

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

Independent Auditor's Report and Financial Statements
(Including Reports Required Under Uniform Guidance)

June 30, 2022 and 2021

Missouri Western State University
A Component Unit of the State of Missouri
June 30, 2022 and 2021

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Missouri Western State University

A Component Unit of the State of Missouri

Management's Introduction

Years Ended June 30, 2022 and 2021

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 applied 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 4,400 undergraduate and graduate students. The University has on-campus student housing that can accommodate approximately 26 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 75 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 and is currently being assessed by a small committee under the direction of the President. 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. In addition to the strategic plan, a four-year Master Academic Plan was developed by faculty and administration and adopted by the Board of Governors in August of 2022. Operationalization of the plan commenced in September of 2022.

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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 recently completed its year 4 Assurance Review and 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 is a member of the National Council for State-Authorization Reciprocity Agreement (NC-SARA), which provides a voluntary, regional approach to state oversight of postsecondary distance education. When states join SARA, they agree to follow uniform processes for approving their eligible institutions' participation. They also agree to deal with other states' SARA institutions in a common way when those institutions carry out activities in SARA states other than their own.

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
- Commission on Accreditation for Health Informatics and Information Management Education
- Commission on Accreditation in Physical Therapy Education
- Commission on Collegiate Nursing Education
- Council on Social Work Education
- Engineering Technology Accreditation Commission of ABET
- National Accrediting Agency for Clinical Laboratory Science
- National Association of Schools of Music
- National Council for Accreditation of Teacher Education
- Missouri Western also has the All-Steinway School designation, the American Chemical Society curriculum approval, and the American Bar Association approval
- American Chemical Society (ACS)
- American Bar Association (ABA)
- Missouri State Board of Education with the Department of Elementary and Secondary Education (SBOE/DESE)
- Missouri State Board of Nursing (MSBN)
- Commission on Accreditation for Respiratory Care (CoARC) – new program with provisional accreditation

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Academic Programs

Missouri Western offers a variety of degree programs through the Steven L. Craig School of Business & Professional Studies, College of Liberal Arts, College of Science and Health, 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 56 degree programs, including 39 Bachelor's, seven Master's, four Associates, four Graduate certificates and three Undergraduate certificates.

Our largest degree programs are:

- **Nursing** 181 undergraduate declared majors; 222 undergraduate pre-majors
- **Business** 181 undergraduate declared majors; 276 undergraduate pre-majors
- **Biology & Wildlife Conservation** 118 undergraduate declared majors
- **Physical Education** 122 undergraduate declared majors; 70 undergraduate pre-majors
- **Criminal Justice** 81 undergraduate declared majors; 74 undergraduate pre-majors
- **Elementary & Early Childhood Education** 95 undergraduate declared majors; 104 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. The recently launched Master Academic Plan (2022) focuses on this designation, and drives the strategies for Academic Affairs.

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Campus Environment

In Fiscal Year 2022, the campus received several improvements including new HVAC units for Agenstein, Baker Fitness, Blum Union, Hearn's, Looney Complex, Student Commons, and Griffon, Vaselakos, and Remington Halls. New roofs were installed for Eder Hall, Hearn's, and Murphy. Other improvements included renovations to the elevators in Hearn's, Looney Complex, and Popplewell; new windows in Wilson Hall, painting in Scanlon, and Max Mart in the Student commons was also remodeled. Many other projects were started in early Summer of 2022, but were still in process at year end. These include the installation of new golf simulators in the Looney Complex and the building of a cross country course. Many buildings are being remodeled for better space utilization including Potter Hall, Spratt Hall, and GISC. Beshears and Juda Hall are being renovated as well. Murphy Hall is being remodeled for the new Respiratory Therapy program to include a new simulation lab and classroom space. The Blum Union is also in the process of getting its roof replaced. Missouri Western State University, in partnership with North Central Missouri College, has begun planning for a Convergent Technology Alliance Center (CTAC) on campus for collaborative educational programming for high-tech manufacturing, innovative service technologies, and STEM based workforce development programs.

Fiscal Year 2021 saw land improvements such as parking lot and storm sewer repairs. The campus also received much needed improvements that included a Touchless Proximity Security door access system to eighteen different buildings, as well as new air handlers and/or chillers in Popplewell Hall, Eder Hall, Potter Hall, Wilson Hall, Looney Complex, Blum Union, Fulkerson Center, Leah Spratt Hall and Griffon Hall. Other renovations included the completion of an Einstein Bros. Bagel store refresh and the relocation of the Barnes and Noble Bookstore to the Hearn's Center. Wilson Hall received a new roof, while the Hearn's Center and Murphy Hall roof replacements began in FY21 and were completed in FY22. The Leah Spratt Hall received a server upgrade and the Blum Union had new carpet and a new door installed for the Esports location. Scanlon Hall received new carpet in FY21, while painting the Hall began in FY21; it was not completed until FY22.

Kansas City Chiefs Summer Training Camp

The University entered into a contract with the Kansas City Chiefs Professional Football Franchise to hold their summer training camp on the campus of the University beginning in July 2010. As part of the agreement, the University built an indoor practice facility, multi-purpose facility, two outdoor practice fields and other enhancements in preparation for the camp. The project was funded by the Kansas City Chiefs, City of St. Joseph, Buchanan County, the University and private donations. Construction of the facilities was completed in July 2010 at a cost of \$11,338,408. In 2015, with a new contract in place, a new irrigation system was installed, the existing grass replaced by Bermuda sod, and 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, but resumed in the summer of 2022.

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the 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 has been furnished to us and our opinions, insofar as it relates to the amounts included for the Foundation are based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's introductions and the information required for bonds but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022, 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.

FORVIS,LLP

Kansas City, Missouri
October 28, 2022

Missouri Western State University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
June 30, 2022 and 2021

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, 2022 and 2021. 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 took formal actions to eliminate, phase out, or restructure several of its academic programs. The change involved 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 was able to lift the state of financial emergency in April of 2022.

Comparative Analysis of Fiscal Years 2022 and 2021

A review of the University's net position at June 30, 2022 reflects an increase of \$11.9 million or 51.3 percent to \$35.1 million. Operating revenues for the year ended June 30, 2022, which includes tuition and fees of \$21.4 million; federal, state and non-governmental grants and contracts of \$0.3 million; auxiliary revenues of \$7.8 million; and other revenues of \$0.8 million, increased by \$0.5 million to \$30.3 million.

Operating expenses increased by \$1.8 million to \$66.4 million, resulting in an operating loss of \$36.1 million. Operating expenses included depreciation of \$6 million. This operating loss of \$36.1 million and net nonoperating and other capital revenues of \$48 million resulted in an increase in net position of \$11.9 million.

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Comparative Analysis of Fiscal Years 2021 and 2020

A review of the University's net position at June 30, 2021 reflects an increase of \$7.0 million or 43.3 percent to \$23.2 million. Operating revenues for the year ended June 30, 2021, which includes tuition and fees of \$21.5 million; federal, state and non-governmental grants and contracts of \$0.5 million; auxiliary revenues of \$7.2 million; and other revenues of \$0.6 million, decreased by \$4.9 million to \$29.9 million.

Operating expenses decreased by \$12.7 million to \$64.6 million, resulting in an operating loss of \$34.7 million. Operating expenses included depreciation of \$5.6 million. This operating loss of \$34.7 million and net nonoperating and other capital revenues of \$41.7 million resulted in an increase in net position of \$7.0 million.

Net Position

The Statements of Net Position present the financial position of the University at the end of the fiscal year and include 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, 2022, 2021 and 2020, is as follows:

Net Position As of June 30 <i>(In millions)</i>	2022	2021	2020
Current Assets	\$ 18.0	\$ 18.1	\$ 14.5
Noncurrent Assets			
Capital assets, net of depreciation	121.5	115.5	112.1
Total assets	<u>\$ 139.5</u>	<u>\$ 133.6</u>	<u>\$ 126.6</u>
Deferred Outflows of Resources	<u>8.8</u>	<u>9.7</u>	<u>12.8</u>
Total assets and deferred outflows of resources	<u><u>\$ 148.3</u></u>	<u><u>\$ 143.3</u></u>	<u><u>\$ 139.4</u></u>
Current Liabilities	\$ 8.5	\$ 9.6	\$ 10.1
Noncurrent Liabilities	89.1	105.7	112.0
Total liabilities	<u>\$ 97.6</u>	<u>\$ 115.3</u>	<u>\$ 122.1</u>
Deferred Inflows of Resources	<u>15.6</u>	<u>4.8</u>	<u>1.1</u>
Total liabilities and deferred inflows of resources	<u><u>\$ 113.2</u></u>	<u><u>\$ 120.1</u></u>	<u><u>\$ 123.2</u></u>
Net Position			
Net investment in capital assets	\$ 79.3	\$ 70.3	\$ 65.3
Restricted	0.5	0.9	0.6
Unrestricted (deficit)	<u>(44.7)</u>	<u>(48.0)</u>	<u>(49.7)</u>
Total net position	<u><u>\$ 35.1</u></u>	<u><u>\$ 23.2</u></u>	<u><u>\$ 16.2</u></u>

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Comparative Analysis of Fiscal Years 2022 and 2021

Current assets remained constant at \$18.0 million.

Noncurrent assets increased by \$6 million or 5.2 percent from \$115.5 million to \$121.5 million. Capital assets, net of accumulated depreciation included additions of \$12.3 million, retirements of \$0.3 million, depreciation of \$6 million, which resulted in the \$6 million increase.

Deferred outflows decreased by \$0.9 million or 9.3 percent from \$9.7 million to \$8.8 million due primarily to a decrease in our proportionate share of collective outflows for MOSERS.

Noncurrent liabilities decreased by \$16.7 million or 15.8 percent from \$105.7 million to \$89 million. This is due to a decrease in net pension liability of \$13.8 million, long-term debt decreased by \$2.8 million due to the payment of scheduled principal amounts, accrued compensated absences increased by \$0.3 million and unearned revenue decreased by \$0.2 million; and OPEB liability decreased by \$0.2 million.

Deferred inflows increased by \$10.9 million due to the recognition of the proportionate share of the unfunded MOSERS.

Comparative Analysis of Fiscal Years 2021 and 2020

Current assets increased by \$3.6 million or 24.8 percent from \$14.5 million to \$18.1 million. This is primarily due to an increase in cash of \$4.0 million and a decrease in accounts receivable of \$0.5 million.

Noncurrent assets increased by \$3.4 million or 3.0 percent from \$112.1 million to \$115.5 million. Capital assets, net of accumulated depreciation, included additions of \$9.0 million, retirements of \$0.2 million, and depreciation of \$5.6 million, which resulted in the \$3.4 million increase.

Deferred outflows decreased by \$3.1 million or 24.2 percent from \$12.8 million to \$9.7 million due primarily to a \$3.0 million decrease in our proportionate share of collective outflows for MOSERS.

Noncurrent liabilities decreased by \$6.3 million or 5.6 percent from \$112.0 million to \$105.7 million. This is due to the recognition of the proportionate share of the unfunded MOSERS pension that decreased by \$3.5 million. Long-term debt decreased by \$2.3 million due to the payment of scheduled principal amounts, accrued compensated absences decreased by \$0.1 million and unearned revenue decreased by \$0.4 million.

Deferred inflows increased by \$3.7 million due to the deferred recognition of projected versus actual earnings on investments in the MOSERS plan.

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Capital Assets, Net
June 30, 2022
(In millions)

	Cost	Accumulated Depreciation	Net Capital Assets
Land	\$ 0.3	\$ -	\$ 0.3
Land improvements	16.3	7.8	8.5
Buildings and improvements	188.1	81.1	107.0
Furniture, fixtures and equipment	21.3	17.6	3.7
Library materials	3.8	3.5	0.3
Construction in progress	1.8	-	1.8
	\$ 231.6	\$ 110.1	\$ 121.5

Comparative Analysis of Fiscal Years 2022 and 2021

In 2022, the University completed numerous renovations that included \$0.9 million in land improvements to parking lots; building improvements of \$7.1 million that included HVAC, elevator repairs, and new windows; an Aramark remodel of the Max's Mart in the Commons Building of \$0.5 million; over 500 new computers; and \$2.1 million for network infrastructure.

Comparative Analysis of Fiscal Years 2021 and 2020

In 2021, the University completed numerous renovations that included \$0.9 million in land improvements to parking lots and storm sewers, a new Touchless Security Access lock system for \$1.9 million, \$3.9 million in new chillers and air handlers, a new roof for Wilson for \$0.5 million, a new server upgrade for \$0.1 million, the completion of the Esports area and relocation of the Bookstore for \$0.3 million. Scanlon Hall also received new carpet at a cost of \$0.3 million.

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Analysis of Net Position
June 30
(In millions)

	2022	2021	2020
Net investment in capital assets	\$ 79.3	\$ 70.3	\$ 65.3
Restricted	0.5	0.9	0.6
Unrestricted	(44.7)	(48.0)	(49.7)
Total	\$ 35.1	\$ 23.2	\$ 16.2

Comparative Analysis of Fiscal Years 2022 and 2021

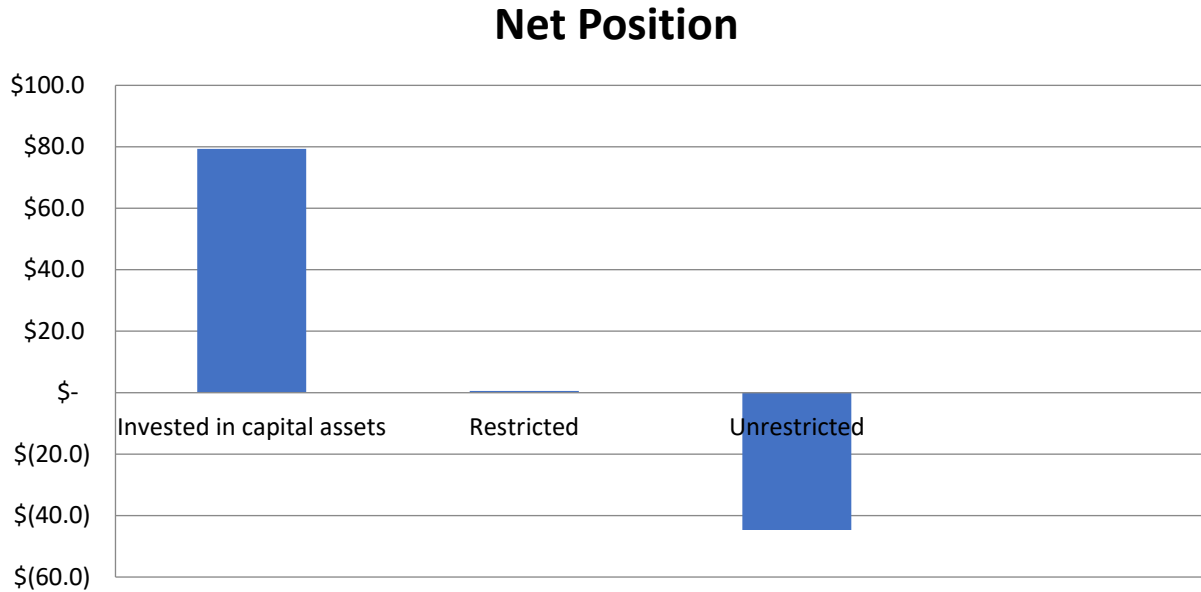
Net position increased by 51.3 percent or \$11.9 million from fiscal year 2021 to 2022. The net position is comprised of unrestricted operating of \$8.1 million, and unrestricted GASB 68 and 75 of (\$52.8) million; restricted for loans and other of \$0.1 million; and restricted for debt service agreement for repairs and maintenance of \$0.4 million; net investment in capital assets of \$79.3 million.

Comparative Analysis of Fiscal Years 2021 and 2020

Net position increased by 43.4 percent or \$7.0 million from fiscal year 2020 to 2021. The net position is comprised of unrestricted operating of \$9.6 million, and unrestricted GASB 68 and 75 of (\$57.6) million; restricted for loans and other of \$0.5 million; and restricted for debt service agreement for repairs and maintenance of \$0.4 million; net investment in capital assets of \$70.3 million.

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Management's Discussion and Analysis
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The following is a graphic illustration of net position at June 30, 2022 *(in millions)*.



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

	2022	2021	2020
Operating Fund			
Unrestricted Funds (Deficit)	\$ (55.3)	\$ (58.2)	\$ (58.8)
Designated Funds	5.2	4.4	3.5
	<u>(50.1)</u>	<u>(53.8)</u>	<u>(55.3)</u>
Auxiliary Fund			
Unrestricted Funds	5.4	5.8	5.6
Total (Deficit)	<u>\$ (44.7)</u>	<u>\$ (48.0)</u>	<u>\$ (49.7)</u>

Missouri Western State University
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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 nonoperating 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, 2022, 2021 and 2020 are as follows:

Operating Results
Year Ended June 30
(In millions)

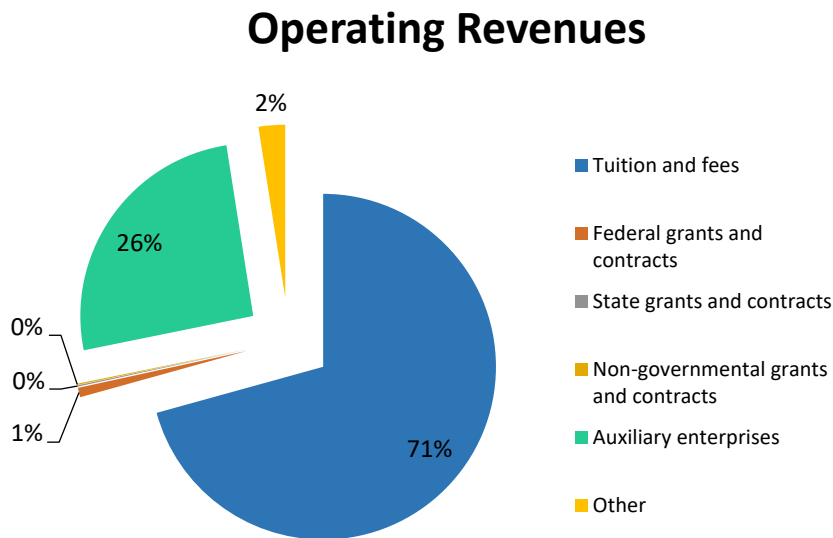
	2022	2021	2020
Operating Revenues			
Tuition and fees	\$ 21.4	\$ 21.5	\$ 25.0
Federal grants and contracts	0.3	0.2	0.4
State grants and contracts	-	0.2	0.9
Non-governmental grants and contracts	-	0.1	0.1
Auxiliary enterprises	7.8	7.2	7.2
Other	0.8	0.6	1.2
Total operating revenues	<u>30.3</u>	<u>29.8</u>	<u>34.8</u>
Operating Expenses	<u>66.4</u>	<u>64.6</u>	<u>77.3</u>
Operating Loss	<u>(36.1)</u>	<u>(34.8)</u>	<u>(42.5)</u>
Nonoperating Revenues (Expenses)			
State appropriations	22.4	19.6	18.8
Federal grants	21.1	12.8	12.0
State and local grants	0.4	4.5	-
Contributions	2.7	4.2	5.3
Interest income	0.1	0.1	0.2
Loss on disposal of capital assets	-	(0.0)	(0.1)
Interest on capital asset – related debt	(1.8)	(1.9)	(2.0)
Net nonoperating revenues	<u>44.9</u>	<u>39.3</u>	<u>34.2</u>
Capital Appropriations	2.6	2.0	-
Capital Revenues	<u>0.6</u>	<u>0.5</u>	<u>1.6</u>
Increase (Decrease) in Net Position	12.0	7.0	(6.7)
Net Position, Beginning of Year	23.2	16.2	22.9
Net Position, End of Year	<u>\$ 35.1</u>	<u>\$ 23.2</u>	<u>\$ 16.2</u>

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Management's Discussion and Analysis
June 30, 2022 and 2021

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.

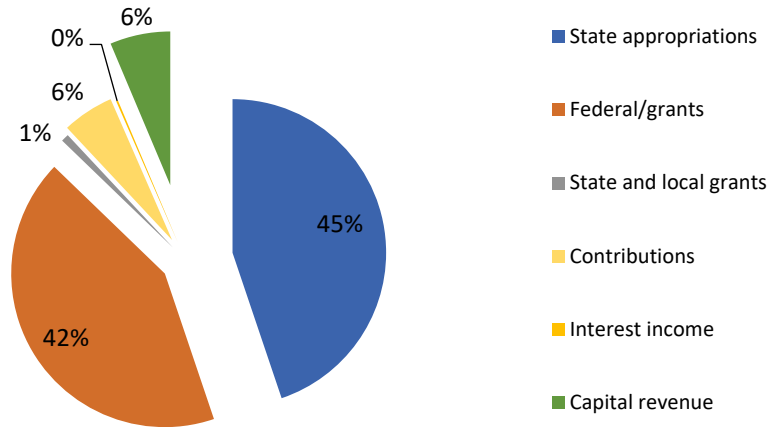
In Fiscal Year 2022, total operating revenues had an increase of 1.6 percent from \$29.8 million to \$30.3 million.

The following are graphic illustrations of revenues by source for the year ended June 30, 2022.



Missouri Western State University
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Nonoperating Revenues



In Fiscal Year 2022, nonoperating and capital revenues increased by \$6.2 million or 14 percent from \$43.6 million to \$49.8 million due primarily from the following increases (decreases) in millions:

2022

Nonoperating Revenue and Capital Gifts

State of MO Appropriation	\$ 5.3
State and Local Grants	(4.0)
Capital Gifts	(1.9)
Federal Grants	8.6
Contributions	(1.4)
Interest income	(0.2)
	<hr/>
Total Nonoperating Revenue and Capital Gifts	<u><u>\$ 6.3</u></u>

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In Fiscal Year 2021, nonoperating and capital revenues increased by \$5.8 million or 15.3 percent from \$37.9 million to \$43.6 million due primarily from the following increases (decreases) in millions:

2021

Nonoperating Revenue and Capital Gifts

State of MO Appropriation	\$	0.8
State and Local Grants		4.5
Capital Gifts		0.9
Federal Grants		0.8
Contributions		(1.1)
Interest income		(0.1)
		(0.1)
Total Nonoperating Revenue and Capital Gifts	\$	5.8
		(0.1)

Operating Expenses
Year Ended June 30
(In millions)

	2022	2021	2020
Compensation	\$ 31.6	\$ 39.2	\$ 50.6
Scholarships	12.1	6.2	6.5
Supplies and other services	14.7	11.4	12.8
Depreciation	6.0	5.6	5.4
Utilities	1.9	2.2	2.0
	(1.9)	2.2	2.0
Total	\$ 66.3	\$ 64.6	\$ 77.3

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.

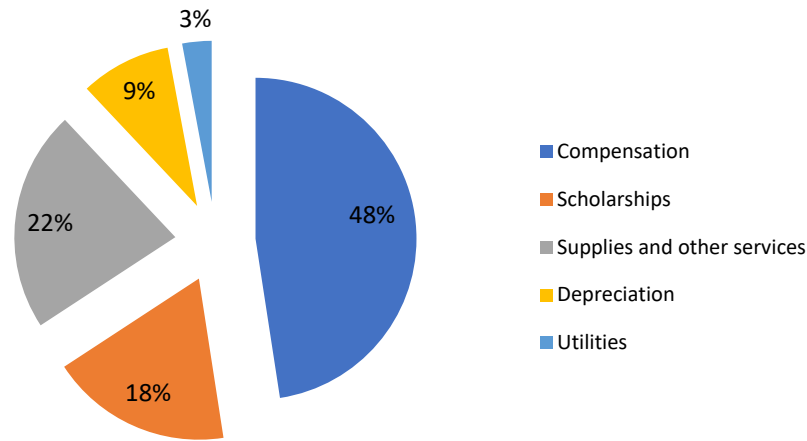
During 2022, 2021 and 2020, tuition fee waivers are reported as a reduction in revenue rather than scholarships and amounted to approximately \$7.2, \$7.2 and \$8.1 million, respectively. Federal Pell Grants and Federal Education Opportunity Grants outlays are recorded as nonoperating revenue and amounted to approximately \$6.2, \$7.2 and \$8.4 million, respectively.

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Comparative Analysis of Fiscal Years 2022 and 2021

In 2022, the University’s operating expenses increased by \$1.8 million, or 2.8 percent. The increase is due to a decrease of \$7.7 million in compensation, primarily driven by a decrease in pension (GASB 68) expense, an increase in supplies and other services of \$3.4 million, an increase in scholarships and fellowships of \$5.9 million, an increase in depreciation of \$0.4 million and a decrease in utility expense of \$.2 million.

Operating Expenses



Comparative Analysis of Fiscal Years 2021 and 2020

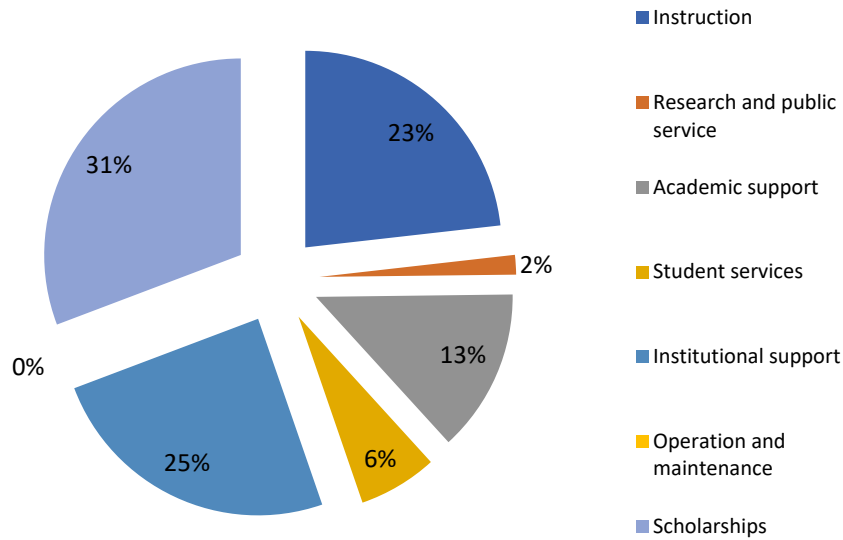
In 2021, the University’s operating expenses decreased by \$12.7 million, or 16.4 percent. The decrease is due to a decrease of \$11.4 million in compensation, primarily driven by a decrease in pension (GASB 68) expense, an increase in supplies and other services of \$1.4 million, a decrease in scholarships and fellowships of \$0.3 million, an increase in depreciation of \$0.2 million and an increase in utility expense of \$0.2 million.

Missouri Western State University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
June 30, 2022 and 2021

Analysis of Educational and General Operating Expenses
By Functional Classification
June 30, 2022
(In millions)

The following is a graphic illustration of educational and general operating expenses at June 30, 2022.

Operating Expenses by Function



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 75 percent of total educational and general expenses. Institutional Support, 25 percent, makes up the remainder.

Missouri Western State University
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Management's Discussion and Analysis
June 30, 2022 and 2021

Cash Flows

The Statements of Cash Flows provide 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, 2022, 2021 and 2020 are as follows:

	Cash Flows		
	Year Ended June 30		
	<i>(In millions)</i>		
	2022	2021	2020
Cash Provided by (Used in)			
Operating activities	\$ (33.6)	\$ (26.9)	\$ (28.9)
Noncapital financing activities	47.0	41.1	36.1
Capital and related financing activities	(13.7)	(10.1)	(6.7)
Investing activities	-	0.0	0.2
	<hr/>	<hr/>	<hr/>
Change in Cash and Cash Equivalents	(0.3)	4.1	0.7
Cash and Cash Equivalents, Beginning of Year	<hr/> 14.5	<hr/> 10.4	<hr/> 9.7
Cash and Cash Equivalents, End of Year	<hr/> <u>\$ 14.2</u>	<hr/> <u>\$ 14.5</u>	<hr/> <u>\$ 10.4</u>

Comparative Analysis of Fiscal Years 2022 and 2021

Cash and cash equivalents at June 30, 2022 were \$14.2 million, which was a decrease of \$0.3 million from 2021. The decrease in cash and cash equivalents is attributable to an increase in tuition and fees, a decrease in payments to employees and increase in other payments, a decrease in state and local grants, an increase in federal grants, a decrease in contributions, an increase in the purchase of capital assets and an increase in capital gifts received.

During 2022, cash used in operating activities was \$33.6 million which was an increase of \$6.7 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, federal grants and state and local grants, was \$44.2 million and \$2.8 million in contributions. Cash used for capital and related financing activities increased by \$3.6 million, which consisted of the purchases of capital assets of \$12.3 million, capital gifts recognized of \$0.7 million and state capital appropriations of \$2.6 million for the year. The payment of debt service for 2022 was \$4.5 million for principal and interest. Investing activities amounted to an increase of \$0.04 million, which primarily were the result of interest rates on bank funds.

Missouri Western State University
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Comparative Analysis of Fiscal Years 2021 and 2020

Cash and cash equivalents at June 30, 2021 were \$14.5 million, which was an increase of \$4.1 million from 2020. The increase in cash and cash equivalents is attributable to a decrease in tuition and fees, a decrease in payments to employees and other payments, an increase in state and local grants, a decrease in contributions, an increase in the purchase of capital assets and an increase in capital gifts received.

During 2021, cash used in operating activities was \$26.9 million which was an increase of \$2.0 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, federal grants and state and local grants, was \$36.9 million and \$4.2 million in contributions. Cash used for capital and related financing activities increased by \$3.9 million, which consisted of the purchases of capital assets of \$9.0 million, capital gifts recognized of \$0.5 million and state capital appropriations of \$2.0 million for the year. The payment of debt service for 2021 was \$4.1 million for principal and interest. Investing activities amounted to a decrease of \$0.02 million, which primarily were the result of low interest rates on bank funds.

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, 2022 and 2021

Assets and Deferred Outflows of Resources

	2022	2021
Current Assets		
Cash and cash equivalents	\$ 13,886,588	\$ 14,244,923
Accounts receivable, net of allowance of \$1,037,096 in 2022 and \$1,038,580 in 2021	3,140,915	3,068,970
Prepaid expenses	624,525	463,055
Restricted cash and cash equivalents	366,080	300,000
Total current assets	18,018,108	18,076,948
Noncurrent Assets		
Capital assets, net	121,529,490	115,529,599
Total noncurrent assets	121,529,490	115,529,599
Total assets	139,547,598	133,606,547
Deferred Outflows of Resources		
Deferred losses on debt refundings	767,328	842,190
Contributions to MOSERS subsequent to the measurement date	3,781,195	3,843,111
Proportionate share of MOSERS pension related items	3,998,791	4,826,075
Other postemployment benefits related items	286,250	158,168
Total deferred outflows of resources	8,833,564	9,669,544
Total assets and deferred outflows of resources	\$ 148,381,162	\$ 143,276,091

Liabilities and Deferred Inflows of Resources

	2022	2021
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,552,163	\$ 4,529,373
Accrued compensated absences	544,878	847,900
Unearned revenue	1,180,598	1,040,385
Interest payable	403,451	423,078
Long-term debt - current portion	<u>2,859,733</u>	<u>2,777,132</u>
Total current liabilities	<u>8,540,823</u>	<u>9,617,868</u>
Noncurrent Liabilities		
Accrued compensated absences	717,294	407,011
Unearned revenue	715,729	861,011
Other postemployment benefit liability	1,121,845	1,286,460
Net pension liability	46,559,543	60,345,221
Long-term debt, net	<u>39,930,853</u>	<u>42,784,636</u>
Total noncurrent liabilities	<u>89,045,264</u>	<u>105,684,339</u>
Total liabilities	97,586,087	115,302,207
Deferred Inflows of Resources		
Proportionate share of MOSERS pension related items	15,263,696	4,686,245
Other postemployment benefits related items	<u>385,572</u>	<u>74,470</u>
Total deferred inflows of resources	<u>15,649,268</u>	<u>4,760,715</u>
Total liabilities and deferred inflows of resources	<u>113,235,355</u>	<u>120,062,922</u>
Net Position		
Net investment in capital assets	79,353,876	70,325,296
Restricted, expendable for		
Scholarships, fellowships and other	102,924	479,267
Loans	82,483	82,483
Debt service	356,474	356,474
Unrestricted (deficit)	<u>(44,749,949)</u>	<u>(48,030,351)</u>
Total net position	<u>\$ 35,145,807</u>	<u>\$ 23,213,169</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, 2022 and 2021

Assets

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash	\$ 2,311,486	\$ 2,261,096
Pledges receivable, net – current portion	146,437	271,554
Pledges receivable, net – gifts-in-kind	9,107	9,389
Notes receivable, net – current portion	8,094	7,079
Interest, dividends and other receivables	58,374	60,242
Prepaid expense	<u>7,905</u>	<u>22,967</u>
Total current assets	<u>2,541,403</u>	<u>2,632,327</u>
Investments		
Investments	43,027,535	49,969,797
Mineral rights	62,608	56,732
Cash surrender value of life insurance	<u>551,948</u>	<u>537,731</u>
Total investments	<u>43,642,091</u>	<u>50,564,260</u>
Fixed Assets		
Artwork	98,808	98,808
Equipment, at cost	<u>19,698</u>	<u>17,401</u>
Total fixed assets	118,506	116,209
Less accumulated depreciation	<u>16,799</u>	<u>16,219</u>
Net fixed assets	<u>101,707</u>	<u>99,990</u>
Other Assets		
Pledges receivable, net	402,376	447,222
Notes receivable, net	3,653	12,381
Beneficial interest in perpetual trusts	5,061,288	6,024,864
Other equity interests	<u>1,106,818</u>	<u>1,106,818</u>
Total other assets	<u>6,574,135</u>	<u>7,591,285</u>
Total assets	<u>\$ 52,859,336</u>	<u>\$ 60,887,862</u>

See Notes to Financial Statements

Liabilities and Net Assets

	<u>2022</u>	<u>2021</u>
Current Liabilities		
Accounts payable	\$ 792,912	\$ 178,317
Deferred revenue	<u>135,259</u>	<u>149,632</u>
Total current liabilities	<u>928,171</u>	<u>327,949</u>
Net Assets		
Without donor restrictions		
General operating	1,156,276	3,510,054
Board designated	<u>3,045,604</u>	<u>2,199,878</u>
Total without donor restrictions	<u>4,201,880</u>	<u>5,709,932</u>
With donor restrictions		
Purpose restrictions	18,595,247	25,004,490
Time restrictions	339,039	378,104
Perpetual in nature	<u>28,794,999</u>	<u>29,467,387</u>
Total with donor restrictions	<u>47,729,285</u>	<u>54,849,981</u>
Total net assets	<u>51,931,165</u>	<u>60,559,913</u>
Total liabilities and net assets	<u>\$ 52,859,336</u>	<u>\$ 60,887,862</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Tuition and fees, net	\$ 21,388,982	\$ 21,526,394
Federal grants and contracts	262,958	238,910
State grants and contracts	38,769	161,073
Non-governmental grants and contracts	35,000	130,000
Interest on student loans receivable	16,710	22,729
Sales and services of educational activities	370,148	375,507
Auxiliary enterprises, net	7,776,378	7,237,414
Other operating revenues	366,262	177,181
Total operating revenues	<u>30,255,207</u>	<u>29,869,208</u>
Operating Expenses		
Salaries and wages	25,154,375	26,655,694
Fringe benefits	6,402,553	12,575,392
Supplies and other services	14,729,354	11,373,549
Scholarships and fellowships	12,090,719	6,164,527
Depreciation	6,027,436	5,582,021
Utilities	1,945,795	2,211,830
Total operating expenses	<u>66,350,232</u>	<u>64,563,013</u>
Operating Loss	<u>(36,095,025)</u>	<u>(34,693,805)</u>
Nonoperating Revenues (Expenses)		
State appropriations	22,377,788	19,653,666
Federal grants	21,138,652	12,571,868
State and local grants	457,215	4,454,783
Federal interest rebate	233,975	242,601
Contributions	2,745,011	4,200,625
Interest income	39,230	29,191
Loss on disposal of capital assets	(321,736)	(4,632)
Interest on capital asset-related debt	(1,802,962)	(1,888,402)
Net nonoperating revenues	<u>44,867,173</u>	<u>39,259,700</u>
Income Before Capital Revenues	8,772,148	4,565,895
Capital Revenues	<u>3,160,489</u>	<u>2,456,925</u>
Increase in Net Position	11,932,637	7,022,820
Net Position, Beginning of Year	<u>23,213,169</u>	<u>16,190,349</u>
Net Position, End of Year	<u>\$ 35,145,806</u>	<u>\$ 23,213,169</u>

Missouri Western State University
A Component Unit of the State of Missouri
Missouri Western State University Foundation, Inc.
Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 372,220	\$ 1,677,566	\$ 2,049,786
Legacies and bequests	-	216	216
In-kind contributions	-	318,152	318,152
Investment income	(1,377,912)	(5,087,356)	(6,465,268)
Mineral rights royalties	13,992	-	13,992
Other income	19,500	1,206,080	1,225,580
Change in value of beneficial interest in perpetual trusts	-	(963,576)	(963,576)
Net assets released from donor restrictions	4,271,778	(4,271,778)	-
	<u>3,299,578</u>	<u>(7,120,696)</u>	<u>(3,821,118)</u>
Total revenues, gains and other support			
Expenses			
Program services			
Scholarships	1,190,916	-	1,190,916
Allocations	3,040,908	-	3,040,908
	<u>4,231,824</u>	<u>-</u>	<u>4,231,824</u>
Total program services			
Support services			
General and administrative	385,670	-	385,670
Fundraising	190,136	-	190,136
	<u>575,806</u>	<u>-</u>	<u>575,806</u>
Total support services			
	<u>4,807,630</u>	<u>-</u>	<u>4,807,630</u>
Total expenses			
Other Expenses			
Unrealized gains (losses) on investments	-	-	-
Unrealized losses on mineral rights	-	-	-
	<u>4,807,630</u>	<u>-</u>	<u>4,807,630</u>
Total expenses			
Change in Net Assets	(1,508,052)	(7,120,696)	(8,628,748)
Net Assets, Beginning of Year	<u>5,709,932</u>	<u>54,849,981</u>	<u>60,559,913</u>
Net Assets, End of Year	<u>\$ 4,201,880</u>	<u>\$ 47,729,285</u>	<u>\$ 51,931,165</u>

Missouri Western State University
A Component Unit of the State of Missouri
Missouri Western State University Foundation, Inc.
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 357,154	\$ 1,139,184	\$ 1,496,338
In-kind contributions	-	148,340	148,340
Investment income	695,578	8,949,768	9,645,346
Mineral rights royalties	6,102	-	6,102
Other income	20,880	1,082,266	1,103,146
Change in value of beneficial interest in perpetual trusts	-	844,948	844,948
Net assets released from donor restrictions	4,060,958	(4,060,958)	-
	<u>5,140,672</u>	<u>8,103,548</u>	<u>13,244,220</u>
Expenses			
Program services			
Scholarships	1,033,670	-	1,033,670
Allocations	3,938,597	-	3,938,597
Total program services	<u>4,972,267</u>	<u>-</u>	<u>4,972,267</u>
Support services			
General and administrative	340,527	-	340,527
Fundraising	153,299	-	153,299
Total support services	<u>493,826</u>	<u>-</u>	<u>493,826</u>
Total expenses	<u>5,466,093</u>	<u>-</u>	<u>5,466,093</u>
Change in Net Assets	(325,421)	8,103,548	7,778,127
Net Assets, Beginning of Year	<u>6,035,353</u>	<u>46,746,433</u>	<u>52,781,786</u>
Net Assets, End of Year	<u>\$ 5,709,932</u>	<u>\$ 54,849,981</u>	<u>\$ 60,559,913</u>

Missouri Western State University
A Component Unit of the State of Missouri
Missouri Western State University Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services		Supporting Services		Total Expenses
	Scholarships	Allocations	General and Administrative	Fundraising	
Scholarships	\$ 1,190,916	\$ -	\$ -	\$ -	\$ 1,190,916
Allocations	-	3,040,908	-	-	3,040,908
Uncollectible pledges	-	-	85,788	-	85,788
Depreciation	-	-	581	-	581
Fundraising events	-	-	-	89,177	89,177
Reimbursed office expenses					
Salaries and benefits	-	-	180,755	98,115	278,870
Professional development	-	-	1,949	-	1,949
Repairs and maintenance	-	-	22,855	2,539	25,394
Office expenses	-	-	4,320	-	4,320
Professional fees	-	-	33,417	-	33,417
Occupancy	-	-	32,028	-	32,028
Travel	-	-	135	-	135
Insurance and taxes	-	-	6,998	-	6,998
Duplicating and postage	-	-	2,741	305	3,046
Utilities and telephone	-	-	1,323	-	1,323
Dues and subscriptions	-	-	75	-	75
Miscellaneous	-	-	755	-	755
Bank service and credit card fees	-	-	9,962	-	9,962
Conferences, conventions and meetings	-	-	1,988	-	1,988
	<u>\$ 1,190,916</u>	<u>\$ 3,040,908</u>	<u>\$ 385,670</u>	<u>\$ 190,136</u>	<u>\$ 4,807,630</u>
Total expenses by function	<u>\$ 1,190,916</u>	<u>\$ 3,040,908</u>	<u>\$ 385,670</u>	<u>\$ 190,136</u>	<u>\$ 4,807,630</u>

Missouri Western State University
A Component Unit of the State of Missouri
Missouri Western State University Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services		Supporting Services		Total Expenses
	Scholarships	Allocations	General and Administrative	Fundraising	
Scholarships	\$ 1,033,670	\$ -	\$ -	\$ -	\$ 1,033,670
Allocations	-	3,938,597	-	-	3,938,597
Uncollectible pledges	-	-	61,015	-	61,015
Depreciation	-	-	411	-	411
Fundraising events	-	-	-	54,559	54,559
Reimbursed office expenses					
Salaries and benefits	-	-	178,090	95,895	273,985
Professional development	-	-	599	-	599
Repairs and maintenance	-	-	23,713	2,480	26,193
Office expenses	-	-	1,562	-	1,562
Professional fees	-	-	19,651	-	19,651
Occupancy	-	-	32,028	-	32,028
Travel	-	-	29	-	29
Insurance and taxes	-	-	7,855	-	7,855
Duplicating and postage	-	-	3,286	365	3,651
Utilities and telephone	-	-	1,071	-	1,071
Dues and subscriptions	-	-	81	-	81
Miscellaneous	-	-	336	-	336
Bank service and credit card fees	-	-	9,487	-	9,487
Conferences, conventions and meetings	-	-	1,313	-	1,313
	<u>\$ 1,033,670</u>	<u>\$ 3,938,597</u>	<u>\$ 340,527</u>	<u>\$ 153,299</u>	<u>\$ 5,466,093</u>
Total expenses by function	<u>\$ 1,033,670</u>	<u>\$ 3,938,597</u>	<u>\$ 340,527</u>	<u>\$ 153,299</u>	<u>\$ 5,466,093</u>

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

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Tuition and fees	\$ 21,111,717	\$ 20,662,255
Grants and contracts	518,364	940,416
Payments to suppliers	(17,077,852)	(14,251,153)
Payments to employees	(33,945,960)	(35,785,146)
Sales and services of auxiliary enterprises	7,283,168	7,211,757
Other payments	<u>(11,629,141)</u>	<u>(5,713,055)</u>
Net cash used in operating activities	<u>(33,739,704)</u>	<u>(26,934,926)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations	22,377,788	19,653,666
Federal grants	21,372,627	12,814,469
State and local grants	457,215	4,454,783
Direct lending receipts	10,149,568	12,302,967
Direct lending payments	(10,149,568)	(12,302,967)
Contributions	<u>2,745,011</u>	<u>4,200,625</u>
Net cash provided by noncapital financing activities	<u>46,952,641</u>	<u>41,123,543</u>
Cash Flows from Capital and Related Financing Activities		
Capital gifts received	3,160,489	2,543,675
Purchase of capital assets	(12,180,045)	(8,498,351)
Principal paid on long-term debt	(2,777,139)	(2,221,936)
Interest paid on long-term debt	<u>(1,747,727)</u>	<u>(1,910,986)</u>
Net cash used in capital and related financing activities	<u>(13,544,422)</u>	<u>(10,087,598)</u>
Cash Flows from Investing Activities		
Investment income	<u>39,230</u>	<u>29,191</u>
Net cash provided by investing activities	<u>39,230</u>	<u>29,191</u>
Increase (Decrease) in Cash and Cash Equivalents	(292,255)	4,130,210
Cash and Cash Equivalents, Beginning of Year	<u>14,544,923</u>	<u>10,414,713</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 14,252,668</u></u>	<u><u>\$ 14,544,923</u></u>

Missouri Western State University
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Statements of Cash Flows (Continued)
Years Ended June 30, 2022 and 2021

	2022	2021
Reconciliation of Operating Loss to		
Net Cash Used in Operating Activities		
Operating loss	\$ (36,095,025)	\$ (34,693,805)
Depreciation expense	6,027,436	5,582,021
Bad debt expense	483,408	118,403
Changes in operating assets and liabilities		
Receivables, net	(555,353)	456,058
Prepaid expenses	(161,470)	(64,756)
Deferred outflows of resources - pension related	450,017	3,063,510
Deferred inflows of resources - OPEB related	311,102	(17,539)
Accounts payable and accrued liabilities	(1,140,271)	(373,079)
Other postemployment benefits liability	(164,615)	19,088
Net pension liability	(13,785,678)	(3,536,432)
Deferred outflows of resources - OPEB related	(128,082)	26,668
Deferred inflows of resources - pension related	11,016,635	3,643,387
Unearned revenue	(5,069)	(1,055,867)
Accrued compensated absences	7,261	(102,583)
	\$ (33,739,704)	\$ (26,934,926)
Net Cash Used in Operating Activities		
Noncash Investing, Capital and Financing Activities		
Amortization of loss on refunding	\$ 74,862	\$ 74,866
Amortization of bond discount	5,957	5,944
Property and equipment in accounts payable	169,018	484,729

Missouri Western State University

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Notes to Financial Statements

June 30, 2022 and 2021

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 4,219 undergraduate students and approximately 176 graduate students. The University has on-campus student housing that can accommodate approximately 26 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 110, Saint Joseph, Missouri 64507.

Missouri Western State University

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Notes to Financial Statements

June 30, 2022 and 2021

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 consist of reserve funds for unusual and extraordinary repairs and replacements to housing system facilities and cash held on behalf of others.

Missouri Western State University
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Notes to Financial Statements
June 30, 2022 and 2021

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 are 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

June 30, 2022 and 2021

Unearned Revenue

Unearned revenue at June 30, 2022 consists of unearned student fees of \$672,294 and Aramark unearned revenue of \$1,224,033. Unearned revenue at June 30, 2021 consists of unearned student fees of \$504,596 and Aramark unearned revenue of \$1,396,800.

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 \$767,328 and \$842,190 at June 30, 2022 and 2021, 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 nonoperating 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.

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

Missouri Western State University

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Notes to Financial Statements

June 30, 2022 and 2021

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 and CARES Act grants are recorded as nonoperating revenues, and other governmental grants are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees for the years ended June 30, 2022 and 2021 were \$9,115,951 and \$11,100,244, respectively. The scholarship allowances on auxiliary enterprises for the years ended June 30, 2022 and 2021 were \$2,348,199 and \$3,065,631, 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.

New Accounting Pronouncements

The University adopted Governmental Accounting Standards Board Statement No. 87, *Leases* during the year ended June 30, 2022. The standard did not have a material impact on the University's financial statements.

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, 2022 or 2021.

Missouri Western State University
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Notes to Financial Statements

June 30, 2022 and 2021

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, 2022 or 2021.

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, 2022 or 2021. 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 below are included in the statements of net position as follows:

	<u>2022</u>	<u>2021</u>
Carrying value		
Deposits	<u>\$ 14,252,668</u>	<u>\$ 14,544,923</u>
Total	<u>\$ 14,252,668</u>	<u>\$ 14,544,923</u>
Included in the following statements of net position		
Cash	\$ 13,886,588	\$ 14,244,923
Restricted cash	<u>366,080</u>	<u>300,000</u>
	<u>\$ 14,252,668</u>	<u>\$ 14,544,923</u>

Investment Income

Investment income for the years ended June 30, 2022 and 2021 consisted of:

	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 39,230</u>	<u>\$ 29,191</u>

Missouri Western State University
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Notes to Financial Statements
June 30, 2022 and 2021

Note 3: Capital Assets

Capital assets activity for the years ended June 30, 2022 and 2021 was:

	2022				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Cost					
Land	\$ 323,525	\$ -	\$ -	\$ -	\$ 323,525
Land improvements	13,384,396	2,969,296	-	-	16,353,692
Buildings and improvements	183,551,144	6,341,304	(2,580,229)	746,723	188,058,942
Furniture, fixtures and equipment	20,655,640	1,613,473	(999,612)	-	21,269,501
Construction in progress	1,128,256	1,414,889	-	(746,723)	1,796,422
Library materials	3,788,729	10,101	-	-	3,798,830
	<u>222,831,690</u>	<u>12,349,063</u>	<u>(3,579,841)</u>	<u>-</u>	<u>231,600,912</u>
Less Accumulated Depreciation					
Land improvements	(7,019,766)	(667,017)	-	-	(7,686,783)
Buildings and improvements	(79,193,909)	(4,281,905)	2,262,076	-	(81,213,738)
Furniture, fixtures and equipment	(17,616,883)	(1,008,921)	996,028	-	(17,629,776)
Library materials	(3,471,533)	(69,592)	-	-	(3,541,125)
	<u>(107,302,091)</u>	<u>(6,027,435)</u>	<u>3,258,104</u>	<u>-</u>	<u>(110,071,422)</u>
Net capital assets	<u>\$ 115,529,599</u>	<u>\$ 6,321,628</u>	<u>\$ (321,737)</u>	<u>\$ -</u>	<u>\$ 121,529,490</u>

Missouri Western State University
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Notes to Financial Statements
June 30, 2022 and 2021

	2021				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Cost					
Land	\$ 323,525	\$ -	\$ -	\$ -	\$ 323,525
Land improvements	12,452,001	932,395	-	-	13,384,396
Buildings and improvements	176,521,534	6,382,670	-	646,940	183,551,144
Furniture, fixtures and equipment	19,863,933	884,366	(92,659)	-	20,655,640
Construction in progress	1,028,473	746,723	-	(646,940)	1,128,256
Library materials	3,813,989	36,926	(62,186)	-	3,788,729
	<u>214,003,455</u>	<u>8,983,080</u>	<u>(154,845)</u>	<u>-</u>	<u>222,831,690</u>
Less Accumulated Depreciation					
Land improvements	(6,407,773)	(611,993)	-	-	(7,019,766)
Buildings and improvements	(75,226,939)	(3,966,970)	-	-	(79,193,909)
Furniture, fixtures and equipment	(16,778,535)	(926,376)	88,028	-	(17,616,883)
Library materials	(3,456,915)	(76,682)	62,064	-	(3,471,533)
	<u>(101,870,162)</u>	<u>(5,582,021)</u>	<u>150,092</u>	<u>-</u>	<u>(107,302,091)</u>
Net capital assets	<u>\$ 112,133,293</u>	<u>\$ 3,401,059</u>	<u>\$ (4,753)</u>	<u>\$ -</u>	<u>\$ 115,529,599</u>

Missouri Western State University
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Notes to Financial Statements
June 30, 2022 and 2021

Note 4: Long-term Liabilities

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

	2022				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and other long-term debt					
Auxiliary system revenue bonds					
– Series 2010B	\$ 10,475,000	\$ -	\$ (525,000)	\$ 9,950,000	\$ 545,000
Auxiliary refunding and improvement					
Auxiliary system revenue bonds					
– Series 2012	15,930,000	-	(1,015,000)	14,915,000	1,045,000
Auxiliary system revenue bonds					
– Series 2015	12,265,000	-	(490,000)	11,775,000	505,000
Auxiliary system revenue bonds					
– Series 2018	3,185,000	-	(305,000)	2,880,000	315,000
Other	3,766,062	-	(442,139)	3,323,923	449,733
Subtotal bonds and other long-term debt	45,621,062	-	(2,777,139)	42,843,923	2,859,733
Discount on bond issuance	(59,294)	-	(5,957)	(53,337)	-
Total bonds	45,561,768	-	(2,783,096)	42,790,586	2,859,733
Other noncurrent liabilities					
Accrued compensated absences	1,254,911	777,821	(770,560)	1,262,172	544,878
Unearned revenue	1,901,396	2,964,503	(2,969,572)	1,896,327	1,180,598
Total noncurrent liabilities	<u>\$ 48,718,075</u>	<u>\$ 3,742,324</u>	<u>\$ (6,523,228)</u>	<u>\$ 45,949,085</u>	<u>\$ 4,585,209</u>

Missouri Western State University
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Notes to Financial Statements
June 30, 2022 and 2021

The following is a summary of long-term obligation transactions for the University for the year ended June 30, 2021:

	2021				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and other long-term debt					
Auxiliary system revenue bonds					
– Series 2010B	\$ 10,985,000	\$ -	\$ (510,000)	\$ 10,475,000	\$ 525,000
Auxiliary system revenue bonds					
– Series 2012	16,920,000	-	(990,000)	15,930,000	1,015,000
Auxiliary system revenue bonds					
– Series 2015	12,265,000	-	-	12,265,000	490,000
Auxiliary system revenue bonds					
– Series 2018	3,480,000	-	(295,000)	3,185,000	305,000
Other	4,192,998	-	(426,936)	3,766,062	442,132
Subtotal bonds and other long-term debt	47,842,998	-	(2,221,936)	45,621,062	2,777,132
Discount on bond issuance	(65,238)	-	(5,944)	(59,294)	-
Total bonds	47,777,760	-	(2,227,880)	45,561,768	2,777,132
Other noncurrent liabilities					
Accrued compensated absences	1,357,494	246,558	(349,141)	1,254,911	847,900
Unearned revenue	2,957,263	4,676,853	(5,732,720)	1,901,396	1,040,385
Total noncurrent liabilities	<u>\$ 52,092,517</u>	<u>\$ 4,923,411</u>	<u>\$ (8,309,741)</u>	<u>\$ 48,718,075</u>	<u>\$ 4,665,417</u>

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. The University completed the refunding to reduce its total debt service requirements by \$1,327,992 over the next 17 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.

Missouri Western State University
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Notes to Financial Statements

June 30, 2022 and 2021

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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Notes to Financial Statements
June 30, 2022 and 2021

The debt service requirements of the bonds payable as of June 30, 2022 are as follows:

Year Ending June 30	Total to be Paid	Principal	Interest
2023	\$ 3,970,279	\$ 2,410,000	\$ 1,560,279
2024	3,955,994	2,480,000	1,475,994
2025	3,941,245	2,555,000	1,386,245
2026	3,930,786	2,640,000	1,290,786
2027	3,914,430	2,725,000	1,189,430
2028 – 2032	18,280,619	14,010,000	4,270,619
2033 – 2038	13,867,539	12,700,000	1,167,539
	<u>\$ 51,860,892</u>	<u>\$ 39,520,000</u>	<u>\$ 12,340,892</u>

A comparison of pledged revenue for the payment of the bonds recognized for the years ended June 30, 2022 and 2021 to the principal and interest requirements of the bonds for those periods is as follows:

	2022	2021
Pledged revenue recognized	\$ 4,135,555	\$ 4,423,697
Principal and interest requirement	4,020,482	3,547,740

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 include Western Dining Hall which features an all-you-can-eat buffet and the Student Union food court that features Chick-fil-A and Subway. Other options on campus include the POD, Einstein Bros. Bagels, Grill at Max’s Mart 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, 2022 at 132 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, 2022 and 2021. This fund is to be used to pay the cost of unusual and extraordinary repairs and replacements to housing system facilities.

Financed Purchases

The debt service requirements for the financed purchases as of June 30, 2022 are as follows:

Year Ending June 30	Total to be Paid	Principal	Interest
2023	\$ 537,302	\$ 449,733	\$ 87,569
2024	489,786	416,173	73,613
2025	489,786	427,902	61,884
2026	489,786	439,963	49,823
2027	396,598	358,121	38,477
2028-2033	<u>1,291,361</u>	<u>1,232,031</u>	<u>59,330</u>
	<u>\$ 3,694,619</u>	<u>\$ 3,323,923</u>	<u>\$ 370,696</u>

The University entered into a financed purchase energy saving project with Schneider Electric, a global specialist in energy management in FY16. The beginning total of principal and interest for this project is \$5,448,920 which 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; and it spanned 27 facilities and incorporated 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 principal and interest outstanding at June 30, 2022 is \$3,181,160.

The University entered into a financed purchase 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, 2022 is \$0.

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The University has entered into a financed purchase for a New Holland L228 Skid Loader on February 14, 2020, for a total cost of \$45,722. The Skid Loader will be used for snow removal, dirt work, grinding and various other projects around the campus. The total principal and interest outstanding at June 30, 2022 is \$10,190.

The University has also entered into a financed purchase by US Bancorp in FY20 for the replacement of HVAC fume hoods in Remington Hall on September 10, 2020, for a total cost of \$700,000. The total principal and interest outstanding at June 30, 2022 is \$465,943.

The University entered into a financed purchase by the Lease Servicing Center, Inc. in FY20 for Baker Fitness Equipment on February 4, 2021, for a total cost of \$111,317. The total principal and interest outstanding at June 30, 2022 is \$37,325.

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.

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 Financial Report (ACFR), a publicly available financial report that can be obtained at www.mosers.org.

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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 are determined for each plan may be found in the Notes to the Financial Statements of MOSERS' ACFR.

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, 2022 and 2021, were 23.51 percent and 22.88 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.

Contributions to the pension plan from the University were \$3,781,195 and \$3,843,111 for the years ended June 30, 2022 and 2021, respectively.

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

At June 30, 2022 and 2021, the University reported a liability of \$46,559,543 and \$60,345,221, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and 2020, 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 years ended June 30, 2022 and 2021. At the June 30, 2022 measurement date, the University's proportion was 0.83 percent, a decrease from its proportion measured using 0.95 percent as of the June 30, 2021 measurement date. At the June 30, 2021 measurement date, the University's proportion was 0.95 percent, a decrease from its proportion measured using 1.056 percent as of the June 30, 2020 measurement date.

There were no changes in benefit terms during the MOSERS plan year ended June 30, 2021, that affected the measurement of total pension liability.

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For the year ended June 30, 2022, the University recognized pension expense of \$1,459,732. At June 30, 2022, 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	\$ 205,994	\$ 742,406
Changes of assumptions	-	3,256,385
Net difference between projected and actual investment earnings and actual pension plan investments	8,394,188	-
Changes in proportion and differences between University contributions and proportionate share of contributions	6,663,514	-
University contributions subsequent to the measurement date of June 30, 2021	-	3,781,195
Total	\$ 15,263,696	\$ 7,779,986

For the year ended June 30, 2021, the University recognized pension expense of \$7,008,951. At June 30, 2021, 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	\$ 626,788	\$ 27,329
Changes of assumptions	-	1,594,983
Net difference between projected and actual investment earnings and actual pension plan investments	-	3,203,763
Changes in proportion and differences between University contributions and proportionate share of contributions	4,059,457	-
University contributions subsequent to the measurement date of June 30, 2020	-	3,843,111
Total	\$ 4,686,245	\$ 8,669,186

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At June 30, 2022, there was \$3,781,195 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, 2023. 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:

2023		\$ (4,049,546)
2024		(2,471,839)
2025		(2,248,997)
2026		<u>(2,494,523)</u>
		<u>\$ (11,264,905)</u>

Actuarial assumptions. The total pension liability in the June 30, 2021 and 2020 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:

	2021	2020
Price Inflation	2.25 percent	2.25 percent
Salary Increases	2.75 percent to 10.00 percent including inflation	2.25 percent to 8.25 percent including inflation
Wage Inflation	2.25 percent	2.25 percent
Investment Rate of Return	6.95 percent, compounded annually, net after investment expenses and including inflation	6.95 percent, compounded annually, net after investment expenses and including inflation

The actuarial assumptions used in the June 30, 2021 valuation was based on the results of the most recent complete actuarial experience study, which covered the five-year period ended June 30, 2018. Assumption changes were decreases in the payroll and wage growth assumptions.

Mortality: Mortality rates for post-retirement mortality is based on the Pub-2010 General Members Below Median Healthy Retiree mortality table, projected to 2025 with Scale MP-2020 and scaled by 75 percent. The pre-retirement mortality table used is the Pub-2010 General Members Below Median Employee mortality table, projected to 2025 with Scale MP-2020 and scaled by 75 percent.

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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, 2022 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
Global public equities	30.0%	5.8%	2.3%
Global private equities	15.0%	7.4%	1.4%
Long treasuries	25.0%	1.6%	0.9%
Core bonds	10.0%	1.2%	0.3%
Commodities	5.0%	3.6%	0.3%
TIPS	25.0%	0.8%	0.7%
Private real assets	5.0%	5.2%	0.3%
Public real assets	5.0%	5.8%	0.4%
Hedge funds	5.0%	2.9%	0.2%
Alternative beta	10.0%	3.4%	0.5%
Private credit	5.0%	7.6%	0.5%
Cash and cash equivalents**	-40.0%	0.0%	0.0%
	<u>100.0%</u>		<u>7.8%</u>
Correlation/Volatility Adjustment			<u>-0.6%</u>
Long-term Expected Net Nominal Return			<u>7.2%</u>
Less: Investment Inflation Assumption			-1.9%
Long-term Expected Geometric Net Real Return			5.3%

*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, 2022 and 2021 was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University’s proportionate share of the net pension liability to changes in the discount rate. The following presents the University’s proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
University’s proportionate share of net pension liability	\$ 61,367,749	\$ 46,559,543	\$ 34,196,551

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.

Payables to pension plan. As of June 30, 2022, the University has payables of \$358,294 to MOSERS due to the timing the monthly payroll paid on June 30, 2022 and of two bi-weekly payroll periods, one that started June 12, 2022 and ended June 25, 2022, and another that was a four day accrual that started June 26, 2022 and ended July 9, 2022. The \$358,294 was the portion of MOSERS allocated to June 30, 2022 but not paid until July 1, 2022 and July 15, 2022. As of June 30, 2021, the University payables of \$39,335 to MOSERS due to the timing of two bi-weekly payroll periods, one that started June 13, 2021 and ended June 26, 2021 and another that was a four day accrual that started June 27, 2021 and ended July 10, 2021. The \$39,335 was the portion of MOSERS allocated to June 30, 2021 but not paid until July 2, 2021 and July 16, 2021.

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CURP

Beginning July 1, 2002, in accordance with Section 104.1200 through 104.1215 of the Revised Statutes of Missouri, 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 for education employees at regional colleges/universities in Missouri that uses MOSERS 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. By law, the CURP contribution rate is equal to 1 percent less than the normal cost contribution rate of the Missouri State Employees' Plan 200 (MSEP 200). 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 of annual covered payroll for 2022, 2021 and 2020, respectively. The University's contributions to the plan for the years ended June 30, 2022, 2021 and 2020 were \$401,240, \$449,647 and \$560,513, 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 \$752 to \$851 monthly for a single person or \$1,851 to \$2,093 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, 2022 and 2021, the following employees were covered by the benefit terms:

	2022	2021
Inactive employees or beneficiaries currently receiving benefit payments	9	16
Inactive employees entitled to but not yet receiving benefit payments	176	162
Active employees	326	414
	511	592

Total OPEB Liability

The University's total OPEB liability of \$1,121,845 and \$1,286,460 was measured as of June 30, 2022 and 2021, respectively, for the years then ended, and was determined by an actuarial valuation as of January 1, 2022 and June 30, 2019. Standard update procedures were used to roll-forward the total OPEB liability to June 30, 2022 and 2021.

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

	2022	2021
Inflation	2.75%	2.30%
Discount rate	3.90%	2.16%
Salary increases	2.50%	2.00%
Health care cost trend rates	7% for 2022, gradually decreasing to an ultimate rate of 4.5% for 2032 and beyond	4.8% for 2020, gradually decreasing to an ultimate rate of 3.7% for 2073 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-2010 trended back eight years using scale MP-2021 and projected generationally for the year ended June 30, 2022. Mortality rates were based on the Pub-2010 trended back eight years using scale MP-2019 and projected generationally for the year ended June 30, 2021.

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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

	2022	2021
Balance, beginning of year	\$ 1,286,460	\$ 1,267,372
Service cost	53,265	52,221
Interest	27,801	28,400
Differences between expected and actual experience	189,734	
Changes in assumptions or other inputs	(383,415)	7,879
Benefit payments	(52,000)	(69,412)
Net changes	(164,615)	19,088
Balance, end of year	\$ 1,121,845	\$ 1,286,460

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 3.9 percent. The following presents the total OPEB liability using a discount rate 1 percent higher and 1 percent lower than the current discount rate.

	1% Decrease 2.90%	Current Discount Rate 3.90%	1% Increase 4.90%
University's total OPEB liability	\$ 1,271,403	\$ 1,121,845	\$ 999,050

The total OPEB liability of the University has been calculated using the current healthcare cost trend rates as well as what the University's total OPEB liability would be if it were calculated using trend rates that are 1 percent lower or 1 percent higher than the current trend rates.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
University's total OPEB liability	\$ 981,117	\$ 1,121,845	\$ 1,281,052

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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, 2022 and 2021, the University recognized OPEB expense of \$70,405 and \$97,629, respectively. At June 30, 2022 and 2021, the University reported deferred outflows and deferred inflows of resources related to OPEB from the following source:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 162,629	\$ 44,823
Changes of assumptions	123,621	340,749
Total	\$ 286,250	\$ 385,572
	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 57,379
Changes of assumptions	158,168	17,091
Total	\$ 158,168	\$ 74,470

Amounts reported as deferred inflows of resources at June 30, 2022, related to OPEB, will be recognized in OPEB expense as follows:

2023	\$ (10,661)
2024	(10,662)
2025	(7,821)
2026	(14,842)
2027	(27,669)
Thereafter	(27,667)
	\$ (99,322)

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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

Land Improvements

Fiscal year 2022 land improvements included various parking lot repairs at a cost of \$899,300. Fiscal year 2021 included various parking lot and storm sewer repairs at a cost of \$910,400.

Building Improvements

Fiscal year (FY) 2022 building improvements included renovations and repairs to numerous areas. These included: Popplewell Hall elevator and HVAC at a cost of \$159,971; Eder Hall roof and elevator at a cost of \$398,731; Hearnes Center roof, HVAC and elevator at a cost of \$706,715; Agenstein Hall elevator and HVAC at a cost of \$974,598; Potter Hall elevator at a cost of \$98,191; Wilson Hall new windows at a cost of \$119,644; Looney Complex elevator, HVAC and steps at a cost of \$596,632; Vaselakos Hall HVAC at a cost of \$439,236; Blum Union HVAC and steps at a cost of \$461,256; Baker Fitness HVAC at a cost of \$264,549; Murphy Hall roof at a cost of \$398,360; Remington Hall HVAC at a cost of \$751,780; Scanlon Hall painting at a cost of \$309,500; Griffon Hall HVAC at a cost of \$802,804; Student Commons HVAC at a cost of \$248,989, and the remodel by Aramark of the Student Commons Max's Mart C-Store in the amount of \$357,070 for building improvements and \$71,414 in equipment.

Fiscal year 2021 saw renovations that included a Touchless Proximity Security door access system for 18 buildings at a cost of \$1,863,366, the roof replacement completion of Wilson Hall at a cost of \$110,577, the completion of relocating the Barnes and Noble Bookstore to the Hearnes Center at a cost of \$47,609, and the Einstein Bros. Bagel refresh at a cost of \$49,192. Other repairs included the replacement of air handlers and chillers in Looney Complex, Blum Union, Fulkerson Center, and Popplewell, Eder, Potter, Wilson, Leah Spratt and Griffon Halls at a cost of \$3,857,795. Scanlon Hall received new carpet at a cost of \$319,401, and a new server was installed in Spratt Hall for \$133,401. Esports received new carpet and a new door at a cost of \$43,975.

Construction in Progress (CIP)

Fiscal year 2022 CIP includes a total of \$1,796,421 in projects that include: Potter Hall renovation architect fees of \$381,534 of which \$300,000 was funded equally by the State of Missouri and the MWSU Foundation; \$219,491 for the Murphy Hall Respiratory Lab, \$495,953 for the Beshears Hall renovation, \$578,358 for the Juda Hall Renovation, and \$121,451 in other various projects that include the GISC Renovation, Cross Country Course, CTAC Building, Blum Union roof, and Looney Complex Golf Simulator.

Fiscal year 2021 CIP includes a total of \$1,128,256 for projects that include: Potter Hall renovation architect fees of \$381,534 of which \$300,000 was funded equally by the State of Missouri and the MWSU Foundation; \$304,513 for painting of Scanlon Hall, \$239,210 for the roof replacement of Hearnes Center; and \$202,999 for the roof replacement of Murphy Hall.

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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 2022 and 2021 are presented below.

Auxiliary System Condensed Statements of Net Position
As of June 30, 2022 and 2021

	2022	2021
Assets		
Current assets	\$ 2,377,975	\$ 1,799,469
Noncurrent assets	-	-
Capital assets, net	56,421,878	56,013,684
Total Assets	58,799,853	57,813,153
Deferred Outflows of Resources	767,328	842,190
Total Assets and Deferred Outflows of Resources	\$ 59,567,181	\$ 58,655,343
Liabilities		
Current liabilities	\$ 4,381,241	\$ 4,607,496
Long-term liabilities	47,843,805	45,971,885
Total liabilities	52,225,046	50,579,381
Net Position		
Invested in capital assets	6,499,635	8,095,018
Unrestricted	542,500	(319,056)
Restricted	300,000	300,000
Total net position	\$ 7,342,135	\$ 8,075,962

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**Auxiliary System Condensed Statements of Revenues,
Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021**

	2022	2021
Operating Revenues	\$ 7,776,378	\$ 7,237,414
Depreciation Expense	(2,309,766)	(2,314,180)
Other Operating Expenses	<u>(16,704,503)</u>	<u>(13,878,461)</u>
Operating loss	<u>(11,237,891)</u>	<u>(8,955,227)</u>
Nonoperating Revenues (Expenses)		
Interest expense	(1,706,504)	(1,798,911)
Other nonoperating revenues	<u>11,683,216</u>	<u>3,543,641</u>
Income before Capital Revenues	9,976,712	1,744,730
Capital Revenues	<u>527,352</u>	<u>460,554</u>
Decrease in Net Position	(733,827)	(6,749,943)
Net Position, Beginning of Year	<u>8,075,962</u>	<u>14,825,905</u>
Net Position, End of Year	<u><u>\$ 7,342,135</u></u>	<u><u>\$ 8,075,962</u></u>

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. Investments in 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 restrictions based upon donor-imposed restrictions.

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The following is a summary of investment securities:

	2022	2021
Money market funds and CDs	\$ 2,664,134	\$ 683,307
Common stock and equity mutual funds	23,448,995	30,711,281
U.S. Government bonds and fixed income mutual funds	16,115,559	18,575,209
Alternative Investments	798,847	
Total	<u>\$ 43,027,535</u>	<u>\$ 49,969,797</u>

Investment returns for the years ended June 30, 2022 and 2021 consist of the following:

	2022	2021
Investment income	\$ 1,000,629	\$ 876,677
Net realized gains	3,860,858	4,010,293
Net unrealized gains	<u>(11,174,341)</u>	<u>4,905,077</u>
Total investment return	<u>\$ (6,312,854)</u>	<u>\$ 9,792,047</u>
Total investment fees	<u>\$ 152,414</u>	<u>\$ 146,701</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.

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Assets Measured on a Recurring Basis

The fair values of other assets and liabilities measured on a recurring basis, as of June 30, 2022 and 2021, are as follows:

	Fair Value	2022 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	\$ 5,321,242	\$ 5,321,242	\$ -	\$ -
Energy minerals	332,897	332,897	-	-
Technology services	620,153	620,153	-	-
Finance	1,007,304	1,007,304	-	-
Electronic technology	1,439,943	1,439,943	-	-
Consumer	1,242,267	1,242,267	-	-
Health technology	585,131	585,131	-	-
Health care	591,386	591,386	-	-
Domestic equity	934,163	934,163	-	-
Utilities	125,459	125,459	-	-
Telecommunications	376,932	376,932	-	-
Industrials	362,591	362,591	-	-
Materials	100,564	100,564	-	-
All other common stocks	388,419	388,419	-	-
Equity mutual funds	10,020,544	10,020,544	-	-
U.S. Government issues	725,676	703,418	22,258	-
Corporate issues	3,161,834	872,269	2,289,565	-
Foreign issues	146,184	-	146,184	-
High Yield Bond Funds	-	-	-	-
Taxable municipal issues	760,673	-	760,673	-
Fixed income mutual funds	11,321,193	11,321,193	-	-
Alternative Funds	798,846	798,846	-	-
Beneficial interest in perpetual trusts	5,061,288	-	-	5,061,288
	<u>\$ 45,424,689</u>	<u>\$ 37,144,721</u>	<u>\$ 3,218,680</u>	<u>\$ 5,061,288</u>

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	2021			
	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	\$ 6,071,261	\$ 6,071,261	\$ -	\$ -
Energy minerals	411,202	411,202	-	-
Technology services	1,353,356	1,353,356	-	-
Finance	1,706,678	1,706,678	-	-
Electronic technology	2,423,594	2,423,594	-	-
Consumer	2,005,982	2,005,982	-	-
Health technology	581,081	581,081	-	-
Health care	532,487	532,487	-	-
Domestic equity	1,476,778	1,476,778	-	-
Utilities	69,250	69,250	-	-
Telecommunications	852,835	852,835	-	-
Industrials	613,756	613,756	-	-
Materials	163,480	163,480	-	-
All other common stocks	1,258,163	1,258,163	-	-
Equity mutual funds	11,191,378	11,191,378	-	-
U.S. Government bonds and fixed income mutual funds				
U.S. Government issues	60,650	-	60,650	-
Corporate issues	4,741,102	1,851,273	2,889,829	-
Foreign issues	82,574	-	82,574	-
High Yield Bond Funds	697,048	-	697,048	-
Taxable municipal issues	926,451	-	926,451	-
Fixed income mutual funds	12,067,384	12,067,384	-	-
Beneficial interest in perpetual trusts	6,024,864	-	-	6,024,864
	<u>\$ 55,311,354</u>	<u>\$ 44,629,938</u>	<u>\$ 4,656,552</u>	<u>\$ 6,024,864</u>

The Foundation had other equity interests of \$1,106,818, cash equivalents and CDs of \$2,664,134 carried at cost for the year ended June 30, 2022. The Foundation had other equity interest of \$1,106,818, cash equivalents and CDs of \$683,307 carried at cost for the year ended June 30, 2021.

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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, 2022 and 2021.

	Beneficial Interest in Perpetual Trusts
Balance, June 30, 2020	\$ 5,179,916
Change in fair market value	<u>844,948</u>
Balance, June 30, 2021	6,024,864
Change in fair market value	<u>(963,576)</u>
Balance, June 30, 2022	<u><u>\$ 5,061,288</u></u>

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 restrictions. 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.

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

	2022	2021
Total pledges receivable	\$ 666,923	\$ 841,841
Less allowance for uncollectible pledges	29,638	35,765
Less unamortized discount	88,472	87,300
Net pledges receivable	548,813	718,776
Less pledges receivable, current portion	146,437	271,554
Net pledges receivable, long-term	\$ 402,376	\$ 447,222
Amount due in		
Less than one year	\$ 176,075	\$ 307,319
One to five years	89,448	130,458
Six to ten years	2,664	82,944
Thereafter	398,736	321,120
	\$ 666,923	\$ 841,841

Imputed discount rates of 0.65 percent and 1.41 percent were used in discounting long-term pledges receivable for 2022. Imputed discount rates of 0.87 percent and 2.06 percent were used in discounting long-term pledges receivable for 2021.

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, 2022 and 2021.

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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, 2022 and 2021.

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 \$156,818 at June 30, 2022 and 2021.

These equity investments are reviewed for impairment on an annual basis. Management does not believe there is any impairment at June 30, 2022 or 2021.

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.

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Nature and Amount of Net Assets With Donor Restrictions

Purpose restricted net assets are available for the following purposes:

	2022	2021
Scholarships	\$ 8,034,151	\$ 12,072,011
Programmatic and departmental support	9,084,185	11,189,302
Special programs	1,476,911	1,743,177
Total	\$ 18,595,247	\$ 25,004,490

Perpetually restricted net assets are available for the following purposes:

	2022	2021
Scholarships	\$ 19,308,581	\$ 19,909,592
Academic departments	8,083,675	8,161,446
Other	1,402,743	1,396,349
Total	\$ 28,794,999	\$ 29,467,387

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 196 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 U.S. GAAP, 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.

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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.

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June 30, 2022 and 2021

Endowment net asset composition by type of fund as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor corpus	\$ -	\$ 23,453,807	\$ 23,453,807
Accumulated investment gains	-	8,965,907	8,965,907
Quasi-endowment funds	1,281,932	1,054,541	2,336,473
Total endowment funds	<u>\$ 1,281,932</u>	<u>\$ 33,474,255</u>	<u>\$ 34,756,187</u>

Changes in endowment net assets for the fiscal year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,625,306	\$ 39,812,594	\$ 41,437,900
Investment return			
Investment income (loss)	(217,287)	1,012,602	795,315
Net appreciation	(188,554)	(6,040,570)	(6,229,124)
Contributions	62,467	144,830	207,297
Transfers to investments	-	-	-
Appropriation of endowment assets for expenditure	-	(1,455,201)	(1,455,201)
Endowment net assets, end of year	<u>\$ 1,281,932</u>	<u>\$ 33,474,255</u>	<u>\$ 34,756,187</u>

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Endowment net asset composition by type of fund as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor corpus	\$ -	\$ 23,140,077	\$ 23,140,077
Accumulated investment gains	-	15,868,823	15,868,823
Quasi-endowment funds	<u>1,625,306</u>	<u>803,694</u>	<u>2,429,000</u>
Total endowment funds	<u>\$ 1,625,306</u>	<u>\$ 39,812,594</u>	<u>\$ 41,437,900</u>

Changes in endowment net assets for the fiscal year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,312,551	\$ 32,705,038	\$ 35,017,589
Investment return			
Investment income (loss)	(291,504)	964,988	673,484
Net appreciation	194,021	8,132,236	8,326,257
Contributions	1,351,095	1,121,707	2,472,802
Appropriation of endowment assets for expenditure	<u>(1,940,857)</u>	<u>(3,111,375)</u>	<u>(5,052,232)</u>
Endowment net assets, end of year	<u>\$ 1,625,306</u>	<u>\$ 39,812,594</u>	<u>\$ 41,437,900</u>

Related Parties

During the years ended June 30, 2022 and 2021, the Foundation paid the University \$316,677 and \$311,080, 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, 2022 and 2021 was \$781,734 and \$174,148, respectively, due to the University.

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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.

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:

	2022	2021
Cash and cash equivalents	\$ 2,311,486	\$ 2,261,096
Investments	43,027,535	49,969,797
Pledges receivable, net	146,437	271,554
Notes receivable, net	8,094	7,079
Interest, dividends and other receivables	58,374	60,242
Total financial assets	45,551,926	52,569,768
Contractual or donor-imposed restrictions		
Cash restricted to specific uses	(3,324,738)	(3,145,330)
Restricted investments	(38,072,540)	(43,832,520)
Pledges restricted to specific uses	(133,011)	(257,017)
Notes restricted to specific uses	(8,094)	(7,079)
Interest receivable restricted to specific uses	(46,574)	(49,836)
Total restrictions imposed	(41,584,957)	(47,291,782)
Board designations		
Operating reserves and endowments	(3,045,604)	(2,199,878)
Financial assets available to meet cash needs for expenditures within one year	\$ 921,365	\$ 3,078,108

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.

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June 30, 2022 and 2021

Note 11: COVID-19 Pandemic

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 gatherings and business operations to slow the spread of the virus. Furthermore, colleges and universities across the country took unprecedented action to protect the health and safety of students. 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 Act). 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 has expended all of these funds through eligible expenditures as of June 30, 2021.

On December 27, 2020, the President signed into law the *Coronavirus Response and Relief Supplemental Appropriation Act* (CRRSAA). The CRRSAA provided additional emergency aid grants to students for expenses related to the continued 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 \$6,689,868 under this program, and the University distributed \$1,847,324 of that portion to eligible students through emergency grants at June 30, 2021. As of June 30, 2022, the University expended all of the funds through eligible expenditures.

On March 11, 2021, the President signed into law the *American Rescue Plan Act* (ARPA). The ARPA provided additional emergency aid grants to students for expenses related to the continued 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 \$11,663,528 under this program, and the University expended all of the award prior to June 30, 2021. As of June 30, 2022, the University expended all of the funds through eligible expenditures.

Successive awards were granted to the University through May 2022, with a student share and institutional share that totaled \$12,668,776 prior to June 30, 2022.

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June 30, 2022 and 2021

Note 12: Subsequent Events

Subsequent events have been evaluated through October 28, 2022, which is the date the financial statements were available to be issued.

Required Supplementary Information

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Required Supplementary Information
June 30, 2022

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 53	\$ 52	\$ 39	\$ 45	\$ 45
Interest on total OPEB liability	28	28	41	43	40
Differences between expected and actual experience	190				
Changes in assumptions or other inputs	(383)	8	94	48	(37)
Benefit payments	(52)	(69)	(71)	(62)	(57)
Net Change in Total OPEB Liability	(164)	19	103	74	(9)
Total OPEB Liability - Beginning	1,286	1,267	1,164	1,090	1,099
Total OPEB Liability - Ending	<u>\$ 1,122</u>	<u>\$ 1,286</u>	<u>\$ 1,267</u>	<u>\$ 1,164</u>	<u>\$ 1,090</u>
Covered-Employee Payroll	\$ 17,820	\$ 25,041	\$ 31,542	\$ 28,562	\$ 29,861
Total OPEB Liability as a Percentage of Covered Employee Payroll	6.30%	5.14%	4.02%	4.08%	3.65%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms for the years ended June 30, 2022 and 2021.

Changes of Assumptions: The changes in the discount rate in each applicable period had the following net impact on the ending liability:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Change in discount rate impact on ending liability	\$ (383,415)	\$ 7,879	\$ 93,781	\$ -	\$ -

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.

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June 30, 2022

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*	June 30, 2021*	June 30, 2022*
University's proportion of the net pension liability	1.0627%	1.0670%	1.0668%	1.0574%	0.9507%	0.8328%
University's proportionate share of the net pension liability	\$ 49,332,703	\$ 55,559,486	\$ 59,509,583	\$ 63,881,653	\$ 60,345,221	\$ 46,559,543
University's covered-employee payroll	20,721,169	20,582,090	21,025,496	20,735,597	20,567,651	18,995,809
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.08%	265.25%	283.04%	308.08%	293.40%	245.10%
Plan fiduciary net position as a percentage of the total pension liability	63.60%	60.41%	59.02%	56.72%	55.48%	63.38%

*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 10 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*	June 30, 2021*	June 30, 2022*
Required contribution	\$ 3,560,832	\$ 3,957,427	\$ 4,116,920	\$ 4,140,013	\$ 3,843,111	\$ 3,781,195
Contributions in relation to the required contribution	3,560,832	3,957,427	4,116,920	4,140,013	3,843,111	3,781,195
Contribution deficiency (excess)	-	-	-	-	-	-
University's covered-employee payroll	20,582,090	21,025,496	20,735,597	20,567,651	18,995,809	16,787,199
Contributions as a percentage of covered-employee payroll	17.30%	18.82%	19.85%	20.13%	20.23%	22.28%

*Figures are based on the University's fiscal year end. This schedule is ultimately required to show information for 10 years. Only the data for years currently available is displayed.

Supplementary Information

Missouri Western State University
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Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Federal Expenditures
Student Financial Aid Cluster:			
U.S. Department of Education			
Federal Supplemental Educational Opportunity Grant	N/A	84.007	\$ 261,940
Federal Work-Study Program	N/A	84.033	373,614
Federal Pell Grant	N/A	84.063	5,925,686
Federal Teach Grant	N/A	84.379	2,357
Federal Direct Loans	N/A	84.268	<u>10,188,034</u>
<i>Total Student Financial Aid Cluster</i>			<u>16,751,631</u>
Non-Student Financial Aid Cluster:			
U.S. Department of Education			
Career and Technical Education - Basic Grants to States (Perkins IV)	N/A	84.048	10,558
COVID-19 Education Stabilization Fund/Student Aid	N/A	84.425E	5,900,036
COVID-19 Education Emergency Relief Fund/Institutional Aid	N/A	84.425F	8,137,715
COVID-19 Education Emergency Relief/Strengthening Institutions Programs	N/A	84.425M	<u>769,266</u>
Total CFDA 84.425			<u>14,807,017</u>
<i>Total U.S. Department of Education - Non-student Financial Aid Cluster</i>			<u>14,817,575</u>
<i>Total U.S. Department of Education</i>			<u>31,569,206</u>
Research and Development Cluster:			
National Science Foundation			
Collaborative Research: RUI: Broadening the Application of Programmed Evolution for Metabolic Engineering	N/A	47.074	1,490
CAREER: Validating and applying a new class of drift diffusion models for investigating individual differences in executive control	N/A	47.075	68,776
Collaborative Research: RUI: A Phylogenomic Study of a Hyper-Diverse Flowering Plant Lineage, Subfamily Lamiioideae (Lamiaceae)	N/A	47.074	<u>8,305</u>
<i>Total National Science Foundation and Research and Development Cluster</i>			<u>78,571</u>
U.S. Department of Agriculture			
Rural Business Development Grant -USDA Mobile Lab	N/A	10.351	<u>2,919</u>
<i>Total U.S. Department of Agriculture</i>			<u>2,919</u>
National Aeronautics & Space Administration (NASA)			
NASA-Missouri Space Grant Consortium FY2020-2023	N/A	43.008	<u>3,100</u>
<i>Total National Aeronautics & Space Administration</i>			<u>3,100</u>
WIOA Cluster:			
U.S. Department of Labor			
WIA/WIOA Adult Program	N/A	17.258	<u>43,678</u>
<i>Total U.S. Department of Labor and WIOA Cluster</i>			<u>43,678</u>
U.S. Department of Treasury			
U.S. Department of Treasury LEA-ARPA	N/A	21.027	<u>52,497</u>
<i>Total U.S. Department of Treasury</i>			<u>52,497</u>
Total Schedule of Expenditures of Federal Awards			<u>\$ 31,749,971</u>

The accompanying notes are an integral part of this Schedule

Missouri Western State University
A Component Unit of the State of Missouri
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Missouri Western State University under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Missouri Western State University, it is not intended to and does not present the financial position, changes in net position or cash flows of Missouri Western State University.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Missouri Western State University has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The University provided no federal awards to subrecipients.
4. **Federal Loan Funds – Not Subject to Compliance**

The University has certain federal student loan funds not subject to continuing compliance requirements, such as the Federal Direct Student Loans. Since the University does not administer the program, the outstanding loan balances have not been included in the Schedule. New loans made during the year under this program are included in the Schedule.

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

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 business type activities and the discretely presented component units 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, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated October 28, 2022.

Our report includes a reference to other auditors who audited the financial statements of the Missouri Western State University Foundation (the "Foundation") as described in our report on the University's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Foundation or that are reported on separately by those auditors who audited the financial statements of the Foundation.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

Kansas City, Missouri
October 28, 2022

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

Independent Auditor's Report

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Missouri Western State University's (the "University") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2022. The University's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

FORVIS, LLP

Kansas City, Missouri
October 28, 2022

Missouri Western State University
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with (GAAP):
 Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:
Significant deficiency(ies) identified? Yes None reported
Material weakness(es) identified? Yes No

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal award programs:
Significant deficiency(ies) identified? Yes None reported
Material weakness(es) identified? Yes No

5. Type of auditor’s report issued on compliance for major federal program(s):
 Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? Yes No

Missouri Western State University
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022

7. Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
	Higher Education Emergency Relief Fund
	U.S. Department of Education
84.425E	COVID-19 Education Stabilization Fund - Student Aid
84.425F	COVID-19 Education Stabilization Fund - Institutional Aid
84.425M	COVID-19 Education Stabilization Fund - Strengthening Institutions Programs

8. Dollar threshold used to distinguish between Type A and Type B programs was \$952,499.

9. Auditee qualified as a low-risk auditee? Yes No

Missouri Western State University
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022

Section II – Financial Statement Findings

Reference Number	Findings
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No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Findings
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No matters are reportable.

Missouri Western State University
A Component Unit of the State of Missouri
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

**Reference
Number**

Summary of Finding

No matters are reportable.

Information Required for Bonds

Missouri Western State University
A Component Unit of the State of Missouri
Revenue and Expenditures Schedule
Auxiliary System Bonds
Years Ended June 30, 2022 and 2021

	2022	2021
Revenue		
Bookstore commissions	\$ 120,565	\$ 150,527
Student fees	757,638	633,304
Residence halls	5,049,471	5,768,657
Campus dining services	3,683,115	3,540,799
Federal interest rebate	243,783	249,898
Total revenue	9,854,572	10,343,185
Expenditures		
Residence halls	1,880,812	2,138,500
Campus dining services	3,097,776	3,056,753
Recreational facilities	275,352	233,383
Auxiliary facilities	224,080	250,324
Student union	241,477	240,528
Total expenditures	5,719,497	5,919,488
Excess of Revenue over Expenditures before Debt Service	4,135,075	4,423,697
Add capital improvements	1,153,555	153,120
Net Available for Debt Service	\$ 5,288,630	\$ 4,576,817
Debt Service for Fiscal Year	4,020,482	3,547,740
Coverage	1.32	1.29

Missouri Western State University
A Component Unit of the State of Missouri
Changes in Reserve Fund Balances
Auxiliary System Bonds
Years Ended June 30, 2022 and 2021

	Debt Service Reserve	Repair and Replacement Reserve
Balance, June 30, 2021	\$ -	\$ 300,000
2008 Bond Refunding	-	-
Transfer to auxiliary fund	-	-
Balance, June 30, 2022	\$ -	\$ 300,000

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

Insurance Coverage
Auxiliary System Bonds
Year Ended June 30, 2022

	Amount of Coverage	
	Building	Contents
Blanket building coverage – no coinsurance	\$ 282,441,543	\$ -
Blanket contents coverage – no coinsurance	-	99,660,411
Residential complex (included in blanket figures)		
Nelle Blum Student Union	16,966,211	1,564,956
Beshears Hall	8,143,310	561,867
Juda Hall	8,143,310	561,867
Leaverton Hall	9,673,328	780,456
Vaselakos Hall	9,673,328	780,456
Fitness Center	14,006,882	320,844
Scanlon Hall	16,972,974	597,906
Commons Building	2,040,707	301,980
Griffon Hall	14,285,032	704,187
Spratt Stadium	13,302,427	139,323
Liability insurance		
Covered under the state legal expense fund (Statutory limit)		
Per person	-	100,000
Per occurrence	-	1,000,000
Blanket crime	-	-

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

Occupancy Statistics
Auxiliary System Revenue Bonds
June 30, 2022 and 2021

Student information is as follows:

	<u>Head Count</u>		<u>Full Time Equivalent</u>	
	<u>FY22</u>	<u>FY21</u>	<u>FY22</u>	<u>FY21</u>
Summer	990	944	592	606
Fall	4,395	4,911	3,122	3,581
Spring	3,509	3,899	2,521	2,924

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

	<u>Rooms Available</u>		<u>Rooms Occupied</u>		<u>Occupancy Rate</u>	
	<u>FY22</u>	<u>FY21</u>	<u>FY22</u>	<u>FY21</u>	<u>FY22</u>	<u>FY21</u>
Summer	1,047	1,257	40	52	3.82%	4.14%
Fall	1,047	1,257	807	970	77.08%	77.17%
Spring	1,047	1,257	692	835	66.09%	66.43%

Room charges for the fiscal years ended June 30, 2022 and 2021 are as follows:

2022	Summer	Spring	Fall
Scanlon Hall		\$ 2,512	\$ 2,512
Apartment complex room charges		2,878	2,878
Suite complex room charges	\$ 1,200	3,666	3,666
Griffon Hall		3,774	3,774
Board charges	-	(*)	(*)
2021	Summer	Spring	Fall
Scanlon Hall		\$ 2,512	\$ 2,512
Apartment complex room charges		2,878	2,878
Suite complex room charges	\$ 1,000	2,512	2,512
Griffon Hall		3,774	3,774
Board charges	-	(*)	(*)

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

	<u>FY22</u>	<u>FY21</u>
Summer	\$ 15	\$ 15
Spring and fall	41	41

* 2022 Room and Board charges are per semester: \$2,025 for the All Access meal plan, \$2,165 for the 15-meal plan and \$2,385 for the 10-meal plan.

**2021 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.