



August, 2012

REPORT FROM THE VICE PRESIDENT FOR FINANCE AND ADMINISTRATIVE SERVICES

I am pleased to share the financial report for Central Michigan University for the year ended June 30, 2012.

For nearly 120 years, Central Michigan University has remained focused on student success and improving the overall quality of life of citizens throughout the state, nation and world. CMU remains a partner with the State of Michigan in being a responsible steward of taxpayer dollars while providing access to exceptional educational experiences that advance the personal and professional goals of the state's citizenry.

Central Michigan University is one of the nation's 100 largest public universities and the fourth largest in Michigan with an enrollment of more than 28,000 students and nearly 200,000 alumni. Our impressive breadth of more than 400 academic programs at the bachelor's, master's, specialist and doctoral levels include nationally recognized programs in physical therapy, entrepreneurship, journalism, music, audiology, teacher education, psychology and physician assistant. CMU also has established a College of Medicine, which will welcome its inaugural class in the summer of 2013.

Despite difficult economic times, Central Michigan University continues to deliver a positive student learning experience. From our main campus in Mount Pleasant to more than 50 off-campus centers throughout the U.S., Canada and Mexico, or via our online courses, CMU continues to expand and enhance educational opportunities with a primary focus on student success.

Once again, Central Michigan University continues its conservative but stable financial condition, with much credit due to more than 2,500 valued and hardworking faculty and staff. Demanding economic times not only have challenged our bottom line, but also have resulted in CMU implementing steps to ensure students continue to gain a first-rate education. We constantly examine avenues to reduce costs and increase energy efficiency, while concentrating our efforts on sustainability. We are focused on careful stewardship of university resources and are strategic when making investments in capital facilities and programs. Our actions are designed to provide Michigan with a globally competitive learning environment that encourages diversity, research, service and leadership.

As we implement the 2013 financial plan and plan for the coming decade, we remain flexible in meeting students' evolving needs, while fully aware of the economic times in which we live. Through it all, Central Michigan University will advance a long-established tradition of academic excellence, integrity, research and creative activity.

Sincerely,

A handwritten signature in black ink, appearing to read "David A. Burdette", written over a horizontal line.

David A. Burdette
Vice President for Finance and Administrative Services

Financial Statements

Central Michigan University

June 30, 2012

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Central Michigan University

INTRODUCTION

This section of the Central Michigan University (the university) annual financial report presents a discussion and analysis of the financial performance of the university for the fiscal year ended June 30, 2012, with selected comparative information for the years ended June 30, 2011, and 2010. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and notes. The discussion and analysis is designed to focus on current activities, resulting changes and currently known facts. The financial statements, notes and this discussion are the responsibility of management.

REPORTING ENTITY

Central Michigan University is an institution of higher education and is considered to be a component unit of the State of Michigan. The financial reporting entity consists of the university and other organizations for which the university is financially accountable.

Under the provision of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, Central Michigan University College of Business Administration Foundation (CBAF) and the Central Michigan University Foundation have been determined to be component units. Their activity has been blended into the university's financial statements. CBAF was formed in fiscal year 2011; therefore, no activity is included in the June 30, 2010 financial statements.

Under the same GASB Statement No. 61, Central Health Advancement Solutions (CHAS), has been determined to be a major component unit. Accordingly, CHAS is discretely presented in the university's financial statements. Refer to Note 1 to the financial statements for information regarding these component units and other affiliated entities.

FACTORS IMPACTING FUTURE PERIODS

Central Michigan University, while facing significant challenges from declining state appropriations, is committed to keeping higher education affordable and accessible to students and families. The university continues to expand programs, undertake new initiatives and meet its core mission and ongoing operating needs by working smartly and diligently to manage finances. A continued defunding of higher education and lack of commitment by the State of Michigan along with a declining population in the high school cohort in Michigan will have an adverse effect on the university's ability to meet its goals. The level of enrollment, state support, and potential compensation and benefit increases are major factors impacting student tuition increases.

The university's state appropriations for fiscal year 2012 were \$18.2 million below its appropriations of ten years ago. In fiscal year 2012 state appropriations contributed approximately 20.2% of general operations revenue not including grant, contract and auxiliary revenues. In fiscal year 2002 state appropriations contributed approximately 42.8% of general operations revenue. For fiscal year 2013 state appropriations are currently approved at \$69.5 million. The state appropriations are approximately the same amount received in fiscal year 1997.

The university has a required supplemental contribution to Michigan Public School Employees' Retirement System (MPERS) for retiree pension and health care benefits that additionally reduces the appropriations available for operations. The required contribution was \$11.3 million for fiscal year 2012 compared to \$6.3 million for fiscal year 2002.

The university is committed to preserving academic quality, providing excellent service to our students and not dramatically increasing tuition for our students and their families. The university is adamant about holding the line related to tuition increases even though state appropriations have declined over the past eleven years. Significant efforts are being made to earnestly and comprehensively continue to achieve operational efficiencies and to identify and implement additional cost-saving measures. Recognizing the continued financial challenges of our students and their families, the university has nearly doubled the need-based financial aid funding over the past two years, making degrees possible for

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Central Michigan University

many students who otherwise could not pursue their dream of higher education. CMU is committed to continue to address the financial needs of our students and their families.

Operating Budget, Capital Budget and Deferred Maintenance

The university's Board of Trustees approved the operating budget for fiscal year 2013 of \$441.9 million and capital budgets for fiscal year 2013 totaling \$40.6 million. The balanced budget includes increases for employee compensation and other necessary costs.

The university models a five-year forecast of its revenue and expense budget. This model is significantly impacted by unpredictable future state appropriations funding, declining levels of Michigan high school graduates causing potential declining enrollment, and modest increases in salary, benefits and utilities cost. These economic factors will put increasing financial pressure on the university. The university remains steadfast in its commitment to achieve operational efficiencies, implement additional cost-saving measures where appropriate and increase financial aid for our students. With these economic factors in sight, the university is continuing its fiscally conservative approach as good stewards of its available resources.

The approved capital budget for fiscal year 2012-2013 is \$40.6 million. The sources of funds available for capital needs are state capital outlay, bonds, gifts, the parking services operating budget, the residences and auxiliary services operating budget, the general fund operating budget, certain capital construction reserves and other miscellaneous funding sources. The internal sources are pooled and distributed through a formal approval process. Restricted dollars are maintained separate from the internal sources.

The capital budget includes funding for various projects, based on the university's annual review of the priority needs and requirements for deferred maintenance, technology, renovations and new construction projects. This comprehensive review allows for systematic prioritization on an institutional basis. Priorities are established, based on anticipated future funding, with maintenance related projects having priority over new initiatives.

The campus has many deferred maintenance needs as documented in a detailed audit of each building. Current estimates, adjusted for inflation, of existing deferred maintenance needs for general fund facilities total \$159.6 million as compared to \$134.1 in fiscal year 2003. Starting with fiscal year 1999, approximately \$4.5 million dollars per year was dedicated toward addressing these needs. Beginning with fiscal year 2007, the amount was increased to \$5.5 million. In fiscal year 2012, the amount was \$5.7 million.

During fiscal year 2012, the university expended approximately \$31.9 million on plant related projects. Funding sources included grant, gift, and other university funds.

The CMU Promise

Due to financial considerations, the Board of Trustees voted not to extend the CMU Promise to future incoming students. Beginning in fall 2008, new incoming students, including transferring students, and those coming off the CMU Promise had to pay the new fall tuition rates with no guarantees related to future tuition rates.

The CMU Promise remained in effect for all students enrolled through the summer 2008 semester. The per-credit hour rates for students registered through the summer 2008 session are guaranteed not to increase for four years, with a one-year grace period. All formerly mandated fees were rolled into these tuition rates.

College of Medicine

Over the past fiscal year, the CMU College of Medicine has made significant strides toward the enrollment of its first class for the fall of 2013. The Liaison Committee on Medical Education granted the College of Medicine preliminary accreditation in February 2012, completing the third in five steps toward full accreditation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Central Michigan University

In June of 2012 the application process opened with students applying through the American Association of Medical Colleges. The College of Medicine estimates receiving at least 2,200 applicants, admitting 60 of those students for its inaugural class. The college will begin recognizing revenue from the secondary application fees during fiscal year 2013 and tuition revenue in fiscal year 2014.

The college continues its growth with the realignment of University Health Services under its family group practice branch and with the purchase of its first medical practice in January of 2012, a surgical center specializing in breast care. The College of Medicine has also increased hospital affiliations across the state in order to address the clinical education of its students.

Research is not only a high priority for Central Michigan University, but it plays an integral role in the creation and ongoing support of the College of Medicine. The College has been successful in recruiting and employing researchers who have already been successful in securing both internal and external funding. State-of-the-art labs are being created and staffed under their supervision, facilitating the growth of research and related funding while also drawing top students and researchers.

Strategic Planning

In December 2010 the Board of Trustees adopted the revised mission statement and core values to guide our strategic planning process. They are as follows:

Mission Statement: At Central Michigan University, we are a community committed to the pursuit of knowledge, wisdom, discovery, and creativity. We provide student-centered education and foster personal and intellectual growth to prepare students for productive careers, meaningful lives, and responsible citizenship in a global society.

Core Values: To achieve our mission, we adhere to the core values of integrity, respect, compassion, inclusiveness, social responsibility, excellence, and innovation.

In April 2011 the Strategic Planning Team, consisting of faculty, staff and students, was charged to write the institutional vision statement, determine the broad strategic initiatives, identify the strategic priorities, suggest action plans to achieve those priorities and then specify the measurable outcomes to track progress. During the year the team held multiple engagement meetings with students, faculty, staff, alumni and community members. These meetings were used to gather input for the development and refinement of draft vision statements and priorities. The team will share the fourth draft of these documents with the stakeholders in the fall of 2012. The President, Cabinet and Council of Deans will be responsible for finalizing the action plans and allocating the financial and human resources needed to accomplish the strategic priorities. This plan is expected to be completed on or before March 1, 2013.

Academic Priorities

The university has a longstanding tradition of enhancing student learning and success and contributing to the discovery and dissemination of knowledge. To help enhance this culture, a comprehensive review of academic programs has been conducted to determine how the university can better focus on advancing academic excellence and quality. This review and its continued implementation will build on the university's commitment to student learning and student success and in so doing, make the university more responsive to the needs of our students and the communities we serve.

Review and evaluation of service units in the academic division has provided information to help increase the quality of services and the efficiency of services being provided to students and faculty.

Enrollment Management

Under the leadership of the Vice President for Enrollment and Student Services, the enrollment and admissions team is developing an aggressive, evidence-driven, long term approach to attracting and retaining students for many years to come. The university sees the need for a coordinated and vigorous enrollment management plan as the university moves into a future that is expected to have declining levels of Michigan high school graduates.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Central Michigan University

CMU Research Corporation

CMU Research Corporation (CMURC) is a single point of contact for startups and established businesses who want to harness the intellectual, technological, and material resources of Central Michigan University to grow their ideas and their businesses. CMURC recently partnered with Mid-Michigan Community College to provide critical resources to small businesses by providing services ranging from development of business plans to assistance in securing financing. This venture demonstrates that CMU is a community partner in spurring economic development activities in order to graduate and retain more Michigan residents and improve our state's economy and future development.

USING THE ANNUAL REPORT

The university's financial report includes three financial statements: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These financial statements are prepared in accordance with the GASB Statement.

STATEMENTS OF NET POSITION

The Statements of Net Position include all assets and liabilities. The Statements of Net Position are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the services are provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. Net position, consisting of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one indicator of the current financial condition of the university. Assets and liabilities are generally measured using current values. Investments are stated at fair value, and capital assets are stated at historical cost less an allowance for depreciation.

A three year summarized comparison of the university's assets, liabilities and net position (shown in millions) at June 30 is as follows:

	2012	2011	2010
Current assets	\$ 153.4	\$ 150.0	\$ 149.5
Noncurrent assets			
Capital assets, net	433.5	435.8	416.5
Other	293.4	291.6	230.6
TOTAL ASSETS	880.3	877.4	796.6
DEFERRED OUTFLOWS	11.6	7.0	8.4
Current liabilities	83.9	79.1	81.0
Noncurrent liabilities	166.9	170.3	178.7
TOTAL LIABILITIES	250.8	249.4	259.7
TOTAL NET POSITION	\$ 641.1	\$ 635.0	\$ 545.3

CURRENT ASSETS

Current assets consist of cash and cash equivalents, receivables net of the allowance for doubtful accounts, inventories and prepaid expenses. Current assets totaled \$153.4 million at June 30, 2012, \$150.0 million at June 30, 2011, and \$149.5 million at June 30, 2010. The \$3.4 million increase in current assets in 2012 consists of an increase of \$9.2 million in cash and cash equivalents, a decrease of \$1.6 million in accounts receivable (refer to Note 3 to the financial statements for details), a \$0.5 million decrease in pledge receivables and a decrease of \$0.9 million in State Building Authority receivables. The state appropriations receivable decreased by \$2.2 million and the Charter Schools accounts receivable decreased by \$0.9 million. Receivables that had been at a second third party collection agency were written off as bad debt and referred to the State Department of Treasury for collection. The university terminated its contract with this second agency. The receivable write-off of the second referrals was approximately \$1.8 million. The \$0.5 million increase in current assets in 2011 consists of a decrease of \$0.7 million in cash and cash equivalents, an increase of \$1.0 million in prepaid expenses, an

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Central Michigan University

increase of \$1.9 million in pledges, of which \$0.4 million was related to CBAF, and an increase of \$0.8 million in the State Building Authority receivable. The receivable increase was offset by a decrease of \$2.8 million in Charter Schools accounts receivable.

NONCURRENT ASSETS

Noncurrent assets include restricted cash and cash equivalents, endowment investments at fair value, loans receivable net of the allowance for doubtful accounts, long-term investments, and capital assets. Noncurrent assets totaled \$726.9 million at June 30, 2012, \$727.4 million at June 30, 2011, and \$647.1 million at June 30, 2010.

Capital Assets

During 2012, capital assets decreased \$2.3 million, due to a net increase of \$32.1 million in capitalized construction project costs, land improvements, equipment, less \$11.0 million in write-off of electronic library subscriptions, and \$23.4 million in depreciation. Refer to Note 4 to the financial statements for details regarding capital assets. While in 2011, capital assets increased \$19.2 million, due to a net increase of \$42.1 million in capitalized construction project costs, land improvements, equipment and library materials less \$22.9 million in depreciation.

Endowment Investments

During 2012, endowment investments decreased \$4.0 million as a result of a change in investment managers and unfavorable market conditions. Investment income for 2012 is comprised of a \$6.9 million decrease in market value within the investment portfolio, \$1.4 million of investment income net of bank fees, and \$2.1 million realized gain. Earnings distributed from endowments and annuities, adjusted for present value, for spending was \$3.3 million, which were offset by gifts received for endowments of \$2.5 million and a change in cash on hand of \$0.2 million. During 2011, endowment investments increased \$19.7 million primarily due to a favorable change in market conditions. Investment income for 2011 is comprised of an \$18.0 million increase in market value within the investment portfolio, \$1.5 million of investment income net of bank fees, and \$2.1 million realized loss resulting from a change in investment managers. Earnings distributed from endowments and annuities, adjusted for present value, for spending was \$3.0 million, which were offset by gifts received for endowments of \$4.3 million and a change in cash on hand of \$1.0 million.

Other Long-term Investments

During 2012, other long-term investments increased \$5.7 million. There was an increase in unexpended capital projects and operating stabilization funds offset by an unfavorable change in market conditions of \$2.3 million. While in 2011, other long-term investments increased \$41.6 million as a result of a \$15.1 million favorable change in market conditions and an increase in unexpended capital projects and operating stabilization funds.

DEFERRED OUTFLOWS

During 2012 deferred outflows increased by \$4.6 million due to a \$3.1 million change in the market value of hedging instruments and \$1.5 million change resulting from the defeasance of bonded debt. Refer to Note 6 to the financial statements for detail regarding hedging instruments.

CURRENT LIABILITIES

Current liabilities consist of accounts payable, unearned revenue, deposits and the current portion of the long-term obligations payable within the next twelve months. Current liabilities totaled \$83.9 million at June 30, 2012, \$79.1 million at June 30, 2011, and \$81.0 million at June 30, 2010. In 2012 the current liabilities increased \$4.8 million, primarily due to spending on the graduate student housing and Anspach renovation projects. In 2011, the current liabilities decreased \$1.9 million, primarily due to a \$2.7 million decrease in Charter School liabilities and a \$0.3 million increase in unearned revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Central Michigan University

NONCURRENT LIABILITIES

Noncurrent liabilities consist of long-term debt and other obligations for which the principal is due more than one year from the balance sheet date. Included is the Retirement Service Award program, the federal portion of the Perkins Loan program for students, accrued compensated absences, and bonded debt. Noncurrent liabilities totaled \$166.9 million at June 30, 2012, \$170.3 million at June 30, 2011, and \$178.7 million at June 30, 2010. Refer to Note 6 to the financial statements for the detail regarding the change in long-term debt, hedging instruments, and other obligations. Refer to Note 7 to the financial statements for the details regarding the Retirement Service Award program. During 2012, noncurrent liabilities decreased by \$3.4 million primarily due to a reduction in outstanding bond principal of \$4.4 million, an increase of \$3.1 million in liabilities related to hedging instruments, and a decrease in retirement fund liabilities of \$1.9 million. During 2011, noncurrent liabilities decreased \$8.4 million, primarily due to a reduction in bond principal of \$6.6 million and a decrease of \$1.4 million in the liability relating to hedging instruments.

NET POSITION

Net position represents the difference between university total of assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources. Total net position is \$641.1 million at June 30, 2012, \$635.0 million at June 30, 2011, and \$545.3 million at June 30, 2010. The university's net position (shown in millions) at June 30 are summarized as follows:

	2012	2011	2010
Invested in capital assets	\$ 433.5	\$ 435.8	\$ 416.5
Debt related to capital assets	(149.9)	(154.4)	(160.7)
Deferred outflow on defeased debt	1.5		
Net invested in capital assets	285.1	281.4	255.8
Restricted for:			
Nonexpendable	37.3	35.2	31.2
Expendable	39.0	41.8	30.0
Unrestricted	279.7	276.6	228.3
TOTAL NET POSITION	\$ 641.1	\$ 635.0	\$ 545.3

Invested in capital assets represent the university's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Net position invested in capital assets increased \$3.7 million. The university's continued development and renewal of its capital assets in accordance with its long-range capital plan accounts for the increase.

Restricted nonexpendable net position represents the historical value of gifts to the university's permanent endowment funds.

Restricted expendable net position is restricted by outside parties or law and includes net appreciation of permanent endowments and funds received which are restricted for operations, facilities and student loan programs.

Unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the university, such as donors or grant agencies. This includes funds that have been designated by the governing board for specific purposes, including funds functioning as endowment, as well as amounts that have been contractually committed for goods and services, which have not yet been received. At June 30, 2012, approximately \$74.8 million (\$96.5 million at June 30, 2011) of the unrestricted net position relate to capital projects in various stages of planning and completion. Another \$40.3 million (\$34.3 million at June 30, 2011) relate to debt stabilization and insurance reserves, \$15.4 million (\$17.7 million at June 30, 2011) relate to unrealized gains, \$49.0 million (\$21.6 million at June 30, 2011) relate to contractual commitments, \$69.8 million (\$73.9 million at June 30, 2011) relate to normal working capital balances maintained for departmental and auxiliary enterprise activities, and \$30.3 million (\$32.6 million at June 30, 2011) relate to funds functioning as endowment.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Central Michigan University

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses and Changes in Net Position present the revenues earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating. The financial reporting model classifies state appropriations and gifts as nonoperating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life. A summarized comparison of the university's revenues, expenses and changes in net position (shown in millions) for the years ended June 30 is as follows:

	2012	2011	2010
OPERATING REVENUES			
Tuition, net	\$ 215.2	\$ 208.0	\$ 191.7
Grants and contracts	12.7	14.6	11.7
Auxiliary enterprises, net	75.0	75.1	71.8
Other operating revenues	18.6	18.4	18.4
TOTAL OPERATING REVENUES	<u>321.5</u>	<u>316.1</u>	<u>293.6</u>
OPERATING EXPENSES	<u>421.2</u>	<u>381.6</u>	<u>372.7</u>
OPERATING LOSS	(99.7)	(65.5)	(79.1)
NONOPERATING REVENUES (EXPENSES)			
State appropriations	68.1	80.1	80.1
Other nonoperating revenues	39.4	71.7	50.3
Interest on debt	(6.5)	(6.5)	(7.4)
NET NONOPERATING REVENUES	<u>101.0</u>	<u>145.3</u>	<u>123.0</u>
INCOME (LOSS) BEFORE OTHER REVENUES	1.3	79.8	43.9
OTHER REVENUES			
Capital appropriations		2.6	4.2
Capital grants and gifts	2.8	3.6	4.4
Additions to permanent endowments	2.0	3.7	1.7
TOTAL OTHER REVENUES	<u>4.8</u>	<u>9.9</u>	<u>10.3</u>
INCREASE IN NET POSITION	6.1	89.7	54.2
NET POSITION			
NET POSITION AT BEGINNING OF YEAR	635.0	545.3	491.1
NET POSITION AT END OF YEAR	<u>\$ 641.1</u>	<u>\$ 635.0</u>	<u>\$ 545.3</u>

OPERATING REVENUES

Operating revenues for the fiscal years ended June 30, 2012, 2011, and 2010 totaled \$321.5 million, \$316.1 million and \$293.6 million, respectively. Gross tuition for fiscal years ended June 30, 2012, 2011, and 2010 were \$255.4 million, \$244.3 million and \$221.8 million, respectively. Scholarship allowances for fiscal years ended June 30, 2012, 2011, and 2010 were \$40.3 million, \$36.3 million and \$30.1 million, respectively.

Tuition

Tuition during 2012, before scholarship allowance, increased by \$11.1 million and increased by \$22.5 million during 2011. These increases relate to the new tuition rates which applied only to students who entered the university in the fall of 2008 or after. Eligible returning undergraduate students remained on the CMU Promise.

Auxiliary Enterprise

Auxiliary enterprise operating revenues during 2012, before room and board discount, increased \$0.6 million. Auxiliary enterprises include residence halls, apartments, food services, intercollegiate athletics,

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Central Michigan University

university bookstore, university press, parking services, energy facility, telecommunications, information technology, and events center. These operations are intended to be self-supporting. During 2011, auxiliary enterprise operating revenues, before room and board discount, increased \$4.2 million.

Analysis of Grants and Contracts

Grants and contracts include all restricted revenues made available by government agencies as well as private agencies. Grant revenues are recorded only to the extent the funds have been expended for exchange transactions. Non-exchange revenues are recorded when received or when an eligibility criterion has been met. During 2012, there was an increase in federal sources of \$0.2 million from various agencies. There was a decrease in the state sources of \$0.9 million. Awards from other non-governmental sources decreased by \$1.2 million. During 2011, there was an increase in federal sources of \$1.7 million from various agencies which includes \$1.0 million of American Recovery and Reinvestment Act funds. There was an increase in the state sources of \$0.2 million. Awards from other non-governmental sources increased by \$1.0 million.

OPERATING EXPENSES

Operating expenses include compensation and benefits, scholarships and fellowships, utilities, supplies, operation and maintenance of plant expenses and depreciation. Interest expense is classified as a nonoperating expense.

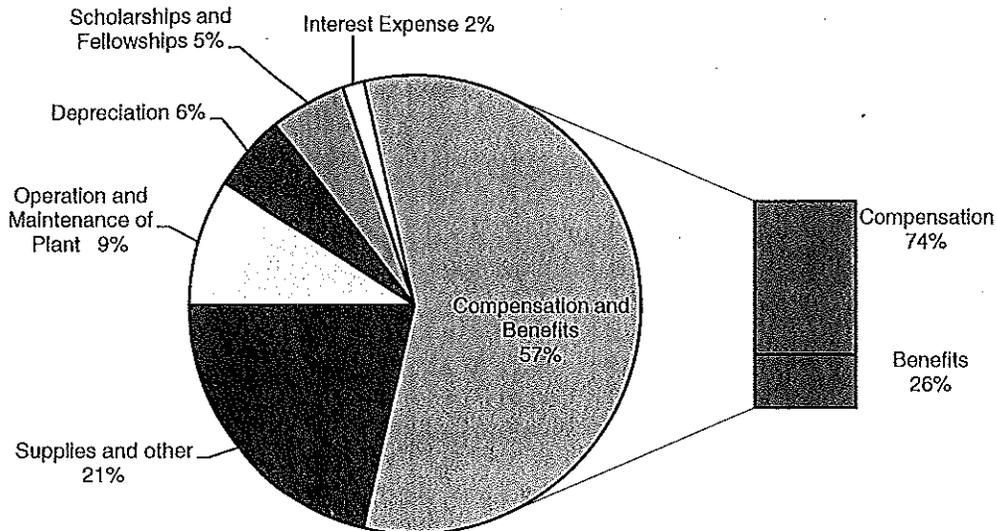
A comparative summary of the expenses (shown in millions) for the years ended June 30 is as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating			
Compensation and benefits	\$ 245.1	\$ 233.1	\$ 228.6
Supplies and other	91.4	83.1	78.3
Operation and maintenance of plant	38.2	18.9	21.9
Depreciation	23.4	22.9	22.2
Scholarships and fellowships	23.1	23.6	21.7
TOTAL OPERATING EXPENSES	<u>421.2</u>	<u>381.6</u>	<u>372.7</u>
Nonoperating			
Interest	6.5	6.5	7.4
TOTAL EXPENSES	<u>\$ 427.7</u>	<u>\$ 388.1</u>	<u>\$ 380.1</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Central Michigan University

A comparative summary of the expenses by natural classification for the year ended June 30, 2012, excluding component unit expenses is as follows:



During 2012, compensation and benefit expenses increased \$12.0 million. Of this increase, the university compensation increased 5.6% and benefits increased 3.7% primarily as a result of annual and one-time increases and an increase in the number of filled positions. University supplies and other, including cost of goods sold increased 10.0%. Operation and maintenance of plan expenditures increased 100.0% primarily due to non-capitalized infrastructure improvements and a write down of electronic library materials. During 2011, compensation and benefit expenses increased \$4.8 million. Of this increase, compensation increased 1.9% as a result of annual increases for certain employee groups, reduced by an increase in unfilled positions. The related university employee benefits increased 2.6%. University supplies and other, including cost of goods sold, increased by \$0.8 million.

A comparative summary of the expenses by functional classification (shown in millions) for the years ended June 30 is as follows:

	2012		2011		2010	
Instruction	\$ 155.1	36 %	\$ 149.1	38 %	\$ 144.4	38 %
Research	9.9	2	7.5	2	7.5	2
Public Service	19.2	4	17.6	4	17.3	4
Academic Support	30.4	7	27.4	7	25.9	7
Student Services	16.7	4	17.5	5	17.2	4
Institutional Support*	26.0	6	24.2	6	30.5	8
Scholarships and Fellowships	23.0	6	22.6	6	20.6	5
Operation and Maintenance of Plant	38.0	9	18.9	5	21.9	6
Auxiliary Services*	79.4	19	73.8	19	64.6	17
Student Loan Provision, Cancellation	0.1		0.1		0.1	
Depreciation	23.3	5	22.8	6	22.2	6
Other	0.1		0.1		0.5	1
Interest Expense	6.5	2	6.5	2	7.4	2
Total Expenses by Function**	\$ 427.7	100 %	\$ 388.1	100 %	\$ 380.1	100 %

*Note: Information Technology moved from Institutional Support to Auxiliary Services during fiscal year 2011.

**Note: Component unit expenses are not shown on the above report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Central Michigan University

NONOPERATING REVENUES (EXPENSES)

Nonoperating revenues (expenses) consist of state appropriations, gifts and pledges net of allowance, investment income including realized gains and losses, Federal Pell grant program and other nonoperating revenues less interest on debt-financed capital assets.

During 2012, nonoperating revenue decreased \$44.3 million. State appropriations decreased \$12.0 million due to a 15% reduction from the State of Michigan. Investment income increased \$0.5 million. Realized gains increased \$7.3 million but were offset by unrealized losses which increased \$42.4 million. Gifts and pledges increased \$1.8 million. Federal Pell grant program revenue decreased \$0.4 million. Other nonoperating revenue increased \$0.9 million. During 2011, nonoperating revenue increased \$22.3 million. Investment income increased \$5.0 million offset by a change in realized losses of \$3.4 million. Unrealized gains increased \$16.3 million. Gifts and pledges decreased \$0.3 million. Interest on debt-financed capital assets decreased \$0.9 million. Federal Pell grant program revenue increased \$3.6 million due to an increase in limits as well as eligible students. Other nonoperating revenue increased \$0.2 million.

OTHER REVENUES

Other revenues consist of capital appropriations received from the State Building Authority of Michigan, capital grants and gifts, including pledges and additions to permanent endowments. A gift received by the university, where a donor has specified that only the investment earnings from that gift can be expended for the purpose designated by the donor, is classified as a permanent endowment. The principal cannot be expended. Endowment gifts do not include pledges. Other revenue in 2012 decreased \$5.1 million. Capital appropriations decreased \$2.6 million. Additions to permanent endowments decreased \$1.7 million. Other revenue in 2011 decreased \$0.4 million. Capital appropriations decreased \$1.6 million. Capital grants, gifts and pledges decreased \$0.8 million. Additions to permanent endowments increased \$2.0 million.

STATEMENTS OF CASH FLOWS

The Statements of Cash Flows present the information related to cash inflows and outflows summarized by operating, capital and noncapital financing and investing activities. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the university during the year. A comparative summary of the statements of cash flows (shown in millions) for the years ended June 30 is as follows:

	2012	2011	2010
Cash received from operations	\$ 324.1	\$ 320.7	\$ 294.9
Cash expended for operations	(385.0)	(362.1)	(346.5)
NET CASH USED BY OPERATING ACTIVITIES	(60.9)	(41.4)	(51.6)
Net cash provided by noncapital financing activities	109.4	119.1	114.3
Net cash used by capital financing activities	(39.3)	(53.3)	(37.4)
Net cash provided (used) by investing activities	—	(25.1)	18.1
NET INCREASE IN CASH AND CASH EQUIVALENTS	9.2	(0.7)	43.4
Cash and cash equivalents, beginning of the year	64.3	65.0	21.6
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 73.5	\$ 64.3	\$ 65.0

During 2012, cash received from operations increased \$3.4 million. The change reflects an increase of \$5.3 million from tuition, an increase of \$1.1 million from auxiliary and other educational activities, and a decrease of \$2.7 million in repayments on loans. Grants and contracts decreased \$1.3 million. In 2011, cash received from operations increased \$25.8 million. The change reflects an increase of \$20.0 million from tuition, an increase of \$3.2 million from grants and contracts, an increase of \$0.5 million from auxiliary and other educational activities, and an increase of \$3.3 million in other receipts. Payments on loans decreased \$0.6 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Central Michigan University

During 2012, cash expended for operations increased \$22.9 million. Compensation and benefits increased \$10.6 million and noncapital operating expenses increased \$10.4 million. Other payments increased by \$1.2 million. Loans increased \$1.2 million and scholarships. In 2011, cash expended for operations increased \$15.6 million. Compensation and benefits increased \$5.5 million. Noncapital operating expenses increased \$8.6 million. Scholarships and fellowships increased \$1.9 million.

During 2012, net cash provided by noncapital financing activities decreased \$9.7 million, primarily due to a \$9.8 million decrease in state appropriations, a \$1.7 million decrease in private gifts for endowment purposes, a decrease of \$0.4 million of Federal Pell grant program revenue offset by an increase in operating gifts of \$1.3 million and an increase in other nonoperating revenue of \$0.9 million. In 2011, net cash provided by noncapital financing activities increased \$4.8 million, primarily due to a \$2.0 million increase in private gifts for endowment purposes, an increase of \$3.6 million of Federal Pell grant program revenue offset by a decrease in operating gifts of \$0.5 million and a decrease in state appropriations of \$0.5 million.

During 2012, net cash used by capital financing activities decreased \$14.0 million due to the completion of major capital construction projects. During 2011, net cash used by capital financing activities increased \$15.9 million due to the increase in capital construction projects in process.

During 2012, net cash used by investing activities decreased by \$25.1 million, primarily due to unfavorable market conditions and the liquidation of investments due to a change in investment managers. While in 2011, net cash provided by investing activities increased by \$43.2 million, primarily due to more favorable market conditions.

Independent Auditor's Report

To the Board of Trustees
Central Michigan University

We have audited the accompanying financial statements of Central Michigan University (the "University") as of and for the year ended June 30, 2012. We did not audit the financial statements of the Central Health Advancement Solutions (CHAS), which present all the balances and activity reported in the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for CHAS, is based on the report of the other auditors. The University and the discretely presented component unit collectively comprise the basic financial statements. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audits. The financial statements of the University as of June 30, 2011 were audited by other auditors, whose report dated August 29, 2011 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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. The financial statements of the Central Health Advancement Solutions were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Central Michigan University and its component unit as of June 30, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the University has a change in reporting entity for reporting a component unit. The Central Health Advancement Solutions is now reported as a discretely presented component unit; in the prior year it was blended.

As discussed in Note 1 to the financial statements, effective with the fiscal year ended June 30, 2012, the University early adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements introduce and define those elements as a consumption of net assets by the University that is applicable to a future reporting period, and an acquisition of net assets by the University that is applicable to a future reporting period, respectively. The standards also incorporate deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. In accordance with the standards, the University has modified the presentation of the statement of net position and has reported deferred outflows of resources from a refunding of debt at June 30, 2012 in accordance with the standard.

To the Board of Trustees
Central Michigan University

In accordance with *Government Auditing Standards*, we have also issued a report dated September 20, 2012 on our consideration of Central Michigan University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters for the year ended June 30, 2012. 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 opinions 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as identified on pages 1 through 11, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Plante & Moran, PLLC

Kalamazoo, Michigan
September 20, 2012

STATEMENTS OF NET POSITION

Central Michigan University

	JUNE 30	
	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 73,533,272	\$ 64,329,194
Accounts receivable, net	22,692,994	24,722,000
State appropriations receivable, SBA		947,993
State appropriations receivable, operations	12,383,438	14,569,456
State appropriations receivable, Charter Schools	35,461,203	36,379,115
Inventories	7,103,665	7,047,825
Other assets	2,265,333	1,963,442
TOTAL CURRENT ASSETS	153,439,905	149,959,025
NONCURRENT ASSETS:		
Restricted cash and cash equivalents		6
Endowment investments	81,608,146	85,648,910
Loans receivable, net	6,692,316	6,733,758
Other long-term investments	204,980,313	199,315,215
Capital assets, net	433,552,236	435,796,700
TOTAL NONCURRENT ASSETS	726,833,011	727,494,589
TOTAL ASSETS	880,272,916	877,453,614
DEFERRED OUTFLOWS		
Accumulated decrease in fair value of hedging derivatives and gain on defeased debt	11,579,392	7,002,415
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	62,580,805	58,980,680
Unearned revenue	12,191,890	12,206,652
Deposits	1,498,152	742,707
Current portion of long-term obligations	7,605,128	7,251,459
TOTAL CURRENT LIABILITIES	83,875,975	79,181,498
NONCURRENT LIABILITIES:		
Long-term debt, hedging instruments, and other obligations	166,843,132	170,254,531
TOTAL NONCURRENT LIABILITIES	166,843,132	170,254,531
TOTAL LIABILITIES	250,719,107	249,436,029
NET POSITION		
Net investment in capital assets	285,158,353	281,337,414
Restricted for:		
Nonexpendable		
Scholarships, fellowships and research	37,268,879	35,260,652
Expendable		
Scholarships, fellowships and research	19,964,621	23,650,375
Instructional department uses	9,782,560	8,085,787
Loans	1,142,062	1,157,460
Capital projects	8,152,479	8,916,511
Unrestricted	279,664,247	276,611,802
TOTAL NET POSITION	\$ 641,133,201	\$ 635,020,001

See notes to the financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Central Michigan University

	YEAR ENDED JUNE 30	
	2012	2011
REVENUES		
OPERATING REVENUES:		
Tuition	\$ 255,422,975	\$ 244,324,286
Less: Scholarship allowances	40,276,016	36,366,713
Net tuition	215,146,959	207,957,573
Federal grants and contracts	6,739,774	6,568,099
State and local grants and contracts	3,033,322	3,895,972
Nongovernmental grants and contracts	2,977,040	4,162,263
Sales and services of educational activities	18,655,846	18,420,263
Auxiliary enterprises (net of room & board allowances of \$8,249,305 in 2012 and \$7,448,604 in 2011)	74,968,831	75,128,997
TOTAL OPERATING REVENUES	321,521,772	316,133,167
EXPENSES		
OPERATING EXPENSES:		
Compensation:		
Faculty	89,122,447	84,461,590
Staff	77,559,456	73,251,893
Benefits	63,690,444	61,400,279
Student	14,697,329	13,996,628
Scholarships and fellowships	23,147,798	23,597,851
Utilities	8,951,843	9,010,223
Supplies and other	82,513,407	74,146,184
Operation and maintenance of plant expenses	38,187,461	18,914,057
Depreciation	23,352,899	22,860,354
TOTAL OPERATING EXPENSES	421,223,084	381,639,059
OPERATING LOSS	(99,701,312)	(65,505,892)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	68,128,993	80,102,300
Gifts and pledges (net of allowance)	6,815,689	5,064,173
Investment income (net of investment expense)	1,622,752	36,220,659
Interest on capital assets related debt	(6,498,197)	(6,461,493)
Federal Pell grant program	29,776,466	30,201,036
Other nonoperating revenues	1,161,701	218,929
NET NONOPERATING REVENUES (EXPENSES)	101,007,404	145,345,604
INCOME BEFORE OTHER REVENUES	1,306,092	79,839,712
OTHER REVENUES		
Capital appropriations		2,632,443
Capital grants and gifts	2,828,488	3,544,486
Additions to permanent endowments	1,978,620	3,711,155
TOTAL OTHER REVENUES	4,807,108	9,888,084
INCREASE IN NET POSITION	6,113,200	89,727,796
NET POSITION		
NET POSITION AT BEGINNING OF YEAR	635,020,001	545,292,205
NET POSITION AT END OF YEAR	\$ 641,133,201	\$ 635,020,001

See notes to the financial statements.

STATEMENTS OF CASH FLOWS – DIRECT METHOD

Central Michigan University

	YEAR ENDED JUNE 30	
	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES		
Tuition	\$ 216,530,738	\$ 211,232,071
Grants and contracts	12,913,717	14,175,747
Payments to suppliers	(105,881,697)	(95,412,225)
Payments for utilities	(8,951,843)	(9,010,223)
Payments to employees	(181,294,185)	(171,118,435)
Payments for benefits	(63,165,277)	(62,750,999)
Payments for scholarships and fellowships	(23,147,798)	(23,597,851)
Loans issued to students	994,414	(192,231)
Collection of loans to students	(1,143,460)	91,816
Auxiliary activities	74,721,065	73,727,649
Sales and services of educational activities	18,946,545	18,807,780
Other receipts (payments)	(1,367,634)	2,654,601
NET CASH USED BY OPERATING ACTIVITIES	(60,845,415)	(41,392,300)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	70,315,011	80,095,377
William D. Ford direct lending receipts	153,642,631	159,030,250
William D. Ford direct lending disbursements	(153,642,631)	(159,030,250)
PLUS loan receipts	35,291,738	32,769,671
PLUS loan disbursements	(35,291,738)	(32,769,671)
Federal Pell grant program	29,776,466	30,201,036
Other nonoperating revenue	1,161,701	218,929
Gifts for other than capital purposes	6,186,315	4,934,767
Gifts for endowment purposes	1,978,620	3,711,155
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	109,418,113	119,161,264
CASH FLOW FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from capital debt	209,394	
Capital appropriations		1,801,183
Capital grants and gifts received	4,882,772	1,814,066
Purchases of capital assets	(33,363,529)	(42,408,693)
Principal paid on capital debt and leases	(6,574,033)	(6,590,000)
Interest paid on capital debt and leases	(6,198,961)	(6,093,862)
Insurance proceeds / (receivable)	1,677,385	(1,863,147)
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	(39,366,972)	(53,340,453)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	572,562,475	650,651,647
Income on investments, net	10,780,470	3,013,112
Purchase of investments	(583,344,599)	(678,759,972)
NET CASH USED BY INVESTING ACTIVITIES	(1,654)	(25,095,213)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,204,072	(666,702)
CASH AND CASH EQUIVALENTS-BEGINNING OF THE YEAR	64,329,200	64,995,902
CASH AND CASH EQUIVALENTS-END OF THE YEAR	\$ 73,533,272	\$ 64,329,200
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (99,701,312)	\$ (65,505,893)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense and loss on disposal of capital assets	35,607,992	23,144,221
Change in assets and liabilities:		
Receivables, net	792,689	4,210,199
Inventories	(55,840)	201,649
Other assets	(301,891)	(1,035,144)
Accounts payable, accrued liabilities and deposits	4,355,571	(2,126,979)
Unearned revenue	(14,761)	299,136
Retirement service award program	(1,883,266)	(499,269)
Compensated absences	504,449	20,195
Loans to students	(149,046)	(100,415)
NET CASH USED BY OPERATING ACTIVITIES	\$ (60,845,415)	\$ (41,392,300)

Note: General Revenue Bonds of \$23,015,000 were issued to defease \$20.9 million of debt, resulting in a deferred outflow of \$1.5 million. See Note 6.

See notes to the financial statements.

STATEMENTS OF FINANCIAL POSITION

Central Health Advancement Solutions

	JUNE 30	
	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,196,273	\$ 2,846,432
Patient accounts receivable, less allowance for doubtful accounts of \$156,882 and \$161,565 in 2011	426,036	530,503
Other receivables	976,602	1,210,788
Prepaid expenses and other assets	252,053	463,865
TOTAL CURRENT ASSETS	<u>5,850,964</u>	<u>5,051,588</u>
ASSETS WHOSE USE IS LIMITED:		
By the Board of Trustees	115,481	113,656
Under professional liability funding arrangement- held by the trustee	1,464,609	1,516,051
TOTAL ASSETS WHOSE USE IS LIMITED:	<u>1,580,090</u>	<u>1,629,707</u>
Medical education funding receivables, less allowance of \$4,089,044 in 2012 and \$400,202 in 2011	435,680	4,071,786
Leasehold improvements, furniture, and equipment, net	809,007	930,552
TOTAL ASSETS	<u>\$ 8,675,741</u>	<u>\$ 11,683,633</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	\$ 287,242	\$ 294,755
Other liabilities	13,003	19,764
Other accrued liabilities	31,752	26,112
Payroll and related liabilities	835,811	1,515,170
TOTAL CURRENT LIABILITIES	<u>1,167,808</u>	<u>1,855,801</u>
Estimated professional liability under self-insurance	723,362	1,401,786
Deferred revenue	1,007,807	857,835
Payable to hospitals		3,636,106
Notes payable to hospitals		3,495,701
Payable to CMU	431,555	
TOTAL LIABILITIES	<u>3,330,532</u>	<u>11,247,229</u>
NET ASSETS		
Unrestricted	5,325,924	417,119
Temporarily restricted	19,285	19,285
TOTAL NET ASSETS	<u>5,345,209</u>	<u>436,404</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,675,741</u>	<u>\$ 11,683,633</u>

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Central Health Advancement Solutions

	YEAR ENDED JUNE 30	
	2012	2011
UNRESTRICTED REVENUES AND OTHER SUPPORT		
Member hospitals	\$ 16,202,785	\$ 14,509,306
Net patient service revenue	3,964,275	4,274,491
Interest income	11,449	9,015
Professional liability fund	370,952	32,973
Contracts and other revenue	6,800,853	6,022,120
TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT	27,350,314	24,847,905
OPERATING EXPENSES		
Salaries, wages, and payroll taxes	17,025,765	16,108,745
Employee benefits	3,098,948	3,186,092
Recruiting	162,455	193,041
Facility and equipment	1,215,710	1,151,543
Consumable supplies	361,646	361,233
Educational supplies and services	385,675	272,446
Consulting and contractual services	1,177,537	1,452,765
Communications	155,648	161,526
Educational conferences and travel	691,823	738,152
Grant expenses	11,392	10,529
Other expenses	273,922	233,309
Professional liability insurance expense	645,433	339,434
Depreciation	375,540	353,407
Provision for bad debts	334,384	384,372
Professional liability expense	381,648	381,648
TOTAL OPERATING EXPENSES	25,915,878	25,328,242
Unrestricted revenues and other support over (under) operating expenses	1,434,436	(480,337)
Distribution to member hospitals representing excess funding		(2,901,287)
Net unrealized (loss) gain on investments whose use is limited	(21,332)	246,393
Increase (decrease) in unrestricted net assets	1,413,104	(3,135,231)
NET ASSETS		
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	417,119	7,048,051
Equity transfer of net assets	3,495,701	(3,495,701)
UNRESTRICTED NET ASSETS AT END OF YEAR	5,325,924	417,119
TEMPORARILY RESTRICTED NET ASSETS	19,285	19,285
NET ASSETS AT END OF YEAR	\$ 5,345,209	\$ 436,404

NOTES TO THE FINANCIAL STATEMENTS

Central Michigan University

NOTE 1--ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Central Michigan University (the university) is an institution of higher education and is considered to be a component unit of the State of Michigan because the Governor of the State of Michigan appoints its Board of Trustees (the board). Accordingly, the university is included in the state's financial statements as a discrete component unit. Transactions with the State of Michigan relate primarily to appropriations for operations, appropriations for Charter Schools, grants from various state agencies, State Building Authority (SBA) revenues and payments to the state retirement program for university employees. The university has six affiliated organizations that were evaluated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, which the university adopted July 1, 2010. Each organization is described below as well as the impact that it has on the university's financial statements:

- Central Health Advancement Solutions (CHAS) is a Michigan nonprofit corporation established January 28, 2011 and is organized on a non-stock membership basis. The sole member of the corporation is the Board of Trustees of Central Michigan University. The purpose for which the corporation is organized and to be operated is exclusively charitable, educational and scientific within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended and corresponding provision of any subsequent federal tax laws. The corporation is to be administered solely for the benefit of the Sole Member by providing, directly or indirectly, assistance and benefit, financial or otherwise, to the Sole Member through whatever means are determined by the Board of Directors of the corporation to be appropriate. Effective January 1, 2011, CHAS entered into a Member's Agreement that provides a 90% membership interest in CMU Medical Education Partners whose purpose is to integrate medical education, research and service primarily for the training of medical residents and other medical related personnel. In accordance with the provisions of GASB Statement No. 61, CHAS is discretely presented in the university's financial statements (refer to pages 18 and 19 for CHAS financial statements). The June 30, 2012 audited financial statements for CHAS can be found at: www.cmich.edu.
- The CMU College of Business Administration Foundation (CBAF) is a Michigan nonprofit corporation established January 28, 2011 and is registered as a charitable trust under the Charitable Organizations and Solicitations Act (COSA), MCL 400.271 et seq. and the Supervision of Trustees for Charitable Purposes Act, 1961 PA 101, MCL 14.251 et seq. (STCPA). The purpose for which the corporation is organized and to be operated is to solicit, receive, hold and administer and disburse cash/non-cash investment funds to support the charitable, educational and scientific purposes of CMU's College of Business Administration. In accordance with the provisions of GASB Statement No. 61, CBAF is blended into the university's financial statements because CBAF provides services entirely to the university. The June 30, 2012 audited financial statements for CBAF can be found at: www.cmich.edu.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

Condensed financial information for CBAF is provided below:

CMU College of Business Administration Foundation (CBAF)

Condensed Statements of Net Assets

	JUNE 30	
	2012	2011
ASSETS		
Current assets	\$ 760,612	\$ 459,092
TOTAL ASSETS	<u>760,612</u>	<u>459,092</u>
LIABILITIES		
Other liabilities	5,500	1,350
TOTAL LIABILITIES	<u>5,500</u>	<u>1,350</u>
NET ASSETS		
Restricted - expendable	755,112	457,742
TOTAL NET ASSETS	<u>\$ 755,112</u>	<u>\$ 457,742</u>

CBAF Condensed Statements of Revenues, Expenses and Changes in Net Assets

	Year Ended	January 28, 2011
	June 30, 2012	to June 30, 2011
OPERATING EXPENSES		
Supplies and other	\$ 7,338	\$ 1,350
TOTAL OPERATING EXPENSES	<u>7,338</u>	<u>1,350</u>
OPERATING LOSS	<u>(7,338)</u>	<u>(1,350)</u>
NONOPERATING REVENUES		
Gifts	279,700	1,000
Investment income	(113)	51
TOTAL NONOPERATING REVENUES	<u>279,587</u>	<u>1,051</u>
OTHER REVENUES		
Capital grants and gifts	25,121	458,041
TOTAL OTHER REVENUES	<u>25,121</u>	<u>458,041</u>
INCREASE IN NET ASSETS	<u>297,370</u>	<u>457,742</u>
NET ASSETS		
NET ASSETS AT BEGINNING OF PERIOD	457,742	
NET ASSETS AT END OF PERIOD	<u>\$ 755,112</u>	<u>\$ 457,742</u>

CBAF Condensed Statement of Cash Flows

	Year Ended	January 28, 2011
	June 30, 2012	to June 30, 2011
Net Cash Provided by Noncapital Financing Activities	\$ 252,127	\$ 1,051
Net Cash Used by Capital Financing Activities	(86,950)	100,000
Net Cash Used by Investing Activities	(165,177)	(42)
Net Increase in Cash and Cash Equivalents	<u>165,177</u>	<u>101,009</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	<u>101,009</u>	<u>101,009</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 266,186</u>	<u>\$ 101,009</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

- The CMU Foundation (Foundation) is a Michigan nonprofit corporation established during fiscal year 1998. The purpose for which the corporation is organized and to be operated is to solicit, collect, receive and administer funds to provide support for the objectives and purposes of the university. There were insignificant assets and no liabilities as of June 30, 2012 and 2011. In accordance with the provisions of GASB Statement No. 61, the Foundation is blended into the university's financial statements because the Foundation provides services entirely to the university. There was no activity to be reported.
- The Central Michigan University Research Corporation (CMURC) was formed as an independent 501(c)(3) nonprofit corporation on February 15, 2002. The corporation's sole member is Central Michigan University. The purpose for which the corporation was formed is to solicit, collect, receive and administer funds exclusively for the support of the scientific, literary and educational programs of the university as permitted to be carried on by an organization exempt from federal income taxation. The university contributes \$500,000 annually in support of this endeavor. Fiscal year 2012 is the eleventh year of the commitment. At June 30, 2012, and 2011, the net positions of CMURC were approximately \$844,000 and \$645,000, respectively. In accordance with the provisions of GASB Statement No. 61, CMURC is considered a component unit of the university and the operations of the entity should be discretely presented in the university's financial statements because there is a financial benefit/burden and the blending criteria of GASB Statement No. 61 are not met. However, the university has excluded the amounts from the financial statements overall due to insignificance.
- The Charter Schools Development & Performance Institute d/b/a National Charter Schools Institute (NCSI), a Michigan nonprofit corporation, was formed on November 29, 2001. The institute incorporated as a private tax-exempt corporation with the primary goal to facilitate the development and performance of charter schools in Michigan and throughout the nation, and to pursue multiple related objectives in support of Charter Schools. There are two classes of members of the corporation, Category A and Category B. The Category A members consist of persons who are the president or members of the Board of Trustees of Central Michigan University. Category B members of the corporation consist of individuals serving as members of the Board of Trustees of the corporation. The university transferred \$500,000 to the NCSI for the years ended June 30, 2012, and 2011. At June 30, 2012, and 2011, the net positions of the NCSI were approximately \$1,660,000 and \$1,060,000, respectively. In accordance with the provisions of GASB Statement No. 61, the NCSI is considered a component unit of the university and the operations of the entity should be discretely presented in the university's financial statements because there is a financial benefit/burden and the blending criteria of GASB Statement No. 61 are not met. However, the university has excluded the amounts from the financial statements overall due to insignificance.
- CMU Charter Schools are nonsectarian public schools of choice that operate with freedom from many of the regulations that apply to traditional public schools. The "charter" establishing each such school is a performance contract detailing the school's mission, program, goals, students served, methods of assessment and ways to measure success. In accordance with the provisions of GASB Statement No. 61, the CMU Charter Schools are considered a related organization because there is no financial benefit/burden to the university nor can the university impose its will on the charter schools. According to GASB Statement No. 61, only note disclosure is required for related organizations.

Therefore, the financial statements include the operations of the university, CBAF, and the Foundation, collectively known as the university's financial statements, based on the evaluation of the entities and provisions of GASB Statement No. 61.

Change in Reporting Entity

During the fiscal year ended June 30, 2012, the University changed its method for reporting CHAS, a component unit. Previously CHAS was blended into the University's financial statements. Beginning this year the university is discretely presenting CHAS, because the services are being provided to those outside the University, rather than to the University itself. As a result, the University's net assets as of July 1, 2011 were decreased by \$436,404. This change has impacted the amount reported as the University's

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

change in net assets by reducing the year ended June 30, 2011 by \$436,404. CHAS did not have any activity in the fiscal year ended June 30, 2010.

Basis of Presentation

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

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

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

The university follows the "business-type" activities requirements of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. This statement requires the following components of the university's financial statements:

- Management's discussion and analysis
- Basic financial statements including a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows for the university as a whole
- Notes to the financial statements

GASB Statement No. 34 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net asset categories:

- Invested in capital position, net of related debt: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted:
 - Nonexpendable – Net position subject to externally imposed constraints that they be maintained permanently by the university. Such assets include the university's permanent endowment funds.
 - Expendable – Net position whose use by the university is subject to externally imposed constraints that can be fulfilled by actions of the university pursuant to those constraints or that expire by the passage of time.
- Unrestricted: Net positions that are not subject to externally imposed constraints. Unrestricted net positions may be designated for specific purposes by action of management or the board or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net positions are designated for academic, research and outreach programs and initiatives,

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

postemployment benefits, operating and stabilization reserves, capital projects and capital asset renewals and replacements.

This statement also requires the university to report revenues net of discounts and allowances. Gift and grant revenues are recognized at the later of the pledge date or when the eligibility requirement of the gifts and grants are met. In addition, direct lending is not reported as federal revenue and scholarship expenditures but is instead treated as an agency transaction.

Summary of Significant Accounting Policies:

Cash and Cash Equivalents

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

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

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

Pledges

Financial support to the university and CBAF in the form of pledges is received from business enterprises, foundations and individuals. Revenue from gift pledges is recorded only when there is an unconditional promise to pay and all eligibility requirements, including time requirements, have been met. Contributions to permanent and term endowments are not recognized as assets until actually received by the university.

Inventories

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

Investments

All investments are stated at fair value.

Capital Assets

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

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

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

Compensated Absences

University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation based upon the nature of separation (death, retirement or termination). Certain limitations have been placed on the hours of vacation that employees may accumulate and carry over for payment at death, retirement or termination. Unused hours exceeding these limitations are forfeited.

Unearned Revenue

Unearned revenue consists primarily of advance ticket sales for athletic events; summer school tuition not earned during the current year and contract and sponsored program advances.

CHAS Estimated Professional Liability

The provision for estimated self-insured medical malpractice claims is actuarially determined and includes estimates of the costs for both reported claims and claims incurred but not reported. The liability is approximately \$1.3 million at June 30, 2012 and is included in the member hospital and malpractice fund liability.

Deferred Outflows and Hedging Instruments

Deferred outflows and hedging instruments consist primarily of interest rate swap agreements and are stated at fair value based on the zero coupon valuation method. The university recorded deferred outflows and hedging instruments (noncurrent liabilities) of \$10,064,753 at June 30, 2012, and \$7,002,415 at June 30, 2011. Effective June 30, 2012, deferred outflows also include \$1,514,639 of gain on the defeasance of the General Revenue Bonds Series 2002A,

Bond Issuance Costs

Bond issuance costs are expensed when incurred.

Operating and Nonoperating Revenues

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

Revenue Recognition

Revenues are recognized when earned and expenditures are recognized when the service is provided. Restricted grant revenue is recognized only to the extent expended.

Student Tuition

Student tuition revenues are reported net of scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Positions. Scholarship allowances represent the difference between the stated charge for goods and services provided by the university and the amount that is paid by the students or third parties on behalf of the students, where the university has discretion over such expenses.

Auxiliary Enterprises

Auxiliary enterprises primarily represent revenues generated from University Residence Services, intercollegiate athletics and various other departmental activities that provide services to the student body, faculty, staff and general public.

CHAS Revenue

CHAS has agreements with third-party payors that provide for reimbursements to the corporation at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the corporation's established rates for services and amounts reimbursed by third-party payors. The corporation grants credit without collateral to its patients, most of whom are Michigan residents and are insured under third-party payor agreements. Significant concentrations of CHAS accounts receivable at June 30, 2012 include Medicare (13.1%), Blue Cross (7.1%), Medicaid (37.9%) and other commercial insurers and self-pay (41.9%), respectively.

CHAS patient accounts receivable and revenue are recorded when patient services are performed. Patient accounts receivable are recorded at the corporation's established rates with contractual adjustments, charity allowances, policy discounts and the provision for uncollectible accounts deducted to arrive at net patient accounts receivable. Patient services and member hospital receivables are recorded net of the allowance for doubtful accounts of \$4,245,926 at June 30 and \$561,767 at June 30, 2011

Donor Restricted Endowments

Under Michigan law set forth in the Uniform Prudent Management of Institutional Funds Act, as adopted in Michigan in 2009 ("UPMIFA."), the board acts in a fiduciary capacity as trustee of its endowment funds. UPMIFA requires that the board exercise its fiduciary duties prudently and consider both the charitable purposes and needs of the university and the purposes of the specific endowment regarding current expenditures and preservation of the purchasing power of the funds. See Note 2 for the university spending policy. Endowment realized and unrealized appreciation is reported consistently with the net position categorization of the related endowment net of spending policy distributions.

Eliminations

In preparing the financial statements, the university eliminates inter-fund assets and liabilities that would otherwise be reflected twice in the Statements of Net Position. Similarly, revenues and expenses related to internal service activities are also eliminated from the Statements of Revenues, Expenses and Changes in Net Position. Student tuition and residence fees are presented net of scholarships and fellowships applied to student accounts where the university has discretion over such expenses, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Income Taxes

The university is a part of the State of Michigan for purposes of Internal Revenue Code Section 115, and is an organization as described in Internal Revenue Code Section 501(c)(3). The university's income generally is exempt from federal income taxes, although income from certain activities may be subject to taxation as unrelated business income. The component units are also exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code for activities related to their exempt purposes.

Change in Accounting Principles

Effective with the fiscal year ended June 30, 2012, the University early adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements introduce and define those elements as a consumption of net assets by the University that is applicable to a future reporting period, and an acquisition of net assets by the University that is applicable to a future reporting period, respectively. The standards also incorporates deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. In accordance with the standards, the University has modified the presentation of the Statement of Net Position and has reported deferred outflows of resources from a refunding of debt in June 30, 2012 in accordance with the standard.

Reclassification

Certain reclassifications were made to amounts in the 2011 financial statements conform to the classifications used in 2012. In fiscal year 2012, the university began using Operation and Maintenance of Plant Expenses as a separate classification in the natural expense presentation on the Statement of Revenues, Expenses, and Changes in Net Position. The use of this additional classification segregates supplies from non-capitalized equipment, library materials and other operation and maintenance of plant expenses.

NOTE 2--CASH AND CASH EQUIVALENTS, ENDOWMENTS AND OTHER LONG-TERM INVESTMENTS

Policy

The university uses the "pooled cash" method of accounting and has retained independent investment managers to handle all of its cash and investments. The component units maintain interest-bearing deposits and short-term investments with financial institutions that are insured by the Federal Deposit Insurance Corporation.

Investment policies for cash and cash equivalents, as set forth by the Board of Trustees, authorize the investment managers to invest in commercial paper of companies rated within the highest classification established by not less than two national rating services. Investments may be made in securities of the US Treasury and Federal Agencies, common stock, convertible bonds, convertible preferred stock, time savings accounts and other fixed income securities deemed prudent by the investment managers. The weighted average credit quality is to be no less than AAA for the short-term investment pool accounts, AA for the intermediate-term investment pool accounts and A for the long-term investment pool accounts. The weighted average credit quality is to be no less than B for the non-investment grade long-term investment pool accounts. In addition, the minimum acceptable credit quality at the time of purchase for individual securities shall be A for the short-term investment pool accounts and BBB for the intermediate-term and long-term investment pool accounts.

Policies regarding marketable securities in the endowment investments, as set forth by the Board of Trustees, authorize the investment managers to invest in high-grade equities, bonds or other marketable securities. The endowment income spending policy is 4.5% of the 20-quarter rolling average of the market value of the endowment pool. During 2009, the State of Michigan adopted UPMIFA. According to

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

UPMIFA, the university may appropriate for spending as much of the endowment as the institution deems prudent for the uses, benefits, purposes and duration for which the particular endowment fund was established, subject to evaluation of several specific factors including general economic conditions and the fund's purpose. Although UPMIFA allows spending of the original gift, the university's board policy does not allow the annual spending income allocation to reduce the original gift principal. Therefore, some of the endowments may not have distributed for fiscal year 2012. The spending policy is reviewed periodically by the investment committee, which recommends changes to the Board of Trustees. The net appreciation on investments of donor-restricted endowments available for authorization for expenditure approximate \$13,464,000 at June 30, 2012, and \$17,372,000 at June 30, 2011. The net appreciation is a component of restricted, expendable net positions. The yields of the endowment investments were as follows:

	June 30	
	2012	2011
Interest and Dividends	2.0 %	3.7 %
Net Realized and Unrealized Gains / (Losses)	(5.6) %	23.0 %
Total Return	(3.6) %	26.7 %

The university and CBAF, a blended component unit, had the following investments:

	Fair Market Value June 30	
	2012	2011
Investments:		
Government Securities Backed	\$ 1,008,240	\$ 2,510,310
Government Securities - US Sponsored	20,116,055	17,749,577
Bonds (Including Bonds, Mutual Funds, & ETFs)	143,550,898	135,395,003
Equities (Including Equities, Mutual Funds, & ETFs)	105,135,395	119,470,886
Real Estate	27,492	-
Life Insurance Policies	464,088	471,294
Alternative Investments	14,062,925	4,970,788
Cash Equivalents-Restricted	2,223,365	4,396,273
Cash Equivalents	14,365,807	3,310,831
Cash Deposits	59,167,465	61,018,363
Total Investments	\$ <u>360,121,730</u>	\$ <u>349,293,325</u>
As Reported on the Statements of Net Position		
Current Investments:		
Cash and Cash Equivalents	\$ 73,533,272	\$ 64,329,194
Noncurrent Restricted Investments:		
Restricted Cash and Cash Equivalents		6
Noncurrent Investments:		
Endowment Investments	81,608,146	85,648,910
Other Long-Term Investments	204,980,312	199,315,215
Total Noncurrent Investments	<u>286,588,458</u>	<u>284,964,131</u>
Total Investments	\$ <u>360,121,730</u>	\$ <u>349,293,325</u>

Investments of CBAF totaling \$0.3 million are included in cash and cash equivalents on the Statements of Net Position and are comprised of cash equivalents.

Credit Risk

The university's investment policy requires that all bond investments have a Standard and Poor's or a Moody's Investors Service rating of A or better. Debt investments held by the university as of June 30, 2012, that mature by June 30, 2013, were rated by Moody's with a rating of Aaa.

Interest Rate Risk

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

Concentration of Credit Risk

Deliberate management of the asset mix among classes of investments is a necessary and desirable responsibility. In the allocation of assets, diversification of investments among asset classes that are not similarly affected by economic, political or social developments is a highly desirable objective. The university's general policy shall be to diversify investments within both equity and fixed income securities so as to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset class or investment category. Accordingly, the university did not have investments in any one issuer that represented 5% or more of total investments at June 30, 2012, or June 30, 2011.

Foreign Currency Risk

The university's holding in foreign investments was made primarily in equities, which approximated \$25.1 million at June 30, 2012, and \$31.3 million at June 30, 2011, adjusted for a non-foreign investment of \$2.5 million.

Custodial Credit Risk

For deposits, custodial credit risk is present if the deposits are not covered by depository insurance and are 1) uncollateralized; 2) collateralized with securities held by the pledging financial institution; or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the university's name. The carrying amount of deposits, excluding those classified as investments, was \$59,167,465 at June 30, 2012, and \$61,018,364 at June 30, 2011. The deposits were reflected in the accounts of the banks at \$64,104,543 at June 30, 2012, and \$65,826,718 at June 30, 2011. Of the bank balance, \$63,354,209 at June 30, 2012, and \$65,220,105 at June 30, 2011, was uninsured and uncollateralized.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the university will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The university had custodial credit risk of \$37.6 million at June 30, 2012, and \$21.5 million at June 30, 2011, in its investment portfolios primarily held by JPMorgan as the counterparty.

NOTE 3--ACCOUNTS RECEIVABLE AND LOANS RECEIVABLE

Accounts receivable relate to several transactions including state appropriations, student tuition billings and auxiliary enterprise sales, such as food service, bookstore and residence halls. In addition, receivables arise from grant awards, financial aid, SBA revenues and component unit activities. The receivables are shown net of allowance for doubtful accounts.

Accounts receivable and student loans are recorded net of the allowance for doubtful accounts of \$2,473,134 and \$186,000 at June 30, 2012, and \$2,846,079 and \$186,000 at June 30, 2011, respectively.

During the fiscal year, the university received approximately \$201,940,000 (\$203,610,000 in fiscal year 2011) of state appropriations, which were forwarded to fifty-eight charter schools.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

	June 30	
	2012	2011
Tuition, Room and Board	\$ 7,301,921	\$ 8,594,659
Contracts and Grants	1,744,590	2,058,777
Sales and Services	601,464	599,520
Insurance Proceeds	185,762	1,863,147
Pledges	9,421,655	9,898,572
Agency Activities	3,437,602	1,707,324
Total	22,692,994	24,721,999
State Appropriations-SBA		947,993
State Appropriations-Operations	12,383,438	14,569,456
State Appropriations-Charter Schools	35,461,203	36,379,115
Loans Receivable	6,692,316	6,733,759
Total Receivable	\$ 77,229,951	\$ 83,352,322

NOTE 4--CAPITAL ASSETS

Capital assets, net of depreciation, consist of the following as of June 30, 2012:

	Beginning Balance July 1, 2011	Additions	Reductions	Ending Balance June 30, 2012
Non-depreciated capital assets:				
Land	\$ 12,993,727		\$ 49,900	\$ 12,943,827
Capitalized Collections	776,819		146,373	630,446
Construction In Progress	24,417,127	\$ 1,593,393	4,327,247	21,683,273
Total non-depreciated capital assets	38,187,673	1,593,393	4,523,520	35,257,546
Depreciated capital assets:				
Land Improvements	23,254,755	650,113		23,904,868
Infrastructure	14,138,957			14,138,957
Buildings	537,348,825	26,080,339	323,547	563,105,617
Leasehold Improvements	95,759			95,759
Furniture and Equipment	76,730,952	5,334,417	4,440,908	77,624,461
Library Materials	67,160,902	4,032,514	25,429,135	45,764,281
Intangible Assets	924,706			924,706
Less accumulated depreciation:				
Land Improvements	17,970,262	1,295,674		19,265,936
Infrastructure	6,092,022	662,090		6,754,112
Buildings	194,586,546	12,741,329	138,627	207,189,248
Leasehold Improvements	48,678	9,576		58,254
Furniture and Equipment	51,045,019	4,775,447	3,567,007	52,253,459
Library Materials	51,791,693	3,734,166	14,429,135	41,096,724
Intangible Assets	511,609	134,617		646,226
Total depreciated capital assets	397,609,027	12,744,484	12,058,821	398,294,690
Capital Assets, Net	\$ 435,796,700	\$ 14,337,877	\$ 16,582,341	\$ 433,552,236

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

Capital assets, net of depreciation, consist of the following as of June 30, 2011:

	Beginning Balance <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>June 30, 2011</u>
Non-depreciated capital assets:				
Land	\$ 12,993,727			\$ 12,993,727
Capitalized Collections	795,237	\$ 33,013	\$ 51,431	776,819
Construction In Progress	30,618,707	(5,100,908)	1,100,672	24,417,127
Total non-depreciated capital assets	<u>44,407,671</u>	<u>(5,067,895)</u>	<u>1,152,103</u>	<u>38,187,673</u>
Depreciated capital assets:				
Land Improvements	22,214,378	1,040,377		23,254,755
Infrastructure	13,301,264	837,693		14,138,957
Buildings	500,677,636	36,782,288	111,099	537,348,825
Leasehold Improvements	95,759			95,759
Furniture and Equipment	73,078,963	5,856,434	2,204,445	76,730,952
Library Materials	65,746,847	4,060,469	2,646,414	67,160,902
Intangible Assets	924,706			924,706
Less accumulated depreciation:				
Land Improvements	16,343,487	1,626,775		17,970,262
Infrastructure	5,447,650	644,372		6,092,022
Buildings	182,585,448	12,082,066	80,967	194,586,547
Leasehold Improvements	39,102	9,576		48,678
Furniture and Equipment	48,293,121	4,754,037	2,002,140	51,045,018
Library Materials	50,829,197	3,608,910	2,646,414	51,791,693
Intangible Assets	376,992	134,617		511,609
Total depreciated capital assets	<u>372,124,556</u>	<u>25,716,908</u>	<u>232,437</u>	<u>397,609,027</u>
Capital Assets, Net	<u>\$ 416,532,227</u>	<u>\$ 20,649,013</u>	<u>\$ 1,384,540</u>	<u>\$ 435,796,700</u>

One of the critical factors in continuing the quality of the university's academic programs, research programs and residential life is the development and renewal of its capital assets. Construction in progress at June 30, 2012 primarily consists of the construction costs for Graduate Student Housing of \$8.4 million, Anspach renovation of \$4.4 million, Biosciences building of \$0.9 million, Mesocosm Project of \$0.8 million, and other projects, including maintenance and remodeling approximating \$7.2 million.

Funds needed to complete construction projects will be provided by current unrestricted university net assets or by future state appropriations, gifts, grants, SBA monies or bond funds. Funds required to complete the projects in process approximate \$146.9 million as of June 30, 2012 (\$29.2 million as of June 30, 2011).

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

NOTE 5--ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts due at June 30 for goods and services received prior to the end of the fiscal year. Included is an accrual for Charter Schools of \$35.5 million.

	2012	2011
University Salaries and Wages	\$ 7,456,169	\$ 7,371,122
University Benefits	1,224,791	1,204,073
University Supplies	18,433,142	14,026,370
Charter Schools	35,461,203	36,379,115
Total University	62,575,305	58,980,680
CBAF Other	5,500	
Total	<u>\$ 62,580,805</u>	<u>\$ 58,980,680</u>

NOTE 6--LONG-TERM DEBT, HEDGING INSTRUMENTS AND OTHER OBLIGATIONS

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

	Beginning Balance July 1, 2011	Additions	Reductions	Ending Balance June 30, 2012	Current Portion
General Revenue Bonds:					
Series 1990 Capital Appreciation	\$ 7,786,286	\$ 471,236	\$ 1,820,000	\$ 6,437,522	\$ 1,787,431
Series 2002A Term Bonds	20,900,000		20,900,000		
Series 2005:					
Series Bonds	7,530,000		710,000	6,820,000	735,000
Term Bonds	21,675,000			21,675,000	
Series 2006:					
Series Bonds	9,350,000		610,000	8,740,000	640,000
Term Bonds	17,325,000			17,325,000	
Series 2008A Series Bonds	36,255,000		2,525,000	33,730,000	2,675,000
Series 2009A Series Bonds	31,015,000		1,300,000	29,715,000	1,365,000
Series 2009A Unamortized Premium	2,623,000		172,000	2,451,000	172,000
Series 2012A Series Bonds		23,015,000		23,015,000	
Total Long-Term Debt	154,459,286	23,486,236	28,037,000	149,908,522	7,374,431
Hedging Instruments	7,002,415	3,062,338		10,064,753	
Compensated Absences	4,340,215	504,451		4,844,666	24,561
Federal Portion of Perkins Loan Program	6,125,666		190,489	5,935,177	
Retirement Service Award Program	5,578,408		1,883,266	3,695,142	206,136
Total	<u>\$ 177,505,990</u>	<u>\$ 27,053,025</u>	<u>\$ 30,110,755</u>	<u>\$ 174,448,260</u>	<u>\$ 7,605,128</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

Long-term debt, hedging instruments and other obligations consist of the following as of June 30, 2011:

	Beginning Balance July 1, 2010	Additions	Reductions	Ending Balance June 30, 2011	Current Portion
General Revenue Bonds:					
Series 1990 Capital Appreciation	\$ 7,246,655	\$ 539,631		\$ 7,786,286	\$ 1,795,142
Series 2002A Term Bonds	20,900,000			20,900,000	
Series 2003A Term Bonds	1,675,000		\$ 1,675,000		
Series 2005:					
Series Bonds	8,215,000		685,000	7,530,000	710,000
Term Bonds	21,675,000			21,675,000	
Series 2006:					
Series Bonds	9,940,000		590,000	9,350,000	610,000
Term Bonds	17,325,000			17,325,000	
Series 2008A Series Bonds	38,645,000		2,390,000	36,255,000	2,525,000
Series 2009A Series Bonds	32,265,000		1,250,000	31,015,000	1,300,000
Series 2009A Unamortized Premium	2,795,000		172,000	2,623,000	172,000
Total Long-Term Debt	160,681,655	539,631	6,762,000	154,459,286	7,112,142
Hedging Instruments					
Compensated Absences	8,436,026		1,433,611	7,002,415	
Federal Portion of Perkins Loan Program	4,320,020	20,195		4,340,215	12,127
Retirement Service Award Program	6,401,176		275,510	6,125,666	
	6,077,677	150,789	650,058	5,578,408	127,190
Total	\$ 185,916,554	\$ 710,615	\$ 9,121,179	\$ 177,505,990	\$ 7,251,459

GENERAL REVENUE BONDS

During the year, the university issued \$23.0 million in general obligation revenue bonds with an average interest rate of 3.484%. The proceeds of these bonds were used to advance refund \$20.9 million of outstanding General Revenue Bonds Series 2002A, with an interest rate of 5.05%. The net proceeds of \$22.4 million (after payment of \$0.6 million in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the university's long-term obligations. The advance refunding reduced total debt service payments over the next 21 years by approximately \$2.5 million, which represents an economic gain of approximately \$2.0 million.

On October 1, 2009, the university issued \$32,265,000 in General Revenue Bonds, Series 2009. The outstanding bonds bear an interest rate between 4.00% and 5.00% and mature in fiscal years 2013 through 2027. Proceeds from this issuance were \$35,181,688, consisting of principal amount of the bonds (\$32,265,000) and net original issue premium of \$2,916,688. The proceeds from the sale of the bonds were used to refund the General Revenue Bonds, Series 1998.

On May 1, 2008, the university issued \$43,025,000 in General Revenue Bonds, Series 2008A. The variable rate bonds mature in the fiscal years 2013 through 2033. Proceeds from this issuance were \$43,025,000 of principal. The proceeds from the sale of the bonds were used to retire the 2002 Select Auction Variable Rate Securities (SAVRS) Series A and B bonds. The university retained the related swaps, and these swaps are now designated as a hedge against the General Revenue Bonds, Series 2008A as a means to fix the variable rate bond, and minimize long-term interest rate risk.

On January 1, 2006, the university issued \$28,915,000 in General Revenue Bonds, Series 2006. The outstanding bonds bear an interest rate between 4.00% and 5.00% and mature in fiscal years 2013 through 2036. Proceeds from this issuance were \$29,378,888, consisting of principal amount of the bonds (\$28,915,000), less original issue discount of \$423,466 and investment earnings of \$887,354. The proceeds from the sale of the bonds were used to fund the design, acquisition, construction, furnishing

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

and equipping of a new College of Education and Human Services Facility, the expansion, improvement and upgrade of university energy facilities and the infrastructure, design, acquisition, construction, furnishing and equipping of the Beaver Island Research Station.

On January 1, 2005, the university issued \$31,820,000 in General Revenue Bonds, Series 2005. The outstanding bonds bear an interest rate between 3.375% and 5.000% and mature in fiscal years 2013 through 2035. Proceeds from this issuance were \$33,182,498, consisting of principal amount of the bonds (\$31,820,000), net original issue premium of \$391,927 and investment earnings of \$970,571. The proceeds from the sale of the bonds were used to fund the acquisition, construction, furnishing and equipping of two new residence hall facilities, a hall kitchen and the installation of a fire suppression sprinkler system.

In March 2002, the university issued \$44,400,000 in General Revenue Bonds, Series 2002A, and Select Auction Variable Rate Securities (SAVRS). These bonds were used to fund new capital projects. On February 11, 2003, the university converted \$22,400,000 of the \$44,400,000 to fixed rate bonds. On May 1, 2008, the variable portion of this bond was refinanced with proceeds from the General Revenue Bonds, Series 2008A issue. The outstanding fixed rate bonds bore an interest rate of 5.05% and mature in fiscal years 2017 through 2033. The General Revenue Bonds issued in March 2002 were refunded by the General Revenue Refunding Bonds, Series 2012A issued April 2012.

General Revenue Bond Series 1990 are capital appreciation bonds recorded in the following table at their accreted year-end book value. The bonds bear an interest rate between 7.30% and 7.35% and mature in fiscal years 2013 through 2016. The table, which follows, summarizes capital appreciation bonds at June 30, 2012.

Maturity Date	Accreted Value	Ultimate Maturity Value
10-1-2012	1,787,431	1,820,000
10-1-2013	1,662,858	1,820,000
10-1-2014	1,547,360	1,820,000
10-1-2015	1,439,873	1,820,000
Total	\$ 6,437,522	\$ 7,280,000

The principal and interest on notes and bonds are payable only from certain general revenues. The obligations are generally callable. The principal and interest (using June 30, 2012 rates) amounts due in each of the succeeding five years ending June 30 and thereafter are as follows:

	Principal	Interest	Interest Rate Swaps, Net	Total
2013	\$ 7,202,431	\$ 4,573,959	\$ 1,491,349	\$ 13,267,739
2014	7,362,858	4,690,433	1,339,618	13,392,909
2015	7,452,360	4,669,039	1,183,035	13,304,434
2016	7,749,873	4,629,265	1,014,694	13,393,832
2017	4,205,000	4,087,271	953,864	9,246,135
2018-2022	24,780,000	14,160,400	4,458,876	43,399,276
2023-2027	30,960,000	12,339,082	3,813,567	47,112,649
2028-2032	39,760,000	6,429,731	1,986,871	48,176,602
2033-2036	17,985,000	1,086,588	43,535	19,115,123
Total	147,457,522	\$ 56,665,768	\$ 16,285,409	\$ 220,408,699
Unamortized Premium	2,451,000			
	\$ 149,908,522			

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

HEDGING INSTRUMENTS

The university has two pay-fixed, receive-variable, interest rate swaps at June 30, 2012. The objective of these swaps is to hedge interest rate risk on the Series 2008A bonds. A description of the swaps is as follows:

Under the March 2002 swap, the university pays the counterparty a fixed payment of 4.44% and receives a variable payment of 67% of the London Interbank Offered Rate (LIBOR) (0.16158% at June 30, 2012). The notional amount of the swap at June 30, 2012 is \$22,000,000. The swap agreement matures on October 1, 2032. The university received \$3,806,000 from the counterparty which was used to terminate the original swap with Lehman Brothers. Effective November 7, 2008, the swap agreement was assumed by Deutsche Bank AG. The swap provisions and termination date remain unchanged.

Under the October 2000 swap, the university pays the counterparty a fixed payment of 5.49% and receives a variable payment of the lesser of the BMA Index or 65% of LIBOR (0.1568% at June 30, 2012). The notional amount of the swap at June 30, 2012 is \$11,495,000. The swap agreement matures on October 1, 2015. The university received \$756,000 from the counterparty at the execution of the swap agreement. The original swap agreement was with Lehman Brothers. Effective August 16, 2004, the swap agreement was assumed by Bank One, Michigan. The swap provisions and termination date remain unchanged.

As of June 30, 2012, the swap agreements had a total notional amount of \$33,495,000 and were in a negative position of \$10,064,753 (\$8,935,518) for the 2002 swap and \$1,129,235 for the 2000 swap). As long as the variable rate portion of the swap being received by the university is less than the fixed rate being paid, the university will continue to be in a negative position on the swap.

The pay-fixed, receive-variable, interest rate swaps are considered cash flow hedges. The change in fair value was an increase to deferred outflows of \$3,062,338 for fiscal year 2012. The fair value of \$10,064,753 (\$7,002,415 at June 30, 2011) is recorded in deferred outflows at June 30, 2012.

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

Credit Risk

As of June 30, 2012, all hedging instruments are liabilities; therefore, credit risk is minimal. However, should interest rates change and the fair value of the swap become positive, the university would be exposed to credit risk in the amount of the hedging instrument's fair value. As of June 30, 2012, all of the university's interest rate swap counterparties are rated A+ or higher by Fitch or S&P, and A2 or higher by Moody's. The university manages credit risk by requiring its counterparties to post collateral in certain events. The Board is entitled to collateral from its counterparties if a net position with a counterparty is an asset of \$25.0 million or more and the counterparty is rated below AA- by Fitch or S&P, or Aa3 by Moody's; the university is not required to post collateral. As of June 30, 2012, the university has no collateral posted or held. The university enters into hedge agreements with multiple counterparties to limit concentration of credit risk. As of June 30, 2012, the university has interest rate swaps with two different counterparties and no counterparty accounts for more than 62% of outstanding notional. The university monitors counterparty credit risk on an ongoing basis. The university is exposed to credit risk, which is the risk that the counterparty will not fulfill its obligation, whenever the swap has a positive fair value.

Interest Rate Risk

Interest payments on the university's variable rate debt will typically increase as interest rates increase. As of June 30, 2012, all hedging instruments are pay-fixed, receive-variable, cash flow hedges. The university believes it has significantly reduced future interest rate risk by entering into these interest rate swaps. As interest rates increase, variable rate debt interest payments increase and net swap payments

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

decrease. As interest rates decrease, variable rate debt interest payments decrease and net swap payments increase.

Basis Risk

The variable rate debts hedged by the university's swaps are variable rate demand obligation (VRDO) bonds that are remarketed weekly. The university is exposed to basis risk because the variable rate receipts from the hedging instruments are based on a rate or index other than the interest rates the university pays on the VRDO bonds. As these rates change, the overall synthetic rate on the bonds will change. The synthetic rates on the swaps were 4.33% and 5.38% at June 30, 2012, when associated with the General Revenue Bonds, Series 2008A. The university is exposed to basis risk to the degree that variable payments on the hedged item are not offset by the variable receipts from the hedging instrument. For the period, the weighted average interest rate on the university's variable rate hedged debt is 0.13%, SIFMA is 0.15%, and 67% of 1-Month LIBOR is 0.16%.

Termination Risk

The university or its counterparties may terminate a hedging instrument if the other party fails to perform under the terms of the contract. In addition, the university's swap counterparties have the right to terminate a hedging instrument if the credit rating of the university's unenhanced, unlimited tax general obligation bonds is withdrawn or reduced by any two of Fitch, Moody's and S&P below BBB in the case of Fitch or S&P, or Baa2 in the case of Moody's. If such an event occurs, the university could be forced to terminate a hedging instrument in a liability position because the variable rate bonds would no longer carry a synthetic interest rate and the university may be required to pay an amount equal to the swap's fair value. As of June 30, 2012, the university's unenhanced, unlimited tax general obligation bonds are rated A+ by S&P and Aa3 by Moody's.

Rollover Risk

Rollover risk is the risk that a hedging instrument associated with a hedgeable item does not extend to the maturity of that hedgeable item. As of June 30, 2012, the university does not believe that rollover risk is material.

Foreign Currency Risk

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

Market Access Risk

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

OTHER OBLIGATIONS

During fiscal year 2012, the university signed a line of credit agreement by which it can borrow up to \$20 million. The university can choose from two interest rate options based on an adjusted federal funds open rate, prime rate or LIBOR rate. There have been no draws on this line of credit as of June 30, 2012.

The Retirement Service Award program, Federal Perkins loans to students, and compensated absences have been determined to be primarily long-term liabilities.

NOTE 7--RETIREMENT PLANS

The university has established retirement plans for all qualified employees. Full-time faculty and professional administrators have the option to participate in the Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA-CREF) and/or Fidelity Investment Tax Exempt

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

Services Company. The university contributes 12% of each qualified employee's pay to these defined contribution plans. For new hires on or after January 1, 1996, the university contributes 10% for all salaried employees and 8% for hourly staff. University contributions begin immediately for all employees.

Hourly employees hired prior to January 1, 1996, and other eligible employees choosing this option participate in the Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit plan through the State of Michigan. The university contribution rate was 3.21% of employees' pay at June 30, 2012, and 4.11% at June 30, 2011, which was actuarially determined by the plan's actuaries. Employees starting between January 1, 1990, and December 31, 1995, are required to contribute between 3.0% and 4.3% of their annual pay. Effective July 1, 2010, all active employees enrolled in MPERS are required to contribute 3.0% of their pay toward retiree health benefits. The university is required to pay a monthly supplemental contribution for retiree health care benefits, which aggregated to \$5,091,550 during the 2011-2012 university fiscal year (\$5,213,858 during the 2010-2011 university fiscal year). Employees hired on or after January 1, 1996 cannot participate in MPERS, unless they previously were enrolled in the plan at Central Michigan University, or one of the other six universities that are part of MPERS. MPERS issues an annual financial report that includes financial statements and required supplementary information. The report may be obtained at Michigan Public School Employees' Retirement System, P.O. Box 30673, Lansing, Michigan 48909-8103. Separate pension information related to the university's employees included in this plan is not available.

Contributions and covered payroll under all plans in fiscal year 2012 are summarized as follows:

	<u>TIAA-CREF</u>	<u>Fidelity</u>	<u>MPERS</u>	<u>University Total</u>
University Contributions	\$ 10,980,476	\$ 2,536,254	\$ 659,519	\$ 14,176,249
Required Employee Contributions			960,280	960,280
Covered Payroll	105,349,175	25,905,820	19,274,178	150,529,173
Total Payroll				183,196,109

The university's contributions, which equaled required contributions, to MPERS totaled \$826,626 in fiscal year 2011 and \$1,108,512 in fiscal year 2010. Required employee contributions were \$944,898 in fiscal year 2011 and \$433,428 in fiscal year 2010.

The university also contributes to MPERS a percentage, which was actuarially determined by the plan's actuaries, of member and non-member payrolls. The university contribution rate was 13.41% for June 30, 2012, 9.73% for June 30, 2011 and 7.72% for June 30, 2010. The university's contributions, which are not included in the table above, to MPERS, totaled \$5,588,622 in fiscal year 2012, \$4,155,174 in fiscal year 2011 and \$3,473,373 in fiscal year 2010.

The university also sponsors the Retirement Service Award program covering certain employees hired before a specific date in 1976 and certain maintenance and food service employees. The plan provides for distributions to qualifying employees at retirement based principally on length of service and salary at retirement. Liabilities of \$2,580,158 for fiscal year 2012 (\$3,151,863 for fiscal year 2011) related to this program are included in the university statements of net position. The assets are included with the university's cash and cash equivalents. The corresponding liabilities have been included with long-term debt, hedging instruments and other long-term obligations in the statements of net positions. During fiscal year 2012, the university updated and recorded the expected liability for this program.

NOTE 8--CONTINGENCIES AND COMMITMENTS

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

NOTE 9--PLEDGES

The university and CBAF receive pledges of financial support from corporations, foundations and individuals. The change in pledges has been recorded as gifts and certain pledges are recorded at present value using a discount rate of 3%. The present value of pledges outstanding is approximately \$9,422,000, of which approximately \$494,000 relates to CBAF at June 30, 2012 and approximately \$9,899,000, of which approximately \$358,000 relates to CBAF at June 30, 2011.

NOTE 10--LEASE COMMITMENTS

The university has entered into various operating leases, primarily for off-campus degree program facilities. The following is a schedule of the aggregate minimum rental commitment for operating leases of real and personal property for each of the succeeding five years ending June 30 and thereafter:

2013	\$	2,845,020
2014		2,731,227
2015		2,247,380
2016		2,088,337
2017		905,777
2018-2023		255,079
	\$	<u>11,072,820</u>

NOTE 11--LIABILITY AND PROPERTY INSURANCE

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

Effective January 28, 2011, CHAS continued its previous commercial insurance coverage for professional medical malpractice covering the corporation for its acts and omissions. Malpractice and other claims have been asserted against the corporation by various claimants. Such claims are in various stages of processing and some may be litigated. Accordingly, CHAS management and counsel cannot determine the ultimate outcome of the actions commenced. In the opinion of CHAS management, all such matters are adequately covered by prior and existing insurance policies and a Self-insurance Trust Fund.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

NOTE 12--FUNCTIONAL CLASSIFICATION OF OPERATING EXPENSES

The university's operating expenses by functional classification were as follows for years ended June 30:

	2012					
	Total	Compensation and Benefits	Supplies and Other	Scholarships and Fellowships	Utilities	Depreciation
Instruction	\$ 155,091,198	\$ 132,208,462	\$ 22,315,002	\$ 176,732	\$ 391,002	
Research	9,894,583	3,967,341	5,825,609	100,500	1,133	
Public Service	19,232,551	10,273,946	8,536,148		422,457	
Academic Support	30,390,824	21,089,199	9,256,576	45,049		
Student Services	16,690,880	11,827,561	4,863,319			
Institutional Support	25,815,980	17,364,984	4,127,699	4,323,297		
Scholarships & Fellowships	23,006,556	1,142,646	277,170	21,585,990	750	
Operations and						
Maintenance of Plant	38,187,461	10,198,672	27,982,281		6,508	
Auxiliary Enterprises	79,397,856	36,978,898	37,372,735	(3,083,770)	8,129,993	
Student Loan	79,903	17,967	61,936			
Depreciation	23,352,899					\$ 23,352,899
Other	75,055		75,055			
Subtotal	<u>421,215,746</u>	<u>\$ 245,069,676</u>	<u>\$ 120,693,530</u>	<u>\$ 23,147,798</u>	<u>\$ 8,951,843</u>	<u>\$ 23,352,899</u>
Component Units	7,338					
Total Operating Expenses	421,223,084					
Interest Expense	6,498,197					
Total Expenses	<u>\$ 427,721,281</u>					

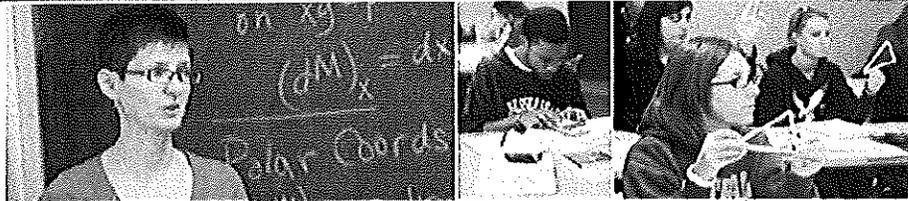
	2011					
	Total	Compensation and Benefits	Supplies and Other	Scholarships and Fellowships	Utilities	Depreciation
Instruction	\$ 149,136,234	\$ 127,589,243	\$ 20,959,102	\$ 168,250	\$ 419,639	
Research	7,527,976	3,557,830	3,933,646	36,500		
Public Service	17,582,646	9,173,216	8,007,066		402,364	
Academic Support	27,364,715	18,612,400	8,644,317	107,998		
Student Services	17,563,361	12,564,988	4,997,773	600		
Institutional Support	24,112,408	18,913,108	1,046,403	4,152,897		
Scholarships & Fellowships	22,632,845	1,107,731	482,040	21,042,282	792	
Operations and						
Maintenance of Plant	18,914,057	9,409,264	9,498,565		6,228	
Auxiliary Enterprises	73,782,659	32,493,799	35,018,336	(1,910,676)	8,181,200	
Student Loan	85,742	16,970	68,772			
Depreciation	22,860,354					\$ 22,860,354
Other	74,712		74,712			
Subtotal	<u>381,637,709</u>	<u>\$ 233,438,549</u>	<u>\$ 92,730,732</u>	<u>\$ 23,597,851</u>	<u>\$ 9,010,223</u>	<u>\$ 22,860,354</u>
Component Units	1,350					
Total Operating Expenses	381,639,059					
Interest Expense	6,461,493					
Total Expenses	<u>\$ 388,100,552</u>					

NOTES TO THE FINANCIAL STATEMENTS (continued)

Central Michigan University

NOTE 13—NEW ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The university is currently evaluating the impact this standard will have on the financial statements when adopted. The total pension liability will be computed on a different basis than the current actuarial accrued liability and the method of allocating this liability to each participating employer has not yet been determined, so the precise impact is not known. However, if we approximate the liability based on the actuarial accrued liability and allocate based on covered payroll, this computes to a liability of \$72 million. The provisions of this Statement are effective for financial statements for the year ended June 30, 2015.



Department of Mathematics

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Mathematics Assistance Center

Get the math assistance you need to help you succeed in your classes with CMU's Mathematics Assistance Center (MAC). Tutors in the center will assist you with everything from basic algebra to intermediate-level statistics. With help from tutors, you will learn how to clarify new information, demonstrate problem-solving skills and work through example problems.

Tutoring for On-Campus Students

MAC-LIBRARY

New location in Park Library, Room 428

- MTH 055-233 and above
- STA 282/382
- PSY 211
- SOC 200
- BUS 300

Tutoring for other courses is possible depending on demand and availability of tutors.

MAC-TOWERS

Original location in Troutman Hall, Room 002

- MTH 055-132
- MTH 217

Tips for Students

Visiting

- Don't wait! Visit the MAC-LIBRARY or MAC-TOWERS as soon as you need help. There is no need to schedule an appointment. All math tutoring is on a walk-in basis.
- When you arrive, a large poster will direct you to a card-swipe to sign in. If you forget your card, write down your name, class, and the time you came in for help.
- Prepare for tutoring sessions by attending class, reading the textbook, reviewing your class notes, attempting homework problems and writing down your questions before arriving.
- Bring your textbook, syllabus, notes, calculator and any attempted work with you.

Tutoring

The purpose of tutoring is to give you additional help and explanation for mathematical concepts being taught in your courses. Tutors will help by giving expanded explanations of concepts along with examples of problems common for a particular course in an attempt to help you understand mathematics. Tutors will not help you do entire homework sets assigned by your instructor, but they will give help on a few select problems.

You CAN expect tutors to:

- Work with you as soon as possible after you arrive.
- Answer questions and help clarify new information.
- Demonstrate problem-solving skills.
- Work through example problems.

You CANNOT expect tutors to:

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- [Faculty and Staff](#)
- [Academic Programs](#)
- [Research](#)
- [Current Seminars](#)
- [Support Services](#)
 - [Mathematics Assistance Center](#)
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- Do your homework assignment for you.
- Substitute as your instructor when you have missed class.
- Know all the answers to every question.
- Substitute for your own hard work.

You are welcome to come as many hours as you wish to receive help. However, if you feel you have a need for an individual tutor, we can help you find one. Tutoring really does help! A student who attends the math center regularly has a 60% higher chance of receiving a grade C or better in their math course. Many students have found tutoring to be extremely beneficial and return for more help with other mathematics courses.

On-Campus Center Locations and Hours

For additional help and explanations about math concepts being taught in class, visit the MAC or the Mini MAC:

Reggie Becker
Director
reggie.becker@cmich.edu

Phone: 989-774-2290
Email: MathAC@cmich.edu

MAC-LIBRARY

New Location!
Park Library, Room 428
Monday through Thursday, 9 AM - 9 PM

MTH 055-233 and above, STA 282/382
PSY 211, SOC 200, BUS 300

MAC-TOWERS

Troutman Hall, Room 002

Sunday, 5-9 PM
Monday through Thursday, 2-9 PM

MTH 055-132, MTH 217

Tutoring for Off-Campus Students

Tutoring services are available via the internet and telephone for students registered in Off-Campus Programs courses.

- Please note that these services are available only to students taking courses through ProfEd.

Request tutoring

Tutoring is free and simple to obtain. You must register for tutoring first. Begin by clicking here to fill out the tutoring request registration form. Please contact the MAC toll-free at 1-800-950-1144 x2290 if you have questions with the online registration form.

After your registration with the MAC is confirmed (within 24 hours of submitting the form), you will be added to a Blackboard shell for the MAC (the course number for the MAC is MTH000). Tutoring will then be available to you online and via telephone during regularly scheduled MAC hours.

Courses covered include:

- MTH 105, Intermediate Algebra
- MTH 106, Plane Trigonometry
- MTH 130, Pre-Calculus Mathematics
- MTH 132, Calculus I
- MTH 217, Business Calculus
- STA 282, Introduction to Statistics

Tutoring for other courses is possible depending on demand and availability of tutors.

Schedule an appointment

We prefer that you set up appointments for tutoring since we are limited to four tutors who can provide online assistance at any given hour. Under "Announcements" on the Blackboard shell, there is a link to a WIMBA classroom where tutoring will be held. There is also a PowerPoint guideline that shows you how to access and use WIMBA to communicate with tutors. Directions on how to make an appointment are available here.

When using WIMBA for the first time, there will be a setup wizard you should complete. You can then communicate by typing messages, drawing on a whiteboard with your mouse, talking into a microphone, calling the MAC or using your own webcam. Tutors will primarily write on the whiteboard, allowing you to see a problem being solved the same way you would in a classroom.

Become a Tutor

Tutors are essential to the success of the Mathematics Assistance Center. If you are interested in becoming a tutor, you should be able to:

- Answer a student's questions thoroughly

- Help clarify course material
- Demonstrate problem-solving skills
- Work through example problems with students
- Attend tutor training sessions as necessary

Qualifications

To become a tutor at the Mathematics Assistance Center, you must meet the following requirements:

- Completed college mathematics courses through Calculus II
- Earned an A or A- in the majority of your math courses OR obtained written approval from the faculty member indicated on your submitted application
- Maintained a cumulative GPA of 3.0 or higher

Application

- [Click here](#) to complete and submit the online application form to become a tutor.

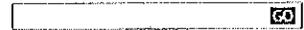
In addition to the online application form, you need to send an unofficial copy of your transcript to the mailing address below. Also, please ask a faculty member to complete this Student Recommendation Form in support of your application.

- You should turn the Student Recommendation Form in, along with your transcript, to:

Department of Mathematics
Central Michigan University
Pearce Hall 214
Mount Pleasant, MI 48859

After reviewing your submitted application and transcript, the Director of the Mathematics Assistance Center will contact you to schedule an interview.

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Home > Current Students > CMU Writing Center Online

CMU Writing Center

Online Writing help as close as your computer

Writing Center help for Global Campus students

For many students, one of the most daunting aspects of college life is writing a paper. Now you can get the most out of your college writing experience with help from the CMU Writing Center Online. Get help with:

- Pre-writing
- Grammar questions
- Proper citations
- Bibliographies
- Drafts
- Editing
- Polishing papers

You'll get the assistance you need in two business days for ANY paper for ANY class and the service is free to Global Campus students.



Watch a 15-minute video explaining the services of the CMU Writing Center

How to get help with your paper

Go to <http://webs.cmich.edu/writingcenter> and send your paper to the CMU Writing Center Online. Within two business days, you'll receive your paper back with constructive comments and suggestions on how to improve your writing.

1. Save your paper as a Microsoft WORD document (*.doc* file) or as an *.rtf* file. Limit of 10 pages.
2. Go to <http://webs.cmich.edu/writingcenter> and click on the link to the online form. Type in the User Name: writingcenter and the Password: wonline. Fill out the form and use the "Browse" function to find and attach your file.
3. Within two business days, you'll get your paper back attached as a WORD document. When you open it, move your mouse over any highlighted area to read the comments. In newer versions of WORD, use "Print Layout" under View to see bracketed comments.
4. Still need more help? Make your changes and submit the paper again.
5. Do it again. The Writing Center will provide support as long as you need it. If you are having multiple problems, sometimes they will recommend an appointment or a chat session rather than trying to explain a complex issue via e-mail.

Don't get frustrated with a writing assignment...get help from the CMU Writing Center Online!



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Other Services

- Graduate Advising
- Undergraduate Advising
- Transfer Credit
- Transfer Guides
- Prior Learning Credit
- Order Textbooks
- Disability Services
- Global Campus Library Services (formerly OCLS)
- CMU Writing Center

Call Toll Free:

800-950-1144

Follow us on:





[Home](#) > [Student Services](#) > [Global Campus Library Services](#)

Global Campus Library Services (formerly OCLS)

CMU's nationally-recognized Global Campus Library Services department provides reference and instructional assistance to Global Campus students and faculty. Through the CMU Libraries' Documents on Demand office, students and faculty also have access to a range of document delivery and Interlibrary loan services.



Reference Librarian Hours:

Monday – Wednesday	8 a.m. - 8 p.m. EST
Thursday – Friday	8 a.m. - 5 p.m. EST
Sunday	1 p.m. - 6 p.m. EST

Documents on Demand Hours:

Monday – Wednesday	8 a.m. - 7 p.m. EST
Thursday – Friday	8 a.m. - 5 p.m. EST
Sunday	12 p.m. - 9 p.m. EST

GCLS reference librarians provide research assistance via telephone, e-mail, web form, and live chat. Document delivery requests are typically processed within 24-48 hours of being submitted.

For more information

Visit the GCLS web site at <http://ocls.cmich.edu> to learn more about CMU's library services for Global Campus students and faculty.

- Phone: (800) 544-1452
- E-mail: gcls@cmich.edu
- "Ask A Librarian" Form at <http://ocls.cmich.edu/reference/index.html>

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- Undergraduate Advising
- Transfer Credit
- Transfer Guides
- Prior Learning Credit
- Order Textbooks
- Disability Services
- Global Campus Library Services (formerly OCLS)
- CMU Writing Center

Call Toll Free:
877-268-4636

Join the conversation:



Iowa Licensure Document

June 14, 2012

The Charles V. Park Library at Central Michigan University is the resource center for Central Michigan University students, faculty, and staff. Its collections contain more than 1,000,000 books and other print items, 75,000 electronic books, 15,000 multimedia items, 130 electronic periodical article databases, and electronic access to the full-text content of more than 40,000 journals. Additionally, it is a federal and state government document depository library, which means it provides access to items published by the United States Government and the State of Michigan. Items not owned by the library may be obtained from other institutions through the library's interlibrary loan service.

Access to all library resources and services for off-campus and online students and faculty is provided by the Global Campus Library Services (GCLS) department. The six GCLS librarians provide reference and research assistance and answer questions about the library's services and resources via telephone, e-mail, web form, and a chat interface. The librarians have also created online tutorials, help sheets, and research guides to assist and instruct students and faculty in using the library's resources and services. Faculty may contact GCLS to arrange for an instructional session to be presented by a librarian within an electronic classroom via Wimba. Librarians are available to assist patrons Monday through Wednesday from 8:00 a.m. - 9:00 p.m.; Thursday and Friday from 8:00 a.m. - 5:00 p.m.; and Sunday from 1:00 p.m. – 6:00 p.m. (EST). They are also available to present library orientation sessions to classes on Friday evenings and Saturdays.

The library's Documents on Demand office offers a document delivery service that allows online patrons to obtain print books as well as electronic copies of single book chapters, journal articles, and more. This service is provided free of charge to students and faculty (the sole exception: the patron has to pay the cost of shipping print books back to the campus) and requests are typically processed within a 24 – 48 hour period. If the CMU library does not own a particular item, the library can obtain it from another institution through interlibrary loan. The hours of operation for Documents on Demand are Monday through Wednesday from 8:00 a.m. – 7:00 p.m.; Thursday and Friday from 8:00 a.m. – 5:00 p.m.; and Sunday from 12:00 p.m. – 9:00 p.m. (EST).

As an additional service for faculty, the library offers a copyright clearance service to assist instructors with placing items on electronic reserve within the Blackboard course shell. When an instructor wants to use a journal article or an excerpt from a book as part of his instructional materials, he may contact the library's Course Reserve and Copyright Services office and it will obtain a full-text copy of the item for him, obtain one semester's worth of copyright clearance to use the item, pay any applicable usage fees, and then upload the material directly into the instructor's Blackboard course shell.

Through CMU's Global Campus Library Services department, students and faculty have access to a very responsive and focused suite of library services, as well as to millions of print, electronic, and media items. All students and faculty participating in CMU's online courses are encouraged to take advantage of this nationally-recognized, full-service library program. For more information, see the GCLS web site at <http://ocls.cmich.edu> or call (800) 544-1452.



[Home](#) > [Student Services](#) > [Graduate Academic Advising](#)

Academic Advising for Graduate Students

Academic advising is provided to help you identify your educational needs, interests and goals. Academic advisors include professionals from education, business and government who have been trained to help you get the most out of your educational experience.

Advising is available by phone, fax and e-mail Monday through Friday from 8 a.m. - 5 p.m.

- To work with an advisor by phone, call toll-free (866) 774-1018.
- Face-to-face advising appointments are also available at your local program center at regularly scheduled times. To schedule a face-to-face advising appointment, contact your local center.
- To work with an advisor by e-mail, use our contact form.

More Information

- [Online CA Exam Request Form](#)
- [Graduate Academic Advising](#)
- [New Student Orientation](#)
- [Programs/Plans](#)
- [Courses/Credit](#)
- [Registration & Tuition](#)
- [Request for Waiver of HSC 520 or MGT 643/PSC 711 or CPS 603 Requirement](#)
- [Request for Waiver of MSA 600, 634 or 635 or 602 and MSA 640 Requirements](#)
- [Student Records](#)
- [Degree Completion](#)
- [Resources](#)



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Call Toll Free:

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CMU Global Campus Central Michigan University 802 Industrial Drive Mount Pleasant, MI 48858
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Home > Current Students > MBS Direct

MBS Direct

MBS Direct is CMU Global Campus' preferred bookstore partner. CMU only provides book information and ISBN's to MBS.

Ordering your books from MBS Direct will assure:

- the correct book is being purchased for your class
- timely delivery of your books
- that if unexpected changes occur with your course or the books, CMU can keep you informed and assist you with the return of any books purchased and received
- buyback value at time of purchase through Guaranteed Buyback program on top-selling book titles

It is important to be prepared for class by having course books and materials in-hand prior to the start of class. As CMU courses are offered on accelerated terms, it is essential to have course materials and books before class begins.

Books cannot be charged to your financial aid. Students should be prepared to pay for books out-of-pocket and be reimbursed by financial aid.

When ordering through MBS Direct, the following information is required:

- university attending
- site (location of class) or program
- complete course information including EPN and course name

Three Ways to Order from MBS Direct:

- **By Internet:**
 - Ordering online is the fastest and easiest method of acquiring your textbooks. Save 20% on express UPS (next day or 2nd day).
 - Some texts are available as e-books. E-books are indicated by "eContent Download". Both the actual text and the e-book are listed to provide students with a choice of which format they prefer.
 - Visit the MBS bookstore's web site at <http://bookstore.mbsdirect.net/cmu.htm>
- **By Phone:**
 - Call 800-325-3252 to place an order or for shipping rates.
- **Fax or Mail:**
 - Complete the Order Form and fax it to 800-499-0143.

International Shipping

UPS is the preferred carrier for international shipments. All DHL Global Mail and UPS International shipments can be tracked and are guaranteed.

Please Note: Customs duties, taxes, and/or other fees may be additional.

Students ordering course materials to be shipped internationally should call:

- International Phone: 573-44-9179
- International Fax: 573-44-5254



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go.cmich.edu > Support Services > Technology > Technical Support

Technical Support

OIT Help Desk

The Office of Information Technology Help Desk is CMU's main provider of technology support to students, faculty, and staff, on or off-campus, 7 days a week. Whether you have a technical question, or need help fixing a technical issue, you can count on the Help Desk for assistance.

Our expert staff consists of trained Information Technology personnel as well as competent student technicians. If we cannot address your technical needs directly, we will route you to the appropriate department or person.

The range of Help Desk support covers issues related to software packages (such as Microsoft Office and Microsoft Security Essentials) installed on your personal computer, to network resources (such as CentralLink and wireless networking), as well as telephone and cable repair in the residence halls. We support ANYTHING - Windows or Mac, Ethernet or wireless, phone or cable - if it can be fixed or answered, we'll do our best to help!

OIT Technical Services and ResNet

For advanced technical issues, CMU still has you covered! Unfortunately, the Help Desk cannot fix everything on first contact, which is where Technical Services and ResNet come in!

Working closely with the Help Desk, the Office of Information Technology Technical Services division offers advanced computer repair. Whether you need assistance reinstalling your computer operating system, removing a nasty virus from your computer, or accessing the campus network, Technical Services is here to help!

Like the Help Desk, Technical Services is staffed by IT professionals as well as expert student technicians that are trained to diagnose and fix just about any issue they encounter.

Technical Services charges a flat \$36/hour labor rate to students needing advanced computer repair, plus additional charges for equipment (if necessary). Repair charges are billed to your CMU account - no need for cash!

ResNet, a division of Technical Services, also offers on-campus residents FREE assistance connecting to the campus network, or removing malware from your personal computer.

Support Services

- Academic
- Career Services
- Diversity
- Health and Medical
- Student Ombuds Office
- Technology**
 - Classrooms and Labs
 - Cellular Services
 - Computer Purchasing
 - Email and Cloud Storage
 - Instructional Technology
 - Internet Access
 - Technical Support**



Hours

Mon-Thurs: 7 AM to Midnight
Friday: 7 AM to 6 PM
Saturday: 12 PM to 6 PM
Sunday: 12 PM to Midnight

Contact Us

Walk-in: Park Library 101
Phone: (989) 774-3662
Chat: Click the image below
Email: helpdesk@cmich.edu

Help Desk Chat
Click for online technical support
Sponsored by the CMU 2010 Initiative



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Apply Now

go.cmich.edu > Support Services > Academic > Student Disability Services

welcome to sds@cmu

Central Michigan University is committed to providing students with disabilities the academic accommodations and auxiliary aids necessary to ensure access to all university services, programs and activities. In addition to the university's campus wide efforts to promote access and inclusion, students with disabilities are further accommodated based on specific individual needs. The Office of Student Disability Services is responsible for determining these accommodations. Our office is located in Park Library, Suite 120, and is part of the Office of the Dean of Students. We provide services and assistance to enrolled students who are either permanently or temporarily disabled.



Before continuing, it is vital that you first read the "It's All About You" message for new students. The content applies to ALL college students with disabilities.

CMU has many services for students, offered by various offices. Although decisions regarding disability specific accommodations are made on a case by case basis, view the Accommodations page on this website for information on services most often provided, in general, for each type of

disability.

Are you an Incoming CMU student with a Documented Disability significantly affecting major life functions? Do you want access to a variety of disability specific services offered by various campus offices?

* The registration process is a complex and lengthy one (4-6 weeks). Start the process now. The "Register as a Student with a Disability" page will walk you through the process.

Support Services

Academic

- Academic Advising
- Academic Assistance
- English Language Institute
- Libraries
- Mathematics Assistance Center
- Student Disability Services**
- ASD Online Training
- Register for Services
- About Us
- Prospective Students
- Typical Accommodations
- FAQ's
- News
- Campus Construction Updates
- Success Coaches
- Writing Center
- Career Services
- Diversity
- Health and Medical
- Student Ombuds Office
- Technology



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Certificate Regarding Constitution and Status Establishing
CENTRAL MICHIGAN UNIVERSITY

I, the undersigned, hereby certify that I am the General Counsel for Central Michigan University, a Michigan constitutional body corporate, and that the attached copy of Article 8, sections 4 and 6 of the Michigan Constitution, and statutes (MCLA 390.551-555), are true and complete and contain all amendments to the date hereof.

Dated March 29, 2010

A handwritten signature in black ink, appearing to read "M. Rupe", written over a horizontal line.

Manuel R. Rupe
General Counsel
Central Michigan University

EXCERPTS FROM MICHIGAN STATUTES

390.551 Central, Eastern, Northern and Western Michigan universities; continuation; boards of control, appointment, terms, vacancy.

Sec. 1.

The established state institutions known as Central Michigan university, Eastern Michigan university, Northern Michigan university and Western Michigan university are continued under these names. Each institution shall be governed by a separate 8-member board of control. The governor shall appoint the board members by and with the advice and consent of the senate for terms of 8 years commencing on January 1, except that the first boards shall be appointed so that the terms of 2 members of each board shall expire on December 31, 1964, 1966, 1968 and 1970. When a vacancy occurs other than by the expiration of a term, the governor shall fill the vacancy by appointment by and with the advice and consent of the senate for the remainder of the unexpired term.

390.552 Boards of control; officers, expenses.

Sec. 2.

The president of each institution is ex officio a member of its board of control without the right to vote. A board may elect one of its members or may designate the president of the institution to preside at board meetings. A board shall elect a secretary, a treasurer, and such other officers as it deems necessary. Officers shall hold office at the pleasure of the board. No member of the board shall be eligible to election as secretary or treasurer. The secretary and the treasurer each shall give a bond satisfactory to the board to secure the faithful performance of the duties of his office. No officer may incur obligations or dispose of his board's property or funds, except pursuant to a vote of the board. Board members shall receive their necessary traveling and other expenses, to be paid out of the general fund.

390.553 Boards of control; general supervision, powers and duties.

Sec. 3.

A board of control shall have general supervision of its institution, the control and direction of all funds of the institution, and such other powers and duties as may be prescribed by law.

390.554 Board of control; quorum; conducting business in compliance with MCL 15.261 et seq.; notice of meeting; powers and duties enumerated.

Sec. 4.

A majority of the members of a board of control shall constitute a quorum. The business which the board of control may perform shall be conducted in compliance with Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws. Public notice of the time, date, and place of the meeting shall be given in the manner required by Act No. 267 of the Public Acts of 1976. A majority of its members may enact, amend, and repeal rules and bylaws for the conduct of the board's business and for the government of the

institution; fix tuition and other fees and charges; appoint or remove personnel as the interests of the institution and the generally accepted principles of academic tenure permit or require; determine compensation to be paid for services and property; confer degrees and grant diplomas usually conferred or granted by other similar institutions; receive, hold, and manage a gift, grant, bequest, or devise of funds or property, real or personal, absolutely or in trust, which will promote the purposes of its institution; enter into agreements not inconsistent with this act as may be desirable in the conduct of the board's affairs; and lease or dispose of property which comes into the board's possession, if the board does not violate a condition or trust to which the property may be subject. The powers customarily exercised by the governing board of a college or university are vested in each board. The enumeration of powers in this section is not considered to exclude powers not expressly excluded by law.

390.555 Boards of control; body corporate, actions, seal.

Sec. 5.

A board of control is a body politic and corporate. It may purchase, have, hold, possess and enjoy to itself and its successors all the real and personal property of every kind now belonging to its respective institution or hereafter acquired by it and may grant, alien, invest, sell and dispose of the same; may sue and be sued, plead and be impleaded in all the courts in this state; and may have, alter and use a seal.

Attachment M



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School Default Rates 2-
Year
FY 2010, 2009, and 2008

[RETURN TO RESULTS](#)

Record 1 of 1

OPE ID	School	Type	Control	PRGMS		FY2010	FY2009	FY2008
002243	Central Michigan University 106 Warriner Hall Mt Pleasant MI 48859-0001	Master's Degree or Doctor's Degree	Public	Both (FFEL/FDL)	Default Rate	3.4	2.7	2.3
					No. in Default	191	136	126
					No. in Repay	5567	5009	5447
					Enrollment figures	31910	32063	33070
					Percentage Calculation	17.4	15.6	16.5

ENROLLMENT: To provide context for the Cohort Default Rate (CDR) data we include enrollment data (students enrolled at any time during the year) and a corresponding percentage (borrowers entering repayment divided by that enrollment figure). While there is no direct relationship between the timing of when a borrower entered repayment (October 1 through September 30) and any particular enrollment year, for the purpose of these data, we have chosen to use the academic year ending on the June 30 prior to the beginning of the cohort year (e.g., FY 2008 CDR Year will use 2006-2007 enrollment).

Current Date : 10/31/2012

[RETURN TO RESULTS](#)

Attachment N

CMU Global Campus: Graduate Retention & Completion by Center

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
All Online Graduates (except DHA)	a) 2nd year continuation rate:	82%	82%	88%
	b) 3rd year continuation rate:	87%	73%	
	c) 2nd year graduation rate:	6%	2%	9%
	d) 3rd year graduation rate:	31%	14%	
Atlanta, GA	a) 2nd year continuation rate:	89%	81%	86%
	b) 3rd year continuation rate:	48%	46%	
	c) 2nd year graduation rate:	25%	30%	26%
	d) 3rd year graduation rate:	62%	60%	
Troy, Michigan	a) 2nd year continuation rate:	86%	81%	76%
	b) 3rd year continuation rate:	52%	69%	
	c) 2nd year graduation rate:	14%	13%	11%
	d) 3rd year graduation rate:	46%	30%	
DeKalb County, GA	a) 2nd year continuation rate:	89%	87%	85%
	b) 3rd year continuation rate:	60%	56%	
	c) 2nd year graduation rate:	40%	41%	31%
	d) 3rd year graduation rate:	73%	76%	
Livonia, MI	a) 2nd year continuation rate:	81%	68%	85%
	b) 3rd year continuation rate:	71%	59%	
	c) 2nd year graduation rate:	2%	5%	16%
	d) 3rd year graduation rate:	23%	19%	
Southfield, MI	a) 2nd year continuation rate:	79%	77%	77%
	b) 3rd year continuation rate:	64%	54%	
	c) 2nd year graduation rate:	5%	5%	4%
	d) 3rd year graduation rate:	25%	22%	

CMU Global Campus: Graduate Retention & Completion by Center

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
East Lansing, Michigan	a) 2nd year continuation rate:	78%	82%	78%
	b) 3rd year continuation rate:	60%	53%	
	c) 2nd year graduation rate:	22%	6%	0%
	d) 3rd year graduation rate:	30%	38%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Dearborn, MI	a) 2nd year continuation rate:	78%	80%	91%
	b) 3rd year continuation rate:	66%	64%	
	c) 2nd year graduation rate:	3%	9%	9%
	d) 3rd year graduation rate:	23%	30%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Richmond, VA	a) 2nd year continuation rate:	76%	86%	92%
	b) 3rd year continuation rate:	49%	37%	
	c) 2nd year graduation rate:	9%	24%	18%
	d) 3rd year graduation rate:	49%	65%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Auburn Hills, MI	a) 2nd year continuation rate:	87%	79%	85%
	b) 3rd year continuation rate:	61%	61%	
	c) 2nd year graduation rate:	6%	0%	8%
	d) 3rd year graduation rate:	45%	30%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Clinton Township, MI	a) 2nd year continuation rate:	81%	84%	83%
	b) 3rd year continuation rate:	58%	70%	
	c) 2nd year graduation rate:	8%	12%	26%
	d) 3rd year graduation rate:	30%	36%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Wright-Patterson AFB	a) 2nd year continuation rate:	71%	75%	85%
	b) 3rd year continuation rate:	52%	50%	
	c) 2nd year graduation rate:	5%	5%	12%
	d) 3rd year graduation rate:	26%	32%	

CMU Global Campus: Graduate Retention & Completion by Center

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Flint, MI	a) 2nd year continuation rate:	70%	82%	92%
	b) 3rd year continuation rate:	57%	69%	
	c) 2nd year graduation rate:	3%	11%	4%
	d) 3rd year graduation rate:	22%	32%	
Traverse City, MI	a) 2nd year continuation rate:	71%	88%	76%
	b) 3rd year continuation rate:	52%	79%	
	c) 2nd year graduation rate:	5%	5%	3%
	d) 3rd year graduation rate:	26%	45%	
Warren, MI	a) 2nd year continuation rate:	77%	83%	88%
	b) 3rd year continuation rate:	45%	79%	
	c) 2nd year graduation rate:	3%	3%	11%
	d) 3rd year graduation rate:	31%	33%	
Seymour-Johnson AFB	a) 2nd year continuation rate:	91%	79%	85%
	b) 3rd year continuation rate:	58%	58%	
	c) 2nd year graduation rate:	12%	15%	26%
	d) 3rd year graduation rate:	39%	40%	
Columbus, OH	a) 2nd year continuation rate:	80%	82%	100%
	b) 3rd year continuation rate:	64%	66%	
	c) 2nd year graduation rate:	0%	8%	15%
	d) 3rd year graduation rate:	28%	27%	
McGuire AFB	a) 2nd year continuation rate:	62%	68%	76%
	b) 3rd year continuation rate:	34%	45%	
	c) 2nd year graduation rate:	14%	5%	5%
	d) 3rd year graduation rate:	29%	28%	

CMU Global Campus: Graduate Retention & Completion by Center

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Saginaw, MI	a) 2nd year continuation rate:	80%	59%	93%
	b) 3rd year continuation rate:	53%	57%	
	c) 2nd year graduation rate:	0%	8%	4%
	d) 3rd year graduation rate:	27%	13%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Fort Leavenworth Army Garrison	a) 2nd year continuation rate:	46%	75%	59%
	b) 3rd year continuation rate:	31%	41%	
	c) 2nd year graduation rate:	63%	64%	53%
	d) 3rd year graduation rate:	63%	69%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Dalton County, GA	a) 2nd year continuation rate:	94%	100%	0%
	b) 3rd year continuation rate:	0%	100%	
	c) 2nd year graduation rate:	48%	96%	100%
	d) 3rd year graduation rate:	91%	96%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Fort Hamilton Army Garrison	a) 2nd year continuation rate:	84%	85%	91%
	b) 3rd year continuation rate:	71%	65%	
	c) 2nd year graduation rate:	0%	0%	0%
	d) 3rd year graduation rate:	34%	37%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Andrews AFB	a) 2nd year continuation rate:	89%	80%	78%
	b) 3rd year continuation rate:	75%	67%	
	c) 2nd year graduation rate:	13%	38%	8%
	d) 3rd year graduation rate:	35%	44%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Grand Rapids, MI	a) 2nd year continuation rate:	74%	76%	95%
	b) 3rd year continuation rate:	55%	41%	
	c) 2nd year graduation rate:	3%	9%	0%
	d) 3rd year graduation rate:	11%	31%	

CMU Global Campus: Graduate Retention & Completion by Center

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Fort Gordon Army Garrison	a) 2nd year continuation rate:	53%	73%	79%
	b) 3rd year continuation rate:	40%	43%	
	c) 2nd year graduation rate:	32%	0%	22%
	d) 3rd year graduation rate:	46%	36%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Fort McPherson	a) 2nd year continuation rate:	52%	62%	0%
	b) 3rd year continuation rate:	35%	0%	
	c) 2nd year graduation rate:	15%	28%	0%
	d) 3rd year graduation rate:	26%	44%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Hickam AFB	a) 2nd year continuation rate:	80%	100%	75%
	b) 3rd year continuation rate:	23%	29%	
	c) 2nd year graduation rate:	23%	28%	20%
	d) 3rd year graduation rate:	50%	56%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Pendleton AFB	a) 2nd year continuation rate:	81%	88%	79%
	b) 3rd year continuation rate:	36%	73%	
	c) 2nd year graduation rate:	13%	6%	3%
	d) 3rd year graduation rate:	42%	39%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Ft Belvoir AFB	a) 2nd year continuation rate:	85%	91%	83%
	b) 3rd year continuation rate:	60%	56%	
	c) 2nd year graduation rate:	5%	15%	22%
	d) 3rd year graduation rate:	29%	31%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Minot	a) 2nd year continuation rate:	95%	83%	89%
	b) 3rd year continuation rate:	67%	67%	
	c) 2nd year graduation rate:	0%	8%	0%
	d) 3rd year graduation rate:	43%	31%	

CMU Global Campus: Graduate Retention & Completion by Center

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Humber	a) 2nd year continuation rate:	82%	100%	67%
	b) 3rd year continuation rate:	43%	75%	
	c) 2nd year graduation rate:	0%	0%	63%
	d) 3rd year graduation rate:	59%	60%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Mid-Memphis	a) 2nd year continuation rate:	81%	0%	0%
	b) 3rd year continuation rate:	0%	0%	
	c) 2nd year graduation rate:	0%	0%	0%
	d) 3rd year graduation rate:	81%	0%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Ft Polk	a) 2nd year continuation rate:	58%	75%	77%
	b) 3rd year continuation rate:	40%	56%	
	c) 2nd year graduation rate:	20%	0%	0%
	d) 3rd year graduation rate:	33%	25%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Schofield	a) 2nd year continuation rate:	45%	49%	100%
	b) 3rd year continuation rate:	30%	18%	
	c) 2nd year graduation rate:	27%	13%	30%
	d) 3rd year graduation rate:	33%	15%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Tripler	a) 2nd year continuation rate:	90%	50%	88%
	b) 3rd year continuation rate:	50%	0%	
	c) 2nd year graduation rate:	33%	33%	43%
	d) 3rd year graduation rate:	60%	67%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Pentagon	a) 2nd year continuation rate:	73%	75%	83%
	b) 3rd year continuation rate:	63%	60%	
	c) 2nd year graduation rate:	15%	27%	8%
	d) 3rd year graduation rate:	38%	55%	

CMU Global Campus: Graduate Retention & Completion by Center

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Ft Myer	a) 2nd year continuation rate:	90%	43%	67%
	b) 3rd year continuation rate:	89%	33%	
	c) 2nd year graduation rate:	17%	22%	14%
	d) 3rd year graduation rate:	25%	33%	
Ft Riley	a) 2nd year continuation rate:	58%	82%	63%
	b) 3rd year continuation rate:	60%	25%	
	c) 2nd year graduation rate:	0%	8%	6%
	d) 3rd year graduation rate:	17%	33%	
Offutt	a) 2nd year continuation rate:	82%	100%	75%
	b) 3rd year continuation rate:	75%	75%	
	c) 2nd year graduation rate:	8%	43%	0%
	d) 3rd year graduation rate:	33%	43%	
Ft Meade	a) 2nd year continuation rate:	55%	79%	77%
	b) 3rd year continuation rate:	60%	67%	
	c) 2nd year graduation rate:	0%	13%	19%
	d) 3rd year graduation rate:	9%	25%	
Red River	a) 2nd year continuation rate:	100%	100%	0%
	b) 3rd year continuation rate:	100%	0%	
	c) 2nd year graduation rate:	0%	0%	100%
	d) 3rd year graduation rate:	64%	100%	
Vehicle Design Center	a) 2nd year continuation rate:	86%	40%	100%
	b) 3rd year continuation rate:	60%	40%	
	c) 2nd year graduation rate:	22%	0%	0%
	d) 3rd year graduation rate:	44%	0%	

CMU Global Campus: Graduate Retention & Completion by Center

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Smyrna	a) 2nd year continuation rate:	57%	100%	0%
	b) 3rd year continuation rate:	57%	0%	
	c) 2nd year graduation rate:	57%	0%	0%
	d) 3rd year graduation rate:	13%	40%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Grand Forks	a) 2nd year continuation rate:	67%	0%	0%
	b) 3rd year continuation rate:	67%	0%	
	c) 2nd year graduation rate:	14%	0%	0%
	d) 3rd year graduation rate:	14%	0%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
CLARKCO	a) 2nd year continuation rate:	100%	0%	0%
	b) 3rd year continuation rate:	50%	0%	
	c) 2nd year graduation rate:	33%	0%	0%
	d) 3rd year graduation rate:	67%	0%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Doc Hth Adm	a) 2nd year continuation rate:	100%	0%	0%
	b) 3rd year continuation rate:	0%	0%	
	c) 2nd year graduation rate:	33%	0%	0%
	d) 3rd year graduation rate:	100%	0%	

CMU Global Campus: Undergraduate Retention & Completion by Center

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
All Online Undergraduates	a) 2nd year continuation rate:	51%	61%	66%
	b) 3rd year continuation rate:	29%	38%	
	c) 2nd year graduation rate:	10%	9%	5%
	d) 3rd year graduation rate:	18%	19%	
Troy, Michigan	a) 2nd year continuation rate:	70%	60%	76%
	b) 3rd year continuation rate:	61%	40%	
	c) 2nd year graduation rate:	4%	14%	6%
	d) 3rd year graduation rate:	18%	29%	
Livonia, MI	a) 2nd year continuation rate:	63%	73%	78%
	b) 3rd year continuation rate:	38%	58%	
	c) 2nd year graduation rate:	10%	10%	15%
	d) 3rd year graduation rate:	24%	25%	
Southfield, MI	a) 2nd year continuation rate:	57%	73%	80%
	b) 3rd year continuation rate:	46%	58%	
	c) 2nd year graduation rate:	12%	10%	1%
	d) 3rd year graduation rate:	20%	25%	
East Lansing, Michigan	a) 2nd year continuation rate:	62%	74%	57%
	b) 3rd year continuation rate:	37%	73%	
	c) 2nd year graduation rate:	8%	16%	12%
	d) 3rd year graduation rate:	19%	19%	
Dearborn, MI	a) 2nd year continuation rate:	56%	81%	83%
	b) 3rd year continuation rate:	36%	71%	
	c) 2nd year graduation rate:	6%	16%	12%
	d) 3rd year graduation rate:	18%	26%	

CMU Global Campus: Undergraduate Retention & Completion by Center

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Auburn Hills, MI	a) 2nd year continuation rate:	73%	83%	68%
	b) 3rd year continuation rate:	41%	56%	
	c) 2nd year graduation rate:	9%	11%	11%
	d) 3rd year graduation rate:	33%	33%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Clinton Township, MI	a) 2nd year continuation rate:	68%	78%	71%
	b) 3rd year continuation rate:	53%	57%	
	c) 2nd year graduation rate:	12%	15%	11%
	d) 3rd year graduation rate:	29%	36%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Flint, MI	a) 2nd year continuation rate:	0%	0%	50%
	b) 3rd year continuation rate:	0%	0%	
	c) 2nd year graduation rate:	0%	0%	0%
	d) 3rd year graduation rate:	0%	0%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Warren, MI	a) 2nd year continuation rate:	68%	72%	61%
	b) 3rd year continuation rate:	45%	50%	
	c) 2nd year graduation rate:	14%	6%	14%
	d) 3rd year graduation rate:	24%	29%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Saginaw, MI	a) 2nd year continuation rate:	73%	44%	56%
	b) 3rd year continuation rate:	57%	38%	
	c) 2nd year graduation rate:	6%	0%	6%
	d) 3rd year graduation rate:	13%	11%	

Center	Criteria	Academic Year		
		2007-08	2008-09	2009-10
Grand Rapids, MI	a) 2nd year continuation rate:	62%	67%	80%
	b) 3rd year continuation rate:	38%	25%	
	c) 2nd year graduation rate:	7%	10%	0%
	d) 3rd year graduation rate:	7%	20%	