


**Missouri Southern State
University
(A Component Unit of the State
of Missouri)**

**Independent Auditor's Reports and Financial
Statements**

June 30, 2024 and 2023



Missouri Southern State University
(A Component Unit of the State of Missouri)
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June 30, 2024 and 2023

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Independent Auditor's Report

Board of Governors
Missouri Southern State University
Joplin, 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 Southern State University (the "University"), collectively a component unit of the state of Missouri, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Missouri Southern State University, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Missouri Southern Foundation, the discretely presented component unit of the University. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Missouri Southern Foundation, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024, on our consideration of Missouri Southern State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Springfield, Missouri
November 7, 2024

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Management's Discussion and Analysis
Years Ended June 30, 2024 and 2023**

Overview

Missouri Southern State University (MSSU) has a long and rich history of excellence in academics, student services, and community service. Located in Southwest Missouri on a beautiful 373-acre campus, MSSU is a public institution with a liberal arts foundation that fulfills its mission by educating students of all ages and socioeconomic backgrounds.

Missouri Southern State University offers more than 100 majors and degree options. The University offers ten graduate degrees. Our extensive distance-learning program allows flexibility to our students.

Faculty and staff at MSSU work diligently to provide their students with a successful academic experience. A diverse student body adds to the outstanding higher education offered at MSSU where quality academic programs, modern state-of-the-art facilities, immersive learning opportunities, small classes, and excellent, accessible professors complete the unique community.

The curriculum at Missouri Southern State University focuses on professional orientation and is committed to preparing students for a successful career in a rapidly changing global economy. Programs begin with general education requirements for all students leading to bachelor's degrees and providing a strong foundation for lifelong study.

Academic Programs

The academic programs at the University are organized under three colleges: College of Arts and Sciences, College of Business, Communication, and Technology, and College of Health, Life Sciences, and Education. Each college has varied degree programs that offer extensive opportunities. MSSU also has strong programs in Honors and International Studies.

Management Discussion and Analysis

The following discussion and analysis provides an overview of the financial position and activities of Missouri Southern State University for the years ended June 30, 2024 and 2023. These statements provide both long-term and short-term financial information on the Missouri Southern State University campus as a whole. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis.

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Management's Discussion and Analysis
Years Ended June 30, 2024 and 2023**

Basic Financial Statements

The University's financial report includes three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements focus on the University as a whole, with resources classified for accounting and reporting purposes into four net position categories. Net position is one way to measure the University's financial position. Over time, increases or decreases in the University's net position are indicators of whether its financial position is improving. Nonfinancial factors are also important to consider including trends in student enrollment, condition and upgrades to facilities, and competency and excellence of the work force.

Financial Highlights

2024

At June 30, 2024, the University's net position was \$57.9 million. Operating revenues were \$27.3 million, which include tuition and fees of \$13.2 million, grants of \$6.1 million, auxiliary revenues of \$6.9 million, and other revenues of \$1.1 million. Operating expenses amounted to \$66.8 million resulting in an operating loss of \$39.5 million before state appropriations and other nonoperating revenues and expenses. The 2024 operating loss, net nonoperating revenue of \$43.8 million, and capital gifts and grants of \$4.0 million resulted in an increase in net position of \$8.3 million and included depreciation and amortization expense of \$8.4 million.

2023

At June 30, 2023, the University's net position was \$49.6 million. Operating revenues were \$25.0 million, which include tuition and fees of \$12.5 million, grants of \$5.1 million, auxiliary revenues of \$6.4 million, and other revenues of \$1.0 million. Operating expenses amounted to \$69.0 million resulting in an operating loss of \$44.0 million before state appropriations and other nonoperating revenues and expenses. The 2023 operating loss, net nonoperating revenue of \$40.2 million, and capital gifts and grants of \$2.1 million resulted in a decrease in net position of \$1.7 million and included depreciation and amortization expense of \$8.5 million.

**Missouri Southern State University
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Management's Discussion and Analysis
Years Ended June 30, 2024 and 2023**

Analysis of Changes in Net Position

The following table summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2024, 2023, and 2022.

Net Position, End of Year (In Millions)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current Assets	\$ 29.4	\$ 25.2	\$ 26.3
Capital Assets – Net	143.0	144.9	148.8
Lease Assets – Net	1.6	1.7	1.8
Subscription Assets - Net	3.0	1.6	2.0
Other Noncurrent Assets	<u>3.4</u>	<u>3.3</u>	<u>3.0</u>
 Total assets	 <u>\$ 180.4</u>	 <u>\$ 176.7</u>	 <u>\$ 181.9</u>
 Deferred Outflows of Resources	 <u>\$ 12.8</u>	 <u>\$ 10.8</u>	 <u>\$ 9.1</u>
 Current Liabilities	 \$ 10.0	 \$ 8.0	 \$ 10.6
Noncurrent Liabilities	<u>118.5</u>	<u>126.6</u>	<u>114.2</u>
 Total liabilities	 <u>\$ 128.5</u>	 <u>\$ 134.6</u>	 <u>\$ 124.8</u>
 Deferred Inflows of Resources	 <u>\$ 6.8</u>	 <u>\$ 3.3</u>	 <u>\$ 14.9</u>
 Net Position			
Net investment in capital assets	\$ 84.1	\$ 84.6	\$ 86.5
Restricted	2.2	2.0	1.6
Unrestricted	<u>(28.4)</u>	<u>(37.0)</u>	<u>(36.8)</u>
 Total net position	 <u>\$ 57.9</u>	 <u>\$ 49.6</u>	 <u>\$ 51.3</u>

The restricted net position of \$2.2 million in 2024 is expendable and held for scholarships and capital projects. Of the \$2.0 million in restricted net position in 2023, \$0.7 million of capital contributions in the federal student loan program is classified as nonexpendable. The expendable portion, \$1.3 million, is held for scholarships and capital projects.

Unrestricted net position has a negative balance that began in fiscal year 2015. This resulted from the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. These statements established standards for the measurement, recognition, and presentation of net pension liability and other postemployment benefits in the University's financial statements. Net pension liabilities recorded on the statement of net position in accordance with GASB Statement No. 68 totaled \$56.4 million, \$63.1 million, and \$48.9 million at June 30, 2024, 2023, and 2022, respectively.

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Additional impact to unrestricted net position resulted from implementation of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* that began in 2018. Other postemployment benefit liability as of June 30, 2024, 2023, and 2022, totaled \$1.5 million, \$1.8 million, and \$1.8 million, respectively.

The following table summarizes the University's revenues, expenses, and changes in net position for the years ending June 30, 2024, 2023, and 2022:

Change in Net Position (In Millions)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Revenues			
Tuition and fees	\$ 13.2	\$ 12.5	\$ 13.6
Grants and contracts	6.1	5.1	4.9
Auxiliary enterprises	6.9	6.4	6.4
Other	<u>1.1</u>	<u>1.0</u>	<u>0.8</u>
Total operating revenues	27.3	25.0	25.7
Operating Expenses	<u>66.8</u>	<u>69.0</u>	<u>77.3</u>
Operating Loss	<u>(39.5)</u>	<u>(44.0)</u>	<u>(51.6)</u>
Nonoperating Revenue (Expense)			
State appropriations	31.9	28.8	26.3
Federal grants and contracts	7.4	7.1	7.7
Federal CARES Act grant	0.0	1.0	14.9
Contributions	4.0	3.9	3.1
Investment income	1.6	1.0	0.1
Interest on capital asset – related debt	(2.3)	(2.3)	(2.4)
Other nonoperating revenues	<u>1.2</u>	<u>0.7</u>	<u>0.3</u>
Net nonoperating revenues	<u>43.8</u>	<u>40.2</u>	<u>50.0</u>
Income (Loss) Before Other Revenues	<u>4.3</u>	<u>(3.8)</u>	<u>(1.6)</u>
Capital appropriations – state	0.7	0.8	1.7
Capital appropriations - federal	2.0	0.0	0.0
Capital gifts and grants	<u>1.3</u>	<u>1.3</u>	<u>0.3</u>
Total other revenues, expenses, gains, or losses	<u>4.0</u>	<u>2.1</u>	<u>2.0</u>
Increase (Decrease) in Net Position	<u>8.3</u>	<u>(1.7)</u>	<u>0.4</u>
Net Position, Beginning of Year	<u>49.6</u>	<u>51.3</u>	<u>50.9</u>
Net Position, End of Year	<u>\$ 57.9</u>	<u>\$ 49.6</u>	<u>\$ 51.3</u>

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Years Ended June 30, 2024 and 2023**

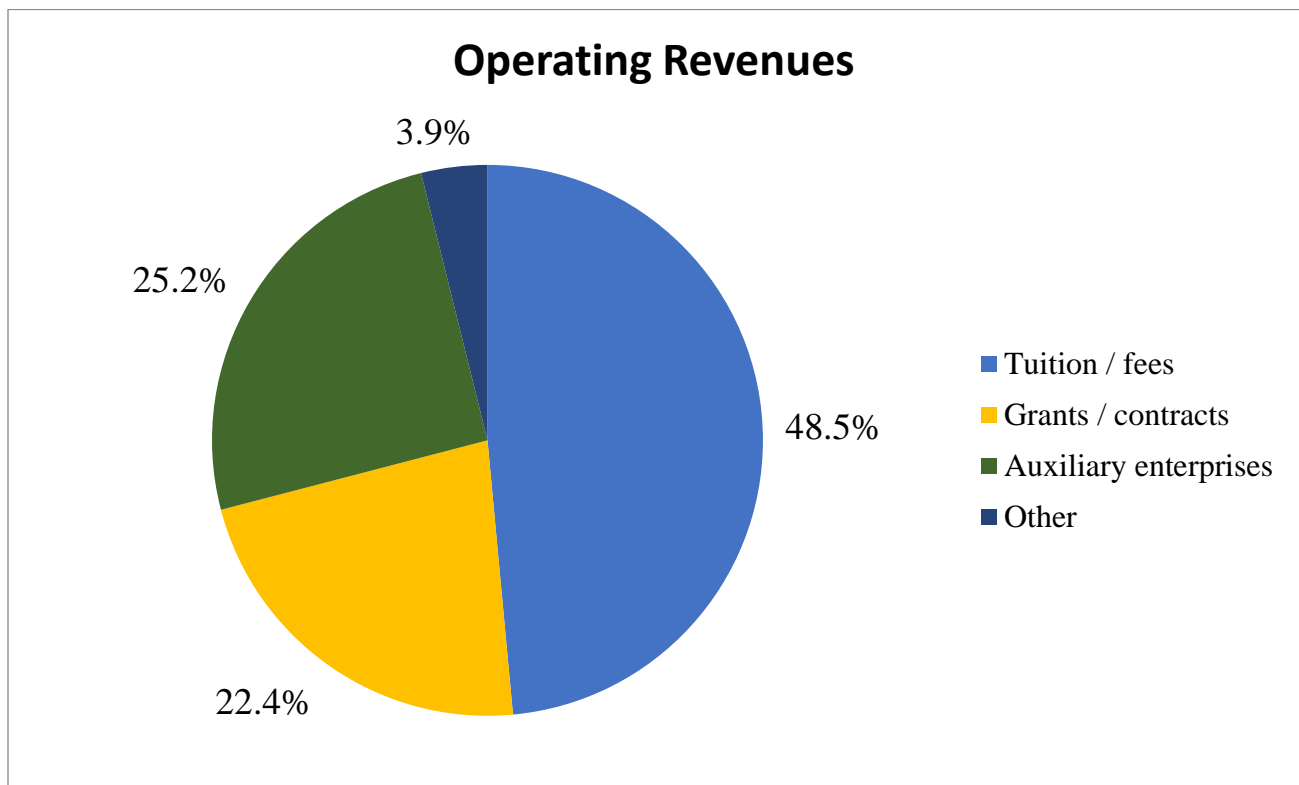
2024

Total operating revenues are \$27.3 million and reflect an increase in tuition revenue due to overall enrollment increase and additional auxiliary revenues. The University continues to see increases in first-time freshmen, graduate, and international students.

2023

Total operating revenues are \$25.0 million that reflects a decrease in tuition revenue due to overall enrollment decline. The University however saw new student enrollment increase with significant increases in first-time freshmen, graduate, and international students.

The following graph summarizes the University's operating revenues for the year ended June 30, 2024:



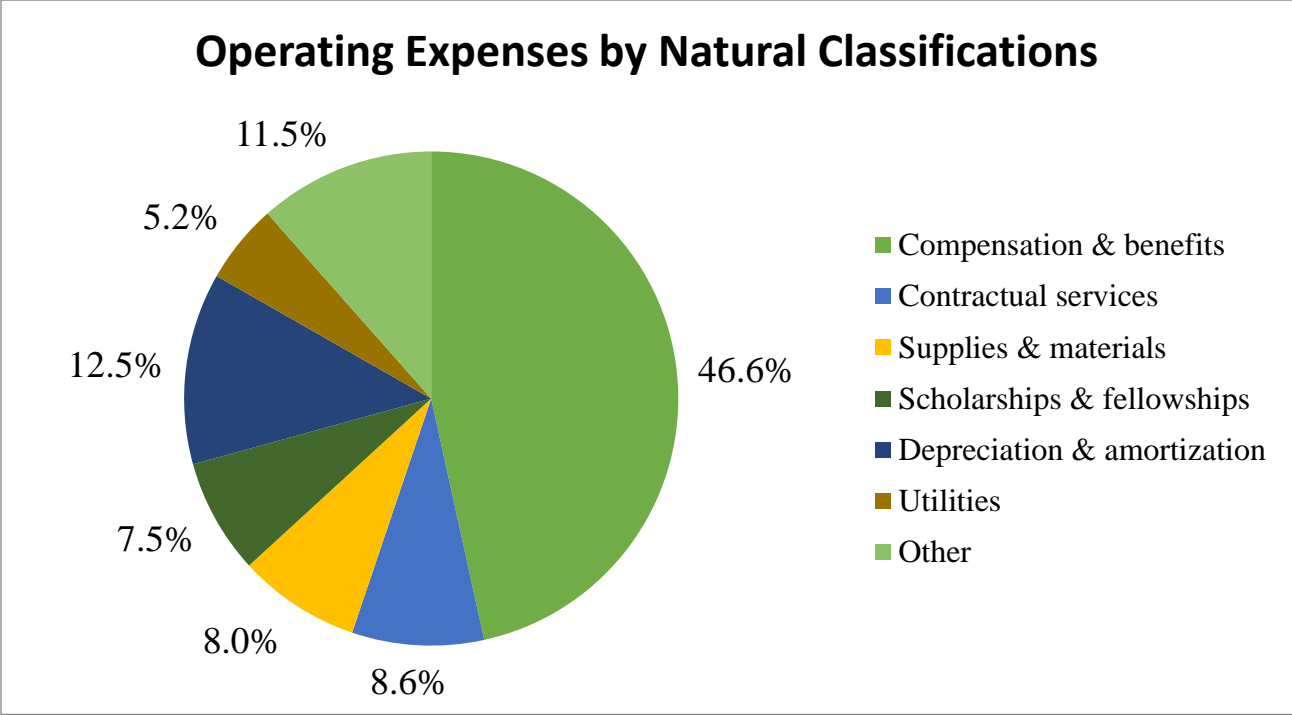
**Missouri Southern State University
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The following table summarizes the University’s operating expenses by natural classifications for the years ended June 30, 2024, 2023, and 2022:

Operating Expenses (In Millions)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Compensation and benefits	\$ 31.1	\$ 36.6	\$ 39.4
Contractual services	5.8	4.0	3.8
Supplies and materials	5.3	5.1	4.8
Scholarships	5.0	4.6	12.3
Depreciation and amortization	8.4	8.5	7.5
Utilities	3.5	3.5	2.9
Other	<u>7.7</u>	<u>6.7</u>	<u>6.6</u>
Total operating expenses	<u>\$ 66.8</u>	<u>\$ 69.0</u>	<u>\$ 77.3</u>

The following graph summarizes the University’s operating expenses by natural classifications for the year ended June 30, 2024:



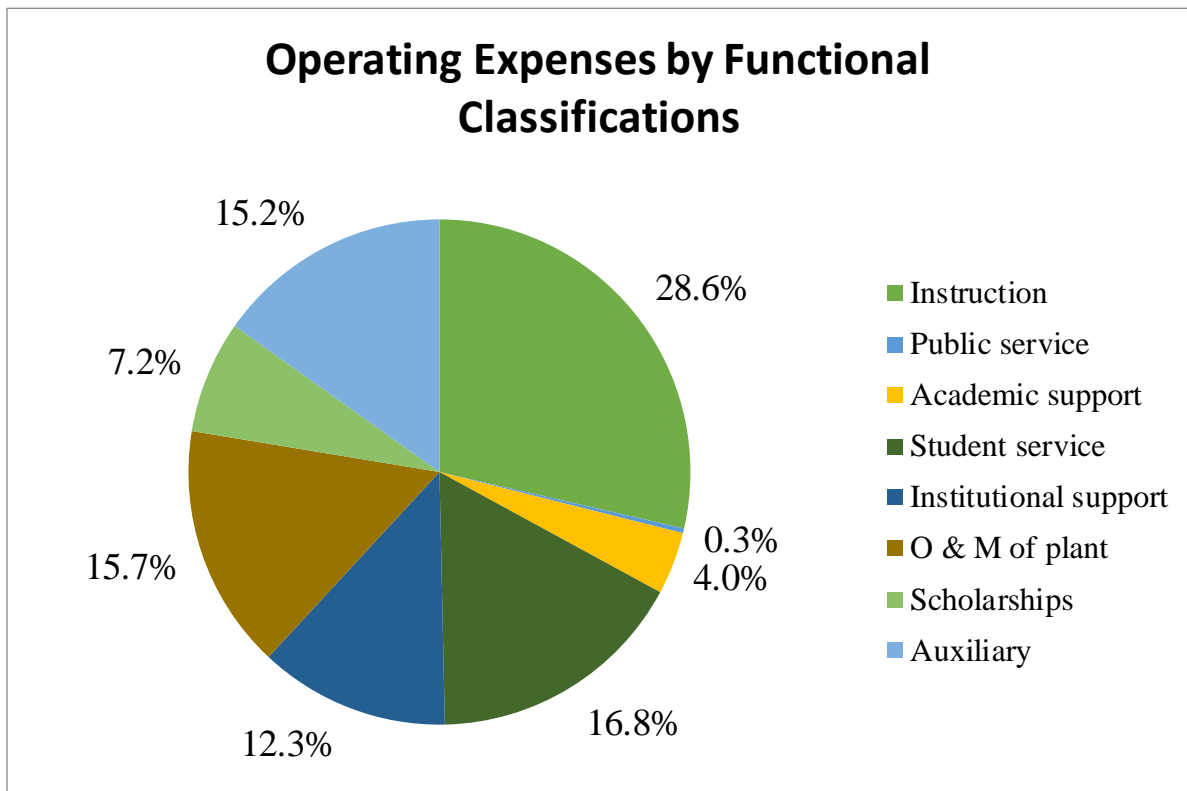
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The following table summarizes the University’s operating expenses by functional classifications for the years ended June 30, 2024, 2023, and 2022:

Operating Expenses by Functional Classifications (In Millions)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Instruction	\$ 19.0	\$ 19.7	\$ 21.5
Public service	0.2	0.2	0.2
Academic support	2.9	2.7	2.7
Student service	9.9	11.6	11.8
Institutional support	8.1	8.5	8.7
Operations and maintenance of plant	10.6	10.8	10.0
Scholarships	4.9	5.0	12.7
Auxiliary	<u>11.2</u>	<u>10.5</u>	<u>9.7</u>
Total operating expenses	\$ <u>66.8</u>	\$ <u>69.0</u>	\$ <u>77.3</u>

The following graph summarizes the University’s operating expenses by functional classifications for the year ended June 30, 2024:



2024

Functional expenses for fiscal year 2024 reflect an increase in auxiliary due to additional room occupancy from reopening of renovated residence halls and expenditures from new grant activity.

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2023

Functional expenses for fiscal year 2023 reflect a decrease in scholarships due to prior year HEERF student aid funding offset by an increase in auxiliary due to additional room occupancy from reopening of renovated residence halls and expenditures from new grant activity.

The following table summarizes the University's nonoperating revenues and expenses for the years ended June 30, 2024, 2023, and 2022:

Nonoperating Revenues and Expenses (In Millions)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
State appropriations	\$ 31.9	\$ 28.8	\$ 26.3
Federal grants and contracts	7.4	7.1	7.7
Federal CARES Act grant	0.0	1.0	14.9
Contributions	4.0	3.9	3.1
Investment income	1.6	1.0	0.1
Interest on capital asset – related debt	(2.3)	(2.3)	(2.4)
Other nonoperating expenses	<u>1.2</u>	<u>0.7</u>	<u>0.3</u>
Net nonoperating revenues	<u>\$ 43.8</u>	<u>\$ 40.2</u>	<u>\$ 50.0</u>

The following table summarizes the University's cash flows for the years ended June 30, 2024, 2023, and 2022:

Cash Flows (In Millions)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash Provided By (Used In)			
Operating activities	\$ (37.4)	\$ (35.9)	\$ (42.9)
Noncapital financing activities	44.7	41.5	52.6
Capital and related financing activities	(6.9)	(7.6)	(12.4)
Investing activities	<u>1.6</u>	<u>1.0</u>	<u>0.1</u>
Net Change in Cash and Cash Equivalents	2.0	(1.0)	(2.6)
Cash and Cash Equivalents, Beginning of Year	<u>24.8</u>	<u>25.8</u>	<u>28.4</u>
Cash and Cash Equivalents, End of Year	<u>\$ 26.8</u>	<u>\$ 24.8</u>	<u>\$ 25.8</u>

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Management's Discussion and Analysis
Years Ended June 30, 2024 and 2023**

2024

Cash provided by operating activities resulted from receipts from tuition and fees, grants and contracts, and auxiliary enterprises. Cash used resulted from payments to suppliers, utilities, employees, and others resulting in net cash used in operating activities of \$37.4 million. Cash provided by noncapital financing activities of \$44.7 million includes state appropriations, federal appropriations, federal grants, gifts, and grants for other than capital purposes and other. Cash used by capital and related financing activities of \$6.9 million consists of purchases of capital assets, gifts, and grants for capital projects and principal and interest paid on capital debt, leases, and subscription assets. Cash and cash equivalents at June 30, 2024, were \$26.8 million, which increased \$2.0 million from June 30, 2023.

2023

Cash provided by operating activities resulted from receipts from tuition and fees, grants and contracts, and auxiliary enterprises. Cash used resulted from payments to suppliers, utilities, employees, and others resulting in net cash used in operating activities of \$35.9 million. Cash provided by noncapital financing activities of \$41.5 million includes state appropriations, federal grants, HEERF (CARES) Act funding, gifts, and grants for other than capital purposes and other. Cash used by capital and related financing activities of \$7.6 million consists of purchases of capital assets, gifts, and grants for capital projects and principal and interest paid on capital debt, leases, and subscription assets. Cash and cash equivalents at June 30, 2023, were \$24.8 million, which decreased \$1.0 million from June 30, 2022.

Capital, Lease, and Subscription Assets

2024

At June 30, 2024, the University had \$147.6 million (net of accumulated depreciation and amortization), compared to \$148.2 million at June 30, 2023, invested in a broad range of capital and lease assets, including land, land improvements, buildings and improvements, infrastructure, furniture, fixtures and equipment, vehicles, works of art, library materials, construction in progress, and subscription assets. Additional information of the University's capital, lease, and subscription assets can be found in *Note 4* to the financial statements.

2023

At June 30, 2023, the University had \$148.2 million (net of accumulated depreciation and amortization), compared to \$152.6 million at June 30, 2022, invested in a broad range of capital and lease assets, including land, land improvements, buildings and improvements, infrastructure, furniture, fixtures and equipment, vehicles, works of art, library materials, construction in progress, and subscription assets. Additional information of the University's capital, lease, and subscription assets can be found in *Note 4* to the financial statements.

Long-Term Obligations

2024

At June 30, 2024, the University had \$63.2 million in bonds, other long-term debt payable, and lease and subscription liabilities, of which \$3.1 million is payable during the upcoming fiscal year. *Note 5* to the financial statements provides additional information about the University's long-term debt and other long-term obligations.

2023

At June 30, 2023, the University had \$63.8 million in bonds, other long-term debt payable, and lease and subscription liabilities, of which \$2.4 million (\$354,000 attributable to the energy savings contract) is payable during the upcoming fiscal year. *Note 5* to the financial statements provides additional information about the University's long-term debt and other long-term obligations.

**Missouri Southern State University
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Management's Discussion and Analysis
Years Ended June 30, 2024 and 2023**

Economic Outlook

The nationwide higher education landscape narrative includes discussions regarding higher education value, affordability, diverse enrollment, fluctuating revenue streams, and the politicization of higher education. Universities understand that the landscape is ever-changing but continues with purpose to serve and graduate students.

Missouri Southern's enrollment reflects increased headcount. Student recruitment and retention contribute to our success. The University continues to strengthen and expand international partnerships and promote our international mission. We have seen an increase in the number of degree-seeking international students. Our graduate programs are expanding, and enrollment is growing. Fall 2024, the University began offering a Master of Science in Sport and Recreation Management and multiple tracks in our Master of Business Administration.

Grant and donor funding has provided resources to add high demand programs including a RN to BSN path and a Food Science and Nutrition degree.

Missouri Southern's capital campaign, Lions Forward, has produced an exceptional donor response. The initiatives of this campaign are: Enhancing the Student Experience, Fostering Academic Excellence, and Building the Campus of the Future are transforming our university, our campus, and broadening opportunities for our students.

The construction footprint of the Roy Blunt Health Science Innovation Center has started to take shape and creates excitement about this new facility scheduled to open fall 2026. This project is funded significantly from state capital appropriations. The investment from the state provides an opportunity to build a space that will impact the regional healthcare community. This transformative 65,000 square foot, three-story capital project will house immersive learning labs and allow MSSU to increase the number of students it educates in high-demand careers such as nursing, respiratory therapy, and radiology. Innovative technology, a full-scale simulation hospital, anatomy and physiology labs, and cadaver labs will enable our students to move seamlessly from research and immersive learning environments directly to the workforce.

Missouri Southern, like most universities, continues to address deferred maintenance and structural items. Campus leadership and the Board of Governors have worked together to identify annual projects and appropriate funds. The State provides investment to our campus and our students. Overseen by the Missouri Department of Higher Education and Workforce Development, "MoExcels funding facilitates development and expansion of employer-driven education and training programs and initiatives to substantially increase educational attainment." Current year funds have contributed to the construction of a new data analytics lab enhancing our existing graduate program. Work is well underway using 2025 allocated funds to create a public safety and forensics institute.

Recruitment, retention, and the ultimate success of our students remains at the forefront of everything we do. We see increases in student headcount and believe that every interaction with students, parents, colleagues, and our community is an opportunity to offer support and encouragement as they work toward the ultimate goal, student graduation.

State appropriations for fiscal year 2025 include a 3% core increase for all Missouri public universities. The University also received a \$2.2M appropriation to further increase collaboration and workforce opportunities in precision health and agricultural science.

Our mission, our strategic plan, our partnerships, and our campus community are committed to educate and graduate knowledgeable, responsible, successful global citizens.

Missouri Southern State University
(A Component Unit of the State of Missouri)
Statements of Net Position
June 30, 2024 and 2023

Assets and Deferred Outflows of Resources

	<u>2024</u>	<u>2023</u>
Current Assets		
Cash	\$ 18,509,964	\$ 16,829,743
Reserved cash	5,298,857	5,120,285
Accounts receivable, net	1,697,785	1,596,730
Federal and state receivables, net	2,810,514	292,811
Inventories	427,546	455,391
Deposits and prepaid expenses	709,241	931,202
	<u>29,453,907</u>	<u>25,226,162</u>
Noncurrent Assets		
Restricted cash	2,913,552	2,802,131
Restricted investments	57,612	57,612
Loans to students, net	-	16,579
Lease receivable, net	411,324	409,130
Capital assets, net	143,048,491	144,891,130
Lease assets, net	1,574,763	1,710,533
Subscription assets, net	2,963,924	1,559,378
	<u>150,969,666</u>	<u>151,446,493</u>
Total noncurrent assets	<u>150,969,666</u>	<u>151,446,493</u>
Total assets	<u>180,423,573</u>	<u>176,672,655</u>
Deferred Outflows of Resources		
Loss on refunding of bonds	210,080	226,750
Deferred outflows of resources related to pensions	12,087,166	10,125,024
Deferred outflows of resources related to other postemployment benefits	511,757	470,142
	<u>12,809,003</u>	<u>10,821,916</u>
Total deferred outflows of resources	<u>\$ 12,809,003</u>	<u>\$ 10,821,916</u>

See Notes to Financial Statements

**Liabilities, Deferred Inflows of Resources,
and Net Position**

	<u>2024</u>	<u>2023</u>
Current Liabilities		
Accounts payable and accrued liabilities	\$ 4,752,326	\$ 3,505,318
Accrued compensated absences	906,830	849,663
Unearned revenue	1,085,715	1,029,407
Unearned revenue – vending	7,500	7,500
Other postemployment benefit liability – current portion	105,407	201,395
Long-term debt – current portion	2,360,939	1,717,287
Current portion of lease liabilities	57,519	111,115
Current portion of subscription liabilities	724,536	625,251
Total current liabilities	<u>10,000,772</u>	<u>8,046,936</u>
Noncurrent Liabilities		
Accrued compensated absences	527,721	480,728
Unearned revenue – vending	23,125	30,625
Other postemployment benefit liability	1,444,395	1,573,381
Long-term debt	56,622,883	58,983,822
Lease liabilities	1,785,026	1,817,264
Subscription liabilities	1,666,179	560,527
Net pension liability	56,382,069	63,103,976
Total noncurrent liabilities	<u>118,451,398</u>	<u>126,550,323</u>
Total liabilities	<u>128,452,170</u>	<u>134,597,259</u>
Deferred Inflows of Resources		
Pension related	5,527,866	2,247,423
Other postemployment benefit related	974,681	706,952
Leases	367,176	380,651
Total deferred inflows of resources	<u>6,869,723</u>	<u>3,335,026</u>
Net Position		
Net investment in capital assets	84,096,445	84,557,235
Restricted for		
Nonexpendable		
Loans	-	679,575
Expendable		
Scholarships and fellowships	295,504	312,303
Capital projects	1,889,184	1,029,408
Unrestricted (deficit)	<u>(28,370,450)</u>	<u>(37,016,235)</u>
Total net position	<u>\$ 57,910,683</u>	<u>\$ 49,562,286</u>

Missouri Southern State University
(A Component Unit of the State of Missouri)
Missouri Southern Foundation
Statements of Financial Position
June 30, 2024 and 2023

Assets

	<u>2024</u>	<u>2023</u>
Current Assets		
Cash	\$ 1,656,884	\$ 1,345,729
Contributions receivable – current portion	1,207,063	1,092,896
Other receivables	<u>1,986</u>	<u>2,086</u>
Total current assets	<u>2,865,933</u>	<u>2,440,711</u>
Investments	<u>32,008,027</u>	<u>28,553,728</u>
Other Assets		
Contributions receivable – long-term portion	5,470,148	6,248,744
Beneficial interests in trusts held by others	<u>14,989,651</u>	<u>13,575,009</u>
Total other assets	<u>20,459,799</u>	<u>19,823,753</u>
Total assets	<u>\$ 55,333,759</u>	<u>\$ 50,818,192</u>

Liabilities

Current Liabilities		
Accounts payable	\$ 18,517	\$ 41,130
Annuity obligations	<u>130,912</u>	<u>149,299</u>
Total current liabilities	<u>149,429</u>	<u>190,429</u>

Net Assets

Without donor restriction	1,761,187	2,489,871
With donor restriction	<u>53,423,143</u>	<u>48,137,892</u>
Total net assets	<u>55,184,330</u>	<u>50,627,763</u>
Total liabilities and net assets	<u>\$ 55,333,759</u>	<u>\$ 50,818,192</u>

Missouri Southern State University
(A Component Unit of the State of Missouri)
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Tuition and fees, net of scholarship allowances and bad debt expense	\$ 13,229,035	\$ 12,528,614
Federal grants and contracts	3,226,813	2,625,128
State grants and contracts	2,884,469	2,448,756
Interest on loans to students	2,688	21,206
Auxiliary enterprises		
Housing, net of scholarship allowances and bad debt expense	3,381,009	2,951,244
Student recreation and health center	1,162,559	1,146,270
Bookstore and other	2,321,863	2,277,539
Other operating revenues	1,054,407	962,078
Total operating revenues	<u>27,262,843</u>	<u>24,960,835</u>
Operating Expenses		
Compensation and benefits	31,099,471	36,613,392
Contractual services	5,760,864	4,027,009
Supplies and materials	5,345,997	5,086,556
Scholarships and fellowships	5,027,799	4,636,040
Depreciation and amortization	8,376,283	8,460,624
Utilities	3,485,463	3,475,365
Other	7,698,261	6,712,171
Total operating expenses	<u>66,794,138</u>	<u>69,011,157</u>
Operating Loss	<u>(39,531,295)</u>	<u>(44,050,322)</u>
Nonoperating Revenues (Expenses)		
State appropriations	29,924,445	28,739,785
State contracts	1,972,696	-
Federal grants and contracts	7,397,006	7,058,061
Federal CARES Act grant	-	985,879
Contributions	4,059,693	3,938,568
Investment income	1,605,165	1,034,872
Interest on capital asset-related debt	(2,330,649)	(2,332,661)
Other nonoperating revenues	1,240,832	769,145
Net nonoperating revenues	<u>43,869,188</u>	<u>40,193,649</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	<u>4,337,893</u>	<u>(3,856,673)</u>
Other Revenues, Expenses, Gains, or Losses		
Capital grants and gifts	1,283,150	1,316,799
State capital appropriations	727,354	804,504
Federal capital appropriations	2,000,000	-
Total other revenues, expenses, gains, or losses	<u>4,010,504</u>	<u>2,121,303</u>
Increase (Decrease) in Net Position	<u>8,348,397</u>	<u>(1,735,370)</u>
Net Position, Beginning of Year	<u>49,562,286</u>	<u>51,297,656</u>
Net Position, End of Year	<u>\$ 57,910,683</u>	<u>\$ 49,562,286</u>

Missouri Southern State University
(A Component Unit of the State of Missouri)
Missouri Southern Foundation
Statement of Activities
Year Ended June 30, 2024

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 183,552	\$ 3,274,187	\$ 3,457,739
Investment income	65,878	979,527	1,045,405
Endowment management fees	375,973	-	375,973
Net realized gain on investments	37,875	394,421	432,296
Net unrealized gain on investments	155,804	2,539,929	2,695,733
Increase in beneficial interest in trusts	48,731	1,365,911	1,414,642
Net assets released from restrictions	3,268,724	(3,268,724)	-
	<u>4,136,537</u>	<u>5,285,251</u>	<u>9,421,788</u>
Expenses			
Scholarships	1,341,101	-	1,341,101
Faculty and department support	1,589,558	-	1,589,558
Facilities improvement	33,196	-	33,196
General university support	531,658	-	531,658
Cultural activities	2,980	-	2,980
Administrative	1,236,075	-	1,236,075
Fundraising	130,653	-	130,653
	<u>4,865,221</u>	<u>-</u>	<u>4,865,221</u>
Change in Net Assets	(728,684)	5,285,251	4,556,567
Net Assets at Beginning of Year	<u>2,489,871</u>	<u>48,137,892</u>	<u>50,627,763</u>
Net Assets at End of Year	<u>\$ 1,761,187</u>	<u>\$ 53,423,143</u>	<u>\$ 55,184,330</u>

Missouri Southern State University
(A Component Unit of the State of Missouri)
Missouri Southern Foundation
Statement of Activities
Year Ended June 30, 2023

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 237,906	\$ 7,173,187	\$ 7,411,093
Investment income	205,659	1,146,073	1,351,732
Endowment management fees	369,946	-	369,946
Net realized gain on investments	47,461	177,344	224,805
Net unrealized gain on investments	539,972	1,498,293	2,038,265
Increase in beneficial interest in trusts	26,893	642,961	669,854
Net assets released from restrictions	3,260,806	(3,260,806)	-
	<u>4,688,643</u>	<u>7,377,052</u>	<u>12,065,695</u>
Total support and revenue			
Expenses			
Scholarships	1,384,550	-	1,384,550
Faculty and department support	1,251,749	-	1,251,749
Facilities improvement	188,369	-	188,369
General university support	481,861	-	481,861
Administrative	1,109,850	-	1,109,850
Fundraising	150,888	-	150,888
	<u>4,567,267</u>	<u>-</u>	<u>4,567,267</u>
Total expenses			
Change in Net Assets	121,376	7,377,052	7,498,428
Net Assets at Beginning of Year	<u>2,368,495</u>	<u>40,760,840</u>	<u>43,129,335</u>
Net Assets at End of Year	<u>\$ 2,489,871</u>	<u>\$ 48,137,892</u>	<u>\$ 50,627,763</u>

Missouri Southern State University
(A Component Unit of the State of Missouri)
Missouri Southern Foundation
Statements of Functional Expenses
Year Ended June 30, 2024

Year Ended June 30, 2024	Program Services	Support Services	Functional Expenses
Scholarships	\$ 1,341,101	\$ -	\$ 1,341,101
Faculty and department support	1,589,558	-	1,589,558
Facilities improvement	33,196	-	33,196
General university support	531,658	-	531,658
Cultural activities	2,980	-	2,980
Administrative	-	1,236,075	1,236,075
Fundraising	-	130,653	130,653
	<u>\$ 3,498,493</u>	<u>\$ 1,366,728</u>	<u>\$ 4,865,221</u>

Year Ended June 30, 2023	Program Services	Support Services	Functional Expenses
Scholarships	\$ 1,384,550	\$ -	\$ 1,384,550
Faculty and department support	1,251,749	-	1,251,749
Facilities improvement	188,369	-	188,369
General university support	481,861	-	481,861
Administrative	-	1,109,850	1,109,850
Fundraising	-	150,888	150,888
	<u>\$ 3,306,529</u>	<u>\$ 1,260,738</u>	<u>\$ 4,567,267</u>

Missouri Southern State University
(A Component Unit of the State of Missouri)
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Activities		
Tuition and fees	\$ 13,541,193	\$ 12,293,718
Grants and contracts	3,618,722	5,130,380
Payments for scholarships	(5,027,799)	(4,636,040)
Payments to suppliers	(21,146,513)	(19,798,383)
Payments to employees	(35,975,882)	(36,505,636)
Collection of loans to students and employees	19,267	493,948
Sales and services of auxiliary enterprises	6,476,385	6,128,683
Other receipts	1,054,407	962,078
	<u>(37,440,220)</u>	<u>(35,931,252)</u>
Noncapital Financing Activities		
State appropriations	29,924,445	28,739,785
State contracts	1,972,696	-
Federal grants and contracts	7,397,006	7,058,061
Federal CARES Act grant	-	985,879
Gifts and grants for other than capital purposes	4,059,693	3,938,568
Other receipts	1,372,704	779,731
	<u>44,726,544</u>	<u>41,502,024</u>
Capital and Related Financing Activities		
Capital appropriations-state	727,354	804,504
Capital appropriations-federal	2,000,000	-
Capital grants and gifts received	1,283,150	1,316,799
Purchase of capital assets	(5,671,135)	(3,480,427)
Proceeds from sale of capital assets	55,281	20,705
Principal paid on capital debt	(1,717,287)	(2,764,627)
Interest paid on capital debt	(2,205,532)	(2,230,959)
Principal paid on leases payable	(96,709)	(116,013)
Interest paid on leases payable	(66,938)	(55,579)
Interest paid on lease receivable	21,063	20,450
Principal paid on subscription liability	(1,202,143)	(1,122,973)
Interest paid on subscription liability	(48,379)	(18,146)
	<u>(6,921,275)</u>	<u>(7,626,266)</u>
Net cash used in capital and related financing activities		

Missouri Southern State University
(A Component Unit of the State of Missouri)
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Investing Activities		
Investment income received	\$ 1,605,165	\$ 1,034,872
Net cash provided by investing activities	<u>1,605,165</u>	<u>1,034,872</u>
Increase (Decrease) in Cash	1,970,214	(1,020,622)
Cash, Beginning of Year	<u>24,752,159</u>	<u>25,772,781</u>
Cash, End of Year	<u><u>\$ 26,722,373</u></u>	<u><u>\$ 24,752,159</u></u>
Reconciliation of Cash to the Statements of Net Position		
Cash	\$ 18,509,964	\$ 16,829,743
Reserved cash	5,298,857	5,120,285
Restricted cash	<u>2,913,552</u>	<u>2,802,131</u>
Total cash	<u><u>\$ 26,722,373</u></u>	<u><u>\$ 24,752,159</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (39,531,295)	\$ (44,050,322)
Depreciation expense	7,206,120	7,121,530
Amortization expense	1,170,163	1,339,094
Changes in operating assets and liabilities		
Receivables, net	(2,602,179)	81,077
Inventories	27,845	(21,918)
Prepaid expenses	200,975	(328,844)
Accounts payable and accrued liabilities	1,441,307	(965,587)
Total other postemployment benefits	(224,974)	(42,160)
Deferred revenue	49,310	(33,105)
Net pension liability	(6,721,907)	14,262,023
Deferred inflows of resources	3,548,172	(11,580,742)
Deferred outflows of resources	<u>(2,003,757)</u>	<u>(1,712,298)</u>
Net cash used in operating activities	<u><u>\$ (37,440,220)</u></u>	<u><u>\$ (35,931,252)</u></u>
Noncash Investing, Capital, and Financing Activities		
Accounts payable incurred for purchase of capital assets	\$ 4,250	\$ 87,518
Lease assets acquired with lease liabilities	\$ 10,875	\$ 106,224
Accretion of lease receivables	\$ 2,194	\$ 2,668
Subscription assets acquired with subscription liabilities	\$ 2,407,079	\$ 702,967

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

Nature of Operations

Missouri Southern State University (the “University”), a Component Unit of the State of Missouri, is a state educational institution operating under the jurisdiction of the state of Missouri. The University campus, located in Joplin, Missouri, offers a variety of programs and services.

Major federally funded student financial assistance programs in which the University participates include the Federal Pell Grant, Federal Work-Study, Federal Direct Student Loan, Federal Supplemental Educational Opportunity Grant, and Federal Teacher Education Assistance for College and Higher Education Grant. The University extends unsecured credit to students.

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 and expenses during the reporting period. Actual results could differ from those estimates.

Reserved Cash

The University has certain cash balances internally designated as reserved that are being held for specified future uses.

Investments and Investment Income

Investments in equity and debt securities are carried at fair value, except for equity securities whose sale is restricted by donors. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit and equity securities whose sale is restricted by donors are carried at cost.

Investment income consists of interest and dividend income and the net change for the year in the fair value of investments carried at fair value.

Missouri Southern State University
(A Component Unit of the State of Missouri)
Notes to Financial Statements
June 30, 2024 and 2023

Accounts Receivable

Approximately 68% and 34% of accounts receivable at June 30, 2024 and 2023, respectively, is due from governmental and other entities for reimbursements under grants and other programs. The remaining 32% and 66% of accounts receivable at June 30, 2024 and 2023, respectively, consists of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty, and staff.

Student accounts receivable are stated at the amount billed to the students less applied scholarships and loan proceeds and an allowance for doubtful accounts of \$4,100,000 and \$3,900,000 at June 30, 2024 and 2023, respectively. The University provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Tuition is due at the beginning of the semester unless the student has signed a payment plan. Charges that are past due without payments, have had no response to the due diligence process, and are assigned to third-party collection agencies are considered delinquent.

Inventories

Inventories consist of bookstore merchandise and consumable supplies. Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Loans to Students

The University makes loans to students under various federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts. The allowance for uncollectible loans netted against loans to students was \$0 and \$15,859 at June 30, 2024 and 2023, respectively. Interest income is charged on loans to students as established under the loan programs. Interest income for the years ended June 30, 2024 and 2023, was \$2,688 and \$21,206, respectively.

In 2024 the University liquidated the Perkins Loan program which includes returning all uncollected loans to the Department of Education. The impact of loans returned to the Department of Education will be recognized on the statement of revenues, expenses, and changes in net position in the current period. The financial statements reflect current year expenditures and final close out payment of \$32,438.

Capital Assets

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

Land improvements	10 – 40 years
Buildings and improvements	20 – 50 years
Infrastructure	10 – 40 years
Furniture, fixtures, and equipment	3 – 25 years
Library materials	7 years
Collections	15 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.

Missouri Southern State University
(A Component Unit of the State of Missouri)
Notes to Financial Statements
June 30, 2024 and 2023

Subscription Assets

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

Capital, Lease, and Subscription Asset Impairment

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

No asset impairment was recognized during the years ended June 30, 2024 and 2023.

Deferred Outflows of Resources

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

Loss on Refunding of Bonds

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

Compensated Absences

The University policies permit most employees to accumulate vacation benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities for vacation benefits are computed using the regular pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date. The estimated compensated absence liability expected to be paid more than one year after the statements of net position date is included in long-term liabilities.

It is the University's policy to permit employees to accumulate earned but unused sick pay benefits. Accumulated sick pay benefits are forfeited by the employee upon death, permanent disability, termination, or retirement. Therefore, sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability has been reported for the accumulated sick pay benefits. Although benefits are forfeited at retirement, unused accumulated sick pay benefits are credited to years of service for calculating retirement benefits.

Unearned Revenue

Current unearned revenue represents unearned student fees and advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements. Current and noncurrent unearned vending revenues represent unearned sponsorships on vending machine commitments.

Missouri Southern State University
(A Component Unit of the State of Missouri)
Notes to Financial Statements
June 30, 2024 and 2023

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, *Accounting and Financial Reporting for Pensions* (GASB 68). MSEP is administered by the Missouri State Employees' Retirement System (MOSERS), also a component unit of the state of Missouri. In accordance with the provisions of GASB 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 employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Benefit Other Postemployment Benefit Plan

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 an acquisition of net assets that is applicable 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 statements of net position.

- Net investment in capital assets consists of capital assets, including lease and SBITA assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings and lease and SBITA liabilities used to finance the purchase, use 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 net position.

Classification of Revenues

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

Operating revenues include activities that have the characteristics of exchange transactions, such as

1. student tuition and fees, net of scholarship allowances
2. sales and services of auxiliary enterprises
3. interest on student loans

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Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as

4. gifts and contributions
5. other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*
6. GASB No. 34, such as state appropriations and investment income.

Tuition and Fee Revenue

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

Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statements of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, are recorded as nonoperating revenues and other governmental grants are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees and housing for the year ended June 30, 2024, were \$14,181,566 and \$2,475,563, respectively, and for the year ended June 30, 2023, were \$12,992,211 and \$2,106,355, respectively.

Income Taxes

As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

Foundation

Missouri Southern Foundation (Foundation) is a legally separate, tax-exempt discretely presented component unit of Missouri Southern State University. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. The Foundation's Board of Directors 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 resources, or income thereon, that the Foundation holds and invests, are restricted to the activities of the University by the donors. 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 discretely presented in the University's financial statements.

During the year ended June 30, 2024, the Foundation provided funding for scholarships and general university support of \$1,318,709 and \$1,612,125, respectively. During the year ended June 30, 2023, the Foundation provided funding for scholarships and general university support of \$1,388,551 and \$1,640,102, respectively. Complete financial statements for the Foundation can be obtained from the Foundation Office at 3950 E. Newman Road, Joplin, Missouri 64801.

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

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 two thousand, county, school district, or special road district of the state of Missouri; bonds of any state; a surety bond having an aggregate value at least equal to the amount of the deposits; tax anticipation notes issued by any first class county; irrevocable standby letter of credit issued by a Federal Home Loan Bank; or out-of-state municipal bonds rated in the highest category by a nationally recognized statistical rating agency.

At June 30, 2024 and 2023, respectively, the University's bank balances were \$28,186,328 and \$25,502,361. None of these deposits were exposed to custodial credit risk at June 30, 2024 or 2023.

Investments

The University may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities; repurchase agreements; banker's acceptances; and commercial paper.

The University also holds equity securities which are restricted by donors as to investment holdings and are therefore not subject to the University's investment policies.

At June 30, 2024 and 2023, the University held \$21,851 of equity securities restricted by a donor.

Summary of Carrying Values

The carrying values of deposits and investments discussed above are:

	<u>2024</u>	<u>2023</u>
Carrying value		
Cash on hand	\$ 7,700	\$ 7,490
Deposits	26,750,434	24,780,430
Other investments	<u>21,851</u>	<u>21,851</u>
	<u>\$ 26,779,985</u>	<u>\$ 24,809,771</u>

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The deposits and investments are included in the following statements of net position captions:

	<u>2024</u>	<u>2023</u>
Cash	\$ 18,509,964	\$ 16,829,743
Reserved cash	5,298,857	5,120,285
Restricted cash	2,913,552	2,802,131
Restricted investments	<u>57,612</u>	<u>57,612</u>
	<u>\$ 26,779,985</u>	<u>\$ 24,809,771</u>

Investment Income

Investment income for the years ended June 30, 2024 and 2023, consisted of interest and dividend income of \$1,605,165 and \$1,034,872 respectively.

Note 3. Lease Receivable

The University leases a portion of its property to a third party, the terms of which expire September 2051. Payments increase 3% annually. The lease was measured based upon the University's incremental borrowing rate at lease commencement.

Revenue recognized under the lease contract during the years ended June 30, 2024 and 2023 was \$36,731 and \$36,592, respectively, which includes both lease revenue and interest.

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Note 4. Capital, Lease, and Subscription Assets

Capital assets activity for the years ended June 30, 2024 and 2023, was:

	Beginning Balance	2024			Ending Balance
		Additions	Disposals	Transfers	
Nondepreciable capital assets					
Land	\$ 963,805	\$ -	\$ -	\$ -	\$ 963,805
Construction in progress	8,638,048	4,789,895	(90,909)	(6,581,084)	6,755,950
Total nondepreciable capital assets	9,601,853	4,789,895	(90,909)	(6,581,084)	7,719,755
Depreciable capital assets					
Land improvements	5,349,370	15,013	(29,616)	116,944	5,451,711
Buildings, improvements, and leasehold improvements	212,004,020	10,568	(383,069)	4,133,084	215,764,603
Infrastructure	1,162,118	-	-	2,150,364	3,312,482
Furniture, fixtures, and equipment	18,447,760	679,326	(538,963)	180,692	18,768,815
Vehicles	600,731	66,007	(56,235)	-	610,503
Works of art	478,246	-	-	-	478,246
Software	1,593,297	-	-	-	1,593,297
Library materials	6,280,734	27,116	(35,794)	-	6,272,056
Total depreciable capital assets	245,916,276	798,030	(1,043,677)	6,581,084	252,251,713
Less accumulated depreciation					
Land improvements	4,542,581	177,324	(24,516)	-	4,695,389
Buildings, improvements, and leasehold improvements	81,654,307	6,081,848	(256,092)	-	87,480,063
Infrastructure	581,049	40,601	-	-	621,650
Furniture, fixtures, and equipment	15,033,939	857,525	(538,963)	-	15,352,501
Vehicles	554,020	22,632	(54,835)	-	521,817
Works of art	442,436	6,413	-	-	448,849
Software	1,593,297	-	-	-	1,593,297
Library materials	6,225,370	19,777	(35,736)	-	6,209,411
Total accumulated depreciation	110,626,999	7,206,120	(910,142)	-	116,922,977
Total depreciable capital assets, net	135,289,277	(6,408,090)	(133,535)	6,581,084	135,328,736
Net capital assets	\$ 144,891,130	\$ (1,618,195)	\$ (224,444)	\$ -	\$ 143,048,491

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	2023				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
Nondepreciable capital assets					
Land	\$ 963,805	\$ -	\$ -	\$ -	\$ 963,805
Construction in progress	6,929,128	2,194,262	(14,580)	(470,762)	8,638,048
Total nondepreciable capital assets	<u>7,892,933</u>	<u>2,194,262</u>	<u>(14,580)</u>	<u>(470,762)</u>	<u>9,601,853</u>
Depreciable capital assets					
Land improvements	5,225,158	11,238	-	112,974	5,349,370
Buildings, improvements, and leasehold improvements	211,488,611	358,726	-	156,683	212,004,020
Infrastructure	1,162,118	-	-	-	1,162,118
Furniture, fixtures, and equipment	18,155,854	591,190	(500,389)	201,105	18,447,760
Vehicles	644,056	37,000	(80,325)	-	600,731
Works of art	478,246	-	-	-	478,246
Software	1,593,297	-	-	-	1,593,297
Library materials	6,288,860	23,258	(31,384)	-	6,280,734
Total depreciable capital assets	<u>245,036,200</u>	<u>1,021,412</u>	<u>(612,098)</u>	<u>470,762</u>	<u>245,916,276</u>
Less accumulated depreciation					
Land improvements	4,369,918	172,663	-	-	4,542,581
Buildings, improvements, and leasehold improvements	75,646,461	6,007,846	-	-	81,654,307
Infrastructure	549,408	31,641	-	-	581,049
Furniture, fixtures, and equipment	14,669,545	860,575	(496,181)	-	15,033,939
Vehicles	610,869	23,476	(80,325)	-	554,020
Works of art	436,023	6,413	-	-	442,436
Software	1,593,297	-	-	-	1,593,297
Library materials	6,237,838	18,916	(31,384)	-	6,225,370
Total accumulated depreciation	<u>104,113,359</u>	<u>7,121,530</u>	<u>(607,890)</u>	<u>-</u>	<u>110,626,999</u>
Total depreciable capital assets, net	<u>140,922,841</u>	<u>(6,100,118)</u>	<u>(4,208)</u>	<u>470,762</u>	<u>135,289,277</u>
Net capital assets	<u>\$ 148,815,774</u>	<u>\$ (3,905,856)</u>	<u>\$ (18,788)</u>	<u>\$ -</u>	<u>\$ 144,891,130</u>

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Lease assets activity for the years ended June 30, 2024 and 2023, was:

2024				
	Beginning Balance	Additions	Disposals	Ending Balance
Buildings	\$ 34,542	\$ -	\$ -	\$ 34,542
Equipment	2,216,112	10,875	-	2,226,987
	<u>2,250,654</u>	<u>10,875</u>	<u>-</u>	<u>2,261,529</u>
Less accumulated amortization				
Buildings	34,542	-	-	34,542
Equipment	505,579	146,645	-	652,224
	<u>540,121</u>	<u>146,645</u>	<u>-</u>	<u>686,766</u>
Lease assets, net	<u>\$ 1,710,533</u>	<u>\$ (135,770)</u>	<u>\$ -</u>	<u>\$ 1,574,763</u>
2023				
	Beginning Balance	Additions	Disposals	Ending Balance
Buildings	\$ 34,542	\$ -	\$ -	\$ 34,542
Equipment	2,109,888	106,224	-	2,216,112
	<u>2,144,430</u>	<u>106,224</u>	<u>-</u>	<u>2,250,654</u>
Less accumulated amortization				
Buildings	34,542	-	-	34,542
Equipment	313,291	192,288	-	505,579
	<u>347,833</u>	<u>192,288</u>	<u>-</u>	<u>540,121</u>
Lease assets, net	<u>\$ 1,796,597</u>	<u>\$ (86,064)</u>	<u>\$ -</u>	<u>\$ 1,710,533</u>

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Subscription asset activity for the years ended June 30, 2024 and 2023, was:

	2024			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Subscription IT asset	\$ 3,740,079	\$ 2,407,079	\$ -	\$ 6,147,158
	<u>3,740,079</u>	<u>2,407,079</u>	<u>-</u>	<u>6,147,158</u>
Less accumulated amortization Subscription IT asset	<u>2,180,701</u>	<u>1,002,533</u>	<u>-</u>	<u>3,183,234</u>
	<u>2,180,701</u>	<u>1,002,533</u>	<u>-</u>	<u>3,183,234</u>
Subscription assets, net	<u>\$ 1,559,378</u>	<u>\$ 1,404,546</u>	<u>\$ -</u>	<u>\$ 2,963,924</u>
	2023			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Subscription IT asset	\$ 3,037,112	\$ 702,967	\$ -	\$ 3,740,079
	<u>3,037,112</u>	<u>702,967</u>	<u>-</u>	<u>3,740,079</u>
Less accumulated amortization Subscription IT asset	<u>1,033,895</u>	<u>1,146,806</u>	<u>-</u>	<u>2,180,701</u>
	<u>1,033,895</u>	<u>1,146,806</u>	<u>-</u>	<u>2,180,701</u>
Subscription assets, net	<u>\$ 2,003,217</u>	<u>\$ (443,839)</u>	<u>\$ -</u>	<u>\$ 1,559,378</u>

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Note 5. Noncurrent Liabilities

The following is a summary of noncurrent obligation transactions for the University for the years ended June 30, 2024 and 2023:

	Beginning Balance	Additions	2024 Deductions	Ending Balance	Current Portion
Auxiliary Enterprise System					
Revenue Bonds					
Series 2015	\$ 3,600,000	\$ -	\$ 30,000	\$ 3,570,000	\$ 30,000
Series 2019A	22,490,000	-	-	22,490,000	475,000
Series 2021	19,650,000	-	620,000	19,030,000	730,000
Bond premium – 2015 Issue	12,438	-	811	11,627	811
Bond premium – 2019A Issue	1,001,987	-	38,050	963,937	38,050
Bond premium – 2021 Issue	981,308	-	59,653	921,655	59,653
Direct Placement Bonds Education					
Series 2017 Educational					
Facilities Revenue Bonds	2,450,000	-	465,000	1,985,000	480,000
Note payable to the Foundation	483,214	-	150,000	333,214	150,000
Note payable to bank	10,032,162	-	353,773	9,678,389	397,425
Lease liabilities	1,928,379	10,875	96,708	1,842,546	57,519
Subscription liabilities	1,185,778	2,407,079	1,202,143	2,390,714	724,536
Total bonds, notes payable, lease and subscription liabilities	<u>63,815,266</u>	<u>2,417,954</u>	<u>3,016,138</u>	<u>63,217,082</u>	<u>3,142,994</u>
Other noncurrent liabilities					
Accrued compensated					
absences	1,330,391	906,830	802,670	1,434,551	906,830
Deferred revenue – vending	38,125	-	7,500	30,625	7,500
Other postemployment benefit liability	1,774,776	-	224,974	1,549,802	105,407
Net pension liabilities	<u>63,103,976</u>	<u>-</u>	<u>6,721,907</u>	<u>56,382,069</u>	<u>-</u>
Total other noncurrent liabilities	<u>66,247,268</u>	<u>906,830</u>	<u>7,757,051</u>	<u>59,397,047</u>	<u>1,019,737</u>
Total noncurrent liabilities	<u>\$ 130,062,534</u>	<u>\$ 3,324,784</u>	<u>\$ 10,773,189</u>	<u>\$ 122,614,129</u>	<u>\$ 4,162,731</u>

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	2023				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Auxiliary Enterprise System					
Revenue Bonds					
Series 2015	\$ 4,220,000	\$ -	\$ 620,000	\$ 3,600,000	\$ 30,000
Series 2019A	22,490,000	-	-	22,490,000	-
Series 2021	20,775,000	-	1,125,000	19,650,000	620,000
Bond premium – 2015 Issue	18,931	-	6,493	12,438	811
Bond premium – 2019A Issue	1,040,037	-	38,050	1,001,987	38,050
Bond premium – 2021 Issue	1,049,071	-	67,763	981,308	59,653
Series 2017 Educational Facilities Revenue Bonds	2,905,000	-	455,000	2,450,000	465,000
Note payable to the Foundation	633,214	-	150,000	483,214	150,000
Note payable to bank	10,334,486	-	302,324	10,032,162	353,773
Lease liabilities	1,938,168	106,224	116,013	1,928,379	111,115
Subscription liabilities	1,605,784	702,967	1,122,973	1,185,778	625,251
Total bonds, notes payable, lease and subscription liabilities	<u>67,009,691</u>	<u>809,191</u>	<u>4,003,616</u>	<u>63,815,266</u>	<u>2,453,653</u>
Other noncurrent liabilities					
Accrued compensated absences	1,271,588	849,663	790,860	1,330,391	849,663
Deferred revenue – vending	45,625	-	7,500	38,125	7,500
Other postemployment benefit liability	1,816,936	-	42,160	1,774,776	201,395
Accrued net pension liability	48,841,953	14,262,023	-	63,103,976	-
Total other noncurrent liabilities	<u>51,976,102</u>	<u>15,111,686</u>	<u>840,520</u>	<u>66,247,268</u>	<u>1,058,558</u>
Total noncurrent liabilities	<u>\$ 118,985,793</u>	<u>\$ 15,920,877</u>	<u>\$ 4,844,136</u>	<u>\$ 130,062,534</u>	<u>\$ 3,512,211</u>

Auxiliary Enterprise System Revenue Bonds

Series 2015

On July 7, 2015, the University issued Auxiliary Enterprise System Refunding Revenue bonds in the principal amount of \$7,615,000. The serial and term bonds bear interest, payable semiannually, at rates ranging from 2% to 4%, which began April 1, 2016. Principal maturities for the serial bonds began October 1, 2016, and continue annually until 2029. The term bonds are subject to mandatory sinking fund redemption and payment in the years 2030 – 2038 at a redemption price equal to 100% of the scheduled principal amount plus accrued interest to the redemption date. The bonds are secured by the net revenues and assets pledged of the Auxiliary Enterprise System (see *Note 13*).

Series 2019A

On December 30, 2019, the University issued \$22,490,000 of bonds, consisting of \$11,205,000 of serial bonds and \$11,285,000 of term bonds. The serial and term bonds bear interest, payable semiannually, at rates ranging from 3.125% to 5%, which began April 1, 2020. Principal maturities for serial bonds begin October 1, 2024, and continue annually until 2039. The term bonds are subject to mandatory sinking fund redemption and payment in the years 2044 – 2049 at a redemption price equal to 100% of the scheduled principal amount plus accrued interest to the redemption date. The bonds are secured by the net revenues and assets pledged of the Auxiliary Enterprise System (see *Note 13*).

Series 2021

On September 29, 2021, the University issued \$20,775,000 of term bonds. The proceeds from the issuance of these bonds were used to refund the outstanding portion of the 2014A and 2014B bond issues. The bonds bear interest, payable semiannually, at rates ranging from 3% to 4%, which began April 1, 2022. The bonds are subject to mandatory sinking fund redemption and payment in the years 2023 – 2045 at a redemption price equal to 100% of the scheduled principal amount plus accrued interest to the redemption date. The bonds are secured by the net revenues and assets pledged of the Auxiliary Enterprise System (see *Note 13*).

The refunding issue was used to retire \$7,300,000 of Series 2014A bonds and \$13,860,000 of Series 2014B bonds, meeting \$429,841 of interest escrow requirements and the remainder used for the cost of issuance. The refunding was undertaken to reduce total debt service payments by \$893,152 and resulted in an economic gain (present value savings) of \$853,450.

Direct Placement Bonds

Series 2017 Educational Facilities Revenue Bonds

On April 1, 2017, the University issued Educational Facilities Revenue bonds through the Missouri Health and Educational Facilities Authority (MOHEFA) in principal amount of \$5,000,000. The serial and term bonds bear interest, payable semiannually, at a rate of 2.49%, beginning on October 1, 2017. Principal maturities for serial bonds begin October 1, 2017, and continue annually until 2027. The term bonds are subject to mandatory sinking fund redemption and payment in the years 2017 – 2027 at a redemption price equal to 100% of the scheduled principal amount plus accrued interest to the redemption date. The bonds are secured by all rights, title, and interest of MOHEFA including all loan payments to be paid by the University. The MOHEFA bonds were issued to fund the renovation of Reynolds Hall and other capital improvements to academic facilities.

The University's outstanding bonds from direct placements of \$2,905,000 contain a provision that in an event of default, outstanding amounts become immediately due if the University is unable to make payment.

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The University's outstanding bonds from direct borrowings of \$2,905,000 are secured with collateral of all rights, title, and interest of MOHEFA including all loan payments to be paid by the University. This outstanding bond contains (1) a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due if Bond Trustee provides written notice to the Authority and the University and (2) a provision that if the University is unable to make payment, outstanding amounts are due immediately.

Notes Payable

Note Payable to Foundation

Note payable to Foundation for acquisition of a capital asset in the original amount of \$1,337,314 due June 30, 2027, with principal payments of \$150,000 due annually and interest of 5.5% payable monthly. The note is unsecured.

Note Payable to Bank

Effective September 23, 2020, the University entered into an energy savings contract with a third party for \$10.7 million of capital improvements completed in 2022. The capital improvements are to be paid for through 2035 based on energy savings from the capital improvements and in accordance with the payment schedule in the contract with payments ranging from \$195,000 – \$440,000 quarterly, beginning in March 2022 through December 2036 with imputed interest at approximately 4.4%.

Debt Service Requirements

The debt service requirements on long-term debt other than lease liabilities and subscription liabilities as of June 30, 2024, are as follows:

Year Ending June 30,	Auxiliary Enterprise System Revenue Bonds		Direct Placement Bonds		Notes Payable		Total to be Paid
	Principal	Interest	Principal	Interest	Principal	Interest	
2025	\$ 1,235,000	\$ 2,226,703	\$ 480,000	\$ 43,451	\$ 547,425	\$ 442,597	\$ 4,975,176
2026	1,295,000	2,176,949	490,000	31,374	594,003	415,897	5,003,223
2027	1,365,000	2,124,397	500,000	19,049	544,134	386,978	4,939,558
2028	1,435,000	2,069,594	515,000	6,412	582,784	361,048	4,969,838
2029	1,505,000	1,483,879	-	-	641,859	334,144	3,964,882
2030-2034	8,850,000	6,328,768	-	-	4,235,675	1,166,725	20,581,168
2035-2039	11,480,000	4,253,319	-	-	2,865,723	180,062	18,779,104
2040-2044	9,665,000	2,205,144	-	-	-	-	11,870,144
2045-2049	6,970,000	694,347	-	-	-	-	7,664,347
2050-2054	1,290,000	20,156	-	-	-	-	1,310,156
	<u>\$ 45,090,000</u>	<u>\$23,583,256</u>	<u>\$ 1,985,000</u>	<u>\$ 100,286</u>	<u>\$ 10,011,603</u>	<u>\$3,287,451</u>	<u>\$ 84,057,596</u>

Note 6. Lease Liabilities

The University leases equipment and building space, the terms of which expire in various years through 2045. The leases were measured based upon the interest rate implicit per the contract or the University's incremental borrowing rate 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.

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The following is a schedule by year of payments under the leases as of June 30, 2024:

Year Ending June 30,	Total to Be		
	Paid	Principal	Interest
2025	\$ 119,134	\$ 57,519	\$ 61,615
2026	117,129	58,358	58,771
2027	105,860	49,819	56,041
2028	82,122	27,683	54,439
2029	94,533	40,813	53,720
2030-2034	494,424	253,904	240,520
2035-2039	631,025	446,633	184,392
2040-2044	805,366	714,351	91,015
2045-2049	196,236	193,465	2,771
	\$ 2,645,829	\$ 1,842,545	\$ 803,284

Note 7. Subscription Liabilities

The University has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2034. The subscriptions were measured based upon the interest rate implicit per the contract or the University's incremental borrowing rate at commencement of the SBITA term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance. There were no outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the subscription liability.

The following is a schedule by year of payments under the SBITAs as of June 30, 2024:

Year Ending June 30,	Total to Be		
	Paid	Principal	Interest
2025	\$ 886,532	\$ 724,536	\$ 161,996
2026	583,739	460,166	123,573
2027	334,987	236,669	98,318
2028	113,514	136,788	82,800
2029	212,153	140,572	71,581
2030-2034	846,895	691,984	154,911
	\$ 2,977,820	\$ 2,390,715	\$ 693,179

Note 8. Pension Plan

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). As established under Section 104.320, RSMo, MOSERS is a body corporate and an instrumentality of the state. The System is 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. MOSERS participates as an employer in the MSEP and MSEP 2000. The MSEP provides retirement, survivor, and disability benefits. MOSERS issues an Annual Comprehensive Financial Report (ACFR), a publicly available financial report that can be obtained at www.mosers.org.

Benefits Provided

MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific 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' ACFR starting on page 26.

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% of their annual pay. The University's required contribution rate for all plans for the year ended June 30, 2024, was 27.26% 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, 2023 and 2022, was 26.33% and 23.51%, respectively, which are the years of measurement for the net pension liability. Contributions to the pension plan from the University were \$4,647,394 and \$4,284,262 for the years ended June 30, 2024 and 2023, respectively.

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

At June 30, 2024 and 2023, the University reported a liability of \$56,382,069 and \$63,103,976 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and 2022, 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, 2023 and 2022. At June 30, 2023, the University's proportion was 0.7387%, which was a decrease of 0.1426% from its proportion measured as of June 30, 2022. At June 30, 2022, the University's proportion was 0.8813%, which was an increase of 0.0077% from its proportion measured as of June 30, 2021.

There were no changes in benefit terms during the MOSERS plan years ended June 30, 2023 and 2022, that affected the measurement of total pension liability.

For the years ended June 30, 2024 and 2023, the University recognized pension income of \$600,093 and pension expense of \$5,158,133, respectively. At June 30, 2024 and 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 2,641,722	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	4,639,113	-
Changes in proportion and differences between the University's contributions and the University's proportionate share of contributions	113,689	5,527,866
University's contributions subsequent to the measurement date	<u>4,692,642</u>	<u>-</u>
Total	<u>\$ 12,087,166</u>	<u>\$ 5,527,866</u>

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	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 804,057	\$ 16,892
Changes of assumptions	1,497,082	-
Net difference between projected and actual earning on pension plan investments	3,358,078	-
Changes in proportion and differences between the University's contributions and the University's proportionate share of contributions	291,608	2,230,531
University's contributions subsequent to the measurement date	<u>4,174,199</u>	<u>-</u>
Total	<u><u>\$ 10,125,024</u></u>	<u><u>\$ 2,247,423</u></u>

At June 30, 2024 and 2023, the University reported \$4,692,642 and \$4,174,199 as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the years ending June 30, 2024 and 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2024, related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2025	\$ (1,054,082)
2026	(422,184)
2027	2,751,748
2028	<u>591,176</u>
	<u><u>\$ 1,866,658</u></u>

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Summary of Pension Changes

Below is a summary of pension changes due to the implementation of GASB 68 as of June 30, 2024 and 2023.

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Statement of Net Position –			
deferred outflows of resources	\$ 12,087,166	\$ 10,125,024	\$ 1,962,142
Statement of Net Position –			
accrued net pension liability	(56,382,069)	(63,103,976)	6,721,907
Statement of Net Position –			
deferred inflows of resources	(5,527,866)	(2,247,423)	<u>(3,280,443)</u>
			<u>\$ 5,403,606</u>

The impact on the Statement of Revenues, Expenses, and Changes in Net Position is the difference between the University’s proportionate share of pension expense and the actuarial required contribution. The effect for the years ending June 30, 2024 and 2023, respectively, are shown below:

	<u>2024</u>	<u>2023</u>
Actuarial required contribution	\$ 4,692,642	\$ 4,174,199
Pension expense	600,903	(5,150,458)
MOSERS pre-payment	110,061	-
	<u>\$ 5,403,606</u>	<u>\$ (976,259)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2023 and 2022, actuarial valuations which are also the measurement dates for GASB 68 purposes, was determined using the following actuarial assumptions:

June 30, 2023

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

June 30, 2022

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

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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% 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%, 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% 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% of Scale MP-2020 for years after 2020.

The actuarial assumptions used in the June 30, 2023 and 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2015, to June 30, 2020. 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 in the actuarial assumptions include the following: 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 now based on generational tables; and the merit component of the salary increase assumption was adjusted to partially reflect observed experience. 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-estimate 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 rates of return by the target asset allocation percentage and by adjusting for expected inflation, volatility, and correlations. Best estimates of the real rates of return for each major asset class included in MOSERS' target asset allocation as of June 30, 2023, are summarized in the following table:

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Long-Term Expected Rate of Return

<u>Asset Class</u>	<u>Policy Allocation</u>	<u>Long-Term Expected Nominal Return*</u>	<u>Long-Term Expected Real Return</u>	<u>Weighted Average Long-Term Expected Nominal Return</u>
Global public equities	30.00%	7.70%	5.80%	2.30%
Global private equities	15.00%	9.30%	7.40%	1.40%
Long treasuries	25.00%	3.50%	1.60%	0.90%
Core bonds	10.00%	3.10%	1.20%	0.30%
Commodities	5.00%	5.50%	3.60%	0.30%
TIPS	25.00%	2.70%	0.80%	0.70%
Private real assets	5.00%	7.10%	5.20%	0.30%
Public real assets	5.00%	7.70%	5.80%	0.40%
Hedge funds	5.00%	4.80%	2.90%	0.20%
Alternative beta	10.00%	5.30%	3.40%	0.50%
Private credit	5.00%	9.50%	7.60%	0.50%
Cash and cash equivalents**	<u>(40.0%)</u>	-	-	-
	<u>100.0%</u>			
Correlation/volatility adjustment				<u>(0.6%)</u>
Long-term expected net nominal return				7.20%
Less: Investment inflation assumption				<u>(1.9%)</u>
Long-term expected geometric net real return				<u>5.30%</u>

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

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

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Discount Rate

The discount rate used to measure the total pension liability was 6.95% at both June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (5.95%)	2024 Current Discount Rate (6.95%)	1% Increase (7.95%)
University’s proportionate share of the net pension liability	\$ 70,283,028	\$ 56,382,069	\$ 44,769,876
	1% Decrease (5.95%)	2023 Current Discount Rate (6.95%)	1% Increase (7.95%)
University’s proportionate share of the net pension liability	\$ 78,933,965	\$ 63,103,976	\$ 49,879,243

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2024 and 2023, the University reported a payable of \$41,902 and \$34,464, respectively, for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2024 and 2023, respectively.

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CURP

Beginning July 1, 2002, in accordance with Section 104.1200 through 104.1215 of the Revised Statutes of Missouri, employees hired who meet the criteria of an “education employee” participate in the College and University Retirement Plan (CURP). It is a noncontributory 401(a) defined contribution plan for education employees at regional colleges/universities in Missouri. The MOSERS has been given the responsibility by law to implement and oversee the administration of the plan. The TIAA-CREF group of companies is the third-party administrator for the CURP and manages the investment options under the plan. Contributions made by the University are self-directed by participants into their selected individual accounts. After participating in CURP for at least six years, a faculty member may elect to become a member of MOSERS.

The University is required to contribute to CURP at an actuarially determined rate; the rate was 6.00% of annual covered payroll for June 30, 2024 and 2023, respectively. The University’s contributions to CURP for the years ended June 30, 2024 and 2023, were \$384,922 and \$376,295, respectively, which equaled the required contributions for the years.

Note 9. Other Postemployment Benefit Health Care Plan

Plan Description

The University contributes to the self-insured health care plan (the “OPEB Plan”), a single-employer defined benefit other postemployment 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 \$720 and \$1,075 monthly for a single person or \$1,830 and \$2,720 for retiree and family. 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.

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The employees covered by the benefit terms at June 30, 2024 and 2023, are:

	<u>2024</u>	<u>2023</u>
Inactive employees or beneficiaries currently receiving benefit payments	14	33
Active employees	<u>438</u>	<u>485</u>
	<u>452</u>	<u>518</u>

Total OPEB Liability

The University's total OPEB liability of \$1,549,802 and \$1,774,776 was measured as of June 30, 2024 and 2023, respectively, and was determined by an actuarial valuation as of those dates.

The total OPEB liability in the June 30, 2024 and 2023, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2024</u>	<u>2023</u>
Inflation	3.00%	3.00%
Discount rate	3.93% (prior year 3.65%)	3.65% (prior year 3.54%)
Salary increases	3.00% per year	3.00% per year
Health care cost trend rates	7.75% for 2024, decreasing 0.30% per year to an ultimate rate of 4.0% for 2034 and later years	6.75% for 2023, decreasing 0.25% per year to an ultimate rate of 4.0% for 2034 and later years

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

Mortality rates were based on the Pub-2010 headcount weighted based mortality table, projected generationally using Scale MP-2021, applied on a gender-specific and job class basis (teacher, safety, or general, as applicable).

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study from 2013.

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Changes in Total OPEB Liability

Changes in total OPEB liability are:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 1,774,776	\$ 1,816,936
Service cost	97,911	110,078
Interest	66,429	64,652
Differences between expected and actual experience	(390,080)	-
Changes in assumptions or other inputs	106,173	(15,495)
Benefit payments	<u>(105,407)</u>	<u>(201,395)</u>
Net changes	<u>(224,974)</u>	<u>(42,160)</u>
Balance, end of year	<u>\$ 1,549,802</u>	<u>\$ 1,774,776</u>

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

The total OPEB liability of the University has been calculated using a discount rate of 3.93%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	<u>1% Decrease (2.93%)</u>	<u>2024 Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
University's total OPEB liability	\$ 1,678,478	\$ 1,549,802	\$ 1,434,338

	<u>1% Decrease (2.65%)</u>	<u>2023 Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
University's total OPEB liability	\$ 1,914,000	\$ 1,774,776	\$ 1,651,000

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The total OPEB liability of the University has been calculated using health care cost trend rates of 7.75% and 7% at June 30, 2024 and June 30, 2023, respectively. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	<u>1% Decrease</u>	2024 Current Health Care Cost Trend Rates	<u>1% Increase</u>
University's total OPEB liability	\$ 1,391,281	\$ 1,549,802	\$ 1,736,343

	<u>1% Decrease</u>	2023 Current Health Care Cost Trend Rates	<u>1% Increase</u>
University's total OPEB liability	\$ 1,619,000	\$ 1,774,776	\$ 1,959,000

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

For the years ended June 30, 2024 and 2023, the University recognized OPEB expense of \$106,547 and \$151,959, respectively. At June 30, 2024 and 2023, the University reported deferred inflows and outflows of resources related to OPEB from the following sources.

	2024	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 794,062
Changes of assumptions	<u>511,757</u>	<u>180,619</u>
Total	<u>\$ 511,757</u>	<u>\$ 974,681</u>

	2023	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 502,531
Changes of assumptions	<u>470,142</u>	<u>204,421</u>
Total	<u>\$ 470,142</u>	<u>\$ 706,952</u>

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Deferred inflows of resources at June 30, 2024, related to OPEB will be recognized as a reduction in OPEB expense as follows:

2025	\$ (57,804)
2026	(57,804)
2027	(57,804)
2028	(57,804)
2029	(57,804)
Thereafter	<u>(173,904)</u>
	<u>\$ (462,924)</u>

Note 10. Commitments and Contingencies

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.

Pension and Other Postretirement Benefit Obligations

The University has a defined benefit pension and postretirement health care plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Note 11. 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; natural disasters; workers' compensation; employee injuries and illnesses; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to workers' compensation, employee dishonesty, automobile liability, and employee health as of January 1, 2017. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Workers' Compensation, Employee Dishonesty, Automotive

The state of Missouri self-insures workers' compensation benefits and automobile liability for all state employees, including University employees. The state of Missouri self-insures, through the legal expense fund, claims relating to employee dishonesty. Claims are administered by the Missouri Office of Administration, Risk Management Section.

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Note 12. Employee Health Claims

Substantially all of the University’s employees and their dependents are eligible to participate in the University’s employee health insurance plan. The University is self-insured for health claims of participating employees and dependents on individual claims up to \$150,000 per claim. Commercial stop-loss insurance coverage is purchased for claims in excess of the individual claim limit.

A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the University’s estimate will change by a material amount in the near term.

Activity in the University’s accrued employee health claims liability during June 30, 2024 and 2023, is summarized as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 450,000	\$ 450,000
Current year claims incurred and changes in estimates		
for claims incurred in prior years	2,580,864	3,845,007
Claims and expenses paid	<u>2,580,864</u>	<u>3,845,007</u>
	<u>\$ 450,000</u>	<u>\$ 450,000</u>

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Note 13. Segment Information

A segment, an identifiable activity for which one or more revenue bonds are outstanding, has a specific identifiable revenue stream pledged in support of the revenue bonds and has related expenses, gains and losses, assets, and liabilities that are required by an external party to be accounted for separately. The University has one segment that meets these reporting requirements, the Auxiliary Enterprise System for residence halls, student recreation center, health center, bookstore, and ticket management.

The outstanding debt of the Auxiliary Enterprise System Revenue Bonds (*Note 5*) is payable from the gross income and revenues derived from the related auxiliary enterprise activities. Condensed financial information for the Auxiliary Enterprise System as of and for the years ended June 30, 2024 and 2023, is as follows:

Auxiliary Enterprise System
Revenue Bonds Series 2015, 2019, and 2021
As of Years Ended June 30, 2024 and 2023

	2024	2023
Condensed Statements of Net Position		
Assets		
Current assets	\$ 7,361,662	\$ 6,467,959
Restricted cash	512,165	462,254
Lease assets, net	15,184	43,017
Subscription assets, net	24,312	24,312
Capital assets, net	60,278,296	61,805,408
Total assets	68,191,619	68,802,950
Deferred Outflows of Resources	710,167	627,700
Liabilities		
Current liabilities	3,704,768	2,783,415
Long-term liabilities	47,477,403	49,190,500
Total liabilities	51,182,171	51,973,915
Deferred Inflows of Resources	318,346	140,816
Net Position		
Net investment in capital assets	\$ 17,401,269	\$ 17,315,919

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	<u>2024</u>	<u>2023</u>
Condensed Statements of Revenues, Expenses, and Changes in Net Position		
Operating Revenues	\$ 7,499,360	\$ 6,680,284
Depreciation Expense	(2,155,626)	(2,176,028)
Other Operating Expenses	(6,794,614)	(6,338,342)
Total operating expenses	8,950,240	8,514,370
Operating loss	(1,450,880)	(1,834,086)
Nonoperating Revenues (Expenses)		
Interest expense	(1,656,382)	(1,665,733)
Other nonoperating revenues	3,192,612	3,637,264
Total nonoperating revenues (expenses)	1,536,230	1,971,531
Income Before Other Revenues, Expenses, Gains, or Losses	85,350	137,445
Change in net position	85,350	137,445
Beginning Net Position	17,315,919	17,178,474
Ending Net Position	<u>\$ 17,401,269</u>	<u>\$ 17,315,919</u>
Condensed Statements of Cash Flows		
Net Cash Provided By (Used In)		
Operating activities	\$ 300,059	\$ 218,986
Noncapital financing activities	3,179,451	3,610,848
Capital and related financing activities	(2,970,031)	(4,299,950)
Investing activities	13,161	26,416
Net Decrease in Cash and Cash Equivalents	522,640	(443,700)
Beginning Cash and Cash Equivalents	3,467,182	3,910,882
Ending Cash and Cash Equivalents	<u>\$ 3,989,822</u>	<u>\$ 3,467,182</u>

Missouri Southern State University
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Notes to Financial Statements
June 30, 2024 and 2023

Note 14. Missouri Southern Foundation

Investments

Investments at June 30, 2024 and 2023, respectively, consisted of the following:

	<u>2024</u>	<u>2023</u>
Equity securities	\$ 6,444,644	\$ 5,188,490
Exchange traded funds	7,600,263	5,445,425
Mutual funds	2,018,195	1,690,856
Real estate interest trusts	9,009	3,211
Fixed income positions	3,551,956	3,969,201
Hedge funds	12,184,624	11,438,719
Money market funds and other	199,336	817,826
	<u>\$ 32,008,027</u>	<u>\$ 28,553,728</u>

Beneficial Interests in Trusts Held by Others

The Foundation is the beneficiary of various perpetual trusts administered by financial institutions. The beneficial interests in these perpetual trusts are included in donor-restricted net assets. The Foundation is to receive portions of the earnings from each of these trusts at least annually as provided for in each trust instrument. Earnings totaling \$492,826 and \$745,936 were received by the Foundation from these trusts during the years ended June 30, 2024 and 2023, respectively, for all restricted purposes.

The Foundation is also a beneficiary of various charitable beneficial trusts administered by a financial institution. The Foundation is to receive remainder interests in each of these trusts after donors or other beneficiaries have received benefits for specified periods of time. Once benefits have been distributed to the other beneficiaries, the Foundation is to receive stated percentages from each trust according to terms of the various trust instruments. The beneficial interests in these charitable remainder trusts are included in with donor-restricted net assets. The Foundation received distributions of \$0 from these charitable remainder trusts during the years ended June 30, 2024 and 2023, respectively.

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Contributions Receivable

Contributions receivable consists of unconditional gifts to be received in future periods and have been discounted, at rates ranging from 2.0% to 29%, to the present value of estimated future cash flows. Estimated annual collections of contributions receivable at June 30, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 1,324,214	\$ 1,194,055
One to five years	5,873,204	6,774,011
More than five years	140,320	186,839
Gross contributions receivable	<u>7,337,738</u>	<u>8,154,905</u>
Less discount for present value	<u>660,527</u>	<u>813,265</u>
Net contributions receivable	<u><u>\$ 6,677,211</u></u>	<u><u>\$ 7,341,640</u></u>

Endowment

Endowment net assets at June 30, 2024 and 2023, by type of fund consisted of the following:

	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 53,423,143	\$ 53,423,143
Board-designated endowment funds	454,604	-	454,604
	<u>\$ 454,604</u>	<u>\$ 53,423,143</u>	<u>\$ 53,877,747</u>
	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 48,137,892	\$ 48,137,892
Board-designated endowment funds	409,520	-	409,520
	<u>\$ 409,520</u>	<u>\$ 48,137,892</u>	<u>\$ 48,547,412</u>

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The Foundation also designated \$350,000 of unrestricted net assets in March 2006 as a Board-designated endowment for use by the English Department of MSSU based on a settlement received from the estate of a former English instructor. Distributions to the English Department from this endowment will be budgeted annually based on requests submitted by the English Department along with anticipated earnings from the invested funds. The balance in this endowment at June 30, 2024 and 2023, was \$454,604 and \$409,520, respectively.

Donor-restricted net assets at June 30, 2024 and 2023, are categorized as directed by donors as follows:

	<u>2024</u>	<u>2023</u>
Scholarships	\$ 31,626,761	\$ 28,443,155
Faculty and departmental support	10,720,333	9,657,913
Facilities improvement	3,100,893	1,787,627
General university support	3,948,953	4,562,383
Cultural activities	53,528	52,016
Time	<u>3,972,675</u>	<u>3,634,798</u>
	<u>\$ 53,423,143</u>	<u>\$ 48,137,892</u>

Fair Value of Financial Instruments

FASB ASC 820 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs: Quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs: Observable inputs other than Level 1 processes, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets 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. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs: Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Level 3 also includes practical expedient investments with notice periods for redemption of more than 90 days.

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June 30, 2024 and 2023

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following are major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2024:

Money market, equity securities, exchange traded funds & mutual funds – Fair values have been determined using quoted market prices.

Real estate interest trusts & fixed income funds – Fair values have been determined using quoted market prices of similar assets in active markets.

Hedge funds – Investments in hedge funds and private equities are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments.

Beneficial interest in trusts held by others – Fair values are based on the Foundation's percentage interest in total market value for perpetual trusts and the present value of future income payments for charitable remainder trusts.

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Notes to Financial Statements
June 30, 2024 and 2023

	June 30, 2024			Carrying Amount
	Fair Value			
	Level 1	Level 2	Level 3	
Financial Assets				
Money market funds	\$ 199,336	\$ -	\$ -	\$ 199,336
Equity securities	6,444,644	-	-	6,444,644
Exchange traded funds	7,600,263	-	-	7,600,263
Mutual funds	2,018,195	-	-	2,018,195
Real estate investment funds	9,009	-	-	9,009
Fixed income funds	3,551,956	-	-	3,551,956
Hedge funds	-	-	12,184,624	12,184,624
Beneficial interest in trusts held by others	-	-	14,989,651	14,989,651
	<u>\$ 19,823,403</u>	<u>\$ -</u>	<u>\$ 27,174,275</u>	<u>\$ 46,997,678</u>

	June 30, 2023			Carrying Amount
	Fair Value			
	Level 1	Level 2	Level 3	
Financial Assets				
Money market funds	\$ 817,826	\$ -	\$ -	\$ 817,826
Equity securities	5,188,490	-	-	5,188,490
Exchange traded funds	5,445,425	-	-	5,445,425
Mutual funds	1,690,856	-	-	1,690,856
Real estate investment funds	3,211	-	-	3,211
Fixed income funds	3,969,201	-	-	3,969,201
Hedge funds	-	-	11,438,719	11,438,719
Beneficial interest in trusts held by others	-	-	13,575,009	13,575,009
	<u>\$ 17,115,009</u>	<u>\$ -</u>	<u>\$ 25,013,728</u>	<u>\$ 42,128,737</u>

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June 30, 2024 and 2023

The following is a reconciliation of the beginning and ending balances for recurring fair value measurements recognized in the accompanying Statement of Financial Position using significant unobservable (Level 3) inputs:

	<u>2024</u>	<u>2023</u>
Balance, Beginning of Year	\$ 25,013,728	\$ 23,945,359
Total realized and unrealized gains and losses included in change in net assets	<u>2,160,547</u>	<u>1,068,369</u>
Balance, End of Year	<u>\$ 27,174,275</u>	<u>\$ 25,013,728</u>
Total gains or losses for the period in change in net assets attributable to the change in unrealized gains or losses related to assets and liabilities still held at the reporting date	<u>\$ 2,530,785</u>	<u>\$ 1,359,310</u>

Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2024</u>	<u>2023</u>
Financial assets, at year-end	\$ 55,333,759	\$ 50,818,192
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Subject to appropriation and satisfaction of donor restrictions	(43,812,942)	(36,551,988)
Investments held in annuity trust	(336,829)	(323,292)
Board designations:		
Quasi-endowment fund, primarily for long-term investing	<u>(4,398,756)</u>	<u>(4,283,063)</u>
Financial assets, available to meet cash needs for general expenditures within one year	<u>\$ 6,785,232</u>	<u>\$ 9,659,849</u>

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Notes to Financial Statements
June 30, 2024 and 2023

The Foundation's endowment funds consist of donor-restricted endowments and a quasi-endowment. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in *Note 7*, the quasi-endowment has a spending rate of 4%.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments. Although the Foundation does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary. However, both the quasi-endowment and donor-restricted endowments contain investments with lock-up provisions that would reduce the total investment that could be made available.

Required Supplementary Information

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Required Supplementary Information
Schedule of University Proportionate Share of the Net Pension Liability
Missouri State Employees' Retirement System
Last Ten Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability	0.7387%	0.8813%	0.8736%	0.9898%	1.0009%	0.9897%	1.0427%	1.0912%	1.1190%	1.1415%
University's proportionate share of the net pension liability	\$ 56,382,069	\$ 63,103,976	\$ 48,841,953	\$ 62,828,458	\$ 60,464,168	\$ 55,206,922	\$ 54,290,979	\$ 50,654,529	\$ 35,945,504	\$ 26,913,021
University's covered-employee payroll	\$ 17,048,853	\$ 16,269,270	\$ 17,579,681	\$ 17,609,065	\$ 19,777,488	\$ 19,443,952	\$ 20,522,141	\$ 20,344,926	\$ 21,133,582	\$ 21,699,752
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	330.71%	387.87%	277.83%	356.80%	305.72%	283.93%	264.55%	249.10%	170.09%	124.02%
Plan fiduciary net position as a percentage of the total pension liability	52.86%	53.53%	63.00%	55.48%	56.72%	59.02%	60.41%	63.60%	72.62%	79.49%

* The amounts presented for each fiscal year were determined as of the end of the preceding fiscal year.

This schedule is presented to illustrate the requirements to show information for ten years.

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Required Supplementary Information
Schedule of University Pension Contributions
Missouri State Employees' Retirement System
Last Ten Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,647,394	\$ 4,284,262	\$ 4,132,983	\$ 4,028,953	\$ 4,305,559	\$ 3,927,261	\$ 3,731,781	\$ 3,450,837	\$ 3,586,368	\$ 3,677,357
Contributions in relation to the contractually required contribution	4,647,394	4,284,262	4,132,983	4,028,953	4,305,559	3,927,261	3,731,781	3,450,837	3,586,368	3,677,357
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll	\$ 17,048,853	\$ 16,269,270	\$ 17,579,681	\$ 17,609,065	\$ 19,777,488	\$ 19,443,952	\$ 20,522,141	\$ 20,334,926	\$ 21,133,582	\$ 21,669,752
Contributions as a percentage of covered-employee payroll	27.26%	26.33%	23.51%	22.88%	21.77%	20.20%	18.18%	16.97%	16.97%	16.97%

This schedule is presented to illustrate the requirements to show information for ten years.

Notes to Schedule:

Benefit Changes

There were no changes to benefit terms for MOSERS for the plan years ended June 30, 2023 or 2022. During the MOSERS plan year ended June 30, 2017, the vesting requirements were changed for the MSEP 2011 plan from 10 years of credited 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

There were no changes to actuarial assumptions used in the June 30, 2023, valuation and the June 30, 2022, valuation. The assumed investment rate of return was 6.95% for the June 30, 2021, valuation, consistent with the June 30, 2020, valuation. The salary increase rate was 2.75%, consistent with the June 30, 2020, valuation. The wage inflation rate was 2.25%, consistent with the June 30, 2020, valuation. There were no other changes in actuarial assumptions for the June 30, 2021, valuation.

The assumed investment rate of return was reduced from 7.10% to 6.95% for the June 30, 2020, valuation. The salary increase rate was reduced from 2.85% to 2.75%. The wage inflation rate was reduced from 2.35% to 2.25%. 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% to 7.10% for the June 30, 2019, valuation. The salary increase rate was reduced from 3.00% to 2.85%. The wage inflation rate was reduced from 2.50% to 2.35%. 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% to 7.25% for the June 30, 2018, valuation. The salary increase rate was reduced from 3.25% to 3.00%. The wage inflation rate was reduced from 3.00% to 2.50%. 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% to 7.50% 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

**Missouri Southern State University
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Required Supplementary Information
Schedule of University Pension Contributions
Missouri State Employees' Retirement System
Last Ten Fiscal Years**

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 ending June 30, 2016.

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

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Required Supplementary Information
Schedule of Changes in the University's Total OPEB Liability and Related Ratios
Last Seven Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability							
Service cost	\$ 97,911	\$ 110,078	\$ 112,799	\$ 110,468	\$ 87,923	\$ 85,254	\$ 82,076
Interest	66,429	64,652	51,130	52,984	73,812	78,281	80,552
Differences between expected and actual experience	(390,080)	-	(361,045)	-	(284,908)	-	-
Changes in assumptions or other inputs	106,173	(15,495)	(148,277)	7,739	600,801	72,873	(129,542)
Benefit payments	<u>(105,407)</u>	<u>(201,395)</u>	<u>(184,004)</u>	<u>(223,727)</u>	<u>(199,514)</u>	<u>(106,336)</u>	<u>(83,754)</u>
Net Change in Total OPEB Liability	(224,974)	(42,160)	(529,397)	(52,536)	278,114	130,072	(50,668)
Total OPEB Liability – Beginning	<u>1,774,776</u>	<u>1,816,936</u>	<u>2,346,333</u>	<u>2,398,869</u>	<u>2,120,755</u>	<u>1,990,683</u>	<u>2,041,351</u>
Total OPEB Liability – Ending	<u>\$ 1,549,802</u>	<u>\$ 1,774,776</u>	<u>\$ 1,816,936</u>	<u>\$ 2,346,333</u>	<u>\$ 2,398,869</u>	<u>\$ 2,120,755</u>	<u>\$ 1,990,683</u>

Notes to Schedule:

Benefit Changes: There were no changes in benefits in 2024

Changes of assumptions: The discount rate was updated from 3.65% to 3.93%.

This schedule is presented to illustrate the requirements to show information for ten years. However, until a full ten-year trend is compiled, the University only presents information for those years for which information is available.

**Notes to Schedule:
Benefit Changes**

There were no changes to benefit terms for the years ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, or 2018.

Changes of Assumptions

The following changes were made to actuarial assumptions during the year ended June 30, 2024:

- The discount rate was updated from 3.65% to 3.93%.
- The trend rates were graded up from 6.75% to 7.75% (graded down 0.30% each year).

The following changes were made to actuarial assumptions during the year ended June 30, 2023:

- The discount rate was updated from 3.54% to 3.65%.
- The trend rates were graded down from 7.0% to 6.75% (graded down 0.25% each year).

The following changes were made to actuarial assumptions during the year ended June 30, 2022:

- The discount rate was updated from 2.16% to 3.54%.
- The mortality projection scales were updated from MP-2019 to MP-2021 to reflect the Society of Actuaries' recent mortality study.
- The trend rates were reset to an initial rate of 7% grading down by 0.25% per year until reaching the ultimate rate of 4%.

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Required Supplementary Information
Schedule of Changes in the University's Total OPEB Liability and Related Ratios
Last Seven Fiscal Years**

The following changes were made to actuarial assumptions during the year ended June 30, 2021:

- The discount rate was updated from 2.21% to 2.16%.
- The trend rates were graded down from 6.0% to 5.5% (graded down 0.5% each year).
- The following changes were made to actuarial assumptions during the year ended June 30, 2020:
 - The discount rate was updated from 3.5% to 2.21%
 - The mortality assumption was updated to Pub-2010 mortality table with generational scale MP-2019 to reflect the Society of Actuaries' recent mortality study.
 - The trend rates were graded down from 7.0% to 6.0% (graded down 0.5% each year).
- The following changes were made to actuarial assumptions during the year ended June 30, 2019:
 - There were no changes to the assumptions used for the year ended June 30, 2019.
- The following changes were made to actuarial assumptions during the year ended June 30, 2018:
 - There was a change in the discount rate which had a net impact of \$135,000.
- No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

Supplementary Information

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ -	\$ 189,084
Federal Work-Study Program	84.033	N/A	-	161,585
Federal Perkins Loan Program	84.038	N/A	-	32,438
Federal Pell Grant Program	84.063	N/A	-	7,412,076
Federal Direct Student Loans	84.268	N/A	-	9,448,057
Federal Teacher Education Assistance for College and Higher Education Grants (TEACH)	84.379	N/A	-	95,008
Total Student Financial Assistance Cluster			-	17,338,248
U.S. Department of Education TRIO Cluster				
TRIO – Student Support Services	84.042A	N/A	-	294,539
TRIO – Talent Search	84.044A	N/A	-	274,756
TRIO – Upward Bound	84.047A	N/A	-	317,015
Total TRIO Cluster			-	886,310
U.S. Department of Education/Education Stabalization Fund/Missouri Department of Elementary & Secondary Education/ Elementary and Secondary School Relief				
Elementary and Secondary School Relief	84.425D	None	-	4,320
Elementary and Secondary School Relief	84.425D	None	-	100,000
Elementary and Secondary School Relief	84.425U	None	-	13,800
Total COVID-19 Education Stabalization Fund Program			-	118,120
U.S. Department of Transportation/ Missouri Department of Transportation/ Highway Safety Cluster				
State and Community Highway Safety	20.600	None	-	969
State and Community Highway Safety	20.600	None	-	1,938
Alcohol Open Container Requirements	20.607	None	-	900
Alcohol Open Container Requirements	20.607	None	-	4,100
			-	7,907
Total forward			-	18,350,585

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Total forward			\$ -	\$ 18,350,585
U.S. Department of Agriculture/Missouri Department of Health and Senior Services				
Child and Adult Care Fund Program	10.558	ERS250060	-	26,969
Child and Adult Care Fund Program	10.559	ERS0462776S	-	4,650
Total Child and Adult Care Fund Program			-	31,619
Small Business Administration/ University of Missouri/				
Small Business Development Centers	59.037	C00080472-2	-	63,504
Small Business Development Centers	59.037	C00085065-10	-	57,563
Total Small Business Development Centers			-	121,067
U.S. Department of Education Higher Education Institutional Aid Strengthening Institutions	84.031A	N/A	-	139,024
U.S. Department of Education/Crowder College Consortium/Technical Education – Basic Grants to States	84.048A	None	-	50,072
U.S. Department of Health and Human Services/Foster Care Title IV-E	93.658	N/A	-	6,430
U.S. Department of Health and Human Services/Missouri Department of Health and Senior Services/Injury Prevention and Control Research and State and Community Based Programs	93.136	DH220051614	-	22,806
U.S. Department of Health and Human Services/Missouri Department of Health and Senior Services/ Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366	DH220050904	-	39,472
Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366	DH240054267	-	10,064
Total Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes			-	49,536
The accompanying notes are an integral part of this Schedule				67
Total forward			-	18,771,139

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Total forward			\$ -	\$ 18,771,139
U.S. Department of Health and Human Services/Administration for Children and Families/Missouri Department of Elementary & Secondary Education/Child Care and Development Block Grant	93.575	None	-	13,624
U.S. Department of Health and Human Services/Coronavirus Response and Relief Supplemental Act (CRRSA)/Missouri Department of Elementary and Secondary Education/Child Care and Development Block Grant	93.575	None	-	22,635
U.S. Department of Health and Human Services/Coronavirus Response and Relief Supplemental Act (CRRSA)/Missouri Department of Elementary and Secondary Education/Child Care and Development Block Grant	93.575	None	-	40,192
U.S. Department of Health and Human Services/Administration for Children and Families/Modoc National Child Care and Development Fund Program	93.575	None	-	5,000
U.S. Department of Health and Human Services/Administration for Children and Families/Missouri Department of Elementary & Secondary Education/Child Care and Development Block Grant	93.575	None	-	468,000
Total Child Care and Development Block Grant			-	549,451
Total forward			-	19,320,590

Missouri Southern State University
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Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Total Forward			<u>\$ -</u>	<u>\$ 19,320,590</u>
Department of the Treasury				
State of Missouri/Coronavirus State and Local Fiscal Recovery Funds				
21.027	None		-	675,555
Department of the Treasury				
State of Missouri/Innovate SOMO Southern Missouri Innovation Network/Coronavirus State and Local Fiscal Recovery Funds				
21.027	34197055		-	357
Department of the Treasury				
Missouri Department of Social Services/University of Missouri/Conoravirus State and Local Fiscal Recovery Funds				
21.027	C00080684-7		-	118,164
Total Coronavirus State and Local Fiscal Recovery Funds			<u>-</u>	<u>794,076</u>
U.S. Department of Health and Human Services/Congressional Directives				
93.493	N/A		-	2,000,000
			<u>\$ -</u>	<u>\$ 22,114,666</u>

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Missouri Southern State University under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Missouri Southern State University, it is not intended to and does not present the financial position, changes in net position, or cash flows of Missouri Southern State University.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

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

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

Independent Auditor's Report

Board of Governors
Missouri Southern State University
Joplin, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of Missouri Southern State University (the "University"), collectively a component unit of the state of Missouri, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated November 7, 2024. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit as described in our report on the University's financial statements. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the discretely presented component unit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Forvis Mazars, LLP

Springfield, Missouri
November 7, 2024

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

Independent Auditor's Report

Board of Governors
Missouri Southern State University
Joplin, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Missouri Southern State University's (the "University") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2024. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Missouri Southern State University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Forvis Mazars, LLP

Springfield, Missouri
November 7, 2024

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified? Yes None reported

Material weakness(es) identified? Yes No

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

Federal Awards

4. Internal control over major federal awards programs:

Significant deficiency(ies) identified? Yes None reported

Material weakness(es) identified? Yes No

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

Unmodified Qualified Adverse Disclaimer

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

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

7. Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.379	Federal Teacher Education Assistance for College and Higher Education Grants (TEACH)
	TRIO Cluster:
84.042A	TRIO – Student Support Services
84.044A	TRIO – Talent Search
84.047A	TRIO – Upward Bound
94.493	Congressional Directives
21.027	Coronavirus State and Local Fiscal Recovery Funds

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

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

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Section II – Financial Statement Findings

Reference Number	Finding
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No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
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No matters are reportable.

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024**

Reference Number	Finding
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No matters are reportable.