

Missouri Western State University
A Component Unit of the State of Missouri
Independent Auditor's Report and Financial Statements
June 30, 2020 and 2019



Missouri Western State University
A Component Unit of the State of Missouri
June 30, 2020 and 2019

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Missouri Western State University
A Component Unit of the State of Missouri
Management's Introduction
Years Ended June 30, 2020 and 2019

Overview

Missouri Western State University 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 4,900 undergraduate and graduate students. The University has on-campus student housing that can accommodate approximately 23 percent 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 gave 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 86 percent 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.

Strategic Planning

Missouri Western has a long-standing commitment to strategic planning and formally implemented a systematic planning schedule in 2002. Each of the strategic plans that were adopted have guided institutional efforts to fulfill the mission, vision and values of the institution. The current plan, *Pathways to Excellence*, was adopted July 2, 2018. This plan is focused upon student success and employs five themes to guide our initiatives: student experience, people, partnerships, programs and stewardship. The plan also introduced new University mission and vision statements.

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Accreditation

Missouri Western maintains institutional accreditation through the Higher Learning Commission (HLC) and has been accredited since 1919. Missouri Western hosted a Comprehensive Quality Review (CQR) site visit in October 2016 and received Reaffirmation of Accreditation in January 2017.

As a member of the Open Pathway with HLC, Missouri Western will engage in a Quality Initiative during the second half of the ten year accreditation cycle. This initiative will be a large-scale project that facilitates continuous improvement at the institution.

Missouri Western also has specialized accreditation and program approval for a wide variety of our programs. This includes the following:

- Association to Advance Collegiate Schools of Business (AACSB International) – Institutional Accreditation Steven L. Craig School of Business, BS in Business Administration
- Commission on Accreditation for Health Informatics and Information Management Education (CAHIIM) – Health Information Technology AS, Health Information Management, BS
- Commission on Accreditation in Physical Therapy Education (CAPTE) – Physical Therapist Assistant, AAS
- Commission on Collegiate Nursing Education (CCNE) – Nursing: BSN, MSN
- Council on Social Work Education (CSWE) – Social Work, BSW
- Engineering Technology Accreditation Commission of ABET (ETAC of ABET) – Construction Engineering Technology, BS; Electronics Engineering Technology, BS
- National Accrediting Agency for Clinical Laboratory Science (NAACLS) – Clinical Program in Medical Technology
- National Association of Schools of Music (NASM) – Music: BA, BM, BME
- National Council for Accreditation of Teacher Education (NCATE) – Elementary Education BSE, Early Childhood Education BSE, Art BSE, English BSE, Music BME, French BSE, Spanish BSE, Speech and Theatre BSE; Teacher Certification attached to the BS in Biology, Chemistry, Mathematics, Physical Education and Social Science
- American Chemical Society (ACS) – BS, Chemistry (curriculum approval)
- American Bar Association (ABA) – Legal Assistant: Certificate, AS, minor in Legal Studies (program approval)
- Missouri State Board of Education with the Department of Elementary and Secondary Education (SBOE/DESE) – Educator Preparation Programs in Elementary Education BSE, Early Childhood Education BSE, Art BSE, English BSE, Music BME, French BSE, Spanish BSE, Speech and Theatre BSE; Teacher Certification attached to the BS in Biology, Chemistry, Mathematics, Physical Education and Social Science
- Missouri State Board of Nursing (MSBN) - BSN, Nursing

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Academic Programs

Missouri Western offers a variety of degree programs through the Steven L. Craig School of Business & Technology, School of Fine Arts, School of Nursing and Health Professions, College of Liberal Arts and Sciences, and College of Professional Studies, and Graduate School. The University is authorized under Missouri statutes to offer professional master's degrees, four-year baccalaureate programs, two-year associate degrees, pre-professional transfer programs and one-year certificates. In addition, the University offers continuing education courses, seminars, conferences and workshops suited to the needs of the community and serving groups throughout the nation.

Missouri Western offers a total of 83 degree programs, including 58 Bachelor's, 11 Master's, four Associates, eight Graduate certificates and two Undergraduate certificates. Our largest degree programs are:

- *Business* (282 undergraduate declared majors; 176 undergraduate pre-majors)
- *Nursing* (199 undergraduate declared majors; 232 undergraduate pre-majors)
- *Biology & Wildlife Conservation* (189 undergraduate declared majors)
- *Physical Education* (159 undergraduate declared majors; 28 undergraduate pre-majors)
- *Criminal Justice* (127 undergraduate declared majors; 22 undergraduate pre-majors)
- *Elementary & Early Childhood Education* (127 undergraduate declared majors; 71 undergraduate pre-majors)

Missouri Western's Honors program offers high-achieving students the opportunity to enhance their college experience through interesting guest speakers, conferences across the country, a semester of study abroad, scholarship opportunities, in-depth research and study of a variety of topics, museum visits and close friendships. The Honors program has been a part of the campus community since 1988.

Applied Learning

Missouri Western State University has been designated by the State of Missouri as the official applied learning institution for the state. Applied learning refers to activities outside of the classroom in which students use discipline-specific knowledge, including internships, practice, study away and student/faculty research. Undergraduate students who engage in applied learning get an education that better prepares them to enter the workforce or pursue graduate study. Because it is a scholarly pursuit for students, applied learning is naturally tied to faculty scholarly activities. In all disciplines, applied learning opportunities arise when students work alongside faculty mentors who are pursuing their own professional scholarship goals. Approximately 98 percent of Missouri Western students complete a significant applied learning experience prior to their graduation.

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Campus Environment

Fiscal Year 2020 saw numerous renovations that included roof replacement on Scanlon Hall and the Blum Union, the start of roof repair/replacement of Wilson Hall, the replacement of the Remington Hall and Agenstein Hall boilers, the start of the relocation of Barnes and Noble Bookstore from Blum Union to the Hearn Center, a new vinyl wrap for the Griffon Lab/Mobile Job Center bus and eleven key areas in Blum Union received vinyl MWSU logos to brighten walls, entryways and stairs. The Nursing Department applied for a grant for improvements to Murphy Hall that included new light fixtures, flooring, ceiling tile, painting, electrical additions, mechanical revisions and general bathroom facelifts.

Fiscal Year 2019 saw several renovations around campus that included The Craig School of Business classrooms and Dean's Office, painting the Looney Gym, HVAC repair, Potter Hall concrete replacement and exterior step replacement, carpet installation in various areas of Popplewell, Spratt and Eder, HVAC upgrades in the GISC, Blum Union boiler repair, Leaverton Hall chiller replacements, new baseball netting, a new fuel management system and the purchase of two police cars.

Fiscal Year 2019 also saw the addition of capital assets with Aramark renovations that included the conversion of the Blum Union Roasterie to a Starbucks and improvements to the Western Dining Hall in the Blum Student Union for a total project cost of approximately \$1,060,000.

Fiscal Year 2018's major project for the year was replacing all the existing bleachers in the Looney Gym, refreshing of the gym floor, painting of the arena and remodeling of the Athletic offices in the Looney Complex for a total of approximately \$594,000. This project was completely funded through a generous donation from a loyal fan and donor of the University. Other projects included an addition to the Griffon Indoor Sports Complex of an indoor sand jump pit for the Track and Field teams, the construction of a discus cage, javelin area and a high jump pit for a construction cost of \$74,000. The addition of a patio to the Baker Fitness Center, remodeling of a student lounge in Blum Union and various replacements of boilers and compressors also occurred.

Fiscal Year 2018 also saw the completion of the FY16 State of Missouri House Bill 19 for \$4.8 million in capital appropriations that included the replacement of flooring, painting, remodeling of bathrooms and entryways, replacing the HVAC systems, installation of new network wiring and a partial roof replacement for one hall.

Missouri Western State University has a long standing relationship with the Kansas City Chiefs to hold their summer training camp on the campus. However, in FY20, the summer training camp was cancelled due to COVID-19.

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Missouri Western State University (the "University"), collectively a component unit of the State of Missouri, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University's basic 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of Missouri Western State University Foundation, Inc. (the "Foundation"), the discretely presented component unit of the University. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audits 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 the Foundation, 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 auditor's 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 is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. Management's introduction and the information required 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. Management's introduction and the information required for bonds has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

BKD, LLP

Kansas City, Missouri
December 18, 2020

Missouri Western State University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
June 30, 2020 and 2019

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, 2020, 2019 and 2018. 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 Highlights

Academic Review Board

The University's Board of Governors declared a state of financial emergency at a special meeting held on March 5, 2020 in accordance with the University's retrenchment policy. Pursuant to this policy, the provost convened an Academic Review Board (ARB). The ARB was charged with reviewing each academic program on a variety of criteria, including academic quality, alignment with institutional mission, demand and enrollment, cost and cost effectiveness. The ARB made recommendations involving the discontinuance, elimination or restructure of certain academic programs to the provost and president. The president then made recommendations to the Board of Governors which were approved at the April 29, 2020 meeting.

The University began to take formal actions to eliminate, phase out, or restructure several of its academic programs. This change involves the elimination of several faculty members and staff, while giving the University the flexibility to enhance other academic programs in order to meet the market demand in various educational fields. The University continues to restructure its financial position through additional educational opportunities and cost cutting measures. The University believes they are on track for a brighter future and anticipates ending the state of financial emergency prior to the end of fiscal year 2021.

Comparative Analysis of Fiscal Years 2020 and 2019

A review of the University's net position at June 30, 2020 reflects a decrease of \$6.7 million or 29.2 percent to \$16.2 million. Operating revenues for the year ended June 30, 2020, which includes tuition and fees of \$25.0 million; federal, state and non-governmental grants and contracts of \$1.4 million; auxiliary revenues of \$7.2 million; and other revenues of \$1.2 million, decreased by \$0.9 million to \$34.8 million.

Operating expenses increased by \$0.8 million to \$77.3 million, resulting in an operating loss of \$42.5 million. Operating expenses included depreciation of \$5.4 million. This operating loss of \$42.5 million and net non-operating and other capital revenues of \$35.8 million resulted in a decrease in net position of \$6.7 million.

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Comparative Analysis of Fiscal Years 2019 and 2018

A review of the University's net position at June 30, 2019 reflects a decrease of \$9.3 million or 29.0 percent to \$22.9 million. Operating revenues for the year ended June 30, 2019, which includes tuition and fees of \$25.2 million; federal and state grants and contracts of \$1.0 million; auxiliary revenues of \$8.3 million; and other revenues of \$1.2 million, increased by \$1.2 million to \$35.7 million.

Operating expenses increased by \$1.9 million to \$76.5 million, resulting in an operating loss of \$40.8 million. Operating expenses included depreciation of \$5.5 million. This operating loss of \$40.8 million and net non-operating and other capital revenues of \$31.4 million resulted in a decrease in net position of \$9.3 million.

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.

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A summary of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2020, 2019 and 2018, is as follows:

Net Position			
As of June 30			
<i>(In millions)</i>			
	2020	2019	2018
Current Assets	\$ 14.5	\$ 13.3	\$ 15.1
Non-current Assets			
Capital assets, net of depreciation	112.1	113.3	115.3
Total assets	<u>\$ 126.6</u>	<u>\$ 126.6</u>	<u>\$ 130.4</u>
Deferred Outflows of Resources	<u>12.8</u>	<u>17.5</u>	<u>19.6</u>
Total assets and deferred outflows of resources	<u><u>\$ 139.4</u></u>	<u><u>\$ 144.1</u></u>	<u><u>\$ 150.0</u></u>
Current Liabilities	\$ 10.1	\$ 8.9	\$ 8.4
Noncurrent Liabilities	112.0	110.8	108.2
Total liabilities	<u>\$ 122.1</u>	<u>\$ 119.7</u>	<u>\$ 116.6</u>
Deferred Inflows of Resources	<u>1.1</u>	<u>1.5</u>	<u>1.2</u>
Total liabilities and deferred inflows of resources	<u><u>\$ 123.2</u></u>	<u><u>\$ 121.2</u></u>	<u><u>\$ 117.8</u></u>
Net Assets			
Net investment in capital assets	\$ 65.3	\$ 64.5	\$ 64.4
Restricted	0.6	0.5	1.0
Unrestricted operating	4.7	3.6	6.2
Unrestricted GASB 68 and 75	<u>(54.4)</u>	<u>(45.7)</u>	<u>(39.4)</u>
Total net position	<u><u>\$ 16.2</u></u>	<u><u>\$ 22.9</u></u>	<u><u>\$ 32.2</u></u>

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Comparative Analysis of Fiscal Years 2020 and 2019

Current assets increased by \$1.2 million or 9.0 percent from \$13.3 million to \$14.5 million. This is primarily due to an increase in cash of \$0.7 million.

Noncurrent assets decreased by \$1.2 million or 1.1 percent from \$113.3 million to \$112.1 million. Capital assets, net of accumulated depreciation included additions of \$4.3 million, retirements of \$0.6 million, depreciation of \$5.4 million less \$0.5 million accumulated depreciation for retirements which resulted in the \$1.2 million decrease.

Deferred outflows decreased by \$4.7 million or 26.6 percent from \$17.5 million to \$12.8 million due to a \$4.7 million decrease in our proportionate share of collective outflows for MOSERS.

Non-current liabilities increased by \$1.2 million or 1.1 percent from \$110.8 million to \$112.0 million. This is due to the GASB 68 pronouncement requiring the recognition of the proportionate share of the unfunded MOSERS pension that increased by \$4.4 million. Long-term debt decreased by \$2.0 million, accrued compensated absences decreased by \$0.1 million and unearned revenue increased by \$0.1 million as a net of the Aramark capital projects completed in FY20.

Deferred inflows decreased by \$0.4 million from \$1.5 million to \$1.1 million due to the GASB 68 pronouncement requiring deferred recognition of projected versus actual earnings on investments in the MOSERS plan.

Comparative Analysis of Fiscal Years 2019 and 2018

Current assets decreased by \$1.8 million or 11.9 percent from \$15.1 million to \$13.3 million. This is primarily due to a decrease in cash of \$1.8 million. This was a combination of a \$0.4 million paid in refunding of Series 2008 bonds, and increased operating expenditures.

Noncurrent assets decreased by \$2.0 million or 1.7 percent from \$115.3 million to \$113.3 million. Capital assets, net of accumulated depreciation included additions of \$3.6 million, retirements of \$1.4 million, depreciation of \$5.5 million less \$1.3 million accumulated depreciation for retirements which resulted in the \$2.0 million decrease.

Deferred outflows decreased by \$2.1 million or 10.7 percent from \$19.6 million to \$17.5 million due to a \$2.3 million decrease in our proportionate share of collective outflows for MOSERS.

Non-current liabilities increased by \$2.6 million or 2.4 percent from \$108.2 million to \$110.8 million. This is due to the GASB 68 pronouncement requiring the recognition of the proportionate share of the unfunded MOSERS pension that increased by \$4 million. The refunding of the Series 2008 bonds and issuance of the Series 2018 bonds also decreased long-term debt by \$1.8 million and unearned revenue increased it by \$0.4 million as a net of the Aramark capital projects completed in FY19.

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Deferred inflows increased by \$0.3 million from \$1.2 million to \$1.5 million due to the GASB 68 pronouncement requiring deferred recognition of projected versus actual earnings on investments in the MOSERS plan.

Capital Assets, Net
June 30, 2020
(In millions)

	Cost	Accumulated Depreciation	Net Capital Assets
Land	\$ 0.3	\$ -	\$ 0.3
Land improvements	12.5	6.4	6.1
Buildings and improvements	176.5	75.2	101.3
Furniture, fixtures and equipment	19.9	16.8	3.1
Library materials	3.8	3.5	0.3
Construction in progress	1.0	-	1.0
	<u>\$ 214.0</u>	<u>\$ 101.9</u>	<u>\$ 112.1</u>

Comparative Analysis of Fiscal Years 2020 and 2019

In 2020, the University completed multiple renovations to the campus, including \$0.7 million in roof repair/replacement for Scanlon Hall, Wilson Hall and the Blum Union, boiler replacements at Remington/Agenstein Hall at a cost of \$0.2 million, renovations to the Nursing Department that included new light fixtures, flooring, ceiling tile, painting, electrical additions mechanical revisions and general bathroom facelifts at a cost of \$0.5 million, and the start of the relocation of the Barnes and Noble bookstore from Blum Union to the Hearnese Center at a cost of \$0.2 million.

Comparative Analysis of Fiscal Years 2019 and 2018

In 2019, the University completed multiple renovations to the campus, including \$0.9 million in Land Improvements for the Spratt Stadium Pavilion. Building improvements of \$1.4 million included repairs to the elevators in Popplewell Hall, Vasselokols Hall and Scanlon Hall, renovations that included painting the Looney Gyms, HVAC repairs in Leaverton Hall, the Fulkerson center and the Griffon Indoor Sports complex, remodel of Spratt Hall rooms, Griffon Hall wiring, replacing the Potter Hall concrete exterior steps, Wilson Hall blower fan and duct work replacement, renovations to the Track & Field locker room and the addition of the Looney Complex Wings of Victory. The University also saw the conversion of the Blum Union Roasterie into a Starbucks and improvements to the Western Dining Hall in the Blum Student union for a total renovation cost of \$1.1 million as part of Aramark's capital contribution per the contract.

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The University added \$0.8 million in furniture, fixtures and equipment during the year. This was primarily equipment used for the food service for Chick-fil-A and Zoca and new computers purchased for various University labs at approximately \$0.3 million. An additional \$0.06 million was spent to upgrade the University's existing firewall.

The University recorded \$0.4 million in Construction in Progress for 2018. The majority of this amount is the cost of architect fees for the future renovation to Potter Hall. The Craig School of Business is renovating faculty office space and reallocating lab and classroom space.

Analysis of Net Position
June 30
(In millions)

	2020	2019	2018
Net investment in capital assets	\$ 65.3	\$ 64.5	\$ 64.4
Restricted	0.6	0.5	1.0
Unrestricted operating	4.7	3.6	6.2
Unrestricted GASB 68 and 75	(54.4)	(45.7)	(39.4)
Total	\$ 16.2	\$ 22.9	\$ 32.2

Comparative Analysis of Fiscal Years 2020 and 2019

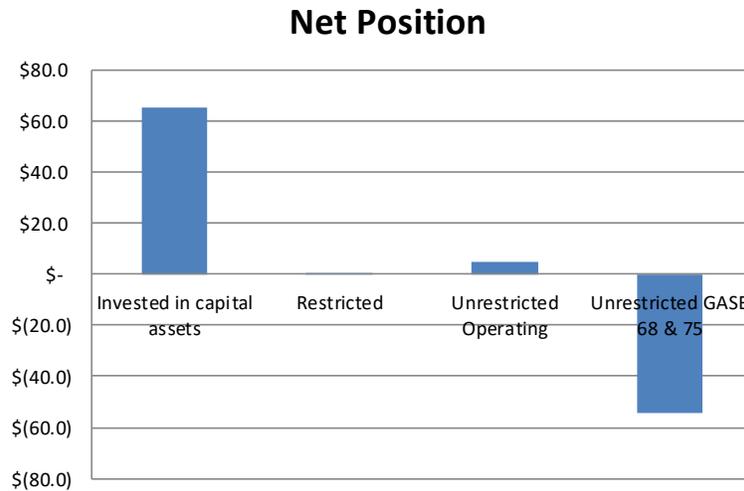
Net position decreased by 29.2 percent or \$6.7 million from fiscal year 2019 to 2020. The net position is comprised of unrestricted operating of \$4.7 million and unrestricted GASB 68 and 75 of (\$54.4) million; restricted for loans and other of \$0.2 million; and restricted for debt service agreement for repairs and maintenance of \$0.4 million; net investment in capital assets of \$65.3 million.

Comparative Analysis of Fiscal Years 2019 and 2018

Net position decreased by 29.0 percent or \$9.3 million from fiscal year 2018 to 2019. The net position is comprised of unrestricted operating of \$3.6 million and unrestricted GASB 68 and 75 of (\$45.7) million; restricted for loans and other of \$0.1 million; and restricted for debt service agreement for repairs and maintenance of \$0.4 million; net investment in capital assets of \$64.5 million.

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The following is a graphic illustration of net position at June 30, 2020 (*in millions*).



Analysis of Unrestricted Net Position
Year Ended June 30
(In millions)

	2020	2019	2018
Operating Fund			
Unrestricted Funds Operating	\$ (4.4)	\$ (4.0)	\$ 3.5
Unrestricted Funds GASB 68 and 75	(54.4)	(45.7)	(39.4)
Designated Funds	3.5	2.5	0.1
	<u>(55.3)</u>	<u>(47.2)</u>	<u>(35.8)</u>
Auxiliary Fund			
Unrestricted Funds	<u>5.7</u>	<u>5.1</u>	<u>2.6</u>
Total	<u>\$ (49.6)</u>	<u>\$ (42.1)</u>	<u>\$ (33.2)</u>

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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, 2020, 2019 and 2018 are as follows:

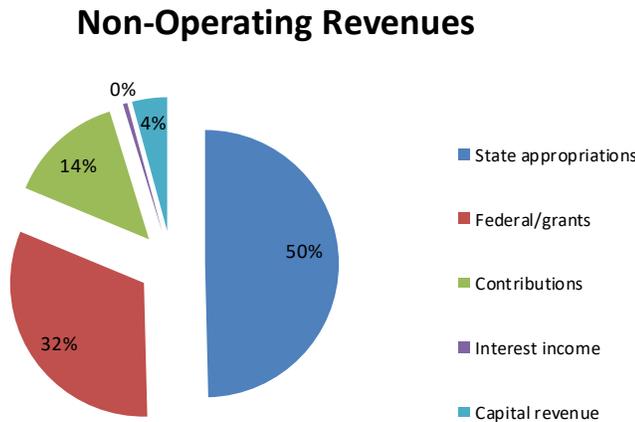
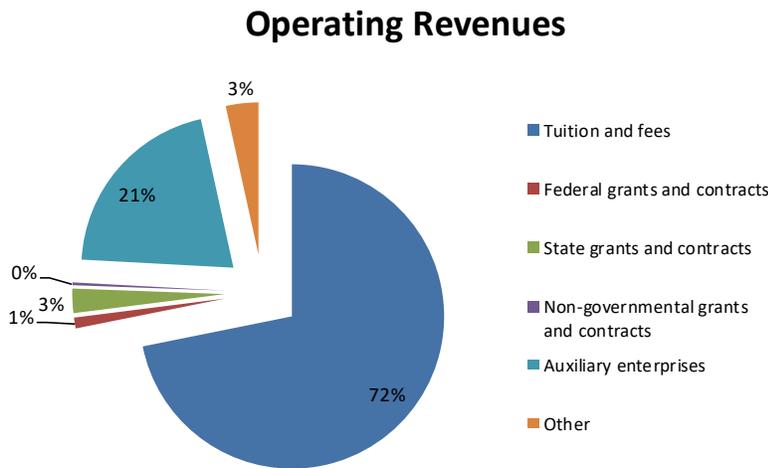
	2020	2019	2018
Operating Revenues			
Tuition and fees	\$ 25.0	\$ 25.2	\$ 24.6
Federal grants and contracts	0.4	0.6	0.5
State grants and contracts	0.9	0.4	0.5
Non-governmental grants and contracts	0.1	-	-
Auxiliary enterprises	7.2	8.3	7.9
Other	1.2	1.2	1.0
Total operating revenues	34.8	35.7	34.5
Operating Expenses	77.3	76.5	74.6
Operating Loss	(42.5)	(40.8)	(40.1)
Nonoperating Revenues (Expenses)			
State appropriations	18.8	20.6	20.6
Federal grants	12.0	9.0	9.2
Contributions	5.3	1.7	1.8
Interest income	0.2	0.3	0.2
Loss on disposal of capital assets	(0.1)	-	(0.3)
Interest on capital asset – related debt	(2.0)	(2.0)	(2.1)
Net nonoperating revenues	34.2	29.6	29.4
Capital Appropriations	-	-	1.1
Capital Revenues	1.6	1.9	1.2
Decrease in Net Position	(6.7)	(9.3)	(8.4)
Net Position, Beginning of Year	22.9	32.2	40.3
Change in Accounting Principle	-	-	0.3
Net Position, Beginning of Year, as Restated	22.9	32.2	40.6
Net Position, End of Year	\$ 16.2	\$ 22.9	\$ 32.2

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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 2020, total operating revenues had a decrease of 2.5 percent from \$35.7 million to \$34.8 million. This was due to a decrease in enrollment in Fiscal Year 2020.

The following are graphic illustrations of revenues by source for the year ended June 30, 2020.



In Fiscal Year 2020, non-operating and capital revenues increased by \$4.4 million or 12.8 percent from \$33.5 million to \$37.9 million due primarily from the following increases (decreases) in millions:

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Non-Operating Revenue and Capital Gifts

State of MO Capital Appropriation	\$ (1.8)
Capital Gifts	(0.3)
Federal Grants	3.0
Contributions	3.6
Interest income	<u>(0.1)</u>
Total Non-Operating Revenue and Capital Gifts	<u><u>\$ 4.4</u></u>

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In Fiscal Year 2019, non-operating and capital revenues decreased by \$0.6 million or 2.1 percent from \$34.1 million to \$33.5 million due primarily from the following increases (decreases) in millions:

Non-Operating Revenue and Capital Gifts

State of MO Capital Appropriation	\$	(1.1)
Capital Gifts		0.7
Federal Grants		(0.2)
Contributions		(0.1)
Interest income		0.1
Total Non-Operating Revenue and Capital Gifts	\$	(0.6)

Operating Expenses
Year Ended June 30
(In millions)

	2020	2019	2018
Compensation	\$ 50.6	\$ 49.9	\$ 48.6
Scholarships	6.5	4.0	4.0
Supplies and other services	12.8	14.9	14.2
Depreciation	5.4	5.5	5.5
Utilities	2.0	2.2	2.3
Total	\$ 77.3	\$ 76.5	\$ 74.6

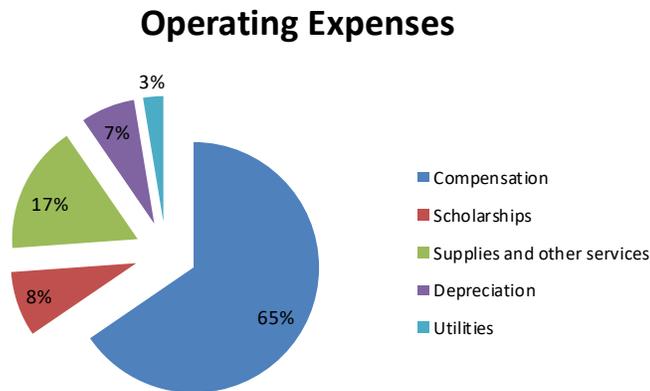
Missouri Western State University elected to use the natural classification for operating expenses, as did all state public higher education institutions in the State of Missouri.

During 2020, 2019 and 2018, tuition fee waivers are reported as a reduction in revenue rather than scholarships and amounted to approximately \$8.1, \$7.9 and \$7.2 million, respectively. Federal Pell Grants and Federal Education Opportunity Grants outlays are recorded as non-operating revenue and amounted to approximately \$8.4, \$8.7 and \$8.6 million, respectively.

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Comparative Analysis of Fiscal Years 2020 and 2019

In 2020, the University's operating expenses increased by \$0.8 million, or 1.0 percent. The increase is due to an increase of \$2.4 million in scholarships related to the CARES Act grants to students, an increase of \$0.7 million in compensation, a decrease of \$2.0 million in supplies, a decrease of \$0.1 million in depreciation and a decrease of \$0.2 million in utilities.



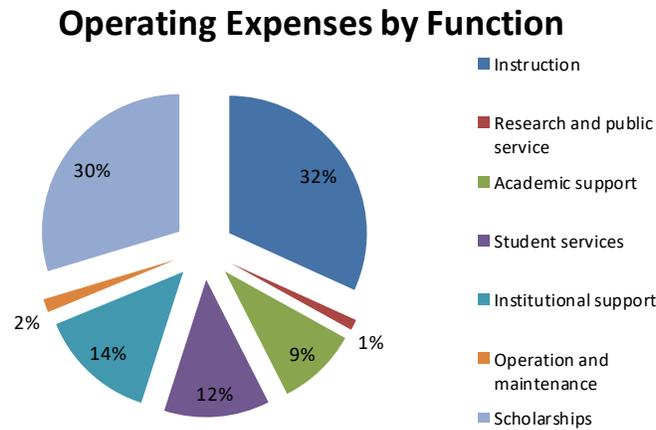
Comparative Analysis of Fiscal Years 2019 and 2018

In 2019, the University's operating expenses increased by \$1.9 million, or 2.4 percent. The increase is primarily due to an increase of \$1.0 million in the GASB 68 MOSERS Pension expense and \$0.7 million increase in supplies and other services.

Missouri Western State University
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Management's Discussion and Analysis
June 30, 2020 and 2019

Analysis of Educational and General Operating Expenses
By Functional Classification
June 30, 2020
(In millions)

The following is a graphic illustration of educational and general operating expenses at June 30, 2020.



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 84 percent of total educational and general expenses. Institutional Support, 14 percent, and Operation and Maintenance, 2 percent, make up the remainder.

Missouri Western State University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
June 30, 2020 and 2019

Cash Flows

The Statements 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, 2020, 2019 and 2018 are as follows:

	2020	2019	2018
Cash Flows			
Year Ended June 30			
<i>(In millions)</i>			
Cash Provided by (Used in)			
Operating activities	\$ (28.9)	\$ (27.7)	\$ (28.5)
Noncapital financing activities	36.1	31.3	31.6
Capital and related financing activities	(6.7)	(5.4)	(6.2)
Investing activities	0.2	0.3	3.2
Change in Cash and Cash Equivalents	0.7	(1.5)	0.1
Cash and Cash Equivalents, Beginning of Year	9.7	11.2	11.1
Cash and Cash Equivalents, End of Year	\$ 10.4	\$ 9.7	\$ 11.2

Comparative Analysis of Fiscal Years 2020 and 2019

Cash and cash equivalents at June 30, 2020 were \$10.4 million, which was an increase of \$0.7 million from 2019. The increase in cash and cash equivalents is primarily attributable to an increase in contributions.

During 2020, cash used in operating activities was \$28.9 million which was an increase of \$1.2 million. This was a result of receipts from tuition and fees, grants and contracts and auxiliary enterprise charges less payments to employees and suppliers. Cash provided by noncapital financing activities, primarily state appropriations and federal grants, was \$30.8 million and \$5.3 million in contributions. Cash used for capital and related financing activities increased by \$1.3 million, which consisted of the purchases of capital assets of \$4.3 million, capital gifts recognized of \$1.6 million and no state capital appropriations for the year. The issuance and payment of debt service for 2020 was \$2.0 million. Investing activities amounted to a decrease of \$0.1 million, which primarily were the result of low interest rates on bank funds.

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Comparative Analysis of Fiscal Years 2019 and 2018

Cash and cash equivalents at June 30, 2019 were \$9.7 million, which was a decrease of \$1.5 million from 2018. The decrease in cash and cash equivalents is primarily attributable to an increase in operating costs.

During 2019, cash used in operating activities was \$27.7 million which was a decrease of \$0.8 million. This was a result of receipts from tuition and fees, grants and contracts and auxiliary enterprise charges less payments to employees and suppliers. Cash provided by noncapital financing activities, primarily state appropriations and federal grants, was \$29.6 million and \$1.7 million in private contributions. Cash used for capital and related financing activities decreased by \$0.8 million, which consisted of the purchases of capital assets of \$3.6 million, capital gifts received of \$1.9 million and no state capital appropriations for the year. The issuance and payment of debt service for 2019 was \$6.1 million. Investing activities amounted to a decrease of \$3.0 million, which primarily were the result of matured investments in 2018.

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, Missouri 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.

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

Statements of Net Position
June 30, 2020 and 2019

Assets and Deferred Outflows of Resources

	2020	2019
Current Assets		
Cash and cash equivalents	\$ 10,109,131	\$ 8,696,445
Accounts receivable, net of allowance of \$1,219,399 in 2020 and \$1,192,809 in 2019	3,643,310	2,825,934
Prepaid expenses	398,299	737,882
Restricted cash and cash equivalents	305,582	1,010,588
Total current assets	14,456,322	13,270,849
Noncurrent Assets		
Capital assets, net	112,133,293	113,316,552
Total noncurrent assets	112,133,293	113,316,552
Total assets	126,589,615	126,587,401
Deferred Outflows of Resources		
Deferred losses on debt refundings	917,052	991,917
Contributions to MOSERS subsequent to the measurement date	4,140,013	4,116,920
Proportionate share of MOSERS pension related items	7,592,683	12,329,009
Other postemployment benefits related items	184,836	41,912
Total deferred outflows of resources	12,834,584	17,479,758
Total assets and deferred outflows of resources	\$ 139,424,199	\$ 144,067,159

Liabilities and Deferred Inflows of Resources

	2020	2019
Current Liabilities		
Accounts payable and accrued liabilities	\$ 4,417,723	\$ 4,443,673
Accrued compensated absences	771,551	771,684
Unearned revenue	1,715,887	1,149,607
Interest payable	439,718	450,187
Long-term debt - current portion	2,711,939	2,120,274
	<u>10,056,818</u>	<u>8,935,425</u>
Noncurrent Liabilities		
Accrued compensated absences	585,943	716,422
Unearned revenue	1,241,376	1,687,227
Other postemployment benefit liability	1,267,372	1,164,776
Net pension liability	63,881,653	59,509,567
Long-term debt, net	45,065,821	47,675,783
	<u>112,042,165</u>	<u>110,753,775</u>
Total noncurrent liabilities	<u>112,042,165</u>	<u>110,753,775</u>
Total liabilities	122,098,983	119,689,200
Deferred Inflows of Resources		
Proportionate share of MOSERS pension related items	1,042,858	1,463,515
Other postemployment benefits related items	92,009	27,057
	<u>1,134,867</u>	<u>1,490,572</u>
Total liabilities and deferred inflows of resources	<u>123,233,850</u>	<u>121,179,772</u>
Net Position		
Net investment in capital assets	65,272,585	64,553,506
Restricted, expendable for		
Scholarships, fellowships and other	119,171	7,425
Loans	82,483	82,483
Debt service	356,474	364,531
Unrestricted	(49,640,364)	(42,120,558)
	<u>16,190,349</u>	<u>22,887,387</u>
Total net position	<u>\$ 16,190,349</u>	<u>\$ 22,887,387</u>

Missouri Western State University
A Component Unit of the State of Missouri
Missouri Western State University Foundation, Inc.

Statements of Financial Position

June 30, 2020 and 2019

Assets

	2020	2019
Current Assets		
Cash	\$ 1,376,582	\$ 1,151,892
Pledges receivable, net – current portion	375,890	1,546,219
Pledges receivable, net – gifts-in-kind	42,404	45,680
Notes receivable, net – current portion	12,513	4,663
Interest, dividends and other receivables	60,025	87,739
Prepaid expense	7,535	35,776
Total current assets	1,874,949	2,871,969
Investments		
Investments	43,650,824	43,661,914
Mineral rights	57,859	79,019
Cash surrender value of life insurance	597,687	586,683
Total investments	44,306,370	44,327,616
Fixed Assets		
Artwork	98,808	98,808
Equipment, at cost	16,714	16,714
Total fixed assets	115,522	115,522
Less accumulated depreciation	15,807	15,218
Net fixed assets	99,715	100,304
Other Assets		
Pledges receivable, net	555,401	810,624
Notes receivable, net	21,542	34,323
Beneficial interest in perpetual trusts	5,179,916	5,419,755
Other equity interests	1,106,818	1,000,000
Total other assets	6,863,677	7,264,702
Total assets	\$ 53,144,711	\$ 54,564,591

See Notes to Financial Statements

Liabilities and Net Assets

	2020	2019
Current Liabilities		
Accounts payable	\$ 137,130	\$ 230,924
Agency funds, net	2,000	2,000
Deferred revenue	223,795	252,504
Total current liabilities	<u>362,925</u>	<u>485,428</u>
Net Assets		
Without donor restrictions		
General operating	2,437,557	3,126,132
Board designated	3,597,796	4,050,474
Total without donor restrictions	<u>6,035,353</u>	<u>7,176,606</u>
With donor restrictions		
Purpose restrictions	18,253,727	18,699,138
Time restrictions	417,331	-
Perpetual in nature	28,075,375	28,203,419
Total with donor restrictions	<u>46,746,433</u>	<u>46,902,557</u>
Total net assets	<u>52,781,786</u>	<u>54,079,163</u>
Total liabilities and net assets	<u><u>\$ 53,144,711</u></u>	<u><u>\$ 54,564,591</u></u>

Missouri Western State University
A Component Unit of the State of Missouri
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Tuition and fees, net	\$ 25,047,081	\$ 25,242,244
Federal grants and contracts	421,889	544,774
State grants and contracts	872,631	442,782
Non-governmental grants and contracts	135,600	-
Interest on student loans receivable	25,244	37,632
Sales and services of educational activities	631,386	471,295
Auxiliary enterprises, net	7,169,203	8,318,825
Other operating revenues	550,977	633,171
Total operating revenues	<u>34,854,011</u>	<u>35,690,723</u>
Operating Expenses		
Salaries and wages	31,463,312	32,683,566
Fringe benefits	19,133,597	17,215,157
Supplies and other services	12,826,957	14,894,366
Scholarships and fellowships	6,458,509	3,991,681
Depreciation	5,398,317	5,504,358
Utilities	2,035,094	2,164,888
Total operating expenses	<u>77,315,786</u>	<u>76,454,016</u>
Operating Loss	<u>(42,461,775)</u>	<u>(40,763,293)</u>
Nonoperating Revenues (Expenses)		
State appropriations	18,775,759	20,609,352
Federal grants	11,752,111	8,717,853
Federal interest rebate	257,495	256,787
Contributions	5,322,311	1,706,301
Interest income	158,177	298,778
Loss on disposal of capital assets	(105,950)	(55,196)
Loss on retirement of bonds	-	(25,041)
Interest on capital asset-related debt	(1,961,256)	(2,018,106)
Net nonoperating revenues	<u>34,198,647</u>	<u>29,490,728</u>
Loss before Capital Revenues	(8,263,128)	(11,272,565)
Capital Revenues	<u>1,566,090</u>	<u>1,916,545</u>
Decrease in Net Position	(6,697,038)	(9,356,020)
Net Position, Beginning of Year	<u>22,887,387</u>	<u>32,243,407</u>
Net Position, End of Year	<u>\$ 16,190,349</u>	<u>\$ 22,887,387</u>

Missouri Western State University
A Component Unit of the State of Missouri
Missouri Western State University Foundation, Inc.
Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 336,361	\$ 2,110,891	\$ 2,447,252
Legacies and bequests	-	10,131	10,131
In-kind contributions	-	346,404	346,404
Investment income	96,446	2,064,149	2,160,595
Mineral rights royalties	3,524	-	3,524
Other income	1,779	961,653	963,432
Change in value of beneficial interest in perpetual trust	-	(239,839)	(239,839)
Net assets released from donor restrictions	5,409,513	(5,409,513)	-
	<u>5,847,623</u>	<u>(156,124)</u>	<u>5,691,499</u>
Total revenues, gains and other support			
Expenses			
Program services			
Scholarships	1,117,245	-	1,117,245
Allocations	5,212,855	-	5,212,855
Total program services	<u>6,330,100</u>	<u>-</u>	<u>6,330,100</u>
Support services			
General and administrative	427,268	-	427,268
Fundraising	210,348	-	210,348
Total support services	<u>637,616</u>	<u>-</u>	<u>637,616</u>
Total expenses	6,967,716	-	6,967,716
Other Expenses			
Unrealized losses on mineral rights	(21,160)	-	(21,160)
Change in Net Assets	(1,141,253)	(156,124)	(1,297,377)
Net Assets, Beginning of Year	<u>7,176,606</u>	<u>46,902,557</u>	<u>54,079,163</u>
Net Assets, End of Year	<u>\$ 6,035,353</u>	<u>\$ 46,746,433</u>	<u>\$ 52,781,786</u>

Missouri Western State University
A Component Unit of the State of Missouri
Missouri Western State University Foundation, Inc.
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 340,255	\$ 2,526,885	\$ 2,867,140
Legacies and bequests	-	223,754	223,754
In-kind contributions	98,808	473,908	572,716
Investment income	610,243	3,315,703	3,925,946
Mineral rights royalties	7,595	-	7,595
Other income	1,635	932,415	934,050
Change in value of beneficial interest in perpetual trust	-	(67,655)	(67,655)
Net assets released from donor restrictions	6,281,649	(6,281,649)	-
	<u>7,340,185</u>	<u>1,123,361</u>	<u>8,463,546</u>
Total revenues, gains and other support			
Expenses			
Program services			
Scholarships	1,094,598	-	1,094,598
Allocations	3,590,520	-	3,590,520
Total program services	<u>4,685,118</u>	<u>-</u>	<u>4,685,118</u>
Support services			
Management and general	1,522,720	-	1,522,720
Fundraising	205,308	-	205,308
Total support services	<u>1,728,028</u>	<u>-</u>	<u>1,728,028</u>
Total expenses	6,413,146	-	6,413,146
Other Expenses			
Unrealized losses on mineral rights	(21,996)	-	(21,996)
Change in Net Assets	905,043	1,123,361	2,028,404
Net Assets, Beginning of Year	<u>6,271,563</u>	<u>45,779,196</u>	<u>52,050,759</u>
Net Assets, End of Year	<u>\$ 7,176,606</u>	<u>\$ 46,902,557</u>	<u>\$ 54,079,163</u>

Missouri Western State University
A Component Unit of the State of Missouri
Missouri Western State University Foundation, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services		Supporting Services		Total Expenses
	Scholarships	Allocations	Management and General	Fundraising	
Scholarships	\$ 1,117,245	\$ -	\$ -	\$ -	\$ 1,117,245
Allocations	-	5,212,855	-	-	5,212,855
Uncollectible pledges	-	-	103,952	-	103,952
Depreciation	-	-	589	-	589
Fundraising events	-	-	-	90,725	90,725
Reimbursed office expenses					
Salaries and benefits	-	-	216,177	116,703	332,880
Professional development	-	-	6,123	-	6,123
Repairs and maintenance	-	-	23,541	2,514	26,055
Office expenses	-	-	1,439	-	1,439
Professional fees	-	-	19,075	-	19,075
Occupancy	-	-	32,028	-	32,028
Travel	-	-	404	-	404
Insurance and taxes	-	-	6,866	-	6,866
Duplicating and postage	-	-	3,654	406	4,060
Utilities and telephone	-	-	1,260	-	1,260
Dues and subscriptions	-	-	2,543	-	2,543
Bank service and credit card fees	-	-	7,025	-	7,025
Conferences, conventions and meetings	-	-	2,592	-	2,592
	<u>\$ 1,117,245</u>	<u>\$ 5,212,855</u>	<u>\$ 427,268</u>	<u>\$ 210,348</u>	<u>\$ 6,967,716</u>

Missouri Western State University
A Component Unit of the State of Missouri
Missouri Western State University Foundation, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Scholarships</u>	<u>Allocations</u>	<u>Management and General</u>	<u>Fundraising</u>	
Scholarships	\$ 1,094,598	\$ -	\$ -	\$ -	\$ 1,094,598
Allocations	-	3,590,520	-	-	3,590,520
Uncollectible pledges	-	-	1,164,983	-	1,164,983
Depreciation	-	-	2,751	-	2,751
Fundraising events	-	-	-	70,855	70,855
Reimbursed office expenses					
Salaries and benefits	-	-	247,766	131,415	379,181
Professional development	-	-	5,958	-	5,958
Repairs and maintenance	-	-	25,307	2,710	28,017
Office expenses	-	-	1,809	-	1,809
Professional fees	-	-	19,390	-	19,390
Occupancy	-	-	32,028	-	32,028
Travel	-	-	4,328	-	4,328
Interest	-	-	46	-	46
Insurance and taxes	-	-	5,528	-	5,528
Duplicating and postage	-	-	2,956	328	3,284
Utilities and telephone	-	-	1,157	-	1,157
Dues and subscriptions	-	-	975	-	975
Miscellaneous	-	-	293	-	293
Bank service and credit card fees	-	-	3,910	-	3,910
Conferences, conventions and meetings	-	-	3,535	-	3,535
Total expenses by function	<u>\$ 1,094,598</u>	<u>\$ 3,590,520</u>	<u>\$ 1,522,720</u>	<u>\$ 205,308</u>	<u>\$ 6,413,146</u>

Missouri Western State University
A Component Unit of the State of Missouri
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Activities		
Tuition and fees	\$ 25,531,817	\$ 24,837,936
Grants and contracts	718,960	1,016,689
Payments to suppliers	(13,848,615)	(16,249,153)
Payments to employees	(42,402,767)	(42,800,141)
Sales and services of auxiliary enterprises	7,163,269	8,231,341
Other payments	<u>(6,050,936)</u>	<u>(2,742,711)</u>
Net cash used in operating activities	<u>(28,888,272)</u>	<u>(27,706,039)</u>
Noncapital Financing Activities		
State appropriations	18,775,759	20,609,352
Federal grants	12,009,606	8,974,640
Direct lending receipts	15,151,770	15,710,578
Direct lending payments	(15,151,770)	(15,710,578)
Contributions	<u>5,322,311</u>	<u>1,706,301</u>
Net cash provided by noncapital financing activities	<u>36,107,676</u>	<u>31,290,293</u>
Capital and Related Financing Activities		
Capital gifts received	1,566,090	1,916,545
Purchase of capital assets	(4,321,008)	(3,609,553)
Proceeds from bond issuance	-	3,765,000
Proceeds from long-term debt	112,269	745,722
Principal paid on long-term debt	(2,130,566)	(6,194,781)
Interest paid on long-term debt	<u>(1,896,859)</u>	<u>(2,012,242)</u>
Net cash used in capital and related financing activities	<u>(6,670,074)</u>	<u>(5,389,309)</u>
Investing Activities		
Investment income	<u>158,350</u>	<u>298,604</u>
Net cash provided by investing activities	<u>158,350</u>	<u>298,604</u>
Change in Cash and Cash Equivalents	707,680	(1,506,451)
Cash and Cash Equivalents, Beginning of Year	<u>9,707,033</u>	<u>11,213,484</u>
Cash and Cash Equivalents, End of Year	<u>\$ 10,414,713</u>	<u>\$ 9,707,033</u>

Missouri Western State University
A Component Unit of the State of Missouri
Statements of Cash Flows (Continued)
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Net Operating Loss to		
Net Cash Used in Operating Activities		
Operating loss	\$ (42,461,775)	\$ (40,763,293)
Depreciation expense	5,398,317	5,504,358
Bad debt expense	121,817	212,372
Loss on disposal of capital assets	-	55,196
Changes in operating assets and liabilities		
Receivables, net	(939,367)	181,177
Prepaid expenses	339,583	(67,615)
Deferred outflows of resources - pension related	4,713,233	2,065,391
Deferred inflows of resources - OPEB related	64,952	-
Accounts payable and accrued liabilities	(25,950)	501,829
Other postemployment benefits liability	102,596	69,298
Net pension liability	4,372,086	3,950,060
Deferred outflows of resources - OPEB related	(142,924)	-
Deferred inflows of resources - pension related	(420,657)	308,632
Unearned revenue	120,429	317,267
Accrued compensated absences	(130,612)	(40,711)
	<u>\$ (28,888,272)</u>	<u>\$ (27,706,039)</u>
Net Cash Used in Operating Activities		
Noncash Investing, Capital and Financing Activities		
Accounts payable incurred from purchase of capital assets	\$ -	\$ 17,204
Amortization of loss on refunding	74,862	74,862

Missouri Western State University

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Note 1: Nature of Operations 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 4,717 undergraduate students and approximately 194 graduate students. The University has on-campus student housing that can accommodate approximately 23 percent of the undergraduate 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 11 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 in accordance with GASB Standards.

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.

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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 the 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 non-exchange 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 non-exchange transactions. Government-mandated non-exchange transactions that are not program specific (such as state appropriations), investment income and interest on capital asset-related debt are included in non-operating 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.

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.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consists of reserve funds for unusual and extraordinary repairs and replacements to housing system facilities and cash held in a Commerce Trust Escrow account.

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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.

Deferred Outflows of Resources

The University reports the consumption of net position that relates to future reporting periods as deferred outflows of resources in a separate section of its statements of net position. The University's deferred outflows include deferred losses on defeasance of bonds, OPEB benefit items under GASB 75 and certain pension items requiring deferral under GASB 68.

Deferred Inflows of Resources

The University's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects the acquisition of net position that relates to a future reporting period. Deferred inflows of resources include OPEB items under GASB 75 and certain pension items requiring deferral under GASB 68.

Capital Assets

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

Land improvements	15 years
Buildings and improvements	15 – 60 years
Furniture, fixtures 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 position date.

Missouri Western State University

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Notes to Financial Statements

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Unearned Revenue

Unearned revenue at June 30, 2020 consists of unearned student fees of \$1,165,606, Aramark unearned revenue of \$1,687,227 and other unearned revenue of \$104,430. Unearned revenue at June 30, 2019 consists of unearned student fees of \$602,001, Aramark unearned revenue of \$2,187,388 and other unearned revenue of \$47,444.

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 deferred 2003 bonds. The University's unamortized deferred loss was \$917,052 and \$991,917 at June 30, 2020 and 2019, respectively, and is included as a deferred outflow of resources in the statements of net position. The amortization is recorded as a component of interest expense.

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.

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Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statements of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, are recorded as non-operating 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 years ended June 30, 2020 and 2019 was \$12,137,643 and \$12,379,378, respectively. The scholarship allowances on auxiliary enterprises for the years ended June 30, 2020 and 2019 was \$2,978,141 and \$3,549,960, 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 2019 financial statements to conform to the 2020 financial statement presentation. These reclassifications had no effect on the change in net position.

Note 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, 2020 or 2019.

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Investments

The University may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. 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, 2020 or 2019.

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, 2020 or 2019. The University's investment policy currently addresses custodial credit risk by requiring 110 percent collateralization on all investments.

Summary of Carrying Values

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

	<u>2020</u>	<u>2019</u>
Carrying value		
Deposits	\$ 10,414,713	\$ 9,707,033
Total	<u>\$ 10,414,713</u>	<u>\$ 9,707,033</u>
Included in the following statements of net position		
Cash	\$ 10,109,131	\$ 8,696,445
Restricted cash	<u>305,582</u>	<u>1,010,588</u>
	<u>\$ 10,414,713</u>	<u>\$ 9,707,033</u>

Investment Income

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

	<u>2020</u>	<u>2019</u>
Interest income	\$ 158,177	\$ 298,778

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Notes to Financial Statements
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Note 3: Capital Assets

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

	2020				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Cost					
Land	\$ 323,525	\$ -	\$ -	\$ -	\$ 323,525
Land improvements	11,530,049	921,952	-	-	12,452,001
Buildings and improvements	174,533,939	1,987,595	-	-	176,521,534
Furniture, fixtures and equipment	19,491,678	730,977	(504,413)	145,691	19,863,933
Construction in progress	527,225	646,939	-	(145,691)	1,028,473
Library materials	3,914,913	33,545	(134,469)	-	3,813,989
	<u>210,321,329</u>	<u>4,321,008</u>	<u>(638,882)</u>	<u>-</u>	<u>214,003,455</u>
Less Accumulated Depreciation					
Land improvements	(5,841,094)	(566,679)	-	-	(6,407,773)
Buildings and improvements	(71,382,892)	(3,844,047)	-	-	(75,226,939)
Furniture, fixtures and equipment	(16,269,288)	(907,710)	398,463	-	(16,778,535)
Library materials	(3,511,503)	(79,881)	134,469	-	(3,456,915)
	<u>(97,004,777)</u>	<u>(5,398,317)</u>	<u>532,932</u>	<u>-</u>	<u>(101,870,162)</u>
Net capital assets	<u>\$ 113,316,552</u>	<u>\$ (1,077,309)</u>	<u>\$ (105,950)</u>	<u>\$ -</u>	<u>\$ 112,133,293</u>

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	2019				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Cost					
Land	\$ 323,525	\$ -	\$ -	\$ -	\$ 323,525
Land improvements	10,603,378	926,671	-	-	11,530,049
Buildings and improvements	173,154,245	1,420,916	(41,222)	-	174,533,939
Furniture, fixtures and equipment	19,581,210	1,051,003	(1,166,005)	25,470	19,491,678
Construction in progress	412,452	140,243	-	(25,470)	527,225
Library materials	4,056,105	70,720	(211,912)	-	3,914,913
	<u>208,130,915</u>	<u>3,609,553</u>	<u>(1,419,139)</u>	<u>-</u>	<u>210,321,329</u>
Less Accumulated Depreciation					
Land improvements	(5,276,826)	(564,268)	-	-	(5,841,094)
Buildings and improvements	(67,562,402)	(3,831,253)	10,763	-	(71,382,892)
Furniture, fixtures and equipment	(16,385,683)	(1,024,872)	1,141,267	-	(16,269,288)
Library materials	(3,639,450)	(83,966)	211,913	-	(3,511,503)
	<u>(92,864,361)</u>	<u>(5,504,359)</u>	<u>1,363,943</u>	<u>-</u>	<u>(97,004,777)</u>
Net capital assets	<u>\$ 115,266,554</u>	<u>\$ (1,894,806)</u>	<u>\$ (55,196)</u>	<u>\$ -</u>	<u>\$ 113,316,552</u>

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Notes to Financial Statements
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Note 4: Long-term Liabilities

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

	2020				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and other long-term debt					
Auxiliary system revenue bonds					
– Series 2010B	\$ 11,480,000	\$ -	\$ (495,000)	\$ 10,985,000	\$ 510,000
Auxiliary system revenue bonds					
– Series 2012	17,885,000	-	(965,000)	16,920,000	990,000
Auxiliary system revenue bonds					
– Series 2015	12,265,000	-	-	12,265,000	490,000
Auxiliary system revenue bonds					
– Series 2018	3,765,000	-	(285,000)	3,480,000	295,000
Other	4,467,245	111,319	(385,566)	4,192,998	426,939
Subtotal bonds and other long-term debt	49,862,245	111,319	(2,130,566)	47,842,998	2,711,939
Discount on bond issuance	(66,188)	(5,000)	(5,950)	(65,238)	-
Total bonds	49,796,057	106,319	(2,136,516)	47,777,760	2,711,939
Other noncurrent liabilities					
Accrued compensated absences	1,488,106	7,522	(138,134)	1,357,494	771,551
Unearned revenue	2,836,834	2,693,397	(2,572,968)	2,957,263	1,715,887
Other post employment benefit	1,164,776	102,596	-	1,267,372	-
Pension liability, net	59,509,567	4,372,086	-	63,881,653	-
Total noncurrent liabilities	<u>\$ 114,795,340</u>	<u>\$ 7,281,920</u>	<u>\$ (4,847,618)</u>	<u>\$ 117,241,542</u>	<u>\$ 5,199,377</u>

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Notes to Financial Statements

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

	2019				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and other long-term debt					
Auxiliary system revenue bonds					
– Series 2008	\$ 4,420,000	\$ -	\$ (4,420,000)	\$ -	\$ -
Auxiliary system revenue bonds					
– Series 2010B	11,960,000	-	(480,000)	11,480,000	495,000
Auxiliary system revenue bonds					
– Series 2012	18,835,000	-	(950,000)	17,885,000	965,000
Auxiliary system revenue bonds					
– Series 2015	12,265,000	-	-	12,265,000	-
Auxiliary system revenue bonds					
– Series 2018	-	3,765,000	-	3,765,000	285,000
Other	4,066,304	745,722	(344,781)	4,467,245	375,274
Subtotal bonds and other long-term debt	51,546,304	4,510,722	(6,194,781)	49,862,245	2,120,274
Discount on bond issuance	(52,141)	(51,800)	37,753	(66,188)	-
Total bonds	51,494,163	4,458,922	(6,157,028)	49,796,057	2,120,274
Other noncurrent liabilities					
Accrued compensated absences	1,528,816	7,984	(48,694)	1,488,106	771,684
Unearned revenue	2,519,566	2,799,775	(2,482,507)	2,836,834	1,149,607
Other post employment benefit	1,090,495	136,160	(61,879)	1,164,776	-
Pension liability, net	55,559,507	3,950,060	-	59,509,567	-
Total noncurrent liabilities	\$ 112,192,547	\$ 11,352,901	\$ (8,750,108)	\$ 114,795,340	\$ 4,041,565

Auxiliary System Revenue Bonds, Series 2018

On October 1, 2018, the University issued \$3,765,000 in Series 2018 Auxiliary revenue Refunding bonds, with an average interest rate of 3.53 percent to refund \$4,420,000 of the Series 2008 auxiliary Revenue bonds, with interest rates of 3 percent to 5 percent. The Series 2008 Revenue bonds were used for the construction and renovation of certain athletic facilities. Bond proceeds, funds from the University's Series 2008 reserve account, University funds and the October principal and interest payment for a total of \$4,580,025 were deposited into an escrow account with Commerce Bank (Trustee) for defeasance of the prior bond and to pay issuance costs for the Series 2018 bonds. The University completed the refunding to reduce its total debt service requirements by \$1,327,992 over the next seventeen years and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$273,848. The bonds will be fully paid by October 1, 2029.

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Auxiliary System Revenue Bonds, Series 2015

The Board of Governors authorized the University to issue the Auxiliary System Revenue 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 2010A 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 percent to 3.875 percent. 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 Refunding and Improvement Revenue 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 percent to 3.55 percent. 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 Refunding and Improvement Revenue Bonds, Series 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-B. The proceeds of \$15,000,000 from the Series 2010-B Bonds were used for the construction of a new residential hall and other improvements. The 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 percent to 6.75 percent. 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.

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

Year Ending June 30	Total to be Paid	Principal	Interest
2021	\$ 3,990,768	\$ 2,285,000	\$ 1,705,768
2022	3,988,509	2,350,000	1,638,509
2023	3,980,279	2,420,000	1,560,279
2024	3,970,994	2,495,000	1,475,994
2025	3,956,245	2,570,000	1,386,245
2026 – 2030	19,280,716	13,895,000	5,385,716
2031 – 2035	19,191,193	16,735,000	2,456,193
2036 – 2037	976,466	900,000	76,466
	<u>\$ 59,335,170</u>	<u>\$ 43,650,000</u>	<u>\$ 15,685,170</u>

A comparison of pledged revenue for the payment of the bonds recognized for the years ended June 30, 2020 and 2019 to the principal and interest requirements of the bonds for those periods is as follows:

	2020	2019
Pledged revenue recognized	\$ 4,622,796	\$ 5,945,610
Principal and interest requirement	3,507,523	3,550,519

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: Two suite complexes, three apartment-style complexes, a living center, having an aggregate of 1,257 residential spaces, a student commons building and the Student Union Building. Dining options includes Western Dining Hall which features an all-you-can-eat buffet and the Student Union food court that features Chick-fil-A, Subway and O-Mori Ramen Bar. Other options on campus include the POD, Einstein Bros Bagels, Max’s Mart C-Store a Roasterie Coffee Shop and a Starbucks coffee Shop.

Recreational Facilities: A 12,000 square foot recreational and fitness building, tennis courts, basketball courts, softball fields, swimming pool, Frisbee golf course, 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 residence hall space for meetings and conferences and investment income earned on unexpended proceeds from operations.

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Management believes that the University complied with all the restrictive covenants of bond agreements. The Auxiliary System produced net operating revenues in the fiscal year ended June 30, 2020 at 142 percent of the year's bond service requirements, exceeding the 110 percent as required by the Bond debt covenants.

Additionally, the University has established and maintained a repair and replacement reserve fund with a balance of \$300,000 at June 30, 2020 and 2019. 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, 2020 are as follows:

Year Ending June 30	Total to be Paid	Principal	Interest
2021	\$ 545,400	\$ 426,937	\$ 118,463
2022	545,400	442,133	103,267
2023	537,302	449,733	87,569
2024	489,786	416,173	73,613
2025	489,786	427,902	61,884
2026-2030	2,020,263	1,873,695	146,568
2031-2032	157,487	156,425	1,062
	<u>\$ 4,785,424</u>	<u>\$ 4,192,998</u>	<u>\$ 592,426</u>

The University entered into a capital lease purchase agreement for 32 Steinway Piano's at a total cost of \$378,733 in January 2010. This capital lease was paid off as of January 8, 2019 and the total amount of principal and interest outstanding at June 30, 2019 is \$0. The total amount of accumulated depreciation that has been recorded since 2010 is \$359,797 with depreciation expense of \$37,873 being charged in 2019.

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

The University entered into a capital lease energy saving project with Schneider Electric, a global specialist in energy management. The beginning total of principal and interest for this project is \$5,448,920 that is financed by US Bancorp. 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 FY16. The first payment for this project was paid in December 2016.

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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 total amount of principal and interest outstanding at June 30, 2020 is \$3,937,086. The total amount of accumulated depreciation that has been recorded since 2016 is \$1,460,375 with depreciation expense of \$337,010 being charged in 2020.

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 principal and interest outstanding at June 30, 2020 is \$0. The total amount of accumulated depreciation since the purchase in July 2015 is \$31,142 and the total depreciation recorded in 2020 is \$2,229.

The University entered into a capital lease for a John Deere 1550 Terrain Cut Mower and Deck on July 1, 2017 for a total cost of \$20,888. The Mower and Deck is used for mowing the campus grounds. The total principal and interest outstanding at June 30, 2020 is \$9,410. The total amount of accumulated depreciation since the purchase in July 2017 is \$8,952 and the total depreciation recorded in 2020 is \$2,984.

The University has entered into a capital lease for a New Holland L228 Skid Loader on February 14, 2019 for a total cost of \$45,722. The Skid Loader will be used for snow removal, dirt work, grinding, and various other projects around campus. The total principal and interest outstanding at June 30, 2020 is \$30,572. The total amount of accumulated depreciation since the purchase in February 2019 is \$8,805 and the total depreciation recorded in 2020 is \$6,604.

The University has also entered into a capital lease financed by US Bancorp in FY20 for the replacement of HVAC fume hoods in Remington Hall on September 10, 2019 for a total cost of \$700,000. The total principal and interest outstanding at June 30, 2020 is \$689,595. The total amount of accumulated depreciation recorded in 2020 is \$37,373.

The University entered into a capital lease financed by the Lease Servicing Center, Inc. in FY20 for Baker Fitness Equipment on February 4, 2020 for a total cost of \$111,317. The total principal and interest outstanding at June 30, 2020 is \$118,761. The total amount of accumulated depreciation recorded in 2020 is \$4,638.

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Note 5: Retirement Plan and Net Pension Liability

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.

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 21.77 percent and 20.21 percent of eligible salaries for the years ended June 30, 2020 and 2019, respectively. Employees hired after January 1, 2011 are required to contribute 4 percent of their salary. Contributions, which equaled the contribution requirements for the years ended June 30, 2020 and 2019 were \$4,140,013 and \$4,116,920, respectively.

Plan description. Benefit eligible employees of the University are provided with pensions through Missouri Employees' Plan (MSEP) – a cost sharing multiple-employer defined benefit pension plan(s) administered by MOSERS. The plans are referred to as MOSERS in the notes. 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.

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 rates for the years ended June 30, 2020 and 2019, were 21.77 percent and 20.21 percent, respectively, 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.

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Contributions to the pension plan from the University were \$4,140,013 and \$4,116,920 for the years ended June 30, 2020 and 2019, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020 and 2019, the University reported a liability of \$63,881,653 and \$59,509,567, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The University's proportion of the net pension liability was based on the University's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for MOSERS plan year ended June 30, 2019 and 2018, respectively. At the June 30, 2019 measurement date, the University's proportion was 1.0574 percent, a decrease from its proportion measured using 1.0668 percent as of the June 30, 2018 measurement date. At the June 30, 2018 measurement date, the University's proportion was 1.0668 percent, a decrease from its proportion measured using 1.0670 percent as of the June 30, 2017 measurement date.

There were no changes in benefit terms during the MOSERS plan year ended June 30, 2019, that affected the measurement of total pension liability.

For the year ended June 30, 2020, the University recognized pension expense of \$12,839,485. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 742,592	\$ 54,465
Changes of assumptions	-	2,552,527
Net difference between projected and actual investment earnings and actual pension plan investments	-	4,959,782
Changes in proportion and differences between University contributions and proportionate share of contributions	300,266	25,909
University contributions subsequent to the measurement date of June 30, 2019	-	4,140,013
Total	\$ 1,042,858	\$ 11,732,696

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For the year ended June 30, 2019, the University recognized pension expense of \$10,558,516. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 1,408,897	\$ 135,434
Changes of assumptions	-	5,128,729
Net difference between projected and actual investment earnings and actual pension plan investments	-	6,999,075
Changes in proportion and differences between University contributions and proportionate share of contributions	54,618	65,771
University contributions subsequent to the measurement date of June 30, 2018	-	4,116,920
Total	\$ 1,463,515	\$ 16,445,929

At June 30, 2020, there was \$4,140,013 reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the University's fiscal year following MOSERS' fiscal year as follows:

2020	\$ 3,681,491
2021	1,757,214
2022	575,059
2023	536,061
	\$ 6,549,825

Actuarial assumptions. The total pension liability in the June 30, 2019 and 2018 actuarial valuations, which are also the dates of measurement for GASB 68 purposes, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2019	2018
Price Inflation	2.35 percent	2.5 percent
Salary Increases	2.85 percent to 8.35 percent including inflation	3.0 percent to 8.5 percent including inflation
Wage Inflation	2.35 percent	2.5 percent
Investment Rate of Return	7.10 percent, compounded annually, net after investment expenses and including inflation	7.25 percent, compounded annually, net after investment expenses and including inflation

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The actuarial assumptions used in the June 30, 2019 valuation was based on the results of the most recent complete actuarial experience study, which covered the five-year period ending June 30, 2015. In addition, the investment return assumption was reduced from 7.25 percent to 7.10 percent for the June 30, 2019 valuation. Other assumption changes were decreases in the payroll and wage growth assumptions.

Mortality: Mortality rates for post-retirement mortality is based on the RP-2014 Healthy Annuitant mortality table, projected to 2026 with Scale MP-2015 and scaled by 120 percent. The pre-retirement mortality table used is the RP-2014 Employee mortality table, projected to 2026 with Scale MP-2015 and scaled by 95 percent for males and 90 percent for females.

Long-term investment rate of return: 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, 2019 are summarized in the following table:

Asset Class	Policy Allocation	Long-term Expected Real Rate of Return*	Weighted Average Long-Term Expected Real Rate of Return
Opportunistic global equity	38.0%	8.3%	3.1%
Nominal bonds	44.0%	3.3%	1.5%
Commodities	20.0%	7.8%	1.6%
Inflation-linked bonds	39.0%	2.4%	0.9%
Alternative beta	31.0%	6.5%	2.0%
Cash and cash equivalents**	-72.0%	-	-0.7%
	<u>100.0%</u>		<u>8.4%</u>
Correlation/Volatility Adjustment			<u>-0.7%</u>
Long-term Expected Net Nominal Return			<u>7.7%</u>
Long-term Expected Geometric Net Real Return			5.2%

*Long-term expected arithmetic returns of the asset classes at the time of the asset allocation study for each portfolio.

**Cash and cash equivalents policy allocation amounts are negative due to use of leverage.

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Discount rate. The discount rate used to measure the total pension liability at June 30, 2020 and 2019 was 7.10 percent and 7.25 percent, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University’s proportionate share of the net pension liability to changes in the discount rate. The following presents the University’s proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
University’s proportionate share of net pension liability	\$ 80,589,759	\$ 63,881,653	\$ 49,834,200

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued MOSERS comprehensive annual financial report, available at www.mosers.org.

Pension expense. For the years ended June 30, 2020 and 2019, the University recognized pension expense of \$12,839,485 and \$10,558,516, respectively.

Payables to pension plan. As of June 30, 2020, the University payables of \$34,425 to MOSERS due to the timing of two bi-weekly payroll periods, one that started June 14, 2020 and ended June 27, 2020 and another that was a three day accrual that started June 28, 2020 and ended July 11, 2020. The \$34,425 was the portion of MOSERS allocated to June 30, 2020 but not paid until July 3, 2020 and July 17, 2020. As of June 30, 2019, the University payables of \$352,016 to MOSERS due to the timing of the bi-weekly payroll that started on June 17, 2019 and ended on June 30, 2019 and the monthly payroll period that started on June 1, 2019 and ended on June 30, 2019. The \$352,016 was the portion of MOSERS allocated to June 30, 2019 but not paid until July 2, 2019 and July 5, 2019.

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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 6.00 percent, 6.00 percent and 6.19 percent of annual covered payroll for 2020, 2019 and 2018, respectively. The University's contributions to the plan for the years ended June 30, 2020, 2019 and 2018 were \$560,513, \$523,442 and \$545,145, respectively, which equaled the required contributions for each year.

Note 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan is considered a single-employer plan.

Benefits Policy

The OPEB Plan provides medical and prescription drug benefits to eligible retirees and their dependents. Benefits are provided through a third-party insurer, and retirees contribute premiums ranging between \$578 to \$782 monthly for a single person or \$1,386 to \$1,936 for retiree and family. Employees who retire before reaching the age 65 will have their insurance continued until the earlier of the date the plan is canceled or until their 65th birthday.

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Employees Covered by Benefit Terms

At June 30, 2020 and 2019, the following employees were covered by the benefit terms:

	2020	2019
Inactive employees or beneficiaries currently receiving benefit payments	16	11
Inactive employees entitled to but not yet receiving benefit payments	162	103
Active employees	414	505
	592	619

Total OPEB Liability

The University's total OPEB liability of \$1,267,372 and \$1,164,776 was measured as of June 30, 2020 and 2019, respectively, for the years then ended, and was determined by an actuarial valuation as of June 30, 2019 and June 30, 2017, respectively. Standard update procedures were used to roll-forward the total OPEB liability to June 30, 2020 and 2019.

The total OPEB liability in the June 30, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2020	2019
Inflation	2.30%	2.30%
Discount rate	2.21%	3.50%
Salary increases	2.00%	2.00%
Health care cost trend rates	6.3% for 2019, gradually decreasing to an ultimate rate of 3.7% for 2073 and beyond	5.7% for 2018, gradually decreasing to an ultimate rate of 4.1% for 2074 and beyond

The discount rate used for the plan was the 20-year, tax-exempt general obligation municipal bonds with a rating of AA/Aa or higher.

Mortality rates were based on the Pub-2019 trended back eight years using scale MP-2019 and projected generationally for the year ended June 30, 2020. Mortality rates were based on the RP-2014 trended back eight years using scale MP-2017 and projected generationally for the year ended June 30, 2019.

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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:

Changes in Total OPEB Liability

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 1,164,776	\$ 1,090,495
Service cost	38,819	44,974
Interest	40,896	42,756
Changes in assumptions or other inputs	93,781	48,430
Benefit payments	<u>(70,900)</u>	<u>(61,879)</u>
Net changes	<u>102,596</u>	<u>74,281</u>
Balance, end of year	<u><u>\$ 1,267,372</u></u>	<u><u>\$ 1,164,776</u></u>

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

The total OPEB liability of the University has been calculated using a discount rate of 2.21 percent. The following presents the total OPEB liability using a discount rate 1 percent higher and 1 percent lower than the current discount rate.

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>1.21%</u>	<u>Discount Rate</u>	<u>3.21%</u>
		<u>2.21%</u>	
University's total OPEB liability	\$ 1,441,759	\$ 1,267,372	\$ 1,126,802

The total OPEB liability of the University has been calculated using health care cost trend rates of 6.30 percent gradually decreasing to an ultimate rate of 3.7 percent. The following presents the total OPEB liability using health care cost trend rates 1 percent higher and 1 percent lower than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Health Care</u>	<u>1% Increase</u>
		<u>Cost Trend</u>	
		<u>Rates</u>	
University's total OPEB liability	\$ 1,182,882	\$ 1,267,372	\$ 1,364,524

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

For the years ended June 30, 2020 and 2019, the University recognized OPEB expense of \$95,524 and \$89,265, respectively. At June 30, 2020 and 2019, the University reported deferred outflows and deferred inflows of resources related to OPEB from the following source:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 69,935
Changes of assumptions	<u>184,836</u>	<u>22,074</u>
Total	<u><u>\$ 184,836</u></u>	<u><u>\$ 92,009</u></u>

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	<u>\$ 41,912</u>	<u>\$ 27,057</u>
Total	<u><u>\$ 41,912</u></u>	<u><u>\$ 27,057</u></u>

Amounts reported as deferred inflows of resources at June 30, 2020, related to OPEB, will be recognized in OPEB expense as follows:

2021	\$ 15,809
2022	15,809
2023	15,809
2024	15,809
2025	18,650
Thereafter	<u>10,941</u>
	<u><u>\$ 92,827</u></u>

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Note 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's administration believes the ultimate disposition of the actions will not have a material effect on the financial statements of the University.

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.

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.

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Note 8: Capital Projects

Building Improvements

Fiscal Year 2020 saw numerous renovations that included the roof replacement of Scanlon Hall, Blum Union and the beginning of Wilson's Hall's roof repair/replacement at a cost of \$739,499, the replacement of the Remington Hall and Agenstein Hall boilers at a cost of \$160,500 and the relocation of Barnes and Noble Bookstore from Blum Union to the Hearnes Center that began in April and finished in September 2020 at a cost of \$233,500. The Nursing Department applied for a grant for improvements to Murphy Hall that included new light fixtures, flooring, ceiling tile, painting, electrical additions, mechanical revisions and general bathroom facelifts at a cost of \$531,808.

Fiscal Year 2019 saw the completion of renovations by Aramark to convert the Roasterie Coffee Shop in Blum Union to a Starbucks and several improvements to the Western Dining Hall for a project cost of \$1,059,925.

Other improvements included the continued remodel of The Craig School of Business that included: classrooms and the Dean's office, carpet installation in various areas of Popplewell, Sprat and Eder; GISC HVAC upgrades; Blum Union boiler repair; Leaverton Hall chiller replacements; and Potter Hall concrete replacement and exterior step replacement.

Construction in Progress

CIP includes a total of \$1,028,473 for projects that include: Potter Hall renovation architect fees of \$381,532 of which \$300,000 was funded equally by the State of Missouri and the MWSU Foundation; \$202,753 for the relocation of the book store to the Hearnes Center; \$359,300 for the replacement of the Wilson Hall roof; \$27,850 for the Police Building project; \$15,909 for the remodel of the area in Blum Union for Esports; \$38,770 for the Spratt Hall of Fame room and \$2,429 in other small projects.

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.

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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. In FY20, the Kansas City Chiefs summer training camp was cancelled due to the COVID-19 pandemic.

Note 9: Auxiliary System Condensed Financials

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. Condensed financial statements for the Auxiliary System for fiscal years 2020 and 2019 are presented below.

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Auxiliary System Condensed Statements of Net Position
As of June 30, 2020 and 2019

	2020	2019
Assets		
Current assets	\$ 1,643,159	\$ 1,778,510
Noncurrent assets	2,814,484	3,456,913
Capital assets, net	55,893,217	58,085,467
Total Assets	60,350,860	63,320,890
Deferred Outflows of Resources	917,052	991,917
Total Assets and Deferred Outflows of Resources	\$ 61,267,912	\$ 64,312,807
Liabilities		
Current liabilities	\$ 5,142,246	\$ 4,666,244
Long-term liabilities	41,299,761	43,583,811
Total liabilities	46,442,007	48,250,055
Net Position		
Invested in capital assets	12,785,789	13,298,386
Unrestricted	1,734,534	2,453,784
Restricted	305,582	310,582
Total net position	\$ 14,825,905	\$ 16,062,752

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**Auxiliary System Condensed Statements of Revenues,
Expenses and Changes in Net Position
Years Ended June 30, 2020 and 2019**

	2020	2019
Operating Revenues	\$ 8,482,669	\$ 9,963,941
Depreciation Expense	(2,276,323)	(2,342,318)
Other Operating Expenses	(8,212,664)	(9,018,505)
Operating loss	(2,006,318)	(1,396,882)
Nonoperating Revenues (Expenses)		
Interest expense	(1,829,876)	(1,909,908)
Other nonoperating revenues	2,103,496	2,189,027
Income before Capital Revenues	273,620	279,119
Capital Revenues	495,851	779,280
Decrease in Net Position	(1,236,847)	(338,483)
Net Position, Beginning of Year	16,062,752	16,401,235
Net Position, End of Year	\$ 14,825,905	\$ 16,062,752

Note 10: Missouri Western State University Foundation, Inc. - Accounting Policies and Disclosures

Investments and Investment Return

Investments include marketable equity securities, debt securities, hedge funds, mineral rights, money market funds and CDs. Investment specific money market funds and CDs are reported at cost, which approximates fair value. Investments in marketable equity securities, debt securities, hedge funds and mineral rights are carried at fair value, with unrealized and realized gains and losses on investments reported as an increase or decrease in net assets without donor restrictions or net assets with donor restrictions based upon donor imposed restrictions.

Investment income is reported in the statements of activities as without donor restrictions or with donor restriction based upon donor imposed restrictions.

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The following is a summary of investment securities:

	2020	2019
Money market funds and CDs	\$ 1,031,511	\$ 1,287,124
Common stock and equity mutual funds	23,409,875	25,394,312
U.S. Government bonds and fixed income mutual funds	<u>19,209,438</u>	<u>16,980,478</u>
Total	<u>\$ 43,650,824</u>	<u>\$ 43,661,914</u>

Investment returns for the years ended June 30, 2020 and 2019 consist of the following:

	2020	2019
Investment income	\$ 1,070,734	\$ 1,878,205
Net realized gains	142,999	1,820,944
Net unrealized gains	<u>1,084,107</u>	<u>357,774</u>
Total investment return	<u>\$ 2,297,840</u>	<u>\$ 4,056,923</u>
Total investment fees	<u>\$ 137,245</u>	<u>\$ 130,977</u>

Fair Value Measurements

In determining fair value, the Foundation uses various valuation approaches within the ASC 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 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

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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.

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 as Level 1 or 2 of the valuation hierarchy, dependent upon the liquidity of their respective markets.

Beneficial Interest in Perpetual Trusts

The fair value for beneficial interest 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.

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

Notes to Financial Statements

June 30, 2020 and 2019

Assets Measured on a Recurring Basis

The fair values of other assets and liabilities measured on a recurring basis, as of June 30, 2020 and 2019, are as follows:

	Fair Value	2020 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				
Foreign	\$ 4,162,529	\$ 4,162,529	\$ -	\$ -
Energy minerals	124,988	124,988	-	-
Technology services	1,060,690	1,060,690	-	-
Finance	1,126,076	1,126,076	-	-
Electronic technology	2,088,662	2,088,662	-	-
Consumer	1,817,216	1,817,216	-	-
Health technology	701,530	701,530	-	-
Health care	603,366	603,366	-	-
Domestic equity	1,227,251	1,227,251	-	-
Utilities	141,066	141,066	-	-
Telecommunications	840,272	840,272	-	-
Industrials	191,203	191,203	-	-
Materials	200,379	200,379	-	-
All other common stocks	796,870	796,870	-	-
Equity mutual funds	8,327,777	8,327,777	-	-
U.S. Government bonds and fixed income mutual funds				
U.S. Government issues	88,726	-	88,726	-
Corporate issues	5,372,588	1,714,899	3,657,689	-
Foreign issues	137,587	-	137,587	-
Taxable municipal issues	941,380	-	941,380	-
Fixed income mutual funds	12,669,157	12,669,157	-	-
Beneficial interest in perpetual trusts	5,179,916	-	-	5,179,916
	<u>\$ 47,799,229</u>	<u>\$ 37,793,931</u>	<u>\$ 4,825,382</u>	<u>\$ 5,179,916</u>

Missouri Western State University
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Notes to Financial Statements

June 30, 2020 and 2019

	2019			
	Fair Value Measurements Using			
	Fair Value	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				
Foreign	\$ 5,163,568	\$ 5,163,568	\$ -	\$ -
Energy minerals	516,405	516,405	-	-
Technology services	842,032	842,032	-	-
Finance	1,196,452	1,196,452	-	-
Electronic technology	2,184,301	2,184,301	-	-
Consumer	1,865,324	1,865,324	-	-
Health technology	689,843	689,843	-	-
Health care	715,127	715,127	-	-
Domestic equity	1,335,962	1,335,962	-	-
Utilities	190,536	190,536	-	-
Telecommunications	681,719	681,719	-	-
Industrials	487,953	487,953	-	-
All other common stocks	1,434,246	1,434,246	-	-
Equity mutual funds	8,090,844	8,090,844	-	-
U.S. Government bonds and fixed income mutual funds				
U.S. Government issues	113,859	-	113,859	-
Corporate issues	6,738,248	1,500,597	5,237,651	-
Foreign issues	102,984	-	102,984	-
Taxable municipal issues	1,255,290	-	1,255,290	-
Fixed income mutual funds	8,770,097	8,770,097	-	-
Beneficial interest in perpetual trusts	5,419,755	-	-	5,419,755
	<u>\$ 47,794,545</u>	<u>\$ 35,665,006</u>	<u>\$ 6,709,784</u>	<u>\$ 5,419,755</u>

The Foundation had other equity interests of \$1,106,818, cash equivalents and CD's of \$1,031,511 carried at cost for the year ended June 30, 2020. The Foundation had other equity interest of \$1,000,000, cash equivalents and CD's of \$1,287,124 carried at cost for the year ended June 30, 2019.

Missouri Western State University
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Notes to Financial Statements
June 30, 2020 and 2019

The following is a reconciliation of the beginning and ending balance of assets, measured at fair value on a recurring basis using significant unobservable (Level 3) input during the years ended June 30, 2020 and 2019.

	Beneficial Interest in Perpetual Trusts
Balance, June 30, 2018	\$ 5,487,410
Change in fair market value	(67,655)
Balance, June 30, 2019	5,419,755
Change in fair market value	(239,839)
Balance, June 30, 2020	\$ 5,179,916

Cash Surrender Value of Life Insurance

Various contributions are received specifically 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 income with donor restriction. Any proceeds from these policies are restricted for use on physical plant maintenance and major capital improvements.

Pledges Receivable

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

Missouri Western State University
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Notes to Financial Statements

June 30, 2020 and 2019

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

	2020	2019
Total pledges receivable	\$ 1,017,647	\$ 2,533,830
Less allowance for uncollectible pledges	25,767	32,817
Less unamortized discount	60,589	144,170
Net pledges receivable	931,291	2,356,843
Less pledges receivable, current portion	375,890	1,546,219
Net pledges receivable, long-term	\$ 555,401	\$ 810,624
Amount due in		
Less than one year	\$ 401,657	
One to five years	304,512	
Six to ten years	120,144	
Thereafter	191,334	
	\$ 1,017,647	

Imputed discount rates of 0.29 percent and 1.41 percent were used in discounting long-term pledges receivable for 2020. Imputed discount rates of 1.76 percent and 2.52 percent were used in discounting long-term pledges receivable for 2019.

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 Income

Revenues from memberships and future special events are recognized in the fiscal year to which the memberships relate or the special events occur. Memberships for the upcoming fiscal year are reported as deferred revenue at June 30 of the current year.

Other Equity Interests

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 at June 30, 2020 and 2019.

During 2013, the Foundation purchased a 7.69 percent 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 at June 30, 2020 and 2019.

Missouri Western State University

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Notes to Financial Statements

June 30, 2020 and 2019

During 2014, the Foundation purchased a 0.07 percent 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 \$56,818 and \$50,000 at June 30, 2020 and 2019, respectively.

During 2020, the Foundation purchased a 0.66 percent 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 \$100,000 and \$0 at June 30, 2020 and 2019, respectively.

These equity investments are reviewed for impairment on an annual basis. Management does not believe there is any impairment at June 30, 2020 or 2019.

Net Assets

Financial statement presentation follows the recommendations of Accounting Standards Codification (ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowments.

Net Assets With Donor Restrictions

Net assets subject to donor- (or in certain grantor-) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Missouri Western State University
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Notes to Financial Statements

June 30, 2020 and 2019

Nature and Amount of Net Assets With Donor Restrictions

Purpose restricted net assets are available for the following purposes:

	2020	2019
Scholarships	\$ 7,837,126	\$ 9,285,619
Programmatic and departmental support	9,050,702	8,285,912
Special programs	1,365,899	1,127,607
Total	\$ 18,253,727	\$ 18,699,138

Perpetually restricted net assets are available for the following purposes:

	2020	2019
Scholarships	\$ 18,629,593	\$ 18,748,071
Academic departments	8,093,561	8,103,790
Other	1,352,221	1,351,558
Total	\$ 28,075,375	\$ 28,203,419

Income Taxes

The Foundation is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the 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 no liability should be recorded for uncertain tax positions.

Endowments

The Foundation's endowments consist of 191 funds established to support a variety of scholarships, programs and departments at the 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

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Notes to Financial Statements

June 30, 2020 and 2019

Interpretation of Relevant Law

The board of the Foundation has interpreted Missouri's enactment of the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring the preservation of the fair value 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 perpetually 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 perpetually restricted is classified as purpose 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 4 percent of the endowment fund's average balance using a five-year rolling average for program purposes. The Foundation policy also appropriates a 1.5 percent administrative fee based on the fiscal 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
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Notes to Financial Statements
June 30, 2020 and 2019

Endowment net asset composition by type of fund as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor corpus	\$ -	\$ 22,529,296	\$ 22,529,296
Accumulated investment gains	-	9,312,063	9,312,063
Quasi-endowment funds	2,312,551	863,679	3,176,230
	<u>2,312,551</u>	<u>863,679</u>	<u>3,176,230</u>
Total endowment funds	<u>\$ 2,312,551</u>	<u>\$ 32,705,038</u>	<u>\$ 35,017,589</u>

Changes in endowment net assets for the fiscal year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,362,269	\$ 34,301,549	\$ 36,663,818
Investment return			
Investment income (loss)	(146,934)	1,339,533	1,192,599
Net appreciation	93,175	768,755	861,930
Contributions	1,824,370	138,457	1,962,827
Appropriation of endowment assets for expenditure	(1,820,329)	(3,843,256)	(5,663,585)
	<u>(1,820,329)</u>	<u>(3,843,256)</u>	<u>(5,663,585)</u>
Endowment net assets, end of year	<u>\$ 2,312,551</u>	<u>\$ 32,705,038</u>	<u>\$ 35,017,589</u>

Missouri Western State University
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Notes to Financial Statements

June 30, 2020 and 2019

Endowment net asset composition by type of fund as of June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor corpus	\$ -	\$ 22,388,099	\$ 22,388,099
Accumulated investment gains	-	9,646,789	9,646,789
Quasi-endowment funds	<u>2,362,269</u>	<u>2,266,661</u>	<u>4,628,930</u>
Total endowment funds	<u>\$ 2,362,269</u>	<u>\$ 34,301,549</u>	<u>\$ 36,663,818</u>

Changes in endowment net assets for the fiscal year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,991,391	\$ 32,264,013	\$ 34,255,404
Investment return			
Investment income	179,202	1,480,478	1,659,680
Net appreciation	15,704	1,916,309	1,932,013
Contributions	181,084	766,255	947,339
Appropriation of endowment assets for expenditure	<u>(5,112)</u>	<u>(2,125,506)</u>	<u>(2,130,618)</u>
Endowment net assets, end of year	<u>\$ 2,362,269</u>	<u>\$ 34,301,549</u>	<u>\$ 36,663,818</u>

Related Parties

During the years ended June 30, 2020 and 2019, the Foundation paid the University \$370,930 and \$416,857, respectively, for use of office space, telephones, postage, printing, publications, and a portion of the salaries of staff and students employed by the University. Included in accounts payable at June 30, 2020 and 2019 was \$117,784 and \$159,970, respectively, due to the University.

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

Notes to Financial Statements

June 30, 2020 and 2019

Liquidity and Availability

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, investments, pledges receivable, notes receivable, and interest, dividend and other receivables.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Foundation's cash and shows positive cash generated by operations for fiscal year 2020.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 1,376,582	\$ 1,151,892
Investments	43,650,824	43,661,914
Pledges receivable, net	375,890	1,546,219
Notes receivable, net	12,513	4,663
Interest, dividends, and other receivables	60,025	87,739
Total financial assets	45,475,834	46,452,427
Contractual or donor imposed restrictions:		
Cash restricted to specific uses	(2,353,002)	(1,210,594)
Restricted investments	(38,044,911)	(39,204,491)
Pledges restricted to specific uses	(341,952)	(1,498,289)
Notes restricted to specific uses	(12,513)	(4,663)
Interest receivable restricted to specific uses	(47,837)	(72,824)
Total restrictions imposed	(40,800,215)	(41,990,861)
Board designations		
Operating reserves and endowments	(3,597,796)	(4,050,474)
Financial assets available to meet cash needs for expenditures within one year	\$ 1,077,823	\$ 411,092

Missouri Western State University

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Notes to Financial Statements

June 30, 2020 and 2019

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Although the Foundation does not intend to spend from the board-designated endowment, these amounts could be made available if necessary.

Note 11: Coronavirus Aid, Relief and Economic Security Act and Other Events

As a result of the spread of the SARS-CoV-2 virus and the incident of COVID-19, the state of Missouri issued shelter-in-place orders and other measures around public gathering and business operations to slow the spread of the virus. Furthermore, colleges and universities across the county took unprecedented action to protect the health and safety of students. In March 2020, the University announced that campus operations were being suspended, and all students were transitioned to a distance education framework through the end of the academic term. Given the uncertainty in the epidemiological and economic outlook, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the University. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

On March 27, 2020, the President signed into law the *Coronavirus Aid, Relief and Economic Security Act* (CARES). The CARES Act created a Higher Education Emergency Relief Fund (HEERF) specifically for emergency aid grants to students for expenses related to the disruption of campus operations due to COVID-19 and also direct aid to institutions to cover costs associated with the significant changes to the delivery of instruction due to COVID-19. The University was awarded a student share and an institutional share that totaled \$3,722,351 under this program and the University distributed \$1,845,000 of the student share to eligible students through emergency grants prior to June 30, 2020, and distributed the remaining student share to eligible students subsequent to year-end.

Note 12: Subsequent Events

Subsequent events have been evaluated through December 18, 2020, which is the date the financial statements were available to be issued.

Required Supplementary Information

Missouri Western State University
A Component Unit of the State of Missouri
Required Supplementary Information
June 30, 2020

**Schedule of Changes in the University's Total OPEB Liability and
Related Ratios (in 1,000s)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 39	\$ 45	\$ 45
Interest on total OPEB liability	41	43	40
Changes in assumptions or other inputs	94	48	(37)
Benefit payments	<u>(71)</u>	<u>(62)</u>	<u>(57)</u>
Net Change in Total OPEB Liability	103	74	(9)
Total OPEB Liability - Beginning	<u>1,164</u>	<u>1,090</u>	<u>1,099</u>
Total OPEB Liability - Ending	<u>\$ 1,267</u>	<u>\$ 1,164</u>	<u>\$ 1,090</u>
Covered-Employee Payroll	\$ 31,542	\$ 28,562	\$ 29,861
Total OPEB Liability as a Percentage of Covered Employee Payroll	4.02%	4.08%	3.65%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms for the years ended June 30, 2020 and 2019.

Changes of Assumptions: Effective for FY2020, there was a change in the discount rate which had a net impact of \$93,781 for the year ended June 30, 2020. There were not any changes in assumptions for the year ended June 30, 2019.

No assets accumulated in Trust that meets the criteria of paragraph four of GASB 75.

This schedule is ultimately required to show information for 10 years. Only the data for years currently available is displayed. The information presented is as of the measurement date.

Missouri Western State University
A Component Unit of the State of Missouri
Required Supplementary Information
June 30, 2020

Schedule of the University's Proportionate Share of the Net Pension Liability
Missouri State Employees' Retirement System

	June 30, 2017*	June 30, 2018*	June 30, 2019*	June 30, 2020*
University's proportion of the net pension liability	1.0627%	1.0670%	1.0668%	1.0574%
University's proportionate share of the net pension liability	\$ 49,332,703	\$ 55,559,486	\$ 59,509,583	\$ 63,881,653
University's covered-employee payroll	20,721,169	20,582,090	21,025,496	20,735,597
University's proportionate share of the net pension liability as a percentage of its covered employee payroll	238.08%	269.94%	283.04%	308.08%
Plan fiduciary net position as a percentage of the total pension liability	63.60%	60.41%	59.02%	56.72%

*Figures are based on a measurement date and actuarial valuation as of the end of the preceding fiscal year. This schedule is ultimately required to show information for ten years. Only the data for years currently available is displayed.

Schedule of University's Pension Contributions
Missouri State Employees' Retirement System

	June 30, 2017*	June 30, 2018*	June 30, 2019*	June 30, 2020*
Required contribution	\$ 3,560,832	\$ 3,957,427	\$ 4,116,920	\$ 4,140,013
Contributions in relation to the required contribution	3,560,832	3,957,427	4,116,920	4,140,013
Contribution deficiency (excess)	-	-	-	-
University's covered-employee payroll	20,582,090	21,025,496	20,735,597	18,995,809
Contributions as percentage of covered-employee payroll	17.30%	18.82%	19.85%	21.79%

*Figures are based on the University's fiscal year end. This schedule is ultimately required to show information for ten years. Only the data for years currently available is displayed.

Supplementary Information

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Missouri Western State University (the "University"), collectively a component unit of the State of Missouri, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 18, 2020, which contained a reference to the report of other auditors. The financial statements of Missouri Western State University Foundation, Inc. (the "Foundation"), the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from 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*.

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 the 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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Kansas City, Missouri
December 18, 2020

Information Required for Bonds

Missouri Western State University
A Component Unit of the State of Missouri
Revenue and Expenditures Schedule
Auxiliary System Bonds
Year Ended June 30, 2020

	2020
Revenue	
Bookstore commissions	\$ 173,077
Student fees	1,153,881
Residence halls	5,537,510
Campus dining services	4,120,065
Federal interest rebate	296,956
Athletic football ticket sales	48,511
Total revenue	11,330,000
Expenditures	
Residence halls	2,161,090
Campus dining services	3,512,790
Recreational facilities	199,270
Auxiliary facilities	260,861
Student union	573,193
Total expenditures	6,707,204
Excess of Revenue over Expenditures before Debt Service	4,622,796
Add capital improvements	367,972
Net Available for Debt Service	\$ 4,990,768
Debt Service for Fiscal Year	3,507,523
Coverage	1.42

Missouri Western State University
A Component Unit of the State of Missouri
Changes in Reserve Fund Balances
Auxiliary System Bonds
Years Ended June 30, 2020 and 2019

	Debt Service Reserve	Repair and Replacement Reserve
Balance, June 30, 2019	\$ -	\$ 300,000
2008 Bond Refunding		-
Transfer to auxiliary fund	-	-
Balance, June 30, 2020	\$ -	\$ 300,000

Missouri Western State University
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Insurance Coverage
Auxiliary System Bonds
Year Ended June 30, 2020

	Amount of Coverage	
	Building	Contents
Blanket building coverage – no coinsurance	\$ 282,441,543	\$ -
Blanket contents coverage – no coinsurance	-	95,827,319
Residential complex (included in blanket figures)		
Nelle Blum Student Union	16,313,674	1,504,766
Beshears Hall	7,830,106	540,257
Juda Hall	7,830,106	540,257
Logan Hall	7,830,106	540,257
Leaverton Hall	9,634,739	750,439
Vaselakos Hall	9,634,739	750,439
Fitness Center	13,468,156	308,504
Scanlon Hall	16,320,168	574,910
Commons Building	1,962,219	290,366
Griffon Hall	13,735,608	677,103
Spratt Stadium	12,790,796	133,965
Liability 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 Revenue Bonds
June 30, 2020 and 2019

Student information is as follows:

	Head Count		Full Time Equivalent	
	FY20	FY19	FY20	FY19
Summer	1,105	1,184	716	1,184
Fall	5,418	5,700	3,957	5,700
Spring	4,447	4,629	3,335	4,629

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

	Rooms Available		Rooms Occupied		Occupancy Rate	
	FY20	FY19	FY20	FY19	FY20	FY19
Summer	1,257	1,257	29	171	2.31%	13.60%
Fall	1,257	1,257	1,181	1,202	93.95%	95.62%
Spring	1,257	1,257	1,040	1,060	82.74%	84.33%

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

2020	Summer	Spring	Fall
Scanlon Hall		\$ 2,392	\$ 2,392
Apartment complex room charges		2,741	2,741
Suite complex room charges	\$ 950	2,392	2,392
Griffon Hall		3,594	3,594
Board charges	-	(*)	(*)
2019	Summer	Spring	Fall
Scanlon Hall		\$ 2,345	\$ 2,345
Apartment complex room charges		2,661	2,661
Suite complex room charges	\$ 900	2,345	2,345
Griffon Hall		3,489	3,489
Board charges	-	(**)	(**)

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

	FY20	FY19
Summer	\$ 15	\$ 15
Spring and fall	41	41

* 2020 Room and board charges are per semester: \$1,892 for the All Access meal plan, \$2,018 for the 15-meal plan and \$2,206 for the 10-meal plan.

** 2019 Room and board charges are per semester: \$1,829 for the All Access meal plan, \$1,957 for the 15-meal plan and \$2,144 for the 10-meal plan.