

Management's Discussion and Analysis

Overview of Financial Statements and Financial Analysis

The Management Discussion and Analysis provides an overview of Jackson State University's financial position, results of activities and financial condition for the fiscal year ending June 30, 2025. Fiscal Year 2024 data is presented for comparative purposes. The University's report consists of three basic financial statements: the Statement of Net Position, The Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These primary financial statements of Jackson State University are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis. This discussion and analysis should be read in conjunction with the financial statements and the notes attached thereto following this section.

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year. It is a point-in-time financial statement. The difference between total assets, deferred outflows and liabilities and deferred inflows results in the Net Position. The Net Position is an important indicator of the current financial condition of the University, while the change in Net Position is an indicator of whether the overall financial market condition of the University has improved or worsened during the year. Assets and liabilities are presented as current and noncurrent which enables the reader to determine the institution's ability to meet immediate and future obligations.

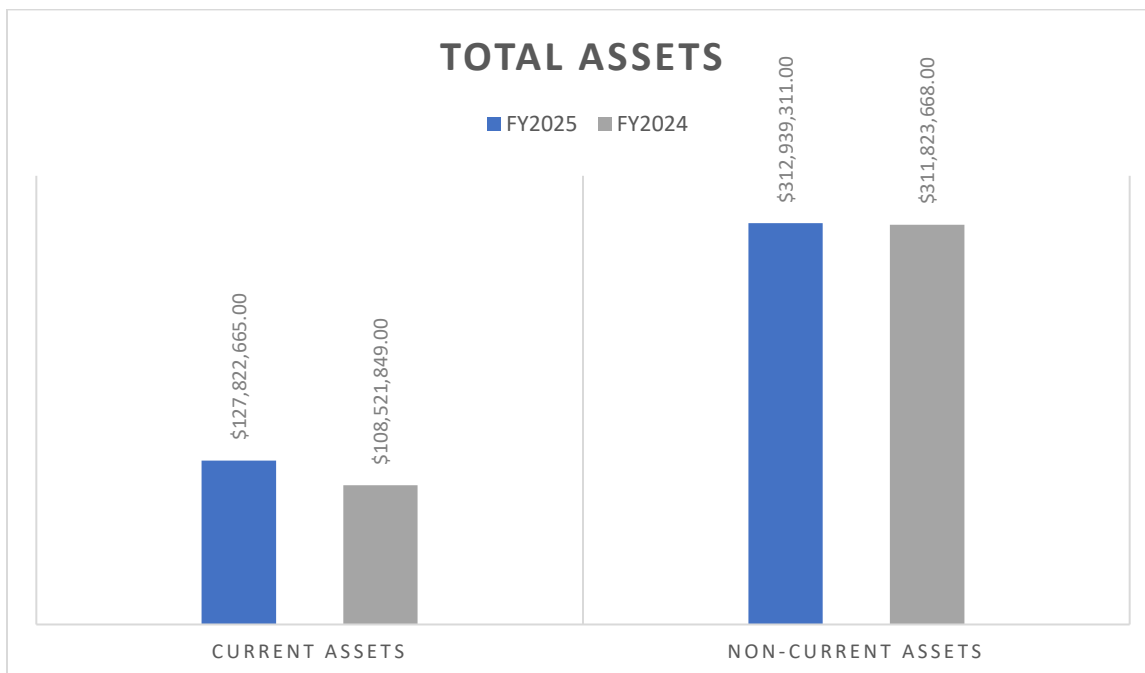
Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant, and equipment owned by the institution. The next asset category is Restricted Net Position, which is subdivided into two categories, non-expendable and expendable. The corpus of non-expendable restricted resources, as it pertains to endowments, is only available for investment purposes. Expendable restricted Net Position are available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of assets. The final category is unrestricted Net Position. Unrestricted assets are available to the institution for any lawful purpose of the institution.

As of June 30, 2025, the University's assets and deferred outflows of resources totaled \$479,704,523. And Liabilities and deferred outflows totaled \$311,553,292, leaving a net position of \$168,151,231, a \$5,102,172 increase in net position compared to fiscal year 2024.

University Assets

Total Assets for the University increased by \$20,416,459 in comparison to fiscal year 2024. The University's cash and cash equivalent experienced an increase of approximately \$7.8 million dollars over the past fiscal year due to timely drawdowns for reimbursement. Cash and Cash equivalents includes current balances. The Noncurrent restricted cash and cash equivalents balance is shown under non-current assets and include funds held in escrow accounts to be used for specific capital purposes.

Accounts receivable consist of Student Accounts Receivable (SAR), Auxiliary, Federal and State Grants Receivables, State Appropriations receivable, travel, and other receivables. Perkins loans in the amount of \$1,216,977 are included in the long-term portion of students accounts receivable and will continue to decrease each year as cancellation occurs.



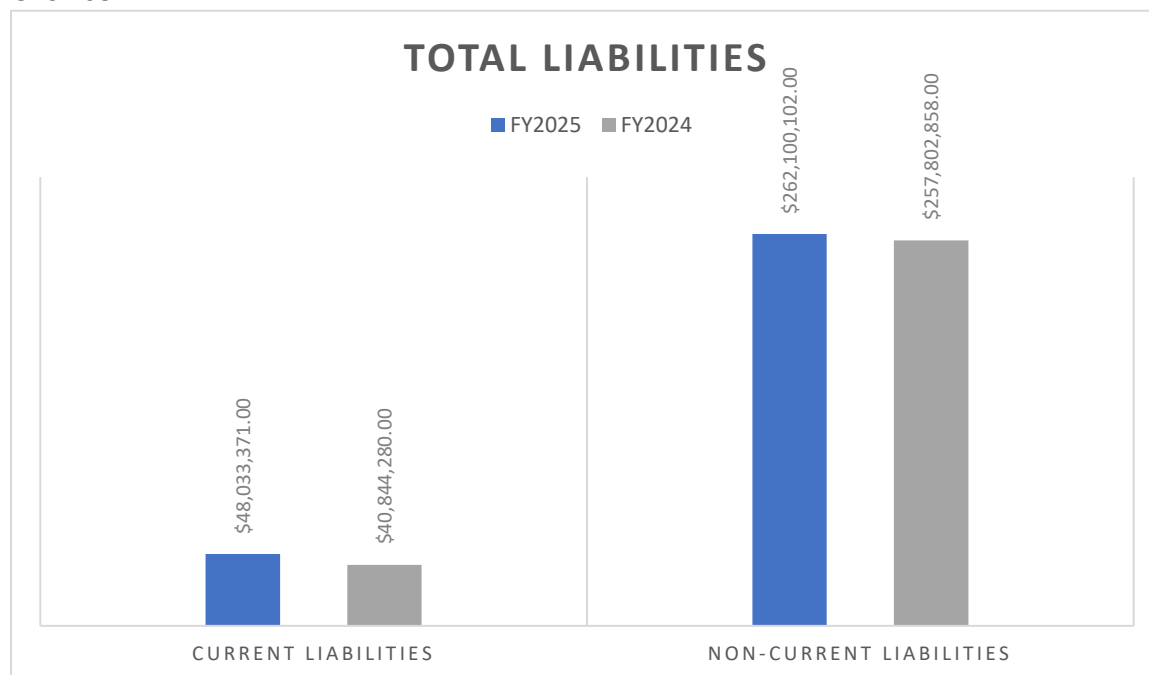
Capital assets comprise land, land improvements, buildings and improvements, equipment, construction in progress, and library materials. Capital assets, net balance was \$246,763,391 for FY2025 as compared to \$249,466,622 in FY2024. \$7,321,176 of construction in progress was moved to Buildings. The University began two leases, CW Old and 225 East Capitol Street Hotel, in fiscal year 2025 to offer housing accommodations to students. The total value of the leases was \$6,204,239.

Deferred Outflows

Deferred Outflows refer to the University’s debt amortization, the pension changes, and the other Post-employment Benefits (OPEB) liability related to the State and School Employees’ Life and Health Insurance Plan. They are applicable to future reporting periods. Deferred outflows also represent the University’s proportionate share of the net OPEB liability for its employees who participate in the State and School Employees’ Life and Health Insurance Plan. Deferred outflows for Debt Restructuring were \$4,538,066 in FY2025 and \$5,174,286 in FY2024. GASB68 Pension outflows was \$32,696,691 in FY2025 and \$39,250,667 in FY2024. Lastly, OPEB 75 outflows was \$1,707,792 in FY2025 and \$1,445,519 in FY2024.

Liabilities

The University’s liabilities are divided into two parts: current liabilities and noncurrent liabilities. Current liabilities are composed of primarily accounts payable and unearned (deferred) revenues. Majority of the accounts payables represents amounts owed for vendor payments and payroll liabilities and benefits. Unearned (deferred) revenues include tuition revenue received in advance for the second term of the summer semester. Noncurrent liabilities primarily consist of Net Pension liability as it relates to GASB 68.

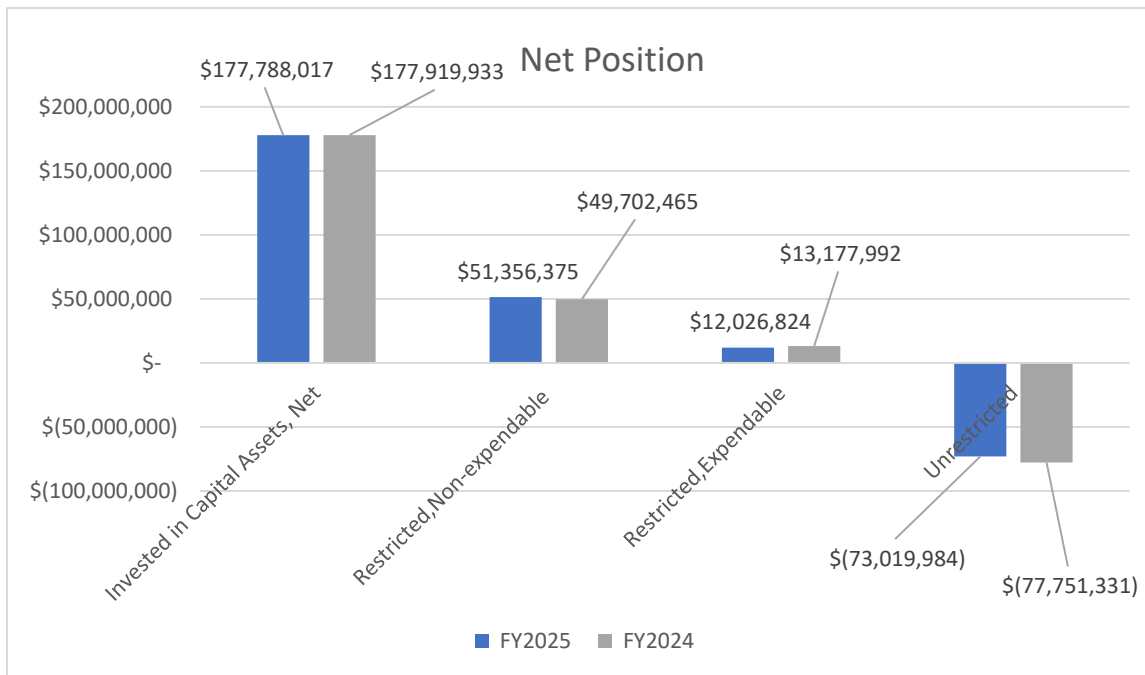


Deferred Inflows

Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. If the amounts serve to reduce pension expense, they are labeled as deferred inflows. Deferred inflows as it relates to GASB 75 was \$1,419,18 in comparison to \$2,028,167 in FY24. There were no deferred inflows for GASB 68 Pension Related.

Net Position

The Net Position is the residual value in the University's assets and deferred outflows after all liabilities and deferred inflows are deducted. Net position increased from \$163,049,059 to \$168,151,231 for a change of \$5,102,173.



Statement of Revenues, Expenses, and Changes in Net Position

The Purpose of the Statement of Revenues, Expenses, and Changes in Net Position is to present the results of the University's operations for the fiscal year, including operating, non-operating, and other revenues, expenses, gains and losses. Operating revenues are received for providing goods and services to the University's customers and various constituencies. Pell Grant is considered non-operating revenue but an operating expense. Revenues and expenses are recognized when earned and incurred regardless of when cash is received. The Statement of Revenues, Expenses, and Changes in Net Position presents an increase in net position of \$5,102,176 for FY2025.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

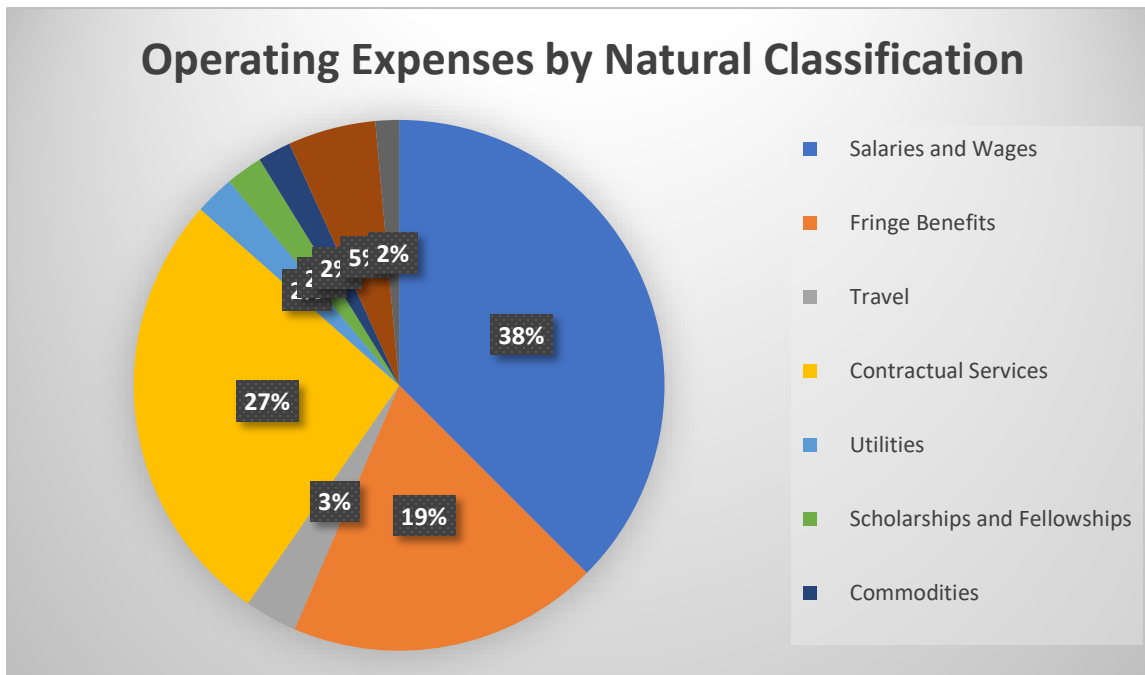
	A	B	C	D	E
1		June 30		June 30	Variance
2		2025		2024	
3	Operating Revenues	137,401,280.00		125,688,460.25	11,712,819.75
4	Non-Operating Revenues	84,902,363.00		81,045,634.00	3,856,729.00
5	Total Revenues	222,303,643.00		206,734,094.25	15,569,548.75
6					
7	Operating Expenses	209,891,288.00		202,070,724.25	7,820,563.75
8	Non-Operating Expenses	25,244,430.00		6,571,836.00	18,672,594.00
9	Total Expenses	235,135,718.00		208,642,560.25	26,493,157.75
10					
11	Income (Loss) Before Other Revenues, Expenses, Gains and Losses	(12,832,075.00)		(1,908,466.00)	(10,923,609.00)
12					
13	Capital Grants and Gifts	-			
14	State Appropriations Restricted for Capital Purposes	17,934,251.00		4,114,155.00	13,820,096.00
15	Additions to Permanent Endowments	-			
16	Other Additions	-			
17	Other Deletions				
18	Net Increase in Net Assets	5,102,176.00		2,205,689.00	2,896,487.00
19					
20	Net Assets - Beginning of Year, as Previously Reported	163,049,059.00		160,843,370.00	2,205,689.00
21					
22	Cumulative Effect of Changes in Accounting Principle	-		-	
23	Prior Period Adjustment	-		-	
24	Net Assets - End of Year	168,151,235.00		163,049,059.00	5,102,176.00

Operating Revenues

Total operating revenues were \$137,401,280 for the year ended June 30,2025. The University's Net tuition and fees decreased due to the implementation of NACUBO best practice for tuition discounting. Tuition discounting involves reducing tuition and fees by institutional aid. According to NACUBO guidance, "institutional aid includes scholarships paid from institutional funds, Pell Grants, and any other student aid which must be allocated between the discount and financial aid expense. However, there was a \$11,712,820 increase in operating revenues due to timely grant reimbursement drawdowns, and increased revenues from Auxiliary services and Other operating Revenues.

Operating Expenses

Total operating expenses for the year ended June 30, 2025 was \$209,891,288. This resulted in the University showing an operating loss of \$72,490,008. In FY2024, the University showed a loss of \$76,382,264. The University's commitment to attaining and improving stewardship is shown over the past year with decreasing operating loss. Salaries and wages, fringe benefits, and contractual services comprise 84% of total operating expenses. Operating expenses are incurred as a result of normal operations; however, depreciation is included as it relates to the capital assets used in the University's business each day. Scholarship and fellowships expense were decreased due to implementation of NACUBO tuition discounting which reclassified certain institutional aid as a direct off-set to tuition and fees under operating revenues.



Non-Operating Revenues and Expenses

The University relies heavily on non-operating revenues to offset the net loss from operating. Common non-operating revenues received are Pell Grant, investment income, and State Appropriations. As a result, the University was able to show a net increase in net assets for \$5,102,176 for FY25.

Statement of Cash Flows

The Statement of Cash Flows presents additional detailed information by reporting the major sources and uses of cash during the year. The Statement of Cash Flows also helps users assess the University's ability to generate future cash flows, meet obligations as they come due and the need for external financing. This Statement is divided into four sections.

The first section reflects operating cash and presents the net cash used by operating activities of the University. In FY2025, the University used \$9.3 million less in cash for operations than in FY2024.

The second section is Cash flows from noncapital financing activities. State appropriations are the primary source of non-capital financing. Pell Grant is also included in this section. GASB accounting standards require that the University reflect this source of revenue as non-operating revenue, even though the University's budget is dependent on this revenue to maintain the current level of operations. In FY2025, net cash provided by Noncapital Financing Activities increased by \$4 million in comparison to FY2024.

The third section reflects cash flows from capital and related financing activities. It includes bond proceeds, principal and interest payments on debt, and cash paid for capital assets. In FY2025, Net Cash Used by Capital and Related Financing Activities increased by \$5.3 million due to increased amount paid on capital debt and leases and a reduction of \$1.8 million in other sources.

The fourth section reflects purchases, proceeds and interest received from both short and long-term investing activities. Net Cash provided by investing activities increased by \$480,000 in FY2025.

Total net cash provided for all activities was \$10,016,828 for FY2025.

JACKSON STATE UNIVERSITY			
CONDENSED STATEMENT OF CASH FLOWS			
For the Period Ending June 30, 2025			
	FY2025	FY2024	
Net Cash Provided (Used) By Operating Activities	(54,083,890.32)	(63,409,586.14)	
Net Cash Provided by Noncapital Financing Activities	75,044,172.00	70,986,317.56	
Net Cash Used by Capital and Related Financing Activities	(11,943,335.00)	(6,634,075.59)	
Net Cash Provided by Investing Activities	999,881.64	519,299	
Net Increase (Decrease) in Cash and Cash Equivalents	10,016,828.32	1,461,954.84	
Cash and Cash Equivalents - Beginning of the Year	59,393,176	57,931,221	
Cash and Cash Equivalents - End of the Year	69,410,004.16	59,393,175.84	

Capital Asset and Debt Administration

As of June 30,2025, the University had approximately \$246 million invested in capital assets, net of accumulated depreciation of \$212 million.

Major capital expenditures during the year were incurred for the following projects: (1) Room leases at 225 E Capitol Street Hotel (Walthall Lofts) for \$4.1 million; (2) Room leases at CW Old for \$2 million; (3) Stewart Hall Renovation for \$7.3 million

Economic Outlook

The University is positioned in the heart of the capital city, Jackson, Mississippi and is the State’s only urban university. The University’s economic position is directly influenced by the economic condition of the State of Mississippi. As a result, the University relies significantly on the state appropriations to realize its full potential and for achieving its goals and objectives. Increased state appropriations would also assist the University in the fulfillment of its assigned mission and role. The Institution of Higher Learning requires each school under its governance to calculate and report key financial sustainability ratios for both the current and upcoming fiscal years. For FY2025, the University demonstrated strong

financial performance across all required metrics. The debt service coverage ratio was 2.77, significantly exceeding the minimum requirement of 1.50. Days of cash on hand increased to 117, representing a 10-day improvement from FY2024, which reported 107 days. Additionally, the liabilities-to-unrestricted net assets ratio was 0.94, remaining well below the maximum threshold of 1.50.

Overall, the University is steadily striving to meet or exceeded all financial ratio standards established by the Mississippi Institutions of Higher Learning.

Basic Financial Statements

JACKSON STATE UNIVERSITY
STATEMENT OF NET POSITION
06-30-2025

	2025	2024
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 67,170,295	\$ 59,332,892
Short Term Investments (note #2)	(0)	
Accounts Receivables, Net (note # 3)	50,839,751	42,729,776
Student Notes Receivables (note # 3)	-	-
Inventories	421,025	422,815
Prepaid Expenses	9,391,593	6,036,366
Other Current Assets	-	-
Total Current assets	127,822,665	108,521,849
Non-Current Assets:		
Restricted Cash and Cash Equivalents	2,239,710	60,284
Quasi-Endowment Investments (note # 2)	62,632,200	60,978,291
Other Long Term Investments (note # 2)	-	-
Student Notes Receivable, net (note # 2)	1,216,977	1,231,441
Capital Assets, Net of Accumulated Depreciation (note # 5)	246,763,393	249,466,622
Other Noncurrent Assets	87,030	87,030
Total Non-Current assets	312,939,311	311,823,668
Total Assets	440,761,976	420,345,517
Deferred Outflows		
Debt Restructuring OutFlows	4,538,066	5,174,286
GASB 68 Pension Outflows	32,696,691	39,250,667
OPEB 75 Outflows	1,707,792	1,445,519
Total Deferred Outflows of Resources	38,942,549	45,870,472
Total Assets and Deferred Outflows of Resources	479,704,523	466,215,989
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	21,579,611	19,421,752
Deferred Revenues	16,737,824	14,364,325
Accrued Leave Liabilities - Current Portion (note # 10)	367,579	434,276
Long Term Liabilities - Current Portion (note # 10)	9,348,357	6,623,928
Other Current Liabilities	-	-
Total Current liabilities	48,033,371	40,844,280
Non-Current Liabilities:		
Net Pension Liability Gasb 68	177,320,101	166,516,916
OPEB Liability Gasb 75	4,798,826	4,505,290
Deposits Refundable	446,526	452,201
Accrued Leave Liabilities (note # 10)	4,737,686	5,597,331
Long Term Liabilities (note # 710)	72,884,176	78,818,332
Other Non-Current Liabilities (note # 10)	-	-
Other Noncurrent Liabilities	1,912,787	1,912,787
Total Non-Current liabilities	262,100,102	257,802,858
Total Liabilities	310,133,474	298,647,138
Deferred Inflows		
GASB 68 Pension Related Deferred Inflows	-	2,491,625
OPEB 87 Deferred Inflows	-	-
GASB 75 Deferred Inflows	1,419,818	2,028,167
Total Deferred Inflows	1,419,818	4,519,792
Total Liabilities and Deferred Inflows of Resources	311,553,292	303,166,930
Net Position:		
Invested in Capital Assets, Net of Related Debt	177,788,017	177,919,933
Restricted for:		
Nonexpendable -		
Scholarships and Fellowships	12,501,589	11,736,063
Research	-	-
Other Purposes--Ayers Endowment	38,854,786	37,966,402
Expendable -		
Scholarships and Fellowships	10,880,410	11,031,578
Research	-	-
Capital Projects	791,934	1,791,934
Debt Service	16,929	16,929
Loans	337,551	337,551
Other Purposes---Ayers Endowment	-	-
Unrestricted	(73,019,984)	(77,751,331)
Total Net Position	168,151,231	163,049,059
Total Liabilities and Net Position	479,704,523	466,215,989

JACKSON STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2025

	June 30 <u>2025</u>	June 30 <u>2024</u>
Operating Revenues:		
Tuition and Fees	\$ 68,452,092	\$ 62,241,314
Less: Scholarship Allowances	(35,512,804)	(15,778,700)
Less: Bad Debt Expenses	(2,421,398)	(1,768,480)
Net Tuition and Fees	<u>30,517,890</u>	<u>44,694,134</u>
Federal Appropriations		
Federal Grants and Contracts	50,219,602	41,096,069
State Grants and Contracts	2,067,121	3,361,926
Nongovernmental Grants and Contracts	2,150,358	2,380,100
Sales and Services of Educational Departments	2,831,191	2,137,379
Auxiliary Enterprises:		
Student Housing	15,423,150	13,712,316
Food Services	10,780,239	11,986,598
Other Auxiliary revenues	2,163,476	1,677,746
Less: Auxiliary Enterprise Scholarship Allowances	(227,270)	(7,935,624)
Interest Earned on Loans to Students		
Patient Care Revenues		
Other Operating Revenues	<u>21,475,523</u>	<u>12,577,816</u>
Total Operating Revenues	<u>137,401,280</u>	<u>125,688,460</u>
Operating Expenses:		
Salaries and Wages	78,609,717	73,658,014
Fringe Benefits	39,968,036	33,358,197
Travel	6,733,681	6,664,577
Contractual Services	56,365,672	51,113,769
Utilities	5,031,266	5,074,507
Scholarships and Fellowships	4,710,858	13,830,177
Commodities	4,255,777	4,420,852
Depreciation/Amortization Expense	11,203,709	9,084,316
Other Operating Expense	<u>3,012,572</u>	<u>4,866,315</u>
Total Operating Expenses	<u>209,891,288</u>	<u>202,070,724</u>
Operating Income (Loss)	<u>(72,490,008)</u>	<u>(76,382,264)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	49,594,871	50,069,962
State Appropriations		
Federal ARRA (SFSF) Revenue	-	-
Gifts and Grants	22,608,661	21,445,830
Investment Income, Net of Investment Expense	6,780,912	7,417,964
Interest Expense on Capital Asset--Related Debt	(2,653,377)	(2,833,001)
Other Nonoperating Revenues	5,917,919	2,111,878
Other Nonoperating Expenses	(22,591,053)	(3,738,835)
Total Net Nonoperating Revenues (Expenses)	<u>59,657,933</u>	<u>74,473,798</u>
Income (Loss) Before Other Revenues, Expenses, Gains and Losses	(12,832,075)	(1,908,466)
Capital Grants and Gifts	-	-
State Appropriations Restricted for Capital Purposes	17,934,251	4,114,155
Additions to Permanent Endowments	-	-
Other Additions	-	-
Other Deletions	-	-
Net Increase in Net Assets	<u>5,102,176</u>	<u>2,205,689</u>
Net Assets		
Net Assets - Beginning of Year, as Previously Reported	163,049,059	160,843,370
Cumulative Effect of Changes in Accounting Principle Prior Period Adjustment		
Net Assets - End of Year	<u>168,151,231</u>	<u>163,049,059</u>

JACKSON STATE UNIVERSITY
STATEMENT OF CASH FLOWS
For the Period Ending June 30, 2025

	6/30/2025	Audited 06/30/24
Cash Flows from Operating Activities:		
Tuition and Fees	\$ 25,253,084	\$ 45,530,638
Grants and Contracts	51,492,613	50,909,242
Sales and Services of Educational Departments	2,831,491	144,172
Payments to Suppliers	(74,036,878)	(76,174,237)
Payments to Employees for Salaries and Benefits	(97,951,651)	(96,521,347)
Payments for Utilities	(5,031,266)	(5,074,507)
Payments for Scholarships and Fellowships	(4,710,858)	(13,328,572)
Auxiliary Enterprise Charges:	-	-
Student Housing	15,289,380	9,478,075
Food Services	9,206,599	7,411,961
Other Auxiliary Enterprises	2,163,177	1,847,746
Interest Earned on Loans to Students	-	-
Other Receipts /Agency Income, Transfers	21,410,419	12,367,243
Net Cash Provided (Used) By Operating Activities	<u>(54,083,890)</u>	<u>(63,409,586)</u>
Cash Flows from Noncapital Financing Activities:		
State Appropriations	52,475,077	48,905,233
Gifts and Grants for Other Than Capital Purposes;	22,608,661	21,445,830
	-	-
Federal Loan Program Receipts	56,736,324	58,056,805
Federal Loan Program Disbursements	(56,736,324)	(58,056,805)
Other Sources -Cares	-	635,255
Other Uses-Cares	(39,566)	-
Net Cash Provided by Noncapital Financing Activities	<u>75,044,172</u>	<u>70,986,318</u>
Cash Flows from Capital Financing Activities:		
Proceeds from Capital Debt	-	-
Cash Paid for Retirement of debt	-	-
Cash Paid for Capital Assets	(484,972)	(87,757)
Principal Paid on Capital Debt and Leases	(8,548,860)	(5,808,017)
Interest Paid on Capital Debt and Leases	(2,653,377)	(2,618,366)
Bond Issuance Cost	-	-
State Appropriations for Capital Uses	-	-
Other Sources	-	1,880,064
Other Uses	(256,126)	-
Net Cash Used by Capital and Related Financing Activities	<u>(11,943,335)</u>	<u>(6,634,076)</u>
Cash Flows from Investing Activities:		
Proceeds from Sales and Maturities of Investments	-	-
Interest Received on Investments	2,653,791	7,414,748
Purchases of Investments	(1,653,909)	(6,895,449)
Net Cash Provided by Investing Activities	<u>999,882</u>	<u>519,299</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>10,016,828</u>	<u>1,461,955</u>
Cash and Cash Equivalents - Beginning of the Year	59,393,176	57,931,221
Cash and Cash Equivalents - End of the Year	<u>\$ 69,410,005</u>	<u>\$ 59,393,176</u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES

Operating Income (Loss)	\$ (72,490,008)	\$ (76,382,264)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	11,203,709	9,084,316
Other-Provision For Uncollectible AR	2,421,398	1,768,480
Gains (Losses)	-	-
Accounts Receivables, Net (note # 4)	(11,315,179)	(4,328,157)
Inventories	1,790	(99,280)
Prepaid Expenses	(3,015,765)	(6,023,815)
Other Current Assets	6,291,703	-
Accounts Payables and Accrued Liabilities	2,163,535	(5,136,878)
Deferred Outflows of Resources	-	24,941,273
Deferred Revenues	2,373,500	6,793,029
Net OPEB liability	293,536	395,616
Deposits Refundable	(5,676)	-
Accrued Leave Liability	(926,342)	516,175
Deferred Inflows of Resources	(1,883,276)	1,937,632
Other Liabilities	-	-
Net Pension liability	10,803,185	(16,875,713)
Total Adjustments:	<u>4,781,011</u>	<u>2,119,882</u>
Net Cash Provided (Used) by Operating Activities:	<u>(54,083,890)</u>	<u>(63,409,586)</u>
Net Cash Provided (Used) by Operating Activities (SEE D29)	\$ (54,083,890)	\$ (63,409,586)
Non-Cash Transactions		
State Appropriations Restricted for Capital Purposes	\$ 17,934,251.00	\$ 4,114,155
Unrealized Gains/(Loss) on Investment	-	-

Notes to the Financial Statements

Note 1

Summary of Significant Accounting Policies

(a) Nature of Operations

Jackson State University was founded as Natchez Seminary in 1877 by the American Baptist Home Mission Society. Further expansion of the curriculum and a notable building program preceded the elevation of Jackson State College to university status on March 15, 1974. Jackson State was officially designated the Urban University of the State of Mississippi in 1979. Presently, Jackson State offers an extensive undergraduate, graduate, and continuing education programs of study leading to degrees at the baccalaureate through doctoral levels. The Carnegie Foundation designates Jackson State University as "RU/H or high research activity".

(b) Reporting Entity

The Mississippi Constitution was amended in 1943 to create a separate legal entity and establish a Board of Trustees of State Institutions of Higher Learning (the Board). This constitutional board provides management and control of Mississippi's system of universities. The Board meets monthly and oversees the eight public universities, the University of Mississippi Medical Center and various off-campus centers and locations throughout the state. Each of these member universities is a member of the IHL System. The IHL System is considered a component unit of the State of Mississippi reporting entity.

The current twelve Board members of the IHL System were appointed by the Governor and approved by the Senate for nine-year terms as follows: one from each of the seven congressional districts, one from each of the three Supreme Court Districts and two appointed from the state-at-large. The Mississippi Constitution was amended in 2003 to change the length of terms and appointment districts for Board members. New appointments occur from the three current Supreme Court Districts for terms of nine years.

Jackson State University has established its own Educational Building Corporation or EBC (a nonprofit corporation incorporated in the State of Mississippi) in accordance with Section 37-101-61 of the Mississippi Code Annotated of 1972. The purpose of these corporations is to acquire, construct and equip facilities and to acquire land for the various universities. In accordance with Governmental Accounting Standards Board (GASB) Statement Number 14, educational building corporations are deemed component units of the State of Mississippi Institutions of Higher Learning and are included as blended component units in the general purpose financial statements.

(c) Basis of Accounting

The financial statements have been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The University follows the "business-type activities" reporting requirements of GASB Statement No. 34, which provides a comprehensive presentation of the University's financial activities.

The financial statements of the University have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when reduced to a legal or contractual obligation to pay. All significant intra-institutional transactions have been eliminated.

Grant and contract revenues, which are received or receivable from external sources, are recognized as revenues to the extent of related expenses or satisfaction of eligibility requirements. State appropriations are recognized as nonoperating revenues when eligibility requirements are satisfied.

(d) New Accounting Standards

During fiscal year 2025, the IHL System adopted GASB Statement No. 101, Compensated Absences. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The IHL System adopted the requirements of the guidance effective July 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption.

During fiscal year 2025, the IHL System adopted GASB Statement No. 102, Certain Risk Disclosures. This statement requires a government to assess whether a concentration or a constraint makes the primary government reporting unit vulnerable to the risk of a substantial impact, and disclose, if necessary, information in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The IHL System adopted the requirements of the guidance effective July 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption.

(e) Recently Issued Accounting Standards

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. The primary objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date of this statement is for fiscal years beginning after June 15, 2025.

In September 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosure. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this statement requires intangible assets other than those three types to be disclosed separately by major class. The effective date of this statement is for fiscal years beginning after June 15, 2025.

The impact of these pronouncements on Jackson State University's financial statements is current being evaluated and has not yet been fully determined.

(f) Use of Estimates

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

Significant estimates also include the determination of the allowances for uncollectible accounts and notes receivable. As a result, there is at least a reasonable possibility that recorded estimates associated with these assets could change by a material amount in the near term.

The University's investments are invested in various types of investment securities within various markets. Investment securities are exposed to several risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the University's financial statements.

In connection with the preparation of the financial statements, management evaluated subsequent events through the date the financial statements were available to be issued.

(g) Cash Equivalents

For purposes of the statement of cash flows, the university considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(h) Short-Term Investments

Short-term investments are investments that are not cash equivalents but mature within the next fiscal year.

(i) Accounts Receivable, Net

Accounts receivable consist of tuition and fee charges to students. Accounts receivable also include amounts due from federal and state governments, and nongovernmental sources, in connection with reimbursement of allowable expenses made pursuant to university grants and contracts. Accounts receivable are recorded net of an allowance for doubtful accounts.

(j) Student Notes Receivable, Net

Student notes receivable consist of federal, state and institutional loans made to students for the purpose of paying tuition and fee charges. Loan balances expected to be paid during the next fiscal year are presented on the statement of net position as current assets. Those balances that either are in deferment status or are expected to be paid back beyond the next fiscal year are presented as noncurrent assets on the statement of net position.

(k) Inventories

Inventories consist of bookstore, physical plant, agriculture, printing, central supply, food service supply, and various hospital inventories. These inventories are generally valued at the lower of cost or market, on the first-in, first-out (FIFO) basis.

(l) Prepaid Expenses

Prepaid expenses consist of expenditures related to projects, programs, activities or revenues of future fiscal periods.

(m) Restricted Cash and Cash Equivalents and Restricted Short-Term Investments

Cash, cash equivalents and short-term investments that are externally restricted to make debt service payments, to maintain sinking or reserve funds or to purchase or construct capital or noncurrent assets are classified as noncurrent assets in the statement of net position.

(n) Endowment Investments

Endowment investments are generally subject to the restrictions of donor gift instruments. They include donor restricted endowments, which are funds received from a donor with the restrictions that only the income is to be utilized or for which the donor has stipulated that the principal may be expended only after a stated period or upon the occurrence of a certain event, and funds functioning as endowments, which are funds established by the governing board to function similar to an endowment fund but may be fully expended at any time at the discretion of the governing board.

(o) Other Long-Term Investments

Investments are reported at fair value. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position. Investments in partnerships for which there are no quoted market prices are valued at net asset value, as a practical expedient in determining fair value.

(p) Investment Valuation

GASB Statement No. 72 enhances comparability of governmental financial statements by requiring fair value measurement assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories – Level 1, Level 2 and Level 3 inputs – considering the relative reliability of the inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that the university has the ability to access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the financial asset or liability.

The level in the fair value hierarchy in which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment risk.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified as Level 2 of the fair value hierarchy are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. There are no investments classified in Level 3.

(q) Capital Assets

Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair market value at the date of donation. For movable property, the University's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional categories. See Note 5 for additional details concerning useful lives, salvage values, and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activity facilities.

(r) Impairment of Capital Assets

Management reviews capital assets for impairment whenever events or changes in circumstances indicate that the service utility of an asset has declined significantly and unexpectedly. Any write-downs due to impairment are charged to operations at the time impairment is identified. No write-down of capital assets was required for the year ended June 30, 2018.

(s) Deferred Inflows and Outflows

Deferred inflows of resources are an acquisition of net assets by the university that is applicable to a future reporting period and include pension and OPEB related deferred inflows and deferred amount of debt refunding.

Deferred outflows of resources are consumption of net assets by the university that are applicable to a future reporting period and include the unamortized amounts for losses on the refunding of bond debt, pension, and OPEB related deferred outflows, and beneficial interests in irrevocable trusts.

(t) Net Pension and OPEB Liabilities

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, and OPEB and OPEB expense, respectively, information about the fiduciary net position of the university's proportionate share of the liability for pension and OPEB, and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the Public Employees' Retirement System of Mississippi (PERS) and the State and School Employees' Life and Health Insurance Plan (OPEB Plan). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

(u) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of amounts owed to vendors, contractors or accrued items such as interest, wages and salaries.

(v) Compensated Absences/Accrued Leave

Twelve-month employees earn annual personal leave at a rate of 12 hours per month for zero to three years of service; 14 hours per month for three to eight years of service; 16 hours per month for eight to fifteen years of service; and 18 hours per month for fifteen years of service and above. There is no requirement that annual leave be taken, and there is no maximum accumulation. At termination,

these employees are paid for up to 240 hours of accumulated leave. Twelve-month employees also earn annual major medical leave at a rate of 8 hours per month for one month to three years of service; 7 hours per month for three to eight years of service; 6 hours per month for eight to fifteen years of service; and 5 hours per month for fifteen years of service and above.

Nine-month employees earn major medical leave at a rate of 13.36 hours per month for one month to three years of service; 14.24 hours per month for three to eight years of service; 15.12 hours per month for eight to 15 years of service; and from 16 hours per month for fifteen years of service and above. There is no limit on the accumulation of major medical leave. At retirement, these employees are paid for up to 240 hours of accumulated major medical leave.

At termination or retirement, unused personal and major medical leave for which an employee is not compensated can be counted as creditable service for purposes of the Public Employees' Retirement System (PERS). When classifying compensated absences into current and noncurrent, leave is considered taken on a last-in, first-out (LIFO) basis. The annual change in accrued leave liabilities is presented as a net change.

(w) Unearned Revenues

Unearned revenues include amounts received for tuition, fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

(x) Deposits Refundable

Deposits refundable represent good faith deposits from students to secure admission to various programs and to reserve housing assignments.

(y) Non-current Liabilities

Non-current liabilities include: (1) carrying amounts of revenue bonds payable, notes payable and capital lease obligations; (2) estimated amounts of proportionate share of net pension and OPEB liabilities; (3) estimated amounts for accrued compensated absences, deposits refundable, and other liabilities that will not be paid within the next fiscal year; and (4) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

(z) Income Taxes

Jackson State University is considered an agency of the State and is treated as a governmental entity for tax purposes. As such, the University generally is not subject to federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the University does remain subject to income taxes on any income that is derived from a trade or business regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded because, in the opinion of management, there is no significant amount of taxes on such unrelated business income.

(aa) Classification of Revenues and Expenses

The University has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating revenues and expenses have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances and bad debt expense; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; (3) most Federal, state and local grants and contracts (non-Title IV financial aid); and (5) other operating revenue. Examples of operating expenses include (1) employee compensation, benefits and related expenses; (2) scholarships and fellowships, net of scholarship discounts and allowances; (3) utilities, commodities (supplies) and contractual services; (4) professional fees; and (5) depreciation expense related to certain capital assets.

Non-operating revenues and expenses have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, investment income and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB Statement No. 34. Examples of non-operating expenses include interest on capital asset-related debt and bond expenses.

(bb) Auxiliary Enterprise Activities

Auxiliary enterprises typically exist to furnish goods or services to students, faculty or staff, and charge a fee directly related to, although not necessarily equal to, the cost of the goods or services. One distinguishing characteristic of auxiliary enterprises is that they are managed as essentially self-supporting activities. Examples include residence halls, bookstore, convenience store, laundry, faculty and staff housing, food services and intercollegiate athletic programs (only if they are essentially self-supporting). The general public may be served incidentally by auxiliary enterprises.

(cc) Scholarship 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 student and/or third parties making payments on the student's behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the institution's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the institution has recorded a scholarship discount and allowance.

During 2025, the IHL System implemented guidance in NACUBO Advisory 2023-01 *Public Institutions: Accounting for and Reporting Financial Aid as a Discount*. This advisory concluded that the "alternate method," originally presented in NACUBO Advisory 2000-05, would no longer be endorsed considering that a more accurate methodology would be possible due to improved student information systems. The change in methodology proposed in Advisory 2023-01 is preferable because the older method was more likely to overstate scholarship expense and understate tuition discount. The new methodology will also more accurately reflect how charges and payments flow through a student's account. In accordance with GASB Statement No. 100, the newly adopted methodology is considered a change in accounting estimate. The change in estimate affects the financial statement line items for tuition and fees (net of tuition discounts and allowances), the auxiliary enterprises of student housing, food services, and athletics (net of discounts and allowances), and scholarships and fellowships expense.

(dd) Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in a statement of net position and is displayed in three components – net investment in capital assets, restricted (distinguishing between major categories of restrictions); and unrestricted.

Net investment in capital assets reflect the university's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such debt is excluded from the calculation of net investment in capital assets.

Restricted, nonexpendable net position consists of endowment and similar type funds which donors or other outside sources have stipulated, as a condition of the gift instrument, the principal is to be

maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted, expendable net position includes resources that the university is legally or contractually obligated to spend in accordance with restrictions imposed by external parties. When both restricted and unrestricted resources are available for use, it is generally the University's policy to utilize restricted resources first, and then unrestricted resources as needed.

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, net patient service revenue, sales and services of educational activities and auxiliary enterprises. Auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff. While unrestricted net position may be designated for specific purposes by action of management or the Board, they are available for use at the discretion of the governing board, to meet current expenses for any purpose.

Note 2 - Cash and Investments

Cash, Cash Equivalents and Short-Term Investments

Investment policies as set forth by the IHL Board of Trustees policy and state statute authorize the University to invest in demand deposits and interest-bearing time deposits such as savings accounts, certificates of deposit, money market funds, U.S. Treasury bills and notes, U.S. Government agency and sponsored enterprise obligations and repurchase agreements. The Investment policy at the university is governed by State statute (Section 27-105-33, MS Code Ann. 1972) and the Uniform Prudent Management of Institutional Funds Act of 1998.

Custodial Credit Risk – Deposits

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered with securities held by the counterparty's trust department or agent, but not held in the government's name. The university had no investments exposed to custodial credit risk at June 30, 2025 and 2024.

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 of the Mississippi Code Annotated (1972). Under this program, the University's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits. In the event of the failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Investment policies as set forth by Board policy as authorized by Section 37-101-15, Mississippi Code Annotated (1972), authorizes the university to invest in equity securities, bonds and other securities. Investments are reported at fair value.

A summary of cash and investments as of June 30, 2025 and 2024 is as follows:

Total Cash and Investments	2025	2024
Cash	67,170,295	59,332,892
Restricted cash and cash equivalents	2,239,710	60,284
U.S. Treasury securities	21,738,285	13,786,375
U.S. government agency securities	4,636,765	4,594,955
Corporate bonds and notes	8,062,254	3,195,586
Municipal bonds	496,060	
Certificates of deposit		69,990
Other fixed income securities		1,952,424
Money market funds	976,956	30,182
Domestic equity mutual funds	25,588,804	32,658,834
International equity mutual funds	1,133,076	4,689,945
Miscellaneous		
Total Cash and Investments	132,042,205	120,371,467

The following table presents the financial assets carried at fair value by level within the valuation hierarchy, as well as the assets measured at the net asset value (NAV) per share as a practical expedient as of June 30, 2025 and 2024

:

	2025			
	Level 1	Level 2	Level 3	Total
Investment strategy:				
Fixed income:				
U.S. Treasury securities	21,738,285			21,738,285
U.S. Government agency securities	4,636,765			4,636,765
Corporate Bonds and Notes	8,062,254			8,062,254
Municipal bonds	496,060			496,060
Money Marke Funds	976,956			976,956
				-
Total fixed income	35,910,320	-	-	35,910,320
Equity securities:				
Domestic equity mutual funds	25,588,804			25,588,804
International equity mutual funds	1,133,076			1,133,076
Total equities	26,721,880	-	-	26,721,880
Total investments measured at fair value				62,632,200

	2024			
	Level 1	Level 2	Level 3	Total
Investment strategy:				
Fixed income:				
U.S. Treasury securities	13,786,375			13,786,375
U.S. Government agency securities	4,594,955			4,594,955
Corporate Bonds and Notes	3,195,586			3,195,586
Municipal Bonds	69,990			69,990
Other Fixed Income Securities	1,952,424			1,952,424
Money Market Funds	30,182			30,182
Total fixed income	23,629,512	-	-	23,629,512
Equity securities:				
Domestic equity funds	32,658,834			32,658,834
International equity funds	4,689,945			4,689,945
Total equities	37,348,779	-	-	37,348,779

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered with securities held by the counterparty's trust department or agent but not held in the government's name. The university had no investments exposed to custodial credit risk at June 30, 2025 and 2024.

Interest Rate Risk

Interest rate risk is defined as the risk a government may face should interest rate variances adversely affect the fair value of investments. The university does not presently have a formal policy that addresses interest rate risk. As of June 30, 2025 and 2024, the university had the following investments subject to interest rate risk:

Investment Type	2025				
	Years to maturity				
	Fair value	Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury Obligations	21,738,285	11,960,672	9,777,613		
U.S. Government Agency Obligation	4,636,765	1,102,705	3,285,819		248,241
US Govt Agency Securities					
Corporate Bonds	8,062,254	1,781,620	6,280,634		
International Equity Mutual Funds					
Municipal obligations	496,060				496,060
Other Fixed income securities	\$				
Total	\$ 34,933,364	14,844,997	19,344,066	-	744,301

Investment Type	2022				
	Years to maturity				
	Fair value	Less than 1	1 - 5	6 - 10	More than 10
US Treasury Obligations	13,786,375	495,224	4,545,827		8,745,324
U.S. Treasury Obligations	4,594,955		3,484,237		1,110,718
Corporate Bonds	3,195,586		99,878	1,307,889	1,787,819
Certificates of Deposits	69,990		69,990		
Municipal obligations	\$	-			
Other Fixed Income Securities	1,952,424		996,480		955,944
Total	\$ 23,599,330	495,224	9,196,412	1,307,889	12,599,805

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The university does not have a formal investment policy that addresses credit risk. As of June 30, 2025, and 2024, the university had the following investments recorded at fair value subject to credit risk:

	2025	2024
AAA	961,269.00	3,738,752.00
Aa1	3,774,090.00	
Aa2	1,291,442.00	268,693.00
Aa3	505,346.00	
A1	1,299,831.00	
A2	2,267,000.00	881,908.00
A3	1,658,416.00	163,564.00
AAA - BBB		955,944.00
Ba1	258,405.00	
BAA2		257,166.00
BAA3	257,167.00	251,472.00
Not rated or unavailable	922,113.00	3,225,466.00
Total	13,195,079.00	9,742,965.00

The credit risk ratings listed above are issued upon standards set by Standard and Poor’s or Moody’s Ratings Services.

Concentration of Credit Risk

Concentration of credit risk is defined by GASB Statement No. 40, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The university does not presently have a formal policy that addresses concentration of credit risk.

As of June 30, 2025, and 2024, the university had the following issuer holding investments recorded at fair value that exceeded 5% of total investments:

US Treasury securities	21,738,285.00	34.71%	13,786,375.00	22.61%
Various (no single issuer exceeds 5% of total)	\$ 40,893,915	65.29%	\$ 47,191,916	77.39%
Total	\$ 62,632,200.00		\$ 60,978,291.00	

Foreign Currency Risk

Foreign currency risk is defined, as the risk that changes in exchange rates will adversely affect the fair value of an investment. The University does not presently have a formal policy that addresses foreign currency risk.

Note 3 -Accounts Receivable, net

Accounts receivable consisted of the following at June 30, 2025 and 2024:

Type of receivable	2025	2024
Student tuition	\$ 27,110,401.00	\$ 20,787,015
Auxiliary enterprises and other operating activities	14,143,288.00	12,663,148
Federal, state, and private grants and contracts	26,128,629.00	20,594,312
State Appropriations	1,566,587.00	4,446,793
Other	10,818,880.00	11,158,343
Total Accounts receivable	79,767,785	69,649,611
Less allowance for doubtful accounts	(28,928,034)	(26,919,835)
Net Accounts receivable	\$ 50,839,751	\$ 42,729,776

Note 4 -Student Notes Receivable, net

Notes receivable from students are payable in installments over a period of up to ten years, commencing twelve months from the date of separation from the institution or the date that the enrollment status of the student drops below half-time. The following is a schedule of interest rates and unpaid balances for the different types of notes receivable held by the University at June 30, 2025 and 2024:

	Interest Rates	Current Portion	Non-Current Portion	30-Jun-25	PY 30-Jun-24
Perkins student loans	3% to 9%	\$ 3,347,964	10,921,816	14,269,780	18,496,072
Institutional loans	0% to 10%	9,970,889	66,041,531	76,012,420	71,278,284
Nursing student loans	3% to 9%	274,975	1,207,544	1,482,519	1,971,832
Dental student loans	3% to 9%	25,276	146,725	172,001	195,336
Medical student loans	3% to 9%	44,403	257,757	302,160	307,872
Other federal loans	0% to 9%	2,058,038	2,523,457	4,581,495	4,783,354
Total loans receivable		15,721,545	81,098,830	96,820,375	97,032,750
Less allowance for doubtful accounts		-2,772,534	-18,245,249	-21,017,783	-20,464,758
Net loans receivable		\$ 12,949,011	62,853,581	75,802,592	76,567,992

Note 5 - Capital Assets

A summary of changes in capital assets for the year ended June 30, 2025 and 2024 is presented as follows:

	Balance July 1, 2024	Additions	Transfers	Reductions	Balance June 30, 2025
Note 5 Capital Assets					
June 30, 2025					1,967,027
					adds without 87/96
Nondepreciable Capital Assets:					
Land	10,927,005				10,927,005
Construction in progress	21,603,298	1,355,591	(7,321,176)		15,637,713
Livestock	-				-
Total nondepreciable capital assets	32,530,303	1,355,591	(7,321,176)	-	26,564,718
Depreciable capital assets:					
Buildings	309,595,557		7,321,176		316,916,733
Improvements other than buildings	57,685,337				57,685,337
Equipment	28,772,832	611,436			29,384,268
Library books	12,876,311				12,876,311
Right-to-use leased land	-				-
Right-to-use leased buildings	7,102,241	6,204,239			13,306,480
Right-to-use leased equipment	1,307,481				1,307,481
Right-to-use subscription assets	1,978,566			1,098,278	880,288
Total depreciable/amortizable assets	419,318,325	6,815,675	7,321,176	1,098,278	432,356,898
Total capital assets	451,848,628	8,171,266	-	1,098,278	458,921,616
Less accumulated depreciation for:					
Buildings	126,140,302	5,124,858			131,265,160
Improvements other than buildings	35,817,360	1,169,416			36,986,776
Equipment	24,347,768	347,821			24,695,589
Library books	12,876,311	-			12,876,311
Less accumulated amortization for:					
Right-to-use lease assets	2,183,367	3,580,020			5,763,387
Right-to-use subscription assets	1,016,898	652,380		1,098,278	571,000
Total accumulated depreciation and amortization	202,382,006	10,874,495	-	1,098,278	212,158,223
Net capital assets	249,466,622	(2,703,229)	-	-	246,763,393
	249,466,622				246,763,393
	-				-

As of June 30, 2025 and 2024, capital assets included assets under capital leases with an original cost basis of approximately \$458,921,616 and 451,848,628, with accumulated amortization of \$212,158,223 and \$202,382,006 respectively.

Depreciation is computed on a straight-line basis except for library books, which is computed using a composite method. The following useful lives, salvage values and capitalization thresholds are used to compute depreciation:

Capital assets	Estimated useful life	Salvage value	Capitalization threshold
Buildings	40 Years	0 - 20	\$ 50,000
Improvements other than buildings	20 Years	0 - 20	25,000
Equipment	3-15 Years	0 - 10	50,000
Library books	10 Years	—	—

Note 6 -Deferred Outflows of Resources and Deferred Inflows of Resources

The classifications of deferred outflows of resources and deferred inflows of resources at June 30, 2025 and 2024 are as follow:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension related (see note 17)	32,696,691	—
OPEB related (see note 18)	1,707,792	1,419,818
Unamortized loss/gain on refunding of debt	4,538,066	—
Lease related (see note 12)	—	—
PPP related (see note 14)	—	—
Beneficial interest in irrevocable trusts	—	—
Other	—	—
	38,942,549	1,419,818
	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension related (see note 17)	39,250,667	2,491,625
OPEB related (see note 18)	1,445,519	2,028,167
Unamortized loss/gain on refunding of debt	—	—
Other	45,870,472	4,519,792

Note 7 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2025 and 2024 as follows:

	<u>2025</u>	<u>2024</u>
Payable to vendors and contractors	\$17,078,478	\$15,185,954
Accrued salaries, wages and employee withholdings	\$3,459,958	\$3,407,584
Accrued interest	\$1,041,175	\$828,212
Other		
Total	<u>\$21,579,611</u>	<u>\$19,421,750</u>

All amounts are considered current and expected to be settled within one year.

Note 8 - Unearned Revenues

Unearned revenues as of June 30, 2025 and 2024 are as follows:

		2025		2024			
Tuition and fees	\$	501,902	\$	660,439.00			
Contracts and grants		15,863,949		13,298,723.00			
Auxiliary and other activities		371,973		405,163.00			
Total	\$	16,737,824	\$	14,364,325.00			
	SNP	16,737,824	SNP	14,364,325.00			
zero checkpoints > > >		-		-			

All amounts are considered current and are expected to be settled within one year.

Note 10 - Long-Term Liabilities

Long-term liabilities consist of notes and bonds payable, capital lease obligations, and certain other liabilities that are expected to be liquidated at least one year from June 30, 2025 and 2024.

The various leases cover a period not to exceed five years. The university has the option to prepay all outstanding obligations less any unearned interest to fully satisfy the obligation. There is also a fiscal funding addendum stating that if funds are not appropriated for periodic payment for any future fiscal period, the lessee will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period. Other long-term liabilities and notes payable consist of accrued leave liabilities, deposits refundable, notes payable, net pension liability, net OPEB liability, and other liabilities (government advance refundable, self-insured workers compensation, and tort claims).

Information regarding original issue amounts, interest rates, and maturity dates for bonds, notes, and capital leases relative to the long-term liabilities as of June 30, 2025 and 2024 is listed in the following schedules:

During the months of December 2020 and March 2021, respectively, the 1982 Bond, the 2015B Bond and Notes Payable were paid in full and retired.

Information regarding original issue amounts, interest rates, and maturity dates for bonds, notes, and capital leases relative to the long-term liabilities for each of the universities within the IHL System as of June 30, 2025 and 2024 is listed in the following schedules.

Description and Purpose	Original Issue	Annual Interest Rate	(fiscal year)	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Jackson State University:								
Bonded Debt								
EBC - Series 2015A	57,595,000	2.00% - 5.00%	2025	\$ 3,885,000	-	3,885,000	-	-
EBC - Series 2017A	29,745,000	1.60% - 3.70%	2034	25,330,000	-	1,115,000	24,215,000	1,235,000
EBC - Series 2021A	42,380,000	1.05% - 2.85%	2045	42,380,000	0	0	42,380,000	4105000
EBC - Series 2021B	6,295,000	2.35%	2035	6,295,000	0	0	6,295,000	-
Unamortized premium				203,585	-	203,585	-	-
Total Bonded Debt				78,093,585	-	5,203,585	72,890,000	5,340,000
Other Long-term Liabilities:								
Accrued leave liabilities *				6,031,607	-	926,342	5,105,265	367,579
Net pension liability				166,516,916	10,803,185	-	177,320,101	-
Net OPEB liability				4,505,290	293,536	-	4,798,826	-
Lease Liability				6,414,489	6,204,239	3,480,264	9,138,464	3,804,287
Subscription Liability				865,592	-	661,522	204,070	204,070
Financed purchases - buses				68,596	-	68,596	-	-
Deposits refundable				452,201	-	5,676	446,525	-
Federal Loan Fund Repayment Contingency				1,912,787	-	-	1,912,787	-
Total Other liabilities				186,767,478	17,300,960	5,142,400	198,926,038	4,375,936
Total				\$ 264,861,063	17,300,960	10,345,985	271,816,038	9,715,936
Due within one year							(9,715,936)	
Total noncurrent liabilities							\$ 262,100,102	

* The change in accrued leave liabilities is presented as a net change.

PY 264,861,063

SNP 262,100,102

The annual debt service requirements for the outstanding debt as of June 30, 2025 are as follows:

<u>University - fiscal year(s)</u>	<u>Debt</u>	<u>Liability</u>	<u>Leases</u>	<u>Interest</u>	<u>Total</u>
Jackson State University:					
2026	5,340,000	3,804,287	204,070	1,791,692	11,140,049
2027	6,520,000	700,852		1,618,096	8,838,948
2028	6,605,000	442,449		1,523,087	8,570,536
2029	6,715,000	452,507	—	1,401,335	8,568,842
2030	6,860,000	462,794		1,246,841	8,569,635
2031 - 2035	35,850,000	2,476,650	—	3,506,136	41,832,786
2036 - 2040	2,375,000	798,924	—	441,656	3,615,580
2041 - 2045	2,625,000	—	—	167,895	2,792,895
2046 - 2050		—	—		-
2051 - 2055		—	—		-
Total	\$ <u>72,890,000</u>	<u>9,138,463</u>	<u>204,070</u>	<u>11,696,738</u>	<u>93,929,271</u>

In November 2017, the University issued \$29,745,000 in Education Building Corporation revenue refunding bonds (Series 2017A) to advance refund and to defease all or a portion of Series 2010A-1 issued in the original principal amount of \$31,325,000, related costs of issuance, sale and delivery of the Series 2017A bonds. The bonds bear interest at rates ranging from 1.6% to 3.7% with interest payable semi-annually commencing in March 2018 with final maturity in March 2028. The economic gain resulting from the transaction approximated \$1.3 million.

On March 2, 2020, the 2010A Bond was retired through escrow payments. The current balance in the 2010A Escrow account is \$0.00.

In December 2020 and March 2021, respectively, the University paid the 1982 Bond and the Notes Payable in full.

In December 2021, the University issued \$42,380,000 and \$6,295,000 in Education Building Corporation revenue refunding bonds, Series 2021A to advance refunded a portion of the 2015A Bond (\$36,835,000) and the 2021B issue fully refunded the 2017 Bond issue (\$6,000,000) on December 17, 2021. The 2021A bond proceeds were used to purchase U.S. Treasury Obligations that were placed in an escrow account to advance refund the 2015A Bond in March 2025 and to pay a portion of the interest thru 2025. The value of the escrow account at June 30, 2025 is \$37,101,785.65. The 2021A and 2021B Bonds bear interest rates of 1.050% - 2.850% and 2.350%, payable semi-annually maturing in 2045 and 2035, respectively.

Note 11 - Operating Expenses by Natural and Functional Classifications

The University's operating expenses by functional classification were as follows for the years ended June 30, 2025 and 2024:

Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Other	Total
Instruction	\$ 30,594,525	\$15,338,620	627,749	3,338,871		112,790	415,821		228,740	50,657,116
Research	7,828,892	3,621,740	715,288	8,888,722		435,081	875,528		908,369	23,273,620
Public service	160,628	65,804	5,066	366,020		18,835	80,135		17,575	714,063
Academic support	4,968,677	2,642,873	313,613	786,483		1,417	329,604		22,945	9,065,612
Student services	10,412,906	5,663,373	3,183,130	3,377,444	16,815	47,401	1,451,075		190,261	24,342,405
Institutional support	18,582,401	9,558,124	1,833,644	18,485,836		163,652	629,516		1,091,454	50,344,627
Operation of plant	1,525,086	916,206	25,921	5,417,894	3,351,765	3,856,633	238,614		260,104	15,592,223
Student aid	3,035,251	1,324,643								4,359,894
Auxiliary enterprises	1,501,351	836,653	29,270	15,704,402	1,662,686	75,049	235,484		293,124	20,338,019
Depreciation								11,203,709		11,203,709
	<u>78,609,717</u>	<u>39,968,036</u>	<u>6,733,681</u>	<u>56,365,672</u>	<u>5,031,266</u>	<u>4,710,858</u>	<u>4,255,777</u>	<u>11,203,709</u>	<u>3,012,572</u>	<u>209,891,288</u>

2024

Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Other	Total
Instruction	\$ 30,825,745	13,429,474	351,591	4,073,852		307,368	451,394		94,306	49,533,730
Research	6,022,788	2,533,060	564,452	7,114,839		1,048,727	668,287		757,410	18,709,563
Public service	308,576	143,968	97,445	287,023		19,810	64,980		27,573	949,375
Academic support	4,699,801	2,192,766	725,285	595,384		3,447	352,773		22,447	8,591,903
Student services	9,885,441	4,763,039	2,991,682	2,969,901	6,154	185,172	1,530,901		225,089	22,557,379
Institutional support	16,740,519	7,650,917	1,860,519	14,278,042	3,003,211	621,029	780,918		3,388,024	48,323,179
Operation of plant	1,591,591	852,435	13,504	6,332,423			377,215		219,939	9,387,107
Student aid	2,154,120	1,079,427	1,023			11,436,518	2,499			14,673,587
Auxiliary enterprises	1,429,433	713,111	59,076	15,462,305	2,065,142	208,106	191,885		131,527	20,260,585
Depreciation								9,084,316		9,084,316
	<u>73,658,014</u>	<u>33,358,197</u>	<u>6,664,577</u>	<u>51,113,769</u>	<u>5,074,507</u>	<u>13,830,177</u>	<u>4,420,852</u>	<u>9,084,316</u>	<u>4,866,315</u>	<u>202,070,724</u>

Note 12 - Operating Leases

The following is a schedule by year of the future minimum rental payments required under noncancelable operating leases:

Year Ending June 30,	Amount
2026	4,010,169
2027	811,342
2028	542,155
2029	542,154
2030	542,154
2031 - 2035	2,710,771
2036 - 2040	813,230
2041 - 2045	
Payments Required	9,971,975

The total rental expense for all operating leases, except those with terms of one month or less that were not renewed, for the year ending June 30, 2025 and 2024 approximated \$9.9 million and \$7.2 million, respectively.

Note 13 – SBITA Liability

The University has software from external parties for various terms under long-term, noncancelable arrangements. The subscriptions have payments that range from \$0 to \$433,576 and interest rates that range from 3.2500% to 4.0000%. As of 06/30/2025, the total combined value of the subscription liability is \$204,072, and the total combined value of the short-term subscription liability is \$204,072. The combined value of the right to use asset, as of 06/30/2025 of \$880,289 with accumulated amortization of \$571,000 is included within the Subscription Class activities table found below. The subscriptions had \$0 of Variable Payments and \$0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year. Total future minimum subscription payments under software arrangements are as follows:

Year Ending June 30,	Subscription obligations payable	Interest	Total
2026	\$ 204,070.00	6,832	210,902
2027			-
2028			-
2029			-
2030			-
2031 - 2035			-
2036 - 2040			-
2041 - 2045			-
2046 - 2050			-
2051 - 2055			-
Total remaining subscription commitments	\$ 204,070.00	6,832	210,902

Note 15-Construction Commitments and Financing

The University has contracted for various construction projects as of June 30, 2025. Estimated costs to complete the various projects and the sources of anticipated funding are presented below:

Remaining estimated cost to complete	Funded by			
	Federal Sources	State Sources	Institutional Sources	Other Sources
\$ 73,738,742		\$ 73,738,742		
\$73,738,742	—	\$73,738,742	—	—

Note 16 - Donor Restricted Endowments

The net appreciation on investments of donor restricted endowments that is available for authorization for expenditure approximated \$1,553,220 and \$0 as of June 30, 2025 and 2024, respectively. This amount is included in the Statement of Net Position as endowment investments.

NOTE 17

EMPLOYEE BENEFITS – PENSION PLANS

The University participates in the following separately administered plans maintained by Public Employees' Retirement System of Mississippi (PERS):

<u>Plan type</u>	<u>Plan name</u>
Multiple-employer, defined benefit	PERS Defined Benefit Plan
Multiple-employer, defined contribution	Optional Retirement Plan (ORP) Defined Contribution Plan

The employees of the University are covered by one of the pension plans outlined above (collectively, the Plans). The Plans do not provide for measurements of assets and pension benefit obligations for individual entities. The measurement date of the Plans is June 30, 2024 for fiscal year 2025 and June 30, 2023 for fiscal year 2024.

The funding methods and determination of benefits payable were established by the legislative acts creating such plans, as amended, and in general, provide that the funds are to be accumulated from employee contributions, participating entity contributions and income from the investment of accumulated funds. The plans are administered by separate boards of trustees.

Information included within this note is based on the certification provided by consulting actuary, Cavanaugh Macdonald Consulting, LLC.

A stand-alone audited financial report is issued for the Plans and is available at www.pers.ms.gov.

Disclosures under GASB Statement No. 68

The pension disclosures that follow for fiscal years 2025 and 2024 include all disclosures for GASB Statement No. 68 using the latest valuation report available (June 30, 2023). For fiscal year 2025, the measurement date for the PERS defined benefit plan is June 30, 2024. For fiscal year 2024, the measurement date for the PERS defined benefit plan is June 30, 2023. The IHL System is presenting net pension liability as of June 30, 2024 and 2023 for the fiscal years 2025 and 2024 financials, respectively.

a. PERS Defined Benefit Plan

Plan Description

The PERS of Mississippi was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in PERS, elected members of the State Legislature and the President of the Senate. PERS administers a cost-sharing, multiple-employer defined benefit pension plan. PERS is administered by a 10-member Board of Trustees that includes the State Treasurer; one gubernatorial appointee who is a member of PERS; two state employees; two PERS retirees; and one representative each from public schools and community colleges, state universities, municipalities and counties. With the exception of the State Treasurer and the gubernatorial appointee, all members are elected to staggered six-year terms by the constituents they represent.

Membership and Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public-school districts. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average

compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0% of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0% compounded for each fiscal year thereafter.

Contributions

Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. § 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature.

Policies for PERS provide for employer and member contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. PERS members were required to contribute 9.00% of their annual pay. The institution's contractually required contribution rates for the years ended June 30, 2025 and 2024 were 17.90% and 17.40%, respectively, for each year of annual payroll. Contributions from the University are recognized when legally due based on statutory requirements.

Employer Contributions

The University's contributions to PERS for the years ended June 30, 2025 and 2024 were \$10.1 million and \$9.1 million, respectively. The University's proportionate share was calculated on the basis of historical contributions. Employer allocation percentages are based on the ratio of each employer's actual contribution to the Plan's total actual contributions.

The following table provides the University's contributions used in the determination of its proportionate share of collective pension amount reported:

	<u>Proportionate share of contributions</u>	<u>Allocation percentage of proportionate share of collective pension amount</u>	<u>Change in proportionate share of collective pension amount</u>
PERS Defined Benefit:			
2025	\$ 9,105,206	0.68%	0.02%
2024	8,539,387	0.66%	-0.03%

Net Pension Liability

The University's proportion of the net pension liability at June 30, 2025 and 2024 is as follows:

	<u>Proportionate share of net pension liability</u>	<u>Proportion of net pension liability</u>
PERS Defined Benefit:		
2025	\$ 177,320,101	0.68%
2024	166,516,916	0.66%

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

Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. For the years ended June 30, 2025 and 2024, the remaining service life was 3.54 years and 3.59 years, respectively. Differences between projected and actual

earnings on pension plan investments are amortized over a closed period of 5 years. The first year of amortization is recognized as pension expense with the remaining years shown as a deferred outflow of resources. The deferred outflow of resources reported by an employer should include contributions made by the employer during its fiscal year that will be reflected in the net pension liability in the next measurement period.

The University's proportionate share of the collective pension expense for the years ended June 30, 2025 and 2024 is equal to the collective pension expense multiplied by the employer's allocation percentage, or \$25.6 million and \$22.4 million, respectively. Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled deferred inflows; if they will increase pension expense, they are labeled deferred outflows. The table below provides a summary of the deferred outflows and inflows of resources related to pensions:

	Deferred outflows					Deferred inflows		
	Differences between expected and actual experience	Changes of assumptions	Changes in proportion and differences between employer contributions and proportionate share of contributions	Contributions subsequent to the measurement date	Net difference between projected and actual investment earnings on pension plan investment	Total deferred outflows of resources	Changes in proportion and differences between employer contributions and proportionate share of contributions	Total deferred inflows of resources
2025	\$ 9,541,316	10,984,091	1,544,093	10,039,531	587,660	32,696,691	—	—
2024	\$ 4,169,338	19,552,211	—	9,014,219	6,514,899	39,250,667	2,491,625	2,491,625

Contributions subsequent to the measurement date at 2025 of \$10.0 million, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

Contributions subsequent to the measurement date at 2024 of \$9.0 million, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the current year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Deferred outflows of resources, Year Ended June 30				
2026	2027	2028	2029	Total
\$ 8,968,137	14,333,517	796,089	(1,440,583)	22,657,160

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future. Mississippi state statute requires that an actuarial experience study be completed at least once in each five-year period. The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the four-year period ending June 30, 2022.

The following table provides a summary of the actuarial methods and assumptions used to determine the contribution rate reported for PERS for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Valuation date	June 30, 2023	June 30, 2022
Measurement date	June 30, 2024	June 30, 2023
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Inflation rate	2.40 %	2.40 %
Salary increases	2.65	2.65
Investment rate of return	7.00	7.00

Mortality

Mortality rates were based on the PubS. H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of 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. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2025 and 2024 are summarized in the following table:

<u>Asset class</u>	<u>Year ended June 30, 2025</u>		<u>Year ended June 30, 2024</u>	
	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Domestic Equity	25.00 %	5.15 %	27.00 %	4.75 %
International equity	20.00	5.00	22.00	4.75
Global Equity	12.00	5.15	12.00	4.95
Fixed Income	18.00	2.75	20.00	1.75
Real Estate	10.00	3.50	10.00	3.25
Private Equity	10.00	6.25	8.00	6.00
Infrastructure	2.00	3.85		
Private Credit	2.00	4.90		
Cash Equivalents	1.00	0.50	1.00	0.25
	<u>100.00 %</u>		<u>100.00 %</u>	

Discount Rate

For the years ended June 30, 2025 and 2024, the discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.90% and 17.40%, respectively) for the years ended June 30, 2025 and 2024. 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following table presents the University's proportionate share of the net pension liability of the cost-sharing plan for 2025, calculated using the discount rate of 7.00%, as well as what the University's net pension liability

would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

Discount Rate Sensitivity		
1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 229,832,655	177,320,101	134,342,550

The following table presents the University's proportionate share of the net pension liability of the cost-sharing plan for 2024, calculated using the discount rate of 7.00%, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

Discount Rate Sensitivity		
1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 214,727,786	166,516,916	126,954,540

b. PERS Defined Contribution Plan, the Optional Retirement Plan

The Optional Retirement Plan (ORP) was established by the Mississippi Legislature in 1990 to help attract qualified and talented institutions of higher learning teaching and administrative faculty in Mississippi. This alternative plan is structured to be portable and transferable to accommodate teaching and administrative faculty who move from one state to another throughout their careers. The membership of the ORP is composed of teachers and administrators appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. The ORP provides funds at retirement for employees, and in the event of death, the ORP provides funds for their beneficiaries through an arrangement by which contributions are made to this plan. The current contribution rate of both the employee and the University are identical to that of the PERS defined benefit plan. An employee is automatically a member of PERS unless the employee elects ORP within 30 days of initial employment in an ORP-eligible position. Once made, the decision is irrevocable. The ORP uses the accrual basis of accounting. Investments are reported at fair value, based on quoted market prices. Employees immediately vest in plan contributions upon entering the plan. The University's contributions to the ORP for the years ended June 30, 2025 and 2024 were \$2,686,788 and \$2,605,604, respectively, which equaled its required contribution for the period.

Jackson State University

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of the Net Pension Liability

GASB 67 Paragraph 32(b)

June 30, 2025

	<u>Proportionate share of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Estimated Covered-employee payroll provided by PERS</u>	<u>Proportionate share of the net pension liability as a percentage of its covered-employee payroll</u>	<u>PERS fiduciary net position as a percentage of the total pension liability</u>
2016	0.85 %	130,840,285	52,898,190	247.43	61.70 %
2017	0.87	155,284,587	55,613,333	279.22	57.47
2018	0.91	152,074,130	58,686,216	259.13	61.49
2019	0.77	128,859,771	49,473,594	260.46	62.54
2020	0.72	126,401,212	46,795,130	270.12	61.59
2021	0.68	131,957,542	45,388,753	290.73	58.97
2022	0.67	99,198,952	44,624,684	222.30	70.44
2023	0.69	141,575,643	47,350,782	298.99	59.93
2024	0.66	166,516,916	49,076,937	339.30	55.70
2025	0.68	177,320,101	50,867,073	348.60	56.30

See accompanying independent auditors' report.

Jackson State University
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of Contributions
GASB 67 Paragraph 32(c)
June 30, 2025

	<u>Proportionate share of contributions</u>	<u>Required contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Actual Covered-employee payroll</u>	<u>Contribution as a percentage of covered-employee payroll</u>
2016	8,653,220	8,653,220	—	55,329,219	15.75

JACKSON STATE UNIVERSITY

2017	8,714,352	8,714,352	—	52,662,438	15.75
2018	8,294,334	8,294,334	—	46,186,413	15.75
2019	7,274,360	7,274,360	—	44,878,724	15.75
2020	7,808,898	7,808,898	—	44,108,322	17.40
2021	7,674,848	7,674,848	—	46,858,759	17.40
2022	8,153,424	8,153,424	—	48,557,805	17.40
2023	8,449,058	8,449,058	—	48,557,805	17.40
2024	9,014,219	9,014,219		51,805,856	17.40
2025	10,039,531	10,039,531		56,086,765	17.90

See accompanying independent auditors' report.

Note 16 Postemployment Health Care and Life Insurance Benefits

Plan Description

In addition to providing pension benefits, the University provides other postemployment benefits (OPEB) such as health care and life insurance benefits to all eligible employees, dependents, and retirees. The State of Mississippi (State) administers The State and School Employees' Life and Health Insurance Plan (the Plan), a cost-sharing, multiple employer defined benefit OPEB Plan, for units of state government, political subdivisions, community colleges and school districts. Plan assets may be used to pay the benefits of the employees and retirees of any employer that participates in the Plan. The Plan was authorized by Section 25-15-3 et seq., Mississippi Code Ann. (1972).

On June 28, 2018, the State and the State and School Employees' Health Insurance Management Board (Board) established the State of Mississippi State and School Employees' Life and Health Insurance Plan (OPEB Plan), a plan administered under an irrevocable trust. The trust is designed to hold and manage the assets and income of the OPEB Plan's other postemployment benefits plan (OPEB) for the exclusive benefit of the State to provide OPEB to plan participants. The trust was initially funded by a \$1,000,000 transfer from the State.

The 14-member board is comprised of the Chairman of the Workers' Compensation Commission; the State Personnel Director; the Commissioner of Insurance; the Commissioner of Higher Education; the State Superintendent of Public Education; the Executive Director of the Department of Finance and Administration; the Executive Director of the Mississippi Community College Board; the Executive Director of the Public Employees' Retirement System; two appointees of the Governor; the Chairman of the Senate Insurance

Committee; the Chairman of the House of Representatives Insurance Committee; the Chairman of the Senate Appropriations Committee; and the Chairman of the House of Representatives Appropriations Committee. The Board has a fiduciary responsibility to manage the funds of the Plan. The Plan maintains a budget approved by the Board.

Benefits Provided and Contributions

Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance will have the full cost of such insurance premium deducted monthly from his state retirement plan check or direct billed for the cost of the premium if the retirement check is insufficient to pay for the premium. If the Board determines actuarially that the premium paid by the participating retirees adversely affects the overall cost of the OPEB Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determines actuarially to cover the full cost of insurance. The Board imposes a surcharge by charging Horizon retirees higher premiums than Legacy retirees.

Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the OPEB Plan. Because the trust assets represent only 5% of benefits paid during 2024, assets in the trust were not used to make benefit payments. Instead, the implicit rate subsidy OPEB benefits were paid by the participating employers.

Pursuant to the authority granted by Mississippi Statute, the Board has the authority to establish and change premium rates for the participants, employers, and other contributing entities. An outside consulting actuary advises the Board regarding changes in premium rates. If premium rates are changed, they generally become effective at the beginning of the next calendar year or next fiscal year.

Plan participants are not subject to supplemental assessment in the event of a premium deficiency. At the time of premium payment, the risk of loss due to incurred benefit costs is transferred from the participant to the OPEB Plan. If the assets of the OPEB Plan were to be exhausted, participants would not be responsible for the OPEB Plan's liabilities.

Information included within this note is based on the certification provided by consulting actuary, Cavanaugh Macdonald Consulting, LLC.

The audited financial report for the Plan can be found at knowyourbenefits.dfa.ms.gov.

At June 30, 2024 and 2023, the Plan provided health coverage to 324 and 321 employer units, respectively.

Disclosures under GASB Statement No. 75

The disclosures that follow for fiscal years 2025 and 2024 include all disclosures for GASB Statement No. 75 using the latest valuation report available (June 30, 2024). For fiscal year 2025, the measurement date for the State and School Employees' Life and Health Insurance Plan is June 30, 2024. For fiscal year 2024, the measurement date for the Plan is June 30, 2023. The University is presenting net OPEB liability as of June 30, 2024 and 2023 for the fiscal years 2025 and 2024 financials, respectively.

Proportionate Share Allocation Methodology

The basis for an employer's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the plan in the fiscal year of all employers. This allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by an employee.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2025 and 2024, the University reported a liability of \$4.8 million and \$4.5 million, respectively, for its proportionate share of the net OPEB liability (NOL). For fiscal year ending June 30, 2025, the NOL was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2025 and 2024, the University's proportion was 0.86% and 0.81%, respectively.

For the years ended June 30, 2025 and 2024, the University recognized OPEB expense of (\$203,235) and (\$318,690), respectively.

See the following table for deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred outflows					Deferred inflows				
	Differences between expected and actual experience	Net difference between projected and actual earnings on OPEB Plan investments	Changes of assumptions	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Contributions subsequent to the measurement date	Total deferred outflows of resources	Changes of assumptions	Differences between expected and actual experience	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Total deferred inflows of resources
2025	\$ 991,945	189	189,193	901,540	224,525	1,707,792	966,929	850,822	209,167	1,419,818
2024	738,505	277	402,482	94,482	209,773	1,445,519	338,980	1,271,959	417,278	2,028,167

\$224,525 reported as deferred outflows of resources related to OPEB resulting from the University contributions subsequent to the measurement date (presented above as the implicit rate subsidy) will be recognized as a reduction of the NOL in the year ending June 30, 2026.

\$209,773 reported as deferred outflows of resources related to OPEB resulting from the University contributions subsequent to the measurement date (presented above as the implicit rate subsidy) is recognized as a reduction of the NOL in the current year.

Deferred outflows of resources and deferred inflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. Changes in employer proportion, an employer specific deferral, is amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. The average remaining service life determined as of the beginning of the June 30, 2024 and 2023 measurement periods were 8.43 years and 6.4 years, respectively. Employers are required to recognize pension expense based on their proportionate share of collective OPEB expense plus amortization of employer specific deferrals.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred outflows (inflows) of resources year ending June 30						
2026	2027	2028	2029	2030	Thereafter	Total
\$ (246,602)	(68,327)	69,974	146,294	134,365	27,745	63,449

Actuarial Methods and Assumptions

The following table provides a summary of the actuarial methods and assumptions used to determine the discount rate reported for OPEB for the years ended June 30, 2025 and 2024:

	2025	2024
Valuation date	June 30, 2024	June 30, 2023
Measurement date	June 30, 2024	June 30, 2023
Actuarial assumptions:		
Cost method	Entry age normal	Entry age normal
Inflation rate	2.40 %	2.40 %
Long-term expected rate of return	4.50 %	4.50 %
Discount rate	3.94 %	3.66 %
Projected cash flows	N/A	N/A
Projected salary increases	2.65% - 17.90%	2.65% - 17.90%
Healthcare cost trend rates	6.00% decreasing to 4.50% by 2029	6.50% decreasing to 4.50% by 2029

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision, as actual results are compared to past expectations and new estimates are made about the future.

Mortality

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77, and for females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

Discount Rate

The discount rates used to measure the total OPEB liability at June 30, 2025 and 2024 were based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

Long-term Expected Rate of Return

The long-term investment rate of return, net of OPEB plan investment expense, including inflation was 4.50%.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following tables present the University's proportionate share of the NOL for 2025 and 2024, calculated using the discount rates of 3.94% and 3.66%, respectively, as well as what the University's NOL 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:

	Discount Rate Sensitivity		
	1% Decrease	Current	1% Increase
	(2.94%)	discount rate (3.94%)	(4.94%)
Jackson State University proportionate share of net OPEB liability 2025	\$ 5,231,385	\$ 4,798,826	\$ 4,421,341

	Discount Rate Sensitivity		
	1% Decrease	Current	1% Increase
	(2.66%)	discount rate (3.66%)	(4.66%)
Jackson State University proportionate share of net OPEB liability 2024	\$4,934,851	\$4,505,290	\$4,132,858

Sensitivity of Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following table presents the NOL of the University, calculated using the health care cost trend rates, as well as what the University's NOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Health Care Cost Trend Rates Sensitivity		
	1% Decrease	Current	1% Increase
		discount rate	
Jackson State University proportionate share of net OPEB liability 2025	\$ 4,482,367	\$ 4,798,826	\$ 5,151,629
2024	4,197,949	4,505,290	4,849,512

Jackson State University
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of the Net OPEB Liability
GASB 74 Paragraph 36(a)
 June 30, 2025

<u>Proportion ate share of the net OPEB liability</u>	<u>Proportion ate share of the net OPEB liability</u>	<u>Covered- employee payroll</u>	<u>Proportion ate share of the net OPEB liability as a</u>	<u>Plan fiduciary net position as a percentage</u>
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					percentage of its covered- employee payroll	of the total OPEB liability
2018	1.01 %	\$7,923,756	\$45,371,973	17.46 %	0.00 %	
2019	0.93	7,183,715	42,003,040	17.10	0.00	
2020	0.87	7,374,236	39,797,448	18.53	0.00	
2021	0.82	6,385,068	39,542,017	16.15	0.00	
2022	0.82	5,253,081	38,984,424	13.54	0.00	
2023	0.83	4,109,674	40,785,835	10.03	0.00	
2024	0.81	4,505,290	43,108,605	10.40	0.00	
2025	0.86	4,798,826	46,628,440	10.31	0.00	

See accompanying independent auditors' report.

Jackson State University
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of Employer Contributions
GASB 74 Paragraph 36(c)
 June 30, 2025

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered - employee payroll	Contributions as a percentage of covered-employee payroll
2018	\$ 441,053	311,776	129,277	45,371,973	0.69 %
2019	437,124	319,917	117,207	42,003,040	0.76

2020	403,386	295,581	107,806	39,797,4 48	0.74
2021	408,437	254,637	153,800	39,542,0 17	0.64
2022	482,898	212,085	270,813	38,984,4 24	0.54
2023	401,322	166,647	234,674	40,785,8 35	0.41
2024	320,136	196,547	123,590	43,108,6 05	0.46
2025	376,912	210,064	1,668,489	46,628,443	0.45

See accompanying independent auditors' report.

Note 18 - Risk Management - Workers' Compensation, Unemployment and Tort Liability

Several types of risk are inherent in the operation of an institution of higher learning. The University deals with these risks in several manners. One of these methods is the pooling of resources among institutions. The eight public Mississippi universities have pooled their resources to establish professional and general liability trust funds. Funds have been established for Workers' Compensation, Unemployment and Tort Liability.

The Workers' Compensation Fund (WC Fund) provides a mechanism for the University to fund and budget for the costs of providing worker compensation benefits to eligible employees. The WC Fund does not pay benefits directly to employees. Funds are set aside in trust, and a third-party administrator is utilized to distribute the benefits to eligible employees. The University payment to the Worker's Compensation Program for the fiscal year ended June 30, 2025 and 2024 was \$137,426 and \$259,979, respectively.

The Unemployment Trust Fund (Unemployment Fund) operates in the same manner as the Workers' Compensation Fund. The Unemployment Fund does not pay benefits directly to eligible former employees. Rather it reimburses the Mississippi Department of Employment Security for benefits it pays directly to former employees. The University payment to the Unemployment Fund for the fiscal year ended June 30, 2025 and 2024 was \$114,981 and \$197,867, respectively.

The University participates in the State Institutions of Higher Learning Tort Fund (IHL Tort Fund). In accordance with Section 11-46-1, et. seq., Mississippi Code Annotated (1972), the Mississippi Tort Claims Board has authorized the Board of Trustees of State Institutions of Higher Learning to establish a fund in order to self-insure a certain portion of its liability under the Mississippi Tort Claims Act and professional liability claims.

Effective July 1, 1993, Mississippi statute permitted tort claims to be filed against public universities. A maximum liability limit of \$500,000 per occurrence is currently permissible. The University's

payment for the IHL Tort Fund for the fiscal year ended June 30, 2025 and 2024 was \$577,704 and \$775,952, respectively.

During the year ended June 30, 2003, the IHL Tort Fund was authorized by the IHL Board, which subsequently acquired an educator's legal liability policy with a deductible of \$1 million of IHL Tort Fund net assets toward any future payment of this deductible. The University's payment for the blanket public official bond for the fiscal year ended June 30, 2025 and 2024 was \$4,200 and \$2,800, respectively.

The Tort Claims Pool also purchases a fleet automobile policy. The University's payment for the fleet automobile policy for the fiscal year ended June 30, 2025 and 2024 was \$46,928 and \$40,728 respectively.

Note 19 - Foundations and Affiliated Parties

The University's foundations are the JSU Educational Building Corporation (EBC), the Mississippi e-Center Foundation, and the JSU Development Foundation. These organizations were formed exclusively to provide resources to further the mission and values of the University. The EBC assist in facility improvements to the University. The Mississippi e-Center Foundation serves as the governing board for the e-Center. This 200,000 sq. ft. structure contains among other resources, the MS Business Incubator, JSU's Digital TV Station (TV23), the Trent Lott GeoSpatial and Visualization Research Center and the Executive PHD Program. These affiliated parties are separately audited and, with the exception of EBC, have not been included in these financial statements.

Note 20 - Contingencies

The University is party to various lawsuits arising out of the normal course of operations. Historically, the University has not experienced significant losses from such actions. After taking into consideration legal counsel's evaluation of pending actions, the University is of the opinion that the outcome thereof will not have a material effect on its financial statements.

The University also participates in certain federally sponsored programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement from the granting agency for expenditures disallowed under the terms of the grant. Management believes disallowances, if any, will not have a material adverse impact on the financial position of the University.

Note 21 - Subsequent Events

The University has no subsequent events to report.

