



2023
**FINANCIAL
REPORT**

Mississippi University
for Women

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Financial Report

Fiscal Year Ended June 30, 2023

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**MISSISSIPPI UNIVERSITY FOR WOMEN
STATEMENTS OF NET POSITION**

	2023	2022
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents	\$ 6,104,674	8,846,639
Short term investments		
Accounts receivables, net	5,712,324	3,710,851
Student notes receivables, net	6,901	3,742
Inventories		
Prepaid expenses	193,825	303,784
Other current assets		
Total current assets	<u>12,017,724</u>	<u>12,865,016</u>
Noncurrent assets:		
Restricted cash and cash equivalents	2,192,718	5,230,470
Restricted short-term investments		-
Endowment investments	3,985,525	4,003,059
Other long term investments	9,444,617	9,355,767
Student notes receivable, net	79,375	43,045
Beneficial interest in irrevocable trust		
Capital assets, net	126,050,619	117,646,213
Other noncurrent assets		
Total noncurrent assets	<u>141,752,854</u>	<u>136,278,554</u>
Total assets	<u>153,770,578</u>	<u>149,143,570</u>
Deferred outflows of resources	<u>8,902,337</u>	<u>6,367,285</u>
Total assets and deferred outflows of resources	<u><u>162,672,915</u></u>	<u><u>155,510,855</u></u>
Current liabilities:		
Accounts payable and accrued liabilities	2,858,281	2,553,255
Unearned revenues	1,403,255	1,588,893
Accrued leave liabilities - current portion	45,966	43,055
Long-term liabilities - current portion	253,701	57,279
Other current liabilities	<u>303,886</u>	<u>275,525</u>
Total current liabilities	<u>4,865,089</u>	<u>4,518,007</u>
Noncurrent liabilities:		
Accrued leave liabilities	1,103,178	1,033,329
Deposits refundable		
Long-term liabilities	228,939	
Net pension liability	47,621,034	33,515,640
Net OPEB liability	1,592,366	2,037,630
Other noncurrent liabilities	<u>163,799</u>	<u>96,439</u>
Total noncurrent liabilities	<u>50,709,316</u>	<u>36,683,038</u>
Total liabilities	<u>55,574,405</u>	<u>41,201,045</u>
Deferred inflows of resources	<u>846,780</u>	<u>10,882,518</u>
Total liabilities and deferred inflows of resources	<u><u>56,421,185</u></u>	<u><u>52,083,563</u></u>
Net Position:		
Net investment in capital assets	125,502,858	117,588,963
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	827,529	830,638
Research		
Other purposes	286,659	286,659
Expendable:		
Scholarships and fellowships	545,258	436,068
Research		
Capital projects	1,877,307	1,913,350
Debt service		
Loans	245,543	233,656
Other purposes		
Unrestricted	<u>(23,033,424)</u>	<u>(17,862,042)</u>
Total net position	<u><u>\$ 106,251,730</u></u>	<u><u>103,427,292</u></u>

MISSISSIPPI UNIVERSITY FOR WOMEN
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Tuition and fees:	\$ 17,950,280	18,848,176
Less scholarship allowances	(5,809,393)	(5,831,844)
Less bad debt expense	77,891	(332,378)
Net tuition and fees	12,218,778	12,683,954
Federal appropriations	-	-
Federal grants and contracts	1,052,514	9,026,556
State grants and contracts	6,731,346	6,763,445
Nongovernmental grants and contracts	3,319,819	2,866,377
Sales and services of educational departments	1,116,811	1,110,892
Auxiliary enterprises:		
Student housing	2,132,855	2,088,596
Food services	1,667,562	1,505,933
Bookstore	62,748	62,079
Athletics	-	-
Other auxiliary revenues	215,266	212,668
Less auxiliary enterprise scholarship allowances	(1,244,862)	(1,129,134)
Interest earned on loans to students	-	-
Patient care revenues, net	-	-
Other operating revenues, net	143,691	250,338
Total operating revenues	<u>27,416,528</u>	<u>35,441,704</u>
Operating expenses:		
Salaries and wages	24,092,698	22,444,371
Fringe benefits	9,026,096	5,715,475
Travel	1,154,816	790,888
Contractual services	5,846,530	7,093,638
Utilities	3,369,830	2,975,113
Scholarships and fellowships	5,661,820	9,333,340
Commodities	3,906,814	2,401,953
Depreciation and amortization	3,134,069	2,714,966
Other operating expenses	-	-
Total operating expenses	<u>56,192,673</u>	<u>53,469,744</u>
Operating loss	<u>(28,776,145)</u>	<u>(18,028,040)</u>
Nonoperating revenues (expenses):		
State appropriations	17,842,161	15,665,872
Gifts and grants	5,442,868	5,539,090
Investment income, net of investment expense	26,790	(438,070)
Interest expense on capital asset-related debt	-	-
Other nonoperating revenues	262,788	59,808
Other nonoperating expenses	(579,117)	(293,499)
Total nonoperating revenues (expenses), net	<u>22,995,490</u>	<u>20,533,201</u>
Loss before other revenues, expenses, gains and losses	<u>(5,780,655)</u>	<u>2,505,161</u>
Other revenues, expenses, gains and losses:		
Capital grants and gifts	-	-
State appropriations restricted for capital purposes	8,582,911	9,190,504
Additions to permanent endowments	3,574	(187,666)
Other additions	18,608	458,976
Other deletions	-	(223,148)
Change in net position	<u>2,824,438</u>	<u>11,743,827</u>
Net position, beginning of the year	<u>103,427,292</u>	<u>91,683,465</u>
Net position, end of the year	<u>\$ 106,251,730</u>	<u>103,427,292</u>

MISSISSIPPI UNIVERSITY FOR WOMEN

STATEMENT OF CASH FLOWS

	<u>2023</u>	<u>2022</u>
Operating activities:		
Tuition and fees	\$ 11,794,435	12,929,877
Grants and contracts	11,103,679	18,656,378
Sales and services of educational departments	1,116,811	1,110,892
Payments to suppliers	(10,268,392)	(9,483,726)
Payments to employees for salaries and benefits	(31,956,694)	(29,822,386)
Payments for utilities	(3,369,830)	(2,975,113)
Payments for scholarships and fellowships	(5,661,820)	(9,333,340)
Loans Issued to students		
Collection of loans from students	(39,489)	79,879
Federal loan program receipts	9,392,625	10,344,737
Federal loan program disbursements	(9,392,625)	(10,504,993)
Auxiliary enterprise charges:		
Student housing	1,296,204	1,393,266
Food services	1,158,571	1,032,881
Bookstore	43,596	62,079
Athletics		
Other auxiliary enterprises	149,560	212,668
Patient care services		
Interest earned on loans to students		
Other receipts	143,691	250,338
Other payments	-	-
Net cash used by operating activities	<u>(24,489,678)</u>	<u>(16,046,563)</u>
Noncapital financing activities:		
State appropriations	17,528,572	15,072,611
Gifts and grants for other than capital purposes	4,225,341	6,484,362
Private gifts for endowment purposes		-
Other sources	8,866,392	9,510,629
Other uses	(374,871)	(516,647)
Net cash provided by noncapital financing activities	<u>30,245,434</u>	<u>30,550,955</u>
Capital and related financing activities:		
Proceeds from capital debt		-
Cash paid for capital assets	(304,468)	905,561
Capital appropriations received	(10,499,838)	(10,838,905)
Capital grants and contracts received		
Proceeds from sales of capital assets		
Principal paid on capital debt and leases	(790,073)	(114,818)
Interest paid on capital debt and leases		
Other sources	55,904	145,580
Other uses	47,534	-
Net cash used by capital and related financing activities	<u>(11,490,941)</u>	<u>(9,902,582)</u>
Investing activities:		
Proceeds from sales and maturities of investments	3,075,000	4,802,707
Interest received on investments	586,254	454,228
Purchases of investments	(3,705,786)	(4,843,862)
Net cash used by investing activities	<u>(44,532)</u>	<u>413,073</u>
Net change in cash and cash equivalents	(5,779,717)	5,014,883
Cash and cash equivalents - beginning of year	<u>14,077,109</u>	<u>9,062,226</u>
Cash and cash equivalents - end of year	<u>\$ 8,297,392</u>	<u>14,077,109</u>

MISSISSIPPI UNIVERSITY FOR WOMEN

STATEMENT OF CASH FLOWS

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	\$ (28,776,145)	(18,028,040)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation and amortization expense	3,134,069	2,714,966
Self-insured claims expense		
Provision for uncollectible receivables		-
Other		
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Receivables, Net	(463,832)	165,546
Inventories		-
Prepaid Expenses	109,959	(289,488)
Loans to Students		
Deferred outflow of resources	(2,535,052)	(777,739)
Other Assets	-	354,291
Increase (Decrease) in Liabilities:		
Accounts Payables and Accrued Liabilities	305,026	683,658
Unearned Revenue	(185,638)	(39,248)
Deposits Refundable		
Accrued Leave Liability	72,760	1,098
Net pension liability	14,105,394	(10,481,007)
Net OPEB liability	(445,264)	(383,487)
Deferred inflow of resources	(10,035,738)	9,978,595
Other Liabilities	224,783	54,292
Total Adjustments	<u>4,286,467</u>	<u>1,981,477</u>
Net cash used in operating activities	\$ <u>(24,489,678)</u>	<u>(16,046,563)</u>
	(24,489,678)	(16,046,563)
Reconciliation of cash and cash equivalents:		
Current assets - cash and cash equivalents	\$ 6,104,674	8,846,639
Noncurrent assets - restricted cash and cash equivalents	<u>2,192,718</u>	<u>5,230,470</u>
Cash and cash equivalents, end of year	\$ <u><u>8,297,392</u></u>	<u><u>14,077,109</u></u>
	8,297,392	14,077,109
ENTER NON-CASH TRANSACTIONS BELOW: (See GASB #9, Paragraph 37)		
Gifts and contributions of capital assets	—	—
Right-to-use assets under lease obligations	93,713	114,819
Assets under subscription-based information technology arrangements	696,358	—

Note 1

Summary of Significant Accounting Policies

Nature of Operations

Mississippi University for Women (MUW) is a Carnegie Master's S public university that provides high-quality undergraduate and graduate education for women and men in a variety of liberal arts and professional programs, while maintaining its historic commitment to academic and leadership development for women. MUW emphasizes a personalized learning environment in all of its educational programs, which are offered through the College of Arts and Sciences, College of Business and Professional Studies, College of Education and Human Science, and College of Nursing and Speech Language Pathology. MUW delivers selected programs and courses through distance education formats to provide educational opportunities throughout Mississippi and the United States, while addressing the unique educational and public service needs of northeast Mississippi and adjoining counties in northwest Alabama. MUW supports research, scholarship, and creativity to enhance faculty development and student learning and to advance knowledge in the disciplines offered by the university.

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 confirmed by the Mississippi Senate for nine-year terms, representing the three Supreme Court Districts.

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.

New Accounting Standards

During fiscal year 2023, the University adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard provides accounting and financial reporting requirements for public-private and public-public partnership arrangements (PPPs) that either meet the definition of a service concession arrangement (SCA) or are not within the scope of Statement 87, as amended. This standard also provides guidance for accounting and financial reporting for availability payment arrangements (APA), which are arrangements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or

exchange-like transaction. The University adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

During fiscal year 2023, the University also adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs; and requires certain note disclosures. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*. The IHL System adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

Recently Issued Accounting Standards

The University is currently evaluating the following pronouncements that are most likely to impact the system's financial reporting.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences – by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The effective date of this statement is for fiscal years beginning after December 15, 2023.

The impact of these pronouncements on the IHL System's financial statements is currently being evaluated and has not yet been fully determined.

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 changes 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.

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.

Short-Term Investments

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

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.

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 are either 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.

Prepaid Expenses

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

Restricted Cash and Cash Equivalents

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

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.

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 for which there are no quoted market prices are valued at net asset value as a practical expedient in determining fair value.

Investment Valuation

GASB Statement No. 72 enhances comparability of governmental financial statements by requiring fair value measurement for certain 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.

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.

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.

Deferred outflows of resources are consumption of net assets by the university that are applicable to a future reporting period and include pension and OPEB related deferred outflows.

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.

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.

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.

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.

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.

Non-current Liabilities

Non-current liabilities include: (1) capital lease obligations; (2) estimated amounts of proportionate share of net pension and OPEB liabilities; (3) estimated amounts for accrued compensated absences 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.

Classification of Revenues and Expenses

The University has classified its revenues and expenses as either operating or nonoperating 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.

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

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.

Scholarship Discounts and Allowances

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers. Certain aid, such as loans, funds provided to students as awarded by third parties and Federal Direct Lending, is accounted for as a third-party payment (credited

to the student's account as if the student made the payment). All other aid is reflected in the financial statements as scholarship allowances, which reduce operating revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash.

Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

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. Investment policy at the university is governed by State statute (Section 27-105-33, MS Code Ann. 1972) and the Uniform 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, 2023 and 2022.

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), authorize the universities 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, 2023 and 2022 is as follows:

	2023	2022
Cash	\$ 6,104,674	8,846,639
Restricted cash and cash equivalents	2,192,718	5,230,470
U.S. Treasury securities	1,678,914	—
U.S. government agency securities	11,495,561	13,098,448
Municipal bonds	99,067	103,778
Miscellaneous	156,600	156,600
Total Cash and Investments	\$ 21,727,534	27,435,935

Fair Value Measurement

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, 2023 and 2022:

		2023			
		Level 1	Level 2	Level 3	Total
Investment strategy:					
Fixed income:					
U.S. Treasury securities		1,980,346	—	—	1,980,346
U.S. government securities	\$	—	11,194,129	—	11,194,129
Municipal bonds		—	99,067	—	99,067
Total fixed income investments	\$	1,980,346	11,293,196	—	13,273,542
Investments measured at NAV as a practical expedient:					
Other miscellaneous investments					156,600
Total investments measured at NAV					156,600
Total investments measured at fair value	\$				13,430,142

		2022			
		Level 1	Level 2	Level 3	Total
Investment strategy:					
Fixed income:					
U.S. government securities	\$	—	13,098,448	—	13,098,448
Municipal bonds		—	103,778	—	103,778
Total fixed income investments	\$	—	13,202,226	—	13,202,226
Investments measured at NAV as a practical expedient:					
Other miscellaneous investments					156,600
Total investments measured at NAV					156,600
Total investments measured at fair value	\$				13,358,826

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, 2023 and 2022.

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, 2023 and 2022, the University had the following investments subject to interest rate risk:

Investment Type	2023				
	Years to maturity				
	Fair value	Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury Obligations	\$ 1,980,346	98,815	1,881,531	-	-
U.S. Government Agency Obligations	11,194,129	485,334	6,495,567	3,759,412	453,816
Municipal obligations	99,067	-	99,067	-	-
Total	\$ 13,273,542	584,149	8,476,165	3,759,412	453,816

Investment Type	2022				
	Years to maturity				
	Fair value	Less than 1	1 - 5	6 - 10	More than 10
U.S. Government Agency Obligations	\$ 13,098,448	3,003,577	4,897,119	4,659,707	538,045
Municipal obligations	103,778	—	103,778	-	—
Total	\$ 13,202,226	3,003,577	5,000,897	4,659,707	538,045

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, 2023 and 2022, the University had the following investments recorded at fair value subject to credit risk:

	2023	2022
AA	\$ 99,067	103,778
AA+	11,495,561	11,106,329
Not rated or unavailable	1,678,914	1,992,119
Total	\$ 13,273,542	13,202,226

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, 2023 and 2022, the University had the following issuer holding investments recorded at fair value that exceeded 5% of total investments:

Issuer	2023		2022	
	Fair value	Percentage	Fair value	Percentage
Federal Home Loan Bank notes	\$ 7,231,262	54.48%	\$ 6,587,274	49.90%
Federal National Mortgage Association	1,067,646	8.04%	1,223,787	9.27%
Federal Home Loan Mortgage Corporation	208,391	1.57%	293,015	2.22%
Federal Farm Credit Bank notes	2,283,953	17.21%	4,519,055	34.23%
US Treasury securities	1,980,346	14.92%	-	0.00%
Government National Mortgage Association	402,877	3.04%	475,317	3.60%
Municipal Bonds	99,067	0.75%	103,778	0.79%
	\$ 13,273,542	100.00%	\$ 13,202,226	100.00%

Note 3

Accounts Receivable, net

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

	June 30, 2023	June 30, 2022
Student tuition	6,044,395	5,717,416
Auxiliary enterprises and other operating activities	42,840	9,558
Contributions and gifts	-	-
Federal, state, and private grants and contracts	1,848,761	631,234
State Appropriations	1,211,102	897,513
Accrued Interest	179,833	149,982
Patient Income	-	-
Accrued lease receivable	-	-
Other	74,520	91,639
Total Accounts receivable	9,401,451	7,497,342
Less allowance for doubtful accounts	(3,689,127)	(3,786,491)
Net Accounts receivable	5,712,324	3,710,851

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, 2023 and 2022:

	Interest Rates	Current Portion	Non-Current Portion	June 30, 2023	June 30, 2022
Perkins student loans	3% to 9%	298,943	79,375	378,318	576,602
Institutional loans	0% to 9%	<u>1,365</u>		<u>1,365</u>	<u>1,365</u>
Total Notes receivable		300,308	79,375	379,683	577,967
Less allowance for doubtful accounts		<u>(293,407)</u>		<u>(293,407)</u>	<u>(531,180)</u>
Net Notes receivable		<u>6,901</u>	<u>79,375</u>	<u>86,276</u>	<u>46,787</u>

	Interest Rates	Current Portion	Non-Current Portion	June 30, 2022
Perkins student loans	3% to 9%	533,557	43,045	576,602
Institutional loans	0% to 9%	<u>1,365</u>		<u>1,365</u>
Total Notes receivable		534,922	43,045	577,967
Less allowance for doubtful accounts		<u>(531,180)</u>		<u>(531,180)</u>
Net Notes receivable		<u>3,742</u>	<u>43,045</u>	<u>46,787</u>

Note 5

Capital Assets

A summary of changes in capital assets for the years ended June 30, 2023 and 2022 is presented as follows:

	Balance June 30, 2022	Additions	Deletions/ transfers	Balance June 30, 2023
Nondepreciable Capital Assets:				
Land	2,428,606			2,428,606
Construction in progress	23,849,002	10,499,838	257,564	34,091,276
Livestock	-			-
Total nondepreciable capital assets	<u>26,277,608</u>	<u>10,499,838</u>	<u>257,564</u>	<u>36,519,882</u>
Depreciable capital assets:				
Buildings	133,495,940			133,495,940
Improvements other than buildings	8,510,166	257,567		8,767,733
Equipment	5,708,080	287,788	55,904	5,939,964
Library books	3,081,945			3,081,945
Right-to-use leased equipment	114,819	93,713		208,532
Right-to-use subscription assets	-	696,358		696,358
Total depreciable/amortizable assets	<u>150,910,950</u>	<u>1,335,426</u>	<u>55,904</u>	<u>152,190,472</u>
Total capital assets	177,188,558	11,835,264	313,468	188,710,354
Less accumulated depreciation for:				
Buildings	47,523,762	2,406,857		49,930,619
Improvements other than buildings	4,507,509	224,717		4,732,226
Equipment	4,498,786	241,328	55,074	4,685,040
Library books	2,954,719			2,954,719
Less accumulated amortization for:				
Right-to-use leased assets	57,569	74,276		131,845
Right-to-use subscription assets	-	225,286		225,286
Total accumulated depreciation and amortization	<u>59,542,345</u>	<u>3,172,464</u>	<u>55,074</u>	<u>62,659,735</u>
Net capital assets	<u>117,646,213</u>	<u>8,662,800</u>	<u>258,394</u>	<u>126,050,619</u>

	Balance June 30, 2021	Additions	Deletions/ transfers	Balance June 30, 2022
Nondepreciable Capital Assets:				
Land	2,428,606	-	-	2,428,606
Construction in progress	15,192,641	9,561,923	905,562	23,849,002
Livestock	-	-	-	-
Total nondepreciable capital assets	17,621,247	9,561,923	905,562	26,277,608
Depreciable capital assets:				
Buildings	132,697,888	798,052	-	133,495,940
Improvements other than buildings	8,371,743	138,423	-	8,510,166
Equipment	5,513,153	340,507	145,580	5,708,080
Library books	3,081,945	-	-	3,081,945
Leased land	-	-	-	-
Leased buildings	-	-	-	-
Leased equipment	-	114,819	-	114,819
Total depreciable assets	149,664,729	1,391,801	145,580	150,910,950
Total capital assets	167,285,976	10,953,724	1,051,142	177,188,558
Less accumulated depreciation for:				
Buildings	45,116,905	2,406,857	-	47,523,762
Improvements other than buildings	4,288,726	218,783	-	4,507,509
Equipment	4,467,029	175,881	144,124	4,498,786
Library books	2,954,719	-	-	2,954,719
Less accumulated amortization for:				
Leased assets	-	57,569	-	57,569
Total accumulated depreciation and amortization	56,827,379	2,859,090	144,124	59,542,345
Net capital assets	110,458,597	8,094,634	907,018	117,646,213

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, vehicles, and right to use	3-15 Years	0 - 10	50,000
Leased equipment			
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, 2023 and 2022 are as follow:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension related (see note 14)	\$ 8,447,966	\$ —
OPEB related (see note 15)	454,371	846,780
Totals	<u>\$ 8,902,337</u>	<u>\$ 846,780</u>

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension related (see note 14)	\$ 5,857,321	\$ 10,163,048
OPEB related (see note 15)	509,964	719,470
Totals	<u>\$ 6,367,285</u>	<u>\$ 10,882,518</u>

Note 7

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2023 and 2022 as follows:

	2023	2022
Payable to vendors and contractors	\$ 945,851	\$ 769,476
Accrued salaries, wages and employee withholdings	1,908,131	1,776,325
Accrued interest		7
Other	4,299	7,447
Total	<u>\$ 2,858,281</u>	<u>\$ 2,553,255</u>

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

Note 8

Unearned Revenues

Unearned revenues as of June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Tuition and fees	\$ 1,314,616	\$ 1,454,793
Contracts and grants	88,639	134,100
Total	<u>\$ 1,403,255</u>	<u>\$ 1,588,893</u>

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

Note 9

Long-Term Liabilities

Long-term liabilities consist of capital lease obligations and certain other liabilities that are expected to be liquidated at least one year from June 30, 2023 and 2022. The various leases cover a period not to exceed five years. Other long-term liabilities consist of accrued leave liabilities, net pension liability, net OPEB liability, and other liabilities (government advance refundables).

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, 2023 and 2022 is listed in the following schedules:

Description and Purpose	Year Ended June 30, 2023				Due within one year
	Beginning balance	Additions	Deletions	Ending balance	
Mississippi University for Women:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 1,076,384	72,760	—	1,149,144	45,966
Net pension liability	33,515,640	14,105,394	—	47,621,034	—
Net OPEB liability	2,037,630	—	445,264	1,592,366	—
Lease Liability	57,279	57,563	38,674	76,168	18,605
Subscription Liability *	—	406,472	—	406,472	235,096
Federal Loan Fund Repayment Contingency	96,439	67,360	—	163,799	—
Total Other liabilities	<u>36,783,372</u>	<u>14,709,549</u>	<u>483,938</u>	<u>51,008,983</u>	<u>299,667</u>
Total	<u>\$ 36,783,372</u>	<u>14,709,549</u>	<u>483,938</u>	<u>51,008,983</u>	<u>299,667</u>
Due within one year				<u>(299,667)</u>	
Total noncurrent liabilities				<u>\$ 50,709,316</u>	

* Additions to subscription liability include the impact of adoption of GASB Statement No. 96 as of the beginning of the fiscal year.

The annual debt service requirement of the outstanding debt as of June 30, 2023 is as follows:

Fiscal Year	Lease Liability	SBITA Liability	Interest (lease liability)	Interest (SBITA)	Interest TOTAL	Total
2024	18,605	235,096	2,206	13,427	15,633	269,334
2025	19,224	171,376	1,587	5,665	7,252	197,852
2026	19,859		953		953	20,812
2027	18,480		325		325	18,805
2028					-	-
2029 - 2033					-	-
2034 - 2038					-	-
2039 - 2043					-	-
2044 - 2048					-	-
2049 - 2053					-	-
Thereafter					-	-
Totals	<u>\$ 76,168</u>	<u>\$ 406,472</u>	<u>\$ 5,071</u>	<u>\$ 19,092</u>	<u>\$ 24,163</u>	<u>\$ 506,803</u>

Description and Purpose	Year Ended June 30, 2022					Due within one year
	Beginning balance	Additions	Deletions	Ending balance		
Mississippi University for Women:						
Other Long-term Liabilities:						
Accrued leave liabilities	\$ 1,075,286	1,098	—	1,076,384		43,055
Net pension liability	43,996,647	—	10,481,007	33,515,640		—
Net OPEB liability	2,421,117	—	383,487	2,037,630		—
Lease Liability *	—	113,305	56,026	57,279		57,279
Federal Loan Fund Repayment Contingency	256,695	—	160,256	96,439		—
Total Other liabilities	<u>47,749,745</u>	<u>114,403</u>	<u>11,080,776</u>	<u>36,783,372</u>		<u>100,334</u>
Total	<u>\$ 47,749,745</u>	<u>114,403</u>	<u>11,080,776</u>	<u>36,783,372</u>		<u>100,334</u>
Due within one year				(100,334)		
Total noncurrent liabilities				<u>\$ 36,683,038</u>		

* Lease liability is recorded at the beginning of fiscal year 2022 in accordance with GASB Statement No. 87.

The annual debt service requirement of the outstanding debt as of June 30, 2022 is as follows:

Fiscal Year	Lease Liability	Interest (lease liability)	Interest Total	Total
2023	57,279	702	702	57,981
2024			-	-
2025			-	-
2026			-	-
2027			-	-
2028 - 2032			-	-
2033 - 2037			-	-
2038 - 2042			-	-
2043 - 2047			-	-
2048 - 2052			-	-
Thereafter			-	-
Totals	<u>\$ 57,279</u>	<u>\$ 702</u>	<u>\$ 702</u>	<u>\$ 57,981</u>

Note 10

Operating Expenses by Natural and Functional Classifications

The University's operating expenses by functional classification were as follows for the years ended June 30, 2023 and 2022:

Functional Classification	2023								
	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Total
Instruction	\$ 10,914,333	3,972,032	84,241	465,265	—	—	788,705	—	16,224,576
Research	60,246	20,944	15,910	42,272	—	—	62,464	—	201,836
Public Service	119,476	36,862	84	53,166	—	—	30,633	—	240,221
Academic Support	5,251,087	2,033,276	107,388	1,603,067	294,004	—	1,911,453	—	11,200,275
Student Services	2,361,904	886,408	877,173	791,400	—	—	471,250	—	5,388,135
Institutional Support	3,508,695	1,319,895	57,170	1,099,907	—	—	119,747	—	6,105,414
Operation of Plant	1,332,512	630,045	12,255	313,451	2,590,668	—	402,525	—	5,281,456
Student Aid	—	—	—	—	—	5,661,820	—	—	5,661,820
Auxiliary Enterprises	544,445	126,634	595	1,478,003	485,158	—	120,037	—	2,754,872
Depreciation	—	—	—	—	—	—	—	3,134,069	3,134,069
Total Operating Expenses	\$ 24,092,698	9,026,096	1,154,816	5,846,531	3,369,830	5,661,820	3,906,814	3,134,069	56,192,673

Functional Classification	2022									
	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation and amortization	Other	Total
Instruction	\$ 10,623,356	\$ 2,648,149	\$ 48,854	\$ 462,302	—	\$ -	\$ 470,256	—	—	\$ 14,252,917
Research	87,384	22,271	8,214	42,124	—	-	50,227	—	—	210,220
Public Service	124,451	26,549	15	57,114	—	-	32,647	—	—	240,776
Academic Support	5,114,044	1,330,046	87,618	1,732,479	—	-	1,165,555	—	—	9,429,742
Student Services	2,170,016	570,015	604,136	636,150	—	-	272,123	—	—	4,252,440
Institutional Support	3,133,047	813,262	35,723	739,394	—	-	83,149	—	—	4,804,575
Operation of Plant	753,686	237,082	6,328	1,098,529	2,975,113	-	237,494	—	—	5,308,232
Student Aid	-	-	-	-	—	9,333,340	-	—	—	9,333,340
Auxiliary Enterprises	438,387	68,101	-	2,325,546	—	-	90,502	—	—	2,922,536
Depreciation and amortization	-	-	-	-	—	-	-	2,714,966	—	2,714,966
Hospital	-	-	-	-	—	-	-	—	—	-
Loan Fund expenses	-	-	-	-	—	-	-	—	—	-
Total Operating Expenses	\$ 22,444,371	\$ 5,715,475	\$ 790,888	\$ 7,093,638	\$ 2,975,113	\$ 9,333,340	\$ 2,401,953	\$ 2,714,966	\$ -	\$ 53,469,744

Note 11

Operating Leases

The University leases equipment for various terms under long-term, non-cancelable lease agreements. These leases expire at various dates through 2027.

Total future minimum lease payments under lease agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 18,605	2,206	20,811
2025	19,224	1,587	20,811.00
2026	19,859	953	20,812.00
2027	18,480	325	18,805.00
2028			-
2029 - 2033			-
2034 - 2038			-
2039 - 2043			-
2044 - 2048			-
2049 - 2053			-
Thereafter			-
Total minimum lease payments	\$ 76,168	5,071	81,239

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class:

Land	\$
Buildings	
Equipment, vehicles, other	208,532
Less: accumulated amortization	(131,845)
	<u>\$ 76,687</u>

Note 12

Subscription-Based Information Technology Arrangements (SBITAS)

The University has software subscriptions from external parties for various terms under long-term noncancelable arrangements. The subscriptions expire at various dates through 2027 and some provide for renewal options ranging from one to five years. Subscription payments are made monthly and annually ranging from \$5,250-\$56,879, with an estimated incremental borrowing rate of 3.25%. in accordance with GASB Statement No. 96, the University records right-to-use assets and subscription liabilities based on the present value of expected payments over the subscription term of the respective software.

Future commitments for software subscriptions having terms in excess of one year as of June 30, 2023 are as follows:

Year Ending June 30,	Subscription obligations payable	Interest
2024	\$ 235,096	13,427
2025	171,376	5,665
2026		
2027		
2028		
2029 - 2033		
2034 - 2038		
2039 - 2043		
2044 - 2048		
2049 - 2053		
Thereafter		
Total remaining subscription commitments	\$ <u>406,472</u>	<u>19,092</u>

Note 13

Construction Commitments and Financing

The University has contracted for various construction projects as of June 30, 2023. Estimated costs to complete the various projects and the sources of anticipated funding are presented below:

	Total Costs to Complete	2023			
		Federal Sources	State Sources	Institutional Sources	Other Sources
Culinary Arts Building	1,485,649		1,485,649		
Culinary Landscape & Irrigation System	25,000		25,000		
Residence Hall HVAC	744,922			744,922	
ARPA SB3062, L22 Waste Collections & Conveying	1,013,884	1,013,884			
ARPA SB3062, L22 Stormwater	1,283,772	1,283,772			
Campus HVAC	101,414			101,414	
Comprehensive Roofing Project - Professional Services	160,000		160,000		
	<u>4,814,641</u>	<u>2,297,656</u>	<u>1,670,649</u>	<u>846,336</u>	<u>-</u>

The University has contracted for various construction projects as of June 30, 2022. Estimated costs to complete the various projects and the sources of anticipated funding are presented below:

	Remaining estimated cost to complete	Source of Funding			
		Federal	State	Institutional	Other
Culinary Arts Building	11,511,852	—	11,511,852	—	-
Campus HVAC Improvements	1,644,695	—	—	—	1,644,695
Totals	<u>\$ 13,156,547</u>	<u>—</u>	<u>11,511,852</u>	<u>—</u>	<u>1,644,695</u>

Note 14

Donor Restricted Endowments

The net appreciation on investments of donor restricted endowments that is available for authorization for expenditure approximated (\$3,109) and (\$48,755) as of June 30, 2023 and 2022, respectively. This amount is included in the Statement of Net Position as endowment investments.

Note 15

EMPLOYEE BENEFITS – PENSION PLANS

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

Plan Type	Plan Name
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, 2020 for fiscal year 2021 and June 30, 2019 for fiscal year 2020.

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 2021 and 2020 include all disclosures for GASB Statement No. 68 using the latest valuation reports available (June 30, 2019). For fiscal year 2021, the measurement date for the PERS defined benefit plan is June 30, 2020. For fiscal year 2020, the measurement date for the PERS defined benefit plan is June 30, 2019. The University is presenting net pension liability as of June 30, 2020 and 2019 for the fiscal years 2021 and 2020 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 rate for the years ended June 30, 2021 and 2020 was 17.40% 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, 2021 and 2020 was \$2.6 million. 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:

	Proportionate share of contributions	Allocation percentage of proportionate share of collective pension amount	Change in proportionate share of collective pension amount
PERS defined benefit plan:			
2021	\$ 2,633,194	0.23%	0.00%
2020	2,295,807	0.22%	-0.01%

Net Pension Liability

The University's proportion of the net pension liability at June 30, 2021 and 2020 is as follows:

	<u>Proportionate share of net pension liability</u>	<u>Proportion of net pension liability</u>
PERS defined benefit plan:		
2021	\$ 43,996,647	0.23%
2020	39,373,621	0.22%

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, 2021 and 2020, the remaining service life was 3.66 and 3.76 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, 2021 and 2020 is equal to the collective pension expense multiplied by the employer's allocation percentage, or \$4.2 million and \$3.8 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 University's total pension expense at June 30, 2021 and 2020 was \$3.8 million and \$3.4 million, respectively.

The table below provides a summary of the deferred outflows and inflows of resources related to pensions:

2021								
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	
\$ 381,896	246,119	—	2,593,446	1,807,214	5,028,675	362,911	362,911	

Contributions subsequent to the measurement date of \$2.6 million reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

2020

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	Total deferred outflows of resources	Differences between expected and actual experience	Changes in proportion and differences between employer contributions and proportionate share of contributions	Net difference between projected and actual earnings on pension plan investment	Total deferred inflows of resources
\$ 23,293	386,022	—	2,605,550	3,014,865	42,382	1,294,472	430,767	1,767,621

Contributions subsequent to the measurement date of \$2.6 million reported as deferred outflows of resources was recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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				
2022	2023	2024	2025	Total
\$ 155,512	840,519	856,854	582,344	2,435,229

Deferred inflows of resources Year Ended June 30				
2022	2023	2024	2025	Total
\$ 362,881	109,754	(109,724)	—	362,911

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, 2019 valuation were based on the results of an actuarial experience study for the four-year period ending June 30, 2018.

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Valuation date	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Inflation rate	2.75 %	2.75 %
Salary increases	3.00	3.00
Investment rate of return	7.75	7.75

Mortality

Mortality rates were based on the PubS. H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 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, 2021 and 2020 are summarized in the following table:

	<u>Year ended June 30, 2021</u>		<u>Year ended June 30, 2020</u>	
	Long-term		Long-term	
<u>Asset class</u>	<u>Target allocation</u>	<u>expected real rate of return</u>	<u>Target allocation</u>	<u>expected real rate of return</u>
Domestic Equity	27.00 %	4.90 %	27.00 %	4.90 %
International equity	22.00	4.75	22.00	4.75
Global Equity	12.00	5.00	12.00	5.00
Debt Securities	20.00	0.50	20.00	1.50
Real Estate	10.00	4.00	10.00	4.00
Private equity	8.00	6.25	8.00	6.25
Cash Equivalents	<u>1.00</u>	-	<u>1.00</u>	0.25
	<u>100.00</u>		<u>100.00</u>	

Discount Rate

For the years ended June 30, 2021 and 2020, the discount rate used to measure the total pension liability was 7.75%. 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 (17.40%) for the years ended June 30, 2021 and 2020. 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 2021 and 2020, calculated using the discount rate of 7.75%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

Discount Rate Sensitivity				
University's proportionate share of net pension liability:		1% Decrease	Current	1% Increase
		(6.75%)	Discount Rate	(8.75%)
			(7.75%)	
2021	\$	56,948,253	\$ 43,996,647	\$ 33,306,368
2020		51,757,989	39,373,621	29,151,437

(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, 2021 and 2020 were \$950,929 and \$981,539, respectively, which equaled its required contribution for the period.

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 retirees and dependents. The State and School Employees' Life and Health Insurance Plan (the Plan) is self-insured and financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972) and may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan.

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

Membership and Benefits Provided

The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan for units of state government, political subdivisions, community colleges and school districts. A trust was created June 28, 2018 for the OPEB Plan and, the Plan is considered a cost-sharing multiple-employer defined benefit OPEB plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between claims cost and premiums received for retirees.

Contributions

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 Plan. 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 or her 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 determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the 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 determined actuarially to cover the full cost of insurance.

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 Plan. If the assets of the Plan were to be exhausted, participants would not be responsible for the 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, 2020 and 2019, the Plan provided health coverage to 320 and 321 employer units, respectively.

Disclosures under GASB Statement No. 75

The disclosures that follow for fiscal years 2021 and 2020 include all disclosures for GASB Statement No. 75 using the latest valuation report available (June 30, 2020). For fiscal year 2021, the measurement date for the State and School Employees' Life and Health Insurance Plan is June 30, 2020. For fiscal year 2020, the measurement date for the State and School Employees' Life and Health Insurance Plan was June 30, 2019. The University is presenting net OPEB liability as of June 30, 2020 and 2019 for the fiscal years 2021 and 2020 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 Related to OPEB

At June 30, 2021 and 2020, the University reported a liability of \$2.4 million and \$2.6 million, respectively, for its proportionate share of the net OPEB liability (NOL). For fiscal year ending June 30, 2021, the NOL was measured as of June 30, 2020, 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, 2021 and 2020, the University's proportion was 0.31% and 0.30%, respectively.

For the years ended June 30, 2021 and 2020, the University recognized OPEB expense of \$48,500 and \$142,349, respectively.

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

2021									
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	Implicit rate subsidy	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
\$ 3,086	78	375,901	99,906	81,900	560,871	102,313	421,339	17,360	541,012

\$81,900 reported as deferred outflows of resources related to OPEB resulting from the University contributions subsequent to the measurement date will be recognized as a reduction of the NOL in the year ending June 30, 2022.

2020									
Deferred outflows						Deferred inflows			
Differences between expected and actual experience	Net difference between projected and actual investment earnings on OPEB Plan investments	Change of assumptions	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Implicit rate subsidy	Total deferred outflows of resources	Change 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
\$ 3,882	48	191,404	52,497	96,554	344,385	133,130	36,749	21,305	191,184

\$96,554 reported as deferred outflows of resources related to OPEB resulting from the University contributions subsequent to the measurement date was recognized as a reduction of the NOL in the year ended June 30, 2021.

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, 2020 and 2019 measurement periods was 6.0 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 ended June 30					
2022	2023	2024	2025	2026	Total
\$ (18,708)	(18,708)	(13,177)	1,380	(12,828)	(62,041)

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, 2021 and 2020:

	2021	2020
Valuation date	June 30, 2020	June 30, 2019
Measurement date	June 30, 2020	June 30, 2019
Actuarial assumptions:		
Cost method	Entry age normal	Entry age normal
Inflation rate	2.75 %	2.75 %
Long-term expected rate of return	4.50 %	3.50 %
Discount rate	2.19 %	3.50 %
Projected cash flows	N/A	N/A
Projected salary increases	3.00% - 18.25%	3.00% - 18.25%
Healthcare cost trend rates	7.00% decreasing to 4.50% by 2030	7.00% decreasing to 4.75% by 2028

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 were based on the PubS H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

Discount Rate

For the years ended June 30, 2021 and 2020 the discount rates used to measure the total OPEB liability were 2.19% and 3.50%, respectively. The discount rate is 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

At June 30, 2021 and 2020, the long-term expected rate of return, net of OPEB plan investment expense, including inflation was 4.50% and 3.50%, respectively.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following tables presents the University's proportionate share of the NOL for 2021 and 2020, calculated using the discount rate of 2.19% and 3.50%, 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 (1.19%)	Current discount rate (2.19%)	1% Increase (3.19%)
Mississippi University for Women proportionate share of net OPEB liability			
2021	\$ 2,675,499	\$ 2,421,117	\$ 2,202,926

Discount Rate Sensitivity			
	1% Decrease (2.50%)	Current discount rate (3.50%)	1% Increase (4.50%)
Mississippi University for Women proportionate share of net OPEB liability			
2020	\$ 2,851,894	\$ 2,567,364	\$ 2,323,923

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 discount rate	1% Increase
Mississippi University for Women proportionate share of net OPEB liability			
2021	\$ 2,235,531	\$ 2,421,117	\$ 2,631,377
2020	2,379,059	2,567,364	2,780,683

Note 17**Federal Direct Lending and Federal Family Education Loan (FFEL) Programs**

The institution distributed \$9,392,615 and \$10,504,993 for the years ended June 30, 2023 and 2022, respectively, for student loans through the U.S. Department of Education lending programs. These distributions and their related funding sources are included as noncapital financing disbursements and receipts in the Statement of CashFlows.

Note 18

Foundations and Affiliated Parties

The various institutions comprising the State of Mississippi Institutions of Higher Learning are each affiliated with one or more foundations, which are independent corporations formed for the purpose of receiving funds for the sole benefit of the respective institutions. These foundations and affiliated parties are separately audited and have not been included in these financial statements.

Note 19

Contingencies

In the normal course of its activities, the University has been a party in various legal actions. 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 20

Risk Management

Several types of risk are inherent in the operation of an institution of higher learning. There are several methods in which the institution can mitigate the risks. One of these methods is the pooling of resources among the 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 program provides a mechanism for the University to fund and budget for the costs of providing worker compensation benefits to eligible employees. The program 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. Payments by the university to the Workers' Compensation Fund for the fiscal years ended June 30, 2023 and 2022 were \$143,739 and \$123,657 respectively.

The Unemployment Trust Fund operates in the same manner as the Workers' Compensation Fund. The fund does not pay benefits directly to former employees. The Fund reimburses the Mississippi Department of Employment Security (MDES) for benefits the MDES pays directly to former employees. Payments by the university to the Unemployment Trust Fund for the fiscal years ended June 30, 2023 and 2022 were \$3,606 and \$10,292, respectively.

The Tort Liability Fund was established in accordance with Section 11-46 of Mississippi State Law. The Mississippi Tort Claims Board authorized the IHL to establish a fund in order to self-insure a certain portion of its liability under the Mississippi Tort Claims Act. Effective July 1, 1993, Mississippi statute permitted tort claims to be filed against public institutions. A maximum liability limit of \$500,000 per occurrence is currently permissible. During the year ended June 30, 2003, the IHL Board authorized the Tort Fund and subsequently acquired an educator's legal liability policy with a deductible of \$1,000,000. The IHL Board designated \$1,000,000 of IHL Tort Fund net assets towards any future payment of this deductible. The Tort claims pool also purchases a fleet automobile policy. The University does not participate in the Tort Liability Fund. However, the university's payments for the fleet automobile policy and a blanket public official bond for the fiscal years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Fleet Automobile Policy	17,665.00	19,065.00
Blanket Public Official Bond	3,850.00	3,850.00

Mississippi University for Women
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
GASB 67 Paragraph 32(b)
June 30, 2023

	Proportionate share of the net pension liability	Proportionate share of the net pension liability	Estimated Covered- employee payroll provided by PERS	Proportionate share of the net pension liability as a percentage of its covered-employee	PERS fiduciary net position as a percentage of the total pension liability
2015	0.22 %	\$ 27,087,951	\$ 13,636,438	199.00 %	67.00 %
2016	0.23	35,499,410	14,347,232	247.43	61.70
2017	0.23	41,584,769	14,893,092	279.22	57.47
2018	0.24	39,274,129	15,156,095	259.13	61.49
2019	0.23	38,566,359	14,806,921	260.46	62.54
2020	0.22	39,373,621	14,576,551	270.12	61.59
2021	0.23	43,996,647	15,133,299	290.73	58.97
2022	0.23	33,515,641	15,077,023	222.30	70.44
2023	0.23	47,621,034	15,927,126	298.99	59.93

See accompanying independent auditors' report.

Mississippi University for Women
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of Contributions
GASB 67 Paragraph 32(c)
June 30, 2023

	<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-</u>
2015	\$ 2,243,470	2,243,470	—	14,244,254	15.75 %
2016	2,316,938	2,316,938	—	14,710,717	15.75
2017	2,333,680	2,333,680	—	14,817,016	15.75
2018	2,311,505	2,311,505	—	14,676,222	15.75
2019	2,267,113	2,267,113	—	14,394,367	15.75
2020	2,605,550	2,605,550	—	14,974,425	17.40
2021	2,593,446	2,593,446	—	14,904,862	17.40
2022	2,742,395	2,742,395	—	15,760,891	17.40
2023	2,960,187	2,960,187	—	17,012,569	17.40

See accompanying independent auditors' report.

Mississippi University for Women
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of Employer Contributions
GASB 74 Paragraph 36(c)
June 30, 2023

		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	\$	130,383	92,167	38,217	13,412,798	0.69 %
2019		143,853	105,281	38,572	13,822,757	0.76
2020		140,440	102,907	37,533	13,855,612	0.74
2021		154,873	96,554	58,318	14,993,708	0.64
2022		188,448	82,765	105,683	15,213,434	0.54
2023		154,726	64,250	90,477	15,724,659	0.41

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Required Supplementary Information (Unaudited)

June 30, 2023

1. Net pension liability

(a) Schedule of Proportionate Share of the Net Pension Liability

This schedule presents historical trend information about the IHL System's proportionate share of the net pension liability for its employees who participate in the PERS. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the plan. Trend information will be accumulated to display a ten-year presentation.

(b) Schedule of Proportionate Share of Contributions to the PERS defined benefit plan

The required contributions and percentage of those contributions actually made are presented in the schedule. Trend information will be accumulated to display a ten-year presentation.

(c) Changes of Assumptions and in Benefit Provisions (pension plan)

Changes of assumptions:

2023

- There were no changes of assumptions.

2022

- The expectation of retired life mortality was changed to 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 the female rates up to age 72, 100% for ages above 76; and
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
 - For males, 134% of male rates at all ages;
 - For females, 121% of female rates at all ages; and
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
 - For males, 97% of male rates at all ages;
 - For females, 110% of female rates at all ages;
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%;
- The wage inflation assumption was reduced from 3.00% to 2.65%;
- The investment rate of return assumption was changed from 7.75% to 7.55%;
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll;
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely;
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%; and
- The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Required Supplementary Information (Unaudited)

June 30, 2023

2020

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119;
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119; and
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages;
 - For females, 115% of female rates at all ages; and
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%;
- The wage inflation assumption was reduced from 3.25% to 3.00%;
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience; and
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2018

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022;
- The wage inflation assumption was reduced from 3.75% to 3.25%;
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience; and
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2017

- The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2016

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2016;
- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2016;
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience;
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience; and
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

Change in benefit provisions:

2018 - 2023

- There were no changes in benefit provisions.

2017

- Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Required Supplementary Information (Unaudited)

June 30, 2023

2. Net OPEB liability

(a) Schedule of Proportionate Share of the Net OPEB Liability

This schedule presents historical trend information about the IHL System's proportionate share of the net OPEB liability for its employees who participate in the State and School Employees' Life and Health Insurance Plan. The net OPEB liability is measured as the total OPEB liability less the amount of the fiduciary net position of the plan. Trend information will be accumulated to display a ten-year presentation.

(b) Schedule of Proportionate Share of Employer Contributions to the State and School Employees' Life and Health Insurance Plan

The required contributions and percentage of those contributions actually made are presented in the schedule. Trend information will be accumulated to display a ten-year presentation.

(c) Changes of Assumptions and to Benefit Terms (OPEB plan)

Changes of assumptions:

2023

- The SEIR was changed from 2.13% for the prior measurement date to 3.37% to the current measurement date.

2022

- The SEIR was changed from 2.19% for the prior measurement date to 2.13% to the current measurement date.

2021

- The SEIR was changed from 3.50% for the prior measurement date to 2.19% to the current measurement date.

2020

- The SEIR was changed from 3.89% for the prior measurement date to 3.50% to the current measurement date.

2019

- The SEIR was changed from 3.56% for the prior measurement date to 3.89% to the current measurement date.

Changes to benefit terms:

2023

- The schedule of monthly retiree contributions was increased as of January 1, 2023. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2023.

2022

- The schedule of monthly retiree contributions was increased as of January 1, 2022. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2022.

2021

- The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for Select coverage, and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.