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

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

June 30, 2023 and 2022



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**Missouri Southern State University**  
**(A Component Unit of the State of Missouri)**  
**June 30, 2023 and 2022**

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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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of 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*.

#### *Emphasis of Matter*

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information 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, 2023, 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,LLP**

Springfield, Missouri  
November 7, 2023

**Missouri Southern State University**  
**(A Component Unit of the State of Missouri)**  
**Management's Discussion and Analysis**  
**Years Ended June 30, 2023 and 2022**

***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 seven 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 fine higher education offered at MSSU where quality academic programs, modern state-of-the-art facilities, 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, 2023 and 2022. 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.

## **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.

In 2023, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which revises accounting and financial reporting standards for subscription assets. As a result of the implementation, financial statement line items for fiscal year 2022 were restated. *Note 1* to the financial statements provides additional information about the University's change in accounting principle. Information for the year ended June 30, 2021, was not restated for the application of the standards because the 2021 financial statements are not included in the University's basic financial statements.

### **Financial Highlights**

#### 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.

#### 2022

At June 30, 2022, the University's net position was \$51.3 million. Operating revenues were \$25.7 million, which include tuition and fees of \$13.6 million, grants of \$4.9 million, auxiliary revenues of \$6.4 million, and other revenues of \$0.8 million. Operating expenses amounted to \$77.3 million resulting in an operating loss of \$51.6 million before state appropriations and other nonoperating revenues and expenses. The 2022 operating loss, net nonoperating revenue of \$50.0 million, and capital gifts and grants of \$2.0 million resulted in an increase in net position of \$0.4 million and included depreciation and amortization expense of \$7.5 million.

## 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, 2023, 2022, and 2021.

	<b>Net Position, End of Year (In Millions)</b>		
	<b>2023</b>	<b>2022 (Restated)</b>	<b>2021</b>
<b>Current Assets</b>	\$ 25.2	\$ 26.3	\$ 24.5
<b>Capital Assets – Net</b>	144.9	148.8	144.6
<b>Lease Assets – Net</b>	1.7	1.8	1.8
<b>Subscription Assets - Net</b>	1.6	2.0	--
<b>Other Noncurrent Assets</b>	<u>3.3</u>	<u>3.0</u>	<u>8.4</u>
Total assets	<u>\$ 176.7</u>	<u>\$ 181.9</u>	<u>\$ 179.3</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 10.8</u>	<u>\$ 9.1</u>	<u>\$ 10.1</u>
<b>Current Liabilities</b>	\$ 8.0	\$ 10.6	\$ 9.2
<b>Noncurrent Liabilities</b>	<u>126.6</u>	<u>114.2</u>	<u>127.6</u>
Total liabilities	<u>\$ 134.6</u>	<u>\$ 124.8</u>	<u>\$ 136.8</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 3.3</u>	<u>\$ 14.9</u>	<u>\$ 1.7</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 84.6	\$ 86.5	\$ 86.0
Restricted	2.0	1.6	2.2
Unrestricted	<u>(37.0)</u>	<u>(36.8)</u>	<u>(37.3)</u>
Total net position	<u>\$ 49.6</u>	<u>\$ 51.3</u>	<u>\$ 50.9</u>

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. Of the \$1.6 million in restricted net position in 2022, \$1.2 million of capital contributions in the federal student loan program is classified as nonexpendable. The expendable portion, \$0.4 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 \$63.1 million, \$48.9 million, and \$62.8 million at June 30, 2023, 2022, and 2021, respectively.

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, 2023, 2022, and 2021, totaled \$1.8 million, \$1.8 million, and \$2.3 million, respectively.

The following table summarizes the University's revenues, expenses, and changes in net position for the years ending June 30, 2023, 2022, and 2021:

**Change in Net Position (In Millions)**

	<b>2023</b>	<b>2022 (Restated)</b>	<b>2021</b>
<b>Operating Revenues</b>			
Tuition and fees	\$ 12.5	\$ 13.6	\$ 15.7
Grants and contracts	5.1	4.9	5.3
Interest on loans to students	0.0	0.0	0.1
Auxiliary enterprises	6.4	6.4	7.1
Other	<u>1.0</u>	<u>0.8</u>	<u>0.6</u>
Total operating revenues	25.0	25.7	28.8
<b>Operating Expenses</b>	<u>69.0</u>	<u>77.3</u>	<u>75.9</u>
<b>Operating Loss</b>	<u>(44.0)</u>	<u>(51.6)</u>	<u>(47.1)</u>
<b>Nonoperating Revenue (Expense)</b>			
State appropriations	28.8	26.3	23.3
Federal grants and contracts	7.1	7.7	9.9
Federal CARES Act grant	1.0	14.9	13.7
Contributions	3.9	3.1	3.2
Investment income	1.0	0.1	0.0
Interest on capital asset – related debt	(2.3)	(2.4)	(1.9)
Other nonoperating revenues	<u>0.7</u>	<u>0.3</u>	<u>0.0</u>
Net nonoperating revenues	<u>40.2</u>	<u>50.0</u>	<u>48.2</u>
<b>Income (Loss) Before Other Revenues</b>	<u>(3.8)</u>	<u>(1.6)</u>	<u>1.1</u>
Capital appropriations – state	0.8	1.7	0.0
Capital gifts and grants	<u>1.3</u>	<u>0.3</u>	<u>0.3</u>
Total other revenues, expenses, gains, or losses	<u>2.1</u>	<u>2.0</u>	<u>0.3</u>
<b>Increase (Decrease) in Net Position</b>	<u>(1.7)</u>	<u>0.4</u>	<u>1.4</u>
<b>Net Position, Beginning of Year</b>	<u>51.3</u>	<u>50.9</u>	<u>49.5</u>
<b>Net Position, End of Year</b>	<u>\$ 49.6</u>	<u>\$ 51.3</u>	<u>\$ 50.9</u>

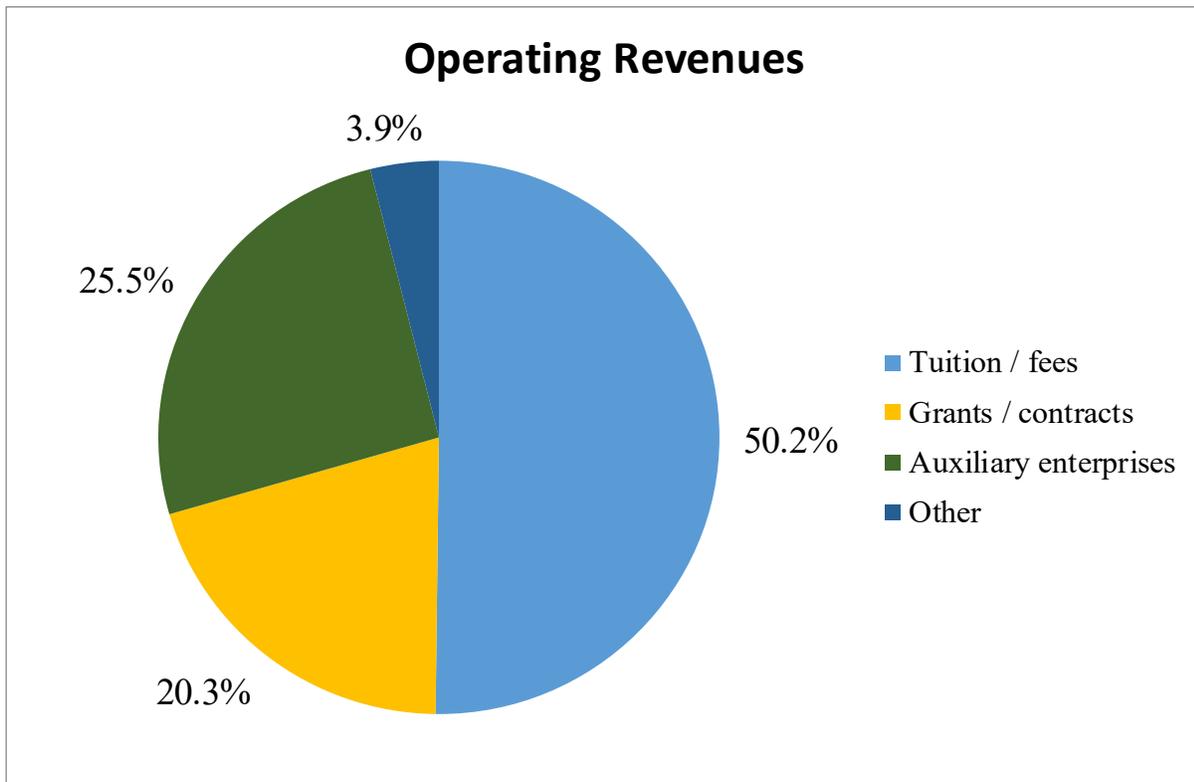
2023

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.

2022

Total operating revenues are \$25.7 million reflecting various decreases in grants, auxiliary, and other revenues. Although the campus was open for face-to-face instruction, there was still a need for increased online offerings. The University continues to feel the impact of the COVID-19 pandemic on enrollment.

The following graph summarizes the University’s operating revenues for the year ended June 30, 2023:



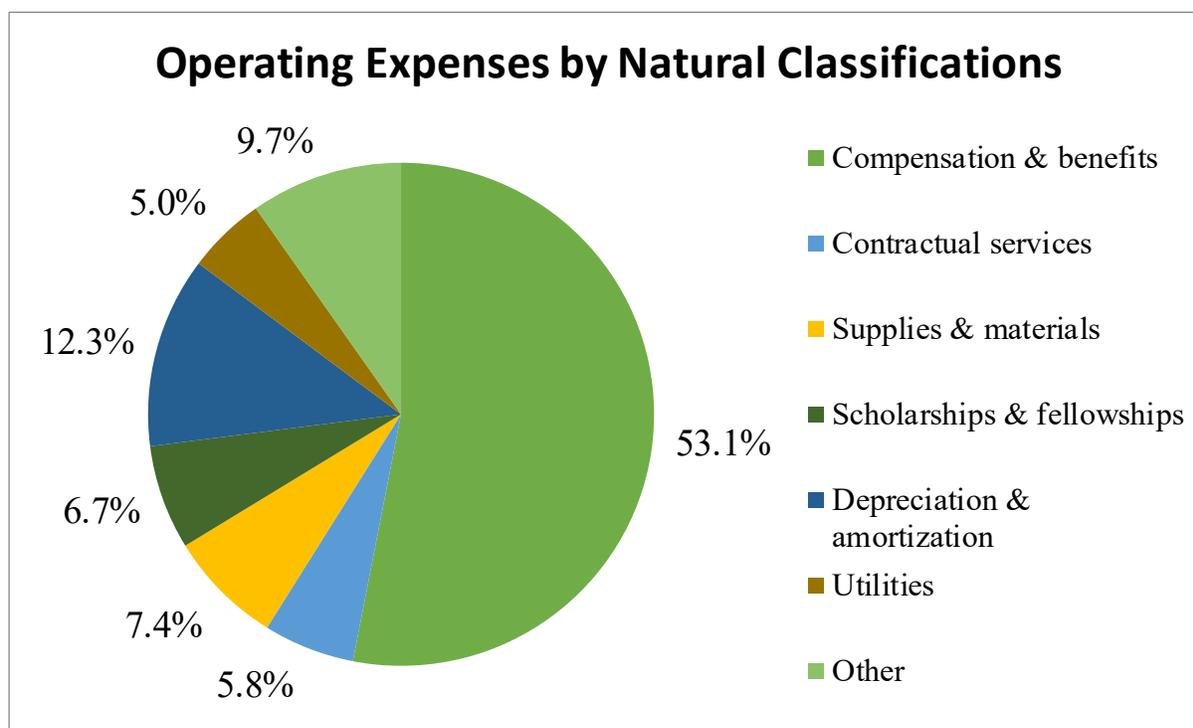
Operating expenses decreased by \$8.3 million primarily due to a difference in scholarships, prior year included HEERF funding for student aid, and reduced compensation and benefits offset by increase in utility costs.

The following table summarizes the University's operating expenses by natural classifications for the years ended June 30, 2023, 2022, and 2021:

### Operating Expenses (In Millions)

	<u>2023</u>	<u>2022</u> <u>(Restated)</u>	<u>2021</u>
Compensation and benefits	\$ 36.6	\$ 39.4	\$ 44.6
Contractual services	4.0	3.8	3.7
Supplies and materials	5.1	4.8	4.4
Scholarships	4.6	12.3	8.8
Depreciation and amortization	8.5	7.5	6.2
Utilities	3.5	2.9	2.9
Other	<u>6.7</u>	<u>6.6</u>	<u>5.3</u>
Total operating expenses	<u>\$ 69.0</u>	<u>\$ 77.3</u>	<u>\$ 75.9</u>

The following graph summarizes the University's operating expenses by natural classifications for the year ended June 30, 2023:

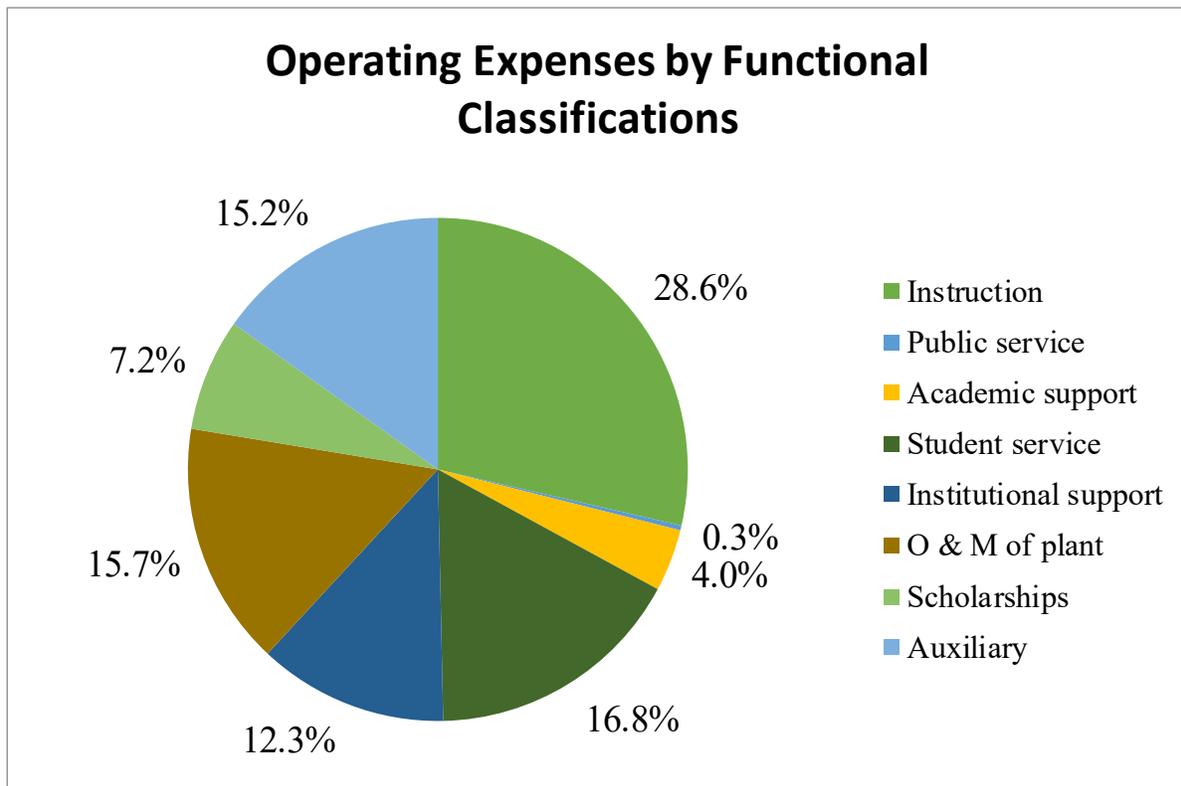


The following table summarizes the University’s operating expenses by functional classifications for the years ended June 30, 2023, 2022, and 2021:

**Operating Expenses by Functional Classifications (In Millions)**

	<b>2023</b>	<b>2022 (Restated)</b>	<b>2021</b>
Instruction	\$ 19.7	\$ 21.5	\$ 22.7
Public service	0.2	0.2	0.3
Academic support	2.7	2.7	2.6
Student service	11.6	11.8	12.2
Institutional support	8.5	8.7	9.9
Operations and maintenance of plant	10.8	10.0	10.2
Scholarships	5.0	12.7	9.1
Auxiliary	<u>10.5</u>	<u>9.7</u>	<u>8.9</u>
<b>Total operating expenses</b>	<b><u>\$ 69.0</u></b>	<b><u>\$ 77.3</u></b>	<b><u>\$ 75.9</u></b>

The following graph summarizes the University’s operating expenses by functional classifications for the year ended June 30, 2023:



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.

## 2022

Functional expenses for fiscal year 2022 reflect an increase in scholarships due to additional HEERF funding offset by decreased compensation and benefits due to a decrease from the GASB 68 entry for MOSERS.

The following table summarizes the University's nonoperating revenues and expenses for the years ended June 30, 2023, 2022, and 2021:

### **Nonoperating Revenues and Expenses (In Millions)**

	<b>2023</b>	<b>2022 (Restated)</b>	<b>2021</b>
State appropriations	\$ 28.8	\$ 26.3	\$ 23.3
Federal grants and contracts	7.1	7.7	9.9
Federal CARES Act grant	1.0	14.9	13.7
Contributions	3.9	3.1	3.2
Investment income	1.0	0.1	0.0
Interest on capital asset – related debt	(2.3)	(2.4)	(1.9)
Other nonoperating expenses	<u>0.7</u>	<u>0.3</u>	<u>0.0</u>
Net nonoperating revenues	\$ <u>40.2</u>	\$ <u>50.0</u>	\$ <u>48.2</u>

The following table summarizes the University's cash flows for the years ended June 30, 2023, 2022, and 2021:

### **Cash Flows (In Millions)**

	<b>2023</b>	<b>2022 (Restated)</b>	<b>2021</b>
<b>Cash Provided By (Used In)</b>			
Operating activities	\$ (35.9)	\$ (42.9)	\$ (36.5)
Noncapital financing activities	41.5	52.6	50.2
Capital and related financing activities	(7.6)	(12.4)	(18.8)
Investing activities	<u>1.0</u>	<u>0.1</u>	<u>0.0</u>
<b>Net Change in Cash and Cash Equivalents</b>	(1.0)	(2.6)	(5.1)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>25.8</u>	<u>28.4</u>	<u>33.5</u>
<b>Cash and Cash Equivalents, End of Year</b>	\$ <u>24.8</u>	\$ <u>25.8</u>	\$ <u>28.4</u>

## 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.

## 2022

Cash provided by operating activities resulted from receipts from tuition and fees, grants and contracts, auxiliary enterprises, student loans, and cash used resulted from payments to suppliers, utilities, employees, and others resulting in net cash used in operating activities of \$42.9 million. Cash provided by noncapital financing activities of \$52.6 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 \$12.4 million consists primarily of the Series 2021 bond refunding, 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, 2022, were \$25.8 million, which decreased \$2.6 million from June 30, 2021.

### ***Capital, Lease, and Subscription Assets***

## 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.

## 2022

At June 30, 2022, the University had 152.6 million (net of accumulated depreciation and amortization), compared to \$146.4 million at June 30, 2021, 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***

### 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.

### 2022

At June 30, 2022, the University had \$67.0 million in bonds and other long-term debt payable, of which \$3.7 million (\$302,000 attributable to the energy savings contract) is payable during the upcoming fiscal year and \$1.9 million in lease liabilities and \$1.6 million in subscription liabilities, respectively. The University issued \$20.775 million to refund 2014A series and 2014B series. The year-end balances included a partial debt allocation of \$2.7 million in debt from the energy savings contract. *Note 5* to the financial statements provides additional information about the University's long-term debt and other long-term obligations.

## ***Economic Outlook***

Universities nationwide continue to offer and expand meaningful educational programs to students. Missouri Southern State University continues to build upon our strengths of international/global education, health and life sciences, and immersive learning experiences.

MSSU has a new strategic plan with goals of academic excellence and quality programs, culture of caring, engagement and campus vibrancy. Student success will be at the center of every interaction. Increasing collaboration with both internal and external constituents is the foundation to achieving our goals.

Enrollment of new students and retention of existing students for fall 2023 reflects an increase in credit hours. The number of degree-seeking international students continues to rise. This is also the second year of growth in the total number of new freshmen and transfer students. Increases in retention rates reflect persistence towards graduation.

Graduate student enrollment continues to see growth with the expansion of our graduate programs. Beginning fall 2023, two new graduate programs are offered, the Master of Science in healthcare administration and the Master of Science in data analytics. In fall 2024, we will offer a new Master of business administration program.

The new Health Science Innovation Center will be a technologically advanced home to the health science departments, offer hands-on immersive learning, and serve as the new front door to the University as a welcome center, housing Admissions. The health and life science programs will strengthen partnerships with health care and educational entities in Joplin and the region. State capital appropriations will fund significant dollars for construction. As part of our fundraising campaign, the Missouri Southern Foundation has seen great success in gifts for this project. The facility will open in 2026.

Investment in existing facilities continues to be a priority with resources allocated to infrastructure, safety/security and wayfinding. Deferred maintenance items are being addressed using limited resources.

State appropriations for fiscal year 2023 included additional one-time funding for the increased MOSERS rate. This funding provided resources for this expense. Fiscal year 2024 provides a state budget increase of \$1.9M in base appropriations.

Fiscal year 2024 also includes a \$2.2M appropriation as part of a statewide program designed to increase collaboration and workforce opportunities via industry partnership in precision health and agricultural sciences.

Missouri Southern's comprehensive fundraising campaign reflects the continued generosity and support our donors have for the university, our students, community and the region.

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, 2023 and 2022**

**Assets and Deferred Outflows of Resources**

	<b>2023</b>	<b>2022 (As Restated)</b>
<b>Current Assets</b>		
Cash	\$ 16,829,743	\$ 18,657,031
Reserved cash	5,120,285	5,037,208
Accounts receivable, net	1,889,541	1,497,876
Inventories	455,391	433,473
Deposits and prepaid expenses	931,202	602,358
Total current assets	25,226,162	26,227,946
<b>Noncurrent Assets</b>		
Restricted cash	2,802,131	2,078,542
Restricted investments	57,612	57,612
Loans to students, net	16,579	489,321
Leases receivable, net	409,130	406,462
Capital assets, net	144,891,130	148,815,774
Lease assets, net	1,710,533	1,796,597
Subscription assets, net	1,559,378	2,003,217
Total noncurrent assets	151,446,493	155,647,525
Total assets	176,672,655	181,875,471
<b>Deferred Outflows of Resources</b>		
Loss on refunding of bonds	226,750	244,835
Deferred outflows of resources related to pensions	10,125,024	8,361,257
Deferred outflows of resources related to other postemployment benefits	470,142	521,611
Total deferred outflows of resources	10,821,916	9,127,703

See Notes to Financial Statements

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

	<b>2023</b>	<b>2022 (As Restated)</b>
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 3,505,318	\$ 4,784,569
Accrued compensated absences	849,663	805,229
Unearned revenue	1,029,407	1,005,918
Unearned revenue – vending	7,500	7,500
Other postemployment benefit liability – current portion	201,395	184,004
Long-term debt – current portion	1,717,287	2,764,627
Current portion of lease liabilities	111,115	99,550
Current portion of subscription liabilities	625,251	905,207
Total current liabilities	<u>8,046,936</u>	<u>10,556,604</u>
<b>Noncurrent Liabilities</b>		
Accrued compensated absences	480,728	466,359
Unearned revenue – vending	30,625	38,125
Other postemployment benefit liability	1,573,381	1,632,932
Long-term debt	58,983,822	60,701,109
Lease liabilities	1,817,264	1,838,618
Subscription liabilities	560,527	700,577
Net pension liability	63,103,976	48,841,953
Total noncurrent liabilities	<u>126,550,323</u>	<u>114,219,673</u>
Total liabilities	<u>134,597,259</u>	<u>124,776,277</u>
<b>Deferred Inflows of Resources</b>		
Pension related	2,247,423	13,769,420
Other postemployment benefit related	706,952	765,697
Leases	380,651	394,124
Total deferred inflows of resources	<u>3,335,026</u>	<u>14,929,241</u>
<b>Net Position</b>		
Net investment in capital assets	84,557,235	86,554,736
Restricted for		
Nonexpendable		
Loans	679,575	1,203,624
Expendable		
Scholarships and fellowships	312,303	350,846
Capital projects	1,029,408	21,930
Unrestricted (deficit)	<u>(37,016,235)</u>	<u>(36,833,480)</u>
Total net position	<u>\$ 49,562,286</u>	<u>\$ 51,297,656</u>

**Missouri Southern State University**  
**(A Component Unit of the State of Missouri)**  
**Missouri Southern Foundation**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

**Assets**

	<b>2023</b>	<b>2022</b>
<b>Current Assets</b>		
Cash	\$ 1,345,729	\$ 800,628
Contributions receivable – current portion	1,092,896	265,615
Other receivables	2,086	154,028
Total current assets	2,440,711	1,220,271
<b>Investments</b>	28,553,728	25,837,550
<b>Other Assets</b>		
Contributions receivable – long-term portion	6,248,744	3,388,188
Beneficial interests in trusts held by others	13,575,009	12,905,155
Total other assets	19,823,753	16,293,343
Total assets	\$ 50,818,192	\$ 43,351,164

**Liabilities**

<b>Current Liabilities</b>		
Accounts payable	\$ 41,130	\$ 17,699
Annuity obligations	149,299	204,130
Total current liabilities	190,429	221,829

**Net Assets**

Without donor restriction	2,489,871	2,368,495
With donor restriction	48,137,892	40,760,840
Total net assets	50,627,763	43,129,335
Total liabilities and net assets	\$ 50,818,192	\$ 43,351,164

**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, 2023 and 2022**

	<b>2023</b>	<b>2022</b> <b>(As Restated)</b>
<b>Operating Revenues</b>		
Tuition and fees, net of scholarship allowances and bad debt expense	\$ 12,528,614	\$ 13,631,456
Federal grants and contracts	2,625,128	2,557,714
State grants and contracts	2,448,756	2,335,108
Interest on loans to students	21,206	55,166
Auxiliary enterprises		
Housing, net of scholarship allowances and bad debt expense	2,951,244	2,715,507
Student recreation and health center	1,146,270	1,256,735
Bookstore and other	2,277,539	2,399,772
Other operating revenues	962,078	790,912
Total operating revenues	<u>24,960,835</u>	<u>25,742,370</u>
<b>Operating Expenses</b>		
Compensation and benefits	36,613,392	39,372,866
Contractual services	4,027,009	3,778,312
Supplies and materials	5,086,556	4,829,989
Scholarships and fellowships	4,636,040	12,319,412
Depreciation and amortization	8,460,624	7,483,556
Utilities	3,475,365	2,946,975
Other	6,712,171	6,613,364
Total operating expenses	<u>69,011,157</u>	<u>77,344,474</u>
<b>Operating Loss</b>	<u>(44,050,322)</u>	<u>(51,602,104)</u>
<b>Nonoperating Revenues (Expenses)</b>		
State appropriations	28,739,785	26,344,731
Federal grants and contracts	7,058,061	7,745,901
Federal CARES Act grant	985,879	14,905,573
Contributions	3,938,568	3,066,893
Investment income	1,034,872	103,386
Interest on capital asset-related debt	(2,332,661)	(2,425,746)
Other nonoperating revenues	769,145	310,289
Net nonoperating revenues	<u>40,193,649</u>	<u>50,051,027</u>
<b>Loss Before Other Revenues, Expenses, Gains, or Losses</b>	<u>(3,856,673)</u>	<u>(1,551,077)</u>
<b>Other Revenues, Expenses, Gains, or Losses</b>		
Capital grants and gifts	1,316,799	277,238
State capital appropriations	804,504	1,695,495
Total other revenues, expenses, gains, or losses	<u>2,121,303</u>	<u>1,972,733</u>
<b>Increase (Decrease) in Net Position</b>	(1,735,370)	421,656
<b>Net Position, Beginning of Year</b>	<u>51,297,656</u>	<u>50,876,000</u>
<b>Net Position, End of Year</b>	<u>\$ 49,562,286</u>	<u>\$ 51,297,656</u>

# Missouri Southern State University

(A Component Unit of the State of Missouri)

## Missouri Southern Foundation

### Statement of Activities

Year Ended June 30, 2023

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Support and Revenue</b>			
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 loss 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)	-
	<hr/>	<hr/>	<hr/>
Total support and revenue	4,688,643	7,377,052	12,065,695
	<hr/>	<hr/>	<hr/>
<b>Expenses</b>			
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
	<hr/>	<hr/>	<hr/>
Total expenses	4,567,267	-	4,567,267
	<hr/>	<hr/>	<hr/>
<b>Change in Net Assets</b>	121,376	7,377,052	7,498,428
	<hr/>	<hr/>	<hr/>
<b>Net Assets at Beginning of Year</b>	2,368,495	40,760,840	43,129,335
	<hr/>	<hr/>	<hr/>
<b>Net Assets at End of Year</b>	\$ 2,489,871	\$ 48,137,892	\$ 50,627,763
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# Missouri Southern State University

(A Component Unit of the State of Missouri)

## Missouri Southern Foundation

### Statement of Activities Year Ended June 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
<b>Support and Revenue</b>			
Contributions	\$ 173,348	\$ 2,170,239	\$ 2,343,587
Investment income	116,295	1,253,388	1,369,683
Endowment management fees	349,851	-	349,851
Net realized loss on investments	275,097	1,508,054	1,783,151
Net unrealized gain on investments	(1,051,546)	(5,920,075)	(6,971,621)
Increase in beneficial interest in trusts	(234,018)	(3,158,650)	(3,392,668)
Net assets released from restrictions	3,229,582	(3,229,582)	-
	<u>2,858,609</u>	<u>(7,376,626)</u>	<u>(4,518,017)</u>
<b>Expenses</b>			
Scholarships	1,097,849	-	1,097,849
Faculty and department support	862,656	-	862,656
Facilities improvement	825,068	-	825,068
General university support	673,278	-	673,278
Endowment management fees	450	-	450
Administrative	1,055,606	-	1,055,606
Fundraising	112,867	-	112,867
	<u>4,627,774</u>	<u>-</u>	<u>4,627,774</u>
<b>Change in Net Assets</b>	(1,769,165)	(7,376,626)	(9,145,791)
<b>Net Assets at Beginning of Year</b>	<u>4,137,660</u>	<u>48,137,466</u>	<u>52,275,126</u>
<b>Net Assets at End of Year</b>	<u>\$ 2,368,495</u>	<u>\$ 40,760,840</u>	<u>\$ 43,129,335</u>

**Missouri Southern State University**  
**(A Component Unit of the State of Missouri)**  
**Missouri Southern Foundation**  
**Statements of Functional Expenses**

**Year Ended June 30, 2023**

	<b>Program Services</b>	<b>Support Services</b>	<b>Functional Expenses</b>
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>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 3,306,529</u>	<u>\$ 1,260,738</u>	<u>\$ 4,567,267</u>

**Year Ended June 30, 2022**

	<b>Program Services</b>	<b>Support Services</b>	<b>Functional Expenses</b>
Scholarships	\$ 1,097,849	\$ -	\$ 1,097,849
Faculty and department support	862,656	-	862,656
Facilities improvement	825,068	-	825,068
General university support	673,278	-	673,278
Cultural activities	450	-	450
Administrative	-	1,055,606	1,055,606
Fundraising	-	112,867	112,867
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 3,459,301</u>	<u>\$ 1,168,473</u>	<u>\$ 4,627,774</u>

**Missouri Southern State University**  
**(A Component Unit of the State of Missouri)**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b> <b>(As Restated)</b>
<b>Operating Activities</b>		
Tuition and fees	\$ 12,293,718	\$ 13,575,326
Grants and contracts	5,130,380	4,917,353
Payments for scholarships	(4,636,040)	(12,319,412)
Payments to suppliers	(19,798,383)	(17,004,771)
Payments to employees	(36,505,636)	(39,833,276)
Collection of loans to students and employees	493,948	644,321
Sales and services of auxiliary enterprises	6,128,683	6,230,575
Other receipts	962,078	790,912
Net cash used in operating activities	(35,931,252)	(42,998,972)
<b>Noncapital Financing Activities</b>		
State appropriations	28,739,785	26,344,731
Federal grants and contracts	7,058,061	7,745,901
Federal CARES Act grant	985,879	14,905,573
Gifts and grants for other than capital purposes	3,938,568	3,066,893
Other receipts	779,731	553,642
Net cash provided by noncapital financing activities	41,502,024	52,616,740
<b>Capital and Related Financing Activities</b>		
Capital appropriations-state	804,504	1,695,495
Capital grants and gifts received	1,316,799	277,238
Purchase of capital assets	(3,480,427)	(8,547,076)
Proceeds from sale of capital assets	20,705	21,331
Proceeds from issuance of capital debt	-	21,887,058
Principal paid on capital debt	(2,764,627)	(24,281,431)
Interest paid on capital debt	(2,230,959)	(2,365,352)
Principal paid on leases payable	(116,013)	(115,920)
Interest paid on leases payable	(55,579)	(42,088)
Interest paid on lease receivable	20,450	15,000
Principal paid on subscription liability	(1,122,973)	(937,660)
Interest paid on subscription liability	(18,146)	(14,934)
Net cash used in capital and related financing activities	(7,626,266)	(12,408,339)

**Missouri Southern State University**  
**(A Component Unit of the State of Missouri)**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b> <b>(As Restated)</b>
<b>Investing Activities</b>		
Investment income received	\$ 1,034,872	\$ 103,386
Net cash provided by investing activities	1,034,872	103,386
<b>Decrease in Cash</b>	(1,020,622)	(2,687,185)
<b>Cash, Beginning of Year</b>	25,772,781	28,459,966
<b>Cash, End of Year</b>	\$ 24,752,159	\$ 25,772,781
<b>Reconciliation of Cash to the Statements of Net Position</b>		
Cash	\$ 16,829,743	\$ 18,657,031
Reserved cash	5,120,285	5,037,208
Restricted cash	2,802,131	2,078,542
Total cash	\$ 24,752,159	\$ 25,772,781
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	\$ (44,050,322)	\$ (51,602,104)
Depreciation expense	7,121,530	6,246,865
Amortization expense	1,339,094	1,236,691
Changes in operating assets and liabilities		
Receivables, net	81,077	626,970
Inventories	(21,918)	25,910
Prepaid expenses	(328,844)	234,783
Accounts payable and accrued liabilities	(965,587)	1,195,471
Total other postemployment benefits	(42,160)	(529,397)
Deferred revenue	(33,105)	(210,853)
Net pension liability	14,262,023	(13,986,505)
Deferred inflows of resources	(11,580,742)	12,824,825
Deferred outflows of resources	(1,712,298)	938,372
Net cash used in operating activities	\$ (35,931,252)	\$ (42,998,972)
<b>Noncash Investing, Capital, and Financing Activities</b>		
Accounts payable incurred for purchase of capital assets	\$ 87,518	\$ 352,271
Long-term debt incurred for purchase of capital assets	\$ -	\$ 2,682,023
Lease assets acquired with lease liabilities	\$ 106,224	\$ 176,387
Lease receivables issued	\$ -	\$ 404,230
Accretion of lease receivables	\$ 2,668	\$ 2,232
Subscription assets acquired with subscription liabilities	\$ 702,967	\$ 810,532

**Missouri Southern State University**  
**(A Component Unit of the State of Missouri)**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**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.

**Missouri Southern State University**  
**(A Component Unit of the State of Missouri)**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

***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.

***Accounts Receivable***

Approximately 34 percent and 35 percent of accounts receivable at June 30, 2023 and 2022, respectively, is due from governmental and other entities for reimbursements under grants and other programs. The remaining 66 percent and 65 percent of accounts receivable at June 30, 2023 and 2022, 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 \$3,900,000 and \$5,800,000 at June 30, 2023 and 2022, 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. Inventories of textbooks rented to students are amortized using the straight-line method over three years. Total amortization for the years ended June 30, 2023 and 2022, was \$0 and \$10,508, respectively.

**Missouri Southern State University**  
**(A Component Unit of the State of Missouri)**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**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 \$15,859 and \$145,128 at June 30, 2023 and 2022, respectively. Interest income is charged on loans to students as established under the loan programs. Interest income for the years ended June 30, 2023 and 2022, was \$21,206 and \$55,166, respectively.

In 2022 the University began the process of liquidating 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 future periods.

**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.

**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.

**Missouri Southern State University**  
**(A Component Unit of the State of Missouri)**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

***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, 2023 and 2022.

***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.

**Missouri Southern State University**  
**(A Component Unit of the State of Missouri)**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

***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.

***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.

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- 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

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

- (1) gifts and contributions
- (2) 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*
- (3) 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.

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**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, 2023, were \$12,992,211 and \$2,106,355, respectively, and for the year ended June 30, 2022, were \$12,762,041 and \$1,850,592, 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, 2023, the Foundation provided funding for scholarships and general university support of \$1,388,551 and \$1,640,102, respectively. During the year ended June 30, 2022, the Foundation provided funding for scholarships and general university support of \$1,052,364 and \$1,225,806, respectively. Complete financial statements for the Foundation can be obtained from the Foundation Office at 3950 E. Newman Road, Joplin, Missouri 64801.

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.

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**Change in Accounting Principle**

In 2023, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Under the standard, all long-term SBITAs are required to be recognized on the statement of net position as both a subscription asset and a subscription liability. As a result of the implementation, amounts in *Note 4* and *Note 5*, and the following financial statement line items for fiscal year 2022 were restated:

	<b>As Restated</b>	<b>As Previously Reported</b>	<b>Effect of Change</b>
<b>Statement of Net Position</b>			
<b>Current Assets</b>			
Deposits and prepaid expenses	\$ 602,358	\$ 1,240,665	\$ (638,307)
<b>Noncurrent Assets</b>			
Subscription assets, net	\$ 2,003,217	\$ -	\$ 2,003,217
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	\$ 4,784,569	\$ 4,754,316	\$ 30,253
Current portion of subscription liabilities	905,207	-	905,207
<b>Noncurrent Liabilities</b>			
Subscription liabilities	\$ 700,577	\$ -	\$ 700,577
<b>Net Position</b>			
Net investment in capital assets	\$ 86,554,736	\$ 86,157,303	\$ 397,433
Unrestricted (deficit)	(36,833,480)	(36,164,920)	(668,560)
<b>Statement of Revenues, Expenses, and Changes in Net Position</b>			
<b>Operating Expenses</b>			
Contractual services	\$ 3,778,312	\$ 4,377,852	\$ (599,540)
Supplies and materials	4,829,989	4,869,473	(39,484)
Depreciation and amortization	7,483,556	6,449,662	1,033,894
Other	6,613,364	6,782,294	(168,930)
<b>Nonoperating Expenses</b>			
Interest on capital asset-related debt	\$ (2,425,746)	\$ (2,380,559)	\$ (45,187)
<b>Increase in Net Position</b>	<b>\$ 421,656</b>	<b>\$ 692,783</b>	<b>\$ (271,127)</b>
<b>Statement of Cash Flows</b>			
<b>Operating Activities</b>			
Payments to suppliers	\$ (17,004,771)	\$ (17,957,365)	\$ 952,594
<b>Capital and Related Financing Activities</b>			
Principal paid on subscription liability	\$ (937,660)	\$ -	\$ (937,660)
Interest paid on subscription liability	(14,934)	-	(14,934)
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>			
Operating loss	\$ (51,602,104)	\$ (51,376,164)	\$ (225,940)
Amortization expense	1,236,691	202,797	1,033,894
Prepaid expenses	234,783	90,143	144,640
<b>Noncash Investing, Capital, and Financing Activities</b>			
Subscription assets acquired with subscription liabilities	\$ 810,532	\$ -	\$ 810,532

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**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, 2023 and 2022, respectively, the University’s bank balances were \$25,502,361 and \$26,496,149. None of these deposits were exposed to custodial credit risk at June 30, 2023 or 2022.

***Investments***

The University may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities; 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, 2023 and 2022, 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:

	<b>2023</b>	<b>2022</b>
Carrying value		
Cash on hand	\$ 7,490	\$ 3,900
Deposits	24,780,430	25,804,642
Other investments	21,851	21,851
	<u>\$ 24,809,771</u>	<u>\$ 25,830,393</u>

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

	<b>2023</b>	<b>2022</b>
Cash	\$ 16,829,743	\$ 18,657,031
Reserved cash	5,120,285	5,037,208
Restricted cash	2,802,131	2,078,542
Restricted investments	57,612	57,612
	<b>\$ 24,809,771</b>	<b>\$ 25,830,393</b>

***Investment Income***

Investment income for the years ended June 30, 2023 and 2022, consisted of interest and dividend income of \$1,034,872 and \$103,386, 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 percent 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, 2023 and 2022, was \$36,592 and \$27,338, 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, 2023 and 2022, was:

	Beginning Balance	2023			Ending Balance
		Additions	Disposals	Transfers	
<b>Nondepreciable capital assets</b>					
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	7,892,933	2,194,262	(14,580)	(470,762)	9,601,853
<b>Depreciable capital assets</b>					
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	478,247	-	-	-	478,247
Software	1,593,296	-	-	-	1,593,296
Library materials	6,288,860	23,258	(31,384)	-	6,280,734
Total depreciable capital assets	245,036,200	1,021,412	(612,098)	470,762	245,916,276
<b>Less accumulated depreciation</b>					
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	104,113,359	7,121,530	(607,890)	-	110,626,999
Total depreciable capital assets, net	140,922,841	(6,100,118)	(4,208)	470,762	135,289,277
Net capital assets	\$ 148,815,774	\$ (3,905,856)	\$ (18,788)	\$ -	\$ 144,891,130

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	<b>2022</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending Balance</b>
Nondepreciable capital assets					
Land	\$ 963,805	\$ -	\$ -	\$ -	\$ 963,805
Construction in progress	27,854,930	10,319,114	-	(31,244,916)	6,929,128
Total nondepreciable capital assets	<u>28,818,735</u>	<u>10,319,114</u>	<u>-</u>	<u>(31,244,916)</u>	<u>7,892,933</u>
Depreciable capital assets					
Land improvements	5,160,462	-	(41,814)	106,510	5,225,158
Buildings, improvements, and leasehold improvements	180,632,088	6,155	(203,686)	31,054,054	211,488,611
Infrastructure	1,162,118	-	-	-	1,162,118
Furniture, fixtures, and equipment	20,439,394	395,907	(2,763,799)	84,352	18,155,854
Vehicles	644,056	-	-	-	644,056
Works of art	478,247	-	-	-	478,247
Software	1,593,296	-	-	-	1,593,296
Library materials	6,312,660	25,544	(49,344)	-	6,288,860
Total depreciable capital assets	<u>216,422,321</u>	<u>427,606</u>	<u>(3,058,643)</u>	<u>31,244,916</u>	<u>245,036,200</u>
Less accumulated depreciation					
Land improvements	4,245,719	166,013	(41,814)	-	4,369,918
Buildings, improvements, and leasehold improvements	70,572,743	5,152,509	(78,791)	-	75,646,461
Infrastructure	517,767	31,641	-	-	549,408
Furniture, fixtures, and equipment	16,411,868	846,789	(2,589,112)	-	14,669,545
Vehicles	588,964	21,905	-	-	610,869
Works of art	428,721	7,302	-	-	436,023
Software	1,593,297	-	-	-	1,593,297
Library materials	6,266,475	20,707	(49,344)	-	6,237,838
Total accumulated depreciation	<u>100,625,554</u>	<u>6,246,866</u>	<u>(2,759,061)</u>	<u>-</u>	<u>104,113,359</u>
Total depreciable capital assets, net	<u>115,796,767</u>	<u>(5,819,260)</u>	<u>(299,582)</u>	<u>31,244,916</u>	<u>140,922,841</u>
Net capital assets	<u>\$ 144,615,502</u>	<u>\$ 4,499,854</u>	<u>\$ (299,582)</u>	<u>\$ -</u>	<u>\$ 148,815,774</u>

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

	<b>2023</b>			<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	
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>
	<b>2022</b>			<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	
Buildings	\$ 34,542	\$ -	\$ -	\$ 34,542
Equipment	1,933,500	176,388	-	2,109,888
	<u>1,968,042</u>	<u>176,388</u>	<u>-</u>	<u>2,144,430</u>
Less accumulated amortization				
Buildings	29,607	4,935	-	34,542
Equipment	125,937	187,354	-	313,291
	<u>155,544</u>	<u>192,289</u>	<u>-</u>	<u>347,833</u>
Lease assets, net	<u>\$ 1,812,498</u>	<u>\$ (15,901)</u>	<u>\$ -</u>	<u>\$ 1,796,597</u>

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Subscription asset activity for the years ended June 30, 2023 and 2022, was:

	<b>2023</b>			<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	
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	1,033,895	1,146,806	-	2,180,701
	<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>
	<b>2022</b>			<b>Ending Balance</b>
	<b>Beginning Balance (As Restated)</b>	<b>Additions</b>	<b>Disposals</b>	
Subscription IT asset	\$ 2,226,580	\$ 810,532	\$ -	\$ 3,037,112
	<u>2,226,580</u>	<u>810,532</u>	<u>-</u>	<u>3,037,112</u>
Less accumulated amortization Subscription IT asset	-	1,033,895	-	1,033,895
	<u>-</u>	<u>1,033,895</u>	<u>-</u>	<u>1,033,895</u>
Subscription assets, net	<u>\$ 2,226,580</u>	<u>\$ (223,363)</u>	<u>\$ -</u>	<u>\$ 2,003,217</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, 2023 and 2022:

	Beginning Balance	2023		Ending Balance	Current Portion
		Additions	Deductions		
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
Direct Placement Bonds Education					
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
Net pension liabilities	<u>48,841,953</u>	<u>14,262,023</u>	<u>-</u>	<u>63,103,976</u>	<u>-</u>
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>

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	<b>2022</b>				
	<b>Beginning Balance (As Restated)</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Auxiliary Enterprise System					
Revenue Bonds					
Series 2014A	\$ 8,475,000	\$ -	\$ 8,475,000	\$ -	\$ -
Series 2014B	14,100,000	-	14,100,000	-	-
Series 2015	4,835,000	-	615,000	4,220,000	620,000
Series 2019A	22,490,000	-	-	22,490,000	-
Series 2021	-	20,775,000	-	20,775,000	1,125,000
Bond premium – 2015 Issue	36,787	-	17,856	18,931	6,493
Bond premium – 2019A Issue	1,078,087	-	38,050	1,040,037	38,050
Bond premium – 2021 Issue	-	1,112,059	62,988	1,049,071	67,763
Direct Placement Bonds Education					
Series 2017 Educational Facilities Revenue Bonds	3,350,000	-	445,000	2,905,000	455,000
Note payable to the Foundation	783,214	-	150,000	633,214	150,000
Note payable to bank	8,030,000	2,682,023	377,537	10,334,486	302,321
Lease liabilities	1,877,700	176,387	115,919	1,938,168	99,550
Subscription liabilities	1,732,912	810,532	937,660	1,605,784	905,207
Total bonds, notes payable, lease and subscription liabilities	<u>66,788,700</u>	<u>25,556,001</u>	<u>25,335,010</u>	<u>67,009,691</u>	<u>3,769,384</u>
Other noncurrent liabilities					
Accrued compensated absences	1,667,541	805,229	1,201,182	1,271,588	805,229
Deferred revenue – vending	53,125	-	7,500	45,625	7,500
Other postemployment benefit liability	2,346,333	-	529,397	1,816,936	184,004
Accrued net pension liability	62,828,458	-	13,986,505	48,841,953	-
Total other noncurrent liabilities	<u>66,895,457</u>	<u>805,229</u>	<u>15,724,584</u>	<u>51,976,102</u>	<u>996,733</u>
Total noncurrent liabilities	<u>\$ 133,684,157</u>	<u>\$ 26,361,230</u>	<u>\$ 41,059,594</u>	<u>\$ 118,985,793</u>	<u>\$ 4,766,117</u>

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***Auxiliary Enterprise System Revenue Bonds***

**Series 2014A**

On April 30, 2014, the University issued \$15,030,000 of bonds. The proceeds from the issuance of these bonds were used to refund the outstanding portion of the 2000 bond issue and defease a portion of the 2008 bond issue. The bonds were called and paid in full in 2022 in conjunction with the Series 2021 issuance.

**Series 2014B**

On April 30, 2014, the University issued \$14,320,000 of bonds, consisting of \$9,475,000 of serial bonds and \$4,845,000 of term bonds. The proceeds from the issuance of these bonds were used to construct, improve, furnish, and equip a new residence hall. The bonds were called and paid in full in 2022 in conjunction with the Series 2021 issuance.

**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 percent to 4 percent, 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 percent 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 percent to 5 percent, 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 percent 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 percent to 4 percent, 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 percent 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*).

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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 percent, 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 percent 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.

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 percent 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 percent.

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**Debt Service Requirements**

The debt service requirements on long-term debt other than lease liabilities and subscription liabilities as of June 30, 2023, 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	
2024	\$ 650,000	\$ 2,256,415	\$ 465,000	\$ 55,216	\$ 503,773	\$ 467,307	\$ 4,397,711
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 – 2033	8,405,000	6,702,759	-	-	3,879,073	1,345,207	20,332,039
2034 – 2038	10,910,000	4,701,063	-	-	3,864,185	335,724	19,810,972
2039 – 2043	10,085,000	2,564,469	-	-	-	-	12,649,469
2044 – 2048	7,815,000	937,244	-	-	-	-	8,752,244
2049 – 2053	2,545,000	80,078	-	-	-	-	2,625,078
	<u>\$ 45,740,000</u>	<u>\$ 25,839,671</u>	<u>\$ 2,450,000</u>	<u>\$ 155,502</u>	<u>\$ 10,515,377</u>	<u>\$ 3,754,758</u>	<u>\$ 88,455,308</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.

The following is a schedule by year of payments under the leases as of June 30, 2023:

Year Ending June 30,	Total to Be		
	Paid	Principal	Interest
2024	\$ 172,645	\$ 111,115	\$ 61,530
2025	116,464	57,910	58,554
2026	110,939	55,422	55,517
2027	82,122	27,683	54,439
2028	91,863	38,344	53,519
2029-2033	470,881	222,617	248,264
2034-2038	600,976	402,764	198,212
2039-2043	767,014	653,724	113,290
2044-2048	370,074	358,800	11,274
	<u>\$ 2,782,978</u>	<u>\$ 1,928,379</u>	<u>\$ 854,599</u>

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**Note 7: Subscription Liabilities**

The University has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2027. 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, 2023:

<b>Year Ending June 30,</b>	<b>Total to Be</b>		
	<b>Paid</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 663,172	\$ 625,251	\$ 37,921
2025	317,046	294,250	22,796
2026	168,760	157,616	11,144
2027	113,514	108,661	4,853
	<u>\$ 1,262,492</u>	<u>\$ 1,185,778</u>	<u>\$ 76,714</u>

**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.

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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](http://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 percent of their annual pay. The University's required contribution rate for all plans for the year ended June 30, 2023, was 26.33 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate for the MOSERS' plan years ended June 30, 2022 and 2021, was 23.51 percent and 22.88 percent, respectively, which are the years of measurement for the net pension liability. Contributions to the pension plan from the University were \$4,284,262 and \$4,125,308 for the years ended June 30, 2023 and 2022, respectively.

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

At June 30, 2023 and 2022, the University reported a liability of \$63,103,976 and \$48,841,953, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and 2021, 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, 2022 and 2021. At June 30, 2022, the University's proportion was 0.8813 percent, which was an increase of 0.0077 percent from its proportion measured as of June 30,

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2021. At June 30, 2021, the University's proportion was 0.8736 percent, which was a decrease of 0.1162 percent from its proportion measured as of June 30, 2020.

There were no changes in benefit terms during the MOSERS plan years ended June 30, 2022 and 2021, that affected the measurement of total pension liability.

For the years ended June 30, 2023 and 2022, the University recognized pension expense of \$5,158,133 and \$3,414,200 respectively. At June 30, 2023 and 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>2023</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<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 earnings 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>\$ 10,125,024</u>	<u>\$ 2,247,423</u>

	<b>2022</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 778,800	\$ 216,092
Changes of assumptions	3,416,018	-
Net difference between projected and actual earning on pension plan investments	-	8,805,683
Changes in proportion and differences between the University's contributions and the University's proportionate share of contributions	41,131	4,747,645
University's contributions subsequent to the measurement date	<u>4,125,308</u>	<u>-</u>
Total	<u>\$ 8,361,257</u>	<u>\$ 13,769,420</u>

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At June 30, 2023 and 2022, the University reported \$4,174,199 and \$4,125,308 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, 2023, related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ 711,177
2025	476,528
2026	(62,002)
2027	<u>2,577,699</u>
	<u>\$ 3,703,402</u>

**Summary of Pension Changes**

Below is a summary of pension changes due to the implementation of GASB 68 as of June 30, 2023 and 2022.

	<b>2023</b>	<b>2022</b>	<b>Change</b>
Statement of Net Position – deferred outflows of resources	\$ 10,125,024	\$ 8,361,257	\$ 1,763,767
Statement of Net Position – accrued net pension liability	(63,103,976)	(48,841,953)	(14,262,023)
Statement of Net Position – deferred inflows of resources	(2,247,423)	(13,769,420)	<u>11,521,997</u>
			<u>\$ (976,259)</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, 2023 and 2022, respectively, are shown below:

	<b>2023</b>	<b>2022</b>
Actuarial required contribution	\$ 4,174,199	\$ 4,125,308
Pension expense	<u>(5,150,458)</u>	<u>(3,414,200)</u>
	<u>\$ (976,259)</u>	<u>\$ 711,108</u>

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**Actuarial Assumptions**

The total pension liability in the June 30, 2022 and 2021, actuarial valuations which are also the measurement dates for GASB 68 purposes, was determined using the following actuarial assumptions:

**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

**June 30, 2021**

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

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

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

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

The actuarial assumptions used in the June 30, 2022 and 2021, 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.

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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, 2022, are summarized in the following table:

**Long-Term Expected Rate of Return**

<b>Asset Class</b>	<b>Policy Allocation</b>	<b>Long-Term Expected Nominal Return*</b>	<b>Long-Term Expected Real Return</b>	<b>Weighted Average Long-Term Expected Nominal Return</b>
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 percent at both June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<b>1% Decrease (5.95%)</b>	<b>2023 Current Discount Rate (6.95%)</b>	<b>1% Increase (7.95%)</b>
University's proportionate share of the net pension liability	\$ 78,933,965	\$ 63,103,976	\$ 49,879,243
	<b>1% Decrease (5.95%)</b>	<b>2022 Current Discount Rate (6.95%)</b>	<b>1% Increase (7.95%)</b>
University's proportionate share of the net pension liability	\$ 64,376,077	\$ 48,841,953	\$ 35,872,911

**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, 2023 and 2022, the University reported a payable of \$34,464 and \$426,104, respectively, for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2023 and 2022, 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 percent of annual covered payroll for 2023 and 2022, respectively. The University’s contributions to CURP for the years ended June 30, 2023 and 2022, were \$376,295 and \$480,107, 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 65<sup>th</sup> birthday.

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The employees covered by the benefit terms at June 30, 2023 and 2022, are:

	<b>2023</b>	<b>2022</b>
Inactive employees or beneficiaries currently receiving benefit payments	33	33
Active employees	485	485
	518	518

**Total OPEB Liability**

The University's total OPEB liability of \$1,774,776 and \$1,816,936 was measured as of June 30, 2023 and 2022, respectively, and was determined by an actuarial valuation as of those dates.

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

	<b>2023</b>	<b>2022</b>
Inflation	3.00%	3.00%
Discount rate	3.65% (prior year 3.54%)	3.54% (prior year 2.16%)
Salary increases	3.00% per year	3.00% per year
Health care cost trend rates	6.75% for 2023, decreasing 0.25% per year to an ultimate rate of 4.0% for 2023 and later years	7.0% for 2022, decreasing 0.25% per year to an ultimate rate of 4.0% for 2023 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, 2022, 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:

	<b>2023</b>	<b>2022</b>
Balance, beginning of year	\$ 1,816,936	\$ 2,346,333
Service cost	110,078	112,799
Interest	64,652	51,130
Differences between expected and actual experience	-	(361,045)
Changes in assumptions or other inputs	(15,495)	(148,277)
Benefit payments	(201,395)	(184,004)
Net changes	(42,160)	(529,397)
Balance, end of year	\$ 1,774,776	\$ 1,816,936

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

	<b>1% Decrease (2.65%)</b>	<b>2023 Current Discount Rate (3.65%)</b>	<b>1% Increase (4.65%)</b>
University's total OPEB liability	\$ 1,914,000	\$ 1,774,776	\$ 1,651,000
	<b>1% Decrease (2.54%)</b>	<b>2022 Current Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
University's total OPEB liability	\$ 1,959,000	\$ 1,816,936	\$ 1,690,000

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The total OPEB liability of the University has been calculated using health care cost trend rates of 7 percent. The following presents the total OPEB liability using health care cost trend rates 1 percent higher and 1 percent lower than the current health care cost trend rates.

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

	<b>2022</b>		
	<b>Health</b>		
	<b>1%</b>	<b>Care Cost</b>	<b>1%</b>
	<b>Decrease</b>	<b>Trend Rates</b>	<b>Increase</b>
University's total OPEB liability	\$ 1,657,000	\$ 1,816,936	\$ 2,005,000

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

For the years ended June 30, 2023 and 2022, the University recognized OPEB expense of \$151,959 and \$142,407, respectively. At June 30, 2023 and 2022, the University reported deferred inflows and outflows of resources related to OPEB from the following sources.

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

	<b>2022</b>	
	<b>Deferred</b>	<b>Deferred</b>
	<b>Outflows of</b>	<b>Inflows of</b>
	<b>Resources</b>	<b>Resources</b>
Differences between expected and actual experience	\$ -	\$ 552,943
Changes of assumptions	521,611	212,754
Total	\$ 521,611	\$ 765,697

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Deferred inflows of resources at June 30, 2023, related to OPEB will be recognized as a reduction in OPEB expense as follows:

2024		\$ (22,771)
2025		(22,771)
2026		(22,771)
2027		(22,771)
2028		(22,771)
Thereafter		<u>(122,955)</u>
		<u><u>\$ (236,810)</u></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.

***Claims and Litigation***

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

***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.

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**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.

**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 2023 and 2022 is summarized as follows:

	<b>2023</b>	<b>2022</b>
Balance, beginning of year	\$ 450,000	\$ 450,000
Current year claims incurred and changes in estimates for claims incurred in prior years	3,845,007	4,626,387
Claims and expenses paid	3,845,007	4,626,387
	\$ 450,000	\$ 450,000

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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, 2023 and 2022, is as follows:

	<b>2023</b>	<b>2022</b>
<b>Auxiliary Enterprise System</b>		
<b>Revenue Bonds Series 2014A, 2014B, 2015, 2019, and 2021</b>		
<b>As of/Years Ended June 30, 2023 and 2022</b>		
<b>Condensed Statements of Net Position</b>		
<b>Assets</b>		
Current assets	\$ 6,467,959	\$ 5,927,585
Restricted cash	462,254	1,193,601
Lease assets, net	43,017	98,525
Subscription assets, net	24,312	-
Capital assets, net	61,805,408	63,248,395
Total assets	68,802,950	70,468,106
<b>Deferred Outflows of Resources</b>	627,700	556,664
<b>Liabilities</b>		
Current liabilities	2,783,415	3,414,731
Long-term liabilities	49,190,500	49,686,080
Total liabilities	51,973,915	53,100,811
<b>Deferred Inflows of Resources</b>	140,816	745,485
<b>Net Position</b>		
Net investment in capital assets	\$ 17,315,919	\$ 17,178,474

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	<b>2023</b>	<b>2022</b>
<b>Condensed Statements of Revenues, Expenses, and Changes in Net Position</b>		
Operating Revenues	\$ 6,680,284	\$ 6,473,797
Depreciation Expense	(2,176,028)	(1,919,229)
Other Operating Expenses	(6,338,342)	(6,112,514)
Total operating expenses	8,514,370	8,031,743
Operating loss	(1,834,086)	(1,557,946)
<b>Nonoperating Revenues (Expenses)</b>		
Interest expense	(1,665,733)	(1,998,452)
Other nonoperating revenues	3,637,264	3,664,109
Total nonoperating revenues (expenses)	1,971,531	1,665,657
<b>Income Before Other Revenues, Expenses, Gains, or Losses</b>	137,445	107,711
Change in net position	137,445	107,711
<b>Beginning Net Position</b>	17,178,474	17,070,763
<b>Ending Net Position</b>	\$ 17,315,919	\$ 17,178,474
<b>Condensed Statements of Cash Flows</b>		
<b>Net Cash Provided By (Used In)</b>		
Operating activities	\$ 218,986	\$ (166,482)
Noncapital financing activities	3,610,848	3,658,223
Capital and related financing activities	(4,299,950)	(6,263,761)
Investing activities	26,416	5,886
<b>Net Decrease in Cash and Cash Equivalents</b>	(443,700)	(2,766,134)
<b>Beginning Cash and Cash Equivalents</b>	3,910,882	6,677,016
<b>Ending Cash and Cash Equivalents</b>	\$ 3,467,182	\$ 3,910,882

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**Note 14: Missouri Southern Foundation**

***Investments***

Investments at June 30, 2023 and 2022, respectively, consisted of the following:

	<b>2023</b>	<b>2022</b>
Equity securities	\$ 5,188,490	\$ 5,808,532
Exchange traded funds	5,445,425	3,104,367
Mutual funds	1,690,856	1,429,588
Real estate interest trusts	3,211	-
Fixed income positions	3,969,201	4,246,458
Hedge funds	11,438,719	11,040,204
Money market funds and other	817,826	208,401
	<b>\$ 28,553,728</b>	<b>\$ 25,837,550</b>

***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 \$745,936 and \$657,838 were received by the Foundation from these trusts during the years ended June 30, 2023 and 2022, 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-restriction net assets. The Foundation received distributions of \$0 from these charitable remainder trusts during the years ended June 30, 2023 and 2022, 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 3.0 percent to 5.2 percent, to the present value of estimated future cash flows. Estimated annual collections of contributions receivable at June 30, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 1,194,055	\$ 277,170
One to five years	6,774,011	3,913,746
More than five years	186,839	104,690
Gross contributions receivable	<u>8,154,905</u>	<u>4,295,606</u>
Less discount for present value	<u>813,265</u>	<u>641,803</u>
Net contributions receivable	<u><u>\$ 7,341,640</u></u>	<u><u>\$ 3,653,803</u></u>

**Endowment**

Endowment net assets at June 30, 2023 and 2022, by type of fund consisted of the following:

	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
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>
	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 40,760,840	\$ 40,760,840
Board-designated endowment funds	387,272	-	387,272
	<u>\$ 387,272</u>	<u>\$ 40,760,840</u>	<u>\$ 41,148,112</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, 2023 and 2022, was \$409,520 and \$387,272, respectively.

Donor-restricted net assets at June 30, 2023 and 2022, are categorized as directed by donors as follows:

	<b>2023</b>	<b>2022</b>
Scholarships	\$ 28,443,155	\$ 26,402,388
Faculty and departmental support	9,657,913	9,131,631
Facilities improvement	1,787,627	675,441
General university support	4,562,383	721,281
Cultural activities	52,016	49,847
Time	3,634,798	3,780,252
	<b>\$ 48,137,892</b>	<b>\$ 40,760,840</b>

***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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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, 2023:

*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.

	June 30, 2023			Carrying Amount
	Fair Value			
	Level 1	Level 2	Level 3	
<b>Financial Assets</b>				
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>

	June 30, 2022			Carrying Amount
	Fair Value			
	Level 1	Level 2	Level 3	
<b>Financial Assets</b>				
Money market funds	\$ 208,401	\$ -	\$ -	\$ 208,401
Equity securities	5,808,532	-	-	5,808,532
Exchange traded funds	3,104,367	-	-	3,104,367
Mutual funds	1,429,588	-	-	1,429,588
Fixed income funds	4,246,458	-	-	4,246,458
Hedge funds	-	-	11,040,204	11,040,204
Beneficial interest in trusts held by others	-	-	12,905,155	12,905,155
	<u>\$ 14,797,346</u>	<u>\$ -</u>	<u>\$ 23,945,359</u>	<u>\$ 38,742,705</u>

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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:

<b>Balance, Beginning of Year</b>	\$	23,945,359
Total realized and unrealized gains and losses included in change in net assets		1,068,369
<b>Balance, End of Year</b>	\$	25,013,728
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	\$	1,359,310

***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:

	<b>2023</b>	<b>2022</b>
Financial assets, at year-end	\$ 50,818,192	\$ 43,351,164
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Subject to appropriation and satisfaction of donor restrictions	(36,551,988)	(34,906,477)
Investments held in annuity trust	(323,292)	(261,457)
Board designations:		
Quasi-endowment fund, primarily for long-term investing	(4,283,063)	(3,879,020)
Financial assets, available to meet cash needs for general expenditures within one year	\$ 9,659,849	\$ 4,304,210

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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 percent.

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**  
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**Required Supplementary Information**  
**Schedule of University Proportionate Share of the Net Pension Liability**  
**Missouri State Employees' Retirement System**  
**Last Nine Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
University's proportion of the net pension liability	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	\$ 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	\$ 16,269,270	\$ 17,579,681	\$ 17,609,065	\$ 19,777,488	\$ 19,443,952	\$ 20,522,141	\$ 20,344,926	\$ 21,133,582	\$ 21,669,752
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	387.87%	277.83%	356.80%	305.72%	283.93%	264.55%	249.10%	170.09%	124.20%
Plan fiduciary net position as a percentage of the total pension liability	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. However, until a full ten-year trend is compiled, the University only presents information for those years for which information is available.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 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	\$ 3,725,538
Contributions in relation to the contractually required contribution	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	3,725,538
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll	\$ 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	\$ 21,803,175
Contributions as a percentage of covered-employee payroll	26.33%	23.51%	22.88%	21.77%	20.20%	18.18%	16.97%	16.97%	16.97%	17.09%

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, 2022 or 2021. 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, 2022, valuation.

The assumed investment rate of return was 6.95 percent for the June 30, 2021, valuation, consistent with the June 30, 2020, valuation. The salary increase rate was 2.75 percent, consistent with the June 30, 2020, valuation. The wage inflation rate was 2.25 percent, 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 percent to 6.95 percent for the June 30, 2020, valuation. The salary increase rate was reduced from 2.85 percent to 2.75 percent. The wage inflation rate was reduced from 2.35 percent to 2.25 percent. There were no other changes in actuarial assumptions for the June 30, 2020, valuation.

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

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

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

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

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

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

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

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

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**Required Supplementary Information**

**Schedule of Changes in the University's Total OPEB Liability and Related Ratios  
Last Six Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 110,078	\$ 112,799	\$ 110,468	\$ 87,923	\$ 85,254	\$ 82,076
Interest	64,652	51,130	52,984	73,812	78,281	80,552
Differences between expected and actual experience	-	(361,045)	-	(284,908)	-	-
Changes in assumptions or other inputs	(15,495)	(148,277)	7,739	600,801	72,873	(129,542)
Benefit payments	<u>(201,395)</u>	<u>(184,004)</u>	<u>(223,727)</u>	<u>(199,514)</u>	<u>(106,336)</u>	<u>(83,754)</u>
<b>Net Change in Total OPEB Liability</b>	(42,160)	(529,397)	(52,536)	278,114	130,072	(50,668)
<b>Total OPEB Liability – Beginning</b>	<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>
<b>Total OPEB Liability – Ending</b>	<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 2023

**Changes of assumptions:** The discount rate was updated from 3.54% to 3.65%.

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, 2023, 2022, 2021, 2020, 2019, or 2018.

***Changes of Assumptions***

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

- The discount rate was updated from 3.54 percent to 3.65 percent.
- The trend rates were graded down from 7.0 percent to 6.75 percent (graded down 0.25 percent 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 percent to 3.54 percent.
- The mortality projection scales were updated from MP-2019 to MP-2021 to reflect the Society of Actuaries' recent mortality study.

**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 Six Fiscal Years**

- The trend rates were reset to an initial rate of 7 percent grading down by 0.25 percent per year until reaching the ultimate rate of 4 percent.

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

- The discount rate was updated from 2.21 percent to 2.16 percent.
- The trend rates were graded down from 6.0 percent to 5.5 percent (graded down 0.5 percent 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 percent to 2.21 percent.
- 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 percent to 6.0 percent (graded down 0.5 percent 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, 2023**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
U.S. Department of Education				
Student Financial Assistance Cluster				
Federal Supplemental Educational				
Opportunity Grants	84.007	N/A	\$ -	\$ 218,329
Federal Work-Study Program	84.033	N/A	-	190,408
Federal Perkins Loan Program	84.038	N/A	-	634,449
Federal Pell Grant Program	84.063	N/A	-	7,058,061
Federal Direct Student Loans	84.268	N/A	-	9,906,658
Federal Teacher Education Assistance				
for College and Higher				
Education Grants (TEACH)	84.379	N/A	-	88,643
Total Student Financial			<u>-</u>	<u>88,643</u>
Assistance Cluster			<u>-</u>	<u>18,096,548</u>
U.S. Department of Education				
TRIO Cluster				
TRIO – Student Support Services	84.042A	N/A	-	278,217
TRIO – Talent Search	84.044A	N/A	-	268,085
TRIO – Upward Bound	84.047A	N/A	-	303,219
Total TRIO Cluster			<u>-</u>	<u>849,521</u>
U.S. Department of Education				
Education Stabilization Fund				
Emergency Relief Fund				
Institutional Portion	84.425F	N/A	-	133,550
Strengthening Institutions Program	84.425M	N/A	-	985,879
Elementary and Secondary School Emergency				
Relief	84.425U	N/A	-	16,200
Total COVID-19 Education Stabilization			<u>-</u>	<u>1,135,629</u>
Fund Program			<u>-</u>	<u>1,135,629</u>
U.S. Department of Transportation				
Highway Safety Cluster				
Highway Safety Grant	20.600	N/A	-	17,849
Total forward			-	20,099,547

**Missouri Southern State University**  
**(A Component Unit of the State of Missouri)**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
Total forward			\$ -	\$ 20,099,547
U.S. Department of Agriculture/Missouri Department of Health and Senior Services				
Child and Adult Care Fund Program	10.558	ERS46110060	-	41,906
Child and Adult Care Fund Program	10.558	ERS0462776S	-	4,300
Total Child and Adult Care Fund Program			-	46,206
Small Business Administration/ University of Missouri/ Small Business Development Centers	59.037	C00076664-3	-	62,231
Small Business Development Centers	59.037	C00080472-2	-	61,144
Total Small Business Development Centers			-	123,375
U.S. Department of Education/Crowder College Consortium/Technical Education – Basic Grants to States	84.048A	V048A20025	-	40,578
U.S. Department of Health and Human Services/Foster Care Title IV-E	93.658	N/A	-	7,100
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	-	53,230
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	-	45,958
Total forward			-	20,415,994

**Missouri Southern State University**  
**(A Component Unit of the State of Missouri)**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
Total forward			\$ -	\$ 20,415,994
U.S. Department of Health and Human Services/Administration for Children and Families/Northeast Oklahoma Tribal CCDF/Child Care and Development Block Grant	93.575	20RPOKCCC3	-	2,926
U.S. Department of Health and Human Services/Administration for Children and Families/Shawnee Tribe/Child Care and Development Block Grant	93.575	21RPOKCSC6	-	66,600
U.S. Department of Health and Human Services/Administration for Children and Families/Miami Tribe Infant Toddler Grant/Child Care and Development Block Grant	93.575	21QQOKCCDF	-	5,000
U.S. Department of Health and Human Services/Missouri Department of Elementary and Secondary Education/Child Care and Development Block Grant	93.575	2101MOCCC5	-	74,661
Total Child Care and Development Block Grant			-	149,187
National Endowment for the Humanities Promotion of the Humanities Division of Preservation and Access	45.149	PG-287854-22	-	9,727
Department of the Treasury State of Missouri/Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	32,049
			\$ -	\$ 20,606,957

**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, 2023**

**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, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Missouri 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 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4: Federal Loan Programs**

The federal loan program listed subsequently is administered directly by Missouri Southern State University, and balances and transactions relating to this program are included in Missouri Southern State University’s basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2023, consists of:

<b>Assistance Listing Number</b>	<b>Program Name</b>	<b>Outstanding Balance at June 30, 2023</b>
84.038	Federal Perkins Loan Program	\$32,438

## 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, 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, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated November 7, 2023, which contained an "Emphasis of Matter" paragraph regarding a change in accounting principle. Our report includes a reference to other auditors who audited the financial statements of 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,LLP**

Springfield, Missouri  
November 7, 2023

## 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, 2023. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2023.

##### ***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of 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,LLP**

Springfield, Missouri  
November 7, 2023

**Missouri Southern State University**  
**(A Component Unit of the State of Missouri)**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

**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, 2023**

7. Identification of major federal programs:

<b>Assistance Listing Numbers</b>	<b>Name of Federal Program or Cluster</b>
	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
	Federal Teacher Education Assistance for College and Higher
84.379	Education Grants (TEACH)
	COVID-19 Education Stabilization Fund
84.425F	Institutional Portion
84.425M	Strengthening Institutions Program
84.425U	Elementary and Secondary School Emergency Relief

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, 2023**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
No matters are reportable.	

**Missouri Southern State University**  
**(A Component Unit of the State of Missouri)**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
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, 2023**

Reference Number	Summary of Finding	Status
2022-001	<p style="text-align: center;">COVID-19 Higher Education Emergency Relief Fund Program  Assistance Lising Number 84.425E COVID-19 Relief Fund for Student Aid  U.S. Department of Education Program Year 2021-2022</p> <p>Criteria or specific requirement – Quarterly Public Reporting for (a)(1) Student Aid Portion 2 CFR Sections 200.328 and 200.329.</p> <p>Condition – University did not disclose on their website the estimated total number of students at the institution that are eligible to receive Emergency Financial Aid Grants to Students under the ARP (a)(1) subprogram.</p> <p>Questioned costs – None</p> <p>Context – Out of the population of nine special reporting requirements for the fiscal year, a sample of three reports were selected for testing. For the Q2 public reporting for Student Aid Portion, the estimated total number of students at the institution that were eligible to receive Emergency Financial Aid Grants to Students under the ARP (a)(1) subprogram was not publicly posted to the institution's website.</p> <p>Effect – The public was not notified of of the estimated total number of students at the institution that were eligible to receive Emergency Financial Aid Grants to Students under the ARP (a)(1) subprogram in a timely or accurate manner.</p> <p>Cause – Personnel responsible for reporting overlooked the public posting requirement of grant information for HEERF grantees as noted in 86 FR 26213.</p> <p>Indication as a repeat finding – N/A</p>	Resolved