
MISSOURI WESTERN STATE UNIVERSITY

A COMPONENT UNIT OF THE

STATE OF MISSOURI

FINANCIAL STATEMENTS

JUNE 30, 2016

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

MANAGEMENT'S INTRODUCTION

Overview

Missouri Western State University (the University of Missouri Western) is a four-year public institution providing a blend of traditional liberal arts and professional degree programs. The University offers student centered, high quality instruction that focuses on experience-based learning, community service and state-of-the-art technology. Missouri Western is located in St. Joseph, Missouri and is committed to the educational, economic, cultural and social development of the region it serves.

The University is a component unit of the State of Missouri and is authorized under Missouri statute to offer associate, baccalaureate and graduate degrees as well as certificate programs. Professional programs, programs for transfer students, continuing education opportunities and self-enrichment courses are also offered. Missouri Western State University has an enrollment of approximately 5,800 undergraduate and graduate students. The University has on-campus student housing that can accommodate approximately 23% of the student body.

The predecessor to Missouri Western State University, St. Joseph Junior College, was organized in 1915 as an integral part of the city public school system. An independent junior college district involving eleven school districts was organized in 1965, and the school's name was changed to Missouri Western Junior College. Also in 1965, legislation allowing the junior college to become a four-year college passed the Missouri General Assembly. In the fall of 1969, 2,536 students began attending the new four-year school, Missouri Western College, on the present campus, which now comprises 723 acres. The College became a fully funded state institution on July 1, 1977. University designation for Missouri Western became official on August 28, 2005. The legislation (SB 98) that included university designation also gives Missouri Western a statewide mission in the area of applied learning.

Missouri Western State University invests its resources, including student fees and state appropriations, efficiently and effectively to serve the needs of students, our region and the State of Missouri. Missouri Western invests approximately 83% of its total budget in instruction and in other activities that specifically support students. The University works with students to connect the theory of the classroom with its applications beyond the classroom in the community, the region and well beyond. Missouri Western serves students who are typically first-generation college students and who demonstrate financial need at a level substantially above the average for students in Missouri. The University produces student outcomes that compare well with other colleges and universities in Missouri.

MISSOURI WESTERN STATE UNIVERSITY
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Management's Introduction (*Continued*)

Strategic Planning

Missouri Western has a long-standing commitment to strategic planning and formally implemented a five year planning schedule in 2002. All Missouri Western strategic plans remain committed to fulfilling the mission, vision and values of the institution. With the implementation of *The Western Advantage* (2002 - 2007), *Building the New American Regional University* (2007-2012), and *Achieving Excellence, Transforming Lives* (2012-2017) strategic plans, Missouri Western has focused on continuous improvement.

Missouri Western's current strategic plan, *Achieving Excellence, Transforming Lives* has three main goals: 1) Enhancing the Educational Experience; 2) Preparing Graduates for Careers, Graduate Studies and Life Opportunities; and 3) Increasing and Managing Resources.

For development of each strategic plan, Missouri Western seeks the input and feedback from hundreds of internal and external stakeholders. As a result, the University's strategic initiatives focus on a future vision that has broad support. Missouri Western's Strategic Plan Steering Committee meets regularly and reports progress annually; keeping stakeholders informed of goal implementation. A strategic plan website archives all meeting agendas, minutes, annual reports and action projects.

Academic Quality Improvement Program (AQIP)

Missouri Western maintains institutional accreditation through the Academic Quality Improvement Program (AQIP) of the Higher Learning Commission (HLC). Continuous accreditation has been in place since 1919. The most recent Reaffirmation of Accreditation was issued in 2009 - 2010 and remains in effect until 2016-2017. To maintain continuous accreditation through HLC, the University maintains three AQIP Action Projects at all times and reports annually to HLC on project status. In addition, Missouri Western provides to HLC an Annual Institutional Data Update on key indicators of institutional performance and prepares a Systems Portfolio every four years as a comprehensive self-study toward quality improvement. In addition, Missouri Western participates in an AQIP Strategy Forum and a Comprehensive Quality Review (CQR) as part of the reaffirmation of accreditation process.

MISSOURI WESTERN STATE UNIVERSITY
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Management's Introduction (*Continued*)

Campus Environment

Fiscal year 2016 saw the completion of numerous capital projects. The University entered into an energy savings and performance contract with Schneider Electric in November 2014 that was completed in the April 2016 for a total of \$5,055,144. The scope of this project includes lighting retrofits and controls, building automation system and sub-metering, water conservation, and mechanical and building improvements. Annual energy savings over the next 15 years of the contract are guaranteed to be more than the annual payment on the capital lease for the project.

In 2016, also saw the completion of \$264,000 of renovations to Eder Hall and a total of \$800,000 of renovations to Potter Hall. These renovations ranged from replacement of all flooring, painting, remodeling of bathrooms and entryways. Potter Hall also currently has additional renovations in progress of \$400,000 scheduled to be completed in FY17. The University also completed major renovation in the Looney Complex including partial roof replacement, elevators renovations, replacing the HVAC system and replacing of the flooring throughout the building, renovated the restrooms, and the addition of a new double glass entryway on the building for a total of \$635,000.

The University broke ground in FY2015 on the new Spratt Stadium to be used by the Football and the Soccer teams. This project is scheduled for completion in August 2016, and the total cost currently in CIP is \$7,840,000. The scope of the project includes the demolition and construction of the concourse, concessions area, restrooms, club level (including suites) and press box. In addition, repairs and improvements to the home grandstand seating area, removal of the track and relocation of the field to be closer to the home stands and new turf will replace the current surface.

A complete renovation of the University pool is scheduled for completion in August 2016. This project included stripping the old liner, fixing the leaks, adding new tile, lane markers, pool deck, bleachers, renovating of the women's and men's locker rooms, installed new HVAC system and painted the walls and ceilings. The total amount of the project included in CIP at June 30, 2016 is \$377,400.

The University was approved for capital appropriations of \$4.8 million from the State of Missouri House Bill 19. This is has been earmarked for the updating of HVAC units across campus, network infrastructure replacement and academic building deferred maintenance repair and renovation. This project is expected to be completed in fiscal year 2018. The current amount of the renovations that have been completed in FY16 is \$2,623,541.

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Management's Introduction (*Continued*)

Kansas City Chiefs Summer Training Camp – The University entered into a contract with the Kansas City Chiefs Professional Football Franchise to hold their summer training camp on the campus of the University beginning in July 2010. The summer of 2016 marked the seventh year the training camp has been held on the campus. As part of the agreement, the University built an indoor practice facility, multi-purpose facility, two outdoor practice fields and other enhancements in preparation for the camp. The project was funded by the Kansas City Chiefs, City of St. Joseph, Buchanan County, the University and private donations. Construction of the facilities was completed in July 2010 at a cost of \$11,338,408.

After extensive contract negotiations, MWSU and the KC Chiefs have signed a three year contract with two optional one year extensions from July 2015 through July 2017 with contract options through the 2019 summer camp. As part of the contract negotiations, a new irrigation system was installed and the existing grass was replaced by Bermuda sod. In addition, a new driveway, parking lot and sidewalk were paved to the practice field. The project cost was approximately \$675,000 which was funded by a tax credit agreement with the Missouri Development Finance Board and the Missouri Western State University Foundation.

Once again this year was a very successful camp with a high level of fan attendance. The Chiefs expressed their appreciation for the University's hard work in hosting the camp.

Future Directions

Missouri Western's current strategic plan, *Achieving Excellence, Transforming Lives* has three main goals: 1) Enhancing the Educational Experience; 2) Preparing Graduates for Careers, Graduate Studies and Life Opportunities; and 3) Increasing and Managing Resources. The annual reports attest to the progress the University has made in accomplishing these goals. An important focus in the current strategic plan is Master Planning for the University's campus and the surrounding region. The Master Plan was completed in 2015 and will be used to guide campus decisions for the next ten years. Missouri Western continues to participate with Heartland Health (Mosaic Life Care) and Herzog Contracting Corporation for a comprehensive development strategy for the Riverside Road Corridor.

Aligned with the strategic goal of *Increasing and Managing Resources*, it is crucial to the University's success in the next 100 years to support and grow areas that will enhance its academic programs while creating a remarkable student experience.

MISSOURI WESTERN STATE UNIVERSITY
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Management's Introduction (*Continued*)

The *Centennial Capital Campaign* is the direct response of Missouri Western's commitment to achieve its strategic goals and its mission of transforming lives. Based on University priorities and positive feedback from its campaign study, the *Centennial Capital Campaign* will secure private resources to meet many of its long-range facility, endowment, and program needs during the five-year campaign:

- Enhance Campus Facilities
 - Spratt Memorial Stadium Complex improvements
 - Potter Hall expansion and improvements

- Expand Missouri Western's Endowments
 - Support for general operating, scholarship, and program endowments
 - Ongoing University Support

- Gifts to Missouri Western for programs, equipment, and other emerging needs

The public phase of the campaign began in January 2015.

Since 2009, graduating seniors and alumni of the Craig School of Business have had the opportunity to compete for ownership of a Rocky Mountain Chocolate Factory (RMCF) store or other franchise stores. In a senior-level Applied Entrepreneurship class, the students complete a business plan for a store, and then present that business plan to a panel of experts who select the winners. The winners are provided with financing and support in opening their own store. In 2016, fifteen (15) Missouri Western graduates own and operate Rocky Mountain Chocolate Factory, Aspen Leaf frozen yogurt, or other franchise stores in nine (9) states.

The Missouri Western State University Center for Entrepreneurship trains, mentors and supports business owners and entrepreneurs in the St. Joseph area and beyond. Over the past two years, the Center for Entrepreneurship has provided free consulting services to more than 200 new and existing entrepreneurs.

In the summer of 2012, Gov. Jay Nixon visited the campus to announce that Missouri Western, the St. Joseph Metro Chamber and several other education and business partners have been awarded a grant of \$1 million to establish an Innovation Campus. The grant helps employees and potential employees in high-demand industries complete post-secondary degrees. To date, 22 individuals have graduated through this program and 25 are currently enrolled.

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Management's Introduction (*Continued*)

In addition to community partners such as the Community Alliance of St Joseph, business partners include:

- Heartland Health
- Hillyard Industries
- Boehringer Ingelheim Vetmedica Inc
- Gray Manufacturing
- Lifeline Foods
- Altec Industries
- Blue Sun Biodiesel
- Albaugh Inc.
- Farmers State Bank
- Midland Empire Resources for Independent Living (MERIL)
- Sunshine Electronic Display
- Commerce Bank

The National Science Foundation recently awarded a grant of \$491,883 to two faculty members at Missouri Western State University for the project "Collaborative Research: RUI: Broadening the Application of Programmed Evolution for Metabolic Engineering," in collaboration with faculty members at Davison College.

Enrollment in graduate programs at Missouri Western continues to grow. New graduate degree programs include a Masters of Business Administration (MBA) that will begin accepting students in December 2016 and the Master of Science in Information Technology Assurance Administration (ITAA). The ITAA program provides students with a practical understanding of the principles of data protection, network security and computer forensic.

Missouri Western State University recently filled the first endowed position at the university. The Endowed Director will oversee the bachelor degree program in Population Health which is the first to be offered in the state. This program was developed in collaboration with our regional health care system and an international health informatics company.

Governor Jay Nixon announced on August 12, 2015, that Missouri Western would receive \$4.8 million in State capital appropriations for improvement and renovations made possible by the Building Affordability initiative passed by the General Assembly. This initiative is providing students with state-of-the-art facilities that are needed to prepare for the jobs of the future and help the universities hold down the cost of tuition.

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Management's Introduction (*Continued*)

At Missouri Western, these improvements will include renovations to Popplewell Hall, Wilson Hall, the Hearnnes Center Library, Eder Hall, Potter Hall and the Looney Complex by replacing entryways, flooring, drop ceilings and renovating restrooms with ADA accessible stalls and fixtures. In addition, the initiative will allow the university to install new fiber-optic cable to support faster Internet connection speeds, upgrade to digital HVAC controls and replace old air-cooled rooftop chillers. The renovations began this summer and will be completed by early 2018.



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Independent Auditors' Report

Board of Governors
Missouri Western State University
St. Joseph, Missouri

Report On The Financial Statements

We have audited the accompanying financial statements of Missouri Western State University and its discretely presented component unit, collectively a component unit of the State of Missouri, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Missouri Western State University's financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Missouri Western State University Foundation, Inc., the discretely presented component unit of Missouri Western State University, which statements reflect total assets of \$49,003,411 and \$48,860,800 as of June 30, 2016 and 2015, respectively, and total revenues of \$5,954,638 and \$8,014,860, respectively, for the years then ended. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Missouri Western State University Foundation, Inc. is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Missouri Western State University Foundation, Inc., which comprise the financial statements of the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of Missouri Western State University and its discretely presented component unit as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matter

As discussed in Note 1 to the financial statements, the 2015 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the University's Proportionate Share of Net Pension Liability, Schedule of University Contributions, and Schedule of Funding Progress for the post-employment healthcare plan be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Missouri Western State University's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the management's introduction and the other information required by bond trustee for bonds, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management's introduction and the other information required for bonds has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Prior Period Financial Statements

The financial statements of Missouri Western State University and its discretely presented component unit as of and for the year ended June 30, 2015 were audited by predecessor auditors, and those auditors expressed an unmodified audit opinion on those audited statements in their report dated November 18, 2015.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2016, on our consideration of Missouri Western State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Missouri Western State University's internal control over financial reporting and compliance.

RubinBrown LLP

October 27, 2016

MISSOURI WESTERN STATE UNIVERSITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2016, 2015, And 2014

Introduction

This discussion and analysis of Missouri Western State University (the University) financial statements provides a comparative overview of the University's financial performance during the years ended June 30, 2016, 2015 and 2014. Since the Management's Discussion and Analysis is designed to focus on current activities, resulting change and current known facts, please read it in conjunction with the University's basic financial statements and the footnotes.

Financial Overview And Highlights

Comparative Analysis Of Fiscal Years 2016 And 2015

A review of the University's net position at June 30, 2016 reflects a decrease of \$0.4 million or .8% to \$49.4 million. Operating revenues for the year ended June 30, 2016, which includes tuition and fees of \$24.2 million; federal and state grants and contracts of \$1.0 million; auxiliary revenues of \$7.7 million; and other revenues of \$2.4 million, decreased by \$.3 million to \$35.3 million. Operating expenses increased by \$0.8 million to \$70.1 million, resulting in an operating loss of \$34.8 million. Operating expenses included depreciation of \$5.9 million. This operating loss of \$34.8 million and net non-operating and other capital revenues of \$34.4 million resulted in a decrease in net position of \$.4 million.

Comparative Analysis Of Fiscal Years 2015 And 2014

A review of the University's net position at June 30, 2015 reflects a decrease of \$1.8 million or 3.6% to \$49.8 million. Operating revenues for the year ended June 30, 2015, which includes tuition and fees of \$24.9 million; federal and state grants and contracts of \$1.0 million; auxiliary revenues of \$8.8 million; and other revenues of \$0.9 million, increased by \$.2 million to \$35.6 million. Operating expenses increased by \$1.3 million to \$69.2 million, resulting in an operating loss of \$33.6 million. Operating expenses included depreciation of \$5.6 million. This operating loss of \$33.6 million and net non-operating and other capital revenues of \$31.8 million resulted in a decrease in net position of \$1.8 million. GASB 68 required a change in accounting principle to recognize MOSERS pension liability of \$30.3 million which resulted in the decrease of net position to \$49.8 million.

MISSOURI WESTERN STATE UNIVERSITY
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Management's Discussion And Analysis (*Continued*)

Statement Of Net Position

The Statements of Net Position present the financial position of the University at the end of the fiscal year and includes all assets and deferred outflows of resources, liabilities and deferred inflows of resources of the University. Assets and liabilities are generally measured using historical cost, which approximates current value, with certain exceptions, such as, capital assets which are stated at cost less accumulated depreciation, and long-term debt, which is stated at cost. A summary of the University's assets, liabilities and net position at June 30, 2016, 2015 and 2014 is as follows:

	June 30,		
	(In Millions)		
	2016	2015	2014
		(As Restated)	(As Restated)
Current Assets	\$ 24.8	\$ 27.3	\$ 27.5
Noncurrent Assets			
Loans to students, net	—	1.2	1.5
Capital assets, net	118.3	111.0	108.4
Total assets	143.1	139.5	137.4
Deferred Outflows Of Resources	7.4	4.9	1.4
Current Liabilities	9.3	9.6	8.6
Noncurrent Liabilities	91.0	77.6	48.2
Total liabilities	100.3	87.2	56.8
Deferred Inflows Of Resources	0.8	7.4	—
Net Position			
Net investment in capital assets	64.6	62.5	62.7
Restricted	0.8	2.0	2.6
Unrestricted operating	13.0	14.4	16.7
Unrestricted GASB 68	(29.1)	(29.2)	—
Total Net Position	\$ 49.3	\$ 49.7	\$ 82.0

Comparative Analysis Of Fiscal Years 2016 And 2015

Current assets decreased 9.2% from \$27.3 million to \$24.8 million. This is primarily due to the construction of Spratt Stadium.

MISSOURI WESTERN STATE UNIVERSITY
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Management's Discussion And Analysis (*Continued*)

Noncurrent assets increased by 5.4% from \$112.2 million to \$118.3 million. Capital assets, net of accumulated depreciation, increased 6.6% from \$111.0 million to \$118.3 million, primarily due to the new Spratt Football/Soccer Stadium and the additional Capital Appropriations from the State that allowed the University to complete multiple capital building improvements.

Deferred outflows increased by \$2.5 million or 51% from \$4.9 million to \$7.4 million due to the GASB 71 pronouncement requiring MOSERS contributions to be deferred outflows rather than expense and actuarial adjustments made by MOSERS.

Non-current liabilities increased by \$13.4 million or 18.1% from \$77.6 to \$91.0 million. This is primarily due to the GASB 68 pronouncement requiring the recognition of the proportionate share of the unfunded MOSERS pension that increased by \$9.0 million. Auxiliary System Revenue Bonds Series 2015 was issued to finance the Spratt Football/Soccer Stadium that increased the long-term debt by \$4.8 million.

Deferred inflows decreased by \$6.6 million from \$7.4 million to \$.8 million due to GASB 68 pronouncement requiring recognition of projected versus actual earnings on investments in the MOSERS plan.

Comparative Analysis Of Fiscal Years 2015 And 2014

Current assets decreased .1% from \$27.5 million to \$27.3 million. This is primarily due to a reduction in cash and investments from additional projects approved by the Board of Governors.

Noncurrent assets increased by 2.1% from \$109.9 million to \$112.2 million. Capital assets, net of accumulated depreciation, increased 2.4% from \$108.4 million to \$111.0 million, primarily due to additional capital projects completed in FY15.

Non-current liabilities increased by \$29.4 million or 61.0% from \$48.2 million to \$77.6 million. This is primarily due to the GASB 68 pronouncement requiring the recognition of the proportionate share of the unfunded MOSERS pension. Deferred outflows increased from \$1.4 million to \$4.9 million due to the GASB 71 pronouncement requiring 2015 fiscal year MOSERS contribution be reported as a deferred outflow rather than an expense.

Deferred inflows increased from zero to \$7.4 million due to the GASB 68 pronouncement requiring recognition of projected versus actual earnings on investments in the MOSERS plan.

MISSOURI WESTERN STATE UNIVERSITY
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Management's Discussion And Analysis (*Continued*)

	Capital Assets, Net		
	June 30, 2016		
	(In Millions)		
	Cost	Accumulated Depreciation	Net Capital Assets
Land	\$ 0.3	\$ —	\$ 0.3
Land improvements	10.1	4.3	5.8
Buildings and improvements	156.5	59.4	97.1
Furniture, fixtures and equipment	19.5	15.0	4.5
Library materials	4.2	3.7	0.5
Construction in progress	10.1	—	10.1
Total capital assets	\$ 200.7	\$ 82.4	\$ 118.3

As of June 30, 2016, the University had recorded \$200.7 million in gross capital assets and \$82.4 million in accumulated depreciation that resulted in \$118.3 million in net capital assets.

As of June 30, 2015, the University had recorded \$190.6 million in gross capital assets and \$79.6 million in accumulated depreciation that resulted in \$111.0 million in net capital assets.

In 2016, the University made several additions to capital assets, including \$4.1 million in Building Improvements, and \$.5 million additions in furniture, fixtures and equipment. The University partnered with Schneider Electric in an energy savings and performance contract in November of 2014. The scope of the project included lighting retrofits, upgrade of building automation systems and sub-metering, water conservation and mechanical and building improvements. This project was completed in 2016 at a cost of \$5.1 million. The University applied and received \$.5 million in rebates from KCP&L and Laclede Gas for the completion of the project. Schneider Electric has guaranteed energy savings for the next 15 years ranging from \$.4 to .6 million each year.

The University also saw the completion of \$.3 million of renovations to Eder Hall. The renovations ranged from replacement of all flooring, painting, remodeling of bathrooms and entryways and replacing the glass in the front entryway. The Looney Complex received a partial roof replacement, renovations to the elevators, and upgrade of the HVAC system, flooring, restrooms and the construction of a new double glass entryway into the building at a cost of \$.6 million.

In 2016, the University made \$2.1 million of additions to Furniture, fixtures and equipment. The increase in this category is primarily due to a campus wide network upgrade project, the audio visual and kitchen equipment for the Spratt Stadium.

MISSOURI WESTERN STATE UNIVERSITY
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Management's Discussion And Analysis (*Continued*)

The University recorded \$10.1 million in Construction in Progress for 2016. The largest part of this is the construction of the Spratt Stadium that is scheduled for completion in August 2016 for a total of \$7.8 million. The scope of the project includes the demolition and construction of the concourse, concession area, restrooms, club level (including suites) and press box. In addition, repairs and improvements to the home grandstand seating area, removal of the track and relocation of the field to be closer to the home stands and new turf to replace the current surface. There is an additional 1.1 million for the construction of the Spratt Stadium Scoreboard.

The remaining \$2.5 million is primarily due to two additional renovations. The first being the complete renovation of the University pool that is located in the Looney Complex. The scope of this project includes stripping the old line, fixing the leaks, adding new tile, lane markers, pool deck, bleachers, renovation of the men's and women's locker rooms, installation of a new HVAC system and the painting of the walls and ceilings that represent \$.4 million in CIP. This has been a collaborative effort with the University receiving support from the City of St. Joseph and Buchanan County in an effort to keep this facility open for the students and for the community.

The University has also started renovations on Potter Hall which has \$.4 million included in CIP. The scope of this project includes new flooring in the hallways and corridors, paint and wall coverings, new light fixtures and drop ceilings, as well as new carpeting for the band room.

In 2015, the University made several additions to capital assets, including various building improvements. Renovations were made to multiple facilities for our food service production. Popplewell Hall received a complete renovation of the area formerly known as the Deli, and reopened as the "The Pod" which offers deli sandwiches, snacks and hot food. In addition, the Student Union food court was remodeled and now features a Subway franchise and Aramark's version of Chinese cuisine called the Wok. All of these projects totaled approximately \$600,000.

A new addition to Potter Hall was completed in 2015 featuring a new percussion room at a cost of \$800,000. In addition, land improvement projects totaling \$970,000 to revamp the football practice fields, and the paving of the parking lots by the fitness center.

MISSOURI WESTERN STATE UNIVERSITY
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Management's Discussion And Analysis (*Continued*)

	Analysis Of Net Position		
	June 30		
	(In Millions)		
	2016	2015	2014
Net investment in capital assets	\$ 64.6	\$ 62.5	\$ 62.7
Restricted	0.8	2.0	2.6
Unrestricted Operating	13.0	14.4	16.7
Unrestricted GASB 68	(29.1)	(29.2)	—
Total net position	\$ 49.3	\$ 49.7	\$ 82.0

Comparative Analysis Of Fiscal Years 2016 And 2015

Net position decreased by .1% or \$.4 million from fiscal year 2015 to 2016. The net position is comprised of unrestricted operating net position of \$13.0 million and the cumulative effect of a change in accounting principle from GASB 68 unrestricted GASB 68 of (\$29.0) million; restricted for loans and other \$0.4 million; and restricted for debt service agreement for repairs and maintenance of \$0.4 million; net investment in capital assets \$64.6 million.

The decrease in restricted net position is due to the liquidation of the Perkins Loan program.

Comparative Analysis Of Fiscal Years 2015 And 2014

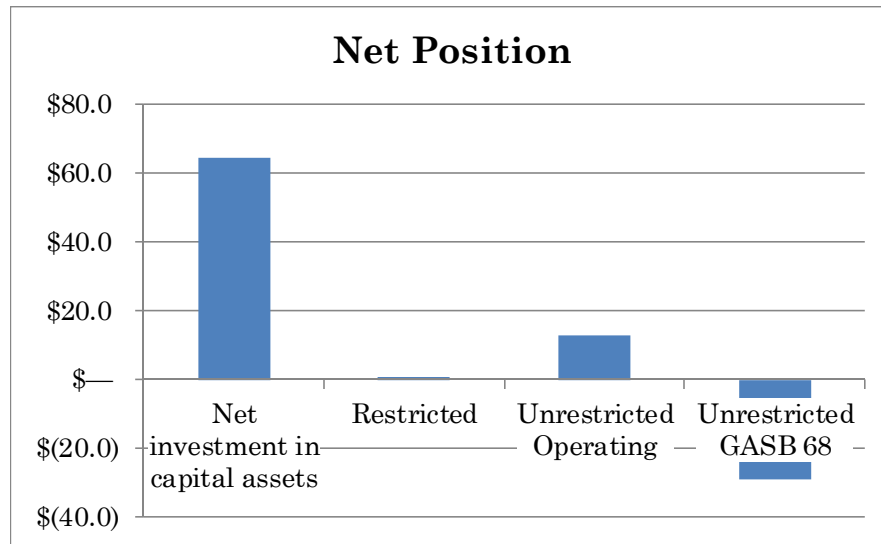
Net position decreased by 39.3% or \$32.2 million from fiscal year 2014 to 2015. The net position is comprised of unrestricted operating net position of \$14.4 million; restricted for loans and other \$1.7 million; and restricted for debt service \$0.3 million; net investment in capital assets \$62.5 million.

The decrease in the unrestricted net position of \$31.4 million from 2014 to 2015 is due to the cumulative effect of the implementation of GASB 68, a new standard for pension accounting placed into effect by the Governmental Accounting Standards Board starting July 1, 2014. A more in depth explanation can be found in footnote 5.

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

Management's Discussion And Analysis (*Continued*)

The following is a graphic illustration of net position at June 30, 2016:



Analysis Of Unrestricted Net Position

	Analysis Of Unrestricted Net Position		
	June 30,		
	(In Millions)		
	2016	2015	2014
Operating Fund			
Unrestricted Funds Operating	\$ 5.2	\$ 6.3	\$ 8.7
Unrestricted Funds GASB 68	(29.1)	(29.2)	—
Designated Funds	5.4	5.7	5.6
	(18.5)	(17.2)	14.3
Auxiliary Fund			
Unrestricted Funds	2.6	2.5	2.4
Total	\$ (15.9)	\$ (14.7)	\$ 16.7

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

Management's Discussion And Analysis (*Continued*)

Operating Results

The Statements of Revenues, Expenses and Changes in Net Position present the University's results of operations. The statements distinguish revenues and expenses between operating and non-operating categories, and provide a view of the University's operating margin. Comparative summary statements of revenues, expenses and changes in net position for the years ended June 30, 2016, 2015 and 2014 are as follows:

	Operating Results		
	June 30,		
	(In Millions)		
	2016	2015	2014
Operating Revenues			
Tuition and fees	\$ 24.2	\$ 24.9	\$ 24.6
Federal grants and contracts	0.5	0.5	0.5
State grants and contracts	0.5	0.5	0.7
Auxiliary enterprises	7.7	8.8	8.6
Other	2.4	0.9	1.0
Total operating revenues	35.3	35.6	35.4
Operating Expenses	70.1	69.2	67.9
Operating Loss	(34.8)	(33.6)	(32.5)
Nonoperating Revenues (Expenses)			
State appropriations	21.9	21.6	20.5
Federal grants	9.6	11.0	10.9
Contributions	1.2	1.0	1.1
Interest income	0.1	0.1	0.1
Contribution Expense	—	(1.0)	—
Loss on disposal of capital assets	(0.4)	—	—
Interest on capital asset-related debt	(2.5)	(2.4)	(2.1)
Net nonoperating revenues	29.9	30.3	30.5
Capital Revenues			
Capital appropriations	2.6	—	—
Capital gifts	1.9	1.5	0.3
Total capital revenues	4.5	1.5	0.3
Decrease In Net Position	(0.4)	(1.8)	(1.7)
Net Position, Beginning Of Year	49.8	81.9	83.6
Change In Accounting Principle	—	(30.3)	—
Net Position, Beginning Of Year, As Restated	49.8	51.6	83.6
Net Position, End Of Year	\$ 49.4	\$ 49.8	\$ 81.9

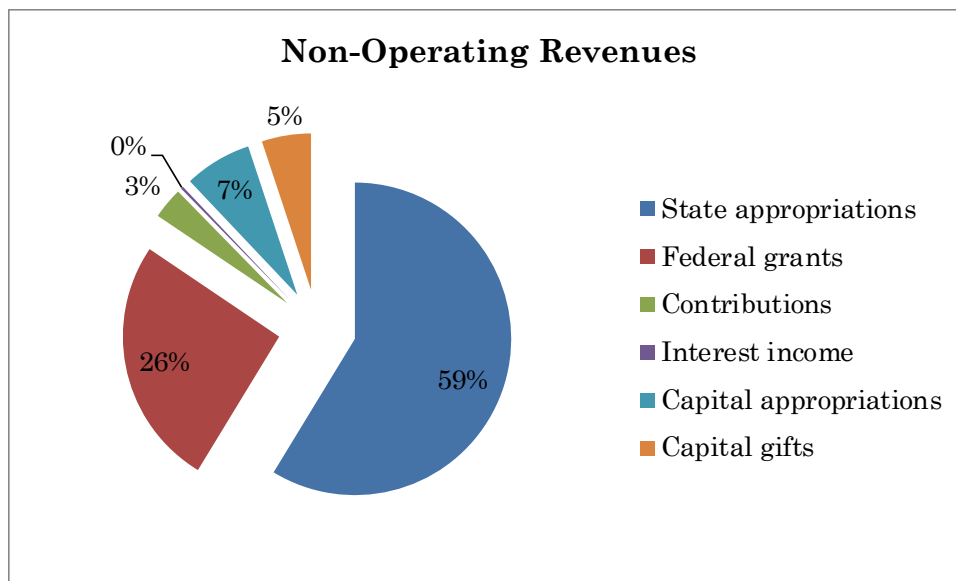
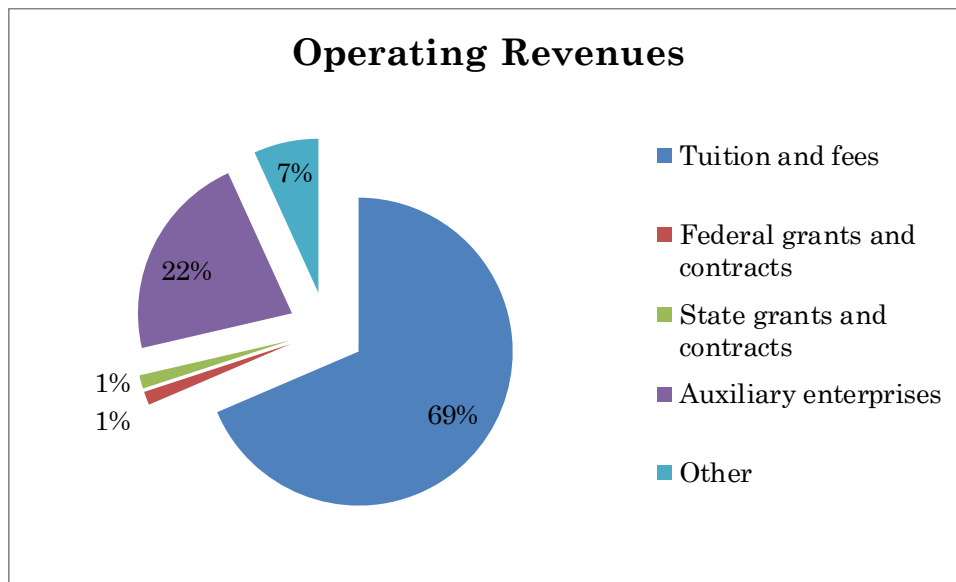
MISSOURI WESTERN STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF MISSOURI

Management's Discussion And Analysis (*Continued*)

Tuition and fees and auxiliary enterprises revenue is reported only to the extent they are earned. Student financial assistance provided by federal and state sources is reported as federal and state grants and contract revenues rather than as tuition and fees or auxiliary revenues.

In fiscal year 2016, total operating revenues had a slight decrease of .3% from \$35.6 million to \$35.3 million. The decrease was due primarily to a decrease in auxiliary enterprises.

The following are graphic illustrations of revenues by source for the year ended June 30, 2016.



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

Management's Discussion And Analysis (*Continued*)

In fiscal year 2016, non-operating and capital revenues increased by \$2.6 million or 8.2% from \$31.8 million to \$34.4 million due primarily from the following increases (decreases) in millions:

Non-Operating Revenue And Capital Gifts	
State of Missouri Capital Appropriation	\$ 2.6
Capital Gifts	0.4
Federal Grants	(1.4)
Contribution Expense	1.0
	<hr/>
	\$ 2.6
	<hr/> <hr/>

In fiscal year 2015, non-operating and capital revenues increased by 3.2% from \$30.8 to \$31.8 million due primarily to the following increases (decreases) in millions:

Non-Operating Revenue And Capital Gifts	
State of Missouri Capital Appropriation	\$ 1.1
Contributions	(0.1)
Capital Gifts	1.2
Federal Grants	0.1
Contribution Expense	(1.0)
Interest on Capital Asset Related Debt	(0.3)
	<hr/>
	\$ 1.0
	<hr/> <hr/>

Missouri Western State University elected to use the natural classification for operating expenses, as did all state public higher education institutions in the State of Missouri.

During 2016, 2015 and 2014, tuition fee waivers are reported as a reduction in revenue rather than scholarships and amounted to approximately \$4.2, \$3.8 and \$3.5 million, respectively. In addition, Federal Pell Grants and Federal Education Opportunity Grants outlays are recorded as a reduction in tuition and fees revenue and amounted to approximately \$7.6, \$8.6 and \$8.2 million, respectively.

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

Management's Discussion And Analysis (*Continued*)

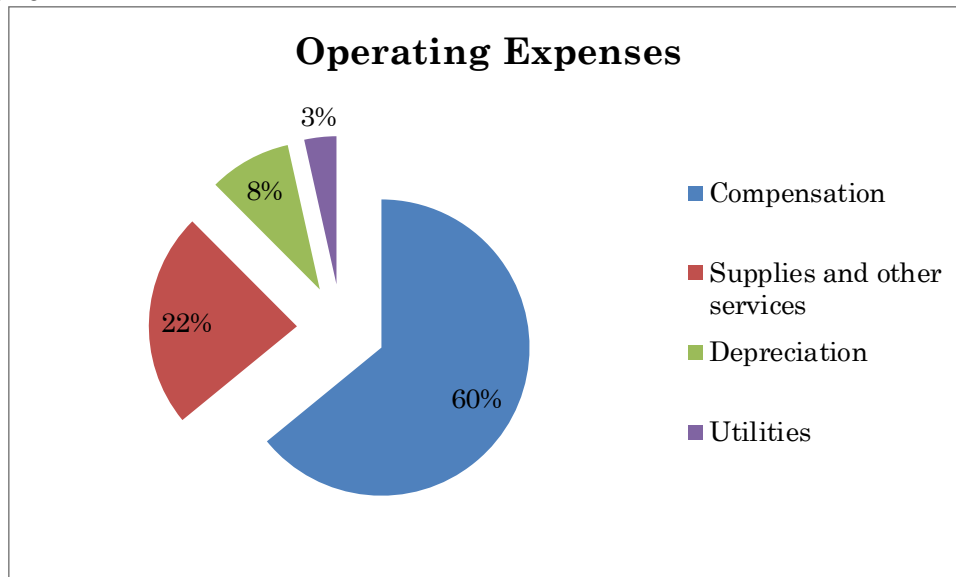
Comparative Analysis Of Fiscal Years 2016 And 2015

In 2016, the University's operating expenses increased by \$0.9 million, of which \$1.1 million is due to an increase in compensation and fringe benefits. salary and wages represents a \$.5 million increase and a \$1.1 million increase in fringe benefits is due to the GASB 68 MOSERS pension expense allocation. This reflects a 3.9% increase in compensation to employees and a \$0.5 million increase in supplies. Supplies and other services increased in multiple areas due to the various renovation projects that were completed throughout the year.

Comparative Analysis Of Fiscal Years 2015 And 2014

In 2015, the University's operating expenses increased by \$1.3 million, of which \$.4 million increase in compensation and fringe benefits reflecting a 1.0% increase in compensation to employees and a \$1.0 million increase in supplies. Supplies and other services increased in multiple areas including an increase in food costs, the centennial and campus master planning are just a few of the projects in 2015.

The following is a graphic illustration of operating expenses for the fiscal year ended June 30, 2016:

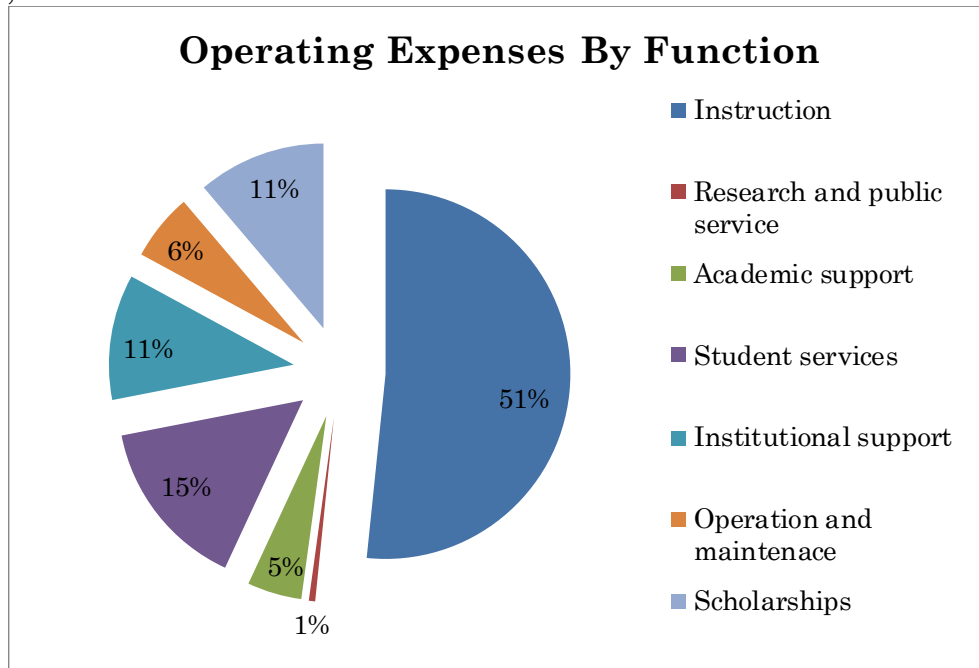


MISSOURI WESTERN STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF MISSOURI

Management's Discussion And Analysis (*Continued*)

	Operating Expenses		
	June 30		
	(In Millions)		
	2016	2015	2014
Compensation	\$ 42.1	\$ 41.0	\$ 40.6
Supplies and other services	15.4	15.3	14.3
Depreciation	5.9	5.6	5.6
Utilities	2.3	2.6	2.8
Total operating expenses	\$ 70.1	\$ 69.2	\$ 68.0

The following is a graphic illustration of educational and general operating expenses at June 30, 2016:



Missouri Western continues to invest a high proportion of its total expenditures in instruction and other activities that specifically support students and the community. Instruction, Research and Public Service, Student Services, Scholarships, and Academic Support combined represent 83% of total educational and general expenses. Institutional support 11% and Operation and Maintenance 6% make up the remainder.

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

Management's Discussion And Analysis (*Continued*)

Cash Flows

The Statement of Cash Flows provides a view of the sources and uses of the University's cash resources. Comparative summary statements of cash flows for the years ended June 30, 2016, 2015 and 2014 are as follows:

	Cash Flows		
	Year Ended June 30, (In Millions)		
	2016	2015	2014
Cash Provided By (Used In)			
Operating activities	\$ (28.6)	\$ (28.7)	\$ (26.3)
Noncapital financing activities	32.7	33.6	32.6
Capital and related financing activities	(6.7)	(5.4)	(8.8)
Investing activities	(1.2)	4.0	0.5
Increase (Decrease) In Cash And Cash Equivalents	(3.8)	3.5	(2.0)
Cash And Cash Equivalents, Beginning Of Year	19.5	16.0	18.0
Cash And Cash Equivalents, End Of Year	\$ 15.7	\$ 19.5	\$ 16.0

Comparative Analysis Of Fiscal Years 2016 And 2015

Cash and cash equivalents at June 30, 2016 were \$15.7 million, which was a decrease of \$3.8 million from 2015. The decrease in cash and cash equivalents is primarily attributable to the cash reserves being used for additional capital projects started or completed in 2016.

During 2016, cash used in operating activities amounted to a decrease of \$28.6 million, which resulted from receipts from tuition and fees, grants and contracts and auxiliary enterprise charges less payments to employees and suppliers. Cash provided by non-capital financing activities, primarily state appropriations and federal grants, was \$31.5 million and \$1.2 million in private contributions. Cash used for capital and related financing activities was a decrease of \$6.7 million, which consisted of the purchases of capital assets of \$12.6 million, capital gifts received of \$1.5 million private and \$2.6 million of state capital appropriations. The issuance and payment of debt service for 2016 was \$1.8 million. Investing activities amounted to a decrease of \$1.2 million, which primarily was the result of the net activity in purchases and sales of investments.

Comparative Analysis Of Fiscal Years 2014 And 2013

Cash and cash equivalents at June 30, 2015 were \$19.5 million, which was an increase of \$3.5 million from 2014. The increase in cash and cash equivalents is primarily attributable to the proceeds from sales of investments to use for additional capital projects completed in 2015 and to be completed in 2016.

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

Management's Discussion And Analysis (*Continued*)

During 2015, cash used in operating activities amounted to \$28.7 million, which resulted from receipts from tuition and fees, grants and contracts and auxiliary enterprise charges less payments to employees and suppliers. Cash provided by non-capital financing activities, primarily state appropriations and federal grants, was \$33.6 million. Cash used for capital and related financing activities was \$5.4 million, which consisted of the purchases of capital assets of \$4.6 million, capital gifts received of \$1.9 million and payment of debt service \$2.7 million. Investing activities amounted to \$4.0 million, which primarily was the result of the net activity in purchases and sales of investments.

Missouri Western State University Foundation, Inc.

Missouri Western State University Foundation, Inc. is a not-for-profit organization incorporated in the State of Missouri on December 19, 1968. The Foundation's principal activity is to obtain contributions, which include cash and other assets, for the support and assistance of Missouri Western State University and its faculty and students. A copy of the Foundation's annual financial report can be obtained by sending a written request to the Missouri Western State University Foundation, 4525 Downs Drive, St. Joseph, Mo. 64507.

The University has included financial information of the Missouri Western State University Foundation, Inc. in this report as required by the Governmental Accounting Standards Board Statement No. 39, *determining whether Certain Organizations are Component Units*. GASB No. 39 requires reporting, as discretely presented component units, organizations that raise and hold economic resources for the direct benefit of the University.

Acknowledgements

The University's financial statements are the responsibility of the University's management. The timely preparation of the University's financial statements was made possible by the dedicated service of the Accounting Office personnel and others who have our sincere appreciation.

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

STATEMENT OF NET POSITION

Page 1 Of 2

	June 30,	
	2016	2015 (As Restated)
Assets		
Current Assets		
Cash and cash equivalents	\$ 15,195,367	\$ 17,796,270
Investments	4,499,606	3,500,000
Accounts receivable, net	3,637,032	3,343,022
Loans to students	—	227,800
Prepaid expenses	713,166	752,235
Restricted current assets		
Cash and cash equivalents	460,000	1,685,418
Investments	300,000	—
Total Current Assets	24,805,171	27,304,745
Noncurrent Assets		
Loans to students, net	21,257	1,207,443
Capital assets, net	118,329,122	110,998,045
Total Noncurrent Assets	118,350,379	112,205,488
Total Assets	143,155,550	139,510,233
Deferred Outflows Of Resources		
Deferred losses on debt refundings	1,216,503	1,291,365
Current year contributions to MOSERS	3,458,038	3,486,111
Proportionate share of MOSERS deferred outflows	2,703,401	98,752
Deferred Outflows Of Resources	7,377,942	4,876,228
Total Assets And Deferred Outflows Of Resources	150,533,492	144,386,461

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

STATEMENT OF NET POSITION

Page 2 Of 2

	June 30,	
	2016	2015 (As Restated)
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 5,002,982	\$ 4,701,330
Accrued compensated absences	780,947	783,140
Unearned revenue	1,057,584	1,098,285
Interest payable	502,859	540,324
Long-term debt - current portion	1,931,269	2,489,740
Total Current Liabilities	9,275,641	9,612,819
Noncurrent Liabilities		
Accrued compensated absences	777,557	747,017
Unearned revenue	1,084,792	1,495,640
Other postemployment benefit	1,331,973	1,315,066
Pension liability	34,372,019	25,343,374
Long-term debt, net	53,458,223	48,646,044
Total Noncurrent Liabilities	91,024,564	77,547,141
Total Liabilities	100,300,205	87,159,960
Deferred Inflows Of Resources		
Proportionate share of MOSERS deferred inflows	779,451	7,389,501
Total Liabilities And Deferred Inflows Of Resources	101,079,656	94,549,461
Net Position		
Net investment in capital assets	64,594,388	62,539,045
Restricted, expendable for		
Scholarships, fellowships and other	119,157	208,131
Loans	314,880	1,478,492
Debt service	362,464	343,910
Unrestricted	(15,937,053)	(14,732,578)
Total Net Position	\$ 49,453,836	\$ 49,837,000

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
A COMPONENT UNIT OF MISSOURI WESTERN STATE
UNIVERSITY

STATEMENT OF FINANCIAL POSITION

Page 1 Of 2

	June 30,	
	2016	2015
Current Assets		
Cash	\$ 801,666	\$ 919,968
Pledges receivable - current portion	2,003,959	1,615,568
Pledges receivable - gifts-in-kind	1,205,805	97,058
Notes receivable, net - current portion	1,669	5,210
Interest, dividends and other receivables	97,729	96,462
Prepaid expense	24,996	35,224
Total Current Assets	4,135,824	2,769,490
Investments		
Investments	36,134,843	36,447,824
Mineral rights	140,496	174,963
Cash surrender value of life insurance	509,708	467,479
Total Investments	36,785,047	37,090,266
Equipment		
Equipment, at cost	61,432	61,432
Less accumulated depreciation	52,067	48,216
Total Equipment	9,365	13,216
Other Assets		
Pledges receivable - net	1,744,723	2,450,209
Notes receivable - net	90,099	90,883
Beneficial interest in perpetual trusts	5,238,353	5,446,736
Other equity interests	1,000,000	1,000,000
Total Other Assets	8,073,175	8,987,828
Total Assets	\$ 49,003,411	\$ 48,860,800

**MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
A COMPONENT UNIT OF MISSOURI WESTERN STATE
UNIVERSITY**

STATEMENT OF FINANCIAL POSITION

Page 2 Of 2

	June 30,	
	2016	2015
Current Liabilities		
Accounts payable	\$ 629,818	\$ 460,878
Agency funds, net	81,626	57,450
Deferred revenue	153,833	117,878
Lease payable – current portion	2,651	2,522
Total Current Liabilities	867,928	638,728
Long-term Liabilities		
Lease payable – long-term portion	4,970	7,621
Total Liabilities	872,898	646,349
Net Assets		
Unrestricted		
General operating	2,310,276	2,223,112
Board designated	1,467,425	1,372,170
Total unrestricted	3,777,701	3,595,282
Temporarily restricted	17,621,836	17,955,251
Permanently restricted	26,730,976	26,663,918
Total Net Assets	48,130,513	48,214,451
Total Liabilities And Net Assets	\$ 49,003,411	\$ 48,860,800

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
A COMPONENT UNIT OF MISSOURI WESTERN STATE
UNIVERSITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION

	For The Years Ended June 30,	
	2016	2015 (As Restated)
Operating Revenues		
Student tuition and fees, net	\$ 24,164,893	\$ 24,895,708
Federal grants and contracts	498,279	467,375
State grants and contracts	502,765	494,087
Interest on student loans receivable	145,242	137,286
Sales and services of educational programs	449,361	352,961
Auxiliary enterprises, net	7,748,320	8,812,542
Other operating revenues	1,750,616	439,144
Total Operating Revenues	35,259,476	35,599,103
Operating Expenses		
Salaries	32,546,430	32,079,645
Benefits	9,544,642	8,935,852
Supplies and other services	15,398,696	15,327,316
Scholarships and fellowships	4,367,880	4,681,937
Depreciation	5,934,891	5,612,641
Utilities	2,290,318	2,610,868
Total Operating Expenses	70,082,857	69,248,259
Operating Loss	(34,823,381)	(33,649,156)
Nonoperating Revenues (Expenses)		
State appropriations	21,847,757	21,586,490
Federal grants	9,367,916	10,840,056
Federal interest rebate	272,994	200,011
Contributions	1,231,925	993,987
Interest income	120,744	85,635
Contribution Expense	—	(1,000,000)
Loss on disposal of capital assets	(396,277)	(37,945)
Interest on capital asset-related debt	(2,530,357)	(2,351,721)
Net Nonoperating Revenues	29,914,702	30,316,513
Loss Before Capital Revenues	(4,908,679)	(3,332,643)
Capital Revenues		
Capital appropriations	2,623,542	—
Capital gifts	1,901,973	1,485,550
Total Capital Revenues	4,525,515	1,485,550
Decrease In Net Position	(383,164)	(1,847,093)
Net Position, Beginning Of Year	49,837,000	51,684,093
Net Position, End Of Year	\$ 49,453,836	\$ 49,837,000

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
A COMPONENT UNIT OF MISSOURI WESTERN STATE
UNIVERSITY

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains And Other Support				
Contributions	\$ 312,190	\$ 1,311,365	\$ 270,232	\$ 1,893,787
In-kind contributions	—	1,448,632	—	1,448,632
Investment income	157,916	1,678,050	(345)	1,835,621
Mineral rights royalties	47,218	—	—	47,218
Other income	499	937,264	—	937,763
Change in value of beneficial interest in perpetual trust	—	—	(208,383)	(208,383)
Net Assets released from donor restrictions	4,440,238	(4,445,792)	5,554	—
Total Revenues, Gains And Other Support	4,958,061	929,519	67,058	5,954,638
Expenses				
Program Services:				
Scholarships	772,106	—	—	772,106
Allocations	3,428,836	—	—	3,428,836
Support Services				
General and administrative	246,588	—	—	246,588
Fundraising	168,392	—	—	168,392
Agent fees	112,384	—	—	112,384
Uncollectible pledges	57,103	—	—	57,103
Total Expenses	4,785,409	—	—	4,785,409
Other Revenues (Expenses)				
Unrealized gains (losses) on investments	44,234	(1,262,934)	—	(1,218,700)
Unrealized losses on mineral rights	(34,467)	—	—	(34,467)
Total Other Revenues (Expenses)	9,767	(1,262,934)	—	(1,253,167)
Change In Net Assets	182,419	(333,415)	67,058	(83,938)
Net Assets, Beginning Of Year	3,595,282	17,955,251	26,663,918	48,214,451
Net Assets, End Of Year	\$ 3,777,701	\$ 17,621,836	\$ 26,730,976	\$ 48,130,513

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
A COMPONENT UNIT OF MISSOURI WESTERN STATE
UNIVERSITY

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains And Other Support				
Contributions	\$ 849,010	\$ 2,382,620	\$ 1,864,646	\$ 5,096,276
Legacies and bequests	—	—	265,361	265,361
In-kind contributions	32,028	250,462	—	282,490
Investment income	197,965	1,491,653	2,992	1,692,610
Mineral rights royalties	16,750	—	—	16,750
Other income	3,434	878,867	239	882,540
Change in value of beneficial interest in perpetual trust	—	—	(221,167)	(221,167)
Net assets released from donor restrictions	3,448,409	(3,448,497)	88	—
Total Revenues, Gains And Other Support	4,547,596	1,555,105	1,912,159	8,014,860
Expenses				
Program Services:				
Scholarships	789,673	—	—	789,673
Allocations	3,029,501	—	—	3,029,501
Support Services				
General and administrative	207,177	—	—	207,177
Fundraising	168,638	—	—	168,638
Agent fees	103,413	—	—	103,413
Uncollectible pledges	43,078	—	—	43,078
Total Expenses	4,341,480	—	—	4,341,480
Other Revenues (Expenses)				
Unrealized losses on investments	(82,737)	(621,241)	—	(703,978)
Unrealized losses on mineral rights	(16,768)	—	—	(16,768)
Total Other Revenues (Expenses)	(99,505)	(621,241)	—	(720,746)
Change In Net Assets	106,611	933,864	1,912,159	2,952,634
Net Assets, Beginning Of Year	3,488,671	17,021,387	24,751,759	45,261,817
Net Assets, End Of Year	\$ 3,595,282	\$ 17,955,251	\$ 26,663,918	\$ 48,214,451

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

STATEMENT OF CASH FLOWS

Page 1 Of 2

	For The Years Ended June 30,	
	2016	2015
Cash Flows From Operating Activities		
Tuition and fees	\$ 23,555,720	\$ 24,344,264
Grants and contracts	923,120	1,093,811
Interest received	145,242	—
Sales and services - non-auxiliary	449,361	—
Payments to suppliers	(16,900,457)	(16,057,162)
Payments to employees	(41,965,295)	(41,998,367)
Loans issued to students and employees	—	(258,729)
Collection of loans issued to students	252,176	575,120
Sales and services of auxiliary enterprises	8,249,582	7,800,422
Other payments	(3,327,586)	(4,282,691)
Net Cash Used In Operating Activities	(28,618,137)	(28,783,332)
Cash Flows From Noncapital Financing Activities		
State appropriations	21,847,757	21,586,490
Federal grants	9,367,916	10,840,055
Direct lending receipts	18,127,352	20,470,588
Direct lending payments	(18,127,352)	(20,470,588)
Contributions	1,504,919	1,193,998
Net Cash Flows Provided By Noncapital Financing Activities	32,720,592	33,620,543
Cash Flows From Capital And Related Financing Activities		
Capital appropriations received	2,623,542	—
Capital gifts received	1,467,955	1,976,532
Purchase of capital assets	(12,600,503)	(4,595,691)
Proceeds from long-term debt	13,692,713	999,716
Principal paid on long-term debt	(9,443,336)	(1,527,060)
Interest paid on long-term debt	(2,488,629)	(2,289,258)
Net Cash Used In Capital And Related Financing Activities	(6,748,258)	(5,435,761)
Cash Flows From Investing Activities		
Purchase of investments	(8,762,639)	(4,420,000)
Proceeds from sale of investments	7,463,033	8,373,145
Interest on investments	119,088	85,704
Net Cash Provided By (Used In) Investing Activities	(1,180,518)	4,038,849
Net Increase (Decrease) In Cash And Cash Equivalents	(3,826,321)	3,440,299
Cash And Cash Equivalents - Beginning Of Year	19,481,688	16,041,389
Cash And Cash Equivalents - End Of Year	\$ 15,655,367	\$ 19,481,688

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

STATEMENT OF CASH FLOWS

Page 2 Of 2

	For The Years Ended June 30,	
	2016	2015
Reconciliation of Operating Loss To Net Cash Used In Operating Activities		
Operating loss	\$ (34,823,381)	\$ (33,649,156)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	5,934,891	5,612,641
Bad debt expense	604,324	370,905
Assignment of student loans	1,161,810	—
Change in assets and liabilities		
Accounts receivable, net	(896,678)	(340,102)
Loans to students	252,176	316,391
Prepaid expenses	39,069	(21,978)
Deferred outflows of resources	(2,576,576)	(1,917)
Accounts payable and accrued liabilities	(760,090)	295,802
Other post employment benefits	16,907	72,100
Net pension liability	9,028,645	(8,416,404)
Deferred inflows of resources	(6,610,050)	7,389,501
Unearned revenue	(17,531)	(468,088)
Accrued compensated absences	28,347	56,973
	\$ (28,618,137)	\$ (28,783,332)

Noncash activity:

The University entered into a capital lease obligation in 2015 in the amount of \$3,604,230 as capital lease construction in progress and long-term debt in the statement of net position.

The University had construction in progress purchases in accounts payable at June 30, 2016 of \$1,061,742.

The University recorded a loss on disposal of assets of \$396,277 in 2016 and \$37,945 in 2015.

Of the capital revenues recognized in 2016, \$434,018 was recognized in capital revenues related to the amortization of unearned revenue.

MISSOURI WESTERN STATE UNIVERISTY
A COMPONENT UNIT OF THE STATE OF MISSOURI

NOTES TO THE FINANACIAL STATEMENTS
June 30, 2016 And 2015

1. Organization And Summary Of Significant Accounting Policies

Nature Of Operations And Reporting Entity

Missouri Western State University (the University) is a public, state-supported institution providing a blend of traditional liberal arts and sciences and career-oriented degree programs. The University is a component unit of the State of Missouri. The University is authorized under Missouri statute to offer associate, baccalaureate and graduate degrees as well as certificate programs. Professional programs, programs for transfer students, continuing education opportunities and self-enrichment courses are also offered. Missouri Western State University has an enrollment of approximately 5,600 students. The University has on-campus student housing that can accommodate approximately 20% of the student body.

The predecessor to Missouri Western State University, St. Joseph Junior College, was organized in 1915 as an integral part of the city public school system. An independent junior college district involving eleven school districts was organized in 1965. Also in 1965, the Missouri State Legislature enacted legislation creating Missouri Western State University, which, when combined with St. Joseph Junior College, constituted a four-year State University. In 1969, the College moved to the present campus, which now comprises 723 acres. The College became a fully funded state institution on July 1, 1977. Effective August 28, 2005, the College changed its name to Missouri Western State University.

The University participates in the Federal Student Financial Aid Program and the University extends unsecured credit to students.

Missouri Western State University Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the University. The Foundation's primary function is to raise and hold funds to support the University and its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the University.

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

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

Notes to the Financial Statements (*Continued*)

Complete financial statements of the Foundation may be obtained from its Administrative Office at the following address: 4525 Downs Drive, Spratt Hall 111, St. Joseph, Missouri 64507.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including ASC Topic 958, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from revenue recognition criteria and presentation features required under pronouncements of the Governmental Accounting Standards Board (GASB). No modifications have been made to Foundation's statements in the University's financial reporting for these differences. See Note 10 for discussions regarding the Foundation's accounting policies and other disclosures.

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

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

Notes to the Financial Statements (*Continued*)

New Accounting Standard Adopted

In fiscal year ended June 30, 2016, the University implemented GASB Statement No. 72, *Fair Value Measurement and Application*. This statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement also provides guidance for determining a fair value measurement for financial reporting purposes. Additionally, this statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Implementation of GASB 72 did not have a significant impact on the financial statements.

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 And Cash Equivalents

The cash and cash equivalents represent balances at Citizens Bank & Trust (trustee). Cash and cash equivalents include amounts in demand deposits, savings accounts, cash management pools, repurchase agreements, and money market funds.

Investments

Investments in equity and debt securities are carried at fair value. Fair value is determined using quoted market prices. Investments in non-negotiable certificates of deposit are carried at cost.

Restricted Cash And Investments

Restricted cash and investments include restricted funds to be used for future capital projects in accordance with the Series 2008 Bond indenture, along with other required debt service funds. Restricted cash and investments include cash, U.S. Agency bonds and certificates of deposit.

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

Notes to the Financial Statements (*Continued*)

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, charges for auxiliary enterprise services provided to students and other receivables. Accounts receivable is recorded net of estimated uncollectible amounts of \$1,188,393 in 2016 and \$1,291,825 in 2015.

Deferred Outflows Of Resources

The University reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. The University's deferred outflow includes primarily deferred losses on defeasance of bonds, and current year payments of contributions to MOSERS that will be recognized next year.

Deferred Inflows Of Resources

The University's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. Deferred inflows of resources reported in these financial statements in the current year represent differences between the projected and actual earnings on investments in the MOSERS pension plan.

Loans To Students

The University makes loans to students under the Federal Perkins Loan Program. Such loans receivable do not record an estimate of uncollectible amounts in accordance with Federal Perkins Loan Program guidelines.

Effective October 1, 2015, the Department of Education has stipulated, with few exceptions, that new loans may not be disbursed under the program. Under guidance provided by the Department of Education, the University began the process to liquidate and assign the Perkins Loans back to the federal government. At June 30, 2016, the University was still in the process of completing the liquidation and assignment of all Perkins Loans.

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

Notes to the Financial Statements (*Continued*)

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair 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	15 years
Buildings and improvements	15 – 40 years
Furniture and equipment	3 – 10 years
Library materials	10 years

Compensated Absences

University policies permit most employees to accumulate vacation benefits that may be realized as paid time off or as a cash payment upon termination. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits that 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 assets date.

Unearned Revenue

Unearned revenue at June 30, 2016, consists of unearned student fees of \$626,000, deferred capital gifts of \$1,495,000 and other unearned revenue of \$21,376. Unearned revenue at June 30, 2015 consisted of unearned student fees of \$617,925, deferred capital gifts of \$1,930,000, and other unearned revenue of \$46,000. Revenue from the Kansas City Chiefs' Agreement was fully recognized in fiscal year 2015.

Deferred Loss On Bond Refunding

During fiscal year 2013, the University issued Auxiliary System Refunding Revenue Bonds, Series 2012, which resulted in a partial refunding of the University's 2003 Series Bonds of \$19,475,000. The partial refunding resulted in a deferred accounting loss, which is being amortized over the remaining life of the defeased 2003 bonds. The University's unamortized deferred loss was \$1,216,503 and \$1,291,365 at June 30, 2016 and 2015, respectively, and is included as a deferred outflow of resources in the statement of net position.

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

Notes to the Financial Statements (*Continued*)

Net Position

Net position of the University is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation 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. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets; or restricted.

Classification Of Revenues

The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises and (3) interest on student loans.

Non-operating revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, such as state appropriations and interest income.

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

Notes to the Financial Statements (*Continued*)

Scholarships 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. The scholarship allowances on tuition and fees for the year ended June 30, 2016 and 2015 was \$9,271,055 and \$9,633,774, respectively. The scholarship allowances on auxiliary enterprises for the year ended June 30, 2016 and 2015 was \$2,494,978 and \$2,813,524, respectively.

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.

Reclassifications

Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 financial statement presentation. These reclassifications had no effect on the change in net position.

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

Notes to the Financial Statements (*Continued*)

Correction Of Error

The University has restated the financial statements for the year ended June 30, 2015 to correct an error in accounting in which certain revenue was recognized prior to the completion of the earnings process. Certain contributions of cash and capital improvements included a provision that requires a return of the unamortized amount of the contribution in the event of specific actions taken by either party prior to dates specified in the contribution agreements. The University has evaluated the underlying amortization requirements and has determined that the unamortized portions of the contributions should be presented as unearned revenue. The impact of the correction of the error, which have been adjusted in the restated financial statements, are as follows at June 30, 2015 and for the year then ended.

<u>Financial Statement Line Item</u>	<u>As Originally Stated</u>	<u>Restatement</u>	<u>As Restated</u>
Net position, beginning of year (2015)	\$ 52,122,769	\$ (438,676)	\$ 51,684,093
Unearned revenue	664,267	1,929,658	2,593,925
Capital revenues	1,976,532	(490,982)	1,485,550
Contribution expense	—	1,000,000	1,000,000
Net position - unrestricted, end of year	(12,802,920)	(1,929,658)	(14,732,578)
Total net position, end of year	51,766,658	(1,929,658)	49,837,000

2. Deposits, Investments And Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, an entity'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.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the State of Missouri; bonds of any city, county, school district or special road district of the State of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

The University had no bank balances exposed to custodial credit risk at June 30, 2016 or 2015.

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

Notes to the Financial Statements (*Continued*)

Investments

The University may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities. The University had no investments meeting these criteria at June 30, 2016 or 2015.

Custodial Credit Risk

Custodial credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The University had no investments exposed to custodial credit risk at June 30, 2016 or 2015. The University's investment policy currently addresses custodial credit risk by requiring 110% collateralization on all investments.

Summary Of Carrying Values

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

	<u>2016</u>	<u>2015</u>
Carrying value		
Deposits	\$ 20,454,973	\$ 22,981,688
<hr/>		
	<u>2016</u>	<u>2015</u>
Included in the following statements of net position captions		
Current cash	\$ 15,195,367	\$ 17,796,270
Current investments	4,499,606	3,500,000
Restricted current cash	460,000	1,685,418
Restricted current investments	300,000	—
<hr/>		
	\$ 20,454,973	\$ 22,981,688
<hr/>		

The University categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As the University holdings all met the criteria to be classified as deposits, there are no balances required to be categorized in the fair value hierarchy at June 30, 2016 or 2015.

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

Notes to the Financial Statements (*Continued*)

Investment Income

Investment income for the years ended June 30, 2016 and 2015 consisted of:

	<u>2016</u>	<u>2015</u>
<u>Interest income</u>	<u>\$ 120,744</u>	<u>\$ 85,635</u>

3. Capital Assets

Capital assets activity for the year ended June 30, 2016 was:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>Ending Balance</u>
Cost					
Land	\$ 323,525	\$ —	\$ —	\$ —	\$ 323,525
Land improvements	9,973,325	146,354	—	—	10,119,679
Buildings and improvements	152,353,514	6,315,692	—	(2,173,890)	156,495,316
Furniture and equipment	18,499,017	2,126,373	—	(1,174,787)	19,450,603
Library materials	4,279,167	67,128	—	(153,457)	4,192,838
Construction in progress	5,120,785	8,753,183	(3,746,485)	—	10,127,483
	<u>190,549,333</u>	<u>17,408,730</u>	<u>(3,746,485)</u>	<u>(3,502,134)</u>	<u>200,709,444</u>
Accumulated Depreciation					
Land improvements	(3,802,927)	(492,919)	—	—	(4,295,846)
Buildings and improvements	(57,162,362)	(4,078,362)	—	1,823,600	(59,417,124)
Furniture and equipment	(14,860,765)	(1,249,275)	—	1,128,800	(14,981,240)
Library materials	(3,725,234)	(114,335)	—	153,457	(3,686,112)
	<u>(79,551,288)</u>	<u>(5,934,891)</u>	<u>—</u>	<u>3,105,857</u>	<u>(82,380,322)</u>
Net capital assets	<u>\$ 110,998,045</u>	<u>\$ 11,473,839</u>	<u>\$ (3,746,485)</u>	<u>\$ (396,277)</u>	<u>\$ 118,329,122</u>

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

Notes to the Financial Statements (*Continued*)

Capital assets activity for the year ended June 30, 2015 was:

	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Cost					
Land	\$ 323,525	\$ —	\$ —	\$ —	\$ 323,525
Land improvements	8,746,146	976,241	250,938	—	9,973,325
Buildings and improvements	150,475,954	1,475,950	469,313	(67,703)	152,353,514
Furniture and equipment	18,591,949	557,314	—	(650,246)	18,499,017
Library materials	4,355,145	69,633	—	(145,611)	4,279,167
Construction in progress	720,252	5,120,784	(720,251)	—	5,120,785
	<u>183,212,971</u>	<u>8,199,922</u>	<u>—</u>	<u>(863,560)</u>	<u>190,549,333</u>
Accumulated Depreciation					
Land improvements	(3,366,146)	(436,781)	—	—	(3,802,927)
Buildings and improvements	(53,215,797)	(3,982,297)	—	35,732	(57,162,362)
Furniture and equipment	(14,433,917)	(1,071,121)	—	644,273	(14,860,765)
Library materials	(3,748,403)	(122,442)	—	145,611	(3,725,234)
	<u>(74,764,263)</u>	<u>(5,612,641)</u>	<u>—</u>	<u>825,616</u>	<u>(79,551,288)</u>
Net capital assets	<u>\$ 108,448,708</u>	<u>\$ 2,587,281</u>	<u>\$ —</u>	<u>\$ (37,944)</u>	<u>\$ 110,998,045</u>

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

Notes to the Financial Statements (*Continued*)

4. Long-Term Liabilities

The following is a summary of long-term obligation transactions for the year ended June 30, 2016:

	Beginning			Ending	Current
	Balance	Increases	Decreases	Balance	Portion
Bonds and other long-term debt					
Auxiliary system revenue bonds					
– Series 2010A	\$ 7,660,000	\$ —	\$ (7,660,000)	\$ —	\$ —
Auxiliary system revenue bonds					
– Series 2010B	13,325,000	—	(445,000)	12,880,000	455,000
Auxiliary system revenue bonds					
– Series 2008	5,120,000	—	(225,000)	4,895,000	235,000
Auxiliary refunding and improvement					
– Series 2012	20,310,000	—	(270,000)	20,040,000	270,000
Auxiliary system revenue bonds					
– Series 2015	—	13,665,000	(750,000)	12,915,000	650,000
Department of Economic Development	63,250	—	(21,880)	41,370	11,145
Capital Leases	4,699,785	50,599	(71,456)	4,678,928	310,124
Gross bonds and notes payable	51,178,035	13,715,599	(9,443,336)	55,450,298	1,931,269
Bond issuance premium (discount)	(42,251)	(22,886)	4,331	(60,806)	—
Net bonds and notes payable	\$ 51,135,784	\$ 13,692,713	\$ (9,439,005)	\$ 55,389,492	\$ 1,931,269
Other noncurrent liabilities					
Accrued compensated absences	\$ 1,530,157	\$ 28,347	\$ —	\$ 1,558,504	\$ 780,947
Unearned revenue	2,593,925	—	451,549	2,142,376	1,057,584
Other post employment benefit	1,315,066	16,907	—	1,331,973	—
Pension liability	25,343,374	9,028,645	—	34,372,019	—
Total noncurrent liabilities	\$ 81,918,306	\$ 22,766,612	\$ (8,987,456)	\$ 94,794,364	\$ 3,769,800

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

Notes to the Financial Statements (*Continued*)

The following is a summary of long-term obligation transactions for the year ended June 30, 2015:

	Beginning			Ending	Current
	Balance	Increases	Decreases	Balance	Portion
Bonds and other long-term debt					
Auxiliary system revenue bonds					
– Series 2010A	\$ 8,215,000	\$ —	\$ (555,000)	\$ 7,660,000	\$ 575,000
Auxiliary system revenue bonds					
– Series 2010B	13,770,000	—	(445,000)	13,325,000	445,000
Auxiliary system revenue bonds					
– Series 2008	5,335,000	—	(215,000)	5,120,000	225,000
Auxiliary refunding and improvement					
– Series 2012	20,575,000	—	(265,000)	20,310,000	270,000
Department of Economic Development	—	74,297	(11,047)	63,250	21,880
Capital Leases	206,149	4,529,648	(36,012)	4,699,785	952,860
Gross bonds and notes payable	48,101,149	4,603,945	(1,527,059)	51,178,035	2,489,740
Bond issuance premium (discount)	(375,212)	—	332,961	(42,251)	—
Net bonds and notes payable	\$ 47,725,937	\$ 4,603,945	\$ (1,194,098)	\$ 51,135,784	\$ 2,489,740
Other noncurrent liabilities					
Accrued compensated absences	\$ 1,469,305	\$ 60,852	\$ —	\$ 1,530,157	\$ 783,140
Unearned revenue	1,088,676	1,973,337	468,088	2,593,925	1,098,285
Other post employment benefit	1,242,966	72,100	—	1,315,066	—
Pension liability	—	25,343,374	—	25,343,374	—
Total noncurrent liabilities	\$ 51,526,884	\$ 32,053,608	\$ (726,010)	\$ 81,918,306	\$ 4,371,165

Auxiliary System Refunding And Improvement Revenue Bonds, Series 2015

The Board of Governors authorized the University to issue the Auxiliary System Refunding and Improvement Bonds, Series 2015 dated July 9, 2015 in the amount of \$13,665,000. The proceeds were used to fully redeem the remaining portion of the Auxiliary Refunding and Improvement Bonds, Series 2010-A as a current refunding. The Series 2015 bonds mature on October 1 of each year through 2035, in amounts varying from \$490,000 to \$2,495,000, at interest rates ranging from 2.0% to 3.875%. Interest payments are payable semi-annually. The bonds are secured by the net revenues available for debt service of the University and other funds pledged to the payment of the bonds.

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

Notes to the Financial Statements (*Continued*)

Auxiliary Refunding And Improvement Bonds - Series 2012

The Board of Governors authorized the University to issue the Auxiliary System Refunding and Improvement Revenue Bonds, Series 2012 dated November 8, 2012 in the amount of \$20,840,000. The proceeds were used to defease a portion of the Auxiliary Refunding and Improvement Bonds, Series 2003. The Series 2012 Bonds mature on October 1 of each year through 2033, in amounts varying from \$265,000 to \$1,485,000, at interest rates ranging from 0.7% to 3.55%. Interest payments are payable semi-annually. The bonds are secured by the net revenues available for debt service of the University and other funds pledged to the payment of the bonds.

Auxiliary System Refunding And Improvement Revenue Bonds - Series 2010-A Tax-Exempt And 2010-B Taxable Build America Bonds

The Board of Governors authorized the University to issue the Auxiliary System Refunding and Improvement Revenue Bonds, Series 2010-A and 2010-B dated September 9, 2010 in the amount of \$24,840,000. The proceeds of \$9,840,000 from the Series 2010-A Bonds were used to defease the Auxiliary Refunding and Improvement Bonds, Series 1998. The Series 2010-A Bonds mature on October 1 of each year through 2029, in amounts varying from \$445,000 to \$665,000, at interest rates ranging from 0.75% to 4.25%. The Series 2010-A bonds were fully refunded by the issuance of the Series 2015 bonds on July 9, 2015. The proceeds of \$15,000,000 from the Series 2010-B Bonds we will be used for the construction of a new residential hall and other improvements. The Series 2010-B Bonds mature on October 1 of each year through 2036, in amounts varying from \$375,000 to \$900,000, at interest rates ranging from 1.75% to 6.75%. Interest payments are payable semiannually. The bonds are secured by the net revenues available for debt service of the University and other funds pledged to the payment of the bonds.

Auxiliary System-Revenue Bonds - Series 2008

The Board of Governors authorized the University to issue the Auxiliary System Revenue Bonds, Series 2008 (the Series 2008 Bonds) dated October 7, 2008 in the amount of \$6,315,000. The proceeds from the Series 2008 Bonds will be used for the construction and renovation of certain athletic facilities. The Series 2008 Bonds mature on October 1 of each year through 2029, in amounts varying from \$185,000 to \$890,000, at interest rates ranging from 3.0% to 5.0%. Interest payments are payable semiannually. The bonds are secured by the net revenues available for debt service of the University and other funds pledged to the payment of the bonds.

MISSOURI WESTERN STATE UNIVERSITY
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Notes to the Financial Statements (*Continued*)

Summary Of Bonds Payable

The debt service requirements of bonds and notes payable as of June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Total To</u>	<u>Be Paid</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 3,580,893	\$ 1,610,000	\$ 1,970,893	
2018	3,567,683	1,640,000	1,927,683	
2019	3,561,307	1,680,000	1,881,307	
2020	3,554,281	1,725,000	1,829,281	
2021	3,545,943	1,775,000	1,770,943	
2022 - 2026	19,992,452	12,360,000	7,632,452	
2027 - 2031	19,364,509	14,395,000	4,969,509	
2032 - 2036	17,335,981	15,545,000	1,790,981	
	<u>\$ 74,503,049</u>	<u>\$ 50,730,000</u>	<u>\$ 23,773,049</u>	

The University owns and operates the Auxiliary System (the System) serving the University and its students. The System presently includes the following facilities:

Housing and Dining Facilities: Three suite complexes, three apartment-style complexes, a living center, having an aggregate of 1,336 residential spaces, a student commons building and the Student Union Building.

Recreational Facilities: A 12,000 square foot recreational and fitness building, tennis courts, running track, softball fields, swimming pool, jogging trail and other recreational and fitness facilities.

Sources of income included in the revenues of the System are room and board charges, commissions for operation of the University Bookstore, income from laundry vending operations, commissions from food service catering, revenue from nonresidential rentals of dormitory space for meetings and conferences, and investment income earned on unexpended proceeds from operations.

Management believes that the University complied with all the restrictive covenants of bond agreements. The Auxiliary System produced net operating revenues in the fiscal years ended June 30, 2016 of 145% of the year's bond service requirements, exceeding the 110% as required by the Bond debt covenants.

MISSOURI WESTERN STATE UNIVERSITY
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Notes to the Financial Statements (*Continued*)

Additionally, the University is to establish and maintain a repair and replacement reserve fund by making annual deposits until the fund accumulates a balance of \$300,000. At June 30, 2016 and 2015, the repair and replacement reserve fund had a balance of \$300,000. This fund is to be used to pay the cost of unusual and extraordinary repairs and replacements to housing system facilities.

Capital Leases

The debt service requirements for the capital leases as of June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Total To</u> <u>Be Paid</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 438,871	\$ 310,124	\$ 128,747
2018	438,461	320,013	118,448
2019	438,445	330,696	107,749
2020	388,868	291,829	97,039
2021	377,960	288,632	89,328
2022 - 2026	1,889,800	1,566,442	323,358
2027 - 2031	1,668,929	1,571,192	97,737
	<u>\$ 5,641,334</u>	<u>\$ 4,678,928</u>	<u>\$ 962,406</u>

The University entered into a capital lease purchase agreement for 32 Steinway Piano's at a total cost of \$378,730 in January 2010. The total amount of principal and interest outstanding at June 30, 2016 and 2015 is \$149,905 and \$199,873, respectively. The total amount of accumulated depreciation that has been recorded since 2010 is \$246,177 with depreciation expense of \$37,873 and \$37,874 being charged in 2016 and 2015, respectively.

The pianos are used for multiple classroom instruction, applied learning, concerts, master class instruction and key board labs from beginning to advanced.

The University has entered into a capital lease energy saving project with Schneider Electric, a global specialist in energy management. The total amount of principal and interest for this project is \$5,448,920 which is financed by US Bank. Schneider Electric has guaranteed energy savings of \$7,335,635 which would show a positive net financial impact for the University of \$1,666,238 over the 15 year period. This project was completed in FY 2016. The first payment for this project was paid in December 2016.

MISSOURI WESTERN STATE UNIVERSITY
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Notes to the Financial Statements (*Continued*)

This project spans 27 facilities, and it incorporates a variety of energy efficiency upgrades to enhance classroom and building comfort, while reducing energy consumption through lighting retrofits, building automation systems, building sub-metering, water fixture retrofits, various building envelope improvements and mechanical upgrades. The remaining principal balance for the energy savings capital lease at June 30, 2016 and 2015 is \$4,506,110 and \$4,529,648, respectively. The total amount of accumulated depreciation that has been recorded since 2016 is \$112,337 with depreciation expense of \$112,337 being charged in 2016.

The University entered into a capital lease for two John Deere tractors in July of 2015 at a total cost of \$50,599. A John Deere tractor and a mower are used to maintain the practice fields for use of the football team, soccer team and the marching band. The total amount of accumulated depreciation since the purchase in July 2016 is \$7,228 and the total depreciation recorded in 2016 is \$7,228.

The University entered into a promissory note with the Missouri Department of Economic Development division of Energy to finance costs of implementation of energy conservation. The total amount of principal and interest outstanding at June 30, 2016 is \$42,599. The debt service requirements for the promissory note as of June 30, 2016 are as follows:

Year Ending June 30,	Total To Be Paid	Principal	Interest
2017	\$ 11,662	\$ 11,145	\$ 517
2018	11,663	11,285	378
2019	11,666	11,426	240
2020	7,608	7,514	94
	\$ 42,599	\$ 41,370	\$ 1,229

5. General Information About The Pension Plans

The University participates in the Missouri State Employees' Retirement System (MOSERS), a cost-sharing, multiple-employer, defined-benefit, public employee retirement system. MOSERS is administered by an 11-member Board of Trustees. A publicly available financial report that includes the financial statements and required supplementary information is issued. This report may be obtained by writing to Post Office Box 209, Jefferson City, Missouri 65102, or calling 573.751.2342.

MISSOURI WESTERN STATE UNIVERSITY
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Notes to the Financial Statements (*Continued*)

MOSERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Benefits are established by state statute which may be changed by the Missouri legislature with concurrence of the Governor.

The University was required by statute to contribute at an actuarially determined rate; the rate was 16.97%, 16.97% and 16.98% of eligible salaries for the year ended June 30, 2016, 2015 and 2014, respectively. Employees hired after January 1, 2011, are required to contribute 4% of their salary. Contributions, which equaled the contribution requirements for the year ended June 30, 2016, 2015 and 2014 was \$3,458,038, \$3,486,111 and \$3,508,084, respectively.

Beginning July 1, 2002, all full-time faculty are enrolled in the College and University Retirement Plan (CURP) if they have not previously been enrolled in MOSERS. CURP is a noncontributory 401(a) defined contribution retirement plan that uses TIAA-CREF as its third-party administrator. CURP provides a retirement program that offers interstate portability, immediate vesting and no minimum service requirement. Contributions made by the University are self-directed by participants into their selected individual accounts. After participating in CURP for at least six years, a faculty member may elect to become a member of MOSERS.

The University is required to contribute at an actuarially determined rate; the rate was 5.89%, 6.16% and 6.38% of annual covered payroll for 2016, 2015 and 2014, respectively. The University's contributions to the plan for the years ended June 30, 2016, 2015, and 2014 were \$481,492, \$459,119 and \$417,013, respectively, which equaled the required contributions for each year.

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

MISSOURI WESTERN STATE UNIVERSITY
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Notes to the Financial Statements (*Continued*)

Benefits provided. MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific plan in which the employee participates, which is based on the employee's hire date. Information on the three plans administered by MOSERS (MSEP, MSEP 2000, and MSEP 2011 retirement plans) and how eligibility and the benefit amount is determined for each plan may be found in the Notes to the Financial Statements of MOSERS' CAFR starting on page 30.

Contributions. Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP 2011 Plan are required to contribute 4.0 percent of their annual pay. The University's required contribution rate for the year ended June 30, 2016, was 16.97 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate for the MOSERS plan year ended June 30, 2015 was 16.97 percent, which is the year of measurement for the net pension liability. Contributions to the pension plan from the University were \$3,458,038 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the University reported a liability of \$34,372,019 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The University's proportion of the net pension liability was based on the University's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for MOSERS plan year ended June 30, 2015. At June 30, 2015, the University's proportion was 1.0705%, which decreased .0044% from the percentage used to allocate the liability as of June 30, 2014.

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Notes to the Financial Statements (*Continued*)

For the year ended June 30, 2016, the University recognized pension expense of \$3,330,330. At June 30, 2016, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 64,211	\$ 222,366
Changes of assumptions	—	457,462
Net difference between projected and actual earnings on pension plan investments	2,639,190	—
Changes in proportion and differences between University contributions and proportionate share of contributions	—	99,623
University contributions subsequent to the measurement date of June 30, 2015	3,458,038	—
	<u>\$ 6,161,439</u>	<u>\$ 779,451</u>

For the year ended June 30, 2015, the University recognized pension expense of \$2,382,429. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 98,752	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	7,389,501
University contributions subsequent to the measurement date of June 30, 2014	3,486,111	—
	<u>\$ 3,584,863</u>	<u>\$ 7,389,501</u>

MISSOURI WESTERN STATE UNIVERSITY
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Notes to the Financial Statements (*Continued*)

At June 30, 2016, there was \$3,458,038 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the University's fiscal year following MOSERS' fiscal year as follows:

<u>Plan Year Ending June 30:</u>	<u>Amount</u>
2017	\$ (36,559)
2018	(40,621)
2019	(38,501)
2020	2,039,631
	<u>\$ 1,923,950</u>

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation, which is also the date of measurement for GASB 68 purposes, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%, approximate
Salary increases	0% for 2015; 3.0% annually, average, including inflation
Investment rate of return	8.0% per year, compounded annually, net after investment expenses and including inflation

Mortality rates were based on the RP-2000 combined healthy mortality table projected to 2016 with Scale AA. The pre-retirement mortality rates used were 100% of the port-retirement mortality rates for males and 80% of the port-retirement mortality for females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The change in assumptions recorded as deferred inflows of resources was related to a change in wage assumptions. For June 30, 2015 valuation, wage inflation is assumed to be 0% in the first year and 3% thereafter. This is a one-time change based on the pay freeze enacted for fiscal year ending June 30, 2016. Previously, salary increases were assumed to be 3.0% to 5.9% annual on average, including inflation.

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Notes to the Financial Statements (*Continued*)

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2011. As a result of the 2011 actuarial experience study, the MOSERS Board made various demographic assumption changes to more closely reflect actual experience. The most significant change was lowering the assumed annual investment rate of return from 8.5 percent to 8 percent.

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Policy Allocation</u>	<u>Long-Term Expected Real Rate Of Return*</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Beta Balanced*	80.0%	5.7%	4.6%
Illiquids **	20.0%	7.3%	1.5%
	100.0%		6.1%

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

** Illiquid portfolio upper limit of 27.5% of capital, no new commitments past 23%.

Discount rate. The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Notes to the Financial Statements (*Continued*)

Sensitivity of the District'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 8.0%, 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 (7.0 %) or 1-percentage-point higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
University's proportionate share of the net pension liability	\$ 48,440,676	\$ 34,372,019	\$ 22,556,509

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

Payables To The Pension Plan

As of June 30, 2016, the Agency had payables of \$30,916 to MOSERS because the bi-weekly payroll pay period started on June 19, 2016 and ended on July 2, 2016. The \$30,926 was the portion of MOSERS allocated to June 30, 2016 but was not paid until July 8 2016.

6. Postemployment Healthcare Plan

Plan Description

The University provides a one-time opportunity for retirees to continue medical insurance coverage. Retirees who elect to continue medical insurance are required to pay monthly premiums. Monthly premiums for participating retirees under 65 years of age are provided at the same rate as regular employees. Employees and retirees over age 65 are provided a supplemental program with Medicare being the primary provider and the University retiree being the secondary provider. The premium is adjusted for the subsidized program and is the same for employees and retirees in this age group.

Financial statements for the plan are not available.

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Notes to the Financial Statements (*Continued*)

Funding Policy

The University pays for its portion of the medical insurance premiums on a pay-as-you-go basis. No trust fund has been created for the payment of the University's obligation.

Annual OPEB Cost And Net OPEB Obligation

The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the University's annual OPEB cost for the years ended June 30, 2016 and 2015, the amount actually contributed to the plan and changes in the University's net OPEB obligation to the plan:

	<u>2016</u>	<u>2015</u>
Annual OPEB cost	\$ 117,361	\$ 134,400
Contributions made	<u>(100,454)</u>	<u>(62,300)</u>
Increase in net OPEB obligation	16,907	72,100
Net OPEB obligation - beginning of year	<u>1,315,066</u>	1,242,966
Net OPEB obligation - end of year	<u>\$ 1,331,973</u>	<u>\$ 1,315,066</u>

The University's annual OPEB cost, employer contributions, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for June 30 are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Contribution</u>	<u>Percentage Of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2016	\$ 117,361	\$ 100,454	85.59%	\$ 1,331,973
June 30, 2015	134,400	62,300	46.35%	1,315,066
June 30, 2014	134,400	62,300	46.35%	1,242,966

MISSOURI WESTERN STATE UNIVERSITY
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Notes to the Financial Statements (*Continued*)

Funded Status And Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the plan had no assets since the University does not fund the plan. The unfunded actuarial accrued liability (UAAL) for benefits was \$1.40 million. The covered payroll (annual payroll of active employees covered by the plan) was \$29.5 million, and the ratio of the UAAL to the covered payroll was 4.75%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods And Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the projected unit credit actuarial method was used. The actuarial assumptions included a 3.75% discount rate, an annual healthcare cost trend rate of 5.1% initially, varying between 4.4% and 6.8% in future years and a 2.0% annual increase in salaries. It is also assumed that all retirees will continue coverage for their lifetime. The UAAL is being amortized as a level dollar amount over 30 years.

7. 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.

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 accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to general liability and workers' compensation.

Settled claims have not exceeded this commercial coverage in any of the three preceding years. Additional coverage is provided through the State Self Insurance program, through the Risk Management Division of the Department of Administration Services, in Jefferson City. The State of Missouri self-insures the workers' compensation benefits for all state employees, including University employees. Claims are administered by the Missouri Office of Administration, Risk Management Section.

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.

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Notes to the Financial Statements (*Continued*)

8. Capital Projects

Building Improvements

Fiscal year 2016 saw the completion of numerous projects. The University entered into an energy savings and performance contract with Schneider Electric in November 2014 that was completed in April 2016 for a total of \$5,055,144. The scope of this project includes lighting retrofits and controls, building automation system and sub-metering, water conservation, and mechanical and building improvements. Annual energy savings over the next 15 years of the contract are guaranteed to be more than the annual payment on the capital lease for the project.

In 2016 also saw the completion of \$264,000 of renovations to Eder Hall. This renovation ranged from replacement of all flooring, painting, remodeling of bathrooms and entryways and replacing the glass in the front entryway. The University also completed major renovation in the Looney Complex including partial roof replacement, elevators renovations, replacing the HVAC system and replacing of the flooring throughout the building, renovated the restrooms, and the addition of a new double glass entryway on the building for a total of \$635,000.

Projects for 2015 included the completion of numerous projects. Potter Hall saw the completion of a percussion room, two new offices and two new restrooms for a construction cost of approximately \$800,000. Campus Dining received multiple renovations, including a new food service area in Popplewell Hall called “The Pod”, and changes to the food court that added a Subway franchise and a Chinese food dining area called “The Wok” with a construction cost of approximately \$600,000. In addition, renovations were made to the residence halls in 2015 amounting to \$393,000.

Construction In Progress

The University broke ground in FY2015 on the new Spratt Stadium to be used by the Football and the Soccer teams. This project is scheduled for completion in August 2016, and the total cost currently in CIP is \$7,840,000. The scope of the project includes the demolition and construction of the concourse, concessions area, restrooms, club level (including suites) and press box. In addition, repairs and improvements to the home grandstand seating area, removal of the track and relocation of the field to be closer to the home stands and new turf will replace the current surface.

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Notes to the Financial Statements (*Continued*)

The University also has started a complete renovation of the University pool that is located in the Looney complex and is scheduled for completion in August 2016. This project included stripping the old liner, fixing the leaks, adding new tile, lane markers, pool deck, bleachers, renovating of the women's and men's locker rooms, installed new HVAC system and painted the walls and ceilings. The total amount of the project included in CIP at June 30, 2016 is \$377,400.

In addition, renovations are in progress for Potter Hall that as of June 30, 2016 has \$400,000 recorded in CIP. This renovation includes new flooring in all the hallways and corridors, new paint in the hallways and wall coverings, new light fixtures and drop ceilings, as well as new carpeting for the band room.

The University received approval of capital appropriations of \$4.8 million from the State of Missouri House Bill 19. This is has been earmarked for the updating of HVAC units across campus, network infrastructure replacement and academic building deferred maintenance repair and renovation. This project is expected to be completed in fiscal year 2018. The current amount of the renovations funded by Missouri House Bill 19 capital appropriations that are included in the CIP at June 30, 2016 is \$2,623,541.

Kansas City Chiefs Summer Training Camp

The University entered into a contract with the Kansas City Chiefs Professional Football Franchise to hold their summer training camp on the campus of the University beginning in July 2010. As part of the agreement, the University built an indoor practice facility, multi-purpose facility, two outdoor practice fields and other enhancements in preparation for the camp. The project was funded by the Kansas City Chiefs, City of St. Joseph, Buchanan County, the University and private donations. Construction of the facilities was completed in July 2010 at a cost of \$11,338,408.

In 2015 a new contract was entered into for a three year period with the option to renew for an additional two years. As part of the contract negotiations, a new irrigation system was installed and the existing grass was replaced by Bermuda sod. In addition, a new driveway, parking lot and sidewalk were paved to the practice field. The project cost was approximately \$675,000 which was financed with a tax credit agreement with the Missouri Development Finance Board and the Missouri Western State University Foundation.

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Notes to the Financial Statements (*Continued*)

9. Auxiliary System

A segment is an identifiable activity for which one or more revenue bonds or other revenue backed debt instruments are outstanding. A segment has a specific identifiable revenue stream pledged in support of the revenue bonds or other revenue backed debt and has related expenses, gains and losses, assets and liabilities that can be identified.

The University has issued revenue bonds with the net revenues from the Auxiliary System pledged to pay the bond interest and principal. The Auxiliary System is comprised of University owned housing units, student centers, recreation and athletic facilities, bookstore, and similar auxiliary enterprise units. The 2015 information has been revised to include certain student accounts receivable and to update capital assets. This revision resulted in an increase in the ending 2015 net position of \$2,178,808 and an increase in the 2015 change in net position of \$2,617,484. Condensed financial statements for the Auxiliary System for fiscal year 2016 and 2015 are presented below.

Auxiliary System Condensed Statement of Net Position

	June 30,	
	2016	2015
Assets		
Current assets	\$ 2,159,477	\$ 3,470,272
Noncurrent assets	7,381,137	4,449,899
Capital assets, net	60,093,640	53,076,340
Deferred outflows of resources	1,216,503	1,291,365
Total Assets And Deferred Outflows Of Resources	\$ 70,850,757	\$ 62,287,876
Liabilities		
Current liabilities	\$ 4,024,102	\$ 4,503,693
Long-term liabilities	49,059,194	44,857,748
Total Liabilities	53,083,296	49,361,441
Net Position		
Net investment in capital assets	10,142,893	7,532,776
Unrestricted	6,864,568	4,633,659
Restricted	760,000	760,000
Total Net Position	\$ 17,767,461	\$ 12,926,435

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Notes to the Financial Statements (*Continued*)

	For The Years Ended June 30,	
	2016	2015
Operating Revenues (Loss)		
Operating revenues	\$ 9,313,144	\$ 10,646,132
Depreciation expense	(2,407,582)	(2,408,706)
Other operating expenses	(9,855,175)	(9,037,260)
Total Operating Loss	(2,949,613)	(799,834)
Nonoperating Revenues (Expenses)		
Interest expense	(2,392,319)	(2,265,248)
Other nonoperating revenues	1,954,166	1,114,003
Total Nonoperating Expenses	(438,153)	(1,151,245)
Loss Before Capital Revenues	(438,153)	(1,151,245)
Other Revenues	8,228,792	2,349,323
Increase In Net Position	4,841,026	398,244
Net Position, Beginning Of Year	12,926,435	12,528,191
Net Position, End Of Year	\$ 17,767,461	\$ 12,926,435

10. Missouri Western State University Foundation, Inc. - Accounting Policies And Disclosures

Investments And Investment Return

Investments include marketable equity securities, debt securities, mineral rights, money market funds and hedge funds. Investments include investment specific money market funds that are reported at cost, which approximates fair value. Investments in marketable equity securities, debt securities, oil royalties and gas royalties are carried at fair value with unrealized and realized gains and losses on investments reported as an increase or decrease in unrestricted, temporarily restricted or permanently restricted net assets based upon donor imposed restrictions.

Investment income is reported in the statements of activities as unrestricted, temporarily restricted or permanently restricted revenue based upon donor imposed restrictions.

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

Notes to the Financial Statements (*Continued*)

The following is a summary of investment securities:

	June 30,	
	2016	2015
Money market funds	\$ 1,201,688	\$ 1,185,447
Common stock and equity mutual funds	17,496,563	20,279,620
U.S. government obligations	16,204,811	14,131,691
Hedge funds	1,231,781	851,066
	<hr/>	
Total	\$ 36,134,843	\$ 36,447,824

Fair Value Measurements

In determining fair value, the Foundation uses various valuation approaches within the ASC Topic 820 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

ASC Topic 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, by requiring that the most observable inputs be used when available. ASC Topic 820 defines levels within the hierarchy based on the reliability of inputs as follows:

- Level 1:** Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; and
- Level 2:** Valuations based on quoted prices for similar assets or liabilities, or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3:** Valuations derived from valuation techniques in which one or more significant inputs, or significant value drivers, are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

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

Notes to the Financial Statements (*Continued*)

Following is a description of the valuation methodologies used for instruments measured at fair value and their classifications in the valuation hierarchy.

Investments

Securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 or Level 2 of the valuation hierarchy and are reported as current assets in the accompanying statements of financial position.

Beneficial Interest in Perpetual Trust

The fair value for beneficial interests in perpetual trusts was determined by calculating the Foundation's proportional share of the assets held in trust as determined by the trustee of the trust and is classified as Level 3 within the valuation hierarchy.

Mineral Rights

The fair value measurements for mineral rights are calculated using an industry standard formula based upon the average of historical royalty income times a factor of 11 (9 for 2011). The factor was obtained from an applicable regional oil and mineral association. The fair value of the mineral rights is classified as Level 3 within the valuation hierarchy.

Other Equity Interest

During 2012, the Foundation purchased 45 Class A Units in a partnership that is carried at cost, defined as the lower of cost or fair market value. The carrying value of this equity interest totals \$450,000.

During 2013, the Foundation purchased a 7.69% ownership interest in a community based limited liability company. This investment is carried on the Foundation's books at cost, defined as the lower of cost or fair market value. The carrying value of this equity interest totals \$500,000.

During 2014, the Foundation purchased an ownership interest in a limited liability company that is carried at cost, defined as the lower of cost or fair market value. The carrying value of this equity interest totals \$50,000.

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

Notes to the Financial Statements (*Continued*)

Investment returns for the years ended June 30, 2016 and 2015 consist of the following:

	June 30,	
	2016	2015
Investment income	\$ 880,642	\$ 838,941
Net realized gains	954,979	853,669
Net unrealized losses	(1,218,700)	(703,978)
Total Investment Return	\$ 616,921	\$ 988,632
Total Investment Fees	\$ 112,384	\$ 103,413

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

Notes to the Financial Statements (*Continued*)

The fair values of assets and liabilities measured on a recurring basis, as of June 30, 2016 and 2015, are as follows:

	Fair Value	2016 Fair Value Measurements Using		
		Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock and equity mutual funds	\$ —	\$ 17,496,563	\$ —	\$ —
Foreign	3,574,479	—	—	—
Energy minerals	810,101	—	—	—
Technology services	784,587	—	—	—
Finance	1,663,660	—	—	—
Electronic technology	910,054	—	—	—
Consumer	2,168,819	—	—	—
Health technology	566,291	—	—	—
Health care	1,093,041	—	—	—
Domestic equity	1,200,246	—	—	—
Utilites	89,251	—	—	—
Telecommunications	284,197	—	—	—
Industrials	698,787	—	—	—
Materials	306,480	—	—	—
All other common stock	1,594,866	—	—	—
Equity mutual funds	1,751,704	—	—	—
U.S. Government obligations and mutual funds	—	8,690,942	7,513,869	—
U.S. Government issues	1,229,799	—	—	—
Corporate issues	7,772,214	—	—	—
Taxable municipal issues	1,064,076	—	—	—
Fixed income mutual funds	6,138,722	—	—	—
Hedge funds	1,231,781	1,231,781	—	—
Beneficial interest in perpetual trusts	5,238,353	—	—	5,328,353
	\$ 40,171,508	\$ 27,419,286	\$ 7,513,869	\$ 5,328,353

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

Notes to the Financial Statements (*Continued*)

	2015			
	Fair Value Measurements Using			
	Quoted Prices In Active Markets For Identical Assets (Level 1)	Fair Value	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock and equity mutual funds	\$ —	\$ 20,279,620	\$ —	\$ —
Foreign	4,678,308	—	—	—
Energy minerals	717,619	—	—	—
Technology services	1,642,297	—	—	—
Finance	2,136,989	—	—	—
Electronic technology	412,496	—	—	—
Consumer	2,038,626	—	—	—
Health technology	595,936	—	—	—
Health care	931,759	—	—	—
Domestic equity	1,783,490	—	—	—
Utilities	113,421	—	—	—
Telecommunications	231,798	—	—	—
Industrials	930,013	—	—	—
Materials	224,436	—	—	—
All other common stock	1,640,622	—	—	—
Equity mutual funds	2,201,810	—	—	—
U.S. Government obligations and mutual funds	—	6,649,012	7,482,679	—
U.S. Government issues	1,280,240	—	—	—
Corporate issues	7,375,144	—	—	—
Foreign issues	510,541	—	—	—
Taxable municipal issues	615,165	—	—	—
Fixed income mutual funds	4,350,601	—	—	—
Hedge funds	851,066	851,066	—	—
Beneficial interest in perpetual trusts	5,446,736	—	—	5,446,736
	\$ 40,709,113	\$ 27,779,698	\$ 7,482,679	\$ 5,446,736

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

Notes to the Financial Statements (*Continued*)

The following is a reconciliation of the beginning and ending balance of assets and liabilities measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended June 30, 2016 and 2015:

	Beneficial Interest In Perpetual Trusts
Balance, June 30, 2014	\$ 5,667,903
Change in Fair Market Value	<u>(221,167)</u>
Balance, June 30, 2015	5,446,736
Change in Fair Market Value	<u>(208,383)</u>
Balance, June 30, 2016	<u><u>\$ 5,238,353</u></u>

Cash Surrender Value Of Life Insurance

Various contributions are designated by donors and the Foundation board to be invested in life insurance policies covering selected students and patrons of Missouri Western State University. The Foundation is the owner and beneficiary of these policies. The annual increase in the cash surrender value of the policies is recorded as either temporarily or permanently restricted income, depending upon the donor intent. Any proceeds from these policies are restricted for use on physical plant maintenance and major capital improvements.

Pledges Receivable

Pledges receivable are for pledged receivables that are generally due within one to ten years. Pledges receivable are stated at the pledged amount. The carrying amount of pledges receivable is reduced by the amount of the unamortized discount related to promises to give that are to be collected over a period longer than one year. Management has established a valuation allowance that reflects management's best estimate of amounts that will not be collected. An allowance for uncollectible pledges is maintained based on management's assessment of the collectability of specific donors' pledges and the aging of pledges receivable. All pledges or portions thereof deemed to be uncollectible are written off to the allowance for uncollectible pledges.

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

Notes to the Financial Statements (*Continued*)

Included in pledges receivable are the following unconditional promises to give:

	June 30,	
	2016	2015
Total pledges receivable	\$ 3,825,671	\$ 4,222,028
Less allowance for uncollectible pledges	34,542	34,174
Less unamortized discount	42,447	122,077
Net pledges receivable	3,748,682	4,065,777
Less pledges receivable, current portion	2,003,959	1,615,568
Net pledges receivable, long-term	\$ 1,744,723	\$ 2,450,209
Amount due in:		
Less than one year	\$ 2,038,501	\$ 1,649,742
One to five years	1,724,570	2,478,386
Six to ten years	62,600	93,900
	\$ 3,825,671	\$ 4,222,028

Imputed discount rates of 1.01% and 1.63% was used in discounting long-term pledges receivable for 2016 and 2015, respectively.

The Foundation has been notified that it is designated as a beneficiary of numerous trusts. These gifts are revocable and are not recognized within the accompanying financial statements due to their conditional nature.

Deferred Revenue

Revenues from memberships are recognized in the fiscal year in which the memberships are used. Memberships for the 2016-2017 year are reported as deferred revenue at June 30 of the current year.

Beneficial Interest In Perpetual Trusts

The Foundation has a beneficial interest in various perpetual trusts. These consist of trusts created by independent donors for whom the assets are not in the possession or control of the Foundation. The Foundation, along with other specified not-for-profit organizations, is a beneficiary of these trusts.

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

Notes to the Financial Statements (*Continued*)

The Foundation's beneficial interest in perpetual trusts held by third parties was valued at \$5,238,353 and \$5,446,736 at June 30, 2016 and 2015, respectively. No new trust agreements were received in 2016 or 2015. A change in value of the beneficial interest in perpetual trusts of \$(208,383) and \$(221,167) was recorded for the years ended June 30, 2016 and 2015, respectively. Interest income received from these trusts was \$203,473 and \$199,619, respectively, for the years ended June 30, 2016 and 2015.

Other Equity Interest

Other equity interest relates to percentage interests in a privately held limited liability company and certain units of partnerships. These interests are carried as the fair market value of the equity interest at the date of the gift. That fair market value was determined by obtaining an independent valuation of the minority interest received by the Foundation. The units were purchased at their fair market value and are carried at cost.

Net Assets

Net assets are classified into one of three classes based on the existence or absence of donor imposed restrictions. The following is a description of each class:

Unrestricted - Unrestricted net assets include all net assets which are neither temporarily nor permanently restricted. This category includes board designated net assets.

Temporarily Restricted - Temporarily restricted net assets include contributed net assets for which donor imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted.

Permanently Restricted - Permanently restricted net assets include contributed net assets, which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

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

Notes to the Financial Statements (*Continued*)

Temporarily restricted net assets at June 30 are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Scholarships	\$ 8,222,834	\$ 8,751,469
Programmatic and departmental support	8,863,089	8,677,334
Special programs	<u>535,913</u>	<u>526,448</u>
Total	<u>\$ 17,621,836</u>	<u>\$ 17,955,251</u>

Permanently restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Scholarships	\$ 15,784,881	\$ 15,575,722
Programmatic and departmental support	9,625,677	9,774,908
Special programs	<u>1,320,418</u>	<u>1,313,288</u>
Total	<u>\$ 26,730,976</u>	<u>\$ 26,663,918</u>

Income Taxes

The Foundation is a not-for-profit organization exempt from income taxes under section 501(c)(3) of the U.S. Internal Revenue Code. It is not considered to be a private foundation. The Foundation follows the standard for evaluating uncertain tax positions and has determined that no liability should be recorded for uncertain tax positions at June 30, 2016 and 2015.

Endowments

The Foundation's endowments consist of 183 funds established to support a variety of scholar-ships, programs and departments at Missouri Western State University. Its endowments consist of both donor-restricted endowment funds and funds designated by the Board of Directors (the Board) to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

Notes to the Financial Statements (*Continued*)

Interpretation Of Relevant Law

The Board of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historical cost of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. Consequently, the Foundation classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation's Board.

Return Objectives And Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce results similar to the S&P 500 Index while assuming a moderate level of investment risk.

Spending Policy

The Foundation has a policy of appropriating for distribution each year four percent of the endowment fund's average balance using a three year rolling average for program purpose. The Foundation policy also appropriates a one percent administrative fee based on the year end endowment balance.

In establishing this policy, the Foundation considered the long-term expected returns on its endowment investments. Accordingly, over the long-term, the Foundation expects the current spending policy will allow its endowment to retain the original corpus of the gift.

Strategies Employed For Achieving Objectives

The Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Foundation targets a diversified asset allocation that emphasizes fixed income securities to achieve its long-term objectives within prudent risk constraints.

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

Notes to the Financial Statements (*Continued*)

Endowment

Endowment Net Asset Composition by Type of Fund as of June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ —	\$ 6,974,347	\$ 20,273,206	\$ 27,247,553
Board-designated endowment funds	155,897	3,151,414	—	3,307,311
Total endowment funds	\$ 155,897	\$ 10,125,761	\$ 20,273,206	\$ 30,554,864

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 114,058	\$ 10,809,825	\$ 19,732,932	\$ 30,656,815
Investment return	523	478,916	(345)	479,094
Contributions	41,316	134,595	540,619	716,530
Appropriation of endowment assets for expenditure	—	(1,297,575)	—	(1,297,575)
Endowment net assets, end of year	\$ 155,897	\$ 10,125,761	\$ 20,273,206	\$ 30,554,864

Endowment Net Asset Composition by Type of Fund as of June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ —	\$ 7,658,792	\$ 19,732,932	\$ 27,391,724
Board-designated endowment funds	114,058	3,151,033	—	3,265,091
Total endowment funds	\$ 114,058	\$ 10,809,825	\$ 19,732,932	\$ 30,656,815

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 112,470	\$ 10,848,276	\$ 18,660,043	\$ 29,620,789
Investment return	1,588	930,863	46,291	978,742
Contributions	—	95,682	1,026,598	1,122,280
Appropriation of endowment assets for expenditure	—	(1,064,996)	—	(1,064,996)
Endowment net assets, end of year	\$ 114,058	\$ 10,809,825	\$ 19,732,932	\$ 30,656,815

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

Notes to the Financial Statements (*Continued*)

11. Related Party

In 2016, the Missouri Western State University Foundation paid the University \$32,028 for office space, equipment and services of the University employees. During the years ended June 30, 2016 and 2015, the University received from the Foundation \$255,392 and \$250,173, respectively, for use of telephones, postage, printing, publications, and a portion of the salaries of staff and students employed by the University. The University has also received \$1,974,000 and \$1,478,000 of contributions from the Foundation for capital assets, scholarships and other contributions for general operations for the years ending June 30, 2016 and 2015, respectively. Included in accounts receivable at June 30, 2016 and 2015 was \$632,755 and \$428,956, respectively, due from the Foundation.

Required Supplementary Information

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

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule Of The University's Proportionate Share Of Net Pension Liability
Missouri State Employees' Retirement System**

	Measurement Date	
	As Of June 30:	
	2015	2014
University's proportion of the net pension liability	1.0700%	1.0749%
University's proportionate share of the net pension liability	\$ 34,372,019	\$ 25,343,374
University's covered-employee payroll	20,721,169	20,200,108
University's proportionate share of net pension liability as a percentage of its covered-employee payroll	165.88%	125.46%
Plan fiduciary net position as a percentage of the total pension liability	72.62%	79.49%

Note: This schedule will ultimately contain 10 years of data.

Note: For June 30, 2015 valuation, wage inflation is assumed to be 0% in the first year and 3% thereafter. This is a one-time change based on the pay freeze enacted for fiscal year ending June 30, 2016.

**Schedule Of University Contributions
Missouri State Employees' Retirement System**

	Measurement Date	
	As Of June 30:	
	2015	2014
Required contribution	\$ 3,516,384	\$ 3,508,084
Contributions in relation to the required contribution	3,516,384	3,508,084
Contribution deficiency		—
University's covered-employee payroll	20,721,169	20,200,108
Contributions as a percentage of covered-employee payroll	16.97%	17.37%

Note: This schedule will ultimately contain 10 years of data.

Note: For June 30, 2015 valuation, wage inflation is assumed to be 0% in the first year and 3% thereafter. This is a one-time change based on the pay freeze enacted for fiscal year ending June 30, 2016.

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

**REQUIRED SUPPLEMENTARY INFORMATION
Schedule Of Funding Progress
Post-Employment Healthcare Plan
June 30, 2016**

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll ((b - a) / c)
7/1/2015	\$ —	\$ 1,403,327	\$ 1,403,327	0%	\$ 29,544,130	4.75%
7/1/2013	—	1,260,500	1,260,500	0%	27,912,338	4.52%
7/1/2011	—	2,228,289	2,228,289	0%	22,163,874	10.05%

Supplementary Information

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/ Pass-Through Grantor/ Program Or Cluster Title	Federal CFDA Number	Pass-Through Award/ Identifying Number	Federal Expenditures
U.S. Department Of Education			
Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grant	84.007		\$ 149,104
Federal Work-Study Program	84.033		373,614
Federal Pell Grant Program	84.063		8,946,209
Federal Direct Loans	84.268		18,127,352
Federal Teach Grant	84.379		9,881
Total Student Financial Aid Cluster			<u>27,606,160</u>
Carl Perkins	84.048		13,559
National Writing Project - Investing in Innovation Fund (i3)	84.411B		184,637
Passed through The Curators of the University of Missouri Improving Teacher Quality	84.367	C000502963	<u>1,838</u>
Total U.S. Department Of Education			<u>27,806,194</u>
National Science Foundation			
RUI: MPS BIO: Collaboritive Research: Modular Evolution of Bacteria from Optimization of Metabolic Pathways	47.074		<u>164,080</u>
Total Research and Development Cluster			<u>164,080</u>
U.S. Department Of Housing And Urban Development			
Passed Through St. Joseph Metro Chamber of Buchanan County Degree Attainment Initiative	14.228	Unknown	<u>106,046</u>
U.S. Department Of Labor			
WIA Program Adult	17.258		65,530
Trade Adjustment Assistance	17.245		<u>42,318</u>
Total U.S. Department Of Labor			<u>107,848</u>
Total Expenditures Of Federal Awards			<u>\$ 28,184,168</u>

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Missouri Western State University and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. Additional Audits

Grantor agencies reserve the right to conduct additional audits of Missouri Western State University's grant programs for economy and efficiency. Such audits may result in disallowed costs to Missouri Western State University. However, the University's management does not believe such audits would result in any disallowed costs that would be material to the financial position as of June 30, 2016.

3. Student Loan Programs Administered By The University

Missouri Western State University administered the following federal loan program during the year ended June 30, 2016:

Perkins Loan Program CFDA #84.038

Outstanding balance, July 1, 2015	\$ 1,435,243
Additions:	
New loans	<u>—</u>
Deductions:	
Loans canceled or assigned	1,161,810
Collections	<u>252,176</u>
Total deductions	<u>1,413,986</u>
Outstanding balance, June 30, 2016	<u><u>\$ 21,257</u></u>

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

Notes to the Schedule of Expenditures of Federal Awards (*Continued*)

4. Indirect Cost Rate

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

5. Subrecipients

No amounts were passed through to subrecipients.



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**Independent Auditors' Report On Internal
Control Over Financial Reporting
And On Compliance And Other Matters
Based On An Audit Of Financial
Statements Performed In Accordance
With *Government Auditing Standards***

Board of Governors
Missouri Western State University
St. Joseph, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Missouri Western State University and its discretely presented component unit as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Missouri Western State University's basic financial statements, and have issued our report thereon dated October 27, 2016.

Our report includes a reference to other auditors who audited the financial statements of Missouri Western State University Foundation, Inc., a discretely presented component unit of Missouri Western State University, as described in our report on Missouri Western State University's financial statements. The financial statements of Missouri Western State University Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Missouri Western State University Foundation, Inc.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Missouri Western State University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Missouri Western State University's internal control. Accordingly, we do not express an opinion on the effectiveness of Missouri Western State University's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2016-001 that we consider to be a material weakness.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Missouri Western State University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Missouri Western State University's Response To Finding

Missouri Western State University's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Missouri Western State University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose Of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Missouri Western State University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

October 27, 2016



**Independent Auditors' Report On
Compliance For Each Major Federal
Program And Report On Internal
Control Over Compliance Required
By The Uniform Guidance**

Board of Governors
Missouri Western State University
St. Joseph, Missouri

Report On Compliance For Each Major Federal Program

We have audited Missouri Western State University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Missouri Western State University's major federal programs for the year ended June 30, 2016. Missouri Western State University's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Missouri Western State University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Missouri Western State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Missouri Western State University's compliance.

Opinion On Each Major Federal Program

In our opinion, Missouri Western State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-002 and 2016-003. Our opinion on each major federal program is not modified with respect to these matters.

Missouri Western State University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Missouri Western State University's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

Report On Internal Control Over Compliance

Management of Missouri Western State University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Missouri Western State University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Missouri Western State University's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-002 and 2016-003 that we consider to be significant deficiencies.

Missouri Western State University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Missouri Western State University's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RubinBrown LLP

October 27, 2016

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2016**

Section I – Summary Of Auditors’ Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:
 Unmodified Qualified Adverse Disclaimed
2. Internal control over financial reporting:
 Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported
3. Noncompliance considered material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal programs:
 Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported
5. Type of auditors’ report issued on compliance for major federal program(s): Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No
7. Missouri Western State University’s major programs were:

Cluster/Program	CFDA Number
Student Financial Aid Cluster	
Federal Direct Loans	84.268
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Teach Grant	84.379

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000
9. Missouri Western State University qualified as a low-risk auditee as that term is defined in the Uniform Guidance? Yes No

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)
For The Year Ended June 30, 2016

Section II - Financial Statement Findings

Finding 2016-001 – Material Weakness

Criteria: Generally Accepted Accounting Principles require the recognition of revenue after the earnings process is complete.

Condition: The University has restated the financial statements for the year ended June 30, 2015 to correct an error in accounting in which certain revenue was recognized prior to the completion of the earnings process.

Context: Certain contributions of cash and capital improvements included a provision that requires a return of the unamortized amount of the contribution in the event of specific actions taken by either party prior to dates specified in the contribution agreements.

Effect: The University has evaluated the underlying amortization requirements and has determined that the unamortized portions of the contributions should be presented as unearned revenue. The impact of the correction of the error was to restate 2015 beginning of the year net position by (\$438,676), to increase unearned revenue at the end of 2015 by \$1,929,658, to decrease capital revenues by (\$490,982), to recognize contribution expense of \$1,000,000 and reduce total net position, end of year by (\$1,929,658).

Cause: Missouri Western State University did not have proper processes and related controls in place to properly evaluate and record contributions of cash and capital improvements that include a provision that requires a return of the unamortized amount of the contribution in the event of specific actions taken by either party prior to dates specified in the contribution agreements.

Recommendation: The Finance Department should review and consider revisions to its processes and related controls in place to evaluate and record contributions of cash and capital improvements that include a provision that requires a return of the unamortized amount of the contribution in the event of specific actions taken by either party prior to dates specified in the contribution agreements.

Corrective Action Plan (Unaudited): All non-standard contracts will be reviewed by the Vice President and Associate Vice President of Financial Planning to evaluate the impact on the Financial Statements.

Completion Date: October 1, 2016

Contact Person: Vice President for Financial Planning & Administration

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)
For The Year Ended June 30, 2016**

Section III - Federal Award Findings And Questioned Costs

Finding 2016-002 – Significant Deficiency

Federal Award No. 84.268, 84.007, 84.033, 84.063 & 84.379

U.S. Department Of Education

Student Financial Aid Cluster

Criteria: According to the Federal Student Aid Handbook, Volume 2, Chapter 6, a University must confirm that the student has completed face-to-face or online counseling, or that the student has been mailed exit loan counseling material within 30 days of learning that the student has withdrawn or failed to participate in an exit counseling session.

Condition: The University did not conduct exit interviews or provide loan counseling materials within the 30 day timeframe for 4 withdrawn students from a non-statistical sample of 40 withdrawing or graduating students tested.

Effect: Students may not be informed in a timely manner of their responsibilities for the repayment of loans.

Questioned Costs: None

Cause: Although Missouri Western does have processes in place to complete exit counseling requirements for all students who have graduated or withdrawn within 30 days of the date of graduation or the date that Missouri Western State University determines that a student has withdrawn, they did not properly train a new employee to continue with these processes until all unofficial withdrawals had been completed.

Recommendation: We recommend that the University consider changes to its procedures and related internal controls over the monitoring of student enrollment status and loan counseling requirements.

Corrective Action Plan: The students in question were identified as withdrawn after a review of final grades on 12/22/2015 and 5/11/2016. This was an isolated incident and the new employee has been given additional training to continue the processes until all unofficial withdrawals have been completed.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)
For The Year Ended June 30, 2016**

Contact: Missouri Western Student Financial Aid Office

Completion Date: 9/22/2016

Finding 2016-003 – Significant Deficiency

Federal Award No. 84.268, 84.007, 84.033, 84.063, 84.379
U.S. Department Of Education
Student Financial Aid Cluster

Criteria: According to the Federal Student Aid Handbook, Volume 2, Chapter 3, a University must report enrollment changes within 60 days of graduation or learning that the student has withdrawn if the University is on the roster method.

Condition: The University did not update NSLDS within the 60 day timeframe for 4 withdrawn students from a non-statistical sample of 40 withdrawing or graduating students tested.

Effect: Students may not be moved into repayment status in accordance with federal regulations.

Questioned Costs: None

Cause: Withdrawn students are identified through reports periodically generated from the financial aid system. There were individual instances where these reports were not generated correctly.

Recommendation: We recommend that the University consider changes to its procedures and related internal controls over the monitoring and reporting of student enrollment status requirements.

Corrective Action Plan: The Registrar's Office has always used a report written by the IT Department to report enrollment. There was a request to update the program, with new language to select all W's after final grades and unofficial withdraws have been completed. A programming error occurred and wasn't detected until after the 60 day timeframe. The decision was made to convert to the Banner SFRNSLC report for the 2016-17 academic year. This was implemented and the first enrollment report was sent by the Registrar's Office on September 8, 2016.

Contact: Missouri Western Student Financial Aid Office

Completion Date: 9/22/16

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended June 30, 2016**

Finding No.	CFDA No.	Program	Condition	Current Year Status
2015-001	NA	SFA Cluster	Errors in NSLDS submissions were not being re-submitted within the 10-day time period.	Cleared - No errors due to re-submission failures noted in 2016

Information Required For Bonds

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

**REVENUE AND EXPENDITURE SCHEDULE
Auxiliary System Bonds**

	For The Years Ended June 30,	
	2016	2015
Revenue		
Bookstore commissions	\$ 224,768	\$ 261,887
Student fees	1,672,036	1,781,717
Residence halls	5,735,083	6,319,691
Campus dining services	3,652,614	4,199,295
Federal interest rebate	272,994	276,117
Investment income	30,785	24,594
Total Revenue	11,588,280	12,863,301
Expenditures		
Dormitory	2,187,162	2,854,086
Campus dining services	3,646,345	3,738,213
Recreational facilities	230,764	241,932
Student union	436,256	410,907
Total Expenditures	6,500,527	7,245,138
Excess Of Revenue Over Expenditures Before Debt Service	5,087,753	5,618,163
Add capital improvements	118,688	241,168
Net Available For Debt Service	\$ 5,206,441	\$ 5,859,331
Debt Service For Fiscal Year	\$ 3,586,490	\$ 3,353,528
Coverage	1.45	1.75

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

**CHANGES IN RESERVE FUND BALANCES
Auxiliary System Bonds**

	<u>Debt Service Reserve</u>	<u>Repair And Replacement Reserve</u>
Balance June 30, 2015	\$ 460,000	\$ 300,000
Transfer to auxiliary fund	—	—
Balance June 30, 2016	\$ 460,000	\$ 300,000

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

**INSURANCE COVERAGE
Auxiliary System Bonds
Year Ended June 30, 2016**

	Amount Of Coverage	
	Building	Contents
Blanket building coverage - no coinsurance	235,856,353	
Blanket contents coverage - no coinsurance		81,200,345
Residential complex (included in blanket figures)		
Nelle Blum Student Union	\$ 15,289,785	\$ 1,446,059
Beshears Hall	73,338,668	504,104
Juda Hall	73,338,668	504,104
Logan Hall	73,338,668	504,104
Leaverton Hall	9,030,037	700,221
Vaselakos Hall	9,030,037	700,221
Fitness Center	12,622,859	287,860
Scanlon Hall	15,295,871	536,438
Commons Building	1,839,065	270,935
Griffon Hall	15,295,871	631,793
Liaibility insurance		
Covered under the state legal expense fund		—
(Statutory limit)		—
Per person		100,000
Per occurrence		1,000,000
Blanket crime		100,000

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

OCCUPANCY STATISTICS
Auxiliary System Bonds
Years Ended June 30, 2016 And 2015

Student information is as follows:

	Head Count		Full Time Equivalent Students	
	15-16	14-15	15-16	14-15
	Summer	1,263	1,428	799
Fall	5,571	5,926	4,157	4,421
Spring	4,608	4,904	3,524	3,783

Statistics on the occupancy of the housing facilities are as follows:

	Rooms Available		Rooms Occupied		Occupancy Rate %	
	15-16	14-15	15-16	14-15	15-16	14-15
Summer	1,336	1,336	101	104	7.56	7.78
Fall	1,336	1,336	1,131	1,209	84.66	90.49
Spring	1,336	1,336	946	1,058	70.81	79.19

Room charges for the fiscal years ended June 30, 2016 and 2015 are as follows:

	2016	Summer	Spring	Fall
Living Learning Center (Complex)	—	—	2,188	2,188
Living Learning Center (Single room)	—	—	2,897	2,897
Apartment complex room charges	—	—	2,459	2,459
Suite complex room charges	800	—	2,188	2,188
Suite super single room charges	—	—	3,102	3,102
Griffon Hall	—	—	3,257	3,257
Board charges	—	—	(**)	(**)
	2015	Summer	Spring	Fall
Living Learning Center (Complex)	—	—	2,124	2,124
Living Learning Center (Single room)	—	—	2,813	2,813
Apartment complex room charges	—	—	2,387	2,387
Suite complex room charges	600	—	2,124	2,124
Suite super single room charges	—	—	3,012	3,012
Griffon Hall	—	—	3,178	3,178
Board charges	—	—	(***)	(***)

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

	15-16	14-15
Summer	\$ 15	\$ 15
Spring and fall	41	41

(**) Room and board charges are per semester, \$1,549 for the full week meal plan, \$1,527 for the 15 meal plan, \$1,525 for the 12 meal plan, \$1,514 for the 10 meal plan, \$800 and \$1,500 for the meal block plan.

(**) Room and board charges are per semester, \$1,514 for the full week meal plan, \$1,527 for the 15 meal plan, \$1,525 for the 12 meal plan, \$1,514 for the 10 meal plan, \$800 and \$1,500 for the declining balance meal plans, \$373 for the 50 block meal plan.