

2011 FINANCIAL REPORT




*Advancing Missouri*TM



University of Missouri System
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2011 Financial Report



University of Missouri System

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Message from the President

The University of Missouri System plays a unique and pivotal role in our state. No other higher education institution in the state—public or private—has the breadth, reach and impact that advances Missouri in as many dimensions as our four campuses.

This impact can be felt in every corner of Missouri, as the map to the right of this page shows. Whether it is educating more than 71,000 students; employing more than 28,000 employees and generating \$1.6 billion in salaries, wages and benefits; providing more than \$39 million in uncompensated care to Missouri's neediest patients; or spurring economic development through start-up companies created around university-developed technologies, the University of Missouri is an unparalleled institution of higher education in this state.

With our statewide impact comes a continued commitment to being good stewards of state resources. Against a backdrop of declining state appropriations, we raised in-state undergraduate tuition an average of 5.5 percent this current academic year—a modest increase after two years of flat tuition, but nonetheless a difficult choice as we continue to balance the need for affordable access to our quality programs. We took advantage of historically low interest rates in the bond markets to finance critically needed building renovations and new facilities on all four campuses, resulting in improved facilities for teaching, research and patient care. And we continued to bolster our financial position with assets totaling \$6.1 billion and net assets of \$4 billion, an increase of approximately \$335 million thanks in large part to increased investment and endowment income compared to fiscal year 2010.

Our accountability to the state of Missouri and our fellow citizens also remains a top priority. We provided our board of curators and other state leaders with our first annual progress report on our Accountability Measures, a comprehensive list of nearly 80 measures aligned with our mission, including best-in-class benchmarks, peer comparison data and three-year targets. These measures document our performance and serve as a guide for both our areas of excellence and need for continuing focus.

Those measures and more are available on our Web site at www.umsystem.edu. We invite you to take a look and discover all the ways the four campuses and health care enterprise of the University of Missouri System are advancing the education of our students, our state's economy, the health of our fellow citizens and the culture of our rural and urban communities.

Sincerely,



Stephen J. Owens
Interim President, University of Missouri System



Statewide Reach and Impact



Key

- UM System Campus
 - Research Parks / Business Incubators
 - Agriculture Research Stations
 - Health Centers & Affiliates
- Small Business Technology Development Center
 - MOREnet Member Sites
 - Missouri Telehealth Network Sites
 - Extension Centers

Curators of the University of Missouri

The Board of Curators, the governing body of the University of Missouri, consists of nine members who are appointed by the governor, by and with the advice and consent of the Senate; provided, that not more than one person shall be appointed from the same congressional district, and no person shall be appointed a curator who shall not be a citizen of the United States, and who shall not have been a resident of the state of Missouri two years prior to his or her appointment. Not more than five curators shall belong to any one political party.



Warren K. Erdman
Kansas City, Chairman
Term expires: Jan. 1, 2013



David R. Bradley
St. Joseph, Vice Chairman
Term expires: Jan. 1, 2015



Donald L. Cupps
Cassville
Term expires: Jan. 1, 2017



Don M. Downing
Webster Groves
Term expires: Jan. 1, 2015



Wayne Goode
St. Louis
Term expires: Jan. 1, 2015



Judith G. Haggard
Kennett
Term expires: Jan. 1, 2013



David L. Steward
St. Louis
Term expires: Jan. 1, 2017



Laura Confer
Student Representative
to the board of curators,
Missouri S&T
Term expires: Jan. 1, 2012

Two Seats are Vacant.



University of Missouri System General Officers



Stephen J. Owens
Interim President



Phillip J. Hoskins,
Acting General Counsel



Gary K. Allen, Ph.D.,
Vice President for
Information Technology



Steven W. Graham, Ph.D.
Senior Associate Vice President
for Academic Affairs



Stephen C. Knorr,
Vice President for
Government Relations



Natalie "Nikki" Krawitz,
Vice President for Finance
& Administration



Michael F. Nichols, Ph.D.,
Vice President for Research
& Economic Development



Elizabeth "Betsy" Rodriguez,
Vice President for Human
Resources



Brady J. Deaton
Chancellor, University of
Missouri-Columbia



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



Leo M. Morton
Chancellor, University of
Missouri-Kansas City



Warren K. Wray
Interim Chancellor,
Missouri University of
Science and Technology

Finance Staff

Natalie "Nikki" Krawitz, Vice President for finance & administration

Jane E. Closterman, Controller

Tom Richards, Treasurer

Cuba Plain, Assistant Vice President for Budget Planning and Development



The University of Missouri - Columbia

is the leading choice for higher education in the state with one-third of college-bound high school graduates joining the Mizzou family each year. As one of only 34 public U.S. universities — and one of only two institutions in Missouri — invited to membership in the prestigious Association of American Universities, it is among a handful of universities nationwide to have programs in law, medicine, veterinary medicine and a research reactor on one campus. Its economic impact on the state is far reaching, attracting approximately \$200 million in federal grants and contracts to the state each year, ultimately generating \$500 million in economic activity.



The University of Missouri - Kansas City

is home to the nationally ranked Institute for Entrepreneurship and Innovation in the Bloch School of Management and has recognized performing arts programs. It has four health science schools on one campus and is widely known for KC SourceLink, a program that helps small business development.



Missouri University of Science and Technology

in Rolla is one of the nation's most focused technological research universities. With 15 accredited undergraduate engineering programs, it provides more engineering degree options than MIT, Purdue, Illinois or Michigan, and three times the average number found at other U.S. universities. Its graduates are highly sought by the business community, averaging the second-highest starting salaries.

UMSL



The University of Missouri - Saint Louis

is the largest university in the St. Louis region and third largest in Missouri. It boasts several nationally ranked departments and programs, including the Department of Criminology and Criminal Justice and International Business. With the largest university alumni population in the region, it is ranked 14th nationally for having one of the Best College and University Civic Partnerships, which measures economic, social and cultural impact on metropolitan regions.



University of Missouri Health System



The University of Missouri Health System

provides exceptional care for patients around the state and beyond. In partnership with the Tiger Institute for Health Innovations, it is equipping health professionals with the most advanced technology to provide safe and effective care. The hospital is one of only four in Missouri and 74 in the nation to be recognized for its heart and stroke care, and was recognized as one of the nation's "most wired" hospitals by *Hospital & Health Networks* magazine.



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Financial Information



University of Missouri System

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MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

October 11, 2011

The management of the University of Missouri System (the "University") is responsible for the preparation, integrity, and fair presentation of the financial statements. The financial statements, presented on pages 32 to 38, have been prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on judgments and estimates by management.

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

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

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

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



Natalie "Nikki" Krawitz
Vice President for Finance and Administration

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MISSOURI

UNIVERSITY OF MISSOURI SYSTEM MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011 and 2010 (unaudited)

Management's Discussion and Analysis provides an overview of the financial position and activities of the University of Missouri System (the "University") for the fiscal years ended June 30, 2011 and 2010, and should be read in conjunction with the financial statements and notes. The University is a component unit of the state of Missouri and an integral part of the state's Comprehensive Annual Financial Report.

This report includes five financial statements:

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

The University's financial statements are prepared in accordance with U.S. generally accepted accounting

principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes financial reporting standards for public colleges and universities. The University's significant accounting policies are summarized in Note 1 to the financial statements of this report, including further information on the financial reporting entity. In addition, a more detailed unaudited financial report that includes campus-level financial statements is available at the University of Missouri, 1000 W Nifong, Building 7, Suite 300, Columbia, MO 65211, and at www.umsystem.edu through the Finance and Administration page.

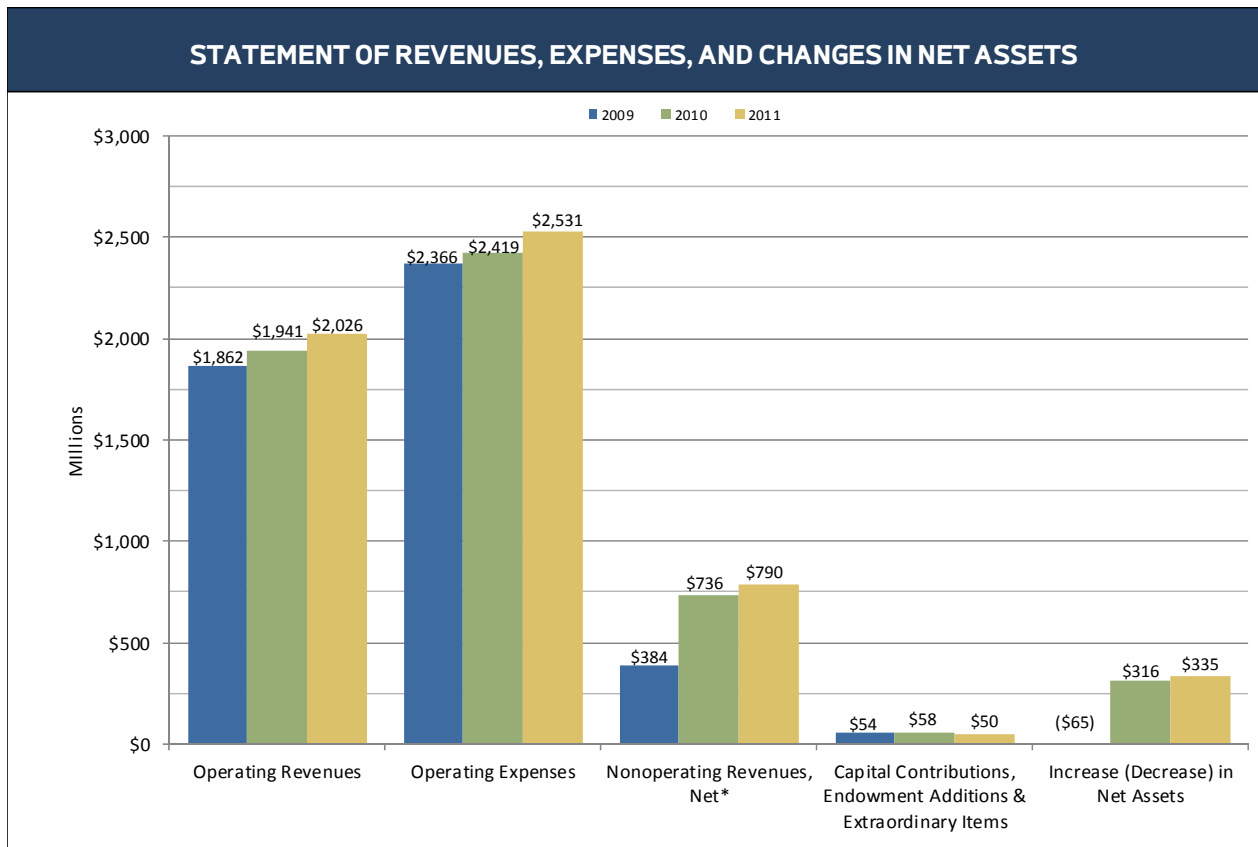
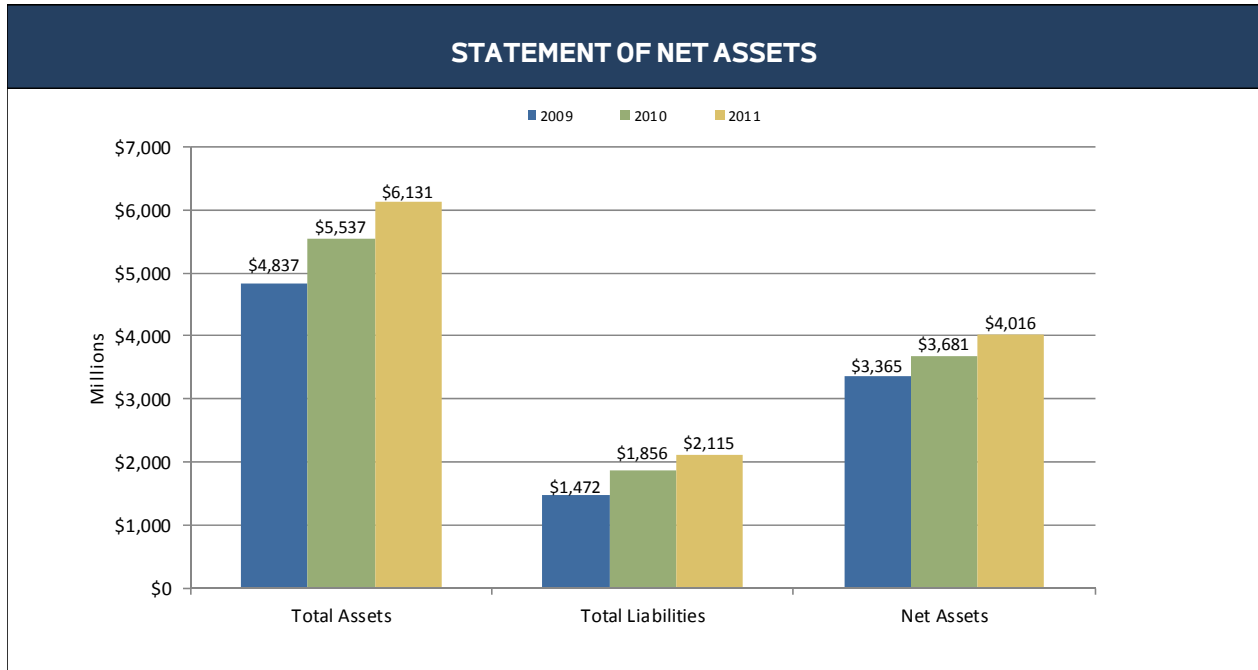
FINANCIAL HIGHLIGHTS

At June 30, 2011, the University's financial position remained sound, with Total Assets of \$6.1 billion. Net Assets, which represent the residual value of the University's assets after deducting liabilities, totaled \$4.0 billion. When operating, non-operating, and other changes are included, Net Assets increased by approximately \$335 million in fiscal year (FY) 2011, driven primarily by a \$93.8 million increase in Investment and Endowment income as compared to FY 2010.

UNIVERSITY OF MISSOURI SYSTEM MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011 and 2010 (unaudited)

The following charts compare Total Assets, Liabilities, and Net Assets at June 30, 2011, 2010 and 2009, and the major components of changes in Net Assets for the years ended June 30, 2011, 2010 and 2009:



*includes State Appropriations and Cumulative Effects of Changes in Accounting Principles

UNIVERSITY OF MISSOURI SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011 and 2010 (unaudited)

CONDENSED STATEMENT OF NET ASSETS

The Statement of Net Assets presents the University's financial position at the end of the fiscal year, including all assets and liabilities of the University and segregating them into current and noncurrent components. Total Net Assets is an indicator of financial condition and changes in Total Net Assets

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

The following table summarizes the University's assets, liabilities and net assets at June 30, 2011, 2010 and 2009:

CONDENSED STATEMENT OF NET ASSETS			
(in thousands of dollars)			
As of June 30,	2011	2010	2009
Assets			
Current Assets	\$ 869,091	\$ 837,688	\$ 848,949
Noncurrent Assets			
Endowment and Other Long-Term Investments	2,519,102	2,063,065	1,520,094
Capital Assets, Net	2,642,196	2,534,365	2,392,852
Other	82,128	79,265	74,591
Deferred Outflow of Resources	19,023	22,192	-
Total Assets and Deferred Outflow of Resources	\$ 6,131,540	\$ 5,536,575	\$ 4,836,486
Liabilities			
Current Liabilities			
Current Portion of Long-Term Debt	\$ 29,107	\$ 30,139	\$ 24,922
Long-Term Debt Subject to Remarketing	220,885	223,680	224,925
Other	563,676	547,051	538,083
Noncurrent Liabilities			
Long-Term Debt	1,140,934	915,906	608,114
Other	160,694	139,063	75,665
Total Liabilities	2,115,296	1,855,839	1,471,709
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,516,095	1,485,090	1,540,654
Restricted -			
Nonexpendable	788,876	679,494	612,119
Expendable	373,910	352,236	343,805
Unrestricted	1,337,363	1,163,916	868,199
Total Net Assets	4,016,244	3,680,736	3,364,777
Total Liabilities and Net Assets	\$ 6,131,540	\$ 5,536,575	\$ 4,836,486

ASSETS

Total Assets increased by \$595 million, or 10.7%, to \$6.1 billion as of June 30, 2011, compared to the prior year. The increase during FY 2011 was driven primarily by the strong performance of the University's **Investments**. At the same time, the University continued to expand **Capital Assets** across all of its campuses to meet housing, educational, and patient

care needs. From FY 2009 to FY 2010, Total Assets increased by 14.5%, primarily due to strong performance of Investments.

At June 30, 2011, the University's working capital, which is current assets less current liabilities, was \$55.4 million, an increase of \$18.6 million over the previous year. The largest driver of the increase was a \$129.4 million increase in short-term investments

UNIVERSITY OF MISSOURI SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011 and 2010 (unaudited)

which was primarily related to a change in mix between short-term and long-term investments within the portfolio.

As a measurement of actual liquidity, working capital is adversely impacted by the inclusion, per accounting guidelines, of Long-Term Debt Subject to Remarketing

as these balances are not contractually due within one year. If Long-Term Debt Subject to Remarketing were excluded from Current Liabilities, working capital would be \$276.3 million at June 30, 2011, also expressed as Current Assets of 1.47 times Current Liabilities.

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

SUMMARY OF WORKING CAPITAL			
(in thousands of dollars)			
As of June 30,	2011	2010	2009
Current Assets	\$ 869,091	\$ 837,688	\$ 848,949
Current Liabilities	813,668	800,870	787,930
Working Capital, Unadjusted	\$ 55,423	\$ 36,818	\$ 61,019
Ratio of Current Assets to Current Liabilities (Unadjusted)	1.07	1.05	1.08
Current Assets	869,091	837,688	848,949
Current Liabilities	813,668	800,870	787,930
Less: Long-Term Debt Subject to Remarketing	(220,885)	(223,680)	(224,925)
Current Liabilities, As Adjusted	592,783	577,190	563,005
Working Capital, As Adjusted	\$ 276,308	\$ 260,498	\$ 285,944
Ratio of Current Assets to Current Liabilities (As Adjusted)	1.47	1.45	1.51

UNIVERSITY OF MISSOURI SYSTEM MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011 and 2010 (unaudited)

At June 30, 2011, the University held \$221.3 million in **Cash and Cash Equivalents**, a decrease of \$106.0 million from June 30, 2010. The June 30, 2010 cash balances of \$327.3 million were \$74.4 million higher than June 30, 2009. The decrease in cash at June 30, 2011 is largely due to increased working capital being invested at June 30, 2011 as compared to June 30, 2010. **Long-Term and Short-Term Investments** totaled \$2.7 billion as of June 30, 2011, representing an increase of 27.4% over the prior year as compared to a 27.7% increase from FY 2009 to FY 2010. The increase

in investment balances during FY 2011 primarily reflects positive investment returns and unspent bond proceeds related to projects under construction at June 30, 2011. The financial markets continued to improve during FY 2011; net realized and unrealized gains and losses improved by \$72.5 million, going from a net gain of \$119.6 million in FY 2010 to a net gain of \$192.1 million in FY 2011. The overall change in investment returns was most evident in the Balanced Pool, which experienced a net gain of 21.5% in FY 2011 as compared to a net gain of 11.4% in FY 2010.

Composition and returns of the University's various investment pools for the years ended June 30, 2011 and 2010 were as follows:

CASH, CASH EQUIVALENTS AND INVESTMENTS							
(in thousands of dollars)							
	June 30, 2011					June 30, 2010	
	Cash and Cash Equivalents	Short-Term and Long-Term Investments	Total	Total Return	Benchmark Index Return (A)	Total	Total Return
General Pool							
Short-Term Funds	\$ 166,839	\$ 1,127,038	\$ 1,293,877	2.1%	1.7%	\$ 1,019,726	3.7%
Balanced Pool	13,478	294,197	307,675	21.5%	22.3%	253,084	11.4%
Treasury TIPS	375	137,553	137,928	7.5%	7.5%	130,787	7.7%
Endowment Funds							
Balanced Pool	44,411	969,376	1,013,787	21.5%	22.3%	862,431	11.4%
Fixed Income Pool	2,751	69,737	72,488	2.1%	3.7%	72,264	6.9%
Other	(6,567)	121,535	114,968	N/A	N/A	122,973	N/A
Total	\$ 221,287	\$ 2,719,436	\$ 2,940,723			\$ 2,461,265	

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

UNIVERSITY OF MISSOURI SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011 and 2010 (unaudited)

At June 30, 2011, Accounts Receivable, Net of \$255.6 million included a \$30.8 million receivable related to medical resident FICA refund claims and accrued interest income on the claims, for periods ending before April 1, 2005 due to notification for the Internal Revenue Service (IRS) of its intent to honor these claims. The net FICA refund to the University, after settlements of \$21.0 million to former medical residents and other third-party entities, is \$6.8 million plus \$3.0 million in interest income.

At June 30, 2011, the University's investment in **Capital Assets** totaled \$2.6 billion compared to \$2.5 billion at June 30, 2010. The University added \$262.9 million in capital assets, net of retirements, during FY 2011, offset by depreciation of \$155.1 million for the year. FY 2010 capital asset additions of \$293.6 million, net of retirements, were offset by \$152.1 million in depreciation and transfers.

Note 6 presents additional information on changes by asset classification; major capital projects either substantially completed in FY 2011 or ongoing are shown in the following table:

SELECTED CAPITAL PROJECTS			
(Fiscal Year Ended June 30, 2011)			
Campus	Expenditures		Source of Funding
	Project Budget	Through June 30, 2011	
Columbia:			
Renovation of Mark Twain Hall	\$ 19,900,000	\$ 1,300,000	Revenue Bonds, Campus Reserves
Renovation of Hudson, Gillett and Rollins Halls	42,000,000	35,800,000	Revenue Bonds, Campus Reserves
Power Plant - Combined Heat & Power Upgrade	75,800,000	23,900,000	Revenue Bonds, Campus Reserves
Patient Care Tower (University Health System)	203,000,000	29,000,000	Revenue Bonds, Campus Reserves, Gifts
Kansas City:			
Oak Street Parking Structure	23,100,000	3,300,000	Revenue Bonds
Missouri S&T:			
Geothermal Energy Project	\$ 32,400,000	\$ 300,000	Revenue Bonds

Total Liabilities were \$259.5 million higher at June 30, 2011 as compared to June 30, 2010, and \$384.1 million higher at June 30, 2010 as compared to June 30, 2009. Significant changes in **Current Liabilities** at June 30, 2011 include a \$9.7 million increase in Funds Held for Others; a \$5.4 million increase in **Investment Settlements Payable** for purchases of investments occurring on or before June 30, but settling after June 30; and a \$10.5 million decrease in Collateral Held for Securities Lending. Accounts Payable increased \$7.0 million which includes a \$21.0 million payable for FICA refund and related inters on refund due to former medical residents and third-party entities discussed above. Issuance of new bonds in FY 2011, discussed below, represented the largest increase in liabilities at June 30, 2011.

Current Liabilities include long-term variable rate demand bonds subject to remarketing totaling \$220.9 million, \$223.7 million and \$224.9 million at June 30, 2011, 2010 and 2009, respectively, with final contractual maturities ranging from fiscal years 2031

to 2036. Despite contractual maturities beyond one year, these variable rate demand bonds are classified as current liabilities because the University is ultimately the sole source of liquidity should the option to tender be exercised by the bondholder.

Non Current Liabilities represent those commitments beyond one year. On December 21, 2010, the University issued \$252.3 million in taxable Series 2010A System Facilities Revenue Bonds designated as "Build America Bonds" under the Internal Revenue Code of 1986, as amended. The Series 2010A bonds carry a weighted average coupon rate of 5.79%. With respect to the Series 2010A bonds, the University will receive a cash subsidy payment from the United States Treasury in an amount equal to 35% of the interest payable on each interest payment date. The all-in-true interest cost of the Series 2010A bonds, after taking into account the 35% interest payment from the federal government is 3.8%. The Series 2010A bonds were Aa1 and AA+ rated by Moody's and Standard & Poor's, respectively. Proceeds from issuance of the

UNIVERSITY OF MISSOURI SYSTEM MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011 and 2010 (unaudited)

Series 2010A bonds are being used to finance construction or renovation of housing facilities on the Columbia, Kansas City, and Missouri Science and Technology (Missouri S&T) campuses, energy management improvements on the Columbia and Missouri S&T campuses, construction of a new parking structure on the Kansas City campus, new patient care tower and Ellis Fischel Cancer Center relocation at the Health System, and renovation, furnishing and equipping various other facilities, and to finance capitalized interest and certain costs of issuance.

In July 2009, the University issued \$332.1 million of System Facilities Revenue Bonds, consisting of \$256.3 million in taxable Series 2009A Bonds designated as "Build America Bonds" under the Internal Revenue Code of 1986, as amended, and \$75.8 million in traditional tax exempt Series 2009B Bonds. The Series 2009A and 2009B bonds carry weighted average coupon rates of 5.96% and 4.16%, respectively. With respect to the Series 2009A bonds, the University will

receive a cash subsidy payment from the United States Treasury in an amount equal to 35% of the interest payable on each interest payment date. The all-in-true interest cost of the Series 2009A bonds, after taking into account the 35% interest payment from the federal government is 3.95%. The Series 2009A and 2009B bonds were Aa1 and AA+ rated by Moody's and Standard & Poor's, respectively. Proceeds from issuance of the Series 2009A and 2009B bonds are being used to finance construction or renovation of housing facilities on the Columbia, Kansas City, and Missouri S&T campuses, renovation of power plant and other energy management improvements on the Columbia campus, construction of a new student union facility on the Kansas City campus, Research Park office facility on the Missouri S&T campus, new patient care tower and Missouri Orthopaedic Institute at the Health System, and renovation, furnishing and equipping various other facilities, and to finance capitalized interest and certain costs of issuance.

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

LONG-TERM DEBT			
(in thousands of dollars)			
As of June 30,	2011	2010	2009
System Facilities Revenue Bonds	\$ 1,367,925	\$ 1,144,650	\$ 836,305
Unamortized Premium and Loss on Defeasance	14,300	15,245	10,619
Total Bonds Payable	1,382,225	1,159,895	846,924
Capital Lease Obligations	7,405	8,144	8,973
Notes Payable	1,296	1,686	2,064
Total Long-Term Debt	\$ 1,390,926	\$ 1,169,725	\$ 857,961
Contractual Maturities Within One Year			
Bonds Payable - Fixed Rate	\$ 25,195	\$ 27,765	\$ 22,520
Bonds Payable - Variable Rate Demand	2,795	1,245	1,195
Notes Payable	328	390	378
Capital Lease Obligations	789	739	829
Total Contractual Maturities Within One Year	\$ 29,107	\$ 30,139	\$ 24,922

UNIVERSITY OF MISSOURI SYSTEM MANAGEMENT'S DISCUSSION AND ANALYSIS

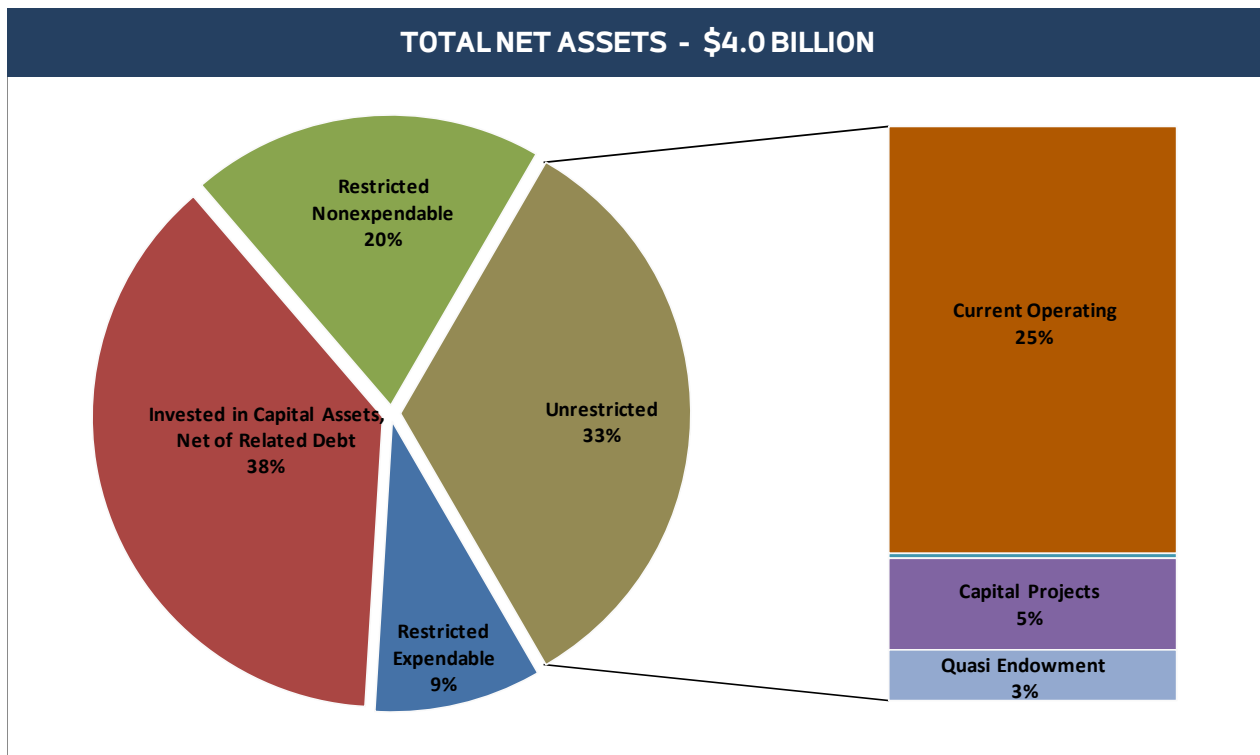
June 30, 2011 and 2010 (unaudited)

NET ASSETS

Net Assets represent the value of the University's assets after liabilities are deducted. The University's total **Net Assets** increased by \$335.5 million during the year ended June 30, 2011, after increasing by \$316.0 million in the year ended June 30, 2010. In FY 2010 and FY 2009 changes in total **Net Assets** include the

effects of changes in accounting principles as follows: a decrease of \$6.2 million in FY 2010 (GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*); and an increase of \$13.3 million in FY 2009 (GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*).

The distribution of the Net Asset balances, including additional details on unrestricted net assets by fund type, as of June 30, 2011, are as follows:



Total **Net Assets** are reflected in the four component categories as follows:

Invested in Capital Assets, Net of Related Debt, represents the University's investment in capital assets, net of accumulated depreciation and outstanding debt related to acquisition, construction or improvement of those assets. This category increased by \$31.0 million to \$1.5 billion in FY 2011 after decreasing by \$55.6 million in FY 2010. Such changes are largely driven by the timing of debt issuance and the completion of associated construction projects.

Restricted Nonexpendable Net Assets include endowment and similar assets that are subject to externally imposed stipulations for the principal to be maintained in perpetuity by the University. Realized and unrealized market gains contributed to a \$109.4 million, or 16.1%, increase in Restricted Nonexpendable Net Assets during FY 2011. Realized and unrealized market gains were largely responsible for a \$67.4, or 11.0%, increase during FY 2010.

UNIVERSITY OF MISSOURI SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011 and 2010 (unaudited)

Restricted Expendable Net Assets are resources that are subject to externally imposed stipulations regarding their use, but are not required to be maintained in perpetuity. This category increased by \$21.7 million, or 6.2%, during FY 2011 and \$8.4 million, or 2.5%, in FY 2010. As of June 30, 2011, this category includes:

- \$264.6 million of net assets restricted for operations and endowment purposes compared to \$244.2 million at June 30, 2010;
- \$77.3 million for student loan programs compared to \$75.6 million at June 30, 2010; and
- \$32.0 million for facilities compared to \$32.4 million at June 30, 2010.

Unrestricted Net Assets are not subject to externally imposed stipulations although these resources may be designated for specific purposes by the University's

management or Board of Curators. This category increased by \$173.4 million, or 14.9%, to \$1.3 billion at June 30, 2011 after increasing by \$295.7 million, or 34.1%, in FY 2010. Maintaining adequate levels of unrestricted net assets is one of several key factors that have enabled the University to maintain its Aa1 credit rating. As of June 30, 2011 and 2010, University Health System designated funds totaled \$353.7 million and \$319.2 million, respectively; capital project-designated funds totaled \$215.7 million and \$188.5 million, respectively; student loan program-designated funds totaled \$8.5 million and \$8.0 million, respectively; and unrestricted funds functioning as endowments totaled \$118.3 million and \$100.8 million, respectively. The remaining Unrestricted Net Assets which are available for the University's instructional and public service missions and its general operations totaled \$641.1 million and \$547.4 million at June 30, 2011 and 2010, respectively.

UNIVERSITY OF MISSOURI SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011 and 2010 (unaudited)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

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

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

(in thousands of dollars)

Fiscal Year Ended June 30,	2011	2010	2009
Operating Revenues			
Net Tuition and Fees	\$ 495,502	\$ 466,311	\$ 453,164
Grants and Contracts	320,522	318,123	296,745
Patient Medical Services, Net	763,674	736,799	702,424
Other Auxiliary Enterprises	372,477	347,779	334,367
Other Operating Revenues	73,542	71,810	75,769
Total Operating Revenues	2,025,717	1,940,822	1,862,469
Operating Expenses			
Salaries, Wages and Benefits	1,600,566	1,540,265	1,513,423
Supplies, Services and Other Operating Expenses	716,044	676,362	672,711
Other Operating Expenses	213,893	202,222	179,623
Total Operating Expenses	2,530,503	2,418,849	2,365,757
Operating Loss Before State Appropriations	(504,786)	(478,027)	(503,288)
State Appropriations	437,631	498,358	479,478
Income (Loss) after State Appropriations, before Nonoperating Revenues (Expenses)	(67,155)	20,331	(23,810)
Nonoperating Revenues (Expenses)			
Investment and Endowment Income (Losses), Net of Fees	266,633	172,833	(173,355)
Private Gifts	52,564	48,695	52,552
Interest Expense	(49,507)	(46,103)	(31,432)
Other Nonoperating Revenues, Net	83,088	68,077	42,577
Net Nonoperating Revenues (Expenses)	352,778	243,502	(109,658)
Income (Loss) before Capital Contributions, Additions to Permanent Endowments and Extraordinary Item	285,623	263,833	(133,468)
State Capital Appropriations	8,043	14,205	17,817
Capital Gifts and Grants	15,466	19,381	13,009
Private Gifts for Endowment Purposes	26,376	24,703	21,093
Extraordinary Item	-	-	2,550
Increase (Decrease) in Net Assets	335,508	322,122	(78,999)
Net Assets, Beginning of Year	3,680,736	3,364,777	3,430,442
Cumulative Effect of Change in Accounting Principles	-	(6,163)	13,334
Net Assets, Beginning of Year, as Adjusted	3,680,736	3,358,614	3,443,776
Net Assets, End of Year	\$ 4,016,244	\$ 3,680,736	\$ 3,364,777

REVENUES

Operating Revenues represent resources generated by the University in fulfilling its instruction, research, and public service missions. Total **Operating Revenues** increased by \$84.9 million, or 4.4% in FY 2011, and by \$78.4 million, or 4.2% in FY 2010. **Net Tuition and**

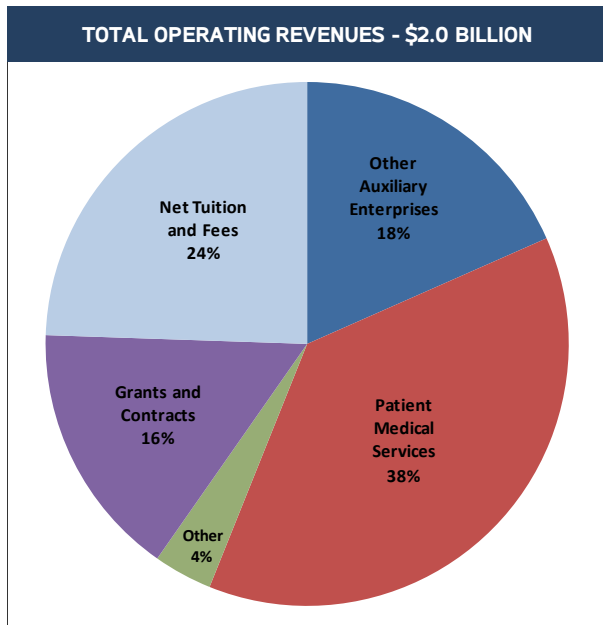
Fees, Patient Medical Services and Other Auxiliary Enterprises contributed most significantly to the increased operating revenue in FY 2011 while **Grants and Contracts** and **Patient Medical Services** had the largest increases in the previous year. **Nonoperating Revenues** are those not generated by the University's

UNIVERSITY OF MISSOURI SYSTEM MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011 and 2010 (unaudited)

core missions and include such funding sources as State and Federal Appropriations, Pell Grants, Private Gifts and Investment and Endowment Income.

The following is a graphic illustration of operating revenues by source for FY 2011:



Operating Revenues

Tuition and Fees, net of Scholarship Allowances, increased by \$29.2 million, or 6.3%, in FY 2011 and by \$13.1 million, or 2.9%, in FY 2010. The increases in both FY 2011 and FY 2010 were driven primarily by increases in student enrollment.

As a research institution, the University receives a substantial amount of funding through **Federal, State and Private Grants and Contracts**. Overall, sponsored funding increased by \$2.4 million, or 0.8%, in FY 2011 compared to an increase of 7.2% in FY 2010. A 6.7% increase in Federal grants offset declines in State and Local and Private grants in FY 2011.

The University's auxiliary enterprises include the University Health System, Housing and Dining Services, campus Bookstores, and other such supplemental activities. Total operating revenues generated by these auxiliary enterprises increased by \$51.6 million, or 4.8%, in FY 2011 as compared to an increase of \$47.8 million, or 4.6%, in FY 2010. **Patient Medical Services**, which includes fees for services provided by the University Health System, had the largest increase in

both fiscal years 2011 and 2010 at \$26.9 million, or 3.6%, and \$34.4 million, or 4.9%, respectively.

Nonoperating Revenues

Total **State Appropriations** received for University operations, University Health System operations, and other special programs decreased by \$60.7 million, or 12.2%, in FY 2011, and increased by \$18.9 million, or 3.9%, in FY 2010. The decrease was largely related to a 5.2% reduction in state appropriations for operations in FY 2011 and one-time funding in FY 2010 in the amount of \$23.5 million that was received for the Caring for Missourians initiative. Additionally, state funding was cut or eliminated for other curator's programs such as MOREnet, the Health System and Mid-Missouri Mental Health Center.

As one of the more volatile sources of nonoperating revenues, **Investment and Endowment Income** includes interest and dividend income as well as realized and unrealized gains and losses. Realized and unrealized market value gains, losses and other activity affecting **Investment and Endowment Income** resulted in a net gain of \$266.6 million in FY 2011 as compared to a net gain of \$172.8 million in FY 2010. This includes an increase in Investment and Endowment Income of \$93.8 million for the year ended June 30, 2011, as compared to a \$346.2 million increase for the year ended June 30, 2010.

Gift income is reflected in three categories: **Private Gifts, Capital Gifts and Grants** (which are restricted for adding or improving capital assets) and **Private Gifts for Endowments** (which are restricted for establishing endowments). Private Gifts and Grants can fluctuate significantly from year to year due to the voluntary nature of donors' gifts. In FY 2011, the University received gifts totaling \$94.4 million, as compared to \$92.8 million and \$86.7 million for FY 2010 and FY 2009, respectively.

**UNIVERSITY OF MISSOURI SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2011 and 2010 (unaudited)

Total **Interest Expense** during the years ended June 30, 2011 and 2010 was \$59.7 million and \$53.4 million, respectively. Interest expense associated with financing projects during construction, net of any investment income earned on bond proceeds during construction, is capitalized. For the years ended June

30, 2011 and 2010, capitalization of interest earned on unspent bond proceeds totaled \$10.2 million and \$7.3 million, respectively, resulting in net interest expense of \$49.5 million and \$46.1 million, respectively.

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

INTEREST EXPENSE			
(in thousands of dollars)			
Fiscal Year Ended June 30,	2011	2010	2009
System Facilities Revenue Bonds	\$ 53,563	\$ 45,820	\$ 32,128
Net Payment on Interest Rate Swaps	5,129	6,062	3,664
Total System Facilities Revenue Bonds	58,692	51,882	35,792
Capital Project Notes	-	494	1,708
Capitalized Lease Obligations	986	951	876
Notes Payable	45	57	39
Total Interest Expense Before Capitalization of Interest	59,723	53,384	38,415
Capitalization of Interest, Net of Interest Earned on Unspent Bond Proceeds	(10,216)	(7,281)	(6,983)
Total Interest Expense	\$ 49,507	\$ 46,103	\$ 31,432

In FY 2011, **Other Nonoperating Revenues, Net** of \$83.1 million increased \$15.0 million over FY 2010 largely due to increases in **Federal Appropriations** and **Federal Pell Grants** of \$7.0 million, or 32.4%, and \$9.7 million, or 20.0%, respectively. In FY 2011 and FY 2010, Federal Appropriations include cash subsidy payments from the United States Treasury totaling \$7.2 million and \$5.0 million, respectively, for designated Build America Bonds outstanding. Pell Grants increased by

\$9.7 million and were largely driven by increased enrollment and student need.

In FY 2011, **State Capital Appropriations** of \$8.0 million represented a decrease of \$6.2 million from FY 2010. FY 2011 State Capital Appropriations included \$2.6 million for the Mexico Plant Science Research Center (Columbia campus) and \$2.8 million for Missouri Psychiatric Center (Columbia campus).

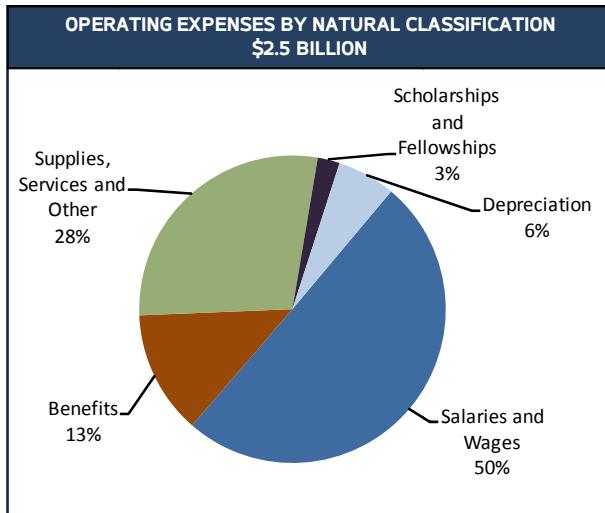
UNIVERSITY OF MISSOURI SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011 and 2010 (unaudited)

OPERATING EXPENSES

Total Operating Expenses increased by \$111.7 million, or 4.6%, in FY 2011 compared to an increase of \$53.1 million or 2.2% in FY 2010. The following graph illustrates the University's operating expenses by natural classification for FY 2011:

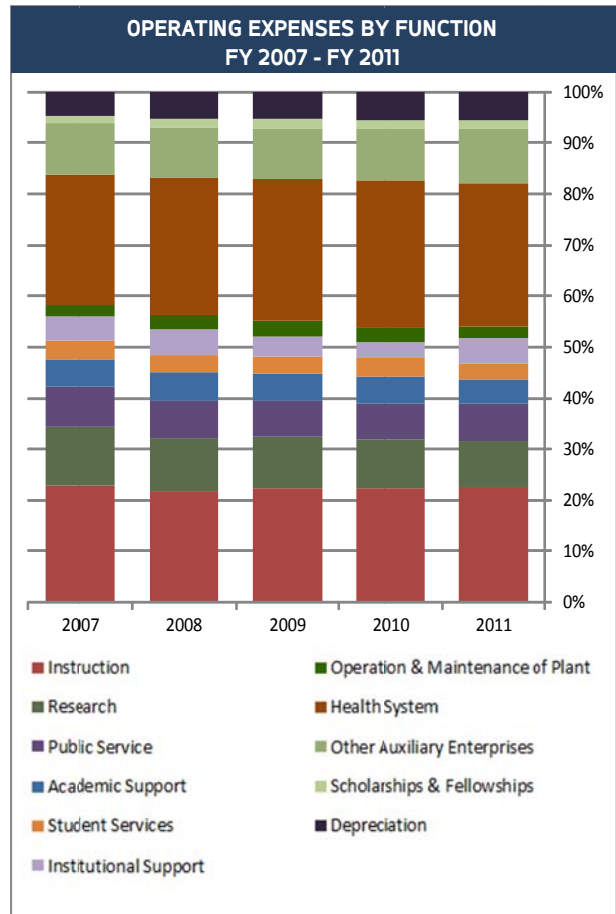


During FY 2011 and FY 2010, **Salaries, Wages and Benefits** increased approximately 3.9% and 1.8%, respectively, over the prior fiscal year. The increases in FY 2011 were largely driven by increases in Staff Benefit costs. Staff Benefits as of June 30, 2011, increased by \$25.0 million, or 8.2%, as compared to June 30, 2010. Contributing to this was an increase in the employer contributions rate for the retirement plan and increases in claims and administrative fees paid to medical and dental providers. These increases were partially offset by a \$6.8 million refund of the employer portion of FICA tax paid for medical residents between the years of 1995 and 2005. Excluding the medical resident FICA refund, Staff Benefits increased \$31.8 million or 10.5% over FY 2010. For FY 2011, beyond a small pool for faculty and staff promotions, increases in salaries were primarily attributable to salaries funded by increased grant support and associated activities, as well as auxiliary enterprise growth driven by increased enrollment.

In FY 2011 and FY 2010, the University's **Supplies, Services, and Other Operating** expenses of \$716.0 million and \$676.4 million increased by \$39.6 million, or 5.9%, and \$3.7 million, or 0.5%, respectively, over the prior fiscal year. These increases are primarily driven by Auxiliary Enterprises and their related

growth in revenue. Other contributing factors relate to necessary expenses in the current fiscal year that were deferred in prior fiscal years due to budgetary constraints.

The following illustrates the University's operating expenses by function for FY 2007 through FY 2011:



The core missions of instruction, research, and public service account for the largest proportion of Operating Expenses at 36.4% for FY 2011. The University Health System constitutes the next highest proportion at 29.2% of expenses for FY 2011. Excluding the Health System, instruction, research, and public service account for 51.3% of Operating Expenses for FY 2011. Institutional support, which represents the core administrative operations of the University, was less than 5 cents of each dollar spent during this 5-year period.

UNIVERSITY OF MISSOURI SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011 and 2010 (unaudited)

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about the University's sources and uses of cash and cash equivalents during the fiscal year. The following summarizes sources and uses of cash and cash equivalents for the three years ended June 30, 2011, 2010 and 2009:

CONDENSED STATEMENT OF CASH FLOWS			
(in thousands of dollars)			
Fiscal Year Ended June 30,	2011	2010	2009
Net Cash Used in Operating Activities	\$ (332,797)	\$ (264,857)	\$ (326,968)
Net Cash Provided by Noncapital Financing Activities	617,306	622,421	595,306
Net Cash Provided by (Used in) Capital and Related Financing Activities	(64,886)	5,733	(306,200)
Net Cash Provided by (Used in) Investing Activities	(325,649)	(288,925)	123,794
Net Increase (Decrease) in Cash and Cash Equivalents	(106,026)	74,372	85,932
Cash and Cash Equivalents, Beginning of Year	327,313	252,941	167,009
Cash and Cash Equivalents, End of Year	\$ 221,287	\$ 327,313	\$ 252,941

Net Cash Used in Operating Activities reflects the continued need for funding from the state of Missouri, as funding received from tuition and fees and related sales and services of auxiliary and educational activities are not sufficient to cover operational needs. In FY 2011, cash used in operating activities increased by \$67.9 million as compared to FY 2010 due primarily to increased cash outflows from payroll and benefits and payments to suppliers. In FY 2009, cash used in operating activities decreased by \$62.1 million from FY 2009.

The University's most significant source of cash, **Net Cash Provided by Noncapital Financing Activities**, includes funding from State and Federal appropriations, Pell grants and noncapital private gifts. Cash from these sources totaling \$617.3 million, \$622.4 million and \$595.3 million in FY 2011, FY 2010 and FY 2009, respectively, directly offset the additional cash needs resulting from operations.

Net Cash Provided by (Used In) Capital and Related Financing Activities decreased by \$70.6 million in FY 2011 due largely to a decrease in the amount of bonds issued in FY 2011. Net Cash Used in Capital and Related Financing Activities of \$5.7 million in FY 2010 was due largely to the bond issue in July 2009 and related unspent bond proceeds associated with capital projects still under construction at June 30, 2010.

Net Cash Provided by (Used In) Investing Activities reflects net cash outflows of \$325.6 million and \$288.9 million in FY 2011 and FY 2010, respectively. This is consistent with growth in the University's investments, which includes the temporary investment of unspent bond proceeds.

ECONOMIC OUTLOOK

The University of Missouri is the state's public, research, land grant University committed to serving the students, patients, and citizens of the state of Missouri while being cognizant of the University's responsibility to use resources wisely. The University continues to successfully navigate through the financial challenges related to the general economic climate and uncertainties surrounding the state's financial support for higher education. State appropriations for operations decreased by 5.2% in FY 2011 and will further decrease by 8.1% in FY 2012. Without significant increases in general revenues, the state will continue to be challenged to increase funding for higher education for FY 2013 and beyond.

The University has experienced a significant amount of enrollment growth, over 28% growth between fall 2000 and fall 2010. However, enrollment growth is projected to slow given flattening in-state demographics.

UNIVERSITY OF MISSOURI SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011 and 2010 (unaudited)

The University is now educating 17,000 more students each year on less state support than received in 2001. Approximately 70% of the state's growth in undergraduate enrollment among four-year institutions over the last 10 years has occurred at the University of Missouri. While this has increased revenue support to the operating budget it has significantly eroded the state appropriations per full-time equivalent student. These factors required the University to increase tuition and fees by an average of 5.5% for FY 2012. Future increases in tuition will largely be driven by the level of state support available.

Despite the challenges generated by decreased state funding and increased enrollment, the University has been able to strengthen its financial position due to diversified funding sources, historically low borrowing costs and cost containment measures. The University continues to increase private gifts, with an increase of 7.9% in FY 2011 and a focus on improving in FY 2012. The increase in giving along with strong investment performance in FY 2011 will help provide additional resources to meet the future budget needs of the University.

The University continues to grow and improve upon its strong research base. Research expenditures continued to increase in FY 2011. It is expected this will remain relatively flat in FY 2012 as the funding provided by the American Recovery and Reinvestment Act begins to wane. Additionally, federal agencies are being faced with shrinking budgets as part of the broader reductions in the Federal budget.

To offset these decreases the University is looking for other opportunities to partner with federal agencies in other grant and contracts areas. For example, the University has partnered with the Department of Health and Human Services to establish the Missouri Health Information Technology Assistance Center, which is a public-private partnership that brings together leading health care and information technology experts from health care organizations, academia, industry, and government and is focused on providing resources to promote meaningful use of health information technology.

The University is aware of its responsibility to control costs and provide an affordable education for Missourians. The University has continued to control

expenditures and is in the process of implementing business process redesigns to achieve greater cost savings and efficiencies. Additionally, the University has benefited from historically low borrowing costs. This has allowed the University to move forward on some much needed capital improvements despite declining state support for capital improvements

For fiscal year 2011, the University Health System continued to see increasing revenues, even during a time of economic instability. As in prior years, the University Health System is focusing on improving patient care, customer service and quality. The State appropriation funding approved for fiscal year 2012 is slightly below fiscal year 2011. In April 2011, a 5% fee increase was implemented and continues into fiscal year 2012 with pricing revisions made throughout the year as needed. For the future, the University Health System continues to pursue growth and its academic mission. Currently under construction is a \$203 million patient care tower, which includes a replacement of the Ellis Fischel Cancer Center. The patient tower is scheduled to be completed in fiscal year 2013. These capital investments will assist in providing quality care to patients and enhanced facilities for physician recruitments with the University of Missouri-Columbia School of Medicine.

In March 2010, the federal government passed the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act, collectively referred to as "Health Care Reform." This legislation will significantly impact the future of health care. As the final regulations and requirements of the Acts are prepared, University Health System management continues to review and monitor the effect that the legislation will have on the organization. The University Health System has not determined the full financial statement effect of this new Health Care Reform legislation.

As noted in prior years, the national and state economy will continue to pose budgetary challenges for the University in the future. However, strong student demand, highly successful capital campaigns, robust research funding, economic development programs and a financially stable and growing healthcare system are all factors in the positive outlook for the University of Missouri.

INDEPENDENT AUDITORS' REPORT



KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

The Board of Curators
University of Missouri System:

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the University of Missouri System, a component unit of the State of Missouri, as of and for the years ended June 30, 2011 and 2010, which collectively comprise the University of Missouri System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University of Missouri System's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University of Missouri System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the University of Missouri System as of June 30, 2011 and 2010, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2011 on our consideration of the University of Missouri System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITORS' REPORT

The management's discussion and analysis on pages 15 through 29 and the schedules of employer contributions and the schedules of funding progress on pages 69 and 70 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University of Missouri System's basic financial statements. The statistical section on pages 72 through 86 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

KPMG LLP

St. Louis, Missouri
October 11, 2011

UNIVERSITY OF MISSOURI SYSTEM

STATEMENT OF NET ASSETS

As of June 30, 2011 and 2010 (in thousands)

	University		Discretely Presented Component Unit	
	2011	2010	2011	2010
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 44,249	\$ 149,515	\$ 8,433	\$ 7,318
Restricted Cash and Cash Equivalents	177,038	177,798	-	-
Short-Term Investments	151,070	40,268	-	-
Restricted Short-Term Investments	49,264	30,619	-	-
Investment of Cash Collateral	101,047	111,557	-	-
Accounts Receivable, Net	255,589	249,460	16,566	16,927
Pledges Receivable, Net	12,374	14,505	-	-
Investment Settlements Receivable	15,634	6,200	-	-
Notes Receivable, Net	8,532	9,046	-	-
Due From (To) Component Units	(6,658)	(5,285)	6,658	5,285
Inventories	35,193	28,401	3,228	3,058
Prepaid Expenses and Other Current Assets	25,759	25,604	1,825	1,541
Total Current Assets	869,091	837,688	36,710	34,129
Noncurrent Assets				
Restricted Cash and Cash Equivalents	-	-	4,346	3,838
Pledges Receivable, Net	14,895	16,256	-	-
Notes Receivable, Net	54,015	50,635	-	-
Deferred Charges and Other Assets	13,218	12,374	1,788	1,798
Restricted Other Assets	-	-	3,279	3,563
Long-Term Investments	1,357,918	1,171,998	55,627	48,229
Restricted Long-Term Investments	1,161,184	891,067	-	-
Capital Assets, Net	2,642,196	2,534,365	69,021	73,684
Total Noncurrent Assets	5,243,426	4,676,695	134,061	131,112
Deferred Outflow of Resources	19,023	22,192	-	-
Total Assets and Deferred Outflow of Resources	\$6,131,540	\$5,536,575	\$ 170,771	\$ 165,241
Liabilities				
Current Liabilities				
Accounts Payable	\$ 130,803	\$ 123,809	\$ 5,156	\$ 3,974
Accrued Liabilities	143,347	138,309	13,879	12,707
Deferred Revenue	78,209	78,200	-	-
Funds Held for Others	62,951	53,245	-	-
Investment Settlements Payable	47,319	41,931	-	-
Collateral Held for Securities Lending	101,047	111,557	-	-
Current Portion of Long-Term Debt	29,107	30,139	2,263	2,154
Long-Term Debt Subject to Remarketing Agreements	220,885	223,680	-	-
Total Current Liabilities	813,668	800,870	21,298	18,835

(continued)

UNIVERSITY OF MISSOURI SYSTEM

STATEMENT OF NET ASSETS

As of June 30, 2011 and 2010 (in thousands)

	University		Discretely Presented Component Unit	
	2011	2010	2011	2010
Liabilities, Continued				
Noncurrent Liabilities				
Long-Term Debt	1,140,934	915,906	34,447	36,679
Deferred Revenue	1,519	1,925	-	-
Derivative Instrument Liability	26,702	30,680	-	-
Other Postemployment Benefits Liability	83,306	52,613	-	-
Other Noncurrent Liabilities	49,167	53,845	1,156	959
Total Noncurrent Liabilities	1,301,628	1,054,969	35,603	37,638
Total Liabilities	2,115,296	1,855,839	56,901	56,473
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,516,095	1,485,090	32,615	35,209
Restricted				
Nonexpendable -				
Endowment	788,876	679,494	-	-
Expendable -				
Scholarship, Research, Instruction and Other	264,605	244,226	3,279	3,562
Loans	77,300	75,637	-	-
Capital Projects	32,005	32,373	-	-
Unrestricted	1,337,363	1,163,916	77,976	69,997
Total Net Assets	4,016,244	3,680,736	113,870	108,768
Total Liabilities and Net Assets	\$6,131,540	\$5,536,575	\$ 170,771	\$ 165,241

See notes to the financial statements.

UNIVERSITY OF MISSOURI SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2011 and 2010 (in thousands)

	University		Discretely Presented Component Unit	
	2011	2010	2011	2010
Operating Revenues				
Tuition and Fees (Net of Provision for Doubtful Accounts of \$5,739 in 2011 and \$6,459 in 2010)	\$ 671,419	\$ 630,498	\$ -	\$ -
Less Scholarship Allowances	175,917	164,187	-	-
Net Tuition and Fees	495,502	466,311	-	-
Federal Grants and Contracts	196,122	183,885	-	-
State and Local Grants and Contracts	57,375	66,194	-	-
Private Grants and Contracts	67,025	68,044	-	-
Sales and Services of Educational Activities	21,671	22,560	-	-
Auxiliary Enterprises -				
Patient Medical Services, Net	763,674	736,799	164,760	164,746
Housing and Dining Services (Net of Scholarship Allowance of \$614 in 2011 and \$542 in 2010)	93,724	89,743	-	-
Bookstores	58,591	59,288	-	-
Other Auxiliary Enterprises (Net of Scholarship Allowance of \$7,704 in 2011 and \$7,466 in 2010)	220,162	198,748	-	-
Other Operating Revenues	51,871	49,250	-	-
Total Operating Revenues	2,025,717	1,940,822	164,760	164,746
Operating Expenses				
Salaries and Wages	1,272,226	1,236,965	68,021	64,048
Benefits	328,340	303,300	14,655	15,115
Supplies, Services and Other Operating Expenses	716,044	676,362	65,177	63,156
Scholarships and Fellowships	58,790	55,469	-	-
Depreciation	155,103	146,753	10,943	11,098
Total Operating Expenses	2,530,503	2,418,849	158,796	153,417
Operating Income (Loss) before State Appropriations				
Appropriations	(504,786)	(478,027)	5,964	11,329
State Appropriations	437,631	498,358	-	-
Operating Income (Loss) after State Appropriations, before Nonoperating Revenues (Expenses)	(67,155)	20,331	5,964	11,329
Nonoperating Revenues (Expenses)				
Federal Appropriations	28,416	21,455	-	-
Federal Pell Grants	57,951	48,281	-	-
Investment and Endowment Income (Losses), Net of Fees	266,633	172,833	652	789
Private Gifts	52,564	48,695	-	21
Interest Expense	(49,507)	(46,103)	(1,954)	(1,950)
Other Nonoperating Revenues (Expenses)	(3,279)	(1,659)	440	761
Net Nonoperating Revenues (Expenses)	352,778	243,502	(862)	(379)

UNIVERSITY OF MISSOURI SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2011 and 2010 (in thousands)

	University		Discretely Presented Component Unit	
	2011	2010	2011	2010
Income before Capital Contributions and				
Additions to Permanent Endowments	285,623	263,833	5,102	10,950
State Capital Appropriations	8,043	14,205	-	-
Capital Gifts and Grants	15,466	19,381	-	-
Private Gifts for Endowment Purposes	26,376	24,703	-	-
Increase in Net Assets	335,508	322,122	5,102	10,950
Net Assets, Beginning of Year	3,680,736	3,364,777	108,768	97,818
Cumulative Effect of Change in Accounting Principles	-	(6,163)	-	-
Net Assets, Beginning of Year, as Adjusted	3,680,736	3,358,614	108,768	97,818
Net Assets, End of Year	\$4,016,244	\$3,680,736	\$ 113,870	\$ 108,768

See notes to the financial statements.

UNIVERSITY OF MISSOURI SYSTEM

STATEMENT OF CASH FLOWS

For the Years Ended June 30, 2011 and 2010 (in thousands)

	2011	2010
Cash Flows from Operating Activities		
Tuition and Fees	\$ 496,091	\$ 467,230
Federal, State and Private Grants and Contracts	329,542	316,720
Sales and Services of Educational Activities and Other Auxiliaries	245,570	216,403
Patient Care Revenues	765,991	739,231
Student Housing Fees	93,747	89,585
Bookstore Collections	58,439	59,300
Payments to Suppliers	(741,245)	(639,376)
Payments to Employees	(1,269,544)	(1,233,160)
Payments for Benefits	(304,408)	(274,326)
Payments for Scholarships and Fellowships	(58,790)	(55,469)
Student Loans Issued	(9,608)	(8,190)
Student Loans Collected	8,665	7,848
Student Loan Interest and Fees	1,601	1,657
Other Receipts, Net	51,152	47,690
Net Cash Used in Operating Activities	(332,797)	(264,857)
Cash Flows from Noncapital Financing Activities		
State Appropriations	437,631	498,358
Federal Appropriations and Pell Grants	88,242	65,473
Private Gifts	56,056	48,547
Endowment and Similar Funds Gifts	26,376	24,703
Direct Lending Receipts	347,237	225,429
Direct Lending Disbursements	(347,237)	(225,429)
PLUS Loan Receipts	81,683	56,246
PLUS Loan Disbursements	(81,683)	(56,246)
Other Receipts, Net	(705)	(1,502)
Deposits (Receipts) of Affiliates	9,706	(13,158)
Net Cash Provided by Noncapital Financing Activities	617,306	622,421
Cash Flows from Capital and Related Financing Activities		
Capital State Appropriations	14,691	11,569
Capital Gifts and Grants	15,466	19,381
Proceeds from Sales of Capital Assets	1,050	589
Purchase of Capital Assets	(269,172)	(289,012)
Proceeds from Issuance of Capital Debt, Net	252,285	337,604
Principal Payments on Capital Debt	(29,400)	(24,093)
Proceeds from Capital Project Notes	-	122,500
Payments on Capital Project Notes	-	(125,000)
Payments on Capital Lease	(739)	(829)
Payments of Bond Issuance Costs	(1,551)	(3,344)
Interest Payments on Capital Debt	(47,516)	(43,632)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(64,886)	5,733

(continued)

UNIVERSITY OF MISSOURI SYSTEM
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2011 and 2010 (in thousands)

	2011	2010
Cash Flows from Investing Activities		
Interest and Dividends on Investments, Net	70,091	56,028
Purchase of Investments, Net of Sales and Maturities	(397,113)	(346,338)
Other Investing Activities	1,373	1,385
Net Cash Used in Investing Activities	(325,649)	(288,925)
Net Increase (Decrease) in Cash and Cash Equivalents	(106,026)	74,372
Cash and Cash Equivalents, Beginning of Year	327,313	252,941
Cash and Cash Equivalents, End of Year	\$ 221,287	\$ 327,313
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating Loss	\$ (504,786)	\$ (478,027)
Adjustments to Net Cash Used in Operating Activities		
Depreciation Expense	155,103	146,753
Changes in Assets and Liabilities:		
Accounts Receivable, Net	(3,052)	(1,236)
Inventory, Prepaid Expenses and Other Assets	(6,947)	894
Notes Receivable	(252)	407
Accounts Payable	(1,606)	31,778
Accrued Liabilities	28,824	37,013
Deferred Revenue	(81)	(2,439)
Net Cash Used in Operating Activities	\$ (332,797)	\$ (264,857)
Supplemental Disclosure of Noncash Activities		
Net Increase in Fair Value of Investments	\$ 170,549	\$ 93,912
Noncash Gifts	22,820	20,103

See notes to the financial statements.

UNIVERSITY OF MISSOURI SYSTEM

STATEMENT OF PLAN NET ASSETS

As of June 30, 2011 and 2010 (in thousands)

	2011	2010
Assets		
Cash and Cash Equivalents	\$ 116,216	\$ 88,450
Investment of Cash Collateral	257,463	277,747
Investment Settlements Receivable	27,006	13,935
Investments:		
Debt Securities	984,980	906,562
Equity Securities	607,800	471,853
Commingled Funds	985,435	806,264
Nonmarketable Alternative Investments	174,899	136,502
Other	15,022	19,442
Total Assets	3,168,821	2,720,755
Liabilities		
Accounts Payable and Accrued Liabilities	119	1,758
Collateral Held for Securities Lending	257,463	277,747
Investment Settlements Payable	152,057	63,134
Total Liabilities	409,639	342,639
Net Assets Held in Trust for Retirement and OPEB	\$2,759,182	\$2,378,116

UNIVERSITY OF MISSOURI SYSTEM

STATEMENT OF CHANGES IN PLAN NET ASSETS

For the Years Ended June 30, 2011 and 2010 (in thousands)

	2011	2010
Net Revenues and Other Additions		
Investment Income:		
Interest & Dividend Income, Net of Fees	\$ 61,723	\$ 54,988
Net Appreciation in Fair Value of Investments	379,667	228,528
Net Investment Income	441,390	283,516
Contributions:		
University	87,783	71,829
Members	26,000	22,734
Total Contributions	113,783	94,563
Other Revenues	695	-
Total Net Revenues and Other Additions	555,868	378,079
Expenses and Other Deductions		
Administrative Expenses	2,621	2,722
Payments to Retirees and Beneficiaries	172,181	162,947
Total Expenses and Other Deductions	174,802	165,669
Increase in Net Assets Held in Trust for Retirement and OPEB	381,066	212,410
Net Assets Held in Trust for Retirement and OPEB, Beginning of Year	2,378,116	2,165,706
Net Assets Held in Trust for Retirement and OPEB, End of Year	\$2,759,182	\$2,378,116

See notes to the financial statements

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

UNIVERSITY OF MISSOURI SYSTEM

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

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

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

The University of Missouri-Columbia Medical Alliance (the “Medical Alliance”) is considered a component unit of the University according to the criteria in GASB Statement No. 14, *The Financial Reporting Entity*, and is discretely presented in the University’s financial statements. The Medical Alliance, a not-for-profit corporation, provides an integrated health care delivery system for mid-Missouri by establishing affiliations with various medical facilities. The purpose

of the Medical Alliance is to develop a network of health care providers to support the missions of the University Health System. The Capital Region Medical Center (“CRMC”) in Jefferson City, Missouri, operates as an affiliate of the Medical Alliance and provides inpatient, outpatient, and emergency care services to the surrounding community. CRMC, a not-for-profit organization that follows generally accepted accounting principles under the Financial Accounting Standards Board (“FASB”), is a discretely presented component unit of the Medical Alliance. The University appoints the Board of Directors of the Medical Alliance and can impose its will on the organization. Financial statements for the Medical Alliance are not available.

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

Financial Statement Presentation – In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the University follows all applicable GASB pronouncements. In addition, the University applies all applicable FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. The University has elected not to apply FASB pronouncements issued after November 30, 1989.

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

Basis of Accounting – The University’s financial statements have been prepared using the economic

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, regardless of the timing of cash flows.

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

The financial statements for the Pension Trust Funds have been prepared using the accrual basis of accounting. Benefits and refunds are recognized when due and payable. Investments are reported at fair value. Combining financial statements for these funds are presented in Note 15.

Cash, Cash Equivalents and Investments – Cash and cash equivalents consist of the University's bank deposits, repurchase agreements, money market funds, and other investments with original maturities of three months or less. Cash equivalents in fiscal year 2010 also include variable rate demand notes, which are debt securities with an original maturity beyond three months, but with a demand feature that allows for liquidity with advance notice of no more than seven days. For fiscal year 2011 the University did not hold any variable rate demand notes. Investment assets are carried at fair value based primarily on market quotations. Purchases and sales of investments are accounted for on the trade date basis. Investment settlements receivable and investment settlements payable represent investment transactions occurring on or before June 30, which settle after that date. Investment income is recorded on the accrual basis. Net unrealized gains (losses) are included in investment and endowment income in the Statement of Revenues, Expenses and Changes in Net Assets.

Nonmarketable alternative investments and certain commingled funds are recorded based on valuations provided by the general partners of the respective

partnerships. The University believes that the carrying value of these investments is a reasonable estimate of fair value. Because alternative investments are not readily marketable, the estimated value is subject to uncertainty and therefore may differ materially from the value that would have been used had a ready market for investments existed.

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

Pledges Receivable – The University receives unconditional promises to give through private donations (pledges) from corporations, alumni and various other supporters of the University. Revenue is recognized when a pledge is received and all eligibility requirements, including time requirements, are met. These pledges have been recorded as pledges receivable on the Statement of Net Assets and as private or capital gift revenues on the Statement of Revenues, Expenses, and Changes in Net Assets, at the present value of the estimated future cash flows. An allowance of \$6,482,000 and \$5,761,000 as of June 30, 2011 and 2010, respectively, has been made for uncollectible pledges based upon management's expectations regarding the collection of the pledges and the University's historical collection experience.

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

Capital Assets – If purchased, these assets are carried at cost or, if donated, at fair value at the date of gift. Depreciation expense is computed using the straight-line method over the assets' estimated useful lives – generally ten to forty years for buildings and improvements, eight to twenty-five years for infrastructure, three to fifteen years for equipment and twenty years for library materials. Net interest expense incurred during the construction of debt-financed facilities is included when capitalizing

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

resulting assets. The University capitalizes works of art as these collections generally consist of historical artifacts and artworks, they are considered inexhaustible and not subject to depreciation. The University does not capitalize collections of historical treasures held for public exhibition, education, research, and public service. These collections are not disposed of for financial gain and, accordingly, are not capitalized for financial statement purposes. Proceeds from the sale, exchange, or other disposal of such items must be used to acquire additional items for the same collection. Land is considered inexhaustible and is not subject to depreciation.

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

Net Assets – The University’s net assets are classified as follows:

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

Restricted Nonexpendable net assets are subject to externally imposed stipulations that the principal be maintained in perpetuity, such as the University’s permanent endowment funds. The University’s policy permits any realized and unrealized appreciation to remain with these endowments after the spending distribution discussed in Note 3.

Restricted Expendable net assets are subject to externally imposed stipulations on the University’s use of the resources.

Unrestricted net assets are not subject to externally imposed stipulations, but may be designated for specific purposes by the University’s management or the Board of Curators. Unrestricted net assets are derived from tuition and fees, sales and services, unrestricted gifts, investment income, and other such sources, and are used for academics and the general

operation of the University. When both restricted and unrestricted resources are available for expenditure, the University’s policy is to first apply restricted resources, and then the unrestricted resources.

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

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

Amounts receivable under Medicare and Medicaid reimbursement agreements are subject to examination and certain retroactive adjustments by the related programs. These adjustments decreased net patient services revenues by \$1,086,000 and \$560,000 for the years ended June 30, 2011, and 2010, respectively.

The Medicaid program reimburses inpatient services on a prospective established per diem rate. The Medicaid program reimburses outpatient services under a combination of prospective and fee schedule amounts.

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

For the years ended June 30, 2011 and 2010, the University Health System's percentage of gross patient accounts receivable classified by major payor is as follows:

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

	2011	2010
Medicare	24%	23%
Commercial Insurance	7%	4%
Medicaid	22%	25%
Self Pay & Other	18%	17%
Managed Care Agreements	29%	31%
	100%	100%

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

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

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

	2011	2010
Patient Medical Services		
Revenue, Gross	\$1,657,707	\$ 1,561,797
Deductions for Contractuals	(818,601)	(773,731)
Deductions for Bad Debt	(75,432)	(51,267)
Patient Medical Services		
Revenue, Net	\$ 763,674	\$ 736,799

New Accounting Pronouncements – Effective for fiscal year 2011, the University adopted GASB Statement No. 59, *Financial Instruments Omnibus*, which updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. Adoption of GASB Statement No. 59 had no effect on the University's financial statements.

Effective for fiscal year 2010, the University adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. In adopting this standard, University recognized the effect of a change in accounting principle, which decreased net assets by \$6,163,000 for the prior periods decrease in fair value of the qualifying derivative instrument. Changes in fair value in reporting periods subsequent to fiscal year 2010 are reported as current year investment income.

Use of Estimates – The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, 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 and expenses during the reporting period. Actual results could differ from those estimates.

DISCRETELY PRESENTED COMPONENT UNIT – MEDICAL ALLIANCE

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

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

Net Assets – As a not-for-profit organization, the Medical Alliance records its net assets in accordance with Financial Accounting Standards Board Accounting Standards Codification 958-205 *Not-for-Profit Entities Presentation of Financial Statements*. For presentation within the accompanying basic financial statements, the net assets are redistributed amongst the net asset components defined by GASB Statement No. 34.

Capital Assets – Capital Assets are recorded at cost and depreciated on a straight-line basis over the estimated useful life of each asset following guidelines

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

of the American Hospital Association. Equipment under capital lease obligations is amortized on the straight-line basis over the shorter period of the lease term or the estimated useful life of the equipment. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a cost of acquiring those assets.

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

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk – The custodial credit risk for deposits is the risk that in the event of bank failure, the University's deposits may not be recovered. State law requires collateralization of all deposits with federal depository insurance, bonds and other obligations of the U.S. Treasury, U.S. Agencies and instrumentalities of the state of Missouri; bonds of any city, county, school district or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. The University's cash deposits were fully insured or collateralized at June 30, 2011 and 2010, respectively.

3. INVESTMENTS

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

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

General Pool – General Pool contains short-term University funds, including but not limited to cash and reserves, operating funds, bond funds, and plant funds. Subject to various limitations contained within the corresponding investment policy, the University's internally managed General Pool may be invested in the following instruments: U.S. Government securities; U.S. Government Agency securities; U.S. Government guaranteed securities; investment grade corporate bonds; certificates of deposit; repurchase agreements; commercial paper; and other similar short-term investment instruments of like or better quality. A limited component of the General Pool may be invested in the University's Balanced Pool; at June 30, 2011 and 2010, 17.7% and 18.0%, respectively, of General Pool funds were invested in the Balanced Pool (refer to "Endowment Funds" below). The General Pool's total return, including unrealized gains and losses, was 5.7% and 5.2% for the years ended June 30, 2011 and 2010, respectively.

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

The Balanced Pool, which is externally managed, is the primary investment vehicle for endowment funds. Subject to various limitations contained within the corresponding investment policy, the Balanced Pool is allowed to invest in the following asset sectors: U.S. and international equity, emerging markets debt and equity, absolute return strategies, private equity, real estate, global fixed income, high yield fixed income, bank loans, and Treasury inflation-protected securities. The Balanced Pool's total return, including unrealized gains and losses, was 21.5% and 11.4% for the years ended June 30, 2011 and 2010, respectively.

The Fixed Income Pool, which is internally managed, is an additional investment vehicle for endowment funds. Fixed Income Pool asset sectors include debt securities issued by the U.S. government and its agencies, corporate bonds, commercial paper, and repurchase agreements. The Fixed Income Pool's total

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

return, including unrealized gains and losses, was 2.1% and 6.9% for the years ended June 30, 2011 and 2010, respectively.

If a donor has not provided specific restrictions, state law permits the Board to appropriate an amount of the Endowment Funds' net appreciation, realized and unrealized, as the Board considers to be prudent. In establishing this amount, the Board is required to consider the University's long- and short-term needs, present and anticipated financial requirements, expected total return on investments, price level trends, and general economic conditions. Further, any expenditure of net appreciation is required to be for the purposes for which the endowment was established. Inclusive of both realized and unrealized gains and losses on investments, donor-restricted endowments experienced net appreciation of approximately \$105,184,000 in fiscal year 2011, as compared to approximately \$52,142,000 in fiscal year 2010.

The Board has adopted the total return concept (yield plus change in market value) in determining the spendable return for endowments and similar funds. Annually, the spending formula distributes 5% of a trailing 12-quarter average of the endowment's total market value, with the understanding that this spending rate over the long term will not exceed the total real return (net of inflation). However, to achieve

uniformity from year to year, the actual amount made available in any given year will be not less than 96% or more than 106% of the prior year's expenditure. In addition, the University distributes 1% of the trailing 12-quarter average of the endowment's total market value to support internal endowment administration and development functions.

PENSION TRUST FUNDS

The Retirement Trust and the OPEB Trust hold the assets of the Retirement Plan and OPEB Plan, respectively. Subject to various limitations contained within the corresponding investment policy, the externally-managed Retirement Trust is allowed to invest in the following asset sectors: U.S and international equity, emerging markets debt and equity, absolute return strategies, private equity, real estate, global fixed income, high yield fixed income, bank loans, and Treasury inflation-protected securities. The Retirement Trust's total return, including unrealized gains and losses, was 18.9% and 12.7% for the years ended June 30, 2011 and 2010, respectively.

The OPEB Trust held \$45,748,000 and \$38,417,000 at June 30, 2011 and 2010, respectively. The OPEB Trust is invested in a money market mutual fund rated AAA and a global bond fund. The OPEB Trust has no other investments.

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

At June 30, 2011 and 2010, the University and Pension Trust Funds held the following types of investments:

Table 3.1 - Investments by Type (in thousands)

As of June 30,	University of Missouri		University of Missouri Pension Trust Funds	
	2011	2010	2011	2010
Debt Securities:				
U.S. Treasury Obligations	\$ 273,832	\$ 282,345	\$ 382,163	\$ 408,769
U.S. Agency Obligations	779,507	688,890	3,829	1,030
Asset-Backed Securities	263,093	21,029	97,335	43,899
Government - Foreign	60,503	68,633	124,731	145,515
Corporate - Domestic	255,279	253,453	201,846	174,629
Corporate - Foreign	69,365	57,539	175,076	132,720
Equity Securities:				
Domestic	212,457	161,762	261,413	226,780
Foreign	192,201	154,454	346,387	245,073
Commingled Funds:				
Absolute Return	62,819	56,984	139,068	127,788
Debt Securities - Global	-	-	17,614	-
Debt Securities - Domestic	42,190	33,568	146,099	139,757
Debt Securities - Foreign	63,891	55,745	142,197	124,241
Equity Securities - Domestic	146,424	73,118	190,315	140,390
Equity Securities - Foreign	169,426	127,763	297,546	228,139
Real Estate	18,387	13,933	52,596	45,949
Nonmarketable Alternative Investments:				
Real Estate	29,786	21,465	67,445	60,766
Private Equity	47,747	31,160	107,454	75,736
Other	32,529	32,111	15,022	19,442
Total Investments	2,719,436	2,133,952	2,768,136	2,340,623
Money Market Funds	33,715	124,216	50,199	76,768
Commercial Paper	162,100	160,275	-	-
Variable Rate Demand Notes	-	29,700	-	-
Other	25,472	13,122	66,017	11,682
Total Cash and Cash Equivalents	221,287	327,313	116,216	88,450
Total Investments and Cash and Cash Equivalents	\$ 2,940,723	\$ 2,461,265	\$ 2,884,352	\$ 2,429,073

Custodial Credit Risk - For investments, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the University will not be able to recover the value of the investments held by an outside party. In accordance with its policy, the University minimizes custodial credit risk by establishing limitations on the types of instruments held with qualifying institutions. Repurchase agreements must be collateralized by U.S. Government issues and/or U.S. Government Agency issues. All University and Pension Trust Fund investments are insured or registered and are held by the University, the Pension Trust Funds or an agent in its name.

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

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

As of June 30, 2011, of the University's total investments and cash and cash equivalents, 16.0% are issues of the Federal Home Loan Bank (FHLB) and 9.4% are issues of Federal National Mortgage Association (FNMA). As of June 30, 2010, of the University's total investments and cash and cash equivalents, 15.3% are issues of FHLB and 10.2% are issues of FNMA.

At June 30, 2011 and 2010, the Pension Trust Funds did not contain investments from any single issuer that exceeded 5% of the total portfolio.

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

Credit Risk – Debt securities are subject to credit risk, which is the chance that an issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments. Certain debt securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk.

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

All holdings of commercial paper and variable rate demand notes were rated A-1/P-1 or better at June 30, 2011 and 2010. All holdings of money market funds were rated AAA at June 30, 2011 and 2010.

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

Based on investment ratings provided by Moody's or S&P, the University's and Pension Trust Funds' credit risk exposure as of June 30, 2011 and 2010, is as follows:

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

As of June 30,	University of Missouri		University of Missouri Pension Trust Funds	
	2011	2010	2011	2010
U.S. Treasury Obligations	\$ 273,832	\$ 282,345	\$ 382,163	\$ 408,769
U.S. Agency Obligations	779,507	688,890	3,829	1,030
Asset-Backed Securities				
Mortgage Backed Securities				
Guaranteed by U.S. Agencies	253,721	10,942	69,670	18,663
Aaa/AAA	3,859	4,520	17,196	15,213
Aa/AA	535	796	4,766	3,438
A/A	1,642	1,714	2,279	3,076
Baa/BBB	570	251	53	1,018
Ba/BB and lower	979	953	2,755	2,491
Unrated	1,787	1,853	616	-
Government - Foreign				
Aaa/AAA	17,641	35,674	38,008	83,679
Aa/AA	8,995	13,836	17,941	22,290
A/A	9,536	10,108	17,787	19,793
Baa/BBB	3,135	1,989	885	2,383
Ba/BB and lower	-	-	4,092	-
Unrated	21,196	7,026	46,018	17,370
Corporate - Domestic				
Aaa/AAA	7,628	7,737	6,241	2,970
Aa/AA	59,483	67,545	10,684	6,833
A/A	151,693	145,028	28,664	25,966
Baa/BBB	1,111	991	6,207	5,953
Ba/BB and lower	32,066	28,554	144,715	124,740
Unrated	3,298	3,598	5,335	8,167
Corporate - Foreign				
Aaa/AAA	32,376	30,864	61,638	65,990
Aa/AA	8,535	5,682	28,115	14,247
A/A	17,465	12,797	40,302	24,198
Baa/BBB	2,681	923	9,011	3,025
Ba/BB and lower	2,761	2,160	13,618	9,466
Unrated	5,547	5,113	22,392	15,794
Total	\$ 1,701,579	\$ 1,371,889	\$ 984,980	\$ 906,562

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

The University and Pension Trust Funds have investments in asset-backed securities, which consist primarily of mortgage-backed securities guaranteed by U.S. agencies and corporate collateralized mortgage obligations. These securities are based on cash flows from principal and interest payments on the underlying securities. An asset-backed security may have repayments that vary significantly with changes in market interest rates.

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

Table 3.3 presents the contractual final maturities of the University's and Pension Trust Funds' debt securities, which are not intended to reflect actual projected cash flows, as of June 30, 2011 and 2010, respectively:

Table 3.3 - Debt Securities by Type and Maturity (*in thousands*)

As of June 30,	University of Missouri		University of Missouri Pension Trust Funds	
	2011	2010	2011	2010
U.S. Treasury Obligations				
Less than 1 Year	\$ 10,247	\$ 3,822	\$ 18,988	\$ 2,151
1-5 Years	117,493	119,210	125,645	135,475
6-10 Years	107,028	116,229	110,596	137,655
More than 10 Years	39,064	43,084	126,934	133,488
Total U.S Treasury Obligations	273,832	282,345	382,163	408,769
U.S. Agency Obligations				
Less than 1 Year	144,797	30,023	50	-
1-5 Years	301,861	342,720	2,814	51
6-10 Years	255,763	214,343	965	979
More than 10 Years	77,086	101,804	-	-
Total U.S. Agency Obligations	779,507	688,890	3,829	1,030
Asset-Backed Securities				
Less than 1 Year	24	-	73	-
1-5 Years	266	1,091	502	3,174
6-10 Years	16,818	1,018	14,697	2,376
More than 10 Years	245,985	18,920	82,063	38,349
Total Asset-Backed Securities	263,093	21,029	97,335	43,899
Government - Foreign				
Less than 1 Year	1,733	3,306	3,910	17,139
1-5 Years	21,961	23,377	44,877	43,132
6-10 Years	27,119	28,376	55,098	56,595
More than 10 Years	9,690	13,574	20,846	28,649
Total Government - Foreign	60,503	68,633	124,731	145,515
Corporate - Domestic				
Less than 1 Year	33,377	28,620	3,798	4,277
1-5 Years	154,297	172,229	54,400	51,460
6-10 Years	58,197	48,272	121,242	105,798
More than 10 Years	9,408	4,332	22,406	13,094
Total Corporate - Domestic	255,279	253,453	201,846	174,629
Corporate - Foreign				
Less than 1 Year	10,156	5,116	22,466	13,867
1-5 Years	39,248	37,319	103,927	82,328
6-10 Years	12,406	9,614	36,824	25,131
More than 10 Years	7,555	5,490	11,859	11,394
Total Corporate - Foreign	69,365	57,539	175,076	132,720
Total Debt Securities	\$ 1,701,579	\$ 1,371,889	\$ 984,980	\$ 906,562

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

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

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

At June 30, 2011 and 2010, 17.3% of the University's total investments and cash and cash equivalents were denominated in foreign currencies. Forward foreign currency contracts with notional amounts totaling \$143,522,000 and \$138,042,000 were in place at June 30, 2011 and 2010, respectively. At June 30, 2011 and

2010, 34.7% and 32.7%, respectively, of the Pension Trust Funds' total investments and cash equivalents were denominated in foreign currencies. Forward foreign currency contracts with notional amounts totaling \$268,761,000 and \$310,673,000 were in place at June 30, 2011 and 2010, respectively.

The University's and Pension Trust Funds' exposure to foreign exchange risk as of June 30, 2011 and 2010:

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

As of June 30,	University of Missouri		University of Missouri Pension Trust Funds	
	2011	2010	2011	2010
Debt Securities				
Euro	\$ 46,284	\$ 51,625	\$ 118,216	\$ 123,658
Australian Dollar	8,097	9,840	15,897	19,940
Canadian Dollar	3,834	6,126	10,854	17,631
British Pound Sterling	8,514	6,528	17,777	13,724
Japanese Yen	6,244	8,587	9,893	11,019
Danish Krone	1,909	2,900	3,370	5,356
Malaysian Ringgit	2,195	2,603	3,897	4,517
South Korean Won	3,136	2,240	5,759	3,942
Singapore Dollar	2,209	2,201	3,542	3,652
Mexican New Peso	2,934	2,145	5,178	3,486
Swedish Krona	2,940	526	5,653	1,059
Other	5,657	4,270	11,857	7,047
	93,953	99,591	211,893	215,031
Equity Securities				
Euro	60,033	49,195	105,903	75,677
Japanese Yen	34,461	30,136	60,967	47,141
British Pound Sterling	37,169	26,514	68,568	41,599
Australian Dollar	8,119	7,078	16,739	10,501
Canadian Dollar	8,966	5,210	13,340	8,733
Swiss Franc	15,001	10,868	28,455	19,256
Hong Kong Dollar	6,868	4,891	13,540	8,459
Swedish Krona	1,646	1,321	4,296	3,135
Other	4,653	3,064	13,691	5,936
	176,916	138,277	325,499	220,437
Commingled Funds				
Various currency denominations:				
Debt Securities - Global	-	-	17,614	-
Debt Securities - Foreign	63,891	55,745	142,197	124,241
Equity Securities - Foreign	169,426	127,763	297,546	228,139
	233,317	183,508	457,357	352,380
Cash and Cash Equivalents				
Euro	2,529	4,311	4,197	5,357
Japanese Yen	605	147	474	365
British Pound Sterling	364	179	163	477
Other	419	223	825	708
	3,917	4,860	5,659	6,907
Total Exposure to Foreign Exchange Risk	\$ 508,103	\$ 426,236	\$ 1,000,408	\$ 794,755

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

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

Of the University's and Pension Trust Funds' commingled funds at June 30, 2011, approximately 87% and 85%, respectively, are redeemable within 90 days, with the remaining redeemable within one year.

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

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

For the University, at June 30, 2011 and 2010, there were a total of \$101,582,000 and \$120,792,000, respectively, of securities out on loan to borrowers.

The value of collateral received from the borrower for these securities consisted of \$101,047,000 cash and \$3,687,000 noncash collateral at June 30, 2011 and \$111,557,000 cash and \$12,553,000 noncash collateral at June 30, 2010.

For the Pension Trust Funds, at June 30, 2011 and 2010, there were a total of \$272,633,000 and \$302,918,000, respectively, of securities out on loan to borrowers. The value of collateral received from the borrower for these securities consisted of \$257,463,000 cash and \$15,525,000 noncash collateral at June 30, 2011 and \$277,747,000 cash and \$31,925,000 noncash collateral at June 30, 2010.

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

The University and Pension Trust Funds continue to receive interest and dividends during the loan period. The maturities of the investments made with the cash collateral generally match the maturities of the securities lent. At June 30, 2011 and 2010, neither the University nor the Pension Trust Funds have any credit risk exposure arising from the actual securities lending transactions since the collateral received from the borrower exceeds the value of the securities lent. Further, the University and Pension Trust Funds are fully indemnified by the custodial bank against any losses incurred as a result of borrower default.

UNIVERSITY OF MISSOURI SYSTEM

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For the Years Ended June 30, 2011 and 2010

DISCRETELY PRESENTED COMPONENT UNIT – MEDICAL ALLIANCE

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

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

At June 30, 2011 and 2010, Medical Alliance held the following investments:

Table 3.5 - Medical Alliance Cash, Cash Equivalents, and Investments

As of June 30, (in thousands)	2011	2010
Fair Value - Level 1		
Money Market Accounts	\$ 19,671	\$ 21,982
Federal Farm Callable Note	4,996	-
Certificates of Deposit	13,614	10,641
Corporate Bonds	5,025	3,173
U.S. Treasury Obligations	74	74
Cash and Other Cash Equivalents	7,020	5,944
Total Fair Value - Level 1	50,400	41,814
Fair Value - Level 2		
Mortgage-Backed Securities	18,006	14,500
Repurchase Agreements	-	3,071
Total Fair Value - Level 2	18,006	17,571
Total Cash, Cash Equivalents, and Investments	\$ 68,406	\$ 59,385

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2011 and 2010, are summarized as follows:

Table 4.1 - Accounts Receivable (in thousands)

	2011	2010
Grants and Contracts	\$ 57,256	\$ 68,687
Federal Appropriations	5,277	7,152
State Appropriations and State Bond Funds	573	7,221
Student Fees and Other Academic Charges	91,035	93,850
University Health System Patient Services, Net of Contractual Allowances	100,939	103,110
Medical Resident FICA Refund and Related Income	30,787	
Subtotal	285,867	280,020
Less Provisions for Loss:		
Grants & Contracts	730	445
University Health System Patient Services	23,809	23,656
Student Fees and Other Academic Charges	5,739	6,459
Subtotal	30,278	30,560
Total Accounts Receivable, Net	\$ 255,589	\$ 249,460

5. NOTES RECEIVABLE

Notes receivable generally consist of resources available for financial loans to students. These resources are provided through Federal loan programs and University loan programs generally funded by external sources. Notes receivable at June 30, 2011 and 2010, are summarized as follows:

Table 5.1 - Notes Receivable (in thousands)

	2011	2010
Federal Health Profession Loans	\$ 16,097	\$ 14,643
Carl D. Perkins National Loans	28,992	30,381
University Loan Programs	18,501	18,225
Other	2,614	-
Subtotal	66,204	63,249
Less Provisions for Loss	3,657	3,568
Total Notes Receivable, Net	\$ 62,547	\$ 59,681

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

6. CAPITAL ASSETS

UNIVERSITY OF MISSOURI

Capital assets activity for the years ended June 30, 2011 and 2010, is summarized as follows:

Table 6.1 - Capital Assets (in thousands)

	2011 Beginning Balance	Additions	Retirements	2011 Ending Balance
Capital Assets, Nondepreciable:				
Land	\$ 72,857	\$ 2,231	\$ -	\$ 75,088
Artwork and Historical Artifacts	12,624	116	-	12,740
Construction in Progress	156,601	(26,385)	-	130,216
Total Capital Assets, Nondepreciable	242,082	(24,038)	-	218,044
Capital Assets, Depreciable:				
Buildings and Improvements	2,754,619	167,452	(2,603)	2,919,468
Infrastructure	267,063	50,851	(363)	317,551
Equipment	634,360	64,944	(18,982)	680,322
Library Materials	240,590	7,349	-	247,939
Total Capital Assets, Depreciable	3,896,632	290,596	(21,948)	4,165,280
Less Accumulated Depreciation:				
Buildings and Improvements	937,541	79,662	(1,641)	1,015,562
Infrastructure	113,990	12,129	(175)	125,944
Equipment	402,165	55,357	(16,508)	441,014
Library Materials	150,653	7,955	-	158,608
Total Accumulated Depreciation	1,604,349	155,103	(18,324)	1,741,128
Total Capital Assets, Depreciable, Net	2,292,283	135,493	(3,624)	2,424,152
Total Capital Assets, Net	\$ 2,534,365	\$ 111,455	\$ (3,624)	\$ 2,642,196

	2010 Beginning Balance	Additions/ Transfers	Retirements	2010 Ending Balance
Capital Assets, Nondepreciable:				
Land	\$ 69,325	\$ 3,758	\$ (226)	\$ 72,857
Artwork and Historical Artifacts	11,854	775	(5)	12,624
Construction in Progress	118,895	37,706	-	156,601
Total Capital Assets, Nondepreciable	200,074	42,239	(231)	242,082
Capital Assets, Depreciable:				
Buildings and Improvements	2,587,249	168,782	(1,412)	2,754,619
Infrastructure	252,454	14,622	(13)	267,063
Equipment	592,429	64,890	(22,959)	634,360
Library Materials	235,517	5,073	-	240,590
Total Capital Assets, Depreciable	3,667,649	253,367	(24,384)	3,896,632
Less Accumulated Depreciation:				
Buildings and Improvements	858,606	80,053	(1,118)	937,541
Infrastructure	102,703	11,287	-	113,990
Equipment	369,360	54,290	(21,485)	402,165
Library Materials	144,202	6,451	-	150,653
Total Accumulated Depreciation	1,474,871	152,081	(22,603)	1,604,349
Total Capital Assets, Depreciable, Net	2,192,778	101,286	(1,781)	2,292,283
Total Capital Assets, Net	\$ 2,392,852	\$ 143,525	\$ (2,012)	\$ 2,534,365

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

The estimated cost to complete construction in progress at June 30, 2011, is \$582,808,000 of which \$231,306,000 is available from unrestricted net assets. The remaining costs are expected to be funded from \$31,927,000 of gifts, \$16,186,000 of grants, and \$303,389,000 of bond proceeds.

Capital assets include a building facility under a capital lease of \$8,332,000 and related accumulated depreciation of \$4,895,000 and \$4,478,000 at June 30, 2011 and 2010, respectively, and equipment under a capital lease of \$964,000 and related accumulated depreciation of \$362,000 and \$181,000 at June 30, 2011 and 2010, respectively.

DISCRETELY PRESENTED COMPONENT UNIT – MEDICAL ALLIANCE

Capital assets at June 30, 2011 and 2010 are summarized as follows:

Table 6.2 - Medical Alliance - Capital Assets

<i>(in thousands)</i>	2011	2010
Land & Improvements	\$ 6,670	\$ 6,482
Buildings	113,990	112,740
Movable Equipment	73,931	72,899
Construction in Progress	734	702
	<u>195,325</u>	<u>192,823</u>
Less Accumulated Depreciation	126,304	119,139
Total Capital Assets, Net	\$ 69,021	\$ 73,684

8. OTHER NONCURRENT LIABILITIES

Table 8.1 - Other Noncurrent Liabilities *(in thousands)*

Fiscal Year 2011	Beginning of			Total End of	Less Current	Noncurrent
	Year	Additions	Payments	Year	Portion	End of Year
Accrued Vacation	\$ 55,741	\$ 40,111	\$ (39,165)	\$ 56,687	\$ (42,877)	\$ 13,810
Accrued Self-Insurance Claims	77,501	194,051	(198,603)	72,949	(37,592)	35,357
	\$ 133,242	\$ 234,162	\$ (237,768)	\$ 129,636	\$ (80,469)	\$ 49,167

Fiscal Year 2010	Beginning of			Total End of	Less Current	Noncurrent
	Year	Additions	Payments	Year	Portion	End of Year
Accrued Vacation	\$ 54,986	\$ 39,602	\$ (38,847)	\$ 55,741	\$ (42,393)	\$ 13,348
Accrued Self-Insurance Claims	73,266	191,350	(187,115)	77,501	(37,004)	40,497
	\$ 128,252	\$ 230,952	\$ (225,962)	\$ 133,242	\$ (79,397)	\$ 53,845

7. ACCRUED LIABILITIES

Accrued liabilities at June 30, 2011 and 2010, are summarized as follows:

Table 7.1 - Accrued Liabilities *(in thousands)*

	2011	2010
Accrued Salaries, Wages & Benefits	\$ 52,831	\$ 51,095
Accrued Vacation	42,877	42,393
Accrued Self Insurance Claims	37,592	37,004
Accrued Interest Payable	10,047	7,817
Total Accrued Liabilities	\$ 143,347	\$ 138,309

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

9. LONG-TERM DEBT

The University's outstanding debt at June 30, 2011 and 2010, with corresponding activity, is as follows:

Table 9.1 - Long-Term Debt (in thousands)

As of June 30, 2011	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
System Facilities Revenue Bonds - Fixed	\$ 919,725	\$ 252,285	\$ (27,765)	\$ 1,144,245	\$ 25,195
System Facilities Revenue Bonds - Variable	224,925	-	(1,245)	223,680	2,795
Unamortized Premium	25,000	-	(1,538)	23,462	-
Unamortized Loss on Defeasance	(9,755)	-	593	(9,162)	-
Net System Facilities Revenue Bonds	1,159,895	252,285	(29,955)	1,382,225	27,990
Notes Payable	1,686	-	(390)	1,296	328
Capital Lease Obligations	8,144	-	(739)	7,405	789
Total Long-Term Debt	\$ 1,169,725	\$ 252,285	\$ (31,084)	\$ 1,390,926	\$ 29,107

As of June 30, 2010	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
System Facilities Revenue Bonds - Fixed	\$ 610,185	\$ 332,060	\$ (22,520)	\$ 919,725	\$ 27,765
System Facilities Revenue Bonds - Variable	226,120	-	(1,195)	224,925	1,245
Unamortized Premium	20,967	5,544	(1,511)	25,000	-
Unamortized Loss on Defeasance	(10,348)	-	593	(9,755)	-
Net System Facilities Revenue Bonds	846,924	337,604	(24,633)	1,159,895	29,010
Capital Project Notes	-	125,000	(125,000)	-	-
Notes Payable	2,064	-	(378)	1,686	390
Capital Lease Obligations	8,973	-	(829)	8,144	739
Total Long-Term Debt	\$ 857,961	\$ 462,604	\$ (150,840)	\$ 1,169,725	\$ 30,139

System Facilities Revenue Bonds

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

On December 21, 2010, the University issued \$252,285,000 in taxable Series 2010A System Facilities Revenue Bonds designated as "Build America Bonds" under the Internal Revenue Code of 1986, as amended. With respect to the Series 2010A bonds, the University will receive a cash subsidy payment from the United States Treasury in an amount equal to 35% of the interest payable on each interest payment date. The all-in-true interest cost of the Series 2010A bonds, after taking into account the 35% interest payment from the federal government is 3.8%.

Proceeds from issuance of the Series 2010A bonds are being used to finance construction or renovation of housing facilities on the Columbia, Kansas City, and Missouri Science and Technology (Missouri S&T) campuses, energy management improvements on the Columbia and Missouri S&T campuses, construction of a new parking structure on the Kansas City campus, new patient care tower and Ellis Fischel Cancer Center relocation at the Health System, and renovation, furnishing and equipping various other facilities, and to finance capitalized interest and certain costs of issuance.

On July 23, 2009, the University issued \$332,060,000 of System Facilities Revenue Bonds, consisting of \$256,300,000 in taxable Series 2009A Bonds designated as "Build America Bonds" under the Internal Revenue Code of 1986, as amended, and \$75,760,000 in traditional tax exempt Series 2009B Bonds. With respect to the Series 2009A bonds, the University will receive a cash subsidy payment from the United States Treasury in an amount equal to 35% of the interest payable on each interest payment date. The all-in-true interest cost of the Series 2009A bonds, after taking into account the 35% interest payment from the federal government is 3.95%. The all-in-true interest cost of the Series 2009B bonds is 3.13%.

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Interest expense associated with financing projects during construction, net of any investment income earned on bond proceeds during construction, is capitalized. Total interest expense during the years ended June 30, 2011 and 2010 was \$59,723,000 and \$53,384,000, respectively. Interest expense associated with financing projects during construction, net of any investment income earned on bond proceeds during construction, is capitalized. For the years ended June 30, 2011 and 2010, capitalization of interest earned on

unspent bond proceeds totaled \$10,216,000 and \$7,281,000, respectively, resulting in net interest expense of \$49,507,000 and \$46,103,000, respectively. For the years ended June 30, 2011 and June 30, 2010, the University earned cash subsidy payments from the United States Treasury totaling \$7,193,000 and \$5,020,000, respectively for designated Build America Bonds outstanding, which was recorded as Federal Appropriations on the Statement of Revenues, Expenses, and Changes in Net Assets.

Table 9.2 - System Facilities Revenue Bonds *(in thousands)*

Series	Type	Weighted Average Coupon	Final Maturity	Original Issue	Balance June 30,	
					2011	2010
1998	Fixed	4.966%	11/1/2017	\$ 65,010	\$ 9,985	\$ 11,155
2000A	Fixed	5.20%	11/1/2010	28,950	-	3,620
2001B	Fixed	5.103%	11/1/2027	44,975	40,635	42,060
2003A	Fixed	4.532%	11/1/2014	118,080	9,520	11,620
2003B	Fixed	4.657%	11/1/2023	37,085	27,030	28,575
2006A	Fixed	4.745%	11/1/2028	260,975	227,385	235,195
2007A	Fixed	4.916%	11/1/2037	262,970	250,450	255,440
2009A (1)	Fixed	5.960%	11/1/2039	256,300	256,300	256,300
2009B	Fixed	4.160%	11/1/2021	75,760	70,655	75,760
2010A (1)	Fixed	5.792%	11/1/2041	252,285	252,285	-
Total Fixed Rate Bonds				1,402,390	1,144,245	919,725
2000B	Variable	0.03% (2)	11/1/2030	50,000	50,000	50,000
2001A	Variable	0.03% (2)	11/1/2031	39,225	32,825	33,685
2006B	Variable	0.03% (2)	11/1/2035	39,705	39,705	39,705
2007B	Variable	0.05% (2)	11/1/2031	102,250	101,150	101,535
Total Variable Rate Demand Bonds				231,180	223,680	224,925
Total System Facilities Revenue Bonds				\$ 1,633,570	\$ 1,367,925	\$ 1,144,650

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

(2) As of June 30, 2011; rates are determined daily or weekly by the remarketing agents. The rate is usually within a range at or near the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA Index) rate, which resets weekly.

System Facilities Revenue Bonds, Series 2000B, Series 2001A, Series 2006B, and Series 2007B are variable rate demand bonds with remarketing features which allow bondholders to put debt back to the University. Because the University is the sole source of liquidity should the option to tender be exercised by the bondholder, these variable rate demand bonds are classified in their entirety as current liabilities on the Statement of Net Assets, with the balance in excess of actual current principal maturities reported as Long-Term Debt Subject to Remarketing.

In-substance defeased bonds aggregating \$96,965,000 are outstanding at both June 30, 2011 and 2010.

Interest Rate Swap Agreements

With an objective of lowering the University's borrowing costs, when compared against fixed-rate bonds at the time of issuance, the University entered into interest rate swap agreements in connection with certain variable-rate System Facilities Revenue Bonds. Under each of the swap agreements, the University pays the swap counterparty a fixed interest rate payment and receives a variable rate interest rate payment that effectively changes a component of the University's variable interest rate bonds to fixed rate debt. Table 9.3 presents the terms of the outstanding swaps and their fair values at June 30, 2011.

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Table 9.3 - Interest Rate Swaps (*in thousands*)

Type	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value	Counterparty Credit Rating
Pay fixed; receive variable	\$ 40,000	7/18/2002	11/1/2032	Pay 3.950%; receive SIFMA Index	\$ (7,679)	Aa1 / AA-
Pay fixed; receive variable	101,150	7/26/2007	11/1/2031	Pay 3.798%; receive 68% of 1-Month LIBOR	(19,023)	Aa1 / AA-
Total	\$ 141,150				\$ (26,702)	

The 2002 swap does not specifically hedge any currently outstanding bond issue; rather, it serves to reduce the overall exposure to interest rate risk on the University's variable bonds not otherwise specifically hedged. The notional amount is fixed at \$40,000,000 over the life of the agreement. The 2007 swap specifically hedges System Facilities Revenue Bond Series 2007B, the effectiveness of which has been determined using the synthetic instrument method.

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

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

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

Type	Fair Value at June 30,		Change in	
	2011	2010	Fair Value	Presentation of Change in Fair Value
2002 Swap - Investment Derivative	\$ (7,679)	\$ (8,488)	\$ 809	Investment and Endowment Income, Net
2007 Swap - Cash Flow Hedge	(19,023)	(22,192)	3,169	Deferred Outflow of Resources
Total	\$ (26,702)	\$ (30,680)	\$ 3,978	

Fair Value. There is a risk that the fair value of a swap could be adversely affected by changing market conditions. The fair values, developed using the zero coupon method with proprietary models, were prepared by the counterparty, JPMorgan Chase Bank, N.A., a major U.S. financial institution. The zero coupon method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each net settlement of the swap. The fair value of the interest rate swaps is the estimated amount the University would have either (paid) or received if the swap agreements were terminated on June 30, 2011.

University faces a maximum possible loss equivalent to the amount of the derivative's fair value. Subject to applicable netting arrangements, swaps with negative fair values are not exposed to credit risk. Collateral requirements apply to both parties and are determined by a combination of credit ratings and the aggregate fair value of all outstanding swap agreements as presented in Table 9.5:

Table 9.5 - Swap Collateral Requirements

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

If the aggregate fair value is positive and exceeds the fair value threshold for the applicable credit rating, the

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counterparty is required to post collateral. If the aggregate fair value is negative and exceeds the fair value threshold for the applicable credit rating, the University is required to post collateral. Permitted collateral for either party includes U.S. Treasuries, U.S. government agencies, cash, and commercial paper rated A1/P1 by S&P or Moody's, respectively. On June 30, 2011, the negative aggregate fair value was below \$30,000,000, which is the current fair value threshold for the University given a Moody's rating of Aa1.

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

Termination Risk. The University is exposed to termination risk for both interest rate swaps as the counterparty has the right to terminate the agreements in certain circumstances. For the 2002 swap, the counterparty has a contractual right to terminate the agreement if the daily weighted average of the SIFMA Index for the preceding 30 calendar day period is greater than 7.00%. With regard to the 2007 swap, the counterparty has a contractual right to terminate the agreement if the daily weighted average of the SIFMA Index for the preceding 180 days is greater than 6.00%. The SIFMA Index was .09% at June 30, 2011.

Pledged Revenues and Debt Service Requirements

For fiscal years 2011 and 2010, annual debt service, including net payments on associated interest rate swaps, totaled \$88,237,000 and \$76,142,000, respectively. For fiscal years 2011 and 2010, System Facilities Pledged Revenue was eleven and twelve times greater than the annual debt service. Net System Facilities Revenue was 122% and 151% of annual debt service, respectively. Table 9.6 provides the System Facilities pledged revenues and operating expenses.

Table 9.6 - System Facilities Pledged Revenues and Operating Expenses (*in thousands*)

	2011	2010
Pledged Revenues:		
Net Patient Revenue	\$ 745,010	\$ 718,687
Housing and Related Food Service	93,744	89,744
Bookstores	58,382	59,288
Net Tuition and Fees	24,950	18,180
Other Operating Revenue	36,914	35,704
Pledged Revenues	959,000	921,603
Operating Expenses	851,729	806,439
Net Revenues	\$ 107,271	\$ 115,164

Table 9.7 provides future debt service requirements for the System Facilities Revenue Bonds, including the impact of both interest rate swap agreements. With respect to the inclusion of variable rate bond interest payments and net payments on swaps, the following data was based upon variable rates in effect at June 30, 2011. As market rates vary, variable rate bond interest payments and net swap payments will vary.

Table 9.7 - Future Debt Service - System Facilities Revenue Bonds (*in thousands*)

Fiscal Year	Principal	Interest	Hedging Derivatives, Net	Total Before		Investment Derivatives, Net	Total Future Debt Service
				Investment Derivatives	Investment Derivatives, Net		
2012	27,990	59,641	3,701	91,332	1,544	92,876	
2013	29,510	58,514	3,685	91,709	1,544	93,253	
2014	30,825	57,305	3,670	91,800	1,544	93,344	
2015	31,805	56,048	3,653	91,506	1,544	93,050	
2016	33,720	54,769	3,571	92,060	1,544	93,604	
2017-2021	187,230	252,806	15,887	455,923	7,720	463,643	
2022-2026	235,755	210,668	12,179	458,602	7,720	466,322	
2027-2031	253,425	160,862	5,472	419,759	7,720	427,479	
2032-2036	182,065	121,997	119	304,181	2,059	306,240	
2037-2041	271,505	73,668	-	345,173	-	345,173	
2042	84,095	2,436	-	86,531	-	86,531	
	\$ 1,367,925	\$ 1,108,714	\$ 51,937	\$ 2,528,576	\$ 32,939	\$ 2,561,515	

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Capital Project Notes

During the year ended June 30, 2011, the University did not sell or have any capital project notes outstanding.

During the year ended June 30, 2010, the University sold \$125,000,000 of capital project notes at an effective interest rate of 0.4%. The maximum amount of notes outstanding was \$125,000,000 and all were repaid in full by June 30, 2010. Proceeds from the issuance of the capital project notes were used to fund various construction projects.

Capital Projects Notes are secured by the University's unrestricted revenues (generally state appropriations for general operations, student fee revenue, and other operating revenues), plus unencumbered balances from prior fiscal years. These balances totaled approximately \$2,000,000,000 by the end of fiscal year 2011. Excluded are revenues from auxiliary enterprises (such as bookstore and housing operations), the Health System, and other such facilities pledged to repay System Facilities Revenue Bonds.

Notes Payable

Notes payable consist of two loans from the state Department of Natural Resources Energy Efficiency

Leveraged Loan Program. Interest is payable semiannually and ranges from 3.0% to 3.2%. One of these loans matures in February 2012, while the second loan matures in February 2016.

Capital Lease Obligations

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

The future minimum payments on all capital leases at June 30, 2011, are as follows:

Table 9.8 - Future Capital Lease Payments

Year Ending June 30	Amount
	<i>(in thousands)</i>
2012	1,718
2013	1,563
2014	1,563
2015	1,563
2016	1,563
2017-2020	5,078
Total Future Minimum Payments	13,048
Less: Amount Representing Interest	(5,643)
Present Value of Future Minimum Lease Payments	\$ 7,405

DISCRETELY PRESENTED COMPONENT UNIT – MEDICAL ALLIANCE

The Medical Alliance's outstanding debt at June 30, 2011 and 2010, with corresponding activity, is as follows:

Table 9.9 - Long-Term Debt - Medical Alliance *(in thousands)*

As of June 30, 2011	Beginning			Ending Balance	Current Portion
	Balance	Additions	Reductions		
Health Facilities Revenue Bonds Series 1998	\$ 19,510	\$ -	\$ (635)	\$ 18,875	\$ 660
Health Facilities Revenue Bonds Series 2004	15,570	-	(420)	15,150	445
Total Bonds Payable	35,080	-	(1,055)	34,025	1,105
Capital Lease Obligations	3,753	-	(1,068)	2,685	1,158
Total Long-Term Debt	\$ 38,833	\$ -	\$ (2,123)	\$ 36,710	\$ 2,263

As of June 30, 2010	Beginning			Ending Balance	Current Portion
	Balance	Additions	Reductions		
Health Facilities Revenue Bonds Series 1998	\$ 20,110	\$ -	\$ (600)	\$ 19,510	\$ 635
Health Facilities Revenue Bonds Series 2004	15,980	-	(410)	15,570	420
Total Bonds Payable	36,090	-	(1,010)	35,080	1,055
Capital Lease Obligations	4,832	-	(1,079)	3,753	1,099
Total Long-Term Debt	\$ 40,922	\$ -	\$ (2,089)	\$ 38,833	\$ 2,154

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Bonds Payable

In June 2004, the Medical Alliance issued \$17,500,000 of tax-exempt Health Facilities Revenue Bonds Series 2004 through the Health and Educational Facilities Authority of the state of Missouri. The bonds proceeds were used primarily to pay or reimburse the costs of acquiring, constructing and equipping certain health facilities of Medical Alliance.

Similar to the Series 1998 bonds, the Series 2004 bonds were issued pursuant to the Master Trust Indenture dated December 1, 1998, as supplemented on June 1, 2004. Under the terms of the Master Trust Indenture (the "Master Indenture"), Medical Alliance is required to make payments of principal, premium, if any, and interest on the bonds. The Series 1998 and 2004 bonds are secured by the unrestricted receivables of Medical Alliance. In addition, the Master Indenture contains certain restrictions on the operations and activities of Medical Alliance, including, among other things, covenants restricting the incurrence of additional indebtedness and the creation of liens on property, except as permitted by the Master Indenture.

The Master Indenture has mandatory sinking fund redemption requirements in which funds are required to be set aside beginning in 2014 and 2025 for the Series 1998 bonds and Series 2004 bonds, respectively.

Interest expense incurred on the bonds during the years ended June 30, 2011 and 2010 was \$1,830,000 and \$1,867,000, respectively, of which \$0 and \$93,000 were capitalized during the years ended June 30, 2011 and 2010, respectively.

As of June 30, 2011, the total of principal and interest due on bonds during the next five years and in subsequent five-year periods is as follows:

Table 9.10 - Future Debt Service -
Medical Alliance (in thousands)

Fiscal Year	Principal	Interest	Total
2012	1,105	1,779	2,884
2013	1,155	1,725	2,880
2014	1,210	1,669	2,879
2015	1,270	1,607	2,877
2016	1,330	1,542	2,872
2017-2021	6,045	5,429	11,474
2022-2026	9,520	4,766	14,286
2027-2030	12,390	1,803	14,193
	\$ 34,025	\$ 20,320	\$ 54,345

Capital Leases

The Medical Alliance leases certain equipment through capital leases. Equipment under capitalized leases is recorded at the present value of future minimum lease payments.

The future minimum payments on all capital leases at June 30, 2011, are as follows:

Table 9.11 - Future Capital Lease Payments
Medical Alliance (in thousands)

Year Ending June 30	Amount
2012	\$ 1,243
2013	1,240
2014	328
Total Future Minimum Payments	2,811
Less: Amount Representing Interest	(126)
Present Value of Future Minimum Lease Payments	\$ 2,685

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10. RISK MANAGEMENT

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

The liability for self-insurance claims at June 30, 2011 and 2010 of \$72,949,000 and \$77,501,000, respectively, represents the present value of amounts estimated to have been incurred by those dates, using discount rates ranging from 2.0% to 3.4% for fiscal year 2011 and 2.5% to 3.6% for fiscal year 2010, based on expected future investment yield assumptions.

Changes in the self-insurance liability during fiscal years 2011, 2010, and 2009 were as follows:

Table 10.1 - Self-Insurance Claims
Liability (in thousands)

Fiscal Year	New Claims		Claim Payments	End of Year
	Beginning of Year	and Changes in Estimates		
2011	\$ 77,501	\$ 194,051	\$(198,603)	\$ 72,949
2010	73,266	191,350	(187,115)	77,501
2009	67,238	177,386	(171,358)	73,266

11. COMMITMENTS AND CONTINGENCIES

Endowment and Pension Trust Funds

The University Endowment Fund and Pension Trust Funds have made commitments to make investments in certain investment partnerships pursuant to provisions in the various partnership agreements. These commitments totaled \$33,535,000 and \$67,775,000 for the University and the Pension Trust Funds, respectively, at June 30, 2011.

University Operating Leases

The University leases various facilities and equipment under agreements recorded as operating leases. Operating lease expenses for the years ended June 30,

2011 and 2010 were \$20,251,000 and \$19,162,000, respectively.

Future minimum payments on all significant operating leases with initial or remaining terms of one year or more at June 30, 2011, are as follows:

Table 11.1 - Future Operating Lease Payments

Fiscal Year	Amount
2012	\$ 4,218
2013	3,120
2014	2,697
2015	1,719
2016	1,037
2017-2020	304
Total Future Lease Payments	\$ 13,095

In addition to the above lease obligations, the University has outstanding commitments for the usage and ongoing support of University Health System's information technology environment. As of January 2010, the University Health System began contracting for software usage and maintenance fees, as well as, labor costs for approximately 100 full-time equivalent employees, with the Cerner Corporation. This agreement, called IT Works, represents the labor and software component of a cooperative relationship between the University Health System and Cerner Corporation referred to as the Tiger Institute for Health Innovation (the Tiger Institute). The Tiger Institute provides continued development of information technology within the clinical areas, as well as developing new technology initiatives in health information systems.

As of June 30, 2011, these commitments totaled \$136,646,000 and will be paid in the following amounts: \$13,002,000 in 2012, \$14,938,000 in 2013, \$15,386,000 in 2014, \$15,847,000 in 2015, \$16,322,000 in 2016 and \$61,151,000 thereafter.

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Medical Resident FICA Refunds

In March 2010, the United States Internal Revenue Service accepted the position that medical residents are excepted from FICA taxes based upon the "student exception" for tax periods ending before April 1, 2005 when new regulations became effective. In December 2010, the University of Missouri perfected its claims for the refund of taxes withheld for the relevant periods. As of June 30, 2011, the University has recorded a receivable for this refund and related accrued interest income in the amounts of \$19,187,000 and \$11,600,000, respectively, which reflects the estimated total refund from the Internal Revenue Service. In addition, accounts payable increased by \$21,026,000 representing the portion of the refund and accrued interest income due to individual medical residents and third-party entities. A net amount of \$6,761,000 was recorded as a contra expense to benefits and \$3,000,000 as investment income.

Pollution Remediation

The University has been working with the Voluntary Cleanup Program of the Missouri Department of Natural Resources (MDNR) to characterize subsurface contamination on a University owned property. The results have been reported to MDNR and the University is awaiting direction on how to proceed. As a result, the University is unable to estimate future costs to clean up the site at this time.

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12. RETIREMENT, DISABILITY AND DEATH BENEFIT PLAN

Plan Description – the Retirement Plan is a single employer, defined benefit plan for all qualified employees. As authorized by Section 172.300, Revised Statutes of Missouri, the University’s Board of Curators administers the Retirement Plan and establishes its terms. Full-time employees vest in the Retirement Plan after five years of credited service and become eligible for benefits based on age and years of service. A vested employee who retires at age 65 or older is eligible for a lifetime annuity calculated at 2.2% times the credited service years times the compensation base (average compensation for the five highest consecutive salary years). Academic members who provide summer teaching and research service receive additional summer service credit. The Board of Curators may periodically approve increases to the benefits paid to existing pensioners. However, vested members who leave the University prior to eligibility for retirement are not eligible for these pension increases.

Table 12.1 - Retirement Plan Membership

	2011	2010
Active Members		
Vested	10,758	10,538
Nonvested	7,634	7,688
Pensioners	7,323	7,092
Former Employees with Deferred Pensions	4,211	3,158
Total Members	29,926	28,476

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

survivor, period certain, and guaranteed annual increase features.

Vested employees who terminate prior to retirement eligibility may elect to transfer the actuarial equivalent of their benefit to an Individual Retirement Account or into another employer’s qualified plan that accepts such rollovers. If the actuarial equivalent is less than \$20,000, it may instead be taken in the form of a lump sum payment.

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

The Retirement Plan provides a minimum value feature for vested employees who terminate or retire. The minimum value is calculated as the actuarial equivalent of 5% of the employee’s eligible compensation invested at 7.5% per credited service year or the regularly calculated benefit.

Contributions – The University’s contributions to the Retirement Plan are equal to the actuarially determined employer contribution requirement, as a percent of payroll, which averaged 5.7% and 4.9% for the years ended June 30, 2011 and 2010, respectively. Employees are required to contribute 1% of their salary up to \$50,000 in a calendar year and 2% of their salary in excess of \$50,000. An actuarial valuation of the Plan is performed annually and the University’s contribution rate is updated at the beginning of the University’s fiscal year on July 1, to reflect the actuarially determined funding requirement from the most recent valuation, as of the preceding October 1. This actuarial valuation reflects the adoption of any Retirement Plan amendments during the previous fiscal year.

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The University's annual pension cost and net pension obligation to the Retirement Plan for the current year, excluding the impact of employee contributions, along with three-year trend information, were as follows:

Table 12.2 - Three-Year Trend Information *(in thousands)*

Fiscal Year Ending	Annual Required		Contributions Made	Percentage of	
	Contribution (ARC)	Annual Pension Cost (APC)		APC Contributed	Net Pension Obligation
6/30/2009	\$ 56,663	\$ 56,663	\$ 56,663	100%	-
6/30/2010	48,040	48,040	48,040	100%	-
6/30/2011	57,541	57,541	57,541	100%	-

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

Investment Valuation – Investments are reported at fair value.

Funded Status – As of the most recent actuarial valuation date, October 1, 2010, the Retirement Plan was 96.3% funded. The actuarial accrued liability (AAL) for benefits was \$2,960,832,000 and the actuarial value of the assets was \$2,851,957,000, resulting in unfunded AAL of funding of \$108,875,000. The covered payroll (annual payroll of active employees covered by the plan) was \$979,888,000, and the ratio of unfunded AAL funding to covered payroll was 11.1%.

The Schedule of Funding Progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – In the October 1, 2010 actuarial valuation, the entry age actuarial cost method was used. Actuarial assumptions included (1) an 8% rate of investment return net of administrative expenses, and (2) projected salary increases ranging from 4.5% to 5.3% per year. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using techniques that

spread effects of short-term volatility in the market value of investments over a 5-year period. On May 1, 2011, an approved plan amendment increasing the amount of summer session salary that can be recognized was implemented, and resulted in a \$6,423,000 increase in the actuarial accrued liability and an additional .09%, or \$891,000, in the annual employer contribution rate effective for fiscal year 2012. The underfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 20 years from the October 1, 2010 valuation date.

13. OTHER POSTEMPLOYMENT BENEFITS

Plan Description – In addition to the pension benefits described in Note 12, the University operates a single-employer, defined benefit postemployment plan. The University's Other Postemployment Benefits (OPEB) Plan provides postretirement medical, dental, and life insurance benefits to employees who retire from the University after attaining age 55 and before reaching age 60 with ten or more years of service, or after attaining age 60 with five or more years of service. As of June 30, 2011 and 2010, 6,080 and 5,881 retirees, respectively, were receiving benefits, and an estimated 18,452 active University employees may become eligible to receive future benefits under the plan. Postemployment medical, dental and life insurance benefits are also provided to long-term disability claimants who were vested in the University's Retirement Plan at the date the disability began, provided the onset date of the disability was on or after September 1, 1990. As of June 30, 2011 and 2010, 227 and 232 long-term disability claimants, respectively, met those eligibility requirements.

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

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

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

Contributions and Reserves – Contribution requirements of employees and the University are established and may be amended by the University's Board of Curators. For employees retiring prior to September 1, 1990, the University contributes toward premiums at the same rate as for active employees, which is 2/3 of the medical benefits premium and 1/2 of the dental plan premium. For employees who retired on or after September 1, 1990, the University contributes toward premiums based on the employee's length of service and age at retirement. The University makes available two group term life insurance options. Option A coverage is equal to the retiree's salary at the date of retirement, while Option B is equal to two times that amount. For each Option, graded decreases in coverage are made when the retiree attains specific age levels. The University pays the full cost of Option A and approximately 91% of the cost of Option B coverage. Coverage for group term life insurance ends on January 1 following the retiree's 70th birthday.

For the year ended June 30, 2011, participants contributed \$12,994,000 or approximately 47.6% of total premiums through their required contributions, which vary depending on the plan and coverage selection.

The University makes available two long-term disability options to its employees. Option A coverage is equal to 60% of the employee's salary on the date the disability began, when integrated with benefits from all other sources. Option B coverage is equal to 66-2/3% of the employee's salary, integrated so that benefits from all sources will not exceed 85% of the employee's salary.

Both options have a 149-day waiting period and provide benefits until age 65. The University pays the full cost of the Option A premium, while employees enrolled in Option B pay the additional cost over the Optional A premium.

The Annual Required Contribution (ARC) represents a level of funding that an employer is projected to need in order to prefund its obligations for postemployment benefits over its employees' years of service. The University has no obligation to make contributions in advance of when insurance premiums or claims are due for payment and currently funds postemployment benefits at a level no less than the pay-as-you-go basis. In fiscal year 2011, the University contributed \$30,242,000, or 50.0% of the ARC, which was \$60,484,000 and represented 6% of annual covered payroll. In fiscal year 2010, the University contributed \$23,789,000, or 45.3% of the ARC, which was \$52,563,000 and represented 5.2% of annual covered payroll.

Table 13.1 presents the OPEB cost for the year, the amount contributed, and changes in the OPEB obligation for fiscal year 2011:

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

Annual Required Contribution	\$ 60,485
Interest on Existing Net OPEB Obligation	3,025
ARC Adjustment	(2,575)
Annual OPEB Cost	60,935
Contributions Made	(30,242)
Increase in net OPEB obligation	30,693
Net OPEB obligation - beginning of year	52,613
Net OPEB obligation - June 30, 2011	\$ 83,306

Funding Status and Funding Progress – As of July 1, 2009, the date of the last valuation, the OPEB Plan was 5.7% funded. The actuarial accrued liability (AAL) for postemployment benefits was \$646,655,000, with \$37,171,000 in actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$609,484,000. The covered payroll (annual payroll of active employees covered by the plan) was \$1,009,800,000, and the ratio of UAAL to covered payroll was 60.4%.

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

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

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

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

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

Fiscal Year Ending	Annual Required Contribution	Annual OPEB Cost (AOC)	Contributions Made	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2009	\$ 47,578	\$ 47,578	\$ 23,789	50.0%	\$ 23,639
6/30/2010	52,563	52,763	23,789	45.1%	52,613
6/30/2011	60,485	60,935	30,242	49.6%	83,306

Actuarial Methods and Assumptions - Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The projected unit credit actuarial cost method was used in the July 1, 2009 actuarial valuation. Actuarial assumptions included a

5.75% investment rate of return, net of administrative expenses. The projected annual healthcare trend rate is 6.0% to 10.0% initially, reduced by 0.5% decrements to an ultimate rate of 5.0%. The UAAL is being amortized as a level dollar amount on an open basis, level percent of pay, over a 30-year amortization period.

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

14. OPERATING EXPENSES BY FUNCTION

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

Table 14.1 - Operating Expenses by Functional and Natural Classifications *(in thousands)*

Fiscal Year Ended June 30, 2011	Salaries and Wages	Benefits	Supplies, Services and Other	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 394,945	\$ 105,048	\$ 57,088	\$ -	\$ -	\$ 557,081
Research	113,872	24,441	81,590	-	-	219,903
Public Service	73,888	20,139	49,519	-	-	143,546
Academic Support	75,563	22,321	29,972	-	-	127,856
Student Services	38,454	10,971	20,567	-	-	69,992
Institutional Support	94,518	28,840	(25,424)	-	-	97,934
Operation and Maintenance of Plant	34,614	10,901	24,467	-	-	69,982
Auxiliary Enterprises	446,372	105,679	478,265	-	-	1,030,316
Scholarships and Fellowships	-	-	-	58,790	-	58,790
Depreciation	-	-	-	-	155,103	155,103
Total Operating Expenses	\$ 1,272,226	\$ 328,340	\$ 716,044	\$ 58,790	\$ 155,103	\$ 2,530,503

Fiscal Year Ended June 30, 2010	Salaries and Wages	Benefits	Supplies, Services and Other	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 386,089	\$ 91,532	\$ 60,192	\$ -	\$ -	\$ 537,813
Research	111,710	23,648	79,182	-	-	214,540
Public Service	74,007	19,783	52,929	-	-	146,719
Academic Support	75,057	19,816	29,246	-	-	124,119
Student Services	39,795	9,742	21,134	-	-	70,671
Institutional Support	91,654	25,404	(7,565)	-	-	109,493
Operation and Maintenance of Plant	34,329	9,840	11,709	-	-	55,878
Auxiliary Enterprises	424,324	103,535	429,535	-	-	957,394
Scholarships and Fellowships	-	-	-	55,469	-	55,469
Depreciation	-	-	-	-	146,753	146,753
Total Operating Expenses	\$ 1,236,965	\$ 303,300	\$ 676,362	\$ 55,469	\$ 146,753	\$ 2,418,849

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

15. FIDUCIARY FUNDS – PENSION TRUST FUNDS COMBINING STATEMENTS

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

Table 15.1 - Statement of Plan Net Assets *(in thousands)*

	2011			2010		
	Retirement	OPEB	Total	Retirement	OPEB	Total
Assets						
Cash and Cash Equivalents	\$ 88,085	\$ 28,131	\$ 116,216	\$ 50,033	\$ 38,417	\$ 88,450
Investment of Cash Collateral	257,463	-	257,463	277,747	-	277,747
Investment Settlements Receivable	27,003	3	27,006	13,935	-	13,935
Investments:						
Debt Securities	984,980	-	984,980	906,562	-	906,562
Equity Securities	607,800	-	607,800	471,853	-	471,853
Commingled Funds	967,821	17,614	985,435	806,264	-	806,264
Nonmarketable Alternative Investments	174,899	-	174,899	136,502	-	136,502
Other	15,022	-	15,022	19,442	-	19,442
Total Assets	3,123,073	45,748	3,168,821	2,682,338	38,417	2,720,755
Liabilities						
Accounts Payable and Accrued Liabilities	119	-	119	1,758	-	1,758
Collateral Held for Securities Lending	257,463	-	257,463	277,747	-	277,747
Investment Settlements Payable	152,054	3	152,057	63,134	-	63,134
Total Liabilities	409,636	3	409,639	342,639	-	342,639
Net Assets Held in Trust for Retirement and OPEB						
	\$ 2,713,437	\$ 45,745	\$ 2,759,182	\$ 2,339,699	\$ 38,417	\$ 2,378,116

Table 15.2 - Statement of Changes in Plan Net Assets *(in thousands)*

	2011			2010		
	Retirement	OPEB	Total	Retirement	OPEB	Total
Net Revenues and Other Additions						
Investment Income:						
Interest and Dividend Income, Net of Fees	\$ 61,718	\$ 5	\$ 61,723	\$ 54,983	\$ 5	\$ 54,988
Net Appreciation in Fair Value of Investments	379,606	61	379,667	228,528	-	228,528
Net Investment Income (Loss)	441,324	66	441,390	283,511	5	283,516
Contributions:						
University Members	57,541	30,242	87,783	48,040	23,789	71,829
	12,610	13,390	26,000	10,198	12,536	22,734
Total Contributions	70,151	43,632	113,783	58,238	36,325	94,563
Other Revenues	-	695	695	-	-	-
Total Net Revenues and Other Additions	511,475	44,393	555,868	341,749	36,330	378,079
Expenses and Other Deductions						
Administrative Expenses	2,297	324	2,621	2,391	331	2,722
Payments to Retirees and Beneficiaries	135,440	36,741	172,181	128,194	34,753	162,947
Total Expenses and Other Deductions	137,737	37,065	174,802	130,585	35,084	165,669
Increase in Net Assets Held in Trust for Retirement and OPEB						
	373,738	7,328	381,066	211,164	1,246	212,410
Net Assets Held in Trust for Retirement & OPEB, Beginning of Year	2,339,699	38,417	2,378,116	2,128,535	37,171	2,165,706
Net Assets Held in Trust for Retirement and OPEB, End of Year	\$ 2,713,437	\$ 45,745	\$ 2,759,182	\$ 2,339,699	\$ 38,417	\$ 2,378,116

UNIVERSITY OF MISSOURI SYSTEM

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

16. SUBSEQUENT EVENT

On August 3, 2011, the University issued \$54,125,000 of Series 2011 System Facilities Revenue Bonds with average coupon rate of 4.6%. The Series 2011 bonds and other funds of the University were used to refund all of System Facilities Revenue Bonds, Series 1998A, which were outstanding in the principal amount of \$9,985,000,

all of the System Facilities Revenue Bonds, Series 2001B, which were outstanding in the principal amount of \$40,635,000, and \$9,035,000 principal amount of the System Facilities Revenue Bonds, Series 2003B, which were outstanding in the principal amount of \$27,030,000. The average coupon for the refunded bonds was 5.0% and generated net present value savings of \$6.5 million for the University.

UNIVERSITY OF MISSOURI SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 2011 and 2010 (unaudited)

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

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL/(Excess Funding) (b-a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL (Excess) as a % of Covered Payroll ((b-a) / c)
10/1/2005	\$2,125,656	\$2,271,230	\$ 145,574	93.6%	\$ 795,758	18.3%
10/1/2006	2,325,264	2,400,807	75,543	96.9%	846,884	8.9%
10/1/2007	2,651,535	2,555,592	(95,943)	103.8%	891,648	-10.8%
10/1/2008	2,808,126	2,733,032	(75,094)	102.7%	954,430	-7.9%
10/1/2009	2,843,422	2,819,524	(23,898)	100.8%	970,060	-2.5%
10/1/2010	2,851,957	2,960,832	108,875	96.3%	979,888	11.1%

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

Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed	Net Pension Obligation (Asset)
6/30/2006	10/1/2004	\$ 64,399	100%	\$ -
6/30/2007	10/1/2005	74,736	100%	-
6/30/2008	10/1/2006	72,284	100%	-
6/30/2009	10/1/2007	56,663	100%	-
6/30/2010	10/1/2008	48,040	100%	-
6/30/2011	10/1/2009	57,541	100%	-

See independent auditors' report.

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

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ([b-a] / c)
7/1/2006	\$ -	\$ 546,058	\$ 546,058	0.0%	\$ 883,614	61.8%
7/1/2007 (a)	-	560,340	560,340	0.0%	930,365	60.2%
7/1/2009 (b)	37,171	646,655	609,484	5.7%	1,009,800	60.4%

(a) The 7/1/2007 Actuarial Valuation was revised based on a change in the discount rate from 6.75% to 5.75%.

(b) Date of last valuation provided

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

Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed	Net Pension Obligation (Asset)
6/30/2009	7/1/2007	47,578	50%	23,639
6/30/2010	7/1/2007 (a)	52,563	45%	52,613
6/30/2011	7/1/2009	60,485	50%	83,306

(a) The 7/1/2007 Actuarial Valuation was revised based on a change in the discount rate from 6.75% to 5.75%.

See independent auditors' report.



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Statistical Section



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STATEMENT OF NET ASSETS

Statistical Section

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Assets						
Current Assets						
Cash and Cash Equivalents	\$ 44,249	\$ 149,515	\$ 115,919	\$ 57,987	\$ 164,919	\$ 146,169
Restricted Cash and Cash Equivalents	177,038	177,798	137,022	109,022	163,582	68,978
Short-Term Investments	151,070	40,268	124,609	172,294	104,032	75,830
Restricted Short-Term Investments	49,264	30,619	25,882	91,800	86,222	87,983
Investment of Cash Collateral	101,047	111,557	111,719	106,360	138,014	100,618
Accounts Receivable, Net	255,589	249,460	241,325	249,654	235,975	198,087
Pledges Receivable, Net	12,374	14,505	13,382	9,796	12,980	11,562
Investment Settlements Receivable	15,634	6,200	15,800	72,878	3,617	6,266
Notes Receivable, Net	8,532	9,046	12,564	13,747	14,599	14,848
Due To Component Units	(6,658)	(5,285)	(3,900)	(4,355)	(4,062)	(3,976)
Inventories	35,193	28,401	33,009	33,063	33,121	31,886
Prepaid Expenses and Other Current Assets	25,759	25,604	21,618	18,636	18,248	13,313
Total Current Assets	869,091	837,688	848,949	930,882	971,247	751,564
Noncurrent Assets						
Pledges Receivable, Net	14,895	16,256	17,231	21,147	23,000	29,437
Notes Receivable, Net	54,015	50,635	47,524	46,898	45,425	44,052
Deferred Charges and Other Assets	13,218	12,374	9,836	10,397	9,340	9,868
Long-Term Investments	1,357,918	1,171,998	778,538	810,655	707,333	708,052
Restricted Long-Term Investments	1,161,184	891,067	741,556	919,364	767,332	743,326
Capital Assets, Net	2,642,196	2,534,365	2,392,852	2,227,427	2,039,069	1,926,942
Total Noncurrent Assets	5,243,426	4,676,695	3,987,537	4,035,888	3,591,499	3,461,677
Deferred Outflow of Resources	19,023	22,192	-	-	-	-
Total Assets and Deferred Outflow of Resources	\$ 6,131,540	\$ 5,536,575	\$ 4,836,486	\$ 4,966,770	\$ 4,562,746	\$ 4,213,241
Liabilities						
Current Liabilities						
Accounts Payable	\$ 130,803	\$ 123,809	\$ 94,531	\$ 105,024	\$ 101,330	\$ 114,302
Accrued Liabilities	143,347	138,309	130,837	120,967	114,976	111,646
Deferred Revenue	78,209	78,200	80,703	67,821	64,030	60,814
Funds Held for Others	62,951	53,245	66,403	70,744	77,148	67,840
Investment Settlements Payable	47,319	41,931	50,318	136,606	41,021	19,582
Collateral Held for Securities Lending	101,047	111,557	115,291	106,360	138,014	100,618
Current Portion of Long-Term Debt	29,107	30,139	24,922	21,697	17,437	15,185
Long-Term Debt Subject to Remarketing	220,885	223,680	224,925	226,120	164,990	165,730
Total Current Liabilities	813,668	800,870	787,930	855,339	718,946	655,717
Noncurrent Liabilities						
Long-Term Debt	1,140,934	915,906	608,114	631,742	479,712	496,318
Deferred Revenue	1,519	1,925	1,603	1,876	2,162	2,460
Derivative Instrument Liability	26,702	30,680	-	-	-	-
Other Post Employment Benefits Liability	83,306	52,613	23,639	-	-	-
Other Noncurrent Liabilities	49,167	53,845	50,423	47,371	58,720	63,765
Total Noncurrent Liabilities	1,301,628	1,054,969	683,779	680,989	540,594	562,543
Total Liabilities	2,115,296	1,855,839	1,471,709	1,536,328	1,259,540	1,218,260
Net Assets						
Invested in Capital Assets, Net of Related Debt Restricted	\$ 1,516,095	\$ 1,485,090	\$ 1,540,654	\$ 1,439,753	\$ 1,379,098	\$ 1,263,187
Nonexpendable -						
Endowment	788,876	679,494	612,119	718,314	738,153	624,821
Expendable -						
Scholarship, Research, Instruction & Other	264,605	244,226	235,405	262,266	270,238	267,514
Loans	77,300	75,637	78,357	77,656	75,785	74,825
Capital Projects	32,005	32,373	30,043	27,597	24,593	23,697
Unrestricted	1,337,363	1,163,916	868,199	904,856	815,339	740,937
Total Net Assets	4,016,244	3,680,736	3,364,777	3,430,442	3,303,206	2,994,981
Total Liabilities & Net Assets	\$ 6,131,540	\$ 5,536,575	\$ 4,836,486	\$ 4,966,770	\$ 4,562,746	\$ 4,213,241

CHANGES IN NET ASSETS

Statistical Section

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Operating Revenues						
Tuition and Fees, Net	\$ 671,419	\$ 630,498	\$ 601,742	\$ 557,085	\$ 537,832	\$ 501,347
Less: Scholarship Allowances	175,917	164,187	148,578	139,880	136,527	126,421
Net Tuition and Fees	495,502	466,311	453,164	417,205	401,305	374,926
Federal Grants and Contracts	196,122	183,885	172,669	184,416	163,517	176,442
State and Local Grants and Contracts	57,375	66,194	53,042	54,414	47,045	41,255
Private Grants and Contracts	67,025	68,044	71,034	60,318	54,268	46,310
Sales and Services of Educational Activities	21,671	22,560	22,088	19,569	22,346	18,267
Auxiliary Enterprises -						
Patient Medical Services, Net	763,674	736,799	702,424	681,312	648,802	620,577
Housing and Dining Services, Net	93,724	89,743	81,939	72,503	66,828	61,548
Bookstores	58,591	59,288	62,113	61,423	56,930	54,308
Other Auxiliary Enterprises, Net	220,162	198,748	190,315	181,893	154,113	133,135
Other Operating Revenues	51,871	49,250	53,681	46,968	53,523	49,851
Total Operating Revenues	2,025,717	1,940,822	1,862,469	1,780,021	1,668,677	1,576,619
Operating Expenses						
Salaries and Wages	1,272,226	1,236,965	1,213,837	1,153,676	1,101,867	1,044,462
Benefits	328,340	303,300	299,586	310,375	272,923	248,688
Supplies, Services and Other Operating Expenses	716,044	676,362	672,711	662,331	608,134	606,617
Scholarships and Fellowships	58,790	55,469	48,456	39,485	38,602	35,090
Depreciation	155,103	146,753	131,167	125,996	119,069	110,924
Total Operating Expenses	2,530,503	2,418,849	2,365,757	2,291,863	2,140,595	2,045,781
Operating Loss before State Appropriations	(504,786)	(478,027)	(503,288)	(511,842)	(471,918)	(469,162)
State Appropriations	437,631	498,358	479,478	462,281	440,855	428,893
Operating Income (Loss) after State Appropriations, Before Nonoperating Revenues (Expenses)						
	(67,155)	20,331	(23,810)	(49,561)	(31,063)	(40,269)
Nonoperating Revenues (Expenses)						
Federal Appropriations	28,416	21,455	14,858	14,277	14,105	14,203
Federal Pell Grants	57,951	48,281	31,649	27,232	23,613	22,994
Investment and Endowment Income (Losses), Net	266,633	172,833	(173,355)	45,629	202,633	111,675
Private Gifts	52,564	48,695	52,552	51,680	53,268	64,483
Interest Expense	(49,507)	(46,103)	(31,432)	(43,055)	(29,497)	(28,563)
Other Nonoperating Revenues (Expenses)	(3,279)	(1,659)	(3,930)	(4,750)	(3,147)	(4,971)
Net Nonoperating Revenues (Expenses)	352,778	243,502	(109,658)	91,013	260,975	179,821
Income (Loss) before Capital Contributions, Additions to Permanent Endowments and Extraordinary Item						
	285,623	263,833	(133,468)	41,452	229,912	139,552
State Capital Appropriations	8,043	14,205	17,817	15,532	18,138	8,503
Capital Gifts and Grants	15,466	19,381	13,009	17,341	12,941	16,285
Private Gifts for Endowment Purposes	26,376	24,703	21,093	32,995	27,917	26,607
Extraordinary Item:						
Net Proceeds from Sale of Missouri Care	-	-	2,550	-	19,317	-
Increase (Decrease) in Net Assets	335,508	322,122	(78,999)	107,320	308,225	190,947
Net Assets, Beginning of Year	3,680,736	3,364,777	3,430,442	3,303,206	2,994,981	2,804,034
Cumulative Effect of Change in Accounting Principles	-	(6,163)	13,334	19,916	-	-
Net Assets, Beginning of Year, as Adjusted	3,680,736	3,358,614	3,443,776	3,323,122	2,994,981	2,804,034
Net Assets, End of Year	\$ 4,016,244	\$ 3,680,736	\$ 3,364,777	\$ 3,430,442	\$ 3,303,206	\$ 2,994,981

CHANGES IN NET ASSETS (% increase / decrease from prior year)

Statistical Section
Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Operating Revenues						
Tuition and Fees, Net	6.5%	4.8%	8.0%	3.6%	7.3%	6.4%
Less: Scholarship Allowances	7.1%	10.5%	6.2%	2.5%	8.0%	9.2%
Net Tuition and Fees	6.3%	2.9%	1.8%	1.1%	-0.7%	-2.9%
Federal Grants and Contracts	6.7%	6.5%	-6.4%	12.8%	-7.3%	4.7%
State and Local Grants and Contracts	-13.3%	24.8%	-2.5%	15.7%	14.0%	-5.5%
Private Grants and Contracts	-1.5%	-4.2%	17.8%	11.1%	17.2%	-18.4%
Sales and Services of Educational Activities	-3.9%	2.1%	12.9%	-12.4%	22.3%	1.9%
Auxiliary Enterprises -						
Patient Medical Services, Net	3.6%	4.9%	3.1%	5.0%	4.5%	9.6%
Housing and Dining Services, Net	4.4%	9.5%	13.0%	8.5%	8.6%	6.6%
Bookstores	-1.2%	-4.5%	1.1%	7.9%	4.8%	7.7%
Other Auxiliary Enterprises, Net	10.8%	4.4%	4.6%	18.0%	15.8%	-8.0%
Other Operating Revenues	5.3%	-8.3%	14.3%	-12.2%	7.4%	7.7%
Total Operating Revenues	4.4%	4.2%	4.6%	6.7%	5.8%	4.6%
Operating Expenses						
Salaries and Wages	2.9%	1.9%	5.2%	4.7%	5.5%	5.8%
Benefits	8.3%	1.2%	-3.5%	13.7%	9.7%	9.6%
Supplies, Services and Other Operating Expenses	5.9%	0.5%	1.6%	8.9%	0.3%	2.5%
Scholarships and Fellowships	6.0%	14.5%	22.7%	2.3%	10.0%	14.0%
Depreciation	5.7%	11.9%	4.1%	5.8%	7.3%	8.3%
Total Operating Expenses	4.6%	2.2%	3.2%	7.1%	4.6%	5.5%
Operating Loss before State Appropriations	5.6%	-5.0%	-1.7%	8.5%	0.6%	8.7%
State Appropriations	-12.2%	3.9%	3.7%	4.9%	2.8%	-0.3%
Operating Income (Loss) after State Appropriations, Before Nonoperating Revenues (Expenses)	-430.3%	-185.4%	-52.0%	59.5%	-22.9%	2797.1%
Nonoperating Revenues (Expenses)						
Federal Appropriations	32.4%	44.4%	4.1%	1.2%	-0.7%	-10.0%
Federal Pell Grants	20.0%	52.6%	16.2%	15.3%	2.7%	-7.9%
Investment and Endowment Income (Losses), Net	54.3%	-199.7%	-479.9%	-77.5%	81.4%	25.1%
Private Gifts	7.9%	-7.3%	1.7%	-3.0%	-17.4%	-15.5%
Interest Expense	7.4%	46.7%	-27.0%	46.0%	3.3%	21.6%
Other Nonoperating Revenues (Expenses)	97.6%	-57.8%	-17.3%	50.9%	-36.7%	-12.8%
Net Nonoperating Revenues (Expenses)	44.9%	-322.1%	-220.5%	-65.1%	45.1%	1.6%
Income (Loss) before Capital Contributions, Additions to Permanent Endowments and Extraordinary Item	8.3%	-297.7%	-422.0%	-82.0%	64.8%	-20.6%
State Capital Appropriations	-43.4%	-20.3%	14.7%	-14.4%	113.3%	81.5%
Capital Gifts and Grants	-20.2%	49.0%	-25.0%	34.0%	-20.5%	24.7%
Private Gifts for Endowment Purposes	6.8%	17.1%	-36.1%	18.2%	4.9%	-15.7%
Extraordinary Item:						
Net Proceeds from Sale of Missouri Care	-	-	-	-	-	-
Increase (Decrease) in Net Assets	4.2%	-507.8%	-173.6%	-65.2%	61.4%	-15.1%
Net Assets, Beginning of Year	9.4%	-1.9%	3.9%	10.3%	6.8%	8.7%
Cumulative Effect of Change in Accounting Principles	-100.0%	-146.2%	-33.0%	100.0%	0.0%	0.0%
Net Assets, Beginning of Year, as Adjusted	9.6%	-2.5%	3.6%	11.0%	6.8%	8.7%
Net Assets, End of Year	9.1%	9.4%	-1.9%	3.9%	10.3%	6.8%

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
+ Primary Reserve Ratio	0.67	0.62	0.50	0.54	0.54	0.53
/ Conversion Factor	0.133	0.133	0.133	0.133	0.133	0.133
= Strength Factor	5.01	4.63	3.78	4.08	4.10	3.99
x Weighting Factor	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	1.75	1.62	1.32	1.43	1.43	1.40

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

+ Return on Assets Ratio	8.7%	9.2%	-2.3%	3.2%	9.8%	6.6%
/ Conversion Factor	0.020	0.020	0.020	0.020	0.020	0.020
= Strength Factor	4.36	4.58	(1.16)	1.59	4.89	3.29
x Weighting Factor	20%	20%	20%	20%	20%	20%
= Ratio Subtotal	0.87	0.92	(0.23)	0.32	0.98	0.66

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

+ Net Operating Revenues Ratio	5.1%	7.7%	6.0%	4.0%	5.2%	5.1%
/ Conversion Factor	0.013	0.013	0.013	0.013	0.013	0.013
= Strength Factor	3.96	5.89	4.60	3.10	4.00	3.95
x Weighting Factor	10%	10%	10%	10%	10%	10%
= Ratio Subtotal	0.40	0.59	0.46	0.31	0.40	0.40

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

+ Viability Ratio	1.21	1.27	1.38	1.42	1.75	1.60
/ Conversion Factor	0.417	0.417	0.417	0.417	0.417	0.417
= Strength Factor	2.90	3.04	3.30	3.39	4.21	3.84
x Weighting Factor	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	1.01	1.06	1.16	1.19	1.47	1.34

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

Composite Financial Index	4.03	4.19	2.71	3.24	4.28	3.79
Composite Financial Index - Three Year Average	3.64	3.38	3.41	3.77	4.11	4.06

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

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Net Tuition per Student

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Gross Tuition and Fees	\$ 671,419	\$ 630,498	\$ 601,742	\$ 557,085	\$ 537,832	\$ 501,347
Less: Scholarship Discounts / Allowances	(175,917)	(164,187)	(148,578)	(139,880)	(136,527)	(126,421)
Less: Scholarship / Fellowship Expenses	(58,790)	(55,469)	(48,456)	(39,485)	(38,602)	(35,090)
Net Tuition	\$ 436,712	\$ 410,842	\$ 404,708	\$ 377,720	\$ 362,703	\$ 339,836
Net Tuition	\$ 436,712	\$ 410,842	\$ 404,708	\$ 377,720	\$ 362,703	\$ 339,836
Number of Students - Fall Semester (FTEs)	55,272	53,292	51,025	48,994	48,431	47,752
Net Tuition per Student	\$ 7,901	\$ 7,709	\$ 7,932	\$ 7,710	\$ 7,489	\$ 7,117

State Appropriations per Student

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
State Appropriations	\$ 437,631	\$ 498,358	\$ 479,478	\$ 462,281	\$ 440,855	\$ 428,893
Number of Students - Fall Semester (FTEs)	55,272	53,292	51,025	48,994	48,431	47,752
State Appropriations per Student	\$ 7,918	\$ 9,351	\$ 9,397	\$ 9,435	\$ 9,103	\$ 8,982

Educational Expenses per Student

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Total Operating Expenses	\$ 2,530,503	\$ 2,418,849	\$ 2,365,757	\$ 2,291,863	\$ 2,140,595	\$ 2,045,781
Less: Scholarships / Fellowships Expense	(58,790)	(55,469)	(48,456)	(39,485)	(38,602)	(35,090)
Less: Auxiliary Operating Expenses	(1,028,491)	(956,455)	(901,089)	(886,774)	(829,830)	(771,976)
Interest Expense	49,507	46,103	31,432	43,055	29,497	28,563
Less: Auxiliary Interest Expense	(9,006)	(9,197)	(7,437)	(7,905)	(8,380)	(9,307)
Net Educational Expenses	\$ 1,483,723	\$ 1,443,831	\$ 1,440,207	\$ 1,400,754	\$ 1,293,280	\$ 1,257,971
Net Educational Expenses	\$ 1,483,723	\$ 1,443,831	\$ 1,440,207	\$ 1,400,754	\$ 1,293,280	\$ 1,257,971
Number of Students - Fall Semester (FTEs)	55,272	53,292	51,025	48,994	48,431	47,752
Educational Expenses per Student	\$ 26,844	\$ 27,093	\$ 28,226	\$ 28,590	\$ 26,704	\$ 26,344

Total Tuition Discount

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Scholarship Allowances	\$ 175,917	\$ 164,187	\$ 148,578	\$ 139,880	\$ 136,527	\$ 126,421
Scholarships / Fellowships Expense	58,790	55,469	48,456	39,485	38,602	35,090
Total Tuition Discounts (\$)	\$ 234,707	\$ 219,656	\$ 197,034	\$ 179,365	\$ 175,129	\$ 161,511
Total Tuition Discounts (\$)	\$ 234,707	\$ 219,656	\$ 197,034	\$ 179,365	\$ 175,129	\$ 161,511
Tuition and Fees, Net	\$ 671,419	\$ 630,498	\$ 601,742	\$ 557,085	\$ 537,832	\$ 501,347
Total Tuition Discount (%)	35.0%	34.8%	32.7%	32.2%	32.6%	32.2%

CAPITAL RATIOS

Statistical Section

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Unrestricted Financial Resources to Direct Debt

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Current Portion of Long-Term Debt	\$ 29,107	\$ 30,139	\$ 24,922	\$ 21,697	\$ 17,437	\$ 15,185
Long-Term Debt Subject to Remarketing	220,885	223,680	224,925	226,120	164,990	165,730
Long-Term Debt	1,140,934	915,906	608,114	631,742	479,712	496,318
Total Direct Debt	\$ 1,390,926	\$ 1,169,725	\$ 857,961	\$ 879,559	\$ 662,139	\$ 677,233
Net Assets - Unrestricted	\$ 1,337,363	\$ 1,163,916	\$ 868,199	\$ 904,856	\$ 815,339	\$ 740,937
Total Direct Debt	\$ 1,390,926	\$ 1,169,725	\$ 857,961	\$ 879,559	\$ 662,139	\$ 677,233

Unrestricted Financial Resources to Direct Debt

0.96 1.00 1.01 1.03 1.23 1.09

Expendable Financial Resources to Direct Debt (Viability Ratio)

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Net Assets - Unrestricted	\$ 1,337,363	\$ 1,163,916	\$ 868,199	\$ 904,856	\$ 815,339	\$ 740,937
Net Assets - Restricted Expendable - Scholarships, Research, Instruction and Other	264,605	244,226	235,405	262,266	270,238	267,514
Net Assets - Restricted Expendable - Loans	77,300	75,637	78,357	77,656	75,785	74,825
Expendable Net Assets	\$ 1,679,268	\$ 1,483,779	\$ 1,181,961	\$ 1,244,778	\$ 1,161,362	\$ 1,083,276
Expendable Net Assets	\$ 1,679,268	\$ 1,483,779	\$ 1,181,961	\$ 1,244,778	\$ 1,161,362	\$ 1,083,276
Total Direct Debt	\$ 1,390,926	\$ 1,169,725	\$ 857,961	\$ 879,559	\$ 662,139	\$ 677,233

Viability Ratio

1.21 1.27 1.38 1.42 1.75 1.60

Total Financial Resources to Direct Debt

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Net Assets - Unrestricted	\$ 1,337,363	\$ 1,163,916	\$ 868,199	\$ 904,856	\$ 815,339	\$ 740,937
Net Assets - Restricted Expendable - Scholarships, Research, Instruction and Other	264,605	244,226	235,405	262,266	270,238	267,514
Net Assets - Restricted Expendable - Loans	77,300	75,637	78,357	77,656	75,785	74,825
Net Assets - Restricted Nonexpendable	788,876	679,494	612,119	718,314	738,153	624,821
Total Financial Resources	\$ 2,468,144	\$ 2,163,273	\$ 1,794,080	\$ 1,963,092	\$ 1,899,515	\$ 1,708,097
Total Financial Resources	\$ 2,468,144	\$ 2,163,273	\$ 1,794,080	\$ 1,963,092	\$ 1,899,515	\$ 1,708,097
Total Direct Debt	\$ 1,390,926	\$ 1,169,725	\$ 857,961	\$ 879,559	\$ 662,139	\$ 677,233

Total Financial Resources to Direct Debt

1.77 1.85 2.09 2.23 2.87 2.52

Direct Debt per Student

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Total Direct Debt	\$ 1,390,926	\$ 1,169,725	\$ 857,961	\$ 879,559	\$ 662,139	\$ 677,233
Number of Students - End of Fiscal Year (FTEs)	56,795	55,272	53,292	51,025	48,994	48,431

Direct Debt per Student

\$ 24,490 \$ 21,163 \$ 16,099 \$ 17,238 \$ 13,515 \$ 13,983

CAPITAL RATIOS

Statistical Section

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Actual Debt Service to Operations

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Debt Service - Principal	\$ 29,010	\$ 24,922	\$ 21,987	\$ 17,437	\$ 15,185	\$ 13,877
Debt Service - Interest	49,507	46,103	31,432	43,055	29,497	28,563
Total Debt Service	\$ 78,517	\$ 71,025	\$ 53,419	\$ 60,492	\$ 44,682	\$ 42,440
Operating Expenses	\$ 2,530,503	\$ 2,418,849	\$ 2,365,757	\$ 2,291,863	\$ 2,140,595	\$ 2,045,781
Less: Scholarships & Fellowships Expense	(58,790)	(55,469)	(48,456)	(39,485)	(38,602)	(35,090)
Interest Expense	49,507	46,103	31,432	43,055	29,497	28,563
Adjusted Total Operating Expense	\$ 2,521,220	\$ 2,409,483	\$ 2,348,733	\$ 2,295,433	\$ 2,131,490	\$ 2,039,254
Total Debt Service	\$ 78,517	\$ 71,025	\$ 53,419	\$ 60,492	\$ 44,682	\$ 42,440
Adjusted Total Operating Expense	\$ 2,521,220	\$ 2,409,483	\$ 2,348,733	\$ 2,295,433	\$ 2,131,490	\$ 2,039,254
Actual Debt Service to Operations	3.1%	2.9%	2.3%	2.6%	2.1%	2.1%

Capital Expense to Operations

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Depreciation Expense	\$ 155,103	\$ 146,753	\$ 131,167	\$ 125,996	\$ 119,069	\$ 110,924
Interest Expense	49,507	46,103	31,432	43,055	29,497	28,563
Total Capital Expense	\$ 204,610	\$ 192,856	\$ 162,599	\$ 169,051	\$ 148,566	\$ 139,487
Operating Expenses	\$ 2,530,503	\$ 2,418,849	\$ 2,365,757	\$ 2,291,863	\$ 2,140,595	\$ 2,045,781
Less: Scholarships & Fellowships Expense	(58,790)	(55,469)	(48,456)	(39,485)	(38,602)	(35,090)
Interest Expense	49,507	46,103	31,432	43,055	29,497	28,563
Adjusted Total Operating Expense	\$ 2,521,220	\$ 2,409,483	\$ 2,348,733	\$ 2,295,433	\$ 2,131,490	\$ 2,039,254
Total Capital Expense	\$ 204,610	\$ 192,856	\$ 162,599	\$ 169,051	\$ 148,566	\$ 139,487
Adjusted Total Operating Expense	\$ 2,521,220	\$ 2,409,483	\$ 2,348,733	\$ 2,295,433	\$ 2,131,490	\$ 2,039,254
Capital Expense to Operations	8.1%	8.0%	6.9%	7.4%	7.0%	6.8%

BALANCE SHEET RATIOS

Statistical Section

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Unrestricted Financial Resources to Operations

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Net Assets - Unrestricted	\$ 1,337,363	\$ 1,163,916	\$ 868,199	\$ 904,856	\$ 815,339	\$ 740,937
Operating Expenses	\$ 2,530,503	\$ 2,418,849	\$ 2,365,757	\$ 2,291,863	\$ 2,140,595	\$ 2,045,781
Less: Scholarships & Fellowships Expense	(58,790)	(55,469)	(48,456)	(39,485)	(38,602)	(35,090)
Interest Expense	49,507	46,103	31,432	43,055	29,497	28,563
Adjusted Total Operating Expense	\$ 2,521,220	\$ 2,409,483	\$ 2,348,733	\$ 2,295,433	\$ 2,131,490	\$ 2,039,254
Net Assets - Unrestricted	\$ 1,337,363	\$ 1,163,916	\$ 868,199	\$ 904,856	\$ 815,339	\$ 740,937
Adjusted Total Operating Expense	\$ 2,521,220	\$ 2,409,483	\$ 2,348,733	\$ 2,295,433	\$ 2,131,490	\$ 2,039,254

**Unrestricted Financial Resources
to Operations****0.53 0.48 0.37 0.39 0.38 0.36**Expendable Financial Resources to Operations *(Primary Reserve Ratio)*

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Net Assets - Unrestricted	\$ 1,337,363	\$ 1,163,916	\$ 868,199	\$ 904,856	\$ 815,339	\$ 740,937
Net Assets - Restricted Expendable - Scholarships, Research, Instruction and Other	264,605	244,226	235,405	262,266	270,238	267,514
Net Assets - Restricted Expendable - Loans	77,300	75,637	78,357	77,656	75,785	74,825
Expendable Net Assets	\$ 1,679,268	\$ 1,483,779	\$ 1,181,961	\$ 1,244,778	\$ 1,161,362	\$ 1,083,276
Operating Expenses	\$ 2,530,503	\$ 2,418,849	\$ 2,365,757	\$ 2,291,863	\$ 2,140,595	\$ 2,045,781
Less: Scholarships & Fellowships Expense	(58,790)	(55,469)	(48,456)	(39,485)	(38,602)	(35,090)
Interest Expense	49,507	46,103	31,432	43,055	29,497	28,563
Adjusted Total Operating Expense	\$ 2,521,220	\$ 2,409,483	\$ 2,348,733	\$ 2,295,433	\$ 2,131,490	\$ 2,039,254
Expendable Net Assets	\$ 1,679,268	\$ 1,483,779	\$ 1,181,961	\$ 1,244,778	\$ 1,161,362	\$ 1,083,276
Adjusted Total Operating Expense	\$ 2,521,220	\$ 2,409,483	\$ 2,348,733	\$ 2,295,433	\$ 2,131,490	\$ 2,039,254

Primary Reserve Ratio**0.67 0.62 0.50 0.54 0.54 0.53**

Total Financial Resources per Student

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Net Assets - Unrestricted	\$ 1,337,363	\$ 1,163,916	\$ 868,199	\$ 904,856	\$ 815,339	\$ 740,937
Net Assets - Restricted Expendable - Scholarships, Research, Instruction and Other	264,605	244,226	235,405	262,266	270,238	267,514
Net Assets - Restricted Expendable - Loans	77,300	75,637	78,357	77,656	75,785	74,825
Net Assets - Restricted Nonexpendable	788,876	679,494	612,119	718,314	738,153	624,821
Total Financial Resources	\$ 2,468,144	\$ 2,163,273	\$ 1,794,080	\$ 1,963,092	\$ 1,899,515	\$ 1,708,097
Total Financial Resources	\$ 2,468,144	\$ 2,163,273	\$ 1,794,080	\$ 1,963,092	\$ 1,899,515	\$ 1,708,097
Number of Students - End of Fiscal Year (FTE)	56,795	55,272	53,292	51,025	48,994	48,431

Total Financial Resources per Student**\$ 43,457 \$ 39,139 \$ 33,665 \$ 38,473 \$ 38,770 \$ 35,269**

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Contribution Ratios

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
State Appropriations	\$ 437,631	\$ 498,358	\$ 479,478	\$ 462,281	\$ 440,855	\$ 428,893
Tuition and Fees, Net of Scholarship Allow/Exp	436,712	410,842	404,708	377,720	362,703	339,836
Auxiliary Enterprises	372,477	347,779	334,367	315,819	277,871	248,991
Grants and Contracts	320,522	318,123	296,745	299,148	264,830	264,007
Federal Pell Grants	57,951	48,281	31,649	27,232	23,613	22,994
Gifts	52,564	48,695	52,552	51,680	53,268	64,483
Normalized Investment Income (a)	114,592	107,236	105,498	95,963	86,504	77,538
Patient Care	763,674	736,799	702,424	681,312	648,802	620,577
Other	101,958	93,265	90,627	80,814	89,974	82,321
Total	\$ 2,658,081	\$ 2,609,378	\$ 2,498,048	\$ 2,391,969	\$ 2,248,420	\$ 2,149,640
State Appropriations	16.5%	19.1%	19.2%	19.3%	19.6%	20.0%
Tuition and Fees, Net of Scholarship Allow/Exp	16.4%	15.7%	16.2%	15.8%	16.1%	15.8%
Auxiliary Enterprises	14.0%	13.3%	13.4%	13.2%	12.4%	11.6%
Grants and Contracts	12.1%	12.2%	11.9%	12.5%	11.8%	12.3%
Federal Pell Grants	2.2%	1.9%	1.3%	1.1%	1.1%	1.1%
Gifts	2.0%	1.9%	2.1%	2.2%	2.4%	3.0%
Normalized Investment Income (a)	4.3%	4.1%	4.2%	4.0%	3.8%	3.6%
Patient Care	28.7%	28.2%	28.1%	28.5%	28.9%	28.9%
Other	3.8%	3.6%	3.6%	3.4%	4.0%	3.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

Operating Expenses by Functional Classifications

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Instruction	\$ 556,631	\$ 537,613	\$ 544,025	\$ 513,970	\$ 475,366	\$ 455,134
Research	219,903	214,540	214,491	206,803	204,421	207,504
Public Service	143,546	146,719	173,627	163,203	151,735	145,257
Academic Support	127,856	124,119	108,626	120,071	116,275	107,041
Student Services	69,992	70,671	69,234	69,669	74,797	72,305
Institutional Support	97,934	109,493	104,198	116,672	65,382	74,778
Operation and Maintenance of Plant	69,982	55,878	70,002	47,796	63,432	62,100
Auxiliary Enterprises	1,030,316	957,394	901,931	888,198	831,516	775,648
Scholarships and Fellowships	58,790	55,469	48,456	39,485	38,602	35,090
Depreciation	155,103	146,753	131,167	125,996	119,069	110,924
Total Operating Expenses	\$ 2,530,053	\$ 2,418,649	\$ 2,365,757	\$ 2,291,863	\$ 2,140,595	\$ 2,045,781
Instruction	22.0%	22.2%	23.0%	22.4%	22.2%	22.2%
Research	8.7%	8.9%	9.1%	9.0%	9.5%	10.1%
Public Service	5.7%	6.1%	7.3%	7.1%	7.1%	7.1%
Academic Support	5.1%	5.1%	4.6%	5.2%	5.4%	5.2%
Student Services	2.8%	2.9%	2.9%	3.0%	3.5%	3.5%
Institutional Support	3.9%	4.5%	4.4%	5.1%	3.1%	3.7%
Operation and Maintenance of Plant	2.8%	2.3%	3.0%	2.1%	3.0%	3.0%
Auxiliary Enterprises	40.7%	39.6%	38.1%	38.8%	38.8%	37.9%
Scholarships and Fellowships	2.3%	2.3%	2.0%	1.7%	1.8%	1.7%
Depreciation	6.1%	6.1%	5.5%	5.5%	5.6%	5.4%
Total Operating Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

STUDENT INFORMATION - CONSOLIDATED

Statistical Section

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Enrollment

Fall Semester	2010	2009	2008	2007	2006	2005
Undergraduate Students (Head Count)	53,358	51,352	49,510	47,864	47,841	47,739
Graduate Students (Head Count)	15,232	15,080	14,336	13,846	13,158	12,875
Professional Students (Head Count)	3,006	2,952	2,873	2,830	2,784	2,770
Total Students (Head Count)	71,596	69,384	66,719	64,540	63,783	63,384
Undergraduate Students (FTE)	43,737	41,974	40,294	38,642	38,381	37,927
Graduate Students (FTE)	8,571	8,401	7,890	7,553	7,299	7,095
Professional Students (FTE)	2,964	2,917	2,841	2,799	2,751	2,730
Total Students (FTE)	55,272	53,292	51,025	48,994	48,431	47,752
Acceptance Rate - First-time Freshmen	80%	80%	81%	80%	79%	81%
Acceptance Rate - Undergraduate Transfers	73%	72%	72%	70%	80%	86%
Matriculation - First-time Freshmen	42%	41%	46%	47%	45%	45%
Matriculation - Undergraduate Transfers	67%	68%	68%	64%	61%	60%

Demographics

Fall Semester	2010	2009	2008	2007	2006	2005
Male	47%	47%	46%	47%	47%	46%
Female	53%	53%	54%	53%	53%	54%
Undergraduate Residence - Missouri	83%	84%	84%	85%	86%	86%
Undergraduate Residence - Out of State	17%	16%	16%	15%	14%	14%
Undergraduate Full-Time	77%	77%	76%	76%	75%	74%
Undergraduate Part-Time	23%	23%	24%	24%	25%	26%
Graduate Full-Time	45%	40%	38%	39%	41%	40%
Graduate Part-Time	55%	60%	62%	61%	59%	60%
White	76.5%	77.1%	78.2%	78.6%	79.1%	79.5%
Black or African American	9.8%	9.9%	9.3%	9.3%	9.0%	9.0%
Non-Resident Alien	6.2%	6.1%	6.0%	5.6%	5.5%	5.2%
Asian / Pacific Is.	3.5%	3.5%	3.4%	3.6%	3.6%	3.5%
Hispanic	2.8%	2.6%	2.5%	2.3%	2.2%	2.3%
Other	1.2%	0.8%	0.6%	0.6%	0.6%	0.5%

Degrees Awarded

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Baccalaureate	9,703	9,605	9,291	8,997	9,038	8,535
Graduate Certificate	539	520	438	321	293	259
Master's	3,870	3,608	3,620	3,432	3,193	3,227
Educational Specialist	100	123	148	102	106	91
Doctoral	557	519	487	510	479	470
First Professional Degree	818	800	763	749	771	741
Total	15,587	15,175	14,747	14,111	13,880	13,323

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Enrollment

Fall Semester	2010	2009	2008	2007	2006	2005
Undergraduate Students (Head Count)	24,834	23,799	22,980	21,586	21,484	21,335
Graduate Students (Head Count)	6,310	6,288	6,024	5,708	5,598	5,512
Professional Students (Head Count)	1,197	1,150	1,126	1,111	1,102	1,083
Total Students (Head Count)	32,341	31,237	30,130	28,405	28,184	27,930
Undergraduate Students (FTE)	22,899	21,943	21,197	19,847	19,781	19,441
Graduate Students (FTE)	3,765	3,721	3,536	3,340	3,319	3,198
Professional Students (FTE)	1,174	1,134	1,108	1,094	1,083	1,066
Total Students (FTE)	27,838	26,798	25,841	24,281	24,183	23,705
Acceptance Rate - First-time Freshmen	83%	83%	85%	85%	78%	83%
Acceptance Rate - Undergraduate Transfers	67%	69%	71%	67%	79%	91%
Matriculation - First-time Freshmen	42%	41%	47%	48%	47%	46%
Matriculation - Undergraduate Transfers	66%	66%	68%	71%	67%	70%

Demographics

Fall Semester	2010	2009	2008	2007	2006	2005
Male	47%	46%	46%	46%	47%	47%
Female	53%	54%	54%	54%	53%	53%
Undergraduate Residence - Missouri	81%	83%	84%	85%	86%	86%
Undergraduate Residence - Out of State	19%	17%	16%	15%	14%	14%
Undergraduate Full-Time	94%	94%	94%	94%	94%	94%
Undergraduate Part-Time	6%	6%	6%	6%	6%	6%
Graduate Full-Time	58%	48%	46%	48%	50%	48%
Graduate Part-Time	42%	52%	54%	52%	50%	52%
White	81.8%	82.9%	83.6%	83.8%	83.8%	84.2%
Black or African American	6.6%	6.4%	5.9%	5.8%	5.7%	5.6%
Non-Resident Alien	5.4%	5.4%	5.4%	5.3%	5.3%	5.1%
Asian / Pacific Is.	2.4%	2.5%	2.5%	2.7%	2.8%	2.8%
Hispanic	2.5%	2.2%	2.0%	1.8%	1.8%	1.8%
Other	1.3%	0.6%	0.6%	0.6%	0.6%	0.5%

Degrees Awarded

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Baccalaureate	5,087	4,963	4,855	4,779	4,736	4,461
Graduate Certificate	162	142	88	69	68	84
Master's	1,513	1,515	1,506	1,421	1,350	1,314
Educational Specialist	53	59	57	34	36	21
Doctoral	365	322	306	326	293	277
First Professional Degree	306	304	307	303	289	292
Total	7,486	7,305	7,119	6,932	6,772	6,449

STUDENT INFORMATION - KANSAS CITY

Statistical Section

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Enrollment

Fall Semester	2010	2009	2008	2007	2006	2005
Undergraduate Students (Head Count)	9,850	9,381	9,261	9,094	9,383	9,487
Graduate Students (Head Count)	3,771	3,795	3,651	3,800	3,321	3,296
Professional Students (Head Count)	1,638	1,623	1,569	1,548	1,509	1,523
Total Students (Head Count)	15,259	14,799	14,481	14,442	14,213	14,306
Undergraduate Students (FTE)	7,395	6,972	6,662	6,400	6,528	6,540
Graduate Students (FTE)	2,030	2,021	1,936	1,909	1,776	1,755
Professional Students (FTE)	1,618	1,604	1,555	1,535	1,495	1,500
Total Students (FTE)	11,043	10,597	10,153	9,844	9,799	9,795
Acceptance Rate - First-time Freshmen	71%	72%	73%	66%	82%	81%
Acceptance Rate - Undergraduate Transfers	72%	70%	66%	61%	80%	86%
Matriculation - First-time Freshmen	39%	40%	42%	44%	36%	39%
Matriculation - Undergraduate Transfers	65%	68%	67%	67%	57%	57%

Demographics

Fall Semester	2010	2009	2008	2007	2006	2005
Male	43%	43%	43%	42%	42%	42%
Female	57%	57%	57%	58%	58%	58%
Undergraduate Residence - Missouri	75%	75%	77%	78%	77%	79%
Undergraduate Residence - Out of State	25%	25%	23%	22%	23%	21%
Undergraduate Full-Time	68%	67%	63%	61%	61%	60%
Undergraduate Part-Time	32%	33%	37%	39%	39%	40%
Graduate Full-Time	33%	33%	33%	30%	35%	34%
Graduate Part-Time	67%	67%	67%	70%	65%	66%
White	67.7%	67.6%	68.9%	71.1%	71.5%	72.0%
Black or African American	12.6%	12.7%	12.5%	12.0%	12.1%	12.1%
Non-Resident Alien	7.1%	7.4%	7.3%	6.3%	5.9%	5.5%
Asian / Pacific Is.	6.4%	6.5%	6.2%	6.2%	6.1%	5.8%
Hispanic	4.7%	4.3%	4.4%	3.8%	3.6%	3.9%
Other	1.5%	1.4%	0.7%	0.7%	0.7%	0.8%

Degrees Awarded

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Baccalaureate	1,523	1,633	1,496	1,289	1,428	1,425
Graduate Certificate	24	18	20	24	19	23
Master's	972	911	917	852	769	791
Educational Specialist	25	33	49	40	39	41
Doctoral	77	83	68	59	71	61
First Professional Degree	468	455	412	408	438	415
Total	3,089	3,133	2,962	2,672	2,764	2,756

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Enrollment

Fall Semester	2010	2009	2008	2007	2006	2005
Undergraduate Students (Head Count)	5,503	5,206	4,911	4,752	4,515	4,311
Graduate Students (Head Count)	1,702	1,608	1,456	1,414	1,343	1,289
Professional Students (Head Count)	-	-	-	-	-	-
Total Students (Head Count)	7,205	6,814	6,367	6,166	5,858	5,600
Undergraduate Students (FTE)	5,127	4,886	4,622	4,483	4,200	4,000
Graduate Students (FTE)	1,036	979	831	840	783	800
Professional Students (FTE)	-	-	-	-	-	-
Total Students (FTE)	6,163	5,865	5,453	5,323	4,983	4,800
Acceptance Rate - First-time Freshmen	87%	89%	88%	90%	90%	92%
Acceptance Rate - Undergraduate Transfers	67%	74%	74%	76%	77%	80%
Matriculation - First-time Freshmen	47%	47%	49%	49%	49%	48%
Matriculation - Undergraduate Transfers	80%	71%	67%	73%	66%	81%

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

Demographics

Fall Semester	2010	2009	2008	2007	2006	2005
Male	78%	78%	78%	77%	77%	78%
Female	22%	22%	22%	23%	23%	22%
Undergraduate Residence - Missouri	80%	81%	81%	81%	81%	81%
Undergraduate Residence - Out of State	20%	19%	19%	19%	19%	19%
Undergraduate Full-Time	91%	92%	93%	92%	91%	90%
Undergraduate Part-Time	9%	8%	7%	8%	9%	10%
Graduate Full-Time	59%	59%	52%	54%	56%	60%
Graduate Part-Time	41%	41%	48%	46%	44%	40%
White	75.7%	76.4%	78.3%	78.7%	78.9%	79.3%
Black or African American	4.6%	5.4%	4.9%	4.6%	4.4%	4.4%
Non-Resident Alien	13.9%	12.6%	11.0%	10.4%	10.4%	10.6%
Asian / Pacific Is.	2.5%	2.7%	3.1%	3.3%	3.5%	3.0%
Hispanic	2.4%	2.3%	2.2%	2.3%	2.4%	2.4%
Other	0.9%	0.6%	0.5%	0.7%	0.4%	0.3%

Degrees Awarded

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Baccalaureate	1,001	998	922	913	835	744
Graduate Certificate	282	278	250	164	127	75
Master's	517	411	426	430	356	392
Educational Specialist	-	-	-	-	-	-
Doctoral	65	51	50	63	63	74
First Professional Degree	-	-	-	-	-	-
Total	1,865	1,738	1,648	1,570	1,381	1,285

Supplementary Information - Unaudited - See Accompanying Independent Auditors' Report

Enrollment

Fall Semester	2010	2009	2008	2007	2006	2005
Undergraduate Students (Head Count)	13,171	12,966	12,358	12,432	12,459	12,606
Graduate Students (Head Count)	3,449	3,389	3,205	2,924	2,896	2,778
Professional Students (Head Count)	171	179	178	171	173	164
Total Students (Head Count)	16,791	16,534	15,741	15,527	15,528	15,548
Undergraduate Students (FTE)	8,317	8,172	7,814	7,912	7,873	7,947
Graduate Students (FTE)	1,740	1,681	1,587	1,464	1,422	1,341
Professional Students (FTE)	171	179	178	171	173	164
Total Students (FTE)	10,228	10,032	9,579	9,547	9,468	9,452
Acceptance Rate - First-time Freshmen	58%	60%	59%	62%	64%	62%
Acceptance Rate - Undergraduate Transfers	78%	77%	79%	78%	81%	84%
Matriculation - First-time Freshmen	37%	39%	38%	38%	39%	43%
Matriculation - Undergraduate Transfers	66%	69%	69%	57%	60%	54%

Demographics

Fall Semester	2010	2009	2008	2007	2006	2005
Male	39%	38%	35%	40%	39%	39%
Female	61%	62%	65%	60%	61%	61%
Undergraduate Residence - Missouri	93%	93%	93%	93%	93%	93%
Undergraduate Residence - Out of State	7%	7%	7%	7%	7%	7%
Undergraduate Full-Time	46%	46%	47%	48%	47%	47%
Undergraduate Part-Time	54%	54%	53%	52%	53%	53%
Graduate Full-Time	28%	23%	23%	26%	24%	24%
Graduate Part-Time	72%	77%	77%	74%	76%	76%
White	73.7%	74.2%	75.4%	75.1%	76.9%	77.5%
Black or African American	16.4%	16.6%	15.6%	15.8%	14.4%	14.3%
Non-Resident Alien	3.7%	3.6%	3.9%	3.7%	3.6%	3.1%
Asian / Pacific Is.	3.2%	3.2%	3.0%	3.3%	3.1%	3.2%
Hispanic	2.1%	1.9%	1.7%	1.8%	1.7%	1.7%
Other	0.9%	0.5%	0.4%	0.3%	0.3%	0.2%

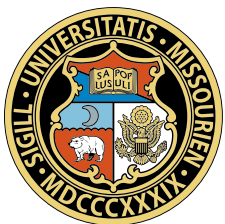
Degrees Awarded

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006
Baccalaureate	2,092	2,011	2,018	2,016	2,039	1,905
Graduate Certificate	71	82	80	64	79	77
Master's	868	771	771	729	718	730
Educational Specialist	22	31	42	28	31	29
Doctoral	50	63	63	62	52	58
First Professional Degree	44	41	44	38	44	34
Total	3,147	2,999	3,018	2,937	2,963	2,833

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