

NOTICE OF MEETING
Board of Governors, Truman State University
Friday, October 13, 2017

The Board of Governors for Truman State University will meet on Friday, October 13, 2017, beginning at 1:00 p.m. The meeting will be held in the Conference Room (3000) of the Student Union Building located on the University campus in Kirksville, Missouri. The public is invited to attend.

The tentative agenda for the meeting is attached to this notice. Items L, M, N and O on the attached agenda are eligible for consideration in closed session under the provisions of Section 610.010 thru 610.030 of the Revised Statutes of Missouri, commonly known as the Open Meetings Law. During the open session of the meeting, the Board of Governors will select the items of business to be conducted in closed session and will state its reasons for considering such items in closed session.

Persons with disabilities who may need assistance for the meeting should contact the President's Office at Truman State University (200 McClain Hall or by telephone 660-785-4100).

Dated this 6th day of October, 2017.

A handwritten signature in black ink, reading "Susan L. Thomas". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Susan L. Thomas, Ph.D.
President of the University

TENTATIVE AGENDA
Board of Governors, Truman State University
Friday, October 13, 2017

Monday, October 9, 2017

- 8:30 a.m. Board of Governors Budget and Capital Projects Committee Conference Call Meeting
McClain Hall 201A
(Governors Plassmeyer, Bonner, O'Donnell and LaBeth)
- 10:00 a.m. Board of Governors Finance and Auditing Committee Conference Call Meeting
President's Office, McClain Hall 200
(Governors Burkemper, Crandall, Zito and LaBeth)

Tuesday, October 10, 2017

- 12:30 p.m. Board of Governors Academic and Student Affairs Committee Conference Call Meeting
President's Office, McClain Hall 200
(Governors Dameron, Cozette, Templeton and LaBeth)

Friday, October 13, 2017

- 7:30 a.m. Joint Board Breakfast for Foundation Board of Directors, Alumni Board and Volunteers
The Hub, Student Union Building
(Governors Burkemper, Cozette and LaBeth)
- 8:15 a.m. Foundation Board of Directors Meeting
Conference Room, Student Union Building
(Governors Burkemper, Cozette and LaBeth)
- 12:00 noon Joint Boards Luncheon for Board of Governors, Foundation Board of Directors, Alumni Board and Volunteers
Activities Room, Student Union Building
- 1:00 p.m. Open Session of Board of Governors Meeting
Conference Room, Student Union Building
- ITEM A Call to Order and Chair Report
 - ITEM B Minutes for Open Session of Meeting on August 5, 2017
 - ITEM C President's Report
 - ITEM D Advancement/Foundation Board Report
 - ITEM E Annual Enrollment Management Report
 - ITEM F Finance and Auditing Committee Report
 - ITEM F.1 Audit Report
 - ITEM F.2 Financial Report
 - ITEM G Academic and Student Affairs Committee Report
 - ITEM H Budget and Capital Projects Committee Report
 - ITEM H.1 Construction Projects Report
 - ITEM H.2 Contracts for Construction Projects and Equipment Purchases Report
 - ITEM H.3 Architectural/Engineering Services—Pickler Memorial Library
Sprinkler/Alarm System Replacement Project
 - ITEM H.4 Equipment Purchase—35 Passenger Mini Bus
 - ITEM I Agenda Items for Future Meetings
 - ITEM J Dates for Future Meetings

ITEM K Agenda Items for Closed Session
 Closed Session of Board of Governors Meeting
 ITEM L Minutes for Closed Session of Meeting on August 5, 2017
 ITEM M Personnel Actions Report
 ITEM N General Counsel Report
 ITEM O Real Estate
 ITEM O.1 Motion to Adjourn

5:00 p.m. Pre-Banquet Reception
 The Hub, Student Union Building

6:00 p.m. Bulldog Forever Alumni Celebration Banquet featuring Golden Alumni Diploma
 Ceremony, Hall of Fame Inductees and Homecoming Honorees
 Georgian Room, Student Union Building

Saturday, October 14, 2017

8:00 a.m. 5K Run/Walk (registration at 7:00 a.m.)
 Barnett Hall

8:00 a.m. Boards and Special Guests Complimentary Breakfast
 President's Office, McClain Hall 200

8:45 a.m. Board of Governors and Honorees transported to Homecoming Parade from President's
 Office, McClain Hall 200

9:00 a.m. Homecoming Parade

10:30 a.m. Baldwin Hall Ribbon Cutting Ceremony
 East side of Baldwin Hall

11:00 a.m. Pre-Game Bulldog Homecoming Tailgate/Reunion Luncheons
 Parking Lots at SW Corner of Franklin and Patterson

11:30 a.m. Golden Alumni Class Reunion/Class of 1967 and Prior Classes
 Georgian Room, Student Union Building

1:15 p.m. Pep Rally/Crowning of Royalty
 Parking Lots at SW Corner of Franklin and Patterson

1:30 p.m. Pre-Game Activities/Stokes Stadium Ribbon Cutting Ceremony
 Stokes Stadium

2:00 p.m. Bulldog Football vs. Grand Valley
 Stokes Stadium

5:00 p.m. 150th Celebration Concert and Post-Game Tailgate
 Parking Lots at SW Corner of Franklin and Patterson

ITEM A

Call to Order and Chair Report

Governor Mike LaBeth, Chair of the Board, will call the meeting to order, recognize Board members participating by phone or absent, and provide a Chair Report as needed.

RECOMMENDED ACTION

This is a discussion item only.

ITEM B
Minutes for Open Session of Meeting on August 5, 2017

RECOMMENDED ACTION

BE IT RESOLVED that the minutes for the open session of the meeting on August 5, 2017, be approved.

Moved by _____
Seconded by _____
Vote: Aye _____
Nay _____

ATTACHMENTS

Minutes for Open Session of Meeting on August 5, 2017

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OPEN SESSION
OF MEETING ON
AUGUST 5, 2017

The Board of Governors for Truman State University met on Saturday, August 5, 2017, on the University campus in Kirksville, Missouri. The meeting was held in the Conference Room of the Student Union Building. The open session of the meeting was called to order shortly after 1:00 p.m. by the Vice Chair of the Board of Governors, Cheryl J. Cozette.

Participating in the meeting were four of the seven voting members: Cheryl J. Cozette, Jennifer Kopp Dameron, Jim O'Donnell and Susan Plassmeyer. Sarah Burkemper, Laura A. Crandall and Mike LaBeth were unable to participate due to previous commitments. Their absences were recorded as excused.

Also participating in the meeting were two of the three non-voting members: David Lee Bonner, one of two out-of-state members, and Carter Brooks Templeton, student representative. David Lee Bonner participated by conference call. Michael A. Zito, the other out-of-state member, was unable to participate due to a previous commitment. His absence was recorded as excused.

Call to Order and Chair Report

Cheryl J. Cozette, Vice Chair of the Board, called the meeting to order and welcomed all in attendance.

Minutes for Open Session of Meeting on June 10, 2017

Jennifer Kopp Dameron moved the adoption of the following resolution:

BE IT RESOLVED that the minutes for the open session of the meeting on June 10, 2017, be approved.

The motion was seconded by Susan Plassmeyer and carried by a unanimous vote of 4 to 0. Cheryl J. Cozette declared the motion to be duly adopted.

President's Report

Dr. Susan L. Thomas, University President, officially welcomed the Board to campus, provided a report on several items of current interest, and shared a selected engagements report detailing her activities since her last report to the Board. She noted the arrival of Governor Laura Crandall's new baby daughter Caroline and shared that former Governor Matthew W. Potter and his wife Jessica are expecting the arrival of their baby in the near future. Within her selected engagements report, President Thomas highlighted the St. Louis Regional Campaign Celebration Reception and Dinner, thanking several Board members for their attendance. She provided a projected enrollment report for the Fall 2017 semester, and she reported on the two recent consultant visits in the areas of institutional aid and human resources. Dr. Thomas extended an invitation to several upcoming events related to the beginning of the 2017 Fall Semester: Fall Opening Assembly, Ready-or-Not Faculty and Staff Appreciation Luncheon, and Truman's sesquicentennial Community Thank-You BBQ held in conjunction with A.T. Still University and the City of Kirksville as they celebrate their 125th and 175th anniversaries, respectively. President Thomas ended her report by sharing the agenda for the upcoming Strategic Planning and Assessment Workshop (SPAW) to be held on August 17-18.

Annual Athletics Report

Mike Bazemore, Associate Director of Athletics for Compliance and Operations, and Liz Jorn, Instructor in Health and Exercise Sciences and Faculty Athletics Representative, provided the annual report on athletics.

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Annual Staff Council Report

Jeremy Hopkins, Vice Chair of Staff Council and Coordinator of Testing, provided the annual report from Staff Council.

Financial Report

David Rector, Vice President for Administration, Finance and Planning, and Judy Mullins, Comptroller, provided a review as of June 30, 2017, of education and general revenues and expenditures and auxiliary systems revenues and expenditures and a review as of June 30, 2017, of the Truman State University Foundation revenues and expenditures.

Academic and Student Affairs Committee Report

Jennifer Kopp Dameron, Chair of the Academic and Student Affairs Committee, provided a report on the committee meeting held earlier in the day.

Budget and Capital Projects Committee Report

Susan Plassmeyer, Chair of the Budget and Capital Projects Committee, provided a report on the committee meeting held earlier that day.

Construction Projects Report

Susan Plassmeyer provided an update on construction projects which have been approved by the Board at previous meetings.

Contracts for Construction Projects and Equipment Purchases Report

Susan Plassmeyer provided a report on construction projects and equipment purchases totaling \$25,000 to \$100,000 that had been approved since the last meeting of the Board.

<u>Project Name</u>	<u>Cost</u>
2017 Summer Concrete Sidewalk and Paving Project	\$38,402.00
Blanton-Nason-Brewer Basement Sewer Pipe Replacement Project	\$62,259.78

Construction Project – Missouri Hall Dining/Kitchen Project

Susan Plassmeyer moved the adoption of the following resolution:

BE IT RESOLVED that the President of the University, or her designee, be authorized to enter into a contract with Sodexo Operations, LLC for renovation of the Missouri Hall Dining/Kitchen Project at a cost not to exceed \$4.4 million; and

BE IT FURTHER RESOLVED that a copy of the description of the project, as reviewed at the meeting, be attached to the minutes as an exhibit.

The motion was seconded by Jennifer Kopp Dameron and carried by a unanimous vote of 4 to 0. Cheryl J. Cozette declared the motion to be duly adopted, and the Secretary designated a copy of the document as Exhibit A.

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Local Capital Budgets for Fiscal Year 2018

Susan Plassmeyer moved the adoption of the following resolution:

BE IT RESOLVED that the “Local State Funds Capital Budget – FY 2018” of \$562,000 and the proposed “Auxiliary Funds Capital Budget – FY 2018” of \$5,887,500 be approved and that copies of the budgets be attached to the minutes as exhibits.

The motion was seconded by Jim O’Donnell and carried by a unanimous vote of 4 to 0. Cheryl J. Cozette declared the motion to be duly adopted, and the Secretary designated a copy of the document as Exhibit B.

State Appropriation Request for Fiscal Year 2019

Susan Plassmeyer moved the adoption of the following resolution:

BE IT RESOLVED that the State Appropriation Request for Fiscal Year 2019 totaling \$45,526,152 be approved and ratified; and

BE IT FURTHER RESOLVED that a copy of the State Appropriation Request for Fiscal Year 2019, be attached to the minutes as an exhibit and that the President of the University be authorized to modify this request based upon input from the staff of the Coordinating Board for Higher Education, Office of Administration, and the Legislature as appropriate.

The motion was seconded by Jennifer Kopp Dameron and carried by a unanimous vote of 4 to 0. Cheryl J. Cozette declared the motion to be duly adopted, and the Secretary designated a copy of the document as Exhibit C.

Resolution Amending Chapter 17 of the Code of Policies of the Board of Governors Pertaining to the Department of Public Safety

Jennifer Kopp Dameron moved the adoption of the following resolution:

BE IT RESOLVED that Section 17.060, titled Law Enforcement Unit, Section 17.060.1, titled, Appointment of Police Officers, and Section 17.060.2, titled Authority of Police Officers, be amended in words and figures as appears in Attachment A. New language to be added appears in ***bold, underlined italics***. Language to be deleted appears in **[brackets and in bold type]**.

BE IT FURTHER RESOLVED that a copy of Attachment A be attached to the minutes as an exhibit

The motion was seconded by Susan Plassmeyer and carried by a unanimous vote of 4 to 0. Cheryl J. Cozette declared the motion to be duly adopted, and the Secretary designated a copy of the document as Attachment A.

Agenda Items for Future Meetings

The Board reviewed a list of proposed agenda items for the regular meetings during the next year.

Dates for Future Meetings

Jennifer Kopp Dameron moved the adoption of the following resolution:

BE IT RESOLVED that the next regular meeting of the Board of Governors be scheduled for Friday, October 13, 2017, on the University campus in Kirksville, Missouri, beginning at 1:00 p.m., with the understanding that the Chair may alter the starting time and/or place for the meeting by giving due notice of such change; and

BE IT FURTHER RESOLVED that other regular meetings of the Board during the next year be tentatively scheduled for the following dates:

Saturday, December 2, 2017;
Saturday, February 3, 2018;
Saturday, April 14, 2018;
Saturday, June 16, 2018; and
Saturday, August 4, 2018

The motion was seconded by Jim O'Donnell and carried by a unanimous vote of 4 to 0. Cheryl J. Cozette declared the motion to be duly adopted.

Agenda Items for Closed Session

Susan Plassmeyer moved the adoption of the following resolution:

BE IT RESOLVED that this meeting be continued in closed session, with closed records and closed votes as permitted by law, for consideration of the following items as authorized by Section 610.021, Revised Statutes of Missouri:

1. Approval of minutes for the closed session of the last meeting under Subsection 14 of the statute for "Records which are protected from disclosure by law";
2. Individual personnel actions under Subsection 3 of the statute for "Hiring, firing, disciplining or promoting of particular employees by a public governmental body when personal information about the employee is discussed or recorded"; and
3. Confidential communications with the General Counsel; and

BE IT FURTHER RESOLVED that if any business not covered by the stated reasons for the closed session is raised during the closed session, then this meeting shall be reopened to the public and an announcement about a resumption of the open session shall be made in the hallway outside of the meeting room.

The motion was seconded by Jennifer Kopp Dameron and carried by a unanimous vote of 4 to 0. Cheryl J. Cozette declared the motion to be duly adopted.

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The closed session of the meeting began shortly after 2:30 p.m.

Laura A. Crandall
Secretary of the Board of Governors

I hereby certify that the foregoing minutes
were approved by the Board of Governors
on the 13th day of October 2017.

Mike LaBeth
Chair of the Board of Governors

ITEM C
President's Report

DESCRIPTION AND BACKGROUND

Dr. Susan L. Thomas, University President, will provide a report on several items of current interest.

RECOMMENDED ACTION

This is a discussion item only.

ITEM D**Advancement/Foundation Board Report****DESCRIPTION AND BACKGROUND**

Charles Hunsaker and Denise Smith, Interim Co-Directors of University Advancement, and Dr. Sharron Quisenberry, Chair of the Pursue the Future Campaign, will provide an update on Advancement/Foundation Board activities and the Pursue the Future Campaign.

RECOMMENDED ACTION

This is a discussion item only.

ITEM E
Annual Enrollment Management Report

DESCRIPTION AND BACKGROUND

Regina Morin, Vice President for Enrollment Management, will provide the annual enrollment management report.

RECOMMENDED ACTION

This is a discussion item only.

ITEM F

Finance and Auditing Committee Report

DESCRIPTION AND BACKGROUND

Governor Sarah Burkemper, Chair of the Finance and Auditing Committee, will provide a report on the committee meeting held on October 9.

RECOMMENDED ACTION

This is a discussion item only.

ITEM F.1
Audit Report

DESCRIPTION AND BACKGROUND

Representatives of RubinBrown LLP accounting firm will be present to review a draft of the annual audit of the University.

RECOMMENDED ACTION

This is a discussion item only.

ATTACHMENT

Annual Audit

Truman State University



Presentation of the Results of the Annual Audit



for the year ended
June 30, 2017

Board of Governors, Audit Committee and
Members of Management
Truman State University

We have audited the basic financial statements of Truman State University (the University) for the year ended June 30, 2017. Our audit was performed 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 from material misstatement and presented in accordance with accounting principles generally accepted in the United States of America. Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. We also evaluated the appropriateness of accounting policies used by the University and the reasonableness of significant accounting estimates made by the University's management, as well as evaluated the overall presentation of the financial statements.

Auditing standards require the auditor to ensure that those charged with corporate governance receive additional information regarding the scope and results of the audit that may assist the governing body in overseeing the financial reporting and disclosure process for which management is responsible. The following section describes matters which are required to be reported to you.

This information is intended solely for the use of the Board of Governors, Audit Committee and management of the University and is not intended to be and should not be used by anyone other than these specified parties.

Auditor Communications

AREA	COMMENTS
<p>Auditors' Responsibility Under U.S. Generally Accepted Auditing Standards, Government Auditing Standards and the Uniform Guidance</p> <p>Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with our assistance are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and that the University complied in all material respects with the applicable compliance requirements of its major federal programs. Our audit of the financial statements and compliance does not relieve you or management of responsibility for the accuracy of the financial statements or compliance with applicable compliance requirements.</p> <p>Professional standards also require that we obtain a significant understanding of the University's internal control to plan the audit. However such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. Accordingly, we express no such assurance.</p>	<p>We will issue the following:</p> <ul style="list-style-type: none"> ■ An unmodified opinion on the University's financial statements for the year ended June 30, 2017. ■ A report on compliance and on internal control over financial reporting based on an audit of the financial statements in accordance with Government Auditing Standards. <p>It is anticipated the following single audit report will be issued:</p> <ul style="list-style-type: none"> ■ An unmodified opinion on compliance and our report on internal controls over federal financial assistance in accordance with the Uniform Guidance.

Auditor Communications (Continued)

AREA	COMMENTS
<p>Other Information In Documents Containing Audited Financial Statements</p>	<ul style="list-style-type: none"> ■ The 2017 audited financial statements of the University will be included in the financial statements of the State of Missouri. ■ To our knowledge, the 2017 audited financial statements are not included within any other document. ■ Management's discussion and analysis: <ul style="list-style-type: none"> □ We applied certain limited procedures in accordance with auditing standards generally accepted in the United States of America. □ 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 do so.
<p>Planned Scope And Timing Of The Audit</p>	<p>We performed the audit according to the planned scope and timing previously communicated to management and the Audit Committee in our engagement letter dated March 20, 2017 and on June 5, 2017, in our meeting regarding the nature, timing and extent of our audit procedures.</p>

Auditor Communications (Continued)

AREA	COMMENTS
<p>Qualitative Aspects Of Accounting Practices</p> <p>Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about appropriateness of accounting policies and their application.</p>	<ul style="list-style-type: none">■ Significant accounting policies are described in Note 1 to the financial statements.■ No new accounting policies that had a material or significant impact on the financial statements were adopted and the application of existing policies was not changed.■ We noted no transactions entered into during the year for which there was a lack of authoritative guidance or consensus.■ No significant transactions have been recognized in a different period than when the transactions occurred.

Draft For Discussion Purposes Only

Auditor Communications (Continued)

AREA	COMMENTS
<p>Management Judgments And Accounting Estimates</p> <p>The preparation of the financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's expectations.</p>	<p>The most notable estimates affecting the financial statements are:</p> <ul style="list-style-type: none"> ■ Depreciable lives used to calculate depreciation of buildings and equipment. Management's estimate of depreciable lives is based on the assets' estimated useful lives. ■ Allowance for uncollectible loans and student accounts receivable: Management has derived an estimated amount of loans and student accounts receivable that will not be collected in the future, utilizing a historical collection percentage. ■ Accrued post-employment benefits: Management estimates the future liability for post-employment benefits based upon a projection of future health insurance costs for eligible retirees participating in the program, discounted to present value. ■ Self-insurance accrual: Management estimates the future liability for incurred but not reported insurance claims. ■ Net pension liability: Estimated based on actuarial information provided by MOSERS <p>We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.</p>

Auditor Communications (Continued)

AREA	COMMENTS
<p>Financial Statement Disclosures</p> <p>The disclosures are neutral, consistent and clear. Certain disclosures are particularly sensitive because of their significance to the financial statements' users.</p>	<p>The most sensitive disclosures affecting the financial statements are:</p> <ul style="list-style-type: none"> ■ Deposits and investments ■ Long-term liabilities ■ Pension Plan - MOSERS
<p>Difficulties Encountered In Performing The Audit</p>	<p>There were no difficulties encountered in dealing with management related to the performance of the audit.</p>
<p>Corrected And Uncorrected Misstatements</p>	<p>We accumulated several reclassification entries, which did not have an impact on the change in net assets. Management agreed with us and recorded these entries.</p> <p>We identified an adjustment related to a duplicate fixed asset in the year-end schedule that reduced fixed assets and supplies expense by \$109K. Management agreed with this adjustment, and has posted it to the current year financial statements.</p> <p>During our audit procedures, we did not accumulate any other corrected or uncorrected misstatements.</p>

Auditor Communications (Continued)

AREA	COMMENTS
Disagreements With Management	We are pleased to report that there were no such disagreements that were encountered during the audit.
Management Representations	We requested certain representations from management that are included in the management representation letter dated ____*. A copy of the representation letter is attached.
Management Consultations With Other Independent Accountants	None
Other Audit Findings Or Issues	There were no matters of significant discussion that affected our retention as the University's auditors.

Draft For Discussion Purposes Only

Observations And Discussion Items

- Importance of employee awareness, training and resources dedicated to cyber-security in Higher Education
- Perkins Loan Program
 - No loans to new borrowers effective October 1, 2017
 - \$4.4M of contributions by the Federal Government to the University (since inception of the program) will be returned and recognized as an expense in the future, unless current guidance from the Department of Education is revised.
- Regulatory focus by Department of Education

Draft For Discussion Purposes Only

Financial Analysis

	June 30,	
	2017	2016
Assets		
Cash	\$ 5,165	\$ 4,923
Student accounts receivable	1,080	846
Investments	120,425	115,780
Loans to students, net	4,784	4,778
Capital assets	214,114	206,566
Other assets	2,829	2,882
Total Assets	\$ 348,397	\$ 335,775
Deferred Outflows Of Resources	\$ 28,633	\$ 11,352

OBSERVATIONS

- Investments increased by approximately \$4.6M compared to the prior year. Investments generated a net return of \$4.7M during the current year, and new endowed gifts from donors amounted to approximately \$1.8M.
- Capital assets increased by \$7.5M compared to the prior year. The costs of miscellaneous equipment, as well as the renovation of Baldwin Hall, the Stadium Track and Press Box, and the Student Union Main Street Market, exceed scheduled depreciation expense.
- Deferred outflows of resources increased by \$17.3M, as a result of a shift in actuarial assumptions and differences between the originally forecasted MOSERS pension plan "experience" and the actual results. This amount will be amortized to fringe benefit expense over the course of the next 4 fiscal years by the University.

Financial Analysis (Continued)

	June 30,	
	2017	2016
Liabilities		
Accounts payable and accrued	\$ 8,955	\$ 8,264
Other employee related obligations	2,078	2,270
Unearned revenue	2,845	2,436
Long-term debt	57,084	60,040
Net pension liability	77,726	55,252
Other liabilities	812	878
Total Liabilities	\$ 149,500	\$ 129,140
Deferred Inflows Of Resources	\$ 1,953	\$ 1,443

OBSERVATIONS

- Long-term debt decreased by \$3M due to scheduled payments on outstanding bonds and the energy lease project.
- The net pension liability increased by approximately \$22M over the prior year. This increase is a result of the MOSERS actuarial calculation of the University share of the unfunded liability of the plan. Given the complexities of this calculation, this actuarial valuation will always occur one fiscal year behind the current period (thus, plan is valued as of 6/30/16 at the end of the current year). Results are primarily due to changes in the ratio of employer contributions, the return on plan assets, and the actuarial differences. The expected return on plan assets was reduced from 8% to 7.65% during the current year. The component of this change in the pension liability that relates to actual cash paid by the University is described on page 11 in this document.

Financial Analysis (Continued)

	June 30,	
	2017	2016
Revenues		
Tuition and fees, net	\$ 27,001	\$ 26,682
Grants, contracts and contributions	8,678	8,548
Auxiliary enterprises	25,668	25,551
Investment income	4,885	1,813
Revenues designated for endowment and capital expenditures	14,471	3,636
State appropriation	40,226	41,816
Other revenues	3,071	2,736
Total Revenues	\$ 124,000	\$ 110,782

OBSERVATIONS

- Tuition and fees increased by \$319K compared to the prior year. A moderate increase in undergraduate resident students for the fall semester was offset by a slight decline in nonresident students for the year. The discount for institutional aid remained relatively consistent between years, and no changes were noted to the pricing of tuition and related fees. The amounts above include the one-time \$50 per student tuition surcharge implemented in Spring 2017.
- Investment income increased by \$3M over the prior year. The interest income earned by the University coupled with the net endowment returns from the Foundation were partially offset by a net unrealized loss on the University's fixed-income portfolio.
- Revenues designated for endowment and capital expenditures increased by \$10.3M compared to the prior year. The majority of this increase is attributable to additional funding from the State for the renovation of Baldwin Hall, as well as funding from the University's food-service contractor for renovations to the Student Union Main Street Market.
- State appropriations decreased by \$1.6M compared to the prior year (which is also an 8% decrease from the 2017 budgeted amount) as a result of the reductions announced by the Governor in 2017.

Financial Analysis (Continued)

	June 30,	
	2017	2016
Total Revenues (from previous page)	\$ 124,000	\$ 110,782
Expenses		
Salaries and Wages	46,138	45,304
Benefits	24,018	16,146
Supplies and other services	17,587	17,470
Depreciation	12,249	11,693
Other	14,977	14,984
Total Expenses	114,969	105,597
Change In Net Position	\$ 9,031	\$ 5,185

OBSERVATIONS

- Benefits expenses increased by \$7.9M compared to the prior year. Included in the benefits expenses of \$24.0M in the current year is the total MOSERS pension expense of \$11.2M, which represents a \$5.6M increase over the prior year.

Cash contributions to the MOSERS plan during the plan measurement year amounted to \$5.5M; thus, approximately \$5.7M of this expense is “non-cash”.

Additionally, health insurance claim costs rose by approximately \$2.2M in the current year.

- The change in net position represents the total revenues in excess of expenses for the current year. The following nonrecurring and significant non-cash items should be considered when analyzing this amount:
 - Revenues designated for Capital additions: \$12.2M
 - Non-cash component of Pension expense: \$ 5.7M

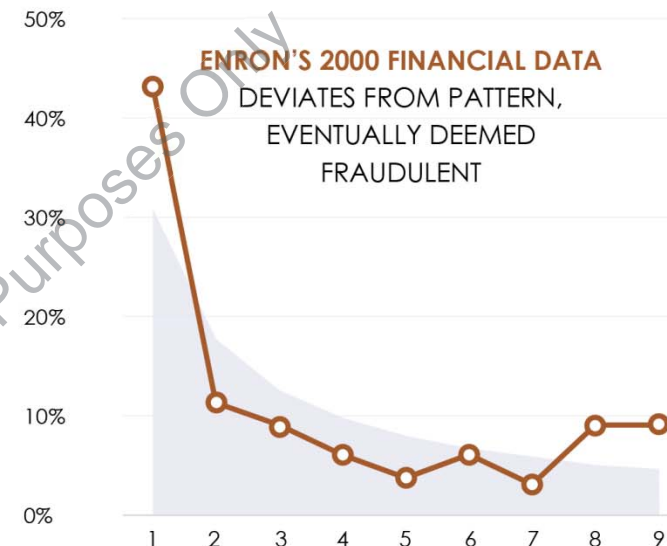
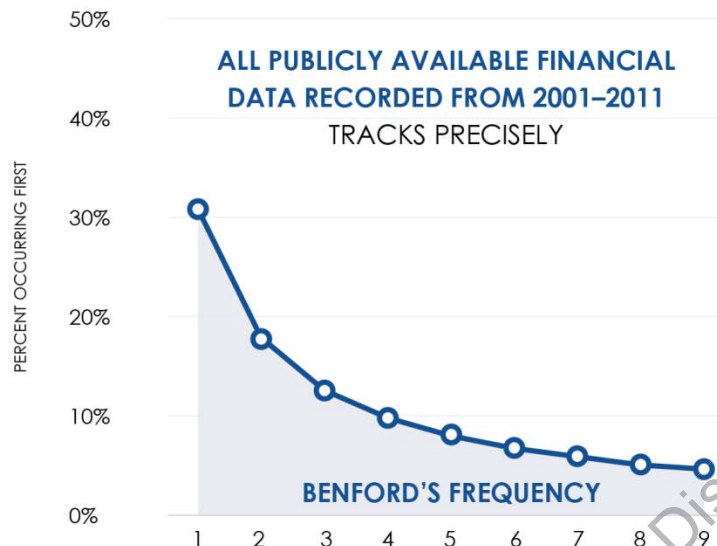
Financial Analysis (Continued)

	June 30,	
	2017	2016
Net Position		
Invested in Capital Assets	\$ 157,369	\$ 147,627
Nonexpendable	31,543	29,745
Expendable	21,513	18,502
Board Designated for Scholarships	1,518	1,394
Unrestricted	13,631	19,276
Total Net Position	\$ 225,574	\$ 216,544

OBSERVATIONS

- Net position invested in capital assets increased by \$9.7M, as a result of the renovations and additions to capital assets in excess of depreciation in the current year, coupled with the repayment of long-term debt.
- Expendable net position increased by \$2.8M, primarily due to appreciation on the Foundation's endowment assets.
- Unrestricted net position decreased by approximately \$5.6M, mostly due to the MOSERS pension expense recognized in the current year.

Benford's Law As Used In Audit Methodology



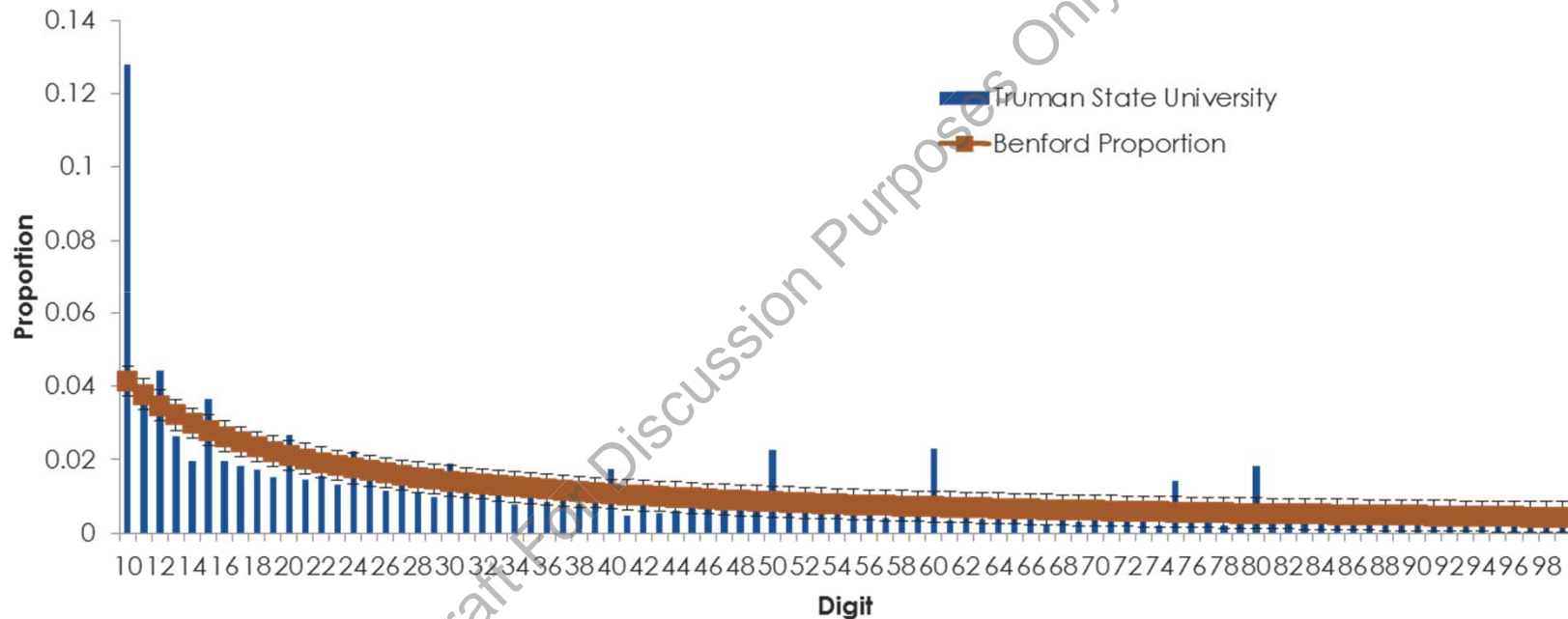
Source: Dan Amlam, Columbia University, The Wall Street Journal

Benford's Law was established by Frank Benford in the 1930s and is used by forensic accountants and auditors as an indicator of potential accounting and expense fraud. The law expects 30.1% of numbers in a list of financial transactions to begin with "1." Each successive digit should represent a progressively smaller proportion.

When digits stray from the pattern, fraud may be to blame. As volumes of data continue to grow, it has become a valuable tool in analyzing data sets for potential irregular activity. RubinBrown utilized this method to review Truman State University's expense categories for 2017 as a part of our planned audit approach.

Benford's Law (Continued)

9,753 Disbursements Totaling \$100,857,559 Through April 2017



- We investigated two digit deviations for the following: 10, 12, 15, 20, 24, 30, 40, 50, 60, 70, 75, 80, and 90
- Payments selected relate to Upward Bound per diem, student refunds, health insurance payments, housing deposit returns, moving expenses, officiating fees, food vendors, various memberships, license renewals, payments for bulk mailing, etc.
- The nature of disbursements are similar to those of the prior year.
- No unusual activity was noted.

Independent Auditors' Report On Additional Information

Board of Governors, Audit Committee and Management
Truman State University
Kirksville, Missouri

Our report on our audit of the basic financial statements of Truman State University (the University) for June 30, 2017 appears in the financial statements of the University. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information contained herein is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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TRUMAN STATE UNIVERSITY
A COMPONENT UNIT OF THE
STATE OF MISSOURI
FINANCIAL STATEMENTS
JUNE 30, 2017

Draft For Discussion Purposes Only



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Independent Auditors' Report

Board of Governors and Audit Committee
Truman State University
Kirksville, Missouri

Report On The Financial Statements

We have audited the accompanying financial statements of the business-type activities of Truman State University (the University), a component unit of the State of Missouri, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Truman State University as of June 30, 2017 and 2016, and its changes in financial position and cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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 3 through 12 and the Pension Plan Information on pages 47 and 48 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required By Government Auditing Standards

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

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TRUMAN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Truman State University (the University) annual financial report presents management's discussion and analysis of the financial condition and performance of the University during the fiscal years ended June 30, 2017, 2016 and 2015. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes and this discussion are the responsibility of University management.

Using The Annual Financial Statement

This annual report consists of financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statements No. 35, *Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities*. The financial statements prescribed by GASB Statement No. 35 (the statement of net position, statement of revenues, expenses, and changes in net position and the statement of cash flows) are prepared under the accrual basis of accounting, whereby revenues, and assets are recognized when the service is provided and expense and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

About The University

The University was established in 1867 and is governed by a ten-member Board of Governors. The University is Missouri's only public highly selective institution. It was designated as the statewide liberal arts and sciences institution in 1986 and offers undergraduate and graduate degree programs, minors, and several additional areas of specialization within academic departments.

In the Fall of 2017, the University enrolled 6,272 students. The primary mission of the institution is undergraduate education, and the enrollment data reflects this mission.

	2017	2016	2015
Undergraduate	5,898	6,039	5,853
Graduate	374	340	355
	6,272	6,379	6,208

Most students enrolled at the University are full-time, degree-seeking undergraduates who live in residence halls or in the Kirksville community.

TRUMAN STATE UNIVERSITY

Management's Discussion And Analysis (*Continued*)

The University has a diverse student body with the majority from Missouri. The remaining students come from 41 states (including Missouri) and 45 foreign countries. Approximately 6.2% of the students are international students, and the enrollment also includes 12.3% from minorities including African-American, Hispanic, American Indian, and Asian American.

Key ratios include the following:

Student/Faculty Ratio	16:1
Graduate and Professional School Placement Rate	41%

These indicators help demonstrate that the University is focusing resources on activities which enhance student learning.

Statements Of Net Position

The statement of net position includes all assets and liabilities of Truman State University and Truman State University Foundation (the Foundation). The difference between total assets and total liabilities, or net position, is one indicator of the current financial condition of the University, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year when considered with nonfinancial facts such as enrollment levels and condition of the facilities.

Nonexpendable restricted net position is subject to externally imposed stipulations that may be maintained permanently by the University. Expendable restricted net position is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to the stipulations or that expire by the passage of time. The category of unrestricted net position is not subject to externally imposed stipulations. They may be designated by specific purposes by action of management or the Board of Governors, or may be limited by contractual agreements with outside parties.

TRUMAN STATE UNIVERSITY

Management's Discussion And Analysis (Continued)

Condensed Statements Of Net Position As Of June 30, 2017, 2016 And 2015

	2017	2016	2015
Assets			
Current Assets	\$ 26,145,255	\$ 38,289,527	\$ 37,204,222
Noncurrent Assets	322,251,641	297,485,714	299,413,999
Total Assets	348,396,896	335,775,241	336,618,221
Deferred Outflows of Resources	28,632,391	11,352,074	6,063,142
Liabilities			
Current Liabilities	16,564,099	15,406,925	17,040,933
Noncurrent Liabilities	132,936,427	113,733,139	102,344,377
Total Liabilities	149,500,526	129,140,064	119,385,310
Deferred Inflows of Resources	1,953,272	1,443,444	11,936,552
Net Position			
Net investment in capital assets	157,369,407	147,627,000	150,005,371
Restricted, expendable	21,513,957	18,502,231	24,297,240
Restricted, nonexpendable	31,542,662	29,744,749	27,704,807
Unrestricted	15,149,463	20,669,827	9,352,083
Total Net Position	\$ 225,575,489	\$ 216,543,807	\$ 211,359,501

At June 30, 2017, 2016 and 2015, the University's current assets of \$26.1 million, \$38.3 million and \$37.2 million, respectively, were sufficient to cover current liabilities of \$16.6 million, \$15.4 million and \$17.0 million, respectively. Noncurrent assets include capital assets of \$214.1 million at June 30, 2017, \$206.6 million at June 30, 2016 and \$205.0 million at June 30, 2015. See Note 4 for a recap of the capital asset activity.

University liabilities total \$149.5 million, \$129.1 million and \$119.4 million at June 30, 2017, 2016 and 2015, respectively, with noncurrent liabilities of \$132.9 million, \$113.7 million and \$102.3 million, respectively. A significant portion of noncurrent liabilities relates to the University's respective share of the underfunded status of the MOSERS pension plan (Note 6). Revenue bonds payable is the largest other component of noncurrent liabilities. See Note 5 for a recap of the long-term debt activity.

Net position increased by \$9.0 million from 2017 compared to 2016, mostly due to an increase in state capital appropriations. Net position increased by \$5.2 million from 2016 compared to 2015.

TRUMAN STATE UNIVERSITY

Management's Discussion And Analysis (Continued)

Condensed Statements Of Revenues, Expenses, And Changes In Net Position For The Years Ended June 30, 2017, 2016 And 2015

The statement of revenues, expenses, and changes in net position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. A public university's dependency on state aid and gifts could result in operating deficits because the financial reporting model classifies state appropriations and gifts as nonoperating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

	2017	2016	2015
Total Operating Revenues	\$ 57,714,491	\$ 57,109,619	\$ 57,587,288
Total Operating Expenses	113,229,344	103,765,385	102,055,487
Operating Loss	(55,514,853)	(46,655,766)	(44,468,199)
Net Nonoperating Revenues	50,075,163	48,204,364	47,384,953
Income (Loss) before other revenues, expenses, gains and losses	(5,439,690)	1,548,598	2,916,754
Appropriations, gifts and revenues restricted for capital improvements	12,689,942	1,519,951	—
Additions to permanent endowments	1,781,430	2,115,757	1,206,971
Total Increase In Net Position	\$ 9,031,682	\$ 5,184,306	\$ 4,123,725
Operating Revenues			
Tuition and fees, net	\$ 27,001,481	\$ 26,681,850	\$ 26,893,843
Federal, state grants and private contracts and grants	2,577,721	2,517,772	3,079,921
Auxiliary enterprises, net	25,667,799	25,550,818	25,082,068
Sales and services of educational activities and other	2,467,490	2,359,179	2,531,456
	\$ 57,714,491	\$ 57,109,619	\$ 57,587,288
Nonoperating Revenues			
State appropriations	\$ 40,226,391	\$ 41,816,820	\$ 41,324,001
Investment income	5,011,384	1,968,314	2,026,944
Grants, contributions and other	6,542,977	6,317,404	6,120,220
	\$ 51,780,752	\$ 50,102,538	\$ 49,471,165
Nonoperating Expenses			
Change in value of annuity and trust obligations	\$ (2,061)	\$ 65,994	\$ 59,206
Interest on capital asset related debt	1,707,650	1,832,180	2,027,006
	\$ 1,705,589	\$ 1,898,174	\$ 2,086,212

TRUMAN STATE UNIVERSITY

Management's Discussion And Analysis (*Continued*)

	2017	2016	2015
Operating Expenses			
Salaries and wages	\$ 46,137,662	\$ 45,303,736	\$ 45,276,436
Fringe benefits	24,018,568	16,146,473	15,634,854
Supplies and other services	17,586,784	17,469,559	15,677,735
Scholarship and fellowships	663,936	747,035	694,360
Depreciation	12,248,732	11,692,939	11,518,826
Utilities	4,066,030	3,875,469	4,672,807
Other	8,507,632	8,530,174	8,580,469
	<u>\$ 113,229,344</u>	<u>\$ 103,765,385</u>	<u>\$ 102,055,487</u>

Comparisons 2017 To 2016

The most significant sources of revenue for the University were state appropriations at \$40.2 million in 2017 compared to \$41.8 million in 2016; student tuition and fees totaling \$27.0 million in 2017 compared to \$26.7 million in 2016; and auxiliary services totaling \$25.7 million in 2017 compared to \$25.6 million in 2016.

Operating expenses totaled \$113.2 million in 2017 compared to \$103.8 million in 2016 with salaries and wages up 1.8%, fringe benefits up 48.8%, supplies and other services up 0.7%, scholarships down 11.1%, depreciation up 4.8%, utilities up 4.9%, and other expenses down 0.3%.

Comparisons 2016 To 2015

The most significant sources of revenue for the University were state appropriations at \$41.8 million in 2016 compared to \$41.3 million in 2015; student tuition and fees totaling \$26.7 million in 2016 compared to \$26.9 million in 2015; and auxiliary services totaling \$25.6 million in 2016 compared to \$25.0 million in 2015.

Operating expenses totaled \$103.8 million in 2016 compared to \$102.1 million in 2015 with salaries and wages up 0.1%, fringe benefits up 3.3%, supplies and other services up 11.4%, scholarships down 2.0%, depreciation up 1.5%, utilities down 17.1%, and other expenses down 0.6%.

TRUMAN STATE UNIVERSITY

Management's Discussion And Analysis (*Continued*)

Condensed Statements Of Cash Flows For The Years Ended June 30, 2017, 2016 And 2015

The statement of cash flows presents the University's flows of cash by defined categories. The primary purpose of the statement of cash flows is to provide information about the University's cash receipts and payments during the year.

	2017	2016	2015
Cash And Cash Equivalents Provided By (Used In):			
Operating activities	\$ (37,412,008)	\$ (36,170,247)	\$ (34,725,630)
Noncapital financing activities	48,577,180	50,160,277	48,595,302
Capital and related financing activities	(11,298,405)	(18,721,741)	25,427
Investing activities	(19,201)	(7,180,715)	(706,496)
	(152,434)	(11,912,426)	13,188,603
Net increase (decrease) in cash and cash equivalents			
Cash And Cash Equivalents, Beginning Of Year	8,225,736	20,138,162	6,949,559
Cash And Cash Equivalents, End Of Year	\$ 8,073,302	\$ 8,225,736	\$ 20,138,162

The major source of operating cash was student tuition and fees (\$27.0 million, \$26.9 million and \$26.8 million 2017, 2016 and 2015, respectively) and auxiliary enterprises (\$25.7 million, \$25.6 million and \$25.0 million in 2017, 2016 and 2015, respectively). The largest use of operating cash was payments to employees (\$64.8 million, \$62.6 million and \$63.1 million in 2017, 2016 and 2015, respectively) and payments to suppliers (\$17.3 million, \$17.5 million and \$14.9 million in 2017, 2016 and 2015, respectively).

The most significant source of noncapital financing activities was state appropriations of \$40.8 million, \$41.8 million and \$41.3 million in 2017, 2016 and 2015, respectively.

TRUMAN STATE UNIVERSITY

Management's Discussion And Analysis (*Continued*)

Expenses By Functional Categories

The University also tracks expenses by functional categories (such as Instruction, Research, and Student Services) for the State of Missouri and other external agency purposes. The functional categorization of expenses also helps the University monitor expenditures in mission-critical areas such as Instruction. For the year ended June 30, 2017, depreciation and operation and maintenance of plant have been allocated among the other functional expenses to conform with the Integrated Postsecondary Education Data System (IPEDS) finance survey. Functional operating expenses for 2017, 2016 and 2015 were:

	<u>2017</u>	<u>Percent</u>
Instruction Credit and noncredit courses.	\$55,269,391	48.81%
Research Activities specifically organized to produce research outcomes from funds awarded by external agencies, as well as internally supported programs.	788,666	0.70
Public Service Activities that primarily provide noninstructional services to individuals and groups outside of the University. Expenditures are primarily for community service.	2,115,624	1.87
Academic Support Supporting services to instruction, research and public service. Includes libraries, academic administration and instructional media.	7,252,515	6.40
Student Services Activities which primarily contribute to student's well-being outside the formal instruction program. Includes admissions and registrar, student activities, and financial aid administration.	12,124,171	10.71
Institutional Support Activities which generally provide support to the entire University. Includes executive management, fiscal operations, personnel, development, fundraising activities and general administrative services.	7,879,359	6.96
Scholarships And Fellowships Awards for grant-in-aid stipends to students based on financial need and/or merit.	663,936	0.59
Auxiliary Enterprises Expenditures of essentially self-supporting activities such as Student Union Building, housing, cafeterias and recreation center.	27,135,682	23.96
Total Operating Expenses	<u>\$113,229,344</u>	<u>100.00%</u>

TRUMAN STATE UNIVERSITY

Management's Discussion And Analysis (*Continued*)

	<u>2016</u>	<u>Percent</u>
Instruction		
Credit and noncredit courses.	\$52,866,717	50.95%
Research		
Activities specifically organized to produce research outcomes from funds awarded by external agencies, as well as internally supported programs.	939,167	0.90
Public Service		
Activities that primarily provide noninstructional services to individuals and groups outside of the University. Expenditures are primarily for community service.	1,824,509	1.76
Academic Support		
Supporting services to instruction, research and public service. Includes libraries, academic administration and instructional media.	7,407,193	7.14
Student Services		
Activities which primarily contribute to student's well-being outside the formal instruction program. Includes admissions and registrar, student activities, and financial aid administration.	10,697,346	10.31
Institutional Support		
Activities which generally provide support to the entire University. Includes executive management, fiscal operations, personnel, development, fundraising activities and general administrative services.	6,959,074	6.71
Scholarships And Fellowships		
Awards for grant-in-aid stipends to students based on financial need and/or merit.	747,035	0.72
Auxiliary Enterprises		
Expenditures of essentially self-supporting activities such as Student Union Building, housing, cafeterias and recreation center.	22,324,342	21.51
Total Operating Expenses	<u>\$103,765,385</u>	<u>100.00%</u>

TRUMAN STATE UNIVERSITY

Management's Discussion And Analysis (Continued)

	<u>2015</u>	<u>Percent</u>
Instruction		
Credit and noncredit courses.	\$ 51,904,500	50.83%
Research		
Activities specifically organized to produce research outcomes from funds awarded by external agencies, as well as internally supported programs.	1,169,579	1.15
Public Service		
Activities that primarily provide noninstructional services to individuals and groups outside of the University. Expenditures are primarily for community service.	1,848,173	1.81
Academic Support		
Supporting services to instruction, research and public service. Includes libraries, academic administration and instructional media.	7,255,461	7.10
Student Services		
Activities which primarily contribute to student's well-being outside the formal instruction program. Includes admissions and registrar, student activities, and financial aid administration.	10,794,174	10.57
Institutional Support		
Activities which generally provide support to the entire University. Includes executive management, fiscal operations, personnel, development, fundraising activities and general administrative services.	6,968,346	6.82
Scholarships and Fellowships		
Awards for grant-in-aid stipends to students based on financial need and/or merit.	762,253	0.75
Auxiliary Enterprises		
Expenditures of essentially self-supporting activities such as Student Union Building, housing, cafeterias and recreation center.	21,240,894	20.97
Total Operating Expenses	<u>\$102,123,380</u>	<u>100.00%</u>

Physical Plant

The University has completed its multiyear plan to fully renovate and upgrade its residence halls and the Student Union building. A total of \$98 million has been invested to improve these facilities. On the academic side, renovation and infrastructure improvements have exceeded \$76 million since 2001, and over \$8 million in improvements have been made to athletic facilities. A \$15 million project was completed in July 2017, renovating a major academic building, Baldwin Hall. This was partially funded by a State of Missouri Bond Issue. In addition, improvements to the Blanton/Nason/Brewer housing complex totaling \$1.9 million and renovations to the football field and track, along with a new press box at Stokes Stadium, at a cost of \$4.8 million were completed in 2017.

Future capital projects include renovation of the dining and kitchen areas of Missouri Hall and life safety improvements at Pickler Memorial Library, which are planned for summer 2018.

TRUMAN STATE UNIVERSITY

Management's Discussion And Analysis (*Continued*)

Looking Forward

The University's outlook is closely related to the financial status of the State of Missouri. Traditionally, the largest source of Education and General Revenue has come through the state appropriations, and the operating funds from the state for fiscal year 2017 increased by 3.6%. Due to state revenue trends, the appropriation was reduced by 9% for fiscal year 2018.

The Missouri Coordinating Board for Higher education has not made a recommendation regarding state funding for higher education for fiscal year 2019. Work is underway to develop a new performance funding model, which will retain some elements of the current model. While the State of Missouri has placed a partial limitation on the ability of institutions to increase tuition beyond the consumer price index (CPI), the statutes permit larger increases in extenuating circumstances with the approval of the Coordinating Board for Higher Education. The University will counteract these limitations by enhancing enrollment and continuing to expand alternative revenue-generating opportunities.

In terms of student enrollment, fall 2017 headcount is at 6,272 compared to fall 2016 at 6,379, a difference of 107. New student enrollment is up 76 students, with increases in both first time freshmen and transfer categories.

Additional information can be obtained by calling (660) 785-4150 or writing to Truman State University, Attn: Business Office, 100 E. Normal, Kirksville, MO 63501.

TRUMAN STATE UNIVERSITY

STATEMENT OF NET POSITION

Page 1 Of 2

	June 30,	
	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,979,937	3,384,550
Restricted cash	1,186,541	1,538,211
Short-term investments	16,031,201	28,691,744
Accounts receivable, net of allowance: \$142,000 - 2017, \$151,000 - 2016	1,079,829	845,713
Interest receivable	326,566	259,331
Federal and state grants receivable	375,778	380,366
Other receivables	426,878	524,830
Inventories	475,483	596,604
Loans to students, net of allowance: \$4,200 - 2017, \$5,500 - 2016	1,374,408	1,292,602
Prepaid expenses	888,634	775,576
Total Current Assets	26,145,255	38,289,527
Noncurrent Assets		
Investments	104,394,117	87,087,495
Loans to students, net of allowance: \$12,300 - 2017, \$18,500 - 2016	3,409,619	3,484,632
Capital assets, net	214,114,222	206,565,775
Cash value of life insurance	125,135	106,804
Other assets, net	208,548	241,008
Total Noncurrent Assets	322,251,641	297,485,714
Total Assets	348,396,896	335,775,241
Deferred Outflows Of Resources		
Deferred amounts on University contributions	5,593,856	5,467,985
Deferred amounts on debt refundings	1,445,515	1,538,439
Differences between expected and actual experience	21,593,020	4,345,650
Total Deferred Outflows Of Resources	28,632,391	11,352,074

TRUMAN STATE UNIVERSITY

STATEMENT OF NET POSITION

Page 2 Of 2

	June 30,	
	2017	2016
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 8,955,303	8,263,815
Accrued early retiree termination benefits	334,845	349,839
Accrued compensated absences	1,095,209	1,066,218
Unearned revenue	2,845,488	2,435,768
Annuities and trusts payable	72,857	82,447
Long-term debt - current portion	2,994,509	2,934,545
Deposits held in custody for others	265,888	274,293
Total Current Liabilities	16,564,099	15,406,925
Noncurrent Liabilities		
Accrued compensated absences	395,804	448,520
Accrued early retiree termination benefits	252,330	405,393
Annuities and trusts payable	472,585	520,852
Long-term debt	54,089,366	57,106,189
Net pension liability	77,726,342	55,252,185
Total Noncurrent Liabilities	132,936,427	113,733,139
Total Liabilities	149,500,526	129,140,064
Deferred Inflows Of Resources		
Net difference between projected and actual earnings on pension plan investments	1,953,272	1,443,444
Net Position		
Net investment in capital assets	157,369,407	147,627,000
Restricted for:		
Nonexpendable:		
Endowment	27,080,098	25,268,517
Loans (Federal)	4,462,564	4,476,232
Expendable:		
Scholarships and fellowships	8,486,383	6,777,581
Loans (Foundation)	3,374,490	3,143,650
Other	9,653,084	8,581,000
Unrestricted - Board Designated Endowment for Scholarships	1,518,423	1,393,638
Unrestricted	13,631,040	19,276,189
Total Net Position	\$ 225,575,489	\$ 216,543,807

TRUMAN STATE UNIVERSITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For The Years Ended June 30,	
	2017	2016
Operating Revenues		
Tuition and fees, net	\$ 27,001,481	\$ 26,681,850
Federal grants and contracts	2,409,805	2,260,784
State grants and contracts	83,502	97,096
Private grants and contracts	84,414	159,892
Interest on student loans receivable	195,982	195,220
Sales and services of educational activities	547,130	535,029
Auxiliary enterprises, net	25,667,799	25,550,818
Other operating revenues	1,724,378	1,628,930
Total Operating Revenues	57,714,491	57,109,619
Operating Expenses		
Salaries and wages	46,137,662	45,303,736
Fringe benefits	24,018,568	16,146,473
Supplies and other services	17,586,784	17,469,559
Scholarships and fellowships	663,936	747,035
Depreciation	12,248,732	11,692,939
Utilities	4,066,030	3,875,469
Other	8,507,632	8,530,174
Total Operating Expenses	113,229,344	103,765,385
Operating Loss	(55,514,853)	(46,655,766)
Nonoperating Revenues (Expenses)		
State appropriations	40,226,391	41,816,820
Federal grants and contracts	4,609,530	4,928,429
Contributions	1,490,334	1,102,137
Change in value of annuity and trust obligations	2,061	(65,994)
Income from trusts	126,211	155,722
Investment income	4,885,173	1,812,592
Interest on capital asset-related debt	(1,707,650)	(1,832,180)
Gain on disposal of capital assets	4,324	11,817
Other nonoperating revenues	438,789	275,021
Nonoperating Revenues (Expenses), Net	50,075,163	48,204,364
Income (Loss) Before Other Revenues	(5,439,690)	1,548,598
Appropriations, gifts and revenues restricted for capital improvements	12,689,942	1,519,951
Additions To Permanent Endowments	1,781,430	2,115,757
Increase In Net Position	9,031,682	5,184,306
Net Position - Beginning Of Year	216,543,807	211,359,501
Net Position - End Of Year	\$ 225,575,489	\$ 216,543,807

TRUMAN STATE UNIVERSITY

STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2017	2016
Cash Flows From Operating Activities		
Tuition and fees	\$ 27,024,951	\$ 26,889,823
Grants and contracts	2,691,532	3,013,429
Payments to suppliers	(17,323,790)	(17,504,183)
Payments for utilities	(4,066,030)	(3,875,469)
Payments to employees	(64,828,057)	(62,630,062)
Payments for scholarships and fellowships	(663,936)	(747,035)
Loans issued to students	(866,924)	(1,140,457)
Collections of loans to students	1,056,113	1,063,162
Sales and services of auxiliary enterprises	25,702,305	25,591,935
Sales and services of educational activities	547,130	535,029
Other payments	(6,685,302)	(7,366,419)
Net Cash Used In Operating Activities	(37,412,008)	(36,170,247)
Cash Flows From Noncapital Financing Activities		
State appropriations	40,226,391	41,816,820
Gifts and grants for other than capital purposes	6,020,984	5,958,351
Investments subject to annuity and trust obligations	15,000	119,135
Payments of annuity and trust obligations	(70,796)	(148,441)
Endowment gifts	1,781,430	2,115,757
Other receipts	604,171	298,655
Net Cash Provided By Noncapital Financing Activities	48,577,180	50,160,277
Cash Flows From Capital And Related Financing Activities		
Appropriations, gifts and revenues restricted for capital improvements	10,754,379	1,156,706
Proceeds from sales of capital assets	12,504	11,817
Purchase of capital assets	(17,395,814)	(15,570,128)
Interest paid on capital debt and leases	(1,712,615)	(1,848,583)
Proceeds from issuance of bonds	—	20,588,689
Principal paid on capital debt and leases	(2,956,859)	(23,060,242)
Net Cash Used In Capital And Related Financing Activities	(11,298,405)	(18,721,741)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	94,523,104	93,481,859
Investment income	2,689,568	1,679,253
Distributions from perpetual trusts	126,211	155,722
Purchases of investments	(97,358,084)	(102,497,549)
Net Cash Used In Investing Activities	(19,201)	(7,180,715)
Net Decrease In Cash And Cash Equivalents	(152,434)	(11,912,426)
Cash And Cash Equivalents - Beginning Of Year	8,225,736	20,138,162
Cash And Cash Equivalents - End Of Year	\$ 8,073,302	\$ 8,225,736

TRUMAN STATE UNIVERSITY

STATEMENT OF CASH FLOWS *(Continued)*

	For The Years Ended June 30,	
	2017	2016
Reconciliation Of Cash And Cash Equivalents To The Statement Of Net Position		
Cash	\$ 3,979,937	\$ 3,384,550
Restricted cash - current	1,186,541	1,538,211
Cash equivalents included in short-term investments	2,390,319	3,186,409
Cash equivalents included in investments - noncurrent	516,505	116,566
Total Cash And Cash Equivalents	\$ 8,073,302	\$ 8,225,736
Reconciliation Of Operating Loss To Net Cash Used In Operating Activities		
Operating loss	\$ (55,514,853)	\$ (46,655,766)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	12,248,732	11,692,939
Net change in pension expense	5,645,826	(1,438,868)
Changes in assets and liabilities:		
Receivables, net	(131,576)	281,066
Inventories	121,121	(6,989)
Loans receivable	(6,793)	(272,515)
Prepaid expenses and other assets	(80,598)	(108,295)
Deferred outflows of resources	(125,871)	157,904
Accounts payable and accrued liabilities	222,471	68,843
Unearned revenue	409,720	(181,585)
Accrued compensated absences and post-employment benefits	(191,782)	259,015
Deposits held in custody for others	(8,405)	34,004
Net Cash Used In Operating Activities	\$ (37,412,008)	\$ (36,170,247)
Supplemental Disclosure Of Cash Flow Information		
Noncash gifts received	\$ 2,014,443	\$ 81,570
Accounts payable incurred for capital asset purchases	904,081	430,099
Loss on disposal of capital assets	(4,324)	(11,817)
Unrealized gain on investments	2,128,370	65,216

TRUMAN STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1. Nature Of Operations And Summary Of Significant Accounting Policies

Nature Of Operations

Truman State University (the University) is a state-assisted university with its campus located in Kirksville, Missouri, operating under the jurisdiction of its Board of Governors. The University is a component unit of the state of Missouri. The University is fully accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. The University awards graduate and undergraduate degrees from five schools and serves a population of approximately 6,300 students.

Reporting Entity

The University determines its financial reporting entity pursuant to GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statements No. 61 and No. 80. As a result of the application of this pronouncement, the University includes the Truman State University Foundation (the Foundation), a legally separate not-for-profit corporation, as a blended component unit within its financial statements. Representatives of the University hold a voting majority of the seats on the Foundation's Nominating Committee, which in turn appoints a voting majority of the members of the Foundation's Board of Trustees. Additionally, the Foundation provides a financial benefit to the University, as the University is able to access the Foundation's resources. Finally, the Foundation provides services entirely to the University. Accordingly, the University presents the Foundation as a blended component unit.

Pursuant to the blended method of component unit presentation, the financial data of the Foundation is combined with the financial data of the University within these financial statements. Transactions between the University and the Foundation have been eliminated as part of the combination process.

Separately issued financial statements for the Foundation can be obtained by calling 660-785-4150, or writing to Truman State University, Attn: Office of Advancement, 100 E. Normal, Kirksville, MO 63501.

Basis Of Accounting And Presentation

The University prepares its financial statements as a business type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). The financial statements of the University have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. The University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2017, cash equivalents consisted primarily of money market funds.

Investments And Investment Income

Investments in equity securities, fixed income securities and mutual funds are carried at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit and repurchase agreements are carried at cost plus accrued interest, which approximates fair value.

Investment income includes interest income, dividend income, net realized gains and losses from the sale of securities, and net unrealized gains and losses that represent the change in the fair value of securities for the year.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Accounts Receivable

Accounts receivable consists mostly of enrollment fee charges to students and charges for auxiliary enterprise services provided to students. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollected amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Inventories

Inventories consist of farm animals and supplies. Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Loans To Students

The University makes loans to students under various federal and other loan programs. Loans to students are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollected amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to loans to students.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the University:

Land improvements	20 years
Buildings and improvements	20 - 50 years
Infrastructure	20 years
Furniture, fixtures and equipment	3 - 20 years
Library materials	10 years

The University capitalizes interest costs as a component of construction in progress, based on the interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing.

All interest costs of \$1,707,650 incurred in 2017 were charged to expense.

Compensated Absences

University policies permit nonacademic employees to accumulate vacation and compensating time benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits when earned, whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Unearned Revenue

Unearned revenue primarily represents tuition and student fees not earned during the current year, as well as advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri State Employees' Retirement System (MOSERS) and additions to/deductions from MOSERS' fiduciary net position have been determined on the same basis as they are reported by MOSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Resources are required to be classified for accounting and reporting purposes into the following three net position categories:

- ***Net Investment in Capital Assets:*** 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 stipulations that the University maintain them permanently. Such assets include the Foundation's permanent endowment funds.

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Expendable - Net position whose use by the University is subject to the externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted** - Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Governors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and research programs and initiatives, and capital programs.

Classification Of Revenues

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

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises (3) certain federal grants and (4) interest on student loans.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of certain nonexchange transactions. In a nonexchange transaction, the University receives value without directly giving equal value back, such as with gifts and contributions. Additionally, certain significant revenue relied upon for operations, such as state appropriations, Pell and similar funding, federal and state grants, investment income and endowment income, are reported as nonoperating revenue.

Scholarship Discounts And Allowances

Student enrollment fee revenues and revenues from auxiliary enterprises are reported net of scholarship allowances in the statements of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, including federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues while Pell grants are reported as nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees, or auxiliary services, the University has recorded a discount and allowance. The total scholarship allowances on enrollment fees for the year ended June 30, 2017 was \$25,347,127. The total scholarship allowances on fees charged for auxiliary enterprises for the year ended June 30, 2017 was \$1,956,215.

Estimates And Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Income Taxes

As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code (the Code) and a similar provision of state law. The Foundation is exempt from income taxes under Section 501(c)(3) of the Code and a similar provision of state law.

Subsequent Events

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (Continued)

2. Deposits And Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The University's deposit policy for custodial credit risk requires compliance with the provisions of Missouri state law. The Foundation's policy does not currently include that provision.

Missouri state law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. Agencies or instrumentalities or the State of Missouri; bonds of any city, county, school district or special road district of the State of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. As of June 30, 2017, the University's deposits were properly insured or collateralized.

Investments

The University and Foundation may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. Agencies and instrumentalities, fixed income securities, bankers acceptances, commercial paper, corporate bonds, and bank repurchase agreements. The Foundation may also invest in real estate, equity securities and mutual funds.

At June 30, 2017, the University and Foundation had the following investments and maturities:

Type	Fair Value	Maturities In Years			
		Not Applicable	0 - 5	6 - 10	More Than 10
Cash and cash equivalents	\$ 2,906,824	\$ 2,906,824	\$ —	\$ —	\$ —
Certificates of deposit	8,862,202	—	8,862,202	—	—
Domestic equity mutual funds	23,646,426	23,646,426	—	—	—
Domestic equity securities	49,566	49,566	—	—	—
Exchange traded notes	807,098	807,098	—	—	—
Fixed income securities	75,897,333	—	66,164,684	3,994,872	5,737,777
Fixed income mutual funds	944,099	944,099	—	—	—
International equity mutual funds	5,162,741	5,162,741	—	—	—
International equity securities	7,791	7,791	—	—	—
Real estate mutual funds	1,259,127	1,259,127	—	—	—
Taxable high yield mutual funds	882,111	882,111	—	—	—
	\$ 120,425,318	\$ 35,665,783	\$ 75,026,886	\$ 3,994,872	\$ 5,737,777

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (Continued)

At June 30, 2016, the University and Foundation had the following investments and maturities:

Type	Maturities In Years				
	Fair Value	Not Applicable	0 - 5	6 - 10	More Than 10
Cash and cash equivalents	\$ 3,322,510	\$ 3,322,510	\$ —	\$ —	\$ —
Certificates of deposit	1,500,459	—	1,500,459	—	—
Domestic equity mutual funds	19,850,675	19,850,675	—	—	—
Domestic equity securities	47,251	47,251	—	—	—
Exchange traded notes	484,897	484,897	—	—	—
Fixed income securities	84,489,181	—	74,899,955	4,528,750	5,060,476
Fixed income mutual funds	578,298	578,298	—	—	—
International equity mutual funds	3,273,106	3,273,106	—	—	—
International equity securities	8,119	8,119	—	—	—
Preferred stock	114,684	114,684	—	—	—
Real estate mutual funds	1,397,122	1,397,122	—	—	—
Taxable high yield mutual funds	712,937	712,937	—	—	—
	\$ 115,779,239	\$ 29,789,599	\$ 76,400,414	\$ 4,528,750	\$ 5,060,476

Interest Rate Risk

The University's policy manages interest rate risk by maintaining adequate liquidity for short-term cash needs. The University seeks to avoid the need to sell securities prior to maturity by making longer-term investments only with funds that are not needed for cash flow purposes; by establishing maximum individual investment maturity (or duration) and maximum portfolio average maturity (or portfolio limits); and by structuring the investment portfolio so that securities mature in time to meet expected cash requirements for ongoing operations. The policy limits the portfolio's maximum average duration to three years.

The Foundation's policy has no constraint on the maturity of any single fixed income security. However, the dollar weighted average duration of the investment grade portion of the portfolio should not exceed a range of +/- 35% of that of the fixed income benchmarks for investment grade securities. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (Continued)

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The University's policy limits credit risk by establishing minimum credit ratings for each non-government security type; by implementing a credit review and approval process or by hiring an outside registered investment advisor who has such a process; and by diversifying the portfolio to reduce the risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or type of security.

It is the Foundation's policy to limit its investments in fixed income securities to ratings of investment grade or higher at the time of purchase by NRSROs, with the exception that up to 25% of the fixed income holdings of the portfolio may be rated below investment grade. At no time, however, shall more than 10% of the total portfolio be invested in noninvestment grade (high yield) fixed income instruments.

Commercial paper rated A-1, P-1, or the equivalent by at least two nationally recognized statistical rating organizations may be held from issuing corporations with commercial paper programs with sizes in excess of \$500,000,000 as well as long term debt ratings, if any, of "A" or better. Purchases of commercial paper may not exceed 270 days to maturity.

At June 30, 2017 and 2016, the following ratings were available for the University's and Foundation's fixed income investments:

Quality Ratings	2017	2016
Treasury/Agency	\$ 2,671,952	\$ 27,569,859
AAA	3,686,642	3,356,951
AA+	32,462,000	10,991,826
AA	2,994,752	1,441,662
AA-	5,144,984	3,756,542
A+	7,345,987	8,456,883
A	8,530,104	9,679,350
A-	10,092,501	4,162,905
Ba	—	5,679,030
BBB+	698,288	839,813
BBB	2,270,123	2,396,989
B	—	9,975
Not rated/other	—	6,147,396
	\$ 75,897,333	\$ 84,489,181

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University or Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Custodial credit risk for deposits is the risk that in the event of a bank failure, a government's deposit may not be returned to it. The University's deposit policy for the custodial credit risk requires compliance with the provisions of state law. Collateralization for the University is required for three types of investments: certificates of deposit, repurchase agreements, and letters of credit from the Federal Home Loan Bank. All securities serving as collateral shall be kept at a nonaffiliated custodial facility. The University's investment in bankers acceptances must be issued by domestic banks rated A-1, P-1, or the equivalent by at least two nationally recognized statistical rating organizations and maturity may not exceed 270 days.

Concentration Of Credit Risk

No more than 30% of the University's portfolio can be invested in callable U.S. Government agencies; no more than 50% of the portfolio can be invested in bankers acceptances and commercial paper combined; no more than 40% of the portfolio can be invested in corporate bonds; no more than 25% of the portfolio can be invested in municipal bonds; no more than 10% of the portfolio can be invested in asset-backed securities; and no more than 20% of the portfolio can be invested in money market mutual funds.

The Foundation places certain limits on the amount that may be invested in any one issuer. Investments in any one individual equity security should not exceed approximately 10% of the market value of the investment manager portfolio, and investment in any one economic sector should not exceed 25% of the market value of the investment manager portfolio. Holdings of any single issue in the portfolio should not exceed more than 5% of the total outstanding common stock of any one company. Fixed income securities of any single issuer, with the exception of U.S. government and agency securities, are limited to no more than 10% of the market value of the fixed income portion of the investment manager's portfolio. Corporate securities are limited to no more than 75% of the market value of the fixed income portion of the portfolio.

Within the fixed income portion of the portfolio, allocations to "plus" fixed income sectors (such as high yield corporate bonds, high yield bank loans, preferred stock, international bonds (denominated in U.S. dollars and non-U.S. dollars) and emerging market bonds (denominated in U.S. dollars and non-U.S. dollars) are allowed up to a maximum of 30% of the market value of the fixed income portion of the portfolio.

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (Continued)

At June 30, 2017, the University's and Foundation's combined investments in U.S. Treasuries exceeded 5% of the combined investment portfolio. At June 30, 2016, the University's and Foundation's combined investments in U.S. Treasuries and a certain U.S. agency obligation (Fannie Mae Global Notes) exceeded 5% of the combined investment portfolio.

Foreign Currency Risk

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The University's investment policy does not address foreign currency risk. The Foundation's investment policy permits it to hold up to 20% of total investments in international equities. The University and the Foundation had no direct investments (mutual funds are not considered direct investments) in international equities at June 30, 2017.

Summary Of Carrying Values

The carrying values of deposits and investments are included in the statement of net position as follows at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Carrying value		
Deposits	\$ 5,166,478	\$ 4,922,761
Investments	<u>120,425,318</u>	<u>115,779,239</u>
	<u>\$ 125,591,796</u>	<u>\$ 120,702,000</u>
Included in the following statement of net position captions:		
Cash and cash equivalents	\$ 3,979,937	\$ 3,384,550
Restricted cash - current	1,186,541	1,538,211
Short term investments	16,031,201	28,691,744
Long term investments	<u>104,394,117</u>	<u>87,087,495</u>
	<u>\$ 125,591,796</u>	<u>\$ 120,702,000</u>

Investment Income

Investment income for the years ended June 30, 2017 and 2016 consists of:

	<u>2017</u>	<u>2016</u>
Interest and dividend income	\$ 1,947,677	\$ 1,747,376
Net realized and unrealized gains on investments	<u>2,937,496</u>	<u>65,216</u>
	<u>\$ 4,885,173</u>	<u>\$ 1,812,592</u>

Fair Value Measurements

GASB Statement No. 72 sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the University and Foundation have the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the University's and Foundations' own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the University's and Foundations' own data.

When available, quoted prices are used to determine fair value by the University and Foundation. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. The University and Foundation's Level 1 investments primarily consist of investments in mutual funds, cash equivalents and equity securities.

The University and Foundation's investment custodians generally use a multi-dimensional relational model when determining the value of fixed income securities. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.

At June 30, 2017, the University's and Foundation's investments were classified as follows:

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (Continued)

Type	Fair Value	Fair Value Level		
		1	2	3
Cash and cash equivalents	\$ 2,906,824	\$ 2,906,824	\$ —	\$ —
Domestic equity mutual funds	23,646,426	23,646,426	—	—
Domestic equity securities	49,566	49,566	—	—
Exchange traded notes	807,098	807,098	—	—
Fixed income securities	75,897,333	—	75,897,333	—
Fixed income mutual funds	944,099	944,099	—	—
International equity mutual funds	5,162,741	5,162,741	—	—
International equity securities	7,791	7,791	—	—
Real estate mutual funds	1,259,127	1,259,127	—	—
Taxable high yield mutual funds	882,111	882,111	—	—
	\$ 111,563,116	\$ 35,665,783	\$ 75,897,333	\$ —

At June 30, 2016, the University's and Foundation's investments were classified as follows:

Type	Fair Value	Fair Value Level		
		1	2	3
Cash and cash equivalents	\$ 3,322,510	\$ 3,322,510	\$ —	\$ —
Domestic equity mutual funds	19,850,675	19,850,675	—	—
Domestic equity securities	47,251	47,251	—	—
Exchange traded notes	484,897	484,897	—	—
Fixed income securities	84,489,181	—	84,489,181	—
Fixed income mutual funds	578,298	578,298	—	—
International equity mutual funds	3,273,106	3,273,106	—	—
International equity securities	8,119	8,119	—	—
Preferred stock	114,684	—	114,684	—
Real estate mutual funds	1,397,122	1,397,122	—	—
Taxable high yield mutual funds	712,937	712,937	—	—
	\$ 114,278,780	\$ 29,674,915	\$ 84,603,865	\$ —

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (Continued)

3. Endowments And Similar Funds

The Board of Directors of the Foundation has established an investment policy with the objectives of protecting the principal of the endowment funds and maximizing total investment return without assuming extraordinary risks. It is the goal of the Foundation to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently established on a fund-by-fund basis, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings.

In August 2009, the State of Missouri adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation has reviewed the provisions of this act and determined (utilizing the criteria prescribed by UPMIFA) that declines in the fair value of invested, nonexpendable assets to the extent that they exceed the original gift made by the donor (i.e., the assets are “underwater”) are not available for spending, until such fair value is re-established to an amount above the original gift made by the donor. There were no funds that were considered to be underwater at June 30, 2017.

4. Capital Assets

Capital assets activity for the year ended June 30, 2017 was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital Assets, Nondepreciable:					
Land	\$ 15,176,045	\$ —	\$ —	\$ —	\$ 15,176,045
Art	177,535	—	—	—	177,535
Construction in progress	1,616,927	4,420,984	—	(1,548,727)	4,489,184
Construction in progress - energy contract	10,065,887	—	—	(10,065,887)	—
Total Capital Assets, Nondepreciable	27,036,394	4,420,984	—	(11,614,614)	19,842,764
Capital Assets, Depreciable:					
Buildings and improvements	316,420,485	13,757,880	—	11,474,162	341,652,527
Furniture, fixtures and equipment	24,562,601	635,141	675,699	—	24,522,043
Library materials	14,900,453	157,862	81,039	—	14,977,276
Infrastructure	18,717,344	825,312	—	140,452	19,683,108
Total Capital Assets, Depreciable	374,600,883	15,376,195	756,738	11,614,614	400,834,954
Less Accumulated Depreciation:					
Buildings and improvements	149,652,802	10,164,586	—	—	159,817,388
Furniture, fixtures and equipment	22,041,632	894,943	675,699	—	22,260,876
Library materials	12,740,791	501,599	81,039	—	13,161,351
Infrastructure	10,636,277	687,604	—	—	11,323,881
Total Accumulated Depreciation	195,071,502	12,248,732	756,738	—	206,563,496
Total Capital Assets, Depreciable, Net	179,529,381	3,127,463	—	11,614,614	194,271,458
Total Capital Assets - Net	\$ 206,565,775	\$ 7,548,447	\$ —	\$ —	\$ 214,114,222

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (Continued)

Capital assets activity for the year ended June 30, 2016 was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital Assets, Nondepreciable:					
Land	\$ 15,108,201	\$ 67,844	\$ —	\$ —	\$ 15,176,045
Art	177,535	—	—	—	177,535
Construction in progress	3,074,496	1,535,169	—	(2,992,738)	1,616,927
Construction in progress - energy contract	1,821,020	8,244,867	—	—	10,065,887
Total Capital Assets, Nondepreciable	20,181,252	9,847,880	—	(2,992,738)	27,036,394
Capital Assets, Depreciable:					
Buildings and improvements	313,178,867	1,040,933	—	2,200,685	316,420,485
Furniture, fixtures and equipment	25,825,536	1,102,080	2,365,015	—	24,562,601
Library materials	14,838,411	217,653	155,611	—	14,900,453
Infrastructure	16,887,199	1,038,092	—	792,053	18,717,344
Total Capital Assets, Depreciable	370,730,013	3,398,758	2,520,626	2,992,738	374,600,883
Less Accumulated Depreciation:					
Buildings and improvements	140,148,538	9,504,264	—	—	149,652,802
Furniture, fixtures and equipment	23,459,333	947,314	2,365,015	—	22,041,632
Library materials	12,341,885	554,517	155,611	—	12,740,791
Infrastructure	9,949,432	686,845	—	—	10,636,277
Total Accumulated Depreciation	185,899,188	11,692,940	2,520,626	—	195,071,502
Total Capital Assets, Depreciable, Net	184,830,825	(8,294,182)	—	2,992,738	179,529,381
Total Capital Assets - Net	\$ 205,012,077	\$ 1,553,698	\$ —	\$ —	\$ 206,565,775

5. Long-Term Liabilities

The following is a summary of long-term obligation transactions for the University for the year ended June 30, 2017:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and capital leases					
Student Housing System Revenue Bonds - 2016	\$ 19,495,000	\$ —	\$ 725,000	\$ 18,770,000	\$ 745,000
Student Housing System Revenue Bonds - 2015	12,100,000	—	500,000	11,600,000	505,000
Student Housing System Revenue Bonds - 2013	18,230,000	—	795,000	17,435,000	820,000
Total bonds payable	49,825,000	—	2,020,000	47,805,000	2,070,000
Unamortized premium on bonds payable	1,337,137	—	93,996	1,243,141	72,921
Total bonds payable plus unamortized premium	51,162,137	—	2,113,996	49,048,141	2,142,921
Capital lease obligations	8,878,597	—	842,863	8,035,734	851,588
Total bonds and capital leases	60,040,734	—	2,956,859	57,083,875	2,994,509
Other noncurrent liabilities					
Accrued termination benefits	755,232	216,257	384,314	587,175	334,845
Accrued compensated absences	1,514,738	110,853	134,578	1,491,013	1,095,209
Annuities and trusts payable	603,299	17,061	74,918	545,442	72,857
Total other noncurrent liabilities	2,873,269	344,171	593,810	2,623,630	1,502,911
Total noncurrent liabilities	\$ 62,914,003	\$ 344,171	\$ 3,550,669	\$ 59,707,505	\$ 4,497,420

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (Continued)

The following is a summary of long-term obligation transactions for the University for the year ended June 30, 2016:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and capital leases					
Student Housing System Revenue Bonds - 2016	\$ —	\$ 20,105,000	\$ 610,000	\$ 19,495,000	\$ 725,000
Student Housing System Revenue Bonds - 2015	12,595,000	—	495,000	12,100,000	500,000
Student Housing System Revenue Bonds - 2013	19,000,000	—	770,000	18,230,000	795,000
Student Housing System Revenue Bonds - 2008	20,640,000	—	20,640,000	—	—
Total bonds payable	52,235,000	20,105,000	22,515,000	49,825,000	2,020,000
Unamortized premium on bonds payable	984,560	483,689	131,112	1,337,137	71,682
Total bonds payable plus unamortized premium	53,219,560	20,588,689	22,646,112	51,162,137	2,091,682
Capital lease obligations	9,292,727	—	414,130	8,878,597	842,863
Total bonds and capital leases	62,512,287	20,588,689	23,060,242	60,040,734	2,934,545
Other noncurrent liabilities					
Accrued termination benefits	449,726	633,799	328,293	755,232	349,839
Accrued compensated absences	1,561,229	77,016	123,507	1,514,738	1,066,218
Annuities and trusts payable	566,611	119,135	82,447	603,299	82,447
Total other noncurrent liabilities	2,577,566	829,950	534,247	2,873,269	1,498,504
Total noncurrent liabilities	\$ 65,089,853	\$ 21,418,639	\$ 23,594,489	\$ 62,914,003	\$ 4,433,049

The Foundation has been the recipient of several gift annuities which require future payments to the donor or their named beneficiaries. The assets received from donors are recorded at fair value on the date of the gift. The foundation has recorded a liability at June 30, 2017 and 2016 of \$545,442 and \$603,299, respectively, which represents the present value of the future annuity obligations. The liability has been determined using discount rates ranging from approximately 1% to 7%. The Foundation has segregated assets in custodial investment accounts to fund these obligations. At June 30, 2017 and 2016, the market value of these investments was \$1,063,191 and \$1,004,251, respectively.

Energy Performance Contract

In May 2015, the University entered into an Energy Performance Contract with Energy Solutions Professionals, LLC (the Contractor). The project includes the installation of various equipment and improvements at the University facilities through December 2016. The total cost of the project was approximately \$10,100,000. The Contractor has projected annual savings for the University of approximately \$1,000,000 per year over a 10-year period.

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (Continued)

In May 2015, the University entered into a lease purchase agreement to fund the energy savings project with a financial institution. Total acquisition costs for the energy equipment and improvements to be funded by the financial institution totaled \$9,274,600. The lease is payable over a 10-year period as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 851,588	\$ 148,412	\$ 1,000,000
2019	868,083	131,917	1,000,000
2020	884,897	115,103	1,000,000
2021	902,037	97,963	1,000,000
2022	919,509	80,491	1,000,000
2023-2026	3,609,620	140,380	3,750,000
	<u>\$ 8,035,734</u>	<u>\$ 714,266</u>	<u>\$ 8,750,000</u>

Revenue Bonds Payable

On February 11, 2016, the University issued a series of auxiliary system revenue bonds in order to refund the remaining outstanding bonds from the 2008 bond issuance. The principal amount issued, with its related premium, totaled \$20,588,689 and matures in annual installments through 2036.

The refunding resulted in a decrease in payments to service the new debt versus the old debt of \$2,583,901, an economic gain of \$4,373,351, and a deferred amount from refunding of \$1,271,533, which is being amortized over the life of the new debt.

On May 28, 2015, the University issued a series of auxiliary system revenue bonds, which were included as restricted cash by the University at June 30, 2015, in order to refund the remaining outstanding bonds from the 2006 bond issuance. The principal amount issued, with its related premium, totaled \$12,824,953 and matures in annual installments through 2034. The refunding resulted in a decrease in payments to service the new debt versus the old debt of \$2,182,006, an economic gain of \$1,672,487 and a deferred amount from refunding of \$225,305. The deferred amount from refunding is being amortized over the life of the new debt.

On April 18, 2013, the University issued a series of auxiliary system revenue bonds in order to refund the remaining outstanding bonds from the 2004 bond issuance. The principal amount issued, with its related premium, totaled \$21,238,831 and matures in annual installments through 2033.

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The various issues of the auxiliary system revenue bonds are payable, both as to principal and interest, solely out of the net income and revenues arising from the operation of the auxiliary system and out of any grant-in-aid which may be received from any source.

The bonds outstanding bear interest at rates ranging from 2% to 4% per annum and are collateralized by a first lien on and pledge of the net revenue derived from the operation and ownership of the housing system which includes all housing, dining and social facilities owned or operated by the University.

The bond debt service requirements as of June 30, 2017, are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 2,070,000	\$ 1,582,284	\$ 3,652,284
2019	2,135,000	1,520,184	3,655,184
2020	2,215,000	1,447,684	3,662,684
2021	2,290,000	1,372,434	3,662,434
2022	2,365,000	1,294,584	3,659,584
2023-2027	13,175,000	5,184,719	18,359,719
2028-2032	15,515,000	2,884,926	18,399,926
2033-2037	8,040,000	539,903	8,579,903
	<u>\$ 47,805,000</u>	<u>\$ 15,826,718</u>	<u>\$ 63,631,718</u>

6. Pension Plans - MOSERS

General Information about the Pension Plan

Plan description. Benefit eligible employees of the University are provided with pensions through Missouri State Employees' Plan (MSEP) - a cost-sharing multiple-employer defined benefit pension plan administered by MOSERS. The plans are referred to as MOSERS in the notes. Chapter 104.320 of the Revised Statutes of Missouri grants the authority to establish a defined benefit plan for eligible state and other related University employees. MOSERS issues an annual Comprehensive Annual Financial Report (CAFR), a publicly available financial report that can be obtained at www.mosers.org.

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Benefits provided. MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific plan in which the employee participates, which is based on the employee's hire date. Information on the three plans administered by MOSERS (MSEP, MSEP 2000, and MSEP 2011 retirement plans) and how eligibility and the benefit amount is determined for each plan may be found in the Notes to the Financial Statements of MOSERS' CAFR starting on page 28.

Contributions. Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP2011 Plan are required to contribute 4.0 percent of their annual pay. The University's required contribution rate for the year ended June 30, 2017, was 16.97 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate for the MOSERS plan year ended June 30, 2016 was 16.97 percent, which is the year of measurement for the net pension liability.

Contributions to the pension plan from the University were \$5,593,856 and \$5,467,985 for the years ended June 30, 2017 and 2016, respectively.

Pension Liabilities, Pension Expense, And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At June 30, 2017, the University reported a liability of \$77,726,342 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The University's proportion of the net pension liability was based on the University's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for MOSERS plan year ended June 30, 2016. At June 30, 2016, the University's proportion was 1.674 percent, a decrease from its proportion measured using 1.721 percent as of the June 30, 2015, measurement date.

There were no changes in benefit terms during the MOSERS plan year ended June 30, 2016, that affected the measurement of total pension liability.

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

For the years ended June 30, 2017 and 2016, the University recognized pension expense of \$11,239,682 and \$5,287,301, respectively.

At June 30, 2017 and 2016, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 800,502	\$ 227,094
Changes of assumptions	8,092,821	467,190
Net difference between projected and actual earnings on pension plan investments	12,699,697	—
Changes in proportion and differences between University contributions and proportionate share of contributions	—	1,258,988
University contributions subsequent to the measurement dates of June 30, 2016	5,593,856	—
	<u>\$ 27,186,876</u>	<u>\$ 1,953,272</u>
	2016	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 103,216	\$ 357,447
Changes of assumptions	—	735,358
Net difference between projected and actual earnings on pension plan investments	4,242,434	—
Changes in proportion and differences between University contributions and proportionate share of contributions	—	350,639
University contributions subsequent to the measurement dates of June 30, 2015	5,467,985	—
	<u>\$ 9,813,635</u>	<u>\$ 1,443,444</u>

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The University amounts reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018 of the University's financial statements. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the University's fiscal year following MOSERS' fiscal year as follows:

Amortization Schedule

<u>Plan Year Ending June 30</u>	<u>Amount</u>
2018	\$ 4,895,397
2019	4,906,760
2020	7,616,568
2021	2,221,023
	<hr/>
	\$ 19,639,748

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation, which is also the date of measurement for GASB 68 purposes, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%, approximate
Salary increases	3.25% to 8.75% including inflation
Wage inflation	3.0%
Investment rate of return	7.65%, compounded annually, net after investment expenses and including inflation

Mortality rates were based on the RP-2014 combined healthy mortality table projected to 2026 with Scale MP-2015 and scaled by 120%. The pre-retirement mortality rates used is the RP-2014 Employee mortality table, projected to 2026 with Scale MP-2015 and scaled by 95% for males and 90% for females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015. As a result of this actuarial experience study, the MOSERS Board made various demographic and economic assumption changes to more closely reflect actual experience. The most significant changes included lowering the assumed annual investment rate of return from 8 percent to 7.65 percent and the adoption of the above mortality tables. The changes in assumptions recorded as deferred inflows and outflows of resources were due to these changes from the actuarial experience study.

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates rates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in MOSERS target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Policy Allocation</u>	<u>Long-Term Expected Real Rate Of Return*</u>	<u>Weighted Average Long-Term Expected Real Rate Of Return</u>
Beta Balanced	80.0%	5.7%	4.6%
Illiquids **	20.0%	7.3%	1.5%
	<u>100.0%</u>		<u>6.1%</u>

* Represent best estimates of geometric rates of return for each major asset class included.

** Illiquid portfolio upper limit of 27.5% of capital, no new commitments past 23%

Discount rate. The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(6.65%)</u>	<u>Rate</u>	<u>(8.65%)</u>
University's proportionate share of the net pension liability	\$ 102,347,039	\$ 77,726,342	\$ 57,084,004

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued MOSERS financial report.

Payables to the pension plan

As of June 30, 2017, the University had payables of \$458,501 to MOSERS for the amount owed for salaries earned but not remitted as of June 30, 2017 due to payment terms in employment contracts.

7. Retirement Plans - CURP

All faculty on full-time, regular appointment are enrolled in the College and University Retirement Plan (CURP) if they have not previously been enrolled in MOSERS. CURP is a noncontributory 401(a) defined contribution retirement plan which uses TIAA-CREF as its third-party administrator. The University is required to contribute at an actuarially determined rate; the rate was 5.67% and 5.89% of annual covered payroll for 2017 and 2016, respectively. The University's contributions to the plan for the years ended June 30, 2017 and 2016 were \$470,079 and \$474,428, respectively, which equaled the required contributions for the years. CURP provides a retirement program which offers interstate portability, immediate vesting and no minimum service requirement. Contributions made by the University are self-directed by participants into their selected individual accounts. After participating in CURP for at least six years, a faculty member may elect to become a member of MOSERS.

8. Employee Health And Welfare Benefits

Effective January 1, 2012, the University established a self-insured medical program covering substantially all employees. The University's liability has been limited by the purchase of specific (\$150,000 in fiscal year 2017) and aggregate (\$1,000,000 in fiscal year 2017) reinsurance. The University has recorded a reserve for expenses incurred but not reported of \$600,405 as of June 30, 2017, which is included in accrued liabilities on the statement of net position.

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (Continued)

The liability reported for claims incurred but not reported are based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information obtained prior to the issuance of the financial statements indicates it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Change in the balance of the insurance reserve liability during the year ended June 30, 2017 was as follows:

Liability, July 1, 2015	\$ 692,737
Current year claims and changes in estimate	4,499,490
Claim payments	<u>(4,753,964)</u>
Liability, June 30, 2016	\$ 438,263
Current year claims and changes in estimate	7,391,962
Claim payments	<u>(7,229,820)</u>
Liability, June 30, 2017	<u>\$ 600,405</u>

Total employee health and welfare expense was \$5,982,149 for the year ended June 30, 2017.

9. Early Retiree Termination Benefits

The University pays health insurance premiums for qualified retired employees who have chosen to participate in early retirement programs established by the Board of Governors until the employee reached the age of 65. Separate programs were established in fiscal years 2010, 2011, 2012, 2015, 2016, and 2017. For participants that have not chosen the lump-sum payment method, the University has recorded a liability at the present value of the estimated future cash flows for the program, which amounted to \$587,175 and \$755,232 at June 30, 2017 and 2016, respectively.

During the year ended June 30, 2017, the University paid \$149,801 of reimbursements under this plan. Lump sum payments to participants totaled \$275,000 during 2017. At June 30, 2017, there were 26 retirees participating in the program.

10. Commitments And Contingencies

Claims And Litigation

The University is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The University administration believes the ultimate disposition of the actions will not have a material effect on the financial statements of the University.

Government Grants

The University is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

Construction

The University had outstanding commitments of \$4,213,037 related to construction contracts at June 30, 2017. A remaining commitment of \$2,169,959 on the Stadium Track & Field Project with River City Construction, Hollis & Miller Architects and Engineers, Inc. comprises the majority of the outstanding construction/architect commitments.

Perkins Loan Program

The University participates in the Federal Perkins Loan Program, under which loans are provided to eligible students and repayments are made directly to the University to provide funding for future eligible participants in the program. Effective October 1, 2017, the Department of Education has stipulated that new loans may not be disbursed under the program (some limited exceptions to continue to award new loans have been made, but are not expected to be applicable for the University). Pursuant to GASB accounting standards, the University has recorded previous contributions from the Federal Government for this program as revenue (and related restricted net position) in the period that the funds were received. The closure of this program, while not certain or determinable at this point, could result in the University recording an obligation to refund previous Federal contributions received under this program to the Department of Education.

11. Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to workers' compensation and natural disasters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The State of Missouri self-insures workers' compensation benefits for all state employees, including University employees. Claims are administered by the Missouri Office of Administration, Risk Management Section.

12. Segment Information

A segment is an identifiable activity reported within a stand-alone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains and losses, assets and liabilities that are required by an external party to be accounted for separately. Pursuant to the reporting requirements of GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus - an amendment of GASB Statements No. 21 and No. 34*, the University had one segment at June 30, 2017.

The segment consists of Housing System Revenue Bonds Series 2013, dated April 18, 2013, and Housing System Revenue Bonds Series 2015, dated May 28, 2015, and Housing System Revenue Bonds Series 2016, dated February 11, 2016. These accounts are established to account for activities of the Housing System, as defined by the bond resolutions.

TRUMAN STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The condensed financial information for the Housing System Revenue Bond Fund as of June 30, 2017 is as follows:

Condensed Statement Of Net Position

	<u>2017</u>	<u>2016</u>
Current Assets	\$ 14,852,970	\$ 10,918,283
Noncurrent Assets		
Capital assets, net of depreciation	81,722,241	83,575,230
Other	123,345	155,805
Total Assets	<u>96,698,556</u>	<u>94,649,318</u>
Deferred Outflows Of Resources	<u>1,445,515</u>	<u>1,583,439</u>
Current Liabilities	2,442,880	2,770,093
Noncurrent Liabilities	49,095,440	51,249,106
Total Liabilities	<u>51,538,320</u>	<u>54,019,199</u>
Net Position		
Net investment in capital assets	33,888,207	33,780,178
Unrestricted	12,717,544	8,433,380
Total Net Position	<u><u>\$ 46,605,751</u></u>	<u><u>\$ 42,213,558</u></u>

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TRUMAN STATE UNIVERSITYNotes To Financial Statements (*Continued*)**Condensed Statement Of Revenues,
Expenses And Changes In Net Position**

	<u>2017</u>	<u>2016</u>
Operating Revenue		
Housing and food service, net of scholarship allowance	\$ 21,066,954	\$ 20,944,835
Other operating revenues	647,878	710,176
Total Operating Revenue	<u>21,714,832</u>	<u>21,655,011</u>
Operating Expenses		
Compensation and benefits	3,571,062	3,151,436
Supplies and other services	10,605,852	10,258,798
Depreciation	5,302,337	5,115,637
Utilities	1,740,165	1,674,237
Total Operating Expenses	<u>21,219,416</u>	<u>20,200,108</u>
Operating Income	<u>495,416</u>	<u>1,454,903</u>
Nonoperating Revenue (Expenses)		
Student fees for capital projects	1,064,190	1,065,615
Investment income	280,954	285,522
Interest on capital asset related debt and other expenses	(1,788,611)	(2,027,303)
Funds received for capital investment	4,434,241	-
Other	(93,997)	(59,590)
Net Nonoperating Revenue (Expenses)	<u>3,896,777</u>	<u>(735,756)</u>
Increase In Net Position	<u>4,392,193</u>	<u>719,147</u>
Net Position - Beginning of Year	<u>42,213,558</u>	<u>41,494,411</u>
Net Position End Of Year	<u>\$ 46,605,751</u>	<u>\$ 42,213,558</u>

Condensed Statement Of Cash Flows

	<u>2017</u>	<u>2016</u>
Net cash provided by operating activities	\$ 3,953,236	\$ 6,560,365
Net cash used in capital and related financing activities	(394,673)	(6,849,959)
Net cash used in investing activities	(3,591,470)	(1,009,292)
Net decrease in cash and cash equivalents	(32,907)	(1,298,886)
Cash and cash equivalents - beginning of year	<u>38,567</u>	<u>1,337,453</u>
Cash and cash equivalents - end of year	<u>\$ 5,660</u>	<u>\$ 38,567</u>

TRUMAN STATE UNIVERSITY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM

	June 30,		
	2016	2015	2014
University's proportionate of the net pension liability	1.674%	1.721%	1.736%
University's proportionate share of the net pension liability	\$ 77,726,342	\$ 55,252,185	\$ 40,938,147
University's covered payroll	32,430,791	33,308,792	32,701,587
University's proportionate share of the net pension liability as a percentage of its covered payroll	239.67%	165.88%	125.19%
Plan fiduciary net position as a percentage of the total pension liability	63.60%	77.62%	79.49%

Notes: The above schedule is intended to show information for ten years. Additional years will be displayed as they become available. The information is based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.

Draft For Discussion Purposes Only

TRUMAN STATE UNIVERSITY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION (Continued)
SCHEDULE OF AGENCY CONTRIBUTIONS
MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM

	2016	June 30, 2015	2014
Contractually required contribution	\$ 5,503,067	\$ 5,652,501	\$ 5,666,746
Contributions in relation to the contractually required contribution	5,503,067	5,652,501	5,666,746
University's covered payroll	32,430,791	33,308,792	32,701,587
Contributions as a percentage of covered payroll	16.97%	16.97%	17.33%

Notes: The above schedule is intended to show information for ten years. Additional years will be displayed as they become available. The information is based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.

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TRUMAN STATE UNIVERSITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For The Year Ended June 30, 2017

1. Changes Of Benefit Terms Or Assumptions

Changes Of Benefit Terms

There were no changes to benefit terms in the plan for the year ended June 30, 2016.

Changes Of Assumptions

There were no changes to assumptions in valuation reports for the year ended June 30, 2016.

Draft For Discussion Purposes Only

ITEM F.2
Financial Report

DESCRIPTION AND BACKGROUND

The following financial reports include a review as of August 31, 2017, of education and general revenues and expenditures and auxiliary systems revenues and expenditures and a review as of August 31, 2017, of the Truman State University Foundation revenues and expenditures.

RECOMMENDED ACTION

This is a discussion item only.

ATTACHMENT

Financial Report

Truman State University
Financial Report
August 31, 2017 compared to August 31, 2016

Education & General (Pages A1-A3)

Revenues total \$35.3 million this year compared to \$35.4 million a year ago, representing 37.4% of revenue budgeted for FY18 compared to 35.9% of the revenue budgeted for FY17. Total revenues are down \$77,905 compared to last year.

State Appropriations for FY18 total \$40.7 million compared to \$44.3 million for FY17. Appropriations received are down \$650,118 through the end of August. As of August 31, 2017 and 2016, the withholdings from the appropriation included the traditional 3%. In FY17 there was a separate appropriation for planning the autism center, and the core appropriation was reduced by 9% for FY18.

The enrollment and related fee category is up \$721,514 from last year, or 2.6%. Fall semester enrollment income is up \$605,759 and course fees are up \$126,553. Fall headcount for the University totals 6,272 this fall compared to 6,379 last fall, down 107 students. Full-time equivalent enrollment (FTE) totals 5,482 this year compared to 5,505 last year, down 23 students. There are 1,492 new undergraduate students (first-time freshman and transfers) compared to 1,416 last year, an increase of 76 students.

Expenditures total \$21.2 million this year compared to \$21 million last year representing 21.5% of the budget this year compared to 20.7% last year.

Overall expenditures are up \$211,735, or 1% over last year. There is one expense category up more than \$200,000: equipment and capital expenditures. The increase is due to the press box and track and field project payments made in July and August from funds transferred from the Foundation.

The Truman State University Press is accounted for under Education and General for FY18. In the past, it was accounted for as an "other" auxiliary enterprise. The FY17 and FY16 data in this report have been adjusted to move press operation income and expense from Auxiliary to Education and General.

Auxiliary Systems (Pages B1-B3)

Revenues total \$13.4 million this year compared to \$13.2 million a year ago, representing 51.3% of the budgeted revenues for this year compared to 54% for last year. Housing occupancy is at 2,522 residents compared to 2,508 a year ago, or up 14 residents.

Expenditures total \$4.3 million this year compared to \$4.3 million last year representing 16.3% of the budget this year compared to 16.8% last year.

Overall expenditures are up \$96,691, or 2.3%. There is one expense up more than \$100,000, equipment and capital expenses. This category is up \$145,325 primarily due to the purchase and installation of a dish washing machine for the Student Union Mainstreet Market.

Truman State University Foundation (Pages C1-C3)

Statement of Net Position (Page C-1)

Net position increased from \$46.9 million a year ago to \$50.9 million this year, an increase of \$4 million. The primary change is in the cash category (down \$1.1 million) and the investments category (up \$4.6 million).

Liabilities are down \$552,365 primarily due to a decrease in accounts payable totaling \$480,838. The majority of this change was in the timing of reimbursing Truman for Foundation scholarships.

Statement of Revenues, Expenses and Changes in Net Position (Pages C2)

Through the end of August, contributions and additions to permanent endowments total \$316,356 this year compared to \$822,805 last year, a decrease of \$506,449. Contributions were up \$83,673 while additions to permanent endowments were down \$590,122.

Investment return, net of fees, shows a total gain of \$788,157 this year compared to a \$1.2 million gain last year, a reduction of \$388,744. The majority of the change was in the unrealized gain and loss category.

Expenses and Transfers to Truman are up, totaling \$715,778 this year compared to \$607,539 last year, up \$108,239. Scholarship awards are up \$61,523 and Transfers to Truman are up \$24,135.

Investments Schedule (Page C-3)

In addition to investments included in the statement of net position (\$50.7 million this year compared to \$46.1 million last year), the Foundation has a beneficial interest in three trusts that are not on the Foundation's financial statements. The value of these trusts is up \$141,965 as follows: The Ludlow Trust, up \$9,000 (invested at Citizens Bank of Chillicothe); the Cozean Trust is up \$12,118 (invested through First Bankers Trust in Quincy); and the Lyle Ingraham Trust is up \$120,848 (invested through Citizens Bank of Chillicothe).

Truman State University
 Educational & General
 Budget to Actual
 For the period ending August 31

	FY18 Budget	FY18 To Date	Percent of Budget This Year	Percent of Budget Last Year
Education & General				
Revenues				
State Sourced Income	\$ 40,671,122	\$ 6,573,420	16.16%	
Local Income	\$ 53,867,562	\$ 28,742,457	53.36%	
Total Budgeted Revenues	\$ 94,538,684	\$ 35,315,877	37.36%	35.92%
Rollover from prior year	\$ 2,852,668			
Expenses				
Salaries & Fringe Benefits				
Faculty/Staff Salaries	\$ 38,733,581	\$ 3,190,052	8.24%	
Student Employment	\$ 3,796,348	\$ 950,315	25.03%	
Fringe Benefits	\$ 14,716,023	\$ 1,525,246	10.36%	
Total Salaries & Fringe Benefits	\$ 57,245,952	\$ 5,665,613	9.90%	10.29%
Equipment & Capitalized Expense	\$ 2,229,481	\$ 953,443	42.77%	15.20%
Operations				
Other Expense	\$ 17,411,515	\$ 2,812,231	16.15%	
Institutional Aid	\$ 19,310,704	\$ 11,278,962	58.41%	
Utilities	\$ 2,645,700	\$ 523,884	19.80%	
Total Operations	\$ 39,367,919	\$ 14,615,077	37.12%	36.03%
Total Education & General Expense	\$ 98,843,352	\$ 21,234,133	21.48%	20.73%

Truman State University
 Operating Receipts by Fund
 For the period ending August 31

	<u>FY16</u> <u>Receipts</u>	<u>FY17</u> <u>Receipts</u>	<u>FY18</u> <u>Receipts</u>	<u>Change</u> <u>FY17 to FY18</u>	<u>% Change</u> <u>FY17 to FY18</u>
Education & General					
State Appropriation					
State Appropriation	\$ 6,969,470	\$ 7,223,538	\$ 6,573,420	\$ (650,118)	-9.00%
Autism Funds	\$ -	\$ 161,666	\$ -	\$ (161,666)	100.00%
Total State Sourced Income	<u>\$ 6,969,470</u>	<u>\$ 7,385,204</u>	<u>\$ 6,573,420</u>	<u>\$ (811,784)</u>	<u>-10.99%</u>
Enrollment Fees					
Enrollment Fees	\$ 25,495,084	\$ 25,731,315	\$ 26,337,074	\$ 605,759	2.35%
Course Fees	\$ 857,601	\$ 852,503	\$ 979,056	\$ 126,553	14.84%
Student Activity Fees	\$ 249,881	\$ 249,858	\$ 245,780	\$ (4,078)	-1.63%
Athletic Fees	\$ 322,043	\$ 321,981	\$ 317,396	\$ (4,585)	-1.42%
Health Clinic Fees	\$ 149,942	\$ 149,888	\$ 147,753	\$ (2,135)	-1.42%
Total Student Fees	<u>\$ 27,074,551</u>	<u>\$ 27,305,545</u>	<u>\$ 28,027,059</u>	<u>\$ 721,514</u>	<u>2.64%</u>
Other Income	\$ 662,073	\$ 703,033	\$ 715,398	\$ 12,365	1.76%
Total Education & General	<u>\$ 34,706,094</u>	<u>\$ 35,393,782</u>	<u>\$ 35,315,877</u>	<u>\$ (77,905)</u>	<u>-0.22%</u>

Truman State University
 Operating Expense by Fund
 For the period ending August 31

	FY16 Expense	FY17 Expense	FY18 Expense	Change FY17 to FY18	% Change FY17 to FY18
Education & General					
Salaries & Fringe Benefits					
Faculty & Staff Salaries	\$ 3,075,919	\$ 3,381,627	\$ 3,190,052	\$ (191,575)	-5.67%
Student Salaries	\$ 958,946	\$ 993,724	\$ 950,315	\$ (43,409)	-4.37%
Fringe Benefits	\$ 1,547,338	\$ 1,604,558	\$ 1,525,246	\$ (79,312)	-4.94%
Total Salary & Fringe Benefits	\$ 5,582,203	\$ 5,979,909	\$ 5,665,613	\$ (314,296)	-5.26%
Equipment & Capital Expenses	\$ 150,595	\$ 404,328	\$ 953,443	\$ 549,115	135.81%
Operations					
Institutional Aid	\$ 10,839,702	\$ 11,159,987	\$ 11,278,962	\$ 118,975	1.07%
Professional Services	\$ 215,515	\$ 121,504	\$ 174,520	\$ 53,016	43.63%
Travel	\$ 308,697	\$ 347,974	\$ 343,662	\$ (4,312)	-1.24%
Utilities	\$ 569,161	\$ 481,150	\$ 523,884	\$ 42,734	8.88%
Supplies	\$ 343,869	\$ 491,291	\$ 441,421	\$ (49,870)	-10.15%
Maintenance Contracts	\$ 743,284	\$ 745,797	\$ 662,153	\$ (83,644)	-11.22%
Communications	\$ 115,019	\$ 96,568	\$ 162,191	\$ 65,623	67.96%
Maintenance & Repair	\$ 54,834	\$ 141,270	\$ 32,204	\$ (109,066)	-77.20%
Energy Lease Principal & Interest	\$ -	\$ 210,000	\$ 210,000	\$ -	0.00%
Other Expense	\$ 922,804	\$ 842,620	\$ 786,080	\$ (56,540)	-6.71%
Total Operations	\$ 14,112,885	\$ 14,638,161	\$ 14,615,077	\$ (23,084)	-0.16%
Total Education & General	\$ 19,845,683	\$ 21,022,398	\$ 21,234,133	\$ 211,735	1.01%

**Truman State University
Auxiliary
Budget to Actual
For the period ending August 31**

	<u>FY18 Budget</u>	<u>FY18 To Date</u>	<u>Percent of Budget This Year</u>	<u>Percent of Budget Last Year</u>
Auxiliary Systems				
Revenues				
Residence Halls	\$ 22,950,000	\$ 12,052,716	52.52%	
Student Union	\$ 1,370,000	\$ 596,961	43.57%	
Recreation Center	\$ 1,260,000	\$ 685,016	54.37%	
Other Auxiliary	\$ 489,611	\$ 38,431	7.85%	
Total Budgeted Revenues	<u>\$ 26,069,611</u>	<u>\$ 13,373,124</u>	<u>51.30%</u>	<u>54.00%</u>
Rollover from prior year	\$ 640,359			
Total Resources to Spend	<u>\$ 26,709,970</u>			
Expenses				
Salaries & Fringe Benefits				
Salaries	\$ 2,006,066	\$ 318,728	15.89%	
Student Salaries	\$ 1,448,048	\$ 202,745	14.00%	
Fringe Benefits	<u>\$ 1,195,643</u>	<u>\$ 517,366</u>	43.27%	
Total Salaries & Fringe Benefits	<u>\$ 4,649,757</u>	<u>\$ 1,038,839</u>	<u>22.34%</u>	<u>22.29%</u>
Equipment /Capitalized Expen	\$ 816,060	\$ 154,525	18.94%	12.88%
Operations				
Bond Principal & Interest	\$ 3,652,285	\$ -	0.00%	
Meals/Banquets/Refreshmen	\$ 8,550,000	\$ 774,388	9.06%	
Other Expense	\$ 4,854,868	\$ 1,128,090	23.24%	
Institutional Aid	\$ 1,900,000	\$ 930,208	48.96%	
Utilities	\$ 2,287,000	\$ 328,270	14.35%	
Total Operations	<u>\$ 21,244,153</u>	<u>\$ 3,160,956</u>	<u>14.88%</u>	<u>16.28%</u>
Total Auxiliary Expense	<u>\$ 26,709,970</u>	<u>\$ 4,354,320</u>	<u>16.30%</u>	<u>16.76%</u>

Truman State University
 Operating Receipts by Fund
 For the period ending August 31

	<u>FY16</u> <u>Receipts</u>	<u>FY17</u> <u>Receipts</u>	<u>FY18</u> <u>Receipts</u>	<u>Change</u> <u>FY17 to FY18</u>	<u>% Change</u> <u>FY17 to FY18</u>
Auxiliary					
Residence Halls	\$ 11,809,327	\$ 11,917,910	\$ 12,052,716	\$ 134,806	1.13%
Student Union	\$ 675,711	\$ 579,970	\$ 596,961	\$ 16,991	2.93%
Recreation Center	\$ 686,027	\$ 688,304	\$ 685,016	\$ (3,288)	-0.48%
Other Auxiliary	\$ 58,556	\$ 54,065	\$ 38,431	\$ (15,634)	-28.92%
Total Auxiliary	<u><u>\$ 13,229,621</u></u>	<u><u>\$ 13,240,249</u></u>	<u><u>\$ 13,373,124</u></u>	<u><u>\$ 132,875</u></u>	<u><u>1.00%</u></u>

Truman State University
 Operating Expense by Fund
 For the period ending August 31

	FY16 Expense	FY17 Expense	FY18 Expense	Change FY17 to FY18	% Change FY17 to FY18
Auxiliary					
Salaries & Fringe Benefits					
Salaries	\$ 299,040	\$ 317,734	\$ 318,728	\$ 994	0.31%
Student Wages	\$ 179,293	\$ 176,741	\$ 202,745	\$ 26,004	14.71%
Fringe Benefits	\$ 500,245	\$ 497,548	\$ 517,366	\$ 19,818	3.98%
Total Salary & Fringe Benefits	\$ 978,578	\$ 992,023	\$ 1,038,839	\$ 46,816	4.72%
Equipment & Capital Expenses	\$ 91,833	\$ 9,200	\$ 154,525	\$ 145,325	1579.62%
Operations					
Institutional Aid	\$ 854,050	\$ 973,342	\$ 930,208	\$ (43,134)	-4.43%
Supplies	\$ 176,147	\$ 103,435	\$ 67,513	\$ (35,922)	-34.73%
Maintenance Contracts	\$ 102,167	\$ 102,990	\$ 54,265	\$ (48,725)	-47.31%
Communications	\$ 4,281	\$ 13,799	\$ 10,116	\$ (3,683)	-26.69%
Meals-Contract Food Service	\$ 699,728	\$ 731,980	\$ 774,388	\$ 42,408	5.79%
Meals-Other	\$ 228,435	\$ 187,734	\$ 195,535	\$ 7,801	4.16%
Utilities	\$ 376,989	\$ 389,622	\$ 328,270	\$ (61,352)	-15.75%
Professional Services	\$ 74,375	\$ 29,924	\$ 5,944	\$ (23,980)	-80.14%
Other Expense	\$ 552,228	\$ 723,580	\$ 794,717	\$ 71,137	9.83%
Total Operations	\$ 3,068,400	\$ 3,256,406	\$ 3,160,956	\$ (95,450)	-2.93%
Total Auxiliary	\$ 4,138,811	\$ 4,257,629	\$ 4,354,320	\$ 96,691	2.27%

Truman State University Foundation
Statement of Net Position
August 31, 2016 Compared to August 31, 2017

ASSETS	31-Aug-16 FY17	31-Aug-17 FY18	Change FY17 to FY18
Current Assets			
Cash	\$ 1,277,934	\$ 187,602	\$ (1,090,332)
Short Term Investments	\$ 2,303,430	\$ 3,100,116	\$ 796,686
Loans Receivable, net of allowance	\$ 253,967	\$ 183,935	\$ (70,032)
Total Current Assets	\$ 3,835,331	\$ 3,471,653	\$ (363,679)
Non-Current Assets			
Investments	\$ 43,773,138	\$ 47,552,042	\$ 3,778,904
Loans Receivable, net of allowance	\$ 326,264	\$ 357,050	\$ 30,786
Cash Value of Life Insurance	\$ 106,804	\$ 125,135	\$ 18,331
Total Non-Current Assets	\$ 44,206,205	\$ 48,034,226	\$ 3,828,021
Total Assets	\$ 48,041,536	\$ 51,505,879	\$ 3,464,342
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 523,870	\$ 43,032	\$ (480,838)
Annuities & Trusts Payable	\$ 70,640	\$ 61,377	\$ (9,262)
Total Current Liabilities	\$ 594,510	\$ 104,409	\$ (490,100)
Non-Current Liabilities			
Annuities & Trusts Payable	\$ 534,851	\$ 472,586	\$ (62,265)
Total Non-Current Liabilities	\$ 534,851	\$ 472,586	\$ (62,265)
Total Liabilities	\$ 1,129,361	\$ 576,995	\$ (552,365)
NET POSITION	\$ 46,912,176	\$ 50,928,883	\$ 4,016,707

Truman State University Foundation
Statement of Revenues, Expenses & Changes in Net Position
August 31, 2016 Compared to August 31, 2017

	<u>31-Aug-16 FY17</u>	<u>31-Aug-17 FY18</u>	<u>Change FY17 to FY18</u>
Operating Revenue			
Interest on Student Loan Receivable	\$ 4,326	\$ 4,638	\$ 312
Total Operating Revenues	<u>\$ 4,326</u>	<u>\$ 4,638</u>	<u>\$ 312</u>
Operating Expenses			
Scholarships	\$ 463,472	\$ 524,995	\$ 61,524
Supplies & Other Services	\$ 20,131	\$ 27,903	\$ 7,772
Travel Expense	\$ 20,670	\$ 14,914	\$ (5,756)
Other Expense	\$ 36,958	\$ 57,523	\$ 20,565
Total Operating Expenses	<u>\$ 541,231</u>	<u>\$ 625,336</u>	<u>\$ 84,105</u>
Operating Gain (Loss)	<u>\$ (536,905)</u>	<u>\$ (620,697)</u>	<u>\$ (83,793)</u>
Non-Operating Revenues (Expenses)			
Contributions	\$ 179,677	\$ 263,350	\$ 83,673
Interest & Dividends	\$ 162,810	\$ 181,600	\$ 18,791
Realized Gain (Loss)	\$ (41,739)	\$ 74,973	\$ 116,713
Unrealized Gain (Loss)	\$ 1,072,362	\$ 549,760	\$ (522,602)
Other Non-Operating Income	\$ 7,870	\$ 5,012	\$ (2,858)
Other Non-Operating Expense	\$ (16,532)	\$ (18,177)	\$ (1,645)
Net Non-Operating Revenues (Expenses)	<u>\$ 1,364,448</u>	<u>\$ 1,056,519</u>	<u>\$ (307,929)</u>
Income before other Revenues, Expenses, Gains, Losses & Transfers	<u>\$ 827,543</u>	<u>\$ 435,822</u>	<u>\$ (391,721)</u>
Additions to Permanent Endowments	\$ 643,128	\$ 53,006	\$ (590,122)
Transfers to Education & General for Administration	\$ (19,883)	\$ (19,883)	\$ -
Transfers to Education & General	\$ (43,379)	\$ (58,408)	\$ (15,028)
Transfer to Auxiliary - Other	\$ (3,046)	\$ (1,679)	\$ 1,367
Transfer to Capital Fund	\$ -	\$ (10,473)	\$ (10,473)
Increase (Decrease) in Net Assets	<u>\$ 1,404,362</u>	<u>\$ 398,385</u>	<u>\$ (1,005,977)</u>
Net Position, Beginning of Year	\$ 45,507,814	\$ 50,530,498	\$ (5,022,684)
Net Position Ending Balance	<u><u>\$ 46,912,176</u></u>	<u><u>\$ 50,928,883</u></u>	<u><u>\$ 4,016,707</u></u>

**Truman State University Foundation
Investments Schedule
August 31, 2016 Compared to August 31, 2017**

Investments	<u>31-Aug-16 FY17</u>	<u>31-Aug-17 FY18</u>
Invested with Outside Manager		
Endowment Pool	\$ 42,011,351	\$ 45,829,328
Total Endowment Pool	<u>\$ 42,011,351</u>	<u>\$ 45,829,328</u>
Short-Term Pool	\$ 2,303,430	\$ 3,100,116
Long Trust	\$ 686,357	\$ 714,875
Courtright Elmwood Unitrust	\$ 32,734	\$ 33,112
Annuities Payable - CGA	\$ 947,686	\$ 879,068
Fitzpatrick - CA CGA	\$ 69,559	\$ 69,566
Annuities Payable - FL CGA	\$ 25,450	\$ 26,094
Total Investments	<u><u>\$ 46,076,568</u></u>	<u><u>\$ 50,652,158</u></u>
Beneficial Interest in Trusts		
Invested through Citizens Bank, Chillicothe, MO Ludlow Trust	\$ 224,957	\$ 233,956
Invested through First Bankers Trust, Quincy, IL Cozean Trust	\$ 321,232	\$ 333,350
Invested through Citizens Bank, Chillicothe, MO Lyle Ingraham Trust	\$ 2,909,900	\$ 3,030,748
Total Beneficial Interest in Trusts	<u><u>\$ 3,456,088</u></u>	<u><u>\$ 3,598,055</u></u>

ITEM G**Academic and Student Affairs Committee Report****DESCRIPTION AND BACKGROUND**

Governor Jennifer Kopp Dameron, Chair of the Academic and Student Affairs Committee, will provide a report on the committee meeting held on October 10.

RECOMMENDED ACTION

This is a discussion item only.

ITEM H
Budget and Capital Projects Committee Report

DESCRIPTION AND BACKGROUND

Governor Susan Plassmeyer, Chair of the Budget and Capital Projects Committee, will provide a report on the committee meeting held on October 9.

RECOMMENDED ACTION

This is a discussion item only.

ITEM H.1
Construction Projects Report

DESCRIPTION AND BACKGROUND

The following report is an update on construction projects which have been approved by the Board at previous meetings.

RECOMMENDED ACTION

This is a discussion item only.

ATTACHMENT

Construction Projects Report

Construction Projects Report

<u>Project Project Name</u>	<u>Budget</u>	<u>Approval Date</u>	<u>Expenditure To Date</u>	<u>Status*</u>	<u>Completion Occupancy**</u>	<u>Project Completion</u>	<u>Final Project Cost</u>
Baldwin Hall Renovation Project	\$14,500,000	4-9-16	\$13,560,697	94%	6-30-17		
Blanton-Nason- Brewer Window and Roof Replacement Project	\$ 1,980,000	10-21-16	\$ 1,603,539	80%	7-31-17		
Stadium Track and Field Project	\$ 4,820,000	12-3-16	\$ 4,337,071	90%	8-5-17		
University Residence Project***	\$ 205,000	4-8-17	\$ 127,603	62%	9-1-17		
Student Union HVAC Project	\$ 190,000	4-8-17	\$ 121,480	64%	7-31-17		
Missouri Hall Dining/ Kitchen Project	\$ 4,400,000	8-5-17			8-18		

*completion status based on payments made

**occupancy date based on primary construction contract

***does not include design fees for previously cancelled project

ITEM H.2

Contracts for Construction Projects and Equipment Purchases Report

DESCRIPTION AND BACKGROUND

The following is a report of construction projects and equipment purchases totaling \$25,000 to \$100,000 which have been approved since the last meeting of the Board.

RECOMMENDED ACTION

This is a discussion item only.

ATTACHMENT

Contracts for Construction Projects/Equipment Purchases

Contracts for Construction Projects

The following construction projects totaling \$25,000 to \$100,000 have been approved since the last meeting of the Board.

<u>Project Name</u>	<u>Cost</u>
Baseball Field Warning Track Improvements Project	\$58,619

The baseball field warning track was in need of replacement. A bid was advertised and invitations to bid were sent to six known contractors. Only one contractor submitted a bid. The contract was awarded to Houska, Inc. of Foristell, Missouri. The project was funded by the Student Athletic Fee.

Equipment Purchases

The following single items of equipment totaling \$25,000 to \$100,000 have been approved since the last meeting of the Board.

<u>Description</u>	<u>Cost</u>
None to report	

ITEM H.3

Architectural/Engineering Services – Pickler Memorial Library Sprinkler/Alarm System Replacement Project

DESCRIPTION AND BACKGROUND

Pickler Memorial Library was expanded and renovated with a multi-year construction project starting in 1987 that was completed in 1993. The sprinkler and alarm systems for the facility were installed using the standard for libraries at that time. The library has a dry pipe sprinkler system which is integrated with the alarms and is filled with water when an alarm activates. It is designed to drain when reset but small amounts of water remain at connections and have corroded the pipes. This is an issue many libraries constructed in the late 1980's now face as the pipes leak or fail.

Based on the need to maintain this critical facility this project is recommended as the top priority for the summer 2018 construction season. Funds are available in the Plant Fund for the project.

The timeline for this renovation project is as follows:

October 2017 – Selection of architectural firm
October 2017-March 2018 – Design work
April 2018 – Construction bids and Board approval
May 2018 – Work begins
Fall Semester 2018 – Planned completion

The procedure for state agencies seeking architectural engineering or land surveying services is outlined in statute. It involves a review of qualifications of firms on file or those which have submitted qualifications for a proposed project. In evaluating the qualifications, the following criteria are used:

1. The specialized experience and technical competence of the firm with respect to the type of services required;
2. The capacity and capability of the firm to perform the work in question, including specialized services, within the time limitations fixed for the completion of the project;
3. The past record of performance of the firm with respect to such factors as control of costs, quality of work, and ability to meet schedules; and
4. The firm's proximity to and familiarity with the area in which the project is located.

A committee including representatives from Truman's Physical Plant, Campus Planning, and Pickler Memorial Library offices reviewed qualifications of architectural firms to select a firm to provide professional services for this project. These firms had previously submitted statements of qualifications to Truman for earlier projects or had expressed interest in work at the University. Two finalists were selected to provide written presentations regarding their expertise with renovations and similar projects. Based on their qualifications and the University's previous

experience with this firm the committee recommends that PGAV of Kansas City be selected to provide architectural and engineering services for this project. Fee schedules based upon the standard utilized for the University of Missouri System for similar projects plus reimbursables are proposed for architectural and engineering services. A base fee of \$29,500 for schematic designs plus a scalable fee for the balance of the work is outlined in the attachment.

RECOMMENDED ACTION

BE IT RESOLVED that the proposal from PGAV to provide architectural/engineering services for the Pickler Memorial Library Sprinkler/Alarm System Replacement Project, with the fees and work for such services to be within the guidelines of the proposal, be approved; and

BE IT FURTHER RESOLVED that the President of the University, or her designee, be authorized to execute a contract with the firm for the project; and

BE IT FURTHER RESOLVED that a copy of the proposal be attached to and made a part of the minutes for this meeting.

Moved by _____
Seconded by _____
Vote: Aye _____
Nay _____

ATTACHMENT

Proposal Summary

September 29, 2017

Mark Schultz
University Architect
Truman State University
100 East Normal Street
Kirksville, MO 63501

RE: Pickler Memorial Library Renovations

Mark,

PGAV Architects is pleased to provide this proposal for architectural and engineering design services. Following is our initial understanding of the work, a preliminary schedule, and proposed fees. We are recommending a two phase approach: Phase I would include development of schematic design to define the renovation scope and construction costs. Phase II would include the completion of design services, including construction documentation and construction administration.

1. PROJECT TEAM

The project team includes:

- A. Truman State University – Owner
- B. PGAV Architects – Architect
- C. McClure Engineers – Mechanical/Electrical Engineer

2. PROJECT UNDERSTANDING

Pickler Memorial Library requires modernization of the building's existing fire protection systems, including fire suppression, fire alarm, and security system interface. These systems are intricately woven into the building's architectural features, such as ceiling plenums and wall cavities. To execute the work, the team will need to consider strategies for carefully removing drywall and acoustical ceilings, drywall partitions, and interior finishes as required to demolish existing systems and install new. Once new systems are in place, ceilings and walls will need to be restored to their original condition.

The fire suppression system will be documented in McClure's documents with specific sprinkler head and device locations and pipe routing to coordinate with the selective architectural demolition. The installing fire suppression contractor is to provide signed and sealed shop drawings with hydraulic calculations. The fire alarm system will be fully engineered in McClure's documents illustrating device locations, conduit routing and necessary fire alarm interlocks to HVAC equipment (air handling units, smoke dampers and fire pump). McClure will provide signed and sealed drawings for the project, with the campus fire alarm vendor (Simplex) providing battery and voltage drop calculations within their submittal package to the electrical contractor. Specifications for both systems will be included to define additional performance criteria and project specific details.

We understand that a preliminary construction budget of approximately \$1,500,000 has been established for the project, which will need to include demolition, new construction, temporary protection, move management, and phasing. The project will be delivered utilizing traditional design-bid-build delivery.

Although we will work to avoid or minimize the extents, there will likely be circumstances where the existing building is impacted in other ways. For example, some of the existing book stacks have integral lighting which may need to be removed to accomplish the work, in which case new recessed ceiling lighting will need to be provided. Additionally, special and/or archival collections will need to be handled with care – either by protecting in-place, or carefully moving these collections outside the work area. These areas may also require a new specialty fire suppression system to protect the collections from potential water damage. These are just a few examples of conditions that may need to be addressed as part of the project. We will work to minimize the impact and manage budget allocations for ancillary work in order to preserve available funding for fire protection system upgrades.

It is not yet clear as to whether or not, or to what extent as-built drawings exist. We understand that new and/or updated CAD drawings will need to be developed, and on-site field verification and documentation of existing conditions is therefore included in our proposal. Existing systems and conditions concealed behind existing walls and ceilings will be documented based on available as-built documentation.

We also do not yet know to what extent hazardous materials such as asbestos or mold are present in the existing building. If present, abatement of these materials could add significant costs to the overall project, potentially impacting renovation extents, and/or construction means, methods or phasing. Although our professional liability insurance does not allow us to manage any work associated with the identification or abatement of hazardous materials, we can help the University establish requirements and procure this work under separate contract.

3. PROJECT SCHEDULE

Our team is ready to begin work immediately upon receipt of your notice to proceed. We anticipate approximately 2 months to complete the Phase I - Schematic Design effort. Once Phase I is complete and the construction scope and budget are confirmed, we would recommend the following durations to complete design, documentation, bidding, and construction:

Design Development	1.5 months
Construction Documents	2.5 months
Bidding/Negotiation	1 month
Construction	6 to 8 months

We will work with TSU to refine this schedule to meet the University's requirements. We understand that Schematic Design could begin in mid to late October.

4. COMPENSATION

PGAV will provide the services outlined above for a lump sum fee calculated as a percentage of estimated construction cost. We propose to use the University of Missouri System Architectural & Engineering Basic Services Fee Estimating Guidelines to establish an appropriate fee percentage for the project. Building fire protection, fire alarm, and security system projects are identified as Type VI, Engineering Projects, which would put the fee in the 9.4% to 9.8% range depending on the final construction budget.

We propose to break this fee into two phases. We will first work with the University to establish/confirm scope and budget by documenting existing conditions and developing schematic design documentation. Phase I will be completed for a lump sum fee of the initial \$1.5M budget, calculated as follows:

Phase I Fees – SD Phase ($\$1,500,000 \times 9.8\% = \$147,000 \times 20\%$) = **\$ 29,400**

The scope of work and cost estimate developed during the SD phase will serve as the basis for the Phase II fee. The table below represents the potential Phase II fee range, depending on construction budget. Note that Phase I (SD) fees would be credited against the Phase II fees in each case.

Phase II Fees – DD through CA

$(\$1,500,000 \times 9.8\% = \$147,000 - \$29,400) =$	\$117,600
$(\$1,750,000 \times 9.7\% = \$169,750 - \$29,400) =$	\$140,350
$(\$2,000,000 \times 9.6\% = \$192,000 - \$29,400) =$	\$162,600
$(\$2,250,000 \times 9.5\% = \$213,750 - \$29,400) =$	\$184,350
$(\$2,500,000 \times 9.4\% = \$235,000 - \$29,400) =$	\$205,600

We will invoice monthly as a percentage of completion of the work.

5. REIMBURSABLE EXPENSES

Direct project expenses including printing, postage, delivery, mileage, and meals associated with meetings and site observations are in addition to the fixed fee and will be invoiced at cost.

6. ADDITIONAL SERVICES

Any additional architectural, engineering or specialty consultant services deemed necessary or requested by the University will be negotiated as lump sum adjustments to this agreement by written amendment.

With the removal of ceilings and the availability of utility rebates, a lighting design additional service may be considered. This additional service includes:

- Coordination with Architect's light fixture selections to specify appropriate lighting and light levels for the project.
- Provide final light fixture schedule.
- Specify lighting controls, including daylight harvesting control design.
- Provide emergency lighting design.
- Lighting control commissioning.

7. SUMMARY

Thank you for the opportunity to assist with this important assignment. If you have any questions regarding this proposal or need any additional information please let us know. If this proposal is acceptable please have the appropriate person sign in the signature block below and return a copy for our records. We look forward to working together!

Sincerely,

PGAV Architects



Steve Troester, AIA, LEED AP
Principal

Authorization:

Phase 1 - Schematic Design – Approved and authorized by Truman State University

Date

Phase 2 – Design Development through CA – Approved and authorized by Truman State University

Date

cc: file, Steve Cramer, Peter McDonnell

ITEM H.4
Equipment Purchase – 35 Passenger Mini Bus

DESCRIPTION AND BACKGROUND

The University currently has three buses which are utilized to transport student groups such as athletic teams, musical ensembles and field trips. The 2009 Chevrolet 33-passenger mini bus has experienced multiple mechanical problems and failures over the past year and currently has approximately 212,000 miles. Last spring it was determined there were no funds to replace this bus. The Student Athletic Fee Committee stepped forward to help financially support the purchase of a new 35-passenger mini bus to support the need of athletic teams and other University transportation requests. A competitive bid was sought via advertising, posting on the University Purchasing website, and invitation to five bus company contacts. Specifications included the trade-in allowance of the 2009 Chevrolet 33-passenger bus. Proposals were received from four bus vendors: Master’s Transportation, Belton, Missouri; Midwest Transit Equipment Inc., Kankakee, Illinois; Southern Bus and Mobility, Valley Park, Missouri; and Central States Bus Sales; Fenton, Missouri. The lowest and best value bid was received from Central States Bus Sales for a net cost of \$137,000 after trade-in for a custom built 2017 Freightliner 35 passenger bus. The purchase is funded by the Student Athletic Fee.

RECOMMENDED ACTION

BE IT RESOLVED that the purchase of the following item of equipment be approved:

<u>Item</u>	<u>Estimated Amount</u>
35-Passenger Mini Bus	\$137,000

Moved by _____
Seconded by _____
Vote: Aye _____
Nay _____

ITEM I

Agenda Items for Future Meetings

DESCRIPTION AND BACKGROUND

A list of projected agenda items for the regular meetings during the next year follows this page.

RECOMMENDED ACTION

This is a discussion item only.

ATTACHMENT

List of Projected Agenda Items

LIST OF PROJECTED AGENDA ITEMS
Regular Meetings of Board of Governors
Year Following the December 2017 Meeting

December 2017 Meeting

Participation in campus events
Minutes for open session of last meeting
President's report
Advancement and/or foundation report
Academic affairs report
Student affairs report
Financial report
Construction projects report
Housing charges for next fiscal year
Selection of officers for next calendar year
Annual board committee appointments
Annual foundation board appointments
Dates and agenda items for future meetings
Minutes for closed session of last meeting
Personnel actions report
Paid leaves of absence for next fiscal year
Tenure review for faculty members completing their review period at end of fall semester

February 2018 Meeting

Participation in campus events
Annual photograph of board and president
Recognition of past board chair
Minutes for open session of last meeting
President's report
Advancement and/or foundation report
Academic affairs report
Student affairs report
Annual legislative consultant report
Annual student government report
Financial report
Construction projects report
External audit firm (as contract expires)
Academic calendar (as needed)
Board of governors conflict of interest policy review
Dates and agenda items for future meetings
Minutes for closed session of last meeting
Personnel actions report
Annual general counsel evaluation committee appointments

April 2018 Meeting

Participation in campus events
Minutes for open session of last meeting

(NOTE: Agenda items noted in red are discretionary reports and subject to change.)

President's report
Advancement and/or foundation report
Academic affairs report
Student affairs report
Annual faculty senate report
Financial report
Construction projects report
Depository bank for next two fiscal years (as contracts expire)
Food service contractor (as contracts expire)
Bookstore contractor (as contracts expire)
Enrollment fees for next fiscal year
Dates and agenda items for future meetings
Minutes for closed session of last meeting
Personnel actions report
Treasurers for next fiscal year
Annual general counsel evaluation and appointment for next fiscal year
Board begins annual presidential review process as outlined in presidential review timeline

June 2018 Meeting/Retreat

Participation in campus events
Minutes for open session of last meeting
President's report
Advancement and/or foundation report
Academic affairs/assessment report
Student affairs report
Financial report
Construction projects report
State capital funds request for next legislative session
Operating budgets for next fiscal year
Salary policies for next fiscal year
Union agreement renewal (in even numbered years)
Dates and agenda items for future meetings
Minutes for closed session of last meeting
Personnel actions report
Tenure review
Faculty promotions
Annual presidential review and salary consideration
Annual general counsel salary consideration

August 2018 Meeting

Participation in campus events
Minutes for open session of last meeting
President's report
Advancement and/or foundation report
Academic affairs report
Student affairs report
Annual athletics report

(NOTE: Agenda items noted in red are discretionary reports and subject to change.)

Annual staff council report

Financial report

Construction projects report

Local capital budgets for current fiscal year

State appropriation request for next fiscal year

Honorary degree consideration

Dates and agenda items for future meetings

Minutes for closed session of last meeting

Personnel actions report

Board concludes annual presidential review process as outlined in presidential review timeline

October 2018 Meeting

Participation in campus events

Minutes for open session of last meeting

President's report

Advancement and/or foundation report

Academic affairs report

Student affairs report

Annual enrollment management report

Financial report

Audit report

Construction projects report

Dates and agenda items for future meetings

Minutes for closed session of last meeting

Personnel actions report

The following items will be added to the agendas as needed:

University strategic plan reports

Campus master plan reports

Reports from administrative areas

Approval of new or revised policies

Approval of architects and/or engineers for construction projects

Approval of new construction projects over \$100,000

Approval of equipment purchases and leases over \$100,000

Approval of consulting services over \$10,000

Approval of change orders for major changes in construction projects

Approval of real estate acquisitions

Litigation and legal action reports

(NOTE: Agenda items noted in red are discretionary reports and subject to change.)

ITEM J
Dates for Future Meetings

DESCRIPTION AND BACKGROUND

It is helpful to schedule, at least tentatively, the dates for board meetings during the next year. The tentatively scheduled dates are subject to change by the Board, but the preliminary action permits both Board members and staff members to avoid the scheduling of other activities on the targeted dates for board meetings. In addition to the regularly scheduled meetings, special meetings can be called by the President of the Board or by three members of the Board. A schedule of calendar events for the next year follows this page.

RECOMMENDED ACTION

BE IT RESOLVED that the next regular meeting of the Board of Governors be scheduled for Saturday, December 2, 2017, on the University campus in Kirksville, Missouri, beginning at 1:00 p.m., with the understanding that the Chair may alter the starting time and/or place for the meeting by giving due notice of such change; and

BE IT FURTHER RESOLVED that other regular meetings of the Board during the next year be tentatively scheduled for the following dates:

Saturday, February 3, 2018;
Saturday, April 14, 2018;
Saturday, June 16, 2018;
Saturday, August 4, 2018; and
Friday, October 12, 2018.

Moved by _____
Seconded by _____
Vote: Aye _____
Nay _____

ATTACHMENT

Calendar of Events October 2017 – October 2018

CALENDAR OF EVENTS
October 2017 - October 2018

2017

October	7	Home Football - Southwest Baptist
	9-14	Sesquicentennial Homecoming Week
	13	BOARD OF GOVERNORS MEETING
	14	Home Football - Grand Valley State
	19-20	Mid-Term Break
	23	Lyceum: American Rhapsody, The Gershwin Songbook, Baldwin Auditorium, 7:30 p.m.
November	4	Admission Showcase Event
	4	Northeast Missouri Regional Campaign Event
	11	Home Football - McKendree University
	23	Thanksgiving
December	2	BOARD OF GOVERNORS MEETING (TENTATIVE DATE)
	6	Lyceum: Christmas from Ireland, Baldwin Auditorium, 7:30 p.m.
	16	Sesquicentennial Fall Commencement, 11:00 a.m.
	25	Christmas Day

2018

January	1	New Year's Day
	15	Martin Luther King Day
	16	Spring Classes Begin
	27	Admission Showcase Event
	27	Lyceum: Liverpool Legends Beatles Tribute Band, Baldwin Auditorium, 7:30 p.m.
February	3	BOARD OF GOVERNORS MEETING (TENTATIVE DATE)
	17	Lyceum: Golden Dragon Acrobats, Baldwin Auditorium, 7:30 p.m.
March	12-16	Spring Break
	24	Admission Showcase Event
April	2	Term Break
	5	Student Research Conference
	13	Holman Speaker: Daymond John, Baldwin Auditorium, 7:30 p.m.
	14	BOARD OF GOVERNORS MEETING (TENTATIVE DATE)
	14	Foundation Board Meeting and Banquet (Tentative)
	14	Sesquicentennial Holman Family Distinguished Speaker Series
May	12	Sesquicentennial Spring Commencement, 2:00 p.m.
	28	Memorial Day
	29	Summer School Begins
June	16	BOARD OF GOVERNORS MEETING/RETREAT (TENTATIVE DATE)
July	4	Independence Day

August	4	BOARD OF GOVERNORS MEETING (TENTATIVE DATE)
	15	Fall Semester Begins with Truman Week
September	3	Labor Day
	8	Home Football - Morningside
	29	Family Day
	29	Home Football - William Jewell
October	8-12	Homecoming Week
	12	BOARD OF GOVERNORS MEETING (TENTATIVE DATE)
	13	Home Football - Quincy
	18-19	Mid-Term Break

ITEM K
Agenda Items for Closed Session

RECOMMENDED ACTION

BE IT RESOLVED that this meeting be continued in closed session, with closed records and closed votes as permitted by law, for consideration of the following items as authorized by Section 610.021, Revised Statutes of Missouri:

1. Approval of minutes for the closed session of the last meeting under Subsection 14 of the statute for “Records which are protected from disclosure by law”;
2. Individual personnel actions under Subsection 3 of the statute for “Hiring, firing, disciplining or promoting of particular employees by a public governmental body when personal information about the employee is discussed or recorded”;
3. Confidential communications with the General Counsel; and
4. Purchase of real estate under Subsection 2 of the statute for “Leasing, purchase or sale of real estate by a public governmental body where public knowledge of the transaction might adversely affect the legal consideration therefore; and

BE IT FURTHER RESOLVED that if any business not covered by the stated reasons for the closed session is raised during the closed session, then this meeting shall be reopened to the public and an announcement about a resumption of the open session shall be made in the hallway outside of the meeting room.

Moved by _____
Seconded by _____
Vote: Aye _____
Nay _____