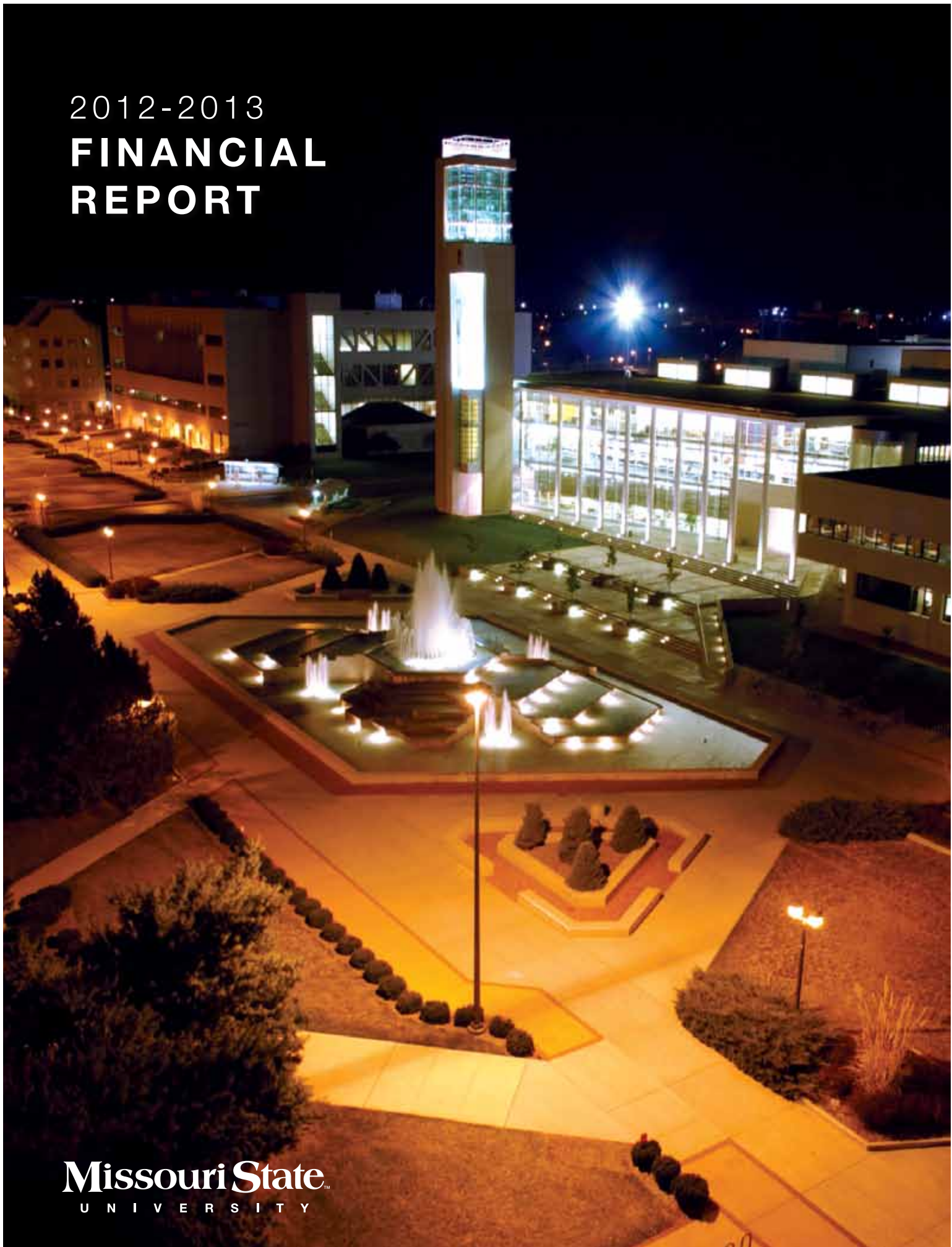


2012-2013  
**FINANCIAL  
REPORT**





## Table of Contents

<b>Independent Auditor’s Report on Financial Statements and Supplementary Information</b> . . . . .	4
<b>Management’s Discussion and Analysis</b> . . . . .	6
<b>Financial Statements</b>	
Statements of Net Position . . . . .	14
Statements of Revenues, Expenses and Changes in Net Position. . . . .	16
Statements of Cash Flows . . . . .	18
Notes to Financial Statements . . . . .	20
<b>Required Supplementary Information</b>	
Schedule of Funding Progress – Other Post-Employee Benefits . . . . .	50
<b>Supplementary Information</b>	
Condensed Statements by Campus . . . . .	52



## Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Governors  
Missouri State University  
Springfield, Missouri

### Report on the Financial Statements

We have audited the accompanying financial statements of Missouri State University and its discretely presented component unit, collectively a component unit of the State of Missouri, which are comprised of statements of net position as of June 30, 2013 and 2012, and statements of revenues, expenses and changes in net position and statements of cash flows for the years then ended and the related notes to the financial statements, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 Missouri State University Foundation, a 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Governors  
Missouri State University  
Page 2

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Missouri State University and of its discretely presented component unit as of June 30, 2013 and 2012, and the respective changes in its financial position and its cash flows, where applicable, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Required Supplementary Information**

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

### **Other Information**

Our audits were conducted for the purpose of forming opinions on the basic financial statements as a whole. The Condensed Statements by Campus listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2013, on our consideration of Missouri State University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal 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's internal control over financial reporting and compliance.

**BKD, LLP**

Springfield, Missouri  
November 14, 2013

# Missouri State University

## A Component Unit of the State of Missouri

### Management's Discussion and Analysis

#### Years Ended June 30, 2013 and 2012

We are providing Missouri State University's (the "University") discussion and analysis of our financial statements and related notes as of June 30, 2013 and 2012, and for the fiscal years then ended. Three statements are described in the following discussion and analysis: The Statement of Net Position, which presents the assets, liabilities and net position of the institution as of the end of the fiscal year, the Statement of Revenues, Expenses and Changes in Net Position, which reflects revenues and expenses recognized during the fiscal year, and the Statement of Cash Flows, which provides information on all of the cash inflows and outflows for the institution by major category during the fiscal year.

We hope this information will assist you as you seek to understand the University's financial position and operating activities, accomplishments and challenges. As you read through the next few pages, please review and refer to the Statements of Net Position, Revenues, Expenses and Changes in Net Position and Cash Flows in addition to the Notes to the Financial Statements that we have described above.

#### **Overview**

Missouri State University is a public, comprehensive metropolitan university system with a statewide mission in public affairs with an enrollment of over 23,000, whose purpose is to develop educated persons while guided by three overarching and enduring commitments to student learning, inclusive excellence and institutional impact. The University's identity is distinguished by its statewide mission in public affairs, requiring a campus-wide commitment to foster competence and responsibility in the common vocation of citizenship. The academic experience is grounded in a general education curriculum which draws heavily from the liberal arts and sciences. This foundation provides the basis for mastery of disciplinary and professional studies. It also provides essential forums in which students develop the capacity to make well-informed, independent critical judgments about the cultures, values and institutions in society.

The task of developing educated persons obligates the University to expand the store of human understanding through research, scholarship and creative endeavor, and drawing from that store of understanding, to provide service to the communities that support it. In all of its programs, the University uses the most effective methods of discovering and imparting knowledge and the appropriate use of technology in support of these activities.

The Missouri State University campuses are structured to address the special needs of the urban and rural populations they serve. Missouri State University-Springfield is a selective admissions, graduate level teaching and research institution. Missouri State University-West Plains is an open admissions campus serving seven counties in south central Missouri. Missouri State University-Mountain Grove serves Missouri's fruit industry through operation of the State Fruit Experiment Station. The Extended Campus provides anytime, anyplace learning opportunities through telecourses, Internet-based instruction and through its interactive video network (BearNet). The University also operates various other special facilities, such as the Darr Agricultural Center in southwest Springfield, the Jordan Valley Innovation Center in downtown Springfield, the Bull Shoals Field Station near Forsyth, Baker's Acres and Observatory near Marshfield, the Missouri State University Graduate Center in Joplin and a branch campus at Liaoning Normal University in Dalian, China. In addition, Missouri State has the operations and program offerings of one entire academic department, its Department of Defense and Strategic Studies, located near Washington, D.C., in Fairfax, Virginia.

## **Management Discussion and Analysis**

This discussion and analysis of the Missouri State University's (the "University") financial statements provides a comparative overview of the University's financial performance during the years ended June 30, 2013, 2012 and 2011. Since the management's discussion and analysis is designed to focus on current activities, resulting changes and current known facts, please read it in conjunction with the University's basic financial statements and the footnotes. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements.

### **Statements of Net Position**

The Statement of Net Position presents the financial position of the University at a point in time. The Statement of Net Position has three major components which include 1.) Assets, 2.) Liabilities and 3.) 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. Noncurrent 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.

**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. Noncurrent liabilities include that portion of accrued liabilities, compensated absences and long-term debt that are not due within one year.

**Net Position** – Net Position represents University total assets less total liabilities. Net Position are 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 Position is that whose purpose has been determined by an outside party for a specific use such as scholarships, loans and capital projects.
- 3.) Unrestricted Net Position represents 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.

A summary of the University's assets, liabilities and net position at June 30, 2013, 2012 and 2011:

**Statements of Net Position**  
**As of June 30, 2013, 2012 and 2011**  
**(In Millions)**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
<b>Current Assets</b>	\$ 156.1	\$ 174.4	\$ 184.6
<b>Noncurrent Assets</b>	<u>443.4</u>	<u>419.4</u>	<u>398.8</u>
<b>Total Assets</b>	<u>\$ 599.5</u>	<u>\$ 593.8</u>	<u>\$ 583.4</u>
<b>Current Liabilities</b>	\$ 43.1	\$ 44.9	\$ 40.4
<b>Noncurrent Liabilities</b>	<u>112.3</u>	<u>117.3</u>	<u>122.4</u>
<b>Total Liabilities</b>	<u>\$ 155.4</u>	<u>\$ 162.2</u>	<u>\$ 162.8</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 325.1	\$ 300.5	\$ 274.4
Restricted	8.8	8.3	7.1
Unrestricted	<u>110.2</u>	<u>122.8</u>	<u>139.1</u>
<b>Total Net Position</b>	<u>\$ 444.1</u>	<u>\$ 431.6</u>	<u>\$ 420.6</u>

**Comparative Analysis of Fiscal Years 2013, 2012 and 2011**

**Current Assets** – Current assets for Fiscal Year 2013 totaled \$156.1 million which is a decrease of \$18.3 million from Fiscal Year 2012 current assets of \$174.4 million. This decrease is primarily attributed to cash expenditures for the completion of capital projects outstanding at the end of Fiscal Year 2012. Current assets for Fiscal Year 2012 totaled \$174.4 million which is a decrease of \$10.2 million from Fiscal Year 2011 current assets of \$184.6 million. This decrease is primarily attributed to the use of restricted cash bond proceeds for capital projects offset by increased cash and inventories.

**Noncurrent Assets** – Noncurrent assets for Fiscal Year 2013 totaled \$443.4 million which is an increase of \$24.0 million from Fiscal Year 2012 noncurrent assets of \$419.4 million and Fiscal Year 2012 increased \$20.6 million from Fiscal Year 2011 noncurrent assets of \$398.8 million. The increases are primarily due to increased capital assets.

**Current Liabilities** – Current liabilities for Fiscal Year 2013 totaled \$43.1 million which is a decrease of \$1.8 million from Fiscal Year 2012 current liabilities of \$44.9 million. This decrease is primarily attributed to lower accounts payable at the end of the fiscal year. Current liabilities for Fiscal Year 2012 totaled \$44.9 million which is an increase of \$4.5 million from Fiscal Year 2011 current liabilities of \$40.4 million. This increase is primarily attributed to increased unearned revenue.

**Noncurrent Liabilities** – Noncurrent liabilities for Fiscal Year 2013 totaled \$112.3 million which is a decrease of \$5.0 million from Fiscal Year 2012 noncurrent liabilities of \$117.3 million. This decrease is primarily attributed to long-term bond and capital lease payments. Noncurrent liabilities for Fiscal Year 2012 totaled \$117.3 million which is a decrease of \$5.1 million from Fiscal Year 2011 noncurrent liabilities of \$122.4 million. This decrease is primarily attributed to long-term bond and capital lease payments.



**Net Position** – Net Position totaled \$444.1 million for Fiscal Year 2013, \$431.6 million for Fiscal Year 2012 and \$420.6 million for Fiscal Year 2011.

**Statements of Revenues, Expenses and Changes in Net Position**

The Statements 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 nonoperating 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, 2013, 2012 and 2011, are as follows:

**Operating Results**  
**Years Ended June 30, 2013, 2012 and 2011**  
**(In Millions)**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
<b>Operating Revenue</b>			
Tuition and fees	\$ 136.7	\$ 129.2	\$ 123.2
Scholarship allowances	<u>(30.7)</u>	<u>(29.0)</u>	<u>(28.9)</u>
Net tuition and fees	106.0	100.2	94.3
Sales and services	12.3	11.9	11.7
Grants and contracts	26.2	29.2	33.8
Auxiliary enterprises	34.7	33.8	32.5
Other	<u>4.5</u>	<u>2.6</u>	<u>2.0</u>
<b>Total Operating Revenues</b>	183.7	177.7	174.3
<b>Operating Expenses</b>	<u>284.1</u>	<u>279.2</u>	<u>270.4</u>
<b>Operating Loss</b>	<u>(100.4)</u>	<u>(101.5)</u>	<u>(96.1)</u>
<b>Nonoperating Revenue (Expenses)</b>			
State appropriations	77.0	77.2	82.8
Federal grants and contracts	28.5	27.8	28.5
Loss on disposal/impairment of fixed assets	(0.1)	(2.2)	(0.2)
Gifts	8.1	10.4	8.5
Investment income	0.4	0.7	1.0
Interest on capital asset – related debt	<u>(5.0)</u>	<u>(4.4)</u>	<u>(4.3)</u>
<b>Net Nonoperating Revenues</b>	<u>108.9</u>	<u>109.5</u>	<u>116.3</u>
<b>Capital Grants, Gifts and Appropriations</b>	<u>4.0</u>	<u>3.0</u>	<u>4.6</u>
<b>Increase in Net Position</b>	12.5	11.0	24.8
<b>Net Position, Beginning of Year</b>	<u>431.6</u>	<u>420.6</u>	<u>395.8</u>
<b>Net Position, End of Year</b>	<u>\$ 444.1</u>	<u>\$ 431.6</u>	<u>\$ 420.6</u>

### **Comparative Analysis of Fiscal Years 2013, 2012 and 2011**

**Operating Revenues** – Operating Revenues for Fiscal Year 2013 totaled \$183.7 million which is an increase of \$6.0 million from Fiscal Year 2012 operating revenues of \$177.7 and Fiscal Year 2012 increased \$3.4 million from Fiscal Year 2011 operating revenues of \$174.3 million.

**Nonoperating Revenues** – Nonoperating Revenues for Fiscal Year 2013 totaled \$108.9 million which is a decrease of \$0.6 million from Fiscal Year 2012 nonoperating revenues of \$109.5 million and Fiscal Year 2012 decreased \$6.8 million from Fiscal Year 2011 nonoperating revenues of \$116.3 million. State appropriations were \$77.0 million, \$77.2 million and \$82.8 million for Fiscal Years 2013, 2012 and 2011, respectively.

#### **Operating Expenses Years Ended June 30, 2013, 2012 and 2011**

	<b>June 30, 2013</b>	<b>June 30, 2012</b>	<b>June 30, 2011</b>
Salaries	\$ 133.0	\$ 129.2	\$ 125.9
Benefits	44.1	41.2	39.1
Scholarships and fellowships	23.8	24.6	25.6
Utilities	6.6	5.8	6.2
Supplies and other services	54.6	57.8	54.7
Depreciation	<u>22.0</u>	<u>20.6</u>	<u>18.9</u>
Total	<u>\$ 284.1</u>	<u>\$ 279.2</u>	<u>\$ 270.4</u>

**Operating Expenses** – Operating Expenses for Fiscal Year 2013 totaled \$284.1 million which is an increase of \$4.9 million from Fiscal Year 2012 operating expenses of \$279.2 million and Fiscal Year 2012 increased \$8.8 million from Fiscal Year 2011 operating expenses of \$270.4 million.

### **Statements of Cash Flows**

The Statements of Cash Flows report the major sources and uses of cash and reveal further information for assessing the University's ability to meet financial obligations as they become due. Inflows and outflows of cash are summarized by operating, noncapital financing, capital and related financing and investing activities. Comparative summary statements of revenue, expenses and changes in net position for the years ended June 30, 2013, 2012 and 2011, are as follows:

**Cash Flows**  
**Years Ended June 30, 2013, 2012 and 2011**  
(In Millions)

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
<b>Cash Provided By (Used In)</b>			
Operating activities	\$ (73.4)	\$ (79.1)	\$ (83.0)
Noncapital financing activities	113.6	115.5	119.8
Capital and related financing activities	(53.1)	(48.3)	(6.9)
Investing activities	<u>(2.4)</u>	<u>7.3</u>	<u>1.0</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(15.3)	(4.6)	30.9
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>66.3</u>	<u>70.9</u>	<u>40.0</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 51.0</u>	<u>\$ 66.3</u>	<u>\$ 70.9</u>

The Statement of Cash Flows shows the sources and uses of University cash. The statement presents a beginning and ending cash balance.

***Debt and Capital Activities***

During Fiscal Year 2013, the University received \$1.0 million from a renegotiation of an existing capital lease for energy savings projects. During Fiscal Year 2012, the University received \$1.0 million of loan proceeds for energy saving capital projects and paid \$5.8 million for principal bond payments. During 2011, the University paid \$1.5 million to retire the 2002 auxiliary bond issue. During 2011, the University issued \$24.9 million of auxiliary revenue bonds and \$21.5 of auxiliary revenue bonds to refund a portion of the 2005 series. The University issued \$10.2 million in bonds through Missouri Health and Educational Facilities Authority. At June 30, 2013, total bonds payable equaled \$102.2 million, total bonds payable equaled \$108.1 million as of June 30, 2012, and total bonds payable equaled \$112.9 million at June 30, 2011.

The following table summarizes the construction in progress and capital assets, net as of June 30, 2013, 2012 and 2011.

**Capital Assets**  
**As of June 30, 2013, 2012 and 2011**  
(In Millions)

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
<b>Capital Assets</b>			
Construction in progress	\$ 16.2	\$ 36.4	\$ 36.2
Capital assets, net	419.3	379.9	359.2

On June 30, 2013, the University had 30 construction projects in progress with costs totaling approximately \$16.2 million incurred to date. The project costs budgeted for these projects totals \$24.1 million. These projects are being funded by bond proceeds, pledged gifts, restricted and unrestricted net position.

Project Name	Project Budget (Not Capitalized)	Amount Expended (Construction in Progress)	Project Balance
JQH Arena Enhancement - Locker Rooms	\$ 3,698,528	\$ 299,718	\$ 3,398,810
Intersection Improvements	367,500	99,451	268,049
Vivarium Facility	3,178,660	2,465,231	713,429
One Card & Access Control System	714,284	694,910	19,374
Network Upgrade - Expansion Project	1,832,134	1,785,416	46,718
JVIC Exterior Envelope Repairs	445,000	398,425	46,575
Kings Street South Plaza-Drainage Improvements	1,719,000	1,695,830	23,170
Addition & Renovation of Blair Shannon Dining	1,617,513	1,486,715	130,798
Food Service Renovation PSU	547,600	546,818	782
Classroom Upgrade PSC	905,915	829,566	76,349
PIV for Res Life & HSC	778,010	470,731	307,279
Bookstore Renovation-Hammons HSE/Bear Park South	500,000	394,214	105,786
McQueary Technology	155,000	114,816	40,184
Modifications to Prof Bldg 370 & 372	230,000	216,930	13,070
New Offices-PSU	320,000	293,267	26,733
Greenwood Lab Roof Replacement	315,000	1,973	313,027
McQueary Exterior Envelope Repairs	210,000	27,728	182,272
Glass Hall Student Study Room Renovation	358,000	325,447	32,553
Chilled Water Loop JKHHPA	675,000	622,096	52,904
Temple Hall Fire Restoration	325,000	222,306	102,694
Network Expansion - Res Halls	320,000	202,980	117,020
PSC Classroom Technology	60,000	56,971	3,029
Renovate Glass Hall Computer Lab	510,000	8,480	501,520
University Welcome Center	65,341	65,341	-
HVAC System Replacement HSC	475,000	24,631	450,369
Brick City Relocation	451,306	106,301	345,005
Hammons Hall South Roof Replacement	350,000	232,180	117,820
PSU Roof Replacement	468,000	140,095	327,905
Athletic Fields Improvement	11,700	11,700	-
West Plains Gohn Hall	2,500,000	2,400,778	99,222
	<u>\$ 24,103,491</u>	<u>\$ 16,241,045</u>	<u>\$ 7,862,446</u>

### **Long-Range Plan**

The University's 2011-16 Long-Range Plan is guided by three overarching and enduring commitments to student learning, inclusive excellence and institutional impact. The purpose of the long-range plan is to direct strategic actions that yield demonstrable outcomes and progress in support of these commitments.

**Student Learning** - Student learning is the primary goal of the University and the key indicator of our success. As a community of learners, we embrace learning outcomes that encompass liberal arts education, professional preparation and a concentration on public affairs, and we pledge to support student learning in curricular, co-curricular, extra-curricular and research contexts.

**Inclusive Excellence** - Inclusive excellence is the recognition that an educational institution's success is dependent on how well it values, engages and includes the rich diversity of faculty, staff and students with all the valuable social dimensions that they bring to the enterprise of higher education. Missouri State University shall demonstrate a comprehensive commitment to inclusive excellence, which will be reflected by policy, planning and actions throughout the institution.

**Institutional Impact** - Institutional impact refers to the positive, enduring effects of the University's work in the region and the state as well as to our broader contributions to knowledge and innovation. Essential to this commitment are focused activities in: basic and applied research, economic and community development, community partnerships and advanced workforce development. As a major employer we also pledge to model ethical behavior with respect to people, resources and the environment.

At the conclusion of this five-year plan, Missouri State University will have completed a number of specific tactics to achieve major objectives under six strategic directions. The purpose of the long-range plan is to direct strategic actions that yield demonstrable outcomes and progress in support of these commitments. Through this plan and its directions, measures, targets and tactics, by 2016 the University intends to accomplish four major goals.

**The Four Major Goals Are:**

- Improve the undergraduate programs across campus through emphasis on student learning outcomes, and elevate multiple programs to "destination program" status
- Strengthen and expand focused graduate programs to positively impact the region and state
- Create a more diverse student body and workforce
- Establish the University as an "Employer of Choice"

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Statements of Net Position**  
**June 30, 2013 and 2012**

**Assets**

	University 2013	University 2012	Component Unit Foundation 2013	Component Unit Foundation 2012
<b>Current Assets</b>				
Cash and cash equivalents	\$ 50,078,139	\$ 64,028,262	\$ 20,519,812	\$ 17,195,250
Restricted cash and cash equivalents	900,163	2,271,676	-	-
Short-term investments	79,972,559	82,106,000	1,602,594	1,582,839
Accounts receivable, net	13,692,506	14,425,034	7,782	38,916
Pledges receivable	-	-	6,644,739	5,074,368
Grants receivable	1,722,702	2,424,419	-	-
Appropriations due from State of Missouri	-	16,612	-	-
Accrued interest receivable - unrestricted	16,408	95,492	16,049	32,044
Inventories	7,632,259	6,718,135	-	-
Loans to students, net	464,996	390,344	-	-
Prepaid expenses	1,590,573	1,935,798	4,500	-
Assets for resale	-	-	424,508	319,508
	<u>156,070,305</u>	<u>174,411,772</u>	<u>29,219,984</u>	<u>24,242,925</u>
Total current assets				
<b>Noncurrent Assets</b>				
Restricted cash and cash equivalents	-	-	1,285,427	1,686,717
Pledges receivable, net	-	-	30,099,343	32,508,813
Restricted long-term investments	-	-	65,135,149	59,547,032
Investments held in trust	-	-	789,162	821,161
Other long-term investments	5,014,187	35,322	448,683	443,360
Bond issue costs	1,292,472	1,248,808	-	-
Loans to students, net	1,388,450	1,652,916	-	-
Due from Foundation	199,762	199,762	-	-
Construction in progress	16,241,045	36,391,111	-	-
Capital assets, net	<u>419,327,111</u>	<u>379,919,438</u>	<u>1,368,690</u>	<u>1,319,981</u>
	<u>443,463,027</u>	<u>419,447,357</u>	<u>99,126,454</u>	<u>96,327,064</u>
Total noncurrent assets				
Total assets	<u>599,533,332</u>	<u>593,859,129</u>	<u>128,346,438</u>	<u>120,569,989</u>

See Notes to Financial Statements

**Liabilities**

	<b>University 2013</b>	<b>University 2012</b>	<b>Component Unit Foundation 2013</b>	<b>Component Unit Foundation 2012</b>
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 8,560,831	\$ 12,326,163	\$ 1,433,453	\$ 1,153,590
Accrued compensated absences	4,974,539	4,995,383	-	-
Accrued payroll	4,961,970	4,748,050	-	-
Unearned revenue	14,469,005	13,140,495	-	-
Deposits	512,072	469,822	-	-
Accrued interest payable	1,148,447	1,431,074	-	-
Long-term liabilities - current portion	7,081,194	6,438,193	18,960	29,714
Insurance claims payable	1,384,829	1,400,745	-	-
Total current liabilities	<u>43,092,887</u>	<u>44,949,925</u>	<u>1,452,413</u>	<u>1,183,304</u>
<b>Noncurrent Liabilities</b>				
Accrued compensated absences	5,369,754	4,879,440	-	-
Annuity obligations	-	-	237,962	259,286
Capital lease obligations	6,973,535	6,968,723	-	-
Revenue bonds payable	96,358,288	102,370,515	-	-
Other long-term liabilities	3,600,045	3,049,045	-	-
Due to Missouri State University	-	-	199,762	199,762
Total noncurrent liabilities	<u>112,301,622</u>	<u>117,267,723</u>	<u>437,724</u>	<u>459,048</u>
Total liabilities	<u>155,394,509</u>	<u>162,217,648</u>	<u>1,890,137</u>	<u>1,642,352</u>
<b>Net Position</b>				
Net investment in capital assets	325,155,139	300,533,118	1,368,690	1,319,981
Restricted for				
Nonexpendable				
Scholarships and fellowships	199,762	199,762	28,037,471	26,066,683
Other	-	-	17,511,591	15,577,439
Expendable				
Scholarships and fellowships	-	-	17,304,331	15,241,782
Loans	3,381,720	3,454,887	-	-
Capital projects	4,510,441	3,983,562	-	-
Debt service	681,646	680,438	-	-
Other	-	-	54,890,039	55,243,609
Unrestricted	<u>110,210,115</u>	<u>122,789,714</u>	<u>7,344,179</u>	<u>5,478,143</u>
Total net position	<u>\$444,138,823</u>	<u>\$431,641,481</u>	<u>\$126,456,301</u>	<u>\$118,927,637</u>

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**June 30, 2013 and 2012**

	University 2013	University 2012	Component Unit Foundation 2013	Component Unit Foundation 2012
<b>Operating Revenues</b>				
Student tuition and fees	\$ 136,654,622	\$ 129,225,941	\$ -	\$ -
Less scholarship allowances	(30,647,888)	(28,994,269)	-	-
Total net student tuition and fees	106,006,734	100,231,672	-	-
Sales and services of educational departments	12,272,011	11,865,999	-	-
Federal grants and contracts	12,589,431	12,331,159	-	-
State and local grants and contracts	5,766,890	6,539,169	-	-
Nongovernmental grants and contracts	7,811,164	10,362,988	-	-
Gifts and contributions	-	-	12,093,841	21,605,328
Auxiliary enterprises:				
Residential life (net of scholarship allowances of \$5,319,226 in 2013 and \$5,107,973 in 2012)	22,727,958	22,109,355	-	-
Bookstore (net of scholarship allowances of \$2,247,913 in 2013 and \$2,167,651 in 2012)	2,080,172	2,132,909	-	-
Parking (net of scholarship allowances of \$294,891 in 2013 and \$298,328 in 2012)	1,647,096	1,684,633	-	-
Taylor Health and Wellness Center	1,755,106	1,782,321	-	-
Athletics	5,067,193	4,792,346	-	-
Recreational facilities	779,781	566,986	-	-
Student Union	674,339	703,831	-	-
Other operating revenues	4,463,289	2,611,395	920,272	920,233
Total operating revenues	183,641,164	177,714,763	13,014,113	22,525,561
<b>Operating Expenses</b>				
Salaries	133,024,751	129,219,073	-	-
Benefits	44,081,412	41,172,272	-	-
Scholarships and fellowships	23,808,722	24,576,012	1,897,266	1,813,282
Utilities	6,606,046	5,777,736	129,319	132,956
Supplies and other services	54,610,146	57,872,739	2,296,798	3,957,775
Depreciation	21,972,431	20,628,087	123,966	100,301
Total operating expenses	284,103,508	279,245,919	4,447,349	6,004,314
<b>Operating Income (Loss)</b>	(100,462,344)	(101,531,156)	8,566,764	16,521,247
<b>Nonoperating Revenues (Expenses)</b>				
State appropriations	76,962,606	77,192,869	-	-
Federal grants and contracts	28,451,821	27,863,647	-	-
Gifts	8,149,107	10,405,638	-	-
Investment income	416,526	751,503	5,988,206	(925,705)
Interest on capital asset-related debt	(5,014,469)	(4,392,409)	-	-
Gain (loss) on assets held in trust	-	-	(3,290)	590
Other nonoperating expenses and losses	-	-	(188,788)	(206,626)
Expenditures to Missouri State University	-	-	(8,149,106)	(10,405,638)
Loss on disposal/impairment of fixed assets	(58,813)	(2,196,512)	-	-
Net nonoperating revenues (expenses)	108,906,778	109,624,736	(2,352,978)	(11,537,379)
<b>Income Before Other Revenues, Expenses, Gains or Losses</b>	8,444,434	8,093,580	6,213,786	4,983,868

See Notes to Financial Statements



**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**June 30, 2013 and 2012**

	<b>University</b>	<b>University</b>	<b>Component</b>	<b>Component</b>
	<b>2013</b>	<b>2012</b>	<b>Unit</b>	<b>Unit</b>
	<b>2013</b>	<b>2012</b>	<b>Foundation</b>	<b>Foundation</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Other Revenues, Expenses, Gains or Losses</b>				
Capital gifts	\$ 2,590,062	\$ 655,969	\$ (2,590,062)	\$ (655,969)
Capital grants and contracts	1,392,048	1,874,803	-	-
Capital appropriations	70,798	464,423	-	-
Additions to permanent endowments	-	-	3,904,940	1,488,575
Total other revenues, expenses, gains or losses	<u>4,052,908</u>	<u>2,995,195</u>	<u>1,314,878</u>	<u>832,606</u>
<b>Increase in Net Position</b>	12,497,342	11,088,775	7,528,664	5,816,474
<b>Net Position, Beginning of Year</b>	<u>431,641,481</u>	<u>420,552,706</u>	<u>118,927,637</u>	<u>113,111,163</u>
<b>Net Position, End of Year</b>	<u><u>\$ 444,138,823</u></u>	<u><u>\$ 431,641,481</u></u>	<u><u>\$ 126,456,301</u></u>	<u><u>\$ 118,927,637</u></u>

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Statements of Cash Flows**  
**Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Operating Activities</b>		
Tuition and fees	\$ 108,126,634	\$ 105,886,079
Sales and services of educational departments	12,272,011	11,865,999
Federal grants and contracts	13,291,148	12,248,378
State and local grants and contracts	5,766,890	6,539,169
Nongovernmental grants and contracts	7,811,164	10,362,988
Payments to suppliers	(84,194,245)	(92,650,126)
Payments to employees	(175,871,773)	(170,225,938)
Collections of loans to students	189,814	125,324
Auxiliary enterprise charges:		
Residential Life	22,727,958	22,109,355
Bookstore	2,080,172	2,132,909
Parking	1,647,096	1,684,633
Taylor Health and Wellness Center	1,755,106	1,782,321
Athletics	5,067,193	4,792,346
Recreational facilities	779,781	566,986
Student Union	674,339	703,831
Other receipts	4,447,373	2,912,385
	<u>(73,429,339)</u>	<u>(79,163,361)</u>
<b>Noncapital Financing Activities</b>		
State appropriations	76,962,606	77,192,869
Federal grants and contracts	28,451,821	27,863,647
Gifts and grants received for other than capital purposes	8,149,107	10,405,638
	<u>113,563,534</u>	<u>115,462,154</u>
<b>Capital and Related Financing Activities</b>		
Cash received from disposal of fixed assets	116,505	95,365
Purchase of capital assets	(14,537,662)	(10,036,942)
Construction in progress	(31,848,603)	(30,662,507)
Capital grants and contracts	-	1,874,803
Capital appropriations	70,798	464,423
Gifts of cash for capital purposes	3,982,110	655,969
Principal paid on capital debt and leases	(6,703,981)	(6,540,581)
Proceeds from issuance of new debt	1,073,778	1,022,852
Interest paid on capital debt and lease	(5,258,962)	(5,130,860)
	<u>(53,106,017)</u>	<u>(48,257,478)</u>

See Notes to Financial Statements

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Statements of Cash Flows**  
**Years Ended June 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>Investing Activities</b>		
Proceeds from sales and maturities of investments	\$ -	\$ 6,509,449
Purchases of investments	(2,845,424)	-
Interest on investments	495,610	836,261
	(2,349,814)	7,345,710
<b>Decrease in Cash and Cash Equivalents</b>	(15,321,636)	(4,612,975)
<b>Cash and Cash Equivalents, Beginning of Year</b>	66,299,938	70,912,913
<b>Cash and Cash Equivalents, End of Year</b>	\$ 50,978,302	\$ 66,299,938
<b>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</b>		
Cash and cash equivalents	\$ 50,078,139	\$ 64,028,262
Restricted cash and cash equivalents	900,163	2,271,676
	\$ 50,978,302	\$ 66,299,938
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Used in Operating Activities</b>		
Operating loss	\$(100,462,344)	\$(101,531,156)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	21,972,431	20,628,087
Changes in operating assets and liabilities		
Accounts receivable	749,140	542,429
Loans to students	189,814	125,324
Federal and state grants receivable	701,717	(82,781)
Inventories	(914,124)	(1,097,717)
Prepaid expenses	345,225	(327,307)
Accounts payable and accrued expenses	1,399,568	(1,822,834)
Accrued compensated absences	469,470	181,372
Accrued payroll	213,920	(713,416)
Unearned revenue	1,328,510	3,942,949
Deposits	42,250	(6,752)
Insurance claims payable and other long-term liabilities	535,084	998,441
	\$ (73,429,339)	\$ (79,163,361)
<b>Supplemental Cash Flows Information</b>		
Increase (decrease) in accounts payable incurred for capital asset purchases	\$ (5,164,900)	\$ 2,056,782

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Institution***

Missouri State University (the “University”) is a state assisted University with campuses in Springfield and West Plains and locations in Mountain Grove, Missouri and Dalian, China. A nine-member Board of Governors, appointed by the Governor and confirmed by the Senate of the State of Missouri, governs the University, a component unit of the State of Missouri.

***Component Units***

The Missouri State University Foundation, Inc. (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 board of the Foundation is self-perpetuating and consists of graduates and friends 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, 2013 and 2012, the Foundation provided \$10,739,168 and \$11,061,607, respectively, of support to the University. Complete financial statements of the Foundation may be obtained from its Administrative Office at the following address: 901 S. National, Springfield, MO 65897.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including ASC Topic 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (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.

Springfield Innovation, Inc., A Missouri Innovation Center, is a legally separate, tax-exempt component unit of the University. The mission of Springfield Innovation, Inc. is to support advanced product development with a focus on advancing the competitiveness of Missouri-based industries and supporting technology based entrepreneurs while providing interdisciplinary work experiences for Missouri State University students. The board of Springfield Innovation, Inc. is self-perpetuating and consists of graduates and friends of the University.

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

The University does not control the timing or amount of transactions for Springfield Innovation, Inc. Since this entity will establish resources to maintain a Missouri innovation center program at Missouri State University and provide work experiences for Missouri State University students, Springfield Innovation, Inc. is considered a component unit of the University and will be discretely presented in the University's financial statements.

There were no financial transactions for Springfield Innovation, Inc. for the fiscal years ended June 30, 2013 and 2012. If financial transactions occur in the future, Springfield Innovation, Inc. is a private nonprofit organization which will report under Financial Accounting Standards Board (FASB) standards, including ASC Topic 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications will be made to the Springfield Innovation, Inc. statements in the University's financial reporting entity for these differences.

***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.

***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, gains, losses and other changes in net position during the reporting period. Actual results could differ from those estimates.

***Cash Equivalents***

The University and Foundation consider all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2013, Foundation cash equivalents consisted primarily of certificates of deposit and money market accounts with brokers.

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

***Investments and Investment Income***

The University accounts for its investments at fair value, as determined by quoted market prices, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of the investments are reported as a component of investment income in the statements of revenues, expenses and changes in net position.

***Accounts and Notes Receivable***

Student accounts receivable consists of fees charged to students and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts of \$2,254,499 and \$2,244,748 at June 30, 2013 and 2012, respectively. The University reserves for uncollectible accounts that are at least 90 days past due.

Student accounts receivable are stated at the amount billed to the students less applied scholarships and loan proceeds. The University provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. All charges are due at the beginning of the semester unless the student is enrolled in the Deferred Payment Plan. Fee payment deadlines vary depending upon when the student registers. If charges are not paid in full by that date, a finance charge is assessed on the remaining balance. Charges that are past due without payments for one year and have had no response to the due diligence process are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the student.

Loans receivable consists of amounts due under the Federal Perkins Loan Program and institutional loan programs and are stated at their outstanding principal amount, net of an allowance for doubtful notes. Loans are made to students based on demonstrated financial need for both Perkins and institutional loans and satisfaction of federal eligibility requirements for the Federal Perkins Loan Program. Principal and interest payments on Federal Perkins Loans generally do not commence until after the borrower graduates or otherwise ceases enrollment. The University provides an allowance for doubtful loans which is based upon a review of outstanding loans, historical collection information and existing economic conditions. Interest income is recorded as received, which is not materially different from the amount that would have been recognized on the accrual basis. Loans that are delinquent continue to accrue interest. Loans that are past due for at least one payment are considered delinquent. Delinquent institutional loans are written off based on individual credit evaluation and specific circumstances of the student. Loans receivable are recorded net of estimated uncollectible amounts. The allowance for uncollectible loans netted against loans to students was \$1,783,764 and \$1,705,199 at June 30, 2013 and 2012, respectively.

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

***Inventories***

Nonauxiliary inventories consist of supplies for use by the University and merchandise available for sale such as art supplies. These inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

Auxiliary enterprises inventories consist of merchandise available for sale at the bookstore, student union, pharmacy and recreation facilities. These inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

***Capital Assets***

Land is stated at cost. Buildings and improvements are stated at June 30, 1953, estimated replacement costs with subsequent additions stated at cost. Library materials are stated at June 30, 1978, estimated historical cost, with subsequent additions stated at cost.

Building additions and improvements with a cost in excess of \$200,000 are capitalized if the life of the building is extended. Equipment with a cost in excess of \$5,000 with a useful life greater than one year is capitalized. Donated assets are transferred from the Missouri State University Foundation and are recorded at the fair value at the date of donation to the Foundation. Infrastructure assets are included in the financial statements and are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed using the straight-line method over the estimated useful life of the asset. Assets under capital lease obligations are depreciated over the shorter of the lease term or their respective estimated useful lives. Expenditures for construction in progress are capitalized with depreciation beginning when the project is completed. The following estimated useful lives are being used by the University:

Land improvements	20 years
Buildings and improvements	7-40 years
Furniture, fixtures and equipment	3-15 years
Infrastructure	20 years
Library materials	10 years

The University capitalizes interest costs as a component of construction in progress, based on either the weighted average rates paid for long-term borrowing or the rates associated with specific debt. Interest expense is capitalized net of interest income earned on resources set aside for this purpose. Total interest capitalized for the year ended June 30, 2013, was \$183,992 and for the year ended June 30, 2012, was \$1,051,865.

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

***Foundation Real Estate and Equipment***

Buildings, improvements and equipment are stated at cost and are depreciated over the estimated useful life of each asset. Annual depreciation is computed using the straight-line method. Real estate and equipment includes tenant remodeling improvements of \$74,695 and equipment of \$442,208.

***Foundation Valuation of Gifts and Property***

Gifts of real and personal property are reported at their estimated fair value as of the date the property is received. Fair value is determined either by a staff member of the University with expertise in the valuation of the particular property, or by appropriate documentation furnished by the donor.

***Unearned Revenue***

Unearned revenue includes unearned student fees and advances on program tickets.

***Compensated Absences***

It is the University's policy to permit employees to accumulate earned but unused sick and vacation pay benefits using the vesting method. Accrued vacation is the amount earned by all eligible employees through June 30. All eligible employees can accrue an unlimited amount of sick leave. Employees who retire under one of the University's public retirement plans will be paid for 40 percent of any accumulated unused sick leave rounded up or down to the nearest full day (up to a maximum of 48 days) and the remaining unused sick leave will be reported to Missouri State Employees' Retirement System (MOSERS) for inclusion as creditable service in accordance with MOSERS' policies regarding the reporting of unused sick leave. Accrued sick leave is based on a historic factor with these policies taken into consideration.

***Bond Issue Costs***

Bond issue costs incurred on the revenue bond issues have been capitalized and are being amortized over the life of the bonds using the effective interest method. Total amortization for the year ended June 30, 2013, was \$89,632 and for the year ended June 30, 2012, was \$98,375.

***Noncurrent Liabilities***

Noncurrent liabilities include (1) principal amounts of revenue bonds payable and capital lease obligations with contractual maturities greater than one year and (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.



**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Net Position**

Net position of the University is classified in four components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is made up of 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. Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the University, such as the federal portion of loan funds. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted.

The Foundation's net assets, which under FASB standards are reported as either unrestricted, temporarily restricted or permanently restricted based on the presence or absence of donor restrictions, have been presented based on the GASB classifications with like characteristics.

**Classification of Revenues**

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

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises and (3) grants and contracts meeting certain criteria.

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

**Federal Financial Assistance Programs**

The University participates in the following federal student financial aid programs: Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work Study, Federal Direct Loan and Federal Perkins Loan Programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and the *Compliance Supplement*.

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Scholarship Allowances**

Student tuition and fees and auxiliary enterprise revenues, presented net of scholarships and fellowships of \$38,509,918 and \$36,568,221 at June 30, 2013 and 2012, respectively, are applied to student accounts, while stipends and other payments made directly to students are reported as scholarships and fellowships expense. Net tuition and fees, except for summer session, are recognized as revenues as they are assessed. The portion of summer session tuition and fees applicable to the following fiscal year is included in unearned revenues.

**Bad Debt Expense**

Bad debt expense is \$1,617,563 and \$959,641 for the years ended June 30, 2013 and 2012, respectively, and is netted against tuition and fee revenues.

**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.

**Reclassification**

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation. These reclassifications had no effect on change in net position.

**Note 2: Deposits, Investments and Investment Income****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 requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Missouri; bonds of any city having a population of not less than 2,000, county, school district or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

At June 30, 2013 and 2012, none of the University's bank balances held by the current domestic depository, a United States financial institution, were exposed to custodial credit risk. All of these domestic deposits were fully collateralized at the end of fiscal year 2013 and 2012. The funds held by international banks for the University's foreign education activities were not collateralized. The University is exposed to custodial credit risk for these deposits as follows:

	<b>2013</b>	<b>2012</b>
Uninsured and uncollateralized	\$ 208,284	\$ 713,003

*Foreign Currency Risk.* This risk relates to adverse effects on the fair value of a deposit from changes in exchange rates. The University does not have any policies related to foreign currency risk. The University has \$208,284 and \$713,003 of foreign deposits denominated in Chinese Yuan at June 30, 2013 and 2012, respectively.

**Investments**

The University may invest in United States Treasury and U.S. agency securities, repurchase agreements, corporate bonds, commercial paper and bankers acceptances.

At June 30, 2013 and 2012, the University had the following investments and maturities:

<b>Type</b>	<b>Fair Value</b>	<b>June 30, 2013</b>		
		<b>Maturities in Years</b>		
		<b>Less than 1</b>	<b>1-5</b>	<b>6-10</b>
U.S. Treasury obligations	\$ 15,015,987	\$ 14,997,550	\$ 18,437	\$ -
Government-sponsored enterprises obligations	64,970,759	59,975,009	4,995,750	-
CDARS - 52 week	5,000,000	5,000,000	-	-
	<b>\$ 84,986,746</b>	<b>\$ 79,972,559</b>	<b>\$ 5,014,187</b>	<b>\$ -</b>

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

Type	Fair Value	June 30, 2012		
		Maturities in Years		
		Less than 1	1-5	6-10
U.S. Treasury obligations	\$ 35,322	\$ -	\$ 35,322	\$ -
CDARS - 26 week	44,006,000	44,006,000	-	-
CDARS - 52 week	38,100,000	38,100,000	-	-
	<u>\$ 82,141,322</u>	<u>\$ 82,106,000</u>	<u>\$ 35,322</u>	<u>\$ -</u>

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses, the University's investment policy limits the type of investments to those which are not exposed to fair value losses arising from increasing interest rates. The maturities are structured to meet the cash flow needs of the University. The prohibition of speculative investments precludes pursuit of gain or profit through unusual risk. Investment trading in response to changes in market value or market direction is warranted under active portfolio managements. Interest rate risk is not specifically discussed in the University's investment policy.

*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 investment in bankers acceptances to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). At June 30, 2013 and 2012, the University had no investments not directly guaranteed by the U.S. government or U.S. government agencies.

*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 had no investments exposed to custodial credit risk at the end of June 30, 2013 and 2012.

*Concentration of Credit Risk.* The University's investment policy places maximum percentages on the total investment funds held in each type of instrument. The type of investments that can be held in the University's portfolio include U.S. Treasury and U.S. agency securities, repurchase agreements, corporate bonds, commercial paper and bankers acceptance. It is the University's policy that no more than 15% of the total portfolio will be held in any one bank. There are no restrictions on direct obligations of the U.S. government, U.S. government agency issues or U.S. government guaranteed securities.

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

There are no restrictions for repurchase agreements which are fully collateralized by U.S. government securities. No more than 20% of the portfolio will be held in corporate bonds or bankers acceptances with no more than 5% of the portfolio to be held with any one issuer. No more than 30% of the portfolio will be held in commercial paper, with no more than 5% of the portfolio to be held with any one issuer.

*Foreign Currency Risk.* This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The University's exposure to foreign currency risk did not exist at June 30, 2013 and 2012, because there were no foreign investments in the University's investment portfolio at any time during these two fiscal years.

**Summary of Carrying Values**

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

	<b>2013</b>	<b>2012</b>
Carrying value		
Deposits	\$ 50,978,302	\$ 66,299,938
CDARS	5,000,000	82,106,000
Investments	79,986,746	35,322
	<u>\$135,965,048</u>	<u>\$148,441,260</u>

Included in the following statements of net position captions:

	<b>2013</b>	<b>2012</b>
Cash and cash equivalents	\$ 50,078,139	\$ 64,028,262
Restricted cash and cash equivalents	900,163	2,271,676
Short-term investments	79,972,559	82,106,000
Long-term investments	5,014,187	35,322
	<u>\$135,965,048</u>	<u>\$148,441,260</u>
Cash, cash equivalents and investments total		

**Investment Income**

Investment income for the years ended June 30, 2013 and 2012, consisted of:

	<b>2013</b>	<b>2012</b>
Interest and dividend income	\$ 416,526	\$ 751,503

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

***Foundation Pooled Investments***

Funds treated as endowment by the Foundation are managed as a pooled investment fund. This pool includes funds from the unrestricted, temporarily restricted and permanently restricted net asset classes. The various subsidiary accounts purchase shares in the investment pool when additions are received. The investment pool is operated on a unit market basis. The following schedule summarizes data related to the investment pool for the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Pooled investments at market value	\$ 66,224,625	\$ 61,029,559
Number of pool shares	287,321	274,677
Market value per pool share	\$ 230	\$ 222
Fiscal year return	9.70%	-1.70%
Interest and dividend earnings	\$ 86,008	\$ 83,089
Net gains (losses)	\$ 5,805,048	\$ (1,127,364)

***Foundation Investments and Investment Return***

Investments in equity securities and debt securities are carried at fair value. All other investments are valued at estimated fair value. The estimated fair value of investments in hedge funds, where a readily determinable market price is not available, has been estimated using the net asset value per share of investments. Investment income and gains that are restricted by donor stipulation are initially included in temporarily restricted net assets. When the restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets. Other investment income, gains and losses are reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

While the Foundation does not invest directly in derivative securities, it does, through investment holdings with various money managers, indirectly hold these securities. The Foundation has significant investments in marketable securities, which are subject to price fluctuation. These instruments could potentially subject the Foundation to significant concentrations of market risk. This risk is controlled through a diversified portfolio and regular monitoring procedures.

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

Investments are summarized as follows at June 30:

	<b>2013</b>	<b>2012</b>
Accrued income	\$ 53,989	\$ 71,785
Money market accounts	436,755	555,028
U.S. equity mutual funds	17,014,350	15,179,612
Non-U.S. equity mutual funds	18,793,361	15,163,477
U.S. fixed income mutual funds	14,262,654	15,044,354
Non-U.S. fixed income mutual funds	2,040,387	1,973,028
Other mutual funds	7,748,488	7,297,291
Real estate funds	1,284,792	1,168,797
Hedge funds	3,978,783	3,666,381
Private equity	1,178,173	1,081,903
Other	3,500	3,500
	<u>\$ 66,795,232</u>	<u>\$ 61,205,156</u>

Investment return consists of the following:

	<b>2013</b>	<b>2012</b>
Investment income	\$ 175,072	\$ 197,036
Net realized and unrealized gains (losses) on investments reported at fair value	<u>5,813,134</u>	<u>(1,122,741)</u>
	<u>\$ 5,988,206</u>	<u>\$ (925,705)</u>

Investments held in trust are deposited with U.S. Bank Institutional Trust, Benjamin F. Edwards & Co., and Bank of America, N.A. or are in municipal bonds and other investments. Investment expenses incurred for the years ended June 30, 2013 and 2012, totaled \$117,600 and \$113,150, respectively.

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 3: Foundation Pledges Receivable**

Pledges receivable are a credit risk to the extent donors choose not to complete their pledge payments. Discount rates ranged from 0.2% to 2.4% for the year ended 2013 and 0.3% to 3.3% for the year ended 2012. Pledges receivable consist of the following unconditional promises to give at June 30:

	<b>2013</b>	<b>2012</b>
Due in less than one year	\$ 6,670,944	\$ 5,170,016
Due in one to five years	15,853,014	16,918,671
Due in more than five years	27,925,427	30,597,907
	<u>50,449,385</u>	<u>52,686,594</u>
Less: Allowance for doubtful accounts	286,827	309,854
Unamortized discount	<u>13,418,476</u>	<u>14,793,559</u>
	<u>13,705,303</u>	<u>15,103,413</u>
	<u><u>\$ 36,744,082</u></u>	<u><u>\$ 37,583,181</u></u>

**Note 4: Related Party Transactions**

In 1982, the University's Board of Governors authorized the transfer of its endowment fund of \$199,762 to the Foundation for management purposes. This balance is shown on the University's statements of net position as amounts due from the Foundation, in noncurrent assets. All investment earnings from these funds have been recorded in the accounting records of the Foundation and are not shown on the University's financial statements. All endowment additions since 1982, including gifts and other income, have been recorded in the Foundation's accounting records.

Additionally, the Foundation owed the University approximately \$1,513,759 and \$1,248,177 at June 30, 2013 and 2012, respectively, for pledges receivable and expenses paid by the University for costs to be funded by the Foundation. The balance is shown on the University's statements of net position as current assets and is included in accounts receivable.



**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 5: Pension Plan**

The University participates in the Missouri State Employees' Retirement System (MOSERS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. MOSERS is administered by an 11-member Board of Trustees. A publicly available financial report that includes the financial statements and required supplemental information is issued. This report may be obtained by writing to P.O. Box 209, Jefferson City, MO 65102, or calling 573-751-2342.

MOSERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Benefits are established by State statute which may be changed by the Missouri legislature with concurrence of the Governor.

The University is required to contribute to MOSERS at an actuarially determined rate; the rate was 14.45%, 13.97% and 13.81% of annual covered payroll for the years ended June 30, 2013, 2012 and 2011, respectively. Eligible employees hired as of or after January 1, 2011, must contribute 4% of wages to the MOSERS program. Contributions, which equaled the contribution requirements for years ended June 30, 2013, 2012 and 2011, were \$13,374,933, \$12,592,537 and \$12,189,240, respectively. The MOSERS funded status ratio was 73.2% and 79.2% as of June 30, 2013 and 2012, respectively.

The MOSERS funding policy provides for actuarially determined and board-approved, employer contributions using the entry-age normal cost method, consisting of normal cost and amortization of any unfunded accrued liabilities over an open 30-year period. Actuarially determined rates, expressed as percentages of annual covered payroll, provide for amounts sufficient to fund those benefits designated by State statute to be funded in advance. Any amendments to the plan are established by changes in State statute.

Beginning July 1, 2002, all faculty on full-time, regular appointment are enrolled in the College and University Retirement Plan (CURP) if they have not previously been enrolled in MOSERS. CURP is a noncontributory 401(a) defined contribution retirement plan which uses TIAA-CREF as its third-party administrator. The University was required to contribute 6.80%, 6.92% and 7.77% of the participant's salary to CURP for the years ended June 30, 2013, 2012 and 2011, respectively. The total contributed for years ended June 30, 2013, 2012 and 2011, was \$1,507,206, \$1,457,615 and \$1,513,483, 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 the Missouri State Employees' Retirement System (MOSERS).

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 6: Postemployment Health Care**

*Plan Description:* Missouri State University Employee Benefit Plan (MSUEBP) is a single-employer defined benefit plan administered by Missouri State University. MSUEBP provides medical benefits to eligible retirees and their spouses. The Missouri State Board of Governors provides the authority to Missouri State University to establish and amend benefit provisions. The postemployment healthcare plan information is included in the Missouri State University Annual Financial Report and can be obtained by contacting Missouri State University's Financial Services department.

*Funding Policy:* The contribution requirements of plan members are established by the Missouri State Board of Governors. The postemployment healthcare benefits are funded on a pay-as-you-go basis. Missouri State University funds on a cash basis as benefits are paid. For fiscal year 2013 Missouri State University contributed \$807,000 to the postemployment retirement plan portion of the MSUEBP and the retirees contributed \$783,000 through their required monthly contributions of \$418 for retiree and \$291 for spouse for the medical portion. No assets have been segregated and restricted to provide postretirement benefits within the definition of Plan Assets under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

*Annual OPEB Cost and Net OPEB Obligation:* Missouri State University's annual OPEB expense is calculated based upon the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45.

The following table shows the components of Missouri State University's annual OPEB expense for the year:

	<b>2013</b>
Amortization of Unfunded Actuarial Value of Assets (UAAL)	\$ 461,000
Normal cost (with interest)	855,000
Interest on amortization of UAAL	21,000
Annual Required Contribution (ARC)	1,337,000
Interest on net OPEB obligation	137,000
Adjustment to the ARC	(116,000)
Annual OPEB Cost (Expense)	1,358,000
Contributions made	(807,000)
Increase in net OPEB obligation	551,000
Net OPEB obligation - Beginning of Year	3,049,000
Net OPEB obligation - End of Year	\$ 3,600,000

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

Missouri State University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Annual OPEB cost	\$ 1,358,000	\$ 1,306,000	\$ 1,225,000
Net employer contributions	\$ 807,000	\$ 609,000	\$ 355,000
Percentage contributed	59.43%	46.63%	28.97%
End of year net OPEB obligation	\$ 3,600,000	\$ 3,049,000	\$ 2,352,000

*Funded Status and Funding Progress:* As of June 30, 2013 and 2012, the Actuarial Accrued Liability (AAL) was \$12,069,000 and \$11,820,000, respectively. No assets have been segregated and restricted to provide postretirement benefits within the definition of Plan Assets under GASB Statement No. 45. The covered payroll (annual payroll of active employees covered by the plan) was \$111,675,000 and \$101,328,000 in 2013 and 2012, respectively. The ratio of the UAAL to the covered payroll was 10.81% and 11.67% in 2013 and 2012, respectively.

*Actuarial Methods and Assumptions:* Actuarial valuations reflect a long-term perspective and involve estimates of the 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. A Schedule of Funding Progress, presented as Required Supplementary Information, follows the notes to the financial statements. The Schedule of Funding Progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. As allowed by GASB, this reporting requirement was implemented prospectively in 2008. 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.

Benefit obligations shown in this report are computed using the projected unit credit method. Benefits are attributed to service based on the plan's benefit eligibility provisions. The beginning of the attribution period is the date of hire and the end is the full eligibility date. The unfunded actuarial accrued liability is amortized over a 30-year open period in level dollar amounts. Cumulative gains and losses are amortized over the same 30-year period as other UAAL. Other assumptions are as follows:

Discount rate 4.50% per annum

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

Health care cost trend rates:

	<b>Medical/Rx/ Stop Loss</b>	<b>Admin</b>
2013 - 2014	9.00%	5.00%
2014 - 2015	8.50%	5.00%
2015 - 2016	8.00%	5.00%
2016 - 2017	7.50%	5.00%
2017 - 2018	7.00%	5.00%
2018 - 2019	6.50%	5.00%
2019 - 2020	6.00%	5.00%
2020 - 2021	5.50%	5.00%
2021 and beyond	5.00%	5.00%

**Note 7: Risk Management**

The University is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to general liability, workers' compensation, natural disasters and employee health benefits.

Settled claims have not exceeded this commercial coverage in any of the three preceding years. Additional coverage is provided through the State Self Insurance program, through the Risk Management Division of the Department of Administration Services, in Jefferson City. The State of Missouri self-insures the workers' compensation benefits for all state employees, including University employees. Claims are administered by the Missouri Office of Administration, Risk Management Section.

Liabilities for employee health and dental benefits are included in liabilities for claims incurred but not yet reported or paid. The liability is estimated based on subsequent payments and historical information. Changes in the balance of claims liabilities for the years ended June 30, 2013 and 2012, is summarized as follows:

	<b>2013</b>	<b>2012</b>
Balance at beginning of year	\$ 1,400,745	\$ 1,099,755
Health and dental claims	15,963,158	16,302,417
Health insurance payments	<u>(15,979,074)</u>	<u>(16,001,427)</u>
Balance at end of year	<u>\$ 1,384,829</u>	<u>\$ 1,400,745</u>

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 8: Operating Expenses by Function**

Operating expenses by functional classification for the year ended June 30, 2013, are summarized as follows:

	<b>Salaries</b>	<b>Benefits</b>	<b>Scholarships and Fellowships</b>	<b>Utilities</b>	<b>Supplies and Other Services</b>	<b>Depreciation</b>	<b>2013 Total</b>
Instruction	\$ 66,035,818	\$ 22,272,949	\$ -	\$ 261	\$ 10,552,806	\$ -	\$ 98,861,834
Research	5,427,538	1,802,707	-	1,456	5,018,915	-	12,250,616
Public service	3,791,140	1,151,822	-	-	3,544,924	-	8,487,886
Academic support	14,089,801	4,735,981	-	-	4,538,756	-	23,364,538
Student services	6,694,704	2,144,484	-	-	4,272,885	-	13,112,073
Institutional support	15,066,431	5,368,417	-	-	3,379,878	-	23,814,726
Operation and maintenance of plant	5,737,979	1,877,967	-	4,140,710	4,494,801	-	16,251,457
Scholarship and fellowships	468,730	165,517	19,526,343	-	63,396	-	20,223,986
Auxiliary enterprises	15,712,610	4,561,568	4,282,379	2,463,619	18,743,785	-	45,763,961
Depreciation	-	-	-	-	-	21,972,431	21,972,431
<b>Total operating expenses for fiscal year 2013</b>	<b>\$ 133,024,751</b>	<b>\$ 44,081,412</b>	<b>\$ 23,808,722</b>	<b>\$ 6,606,046</b>	<b>\$ 54,610,146</b>	<b>\$ 21,972,431</b>	<b>\$ 284,103,508</b>

Operating expenses by functional classification for the year ended June 30, 2012, are summarized as follows:

	<b>Salaries</b>	<b>Benefits</b>	<b>Scholarships and Fellowships</b>	<b>Utilities</b>	<b>Supplies and Other Services</b>	<b>Depreciation</b>	<b>2012 Total</b>
Instruction	\$ 63,122,153	\$ 20,643,094	\$ -	\$ -	\$ 11,076,411	\$ -	\$ 94,841,658
Research	5,592,055	1,768,484	-	(477)	5,522,902	-	12,882,964
Public service	3,786,675	1,090,202	-	-	3,790,704	-	8,667,581
Academic support	13,909,684	4,493,461	-	-	5,136,731	-	23,539,876
Student services	6,818,557	2,108,084	-	-	4,363,951	-	13,290,592
Institutional support	15,158,585	4,992,343	-	-	2,910,187	-	23,061,115
Operation and maintenance of plant	5,520,308	1,765,773	-	3,710,173	5,619,103	-	16,615,357
Scholarship and fellowships	610,476	60,796	20,545,370	-	(123,795)	-	21,092,847
Auxiliary enterprises	14,700,580	4,250,035	4,030,642	2,068,040	19,576,545	-	44,625,842
Depreciation	-	-	-	-	-	20,628,087	20,628,087
<b>Total operating expenses for fiscal year 2012</b>	<b>\$ 129,219,073</b>	<b>\$ 41,172,272</b>	<b>\$ 24,576,012</b>	<b>\$ 5,777,736</b>	<b>\$ 57,872,739</b>	<b>\$ 20,628,087</b>	<b>\$ 279,245,919</b>

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 9: Long-Term Liabilities**

Long-term debt and other obligations consist of the following as of June 30, 2013:

	Bond Series	Interest Rate	Maturity	Beginning Balance July 1, 2012	Additions	Reductions	Ending Balance June 30, 2013	Current Portion
Revenue issue								
Auxiliary enterprise system								
1988 Note Payable		3%	2018	\$ 1,012,186	\$ -	\$ 156,393	\$ 855,793	\$ 161,120
2005	A	2.75% to 4.05%	2025	1,625,000	-	-	1,625,000	-
2007	A	4.00% to 5.00%	2032	52,180,000	-	1,665,000	50,515,000	1,730,000
2010	A	1.00% to 2.55%	2016	3,625,000	-	700,000	2,925,000	710,000
2010	B	4.25% to 6.25%	2036	20,565,000	-	-	20,565,000	-
2010	C	1% to 2.8%	2017	18,395,000	-	3,125,000	15,270,000	3,170,000
				<u>97,402,186</u>	<u>-</u>	<u>5,646,393</u>	<u>91,755,793</u>	<u>5,771,120</u>
Classroom Building								
2010	A	.3% to 2.55%	2016	1,450,000	-	280,000	1,170,000	285,000
2010	B	4.25% to 6.25%	2036	8,235,000	-	-	8,235,000	-
2012	DNR	0%	2015	64,852	-	15,616	49,236	31,415
2012	DNR	2%	2021	958,000	-	-	958,000	124,713
2013	DNR	0%	2017	-	40,907	-	40,907	11,123
				<u>108,110,038</u>	<u>40,907</u>	<u>5,942,009</u>	<u>102,208,936</u>	<u>6,223,371</u>
Total bonds and notes payable								
Unamortized premium on bond issue				1,074,464	-	88,568	985,896	85,691
Unamortized loss on prior bond defeasance				(1,090,219)	-	(306,810)	(783,409)	(255,927)
				<u>108,094,283</u>	<u>40,907</u>	<u>5,723,767</u>	<u>102,411,423</u>	<u>6,053,135</u>
Total bonds and notes payable less unamortized loss								
Compensated absences				9,874,823	6,215,625	5,746,155	10,344,293	4,974,539
Capital lease obligations		1.87%	2012-2021	7,683,148	1,032,871	714,425	8,001,594	1,028,059
Other long-tem liabilities				3,049,045	551,000	-	3,600,045	-
				<u>20,607,016</u>	<u>7,799,496</u>	<u>6,460,580</u>	<u>21,945,932</u>	<u>6,002,598</u>
Total other obligations								
Total long-term debt and other obligations				<u>\$ 128,701,299</u>	<u>\$ 7,840,403</u>	<u>\$ 12,184,347</u>	<u>\$ 124,357,355</u>	<u>\$ 12,055,733</u>

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

Long-term debt and other obligations consist of the following as of June 30, 2012:

	Bond Series	Interest Rate	Maturity	Beginning Balance July 1, 2011	Additions	Reductions	Ending Balance June 30, 2012	Current Portion
Revenue issue								
Auxiliary enterprise system								
1988 Note Payable		3%	2018	\$ 1,163,991	\$ -	\$ 151,805	\$ 1,012,186	\$ 156,393
2005	A	2.75% to 4.05%	2025	1,625,000	-	-	1,625,000	-
2007	A	4.00% to 5.00%	2032	53,780,000	-	1,600,000	52,180,000	1,665,000
2010	A	1.00% to 2.55%	2016	4,320,000	-	695,000	3,625,000	700,000
2010	B	4.25% to 6.25%	2036	20,565,000	-	-	20,565,000	-
2010	C	1% to 2.8%	2017	21,485,000	-	3,090,000	18,395,000	3,125,000
				<u>102,938,991</u>	<u>-</u>	<u>5,536,805</u>	<u>97,402,186</u>	<u>5,646,393</u>
Classroom Building								
2010	A	.3% to 2.55%	2016	1,725,000	-	275,000	1,450,000	280,000
2010	B	4.25% to 6.25%	2036	8,235,000	-	-	8,235,000	-
2012	DNR	0%	2015		64,852		64,852	15,617
2012	DNR	2%	2021		958,000		958,000	
				<u>112,898,991</u>	<u>1,022,852</u>	<u>5,811,805</u>	<u>108,110,038</u>	<u>5,942,010</u>
Unamortized premium on bond issue				1,165,798	-	91,334	1,074,464	88,568
Unamortized loss on prior bond defeasance				(1,447,342)	-	(357,123)	(1,090,219)	(306,810)
				<u>112,617,447</u>	<u>1,022,852</u>	<u>5,546,016</u>	<u>108,094,283</u>	<u>5,723,768</u>
Total bonds and notes payable less unamortized loss								
Compensated absences				9,693,451	5,317,437	5,136,065	9,874,823	4,995,383
Capital lease obligations		4.31%	2012-2021	8,411,924	-	728,776	7,683,148	714,425
Other long-term liabilities				2,351,594	697,451	-	3,049,045	-
				<u>20,456,969</u>	<u>6,014,888</u>	<u>5,864,841</u>	<u>20,607,016</u>	<u>5,709,808</u>
Total other obligations								
Total long-term debt and other obligations				<u>\$ 133,074,416</u>	<u>\$ 7,037,740</u>	<u>\$ 11,410,857</u>	<u>\$ 128,701,299</u>	<u>\$ 11,433,576</u>

The University has bonds, notes and capital lease obligations due in the total amount of \$110,210,530 and \$115,793,186 as of June 30, 2013 and 2012, respectively. At June 30, 2013, these bonds and notes bear interest at rates ranging from 0% to 6.25% annually, and mature at various dates through fiscal year 2036. The notes payable and revenue bonds are payable, both as to principal and interest, solely and only out of net income arising from the operation of the various revenue funds.

The revenue bond issues and the 1988 Housing System note payable require the University to establish and fund various debt service reserve funds. At June 30, 2013 and 2012, all debt service reserve funds have been fully funded. The University also is required to maintain certain rate covenants related to the Auxiliary Enterprise System bonds.

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

During 2003, Auxiliary System bonds, Series 1993A and 1993B of \$5,295,000 and \$14,235,000, respectively, and Classroom Building 1996 Bonds of \$5,155,000 were defeased. At June 30, 2013 and 2012, the current outstanding balance of these defeased bonds was \$1,875,000 and \$2,285,000, respectively.

During 2005, Auxiliary System bonds Series 1997A and 1999A of \$13,960,000 and \$16,835,000, respectively, were defeased. At June 30, 2013 and 2012, the current outstanding balance of these defeased bonds was \$18,210,000 and \$20,995,000, respectively.

On July 30, 2010, the University issued Auxiliary Enterprise System Revenue bonds in the principal amount of \$46,370,000 in Tax-Exempt and Build America Bonds for additions and improvements to the auxiliary enterprise system and the partial refunding of the 2005A Series Bonds. The refunding portion of this issue is \$21,485,000. Build America Bonds issued are in the amount of \$20,565,000 and Tax-Exempt Bonds issued are in the amount of \$25,805,000. The refunding issue was used to retire \$20,890,000 of 2005 series bonds, meet \$360,881 of interest escrow requirements and the remainder used for cost of issuance. This refunding was undertaken to reduce total debt service payments by \$841,223 and resulted in an economic gain (present value savings) of \$801,402. Projects to be funded by these bonds included the following:

- Construction of the Bill R. Foster and Family Recreation Center on the Springfield campus
- Construction of a multipurpose recreation center on the West Plains campus, which will be constructed as a storm shelter
- Residence hall life safety upgrades to three residence halls on the Springfield campus
- Miscellaneous capital improvements to certain residential facilities on the Springfield campus

On July 30, 2010, the University issued bonds through the Missouri Health and Educational Facilities Authority (MOHEFA) in the principal amount of \$10,220,000 in Tax-Exempt and Build America Bonds for the acquisition, renovation and improvement of various health and educational facilities of the University. Build America Bonds issued are in the amount of \$8,235,000 and Tax-Exempt Bonds issued are in the amount of \$1,985,000. Projects to be funded by these bonds included the following:

- Construction of an educational building for the Darr Agricultural Center
- Renovation of Looney Hall (West Plains campus) to return it to use exclusively as an academic facility
- Construction of an animal research compliance facility (Springfield campus) to properly house animals needed for research on campus



**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

- An addition to the Physical Therapy Building, the McQueary Family Health Sciences Hall
- Renovations to various academic buildings on the Springfield campus
- Other miscellaneous capital improvements to academic facilities on the Springfield and West Plains campuses

In accordance with accounting principles generally accepted in the United States of America, the outstanding balances of the defeased bonds are not reflected on the statements of net assets of the University.

The principal and interest requirements on notes and bonds payable to maturity at June 30, 2013, are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 6,223,372	\$ 4,483,584	\$ 10,706,956
2015	6,050,766	4,346,499	10,397,265
2016	6,200,444	4,188,293	10,388,737
2017	6,369,233	4,009,978	10,379,211
2018	6,554,709	3,804,756	10,359,465
2019 - 2023	19,055,412	16,326,100	35,381,512
2024 - 2028	22,435,000	11,186,089	33,621,089
2029 - 2033	23,250,000	4,934,400	28,184,400
2034 - 2036	6,070,000	579,375	6,649,375
	<u>\$102,208,936</u>	<u>\$ 53,859,074</u>	<u>\$156,068,010</u>

**Capital Lease Obligations**

The University is obligated under leases accounted for as capital leases. Assets under capital leases at June 30, 2013 and 2012, totaled \$7,680,624 and \$8,299,037, respectively, net of accumulated depreciation of \$4,426,218 in 2013 and \$3,807,806 in 2012.

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

The following is a schedule by year of future minimum lease payments under the capital leases including interest at the rate of 4.31% together with the present value of the future minimum lease payments as of June 30, 2013:

2014	\$ 1,072,117
2015	1,072,117
2016	1,072,117
2017	1,072,117
2018	1,072,117
2019 - 2023	3,216,349
Total minimum lease payments	<u>8,576,934</u>
Less amount representing interest	<u>575,340</u>
Present value of future minimum lease payments	<u><u>\$ 8,001,594</u></u>

**Foundation Leases**

Noncancelable leases for space in the Kenneth E. Meyer Alumni Center expire in various years through 2018. Several of these leases contain renewal options for periods ranging from one to three years. Future minimum lease income at June 30, 2013, is as follows:

2014	\$ 578,364
2015	26,756
2016	9,673
2017	9,360
2018	3,120

**Note 10: Auxiliary Enterprise System**

The outstanding debt of the University consists of Auxiliary Enterprise System Revenue Bonds. The most recent Auxiliary Enterprise System Revenue Bonds were issued in accordance with a Resolution adopted by the Board of Governors in July 2010. The Resolution provides that the bonds are payable from the gross income and revenues derived from the housing, parking, health center and recreational facilities serving the University and its students. The housing facilities consist of 11 residence halls, four dining facilities and the Student Union Building. The parking facilities consist of all facilities, lots and equipment for the parking of vehicles and the movement of passengers around campus. The health center consists of the Taylor Health and Wellness Center facility which provides medical and wellness services to students and their spouses and University employees and their spouses and eligible dependents. The recreational facilities include the Bill R. Foster and Family Recreation Center, Hammons Student Center, the Plaster Sports Complex, the JQH Arena and the athletic programs of the University. The Auxiliary Enterprise System also includes the University's Bookstore and certain auxiliary operations at the University's West Plains campus.

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

Financial information for the Auxiliary Enterprise System for June 30, 2013 and 2012, is summarized as follows:

	<b>2013</b>	<b>2012</b>
<b>Condensed Statements of Net Position</b>		
<b>Assets</b>		
Current assets	\$ 25,047,689	\$ 38,312,776
Noncurrent assets	204,667,627	198,472,787
Total assets	229,715,316	236,785,563
<b>Liabilities</b>		
Current liabilities	15,514,230	19,975,451
Long-term liabilities	87,971,913	94,029,727
Total liabilities	103,486,143	114,005,178
<b>Net Position</b>		
Net investment in capital assets	110,924,594	96,702,248
Restricted		
Expendable	-	552,079
Unrestricted	15,304,579	25,526,058
Total net position	\$ 126,229,173	\$ 122,780,385
<b>Condensed Statements of Revenues, Expenses and Changes in Net Position</b>		
Operating revenues	\$ 54,086,717	\$ 53,079,057
Operating expenses		
Depreciation	7,908,915	6,755,803
All other operating expenses	45,763,962	44,625,842
Total operating expenses	53,672,877	51,381,645
Operating income	413,840	1,697,412
Nonoperating revenues (expenses)	1,264,591	24,623
Excess of revenues over expenses	1,678,431	1,722,035
Transfer from other University units	1,770,357	3,896,891
<b>Increase in Net Position</b>	3,448,788	5,618,926
<b>Beginning Net Position</b>	122,780,385	117,161,459
<b>Ending Net Position</b>	\$ 126,229,173	\$ 122,780,385

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 11: Capital Assets**

Capital asset activity for the year ended June 30, 2013, was as follows:

	<b>2013</b>				<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	
Land	\$ 31,073,213	\$ 2,717,880	\$ -	\$ -	\$ 33,791,093
Infrastructure	46,979,436	333,055	-	1,757,904	49,070,395
Buildings	458,277,349	6,693,480	(159,587)	44,920,943	509,732,185
Furniture, fixtures and equipment	48,347,366	2,316,454	(634,627)	332,964	50,362,157
Library materials	52,727,326	2,423,401	-	-	55,150,727
Capitalized collections	391,858	42,219	-	-	434,077
Construction in progress	36,391,111	26,901,520	(39,775)	(47,011,811)	16,241,045
	<u>674,187,659</u>	<u>41,428,009</u>	<u>(833,989)</u>	<u>-</u>	<u>714,781,679</u>
Less accumulated depreciation					
Infrastructure	21,014,389	2,682,372	-	-	23,696,761
Buildings	162,136,956	13,270,800	(3,386)	-	175,404,370
Furniture, fixtures and equipment	33,700,653	3,899,981	(632,632)	-	36,968,002
Library materials	40,742,040	2,090,696	-	-	42,832,736
Capitalized collections	283,072	28,582	-	-	311,654
Total accumulated depreciation	<u>257,877,110</u>	<u>21,972,431</u>	<u>(636,018)</u>	<u>-</u>	<u>279,213,523</u>
Net capital assets	<u>\$ 416,310,549</u>	<u>\$ 19,455,578</u>	<u>\$ (197,971)</u>	<u>\$ -</u>	<u>\$ 435,568,156</u>

Capital asset activity for the year ended June 30, 2012, was as follows:

	<b>2012</b>				<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	
Land	\$ 30,814,970	\$ 258,243	\$ -	\$ -	\$ 31,073,213
Infrastructure	46,979,436	-	-	-	46,979,436
Buildings	423,380,820	2,068,716	-	32,827,813	458,277,349
Furniture, fixtures and equipment	46,183,370	3,423,359	(2,093,192)	833,829	48,347,366
Library materials	50,358,409	2,368,917	-	-	52,727,326
Capitalized collections	391,858	-	-	-	391,858
Construction in progress	36,151,351	35,688,861	(1,787,459)	(33,661,642)	36,391,111
	<u>634,260,214</u>	<u>43,808,096</u>	<u>(3,880,651)</u>	<u>-</u>	<u>674,187,659</u>
Less accumulated depreciation					
Infrastructure	18,337,228	2,677,161	-	-	21,014,389
Buildings	150,273,061	11,863,895	-	-	162,136,956
Furniture, fixtures and equipment	31,267,749	4,021,678	(1,588,774)	-	33,700,653
Library materials	38,703,884	2,038,156	-	-	40,742,040
Capitalized collections	255,875	27,197	-	-	283,072
Total accumulated depreciation	<u>238,837,797</u>	<u>20,628,087</u>	<u>(1,588,774)</u>	<u>-</u>	<u>257,877,110</u>
Net capital assets	<u>\$ 395,422,417</u>	<u>\$ 23,180,009</u>	<u>\$ (2,291,877)</u>	<u>\$ -</u>	<u>\$ 416,310,549</u>

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 12: Commitments and Contingencies**

***Claims and Litigation***

As is common with most large governmental entities, various parties have asserted claims against the University through litigation and by other means. The University is vigorously defending each of these matters, the eventual outcomes of which management presently believes will not be material.

***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 Commitments***

The University has outstanding commitments for various construction contracts of approximately \$7.8 million at June 30, 2013.

***Current Economic Conditions***

The economic environment continues to present colleges and universities with difficult circumstances and challenges, which in some cases may result in declines in enrollment revenues, government support, 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. 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.

The Board of Governors and management are closely monitoring this uncertain economic environment and are attempting to adjust the University's operating and financial plan based upon their significant experience and knowledge of the industry.

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 13: Future Change in Accounting Principle**

The Governmental Accounting Standards Board recently issued its Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The Statement requires reclassification, as deferred outflows or deferred inflows of resources, of certain items previously reported as assets and liabilities and recognition as expenses and revenues certain items that were previously reported as assets and liabilities. The University expects to first apply GASB No. 65 during the year ending June 30, 2014. Management has not yet determined the impact it will have on the University's financial statements.

The University will implement GASB Statement 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015. Statement 68 will require the inclusion of long-term obligations for pension benefits as a liability and will expand required disclosures. The amount to be recorded as a liability will be based on an actuarial valuation. Management has not yet determined the impact it will have on the University's financial statements.

**Note 14: Foundation Endowment**

The Foundation's endowment consists of approximately 950 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's governing body has interpreted the State of Missouri Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

The composition of net assets by type of endowment fund at June 30, 2013, was:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>2013 Total</b>
Donor-restricted endowment funds	\$ (34,221)	\$ 21,059,850	\$ 44,982,700	\$ 66,008,329
Board-designated endowment funds	2,990,433	-	-	2,990,433
Total endowment funds	<u>\$ 2,956,212</u>	<u>\$ 21,059,850</u>	<u>\$ 44,982,700</u>	<u>\$ 68,998,762</u>

The composition of net assets by type of endowment fund at June 30, 2012, was:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>2012 Total</b>
Donor-restricted endowment funds	\$ (191,530)	\$ 18,490,299	\$ 41,105,624	\$ 59,404,393
Board-designated endowment funds	2,858,124	-	-	2,858,124
Total endowment funds	<u>\$ 2,666,594</u>	<u>\$ 18,490,299</u>	<u>\$ 41,105,624</u>	<u>\$ 62,262,517</u>

Changes in endowment net assets for the year ended June 30, 2013, were:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>2013 Total</b>
Endowment net assets, beginning of year	<u>\$ 2,666,594</u>	<u>\$ 18,490,299</u>	<u>\$ 41,105,624</u>	<u>\$ 62,262,517</u>
Investment return				
Investment income	-	433,005	-	433,005
Net appreciation	254,933	5,533,375	-	5,788,308
Total investment return	<u>254,933</u>	<u>5,966,380</u>	<u>-</u>	<u>6,221,313</u>
Contributions	-	-	3,814,986	3,814,986
Other income	30,735	16,934	62,090	109,759
Appropriation of endowment assets for expenditure	-	(3,615,668)	-	(3,615,668)
Other additions	3,950	201,905	-	205,855
Endowment net assets, end of year	<u>\$ 2,956,212</u>	<u>\$ 21,059,850</u>	<u>\$ 44,982,700</u>	<u>\$ 68,998,762</u>

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

Changes in endowment net assets for the year ended June 30, 2012, were:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>2012 Total</b>
Endowment net assets, beginning of year	\$ 2,952,236	\$ 18,733,386	\$ 39,542,447	\$ 61,228,069
Investment return				
Investment income	-	542,526	-	542,526
Net appreciation	(323,335)	(803,712)	-	(1,127,047)
Total investment return	(323,335)	(261,186)	-	(584,521)
Contributions	-	-	1,501,087	1,501,087
Other income	32,706	8,462	62,090	103,258
Appropriation of endowment assets for expenditure	-	(3,246,185)	-	(3,246,185)
Other additions	4,987	3,255,822	-	3,260,809
Endowment net assets, end of year	\$ 2,666,594	\$ 18,490,299	\$ 41,105,624	\$ 62,262,517

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and aggregated approximately \$34,000 at June 30, 2013. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new permanently restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce results that exceed the endowment's financial requirement over time, while assuming a moderate level of investment risk. The Foundation expects its endowment funds to provide a rate of return between 6.7% and 9.7% annually over time. Actual returns in any given year may vary from this amount.



**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy (the spending policy) of appropriating for expenditure each year 5.7% of its endowment fund's average fair value over the prior 36 months through the year end preceding the year in which expenditure is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at a rate of 1% to 4% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

## **Required Supplementary Information**

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Schedule of Funding Progress – Other Post-Employment Benefits**  
**June 30, 2013 and 2012**

	Year Ended June 30, 2013	Year Ended June 30, 2012	Year Ended June 30, 2011
Actuarial valuation date	July 1, 2012	July 1, 2011	July 1, 2010
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Actuarial accrued liability	\$ 12,069,000	\$ 11,820,000	\$ 13,462,874
Actuarial value of assets	-	-	-
Total unfunded actuarial liability	<u>\$ 12,069,000</u>	<u>\$ 11,820,000</u>	<u>\$ 13,462,874</u>
Funded ratio	0.00%	0.00%	0.00%
Annual coverage payroll	\$ 111,675,000	\$ 101,328,000	\$ 113,300,265
Ratio of unfunded actuarial liability to covered payroll	10.81%	11.67%	11.88%
Participant summary			
Active employees	2,086	2,086	2,132
Retirees	112	107	83
Spouses of retirees	29	34	59
Total	<u>2,227</u>	<u>2,227</u>	<u>2,274</u>
Actuarial assumptions:			
UAAL amortization method	Level % of Pay		
UAAL amortization period, closed/open	30 years, open		
Investment return (discount) rate	4.50%		

	Medical/Rx	Admin/Stop Loss
2013-2014	9.0%	5.0%
2014-2015	8.5%	5.0%
2015-2016	8.0%	5.0%
2016-2017	7.5%	5.0%
2017-2018	7.0%	5.0%
2018-2019	6.5%	5.0%
2019-2020	6.0%	5.0%
2020-2021	5.5%	5.0%
2021 and beyond	5.0%	5.0%

## **Supplementary Information**

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Condensed Statements by Campus**  
**June 30, 2013**

**Condensed Statements of Net Position**

	<b>Springfield</b>	<b>West Plains</b>	<b>Total</b>
<b>Assets</b>			
Current assets	\$ 148,908,688	\$ 7,161,617	\$ 156,070,305
Noncurrent assets	<u>426,030,737</u>	<u>17,432,290</u>	<u>443,463,027</u>
Total assets	<u>574,939,425</u>	<u>24,593,907</u>	<u>599,533,332</u>
<b>Liabilities</b>			
Current liabilities	42,026,435	1,066,452	43,092,887
Long-term liabilities	<u>110,941,069</u>	<u>1,360,553</u>	<u>112,301,622</u>
Total liabilities	<u>152,967,504</u>	<u>2,427,005</u>	<u>155,394,509</u>
<b>Net Position</b>			
Net investment in capital assets	309,083,403	16,071,736	325,155,139
Restricted			
Nonexpendable	199,762	-	199,762
Expendable	8,553,141	20,666	8,573,807
Unrestricted	<u>104,135,615</u>	<u>6,074,500</u>	<u>110,210,115</u>
Total net position	<u>\$ 421,971,921</u>	<u>\$ 22,166,902</u>	<u>\$ 444,138,823</u>

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

<b>Operating Revenues</b>	<u>\$ 180,401,364</u>	<u>\$ 3,239,800</u>	<u>\$ 183,641,164</u>
<b>Operating Expenses</b>			
Depreciation	21,334,392	638,039	21,972,431
All other operating expenses	<u>249,193,460</u>	<u>12,937,617</u>	<u>262,131,077</u>
Total operating expenses	<u>270,527,852</u>	<u>13,575,656</u>	<u>284,103,508</u>
<b>Operating Income (Loss)</b>	(90,126,488)	(10,335,856)	(100,462,344)
<b>Nonoperating Revenues</b>	107,772,087	10,260,881	118,032,968
<b>Nonoperating Expenses</b>	<u>(4,842,602)</u>	<u>(230,680)</u>	<u>(5,073,282)</u>
<b>Excess of Revenues Over Expenses</b>	12,802,997	(305,655)	12,497,342
<b>Transfer from Other University Units</b>	<u>(75,189)</u>	<u>75,189</u>	<u>-</u>
<b>Increase in Net Position</b>	12,727,808	(230,466)	12,497,342
<b>Beginning Net Position</b>	<u>409,244,113</u>	<u>22,397,368</u>	<u>431,641,481</u>
<b>Ending Net Position</b>	<u>\$ 421,971,921</u>	<u>\$ 22,166,902</u>	<u>\$ 444,138,823</u>

**Missouri State University**  
**A Component Unit of the State of Missouri**  
**Condensed Statements by Campus**  
**June 30, 2012**

**Condensed Statements of Net Position**

	<u>Springfield</u>	<u>West Plains</u>	<u>Total</u>
<b>Assets</b>			
Current assets	\$ 165,949,525	\$ 8,462,247	\$ 174,411,772
Noncurrent assets	402,863,738	16,583,619	419,447,357
Total assets	<u>568,813,263</u>	<u>25,045,866</u>	<u>593,859,129</u>
<b>Liabilities</b>			
Current liabilities	43,841,590	1,108,335	44,949,925
Long-term liabilities	115,727,560	1,540,163	117,267,723
Total liabilities	<u>159,569,150</u>	<u>2,648,498</u>	<u>162,217,648</u>
<b>Net Position</b>			
Net investment in capital assets	285,610,348	14,922,770	300,533,118
Restricted			
Nonexpendable	181,237	18,525	199,762
Expendable	7,288,882	830,005	8,118,887
Unrestricted	<u>116,163,646</u>	<u>6,626,068</u>	<u>122,789,714</u>
Total net position	<u>\$ 409,244,113</u>	<u>\$ 22,397,368</u>	<u>\$ 431,641,481</u>

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

<b>Operating Revenues</b>	<u>\$ 174,333,124</u>	<u>\$ 3,381,639</u>	<u>\$ 177,714,763</u>
<b>Operating Expenses</b>			
Depreciation	20,000,925	627,162	20,628,087
All other operating expenses	245,989,829	12,628,003	258,617,832
Total operating expenses	<u>265,990,754</u>	<u>13,255,165</u>	<u>279,245,919</u>
<b>Operating Income (Loss)</b>	(91,657,630)	(9,873,526)	(101,531,156)
<b>Nonoperating Revenues</b>	108,144,081	11,064,771	119,208,852
<b>Nonoperating Expenses</b>	<u>(6,527,571)</u>	<u>(61,350)</u>	<u>(6,588,921)</u>
<b>Excess of Revenues Over Expenses</b>	9,958,880	1,129,895	11,088,775
<b>Transfer from Other University Units</b>	<u>(1,863,238)</u>	<u>1,863,238</u>	<u>-</u>
<b>Increase in Net Position</b>	8,095,642	2,993,133	11,088,775
<b>Beginning Net Position</b>	<u>401,148,471</u>	<u>19,404,235</u>	<u>420,552,706</u>
<b>Ending Net Position</b>	<u>\$ 409,244,113</u>	<u>\$ 22,397,368</u>	<u>\$ 431,641,481</u>

## The Board of Governors, as of June 30, 2013



Orvin T. Kimbrough  
*Chair*  
*First District*



Beverly Miller  
*Vice Chair*  
*Fourth District*



Stephen B. Hoven  
*Second District*



Carrie Carroll  
*Third District*



Stephen Bough  
*Fifth District*



Cathy Smith  
*Sixth District*



Gordon Elliott  
*Seventh District*



Joe Carmichael  
*Seventh District*



Peter Hofherr  
*Eighth District*



Paige Jenkins  
*Student Member*

## Officers of the University, as of June 30, 2013

Clifton M. Smart III, *President*

James P. Baker, *Vice-President for  
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and International Programs*

Drew A. Bennett, *Chancellor—West  
Plains Campus*

Kenneth Coopwood, *Vice-President for  
Diversity and Inclusion*

Brent Dunn, *Vice-President for  
University Advancement*

Frank Einhellig, *Provost*

Stephen Foucart, *Chief Financial Officer*

Penni Groves, *General Counsel*

Paul K. Kincaid, *Chief of Staff and  
Assistant to the President for  
University Relations*

Ken McClure, *Vice-President for  
Administration and Information  
Services*

June McHaney, *Director of Internal  
Auditor*

## Financial Services Staff

Tina McManus, *CPA, Controller*

# Missouri State<sup>™</sup>

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