
Accounts receivable and student loans	459,919	1,431,818
Inventory	656,970	714,593
Prepaid expenses	(49,611)	362,049
Accounts payable and accrued liabilities	(8,010,993)	(2,512,430)
Unearned revenue	176,539	(112,579)
Accrued salaries and benefits	(1,838,171)	621,677
Pension liability	18,070,053	41,481,279
Other long-term liability	1,181,341	—
Student deposits	(72,771)	9,150
Net Cash Used In Operating Activities	\$ (67,593,309)	\$ (68,393,553)
Supplemental Cash Flows Information		
Accounts payable incurred for capital asset purchases	\$ 358,310	\$ 2,791,034

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 And 2017

1. Summary Of Significant Accounting Policies

Nature Of Operations

University of Central Missouri (the University) is a state educational institution organized and existing under the laws of the State of Missouri and is a component unit of the State of Missouri. The University was founded in 1871 and is one of 13 four-year, public-supported institutions of higher education in Missouri. The University's main campus is located in the city of Warrensburg and offers a variety of programs and services at multiple locations.

Major federally funded student financial aid programs in which the University participates include the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work Study, Federal Direct Loan, Federal Perkins Loan, Academic Competitiveness Grants and National Science and Mathematics Access to Retain Talent Grants. The University extends unsecured credit to students.

Basis Of Accounting And Presentation

The financial statements of the University have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific (such as state appropriations), investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses. The University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

The University prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

New Accounting Standard Adopted

In fiscal year ended June 30, 2018, the University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The new statement changes the standards for measuring and recognizing liabilities, deferred outflows and inflows of resources and expense related to postemployment benefit plans. Additional information on the impact of implementing GASB 75 can be found in Note 7 and the required supplementary information section. As a result of implementation, net position as of July 1, 2017, was restated as follows:

Net position, as previously reported	\$ 160,984,010
Prior period adjustments	
Net OPEB liability (GASB 75) - Beginning of FY 2017-18	(3,930,908)
Net OPEB obligation/asset (GASB 45) - End of FY 2016-17	2,695,351
<u>Total prior period adjustment</u>	<u>(1,235,557)</u>
<u>Net position, as restated</u>	<u>\$ 159,748,453</u>

The University did not restate the financial statements for the fiscal year ended June 30, 2017 as it was deemed impractical to do so.

Use Of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2018 and 2017, cash equivalents consisted primarily of money market funds.

Investments And Investment Income

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

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

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

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable are recorded net of estimated uncollectible amounts. The University records an allowance for doubtful student accounts receivable that is based on various factors, such as historical collection information and existing economic conditions.

Deferred Inflows And Deferred Outflows Of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The University's deferred outflows includes deferred amounts on debt refundings incurred as a result of revenue bond refundings that have been deferred and are being amortized over the life of the bonds using the straight-line method. Total amortization was \$95,234 and \$117,468 for the years ended June 30, 2018 and 2017, respectively. The University also reports deferred outflows of resources related to pensions as described in Note 6.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until then. The University's deferred inflows of resources include deferred inflows of resources related to pensions as described in Note 6.

Inventories

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

Loans To Students

The University makes loans to students under various federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts. The allowance for uncollectible loans netted against loans to students was \$980,308 for the years ended June 30, 2018 and 2017.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Capital Assets

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

Land improvements	15 years
Buildings and improvements	15 - 40 years
Infrastructure	15 years
Furniture, fixtures and equipment	5 - 15 years
Library materials	10 years

The University capitalizes interest costs as a component of construction in progress, based on the weighted average rates paid for long-term borrowing for projects not funded with tax-exempt debt. For those projects funded with tax-exempt debt, interest costs of borrowing specifically for the project are capitalized net of interest earned on investments acquired with the proceeds of the borrowing. Total interest capitalized was:

	<u>2018</u>	<u>2017</u>
Interest costs capitalized for projects with no specific borrowings	\$ 20,978	\$ 363,811
Interest costs capitalized for projects with specific borrowings	—	—
Interest charged to expense	<u>3,192,808</u>	<u>3,209,076</u>
	<u>\$ 3,192,808</u>	<u>\$ 3,209,076</u>

Compensated Absences

University policies permit most employees to accumulate vacation benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Unearned Revenue

Unearned revenue represents unearned student fees and advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements.

Net Position

The University classifies its net position into four components:

Net investment in capital assets - This represents the University's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition or construction of those assets or related debt also should be included in this component of net position.

Restricted nonexpendable - These are noncapital assets that are required to be maintained in perpetuity as specified by parties external to the University, including the federal portion of loan funds and funds held for which the income is used to provide scholarships.

Restricted expendable - These are noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the University, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.

Unrestricted - The unrestricted portion of net position is the net amount of remaining assets less remaining liabilities that are not included in the determination of net investment in capital assets or the restricted components of net position.

Classification Of Revenues

The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises and (3) interest on student loans.

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Notes To Financial Statements (*Continued*)

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting* and GASB Statement No. 34, such as state appropriations and investment income.

Scholarship Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the statements of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell Grants and other federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees for the years ended June 30, 2018 and 2017 were \$19,185,992 and \$17,999,989, respectively. The scholarship allowances on housing for the years ended June 30, 2018 and 2017 were \$5,370,847 and \$4,990,922, respectively.

Income Taxes

As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

Accrued Settlement

In 2001, the University was named the beneficiary of an estate, which was contested by a relative of the deceased. During Fiscal Year 2003, the University settled the dispute. The University has recorded a liability at June 30, 2018 and 2017 of \$391,974 and \$401,450, respectively, which represents the present value of the future annuity obligations under the settlement agreement. The liability has been determined using a discount rate of 3.6% and applicable mortality tables. This liability is to be funded by proceeds of the estate which are held by University of Central Missouri Foundation (Note 5).

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Notes To Financial Statements (*Continued*)

Foundation

University of Central Missouri Foundation (the Foundation) is a legally separate, tax-exempt component unit of the University. The Foundation's primary function is to raise and hold funds to support the University and its programs. The Foundation's Board of Directors consists of elected members of alumni, friends and other supporters of the University.

Although the University does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

During the years ended June 30, 2018 and 2017, the Foundation provided \$2,918,698 and \$4,019,284, respectively, of support to the University. Complete financial statements of the Foundation may be obtained from its Administrative Office at the following address: UCM Smiser Alumni Center, Warrensburg, Missouri 64093.

The Foundation is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's statements in the University's financial reporting entity for these differences.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Missouri State Employees' Retirement System (MOSERS) and additions to/deductions from MOSERS' fiduciary net position have been determined on the same basis as they are reported by MOSERS. 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.

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Notes To Financial Statements (*Continued*)

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the University of Central Missouri Other Postemployment Benefit Plan (the Plan) administered by the Board of Governors and additions to and deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The Plan is not funded, therefore the Plan has no fiduciary net position to report.

2. Deposits, Investments And Investment Return

Deposits

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

At June 30, 2018 and 2017, the University's bank balances were \$72,353,527 and \$44,583,368, respectively. None of these deposits were exposed to custodial credit risk at June 30, 2018 or 2017.

Investments

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

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Notes To Financial Statements (*Continued*)

At June 30, 2018 and 2017, the University had the following investments and maturities:

Type	2018		
	Fair Value	Less Than 1 Year	1 - 5 Years
U.S. Treasury obligations	\$ 21,743,659	\$ 17,813,267	\$ 3,930,392
U.S. agencies obligations	3,945,114	1,976,708	1,968,406
	<u>\$ 25,688,773</u>	<u>\$ 19,789,975</u>	<u>\$ 5,898,798</u>

Type	2017		
	Fair Value	Less Than 1 Year	1 - 5 Years
U.S. Treasury obligations	\$ 55,843,134	\$ 43,903,134	\$ 11,940,000

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

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the University's policy to limit its investments in corporate bonds to "A", "AA" and "AAA" as rated by Standard & Poor's and Moody's Investors Services. At June 30, 2018 and 2017, the University had no investments in corporate bonds. At June 30, 2018, the University had government agency securities that were rated AA+ by Standard & Poor's. At June 30, 2017, the University was not exposed to credit risk.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University's investment policy does not address custodial risk. All of the University's investments at June 30, 2018 and 2017, are held in the University's name.

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Notes To Financial Statements (*Continued*)

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The University's investment policy permits it to hold up to 25% of total investments, including certificates of deposit, in corporate bonds, with no more than 5% of its investments to be invested with any one issuer. The University's investment policy requires the ratio of investments in corporate bonds to be reviewed on an annual basis. The University places no restrictions on investments in direct obligations of the U.S. government, U.S. agency issues, U.S. government guaranteed securities or repurchase agreements that are collateralized 100% with U.S. Treasury bills, bonds or notes and are entered into for periods of 180 days or less. The University has 8% of its investments in Federal Farm Credit Bank and 8% in Federal Home Loan Mortgage Corporation securities.

Summary Of Carrying Values

The carrying values of deposits and investments shown below are included in the statement of net position as follows:

	<u>2018</u>	<u>2017</u>
Carrying value		
Deposits	\$ 70,003,816	\$ 43,635,374
Investments	25,688,773	55,843,134
	<u>\$ 95,692,589</u>	<u>\$ 99,478,508</u>
Included in the following statement of net position captions		
Cash and cash equivalents	\$ 7,464,607	\$ 1,540,571
Restricted cash and cash equivalents - current	2,504,683	3,994,803
Short-term investments	78,103,972	59,903,134
Noncurrent investments	7,619,327	34,040,000
	<u>\$ 95,692,589</u>	<u>\$ 99,478,508</u>

Investment Income

Investment income for the years ended June 30, 2018 and 2017 consisted of:

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 1,286,511	\$ 544,698

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Notes To Financial Statements (*Continued*)

Fair Value Measurements

GASB Statement No. 72 (GASB 72), *Fair Value Measurements and Application*, sets forth the framework for measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the University has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the University's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the University's own data.

The following table sets forth by level, within the fair value hierarchy, the University's investments at fair value as of June 30, 2018 and 2017, respectively:

Investments	2018			Total
	Level 1	Level 2	Level 3	
Debt securities				
U.S. Treasury obligations	\$ 21,743,659	\$ —	\$ —	\$ 21,743,659
U.S. agencies obligations	3,945,114	—	—	3,945,114
Total investments at fair value	\$ 25,688,773	\$ —	\$ —	\$ 25,688,773
Investments	2017			Total
	Level 1	Level 2	Level 3	
Debt securities				
U.S. Treasury obligations	\$ 55,843,134	\$ —	\$ —	\$ 55,843,134

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Notes To Financial Statements (*Continued*)

3. Capital Assets

Capital assets activity for the years ended June 30, 2018 and 2017 were:

	2018				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 14,865,634	\$ —	\$ —	\$ —	\$ 14,865,634
Collections	2,910,024	2,799	—	—	2,912,823
Infrastructure	35,259,979	—	—	905,508	36,165,487
Buildings and improvements	365,724,148	—	1,231,976	19,270,894	383,763,066
Furniture, fixtures and equipment	34,438,468	1,262,164	472,015	—	35,228,617
Library materials	11,815,070	1,022,871	1,308,819	—	11,529,122
Construction in progress	17,728,139	5,257,248	—	(20,176,402)	2,808,985
	<u>482,741,462</u>	<u>7,545,082</u>	<u>3,012,810</u>	<u>—</u>	<u>487,273,734</u>
Less accumulated depreciation					
Infrastructure	19,463,252	1,614,469	—	—	21,077,721
Buildings and improvements	189,673,504	11,782,167	1,231,975	—	200,223,696
Furniture, fixtures and equipment	26,491,841	1,613,446	404,900	—	27,700,387
Library materials	6,520,104	1,152,911	1,308,819	—	6,364,196
	<u>242,148,701</u>	<u>16,162,993</u>	<u>2,945,694</u>	<u>—</u>	<u>255,366,000</u>
Net capital assets	<u>\$ 240,592,761</u>	<u>\$ (8,617,911)</u>	<u>\$ 67,116</u>	<u>\$ —</u>	<u>\$ 231,907,734</u>

	2017				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 14,344,081	\$ 521,553	\$ —	\$ —	\$ 14,865,634
Collections	2,833,024	77,000	—	—	2,910,024
Infrastructure	28,825,567	—	—	6,434,412	35,259,979
Buildings and improvements	360,991,758	—	—	4,732,390	365,724,148
Furniture, fixtures and equipment	34,708,217	1,759,823	2,029,572	—	34,438,468
Library materials	11,955,712	1,160,261	1,300,903	—	11,815,070
Construction in progress	10,302,412	18,592,529	—	(11,166,802)	17,728,139
	<u>463,960,771</u>	<u>22,111,166</u>	<u>3,330,475</u>	<u>—</u>	<u>482,741,462</u>
Less accumulated depreciation					
Infrastructure	17,893,006	1,570,246	—	—	19,463,252
Buildings and improvements	177,583,800	12,089,704	—	—	189,673,504
Furniture, fixtures and equipment	26,776,418	1,655,335	1,939,912	—	26,491,841
Library materials	6,639,500	1,181,507	1,300,903	—	6,520,104
	<u>228,892,724</u>	<u>16,496,792</u>	<u>3,240,815</u>	<u>—</u>	<u>242,148,701</u>
Net capital assets	<u>\$ 235,068,047</u>	<u>\$ 5,614,374</u>	<u>\$ 89,660</u>	<u>\$ —</u>	<u>\$ 240,592,761</u>

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

4. Long-Term Liabilities

The following is a summary of long-term obligation transactions for the University for the years ended June 30, 2018 and 2017:

	2018				
	Beginning Balance	Restatement / Additions	Deductions	Ending Balance	Current Portion
Revenue Bonds					
Advance Refunding of Library Facility, Series 2002 Bond Issue, Series 2012A	\$ 567,314	\$ —	\$ 567,314	\$ —	\$ —
Advance Refunding of Student Housing System, Energy Savings Program, Series 2002 Bond Issue, Series 2012A	637,686	—	637,686	—	—
Education Facility, Series 2007	72,761	—	72,761	—	—
Advance Refunding of Student Recreation Center, Series 2009 Bond Issue, Series 2013A	11,810,000	—	1,575,000	10,235,000	1,610,000
Stadium Facility, Series 2013B-1	1,720,000	—	225,000	1,495,000	235,000
Stadium Facility, Series 2013B-2	3,770,000	—	—	3,770,000	—
Student Housing System, Mixed Use Faculty, Series 2013C-1	14,740,000	—	1,950,000	12,790,000	2,000,000
Student Housing System, Mixed Use Faculty, Series 2013C-2	32,650,000	—	—	32,650,000	—
Total Revenue Bonds	65,967,761	—	5,027,761	60,940,000	3,845,000
Capital Lease Obligations	22,976,062	—	2,378,638	20,597,424	2,458,989
Notes Payable - Foundation	2,270,215	431,170	124,110	2,577,275	207,106
Notes Payable - Airplanes	656,084	—	120,817	535,267	123,385
	91,870,122	431,170	7,651,326	84,649,966	6,634,480
Unamortized Premium On					
Bonds Payable	582,122	—	33,753	548,369	—
Total Long-Term Debt	92,452,244	431,170	7,685,079	85,198,335	6,634,480
Other Noncurrent Liabilities					
Accrued compensated absences	4,353,811	—	602,614	3,751,197	2,404,474
Accrued settlement	401,450	—	9,476	391,974	50,000
Other long-term liability	2,745,351	1,235,557*	54,216	3,926,692	—
Total Other Noncurrent Liabilities	7,500,612	—	666,306	8,069,863	2,454,474
Total Long-Term Debt And Other Obligations	\$ 99,952,856	\$ 1,666,727	\$ 8,351,385	\$ 93,268,198	\$ 9,088,954

*Included in other long-term liability restatement / additions is the \$1,235,557 prior period adjustment discussed in Note 1.

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Notes To Financial Statements (*Continued*)

	2017				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Revenue Bonds					
Advance Refunding of Library Facility, Series 2002 Bond Issue, Series 2012A	\$ 1,125,212	\$ —	\$ 557,898	\$ 567,314	\$ 567,314
Advance Refunding of Student Housing System, Energy Savings Program, Series 2002 Bond Issue, Series 2012A	1,264,788	—	627,102	637,686	637,686
Education Facility, Series 2007	217,097	—	144,336	72,761	72,761
Advance Refunding of Student Recreation Center, Series 2009 Bond Issue, Series 2013A	13,345,000	—	1,535,000	11,810,000	1,575,000
Stadium Facility, Series 2013B-1	1,940,000	—	220,000	1,720,000	225,000
Stadium Facility, Series 2013B-2	3,770,000	—	—	3,770,000	—
Student Housing System, Mixed Use Faculty, Series 2013C-1	16,640,000	—	1,900,000	14,740,000	1,950,000
Student Housing System, Mixed Use Faculty, Series 2013C-2	32,650,000	—	—	32,650,000	—
Total Revenue Bonds	70,952,097	—	4,984,336	65,967,761	5,027,761
Capital Lease Obligations	25,276,973	—	2,300,911	22,976,062	2,378,636
Note Payable - Foundation	2,389,552	—	119,337	2,270,215	124,110
Note Payable - Airplanes	774,737	—	118,653	656,084	120,946
	99,393,359	—	7,523,237	91,870,122	7,651,453
Unamortized Premium On Bonds Payable	615,794	80	33,752	582,122	—
Total Long-Term Debt	100,009,153	80	7,556,989	92,452,244	7,651,453
Other Noncurrent Liabilities					
Accrued compensated absences	4,190,459	546,158	382,806	4,353,811	2,535,716
Accrued settlement	409,624	—	8,174	401,450	50,000
Other long-term liability	2,287,026	458,325	—	2,745,351	—
Total Other Noncurrent Liabilities	6,887,109	1,004,483	390,980	7,500,612	2,585,716
Total Long-Term Debt And Other Obligations	\$ 106,896,262	\$ 1,004,563	\$ 7,947,969	\$ 99,952,856	\$ 10,237,169

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Notes To Financial Statements (*Continued*)

Revenue Bonds Payable

On December 10, 2013, the University issued \$16,310,000 of Educational Facilities Revenue Bonds, Series 2013A with an average interest rate of 2.32% to advance refund \$17.4 million of outstanding 2009 Series bonds with interest rates ranging from 3.0% to 5.05%. The net proceeds of \$16.1 million (after payment of \$178,510 in underwriting fees and other issuance costs) plus an additional \$2.0 million of issuer funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2009 Series bonds. As a result, the 2009 Series bonds are considered to be defeased, and the liability for those bonds has been removed from the general ledger.

The University advance refunded the 2009 Series bonds to reduce its total debt service payments over the next 16 years by approximately \$6.6 million and to obtain an economic gain (difference between present values of the debt service payments on the old and new debt) of \$2.5 million.

On December 10, 2013, the University issued \$2,365,000 of Educational Facilities Revenue Bonds, Series 2013B-1. The bonds bear interest, payable semiannually, at a rate of 2.63%, which began April 1, 2014. Proceeds from the issuance of these private placement bonds are being used to finance renovation and equipping of Walton Stadium, including the lower level thereof, demolition of the existing stadium “horseshoe” seating and replacement with turf-grass landscape, construction of new visitor grandstands with permanent concessions and restrooms and construction of a new ticket booth and installation of upgraded perimeter fencing. Principal maturities begin October 1, 2014, and continue until October 1, 2023. The bonds are secured by the net revenues available for debt service of the University and other funds pledged to the payment of the bonds.

On December 10, 2013, the University issued \$3,770,000 of Educational Facilities Revenue Bonds Series, 2013B-2. The bonds bear interest, payable semiannually, at rates of 4.0% to 4.625%, which began April 1, 2014. Proceeds from the issuance of these bonds are being used to finance renovation and equipping of Walton Stadium, including the lower level thereof, demolition of the existing stadium “horseshoe” seating and replacement with turf-grass landscape, construction of new visitor grandstands with permanent concessions and restrooms and construction of a new ticket booth and installation of upgraded perimeter fencing. Principal maturities continue until October 1, 2034. The bonds are secured by the net revenues available for debt service of the University and other funds pledged to the payment of the bonds.

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Notes To Financial Statements (*Continued*)

On December 10, 2013, the University issued \$16,640,000 of Educational Facilities Revenue Bonds, Series 2013C-1. The bonds bear interest, payable semiannually, at a rate of 2.53%, which began April 1, 2014. Proceeds from the issuance of these private placement bonds are being used to finance construction of a new combined residential and retail (mixed use) facility. Principal maturities continue until October 1, 2023. The bonds are secured by the net revenues available for debt service of the housing system of the University.

On December 10, 2013, the University issued \$32,650,000 of Educational Facilities Revenue Bonds, Series 2013C-2. The bonds bear interest, payable semiannually, at rates of 3.795% to 5.0% which began April 1, 2014. Proceeds from the issuance of these bonds are being used to finance construction of a new combined residential and retail (mixed use) facility. Principal maturities continue until October 1, 2034. The bonds are secured by the net revenues available for debt service of the housing system of the University.

The debt service requirements as of June 30, 2018 are as follows:

Year Ending June 30,	Total To Be Paid	Principal	Interest
2019	\$ 6,530,095	\$ 4,175,491	\$ 2,354,604
2020	6,524,677	4,277,039	2,247,638
2021	6,524,620	4,389,039	2,135,581
2022	6,518,281	4,496,527	2,021,754
2023	6,412,813	4,507,451	1,905,362
2024 - 2028	24,118,288	16,415,575	7,702,713
2029 - 2033	21,861,392	17,711,420	4,149,972
2034 - 2036	8,485,850	8,080,000	405,850
Total	\$ 86,976,016	\$ 64,052,542	\$ 22,923,474

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Notes To Financial Statements (*Continued*)

Capital Lease Obligations

The University is obligated under leases accounted for as capital leases. Assets under capital lease at June 30, 2018 and 2017 totaled \$20,597,424 and \$22,976,062, respectively, net of accumulated depreciation of \$18,052,702 and \$15,503,897, respectively. The following is a schedule by year of future minimum lease payments under the capital lease including interest at rates of 0% to 7% together with the present value of the future minimum lease payments as of June 30, 2018:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 3,128,580
2020	3,128,580
2021	3,128,580
2022	3,128,580
2023	3,128,580
2024 - 2027	7,821,449
Total minimum lease payments	23,464,349
Less amount representing interest	2,866,925
<u>Present value of future minimum lease payments</u>	<u>\$ 20,597,424</u>

5. Related Party Transactions

At June 30, 2018 and 2017 the University had receivables from the Foundation in the amount of \$1,045,186 and \$902,879, respectively.

The University pays payroll expenses for some employees that are subsequently reimbursed by the Foundation. The total amount of wages paid by the University on behalf of the Foundation was \$352,055 and \$302,655 for the years ended June 30, 2018 and 2017, respectively. In addition, University employees provided services to the Foundation valued at \$910,830 and \$877,655 for the years ended June 30, 2018 and 2017, respectively, which were not reimbursed by the Foundation. There were no additional expenses paid directly by the University on behalf of the Foundation operations that were not reimbursed for the year ended June 30, 2018.

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Notes To Financial Statements (*Continued*)

Included in amounts due from foundation at June 30, 2018 and 2017 were receivables from the Foundation for reimbursements due of \$85,361 and \$36,200, respectively, for wages and benefits. The University also has receivables from the Foundation at June 30, 2018 and 2017 of \$567,851 and \$465,229, respectively, for miscellaneous services performed on behalf of the Foundation.

The University entered into a loan agreement with the Foundation on July 31, 2015 in the amount of \$2,389,552 at 4% interest with a 15-year maturity for the renovation of the Mules National Golf Course. Installment payments including principal and interest are \$214,919. At June 30, 2018 the balance on the loan was \$2,146,105.

The University entered into a loan agreement with the Foundation on December 31, 2017, in the amount of \$431,170 at 5% interest with a five year maturity for the replacement of the Kennedy Field Turf. The first installment payment including principal and interest of \$99,589 is due on December 31, 2018. At June 30, 2018 the balance on the loan was \$431,170.

6. Pension Plans

MOSERS

University of Central Missouri benefit eligible employees are provided with pensions through MOSERS - a cost-sharing multiple-employer defined benefit pension plan. Chapter 104.320 of the Revised Statutes of Missouri grants the authority to establish a defined benefit plan for eligible state and other related agency employees. MOSERS issues an annual Comprehensive Annual Financial Report (CAFR), a publicly available financial report that can be obtained at www.mosers.org.

MOSERS provides retirement, disability and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific plan in which the employee participates, which is based on the employee's hire date. Information on the three plans administered by MOSERS (MSEP, MSEP 2000 and MSEP 2011 retirement plans) and how eligibility and the benefit amount are determined for each plan may be found in the Notes to the Financial Statements of MOSERS' CAFR starting on page 28.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP2011 Plan are required to contribute 4.0 percent of their annual pay. The University's required contribution rate for the year ended June 30, 2018 was 19.45 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate for the MOSERS plan year ended June 30, 2017 was 19.45 percent, which is the year of measurement for the net pension liability. Contributions to the pension plan were \$10,099,301 and \$9,690,708 for the years ended June 30, 2018 and 2017, respectively.

At June 30, 2018 and 2017, the University reported a liability of \$150,787,953 and \$132,717,900, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The University's proportion of the net pension liability was based on the University's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for MOSERS plan year ended June 30, 2017. The University's proportion for the plan year ended June 30, 2017 was 2.8959 percent, an increase from its proportion of 2.8591 percent as of the June 30, 2016 measurement date.

During the MOSERS plan year ended June 30, 2017, there were changes to MSEP 2011 benefit provisions that reduced the actuarial accrued liability. There were no other changes in benefit terms during the MOSERS plan year ended June 30, 2017, that affected the measurement of total pension liability.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

For the year ended June 30, 2018, the University recognized pension expense of \$26,870,381. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 835,380	\$ 2,374,846
Changes of assumptions	13,231,451	378,445
Net difference between projected and actual earnings on pension plan investments	25,259,290	—
Changes in proportion and differences between University contributions and proportionate share of contributions	1,849,571	—
University contributions subsequent to the measurement date of 6/30/17	10,099,301	—
	<u>\$ 51,274,993</u>	<u>\$ 2,753,291</u>

For the year ended June 30, 2017, the University recognized pension expense of \$20,954,853. At June 30, 2017, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 1,366,859	\$ 387,764
Changes of assumptions	13,818,510	797,727
Net difference between projected and actual earnings on pension plan investments	21,684,761	—
Changes in proportion and differences between University contributions and proportionate share of contributions	1,865,488	—
University contributions subsequent to the measurement date of 6/30/16	9,690,708	—
	<u>\$ 48,426,326</u>	<u>\$ 1,185,491</u>

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

The amount of \$10,099,301 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date of June 30, 2017 will be recognized as a reduction of the net pension liability in the University's year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the University's fiscal year following MOSERS' fiscal year as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 13,184,171
2020	16,828,533
2021	6,490,452
<u>2022</u>	<u>1,919,245</u>
	<u>\$ 38,422,401</u>

The total pension liability in the June 30, 2017 actuarial valuation, which is also the date of measurement for GASB 68 purposes, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Actuarial Assumptions</u>	
Inflation	2.5 percent, approximate
Salary increases	3.25 to 8.75 percent for fiscal year 2017 and 3.0 percent annually, average, including inflation thereafter
Wage Inflation	3 percent
Investment rate of return	7.5 percent per year, compounded annually, net after investment expenses and including inflation

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015. In addition, the Board reaffirmed its previous decision to reduce the investment return assumption from 7.65% to 7.5% for the June 30, 2017 valuation. There were no other changes in assumptions.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Mortality rates for post-retirement mortality are based on the RP-2014 Healthy Annuitant mortality table, projected to 2026 with Scale MP-2015 and scaled by 120%. The pre-retirement mortality table used is the RP-2014 Employee mortality table, projected to 2026 with Scale MP-2015 and scaled by 95% for males and 90% for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate rates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in MOSERS target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Policy Allocation	Long-Term Expected Real Rate Of Return*	Weighted Average Long-Term Expected Real Rate Of Return
Opportunistic global equity	38.0%	5.5%	2.1%
Nominal bonds	44.0%	1.0%	0.5%
Commodities	20.0%	4.5%	0.9%
Inflation-linked bonds	39.0%	0.8%	0.3%
Alternative beta	31.0%	4.5%	1.4%
	<u>172.0%</u>		<u>5.2%</u>

*Represent best estimates of geometric rates of return for each major asset class

The discount rate used to measure the total pension liability was 7.5 percent. 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 contributions from employers will be made at required rates, actuarially determined. 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.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
University's proportionate share of the net pension liability	\$ 194,142,994	\$ 150,787,953	\$ 114,321,138

Detailed information about the pension plan's fiduciary net position is available in the separately issued MOSERS financial report.

As of June 30, 2018 and 2017, the University had payables of \$507,360 and \$512,002, respectively, to MOSERS due to end of fiscal year processing.

CURP

As of July 1, 2002, all faculty on full-time, regular appointment were enrolled in the College and University Retirement Plan (CURP) if they had not previously been enrolled in MOSERS. CURP is a noncontributory 401(a) defined contribution retirement plan that uses TIAA-CREF as its third-party administrator. In 2018 and 2017, the University contributed 6.19 percent and 5.67 percent, respectively, of the participant's salary to CURP each month. The University's contributions to the plan for the years ended June 30, 2018, 2017 and 2016, were \$1,322,476, \$1,241,098 and \$1,198,082, respectively. CURP provides a retirement program, which offers interstate portability, immediate vesting and no minimum service requirement. Contributions made by the University are self-directed by participants into their selected individual accounts. After participating in CURP for at least six years, a faculty member may elect to become a member of MOSERS.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Termination Benefits

During the 2016-17 fiscal year, the University approved a one-time voluntary retirement incentive benefit plan. To be eligible, employees were required to have been a benefits-eligible faculty or staff employee, eligible for MOSERS retirement prior to May 31, 2018 or a CURP participant whose age plus years of service equal 70 on or before May 31, 2018. Under the plan, employees who took advantage of this incentive receive one of the following options:

- One-time payment of one week of base pay for each year of benefits-eligible year of service up to a maximum 25 weeks of pay and \$7,500 insurance benefits payment for employees who were a current participant in the University's health insurance plan at time of program application.
- One-time payment of one week of base pay for each year of benefits-eligible year of service up to a maximum 25 weeks of pay.

During fiscal year 2018, payments to retired employees under this plan totaled \$3,080,279 for retirement compensation. Estimates under the plan were booked as an accrual at the end of fiscal year 2017 in the amount of \$3,355,398. As of June 30, 2018 the incentive obligations associated with the plan were paid in full.

7. Health Care Benefits

Employee Health And Welfare Benefits

The University obtains employee health and welfare insurance through commercial insurers. The coverage is fully insured and the University neither assumes nor discharges claims for its participating members or their dependents.

Effective January 1, 2018, the University discontinued their alternative funding arrangement and converted to a traditional health insurance plan. As part of the previous modified cost-plus health insurance contract, the University maintained a balance of \$1,219,075 in the health trust account, accounted for by the University as restricted cash, to be used to make health insurance claim payments for the covered period after the end of the contract. Based on the analysis of fiscal year end estimated claims to be minimal, the amount has been reclassified as unrestricted cash.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

On January 1, 2016, the University amended the modified cost-plus health insurance contract to implement an alternative funding arrangement. As part of the amended agreement, the University, in essence, operated in a self-insured capacity for employee health and welfare benefits through internally maintained funds. Claims and expenses were reported when it is probable that a claim had occurred and the amount of the expense was reasonably estimated. The expense included an estimate of claims that have been incurred but not reported.

The total reported liability for insurance obligations for the year ended June 30, 2018 is as follows:

Beginning Balance, July 1, 2017	\$ 2,017,307
Claims incurred (including fees)	5,558,838
Claim payments	(6,399,243)
Clear Health Trust Accrual	(1,138,402)
<hr/>	
Balance, June 30, 2018	\$ 38,500
<hr/>	

Other Postemployment Benefit Plan

Plan Description: In addition to the pension benefits described in Note 6, the University provides for lifetime post-retirement medical / Rx insurance coverage. The University's other postemployment benefit plan (the Plan) is a single-employer defined benefit other postemployment benefit plan authorized by the Board of Governors and benefits and amendments to the Plan are approved by the Board. The Plan is funded on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Employees covered by benefit terms: At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees and/or spouses	61
Active employees	<u>1,025</u>
	<u>1,086</u>

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (Continued)

Benefits Provided: Depending upon the year of retirement, the University pays a portion of the plan premium up to age 65. In all cases all members on Medicare and pre-65 spouses are required to pay the full plan premium to maintain coverage. The pre-65 retiree plan premiums are reflective of expected retiree costs while the Medicare retiree plan premiums are not. Thus, an age-subsidy is valued for Medicare retirees. The age-subsidy reflects the difference between the age-adjusted cost and the plan premium. The University pays the full portion of the premium for retirees that retired prior to January 1, 2007, until the retiree reaches Medicare eligibility. For retirees retiring between January 1, 2007, and December 31, 2016, the University will pay a portion of the premium, based on retirement date. Qualified retirees retiring after December 31, 2016, will be eligible to participate in the University's plan prior to age 65 only by paying the full cost of the premium established for pre-Medicare eligible retirees. Premiums are reviewed and set annually based on projections and claims history provided by the insurance carrier. Retiree claims are included in the cost pool with active employees, resulting in a lower retiree age-adjusted premium. Retiree benefits are measured using age-adjusted costs. The excess of expected cost by age less retiree contribution premiums equals the employer provided benefit and is included in the calculation of the University's obligation under GASB 75.

Total OPEB Liability and Changes in OPEB Liability: The University's total OPEB liability was based on an actuarial valuation dated July 1, 2017 using a measurement date of June 30, 2018 and the changes in the OPEB liability are as follows:

Net OPEB liability - beginning of year (GASB 45)	\$ 2,695,351
<u>GASB 75 Implementation Adjustment (Note 1)</u>	<u>1,235,557</u>
Net OPEB liability - beginning of year (as restated under GASB 75)	3,930,908
Service costs	9,121
Interest	130,106
Changes in assumptions and inputs	33,313
<u>Employer contributions (benefit payments)</u>	<u>(226,756)</u>
<u>Net OPEB liability - end of year</u>	<u>\$ 3,876,692</u>

The net OPEB liability is included in the other long-term liability within the statement of net position at June 30, 2018.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Changes for the July 1, 2017 actuarial valuation relative to the July 1, 2015 valuation include the following:

- 1) The retirement, disability and turnover assumptions were updated when applicable based on the latest statistics from MOSERS.
- 2) The assumed healthy life mortality was updated to reflect the Society of Actuaries RPH-2014 adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2017 Full Generational Improvement.
- 3) The per capita costs, retiree contribution premiums and trend assumptions were updated as part of the actuarial evaluation.
- 4) The discount rate was changed from 3.50% (July 1, 2015) to 3.40% (July 1, 2017) and ultimately 3.30% when rolled forward to the measurement date of June 30, 2018.
- 5) It is assumed that 1% of future employees retiring at \geq Age 65 will elect coverage in the University's program. Future employees retiring at $<$ Age 65 assumed not to elect University sponsored coverage.
- 6) The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal – Level Percent of Pay.
- 7) The assumed salary scale is 2% per year.

The net OPEB obligation is reported as a component of other long-term liabilities on the statement of net position.

Actuarial valuations reflect a long-term perspective and involve estimates of the value reported amounts and assumptions about the probability of events far into the future. Actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities. These calculations are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. As allowed by GASB, this reporting requirement is being implemented prospectively. Data is not available for prior years. The actuarial calculations have been based on the substantive plan in place at the time of valuation and on the pattern of cost sharing between the employers and members to that point.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Actuarial Assumptions and Other Inputs: The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions	
Actuarial cost method	Entry Age Normal -Level Percent of Pay
Valuation date	July 1, 2017
Measurement date	June 30, 2018
Salary Scale	2%
UAAL amortization method	Level dollar amount
UAAL amortization period, closed/open	5 years, open
Discount rate	3.3% (Measurement Date)
	3.4% (Year Preceding Measurement Date)
Mortality	RPH - 2014 adjusted to 2006 total dataset headcount-weighted mortality with MP-2017 full generational improvement
Healthcare cost trend rates	7.50% decreasing to ultimate rate of 5.00%

To the extent Plan assets are projected to be sufficient to make projected benefit payments, the discount rate will equal the expected return on such assets. To the extent the Plan is not projected to be sufficient make future benefit payments the yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher should be factored in. Plan assets do not apply to the University's program. In order to determine the municipal bond rate we took the average of the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes. The selected average rates are 3.30% (measurement date) and 3.40% (year preceding measurement date). These were used as the discount rates to determine present value costs.

GASB 75 requires full update valuations every 2 years unless material change occurs. In this context a "full" valuation is meant to entail an updated census and revised analysis of per capita costs/assumptions/actuarial methods. A full valuation will be needed for fiscal year 2019-20. Though a full valuation is not required for fiscal year 2018-19 (assuming no material changes) the OPEB expense and OPEB liability will need to be re-measured using the published bond rates as of the measurement date of June 30, 2019.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the University, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.3 percent) or 1-percentage-point higher (4.3 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 4,240,626	\$ 3,876,692	\$ 3,565,465

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the University, as well as what the University's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 3,549,806	\$ 3,876,692	\$ 4,253,968

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2018, the University recognized OPEB expense of \$143,245. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Category</u>	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ —	\$ —
Changes in assumption (discount rate)	29,295	—
Contributions subsequent to the measurement date	—	—
	<u>\$ 29,295</u>	<u>\$ —</u>

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 4,018
2020	4,018
2021	4,018
2022	4,018
2023	4,018
Thereafter	9,205
	<u>\$ 29,295</u>

8. Commitments And Contingencies

Claims And Litigation

The University is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The University administration believes the ultimate disposition of the actions will not have a material effect on the financial statements of the University. At June 30, 2018 and 2017, there was no accrual recorded in the statement of net position related to these matters.

Government Grants

The University is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

Construction Contracts

The University had outstanding commitments of approximately \$6,967,997 related to construction contracts at June 30, 2018.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Current Economic Conditions

The current economic environment presents universities with unprecedented circumstances and challenges, which in some cases may result in declines in enrollment revenue, governmental support and contributions; constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the University.

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

The changes possible in this environment could result in future adjustments to the values of assets and liabilities, such as allowances for student receivables. The University could experience difficulty maintaining sufficient liquidity should significant changes occur.

Perkins Loan Program

Effective October 1, 2017, the United States Department of Education (ED) did not renew the Federal Perkins Loan Program. As a result, after a brief transition period, no new loans can be disbursed to students. The current guidance provided by the ED stipulates that as cash is collected by the University from loans disbursed prior to October 1, 2017, such funds are to be remitted back to ED on a proportional basis (the Perkins program was originally funded by ED with a small percentage matched by the University). Given this recent guidance, the University has determined that it is probable that ED, as the provider of the original resource, will require the University to return all of the resources originally received under this program. At the time of the receipt of the resources, the University recorded nonexchange revenues, and thereby, the balance of the resources provided by ED resides in the University's restricted net position.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

Each year an Excess Liquid Cash calculation is made by the University to calculate required amounts to be returned to ED. The amount calculated to be returned during the year ended June 30, 2019 from activity during 2018 is \$926,016, which is included in accounts payable and accrued liabilities within the Statement of Net Position at June 30, 2018.

Operating Leases

The University occupies portions of the Missouri Innovation Campus facility for the use of classrooms, meeting rooms, and other instructional spaces in accordance with the lease agreement between the Lee's Summit R7 School District and the University.

The initial term of the lease shall be twenty years from the lease commencement date of August 7, 2017.

The base rent payment is calculated as 60% of the overall cost of the land purchase, financing expense, building design, and construction of the campus facility, amortized over a twenty year period. Payment is to be in equal semi-annual installments on January 1 and July 1.

Future minimum lease payments to be recorded in other operating expenses as of July 2018 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 1,593,950
2020	1,595,240
2021	1,595,786
2022	1,595,587
2023	1,594,644
2024 - 2028	7,979,575
2029 - 2033	7,983,247
2034 - 2036	4,788,201
	<u>\$ 28,726,230</u>

Rent expense for the year ended June 30, 2018 was \$1,595,750. The lease provides for adjustments for a contingent rent based on space utilization.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

When the aggregate of future minimum lease payments for certain leases specify periodic rent increases, they are recognized on a straight-line basis over the terms of the related lease. The difference between rent expense calculated on a straight-line basis and rent paid is recorded as accrued rent. In the University's current lease situation, management does not have a basis for estimating whether future lease payments will vary from the lease payments as presented and therefore have not recorded accrued rent.

9. Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to workers' compensation and natural disasters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The State of Missouri self-insures workers' compensation benefits for all state employees, including University employees. Claims are administered by the Missouri Office of Administration, Risk Management Section.

10. University Of Central Missouri Foundation

Financial Statement Presentation

The financial statements of the Foundation are presented in accordance with the provisions of the FASB ASC. The FASB ASC requires the Foundation to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. The FASB ASC establishes standards for external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and a statement of cash flows.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Investments

The Foundation's investment portfolio at June 30, 2018 and 2017 is composed of the following:

	Fair Value	
	2018	2017
Money market mutual funds	\$ 458,965	\$ —
Domestic equity	21,894,595	20,062,510
International equity	7,055,916	6,987,399
Fixed income	20,135,319	18,117,791
Alternative	3,427,463	3,532,836
Real estate investment trust	—	281,212
Real estate held as an investment	318,000	314,000
	\$ 53,290,258	\$ 49,295,748

FASB ASC 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides 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 (Level 1 measurements) and the lowest priority to significant unobservable inputs (Level 3 measurements).

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobserved and significant to the fair value measurement.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobserved inputs.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used at June 30, 2018 and 2017.

Beneficial Interest In Charitable Trusts, Net

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Cash Surrender Value Of Life Insurance

Represents life insurance policies for which the Foundation is the beneficiary and, as such, the carrying values approximate fair value.

The proceeding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

The following table set forth, by level within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds				
Money market	\$ 458,965	\$ —	\$ —	\$ 458,965
Domestic equity	10,493,884	—	—	10,493,884
International equity	7,031,115	—	—	7,031,115
Common stock				
Domestic	6,947,419	—	—	6,947,419
International	24,801	—	—	24,801
Exchange traded funds				
Domestic	4,453,292	—	—	4,453,292
Fixed income investments				
Mortgage	—	1,395,256	—	1,395,256
Credit	38,260	10,389,295	—	10,427,555
U.S. Treasuries	2,244,662	—	—	2,244,662
Agencies	—	1,585,448	—	1,585,448
Asset-backed securities	—	929,982	—	929,982
Taxable municipal bonds	—	2,062,931	—	2,062,931
Diversified taxable mutual funds	445,846	—	—	445,846
Domestic preferred stock	203,130	—	—	203,130
Taxable high-yield funds	641,359	—	—	641,359
Emerging markets	199,150	—	—	199,150
Alternative investments				
Hedge funds	2,912,241	—	—	2,912,241
Infrastructure	14,383	—	—	14,383
Commodities	500,839	—	—	500,839
Real estate held as an investment	—	—	318,000	318,000
Total Investments	36,609,346	16,362,912	318,000	53,290,258
Beneficial Interests In Trusts				
	—	—	930,711	930,711
	\$ 36,609,346	\$ 16,362,912	\$ 1,248,711	\$ 54,220,969

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

The following table sets forth, by level within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds				
Domestic equity mutual funds	\$ 9,508,463	\$ —	\$ —	\$ 9,508,463
International equity mutual funds	6,972,626	—	—	6,972,626
Common stock				
Domestic	6,389,183	—	—	6,389,183
International	—	—	—	—
Exchange traded funds				
Domestic	4,164,863	—	—	4,164,863
International	14,773	—	—	—
Fixed income investments				
Mortgage	—	1,310,657	—	1,310,657
Credit	101,469	9,424,541	—	9,526,010
U.S. Treasuries	1,814,431	—	—	1,814,431
Agencies	—	1,470,956	—	1,470,956
Asset-backed securities	—	1,041,721	—	1,041,721
Taxable municipal bonds	—	1,703,244	—	1,703,244
Diversified taxable mutual funds	326,355	—	—	326,355
Taxable high-yield funds	657,182	—	—	657,182
Emerging markets	216,522	—	—	216,522
Tax-exempt revenues	—	50,715	—	50,715
Alternative investments				
Hedge funds	2,739,331	—	—	2,739,331
Infrastructure	793,504	—	—	793,504
Traded real estate	281,212	—	—	281,212
Real estate held as an investment	—	—	314,000	314,000
Total Investments	33,979,914	15,001,834	314,000	49,295,748
Beneficial Interests In Trusts				
	—	—	937,846	937,846
	\$ 33,979,914	\$ 15,001,834	\$ 1,251,846	\$ 50,233,594

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

The table below sets forth a summary of changes in the fair value of the Foundations Level 3 assets for the years ended June 30, 2018, 2017 and 2016:

	<u>Real Estate</u>	<u>Beneficial Interest</u>	<u>Total</u>
Fair Value - July 1, 2016	\$ 314,000	\$ 867,580	\$ 1,181,580
Transfers into Level 3	—	—	—
Total gains or losses (realized and unrealized)	—	70,266	70,266
Contributions	—	—	—
Purchases	—	—	—
Sales	—	—	—
Fair Value - June 30, 2017	314,000	937,846	1,251,846
Transfers into Level 3	—	—	—
Total gains or losses (realized and unrealized)	4,000	31,069	35,069
Contributions	—	—	—
Actuarial loss of annuity obligations	—	(36,369)	(36,369)
Purchases	—	13,676	13,676
Sales	—	(15,511)	(15,511)
Fair Value - June 30, 2018	\$ 318,000	\$ 930,711	\$ 1,248,711

Contributions Receivable

Contributions receivable consists of unconditional gifts and bequests to be received in future periods and have been discounted to their present value based on anticipated payment streams. The present value of the annual amount of contributions receivable to be realized at June 30, 2018 and 2017 is as follows:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Due within one year	\$ 161,963	\$ 150,634
Due in one to five years	1,154,697	1,330,341
Due in more than five years	89,845	99,238
	<u>1,406,505</u>	<u>1,580,213</u>
Less:		
Allowance for uncollectible promises	215,294	42,669
Unamortized discount	35,032	35,186
	<u>\$ 1,156,179</u>	<u>\$ 1,502,358</u>

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Net Assets

Endowment net assets at June 30, 2018 and 2017 by type of fund consisted of the following:

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ —	\$ 16,600,922	\$ 25,319,820	\$ 41,920,742
Board-designated endowment funds	3,480,142	—	—	3,480,142
	\$ 3,480,142	\$ 16,600,922	\$ 25,319,820	\$ 45,400,884

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ —	\$ 2,324,885	\$ 24,069,428	\$ 26,394,313
Board-designated endowment funds	3,301,279	13,195,083	—	16,496,362
	\$ 3,301,279	\$ 15,519,968	\$ 24,069,428	\$ 42,890,675

The following classifications reflect the nature of restrictions on temporarily and permanently restricted net assets at June 30, 2018 and 2017:

	June 30, 2018		June 30, 2017	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Scholarships	\$ 5,940,627	\$ 22,964,470	\$ 5,629,154	\$ 22,258,802
TV institutional support	188,612	12,071	152,943	3,906,795
Student services - athletics	352,138	106,357	269,916	83,332
Instruction and other departmental	7,312,946	3,644,722	6,609,963	12,071
Institutional support - plant facilities	2,538,375	40,245	2,878,441	40,245
Net accumulated earnings in excess of approved payout	6,814,719	—	5,771,030	—
	\$ 23,147,417	\$ 26,767,865	\$ 21,311,447	\$ 26,301,245

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

11. Subsequent Events

On August 29, 2018, the University issued the following debt: \$7,075,000 in Educational Facilities Revenue Bonds, Series 2018A, with interest rates ranging from 3.375% - 5.0% with principal maturities continuing until October 1, 2033 and \$3,670,000 in Educational Facilities Revenue Bonds, Series 2018B, with interest rates ranging from 3.25% - 4.0% with principal maturities continuing until October 1, 2034.

Required Supplementary Information

**UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI**

**OTHER POSTEMPLOYMENT BENEFITS -
SCHEDULE OF CHANGES IN THE UNIVERSITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
June 30, 2018**

<u>Total OPEB Liability</u>	<u>June 30, 2018</u>
Service cost	\$ 9,121
Interest	130,106
Changes in benefit terms	—
Differences between expected and actual experience	—
Changes in assumptions or other inputs	33,313
Benefit payments	<u>(226,756)</u>
Net change in total OPEB liability	(54,216)
Total OPEB liability - beginning	<u>3,930,908</u>
 Total OPEB liability - ending	 <u><u>\$ 3,876,692</u></u>
 Covered-employee payroll	 \$ 55,605,898
Total OPEB liability as a percentage of covered-employee payroll	7%

Notes: The above schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes Of Benefit Terms Or Assumptions

- 1) The retirement, disability and turnover assumptions were updated when applicable based on the latest statistics from MOSERS.
- 2) The assumed healthy life mortality was updated to reflect the Society of Actuaries RPH-2014 adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2017 Full Generational Improvement.
- 3) The per capita costs, retiree contribution premiums and trend assumptions were updated as part of the actuarial evaluation.
- 4) The discount rate was changed from 3.50% (July 1, 2015) to 3.40% (July 1, 2017) and ultimately 3.30% when rolled forward to the measurement date of June 30, 2018.
- 5) It is assumed that 1% of future employees retiring at \geq Age 65 will elect coverage in the University's program. Future employees retiring at $<$ Age 65 assumed not to elect University sponsored coverage.
- 6) The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal – Level Percent of Pay.
- 7) The assumed salary scale is 2% per year.

**UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI**

**SCHEDULES OF SELECTED PENSION INFORMATION
MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM
June 30, 2018**

Schedule Of University's Proportionate Share Of The Net Pension Liability

	Plan Fiscal Year End			
	2017	2016	2015	2014
University's proportion of the net pension liability	2.8959%	2.8591%	2.8410%	2.7413%
University's proportionate share of the net pension liability	\$ 150,787,953	\$ 132,717,900	\$ 91,236,621	\$ 64,634,510
University's covered payroll	56,998,231	55,002,021	50,573,280	52,233,469
University's proportionate share of net pension liability as a percentage of its covered payroll	264.55%	239.69%	165.88%	127.80%
Plan fiduciary net position as a percentage of the total pension liability	60.41%	63.60%	72.62%	79.49%

Schedule Of University's Contributions

	Univeristy Fiscal Year End			
	2018	2017	2016	2015
Required contribution	\$ 10,099,301	\$ 9,690,708	\$ 9,333,841	\$ 8,946,847
Contributions in relation to the required contribution	10,099,301	9,690,708	9,333,841	8,946,847
Contribution deficiency	—	—	—	—
University's covered payroll	51,924,427	56,998,231	55,002,021	50,573,280
Contributions as a percentage of covered payroll	19.45%	16.97%	16.97%	17.69%

Notes:

Above schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Information provided is based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.

Changes Of Benefit Terms Or Assumptions

Senate Bill 62 (SB 62), which contained changes to the benefit structure for MSEP 2011, was passed by the 2017 legislature. The provisions of the bill decreased vesting from ten to five years of service, but also included provisions that essentially offset the cost of the vesting change. As a result, SB 62 had not impact on the employer contribution rate and created a decrease to the UAAL of \$1.6 million.

Changes to assumptions in the valuation reports for the plan year ended June 30, 2017 include the reduced investment return used in the June 30, 2017 valuation to 7.5%.

Supplementary Information

**UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI**

**STADIUM BONDS - SERIES 1999 AND SERIES 2013B
June 30, 2018**

Revenues

Foundation Suite Revenue (Chart F)	\$ 54,331
Walton Stadium	
Building rent income	7,450
Men's Football	
Advance ticket sales	17,323
Season tickets	13,268
Single game tickets	30,659
Programs/seats	1,712
General Fund Transfer For Walton Stadium	
Bond Payment (Series 2013B)	432,858

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

CONDENSED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
STUDENT HOUSING SYSTEM
June 30, 2018

Operating Revenues	
Housing, net of bad debt expense	\$ 27,433,401
Bookstore, net of bad debt expense	4,569,978
University union fee	2,280,846
Tuition and fees	6,880
Other operating revenues	1,321,755
Total Operating Revenue	<u>35,612,860</u>
Operating Expenses	
Compensation and benefits	3,544,605
Contractual services	9,177,582
Supplies and services	3,420,154
Scholarships	3,500
Utilities	2,542,534
Debt service	4,457,053
Other	11,000,438
Total Operating Expenses	<u>34,145,866</u>
Operating Gain	1,466,994
Nonoperating Revenues (Expenses)	
Other nonoperating revenues	460,960
Other nonoperating expenses	(40,164)
Income Before Other Revenues And Expenses, Gains Or Losses	<u>1,887,790</u>
Add Back Debt Service Payments (Net)	
Student housing	3,992,103
University Store	421,274
Student union	43,676
Total Debt Service Payments	<u>4,457,053</u>
Add Back Capital Improvement Transfers	2,580,959
Net Operating Revenue Before Debt Service Payments	8,925,802
Net Operating Revenue As A % Of Debt Service	200%

1. Basis Of Presentation

The condensed statements of revenues, expenses and changes in net position present the financial position and results of operations of certain activities of the University's Student Housing System Funds, defined as Student Dormitories, Bookstore and Student Union and pledged as collateral on the University's Series 2009 Refunding Revenue Bonds.

In accordance with University procedure, the University's liability for other postemployment and pension benefits is not allocated internally to individual departments and funds. Accordingly, no liability for other postemployment benefits is reflected in this schedule.

**UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI**

**INSURANCE COVERAGE
STUDENT HOUSING SYSTEM BONDS**

**Page 1 Of 3
June 30, 2018**

An insurance package policy purchased through the Midwestern Higher Education Compact (MHEC) program, provides all risk coverage on buildings and contents. The following insurance coverages are in force at the University as of June 30, 2018:

1. Lexington Insurance Company, Policy No. 066095351, (60%); Zurich, Policy No. ERP-0174168-02, providing \$100,000,000 all risk coverage on scheduled buildings and other property. There is a shared captive retention layer of \$1,000,000 per occurrence and \$7,850,693 aggregate through the Midwestern Higher Education Compact (MHEC).
2. Lexington Insurance Company, Policy No. 66095363 (60%) and Zurich Policy No. ERP 019811500 (40%): furnishes the secondary layer of shared coverage, which is \$400,000,000 excess of the \$100,000,000 layer.
3. Zurich, Policy No. XPP00174448-02, (20%); AIG, Policy No. 25030902 (60%), Westport Insurance Corp., Policy No. NAP 0453214-02 (20%): furnishes the third layer of shared coverage, which is \$500,000,000 excess of the \$500,000,000.

**UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI**

**INSURANCE COVERAGE
STUDENT HOUSING SYSTEM BONDS**

**Page 2 Of 3
June 30, 2018**

	Amount Of Coverage	
	Building	Contents
Residential complex (included in blanket figures)		
Diemer Hall	\$ 6,376,961	\$ 137,608
South Ellis Hall	10,595,639	175,482
East Ellis Hall	12,470,358	193,157
North Ellis Hall	13,497,433	236,081
Foster Knox Hall	8,711,147	311,829
Fraternity Hall	11,521,304	459,539
Hudson Hall	11,392,498	1,311,505
University Conference Center	12,740,144	377,477
Hosey Hall	7,546,137	342,128
Nattinger-Bradshaw Hall	19,764,011	679,208
Nickerson Hall	9,860,137	275,219
Panhellenic Hall	10,435,115	402,727
South Todd Hall	2,779,878	145,183
Todd Hall	8,488,302	411,566
South Yeater Hall	15,128,800	427,976
Yeater Hall	9,125,118	275,219
Knox Hall	7,323,933	238,605
Houts Hall	7,857,415	383,791
Fitzgerald Hall	15,858,695	488,575
Apartments (included in blanket figures)		
Greenwood 4-Plex #2	513,578	10,100
Greenwood 4-Plex #3	513,578	10,100
Greenwood 4-Plex #4	513,578	10,100
Greenwood 4-Plex #6	513,578	10,100
Greenwood 4-Plex #8	513,578	10,100
Greenwood 4-Plex #10	513,578	10,100
Greenwood 4-Plex #12	513,578	10,100

**UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI**

**INSURANCE COVERAGE
STUDENT HOUSING SYSTEM BONDS**

**Page 3 Of 3
June 30, 2018**

	Amount Of Coverage	
	Building	Contents
<i>Apartments (included in blanket figures - continued)</i>		
Greenwood 4-Plex #13	\$ 513,578	\$ 10,100
Greenwood 4-Plex #14	513,578	10,100
Greenwood 4-Plex #16	513,578	10,878
Greenwood Handicap Unit	280,780	5,050
Greenwood VIP Unit	260,724	78,274
Greenwood Community Center	618,100	10,100
Central Village 8-Plex #1	1,468,383	21,461
Central Village 8-Plex #2	1,016,875	21,461
Central Village 8-Plex #3	1,468,383	21,461
Central Village 8-Plex #4	1,017,255	21,461
Central Village 8-Plex #5	1,468,383	21,461
Central Village 8-Plex #6	1,017,255	21,461
Central Village Community Building	740,894	21,632
Central Village 8-Plex #8	1,017,255	21,461
Central Village 8-Plex #9	1,017,255	21,461
Central Village 8-Plex #10	1,017,255	21,461
Central Village 8-Plex #12	1,017,255	21,461
The Crossing	47,387,688	3,090,903
<i>Stadium</i>		
Walton Stadium	10,297,550	2,087,843
Walton Stadium Field	1,301,577	—
<i>Other (included in blanket figures)</i>		
University Union	29,127,915	3,996,449
Ellis Mechanical Building	264,211	1,092,414
Greenwood Morton Building	159,358	—
<i>Liability insurance</i>		
<i>Covered under the state legal expense fund</i>		
<i>(Statutory limit)</i>		
Per person	300,000	—
Per occurrence	2,000,000	—
Crime	1,000,000	—

**UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI**

**ENROLLMENT AND OCCUPANCY STATISTICS
STUDENT HOUSING SYSTEM BONDS**

June 30, 2018

	<u>Headcount</u>	<u>Full-time Equivalent</u>	<u>Semester Credit Hours</u>
Summer 2016			
Undergraduate	3,202	2,089	15,668
Graduate	2,308	2,288	13,723
Fall 2016			
Undergraduate	9,801	8,135	122,017
Graduate	2,532	1,315	15,783
Spring 2017			
Undergraduate	9,545	7,498	112,477
Graduate	2,258	1,170	14,020

Statistics on the occupancy of the University's housing facilities are as follows:

<u>Residence Halls</u>		<u>Apartments</u>	
<u>16 - 17</u>	<u>17-18</u>	<u>16 - 17</u>	<u>17 - 18</u>
86%	85%	93%	90%

The following information sets forth the living choices of undergraduate students for the Fall 2017 semester:

Total on-campus	30.9%
Total off-campus	<u>69.1%</u>
Total	100.0%

Room and board charges for the fiscal years ended June 30, 2018 and 2017 are as follows:

	<u>Rate</u>	
	<u>2018</u>	<u>2017</u>
Residence halls (per semester)		
Single occupancy room	\$ 3,297	\$ 3,244
Double occupancy room	2,697	2,644
Apartments (per month)		
Central Village - one-bedroom	594	582
Central Village - two-bedroom	717	703
Central Village - three-bedroom	857	840
Foster/Knox	727	713
Greenwood Park	783	768
Nickerson	727	713
Todd - one-bedroom	727	713
Todd - two-bedroom	896	878
The Crossing 2 BR, per person	676	663
The Crossing 4 BR, per person	578	567
The Crossing 4 BR - 2 story, per person	653	714
Basic meal plan (per semester)	1,571	1,515

A student union fee is charged each student, each semester as follows:

	<u>2018</u>	<u>2017</u>
University Union Fee		
Per credit hour (<9 credit hours)	\$ 7	\$ 7
Flat rate (9+ credit hours)	111	111