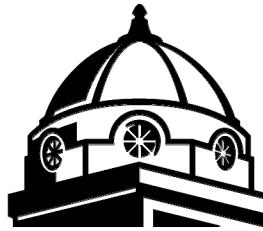

**SOUTHEAST MISSOURI
STATE UNIVERSITY**
FINANCIAL STATEMENTS
JUNE 30, 2023



**SOUTHEAST MISSOURI
STATE UNIVERSITY · 1873**

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Independent Auditors' Report

Board of Governors
Southeast Missouri State University
Cape Girardeau, Missouri

Report On The Audit Of The Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Southeast Missouri State University, (the University), a component unit of the State of Missouri, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and discretely presented component unit of the University as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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 A Matter Relating To Restatement

As described in Note 19, the 2022 financial statements have been restated to correct various items related to capital assets and inventories. Our opinion is not modified related to this matter.

Emphasis Of A Matter Relating To Change In Accounting Principle

As described in Notes 16 and 19, in 2023 the University adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of Selected Pension Information and the Schedule of Selected Postemployment Healthcare Plan Information, as listed on 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 GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit 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.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

RubinBrown LLP

January 23, 2024

SOUTHEAST MISSOURI STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Southeast Missouri State University's (the University) basic financial statements provides a comparative overview of the University's financial performance during the years ended June 30, 2023, 2022 and 2021. The Management's Discussion and Analysis is designed to focus on current activities and resulting changes, and should be read in conjunction with the University's basic financial statements and footnotes.

Using This Report

This report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Public Colleges and Universities*. These basic financial statements focus on the financial condition of the University, the results of operations, and cash flows of the University as a whole.

The Statement of Net Position includes the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. It is prepared under the accrual basis of accounting, whereby assets are recognized when the service is provided and liabilities are recognized when others provide the service, regardless of when cash is exchanged. The University's net position (the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources) is one indicator of the University's financial health. Over time, increases or decreases in net position is one indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the conditions of facilities.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as operating, nonoperating or other. All things being equal, a public University's dependency on state appropriations and gifts will result in operating deficits. That is because the financial reporting model prescribed by GASB No. 34 classifies state appropriations and gifts as nonoperating revenues. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the basic financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents the University's flows of cash. The primary purpose of the Statement of Cash Flows is to provide information about the University's cash receipts and payments summarized by operating, capital and related financing, noncapital financing and investing activities.

SOUTHEAST MISSOURI STATE UNIVERSITY

Management's Discussion And Analysis (Continued)

Financial Analysis Of The University

As described in Note 19, the 2022 financial statements have been restated to correct various items related to capital assets and inventories. The 2022 and 2021 columns contained in the financial information included within this management's discussion and analysis have also been restated to correct these items.

The following table reflects the Net Position of the University as of June 30:

Condensed Statement Of Net Position As Of June 30, 2023, 2022 And 2021

	<u>2023</u>	<u>2022</u> <u>(As Restated)</u>	<u>2021</u> <u>(As Restated)</u>
Current Assets	\$ 108,730,749	\$ 94,147,474	\$ 94,816,333
Noncurrent Assets			
Capital assets, net of depreciation and amortization	403,112,587	403,119,939	415,987,971
Other	27,418,364	27,983,433	7,918,642
Total Assets	<u>539,261,700</u>	<u>525,250,846</u>	<u>518,722,946</u>
Deferred Outflows Of Resources	<u>30,943,415</u>	<u>26,757,068</u>	<u>28,259,043</u>
Current Liabilities	29,115,152	27,976,516	23,159,747
Noncurrent Liabilities	<u>308,793,399</u>	<u>284,651,349</u>	<u>306,785,252</u>
Total Liabilities	<u>337,908,551</u>	<u>312,627,865</u>	<u>329,944,999</u>
Deferred Inflows Of Resources	<u>2,839,985</u>	<u>27,081,323</u>	<u>8,999,546</u>
Net Position			
Net investment in capital assets	241,676,732	236,948,691	251,044,962
Restricted	3,702,220	3,657,489	3,898,875
Unrestricted	<u>(15,922,373)</u>	<u>(28,307,454)</u>	<u>(46,906,393)</u>
Total Net Position	<u>\$ 229,456,579</u>	<u>\$ 212,298,726</u>	<u>\$ 208,037,444</u>

The University's current assets consist primarily of cash and cash equivalents, short-term investments, accounts and other receivables, and inventories. Current assets totaled \$108.7, \$94.1 million, and \$94.8 million at June 30, 2023, 2022 and 2021, respectively. The increase in current assets in the most recent year is primarily reflective of economic conditions, particularly the interest rate environment.

SOUTHEAST MISSOURI STATE UNIVERSITY

Management's Discussion And Analysis (*Continued*)

Noncurrent assets are comprised primarily of capital assets (net of accumulated depreciation) and long-term investments. Non-depreciable capital assets increased \$14.9 million from \$12.2 million at June 30, 2022 to \$27.1 million at June 30, 2023 due to construction in progress. This increase was offset by a decrease in capital assets net of depreciation. In total, noncurrent assets remained steady at \$430.5 and \$431.1 million at June 30, 2023 and June 30, 2022, respectively, after increasing slightly from \$423.9 million at June 30, 2021. These changes are further detailed in Note 6.

Long-term investments have increased dramatically in 2022 and 2023 from 2021 due to the economic environment. Long-term investments at June 30, 2021 \$0.9 million, rebounded to \$24.8 million at June 30, 2022, and remained steady at \$24.4 million at June 30, 2023.

Deferred outflows of resources include deferred amounts related to refunding on bonds payable, postretirement employee benefits, employee pension plan, and pension contributions. Per GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*, deferred outflows related to debt refundings were \$6.7 million, \$7.4 million, and \$8.2 million, at June 30, 2023, 2022, and 2021, respectively. Per GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, deferred outflows were \$24.1 million, \$19.1 million, and \$19.8 million at June 30, 2023, 2022 and 2021, respectively, for amounts related to pension plan and pension plan contributions.

The University's current liabilities consist of accounts payable, accrued compensation, accrued claims payable, and bond interest payable. Current liabilities also consist of the current (payable within one year) portion of unearned income, bonds payable, and notes payable. Current liabilities totaled \$29.1 million, \$28 million, and \$23.2 million at June 30, 2023, 2022, and 2021, respectively.

Noncurrent liabilities consist primarily of long-term debt, pension and other postretirement employee benefits (OPEB) liabilities, and unearned income, and totaled \$308.8 million, \$284.7 million, and \$306.8 million at June 30, 2023, 2022 and 2021, respectively. Detailed activity for long-term bond debt can be found in Note 8. The liabilities for pension and OPEB have been adjusted based on actuarial valuations as required under GASB Statement Nos. 68 and 75. Long-term unearned income is comprised primarily of advances from Chartwells, the University's contracted food service provider, for capital investments that are being amortized through 2036. Follett, the University's contracted bookstore provider, also provided a modest capital investment in 2023.

As required by GASB Statement Nos. 68 and 71, deferred inflows related to pension plans were \$1.5 million, \$25.1 million, and \$7.1 million at June 30, 2023, 2022 and 2021, respectively.

SOUTHEAST MISSOURI STATE UNIVERSITY

Management's Discussion And Analysis *(Continued)*

The University's net position, which represents the residual interest in the University's assets after liabilities are deducted, increased from \$212.3 at June 30, 2022 to \$229.5 million at June 30, 2023.

	<u>2023</u>	<u>2022</u> <u>(As Restated)</u>	<u>2021</u> <u>(As Restated)</u>
Net Position:			
Net investment in capital assets	\$ 241,676,732	\$ 236,948,691	\$ 251,044,962
Restricted:			
Nonexpendable	2,091,017	1,970,860	2,206,602
Expendable	1,611,203	1,686,629	1,692,273
Total Restricted	<u>245,378,952</u>	<u>240,606,180</u>	<u>254,943,837</u>
Unrestricted:			
Designated	59,192,516	61,418,266	48,727,458
Undesignated	<u>(75,114,889)</u>	<u>(89,725,720)</u>	<u>(95,633,851)</u>
Total Unrestricted	<u>(15,922,373)</u>	<u>(28,307,454)</u>	<u>(46,906,393)</u>
Total Net Position	<u>\$ 229,456,579</u>	<u>\$ 212,298,726</u>	<u>\$ 208,037,444</u>

Net position invested in capital assets represents the University capital assets (net of accumulated depreciation and amortization) less any outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets decreased \$12.6 million from \$254.3 million at June 30, 2021 to \$241.7 million at June 30, 2023. This reduction is in part due to the changes discussed in Note 6.

Restricted net position includes the University's permanent endowment, which is managed by the Southeast Missouri University Foundation, funds held for loan operations, and the accrual of debt-related interest obligations.

Although unrestricted net position is not subject to externally imposed stipulations, the University has chosen to internally designate a portion of unrestricted funds for various University initiatives and purposes.

These can be broken down into the following categories as held at June 30:

	<u>2023</u>	<u>2022</u> <u>(As Restated)</u>	<u>2021</u> <u>(As Restated)</u>
Unrestricted-Designated Net Position			
Investment in inventories	\$ 4,593,296	\$ 4,578,693	\$ 4,702,688
Future operations (including capital projects)	39,232,970	43,790,532	34,014,255
Funds held for auxiliary operations	8,167,265	7,205,380	3,549,267
Funds held for university related operations	7,198,985	5,843,661	4,138,004
Quasi-endowment	<u>—</u>	<u>—</u>	<u>2,323,244</u>
Total	<u>\$ 59,192,516</u>	<u>\$ 61,418,266</u>	<u>\$ 48,727,458</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Management's Discussion And Analysis *(Continued)*

The University's remaining unrestricted-undesignated net position has been negative since the implementation of GASB Statement Nos. 68 and 71. The total unrestricted-undesignated net position of the University totaled (\$75.1 million), (\$89.7 million), and (\$95.6 million) at June 30, 2023, 2022 and 2021, respectively, and includes approximately \$120 million in net pension liabilities. Excluding these liabilities, the University has a reserve at June 30, 2023 of \$47.2 million for planned and unplanned one-time needs. Based on its fiscal year 2023 operating expenses of \$168.9 million, the reserve is equivalent to 100 days of expenses, a metric that the University has successfully been working to improve. Additional category details may be found in Note 15.

The following schedule reflects the condensed revenues and expenses of the University for fiscal years 2022, 2021 and 2020:

Condensed Statements Of Revenues, Expenses And Changes In Net Position

	2023	2022 (As Restated)	2021 (As Restated)
Operating Revenues:			
Student tuition and fees, net of scholarship allowance	\$ 52,494,785	\$ 53,517,484	\$ 50,062,405
Grants and contracts	14,755,873	10,983,009	9,349,830
Auxiliary services	27,015,401	24,977,154	21,877,232
Other operating revenues	13,226,474	10,685,615	10,882,496
Total Operating Revenues	<u>107,492,533</u>	<u>100,163,262</u>	<u>92,171,963</u>
Operating Expenses:			
Personal service	92,836,778	87,871,772	94,120,046
Utilities and supplies	45,322,792	37,772,075	33,734,155
Scholarships	9,527,936	9,193,608	10,059,482
Depreciation and amortization	21,193,713	22,283,614	16,015,731
Emergency COVID-19 student relief	—	10,415,698	4,803,912
Other post-employment benefits (OPEB) expense	48,425	88,371	142,913
Total Operating Expenses	<u>168,929,644</u>	<u>167,625,138</u>	<u>158,876,239</u>
Operating Loss	<u>(61,437,111)</u>	<u>(67,461,876)</u>	<u>(66,704,276)</u>
Nonoperating Revenues (Expenses)			
State appropriations	49,857,654	46,149,698	41,442,772
Federal grants - restricted	13,290,309	13,064,770	13,906,096
Emergency COVID-19 governmental assistance	1,636,331	20,198,032	12,756,044
Investment income	2,788,715	(227,676)	154,769
Gifts	1,767,160	1,424,610	1,686,200
Nonoperating expenses	(4,949,359)	(9,832,331)	(5,122,015)
Net Nonoperating Revenues	<u>64,390,810</u>	<u>70,777,103</u>	<u>64,823,866</u>
Other Revenues	<u>14,204,154</u>	<u>946,055</u>	<u>4,417,500</u>
Increase (Decrease) In Net Position	17,157,853	4,261,282	2,537,090
Net Position - Beginning Of Year	<u>212,298,726</u>	<u>208,037,444</u>	<u>205,500,354</u>
Net Position - End Of Year	<u>\$ 229,456,579</u>	<u>\$ 212,298,726</u>	<u>\$ 208,037,444</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Management's Discussion And Analysis (*Continued*)

Operating revenues for the University totaled \$107.5 million, \$100.2 million, and \$92.2 million for the years ended June 30, 2023, 2022 and 2021, respectively. The most significant sources of operating revenue for the University are student tuition and fees, auxiliary services, and grants and contracts. Student tuition and fees, net of scholarship allowance, has decreased by \$1 million from fiscal year 2022 to 2023 despite increasing tuition and fee rates. As with most higher education institutions, the University has experienced declining student enrollments and has been increasing discounting in an effort to stabilize enrollment. Although gross tuition and fee revenues grew during this period from \$81.6 million to \$83.9 million, the growth was more than offset by an increase of \$3.3 million in scholarship allowance. Declining enrollments also impact Auxiliary Services, especially the Residence Life system and Parking and Transit. From 2022 to 2023, however, Residence Life revenues grew by \$2 million on rate increases and a scholarship reduction of \$2.7 million, while other Auxiliary Services, in total, held steady. After remaining stable for several years, grants and contracts increased by \$3.8 million in 2023 on growth in State and nongovernmental funding.

The University's operating expenses totaled \$168.9 million, \$167.6 million, and \$158.2 million for the years ended June 30, 2023, 2022 and 2021, respectively, the vast majority of which consists of personnel services, supplies and other services, and depreciation and amortization. The University has experienced operating losses of \$61.4 million, \$67.5 million, and \$66.1 million for the fiscal years ended June 30, 2023, 2022 and 2021, respectively.

Personnel services costs increased by \$4.9 million to \$92.8 million from 2022 to 2023. This is an area that will continue to put pressure on the University going forward. Along with the constant pressure to raise wages for student employees and employees on the lower end of the University's earnings scale, which would create equity issues across each successively higher pay level, the environment for recruiting and retaining staff and faculty has become highly competitive. In addition, the employer contribution to the Missouri State Employees Retirement System (MOSERS), which covers all staff and some faculty, has increased from 22.88% of salaries and wages in fiscal 2021 to 26.33% in fiscal 2023. Annual increases will continue through at least fiscal year 2027, at which time the employer contribution is projected to be 32%.

Utilities and supplies grew by \$7.5 million in 2023 to \$45.3 million. This unusually large increase was driven in part by an historic inflationary environment. Although inflation has since declined, the University continues to experience annual increases in operating expenses such as utilities, software licensing, and property insurance, which remains a very hard market. Finally, cybersecurity costs, including cyber insurance, continue to increase.

SOUTHEAST MISSOURI STATE UNIVERSITY

Management's Discussion And Analysis (*Continued*)

Non-operating revenues and expenses totaled \$64.4 million, \$70.8 million, and \$64.8 million for the years ended June 30, 2023, 2022 and 2021, respectively. Although state appropriations are a significant source of revenue for the University, they ceased to be the largest source of revenue in fiscal year 2007. State appropriations as measured in nominal dollars are historically volatile. Fiscal year 2021 appropriations were 9% below the fiscal year 2020 level (though the University actually received less funding in 2020 due to a one-time withholding of \$5.8 million). State appropriations increased a total of \$8.1 million, or 20%, in fiscal years 2022 and 2023 combined. Fiscal 2024 will see another increase, but doubt clouds future years as State revenues seem to have stabilized following the influx of COVID-19 funding. Concerns over a potential recession continue to loom, as well. In fiscal years 2020, 2021 and 2022, the University received COVID-19 relief funding of \$40.3 million, \$17.2 million of which was distributed to students as emergency relief funds. By contrast, the University received \$1.6 million of COVID-19 relief funds in fiscal year 2023.

Bonds And Notes Payable

The University had outstanding bonds of approximately \$152.9, \$158.7 million, and \$162.6 million at June 30, 2023, 2022 and 2021, respectively. During all fiscal years, the University made all regularly scheduled debt service payments. During fiscal year 2021, the University issued its Series 2020 bonds for the purpose of refunding its Series 2013A bonds. More detailed information may be found in Note 8.

The University had outstanding notes payable of approximately \$413,000, \$531,000, and \$646,000 at June 30, 2023, 2022 and 2021, respectively. No new notes were issued in 2023. However, new loans were issued to finance a \$458,000 purchase of pianos in 2021 and a \$97,500 purchase/installation of energy efficient lighting in 2020. More detailed information may be found in Note 9.

Capital Assets

At June 30, 2023, 2022 and 2021, the University's investment in capital assets was as follows:

	<u>2023</u>	<u>2022</u> <u>(As Restated)</u>	<u>2021</u> <u>(As Restated)</u>
Land	\$ 4,212,638	\$ 4,212,638	\$ 4,217,138
Buildings and improvements	494,363,125	492,315,368	497,525,859
Leasehold improvements	14,891,769	13,553,502	13,584,161
Infrastructure	39,480,149	39,444,110	38,387,410
Equipment	39,835,341	39,954,577	42,436,188
Library books	21,930,974	21,926,427	21,888,707
Construction in progress	19,550,020	4,622,044	4,190,574
Right of use assets	12,451,289	10,551,570	6,238,678
	<u>646,715,305</u>	<u>626,580,236</u>	<u>628,468,715</u>
Less: Accumulated depreciation and amortization	<u>243,602,718</u>	<u>223,460,297</u>	<u>209,582,182</u>
	<u>\$ 403,112,587</u>	<u>\$ 403,119,939</u>	<u>\$ 418,886,533</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Management's Discussion And Analysis (*Continued*)

In addition, at June 30, 2023, the University had initiated plans and incurred certain contractual commitments related to the construction of various facilities. The costs to complete these projects are estimated at \$15.4 million and include \$5.6 million for the south stadium phase of the Houck Project and \$5.9 million for various utility tunnel repairs. These projects are being funded by state and federal dollars as well as donations and University funds.

Economic Outlook

Southeast Missouri State University is the only four-year, public university located in the southeast portion of Missouri between St. Louis and the Arkansas border. Declining traditional-age college prospects, increased competition, and growing concerns about the affordability and value of a college education have led to years of declining enrollments at Southeast, as they have at nearly all colleges and universities throughout the state and across the country. The University has not yet had to make some of the difficult decisions that so many others have, but must stand ready to do so if necessary to ensure that the institution remains the academically vibrant and powerful engine of economic development that is so critically needed by the southeast Missouri region, the State, and beyond.

Contacting The University's Financial Management

This financial report is designed to provide a general overview of the University's finances and to show the University's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Vice President for Finance and Administration, One University Plaza, MS 3000, Cape Girardeau, MO 63701.

SOUTHEAST MISSOURI STATE UNIVERSITY

STATEMENT OF NET POSITION

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	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
		<u>(As Restated)</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 51,491,229	\$ 37,363,374
Restricted cash and cash equivalents	1,398,388	1,473,814
Short-term investments	29,742,568	41,821,566
Accrued interest receivable	275,873	133,128
Due from component unit - Foundation	1,465,630	809,982
Accounts receivable (net of allowance of \$1,006,786 in 2023 and \$638,224 in 2022)	15,435,272	4,586,925
Notes receivable	326,253	517,936
Lease receivable	246,527	730,405
Due from federal government	3,321,934	1,578,773
Inventory	4,593,296	4,578,693
Prepaid expenses	433,779	552,878
Total Current Assets	108,730,749	94,147,474
Noncurrent Assets		
Investments	24,403,889	24,795,544
Due from component unit - Foundation	2,067,451	1,970,863
Notes receivable (net of allowance of \$560,220 and \$1,149,847 in 2023 and 2022, respectively)	839,110	1,077,252
Lease receivable	107,914	139,774
Capital assets - non-depreciable	27,100,358	12,172,382
Capital assets, net - depreciable	368,770,355	383,180,817
Right of use assets, net	7,241,874	7,766,740
Total Noncurrent Assets	430,530,951	431,103,372
Total Assets	539,261,700	525,250,846
Deferred Outflows Of Resources		
Deferred amounts on refunding of bonds payable	6,665,973	7,424,702
Deferred amounts related to other postretirement employee benefit plan	164,941	201,514
Deferred amounts related to pension plan	13,569,519	9,642,723
Deferred amounts related to pension contributions	10,542,982	9,488,129
Total Deferred Outflows Of Resources	30,943,415	26,757,068

SOUTHEAST MISSOURI STATE UNIVERSITY

STATEMENT OF NET POSITION

Page 2 Of 2

	June 30,	
	2023	2022
	(As Restated)	
Liabilities		
Current Liabilities		
Accounts payable	\$ 6,787,930	\$ 3,696,537
Accrued compensation	6,628,078	8,027,938
Accrued claims liability	665,052	1,297,616
Bond interest payable	1,398,904	1,479,459
Funds held for others	99,290	77,186
Unearned income	5,397,325	7,003,782
Current portion of bonds payable	6,000,000	4,300,000
Current portion of notes payable	122,880	118,660
Current portion of lease payable	810,475	919,022
Current portion of subscription liability	1,016,218	898,316
Current portion of other postretirement benefit liability	189,000	158,000
Total Current Liabilities	29,115,152	27,976,516
Noncurrent Liabilities		
Due to federal government	1,284,693	1,943,968
Bonds payable	146,917,162	154,388,270
Notes payable	289,793	412,673
Lease payable	4,481,394	5,084,766
Subscription liability	803,478	894,607
Unearned income	6,373,786	6,033,903
Total other postretirement employee benefit liability	3,759,274	3,619,052
Net pension liability	144,883,819	112,274,110
Total Noncurrent Liabilities	308,793,399	284,651,349
Total Liabilities	337,908,551	312,627,865
Deferred Inflows Of Resources		
Deferred amounts related to other postretirement employee benefit plan	987,573	1,146,943
Deferred amounts related to pension plan	1,497,971	25,064,201
Deferred amounts on lease revenues	354,441	870,179
Total Deferred Inflows Of Resources	2,839,985	27,081,323
Net Position		
Net investment in capital assets	241,676,732	236,948,691
Restricted for:		
Nonexpendable -		
Scholarships	2,091,017	1,970,860
Expendable -		
Debt service	1,398,388	1,473,814
Loans	212,815	212,815
Unrestricted	(15,922,373)	(28,307,454)
Total Net Position	\$ 229,456,579	\$ 212,298,726

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION
(A Component Unit of Southeast Missouri State University)

STATEMENT OF FINANCIAL POSITION

	June 30,	
	2023	2022
	(As Restated)	
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,972,395	\$ 7,740,669
Short-term investments	9,279,679	2,413,933
Receivables:		
Pledges receivable (net of allowance of \$35,036 and \$15,967 in 2023 and 2022, respectively)	276,948	112,594
Notes receivable	375,657	491,367
Accrued interest receivable	132,701	77,525
Lease receivable	23,566	—
Total Current Assets	12,060,946	10,836,088
Noncurrent Assets		
Investments:		
Endowment investments	118,819,591	107,737,003
Cash surrender value of life insurance	782,204	780,090
Pledges receivable (net of allowance of \$22,681 and \$10,954 in 2023 and 2022, respectively)	179,289	77,242
Long term notes receivable, net of imputed interest	—	2,032,117
Property held for resale and development	1,250,838	1,259,315
Property and equipment, net of accumulated depreciation	10,022,282	10,733,733
Total Noncurrent Assets	131,054,204	122,619,500
Total Assets	\$ 143,115,150	\$ 133,455,588
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 50,592	\$ 24,243
Due to primary institution - University	1,465,630	809,982
Note payable to bank	413,375	182,477
Funds held for others	60,400	59,516
Annuity obligations	168,509	179,767
Total Current Liabilities	2,158,506	1,255,985
Noncurrent Liabilities		
Deferred revenue	—	1,069
Note payable to bank	—	413,062
Annuity obligations	896,984	963,031
Due to primary institution - University	2,091,015	1,970,859
Total Noncurrent Liabilities	2,987,999	3,348,021
Total Liabilities	5,146,505	4,604,006
Net Assets		
Without donor restriction	18,598,506	18,904,317
With donor restriction	119,370,139	109,947,265
Total Net Assets	137,968,645	128,851,582
Total Liabilities And Net Assets	\$ 143,115,150	\$ 133,455,588

SOUTHEAST MISSOURI STATE UNIVERSITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For The Years	
	Ended June 30,	
	2023	2022
	(As Restated)	
Operating Revenues		
Student tuition and fees (net of scholarship allowance of \$31,357,775 in 2023 and \$28,116,586 in 2022)	\$ 52,494,785	\$ 53,517,484
Federal grants - restricted	2,484,533	2,662,349
State grants and contracts - restricted	10,918,346	7,486,242
Nongovernmental grants and contracts - restricted	1,352,994	834,418
Sales and services of educational departments	3,973,933	2,916,132
Auxiliary enterprises:		
Residence life (net of scholarship allowance of \$2,924,557 in 2023 and \$5,597,164 in 2022; revenues are used as security for revenue bonds Series 2016A, 2016B, 2016C, and 2020)	19,295,555	17,275,088
Other auxiliary (net of scholarship allowance of \$0 in 2023 and \$167,883 in 2022; revenues are used as security for revenue bonds Series 2016A, 2016B, 2016C and 2020)	7,719,846	7,702,066
Other operating revenues	9,252,541	7,769,483
Total Operating Revenues	107,492,533	100,163,262
Operating Expenses		
Personnel services	92,836,778	87,871,772
Scholarships	9,527,936	9,193,608
Utilities	5,504,204	5,073,443
Supplies and other services	39,818,588	32,698,632
Depreciation and amortization	21,193,713	22,283,614
Other post-employment benefit (OPEB) expense	48,425	88,371
Emergency COVID-19 student relief	—	10,415,698
Total Operating Expenses	168,929,644	167,625,138
Operating Loss	(61,437,111)	(67,461,876)
Nonoperating Revenues (Expenses)		
State appropriations	49,857,654	46,149,698
Federal grants - restricted	13,290,309	13,064,770
Emergency COVID-19 governmental assistance	1,636,331	20,198,032
Investment income (loss)	2,788,715	(227,676)
Contributions and gifts	1,767,160	1,424,610
Interest on capital asset-related debt	(5,028,695)	(5,201,879)
Gain (loss) on disposal of plant facilities	79,336	(4,630,452)
Net Nonoperating Revenues	64,390,810	70,777,103
Income Before Other Revenues, Expenses And Gains	2,953,699	3,315,227
State capital appropriations	12,782,725	681,487
Capital grants and gifts	1,421,429	264,568
Total Other Revenues, Expenses And Gains	14,204,154	946,055
Change In Net Position	17,157,853	4,261,282
Net Position - Beginning Of Year (As Originally Stated)	212,298,726	208,690,517
Restatement (Note 19)	—	(653,073)
Net Position - Beginning Of Year (As Restated)	212,298,726	208,037,444
Net Position - End Of Year	\$ 229,456,579	\$ 212,298,726

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION
(A Component Unit of Southeast Missouri State University)

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
Support And Revenue			
Contributions of cash and other assets, net of discount	\$ 229,399	\$ 4,816,452	\$ 5,045,851
Contributions of nonfinancial assets	—	256,640	256,640
Investment return	1,812,969	9,652,373	11,465,342
Lease income	179,960	200	180,160
Special events, net of expense	150	39,536	39,686
Loss on disposal of property	(499,859)	—	(499,859)
Loss on annuity and trust obligations	—	(111,680)	(111,680)
Other revenues and transfers	(203,772)	819,840	616,068
Net assets released from restrictions	6,050,487	(6,050,487)	—
Total Support And Revenue	7,569,334	9,422,874	16,992,208
Expenses And Losses			
Program expenses	5,765,174	—	5,765,174
Management and general	1,642,250	—	1,642,250
Fundraising	467,721	—	467,721
Total Expenses And Losses	7,875,145	—	7,875,145
Change In Net Assets	(305,811)	9,422,874	9,117,063
Net Assets - Beginning Of Year As Restated	18,904,317	109,947,265	128,851,582
Net Assets - End Of Year	\$ 18,598,506	\$ 119,370,139	\$ 137,968,645

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION
(A Component Unit of Southeast Missouri State University)

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2022
(As Restated)

	Without Donor Restrictions	With Donor Restrictions	Totals
Support And Revenue			
Contributions, net of discount	\$ 3,535,011	\$ 6,152,992	\$ 9,688,003
Contributions of nonfinancial assets	4,099	347,728	351,827
Investment return	141,239	(18,485,375)	(18,344,136)
Rental income	376,356	5,270	381,626
Special events, net of expense	580	39,006	39,586
Gain on annuity and trust obligations	—	11,449	11,449
Other revenues and transfers	355,641	83,212	438,853
Net assets released from restrictions	5,107,867	(5,107,867)	—
Total Support And Revenue	9,520,793	(16,953,585)	(7,432,792)
Expenses And Losses			
Program expenses	4,823,212	—	4,823,212
Management and general	1,227,080	—	1,227,080
Fundraising	196,113	—	196,113
Total Expenses And Losses	6,246,405	—	6,246,405
Change In Net Assets	3,274,388	(16,953,585)	(13,679,197)
Net Assets - Beginning Of Year As			
Originally Stated	24,094,295	118,436,484	142,530,779
Restatement (Note 16)	(8,464,366)	8,464,366	—
Net Assets - Beginning Of Year			
As Restated	15,629,929	126,900,850	142,530,779
Net Assets - End Of Year As Restated	\$ 18,904,317	\$ 109,947,265	\$ 128,851,582

SOUTHEAST MISSOURI STATE UNIVERSITY

STATEMENT OF CASH FLOWS

Page 1 Of 2

	For The Years Ended June 30,	
	2023	2022 (As Restated)
Cash Flows From Operating Activities		
Tuition and fees	\$ 50,754,048	\$ 56,335,942
Grants and contracts	11,911,557	11,902,444
Auxiliary enterprises	27,051,774	24,938,176
Other receipts	12,958,440	13,125,609
Payments to vendors and suppliers	(54,543,848)	(46,913,187)
Emergency COVID-19 student relief	—	(10,415,698)
Payments to employees	(90,617,314)	(88,276,565)
Net Cash Used In Operating Activities	(42,485,343)	(39,303,279)
Cash Flows From Noncapital Financing Activities		
State appropriations	49,667,596	46,004,649
Nonoperating federal grants	13,290,309	13,064,770
Emergency COVID-19 governmental assistance	3,136,408	21,698,109
Gifts received for other than capital purposes	1,595,600	1,319,355
Net Cash Provided By Noncapital Financing Activities	67,689,913	82,086,883
Cash Flows From Capital And Related Financing Activities		
Capital appropriations	2,112,533	681,487
Capital gifts received	1,421,429	264,568
Purchases of capital assets and payments to contractors	(16,977,572)	(6,747,669)
Principal paid on capital debt, notes and leases	(7,003,525)	(4,823,110)
Interest paid on capital debt, notes and leases	(5,821,629)	(5,941,283)
Net Cash Used In Capital And Related Financing Activities	(26,268,764)	(16,566,007)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	39,926,657	24,796,439
Interest on investments	2,089,966	276,283
Purchase of investments	(26,900,000)	(54,253,459)
Net Cash Provided By (Used In) Investing Activities	15,116,623	(29,180,737)
Net Increase (Decrease) In Cash And Cash Equivalents	14,052,429	(2,963,140)
Cash And Cash Equivalents - Beginning Of Year	38,837,188	41,800,328
Cash And Cash Equivalents - End Of Year	\$ 52,889,617	\$ 38,837,188
Supplemental Disclosure Of Cash Flow Information		
Noncash transactions:		
Capital asset purchases included in accounts payable	\$ 3,135,390	\$ 905,656
Acquisition of new right to use assets	1,899,719	4,312,892
Unrealized gain (loss) on investments	543,114	(648,208)

SOUTHEAST MISSOURI STATE UNIVERSITY

STATEMENT OF CASH FLOWS

Page 2 Of 2

	For The Years Ended June 30,	
	2023	2022
Reconciliation Of Operating Loss To Net Cash From Operating Activities:		
Operating loss	\$ (61,437,111)	\$ (67,461,876)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization expense	21,193,713	22,283,614
Workers compensation and unemployment expenses paid by state	190,058	145,049
Gifts in kind from Southeast Missouri University Foundation	171,560	105,255
Changes in deferred outflows related to other postretirement benefit plan	36,573	36,573
Changes in deferred outflows related to pension plan	(3,926,796)	920,092
Changes in deferred outflows related to pension contributions	(1,054,853)	(225,157)
Changes in deferred inflows related to pension plan	(23,566,230)	17,988,629
Changes in deferred inflows related to other postretirement benefit plan	(159,370)	866,991
Changes in assets and liabilities:		
Receivables, net	(3,743,804)	4,299,788
Inventories	(14,603)	123,995
Prepaid expenses	119,099	(103,714)
Accounts payable	202,384	32,215
Unearned income	(1,266,574)	1,874,406
Accrued compensation	(1,399,860)	559,729
Accrued claims liability	(632,564)	69,977
Deposits held for others	22,104	(140,540)
Net other postretirement employee benefit liability	171,222	(815,193)
Net pension liability	32,609,709	(19,863,112)
Net Cash Used In Operating Activities	\$ (42,485,343)	\$ (39,303,279)

SOUTHEAST MISSOURI STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 And 2022

1. Organization

Southeast Missouri State University (the University) was established in 1873 as the Southeast Missouri Normal School. Since then the school has been named the Southeast Missouri State Teachers' College and the Southeast Missouri State College. In 1972, the Missouri State legislature adopted the school's current name. The University is a state assisted regional institution of higher education, offering instructional programs and other learning experiences at the certificate, associate, baccalaureate, masters and specialist levels. The University is governed by a seven-member Board of Governors, appointed by the Governor and confirmed by the Senate of the State of Missouri. The University is considered a component unit of the State of Missouri.

2. Basis Of Accounting And Presentation And Summary Of Significant Accounting Policies

Basis Of Accounting And Presentation:

The University prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standard Board (GASB).

The basic financial statements of the University have been prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for public colleges and universities and is presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements - Management's Discussion and Analysis for Public Colleges and Universities*.

Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated 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 unless they relate to services provided and used internally. 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.

Reporting Entity

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, provides guidance as to the financial reporting of component units (legally separate organizations for which the University is financially accountable). The University has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14 to provide additional guidance for determining whether certain organizations, for which the University is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the University. The Missouri Innovation Corporation is not included in the University's financial statements because it does not meet the criteria set forth for component units under GASB Statement No. 61 or GASB Statement No. 39. However, it is considered a related entity.

The Southeast Missouri University Foundation (the Foundation) is a legally separate tax-exempt entity, which meets the criteria set forth for component units under GASB Statement No. 39. The Foundation provides financial support for the objectives, purposes, and programs of the University. Although the University does not control the timing, purpose, or amount of receipts from the Foundation, the resources (and income thereon) which the Foundation holds and invests are restricted to the activities of the University. Because these resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under generally accepted accounting principles set forth by the Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial report for these differences. The Foundation's significant notes are summarized in Note 18.

During the years ended June 30, 2023 and 2022, the Foundation distributed \$5,940,590 and \$4,364,578, respectively, to the University for both restricted and unrestricted purposes.

Complete financial statements for the Foundation can be obtained by sending a written request to: Southeast Missouri University Foundation, Wehking Alumni Center, One University Plaza, Cape Girardeau, Missouri, 63701.

Summary Of Significant Accounting Policies

Cash And Cash Equivalents - The University considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are combined on the statement of cash flows and represent cash and repurchase agreements.

Investments - The University accounts for its investments at fair value. Certificates of deposit are accounted for at amortized cost, which approximates fair value. Changes in unrealized gain (loss) in the carrying value of the investments are reported as a component of investment income in the statement of revenues, expenses and changes in net position.

Fair Value Measurements - The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs use to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Due From Component Unit-Foundation - The University bills the Foundation monthly for the use of University services. The final billing for the fiscal year is not paid by the Foundation and received by the University until the following fiscal year, therefore creating a receivable for the University. Additionally, the University participates in the Foundation's investment pool. As the University does not have title to these investments, their share of the investment pool is recorded as a Due from Component Unit - Foundation.

Inventories - Inventories consist of office, store, farm and physical plant supplies and are recorded at cost using the first-in, first-out method. Textbooks available for rental are recorded at the lower of cost (using the first-in, first-out method) or market (net realizable value).

Capital Assets (Excluding Right-to-Use Assets) - Physical properties are recorded at cost or, when donated, at acquisition value at date of gift. All financially significant building, infrastructure and right-to-use asset additions and improvements are capitalized if the life of the building is extended. Additionally, all purchases of equipment, furnishings and other personal property with a useful life greater than one year and costing \$5,000 or greater are capitalized.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Depreciation on equipment is computed using the straight-line method with depreciation beginning in the month after acquisition and none in the year of disposal. Depreciation is computed on all other assets using the straight-line method, with a full-year expense in the year after acquisition and partial depreciation through the month of disposition. Expenditures for construction in progress are capitalized with depreciation beginning when the project is completed. Capital assets are depreciated over the estimated useful lives as follows:

	<u>Years</u>
Capital Assets	
Buildings and site improvements	10 to 50
Infrastructure	10 to 50
Leasehold improvements	9 to 15
Library books	30
Machinery and tools	5 to 20
Office equipment and furnishings	5 to 20
Scientific equipment and other	5 to 50
Computer hardware and software	4 to 5
Vehicles	4 to 6

When capital assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri State Employees' Retirement System (MOSERS) and additions to and deductions from MOSERS' fiduciary net position have been determined on the same basis as they are reported by MOSERS. For this purpose, benefit payments (including refunds on employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Compensated Absences - University employees earn vacation benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation pay based upon the nature of separation (death, retirement or termination). Certain limitations have been placed on the hours of vacation that employees may accumulate and carry over for payment at termination, retirement or death. Unused hours exceeding these limitations are forfeited.

Net Position

Resources are required to be classified for accounting and reporting purposes into the following three net position categories:

- ***Net Investment In Capital Assets:*** Capital assets, net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- ***Restricted:***

Nonexpendable - Net position subject to externally imposed stipulations that the University maintain them permanently. Such assets include the University's permanent endowment funds.

Expendable - Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

- ***Unrestricted:*** Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Governors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and research programs and initiatives and capital projects, excluding the effects of the pension obligation and related deferrals.

Operating And Nonoperating Revenues - The University's policy for defining operating activities as reported on the Statement of Revenues, Expenses, and Changes in Net Position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Operating revenues include student tuition and fees net of scholarship allowances and auxiliary activities. Nearly all of the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 34. Nonoperating revenues include revenues from activities that have the characteristics of nonexchange transactions such as gifts and contributions and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations and investment income and certain federal, state and nongovernmental grants and contracts.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Unearned Income - Unearned income consists primarily of the University's dining services vendor's investment in facilities. Although the current contract runs through fiscal year 2031, the amortization schedule for the \$6.0 million balance at June 30, 2023 runs through fiscal year 2036. Short term unearned income includes summer school tuition, housing, and other revenues received but not earned during the current year.

Leasing Arrangements - For arrangements where the University is a lessee, a lease liability and a right to use (RTU) intangible asset are recognized at the commencement of the lease term. RTU assets represent the University's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease. RTU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of the lease payments over the lease term.

The University uses an incremental borrowing rate derived from an applicable market rate and a credit spread using its lowest credit rating and based on market data points as of the most recent quarter end as compared to the lease agreement's commencement date when the rate implicit in the lease is not known. The University includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the University will exercise the option. The University has elected to combine lease and nonlease components for all lease contracts and has not recognized RTU assets and lease liabilities for leases with terms of 12 months or less.

Subscription-Based Information Technology Arrangements (SBITAs) - Effective July 1, 2022, the University implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96), which requires retroactive application, if practicable. The implementation of GASB Statement No. 96 required the University to record the addition of right to use intangible assets in the amount of \$2,898,562 and SBITA liabilities in the amount of \$2,898,562 for SBITAs entered into during the year ended June 30, 2022 and prior. No restatement to July 1, 2021 beginning net position was necessary due to the adoption of GASB 96.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

For arrangements where the University is a subscriber, a subscription liability and a right to use (RTU) intangible asset are recognized at the commencement of the subscription term. RTU assets represent the University's right to use an underlying asset for the subscription term and subscription liabilities represent the University's obligation to make subscription payments arising from the arrangement. RTU assets and subscription liabilities are recognized at the subscription commencement date based on the estimated present value of the subscription payments over the subscription term. The University uses an incremental borrowing rate derived from an applicable market rate and a credit spread using its lowest credit rating and based on market data points as of the most recent quarter end as compared to the subscription agreement's commencement date.

Tuition, Discounts And Allowances - Student tuition and fee revenues and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by the students or third parties on behalf of the students. Certain grants, including federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenue, while Pell grants are recorded as nonoperating revenue 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 discount and allowance.

Deferred Outflows And Inflows Of Resources - In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period or periods and therefore will not be recognized as an outflow of resources until then. At June 30, 2023 and 2022, the University's deferred outflows of resources consist of deferred amounts on refunding of bonds payable, which results from the difference between the reacquisition price of refunded debt and its carrying value. This amount is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Deferred outflows also include contributions to MOSERS retirement plan, which were made subsequent to the plan's measurement date. Finally, deferred outflows also include the University's proportionate share of collective deferred outflows of resources for the University's MOSERS retirement plan and the deferred outflows for the other postretirement benefit plan.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources consist of the acquisition of net assets that is applicable to a future reporting period or periods and so will not be recognized as inflow of resources until then.

As of June 30, 2023 and 2022, the University's deferred inflows include the University's proportionate share of the collective deferred inflows of resources for the MOSERS retirement plan and the deferred inflows for the other postretirement benefit plan. Deferred inflows also include payments to be received under leasing transactions where the University is the lessor; these will be recorded as revenue in future years.

Amortization - The deferred amount on refunding is amortized as interest on capital related debt using the bonds outstanding method. Deferred outflows related to the current fiscal year pension contributions will be fully amortized to pension expense in the following year. Deferred inflows and outflows related to the proportionate share of the collective deferred amounts will be netted together and amortized to pension expense according to the amortization schedule provided by the MOSERS retirement plan. Deferred inflows and outflows related to the other postretirement benefit plan will be amortized according to the amortization schedule provided by the actuary.

Auxiliary Activities - Auxiliary activities mainly represent revenues generated from University housing and food service, textbook rentals and various other departmental activities that provide services to the students, faculty, staff and general public.

Income Taxes - The University is classified as a political subdivision of the State of Missouri under Internal Revenue Code Section 115(a) and is therefore exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income.

Use Of Estimates - The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

3. Deposits And Investments

Deposits

Custodial Credit Risk. This represents 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 of the state of Missouri; bonds of any city, county, school district or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. The University maintains a depository contract and pledge agreement with its safekeeping bank that complies with the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989 (FIRREA).

As of June 30, 2023 and 2022, the University had no deposits exposed to custodial credit risk.

Foreign Currency Risk. This represents the risk related to adverse effects on the fair value of a deposit from changes in exchange rates. As of June 30, 2023 and 2022, the University had no exposure to foreign currency risk as the University had no deposits held by international banks.

Investments

The University may invest in United States Treasury Securities, United States Agency Securities, repurchase agreements, collateralized public deposits (certificates of deposits) and banker's acceptances.

At June 30, 2023, the University had the following investments and maturities:

Investment Type	Credit Rating	Fair Value	Investment Maturities (In Years)	
			< 1 Year	1-5 Years
U.S. Treasury Obligations	*	\$ 24,599,062	\$ 24,599,062	\$ —
U.S. Agency Obligations	*	26,797,395	2,893,506	23,903,889
Total		\$ 51,396,457	\$ 27,492,568	\$ 23,903,889

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

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

Investment Type	Credit Rating	Fair Value	Investment Maturities (In Years)	
			< 1 Year	1-5 Years
U.S. Treasury Obligations	*	\$ 53,867,110	\$ 29,671,610	\$ 24,195,500

*U.S. Treasury and Agency obligations are rated Aaa by Moody's Investor Services and AAA by Standard and Poor's Corporation.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of ensuring the safety of principal invested, the University's investment policy is to diversify investments so as to minimize the potential loss on individual securities. The maturities are structured to meet cash flow needs of the University, thereby avoiding the need to sell securities in the open market prior to maturity. Callable securities are restricted to securities callable at par only.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the University's policy to limit its credit risk by:

1. Only investing with reputable financial institutions, brokers and dealers.
2. Diversifying the investments so as to minimize the potential loss on individual securities.
3. Structuring the investments so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
4. Investing operating funds primarily in shorter-term securities.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Collateralization equal to at least 100% of the market value (including accrued interest) is required for repurchase agreements. In accordance with the investment policy, the University addresses custodial credit risk by diversifying its investment portfolio and maintaining a standard of quality for its investments. The University had no investments exposed to custodial credit risk at June 30, 2023 or 2022.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government investment in a single issuer. According to the University's investment policy, investments shall be diversified to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific class of securities. The types of investments that can be held in the University's portfolio include U.S. Treasury and Agency securities, repurchase agreements, collateralized public deposits, commercial paper and banker's acceptances. No more than 5% of the total market value of the portfolio may be invested in banker's acceptances issued by any one commercial bank and no more than 5% of the total market value of the portfolio may be invested in commercial paper of any one issuer.

The University's investments in U.S. Agency Obligations consist of Freddie Mac, and Federal Home Loan Bank securities. The concentration in each category at June 30, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
U.S. Treasury Obligations	47.86%	100.00%
Freddie Mac	19.36%	0.00%
Fannie Mae	10.88%	0.00%
Federal Home Loan Bank	21.90%	0.00%
	<u>100.00%</u>	<u>100.00%</u>

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. As of June 30, 2023 and 2022, the University had no exposure to foreign currency risk as there were no foreign investments in the University's portfolio.

Summary Of Fair Values

The fair value of deposits and investments are as follows:

	<u>2023</u>	<u>2022</u>
Deposits		
Cash in bank	\$ 19,449,651	\$ 9,400,058
Cash on hand	40,203	182,294
Repurchase agreement	33,399,763	29,254,836
Certificates of deposit	2,750,000	12,750,000
	<u>55,639,617</u>	<u>51,587,188</u>
Investments		
US Government Treasury Obligations	24,599,062	—
US Government Agency Obligations	26,797,395	53,867,110
	<u>51,396,457</u>	<u>53,867,110</u>
	<u>\$ 107,036,074</u>	<u>\$ 105,454,298</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

Included in the following statement of net position captions:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 51,491,229	\$ 37,363,374
Restricted cash and cash equivalents	1,398,388	1,473,814
Short-term investments	29,742,568	41,821,566
Long-term investments	24,403,889	24,795,544
	<u>\$ 107,036,074</u>	<u>\$ 105,454,298</u>

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The University has the following recurring fair value measurements as of June 30, 2023:

- U.S. Government Treasury Obligations of \$24,599,062 valued using a matrix pricing model (Level 2 inputs).
- U.S. Government Agency Obligations of \$26,797,395 valued using a matrix pricing model (Level 2 inputs).

The University has the following recurring fair value measurements as of June 30, 2022:

- U.S. Government Treasury Obligations of \$53,867,110 valued using a matrix pricing model (Level 2 inputs).

Investment Income

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

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 2,232,711	\$ 373,898
Realized gain (loss) on investments	12,890	46,634
Net increase (decrease) in fair value of investments	543,114	(648,208)
	<u>\$ 2,788,715</u>	<u>\$ (227,676)</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

4. Accounts Receivable

The composition of accounts receivable at June 30, 2023 and 2022 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Student billings	\$ 4,865,270	\$ 3,592,720
Departmental operations	67,001	361,539
State and private grants	647,075	682,237
Capital project funding	10,670,192	363,760
Auxiliary operations	162,331	198,704
Other	30,189	26,189
	<u>16,442,058</u>	<u>5,225,149</u>
Less: Allowance for doubtful accounts	<u>1,006,786</u>	<u>638,224</u>
	<u>\$ 15,435,272</u>	<u>\$ 4,586,925</u>

5. Notes Receivable

The composition of notes receivable at June 30, 2023 and 2022 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Federal loan programs	\$ 1,725,583	\$ 2,745,035
Less: Allowance for doubtful accounts	<u>560,220</u>	<u>1,149,847</u>
	<u>\$ 1,165,363</u>	<u>\$ 1,595,188</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

6. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance - June 30, 2022 (As Restated)	Additions	Retirements	Balance - June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 4,212,638	\$ —	\$ —	\$ 4,212,638
Library books	3,337,700	—	—	3,337,700
Construction in progress	4,622,044	18,479,279	(3,551,303)	19,550,020
Total capital assets not being depreciated	12,172,382	18,479,279	(3,551,303)	27,100,358
Capital assets, being depreciated:				
Building and improvements	492,315,368	2,176,997	(129,240)	494,363,125
Infrastructure	39,444,110	36,039	—	39,480,149
Leasehold improvements	13,553,502	1,338,267	—	14,891,769
Equipment	39,954,577	936,832	(1,056,068)	39,835,341
Library books	18,588,727	4,547	—	18,593,274
Total capital assets being depreciated	603,856,284	4,492,682	(1,185,308)	607,163,658
Less accumulated depreciation for:				
Building and improvements	159,261,058	14,437,218	(78,308)	173,619,968
Infrastructure	11,736,533	922,106	—	12,658,639
Leasehold improvements	7,256,596	1,533,029	—	8,789,625
Equipment	30,949,229	1,347,546	(972,984)	31,323,791
Library books	11,472,051	529,229	—	12,001,280
Total accumulated depreciation	220,675,467	18,769,128	(1,051,292)	238,393,303
Total capital assets being depreciated, net	383,180,817	(14,276,446)	(134,016)	368,770,355
Capital assets, net	\$ 395,353,199	\$ 4,202,833	\$ (3,685,319)	\$ 395,870,713
Right of use assets:				
Building and improvements	\$ 6,689,982	\$ 11,127	\$ —	\$ 6,701,109
Equipment	270,294	318,860	—	589,154
Land	539,107	—	—	539,107
Subscriptions	3,036,290	1,569,732	—	4,606,022
Other	15,897	—	—	15,897
Total right of use assets	10,551,570	1,899,719	—	12,451,289
Less accumulated amortization for:				
Building and improvements	1,393,297	743,127	—	2,136,424
Equipment	127,160	233,189	—	360,349
Land	186,700	93,349	—	280,049
Subscriptions	1,076,935	1,354,552	—	2,431,487
Other	738	368	—	1,106
Total accumulated amortization	2,784,830	2,424,585	—	5,209,415
Right of use assets, net	\$ 7,766,740	\$ (524,866)	\$ —	\$ 7,241,874

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

The estimated cost to complete construction in progress at June 30, 2023 was \$15,392,119, for which funds are available from auxiliary funds, state appropriations, and other local sources. Projects in progress include upgrades to Residence Life and Athletic facilities as well as infrastructure improvements and renovations of academic buildings.

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

	Balance - June 30, 2021			Balance - June 30, 2022
	(As Restated)	Additions	Retirements	(As Restated)
Capital assets, not being depreciated:				
Land	\$ 4,217,138	\$ —	\$ (4,500)	\$ 4,212,638
Library books	3,337,700	—	—	3,337,700
Construction in progress	4,190,574	5,260,179	(4,828,709)	4,622,044
Total capital assets not being depreciated	11,745,412	5,260,179	(4,833,209)	12,172,382
Capital assets, being depreciated:				
Building and improvements	497,525,859	2,973,745	(8,184,236)	492,315,368
Infrastructure	38,387,410	1,823,088	(766,388)	39,444,110
Leasehold improvements	13,584,161	—	(30,659)	13,553,502
Equipment	42,436,188	1,641,632	(4,123,243)	39,954,577
Library books	18,551,007	37,720	—	18,588,727
Total capital assets being depreciated	610,484,625	6,476,185	(13,104,526)	603,856,284
Less accumulated depreciation for:				
Building and improvements	149,955,462	13,623,610	(4,318,014)	159,261,058
Infrastructure	11,012,842	921,998	(198,307)	11,736,533
Leasehold improvements	3,663,008	3,614,021	(20,433)	7,256,596
Equipment	33,342,532	1,475,441	(3,868,744)	30,949,229
Library books	10,942,363	529,688	—	11,472,051
Total accumulated depreciation	208,916,207	20,164,758	(8,405,498)	220,675,467
Total capital assets being depreciated, net	401,568,418	(13,688,573)	(4,699,028)	383,180,817
Capital assets, net	\$ 413,313,830	\$ (8,428,394)	\$ (9,532,237)	\$ 395,353,199
Right of use intangible assets:				
Building and improvements	\$ 2,755,563	\$ 3,934,419	\$ —	\$ 6,689,982
Equipment	29,549	240,745	—	270,294
Land	539,107	—	—	539,107
Subscriptions	2,898,562	137,728	—	3,036,290
Other	15,897	—	—	15,897
Right of use assets	6,238,678	4,312,892	—	10,551,570
Less accumulated amortization for:				
Building and improvements	560,374	832,923	—	1,393,297
Equipment	11,882	115,278	—	127,160
Land	93,350	93,350	—	186,700
Subscriptions	—	1,076,935	—	1,076,935
Other	369	369	—	738
Total accumulated amortization	665,975	2,118,855	—	2,784,830
Right of use assets, net	\$ 5,572,703	\$ 2,194,037	\$ —	\$ 7,766,740

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

The estimated cost to complete construction in progress at June 30, 2022 was \$21,749,837 of which funds are available from auxiliary funds, state appropriations, and other local sources. Projects in progress included upgrades to Residence Life and Athletic facilities as well as renovations and infrastructure improvements to academic buildings.

7. Accounts Payable

The composition of accounts payable at June 30, 2023 and 2022 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Equipment purchases	\$ 162,992	\$ 151,738
Supplies and operating expenses	3,489,548	2,639,143
Capital improvements	2,391,574	827,062
Retainage - capital projects	743,816	78,594
	<u>\$ 6,787,930</u>	<u>\$ 3,696,537</u>

8. Bonds Payable

Bonds payable at June 30, 2023 are summarized as follows:

	<u>Balance - June 30, 2022</u>	<u>Principal Additions</u>	<u>Principal Payments</u>	<u>Balance - June 30, 2023</u>
System Facilities Revenue Bonds Series 2016A	\$ 11,535,000	\$ —	\$ (1,035,000)	\$ 10,500,000
System Facilities Taxable Revenue Bonds Series 2016B	7,850,000	—	(225,000)	7,625,000
System Facilities Revenue Bonds Series 2016C	25,025,000	—	(365,000)	24,660,000
Educational Facilities Refunding Revenue Bonds Series 2019	44,595,000	—	—	44,595,000
System Facilities Refunding Revenue Bonds Series 2020	56,320,000	—	(2,675,000)	53,645,000
	<u>\$ 145,325,000</u>	<u>\$ —</u>	<u>\$ (4,300,000)</u>	<u>141,025,000</u>
Less: Current maturities (due within one year)				6,000,000
Less: Discount on bond payable				9,436
Add: Premium on bond payable				11,901,598
				<u>\$ 146,917,162</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

Bonds payable at June 30, 2022 are summarized as follows:

	Balance - June 30, 2021	Principal Additions	Principal Payments	Balance - June 30, 2022
System Facilities Revenue Bonds Series 2016A	\$ 12,525,000	\$ —	\$ (990,000)	\$ 11,535,000
System Facilities Taxable Revenue Bonds Series 2016B	8,070,000	—	(220,000)	7,850,000
System Facilities Revenue Bonds Series 2016C	25,025,000	—	—	25,025,000
Educational Facilities Refunding Revenue Bonds Series 2019	44,595,000	—	—	44,595,000
System Facilities Refunding Revenue Bonds Series 2020	57,480,000	—	(1,160,000)	56,320,000
	<u>\$ 147,695,000</u>	<u>\$ —</u>	<u>\$ (2,370,000)</u>	<u>145,325,000</u>
Less: Current maturities (due within one year)				4,300,000
Less: Discount on bond payable				10,134
Add: Premium on bond payable				13,373,404
				<u>\$ 154,388,270</u>

On July 22, 2020, the Board of Governors issued \$57,480,000 of System Facilities Refunding Revenue Bonds Series 2020 for the purpose of refunding Series 2013A System Facilities Revenue Bonds. The refunding decreased the University's total debt service payments by \$5,025,667 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$4,916,683.

During 2020, the refunding of the Series 2013A bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,326,179. This difference, reported in the accompanying basic financial statements as a deferred outflow of resources, is being charged to operations through 2043 using the bonds outstanding method.

The Series 2020 bonds shall pay interest semiannually on April 1 and October 1. At the option of the University, the Series 2020 bonds maturing April 1, 2031 and thereafter may be called to redemption and payment prior to maturity on or after April 1, 2030 in lots of \$5,000 at a redemption price of 100% of the principal amount together with accrued interest thereon to the date of maturity. The Series 2020 bonds maturing April 1, 2040 and 2043 are subject to mandatory redemption and payment prior to maturity at the principal amount thereof plus accrued interest thereon to the date of redemption, without premium, in accordance with the following schedule:

Series 2020 Bonds Maturing April 1, 2040	
Years	Amount
2038-2040	\$5,330,000
Series 2020 Bonds Maturing April 1, 2043	
Years	Amount
2041-2043	\$2,691,000

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The Series 2020 bonds, collateralized by a pledge of the gross income and revenues derived from the ownership or operation of the System Facilities bear interest at rates varying from 2.00% to 5.00% and mature serially through fiscal year 2043.

On July 24, 2019, the Board of Governors issued \$44,595,000 of Educational Facilities Refunding Revenue Bonds Series 2019 for the purpose of partially refunding Series 2010B Taxable Educational Facilities Revenue Bonds (Build America Bonds). The partial refunding decreased the University's total debt service payments by \$5,130,254 and results in an economic gain (difference between the present value of the old and new debt service payments) of \$4,780,216.

During 2019, the partial refunding of the Series 2010B bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4,043,117. This difference, reported in the accompanying basic financial statements as a deferred outflow of resources, is being charged to operations through 2041 using the bonds outstanding method.

The Series 2019 bonds shall pay interest semiannually on April 1 and October 1. At the option of the University, the Series 2019 bonds maturing October 1, 2030 and thereafter may be called to redemption and payment prior to maturity on or after October 1, 2029 in lots of \$5,000 at a redemption price of 100% of the principal amount together with accrued interest thereon to the date of maturity.

The Series 2019 bonds bear interest at rates varying from 3% to 5% and mature serially through fiscal year 2041.

On August 10, 2016, the Board of Governors issued \$25,025,000 of System Facilities Revenue Bonds Series 2016C for the purpose of partially refunding Series 2011B System Facilities Revenue bonds. The partial refunding decreased the University's total debt service payments by \$3,068,337 and results in an economic gain (difference between the present value of the old and new debt service payments) of \$2,723,714.

During 2016, the advance refunding of the Series 2011B bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,767,433. This difference, reported in the accompanying basic financial statements as a deferred outflow of resources, is being charged to operations through 2042 using the bonds outstanding method.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The Series 2016C bonds shall pay interest semiannually on April 1 and October 1. At the option of the University, the Series 2016C bonds maturing April 1, 2025 and thereafter may be called to redemption and payment prior to maturity on or after April 1, 2024 in lots of \$5,000 at a redemption price of 100% of the principal amount together with accrued interest thereon to the date of maturity. The Series 2016C bonds maturing April 1, 2037, April 1, 2039 and April 1, 2042 are subject to mandatory redemption and payment prior to maturity at the principal amount thereof plus accrued interest thereon to the date of redemption, without premium, in accordance with the following schedule:

Series 2016C Bonds Maturing April 1, 2037	
<u>Years</u>	<u>Amount</u>
2036-2037	\$2,840,000

Series 2016C Bonds Maturing April 1, 2039	
<u>Years</u>	<u>Amount</u>
2038-2039	\$3,005,000

Series 2016C Bonds Maturing April 1, 2042	
<u>Years</u>	<u>Amount</u>
2040-2042	\$4,850,000

The Series 2016C bonds, collateralized by a pledge of the gross income and revenues derived from the ownership or operation of the System Facilities bear interest at rates varying from 2.00% to 4.00% and mature serially through fiscal year 2042.

On February 26, 2016, the Board of Governors issued \$21,710,000 of System Facilities Revenue Bonds Series 2016A and \$8,920,000 of Taxable System Facilities Revenue Bonds Series 2016B for the purpose of refunding \$23,555,000 Systems Facilities Revenue bonds Series 2011 and constructing, furnishing, and equipping a facility for Greek student housing and certain other expansions, renovations, and improvements to System Facilities. The refunding decreased the University's total debt service payments by \$2,830,120 and results in an economic gain (difference between the present value of the old and new debt service payments) of \$2,808,956.

During 2016, the refunding of the Series 2011 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$609,621. This difference, reported in the accompanying basic financial statements as a deferred outflow of resources, is being charged to operations through 2032 using the bonds outstanding method.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The Series 2016A and 2016B bonds shall pay interest semiannually on April 1 and October 1. At the option of the University, the Series 2016A bonds maturing April 1, 2026 and thereafter may be called to redemption prior to maturity on or after April 1, 2025 in lots of \$5,000 at a redemption price of 100% of the principal amount together with accrued interest thereon to the date of maturity. The series 2016B bonds maturing April 1, 2027 and thereafter, at the option of the University may be called to redemption prior to maturity on or after April 1, 2026 in lots of \$5,000 at a redemption price of 100% of the principal amount together with accrued interest thereon to the date of maturity. The Series 2016B bonds maturing April 1, 2031, April 1, 2036 and April 1, 2045 are subject to mandatory redemption prior to maturity at the principal amount thereof plus accrued interest thereon to the date of redemption, without premium, in accordance with the following schedule:

Series 2016B Bonds Maturing April 1, 2031	
<u>Years</u>	<u>Amount</u>
2027-2031	\$1,350,000

Series 2016B Bonds Maturing April 1, 2036	
<u>Years</u>	<u>Amount</u>
2032-2036	\$1,625,000

Series 2016B Bonds Maturing April 1, 2045	
<u>Years</u>	<u>Amount</u>
2037-2045	\$3,935,000

The Series 2016A bonds, collateralized by a pledge of the gross income and revenues derived from the ownership or operation of the System Facilities bear interest at rates varying from 3.00% to 5.00% and mature serially through fiscal year 2032. The Series 2016B bonds also collateralized by a pledge of the gross income and revenues derived from the ownership or operation of the System Facilities bear interest at rates varying from 1.375%-4.37% and mature serially through 2045.

The System Facilities is composed of the Housing System, the Student Union Facility (University Center), the Student Recreation Center, the Outdoor Recreation Fields, and the Parking and Transit system. Until fiscal year 2022, System Facilities also included Textbook Services.

Revenue derived from the operation of these facilities is pledged for the retirement of the outstanding 2016A, 2016B and 2016C and 2020 Series Bonds. Under the provisions of these bond resolutions, the University covenants to establish rates for the use and services of the System Facilities sufficient to fund operations, maintain reserves, and provide revenues to pay principal and interest on the bonds. Refer to Note 17 for a summary of System Facilities pledged revenue and segment information for fiscal years 2023 and 2022.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

Interest expense on bonded debt was \$5,012,723 and \$5,181,842 for 2023 and 2022, respectively.

Scheduled fiscal year maturities of System Facilities and Educational Facilities bonds payable and related interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 6,000,000	\$ 5,595,615
2025	7,110,000	5,289,102
2026	7,435,000	4,957,077
2027	7,765,000	4,620,977
2028	8,105,000	4,279,327
2029-2033	40,335,000	15,959,773
2034-2038	38,780,000	8,424,088
2039-2043	24,485,000	2,195,861
2044-2045	1,010,000	66,643
	<u>\$ 141,025,000</u>	<u>\$ 51,388,463</u>

9. Notes Payable

Notes payable at June 30, 2023 are summarized as follows:

	<u>Balance - June 30, 2022</u>	<u>Principal Additions</u>	<u>Principal Payments</u>	<u>Balance - June 30, 2023</u>
Chartwell's-Olive's and Skylight Terrace Expansion	\$ 169,976	\$ —	\$ (17,957)	\$ 152,019
Department of Natural Resources Energy Loan	75,811	—	(9,264)	66,547
KS StateBank - Pianos	285,546	—	(91,439)	194,107
	<u>\$ 531,333</u>	<u>\$ —</u>	<u>\$ (118,660)</u>	<u>412,673</u>
Less: Current maturities (due within one year)				<u>122,880</u>
				<u>\$ 289,793</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

Notes payable at June 30, 2022 are summarized as follows:

	Balance - June 30, 2021	Principal Additions	Principal Payments	Balance - June 30, 2022
Chartwell's-Olive's and Skylight Terrace Expansion	\$ 187,667	\$ —	\$ (17,691)	\$ 169,976
Department of Natural Resources Energy Loan	84,826	—	(9,015)	75,811
KS StateBank - Pianos	373,434	—	(87,888)	285,546
	<u>\$ 645,927</u>	<u>\$ —</u>	<u>\$ (114,594)</u>	<u>531,333</u>
Less: Current maturities (due within one year)				<u>118,660</u>
				<u>\$ 412,673</u>

On July 1, 2009, the University entered into an agreement with Chartwells, the University's contracted food service provider, for the construction of dining facilities in the new residence hall and expansion of the University Center to provide additional dining space. The University will make monthly principal payments, totaling \$577,870 through fiscal year 2031. The note is noninterest bearing. Interest has been imputed using a rate of 1.429%.

The University entered into a loan agreement dated May 19, 2017 with the Missouri Department of Economic Development-Division of Energy to provide energy efficient lighting in Crisp Hall, an academic building. The loan was approved for \$97,545 with an interest rate of 2.75% and a loan origination fee of 1% of the principal loan amount. An extension request was approved in October 2017. The promissory note of \$98,520 was executed on October 8, 2019. The University will make semi-annual principal and interest payments through July 1, 2029.

The University entered into a loan agreement dated July 1, 2020 with KS StateBank to provide financing for piano purchases. The loan was approved for \$457,908 with an interest rate of 4.04%. The University will make annual principal and interest payments of \$102,974 through July 1, 2025.

Interest expense was \$15,972 and \$20,037 for 2023 and 2022, respectively. Scheduled fiscal year maturities on notes payable and related interest are as follows:

Year	Principal	Interest
2024	\$ 122,880	\$ 11,751
2025	127,260	7,370
2026	28,834	2,822
2027	29,394	2,262
2028	29,967	1,690
2029 - 2031	74,338	1,755
	<u>\$ 412,673</u>	<u>\$ 27,650</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

10. Unearned Income

Over the life of the contract with the University's contracted food service provider, the University has entered into several agreements for the construction, expansion, and improvement of dining facilities across the campus. These investments are considered advances (unearned income) from Chartwells that are being amortized through fiscal year 2036. Advances at June 30, 2023 are summarized as follows:

	Balance - June 30, 2022	Additions	Amortization	Balance - June 30, 2023
Original investment	\$ 1,052,207	\$ —	\$ (75,608)	\$ 976,599
2009 Investment	256,180	—	(18,408)	237,772
2012 Investment	990,369	—	(71,164)	919,205
2013 Investment	302,355	—	(21,726)	280,629
2015 Investment	3,202,095	—	(230,091)	2,972,004
2018 Investment	697,837	—	(50,144)	647,693
2020 Investment	—	617,406	(37,419)	579,987
Follet - Bookstore	—	307,857	(5,131)	302,726
	<u>\$ 6,501,043</u>	<u>\$ 925,263</u>	<u>\$ (509,691)</u>	<u>6,916,615</u>
Less: Current maturities (within one year)				<u>542,829</u>
				<u>\$ 6,373,786</u>

11. Retirement Plan - Missouri State Employees' Retirement System (MOSERS)

General Information About The Pension Plan

Plan description. Benefit eligible employees of the University are provided with pensions through MOSERS - a cost-sharing multiple-employer defined benefit pension plan. Chapter 104.320 of the Revised Statutes of Missouri grants the authority to establish a defined benefit plan for eligible state and other related agency employees. MOSERS issues an annual Annual Comprehensive Financial Report (ACFR), a publicly available financial report that can be obtained at www.mosers.org.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Benefits provided. MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific plan in which the employee participates, which is based on the employee's hire date. Information on the three plans administered by MOSERS (MSEP, MSEP 2000 and MSEP2011 retirement plans) and how eligibility and the benefit amount is determined for each plan may be found in the Notes to the Financial Statements of MOSERS' ACFR.

Contributions. Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP2011 Plan are required to contribute 4% of their annual pay. The University's required contribution rate for the year ended June 30, 2023, was 26.33% 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 year ended June 30, 2022 was 23.51%, which is the year of measurement for the net pension liability. Contributions to the pension plan from the University were \$10,542,982 and \$9,488,129 for the years ended June 30, 2023 and 2022, respectively.

Pension Liabilities, Pension Expense, And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At June 30, 2023 and 2022, the University reported a liability of \$144,883,819 and \$112,274,110, respectively, for its proportionate share of the net pension liability. The net pension liability at June 30, 2023 and 2022 was measured as of June 30, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension liability was determined by 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 year ended June 30, 2022. At June 30, 2022, the University's proportion was 2.02335%, an increase from its proportion measured using 2.00802% as of the June 30, 2021 measurement date.

During the MOSERS plan year ended June 30, 2020, there were changes to reduce the long-term expected rate of return on investments from 7.10% to 6.95%, which increased the total pension liability. The long-term expected rate of return remained 6.95% during the plan year ended June 30, 2022.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

For the years ended June 30, 2023 and 2022, the University recognized pension expense of \$8,311,384 and \$14,604,812, respectively.

At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 1,846,078	\$ 38,782
Changes of assumptions	3,437,230	—
Net difference between projected and actual earnings on pension plan investments	7,709,992	—
Changes in proportion and differences between University contributions and proportionate share of contributions	576,219	1,459,189
University contributions subsequent to the measurement date of June 30, 2022	10,542,982	—
	\$ 24,112,501	\$ 1,497,971

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

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 1,790,245	\$ 496,736
Changes of assumptions	7,852,478	—
Net difference between projected and actual earnings on pension plan investments	—	20,241,824
Changes in proportion and differences between University contributions and proportionate share of contributions	—	4,325,641
University contributions subsequent to the measurement date of June 30, 2020	9,488,129	—
	\$ 19,130,852	\$ 25,064,201

Deferred outflows of resources of \$10,542,982 resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the University's fiscal year following MOSERS' fiscal year as follows:

<u>Plan Year Ending June 30:</u>	<u>Amount</u>
2022	\$ 5,238,526
2023	1,058,105
2024	(142,355)
2025	5,917,272
	<hr/>
	\$ 12,071,548

Actuarial assumptions. The total pension liability in the June 30, 2022 and 2021 actuarial valuations, which are also the dates of measurement for financial reporting purposes, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Pre-retirement 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.

Post-retirement 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.

Post-retirement 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.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2020.

Long-term investment rate of return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates rates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for both the old and new portfolios for each major asset class included in MOSERS target asset allocation as of June 30, 2022 is summarized in the following table:

<u>Asset Class</u>	<u>Policy Allocation</u>	<u>Long-Term Expected Real Rate Of Return*</u>	<u>Weighted Average Long-Term Expected Real Rate Of Return</u>
Global public equities	30.0%	7.7%	2.3%
Global private equities	15.0%	9.3%	1.4%
Long treasuries	25.0%	3.5%	0.9%
Core bonds	10.0%	3.1%	0.3%
Commodities	5.0%	5.5%	0.3%
TIPS	25.0%	2.7%	0.7%
Private real assets	5.0%	7.1%	0.3%
Public real assets	5.0%	7.7%	0.4%
Hedge funds	5.0%	4.8%	0.2%
Alternative beta	10.0%	5.3%	0.5%
Private credit	5.0%	9.5%	0.5%
Cash & cash equivalents **	<u>-40.0%</u>	0.0%	<u>0.0%</u>
	Correlation/Volatility Adjustment		<u>-0.6%</u>
	<u>100.0%</u>		<u>7.2%</u>
	Less: Investment Inflation Assumption		<u>-1.9%</u>
	Long-Term Expected Geometric Net Real Return		<u><u>5.3%</u></u>

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

Discount rate. The discount rate used to measure the total pension liability was 6.95%. 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 of 6.95% was applied to all periods of projected benefit payments to determine the total pension liability.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

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

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
University's proportionate share of the net pension liability	\$ 181,228,744	\$ 144,883,819	\$ 114,520,443

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

Payables To The Pension Plan

As of June 30, 2023 and 2022, the University had payables of \$1,324,152 and \$891,153, respectively, due to MOSERS for legally required contributions to the plan.

12. Retirement Plan - College And University Retirement Plan

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 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. By law, the CURP contribution rate is equal to 1% less than the normal cost contribution rate of the Missouri State Employees' Plan 2000 (MSEP 2000). 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 a statutorily determined rate; the rate was 6.00% of annual covered payroll for 2023 and 2022, respectively. The University's contributions to CURP for the years ended June 30, 2023 and 2022 were \$1,054,853 and \$926,756, respectively, which equaled the required contributions for those years.

Payables To The CURP Plan

As of June 30, 2023 and 2022, the University had payables of \$128,079 and \$122,044, respectively, due to CURP for legally required contributions to the plan.

13. Postemployment Healthcare Plan

Plan Description. The University provides a one-time opportunity for retirees to continue medical insurance coverage until age 65. Retirees after October 22, 2010 who elect to continue medical insurance are required to pay monthly premiums determined by plan type elected and Medicare eligibility. Financial statements for the plan are not available.

The University’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on an actuarial valuation prepared in accordance with the parameters of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Employees Covered by Benefit Terms. As of June 30, 2021, the following employees were covered by the benefit terms:

Active employees eligible for coverage	948
Inactive employees or beneficiaries currently receiving benefits	<u>28</u>
	<u><u>976</u></u>

Total OPEB Liability. The University’s total OPEB liability of \$3,948,274 and \$3,777,052 were measured as of June 30, 2022 and 2021, and were determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Methods. The total OPEB liabilities in the July 1, 2021 actuarial valuation were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.09%
Annual Wage Increases	3.00%
Price Inflation	2.50%
Healthcare Cost Trend Rates	8% for 2020, decreasing 0.25% per year

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Discount Rate. The University's plan is pay as you go and there is not a trust set up to hold plan assets, therefore the long-term expected rate of return is not a factor in determining the discount rate. The discount rate reflects the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions for use of the long-term expected rate of return are not met. The source of the index rate used for the actuarial valuation is the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates were based on Pub-2010 General Headcount - Weighted Mortality with Scale MP-2021.

Changes in the Net OPEB Liability:

Balance at June 30, 2022	\$ 3,777,052
Service cost	200,914
Interest cost	158,842
Net benefits paid by employer	(188,534)
Net Change	<u>171,222</u>
Balance at June 30, 2023	<u>\$ 3,948,274</u>
Balance at June 30, 2021	<u>\$ 4,592,245</u>
Service cost	272,733
Interest cost	96,349
Net benefits paid by employer	(157,914)
Difference between expected and actual experience	(469,809)
Changes in assumptions	(556,552)
Net Change	<u>(815,193)</u>
Balance at June 30, 2022	<u>\$ 3,777,052</u>

Sensitivity Results. The following presents the total OPEB liability of the University as of June 30, 2023 and 2022, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
University's total OPEB liability	\$ 4,289,418	\$ 3,948,274	\$ 3,640,041
	June 30, 2022		
	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
University's total OPEB liability	\$ 4,107,142	\$ 3,777,052	\$ 3,478,930

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements *(Continued)*

The following presents the total OPEB liability of the University as of June 30, 2023 and 2022, as well as what the University's total OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

- The current health care trend rate is 8% decreasing by 0.25% annually to an ultimate rate of 4.50%
- The 1% decrease in health care trend rate would be 7% decreasing by 0.25% annually to an ultimate rate of 3.5%
- The 1% increase in health care trend rate would be 9% decreasing by 0.25% annually to an ultimate rate of 5.5%

	June 30, 2023		
	Current		
	1% Decrease	Trend Rate	1% Increase
University's total OPEB liability	\$ 3,514,802	\$ 3,948,274	\$ 4,456,556

	June 30, 2022		
	Current		
	1% Decrease	Trend Rate	1% Increase
University's total OPEB liability	\$ 3,384,971	\$ 4,592,245	\$ 4,234,945

For the years ended June 30, 2023 and 2022, the University recognized OPEB expense of \$48,425 and \$246,285, respectively. At June 30, 2023, the University reported deferred inflows of resources or deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ —	\$ 557,223
Changes of assumptions	164,941	430,350
	\$ 164,941	\$ 987,573

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense in the University's future fiscal years as follows:

Year Ending June 30:	Amount
2024	\$ (122,797)
2025	(122,797)
2026	(122,797)
2027	(122,797)
2028	(119,652)
2029 and after	(211,792)
	\$ (822,632)

14. Contingencies And Risk Management

The University is subject to various legal proceedings and claims which arise in the ordinary course of its operations. In the opinion of the University management, the amount of ultimate liability with respect to these actions will not materially affect the overall financial position of the University.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, will not have a material effect on the University's financial position.

University employees are covered under Worker's Compensation by the State of Missouri. Claims are submitted to the State and paid by the State on behalf of the University. Total claims paid for the University employees for fiscal year 2023 and fiscal year 2022 were \$190,058 and \$145,049, respectively.

The majority of University employees are also covered by unemployment insurance administered by the State of Missouri Division of Employment Security.

The University is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. The University purchases commercial insurance and also receives coverage through the State of Missouri for these risks of loss. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The University has purchased property on occasion that requires monitoring for environmental issues that could result in liability. As of June 30, 2023 and 2022, the University is not aware of any material environmental liability.

Effective January 1, 2020, the University established a self-insured medical program covering substantially all employees. The University's liability has been limited by the purchase of specific (\$250,000 individual deductible limit in calendar year 2023 and 2022) and aggregate (\$1,000,000 deductible in calendar year 2023 and 2022) reinsurance. The University has recorded a liability for expenses incurred but not reported of \$665,052 and \$1,297,616 as of June 30, 2023 and 2022, respectively, which is included in the accrued claims liability on the statement of net position.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

The liability reported for claims incurred but not reported are based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information obtained prior to the issuance of the financial statements indicates it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated.

Changes in the balance of the insurance reserve liability during the years ended June 30, 2023 and 2022 were as follows:

Liability, July 1, 2021	\$ 1,227,639
Current year claims and changes in estimates	8,657,809
Claim payments	<u>8,587,832</u>
Liability, June 30, 2022	<u>\$ 1,297,616</u>
Current year claims and changes in estimates	\$ 7,726,368
Claim payments	<u>8,358,932</u>
Liability, June 30, 2023	<u>\$ 665,052</u>

15. Net Position

Restricted - Net position is restricted when constraints placed are either externally imposed, or are imposed by law or enabling legislation. The composition of restricted net position at June 30, 2023 and 2022 was:

	<u>2023</u>	<u>2022</u>
Nonexpendable		
Scholarships	\$ 2,091,017	\$ 1,970,860
Expendable		
Debt service	1,398,388	1,473,814
Loans	212,815	212,815
	<u>1,611,203</u>	<u>1,686,629</u>
Total Restricted	<u>\$ 3,702,220</u>	<u>\$ 3,657,489</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Unrestricted - Unrestricted net position is not subject to externally imposed stipulations; however, it may be subject to internal designations. For example, unrestricted net position may be designated for specific purposes by action of the Board of Governors or may otherwise be limited by contractual agreements with outside parties. Unrestricted net position excluding the effects of the pension obligation and related deferrals is internally designated for academic programs and initiatives, investment in inventories and capital programs. Designated unrestricted net position was \$59,192,516 and \$61,418,266 at June 30, 2023 and 2022, respectively. Undesignated, unrestricted net position, including those of auxiliary operations, was \$(85,784,123) and \$(89,725,720) at June 30, 2023 and 2022, respectively.

Undesignated unrestricted net position at June 30, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Undesignated Unrestricted		
Net pension liability at June 30, offset by pension-related deferred inflows and outflows, net of amounts included in restricted net position	\$ (122,268,281)	\$ (118,207,459)
All other operations of the University, including auxiliary operations	47,153,392	28,481,739
Total undesignated unrestricted net position	<u>\$ (75,114,889)</u>	<u>\$ (89,725,720)</u>

16. Leases And Subscription Based Information Technology Arrangements

Lessee

For arrangements where the University is the lessee, a lease liability and a right to use (RTU) intangible asset are recognized at the commencement of the lease term. RTU assets represent the University's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease. RTU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

The University uses the implicit rate in the lease to calculate the present value of the lease payments if available. Otherwise, the University's incremental borrowing rate at the date the agreement is entered into is used. The University includes lease extension and termination options in the lease term if, after considering other economic factors, it is reasonably certain the University will exercise the option. The University does not recognize RTU assets and lease liabilities for leases with terms for 12 months or less.

The University has entered into 128 contracts as lessee for land, building, and equipment. The lease contracts expire at various dates through 2063. The right to use the leased assets are intangible assets and are further disclosed in the capital asset footnote disclosure at Note 6.

During 2023 and 2022, the University had the following activity under contracts where it is the lessee:

	Balance - June 30, 2022	Principal Additions	Principal Payments	Balance - June 30, 2023
Lease payable	\$ 6,003,788	\$ 329,987	\$ (1,041,906)	\$ 5,291,869
	<u>\$ 6,003,788</u>	<u>\$ 329,987</u>	<u>\$ (1,041,906)</u>	<u>5,291,869</u>
Less: Current maturities (due within one year)				<u>810,475</u>
				<u>\$ 4,481,394</u>
	Balance - June 30, 2021	Principal Additions	Principal Payments	Balance - June 30, 2022
Lease payable	\$ 2,923,773	\$ 4,175,164	\$ (1,095,149)	\$ 6,003,788
	<u>\$ 2,923,773</u>	<u>\$ 4,175,164</u>	<u>\$ (1,095,149)</u>	<u>6,003,788</u>
Less: Current maturities (due within one year)				<u>919,022</u>
				<u>\$ 5,084,766</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The following represents the future minimum lease payments required under the lease arrangements as of June 30, 2023:

Year	Principal	Interest
2024	\$ 810,475	\$ 102,585
2025	753,056	86,126
2026	713,916	70,429
2027	615,106	56,181
2028	530,757	44,597
2029 - 2033	1,706,744	97,270
2034 - 2038	151,192	9,928
20389 - 2043	1,709	1,008
2044 - 2048	1,896	819
2049 - 2053	2,102	608
2054 - 2058	2,331	374
2059 - 2063	2,585	115
	\$ 5,291,869	\$ 470,040

Lessor

For arrangements where the University is the lessor, a lease receivable and a deferred inflow of resources is recognized at the commencement of the lease term. The lease receivable is measured at the present value of the lease payments expected to be received during the term. The deferred inflows of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relates to future periods.

The University has entered into 26 contracts as lessor for land and buildings. The lease contracts expire at various dates through 2034. The following represents the future minimum lease revenue under the lease arrangements as of June 30, 2023:

Year	Principal	Interest
2024	\$ 246,281	\$ 9,658
2025	15,950	2,108
2026	10,067	1,820
2027	10,279	1,607
2028	10,493	1,393
2029 - 2033	55,905	3,499
2034 - 2038	5,466	23
	\$ 354,441	\$ 20,108

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

SBITAs

The University has entered into subscription-based information technology arrangements (SBITAs) for various multi-year software uses. These subscriptions expire with various dates through fiscal year ending June 30, 2027. The right to use assets are intangible assets and are recorded in capital assets as noted above. During the year ended June 30, 2023, the University paid \$1,616,123 in subscription payments.

During 2023 and 2022, the University had the following activity under SBITA:

	Balance - June 30, 2022	Principal Additions	Principal Payments	Balance - June 30, 2023
Subscription liability	\$ 1,792,923	\$ 1,569,732	\$ (1,542,959)	\$ 1,819,696
	<u>\$ 1,792,923</u>	<u>\$ 1,569,732</u>	<u>\$ (1,542,959)</u>	<u>1,819,696</u>
Less: Current maturities (due within one year)				<u>1,016,218</u>
				<u>\$ 803,478</u>

	Balance - June 30, 2021	Principal Additions	Principal Payments	Balance - June 30, 2022
Subscription liability	\$ 2,898,562	\$ 137,728	\$ (1,243,367)	\$ 1,792,923
	<u>\$ 2,898,562</u>	<u>\$ 137,728</u>	<u>\$ (1,243,367)</u>	<u>1,792,923</u>
Less: Current maturities (due within one year)				<u>898,316</u>
				<u>\$ 894,607</u>

The following represents the future minimum contract payments required under the SBITA arrangements as of June 30, 2023:

Year	Principal	Interest
2024	\$ 1,016,218	\$ 71,919
2025	452,173	40,008
2026	282,078	27,036
2027	69,227	10,108
	<u>\$ 1,819,696</u>	<u>\$ 149,071</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

17. Segment Information

A segment is an identifiable activity reported within a stand-alone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of 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 the reporting requirements of GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus - an amendment of GASB Statements No. 21 and No. 34*. As of June 30, 2023 and 2022, the University's outstanding bond debt includes System Facilities Revenue Bonds. System Facilities is composed of the Housing System, the Student Union facility, the Student Recreation and Aquatic Center, and the Parking and Transit System. Revenue derived from the operation of these facilities is pledged for the retirement of the outstanding Series 2016A, Series 2016B, Series 2016C, & Series 2020 bonds and payment of interest thereon semi-annually on April 1 and October 1.

The condensed financial information for the System Facilities Revenue Bond Fund as of June 30, 2023 and 2022 is as follows:

Condensed Statement Of Net Position

	<u>2023</u>	<u>2022</u>
Current Assets	\$ 10,911,204	\$ 12,263,560
Noncurrent Assets		
Capital assets, net of depreciation	162,412,878	167,334,182
Total Assets	<u>173,324,082</u>	<u>179,597,742</u>
Deferred Outflows Of Resources	<u>3,765,088</u>	<u>4,213,944</u>
Current Liabilities	7,544,383	6,827,129
Noncurrent Liabilities	105,812,972	111,665,394
Total Liabilities	<u>113,357,355</u>	<u>118,492,523</u>
Deferred Inflows Of Resources	<u>195,531</u>	<u>662,272</u>
Net Position		
Net investment in capital assets	54,694,238	55,097,635
Unrestricted	8,842,046	9,559,256
Total Net Position	<u>\$ 63,536,284</u>	<u>\$ 64,656,891</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

Condensed Statement Of Revenues, Expenses, And Changes In Net Position

	<u>2023</u>	<u>2022</u>
Operating Revenue		
Housing contracts, net of scholarship allowance	\$ 17,792,067	\$ 19,175,213
Student recreation center fees	2,094,180	2,049,704
Parking fees and fines	1,103,846	1,148,761
Food services	231,285	244,417
Other operating revenues	1,507,792	1,285,735
Total Operating Revenue	<u>22,729,170</u>	<u>23,903,830</u>
Operating Expenses		
Personnel service	3,091,788	3,963,622
Contract food service	6,259,693	6,601,355
Utilities and maintenance	1,929,104	2,341,786
Depreciation and amortization	6,644,837	6,160,619
Other operating expenses	3,497,910	1,082,484
Total Operating Expenses	<u>21,423,332</u>	<u>20,149,866</u>
Operating Income	<u>1,305,838</u>	<u>3,753,964</u>
Nonoperating Revenue (Expenses)		
Investment income	371,355	51,661
Disposal of plant facilities	(33,188)	(3,434,476)
Interest on capital asset related debt	(3,274,302)	(3,138,299)
Contribution revenue from food service vendor	509,690	1,395,186
Net Nonoperating Expenses	<u>(2,426,445)</u>	<u>(5,125,928)</u>
Increase In Net Position	<u>(1,120,607)</u>	<u>(1,371,964)</u>
Net Position Beginning Of Year, As Restated	<u>64,656,891</u>	<u>66,028,855</u>
Net Position End Of Year	<u>\$ 63,536,284</u>	<u>\$ 64,656,891</u>

Condensed Statement Of Cash Flows

	<u>2023</u>	<u>2022</u>
Net cash provided by operating activities	\$ 8,831,258	\$ 10,731,673
Net cash used in capital and related financing activities	(10,039,195)	(7,431,353)
Net cash provided by investing activities	371,355	51,661
Net decrease in cash and cash equivalents	<u>(836,582)</u>	<u>3,351,981</u>
Cash and cash equivalents - beginning of year	<u>11,447,495</u>	<u>8,095,514</u>
Cash and cash equivalents - end of year	<u>\$ 10,610,913</u>	<u>\$ 11,447,495</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

18. Southeast Missouri University Foundation

The following disclosures pertain to the University's discretely presented component unit - the Foundation:

Investments And Investment Return

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

	<u>2023</u>	<u>2022</u>
Cash and money market funds	\$ 1,178,150	\$ 1,360,209
Certificates of deposit	7,101,253	299,851
Equities:		
Domestic	23,149,373	22,421,309
Developing international	4,746,025	3,021,179
Mutual funds:		
Domestic	31,283,086	29,442,503
Developing international	27,696,795	24,177,620
Emerging market	5,899,560	4,326,405
International fixed income	6,548,712	4,382,516
Other	8,793,744	8,975,734
Corporate bonds	5,839,105	5,936,269
Asset back securities	579,946	289,664
U.S. Treasury securities	2,084,368	1,788,643
U.S. government obligations	1,976,734	2,174,986
Municipal securities	895,594	1,035,493
Alternative strategies	326,825	518,555
	<u>128,099,270</u>	<u>110,150,936</u>
Less: short-term investments	<u>9,279,679</u>	<u>2,413,933</u>
	<u>\$ 118,819,591</u>	<u>\$ 107,737,003</u>

Total investment return is comprised of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Interest and dividends, net of fees	\$ 6,621,207	\$ 2,951,352
Unrealized and realized investment gains (losses)	4,844,135	(21,295,487)
	<u>\$ 11,465,342</u>	<u>\$ (18,344,135)</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

Pledges Receivable

Pledges receivable at June 30 consists of:

	<u>2023</u>	<u>2022</u>
Pledges receivable	\$ 513,954	\$ 216,758
Allowance for doubtful accounts	(57,717)	(26,922)
	<u>\$ 456,237</u>	<u>\$ 189,836</u>

Property And Equipment

Property and equipment at June 30 consists of:

	<u>2023</u>	<u>2022</u>
Land	\$ 7,620,564	\$ 7,620,564
Buildings and improvement	7,055,955	8,246,149
Vehicles and equipment	159,266	216,083
	<u>14,835,785</u>	<u>16,082,796</u>
Less: Accumulated depreciation	4,813,503	5,349,063
	<u>\$ 10,022,282</u>	<u>\$ 10,733,733</u>

Notes Receivable

Notes receivable at June 30 consists of:

	<u>2023</u>	<u>2022</u>
City of Cape Girardeau	\$ —	\$ 2,116,460
APG Limited	375,657	407,024
	<u>375,657</u>	<u>2,523,484</u>
Less: Current maturities due within one year	<u>375,657</u>	<u>491,367</u>
	<u>\$ —</u>	<u>\$ 2,032,117</u>

On March 14, 2013, the Foundation sold 247.43 acres to the City of Cape Girardeau (the City). The City signed a 12-year, noninterest bearing promissory note for the amount of \$5,520,000 to the Foundation. The City shall pay 12 annual installments of \$460,000. Imputed interest amount was calculated using the long-term applicable federal rate for the month of March 2013, which was 2.66%. In April 2017, an additional \$920,000 was added to the note as a result of a joint capital project between the City and the University. The City signed a new promissory note with the Foundation to fund the City's share of the capital improvements and the Foundation will reimburse the University as funds are collected from the City.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

On December 9, 2013, the Foundation sold the property located at 401 and 505 Washington Avenue to APG Limited, LLC. APG Limited signed a 10-year promissory note with an interest rate of 2.25% for the amount of \$647,000 to the Foundation. APG Limited shall pay 119 payments of \$3,350 and a final balloon payment of \$362,378.

Aggregate annual maturities of notes receivable at June 30, 2023 are:

<u>Year</u>	<u>Amount</u>
2024	\$ 375,657

Notes Payable To Bank

Notes payable to bank at June 30 consists of:

	<u>2023</u>	<u>2022</u>
First Missouri State Bank - 315 South Lorimier	\$ —	\$ 134,242
Montgomery Bank - South Lorimier & 334 Morgan Oak	413,375	461,297
	<u>413,375</u>	<u>595,539</u>
Less: Current maturities due within one year	<u>413,375</u>	<u>64,877</u>
	<u>\$ —</u>	<u>\$ 530,662</u>

Aggregate annual maturities of notes payable at June 30, 2023 are:

<u>Year</u>	<u>Amount</u>
2023	\$ 413,375

On December 28, 2012, the Foundation purchased property located at 315 South Lorimier in Cape Girardeau, Missouri. To finance the purchase, the Foundation entered into a promissory note with First Missouri State Bank in the amount of \$289,220 with a maturity date of December 28, 2017. The Foundation renewed the note during the year with a revised maturity date of December 28, 2022. Current payments on the note are regular payments of \$2,139 and one lump sum payment estimated at \$126,447. The interest rate of the promissory note is 4.60% per annum.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

On August 8, 2018, the Foundation entered into a promissory note with Montgomery Bank in the amount of \$624,389 to consolidate and refinance the South Lorimier (A) and 334 Morgan Oak (B) notes. The promissory note requires 59 monthly principal and interest of \$5,817, with one balloon payment estimated at \$410,961 due at maturity on August 8, 2023. The promissory note bears interest at 4.91% per annum.

Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are available for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Endowed - perpetual	\$ 93,361,547	\$ 86,650,762
Other - perpetual	4,061,791	3,791,389
Endowed - spendable	8,230,052	7,059,622
Other - spendable	13,538,598	12,267,530
Loans	178,151	177,962
	<u>\$ 119,370,139</u>	<u>\$ 109,947,265</u>

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2023</u>	<u>2022</u>
Scholarships	\$ 3,134,316	\$ 2,661,773
Loans	2,736	1,131
Other purpose restrictions accomplished	2,913,435	2,444,963
	<u>\$ 6,050,487</u>	<u>\$ 5,107,867</u>

Annuity And Trust Obligations

The Foundation has been the recipient of several gift annuities and charitable remainder trusts, which require future payments to the contributors or their named beneficiaries. The assets received from the donor are recorded at fair values. The Foundation has recorded a liability of \$966,302 and \$1,031,176 at June 30, 2023 and 2022, respectively, which represents the present value of the future gift annuity obligations. The liability has been determined using a discount rate of 8.42% and 10.52% at June 30, 2023 and 2022, respectively. Additionally, the Foundation has recorded a liability at June 30, 2023 and 2022, of \$99,130 and \$187,993, respectively, which represents the present value of the future obligations to make distributions to the designated beneficiaries of charitable remainder trusts.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements *(Continued)*

Operating Leases

The Foundation leases certain plant assets to the University. These leases will expire on various dates through fiscal year 2027. Future minimum lease payments at June 30, 2023 were:

<u>Year</u>	<u>Amount</u>
2023	\$ 156,241
2024	129,078
2025	116,863
2026	71,595
2027	21,239
	<u>\$ 495,016</u>

Restatement

The Foundation has restated its financial statements for the year ended June 30, 2022 to correct certain activities and net assets classifications between without donor restrictions and with donor restrictions. Management determined that certain endowment and other restricted funds were incorrectly classified as net asset without donor restriction and with donor restriction. As a result, management reclassified June 30, 2021 net assets of \$8,464,366 from without donor restrictions to with donor restrictions.

19. Restatement

The University has restated its financial statements for the year ended June 30, 2022, due to several items identified during fiscal year 2023, as follows:

- As a result of management's effort of moving all books in the library collection from the Dewey tracking system to the Library of Congress tracking system, it was determined that much of the collection was too old to have historical cost and acquisition information for each volume. As such, management estimated the value of each book using the cost information that was available. This review resulted in a write down of library assets and related accumulated depreciation.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

- After a full review of inventory, it was determined that certain rental textbook inventories recorded on its financial statements in fiscal year 2022 had historically been depreciated based on a factor system. GASB Statement No. 34 provides for certain assets (such as books) that are not required to be depreciated. As such, management determined that the depreciation from prior periods should be reversed.
- The University adopted GASB Statement No, 96, *Subscription-Based Information Technology Arrangements*, as discussed in footnote 16.

The tables that appear on the following pages reflect the impact which these adjustments had on the statement of net position and the statement of revenues, expenses, and changes in net position for fiscal year 2022.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements *(Continued)*

Impact On The Statement Of Net Position As Of June 30, 2022:

	Unadjusted	Library Adjustments	Textbook Inventory Adjustments	GASB 96 Adoption Adjustments	Adjusted
Assets					
Current Assets					
Cash and cash equivalents	\$ 37,363,374	\$ —	\$ —	\$ —	\$ 37,363,374
Restricted cash and cash equivalents	1,473,814	—	—	—	1,473,814
Short-term investments	41,821,566	—	—	—	41,821,566
Accrued interest receivable	133,128	—	—	—	133,128
Due from component unit - Foundation	809,982	—	—	—	809,982
Accounts receivable	4,586,925	—	—	—	4,586,925
Notes receivable	517,936	—	—	—	517,936
Lease receivable	730,405	—	—	—	730,405
Due from federal government	1,578,773	—	—	—	1,578,773
Inventory	2,075,388	—	2,503,305	—	4,578,693
Prepaid expenses	552,878	—	—	—	552,878
Pledges receivable (net of allowance of \$573)	—	—	—	—	—
Total Current Assets	91,644,169	—	2,503,305	—	94,147,474
Noncurrent Assets					
Investments	24,795,544	—	—	—	24,795,544
Due from component unit - Foundation	1,970,863	—	—	—	1,970,863
Notes receivable	1,077,252	—	—	—	1,077,252
Lease receivable	139,774	—	—	—	139,774
Capital assets - non-depreciable	13,159,208	(986,826)	—	—	12,172,382
Capital assets, net - depreciable	385,115,897	(1,935,080)	—	—	383,180,817
Right of use assets, net	5,807,385	—	—	1,959,355	7,766,740
Total Noncurrent Assets	432,065,923	(2,921,906)	—	1,959,355	431,103,372
Total Assets	523,710,092	(2,921,906)	2,503,305	1,959,355	525,250,846
Deferred Outflows Of Resources					
Deferred amounts on refunding of bonds payable	7,424,702	—	—	—	7,424,702
Deferred amounts related to other postretirement employee benefit plan	201,514	—	—	—	201,514
Deferred amounts related to pension plan	9,642,723	—	—	—	9,642,723
Deferred amounts related to pension contributions	9,488,129	—	—	—	9,488,129
Total Deferred Outflows Of Resources	26,757,068	—	—	—	26,757,068
Liabilities					
Current Liabilities					
Accounts payable	3,696,537	—	—	—	3,696,537
Accrued compensation	8,027,938	—	—	—	8,027,938
Accrued claims liability	1,297,616	—	—	—	1,297,616
Bond interest payable	1,479,459	—	—	—	1,479,459
Funds held for others	77,186	—	—	—	77,186
Unearned income	7,003,782	—	—	—	7,003,782
Current portion of bonds payable	4,300,000	—	—	—	4,300,000
Current portion of notes payable	118,660	—	—	—	118,660
Current portion of lease payable	919,022	—	—	—	919,022
Current portion of subscription liability	—	—	—	898,316	898,316
Current portion of other post-retirement benefit liability	158,000	—	—	—	158,000
Total Current Liabilities	27,078,200	—	—	898,316	27,976,516
Noncurrent Liabilities					
Due to federal government	1,943,968	—	—	—	1,943,968
Bonds payable	154,388,270	—	—	—	154,388,270
Notes payable	412,673	—	—	—	412,673
Lease payable	5,084,766	—	—	—	5,084,766
Subscription liability	—	—	—	894,607	894,607
Unearned income	6,033,903	—	—	—	6,033,903
Net other postretirement employee benefit liability	3,619,052	—	—	—	3,619,052
Net pension liability	112,274,110	—	—	—	112,274,110
Total Noncurrent Liabilities	283,756,742	—	—	894,607	284,651,349
Total Liabilities	310,834,942	—	—	1,792,923	312,627,865
Deferred Inflows Of Resources					
Deferred amounts related to other postretirement employee benefit plan	1,146,943	—	—	—	1,146,943
Deferred amounts related to pension plan	25,064,201	—	—	—	25,064,201
Deferred amount from lease revenues	870,179	—	—	—	870,179
Total Deferred Inflows Of Resources	27,081,323	—	—	—	27,081,323
Net Position	\$ 212,550,895	\$ (2,921,906)	\$ 2,503,305	\$ 166,432	\$ 212,298,726

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

Impact On The Statement Revenues, Expenses, And Changes In Net Position For The Year Ended June 30, 2022:

	Unadjusted	Library Adjustments	Textbook Inventory Adjustments	GASB 96 Adoption Adjustments	Adjusted
Operating Revenues					
Student tuition and fees	\$ 53,517,484	\$ —	\$ —	\$ —	\$ 53,517,484
Federal grants - restricted	2,662,349	—	—	—	2,662,349
State grants and contracts - restricted	7,486,242	—	—	—	7,486,242
Nongovernmental grants and contracts - restricted	834,418	—	—	—	834,418
Sales and services of educational departments	2,916,132	—	—	—	2,916,132
Auxiliary enterprises:					
Residence life	17,275,088	—	—	—	17,275,088
Other auxiliary	7,702,066	—	—	—	7,702,066
Other operating revenues	7,769,483	—	—	—	7,769,483
Total Operating Revenues	100,163,262	—	—	—	100,163,262
Operating Expenses					
Personnel services	87,871,772	—	—	—	87,871,772
Scholarships	9,193,608	—	—	—	9,193,608
Utilities	5,073,443	—	—	—	5,073,443
Supplies and other services	33,873,524	—	68,475	(1,200,859)	32,741,140
Depreciation and amortization	21,323,059	(116,380)	—	1,034,427	22,241,106
Other post-employment benefit (OPEB) expense	88,371	—	—	—	88,371
Emergency COVID-19 student relief	10,415,698	—	—	—	10,415,698
Total Operating Expenses	167,839,475	(116,380)	68,475	(166,432)	167,625,138
Operating Loss	(67,676,213)	116,380	(68,475)	166,432	(67,461,876)
Nonoperating Revenues (Expenses)					
State appropriations	46,149,698	—	—	—	46,149,698
Federal grants - restricted	13,064,770	—	—	—	13,064,770
Emergency COVID-19 governmental assistance	20,198,032	—	—	—	20,198,032
Investment income	(227,676)	—	—	—	(227,676)
Contributions and gifts	1,424,610	—	—	—	1,424,610
Interest on capital asset-related debt	(5,201,879)	—	—	—	(5,201,879)
Loss on disposal of plant facilities	(4,817,019)	186,567	—	—	(4,630,452)
Net Nonoperating Revenues	70,590,536	186,567	—	—	70,777,103
Loss Before Other Revenues, Expenses And Gains	2,914,323	302,947	(68,475)	166,432	3,315,227
State capital appropriations	681,487	—	—	—	681,487
Capital grants and gifts	264,568	—	—	—	264,568
Total Other Revenues, Expenses And Gains	946,055	—	—	—	946,055
Change In Net Position	3,860,378	302,947	(68,475)	166,432	4,261,282
Net Position - Beginning Of Year	208,690,517	(3,224,853)	2,571,780	—	208,037,444
Net Position - End Of Year	\$ 212,550,895	\$ (2,921,906)	\$ 2,503,305	\$ 166,432	\$ 212,298,726

Required Supplementary Information

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULES OF SELECTED PENSION INFORMATION
MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM
June 30, 2023
(In Thousands)

Schedule Of University's Proportionate Share Of The Net Pension Liability

	Measurement Date As Of June 30:									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
University's proportion of the net pension liability	2.0234%	2.0817%	2.0817%	2.1217%	2.3112%	2.4578%	2.4563%	2.4420%	2.3902%	
University's proportionate share of the net pension liability	\$ 144,883,819	\$ 112,274,110	\$ 132,137,222	\$ 128,178,153	\$ 128,922,744	\$ 127,976,381	\$ 114,021,149	\$ 78,422,893	\$ 56,354,914	
University's covered-employee payroll	40,362,131	40,478,238	41,594,888	41,219,232	44,921,805	48,380,403	47,570,877	47,277,247	46,027,547	
University's proportionate share of net pension liability as a percentage of its covered-employee payroll	358.96%	277.37%	317.68%	310.97%	286.99%	264.52%	239.69%	165.88%	122.44%	
Plan fiduciary net position as a percentage of the total pension liability	53.53%	63.00%	55.48%	56.72%	59.02%	60.41%	63.60%	72.62%	79.49%	

Notes: The above schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Information provided is based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.

Schedule Of University's Contributions

	Fiscal Year End As Of June 30:									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Required contribution	\$ 10,434,698	\$ 9,488,129	\$ 9,262,972	\$ 9,051,938	\$ 8,328,691	\$ 8,739,287	\$ 8,209,302	\$ 8,072,759	\$ 8,022,949	\$ 8,096,002
Contributions in relation to the required contribution	10,434,698	9,488,129	9,262,972	9,051,938	8,328,691	8,739,287	8,208,979	8,072,759	8,022,949	8,096,002
University's covered-employee payroll	39,630,445	40,362,131	40,478,238	41,594,888	44,921,805	44,921,805	47,570,877	47,277,247	47,249,405	56,027,696
Contributions as a percentage of covered-employee payroll	26.33%	23.51%	22.88%	21.76%	19.45%	16.97%	17.26%	17.08%	16.98%	14.45%

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULES OF SELECTED PENSION INFORMATION
MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM
June 30, 2023
(In Thousands)

Changes Of Benefit Terms Or Assumptions

Changes to assumptions in valuation reports included a change in the discount rate from 7.25% for the measurement date as of June 30, 2018 recorded by the University at June 30, 2019 to 7.10% for the measurement date as of June 30, 2019 recorded by the University at June 30, 2020 and to 6.95% for the measurement date as of June 30, 2020 recorded by the University at June 30, 2021.

Senate Bill 62 (SB62), which contained changes to the benefit structure for MSEP 2011, was passed by the 2017 legislature. The provisions of the bill decreased vesting from ten to five years of service, but also included provisions that essentially offset the cost of the vesting change. As a result, SB 62 had no impact on the employer contribution rate and created a decrease to the UAAL of \$1.6 million.

During the MOSERS plan year ended June 30, 2020, there were changes to reduce the long-term expected rate of return on investments from 7.10% to 6.95%, which increased the total pension liability. During the MOSERS plan year ended June 30, 2019, there were changes to reduce the long-term expected rate of return on investments from 7.25% to 7.10%, which increased the total pension liability. During the MOSERS plan year ended June 30, 2018, there were changes to reduce the long-term expected rate of return on investments from 7.50% to 7.25%, which increased the total pension liability. During the MOSERS plan year ended June 30, 2017, there were changes to reduce the long-term expected rate of return on investments from 7.65% to 7.50%, which increased the total pension liability.

Changes to assumptions for the year ended June 30, 2016 were related to changes in the mortality table, investment returns, and salary increases.

SOUTHEAST MISSOURI STATE UNIVERSITY

**SCHEDULES OF SELECTED POSTEMPLOYMENT
HEALTHCARE PLAN INFORMATION**

June 30, 2023

	As of June 30,					
	2023	2022	2021	2020	2019	2018
Service cost	\$ 200,914	\$ 272,733	\$ 265,840	\$ 258,097	\$ 271,452	\$ 263,545
Interest cost	158,842	96,349	153,675	148,277	126,667	123,611
Net benefits paid by employer	(188,534)	(157,914)	(270,172)	(236,736)	(312,318)	(264,832)
Other changes	—	(1,026,361)	—	(54,725)	—	—
Net change in total OPEB liability	171,222	(815,193)	149,343	114,913	85,801	122,324
Total OPEB liability - beginning of year	3,777,052	4,592,245	4,442,902	4,327,989	4,242,188	4,119,864
Total OPEB liability - end of year	\$ 3,948,274	\$ 3,777,052	\$ 4,592,245	\$ 4,442,902	\$ 4,327,989	\$ 4,242,188
Covered employee payroll	\$ 55,441,474	\$ 53,826,673	\$ 54,530,104	\$ 52,941,848	\$ 60,235,272	\$ 58,480,847
Total OPEB liability as a percentage of covered employee payroll	7.12%	7.02%	8.42%	8.39%	7.19%	7.25%

Notes: The above schedule is intended to show information for 10 years. Additional years will be displayed as they become available.