

Missouri State University
A Component Unit of the State of Missouri

Independent Auditor's Report and Financial Statements

June 30, 2022 and 2021

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

Contents

| | |
|---|----------|
| Independent Auditor’s Report..... | 1 |
| Management’s Discussion and Analysis | 4 |
| Financial Statements | |
| Statements of Net Position | 16 |
| Statements of Revenues, Expenses, and Changes in Net Position | 17 |
| Statements of Cash Flows | 19 |
| Notes to Financial Statements | 21 |
| Required Supplementary Information | |
| Schedule of University’s Proportionate Share of the Net Pension Liability – Missouri State Employees’ Retirement System..... | 71 |
| Schedule of University Contributions – Missouri State Employees’ Retirement System..... | 72 |
| Schedule of Changes in the University’s Total OPEB Liability and Related Ratios | 74 |
| Supplementary Information | |
| Condensed Schedules by Campus | 76 |



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Independent Auditor's Report

Board of Governors
Missouri State University
Springfield, 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 State University (the "University"), collectively a component unit of the State of Missouri, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, in 2022 the University adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Condensed Schedules by Campus as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Condensed Schedules by Campus have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

FORVIS,LLP

Springfield, Missouri
December 7, 2022

Missouri State University

A Component Unit of the State of Missouri

Management's Discussion and Analysis

Years Ended June 30, 2022 and 2021

We are providing Missouri State University's (the "University") discussion and analysis of our financial statements and related notes as of June 30, 2022 and 2021, and for the fiscal years then ended. Three statements are described in the following discussion and analysis: the Statement of Net Position, which presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the institution as of the end of the fiscal year; the Statement of Revenues, Expenses, and Changes in Net Position, which reflects revenues and expenses recognized during the fiscal year; and the Statement of Cash Flows, which provides information on all of the cash inflows and outflows for the institution by major category during the fiscal year.

We hope this information will assist you as you seek to understand the University's financial position and operating activities, accomplishments, and challenges. As you read through the next few pages, please review and refer to the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows in addition to the Notes to the Financial Statements that we have described above.

Overview

Missouri State University is a comprehensive institution with a Carnegie classification of doctoral/professional offering undergraduate and graduate programs, including the professional doctorate with an enrollment of over 24,000 students. The University educates students to be global citizen scholars committed to the public affairs mission. The University's Mission, Vision, and Values are detailed on the following link:

<https://www.missouristate.edu/about/mission-statement.htm>.

The Missouri State University campuses are structured to address the special needs of the urban and rural populations they serve. Missouri State University-Springfield is a selective-admissions, graduate level teaching, and research institution. Missouri State University-West Plains is an open admissions campus serving seven counties in south central Missouri. Missouri State University-Mountain Grove serves Missouri's fruit industry through operation of the State Fruit Experiment Station. The Extended Campus provides anytime, anyplace learning opportunities through telecourses, internet-based instruction, and through its interactive video network (BearNet). The University also operates various other special facilities, such as the Darr Agricultural Center in southwest Springfield, the Jordan Valley Innovation Center in downtown Springfield, the Bull Shoals Field Station near Forsyth, Baker's Acres and Observatory near Marshfield, the Missouri State University Graduate Center in Joplin, and a branch campus at Liaoning Normal University in Dalian, China. In addition, Missouri State has the operations and program offerings of one entire academic department, its Department of Defense and Strategic Studies, located near Washington, D.C., in Fairfax, Virginia.

Management's Discussion and Analysis

This discussion and analysis of the Missouri State University's financial statements provides a comparative overview of the University's financial performance during the years ended June 30, 2022, 2021, and 2020. Since the management's discussion and analysis is designed to focus on current activities, resulting changes, and current known facts, please read it in conjunction with the University's basic financial statements and the footnotes. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements. The University implemented GASB 87 *Leases* in fiscal year 2022 and restated fiscal year 2021. Under the new reporting requirements, a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction will now be classified as intangible right-to-use lease asset and a lease liability.

Statements of Net Position

The Statement of Net Position presents the financial position of the University at a point in time. The Statement of Net Position has five major components which include 1.) Assets, 2.) Deferred Outflows of Resources, 3.) Liabilities, 4.) Deferred Inflows of Resources, and 5.) Net Position. A description of each component is as follows:

Assets – Current assets are those anticipated to be liquidated within one year or less and include items such as cash and cash equivalents, investments, accounts receivable, inventories, loans to students, and prepaid expenses. Noncurrent assets include that portion of accounts receivable, investments, loans to students, and prepaid expenses not expected to liquidate within one year plus capital assets such as buildings, building improvements, infrastructure, equipment, etc.

Deferred Outflows of Resources – Deferred outflows of resources are those applicable to a future reporting period and include losses on bond refunding and pension and OPEB items required to be reported under GASB Statement Nos. 68 and 75, respectively.

Liabilities – Current liabilities are those anticipated to be recognized within one year or less and include items such as accounts payable and accrued liabilities, accrued compensated absences, unearned revenue, interest payable, student deposits, the current portion of long-term debt, and accrued settlements. Noncurrent liabilities include that portion of accrued liabilities, compensated absences, and long-term debt that are not due within one year.

Deferred Inflows of Resources – Deferred inflows of resources are those applicable to a future reporting period and include pension, OPEB, and lease items required to be reported under GASB Statement Nos. 68, 75, and 87, respectively.

Net Position – Net Position represents University total assets and deferred outflows of resources less total liabilities and deferred inflows of resources. Net Position are classified in three major categories which include 1.) Net Investment in Capital Assets, 2.) Restricted, and 3.) Unrestricted.

- 1.) Net Investment in Capital Assets represents buildings, building improvements, equipment, etc., that is net of accumulated depreciation and related debt.
- 2.) Restricted Net Position are that whose purpose has been determined by an outside party for a specific use such as scholarships, loans, and capital projects.
- 3.) Unrestricted Net Position represents balances from operational activities that have not been restricted by parties external to the University. This includes funds that have been designated for specific purposes as well as amounts that have been contractually committed for goods and services not yet received.

A summary of the University's assets, deferred outflows, liabilities, deferred inflows, and net position at June 30, 2022, 2021, and 2020:

Statements of Net Position
As of June 30, 2022, 2021, and 2020
(In Millions)

| | June 30, 2022 | June 30, 2021 (Restated) | June 30, 2020 |
|--|-----------------|-----------------------------|-----------------|
| Current Assets | \$ 255.9 | \$ 269.7 | \$ 220.9 |
| Noncurrent Assets | 612.9 | 579.5 | 563.9 |
| Deferred Outflows of Resources | <u>48.7</u> | <u>50.1</u> | <u>61.2</u> |
| Total Assets and Deferred Outflows of Resources | <u>917.5</u> | <u>899.3</u> | <u>846.0</u> |
| Current Liabilities | 65.2 | 62.4 | 60.6 |
| Noncurrent Liabilities | 437.2 | 506.2 | 491.3 |
| Deferred Inflows of Resources | <u>67.7</u> | <u>12.6</u> | <u>4.9</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>570.1</u> | <u>581.2</u> | <u>556.8</u> |
| Net Position | | | |
| Net investment in capital assets | 397.3 | 382.2 | 382.2 |
| Restricted | 12.7 | 20.2 | 15.2 |
| Unrestricted | <u>(62.6)</u> | <u>(84.3)</u> | <u>(108.2)</u> |
| Total Net Position | <u>\$ 347.4</u> | <u>\$ 318.1</u> | <u>\$ 289.2</u> |

Comparative Analysis of Fiscal Years 2022, 2021, and 2020

Current Assets – Current assets for Fiscal Year 2022 totaled \$255.9 million which is a decrease of \$13.8 million from Fiscal Year 2021. The decrease is primarily the result of decreased cash offset by increased short-term investments. Current assets for Fiscal Year 2021 totaled \$269.7 million which is an increase of \$48.8 million from Fiscal Year 2020. The increase is primarily the result of increased cash and short-term investments.

Noncurrent Assets – Noncurrent assets for Fiscal Year 2022 totaled \$612.9 million which is an increase of \$33.4 million from Fiscal Year 2021. The increase is primarily the result of increased long-term investments. Noncurrent assets for Fiscal Year 2021 totaled \$579.5 million which is an increase of \$15.6 million from Fiscal Year 2020. The increase is primarily the result of GASB 87 and the additions of lease assets.

Deferred Outflows of Resources – Deferred outflows of resources for Fiscal Year 2022 totaled \$48.7 million which is a decrease of \$1.4 million from Fiscal Year 2021 deferred outflows of resources. The decrease is primarily the result of GASB 68 in the amount of \$1.0 million. Deferred outflows of resources for Fiscal Year 2021 totaled \$50.1 million which is a decrease of \$11.1 million from Fiscal Year 2020 deferred outflows of resources. The decrease is primarily the result of GASB 68 in the amount of \$10.2 million.

Current Liabilities – Current liabilities for Fiscal Year 2022 totaled \$65.2 million which is an increase of \$2.8 million from Fiscal Year 2021. The increase is primarily the result of an increase in unearned revenue. Current liabilities for Fiscal Year 2021 totaled \$62.4 million which is an increase of \$1.8 million from Fiscal Year 2020 current liabilities. This increase is primarily the result of GASB 87 leases.

Noncurrent Liabilities – Noncurrent liabilities for Fiscal Year 2022 totaled \$437.2 million which is a decrease of \$69.0 million from Fiscal Year 2021 noncurrent liabilities. The decrease is primarily the result of the decrease in the accrued pension liability of \$48.9 million and decreased revenue bonds payable of \$19.4 million. Noncurrent liabilities for Fiscal Year 2021 totaled \$506.2 million which is an increase of \$14.9 million from Fiscal Year 2020 noncurrent liabilities. The increase is primarily the result of GASB 87 leases.

Deferred Inflows of Resources – Deferred inflows of resources for Fiscal Year 2022 totaled \$67.7 million, an increase of \$55.1 million from Fiscal Year 2021. The result is primarily the result of GASB 68 and postemployment benefits. Deferred inflows of resources for Fiscal Year 2021 totaled \$12.6 million, an increase of \$7.7 million from Fiscal Year 2020. The increase is primarily the result of GASB 87 leases.

Net Position – Net Position totaled \$347.4 million for Fiscal Year 2022, \$318.1 million for Fiscal Year 2021, and \$289.2 million for Fiscal Year 2020.

Overall, two significant noncash items have impacted the Fiscal Years 2022, 2021, and 2020 financial results. In order to reflect a comparable comparison of the change in net position on the Statements of Revenues, Expenses, and Changes in Net Position, the following table adjusts for the two items:

Operating Results
Years Ended June 30, 2022, 2021, and 2020
(In Millions)

| | June 30, 2022 | June 30, 2021 (Restated) | June 30, 2020 |
|---|----------------|-----------------------------|----------------|
| Income (Loss) Before Other Revenues, Expenses, Gains, or Losses | \$ 18.3 | \$ 7.4 | \$ (44.8) |
| Noncash Items Impacting Results | | | |
| GASB 68 Unfunded Pension Expense | 4.7 | 23.7 | 39.1 |
| Depreciation | 31.6 | 31.6 | 28.5 |
| Adjusted Income (Loss) Before Other Revenues, Expenses, Gains, or Losses | <u>\$ 54.6</u> | <u>\$ 62.7</u> | <u>\$ 22.8</u> |

In addition, the University received federal and state funds for institutional purposes related to the impact of COVID-19. The institutional funds received were \$23.9 million, \$37.5 million, and \$4.7 million, respectively, for fiscal years 2022, 2021, and 2020.

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position (SRECNP) present the operating results of the University as a whole. The statements, prepared in accordance with GASB, distinguish revenues and expenses between operating and nonoperating categories and provide a view of the University's operating margin. Comparative summary statements of revenue, expenses, and changes in net position for the years ended June 30, 2022, 2021, and 2020, are as follows:

Operating Results Years Ended June 30, 2022, 2021, and 2020 (In Millions)

| | June 30, 2022 | June 30, 2021 (Restated) | June 30, 2020 |
|--|-----------------|-----------------------------|-----------------|
| Operating Revenue | | | |
| Tuition and fees | \$ 168.9 | \$ 169.0 | \$ 170.0 |
| Scholarship allowances | <u>(39.8)</u> | <u>(38.0)</u> | <u>(38.7)</u> |
| Net tuition and fees | 129.1 | 131.0 | 131.3 |
| Sales and services | 10.4 | 9.6 | 13.3 |
| Grants and contracts | 40.8 | 38.2 | 42.6 |
| Auxiliary enterprises | 36.9 | 31.6 | 33.6 |
| Other | <u>4.4</u> | <u>3.6</u> | <u>4.8</u> |
| Total Operating Revenues | 221.6 | 214.0 | 225.6 |
| Operating Expenses | <u>379.5</u> | <u>363.5</u> | <u>394.7</u> |
| Operating Loss | <u>(157.9)</u> | <u>(149.5)</u> | <u>(169.1)</u> |
| Nonoperating Revenue (Expenses) | | | |
| State appropriations | 94.6 | 83.0 | 79.3 |
| Federal grants and contracts | 70.4 | 70.2 | 39.7 |
| Other nonoperating expenses and losses | 0.9 | (0.5) | 0.1 |
| Gifts | 9.9 | 4.8 | 6.9 |
| Investment income | 5.2 | 5.0 | 5.6 |
| Interest on capital asset – related debt | <u>(4.8)</u> | <u>(5.6)</u> | <u>(7.3)</u> |
| Net Nonoperating Revenues | <u>176.2</u> | <u>156.9</u> | <u>124.3</u> |
| Capital Grants, Gifts, and Appropriations | <u>11.0</u> | <u>21.5</u> | <u>6.6</u> |
| Increase (Decrease) in Net Position | 29.3 | 28.9 | (38.2) |
| Net Position, Beginning of Year | <u>318.1</u> | <u>289.2</u> | <u>327.4</u> |
| Net Position, End of Year | <u>\$ 347.4</u> | <u>\$ 318.1</u> | <u>\$ 289.2</u> |

Comparative Analysis of Fiscal Years 2022, 2021, and 2020

Operating Revenues – Operating Revenues for Fiscal Year 2022 totaled \$221.6 million which is an increase of \$7.6 million from Fiscal Year 2021 operating revenues. The increase in operating revenues is caused primarily by an increase in Federal Grant and Auxiliary revenue. Operating Revenues for Fiscal Year 2021 totaled \$214.0 million which is a decrease of \$11.6 million from Fiscal Year 2020 operating revenues. The decrease in operating revenues is caused primarily by lost revenue as a result of the COVID-19 pandemic.

Nonoperating Revenues – Nonoperating Revenues for Fiscal Year 2022 totaled \$176.2 million which is an increase of \$19.3 million from Fiscal Year 2021 nonoperating revenues. State appropriations increased \$11.6 million while gifts increased \$5.1 million. Nonoperating Revenues for Fiscal Year 2021 totaled \$156.9 million which is an increase of \$32.6 million from Fiscal Year 2020 nonoperating revenues. Included in Nonoperating Revenue for Fiscal Year 2020 is \$45.1 million of federal/state/county grants related to COVID-19 relief for student grants, COVID-19 expenses, and lost revenue.

Operating Expenses Years Ended June 30, 2022, 2021, and 2020

| | <u>June 30, 2022</u> | <u>June 30, 2021 (Restated)</u> | <u>June 30, 2020</u> |
|------------------------------|----------------------|-------------------------------------|----------------------|
| Salaries | \$ 155.4 | \$ 148.7 | \$ 155.8 |
| Benefits | 66.7 | 81.9 | 98.0 |
| Scholarships and fellowships | 49.4 | 34.3 | 38.0 |
| Utilities | 8.5 | 7.1 | 7.1 |
| Supplies and other services | 67.9 | 59.9 | 67.3 |
| Depreciation | <u>31.6</u> | <u>31.6</u> | <u>28.5</u> |
| Total | <u>\$ 379.5</u> | <u>\$ 363.5</u> | <u>\$ 394.7</u> |

Operating Expenses – Operating Expenses for Fiscal Year 2022 totaled \$379.5 million which is an increase of \$16.0 million from Fiscal Year 2021 operating expenses. Operating Expenses for Fiscal Year 2021 totaled \$363.5 million which is a decrease of \$31.2 million from Fiscal Year 2020 operating expenses. Included in benefits are the GASB 68 unfunded pension expense of \$4.7 million, \$23.7 million, and \$39.1 million for Fiscal Years 2022, 2021, and 2020, respectively. Scholarships provided from Federal CARES/HEERF funds totaled \$22.5 million in fiscal year 2022, \$7.5 million in fiscal year 2021, and \$7.4 million in fiscal year 2020.

Statements of Cash Flows

The Statements of Cash Flows report the major sources and uses of cash and reveal further information for assessing the University's ability to meet financial obligations as they become due. Inflows and outflows of cash are summarized by operating, noncapital financing, capital and related financing, and investing activities. Comparative summary statements of cash flows for the years ended June 30, 2022, 2021, and 2020, are as follows:

Cash Flows
Years Ended June 30, 2022, 2021, and 2020
(In Millions)

| | June 30, 2022 | June 30, 2021 (Restated) | June 30, 2020 |
|---|----------------------|-------------------------------------|----------------------|
| Cash Provided By (Used In) | | | |
| Operating activities | \$ (122.1) | \$ (94.1) | \$ (102.0) |
| Noncapital financing activities | 175.3 | 158.0 | 126.1 |
| Capital and related financing activities | (37.8) | (17.5) | (34.4) |
| Investing activities | <u>(70.2)</u> | <u>(34.6)</u> | <u>97.2</u> |
| Increase (Decrease) in Cash and Cash Equivalents | (54.8) | 11.8 | 86.9 |
| Cash and Cash Equivalents, Beginning of Year | <u>172.1</u> | <u>160.3</u> | <u>73.4</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 117.3</u> | <u>\$ 172.1</u> | <u>\$ 160.3</u> |

The Statement of Cash Flows shows the sources and uses of University cash. The statement presents a beginning and ending cash balance.

Debt and Capital Activities

During Fiscal Year 2022, the University issued \$17.7 million education bonds to refund the 2014A bonds. The University also entered into a \$5.6 million finance purchase agreement for expansion of the chilled water loop utility system. During Fiscal Year 2021, the University restructured the outstanding \$14.1 million 2019 educational bonds with a lower interest rate with the existing private placement bank. The University also issued \$33.9 million of auxiliary enterprise system bonds to advance refund the 2015A bonds. During Fiscal Year 2020 the University issued \$6.8 million of educational bonds used to advance refund the 2010 Build America Bonds and issued \$15.9 million of auxiliary enterprise system bonds to advance refund the 2010 Build America Bonds. In addition, the University made the final construction draws of \$4.0 million under the 2018A auxiliary enterprise system bonds for renovations of a residence life building.

The following table summarizes the construction in progress and capital assets, net as of June 30, 2022, 2021, and 2020.

Capital Assets
As of June 30, 2022, 2021, and 2020
(In Millions)

| | June 30, 2022 | June 30, 2021 (Restated) | June 30, 2020 |
|--------------------------|----------------------|-------------------------------------|----------------------|
| Capital Assets | | | |
| Construction in progress | \$ 32.4 | \$ 9.9 | \$ 21.0 |
| Capital assets, net | 522.3 | 543.5 | 542.7 |

On June 30, 2022, the University had 32 construction projects in progress with costs totaling approximately \$32.4 million incurred to date. The project costs budgeted for these projects totals \$66.0 million. These projects are being funded by pledged gifts, restricted and unrestricted net position, and capital appropriations.

| Project Name | Project Budget (Not Previously Capitalized) | Amount Expended (Construction in Progress) | Project Balance |
|--------------------------------------|--|---|------------------------|
| Intrsectn Imprv Broadmoor & Ks Expwy | \$ 132,121 | \$ 115,538 | \$ 16,583 |
| Res Hall 2020 Infill | 4,925,000 | 4,195,207 | 729,793 |
| IPTV | 2,515 | - | 2,515 |
| Outdoor Arts Pavillion | 6,400,000 | 4,564,143 | 1,835,857 |
| JVIC CYBER Building #4 | 492,682 | 246,240 | 246,442 |
| Ozarks Educational Ctr Bull Shoals | 51,750 | - | 51,750 |
| Greenwood Multi-Purpose | 632,252 | - | 632,252 |
| McQueary Classroom Addition | 223,221 | - | 223,221 |
| Plaster Ctr Ph II & III | 26,292 | - | 26,292 |
| Indoor Practice Facility | 172,000 | 131,294 | 40,706 |
| Darr Agri Magnet School | 6,700,000 | 6,383,892 | 316,108 |
| Glass Hall Elevators | 12,490 | 13,035 | (545) |
| Kampeter Health Sciences | 10,000,000 | 7,019,766 | 2,980,234 |
| Multicultural Resource Center | 354,729 | - | 354,729 |
| Foster Gym Floor | 56,638 | - | 56,638 |
| Tunnel Lid Renovation | 146,559 | - | 146,559 |
| Grand Street Underpass | 6,625,000 | 2,095,728 | 4,529,272 |
| Parking Lots, IDEA Commons | 729,072 | 202,835 | 526,237 |
| Chiller Station 6 Expansion | 5,900,000 | 1,426,621 | 4,473,379 |
| Woods/ Wells Ledge Repairs | 820,000 | 493,657 | 326,343 |
| Student Exhibition Booneville | 245,000 | 223,508 | 21,492 |
| Precision Agr Facility | 148,000 | 53,700 | 94,300 |
| Small Animal Facility | 5,200,000 | 388,930 | 4,811,070 |
| Temple Hall Ph I Reno | 4,238,300 | 1,070,068 | 3,168,232 |
| Repair Façade Pummill | 430,000 | 84,969 | 345,031 |
| HVAC – Telecom/ Blair Shannon | 216,000 | 145,476 | 70,524 |
| JVIC Building 4 Brewer Infill | - | 127,926 | (127,926) |
| JVIC Bldg 6 Braider | 4,738,200 | 137,385 | 4,600,815 |
| Heitz House FFE | 302,919 | 302,919 | - |
| WP – Welding Lab Reno | 3,250,000 | 1,826,458 | 1,423,542 |
| WP – Looney Lecture Hall | 2,600,000 | 953,942 | 1,646,058 |
| WP – Looney Nursing Simulator Lab | 273,200 | 148,200 | 125,000 |
| | <u>\$ 66,043,940</u> | <u>\$ 32,351,437</u> | <u>\$ 33,692,503</u> |

Key Events Related to COVID-19

Since the inception of COVID-19, the University has been awarded the following grants through Fiscal Year 2021 for: support to students, reimbursement of COVID-19 related expenses, and reimbursement of lost revenues. The Federal HEEF III awarded funds have been utilized in Fiscal Year 2022 with the exception of less than \$100,000 at the West Plains campus, which will be utilized in Fiscal Year 2023.

| Title | HEERF I Awarded | HEERF II Awarded | HEERF III/ARPA Awarded | Total Awarded |
|--|----------------------|----------------------|------------------------------|-----------------------|
| Federal Funds | | | | |
| SPFD – CARES ACT (Student) | \$ 6,927,837 | \$ 6,927,837 | \$ 20,758,527 | \$ 34,614,201 |
| SPFD – CARES ACT PT2 (Institutional) | 6,927,837 | 16,513,523 | 20,459,545 | 43,900,905 |
| SPFD – CARES ACT PT3 (SIP) | 691,590 | 1,004,057 | 1,843,516 | 3,539,163 |
| WP – CARES ACT (Student) | 480,083 | 480,083 | 1,770,064 | 2,730,230 |
| WP – CARES ACT PT2 (Institutional) | 480,083 | 1,602,801 | 1,603,285 | 3,686,169 |
| WP – CARES ACT PT3 (SIP) | 46,891 | 85,941 | 144,292 | 277,124 |
| Subtotal | 15,554,321 | 26,614,242 | 46,579,229 | 88,747,792 |
| State/County Federal Funds | | | | |
| CARES STATE GEER | 2,164,761 | - | - | 2,164,761 |
| CARES STATE CRF | 8,278,784 | - | - | 8,278,784 |
| CARES STATE CRF REMOTE | 1,079,963 | - | - | 1,079,963 |
| CARES STATE CRF Round 2 | 1,760,054 | - | - | 1,760,054 |
| CARES – STATE GREENE CTY | 845,165 | - | - | 845,165 |
| EFACT – CARES GREENE CTY | 300,000 | - | - | 300,000 |
| EFACT – CARES Economic Development | 250,000 | - | - | 250,000 |
| WP – CARES – STATE HOWELL CTY | 194,080 | - | - | 194,080 |
| Subtotal | 14,872,807 | - | - | 14,872,807 |
| Broadcast Services/CPB Funds/Stabilization Grants | | | | |
| KSMU | 75,000 | - | 148,356 | 223,356 |
| KOZK | 260,205 | - | 493,147 | 753,352 |
| | 335,205 | - | 641,503 | 976,708 |
| Grand Total | \$ 30,762,333 | \$ 26,614,242 | \$ 47,220,732 | \$ 104,597,307 |

HEERF III Reporting on Evidence-Based Practices to Monitor and Suppress COVID-19

Missouri State University has implemented a wide array of practices to keep the campus open and students in classes during 2020 and 2021. While the University has rolled back many of these practices in 2022 to follow current recommendations based upon the risk level, the list below is an overview of those practices that were put in place centrally. Additional practices may have been implemented at the departmental/unit level.

- **Increased the number of individuals staying home.** In the initial stage of the pandemic, the University extended the spring break by an additional week to reduce the spread on campus and to allow faculty time to transition courses to online formats. This coincided with the City's stay at home order. Noncritical workers were not allowed to come to campus. Those that could work remotely began working from home. For those that were unable to work remotely due to their specific job duties but lacked work due to not having students on campus, were placed on reduced pay and remained at home, suppressing the spread of COVID-19.

- **Reduced the number of students in seated classes.** The University expanded its technology to support online instruction and courses were moved to remote learning for the duration of the 2020 spring semester and moved all summer 2020 classes online. The University expanded the number of online and blended courses during the Fall 2020 and Spring 2021 semesters. This reduced the number of students on campus and allowed greater social distancing for those in seated courses by reducing the number of students in a seated course at one time and by allowing courses to be moved to larger classrooms. As infections were detected, classes were moved to an online format for short periods of time to stop the spread.
- **Implemented travel restrictions.** The University implemented a policy restricting travel. Initially, it limited travel only to the local area, later it was expanded to limit travel to within the state. Now, all travel is potentially allowed, but is evaluated on a case-by-case basis and mitigation efforts are required.
- **Reduced the risk for major events.** Activities and events, such as commencement and concerts, were cancelled to reduce the spread of COVID-19 through large groups. Once infection rates allowed for their resumption, mitigation strategies were implemented, including masking, social distancing, limited attendance, and increased cleaning. Athletic schedules were altered to reduce the number of games that were played and strict protocols were established for students and athletic staff to reduce COVID-19 transmission.
- **Implemented social distancing.** The University implemented social distancing requirements throughout the campus using signage, markings, and by reducing the amount of seating within areas.
- **Increased the number of private rooms on campus.** The University expanded the amount of on-campus housing available for single occupancy to reduce transmission to roommates. The University also relaxed restrictions requiring all freshman students to live on-campus.
- **Implemented masking, PPE, and barriers.** The University reduced the spread by implementing masking requirements in all University buildings and installed barrier/shielding where contact was required in offices. The University was able to acquire 70,000 cloth face coverings to give to students, employees, and guests. In addition, KN95/N95 masks were acquired for use as well as face shields.
- **Implemented food service practices.** Food services were altered to prevent eat-in dining, removing self-service buffets, requiring employees to be masked and adding shielding between the workers and customers. Food service moved to noncash operations to reduce the need for passing money between individuals. When indoor dining was available, tables and chairs were removed to reduce occupancy and increase social distancing.
- **Improved cleaning and maintenance.** The University increased its cleaning procedures, focusing on high-touch surfaces to reduce the transmission of COVID-19. Cleaning products designed to be more effective on COVID-19 were purchased and used. The cleaning/disinfection of classroom desks was increased to three times per day. Water fountains were taken off-line to reduce transmission of COVID-19. MERV filters were purchased and placed in the HVAC systems to help reduce airborne transmission. Hand sanitizer stations were installed in public areas and personal size hand sanitizer bottles were distributed to every on-campus student, to everyone getting vaccinated, and to offices throughout the University.
- **Conducted contact tracing.** The University worked with the local public health department and entered into an agreement to provide contact tracing for students and employees, which allowed faster and more effective case investigation and contact tracing for those that contracted COVID-19 or were exposed to someone with COVID-19. The University hired and trained a cadre of contact tracers, including nurses and a physician assistant to provide monitoring of students in on-campus quarantine or isolation housing and employees at home.

- **Provided quarantine/isolation housing.** The University maintained quarantine and isolation housing for those testing positive or having had close contact with a positive individual. This was done by holding an entire residence hall offline, contracting with a hotel to use the entire facility for the University, leasing an entire apartment building, and entering into contracts with hotels to use rooms on an as-needed basis. Having quarantine/isolation housing available allowed the University to move students out of the congregate living of the residence halls, fraternities, and sororities. In support of the housing, the University created a wraparound system to support the housing, such as a process for moving COVID-19 positive/exposed students to the housing, providing contactless food deliveries and cleaning/disinfection procedures once rooms were vacated.
- **Implemented a broad COVID-19 testing strategy.** In addition to the labs already providing COVID-19 testing to the University's student health center, the University contracted with a local medical laboratory with FDA approval for COVID-19 PCR testing of nasopharyngeal samples. The lab was able to provide same day, or one-day, turnaround time while our normal labs were taking three to five days for results. This testing was used for testing of certain high-risk groups such as athletics, student orientation leaders coming to campus, band, etc. The University also contracted with a company to provide saliva-based PCR testing, which was easier to collect and typically had results within two days. The University hired individuals to assist with the testing where they provided free testing to anyone that was asymptomatic. They were set up at locations across campus to make it convenient for students and employees. This testing also included data collection to allow for evidence-based decision-making by understanding the asymptomatic infection rate on campus. Lastly, the University hired a physician, obtained its CLIA certification, and developed the ability to perform antigen tests. These tests were used to allow serial testing of high-risk groups at an affordable cost. In addition, students living on-campus were required to be tested prior to moving in during the Spring 2021 semester. For Fall 2021, they were required to be tested if they were not vaccinated.
- **Implemented sewer shed monitoring.** The University worked with the city of Springfield and the State's department of health and senior services to monitor the sewer shed that covers about half of the campus as well as areas to the west, which includes many apartments used by students. The University then decided to sample each residence hall to reduce the amount of time between collection and results and to narrow the source of the virus to a single building. Autosamplers were purchased to allow for sampling over time rather than a point-in-time collection method. University faculty then tested the samples and provided the results to leadership to determine whether an outbreak was occurring, and additional testing was required.
- **Provided detailed, actionable information.** The University created an extensive website on COVID-19 to provide timely and accurate information to students and employees, including information on quarantine, isolation, symptoms, and University policies. The website provided an automated form to be completed for those testing positive or having been exposed. The information went directly to the COVID-19 Response Team to facilitate case investigation and contact tracing. The University also established a COVID-19 telephone and email hotline to provide answers to specific situations and to assist them with the resources they needed, such as testing.

- **Provided widespread vaccination access.** The University worked to provide vaccinations not only to the campus, but to the community at large. The University's student wellness center became an approved vaccination site early. The University had ultra-cold storage capabilities to allow us to store larger quantities of vaccine and was designated as a backup storage site for the region. The University received a tray of Pfizer vaccine and was able to support those designated as eligible within the campus with vaccinations, as well as area healthcare providers. The University worked with the local public health department and one of the major hospital systems to obtain additional vaccine. The University worked with the other local institutions of higher ed, public schools, and the chamber of commerce to get all individuals vaccinated as they became eligible. The University co-sponsored a Mega Mass Vaccination Event to provide vaccinations to the general public, resulting in the most doses given in a single day of a mass vaccination event in Missouri.
- **Provided incentives to increase vaccination rates.** The University implemented incentive programs to encourage vaccinations. A student vaccination program was developed and funded by private funds. It used a drawing system to incentivize vaccinations prior to arrival on campus and included prizes such as free tuition, personal parking spaces, computers, etc. The total cost of the program was expected to cost over \$150,000. The program also included prizes to nudge students to get vaccinated when they were on campus for orientation and registration. An incentive program was created for all benefit-eligible employees where they would receive \$240 per year reduction on their health insurance. Lastly, an incentive was created where weekly drawings are being held for any employee that is vaccinated. This includes part time, per course, as well as regular full-time employees.

Missouri State University
A Component Unit of the State of Missouri
Statements of Net Position
June 30, 2022 and 2021

Assets

| | University 2022 | University 2021 (Restated – Note 1) | Component Unit Foundation 2022 | Component Unit Foundation 2021 |
|--|--------------------|--|---|---|
| Current Assets | | | | |
| Cash and cash equivalents | \$ 88,307,136 | \$ 169,315,764 | \$ 1,908,080 | \$ 21,752,613 |
| Restricted cash and cash equivalents | 29,030,683 | 2,782,507 | - | - |
| Short-term investments | 104,926,402 | 40,942,988 | - | 4,998,000 |
| Restricted short-term investments | - | 24,000,000 | - | - |
| Accounts and other receivables, net | 19,095,607 | 16,597,655 | 74,008 | 36,717 |
| Pledges receivable | - | - | 7,459,569 | 10,048,766 |
| Lease receivable | 532,204 | 572,804 | - | - |
| Grants receivable | 4,435,714 | 8,190,235 | - | - |
| Accrued interest receivable | 370,442 | 86,192 | 109,006 | 136,706 |
| Inventories | 5,067,715 | 4,925,874 | - | - |
| Prepaid expenses | 4,092,525 | 2,310,042 | 1,323,213 | 2,278,522 |
| Assets held for sale | - | - | 151,234 | 133,734 |
| Total current assets | <u>255,858,428</u> | <u>269,724,061</u> | <u>11,025,110</u> | <u>39,385,058</u> |
| Noncurrent Assets | | | | |
| Pledges receivable, net | - | - | 19,558,851 | 17,907,931 |
| Long-term investments | 34,916,823 | - | - | - |
| Restricted long-term investments | - | - | 146,486,743 | 129,734,941 |
| Investments held in trust | - | - | 1,769,210 | 2,176,599 |
| Cash value of life insurance | - | - | 405,641 | 410,847 |
| Lease receivable | 6,577,752 | 7,109,956 | - | - |
| Note receivable | 4,687,297 | 4,640,889 | - | - |
| Due from Missouri State University | - | - | - | 1,600,000 |
| Due from Foundation | 199,762 | 199,762 | - | - |
| Construction in progress | 32,351,437 | 9,878,508 | - | 71,165 |
| Capital assets, net | 522,312,238 | 543,453,687 | 1,802,731 | 1,722,684 |
| Lease assets, net | 11,895,901 | 14,245,144 | - | - |
| Total noncurrent assets | <u>612,941,210</u> | <u>579,527,946</u> | <u>170,023,176</u> | <u>153,624,167</u> |
| Total assets | <u>868,799,638</u> | <u>849,252,007</u> | <u>181,048,286</u> | <u>193,009,225</u> |
| Deferred Outflows of Resources | | | | |
| Loss on refunding of bonds | 1,590,748 | 1,902,379 | - | - |
| Deferred outflows of resources related to pensions | 45,875,343 | 46,819,867 | - | - |
| Deferred outflows of resources related to other postemployment benefits | 1,280,706 | 1,392,538 | - | - |
| Total deferred outflows of resources | <u>48,746,797</u> | <u>50,114,784</u> | <u>-</u> | <u>-</u> |

See Notes to Financial Statements

Liabilities

| | University 2022 | University 2021 (Restated – Note 1) | Component Unit Foundation 2022 | Component Unit Foundation 2021 |
|--|-----------------------|--|---|---|
| Current Liabilities | | | | |
| Accounts payable and accrued expenses | \$ 16,145,801 | \$ 16,852,204 | \$ 1,279,423 | \$ 2,582,967 |
| Accrued compensated absences – current | 6,102,078 | 6,027,822 | - | - |
| Accrued payroll | 6,882,590 | 6,778,381 | - | - |
| Unearned revenue | 19,760,323 | 16,802,296 | 620,392 | 805,002 |
| Deposits | 401,152 | 458,015 | - | - |
| Accrued interest payable | 1,227,807 | 1,369,825 | - | - |
| Financed purchases – current | 1,097,573 | 1,066,909 | - | - |
| Lease liability – current | 2,027,673 | 2,039,582 | - | - |
| Revenue bonds payable – current | 9,563,035 | 8,896,053 | - | - |
| Annuity obligations – current | - | - | 64,254 | 84,428 |
| Insurance claims payable | 1,980,421 | 2,114,515 | - | - |
| Total current liabilities | <u>65,188,453</u> | <u>62,405,602</u> | <u>1,964,069</u> | <u>3,472,397</u> |
| Noncurrent Liabilities | | | | |
| Accrued compensated absences | 6,748,751 | 6,700,805 | - | - |
| Annuity obligations | - | - | 199,480 | 264,158 |
| Financed purchases | 7,986,667 | 3,484,240 | - | - |
| Lease liability | 10,456,577 | 12,484,250 | - | - |
| Revenue bonds payable | 140,052,425 | 159,439,696 | - | - |
| Net pension liability | 264,162,359 | 313,080,782 | - | - |
| Total other postemployment benefits liability | 7,746,094 | 11,014,582 | - | - |
| Due to Missouri State University | - | - | 199,762 | 199,762 |
| Total noncurrent liabilities | <u>437,152,873</u> | <u>506,204,355</u> | <u>399,242</u> | <u>463,920</u> |
| Total liabilities | <u>502,341,326</u> | <u>568,609,957</u> | <u>2,363,311</u> | <u>3,936,317</u> |
| Deferred Inflows of Resources | | | | |
| Deferred inflows of lease receivable | 6,728,699 | 7,513,747 | - | - |
| Deferred inflows of resources related to other postemployment benefits | 3,492,556 | 232,187 | - | - |
| Deferred inflows of resources related to pensions | 57,535,724 | 4,892,137 | - | - |
| Total deferred inflows of resources | <u>67,756,979</u> | <u>12,638,071</u> | <u>-</u> | <u>-</u> |
| Net Position | | | | |
| Net investment in capital assets | 397,347,630 | 382,238,001 | 1,802,731 | 1,793,849 |
| Restricted for | | | | |
| Nonexpendable | | | | |
| Scholarships and fellowships | 199,762 | 199,762 | 58,559,951 | 52,906,009 |
| Other | - | - | 22,325,945 | 21,006,516 |
| Expendable | | | | |
| Scholarships and fellowships | - | - | 35,371,240 | 45,428,676 |
| Loans | 607,437 | 607,687 | - | - |
| Capital projects | 11,863,957 | 19,417,019 | - | - |
| Other | - | - | 51,580,947 | 58,966,425 |
| Unrestricted | <u>(62,570,656)</u> | <u>(84,343,706)</u> | <u>9,044,161</u> | <u>8,971,433</u> |
| Total net position | <u>\$ 347,448,130</u> | <u>\$ 318,118,763</u> | <u>\$ 178,684,975</u> | <u>\$ 189,072,908</u> |

Missouri State University
A Component Unit of the State of Missouri
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2022 and 2021

| | University 2022 | University 2021 (Restated – Note 1) | Component Unit Foundation 2022 | Component Unit Foundation 2021 |
|--|--------------------|--|---|---|
| Operating Revenues | | | | |
| Student tuition and fees | \$ 168,933,702 | \$ 169,043,994 | \$ - | \$ - |
| Less scholarship allowances | (39,780,685) | (38,055,964) | - | - |
| Total net student tuition and fees | 129,153,017 | 130,988,030 | - | - |
| Sales and services of educational departments | 10,422,896 | 9,568,485 | - | - |
| Federal grants and contracts | 24,038,080 | 21,946,036 | - | - |
| State and local grants and contracts | 11,262,041 | 10,116,462 | - | - |
| Nongovernmental grants and contracts | 5,515,618 | 6,175,355 | - | - |
| Gifts and contributions | - | - | 17,883,491 | 5,011,062 |
| Auxiliary enterprises | | | | |
| Residential life (net of scholarship allowances of \$6,883,911 in 2022 and \$6,211,219 in 2021) | 23,645,220 | 22,432,844 | - | - |
| Bookstore (net of scholarship allowances of \$1,480,182 in 2022 and \$1,471,911 in 2021) | 1,334,935 | 1,069,151 | - | - |
| Parking (net of scholarship allowances of \$303,553 in 2022 and \$248,613 in 2021) | 1,600,840 | 1,266,696 | - | - |
| Magers Health and Wellness Center | 2,201,628 | 1,899,279 | - | - |
| Athletics | 4,986,690 | 3,657,971 | - | - |
| Recreational facilities | 2,308,928 | 472,846 | - | - |
| Student union | 842,006 | 803,286 | - | - |
| Other operating revenues | 4,239,337 | 3,681,081 | 2,779,926 | 2,955,596 |
| Total operating revenues | 221,551,236 | 214,077,522 | 20,663,417 | 7,966,658 |
| Operating Expenses | | | | |
| Salaries | 155,399,726 | 148,723,416 | - | - |
| Benefits | 66,721,881 | 81,883,796 | - | - |
| Scholarships and fellowships | 49,365,576 | 34,260,450 | 3,999,259 | 2,294,623 |
| Utilities | 8,518,804 | 7,121,725 | 122,502 | 116,655 |
| Supplies and other services | 67,867,069 | 59,903,475 | 3,295,690 | 3,075,203 |
| Depreciation and amortization | 31,627,978 | 31,601,853 | 182,494 | 162,857 |
| Total operating expenses | 379,501,034 | 363,494,715 | 7,599,945 | 5,649,338 |
| Operating Income (Loss) | (157,949,798) | (149,417,193) | 13,063,472 | 2,317,320 |
| Nonoperating Revenues (Expenses) | | | | |
| State appropriations | 94,554,726 | 83,000,925 | - | - |
| Federal grants and contracts | 70,437,764 | 70,156,099 | - | - |
| Gifts | 9,920,955 | 4,804,126 | - | - |
| Investment income (loss) | 5,147,653 | 5,075,090 | (9,844,635) | 23,431,281 |
| Interest on capital asset-related debt | (4,803,382) | (5,771,347) | - | - |
| Gain (loss) on assets held in trust | - | - | (174,459) | 324,433 |
| Other nonoperating revenues and expenses | 625,922 | 46,800 | (4,947,987) | (193,973) |
| Expenditures to Missouri State University | - | - | (9,920,955) | (4,804,126) |
| Gain (loss) on disposal of capital assets | 405,529 | (484,649) | - | - |
| Net nonoperating revenues (expenses) | 176,289,167 | 156,827,044 | (24,888,036) | 18,757,615 |
| Income (Loss) Before Other Revenues, Expenses, Gains, or Losses | 18,339,369 | 7,409,851 | (11,824,564) | 21,074,935 |

Missouri State University
A Component Unit of the State of Missouri
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2022 and 2021

| | University 2022 | University 2021 (Restated – Note 1) | Component Unit Foundation 2022 | Component Unit Foundation 2021 |
|---|-----------------------|--|---|---|
| Other Revenues, Expenses, Gains, or Losses | | | | |
| Capital gifts | \$ 6,752,177 | \$ 10,825,152 | \$ 1,215,437 | \$ 4,810,274 |
| Expenditures for capital projects to Missouri State University | - | - | (6,752,177) | (10,825,152) |
| Capital grants and contracts | 109,834 | 1,467,447 | - | - |
| Capital appropriations | 4,127,987 | 9,227,130 | - | - |
| Additions to permanent endowments | - | - | 6,973,371 | 8,418,370 |
| | <u>10,989,998</u> | <u>21,519,729</u> | <u>1,436,631</u> | <u>2,403,492</u> |
| Total other revenues, expenses, gains, or losses | | | | |
| | 10,989,998 | 21,519,729 | 1,436,631 | 2,403,492 |
| Increase (Decrease) in Net Position | 29,329,367 | 28,929,580 | (10,387,933) | 23,478,427 |
| Net Position, Beginning of Year | <u>318,118,763</u> | <u>289,189,183</u> | <u>189,072,908</u> | <u>165,594,481</u> |
| Net Position, End of Year | <u>\$ 347,448,130</u> | <u>\$ 318,118,763</u> | <u>\$ 178,684,975</u> | <u>\$ 189,072,908</u> |

Missouri State University
A Component Unit of the State of Missouri
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

| | 2022 | 2021 (Restated – Note 1) |
|---|----------------------|---|
| Operating Activities | | |
| Tuition and fees | \$ 129,556,229 | \$ 129,903,509 |
| Sales and services of educational departments | 10,422,896 | 9,568,485 |
| Federal grants and contracts | 27,792,601 | 16,792,948 |
| State and local grants and contracts | 11,262,041 | 10,116,462 |
| Nongovernmental grants and contracts | 5,515,618 | 6,175,355 |
| Payments to suppliers | (129,768,263) | (94,364,706) |
| Payments to employees | (217,121,795) | (206,801,478) |
| Auxiliary enterprise charges | | |
| Residential Life | 23,645,220 | 22,432,844 |
| Bookstore | 1,334,935 | 1,069,151 |
| Parking | 1,600,840 | 1,266,696 |
| Magers Health and Wellness Center | 2,201,628 | 1,899,279 |
| Athletics | 4,986,690 | 3,657,971 |
| Recreational facilities | 2,308,928 | 472,846 |
| Student union | 842,006 | 803,286 |
| Other receipts | 3,320,195 | 2,843,319 |
| | <u>(122,100,231)</u> | <u>(94,164,033)</u> |
| Noncapital Financing Activities | | |
| State appropriations | 94,554,726 | 83,000,925 |
| Federal grants and contracts | 70,437,764 | 70,156,099 |
| Other nonoperating revenues and expenses | 430,422 | 46,800 |
| Gifts and grants received for other than capital purposes | 9,920,955 | 4,804,126 |
| | <u>175,343,867</u> | <u>158,007,950</u> |
| Capital and Related Financing Activities | | |
| Purchase of capital assets | (3,866,975) | (7,185,581) |
| Construction in progress | (24,756,124) | (13,872,671) |
| Capital appropriations | 4,127,987 | 9,227,130 |
| Gifts and grants received for capital purposes | 6,862,011 | 12,292,599 |
| Principal paid on capital debt and leases | (19,596,909) | (10,617,194) |
| Principal paid on lease liabilities | (2,039,582) | (2,071,056) |
| Principal received on lease receivables | 572,804 | 616,035 |
| Proceeds from issuance of new capital debt | 6,045,000 | 1,444,000 |
| Interest paid on capital debt and leases | (5,077,424) | (7,183,062) |
| Interest paid on lease liabilities | (191,634) | (159,105) |
| Interest received on lease receivables | 112,686 | 52,813 |
| | <u>(37,808,160)</u> | <u>(17,456,092)</u> |
| Investing Activities | | |
| Proceeds from sales and maturities of investments | 154,431,184 | 99,982,478 |
| Purchases of investments | (230,179,394) | (139,543,770) |
| Interest on investments | 5,552,282 | 5,010,442 |
| Net cash provided (used in) by investing activities | <u>(70,195,928)</u> | <u>(34,550,850)</u> |

Missouri State University
A Component Unit of the State of Missouri
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

| | 2022 | 2021 (Restated – Note 1) |
|--|------------------|---|
| Increase in Cash and Cash Equivalents | \$ (54,760,452) | \$ 11,836,975 |
| Cash and Cash Equivalents, Beginning of Year | 172,098,271 | 160,261,296 |
| Cash and Cash Equivalents, End of Year | \$ 117,337,819 | \$ 172,098,271 |
| Reconciliation of Cash and Cash Equivalents to the Statements of Net Position | | |
| Cash and cash equivalents | \$ 88,307,136 | \$ 169,315,764 |
| Restricted cash and cash equivalents | 29,030,683 | 2,782,507 |
| Total cash and cash equivalents | \$ 117,337,819 | \$ 172,098,271 |
| Reconciliation of Operating Loss to Net Cash Used in Operating Activities | | |
| Operating loss | \$ (157,949,798) | \$ (149,417,193) |
| Adjustments to reconcile operating loss to net cash used in operating activities | | |
| Depreciation and amortization expense | 31,627,978 | 31,601,853 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (2,497,952) | 3,071,129 |
| Federal and state grants receivable | 3,754,521 | (5,153,088) |
| Inventories | (141,841) | 743,137 |
| Prepaid expenses | (1,782,483) | (108,524) |
| Accounts payable and accrued expenses | (2,092,490) | 6,286,331 |
| Accrued compensated absences | 122,202 | (246,727) |
| Accrued payroll | 104,209 | 515,419 |
| Unearned revenue | 2,958,027 | (4,142,179) |
| Deposits | (56,863) | (13,471) |
| Insurance claims payable | (134,094) | (52,714) |
| Total other postemployment benefits | (3,268,488) | (152,008) |
| Deferred outflows of resources | 1,056,356 | 10,209,033 |
| Deferred inflows of resources | 55,118,908 | (618,751) |
| Net pension liability | (48,918,423) | 13,313,720 |
| Net Cash Used in Operating Activities | \$ (122,100,231) | \$ (94,164,033) |
| Supplemental Cash information | | |
| Noncash Investing, Capital, and Financing Activities | | |
| Accounts payable incurred for purchase of capital assets | \$ 3,552,535 | \$ 2,166,448 |

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Institution

Missouri State University (the “University”) is a state-assisted University with campuses in Springfield and West Plains and locations in Mountain Grove, Missouri, and Dalian, China. A nine-member Board of Governors, appointed by the Governor and confirmed by the Senate of the State of Missouri, governs the University, a component unit of the State of Missouri.

Component Units

The Missouri 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.

During the years ended June 30, 2022 and 2021, the Foundation provided \$16,673,132 and \$15,629,278, respectively, of support to the University. Complete financial statements of the Foundation may be obtained from its administrative office at the following address: 901 S. National, Springfield, MO 65897.

The Foundation is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s statements in the University’s financial reporting entity for these differences.

The Missouri State University Development Corporation (the “Corporation”) is fully controlled by the University and considered a component unit of the University and is blended in the University’s financial statements.

The purpose of the Corporation is to foster, cooperate, and assist in the physical and functional growth development and advancement of Missouri State University. The Corporation owned three unimproved lots and one warehouse in downtown Springfield with a value of \$1,067,280 and \$1,693,869 as of June 30, 2022 and 2021, respectively.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

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 or voluntary nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements.

Operating revenues and expenses include exchange transactions and program-specific, government-mandated, or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific (such as state appropriations), investment income, and interest on capital asset-related debt are included in nonoperating revenues and expenses. The University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position 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, gains, losses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. The University does consider uninvested cash held in investment accounts as cash or cash equivalents. At June 30, 2022, cash equivalents consisted primarily of depository accounts and money market accounts with brokers.

Investments and Investment Income

Investments in debt securities are carried at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit are carried at cost. Investment income consists of interest income and the net change for the year in the fair value of investments carried at fair value.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Accounts and Notes Receivable

Student accounts receivable consists of fees charged to students and charges for auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts of \$3,710,543 and \$3,546,351 at June 30, 2022 and 2021, respectively. The University reserves for uncollectible accounts that are at least 90 days past due.

Student accounts receivable are stated at the amount billed to the students less applied scholarships and loan proceeds. The University provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. All charges are due at the beginning of the semester unless the student is enrolled in the Deferred Payment Plan. Fee payment deadlines vary depending upon when the student registers. If charges are not paid in full by that date, a finance charge is assessed on the remaining balance. Charges that are past due without payments for one year and have had no response to the due diligence process are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the student.

Valuation of Gifts and Property

Gifts of real and personal property are reported at their estimated fair value as of the date the property is received. Fair value is determined either by a staff member of the University with expertise in the valuation of the particular property, or by appropriate documentation furnished by the donor.

Inventories

Nonauxiliary inventories consist of supplies for use by the University and merchandise available for sale such as art supplies. These inventories are stated at the lower of cost, determined using the first-in, first-out method or market.

Auxiliary enterprises inventories consist of merchandise available for sale at the bookstore, student union, pharmacy, and recreation facilities. These inventories are stated at the lower of cost, determined using the first-in, first-out method or market.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Capital Assets

Capital assets purchased by the University are recorded at cost as the date of acquisition. Building additions and improvements with a cost in excess of \$200,000 are capitalized if the life of the building is extended. Equipment with a cost in excess of \$5,000 with a useful life greater than one year is capitalized. Donated assets are transferred from the Missouri State University Foundation and are recorded at the acquisition value at the date of donation to the Foundation. Infrastructure assets are included in the financial statements and are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed using the straight-line method over the estimated useful life of the asset. Expenditures for construction in progress are capitalized with depreciation beginning when the project is completed. The following estimated useful lives are being used by the University:

| | |
|------------------------------------|------------|
| Land improvements | 20 years |
| Buildings and improvements | 7–40 years |
| Furniture, fixtures, and equipment | 3–15 years |
| Infrastructure | 20 years |
| Library materials | 10 years |

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Capital and Lease Asset Impairment

The University evaluates capital and lease assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. If a capital or lease asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital (lease) asset historical cost and related accumulated depreciation (amortization) are decreased proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the years June 30, 2022 and 2021.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Loss on Refinancing

Losses on refinancing incurred on the bond issues have been deferred and are being amortized over the life of the bonds and are included in deferred outflows of resources.

Deferred Outflows of Resources

The University reports the consumption of net position that relates to a future reporting period as deferred outflows of resources in a separate section of its statements of net position.

Unearned Revenue

Unearned revenue includes unearned student fees, advances on program tickets, and unamortized revenue contributions for dining services capital projects.

Compensated Absences

It is the University's policy to permit employees to accumulate earned but unused sick and vacation pay benefits using the vesting method. Accrued vacation is the amount earned by all eligible employees through June 30. All eligible employees can accrue an unlimited amount of sick leave. Employees who retire under one of the University's public retirement plans will be paid for 40 percent of any accumulated unused sick leave rounded up or down to the nearest full day (up to a maximum of 48 days) and the remaining unused sick leave will be reported to Missouri State Employees' Retirement System (MOSERS) for inclusion as creditable service in accordance with MOSERS' policies regarding the reporting of unused sick leave. Accrued sick leave is based on a historic factor with these policies taken into consideration.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable and capital lease obligations with contractual maturities greater than one year and (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

Defined Benefit Pension Plan

As a component unit of the State of Missouri, the University participates in the Missouri State Employees' Plan (MSEP), a single-employer defined benefit pension plan as defined by GASB Statement No. 68. MSEP is administered by the Missouri State Employee's Retirement System (MOSERS), also a component unit of the State of Missouri. In accordance with the provisions of GASB Statement No. 68, the University accounts for and reports its participation in the single-employer plan as if it was a cost-sharing employer. For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of MOSERS and additions to/deductions from MOSERS' fiduciary net position has been determined on the same basis as they are reported by MOSERS. For this purpose, benefit payments (including refunds of

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Defined Benefit Other Postemployment Benefit Plan Nontrusted Single Employer

The University has a single-employer defined benefit other postemployment benefit (OPEB) plan, providing health insurance to retirees (the “OPEB Plan”). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Inflows of Resources

The University reports the acquisition of net position that relates to a future reporting period as deferred inflows of resources in a separate section of its statements of net position.

Net Position

Net position of the University is classified in four components on its statement of net position. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any 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.

Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the University, such as the federal portion of loan funds. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted.

The Foundation’s net assets, which under FASB standards are reported as either with or without donor restrictions based on the presence or absence of donor restrictions, have been presented based on the GASB classifications with like characteristics.

Classification of Revenues

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

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, and (3) grants and contracts meeting certain criteria.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Nonoperating revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as grants, gifts, and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Funds Accounting*, and GASB No. 34, such as state appropriations and investment income.

Tuition Revenue

Tuition revenue is recognized in the term to which it relates. The summer term is allocated by number of days falling within each fiscal year.

Scholarship Allowances

Student tuition and fees and auxiliary enterprise revenues, presented net of scholarships and fellowships of \$48,448,331 and \$45,987,707 at June 30, 2022 and 2021, respectively, are applied to student accounts, while stipends and other payments made directly to students are reported as scholarships and fellowships expense. Net tuition and fees, except for summer session, are recognized as revenues as they are assessed. The portion of summer session tuition and fees applicable to the following fiscal year is included in unearned revenues.

Bad Debt Expense

Bad debt expense is \$2,186,481 and \$1,394,580 for the years ended June 30, 2022 and 2021, respectively, and is netted against tuition and fee revenues.

Federal Financial Assistance Programs

The University participates in the following federal student financial aid programs: Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work Study, Federal Direct Loan, Federal Perkins Loan Programs, and Higher Education Emergency Relief Funds as part of the CARES Act.

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.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

New Accounting Pronouncements Adopted in Fiscal Year 2022

The University adopted the following new accounting pronouncements during the year ended June 30, 2022:

GASB Statement No. 87, Leases

In 2022, the University adopted GASB Statement No. 87, *Leases*. Under the standard, the lessees will now be required to recognize substantially all long-term leases on the statement of net position as both a right-to-use asset and a lease liability. In addition, lessors will be required to recognize a lease receivable and a deferred inflow of resources. The new standard also requires leases to be evaluated for identification of lease and nonlease components in a contract. As a result of the implementation, the following financial statement line items for fiscal year 2021 were restated:

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

| Statement of Net Position | As Restated | As Previously Reported | Effect of Change |
|--------------------------------------|--------------------|-------------------------------|-------------------------|
| Current Assets | | | |
| Accrued interest receivable | \$ 86,192 | \$ 20,333 | \$ 65,859 |
| Lease receivable | 572,804 | - | 572,804 |
| Total current assets | 269,724,061 | 269,085,398 | 638,663 |
| Noncurrent Assets | | | |
| Lease receivable | 7,109,956 | - | 7,109,956 |
| Lease assets, net | 14,245,144 | - | 14,245,144 |
| Total noncurrent assets | 579,527,946 | 558,172,846 | 21,355,100 |
| Total assets | 849,252,007 | 827,258,244 | 21,993,763 |
| Current Liabilities | | | |
| Accrued interest payable | 1,369,825 | 1,318,734 | 51,091 |
| Lease liability – current | 2,039,582 | - | 2,039,582 |
| Total current liabilities | 62,405,602 | 60,314,929 | 2,090,673 |
| Noncurrent Liabilities | | | |
| Lease liability | 12,484,250 | - | 12,484,250 |
| Total noncurrent liabilities | 506,204,355 | 493,720,105 | 12,484,250 |
| Total liabilities | 568,609,957 | 554,035,034 | 14,574,923 |
| Deferred Inflows of Resources | | | |
| Leases | 7,513,747 | - | 7,513,747 |
| Total deferred inflows of resources | 12,638,071 | 5,124,324 | 7,513,747 |
| Net Position | | | |
| Net investment in capital assets | 382,238,001 | 382,347,676 | (109,675) |
| Unrestricted | (84,343,706) | (84,358,474) | 14,768 |
| Total net position | 318,118,763 | 318,213,670 | (94,907) |

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

| | As Restated | As Previously Reported | Effect of Change |
|---|----------------------|-------------------------------|-------------------------|
| Statement of Revenues, Expenses, and Changes in Net Position | | | |
| Operating Revenues | | | |
| Other operating revenues | \$ 3,681,081 | \$ 3,564,881 | \$ 116,200 |
| Total operating revenues | 214,077,522 | 213,961,322 | 116,200 |
| Operating Expenses | | | |
| Supplies and other services | 59,903,475 | 62,133,636 | (2,230,161) |
| Depreciation and amortization | 31,601,853 | 29,252,109 | 2,349,744 |
| Total operating expenses | 363,494,715 | 363,375,132 | 119,583 |
| Operating Income (Loss) | (149,417,193) | (149,413,810) | (3,383) |
| Nonoperating Revenues (Expenses) | | | |
| Investment income | 5,075,090 | 4,956,419 | 118,671 |
| Interest on capital asset-related debt | (5,771,347) | (5,561,152) | (210,195) |
| Total nonoperating revenues (expenses) | 156,827,044 | 156,918,568 | (91,524) |
| Income (Loss) Before Other Revenues, Expenses, Gains, or Losses | 7,409,851 | 7,504,758 | (94,907) |
| Increase (Decrease) in Net Position | 28,929,580 | 29,024,487 | (94,907) |
| Net Position, End of Year | 318,118,763 | 318,213,670 | (94,907) |
| Statement of Cash Flows | | | |
| Operating Activities | | | |
| Payments to suppliers | (94,364,706) | (96,594,867) | 2,230,161 |
| Other receipts | 2,843,319 | 3,512,167 | (668,848) |
| Net cash used in operating activities | (94,164,033) | (95,725,345) | 1,561,312 |
| Capital and Related Financing Activities | | | |
| Principal paid on lease liabilities | (2,071,056) | - | (2,071,056) |
| Principal received on lease receivables | 616,035 | - | 616,035 |
| Interest paid on lease liabilities | (159,105) | - | (159,105) |
| Interest received on lease receivables | 52,813 | - | 52,813 |
| Net cash used in capital and related financing activities | (17,456,092) | (15,894,781) | (1,561,311) |
| Reconciliation of Operating Revenues (Expenses) to Net Cash Used in Operating Activities | | | |
| Operating loss | (149,417,193) | (149,413,810) | (3,383) |
| Depreciation and amortization expense | 31,601,853 | 29,252,109 | 2,349,744 |
| Deferred inflows of resources | (618,751) | 166,297 | (785,048) |
| Net Cash Used in Operating Activities | (94,164,033) | (95,725,345) | 1,561,312 |

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Note 2: Deposits, Investments, and Investment Income

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government’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 having a population of not less than 2,000, 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.

At June 30, 2022 and 2021, none of the University’s bank balances held by the current domestic depository, a United States financial institution, were exposed to custodial credit risk. All of these domestic deposits were fully collateralized at the end of fiscal year 2022 and 2021. The funds held by international banks for the University’s foreign education activities were not collateralized. The University is exposed to custodial credit risk for these deposits as follows:

| | 2022 | 2021 |
|--------------------------------|-------------|-------------|
| Uninsured and uncollateralized | \$ 129,068 | \$ 136,063 |

Foreign Currency Risk. This risk relates to adverse effects on the fair value of a deposit from changes in exchange rates. The University does not have any policies related to foreign currency risk. The University has \$129,068 and \$136,063 of foreign deposits denominated in Chinese Yuan at June 30, 2022 and 2021, respectively.

Investments

Investment policies are established by the Board of Governors. The University may invest in certificates of deposit, United States Treasury and U.S. agency securities, repurchase agreements, corporate bonds, commercial paper, banker’s acceptances, and money market funds.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

At June 30, 2022, the University had the following investments and maturities:

| Type | June 30, 2022 | | | |
|--|-----------------------|-----------------------|----------------------|-------------|
| | Fair Value | Maturities in Years | | |
| | | Less than 1 | 1–5 | 6–10 |
| Government-sponsored enterprises obligations | \$ 21,992,043 | \$ - | \$ 21,992,043 | \$ - |
| U.S. Treasury obligations | 117,851,182 | 104,926,402 | 12,924,780 | - |
| | <u>\$ 139,843,225</u> | <u>\$ 104,926,402</u> | <u>\$ 34,916,823</u> | <u>\$ -</u> |

At June 30 2021, the University had the following investments and maturities:

| Type | June 30, 2021 | | | |
|---------------------------|----------------------|----------------------|-------------|-------------|
| | Fair Value | Maturities in Years | | |
| | | Less than 1 | 1–5 | 6–10 |
| U.S. Treasury obligations | \$ 64,942,988 | \$ 64,942,988 | \$ - | \$ - |
| | <u>\$ 64,942,988</u> | <u>\$ 64,942,988</u> | <u>\$ -</u> | <u>\$ -</u> |

Interest Rate Risk. As a means of limiting its exposure to fair value losses, the University’s investment policy limits the type of investments to those which are not exposed to fair value losses arising from increasing interest rates. The maturities are structured to meet the cash flow needs of the University.

The prohibition of speculative investments precludes pursuit of gain or profit through unusual risk. Investment trading in response to changes in market value or market direction is warranted under active portfolio managements. Interest rate risk is not specifically discussed in the University’s investment policy.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The University uses nationally recognized rating organizations to evaluate credit risk for non-U.S. governmental agency investments. Minimums are established for each investment type.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. In accordance with its policy, the University minimizes custodial credit risk by establishing limitations on the types of instruments held by qualifying institutions.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Concentration of Credit Risk. The University’s investment policy places maximum percentages on the total investment funds held in each type of instrument. The type of investments that can be held in the University’s portfolio include U.S. Treasury and U.S. agency securities, repurchase agreements, corporate bonds, commercial paper, banker’s acceptance, and money market funds. It is the University’s policy that no more than 15 percent of the total portfolio will be held in any one bank, unless a safekeeping custody agreement is in place. There are no restrictions on direct obligations of the U.S. government, U.S. government agency issues, or U.S. government guaranteed securities.

There are no restrictions for repurchase agreements which are fully collateralized by U.S. government securities. No more than 20 percent of the portfolio will be held in corporate bonds or banker’s acceptances with no more than 5 percent of the portfolio to be held with any one issuer. No more than 30 percent of the portfolio will be held in commercial paper, with no more than 5 percent of the portfolio to be held with any one issuer. Money market funds must be SEC 2a-7 compliant and no more than \$4,000,000 to be held in money market funds.

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The University’s exposure to foreign currency risk did not exist at June 30, 2022 and 2021, because there were no foreign investments in the University’s investment portfolio at any time during these two fiscal years.

Summary of Carrying Values

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

| | 2022 | 2021 |
|----------------|-----------------------|-----------------------|
| Carrying value | | |
| Deposits | \$ 117,337,819 | \$ 172,098,271 |
| Investments | 139,843,225 | 64,942,988 |
| | <u>\$ 257,181,044</u> | <u>\$ 237,041,259</u> |

Included in the following statements of net position captions:

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

| | 2022 | 2021 |
|---|----------------|----------------|
| Cash and cash equivalents | \$ 88,307,136 | \$ 169,315,764 |
| Restricted cash and cash equivalents | 29,030,683 | 2,782,507 |
| Short-term investments | 104,926,402 | 40,942,988 |
| Restricted short-term investments | - | 24,000,000 |
| Long-term investments | 34,916,823 | - |
| Cash, cash equivalents, and investments total | \$ 257,181,044 | \$ 237,041,259 |

Investment Income

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

| | 2022 | 2021 |
|------------------------------|--------------|--------------|
| Interest and dividend income | \$ 5,420,638 | \$ 5,044,630 |
| Fair value adjustment | (272,985) | (88,211) |
| | \$ 5,147,653 | \$ 4,956,419 |

Note 3: Lease Receivables

The University leases a portion of its property to various third parties, the terms of which expire August 2022 through June 2044. Payments increase annually based on the terms of the contract (*i.e.*, fixed rate increases of a defined percentage or increases based on the Consumer Price Index). The leases were measured based upon the payment rate increases at lease commencement.

Revenue recognized under lease contracts during the year June 30, 2022 and 2021, were \$211,664 and \$234,871, respectively, which includes both lease revenue and interest revenue.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

| | Beginning Balance | 2022 | | | Ending Balance |
|------------------------------------|-----------------------|---------------------|---------------------|-------------|-----------------------|
| | | Additions | Retirements | Transfers | |
| Land | \$ 43,481,206 | \$ - | \$ (626,590) | \$ - | \$ 42,854,616 |
| Infrastructure | 93,754,944 | - | - | 1,464,952 | 95,219,896 |
| Buildings | 742,189,061 | - | (271,219) | 2,069,668 | 743,987,510 |
| Furniture, fixtures, and equipment | 62,105,083 | 3,549,111 | (2,971,003) | 134,663 | 62,817,854 |
| Library materials | 71,318,365 | 1,659,979 | - | - | 72,978,344 |
| Capitalized collections | 2,202,048 | 32,664 | - | - | 2,234,712 |
| Construction in progress | 9,878,508 | 26,142,212 | - | (3,669,283) | 32,351,437 |
| | <u>1,024,929,215</u> | <u>31,383,966</u> | <u>(3,868,812)</u> | <u>-</u> | <u>1,052,444,369</u> |
| Less accumulated depreciation | | | | | |
| Infrastructure | 55,475,569 | 4,945,599 | - | - | 60,421,168 |
| Buildings | 305,475,442 | 18,788,662 | (189,368) | - | 324,074,736 |
| Furniture, fixtures, and equipment | 48,979,087 | 3,263,203 | (2,905,693) | - | 49,336,597 |
| Library materials | 60,617,485 | 2,099,384 | - | - | 62,716,869 |
| Capitalized collections | 1,049,437 | 181,887 | - | - | 1,231,324 |
| Total accumulated depreciation | <u>471,597,020</u> | <u>29,278,735</u> | <u>(3,095,061)</u> | <u>-</u> | <u>497,780,694</u> |
| Net capital assets | <u>\$ 553,332,195</u> | <u>\$ 2,105,231</u> | <u>\$ (773,751)</u> | <u>\$ -</u> | <u>\$ 554,663,675</u> |

Capital asset activity for the year ended June 30, 2021, was as follows:

| | Beginning Balance | 2021 | | | Ending Balance |
|------------------------------------|-----------------------|-----------------------|---------------------|--------------|-----------------------|
| | | Additions | Retirements | Transfers | |
| Land | \$ 41,867,565 | \$ - | \$ (134,161) | \$ 1,747,802 | \$ 43,481,206 |
| Infrastructure | 86,110,662 | 969,941 | - | 6,674,341 | 93,754,944 |
| Buildings | 726,934,050 | 411,554 | (32,890) | 14,876,347 | 742,189,061 |
| Furniture, fixtures, and equipment | 63,713,019 | 3,768,903 | (5,371,439) | (5,400) | 62,105,083 |
| Library materials | 69,069,049 | 2,249,316 | - | - | 71,318,365 |
| Capitalized collections | 2,160,277 | 41,771 | - | - | 2,202,048 |
| Construction in progress | 20,989,760 | 12,181,838 | - | (23,293,090) | 9,878,508 |
| | <u>1,010,844,382</u> | <u>19,623,323</u> | <u>(5,538,490)</u> | <u>-</u> | <u>1,024,929,215</u> |
| Less accumulated depreciation | | | | | |
| Infrastructure | 50,549,069 | 4,926,500 | - | - | 55,475,569 |
| Buildings | 286,546,467 | 18,955,347 | (26,372) | - | 305,475,442 |
| Furniture, fixtures, and equipment | 50,667,817 | 3,092,492 | (4,781,222) | - | 48,979,087 |
| Library materials | 58,509,571 | 2,107,914 | - | - | 60,617,485 |
| Capitalized collections | 869,924 | 179,513 | - | - | 1,049,437 |
| Total accumulated depreciation | <u>447,142,848</u> | <u>29,261,766</u> | <u>(4,807,594)</u> | <u>-</u> | <u>471,597,020</u> |
| Net capital assets | <u>\$ 563,701,534</u> | <u>\$ (9,638,443)</u> | <u>\$ (730,896)</u> | <u>\$ -</u> | <u>\$ 553,332,195</u> |

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Note 5: Lease Assets

Lease asset activity for the year ended June 30, 2022, was as follows:

| | Beginning Balance | 2022 | | | Ending Balance |
|--------------------------------|----------------------|-----------------------|-------------|-------------|----------------------|
| | | Additions | Retirements | Transfers | |
| Infrastructure | \$ 7,692,881 | \$ - | \$ - | \$ - | \$ 7,692,881 |
| Buildings | 8,902,007 | - | - | - | 8,902,007 |
| | <u>16,594,888</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>16,594,888</u> |
| Less accumulated amortization | | | | | |
| Infrastructure | 1,745,899 | 1,745,898 | - | - | 3,491,797 |
| Buildings | 603,845 | 603,345 | - | - | 1,207,190 |
| Total accumulated amortization | <u>2,349,744</u> | <u>2,349,243</u> | <u>-</u> | <u>-</u> | <u>4,698,987</u> |
| Net leased assets | <u>\$ 14,245,144</u> | <u>\$ (2,349,243)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,895,901</u> |

Lease asset activity for the year ended June 30, 2021, was as follows:

| | Beginning Balance | 2021 | | | Ending Balance |
|--------------------------------|----------------------|-----------------------|-------------|-------------|----------------------|
| | | Additions | Retirements | Transfers | |
| Infrastructure | \$ 7,692,881 | \$ - | \$ - | \$ - | \$ 7,692,881 |
| Buildings | 8,902,007 | - | - | - | 8,902,007 |
| | <u>16,594,888</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>16,594,888</u> |
| Less accumulated amortization | | | | | |
| Infrastructure | - | 1,745,899 | - | - | 1,745,899 |
| Buildings | - | 603,845 | - | - | 603,845 |
| Total accumulated amortization | <u>-</u> | <u>2,349,744</u> | <u>-</u> | <u>-</u> | <u>2,349,744</u> |
| Net leased assets | <u>\$ 16,594,888</u> | <u>\$ (2,349,744)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 14,245,144</u> |

Note 6: 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, dental, and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to general liability, workers' compensation, natural disasters, and employee health benefits.

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.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Liabilities for employee health and dental benefits are included in liabilities for claims incurred but not yet reported or paid. The liability is estimated based on subsequent payments and historical information. Changes in the balance of claims liabilities for the years ended June 30, 2022 and 2021, are summarized as follows:

| | 2022 | 2021 |
|------------------------------|---------------------|---------------------|
| Balance at beginning of year | \$ 2,114,515 | \$ 2,167,229 |
| Health and dental claims | 24,822,721 | 24,668,817 |
| Health insurance payments | <u>(24,956,815)</u> | <u>(24,721,531)</u> |
| Balance at end of year | <u>\$ 1,980,421</u> | <u>\$ 2,114,515</u> |

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Note 7: Long-Term Liabilities

Long-term debt and other obligations consist of the following as of June 30, 2022:

| | Bond Series | Interest Rate | Maturity | Beginning Balance | Additions | 2022 Reductions | Ending Balance | Current Portion |
|--|--------------------|----------------------|-----------------|--------------------------|----------------------|----------------------------|-----------------------|------------------------|
| Auxiliary Enterprise System | | | | | | | | |
| Revenue Bonds* | | | | | | | | |
| Auxiliary enterprise system | | | | | | | | |
| 2015 | A | 2.00%-5.00% | 2032 | \$ 2,610,000 | \$ - | \$ 2,610,000 | \$ - | \$ - |
| 2016 | A | 2.00%-3.25% | 2039 | 11,295,000 | - | 430,000 | 10,865,000 | 450,000 |
| 2017 | A | 2.15%-2.63% | 2036 | 30,815,000 | - | 2,485,000 | 28,330,000 | 2,550,000 |
| 2018 | A | 3.35% | 2037 | 17,330,000 | - | 830,000 | 16,500,000 | 865,000 |
| 2019 | A | 4.00%-5.00% | 2035 | 15,980,000 | - | - | 15,980,000 | 645,000 |
| 2021 | A | 1.61%-2.04% | 2032 | 33,874,000 | - | 10,000,000 | 23,874,000 | 2,218,000 |
| | | | | <u>111,904,000</u> | <u>-</u> | <u>16,355,000</u> | <u>95,549,000</u> | <u>6,728,000</u> |
| MOHEFA Bonds** | | | | | | | | |
| 2014 | A | 2.00% -4.00% | 2039 | 17,940,000 | - | 17,940,000 | - | - |
| 2015 | | 1.625%-3.80% | 2041 | 14,290,000 | - | 530,000 | 13,760,000 | 545,000 |
| 2019 | B | 2.375%-4.00% | 2035 | 6,780,000 | - | 100,000 | 6,680,000 | 290,000 |
| 2021 | A | 2.15% | 2033 | 14,080,000 | - | 870,000 | 13,210,000 | 900,000 |
| 2021 | B | 2.69% | 2040 | - | 17,710,000 | - | 17,710,000 | 770,000 |
| | | | | <u>53,090,000</u> | <u>17,710,000</u> | <u>19,440,000</u> | <u>51,360,000</u> | <u>2,505,000</u> |
| Total bonds and notes payable | | | | 164,994,000 | 17,710,000 | 35,795,000 | 146,909,000 | 9,233,000 |
| Unamortized premium on bond issues | | | | <u>3,341,749</u> | <u>-</u> | <u>635,289</u> | <u>2,706,460</u> | <u>330,035</u> |
| Total bonds and notes payable including unamortized premiums | | | | <u>168,335,749</u> | <u>17,710,000</u> | <u>36,430,289</u> | <u>149,615,460</u> | <u>9,563,035</u> |
| Compensated absences | | | | 12,728,627 | 7,059,426 | 6,937,224 | 12,850,829 | 6,102,078 |
| Lease liability | | | | 14,523,832 | - | 2,039,582 | 12,484,250 | 2,027,673 |
| Financed purchases | | | | 4,551,149 | 5,600,000 | 1,066,909 | 9,084,240 | 1,097,573 |
| Other postemployment benefits | | | | 11,014,582 | - | 152,008 | 10,862,574 | - |
| Net pension liability | | | | <u>313,080,782</u> | <u>-</u> | <u>48,918,423</u> | <u>264,162,359</u> | <u>-</u> |
| Total other obligations | | | | <u>355,898,972</u> | <u>12,659,426</u> | <u>59,114,146</u> | <u>309,444,252</u> | <u>9,227,324</u> |
| Total long-term debt and other obligations | | | | <u>\$ 524,234,721</u> | <u>\$ 30,369,426</u> | <u>\$ 95,544,435</u> | <u>\$ 459,059,712</u> | <u>\$ 18,790,359</u> |

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Long-term debt and other obligations consist of the following as of June 30, 2021:

| | Bond Series | Interest Rate | Maturity | Beginning Balance | 2021 | | Ending Balance | Current Portion |
|--|-------------|---------------|----------|-----------------------|----------------------|----------------------|-----------------------|----------------------|
| | | | | | Additions | Reductions | | |
| Auxiliary Enterprise System Revenue Bonds* | | | | | | | | |
| Auxiliary enterprise system | | | | | | | | |
| 2010 | B | 4.25%-6.25% | 2035 | \$ 850,000 | \$ - | \$ 850,000 | \$ - | \$ - |
| 2015 | A | 2.00%-5.00% | 2032 | 37,530,000 | - | 34,920,000 | 2,610,000 | 2,610,000 |
| 2016 | A | 2.00%-3.25% | 2039 | 11,715,000 | - | 420,000 | 11,295,000 | 430,000 |
| 2017 | A | 2.15%-2.63% | 2036 | 33,240,000 | - | 2,425,000 | 30,815,000 | 2,485,000 |
| 2018 | A | 3.35% | 2037 | 18,135,000 | - | 805,000 | 17,330,000 | 830,000 |
| 2019 | A | 4.00%-5.00% | 2035 | 15,980,000 | - | - | 15,980,000 | - |
| 2021 | A | 1.61%-2.04% | 2032 | - | 33,874,000 | - | 33,874,000 | - |
| | | | | <u>117,450,000</u> | <u>33,874,000</u> | <u>39,420,000</u> | <u>111,904,000</u> | <u>6,355,000</u> |
| MOHEFA Bonds** | | | | | | | | |
| 2010 | B | 4.25%-6.25% | 2036 | 340,000 | - | 340,000 | - | - |
| 2014 | A | 2.00% -4.00% | 2039 | 18,590,000 | - | 650,000 | 17,940,000 | 675,000 |
| 2015 | | 1.625%-3.80% | 2041 | 14,810,000 | - | 520,000 | 14,290,000 | 530,000 |
| 2019 | A | 3.53% | 2034 | 14,920,000 | - | 14,920,000 | - | - |
| 2019 | B | 2.375%-4.00% | 2035 | 6,780,000 | - | - | 6,780,000 | 100,000 |
| 2021 | A | 2.15% | 2033 | - | 14,080,000 | - | 14,080,000 | 870,000 |
| | | | | <u>55,440,000</u> | <u>14,080,000</u> | <u>16,430,000</u> | <u>53,090,000</u> | <u>2,175,000</u> |
| Total bonds and notes payable | | | | 172,890,000 | 47,954,000 | 55,850,000 | 164,994,000 | 8,530,000 |
| Unamortized premium on bond issues | | | | <u>5,529,420</u> | <u>-</u> | <u>2,187,671</u> | <u>3,341,749</u> | <u>366,053</u> |
| Total bonds and notes payable including unamortized premiums | | | | <u>178,419,420</u> | <u>47,954,000</u> | <u>58,037,671</u> | <u>168,335,749</u> | <u>8,896,053</u> |
| Compensated absences | | | | 12,975,354 | 6,776,155 | 7,022,882 | 12,728,627 | 6,027,822 |
| Lease liability | | | | 16,594,888 | - | 2,071,056 | 14,523,832 | 2,039,582 |
| Financed purchases | | | | 5,828,345 | - | 1,277,196 | 4,551,149 | 1,066,909 |
| Other postemployment benefits | | | | 11,166,590 | - | 152,008 | 11,014,582 | - |
| Net pension liability | | | | <u>299,767,062</u> | <u>13,313,720</u> | <u>-</u> | <u>313,080,782</u> | <u>-</u> |
| Total other obligations | | | | <u>346,332,239</u> | <u>20,089,875</u> | <u>10,523,142</u> | <u>355,898,972</u> | <u>9,134,313</u> |
| Total long-term debt and other obligations | | | | <u>\$ 524,751,659</u> | <u>\$ 68,043,875</u> | <u>\$ 68,560,813</u> | <u>\$ 524,234,721</u> | <u>\$ 18,030,366</u> |

* All auxiliary enterprise system revenue bonds are secured by the net revenues pledged of the auxiliary enterprise system.

** All MOHEFA bonds are general unsecured obligations of the University.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

2021 MOHEFA Revenue Bonds Payable – Series B

On July 6, 2021, the University issued \$17,710,000 Series B bonds through a private placement with Capital One. The bonds bear interest payable semiannually at 2.69 percent. Principal maturity begins October 1, 2022, and continues until October 1, 2039. Proceeds from the issuance of these bonds was used to advance refund the Series 2014A bonds with maturities commencing October 1, 2022, through October 1, 2039.

2021 MOHEFA Revenue Bonds Payable – Series A

On April 1, 2021, the University restructured the Series 2019A bonds with Capital One. The Bonds will now bear interest payable semiannually at 2.15 percent commencing April 1, 2021, with maturity remaining until October 1, 2033.

2021 Auxiliary Enterprise System Revenue Bonds Payable – Series A

On April 29, 2021, the University issued \$33,874,000 Series A bonds through a private placement with Kansas City Financial Corporation. The bonds bear interest payable semiannually at 2.04 percent until conversion to a tax-exempt rate of 1.61 percent. Principal maturity begins April 1, 2023, and continues until April 1, 2032. Proceeds from the issuance of these bonds was used to advance refund the Series 2015A bonds with maturities commencing April 1, 2023, through April 1, 2032.

Notes from Direct Borrowings and Direct Placements

The University's outstanding notes from direct borrowings and direct placements of \$99,624,000 contain a provision and remedies that in an event of default, outstanding amounts become due within 30 days if the University is unable to make payment.

The University's outstanding educational, MOHEFA bonds, from direct borrowings of \$30,920,000 are general unsecured obligations of the University and the full faith and credit of the University (except funds appropriated to the University by the State of Missouri and funds pledged to payment of the University's revenue bonds).

The University's outstanding auxiliary enterprise system revenue bonds from direct borrowings of \$68,704,000 are secured by the net revenues pledged of the auxiliary enterprise system.

Financed Purchases

As of June 30, 2022, the University is obligated under three agreements accounted for as financed purchase arrangements (agreements). One agreement provided financing primarily for utility system improvements to the Springfield campus. The second agreement entered into in July 2018 financed the purchase of 52 Steinway pianos for the College of Arts and Letters music department. The third agreement is for an expansion for the utility system improvements to the Springfield campus. Assets under these agreement at June 30, 2022 and 2021, totaled \$4,281,715 and

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

\$4,602,401, respectively, net of accumulated depreciation of \$1,597,708 in 2022 and \$1,277,022 in 2021.

The principal and interest requirements on notes and bonds payable to maturity at June 30, 2022, are as follows:

| Year Ending June 30, | Bonds | | Direct Placement | | Financed Purchases | | Total to be Paid |
|-------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|-------------------|-----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2023 | \$ 1,930,000 | \$ 1,787,696 | \$ 7,303,000 | \$ 2,419,773 | \$ 1,097,573 | \$ 148,151 | \$ 14,686,193 |
| 2024 | 2,285,000 | 1,705,049 | 7,483,000 | 2,249,921 | 1,123,869 | 146,912 | 14,993,751 |
| 2025 | 2,380,000 | 1,611,178 | 7,026,000 | 2,069,005 | 1,150,811 | 119,889 | 14,356,883 |
| 2026 | 2,480,000 | 1,512,103 | 6,935,000 | 1,906,850 | 1,022,917 | 92,203 | 13,949,073 |
| 2027 | 2,580,000 | 1,407,609 | 7,124,000 | 1,743,242 | 908,377 | 75,808 | 13,839,036 |
| 2028–2032 | 14,565,000 | 5,298,093 | 38,513,000 | 6,098,971 | 3,780,693 | 154,046 | 68,409,803 |
| 2033–2037 | 15,410,000 | 2,271,901 | 21,660,000 | 1,888,031 | - | - | 41,229,932 |
| 2038–2042 | 5,655,000 | 369,745 | 3,580,000 | 146,336 | - | - | 9,751,081 |
| | <u>\$ 47,285,000</u> | <u>\$ 15,963,374</u> | <u>\$ 99,624,000</u> | <u>\$ 18,522,129</u> | <u>\$ 9,084,240</u> | <u>\$ 737,009</u> | <u>\$ 191,215,752</u> |

Note 8: Lease Liabilities

The University leases various assets, the terms of which expire in various years through 2040. Variable payments of certain leases are based upon the Consumer Price Index (Index). The leases were measured based upon the Index at lease commencement. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

During the years ended June 30, 2022 and 2021, the University did not recognize rental expense for variable payments not previously included in the measurement of the lease liability.

The following is a schedule by year of payments under the leases as of June 30, 2022:

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

| Year Ending June 30, | Principal | Interest | Total to be Paid |
|-------------------------|----------------------|---------------------|----------------------|
| 2023 | \$ 2,027,673 | \$ 162,717 | \$ 2,190,390 |
| 2024 | 2,045,693 | 137,987 | 2,183,680 |
| 2025 | 1,391,123 | 114,360 | 1,505,483 |
| 2026 | 646,676 | 101,810 | 748,486 |
| 2027 | 665,540 | 91,613 | 757,153 |
| 2028–2032 | 2,914,357 | 304,142 | 3,218,499 |
| 2033–2037 | 1,783,049 | 145,295 | 1,928,344 |
| 2038–2042 | 1,010,139 | 16,642 | 1,026,781 |
| | <u>\$ 12,484,250</u> | <u>\$ 1,074,566</u> | <u>\$ 13,558,816</u> |

Note 9: Auxiliary Enterprise System

The outstanding debt of the University consists of Auxiliary Enterprise System Revenue Bonds. The most recent Auxiliary Enterprise System Revenue Bonds were issued in accordance with a Resolution adopted by the Board of Governors in April 2021. The Resolution provides that the bonds are payable from the gross income and revenues derived from the housing, parking, health center, and recreational facilities serving the University and its students. The housing facilities consist of 11 residence halls, 4 dining facilities, and the Student Union Building. The parking facilities consist of all facilities, lots, and equipment for the parking of vehicles and the movement of passengers around campus. The health center consists of the Magers Health and Wellness Center facility which provides medical and wellness services to students and their spouses and University employees and their spouses and eligible dependents. The recreational facilities include the Bill R. Foster and Family Recreation Center, Hammons Student Center, the Plaster Stadium, the JQH Arena, Betty and Bobby Allison Recreation Fields, the Juanita K. Hammons Hall for the Performing Arts, and the athletic programs of the University. The Auxiliary Enterprise System also includes the University’s Bookstore and certain auxiliary operations at the University’s West Plains campus.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Financial information for the Auxiliary Enterprise System for June 30, 2022 and 2021, is summarized as follows:

| | 2022 | 2021 |
|--|----------------|----------------|
| Condensed Statements of Net Position | | |
| Assets | | |
| Current assets | \$ 60,150,520 | \$ 61,899,712 |
| Noncurrent assets | 223,108,590 | 233,635,009 |
| Total assets | 283,259,110 | 295,534,721 |
| Deferred Outflows of Resources | | |
| Total assets and deferred outflows of resources | 6,489,981 | 6,630,165 |
| | 289,749,091 | 302,164,886 |
| Liabilities | | |
| Current liabilities | 19,725,279 | 16,574,833 |
| Long-term liabilities | 111,309,380 | 137,833,155 |
| Total liabilities | 131,034,659 | 154,407,988 |
| Deferred Inflows of Resources | | |
| Total liabilities and deferred inflows of resources | 6,833,389 | 450,010 |
| | 137,868,048 | 154,857,998 |
| Net Position | | |
| Net investment in capital assets | 122,849,087 | 114,866,604 |
| Unrestricted | 29,031,956 | 32,440,284 |
| Total net position | \$ 151,881,043 | \$ 147,306,888 |
| Condensed Statements of Revenues, Expenses, and Changes in Net Position | | |
| Operating revenues | \$ 56,014,822 | \$ 48,067,693 |
| Operating expenses | | |
| Depreciation | 12,210,994 | 12,629,941 |
| All other operating expenses | 58,113,548 | 57,517,448 |
| Total operating expenses | 70,324,542 | 70,147,389 |
| Operating income (loss) | (14,309,720) | (22,079,696) |
| Nonoperating revenues (expenses) | 8,875,935 | 13,222,382 |
| Excess (deficiency) of revenues over expenses | (5,433,785) | (8,857,314) |
| Transfer from other University units | 10,007,940 | 13,695,262 |
| Increase (Decrease) in Net Position | 4,574,155 | 4,837,948 |
| Net Position, Beginning of Year | 147,306,888 | 142,468,940 |
| Net Position, End of Year | \$ 151,881,043 | \$ 147,306,888 |

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Note 10: Pension Plans

MOSERS

Plan Description

The Missouri State Employees' Plan (MSEP) is a multiple-employer, defined benefit public employee retirement plan with two benefit structures known as the MSEP (closed plan) and MSEP 2000, which are administered by the Missouri State Employees' Retirement System ("MOSERS" or the "System") in accordance with Sections 104.010 and 104.312 to 104.1215 of the Revised Statutes of Missouri (RSMo). In accordance with the provisions of GASB 68, the University accounts for and records its participation in the single-employer plan as if it was a cost-sharing plan. As established under Section 104.320, RSMo, MOSERS is a body corporate and an instrumentality of the state. In the System are vested the powers and duties specified in Sections 104.010 and 104.312 to 104.1215, RSMo and such other powers as may be necessary or proper to enable it, its officers, employees, and agents to carry out fully and effectively all the purposes of Sections 104.010 and 104.312 to 104.1215, RSMo. Responsibility for the operation and administration of the System is vested in the 11-member MOSERS Board of Trustees as defined by state law. Due to the nature of MOSERS' reliance on funding from the state of Missouri and other state government agencies and the overall control of the plan document by the legislative and executive branches of state government, the MSEP is considered a component unit of the state of Missouri financial reporting entity and is included in the state's financial reports as a pension trust fund.

Generally, all full-time state employees hired before July 2000, who were not covered under another state-sponsored retirement plan, are eligible for membership in the MSEP (closed plan). Full-time state employees hired after July 2000, and before January 2011, are eligible for membership in the MSEP 2000. Employees hired for the first time on or after January 2011 are eligible for membership in the MSEP 2011 tier of the MSEP 2000. The MSEP provides retirement, survivor, and disability benefits. MOSERS issues an Annual Financial Report, 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 funding structure in which the employee participates, which is based on the employee's hire date. Information on the three funding structures administered by MOSERS (MSEP, MSEP 2000, and MSEP 2011) and how eligibility and the benefit amount is determined for each funding structure may be found in the Notes to the Financial Statements of MOSERS' Annual Financial Report starting on page 31.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

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. No employee contribution is required for the MSEP and MSEP 2000 plans. Employees in the MSEP 2011 plan are required to contribute 4.00 percent of their annual pay. The University's required contribution rate for all plans for the year ended June 30, 2022, was 23.51 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate for the MOSERS' plan years ended June 30, 2021 and 2020, was 22.88 and 21.77 percent, respectively, for all plans, which was the years of measurement for the net pension liability. Contributions to the pension plan from the University were \$23,187,616 and \$21,781,413 for the years ended June 30, 2022 and 2021, respectively.

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

At June 30, 2022 and 2021, the University reported a liability of \$264,163,359 and \$313,080,782, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2021 and 2020. At June 30, 2021, the University's proportion was 4.72502 percent which was a decrease of 0.20727 percent from its proportion measured as of June 30, 2020. At June 30, 2020, the University's proportion was 4.93229 percent, which was a decrease of 0.02981 percent from its proportion measured as of June 30, 2019.

Senate Bill 62 (SB 62), which contained changes to the benefit structure for MSEP 2011, was passed by the 2017 legislature. The provisions of the bill decreased vesting from ten to five years of service, but also included provisions that essentially offset the cost of the vesting change. As a result, SB 62 had no impact on the employer contribution rate and created a decrease to the UAAL of \$1.6 million.

The Board reduced the investment return assumption used in the June 30, 2021, valuation to 6.95 percent.

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

For the years ended June 30, 2022 and 2021, the University recognized pension expense of \$27,857,305 and \$45,434,970, respectively.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

At June 30, 2022 and 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2022 | | 2021 | |
|---|---|--|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 4,212,149 | \$ 1,168,737 | \$ 141,785 | \$ 3,251,878 |
| Change in assumptions | 18,475,578 | - | 8,275,029 | - |
| Net difference between projected and actual earning on pension plan investments | - | 47,625,653 | 16,621,640 | - |
| Change in proportion and differences between the University's contributions and the University proportionate share of contributions | - | 8,741,334 | - | 1,640,259 |
| University's contributions subsequent to the measurement date | <u>23,187,616</u> | <u>-</u> | <u>21,781,413</u> | <u>-</u> |
| Total | <u><u>\$ 45,875,343</u></u> | <u><u>\$ 57,535,724</u></u> | <u><u>\$ 46,819,867</u></u> | <u><u>\$ 4,892,137</u></u> |

At June 30, 2022 and 2021, the University reported \$23,187,616 and \$21,781,413, respectively, as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the years ending June 30, 2022 and 2021, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2022, related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Amount Recognized |
|-----------------------------|-------------------------------|
| 2022 | \$ (3,553,783) |
| 2023 | (4,381,159) |
| 2024 | (12,760,011) |
| 2025 | <u>(14,153,044)</u> |
| | <u><u>\$ (34,847,997)</u></u> |

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Actuarial Assumptions

The total pension liability in the June 30, 2021 and 2020, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2021

| | |
|---------------------------|--|
| Inflation | 2.25% |
| Salary increases | 2.75% to 10.00% including inflation |
| Wage inflation | 2.25% |
| Investment rate of return | 6.95% per year, compounded annually, net after investment expenses and including inflation |

June 30, 2020

| | |
|---------------------------|--|
| Inflation | 2.25% |
| Salary increases | 2.75% to 8.25% including inflation |
| Wage inflation | 2.25% |
| Investment rate of return | 6.95% per year, compounded annually, net after investment expenses and including inflation |

Mortality: Preretirement mortality rates were based on the Pub-2010 General Members Below Median Employee mortality table, set back two years for males and set forward one year for females. Mortality was projected generationally from 2010 to 2020 using Scale MP-2020 and 75 percent of Scale MP-2020 for years after 2020.

Postretirement mortality rates for retirees were based on the Pub-2010 General Members Below Median Healthy Retiree mortality table, scaled by 104 percent, set back two years for males and set forward one year for females. Mortality projected generationally from 2010 to 2020 using Scale MP-2020 and 75 percent of Scale MP-2020 for years after 2020.

Postretirement mortality rates for beneficiaries were based on the Pub-2010 General Members Below Median Contingent Survivor mortality table, set back two years for males and set forward one year for females. Mortality was projected generationally from 2010 to 2020 using Scale MP-2020 and 75 percent of Scale MP-2020 for years after 2020.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study covering the five-year period ended June 30, 2020, and performed in 2021. As a result of this actuarial experience study, the MOSERS' Board made certain actuarial assumption and method changes as a result of the experience study, including:

- Subsequent changes in the unfunded actuarial accrued liability due to actuarial gains/losses or assumption changes are now amortized over a closed 25 year period, instead of 30 years.
- Mortality assumptions are now based on generational tables.

The merit component of the salary increase assumption was adjusted to partially reflect observed experience.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2010, to June 30, 2015. As a result of this actuarial experience study, the MOSERS' Board made various demographic assumption changes to more closely reflect actual experience. The most significant changes included lowering the assumed annual investment rate from 7.10 percent to 6.95 percent and the adoption of the above mortality tables. The changes in assumptions recorded as deferred inflows and outflows of resources were due to these changes from the actuarial experience study.

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, 2021, 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 | 30.00% | 5.80% | 2.30% |
| Global private equities | 15.00% | 7.40% | 1.40% |
| Long treasuries | 25.00% | 1.60% | 0.90% |
| Core bonds | 10.00% | 1.20% | 0.30% |
| Commodities | 5.00% | 3.60% | 0.30% |
| TIPS | 25.00% | 0.80% | 0.70% |
| Private real assets | 5.00% | 5.20% | 0.30% |
| Public real assets | 5.00% | 5.80% | 0.40% |
| Hedge funds | 5.00% | 2.90% | 0.20% |
| Alternative beta | 10.00% | 3.40% | 0.50% |
| Private credit | 5.00% | 7.60% | 0.50% |
| Cash and cash equivalents | -40.00% | 0.00% | 0.00% |
| | <u>100.00%</u> | | <u>7.80%</u> |

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

Discount Rate

The discount rate used to measure the total pension liability was 6.95 percent at June 30, 2021 and 2020, 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

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

| | 1% Decrease (5.95%) | Current Discount Rate (6.95%) | 1% Increase (7.95%) |
|---|------------------------------------|--|------------------------------------|
| University's proportionate share of the net pension liability | \$ 348,178,881 | \$ 264,162,359 | \$ 194,019,123 |

Pension Plan Fiduciary Net Position

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

CURP

Beginning July 1, 2002, all faculty on full-time, regular appointment 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 which uses TIAA-CREF as its third-party administrator. CURP provides a retirement program which offers interstate portability, immediate vesting, and no minimum service requirement. Contributions made by the University are self-directed by participants into their selected individual accounts. After participating in CURP for at least six years, a faculty member may elect to become a member of the Missouri State Employees' Retirement System (MOSERS).

The University was required to contribute 6.00 percent of the participant's salary to CURP for the years ended June 30, 2022, 2021, and 2020, respectively. The total contributed for years ended June 30, 2022, 2021, and 2020, was \$2,329,391, \$2,238,938, and \$2,273,759, respectively.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Note 11: Other Postemployment Benefit Plan

Plan Description: The University contributes to the Missouri State University Employee Benefit Plan (the “OPEB Plan”), a single-employer defined benefit OPEB plan covering substantially all employees. The OPEB Plan is administered through a commercial insurance carrier. Benefit provisions are contained in the plan document and were established and can be amended by action of the University’s governing body. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided: 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 \$546 for a single person to \$1,357 for retiree and spouse. For employees who retire before reaching age 65, their insurance will be continued until the earlier of the date the plan is canceled or until their 65th birthday.

The employees covered by the benefit terms at June 30, 2022 and 2021, are:

| | 2022 | 2021 |
|--|-------------|-------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 89 | 107 |
| Active employees | 1,930 | 2,033 |
| | 2,019 | 2,140 |

Total OPEB Liability

The University’s total OPEB liability of \$7,746,094 and \$11,014,582 was measured as of June 30, 2022 and 2021, respectively, for the years then ended, and was determined by an actuarial valuation as of June 30, 2022 and 2021, using census data from 2021.

The total OPEB liability in the June 30, 2022 and 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | 2022 |
|------------------------------|--|
| Inflation | 3.00% |
| Discount rate | 3.54% (prior year 2.16%) |
| Salary increases | 3.50% per year |
| Health care cost trend rates | 7.00% for 2023, decreasing 0.25% per year to an ultimate rate of 4.0% for 2029 and later years |

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

| | 2021 |
|------------------------------|--|
| Inflation | 3.00% |
| Discount rate | 2.16% (prior year 2.21%) |
| Salary increases | 3.50% per year |
| Health care cost trend rates | 6.0% for 2020, decreasing 0.5% per year to an ultimate rate of 4.5% for 2023 and later years |

This discount rate used for the plan was the 20-year, tax-exempt municipal bond rate as there are no assets in the plan.

For the OPEB valuation as of June 2022, the mortality projection scale was updated from MP-2019 to MP-2021 to reflect the Society of Actuaries' recent mortality study, as of June 30, 2021 and 2020, mortality rates were based on the Pub-2010 generational table scaled using MP-2019 and applied on a gender-specific basis.

The actuarial assumptions used in the June 30, 2022 and 2021, valuations were based on the results of an actuarial experience study from 2013.

Changes in Total OPEB Liability

Changes in the total OPEB liability are:

| | 2022 | 2021 |
|--|---------------|---------------|
| Balance, beginning of year | \$ 11,014,582 | \$ 11,166,590 |
| Service cost | 406,640 | 415,627 |
| Interest | 242,276 | 246,493 |
| Differences between expected and actual experience | (2,733,407) | - |
| Changes in assumptions or other inputs | (774,478) | 43,287 |
| Benefit payments | (409,519) | (857,415) |
| Net changes | (3,268,488) | (152,008) |
| Balance, end of year | \$ 7,746,094 | \$ 11,014,582 |

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

The total OPEB liability of the University has been calculated using a discount rate of 3.54 percent, an increase of 1.38 percent from the 2021 rate of 2.16 percent. The following present the total OPEB liability using a discount rate 1 percent higher and 1 percent lower than the discount rate.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|-----------------------------------|--------------------|--------------------------------------|--------------------|
| University's total OPEB liability | \$ 7,069,000 | \$ 7,746,000 | \$ 8,526,000 |

The total OPEB liability of the University has been calculated and updated using health care cost trend rates of 7.00 percent decreasing to 4.00 percent from the prior year of 6.00 percent decreasing to 4.50 percent.

The following presents the total OPEB liability using health care cost rates 1 percent higher and 1 percent lower than the current health care cost trend rates.

| | <u>1% Decrease</u> | <u>Current Health Care Cost Trend Rates</u> | <u>1% Increase</u> |
|-----------------------------------|--------------------|---|--------------------|
| University's total OPEB liability | \$ 7,212,000 | \$ 7,746,000 | \$ 8,333,000 |

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2022 and 2021, the University recognized OPEB expense of \$513,232 and \$742,972, respectively. At June 30, 2022 and 2021, the University reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

| | 2022 | | 2021 | |
|--|---|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ - | \$ 2,643,486 | \$ - | \$ 90,933 |
| Changes of assumptions | 1,280,706 | 849,070 | 1,392,538 | 141,254 |
| Total | <u>\$ 1,280,706</u> | <u>\$ 3,492,556</u> | <u>\$ 1,392,538</u> | <u>\$ 232,187</u> |

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Deferred outflows and deferred inflows of resources at June 30, 2022, related to OPEB will be recognized as a reduction in OPEB expense as follows:

| | | |
|------------|--|-----------------------|
| 2022 | | \$ (135,684) |
| 2023 | | (135,684) |
| 2024 | | (135,684) |
| 2025 | | (135,684) |
| 2026 | | (135,684) |
| Thereafter | | <u>(1,533,430)</u> |
| | | <u>\$ (2,211,850)</u> |

Note 12: Disclosure About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022 and 2021:

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

| Description | Total | 2022 | | |
|--|-----------------------|-------------|-----------------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| U.S. Treasury obligations | \$ 117,851,182 | \$ - | \$ 117,851,182 | \$ - |
| Government-sponsored enterprises obligations | <u>21,992,043</u> | <u>-</u> | <u>21,992,043</u> | <u>-</u> |
| Total investments measured at fair value | <u>\$ 139,843,225</u> | <u>\$ -</u> | <u>\$ 139,843,225</u> | <u>\$ -</u> |

| Description | Total | 2021 | | |
|--|----------------------|-------------|----------------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| U.S. Treasury obligations | <u>\$ 64,942,988</u> | <u>\$ -</u> | <u>\$ 64,942,988</u> | <u>\$ -</u> |
| Total investments measured at fair value | <u>\$ 64,942,988</u> | <u>\$ -</u> | <u>\$ 64,942,988</u> | <u>\$ -</u> |

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 are not available, securities are classified within Level 3 of the hierarchy.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Note 13: Operating Expenses by Function

Operating expenses by functional classification for the year ended June 30, 2022, are summarized as follows:

| | Salaries | Benefits | Scholarships and Fellowships | Utilities | Supplies and Other Services | Depreciation and Amortization | 2022 Total |
|--|-----------------------|----------------------|---|---------------------|--|--|-----------------------|
| Instruction | \$ 75,414,231 | \$ 33,191,267 | \$ - | \$ - | \$ 12,740,934 | \$ - | \$ 121,346,432 |
| Research | 4,462,828 | 2,102,605 | - | 1,715 | 8,885,048 | - | 15,452,196 |
| Public service | 6,343,328 | 2,691,582 | - | 36,346 | 4,944,015 | - | 14,015,271 |
| Academic support | 16,909,547 | 7,390,195 | - | 10,383 | 6,108,530 | - | 30,418,655 |
| Student services | 8,070,350 | 3,383,693 | - | 755 | 4,058,401 | - | 15,513,199 |
| Institutional support | 17,400,096 | 7,848,863 | - | 76 | 3,612,546 | - | 28,861,581 |
| Operation and maintenance of plant | 6,357,115 | 2,857,533 | - | 5,822,515 | 5,263,494 | - | 20,300,657 |
| Scholarship and fellowships | 711,724 | (252,478) | 43,354,418 | - | 37,853 | - | 43,851,517 |
| Auxiliary enterprises | 19,730,507 | 7,508,621 | 6,011,158 | 2,647,014 | 22,216,248 | - | 58,113,548 |
| Depreciation | - | - | - | - | - | 31,627,978 | 31,627,978 |
| Total operating expenses for fiscal year 2022 | \$ 155,399,726 | \$ 66,721,881 | \$ 49,365,576 | \$ 8,518,804 | \$ 67,867,069 | \$ 31,627,978 | \$ 379,501,034 |

Operating expenses by functional classification for the year ended June 30, 2021, are summarized as follows:

| | Salaries | Benefits | Scholarships and Fellowships | Utilities | Supplies and Other Services | Depreciation and Amortization | 2021 Total |
|--|-----------------------|----------------------|---|---------------------|--|--|-----------------------|
| Instruction | \$ 73,245,994 | \$ 39,045,336 | \$ - | \$ - | \$ 9,757,619 | \$ - | \$ 122,048,949 |
| Research | 4,509,124 | 3,251,764 | - | 4,217 | 8,200,685 | - | 15,965,790 |
| Public service | 5,657,142 | 3,094,379 | - | 35,597 | 4,636,304 | - | 13,423,422 |
| Academic support | 16,282,205 | 8,771,442 | - | 6,298 | 5,078,680 | - | 30,138,625 |
| Student services | 7,310,817 | 4,013,372 | - | 194 | 3,115,275 | - | 14,439,658 |
| Institutional support | 16,747,667 | 9,507,520 | - | - | 3,074,822 | - | 29,330,009 |
| Operation and maintenance of plant | 6,192,075 | 3,919,795 | - | 4,721,778 | 4,901,874 | - | 19,735,522 |
| Scholarship and fellowships | 750,173 | 163,740 | 28,322,861 | - | 56,665 | - | 29,293,439 |
| Auxiliary enterprises | 18,028,219 | 10,116,448 | 5,937,589 | 2,353,641 | 21,081,551 | - | 57,517,448 |
| Depreciation | - | - | - | - | - | 31,601,853 | 31,601,853 |
| Total operating expenses for fiscal year 2021 | \$ 148,723,416 | \$ 81,883,796 | \$ 34,260,450 | \$ 7,121,725 | \$ 59,903,475 | \$ 31,601,853 | \$ 363,494,715 |

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Note 14: Related Party Transactions

In 1982, the University's Board of Governors authorized the transfer of its endowment fund of \$199,762 to the Foundation for management purposes. This balance is shown on the University's statements of net position as amounts due from the Foundation, in noncurrent assets. All investment earnings from these funds have been recorded in the accounting records of the Foundation and are not shown on the University's financial statements. All endowment additions since 1982, including gifts and other income, have been recorded in the Foundation's accounting records.

The Foundation owed the University approximately \$1,143,885 and \$784,698 at June 30, 2022 and 2021, respectively, for pledges receivable and expenses paid by the University for costs to be funded by the Foundation. The balance is shown on the University's statements of net position as current assets and is included in accounts receivable.

The University pays the Foundation for space occupied by various University departments within the Kenneth E. Meyer Alumni Center. Rental payments for the years ended June 30, 2022 and 2021, were \$535,766.

Note 15: Commitments and Contingencies

Claims and Litigation

As is common with most large governmental entities, various parties have asserted claims against the University through litigation and by other means. The University is vigorously defending each of these matters, the eventual outcomes of which management presently believes will not be material.

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.

Construction Commitments

The University has outstanding commitments for various construction contracts of approximately \$33.7 million at June 30, 2022.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Real Estate Purchase Agreement Commitments

On May 17, 2018, the Board of Governors approved the University entering into a build to suit real estate purchase agreement to construct a 402-bed facility adjacent to the Springfield campus for \$24,000,000. The University has classified \$24,000,000 as restricted investments for this purchase at June 30, 2021 and 2020. On May 15, 2020, the Board of Governors amended the purchase agreement for the closing to occur on or before July 1, 2021, and to include a \$625,000 Holding Cost Payment. On June 18, 2021, the Board of Governors amended the purchase agreement for the closing to occur on or before July 2, 2022. The purchase of the new residence hall closed on July 15, 2022, for the cash price of \$24,000,000. The residence hall appraised for \$32,400,000 on a cost approach basis and a gift was recognized for \$8,400,000.

Construction and Expansion of the Jordan Valley Innovation Center

In May 2017, Missouri State University, The Vecino Group, LLC (Vecino), and the Springfield Business Development Corporation entered into a Memorandum of Understanding (MOU) to explore the feasibility of a public-private partnership for the purpose of expanding IDEA Commons.

In December 2019, the Board of Governors approved execution of a legal Letter of Intent (LOI), which established the material terms of a development agreement for the development, design, financing, and construction of a roughly 30,000 square foot expansion of the University's Jordan Valley Innovation Center (JVIC #4), including a total project cost not to exceed \$14,397,284.

In May 2020, the Board of Governors approved the JVIC #4 Expansion.

In August 2020, the public-private partnership for the JVIC #4 Expansion was finalized and related contracts executed. The University contributed \$4,600,000 in the form of a subordinated note receivable with a maturity date of August 20, 2027.

Note 16: Missouri State University Foundation

Financial Statements

The financial statements of the Foundation are presented in accordance with the provisions of the FASB ASC. The FASB ASC requires the Foundation to distinguish between contributions that increase net assets with donor restrictions net assets without donor restrictions. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. The FASB ASC establishes standards for external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows. As permitted by GASB Statement No. 34, the University has elected not to present a statement of cash flows for the Foundation in the basic financial statements of the University's reporting entity.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Pooled Investments

Funds treated as endowment by the Foundation are managed as a pooled investment fund. This pool includes funds from the with or without donor restrictions net asset classes. The various subsidiary accounts purchase shares in the investment pool when additions are received. The investment pool is operated on a unit market basis. The following schedule summarizes data related to the investment pool for the years ended June 30, 2022 and 2021:

| | 2022 | 2021 |
|------------------------------------|-----------------|----------------|
| Pooled investments at market value | \$ 100,634,171 | \$ 110,505,219 |
| Number of pool shares | 440,118 | 419,440 |
| Market value per pool share | \$ 229 | \$ 263 |
| Fiscal year return | -7.51% | 25.77% |
| Interest and dividend earnings | \$ 1,946,276 | \$ 1,714,535 |
| Net gains (losses) | \$ (11,393,357) | \$ 21,678,874 |

Investments and Investment Return

The Foundation measures securities, other than investments that qualify for the equity method of accounting, at fair value. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments.

Net investment return includes dividend and interest income and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method. Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

The Foundation has significant investments in marketable securities, which are subject to price fluctuation. These instruments could potentially subject the Foundation to significant concentrations of market risk. This risk is controlled through a diversified portfolio and regular monitoring procedures.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Investments are summarized as follows at June 30:

| | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Accrued income | \$ 109,006 | \$ 136,706 |
| Money market accounts | 2,524,124 | 1,843,974 |
| U.S. Treasury bills | 48,978,330 | 22,523,198 |
| U.S. equity mutual funds | 36,623,259 | 43,551,282 |
| Non-U.S. equity mutual funds | 21,900,496 | 36,991,974 |
| U.S. Treasury securities | 313,809 | 12,671,024 |
| Corporate bonds | 1,686,505 | 6,445,188 |
| U.S fixed income exchange-traded funds | 18,939,549 | - |
| Hedge funds | 6,097,166 | 4,308,285 |
| Private equity | 9,420,005 | 6,394,516 |
| Other | 3,500 | 3,500 |
| | <u>\$ 146,595,749</u> | <u>\$ 134,869,647</u> |

Investment return consists of the following:

| | 2022 | 2021 |
|--|-----------------------|----------------------|
| Investment income | \$ 2,478,146 | \$ 2,055,486 |
| Realized and unrealized gains on investments reported at fair value | (11,954,448) | 21,673,209 |
| Investment expenses | (368,333) | (297,414) |
| | <u>\$ (9,844,635)</u> | <u>\$ 23,431,281</u> |

Investments held in trust are deposited with The Northern Trust Company, BancorpSouth Wealth Management, and Bank of America, N.A.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Pledges Receivable

Pledges receivable are a credit risk to the extent donors choose not to complete their pledge payments. Discount rates ranged from 2.927 percent to 0.147 percent for the years ended June 30, 2022 and 2021, respectively. Pledges receivable consist of the following unconditional promises to give at June 30:

| | 2022 | 2021 |
|---------------------------------------|----------------------|----------------------|
| Due in less than one year | \$ 7,459,569 | \$ 10,048,766 |
| Due in one to five years | 11,766,385 | 14,235,047 |
| Due in more than five years | 9,153,274 | 8,502,283 |
| | <u>28,379,228</u> | <u>32,786,096</u> |
| Less: Allowance for doubtful accounts | 524,565 | 3,844,499 |
| Less: Unamortized discount | 836,243 | 984,900 |
| | <u>1,360,808</u> | <u>4,829,399</u> |
| | <u>\$ 27,018,420</u> | <u>\$ 27,956,697</u> |

Net Assets

Net assets with donor restrictions at June 30, 2022 and 2021, are restricted for the following purposes or periods:

| | 2022 | 2021 |
|--|----------------------|-----------------------|
| Any purpose, time restricted | \$ 11,972 | \$ 23,161 |
| Instruction and academic program support | 22,088,340 | 24,994,359 |
| Student services | 5,064,081 | 5,857,359 |
| Institutional support | 18,513,515 | 22,212,226 |
| Scholarships | 35,371,240 | 45,428,676 |
| Public service and broadcast services | 5,903,039 | 5,879,320 |
| | <u>\$ 86,952,187</u> | <u>\$ 104,395,101</u> |

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Net assets with donor restrictions that are perpetual in nature at June 30, 2022 and 2021, are restricted to investments in perpetuity, the revenue from which is expendable to support:

| | 2022 | 2021 |
|--|---------------|---------------|
| Instruction and academic program support | \$ 18,650,305 | \$ 17,148,544 |
| Student services | 1,288,749 | 1,215,485 |
| Institutional support | 1,736,267 | 1,999,095 |
| Scholarships | 58,559,951 | 52,906,009 |
| Public service and broadcast services | 650,624 | 643,392 |
| | \$ 80,885,896 | \$ 73,912,525 |

Endowments

The Foundation’s endowment consists of approximately 1,149 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (Board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including Board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation’s governing body has interpreted the State of Missouri Prudent Management of Institutional Funds Act (SPMIFA) as requiring 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. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of donor-restricted endowment funds is classified as net assets with donor restrictions – purpose or time-restricted for future periods until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

The composition of net assets by type of endowment fund at June 30, 2022, was:

| | Without Donor Restrictions | With Donor Restrictions – Purpose or Time-Restricted | With Donor Restrictions – Perpetual in Nature | 2022 Total |
|----------------------------------|---------------------------------------|---|--|-----------------------|
| Donor-restricted endowment funds | \$ - | \$ 22,332,345 | \$ 80,295,360 | \$ 102,627,705 |
| Board-designated endowment funds | 3,167,483 | - | - | 3,167,483 |
| Total endowment funds | \$ 3,167,483 | \$ 22,332,345 | \$ 80,295,360 | \$ 105,795,188 |

The composition of net assets by type of endowment fund at June 30, 2021, was:

| | Without Donor Restrictions | With Donor Restrictions – Purpose or Time-Restricted | With Donor Restrictions – Perpetual in Nature | 2021 Total |
|----------------------------------|---------------------------------------|---|--|-----------------------|
| Donor-restricted endowment funds | \$ - | \$ 37,387,071 | \$ 73,179,604 | \$ 110,566,675 |
| Board-designated endowment funds | 3,589,818 | - | - | 3,589,818 |
| Total endowment funds | \$ 3,589,818 | \$ 37,387,071 | \$ 73,179,604 | \$ 114,156,493 |

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

| | Without Donor Restrictions | With Donor Restrictions – Purpose or Time-Restricted | With Donor Restrictions – Perpetual in Nature | 2022 Total |
|--|---------------------------------------|---|--|-----------------------|
| Endowment net assets, beginning of year | \$ 3,589,818 | \$ 37,387,071 | \$ 73,179,604 | \$ 114,156,493 |
| Investment return, net | | | | |
| Investment income | - | 1,948,806 | - | 1,948,806 |
| Net appreciation (depreciation) | (427,024) | (11,314,887) | - | (11,741,911) |
| Total investment return, net | (427,024) | (9,366,081) | - | (9,793,105) |
| Contributions | - | - | 7,089,570 | 7,089,570 |
| Other income | - | 18,970 | 26,186 | 45,156 |
| Appropriation of endowment assets for expenditure | - | (5,833,653) | - | (5,833,653) |
| Other additions | 4,689 | 126,038 | - | 130,727 |
| Endowment net assets, end of year | \$ 3,167,483 | \$ 22,332,345 | \$ 80,295,360 | \$ 105,795,188 |

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

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

| | Without Donor Restrictions | With Donor Restrictions – Purpose or Time-Restricted | With Donor Restrictions – Perpetual in Nature | 2021 Total |
|--|---------------------------------------|---|--|-----------------------|
| Endowment net assets, beginning of year | \$ 3,040,545 | \$ 19,699,303 | \$ 64,903,457 | \$ 87,643,305 |
| Investment return, net | | | | |
| Investment income | - | 1,905,918 | - | 1,905,918 |
| Net appreciation (depreciation) | 543,095 | 21,470,741 | - | 22,013,836 |
| Total investment return, net | 543,095 | 23,376,659 | - | 23,919,754 |
| Contributions | - | - | 8,249,344 | 8,249,344 |
| Other income | - | 27,360 | 26,803 | 54,163 |
| Appropriation of endowment assets for expenditure | - | (5,384,944) | - | (5,384,944) |
| Other additions | 6,178 | (331,307) | - | (325,129) |
| Endowment net assets, end of year | <u>\$ 3,589,818</u> | <u>\$ 37,387,071</u> | <u>\$ 73,179,604</u> | <u>\$ 114,156,493</u> |

Underwater Endowments

The governing body of the Foundation has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of:

- a. the original value of initial and subsequent gift amounts donated to the fund and
- b. any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

At June 30, 2022, funds with original gift value of \$9,401,191; fair value of \$8,920,526; and deficiency of \$480,665 were reported in net assets with donor restrictions. At June 30, 2021, there were no funds which were underwater. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body.

The Foundation has a policy that does not permit spending from underwater endowment funds.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of Board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce results that exceed the endowment's financial requirement over time, while assuming a moderate level of investment risk. The Foundation expects its endowment funds to provide a rate of return between 6.4 percent annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy (the spending policy) of appropriating for expenditure each year 5.7 percent of its endowment fund's average fair value over the prior 36 months through the month-end preceding the month in which expenditure is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. The Foundation expects the current spending policy to allow its endowment to grow at a rate approximating the inflationary rate over the long term. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 and 2021, respectively, comprise the following:

| | 2022 | 2021 |
|---|----------------------|----------------------|
| Financial assets at year-end | | |
| Cash and cash equivalents | \$ 1,908,080 | \$ 21,752,613 |
| Accounts receivable, net | 74,008 | 36,717 |
| Pledges receivable, net | 27,018,420 | 27,956,697 |
| Investments | 146,595,749 | 134,869,647 |
| Total financial assets at year-end | <u>175,596,257</u> | <u>184,615,674</u> |
| Less amounts restricted or not available to be used within one year | | |
| Pledges receivable, due after one year | 20,919,659 | 19,108,675 |
| Investments held in custodial and noncustodial annuities and trusts | 35,600 | 45,038 |
| Endowment with donor restrictions | 102,627,705 | 110,566,675 |
| Investments in nonliquid securities | <u>3,500</u> | <u>3,500</u> |
| Financial assets not available to meet general expenditures within one year | <u>123,586,464</u> | <u>129,723,888</u> |
| Financial assets available to meet general expenditures within one year | <u>\$ 52,009,793</u> | <u>\$ 54,891,786</u> |

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity. In addition, the Foundation receives support without donor restrictions. Contributions and the income generated from endowments are used to provide scholarships, faculty support, improve facilities, and to support student programs. Such support has historically represented a significant percent of annual program funding needs, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted, and Board-designated (quasi) endowments, contributions without donor restrictions, and contributions with donor restrictions to meet ongoing obligations, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include instruction and academic program support, student services, institutional support, scholarships, rental expenses, and capital projects expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100 percent of annual expenses.

Disclosures about Fair Value of Assets and Liabilities

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022 and 2021:

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

| | June 30, 2022 | | | | |
|---|-------------------------------|---|---|---|---------------------------------|
| | Fair Value Measurements Using | | | | |
| | Total Fair Value | Quoted in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Investments Measured at NAV (A) |
| Assets | | | | | |
| Cash equivalents | \$ 300,911 | \$ 300,911 | \$ - | \$ - | \$ - |
| Investments | | | | | |
| U.S. Treasury bills | 48,978,330 | 48,978,330 | - | - | - |
| Money market funds | 2,524,124 | 2,524,124 | - | - | - |
| U.S. equity mutual funds | 36,623,259 | 36,623,259 | - | - | - |
| Non-U.S. equity mutual funds | 21,900,496 | 21,900,496 | - | - | - |
| U.S. Treasury securities | 313,809 | - | 313,809 | - | - |
| Corporate bonds | 1,686,505 | - | 1,686,505 | - | - |
| U.S. fixed income exchange-traded funds | 18,939,549 | - | 18,939,549 | - | - |
| Hedge funds | 6,097,166 | - | - | - | 6,097,166 |
| Private equity | 9,420,005 | - | - | - | 9,420,005 |
| Other | 3,500 | 3,500 | - | - | - |
| Investments held in trust | | | | | |
| Mutual funds | 1,295,039 | 1,295,039 | - | - | - |
| Other | 474,172 | 152,065 | 230,608 | 91,499 | - |
| Total assets | <u>\$ 148,556,865</u> | <u>\$ 111,777,724</u> | <u>\$ 21,170,471</u> | <u>\$ 91,499</u> | <u>\$ 15,517,171</u> |
| Liabilities | | | | | |
| Annuity obligations | <u>\$ 263,734</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 263,734</u> | <u>\$ -</u> |

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

| | June 30, 2021 | | | | |
|------------------------------|-------------------------------|---|---|---|---------------------------------|
| | Fair Value Measurements Using | | | | |
| | Total Fair Value | Quoted in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Investments Measured at NAV (A) |
| Assets | | | | | |
| Cash equivalents | \$ 4,010 | \$ 4,010 | \$ - | \$ - | \$ - |
| Investments | | | | | |
| U.S. Treasury bills | 22,523,198 | 22,523,198 | - | - | - |
| Money market funds | 1,843,974 | 1,843,974 | - | - | - |
| U.S. equity mutual funds | 43,551,282 | 43,551,282 | - | - | - |
| Non-U.S. equity mutual funds | 36,991,974 | 36,991,974 | - | - | - |
| U.S. Treasury securities | 12,671,024 | - | 12,671,024 | - | - |
| Corporate bonds | 6,445,188 | - | 6,445,188 | - | - |
| Hedge funds | 4,308,285 | - | - | - | 4,308,285 |
| Private equity | 6,394,516 | - | - | - | 6,394,516 |
| Other | 3,500 | 3,500 | - | - | - |
| Investments held in trust | | | | | |
| Mutual funds | 1,305,918 | 1,305,918 | - | - | - |
| Other | 870,681 | 481,809 | 272,544 | 116,328 | - |
| Total assets | <u>\$ 136,913,550</u> | <u>\$ 106,705,665</u> | <u>\$ 19,388,756</u> | <u>\$ 116,328</u> | <u>\$ 10,702,801</u> |
| Liabilities | | | | | |
| Annuity obligations | <u>\$ 34,856</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 34,856</u> | <u>\$ -</u> |

(A) Certain investments that are measured using the net assets value per share (or equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliations of the fair value hierarchy to the amounts presented in the statements of financial position.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash equivalents, money market funds, equity securities, hedge funds, and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Inputs used to value Level 2 securities include interest rates for similar debt securities and Treasury obligations with similar maturities.

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Investments Held in Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the investments are classified as Level 1, Level 2, and Level 3 of the hierarchy. The Level 3 investments are the Foundation's beneficial interest in trusts. Fair value is determined based on the market value of the securities held in the trusts and the Foundation's proportional beneficial interest.

Cash Equivalents

The carrying amount approximates fair value.

Contributed Services

The Foundation applies ASU 2013-06, *Services Received from Personnel of an Affiliate*, which requires recognition of personnel services received from an affiliate for which the Foundation was not charged. The Foundation received contributed personnel services from the University of \$3,080,591 and \$3,190,929 for the years ended June 30, 2022 and 2021, respectively. The contributed personnel services are based on costs incurred and expense recognized by the University. The Foundation receives administrative support outside of personnel services from the University without charge.

Functional Expenses

The Foundation's financial statements report certain categories of expenses that are attributed to more than one program or supporting function. The tables below present expenses by both their nature and their function. Program and support services expenses consist of the following as of June 30, 2022:

| | Program Services | | | | | Support Services | | Total |
|---|-------------------------|---------------------------------|---------------------|------------------------------|-------------------------|-------------------------|------------------------------|----------------------|
| | Student Services | Instruction and Academic | Scholarships | Institutional Support | Capital Projects | Rental Expenses | Institutional Support | |
| Personnel | \$ 336,039 | \$ 292,935 | \$ - | \$ 52,879 | \$ - | \$ 96,439 | \$ 2,825,556 | \$ 3,603,848 |
| Utilities | - | - | - | - | - | 122,502 | - | 122,502 |
| Travel | 60,370 | 43,846 | - | 12,007 | - | - | 31,901 | 148,124 |
| Educational supplies and service agreements | 60,813 | 2,257,125 | - | 2,965 | - | - | 99,183 | 2,420,086 |
| Supplies, services, and other | 315,532 | 443,786 | - | 285,916 | - | 369,656 | 421,994 | 1,836,884 |
| Broadcast services | - | 1,415,817 | - | - | - | - | - | 1,415,817 |
| Fundraising | 107,197 | 4,413 | - | 122,599 | - | - | 283,933 | 518,142 |
| Arena debt | - | - | - | - | 1,485,000 | - | - | 1,485,000 |
| Transfer to University | 2,924,811 | 1,156,406 | 3,999,259 | 33,817 | 7,505,836 | - | 183,136 | 15,803,265 |
| Total expenses | \$ 3,804,762 | \$ 5,614,328 | \$ 3,999,259 | \$ 510,183 | \$ 8,990,836 | \$ 588,597 | \$ 3,845,703 | \$ 27,353,668 |

Missouri State University
A Component Unit of the State of Missouri
Notes to Financial Statements
June 30, 2022 and 2021

Program and support services expenses consist of the following as of June 30, 2021:

| | Program Services | | | | | Support Services | | Total |
|---|---------------------|--------------------------|---------------------|-----------------------|---------------------|-------------------|-----------------------|----------------------|
| | Student Services | Instruction and Academic | Scholarships | Institutional Support | Capital Projects | Rental Expenses | Institutional Support | |
| Personnel | \$ 364,060 | \$ 309,973 | \$ - | \$ 19,139 | \$ - | \$ 117,445 | \$ 2,942,967 | \$ 3,753,584 |
| Utilities | - | - | - | - | - | 116,655 | - | 116,655 |
| Travel | 5,130 | 7,574 | - | 1,798 | - | - | 9,705 | 24,207 |
| Educational supplies and service agreements | 2,551,415 | 217 | - | 1,567 | 406,307 | - | 540 | 2,960,046 |
| Supplies, services, and other | 430,465 | 190,529 | - | 178,149 | - | 306,620 | 381,788 | 1,487,551 |
| Broadcast services | 892,105 | - | - | - | - | - | - | 892,105 |
| Fundraising | 676 | 43,603 | - | 29,091 | - | - | 236,991 | 538,599 |
| Arena debt | - | - | - | - | 297,000 | - | - | 297,000 |
| Transfer to University | 1,635,229 | 1,559,252 | 2,294,623 | 82,386 | 6,267,470 | - | 3,094,829 | 14,933,789 |
| Total expenses | <u>\$ 5,879,080</u> | <u>\$ 2,111,148</u> | <u>\$ 2,294,623</u> | <u>\$ 312,130</u> | <u>\$ 6,970,777</u> | <u>\$ 540,720</u> | <u>\$ 6,666,820</u> | <u>\$ 25,003,536</u> |

Note 17: Subsequent Events

2022 MOHEFA Revenue Bonds Payable – Series A

On July 6, 2022, the University issued \$13,590,000 Series A bonds through a private placement with Capital One. The bonds bear interest payable semiannually at 2.70 percent and are secured by certain revenue generated from educational facilities. Principal maturity begins October 1, 2023, and continues until October 1, 2040. Proceeds from the issuance of these bonds were used to advance the refund of the Series 2015A bonds with maturities commencing October 1, 2023, and continuing until October 1, 2040.

Required Supplementary Information

Missouri State University
A Component Unit of the State of Missouri
Schedule of University's Proportionate Share of the Net Pension Liability –
Missouri State Employees' Retirement System
Last Eight Fiscal Years

| | 2022 | 2021 | 2020 | 2019 |
|---|----------------|----------------|----------------|----------------|
| University's proportion of the net pension liability | 4.7250% | 4.9323% | 4.9621% | 4.9840% |
| University's proportionate share of the net pension liability | \$ 264,162,359 | \$ 313,080,782 | \$ 299,767,062 | \$ 278,020,399 |
| University's covered-employee payroll | \$ 98,628,735 | \$ 95,243,423 | \$ 98,543,808 | \$ 96,398,396 |
| University's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 267.84% | 328.72% | 304.20% | 287.06% |
| Plan fiduciary net position as a percentage of the total pension liability | 63.00% | 55.48% | 56.72% | 59.02% |
| | 2018 | 2017 | 2016 | 2015 |
| University's proportion of the net pension liability | 5.0112% | 5.0191% | 4.9620% | 4.8780% |
| University's proportionate share of the net pension liability | \$ 260,931,464 | \$ 232,984,565 | \$ 159,338,163 | \$ 115,013,832 |
| University's covered-employee payroll | \$ 98,849,750 | \$ 97,425,261 | \$ 96,031,717 | \$ 95,529,298 |
| University's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 263.97% | 239.14% | 165.92% | 120.40% |
| Plan fiduciary net position as a percentage of the total pension liability | 60.41% | 63.60% | 72.62% | 79.49% |

* The amounts presented for June 30, 2021, 2020, 2019, 2018, 2017, 2016, and 2015, were determined as of the end of the preceding fiscal year.

This schedule presents the information available to the University and will include ten-year trend information once available.

Missouri State University
A Component Unit of the State of Missouri
Schedule of University Contributions –
Missouri State Employees’ Retirement System
Last Nine Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Contractually required contribution | \$ 23,187,616 | \$ 21,781,413 | \$ 21,452,987 | \$ 19,449,045 | \$ 18,853,579 |
| Contributions in relation to the contractually required contribution | <u>23,187,616</u> | <u>21,781,413</u> | <u>21,452,987</u> | <u>19,449,045</u> | <u>18,853,579</u> |
| Contribution deficiency | <u>\$ -</u> |
| University’s covered-employee payroll | \$ 98,628,735 | \$ 95,198,483 | \$ 98,543,808 | \$ 96,398,396 | \$ 96,849,465 |
| Contributions as a percentage of covered-employee payroll | 23.51% | 22.88% | 21.77% | 20.21% | 19.45% |
| | 2017 | 2016 | 2015 | 2014 | |
| Contractually required contribution | \$ 16,698,515 | \$ 16,501,401 | \$ 16,296,821 | \$ 15,920,447 | |
| Contributions in relation to the contractually required contribution | <u>16,698,515</u> | <u>16,501,401</u> | <u>16,296,821</u> | <u>15,920,447</u> | |
| Contribution deficiency | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| University’s covered-employee payroll | \$ 98,400,206 | \$ 97,238,662 | \$ 96,031,717 | \$ 93,529,298 | |
| Contributions as a percentage of covered-employee payroll | 16.97% | 16.97% | 16.97% | 17.02% | |

This schedule presents information available to the University and will include ten-year trend information once available.

Notes to Schedule:

Benefit Changes

Senate Bill 62 (SB 62), which contained changes to the benefit structure for MSEP 2011, was passed by the 2017 legislature. The provision of the bill decreased vesting from ten to five years of service, but also included provisions that essentially offset the cost of the vesting change. As a result, SB 62 had no impact on the employer contribution rate and created a decrease to the UAAL of \$1.6 million.

During the MOSERS plan year ended June 30, 2017, the vesting requirements were changed for the MSEP 2011 plan from 10 years of credit service to 5 years for members employed on or after January 1, 2018. There were no other changes in benefit terms during the MOSERS’ plan year ended June 30, 2017, that affected the measurement of total pension liability.

There were no changes to benefit terms for MOSERS for the other years presented above.

Changes of Assumptions

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study covering the five-year period ended June 30, 2020, and performed in

Missouri State University
A Component Unit of the State of Missouri
Schedule of University Contributions –
Missouri State Employees’ Retirement System
Last Nine Fiscal Years

2021. As a result of this actuarial experience study, the MOSERS’ Board made certain actuarial assumption and method changes as a result of the experience study, including:

- Subsequent changes in the unfunded actuarial accrued liability due to actuarial gains/losses or assumption changes are now amortized over a closed 25 year period, instead of 30 years.
- Mortality assumptions are now based on generational tables.

The merit component of the salary increase assumption was adjusted to partially reflect observed experience.

The assumed investment rate of return was reduced from 7.10 percent to 6.95 percent for the June 30, 2020, valuation. The salary increase rate was reduced from 2.85 percent to 2.75 percent. The wage inflation rate was reduced from 2.35 percent to 2.25 percent. There were no other changes in actuarial assumptions for the June 30, 2020, valuation.

The assumed investment rate of return was reduced from 7.25 percent to 7.10 percent for the June 30, 2019, valuation. The salary increase rate was reduced from 3.00 percent to 2.85 percent. The wage inflation rate was reduced from 2.50 percent to 2.35 percent. There were no other changes in actuarial assumptions for the June 30, 2019, valuation.

The assumed investment rate of return was reduced from 7.50 percent to 7.25 percent for the June 30, 2018, valuation. The salary increase rate was reduced from 3.25 percent to 3.00 percent. The wage inflation rate was reduced from 3.00 percent to 2.50 percent. There were no other changes in actuarial assumptions for the June 30, 2018, valuation.

The assumed investment rate of return was reduced from 7.65 percent to 7.50 percent for the June 30, 2017, valuation. There were no other changes in actuarial assumptions for the June 30, 2017, valuation.

Actuarial assumptions used in the June 30, 2016, valuation were changed as follows:

| | |
|-----------------------------------|---|
| Salary increases: | 3.25% to 8.75% including inflation |
| Wage inflation: | 3.00% |
| Investment rate of return: | 7.65% |
| Post-retirement mortality tables: | RP-2014 Healthy Annuitant projected to 2026 with Scale MP-2015 and scaled by 120% |
| Pre-retirement mortality tables: | RP-2014 Employee projected to 2026 with Scale MP-2015 and scaled by 95% for males and 90% for females |

There were no changes to actuarial assumptions used in the June 30, 2015, valuation, other than the assumption that there would be no pay increases for fiscal year ended June 30, 2016.

There were no changes to actuarial assumptions used in the June 30, 2014, valuation.

Missouri State University
A Component Unit of the State of Missouri
Schedule of Changes in the University's Total OPEB Liability and Related Ratios
Last Five Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total OPEB Liability | | | | | |
| Service cost | \$ 406,640 | \$ 415,627 | \$ 365,564 | \$ 330,279 | \$ 317,973 |
| Interest | 242,276 | 246,493 | 347,666 | 375,108 | 387,922 |
| Difference between expected and actual experience | (2,733,406) | - | (115,182) | - | - |
| Changes in assumptions or other inputs | (774,478) | 43,287 | 1,318,793 | 275,284 | (216,676) |
| Benefit payments | (409,519) | (857,416) | (635,999) | (914,728) | (750,762) |
| Net Change in Total OPEB Liability | (3,268,487) | (152,009) | 1,280,842 | 65,943 | (261,543) |
| Total OPEB Liability – Beginning | 11,014,581 | 11,166,590 | 9,885,748 | 9,819,805 | 10,081,348 |
| Total OPEB Liability – Ending | \$ 7,746,094 | \$ 11,014,581 | \$ 11,166,590 | \$ 9,885,748 | \$ 9,819,805 |
| Covered-Employee Payroll | \$ 128,247,797 | \$ 124,322,000 | \$ 120,117,915 | \$ 118,720,000 | \$ 114,704,876 |
| Total OPEB Liability as a Percentage of Covered-Employee Payroll | 6.04% | 8.86% | 9.30% | 8.33% | 8.56% |

This schedule presents the information available to the University and will include ten-year trend information once available.

Notes to Schedule:

Benefit Changes

There were no changes to benefit terms for the years ended June 30, 2022, 2021, 2020, and 2019.

Changes of Assumptions

Actuarial assumptions used in the June 30, 2022, valuation were changed as follows:

- The discount rate was updated from 2.16 percent to 3.54 percent.
- The health care cost trend was increased from 6.00 percent to 7.00 percent, with an ultimate rate decreasing from 4.50 percent to 4.00 percent.

Actuarial assumptions used in the June 30, 2021, valuation were changed as follows:

- The discount rate was updated from 2.21 percent to 2.16 percent.

Actuarial assumptions used in the June 30, 2020, valuation were changed as follows:

- The discount rate was updated from 3.50 percent to 2.21 percent.

Missouri State University
A Component Unit of the State of Missouri
Schedule of Changes in the University's Total OPEB Liability and Related Ratios
Last Four Fiscal Years

- The retirement and termination rates were updated to the rates from the Missouri State Employees' Retirement Systems (MOSERS) Actuarial Valuation Report as of June 30, 2019.
- The mortality assumption was updated from RP-2014 mortality table with generational scale MP-2017 to Pub-2010 mortality table with generational scale MP-2019 to reflect the Society of Actuaries' recent mortality study.
- The initial health care trend rates were updated to 6.50 percent from 7.00 percent for pre-65 and 5.50 percent from 6.00 percent for post-65 to align with anticipated, increasing future claims environment. The rates grade down by 0.50 percent per year until reaching the ultimate rate of 4.50 percent.
- The Excise Tax (Cadillac Tax on high cost employer sponsored health plans) assumptions were removed from the valuation as it was repealed by a Bill in December 2019.

There were no changes in assumptions used in the June 30, 2019, valuation.

There were no changes in assumptions used in the June 30, 2018, valuation except for a change in the discount rate used from 3.58 percent to 3.87 percent.

Supplementary Information

Missouri State University
A Component Unit of the State of Missouri
Condensed Schedules by Campus
As of and for the Year Ended June 30, 2022

Condensed Statement of Net Position Information

| | Springfield | West Plains | Total |
|---|-----------------------|----------------------|-----------------------|
| Assets | | | |
| Current assets | \$ 249,780,239 | \$ 6,078,189 | \$ 255,858,428 |
| Noncurrent assets | 591,470,128 | 21,471,082 | 612,941,210 |
| Total assets | <u>841,250,367</u> | <u>27,549,271</u> | <u>868,799,638</u> |
| Deferred Outflows of Resources | | | |
| Loss on refunding of bonds | 1,590,748 | - | 1,590,748 |
| Deferred outflows of resources related to other postemployment benefits | 1,280,706 | - | 1,280,706 |
| Deferred outflows of resources related to pension | 43,634,346 | 2,240,997 | 45,875,343 |
| Total deferred outflows of resources | <u>46,505,800</u> | <u>2,240,997</u> | <u>48,746,797</u> |
| Liabilities | | | |
| Current liabilities | 64,072,835 | 1,115,618 | 65,188,453 |
| Long-term liabilities | 172,052,627 | 937,887 | 172,990,514 |
| Accrued net pension liability | 252,064,208 | 12,098,151 | 264,162,359 |
| Total liabilities | <u>488,189,670</u> | <u>14,151,656</u> | <u>502,341,326</u> |
| Deferred Inflows of Resources | | | |
| Deferred inflows of lease receivable | 6,728,699 | - | 6,728,699 |
| Deferred inflows of resources related to other postemployment benefits | 3,492,556 | - | 3,492,556 |
| Deferred inflows of resources related to pension | 55,053,392 | 2,482,332 | 57,535,724 |
| Total deferred inflows of resources | <u>65,274,647</u> | <u>2,482,332</u> | <u>67,756,979</u> |
| Net Position | | | |
| Net investment in capital assets | 376,814,435 | 20,533,195 | 397,347,630 |
| Restricted | | | |
| Nonexpendable | 199,762 | - | 199,762 |
| Expendable | 12,443,984 | 27,410 | 12,471,394 |
| Unrestricted | <u>(55,166,331)</u> | <u>(7,404,325)</u> | <u>(62,570,656)</u> |
| Total net position | <u>\$ 334,291,850</u> | <u>\$ 13,156,280</u> | <u>\$ 347,448,130</u> |

Condensed Statement of Revenues, Expenses, and Changes in Net Position Information

| | | | |
|--|-----------------------|----------------------|-----------------------|
| Operating Revenues | <u>\$ 217,199,840</u> | <u>\$ 4,467,597</u> | <u>\$ 221,667,437</u> |
| Operating Expenses | | | |
| Depreciation | 30,826,185 | 801,793 | 31,627,978 |
| All other operating expenses | 331,497,168 | 16,375,888 | 347,873,056 |
| Total operating expenses | <u>362,323,353</u> | <u>17,177,681</u> | <u>379,501,034</u> |
| Operating Loss | (145,123,513) | (12,710,084) | (157,833,597) |
| Nonoperating Revenues | 177,297,177 | 14,669,170 | 191,966,347 |
| Nonoperating Expenses | <u>(4,763,597)</u> | <u>(39,786)</u> | <u>(4,803,383)</u> |
| Income Before Other Revenue, Expenses, Gains, or Losses | 27,410,067 | 1,919,300 | 29,329,367 |
| Transfer from Other University Units | <u>(173,691)</u> | <u>173,691</u> | <u>-</u> |
| Increase in Net Position | 27,236,376 | 2,092,991 | 29,329,367 |
| Net Position, Beginning of Year | <u>307,055,474</u> | <u>11,063,289</u> | <u>318,118,763</u> |
| Net Position, End of Year | <u>\$ 334,291,850</u> | <u>\$ 13,156,280</u> | <u>\$ 347,448,130</u> |

Missouri State University
A Component Unit of the State of Missouri
Condensed Schedules by Campus
As of and for the Year Ended June 30, 2021

Condensed Statement of Net Position Information

| | Springfield | West Plains | Total |
|---|-----------------------|----------------------|-----------------------|
| Assets | | | |
| Current assets | \$ 263,858,902 | \$ 5,865,159 | \$ 269,724,061 |
| Noncurrent assets | 560,591,125 | 18,936,820 | 579,527,945 |
| Total assets | <u>824,450,027</u> | <u>24,801,979</u> | <u>849,252,006</u> |
| Deferred Outflows of Resources | | | |
| Loss on refunding of bonds | 1,902,379 | - | 1,902,379 |
| Deferred outflows of resources related to other postemployment benefits | 1,392,538 | - | 1,392,538 |
| Deferred outflows of resources related to pension | 44,560,754 | 2,259,113 | 46,819,867 |
| Total deferred outflows of resources | <u>47,855,671</u> | <u>2,259,113</u> | <u>50,114,784</u> |
| Liabilities | | | |
| Current liabilities | 61,770,199 | 635,403 | 62,405,602 |
| Long-term liabilities | 192,180,635 | 942,937 | 193,123,572 |
| Accrued net pension liability | 298,868,141 | 14,212,641 | 313,080,782 |
| Total liabilities | <u>552,818,975</u> | <u>15,790,981</u> | <u>568,609,956</u> |
| Deferred Inflows of Resources | | | |
| Deferred inflows of lease receivable | 7,513,747 | - | 7,513,747 |
| Deferred inflows of resources related to other postemployment benefits | 232,187 | - | 232,187 |
| Deferred inflows of resources related to pension | 4,685,315 | 206,822 | 4,892,137 |
| Total deferred inflows of resources | <u>12,431,249</u> | <u>206,822</u> | <u>12,638,071</u> |
| Net Position | | | |
| Net investment in capital assets | 364,244,118 | 17,993,883 | 382,238,001 |
| Restricted | | | |
| Nonexpendable | 199,762 | - | 199,762 |
| Expendable | 19,997,013 | 27,693 | 20,024,706 |
| Unrestricted | <u>(77,385,419)</u> | <u>(6,958,287)</u> | <u>(84,343,706)</u> |
| Total net position | <u>\$ 307,055,474</u> | <u>\$ 11,063,289</u> | <u>\$ 318,118,763</u> |

Condensed Statement of Revenues, Expenses, and Changes in Net Position Information

| | | | |
|--|-----------------------|----------------------|-----------------------|
| Operating Revenues | <u>\$ 209,905,360</u> | <u>\$ 4,055,962</u> | <u>\$ 213,961,322</u> |
| Operating Expenses | | | |
| Depreciation | 30,797,937 | 803,926 | 31,601,863 |
| All other operating expenses | 316,751,888 | 15,140,964 | 331,892,852 |
| Total operating expenses | <u>347,549,825</u> | <u>15,944,890</u> | <u>363,494,715</u> |
| Operating Loss | (137,644,465) | (11,888,928) | (149,533,393) |
| Nonoperating Revenues | 171,680,907 | 12,553,413 | 184,234,320 |
| Nonoperating Expenses | <u>(5,731,232)</u> | <u>(40,115)</u> | <u>(5,771,347)</u> |
| Income Before Other Revenue, Expenses, Gains, or Losses | 28,305,210 | 624,370 | 28,929,580 |
| Transfer from Other University Units | <u>61,250</u> | <u>(61,250)</u> | <u>-</u> |
| Increase in Net Position | 28,366,460 | 563,120 | 28,929,580 |
| Net Position, Beginning of Year | <u>278,689,014</u> | <u>10,500,169</u> | <u>289,189,183</u> |
| Net Position, End of Year | <u>\$ 307,055,474</u> | <u>\$ 11,063,289</u> | <u>\$ 318,118,763</u> |