

**Central Michigan University**

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**State of Michigan CAFR Financial Schedules  
June 30, 2016**

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## Independent Auditor's Report

To the Board of Trustees  
Central Michigan University

We have audited the financial statements of Central Michigan University (the "University"), a component unit of the State of Michigan, and its discretely presented component unit as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Central Michigan University's basic financial statements, and have issued our report thereon dated September 22, 2016, which contained unmodified opinions on the financial statements of Central Michigan University. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. We did not audit the financial statements of Central Health Advancement Solutions (CHAS) which represent all the balances of the assets, net assets, and revenue of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CHAS, is based solely on the report of the other auditors.

### Report on the State of Michigan CAFR Financial Schedules

The accompanying State of Michigan CAFR Financial Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements but are presented for the purpose of conforming the University's financial statements with the State of Michigan Comprehensive Annual Financial Report format. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### Restriction on Use

Our report is intended solely for the information and use of the University, the State of Michigan Department of Management and Budget, the Office of Financial Management, and the State of Michigan Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

December 5, 2016

STATE OF MICHIGAN  
STATEMENT OF NET POSITION  
STATE UNIVERSITIES COMPONENT UNITS-CENTRAL MICHIGAN UNIVERSITY  
June 30, 2016

EXHIBIT I

	University	Discrete	Eliminations	Total	Adjustments and		SOMCAFR
	Financial	Component		University	Reclassifications		
	Report	Units		University	Debit	Credit	
<b>ASSETS</b>							
<b>CURRENT ASSETS:</b>							
Cash and cash equivalents	\$ 31,794,336	\$ 3,432,850		\$ 35,227,186		\$ 35,227,186	1
Accounts receivable, net	19,008,700	1,990,022	\$ (84,957)	20,913,765		20,913,765	2
State appropriations receivable, SBA	5,351,747			5,351,747		5,351,747	2
State appropriations receivable, operations	14,750,383			14,750,383		14,750,383	2
State appropriations receivable, Charter Schools	38,938,560			38,938,560		38,938,560	2
Inventories	5,525,016			5,525,016		5,525,016	1
Other assets	876,904	755,624		1,632,528		1,632,528	2
Total current assets	116,245,646	6,178,496	(84,957)	122,339,185			
<b>CURRENT ASSETS</b>							
Cash					\$ 35,227,186		\$ 35,227,186
Amounts due from primary government					59,380,331		59,380,331
Amounts due from federal government					1,152,967		1,152,967
Amounts due from local units							
Inventories					5,525,016		5,525,016
Investments (Note 8)							
Securities lending collateral							
Other Current Assets					21,053,685		21,053,685
Total Current Assets	116,245,646	6,178,496	(84,957)	122,339,185	122,339,185	122,339,185	
<b>NONCURRENT ASSETS:</b>							
Restricted cash and cash equivalents	3			3		3	1
Endowment investments	130,956,607			130,956,607		130,956,607	3
Medical Education Receivable, net		518,695		518,695		518,695	1
Other long-term investments	203,309,735	778,122		204,087,857		204,087,857	3
Capital assets, net	545,596,418	1,423,709		547,020,127		547,020,127	4
<b>RESTRICTED ASSETS</b>							
Cash and cash equivalents					3		3
<b>INVESTMENTS</b>							
					335,044,464		335,044,464
<b>CAPITAL ASSETS:</b>							
Land and other non depreciable assets					13,708,593		13,708,593
Buildings, equipment and other depreciable assets					850,499,896		850,499,896
Less accumulated depreciation						405,134,389	(405,134,389)
Construction in progress					87,946,027		87,946,027
Net capital assets							547,020,127
Other noncurrent assets					518,695		518,695
Total noncurrent assets	879,862,763	2,720,526		882,583,289	1,287,717,678	1,287,717,678	
<b>TOTAL ASSETS</b>	996,108,409	8,899,022	(84,957)	1,004,922,474	1,410,056,863	1,410,056,863	1,004,922,474
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Accumulated change in fair value of hedging derivatives and deferred on bond refunding	10,546,561			10,546,561			10,546,561
Deferred outflow related to CMU's proportionate share of the MPSERS net pension liability	10,022,193			10,022,193		844,238	9,177,955
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	20,568,754			20,568,754		844,238	19,724,516

See notes to supplemental financial statements.

STATE OF MICHIGAN  
STATEMENT OF NET POSITION  
STATE UNIVERSITIES COMPONENT UNITS-CENTRAL MICHIGAN UNIVERSITY  
June 30, 2016

EXHIBIT I

	University Financial Report	Discrete Component Units	Eliminations	Total University	Adjustments and Reclassifications		SOMCAFR Format
					Debit	Credit	
<b>LIABILITIES:</b>							
<b>CURRENT LIABILITIES</b>							
Accounts payable and accrued liabilities	72,191,763	2,027,304		74,219,067	74,219,067	5	
Unearned revenue	12,370,444			12,370,444	12,370,444	1	
Deposits	2,780,129			2,780,129	2,780,129	5	
Long term liabilities - current portion	5,873,098			5,873,098	5,873,098	6	
<b>Total Current Liabilities</b>	<b>93,215,434</b>	<b>2,027,304</b>		<b>95,242,738</b>			
<b>CURRENT LIABILITIES</b>							
Accounts payable and other liabilities							74,193,108 5
Amounts due to primary government							1,228,329 5
Bond and notes payable							5,420,000 6
Interest payable							1,577,759 5
Unearned revenue							12,370,444 1
Other long term obligations - current portion							453,098 6
<b>Total Current Liabilities</b>	<b>93,215,434</b>	<b>2,027,304</b>		<b>95,242,738</b>	<b>95,242,738</b>		<b>95,242,738</b>
Amounts due to CMU		84,957	(84,957)				
<b>NONCURRENT LIABILITIES:</b>							
Long-term debt, hedging instruments and other obligations	179,957,909			179,957,909	179,957,909	7	
Net Pension Liability	128,881,423			128,881,423	128,881,423	7	
Unearned Revenue		9,959		9,959			9,959
Bonds and notes payable							164,155,000 7
Noncurrent portion of other long-term obligations		163,892		163,892			144,684,332 7
<b>TOTAL LIABILITIES</b>	<b>402,054,766</b>	<b>2,286,112</b>	<b>(84,957)</b>	<b>404,255,921</b>	<b>404,082,070</b>		<b>404,255,921</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflow related to CMU's proportionate share of the MPSERS net pension liability	2,419,577			2,419,577	844,238	9	1,575,339
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,419,577</b>			<b>2,419,577</b>	<b>844,238</b>		<b>1,575,339</b>
<b>NET POSITION</b>							
Net investment in capital assets	378,536,413			378,536,413	378,536,413	1	
Restricted for:							
Nonexpendable							
Scholarships, fellowships, and research	53,090,283			53,090,283	53,090,283	8	
Expendable							
Scholarships, fellowships, research and other	25,896,923			25,896,923	25,896,923	8	
Instructional department uses	13,668,440			13,668,440	13,668,440	8	
Capital projects and debt service	5,910,761			5,910,761	5,910,761	1	
Temporarily Restricted		19,285		19,285	19,285	1	
Unrestricted	135,100,000	6,593,625		141,693,625	141,693,625	1	
<b>Total net position</b>	<b>612,202,820</b>	<b>6,612,910</b>		<b>618,815,730</b>	<b>618,815,730</b>		
<b>NET POSITION</b>							
Net investment in capital assets							378,536,413 1
Restricted for:							
Education							20,102,267 8
Construction and debt service							5,910,761 1
Other Purposes							19,285 1
Funds Held as Permanent Investments							
Nonexpendable							53,090,283 8
Expendable							19,463,096 8
Unrestricted Net Position							141,693,625 1
<b>TOTAL NET POSITION</b>	<b>\$ 612,202,820</b>	<b>\$ 6,612,910</b>		<b>\$ 618,815,730</b>	<b>\$ 618,815,730</b>		<b>\$ 618,815,730</b>

See notes to supplemental financial statements.

STATE OF MICHIGAN  
RECLASSIFYING ENTRIES FOR STATEMENT OF NET POSITION  
STATE UNIVERSITIES COMPONENT UNITS - CENTRAL MICHIGAN UNIVERSITY  
JUNE 30, 2016

EXHIBIT I

1) Reclassify financial data into the specified format to be used in the State's CAFR Statement.

	Other Receivables	Due from Primary Government	Due from Federal Government
Accounts receivable, net	\$ 20,913,765		
State appropriations receivable, SBA	5,351,747		
State appropriations receivable, operations	14,750,383		
State appropriations receivable, Charter Schools	38,938,560		
State Appropriations - SBA	(5,351,747)	\$ 5,351,747	
State Appropriations - operations	(14,750,383)	14,750,383	
State Appropriations - Charter Schools	(38,938,560)	38,938,560	
State Grants	(339,641)	339,641	
Federal Agencies	<u>(1,152,967)</u>		\$ 1,152,967
	19,421,157	<u>\$ 59,380,331</u>	<u>\$ 1,152,967</u>
Other current assets	1,632,528		
	<u>\$ 21,053,685</u>		

3) Reclassify investments

	Investments
Endowment investments	\$ 130,956,607
Other long-term investments	204,087,857
Investments	<u>\$ 335,044,464</u>

4) Reclassify capital assets

	University Capital Assets	Discrete CU Capital Assets	Total Capital Assets
Land and other nondepreciable assets	\$ 13,708,593		\$ 13,708,593
Buildings, equipment, and other depreciable assets	845,197,835	\$ 5,302,061	850,499,896
Construction in progress	<u>87,946,027</u>		<u>87,946,027</u>
Total	946,852,455	5,302,061	952,154,516
Less accumulated depreciation	<u>401,256,037</u>	<u>3,878,352</u>	<u>405,134,389</u>
Capital Assets, net	<u>\$ 545,596,418</u>	<u>\$ 1,423,709</u>	<u>\$ 547,020,127</u>

5) Reclassify current liabilities

	Accounts Payable and Other Liabilities	Due to Primary Government	Interest Payable
Accounts payable and accrued liabilities	\$ 74,219,067		
Deposits	2,780,129		
Mich income tax			
UAAL Payment	(1,215,605)	\$ 1,215,605	
Mich sales tax owed	(12,724)	12,724	
Interest	<u>(1,577,759)</u>		\$ 1,577,759
	<u>\$ 74,193,108</u>	<u>\$ 1,228,329</u>	<u>\$ 1,577,759</u>

6) Reclassify current portion of debt obligation

	Long Term Liab Current portion	Bonds & Notes Payable
Current portions of long term obligations	\$ 5,873,098	
Bonds and notes payable	<u>(5,420,000)</u>	<u>\$ 5,420,000</u>
	<u>\$ 453,098</u>	<u>\$ 5,420,000</u>

7) Reclassify noncurrent liabilities

	Other Long-Term Liabilities	Bonds & Notes Payable
Long-term debt and other obligations	\$ 179,957,909	
Long-term bonds and notes payable	(164,155,000)	\$ 164,155,000
Net Pension Liability	<u>128,881,423</u>	
	<u>\$ 144,684,332</u>	<u>\$ 164,155,000</u>

8) Combine restricted net position

	Restricted for Endowments	Restricted for Education
Restricted for:		
Nonexpendable-scholarships, fellowships, research	\$ 53,090,283	
Expendable-scholarships, fellowships, research	19,463,096	\$ 6,433,827
Instructional department uses		13,668,440
	<u>\$ 72,553,379</u>	<u>\$ 20,102,267</u>

9) Reclassify Pension Related Deferred Inflows

	Deferred Outflow	Deferred Inflow
Pension Related Deferreds	\$ 10,022,193	\$ 2,419,577
Def Inflows-Contributions Subsequent to Measurement Date	<u>(844,238)</u>	<u>(844,238)</u>
	<u>\$ 9,177,955</u>	<u>\$ 1,575,339</u>

See notes to supplemental financial statements.

STATE OF MICHIGAN  
STATEMENT OF ACTIVITIES  
STATE UNIVERSITIES COMPONENT UNITS-CENTRAL MICHIGAN UNIVERSITY  
FISCAL YEAR ENDED JUNE 30, 2016

EXHIBIT II

	University Financial Report	Discrete Component Units	Total University	Adjustments and Reclassifications		SOMCAFR Format
				Debit	Credit	
<b>OPERATING REVENUES</b>						
Tuition and fees	\$ 221,474,401		\$ 221,474,401	\$ 221,474,401	1	
Federal grants and contracts	6,879,248		6,879,248	6,879,248	2	
State and local grants and contracts	1,421,011		1,421,011	1,421,011	2	
Private grants and contracts	3,421,641		3,421,641	3,421,641	2	
Sales and services of educational activities	19,109,092		19,109,092	19,109,092	1	
Auxiliary enterprises	81,720,240	\$ 32,649,175	114,369,415	114,369,415	1	
Total operating revenues	334,025,633	32,649,175	366,674,808	366,674,808		
<b>OPERATING EXPENSES</b>	445,073,732	31,876,713	476,950,445		\$ 476,950,445	3
<b>NONOPERATING REVENUES (EXPENSES)</b>						
State appropriations	81,466,520		81,466,520	81,466,520	4	
Gifts and pledges net of allowance	9,559,115		9,559,115	9,559,115	2	
Investment income net of expense	(7,886,974)	6,837	(7,880,137)	(7,880,137)	2,5	
Interest on capital assets related debt	(3,935,628)		(3,935,628)			3
Federal Pell grant program	26,866,147		26,866,147	26,866,147	6	
Other nonoperating revenues	35,312		35,312	35,312	6	
Net nonoperating revenues	106,104,492	6,837	106,111,329	110,046,957		3,935,628
<b>OTHER</b>						
Capital appropriations	5,351,747		5,351,747	5,351,747	4	
Capital grants and gifts	2,433,529		2,433,529	2,433,529	7	
Additions to permanent endowments	5,602,773	(1,000,000)	4,602,773	4,602,773	2	
Total other revenues	13,388,049	(1,000,000)	12,388,049	12,388,049		
Increase in net position	8,444,442	(220,701)	8,223,741	489,109,814		480,886,073
<b>EXPENSES</b>				480,886,073	3	\$ 480,886,073
<b>PROGRAM REVENUES</b>						
Charges for services						354,952,908 1
Operating grants/contributions						21,921,348 2
Capital grants/contributions						2,433,529 7
<b>NET (EXPENSE) REVENUE</b>						
Business-type activities						379,307,785
<b>GENERAL REVENUES</b>						
Interest and investment earnings						(3,917,697) 5
Payments from State of Michigan						86,818,267 4
Other						26,901,459 6
<b>TRANSFERS</b>						
Total general revenues and transfers						109,802,029
Change in net position	8,444,442	(220,701)	8,223,741			8,223,741
Net position -- beginning	603,758,378	6,833,611	610,591,989			610,591,989
Net position -- ending	\$ 612,202,820	\$ 6,612,910	\$ 618,815,730	\$ 0	\$ 0	\$ 618,815,730

See notes to supplemental financial statements.

STATE OF MICHIGAN  
RECLASSIFYING ENTRIES FOR STATEMENT OF ACTIVITIES  
STATE UNIVERSITIES COMPONENT UNITS - CENTRAL MICHIGAN UNIVERSITY  
JUNE 30, 2016

EXHIBIT II

1)	Charges for services	Charges for Services
	Tuition and fees	\$ 221,474,401
	Sales and services of educational activities	19,109,092
	Auxiliary enterprises	114,369,415
		<u>\$ 354,952,908</u>
2)	Operating grants/contributions	Operating Grants/Contributions
	Federal grants and contracts	\$ 6,879,248
	State and local grants and contracts	1,421,011
	Private grants and contracts	3,421,641
	Gifts and pledges net of allowance	9,559,115
	Additions to permanent endowments	5,602,773
	Contributions from component unit	(1,000,000)
	Investment Income - Exp Rest Fund	1,021
	Investment Income - Student Loan Fund	10,785
	Investment Income - Endowment Fund	(3,974,246)
		<u>\$ 21,921,348</u>
3)	Expenses	Expenses
	Operating expenses - CMU	\$ 445,073,732
	Operating expenses - component unit	32,876,713
	Operating expenses - component unit to CMU	(1,000,000)
	Interest on capital assets, net of related debt	3,935,628
		<u>\$ 480,886,073</u>
4)	Payments from State of Michigan	Payments from State of Michigan
	State appropriations	\$ 81,095,153
	Capital appropriations	5,351,747
	Section 236(4) retirement contribution	371,367
		<u>\$ 86,818,267</u>
5)	Interest and investment earnings	Investment Income
	Investment Income - Exp Rest Fund	\$ (7,880,137)
	Investment Income - Student Loan Fund	(1,021)
	Investment Income - Endowment Fund	(10,785)
		3,974,246
		<u>\$ (3,917,697)</u>
6)	Other Revenues	Other Revenues
	Federal Pell Grant Program	\$ 26,866,147
	Other nonoperating revenues	35,312
		<u>\$ 26,901,459</u>
7)	Reclassify financial data into the specified format to be used in the State's CAFR Statement.	



# NOTES TO THE STATE OF MICHIGAN CAFR

## Central Michigan University

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### NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting. The statements incorporate all fund groups utilized internally by the university. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB.

The university reports under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in pre-November 30, 1989 FASB and AICPA pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board (FASB) Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting research bulletins of the American Institute of Certified Public Accountants (AICPA), Committee or Accounting Procedure

The financial statements of the university's discretely presented component unit, Central Health Advancement Solutions (CHAS) have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

For this financial report the aggregated total of the university and CHAS are presented.

#### Cash and Cash Equivalents

The university and its component units define cash and cash equivalents as highly liquid, short-term investments that bear little or no market risk and are stated at fair value.

Restricted cash and cash equivalents represent unspent cash held in trust accounts related to bonded debt.

Both cash and cash equivalents and restricted cash and cash equivalents are included in cash and cash equivalents on the Statements of Cash Flows.

#### Inventories

Inventories are primarily stated at actual cost, using the first-in first-out method.

#### Investments

All investments are stated at fair value.

#### Capital Assets

Capital assets for the university are stated at cost or, when donated, at fair market value at date of gift. Depreciation is computed using the straight-line method from the date of acquisition. University building additions and improvements with a cost in excess of \$50,000 are capitalized if the life of the building is extended; equipment with a cost in excess of \$5,000 and a useful life greater than one year is capitalized; and software in excess of \$250,000. Assets are depreciated over the estimated useful life for the respective asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. The university does not capitalize certain works of art or historical treasures (except for certain museum collections) that are held for exhibition, education, research or public service.

## NOTES TO THE STATE OF MICHIGAN CAFR (continued)

### Central Michigan University

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Depreciation is provided for physical properties on a straight-line basis over the estimated useful life of the property as follows:

Classification	Life
Buildings > \$100,000	40 years
Buildings < \$100,000	10 years
Infrastructure	20 years
Equipment – Digital TV	20 years
Leasehold Improvements	10 years
Land Improvements	8 years
Equipment	3–8 years
Library Books	8 years
Vehicles	4 years
Software	3–5 years

For CHAS leasehold improvements, furniture, and equipment are stated at cost. Leasehold improvements, furniture, and equipment purchases in excess of \$500 are depreciated over their estimated useful lives using the straight-line method. Assets under capital lease obligations are amortized on the straight-line method over the estimated useful lives of the related assets. Such amortization is included in depreciation in the financial statements.

#### Deferred Outflows and Deferred Inflows

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of interest rate swap agreements that are stated at fair value based on the zero coupon valuation method, gains on the defeasance of debt and deferred resources related to the university's proportionate share of the net pension liability for the Michigan Public School Employee's Retirement System (MPERS) plan. The university recorded deferred outflows for hedging instruments (noncurrent liabilities) of \$8,031,567 at June 30, 2016. Also included in deferred outflows is the gain on the defeasance of three General Revenue Bonds Series: Series 2002A valued at \$1,215,451, net of amortization at June 30, 2016; Series 2005 valued at \$1,073,319, net of amortization at June 30, 2016; and Series 2006 valued at \$226,224, net of amortization at June 30, 2016. The value of the deferred outflows related to the MPERS plan was \$9,177,955 as of June 30, 2016. See Note 27 for additional information on deferred outflows related to the MPERS plan.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of deferred resources related to the university's proportionate share of the net pension liability for the Michigan Public School Employee's Retirement System (MPERS) plan. The value of the deferred inflows related to the MPERS plan was \$1,575,339 as of June 30, 2016. See Note 27 for additional information on deferred inflows related to the MPERS plan.

#### Operating and Non-operating Revenues

Operating revenues of the university consist of tuition, grants and contracts, sales and services of educational activities and auxiliary enterprise revenues. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 34, including state appropriations, Federal Pell grant revenue, gifts and investment income. Restricted and unrestricted resources are spent and tracked at the discretion of the recipient university department within the guidelines of donor restrictions, if any.

# NOTES TO THE STATE OF MICHIGAN CAFR (continued)

## Central Michigan University

### NOTE 4--ACCOUNTING CHANGES AND RECLASSIFICATIONS

#### Adoption of New Standard

As of June 30, 2016, the university retrospectively applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. See Note 8 for additional information.

### NOTE 8--DEPOSITS AND INVESTMENTS

The university and its component units had the following investments as of June 30, 2016:

	Fair Market Value	Investment Maturities (in Years)		
		Less Than 1	1-5	N/A
Deposits:				
Time deposits	\$ 40,943,017	\$ 40,943,017		
Government money market accounts				
Investments:				
Commercial paper				
Short-term notes				
Repurchase agreements				
Government securities				
Insured mortgage backed securities				
Government backed securities				
Investment agreements				
Corporate bonds and notes				
Preferred stock				
Equities	123,293,599	123,293,599		
Real estate	42,587	42,587		
Venture capital & leveraged buyouts				
Government money market funds				
Mutual bond/equity funds	166,814,238			\$ 166,814,238
Guaranteed investment contracts				
Pooled investment funds				
Other Investments	39,178,212		\$ 39,178,212	
Total Investments	<u>\$ 370,271,653</u>	<u>\$ 164,279,202</u>	<u>\$ 39,178,212</u>	<u>\$ 166,814,238</u>
Less Investments Reported as "Cash" on Statement of Net Position				
Current cash and cash equivalents	35,227,186			
Restricted cash and cash equivalents	3			
	<u>35,227,189</u>			
Total Investments	<u>\$ 335,044,464</u>			
<u>As Reported on the Statement of Net Position</u>				
Current investments				
Noncurrent restricted investments				
Noncurrent investments	<u>\$ 335,044,464</u>			
Total Investments	<u>\$ 335,044,464</u>			

## **NOTES TO THE STATE OF MICHIGAN CAFR (continued)**

### **Central Michigan University**

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#### **Credit Risk**

The university's investment policy requires that all bond investments have a Standard and Poor's or a Moody's Investors Service rating of A or better. The debt investments held by the university as of June 30, 2016, that mature by June 30, 2017, were rated by Moody's with ratings of A, AA, and A+.

#### **Interest Rate Risk**

The university does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All government securities have a maturity of less than one year.

#### **Concentration of Credit Risk**

Deliberate management of the asset mix among classes of investments is a necessary and desirable responsibility. In the allocation of assets, diversification of investments among asset classes that are not similarly affected by economic, political or social developments is a highly desirable objective. The university's general policy shall be to diversify investments within both equity and fixed income securities to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset class or investment category. Accordingly, the university did not have investments in any one issuer that represented 5% or more of total investments at June 30, 2016.

#### **Foreign Currency Risk**

All of the university's holdings of foreign investments were in US dollars at June 30, 2016, therefore the university was not subject to foreign currency risk.

#### **Custodial Credit Risk**

For deposits, custodial credit risk is present if the deposits are not covered by depository insurance and are 1) uncollateralized; 2) collateralized with securities held by the pledging financial institution; or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the university's name. The carrying amount of deposits, excluding those classified as investments, was \$28,923,246 at June 30, 2016. The deposits were reflected in the accounts of the banks at \$36,706,011 at June 30, 2016. Of the bank balance, \$35,956,011 at June 30, 2016 was uninsured and uncollateralized.

For CHAS deposits reflected in the accounts of the banks were \$3,431,500 at June 30, 2016. Of the bank balance, \$3,181,500 at June 30, 2016, was uninsured and uncollateralized.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the university will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The university had custodial credit risk of \$122.5 million at June 30, 2016, in its investment portfolios held by various investment managers as the counterparty.

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**NOTES TO THE STATE OF MICHIGAN CAFR (continued)**

**Central Michigan University**

**NOTE 9--CAPITAL ASSETS**

Capital assets, net of depreciation, for the university and its component units consist of the following as of June 30, 2016:

	Beginning Balance <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>June 30, 2016</u>
Non-depreciated capital assets:				
Land	\$ 12,943,827			\$ 12,943,827
Capitalized Collections	780,446		\$ 15,680	764,766
Total non-depreciated capital assets	<u>13,724,273</u>		<u>15,680</u>	<u>13,708,593</u>
Depreciated capital assets:				
Land Improvements	25,055,179	\$ 3,775,132		28,830,311
Infrastructure	19,415,842	1,409,720		20,825,562
Buildings	656,128,116	11,674,151		667,802,267
Leasehold Improvements	95,759	250,497		346,256
Furniture and Equipment	78,681,232	4,125,286	1,739,974	81,066,544
Library Materials	46,614,917	1,030,492	2,243,220	45,402,189
Intangible Assets	924,706			924,706
CHAS Leasehold Imp, Furniture, Equip	4,908,833	393,228		5,302,061
	<u>831,824,584</u>	<u>22,658,506</u>	<u>3,983,194</u>	<u>850,499,896</u>
Less accumulated depreciation:				
Land Improvements	22,161,362	1,184,906		23,346,268
Infrastructure	9,018,789	961,374		9,980,163
Buildings	252,252,328	15,133,844		267,386,172
Leasehold Improvements	86,981	10,866		97,847
Furniture and Equipment	54,993,074	5,226,926	1,639,981	58,580,019
Library Materials	42,215,457	1,101,369	2,243,220	41,073,606
Intangible Assets	784,182	7,780		791,962
CHAS Leasehold Imp, Furniture, Equip	3,983,635		105,283	3,878,352
Total depreciated capital assets	<u>385,495,808</u>	<u>23,627,065</u>	<u>3,988,484</u>	<u>405,134,389</u>
Construction In Progress	<u>46,949,991</u>	<u>47,690,844</u>	<u>6,694,808</u>	<u>87,946,027</u>
Capital Assets, Net	<u>\$ 507,003,040</u>	<u>\$ 46,722,285</u>	<u>\$ 6,705,198</u>	<u>\$ 547,020,127</u>

## NOTES TO THE STATE OF MICHIGAN CAFR (continued)

### Central Michigan University

#### NOTE 10--RETIREMENT PLANS

In addition to the Michigan Public School Employees' Retirement System (MPERS), the university has established retirement plans for all qualified employees. Full-time faculty and professional administrators have the option to participate in the Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA-CREF) and/or Fidelity Investment Tax Exempt Services Company. The university contributes 12% of each qualified employee's pay to these defined contribution plans. For new hires on or after January 1, 1996, the university contributes 10% for all salaried employees and 9.5%-10% for hourly staff. University contributions begin immediately for all employees.

Contributions and covered payroll under all plans in fiscal year 2016 are summarized as follows:

	<u>TIAA-CREF</u>	<u>Fidelity</u>	<u>MPERS</u>	<u>University Total</u>
Pension Contributions				
University Defined Contribution	\$ 13,347,303	\$ 2,660,538	\$ 9,734	\$ 16,017,575
University Normal Defined Benefit			814,129	814,129
Required Employee DB			487,413	
University DB UAAL			8,310,114	8,310,114
Health Contributions				
University Personal Health Fund DC			13,344	13,344
Required Employee PHF DC			13,344	
University Normal Defined Benefit			137,124	137,124
Required Employee DB			484,616	
University UAAL			4,023,376	4,023,376
Covered Payroll	128,490,131	26,244,928	16,818,249	171,553,308

The university also sponsors the Retirement Service Award program covering certain employees hired before a specific date in 1976 and certain maintenance and food service employees. The plan provides for distributions to qualifying employees at retirement based principally on length of service and salary at retirement. Liabilities of \$1,720,532 for fiscal year 2016 related to this program are included in the university Statements of Net Position. The assets are included with the university's cash and cash equivalents. The corresponding liabilities have been included with long-term debt, hedging instruments and other long-term obligations in the Statements of Net Position. During fiscal year 2016, the university updated and recorded the expected liability for this program.

#### MPERS – MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

The university participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers some employees of the university. Employees hired on or after January 1, 1996 cannot participate in MPERS, unless they previously were enrolled in the plan at Central Michigan University, or one of the other six universities that are part of MPERS.

#### Contributions

Public Act 300 of 1980, as amended, required the university to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Under these provisions, each university's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

## NOTES TO THE STATE OF MICHIGAN CAFR (continued)

### Central Michigan University

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The university's contributions are determined based on employee elections. There are four different benefit options included in the plan available to employees based on date of hire. The university also contributes to MPSERS a percentage of member and non-member payrolls, determined by the plan's actuaries, for the unfunded portion of future pensions. Contribution rates are adjusted annually by the ORS. The rates for the defined benefit plan are as follows:

	Normal Pension Cost	Unfunded Portion
10/01/15 – 06/30/16	4.87%	20.26%
10/01/14 – 09/30/15	4.8%	17.72%

Employees starting between January 1, 1990, and December 31, 1995, are required to contribute between 3.0% and 4.3% of their annual pay. During the period February 1, 2013 through June 30, 2013 employees could transition to a defined contribution plan.

The university's required contributions to MPSERS normal pension costs, totaled \$814,129 in fiscal year 2016. Required employee contributions were \$487,413 in fiscal year 2016. The university's contributions to the unfunded MPSERS pensions totaled \$8,310,114 in fiscal year 2016. The university received \$1,215,605 of stabilization rate revenue from the State of Michigan to assist in funding the MPSERS pension and health Unfunded Actuarial Accrued Liability (UAAL) for the year ended June 30, 2016.

#### Net Pension Liability, Deferrals, and Pension Expense

At June 30, 2016, the university reported a liability of \$128,881,423 for its proportionate share of the net pension liability as calculated for the universities reporting unit of MPSERS. The net pension liability for fiscal year 2016 was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014, which used update procedures to roll forward the estimated liability to September 30, 2015. The university's proportion of the net pension liability was based on statutorily required contributions relative to all participating universities' contributions for the measurement period. At September 30, 2015, the university's proportion was 23.49 percent, of the universities reporting unit.

For the year ended June 30, 2016, the university recognized pension expense of \$36,766,983. This amount includes a minor adjustment for the difference in required contributions between the plan calculation date of September 30, 2015 and the university's fiscal period of June 30, 2016. At June 30, 2016, the university also reported deferred outflows of resources and deferred inflows of resources related to pensions a portion of which includes the difference in required contributions. See Note 27 for additional information on deferred resources.

During fiscal year 2016, the university received \$32,728,364 from the plan for a plan error in requiring excess contributions. The refund reduced the plan's net position and impacted the university's net pension liability as of June 30, 2016.

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## NOTES TO THE STATE OF MICHIGAN CAFR (continued)

### Central Michigan University

#### NOTE 12--LEASE COMMITMENTS

The university has entered into various operating leases, primarily for Global Campus degree program facilities and College of Medicine office space. CHAS has entered into various leases primarily for clinical and office space. The following is a schedule of the aggregate minimum commitments for leases for each of the succeeding five years ending June 30 and thereafter:

2017	\$	2,361,502
2018		1,604,753
2019		987,057
2020		767,110
2021		512,777
2022-2026		1,354,018
2027-2031		398,000
	\$	<u>7,985,217</u>

#### NOTE 14--LONG-TERM DEBT, HEDGING INSTRUMENTS AND OTHER OBLIGATIONS

Long-term debt, hedging instruments and other obligations consist of the following as of June 30, 2016:

	Beginning Balance July 1, 2015	Additions	Reductions	Ending Balance June 30, 2016	Current Portion
General Revenue Bonds:					
Series 1990 Capital Appreciation	\$ 1,787,072	\$ 32,928	\$ 1,820,000		
Series 2005:					
Series Bonds	825,000		825,000		
Term Bonds					
Series 2006:					
Series Bonds	6,730,000		6,730,000		
Term Bonds					
Series 2008A Series Bonds	25,310,000		3,170,000	\$ 22,140,000	\$ 350,000
Series 2009A Series Bonds	25,410,000		1,585,000	23,825,000	1,670,000
Series 2009A Unamortized Premium	1,935,000		172,000	1,763,000	172,000
Series 2012A Series Bonds	23,015,000			23,015,000	560,000
Series 2014:					
Series Bonds	44,665,000			44,665,000	1,490,000
Term Bonds					
Series 2014 Unamortized Premium	7,956,000		272,000	7,684,000	272,000
Series 2016 Series Bonds		20,750,000		20,750,000	650,000
Series 2016 Unamortized Premium		3,077,805	74,805	3,003,000	156,000
Total Long-Term Debt	<u>177,063,072</u>	<u>23,860,733</u>	<u>31,973,805</u>	<u>168,950,000</u>	<u>5,320,000</u>
Other Obligations:					
Note Payable	725,000		100,000	625,000	100,000
Line of Credit	13,100,000		13,100,000		
Hedging Instruments	6,738,707	1,292,860		8,031,567	
Compensated Absences	5,432,843	256,024		5,688,867	86,546
Federal Portion of Perkins					
Loan Program	5,256,797		5,100,652	156,145	156,145
Retirement Service Programs	3,046,907		874,851	2,172,056	66,741
Other Obligations		207,372		207,372	143,666
Total	<u>\$ 211,363,326</u>	<u>\$ 25,616,989</u>	<u>\$ 51,149,308</u>	<u>\$ 185,831,007</u>	<u>\$ 5,873,098</u>



## NOTES TO THE STATE OF MICHIGAN CAFR (continued)

### Central Michigan University

On January 5, 2016, the university issued \$20,750,000 in General Revenue Refunding Bonds, Series 2016. The outstanding bonds bear an interest rate between 2.50% and 5.00% and mature in fiscal year 2017 through 2036. The proceeds of these bonds were used to advance refund \$23,325,000 of outstanding General Revenue Bonds Series 2006, with an interest rate between 4.00% and 4.50%. The advance refunding reduced total debt service payments over the next 20 years by approximately \$2.9 million, which represents an economic gain of approximately \$2.2 million.

General Revenue Bond Series 1990 are capital appreciation bonds. The bonds matured in fiscal year 2016.

The principal and interest on notes and bonds are payable only from certain general revenues. The obligations are generally callable. The principal and interest (using June 30, 2016 rates) amounts due in each of the succeeding five years ending June 30 and thereafter are as follows:

	Principal	Interest	Interest Rate Swaps, Net	Total
2017	\$ 4,720,000	\$ 6,003,664	\$ 1,023,067	\$ 11,746,731
2018	5,170,000	5,852,149	1,014,307	12,036,456
2019	5,360,000	5,655,111	1,003,111	12,018,222
2020	5,365,000	5,438,332	994,117	11,797,449
2021	5,860,000	5,197,322	981,521	12,038,843
2022-2026	33,275,000	21,955,346	4,659,561	59,889,907
2027-2031	42,920,000	14,676,802	3,386,625	60,983,427
2032-2036	33,495,000	7,313,740	410,378	41,219,118
2037-2041	10,315,000	3,241,700		13,556,700
2042-2045	10,020,000	821,600		10,841,600
Total	<u>156,500,000</u>	<u>\$ 76,155,766</u>	<u>\$ 13,472,687</u>	<u>\$ 246,128,453</u>
Unamortized Premium	<u>12,450,000</u>			
	<u>\$ 168,950,000</u>			

### HEDGING INSTRUMENTS

The university has one pay-fixed, receive-variable, interest rate swap at June 30, 2016. The objective of this swap is to hedge interest rate risk on the Series 2008A bonds. A description of the swap is as follows:

Under the March 2002 swap, the university pays the counterparty a fixed payment of 4.44% and receives a variable payment of 67% of the London Interbank Offered Rate (LIBOR) (0.29712% at June 30, 2016). The swap agreement matures on October 1, 2032. The university received \$3,806,000 from the counterparty which was used to terminate the original swap with Lehman Brothers. Effective November 7, 2008, the swap agreement was assumed by Deutsche Bank AG. The swap provisions and termination date remain unchanged.

As of June 30, 2016, the swap agreement had a notional amount of \$22,000,000 and was in a negative position of \$8,031,567. As long as the variable rate portion of the swap being received by the university is less than the fixed rate being paid, the university will continue to be in a negative position on the swap.

The pay-fixed, receive-variable, interest rate swap is considered a cash flow hedge. The change in fair value was an increase to deferred outflows of \$1,292,860 for fiscal year 2016. The accumulated change in fair value of (\$8,031,567) is recorded in deferred outflows at June 30, 2016.

The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

## **NOTES TO THE STATE OF MICHIGAN CAFR (continued)**

### **Central Michigan University**

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To measure non-performance risk for a derivative liability, credit spreads implied by the credit rating for debt issues by entities with similar credit characteristics was used. This is the best method available under current market conditions since the university has no credit default swaps that actively trade in the marketplace. For a derivative asset, the adjustment for non-performance risk of counterparties is determined by analyzing counterparty-specific credit default swaps, if available. If not available, credit default swaps in the market for entities of similar type and rating are used. This analysis is used to construct a credit curve that is applied to the discount curve on the net settlement payments of the derivative.

#### **Credit Risk**

As of June 30, 2016, the hedging derivative instrument is a liability and therefore the university is not exposed to the credit risk of its swap counterparties. However, should interest rates change and the fair value of the swap become positive, the university would be exposed to credit risk in the amount of the hedging instrument's fair value. As of June 30, 2016, the derivative counterparty is currently rated Baa2 which suggests a capacity to meet financial commitments. The university is not aware of any circumstance or condition that would preclude the counterparty from complying with the terms of the derivative agreement. The university monitors counterparty credit risk on an ongoing basis for any significant adverse changes.

#### **Interest Rate Risk**

Interest payments on the hedged variable-rate debt are generally expected to increase (decrease) as SIFMA rate increase (decrease). The university believes it has effectively hedged interest rate risk on the hedged portion of its variable-rate debt by entering into an interest rate swap.

#### **Basis Risk**

The variable-rate debt hedged by the interest rate swaps is weekly-resetting variable rate demand obligation bonds. The university is exposed to basis risk since the variable rate receipts from the hedging derivatives are based on a rate or index other than the interest rates the university pays on its hedged debt.

#### **Termination Risk**

The university or its hedging counterparty may terminate a hedging instrument if the other party fails to perform under the terms of the contract. In addition, the university's swap counterparty has the right to terminate a hedging instrument if the credit rating of the university's unenhanced, unlimited tax general obligation bonds is withdrawn or reduced by any two of Fitch, Moody's, and S&P below BBB/Baa2. If such an event occurs, CMU could be forced to terminate a derivative in a liability position.

#### **Rollover Risk**

Rollover risk is the risk that a hedging instrument associated with a hedgeable item does not extend to the maturity of that hedgeable item. As of June 30, 2016, the university does not believe that rollover risk is significant.

#### **Foreign Currency Risk**

All hedging instruments are denominated in US dollars and therefore the university is not exposed to foreign currency risk.

#### **Market Access Risk**

Market access risk is the risk that the university will not be able to enter credit markets or that credit will become more costly. For example, to complete a hedging instrument's objective, an issuance of refunding bonds may be planned in the future. If at that time the university is unable to enter credit markets, expected cost savings may not be realized.

## **NOTES TO THE STATE OF MICHIGAN CAFR (continued)**

### **Central Michigan University**

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#### **OTHER OBLIGATIONS**

The Retirement Service Award program and compensated absences have been determined to be primarily long-term liabilities.

#### **NOTE 24--COMMITMENTS AND CONTINGENCIES**

One of the critical factors in continuing the quality of the university's academic programs, research programs and residential life is the development and renewal of its capital assets. Construction in progress at June 30, 2016 primarily consists of the construction costs for Biosciences building of \$72.0 million, Grawn renovation of \$3.7 million, Carey elevator room masonry of \$1.4 million, capitalized interest of \$4.1 million of which \$3.6 million is related to the Biosciences building, and other projects including maintenance and remodeling of approximately \$6.7 million.

Funds needed to complete construction projects will be provided by current unrestricted university net assets or by future state appropriations, gifts, grants, State Building Authority (SBA) monies or bond funds. Funds required to complete the projects in process approximate \$53.6 million as of June 30, 2016.

The university entered into lease agreements with the SBA and the State of Michigan during prior fiscal years for the Park Library, Health Professions Building, and Education Building. The projects were financed with SBA Revenue Bonds and state appropriations. The buildings are recorded as assets of the university.

The SBA bond issues are secured by a pledge of rentals to be received from the State of Michigan, pursuant to the lease agreement between the SBA, the State of Michigan and the university. During the lease term, the SBA will hold title to the facilities; the State of Michigan will make all annual lease payments to the SBA from operating appropriations; and the university will pay all operating and maintenance costs of the facilities. At the expiration of the leases, the SBA has agreed to sell each facility to the university for the sum of one dollar.

In the normal course of its activities, the university is a party in various legal and administrative actions. The university has not experienced significant losses or costs. After taking into consideration legal counsel's evaluation of pending actions and information relative to potential future claims based on past events, the university is of the opinion that the outcome thereof will not have a material effect on the financial statements.

#### **NOTE 25--RISK MANAGEMENT**

The university participates with other Michigan public universities in the Michigan Universities Self-Insurance Corporation (M.U.S.I.C.). This corporation's purpose is to provide insurance coverage for errors and omissions liability, commercial general liability, property loss and automobile liability. The university has reserve accounts from which it pays its retention amounts for losses related to errors and omissions, commercial general liability, auto and property claims. The first layer of coverage for losses exceeding retention levels is a group risk-sharing pool and is the responsibility of M.U.S.I.C. As a second layer of coverage M.U.S.I.C. has purchased excess insurance coverage through commercial carriers for errors and omissions, commercial general liability, property and automobile liability claims. The payments made to M.U.S.I.C. and premiums to excess carriers reflect the liability risk exposures and claims experience of each university.

#### **Professional Liability Insurance**

CHAS was self-insured for professional medical malpractice through December 31, 2010 for claims based on occurrences on or before December 31, 2010. In connection with the self-insurance program, CHAS has:

- Determined aggregate limits of \$100,000/\$300,000 for residents and \$200,000/\$600,000 for doctors.
- Established a trust fund and placed the management of the fund in the hands of an independent fiduciary who has legal title to it and is responsible for its proper administration and control.

## NOTES TO THE STATE OF MICHIGAN CAFR (continued)

### Central Michigan University

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	June 30	
	2016	2015
Estimated professional liability under self-insurance	\$ 163,892	\$ 246,116
Total malpractice assets:		
Investments under professional liability funding arrangement – held by the trustee, at fair value	629,842	626,209
Over funding of liability	\$ (465,950)	\$ (380,093)

Claim losses based upon occurrences prior to July 1, 1986 remain insured under prior insurance policies subject to the policy limits.

Effective January 1, 2011, CHAS purchased commercial insurance coverage for professional medical malpractice. Coverage consists of \$1,000,000 per occurrence with annual aggregates ranging from \$3,000,000 to \$9,000,000.

Effective April 1, 2012, CHAS purchased commercial insurance coverage for professional medical malpractice. Coverage consists of \$1,000,000 per occurrence with annual aggregates ranging from \$3,000,000 to \$8,500,000.

Effective November 1, 2012, CHAS purchased commercial insurance coverage for professional medical malpractice. Coverage consists of \$2,000,000 per occurrence with an annual aggregate \$12,000,000.

Malpractice and other claims have been asserted against CHAS by various claimants. Such claims are in various stages of processing and some may be litigated. Accordingly, management and counsel cannot determine the ultimate outcome of the actions commenced. In the opinion of management, all such matters are adequately covered by prior and existing insurance policies and the Self-Insurance Trust Fund.

#### Managed Care Risk Pool Liability

CHAS also entered into an agreement with Great Lakes Health Plan, Inc. (GLHP) for Medicaid covered services on October 1, 2000. The agreement is effective for one year and is automatically renewable for yearly terms unless terminated by CHAS or GLHP. Under the agreement, CHAS receives capitated and covered services compensation. Covered services are reimbursed according to GLHP's fee schedule. CHAS agrees to bear the risk for the cost of the covered services which exceeds the covered service compensation. Since CHAS bears the risk of loss, there is no risk pool liability associated with their plan.

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**NOTES TO THE STATE OF MICHIGAN CAFR (continued)****Central Michigan University**

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**NOTE 27--DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

For the year ended June 30, 2016, the university reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Accumulated fair value of hedging derivatives	\$ 8,031,567	
Gain on Defeasance of Debt	2,514,994	
Pension Related:		
Differences between expected and actual experience	1,770,264	
Net difference between projected and actual earnings on pension plan assets	373,233	
Changes in proportion and differences between contributions and proportionate share of contributions	51,647	\$ 1,575,339
Contributions subsequent to the measurement date	6,982,811	
Total	<u>\$ 19,724,516</u>	<u>\$ 1,575,339</u>

Deferred outflows of resources and deferred inflows of resources do not include \$844,238 of UAAL stabilization funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date.

**NOTE 28--SUBSEQUENT EVENTS**

None