




**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, 2023 and 2022



Missouri Western State University
A Component Unit of the State of Missouri
June 30, 2023 and 2022

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Missouri Western State University

A Component Unit of the State of Missouri

Management's Introduction

Years Ended June 30, 2023 and 2022

Overview

Missouri Western State University is a four-year public institution that 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 27 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 70 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 participates in regular strategic planning to ensure institutional and unit alignment with our mission and vision, as well as provide a unified direction and trajectory of the University. The current plan, *Pathways to Excellence*, was adopted July 2, 2018 and is effective through 2025. 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 2021 and runs 2021-2025.

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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. The full review will take place during the 2026-2027 academic year.

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
- 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 57 degree programs, including 39 Bachelor's, seven Master's, four Associates, four Graduate certificates and three Undergraduate certificates.

Our largest degree programs are:

- **Nursing:** 497 majors
- **Psychology:** 167 majors
- **Criminal Justice:** 163 majors
- **Management:** 161 majors
- **Business:** 143 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 (2021) focuses on this designation, and drives the strategies for Academic Affairs.

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Campus Environment

In Fiscal Year 2023, the campus made improvements to McCarthy drive and Lot H as well as completing all ground work for the Cross Country project. The Spring Sports Complex received cabling and conduit, while Scanlon Hall received cameras to accommodate the Kansas City Chiefs. The year saw numerous improvements to buildings on campus that included renovations and repairs to HVAC units in Popplewell Hall, Blum Union and the Innovation Stockyards. Other renovations occurred in Judah Hall, Beshears, Spratt Hall, Fulkerson Center, the Athletics KCP&L room and the Football locker room. Vartebedian hall had many renovations due to a water break from a natural disaster and a golf simulator room was constructed in Looney. Perhaps the most exciting news was the creation of a Respiratory Lab in Murphy Hall.

In Fiscal Year 2022, the campus received several improvements including new HVAC units for Agenstein, Baker Fitness, Blum Union, Hearn, Looney Complex, Student Commons, and Griffon, Vaselakos, and Remington Halls. New roofs were installed for Eder Hall, Hearn, and Murphy. Other improvements included renovations to the elevators in Hearn, 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 Judah 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.

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 2021.

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 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, 2023 and 2022, 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, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 opinion, insofar as it relates to the amounts included for the Foundation is based solely on the reports 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 (*Government Auditing Standards*). 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*.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, in 2023, the University adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit information 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 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The 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*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 GAAS. 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 management's introduction and information required for bonds as listed in the table of contents, 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 audit 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 January 11, 2024, 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
January 11, 2024

Missouri Western State University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
June 30, 2023 and 2022

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, 2023 and 2022. 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 2023 and 2022

A review of the University's net position at June 30, 2023 reflects an increase of \$0.5 million or 1.06 percent to \$35.6 million. Operating revenues for the year ended June 30, 2023, which includes tuition and fees of \$20.6 million; federal, state and non-governmental grants and contracts of \$0.4 million; auxiliary revenues of \$5.5 million; and other revenues of \$1.6 million, decreased by \$2.2 million to \$28.1 million.

Operating expenses decreased by \$4.2 million to \$62.1 million, resulting in an operating loss of \$34.0 million. Operating expenses included depreciation of \$7.1 million. This operating loss of \$34.0 million and net nonoperating and other capital revenues of \$34.3 million resulted in an increase in net position of \$0.3 million.

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Comparative Analysis of Fiscal Years 2022 and 2021

A review of the University's net position at June 30, 2022 reflects an increase of \$12.0 million or 51.6 percent to \$35.2 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 \$0.2 million; auxiliary revenues of \$7.8 million; and other revenues of \$0.8 million, decreased by \$.5 million to \$30.3 million.

Operating expenses increased by \$1.7 million to \$66.3 million, resulting in an operating loss of \$36.0 million. Operating expenses included depreciation of \$6.1 million. This operating loss of \$36.0 million and net nonoperating and other capital revenues of \$48.9 million resulted in an increase in net position of \$12.0 million.

Net Position

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

Adoption of GASB Statement No. 96

As discussed in Note 1 to the financial statements, in 2023, the University adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. The 2021 comparative information contained herein has not been adjusted for adoption of GASB 96.

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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, 2023, 2022 and 2021, is as follows:

Net Position
As of June 30
(In millions)

	2023	2022 (Restated)	2021
Current Assets	\$ 16.3	\$ 18.0	\$ 18.1
Noncurrent Assets			
Capital assets, net of depreciation and amortization	119.7	122.1	115.5
Total assets	<u>\$ 136.0</u>	<u>\$ 140.1</u>	<u>\$ 133.6</u>
Deferred Outflows of Resources	<u>10.8</u>	<u>8.8</u>	<u>9.7</u>
Total assets and deferred outflows of resources	<u>\$ 146.8</u>	<u>\$ 148.9</u>	<u>\$ 143.3</u>
Current Liabilities	\$ 10.0	\$ 8.7	\$ 9.6
Noncurrent Liabilities	97.5	89.4	105.7
Total liabilities	<u>\$ 107.5</u>	<u>\$ 98.1</u>	<u>\$ 115.3</u>
Deferred Inflows of Resources	<u>3.7</u>	<u>15.6</u>	<u>4.8</u>
Total liabilities and deferred inflows of resources	<u>\$ 111.2</u>	<u>\$ 113.7</u>	<u>\$ 120.1</u>
Net Position			
Net investment in capital assets	\$ 79.4	\$ 79.4	\$ 70.3
Restricted	0.5	0.5	0.9
Unrestricted (deficit)	<u>(44.3)</u>	<u>(44.7)</u>	<u>(48.0)</u>
Total net position	<u>\$ 35.6</u>	<u>\$ 35.2</u>	<u>\$ 23.2</u>

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Comparative Analysis of Fiscal Years 2023 and 2022

Current assets decreased by \$1.7 million.

Noncurrent assets decreased by \$2.4 million or 1.9 percent from \$122.1 million to \$119.7 million. Capital assets, included additions of \$5.2 million, retirements of \$1.2 million, and depreciation of \$5.2 million.

Deferred outflows increased by \$2.0 million or 22.3 percent from \$8.8 million to \$10.8 million due primarily to a decrease in our proportionate share of collective outflows for MOSERS.

Noncurrent liabilities increased by \$8.1 million or 9.6 percent from \$89.4 million to \$97.5 million. This is due to an increase in net pension liability of \$11.2 million, long-term debt decreased by \$2.2 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 and OPEB liability increased by \$0.04 million.

Deferred inflows decreased by \$11.9 million due to the recognition of the proportionate share of the unfunded MOSERS.

Comparative Analysis of Fiscal Years 2022 and 2021

Current assets remained constant at \$18.1 million.

Noncurrent assets increased by \$6.6 million or 5.7 percent from \$115.5 million to \$122.1 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 \$.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 \$16.3 million or 18.2 percent from \$105.7 million to \$89.4 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, added subscription obligations of \$0.4 million, 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.

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Capital Assets, Net
June 30, 2023
(In millions)

	Cost	Accumulated Depreciation and Amortization	Net Capital Assets
Land	\$ 0.3	\$ -	\$ 0.3
Land improvements	16.9	8.4	8.3
Buildings and improvements	191.3	85.9	105.7
Furniture, fixtures and equipment	21.7	18.1	3.5
Library materials	3.6	3.4	0.2
Construction in progress	0.6	-	0.6
Subscription arrangements	1.9	0.7	1.2
Total Capital Assets	\$ 236.3	\$ 116.5	\$ 119.8

Comparative Analysis of Fiscal Years 2023 and 2022

In 2023, the University completed numerous renovations that included \$0.5 million in land improvements; building improvements of \$1.9 million that included HVAC's and renovations of numerous buildings, \$1.0 million in furniture, fixtures and equipment, and \$0.6 million in construction in progress. The University also recognized Subscription-Based Information Technology Arrangements in the amount of \$1.1 million.

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's, 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.

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Analysis of Net Position
June 30
(In millions)

	2023	2022 (Restated)	2021
Net investment in capital assets	\$ 79.4	\$ 79.4	\$ 70.3
Restricted	0.5	0.5	0.9
Unrestricted (deficit)	(44.3)	(44.7)	(48.0)
Total	\$ 35.6	\$ 35.2	\$ 23.2

Comparative Analysis of Fiscal Years 2023 and 2022

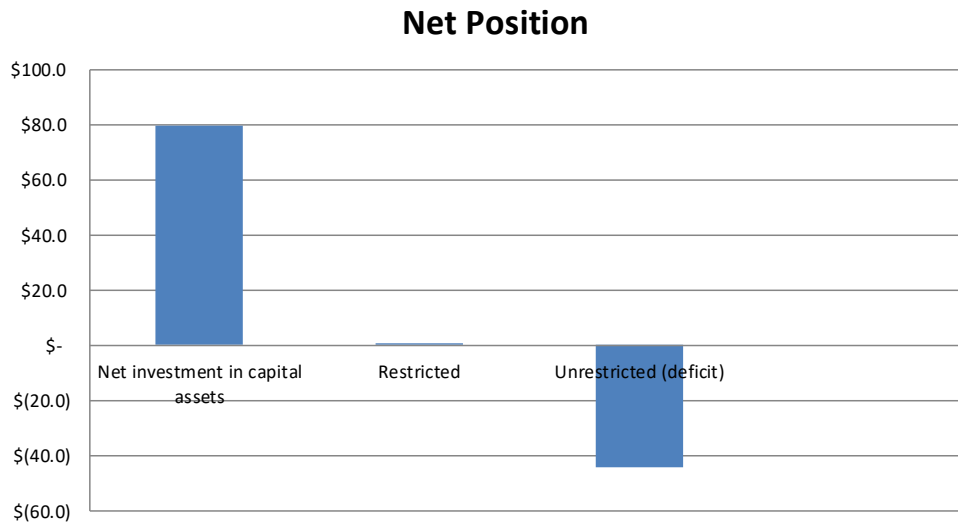
Net position increased by 1.0 percent or \$0.4 million from fiscal year 2022 to 2023. The net position is comprised of unrestricted operating of \$13.3 million, and unrestricted GASB 68 and 75 of (\$52.6) million; restricted for loans and other of \$0.1 million; and restricted for debt service agreement for repairs and maintenance of \$0.4 million; net investment in capital assets of \$79.4 million.

Comparative Analysis of Fiscal Years 2022 and 2021

Net position increased by 34 percent or \$12 million from fiscal year 2021 to 2022. The net position is comprised of unrestricted operating of \$12.2 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 \$79.4 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, 2023 *(in millions)*.



Analysis of Unrestricted Net Position (Deficit)
As of June 30
(In millions)

	2023	2022 (Restated)	2021
Operating Fund			
Unrestricted Funds	\$ (51.5)	\$ (55.3)	\$ (58.2)
Designated Funds	5.2	5.2	4.4
	<u>(46.3)</u>	<u>(50.1)</u>	<u>(53.8)</u>
Auxiliary Fund			
Unrestricted Funds	<u>2.0</u>	<u>5.4</u>	<u>5.8</u>
Total	<u>\$ (44.3)</u>	<u>\$ (44.7)</u>	<u>\$ (48.0)</u>

Missouri Western State University
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Management's Discussion and Analysis
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Operating Results

The Statements of Revenues, Expenses and Changes in Net Position present the University's results of operations. The statements distinguish revenues and expenses between operating and non-operating categories, and provide a view of the University's operating margin. Comparative summary statements of revenues, expenses and changes in net position for the years ended June 30, 2023, 2022 and 2021 are as follows:

Operating Results
Years Ended June 30
(In millions)

	2023	2022 (Restated)	2021
Operating Revenues			
Tuition and fees	\$ 20.6	\$ 21.4	\$ 21.5
Federal grants and contracts	0.3	0.3	0.2
State grants and contracts	-	0.0	0.2
Non-governmental grants and contracts	0.1	0.0	0.1
Auxiliary enterprises	5.6	7.8	7.2
Other	1.6	0.8	0.6
Total operating revenues	28.2	30.3	29.8
Operating Expenses	62.1	66.3	64.6
Operating Loss	(34.0)	(36.0)	(34.8)
Nonoperating Revenues (Expenses)			
State appropriations	23.6	22.3	19.6
Federal grants	7.0	21.1	12.8
State and local grants	0.1	0.4	4.5
Contributions	4.6	2.7	4.2
Interest income	0.4	0.1	0.1
Loss on disposal of capital assets	(0.5)	(0.3)	(0.0)
Interest on capital asset – related debt	(1.7)	(1.8)	(1.9)
Net nonoperating revenues	33.5	44.9	39.3
Capital Appropriations	0.3	2.6	2.0
Capital Revenues	0.5	0.6	0.5
Increase in Net Position	0.3	12.1	7.0
Net Position, Beginning of Year	35.2	23.2	16.2
Net Position, End of Year	\$ 35.5	\$ 35.2	\$ 23.2

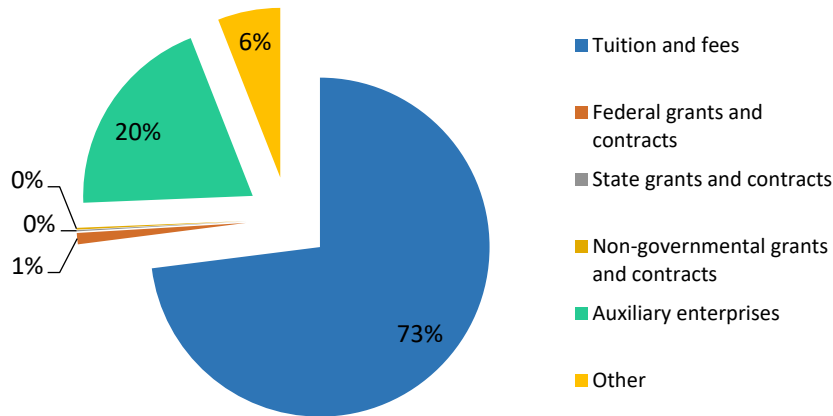
Missouri Western State University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
June 30, 2023 and 2022

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.

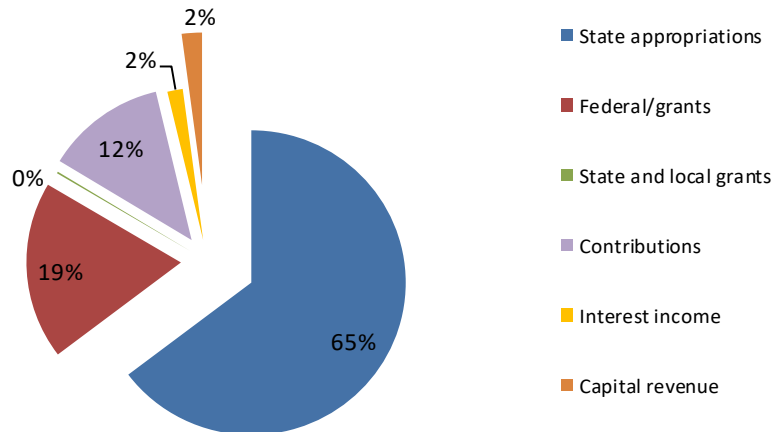
In Fiscal Year 2023, total operating revenues had an decrease of 7.3 percent from \$30.3 million to \$28.2 million.

The following are graphic illustrations of revenues by source for the year ended June 30, 2023.

Operating Revenues



Nonoperating Revenues



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In Fiscal Year 2023, nonoperating and capital revenues decreased by \$13.8 million or 27 percent from \$50.2 million to \$36.5 million due primarily from the following increases (decreases) in millions:

Nonoperating Revenue and Capital Gifts

State of MO Appropriation	\$	1.2
State and Local Grants		(0.4)
Capital Gifts		(2.4)
Federal Grants		(14.3)
Contributions		1.8
Interest Income		0.3
		0.3
Total Nonoperating Revenue and Capital Gifts	\$	(13.8)
		(13.8)

In Fiscal Year 2022, nonoperating and capital revenues increased by \$6.3 million or 14.5 percent from \$43.6 million to \$49.9 million due primarily from the following increases (decreases) in millions:

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)
		(0.2)
Total Nonoperating Revenue and Capital Gifts	\$	6.3
		6.3

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Management's Discussion and Analysis
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Operating Expenses
Years Ended June 30
(In millions)

	2023	2022 (Restated)	2021
Compensation	\$ 34.4	\$ 31.6	\$ 39.2
Scholarships	4.6	12.1	6.2
Supplies and other services	13.9	14.7	11.4
Depreciation and amortization	7.1	6.1	5.6
Utilities	2.1	1.9	2.2
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 62.1</u>	<u>\$ 66.4</u>	<u>\$ 64.6</u>

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.

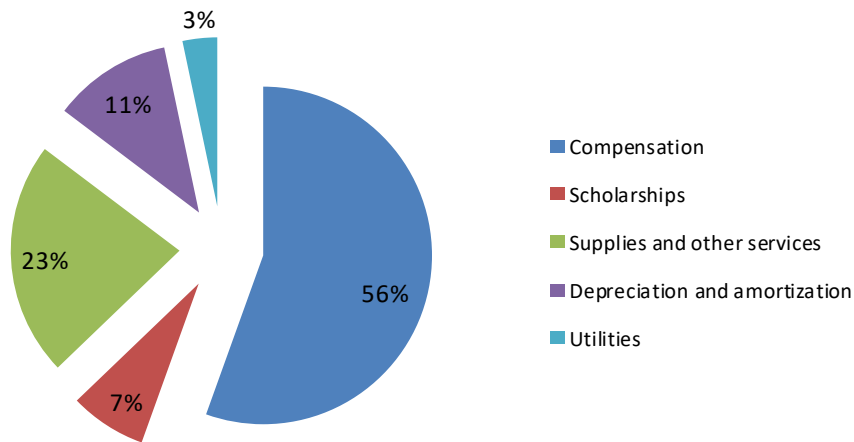
During 2023, 2022 and 2021, tuition fee waivers are reported as a reduction in revenue rather than scholarships and amounted to approximately \$7.0, \$7.2 and \$8.1 million, respectively. Federal Pell Grants and Federal Education Opportunity Grants outlays are recorded as nonoperating revenue and amounted to approximately \$5.9, \$6.2 and \$7.2 million, respectively.

Missouri Western State University
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Management’s Discussion and Analysis
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Comparative Analysis of Fiscal Years 2023 and 2022

In 2023, the University’s operating expenses decreased by \$4.3 million, or 6 percent. The decrease is due to a decrease of \$7.5 million in scholarships, an increase in compensation of \$2.9 million, an increase in depreciation and amortization of \$1.0 million and an increase in utility expense of \$.1 million.

Operating Expenses



Comparative Analysis of Fiscal Years 2022 and 2021

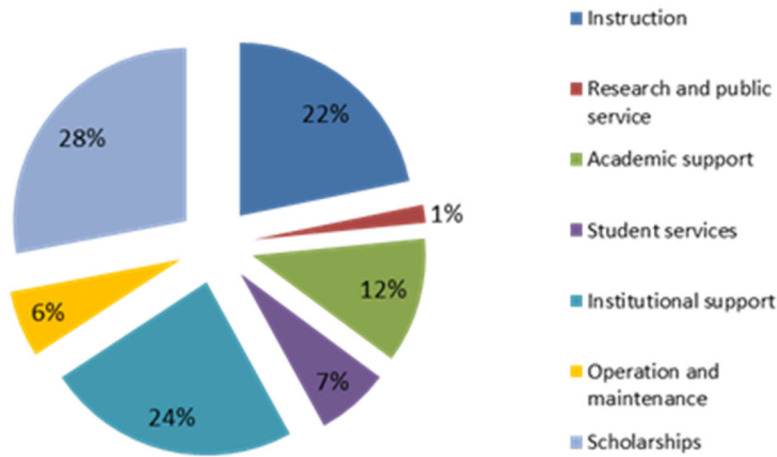
In 2022, the University’s operating expenses increased by \$1.8 million, or 2.8 percent. The increase is due to a decrease of \$7.7 million in compensation, primarily driven by a decrease in pension (GASB 68) expense, an increase in supplies and other services of \$3.4 million, an increase in scholarships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

Missouri Western State University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
June 30, 2023 and 2022

Analysis of Educational and General Operating Expenses
By Functional Classification
June 30, 2023
(In millions)

The following is a graphic illustration of educational and general operating expenses at June 30, 2023.

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, Academic Support combined represent 70 percent of total educational and general expenses. Institutional Support and Operation & Maintenance, 30 percent, makes up the remainder.

Missouri Western State University
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Management's Discussion and Analysis
June 30, 2023 and 2022

Cash Flows

The Statements of Cash Flows provides a view of the sources and uses of the University's cash resources. Comparative summary statements of cash flows for the years ended June 30, 2023, 2022 and 2021 are as follows:

Cash Flows
Years Ended June 30
(In millions)

	2023	2022 (Restated)	2021
Cash Provided by (Used in)			
Operating activities	\$ (30.9)	\$ (33.5)	\$ (26.9)
Noncapital financing activities	35.3	46.9	41.1
Capital and related financing activities	(8.2)	(13.7)	(10.1)
Investing activities	0.4	-	0.0
Change in Cash and Cash Equivalents	(3.4)	(0.3)	4.1
Cash and Cash Equivalents, Beginning of Year	14.2	14.5	10.4
Cash and Cash Equivalents, End of Year	\$ 10.8	\$ 14.2	\$ 14.5

Comparative Analysis of Fiscal Years 2023 and 2022

Cash and cash equivalents at June 30, 2023 were \$10.8 million, which was a decrease of \$3.4 million from 2022. 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 2023, cash used in operating activities was \$30.9 million which was an decrease of \$1.8 million. This was a result of receipts from tuition and fees, grants and contracts and auxiliary enterprise charges less payments to employees and suppliers. Cash provided by noncapital financing activities, primarily state appropriations, federal grants and state and local grants was \$30.7 million and \$4.6 million in contributions. Cash used for capital and related financing activities decreased by \$5.5 million, which consisted of the purchases of capital assets of \$4.0 million and capital gifts recognized of \$.8 million. The payment of debt service for 2023 was \$5.0 million for principal and interest. Investing activities amounted to an increase of \$0.4 million, which primarily were the result of interest rates on bank funds.

Missouri Western State University
A Component Unit of the State of Missouri
Management's Discussion and Analysis
June 30, 2023 and 2022

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 \$.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 \$.7 million and state capital appropriations of \$2.0 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 \$0.01 million, which primarily were the result of 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, 2023 and 2022

Assets and Deferred Outflows of Resources

	2023	2022 (Restated)
Current Assets		
Cash and cash equivalents	\$ 10,482,430	\$ 13,886,588
Accounts receivable, net of allowance of \$1,014,238 in 2023 and \$1,037,096 in 2022	4,871,701	3,140,915
Prepaid expenses	570,984	624,525
Restricted cash and cash equivalents	356,833	366,080
Total current assets	16,281,948	18,018,108
Noncurrent Assets		
Capital assets, net	119,721,689	122,111,984
Total noncurrent assets	119,721,689	122,111,984
Total assets	136,003,636	140,130,092
Deferred Outflows of Resources		
Deferred losses on debt refundings	692,466	767,328
Contributions to MOSERS subsequent to the measurement date	4,626,174	3,781,195
Proportionate share of MOSERS pension related items	5,183,872	3,998,791
Other postemployment benefits related items	256,992	286,250
Total deferred outflows of resources	10,759,504	8,833,564
Total assets and deferred outflows of resources	\$ 146,763,140	\$ 148,963,656

See Notes to Financial Statements

Liabilities and Deferred Inflows of Resources

	2023	2022 (Restated)
Current Liabilities		
Accounts payable and accrued liabilities	\$ 4,299,701	\$ 3,552,163
Accrued compensated absences	694,500	544,878
Unearned revenue	1,144,380	1,180,598
Interest payable	383,320	403,451
Long-term debt - current portion	<u>3,431,994</u>	<u>3,021,541</u>
Total current liabilities	<u>9,953,895</u>	<u>8,702,631</u>
Noncurrent Liabilities		
Accrued compensated absences	585,224	717,294
Unearned revenue	282,426	715,729
Other postemployment benefit liability	1,159,075	1,121,845
Net pension liability	57,803,571	46,559,543
Long-term debt, net	<u>37,698,698</u>	<u>40,307,712</u>
Total noncurrent liabilities	<u>97,528,994</u>	<u>89,422,123</u>
Total liabilities	<u>107,482,890</u>	<u>98,124,754</u>
Deferred Inflows of Resources		
Proportionate share of MOSERS pension related items	3,394,096	15,263,696
Other postemployment benefits related items	<u>324,594</u>	<u>385,572</u>
Total deferred inflows of resources	<u>3,718,690</u>	<u>15,649,268</u>
Total liabilities and deferred inflows of resources	<u>111,201,580</u>	<u>113,774,022</u>
Net Position		
Net investment in capital assets	79,336,801	79,397,703
Restricted, expendable for		
Scholarships, fellowships and other	102,924	102,924
Loans	82,483	82,483
Debt service	356,474	356,474
Unrestricted (Deficit)	<u>(44,317,122)</u>	<u>(44,749,950)</u>
Total net position	<u>\$ 35,561,560</u>	<u>\$ 35,189,634</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, 2023 and 2022

Assets

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash	\$ 2,284,971	\$ 2,311,486
Pledges receivable, net – current portion	694,420	146,437
Pledges receivable, net – gifts-in-kind	1,735	9,107
Notes receivable, net – current portion	3,741	8,094
Interest, dividends and other receivables	76,934	58,374
Prepaid expense	<u>14,128</u>	<u>7,905</u>
Total current assets	<u>3,075,929</u>	<u>2,541,403</u>
Investments		
Investments	44,539,304	43,027,535
Mineral rights	70,918	62,608
Cash surrender value of life insurance	<u>567,651</u>	<u>551,948</u>
Total investments	<u>45,177,873</u>	<u>43,642,091</u>
Fixed Assets		
Artwork	98,808	98,808
Equipment, at cost	<u>22,140</u>	<u>19,698</u>
Total fixed assets	120,948	118,506
Less accumulated depreciation	<u>17,831</u>	<u>16,799</u>
Net fixed assets	<u>103,117</u>	<u>101,707</u>
Other Assets		
Pledges receivable, net	459,411	402,376
Notes receivable, net	-	3,653
Beneficial interest in perpetual trusts	5,104,954	5,061,288
Other equity interests	<u>1,106,818</u>	<u>1,106,818</u>
Total other assets	<u>6,671,183</u>	<u>6,574,135</u>
Total assets	<u>\$ 55,028,102</u>	<u>\$ 52,859,336</u>

See Notes to Financial Statements

Liabilities and Net Assets

	<u>2023</u>	<u>2022</u>
Current Liabilities		
Accounts payable	\$ 1,287,871	\$ 792,912
Deferred revenue	<u>164,262</u>	<u>135,259</u>
Total current liabilities	<u>1,452,133</u>	<u>928,171</u>
Net Assets		
Without donor restrictions		
General operating	1,381,017	1,156,276
Board designated	<u>3,221,468</u>	<u>3,045,604</u>
Total without donor restrictions	<u>4,602,485</u>	<u>4,201,880</u>
With donor restrictions		
Purpose restrictions	19,692,537	18,595,247
Time restrictions	324,758	339,039
Perpetual in nature	<u>28,956,189</u>	<u>28,794,999</u>
Total with donor restrictions	<u>48,973,484</u>	<u>47,729,285</u>
Total net assets	<u>53,575,969</u>	<u>51,931,165</u>
Total liabilities and net assets	<u>\$ 55,028,102</u>	<u>\$ 52,859,336</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, 2023 and 2022

	2023	2022 Restated
Operating Revenues		
Tuition and fees, net	\$ 20,556,304	\$ 21,388,982
Federal grants and contracts	300,394	262,958
State grants and contracts	35,267	38,769
Non-governmental grants and contracts	50,000	35,000
Interest on student loans receivable	11,269	16,710
Sales and services of educational activities	359,593	370,148
Auxiliary enterprises, net	5,541,608	7,776,378
Other operating revenues	1,308,817	366,262
Total operating revenues	<u>28,163,252</u>	<u>30,255,207</u>
Operating Expenses		
Salaries and wages	26,873,039	25,154,375
Fringe benefits	7,570,172	6,402,553
Supplies and other services	13,939,832	14,523,514
Scholarships and fellowships	4,554,232	12,090,719
Depreciation and amortization	7,077,104	6,174,740
Utilities	2,051,747	1,945,795
Total operating expenses	<u>62,066,126</u>	<u>66,291,696</u>
Operating Loss	<u>(33,902,874)</u>	<u>(36,036,489)</u>
Nonoperating Revenues (Expenses)		
State appropriations	23,586,189	22,377,788
Federal grants	6,867,708	21,138,652
State and local grants	62,470	457,215
Federal interest rebate	176,593	233,975
Contributions	4,592,855	2,745,011
Interest income	412,153	39,230
Loss on disposal of capital assets	(477,670)	(321,736)
Interest on capital asset-related debt	(1,715,886)	(1,817,670)
Net nonoperating revenues	<u>33,504,412</u>	<u>44,852,465</u>
Income (Loss) Before Capital Revenues	(398,462)	8,815,976
Capital Revenues	<u>770,388</u>	<u>3,160,489</u>
Increase in Net Position	371,926	11,976,465
Net Position, Beginning of Year	<u>35,189,634</u>	<u>23,213,169</u>
Net Position, End of Year	<u>\$ 35,561,560</u>	<u>\$ 35,189,634</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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 390,007	\$ 1,775,728	\$ 2,165,735
In-kind contributions	-	190,477	190,477
Investment income	439,336	3,394,325	3,833,661
Mineral rights royalties	13,110	-	13,110
Other income	56,767	1,293,233	1,350,000
Change in value of beneficial interest in perpetual trusts	-	43,666	43,666
Net assets released from donor restrictions	5,453,230	(5,453,230)	-
	<u>6,352,450</u>	<u>1,244,199</u>	<u>7,596,649</u>
Expenses			
Program services			
Scholarships	984,772	-	984,772
Allocations	4,325,379	-	4,325,379
	<u>5,310,151</u>	<u>-</u>	<u>5,310,151</u>
Support services			
General and administrative	459,966	-	459,966
Fundraising	181,728	-	181,728
	<u>641,694</u>	<u>-</u>	<u>641,694</u>
	<u>5,951,845</u>	<u>-</u>	<u>5,951,845</u>
Change in Net Assets	400,605	1,244,199	1,644,804
Net Assets, Beginning of Year	<u>4,201,880</u>	<u>47,729,285</u>	<u>51,931,165</u>
Net Assets, End of Year	<u>\$ 4,602,485</u>	<u>\$ 48,973,484</u>	<u>\$ 53,575,969</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 loss	(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			
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 Functional Expenses
Year Ended June 30, 2023

	<u>Program Services</u>		<u>Support Services</u>		<u>Total Expenses</u>
	<u>Scholarships</u>	<u>Allocations</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Scholarships	\$ 984,772	\$ -	\$ -	\$ -	\$ 984,772
Allocations	-	4,325,379	-	-	4,325,379
Uncollectible pledges	-	-	144,779	-	144,779
Depreciation	-	-	1,032	-	1,032
Fundraising events	-	-	-	70,826	70,826
Reimbursed office expenses					
Salaries and benefits	-	-	196,789	107,710	304,499
Professional development	-	-	3,001	-	3,001
Repairs and maintenance	-	-	26,210	2,912	29,122
Office expenses	-	-	3,569	-	3,569
Professional fees	-	-	24,150	-	24,150
Occupancy	-	-	32,028	-	32,028
Travel	-	-	356	-	356
Insurance and taxes	-	-	8,175	-	8,175
Duplicating and postage	-	-	2,523	280	2,803
Utilities and telephone	-	-	1,387	-	1,387
Dues and subscriptions	-	-	146	-	146
Bank service and credit card fees	-	-	12,595	-	12,595
Conferences, conventions and meetings	-	-	3,226	-	3,226
 Total expenses by function	 <u>\$ 984,772</u>	 <u>\$ 4,325,379</u>	 <u>\$ 459,966</u>	 <u>\$ 181,728</u>	 <u>\$ 5,951,845</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		Support 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
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

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022 (Restated)
Cash Flows from Operating Activities		
Tuition and fees	\$ 19,834,698	\$ 21,111,717
Grants and contracts	5,827	518,364
Payments to suppliers	(15,939,190)	(16,866,055)
Payments to employees	(36,773,173)	(33,945,960)
Sales and services of auxiliary enterprises	5,225,788	7,283,168
Other payments	(3,211,517)	(11,629,141)
Net cash used in operating activities	(30,857,567)	(33,527,907)
Cash Flows from Noncapital Financing Activities		
State appropriations	23,586,189	22,377,788
Federal grants	7,044,301	21,372,627
State and local grants	62,470	457,215
Direct lending receipts	9,335,366	10,149,568
Direct lending payments	(9,335,366)	(10,149,568)
Contributions	4,592,855	2,745,011
Net cash provided by noncapital financing activities	35,285,815	46,952,641
Cash Flows from Capital and Related Financing Activities		
Capital gifts received	770,388	3,160,489
Purchase of capital assets	(4,033,970)	(12,180,045)
Principal paid on long-term debt	(3,406,891)	(2,968,270)
Interest paid on long-term debt	(1,583,333)	(1,768,393)
Net cash used in capital and related financing activities	(8,253,806)	(13,756,219)
Cash Flows from Investing Activities		
Investment income	412,153	39,230
Net cash provided by investing activities	412,153	39,230
Decrease in Cash and Cash Equivalents	(3,413,405)	(292,255)
Cash and Cash Equivalents, Beginning of Year	14,252,668	14,544,923
Cash and Cash Equivalents, End of Year	\$ 10,839,263	\$ 14,252,668

Missouri Western State University
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Statements of Cash Flows (Continued)
Years Ended June 30, 2023 and 2022

	2023	2022 (Restated)
Reconciliation of Operating Loss to		
Net Cash Used in Operating Activities		
Operating loss	\$ (33,902,874)	\$ (36,036,489)
Depreciation and amortization expense	7,077,104	6,174,740
Bad debt expense	122,033	483,408
Changes in operating assets and liabilities		
Receivables, net	(1,852,819)	(555,353)
Prepaid expenses	53,541	(161,470)
Deferred outflows of resources - pension related	(1,971,544)	450,017
Deferred inflows of resources - OPEB related	(60,978)	311,102
Accounts payable and accrued liabilities	747,539	(1,134,314)
Other postemployment benefits liability	37,230	(164,615)
Net pension liability	11,244,028	(13,785,678)
Deferred outflows of resources - OPEB related	(29,258)	(128,082)
Deferred inflows of resources - pension related	(11,869,600)	11,016,635
Unearned revenue	(469,521)	(5,069)
Accrued compensated absences	17,552	7,261
	\$ (30,857,567)	\$ (33,527,907)
Net Cash Used in Operating Activities	\$ (30,857,567)	\$ (33,527,907)
Noncash Investing, Capital and Financing Activities		
Amortization of loss on refunding	\$ 74,862	\$ 74,862
Amortization of bond discount	5,950	5,957
Property and equipment in accounts payable	-	169,018
Assets acquired through subscription arrangements	1,130,510	307,000

Missouri Western State University

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Notes to Financial Statements

June 30, 2023 and 2022

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 3,848 undergraduate students and approximately 180 graduate students. The University has on-campus student housing that can accommodate approximately 27 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, St. Joseph, Missouri 64507.

Missouri Western State University

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

Basis of Accounting and Presentation

The financial statements of the University have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated non-exchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non-exchange transactions. Government-mandated non-exchange transactions that are not program specific (such as state appropriations), investment income and interest on capital asset-related debt are included in non-operating revenues and expenses. The University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available.

Use of Estimates

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

Cash and Cash Equivalents

The cash and cash equivalents represent balances at Southern Bank (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

A Component Unit of the State of Missouri

Notes to Financial Statements

June 30, 2023 and 2022

Accounts Receivable

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

Deferred Outflows of Resources

The University reports the consumption of net assets 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 assets 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 A Component Unit of the State of Missouri

Notes to Financial Statements

June 30, 2023 and 2022

Unearned Revenue

Unearned revenue at June 30, 2023 consists of unearned student and other fees of \$711,078 and Aramark unearned revenue of \$715,728. Unearned revenue at June 30, 2022 consists of unearned student fees of \$672,294 and Aramark unearned revenue of \$1,224,033.

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 \$692,466 and \$767,328 at June 30, 2023 and 2022, 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 (including subscription-based information technology arrangements assets) net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the University, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets, or restricted.

Classification of Revenues

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

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

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 non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting* and GASB No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, such as state appropriations and interest income.

Missouri Western State University

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Notes to Financial Statements

June 30, 2023 and 2022

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statements of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, are recorded as non-operating revenues and other governmental grants are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees for the years ended June 30, 2023 and 2022 was \$10,229,405 and \$9,115,951, respectively. The scholarship allowances on auxiliary enterprises for the years ended June 30, 2023 and 2022 was \$3,664,255 and \$2,348,199, 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. 96, *Subscription-Based Information Technology Arrangements* in 2023. Adoption of GASB 96 had no effect on beginning net position as of July 1, 2021.

Subscription Assets

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

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Notes to Financial Statements
June 30, 2023 and 2022

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, 2023 or 2022.

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, 2023 or 2022.

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, 2023 or 2022. The University's investment policy currently addresses custodial credit risk by requiring 110 percent collateralization on all investments.

Missouri Western State University
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Notes to Financial Statements
June 30, 2023 and 2022

Summary of Carrying Values

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

	2023	2022
Carrying value		
Deposits	\$ 10,839,263	\$ 14,252,668
Total	\$ 10,839,263	\$ 14,252,668
Included in the following statements of net position		
Cash and cash equivalents	\$ 10,482,430	\$ 13,886,588
Restricted cash and cash equivalents	356,833	366,080
	\$ 10,839,263	\$ 14,252,668

Investment Income

Investment income for the years ended June 30, 2023 and 2022 consisted of:

	2023	2022
Interest income	\$ 412,153	\$ 39,230

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Notes to Financial Statements
June 30, 2023 and 2022

Note 3: Capital Assets

Capital assets activity for the years ended June 30, 2023 and 2022 was:

	2023				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Cost					
Land	\$ 323,525	\$ -	\$ -	\$ -	\$ 323,525
Land improvements	16,353,692	521,168	-	34,555	16,909,415
Buildings and improvements	188,058,942	1,893,388	-	1,374,934	191,327,264
Furniture, fixtures and equipment	21,269,501	1,016,563	(626,666)	-	21,659,398
Construction in progress	1,796,422	582,194	(381,532)	(1,409,489)	587,595
Library materials	3,798,830	20,657	(196,923)	-	3,622,564
Subscription arrangements	729,798	1,130,510	-	-	1,860,308
	<u>232,330,710</u>	<u>5,164,480</u>	<u>(1,205,121)</u>	<u>-</u>	<u>236,290,069</u>
Less Accumulated Depreciation					
Land improvements	7,686,784	691,033	-	-	8,377,816
Buildings and improvements	81,213,738	4,647,554	-	-	85,861,292
Furniture, fixtures and equipment	17,629,776	1,077,238	(530,528)	-	18,176,487
Library materials	3,541,125	61,403	(196,923)	-	3,405,605
	<u>110,071,422</u>	<u>6,477,228</u>	<u>(727,451)</u>	<u>-</u>	<u>115,821,200</u>
Less Accumulated Amortization					
Subscription arrangements	147,304	599,876	-	-	747,180
	<u>147,304</u>	<u>599,876</u>	<u>-</u>	<u>-</u>	<u>747,180</u>
Net capital and subscription assets	<u>\$ 122,111,984</u>	<u>\$ (1,912,624)</u>	<u>\$ (477,670)</u>	<u>\$ -</u>	<u>\$ 119,721,689</u>

Missouri Western State University
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Notes to Financial Statements
June 30, 2023 and 2022

	2022 (Restated)				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
Subscription arrangements	422,798	307,000	-	-	729,798
	223,254,488	12,656,063	(3,579,841)	-	232,330,710
Less Accumulated Depreciation					
Land improvements	7,019,766	667,018	-	-	7,686,784
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
	107,302,091	6,027,436	(3,258,104)	-	110,071,422
Less Accumulated Amortization					
Subscription arrangements	-	147,304	-	-	147,304
Net capital and subscription assets	\$ 115,952,397	\$ 6,481,323	\$ (321,737)	\$ -	\$ 122,111,984

Missouri Western State University
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Notes to Financial Statements
June 30, 2023 and 2022

Note 4: Long-term Liabilities

The following is a summary of long-term obligation transactions for the University for the year ended June 30, 2023:

	2023				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and other long-term debt					
Auxiliary system revenue bonds					
– Series 2010B	\$ 9,950,000	\$ -	\$ (545,000)	\$ 9,405,000	\$ 565,000
Auxiliary refunding and improvement revenue bonds					
– Series 2012	14,915,000	-	(1,045,000)	13,870,000	1,070,000
Auxiliary system revenue bonds					
– Series 2015	11,775,000	-	(505,000)	11,270,000	515,000
Auxiliary system revenue bonds					
– Series 2018	2,880,000	-	(315,000)	2,565,000	330,000
Other	3,323,923	143,637	(462,367)	3,005,193	454,051
Subtotal bonds and other long-term debt	42,843,923	143,637	(2,872,367)	40,115,193	2,934,051
Discount on bond issuance	(53,337)	-	(5,950)	(47,387)	-
Total bonds	42,790,586	143,637	(2,878,317)	40,067,806	2,934,051
Subscription liabilities	538,667	1,058,743	(534,524)	1,062,886	497,943
	43,329,253	1,202,380	(3,412,841)	41,130,692	3,431,994
Other noncurrent liabilities					
Accrued compensated absences	1,262,172	2,775,562	(2,758,010)	1,279,724	694,500
Unearned revenue	1,896,327	19,597,925	(20,067,445)	1,426,807	1,144,380
Total noncurrent liabilities	<u>\$ 46,487,752</u>	<u>\$ 23,575,867</u>	<u>\$ (26,238,296)</u>	<u>\$ 43,837,223</u>	<u>\$ 5,270,874</u>

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

Notes to Financial Statements June 30, 2023 and 2022

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

	2022 (Restated)				
	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 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
Subscription liabilities	422,798	307,000	(191,131)	538,667	161,808
	45,984,566	307,000	(2,974,227)	43,329,253	3,021,541
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	\$ 49,140,873	\$ 4,049,324	\$ (6,714,359)	\$ 46,487,752	\$ 4,747,017

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 current refund \$4,420,000 of the Series 2008 Auxiliary Revenue Bonds, with interest rates of 3 percent to 5 percent. The Series 2008 Revenue Bonds were used for the construction and renovation of certain athletic facilities. Bond proceeds, funds from the University's Series 2008 reserve account, University funds and the October principal and interest payment for a total of \$4,580,025 were deposited into an escrow account with Commerce Bank (Trustee) for defeasance of the prior bond and to pay issuance costs for the Series 2018 Bonds. The University completed the refunding to reduce its total debt service requirements by \$1,327,992 over the next 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.

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Notes to Financial Statements

June 30, 2023 and 2022

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

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The debt service requirements of the bonds payable as of June 30, 2023 are as follows:

Year Ending June 30	Total to be Paid	Principal	Interest
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	3,906,997	2,825,000	1,081,997
2029 – 2033	17,836,987	14,150,000	3,686,987
2034 – 2039	10,404,174	9,735,000	669,174
	<u>\$ 47,890,613</u>	<u>\$ 37,110,000</u>	<u>\$ 10,780,613</u>

A comparison of pledged revenue for the payment of the bonds recognized for the years ended June 30, 2023 and 2022 to the principal and interest requirements of the bonds for those periods is as follows:

	2023	2022
Pledged revenue recognized	\$ 3,431,656	\$ 4,135,555
Principal and interest requirement	3,989,951	4,020,482

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

Housing and Dining Facilities: Two suite complexes, three apartment-style complexes, a living center, having an aggregate of 1,257 residential spaces, a Student Commons building and the Student Union Building. Dining options includes Western Dining Hall which features an all-you-can-eat buffet and the Student Union food court that features Chick-fil-A 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, 2023 at 110 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 \$356,474 at June 30, 2023 and 2022. 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 purchase contracts as of June 30, 2023 are as follows:

Year Ending June 30	Total to be Paid	Principal	Interest
2024	\$ 536,914	\$ 454,051	\$ 82,863
2025	536,913	468,899	68,014
2026	533,649	481,074	52,575
2027	404,549	365,298	39,251
2028	381,936	352,715	29,221
2029-2033	<u>913,400</u>	<u>883,157</u>	<u>30,243</u>
	<u>\$ 3,307,361</u>	<u>\$ 3,005,194</u>	<u>\$ 302,167</u>

In FY23, the University entered into a financed purchase contract with Pitney Bowes for the purchase of a postage machine for a total cost of \$31,550 and is financed by Pitney Bowes Global Financial Services LLC. The total principal and interest outstanding at June 30, 2023 is \$29,004 and the total depreciation expense for 2023 was \$3,155.

The University entered into a financed purchase contract energy saving project with Schneider Electric, a global specialist in energy management in FY16. The beginning total of principal and interest for this project was \$5,448,920 and was 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, 2023 is \$2,803,202. The total amount of accumulated depreciation that has been recorded since 2016 is \$2,462,862, with depreciation expense of \$369,708 in 2023.

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The University entered into a financed purchase contract for a New Holland L228 Skid Loader on February 14, 2021 for a total cost of \$45,722. The Skid Loader is used for snow removal, dirt work, grinding and various other projects around the campus. There was no principal or interest outstanding at June 30, 2023 as the lease was paid off in February of 2023. The total amount of accumulated depreciation that has been recorded since 2021 is \$28,616, with depreciation expense of \$6,604 in 2023.

The University also entered into a financed purchase contract financed 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, 2023 is \$354,116. The total amount of accumulated depreciation that has been recorded since 2020 is \$186,867, with depreciation expense of \$68,561 in 2023.

The University entered into a new financed purchase contract financed by the Lease Servicing Center, Inc. in FY23 for Baker Fitness Equipment for a total cost of \$112,087. The total principal and interest outstanding at June 30, 2023 is \$114,266. The total amount of accumulated depreciation that has been recorded since 2023 is \$15,568, with depreciation expense of \$15,568 in 2023. The prior financed purchase contract dated FY20 was terminated and the old equipment replaced with new equipment at the start of the new financed purchase contract.

Subscription Obligations

The University has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2026. Subscription obligations are measured at the present value of subscription payments expected to be made during the subscription term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance.

The University uses its internal borrowing rate of 3.53 percent which reflects the University's cost of debt, to calculate the present value and interest applied to each subscription obligation whenever a stated rate is unavailable. Interest recognized on these obligations for the years ended June 30, 2023 and 2022 was \$41,715 and \$14,709, respectively. Future payments on all subscription obligations at June 30, 2023, are as follows:

Year Ending June 30	Total to be Paid	Principal	Interest
2024	\$ 523,795	\$ 497,943	\$ 25,852
2025	563,675	558,418	5,257
2026	7,556	6,525	1,031
	<u>\$ 1,095,026</u>	<u>\$ 1,062,886</u>	<u>\$ 32,140</u>

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Note 5: Retirement Plan and Net Pension Liability

General Information about the Pension Plans

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

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

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.

Benefits provided. MOSERS provides retirement, disability and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific plan in which the employee participates, which is based on the employee's hire date. Information on the three plans administered by MOSERS (MSEP, MSEP 2000 and MSEP 2011 retirement plans) and how eligibility and the benefit amount is determined for each plan may be found in the Notes to the Financial Statements of MOSERS' 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, 2023 and 2022, were 26.33 percent and 23.51 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 \$4,626,174 and \$3,781,195 for the years ended June 30, 2023 and 2022, respectively.

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Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023 and 2022, the University reported a liability of \$57,803,571 and \$46,559,543, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates.

The University's proportion of the net pension liability was based on the University's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for MOSERS plan years ended June 30, 2023 and 2022. At the June 30, 2022 measurement date, the University's proportion was 0.81 percent, a decrease from its proportion measured using 0.83 percent as of the June 30, 2021 measurement date.

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

For the year ended June 30, 2023, the University recognized pension expense of \$1,975,180. At June 30, 2023, 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	\$ 15,473	\$ 736,521
Changes of assumptions	-	1,371,334
Net difference between projected and actual investment earnings and actual pension plan investments	-	3,076,017
Changes in proportion and differences between University contributions and proportionate share of contributions	3,378,623	-
University contributions subsequent to the measurement date of June 30, 2022	-	4,626,174
Total	\$ 3,394,096	\$ 9,810,046

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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

At June 30, 2023, there was \$4,626,174 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 ending June 30, 2024. 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 as follows:

2024	\$ (466,861)
2025	(47,755)
2026	(56,794)
2027	2,361,186
	\$ 1,789,776

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Actuarial assumptions. The total pension liability in the June 30, 2022 and 2021 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:

	2022	2021
Price Inflation	2.25 percent	2.25 percent
Salary Increases	2.75 percent to 10.00 percent including inflation	2.75 percent to 10.00 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, 2022 valuation was based on the results of the most recent complete actuarial experience study, which covered the five-year period ended June 30, 2018.

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, 2023 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>		7.8%
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, 2023 and 2022 was 6.95 percent and 6.95 percent, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University’s proportionate share of the net pension liability to changes in the discount rate. The following presents the University’s proportionate share of the net pension liability calculated using the current discount rate, 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 or 1-percentage-point higher than the current rate:

	2023		
	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
University’s proportionate share of net pension liability	\$ 72,303,923	\$ 57,803,571	\$ 45,689,647
	2022		
	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 annual comprehensive financial report, available at www.mosers.org.

Payables to pension plan. As of June 30, 2023, the University had payables of \$392,463 to MOSERS due to the timing of the monthly payroll paid on June 30, 2023, and of two bi-weekly payroll periods, one that started June 11, 2023 and ended June 24, 2023, and another that was a six day accrual that started June 25, 2023 and ended July 8, 2023. The \$392,463 was the portion of MOSERS allocated to June 30, 2023 but not paid until July 3, 2023 and July 17, 2023. 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

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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.

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 2023, 2022 and 2021. The University's contributions to the plan for the years ended June 30, 2023, 2022 and 2021 were \$388,055, \$401,240 and \$449,647, 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 \$788 to \$889 monthly for a single person or \$1,939 to \$2,188 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, 2023 and 2022, the following employees were covered by the benefit terms:

	2023	2022
Inactive employees or beneficiaries currently receiving benefit payments	9	9
Inactive employees entitled to but not yet receiving benefit payments	176	176
Active employees	326	326
	511	511

Total OPEB Liability

The University's total OPEB liability of \$1,159,075 and \$1,121,845 was measured as of June 30, 2022 and 2021, respectively, for the years then ended, and was determined by actuarial valuations as of January 1, 2022. Standard update procedures were used to roll-forward the total OPEB liability to June 30, 2023 and 2022.

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

	2023	2022
Inflation	2.75%	2.75%
Discount rate	4.00%	3.90%
Salary increases	2.50%	2.50%
Health care cost trend rates	6.75% for 2023, gradually decreasing to an ultimate rate of 4.5% for 2032 and beyond	7% for 2022, gradually decreasing to an ultimate rate of 4.5% for 2032 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-2022 and projected generationally for the year ended June 30, 2023. Mortality rates were based on the Pub-2010 trended back eight years using scale MP-2020 and projected generationally for the year ended June 30, 2022.

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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

	2023	2022
Balance, beginning of year	\$ 1,121,845	\$ 1,286,460
Service cost	24,815	53,265
Interest	43,144	27,801
Differences between expected and actual experience	38,873	189,734
Changes in assumptions or other inputs	(13,602)	(383,415)
Benefit payments	(56,000)	(52,000)
Net changes	37,230	(164,615)
Balance, end of year	\$ 1,159,075	\$ 1,121,845

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

The total OPEB liability of the University has been calculated using a discount rate of 4.00 percent for 2023 and 3.90 percent for 2022. The following presents the total OPEB liability using a discount rate 1 percent higher and 1 percent lower than the current discount rate.

	2023		
	1% Decrease 3.00%	Current Discount Rate 4.00%	1% Increase 5.00%
University's total OPEB liability	\$ 1,307,907	\$ 1,159,075	\$ 1,036,315

	2022		
	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

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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.

	2023		
	Healthcare Cost Trend		
	1% Decrease	Rates	1% Increase
University's total OPEB liability	\$ 1,005,675	\$ 1,159,075	\$ 1,333,487

	2022		
	Healthcare Cost Trend		
	1% Decrease	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, 2023 and 2022, the University recognized OPEB expense of \$61,510 and \$70,405, respectively. At June 30, 2023 and 2022, the University reported deferred outflows and deferred inflows of resources related to OPEB from the following source:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 167,918	\$ 32,267
Changes of assumptions	89,074	292,327
	<hr/>	<hr/>
Total	<u>\$ 256,992</u>	<u>\$ 324,594</u>

	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
	<hr/>	<hr/>
Total	<u>\$ 286,250</u>	<u>\$ 385,572</u>

Amounts reported as deferred inflows of resources at June 30, 2023, related to OPEB, will be recognized in OPEB expense as follows:

2024	\$ (6,449)
2025	(3,609)
2026	(11,316)
2027	(22,772)
2028	(23,456)
	<hr/>
	<u>\$ (67,602)</u>

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Note 7: Commitments and Contingencies

Claims and Litigation

The University is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The University's administration believes the ultimate disposition of the actions will not have a material effect on the financial statements of the University.

Government Grants

The University is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses, natural disasters and employee health and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to general liability and workers' compensation.

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

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Note 8: Capital Projects

Land Improvements

FY23 land improvements included various parking lot rebuilds for McCarthy drive and Lot H as well as the Cross Country Phase I project for total cost of \$374,002.

Infrastructure Improvements

FY23 infrastructure improvements included conduit and cable for the Spring Sports Complex in the amount of \$169,670 and a \$12,051 camera project for Scanlon to accommodate the Kansas City Chiefs for a total cost of \$181,721.

Building Improvements

FY23 building improvements in the amount of \$3,268,323 included renovations and repairs to the HVAC units in Popplewell Hall, Blum Union and the Innovation Stockyard at a cost of \$110,960; renovations to Judah Hall, Beshears, Spratt Hall, Fulkerson Center, the Athletic KCP&L Room and Football Locker room for \$1,936,593; construction of the golf simulator at a cost of \$48,341; the Blum Union roof repairs for \$257,360; construction of the Murphy Hall Respiratory lab at a cost of \$405,538 and the restoration of Vartabedian due to a natural disaster in the amount of \$509,531.

FY22 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; Hearnest 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.

Construction in Progress (CIP)

CIP includes a total of \$587,594 in projects that include: the Popplewell first floor office renovations of \$3,386, the Looney film room renovation costs of \$23,051 and \$561,157 for the CTAC building.

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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 2023 and 2022 are presented below.

Auxiliary System Condensed Statements of Net Position
As of June 30, 2023 and 2022

	2023	2022
Assets		
Current assets	\$ 4,697,940	\$ 2,377,975
Capital assets, net	56,886,366	56,421,878
Total Assets	61,584,306	58,799,853
Deferred Outflows of Resources	692,466	767,328
Total Assets and Deferred Outflows of Resources	\$ 62,276,772	\$ 59,567,181
Liabilities		
Current liabilities	\$ 4,128,924	\$ 4,381,241
Long-term liabilities	50,433,358	47,843,805
Total liabilities	54,562,282	52,225,046
Net Position		
Invested in capital assets	4,253,119	6,499,635
Unrestricted	3,161,371	542,500
Restricted	300,000	300,000
Total net position	\$ 7,714,490	\$ 7,342,135

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**Auxiliary System Condensed Statements of Revenues,
Expenses and Changes in Net Position**
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues	\$ 9,717,813	\$ 7,776,378
Depreciation Expense	(2,435,083)	(2,309,766)
Other Operating Expenses	<u>(16,549,012)</u>	<u>(16,704,503)</u>
Operating loss	<u>(9,266,282)</u>	<u>(11,237,891)</u>
Nonoperating Revenues (Expenses)		
Interest expense	(1,628,514)	(1,706,504)
Other nonoperating revenues	<u>10,758,848</u>	<u>11,683,216</u>
Income before Capital Revenues	<u>9,130,334</u>	<u>9,976,712</u>
Capital Revenues	<u>508,303</u>	<u>527,352</u>
Increase (Decrease) in Net Position	<u>372,355</u>	<u>(733,827)</u>
Net Position, Beginning of Year	<u>7,342,135</u>	<u>8,075,962</u>
Net Position, End of Year	<u><u>\$ 7,714,490</u></u>	<u><u>\$ 7,342,135</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:

	2023	2022
Money market funds and CDs	\$ 907,136	\$ 2,664,134
Common stock and equity mutual funds	24,935,705	23,448,995
U.S. Government bonds and fixed income mutual funds	18,413,318	16,115,559
Alternative investments	283,145	798,847
	<u> </u>	<u> </u>
Total investment securities	<u>\$ 44,539,304</u>	<u>\$ 43,027,535</u>

Investment returns for the years ended June 30, 2023 and 2022 consist of the following:

	2023	2022
Investment income	\$ 1,231,978	\$ 1,000,629
Net realized gains (losses)	(82,056)	3,860,858
Net unrealized gains (losses)	2,817,664	(11,174,341)
	<u> </u>	<u> </u>
Total investment return	<u>\$ 3,967,586</u>	<u>\$ (6,312,854)</u>
	<u> </u>	<u> </u>
Total investment fees	<u>\$ 133,925</u>	<u>\$ 152,414</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, 2023 and 2022, are as follows:

	Fair Value	2023 Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock and equity mutual funds				
Foreign	\$ 4,678,495	\$ 4,678,495	\$ -	\$ -
Energy minerals	358,096	358,096	-	-
Technology services	766,684	766,684	-	-
Finance	916,980	916,980	-	-
Electronic technology	2,133,419	2,133,419	-	-
Consumer	1,317,601	1,317,601	-	-
Health technology	582,111	582,111	-	-
Health care	553,774	553,774	-	-
Domestic equity	689,050	689,050	-	-
Utilities	224,055	224,055	-	-
Telecommunications	403,489	403,489	-	-
Industrials	392,643	392,643	-	-
Materials	81,057	81,057	-	-
All other common stocks	530,314	530,314	-	-
Equity mutual funds	11,307,937	11,307,937	-	-
U.S. Government issues	2,814,764	1,583,366	1,231,398	-
Corporate issues	3,790,450	632,061	3,158,389	-
Foreign issues	235,880	-	235,880	-
Taxable municipal issues	385,983	-	385,983	-
Fixed income mutual funds	11,186,241	11,186,241	-	-
Alternative funds	283,145	283,145	-	-
Beneficial interest in perpetual trusts	5,104,954	-	-	5,104,954
	<u>\$ 48,737,122</u>	<u>\$ 38,620,518</u>	<u>\$ 5,011,650</u>	<u>\$ 5,104,954</u>

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	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)	
	Fair Value			
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	-
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>

The Foundation had other equity interests of \$1,106,818, cash equivalents and CDs of \$907,136 carried at cost for the year ended June 30, 2023. The Foundation had other equity interest of \$1,106,818, cash equivalents and CDs of \$2,664,134 carried at cost for the year ended June 30, 2022.

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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, 2023 and 2022.

	Beneficial Interest in Perpetual Trusts
Balance, June 30, 2021	\$ 6,024,864
Change in fair market value	<u>(963,576)</u>
Balance, June 30, 2022	5,061,288
Change in fair market value	<u>43,666</u>
Balance, June 30, 2023	<u><u>\$ 5,104,954</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:

	2023	2022
Total pledges receivable	\$ 1,287,268	\$ 666,923
Less allowance for uncollectible pledges	45,287	29,638
Less unamortized discount	88,150	88,472
Net pledges receivable	1,153,831	548,813
Less pledges receivable, current portion	694,420	146,437
 Net pledges receivable, long-term	 \$ 459,411	 \$ 402,376
Amount due in		
Less than one year	\$ 739,707	\$ 176,075
One to five years	148,825	89,448
Six to ten years	2,664	2,664
Thereafter	396,072	398,736
	\$ 1,287,268	\$ 666,923

Imputed discount rates of 0.65 percent and 1.41 percent were used in discounting long-term pledges receivable for 2023. Imputed discount rates of 0.87 percent and 2.06 percent were used in discounting long-term pledges receivable for 2022.

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, 2023 and 2022.

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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, 2023 and 2022.

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, 2023 and 2022.

These equity investments are reviewed for impairment on an annual basis. Management does not believe there is any impairment at June 30, 2023 or 2022.

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:

	2023	2022
Scholarships	\$ 9,021,460	\$ 8,034,151
Programmatic and departmental support	9,931,376	9,084,185
Special programs	739,701	1,476,911
Total	\$ 19,692,537	\$ 18,595,247

Perpetually restricted net assets are available for the following purposes:

	2023	2022
Scholarships	\$ 19,450,973	\$ 19,308,581
Academic departments	8,095,561	8,083,675
Other	1,409,655	1,402,743
Total	\$ 28,956,189	\$ 28,794,999

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 204 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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Endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor corpus	\$ -	\$ 23,591,918	\$ 23,591,918
Accumulated investment gains	-	10,761,146	10,761,146
Quasi-endowment funds	1,487,827	816,714	2,304,541
Total endowment funds	<u>\$ 1,487,827</u>	<u>\$ 35,169,778</u>	<u>\$ 36,657,605</u>

Changes in endowment net assets for the fiscal year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,281,932	\$ 33,474,255	\$ 34,756,187
Investment return			
Investment income	99,722	737,563	837,285
Net appreciation	337,627	2,439,494	2,777,121
Contributions	10,000	162,545	172,545
Appropriation of endowment assets for expenditure	<u>(241,454)</u>	<u>(1,644,079)</u>	<u>(1,885,533)</u>
Endowment net assets, end of year	<u>\$ 1,487,827</u>	<u>\$ 35,169,778</u>	<u>\$ 36,657,605</u>

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Notes to Financial Statements
June 30, 2023 and 2022

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	\$ 1,281,932	\$ 33,474,255	\$ 34,756,187

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 depreciation	(188,554)	(6,040,570)	(6,229,124)
Contributions	62,467	144,830	207,297
Appropriation of endowment assets for expenditure	-	(1,455,201)	(1,455,201)
Endowment net assets, end of year	\$ 1,281,932	\$ 33,474,255	\$ 34,756,187

Related Parties

During the years ended June 30, 2023 and 2022, the Foundation paid the University \$340,758 and \$316,677, 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, 2023 and 2022 was \$1,305,655 and \$781,734, 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:

	2023	2022
Cash and cash equivalents	\$ 2,284,971	\$ 2,311,486
Investments	44,539,304	43,027,535
Pledges receivable, net	694,420	146,437
Notes receivable, net	3,741	8,094
Interest, dividends and other receivables	76,934	58,374
Total financial assets	47,599,370	45,551,926
Contractual or donor-imposed restrictions		
Cash restricted to specific uses	(3,022,836)	(3,324,738)
Restricted investments	(39,535,565)	(38,072,540)
Pledges restricted to specific uses	(675,406)	(133,011)
Notes restricted to specific uses	(3,741)	(8,094)
Interest receivable restricted to specific uses	(59,407)	(46,574)
Total restrictions imposed	(43,296,955)	(41,584,957)
Board designations		
Operating reserves and endowments	(3,221,468)	(3,045,604)
Financial assets available to meet cash needs for expenditures within one year	\$ 1,080,947	\$ 921,365

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.

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

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 Appropriations 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.

Required Supplementary Information

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June 30, 2023

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 25	\$ 53	\$ 52	\$ 39	\$ 45	\$ 45
Interest on total OPEB liability	43	28	28	41	43	40
Differences between expected and actual experience	39	190	-	-	-	-
Changes in assumptions or other inputs	(14)	(383)	8	94	48	(37)
Benefit payments	(56)	(52)	(69)	(71)	(62)	(57)
Net Change in Total OPEB Liability	37	(164)	19	103	74	(9)
Total OPEB Liability - Beginning	<u>1,122</u>	<u>1,286</u>	<u>1,267</u>	<u>1,164</u>	<u>1,090</u>	<u>1,099</u>
Total OPEB Liability - Ending	<u>\$ 1,159</u>	<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	\$ 17,820	\$ 25,041	\$ 31,542	\$ 28,562	\$ 29,861
Total OPEB Liability as a Percentage of Covered Employee Payroll	6.50%	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, 2023 and 2022.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Change in discount rate impact on ending liability	\$ (13,602)	\$ (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, 2023

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*	June 30, 2023*
University's proportion of the net pension liability	1.0627%	1.0670%	1.0668%	1.0574%	0.9507%	0.8328%	0.8072%
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	\$ 57,803,571
University's covered-employee payroll	20,721,169	20,582,090	21,025,496	20,735,597	20,567,651	16,787,199	16,105,484
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%	277.35%	358.91%
Plan fiduciary net position as a percentage of the total pension liability	63.60%	60.41%	59.02%	56.72%	55.48%	63.38%	61.94%

*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*	June 30, 2023*
Required contribution	\$ 3,560,832	\$ 3,957,427	\$ 4,116,920	\$ 4,140,013	\$ 3,843,111	\$ 3,781,195	\$ 4,626,174
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	4,626,174
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	16,105,484
Contributions as percentage of covered-employee payroll	17.30%	18.82%	19.85%	20.13%	20.23%	22.28%	28.72%

*Amounts 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
A Component Unit of the State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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	\$ 326,826
Federal Work-Study Program	N/A	84.033	226,105
Federal Pell Grant	N/A	84.063	5,517,568
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	N/A	84.379	7,074
Federal Student Direct Loans	N/A	84.268	<u>9,383,716</u>
<i>Total Student Financial Aid Cluster</i>			<u>15,461,289</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	9,936
COVID-19 Education Stabilization Fund	N/A	84.425D	4,899
COVID-19 Education Stabilization Fund	N/A	84.425F	466
Total ALN 84.425			<u>5,365</u>
<i>Total U.S. Department of Education - Non-student Financial Aid Cluster</i>			<u>15,301</u>
<i>Total U.S. Department of Education</i>			<u>15,476,590</u>
Research and Development Cluster:			
National Science Foundation			
Biological Sciences	N/A	47.074	<u>37,329</u>
<i>Total National Science Foundation and Research and Development Cluster</i>			<u>37,329</u>
U.S. Department of Agriculture			
Rural Business Development Grant -USDA Mobile Lab	N/A	10.351	<u>45,210</u>
<i>Total U.S. Department of Agriculture</i>			<u>45,210</u>
National Aeronautics & Space Administration (NASA)			
Office of STEM Engagement	N/A	43.008	<u>7,365</u>
<i>Total National Aeronautics & Space Administration</i>			<u>7,365</u>
<i>Total Research and Development Cluster</i>			<u>89,904</u>
WIOA Cluster:			
U.S. Department of Labor			
WIOA Adult Program	N/A	17.258	<u>18,196</u>
<i>Total U.S. Department of Labor and WIOA Cluster</i>			<u>18,196</u>
U.S. Department of Treasury			
U.S. Department of Treasury			
COVID-19 State and Local Fiscal Recovery Funds	N/A	21.027	<u>981,087</u>
<i>Total U.S. Department of Treasury</i>			<u>981,087</u>
Total Schedule of Expenditures of Federal Awards			<u>\$ 16,565,777</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, 2023

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, 2023. 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 financial statements of the business-type activities and the discretely presented component unit of Missouri Western State University (the "University"), collectively a component unit of the State of Missouri, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 11, 2024, which contained an emphasis of matter paragraph regarding a change in accounting principle.

Our report includes a reference to other auditors who audited the financial statements of Missouri Western State University Foundation, Inc. (the "Foundation"), the discretely presented component unit, 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS,LLP

Kansas City, Missouri
January 11, 2024

Report on Compliance for Each 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 Each Major Federal Program

Opinion on Each 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 each of the University's major federal programs for the year ended June 30, 2023. The University's major federal programs are 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 each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each 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 each 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 each 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
January 11, 2024

Missouri Western State University
A Component Unit of the State of Missouri
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section 1 – Summary of Auditor’s Results

Financial Statements

1. 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 awards programs:
Significant deficiency(ies)? Yes None reported
Material weakness(es)? Yes No

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

6. The audit disclosed findings 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, 2023

7. Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Student Financial Aid Cluster U.S. Department of Treasury COVID-19 State and Local Fiscal Recovery Funds

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The University 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, 2023

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Findings
No matters are reportable.	

Findings Required to be Reported by the Uniform Guidance

Reference Number	Findings
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, 2023

**Reference
Number**

Summary of Finding

No matters are reportable.

Information Required for Bonds (Unaudited)

Missouri Western State University
A Component Unit of the State of Missouri
Revenue and Expenditures Schedule
Auxiliary System Bonds
Years Ended June 30, 2023 and 2022

	2023	2022
Revenue		
Bookstore commissions	\$ 100,897	\$ 120,565
Student fees	736,976	757,638
Residence halls	4,397,896	5,049,471
Campus dining services	3,410,356	3,683,115
Federal interest rebate	176,593	243,783
Investment income	103,038	-
Misc fees	69,503	-
	8,995,259	9,854,572
Expenditures		
Residence halls	1,677,814	1,880,812
Campus dining services	2,991,873	3,097,776
Recreational facilities	304,820	275,352
Auxiliary facilities	400,534	224,080
Student union	188,563	241,477
	5,563,604	5,719,497
Excess of Revenue over Expenditures before Debt Service	3,431,955	4,135,075
Add capital improvements	2,179,708	1,153,555
Net Available for Debt Service	\$ 5,611,663	\$ 5,288,630
Debt Service for Fiscal Year	\$ 3,989,951	\$ 4,020,482
Coverage	1.41	1.32

Missouri Western State University
A Component Unit of the State of Missouri
Changes in Reserve Fund Balances
Auxiliary System Bonds
Years Ended June 30, 2023 and 2022

	Debt Service Reserve	Repair and Replacement Reserve
Balance, June 30, 2022	\$ -	\$ 300,000
Transfer to auxiliary fund	-	-
Balance, June 30, 2023	\$ -	\$ 300,000

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

Insurance Coverage
Auxiliary System Bonds
Year Ended June 30, 2023

	Amount of Coverage	
	Building	Contents
Blanket building coverage – no coinsurance	\$ 334,552,027	\$ -
Blanket contents coverage – no coinsurance	-	89,611,378
Residential complex (included in blanket figures)		
Nelle Blum Student Union	19,323,548	1,734,915
Beshears Hall	9,274,761	604,801
Juda Hall	9,274,761	604,801
Leaverton Hall	11,412,348	840,092
Vaselakos Hall	11,334,713	840,092
Fitness Center	15,953,032	345,361
Scanlon Hall	16,972,974	597,906
Commons Building	2,040,707	301,980
Griffon Hall	16,269,829	755,996
Spratt Stadium	15,150,698	755,996
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, 2023 and 2022

Student information is as follows:

	Head Count		Full Time Equivalent	
	FY23	FY22	FY23	FY22
Summer	721	990	227	592
Fall	4,028	4,395	2,826	3,122
Spring	3,307	3,509	2,300	2,521

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

	Rooms Available		Rooms Occupied		Occupancy Rate	
	FY23	FY22	FY23	FY22	FY23	FY22
Summer	1,255	1,047	49	40	3.90%	3.82%
Fall	1,047	1,047	737	807	70.39%	77.08%
Spring	1,013	1,047	605	692	59.72%	66.09%

Room charges for the fiscal years ended June 30, 2023 and 2022 are as follows:

	2023	Summer	Spring	Fall
Scanlon Hall			\$ 2,663	\$ 2,663
Apartment complex room charges			2,993	2,993
Suite complex room charges		\$ 1,500	3,885	3,885
Vartebedian Hall (Formerly Griffon Hall)			3,962	3,962
Board charges		-	(*)	(*)
	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		-	(**)	(**)

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

	FY23	FY22
Summer	\$ 15	\$ 15
Spring and fall	41	41

* 2023 Board charges are per semester: \$2,258 for the Unlimited 7 + \$100 flex plan, \$2,558 for the Unlimited 7 + \$400 flex plan and \$2,413 for the weekly 15 meal plan + \$300 flex plan.

** 2022 Board charges are per semester: \$2,150 for the All Access meal + \$100 flex plan, \$2,298 for the 15-meal + \$300 flex plan and \$2,530 for the 10-meal + \$500 flex plan.