



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

Independent Auditor's Report and Financial Statements

June 30, 2025 and 2024



Missouri Southern State University
(A Component Unit of the State of Missouri)
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June 30, 2025 and 2024

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Independent Auditor's Report

Board of Governors
Missouri Southern State University
Joplin, Missouri

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, 2025 and 2024, 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, 2025 and 2024, 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). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the University adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Forvis Mazars, LLP

**Springfield, Missouri
November 10, 2025**

**Missouri Southern State University
(A Component Unit of the State of Missouri)
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

Overview

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

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

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

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

Academic Programs

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

Management Discussion and Analysis

The following discussion and analysis provides an overview of the financial position and activities of Missouri Southern State University for the years ended June 30, 2025 and 2024. 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 workforce.

Financial Highlights

2025

At June 30, 2025, the University's net position was \$80.5 million. Operating revenues were \$27.6 million, which include tuition and fees of \$13.3 million, grants of \$6.0 million, auxiliary revenues of \$7.3 million, and other revenues of \$1.0 million. Operating expenses amounted to \$73.0 million resulting in an operating loss of \$45.4 million before state appropriations and other nonoperating revenues and expenses. The 2025 operating loss, net nonoperating revenue of \$45.8 million, and capital gifts and grants of \$23.3 million resulted in an increase in net position of \$23.7 million and included depreciation and amortization expense of \$8.8 million.

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2024

At June 30, 2024, the University's net position was \$56.8 million. Operating revenues were \$27.3 million, which include tuition and fees of \$13.2 million, grants of \$6.1 million, auxiliary revenues of \$6.9 million, and other revenues of \$1.1 million. Operating expenses amounted to \$66.8 million resulting in an operating loss of \$39.5 million before state appropriations and other nonoperating revenues and expenses. The 2024 operating loss, net nonoperating revenue of \$43.8 million, and capital gifts and grants of \$4.0 million resulted in an increase in net position of \$8.4 million and included depreciation and amortization expense of \$8.4 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, 2025, 2024, and 2023.

Net Position, End of Year (In Millions)			
	2025	2024 (Restated)	2023
Current Assets	\$ 31.0	\$ 29.4	\$ 25.2
Capital Assets – Net	161.5	143.0	144.9
Lease Assets – Net	0.1	1.6	1.7
Subscription Assets - Net	3.1	3.0	1.6
Other Noncurrent Assets	7.7	3.4	3.3
Total Assets	<u>\$ 203.4</u>	<u>\$ 180.4</u>	<u>\$ 176.7</u>
Deferred Outflows of Resources	<u>\$ 12.4</u>	<u>\$ 12.8</u>	<u>\$ 10.8</u>
Current Liabilities	\$ 15.1	\$ 10.0	\$ 8.0
Noncurrent Liabilities	115.3	119.6	126.6
Total Liabilities	<u>\$ 130.4</u>	<u>\$ 129.6</u>	<u>\$ 134.6</u>
Deferred Inflows of Resources	<u>\$ 4.9</u>	<u>\$ 6.8</u>	<u>\$ 3.3</u>
Net Position			
Net investment in capital assets	\$ 105.0	\$ 84.1	\$ 84.6
Restricted	8.7	2.2	2.0
Unrestricted	(33.2)	(29.5)	(37.0)
Total Net Position	<u>\$ 80.5</u>	<u>\$ 56.8</u>	<u>\$ 49.6</u>

The restricted net position of \$8.7 million in 2025 is expendable and held for scholarships and capital projects. The restricted net position of \$2.2 million in 2024 is expendable and held for scholarships and capital projects.

Unrestricted net position has a negative balance that began in fiscal year 2015. This resulted from the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. These statements established standards for the measurement, recognition, and presentation of net pension liability and other postemployment benefits in the University's financial statements. Net pension liabilities recorded on the statement of net position in accordance with GASB Statement No. 68 totaled \$56.4 million, \$56.4 million, and \$63.1 million at June 30, 2025, 2024, and 2023, respectively.

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Additional impact to unrestricted net position resulted from implementation of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* that began in 2018. Other postemployment benefit liability as of June 30, 2025, 2024, and 2023, totaled \$1.4 million, \$1.5 million, and \$1.8 million, respectively.

The following table summarizes the University's revenues, expenses, and changes in net position for the years ending June 30, 2025, 2024, and 2023:

Change in Net Position (In Millions)			
	2025	2024 (Restated)	2023
Operating Revenues			
Tuition and fees	\$ 13.3	\$ 13.2	\$ 12.5
Grants and contracts	6.0	6.1	5.1
Auxiliary enterprises	7.3	6.9	6.4
Other	1.0	1.1	1.0
Total Operating Revenues	27.6	27.3	25.0
Operating Expenses	73.0	66.8	69.0
Operating Loss	(45.4)	(39.5)	(44.0)
Nonoperating Revenue (Expense)			
State appropriations	32.5	31.9	28.8
Federal grants and contracts	8.7	7.4	7.1
Federal CARES Act grant	0.0	0.0	1.0
Contributions	4.3	4.1	3.9
Investment income	1.6	1.6	1.0
Interest on capital asset – related debt	(2.4)	(2.3)	(2.3)
Other nonoperating revenues	1.1	1.2	0.7
Net Nonoperating Revenue (Expense)	45.8	43.9	40.2
Income (Loss) Before Other Revenues	0.4	4.4	(3.8)
Capital appropriations – state	21.2	0.7	0.8
Capital appropriations - federal	0.0	2.0	0.0
Capital gifts and grants	2.1	1.3	1.3
Total other revenues, expenses, gains, or losses	23.3	4.0	2.1
Increase (Decrease) in Net Position	23.7	8.4	(1.7)
Net Position, Beginning of Year	56.8	48.4	51.3
Net Position, End of Year	\$ 80.5	\$ 56.8	\$ 49.6

Missouri Southern State University
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Years Ended June 30, 2025 and 2024

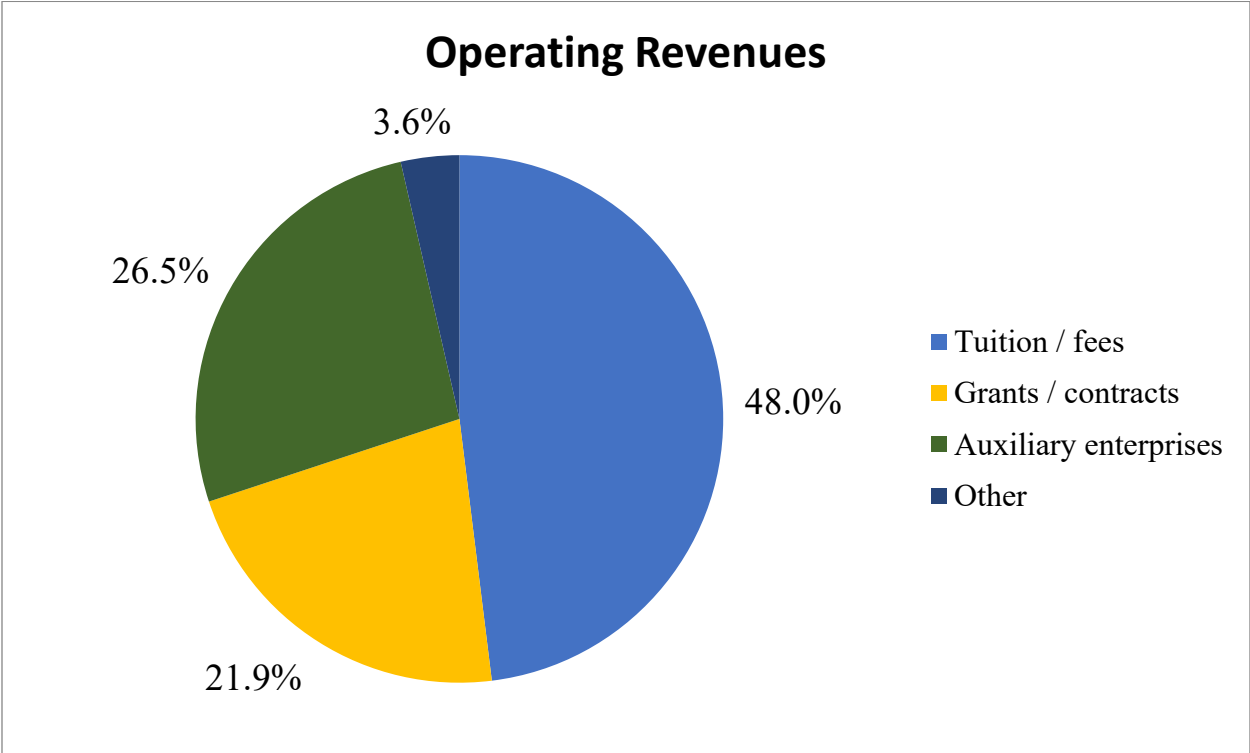
2025

Total operating revenues are \$27.6 million and reflect an increase in tuition revenue and additional auxiliary revenues. The University continues to see increases in graduate enrollment.

2024

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

The following graph summarizes the University's operating revenues for the year ended June 30, 2025:



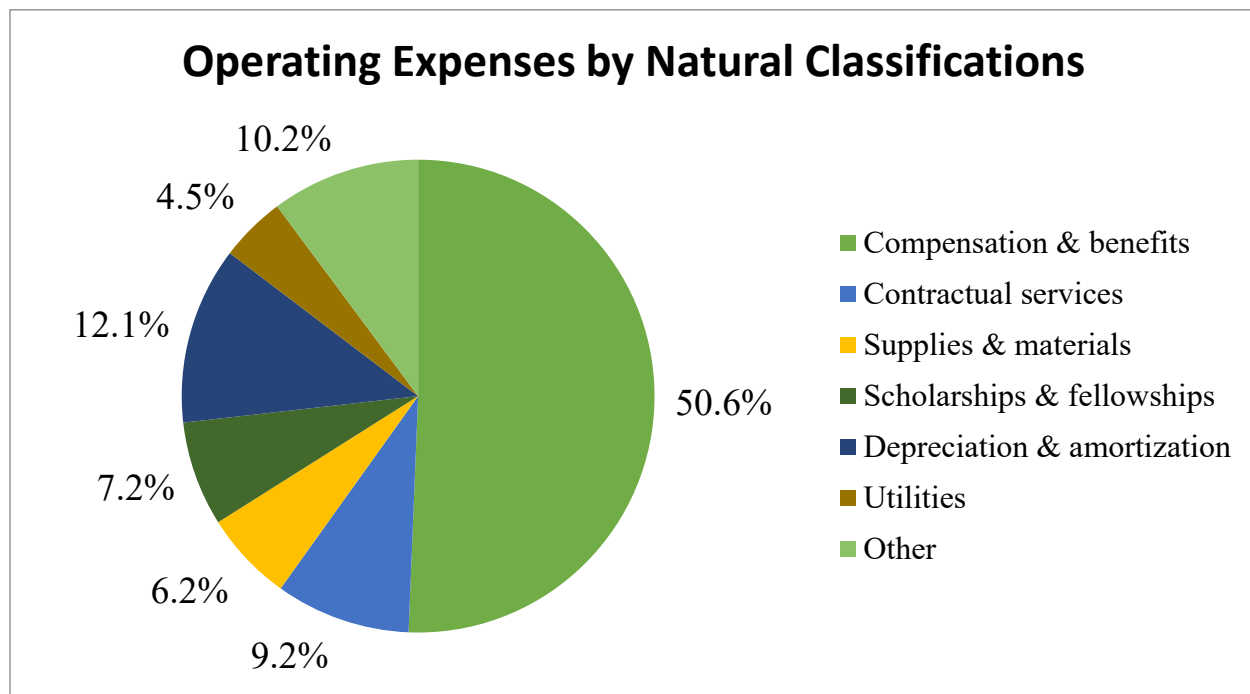
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The following table summarizes the University's operating expenses by natural classifications for the years ended June 30, 2025, 2024, and 2023:

Operating Expenses (In Millions)

	2025	2024	2023
Compensation and benefits	\$ 37.0	\$ 31.1	\$ 36.6
Contractual services	6.8	5.8	4.0
Supplies and materials	4.5	5.3	5.1
Scholarships	5.2	5.0	4.6
Depreciation and amortization	8.8	8.4	8.5
Utilities	3.3	3.5	3.5
Other	7.4	7.7	6.7
Total operating expenses	\$ 73.0	\$ 66.8	\$ 69.0

The following graph summarizes the University's operating expenses by natural classifications for the year ended June 30, 2025:



Operating expenses increased by \$6.2 million due to increase in compensation and benefits due to filled positions, additional grant funded positions, increased health insurance expense and additional contractual services and an increase in benefits due to the GASB 68 entry for MOSERS. Contractual services increased due to grant activity, recruiting efforts and changes in food service contract.

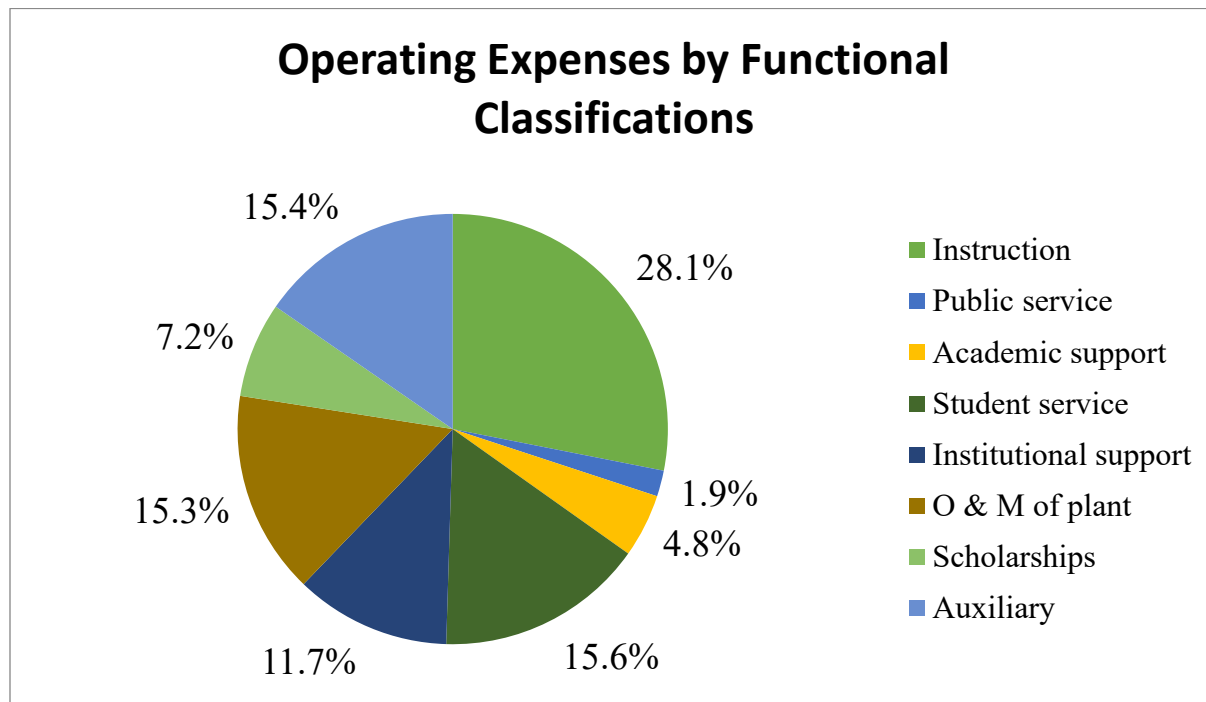
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The following table summarizes the University's operating expenses by functional classifications for the years ended June 30, 2025, 2024, and 2023:

Operating Expenses by Functional Classifications (In Millions)

	2025	2024	2023
Instruction	\$ 20.6	\$ 19.0	\$ 19.7
Public service	1.4	0.2	0.2
Academic support	3.5	2.9	2.7
Student service	11.4	9.9	11.6
Institutional support	8.5	8.1	8.5
Operations and maintenance of plant	11.2	10.6	10.8
Scholarships	5.2	4.9	5.0
Auxiliary	11.2	11.2	10.5
Total operating expenses	\$ 73.0	\$ 66.8	\$ 69.0

The following graph summarizes the University's operating expenses by functional classifications for the year ended June 30, 2025:



2025

Functional expenses for fiscal year 2025 reflect an overall increase due to increases in compensation and benefits due to filled positions, additional grant funded positions, increased health insurance expense, and an increase in benefits due to the GASB 68 entry for MOSERS. Contractual services increased due to grant activity, recruiting efforts and changes in food service contract.

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2024

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

The following table summarizes the University's nonoperating revenues and expenses for the years ended June 30, 2025, 2024, and 2023:

Nonoperating Revenues and Expenses (In Millions)

	2025	2024	2023
State appropriations	\$ 32.5	\$ 31.9	\$ 28.8
Federal grants and contracts	8.7	7.4	7.1
Federal CARES Act grant	0.0	0.0	1.0
Contributions	4.3	4.0	3.9
Investment income	1.6	1.6	1.0
Interest on capital asset – related debt	(2.4)	(2.3)	(2.3)
Other nonoperating expenses	1.1	1.2	0.7
Net nonoperating revenues	<u>\$ 45.8</u>	<u>\$ 43.8</u>	<u>\$ 40.2</u>

The following table summarizes the University's cash flows for the years ended June 30, 2025, 2024, and 2023:

Cash Flows (In Millions)

	2025	2024	2023
Cash Provided By (Used In)			
Operating activities	\$ (39.1)	\$ (37.4)	\$ (35.9)
Noncapital financing activities	47.0	44.7	41.5
Capital and related financing activities	(3.9)	(6.9)	(7.6)
Investing activities	1.5	1.6	1.0
Net Change in Cash and Cash Equivalents	5.5	2.0	(1.0)
Cash and Cash Equivalents, Beginning of Year	26.8	24.8	25.8
Cash and Cash Equivalents, End of Year	<u>\$ 32.3</u>	<u>\$ 26.8</u>	<u>\$ 24.8</u>

**Missouri Southern State University
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Years Ended June 30, 2025 and 2024**

2025

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 \$39.1 million. Cash provided by noncapital financing activities of \$47.0 million includes state appropriations, federal appropriations, federal grants, gifts, and grants for other than capital purposes and other. Cash used by capital and related financing activities of \$3.9 million consists of purchases of capital assets, gifts, and grants for capital projects and principal and interest paid on capital debt, leases, and subscription assets. Cash provided by investing activities resulted from investment income received. Cash and cash equivalents at June 30, 2025, were \$32.3 million, which increased \$5.5 million from June 30, 2024.

2024

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

Capital, Lease, and Subscription Assets

2025

At June 30, 2025, the University had \$164.7 million (net of accumulated depreciation and amortization), compared to \$147.6 million at June 30, 2024, 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.

2024

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

Long-Term Obligations

2025

At June 30, 2025, the University had \$59.3 million in bonds, other long-term debt payable, and lease and subscription liabilities, of which \$3.3 million is payable during the upcoming fiscal year. *Note 5* to the financial statements provides additional information about the University's long-term debt and other long-term obligations.

2024

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

**Missouri Southern State University
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Economic Outlook

Missouri Southern recently celebrated the expansion of its statewide mission to encompass health and life sciences as well as immersive learning experiences, enhancing its longstanding commitment to international education.

In pursuit of its mission, the University prioritizes building partnerships with both local and international institutions. Articulation agreements with community colleges facilitate seamless progression to bachelor's and master's degrees, while global collaborations increase opportunities for study abroad and experiential learning.

Scheduled to open in fall 2026, the Roy Blunt Health Science Innovation Center is a 70,000 square foot facility supported by state capital appropriations and philanthropic contributions. The center will embody the University's expanded mission, featuring a simulation hospital where students, faculty, and staff can participate in immersive learning activities utilizing state-of-the-art equipment and advanced technology. Additionally, the facility will serve as the University's welcome center, housing Admissions, and International Education offices.

The State has renewed funding for the Science to Jobs initiative, which advances precision health and agriculture programs, including summer camps for middle and high school students. These resources support the Missouri 3D Printing Center for Precision Health, which will further expand immersive learning opportunities within the new Roy Blunt Health Science Innovation Center.

Campus leadership is actively addressing deferred maintenance and structural needs. Annually, administrators and the Board of Governors collaborate to identify and finance major projects. Renovations will soon commence at the Dianne Mayes Student Life Center, with plans to offer enhanced study, collaboration, and recreation spaces designed to promote student engagement.

Upgrades to the Leggett & Platt Athletic Center include a new basketball court, new indoor track, and updated bleachers, with the facility scheduled to reopen in spring 2026.

Missouri Southern continues to report growth in enrollment and graduate programs. The State of Missouri remains committed to supporting higher education, with fiscal year 2026 providing a 1.5% core funding increase for all public universities.

Legislation at federal and state levels directly impacts higher education and ultimately our students. Public perception and political discussions regarding federal financial aid, international relationships, grant opportunities, etc. are woven into higher education. Our commitment remains the same: to educate knowledgeable, responsible, successful global citizens.

Missouri Southern State University
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Statements of Net Position
June 30, 2025 and 2024

	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash	\$ 19,458,444	\$ 18,509,964
Reserved cash	5,613,381	5,298,857
Accounts receivable, net	2,194,688	1,697,785
Federal and state receivables, net	2,786,790	2,810,514
Inventories	449,047	427,546
Deposits and prepaid expenses	534,979	709,241
Total Current Assets	31,037,329	29,453,907
Noncurrent Assets		
Restricted cash	7,244,320	2,913,552
Restricted investments	22,612	57,612
Lease receivable, net	412,998	411,324
Capital assets, net	161,472,447	143,048,491
Lease assets, net	75,477	1,574,763
Subscription assets, net	3,149,617	2,963,924
Total Noncurrent Assets	172,377,471	150,969,666
Total Assets	203,414,800	180,423,573
Deferred Outflows of Resources		
Loss on refunding of bonds	193,410	210,080
Deferred outflows of resources related to pensions	11,743,528	12,087,166
Deferred outflows of resources related to other postemployment benefits	447,188	511,757
Total Deferred Outflows of Resources	\$ 12,384,126	\$ 12,809,003

Missouri Southern State University
(A Component Unit of the State of Missouri)
Statements of Net Position
June 30, 2025 and 2024

(Continued)

	2025	2024 (Restated - Note 1)
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 7,627,456	\$ 4,752,326
Accrued compensated absences	905,110	913,511
Unearned revenue	1,682,199	1,085,715
Unearned revenue – vending	7,500	7,500
Unearned grant revenue	1,500,000	-
Other postemployment benefit liability – current portion	119,807	105,407
Long-term debt – current portion	2,419,124	2,360,939
Current portion of lease liabilities	39,576	57,519
Current portion of subscription liabilities	849,188	724,536
Total Current Liabilities	15,149,960	10,007,453
Noncurrent Liabilities		
Accrued compensated absences	1,571,453	1,626,623
Unearned revenue – vending	15,625	23,125
Other postemployment benefit liability	1,317,069	1,444,395
Long-term debt	54,203,759	56,622,883
Lease liabilities	60,309	1,785,026
Subscription liabilities	1,767,329	1,666,179
Net pension liability	56,384,108	56,382,069
Total Noncurrent Liabilities	115,319,652	119,550,300
Total Liabilities	130,469,612	129,557,753
Deferred Inflows of Resources		
Pension related	3,476,980	5,527,866
Other postemployment benefit related	983,897	974,681
Leases	353,702	367,176
Total Deferred Inflows of Resources	4,814,579	6,869,723
Net Position		
Net investment in capital assets	105,049,645	84,096,445
Restricted for		
Expendable		
Scholarships and fellowships	272,903	295,504
Capital projects	8,359,722	1,889,184
Unrestricted (deficit)	(33,167,535)	(29,476,033)
Total Net Position	\$ 80,514,735	\$ 56,805,100

Missouri Southern State University
(A Component Unit of the State of Missouri)
Missouri Southern Foundation
Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash	\$ 2,279,189	\$ 1,656,884
Contributions receivable – current portion	4,281,657	1,207,063
Other receivables	1,873	1,986
Total Current Assets	<u>6,562,719</u>	<u>2,865,933</u>
Investments	<u>37,193,137</u>	<u>32,008,027</u>
Other Assets		
Contributions receivable – long-term portion	2,988,603	5,470,148
Beneficial interests in trusts held by others	15,932,251	14,989,651
Total Other Assets	<u>18,920,854</u>	<u>20,459,799</u>
Total Assets	<u><u>\$ 62,676,710</u></u>	<u><u>\$ 55,333,759</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 178	\$ 18,517
Annuity obligations	168,749	130,912
Total Current Liabilities	<u>168,927</u>	<u>149,429</u>
Net Assets		
Without donor restriction	1,239,575	1,761,187
With donor restriction	61,268,208	53,423,143
Total Net Assets	<u>62,507,783</u>	<u>55,184,330</u>
Total Liabilities and Net Assets	<u><u>\$ 62,676,710</u></u>	<u><u>\$ 55,333,759</u></u>

Missouri Southern State University
(A Component Unit of the State of Missouri)
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2025 and 2024

	2025	2024 (Restated - Note 1)
Operating Revenues		
Tuition and fees, net of scholarship allowances and bad debt expense	\$ 13,276,259	\$ 13,229,035
Federal grants and contracts	3,091,048	3,226,813
State grants and contracts	2,945,720	2,884,469
Interest on loans to students	-	2,688
Auxiliary enterprises		
Housing, net of scholarship allowances and bad debt expense	3,656,805	3,381,009
Student recreation and health center	1,167,067	1,162,559
Bookstore and other	2,483,631	2,321,863
Other operating revenues	986,540	1,054,407
Total Operating Revenues	27,607,070	27,262,843
Operating Expenses		
Compensation and benefits	36,995,888	31,073,267
Contractual services	6,731,957	5,760,864
Supplies and materials	4,495,809	5,345,997
Scholarships and fellowships	5,223,254	5,027,799
Depreciation and amortization	8,842,787	8,376,283
Utilities	3,276,077	3,485,463
Other	7,414,537	7,698,261
Total Operating Expenses	72,980,309	66,767,934
Operating Loss	(45,373,239)	(39,505,091)
Nonoperating Revenues (Expenses)		
State appropriations	30,465,570	29,924,445
State contracts	2,110,257	1,972,696
Federal grants and contracts	8,743,669	7,397,006
Contributions	4,289,248	4,059,693
Investment income	1,560,741	1,605,165
Interest on capital asset-related debt	(2,423,403)	(2,330,649)
Other nonoperating revenues	1,037,123	1,240,832
Net Nonoperating Revenues (Expenses)	45,783,205	43,869,188
Income Before Other Revenues, Expenses, Gains, or Losses	409,966	4,364,097
Other Revenues, Expenses, Gains, or Losses		
Capital grants and gifts	2,074,838	1,283,150
State capital appropriations	21,224,831	727,354
Federal capital appropriations	-	2,000,000
Total Other Revenues, Expenses, Gains, or Losses	23,299,669	4,010,504
Increase in Net Position	23,709,635	8,374,601
Net Position, Beginning of Year, as Previously Reported	56,805,100	49,562,286
Cumulative Effect of Change in Accounting Principle	-	(1,131,787)
Net Position, Beginning of Year, as Restated	-	48,430,499
Net Position, End of Year	\$ 80,514,735	\$ 56,805,100

See Notes to Financial Statements

Missouri Southern State University
(A Component Unit of the State of Missouri)
Missouri Southern Foundation
Statement of Activities
Year Ended June 30, 2025

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue			
Contributions	\$ 292,825	\$ 6,150,582	\$ 6,443,407
Investment income	128,357	1,141,045	1,269,402
Net realized gain on investments	214,417	2,098,989	2,313,406
Net unrealized gain on investments	244,425	1,181,485	1,425,910
Increase in beneficial interest in trusts	-	942,600	942,600
Net assets released from restrictions	3,255,274	(3,255,274)	-
Internal endowment management fees	414,362	(414,362)	-
Total Support and Revenue	4,549,660	7,845,065	12,394,725
Expenses			
Scholarships	1,216,196	-	1,216,196
Faculty and department support	1,665,470	-	1,665,470
Facilities improvement	525,441	-	525,441
General university support	504,863	-	504,863
Cultural activities	3,835	-	3,835
Administrative	972,471	-	972,471
Fundraising	182,996	-	182,996
Total Expenses	5,071,272	-	5,071,272
Change in Net Assets	(521,612)	7,845,065	7,323,453
Net Assets at Beginning of Year	1,761,187	53,423,143	55,184,330
Net Assets at End of Year	\$ 1,239,575	\$ 61,268,208	\$ 62,507,783

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

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue			
Contributions	\$ 183,552	\$ 3,274,187	\$ 3,457,739
Investment income	65,878	979,527	1,045,405
Net realized gain on investments	37,875	394,421	432,296
Net unrealized gain on investments	155,804	2,539,929	2,695,733
Increase in beneficial interest in trusts	48,731	1,365,911	1,414,642
Net assets released from restrictions	<u>2,892,751</u>	<u>(2,892,751)</u>	<u>-</u>
Internal endowment management fees	375,973	(375,973)	-
Total Support and Revenue	<u>3,760,564</u>	<u>5,285,251</u>	<u>9,045,815</u>
Expenses			
Scholarships	1,341,101	-	1,341,101
Faculty and department support	1,589,558	-	1,589,558
Facilities improvement	33,196	-	33,196
General university support	531,658	-	531,658
Cultural activities	2,980	-	2,980
Administrative	860,102	-	860,102
Fundraising	<u>130,653</u>	<u>-</u>	<u>130,653</u>
Total Expenses	<u>4,489,248</u>	<u>-</u>	<u>4,489,248</u>
Change in Net Assets	(728,684)	5,285,251	4,556,567
Net Assets at Beginning of Year	<u>2,489,871</u>	<u>48,137,892</u>	<u>50,627,763</u>
Net Assets at End of Year	<u>\$ 1,761,187</u>	<u>\$ 53,423,143</u>	<u>\$ 55,184,330</u>

Missouri Southern State University
(A Component Unit of the State of Missouri)
Missouri Southern Foundation
Statements of Functional Expenses
Year Ended June 30, 2025

	Program Services	Support Services	Functional Expenses
Year Ended June 30, 2025			
Scholarships	\$ 1,216,196	\$ -	\$ 1,216,196
Faculty and department support	1,665,470	-	1,665,470
Facilities improvement	525,441	-	525,441
General university support	504,863	-	504,863
Cultural activities	3,835	-	3,835
Administrative	-	972,471	972,471
Fundraising	-	182,996	182,996
Total	<u>\$ 3,915,805</u>	<u>\$ 1,155,467</u>	<u>\$ 5,071,272</u>

	Program Services	2024 Support Services	Functional Expenses
Year Ended June 30, 2024			
Scholarships	\$ 1,341,101	\$ -	\$ 1,341,101
Faculty and department support	1,589,558	-	1,589,558
Facilities improvement	33,196	-	33,196
General university support	531,658	-	531,658
Cultural activities	2,980	-	2,980
Administrative	-	860,102	860,102
Fundraising	-	130,653	130,653
Total	<u>\$ 3,498,493</u>	<u>\$ 990,755</u>	<u>\$ 4,489,248</u>

Missouri Southern State University
(A Component Unit of the State of Missouri)
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024 (Restated - Note 1)
Operating Activities		
Tuition and fees	\$ 13,682,459	\$ 13,541,193
Grants and contracts	5,767,043	3,618,722
Payments for scholarships	(5,223,254)	(5,027,799)
Payments to suppliers	(22,518,858)	(21,146,513)
Payments to employees	(38,824,219)	(35,975,882)
Collection of loans to students and employees	-	19,267
Sales and services of auxiliary enterprises	7,017,941	6,476,385
Other receipts	986,540	1,054,407
Net Cash Used in Operating Activities	(39,112,348)	(37,440,220)
Noncapital Financing Activities		
State appropriations	32,575,827	29,924,445
State contracts	-	1,972,696
Federal grants and contracts	8,743,669	7,397,006
Gifts and grants for other than capital purposes	4,289,248	4,059,693
Other receipts	1,409,236	1,372,704
Net Cash Provided by Noncapital Financing Activities	47,017,980	44,726,544
Capital and Related Financing Activities		
Capital appropriations-state	21,224,831	727,354
Capital appropriations-federal	-	2,000,000
Capital grants and gifts received	3,574,838	1,283,150
Purchase of capital assets	(22,655,830)	(5,671,135)
Proceeds from sale of capital assets	-	55,281
Principal paid on capital debt	(2,360,939)	(1,717,287)
Interest paid on capital debt	(2,125,577)	(2,205,532)
Principal paid on leases payable	(57,522)	(96,709)
Interest paid on leases payable	(57,019)	(66,938)
Interest paid on lease receivable	21,695	21,063
Principal paid on subscription liability	(1,266,229)	(1,202,143)
Interest paid on subscription liability	(205,849)	(48,379)
Net Cash Used in Capital and Related Financing Activities	(3,907,601)	(6,921,275)

Missouri Southern State University
(A Component Unit of the State of Missouri)
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

(Continued)

	2025	2024 (Restated - Note 1)
Investing Activities		
Proceeds from sales and maturities of investments	\$ 35,000	\$ -
Investment income received	1,560,741	1,605,165
Net Cash Provided by Investing Activities	1,595,741	1,605,165
Increase in Cash	5,593,772	1,970,214
Cash, Beginning of Year	26,722,373	24,752,159
Cash, End of Year	\$ 32,316,145	\$ 26,722,373
Reconciliation of Cash to the Statements of Net Position		
Cash	\$ 19,458,444	\$ 18,509,964
Reserved cash	5,613,381	5,298,857
Restricted cash	7,244,320	2,913,552
Total Cash	\$ 32,316,145	\$ 26,722,373
Reconciliation of Operating Loss to Net Cash		
Used in Operating Activities		
Operating loss	\$ (45,373,239)	\$ (39,505,091)
Depreciation expense	7,424,721	7,206,120
Amortization expense	1,418,066	1,170,163
Changes in operating assets and liabilities		
Receivables, net	(473,179)	(2,602,179)
Inventories	(21,501)	27,845
Prepaid expenses	174,262	200,975
Accounts payable and accrued liabilities	(837,220)	1,415,103
Total other postemployment benefits	(112,926)	(224,974)
Deferred revenue	320,092	49,310
Net pension liability	2,039	(6,721,907)
Deferred inflows of resources	(2,041,670)	3,548,172
Deferred outflows of resources	408,207	(2,003,757)
Net Cash Used in Operating Activities	\$ (39,112,348)	\$ (37,440,220)
Noncash Investing, Capital, and Financing Activities		
Accounts payable incurred for purchase of capital assets	\$ 3,634,740	\$ 4,250
Lease assets acquired with lease liabilities	\$ -	\$ 10,875
Accretion of lease receivables	\$ 1,674	\$ 2,194
Subscription assets acquired with subscription liabilities	\$ 1,492,032	\$ 2,407,079

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

Nature of Operations

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

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

Basis of Accounting and Presentation

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

Use of Estimates

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

Reserved Cash

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

Investments and Investment Income

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

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

Missouri Southern State University
(A Component Unit of the State of Missouri)
Notes to Financial Statements
June 30, 2025 and 2024

Accounts Receivable

Approximately 72% and 68% of accounts receivable at June 30, 2025 and 2024, respectively, is due from governmental and other entities for reimbursements under grants and other programs. The remaining 28% and 32% of accounts receivable at June 30, 2025 and 2024, respectively, consists of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty, and staff.

Student accounts receivable are stated at the amount billed to the students less applied scholarships and loan proceeds and an allowance for doubtful accounts of \$4,800,000 and \$4,100,000 at June 30, 2025 and 2024, 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.

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.

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, 2025 and 2024.

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

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. A liability is accrued for compensated absences as benefits are earned if the leave is more likely than not to be used for time off or settled in cash.

Compensated absence liabilities are computed using the regular pay and termination pay rates, as applicable, in effect at statement of net position date plus an additional amount for salary-related payments such as social security and Medicare taxes computed using rates in effect at that date. The estimated compensated absences liability expected to be paid more than one year after the statement of net position date is included in other long-term liabilities.

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.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the University, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted 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

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

Missouri Southern State University
(A Component Unit of the State of Missouri)
Notes to Financial Statements
June 30, 2025 and 2024

Tuition and Fee Revenue

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

Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statements of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, are recorded as nonoperating revenues and other governmental grants are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees and housing for the year ended June 30, 2025, were \$15,786,104 and \$2,921,829, respectively, and for the year ended June 30, 2024, were \$14,181,566 and \$2,475,563, 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, 2025, the Foundation provided funding for scholarships and general university support of \$1,209,557 and \$2,215,344, respectively. During the year ended June 30, 2024, the Foundation provided funding for scholarships and general university support of \$1,318,709 and \$1,612,125, respectively. 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.

Missouri Southern State University
(A Component Unit of the State of Missouri)
Notes to Financial Statements
June 30, 2025 and 2024

New Accounting Pronouncements Adopted in Fiscal Year 2025

The University adopted the following new accounting pronouncement during the year ended June 30, 2025:

GASB Statement No. 101, Compensated Absences

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. The new accounting guidance updated the recognition and measurement guidance for compensated absences under a unified model.

Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements. As a part of the implementation, the University has elected to apply a Last-In, First-Out (LIFO) flows assumption to the measurement of compensated absences. Under this approach, the most recently earned leave is assumed to be used first.

The University adopted this standard on July 1, 2024, and applied it retrospectively to the earliest period presented. The cumulative effect adjustment to beginning net position at the date of initial application was a decrease of \$1,105,583. As a result of the implementation, the following financial statement line items for fiscal year 2024 were restated:

	<u>As Restated</u>	<u>As Previously Reported</u>	<u>Effect of Change</u>
Statement of Net Position			
Current Liabilities			
Accrued compensated absences	\$ 913,511	\$ 906,830	\$ 6,681
Total current liabilities	10,007,453	10,000,772	6,681
Noncurrent Liabilities			
Accrued compensated absences	1,626,623	527,721	1,098,902
Total noncurrent liabilities	119,550,300	118,451,398	1,098,902
Total liabilities	129,557,753	128,452,170	1,105,583
Net Position			
Unrestricted (deficit)	(29,476,033)	(28,370,450)	(1,105,583)
Total net position	56,805,100	57,910,683	(1,105,583)

Missouri Southern State University
(A Component Unit of the State of Missouri)
Notes to Financial Statements
June 30, 2025 and 2024

	<u>As Restated</u>	<u>As Previously Reported</u>	<u>Effect of Change</u>
Statement of Revenues, Expenses, and Changes in Net Position			
Operating Expenses			
Compensation and benefits	\$ 31,073,267	\$ 31,099,471	\$ (26,204)
Total operating expenses	66,767,934	66,794,138	(26,204)
Operating Loss	(39,505,091)	(39,531,295)	26,204
Income Before Other Revenues Expenses, Gains, or Losses	4,364,097	4,337,893	26,204
Increase in Net Position	8,374,601	8,348,397	26,204
Statement of Cash Flows			
Reconciliation of Operating Loss to Net Cash Used in Operating Activities			
Operating loss	\$ (39,505,091)	\$ (39,531,295)	\$ 26,204
Changes in operating assets and liabilities			
Accounts payable and accrued liabilities	\$ 1,415,103	\$ 1,441,307	\$ (26,204)

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, 2025 and 2024, respectively, the University's bank balances were \$33,125,197 and \$28,186,328. None of these deposits were exposed to custodial credit risk at June 30, 2025 or 2024.

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.

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At June 30, 2025 and 2024, the University held \$21,851 of equity securities restricted by a donor.

Summary of Carrying Values

The carrying values of deposits and investments discussed above are:

	<u>2025</u>	<u>2024</u>
Carrying value		
Cash on hand	\$ 5,700	\$ 7,700
Deposits	32,311,206	26,750,434
Other investments	<u>21,851</u>	<u>21,851</u>
	<u><u>\$ 32,338,757</u></u>	<u><u>\$ 26,779,985</u></u>

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

	<u>2025</u>	<u>2024</u>
Cash	\$ 19,458,444	\$ 18,509,964
Reserved cash	5,613,381	5,298,857
Restricted cash	7,244,320	2,913,552
Restricted investments	<u>22,612</u>	<u>57,612</u>
	<u><u>\$ 32,338,757</u></u>	<u><u>\$ 26,779,985</u></u>

Investment Income

Investment income for the years ended June 30, 2025 and 2024, consisted of interest and dividend income of \$1,560,741 and \$1,605,165, respectively.

Note 3. Lease Receivable

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

Revenue recognized under the lease contract during the years ended June 30, 2025 and 2024 was \$36,843 and \$36,731, 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, 2025 and 2024, was:

	2025				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Nondepreciable capital assets					
Land	\$ 963,805	\$ -	\$ -	\$ -	\$ 963,805
Construction in progress	6,755,950	25,417,272	-	(4,283,138)	27,890,084
Total nondepreciable capital assets	7,719,755	25,417,272	-	(4,283,138)	28,853,889
Depreciable capital assets					
Land improvements	5,451,711	26,700	(56,205)	-	5,422,206
Buildings, improvements, and leasehold improvements	215,764,603	22,472	(1,292,319)	4,188,733	218,683,489
Infrastructure	3,312,482	-	-	77,500	3,389,982
Furniture, fixtures, and equipment	18,768,815	754,017	(407,560)	16,905	19,132,177
Vehicles	610,503	-	-	-	610,503
Works of art	478,246	-	-	-	478,246
Software	1,593,297	-	(106,759)	-	1,486,538
Library materials	6,272,056	13,994	(20,678)	-	6,265,372
Total depreciable capital assets	252,251,713	817,183	(1,883,521)	4,283,138	255,468,513
Less accumulated depreciation					
Land improvements	4,695,389	182,374	(56,205)	-	4,821,558
Buildings, improvements, and leasehold improvements	87,480,063	6,191,391	(913,100)	-	92,758,354
Infrastructure	621,650	143,465	-	-	765,115
Furniture, fixtures, and equipment	15,352,501	861,280	(400,999)	-	15,812,782
Vehicles	521,817	21,730	-	-	543,547
Works of art	448,849	6,413	-	-	455,262
Software	1,593,297	-	(106,759)	-	1,486,538
Library materials	6,209,411	18,066	(20,678)	-	6,206,799
Total accumulated depreciation	116,922,977	7,424,719	(1,497,741)	-	122,849,955
Total depreciable capital assets, net	135,328,736	(6,607,536)	(385,780)	4,283,138	132,618,558
Net capital assets	\$ 143,048,491	\$ 18,809,736	\$ (385,780)	\$ -	\$ 161,472,447

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

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Lease assets activity for the years ended June 30, 2025 and 2024, was:

	2025		
	Beginning Balance	Additions	Ending Balance
Buildings	\$ 34,542	\$ -	\$ (34,542)
Equipment	2,226,987	-	(1,787,559)
	<u>2,261,529</u>	<u>-</u>	<u>(1,822,101)</u>
			<u>439,428</u>
Less accumulated amortization			
Buildings	34,542	-	(34,542)
Equipment	652,224	111,726	(399,999)
	<u>686,766</u>	<u>111,726</u>	<u>(434,541)</u>
			<u>363,951</u>
Lease assets, net	<u>\$ 1,574,763</u>	<u>\$ (111,726)</u>	<u>\$ (1,387,560)</u>
			<u>\$ 75,477</u>
2024			
	Beginning Balance	Additions	Ending Balance
Buildings	\$ 34,542	\$ -	\$ -
Equipment	2,216,112	10,875	-
	<u>2,250,654</u>	<u>10,875</u>	<u>-</u>
			<u>2,261,529</u>
Less accumulated amortization			
Buildings	34,542	-	-
Equipment	505,579	146,645	-
	<u>540,121</u>	<u>146,645</u>	<u>-</u>
			<u>686,766</u>
Lease assets, net	<u>\$ 1,710,533</u>	<u>\$ (135,770)</u>	<u>\$ -</u>
			<u>\$ 1,574,763</u>

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Subscription asset activity for the years ended June 30, 2025 and 2024, was:

	2025		
	Beginning Balance	Additions	Ending Balance
Subscription IT asset	\$ 6,147,158	\$ 1,492,032	\$ (2,176,951)
	<u>6,147,158</u>	<u>1,492,032</u>	<u>(2,176,951)</u>
			<u>5,462,239</u>
Less accumulated amortization Subscription IT asset	3,183,234	1,306,339	(2,176,951)
	<u>3,183,234</u>	<u>1,306,339</u>	<u>(2,176,951)</u>
			<u>2,312,622</u>
Subscription assets, net	<u>\$ 2,963,924</u>	<u>\$ 185,693</u>	<u>\$ -</u>
			<u>\$ 3,149,617</u>
2024			
	Beginning Balance	Additions	Ending Balance
Subscription IT asset	\$ 3,740,079	\$ 2,407,079	\$ -
	<u>3,740,079</u>	<u>2,407,079</u>	<u>-</u>
			<u>6,147,158</u>
Less accumulated amortization Subscription IT asset	2,180,701	1,002,533	-
	<u>2,180,701</u>	<u>1,002,533</u>	<u>-</u>
			<u>3,183,234</u>
Subscription assets, net	<u>\$ 1,559,378</u>	<u>\$ 1,404,546</u>	<u>\$ -</u>
			<u>\$ 2,963,924</u>

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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, 2025 and 2024:

	2025				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Auxiliary Enterprise System					
Revenue Bonds					
Series 2015	\$ 3,570,000	\$ -	\$ 30,000	\$ 3,540,000	\$ 30,000
Series 2019A	22,490,000	-	475,000	22,015,000	500,000
Series 2021	19,030,000	-	730,000	18,300,000	765,000
Bond premium – 2015 Issue	11,627	-	811	10,816	811
Bond premium – 2019A Issue	963,937	-	38,050	925,887	38,050
Bond premium – 2021 Issue	921,655	-	59,653	862,002	59,653
Direct Placement Bonds Education					
Series 2017 Educational					
Facilities Revenue Bonds	1,985,000	-	480,000	1,505,000	490,000
Note payable to the Foundation	333,214	-	150,000	183,214	91,607
Note payable to bank	9,678,389	-	397,425	9,280,964	444,003
Lease liabilities	1,842,546	-	1,742,660	99,886	39,576
Subscription liabilities	2,390,714	1,492,031	1,266,229	2,616,516	849,188
Total bonds, notes payable, lease, and subscription liabilities	63,217,082	1,492,031	5,369,828	59,339,285	3,307,888
Other noncurrent liabilities					
Accrued compensated absences	2,540,134	905,110	968,681	2,476,563	905,110
Deferred revenue – vending	30,625	-	7,500	23,125	7,500
Other postemployment benefit liability	1,549,802	-	112,926	1,436,876	119,807
Net pension liabilities	56,382,069	-	(2,039)	56,384,108	-
Total other noncurrent liabilities	60,502,630	905,110	1,087,068	60,320,672	1,032,417
Total noncurrent liabilities	<u>\$ 123,719,712</u>	<u>\$ 2,397,141</u>	<u>\$ 6,456,896</u>	<u>\$ 119,659,957</u>	<u>\$ 4,340,305</u>

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	2024 (Restated - Note 1)				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Auxiliary Enterprise System					
Revenue Bonds					
Series 2015	\$ 3,600,000	\$ -	\$ 30,000	\$ 3,570,000	\$ 30,000
Series 2019A	22,490,000	-	-	22,490,000	475,000
Series 2021	19,650,000	-	620,000	19,030,000	730,000
Bond premium – 2015 Issue	12,438	-	811	11,627	811
Bond premium – 2019A Issue	1,001,987	-	38,050	963,937	38,050
Bond premium – 2021 Issue	981,308	-	59,653	921,655	59,653
Direct Placement Bonds Education					
Series 2017 Educational					
Facilities Revenue Bonds	2,450,000	-	465,000	1,985,000	480,000
Note payable to the Foundation	483,214	-	150,000	333,214	150,000
Note payable to bank	10,032,162	-	353,773	9,678,389	397,425
Lease liabilities	1,928,379	10,875	96,708	1,842,546	57,519
Subscription liabilities	1,185,778	2,407,079	1,202,143	2,390,714	724,536
Total bonds, notes payable, lease, and subscription liabilities	63,815,266	2,417,954	3,016,138	63,217,082	3,142,994
Other noncurrent liabilities					
Accrued compensated absences	2,462,179	913,511	835,556	2,540,134	913,511
Deferred revenue – vending	38,125	-	7,500	30,625	7,500
Other postemployment benefit liability	1,774,776	-	224,974	1,549,802	105,407
Accrued net pension liability	63,103,976	-	6,721,907	56,382,069	-
Total other noncurrent liabilities	67,379,056	913,511	7,789,937	60,502,630	1,026,418
Total noncurrent liabilities	<u>\$ 131,194,322</u>	<u>\$ 3,331,465</u>	<u>\$ 10,806,075</u>	<u>\$ 123,719,712</u>	<u>\$ 4,169,412</u>

Auxiliary Enterprise System Revenue Bonds

Series 2015

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

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Series 2019A

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

Series 2021

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

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

Direct Placement Bonds

Series 2017 Educational Facilities Revenue Bonds

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

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

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

Notes Payable

Note Payable to Foundation

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

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Note Payable to Bank

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

Debt Service Requirements

The debt service requirements on long-term debt other than lease liabilities and subscription liabilities as of June 30, 2025, 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	
2026	\$ 1,295,000	\$ 1,655,575	\$ 490,000	\$ 31,374	\$ 535,610	\$ 415,897	\$ 4,423,456
2027	1,365,000	1,605,349	500,000	19,049	602,527	390,189	4,482,114
2028	1,435,000	1,548,182	515,000	6,412	582,784	361,048	4,448,426
2029	1,505,000	1,483,879	-	-	641,859	334,144	3,964,882
2030	1,595,000	1,416,036	-	-	704,723	304,548	4,020,307
2031-2035	9,295,000	5,942,875	-	-	4,614,608	972,007	20,824,490
2036-2040	11,215,000	3,799,419	-	-	1,782,067	70,232	16,866,718
2041-2045	10,075,000	1,856,919	-	-	-	-	11,931,919
2046-2050	6,075,000	486,484	-	-	-	-	6,561,484
	<u>\$ 43,855,000</u>	<u>\$ 19,794,718</u>	<u>\$ 1,505,000</u>	<u>\$ 56,835</u>	<u>\$ 9,464,178</u>	<u>\$ 2,848,065</u>	<u>\$ 77,523,796</u>

Note 6. Lease Liabilities

The University leases equipment and building space, the terms of which expire in various years through 2029. 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, 2025:

Year Ending June 30,	Total to Be Paid	Principal	Interest
2026	\$ 43,515	\$ 39,576	\$ 3,939
2027	28,565	26,678	1,887
2028	13,374	12,981	393
2029	20,679	20,651	28
	<u>\$ 106,133</u>	<u>\$ 99,886</u>	<u>\$ 6,247</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 2034. The subscriptions were measured based upon the interest rate implicit per the contract or the University's incremental borrowing rate at commencement of the SBITA term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance. There were no outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the subscription liability.

The following is a schedule by year of payments under the SBITAs as of June 30, 2025:

<u>Year Ending June 30,</u>	<u>Total to Be Paid</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,025,894	\$ 849,188	\$ 176,706
2027	646,054	521,338	124,716
2028	393,641	299,913	93,728
2029	113,514	251,860	72,323
2030	212,153	152,633	59,520
2031-2034	636,976	541,584	95,392
	<u>\$ 3,028,232</u>	<u>\$ 2,616,516</u>	<u>\$ 622,385</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.

Benefits Provided

MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific funding structure in which the employee participates, which is based on the employee's hire date. Information on the three funding structures administered by MOSERS (MSEP, MSEP 2000, and MSEP 2011) and how eligibility and the benefit amount is determined for each funding structure may be found in the Notes to the Financial Statements of MOSERS' ACFR starting on page 26.

Contributions

Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS' Board. No employee contribution is required for the MSEP and MSEP 2000 plans. Employees in the MSEP 2011 plan are required to contribute 4.00% of their annual pay. The University's required contribution rate for all plans for the year ended June 30, 2025, was 28.75% 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, 2024 and 2023, was 27.26% and 26.33%, respectively, which are the years of measurement for the net pension liability. Contributions to the pension plan from the University were \$5,253,337 and \$4,647,394 for the years ended June 30, 2025 and 2024, respectively.

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

At June 30, 2025 and 2024, the University reported a liability of \$56,384,108 and \$56,382,069 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, 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, 2024 and 2023. At June 30, 2024, the University's proportion was 0.6947%, which was a decrease of 0.044% from its proportion measured as of June 30, 2023. At June 30, 2023, the University's proportion was 0.7387%, which was a decrease of 0.1426% from its proportion measured as of June 30, 2022.

There were no changes in benefit terms during the MOSERS plan years ended June 30, 2024 and 2023, that affected the measurement of total pension liability.

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For the years ended June 30, 2025 and 2024, the University recognized pension expense of \$3,451,321 and pension income of \$600,093, respectively. At June 30, 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,738,923	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	3,802,827	-
Changes in proportion and differences between the University's contributions and the University's proportionate share of contributions	-	3,476,980
University's contributions subsequent to the measurement date	5,201,778	-
Total	<u>\$ 11,743,528</u>	<u>\$ 3,476,980</u>

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

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At June 30, 2025 and 2024, the University reported \$5,201,778 and \$4,692,642 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, 2025 and 2024, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2025, related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2026	\$ (274,401)
2027	2,707,302
2028	593,930
2029	37,939
	<u>\$ 3,064,770</u>

Summary of Pension Changes

Below is a summary of pension changes due to the implementation of GASB 68 as of June 30, 2025 and 2024.

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Statement of Net Position – deferred outflows of resources	\$ 11,743,528	\$ 12,087,166	\$ (343,638)
Statement of Net Position – accrued net pension liability	(56,384,108)	(56,382,069)	(2,039)
Statement of Net Position – deferred inflows of resources	(3,476,980)	(5,527,866)	<u>2,050,886</u>
			<u>\$ 1,705,209</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, 2025 and 2024, respectively, are shown below:

	<u>2025</u>	<u>2024</u>
Actuarial required contribution	\$ 5,201,778	\$ 4,692,642
Pension income (expense)	(3,451,321)	600,903
MOSERS pre-payment	<u>(45,248)</u>	<u>110,061</u>
	<u>\$ 1,705,209</u>	<u>\$ 5,403,606</u>

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Actuarial Assumptions

The total pension liability in the June 30, 2024 and 2023, actuarial valuations which are also the measurement dates for GASB 68 purposes, was determined using the following actuarial assumptions:

June 30, 2024

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, 2023

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

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

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

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

The actuarial assumptions used in the June 30, 2024 and 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2015, to June 30, 2020. As a result of this actuarial experience study, the MOSERS' Board made various demographic assumption changes to more closely reflect actual experience.

The most significant changes in the actuarial assumptions include the following: subsequent changes in the unfunded actuarial accrued liability due to actuarial gains/losses or assumption changes are now amortized over a closed 25-year period instead of 30 years; mortality assumptions now based on generational tables; and the merit component of the salary increase assumption was adjusted to partially reflect observed experience. The changes in assumptions recorded as deferred inflows and outflows of resources were due to these changes from the actuarial experience study.

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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, 2024, are summarized in the following table:

Long-Term Expected Rate of Return

Asset Class	Policy Allocation	Long-Term Expected Nominal Return*	Long-Term Expected Real Return	Average Long-Term Expected Nominal Return
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**	(40.0%)	-	-	-
	<u>100.0%</u>			
Correlation/volatility adjustment				<u>(0.6%)</u>
Long-term expected net nominal return				7.20%
Less: Investment inflation assumption				<u>(1.9%)</u>
Long-term expected geometric net real return				<u>5.30%</u>

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

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

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Discount Rate

The discount rate used to measure the total pension liability was 6.95% at both June 30, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	2025		
	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
University’s proportionate share of the net pension liability	\$ 70,001,742	\$ 56,384,108	\$ 45,009,729

	2024		
	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
University’s proportionate share of the net pension liability	\$ 70,283,028	\$ 56,382,069	\$ 44,769,876

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, 2025 and 2024, the University reported a payable of \$506,083 and \$41,902, respectively, for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2025 and 2024, respectively.

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CURP

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

The University is required to contribute to CURP at an actuarially determined rate; the rate was 6.00% of annual covered payroll for June 30, 2025 and 2024, respectively. The University’s contributions to CURP for the years ended June 30, 2025 and 2024, were \$433,180 and \$384,922, respectively, which equaled the required contributions for the years.

Note 9. Other Postemployment Benefit Health Care Plan

Plan Description

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

Benefits Provided

The OPEB Plan provides medical and prescription drug benefits to eligible retirees and their dependents. Benefits are provided through a third-party insurer, and retirees contribute premiums ranging between \$720 and \$1,075 monthly for a single person or \$1,830 and \$2,720 for retiree and family. For employees who retire before reaching age 65, their insurance will be continued until the earlier of the date the plan is canceled or until their 65th birthday.

The employees covered by the benefit terms at June 30, 2025 and 2024, are:

	<u>2025</u>	<u>2024</u>
Inactive employees or beneficiaries currently receiving benefit payments	14	14
Active employees	<u>438</u>	<u>438</u>
	<u>452</u>	<u>452</u>

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Total OPEB Liability

The University's total OPEB liability of \$1,436,876 and \$1,549,802 was measured as of June 30, 2025 and 2024, respectively, and was determined by an actuarial valuation as of those dates.

The total OPEB liability in the June 30, 2025 and 2024, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2025</u>	<u>2024</u>
Inflation	3.00%	3.00%
Discount rate	5.20% (prior year 3.93%)	3.93% (prior year 3.65%)
Salary increases	3.00% per year	3.00% per year
Health care cost trend rates	7.45% for 2025, decreasing 0.30% per year to an ultimate rate of 4.0% for 2034 and later years	7.75% for 2024, decreasing 0.30% per year to an ultimate rate of 4.0% for 2034 and later years

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

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

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

Changes in Total OPEB Liability

Changes in total OPEB liability are:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 1,549,802	\$ 1,774,776
Service cost	94,718	97,911
Interest	62,275	66,429
Differences between expected and actual experience	-	(390,080)
Changes in assumptions or other inputs	(150,112)	106,173
Benefit payments	(119,807)	(105,407)
Net changes	(112,926)	(224,974)
Balance, end of year	<u>\$ 1,436,876</u>	<u>\$ 1,549,802</u>

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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 5.20%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	2025		
	1% Decrease (4.2%)	Current Discount Rate (5.20%)	1% Increase (6.2%)
University's total OPEB liability	\$ 1,556,000	\$ 1,436,876	\$ 1,330,000

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

The total OPEB liability of the University has been calculated using health care cost trend rates of 7.45% and 7.75% at June 30, 2025 and June 30, 2024, respectively. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	2025		
	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
University's total OPEB liability	\$ 1,290,000	\$ 1,436,876	\$ 1,610,000

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

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

For the years ended June 30, 2025 and 2024, the University recognized OPEB expense of \$80,666 and \$106,547, respectively. At June 30, 2025 and 2024, the University reported deferred inflows and outflows of resources related to OPEB from the following sources.

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 695,514
Changes of assumptions	447,188	288,383
Total	<u>\$ 447,188</u>	<u>\$ 983,897</u>

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

Deferred inflows of resources at June 30, 2025, related to OPEB will be recognized as a reduction in OPEB expense as follows:

2026	\$ (76,328)
2027	(76,328)
2028	(76,328)
2029	(76,328)
2030	(67,833)
Thereafter	<u>(163,564)</u>
	<u>\$ (536,709)</u>

Note 10. Commitments and Contingencies

Claims and Litigations

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

Government Grants

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

Pension and Other Postretirement Benefit Obligations

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

Note 11. Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; natural disasters; workers' compensation; employee injuries and illnesses; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to workers' compensation, employee dishonesty, automobile liability, and employee health as of January 1, 2017. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Workers' Compensation, Employee Dishonesty, Automotive

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

Note 12. Employee Health Claims

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

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

Activity in the University’s accrued employee health claims liability during June 30, 2025 and 2024, is summarized as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 450,000	\$ 450,000
Current year claims incurred and changes in estimates for claims incurred in prior years	2,869,924	2,580,864
Claims and expenses paid	<u>3,069,924</u>	<u>2,580,864</u>
	<u>\$ 250,000</u>	<u>\$ 450,000</u>

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Note 13. Segment Information

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

The outstanding debt of the Auxiliary Enterprise System Revenue Bonds (Note 5) is payable from the gross income and revenues derived from the related auxiliary enterprise activities. Condensed financial information for the Auxiliary Enterprise System as of and for the years ended June 30, 2025 and 2024, is as follows:

Auxiliary Enterprise System
Revenue Bonds Series 2015, 2019, and 2021
As of Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CONDENSED STATEMENTS		
OF NET POSITION		
Assets		
Current assets	\$ 6,249,097	\$ 7,361,662
Restricted cash	1,807,069	512,165
Lease assets, net	7,626	15,184
Subscription assets, net	26,460	24,312
Capital assets, net	<u>58,771,112</u>	<u>60,278,296</u>
Total Assets	<u>66,861,364</u>	<u>68,191,619</u>
Deferred Outflows of Resources	<u>671,570</u>	<u>710,167</u>
Liabilities		
Current liabilities	3,212,443	3,704,768
Long-term liabilities	<u>46,581,644</u>	<u>47,477,403</u>
Total Liabilities	<u>49,794,087</u>	<u>51,182,171</u>
Deferred Inflows of Resources	<u>211,451</u>	<u>318,346</u>
Net Position		
Net investment in capital assets	<u>\$ 17,527,396</u>	<u>\$ 17,401,269</u>

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	2025	2024
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating Revenues	\$ 7,575,065	\$ 7,499,630
Depreciation Expense	(2,144,794)	(2,155,626)
Other Operating Expenses	(6,313,061)	(6,794,614)
Total Operating Expenses	8,457,855	8,950,240
Operating Loss	(882,790)	(1,450,880)
Nonoperating Revenues (Expenses)		
Interest expense	(1,612,708)	(1,656,382)
Other nonoperating revenues	2,621,626	3,192,612
Total Nonoperating Revenues (Expenses)	1,008,918	1,536,230
Income Before Other Revenues, Expenses, Gains, or Losses	126,128	85,350
Change in Net Position	126,128	85,350
Beginning Net Position	17,401,269	17,315,919
Ending Net Position	\$ 17,527,397	\$ 17,401,269
Condensed Statements of Cash Flows		
Net Cash Provided By (Used In)		
Operating activities	\$ 743,586	\$ 300,059
Noncapital financing activities	2,584,240	3,179,451
Capital and related financing activities	(3,492,563)	(2,970,031)
Investing activities	-	13,161
Net Increase (Decrease) in Cash and Cash Equivalents	(164,737)	522,640
Beginning Cash and Cash Equivalents	3,989,822	3,467,182
Ending Cash and Cash Equivalents	\$ 3,825,085	\$ 3,989,822

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Note 14. Missouri Southern Foundation

Investments

Investments at June 30, 2025 and 2024, respectively, consisted of the following:

	<u>2025</u>	<u>2024</u>
Equity securities	\$ 521,215	\$ 6,444,644
Exchange traded funds	2,804,075	7,600,263
Mutual funds	2,824,810	2,018,195
Real estate interest trusts	9,487	9,009
Fixed income positions	4,378,636	3,551,956
Hedge funds	26,480,618	12,184,624
Money market funds and other	174,296	199,336
	<u>\$ 37,193,137</u>	<u>\$ 32,008,027</u>

Beneficial Interests in Trusts Held by Others

The Foundation is the beneficiary of various perpetual trusts administered by financial institutions. The beneficial interests in these perpetual trusts are included in donor-restricted net assets. The Foundation is to receive portions of the earnings from each of these trusts at least annually as provided for in each trust instrument. Earnings totaling \$626,433 and \$492,826 were received by the Foundation from these trusts during the years ended June 30, 2025 and 2024, respectively, for all restricted purposes.

The Foundation is also a beneficiary of various charitable beneficial trusts administered by a financial institution. The Foundation is to receive remainder interests in each of these trusts after donors or other beneficiaries have received benefits for specified periods of time. Once benefits have been distributed to the other beneficiaries, the Foundation is to receive stated percentages from each trust according to terms of the various trust instruments. The beneficial interests in these charitable remainder trusts are included in with donor-restricted net assets. The Foundation received distributions of \$0 from these charitable remainder trusts during the years ended June 30, 2025 and 2024, 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 5% to 16%, to the present value of estimated future cash flows. Estimated annual collections of contributions receivable at June 30, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Less than one year	\$ 4,479,162	\$ 1,324,214
One to five years	3,133,577	5,873,204
More than five years	<u>71,112</u>	<u>140,320</u>
Gross contributions receivable	7,683,851	7,337,738
Less discount for present value	<u>413,591</u>	<u>660,527</u>
Net contributions receivable	<u><u>\$ 7,270,260</u></u>	<u><u>\$ 6,677,211</u></u>

Endowment

Endowment net assets at June 30, 2025 and 2024, by type of fund consisted of the following:

	<u>2025</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 61,682,570	\$ 61,682,570
Board-designated endowment funds	500,619	-	500,619
Internal endowment management fees	<u>414,362</u>	<u>(414,362)</u>	<u>-</u>
	<u><u>\$ 914,981</u></u>	<u><u>\$ 61,268,208</u></u>	<u><u>\$ 62,183,189</u></u>

	<u>2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 53,799,116	\$ 53,799,116
Board-designated endowment funds	454,604	-	454,604
Internal endowment management fees	<u>375,973</u>	<u>(375,973)</u>	<u>-</u>
	<u><u>\$ 830,577</u></u>	<u><u>\$ 53,423,143</u></u>	<u><u>\$ 54,253,720</u></u>

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, 2025 and 2024, was \$500,619 and \$454,604, respectively.

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Donor-restricted net assets at June 30, 2025 and 2024, are categorized as directed by donors as follows:

	<u>2025</u>	<u>2024</u>
Scholarships	\$ 36,569,728	\$ 31,626,761
Faculty and departmental support	11,488,541	10,720,333
Facilities improvement	4,423,263	3,100,893
General university support	4,591,849	3,948,953
Cultural activities	57,845	53,528
Time	4,136,982	3,972,675
	<u>\$ 61,268,208</u>	<u>\$ 53,423,143</u>

Fair Value of Financial Instruments

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

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

Level 2 Inputs: Observable inputs other than Level 1 processes, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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, 2025:

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.

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June 30, 2025 and 2024

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, 2025				
	Fair Value			Carrying Amount
	Level 1	Level 2	Level 3	
Financial Assets				
Money market funds	\$ 174,296	\$ -	\$ -	\$ 174,296
Equity securities	521,215	-	-	521,215
Exchange traded funds	2,804,075	-	-	2,804,075
Mutual funds	2,824,810	-	-	2,824,810
Real estate investment funds	9,487	-	-	9,487
Fixed income funds	4,378,636	-	-	4,378,636
Hedge funds	-	-	26,480,618	26,480,618
Beneficial interest in trusts held by others	-	-	15,932,251	15,932,251
	<u>\$ 10,712,519</u>	<u>\$ -</u>	<u>\$ 42,412,869</u>	<u>\$ 53,125,388</u>
June 30, 2024				
	Fair Value			Carrying Amount
	Level 1	Level 2	Level 3	
Financial Assets				
Money market funds	\$ 199,336	\$ -	\$ -	\$ 199,336
Equity securities	6,444,644	-	-	6,444,644
Exchange traded funds	7,600,263	-	-	7,600,263
Mutual funds	2,018,195	-	-	2,018,195
Real estate investment funds	9,009	-	-	9,009
Fixed income funds	3,551,956	-	-	3,551,956
Hedge funds	-	-	12,184,624	12,184,624
Beneficial interest in trusts held by others	-	-	14,989,651	14,989,651
	<u>\$ 19,823,403</u>	<u>\$ -</u>	<u>\$ 27,174,275</u>	<u>\$ 46,997,678</u>

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June 30, 2025 and 2024

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

	<u>2025</u>	<u>2024</u>
Balance, Beginning of Year	\$ 27,174,275	\$ 25,013,728
Total realized and unrealized gains and losses included in change in net assets	2,292,973	2,160,547
Purchases, issues, sales, and settlements		
Purchases	337,199	-
Transfer to level 3	11,181,890	-
Sales and proceeds	1,426,532	-
Balance, End of Year	<u>\$ 42,412,869</u>	<u>\$ 27,174,275</u>
Total gains or losses for the period in change in net assets attributable to the change in unrealized gains or losses related to assets and liabilities still held at the reporting date	<u>\$ 1,265,044</u>	<u>\$ 2,530,785</u>

Liquidity and Availability of Resources

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

	<u>2025</u>	<u>2024</u>
Financial assets, at year-end	\$ 62,676,710	\$ 55,333,759
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Subject to appropriation and satisfaction of donor restrictions	(48,925,186)	(43,812,942)
Investments held in annuity trust	(456,415)	(336,829)
Board designations:		
Quasi-endowment fund, primarily for long-term investing	(4,580,130)	(4,398,756)
Financial assets, available to meet cash needs for general expenditures within one year	<u>\$ 8,714,979</u>	<u>\$ 6,785,232</u>

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. The quasi-endowment has a spending rate of 4%.

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June 30, 2025 and 2024

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 Ten Fiscal Years**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
University's proportion of the net pension liability	0.6947%	0.7387%	0.8813%	0.8736%	0.9898%	1.0009%	0.9897%	1.0427%	1.0912%	1.1190%
University's proportionate share of the net pension liability	\$ 56,384,108	\$ 56,382,069	\$ 63,103,976	\$ 48,841,953	\$ 62,828,458	\$ 60,464,168	\$ 55,206,922	\$ 54,290,979	\$ 50,654,529	\$ 35,945,504
University's covered-employee payroll	\$ 18,272,833	\$ 17,048,853	\$ 16,269,270	\$ 17,579,681	\$ 17,609,065	\$ 19,777,488	\$ 19,443,952	\$ 20,522,141	\$ 20,344,926	\$ 21,133,582
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	308.57%	330.71%	387.87%	277.83%	356.80%	305.72%	283.93%	264.55%	249.10%	170.09%
Plan fiduciary net position as a percentage of the total pension liability	52.02%	52.86%	53.53%	63.00%	55.48%	56.72%	59.02%	60.41%	63.60%	72.62%

* 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.

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 5,253,337	\$ 4,647,394	\$ 4,284,262	\$ 4,132,983	\$ 4,028,953	\$ 4,305,559	\$ 3,927,261	\$ 3,731,781	\$ 3,450,837	\$ 3,586,368
Contributions in relation to the contractually required contribution	5,253,337	4,647,394	4,284,262	4,132,983	4,028,953	4,305,559	3,927,261	3,731,781	3,450,837	3,586,368
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll	\$ 18,272,833	\$ 17,048,853	\$ 16,269,270	\$ 17,579,681	\$ 17,609,065	\$ 19,777,488	\$ 19,443,952	\$ 20,522,141	\$ 20,334,926	\$ 21,133,582
Contributions as a percentage of covered-employee payroll	28.75%	27.26%	26.33%	23.51%	22.88%	21.77%	20.20%	18.18%	16.97%	16.97%

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

Notes to Schedule:

Benefit Changes

There were no changes to benefit terms for MOSERS for the plan years ended June 30, 2024 or 2023. 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, 2024 valuation, the June 30, 2023, valuation and the June 30, 2022, valuation. The assumed investment rate of return was 6.95% for the June 30, 2021, valuation, consistent with the June 30, 2020, valuation. The salary increase rate was 2.75%, consistent with the June 30, 2020, valuation. The wage inflation rate was 2.25%, consistent with the June 30, 2020, valuation. There were no other changes in actuarial assumptions for the June 30, 2021, valuation.

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

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

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

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

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

Salary increases:	3.25% to 8.75% including inflation
Wage inflation:	3.00%
Investment rate of return:	7.65%

Post-retirement mortality tables: RP-2014 Healthy Annuitant projected to 2026 with Scale MP-2015 and scaled by 120%

Pre-retirement mortality tables: RP-2014 Employee projected to 2026 with Scale MP-2015 and scaled by 95% for males and 90% for females

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

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

Missouri Southern State University
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Required Supplementary Information
Schedule of Changes in the University's Total OPEB Liability and Related Ratios
Last Eight Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 94,718	\$ 97,911	\$ 110,078	\$ 112,799	\$ 110,468	\$ 87,923	\$ 85,254	\$ 82,076
Interest	62,275	66,429	64,652	51,130	52,984	73,812	78,281	80,552
Differences between expected and actual experience	-	(390,080)	-	(361,045)	-	(284,908)	-	-
Changes in assumptions or other inputs	(150,112)	106,173	(15,495)	(148,277)	7,739	600,801	72,873	(129,542)
Benefit payments	(119,807)	(105,407)	(201,395)	(184,004)	(223,727)	(199,514)	(106,336)	(83,754)
Net Change in Total OPEB Liability	(112,926)	(224,974)	(42,160)	(529,397)	(52,536)	278,114	130,072	(50,668)
Total OPEB Liability – Beginning	<u>1,549,802</u>	<u>1,774,776</u>	<u>1,816,936</u>	<u>2,346,333</u>	<u>2,398,869</u>	<u>2,120,755</u>	<u>1,990,683</u>	<u>2,041,351</u>
Total OPEB Liability – Ending	<u>\$ 1,436,876</u>	<u>\$ 1,549,802</u>	<u>\$ 1,774,776</u>	<u>\$ 1,816,936</u>	<u>\$ 2,346,333</u>	<u>\$ 2,398,869</u>	<u>\$ 2,120,755</u>	<u>\$ 1,990,683</u>

Notes to Schedule:

Benefit Changes: There were no changes in benefits in 2025.

Changes of assumptions: The discount rate was updated from 3.93% to 5.20%.

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, 2025, 2024, 2023, 2022, 2021, 2020, 2019, or 2018.

Changes of Assumptions

The following changes were made to actuarial assumptions during the year ended June 30, 2025:

- The discount rate was updated from 3.93% to 5.20%.
- The trend rates were graded down from 7.75% to 7.45% (graded down 0.30% each year).

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

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

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

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

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

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

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

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

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