




Lincoln University

A Component Unit of the State of Missouri

Independent Auditor's Report and Financial Statements

June 30, 2024 and 2023



Lincoln University
A Component Unit of the State of Missouri
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June 30, 2024 and 2023

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Independent Auditor's Report

Board of Curators
Lincoln University
Jefferson City, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lincoln University (the "University"), a component unit of the State of Missouri, as of and for the years ended June 30, 2024 and 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 financial position of Lincoln University as of June 30, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 audits. We believe that the audits' evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The Auxiliary System Revenue Fund – Schedules of Revenues and Expenses and the Athletic Facilities Revenue Fund – Schedule of Revenues and Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

Springfield, Missouri
October 30, 2024

Lincoln University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
Years Ended June 30, 2024 and 2023

The objective of management's discussion and analysis is to help readers of Lincoln University's financial statements better understand the financial position and operating activities for the years ended June 30, 2024 and 2023, with selected comparative information for the year ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and related footnotes to the financial statements.

Lincoln University

Lincoln University is an academic institution that is part of the State of Missouri system of higher education. Founded in 1866 through the cooperative efforts of the enlisted men and officers of the 62nd and 65th Colored Infantries, Lincoln University was designed to meet the educational and social needs of freed African Americans. While remaining committed to this purpose, the University has expanded its historical mission to embrace the needs of a significantly broader higher education population. Our current mission statement further delineates the University's character and historical nature:

Lincoln University is a historically black, 1890 land-grant, public, comprehensive institution that provides excellent educational opportunities including theoretical and applied learning experiences to a diverse population within a nurturing, student-centered environment.

Academic Programs

The academic programs of the University are organized under three Colleges: the College of Arts and Sciences, the College of Professional Studies and the College of Agriculture, Environmental and Human Sciences, along with the Office of Graduate Studies. During fiscal year 2024, Lincoln University offered eight undergraduate degrees: Bachelor of Arts (B.A.), Bachelor of Liberal Studies (B.L.S.), Bachelor of Science (B.S.), Bachelor of Science in Education (B.S.Ed.), and Bachelor of Science in Nursing (B.S.N.), Associate of Arts (A.A.), Associate of Applied Science (A.A.S.) and Associate of Science (A.S.).

The Office of Graduate Studies coordinates all graduate programs. The Master of Business Administration (M.B.A.) degree programs are offered using an online modality. The University offers five graduate degrees: Master of Arts (M.A.) with majors in history, higher education (HBCU), sociology and sociology/criminal justice; Master of Education (M.Ed.) with majors in curriculum & instruction and guidance & counseling; Master of Business Administration (M.B.A.) with an emphasis in agribusiness, management, accounting, public administration/policy and management information systems; Master of Science (M.S.) in natural sciences and sustainable agriculture.

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Years Ended June 30, 2024 and 2023

Using the Annual Financial Report

The University's financial statements consist of a series of financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). A summary of significant accounting policies followed by the University is included in *Note 1* to the financial statements of this report.

The Statement of Net Position - This statement presents information on all University assets, deferred outflows, liabilities and deferred inflows. Assets and liabilities are generally measured using current values. One notable exception is the capital assets, which are stated at historical cost less an allowance for depreciation.

Statement of Revenues, Expenses and Changes in Net Position - This statement presents a summary of revenues and expenses classified as either operating or nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The operating deficit is primarily a result of the classification of state appropriations as nonoperating revenue. Also, this statement reflects a change in the University's net position based upon expenses in excess of revenues.

Statement of Cash Flows - This statement classifies cash inflows and outflows into the following classifications: operating activities, noncapital financing activities, capital and related financing activities and investing activities. This information is useful in assessing the University's ability to meet maturing financial obligations.

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Management's Discussion and Analysis
Years Ended June 30, 2024 and 2023

Statement of Net Position

A summarized comparison of the University's assets, liabilities, and net position at June 30, 2024, 2023, and 2022, is as follows:

Net Position, End of Year

	2024	2023	2022
	(In Millions)		
Assets and Deferred Outflows of Resources			
Current assets	\$ 58.8	\$ 44.3	\$ 38.5
Capital assets, net	96.4	87.6	88.9
Right to use assets, net	1.3	1.6	1.1
Lease receivable	0.5	0.5	0.7
Other noncurrent assets	2.8	14.5	20.3
Deferred outflows of resources	<u>11.5</u>	<u>9.4</u>	<u>7.2</u>
Total assets and deferred outflows of resources	<u>\$ 171.3</u>	<u>\$ 157.9</u>	<u>\$ 156.7</u>
Liabilities and Deferred Inflows of Resources			
Current liabilities	\$ 15.9	\$ 11.7	\$ 10.8
Noncurrent liabilities	68.1	71.2	59.9
Deferred inflows of resources related to pensions	2.7	0.4	8.3
Deferred inflows of resources related to leases	<u>0.5</u>	<u>0.5</u>	<u>0.6</u>
Total liabilities and deferred inflows of resources	<u>\$ 87.2</u>	<u>\$ 83.8</u>	<u>\$ 79.6</u>
Net Position			
Net investment in capital assets	\$ 92.4	\$ 85.3	\$ 75.5
Restricted – nonexpendable	0.2	0.2	0.3
Restricted – expendable	5.8	5.7	6.0
Unrestricted	<u>(14.3)</u>	<u>(17.1)</u>	<u>(4.7)</u>
Total net position	<u>\$ 84.1</u>	<u>\$ 74.1</u>	<u>\$ 77.1</u>

During the 2024 fiscal year, total assets and deferred outflows of resources increased by \$13.4 million, total liabilities and deferred inflows of resources increased by \$3.4 million. The total net position increased by \$10.0 million compared to fiscal year 2023. In fiscal year 2024, the University's current assets of \$58.8 million were sufficient to cover current liabilities of \$15.9 million. The current ratio of 3.7 decreased in 2024 as compared to 3.8 in 2023 and increased as compared to 3.6 in 2022.

Lincoln University
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Management's Discussion and Analysis
Years Ended June 30, 2024 and 2023

The University's liabilities and deferred inflows of resources totaled \$87.2 million at June 30, 2024, and \$83.8 million at June 30, 2023. Noncurrent liabilities totaled \$68.1 million in 2024 and \$71.2 million in 2023. Noncurrent liabilities are comprised of net pension liability as required by Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 71 (see *Note 9*), postemployment benefit liability as required by GASB Statement No. 75 (see *Note 10*), lease and subscription liabilities required by GASB Statements No. 87 and 96 (see *Note 7* and *Note 8*) as well as bonds and notes payable. Current liabilities increased by \$4.2 million due to an increase in liabilities associated with major construction projects and deferred revenue as relates to grants and contracts. The \$2.3 million increase in deferred inflows of resources related to pension is offset by a decrease in net pension liability of \$1.8 million.

The unrestricted portion of net position in 2024 was a negative \$14.3 million compared to a negative \$17.1 million in 2023. Unrestricted fund balance includes the noncash adjustments for post-retirement benefits outlined under GASB No. 68 and 75. The 2023 balance was impacted by the allocation of \$12.0 million from unrestricted fund balance to net invested in capital assets to support the renovation of Dawson Hall. Below is a chart that further outlines the unrestricted net position by fund.

Unrestricted Net Position by Fund

	2024	2023	2022
	(In Millions)		
General Fund	\$ 17.7	\$ 19.6	\$ 29.6
General Fund (GASB 68)	(42.5)	(44.2)	(41.9)
General Fund (GASB 75)	(0.4)	(0.5)	(0.4)
Auxiliary Fund	5.2	4.9	4.6
Restricted Fund	2.0	2.0	2.6
Endowment Fund	0.3	0.3	0.2
Plant Fund	3.4	0.8	0.6
Office of Institutional Advancement	0.0	0.0	0.0
Total unrestricted net position	\$ (14.3)	\$ (17.1)	\$ (4.7)

The general fund unrestricted net position decreased from \$19.6 million in 2023 to \$17.7 million in 2024. The decrease is primarily due to the allocation of \$6.3 million from the general unrestricted fund to net invested in capital assets to support the renovation of Dawson Hall.

In 2023, the general fund unrestricted net position decreased from \$29.6 million to \$19.6 million compared to 2022. The decrease is due to the allocation of \$12.0 million from the general unrestricted fund to net invested in capital assets to support the renovation of Dawson Hall.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the University's results of financial activity for the year.

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Management's Discussion and Analysis
Years Ended June 30, 2024 and 2023

A summarized comparison of the University's revenues, expenses, and changes in net assets for the years ended June 30, 2024, 2023, and 2022, is as follows:

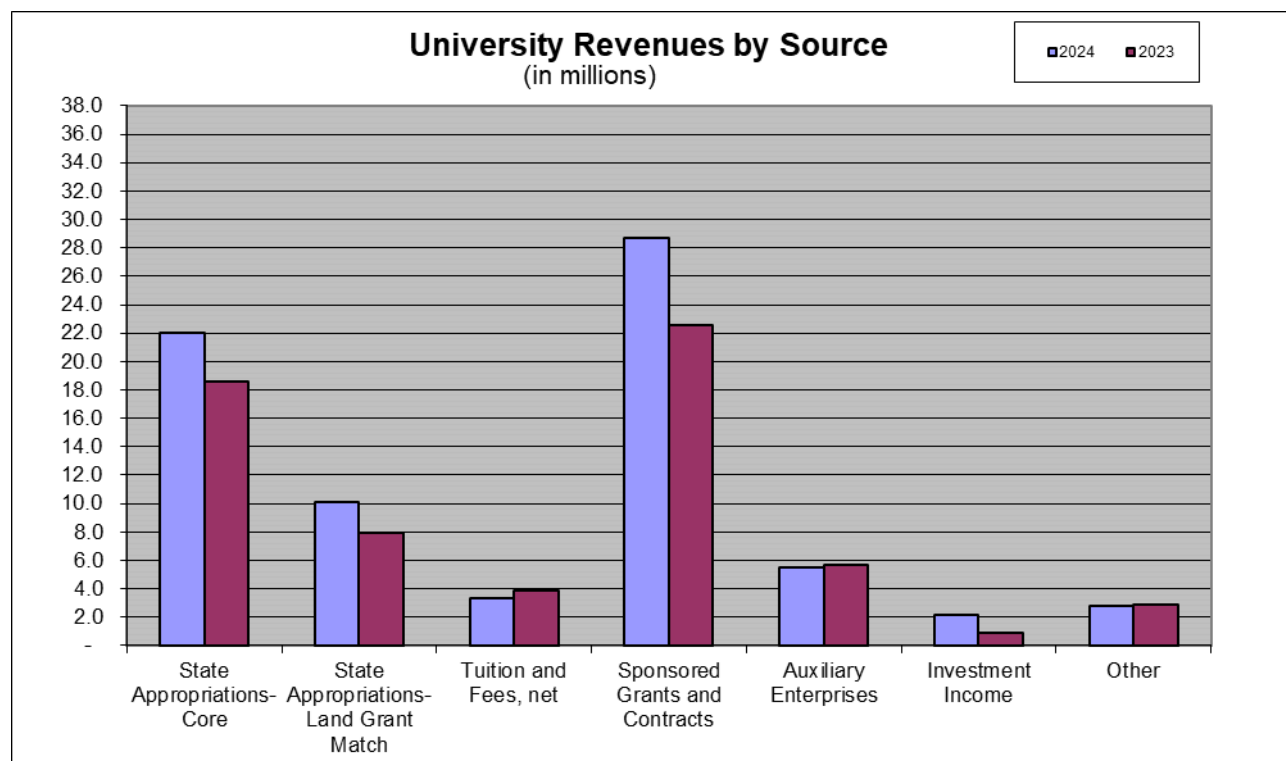
	2024	2023	2022
	(In Millions)		
Operating revenues	\$ 9.3	\$ 9.9	\$ 11.3
Operating expenses	<u>66.3</u>	<u>65.7</u>	<u>62.8</u>
Operating loss	<u>(57.0)</u>	<u>(55.8)</u>	<u>(51.5)</u>
Net nonoperating revenues	<u>63.8</u>	<u>51.9</u>	<u>61.4</u>
Income (loss) before other revenues, expenses, gains or losses	6.8	(3.9)	9.9
Capital appropriations	0.5	0.3	0.1
Capital grants and gifts	<u>2.7</u>	<u>0.5</u>	<u>(0.2)</u>
Increase (decrease) in net position	<u>10.0</u>	<u>(3.1)</u>	<u>9.8</u>
Net position, beginning of year	<u>74.1</u>	<u>77.2</u>	<u>67.4</u>
Net position, end of year	<u>\$ 84.1</u>	<u>\$ 74.1</u>	<u>\$ 77.2</u>

The total operating loss for fiscal year 2024 was \$57.0 million which was offset by nonoperating revenues of \$63.8 million. The largest component of nonoperating revenues is state appropriations followed by federal grants and contracts. Although these revenues support operating expenses, GASB mandates that these revenues be recorded as nonoperating revenues. An increase in operating expenses of \$0.6 million as well as an increase in net nonoperating revenues of \$11.9 million resulted in a gain of \$6.8 million in fiscal year 2024, an increase of \$10.7 million compared to fiscal year 2023. This is primarily due to an increase in state appropriations by \$4.7 million and an increase in federal grants and contracts by \$2.5 million in 2024 as compared to 2023. Operating revenues decreased by \$0.6 million in fiscal year 2024 primarily due to an increase in scholarship allowances. Operating expenses increased by \$0.6 million primarily due to an increase in contractual services, travel, and depreciation offset by a decrease in supplies and materials.

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Revenues (Operating and Nonoperating)

The following graph displays the components of the University's revenues for fiscal years 2024 and 2023:



As shown above, the largest component of total revenues (operating and nonoperating) is sponsored grants and contracts which surpassed core state appropriations in 2024 and 2023. Historically, core state appropriations were the University's largest revenue source, and currently making up 29% of University revenues in 2024 and 30% in 2023. For fiscal year 2024, the University was appropriated \$22.0 million, net of 3% reserves, compared to \$18.6 million, net of 3% reserves, appropriated in 2023.

For fiscal year 2024, student tuition and fees revenue of \$3.3 million is shown net of \$9.1 million in scholarship allowances, \$3.7 in tuition discounts, and \$0.5 million in bad debt expense. For fiscal year 2023, student tuition and fees revenue of \$3.9 million is shown net of \$8.5 million in scholarship allowances, \$3.1 million in tuition discounts, and \$0.3 million in bad debt expense.

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The following table represents the details of the University's grants and contracts revenue for the year ended June 30, 2024:

Federal sources	
Department of Agriculture	\$ 11,465,140
Department of Education (excluding financial aid)	8,906,406
Department of Defense	313,600
Department of Health and Human Services	316,586
National Aeronautics and Space Administration	227,489
National Science Foundation	400,327
Other Federal Sources	<u>1,716,514</u>
Total federal sources	<u>\$ 23,346,062</u>

Operating Revenues

The following table summarizes the University's operating revenues by source for the years ended June 30, 2024, 2023, and 2022:

Operating Revenues

	2024	2023	2022
	(In Millions)		
Tuition and fees, net	\$ 3.3	\$ 3.9	\$ 5.0
Grants and contracts	0.3	0.3	0.2
Sales and services of educational activities	0.0	0.0	0.1
Auxiliary enterprises, net	5.3	5.5	4.8
Other	<u>0.4</u>	<u>0.2</u>	<u>1.2</u>
Total operating revenues	<u>\$ 9.3</u>	<u>\$ 9.9</u>	<u>\$ 11.3</u>

In fiscal year 2024, operating revenues decreased from fiscal year 2023. Tuition and fees declined by \$0.6 million due to an increase in scholarship allowances, tuition discounts, and bad debt expense. Auxiliary enterprises decreased by \$0.2 million from fiscal year 2023.

In fiscal year 2023, operating revenues decreased from fiscal year 2022. Tuition and fees declined by \$1.1 million due to an increase in scholarship allowances. Auxiliary enterprises increased by \$0.7 million from fiscal year 2022 due to an increase in occupancy on campus. Other operating revenues decreased by \$1.0 million in 2023 as compared to 2022 due to substantial insurance proceeds received in 2022.

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Operating Expenses

The following table summarizes the University's operating expenses for the years ended June 30, 2024, 2023, and 2022:

Operating Expenses

	2024	2023	2022
	(In Millions)		
Compensation	\$ 25.8	\$ 23.5	\$ 22.2
Benefits	8.6	10.7	8.7
Contractual services	15.7	14.3	11.0
Supplies and materials	2.1	3.0	2.1
Depreciation and amortization	7.8	7.7	7.0
Utilities/communications	2.2	2.3	2.3
Scholarships and fellowships	0.3	0.3	6.4
Other	<u>3.8</u>	<u>3.9</u>	<u>3.1</u>
Total operating expenses	<u>\$ 66.3</u>	<u>\$ 65.7</u>	<u>\$ 62.8</u>

Operating expenses in 2024 increased to \$66.3 million from \$65.7 million in 2023. The largest components of operating expenses are compensation and contractual services. Compensation increased by \$2.3 million compared to 2023 while benefits decreased by \$2.1 million primarily due to a decreased expense associated with GASB No. 68. Contractual services increased by \$1.4 million as compared to 2023. This increase was primarily due to outsourced services including facilities management, legal services, and marketing and communications.

Operating expenses in 2023 increased to \$65.7 million from \$62.8 million in 2022. The largest components of operating expenses are compensation and benefits followed by contractual services. The increase in benefits is primarily due to an increased expense associated with GASB No. 68 of \$1.9 million. Contractual services increased by \$3.3 million due to higher expenses associated with outsourced services such as marketing and communications, legal services, facilities management, and food services.

In addition to their natural (object) classification, it is also informative to review operating expenses by function. A comparative summary of the University's expenses by functional classification for the years ended June 30, 2024, 2023, and 2022, is as follows:

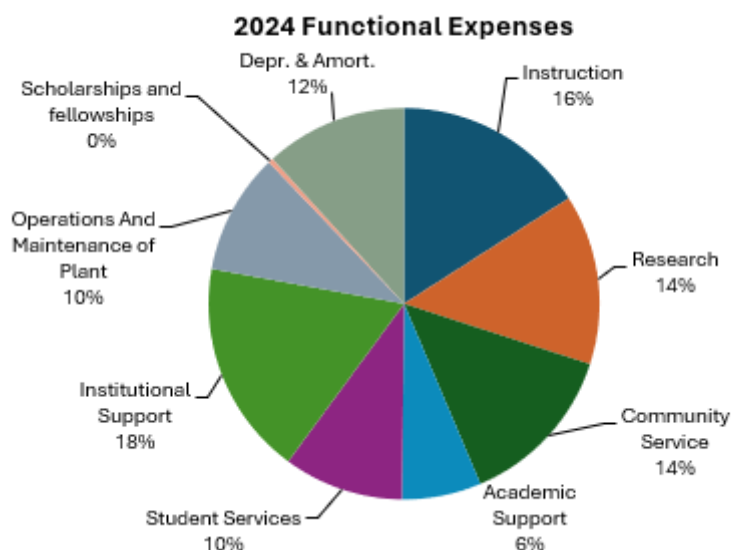
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Expenses by Functional Category

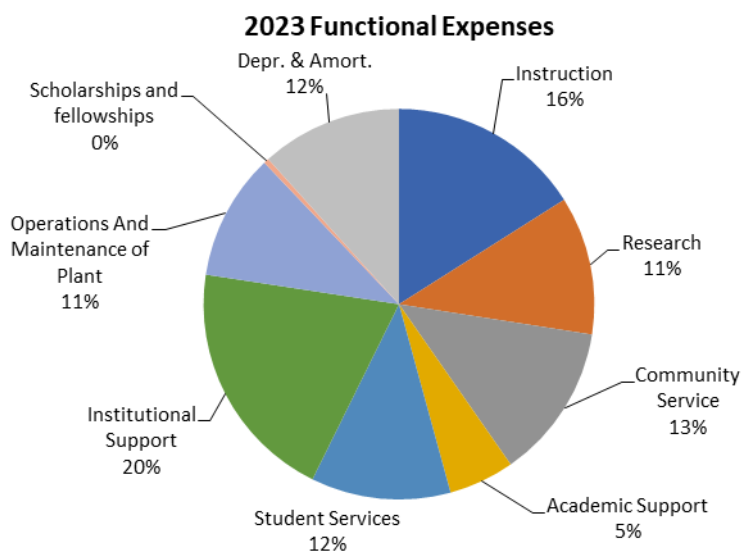
	2024	2023	2022
	(In Millions)		
Instruction	\$ 10.6	\$ 10.5	\$ 9.9
Research	9.3	7.5	6.7
Community service	9.0	8.4	7.4
Academic support	4.3	3.6	3.1
Student services	6.6	7.6	6.1
Institutional support	11.8	13.2	11.0
Operations and maintenance of plant	6.6	6.9	5.2
Scholarships and fellowships	0.3	0.3	6.4
Depreciation and amortization	7.8	7.7	7.0
Total expenses	\$ 66.3	\$ 65.7	\$ 62.8

The University's total operating expenses directly support the mission of the University: instruction, research and community service. In 2024, the total of these three categories was \$28.9 million or 43.6% of the total expenses compared to \$26.4 million or 40.2% of total expenses in 2023. Instruction and institutional support are the largest components of expenses by functional category. In fiscal year 2024, instruction expense increased by \$0.1 million while institutional support decreased by \$1.4 compared to fiscal year 2023. The increase of \$0.6 million in community service and \$1.8 million in research was due to the receipt of increased land-grant match funding from the state.

The following graphic illustrations present total expenses by function:



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Nonoperating Revenues and Expenses

The following table summarizes the University's nonoperating revenues and expenses for the years ended June 30, 2024, 2023, and 2022:

Nonoperating Revenues and Expenses

	2024	2023	2022
	(In Millions)		
State appropriations	\$ 31.3	\$ 26.6	\$ 22.6
Federal grants and contracts	26.8	21.8	36.7
State grants and contracts	1.6	0.5	0.2
Interest on indebtedness	(0.7)	(0.7)	(0.7)
Investment income	2.2	0.9	(0.7)
Other	<u>2.6</u>	<u>2.8</u>	<u>3.3</u>
Total nonoperating revenues and expenses	<u>\$ 63.8</u>	<u>\$ 51.9</u>	<u>\$ 61.4</u>

State appropriations are the largest component of the University's nonoperating revenues followed by federal grants and contracts. State appropriations increased by \$4.7 million in 2024 as the state increased the core appropriations from 2023 and fully funded the land grant match. Federal grants and contracts increased by \$5.0 million in 2024 primarily due to increased utilization of federal funds for research and programming. Investment income increased by \$1.3 million in 2024 due to higher interest rates as well as improved market conditions.

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Statement of Cash Flows

The primary purpose of the statement of cash flows is to provide information about the cash receipts and disbursements of an entity during a period. This statement also aids in the assessment of an entity's ability to generate future net cash flows, ability to meet obligations as they come due and needs for external financing.

The following table summarizes the University's cash flows for the years ended June 30, 2024, 2023, and 2022:

Cash Flows

	<u>2024</u>	<u>2023</u>	<u>2022</u>
	(In Millions)		
Cash Provided by (Used in)			
Operating activities	\$ (47.6)	\$ (45.0)	\$ (42.1)
Noncapital financing activities	57.3	58.5	59.8
Capital and related financing activities	(14.1)	(7.2)	(9.6)
Investing activities	<u>5.5</u>	<u>(2.9)</u>	<u>(12.0)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1.1	3.4	(3.9)
Cash and Cash Equivalents, Beginning of the Year	<u>14.6</u>	<u>11.2</u>	<u>15.1</u>
Cash and Cash Equivalents, End of the Year	\$ <u><u>15.7</u></u>	\$ <u><u>14.6</u></u>	\$ <u><u>11.2</u></u>

In fiscal year 2024, cash and cash equivalents increased by \$1.1 million compared to 2023. Approximately \$47.6 million of cash was used for operating activities, offset by \$57.3 million of cash provided by noncapital financing activities. Noncapital financing activities, as defined by GASB, include state appropriations and federal and state grants and contract revenues received for other than capital purposes.

The change in operating activities in 2024 was an overall increase in cash used of \$2.6 million. The change in operating activities primarily relates to the overall increase of \$4.1 million in cash used for payments to employees offset by a decrease in cash used for payments to supplies of \$1.2 million as well as an increase of \$0.2 million in cash provided by auxiliary enterprises.

There was a decrease in cash received from noncapital financing activities in 2024 of \$1.2 million. This change is a result of a decrease of \$5.7 million in gifts and grants for other than capital purposes offset by an increase of \$4.6 million in state appropriations.

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Investing activities changes were based on the value of investments purchased and those maturing in 2024 compared to 2023. Cash earned by investing activities in fiscal year 2024 was \$5.50 million compared to cash used by investments of \$2.9 million in 2023. This is an increase in cash earned of \$8.4 million. In 2024 the University purchased \$33.1 million more in investments than in 2023, while the sales of investments increased by \$40.2 million. Interest revenue increased by \$1.3 million in fiscal year 2024 compared to 2023 as a result of higher interest rates and improved market conditions.

The University's investment options are restricted to United States Treasury Securities, Government Sponsored Enterprises, collateralized public deposits, bankers' acceptances, commercial paper, and bank repurchase agreements collateralized by those obligations.

In fiscal year 2023, cash and cash equivalents increased by \$3.4 million compared to 2022. Approximately \$45.0 million of cash was used for operating activities, offset by \$58.5 million of cash provided by noncapital financing activities. Noncapital financing activities, as defined by GASB, include state appropriations and federal and state grants and contract revenues received for other than capital purposes.

The change in operating activities in 2023 was an overall increase in cash used of \$2.9 million. The change in operating activities relates to the overall decrease in cash received from insurance proceeds as well as an increase in cash paid to suppliers.

There was a decrease in cash received from noncapital financing activities in 2023 of \$1.3 million. The change in noncapital financing activities was affected by the expiration of HEERF funding as well as a decrease in gifts/contributions offset by an increase in state appropriations.

The decrease in cash used for capital and related financing activities in 2023 compared to 2022 was \$2.4 million due to a decrease in the purchase of capital assets.

Cash used by investing activities in fiscal year 2023 was \$2.9 million compared to \$12.0 million used in 2022. This is a decrease in cash used of \$9.1 million. The University purchased \$9.2 million less in investments in 2023, while the sale of investments also decreased by \$1.7 million. Interest revenue increased by \$1.5 million in fiscal year 2023 compared to 2022.

Capital Assets

At June 30, 2024, the University had approximately \$96.4 million invested in capital assets, net of accumulated depreciation of approximately \$142.3 million. At June 30, 2023, the University had approximately \$87.6 million invested in capital assets, net of accumulated depreciation of approximately \$136.0 million.

Depreciation charges for the current year totaled approximately \$7.0 million. The following table summarizes the University's capital assets, net of accumulated depreciation, as of June 30, 2024, 2023, and 2022.

Lincoln University
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Management's Discussion and Analysis
Years Ended June 30, 2024 and 2023

Capital Assets, Net

	2024	2023	2022
	(In Millions)		
Land and land improvements	\$ 6.6	\$ 6.7	\$ 6.9
Buildings	66.6	69.1	72.4
Furniture, fixtures, and equipment	8.2	7.8	7.3
Infrastructure	3.6	2.9	2.0
Library materials	0.0	0.1	0.1
Construction in progress	<u>11.4</u>	<u>1.0</u>	<u>0.2</u>
Total capital assets, net	<u>\$ 96.4</u>	<u>\$ 87.6</u>	<u>\$ 88.9</u>

Major Projects

A major project that began in fiscal year 2024, that is planned to be completed in late fiscal year 2025, includes a \$23 million renovation to Dawson Hall. The largest residential hall on campus, this 10-story building with 180 total rooms can house up to 360 students - roughly half of the current residential population on campus. This project is being funded by a combination of federal funding (\$5 million) and from the University fund balance (\$18 million). Dawson Hall is planned to reopen in the Fall of 2025. Most other capital projects are grant funded such as renovations to Leslie Plaza for security sciences. The University has also completed the planning phase and will start new construction of a \$45.5 million Health and Security Sciences Institute that will begin in late 2024. Construction is expected to be completed, and the building will be open for the Fall semester beginning in August 2026. This project includes the renovation of a majority of Elliff Hall. A portion of Elliff Hall was renovated in the Summer/Fall of 2024 for KJLU radio station which was funded with Title III grant funds.

Revenue Bonds

As of June 30, 2024, the University had approximately \$14.7 million in outstanding revenue bonds compared to \$15.7 million in 2023, a decrease of \$1.0 million.

Revenue Bond Debt

	2024	2023	2022
	(In Millions)		
Revenue bonds	<u>\$ 14.7</u>	<u>\$ 15.7</u>	<u>\$ 16.7</u>

Lincoln University
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Management's Discussion and Analysis
Years Ended June 30, 2024 and 2023

Student Enrollment

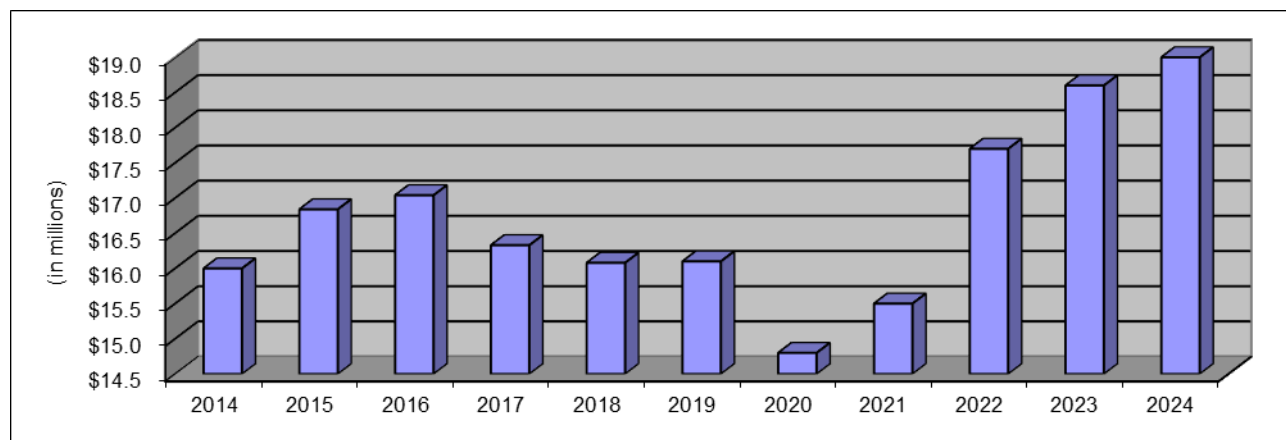
Following are highlights of student demographics for the fall 2023, 2022, and 2021 semesters of fiscal years 2024, 2023, and 2022, respectively.

	2024	2023	2022
Undergraduate	1,707	1,730	1,689
Graduate	<u>92</u>	<u>103</u>	<u>105</u>
Total students	<u>1,799</u>	<u>1,833</u>	<u>1,794</u>
Full-time	1,244	1,236	1,208
Part-time	555	597	586
Male	741	750	729
Female	1,058	1,083	1,065
Credit hours generated	20,667	20,631	21,058
Student full-time equivalent	1,388	1,388	1,415
Resident	632	655	615
Commuter	<u>1,167</u>	<u>1,178</u>	<u>1,179</u>
Total students	<u>1,799</u>	<u>1,833</u>	<u>1,794</u>
In-state	1,338	1,359	1,310
Out-state	342	386	407
International	<u>119</u>	<u>88</u>	<u>77</u>
Total students	<u>1,799</u>	<u>1,833</u>	<u>1,794</u>
Number of students in dual-credit courses	320	402	342
Total number of degrees conferred	278	258	308
Certificate programs	6	6	4
Associate degree programs	8	5	5
Bachelor degree programs	43	42	41
Graduate degree programs	<u>13</u>	<u>11</u>	<u>13</u>
Total programs	<u>70</u>	<u>64</u>	<u>63</u>

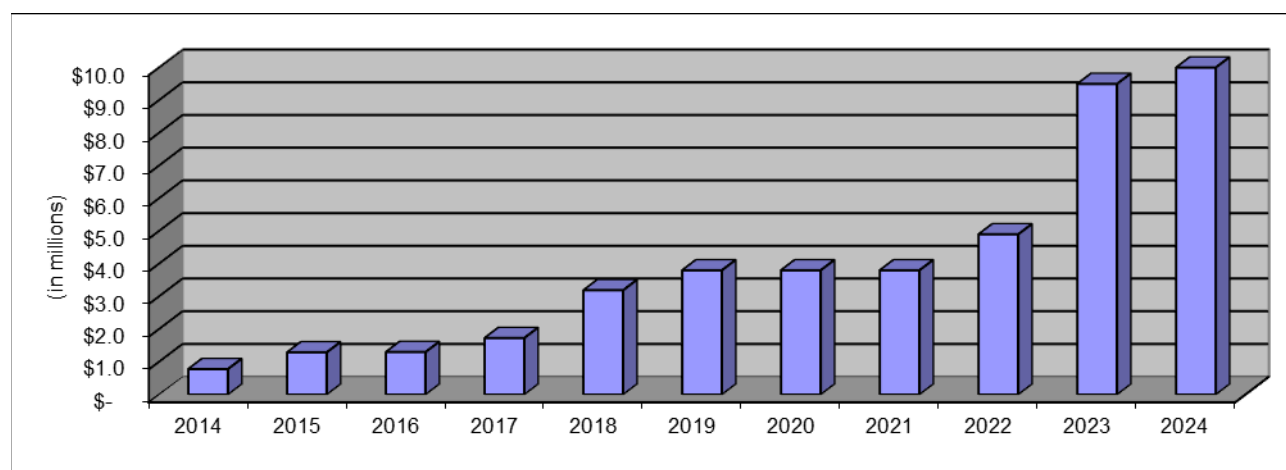
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Trends

Core State Appropriations by Fiscal Year



Land Grant Match State Appropriations by Fiscal Year

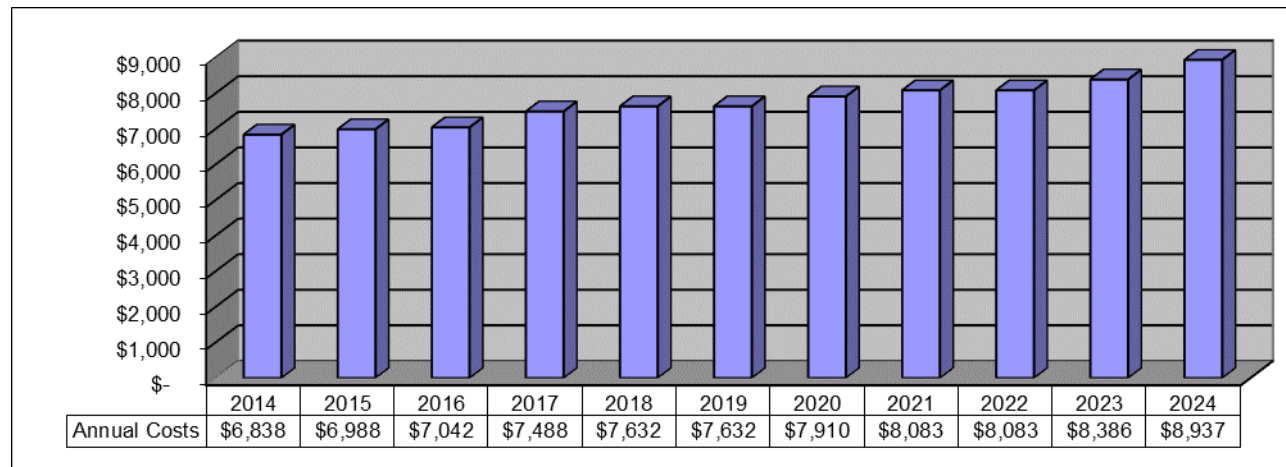


The University received approximately \$11.2 million in federal land grant capacity funding for fiscal year 2024. The land grant capacity funding must be matched on a dollar-for-dollar basis with state resources. In fiscal year 2024, the University received \$10.1 million in state appropriations for the land grant mission, leaving a match shortfall of \$1.1 million due to the increase in federal funding.

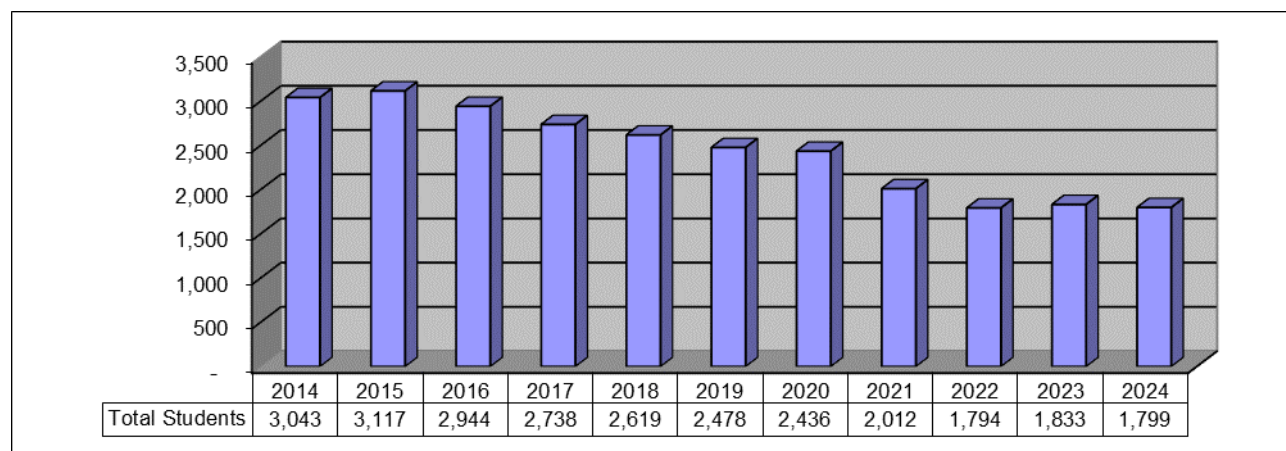
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Full-Time Resident Tuition and Required Fees per Year



Student Enrollment for Fall Semesters by Fiscal Year



Fiscal Year 2025 Outlook

General Fund Operating Budget

The Lincoln University Board of Curators approved a \$38.1 million general fund operating budget and a \$6.6 million auxiliary fund operating budget for fiscal year 2025. The fiscal year 2025 budget was built on an anticipated reduction in enrollment and a 3 percent increase in gross core state appropriations. The budget anticipated a 4 percent decrease in enrollment for the 2024-2025 academic year. This decline in enrollment, coupled with a 5 percent increase in tuition and fees, resulted in a slight increase of the tuition and fee budget. State appropriations remain the largest component of the general operating budget in fiscal year 2025 with \$22.7 million from core state appropriations. In fiscal year 2023, the budget methodology for funds associated with land grant match changed. These funds (\$12.6 million in FY 2025) are no longer displayed with the general operations (education & general). Separation of these funds from the display of the general operating budget continues to provide a more transparent depiction of core operational revenues and expenses since the funds are restricted from benefiting the universities educational mission.

Lincoln University
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Management's Discussion and Analysis
Years Ended June 30, 2024 and 2023

Capital Projects

During fiscal year 2025, the renovation of the largest residential hall, Dawson Hall, will be completed. The 10-story building will reopen for housing of students in August 2025.

The largest construction and renovation effort the University has undergone in decades is underway with the creation of the Health and Security Sciences Institute combined with major renovations for Elliff Hall. This \$45.5 million construction and renovation project is expected to begin construction phase in fiscal year 2025. Completion is anticipated for Summer 2026 with students and staff utilization of the facilities in the Fall of 2026. This collaborative project is supported by federal, state, county, and city funds. No university funds have been designated for this project at this time. Also planned for completion during fiscal year 2025 is an energy assessment that will determine if an energy services contract could be leveraged to help finance some of the over \$80 million in deferred maintenance needs across the University.

A campus master plan was completed in July 2023 and several of those projects have been in the planning stage and/or implemented. The University anticipates several projects will be completed by fiscal year 2026.

Other Significant Factors

The University completed a comprehensive evaluation with the Higher Learning Commission (HLC) in February 2023 and received notification of reaffirmation of accreditation for 10 years. Lincoln University selected to remain on HLC's Standard Pathway. The next reaffirmation of accreditation will be in 2032-2033.

The Accreditation Commission for Education in Nursing (ACEN) accredited the Bachelor of Science in Nursing (BSN) program after a site visit in November 2015. The entire nursing program was reviewed for reaccreditation in October 2017 leading to continuing accreditation. The next site visit for the Nursing Program is scheduled for fall 2025. The nursing program continues to exceed the national average for the National Council Licensure Examination (NCLEX) pass rate. In Fall 2025, the School of Nursing will offer the Master of Science in Nursing, with two concentrations, Nursing Leadership and Nursing Education.

Lincoln University's Social Work program was accredited by the Council on Social Work Education (CSWE) in 2013. The program's accreditation was reaffirmed in 2019, and the next reaffirmation is scheduled for 2026.

The School of Business was accredited by Accreditation Council for Business Schools and Programs (ACBSP) in August 2003. The first reaffirmation of accreditation occurred in August 2013. The School of Business completed its self-study for reaffirmation in Fall 2024. It is projected that the final ruling on the school accreditation will be provided by the Accreditation Council for Business Schools and Programs (ACBSP) in November 2024.

The School of Education is scheduled for reaffirmation of accreditation by the Association for Advancing Quality in Educator Preparation (AAQEP) in the Spring of 2025.

The College of Arts and Sciences is working to develop a new School of Government, Community and Public Affairs, which will offer a new Master of Arts in Community and Economic Development, with the following concentrations, Civic Engagement, Social Entrepreneurship, Urban and Regional Planning, Public Administration.

To create a stronger focus on supporting first-year students, the University College was developed. It provides various academic resources and support services to assist freshmen with creating a college plan for success.

Lincoln University
A Component Unit of the State of Missouri
Statements of Net Position
June 30, 2024 and 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and cash equivalents	\$ 14,151,772	\$ 13,122,031
Short-term investments	32,854,257	24,382,851
Accounts receivable, net of allowance; 2024 – \$1,388,855 2023 - \$1,123,869	658,487	872,168
Federal and state grants receivable	10,299,208	5,439,931
Prepaid expenses	516,876	27,582
Promises to give	-	100,000
Current portion of leases receivable	26,838	34,902
Other	<u>344,828</u>	<u>297,100</u>
Total current assets	<u>58,852,266</u>	<u>44,276,565</u>
Noncurrent Assets		
Restricted cash equivalents	1,601,264	1,553,990
Short-term endowment investments	342,511	2,186,093
Long-term endowment investments	-	328,642
Long-term investments	702,948	10,326,527
Bond insurance costs	139,445	150,171
Capital assets, net	96,377,637	87,458,721
Leases receivable	520,897	547,735
Lease assets, net	721,625	697,873
Subscription assets, net	<u>578,330</u>	<u>924,875</u>
Total noncurrent assets	<u>100,984,657</u>	<u>104,174,627</u>
Total assets	<u>159,836,923</u>	<u>148,451,192</u>
Deferred Outflows of Resources		
Loss on refunding of bonds	247,691	266,744
Deferred outflows of resources related to pension	<u>11,251,924</u>	<u>9,140,601</u>
Total deferred outflows of resources	<u>11,499,615</u>	<u>9,407,345</u>
Total assets and deferred outflows of resources	<u><u>\$ 171,336,538</u></u>	<u><u>\$ 157,858,537</u></u>

See Notes to Financial Statements

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	2024	2023
Current Liabilities		
Accounts payable and accrued liabilities	\$ 7,103,850	\$ 3,211,084
Accrued compensated absences	870,709	945,652
Unearned revenue	6,495,114	5,634,779
Current portion of long-term debt	1,148,527	1,221,305
Current portion of lease liabilities	166,996	103,925
Current portion of subscription liabilities	169,531	551,643
Total current liabilities	<u>15,954,727</u>	<u>11,668,388</u>
Noncurrent Liabilities		
Other noncurrent liabilities	1,226	1,075
Accrued compensated absences	556,683	445,013
Total other postemployment benefit liability	400,309	468,263
Long-term debt	15,126,483	16,391,631
Lease liabilities	569,942	608,909
Subscription liabilities	250,616	287,354
Net pension liability	51,200,851	52,989,942
Total noncurrent liabilities	<u>68,106,110</u>	<u>71,192,187</u>
Total liabilities	<u>84,060,837</u>	<u>82,860,575</u>
Deferred Inflows of Resources		
Deferred inflows of resources related to pension	2,683,985	352,491
Deferred inflows of resources related to leases	468,398	513,280
Total deferred inflows of resources	<u>3,152,383</u>	<u>865,771</u>
Net Position		
Net investment in capital assets	92,437,660	85,259,842
Restricted nonexpendable for endowment	203,468	196,564
Restricted expendable for		
Research	429,139	411,738
Debt service	2,426,107	107,090
Term endowment	2,752,575	2,360,081
Other	154,364	2,891,452
Unrestricted (deficit)	<u>(14,279,995)</u>	<u>(17,094,576)</u>
Total net position	<u>84,123,318</u>	<u>74,132,191</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 171,336,538</u></u>	<u><u>\$ 157,858,537</u></u>

Lincoln University
A Component Unit of the State of Missouri
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Operating Revenues		
Tuition and fees (net of scholarship allowances of \$9,078,148 – 2024 and \$8,494,725 – 2023 and bad debt expense of \$488,822 – 2024 and \$261,945 – 2023)	\$ 3,253,161	\$ 3,898,651
Federal grants and contracts	313,600	303,452
Sales and services of educational activities	-	225
Auxiliary enterprises (net of scholarship allowances of \$410,321 – 2024 and \$390,244 – 2023 and bad debt expense of \$122,206 – 2024 and \$65,069 – 2023)	5,308,860	5,505,857
Other	415,087	204,928
Total operating revenues	<u>9,290,708</u>	<u>9,913,113</u>
Operating Expenses		
Compensation and benefits	34,457,212	34,190,995
Contractual services	15,698,959	14,271,051
Travel	1,826,412	1,622,946
Supplies and materials	2,071,954	3,013,378
Scholarships and fellowships	279,578	287,705
Depreciation and amortization	7,787,314	7,656,359
Communications	110,449	120,790
Utilities	2,131,442	2,328,677
Other	2,008,464	2,173,498
Total operating expenses	<u>66,371,784</u>	<u>65,665,399</u>
Operating Loss	<u>(57,081,076)</u>	<u>(55,752,286)</u>
Nonoperating Revenues (Expenses)		
State appropriations	31,264,096	26,578,618
Federal grants and contracts	26,753,216	21,891,952
Recovery of administrative costs	6,162	9,294
State and local grants and contracts	1,644,776	460,310
Contributions	800,865	700,618
Student fees for capital projects	188,208	180,812
Loss on disposal of capital assets	(156,927)	(121,583)
Gain on lease termination	3,707	-
Investment income	2,196,957	856,837
Interest on capital asset-related debt	(646,669)	(672,955)
Other nonoperating revenues	1,778,297	2,069,165
Net nonoperating revenues	<u>63,832,688</u>	<u>51,953,068</u>

Lincoln University
A Component Unit of the State of Missouri
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	<u>\$ 6,751,612</u>	<u>\$ (3,799,218)</u>
Other Revenues, Expenses, Gains, or Losses		
Capital appropriations – state	538,344	266,850
Capital grants and gifts	<u>2,701,171</u>	<u>501,529</u>
Total Other Revenues, Expenses, Gains, or Losses	<u>3,239,515</u>	<u>768,379</u>
Increase (Decrease) in Net Position	9,991,127	(3,030,839)
Net Position, Beginning of Year	<u>74,132,191</u>	<u>77,163,030</u>
Net Position, End of Year	<u><u>\$ 84,123,318</u></u>	<u><u>\$ 74,132,191</u></u>

Lincoln University
A Component Unit of the State of Missouri
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Tuition and fees	\$ 4,942,513	\$ 4,870,498
Grants and contracts	313,600	303,452
Payments to suppliers	(22,784,260)	(23,768,926)
Payments to employees	(35,948,812)	(31,849,588)
Sales and services of auxiliary enterprises	5,441,343	5,200,715
Sales and services of educational activities	-	225
Other receipts and deposits	373,996	268,181
Net cash used in operating activities	<u>(47,661,620)</u>	<u>(44,975,443)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations	31,264,096	26,578,618
Gifts and grants for other than capital purposes	24,200,698	29,858,569
Other receipts	1,873,445	2,066,847
Net cash provided by noncapital financing activities	<u>57,338,239</u>	<u>58,504,034</u>
Cash Flows from Capital and Related Financing Activities		
Capital grants and gifts	1,749,966	608,353
Student fees for capital projects	188,210	180,812
Purchase of capital assets	(13,390,707)	(5,225,904)
Principal paid on capital debt	(1,221,305)	(1,189,898)
Interest paid on capital debt	(710,966)	(750,047)
Principal payments received on lease receivables	34,902	130,233
Interest received on lease receivables	11,164	12,452
Principal payments on subscription liabilities	(605,066)	(664,684)
Interest payments on subscription liabilities	(16,236)	(9,140)
Principal payments on lease liabilities	(138,078)	(285,983)
Interest payments on lease liabilities	(22,841)	(4,795)
Net cash used in capital and related financing activities	<u>(14,120,957)</u>	<u>(7,198,601)</u>
Cash Flows from Investing Activities		
Investment income	2,196,957	856,837
Proceeds from sales and maturities of investments	58,288,000	18,109,024
Purchases of investments	(54,963,604)	(21,853,793)
Net cash provided by (used in) investing activities	<u>5,521,353</u>	<u>(2,887,932)</u>
Increase in Cash and Cash Equivalents	1,077,015	3,442,058
Cash and Cash Equivalents, Beginning of Year	<u>14,676,021</u>	<u>11,233,963</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 15,753,036</u></u>	<u><u>\$ 14,676,021</u></u>

Lincoln University
A Component Unit of the State of Missouri
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	\$ 14,151,772	\$ 13,122,031
Restricted cash equivalents	<u>1,601,264</u>	<u>1,553,990</u>
Total cash and cash equivalents	<u><u>\$ 15,753,036</u></u>	<u><u>\$ 14,676,021</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (57,081,076)	\$ (55,752,286)
Depreciation and amortization	7,787,314	7,656,359
Changes in operating assets, liabilities, and deferred outflows/inflows		
Receivables, net	1,800,872	571,338
Prepaid expenses, bond insurance costs, and other assets	(625,254)	(27,005)
Deferred outflows of resources related to pension	(2,111,323)	(2,162,854)
Accounts payable and accrued liabilities	2,101,554	375,303
Accrued compensated absences	36,727	54,893
Total other postemployment benefit liability	(67,954)	1,195
Net pension liability	(1,789,091)	12,346,663
Deferred inflows of resources related to leases	(44,883)	(131,510)
Deferred inflows of resources related to pension	<u>2,331,494</u>	<u>(7,907,539)</u>
Net cash used in operating activities	<u><u>\$ (47,661,620)</u></u>	<u><u>\$ (44,975,443)</u></u>
Noncash Investing, Capital, and Financing Activities		
Accounts payable incurred for capital asset purchases	\$ 3,090,870	\$ 433,370
Lease assets acquired with lease liabilities	\$ 375,476	\$ 998,718
Lease assets terminated	\$ 209,587	\$ -
Subscription assets acquired with subscription liabilities	\$ 322,176	\$ 475,814

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

Nature of Operations

Lincoln University (the "University") is a state-assisted university with its campus located in Jefferson City, Missouri, operating under the jurisdiction of a nine-member Board of Curators that is appointed by the Governor and confirmed by the Senate of the State of Missouri. The University is a component unit of the State of Missouri. Major federally funded student financial aid programs in which the University participates include the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work-Study, and Federal Direct Loan Programs. The University extends unsecured credit to students.

Basis of Accounting and Presentation

The financial statements of the University have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, 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), investment income, and interest on capital asset-related debt are included in nonoperating revenues and expenses. The University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

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

Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2024 and 2023, cash equivalents consisted of money market treasury funds held with brokers.

Investments and Investment Income

Investments in U.S. Treasury, U.S. agency, and government-sponsored enterprises obligations and money market mutual funds are carried at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit and repurchase agreements are carried at cost.

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

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2024 and 2023

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable is recorded net of estimated uncollectible amounts.

Bond Insurance Costs

Bond insurance costs incurred on the revenue bond issues have been capitalized and are being amortized over the life of the bonds using the straight-line method. Total amortization was \$10,727 for each of the years ended June 30, 2024 and 2023.

Capital Assets

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

Land improvements	20 years
Buildings	40 years
Building improvements	27 years
Infrastructure	40 years
Furniture, fixtures, and equipment	6–10 years
Library materials	5 years
Software	4 years

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at, and certain prepayments made before, the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

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, lease, and subscription 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, the capital asset historical cost and related accumulated depreciation or lease or subscription asset historical cost and related accumulated amortization are decreased proportionately such that the net decrease equals the impairment loss.

Lincoln University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2024 and 2023

No impairment loss was recognized during the years ended June 30, 2024 and 2023.

Deferred Outflows of Resources

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

Compensated Absences

University policies permit full-time employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits when earned whether the employee is expected to realize the benefit as time off or in cash. 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 student fees and advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements.

Risk Management

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

Cost-Sharing Defined Benefit Pension Plan

As a component unit of the State of Missouri, the University participates in the Missouri State Employees' Plan (MSEP), a cost-sharing multiple-employer defined benefit pension plan as defined by GASB 68. MSEP is administered by the Missouri State Employee's Retirement System (MOSERS), also a component unit of the State of Missouri. In accordance with the provision of GASB 68, the University accounts for and reports its participation in the single-employer plan as if it was a cost-sharing employer. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of MOSERS and additions to/deductions from MOSERS' fiduciary net position has been determined on the same basis as they are reported by MOSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Benefit Other Postemployment Benefit Plan

The University has a single-employer defined benefit other postemployment benefit (OPEB) plan, providing health insurance to certain retired professor emeriti. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Inflows of Resources

The University reports the acquisition of net assets that relates to future reporting periods as deferred inflows of resources in a separate section of its statements of net position.

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 used to finance the purchase 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 characteristics of exchange transactions, such as:

- (1) student tuition and fees, net of scholarship allowances
- (2) sales and services of auxiliary enterprises
- (3) interest on student loans

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as:

- (1) gifts and contributions
- (2) other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*
- (3) GASB No. 34, such as state appropriations and investment income

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Tuition and Fees Revenue

Tuition and fees revenue is recognized in the terms to which it relates. The summer term is allocated by number of days falling within each fiscal year.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, are recorded as nonoperating revenues and other governmental grants are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance.

Tuition Discount Programs

Student tuition and fee revenues are reduced by tuition discounts awarded to qualifying students. Currently the University offers tuition discounts for participants in the Neighboring States Program and Midwest Student Exchange Program where in-state tuition rates are granted to out-of-state students. The University also offers a graduate tuition reduction to University graduates where undergraduate rates are charged for the first nine graduate hours.

Income Taxes

As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

Note 2. 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 requires compliance with the provisions of state law which requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies, or instrumentalities, or the state of Missouri; bonds of any city having a population of not less than two thousand, county, school district, or special road district of the State of Missouri; bonds of any state; a surety bond having an aggregate value at least equal to the amount of the deposits; tax anticipation notes issued by any first class county; irrevocable standby letters of credit issued by a Federal Home Loan Bank; or out-of-state municipal bonds rated in the highest category by a nationally recognized statistical rating agency.

At June 30, 2024 and 2023, the University's bank balances were \$14,597,544 and \$13,586,178, respectively. None of these deposits were exposed to custodial credit risk at June 30, 2024 and 2023.

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Investments

The University may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements.

The University considers money market treasury funds to be cash and cash equivalents and has included this balance in restricted cash equivalents on the statement of net position. At June 30, 2024 and 2023, the University had the following investments and maturities:

June 30, 2024					
Type	Fair Value	Maturities in Years			
		Less than 1	1–5	6–10	More than 10
Certificates of deposit	\$ 1,217,033	\$ 981,916	\$ 235,117	\$ -	\$ -
U.S. Treasury obligations	26,136,414	26,136,414	-	-	-
Money market treasury funds	1,533,170	1,533,170	-	-	-
Government-sponsored enterprises obligations	6,546,269	6,078,439	467,830	-	-
	<u>\$ 35,432,886</u>	<u>\$ 34,729,939</u>	<u>\$ 702,947</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2023					
Type	Fair Value	Maturities in Years			
		Less than 1	1–5	6–10	More than 10
Certificates of deposit	\$ 1,672,206	\$ 511,650	\$ 1,160,556	\$ -	\$ -
U.S. Treasury obligations	7,526,500	5,623,974	1,902,526	-	-
Money market treasury funds	1,488,556	1,488,556	-	-	-
Government-sponsored enterprises obligations	28,025,407	20,433,320	7,592,087	-	-
	<u>\$ 38,712,669</u>	<u>\$ 28,057,500</u>	<u>\$ 10,655,169</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by managing the duration of the portfolio in a manner which satisfies the anticipated liquidity needs of the University.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2024 and 2023, the University's investments in government-sponsored enterprises obligations not directly guaranteed by the U.S. government were rated AA+ by Standard & Poor's and Aaa by Moody's Investor Service.

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Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the University's investments in repurchase agreements at June 30, 2024 and 2023, are held by the counterparties in other than the University's name. The University's investment policy does not address how securities underlying repurchase agreements are to be held.

Concentration of Credit Risk – The University places no limit on the amount that may be invested in any one issuer. At June 30, 2024 and 2023, the University's investments in government-sponsored enterprises obligations of the following entities constituted the following percentages of total investments:

	2024	2023
Federal Farm Credit Bank (FFCB)	0%	11%
Federal Home Loan Mortgage Corporation (FHLMC)	6%	14%
Federal Home Loan Bank (FHLB)	13%	48%

Summary of Carrying Values

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

	2024	2023
Carrying value		
Deposits	\$ 14,219,866	\$ 13,187,465
Investments	35,432,886	38,712,669
	<u>\$ 49,652,752</u>	<u>\$ 51,900,134</u>

Deposits and investments are included in the following statements of net position captions:

	2024	2023
Cash and cash equivalents	\$ 14,151,772	\$ 13,122,031
Short-term investments	32,854,257	24,382,851
Restricted cash equivalents	1,601,264	1,553,990
Short-term endowment investments	342,511	2,186,093
Long-term endowment investments	-	328,642
Long-term investments	702,948	10,326,527
	<u>\$ 49,652,752</u>	<u>\$ 51,900,134</u>

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Investment Income

Investment income for the years ended June 30, 2024 and 2023, consisted of:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 980,440	\$ 526,327
Net realized and unrealized gains on investments	<u>1,216,517</u>	<u>330,510</u>
	<u><u>\$ 2,196,957</u></u>	<u><u>\$ 856,837</u></u>

Note 3. Endowment Funds

The University's endowment funds are substantially composed of term endowment funds received from the U.S. Department of Education Title III program and state matching funds of \$1,104,000. The grant provisions require the University to maintain the endowment corpus for 20 years. After the termination of the grant period, the University may use the endowment fund corpus plus any endowment fund income for any educational purpose. Endowment fund income is defined as the total value of the endowment fund established minus the endowment fund corpus. Each year the University is allowed to spend no more than 50% of the total aggregate endowment fund income related to the grant award. During each of the years ended June 30, 2024 and 2023, \$0 was transferred out of the endowment fund to the operating fund.

Note 4. Leases Receivable

The University leases a portion of its property to various third parties, the terms of which expire in the years 2024 through 2042. The leases were measured based upon the interest rate implicit per the contract or the University's incremental borrowing rate at lease commencement.

Revenue recognized under lease contracts during the years ended June 30, 2024 and 2023, were \$36,236 and \$65,544, respectively, which includes both lease revenue and interest.

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Note 5. Capital, Lease, and Subscription Assets

Lease assets activity for the years ended June 30, 2024 and 2023, was:

2024					
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Buildings and leasehold improvements	\$ 59,639	\$ 58,820	\$ -	\$ -	\$ 118,459
Equipment	1,060,814	316,656	453,580	-	1,831,050
	<u>1,120,453</u>	<u>375,476</u>	<u>453,580</u>	<u>-</u>	<u>1,949,509</u>
Less accumulated amortization					
Buildings and leasehold improvements	56,639	17,970	-	-	74,609
Equipment	365,941	333,754	453,580	-	1,153,275
	<u>422,580</u>	<u>351,724</u>	<u>453,580</u>	<u>-</u>	<u>1,227,884</u>
Lease assets, net	<u>\$ 697,873</u>	<u>\$ 23,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 721,625</u>
2023					
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Buildings and leasehold improvements	\$ 59,639	\$ -	\$ -	\$ -	\$ 59,639
Equipment	61,998	998,816	-	-	1,060,814
	<u>121,637</u>	<u>998,816</u>	<u>-</u>	<u>-</u>	<u>1,120,453</u>
Less accumulated amortization					
Buildings and leasehold improvements	34,789	21,850	-	-	56,639
Equipment	61,998	303,943	-	-	365,941
	<u>96,787</u>	<u>325,793</u>	<u>-</u>	<u>-</u>	<u>422,580</u>
Lease assets, net	<u>\$ 24,850</u>	<u>\$ 673,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 697,873</u>

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Capital assets activity for the years ended June 30, 2024 and 2023, was:

	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 3,893,641	\$ -	\$ -	\$ -	\$ 3,893,641
Land improvements	7,420,019	335,875	-	1,454	7,757,348
Buildings and improvements	163,057,030	1,326,643	-	403,952	164,787,625
Infrastructure	7,781,912	949,041	-	139,293	8,870,246
Furniture, fixtures, and equipment	38,069,511	2,557,048	823,672	-	39,802,887
Library materials	2,177,062	-	-	-	2,177,062
Construction in progress	1,039,141	10,895,040	-	(544,699)	11,389,482
	<u>223,438,316</u>	<u>16,063,647</u>	<u>823,672</u>	<u>-</u>	<u>238,678,291</u>
Less accumulated depreciation					
Land improvements	4,693,620	332,803	-	-	5,026,423
Buildings and improvements	93,928,545	4,238,872	-	-	98,167,417
Infrastructure	4,936,514	373,209	-	-	5,309,723
Furniture, fixtures, and equipment	30,254,796	2,016,909	644,667	-	31,627,038
Library materials	2,166,120	3,933	-	-	2,170,053
	<u>135,979,595</u>	<u>6,965,726</u>	<u>644,667</u>	<u>-</u>	<u>142,300,654</u>
Net capital assets	<u>\$ 87,458,721</u>	<u>\$ 9,097,921</u>	<u>\$ 179,005</u>	<u>\$ -</u>	<u>\$ 96,377,637</u>

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	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 3,882,167	\$ 11,474	\$ -	\$ -	\$ 3,893,641
Land improvements	7,329,229	90,790	-	-	7,420,019
Buildings and improvements	162,108,691	836,118	-	112,221	163,057,030
Infrastructure	6,713,162	1,014,372	-	54,378	7,781,912
Furniture, fixtures, and equipment	35,762,687	2,329,050	22,226	-	38,069,511
Library materials	2,174,050	3,012	-	-	2,177,062
Construction in progress	241,839	1,035,861	71,960	(166,599)	1,039,141
	<u>218,211,825</u>	<u>5,320,677</u>	<u>94,186</u>	<u>-</u>	<u>223,438,316</u>
Less accumulated depreciation					
Land improvements	4,360,014	333,606	-	-	4,693,620
Buildings and improvements	89,682,061	4,246,484	-	-	93,928,545
Infrastructure	4,670,343	266,171	-	-	4,936,514
Furniture, fixtures, and equipment	28,442,380	1,853,869	41,453	-	30,254,796
Library materials	2,162,646	3,474	-	-	2,166,120
	<u>129,317,444</u>	<u>6,703,604</u>	<u>41,453</u>	<u>-</u>	<u>135,979,595</u>
Net capital assets	<u>\$ 88,894,381</u>	<u>\$ (1,382,927)</u>	<u>\$ 52,733</u>	<u>\$ -</u>	<u>\$ 87,458,721</u>

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Subscription assets activity for the years ended June 30, 2024 and 2023, was:

2024					
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Subscription IT assets	\$ 2,227,466	\$ 322,176	\$ -	\$ -	\$ 2,549,642
	<u>2,227,466</u>	<u>322,176</u>	<u>-</u>	<u>-</u>	<u>2,549,642</u>
Less accumulated amortization					
Subscription IT assets	1,302,591	668,721	-	-	1,971,312
	<u>1,302,591</u>	<u>668,721</u>	<u>-</u>	<u>-</u>	<u>1,971,312</u>
Subscription assets, net	<u>\$ 924,875</u>	<u>\$ (346,545)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 578,330</u>
2023					
	Beginning Balance (As Restated)	Additions	Disposals	Transfers	Ending Balance
Subscription IT assets	\$ 1,751,651	\$ 475,815	\$ -	\$ -	\$ 2,227,466
	<u>1,751,651</u>	<u>475,815</u>	<u>-</u>	<u>-</u>	<u>2,227,466</u>
Less accumulated amortization					
Subscription IT assets	666,709	635,882	-	-	1,302,591
	<u>666,709</u>	<u>635,882</u>	<u>-</u>	<u>-</u>	<u>1,302,591</u>
Subscription assets, net	<u>\$ 1,084,942</u>	<u>\$ (160,067)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 924,875</u>

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Note 6. Noncurrent Liabilities

The following is a summary of noncurrent obligation transactions for the University for the years ended June 30, 2024 and 2023:

	2024				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Revenue bonds payable					
Series 2015B	\$ 812,060	\$ -	\$ 427,637	\$ 384,423	\$ 384,423
Series 2017	979,370	-	253,428	725,942	255,532
Series 2019	13,895,000	-	340,000	13,555,000	415,000
Loan payable – DNR					
Energize MO	293,812	-	200,240	93,572	93,572
Lease liability	712,834	375,488	351,384	736,938	166,996
Subscription liability	838,997	186,216	605,066	420,147	169,531
Reoffering premium	1,632,694	-	116,621	1,516,073	-
Total long-term debt	<u>19,164,767</u>	<u>561,704</u>	<u>2,294,376</u>	<u>17,432,095</u>	<u>1,485,054</u>
Other noncurrent liabilities					
Accrued compensated absences	1,390,665	910,771	874,044	1,427,392	870,709
Deposits held in custody for others	1,075	151	-	1,226	-
Total other postemployment benefits liability	468,263	17,880	85,834	400,309	-
Net pension liability	52,989,942	2,101,469	3,890,560	51,200,851	-
Total other noncurrent liabilities	<u>54,849,945</u>	<u>3,030,271</u>	<u>4,850,438</u>	<u>53,029,778</u>	<u>870,709</u>
Total noncurrent liabilities	<u>\$ 74,014,712</u>	<u>\$ 3,591,975</u>	<u>\$ 7,144,814</u>	<u>\$ 70,461,873</u>	<u>\$ 2,355,763</u>

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	2023				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Revenue bonds payable					
Series 2015B	\$ 1,234,323	\$ -	\$ 422,263	\$ 812,060	\$ 427,637
Series 2017	1,230,710	-	251,340	979,370	253,428
Series 2019	14,215,000	-	320,000	13,895,000	340,000
Loan payable – DNR					
Energize MO	490,107	-	196,295	293,812	200,240
Lease liability	-	998,817	285,983	712,834	103,925
Subscription liability	1,027,867	475,815	664,685	838,997	551,643
Reoffering premium	1,749,315	-	116,621	1,632,694	-
Total long-term debt	<u>19,947,322</u>	<u>1,474,632</u>	<u>2,257,187</u>	<u>19,164,767</u>	<u>1,876,873</u>
Other noncurrent liabilities					
Accrued compensated absences	1,335,773	1,002,396	947,504	1,390,665	945,652
Deposits held in custody for others	1,075	-	-	1,075	-
Total other postemployment benefits liability	467,068	51,961	50,766	468,263	-
Net pension liability	<u>40,643,279</u>	<u>15,817,227</u>	<u>3,470,564</u>	<u>52,989,942</u>	<u>-</u>
Total other noncurrent liabilities	<u>42,447,195</u>	<u>16,871,584</u>	<u>4,468,834</u>	<u>54,849,945</u>	<u>945,652</u>
Total noncurrent liabilities	<u>\$ 62,394,517</u>	<u>\$ 18,346,216</u>	<u>\$ 6,726,021</u>	<u>\$ 74,014,712</u>	<u>\$ 2,822,525</u>

Revenue Bonds Payable

On November 20, 2015, the University issued \$3,610,582 of Auxiliary System Refunding Revenue Bonds, Series 2015A and \$2,513,530 of Auxiliary System Revenue Bonds, Series 2015B. The Series 2015A and Series 2015B bonds bear interest, payable semiannually, at rates of 1.94% and 2.56%, respectively, beginning June 1, 2016. Principal maturities begin June 1, 2016, and continue until 2025. Proceeds from the issuance of the Series 2015A bonds were used to pay the costs of refunding the Auxiliary System Revenue Bonds, Series 2005, and to pay certain costs of issuance related to the Series 2015A bond issue. Proceeds from the issuance of the Series 2015B bonds were used to provide funds to pay costs associated with the renovation of Martin Hall and to pay certain costs of issuance related to the Series 2015B bond issue. The Martin Hall renovation costs are paid by the University and then the University is reimbursed by disbursement of the bond proceeds.

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On February 15, 2017, the University issued \$2,500,000 of Athletic System Revenue Bonds, Series 2017. The Series 2017 bonds bear interest, payable quarterly, at a rate of 3.25%, beginning June 1, 2017. Principal maturities begin March 1, 2018, and continue until 2027. Proceeds from the issuance of the Series 2017 bonds were used to provide funds to pay costs associated with the improvement of certain athletic facilities and to pay certain costs of issuance related to the Series 2017 bond issue. The athletic facilities include Dwight T. Reed Stadium and Annex and the basement level of the LINC Recreation and Wellness Center.

On June 11, 2019, the University issued \$14,515,000 of Auxiliary System Refunding Revenue Bonds, Series 2019. The Series 2019 bonds bear interest, payable semiannually, at a rate of 5.00%, beginning December 1, 2019. Principal maturities began June 1, 2022, and continue until 2037. Proceeds from the issuance of the Series 2019 bonds were used to pay the costs of refunding the Auxiliary System Subordinate Revenue Bonds, Series 2007.

The revenue bond issues, payable from and secured by net revenues of the Auxiliary Activity Fund, require the University to establish and fund Debt Service Reserve Funds and maintain a Debt Service Coverage Ratio of 1.15.

The revenue bond issues, payable from and secured by net revenues of the Athletic Facilities, require the University to establish and fund a Debt Service Reserve Fund and maintain a Debt Service Coverage Ratio of 1.00.

The debt service requirements as of June 30, 2024, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2025	\$ 1,724,451	\$ 1,054,955	\$ 669,496
2026	1,717,985	1,087,655	630,330
2027	1,663,456	1,082,755	580,701
2028	1,441,900	910,000	531,900
2029	1,446,400	960,000	486,400
2030–2034	7,223,500	5,560,000	1,663,500
2035–2039	4,335,000	4,010,000	325,000
	<u>\$ 19,552,692</u>	<u>\$ 14,665,365</u>	<u>\$ 4,887,327</u>

Loan Payable

The University has a loan payable with the Missouri Department of Natural Resources (MDNR), dated June 14, 2012, in the maximum amount of \$1,863,000 bearing interest at 2%. The proceeds of the loan were used to implement the Energy Conservation Measures as designated by the MDNR and payments began in June 2015. The loan requires semiannual payments equal to one-half of the annual energy savings until paid in full. During 2015, the final loan amount was reduced to \$1,857,912 due to the return of excess proceeds in the amount of \$5,088. The semiannual principal and interest payments, in the amount of \$102,560, are due June 1 and November 1.

The remaining balance as of June 30, 2024, of \$93,572 is due in full on November 1, 2024.

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Note 7. Lease Liabilities

The University leases equipment and building space, the terms of which expire in various years through 2030. The leases were measured based upon the interest rate implicit per the contract or the University's incremental borrowing rate at lease commencement. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance. As of June 30, 2024 and 2023, the balance of the lease liability was \$736,938 and \$712,833, respectively.

The following is a schedule by year of payments under the leases as of June 30, 2024:

<u>Year Ending June,</u>	<u>Total to Be Paid</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 189,344	\$ 166,996	\$ 22,348
2026	160,317	143,375	16,942
2027	162,214	150,706	11,508
2028	83,576	76,570	7,006
2029	69,470	64,596	4,874
2030 - 2034	137,825	134,695	3,130
	<u>\$ 802,746</u>	<u>\$ 736,938</u>	<u>\$ 65,808</u>

Note 8. Subscription Liabilities

The University has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years ending through 2027. The subscriptions were measured based upon the interest rate implicit per the contract or the University's incremental borrowing rate at commencement. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance. There were no outflows of resources recognized in the reporting period for variable payments not previously recorded in the measurement of the subscription liability.

The following is a schedule by year of payments under the SBITAs as of June 30, 2024:

<u>Year Ending June,</u>	<u>Total to Be Paid</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 178,812	\$ 169,531	\$ 9,281
2026	151,512	147,800	3,712
2027	92,404	91,822	582
2028	11,022	10,994	28
	<u>\$ 433,750</u>	<u>\$ 420,147</u>	<u>\$ 13,603</u>

Note 9. Pension Plans

MOSERS

Plan Description

The Missouri State Employees' Plan (MSEP) is a cost-sharing multiple-employer, defined benefit public employee retirement plan with two benefit structures known as the MSEP (closed plan) and MSEP 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). 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 MState 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 (ACFR), 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' ACFR starting on page 26.

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. No employee contribution is required for the MSEP and MSEP 2000 plans. Employees in the MSEP 2011 plan are required to contribute 4.00% of their annual pay. The University's required contribution rate for all plans for the year ended June 30, 2024, was 27.26% 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 years ended June 30, 2023 and 2022, was 26.33% and 23.51%, respectively, which are the years of measurement for the net pension liability. Contributions to the pension plan from the University were \$4,446,114 and \$3,890,704 for the years ended June 30, 2024 and 2023, respectively.

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

At June 30, 2024 and 2023, the University reported a liability of \$51,200,851 and \$52,989,942, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and 2022, 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 years ended June 30, 2023 and 2022. At June 30, 2023, the University's proportion was 0.67078%, which was a decrease of 0.069% from its proportion measured as of June 30, 2022. At June 30, 2022, the University's proportion was 0.74002%, which was an increase of 0.013% from its proportion measured as of June 30, 2021.

There were no changes in benefit terms during the MOSERS plan years ended June 30, 2023 and 2022, that affected the measurement of total pension liability.

For the years ended June 30, 2024 and 2023, the University recognized pension expense of \$2,877,050 and \$6,166,521, respectively. At June 30, 2024 and 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,398,962	\$ -
Net difference between projected and actual earning on pension plan investments	4,212,803	-
Changes in University proportion and differences between the University's contributions and the University proportionate share of contributions	194,045	2,683,985
University's contributions subsequent to the measurement date	4,446,114	-
Total	<u>\$ 11,251,924</u>	<u>\$ 2,683,985</u>

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	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 675,186	\$ 14,184
Changes of assumptions	1,257,136	-
Net difference between projected and actual earning on pension plan investments	2,819,860	-
Changes in University proportion and differences between the University's contributions and the University proportionate share of contributions	497,715	338,307
University's contributions subsequent to the measurement date	<u>3,890,704</u>	<u>-</u>
Total	<u><u>\$ 9,140,601</u></u>	<u><u>\$ 352,491</u></u>

At June 30, 2024 and 2023, the University reported \$4,446,114 and \$3,890,704, respectively, as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be/was recognized as a reduction of the net pension liability in the years ending June 30, 2025 and 2024, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2024, related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount Recognized
2025	\$ 726,968
2026	359,129
2027	2,498,876
2028	<u>536,852</u>
	<u><u>\$ 4,121,825</u></u>

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Actuarial Assumptions

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

Inflation	2023 and 2022: 2.25%
Salary increases	2023 and 2022: 2.75 % to 10.00% including inflation
Wage inflation	2023 and 2022: 2.25%
Investment rate of return	2023 and 2022: 6.95%, compounded annually, net after investment expenses and including inflation

The actuarial assumptions used in the June 30, 2023 and 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2015, to June 30, 2020. As a result of this actuarial experience study, the MOSERS' Board made various demographic assumption changes to more closely reflect actual experience. The most significant changes include the following: 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; and the merit component of the salary increase assumption was adjusted to partially reflect observed experience. The changes in assumptions recorded as deferred inflows and outflows of resources were due to these changes from the actuarial experience study.

Mortality rates used in the June 30, 2023 and 2022, actuarial valuations for postretirement mortality are based on the Pub-2010 General Members Below Median Healthy Retiree mortality table, scaled by 104%, 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% of Scale MP-2020 for years after 2020. Preretirement 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 7% of Scale MP-2020 for years after 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates rates of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in MOSERS target asset allocation as of June 30, 2023 and 2022, are summarized in the following table:

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Asset Class	Policy Allocation	Long-Term Expected Nominal Rate of Return*	Weighted Average Long-Term Expected Nominal Rate of Return
Global public equities	30.00%	7.70%	2.30%
Global private equities	15.00%	9.30%	1.40%
Long treasuries	25.00%	3.50%	0.90%
Core bonds	10.00%	3.10%	0.30%
Commodities	5.00%	5.50%	0.30%
TIPS	25.00%	2.70%	0.70%
Private real assets	5.00%	7.10%	0.30%
Public real assets	5.00%	7.70%	0.40%
Hedge funds	5.00%	4.80%	0.20%
Alternative beta	10.00%	5.30%	0.50%
Private credit	5.00%	9.50%	0.50%
Cash and cash equivalents	-40.00%	0.00%	0.00%
	100.00%		7.8%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.95% at both June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 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 1 percentage point lower (5.95%) or 1 percentage point higher (7.95%) than the current rate as of June 30, 2024:

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	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
University's proportionate share of the net pension liability	\$ 63,824,384	\$ 51,200,851	\$ 40,655,758

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2024 and 2023, the University reported a payable of \$372,520 and \$34,667, respectively, for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2024 and 2023, respectively.

CURP

Beginning July 1, 2002, in accordance with Section 104.1200 through 104.1215 of the Revised Statutes of Missouri, employees hired who meet the criteria of an "education employee" participate in the College and University Retirement Plan (CURP). It is a noncontributory 401(a) defined contribution plan for education employees at regional colleges/universities in Missouri. The MOSERS has been given the responsibility by law to implement and oversee the administration of the plan. The TIAA-CREF group of companies is the third-party administrator for the CURP and manages the investment options under the plan. Contributions made by the University are self-directed by participants into their selected individual accounts. By law, the CURP contribution rate is equal to 1% less than the normal cost contribution rate of the Missouri State Employees' Plan 2000 (MSEP 2000). After participating in CURP for at least six years, a faculty member may elect to become a member of MOSERS.

The University is required to contribute at an actuarially determined rate; the rate was 6.00% of annual covered payroll for 2024 and 2023. The University's contributions to the plan for the years ended June 30, 2024 and 2023, were \$320,021 and \$293,979, respectively, which equaled the required contributions for each year.

Note 10. Other Postemployment Benefit Plan

Plan Description

In addition to the pension benefits described in *Note 8*, the University provides health care benefits, through a commercial insurance carrier, to certain retirees (the "OPEB Plan"). The plan is a single-employer defined benefit OPEB plan. The Lincoln University Board of Curators, which is appointed by the Governor with the approval of the State Legislature, has the authority to establish and amend benefit provisions of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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The plan is operated as a fully insured arrangement. For retiree plan participants that have obtained professor emeritus status and retired July 1, 2008, and prior, the University pays the full amount of the health and prescription drug insurance premium for the lifetime of the retiree. To be eligible for professor emeritus status an employee must have 1) held the rank of full professor, have served the University for at least 20 years, and have made a major, positive impact on the growth, development, and/or image of the University; or 2) held the rank of associate professor, have served the University for at least 30 years, and have made a major, positive impact on the growth, development, and/or image of the University.

Retiree plan participants that have not obtained professor emeritus status are required to contribute the entire amount of the monthly premium to the plan. The University charges pre-65 retirees, that do not have professor emeritus status, a higher premium than active employees to more closely reflect market value. The factor applied to the premium rates for pre-65 retirees is based on the State of Missouri Health System's pre-65 retiree group rate relative to its active employee rate. Medicare eligible retirees without professor emeritus status are referred for enrollment in Medicare supplement insurance independent of the University's plan.

Benefits Provided

The OPEB Plan provides medical and prescription drug premium benefits to professor emeritus retirees. Benefits are provided through a third-party insurer. Prescription drug premiums ranged from \$93.20 to \$113.90 per month and from \$102.20 to \$124.30 per month for the years ended June 30, 2024 and 2023, respectively. Medicare Supplement premiums, which are Issue-Age rated, ranged from \$182.08 to \$349.12 per month and from \$182.08 to \$310.41 per month for the years ended June 30, 2024 and 2023, respectively. In addition, certain retirees receive \$5,000 of life insurance coverage through the University's group plan. The University's group rate is 40 cents per thousand per month for the years ended June 30, 2024 and 2023. The actuarial benefit is valued as the amount of insurance times the probability of death and the assumed age-banded rate times the probability of survival for the years ended June 30, 2024 and 2023, respectively.

The employees covered by the benefit terms at June 30, 2024 and 2023, are:

	<u>2024</u>	<u>2023</u>
Professor emeritus retirees receiving health and prescription drug coverage	9	11
Retirees receiving group life insurance coverage	<u>-</u>	<u>1</u>
	<u>9</u>	<u>12</u>

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Total OPEB Liability

The University's total OPEB liability of \$400,309 and \$468,263 was measured as of June 30, 2024 and 2023, respectively, and was determined by actuarial valuations as of those dates.

The total OPEB liability in the June 30, 2024 and 2023, actuarial valuations was determined using the following actuarial assumptions:

Discount rate	2024: 4.10%, 2023: 4.0%
Health care cost trend rates	2024: 4.25% per year for Medicare Supplement coverage; 6.50% per year for prescription drug coverage
	2023: 4.25% per year for Medicare Supplement coverage; 6.00% per year for prescription drug coverage

The discount rate used for the plan was the 20-year, tax-exempt municipal bond rate as there are no assets in the plan. The rate was determined by taking the average of the published yields from the S&P Municipal Bond 20 Year High Grade and the Fidelity GO AA-20 Years indexes.

Mortality rates used in the June 30, 2024, and June 30, 2023, valuations were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount weighted Teachers Mortality Tables using Scale MP-2022 Full Generational Improvement.

The actuarial assumptions used in the June 30, 2024 and 2023, valuations were based on the ongoing actuarial analysis.

Changes in Total OPEB Liability

Changes in total OPEB liability are:

	2024	2023
Balance, beginning of year	\$ 468,263	\$ 467,068
Interest	17,880	17,295
Changes in assumptions and inputs	659	(3,561)
Differences between actual and expected experience	(43,944)	34,666
Benefit payments	(42,549)	(47,205)
Net changes	(67,954)	1,195
Balance, end of year	\$ 400,309	\$ 468,263

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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 4.10%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate (4.10%)</u>	<u>1% Increase</u>
University's total OPEB liability	\$ 428,207	\$ 400,309	\$ 375,450

The total OPEB liability of the University has been calculated using health care cost trend rates of 4.25%. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates:

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rates</u>	<u>1% Increase</u>
University's total OPEB liability	\$ 377,201	\$ 400,309	\$ 425,687

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the University recognized a reduction in OPEB expense of \$25,405. For the year ended June 30, 2023, the University recognized OPEB expense of \$48,400. At June 30, 2024 and 2023, the University did not report deferred outflows of resources or deferred inflows of resources related to OPEB, as the average expected service life of current retirees is zero.

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, 2024 and 2023, there was no accrual recorded in the statements of net position.

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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.

Labor Agreement

On August 13, 2018, the Lincoln University Board of Curators signed a collective bargaining agreement with LUMNEA/MNEA (Missouri National Education Association) which covers tenured and tenured-track academic faculty whose academic appointment is 0.75 FTE or higher excluding supervisory, managerial, and confidential employees. This agreement is in effect through December 31, 2023, and thereafter until the parties agree on a successor agreement or reach impasse. This represents 18% of the University's employees at both June 30, 2024 and 2023.

Note 12. Natural Classifications with Functional Classifications

For the years ended June 30, 2024 and 2023, the following tables represent operating expenses with both natural and functional classifications:

				2024			
	Compensation and Benefits	Contractual Services	Travel	Supplies and Materials	Utilities	Communications and Other	Total
Instruction	\$ 9,719,145	\$ 370,175	\$ 116,057	\$ 145,206	\$ -	\$ 235,642	\$ 10,586,225
Research	5,552,096	2,159,201	322,974	701,720	313,782	273,432	9,323,205
Community service	6,016,354	1,672,061	519,868	412,900	131,621	280,565	9,033,369
Academic support	2,523,690	1,372,788	77,034	101,894	11,569	273,523	4,360,498
Student services	4,076,826	991,199	616,336	345,170	9,928	546,014	6,585,473
Institutional support	6,328,351	4,591,296	167,992	155,515	45,972	491,490	11,780,616
Operations and maintenance of plant	240,750	4,542,239	6,151	209,549	1,618,570	18,247	6,635,506
Scholarships and fellowships	-	-	-	-	-	279,578	279,578
Depreciation and amortization	-	-	-	-	-	7,787,314	7,787,314
	<u>\$ 34,457,212</u>	<u>\$ 15,698,959</u>	<u>\$ 1,826,412</u>	<u>\$ 2,071,954</u>	<u>\$ 2,131,442</u>	<u>\$ 10,185,805</u>	<u>\$ 66,371,784</u>

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	Compensation and Benefits	Contractual Services	Travel	2023 Supplies and Materials	Utilities	Communications and Other	Total
Instruction	\$ 9,833,861	\$ 279,429	\$ 84,045	\$ 171,360	\$ -	\$ 147,804	\$ 10,516,499
Research	4,689,518	1,528,730	168,421	624,926	335,883	181,648	7,529,126
Community service	5,830,983	1,284,382	450,049	415,757	154,601	287,312	8,423,084
Academic support	2,894,424	293,483	49,637	98,040	-	235,374	3,570,958
Student services	4,171,919	1,723,632	695,221	386,928	15,358	595,217	7,588,275
Institutional support	6,590,507	4,587,456	174,034	1,127,704	44,820	690,074	13,214,595
Operations and maintenance of plant	179,783	4,573,939	1,539	188,663	1,778,015	156,859	6,878,798
Scholarships and fellowships	-	-	-	-	-	287,705	287,705
Depreciation and amortization	-	-	-	-	-	7,656,359	7,656,359
	<u>\$ 34,190,995</u>	<u>\$ 14,271,051</u>	<u>\$ 1,622,946</u>	<u>\$ 3,013,378</u>	<u>\$ 2,328,677</u>	<u>\$ 10,238,352</u>	<u>\$ 65,665,399</u>

Note 13. Disclosure About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

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June 30, 2024 and 2023

Recurring Measurements

The following tables present the fair value measurements of assets 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, 2024 and 2023:

Description	Total	2024		
		Level 1	Level 2	Level 3
Certificates of deposit	\$ 1,217,033	\$ 1,217,033	\$ -	\$ -
Money market treasury funds	1,533,170	1,533,170	-	-
U.S. Treasury obligations	26,136,414	26,136,414	-	-
Government-sponsored enterprises obligations	6,546,269	-	6,546,269	-
Total investments measured at fair value	<u>\$ 35,432,886</u>	<u>\$ 28,886,617</u>	<u>\$ 6,546,269</u>	<u>\$ -</u>

Description	Total	2023		
		Level 1	Level 2	Level 3
Certificates of deposit	\$ 1,672,206	\$ 1,672,206	\$ -	\$ -
Money market treasury funds	1,488,556	1,488,556	-	-
U.S. Treasury obligations	7,526,500	7,526,500	-	-
Government-sponsored enterprises obligations	28,025,407	-	28,025,407	-
Total investments measured at fair value	<u>\$ 38,712,669</u>	<u>\$ 10,687,262</u>	<u>\$ 28,025,407</u>	<u>\$ -</u>

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2024.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, the fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Required Supplementary Information

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Required Supplementary Information
Schedule of the University's Proportionate Share of the Net Pension Liability
Missouri State Employees' Retirement System
Last Ten Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability	0.6708%	0.7400%	0.7270%	0.7444%	0.7482%	0.7438%	0.8186%	0.8224%	0.8660%	0.8448%
University's proportionate share of the net pension liability	\$ 51,200,851	\$ 52,989,942	\$ 40,643,279	\$ 47,253,976	\$ 45,197,670	\$ 41,490,650	\$ 42,624,658	\$ 38,177,503	\$ 27,798,365	\$ 19,918,271
University's covered-employee payroll	\$ 16,310,030	\$ 14,776,039	\$ 14,762,075	\$ 14,874,862	\$ 14,534,557	\$ 14,456,872	\$ 16,112,220	\$ 15,928,030	\$ 16,754,310	\$ 15,852,748
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	313.92%	358.62%	275.32%	317.68%	310.97%	287.00%	264.55%	239.69%	165.92%	125.65%
Plan fiduciary net position as a percentage of the total pension liability	52.86%	53.53%	63.00%	55.48%	56.72%	59.02%	60.41%	63.60%	72.62%	79.49%

*The amounts presented for each fiscal year were determined as of the end of the preceding fiscal year.

This schedule presents the information available to the University and will include ten-year trend information once available.

Lincoln University
A Component Unit of the State of Missouri
Required Supplementary Information
Schedule of University Pension Contributions
Missouri State Employees' Retirement System
Last Ten Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,446,114	\$ 3,890,704	\$ 3,471,017	\$ 3,352,767	\$ 3,238,148	\$ 2,937,434	\$ 2,811,886	\$ 2,734,246	\$ 2,702,988	\$ 2,843,875
Contributions in relation to the contractually required contribution	4,446,114	3,890,704	3,471,017	3,352,767	3,238,148	2,937,434	2,811,886	2,734,246	2,702,988	2,843,875
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll	\$ 16,363,299	\$ 14,776,689	\$ 14,764,028	\$ 14,762,075	\$ 14,874,862	\$ 14,534,557	\$ 14,456,872	\$ 16,112,220	\$ 15,928,030	\$ 16,754,310
Contributions as a percentage of covered-employee payroll	27.17%	26.33%	23.51%	22.71%	21.77%	20.21%	19.45%	16.97%	16.97%	16.97%

This schedule presents the information available to the University and will include ten-year trend information once available.

Notes to Schedule

Benefit Changes

There were no changes to benefit terms for MOSERS for the plan years ended June 30, 2024 and 2023. During the MOSERS plan year ended June 30, 2017, the vesting requirements were changed for the MSEP 2011 plan from 10 years of credited 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.

Changes of Assumptions

There were no changes to actuarial assumptions used in the June 30, 2023, valuation.

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

The assumed investment rate of return was 6.95% for the June 30, 2021, valuation, consistent with the June 30, 2020, valuation. The salary increase rate was 2.75%, consistent with the June 30, 2020, valuation. The wage inflation rate was 2.25%, consistent with the June 30, 2020, valuation. There were no other changes in actuarial assumptions for the June 30, 2021, valuation.

The assumed investment rate of return was reduced from 7.10% to 6.95% for the June 30, 2020, valuation. The salary increase rate was reduced from 2.85% to 2.75%. The wage inflation rate was reduced from 2.35% to 2.25%. There were no other changes in actuarial assumptions for the June 30, 2020, valuation.

Lincoln University
A Component Unit of the State of Missouri
Required Supplementary Information
Schedule of University Pension Contributions
Missouri State Employees' Retirement System
Last Ten Fiscal Years*

The assumed investment rate of return was reduced from 7.25% to 7.10% for the June 30, 2019, valuation. The salary increase rate was reduced from 3.00% to 2.85%. The wage inflation rate was reduced from 2.50% to 2.35%. 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% to 7.25% for the June 30, 2018, valuation. The salary increase rate was reduced from 3.25% to 3.00%. The wage inflation rate was reduced from 3.00% to 2.50%. 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% to 7.50% for the June 30, 2017, valuation. There were no other changes in actuarial assumptions for the June 30, 2017, valuation.

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

Salary increases:	3.25% to 8.75% including inflation
Wage inflation:	3.00%
Investment rate of return:	7.65%
Postretirement mortality tables:	RP-2014 Healthy Annuitant projected to 2026 with Scale MP-2015 and scaled by 120%
Preretirement mortality tables:	RP-2014 Employee projected to 2026 with Scale MP-2015 and scaled by 95% for males and 90% 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 ending June 30, 2016.

There were no changes to actuarial assumptions used in the June 30, 2014, valuation.

Lincoln University
A Component Unit of the State of Missouri
Required Supplementary Information
Schedule of Changes in the University's Total OPEB Liability and Related Ratios
Last Seven Fiscal Years

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Interest	\$ 17,880	\$ 17,295	\$ 10,600	\$ 13,911	\$ 17,911	\$ 25,190	\$ 26,642
Changes in assumptions and inputs	659	(3,561)	(55,784)	43,995	(45,284)	(91,004)	2,016
Differences between actual and expected experience	(43,944)	34,666	4,212	(17,797)	16,315	(44,081)	-
Benefit payments	(42,549)	(47,205)	(43,880)	(46,476)	(55,350)	(57,514)	(63,679)
Net Change in Total OPEB Liability	(67,954)	1,195	(84,852)	(6,367)	(66,408)	(167,409)	(35,021)
Total OPEB Liability – Beginning	468,263	467,068	551,920	558,287	624,695	792,104	827,125
Total OPEB Liability – Ending	<u>\$ 400,309</u>	<u>\$ 468,263</u>	<u>\$ 467,068</u>	<u>\$ 551,920</u>	<u>\$ 558,287</u>	<u>\$ 624,695</u>	<u>\$ 792,104</u>
Covered-Employee Payroll*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB Liability as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*OPEB valuation includes only current retirees.

This schedule presents the information available to the University and will include ten-year trend information once available.

Notes to Schedule

Benefit Changes

There were no changes to benefit terms for the years ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, or 2018.

Changes of Assumptions

The following changes were made to actuarial assumptions during the year ended June 30, 2024:

- The discount rate changed from 4.00% to 4.10%.

The following changes were made to actuarial assumptions during the year ended June 30, 2023:

- The census was updated from June 30, 2022, to June 30, 2023.
- The discount rate changed from 3.90% to 4.00%.
- The retiree per capita costs and trend assumptions were updated as part of the actuarial evaluation. The 2023 Medical and Rx renewals resulted in actuarial losses as premium costs increased greater than assumed.
- The assumed trend on premiums was revised from 4.5% to 4.25% for Medical coverage and from 5.5% to 6% for Rx coverage.

Lincoln University
A Component Unit of the State of Missouri
Required Supplementary Information
Schedule of Changes in the University's Total OPEB Liability and Related Ratios
Last Seven Fiscal Years

The following changes were made to actuarial assumptions during the year ended June 30, 2022:

- The census was updated from June 30, 2021, to June 30, 2022.
- The discount rate changed from 2.00% to 3.90%. Absent the change in the discount rate the liability would have been approximately \$535,000.
- 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 and trend assumptions were updated as part of the actuarial evaluation. The 2022 Medical and Rx renewals resulted in actuarial losses as premium costs increased greater than assumed.

The following changes were made to actuarial assumptions during the year ended June 30, 2021:

- The retiree per capita costs and trend assumptions were updated as part of the actuarial evaluation. The 2021 Medical and Rx renewals resulted in actuarial losses as premiums increased greater than assumed.
- The mortality assumption was changed from Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted General Mortality Tables using Scale MP-2019 Full Generational Improvement to the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted Teachers Mortality Tables using Scale MP-2020 Full Generational Improvement.
- The discount rate was changed from 2.60% to 2.00% for the end of year measurement.
- Life insurance is valued as the probability of death times the amount of insurance rather than assumed age-banded rate times the probability of survival.
- The number of health insurance participants decreased by 2.

The following changes were made to actuarial assumptions during the year ended June 30, 2020:

- The retiree per capita costs and trend assumptions were updated as part of the actuarial evaluation. The 2020 renewal resulted in an average increase of 4.5% – Medical and 3.5% – Rx relative to 2019.
- The mortality assumption was changed from Society of Actuaries RPH 2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality with MP-2018 Full Generational Improvement to the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted General Mortality Tables using Scale MP-2019 Full Generational Improvement.
- The discount rate was changed from 3.00% to 2.60% for the end of year measurement.
- Life insurance is valued as the probability of death times the amount of insurance rather than assumed age-banded rate times the probability of survival.
- The number of health insurance participants decreased by 1.

Lincoln University
A Component Unit of the State of Missouri
Required Supplementary Information
Schedule of Changes in the University's Total OPEB Liability and Related Ratios
Last Seven Fiscal Years

The following changes were made to actuarial assumptions during the year ended June 30, 2019:

- The per capita costs-premium rates and trend assumptions were updated as part of the ongoing actuarial analysis. Premium costs were lower than expected.
- The assumed mortality was updated to reflect the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2018 Full Generational Improvement.
- The discount was changed from 3.35% to 3.00% for the end of year measurement.
- The number of health insurance and life insurance participants decreased by 2 and 1, respectively.

The following changes were made to actuarial assumptions during the year ended June 30, 2018:

- The assumed mortality was updated to reflect the Society of Actuaries RPH-2014 Adjusted to 2006 White Collar Headcount-weighted Mortality table with MP-2017 Full Generational Improvement.
- The per capita costs and trend assumptions were updated as part of the ongoing actuarial analysis.
- The discount rate was changed from 3.50% (GASB 45) to 3.35% as of the beginning of the year and 3.30% as of the end of the year in accordance with GASB 75.
- The life insurance benefit for two retirees was valued and included in the results.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Supplementary Information

Lincoln University
A Component Unit of the State of Missouri
Auxiliary System Revenue Fund
Schedules of Revenues and Expenses
Years Ended June 30, 2024 and 2023

	2024					
	Residence Halls	Cafeteria	Bookstore	Vending and Other	Student Union	Total
Revenues						
Residence hall contracts	\$ 3,103,152	\$ -	\$ -	\$ -	\$ -	\$ 3,103,152
Housing system appropriation	188,208	-	-	-	-	188,208
Food service	-	2,621,244	-	-	-	2,621,244
Bookstore	-	-	17,375	-	-	17,375
Other	-	-	-	47,261	-	47,261
Vending	-	-	-	52,355	-	52,355
	<u>3,291,360</u>	<u>2,621,244</u>	<u>17,375</u>	<u>99,616</u>	<u>-</u>	<u>6,029,595</u>
Direct Expenses						
Salaries and wages	308,186	-	-	5,252	2,624	316,062
Fringe benefits	180,394	-	-	3,586	1,793	185,773
Contractual services	950,184	1,937,295	1,155	2,944	160,282	3,051,860
Travel	5,055	-	-	-	-	5,055
Supplies, cost of sales	19,497	-	-	1,561	-	21,058
Communications	4,858	(6,395)	-	580	1,440	483
Utilities	687,415	9,118	-	-	-	696,533
Other operating	616,524	-	-	5,680	-	622,204
	<u>2,772,113</u>	<u>1,940,018</u>	<u>1,155</u>	<u>19,603</u>	<u>166,139</u>	<u>4,899,028</u>
Excess (Deficiency) of Revenues Over Direct Expenses	<u>\$ 519,247</u>	<u>\$ 681,226</u>	<u>\$ 16,220</u>	<u>\$ 80,013</u>	<u>\$ (166,139)</u>	<u>1,130,567</u>
Indirect Expenses						
Bad debts						122,206
Audit						12,450
						<u>134,656</u>
Excess of Revenues Over Expenses						995,911
Transfers In						677,664
Mandatory Transfer for Principal and Interest on Indebtedness						(1,393,301)
Nonmandatory Transfer to Plant Fund						<u>-</u>
Net Increase for the Year						280,274
Net Position, Beginning of Year						<u>4,908,356</u>
Net Position, End of Year						<u>\$ 5,188,630</u>

Lincoln University
A Component Unit of the State of Missouri
Auxiliary System Revenue Fund
Schedules of Revenues and Expenses
Years Ended June 30, 2024 and 2023

	2023					
	Residence Halls	Cafeteria	Bookstore	Vending and Other	Student Union	Total
Revenues						
Residence hall contracts	\$ 3,272,832	\$ -	\$ -	\$ -	\$ -	\$ 3,272,832
Housing system appropriation	180,812	-	-	-	-	180,812
Food service	-	2,630,063	-	-	-	2,630,063
Bookstore	-	-	16,477	-	-	16,477
Other	-	-	-	15,743	-	15,743
Vending	-	-	-	26,054	-	26,054
	<u>3,453,644</u>	<u>2,630,063</u>	<u>16,477</u>	<u>41,797</u>	<u>-</u>	<u>6,141,981</u>
Direct Expenses						
Salaries and wages	302,753	-	-	10,458	15,042	328,253
Fringe benefits	123,915	-	-	908	1,288	126,111
Equipment purchases	1,395	3,500	-	-	-	4,895
Contractual services	859,711	1,878,199	1,620	-	157,422	2,896,952
Travel	6,558	-	-	-	-	6,558
Supplies, cost of sales	10,294	2,506	-	3,183	54	16,037
Communications	6,891	(6,353)	-	340	1,441	2,319
Utilities	738,974	-	-	-	-	738,974
Other operating	565,888	1,615	-	249	4,399	572,151
	<u>2,616,379</u>	<u>1,879,467</u>	<u>1,620</u>	<u>15,138</u>	<u>179,646</u>	<u>4,692,250</u>
Excess (Deficiency) of Revenues Over Direct Expenses	<u>\$ 837,265</u>	<u>\$ 750,596</u>	<u>\$ 14,857</u>	<u>\$ 26,659</u>	<u>\$ (179,646)</u>	<u>1,449,731</u>
Indirect Expenses						
Bad debts						65,069
Audit						12,225
						<u>77,294</u>
Excess of Revenues Over Expenses						1,372,437
Transfers in						359,511
Mandatory Transfer for Principal and Interest on Indebtedness						(1,427,691)
Nonmandatory Transfer to Plant Fund						<u>-</u>
Net Increase for the Year						304,257
Net Position, Beginning of Year						<u>4,604,099</u>
Net Position, End of Year						<u>\$ 4,908,356</u>

Lincoln University
A Component Unit of the State of Missouri
Athletic Facilities Revenue Fund
Schedule of Revenues and Expenses
Years Ended June 30, 2024 and 2023

	2024	2023
Revenues		
Student athletic fees		
Student athletic fees	\$ 382,548	\$ 379,860
Student experience expenses	(36,709)	(52,896)
Net student athletic fees	345,839	326,964
Football ticket sales	35,411	33,642
Facility rental fees	1,880	1,200
	<u>383,130</u>	<u>361,806</u>
Direct Expenses		
Property insurance	29,389	22,238
Building improvements	-	194,864
Custodial and grounds	141,689	131,409
Utilities	62,260	60,187
Other	4,399	-
	<u>237,737</u>	<u>408,698</u>
Excess (Deficiency) of Revenues Over Direct Expenses	145,393	(46,892)
Transfers In	200,445	373,856
Transfers Out	(61,585)	(42,434)
Mandatory Transfer for Principal and Interest on Indebtedness	<u>(284,255)</u>	<u>(290,396)</u>
Net Decrease for the Year	(2)	(5,866)
Net Position, Beginning of Year	<u>200,655</u>	<u>206,521</u>
Net Position, End of Year	<u><u>\$ 200,653</u></u>	<u><u>\$ 200,655</u></u>

This schedule presents revenues and expenses of the Athletic Facilities Revenue Fund for the years ended June 30, 2024 and 2023.