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

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Governors
University of Central Missouri
A Component Unit of the State of Missouri
Warrensburg, Missouri

Report On The Financial Statements

We have audited the accompanying financial statements of the business-type activities of University of Central Missouri, a component unit of the State of Missouri, and the discretely presented component unit of University of Central 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 of Central Missouri's 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 U.S. generally accepted accounting principles; 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 did not audit the financial statements of University of Central Missouri Foundation, a discretely presented component unit of the University of Central Missouri, which statements reflect total assets of \$67,063,134 and \$63,873,482 as of June 30, 2020 and 2019, respectively, and total revenues of \$9,044,387 and \$10,391,686, respectively, for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for University of Central Missouri Foundation, is based solely on the reports of the other auditors. We conducted our audit 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 from material misstatement. The financial statements of University of Central Missouri Foundation, which comprise the financial statements of the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

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 purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained and the reports of the other accountants are sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of University of Central Missouri as of June 30, 2020 and 2019, and the respective results of its changes in financial position and its cash flows 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, schedule of changes in OPEB liability and related ratios, schedule of University of Central Missouri's proportionate share of the net pension liability and schedule of University of Central Missouri's contributions on pages 4 through 18, 70 through 72 and 73, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the University of Central Missouri's financial statements. The Stadium Bonds - Series 1999, Series 2013B And Series 2018B – Selected Information; Condensed Statement Of Revenues, Expenses And Changes In Net Position - Student Housing System; Insurance Coverage - Student Housing System Bonds; and Enrollment And Occupancy Statistics - Student Housing System Bonds, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2020, on our consideration of the University of Central Missouri'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 of Central Missouri's internal control over financial reporting and compliance.

RubinBrown LLP

October 13, 2020

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Years Ended June 30, 2020 And 2019

Overview

Approaching its sesquicentennial in 2021, the University of Central Missouri (the University) was originally known as the State Normal School for the Second Normal District, an institution created by the Missouri General Assembly to educate teachers for the state's public schools. Building upon this tradition, the University has evolved to meet academic and career needs of new generations of Missouri students and beyond as a major comprehensive institution with four academic colleges and nearly 150 areas of study. The University has achieved national recognition for many of its academic programs, including aviation, criminal justice and education, and it is a leader among Missouri's public universities in program-specific accreditations.

The University takes ongoing pride in providing a student-centered learning environment where tenured professors teach the majority of classes. The University boasts a 17:1 student-faculty ratio and a graduate job placement rate above 90 percent, exceeding the national average for 25 consecutive years. The University's 2020 fall enrollment is 9,959, and students are served by 452 full-time faculty members. Sixty-eight percent of the faculty members have earned doctorates.

The University is also well known for its culture of friendship and service that extends far outside its campus boundaries. It has 33 international exchange agreements with institutions worldwide, and more than 621 international students contribute to a diverse student body. Students from nearly every county in Missouri, 46 states and 30 countries from around the globe attend the University. Through Graduate and International Student Services, students can study in over 60 countries at a variety of institutions.

The University is the only public university in Missouri to own and operate its own airport. Other special facilities which contribute to a quality learning environment include its 322,000-watt public broadcasting facilities - KMOS-TV, the Prussing Research Farm, and the Missouri Safety Center.

Academic Programs

The academic programs at the University are organized under four colleges: the College of Arts, Humanities, and Social Sciences; the Harmon College of Business and Professional Studies; the College of Education; and the College of Health, Science and Technology. The University also has the Honors College, which is one of the oldest honors colleges in the Midwest, and the Graduate School.

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)

In addition to opportunities on the Warrensburg campus, a number of degree programs can be taken at the University of Central Missouri – Lee's Summit, UCM's main extended campus location in Lee's Summit, Missouri, which serves about 2,000 students in the Kansas City metropolitan area. Many undergraduate courses and programs also are offered online. Including its airport and other special facilities, the University occupies more than 1,500 acres.

The University offers the following undergraduate degrees: Bachelor of Arts, Bachelor of Fine Arts, Bachelor of Music, Bachelor of Music Education, Bachelor of Science, Bachelor of Science in Business Administration, Bachelor of Science in Education and Bachelor of Social Work. It offers Master of Arts, Master of Arts in Teaching, Master of Business Administration, Master of Science and Master of Science in Education degrees.

The University provides additional graduate-level study for Education Specialist degrees in the areas of School Administration, Curriculum and Instruction, and Human Services, in addition to cooperating with two other institutions on doctoral programs. The Ed.D. in Educational Leadership is conferred by the University of Missouri-Columbia, and the Ph.D. in Technology Management is conferred by Indiana State University.

Awards And Accomplishments

In 2020, UCM was named to two national lists that help guide students in their college selection process. The University was recognized by The Princeton Review as one of the best colleges and universities in the Midwest for the 11th consecutive year, and was also ranked by U.S. News & World Report among the nation's best regional institutions in the Midwest category. Released in September 2020, U.S. News & World Report rankings are included in the 2021 Best Colleges guidebook, which is online. UCM climbed from the 17th spot among Top Public Schools to 16th, and was ranked 76th among Best Colleges in the Regional Universities Midwest category, up from 78th the previous year. It also was ranked 64th among Best Value Schools and 90th as a Top Performer on Social Mobility among all regional Midwestern universities. This highlights UCM's success in enrolling and graduating a large number of economically disadvantaged students.

In publishing results online, Princeton Review, which does not provide numerical rankings, notes, "At the University of Central Missouri, a top-notch education comes with a very low price tag." Citing student responses, The Princeton Review adds that one satisfied senior stated, "With small class sizes, a tradition of excellence, and affordable tuition, UCM is an excellent choice for those who are looking for the most bang for their buck." The feature notes that at UCM, while many students come from rural communities, "you'll also meet students from a variety of different countries, states and cities."

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)

University Foundation

The University of Central Missouri Foundation (Foundation) is a legally separate, tax-exempt component unit of the University. The Foundation's primary function is to raise and hold funds to support the University and its programs. Although the University does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the University. The Foundation is considered a component unit of the University because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University. During the years ended June 30, 2020 and 2019, the Foundation provided support to the University of \$2,736,076 and \$2,927,166 respectively.

Management Discussion And Analysis

This discussion and analysis of the University's financial statements provides a comparative overview of the University's financial performance during the years ended June 30, 2020, 2019 and 2018. Since the management's discussion and analysis is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the University's basic financial statements and the footnotes. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements.

Effective July 1, 2004, the University adopted GASB Statement No. 39, Determining Whether Certain Organizations are Component Units - An Amendment of GASB Statement No. 14. The Foundation meets the criteria set forth for component units under GASB Statement No. 39. Thus, the University's Annual Report includes audited University Foundation financial statements which are prepared in accordance with Financial Accounting Standards Board (FASB) standards.

Effective July 1, 2015, the University implemented GASB Statement No. 72, Fair Value Measurement and Application. This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement also provides guidance for determining a fair value measurement for financial reporting purposes. Additionally, this Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Please see Note 2 of the financial statements for further details.

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)

Statement Of Net Position

The Statement of net position presents the consolidated financial position of the University at a point in time. The statement of net position has five major components which include 1.) Assets, 2.) Deferred Outflows of Resources, 3.) Liabilities, 4.) Deferred Inflows of Resources and 5.) Net Position. A description of each component is as follows:

Assets - Current assets are those anticipated to be liquidated within one year or less and include items such as cash and cash equivalents, investments, accounts receivable, inventories, loans to students and prepaid expenses. Non-current assets include that portion of accounts receivable, investments, loans to students and prepaid expenses not expected to liquidate within one year plus capital assets such as buildings, building improvements, infrastructure, equipment, etc.

Deferred Outflows Of Resources - Deferred Outflows are the consumption of net position applicable to a future reporting period. These balances are attributable to the deferred amount on debt refunding and pension expense.

Liabilities - Current liabilities are those anticipated to be recognized within one year or less and include items such as accounts payable and accrued liabilities, accrued compensated absences, unearned revenue, interest payable, student deposits, the current portion of long-term debt and accrued settlements. Non-current liabilities include that portion of accrued liabilities, compensated absences, long-term debt and settlements that are not due within one year.

Deferred Inflows Of Resources - Deferred Inflows are the acquisition of net position applicable to a future reporting period. These balances are attributable to the future period pension liabilities.

Net Position - Net position represents the University's total assets, plus deferred outflows of resources, less total liabilities. Net position is classified in three major categories which include 1.) Net Investment in Capital Assets, 2.) Restricted, and 3.) Unrestricted.

1.) Net Investment in Capital Assets represents buildings, building improvements, equipment, etc. that is net of accumulated depreciation and related debt.

2.) Restricted net positions are those whose purpose has been determined by an outside party for a specific use such as scholarships, loans and capital projects.

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)

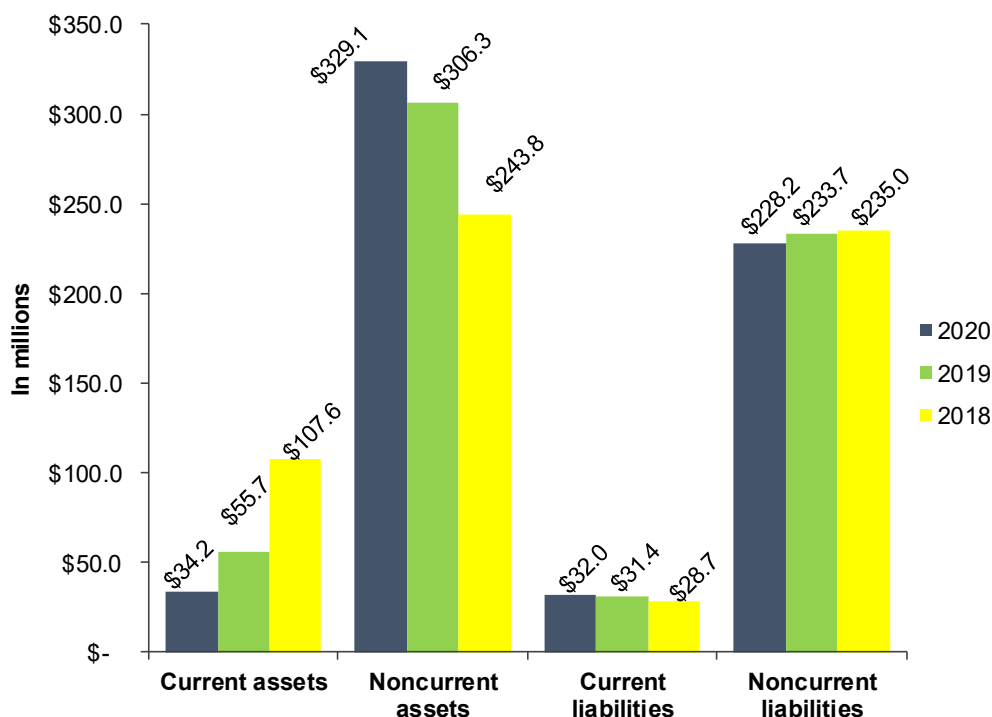
3.) Unrestricted net position represents balances from operational activities that have not been restricted by parties external to the University. This includes funds that have been designated for specific purposes as well as amounts that have been contractually committed for goods and services not yet received.

Following is a summary of the University's assets, deferred out(in)flows of resources, liabilities and net position at June 30 (in millions):

	2020	2019	2018
Current assets	\$ 34.2	\$ 55.7	\$ 107.6
Noncurrent assets	329.1	306.3	243.8
Total assets	363.3	362.0	351.4
Deferred outflows of resources	29.0	41.3	51.7
Current liabilities	32.0	31.4	28.7
Noncurrent liabilities	228.2	233.7	235.0
Total liabilities	260.2	265.1	263.7
Deferred inflows of resources	13.7	10.1	2.8
Net position			
Net investment in capital assets	140.1	142.1	146.3
Restricted	7.4	9.5	7.4
Unrestricted	(29.1)	(23.5)	(17.1)
Total Net Position	\$ 118.4	\$ 128.1	\$ 136.6

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)



Comparative Analysis Of Fiscal Years 2020 And 2019

Current Assets - Current assets for Fiscal Year 2020 totaled \$34.2 million, which is a decrease of \$21.5 million from Fiscal Year 2019 current assets of \$55.7 million. This decrease is attributed to a decrease in total cash of \$1.0 million, a decrease in short-term investments of \$24.0 million primarily due to an increase in long-term investments at year end, an increase in accounts receivable of \$4.9 due to an increase in federal grant receivables of \$5.1 million (\$1.5 million in State CRF and the final 3.6 million in Skyhaven Runway MDOT funds) and a decrease in student tuition receivable of \$0.2 million at year end. In addition, there was a decrease in inventories of \$0.3 million, and a combined decrease of \$1.2 million in prepaid expenses, interest receivable, foundation receivable and loans to students at year-end.

Non-Current Assets - Total non-current assets increased approximately \$22.8 million. The increase is primarily due to the increase in long-term investments of \$27.6 million, a decrease of \$0.4 million in non-current loans to students and a decrease in capital assets of approximately \$4.4 million mostly due to the depreciation of capital assets. Refer to Note 3 for additional information on capital asset activity.

Deferred Outflows Of Resources - Total deferred outflows of resources had a decrease of \$12.3 million due to a decrease of \$12.7 million in deferred pension expense associated with GASB 68 and an increase of \$0.5 million in deferred OPEB liability associated with GASB 75, and a decrease of \$0.1 million in debt refunding due to amortization.

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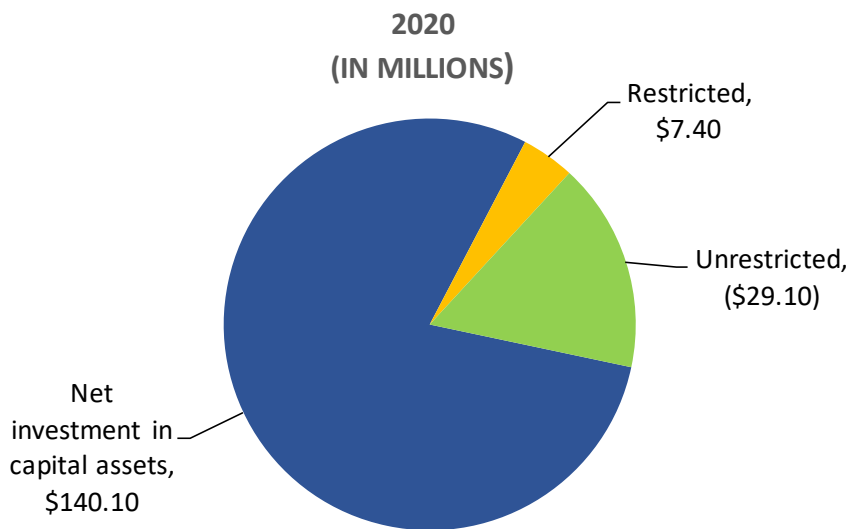
Management's Discussion And Analysis (*Continued*)

Current Liabilities - Current liabilities totaled \$32.0 million increasing by approximately \$0.6 million compared to the prior year total of \$31.4 million. This is attributed primarily to a decrease in accounts payable and accrued liabilities of \$1.6 million and an increase in unearned revenue of \$2.3 million as a result of \$1.0 million increase in summer online tuition revenue and \$1.3 million of Sodexo Capital Project Funds. In addition, there was an increase in long-term debt of \$0.2 million and a combined decrease totaling \$0.3 million in student deposits, accrued compensated absences and interest payable.

Non-Current Liabilities - Total non-current liabilities decreased approximately \$5.5 million. This decrease is primarily attributed to the \$3.0 million decrease in pension liability and a decrease in long-term debt of \$7.0 million. In addition, accrued compensated absences liability increased by \$0.6 million and other long-term liability increased by \$4.2 million due to an increase of \$0.5 post-employment benefit obligations and an increase of \$3.7 million of unearned Sodexo Capital Project funds.

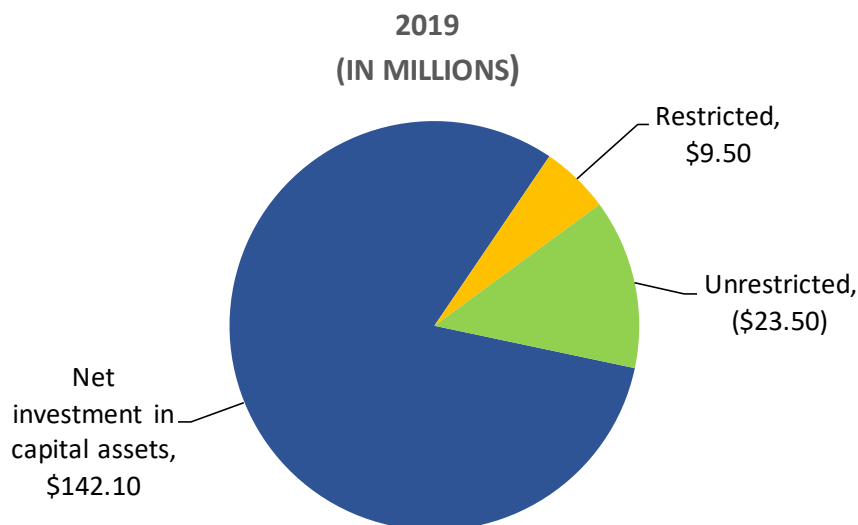
Deferred Inflows Of Resources - Total deferred inflows of resources had an increase of \$3.6 million due to an increase of \$3.7 million to the University's proportionate share of MOSERS deferred inflows related to GASB Statement No. 68 and a decrease of \$0.1 million to the University's proportionate share of OPEB deferred inflows related to GASB Statement No. 75.

Net Position - At June 30, 2020, the University's net position was \$118.4 million. This was comprised of unrestricted - \$(29.1) million; net investment in capital assets - \$140.1 million; restricted for loans - \$5.1 million and other restricted - \$2.3 million.



UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Management's Discussion And Analysis (*Continued*)



Comparative Analysis Of Fiscal Years 2019 And 2018

Current Assets - Current assets for Fiscal Year 2019 totaled \$55.7 million, which is a decrease of \$51.9 million from Fiscal Year 2018 current assets of \$107.6 million. This decrease is attributed to an increase in total cash of \$1.0 million, a decrease in short-term investments of \$54.0 million primarily as a result of an increase in long-term investments at year end, bond capital expenditures, and an increase in net accounts receivable of \$1.1 million due to an increase in federal grant receivable of \$0.9 million and student tuition receivable of \$0.2 million at year end. In addition, there was a decrease in inventories of \$0.2 million, and an increase of \$0.2 million in prepaid expenses, interest receivable, foundation receivable and loans to students at year-end.

Non-Current Assets - Total non-current assets increased approximately \$62.6 million. The increase is primarily due to the increase in long-term investments of \$72.2 million, a decrease of \$1.5 million in non-current loans to students and a decrease in capital assets of approximately \$8.1 million mostly due to the depreciation of capital assets. Refer to Note 3 for additional information on capital asset activity.

Deferred Outflows Of Resources - Total deferred outflows of resources had a decrease of \$10.4 million due to a decrease of \$10.5 million in deferred pension expense associated with GASB 68 and an increase of \$0.1 million in deferred OPEB liability associated with GASB 75.

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)

Current Liabilities - Current liabilities totaled \$31.4 million increasing by approximately \$2.7 million compared to the prior year total of \$28.7 million. This is attributed primarily to an increase in accounts payable and accrued liabilities of \$1.7 million and an increase in unearned revenue of \$0.9 million. In addition, there was an increase in long-term debt of \$0.4 million and student deposits of \$0.1 million, and a decrease in accrued compensated absences of \$0.5 million.

Non-Current Liabilities - Total non-current liabilities decreased approximately \$1.3 million. This decrease is primarily attributed to the \$2.0 million decrease in pension liability. In addition, long-term debt increased by \$0.6 million due to an increase in annual debt service payments due to the addition of revenue bond Series 2018A. In addition, other long-term liability decreased by \$0.1 million related to the liability decrease of \$0.3 million in post-employment benefit obligations and an increase in the non-current portion of accrued compensated absences of \$0.4 million.

Deferred Inflows Of Resources - Total deferred inflows of resources had an increase of \$7.3 million due to an adjustment of \$7.2 million to the University's proportionate share of MOSERS deferred inflows related to GASB Statement No. 68 and \$0.1 million to the University's proportionate share of OPEB deferred inflows related to GASB Statement No. 75.

Net Position - At June 30, 2019, the University's net position was \$128.1 million. This was comprised of unrestricted - \$(23.5) million; net investment in capital assets - \$142.1 million; restricted for loans - \$5.2 million and other restricted - \$4.3 million.

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)

Operating Results

The statement of revenues, expenses and changes in net position (SRECNP) present the operating results of the University as a whole. The statements, prepared in accordance with GASB, distinguish revenues and expenses between operating and non-operating categories, and provide a view of the University's operating margin. Comparative summary statements of revenue, expenses and changes in net position for the years ended June 30, are as follows (in millions):

	2020	2019	2018
Operating Revenues			
Tuition and fees	\$ 83.0	\$ 83.3	\$ 85.6
Scholarship allowances	(17.4)	(18.4)	(19.2)
Net tuition and fees	65.6	64.9	66.4
Federal grants and contracts	5.4	3.5	2.2
Auxiliary enterprises	32.4	39.8	41.2
Scholarship allowances	(4.8)	(5.4)	(5.4)
Net auxiliary enterprises	27.6	34.4	35.8
Other	8.3	9.2	9.7
Total Operating Revenues	106.9	112.0	114.1
Operating Expenses	193.3	193.8	207.1
Operating Loss	(86.4)	(81.8)	(93.0)
Non-Operating Revenues (Expenses)			
State appropriation	46.7	52.7	52.7
Federal grants and contracts	24.6	16.2	17.0
State grants and contracts	0.9	0.7	0.7
Other grants and contracts	0.9	1.0	1.0
Loss on disposal of capital assets	—	(0.1)	—
Contributions	3.4	3.3	2.8
Investment income	4.4	3.9	1.3
Interest on capital asset-related debt	(3.0)	(3.2)	(3.2)
Other non-operating expenses	(1.2)	(1.3)	(2.9)
Net Non-Operating Revenues	76.7	73.2	69.4
Decrease In Net Position	(9.7)	(8.5)	(23.6)
Capital Grants And Gifts	—	—	0.5
Decrease In Net Position	(9.7)	(8.5)	(23.1)
Net Position - Beginning Of Year Before Restatement	128.1	136.6	161.0
Cummulative Effect of Change in Accounting Principle	—	—	(1.2)
Net Position - Beginning Of Year, As Restated	128.1	136.6	159.7
Net Position - End Of Year	\$ 118.4	\$ 128.1	\$ 136.6

UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)

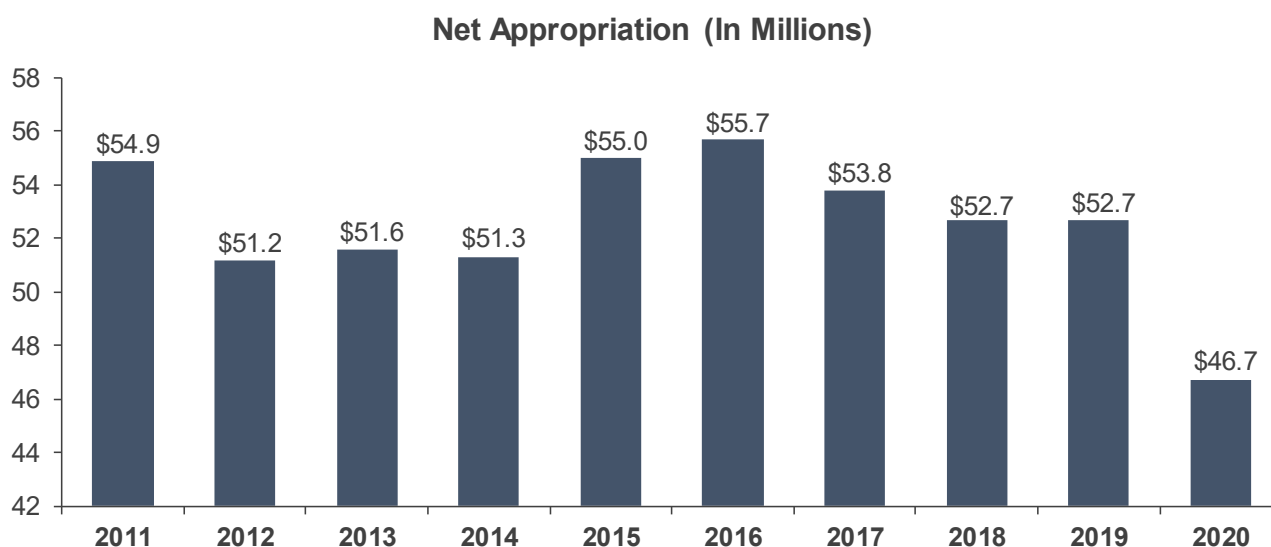
Comparative Analysis Of Fiscal Years 2020 And 2019

Operating Revenues - For the year ended June 30, 2020, tuition and fee revenues (net of scholarship allowances) decreased approximately \$0.7 million compared to fiscal year 2019 as a result of the decrease in undergraduate first-time enrollment. Fiscal year 2019 tuition and fees were approximately \$1.5 million below the year ended June 30, 2018 as a result of a continued decrease in international student enrollment.

Auxiliary enterprises experienced a decrease of \$6.8 million below fiscal year 2019, which is primarily attributed to refunds to students for housing and meal plans and a reduction in auxiliary revenues as a result of the closing of the campus and move to virtual learning in March 2020 due to the onset of the COVID-19 virus.

Non-Operating Revenues - Although state appropriations are considered part of the University's budgeting process and specifically included as general operating funds, the Governmental Accounting Standards Board (GASB) require state appropriations to be separately reported as non-operating revenue.

The University's financial position is closely tied to the State of Missouri and the associated general revenue and lottery proceeds appropriated by the Legislature. State appropriation revenue decreased by \$6.0 million from 2019 to 2020 as a direct result of State budget adjustments due to COVID-19. State of Missouri appropriations remained level in fiscal year 2019 compared to fiscal year 2018. Following is a historical trend of the University's state appropriation funding (net of withholdings).

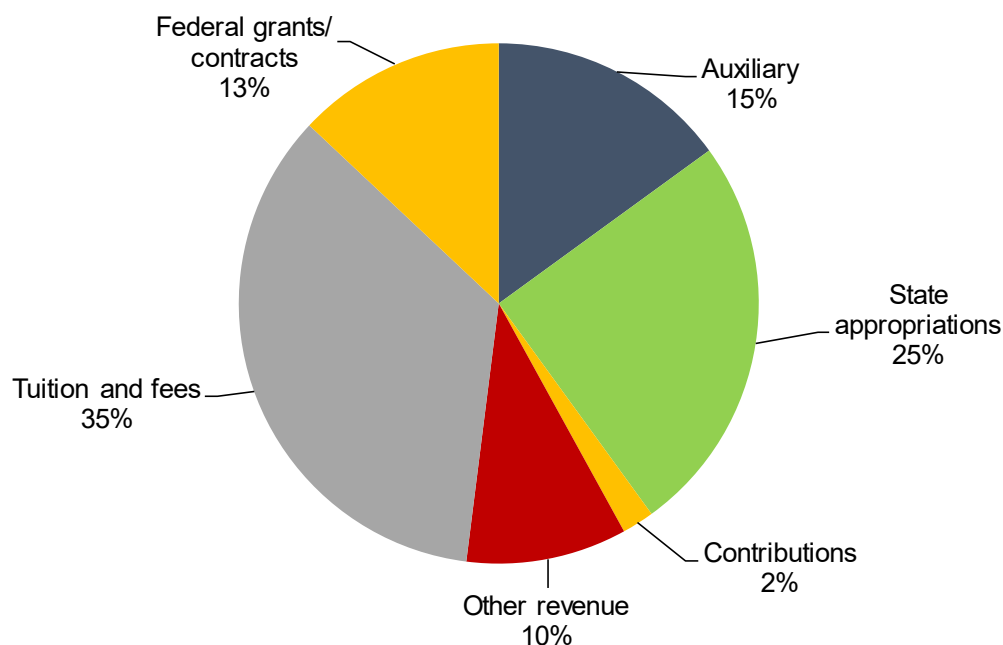


UNIVERSITY OF CENTRAL MISSOURI
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Management's Discussion And Analysis (*Continued*)

Fiscal Year 2020 other operating revenues increased due to an increase in Federal grants and contracts of \$8.4 million due to an increase in federal grants including CARES Higher Education Emergency Relief Funds totaling \$5.2 million and \$1.5 million in State of Missouri Coronavirus Relief Funds (CRF). Fiscal Year 2019 other operating revenues increased \$1.3 million due to an increase in Federal grants from fiscal year 2018.

The following graph summarizes the University's fiscal year 2020 revenue sources:



Operating Expenses
For the Years Ended June 30,
(In Millions)

	2020	2019	2018
Compensation and benefits	\$ 120.6	\$ 116.6	\$ 127.9
Contractual services	15.4	19.0	18.6
Supplies and materials	10.4	9.6	14.5
Scholarships and fellowships	9.9	7.0	6.8
Depreciation	16.8	17.2	16.2
Utilities	5.6	5.8	6.0
Other	14.6	18.6	17.1
	\$ 193.3	\$ 193.8	\$ 207.1

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Management's Discussion And Analysis (*Continued*)

Operating Expenses - Total operating expenses decreased \$0.4 million from \$193.8 million in fiscal year 2019 to \$193.4 million in fiscal year 2020.

Fiscal year 2020 Compensation and Benefits increased \$4.0 million from the prior year primarily due to an increase in Administration and Faculty Salaries of \$3.2 million and the associated increase in benefits of \$1.1 million and the \$0.3 million reduction in student wages as a result of office closures due to COVID-19.

Contractual services decreased \$3.6 million primarily due to a decrease in Food and Beverage Service expenses (\$3.0 million), other services (\$1.3 millions), attorney/legal services (\$0.2 million), marketing/consulting (\$0.1 million) and snow removal of (\$0.1 million) an increase in architect/engineering (\$0.3 million), increase in building maintenance (\$0.3 million) and an increase in telephone services (\$0.5 million).

Supplies and services increased \$0.8 million, depreciation expense decreased \$0.4 million. Scholarships and fellowships increased \$2.9 million due to \$2.8 million of CARES HEERF to students, utilities decreased \$0.2 million and other expenses decreased \$3.9 million over fiscal year 2019.

For the year ended June 30, 2019, operating expenses decreased by \$13.3 million from the year ended June 30, 2018. This was primarily due to a \$11.3 million decrease in Compensation and Benefits from the prior year associated to the 2018 reduction in force resulting in a decrease of \$9.3 in salaries and a decrease in MOSERS accrual of \$2.0 million.

Contractual services for fiscal year 2019 increased \$0.4 million over fiscal year 2018 primarily due to an increase in snow removal (\$0.2 million), an increase in architect/engineering (\$0.1 million) and an increase in management consulting (\$0.1 million).

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Management's Discussion And Analysis (*Continued*)

	Cash Flows		
	For the Years Ended June 30,		
	(In Millions)		
	2020	2019	2018
Cash Provided By (Used In)			
Operating activities	\$ (51.8)	\$ (47.0)	\$ (67.6)
Non-capital financing activities	70.2	71.7	68.0
Capital and related financing activities	(20.2)	(9.5)	(5.5)
Investing activities	0.9	(14.2)	9.5
Increase (Decrease) In Cash And Cash Equivalents	(0.9)	1.0	4.4
Cash And Cash Equivalents - Beginning Of Year	10.9	9.9	5.5
Cash And Cash Equivalents - End Of Year	\$ 10.0	\$ 10.9	\$ 9.9

The Statement of cash flows shows the sources and uses of University cash. The statement presents a beginning and ending cash balance only that does not include the University's investment in CD's, Treasury or Government Securities or Corporate Bonds.

During the year ended June 30, 2020, cash used in operating activities amounted to (\$51.8) million, which resulted from tuition and fees, grants and contracts, sales and services of educational activities and auxiliary enterprises, and associated collections that were offset by payments to suppliers, utilities, employees, scholarships and fellowships and other payments. Cash provided by non-capital financing activities of \$70.2 million includes state appropriations, gifts and grants for other than capital purposes and other receipts.

Cash used for capital and related financing activities was (\$20.2) million. The University had capital expenditures of \$11.4 million including: \$2.3 million Union Renovation, \$2.7 million Skyhaven Runway, \$0.6 million Ward Edwards Roof Replacement, \$0.2 million Union Grid, \$0.5 million Humphreys roof replacement, \$0.4 million Panhellenic HVAC replacement, \$0.9 Union Crush, \$0.4 Todd Hall Fire Alarm replacement, \$0.4 LED Lighting renovation. Additional other capital expenditures totaling approximately \$3.0 million include parking lot improvements, various building improvements and capital equipment purchases. Capital related financing included principal and interest on capital debt and leases of \$10.1 million Cash and cash equivalents at June 30, 2020, were \$10.0 million, which decreased by \$0.9 million from June 30, 2019.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Management's Discussion And Analysis (*Continued*)

During the year ended June 30, 2019, cash used in operating activities amounted to (\$47.0) million, which resulted from tuition and fees, grants and contracts, sales and services of educational activities and auxiliary enterprises, and associated collections that were offset by payments to suppliers, utilities, employees, scholarships and fellowships and other payments. Cash provided by non-capital financing activities of \$71.7 million includes state appropriations, gifts and grants for other than capital purposes and other receipts.

Capital Assets

Information on capital assets can be found in Note 3. Net capital assets totaled \$219.4 million, which consisted of a cost of \$506.2 million and accumulated depreciation of \$286.8 million.

Debt

Information on debt can be found in Note 4. Long-term debt totaled \$91.4 million at June 30, 2020. In 2019, the University issued Revenue Bonds, Series 2018A for renovations to the Elliot Student Union in the amount of (\$7.1 million) and conducted a current refunding of their Stadium Series 2013B-2 revenue bonds. In 2018, the University entered into a note agreement with the University of Central Missouri Foundation (\$0.4 million) for the Kennedy Field turf replacement and in 2016, the University entered into a note agreement with the University of Central Missouri Foundation (\$2.3 million) and a short-term loan for the purchase of additional airplane for the aviation program (\$0.5 million). Long-term debt increased in total by \$0.6 million for 2019, primarily due to the new bond issuance.

Economic Outlook

Management believes that the University is well positioned to maintain its strong financial condition and to continue providing excellent service to its students, the community, and the state of Missouri. Fiscal year 2020 was impacted by the COVID-19 Pandemic and the University recognizes the challenges it faces, and will continue to face, in the changing financial environment. Budget initiatives have been established and are in place, and will remain fluid as we move forward in the decade to follow. The University will continue its ongoing efforts toward enrollment growth and operating cost containment, and with the continuing financial support from the State of Missouri, the University will have the resources it needs to sustain excellence.

Contact Information

Questions or comments about this report may be addressed to Sondra Moore, Controller, at University of Central Missouri, Administration 316B, Warrensburg, MO 64093.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

STATEMENT OF NET POSITION

Page 1 Of 2

June 30, 2020 And 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,444,576	\$ 5,227,279
Restricted cash and cash equivalents	5,569,949	5,730,609
Short-term investments	107,168	20,178,685
Restricted short-term investments	—	3,944,392
Accounts receivable, net of allowance; 2020 - \$4,772,230; 2019 - \$5,160,225;	6,832,885	7,066,857
Interest receivable	415,904	453,612
Federal and grants receivable	11,693,909	6,547,003
Due from foundation	740,865	678,490
Inventories	1,879,862	2,188,490
Loans to students, net	1,453,775	1,478,444
Prepaid expenses	1,049,768	2,178,604
Total Current Assets	34,188,661	55,672,465
Noncurrent Assets		
Investments	107,386,535	79,843,066
Loans to students, net	2,009,032	2,363,762
Due from foundation	323,230	333,294
Capital assets, net	219,368,610	223,768,665
Total Noncurrent Assets	329,087,407	306,308,787
Total Assets	363,276,068	361,981,252
Deferred Outflows Of Resources		
Deferred amount on debt refundings	353,980	434,307
Proportionate share of collective deferred outflows of resources - pension	28,120,644	40,787,875
Deferred amount on OPEB liability	569,236	91,689
Total Deferred Outflows Of Resources	29,043,860	41,313,871

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

STATEMENT OF NET POSITION

Page 2 Of 2

June 30, 2020 And 2019

	2020	2019
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 14,711,238	\$ 16,330,125
Accrued compensated absences	1,695,640	1,906,455
Unearned revenue	7,141,255	4,797,268
Interest payable	697,697	754,563
Long-term debt	7,251,966	7,044,094
Accrued settlement	50,000	50,000
Student deposits	452,932	521,782
Total Current Liabilities	32,000,728	31,404,287
Noncurrent Liabilities		
Accrued compensated absences	2,352,378	1,749,357
Accrued settlement	323,230	333,294
Other long-term liability	3,750,000	—
OPEB liability	4,163,736	3,649,326
MOSERS pension liability	145,766,631	148,795,182
Long-term debt	71,850,584	79,176,224
Total Noncurrent Liabilities	228,206,559	233,703,383
Total Liabilities	260,207,287	265,107,670
Deferred Inflows Of Resources		
Deferred inflows of resources - OPEB	15,692	111,741
Proportionate share of collective deferred inflows of resources - pension	13,682,949	9,997,705
Total Deferred Inflows Of Resources	13,698,641	10,109,446
Net Position		
Net investment in capital assets	140,090,812	142,074,881
Restricted for		
Nonexpendable		
Loans	3,534,212	3,976,888
Expendable		
Scholarships and fellowships	100,420	201,859
Loans	1,604,758	1,251,132
Other	2,150,101	4,088,761
Unrestricted	(29,066,303)	(23,515,514)
Total Net Position	\$ 118,414,000	\$ 128,078,007

UNIVERSITY OF CENTRAL MISSOURI FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2020 And 2019

	2020	2019
Assets		
Cash	\$ 505,503	\$ 191,642
Investments	61,558,093	57,897,891
Accrued investment income	233,416	256,688
Contributions receivable, net	1,193,500	1,676,730
Notes receivable	2,154,000	2,370,169
Cash surrender value or life insurance	512,456	482,729
Beneficial interest in trusts	885,088	991,943
Prepaid expenses	21,078	5,690
Total Assets	\$ 67,063,134	\$ 63,873,482
Liabilities		
Accrued expenses and due to University	\$ 393,972	\$ 495,247
Annuities payable	1,392,061	1,335,268
Total Liabilities	1,786,033	1,830,515
Net Assets		
Without donor restrictions	8,040,388	7,901,151
With donor restrictions	57,236,713	54,141,816
Total Net Assets	65,277,101	62,042,967
Total Liabilities and Net Assets	\$ 67,063,134	\$ 63,873,482

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

Page 1 Of 2

For The Years Ended June 30, 2020 And 2019

	2020	2019
Operating Revenues		
Tuition and fees, net of scholarship allowances; 2020 - \$17,437,054; 2019 - \$18,378,493	\$ 65,604,302	\$ 64,879,031
Federal grants and contracts	5,447,805	3,528,470
Interest on student receivables	689,030	782,931
Sales and services of educational activities	2,099,760	2,130,609
Auxiliary enterprises		
Housing, net of scholarship allowances; 2020 - \$4,813,107; 2019 - \$5,427,367	16,182,699	21,346,362
Bookstore	3,715,075	4,761,158
Other auxiliary enterprises	7,754,693	8,323,571
Other operating revenues	5,487,418	6,263,708
Total Operating Revenues	106,980,782	112,015,840
Operating Expenses		
Compensation and benefits	120,606,954	116,630,624
Contractual services	15,386,813	18,994,312
Supplies and services	10,408,671	9,567,920
Scholarships and fellowships	9,937,030	7,008,097
Depreciation	16,766,550	17,225,262
Utilities	5,551,461	5,790,180
Other	14,727,164	18,608,278
Total Operating Expenses	193,384,643	193,824,673
Operating Loss	(86,403,861)	(81,808,833)

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

Page 2 Of 2

For The Years Ended June 30, 2020 And 2019

	<u>2020</u>	<u>2019</u>
Nonoperating Revenues (Expenses)		
State appropriations	\$ 46,712,021	\$ 52,708,200
Federal grants and contracts	24,618,917	16,277,345
State grants and contracts	957,285	654,183
Other grants and contracts	945,645	967,772
Contributions	3,371,953	3,276,849
Loss on disposal of capital assets	(15,123)	(91,555)
Investment income	4,382,358	3,929,788
Interest on capital asset - related debt	(3,057,032)	(3,153,220)
Other nonoperating expenses	(1,199,164)	(1,342,848)
Net Nonoperating Revenues	76,716,860	73,226,514
Loss Before Other Revenues And Expenses, Gains Or Losses	(9,687,001)	(8,582,319)
Capital Grants And Gifts	22,994	37,996
Decrease In Net Position	(9,664,007)	(8,544,323)
Net Position - Beginning Of Year	128,078,007	136,622,330
Net Position - End Of Year	\$ 118,414,000	\$ 128,078,007

UNIVERSITY OF CENTRAL MISSOURI FOUNDATION

STATEMENTS OF ACTIVITIES For The Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains And Other Support			
Gifts	\$ 401,568	\$ 5,049,555	\$ 5,451,123
In-kind gifts	1,133,522	370,909	1,504,431
Other income	10,000	138,992	148,992
Investment income	337,956	1,044,825	1,382,781
Net realized and unrealized gain on investments and beneficial interests in trusts	774,943	(217,883)	557,060
Change in donor restrictions	(6,583)	6,583	—
Net assets released from restrictions	2,955,847	(2,955,847)	—
Total revenues, gains and other support	5,607,253	3,437,134	9,044,387
Expenses and Losses			
Foundation expenses			
General administrative expenses	1,139,383	—	1,139,383
Fundraising expenses	1,592,557	—	1,592,557
Total Foundation expenses	2,731,940	—	2,731,940
Expenses for University advancement			
Program expenses			
Scholarships	1,145,927	—	1,145,927
Academic support - TV	334,258	—	334,258
Student services - athletics	631,034	—	631,034
Instruction and other departmental	519,607	—	519,607
Support services			
Institutional support - plant facilities	105,250	—	105,250
Total expenses for University advancement	2,736,076	—	2,736,076
Actuarial loss on annuity obligations	—	342,237	342,237
Total Expenses And Losses	5,468,016	342,237	5,810,253
Change In Net Assets	139,237	3,094,897	3,234,134
Net Assets, Beginning Of Year	7,901,151	54,141,816	62,042,967
Net Assets, End Of Year	\$ 8,040,388	\$ 57,236,713	\$ 65,277,101

UNIVERSITY OF CENTRAL MISSOURI FOUNDATION

STATEMENTS OF ACTIVITIES For The Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains And Other Support			
Gifts	\$ 421,904	\$ 4,341,692	\$ 4,763,596
In-kind gifts	1,153,079	393,760	1,546,839
Other income	11,882	138,792	150,674
Investment income	283,342	998,292	1,281,634
Net realized and unrealized gain on investments and beneficial interests in trusts	1,183,767	1,465,176	2,648,943
Change in donor restrictions	18,838	(18,838)	—
Net assets released from restrictions	3,033,860	(3,033,860)	—
Total revenues, gains and other support	6,106,672	4,285,014	10,391,686
Expenses And Losses			
Foundation expenses			
General administrative expenses	924,608	—	924,608
Fundraising expenses	1,544,839	—	1,544,839
Total Foundation expenses	2,469,447	—	2,469,447
Expenses for University advancement			
Program expenses			
Scholarships	1,369,584	—	1,369,584
Academic support - TV	327,351	—	327,351
Student services - athletics	656,215	—	656,215
Instruction and other departmental	481,787	—	481,787
Support services			
Institutional support - plant facilities	92,229	—	92,229
Total expenses for University advancement	2,927,166	—	2,927,166
Actuarial loss on annuity obligations	—	58,480	58,480
Total Expenses And Losses	5,396,613	58,480	5,455,093
Change In Net Assets	710,059	4,226,534	4,936,593
Net Assets, Beginning Of Year	7,191,092	49,915,282	57,106,374
Net Assets, End Of Year	\$ 7,901,151	\$ 54,141,816	\$ 62,042,967

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

STATEMENT OF CASH FLOWS

Page 1 Of 2

For The Years Ended June 30, 2020 And 2019

	2020	2019
Cash Flows From Operating Activities		
Tuition and fees	\$ 68,182,261	\$ 65,650,335
Grants and contracts	5,447,805	3,528,470
Sales and services of educational activities	2,099,760	2,130,609
Payments to suppliers	(28,308,789)	(28,857,621)
Payments for utilities	(5,551,461)	(5,790,180)
Payments to employees	(103,200,010)	(101,215,267)
Payments for scholarships and fellowships	(9,937,030)	(7,008,097)
Collection of loans to students	1,068,429	2,329,960
Sales and services of auxiliary enterprises	27,583,617	34,538,340
Other payments	(9,239,746)	(12,344,570)
Net Cash Used In Operating Activities	(51,855,164)	(47,038,021)
Cash Flows From Noncapital Financing Activities		
State appropriations	46,712,021	52,708,200
Gifts and grants for other than capital purposes	24,746,894	20,296,320
Other payments	(1,251,475)	(1,309,446)
Net Cash Provided By Noncapital Financing Activities	70,207,440	71,695,074
Cash Flows From Capital And Related Financing Activities		
Proceeds from issuance of capital debt	—	10,745,000
Proceeds from sale of capital assets	49,034	48,225
Purchase of capital assets	(10,085,840)	(7,379,768)
Principal paid on capital debt and leases	(7,117,768)	(10,404,481)
Interest paid on capital debt and leases	(3,033,571)	(2,472,963)
Net Cash Used In Capital And Related Financing Activities	(20,188,145)	(9,463,987)

**UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI**

STATEMENT OF CASH FLOWS

Page 2 Of 2

For The Years Ended June 30, 2020 And 2019

	2020	2019
Cash Flows From Investing Activities		
Investment income	\$ 4,420,066	\$ 4,038,376
Proceeds from sales and maturities of investments	24,015,909	53,980,895
Purchases of investments	(27,543,469)	(72,223,739)
Net Cash Provided By (Used In) Investing Activities	892,506	(14,204,468)
Net Increase (Decrease) In Cash And Cash Equivalents	(943,363)	988,598
Cash And Cash Equivalents - Beginning Of Year	10,957,888	9,969,290
Cash And Cash Equivalents - End Of Year	\$ 10,014,525	\$ 10,957,888
Reconciliation Of Operating Loss To Net Cash Used In Operating Activities		
Adjustments to reconcile operating loss to net cash used in operating activities:		
Operating loss	\$ (86,403,861)	\$ (81,808,833)
Depreciation	16,766,550	17,225,262
Changes in deferred amounts related to pension	16,352,475	17,731,532
Changes in deferred amounts on OPEB liability	(573,596)	49,347
Changes in assets and liabilities:		
Accounts receivable and student loans	613,371	1,368,865
Inventory	308,628	243,743
Prepaid expenses	1,128,836	(399,618)
Accounts payable and accrued liabilities	(3,950,769)	(139,514)
Unearned revenue	2,343,987	949,468
Accrued salaries and benefits	392,206	(95,385)
Pension liability	(3,028,551)	(1,992,771)
OPEB and other long-term liability	4,264,410	(277,366)
Student deposits	(68,850)	107,249
Net Cash Used In Operating Activities	\$ (51,855,164)	\$ (47,038,021)
Supplemental Cash Flows Information		
Accounts payable incurred for capital asset purchases	\$ 2,321,818	\$ 1,808,209

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 And 2019

1. Summary Of Significant Accounting Policies

Nature Of Operations

University of Central Missouri (the University) is a state educational institution organized and existing under the laws of the State of Missouri and is a component unit of the State of Missouri. The University was founded in 1871 and is one of 13 four-year, public-supported institutions of higher education in Missouri. The University's main campus is located in the city of Warrensburg and offers a variety of programs and services at multiple locations.

Major federally funded student financial aid programs in which the University participates include the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work Study, Federal Direct Loan, Federal Perkins Loan, Academic Competitiveness Grants and National Science and Mathematics Access to Retain Talent Grants. The University extends unsecured credit to students.

Basis Of Accounting And Presentation

The financial statements of the University have been prepared on 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. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific (such as state appropriations), investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses. The University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

The University prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Use Of Estimates

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.

Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents.

Investments And Investment Income

Investments in U.S. Treasury obligations and U.S. agencies obligations are carried at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit are carried at cost.

Investment income consists of interest income and the net change for the year in the fair value of investments carried at fair value.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable are recorded net of estimated uncollectible amounts. The University records an allowance for doubtful student accounts receivable that is based on various factors, such as historical collection information and existing economic conditions.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Deferred Inflows And Deferred Outflows Of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The University's deferred outflows includes deferred amounts on debt refunding incurred as a result of revenue bond refunding that have been deferred and are being amortized over the life of the bonds using the straight-line method. Total amortization was \$75,506 and \$78,492 for the years ended June 30, 2020 and 2019, respectively. The University also reports deferred outflows of resources related to pensions and other postemployment benefits.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until then. The University's deferred inflows of resources include deferred inflows of resources related to pensions and other postemployment benefits.

Inventories

Inventories include bookstore merchandise, golf equipment and consumable 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. Such loans receivable are recorded net of estimated uncollectible amounts. The allowance for uncollectible loans netted against loans to students was \$138,552 and \$980,308 for the years ended June 30, 2020 and 2019.

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.

Land improvements	15 years
Buildings and improvements	15 - 40 years
Infrastructure	15 years
Furniture, fixtures and equipment	5 - 15 years
Library materials	10 years

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Compensated Absences

University policies permit most employees to accumulate vacation 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 are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. 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 represents unearned student fees and advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements.

Net Position

The University classifies its net position into four components:

Net investment in capital assets - This represents the University's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition or construction of those assets or related debt also should be included in this component of net position.

Restricted nonexpendable - These are noncapital assets that are required to be maintained in perpetuity as specified by parties external to the University, including the federal portion of loan funds and funds held for which the income is used to provide scholarships.

Restricted expendable - These are noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the University, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Unrestricted - The unrestricted portion of net position is the net amount of remaining assets less remaining liabilities that are not included in the determination of net investment in capital assets or the restricted components of net position.

Classification Of Revenues

The University has classified its revenues as either operating or non-operating 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 and (3) interest on student loans.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting* and GASB Statement No. 34, such as state appropriations and investment income.

Scholarship Allowances

Student tuition and fee revenues and certain other revenues from students 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, such as Pell Grants and other federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees for the years ended June 30, 2020 and 2019 were \$17,437,054 and \$18,378,493, respectively. The scholarship allowances on housing for the years ended June 30, 2020 and 2019 were \$4,813,107 and \$5,427,367, respectively.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

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 and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

Accrued Settlement

In 2001, the University was named the beneficiary of an estate, which was contested by a relative of the deceased. During Fiscal Year 2003, the University settled the dispute. The University has recorded a liability at June 30, 2020 and 2019 of \$373,230 and \$383,294, respectively, which represents the present value of the future annuity obligations under the settlement agreement. The liability has been determined using a discount rate of 3.6% and applicable mortality tables. This liability is to be funded by proceeds of the estate which are held by University of Central Missouri Foundation (Note 5).

Foundation

University of Central Missouri Foundation (the Foundation) is a legally separate, tax-exempt component unit of the University. The Foundation's primary function is to raise and hold funds to support the University and its programs. The Foundation's Board of Directors consists of elected members of alumni, friends and other supporters of the University.

Although the University does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

During the years ended June 30, 2020 and 2019, the Foundation provided \$2,736,076 and \$2,927,166, respectively, of support to the University. Complete financial statements of the Foundation may be obtained from its Administrative Office at the following address: UCM Smiser Alumni Center, Warrensburg, Missouri 64093.

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Notes To Financial Statements (*Continued*)

The Foundation is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's statements in the University's financial reporting entity for these differences.

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.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the University of Central Missouri Other Postemployment Benefit Plan (the Plan) administered by the Board of Governors and additions to and deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The Plan is not funded, therefore the Plan has no fiduciary net position to report.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (Continued)

2. Deposits, Investments And Investment Return

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 must comply with the provisions of state policy which requires all deposits placed in financial institutions to be at least 100% collateralized with securities that are acceptable to the Missouri State Governor, the Missouri State Treasurer and the Missouri State Auditor. All securities, which serve as collateral against the deposits of a depository institution, must be safekept at a nonaffiliated custodial facility. Depository institutions pledging collateral against deposits must, in conjunction with the custodial agent, furnish the necessary custodial receipts.

At June 30, 2020 and 2019, the University's bank balances were \$12,751,634 and \$28,778,459, respectively. None of these deposits were exposed to custodial credit risk at June 30, 2020 or 2019.

Investments

The University 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 and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

At June 30, 2020 and 2019, the University had the following investments and maturities:

Type	2020		
	Fair Value	Less Than 1 Year	1 - 5 Years
U.S. Treasury obligations	\$ 41,498,390	\$ —	\$ 41,498,390
U.S. agencies obligations	65,995,313	107,168	65,888,145
	<u>\$ 107,493,703</u>	<u>\$ 107,168</u>	<u>\$ 107,386,535</u>

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

Type	2019		
	Fair Value	Less Than 1 Year	1 - 5 Years
U.S. Treasury obligations	\$ 57,158,288	\$ 9,978,031	\$ 47,180,257
U.S. agencies obligations	34,916,830	2,008,754	32,908,076
Commercial paper	10,080,074	10,080,074	—
	<u>\$ 102,155,192</u>	<u>\$ 22,066,859</u>	<u>\$ 80,088,333</u>

At June 30, 2020 and 2019, U.S. Treasury obligations consist of treasury notes. Since these notes are explicitly guaranteed by the U.S. government, the University is not subject to credit risk on these notes at June 30, 2020 and 2019. However, these notes carry a rate of interest, and therefore, the University is subject to interest rate risk on these notes at June 30, 2020 and 2019.

Interest Rate Risk - Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The University's investment policy does not address interest rate risk.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2020 and 2019, the University had government agency securities that were rated "AAA" and "AA+" by Standard & Poor's. It is the University's policy to limit its investments in commercial paper to "A-1" as rated by Standard & Poor's and Moody's Investors Services. At June 30, 2019, the University had commercial paper securities that were rated A-1 and A-1+ by Standard & Poor's.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University's investment policy does not address custodial risk. All of the University's investments at June 30, 2020 and 2019, are held in the University's name.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The University's investment policy permits it to hold up to 25% of total investments, including certificates of deposit, in corporate bonds, with no more than 5% of its investments to be invested with any one issuer. The University's investment policy requires the ratio of investments in corporate bonds to be reviewed on an annual basis. The University places no restrictions on investments in direct obligations of the U.S. government, U.S. agency issues, U.S. government guaranteed securities or repurchase agreements that are collateralized 100% with U.S. Treasury bills, bonds or notes and are entered into for periods of 180 days or less. The University has 27% of its investments in Federal Home Loan Mortgage Corporation, 13% in Federal National Mortgage Association, and 8% in Federal Home Loan Bank securities.

Summary Of Carrying Values

The carrying values of deposits and investments shown below are included in the statement of net position as follows:

	<u>2020</u>	<u>2019</u>
Carrying value		
Deposits	\$ 10,014,525	\$ 12,768,839
Investments	107,493,703	102,155,192
	<u>\$ 117,508,228</u>	<u>\$ 114,924,031</u>
Included in the following statement of net position captions		
Cash and cash equivalents	\$ 4,444,576	\$ 5,227,279
Restricted cash and cash equivalents - current	5,569,949	5,730,609
Short-term investments	107,168	20,178,685
Restricted short-term investments	—	3,944,392
Noncurrent investments	107,386,535	79,843,066
	<u>\$ 117,508,228</u>	<u>\$ 114,924,031</u>

Investment Income

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

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 4,382,358	\$ 3,929,788

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

Fair Value Measurements

GASB Statement No. 72 (GASB 72), *Fair Value Measurements and Application*, sets forth the framework for measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). 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 has 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 identical or 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 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 own data.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

The following table sets forth by level, within the fair value hierarchy, the University's investments at fair value as of June 30, 2020 and 2019, respectively:

Investments	2020			
	Level 1	Level 2	Level 3	Total
Debt securities				
U.S. Treasury obligations	\$ 41,498,390	\$ —	\$ —	\$ 41,498,390
U.S. agencies obligations	65,995,313	—	—	65,995,313
Total investments at fair value	\$ 107,493,703	\$ —	\$ —	\$ 107,493,703

Investments	2019			
	Level 1	Level 2	Level 3	Total
Debt securities				
U.S. Treasury obligations	\$ 57,158,288	\$ —	\$ —	\$ 57,158,288
U.S. agencies obligations	34,916,830	—	—	34,916,830
Commercial paper	—	10,080,074	—	10,080,074
Total investments at fair value	\$ 92,075,118	\$ 10,080,074	\$ —	\$ 102,155,192

3. Capital Assets

Capital assets activity for the years ended June 30, 2020 and 2019 were:

	2020				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 14,865,634	\$ 197,000	\$ —	\$ —	\$ 15,062,634
Collections	2,912,823	—	—	—	2,912,823
Infrastructure	36,416,712	—	—	6,860,065	43,276,777
Buildings and improvements	385,703,952	—	—	8,916,678	394,620,630
Furniture, fixtures and equipment	35,230,655	460,061	128,829	—	35,561,887
Library materials	11,207,872	797,291	786,356	—	11,218,807
Construction in progress	8,386,470	10,976,300	49,032	(15,776,743)	3,536,995
	494,724,118	12,430,652	964,217	—	506,190,553
Less accumulated depreciation					
Infrastructure	22,651,985	1,608,186	—	—	24,260,171
Buildings and improvements	213,158,454	12,626,901	—	—	225,785,355
Furniture, fixtures and equipment	28,930,605	1,409,582	113,704	—	30,226,483
Library materials	6,214,409	1,121,881	786,356	—	6,549,934
	270,955,453	16,766,550	900,060	—	286,821,943
Net capital assets	\$ 223,768,665	\$ (4,335,898)	\$ 64,157	\$ —	\$ 219,368,610

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

	2019				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 14,865,634	\$ —	\$ —	\$ —	\$ 14,865,634
Collections	2,912,823	—	—	—	2,912,823
Infrastructure	36,165,487	—	—	251,225	36,416,712
Buildings and improvements	383,763,066	—	48,422	1,989,308	385,703,952
Furniture, fixtures and equipment	35,228,617	458,489	456,451	—	35,230,655
Library materials	11,529,122	949,466	1,270,716	—	11,207,872
Construction in progress	2,808,985	7,818,018	—	(2,240,533)	8,386,470
	487,273,734	9,225,973	1,775,589	—	494,724,118
Less accumulated depreciation					
Infrastructure	21,077,721	1,574,264	—	—	22,651,985
Buildings and improvements	200,223,696	12,982,575	47,817	—	213,158,454
Furniture, fixtures and equipment	27,700,387	1,547,495	317,277	—	28,930,605
Library materials	6,364,196	1,120,928	1,270,715	—	6,214,409
	255,366,000	17,225,262	1,635,809	—	270,955,453
Net capital assets	\$ 231,907,734	\$ (7,999,289)	\$ 139,780	\$ —	\$ 223,768,665

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (Continued)

4. Long-Term Liabilities

The following is a summary of long-term obligation transactions for the University for the years ended June 30, 2020 and 2019:

	2020				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Revenue Bonds					
Student Union Series 2018A	\$ 7,075,000	\$ —	\$ 225,000	\$ 6,850,000	\$ 235,000
Stadium, Series 2018B	3,670,000	—	—	3,670,000	—
Advance Refunding of Student Bond Issue, Series 2013A - Direct Placement	8,625,000	—	1,645,000	6,980,000	1,685,000
Stadium Facility, Series 2013B-1 - Direct Placement	1,260,000	—	240,000	1,020,000	245,000
Student Housing System, Mixed Use Faculty Series 2013C-1 - Direct Placement	10,790,000	—	2,050,000	8,740,000	2,105,000
Student Housing System, Mixed Use Faculty, Series 2013C-2	32,650,000	—	—	32,650,000	—
Total Revenue Bonds	64,070,000	—	4,160,000	59,910,000	4,270,000
Capital Lease Obligations	18,138,435	—	2,542,055	15,596,380	2,627,927
Notes Payable - Foundation	2,370,169	—	216,170	2,153,999	225,636
Notes Payable - Airplanes	411,882	—	125,869	286,013	128,403
Unamortized Premium On Bonds Payable	84,990,486	—	7,044,094	77,946,392	7,251,966
Total Long-Term Debt	86,220,318	—	7,117,768	79,102,550	7,251,966
Other Noncurrent Liabilities					
Accrued compensated absences	3,655,812	603,021	210,815	4,048,018	1,695,640
Accrued settlement	383,294	—	10,064	373,230	50,000
Other long-term liability	—	3,750,000	—	3,750,000	—
OPEB liability	3,649,326	514,410	—	4,163,736	—
Total Other Noncurrent Liabilities	7,688,432	4,867,431	220,879	12,334,984	1,745,640
Total Long-Term Debt And Other Obligations	\$ 93,908,750	\$ 4,867,431	\$ 7,338,647	\$ 91,437,534	\$ 8,997,606

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

	2019					
	Beginning			Ending		Current
	Balance	Additions	Deductions	Balance	Portion	
Revenue Bonds						
Student Union Series 2018A	\$ —	\$ 7,075,000	\$ —	\$ 7,075,000	\$ 225,000	—
Stadium, Series 2018B	—	3,670,000	—	3,670,000	—	—
Advance Refunding of Student Bond						
Issue, Series 2013A - Direct Placement	10,235,000	—	1,610,000	8,625,000	1,645,000	—
Stadium Facility, Series						
2013B-1 - Direct Placement	1,495,000	—	235,000	1,260,000	240,000	—
Stadium Facility, Series 2013B-2	3,770,000	—	3,770,000	—	—	—
Student Housing System, Mixed Use Faculty						
Series 2013C-1 - Direct Placement	12,790,000	—	2,000,000	10,790,000	2,050,000	—
Student Housing System, Mixed Use						
Faculty, Series 2013C-2	32,650,000	—	—	32,650,000	—	—
Total Revenue Bonds	60,940,000	10,745,000	7,615,000	64,070,000	4,160,000	—
Capital Lease Obligations	20,597,424	—	2,458,989	18,138,435	2,542,055	—
Notes Payable - Foundation	2,577,275	—	207,106	2,370,169	216,170	—
Notes Payable - Airplanes	535,267	—	123,385	411,882	125,869	—
	84,649,966	10,745,000	10,404,480	84,990,486	7,044,094	—
Unamortized Premium On						
Bonds Payable	548,369	748,874	67,411	1,229,832	—	—
Total Long-Term Debt	85,198,335	11,493,874	10,471,891	86,220,318	7,044,094	—
Other Noncurrent Liabilities						
Accrued compensated absences	3,751,197	—	95,385	3,655,812	1,906,455	—
Accrued settlement	391,974	—	8,680	383,294	50,000	—
OPEB liability	3,926,692	—	277,366	3,649,326	—	—
Total Other Noncurrent Liabilities	8,069,863	—	381,431	7,688,432	1,956,455	—
Total Long-Term Debt And Other Obligations	\$ 93,268,198	\$ 11,493,874	\$ 10,853,322	\$ 93,908,750	\$ 9,000,549	—

Revenue Bonds Payable

On December 10, 2013, the University issued \$16,310,000 of Educational Facilities Revenue Bonds, Series 2013A (Direct Placement) with an average interest rate of 2.32% to advance refund \$17.4 million of outstanding 2009 Series bonds with interest rates ranging from 3.0% to 5.05%. The net proceeds of \$16.1 million (after payment of \$178,510 in underwriting fees and other issuance costs) plus an additional \$2.0 million of issuer funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2009 Series bonds. As a result, the 2009 Series bonds are considered to be defeased, and the liability for those bonds has been removed from the general ledger. The University advance refunded the 2009 Series bonds to reduce its total debt service payments over the next 16 years by approximately \$6.6 million and to obtain an economic gain (difference between present values of the debt service payments on the old and new debt) of \$2.5 million.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

On December 10, 2013, the University issued \$2,365,000 of Educational Facilities Revenue Bonds, Series 2013B-1 (Direct Placement). The bonds bear interest, payable semiannually, at a rate of 2.63%, which began April 1, 2014. Proceeds from the issuance of these private placement bonds are being used to finance renovation and equipping of Walton Stadium, including the lower level thereof, demolition of the existing stadium “horseshoe” seating and replacement with turf-grass landscape, construction of new visitor grandstands with permanent concessions and restrooms and construction of a new ticket booth and installation of upgraded perimeter fencing. Principal maturities begin October 1, 2014, and continue until October 1, 2023. The bonds are secured by the net revenues available for debt service of the University and other funds pledged to the payment of the bonds.

On December 10, 2013, the University issued \$3,770,000 of Educational Facilities Revenue Bonds Series, 2013B-2. The bonds bear interest, payable semiannually, at rates of 4.0% to 4.625%, which began April 1, 2014. Proceeds from the issuance of these bonds are being used to finance renovation and equipping of Walton Stadium, including the lower level thereof, demolition of the existing stadium “horseshoe” seating and replacement with turf-grass landscape, construction of new visitor grandstands with permanent concessions and restrooms and construction of a new ticket booth and installation of upgraded perimeter fencing. Principal maturities continue until October 1, 2034. The bonds are secured by the net revenues available for debt service of the University and other funds pledged to the payment of the bonds.

On December 10, 2013, the University issued \$16,640,000 of Educational Facilities Revenue Bonds, Series 2013C-1 (Direct Placement). The bonds bear interest, payable semiannually, at a rate of 2.53%, which began April 1, 2014. Proceeds from the issuance of these private placement bonds are being used to finance construction of a new combined residential and retail (mixed use) facility. Principal maturities continue until October 1, 2023. The bonds are secured by the net revenues available for debt service of the housing system of the University.

On December 10, 2013, the University issued \$32,650,000 of Educational Facilities Revenue Bonds, Series 2013C-2. The bonds bear interest, payable semiannually, at rates of 3.795% to 5.0% which began April 1, 2014. Proceeds from the issuance of these bonds are being used to finance construction of a new combined residential and retail (mixed use) facility. Principal maturities continue until October 1, 2034. The bonds are secured by the net revenues available for debt service of the housing system of the University.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

On September 12, 2018, the University issued the \$7,075,000 of Educational Facilities Revenue Bonds, Series 2018A, with interest rates ranging from 3.375% - 5.0% with principal maturities continuing until October 1, 2033. Proceeds from the issuance of these bonds are being used to finance capital improvements to the Elliott Student Union. The bonds are secured by the net revenues available for debt service of the housing system of the University.

On September 12, 2018, the University issued the Missouri Health and Educational Facilities Authority Educational Facilities Revenue Bonds, Series 2018B in the amount of \$3,670,000 with interest rates ranging from 3.25% to 4.0% with principal maturities continuing until October 2034. Interest is payable semiannually. The Series 2018B bonds were issued to refund \$3,770,000 of the Educational Facilities Revenue Bonds, Series 2013B-2. The University completed the refunding to reduce its total debt services payments by \$467,949 over the next 16 years to obtain a \$358,890 economic gain (difference between present values of the old and new debt service payments.)

If an event of default occurs and is continuing for any issuance listed above, the Bond Trustee may, by written notice to the Authority and the University, declare the principal of all bonds outstanding and the interest accrued thereon for the issuance in default to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

Notes Payable

The University entered into a loan agreement with the Foundation on July 31, 2015 in the amount of \$2,389,552 at 4% interest with a 15-year maturity for the renovation of the Mules National Golf Course. Installment payments including principal and interest are \$214,919.

The University entered into a loan agreement with the Foundation on December 31, 2017, in the amount of \$431,170 at 5% interest with a five year maturity for the replacement of the Kennedy Field Turf. The first installment payment including principal and interest of \$99,589 was due on December 31, 2018.

The University entered into three separate note agreements with a financial institution during 2015 for an aggregate total of \$867,770 to purchase three airplanes. The notes each bear interest at 1.98% and each mature in 2022. Payments of principal and interest are due in 14 equal installments.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

Upon any event of default, the entire amount of outstanding principal and interest shall become due and payable immediately as it relates to each note individually listed above.

The debt service requirements as of June 30, 2020 are as follows:

Year Ending June 30,	Total To Be Paid	Principal	Interest
2021	\$ 2,174,850	\$ 235,000	\$ 1,939,850
2022	2,175,250	245,000	1,930,250
2023	2,175,250	255,000	1,920,250
2024	2,174,850	265,000	1,909,850
2025	4,737,775	2,890,000	1,847,775
2026 - 2030	24,441,159	16,580,000	7,861,159
2031 - 2035	25,555,946	20,760,000	4,795,946
2036 - 2040	2,099,200	1,940,000	159,200
Total	\$ 65,534,280	\$ 43,170,000	\$ 22,364,280

The direct placement debt service requirements as of June 30, 2020 are as follows:

Year Ending June 30,	Total To Be Paid	Principal	Interest
2021	\$ 2,174,850	\$ 4,389,039	\$ 459,613
2022	2,175,250	4,496,527	345,786
2023	2,404,643	4,507,451	229,393
2024	2,286,754	4,497,039	111,904
2025	4,952,694	163,321	51,589
2026 - 2030	25,515,754	919,982	154,613
2031 - 2035	25,770,865	206,653	8,265
	\$ 65,280,810	\$ 19,180,012	\$ 1,361,163

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

Capital Lease Obligations

The University is obligated under leases accounted for as capital leases. Assets under capital lease at June 30, 2020 and 2019 totaled \$15,149,152 and \$17,627,498, respectively, net of accumulated depreciation of \$23,079,634 and \$20,601,288 respectively. The following is a schedule by year of future minimum lease payments under the capital lease including interest at a rate of 3.35% together with the present value of the future minimum lease payments as of June 30, 2020:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 3,128,580
2022	3,128,580
2023	3,128,580
2024	3,128,580
2025	3,128,580
2026 - 2027	1,564,287
Total minimum lease payments	17,207,187
Less amount representing interest	1,610,807
<u>Present value of future minimum lease payments</u>	<u>\$ 15,596,380</u>

5. Related Party Transactions

At June 30, 2020 and 2019, the University had receivables from the Foundation in the amount of \$1,064,095 and \$1,011,784, respectively.

The University pays payroll expenses for some employees that are subsequently reimbursed by the Foundation. The total amount of wages paid by the University on behalf of the Foundation was \$856,287 and \$711,223 for the years ended June 30, 2020 and 2019, respectively. In addition, University employees provided services to the Foundation valued at \$1,133,481 and \$1,151,744 for the years ended June 30, 2020 and 2019, respectively, which were not reimbursed by the Foundation. There were no additional expenses paid directly by the University on behalf of the Foundation operations that were not reimbursed for the years ended June 30, 2020 or 2019.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Included in amounts due from Foundation at June 30, 2020 and 2019 were receivables from the Foundation for reimbursements due of \$97,868 and \$86,022, respectively, for wages and benefits. The University also has receivables from the Foundation at June 30, 2020 and 2019 of \$176,730 and \$484,396, respectively, for miscellaneous services performed on behalf of the Foundation.

6. Pension Plans

MOSERS

University of Central Missouri benefit eligible employees are provided with pensions through MOSERS - a cost-sharing multiple-employer defined benefit pension plan. Chapter 104.320 of the Revised Statutes of Missouri grants the authority to establish a defined benefit plan for eligible state and other related agency employees. MOSERS issues an annual Comprehensive Annual Financial Report (CAFR), a publicly available financial report that can be obtained at www.mosers.org.

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 are determined for each plan may be found in the Notes to the Financial Statements of MOSERS' CAFR starting on page 31.

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. The contribution rate for the MOSERS plan year ended June 30, 2019 was 20.21 percent, which is the year of measurement for the net pension liability. Contributions to the pension plan were \$10,631,882 and \$9,449,254 for the years ended June 30, 2020 and 2019, respectively.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

At June 30, 2020 and 2019, the University reported a liability of \$145,766,631 and \$148,795,182, respectively, for its proportionate share of the net pension liability. The net pension liability for 2020 and 2019 was measured as of June 30, 2019 and 2018, respectively, 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 the 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. The University's proportion for the plan year ended June 30, 2019 was 2.41289 percent, a decrease from its proportion of 2.6674 percent as of the June 30, 2018 measurement date.

During the MOSERS plan year ended June 30, 2019, there were no changes to MSEP 2011 benefit provisions that reduced the actuarial accrued liability. There were no other changes in benefit terms during the MOSERS plan year ended June 30, 2019, that affected the measurement of total pension liability.

For the year ended June 30, 2020, the University recognized pension expense of \$23,980,047. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 124,280	\$ 1,694,462
Changes of assumptions	5,824,414	—
Net difference between projected and actual earnings on pension plan investments	11,317,345	—
Changes in proportion and differences between University contributions and proportionate share of contributions	222,723	11,988,487
University contributions subsequent to the measurement date of 6/30/19	10,631,882	—
	\$ 28,120,644	\$ 13,682,949

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

For the year ended June 30, 2019, the University recognized pension expense of \$25,172,785. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 338,633	\$ 3,522,745
Changes of assumptions	12,823,653	—
Net difference between projected and actual earnings on pension plan investments	17,500,184	—
Changes in proportion and differences between University contributions and proportionate share of contributions	676,151	6,474,960
University contributions subsequent to the measurement date of 6/30/18	9,449,254	—
	<u>\$ 40,787,875</u>	<u>\$ 9,997,705</u>

The amount of \$10,631,882 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date of June 30, 2019 will be recognized as a reduction of the net pension liability in the University's year ended June 30, 2021. 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:

Year Ending June 30,	Amount
2021	\$ 2,773,871
2022	(646,417)
2023	455,165
2024	1,223,194
	<u>\$ 3,805,813</u>

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

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:

Actuarial Assumptions

Actuarial cost method	Entry age normal
Valuation date	June 30, 2019
Price inflation	2.35 percent
Salary increases	2.85 to 8.35 percent, including inflation thereafter
Wage Inflation	2.35 percent
Investment rate of return	7.10 percent per year, compounded annually, net after investment expenses and including

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 7.10%, the wage growth assumption was decreased from 2.50% to 2.35%, and the price inflation assumption was reduced from 2.50% to 2.35%.

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.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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, volatility and correlations. A new portfolio allocation was adopted in July 2018 that is designed to provide the highest probability of meeting or exceeding investment objectives at a controlled level of risk and with acceptable liquidity. A plan was adopted to transition from the old portfolio allocation to a new portfolio allocation over a period of time in order to lessen the impact of market volatility. Best estimates of the real rates of return expected for both the old and new portfolio are summarized by asset class in the following tables, respectively:

Long-Term Expected Rate of Return - Old Portfolio

Asset Class	Policy Allocation	Long-term Expected Real Rate of Return *	Weighted Average Long-Term Expected Real Rate of Return
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-protected bonds	39.0%	2.4%	0.9%
Alternative beta	31.0%	6.6%	2.0%
Cash and cash equivalents**	-72.0%	—	-0.7%
	<u>100.0%</u>		<u>8.4%</u>
		Correlation/Volatility Adjustment	<u>-0.7%</u>
		Long-Term Expected Net Nominal Return	<u>7.7%</u>
		Long-Term Expected Geometric Net Real Return	<u>5.2%</u>

* 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.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

Long-Term Expected Rate of Return - New Portfolio

Asset Class	Policy Allocation	Long-term Expected Real Rate of Return *	Weighted Average Long-Term Expected Real Rate of Return
Global private equities	15.0%	9.3%	1.4%
Long treasuries	25.0%	3.5%	0.9%
Core bonds	10.0%	3.1%	0.3%
Commodities	5.0%	5.5%	0.3%
TIPS	25.0%	2.7%	0.7%
Private real assets	5.0%	7.1%	0.3%
Public real assets	5.0%	7.7%	0.4%
Hedge funds	5.0%	4.8%	0.2%
Alternative beta	10.0%	5.3%	0.5%
Private credit	5.0%	9.5%	0.5%
Cash and cash equivalents**	-40.0%	—	—
	<u>100.0%</u>		<u>7.8%</u>
		Correlation/Volatility Adjustment	<u>-0.6%</u>
		Long-Term Expected Net Nominal Return	<u>7.2%</u>
		Long-Term Expected Geometric Net Real Return	<u>5.3%</u>

* 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.

The discount rate used to measure the total pension liability was 7.10 percent. 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.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, 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 one-percentage-point lower (6.10 percent) or one-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
University's proportionate share of the net pension liability	\$ 183,891,571	\$ 145,766,631	\$ 113,712,828

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

As of June 30, 2020 and 2019, the University had payables of \$573,600 and \$525,224, respectively, to MOSERS due to end of fiscal year processing.

CURP

As of July 1, 2002, all faculty on full-time, regular appointment were enrolled in the College and University Retirement Plan (CURP) if they had not previously been enrolled in MOSERS. CURP is a noncontributory 401(a) defined contribution retirement plan that uses TIAA-CREF as its third-party administrator. Employees first hired on or after July 1, 2018, will have a 2 percent mandatory employee contribution. In 2020 and 2019, the University contributed 6.0 percent of the participant's salary to CURP each month. The University's contributions to the plan for the years ended June 30, 2020, 2019 and 2018, were \$1,333,900, \$1,190,606 and \$1,322,476, respectively. 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.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

7. Health Care Benefits

Employee Health And Welfare Benefits

The University obtains employee health and welfare insurance through commercial insurers. The coverage is fully insured and the University neither assumes nor discharges claims for its participating members or their dependents.

Effective January 1, 2018, the University discontinued their alternative funding arrangement and converted to a traditional health insurance plan. As part of the previous modified cost-plus health insurance contract, the University maintained a balance of \$1,219,075 in the health trust account, accounted for by the University as restricted cash, to be used to make health insurance claim payments for the covered period after the end of the contract. Based on the analysis of fiscal year end estimated claims to be minimal, the amount was reclassified as unrestricted cash.

Other Postemployment Benefit Plan

Plan Description: In addition to the pension benefits described in Note 6, the University provides for lifetime post-retirement medical / Rx insurance coverage. The University's other postemployment benefit plan (the Plan) is a single-employer defined benefit other postemployment benefit plan authorized by the Board of Governors and benefits and amendments to the Plan are approved by the Board. The Plan is funded on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Employees covered by benefit terms: At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees and/or spouses	48
Active employees	<u>968</u>
	<u>1,016</u>

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

Benefits Provided: Depending upon the year of retirement, the University pays a portion of the plan premium up to age 65. In all cases all members on Medicare and pre-65 spouses are required to pay the full plan premium to maintain coverage. The pre-65 retiree plan premiums are reflective of expected retiree costs while the Medicare retiree plan premiums are not. Thus, an age-subsidy is valued for Medicare retirees. The age-subsidy reflects the difference between the age-adjusted cost and the plan premium. The University pays the full portion of the premium for retirees that retired prior to January 1, 2007, until the retiree reaches Medicare eligibility. For retirees retiring between January 1, 2007, and December 31, 2016, the University will pay a portion of the premium, based on retirement date. Qualified retirees retiring after December 31, 2016, will be eligible to participate in the University's plan prior to age 65 only by paying the full cost of the premium established for pre-Medicare eligible retirees. Premiums are reviewed and set annually based on projections and claims history provided by the insurance carrier. Retiree claims are included in the cost pool with active employees, resulting in a lower retiree age-adjusted premium. Retiree benefits are measured using age-adjusted costs. The excess of expected cost by age less retiree contribution premiums equals the employer provided benefit and is included in the calculation of the University's obligation under GASB 75.

Total OPEB Liability and Changes in OPEB Liability: For the year ended June 30, 2019, the University's total OPEB liability was based on an actuarial valuation dated July 1, 2018. For the year ended June 30, 2020, the University's total OPEB liability was based on an actuarial valuation dated January 1, 2020. The changes in the OPEB liability rolled forward to the measurement date of June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Net OPEB liability - beginning of year	\$ 3,649,326	\$ 3,876,691
Service costs	10,703	9,763
Interest	105,976	123,163
Differences between expected and actual experience	91,527	(127,704)
Changes in assumptions and inputs	561,204	75,900
Employer contributions (benefit payments)	(255,000)	(308,487)
<u>Net OPEB liability - end of year</u>	<u>\$ 4,163,736</u>	<u>\$ 3,649,326</u>

The net OPEB liability is included in the other long-term liability within the statement of net position at June 30, 2020.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

Changes for the June 30, 2020 actuarial valuation relative to the June 30, 2019 valuation include the following:

- 1) The retirement, disability and turnover assumptions were updated when applicable based on the latest statistics from MOSERS.
- 2) The assumed healthy life mortality was updated to reflect the Society of Actuaries RPH-2014 adjusted to 2006 Headcount-Weighted Total Dataset Mortality table with MP-2018 Full Generational Improvement to the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2019 Full Generational Improvement
- 3) The per capita costs, retiree contribution premiums and trend assumptions were updated as part of the actuarial evaluation.
- 4) The discount rate was changed from 3.30% (June 30, 2018) to 3.0% (June, 2019) and ultimately 2.6% when rolled forward to the measurement date of June 30, 2020.
- 5) It is assumed that 1% of future employees retiring at \geq Age 65 will elect coverage in the University's program. Future employees retiring at $<$ Age 65 assumed not to elect University sponsored coverage.
- 6) The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal - Level Percent of Pay.
- 7) The assumed salary scale is 2% per year.

Actuarial valuations reflect a long-term perspective and involve estimates of the value reported amounts and assumptions about the probability of events far into the future. Actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities. These calculations are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. As allowed by GASB, this reporting requirement is being implemented prospectively. Data is not available for prior years. The actuarial calculations have been based on the substantive plan in place at the time of valuation and on the pattern of cost sharing between the employers and members to that point.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions	
Actuarial cost method	Entry Age Normal -Level Percent of Pay
Valuation date	January 1, 2020
Measurement date	June 30, 2020
Salary Scale	2%
UAAL amortization method	Level dollar amount
UAAL amortization period, closed/open	5 years, open
Discount rate	2.6% (Measurement Date)
	3.0% (Year Preceding Measurement Date)
Mortality	Pub-2010 Public Retirement Plans headcount-weighted mortality with MP-2019 full generational improvement
Healthcare cost trend rates	7.0% decreasing to ultimate rate of 5.00%

To the extent Plan assets are projected to be sufficient to make projected benefit payments, the discount rate will equal the expected return on such assets. To the extent the Plan is not projected to be sufficient make future benefit payments the yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher should be factored in. Plan assets do not apply to the University's program. In order to determine the municipal bond rate we took the average of the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes. The selected average rates are 2.6% (measurement date) and 3.0% (year preceding measurement date). These were used as the discount rates to determine present value costs.

GASB 75 requires full update valuations every 2 years unless material change occurs. In this context a "full" valuation is meant to entail an updated census and revised analysis of per capita costs/assumptions/actuarial methods. A full valuation was needed for fiscal year 2019-20. Though a full valuation is not required for fiscal year 2020-21 (assuming no material changes) the OPEB expense and OPEB liability will need to be re-measured using the published bond rates as of the measurement date of June 30, 2020.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the University, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.6 percent) or 1-percentage-point higher (3.6 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 4,594,154	\$ 4,163,736	\$ 3,801,468

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the University, as well as what the University's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 3,783,271	\$ 4,163,736	\$ 4,612,270

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2020, the University recognized OPEB expense of \$195,814. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Category</u>	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ —	\$ 15,692
Changes in assumption (discount rate)	569,236	—
	<u>\$ 569,236</u>	<u>\$ 15,692</u>

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 79,135
2022	79,135
2023	79,135
2024	79,135
2025	79,135
Thereafter	157,869
	<hr/>
	\$ 553,544

8. 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. At June 30, 2020 and 2019, there was no accrual recorded in the statement of net position related to these matters.

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 Contracts

The University had outstanding commitments of approximately \$5,640,132 related to construction contracts at June 30, 2020.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Current Economic Conditions

The current economic environment presents universities with unprecedented circumstances and challenges, which in some cases may result in declines in enrollment revenue, governmental support and contributions; constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the University.

Current economic conditions could make it difficult for some donors to continue to contribute to universities and their foundations. Changes in contribution levels could impact the University's ability to provide scholarships or fund programs. State funding may also change as states have fewer resources to allocate. Universities in the state of Missouri entered into an agreement with the governor to hold tuition rates steady in exchange for steady state appropriations. Recent legislation has further impacted the University's ability to increase tuition rates.

The changes possible in this environment could result in future adjustments to the values of assets and liabilities, such as allowances for student receivables. The University could experience difficulty maintaining sufficient liquidity should significant changes occur.

COVID-19

On March 13, 2020, the President of the United States declared a national state of emergency as a result of the Novel Coronavirus COVID-19 pandemic. Our Governor soon followed by declaring a state of emergency for Missouri. In response, the University transitioned the remainder of the spring semester courses, as well as summer 2020 courses, to a virtual learning platform. Residence halls remained open for those who chose to stay on campus and food services were available for those students. Study abroad courses were canceled, and all students, faculty and staff abroad were called to return home.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

On March 27, 2020, the United States Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES). This act included a Higher Education Emergency Relief Fund (HEERF) that provided funding to institutions of higher education. Under Section 18004(a)(1) of the CARES Act, the University received an allocation of \$3,400,000 to provide Emergency Financial Aid Grants directly to students that met the qualifications set forth by the U.S. Department of Education. During the year ended June 30, 2020, \$2,800,000 was disbursed to qualifying students and recorded as revenue within federal grants and contracts and as an expense within scholarships and fellowships. The University expects to disburse the remainder of these funds to qualifying students during the fiscal year ending June 30, 2021.

The University also received an allocation of \$3,400,000 to spend in accordance with Section 18004(c) of the CARES Act. The University dispersed \$2,400,000 in the form of refunds for spring semester student housing, dining and parking permits. These refunds were recorded as a reduction in auxiliary revenue for the year ended June 30, 2020. At June 30, 2020 a grant receivable was recorded for the remaining \$1.0 million of other qualified expenses related to the transition to 100% online education. An additional \$500,000 of Missouri Department of Higher Education and Workforce Development Coronavirus Relief Funds (CRF) are also included in the grant receivable at year end.

While we expect the fiscal impact of COVID-19 to extend into the new fiscal year, management cannot reasonably estimate the overall impact on operations, cash flow, or its overall financial position.

Perkins Loan Program

Effective October 1, 2017, the United States Department of Education (ED) did not renew the Federal Perkins Loan Program. As a result, after a brief transition period, no new loans can be disbursed to students. The current guidance provided by the ED 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 ED on a proportional basis (the Perkins program was originally funded by ED with a small percentage matched by the University). Given this recent guidance, the University has determined that it is probable that ED, 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 ED resides in the University's restricted net position.

UNIVERSITY OF CENTRAL MISSOURI
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Notes To Financial Statements (*Continued*)

Each year an Excess Liquid Cash calculation is made by the University to calculate required amounts to be returned to ED. The amount calculated to be returned during the year ended June 30, 2020 is \$1,161,295, which is included in accounts payable and accrued liabilities within the Statement of Net Position at June 30, 2020.

Operating Leases

The University occupies portions of the Missouri Innovation Campus facility for the use of classrooms, meeting rooms, and other instructional spaces in accordance with the lease agreement between the Lee's Summit R7 School District and the University.

The initial term of the lease shall be twenty years from the lease commencement date of August 7, 2017.

The base rent payment is calculated as 60% of the overall cost of the land purchase, financing expense, building design, and construction of the campus facility, amortized over a twenty year period. Payment is to be in equal semi-annual installments on January 1 and July 1.

Future minimum lease payments to be recorded in other operating expenses as of June 30, 2020 are as follows:

Fiscal Year Ending June 30,	Amount
2021	\$ 1,595,786
2022	1,595,587
2023	1,594,644
2024 - 2028	7,979,575
2029 - 2033	7,983,247
2034 - 2036	4,788,201
	<u>\$ 25,537,040</u>

Rent expense for the year ended June 30, 2020 was \$1,595,240. The lease provides for adjustments for a contingent rent based on space utilization.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

When the aggregate of future minimum lease payments for certain leases specify periodic rent increases, they are recognized on a straight-line basis over the terms of the related lease. The difference between rent expense calculated on a straight-line basis and rent paid is recorded as accrued rent. In the University's current lease situation, management does not have a basis for estimating whether future lease payments will vary from the lease payments as presented and therefore have not recorded accrued rent.

9. 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.

10. University Of Central Missouri Foundation

Financial Statement Presentation

The financial statements of the Foundation are presented in accordance with the provisions of the FASB ASC. The FASB ASC requires the Foundation to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. The FASB ASC establishes standards for external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and a statement of cash flows.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Investments

The Foundation's investment portfolio at June 30, 2020 and 2019 is composed of the following:

	Fair Value	
	2020	2019
Money market mutual funds	\$ 1,910,990	\$ 779,328
Domestic equity	25,693,232	25,302,916
International equity	4,514,184	6,125,920
Fixed income	25,057,223	21,524,385
Alternative	4,382,464	4,165,342
	\$ 61,558,093	\$ 57,897,891

FASB ASC 820, *Fair Value Measurements and Disclosures*, established a 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 measurements) and the lowest priority to significant unobservable inputs (Level 3 measurements).

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has 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 identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- 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 unobserved and significant to the fair value measurement.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobserved inputs.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used at June 30, 2020 or 2019.

Beneficial Interest In Charitable Trusts, Net

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Cash Surrender Value Of Life Insurance

Represents life insurance policies for which the Foundation is the beneficiary and, as such, the carrying values approximate fair value.

The proceeding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

The following table set forth, by level within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual funds				
Money market	\$ 1,910,990	\$ —	\$ —	\$ 1,910,990
Domestic equity	11,139,617	—	—	11,139,617
International equity	4,495,200	—	—	4,495,200
Common stock				
Domestic	8,127,046	—	—	8,127,046
International	18,984	—	—	18,984
Exchange traded funds				
Domestic	6,426,569	—	—	6,426,569
Fixed income investments				
Mortgage	—	2,191,446	—	2,191,446
Credit	47,920	12,565,058	—	12,612,978
U.S. Treasuries	4,823,303	—	—	4,823,303
Agencies	—	858,972	—	858,972
Asset-backed securities	—	282,312	—	282,312
Taxable municipal bonds	—	3,137,813	—	3,137,813
Diversified taxable mutual funds	601,332	—	—	601,332
Domestic preferred stock	349,978	—	—	349,978
Taxable high-yield funds	102,138	—	—	102,138
Emerging markets	96,951	—	—	96,951
Alternative investments				
Hedge funds	4,382,464	—	—	4,382,464
Total Investments	42,522,492	19,035,601	—	61,558,093
Beneficial Interests In Trusts	—	—	885,088	885,088
	\$ 42,522,492	\$ 19,035,601	\$ 885,088	\$ 62,443,181

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

The following table sets forth, by level within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds				
Money Market	\$ 779,328	\$ —	\$ —	\$ 779,328
Domestic equity mutual funds	11,016,290	—	—	11,016,290
International equity mutual funds	6,063,838	—	—	6,063,838
Common stock				
Domestic	7,959,515	—	—	7,959,515
International	62,082	—	—	62,082
Exchange traded funds				
Domestic	6,327,111	—	—	6,327,111
Fixed income investments				
Mortgage	—	1,782,585	—	1,782,585
Credit	40,542	11,451,985	—	11,492,527
U.S. Treasuries	2,453,066	—	—	2,453,066
Agencies	—	1,411,542	—	1,411,542
Asset-backed securities	—	569,595	—	569,595
Taxable municipal bonds	—	2,157,134	—	2,157,134
Diversified taxable mutual funds	599,952	—	—	599,952
Domestic preferred stock	212,080	—	—	212,080
Taxable high-yield funds	636,785	—	—	636,785
Emerging markets	209,119	—	—	209,119
Alternative investments				
Hedge funds	4,149,216	—	—	4,149,216
Infrastructure	16,126	—	—	16,126
Total Investments	40,525,050	17,372,841	—	57,897,891
Beneficial Interests In Trusts				
	—	—	991,943	991,943
	\$ 40,525,050	\$ 17,372,841	\$ 991,943	\$ 58,889,834

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

Contributions Receivable

Contributions receivable consists of unconditional gifts and bequests to be received in future periods and have been discounted to their present value based on anticipated payment streams. The present value of the annual amount of contributions receivable to be realized at June 30, 2020 and 2019 is as follows:

	June 30,	
	2020	2019
Due within one year	\$ 1,057,000	\$ 618,338
Due in one to five years	174,500	1,076,817
Due in more than five years	11,845	11,845
	1,243,345	1,707,000
Less:		
Allowance for uncollectible promises	11,853	—
Unamortized discount	37,992	30,270
	\$ 1,193,500	\$ 1,676,730

Net Assets

Endowment net assets at June 30, 2020 and 2019 by type of fund consisted of the following:

	2020		
	Without Donor	With Donor	Total
	Restrictions	Restrictions	
Undesignated	\$ 1,342,647	\$ —	\$ 1,342,647
Board-designated operating reserve fund	2,620,233	—	2,620,233
Board-designated endowment fund	3,870,843	—	3,870,843
University President directed fund	206,665	—	206,665
Subject to expenditure for specified purpose			
Scholarships	—	7,846,769	7,846,769
Instruction and other departmental	—	8,933,249	8,933,249
Student services - athletics	—	603,856	603,856
Academic support - TV	—	338,451	338,451
Institutional support - facilities	—	4,312,119	4,312,119
Net accumulated earnings in excess of approved payout	—	7,051,974	7,051,974
Perpetually restricted with earnings subject to Foundation endowment spending policy			
Scholarships	—	24,378,662	24,378,662
Instruction and other departmental	—	3,597,770	3,597,770
Student services - athletics	—	120,528	120,528
Academic support - TV	—	13,090	13,090
Institutional support - facilities	—	40,245	40,245
	\$ 8,040,388	\$ 57,236,713	\$ 65,277,101

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

Notes To Financial Statements (*Continued*)

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
Undesignated	\$ 1,320,181	\$ —	\$ 1,320,181
Board-designated operating reserve fund	2,620,233	—	2,620,233
Board-designated endowment fund	3,759,087	—	3,759,087
University President directed fund	201,650	—	201,650
Subject to expenditure for specified purpose			
Scholarships	—	6,875,327	6,875,327
Instruction and other departmental	—	8,516,831	8,516,831
Student services - athletics	—	411,781	411,781
Academic support - TV	—	308,134	308,134
Institutional support - facilities	—	2,696,926	2,696,926
Net accumulated earnings in excess of approved payout	—	7,655,721	7,655,721
Perpetually restricted with earnings subject to Foundation endowment spending policy			
Scholarships	—	23,795,468	23,795,468
Instruction and other departmental	—	3,715,935	3,715,935
Student services - athletics	—	112,358	112,358
Academic support - TV	—	13,090	13,090
Institutional support - facilities	—	40,245	40,245
	\$ 7,901,151	\$ 54,141,816	\$ 62,042,967

Required Supplementary Information

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

OTHER POSTEMPLOYMENT BENEFITS -
SCHEDULE OF CHANGES IN THE UNIVERSITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS

Page 1 Of 3

For The Years Ended June 30, 2020, 2019 And 2018

Total OPEB Liability	June 30, 2020
Service cost	\$ 10,703
Interest	105,976
Changes in benefit terms	—
Differences between expected and actual experience	91,527
Changes in assumptions or other inputs	561,204
Benefit payments	<u>(255,000)</u>
Net change in total OPEB liability	514,410
Total OPEB liability - beginning	<u>3,649,326</u>
 Total OPEB liability - ending	 <u><u>\$ 4,163,736</u></u>
 Covered payroll	 \$ 55,328,223
Total OPEB liability as a percentage of covered payroll	7.5%
 Total OPEB Liability	 June 30, 2019
Service cost	\$ 9,763
Interest	123,163
Changes in benefit terms	—
Differences between expected and actual experience	(127,704)
Changes in assumptions or other inputs	75,900
Benefit payments	<u>(308,487)</u>
Net change in total OPEB liability	(227,365)
Total OPEB liability - beginning	<u>3,876,691</u>
 Total OPEB liability - ending	 <u><u>\$ 3,649,326</u></u>
 Covered payroll	 \$ 55,605,898
Total OPEB liability as a percentage of covered payroll	6.6%

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

OTHER POSTEMPLOYMENT BENEFITS -
SCHEDULE OF CHANGES IN THE UNIVERSITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS

Page 2 Of 3

For The Years Ended June 30, 2020, 2019 And 2018

Total OPEB Liability	June 30, 2018
Service cost	\$ 9,121
Interest	130,106
Changes in benefit terms	—
Differences between expected and actual experience	—
Changes in assumptions or other inputs	33,313
Benefit payments	<u>(226,756)</u>
Net change in total OPEB liability	(54,216)
Total OPEB liability - beginning	<u>3,930,908</u>
Total OPEB liability - ending	<u><u>\$ 3,876,692</u></u>
Covered payroll	\$ 55,605,898
Total OPEB liability as a percentage of covered payroll	7.0%

Notes: Above schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

**UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI**

**OTHER POSTEMPLOYMENT BENEFITS -
SCHEDULE OF CHANGES IN THE UNIVERSITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS**

Page 3 Of 3

For The Years Ended June 30, 2020, 2019 And 2018

Changes Of Benefit Terms Or Assumptions

- 1) The retirement, disability and turnover assumptions were updated when applicable based on the latest statistics from MOSERS.
- 2) The assumed healthy life mortality was updated to reflect the Society of Actuaries RPH-2014 adjusted to 2006 Headcount-Weighted Total Dataset Mortality table with MP-2018 Full Generational Improvement to the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2019 Full Generational Improvement
- 3) The per capita costs, retiree contribution premiums and trend assumptions were updated as part of the actuarial evaluation.
- 4) The discount rate was changed from 3.30% (June 30, 2018) to 3.0% (June, 2019) and ultimately 2.6% when rolled forward to the measurement date of June 30, 2020.
- 5) It is assumed that 1% of future employees retiring at \geq Age 65 will elect coverage in the University's program. Future employees retiring at $<$ Age 65 assumed not to elect University sponsored coverage.
- 6) The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal - Level Percent of Pay.
- 7) The assumed salary scale is 2% per year.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

SCHEDULES OF SELECTED PENSION INFORMATION
MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM
June 30, 2020

Schedule Of University's Proportionate Share Of The Net Pension Liability

	Plan Fiscal Year End					
	2019	2018	2017	2016	2015	2014
University's proportion of the net pension liability	2.4129%	2.6674%	2.8959%	2.8591%	2.8410%	2.7413%
University's proportionate share of the net pension liability	\$ 145,766,631	\$ 148,795,182	\$ 150,787,953	\$ 132,717,900	\$ 91,236,621	\$ 64,634,510
University's covered payroll	46,755,339	51,924,427	56,998,231	55,002,021	50,573,280	52,233,469
University's proportionate share of net pension liability as a percentage of its covered payroll	309.76%	285.85%	264.55%	239.69%	165.88%	127.80%
Plan fiduciary net position as a percentage of the total pension liability	56.72%	59.02%	60.41%	63.60%	72.62%	79.49%

Schedule Of University's Contributions

	Univeristy Fiscal Year End					
	2020	2019	2018	2017	2016	2015
Required contribution	\$ 10,631,882	\$ 9,449,254	\$ 10,099,301	\$ 9,690,708	\$ 9,333,841	\$ 8,946,847
Contributions in relation to the required contribution	10,631,882	9,449,254	10,099,301	9,690,708	9,333,841	8,946,847
University's covered payroll	48,837,309	46,755,339	51,924,427	56,998,231	55,002,021	50,573,280
Contributions as a percentage of covered payroll	21.77%	20.21%	19.45%	16.97%	16.97%	17.69%

Notes:

Above schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Information provided is based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.

Changes Of Benefit Terms Or Assumptions

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 to assumptions in the valuation reports for the plan year ended June 30, 2019 include the reduced investment return to 7.1%, reduced wage inflation to 2.35% and reduced price inflation to 2.35% used in the June 30, 2020 valuation.

Supplementary Information

**UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI**

**STADIUM BONDS - SERIES 1999, SERIES 2013B AND SERIES 2018B -
SELECTED INFORMATION**

June 30, 2020

Revenues

Foundation Suite Revenue (Chart C) \$ 50,302
(100010-150150-550020-5200)

Walton Stadium

Building rent income 14,807

Men's Football

Advance ticket sales 61,384

Season tickets —

Single game tickets —

Programs/seats 169

General Fund Transfer For Walton Stadium

Bond Payment (Series 2013B) 270,457

Bond Payment (Series 2018B) 137,844

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

CONDENSED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
STUDENT HOUSING SYSTEM
June 30, 2020

Operating Revenues	
Housing, net of bad debt expense	\$ 20,991,798
Bookstore, net of bad debt expense	3,697,081
University union fee	2,125,711
Tuition and fees	2,912
Other operating revenues	2,436,221
Total Operating Revenue	<u>29,253,723</u>
Operating Expenses	
Compensation and benefits	3,190,165
Contractual services	5,637,766
Supplies and services	3,229,214
Utilities	2,402,801
Debt service	4,336,910
Other	7,433,048
Total Operating Expenses	<u>26,229,904</u>
Operating Gain	<u>3,023,819</u>
Nonoperating Revenues (Expenses)	
Other nonoperating revenues	1,523,520
Other nonoperating expenses	(32,250)
Total Nonoperating Revenues	<u>1,491,270</u>
Income Before Other Revenues And Expenses, Gains Or Losses	<u>4,515,089</u>
Add Back Debt Service Payments (Net)	
Student housing	3,390,534
University Store	421,197
Student union	525,179
Total Debt Service Payments	<u>4,336,910</u>
Add Back Capital Improvement Transfers	1,407,123
Net Operating Revenue Before Debt Service Payments	10,259,122
Net Operating Revenue As A % Of Debt Service	237%

1. Basis Of Presentation

The condensed statements of revenues, expenses and changes in net position present the financial position and results of operations of certain activities of the University's Student Housing System Funds, defined as Student Dormitories, Bookstore and Student Union and pledged as collateral on the University's Series 2009 Refunding Revenue Bonds.

In accordance with University procedure, the University's liability for other postemployment and pension benefits is not allocated internally to individual departments and funds. Accordingly, no liability for other postemployment benefits is reflected in this schedule.

**UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI**

**INSURANCE COVERAGE
STUDENT HOUSING SYSTEM BONDS**

**Page 1 Of 3
June 30, 2020**

An insurance package policy purchased through the Midwestern Higher Education Compact (MHEC) program, provides all risk coverage on buildings and contents. The following insurance coverages are in force at the University as of June 30, 2020:

1. Lexington Insurance Company, Policy No. 066095351, (60%); Zurich, Policy No. ERP-0174168-02, (40%), providing \$100,000,000 all risk coverage on scheduled buildings and other property. There is a shared captive retention layer of \$1,000,000 per occurrence and \$7,850,693 aggregate through the Midwestern Higher Education Compact (MHEC).
2. Lexington Insurance Company, Policy No. 66095363 (60%) and Zurich Policy No. ERP 019811500 (40%): furnishes the esecundary layer of shared coverage, which is \$400,000,000 excess of the \$100,000,000 layer.
3. Zurich, Policy No. XPP00174448-02, (20%); AIG, Policy No. 25030902 (60%), Westport Insurance Corp., Policy No. NAP 0453214-02 (20%): furnishes the third layer of shared coverage, which is \$500,000,000 excess of the \$500,000,000.

UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI

INSURANCE COVERAGE
STUDENT HOUSING SYSTEM BONDS

Page 2 Of 3
June 30, 2020

	<u>Amount Of Coverage</u>	
	<u>Building</u>	<u>Contents</u>
Residential complex (included in blanket figures)		
Diemer Hall	\$ 6,671,255	\$ 141,764
South Ellis Hall	12,275,822	180,782
East Ellis Hall	14,432,487	198,991
North Ellis Hall	15,652,141	243,211
Foster Knox Hall	9,240,756	321,247
Fraternity Hall	13,656,386	473,417
Hudson Hall	14,486,444	1,351,113
University Conference Center	14,951,268	388,877
Hosey Hall	8,079,093	352,461
Nattinger-Bradshaw Hall	23,301,509	699,720
Nickerson Hall	11,552,011	283,531
Panhellenic Hall	12,353,444	414,890
South Todd Hall	2,995,938	149,568
Todd Hall	9,115,329	423,995
South Yeater Hall	17,731,241	440,901
Yeater Hall	9,626,912	283,531
Knox Hall	7,744,925	245,811
Houts Hall	8,440,737	395,381
Fitzgerald Hall	18,632,499	503,330
Apartment (included in blanket figures)		
Greenwood 4-Plex #2	525,862	10,405
Greenwood 4-Plex #3	525,862	10,405
Greenwood 4-Plex #4	525,862	10,405
Greenwood 4-Plex #6	525,862	10,405
Greenwood 4-Plex #8	525,862	10,405
Greenwood 4-Plex #10	525,862	10,405
Greenwood 4-Plex #12	525,862	10,405

**UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI**

**INSURANCE COVERAGE
STUDENT HOUSING SYSTEM BONDS**

**Page 3 Of 3
June 30, 2020**

	Amount Of Coverage	
	Building	Contents
<i>Apartments (included in blanket figures - continued)</i>		
Greenwood 4-Plex #13	\$ 525,862	\$ 10,405
Greenwood 4-Plex #14	525,862	10,405
Greenwood 4-Plex #16	525,862	11,206
Greenwood Handicap Unit	287,495	5,203
Greenwood VIP Unit	266,961	80,638
Greenwood Community Center	632,885	10,405
Central Village 8-Plex #1	1,503,505	22,110
Central Village 8-Plex #2	1,041,587	22,110
Central Village 8-Plex #3	1,503,505	22,110
Central Village 8-Plex #4	1,041,197	22,110
Central Village 8-Plex #5	1,503,505	22,110
Central Village 8-Plex #6	1,041,587	22,110
Central Village Community Building	758,616	22,285
Central Village 8-Plex #8	1,041,587	22,110
Central Village 8-Plex #9	1,041,587	22,110
Central Village 8-Plex #10	1,041,587	22,110
Central Village 8-Plex #12	1,041,587	22,110
The Crossing	48,521,154	3,184,248
 Stadium		
Walton Stadium	10,542,857	2,150,896
Walton Stadium Field	1,332,710	—
 Other (included in blanket figures)		
University Union	29,824,625	4,117,142
Ellis Mechanical Building	270,531	1,125,405
Greenwood Morton Building	163,170	—
 Liability insurance		
Covered under the State Legal Expense Fund		

**UNIVERSITY OF CENTRAL MISSOURI
A COMPONENT UNIT OF THE STATE OF MISSOURI**

**ENROLLMENT AND OCCUPANCY STATISTICS
STUDENT HOUSING SYSTEM BONDS**

June 30, 2020

	Headcount	Full-time Equivalent	Semester Credit Hours
Summer 2019			
Undergraduate	2,933	1,954	14,660
Graduate	2,036	1,908	11,430
Fall 2019			
Undergraduate	8,904	7,173	107,591
Graduate	2,325	1,248	14,961
Spring 2020			
Undergraduate	9,015	6,668	100,018
Graduate	2,400	1,298	15,562

Statistics on the occupancy of the University's housing facilities are as follows:

Residence Halls		Apartments	
18 - 19	19 - 20	18 - 19	19 - 20
81%	57%	96%	83%

The following information sets forth the living choices of undergraduate students for the Fall 2019 semester:

Total on-campus	30.5%
Total off-campus	69.5%
Total	100.0%

Room and board charges for the fiscal years ended June 30, 2020 and 2019 are as follows:

	Rate	
	2020	2019
Residence halls (per semester)		
Single occupancy room	\$ 3,406	\$ 3,351
Double occupancy room	2,806	2,751
Apartments (per month)		
Central Village - one-bedroom	594	594
Central Village - two-bedroom	717	717
Central Village - three-bedroom	857	857
Foster/Knox	727	727
Greenwood Park	783	783
Nickerson	727	727
Todd - one-bedroom	727	727
Todd - two-bedroom	896	896
The Crossing 2 BR, per person	676	676
The Crossing 4 BR, per person	578	578
The Crossing 4 BR - 2 story, per person	653	653
Basic meal plan (per semester)	1,675	1,632

A student union fee is charged each student, each semester as follows:

	2020	2019
University Union Fee		
Per credit hour (<9 credit hours)	\$ 8	\$ 7
Flat rate (9+ credit hours)	115	115