



Claire McCaskill

Missouri State Auditor

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May 2006

# HIGHER EDUCATION

Truman State  
University



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

May 2006

The following findings were included in our audit report on Truman State University.

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Various concerns were noted involving Truman State University expenditures. The university did not document its evaluation and selection of the provider of architectural services for five of eight construction/renovation projects reviewed. State law requires that three qualified firms are to be considered when such services are needed. The fees paid to the architectural firms for four of these projects totaled approximately \$1.4 million. No architect fees had yet been paid related to the other project at the time of the audit.

In addition, the university had not periodically bid its collection agency services or soda and snack vending services. Collection agency services were last bid over 10 years ago and bids had not been solicited for soda and snack vending services since 1988. The auditors also noted that reasons for selecting law firms to handle litigation are generally not documented, and in February 2005, the university did not solicit bids for copying services related to a lawsuit involving the university. These copying services cost approximately \$13,000, and the circumstances surrounding the selection of this service provider were not documented.

Auditors noted some expenditures which may not be a necessary or prudent use of university funds, including:

- Approximately \$72,000 spent on charter flights to transport board members between St. Louis and Kirksville during the three years ended June 30, 2005. The flights primarily related to transportation to and from board meetings.
- \$19,904 on annual service recognition banquets and staff recognition luncheons during the three years ended June 30, 2005.
- \$10,053 for a November 2003 luncheon and reception for the current president's installation.
- \$3,251 on retirement and service recognition gifts during the three years ended June 30, 2005.

The university does not have a formal policy related to food purchases. During the three years ended June 30, 2005, the university spent a significant amount on food-related expenditures, with over \$493,000 being expended for this purpose from the university's unrestricted funds.

The multi-year contracts with the university's current and previous presidents have been

YELLOW SHEET

on a rolling-year basis, or extended so as never being allowed to expire. Should the Board of Governors wish to terminate an extended term contract, buyout terms could prove costly.

The university presidents have been allowed to accumulate vacation days without restriction, in contrast with university policy for all other university staff, with accumulations to be paid out upon retirement or termination. When the previous president retired, he was paid approximately \$45,000 for 470 hours of unused vacation leave accrued during his employment with the university. If he had been subject to the same accrual limit as other university employees, the cost of his vacation leave payout would have been reduced to approximately \$15,300.

The university has increased tuition rates each of the last five years; however, it does not adequately document the annual reviews of its tuition rates, including how any related increases are calculated or determined. While decreases in state funding in recent years have affected tuition levels, the auditors did not always see a clear correlation in changes to state funding levels and the increases in tuition levels. It was noted that during the fiscal years 2003 through 2005, the university transferred significant current operating surpluses (including those from auxiliary operations) to the Plant Fund for capital project-related costs and future property acquisitions.

As of June 30, 2005, approximately \$389,000 in delinquent student accounts had been turned over to private collection agencies. In addition, delinquent accounts totaling approximately \$28,200 were written off as uncollectible during fiscal year 2005. The university, through the student accounts office, has not established formal written policies and procedures regarding the handling of delinquent student accounts. Students with outstanding balances are in some instances allowed to register for classes, despite the restrictions, or holds, that have been placed on their accounts.

The Truman State University Foundation is a tax-exempt, charitable not-for-profit corporation that has been established to support the goals and activities of the university. The university subsidized over \$340,000 of the foundation's operating expenses during the year ended June 30, 2005. Most of these subsidies related to eight employees in the advancement office who are paid from university funds, but who spend much, if not all, of their time working on foundation activities. The audit report concluded that the practice of subsidizing the foundation with university funds may constitute the granting or lending of public funds to a private entity, which is prohibited by the Missouri Constitution.

The audit also includes comments and recommendations related to controls over receipts, off-campus traffic checkpoints, department budgetary practices, child care operations, use of university facilities by outside parties, capital asset records and procedures, and controls over vehicles upon which the university should take appropriate corrective action.

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TRUMAN STATE UNIVERSITY

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STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Matt Blunt, Governor  
and  
Board of Governors  
and  
Dr. Barbara Dixon, President  
Truman State University  
Kirksville, MO 63501

We have audited the Truman State University. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005, 2004, and 2003. The objectives of this audit were to:

1. Review and evaluate expenditures of the university as well as purchasing practices and procedures.
2. Review and evaluate selected personnel practices and procedures.
3. Review legal compliance issues, management practices, and internal control procedures over selected financial areas, and to determine the propriety, efficiency, and effectiveness of those practices and procedures.
4. Review selected records and activities of the university's Foundation.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the university; and testing selected transactions. In addition, the university's Board of Governors had engaged BKD, LLP, Certified Public Accountants (CPAs), to perform financial audits of the university for the three years ended June 30, 2005, 2004, and 2003. To minimize any duplication of effort, we reviewed the reports and substantiating working papers of this CPA firm.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the university's management and was not subjected to the procedures applied in the audit of the university.

The accompanying Management Advisory Report presents our findings arising from our audit of the Truman State University.



Claire McCaskill  
State Auditor

November 9, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

TRUMAN STATE UNIVERSITY  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Expenditures</b>
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Various concerns were noted involving university expenditures, including the procurement of architectural, legal, and other services, some expenditures which may not be necessary or prudent, food expenditures, and procurement card purchases.

- A. The university did not document its evaluation and selection of the provider of architectural services for five of eight construction/renovation projects reviewed. The fees paid to the architectural firms for four of these projects totaled approximately \$1.4 million. No architect fees had yet been paid related to the other project at the time of our review.

Sections 8.289 and 8.291, RSMo, require that when obtaining architectural services for any capital improvement project, at least three highly qualified firms should be considered. The firms should be evaluated based on specific criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located.

A university official stated that for each of the projects in question, an architectural selection committee followed the state law when choosing the architect. However, the committee did not maintain minutes of its meetings or otherwise document its discussions and decisions.

The university should ensure the criteria used and the basis for selection of the provider of architectural services is adequately documented to provide evidence of its efforts to obtain quality services at a reasonable price and demonstrate compliance with state law.

- B. The university is subject to state purchasing requirements outlined in Chapter 34, RSMo, which include soliciting competitive bids for purchases of \$3,000 or more and advertising for bids for purchases \$25,000 or more. These requirements are also outlined in the university's purchasing policy. During our review, we noted where improvements should be made in the procurement or selection of certain service providers as follows:

- 1) The university has not periodically bid its collection agency services or soda and snack vending services.

The university contracts with several different collection agencies related to the collection of delinquent student accounts. These services generally

cost the university 33 percent of the delinquent balance collected. That cost increases to 55 percent of the balance if the payment is obtained through litigation. While a university employee indicated collection agency services have been bid in the past, this was last done over 10 years ago. In addition, the contract with one of the collection agencies could not be located and the contracts with two other agencies were dated in 1983 and 1991, respectively.

Bids have not been solicited for soda and snack vending services since 1988. The university receives a set monthly fee for each machine placed on campus (\$75 per soda machine and \$16.50 for each snack, candy, and juice machine).

It may not be necessary for the university to solicit bids for private collection or vending services on an annual basis; however, this should be done on a periodic basis to ensure the university is receiving these services at a reasonable and competitive price.

- 2) The university sometimes contracts with outside law firms to handle litigation. The reasons for selecting a particular firm for these outside legal services are generally not documented.

In addition, in February 2005 we noted the university did not solicit bids for copying services related to a lawsuit involving the university. These copying services cost approximately \$13,000. We were told the copies needed to be handled in a certain way and the law firm assigned to handle the case recommended this particular copying service. However, the circumstances surrounding the selection of this service provider were not documented.

Due to the nature of legal services, they are not generally subject to traditional bidding procedures; however, the university should ensure the reasons for selecting an outside firm for legal and related services are adequately documented.

- C. Some expenditures were noted which may not be a necessary or prudent use of university funds. These expenditures included the following:

- Approximately \$72,000 spent on charter flights to transport board members between St. Louis and Kirksville during the three years ended June 30, 2005. The flights primarily related to transportation to and from board meetings.
- \$19,904 on annual service recognition banquets and staff recognition luncheons during the three years ended June 30, 2005.

- \$10,053 for a November 2003 luncheon and reception for the current president's installation (including bookmarks for dignitaries, food, academic apparel, university medallions, newspaper ads, musical entertainment, flowers, and printing services).
- \$3,251 on retirement and service recognition gifts (wrist watches or clocks at a cost of \$76 each) during the three years ended June 30, 2005.

The public places a fiduciary trust in university officials to expend university funds in a necessary and prudent manner. The university should ensure university funds are spent only on items which are necessary to meet the critical educational needs of the university.

- D. The university does not have a formal policy related to food purchases. During the three years ended June 30, 2005, the university spent a significant amount on food-related expenditures, with over \$493,000 being expended for this purpose from the university's unrestricted funds. Examples of food expenditures included an employee appreciation picnic, a reception for new faculty, food for the president's box at football games, and various luncheons and banquets.

While a certain level of food expense is probably necessary, the university needs to assess these costs in terms of their importance compared to other critical education needs. At a minimum, the university should develop a comprehensive policy regarding food purchases in an effort to further control or reduce expenditures in this area.

- E. The university has not fully corrected a problem reported in a procurement card program audit issued by the State Auditor's Office in 2004.

Truman State University, like some other public universities in the state, has implemented a procurement card program to reduce administrative costs of processing small dollar purchases, and to provide a more convenient and efficient procurement method. Under this program, employees can use a university procurement card to order needed goods or services. The merchant electronically bills the procurement card carrier for payment, and the carrier sends the university statements for all procurement charges during the billing period. The university currently has 53 procurement cards, each with transaction limits and monthly limits to help ensure employees are not circumventing the established purchasing and bidding policies.

In 2004, the State Auditor's Office (SAO) conducted a review of the procurement card programs at three state universities, one of which was Truman State University. In that audit report ([Oversight of University Procurement Card Programs](#), Report No. 2004-87), the auditors concluded that Truman State University had adequate program oversight, and had limited its potential for procurement card abuse by issuing a limited number of procurement cards, re-

evaluating the need for each card every six months, and implementing an internal audit function which reviewed the procurement card program on a semiannual basis. However, the auditors identified examples of university employees exceeding the transaction limits by splitting purchases. An internal audit conducted in April 2004 had also identified a similar problem. According to the 2004 SAO audit, Truman State University officials indicated actions had been taken to correct this problem.

During our current audit of the university, we reviewed the university's most recent internal procurement card audits and determined that some cardholders were still splitting purchases to avoid the university's transaction limit (limit varies depending on the card, with the transaction limit being \$500 for most cards). University policies state that a cardholder's account is to be closed if that individual splits a purchase to circumvent the established limits. However, as of October 2005, no accounts had been closed due to purchase splitting.

The university needs to continue to monitor procurement card transactions to ensure the established purchasing limits are not being circumvented. If employees continue to circumvent established procedures, the university should follow its policy and close the applicable employees' accounts.

**WE RECOMMEND** Truman State University:

- A. Ensure all architectural services are procured in accordance with the applicable provisions in state law, and that adequate documentation is maintained to support the procurement and selection process.
- B. Solicit competitive bids or proposals for procured services in accordance with the university's purchasing policy and state law. If bids or proposals are not solicited, the circumstances should be fully documented.
- C. Reevaluate the expenditures discussed above and ensure all expenditures of university monies are a necessary and prudent use of public funds.
- D. Develop a comprehensive policy regarding food purchases.
- E. Continue to monitor procurement card transactions. If abuses or circumventions of established procedures are discovered, the university should follow its policy and close the cardholders' accounts or take other action to ensure the university's policies and procedures are followed.

**AUDITEE'S RESPONSE**

- A. *The University obtains these services within the applicable state law which does not require a formal competitive bidding process for the selection of architects. In the instances cited by the auditors, the University obtained the services within applicable*

*state laws by considering three options but did not keep adequate documentation to support the selection process. A system will be set in place to provide adequate documentation of architectural services through the work of the Facilities Utilization and Capital Priorities Committee.*

- B. The University agrees that competitive proposals for collection agencies and vending services were overdue. Proposals for both collection agencies and vending services have been issued and contracts should be awarded in May 2006. With regard to legal fees, the University will ensure that the reasons for selecting an outside firm for legal and related services are adequately documented.*
- C. The University agrees that it is important for funds to be spent in a careful and prudent manner. We will continue to monitor expenditures noted by the auditors.*
- D. The University is drafting a comprehensive policy related to food expenditures. We anticipate an approved policy will be communicated to the campus community this summer.*
- E. Of the 53 procurement cards used on campus, the University identified two users with split purchases for two audit cycles. The University will continue to monitor the purchasing card transactions and will take appropriate action when a cardholder has not followed the policy.*

**2.**

## **Presidents' Contracts and Accumulated Leave**

The multi-year contracts with the university's current and previous presidents have been on a rolling-year basis or extended so as never being allowed to expire. In addition, those officials have been allowed to accumulate vacation leave without restriction.

- A. The contract with the university's current president is for three years, and is handled as a continuous contract. According to the contract, the university intends to review the contract annually for possible renewal on a rolling basis. Therefore, each year when the contract is reviewed, the salary and benefits are negotiated (typically upward), and an additional year is generally added to the end of the contract period. As a result, the contract never expires and the Board of Governors loses much of its authority and influence it might otherwise exercise over its top administrator.

The initial contract with the current president covered fiscal years 2004 through 2006 (from July 1, 2003 to June 30, 2006). When the president's contract was reviewed in fiscal year 2004, her compensation was increased for fiscal year 2005, but the contract was not extended at that time. However, when the contract was reviewed in 2005, besides increasing her salary for fiscal year 2006, two additional years were added to the contract, extending it through fiscal year 2008. We also noted the contract with the university's previous president was for five

years, but during that period two contract extensions were entered into, extending the contract an additional two years, each time keeping the contract period at five years and increasing the previously agreed to salary and benefits.

No statutes expressly prohibit multi-year contracts for top administrative employees; however, problems can arise from such arrangements. For example, should the Board of Governors wish to terminate the extended term contract, buyout terms could prove costly. As a result, the board needs to reevaluate its practices regarding the extending or adjusting multi-year contracts.

- B. The current and previous university presidents have been allowed to accumulate vacation days without restriction, with accumulations to be paid out upon retirement or termination. This is in contrast with a university policy which allows all other university staff to be paid up to a maximum of 20 days (or 160 hours) of unused vacation time upon leaving university employment.

In 2003, when the previous president retired, he was paid approximately \$45,000 for 470 hours of unused vacation leave accrued during his employment with the university. If the former president had been subject to the same accrual limit as other university employees, his vacation leave payout would have been approximately \$15,300.

The university's practice of allowing its president to accrue vacation leave without restriction could result in a significant liability when retirement or termination of university employment occurs.

**WE RECOMMEND** Truman State University consider:

- A. Utilizing employment contracts with the university president that last for a specific term and refrain from routinely extending those contracts to cover additional periods.
- B. Limiting the amount of vacation leave the university president can accumulate to avoid a significant liability when that individual retires or terminates employment.

**AUDITEE'S RESPONSE**

*The University's Legal Counsel will advise the Board of Governors on these items.*

**3.**

**Controls Over Receipts**

Internal controls over receipts could be improved. The university's cashier's window in the business office is the main on-campus collection point for receipts; however, there are various other locations on campus where monies are initially received prior to them being

turned over to the cashiers for deposit. Our review of the controls over receipts disclosed the following concerns:

- A. Receipts collected and recorded by the cashiers are not always deposited intact and the composition of receipts is not reconciled to deposits. We noted the university allows students and employees to cash personal checks from the daily cash receipts. In addition, departments are allowed to cash petty cash replenishment checks from the daily cash receipts.

Cashing personal checks and petty cash replenishment checks from the daily cash receipts is a poor practice and reduces the accountability for monies received. To help ensure that cash receipts are accounted for properly, daily receipts should be deposited intact and the composition of receipts should be reconciled to the composition of bank deposits. If the university wishes to continue providing check-cashing services for its students and employees, at a minimum, the checks should be cashed from a separate cash drawer and not from daily cash receipts.

It should be noted there are automated teller machines (ATMs) next to the cashier's office window and in the university's student union where students and employees may obtain cash, if needed.

- B. An additional supply of cash is kept in the vault to restock the cashiers' drawers throughout the day. Improvements are needed related to the records and controls over this money.

The three cashiers' drawers each have a \$1,000 change fund. Due to cashing checks from these funds, there is not usually enough cash in each drawer to conduct business during a normal business day. Therefore, the university keeps additional cash in the vault for the cashiers to replenish their drawers during the business day, as needed. The balance of this vault money is not kept at a set or imprest amount, but we were told varies from \$15,000 to \$17,000 (when fully replenished). In addition, a log is not kept to document the cashiers' withdrawals of cash from the vault. Instead, at the end of each business day, each cashier prepares a cash used slip to document the amount of vault cash disbursed from their drawers during that day. These cash used slips are given to the head cashier who uses these when she prepares a monthly vault reconciliation.

When the cash in the vault gets below \$5,000, a requisition is sent to the accounts payable section for a replenishment check. The cash used slips supporting the amount of cash disbursed since the last replenishment check are not sent to the accounts payable section when requesting a replenishment check.

If the university determines it is necessary to continue to maintain a vault cash fund, it should be maintained on an imprest basis, with the fund being maintained at a set, predetermined balance. A log should be maintained to document the cashiers' withdrawals of money from the vault, and any replenishments made to

the vault cash fund should bring the fund up to the predetermined balance. The cash replenishment amounts should also be agreed to the disbursements recorded on the withdrawals log.

- C. According to university records, during the three years ended June 30, 2005, the theatre box office collected almost \$46,000 related to theatre productions. Adequate procedures have not been established to account for the revenues related to the sale of tickets for these productions.

At the theatre box office, many tickets are sold in advance for upcoming theatre events. As theatre tickets are sold, a log is kept related to each night of the performance documenting information such as the purchaser's name and phone number, the number of tickets sold, the price of the tickets, if the person paid at the time of sale (reserved tickets are paid at time of pick-up), etc. However, the log does not document the date the tickets were sold. In addition, log entries related to tickets reserved but not paid for until later are never marked as paid (even when the payment is subsequently collected). Therefore, the theatre box office does not have adequate documentation to support its daily collections and periodic cash transmittals, and cannot reconcile tickets sold to actual cash transmittals.

To ensure theatre ticket sales are properly handled and accounted for, the ticket log should record the date the tickets are sold and the date the related cash is collected by the theatre box office. In addition, the number of tickets sold should be reconciled to the actual receipts turned over periodically for deposit.

**WE RECOMMEND** Truman State University:

- A. Discontinue the practice of cashing personal checks and petty cash replenishment checks from daily cash receipts. Daily receipts should be deposited intact and the composition of the monies received should be reconciled to the composition of bank deposits.
- B. Evaluate the need for the current amount of vault cash, with efforts being made to minimize the amount of cash on hand. If a vault cash fund is needed, this fund should be kept on an imprest basis. A log should be maintained to document the cashiers' withdrawals from this fund and any replenishments of cash to this fund should be reconciled to this record.
- C. Establish adequate procedures to account for ticket sales and the collection of receipts related to theatre productions.

**AUDITEE'S RESPONSE**

- A. *The Business Office cashier window cashes checks as a convenience for faculty, staff and students. The priorities of the cashier area will be reviewed this summer, and the*

*auditors' recommendation will be included in that review. If changes are to be made, they will be approved and communicated prior to the beginning of the fall 2006 semester.*

- B. *This recommendation was implemented in October 2005 when first brought to our attention by the audit staff.*
- C. *The auditors' recommendation has been implemented and there will be ongoing monitoring of the process. The Cashier Supervisor will meet with the persons responsible for the handling of the ticket sales on a quarterly basis.*

<b>4.</b>	<b>Tuition Rates</b>
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Truman State University has increased tuition rates each of the last five years; however, the university does not adequately document the annual reviews of its tuition rates, including how any related increases are calculated or determined. The following table presents the tuition rates for full-time enrollment (excluding fees) by category of student for the five most recent academic years (including the current year):

Academic Year	Under- graduate In-State	Under- graduate Out-of-State	Graduate In-State	Graduate Out-of-State
2005-2006	\$ 5,740	9,920	6,105	10,410
2004-2005	\$ 5,410	9,510	5,760	10,060
2003-2004	\$ 4,600	8,400	4,968	8,800
2002-2003	\$ 4,144	7,544	4,440	8,080
2001-2002	\$ 3,800	6,928	4,072	7,412

University officials indicated there are many factors considered when increasing tuition. These include, but are not limited to, the level of state funding received by the university, projected enrollment levels, planned employee pay raises, and increases in operating expenses. In addition, we were informed the university collects and considers information on projected tuition rate levels for other universities in the state when setting its own tuition levels.

While the university had documented some reasons for tuition increases in fiscal years 2005 and 2006, there was no documentation maintained to support how the university calculated its approved tuition rates for any of the years noted above. Without adequate documentation supporting how tuition rates are determined, the university's students and other constituents have less assurance that tuition rates have been set appropriately.

While decreases in state funding in recent years have affected tuition levels, we did not always see a clear correlation in state funding levels and the increases in tuition levels. For example, undergraduate in-state tuition increased by approximately 6 percent and 17 percent in the academic years 2005-2006 and 2004-2005, respectively, whereas state

funding was projected to increase by about 2 percent and decrease by about 5 percent in those years, respectively. In addition, we noted that the university transferred operating surpluses (including those from auxiliary services) of approximately \$2.2 million, \$4.0 million, and \$4.5 million from its Current Fund to the Plant Fund in fiscal years 2003, 2004, and 2005, respectively, for capital project-related costs and future property acquisitions.

It should be noted that Truman State University's tuition rates are comparable to other public colleges and universities in the state. The university should prepare and maintain thorough documentation to support how its tuition rates are established to provide assurance to its students and financially responsible parties that any tuition rate increases are justified. Amounts needed to pay for future capital project costs or property acquisitions should be reflected in the supporting calculations or other documentation.

**WE RECOMMEND** Truman State University adequately document the annual review and determination of tuition levels, including the various factors and any calculations performed in setting the tuition rates.

### **AUDITEE'S RESPONSE**

*The University will continue to document the reasons for its enrollment fee increases, including such areas as projected state income, projected enrollments and required budgets for operations and plant funds. The current long-range planning process which is underway includes the identification of resources necessary to implement priorities and will continue to be tied to the budgetary process.*

<b>5. Delinquent Student Accounts</b>
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Truman State University has not established adequate policies and procedures regarding the handling of delinquent student accounts and weaknesses were noted in this area.

Students enrolled at the university are assessed tuition and fees to help cover the costs of classes. The university's student accounts office is responsible for managing these accounts and handling the collection of any accounts that are delinquent. If a student has an overdue account, a hold can be placed on the account which prevents the student from enrolling in new classes (unless the amount owed is less than \$200), obtaining transcripts or grades, or graduating. Students must make full payment or arrange a payment schedule within 90 days after specified dates (April 20 for the spring semester or November 20 for the fall semester) or the account is sent to a collection agency and eventually written off, if not collected. Although written off, these delinquent accounts are not forgiven and the applicable individuals are still restricted from receiving future services. As of June 30, 2005, approximately \$389,000 in delinquent student accounts had been turned over to private collection agencies. In addition, delinquent accounts totaling approximately \$28,200 were written off during fiscal year 2005.

We noted the following concerns regarding the student accounts office's handling of student accounts:

- A. The university, through the student accounts office, has not established formal written policies and procedures regarding the handling of delinquent student accounts. While some general guidelines have been prepared, they are inadequate and primarily discuss various factors that need to be considered when determining how to handle past due accounts.

The student accounts office follows certain unwritten, informal guidelines regarding the handling of delinquent student accounts. Formal policies or procedures are needed to address various issues and practices regarding these accounts including, but not limited to, any minimum payment requirements, when a hold is placed on an account, when an account is to be turned over to an outside collection agency, and the approval process in overriding a hold or writing off an old, delinquent account. As a result of the current situation, the university's procedures related to the handling of delinquent accounts lacks some uniformity, with such accounts being handled on a case-by-case basis.

- B. Students with outstanding balances are in some instances allowed to register for classes, despite the holds that have been placed on their accounts. According to informal policies, if a student has an outstanding balance of \$200 or more, a hold is placed on the student's account which prevents that student from registering for new classes. The student accounts supervisor has the authority to approve the override of any account holds; however, that approval or the reason for the hold overrides was not always documented.

During our test of ten delinquent accounts, we noted two instances in which a student with an outstanding balance of over \$200 was allowed to register for classes in the following semester. One of these situations involved a student participating in the study abroad program. In both instances, the applicable student was allowed to register for Spring 2005 classes when they still had delinquent balances from the Fall 2004 semester. Those delinquent balances were \$700 and \$1,944, respectively. As of July 2005, both students were still delinquent on their Fall 2004 balances and were also delinquent on paying their Spring 2005 tuition and fee charges, with the outstanding balances now totaling \$2,525 and \$4,301, respectively. In both instances, there was no documentation of the reason(s) for the account hold overrides or the supervisor's approval of those actions.

To ensure the propriety of any account hold overrides, the reasons for such actions as well as the supervisor's approval should be documented in the applicable student account files. This situation would also indicate a need for more communication between the student accounts office and the study abroad program to help ensure any delinquent balances are properly resolved before a student is approved to participate in the study abroad program.

Written policies and procedures related to delinquent student accounts are needed to help ensure such accounts are handled in a proper and consistent manner. The policies and procedures should include, but not be limited to, provisions that establish reasonable minimum payment amounts and procedures for communication between the student accounts division and the study abroad program. In addition, any deviation (or override) from the standard practices should be addressed in the policies and procedures manual and require the reasons for such action as well as supervisory approval to be documented. While university officials should have some discretion in working out acceptable payment options with its students, this should be done within a clearly established framework.

It should be noted the student accounts supervisor indicated information has been gathered for a future policies and procedures manual for the handling of delinquent accounts which could be prepared as time permits.

**WE RECOMMEND** Truman State University ensure adequate written policies and procedures regarding the proper handling of delinquent student accounts which address the control weaknesses noted above.

**AUDITEE'S RESPONSE**

*The University is drafting supplemental written policies to cover the internal handling of delinquent student accounts with a timeline for distribution of summer 2006. The Student Accounts and Study Abroad staff will meet on a regular basis to improve communication regarding the study abroad programs.*

<b>6. Off-Campus Traffic Checkpoints</b>
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In fiscal year 2004, university safety officers participated in off-campus checkpoint stops which may have been contrary to established university policies.

The university's Department of Public Safety (DPS) officers are responsible for patrolling and responding to emergencies on the university's campus and other university-owned properties, and ensuring the protection and safety of the university's students and employees. However, during fiscal year 2004, DPS officers participated in law enforcement-related activities which may not be consistent with this mission or in accordance with university policies.

From October 2003 through April 2004, university DPS officers participated in seven traffic checkpoints or safety stops in and around the city of Kirksville. Six of these seven checkpoints were at intersections that were not located within or bordering the university's campus or other university-owned property. Two of these checkpoints were at locations outside the Kirksville city limits and over 4 miles from campus.

A DPS official indicated these checkpoints related to a local methamphetamine coalition and the main purpose for the checkpoints was to discourage citizens from transporting methamphetamine into the county. The officers working the checkpoints also checked for driver sobriety, valid driver's license, and insurance. According to that DPS official, officers of the Kirksville Police Department, the Missouri State Highway Patrol, and the Adair County Sheriff's department also participated in these checkpoints.

When asked why the university's DPS officers participated in these checkpoints, university officials stated that the university feels a responsibility to help keep the Kirksville community safe, especially because some of the problems in the community may be caused by university students. In addition, they indicated keeping the community safe helps keep the campus safe.

The participation of DPS in off-campus law enforcement activities does not appear to be consistent with established university policies. The code of policies of the Board of Governors provides that university police officers have the authority to respond to emergency situations outside the boundaries of the university and provide emergency assistance to the city and county law enforcement agencies. Responding to local emergencies would appear to be appropriate; however, it would not appear the checkpoints described above constitute emergency situations as outlined in the policies. In addition, these activities could possibly expose the university to unnecessary legal liability.

DPS officers have not participated in the traffic checkpoint stops since April 2004 due to disagreements with the city of Kirksville. However, in the future it appears DPS officers may again take an active role in the activities of the methamphetamine coalition. According to DPS officials, the coalition is currently working on obtaining a grant that would reimburse the participating agencies for man-hours spent on coalition activities. University officials stated that if the grant is approved, DPS may again participate in checkpoint stops.

**WE RECOMMEND** Truman State University review this situation and consider the propriety of future DPS participation in off-campus law enforcement activities. If it is decided that such activities are appropriate, university policies should be revised accordingly to authorize these activities.

### **AUDITEE'S RESPONSE**

*The University will take the recommendation under advisement and consider the issues posed in the comment before committing campus safety officers to future off-campus events. Currently the University is participating in a grant that involves some off-campus work, and we will honor that commitment.*

Truman State University does not adequately review or monitor actual expenditures to budgeted amounts by department. In addition, the various departments are not required to report their budgeted expenditures in adequate detail.

- A. The university has not established adequate procedures to review its budgeted and actual expenditures by department. Budget-to-actual expenditure reports are not generated periodically by department; therefore, tools are not in place to effectively track and monitor the spending in the various departments and ensure expenditures are kept within budgetary limits.
- B. The departmental budgets are not required to be established by major expenditure category, resulting in budgetary information that is not comparable to actual expenditure data. At the beginning of each fiscal year, each department is allocated a total amount for its yearly operating budget. The departments have the option of breaking that total budget amount into specific, pre-established expenditure categories or leaving the department expenditure total as a lump sum on the budgetary reports. However, the actual expenditures incurred are always reported by expenditure category in the university's budgetary reports. As a result, the budget and actual expenditure data of some departments is not comparable and any analysis of it is of limited value.

A complete and well-planned budget along with effective budgetary monitoring procedures can serve as useful management tools by establishing specific expenditure expectations for each of the university's departments. The various departments should be required to establish their budgeted expenditures by category, and the university should prepare periodic budget-to-actual expenditure reports by department. A periodic comparison of budgeted versus actual expenditures, in the appropriate detail, by department is necessary to properly monitor financial activity and identify budget areas that need attention.

**WE RECOMMEND** Truman State University:

- A. Establish adequate procedures to review its budgeted and actual expenditures by department. This would include the preparation and review of budget-to-actual reports by department on a periodic basis.
- B. Require the various departments to establish detail expenditure budgets by appropriate category to allow for a meaningful comparison and analysis to actual expenditure data.

## **AUDITEE'S RESPONSE**

*The University agrees that providing timely information to departments as to the status of their budgeted accounts is necessary for adequate review and monitoring of expenditures. Departments have on-line access to their accounts and can generate printouts as needed through the eprint feature. Effective with the budget beginning July 1, 2006, departments will be required to establish detailed budgets by sub-category.*

**8.**

### **Child Care Operations**

The university's on-campus child care operation is incurring substantial operating losses and is being subsidized by other university funds. During the three years ended June 30, 2005, this child care facility lost over \$380,000.

For a number of years, the university has operated the Child Development Center (CDC), a state-licensed facility on campus, which provides early childhood education and child care services for pre-school age children of students, university faculty and employees, and families in the Kirksville community. Approximately 30 children are served by this facility. The mission of the CDC is to provide:

- A high quality early childhood program for children between the ages of 2 and 5 that fosters growth in all areas of development.
- A setting for students and faculty to perform research.
- The university students with opportunities to apply developmental theory through interaction with young children.

As of October 2005, the CDC had five full-time employees as well as a number of part-time student workers during the course of the year. Besides providing child care services, university officials indicated the CDC provides various training and classroom opportunities for various university departments, including the Communications, Nursing, Psychology, and Education Departments.

The CDC charges fees for these services which range between \$228 and \$402 per child per month, depending on whether the child is enrolled for all day or a partial day, and whether the child is enrolled for 10 months (the academic year) or 12 months (the calendar year). University employees and students receive a \$50 discount per month.

Our review of this child care facility indicated that it has operated at a substantial loss. The following chart shows a breakdown of day care revenues and expenditures for the past three fiscal years. The expenditure amounts presented do not include the cost of utilities, custodial work, and grounds keeping (which the university could not easily quantify):

	Year Ended June 30,		
	2005	2004	2003
Revenues	\$ 80,962	87,278	80,547
Expenditures			
Salaries	(150,063)	(149,060)	(161,301)
Fringe Benefits	(32,066)	(29,023)	(29,435)
Other Expenses	(24,727)	(30,752)	(23,705)
Total Expenditures	(206,856)	(208,835)	(214,441)
Revenues Over/(Under)			
Expenditures	\$ (125,894)	(121,557)	(133,894)

Operating this child care facility at a deficit requires other university funds to subsidize its operations and activities. The university should perform a cost-benefit analysis to determine whether the education, research, or other benefits of this child care operation justify its continuation or whether the continued operation of this facility needs to be reconsidered.

**WE RECOMMEND** Truman State University perform a cost-benefit analysis of this child care facility and determine whether to continue to operate this facility or how it might be operated at a level which is more self-supporting.

**AUDITEE'S RESPONSE**

*As a part of its on-going internal budget reallocation process, the University has announced that the Child Development Center will close effective May 26, 2006.*

<b>9.</b>	<b>Foundation</b>
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The university subsidizes a significant portion of the operating expenses of its foundation, with net subsidies totaling over \$340,000 for the year ended June 30, 2005. This practice does not appear to be appropriate and may violate provisions of the Missouri Constitution.

The Truman State University Foundation was established in 1980 as a tax-exempt, charitable not-for-profit corporation. Its mission is to support the goals and activities of the university by obtaining financial support, nurturing viable relationships with external constituencies, and serving as prudent financial stewards of the foundation's resources. The business and affairs of the foundation are managed by a board of directors, consisting of two members of the university's Board of Governors, the university president, and up to 20 additional appointed members. In addition, the university's chief advancement officer and controller serve as ex-officio members in a non-voting capacity. During our review, we noted that a substantial portion of the foundation's operating expenses are subsidized by the university. While all non-student employees in the

advancement office are paid from university funds, eight employees in that office spend much, if not all, of their time working on foundation activities. According to the associate vice president of advancement, she did not track the hours that she worked for the foundation nor did the other advancement office employees. However, she estimated that she worked on foundation activities 90 percent of the time. She also estimated the time that other employees in the advancement office worked on foundation activities. Based on these estimates, we determined that during the year ended June 30, 2005, the university provided salary and fringe benefit subsidies totaling over \$428,000 to the foundation related to work performed by advancement office employees.

In addition, the university paid several employees in its business office to work on foundation activities. According to the university's controller, she does not keep track of the hours that she works on foundation activities nor do the other business office employees; however, she provided estimates of foundation-related time she and the other business office employees worked. Based on these estimates, we determined that during the year ended June 30, 2005, the university provided salary and fringe benefit subsidies totaling over \$34,000 to the foundation related to business office employees.

It should be noted the foundation has made some effort to reimburse the university for costs incurred by the university on its behalf. During each of the years ended June 30 2003 and 2004, the foundation budgeted and reimbursed the university \$35,300 to help offset various foundation-related expenditures incurred by the university in those years. During the year ended June 30, 2005, the foundation increased the amount of reimbursements to \$119,300; however, this amount was still significantly less than the subsidies provided by the university in that year.

The practice of subsidizing the foundation with university funds appears to constitute the granting or lending of public funds to a private entity, which is prohibited by Article III, Section 38(a) and Article III, Section 39(1) of the Missouri Constitution.

In discussing this situation with university officials, they indicated that the foundation is not yet self-sustaining and since most donations are restricted, the foundation could not use these monies to fund its operations. Those officials also indicated the reimbursement increase in fiscal year 2005 reflects a positive effort on the foundation's part to be more self-sustaining.

**WE RECOMMEND** Truman State University work with the foundation to continue recent efforts to reduce subsidies being provided by the university to support foundation activities. Ultimately, the university should strive to discontinue such subsidies and require the foundation to be self-sustaining.

## **AUDITEE'S RESPONSE**

*We do not believe the University is violating the state's constitution by assisting foundation operations. The sole purpose of the foundation is to support the mission of the University. Any University funds used to support the foundation's operations are, in turn, used to generate external funds for the operation of the University.*

*As the foundation matures, the administration of the University and the foundation will work together to carefully monitor the balance of support and develop a long-term strategy to adjust the University's share as appropriate.*

<b>10. Use of University Facilities by Outside Parties</b>
--

The university does not have a formal agreement with a local osteopathic college related to the use of each other's facilities. In addition, the university has not changed its rental fees for outside entities' usage of its main auditorium since 1989.

- A. The university allows a local osteopathic college to use its auditorium and rooms in the student union at various times during the year for ceremonies and banquets at no charge. In exchange, the osteopathic college has allowed the university free use of its lab for anatomy classes and various other classrooms, as needed, when the university had some buildings under construction/renovation. Although this arrangement has been in existence for a number of years, no written agreement has been prepared to document this situation.

To formalize this arrangement and clarify the benefits received by each party, the university should enter into a written agreement with the osteopathic college regarding the use of each other's facilities.

- B. Other than the arrangement discussed above, university policies allow some private or non-profit events to be held at the university's main auditorium for an established rental fee. The university has charged the same rental fees for usage of the auditorium since 1989.

Currently, a minimum fee of \$350 is charged for rental of the auditorium for non-university purposes. If the auditorium is needed for more than four hours, an additional \$20 per hour rate is charged. During the three years ended June 30, 2005, the auditorium was rented to outside parties six times, with a total \$2,780 being collected.

Considering the rental fee structure has not been revised since 1989, the university should evaluate the current rental fees charged and revise them to amounts that are more up-to-date. In addition, the rental fees should be reviewed on a periodic basis.

**WE RECOMMEND** Truman State University:

- A. Enter into a written agreement with the local osteopathic college to formalize the current arrangement and clarify the benefits received by each party.
- B. Evaluate and revise, if necessary, the current auditorium rental fees being charged and periodically review the rental fee structure, as appropriate.

**AUDITEE'S RESPONSE**

*The University is in the process of formalizing the current cooperative arrangement. We also agree that the current rental fee charged for the auditorium needs to be reviewed and updated. An updated fee schedule will be approved and communicated to the campus.*

<b>11. Vehicle Usage and Related Controls</b>
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Controls over the usage of the university's vehicles could be improved. Adequate mileage records are not maintained for all vehicles and those records that are maintained are not always complete and accurate.

During the year ended June 30, 2005, the university owned 46 vehicles. Twenty-four of these were considered fleet vehicles (those taken off-campus for business purposes), while the other 22 were considered non-fleet vehicles (those used primarily on-campus by specific departments -- i.e., maintenance department vehicles). Based on fiscal year 2005 usage, the majority of the fleet vehicles (66 percent) were driven more than 15,000 miles per year, while nearly all (86 percent) of the non-fleet vehicles were driven less than 10,000 miles each year. A review of the usage and controls over these vehicles disclosed the following concerns:

- A. Detailed mileage records (or vehicle usage cards) were not maintained for all fleet vehicles. While vehicle usage cards were maintained for most fleet vehicles, we noted three instances where fleet vehicles had been checked out for several months to admission counselors, but no vehicle usage cards or other records had been maintained to document the use of the vehicle during those periods. For example, one of these vehicles was checked out for a six-month period during fiscal year 2005 and was driven 9,771 miles during that time for various recruiting trips. However, no detailed records were maintained to support the mileage driven in this vehicle.

In addition, vehicle usage records are not maintained for any non-fleet vehicles. The various departments simply call in or email the respective vehicles' month-end odometer readings to the university's department of public safety for tracking purposes. While it may not be necessary to maintain usage records for non-fleet vehicles in the same detail as for the fleet vehicles, more accountability is needed related to the usage of these vehicles.

Adequate mileage/usage records should be maintained for all university vehicles to document the use of those vehicles. These records could also be useful in evaluating the vehicle fuel costs.

- B. Except as discussed previously, when employees use fleet vehicles they are required to prepare a vehicle usage card documenting certain information, including the name of the employee using the vehicle, the date, the destination of the trip, and the beginning and ending odometer readings. The vehicle usage cards currently maintained for the fleet vehicles were not always complete and accurate and did not include all necessary information.

We noted several instances in which the beginning odometer reading recorded on a vehicle usage card did not agree to the ending odometer reading recorded on the previous vehicle usage card. For example, we noted a 66 mile difference in one instance. In addition, we noted an instance where a vehicle was checked out and the destination was documented as "local", but the vehicle was driven 137 miles and was not returned until the next day. We also noted the vehicle usage cards do not require the purpose of the trips taken in fleet vehicles to be documented.

The university should ensure the vehicle usage cards maintained are complete and accurate and include all necessary information, including the purpose of each trip taken. These records should be reviewed periodically to ensure they are properly maintained.

**WE RECOMMEND** Truman State University:

- A&B. Ensure complete and accurate mileage/usage records are maintained for all vehicles and include all necessary information. In addition, these records should be reviewed periodically to ensure they are properly maintained.

**AUDITEE'S RESPONSE**

*A&B. The University agrees that accurate mileage records for vehicles are necessary and has taken steps to insure that instances such as those noted do not occur in the future.*

<b>12. Capital Asset Records and Procedures</b>
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Various concerns were noted regarding Truman State University's capital, or fixed, asset records and related procedures. The university does not have a physical inventory policy and an annual inventory of the capital asset items is not required. Physical inventory count sheets were not accurate and adjustments were not made to records in a timely manner. In addition, reports are not generated periodically which list all land, buildings, and equipment owned at a particular date.

The university's financial accounting system accounts for all capital assets of the institution, except for items costing less than \$1,000. A review of the university records and procedures related to these assets disclosed the following concerns:

- A. The university does not have a physical inventory policy regarding its property and equipment and an annual physical inventory of these asset items is not required. As a result, a complete physical inventory of the university's capital assets has not been completed since at least July 2002.

During fiscal year 2005, university personnel conducted a partial physical inventory of the institution's capital assets; however, as of June 30, 2005, this physical inventory work was only performed in four areas, involving just twelve percent of the fixed asset items of the university.

Annual physical inventories are necessary to ensure the accuracy of asset records and to detect the loss, theft, or misuse of assets. The university should conduct annual physical inventories and reconcile the results of the inventories to the detailed capital asset records.

- B. The inventory count sheets used in conducting the physical inventories performed during fiscal year 2005 did not accurately list those assets owned by the university at that time. As a result, the university employees conducting the physical inventories had difficulty locating many of the capital asset items.

During our review of the inventory count sheets, we noted that 891 of 1556 items (or 57 percent) could not be located. The book value of those assets totaled \$1.8 million. In following up on this situation, a university employee indicated the accounting system did not allow count sheets to be printed which listed only the assets currently owned. According to that individual, all capital assets costing over \$5,000 were included on the inventory count sheets even if they had been disposed of, and the business office had to look up each missing asset on the university's accounting system to determine if the item had actually been disposed. As a result of this situation, it was unclear if those assets which could not be located were actually missing or if they had been disposed.

In addition, adjustments to the capital asset records as a result of the physical inventory procedures were not made in a timely manner. No adjustments were made to the assets records as a result of inventory counts completed in May and June 2005 until the fall of 2005.

The university should ensure that inventory count sheets which accurately reflect assets currently owned are used in conducting the physical inventories of capital asset items. In addition, any adjustments to the records as a result of the physical inventories should be made on a timely basis. Failure to properly update the records due to inventory counts results in inaccurate asset records.

- C. The university does not generate reports periodically which list all capital assets owned at a particular date. The university's capital asset records related to items costing over \$5,000 include all assets that were owned as of July 2002 (when the new computerized financial system was implemented) or were purchased since that time, including any disposed assets. As a result, we had difficulty in obtaining an accurate list of assets currently owned by the university.

The university should generate reports periodically that accurately reflect the property and equipment currently owned. Besides being useful information to the university, such information could be useful to its independent auditors and other outside parties.

**WE RECOMMEND** Truman State University

- A. Establish a formal policy regarding the periodic physical inventory of its capital assets. Consideration should be given to requiring these physical inventories to be performed on an annual basis. In addition, the results of such inventories should be agreed to the detailed capital asset records.
- B. Ensure inventory count sheets that accurately reflect the assets currently owned are used in conducting the physical inventories of capital asset items. In addition, any adjustments to the records as a result of the physical counts should be made on a timely basis.
- C. Generate reports periodically that accurately reflect all assets currently owned by the university.

**AUDITEE'S RESPONSE**

- A. *The University will establish a formal policy regarding the periodic physical inventory of its capital assets and communicate that policy to campus departments. The University agrees that the inventory count sheets should accurately reflect the assets currently on record for the department.*
- B. *The auditors' comment involved an employee error in that incorrect printouts were distributed to departments. That was an isolated error and there is no reason to believe it will be repeated. When the completed physical inventories are returned by the departments to the Business Office, the results are transferred to the detail capital asset records. In the example cited by the auditors, the transfer was delayed due to employee turnover.*
- C. *The University will send to the departments each year (or more often if requested) printouts showing the capital assets assigned by department.*

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

TRUMAN STATE UNIVERSITY  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Truman State University was founded in 1867, and was originally named the North Missouri Normal School and Commercial College. The institution's name has changed several times over the years, with the college being given the name of the Northeast Missouri State Teachers College in 1919. In 1967, the Board of Regents changed the name of the college to Northeast Missouri State College to reflect its expansion of programs/degrees other than just those related to teacher education. The college's name was changed again in 1972 to the Northeast Missouri State University to reflect its offering of graduate level programs. In 1995, Governor Mel Carnahan signed legislation that changed the university's name to Truman State University to honor President Harry S Truman, the only Missourian to serve as the President of the United States. This most recent name change became official on July 1, 1996.

The Missouri legislature has designated Truman State University as a statewide institution of liberal arts and sciences, and it is the only highly selective statewide public liberal arts and sciences university in Missouri. During the 2003-2004 academic year, Truman State University was ranked 6th among the master's universities in the nation for the number of students studying abroad. Additionally, in February 2006, the university was ranked 23rd on *Kiplinger's Personal Finance* magazine's survey of "100 Best Values in Public Colleges".

In the fall of 2005, 2004, and 2003, the university's on-campus student enrollment, including graduate students, was 5,799, 5,862, and 5,712, respectively.

Truman State University is currently governed by a nine-member Board of Governors appointed by the Governor of Missouri and confirmed by the Senate. The board consists of seven voting members and two non-voting members appointed to six-year terms. A student representative, with non-voting privileges, also serves on the board. The Board of Governors as of June 30, 2005, consisted of the following members:

<u>Name</u>	<u>Position</u>	<u>Term Ends</u>
Sarah B. Burkemper	President	January 2007
G. Ruth Mach	Vice President	January 2006
Randa Rawlins	Secretary	January 2008
Thomas R. Jayne	Member	January 2006
Wilma Maddox	Member	January 2005
Michael T. Schwend	Member	January 2007
Mark S. Wasinger	Member	January 2011 (1)
Matthew Barnes	Non-voting Member	January 2007
Peter Ewell	Non-voting Member	January 2010
Emily C. Dunn	Student Representative	January 2006 (2)

(1) Mark S. Wasinger was appointed in February 2005 to replace John Briscoe.

(2) Emily C. Dunn was appointed in July 2003 to replace Micah McKay. Emily S. Kiddoo was appointed in July 2005 to replace Emily C. Dunn.

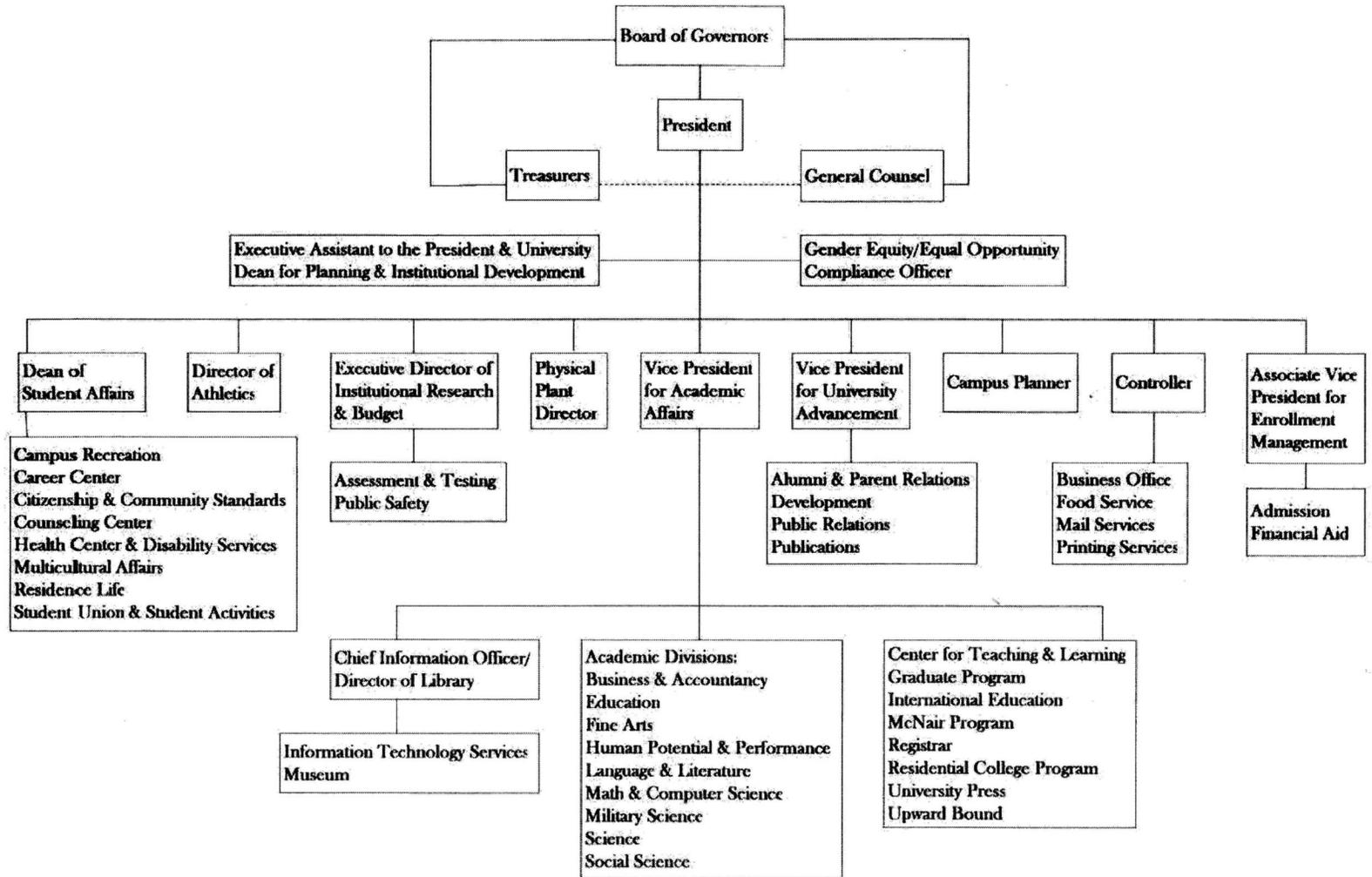
The Board of Governors appoints a President to serve as the university's Chief Executive Officer. Two Vice Presidents and one Executive Director have been appointed to oversee Academic Affairs, University Advancement, and Institutional Research and Budgets. The individuals who served in these top administrative positions and their annual compensation as of June 30, 2005, were as follows:

<u>Name</u>	<u>Position</u>	<u>Annual Compensation</u>
Dr. Barbara Dixon	President	\$ 190,850 (1)
Garry Gordon	Vice President for Academic Affairs	120,000
Mark Gambaiana	Vice President for University Advancement	120,000
Dave Rector	Executive Director of Institutional Research and Budgets	97,720

- (1) Dr. Barbara Dixon was hired by the university in July 2003, to replace Dr. Jack Magruder, who retired. In addition to her base salary of \$190,850, Dr. Dixon's contract provides for an annual payment of \$10,000 to a deferred compensation account if the board determines her performance to be satisfactory, as well as up to \$5,000 per year from the university's foundation for reimbursement of university related expenses not eligible for reimbursement under university polices. In addition to the monetary compensation received, the president is provided with a furnished residence of which all utility and insurance costs are paid by university and a vehicle for business and personal use.

An organization chart and financial information follow.

TRUMAN STATE UNIVERSITY  
 ORGANIZATION CHART  
 JUNE 30, 2005



Appendix

TRUMAN STATE UNIVERSITY  
REVENUES AND EXPENSES

REVENUES	Year Ended June 30,		
	2005	2004	2003
Tuition and fees	\$ 23,095,331	20,071,817	18,180,472
State appropriations	39,545,109	38,619,433	39,452,483
Grants and contracts	5,200,082	3,651,965	4,083,582
Sales and services	408,457	292,242	254,126
Fees and fines	307,418	289,568	267,825
Auxiliary services (1)	17,032,144	15,597,951	15,356,403
Interest income	1,967,137	1,356,873	1,888,078
Other	1,918,120	549,722	918,321
<b>Total Revenues</b>	<b>89,473,798</b>	<b>80,429,571</b>	<b>80,401,290</b>
<b>EXPENSES</b>			
Salaries and benefits	50,125,991	49,054,060	48,678,344
Office and institutional expenses	5,960,359	5,150,479	5,572,197
Student meal expenses	5,126,341	4,527,704	4,082,697
Professional services	4,244,139	3,836,301	3,823,593
Equipment costs	2,075,700	1,318,301	1,215,559
Travel expenses	1,460,885	1,135,684	1,154,491
Study abroad program (2)	2,499,994	2,100,856	1,575,656
Utilities	3,441,882	3,104,548	2,712,828
Depreciation	6,859,924	6,671,672	7,109,288
Interest expense	1,273,984	598,134	627,398
Other	1,799,388	2,434,991	2,432,520
<b>Total Expenses</b>	<b>84,868,587</b>	<b>79,932,730</b>	<b>78,984,571</b>
<b>REVENUES OVER EXPENSES</b>	<b>\$ 4,605,211</b>	<b>496,841</b>	<b>1,416,719</b>

(1) This revenue category includes student housing, student union, student recreation center, and other non-academic revenues.

(2) This expense category represents payments made by Truman State University to foreign universities for tuition of its students to attend those foreign institutions. Truman State University collects the foreign universities' tuition from the students and disburses it to those institutions.

NOTE - The revenue and expense data presented was prepared by the university and does not include financial activity of the Foundation.