Financial Report
with Other Supplementary Information

Ferris State University

Years ended June 30, 2013 and 2012
with Report of Independent Auditors

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ANDREWS HOOPER PAVLIK PLC

Ferris State University

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AHP
CPAs & ADVISORS

ANDREWS HOOPER PAVLIK PLC
3333 DEPOSIT DRIVE NE | SUITE 310 | GRAND RAPIDS, MI 49546
p: 616.942.6440 | f: 616.942.6095 | www.ahpplc.com

Report of Independent Auditors

Board of Trustees
Ferris State University
Big Rapids, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Ferris State University, a component unit of the State of Michigan, which comprise the balance sheets as of June 30, 2013 and 2012, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Emphasis of Matter

As discussed in Note 1 and Note 11 to the financial statements, the University implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows or Resources, and Net Position* and early implemented 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 government that is applicable to a future reporting period, respectively. The statements also incorporate deferred outflows of resources and deferred inflows of resources into definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. In accordance with these statements, the University has modified the presentation to report net position and has reported deferred outflows of resources and deferred inflows of resources from current and previous refunding of debt and has therefore restated their July 1, 2011 net position accordingly. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2013 on our consideration of Ferris State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ferris State University's internal control over financial reporting and compliance.

Andrews Hooper Pavlik PLC

Grand Rapids, Michigan
August 27, 2013

Ferris State University
Management's Discussion and Analysis
June 30, 2013

The following discussion and analysis of Ferris State University's (the "University") financial statements provides an overview of the University's financial activities for the year ended June 30, 2013 with selected comparative information as of and for the years ended June 30, 2012 and 2011. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the University's administration.

Using this Report

This annual financial report includes the report of independent auditors, the management's discussion and analysis, the financial statements, including the notes to financial statements, and other supplementary information. The financial statements included in this report are the balance sheets, the statements of revenues, expenses, and changes in net position, and the statements of cash flows. The financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) accounting principles, which establish standards for public colleges and universities.

Financial Highlights

The University experienced solid revenue growth for the fiscal year ending June 30, 2013. Operating revenues increased by $5.7 million primarily due to increased enrollment of 0.8 percent and an in-state undergraduate tuition increase of 2.59 percent. The resulting total tuition and fee increase of $4.0 million was partially offset by an increase in student financial support of $1.6 million. The net resulting increase in tuition and fees revenue was $2.4 million. Other operating revenues increased $3.5 million primarily as a result of the sale of real estate. Nonoperating revenues (expenses) increased $13.8 million primarily due to an increase in investment gain of $7.3 million, an increase in gifts of $3.3 million, an increase in State appropriations of $3.0 million, a reduction in debt related interest expense of $0.3 million, and a decrease in Pell grants of $0.1 million.

The Grand Rapids Pharmacy project is completed and as a result, the State of Michigan support for capital projects decreased by $2.6 million from last year.

Investment gain for the University and the Ferris Foundation (Foundation) increased to $4.5 million of income and $4.8 million, respectively. This reflects investment returns of 3.4 percent on the University's operating funds and 13.8 percent on the Foundation's portfolio.

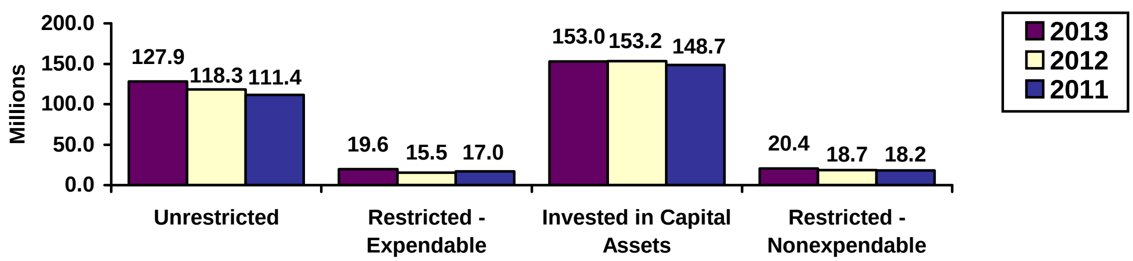
The University and Foundation boards approved acceptance of assets from the David Walcott Kendall Memorial School Foundation during the fiscal year. The assets were recorded as gifts to the University of $0.8 million and additions to permanent endowments to the Foundation of $0.6 million.

Operating expenses increased by $13.2 million resulting from general functional expenditure increases totaling $8.6 million and an increase of $4.6 million in other expenses related to the disposal of real estate sold.

Financial Highlights (continued)

For the year ended June 30, 2012, operating revenues increased by $5.2 million primarily due to increased enrollment of 1.2 percent and an in-state undergraduate tuition increase of 5.14 percent. Nonoperating revenues (expenses) decreased by $25.1 million primarily due to a decrease in investment gain of $14.2 million and a decrease in State appropriations of $7.3 million. Previously approved State of Michigan support for capital projects resulted in a decrease of $13.3 million in state capital appropriations for the Michigan College of Optometry building and the Grand Rapids Pharmacy project. Investment gain for the University and the Foundation decreased to $2.9 million and a loss of $0.9 million, respectively. This reflects returns of 1.8 percent on the University's operating funds and a loss of 2.5 percent on the Foundation's portfolio. Operating expenses increased $0.6 million resulting primarily from general functional expenditure increases totaling $6.5 million offset by a reduction of $5.9 million in student aid expenditures. The student aid reduction resulted from one-time allocations expended in 2011. In addition there was a reduction in Pell Grants due to a change in the program which eliminated additional grants for the summer term.

The following chart provides a graphical breakdown of net position by category for the fiscal years ended June 30, 2013, 2012, and 2011:



The Balance Sheets and the Statements of Revenues, Expenses, and Changes in Net Position

The balance sheets and the statements of revenues, expenses, and changes in net position report information on the University as a whole. When revenue and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenue and expenses may be thought of as Ferris State University's operating results.

These two statements report the University's net position and net position changes. One can think of net position - the difference between assets plus deferred outflow of resources and liabilities plus deferred inflows of resources - as one way to measure the University's financial health, or financial position. Many other nonfinancial factors, such as the trend in student applications, student retention, condition of the buildings, and strength of the faculty, also need to be considered to assess the overall health of the University.

These financial statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Net Position

Total net position increased overall by $15.2 million to $320.9 million. Total unrestricted net position is $127.9 million. Of this total, $94.7 million is identified for departmental use, maintenance and replacement of facilities, debt service, and Foundation endowments. This includes $16.4 million for the University Student Center. The unrestricted and undesignated amount of $33.2 million is comprised of $25.1 million for self-supporting departmental, student loan, and auxiliary activities, and $8.1 million for maintenance and construction projects on campus.

For the year ending June 30, 2012, the total net position increased $10.4 million to $305.7 million. Unrestricted net position was $118.3 million.

The following is a comparison of the major components of the net position of the University and operating results for the years ended June 30:

Net Position as of June 30 (in millions)

	2013	2012	2011
Assets			
Current assets	$ 114.4	$ 107.2	$ 110.7
Noncurrent assets:			
Capital assets - Net of depreciation	254.1	258.7	258.4
Other	103.8	94.4	92.0
Total assets	**472.3**	**460.3**	**461.1**
Deferred Outflows of Resources			
Refunding of debt	0.9	0.9	1.0
Total outflows of resources	**0.9**	**0.9**	**1.0**
Liabilities			
Current liabilities	29.9	27.6	33.7
Long-term liabilities	122.4	127.8	133.0
Total liabilities	**152.3**	**155.4**	**166.7**
Deferred Inflows of Resources			
Refunding of debt	-	0.1	0.1
Total inflows of resources	**-**	**0.1**	**0.1**
Net Position			
Invested in capital assets	153.0	153.2	148.7
Restricted - Expendable	19.6	15.5	17.0
Restricted - Nonexpendable	20.4	18.7	18.2
Unrestricted	127.9	118.3	111.4
Total net position	**$ 320.9**	**$ 305.7**	**$ 295.3**

Operating Results for the Year Ended June 30 (in millions)

	2013	2012	2011
Operating Revenues			
Tuition and fees - Net	$ 114.4	$ 112.0	$ 107.2
Grants and contracts	3.2	3.5	4.5
Departmental activities	10.8	10.2	10.7
Auxiliary activities - Net	31.1	31.6	30.3
Other operating revenues	4.6	1.1	0.5
Total operating revenues	164.1	158.4	153.2
Operating Expenses			
Instruction	87.5	85.7	84.9
Research	0.5	0.3	0.2
Public service	4.5	2.4	2.0
Academic support	27.1	24.1	22.9
Student services	16.3	15.0	13.7
Institutional support	20.9	23.8	22.7
Operation and maintenance of plant	19.5	18.5	17.2
Depreciation	9.9	8.9	8.7
Student aid	19.0	18.9	24.8
Auxiliary enterprises	20.4	19.4	19.5
Other expenses	5.2	0.6	0.4
Total operating expenses	230.8	217.6	217.0
Operating Loss	(66.7)	(59.2)	(63.8)
Nonoperating Revenues (Expenses)			
State appropriations	44.3	41.3	48.6
Federal Pell grants	23.7	23.8	25.8
Gifts	6.5	3.2	4.7
Investment gain	9.3	2.0	16.2
Interest on capital assets - Related debt	(4.8)	(5.1)	(5.0)
Total nonoperating revenues (expenses)	79.0	65.2	90.3
Income - Before other revenues	12.3	6.0	26.5
Other Revenues			
State capital appropriations	1.3	3.9	17.2
Additions to permanent endowments	1.6	0.5	1.1
Total other revenues	2.9	4.4	18.3
Increase in Net Position - As Restated	15.2	10.4	44.8
Net Position - Beginning of year - As restated	305.7	295.3	250.5
Net Position - End of year	**$ 320.9**	**$ 305.7**	**$ 295.3**

Operating Revenues

Operating revenues include all transactions that result in the sales and/or receipts from goods and services such as tuition and fees, residence halls, and dining. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services.

The following major factors significantly impacted operating revenue for the current year:

- Student tuition and fees revenue increased $2.4 million due to the net effect of the following factors: board-approved tuition increase of 2.59 percent, enrollment growth from prior year, and an increase in student financial support.

- Auxiliary enterprises operating revenue decreased by $0.5 million primarily in dining centers and residence hall revenues.

- Grants and contracts decreased $0.3 million.

- Physical plant revenues increased $3.5 million due primarily to the sale of the Holiday Inn Hotel and Conference Center.

For the year ended June 30, 2012, the significant operating revenue factors were as follows:

- Student tuition and fees revenue increased $4.8 million due to the net effect of the following factors: board-approved tuition increase of 5.14 percent, enrollment growth from prior year, and an increase in student financial support.

- Auxiliary enterprises operating revenue increased by $1.3 million primarily in dining centers and residence hall revenues.

- Federal grants and contracts decreased $1.0 million in National Smart and Academic Competitiveness grants.

Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) are all revenue sources that are primarily nonexchange in nature. They consist primarily of state appropriations, Federal Pell grants, gifts, and investment gain (including realized and unrealized gains and losses).

Nonoperating revenue (expenses) was significantly impacted by the following factors during 2013:

- The state appropriation of $44.3 million is an increase of $3.0 million from the 2012 level.

- Investment gain increased by $7.3 million from $2.0 million in 2012 to $9.3 million in 2013. The $9.3 million investment gain is comprised of $4.4 million of realized gains and $4.9 of unrealized gain.

- Gift income increased $3.3 million from 2012 to $6.5 million.

For the year ended June 30, 2012, significant nonoperating revenue (expenses) factors were as follows:

- The state appropriation of $41.3 million is a decrease of $7.3 million from the 2011 level.

- Investment gain decreased by $14.2 million from $16.2 million in 2011 to $2.0 million in 2012. The $2.0 million investment gain is comprised of $2.9 million of realized gains and $0.9 of unrealized loss.

- Federal Pell grants decreased $2.0 million as a result of the expiration in current year of 2011 summer federal government award increases.

Other Revenues

Other revenues consists of items that are typically nonrecurring, extraordinary, or unusual to the University. Examples include state capital appropriations, additions to permanent endowments, and transfers from related entities. Other revenue changes were the result of the following factors:

For 2013:

- State capital appropriations decreased to $1.3 million from $3.9 in prior year.

- Other revenues also include increases to permanent endowments of the Ferris Foundation. These revenues increased to $1.6 million from $0.5 million in prior year.

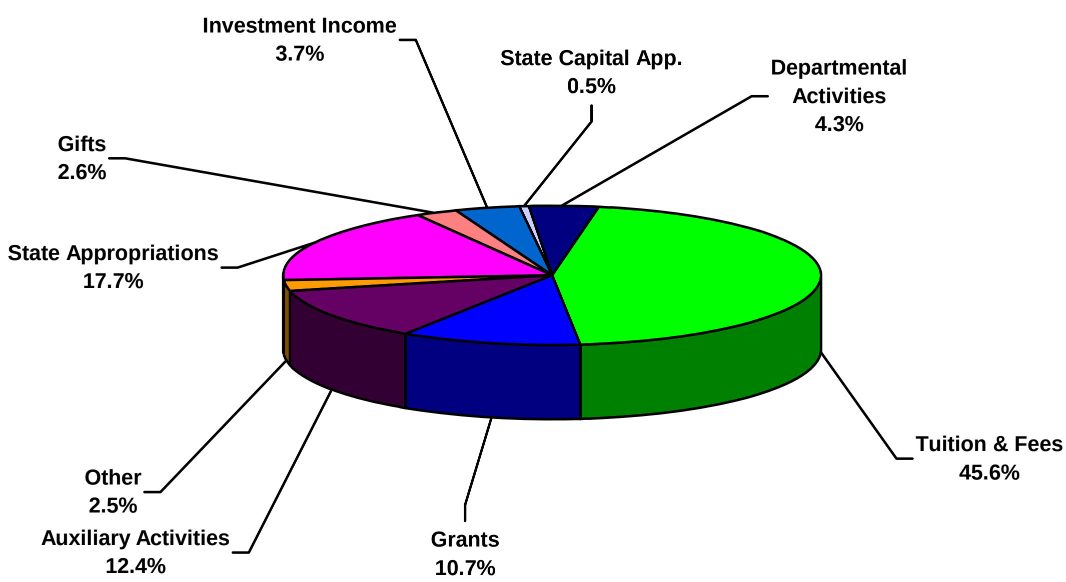
For 2012:

- State capital appropriations decreased to $3.9 million from $17.2 in prior year. The Michigan College of Optometry building received $1.0 million in state support.

- Other revenues also include increases to permanent endowments of the Ferris Foundation. These revenues decreased to $0.5 million from $1.1 million in prior year.

Total Revenues

The following is a graphic illustration of total revenues by source for June 30, 2013:

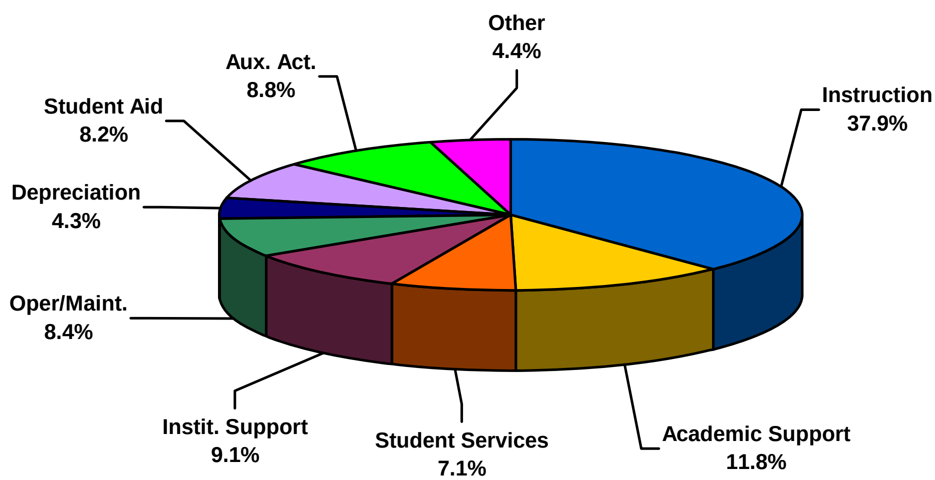


Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the University. These expenses increased by $13.2 million from 2012 levels to $230.8 million. Instruction, student services, and student aid represent $122.8 million, or 53.2 percent, of the total. Operations and maintenance of plant and depreciation total $29.4 million, or 12.7 percent, and auxiliary operations total $20.4 million, or 8.8 percent. Academic support, institutional support, and other small categories comprise the remainder of the operating expenses. Other expenses increased $4.6 million in 2013 from disposal of the Holiday Inn Hotel and Conference Center.

During the 2012 fiscal year, operating expenses increased by $0.6 million from 2011 levels to $217.6 million. Instruction, student services, and student aid represent $119.6 million, or 54.9 percent, of the total. Operations and maintenance of plant and depreciation total $27.4 million, or 12.6 percent, and auxiliary operations total $19.4 million, or 8.9 percent. Academic support, institutional support, and other small categories comprise the remainder of the operating expenses.

The following is a graphic illustration of operating expenses by function for June 30, 2013:



Statement of Cash Flows

Another way to assess the financial health of the University is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess an entity's:

- Ability to generate future net cash flows
- Ability to meet its obligations as they come due
- Needs for external financing

Cash Flows for the Year Ended June 30 (in millions)

	2013	2012	2011
Net Cash (Used in) Provided by			
Operating activities	$ (57.0)	$ (58.1)	$ (57.5)
Noncapital financing activities	75.0	70.0	80.1
Capital and related financing activities	(6.9)	(17.3)	(20.3)
Investing activities	0.2	(0.2)	(5.2)
Increase (Decrease) in Cash	11.3	(5.6)	(2.9)
Cash and Cash Equivalents - Beginning of year	45.7	51.3	54.2
Cash and Cash Equivalents - End of year	**$ 57.0**	**$ 45.7**	**$ 51.3**

Major sources of funds from operations came from student tuition and fees, grants and contracts, along with residential life and other auxiliary activities. These sources were offset by expenditures for operations such as payments to employees and suppliers and loans issued to students. The net total of cash used in operations decreased by $1.1 million from $58.1 million in 2012 to $57.0 million in 2013.

State appropriations, gifts, and grants received during the current year provide noncapital financing sources. The net cash generated in this area increased by $5.0 million from $70.0 million in 2012 to $75.0 million in 2013.

Statement of Cash Flows (continued)

Cash used in capital and related financing activities totaled $6.9 million, used primarily for capital assets acquired during the year, construction projects of $10.1 million, and debt and interest payments of $23.9 million which was offset by proceeds from current year bond offering of $14.3 million, capital appropriations of $8.0 million, proceeds from sale of capital assets of $4.2 million and other proceeds totaling $0.6 million.

Cash provided by investing activities totaled $0.2 million. This is the amount of cash provided by the sale of University investments in excess of cash used for investment purchases.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2013, the University had $254.1 million invested in capital assets, net of accumulated depreciation of $173.7 million.

Details of these assets are shown below (in millions):

	2013	2012	2011
Land, land improvements, and infrastructure	$ 24.8	$ 21.5	$ 21.5
Buildings and improvements	324.6	317.8	307.3
Furniture, fixtures, and equipment	75.8	72.8	77.8
Construction in progress	2.6	16.8	20.2
Total	**$ 427.8**	**$ 428.9**	**$ 426.8**

The Residential Halls Renovation project, Woodbridge Ferris Building, and University Center Telecommunications Building work projects were placed into service from construction in progress to the buildings and improvements category. The Rankin University Center Telecommunications Infrastructure, Campus Infrastructure upgrades, Network, and Technology Infrastructure projects were placed into service in the infrastructure category.

A project to replace and renovate the University's boiler system was placed in construction in progress. The University Center project remains in construction in progress.

Capital Asset and Debt Administration (continued)

Capital Assets (continued)

Due to the nature of the lease of the Federal Building, the transaction is treated as a capital lease for accounting purposes. A long term liability for the capital lease and an offsetting asset for the building are recorded on the financial statements. Construction on the building was completed during the year and is recorded as an asset in the building and building improvements category.

The annual library collection adjustment resulted in an increase of $0.2 million to the furniture, fixtures, and equipment category which was offset by a decrease in accumulated depreciation for the library collection of $0.3 million.

Debt

At year end, the University had $91.9 million in debt outstanding. The table below summarizes this amount by type of debt instrument at June 30:

(in millions)	2013	2012	2011
General Revenue Bonds	**$ 91.9**	**$ 96.7**	**$ 101.1**

In addition to General Revenue Bond debt, the University is a guarantor on $12.3 million of Limited Obligation Recovery Zone Facility Revenue Bonds Series 2010A for the Federal Building. This building is being leased and is included in the long-term liabilities.

Economic Factors That Will Affect the Future

The fiscal year 2014 year represents the second year of increased state funding for Ferris State University. Although modest, the state's 2.3 percent increase for higher education is a positive move after several years when funding levels were generally flat or actually declined. As of the fiscal year 2013, a portion of higher education funds are being apportioned as the result of a performance metric formula.

The positive news for the current year is that these funds are now being allocated to the base budget of Michigan universities. Also, Ferris State University's priorities align well with the state's performance metrics. For the fiscal year 2014 state budget, Ferris received the second-highest increase under the performance-based formula. This alignment of purpose, along with the state's intent to provide future increases to higher education, positions the University well going forward.

Economic Factors That Will Affect the Future (continued)

The increased funding from the state is a positive development in helping Ferris to best plan for its fiscal future. Assuming that state lawmakers maintain the general parameters of the funding formula, the University will have an increased ability to anticipate that portion of its revenues, which accounts for approximately 16.0 percent of its budget. With a heavy dependency on tuition revenue, student enrollment and credit hour production are an important budget consideration. There continues to be a declining number of Michigan high school graduates. This places added importance on student recruitment and retention. In both fall 2011 and 2012, enrollment at Ferris topped 14,500, a record high.

Despite these positive trends, challenges to the University remain. Chief among these is the high proportion of Ferris students that need financial assistance. Although current economic trends point to increased tax revenues for both the federal government and the states, the recent move to tie federal student loans to market rates means that same positive economic news will likely increase Stafford Loan rates. Additionally, budget constraints at the federal level have limited the amount of Pell Grant awards and created uncertainty about the future of the program. At the same time, the state has disinvested in student financial aid, relying almost entirely on federal Temporary Assistance to Needy Families funds for this item.

The Michigan Public School Employees Retirement System continues to be a significant cost to Ferris and the other MPSERS universities. For fiscal year 2014, the Michigan legislature provided some MPSERS relief, but more needs to be done. MPSERS relief is a topic that has gained traction in Lansing and additional help for universities under the MPSERS mandate is a possibility.

In this mixed and unsettled economic outlook, the University has anticipated and planned for identified downside trends. It is well-positioned fiscally, in terms of the degrees it offers students, the variety of locations where classes are offered, and multiple approaches to educational delivery.

Ferris State University
Balance Sheets

	June 30 2013	June 30 2012
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	**$ 56,962,045**	$ 45,703,147
Short-term investments (Note 2)	**39,558,664**	39,479,114
Accounts receivable - Net (Note 3)	**16,284,250**	20,436,155
Inventories	**927,093**	926,726
Prepaid expenses and other assets	**662,179**	605,008
Total current assets	**114,394,231**	107,150,150
Noncurrent Assets		
Endowment investments (Note 2)	**39,897,751**	35,318,644
Other long-term investments (Note 2)	**44,383,856**	39,969,542
Student loans receivable - Net (Note 3)	**18,545,253**	17,540,947
Other noncurrent assets	**916,073**	1,635,130
Capital assets - Net (Note 4)	**254,114,603**	258,684,959
Total noncurrent assets	**357,857,536**	353,149,222
Total assets	**472,251,767**	460,299,372
Deferred Outflows of Resources		
Refunding of debt	**880,527**	867,917
Total deferred outflows of resources	**880,527**	867,917
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	**15,553,158**	14,088,875
Unearned revenue	**8,066,624**	7,360,541
Long-term liabilities - Current portion (Note 5)	**6,286,948**	6,172,868
Total current liabilities	**29,906,730**	27,622,284
Noncurrent liabilities:		
Deposits	**873,700**	855,400
Federal student loan payable	**13,294,102**	13,464,770
Long-term liabilities (Note 5)	**108,197,229**	113,464,014
Total noncurrent liabilities	**122,365,031**	127,784,184
Total liabilities	**152,271,761**	155,406,468
Deferred Inflows of Resources		
Refunding of debt	**-**	90,548
Total deferred inflows of resources	**-**	90,548
Net Position		
Net investment in capital assets - As restated (Note 11)	**152,945,637**	153,117,792
Restricted for (Note 1):		
Nonexpendable:		
Scholarships	**20,422,604**	18,695,212
Expendable:		
Scholarships	**7,580,448**	6,375,989
Research	**82,675**	-
Instructional department uses	**3,486,166**	110,637
Loans	**7,219,370**	5,872,919
Capital projects	**200**	200
Other	**1,183,214**	3,206,308
Unrestricted (Note 1)	**127,940,219**	118,291,216
Total net position	**$ 320,860,533**	$ 305,670,273

See accompanying notes.

Ferris State University
Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30	
	2013	2012
Operating Revenues		
Tuition and fees - Net of scholarship allowances of $29,904,995 for 2013 and $28,306,747 for 2012	**$ 114,449,198**	$ 111,951,547
Federal grants and contracts	**2,677,291**	3,136,525
State and local grants and contracts - Net of refunds	**200,036**	222,228
Nongovernmental grants	**287,175**	159,405
Departmental activities	**10,779,609**	10,173,969
Auxiliary enterprises - Net of scholarship allowances of $6,798,616 for 2013 and $6,652,995 for 2012	**31,093,969**	31,588,160
Other operating revenues	**4,656,744**	1,151,073
Total operating revenues	**164,144,022**	158,382,907
Operating Expenses		
Instruction	**87,471,553**	85,659,628
Research	**546,649**	304,272
Public service	**4,492,398**	2,361,253
Academic support	**27,154,943**	24,120,857
Student services	**16,282,744**	15,002,742
Institutional support	**20,867,113**	23,771,760
Operation and maintenance of plant	**19,507,341**	18,546,757
Depreciation	**9,879,581**	8,950,400
Student aid	**18,950,195**	18,869,304
Auxiliary enterprises	**20,440,476**	19,372,565
Other expenses	**5,249,326**	646,392
Total operating expenses	**230,842,319**	217,605,930
Operating Loss	**(66,698,297)**	(59,223,023)
Nonoperating Revenues (Expenses)		
State appropriations	**44,327,804**	41,324,300
Federal Pell grants	**23,686,544**	23,772,634
Gifts	**6,455,423**	3,228,780
Investment gain	**9,268,507**	2,021,299
Interest on capital asset - Related debt	**(4,777,715)**	(5,142,062)
Net nonoperating revenues (expenses)	**78,960,563**	65,204,951
Income - Before other revenues	**12,262,266**	5,981,928
Other Revenues		
State capital appropriations	**1,280,117**	3,863,974
Additions to permanent endowments	**1,647,877**	459,525
Increase in Net Position - As Restated (Note 11)	**15,190,260**	10,305,427
Net Position		
Beginning of year - As restated (Note 11)	**305,670,273**	295,364,846
End of year	**$ 320,860,533**	**$ 305,670,273**

See accompanying notes.

Ferris State University
Statements of Cash Flows

	Year Ended June 30	
	2013	**2012**
Cash Flows from Operating Activities		
Tuition and fees	**$ 112,864,100**	$ 111,033,327
Grants and contracts	**3,010,510**	2,965,540
Payments to suppliers	**(115,972,397)**	(112,676,501)
Payments to employees	**(103,314,699)**	(102,525,679)
Interest collected on student loans	**644,541**	672,319
Loans issued to students	**(4,214,127)**	(3,436,668)
Collection of loans from students	**2,553,950**	2,839,631
Auxiliary enterprise charges	**31,093,969**	31,588,160
Other receipts	**16,307,187**	11,411,791
Net cash used in operating activities	**(57,026,966)**	(58,128,080)
Cash Flows from Noncapital Financing Activities		
State appropriations	**43,795,730**	42,650,644
Pell grant receipts	**23,686,544**	23,772,634
Gifts and grants for other than capital purposes	**5,859,948**	3,141,480
Private gifts for endowment purposes	**1,647,877**	459,525
Federal direct loan lending receipts	**97,036,091**	101,401,077
Federal direct loan lending disbursements	**(97,024,761)**	(101,378,941)
Net cash provided by noncapital financing activities	**75,001,429**	70,046,419
Cash Flows from Capital and Related Financing Activities		
Capital appropriations	**8,037,727**	2,012,780
Capital grants and gifts received	**595,475**	87,300
Purchase of capital assets and construction	**(10,120,610)**	(9,854,165)
Proceeds from sale of buildings and equipment	**4,159,725**	20,308
Proceeds from capital debt	**13,750,000**	-
Principal paid on capital debt	**(18,875,000)**	(4,455,000)
Proceeds from capital debt premium	**518,375**	-
Interest paid on capital debt	**(4,976,793)**	(5,125,605)
Net cash used in capital and related financing activities	**(6,911,101)**	(17,314,382)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	**5,986,436**	6,326,405
Investment income	**27,904,895**	2,701,809
Purchase of investments	**(33,695,795)**	(9,270,264)
Net cash provided by (used in) investing activities	**195,536**	(242,050)
Net Increase (Decrease) in Cash and Cash Equivalents	**11,258,898**	(5,638,093)
Cash and Cash Equivalents - Beginning of year	**45,703,147**	51,341,240
Cash and Cash Equivalents - End of year	**$ 56,962,045**	$ 45,703,147

See accompanying notes.

Ferris State University
Statements of Cash Flows (continued)

A reconciliation of operating loss to net cash used in operating activities is as follows:

	Year Ended June 30	
	2013	**2012**
Operating loss	**$ (66,698,297)**	$ (59,223,023)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	**9,879,581**	8,950,400
Amortization of bond issuance costs	**200,682**	121,955
Loss on disposal of fixed assets	**651,660**	577,208
Decrease (increase) in assets:		
Accounts receivable	**(2,073,631)**	(1,605,055)
Student loans receivable	**(1,186,304)**	(320,547)
Inventories, prepaid expenses, and other assets	**(57,538)**	(215,225)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	**1,464,283**	(6,624,128)
Deposits and unearned revenue	**724,383**	39,587
Accrued sick leave	**68,215**	170,748
Net cash used in operating activities	**$ (57,026,966)**	$ (58,128,080)

See accompanying notes.

1. Summary of Significant Accounting Policies

Ferris State University (the "University") is an institution of higher education created on September 1, 1884 as Big Rapids Industrial School. In 1885, the school name was changed to Ferris Industrial School, in 1898 to Ferris Institute, in 1950 became a component unit of the State of Michigan (the "State"), in 1963 Ferris State College, and in 1987 to its current structure of Ferris State University. On December 31, 2000, Kendall College of Art and Design (Kendall) located in Grand Rapids officially merged with the University.

The University's board of trustees is appointed by the governor of the state. Accordingly, the University is included in the State's financial statements as a discrete component unit. Transactions with the State relate primarily to appropriations for operations and capital improvements and grants from various state agencies.

Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The University follows the business-type activities reporting requirements of GASB Statements No. 34 and No. 35, which provide a comprehensive one-line look at the University's financial activities.

The financial statements have been prepared incorporating totals from the University and the Ferris Foundation. The Ferris Foundation was evaluated in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, which the University adopted July 1, 2012. The Foundation was established as a separate nonprofit corporation which exists for the sole purpose of soliciting, collecting, and investing donations for the benefit of the University. The Foundation's board of directors' membership includes a member of the University's board, certain officers of the University as set forth in the Foundation bylaws, and other representatives elected by the Foundation's board. The University has a significant fiduciary relationship with the Foundation. In accordance with the provision of GASB Statement No. 61, the Foundation is treated as a blended component unit of the University and the financial statements of the Foundation have been combined with those of the University. The June 30, 2013 audited financial statements for the Ferris Foundation can be found at: www.ferris.edu/foundation.

1. **Summary of Significant Accounting Policies (continued)**

Basis of Presentation (continued)

Condensed financial information for the Ferris Foundation is provided below:

Ferris Foundation
Condensed Statements of Financial Position

Assets	2013	2012
Investments	$ 39,897,751	$ 35,318,644
Other assets	1,606,655	956,493
Total assets	**41,504,406**	**36,275,137**
Liabilities		
Other liabilities	115,996	101,451
Total liabilities	**115,996**	**101,451**
Net Assets		
Unrestricted	10,625,260	9,688,963
Temporarily restricted	10,340,546	7,789,511
Permanently restricted	20,422,604	18,695,212
Total net assets	**$ 41,388,410**	**$ 36,173,686**

Ferris Foundation
Condensed Statements of Activities

Support, revenue, and gains (losses)	2013	2012
Gifts and contributions	$ 1,905,177	$ 674,393
Other support, revenue, and gains (losses)	4,814,990	(878,743)
Total support, revenue, and gains (losses)	**6,720,167**	**(204,350)**
Expenses		
Disbursements to Ferris	1,229,582	1,005,298
Other expenses	355,376	335,261
Total expenses	**1,584,958**	**1,340,559**
Revenue, gains (losses), and other support over (under) expenses	5,135,209	(1,544,909)
Net transfers from Ferris	79,515	38,000
Increase (decrease in net assets)	5,214,724	(1,506,909)
Net assets - beginning of year	36,173,686	37,680,595
Net assets - end of year	**$ 41,388,410**	**$ 36,173,686**

Ferris Foundation
Condensed Statements of Cash Flows

	2013	2012
Net cash used in operating activities	$ (1,117,157)	$ (336,048)
Net cash used in investing activities	(298,920)	(976,040)
Net cash provided by financing activities	1,727,392	489,907
Net increase (decrease) in cash and cash equivalen	311,315	(822,181)
Cash and cash equivalents - beginning of year	727,950	1,550,131
Cash and cash equivalents - end of year	$ 1,039,265	$ 727,950

1. **Summary of Significant Accounting Policies (continued)**

Basis of Presentation (continued)

The University implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in pre-November 30, 1989 FASB and AICPA Pronouncements*. The objectives of this statement is to incorporate in the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure.

The University implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows or Resources, and Net Position* and early implemented 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 government that is applicable to a future reporting period, respectively. The statements also incorporate deferred outflows of resources and deferred inflows of resources into definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. In accordance with these statements, the University has modified the presentation to report net position and has reported deferred outflows and deferred inflows from current and previous refunding of debt.

As the result of implementing GASB Statement No. 63 and 65, the University has restated the beginning net position in the Statements of Revenues, Expenses, and Changes in Net Position, effectively increasing net position as of July 1, 2011 by $9,521. The increase results from previously expensing the deferred charge on refunding, which is now reported as deferred outflow of resources and deferred inflow of resources on the Balance Sheet in addition to expensing certain bond issuance costs which were previously capitalized. The effect of this change, as of June 30, 2012, is an increase of $53,523 in interest on capital debt; an increase of $867,917 in deferred outflow of resources; an increase of $90,548 in deferred inflow of resources; and a decrease of $44,002 in net position.

1. Summary of Significant Accounting Policies (continued)

Restricted Net Position

Restricted net position represent amounts over which third parties have imposed restrictions that cannot be changed by the board, including amounts that the board has agreed to set aside under contractual agreements with third parties. Funds held by the Foundation for endowments or donor-designated purposes were $20,422,604 at June 30, 2013 and $18,695,212 at June 30, 2012. The remaining restricted balance of $19,552,073 at June 30, 2013 and $15,566,053 at June 30, 2012 consists primarily of funds restricted for student loans, scholarships, and other purposes.

Unrestricted Net Position

The University has designated the use of unrestricted net position as follows at June 30:

	2013	2012
Designated for General Fund division use	$ 10,323,829	$ 10,457,205
Designated for encumbrances	708,194	1,168,407
Designated for maintenance and replacement	73,051,864	66,404,686
Designated for debt service reserve	-	268,353
Designated for Foundation endowments	10,625,260	9,688,963
Unrestricted and undesignated	33,231,072	30,303,602
Total unrestricted net position	$ 127,940,219	$ 118,291,216

Accrual Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments with an initial maturity of three months or less.

1. Summary of Significant Accounting Policies (continued)

Investments

Investments, including those of the Foundation, are recorded at fair value, based on quoted market prices or most recent valuation adjusted for capital calls and distributions.

Inventories

Inventories, consisting primarily of supplies, are stated at the lower of cost or market using the first-in, first-out method.

Bond Issuance Costs

The bond issuance costs are amortized over the life of the bonds using the straight-line method. Under GASB 65, bond issuance costs amortized are limited to bond insurance and are included in other noncurrent assets on the Balance Sheets.

Capital Assets

Capital assets are recorded at cost or, if acquired by gift, at the fair market value as of the date of acquisition. Library books are recorded using a historically based estimated value. Depreciation is provided for physical properties on a straight-line basis over the estimated useful lives of the assets.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources consist of gain/loss on the defeasance of the refunding of debt. Deferred outflows of resources related to refunding of debt at June 30, 2013 totaled $880,527 ($867,917 at June 30, 2012) and deferred inflows of resources related to refunding of debt at June 30, 2013 totaled $0 ($90,548 at June 30, 2012). These amounts are amortized over the remaining life of the refunded bond or the life of the new bond, whichever is shorter.

Unearned Tuition and Fee Revenues

Tuition and fee revenues received and related to the period after June 30 have been recorded as unearned revenue.

Operating and Nonoperating Revenues

All revenues from programmatic sources are considered to be operating revenues. Included in nonoperating revenues are state appropriations, Federal Pell grants, investment gain, and gifts. State appropriations are recognized in the period for which they were appropriated by the State of Michigan.

2. Cash and Investments

The operating portfolio is invested in accordance with University policy.

Cash and Short-term Investments

Policies for cash management and investments are set forth by the University's board of trustees, who authorize University administrators to invest in a variety of interest-bearing deposit and investment accounts. The primary objective of cash and short-term investments is to provide for the preservation of capital.

Intermediate and Long-term Investments

Intermediate and long-term investment policies have been established by the University's board of trustees for investments with maturities over one year. The primary objective is to provide more emphasis on maximizing income without undue exposure to risk.

As of June 30, 2013, the University had the following cash and investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Cash and cash equivalents	$ (384,285)	$ (384,285)	$ -	$ -	$ -
Money markets	57,346,330	57,346,330	-	-	-
Mutual bond funds	60,663,407	-	15,850,969	44,812,438	-
Mutual equity funds	30,398,479	-	-	-	30,398,479
Real estate funds	3,005,395	-	-	-	3,005,395
Marketable securities	233,431	-	-	-	233,431
International equity funds	15,775,725	-	-	-	15,775,725
Alternative investments	12,614,768	-	-	-	12,614,768
Cash surrender value of life insurance	1,149,066	1,149,066	-	-	-
Total	$ 180,802,316	$ 58,111,111	$ 15,850,969	$ 44,812,438	$ 62,027,798

As of June 30, 2012, the University had the following cash and investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Cash and cash equivalents	$ (353,447)	$ (353,447)	$ -	$ -	$ -
Money markets	46,056,594	46,056,594	-	-	-
Mutual bond funds	60,227,885	-	15,615,442	43,794,387	818,056
Mutual equity funds	28,332,137	-	-	-	28,332,137
Real estate funds	1,841,275	-	-	-	1,841,275
Marketable securities	143,583	-	-	-	143,583
International equity funds	13,456,375	-	-	-	13,456,375
Alternative investments	9,736,840	-	-	-	9,736,840
Cash surrender value of life insurance	1,029,205	1,029,205	-	-	-
Total	$ 160,470,447	$ 46,732,352	$ 15,615,442	$ 43,794,387	$ 54,328,266

2. Cash and Investments (continued)

Endowment Investments

The University's board of trustees has delegated investment authority to the Foundation's board of directors in the management of endowment investments. The Foundation's board of directors has authorized the investment in a variety of asset classes that will achieve growth of principal over time and allow for adequate returns to support the programs of the University.

Concentration of Credit Risk

The University's and the Foundation's investment strategy, like that of most other institutions, incorporates certain financial instruments that involve, to varying degrees, elements of market risk and credit risk. Market risk is the potential for changes in the value of financial instruments due to market changes. Market risk is directly impacted by the volatility and liquidity of the markets in which the underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The University's and the Foundation's risk of loss in the event of a counterparty default is typically limited to the amounts recognized in the statements of revenues, expenses, and changes in net position.

Investment funds are presented above based on the fund's segmented time distribution maturity as provided by investment advisors, Fund Evaluation Group. Equity funds are considered to be long-term funds and, therefore, are presented as investments with maturities over 10 years. Market risks (including interest rate risk and liquidity risk) and credit risks are managed by board policies as described below.

Interest Rate Risk

In accordance with board policy, University administrators manage interest rate risk by identifying funds that are needed immediately, those funds that may not be needed for over one year, and funds that may not be needed for over five years. These pools of funds are managed so average maturities for each fund do not exceed one year on the short-term pool and five years on the intermediate pool. This practice limits the overall interest rate risk exposure on the entire pool of funds.

Liquidity Risk

In accordance with board policy, portfolio holdings will be sufficiently liquid to ensure that 10 percent of the portfolio can be sold on one day's notice with no material impact on market value.

2. Cash and Investments (continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be available or returned. The University does not have a deposit policy for custodial risk. However, board policy establishes limits on balances held in any one bank or bank account to reduce risk. At June 30, 2013, the carrying amount of the University's deposits was $2,255,599 and $2,296,884 at June 30, 2012. Of that amount, $976,856 and $942,763, respectively, was insured. The remaining $1,278,743 at June 30, 2013 was collateralized ($1,354,121 of the $2,296,884 at June 30, 2012). The FDIC insurance limit is $250,000 per depositor; in addition, the University utilized collateralized banking products.

Credit Risk

The primary investment objective for the short-term investment pool accounts shall be to provide for the preservation of capital, with a secondary emphasis upon the maximization of investment income without undue exposure to risk. Funds needed for expenditures in less than one year shall be considered short-term. The average weighted maturity for each short-term investment manager shall be between one day and one year. The University identifies credit quality features for the short term pool such as utilizing banks with well capitalized bank ratios, commercial paper with the highest rating category, and minimum purchase ratings of AA or better for the short-term portfolio.

The primary investment objectives for the intermediate-term investment pool accounts shall be the preservation of capital and the maximization of income without undue exposure to risk within the parameters specified in this subpart. Funds needed for expenditures within one to five years shall be considered intermediate-term and may be placed through direct investments, the use of mutual funds, money managers, or a combination. Credit quality features identified include a weighted average credit quality of AA for the intermediate pool of funds. In addition, the minimum acceptable credit quality at the time of purchase for individual securities shall be AA for the short-term pool and BBB for the intermediate-term pool.

2. Cash and Investments (continued)

Credit Risk (continued)

At June 30, the University's debt instruments and related ratings consisted of the following:

	2013		2012	
	Market Value	NRSRO Rating	Market Value	NRSRO Rating
PIMCO Low Duration	$ 9,532,627	AA-	$ 9,407,380	AA
Western Asset	12,019,489	AA	11,859,109	AA-
PIMCO Total Return	10,954,304	AA-	10,824,195	AA-
PIMCO Real Return	10,615,852	AA+	11,162,294	AA+
Vanguard Short Term Investment Grade	6,318,343	AA-	6,208,060	AA-
Loomis Sayles Institutional High Yield	951,196	B	818,057	B+
Commonfund Multi-Strategy Bond Fund	10,271,596	AAA	9,948,790	AAA
Total	$ 60,663,407		$ 60,227,885	

The nationally recognized securities rating organization (NRSRO) primarily utilized was Moody's Investors Services.

Foreign Currency Risk

The University and the Foundation hold investments in some international mutual funds and alternative investments. These funds are invested in various countries throughout the world and therefore expose the University and the Foundation to foreign credit risk. Investments in these funds were $24,415,194 for the year ended June 30, 2013 and $21,152,428 for the year ended June 30, 2012.

3. Accounts Receivable and Student Loans Receivable

Accounts receivable consist of the following at June 30:

	2013	2012
Student	$ 9,213,005	$ 6,903,524
Grants and contracts	309,260	325,936
State appropriations	8,045,586	7,513,512
State capital appropriations	42,192	6,799,802
Other	2,290,497	2,423,827
Total accounts receivable	19,900,540	23,966,601
Less allowance for doubtful accounts	3,616,290	3,530,446
Total accounts receivable - Net	$ 16,284,250	$ 20,436,155

Student loans receivable of $18,545,253 for the year ended June 30, 2013 and $17,540,947 for the year ended June 20, 2012, are recorded net of an allowance for doubtful accounts of $3,400,000 for 2013 and 2012.

4. Capital Assets

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land improvements	$ 7,768,112	$ -	$ -	$ -	$ 7,768,112
Infrastructure	7,416,919	2,510,519	-	540,041	10,467,479
Building and building improvements	317,763,848	-	(10,364,652)	17,175,371	324,574,567
Furniture, fixtures, and equipment	72,820,981	3,835,666	(856,126)	-	75,800,521
Subtotal - Depreciable assets	405,769,860	6,346,185	(11,220,778)	17,715,412	418,610,679
Land	6,378,247	218,375	-	-	6,596,622
Construction in progress	16,731,587	3,556,050	-	(17,715,412)	2,572,225
Subtotal - Nondepreciable assets	23,109,834	3,774,425	-	(17,715,412)	9,168,847
Total	428,879,694	10,120,610	(11,220,778)	-	427,779,526
Less accumulated depreciation:					
Land improvements	5,452,310	220,950	-	(175,233)	5,498,027
Infrastructure	5,283,648	323,204	-	-	5,606,852
Building and building improvements	118,117,573	7,055,883	(5,727,608)	175,233	119,621,081
Furniture, fixtures, and equipment	41,341,204	2,279,544	(681,785)	-	42,938,963
Total accumulated depreciation	170,194,735	$ 9,879,581	$(6,409,393)	$ -	173,664,923
Capital assets - Net	$258,684,959				$254,114,603

4. Capital Assets (continued)

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land improvements	$ 7,768,112	$ -	$ -	$ -	$ 7,768,112
Infrastructure	7,416,919	-	-	-	7,416,919
Building and building improvements	307,313,838	-	-	10,450,010	317,763,848
Furniture, fixtures, and equipment	77,759,060	2,863,881	(7,801,960)	-	72,820,981
Subtotal - Depreciable assets	400,257,929	2,863,881	(7,801,960)	10,450,010	405,769,860
Land	6,329,947	48,300	-	-	6,378,247
Construction in progress	20,239,613	6,941,984	-	(10,450,010)	16,731,587
Subtotal - Nondepreciable assets	26,569,560	6,990,284	-	(10,450,010)	23,109,834
Total	426,827,489	9,854,165	(7,801,960)	-	428,879,694
Less accumulated depreciation:					
Land improvements	5,056,128	396,182	-	-	5,452,310
Infrastructure	6,628,955	301,474	-	(1,646,781)	5,283,648
Building and building improvements	109,902,096	6,568,696	-	1,646,781	118,117,573
Furniture, fixtures, and equipment	46,861,600	1,684,048	(7,204,444)	-	41,341,204
Total accumulated depreciation	168,448,779	$ 8,950,400	$(7,204,444)	$ -	170,194,735
Capital assets - Net	$258,378,710				$258,684,959

The following estimated useful lives are used to compute depreciation:

Buildings	50 years
Library books (included in furniture, fixtures, and equipment)	5 years
Land improvements and infrastructure	20 years
Equipment	5 to 15 years

Several of the buildings on campus were financed through the issuance of bonds by the State of Michigan Building Authority (SBA). The SBA bonds are secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement entered into among the SBA, the State of Michigan, and the University. During the lease term, the SBA will hold title to the buildings, the State of Michigan will make all lease payments to the SBA, and the University will be responsible for all operating and maintenance costs. At the expiration of the lease, the SBA will transfer the title of the buildings to the University. The renovations are being recorded as buildings or equipment as appropriate as expenditures are incurred by the SBA, and revenue from the State of Michigan is being recorded for the same amount.

5. Long-term Liabilities

Long-term obligation activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
General Revenue Refunding Bonds, Series 2012	$ -	$ 13,750,000	$ -	$ 13,750,000	$ 965,000
General Revenue Bonds, Series 2009	37,055,000	-	985,000	36,070,000	1,015,000
General Revenue Refunding Bonds, Series 2008	28,210,000	-	1,670,000	26,540,000	1,740,000
General Revenue Refunding Bonds, Series 2005	16,560,000	-	1,060,000	15,500,000	1,085,000
General Revenue Bonds, Series 2002	5,665,000	-	5,665,000	-	-
General Revenue Bonds, Series 2001	9,190,000	-	9,190,000	-	-
Total bonds and notes payable	96,680,000	13,750,000	18,570,000	91,860,000	4,805,000
Other liabilities:					
Accrued sick leave, change	9,079,014	68,215	-	9,147,229	-
Accrued interest payable (bonds)	1,110,376	-	93,633	1,016,743	1,016,743
Accrued interest payable (capital lease)	152,492	-	2,287	150,205	150,205
Capital lease payable	12,615,000	-	305,000	12,310,000	315,000
Total	$ 119,636,882	$ 13,818,215	$ 18,970,920	$ 114,484,177	$ 6,286,948

Long-term obligation activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
General Revenue Bonds, Series 2009	$ 38,005,000	$ -	$ 950,000	$ 37,055,000	$ 985,000
General Revenue Refunding Bonds, Series 2008	29,830,000	-	1,620,000	28,210,000	1,670,000
General Revenue Refunding Bonds, Series 2005	17,585,000	-	1,025,000	16,560,000	1,060,000
General Revenue Bonds, Series 2002	6,265,000	-	600,000	5,665,000	615,000
General Revenue Bonds, Series 2001	9,450,000	-	260,000	9,190,000	275,000
Total bonds and notes payable	101,135,000	-	4,455,000	96,680,000	4,605,000
Other liabilities:					
Accrued sick leave, change	8,908,266	170,748	-	9,079,014	-
Accrued interest payable (bonds)	1,147,442	5,088,539	5,125,605	1,110,376	1,110,376
Accrued interest payable (capital lease)	152,492	-	-	152,492	152,492
Capital lease payable	12,615,000	-	-	12,615,000	305,000
Total	$ 123,958,200	$ 5,259,287	$ 9,580,605	$ 119,636,882	$ 6,172,868

General Revenue Refunding Bonds, Series 2012

The University issued $13,750,000 of General Revenue Refunding Bonds. The outstanding balance carries interest rates of 2.25 percent to 4.00 percent. A rating of "A" was assigned to these bonds by Standards & Poor's. The bonds are payable from general revenues of the University, callable at a premium, and mature in varying amounts through 2032. Proceeds from the issuance were used to refund General Revenue Bonds, Series 2001 of $8,940,000 and General Revenue Bonds, Series 2002 in the amount of $4,810,000. The advance refunding was done in order to reduce debt payments. The refunding decreased the University's total debt service payments of approximately $2,800,000. The refunding results in a net present value savings of $2,217,683 over the life of the bonds; a deferred outflow of resources of approximately $80,000; and a total net present cash flow savings of $3,451,040.

5. Long-term Liabilities (continued)

General Revenue Bonds, Series 2009

The University issued $38,935,000 of General Revenue Bonds. The outstanding balance carries interest rates of 3.0 percent to 5.25 percent. A rating of "AAA" was assigned to these bonds by Standards & Poor's. The bonds are insured, payable from general revenues of the University, callable at a premium, and mature in varying amounts through 2039. Proceeds from this issuance were used for renovation of the Rock Café, a dining unit within the University's auxiliary services area which was converted from a traditional cafeteria style to a marketplace concept and construction of an exterior green and multipurpose space located near the Rock Café. Another major project funded was construction of new east campus suites student housing which was completed and was opened for August 2010 occupancy. Also, proceeds were used for construction of a new building for the Michigan College of Optometry, a project 75.0 percent funded by the State of Michigan, with the remainder financed from private donations and bond proceeds. The remainder of the bond funds were used for miscellaneous building and site improvements.

General Revenue Refunding Bonds, Series 2008

The University issued $32,915,000 of General Revenue and Refunding Bonds. The outstanding balance carries interest rates of 3.25 percent to 5.0 percent. A rating of "AAA" was assigned to these bonds by Standard & Poor's. The bonds are insured, payable from general revenues of the University, callable at a premium, and mature in varying amounts through 2029. Proceeds from this issuance were placed in an irrevocable trust for the purpose of refunding certain maturities of the General Revenue and Refunding Bonds, Series 1998 in the amount of $32,825,000 which represents the callable portion of the bonds. The remaining $1,650,000 portion of the 1998 bonds was not refunded and was paid in October 2009.

General Revenue Refunding Bonds, Series 2005

The University issued $21,230,000 of General Revenue and Refunding Bonds. The outstanding balance carries interest rates of 3.5 percent to 5.0 percent. A rating of "AAA" was assigned to these bonds by Standard & Poor's. The bonds are insured, payable from general revenues of the University, callable at a premium, and mature in varying amounts through 2029. Proceeds from this issuance in the amount of $19,760,000 were placed in an irrevocable trust for the purpose of refunding certain maturities of the General Revenue and Refunding Bonds, Series 1995 and a portion of the General Revenue Bonds, Series 1998. The remaining proceeds of $1,470,000 were used for renovations of the Instructional Resource Center building and repurposing the facility to focus on programs associated with its adjacent College of Business.

5. Long-term Liabilities (continued)

General Revenue Bonds, Series 2002

The University issued $10,340,000 of General Revenue Bonds. Proceeds from this issuance were used to refund the outstanding balance of the General Revenue Bonds, Series 1988 and related accrued interest, $1,000,000 in funds for the energy retrofitting and modifications for the College of Business, Pharmacy, and Allied Health buildings, $900,000 for the ice arena mechanical system, $100,000 for the State Street modifications, and costs incidental to the issuance of the bonds. During 2013, the University paid off these bonds from part of the proceeds of the General Revenue Refunding Bonds, Series 2012.

General Revenue Bonds, Series 2001

The University issued $11,000,000 of General Revenue Bonds. Proceeds from this issuance were used for the construction and equipping of a new grounds storage building for $1,000,000, $6,500,000 for various building and site acquisitions, improvements, renovations, remodeling projects at the Big Rapids and Grand Rapids campuses, additions and remodeling of the Heating, Ventilation, Air Conditioning and Refrigeration Technology Center (HVACR) of $3,500,000, and costs incidental to the issuance of the bonds. The HVACR project had a total estimated cost of $18,000,000 with sources of $1,000,000 from gifts, $13,500,000 from the State Building Authority, and the remainder from these bond proceeds. During 2013, the University paid off these bonds from part of the proceeds of the General Revenue Refunding Bonds, Series 2012.

Federal Building Capital Lease, Series 2010A

In September 2010, a sublease was made between Federal Building Partners LLC and the University to lease the Federal Building in downtown Grand Rapids. The agreement involved issuance of bonds by the Economic Development Corporation of the City of Grand Rapids for the renovation of the building to be done by Federal Building Partners. A bond rating of “A” was assigned to these bonds by Standard & Poor’s with maturity dates varying in amounts through 2036. The University is a guarantor for the Series 2010A bond issuance for $12,615,000. Ownership of the building could eventually pass from the City of Grand Rapids to the University after construction is complete and the tax credit recapture expiration date passes. The capital lease is listed as a long term obligation and the related asset included in Buildings and Building Improvements at June 30, 2013 and 2012.

5. Long-term Liabilities (continued)

Principal and Interest Maturities and Interest Expense

Total principal and interest maturities on all bond and capital lease obligations as of June 30, 2013 are as follows:

Year	Bond Principal	Bond Interest	Capital Lease Minimum Payments
2014	$ 4,805,000	$ 3,967,475	$ 911,094
2015	5,010,000	3,769,800	913,119
2016	5,225,000	3,559,488	913,169
2017	5,450,000	3,329,488	914,469
2018	5,700,000	3,086,175	915,169
2019-2023	26,730,000	11,658,573	4,569,225
2024-2028	19,735,000	6,774,674	4,563,231
2029-2033	9,420,000	3,555,934	4,565,191
2034-2038	7,935,000	1,569,778	2,738,536
2039-2040	1,850,000	48,562	-
Total	$ 91,860,000	$ 41,319,947	$ 21,003,203
	Less: amount representing interest		8,693,203
	Present value of minimum lease payments		$ 12,310,000

Bond interest expense was approximately $4,778,000 for the year ended June 30, 2013 and $5,142,000 for the year ended June 30, 2012. This includes construction period interest which is capitalized as part of the cost of the assets constructed of $101,661 for the year ended June 30, 2013 and $762,461 for the year ended June 30, 2012.

Accrued Sick Leave

The University provides termination benefits upon retirement resulting from unused sick days which are defined by each respective labor contract and administrative policy. The liability, which is calculated based on eligible service requirements and earned sick leave hours, is recorded using the vesting method and based on those employees currently eligible. Effective July 1, 2001, all nonunion employees hired on or after July 1, 2001 are no longer eligible for the sick leave payout upon retirement.

6. Retirement Plans

The University provides noncontributory retirement plans for all qualified employees. In December 1995, the State enacted H.B. 4047, which precludes University employees hired after March 28, 1996 from participating in the Michigan Public School Employees' Retirement System (MPSERS). Employees currently covered under the MPSERS plan will continue to remain in that plan. The University will contribute to MPSERS the amount of their eligible wages mandated by state statute.

MPSERS is a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers approximately 25 percent of the University's employees. The system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The system also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment healthcare plans. That report is available on the web at http://www.michigan.gov/orsschools, or by writing to the Office of Retirement System at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Under this plan, the University is required to contribute the full actuarial funding contribution amount to fund pension benefits. The pension benefit rate, which is the rate for the covered payroll of the employees participating in MPSERS, is adjusted annually beginning October 1 and ending September 30 of each year. In addition, in order to fund the unfunded liability that existed at March 28, 1996, the University is required under state statute to contribute a percentage of the covered payroll of members and non-members to the plan. The non-member rate is also adjusted annually beginning October 1. Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage. The University funds retiree healthcare benefit amounts on a cash disbursement basis.

6. Retirement Plans (continued)

The following is a table summarizing the pension benefit rate and retirement contributions, the non-member rate and non-member contributions to the unfunded liability, and the postemployment healthcare contributions for the years ended June 30, 2013, 2012, and 2011:

	Member Contributions			Nonmember Contributions		
Year	Pension Benefit Rate	Unfunded Liability Rate	Retirement Contributions	Nonmember Rate	Nonmember Contributions	Retiree Health Contributions
2013	3.21%	13.41%	$ 2,545,000	13.41%	$ 2,166,000	$ 3,725,000
2012	3.21%	13.41%	2,626,000	13.41%	1,877,000	3,989,000
2011	4.11%	9.73%	2,204,000	9.73%	1,179,000	4,122,000

Prior to March 28, 1996, faculty and non-bargaining unit job groups were eligible to participate in the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF) plan. TIAA-CREF is a defined contribution plan whereby the University generally contributes 12 percent of employees' pay for administration and faculty; and 10 percent for all other eligible employee groups to the plan with no liability beyond that contribution. All eligible employees hired after March 28, 1996 have the option to participate in either TIAA-CREF or a second defined contribution plan with Fidelity Investments Tax Exempt Service Company (Fidelity Investments). The Fidelity Investments plan calls for the same contribution rates. Kendall staff also participate in a defined contribution plan through TIAA-CREF with contribution rates ranging from 5 percent to 15 percent of base salary. Plan participants maintain individual annuity contracts with TIAA-CREF or Fidelity Investments, which are fully vested.

For the year ended June 30, 2013, the University contributed approximately $7,072,000 to the TIAA-CREF plan ($6,988,000 at year ended June 30, 2012), and approximately $1,872,000 to the Fidelity Investments plan ($1,713,000 at year ended June 30, 2012).

7. Insurance

Risk-sharing Facility

The University participates in the Michigan Universities Self-insurance Corporation (MUSIC). This organization provides insurance coverage for losses commonly covered in the areas of general liability, errors and omissions, all risk property insurance, automobile liability, and automobile physical damage. In fiscal year 2013, there were 11 universities that participated in MUSIC. Each participating university is responsible for a first tier of losses up to a level that has been actuarially determined. MUSIC is financially responsible for a second tier of losses. For comprehensive general liability, errors and omissions, and all risk property insurance, MUSIC has purchased excess insurance coverage with commercial insurance carriers to cover a third tier of losses. However, in the event the insurance reserves established by MUSIC are insufficient to meet its second tier obligations, each of the participating universities share this obligation by agreements with MUSIC.

7. Insurance (continued)

Risk-sharing Facility (continued)

All of the participating universities are subject to additional assessments if the obligations and expenses (claims) of MUSIC exceed the combined periodic payments and accumulated operational reserves for any given year, after exhaustion of available net equity of MUSIC. The University has not been subjected to additional assessments since the formation of MUSIC in 1987. Historically, the obligations and expenses (claims) have been less than the combined periodic payments and accumulated operational reserves for any given year.

Self-insurance

The University is self-insured for workers' compensation, unemployment compensation, and substantially all non-bargaining units and AFSCME union employees' health benefits. Liabilities for estimates of losses retained by the University under self-insurance programs have been established.

8. Leases

The University leases 30 percent of the Applied Technology Center located on the campus of Grand Rapids Community College in Grand Rapids, Michigan. The lease was signed in fiscal year 1990 for a 20-year term beginning upon completion of the center. The center was completed in fiscal year 1992, marking the start of the 20-year lease. The lease was extended in fiscal year 2010 for an additional five years expiring in July 2016 with option of additional five year renewals. Annual payments for the lease total approximately $587,000.

The University leased building and parking spaces in Grand Rapids from the Grand Rapids Medical Education and Research Center for Health Professions. The original lease was for a period of eight years and eight months expiring on February 28, 2011. This lease was amended to terminate on December 21, 2011. Annual lease payments of approximately $185,000 increased by 3.0 percent for the building and the parking spaces; operating expenses increased at various times during the lease term.

Also, the University leases certain equipment under various agreements, which generally require an annual rental payment and operating expenses, expiring in 2018.

8. Leases (continued)

Future minimum payments at June 30, 2013 under noncancelable operating leases with initial or remaining terms of one year or more are as follows:

Year		Amount
2014	$	787,365
2015		752,541
2016		673,471
2017		54,745
2018		10,524
Total	$	2,278,646

Rental expense for the year ended June 30, 2013 was approximately $1,399,000 and $1,432,000 for the year ended June 30, 2012.

9. Commitments and Contingencies

In the normal course of its activities, the University is a party to various legal actions. The University is of the opinion that the outcome of asserted and unasserted claims outstanding will not have a material effect on the financial statements.

The University has several active construction projects as of June 30, 2013 resulting in the following commitments to vendors:

		Spent to Date		Construction Commitments at Year End
Boiler System Replacement	$	292,802	$	1,715,434
University Center		2,279,423		934,162
Total	$	2,572,225	$	2,649,596

The demolition of the Masselink Hall, Carlisle Hall, and most of the existing Rankin Center building was completed in July and August of 2013. Large construction commitments in addition to those listed in the table above were made in July and August for the University Center project. The total budget for the project is $33.9 million of which $20.5 million was reserved by the University over the last several years. Most of the remaining funding for the project of $13.0 million was approved for bond funding by the University’s board of trustees in May 2013. The University is currently preparing for the bond sale.

10. New Accounting Pronouncements

Statement No. 68, *Accounting and Financial Reporting for Pensions*

This statement will require governments with defined benefit pension plans to record a net pension liability on their balance sheets. That liability equals the difference between the total pension liability and the value of assets set aside in a pension plan to pay benefits. The Statement calls for immediate recognition of more pension expense than is currently required. This includes immediate recognition of annual service cost and interest on the pension liability, plus the effect of changes in benefit terms on the net pension liability. Statement No. 68, which primarily relates to reporting by governments that provide pensions to their employees, is effective for fiscal years beginning after June 15, 2014. The University is currently evaluating the impact this standard will have on the financial statements when adopted; however, the University believes that the impact will be material.

11. Restatement

The University adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. As a result, the effect on fiscal year 2012 is as follows:

	2012 Previously Presented	Restatement	2012 Restated
Bond issuance costs	$ 2,456,501	$ (821,371)	$ 1,635,130
Deferred outflows of resources	-	867,917	867,917
Deferred inflows of resources	-	90,548	90,548
Interest on capital assets - Related debt	5,088,539	53,523	5,142,062
Net position, net investment in capital assets	153,161,794	(44,002)	153,117,792

*The restatement amount for the net position, net investment in capital assets amount includes the income affect of the additional interest on capital assets - related debt. The amount shown above includes the beginning of year restatement of $9,521 less the additional interest on capital assets - related debt of $53,523.

12. Subsequent Event

In August 2013, the University's Board of Trustees approved a merger between the Urban Institute of Contemporary Art, located in Grand Rapids and Kendall College of Art and Design. The merger results in an increase of $5.4 million in the University's net position.

Other Supplementary Information

AHP
CPAs & ADVISORS

ANDREWS HOOPER PAVLIK PLC
3333 DEPOSIT DRIVE NE | SUITE 310 | GRAND RAPIDS, MI 49546
p: 616.942.6440 | f: 616.942.6095 | www.ahpplc.com

Report of Independent Auditors
on Other Supplementary Information

Board of Trustees
Ferris State University
Big Rapids, Michigan

We have audited the basic financial statements of Ferris State University as of and for the years ended June 30, 2013 and 2012, and our report thereon dated August 27, 2013, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining balance sheet and combining statement of revenues, expenses, and changes in net position are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Andrews Hooper Pavlik PLC

Grand Rapids, Michigan
August 27, 2013

Ferris State University
Combining Balance Sheet
June 30, 2013

	Combined Total	General Fund	Designated Fund	Auxiliary Fund
Assets				
Current Assets				
Cash and cash equivalents	$ 56,962,045	$ 13,101,952	$ 10,718,018	$ 1,740,959
Short-term investments	39,558,664	12,448,216	18,627,893	2,104,760
Accounts receivable - Net	16,284,250	13,272,021	1,416,192	330,645
Inventories	927,093	65,658	174,928	686,507
Prepaid expenses and other assets	662,179	547,841	114,338	-
Total current assets	114,394,231	39,435,688	31,051,369	4,862,871
Noncurrent Assets				
Endowment investments	39,897,751	-	-	-
Other long-term investments	44,383,856	1,149,066	-	-
Student loans receivable - Net	18,545,253	-	-	-
Other noncurrent assets	916,073	-	-	-
Capital assets - Net	254,114,603	-	-	-
Total noncurrent assets	357,857,536	1,149,066	-	-
Total assets	**472,251,767**	**40,584,754**	**31,051,369**	**4,862,871**
Deferred Outflows of Resources				
Refunding of debt	880,527	-	-	-
Total deferred outflows of resources	**880,527**	-	-	-
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	15,553,158	11,739,269	401,140	1,355,979
Unearned revenue	8,066,624	7,197,036	633,167	236,421
Long-term liabilities - Current portion	6,286,948	-	-	-
Total current liabilities	**29,906,730**	**18,936,305**	**1,034,307**	**1,592,400**
Noncurrent liabilities:				
Deposits	873,700	-	-	873,700
Federal student loan payable	13,294,102	-	-	-
Long-term liabilities	108,197,229	8,773,954	22,426	350,849
Total noncurrent liabilities	122,365,031	8,773,954	22,426	1,224,549
Total liabilities	152,271,761	27,710,259	1,056,733	2,816,949
Net Position				
Net investment in capital assets	152,945,637	-	-	-
Restricted for:				
Nonexpendable:				
Scholarships	20,422,604	-	-	-
Expendable:				
Scholarships	7,580,448	-	-	-
Research	82,675	-	-	-
Instructional department uses	3,486,166	-	-	-
Loans	7,219,370	-	-	-
Capital projects	200	-	-	-
Other	1,183,214	-	-	-
Unrestricted	127,940,219	12,874,495	29,994,636	2,045,922
Total net position	**$ 320,860,533**	**$ 12,874,495**	**$ 29,994,636**	**$ 2,045,922**

Expendable Restricted Fund	Student Loan Fund	Plant Fund	Agency Fund	Ferris Foundation
$ 818,621	$ 555,177	$ 28,934,550	$ 53,503	$ 1,039,265
1,519,201	1,009,106	3,849,488	-	-
309,260	-	142,192	246,550	567,390
-	-	-	-	-
-	-	-	-	-
2,647,082	1,564,283	32,926,230	300,053	1,606,655
-	-	-	-	39,897,751
-	-	43,234,790	-	-
-	18,545,253	-	-	-
-	-	916,073	-	-
-	-	254,114,603	-	-
-	18,545,253	298,265,466	-	39,897,751
2,647,082	**20,109,536**	**331,191,696**	**300,053**	**41,504,406**
-	-	880,527	-	-
-	**-**	**880,527**	**-**	**-**
20,060	-	1,620,661	300,053	115,996
-	-	-	-	-
-	-	6,286,948	-	-
20,060	**-**	**7,907,609**	**300,053**	**115,996**
-	-	-	-	-
-	13,294,102	-	-	-
-	-	99,050,000	-	-
-	13,294,102	99,050,000	-	-
20,060	13,294,102	106,957,609	300,053	115,996
-	-	152,945,637	-	-
-	-	-	-	20,422,604
2,074,269	-	-	-	5,506,179
82,675	-	-	-	-
3,680	-	-	-	3,482,486
-	6,584,505	-	-	634,865
-	-	-	-	200
466,398	-	-	-	716,816
-	230,929	72,168,977	-	10,625,260
$ 2,627,022	**$ 6,815,434**	**$ 225,114,614**	**$ -**	**$ 41,388,410**

Ferris State University

Combining Statement of Revenues, Expenses, and Changes in Net Position

June 30, 2013

	Combined Total	Eliminations	General Fund	Designated Fund
Operating Revenues				
Tuition and fees - Net	$ 114,449,198	$ (29,904,995)	$ 144,354,193	$ -
Federal grants and contracts	2,677,291	-	-	-
State grants and contracts - Net	200,036	-	-	-
Nongovernmental grants	287,175	-	5,200	128,224
Departmental activities	10,779,609	(2,390,590)	4,402,066	8,718,270
Auxiliary enterprises - Net	31,093,969	(11,760,172)	-	-
Other operating revenues	4,656,744	(631,809)	273,256	358,553
Current funds expenditures for equipment and capital improvements	-	(1,992,289)	-	-
Total operating revenues	164,144,022	(46,679,855)	149,034,715	9,205,047
Operating Expenses				
Instruction	87,471,553	(344,242)	85,431,187	2,370,283
Research	546,649	(42,735)	338,431	2,484
Public service	4,492,398	(96,944)	185,708	3,455,301
Academic support	27,154,943	(465,073)	26,600,548	998,852
Student services	16,282,744	(188,373)	14,780,609	1,531,443
Institutional support	20,867,113	(4,305,804)	20,425,670	2,820,450
Operations and maintenance of plant	19,507,341	(157,988)	13,447,823	714
Depreciation	9,879,581	-	-	-
Student aid	18,950,195	(29,904,995)	18,453,166	87,697
Auxiliary enterprises	20,440,476	(12,403,283)	-	77
Other expenses	5,249,326	-	-	-
Total operating expenses	230,842,319	(47,909,437)	179,663,142	11,267,301
Operating (Loss) Income	(66,698,297)	1,229,582	(30,628,427)	(2,062,254)
Nonoperating Revenues (Expenses)				
State appropriations	44,327,804	-	44,327,804	-
Federal Pell grants	23,686,544	-	-	-
Gifts	6,455,423	(1,229,582)	23,402	4,195,815
Investment gain	9,268,507	-	1,409,803	1,787,028
Interest on capital asset - Related debt	(4,777,715)	-	-	-
Net nonoperating revenues (expenses)	78,960,563	(1,229,582)	45,761,009	5,982,843
Income (Loss) - Before other revenues	12,262,266	-	15,132,582	3,920,589
Other Revenues				
State capital appropriations	1,280,117	-	-	-
Additions to permanent endowments	1,647,877	-	-	-
Increase (Decrease) in Net Position - Before transfers	15,190,260	-	15,132,582	3,920,589
Transfers In (Out)	-	-	(15,516,367)	1,075,958
Net Increase (Decrease) in Net Position	15,190,260	-	(383,785)	4,996,547
Net Position - Beginning of year - As restated	305,670,273	-	13,258,280	24,998,089
Net Position - End of year	**$ 320,860,533**	**$ -**	**$ 12,874,495**	**$ 29,994,636**

Auxiliary Fund	Expendable Restricted Fund	Student Loan Fund	Plant Fund	Ferris Foundation
$ -	$ -	$ -	$ -	$ -
15,066	2,662,225	-	-	-
-	200,036	-	-	-
-	153,751	-	-	-
-	49,863	-	-	-
42,854,141	-	-	-	-
-	-	644,541	4,012,203	-
-	-	-	1,992,289	-
42,869,207	3,065,875	644,541	6,004,492	-
-	14,325	-	-	-
-	248,469	-	-	-
-	948,333	-	-	-
-	20,616	-	-	-
-	159,065	-	-	-
-	341,839	-	-	1,584,958
-	89	-	6,216,703	-
-	-	-	9,879,581	-
1,951,670	28,362,657	-	-	-
32,843,682	-	-	-	-
-	-	512,282	4,737,044	-
34,795,352	30,095,393	512,282	20,833,328	1,584,958
8,073,855	(27,029,518)	132,259	(14,828,836)	(1,584,958)
-	-	-	-	-
-	23,686,544	-	-	-
10,395	3,152,446	20,647	25,000	257,300
128,279	25,457	28,898	1,074,052	4,814,990
-	-	-	(4,777,715)	-
138,674	26,864,447	49,545	(3,678,663)	5,072,290
8,212,529	(165,071)	181,804	(18,507,499)	3,487,332
-	-	-	1,280,117	-
-	-	-	-	1,647,877
8,212,529	(165,071)	181,804	(17,227,382)	5,135,209
(7,597,527)	412,893	10,817	21,534,711	79,515
615,002	247,822	192,621	4,307,329	5,214,724
1,430,920	2,379,200	6,622,813	220,807,285	36,173,686
$ 2,045,922	**$ 2,627,022**	**$ 6,815,434**	**$ 225,114,614**	**$ 41,388,410**