

University of Central Missouri
A Component Unit of the
State of Missouri

Independent Auditor's Reports and Financial
Statements

June 30, 2023 and 2022

University of Central Missouri A Component Unit of the State of Missouri

June 30, 2023 and 2022

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Independent Auditor's Report

Board of Governors
University of Central Missouri
Warrensburg, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of the University of Central Missouri (the "University"), collectively a component unit of the state of Missouri, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University of Central Missouri, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the University of Central Missouri Foundation, the discretely presented component unit, were not audited in accordance with Government Auditing Standards.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2023, the University adopted Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements. Our opinions are not modified with respect to this matter.

The 2022 financial statements, before they were restated for the matters discussed in Note 2, were audited by other auditors, and their report thereon, dated November 2, 2022, expressed an unmodified opinion. Our opinions were not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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Management’s Discussion and Analysis (Unaudited)
Years Ended June 30, 2023 and 2022

Overview

Founded in 1871, 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 has a 22:1 student-faculty ratio and a 96 percent first destination success rate. This means that within six months after earning their diplomas, graduates are either beginning employment, joining the military, or returning to higher education to earn a graduate degree. The University’s 2023 fall enrollment is 12,788. Students are served by 381 full-time faculty members, and at least 274 of these 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. UCM has 29 international exchange agreements with institutions worldwide, and international students from six continents (excluding Antarctica), 66 countries, 48 states (excluding West Virginia and Vermont), and 109 of 114 counties in Missouri, which contribute to a diverse student body. 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 Graduate Studies.

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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 the University of Missouri-Columbia (MU) on a doctorate in education (Ed.D.) in educational leadership, a degree conferred by MU.

Awards and Accomplishments

In fall 2023, 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 20th 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 2023, U.S. News & World Report rankings are included in the 2024 Best Colleges guidebook, which is online. UCM climbed five spots from a year ago with its #57 ranking as a Best Value School among Regional Universities in the Midwest, and it leaped 94 spots forward with its #319 ranking among all Nursing programs in the nation. Regionally, UCM also was recognized as #18 among Top Public Schools, #29 among Best Colleges for Veterans; #67 overall in the regional rankings; and #99 as a Top Performer in Social Mobility. For the first time, UCM received a national ranking in the Undergraduate Engineering Programs category, which was listed at #207. Other national program listings for UCM included its Undergraduate Business Programs and Computer Science Programs, which did not change from last year in their rankings.

In publishing results online, The 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.”

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, 2023 and 2022, the Foundation provided support to the University of \$8,728,016 and \$5,463,635, 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, 2023, 2022, and 2021. 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.

University of Central Missouri
A Component Unit of the State of Missouri
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2023 and 2022

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.
- 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.

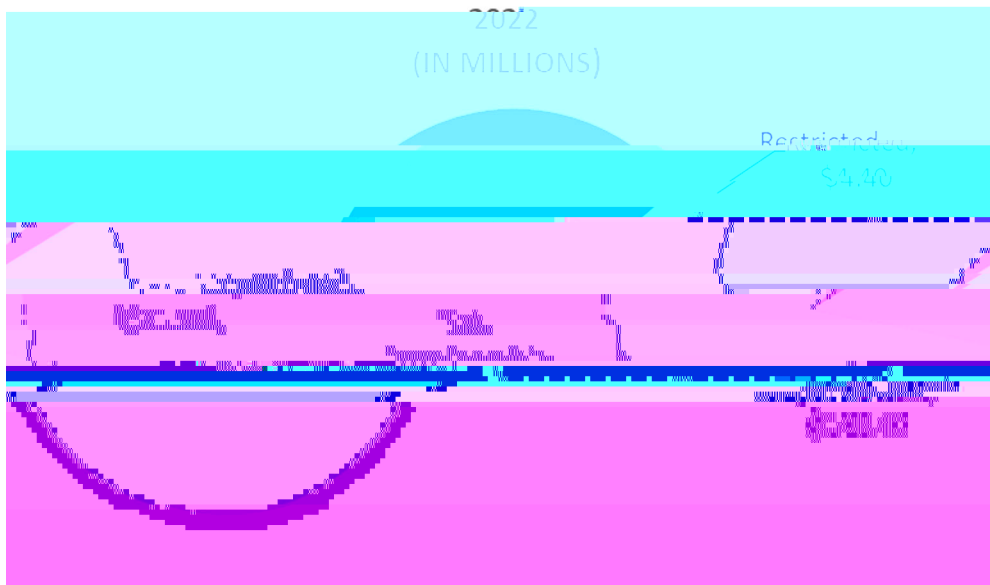
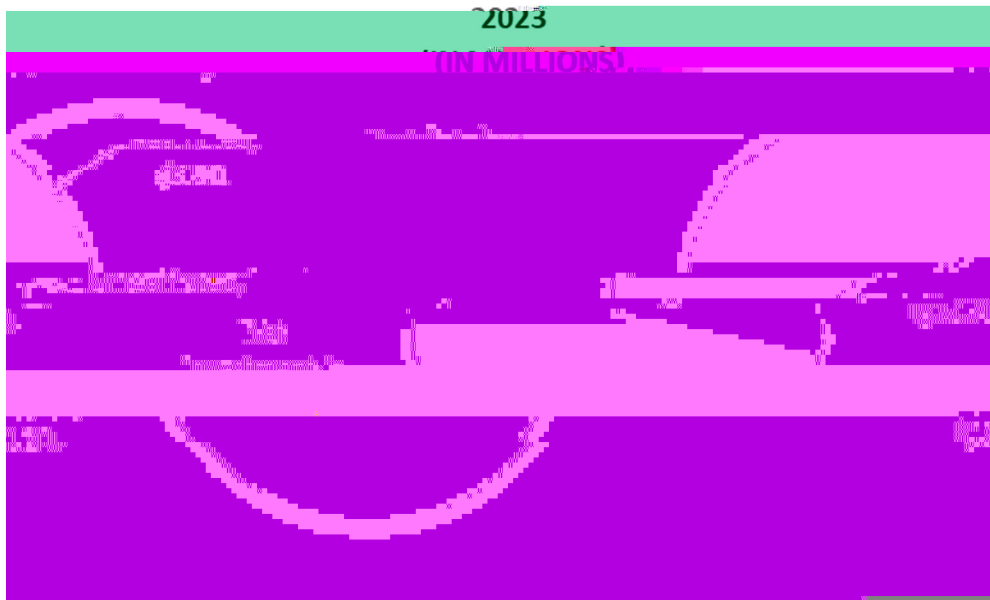
Following is a summary of the University's assets, deferred out (in)flows of resources, liabilities, and net position at June 30 (in millions):

	2023	2022 (As Restated)	2021 (As Restated)
Current assets	\$ 68.8	\$ 66.6	\$ 61.1
Noncurrent assets	333.8	327.3	335.4
Total assets	402.6	393.9	396.5
Deferred outflows of resources	33.4	23.8	25.7
Current liabilities	44.8	40.2	40.6
Noncurrent liabilities	246.8	213.4	250.4
Total lia TD	392.5	350.4	

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Current Liabilities - Current liabilities totaled \$44.8 million increasing by approximately \$4.6 million compared to the prior year total of \$40.2 million. This is attributed primarily to an increase in accounts payable and accrued liabilities of \$5.6 million and a combined increase of \$1.1 million in lease liability, subscription liability and student deposits, and a decrease of

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Years Ended June 30, 2023 and 2022

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Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2023 and 2022

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 nonoperating 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):

	2023	2022 (As Restated)	2021 (As Restated)
Operating Revenues			
Tuition and fees	\$ 96.5	\$ 90.1	\$ 78.5
Scholarship allowances	(17.2)	(17.5)	(17.5)
Net tuition and fees	79.3	72.6	61.0
Federal grants and contracts	2.2	2.4	2.4
Auxiliary enterprises	31.4	30.4	29.2
Scholarship allowances	(3.4)	(3.8)	(3.9)
Net auxiliary enterprises	28.0	26.6	25.3
Other	9.5	8.5	6.9
Total Operating Revenues	119.0	110.1	95.6
Operating Expenses	202.3	188.2	179.2
Operating Loss	(83.3)	(78.1)	(83.6)
Nonoperating Revenues (Expenses)			
State appropriations	60.1	55.6	48.9
Federal grants and contracts	16.1	25.8	37.5
State grants and contracts	2.6	4.2	1.2
Other grants and contracts	1.1	1.1	0.9
Contributions	4.4	6.1	3.8
Gain (loss) on disposal of capital assets	-	0.1	-
Investment income (loss)	1.7	(3.0)	0.5
Interest on capital asset-related debt	(2.9)	(3.0)	(3.2)
Other nonoperating expenses	(0.9)	(0.6)	(1.5)
Net Nonoperating Revenues	82.2	86.3	88.1
Income Before Other Revenues, Expenses, Gains or Losses	(1.1)	8.2	4.5
Other Revenues, Expenses, Gains or Losses	9.5	0.6	0.1
Total	\$ 45.2	\$ 1.5	\$ 2.1

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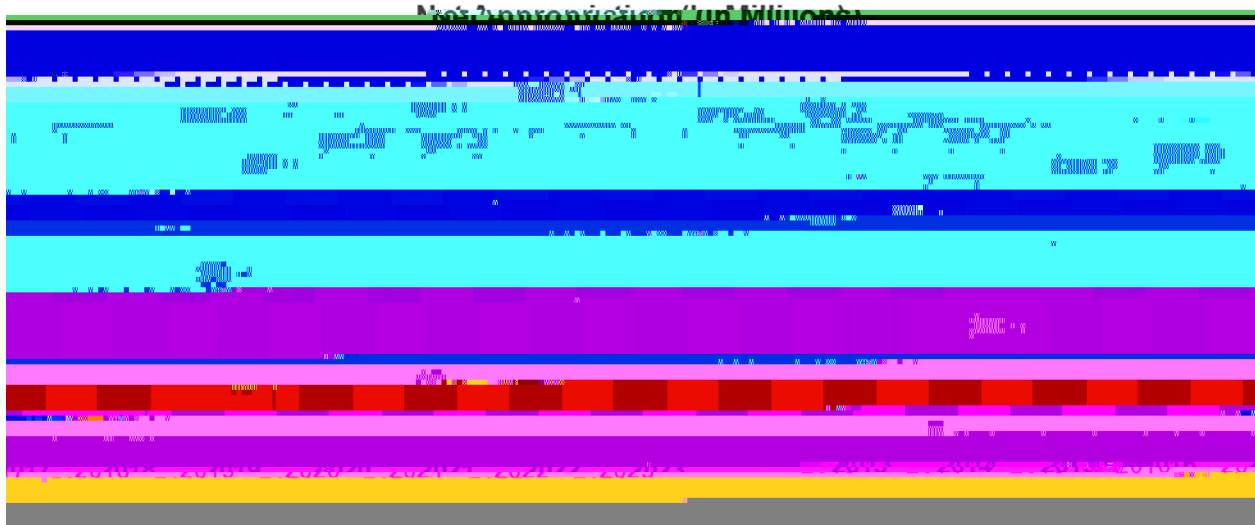
Comparative Analysis of Fiscal Years 2023 and 2022

Operating Revenues - For the year ended June 30, 2023, tuition and fee revenues (net of scholarship allowances) increased approximately \$6.7 million compared to fiscal year 2022 as a result of the increase in graduate enrollment. Fiscal year 2022 tuition and fees were approximately \$11.6 million over the year ended June 30, 2021, as a result of a return to campus and the addition of online and hybrid courses in a response to COVID-19.

Auxiliary enterprises experienced an increase of \$1 million above fiscal year 2022, which is primarily attributed to returning to pre-COVID 19 room occupancy and in person learning.

Nonoperating 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 nonoperating revenue.

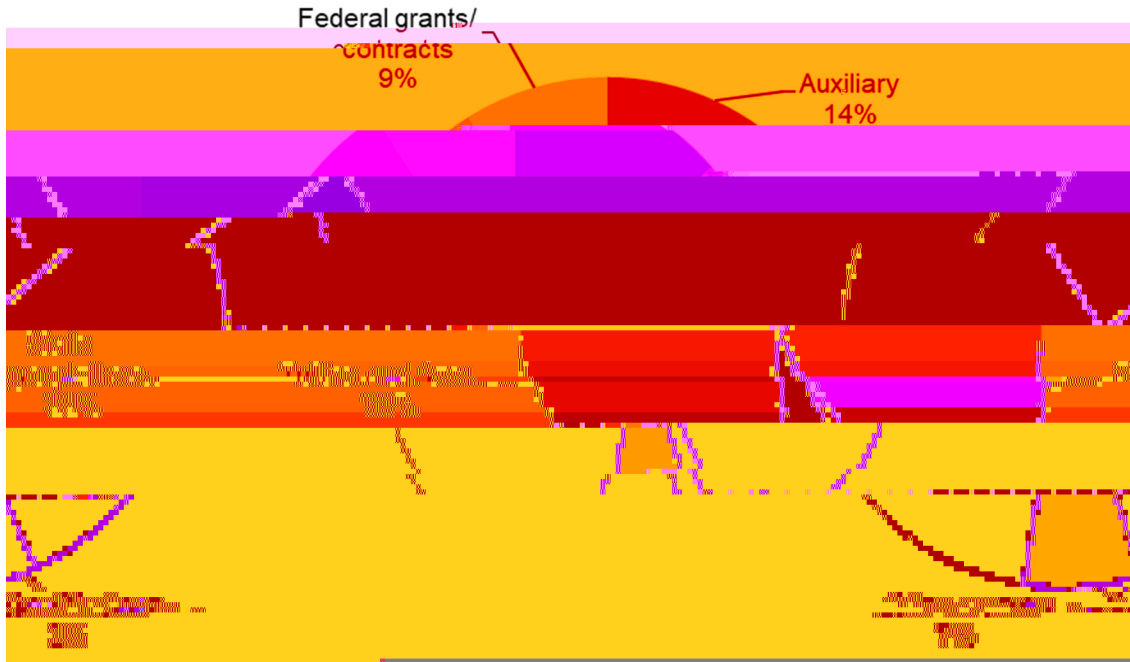
The University's financial position is closely tied to the State of Missouri and the associated general revenue and lottery proceeds appropriated by the Legislature. State appropriation revenue increased by \$4.4 million (net of withholding) from 2022 to 2023 as a direct result of the State budget increase of \$3.2 million and a partial return of the 3 percent withhold in the amount of \$1.2 million to assist in covering the increase to MOSERS. State of Missouri appropriations increased by \$6.7 million in fiscal year 2022 compared to fiscal year 2021. Following is a historical trend of the University's state appropriation funding (net of withholdings).



Fiscal year 2023, other nonoperating revenues decreased by \$4.1 million due mostly to a decrease in federal grants and contracts of \$9.9 million due to the institution receiving less CARES Higher Education Emergency Relief Funds. Fiscal year 2022 other nonoperating revenues decreased \$1.8 million also due mostly to a decrease in institutional CARES Higher Education Emergency Relief Funds from fiscal year 2021.

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Management’s Discussion and Analysis (Unaudited)
Years Ended June 30, 2023 and 2022

The following graph summarizes the University’s fiscal year 2023 revenue sources:



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

	2023	2022 (As Restated)	2021 (As Restated)
Compensation and benefits	\$ 120.0	\$ 102.1	\$ 107.4
Contractual services	17.6	16.1	11.9
Supplies and materials	12.4	12.6	11.5
Scholarships and fellowships	7.3	16.9	10.5
Depreciation and amortization	21.2	20.2	18.4
Utilities	6.5	5.7	6.1
Other	17.3	14.6	13.4
	<u>\$ 202.3</u>	<u>\$ 188.2</u>	<u>\$ 179.2</u>

Operating Expenses - Total operating expenses increased \$14.1 million from \$188.2 million in fiscal year 2022 to \$202.3 million in fiscal year 2023.

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Fiscal year 2023 compensation and benefits increased \$17.9 million from the prior year primarily due to across-the-board salary increases in administration and faculty salaries of \$4.8 million and the associated increase in benefits of \$1.6 million, an \$0.8 million increase in student wages, and a \$10.7 million increase in MOSERS accrual.

Contractual services increased \$1.5 million primarily due to increases in Food and Beverage Service expenses (\$.3 million), other services (\$.5 million), architect/engineering services (\$.2 million), and janitorial services (\$0.5 million).

Supplies and materials decreased \$.2 million, depreciation expense increased \$1.0 million. Scholarships and fellowships decreased \$9.6 million (due to the termination of HEERF to students), utilities increased \$0.9 million, and other expenses increased by \$2.7 million over fiscal year 2022.

Cash Flows
For The Years Ended June 30,
(In Millions)

	2023	2022 (As Restated)	2021 (As Restated)
Cash Provided By (Used In)			
Operating activities	\$ (52.5)	\$ (63.2)	\$ (51.0)
Noncapital financing activities	81.7	104.7	79.8
Capital and related financing activities	(32.4)	(25.3)	(28.3)
Investing activities	1.2	2.3	2.0
Increase (Decrease) in Cash and Cash Equivalents	(2.0)	18.5	2.5
Cash and Cash Equivalents - Beginning of Year	31.0	12.5	10.0
Cash and Cash Equivalents - End of Year	\$ 29.0	\$ 31.0	\$ 12.5

The statement of cash flows shows the sources and uses of the 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, 2023, cash used in operating activities amounted to (\$52.5) 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 noncapital financing activities of \$81.7 million includes state appropriations, gifts and grants for other than capital purposes, and other receipts.

University of Central Missouri
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Statements of Net Position
June 30, 2023 and 2022

Assets and Deferred Outflows of Resources

	2023	2022 (Restated - Notes 1 and 2)
Current Assets		
Cash and cash equivalents	\$ 22,041,763	\$ 21,248,544
Restricted cash and cash equivalents	6,997,991	9,774,189
Short-term investments	10,651,372	12,306,347
Accounts receivable, net of allowance; 2023 - \$4,763,204, 2022 - \$4,549,441	9,317,553	7,830,195 Tw(\$)-6()TJ7

Liabilities, Deferred Inflows of Resources, and Net Position

	2023	2022 (Restated - Notes 1 and 2)
Current Liabilities		
Accounts payable and accrued liabilities	\$ 18,684,768	\$ 13,103,078
Accrued compensated absences	2,185,583	2,234,358
Unearned revenue	11,788,170	13,847,425
Interest payable	553,373	602,885
Current maturities of long-term debt	4,762,450	4,762,451
Current portion of lease liabilities	4,248,925	4,149,819
Current portion of subscription liabilities	1,959,366	1,045,873
Accrued settlement	50,000	50,000
Student deposits	559,110	423,743
Total current liabilities	<u>44,791,745</u>	<u>40,219,632</u>
Noncurrent Liabilities		
Long-term debt	44,395,096	49,231,274
Accrued compensated absences	1,355,639	1,284,365
Accrued settlement	316,341	325,494
Other long-term liabilities	1,300,000	2,600,000
Lease liabilities	22,181,247	26,432,274
Subscription liabilities	2,434,964	2,313,194
OPEB liability	2,670,055	2,650,964
MOSERS pension liability	172,156,823	128,578,260
Total noncurrent liabilities	<u>246,810,165</u>	<u>213,415,825</u>
Total liabilities	<u>291,601,910</u>	<u>253,635,457</u>
Deferred Inflows of Resources		
Other postemployment benefit related	1,027,274	1,220,567
Pension related	3,152,869	31,052,587
Total deferred inflows of resources	<u>4,180,143</u>	<u>32,273,154</u>
Net Position		
Net investment in capital assets	160,743,784	148,384,056
Restricted for		
Nonexpendable		
Loans	984,034	1,199,535
Expendable		
Scholarships and fellowships	112,634	118,257
Loans	653,494	982,819
Other	2,147,077	2,133,230
Unrestricted	<u>(24,398,655)</u>	<u>(20,972,395)</u>
Total net position	<u>140,242,368</u>	<u>131,845,502</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 436,024,421</u>	<u>\$ 417,754,113</u>

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University of Central Missouri Foundation
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash	\$ 273,889	\$ 445,992
Investments	86,923,479	68,987,299
Accrued investment income	315,444	226,978
Accounts receivable	28,568	-
Contributions receivable, net	1,761,350	4,834,863
Notes receivable	1,446,994	1,692,841
Cash surrender value or life insurance	527,032	601,184
Beneficial interest in trusts	970,598	805,612
Prepaid expenses	8,466	8,107
Total assets	\$ 92,255,820	\$ 77,602,876
Liabilities and Net Assets		
Liabilities		
Accrued expenses and due to University	\$ 5,473,915	\$ 401,276
Annuities payable	620,200	637,871
Total liabilities	6,094,115	1,039,147
Net Assets		
Without donor restrictions	12,027,653	8,266,652
With donor restrictions	74,134,052	68,297,077
Total net assets	86,161,705	76,563,729
Total liabilities and net assets	\$ 92,255,820	\$ 77,602,876

University of Central Missouri
A Component Unit of the State of Missouri
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2023 and 2022

	2023	2022 (Restated - Notes 1 and 2)
Operating Revenues		
Tuition and fees, net of scholarship allowances; 2023 - \$17,218,494; 2022 - \$17,499,193	\$ 79,323,116	\$ 72,639,152
Federal grants and contracts	2,223,421	2,358,777
Interest on student receivable	1,026,411	804,876
Sales and services of educational activities	2,077,281	1,994,554
Auxiliary enterprises		
Housing, net of scholarship allowances; 2023 - \$3,363,303; 2022 - \$3,846,136	15,611,881	14,944,310
Bookstore	3,339,710	3,220,605
Other auxiliary enterprises	9,076,090	8,481,025
Other operating revenues	<u>6,390,208</u>	<u>5,650,801</u>
Total operating revenues	<u>119,068,118</u>	<u>110,094,100</u>
Operating Expenses		
Compensation and benefits	120,042,661	102,149,036
Contractual services	17,593,309	16,078,847
Supplies and services	12,442,609	12,612,317
Scholarships and fellowships	7,272,839	16,904,501
Depreciation and amortization	21,186,692	20,176,659
Utilities	6,532,952	5,662,487
Other	<u>17,272,670</u>	<u>14,571,427</u>
Total operating expenses	<u>202,343,732</u>	<u>188,155,274</u>
Operating Loss	<u>(83,275,614)</u>	<u>(78,061,174)</u>
Nonoperating Revenues (Expenses)		
State appropriations	60,101,740	55,664,299
Federal grants and contracts	16,086,641	25,850,002
State grants and contracts	2,574,709	4,174,740
Other grants and contracts	1,104,961	1,122,075
Contributions	4,454,310	6,095,103
Gain (loss) on disposal of capital assets	(10,598)	76,086
Investment income (loss)	1,700,667	(3,022,278)
Interest on capital asset-related debt, lease, and subscription liabilities	(2,863,638)	(3,036,671)
Other nonoperating expenses	<u>(942,738)</u>	<u>(626,131)</u>
Net nonoperating revenues	<u>82,206,054</u>	<u>86,297,225</u>

University of Central Missouri
A Component Unit of the State of Missouri
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2023 and 2022

	2023	2022 (Restated - Notes 1 and 2)
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	<u>\$ (1,069,560)</u>	<u>\$ 8,236,051</u>
Other Revenues, Expenses, Gains, or Losses		
Capital appropriations	4,113,016	447,247
Capital grants and gifts	<u>5,353,410</u>	<u>134,506</u>
	<u>9,466,426</u>	<u>581,753</u>
Increase in Net Position	8,396,866	8,817,804
Net Position, Beginning of Year	<u>131,845,502</u>	<u>123,027,698</u>
Net Position, End of Year	<u><u>\$ 140,242,368</u></u>	<u><u>\$ 131,845,502</u></u>

University of Central Missouri
A Component Unit of the State of Missouri
University of Central Missouri Foundation
Statements of Activities
Years Ended June 30, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Gifts	\$ 2,835,502	\$ 9,716,455	\$ 12,551,957
In-kind gifts	500	413,421	413,921
Personnel paid by University	909,927	-	909,927
Other income	138	207,573	207,711
Investment income	351,271	1,499,422	1,850,693

2022		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 381,644	\$ 11,096,705	\$ 11,478,349
50	483,481	483,531
817,214	-	817,214
3,803	152,356	156,159
330,104	1,130,524	1,460,628
(599,925)	(9,827,517)	(10,427,442)
(28,400)	28,400	-
5,780,906	(5,780,906)	-
<u>6,685,396</u>	<u>(2,716,957)</u>	<u>3,968,439</u>
1,216,705	-	1,216,705
<u>1,283,239</u>	<u>-</u>	<u>1,283,239</u>
<u>2,499,944</u>	<u>-</u>	<u>2,499,944</u>
1,506,131	-	1,506,131
319,646	-	319,646
998,235	-	998,235
647,674	-	647,674
<u>1,991,949</u>	<u>-</u>	<u>1,991,949</u>
<u>5,463,635</u>	<u>-</u>	<u>5,463,635</u>
<u>-</u>	<u>(297,403)</u>	<u>(297,403)</u>
<u>7,963,579</u>	<u>(297,403)</u>	<u>7,666,176</u>
(1,278,183)	(2,419,554)	(3,697,737)
<u>9,544,835</u>	<u>70,716,631</u>	<u>80,261,466</u>
<u>\$ 8,266,652</u>	<u>\$ 68,297,077</u>	<u>\$ 76,563,729</u>

University of Central Missouri
A Component Unit of the State of Missouri
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022 (Restated - Notes 1 and 2)
Cash Flows from Operating Activities		
Tuition and fees	\$ 79,017,034	\$ 72,678,725
Grants and contracts	2,223,421	2,358,777
Sales and services of educational activities	2,077,281	1,994,554
Payments to suppliers	(26,227,827)	(31,700,548)
Payments for utilities	(6,532,952)	(5,662,487)
Payments to employees	(114,203,444)	(105,027,113)
Payments for scholarships and fellowships	(7,272,839)	(16,904,501)
Collection of loans to students	1,537,184	1,373,323
Sales and services of auxiliary enterprises	27,748,628	26,563,644
Other payments	<u>(10,883,418)</u>	<u>(8,920,626)</u>
Net cash used in operating activities	<u>(52,516,932)</u>	<u>(63,246,252)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations	60,101,740	55,664,299
Gifts and grants for other than capital purposes	22,538,755	50,051,222
Other payments	<u>(933,585)</u>	<u>(1,029,720)</u>
Net cash provided by noncapital financing activities	<u>81,706,910</u>	<u>104,685,801</u>
Cash Flows from Capital and Related Financing Activities		
Capital appropriations	3,223,584	315,252
Capital grants and gifts received	829,582	134,506
Purchase of capital assets	(22,513,137)	(12,653,225)
Proceeds from sale of capital assets	6,189	101,300
Principal paid on capital debt	(4,762,505)	(4,741,090)
Principal paid on lease liabilities	(4,151,921)	(4,030,476)
Principal paid on subscription liabilities	(2,069,384)	(1,306,139)
Interest paid on capital debt, lease, and subscription liabilities	<u>(2,906,497)</u>	<u>(3,078,111)</u>
Net cash used in capital and related financing activities	<u>(32,344,089)</u>	<u>(25,257,983)</u>
Cash Flows from Investing Activities		
Investment income	2,820,253	526,308
Proceeds from sales and maturities of investments	53,560,945	58,578,760
Purchase of investments	<u>(55,210,066)</u>	<u>(56,770,139)</u>
Net cash provided by investing activities	<u>1,171,132</u>	<u>2,334,929</u>
Increase (Decrease) in Cash and Cash Equivalents	(1,982,979)	18,516,495
Cash and Cash Equivalents, Beginning of Year	<u>31,022,733</u>	<u>12,506,238</u>
Cash and Cash Equivalents, End of Year	<u>\$ 29,039,754</u>	<u>\$ 31,022,733</u>

University of Central Missouri
A Component Unit of the State of Missouri
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022 (Restated - Notes 1 and 2)
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	\$ 22,041,763	\$ 21,248,544
Restricted cash and cash equivalents	6,997,991	9,774,189
Total cash and cash equivalents	\$ 29,039,754	\$ 31,022,733
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		

University of Central Missouri
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2023 and 2022

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

University of Central Missouri (the “University”)

University of Central Missouri
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2023 and 2022

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, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated, or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific (such as state appropriations

University of Central Missouri
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Notes to Financial Statements

June 30, 2023 and 2022

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.

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 \$92,000 and \$40,000 for the years ended June 30, 2023 and 2022.

Capital Assets (Including Intangible 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 co

University of Central Missouri
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Notes to Financial Statements
June 30, 2023 and 2022

Capital, Lease, and Subscription Asset Impairment

The University evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital and lease asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, an impairment loss is recorded.

No asset impairment was recognized during the years ended June 30, 2023 and 2022.

Deferred Outflows of Resources

The University reports the consumption of net assets that is applicable to a future reporting period as deferred outflows of resources in a separate section of its statements of net position.

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.

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, 2023 and 2022, of \$366,341 and \$375,494, 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 percent 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 8*).

University of Central Missouri
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Notes to Financial Statements
June 30, 2023 and 2022

Risk Management

The University is exposed to various risks of loss from 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 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.

Cost-Sharing Defined Benefit Pension Plan

The University participates in a cost-sharing

University of Central Missouri
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Notes to Financial Statements
June 30, 2023 and 2022

Net Position

Net position of the University is classified in four components on its statements of net position.

- Net investment in capital assets consists of capital assets, including lease and SBITA assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings and lease and SBITA liabilities used to finance the purchase, use or construction of those assets.
- Restricted expendable net position is made up of 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.
- Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the University, such as permanent endowments.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Classification of Revenues

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

Operating revenues include activities that have the criteria.

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Notes to Financial Statements
June 30, 2023 and 2022

Note 2: Restatement of Fiscal Year 2022 Financial Statements

In prior fiscal years the University recorded grant revenues and receivables in excess of the amounts reimbursable from federal and state grantors. The fiscal year 2022 financial statements have been restated for the impact of this error. The University's financial statements for fiscal year 2022 also included an error in net position restricted for loans. The fiscal year 2022 financial statements have been restated for the impact of the error in net position classification. The following financial statement lines were restated for the adoption of GASB Statement No. 96 and error corrections:

	As Restated	As Previously Reported	Effect of Change in Accounting Principle	Effect of Restatement
Statement of Net Position				
Current Assets				
Grants receivable	\$ 10,037,482	\$ 14,744,938	\$ -	\$ (4,707,456)
Prepaid expenses	1,233,675	1,179,494	54,181	-
Total current assets	66,632,710	71,285,985	54,181	(4,707,456)
Noncurrent Assets				
Subscription assets, net	3,452,389	-	3,452,389	-
Total noncurrent assets	327,286,361	323,833,972	3,452,389	-
Total assets	393,919,071	395,119,957	3,506,570	(4,707,456)
Current Liabilities				
Current portion of subscription liabilities	1,045,873	-	1,045,873	-
Total current liabilities	40,219,632	39,173,759	1,045,873	-
Noncurrent Liabilities				
Subscription liabilities	2,313,194	-	2,313,194	-
Total noncurrent liabilities	213,415,825	211,102,631	2,313,194	-
Total liabilities	253,635,457	250,276,390	3,359,067	-
Net Position				
Net investment in capital assets	148,384,056	150,083,326	(1,699,270)	-
Restricted for				
Nonexpendable				
Loans	1,199,535	3,978,096	-	(2,778,561)
Expendable				
Loans	982,819	1,044,770	-	(61,951)
Unrestricted	(20,972,395)	(20,952,224)	1,846,773	(1,866,944)
Total net position	131,845,502	136,405,455	147,503	(4,707,456)

University of Central Missouri
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Notes to Financial Statements

June 30, 2023 and 2022

	As Restated	As Previously Reported	Effect of Change in Accounting Principle	Effect of Restatement
Statement of Revenues, Expenses, and Changes in Net Position				
Operating Expenses				
Supplies and services	\$ 16,078,847	\$ 12,624,373	\$ 3,454,474	\$ -
Depreciation and amortization	16,904,501	18,946,842	(2,042,341)	-
Other	5,662,487	15,952,809	(10,290,322)	-
Total operating expenses	179,440,706	188,318,895	(8,878,189)	-
Operating Loss	(69,346,606)	(78,224,795)	8,878,189	-
Nonoperating Revenues (Expenses)				
Federal grants and contracts	25,850,002	26,452,104	-	(602,102)
Interest on capital asset-related debt	(3,022,278)	(3,020,553)	(1,725)	-
Net nonoperating revenues	86,297,225	86,915,445	(16,118)	(602,102)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses				
	8,236,051	8,690,650	8,862,071	(602,102)
Increase in Net Position	8,817,804	9,272,403	8,862,071	(602,102)
Net Position, Beginning of Year	123,027,698	127,133,052	-	(4,105,354)
Net Position, End of Year	131,845,502	136,405,455	147,503	(4,707,456)
Statement of Cash Flows				
Operating Activities				
Payments to suppliers	(30,346,367)	(30,341,423)	(4,944)	-
Other payments	(8,920,626)	(10,302,008)	1,381,382	-
Net cash used in operating activities	(63,584,177)	(64,960,615)	1,376,438	-
Capital and Related Financing Activities				
Principal paid on subscription liabilities	(1,306,139)	-	(1,306,139)	-
Interest paid on capital debt	(3,004,421)	(2,988,303)	(16,118)	-
Net cash used in capital and related financing activities	(25,257,983)	(23,935,726)	(1,322,257)	-
Reconciliation of Operating Loss to Net Cash Used in Operating Activities				
Operating loss	(78,061,174)	(78,224,795)	163,621	-
Depreciation and amortization	20,176,659	18,946,842	1,229,817	-
Changes in operating assets and liabilities:				
Prepaid expenses	(162,293)	(145,293)	(17,000)	-
Net cash used in operating activities	(63,584,177)	(64,960,615)	1,376,438	-
Supplemental Cash Flows Information				
Subscription liabilities incurred for				

University of Central Missouri
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2023 and 2022

Note 3: Deposits, Investments, and Investment Income

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 percent 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.

University of Central Missouri
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Notes to Financial Statements

University of Central Missouri
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2023 and 2022

Summary of Carrying Values

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

	<u>2023</u>	<u>2022</u>
Carrying value		
Deposits	\$ 29,039,754	\$ 31,022,733
Investments	<u>101,159,829</u>	<u>100,931,640</u>
	<u>\$ 130,199,583</u>	<u>\$ 131,954,373</u>
Included in the following statement of net position captions		
Cash and cash equivalents	\$ 22,041,763	\$ 21,248,544
Restricted cash and cash equivalents	6,997,991	9,774,189
Short-term investments	10,651,372	12,306,347
Investments	<u>90,508,457</u>	<u>88,625,293</u>
	<u>\$ 130,199,583</u>	<u>\$ 131,954,373</u>

Fair Value Measurements

Fair value is the price that would be received to ipa Twaion as anci06transfer a liability in (TD.meas)-TJ7,991posi000

University of Central Missouri
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Notes to Financial Statements
June 30, 2023 and 2022

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2023 and 2022:

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Notes to Financial Statements
June 30, 2023 and 2022

Note 4: Capital, Lease, and Subscription Assets

Capital assets activity for the years ended June 30, 2023 and 2022, was:

	Beginning Balance		Additions		Disposals		Transfers		Ending Balance
Land	\$ 15,062,634	\$	-	\$	-	\$	-	\$	15,062,634
Collections	3,107,323		-		-		-		

University of Central Missouri
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Notes to Financial Statements
June 30, 2023 and 2022

	2022				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 15,062,634	\$ -	\$ -	\$ -	\$ 15,062,634
Collections	2,912,973	194,350	-	-	3,107,323
Infrastructure	43,940,383	-	-	1,382,544	45,322,927
Buildings and improvements	365,233,576	-	-	7,992,976	373,226,552
Furniture, fixtures, and equipment	39,733,934	1,497,854	153,609	-	41,078,179
Library materials	10,993,356	935,718	1,199,000	-	10,730,074
Construction in progress	5,189,735	9,416,806	-	(9,375,520)	5,231,021
	<u>483,066,591</u>	<u>12,044,728</u>	<u>1,352,609</u>	<u>-</u>	<u>493,758,710</u>
Less accumulated depreciation					
Infrastructure	26,295,544	2,022,526	-	-	28,318,070
Buildings and improvements	213,012,768	10,720,739	-	-	223,733,507
Furniture, fixtures, and equipment	31,722,864	1,880,599	128,395	-	33,475,068
Library materials	6,287,961	1,073,006	1,199,000	-	6,161,967
	<u>277,319,137</u>	<u>15,696,870</u>	<u>1,327,395</u>	<u>-</u>	<u>291,688,612</u>
Capital assets, net	<u>\$ 205,747,454</u>	<u>\$ (3,652,142)</u>	<u>\$ 25,214</u>	<u>\$ -</u>	<u>\$ 202,070,098</u>

Lease assets activity for the years ended June 30, 2023 and 2022, was:

	Beginning Balance	Additions	Disposals	Ending Balance
Buildings and improvements	\$ 37,781,028	\$ -	\$ -	\$ 37,781,028

University of Central Missouri
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Notes to Financial Statements

University of Central Missouri
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Notes to Financial Statements
June 30, 2023 and 2022

Note 5: Long-Term Obligations

The following is a summary of long-term obligation transactions for the University for the years ended June 30, 2023 and 2022:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Revenue bonds payable					
Student Union Series 2018A	\$ 6,370,000	\$ -	\$ 255,000	\$ 6,115,000	\$ 265,000
Stadium, Series 2018B	3,670,000	-	-	3,670,000	-
Advance Refunding of Student Bond					

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Notes to Financial Statements
June 30, 2023 and 2022

**Beginning
Balance
(As Restated)**

**Ending
Balance**

Current

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Notes to Financial Statements
June 30, 2023 and 2022

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 percent to advance refund \$17.4 million of outstanding 2009 Series bonds with interest rates ranging from 3.0 percent to 5.05 percent. 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. Principal maturities begin April 1, 2024, and continue until October 1, 2023. The bonds are secured by student recreation center fees.

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 percent, 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 percent to 4.625 percent, 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 percent, which began April 1, 2014. Proceeds from the issuance of these private placement bonds are being used to finance constr

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Notes to Financial Statements
June 30, 2023 and 2022

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 percent to 5.0 percent, 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.

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 percent - 5.0 percent 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 percent to 4.0 percent 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.) The bonds are general obligations of the University.

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 an unsecured loan agreement with the Foundation on July 31, 2015, in the amount of \$2,389,552 at 4 percent 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 an unsecured loan agreement with the Foundation on December 31, 2017, in the amount of \$431,170 at 5 percent 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 are secured by the airplanes acquired. The notes each bear interest at 1.98 percent and mature in fiscal years 2022 and 2023. Payments of principal and interest are due in 14 equal installments. In fiscal year 2022 two note agreements were paid in full.

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.

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Notes to Financial Statements
June 30, 2023 and 2022

Debt Service Requirements

Debt service requirements on revenue bonds (Ser

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Note 6: Lease Liabilities

The University has entered into three lease arrangements for buildings and improvements and four for equipment. The lease contracts expire at various dates through 2078, assuming that all renewal

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Notes to Financial Statements
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2000, which are administered by the Missouri State Employees' Retirement System ("MOSERS" or the "System") in accordance with Sections 104.010 and 104.312 to 104.1215 of the Revised Statutes of Missouri (RSMo). In accordance with the provisions of GASB 68, the University accounts for and records its participation in the single-employer plan as if it was a cost-sharing plan. As established under Section 104.320, RSMo, MOSERS is a body corporate and an instrumentality of the state. In the System are vested the powers and duties specified in Sections 104.010 and 104.312 to 104.1215, RSMo and such other powers as may be necessary or proper to enable it, its officers, employees, and agents to carry out fully and effectively all the purposes of Sections 104.010 and 104.312 to 104.1215, RSMo. Responsibility for the operation and administration of the System is vested in the 11-member MOSERS Board of Trustees as defined by state law. Due to the nature of MOSERS' reliance on funding from the state of Missouri and other state government agencies and the overall control of the plan document by the legislative and executive branches of state government, the MSEP is considered a component unit of the state of Missouri financial reporting entity and is included in the state's financial reports as a pension trust fund.

Generally, all full-time state employees hired before July 2000, who were not covered under another state-sponsored retirement plan, are eligible for membership in the MSEP (closed plan). Full-time state employees hired after July 2000, and before January 2011, are eligible for membership in the MSEP 2000. Employees hired for the first time on or after January 2011 are eligible for membership in the MSEP 2011 tier of the MSEP 2000. The MSEP provides retirement, survivor, and disability benefits. MOSERS issues an annual comprehensive financial report, a publicly available financial report that can be obtained at www.mosers.org.

Benefits Provided

MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific funding structure in which the employee participates, which is based on the employee's hire date. Information on the three funding structures administered by MOSERS (MSEP, MSEP 2000, and MSEP 2011) and how eligibility and the benefit amount is determined for each funding structure may be found in the Notes to the Financial Statements of MOSERS' Annual Financial Report starting on page 31.

Actuarial Assumptions

The total pension liability in the June 30, 2022 and 2021, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Notes to Financial Statements
June 30, 2023 and 2022

June 30, 2022

Inflation	2.25%
Salary increases	2.75% to 10.00% including inflation
Wage inflation	2.25%
Investment rate of return	6.95% per year, compounded annually, net after investment expenses and including inflation

June 30, 2021

Inflation	2.25%
Salary increases	2.75% to 10.00% including inflation
Wage inflation	2.25%
Investment rate of return	6.95% per year, compounded annually, net after investment expenses and including inflation

Mortality

Pre-retirement mortality rates were based on the Pub-2010 General Members Below Median Employee mortality table, set back two years for males and set forward one year for females. Mortality was projected generationally from 2010 to 2020 using Scale MP-2020 and 75 percent of Scale MP-2020 for years after 2020.

Post-retirement mortality rates for retirees were based on the Pub-2010 General Members Below Median Healthy Retiree mortality table, scaled by 104 percent, set back two years for males and set forward one year for females. Mortality projected generationally from 2010 to 2020 using Scale MP-2020 and 75 percent of Scale MP-2020 for years after 2020.

Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Members Below Median Contingent Survivor mortality table, set back two years for males and set forward one year for females.

Mortality was projected generationally from 2010 to 2020 using Scale MP-2020 and 75 percent of Scale MP-2020 for years after 2020.

Disabled mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table, without mortality projection.

The actuarial assumptions used in the June 30, 2022 and 2021, valuations were based on the results

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Notes to Financial Statements

June 30, 2023 and 2022

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges 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.

Best estimates of the real rates of return expected for both the old and new portfolio are summarized by asset class in the following table:

Asset Class	Policy Allocation	Long-Term Expected Nominal Return*	Long-Term Expected Real Return	Weighted Average Long-Term Expected Nominal Return
Global public equities	30.0%	7.7%	5.8%	2.3%
Global private equities	15.0%	9.3%	7.4%	1.4%
Long treasuries	25.0%	3.5%	1.6%	0.9%
Core bonds	10.0%	3.1%	1.2%	0.3%
Commodities	5.0%	5.5%	3.6%	0.3%
TIPS	25.0%	2.7%	0.8%	0.7%
Private real assets	5.0%	7.1%	5.2%	0.3%
Public real assets	5.0%	7.7%	5.8%	0.4%
Hedge funds	5.0%	4.8%	2.9%	0.2%
Alternative beta	10.0%	5.3%	3.4%	0.5%
Private credit	5.0%	9.5%	7.6%	0.5%
Cash and cash equivalents**	-40.0%	0.0%	0.0%	0.0%
	100.0%			7.8%
				-0.6%
				7.2%
				-1.9%
				5.3%

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Notes to Financial Statements
June 30, 2023 and 2022

Discount Rate

The discount rate used to measure the total pension liability was 6.95 percent at June 30, 2022 and 2021. 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 participating employer contributions will be made at contractually 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.

Contributions

Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP 2011 Plan are required to contribute 4.0 percent of their annual pay. The University's required contribution rate for the year ended June 30, 2023, was 26.33 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, 2022, was 23.51 percent, which is the year of measurement for the net pension liability. Contributions to the pension plan were \$13,267,942 and \$11,075,005 for the years ended June 30, 2023 and 2022, respectively.

Payable to the Pension Plan

As of June 30, 2023 and 2022, the University had payables of \$750,185 and \$669,715, respectively, to MOSERS due to end of fiscal year processing.

Pension Liabilities

At June 30, 2023 and 2022, the University reported a liability of \$172,156,823 and \$128,578,260, respectively, for its proportionate share of the net pension liability. The net pension liability for 2023 and 2022 was measured as of June 30, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

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, 2022. The University's proportion for the plan year ended June 30, 2022, was 2.40423 percent, an increase from its proportion of 2.29985 percent as of the June 30, 2021, measurement date.

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Notes to Financial Statements
June 30, 2023 and 2022

During the MOSERS plan year ended June 30, 2022, 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, 2021, that affected the measurement of total pension liability.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 6.95 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 (5.95 percent) or one-percentage-point higher (7.95 percent) than the current rate:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
University's proportionate share of the net pension liability	\$ 215,343,335	\$ 172,156,823	\$ 136,077,829

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the University recognized pension expense of \$19,449,910. At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,193,585	\$ 46,083
Changes of assumptions	4,084,256	-
Net difference between projected and actual earnings on pension plan investments	9,161,325	-
Changes in proportion and differences between the University contributions and the proportionate share of contributions	4,055,805	3,106,786
University contributions made subsequent to the measurement date	13,267,942	-
	\$ 32,762,913	\$ 3,152,869

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June 30, 2023 and 2022

For the year ended June 30, 2022, the University recognized pension expense of \$8,721,678. At June 30, 2022, 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
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Notes to Financial Statements
June 30, 2023 and 2022

Pension Plan Fiduciary Net Position

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

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 2023 and 2022, 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, 2023, 2022, and 2021, were \$1,412,949, \$1,336,780, and \$1,326,446, 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.

Note 10: 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.

Other Postemployment Benefit Plan

Plan Description

In addition to the pension benefits, 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.

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

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June 30, 2023 and 2022

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.

Actuarial Assumptions

The total OPEB liability at June 30, 2023 and 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2023

Actuarial cost method	Entry Age Normal - Level Percent of Pay
Valuation date	January 1, 2022
Measurement date	June 30, 2023
Salary scale	2.5%
UAAL amortization method	Level dollar amount
UAAL amortization period, closed/open	5 years, open
Discount rate	4.0% (Measurement Date)
	3.9% (Year Preceding Measurement Date)
Mortality	Pub-2010 Public Retirement Plans headcount-weighted mortality with MP-2021 full generational improvement

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Notes to Financial Statements
June 30, 2023 and 2022

June 30, 2022

Actuarial cost method	Entry Age Normal - Level Percent of Pay
Valuation date	January 1, 2022
Measurement date	June 30, 2022
Salary scale	3.0%
UAAL amortization method	Level dollar amount
UAAL amortization period, closed/open	5 years, open
Discount rate	3.9% (Measurement Date) 2.0% (Year Preceding Measurement Date)
Mortality	Pub-2010 Public Retirement Plans headcount-weighted mortality with MP-2021

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Total OPEB Liability

The University's total OPEB liability of \$2,670,055 and \$2,650,964 was measured as of June 30, 2023 and 2022, for the years ended June 30, 2023 and 2022, respectively, and was determined by actuarial valuations as of January 1, 2022.

Changes in the total OPEB liability are:

	<u>2023</u>	<u>2022</u>
Total OPEB liability, beginning of year	\$ 2,650,964	\$ 3,525,939
Changes for the year:		
Service cost	12,085	18,233
Interest	99,705	68,683
Differences between expected and actual experience	89,912	(359,492)
Change in assumptions and inputs	30,389	(382,399)
Benefit payments	<u>(213,000)</u>	<u>(220,000)</u>
Net changes	<u>19,091</u>	<u>(874,975)</u>
Total OPEB liability, end of year	<u>\$ 2,670,055</u>	<u>\$ 2,650,964</u>

Changes for the June 30, 2023, measurement date relative to the June 30, 2022, measurement date include the following:

- 1) The salary scale assumption was revised from 3.0 percent to 2.5 percent per year.
- 2) The discount rate changed from 3.9 percent to 4.0 percent.
- 3) The retiree per capita costs, retiree contribution premiums, and trend assumptions were updated as part of the actuarial evaluation. The January 1, 2023, renewal was taken into account.

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. 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
June 30, 2023 and 2022

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The total OPEB liability of the University has been calculated using a discount rate of 4.0 percent. The following presents the total OPEB liability using a discount rate 1 percent higher and 1 percent lower than the current discount rate.

	1% Decrease (3.0%)	Current Discount Rate (4.0%)	1% Increase (5.0%)
University's total OPEB liability	\$ 2,911,266	\$ 2,670,055	\$ 2,465,369

University of Central Missouri
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Notes to Financial Statements
June 30, 2023 and 2022

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 442,293	\$ 286,799
Changes of assumptions	124,436	740,475
	\$ 566,729	\$ 1,027,274
	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,204	\$ 885,968
Changes of assumptions	518,848	334,599
	\$ 576,052	\$ 1,220,567

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2023, related to OPEB will be recognized in OPEB expense as follows:

2024	\$ (63,669)
2025	(63,669)
2026	(66,522)
2027	(77,180)
2028 Tc(2)t9Tc61 TD.2 c	

University of Central Missouri
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Notes to Financial Statements
June 30, 2023 and 2022

Note 11: 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, 2023 and 2022, 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 \$6,511,263 related to construction contracts at June 30, 2023.

Note 12: University of Central Missouri Foundation

Financial Statements

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 net assets with donor restrictions net assets without donor restrictions. 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. As permitted by GASB Statement No. 34, the University has elected not to present a statement of cash flows for the Foundation in the basic financial statements of the University's reporting entity.

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Notes to Financial Statements
June 30, 2023 and 2022

Investments

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Notes to Financial Statements
June 30, 2023 and 2022

	Level 1	Level 2	June 30, 2022 Level 3	NAV (A)	Total
Investments					
Mutual funds					
Money market	\$ 2,564,951	\$ -	\$ -	\$ -	\$ 2,564,951
Domestic equity	14,320,683	-	-	-	14,320,683
International equity	7,248,524	-	-	-	7,248,524
Common stock					
Domestic	11,041,467	-	-	-	11,041,467
International	8,646	-	-	-	8,646
Exchange traded funds					
Domestic	2,673,215	-	-	-	2,673,215
Fixed income investments					
Mortgage	-	1,387,409	-	-	1,387,409
Credit	11,439	13,012,918	-	-	13,024,357
U.S. Treasuries	5,721,874	-	-	-	5,721,874
Agencies	-	1,624,985	-	-	1,624,985
Asset-backed securities	-	146,253	-	-	146,253
Taxable municipal bonds	-	2,275,668	-	-	2,275,668
Diversified taxable mutual funds	207,383	-	-	-	207,383
Alternative investments					
Hedge funds	5,854,323	-	-	-	5,854,323
Closely held funds	-	-	780,097	107,464	887,561
Total investments	49,652,505	18,447,233	780,097	107,464	68,987,299
Beneficial interests in trusts	-	-	805,612	-	805,612
Total assets	\$ 49,652,505	\$ 18,447,233	\$ 1,585,709	\$ 107,464	\$ 69,792,911

University of Central Missouri
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Notes to Financial Statements
June 30, 2023 and 2022

Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30, 2023 and 2022, are designated for the following purposes:

	2023	2022
Undesignated	\$ 1,015,807	\$ 471,778
Board-designated operating reserve fund	3,272,233	2,997,233
Board-designated endowment funds	7,479,534	4,598,743
University President directed fund	260,079	198,898
	\$ 12,027,653	\$ 8,266,652

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2023 and 2022, are restricted for the following purposes:

	2023	2022
Subject to expenditure for specified purpose		
Scholarships	\$ 8,267,251	\$ 7,964,810
Academic instruction and departmental	17,060,332	14,302,081
Athletic program	690,361	785,074
KMOS-TV	623,424	515,747
Capital projects	5,017,750	6,862,149
Net accumulated earnings in excess of approved payout	8,441,981	5,809,200
	40,101,099	36,239,061
Perpetually restricted with the earnings subject to		
Foundation endowment spending policy		
Scholarships	29,397,629	28,088,380
Academic instruction and departmental	4,467,491	3,802,813
Athletic program	127,588	126,578
Capital projects	40,245	40,245
	34,032,953	32,058,016
	\$ 74,134,052	\$ 68,297,077

University of Central Missouri
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Notes to Financial Statements
June 30, 2023 and 2022

Endowments

The composition of net assets by type of endowment fund at June 30, 2023 and 2022, was:

Without Donor	With Dono
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University of Central Missouri
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Notes to Financial Statements

June 30, 2023 and 2022

Change in endowment net assets for the years ended June 30, 2023 and 2022, were:

	2023		
	Donor	Restrictions	Total
Endowment net assets, beginning of year	\$ 4,598,743	\$ 60,832,847	\$ 65,431,590
Net investment return			
Net investment income	-	1,479,850	1,479,850
Net realized and unrealized loss on investments	469,096	3,202,269	3,671,365
Total net investment return	469,096	4,682,119	5,151,215
Gifts	2,440,365	7,603,733	10,044,098
Appropriation of assets for expenditure	(63,675)	(6,657,326)	(6,721,001)
Change in donor restrictions	35,002	(169,686)	(134,684)
Actuarial loss on annuity obligations	-	(17,606)	(17,606)
Endowment net assets, end of year	<u>\$ 7,479,531</u>	<u>\$ 66,274,081</u>	<u>\$ 73,753,612</u>
	2022		
	Donor	Restrictions	Total
Endowment net assets, beginning of year	\$ 5,273,717	\$ 59,852,805	\$ 65,126,522
Net investment return			
Net investment income	-	1,088,637	1,088,637
Net realized and unrealized gain on investments	(611,233)	(9,575,879)	(10,187,112)
Total net investment return	(611,233)	(8,487,242)	(9,098,475)
Gifts	45,174	9,148,758	9,193,932
Appropriation of assets for expenditure	(136,922)	(1,884,710)	(2,021,632)
Change in donor restrictions	28,007	2,239,718	2,267,725
Actuarial loss on annuity obligations	-	(36,482)	(36,482)
Endowment net assets, end of year	<u>\$ 4,598,743</u>	<u>\$ 60,832,847</u>	<u>\$ 65,431,590</u>

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Notes to Financial Statements
June 30, 2023 and 2022

Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 and 2022, comprise the following:

	2023	2022
Financial assets at year-end		
Cash	\$ 273,889	\$ 445,992
Investments	86,923,479	68,987,299
Accrued investment income	315,444	226,978
Contributions receivable	1,761,350	4,834,863
Notes receivable	1,446,994	1,692,841
Total financial assets at year-end	90,721,156	76,187,973
Less amounts restricted or not available to be used within one year		
Donor-imposed restrictions on financial assets	72,636,422	66,890,281
Board-designated operating reserve fund	3,272,233	2,997,233
Board-designated endowment funds	7,479,531	4,598,743
University President directed fund	260,079	198,898
Notes receivable – due after one year	1,289,955	1,446,995
Financial assets not available to meet general expenditures within one year	84,938,220	76,132,150
Financial assets available to meet general expenditures within one year	\$ 5,782,936	\$ 55,823

Note 13: Subsequent Events

2023 MOHEFA Bonds Payable

On October 4, 2023, the University issued \$30,410,

Required Supplementary Information

University of Central Missouri
A Component Unit of the State of Missouri
Schedule of the University's Proportionate Share of the Net Pension Liability
Missouri State Employees' Retirement System
Last Nine Fiscal Years

	2023	2022	2021	2020	2019
University's proportion of the net pension liability	2.4042%	2.2999%	2.4629%	2.4129%	2.6674%

University of Central Missouri
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Schedule of University Pension Contributions
Missouri State Employees' Retirement System
Last Nine Fiscal Years

	2023	2022	2021	2020	2019
Contractually required contribution	\$ 13,481,020	\$ 11,275,376	\$ 10,606,366	\$ 10,631,882	\$ 9,449,254
Contributions in relation to the contractually required contribution	<u>13,481,020</u>	<u>11,275,376</u>	<u>10,606,366</u>	<u>10,631,882</u>	<u>9,449,254</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 51,200,229	\$ 47,959,911	\$ 46,356,483	\$ 48,837,309	\$ 46,755,339
Contributions as a percentage of covered-employee payroll	26.33%	23.51%	22.88%	21.77%	20.21%
	2018	2017	2016	2015	
Contractually required contribution	\$ 10,099,301	\$ 9,690,708	\$ 9,333,841	\$ 8,946,847	
Contributions in relation to the contractually required contribution	<u>10,099,301</u>	<u>9,690,708</u>	<u>9,333,841</u>	<u>8,946,847</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
University's covered-employee payroll	\$ 51,924,427	\$ 56,998,231	\$ 55,002,021	\$ 50,573,280	
Contributions as a percentage of covered-employee payroll	19.45%	17.00%	16.97%	17.69%	

Notes

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

Benefit Changes

Senate Bill 62 (SB 62), which contained changes to the benefit structure for MSEP 2011, was passed by the 2017 legislature. The provision 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.

During the MOSERS plan year ended June 30, 2017, the vesting requirements were changed for the MSEP 2011 plan from 10 years of credit service to 5 years for members employed on or after January 1, 2018. There were no other changes in benefit terms during the MOSERS plan year ended June 30, 2017, that affected the measurement of total pension liability.

There were no changes to benefit terms for MOSERS for the other years presented above.

University of Central Missouri
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Schedule of University Pension Contributions
Missouri State Employees' Retirement System
Last Nine Fiscal Years

Changes of Assumptions

There were no changes to actuarial assumptions used in the June 30, 2022, valuation.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study covering the five-year period ended June 30, 2020, and performed in 2021. As a result of this actuarial experience study, the MOSERS Board made certain actuarial assumption and method changes as a result of the experience study, including:

- Subsequent changes in the unfunded actuarial accrued liability due to actuarial gains/losses or assumption changes are now amortized over a closed 25-year period, instead of 30 years.
- Mortality assumptions are now based on generational tables.

The merit component of the salary increase assumption was adjusted to partially reflect observed experience.

The assumed investment rate of return was reduced from 7.10 percent to 6.95 percent for the June 30, 2020, valuation. The salary increase rate was reduced from 2.85 percent to 2.75 percent.

The wage inflation rate was reduced from 2.35 percent to 2.25 percent. There were no other changes in actuarial assumptions for the June 30, 2020, valuation.

The assumed investment rate of return was reduced from 7.25 percent to 7.10 percent for the June 30, 2019, valuation. The salary increase rate was reduced from 3.00 percent to 2.85 percent.

The wage inflation rate was reduced from 2.50 percent to 2.35 percent. There were no other changes in actuarial assumptions for the June 30, 2019, valuation.

The assumed investment rate of return was reduced from 7.50 percent to 7.25 percent for the June 30, 2018, valuation. The salary increase rate was reduced from 3.25 percent to 3.00 percent. The wage inflation rate was reduced from 3.00 percent to 2.50 percent. There were no other changes in actuarial assumptions for the June 30, 2018, valuation.

The assumed investment rate of return was reduced from 7.65 percent to 7.50 percent for the June 30, 2017, valuation. There were no other changes in actuarial assumptions for the June 30, 2017, valuation.

University of Central Missouri
A Component Unit of the State of Missouri
Schedule of University Pension Contributions
Missouri State Employees' Retirement System
Last Nine Fiscal Years

Actuarial assumptions used in the June 30, 2016, valuation were changed as follows:

Salary increases:	3.25 percent to 8.75 percent including inflation
Wage inflation:	3.00 percent
Investment rate of return:	7.65 percent
Post-retirement mortality tables:	RP-2014 Healthy Annuitant projected to 2026 with Scale MP-2015 and scaled by 120 percent
Pre-retirement mortality tables:	RP-2014 Employee projected to 2026 with Scale MP-2015 and scaled by 95 percent for males and 90 percent for females

There were no changes to actuarial assumptions used in the June 30, 2015, valuation, other than the assumption that there would be no pay increases for fiscal year ended June 30, 2016. There were no changes to actuarial assumptions used in the June 30, 2014, valuation.

University of Central Missouri
A Component Unit of the State of Missouri
Schedule of Changes in the University's Total OPEB Liability and Related Ratios
Last Six Fiscal Years

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	\$ 12,085	\$ 18,233	\$ 18,444	\$ 10,703	\$ 9,763
Interest	99,705	68,683	105,604	105,976	123,163
Differences between expected and actual experience	89,912	(359,492)	(676,747)	91,527	(127,704)
Changes of assumptions or other inputs	30,389	(382,399)	155,902	561,204	75,900
Benefit payments	(213,000)	(220,000)	(241,000)	(255,000)	(308,487)
Net Change in Total OPEB Liability	19,091	(874,975)	(637,797)	514,410	(227,365)
University's Total OPEB Liability - Beginning	2,650,964	3,525,939	4,163,736	3,649,326	3,876,691
University's Total OPEB Liability - Ending	\$ 2,670,055	\$ 2,650,964	\$ 3,525,939	\$ 4,163,736	\$ 3,649,326
Covered-Employee Payroll	\$ 59,952,507	\$ 59,952,507	\$ 55,328,223	\$ 55,328,223	\$ 55,605,898
University's Net OPEB Liability as a Percentage of Covered-Employee Payroll	4.45%	4.42%	6.37%	7.53%	6.56%
	2018				
Total OPEB Liability					
Service cost	\$ 9,121				
Interest	130,106				
Differences between expected and actual experience	-				
Changes of assumptions or other inputs	33,313				
Benefit payments	(226,756)				
Net Change in Total OPEB Liability	(54,216)				
University's Total OPEB Liability - Beginning	3,930,908				
University's Total OPEB Liability - Ending	\$ 3,876,692				
Covered-Employee Payroll	\$ 55,605,898				
University's Net OPEB Liability as a Percentage of Covered-Employee Payroll	6.97%				

University of Central Missouri
A Component Unit of the State of Missouri
Schedule of Changes in the University's Total OPEB Liability and Related Ratios
Last Six Fiscal Years

Notes

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

Benefit Changes

There were no changes to benefit terms of the years ended June 30, 2018 through 2023.

Changes of Assumptions

Actuarial assumptions used in the June 30, 2023, valuation were changed as follows:

- The salary scale assumption was revised from 3.0 percent to 2.5 percent per year.
- The discount rate changed from 3.9 percent to 4.0 percent.
- The retiree per capita costs, retiree contribution premiums, and trend assumptions were updated as part of the actuarial evaluation. The January 1, 2023, renewal was taken into account.

Actuarial assumptions used in the June 30, 2022, valuation were changed as follows:

- The salary scale assumption was revised from 3.5 percent to 3.0 percent per year.
- The discount rate changed from 2.0 percent to 3.9 percent.
- The census was changed for January 1, 2020, to January 1, 2022.
- The mortality assumption was changed from Society of Actuaries Scale MP-2020 Full Generational Improvement to the Society of Actuaries Scale MP-2021 full Generational Improvement.
- The retiree per capita costs, retiree contribution premiums, and trend assumptions were updated as part of the actuarial evaluation. The January 1, 2022, renewal was taken into account.
- The assumed retirement and turnover were updated based on the latest pension report data from the Missouri State Employees' Retirement System (MOSERS).

Actuarial assumptions used in the June 30, 2021, valuation were changed as follows:

- The salary scale assumption was revised from 2.0 percent to 3.5 percent per year.
- The discount rate changed from 2.6 percent to 2.0 percent.

University of Central Missouri
A Component Unit of the State of Missouri
Schedule of Changes in the University's Total OPEB Liability and Related Ratios

University of Central Missouri
A Component Unit of the State of Missouri
Schedule of Changes in the University's Total OPEB Liability and Related Ratios
Last Six Fiscal Years

- The assumed healthy life mortality was updated to reflect the Society of Actuaries RPH-2014 adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2017 Full Generational Improvement.
- The per capita costs, retiree contribution premiums, and trend assumptions were updated as part of the actuarial evaluation.
- The discount rate was changed from 3.50 percent (July 1, 2015) to 3.40 percent (July 1, 2017) and ultimately 3.0 percent when rolled forward to the measurement date of June 30, 2019. It is assumed that 1 percent of future employees retiring at > Age 65 will elect coverage in the University's program. Future employees retiring at < Age 65 assumed not to elect University sponsored coverage.
- The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal - Level Percent of Pay.
- The assumed salary scale is 2 percent per year.

Actuarial assumptions used in the June 30, 2018, valuation were changed as follows:

- The retirement, disability, and turnover assumptions were updated when applicable based on the latest statistics from MOSERS.
- The assumed healthy life mortality was updated to reflect the Society of Actuaries RPH-2014 adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2017 Full Generational Improvement.
- The per capita costs, retiree contribution premiums, and trend assumptions were updated as part of the actuarial evaluation.
- The discount rate was changed from 3.50 percent (July 1, 2015) to 3.40 percent (July 1, 2017) and ultimately 3.30 percent when rolled forward to the measurement date of June 30, 2018.
- It is assumed that 1 percent of future employees retiring at > Age 65 will elect coverage in the University's program. Future employees retiring at < Age 65 assumed not to elect University sponsored coverage.
- The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal – Level Percent of Pay.
- The assumed salary scale is 2 percent per year.

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
Year Ended June 30, 2023

Revenues

Foundation Suite Revenue (Chart C)	\$	59,626
(100010-150150-550020-5200)		
Walton Stadium		
Building rent income		3,000

University of Central Missouri
A Component Unit of the State of Missouri
Student Housing System
Condensed Statement of Revenues, Expenses,
and Changes in Net Position
Year Ended June 30, 2023

Operating Revenues

Housing, net of bad debt expense	\$ 17,792,667
Bookstore, net of bad debt expense	3,323,828
University union fee	2,407,477

University of Central Missouri
A Component Unit of the State of Missouri
Student Housing System
Condensed Statement of Revenues, Expenses,
and Changes in Net Position
Year Ended June 30, 2023

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
Student Housing System
Insurance Coverage
June 30, 2023

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, 2023:

- 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. Th), 1ge on8.2 -Ewlwbuil62hi21 TcTJ9.6202 captive retention layer of \$1,000,000 per occurrence and \$7,850,693 aggregate through the Midwestern

2

layer.

3

University of Central Missouri
A Component Unit of the State of Missouri
Student Housing System
Insurance Coverage
June 30, 2023

	Amount of Coverage	
	Building	Contents
Residential complex (included in blanket figures)		
Diemer Hall	\$ 7,188,646	\$ 155,678
South Ellis Hall	11,944,296	198,525
East Ellis Hall	14,057,637	218,521
North Ellis Hall	15,215,442	267,081
Foster Knox Hall	9,819,938	352,775
University Conference Center	13,359,780	400,229
Hosey Hall	8,506,640	387,053
Nickerson Hall	11,115,177	311,358
Panhellenic Hall	11,763,339	455,610
South Todd Hall	3,133,713	164,248
Todd Hall	9,568,728	465,608
South Yeater Hall	17,054,456	484,173
Yeater Hall	10,286,601	311,358
Houts Hall	8,857,539	434,187
Fitzgerald Hall	17,877,255	552,730
Apartment (included in blanket figures)		
Greenwood 4-Plex #2	578,948	11,427
Greenwood 4-Plex #3	578,948	11,427
Greenwood 4-Plex #4	578,948	11,427
Greenwood 4-Plex #6	578,948	11,427
Greenwood 4-Plex #8	578,948	11,427
Greenwood 4-Plex #10	578,948	11,427
Greenwood 4-Plex #12	578,948	11,427

University of Central Missouri
A Component Unit of the State of Missouri
Student Housing System
Enrollment and Occupancy Statistics
Year Ended June 30, 2023

	Amount of Coverage	
	Building	Contents
<i>Apartments (included in blanket figures - continued)</i>		
Greenwood 4-Plex #13	\$ 578,948	\$ 11,427
Greenwood 4-Plex #14	578,948	11,427
Greenwood 4-Plex #16	538,557	11,533
Greenwood Handicap Unit	316,518	5,713
Greenwood VIP Unit	293,910	8,552
Greenwood Community Center	696,775	44,427
Central Village 8-Plex #1	1,655,285	24,280
Central Village 8-Plex #2	1,146,736	24,280
Central Village 8-Plex #3	1,655,285	24,280
Central Village 8-Plex #4	1,146,306	24,280
Central Village 8-Plex #5	1,655,285	24,280
Central Village 8-Plex #6	1,146,736	24,480
Central Village Community Building	835,198	24,473
Central Village 8-Plex #8	1,146,736	24,280
Central Village 8-Plex #9	1,146,736	24,280
Central Village 8-Plex #10	1,146,736	24,280
Central Village 8-Plex #12	1,146,736	24,280
The Crossing	49,692,455	3,277,196
<i>Stadium</i>		
Walton Stadium	11,608,265	2,361,997
Walton Stadium Field	1,467,248	-
<i>Other (included in blanket figures)</i>		
University Union	42,940,436	4,521,221
Ellis Mechanical Building	297,841	1,235,859
Greenwood Morton Building	179,642	-
<i>Liability insurance</i>		
Covered under the State Legal Expense Fund		

University of Central Missouri
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
Student Financial Assistance Cluster				
Teacher Education Assistance for College and Higher Education Grants	84.379	NA	\$ -	\$ 65,051
Federal Supplemental Educational Opportunity Grants	84.007	NA	-	144,819
Federal Work-Study Program	84.033	NA	-	291,912
Federal Pell Grants	84.063	NA	-	9,743,446
Federal Direct Student Loans	84.268	NA	-	29,673,606
Federal Perkins Loan Program	84.038	NA	-	2,133,318
Total Student Financial Assistance Cluster			-	42,052,152

University of Central Missouri
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Pass-Through

University of Central Missouri
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Comprehensive Literacy Development MO Comprehensive State Literacy Development (CLSD)	84.371C	PL 111-117	\$ -	\$ 440,919
U.S. Department of Education / National Writing Project Supporting Effective Instruction State Grants				

University of Central Missouri
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
National Science Foundation Research and Development Cluster STEM Education MoLSAMO	47.076	NA	\$ -	\$ 12,552

University of Central Missouri
A Component Unit of the State of Missouri
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of University of Central Missouri under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of University of Central Missouri, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note 2: Summary of Significant Accounting Policies

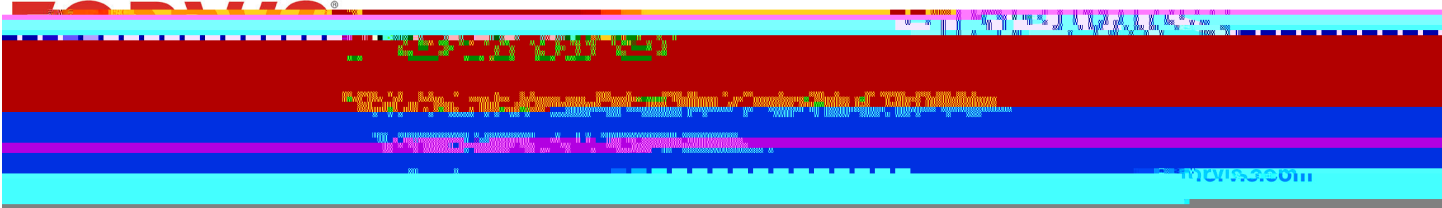
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

University of Central Missouri has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Federal Loan Programs

Federal Direct Student Loan balances are not included in University of Central Missouri's financial statements. Loans disbursed during the year are included in federal expenditures presented in the Schedule. The federal loan programs administered subsequently are administered directly by University of



Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

Board of Governors
University of Central Missouri
Warrensburg, Missouri

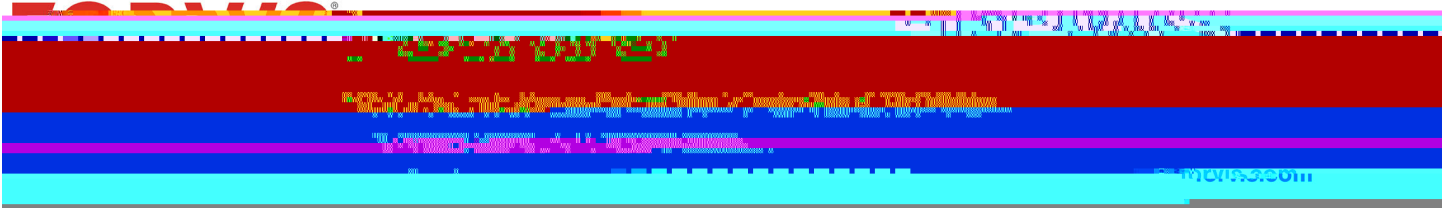
We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the discretely presented component unit of University of Central Missouri (the “University”), collectively a component unit of the state of Missouri, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University’s basic final financial statements, and have issued our report thereon dated December 15, 2023. Our report contained emphasis of matter paragraphs regarding a change in accounting principle and restatement of the 2022 financial statements. The financial statements of University of Central Missouri Foundation, which are included in the University’s financial statements as a discretely presented component unit, were not audited in accordance with Government Auditing Standards and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with University of Central Missouri Foundation.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control. Accordingly, we do not express an opinion on the effectiveness of the University’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003, 2023-004, and 2023-005 that we consider to be material weaknesses.



Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Governors
University of Central Missouri
Warrensburg, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited University of Central Missouri's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the University of Central Missouri's major federal programs for the year ended June 30, 2023. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, University of Central Missouri complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness

University of Central Missouri
A Component Unit of the State of Missouri
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2023

Section II – Financial Statement Findings

Reference
Number

Finding

2023-001

Criteria - Management is responsible for establishing and maintaining effective internal control over financial reporting.

Condition - The University receives funding for certain capital projects from donor funds raised and maintained by the University of Central Missouri Foundation. At June 30, 2023, and in prior years, the University did not properly record contributions from the Foundation for capital projects and the related receivable balances. Audit adjustments were proposed and recorded to remove the receivable balance carried forward from prior years and record the amounts receivable from the Foundation for capital projects completed by the University.

Cause - The University does not have a consistent and repetitive process in place to record amounts receivable from University of Central Missouri Foundation for capital projects funded by donors. The University had carried forward a receivable balance that was collected from the Foundation in a prior year. The University's Facilities Planning & Operations team periodically requests reimbursement from the Foundation for completed projects with donor funding held by the Foundation. These reimbursement requests are not recorded as a reduction of the related receivables by the University when accepted by the Foundation.

Effect or potential effect - Contribution revenue and the amounts due from the Foundation were not properly recognized in the financial statements.

Recommendation - We recommend the University reconcile amounts receivable from the Foundation with Foundation at least quarterly.

Views of responsible officials and planned corrective actions - UCM agrees with the auditor's recommendations and the following action will be taken to improve the process. Before the Fixed

University of Central Missouri
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Reference
Numbe

University of Central Missouri
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Reference
Number

Finding

2023-003

Criteria - Management is responsible for establishing and maintaining effective internal control over financial reporting.

Condition - The University has applied for grant funding through Federal Emergency Management Agency's public assistance disaster grants. Revenue was recognized in 2022 and 2023 under FEMA disaster grant programs and these funds were reported on the University's schedule of expenditures of federal awards. The University's initial request for funding under these FEMA programs is pending in FEMA's grantee portal. As FEMA's grantee portal does not show these funds as obligated, no approved grant award is in place at year end and therefore grant revenue cannot be recognized or federal expenditures presented in the schedule of expenditures of federal

University of Central Missouri
A Component Unit of the State of Missouri
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2023

Reference
Number

Finding

2023-004	<p>Criteria - Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition - The University received federal funding through the Missouri Department of Transportation for the expansion of the Skyhaven Airport. These specific federal grant funded programs were completed in fiscal year 2021. In prior fiscal years, the University recognized grant revenue in excess of the funding provided through MODOT and carried the receivable balance through fiscal years 2021, 2022 and 2023. These overstatements of grant revenue also resulted in</p>
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University of Central Missouri
A Component Unit of the State of Missouri
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2023

Reference
Number

Finding

2023-005

Criteria - Management is responsible for establishing and maintaining effective internal control over financial reporting.

Condition - The University's reported net position restricted for loans has not included the amounts repaid to the Department of Education therefore overstating the restricted portion of net position. As the portfolio of Federal Perkins Loans are paid down by borrowers, the University is making annual repayments of the federal contribution to the Perkins Loan program. An audit adjustment was proposed and recorded to correct the classification of net position at June 30, 2023, and prior years.

Cause - When calculating the amount of net position restricted for loans, the University did not consider amounts repaid to the Department of Education.

Effect or potential impact - The University's reported net position restricted for loans is overstated by the amount of amounts repaid to the Department of Education.

University of Central Missouri
A Component Unit of the State of Missouri
 Summary Schedule of Prior Audit Findings
 Year Ended June 30, 2023

Reference Number	Finding	Status
2022-001	<p style="text-align: center;">Significant Deficiency - Financial Statement Findings</p> <p>Criteria - According to the Code of Federal Regulations, the auditee must prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements which must include the total federal awards provided.</p> <p>Condition - Federal expenditures originally provided to us for ALN No. 20.106 were overstated because the matching portion of expenditures was not removed from federal expenditures as reported on the schedule of expenditures of federal awards. Federal expenditures originally provided to us for ALN No. 97.036 were overstated because the University reported federal expenditures for this grant prior to the awarding agency approving the University's grants.</p> <p>Context - While reconciling the schedule of expenditures of federal awards to the financial records, we discovered costs being reported as federal expenditures that did not consider the University's matching portion or that were not supported by a properly approved grant before being listed on the schedule.</p> <p>Effect - Improperly reported amounts of federal expenditures on the schedule of expenditures of federal awards required us to adjust the schedule to reflect actual federal expenditures. In addition the University requested reimbursement from the State of Missouri for these same amounts.</p> <p>Cause - The University did not have proper processes and related controls in place to</p>	<p>Not corrected. See Findings 2023-003 & 2023-004</p>

University of Central Missouri
A Component Unit of the State of Missouri
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

Reference
Number

Finding

2022-002

Federal Assistance List