

**NOTICE OF MEETING**  
**Board of Governors, Truman State University**  
**Saturday, October 24, 2020**

The Board of Governors for Truman State University will hold a meeting on Saturday, October 24, beginning at 1:00 p.m. The meeting will be held in Georgian Rooms A & B of the Student Union Building located on the University campus in Kirksville, Missouri. The public is invited to attend but must follow masking and social distance protocols.

The tentative agenda for the meeting is attached to this notice. Items N through S on the attached agenda are eligible for consideration in closed session under the provisions of Section 610.010 through 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 16<sup>th</sup> day of October, 2020.

A handwritten signature in black ink, reading "Susan L. Thomas". The signature is written in a cursive style with a large, stylized initial "S".

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

**TENTATIVE AGENDA**  
**Board of Governors, Truman State University**  
**Saturday, October 24, 2020**

Tuesday, October 20

2:30 p.m. Board of Governors Finance and Auditing Committee Conference Call Meeting  
McClain Hall 200  
(Governors Burkemper, Christofferson, McClaskey, and Dameron)

Wednesday, October 21

3:00 p.m. Board of Governors Budget and Capital Projects Committee Conference Call Meeting  
McClain Hall 200  
(Governors Miller, Gingrich, O'Donnell, and Dameron)

Thursday, October 22

9:45 a.m. Board of Governors Academic and Student Affairs Committee Conference Call Meeting  
McClain Hall 200  
(Governors Cozette, Bonner, Smeltzer, and Dameron)

Saturday, October 24

10:00 a.m. General Counsel Search Committee Meeting  
Alumni Room, Student Union Building  
(Governors Dameron, Bonner, Burkemper, Miller and President Thomas)

11:30 a.m. Annual Board Photograph

12:00 noon Board of Governors Luncheon  
Georgian Room C

1:00 p.m. Open Session of Board of Governors Meeting  
Georgian Room A/B, Student Union Building

- ITEM A Call to Order and Chair Report
- ITEM B Minutes for Open Session of Meeting on August 1, 2020
- ITEM C Audit Report
- ITEM D President's Report
- ITEM E Enrollment Management Report
- ITEM F Advancement/Foundation Board Report
- ITEM G Annual Staff Council Report
- ITEM H Finance and Auditing Committee Report
- ITEM H.1 Financial Report
- ITEM I Academic and Student Affairs Committee Report
- ITEM I.1 Resolution Amending Chapter 5 of the Code of Policies of the Board of Governors Pertaining to Academic Programs – Gifted Education, M.A.
- ITEM J Budget and Capital Projects Committee Report
- ITEM J.1 Construction Projects Report
- ITEM J.2 Contracts for Construction Projects and Equipment Purchases Report
- ITEM J.3 Faculty Early Retirement Incentive Program 2022
- ITEM K Agenda Items for Future Meetings
- ITEM L Dates for Future Meetings
- ITEM M Agenda Items for Closed Session

Closed Session of Board of Governors

- ITEM N Minutes for Closed Session of Meeting on August 1, 2020

ITEM O	Personnel Actions Report
ITEM O.1	Amend Titles Previously Granted to Tenured Professors
ITEM P	General Counsel Search Committee Report
ITEM Q	General Counsel Report
ITEM R	Presidential Evaluation Committee Report
ITEM S	Motion to Adjourn

**ITEM A**

**Call to Order and Chair Report**

**DESCRIPTION AND BACKGROUND**

Governor Jennifer Kopp Dameron, 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 1, 2020**

**RECOMMENDED ACTION**

BE IT RESOLVED that the minutes for the open session of the meeting on August 1, 2020, be approved.

Moved by \_\_\_\_\_  
Seconded by \_\_\_\_\_  
Vote: Aye \_\_\_\_\_  
Nay \_\_\_\_\_

**ATTACHMENT**

Minutes for Open Session of Meeting on August 1, 2020

TRUMAN STATE UNIVERSITY  
Kirksville 63501

DRAFT MINUTES  
OF THE  
BOARD OF GOVERNORS

Page 1

OPEN SESSION  
OF MEETING ON  
AUGUST 1, 2020

The Board of Governors for Truman State University met on Saturday, August 1, 2020, on the University campus in Kirksville, Missouri. The meeting was held in Georgian Room B of the Student Union Building. The open session of the meeting was called to order shortly after 1:00 p.m. by the Chair of the Board of Governors, Jennifer Kopp Dameron.

Participating in the meeting were all seven voting members: Sarah Burkemper, Philip J. Christofferson, Cheryl J. Cozette, Jennifer Kopp Dameron, Nancy Gingrich, K. Brooks Miller, Jr. and Jim O'Donnell. Governor O'Donnell participated via conference phone.

Also participating in the meeting were all three non-voting members: David Lee Bonner and Mike McClaskey, the two out-of-state members, and Abigail Smeltzer, student representative. Governor McClaskey participated by conference phone.

On June 8, 2020, Missouri Governor Michael L. Parson appointed Abigail Smeltzer to replace Tiffany Middlemas as Student Representative to the Truman State University Board of Governors for a term ending January 1, 2022. The appointment took effect immediately given Governor Parson made the appointment when the Missouri Senate was not in session. The appointment of Governor Smeltzer was confirmed by the Missouri Senate on August 5, 2020.

Call to Order

Governor Dameron, Chair of the Board, called the meeting to order shortly after 1:00 p.m. and welcomed all in attendance.

Resolution of Appreciation and Recognition of Tiffany Middlemas

Governor Gingrich moved to waive the reading of the resolution. The motion was seconded by Governor Miller and carried by a unanimous vote of 7 to 0. Governor Dameron declared the motion to be duly adopted. Governor Burkemper then moved the adoption of the proposed resolution:

WHEREAS, the Honorable Tiffany Middlemas served as Student Representative to the Board of Governors of Truman State University from July 2018 to June 2020; and

WHEREAS, during her tenure on the Board, Governor Middlemas displayed an effective and persuasive voice for the student perspective and provided sound and intelligent advice to the Board of Governors while earning the respect and admiration of the Board, administration, faculty, staff and student body for her maturity, professionalism, dedication, grace and leadership; and

WHEREAS, Governor Middlemas exemplified a well-rounded Truman student by displaying intellectual integrity, appreciation and advocacy for difference and diversity, informed ethical values, and social responsibility for one's family, society and the world at large and showcased those qualities as well as the benefit

TRUMAN STATE UNIVERSITY  
Kirksville 63501

DRAFT MINUTES  
OF THE  
BOARD OF GOVERNORS

Page 2

OPEN SESSION  
OF MEETING ON  
AUGUST 1, 2020

of a Truman education to prospective students and their families as a Student Ambassador; and

WHEREAS, the members of the Board genuinely enjoyed working with such a special and talented person and extend their congratulations on her graduation from Truman State University, achieving a perfect 4.0-grade point average and Summa Cum Laude honors, as well as their best wishes as she continues her education at Washington University School of Law;

NOW, THEREFORE, BE IT RESOLVED that the Board of Governors of Truman State University hereby expresses its heartfelt appreciation to the Honorable Tiffany Middlemas for her distinguished service as Student Representative to the Board of Governors; and

BE IT FURTHER RESOLVED that a copy of this resolution be presented to Governor Middlemas as a tangible expression of the Board's appreciation and felicitation.

The motion was seconded by Governor Gingrich and carried by a unanimous vote of 7 to 0. Governor Dameron declared the motion to be duly adopted. A framed copy of the resolution was presented to Former Governor Middlemas.

Minutes for Open Session of Meeting on June 13, 2020

Governor Christofferson moved the adoption of the following resolution:

BE IT RESOLVED that the minutes for the open session of the meeting on June 13, 2020, be approved.

The motion was seconded by Governor Burkemper and carried by a unanimous vote of 7 to 0. Governor Dameron declared the motion to be duly adopted.

Academic and Student Affairs Committee Report

Governor Cozette, Chair of the Academic and Student Affairs Committee, provided a report on the committee meeting held on July 27.

Resolution Amending Chapter 6 of the Code of Policies of the Board of Governors Pertaining to Academic Affairs – Faculty

Comments were received from Dr. Janet Gooch, Executive Vice President for Academic Affairs and Provost; Dr. K. Scott Alberts, President of Faculty Senate and Professor of Mathematics; and outside counsel Amy Clendennen of the Tueth Keeney law firm in St. Louis. Following discussion, Governor Dameron moved the adoption of the following resolution:

TRUMAN STATE UNIVERSITY  
Kirksville 63501

DRAFT MINUTES  
OF THE  
BOARD OF GOVERNORS

Page 3

OPEN SESSION  
OF MEETING ON  
AUGUST 1, 2020

BE IT RESOLVED that Chapter 6 of the Code of Policies of the Board of Governors entitled Academic Affairs – Faculty, is hereby amended by the deletion of language shown in [~~brackets, boldfaced, and struck through~~] and by the incorporation of the new language show in *boldface, underlined, and italicized* in the attached document labeled Exhibit A and that a copy of the document be attached to the minutes as an exhibit.

The motion was seconded by Governor Burkemper and carried by a unanimous vote of 7 to 0. Governor Dameron declared the motion to be duly adopted, and the Secretary designated a copy of the document as Exhibit A.

Resolution Amending the University's Non-Discrimination Statement and Authorizing the President of the University to Enact Policies for Enforcement

Governor Cozette noted that the Academic and Student Affairs Committee recommend an amendment to the presented resolution. Following discussion, Governor Gingrich moved that the following resolution, which includes the committee's suggested amendment shown in italics, be approved:

BE IT RESOLVED that Section 17.020 of the Board of Governors Code of Policies, titled Notice of Non-Discrimination, is hereby deleted in its entirety and a new section of the Code of Policies is hereby enacted to be known as Section 15.010, Notice of Non-Discrimination, in words and figures as follows:

Truman State University is committed to providing equal opportunities in our employment and learning environments. Truman therefore informs its faculty, staff, student body, contractors and guests that Truman prohibits discrimination and harassment on the basis of race, color, national origin, sex, disability, religion, age, sexual orientation or veteran status in its programs and activities as required by equal opportunity/affirmative action regulations and laws and University policies and rules.

Further, the President of the University is hereby authorized and directed to promulgate, implement and enforce policies for the enforcement of all aspects of this Notice of Non-Discrimination statement including, but not limited to, the areas of sexual harassment, disability and pregnancy. *The President shall promptly inform the Board of any change or amendment to these policies.*

BE IT FURTHER RESOLVED that Section 15.010 of the Code of Policies titled Sexual Harassment is hereby deleted in its entirety.

The motion was seconded by Governor Burkemper and carried by a unanimous vote of 7 to 0. Governor Dameron declared the motion to be duly adopted.



TRUMAN STATE UNIVERSITY  
Kirksville 63501

DRAFT MINUTES  
OF THE  
BOARD OF GOVERNORS

Page 4

OPEN SESSION  
OF MEETING ON  
AUGUST 1, 2020

President's Report

Dr. Susan L. Thomas, University President, shared a selected engagements report highlighting her involvement in various activities since the Board's last meeting. Rather than recounting the many challenges the University has faced recently, President Thomas focused her report on a number of positive things happening on campus. She noted the on-going support and collaborative interactions between the University and various entities at the state and federal level as well as the Adair County Health Department and the City of Kirksville in dealing with the pandemic. She shared the stellar work of the Office of Public Relations, highlighting in particular the *Love, Kirksville* video. The video became Truman's most viewed video ever with over 90,000 views, and the City of Kirksville started a #LoveKirksville campaign and used the hashtag on Facebook and Instagram. President Thomas encouraged the Board to view the Graduates of 2020 banners on display outside of Pickler Memorial Library in celebration of the May and August graduates and noted a link to the August 1<sup>st</sup> Virtual Commencement Ceremony would be shared soon. She underscored the impactful work of the Director of Retention and Student Success and the Center for Academic Excellence which resulted in a current freshman to sophomore retention rate of 88.2%, an impressive 4.7% increase over last year's rate. And finally, she noted the tremendous work that has taken place throughout campus to ensure Truman's Returning to Campus Plan is realized.

Annual Athletics Report

Jerry Wollmering, Director of Athletics, provided the annual report on athletics.

Finance and Auditing Committee Report

Governor Burkemper, Chair of the Finance and Auditing Committee, provided a report on the committee meeting held on July 30.

Financial Report

Governor Burkemper presented the Financial Report which included a review as of June 30, 2020, of education and general revenues and expenditures and auxiliary system revenues and expenditures and a review as of June 30, 2020, of the Truman State University Foundation revenues and expenditures.

Budget and Capital Projects Committee Report

Governor K. Brooks Miller, Chair of the Budget and Capital Projects Committee, provided a report on the committee meeting held on July 29.

Construction Projects Report

Governor Miller provided an update on construction projects which had been approved by the Board at previous meetings.

Contracts for Construction Projects and Equipment Purchases

Governor Miller reported that two construction projects totaling \$25,000 to \$100,000 had been approved since the last meeting of the Board.

TRUMAN STATE UNIVERSITY  
Kirksville 63501

DRAFT MINUTES  
OF THE  
BOARD OF GOVERNORS

Page 5

OPEN SESSION  
OF MEETING ON  
AUGUST 1, 2020

<u>Project Name</u>	<u>Cost</u>
Centennial Hall Dumbwaiter Replacement Project	\$69,995
Violette Hall Flooring Replacement Project	\$66,400

State Appropriation Request for Fiscal Year 2022

Governor Miller moved the adoption of the following resolution:

BE IT RESOLVED that the State Appropriation Request for Fiscal Year 2022 totaling \$44,865,322 be approved and ratified; and

BE IT FURTHER RESOLVED that a copy of the State Appropriation Request for Fiscal Year 2022, 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 Governor Burkemper and carried by a unanimous vote of 7 to 0. Governor Dameron declared the motion to be duly adopted, and the Secretary designated a copy of the document as Exhibit B.

Local Capital Budgets for Fiscal Year 2021

Governor Burkemper moved the adoption of the following resolution:

BE IT RESOLVED that the Auxiliary Funds Capital Budget – FY2021” of \$643,017 be approved and that a copy of the budget be attached to the minutes as an exhibit.

The motion was seconded by Governor Cozette and carried by a unanimous vote of 7 to 0. Governor Dameron declared the motion to be duly adopted, and the Secretary designated a copy of the document as Exhibit C.

Agenda Items for Future Meetings

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

Dates for Future Meetings

Governor Cozette 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 23, 2020, 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

TRUMAN STATE UNIVERSITY  
Kirksville 63501

DRAFT MINUTES  
OF THE  
BOARD OF GOVERNORS

Page 6

OPEN SESSION  
OF MEETING ON  
AUGUST 1, 2020

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

Saturday, December 5, 2020;  
Saturday, February 6, 2021;  
Saturday, April 10, 2021;  
Saturday, June 12, 2021; and  
Saturday, August 7, 2021.

The motion was seconded by Governor Christofferson and carried by a unanimous vote of 7 to 0. Governor Dameron declared the motion to be duly adopted.

Agenda Items for Closed Session

Governor Gingrich 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 Governor Christofferson and carried by a unanimous vote of 7 to 0. Governor Dameron declared the motion to be duly adopted.

The closed session of the meeting began shortly after 2:15 p.m.

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Sarah Burkemper  
Secretary of the Board of Governors

TRUMAN STATE UNIVERSITY  
Kirksville 63501

DRAFT MINUTES  
OF THE  
BOARD OF GOVERNORS

Page 7

OPEN SESSION  
OF MEETING ON  
AUGUST 1, 2020

I hereby certify that the foregoing minutes  
were approved by the Board of Governors  
on the 24<sup>th</sup> day of October, 2020.

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Jennifer Kopp Dameron  
Chair of the Board of Governors

DRAFT

**ITEM C**  
**Audit Report**

**DESCRIPTION AND BACKGROUND**

Brent Stevens, Partner with 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.

**ATTACHMENTS**

Auditor Communications  
Financial Statements

# Truman State University



## Presentation of the Results of the Annual Audit



for the year ended  
June 30, 2020

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# Auditor Communications

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, 2020. 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.

October 26, 2020

For Board Of Governors, Audit Committee And  
Management Use Only

# Auditor Communications *(Continued)*

AREA	COMMENTS
<p><b>Auditors' Responsibility Under U.S. Generally Accepted Auditing Standards, Government Auditing Standards and the Uniform Guidance</b></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 have issued the following:</p> <ul style="list-style-type: none"> <li>■ An unmodified opinion on the University's financial statements for the year ended June 30, 2020.</li> <li>■ 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.</li> </ul> <p>We expect to issue:</p> <ul style="list-style-type: none"> <li>■ An unmodified opinion on compliance and our report on internal controls over federal financial assistance in accordance with the Uniform Guidance.</li> </ul>



# Auditor Communications *(Continued)*

AREA	COMMENTS
<p><b>Other Information In Documents Containing Audited Financial Statements</b></p>	<ul style="list-style-type: none"> <li>■ The 2020 audited financial statements of the University will be included in the financial statements of the State of Missouri.</li> <li>■ To our knowledge, the 2020 audited financial statements are not included within any other document.</li> </ul>
<p><b>Planned Scope And Timing Of The Audit</b></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 February 25, 2020 and on June 11, 2020, in our meeting regarding the nature, timing and extent of our audit procedures.</p> <p>We conducted our audit remotely during the current year. The management team was well prepared for this engagement, and we did not experience any delays or challenges during the execution of our procedures.</p>
<p><b>Qualitative Aspects Of Accounting Practices</b></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"> <li>■ Significant accounting policies are described in Note 1 to the financial statements.</li> <li>■ 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.</li> <li>■ We noted no transactions entered into during the year for which there was a lack of authoritative guidance or consensus.</li> </ul>

# Auditor Communications *(Continued)*

AREA	COMMENTS
<p><b>Management Judgments And Accounting Estimates</b></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"> <li>■ Depreciable lives used to calculate depreciation of buildings and equipment: Management's estimate of depreciable lives is based on the assets' estimated useful lives.</li> <li>■ 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.</li> <li>■ 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.</li> <li>■ Self-insurance accrual: Management estimates the future liability for incurred but not reported insurance claims.</li> <li>■ Net pension liability: Estimated based on actuarial information provided by MOSERS</li> </ul> <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><b>Financial Statement Disclosures</b> 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"> <li>■ Deposits and investments</li> <li>■ Long-term liabilities</li> <li>■ Pension plan - MOSERS</li> <li>■ Perkins Loan Program Liability</li> </ul>
<p><b>Difficulties Encountered In Performing The Audit</b></p>	<p>There were no difficulties encountered in dealing with management related to the performance of the audit.</p>
<p><b>Corrected And Uncorrected Misstatements</b></p>	<p>During our audit procedures, we did not accumulate any uncorrected misstatements that impacted the University's change in net position in the current or prior periods. An entry was posted to adjust the amount of deferred items related to the 2020 bond refunding transaction, which increased expenses by approximately \$230,000.</p>
<p><b>Disagreements With Management</b></p>	<p>We are pleased to report that there were no such disagreements that were encountered during the audit.</p>
<p><b>Management Representations</b></p>	<p>We will request certain representations from management that are included in a management representation letter. See attached.</p>
<p><b>Management Consultations With Other Independent Accountants</b></p>	<p>None</p>
<p><b>Other Audit Findings Or Issues</b></p>	<p>There were no matters of significant discussion that affected our retention as the University's auditors.</p>

# Financial Analysis

	June 30,	
	2020	2019
<b>Assets</b>		
Cash	\$ 2,509	\$ 2,700
Student accounts receivable	967	1,087
Investments	139,814	135,834
Loans to students, net	3,967	4,613
Capital assets	189,311	196,868
Other assets	2,486	3,252
<b>Total Assets</b>	<b>\$ 339,055</b>	<b>\$ 344,353</b>
<b>Deferred Outflows Of Resources</b>	<b>\$ 18,243</b>	<b>\$ 25,696</b>

## OBSERVATIONS

- Investments increased by approximately \$3.9M compared to the prior year. Investments generated a net return of \$5.2M during the current year, and new endowed gifts from donors amounted to approximately \$2.0M.
- Capital assets decreased by \$7.5M compared to the prior year. Scheduled depreciation expense on University fixed assets exceeded the costs of additions made during FY, which included the Sesquicentennial Plaza, renovations to Violette Hall and Greenwood school, as well as other miscellaneous equipment and repairs.
- Deferred outflows of resources decreased by \$7.4M, 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 continue to be amortized to fringe benefit expense over the course of the next 2 fiscal years by the University.

# Financial Analysis *(Continued)*

	June 30,	
	2020	2019
<b>Liabilities</b>		
Accounts payable and accrued	\$ 6,244	\$ 8,432
Other employee related obligations	2,157	1,601
Unearned revenue	1,567	2,028
Long-term debt	48,166	51,178
Net pension liability	95,729	89,261
Perkins liability	3,187	-
Other liabilities	861	872
<b>Total Liabilities</b>	<b>\$ 157,910</b>	<b>\$ 153,374</b>
<b>Deferred Inflows Of Resources</b>	<b>\$ 2,908</b>	<b>\$ 4,547</b>

## OBSERVATIONS

- Long-term debt decreased by \$3.1M due to scheduled payments on outstanding bonds and the energy lease project. A bond refunding transaction was completed during the year that resulted in an economic gain of approximately \$1.3M (realized over the life of the bond issuance)
- The net pension liability increased by approximately \$6.4M 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. The expected return on plan assets was reduced from 7.25% to 7.10% during the current year. Note that cash contributions to the Plan were increased during the year, as the percentage of covered payroll mandated by MOSERS increased from 19.45% to 21.77%
- The University adjusted its interpretation of Federal Share of the Perkins Loan Program during the current year, which resulted in a reclassification of approximately \$3.1M from restricted net position to a liability. The liability will be repaid in future years as collections are made from outstanding Perkins loans made to students.

# Financial Analysis *(Continued)*

	June 30,	
	2020	2019
<b>Revenues</b>		
Tuition and fees, net	\$ 23,290	\$ 25,390
Grants, contracts and contributions	12,344	10,068
Auxiliary enterprises	15,497	21,952
Investment income	5,239	7,441
Revenues designated for endowment and capital expenditures	3,446	2,761
State appropriation	35,431	39,441
Other revenues	2,468	4,110
<b>Total Revenues</b>	<b>\$ 97,716</b>	<b>\$ 111,162</b>

## OBSERVATIONS

- Tuition and fees decreased by \$2.1M compared to the prior year. Total Fall enrollment declined approximately 576 students. The discount for institutional aid decreased significantly by approximately 10% compared to the prior year.
- Grants and contracts increased by approximately \$2.2M compared to the prior year, mostly related to the CARES act funding.
- Auxiliary system revenues decreased by \$6.4M compared to the prior year, as a result of the decreased residential enrollment and the Spring 2020 refunds issued due to COVID-19.
- The State Appropriation received in 2020 decreased by approximately \$4M compared to the prior year.

# Financial Analysis *(Continued)*

	June 30,	
	2020	2019
<b>Total Revenues (From Previous Page)</b>	\$ 97,716	\$ 111,162
<b>Expenses</b>		
Salaries and Wages	42,737	44,077
Benefits	29,927	26,026
Supplies and other services	12,668	16,377
Depreciation	13,123	13,786
Reclassification of Perkins loans	3,877	-
Other	11,035	12,611
<b>Total Expenses</b>	<b>\$ 113,366</b>	<b>\$ 112,879</b>
<b>Change In Net Position</b>	<b>\$ (15,649)</b>	<b>\$ (1,718)</b>

## OBSERVATIONS

- Salaries and wages decreased by \$1.3M as a result of reductions
- Benefits expense increased due to the net pension expense increase of approximately \$3.5M and an increase in the required cash contribution to MOSERS of approximately \$350k. Additionally, approximately \$555k of expense was recorded in the current year for employees that elected the 2020 early retirement package offered.
- Supplies and other services decreased in the year due to targeted savings, as well as reductions in auxiliary system costs incurred due to COVID-19.
- The change in net position includes the following unique non-cash related expenses for 2020:
  - ◆ GASB 68: \$ 11.5M
  - ◆ Perkins reclassification: \$ 3.8M

# Financial Analysis *(Continued)*

	June 30,	
	2020	2019
<b>Net Position</b>		
Invested in Capital Assets	\$ 140,824	\$ 145,457
Nonexpendable	31,741	34,122
Expendable	26,128	27,516
Board Designated for Scholarships	1,723	1,659
Net pension liability included in "unrestricted"	(87,289)	(75,393)
Unrestricted	83,354	78,768
<b>Total Net Position</b>	<b>\$ 196,480</b>	<b>\$ 212,129</b>

## OBSERVATIONS

- Net position invested in capital assets decreased by \$4.6M, as a result of depreciation expense for the year in excess of the renovations and additions to capital assets in the current year, coupled with the repayment of long-term debt.
- Nonexpendable funds decreased during the current year due to the reclassification of Perkins loan funds.

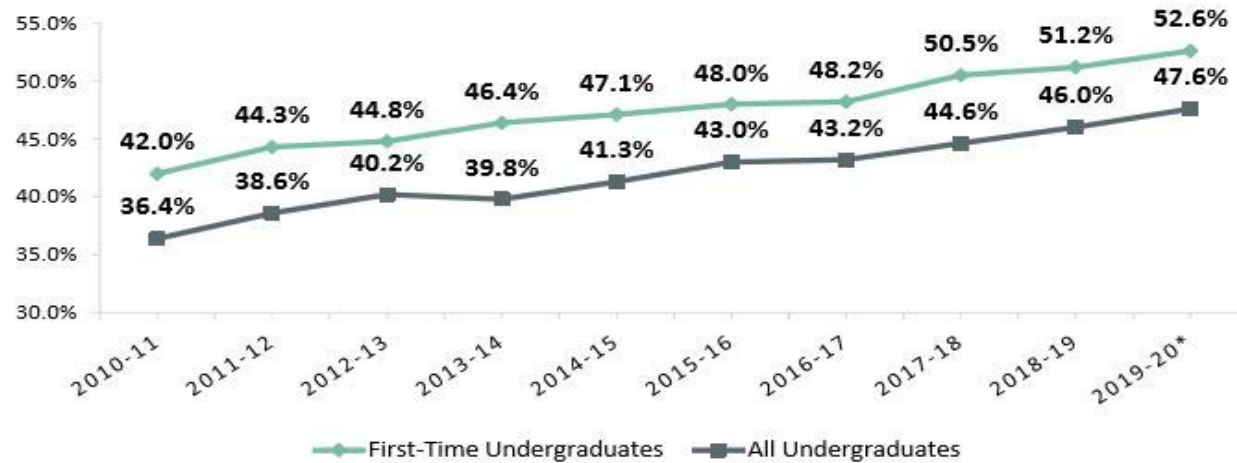


# General Observations

## Industry Economic Commentary

- Recent Moody’s rating of the University that adjusted their outlook to “Stable” should be viewed positively
- PPP Loans saved many small private institutions from closure. 2020/21 could accelerate this if additional stimulus is not provided.
- M&A activity and discussions in the industry are significantly higher than historical levels
- Nationwide tuition-discounting upward trend continues (see graph below)
- Cyber security incidents and breaches continue to be on the rise

**FIGURE 1: AVERAGE INSTITUTIONAL TUITION DISCOUNT RATE, BY STUDENT CATEGORY**



Source: NACUBO Tuition Discounting Study, 2010 to 2019; data are as of the fall of each academic year.

\*Note: Preliminary estimates.

# Independent Auditors' Report On Additional Information

Truman State University

Board of Governors, Audit Committee  
and Members of 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, 2020 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.

October 26, 2020

# Management Representation Letter

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**TRUMAN STATE UNIVERSITY**  
**A COMPONENT UNIT OF**  
**THE STATE OF MISSOURI**  
*FINANCIAL STATEMENTS*  
*JUNE 30, 2020*

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## **Contents**

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	<b>Page</b>
<b>Independent Auditors' Report</b> .....	1 - 2
<b>Management's Discussion And Analysis</b> .....	3 - 12
<b>Financial Statements</b>	
Statement Of Net Position.....	13 - 14
Statement Of Revenues, Expenses And Changes In Net Position.....	15
Statement Of Cash Flows.....	16 - 17
Notes To Financial Statements .....	18 - 46
<b>Required Supplementary Information</b>	
Schedule Of The University's Proportionate Share Of The Net Pension Liability .....	47
Schedule Of University's Contributions .....	48
Notes To The Required Supplementary Information.....	49

## **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, 2020 and 2019, 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 opinion.

### ***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, 2020 and 2019, 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 through 49 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

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## 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, 2020, 2019 and 2018. 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.

The University adopted GASB Statement 84, for reporting fiduciary activities, and GASB Statement 87, for reporting lease liabilities, during fiscal year 2020. The implementation of these accounting standards did not have a material effect on the financial statements.

### About The University

The University was established in 1867 and is governed by a Board of Governors consisting of ten members. The University 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.

During fall of 2020, the University enrolled 4,655 students. The institution's primary mission is undergraduate education, and the enrollment data reflects this mission.

	2020	2019	2018
Undergraduate	4,389	4,939	5,504
Graduate	266	292	349
	4,655	5,231	5,853



## TRUMAN STATE UNIVERSITY

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### Management's Discussion And Analysis (*Continued*)

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

The University has a diverse student body, and the majority of its students are residents of Missouri. However, the remaining students come from 38 other states and 39 foreign countries. Approximately 6% of the students are from an international origin, and 12.8% of its students are comprised of domestic minorities.

The following key indicators demonstrated that the University focused its resources on activities to enhance student learning outcomes:

Student/Faculty Ratio	14:1
Graduate and Professional School Placement Rate	31.8%

### 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. The change in net position measures whether the overall financial condition has improved, or worsened, during the year. However, changes in net position should be considered in conjunction with nonfinancial facts such as enrollment levels and condition of the University's 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 or that expire by the passage of time. The category of unrestricted net position is not subject to externally imposed stipulations. It may be designated for specific purposes by actions of management or the Board of Governors, or it 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, 2020, 2019 And 2018**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>			
<b>Current Assets</b>	\$ 22,990,587	\$ 21,588,425	\$ 18,549,748
<b>Noncurrent Assets</b>	316,064,317	322,765,263	323,385,527
<b>Total Assets</b>	339,054,904	344,353,688	341,935,275
<b>Deferred Outflows of Resources</b>	18,242,723	25,696,459	30,131,063
<b>Liabilities</b>			
<b>Current Liabilities</b>	13,159,242	15,197,650	16,374,889
<b>Noncurrent Liabilities</b>	144,750,530	138,176,868	139,484,969
<b>Total Liabilities</b>	157,909,772	153,374,518	155,859,858
<b>Deferred Inflows of Resources</b>	2,907,772	4,546,572	2,360,811
<b>Net Position</b>			
Net investment in capital assets	140,823,724	145,457,294	148,482,831
Restricted, nonexpendable	31,740,779	34,121,892	33,101,832
Restricted, expendable	26,127,513	27,515,774	25,670,823
Unrestricted	(2,211,933)	5,034,097	6,590,183
<b>Total Net Position</b>	\$ 196,480,083	\$ 212,129,057	\$ 213,845,669

Fiscal year 2020 net position decreased by \$15.6 million compared to 2019, primarily due to a corresponding decrease in enrollment fee revenue and an increase in pension liability (Note 6).

At June 30, 2020, 2019 and 2018, the University's current assets of \$23.0 million, \$21.6 million and \$18.5 million, respectively, were sufficient to cover current liabilities during the same periods. At June 30, 2020, noncurrent assets primarily included investments of \$124 million and capital assets (net of depreciation) of \$189.3 million. Capital assets were comprised of the following asset types:

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Buildings and improvements	\$ 162,228,758	\$169,046,775	\$ 172,371,102
Land and improvements	15,176,045	15,176,045	15,176,045
Infrastructure	7,780,544	6,980,643	7,651,943
Construction in progress	594,769	2,313,708	3,061,871
Furniture, fixtures and equipment	1,902,885	1,909,835	2,208,437
Library materials	1,048,376	1,263,711	1,508,165
Capital lease equipment	402,152	—	—
Art and historical treasures	177,535	177,535	177,535
<b>Total Capital Assets (Net Of Accumulated Depreciation)</b>	\$ 189,311,064	\$ 196,868,252	\$ 202,155,098

## TRUMAN STATE UNIVERSITY

### Management's Discussion And Analysis (Continued)

Total University liabilities total \$157.9 million, \$153.4 million and \$155.9 million at June 30, 2020, 2019 and 2018, respectively. At June 30, 2020, current liabilities consisted primarily of accounts payable and accrued liabilities of \$6.2 million, unearned revenue of \$1.6 million and the current portion of long-term debt of \$2.5 million. A large portion of noncurrent liabilities relates to the University's net pension liability of \$95.7 million (Note 6). In addition, based on guidance provided by GASB 33: *Accounting and Financial Reporting of Nonexchange Transactions*, the University recorded a \$3.2 million liability, and a corresponding expense, in fiscal year 2020 based on the likelihood that Perkins Loan resources would eventually have to be returned to the U.S. Department of Education. Revenue bonds represent the final significant component of noncurrent liabilities as outlined below:

	2020	2019	2018
<b>Bonds And Capital Leases</b>			
Student Housing System Revenue Bonds 2013	\$ —	\$ 15,770,000	\$ 16,615,000
Student Housing System Revenue Bonds 2015	10,025,000	10,570,000	11,095,000
Student Housing System Revenue Bonds 2016	16,470,000	17,260,000	18,025,000
Student Housing System Revenue Bonds 2020	15,245,000	—	—
Total bonds payable	41,740,000	43,600,000	45,735,000
Unamortized premium on bonds payable	547,084	1,097,298	1,170,219
Total bonds payable plus unamortized premium	42,287,084	44,697,298	46,905,219
Capital lease obligations	5,878,738	6,480,587	7,333,721
<b>Total Bonds Payable And Capital Leases</b>	<b>\$ 48,165,822</b>	<b>\$ 51,177,885</b>	<b>\$ 54,238,940</b>

The University refunded the 2013 Series of revenue bonds on May 1, 2020, and that obligation was replaced by new Series 2020 (Note 5). Moody's Investor Service recently downgraded the University from an A1 rating with a negative outlook to an A2 rating with a stable outlook. Despite the downgrade, the University was still reported as having a sound financial position and a strong liquidity profile. However, Moody's noted recent enrollment losses, stagnant state operating support and the University's share of the Missouri State Employees' Retirement System (MOSERS) unfunded pension liability as reasons for the downgrade.

### Statements Of Revenues, Expenses, And Changes In Net Position

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.

**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, 2020, 2019, And 2018**

	2020	2019	2018
<b>Total Operating Revenues</b>	\$ 44,193,003	\$ 52,361,392	\$ 55,041,414
<b>Total Operating Expenses</b>	107,979,082	111,283,521	114,151,456
Operating Loss	(63,786,079)	(58,922,129)	(59,110,042)
<b>Net Nonoperating Revenues</b>	44,691,338	54,444,573	48,935,495
Income (loss) before other revenues, expenses, gains and losses	(19,094,741)	(4,477,556)	(10,174,547)
Appropriations, gifts and revenues restricted for capital improvements	1,408,095	1,691,403	1,864,362
Additions to permanent endowments	2,037,672	1,069,541	1,537,863
<b>Total Increase (Decrease) In Net Position</b>	\$ (15,648,974)	\$ (1,716,612)	\$ (6,772,322)
<b>Operating Revenues</b>			
Tuition and fees, net	\$ 23,290,463	\$ 25,390,361	\$ 26,127,489
Federal, state grants and private contracts and grants	3,124,561	2,742,974	2,580,031
Auxiliary enterprises, net	15,496,666	21,951,837	23,752,057
Sales and services of educational activities and other	2,281,313	2,276,220	2,581,837
	\$ 44,193,003	\$ 52,361,392	\$ 55,041,414
<b>Nonoperating Revenues</b>			
State appropriations	\$ 35,430,905	\$ 39,440,512	\$ 39,440,512
Investment income	5,349,875	7,549,319	3,666,329
Grants, contributions and other	9,295,937	9,049,707	7,554,598
	\$ 50,076,717	\$ 56,039,538	\$ 50,661,439
<b>Nonoperating Expenses</b>			
Change in value of annuity and trust obligations	\$ 61,654	\$ 14,996	\$ 69,979
Perkins liability reclassification	3,877,679	—	—
Interest on capital asset related debt	1,446,046	1,579,969	1,655,965
	\$ 5,385,379	\$ 1,594,965	\$ 1,725,944
<b>Operating Expenses</b>			
Salaries and wages	\$ 42,737,142	\$ 44,077,214	\$ 44,853,254
Fringe benefits	29,926,667	26,026,477	26,105,884
Supplies and other services	12,667,681	16,377,131	17,333,904
Scholarship and fellowships	693,425	669,615	672,754
Depreciation	13,123,011	13,786,263	13,994,614
Utilities	3,353,993	3,831,149	3,950,439
Other	5,477,163	6,515,672	7,240,607
	\$ 107,979,082	\$ 111,283,521	\$ 114,151,456

## TRUMAN STATE UNIVERSITY

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### Management's Discussion And Analysis (*Continued*)

#### Comparisons 2020 To 2019

Significant sources of revenue for the University were state appropriations at \$35.4 million in 2020 compared to \$39.4 million in 2019; student tuition and fees totaling \$23.3 million in 2020 compared to \$25.4 million in 2019; and auxiliary services totaling \$15.5 million in 2020 compared to \$22.0 million in 2019. Auxiliary revenue was significantly impacted by student housing related refunds associated with the COVID-19 pandemic.

Operating expenses totaled \$108.0 million in 2020 compared to \$111.3 million in 2019 with salaries and wages down 3%, fringe benefits up 15%, supplies and other services down 23%, scholarships up 4%, depreciation down 5%, utilities down 12%, and other expenses down 16%.

#### Comparisons 2019 To 2018

Significant sources of revenue for the University were state appropriations at \$39.4 million in 2020 unchanged from 2019; student tuition and fees totaling \$25.4 million in 2020 compared to \$26.1 million in 2019; and auxiliary services totaling \$22 million in 2020 compared to \$23.8 million in 2019.

Operating expenses totaled \$111.3 million in 2020 compared to \$114.2 million in 2019 with salaries and wages down 2%, fringe benefits down 0.3%, supplies and other services down 6%, scholarships down 0.5%, depreciation down 2%, utilities down 3%, and other expenses down 10%.

#### Statement Of Cash Flows

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 illustrate the University's cash receipts and payments during the year.

#### Condensed Statements Of Cash Flows For The Years Ended June 30, 2020, 2019 And 2018

	2020	2019	2018
<b>Cash And Cash Equivalents Provided By (Used In):</b>			
Operating activities	\$ (38,194,860)	\$ (38,096,219)	\$ (37,734,841)
Noncapital financing activities	45,962,903	49,364,389	47,445,444
Capital and related financing activities	(9,524,288)	(11,715,800)	(8,567,718)
Investing activities	7,302,163	2,899,244	(3,136,926)
Net increase (decrease) in cash and cash equivalents	5,545,918	2,451,614	(1,994,041)
<b>Cash And Cash Equivalents, Beginning Of Year</b>	<b>8,530,875</b>	<b>6,079,261</b>	<b>8,073,302</b>
<b>Cash And Cash Equivalents, End Of Year</b>	<b>\$ 14,076,793</b>	<b>\$ 8,530,875</b>	<b>\$ 6,079,261</b>

## TRUMAN STATE UNIVERSITY

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### Management's Discussion And Analysis (*Continued*)

The major source of operating cash was student tuition and fees (\$23.5 million, \$25.1 million and \$25.8 million in 2020, 2019 and 2018, respectively) and auxiliary enterprises (\$15 million, \$22 million and \$23.7 million in 2020, 2019 and 2018, respectively). The largest use of operating cash was payments to employees (\$60.3 million, \$61.7 million and \$62.9 million in 2020, 2019 and 2018, respectively) and payments to suppliers (\$13.4 million, \$17.1 million and \$17.7 million in 2020, 2019 and 2018, respectively).

The most significant source of noncapital financing activities was state appropriations of \$35.4 million, \$39.4 million and \$39.4 million in 2020, 2019 and 2018, 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, 2020, depreciation 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 follow:

	2020	%	2019	%	2018	%
<b>Instruction</b>	\$ 55,641,118	51.53%	\$ 56,498,291	50.76%	\$ 58,487,403	51.24%
Credit and noncredit courses						
<b>Research</b>	648,955	0.60%	684,954	0.62%	737,389	0.65%
Activities specifically organized to produce research outcomes from funds awarded by external agencies, as well as internally supported programs						
<b>Public Service</b>	2,524,638	2.34%	2,548,649	2.29%	2,366,375	2.07%
Activities that primarily provide non-instructional services to individuals and groups outside of the University. Expenditures are primarily for community service.						
<b>Academic Support</b>	7,715,997	7.15%	7,303,846	6.56%	7,480,667	6.55%
Supporting services to instruction, research and public service. Includes libraries, academic administration and instructional media.						
<b>Student Services</b>	12,839,479	11.89%	12,437,766	11.18%	12,236,384	10.72%
Activities which primarily contribute to students' well-being outside the formal instruction program. Includes admissions, registrar, student activities and financial aid administration.						
<b>Institutional Support</b>	9,011,894	8.34%	8,421,425	7.57%	8,597,034	7.53%
Activities which generally provide support to the entire University. Includes executive management, fiscal operations, personnel, development, fundraising activities and general admin services.						
<b>Scholarships &amp; Fellowships</b>	693,425	0.64%	669,615	0.60%	672,754	0.59%
Awards for grant-in-aid stipends to students based on financial need and/or merit.						
<b>Auxiliary Enterprises</b>	18,903,576	17.51%	22,718,975	20.42%	23,573,450	20.65%
Expenditures of essentially self-supporting activities such as Student Union Building, housing, cafeterias and recreation center.						
<b>Total Operating Expenses</b>	\$ 107,979,082	100.00%	\$ 111,283,521	100.00%	\$ 114,151,456	100.00%

## **TRUMAN STATE UNIVERSITY**

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### Management's Discussion And Analysis (*Continued*)

#### **Physical Plant**

Following the 2018 completion of a multiyear project to renovate its residence halls and Student Union Building at a cost of nearly \$100 million, the University continued to attend to more modest projects during fiscal year 2020. A \$1.2M update to two chilled water loops that provide air conditioning to several campus buildings was completed. In addition, a \$350,000 masonry repair to the Student Recreation Center was finished. A number of smaller projects including a \$455,000 replacement of an elevator and a water main in McClain Hall were underway at the end of fiscal 2020.

Other noteworthy projects were completed during the fiscal year with the help of specific budget funding from the State of Missouri and special donor contributions made through the Truman State University Foundation. The Greenwood building underwent a renovation to install new utilities, replace existing parking and remediate asbestos in preparation for further construction. The Missouri legislature approved \$1.1 million of fiscal year 2020 budget for this project. Finally, the Sandra K. Giachino-Reavey Sesquicentennial Plaza located at the east entrance of the Student Union Building was completed during fiscal 2020 at cost of \$1.3 million.

Capital projects planned for the immediate future include replacing the remaining exterior windows in the Greenwood Building, the installation of outdoor restrooms to accommodate the athletic fields located at the south end of campus and other maintenance and repair projects to preserve campus infrastructure.

#### **Looking Forward**

The University's outlook is closely related to the financial status of the State of Missouri. Traditionally, a large source of Education and General Revenue has been derived through state appropriations, and the operating funds received from the state for fiscal year 2020 fell \$5 million below 2019 due the impact of the COVID-19 pandemic on state revenues. For fiscal year 2021, the \$5M restriction will initially remain in effect, thereby reducing the University's available appropriation by 12%. The University will mitigate a portion of this lost revenue with continued CARES Act funding.

The Higher Education Student Funding Act (HEFSA) calculation allows a statutory maximum tuition increase based primarily on the Consumer Price Index (CPI). In order to mitigate a portion of the aforementioned loss in state revenues, the University also increased fiscal year 2021 tuition by 2.3% based on the HEFSA calculation.



## **TRUMAN STATE UNIVERSITY**

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### Management's Discussion And Analysis (*Continued*)

In terms of enrollment, fall 2020 headcount was 4,655 (down 576 students from 2019). New student enrollment decreased for the third consecutive year, with the most current annual decrease directly related to the impact of the COVID-19 pandemic. During fiscal year 2020, Truman State University completed an aggressive marketing plan, reorganized internal admissions functions under new leadership, and began making plans to expand popular academic programs. These efforts are expected to reverse the unfavorable enrollment trend.

Additional information may be obtained by written request to Truman State University, 100 E. Normal Avenue, Kirksville, MO 63501.

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# TRUMAN STATE UNIVERSITY

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## STATEMENT OF NET POSITION

Page 1 Of 2

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,044,254	\$ 1,185,556
Restricted cash and cash equivalents	1,464,993	1,514,196
Restricted short-term investments	1,498,423	1,224,736
Short-term investments	14,231,438	11,995,367
Accounts receivable, net of allowance: \$136,000 in 2020, \$109,000 in 2019	967,247	1,087,197
Interest receivable	390,026	379,668
Federal and state grants receivable	551,175	531,021
Other receivables	142,476	736,253
Inventories	301,675	357,709
Loans to students, net of allowance: \$17,200 - 2020, \$16,800 - 2019	1,528,936	1,669,868
Prepaid expenses	869,944	906,854
<b>Total Current Assets</b>	<u>22,990,587</u>	<u>21,588,425</u>
<b>Noncurrent Assets</b>		
Investments	124,084,395	122,613,594
Loans to students, net of allowance: \$56,600 - 2020, \$58,200 - 2019	2,438,433	2,942,679
Capital assets, net	189,311,064	196,868,252
Cash value of life insurance	145,222	147,770
Other assets, net	85,203	192,968
<b>Total Noncurrent Assets</b>	<u>316,064,317</u>	<u>322,765,263</u>
<b>Total Assets</b>	<u>339,054,904</u>	<u>344,353,688</u>
<b>Deferred Outflows Of Resources</b>		
Deferred amounts on University pension contributions	6,038,093	5,992,327
Deferred amounts on debt refundings	857,219	1,288,836
Deferred amounts related to pension plan	11,347,411	18,415,296
<b>Total Deferred Outflows Of Resources</b>	<u>18,242,723</u>	<u>25,696,459</u>

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**TRUMAN STATE UNIVERSITY**

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**STATEMENT OF NET POSITION**

Page 2 Of 2

	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 6,242,918	\$ 8,433,700
Accrued early retiree termination benefits	688,206	94,325
Accrued compensated absences	995,789	1,026,819
Unearned revenue	1,566,686	2,028,164
Annuities and trusts payable	79,459	75,361
Long-term debt - current portion	2,506,523	3,211,937
Due to federal government - current portion	771,341	—
Deposits held in custody for others	308,320	327,344
<b>Total Current Liabilities</b>	<b>13,159,242</b>	<b>15,197,650</b>
<b>Noncurrent Liabilities</b>		
Accrued compensated absences	464,957	433,506
Accrued early retiree termination benefits	8,058	46,669
Annuities and trusts payable	473,029	469,256
Long-term debt	45,659,299	47,965,948
Due to federal government	2,415,862	—
Net pension liability	95,729,325	89,261,489
<b>Total Noncurrent Liabilities</b>	<b>144,750,530</b>	<b>138,176,868</b>
<b>Total Liabilities</b>	<b>157,909,772</b>	<b>153,374,518</b>
<b>Deferred Inflows Of Resources</b>		
Deferred amounts related to pension plan	2,907,772	4,546,572
<b>Net Position</b>		
Net investment in capital assets	140,823,724	145,457,294
Restricted for:		
Nonexpendable:		
Endowment	31,740,779	29,619,136
Loans (Federal)	—	4,502,756
Expendable:		
Scholarships and fellowships	9,486,312	10,333,131
Loans	4,167,491	3,722,039
Other:		
Education & general	10,401,185	9,714,069
Capital improvement	1,721,048	3,398,827
Athletics	351,477	347,708
Unrestricted	(2,211,933)	5,034,097
<b>Total Net Position</b>	<b>\$ 196,480,083</b>	<b>\$ 212,129,057</b>

# TRUMAN STATE UNIVERSITY

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For The Years Ended June 30,	
	2020	2019
<b>Operating Revenues</b>		
Tuition and fees, net	\$ 23,290,463	\$ 25,390,361
Federal grants and contracts	2,866,786	2,541,594
State grants and contracts	245,392	147,660
Private grants and contracts	12,383	53,720
Interest on student loans receivable	247,679	230,299
Sales and services of educational activities	422,574	494,092
Auxiliary enterprises, net	15,496,666	21,951,837
Other operating revenues	1,611,060	1,551,829
<b>Total Operating Revenues</b>	<b>44,193,003</b>	<b>52,361,392</b>
<b>Operating Expenses</b>		
Salaries and wages	42,737,142	44,077,214
Fringe benefits	29,926,667	26,026,477
Supplies and other services	12,667,681	16,377,131
Scholarships and fellowships	693,425	669,615
Depreciation	13,123,011	13,786,263
Utilities	3,353,993	3,831,149
Other	5,477,163	6,515,672
<b>Total Operating Expenses</b>	<b>107,979,082</b>	<b>111,283,521</b>
<b>Operating Loss</b>	<b>(63,786,079)</b>	<b>(58,922,129)</b>
<b>Nonoperating Revenues (Expenses)</b>		
State appropriations	35,430,905	39,440,512
Federal grants and contracts	6,500,097	5,036,079
Contributions	2,718,991	2,288,971
Change in value of annuity and trust obligations	(61,654)	(14,996)
Income from trusts	110,918	108,712
Investment income	5,238,957	7,440,607
Interest on capital asset-related debt	(1,446,046)	(1,579,969)
Gain on disposal of capital assets	(9,795)	188,092
Other nonoperating revenues (expenses)	(3,791,035)	1,536,565
<b>Nonoperating Revenues, Net</b>	<b>44,691,338</b>	<b>54,444,573</b>
<b>Loss Before Capital Contributions And Additions To Permanent Endowment</b>	<b>(19,094,741)</b>	<b>(4,477,556)</b>
<b>Appropriations, Gifts And Revenues Restricted For Capital Improvements</b>	<b>1,408,095</b>	<b>1,691,403</b>
<b>Additions To Permanent Endowment</b>	<b>2,037,672</b>	<b>1,069,541</b>
<b>Decrease In Net Position</b>	<b>(15,648,974)</b>	<b>(1,716,612)</b>
<b>Net Position - Beginning Of Year</b>	<b>212,129,057</b>	<b>213,845,669</b>
<b>Net Position - End Of Year</b>	<b>\$ 196,480,083</b>	<b>\$ 212,129,057</b>

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**TRUMAN STATE UNIVERSITY**

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**STATEMENT OF CASH FLOWS**

Page 1 Of 2

	For The Years Ended June 30,	
	2020	2019
<b>Cash Flows From Operating Activities</b>		
Tuition and fees	\$ 23,525,106	\$ 25,115,861
Grants and contracts	2,949,344	2,531,501
Payments to suppliers	(13,418,802)	(17,064,514)
Payments for utilities	(3,353,993)	(3,831,149)
Payments to employees	(60,302,729)	(61,677,372)
Payments for scholarships and fellowships	(693,425)	(669,615)
Loans issued to students	(290,002)	(396,944)
Collections of loans to students	1,182,859	856,107
Sales and services of auxiliary enterprises	15,056,534	21,994,005
Sales and services of educational activities	422,574	494,092
Other payments	(3,272,326)	(5,448,191)
<b>Net Cash Used In Operating Activities</b>	<b>(38,194,860)</b>	<b>(38,096,219)</b>
<b>Cash Flows From Noncapital Financing Activities</b>		
State appropriations	35,430,905	39,440,512
Repayments of federal loans	(690,476)	—
Gifts and grants for other than capital purposes	9,159,188	7,224,924
Investments subject to annuity and trust obligations	87,330	25,090
Payments of annuity and trust obligations	(141,113)	(106,987)
Endowment gifts	2,037,672	1,069,541
Other receipts	79,397	1,711,309
<b>Net Cash Provided By Noncapital Financing Activities</b>	<b>45,962,903</b>	<b>49,364,389</b>
<b>Cash Flows From Capital And Related Financing Activities</b>		
Appropriations, gifts and revenues restricted for capital improvements	1,408,095	1,691,403
Proceeds from sales of capital assets	—	240,923
Purchase of capital assets	(6,435,714)	(8,947,742)
Interest paid on capital debt and leases	(1,484,606)	(1,586,010)
Proceeds from issuance of bonds	15,635,265	—
Principal paid on capital debt and leases	(18,647,328)	(3,114,374)
<b>Net Cash Used In Capital And Related Financing Activities</b>	<b>(9,524,288)</b>	<b>(11,715,800)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sales and maturities of investments	68,015,913	76,354,328
Investment income	5,228,599	7,444,875
Distributions from perpetual trusts	110,918	108,712
Purchases of investments	(66,053,267)	(81,008,671)
<b>Net Cash Provided By Investing Activities</b>	<b>7,302,163</b>	<b>2,899,244</b>
<b>Net Increase In Cash And Cash Equivalents</b>	<b>5,545,918</b>	<b>2,451,614</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>8,530,875</b>	<b>6,079,261</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 14,076,793</b>	<b>\$ 8,530,875</b>

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# TRUMAN STATE UNIVERSITY

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## STATEMENT OF CASH FLOWS

Page 1 Of 2

	For The Years Ended June 30,	
	2020	2019
<b>Reconciliation Of Cash And Cash Equivalents To The Statement Of Net Position</b>		
Cash	\$ 1,044,254	\$ 1,185,556
Restricted cash - current	1,464,993	1,514,196
Cash equivalents included in short-term investments	6,422,189	5,085,692
Cash equivalents included in investments - noncurrent	5,145,357	745,431
<b>Total Cash And Cash Equivalents</b>	<b>\$ 14,076,793</b>	<b>\$ 8,530,875</b>
<b>Reconciliation Of Operating Loss To Net Cash From Operating Activities</b>		
Operating loss	\$ (63,786,079)	\$ (58,922,129)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	13,123,011	13,786,263
Net change in pension expense	11,805,389	8,527,639
Changes in assets and liabilities:		
Receivables, net	693,573	(649,383)
Inventories	56,034	43,703
Loans receivable	645,178	228,864
Prepaid expenses and other assets	144,675	(203,893)
Accounts payable and accrued liabilities	(951,830)	(527,193)
Unearned revenue	(461,478)	(340,445)
Accrued compensated absences and early termination benefits	555,691	(101,320)
Deposits held in custody for others	(19,024)	61,675
<b>Net Cash Used In Operating Activities</b>	<b>\$ (38,194,860)</b>	<b>\$ (38,096,219)</b>
<b>Supplemental Disclosure Of Cash Flow Information</b>		
Noncash gifts received	\$ 59,900	\$ 100,126
Accounts payable incurred for capital asset purchases	321,517	1,521,909
(Gain) loss on disposal of capital assets	9,795	(188,092)
Capital lease obligation incurred for capital asset purchase	513,730	53,919
Unrealized gain on investments	(1,429,515)	90,613

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**TRUMAN STATE UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 And 2019**

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**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 4,655 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, 2020, 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.



**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 acquisition 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 \$1,446,046 and \$1,579,969 incurred in 2020 and 2019, respectively, 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.

- ***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. Approximately \$1.7 million of the Foundation's unrestricted net position at June 30, 2020 and 2019, is designated by the Board as an endowment for scholarships.

### **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 years ended June 30, 2020 and June 30, 2019 were \$23,485,558 and \$25,427,023, respectively. The total scholarship allowances on fees charged for auxiliary enterprises for the years ended June 30, 2020 and June 30, 2019 were \$1,222,504 and \$1,488,849, respectively.

**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, 2020, 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, 2020, 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	\$ 11,685,103	\$ 11,685,103	\$ —	\$ —	\$ —
Certificates of deposit	4,652,923	—	4,652,923	—	—
Fixed income	90,640,358	620,120	74,353,604	7,876,578	7,790,056
Equity securities	31,918,399	31,918,399	—	—	—
Alternative investments	917,473	917,473	—	—	—
	<u>\$ 139,814,256</u>	<u>\$ 45,141,095</u>	<u>\$ 79,006,527</u>	<u>\$ 7,876,578</u>	<u>\$ 7,790,056</u>

## TRUMAN STATE UNIVERSITY

### Notes To Financial Statements (*Continued*)

At June 30, 2019, 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	\$ 5,831,123	\$ 5,831,123	\$ —	\$ —	\$ —
Certificates of deposits	5,953,432	—	5,953,432	—	—
Fixed income	90,111,996	2,347,888	77,851,707	3,596,702	6,315,699
Equity securities	32,021,960	32,021,960	—	—	—
Alternative investments	1,915,186	1,915,186	—	—	—
	<u>\$ 135,833,697</u>	<u>\$ 42,116,157</u>	<u>\$ 83,805,139</u>	<u>\$ 3,596,702</u>	<u>\$ 6,315,699</u>

### 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.

### 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.

## TRUMAN STATE UNIVERSITY

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### Notes To Financial Statements (*Continued*)

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.

All Treasury / Agency securities are rated as either AA+ by S&P or AAA by Moody's.

At June 30, 2020 and 2019, the following ratings were available for the University's and Foundation's fixed income investments:

Quality Ratings	2020	2019
Treasury/Agency	\$ 49,010,026	\$ 49,634,650
AAA	3,886,882	5,464,034
AAAm	2,997,815	4,672,268
AA+	1,282,897	509,676
AA	5,015,235	4,413,345
AA-	5,259,963	6,239,925
A+	6,632,799	3,042,790
A	10,387,394	10,012,137
A-	5,144,275	4,593,585
A-1	2,575,994	2,109,374
A-1+	516,741	—
BBB+	262,227	257,241
BBB	2,195,961	2,705,851
BB	73,940	—
B	51,132	62,664
Mutual funds and other not rated	—	2,347,888
	\$ 95,293,281	\$ 96,065,428

**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 governments 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 index should not exceed 18% of the overall 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. Unrated, or below-investment grade, fixed income securities are limited to no more than 25% of the market value of the fixed income portfolio at the time of the purchase.

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

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### Notes To Financial Statements (*Continued*)

At June 30, 2020 and 2019, the University's and Foundation's combined investments in U.S. Treasuries 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 32% of total investments in international equities. The University and the Foundation had an immaterial amount in direct investments (mutual funds are not considered direct investments) in international equities at June 30, 2020.

#### Summary Of Carrying Values

The carrying values of deposits and investments are included in the statement of net position as follows at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Carrying value		
Deposits	\$ 2,509,247	\$ 2,699,752
Investments	<u>139,814,256</u>	<u>135,833,697</u>
	<u>\$ 142,323,503</u>	<u>\$ 138,533,449</u>
Included in the following statement of net position captions:		
Cash and cash equivalents	\$ 1,044,254	\$ 1,185,556
Restricted cash - current	1,464,993	1,514,196
Restricted short-term investments	1,498,423	1,224,736
Short-term investments	14,231,438	11,995,367
Long term investments	<u>124,084,395</u>	<u>122,613,594</u>
	<u>\$ 142,323,503</u>	<u>\$ 138,533,449</u>

#### Investment Income

Investment income for the years ended June 30, 2020 and 2019 consists of:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 2,984,634	\$ 3,078,260
Net realized and unrealized gains on investments	<u>2,254,323</u>	<u>4,362,347</u>
	<u>\$ 5,238,957</u>	<u>\$ 7,440,607</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.

The University also holds Missouri Securities Investment Program (MOSIP) Liquid Series Investments of \$2,997,815 and \$4,672,268 at June 30, 2020 and 2019, respectively. These investments are valued at net asset value (NAV) as a practical expedient in determining fair value. MOSIP Liquid Series invests its assets in instruments in which school districts and political subdivisions are permitted to invest under Missouri law. These investments include but are not limited to U.S. Treasury and government agency securities, repurchase agreements, banker's acceptances, certificates of deposit, and commercial paper. In order to minimize NAV fluctuations and to provide liquidity to its participants, the weighted average maturity to reset of the portfolio is managed at 60 days or less.

## TRUMAN STATE UNIVERSITY

### Notes To Financial Statements (Continued)

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, 2020, the University's and Foundation's investments were classified as follows:

Type	Fair Value	Fair Value Level		
		1	2	3
Cash and cash equivalents	\$ 11,685,103	\$ 11,685,103	\$ —	\$ —
Fixed income	87,642,543	620,120	87,022,423	—
Equity securities	31,918,399	31,918,399	—	—
Alternative investments	917,473	917,473	—	—
	<u>\$ 132,163,518</u>	<u>\$ 45,141,095</u>	<u>\$ 87,022,423</u>	<u>\$ —</u>

At June 30, 2019, the University's and Foundation's investments were classified as follows:

Type	Fair Value	Fair Value Level		
		1	2	3
Cash and cash equivalents	\$ 5,831,123	\$ 5,831,123	\$ —	\$ —
Fixed income	85,439,728	2,347,888	83,091,840	—
Equity securities	32,021,960	32,021,960	—	—
Alternative investments	1,915,186	1,915,186	—	—
	<u>\$ 125,207,997</u>	<u>\$ 42,116,157</u>	<u>\$ 83,091,840</u>	<u>\$ —</u>

# 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, 2020.

### 4. Capital Assets

Capital assets activity for the year ended June 30, 2020 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	2,313,708	522,035	—	(2,240,974)	594,769
Total Capital Assets, Nondepreciable	17,667,288	522,035	—	(2,240,974)	15,948,349
Capital Assets, Depreciable:					
Buildings and improvements	356,365,271	2,546,416	—	1,816,765	360,728,452
Furniture, fixtures and equipment	21,893,398	988,844	4,222,940	—	18,659,302
Library materials	14,324,880	91,976	1,332,942	—	13,083,914
Infrastructure	19,683,108	1,125,292	—	424,209	21,232,609
Capital lease equipment	214,794	513,730	—	—	728,524
Total Capital Assets, Depreciable	412,481,451	5,266,258	5,555,882	2,240,974	414,432,801
Less Accumulated Depreciation:					
Buildings and improvements	187,318,496	11,181,198	—	—	198,499,694
Furniture, fixtures and equipment	20,145,900	777,665	4,167,148	—	16,756,417
Library materials	13,061,169	307,311	1,332,942	—	12,035,538
Infrastructure	12,702,465	749,600	—	—	13,452,065
Capital lease equipment	52,457	273,915	—	—	326,372
Total Accumulated Depreciation	233,280,487	13,289,689	5,500,090	—	241,070,086
Total Capital Assets, Depreciable, Net	179,200,964	(8,023,431)	55,792	2,240,974	173,362,715
Total Capital Assets - Net	\$ 196,868,252	\$ (7,501,396)	\$ 55,792	\$ —	\$ 189,311,064

# TRUMAN STATE UNIVERSITY

## Notes To Financial Statements (Continued)

Capital assets activity for the year ended June 30, 2019 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	3,061,871	2,313,708	—	(3,061,871)	2,313,708
Total Capital Assets, Nondepreciable	18,415,451	2,313,708	—	(3,061,871)	17,667,288
Capital Assets, Depreciable:					
Buildings and improvements	347,848,597	5,515,533	60,730	3,061,871	356,365,271
Furniture, fixtures and equipment	22,324,005	502,133	717,946	—	22,108,192
Library materials	14,708,883	156,053	540,056	—	14,324,880
Infrastructure	19,683,108	—	—	—	19,683,108
Total Capital Assets, Depreciable	404,564,593	6,173,719	1,318,732	3,061,871	412,481,451
Less Accumulated Depreciation:					
Buildings and improvements	175,477,495	11,901,731	60,730	—	187,318,496
Furniture, fixtures and equipment	20,115,568	812,724	729,935	—	20,198,357
Library materials	13,200,718	400,508	540,057	—	13,061,169
Infrastructure	12,031,165	671,300	—	—	12,702,465
Total Accumulated Depreciation	220,824,946	13,786,263	1,330,722	—	233,280,487
Total Capital Assets, Depreciable, Net	183,739,647	(7,612,544)	(11,990)	3,061,871	179,200,964
Total Capital Assets - Net	\$ 202,155,098	\$ (5,298,836)	\$ (11,990)	\$ —	\$ 196,868,252

## 5. Long-Term Liabilities

The following is a summary of long-term obligation transactions for the University for the year ended June 30, 2020:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and capital leases					
Student Housing System Revenue Bonds - 2020	\$ —	\$ 15,245,000	\$ —	\$ 15,245,000	\$ 45,000
Student Housing System Revenue Bonds - 2016	17,260,000	—	790,000	16,470,000	815,000
Student Housing System Revenue Bonds - 2015	10,570,000	—	545,000	10,025,000	560,000
Student Housing System Revenue Bonds - 2013	15,770,000	—	15,770,000	—	—
Total bonds payable	43,600,000	15,245,000	17,105,000	41,740,000	1,420,000
Unamortized premium on bonds payable	1,097,298	—	550,214	547,084	72,922
Total bonds payable plus unamortized premium	44,697,298	15,245,000	17,655,214	42,287,084	1,492,922
Capital lease obligations	6,480,587	390,265	992,114	5,878,738	1,013,601
Total bonds and capital leases	51,177,885	15,635,265	18,647,328	48,165,822	2,506,523
Other noncurrent liabilities					
Accrued termination benefits	140,994	640,777	85,507	696,264	688,206
Accrued compensated absences	1,460,325	130,473	130,052	1,460,746	995,789
Annuities and trusts payable	544,617	25,676	17,805	552,488	79,459
Total other noncurrent liabilities	2,145,936	796,926	233,364	2,709,498	1,763,454
Total noncurrent liabilities	\$ 53,323,821	\$ 16,432,191	\$ 18,880,692	\$ 50,875,320	\$ 4,269,977

## 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, 2019:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and capital leases					
Student Housing System Revenue Bonds - 2016	\$ 18,025,000	\$ —	\$ 765,000	\$ 17,260,000	\$ 790,000
Student Housing System Revenue Bonds - 2015	11,095,000	—	525,000	10,570,000	545,000
Student Housing System Revenue Bonds - 2013	16,615,000	—	845,000	15,770,000	880,000
Total bonds payable	45,735,000	—	2,135,000	43,600,000	2,215,000
Unamortized premium on bonds payable	1,170,219	—	72,921	1,097,298	72,922
Total bonds payable plus unamortized premium	46,905,219	—	2,207,921	44,697,298	2,287,922
Capital lease obligations	7,333,721	53,319	906,453	6,480,587	924,015
Total bonds and capital leases	54,238,940	53,319	3,114,374	51,177,885	3,211,937
Other noncurrent liabilities					
Accrued termination benefits	276,530	—	135,536	140,994	94,325
Accrued compensated absences	1,426,109	103,593	69,377	1,460,325	1,026,819
Annuities and trusts payable	611,518	10,094	76,995	544,617	75,361
Total other noncurrent liabilities	2,314,157	113,687	281,908	2,145,936	1,196,505
Total noncurrent liabilities	\$ 56,553,097	\$ 167,006	\$ 3,396,282	\$ 53,323,821	\$ 4,408,442

### Annuities And Trusts Payable

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, 2020 and 2019 of \$552,488 and \$544,617, 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, 2020 and 2019, the fair value of these investments was \$1,044,245 and \$1,146,693, 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

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### 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:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 902,037	\$ 97,963	\$ 1,000,000
2022	919,509	80,491	1,000,000
2023	937,319	62,681	1,000,000
2024	955,474	44,526	1,000,000
2025	973,981	26,019	1,000,000
2026	742,846	7,154	750,000
	<u>\$ 5,431,166</u>	<u>\$ 318,834</u>	<u>\$ 5,750,000</u>

### Revenue Bonds Payable

On May 1, 2020, the University issued a series of auxiliary system revenue bonds in order to refund the remaining outstanding bonds from the 2013 bond issuance. The principal amount issued, with its related premium, totaled \$15,245,000 and matures in annual installments through 2033.

The refunding resulted in a decrease in payments to service the new debt versus the old debt of \$1,354,024, an economic gain of \$1,334,178, and a deferred amount from refunding of \$317,866, which is being amortized over the life of the new debt.

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.

## TRUMAN STATE UNIVERSITY

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### Notes To Financial Statements (*Continued*)

On May 28, 2015, the University issued a series of auxiliary system revenue bonds, 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 was to mature in annual installments through 2033. The bonds were refunded in 2020.

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 1% 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, 2020, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 1,420,000	\$ 1,171,777	\$ 2,591,777
2022	2,550,000	1,105,271	3,655,271
2023	2,620,000	1,041,029	3,661,029
2024	2,690,000	974,958	3,664,958
2025	2,770,000	900,855	3,670,855
2026-2030	15,030,000	3,352,254	18,382,254
2031-2035	13,380,000	1,238,673	14,618,673
2036-2040	1,280,000	41,600	1,321,600
	<u>\$ 41,740,000</u>	<u>\$ 9,826,417</u>	<u>\$ 51,566,417</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](http://www.mosers.org).

*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 30.

*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 MSEP 2011 Plan are required to contribute 4.0 percent of their annual pay. The University's required contribution rate for the year ended June 30, 2020, was 21.77 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.

Contributions to the pension plan from the University were \$6,496,501 and \$6,144,730 for the years ended June 30, 2020 and 2019, respectively.

## TRUMAN STATE UNIVERSITY

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### Notes To Financial Statements (*Continued*)

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

At June 30, 2020, the University reported a liability of \$95,729,325 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was offset by the fiduciary net position obtained from MOSERS CAFR as of June 30, 2019, to determine net pension liability.

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, 2019. At the June 30, 2019 measurement date, the University's proportion was 1.5846 percent, a decrease from its proportion measured of 1.6002 percent as of the June 30, 2018, measurement date.

There were no changes in benefit terms during the MOSERS plan year ended June 30, 2019, that affected the measurement of total pension liability.

*Actuarial assumptions.* The total pension liability in the June 30, 2019 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	2.35%
Salary increases	2.85% to 8.35% including inflation
Wage inflation	2.35%
Investment rate of return	7.1%, compounded annually, net after investment expenses and including inflation

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015. In addition, the investment return assumption was reduced from 7.25% to 7.1% for the June 30, 2019 valuation. Other assumption changes were decreases in the payroll and wage growth assumptions.

*Mortality.* Mortality rates for post-retirement mortality are based on the RP-2014 Healthy Annuitant mortality table, projected to 2026 with Scale MP-2015 and scaled by 120%. The pre-retirement mortality table 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.

## TRUMAN STATE UNIVERSITY

### Notes To Financial Statements (*Continued*)

*Long-term investment rate of return.* 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, 2019 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>
Opportunistic global equity	38.0%	8.3%	3.1%
Nominal bonds	44.0%	3.3%	1.5%
Commodities	20.0%	7.8%	1.6%
Inflation-linked bonds	39.0%	2.4%	0.9%
Alternative beta	31.0%	6.6%	2.0%
Cash & cash equivalents**	-72.0%		-0.7%
	<u>100.0%</u>		<u>8.4%</u>
Correlation/volatility adjustment			-0.7%
Long-term expected net nominal return			<u>7.7%</u>
Long-term expected geometric net real return			5.2%

\* Long-term expected arithmetic returns of the asset classes at the time of the asset allocation study for each portfolio.

\*\* Cash and cash equivalents policy allocation amounts are negative due to use of leverage.

*Discount rate.* The discount rate used to measure the total pension liability was 7.1%. 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.

## TRUMAN STATE UNIVERSITY

### Notes To Financial Statements (Continued)

*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 7.1%, 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 (6.1%) or 1-percentage-point higher (8.1%) than the current rate:

#### Sensitivity Of The University's Proportionate Share Of The NPL

	1% Decrease (6.1%)	Current Discount Rate (7.1%)	1% Increase (8.1%)
University's proportionate share of the net pension liability	\$ 120,767,119	\$ 95,729,325	\$ 74,678,630

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

*Pension expense.* For the years ended June 30, 2020 and 2019, the University recognized pension expense of \$18,118,452 and \$14,615,307, respectively.

*Deferred outflows of resources and deferred inflows of resources.* At June 30, 2020 and 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 81,618	\$ 1,112,805
Changes of assumptions	3,825,068	—
Net difference between projected and actual earnings on pension plan investments	7,432,440	—
Changes in proportion and differences between University contributions and proportionate share of contributions	8,285	1,794,967
University contributions subsequent to the measurement dates of June 30, 2019	6,038,093	—
	<u>\$ 17,385,504</u>	<u>\$ 2,907,772</u>

# TRUMAN STATE UNIVERSITY

## Notes To Financial Statements (Continued)

	2019	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 483,411	\$ 1,374,257
Changes of assumptions	7,656,668	218,996
Net difference between projected and actual earnings on pension plan investments	14,616,839	—
Changes in proportion and differences between University contributions and proportionate share of contributions	33,781	767,558
University contributions subsequent to the measurement dates of June 30, 2016	5,973,188	—
	<u>\$ 28,763,887</u>	<u>\$ 2,360,811</u>

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, 2021 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

Plan Year Ending June 30,	Amount
2021	\$ 4,629,340
2022	2,150,776
2023	856,216
2024	803,308
	<u>\$ 8,439,640</u>

### Payables To The Pension Plan

As of June 30, 2020, the University had payables of \$404,219 to MOSERS for the amount owed for salaries earned but not remitted as of June 30, 2020 due to payment terms in employment contracts.

## TRUMAN STATE UNIVERSITY

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### Notes To Financial Statements (*Continued*)

#### 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 6% of annual covered payroll for 2020 and 2019. The University's contributions to the plan for the years ended June 30, 2020 and 2019 were \$486,474 and \$485,304, 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 2020) and aggregate (\$1,000,000 in fiscal year 2020) reinsurance. The University has recorded a liability for expenses incurred but not reported of \$304,219 and \$360,346 as of June 30, 2020 and 2019, respectively, which is included in accrued liabilities on the statement of net position.

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, 2020 and 2018/2019 were as follows:

Liability, July 1, 2018	\$ 673,045
Current year claims and changes in estimate	6,864,944
Claim payments	<u>(7,177,643)</u>
Liability, June 30, 2019	360,346
Current year claims and changes in estimate	6,132,228
Claim payments	<u>(6,188,355)</u>
Liability, June 30, 2020	<u><u>\$ 304,219</u></u>

Total employee health and welfare expense was \$6,448,927 and \$6,581,310 for the years ended June 30, 2020 and 2019, respectively.

## **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 2016 through 2020. 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 \$696,264 and \$140,994 at June 30, 2020 and 2019, respectively.

During the year ended June 30, 2020, the University paid \$86,196 of reimbursements under this plan. Lump sum payments to participants totaled \$30,000 during 2020. At June 30, 2020, there were 30 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 \$243,883 related to construction contracts as of June 30, 2020. A remaining commitment of \$147,240 on the McClain Hall Elevator and Water Line Project 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.

The United States Department of Education (DOE) did not renew the Federal Perkins Loan Program. As a result, after a brief transition period, no new loans could be disbursed to students. The current guidance provided by the DOE stipulates that as cash is collected by the University from loans disbursed prior to October 1, 2017, such funds are to be remitted back to DOE on a proportional basis (the Perkins program was originally funded by DOE with a small percentage matched by the University). Given this recent guidance, the University has determined that it is probable that the DOE, as the provider of the original resource, will require the University to return all of the resources originally received under this program. At the time of the receipt of the resources, the University recorded nonexchange revenues, and thereby, the balance of the resources provided by the DOE resided in the University's net position.

Pursuant to the guidance provided by GASB 33: *Accounting and Financial Reporting of Nonexchange Transactions*, and based on the University's estimate that the return of these resources is probable, an expense and corresponding liability of \$3,187,203 has been recorded in the fiscal year ended June 30, 2020, on the University's financial statements. The liability was reduced by a payment of \$690,476 that was made in the current fiscal year, as calculated and required by the U.S. Department of Education.

**Coronavirus Aid, Relief, And Economic Security (CARES) Act**

In January 2020, an outbreak of a new strain of coronavirus, COVID-19, was identified. The World Health Organization has declared the virus a pandemic. Currently, no vaccine has been made available to the public. In response, various governmental agencies have mandated stricter procedures to address the health and safety of both employees and patrons including, in certain cases, requiring the closure of operations. On March 16, 2020, in accordance with the Missouri Stay at Home Order issued by the Governor, students, staff, and faculty were transitioned to remote operations. For the fiscal year ended June 30, the Coronavirus outbreak has had an adverse impact on the University's operations. While we expect the impact to extend into the new fiscal year, management cannot reasonably estimate the overall impact on operations, cash flows, or its overall financial position.



## TRUMAN STATE UNIVERSITY

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### Notes To Financial Statements (*Continued*)

The Higher Education Emergency Relief Fund (HEERF), found in Section 18004 of the CARES Act, provided institutions of higher education with funding. The University was notified that it was entitled to receive \$3,345,344 in two installments. The University signed and returned the Certification and Agreement to the U.S. Department of Education for the HEERF Funds for Emergency Financial Aid Grants.

Consistent with the terms of the certification, the University will use no less than 50% of the funds received (\$1,672,672), as stated under 18004(a)(1) of the CARES Act, to provide Emergency Financial Aid Grants directly to students. The University directed the funds to cover students' expenses related to the disruption of campus operations due to the coronavirus, including eligible expenses such as food, housing, course materials, technology, health care, and childcare. Loss of a job is not a result of the disruption of campus operations and does not qualify for HEERF. Institutions are given latitude on how to distribute the funding. This means that each institution may develop its own system and process for determining how to allocate these funds. Secretary of Education, Betsy DeVos, encouraged the leadership of each institution to prioritize students with the greatest need. At June 30, 2020, the University distributed \$1,134,000 in Emergency Financial Aids Grants to students. The unspent portion of the initial distribution of \$538,672 will continue to be distributed during fiscal year 2021 consistent with the application process established to obtain these funds.

The second installment of \$1,134,000, consistent with Section 18004(c) of the CARES Act, was recorded as revenue at June 30, 2020 and distributed in the form of refunds for spring semester student housing and dining costs. The unspent portion of the second installment of \$538,672 will be drawn during fiscal year 2021.

## 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.

# TRUMAN STATE UNIVERSITY

## Notes To Financial Statements (Continued)

### 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, 2020.

The segment consists of Housing System Revenue Bonds Series 2015, dated May 28, 2015, and Housing System Revenue Bonds Series 2016, dated February 11, 2016, and Housing System Revenue Bonds Series 2020, dated May 1, 2020. These accounts are established to account for activities of the Housing System, as defined by the bond resolutions.

The condensed financial information for the Housing System Revenue Bond Fund as of June 30, 2020 and 2019 is as follows:

#### Condensed Statement Of Net Position

	2020	2019
<b>Current Assets</b>	<b>\$ 17,126,290</b>	<b>\$ 16,271,199</b>
<b>Noncurrent Assets</b>		
Capital assets, net of depreciation	72,221,619	77,084,331
Other	—	107,765
<b>Total Assets</b>	<b>89,347,909</b>	<b>93,463,295</b>
<b>Deferred Outflows Of Resources</b>	<b>1,087,616</b>	<b>1,288,836</b>
<b>Current Liabilities</b>	<b>1,239,457</b>	<b>2,107,048</b>
<b>Noncurrent Liabilities</b>	<b>42,699,994</b>	<b>44,615,293</b>
<b>Total Liabilities</b>	<b>43,939,451</b>	<b>46,722,341</b>
<b>Net Position</b>		
Net investment in capital assets	42,894,590	32,338,068
Unrestricted	3,601,484	15,691,722
<b>Total Net Position</b>	<b>\$ 46,496,074</b>	<b>\$ 48,029,790</b>

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

	<u>2020</u>	<u>2019</u>
<b>Operating Revenue</b>		
Housing and food service, net of scholarship allowance	\$ 13,432,255	\$ 19,903,025
Other operating revenues	517,215	395,370
<b>Total Operating Revenue</b>	<u>13,949,470</u>	<u>20,298,395</u>
<b>Operating Expenses</b>		
Compensation and benefits	3,292,915	3,823,615
Supplies and other services	7,687,380	10,440,518
Depreciation	5,202,566	5,414,691
Utilities	1,387,473	1,672,328
<b>Total Operating Expenses</b>	<u>17,570,334</u>	<u>21,351,152</u>
<b>Operating Loss</b>	<u>(3,620,864)</u>	<u>(1,052,757)</u>
<b>Nonoperating Revenue (Expenses)</b>		
Student fees for capital projects	894,540	980,519
Investment income	1,300,719	1,218,889
Interest on capital asset related debt and other expenses	(1,634,796)	(1,535,249)
Funds received for capital investment	356,955	1,224,736
Other	1,169,730	(75,717)
<b>Net Nonoperating Revenue</b>	<u>2,087,148</u>	<u>1,813,178</u>
<b>Increase (Decrease) In Net Position</b>	<u>(1,533,716)</u>	<u>760,421</u>
<b>Net Position - Beginning of Year</b>	<u>48,029,790</u>	<u>47,269,369</u>
<b>Net Position End Of Year</b>	<u>\$ 46,496,074</u>	<u>\$ 48,029,790</u>

**Condensed Statement Of Cash Flows**

	<u>2020</u>	<u>2019</u>
Net cash provided by operating activities	\$ 3,550,333	\$ 4,829,990
Net cash used in capital and related financing activities	(2,707,651)	(6,177,150)
Net cash used (provided by) in investing activities	(872,594)	1,400,766
Net increase (decrease) in cash and cash equivalents	(29,912)	53,606
Cash and cash equivalents - beginning of year	<u>84,260</u>	<u>30,654</u>
Cash and cash equivalents - end of year	<u>\$ 54,348</u>	<u>\$ 84,260</u>

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# TRUMAN STATE UNIVERSITY

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

	June 30,					
	2019	2018	2017	2016	2015	2014
University's proportionate of the net pension liability	1.585%	1.600%	1.676%	1.674%	1.721%	1.736%
University's proportionate share of the net pension liability	\$ 95,729,325	\$ 89,261,489	\$ 87,256,736	\$ 77,726,342	\$ 55,252,185	\$ 40,938,147
University's covered payroll	30,784,413	31,102,260	32,983,265	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	310.97%	286.99%	264.55%	239.67%	165.88%	125.19%
Plan fiduciary net position as a percentage of the total pension liability	56.72%	59.02%	60.41%	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.

# TRUMAN STATE UNIVERSITY

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

	June 30,					
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 6,221,531	\$ 6,049,390	\$ 5,597,262	\$ 5,503,067	\$ 5,652,501	\$ 5,666,746
Contributions in relation to the contractually required contribution	6,221,531	6,049,390	5,597,262	5,503,067	5,652,501	5,666,746
University's covered payroll	30,784,413	30,995,235	31,102,260	32,983,265	32,430,791	33,308,792
Contributions as a percentage of covered payroll	20.21%	19.45%	16.97%	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.

# TRUMAN STATE UNIVERSITY

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## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION For The Year Ended June 30, 2020

### 1. **Changes Of Benefit Terms Or Assumptions**

#### **Changes Of Benefit Terms**

Senate Bill 62 (SB 62), which contained changes to the benefit structure for MSEP 2011, was passed by the 2017 legislature. The provisions of the bill decreased vesting from ten to five years of service, but also included provisions that essentially offset the cost of the vesting change. As a result, SB 62 had no impact on the employer contribution rate and created a decrease to the UAAL of \$1.6 million.

#### **Changes Of Assumptions**

MOSERS reduced the investment return assumption used in the June 30, 2019 valuation to 7.1%.

**ITEM D**  
**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 E**  
**Enrollment Management Report**

**DESCRIPTION AND BACKGROUND**

Dr. Tyana Lange, Vice President for Enrollment Management and Marketing, will provide an enrollment management report.

**RECOMMENDED ACTION**

This is a discussion item only.



**ITEM F**

**Advancement/Foundation Board Report**

**DESCRIPTION AND BACKGROUND**

Dr. Ernie Hughes, Vice President for University Advancement, will provide a report on Advancement and the Foundation Board.

**RECOMMENDED ACTION**

This is a discussion item only.

**ITEM G**  
**Annual Staff Council Report**

**DESCRIPTION AND BACKGROUND**

Kara Jo Levery, Chair of Staff Council and Career Ready Coach at the University Career Center, will provide the annual report from Staff Council.

**RECOMMENDED ACTION**

This is a discussion item only.

**ITEM H**

**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 20.

**RECOMMENDED ACTION**

This is a discussion item only.

**ITEM H.1**  
**Financial Report**

**DESCRIPTION AND BACKGROUND**

The Financial Report includes a review as of August 31, 2020, of education and general revenues and expenditures and auxiliary systems revenues and expenditures and a review as of August 31, 2020, 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, 2020 compared to August 31, 2019

### Education & General (Pages A1-A3)

Revenues fell by \$4.3M (13%) to \$28.4M primarily due to a \$2.8M tuition shortfall. The revenue distribution over the last three fiscal years is outlined in Figure 1. After two months, overall revenues were 33.2% of the fiscal 2021 budget.

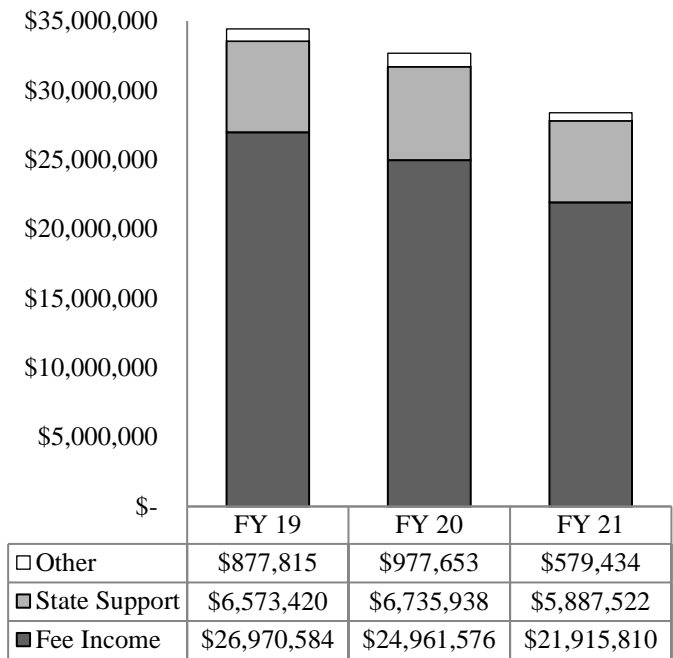
While the price of tuition was increased by 2.3% for the current fiscal year, this pricing increase was offset by 576 fewer students enrolled for the fall semester compared to a year ago.

State revenue also decreased by \$847,564 (12.6%) to \$5.9M as result of a continued withholding of appropriations. The state of Missouri withheld \$5M of appropriation in the prior fiscal year, however, that reduction did not take place until April of 2020 (following the COVID-19 impact on state revenues). As the amount withheld has been carried forward to fiscal year 2021, the University is projecting a \$35M annual appropriation (an amount equal to what was received in fiscal year 2020).

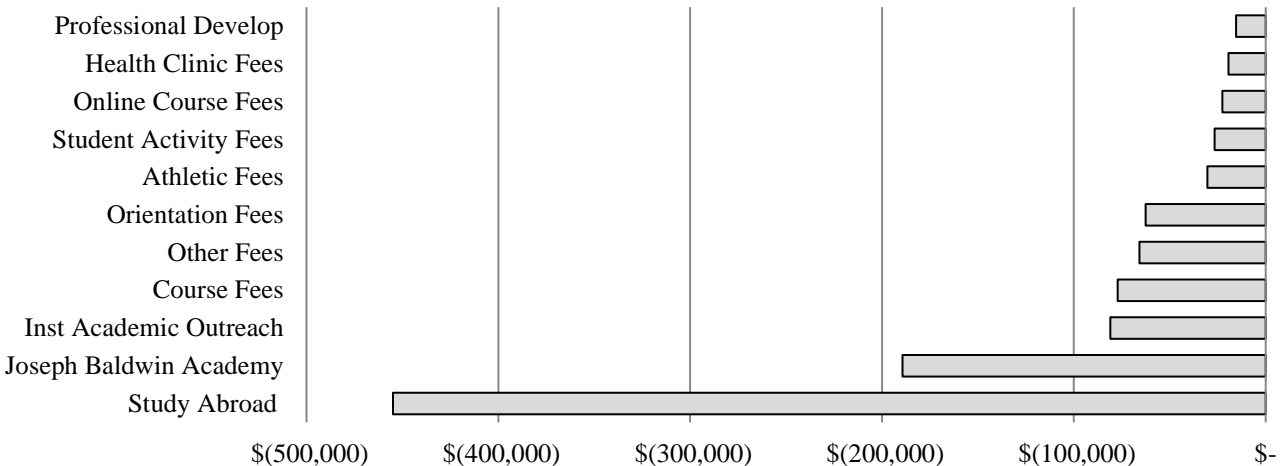
Other revenue decreased by \$398,219 (40.7%) to \$579,434 based on a \$205,668 reduction in interest income on certain investments and a \$102,258 reduction in student health insurance billing.

In addition to the aforementioned variances, there was also a \$219,390 decrease in course and other fees. Variances in local fee revenue (excluding tuition) are outlined in Figure 2 below.

**Figure 1: Education & General Revenues**



**Figure 2: Local Fee Revenue Variances (FY 20 to FY 21)**



Education and general expenses fell by \$2M (10.5%) to \$17.2M primarily due to a \$1M (10.1%) decrease in institutional aid resulting from a reduction in freshman enrollment of 171 students. Expenses over the last three fiscal years are outlined in Figure 3. After two months, overall expenses were at 18.9% of the fiscal 2021 budget.

University salaries decreased by \$418,853 (13.7%) to \$2.6M due to a reduction of 25 faculty and staff positions. The impact of these staffing reductions was partially offset by a 1.8% average wage increase that took effect in January 2020. Corresponding fringe benefits fell by \$267,116 (15.5%) to \$1.5M. Student employment expenses also decreased by \$128,637 (14%) to \$788,247.

Office Contracts grew by \$151,139 (18%) based on certain software purchases and enhancements (Campus, Blackboard, etc.) needed to improve online learning capacity. The University has since requested reimbursement for a portion of these costs through the CARES Act. The KONE elevator maintenance contract was also completed earlier this fiscal year than in the prior period, creating a timing difference.

Supplies expenditures fell by \$91,124 (24%) due to a \$28,358 decrease in mechanical system supplies, an \$18,251 reduction in custodial supplies and a \$12,898 savings in facility uniform costs.

Other expenses increased by \$56,765 (25%) as a result of \$80,661 increase in property insurance premiums paid to the Midwest Higher Education Compact (MHEC). MHEC loss experience across the wider group of insured institutions was significantly higher than anticipated over the last three years.

#### Auxiliary Systems (Pages B1-B3)

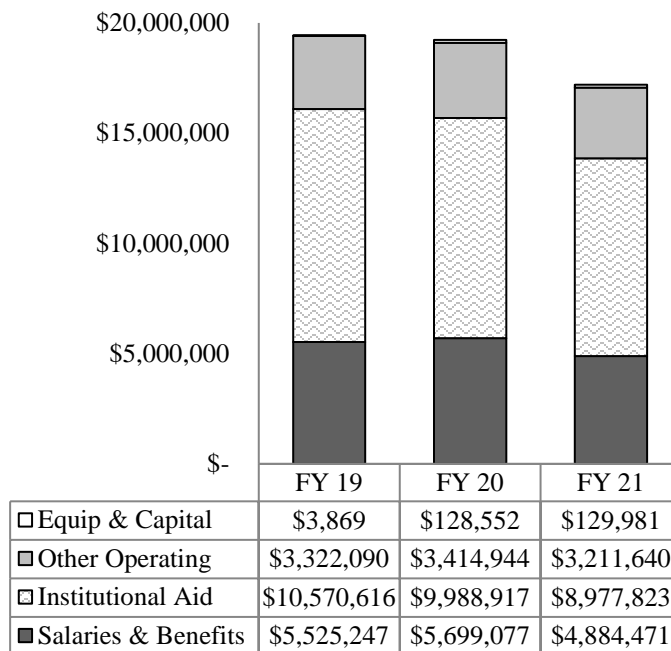
Auxiliary revenues fell by \$2.2M (20.4%) to \$8.8M primarily due to a \$2.1M shortfall in residence hall income. The variance was driven by a residency reduction of 360 students for the fall semester, and the absence of any on campus summer programs.

The revenue distribution over the last three fiscal years is outlined in Figure 4. After two months, overall revenues were at 43.4% of the fiscal 2021 budget.

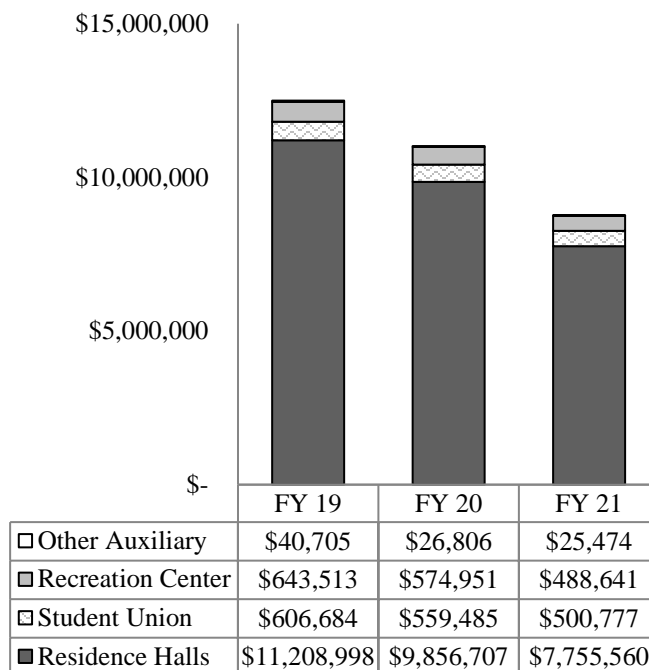
Reduced enrollment also impacted the Student Union and Recreation Center. Fees as revenue in these areas fell by \$58,708 and \$86,310, respectively. Finally, other auxiliary revenue decreased by \$1,332 primarily due to reduced printing income.

Auxiliary expenses fell by \$40,455 (1%) to \$3.8M primarily due to a \$319,358 decrease in overall meal costs. After two months, current expenses were at 18.3% of the fiscal 2021 budget. Year-over-year expense variances are outlined in Figure 5. Other expense variances were identified in the following categories:

**Figure 3: Education & General Expenses**

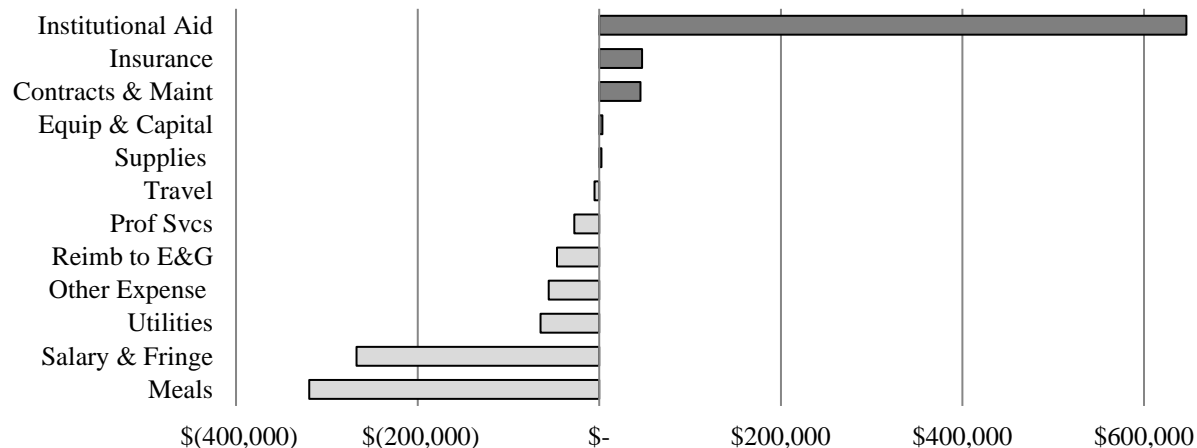


**Figure 4: Auxiliary Revenues**



- Institutional aid increased by \$646,816 primarily due to a new Housing Support Scholarship offered to 698 freshman students. This \$2,000 scholarship was offered for one year only, and it was designed to increase residence hall occupancy. Residence hall occupancy was 52% for the fall term.
- Compensation and benefits decreased by \$267,280 (26.8%) to \$729,805 based on 5 fewer staff and less student employees.
- Utilities expense fell by \$64,617 (19.1%) due to reduced residence hall occupancy.

**Figure 5: Auxiliary Expense Variances (FY 20 to FY 21)**



### **Truman State University Foundation (Pages C1-C3)**

#### **Statement of Net Position (Page C-1)**

Fiscal year-to-date net position was \$64M (a \$6.5M improvement over prior year). Current assets grew by \$1.1M based on a corresponding \$1.2M increase in short-term investments. The growth in short-term investments was primarily due to an \$875,000 April distribution from the Sandra K. Giachino-Reavey trust and a \$500,000 July contribution from the Sunderland Foundation for improvements to the Greenwood Autism Center. Non-current assets also grew by \$5.5M to \$58.3M based on a growth in long-term investments. Current liabilities grew by \$154,826 to \$286,169 based on a \$149,598 increase in accounts payable. The year-over-year variance in accounts payable illustrates timing differences of certain payments that were made in different months during the prior year. These payments were specific to foundation scholarships, an endowed distribution to the Ruth Towne Museum and quarterly investment management fees. Long-term liabilities were comprised wholly of annuities and trust payable of \$473,029 (\$6,187 less than prior year).

#### **Statement of Revenues, Expenditures and Changes in Net Position (Page C-2)**

Contributions and additions to the permanent endowment additions fell \$326,088 to \$792,153. However, investment gains were \$3.7M compared to a loss of \$27,927 a year ago. Expenses and transfers totaled \$800,759 this year compared to \$1.9M during the prior year. The year-over-year variance was due to the \$1M prior year plant fund transfer to Truman State University for the Sandra K. Giachino-Reavey Sesquicentennial Plaza.

#### **Investments Schedule (Page C-3)**

While there was significant volatility in the financial markets over the last twelve months, the broader equity market (as measured by the Standard and Poor's 500 index) increased by nearly 15% between August 2019 and August 2020. As a result, Foundation investments (including endowment, short-term, long-term, trusts and annuities) increased by \$6.7M over prior year to \$63.5M with the majority of the growth (\$5.4M) concentrated in the endowed pool. The Foundation also holds a beneficial interest in three separate trusts. Their value increased \$249,562 to \$4.1M. The Foundation Board selected a new investment manager during the prior fiscal year, and at the end of August, 95% of investments had been moved to NEPC managed accounts.

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

	<u>FY21 Budget</u>	<u>FY21 To Date</u>	<u>Percent of Budget This Year</u>	<u>Percent of Budget Last Year</u>
<b>Education &amp; General</b>				
<b>Revenues</b>				
State Sourced Income	\$ 36,452,782	\$ 5,887,522	16.15%	
Local Income	45,625,436	22,495,244	49.30%	
Other	3,408,699		0.00%	
<b>Total Budgeted Revenues</b>	<u><b>85,486,917</b></u>	<u><b>28,382,766</b></u>	<u><b>33.20%</b></u>	<u><b>34.59%</b></u>
Rollover from prior year	5,446,847			
<b>Total Resources to Spend</b>	<u><b>\$ 90,933,764</b></u>			
<b>Expenses</b>				
<b>Salaries &amp; Fringe Benefits</b>				
Faculty/Staff Salaries	\$ 35,360,150	\$ 2,637,962	7.46%	
Student Employment	3,896,377	788,247	20.23%	
Fringe Benefits	14,820,162	1,458,262	9.84%	
<b>Total Salaries &amp; Fringe Benefits</b>	<u><b>54,076,689</b></u>	<u><b>4,884,471</b></u>	<u><b>9.03%</b></u>	<u><b>10.09%</b></u>
<b>Equipment &amp; Capitalized Expense</b>	<b>1,315,217</b>	<b>129,981</b>	<b>9.88%</b>	<b>4.08%</b>
<b>Operations</b>				
Other Expense	16,298,858	2,780,137	17.06%	
Institutional Aid	16,643,000	8,977,823	53.94%	
Utilities	2,600,000	431,503	16.60%	
<b>Total Operations</b>	<u><b>35,541,858</b></u>	<u><b>12,189,463</b></u>	<u><b>34.30%</b></u>	<u><b>33.51%</b></u>
<b>Total Education &amp; General Expense</b>	<u><b>\$ 90,933,764</b></u>	<u><b>\$ 17,203,915</b></u>	<u><b>18.92%</b></u>	<u><b>19.00%</b></u>



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

	<u>FY19</u> <u>Receipts</u>	<u>FY20</u> <u>Receipts</u>	<u>FY21</u> <u>Receipts</u>	<u>Change</u> <u>FY20 to FY21</u>	<u>% Change</u> <u>FY20 to FY21</u>
<b>Education &amp; General</b>					
<b>State Appropriation</b>					
State Appropriation	\$ 6,573,420	\$ 6,735,086	\$ 5,887,522	\$ (847,564)	-12.58%
MOExcels Appropriation	-	852	-	(852)	100.00%
<b>Total State Sourced Income</b>	<u><b>6,573,420</b></u>	<u><b>6,735,938</b></u>	<u><b>5,887,522</b></u>	<u><b>(848,416)</b></u>	<u><b>-12.60%</b></u>
<b>Enrollment Fees</b>					
Enrollment Fees	24,538,677	22,766,725	19,940,349	(2,826,376)	-12.41%
Course Fees	1,252,811	1,127,347	1,050,186	(77,161)	-6.84%
Other Fees	471,156	433,913	368,102	(65,811)	-15.17%
Student Activity Fees	220,590	197,465	170,827	(26,638)	-13.49%
Athletic Fees	297,540	266,266	235,874	(30,392)	-11.41%
Health Clinic Fees	189,810	169,860	150,472	(19,388)	-11.41%
<b>Total Student Fees</b>	<u><b>26,970,584</b></u>	<u><b>24,961,576</b></u>	<u><b>21,915,810</b></u>	<u><b>(3,045,766)</b></u>	<u><b>-12.20%</b></u>
Other Income	877,815	977,653	579,434	(398,219)	-40.73%
<b>Total Education &amp; General</b>	<u><u><b>\$ 34,421,819</b></u></u>	<u><u><b>\$ 32,675,167</b></u></u>	<u><u><b>\$ 28,382,766</b></u></u>	<u><u><b>\$ (4,292,401)</b></u></u>	<u><u><b>-13.14%</b></u></u>

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

	<u>FY19</u> <u>Expense</u>	<u>FY20</u> <u>Expense</u>	<u>FY21</u> <u>Expense</u>	<u>Change</u> <u>FY20 to FY21</u>	<u>% Change</u> <u>FY20 to FY21</u>
<b>Education &amp; General</b>					
<b>Salaries &amp; Fringe Benefits</b>					
Faculty & Staff Salaries	\$ 3,046,090	\$ 3,056,815	\$ 2,637,962	\$ (418,853)	-13.70%
Student Employment	961,619	916,884	788,247	(128,637)	-14.03%
Fringe Benefits	1,517,538	1,725,378	1,458,262	(267,116)	-15.48%
<b>Total Salary &amp; Fringe Benefits</b>	<u>5,525,247</u>	<u>5,699,077</u>	<u>4,884,471</u>	<u>(814,606)</u>	<u>-14.29%</u>
<b>Equipment &amp; Capital Expenses</b>	<u>3,869</u>	<u>128,552</u>	<u>129,981</u>	<u>1,429</u>	<u>1.11%</u>
<b>Operations</b>					
Institutional Aid	10,570,616	9,988,917	8,977,823	(1,011,094)	-10.12%
Travel	251,860	211,703	2,571	(209,132)	-98.79%
Utilities	497,016	476,052	431,503	(44,549)	-9.36%
Professional Services	310,385	367,517	350,532	(16,985)	-4.62%
Supplies	515,222	380,843	289,719	(91,124)	-23.93%
Office Contracts	663,145	824,001	975,140	151,139	18.34%
Library Acquisitions	531,983	535,665	498,100	(37,565)	-7.01%
Communications	115,885	155,289	133,586	(21,703)	-13.98%
Energy Lease Principal & Interest	210,000	210,000	210,000	-	0.00%
Maintenance & Repair	19,579	27,213	37,063	9,850	36.20%
Other Expense	207,015	226,661	283,426	56,765	25.04%
<b>Total Operations</b>	<u>13,892,706</u>	<u>13,403,861</u>	<u>12,189,463</u>	<u>(1,214,398)</u>	<u>-9.06%</u>
<b>Total Education &amp; General</b>	<u>\$ 19,421,822</u>	<u>\$ 19,231,490</u>	<u>\$ 17,203,915</u>	<u>\$ (2,027,575)</u>	<u>-10.54%</u>

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

	<u>FY21 Budget</u>	<u>FY21 To Date</u>	<u>Percent of Budget This Year</u>	<u>Percent of Budget Last Year</u>
<b>Auxiliary Systems</b>				
<b>Revenues</b>				
Residence Halls	\$ 16,950,000	\$ 7,755,560	45.76%	
Student Union	1,050,000	500,777	47.69%	
Recreation Center	945,000	488,641	51.71%	
Other Auxiliary	447,000	25,474	5.70%	
Other	825,670		0.00%	
<b>Total Budgeted Revenues</b>	<b>20,217,670</b>	<b>8,770,452</b>	<b>43.38%</b>	<b>43.82%</b>
Rollover from prior year	771,722			
<b>Total Resources to Spend</b>	<b>\$ 20,989,392</b>			
<b>Expenses</b>				
<b>Salaries &amp; Fringe Benefits</b>				
Salaries	\$ 1,905,120	\$ 208,036	10.92%	
Student Salaries	652,686	138,865	21.28%	
Fringe Benefits	1,696,232	382,904	22.57%	
<b>Total Salaries &amp; Fringe Benefits</b>	<b>4,254,038</b>	<b>729,805</b>	<b>17.16%</b>	<b>15.56%</b>
<b>Equipment /Capitalized Expense</b>	<b>194,543</b>	<b>63,734</b>	<b>32.76%</b>	<b>8.72%</b>
<b>Operations</b>				
Bond Principal & Interest	2,591,779	-	0.00%	
Meals-Contract Food Service	7,400,000	529,665	7.16%	
Other Expense	3,275,032	979,041	29.89%	
Institutional Aid	1,300,000	1,273,444	97.96%	
Utilities	1,974,000	273,757	13.87%	
<b>Total Operations</b>	<b>16,540,811</b>	<b>3,055,907</b>	<b>18.47%</b>	<b>14.94%</b>
<b>Total Auxiliary Expense</b>	<b>\$ 20,989,392</b>	<b>\$ 3,849,446</b>	<b>18.34%</b>	<b>14.88%</b>

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

	<u>FY19 Receipts</u>	<u>FY20 Receipts</u>	<u>FY21 Receipts</u>	<u>Change FY20 to FY21</u>	<u>% Change FY20 to FY21</u>
<b>Auxiliary</b>					
Residence Halls	\$ 11,208,998	\$ 9,856,707	\$ 7,755,560	\$ (2,101,147)	-21.32%
Student Union	606,684	559,485	500,777	(58,708)	-10.49%
Recreation Center	643,513	574,951	488,641	(86,310)	-15.01%
Other Auxiliary	40,705	26,806	25,474	(1,332)	-4.97%
<b>Total Auxiliary</b>	<u><u>\$ 12,499,900</u></u>	<u><u>\$ 11,017,949</u></u>	<u><u>\$ 8,770,452</u></u>	<u><u>\$ (2,247,497)</u></u>	<u><u>-20.40%</u></u>

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

	<u>FY19</u> <u>Expense</u>	<u>FY20</u> <u>Expense</u>	<u>FY21</u> <u>Expense</u>	<u>Change</u> <u>FY20 to FY21</u>	<u>% Change</u> <u>FY20 to FY21</u>
<b>Auxiliary</b>					
<b>Salaries &amp; Fringe Benefits</b>					
Administrative & Staff Salaries	\$ 321,411	\$ 312,592	\$ 208,036	\$ (104,556)	-33.45%
Student Wages	200,627	213,653	138,865	(74,788)	-35.00%
Fringe Benefits	525,562	470,840	382,904	(87,936)	-18.68%
<b>Total Salary &amp; Fringe Benefits</b>	<b><u>1,047,600</u></b>	<b><u>997,085</u></b>	<b><u>729,805</u></b>	<b><u>(267,280)</u></b>	<b><u>-26.81%</u></b>
<b>Equipment &amp; Capital Expenses</b>	<b><u>2,924</u></b>	<b><u>60,178</u></b>	<b><u>63,734</u></b>	<b><u>3,556</u></b>	<b><u>5.91%</u></b>
<b>Operations</b>					
Institutional Aid	804,214	626,628	1,273,444	646,816	103.22%
Supplies	74,444	54,378	56,737	2,359	4.34%
Office Contracts	50,084	78,103	112,029	33,926	43.44%
Communications	10,431	10,544	7,434	(3,110)	-29.50%
Meals-Contract Food Service	772,799	710,230	529,665	(180,565)	-25.42%
Meals-Other	268,317	225,957	87,164	(138,793)	-61.42%
Utilities	384,217	338,374	273,757	(64,617)	-19.10%
Professional Services	178,688	75,694	48,270	(27,424)	-36.23%
Reimbursement to E & G	502,311	502,500	456,000	(46,500)	-9.25%
Bond Principal & Interest	-	-	-	-	0.00%
Maintenance & Repair	53,042	11,250	20,397	9,147	81.31%
Other Expense	187,216	198,980	191,010	(7,970)	-4.01%
<b>Total Operations</b>	<b><u>3,285,763</u></b>	<b><u>2,832,638</u></b>	<b><u>3,055,907</u></b>	<b><u>223,269</u></b>	<b><u>7.88%</u></b>
<b>Total Auxiliary</b>	<b><u>\$ 4,336,287</u></b>	<b><u>\$ 3,889,901</u></b>	<b><u>\$ 3,849,446</u></b>	<b><u>\$ (40,455)</u></b>	<b><u>-1.04%</u></b>

**Truman State University Foundation**  
**Statement of Net Position**  
**August 31, 2019 Compared to August 31, 2020**

<b>ASSETS</b>	<b>31-Aug-19 FY20</b>	<b>31-Aug-20 FY21</b>	<b>Change FY20 to FY21</b>
<b>Current Assets</b>			
Cash	\$ 273,300	\$ 167,874	\$ (105,426)
Short Term Investments	\$ 4,838,761	\$ 6,033,391	\$ 1,194,630
Interest Receivable	\$ 45,504	\$ 59,827	\$ 14,323
Loans Receivable, net of allowance	\$ 166,963	\$ 189,738	\$ 22,775
<b>Total Current Assets</b>	<b>\$ 5,324,528</b>	<b>\$ 6,450,830</b>	<b>\$ 1,126,302</b>
<b>Non-Current Assets</b>			
Investments	\$ 51,977,700	\$ 57,503,174	\$ 5,525,474
Loans Receivable, net of allowance	\$ 628,100	\$ 635,210	\$ 7,110
Cash Value of Life Insurance	\$ 147,770	\$ 145,222	\$ (2,548)
<b>Total Non-Current Assets</b>	<b>\$ 52,753,570</b>	<b>\$ 58,283,605</b>	<b>\$ 5,530,035</b>
<b>Total Assets</b>	<b>\$ 58,078,098</b>	<b>\$ 64,734,435</b>	<b>\$ 6,656,337</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 56,390	\$ 205,988	\$ 149,598
Refundable Advance	\$ 13,547	\$ 15,360	\$ 1,813
Annuities & Trusts Payable	\$ 61,406	\$ 64,821	\$ 3,415
<b>Total Current Liabilities</b>	<b>\$ 131,343</b>	<b>\$ 286,169</b>	<b>\$ 154,826</b>
<b>Non-Current Liabilities</b>			
Annuities & Trusts Payable	\$ 479,216	\$ 473,029	\$ (6,187)
<b>Total Non-Current Liabilities</b>	<b>\$ 479,216</b>	<b>\$ 473,029</b>	<b>\$ (6,187)</b>
<b>Total Liabilities</b>	<b>\$ 610,559</b>	<b>\$ 759,198</b>	<b>\$ 148,638</b>
<b>NET POSITION</b>	<b>\$ 57,467,538</b>	<b>\$ 63,975,237</b>	<b>\$ 6,507,698</b>

**Truman State University Foundation**  
**Statement of Revenues, Expenses & Changes in Net Position**  
**August 31, 2019 Compared to August 31, 2020**

	<u>31-Aug-19</u> <u>FY20</u>	<u>31-Aug-20</u> <u>FY21</u>	<u>Change</u> <u>FY20 to FY21</u>
<b>Operating Revenue</b>			
Interest on Student Loan Receivable	\$ 4,037	\$ 3,608	\$ (429)
Total Operating Revenues	\$ 4,037	\$ 3,608	\$ (429)
<b>Operating Expenses</b>			
Scholarships	\$ 589,631	\$ 478,995	\$ (110,636)
Supplies & Other Services	\$ 80,131	\$ 103,326	\$ 23,194
Travel Expense	\$ 39,950	\$ 364	\$ (39,585)
Other Expense	\$ 20,591	\$ 17,761	\$ (2,830)
Total Operating Expenses	\$ 730,304	\$ 600,446	\$ (129,857)
<b>Operating Gain (Loss)</b>	<b>\$ (726,267)</b>	<b>\$ (596,839)</b>	<b>\$ 129,428</b>
<b>Non-Operating Revenues (Expenses)</b>			
Contributions	\$ 879,442	\$ 728,498	\$ (150,944)
Interest & Dividends	\$ 144,565	\$ 90,082	\$ (54,483)
Realized Gain (Loss)	\$ (10,361)	\$ 4,490,105	\$ 4,500,466
Unrealized Gain (Loss)	\$ (152,021)	\$ (905,456)	\$ (753,435)
Other Non-Operating Income	\$ 4,747	\$ 5,701	\$ 953
Other Non-Operating Expense	\$ (20,330)	\$ (44,114)	\$ (23,783)
Actuarial loss on Annuity & Trust Obligation	\$ (10,110)	\$ -	\$ 10,110
Net Non-Operating Revenues (Expenses)	\$ 835,932	\$ 4,364,816	\$ 3,528,884
<b>Income before other Revenues, Expenses, Gains, Losses &amp; Transfers</b>	<b>\$ 109,665</b>	<b>\$ 3,767,977</b>	<b>\$ 3,658,312</b>
Additions to Permanent Endowments	\$ 238,799	\$ 63,655	\$ (175,144)
Transfers to Education & General for Administration	\$ (19,883)	\$ (19,883)	\$ 0
Transfers to Education & General	\$ (55,579)	\$ (80,760)	\$ (25,181)
Transfer to Auxiliary - Other	\$ (231)	\$ -	\$ 231
Transfer to Capital Fund - Plant	\$ (1,055,182)	\$ (55,556)	\$ 999,626
Increase (Decrease) in Net Assets	<b>\$ (782,411)</b>	<b>\$ 3,675,433</b>	<b>\$ 4,457,844</b>
Net Position, Beginning of Year	\$ 58,249,949	\$ 60,299,803	
<b>Net Position Ending Balance</b>	<b>\$ 57,467,538</b>	<b>\$ 63,975,237</b>	<b>\$ 6,507,698</b>

**Truman State University Foundation  
Investments Schedule  
August 31, 2019 Compared to August 31, 2020**

<b>Investments</b>	<b>31-Aug-19 FY20</b>	<b>31-Aug-20 FY21</b>
<b>Invested with Outside Manager</b>		
Endowment Pool	\$ 50,059,165	\$ 55,456,156
Total Endowment Pool	<u>\$ 50,059,165</u>	<u>\$ 55,456,156</u>
Short-Term Pool	\$ 4,838,761	\$ 6,033,391
Student Investment Fund	\$ 126,766	\$ 131,387
Long Trust	\$ 757,438	\$ 811,629
Annuities Payable - CGA	\$ 940,280	\$ 1,006,877
Fitzpatrick - CA CGA	\$ 66,816	\$ 68,093
Annuities Payable - FL CGA	\$ 27,234	\$ 29,031
<b>Total Investments</b>	<u><u>\$ 56,816,460</u></u>	<u><u>\$ 63,536,564</u></u>
 <b>Beneficial Interest in Trusts</b>		
<b>Invested through Citizens Bank, Chillicothe, MO</b> Ludlow Trust	\$ 240,769	\$ 255,300
<b>Invested through First Bankers Trust, Quincy, IL</b> Cozean Trust	\$ 346,388	\$ 365,115
<b>Invested through Citizens Bank, Chillicothe, MO</b> Lyle Ingraham Trust	\$ 3,219,508	\$ 3,435,813
<b>Total Beneficial Interest in Trusts</b>	<u><u>\$ 3,806,665</u></u>	<u><u>\$ 4,056,227</u></u>



**ITEM I**

**Academic and Student Affairs Committee Report**

**DESCRIPTION AND BACKGROUND**

Governor Cheryl J. Cozette, Chair of the Academic and Student Affairs Committee, will provide a report on the committee meeting held on October 22.

**RECOMMENDED ACTION**

This is a discussion item only.

**ITEM I.1**

**Resolution Amending Chapter 5 of the Code of Policies of the Board of Governors Pertaining to Academic Programs – Gifted Education, M.A.**

**DESCRIPTION AND BACKGROUND**

Several years ago, in response to expressed demand from Missouri teachers and Truman education alumni, Truman initiated an “add-on” certification in Gifted Education. Unlike a graduate certificate, an “add-on” certification enables a practicing teacher, already holding a teaching certificate, to receive an additional endorsement. In this case, the endorsement allowed completers to teach in gifted and talented programs in their districts. Because 24 credits was already required to complete this endorsement, and because demand for the program has grown steadily since its inception, it seemed only logical that we would attach 6 additional credits to the program and afford students the opportunity to earn a master’s degree. Not only is this enhancement pedagogically and professionally sound, but also for the practicing teacher, earning the master’s degree can result in advancement on the pay scale of their district.

The new online degree incorporates everything from the certification but also asks students to explore different aspects of gifted education, including fostering creativity, addressing issues of intersectionality in gifted children, and how to help students learn to argue constructively. Students may apply some coursework from a prior degree – such as an undergraduate teaching degree or Truman’s MAE – if those courses fulfill DESE requirements for certification.

As a certification, the program consistently enrolls 10-15 new students per year. Once the program is upgraded to a full master’s degree, we anticipate continued positive growth for the program.

**RECOMMENDED ACTION**

BE IT RESOLVED that Section 5.010.2 of the Code of Policies of the Board of Governors of Truman State University entitled Academic Programs be amended by the addition of the following graduate program:

Gifted Education, M.A.

BE IT FURTHER RESOLVED that the adoption of such program be subject to the approval of the Coordinating Board for High Education.

Moved by \_\_\_\_\_  
Seconded by \_\_\_\_\_  
Vote: Aye \_\_\_\_\_  
Nay \_\_\_\_\_

**ATTACHMENT**

Proposal for Master of Arts in Gifted Education

## Proposal for Master of Arts in Gifted Education

**Implementation Date:** Fall 2021

**CIP Code:** 13.1004

**Institution Program Title:** Master of Arts in Gifted Education

**Degree Level:** (Bachelors, Masters, Doctoral): Masters

**Degree Type** (MS, MA, BS, BM, etc.): MA

### Student Preparation

This program aims to serve practicing teachers who wish to gain an endorsement in gifted education from the Department of Elementary and Secondary Education (or its counterparts in other states) while providing additional coursework germane to improving the education of gifted students. The program is delivered entirely online with the goal of making it possible for working teachers from throughout the state to participate and, if necessary, participate on a part-time basis as their schedules permit. The program also represents an attractive option to teachers who already possess a master's degree but are looking for an additional graduate degree to move them up on their district's pay scale while accomplishing something meaningful for their career.

At present, according to the MDHE database, only one institution in Missouri has a master's degree classified by this CIP code (Lindenwood). However, the University of Missouri, Drury University, and Maryville University also have programs. MU, Drury, and Lindenwood have an option to complete their programs online. The distinguishing factors in the Truman program are that it is online, that it is closer to many underserved districts in the northern part of the state, and that its elective coursework emphasizes current issues, challenges, and opportunities for gifted education that are unique.

### Student Enrollment Projections Year One-Five

Year	Full Time Students	Part Time Students	Graduates
Year One	5	7	
Year Two	7	7	4
Year Three	9	7	13
Year Four	11	7	15
Year Five	13	7	17

### Program Structure

#### Total Credits

- **Residency Requirements** Up to 6 credits may be transferred from another institution.
- **General education Total Credits:** NA
- **Major Requirements Total Credits:** 24
- **Course(s) Added:** 3 new courses added to existing gifted add-on certification curriculum

COURSE NUMBER	CREDITS	COURSE TITLE
ED 550G	3	Introduction to Gifted
ED 605G	3	Psychology of the Exceptional Child
ED 609G	3	Teaching Internship
ED 632G	3	Research/Applied Educational Psychology
ED 650G	3	Identification of Gifted
ED 651G	3	Curriculum for Gifted
ED 652G	3	Meeting the Affective Needs of Gifted
ED 653G	3	Programming, Planning, and Development: Administration and Supervision of Gifted Programs
ED 626G	3	Creativity
ED 654G	3	Social and Cultural Foundations
ED 627G	3	Argumentation in the Gifted Curriculum

## **ITEM J**

### **Budget and Capital Projects Committee Report**

#### **DESCRIPTION AND BACKGROUND**

Governor K. Brooks Miller, Chair of the Budget and Capital Projects Committee, will provide a report on the committee meeting held on October 21.

#### **RECOMMENDED ACTION**

This is a discussion item only.

**ITEM J.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 Name</u>	<u>Budget</u>	<u>Approval Date</u>	<u>Expenditure to Date</u>	<u>Completion Status*</u>	<u>Occupancy**</u>	<u>Project Completion</u>	<u>Final Project Cost</u>
Replacement Storage Building Project	\$389,000	10-18-19	\$373,410	100%		8-19-20	\$373,410***
Soccer/Tennis Restroom Project	\$220,000	12-7-19	\$0	0%			
McClain Hall Elevator and Water Line Project	\$455,000	2-8-20	\$379,725	90%	8-14-20		

\*completion status based on payments made

\*\*occupancy date based on primary construction contract

\*\*\*Insurance claim paid \$339,421 of final cost.

**ITEM J.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>
None to Report	

### 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>
2020 Ford Police Interceptor Utility AWD	\$36,201

Replaced one of the Police Interceptors that was becoming cost prohibitive to operate. Ordered Police Interceptor from Joe Machens Ford to utilize the Missouri State Contract CC200475003. The Police Interceptor is used by the Truman's Department of Public Safety on and around campus as well as to assist the Kirksville Police Department and the Adair County Sheriff's Office. Vehicle was ordered on February 11, 2020 for FY20 delivery. Due to production shutdowns at Ford, it was not delivered until August 28, 2020.

**ITEM J.3**  
**Faculty Early Retirement Incentive Program 2022**

**DESCRIPTION AND BACKGROUND**

Although a retirement incentive was just offered in April 2020, data indicate that offering a new incentive with an application window that closes December 4, 2020, would be mutually beneficial for the faculty member and the University.

**RECOMMENDED ACTION**

WHEREAS, it is the desire of the Board of Governors of Truman State University to establish a one-time retirement incentive for faculty;

NOW, THEREFORE, BE IT RESOLVED that the attached document, entitled "Faculty Early Retirement Incentive Program 2022" shall be the policy of the Board of Governors and shall automatically expire on December 4, 2020; and

BE IT FURTHER RESOLVED that the President of the University, or her designee, be authorized to implement the policy; and

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

Moved by \_\_\_\_\_  
Seconded by \_\_\_\_\_  
Vote: Aye \_\_\_\_\_  
Nay \_\_\_\_\_

**ATTACHMENT**

Faculty Early Retirement Incentive Program 2022

## Faculty Early Retirement Incentive Program 2022

### Purpose

The Board of Governors of Truman State University recognizes that early retirement should be for the mutual benefit of the faculty member and the University. This policy permits some faculty members another alternative in planning for retirement.

#### I. Time Limits and Retirement Dates

The Early Retirement Incentive option is available to eligible full-time faculty members and other employees with faculty status, with a separation/retirement date no later than May 31, 2022.

#### II. Eligibility

Eligible for the program are all full-time employees holding faculty rank currently employed at Truman, who will meet one of the following conditions by May 31, 2022.

1. MOSERS Participant – MOSERS Retirement Eligible on or before June 1, 2022.
2. CURP Participant – Age plus years of service must equal 70 on or before June 1, 2022.

The Program is not available to employees who have previously retired under the MOSERS or CURP retirement systems or who have already committed their written intent to retire from the University. Retirement eligibility under MOSERS is determined solely by the plan and not by the University. Prior to submitting an application to the Program, employees should obtain verification of retirement eligibility directly from the appropriate plan.

The Early Retirement Incentive is not a guaranteed benefit. Eligible faculty members must request the Early Retirement Incentive in writing to the Office of Human Resources not later than 4:30 p.m. on December 4, 2020. Selection will be based on criteria outlined in Section V. The program is limited to thirty-five (35) applicants. If interest exceeds thirty-five applicants, selection then will be based upon years of service at Truman State University as calculated from May 31, 2022. Such definition of “seniority” is used solely for the purpose of this program. In the event two applicants have the same seniority date, then a first come, first served criterion will apply. Approved applicants will be notified by Human Resources and must complete and sign the Retirement Agreement and Release within ten (10) working days of notification of approval.

#### III. Incentive

The Retirement Incentive consists of a cash incentive payment of \$30,000 which will be payable as a lump sum upon retirement.

#### IV. Enrollment Period

This incentive is being offered beginning November 2, 2020. Applications for early retirement must be received by December 4, 2020. November 2, 2020 through December 4, 2020 is the only application window available for this incentive.

#### V. Selection for Participation

Acceptance for participation in the program will be at the sole discretion of the University based on a variety of factors including student enrollment trends, faculty areas of expertise, and the University's operating needs. In the event an individual is selected for participation in this program who has had a university funded sabbatical within the last two years, any remaining service requirement to fulfill terms of that sabbatical will be waived.

#### VI. Other Retirement Benefits

This program is in addition to any benefits an employee is entitled to under the MOSERS or CURP plans. Individuals should contact representatives from those plans as well as the Social Security Office before making decisions regarding applying for the incentive.

#### VII. Professional Advice

Eligible employees are advised to seek tax and/or investment advice from professionals regarding tax implications of the incentive. The University does not provide financial or tax advice.

Employee medical insurance coverage will terminate in accordance with University Policy. COBRA coverage may be purchased for health, dental and vision insurance coverage for up to 18 months. Retiree medical insurance coverage can also be purchased through the University through age 65 or Medicare eligibility. Individuals age 65 or older are eligible for Medicare. All individuals are encouraged to explore insurance options and consult with professionals regarding insurance decisions.

#### VIII. Revision

This faculty early retirement incentive program supersedes all other early retirement incentive programs previously adopted.

**ITEM K**  
**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 2020 Meeting

December 2020 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*  
*Enrollment management report*  
Financial report  
Construction projects report  
Housing charges for next fiscal year  
Salary policies for next calendar year  
Governmental relations services (as contract expires)  
University strategic plan  
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  
Conclusion of presidential review process

February 2021 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*  
*Enrollment management 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

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

Personnel actions report  
Annual general counsel evaluation committee appointments

April 2021 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*  
*Enrollment management report*  
Annual faculty senate report  
Financial report  
Construction projects report  
Depositary bank (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  
Annual presidential review committee appointments

June 2021 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*  
*Enrollment management report*  
Financial report  
Construction projects report  
State capital funds request for next legislative session  
Operating budgets 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

August 2021 Meeting

Participation in campus events  
Minutes for open session of last meeting

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

President's report  
*Advancement and/or foundation report*  
*Academic affairs report*  
*Student affairs report*  
*Enrollment management report*  
Annual athletics report  
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

October 2021 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*  
*Enrollment management report*  
Annual staff council 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  
Annual presidential review

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 bold italics are discretionary reports and subject to change.)*



**ITEM L**

**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 Chair 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 5, 2020, 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 6, 2021;
- Saturday, April 10, 2021;
- Saturday, June 12, 2021;
- Saturday, August 7, 2021; and
- Friday, October 22, 2021.

Moved by \_\_\_\_\_  
 Seconded by \_\_\_\_\_  
 Vote: Aye \_\_\_\_\_  
 Nay \_\_\_\_\_

**ATTACHMENT**

Calendar of Events October 2020 – October 2021

**CALENDAR OF EVENTS**  
**October 2020 - October 2021**

2020

October	24	<b>BOARD OF GOVERNORS MEETING</b>
November	7	Admission Virtual Showcase
	21	Fall Commencement (Graduates only; Ceremonies at 10 a.m. & 1:30 p.m.)
	24	Last Day of Classes
	25-27	Thanksgiving Holiday

December	5	<b>BOARD OF GOVERNORS MEETING (TENTATIVE DATE)</b>
	7	Finals Week
	21	Energy Conservation Day (campus closed)
	22-25	Winter Holiday Break
	31	Winter Holiday Break

2021

January	1	Winter Holiday Break
	11	Spring Classes Begin
	18	Martin Luther King, Jr. Day Holiday

February	6	<b>BOARD OF GOVERNORS MEETING (TENTATIVE DATE)</b>
	15	Admitted Student Event

March	8-12	Spring Break (students)
	19	Admitted Student Event
	27	Admission Showcase Event

April	5	Term Break (students); Spring Holiday
	10	<b>BOARD OF GOVERNORS MEETING (TENTATIVE DATE)</b>
	10	Foundation Board Meeting and Banquet (tentative)
	22	Student Research Conference
	24	Admission Showcase Event

May	8	Spring Commencement
	31	Memorial Day Holiday

June	12	<b>BOARD OF GOVERNORS MEETING/RETREAT (TENTATIVE DATE)</b>
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July	4	Independence Day
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August	7	<b>BOARD OF GOVERNORS MEETING (TENTATIVE DATE)</b>
	18	Fall Semester begins with Truman Week

September	6	Labor Day
	18	Home Football - Kentucky Wesleyan College

Calendar of Events

October 2020 - October 2021

October	2	Family Day
	2	Home Football - Lindenwood University
	14-15	Mid-Term Break (students)
	18-23	Homecoming Week
	22	<b>BOARD OF GOVERNORS MEETING (TENTATIVE DATE)</b>
	23	Home Football - William Jewell College
	30	Home Football - Quincy University

**ITEM M**  
**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”; 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.

Moved by \_\_\_\_\_  
Seconded by \_\_\_\_\_  
Vote: Aye \_\_\_\_\_  
Nay \_\_\_\_\_